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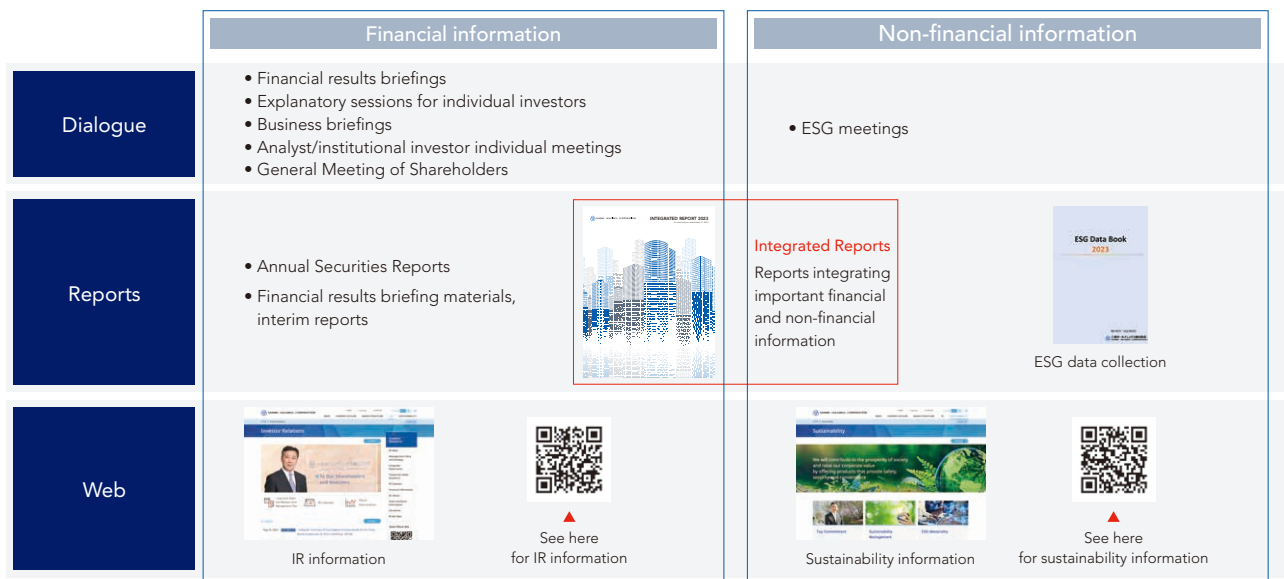
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Overall Picture of Communication



Editorial Policy

The purpose of this report is to provide both financial and non-financial information on the Sanwa Group's management, business outlook and external environment. In editing this report, we have referred to the International Integrated Reporting Framework proposed by the Value Reporting Foundation (VRF, formed through a merger of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB)), Guidance for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Forward-looking Statements

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

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

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

The Sanwa Group must always meet the expectations of its customers in order to continue to fulfill this mission.

In other words, we are required to take responsibility for our mission not only during development, sales and manufacturing, but also during installation and use of our products.

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

The Sanwa Group's Mission to Society

Our Mission

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

The Sanwa Group's Management Philosophy

Our Values

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

The Sanwa Group's Vision

Long-Term Vision

Sanwa Global Vision 2030

To be a Global Leader of Smart Entrance Solutions



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

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

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

Yasushi Takayama

Representative Director, President



▶ Review of fiscal 2022

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

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

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

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

▶ Business environment

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

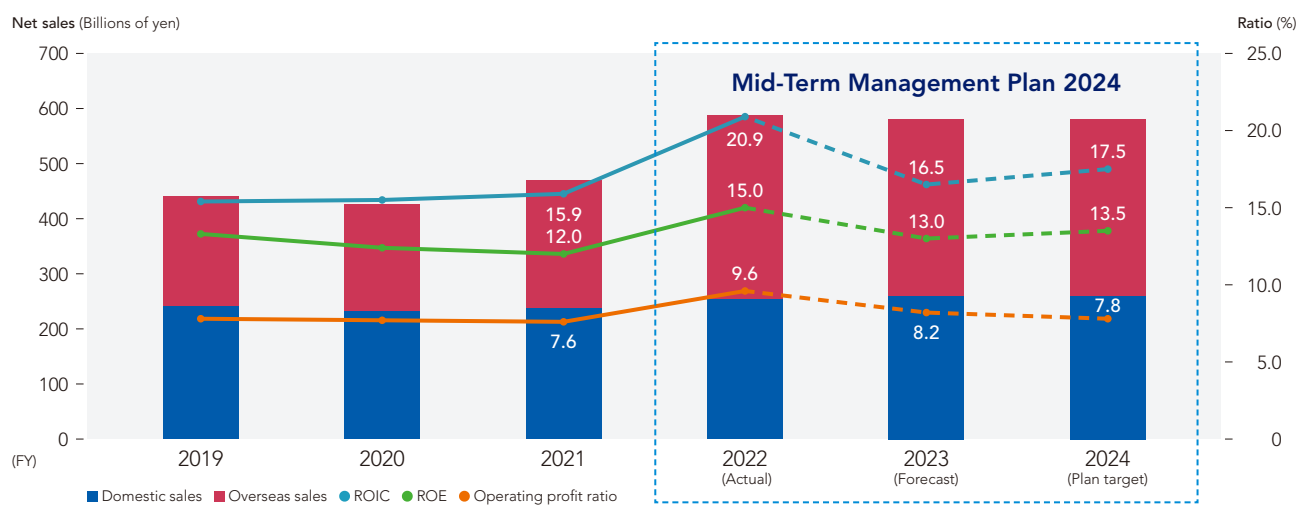
Looking overseas, we believe that the fairly soft business environment in North America and Europe will remain as is given the current geopolitical risks. In North America, housing starts are declining due to the government's high interest rate policy. The extent to which the decline in residential demand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

Progress of the Mid-Term Management Plan 2024

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

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

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



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

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

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

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



▶ Contribution to environmental and social sustainability

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

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



▶ Bringing about innovation through free thinking

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

▶ To our stakeholders

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

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

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

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

A History of Value Creation

Improving the level of PDCA has supported our growth.

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

Toshitaka Takayama

Director, Senior Advisor



1990

Approx. 65.1%



PDCA SAKURA

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

Entry into the shutter industry

Sanwa Shutter Manufacturing began manufacturing lightweight shutters in 1956 near the Sanwa Market in Amagasaki City, Hyogo. Despite being a latecomer to the market, we established a leading position in the shutter industry in the 1960s. Our production capacity grew to a world-class level with the rapid construction of six factories.



First deliveries after our foundation

Deployed

24-hour full-time service nationwide



Established

Sanwa Door Industrial



1950s

1956

1960s

1969

1970s

1980s

1983

1990s



Multi-Product Sales

First Step toward Multi-Product Sales

The Company's multi-product sales began with its entry into the door business in the late 1960s. We rapidly rose to the top of the door industry.



Globalization

Gaining a Foothold Overseas

In 1974, we entered into a technical tie-up with Overhead Door Corporation (North America; ODC). In 1986, we expanded into Asia.

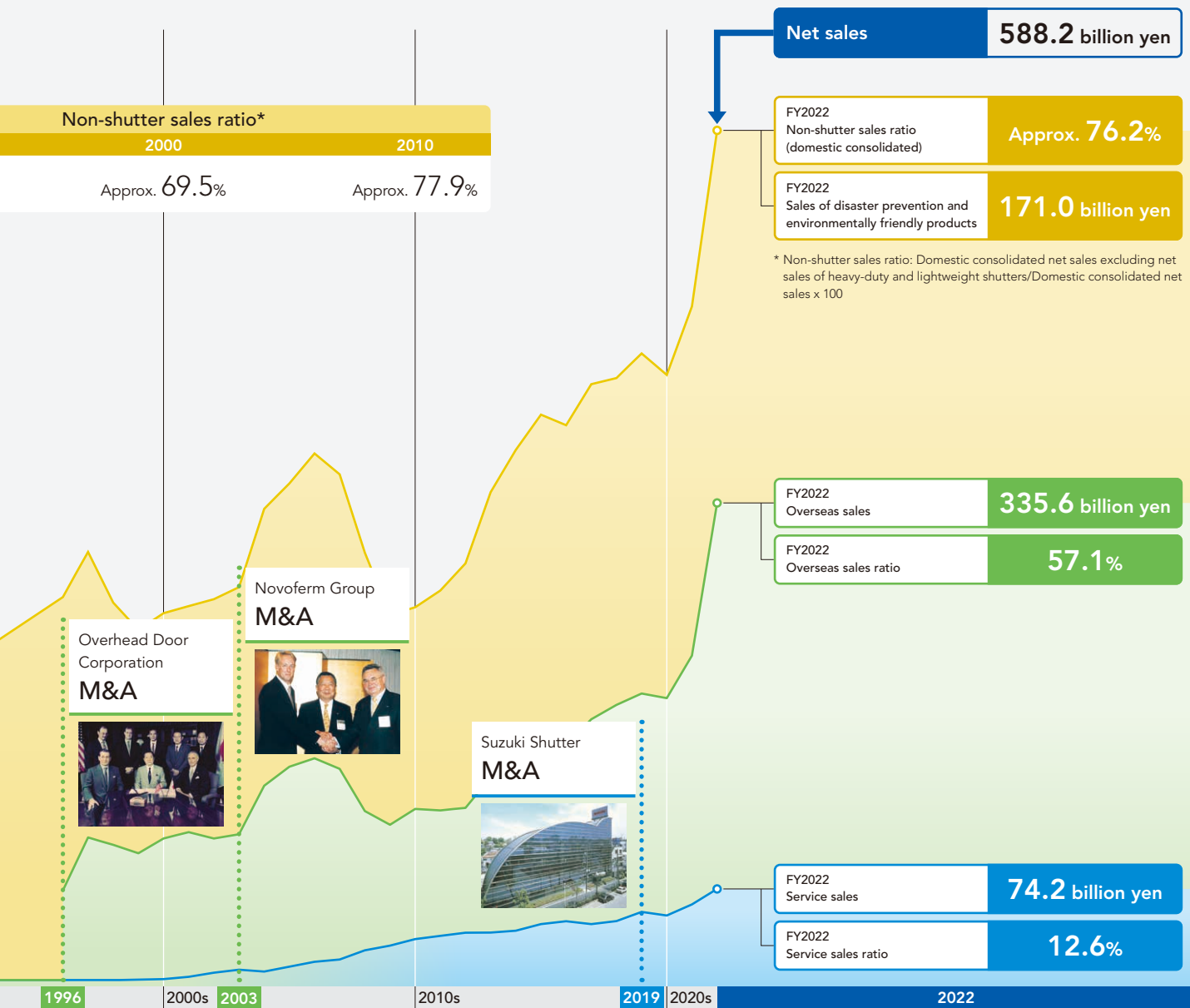


Service

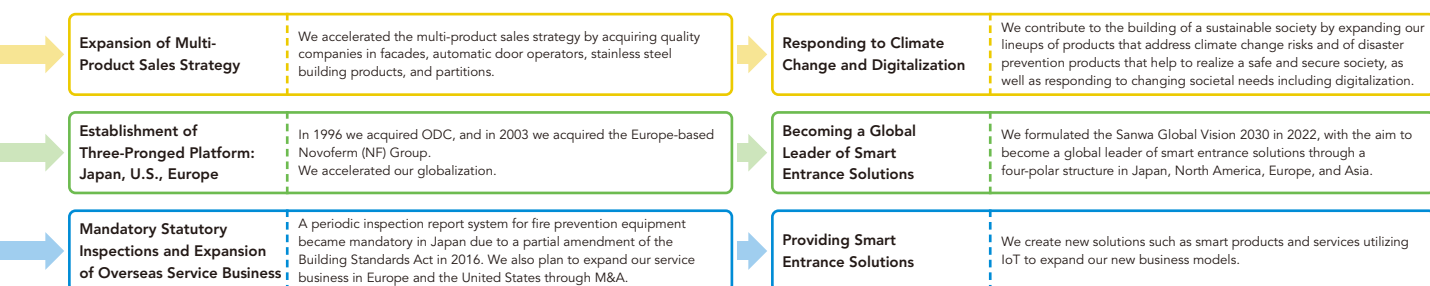
Integrated Service System

We have established an integrated responsibility system from sales to installation and maintenance. In 1983, the Company deployed the industry's first 24-hour full-time service nationwide.

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



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



Sanwa Value Creation Model

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



Our Mission

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

Stakeholders

Outcomes

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

Pages
14-15

Customers

Employees

Installers

Business
partners

Local
communities

Shareholders /
investors

Manufacturing

Installation

Strength
3 Service

Seamless customer support,
including maintenance
and service

FY2022
Service business
sales ratio

12.6%

Maintenance
and service

Environment

—Achieve Environmental Sustainability—



Compliance

To be a Global
Leader of Smart
Entrance Solutions

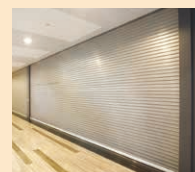
Sanwa
Global Vision
2030

Mid-Term
Management
Plan 2024

Pages
20-23

Output

	FY2022
Net sales	¥588.2 billion
Operating profit	¥56.3 billion
Operating profit ratio	9.6%
SVA	¥26.9 billion
ROE	15.0%



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



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



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



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

Overseas sales / ratio	¥335.6 billion	57.1%
Service business net sales / ratio	¥74.2 billion	12.6%
Climate change response-related products net sales / ratio	¥103.5 billion	17.6%
Disaster prevention products net sales / ratio	¥67.5 billion	11.5%
CO ₂ emissions	26,936 t (Japan)	
	52,080 t (overseas bases)	

Outcomes for Stakeholders

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

Outcomes for customers and end users

Number of customer inquiries received (Sanwa Shutter) **11,888**

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

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

The Group's product lineup originally started out with products to support people's lives by preventing crime and fires. In addition to these products, needs have now shifted to products that protect against natural disasters such as typhoons, storms, and earthquakes, which are becoming increasingly severe.

Climate change response-related products (mitigation and adaptation) and products that protect against disasters contribute to solving social issues, such as realizing a decarbonized society, and can be said to represent sustainability management itself. We will continue to be sensitive to the needs of our customers and be a partner who can continue to grow together with them.



Outcomes for employees

Female employee ratio (consolidated) **19.8%**

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

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

Furthermore, as the correction of the gender imbalance indicates progress in diversity, the Group is striving to increase the ratio of female employees and managers, and the ratios of female employees and managers have reached 19.8% and 13.9%, respectively, on a consolidated basis. In the future, the Group aims to make its organization and human resources more flexible and resilient by promoting diversity, and to create a workplace environment in which employees can work more comfortably and feel a sense of satisfaction.



Outcomes for installers

Installation qualifications
(domestic)

19 types 105 products

Service sales ratio
(consolidated)

12.6%

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



Outcomes for suppliers and business partners

Sales network
(North America)

Approx. 450 companies

Green procurement ratio
(Sanwa Shutter's main suppliers)

71.3%

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

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



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

Outcomes for local communities

Climate change response-related product sales ratio
(consolidated)

17.6%

Social contribution expenditure
(consolidated)

13.8 million yen

The Group is closely connected to communities in 27 countries and regions covering Japan, North America, Europe, and Asia, and conducts business activities rooted in these areas. As a good corporate citizen, we aim to coexist and prosper with the community, return the technologies, human resources, products, know-how, and other resources that our Group has developed to society, and proactively contribute to the community through activities such as realizing resilient communities, global environmental conservation, fostering the next generation, and contributing to the development and diversity of the local community.



Outcomes for shareholders and investors



FTSE4Good



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

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

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



The Sanwa Group's Human Resources Strategy



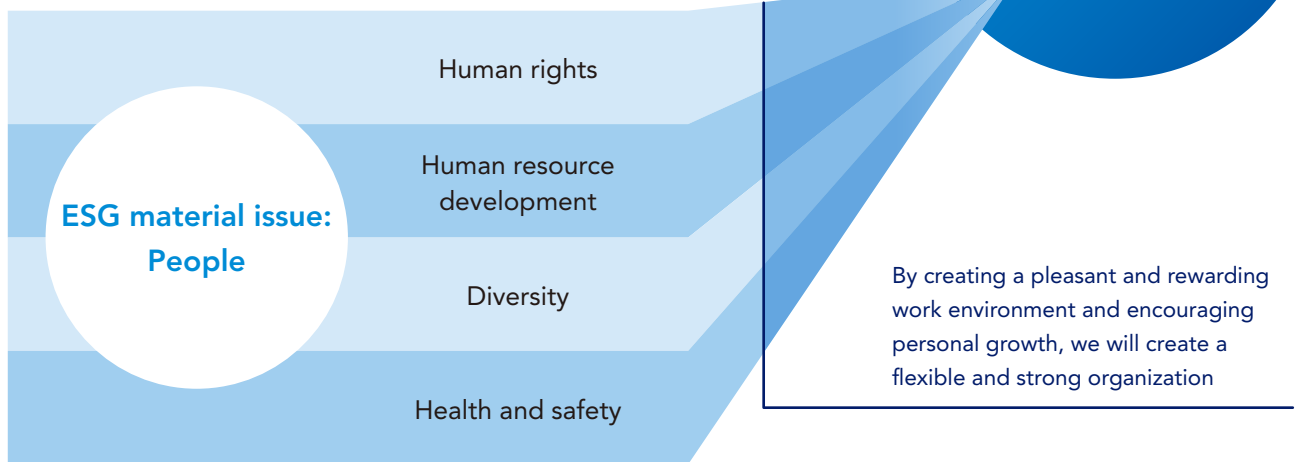
Basic policy for human resources

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

Approach to securing human capital and ensuring diversity

The Sanwa Group hires and assigns human resources with an emphasis on their individual strengths and abilities, regardless of their gender, nationality or employment type. We believe that creating a positive work environment with free and open communication and respect for diverse values is essential in order to achieve sustainable growth and enhance corporate value.

The Relationship Between People (as an ESG Material Issue) and Value Enhancement



Types of talented people the Sanwa Group needs

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

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

- People who take a serious approach to the PDCA cycle
- People with a global perspective
- People who can contribute to a sustainable society
- People with digital skills
- People who see productivity enhancement as a priority
- Innovative people

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

Human resources the Sanwa Group needs



Training System (Group companies in Japan)

	Level-specific training	Goal-specific training (open to all/select employees)		Goal-specific training (mandatory/elective)		Personal development
		Next-generation	Global	Career	Division-specific skills	
Senior management						
Managers	Training to strengthen management skills	Sanwa Management Training School (Executive)	Training for global assignments	Life planning seminars	Training to improve skills required in each division (sales, design, construction, manufacturing, development, management, etc.)	Correspondence courses, recommended reading, etc.
	Training for onboarding new employees					
Mid-level employees	New manager training	Sanwa Management Training School (Advanced)	Practical global training TOEIC IP E-learning, etc.	Career design seminars	Training to improve skills required in each division (sales, design, construction, manufacturing, development, management, etc.)	Correspondence courses, recommended reading, etc.
	Next-generation leader training					
	Career development training (for female employees)					
	Mid-level employee training					
New employees	Mentor training					
	Follow-up training					
	New employee training (Sanwa Professional Human Resources Training Plan)					

Training to strengthen management skills

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

Next-generation leader training

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

Career development training (for female employees)

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



Practical global training

As part of our global human resource development, we have been conducting overseas training at ODC in the U.S. since 2010 and in Shanghai, China since 2017. Through an approximately year-long period of practical training at overseas Group companies, we develop global human resources for the Group who hold a strong international outlook. After the training period, participants go on to play active roles in various fields in Japan and overseas. Training at ODC in the U.S., which was put on hold during the COVID-19 pandemic, will resume in late 2023.



Roundtable Discussion between the President and Employees —The Sanwa Group’s work style—



Sales (A)	Sales, Sanwa Shutter Corporation
Installation	Installation Management, Sanwa Shutter Corporation
Development	Product Development, Sanwa Shutter Corporation
Sales (B)	Sales, Showa Front Co., Ltd.
Product Planning	Product Planning and Development, Global Business Unit, Sanwa Holdings Corporation

Members of various Group departments and divisions met with the President to discuss the significance of working at the Sanwa Group and what makes it rewarding. Through this discussion, we present the Sanwa Group of today, including its qualities, challenges and outlook.

The Sanwa Group’s culture and corporate climate

- President** How do you feel about the Sanwa Group’s culture and corporate climate, and about the organization as a whole?
- Sales (A)** I feel that individual salespeople are given a lot of discretion over their work, and I find that extremely rewarding. The more work is entrusted to me, the more I feel a sense of responsibility in my role.
- Installation** If, for example, a voluntary inspection uncovers serious issues at a work site, my department provides support. I also feel there is a lot of warmth in our internal and external relationships, such as our close work with the installation management department (nationwide, but mainly in the greater Tokyo area) and the Group’s corporate climate of working together to get the job done.
- Product Planning** I took part in the year-long overseas training program. After returning to Japan, I participated in a purchasing division meeting for one of our overseas Group companies, and was given an opportunity to work in the U.S. as a result. I think the Group’s appeal is that anyone with enough motivation has the chance to take on the challenge of global work.

sales department, considering product specifications that will meet those needs and moving forward with development. One example result of this approach is the Soundproof Guard: a highly sound-insulating door that was launched this year, as it was a product developed by considering specifications and variations based on information from the sales department. Overseas, heat insulation is a standard feature, and Novoferm (Europe) and other Group companies already offer heat-insulating products. I would like to actively cooperate with overseas Group companies to accelerate our development of products that meet customer needs from among a wider variety of options.



Product Planning At ODC (in the U.S.), the marketing division decides the development policy, and the engineers implement it. The marketing division is also basically responsible for tasks such as project scheduling and coordination. On the other hand, if a project is not so big then an engineer can draft the project plan and has the discretion to move forward with it. That aspect is perhaps a little different from how development works in Japan.

Development Until recently, it was hard to imagine developing my career while balancing home and work responsibilities. But when one of my coworkers became the first female manager in the product development department, she became my role model. Looking at senior colleagues like her who have gone before me, I feel that I can also consider future career development as part of my own life plan.

Group synergies and ways of working

- President** Do you have any examples of times when you felt a sense of collaboration within the Group?
- Development** In the development department, our approach often involves looking at customer needs identified by the

Installation There are fewer people at my workplace right now, and the number of women working in installation management is low in the first place. In particular, I think a work environment that makes it easy for everyone (regardless of gender) to balance childcare and work is a great idea, as nobody else around me is having to struggle with it. I also think that remote working makes balancing childcare and work easier, but we do not currently make use of that work style very often. It would be nice to have a work environment that makes working from home even simpler.



Toward the generation that will drive the Sanwa Group's sustainable growth

President What do you think the Sanwa Group will look like in five to ten years' time? When you think about the kind of person you want to be ten years from now, are there any challenges you want to take on to achieve that?

Installation Thinking about the situation in five to ten years' time, one big issue is that installers, who are a strong asset for our company at work sites, will be older. Research into optimizing installation is an urgent task for the construction industry as a whole, and I believe that we need to carry out product development focusing on weight reductions and other key themes. Also, by making the work and workplaces more appealing, including working conditions and benefits, if more people decide to become installation engineers and want to work for the Sanwa Group as a result, I can see a bright future for the Group ten years from now.

Sales (A) In five to ten years' time, our generation will be playing the leading roles. As the younger generation, we must fully inherit the knowledge, experience and Sanwa spirit held by the senior colleagues who have led the company to date. I would like us to take the lead in revitalizing the company, in order to become a sustainable Sanwa Group.

Development There are many important themes that the development department needs to work on, but to start with, I would like to see the product development flow and work sites at Group companies in person. Doing so would enable me to learn more, and to acquire knowledge and technologies that we could then make use of in product development. I also think that if we move forward with product development in collaboration with Group companies (including overseas companies), the possibilities will be even greater.

Product Planning



It would be true to say that communication between Japan and other countries has not been effective so far because of the differing laws, regulations and markets in each country. Even so, I would like to collaborate on development with a broader field of vision. Personally, I think we need to raise awareness of the Sanwa Group among the general public. I think that the increase in the company's brand value as a result would give us the kind of presence that makes us the obvious choice in the market. It would also boost the pride and sense of reward that we feel as employees of the Sanwa Group.

Sales (B)

The Sanwa Group offers a wide variety of products and has employees working in a wide range of occupations, so I believe we should continue to collaborate on initiatives. My aim is to absorb everything there is to learn from my supervisors and senior colleagues who have built up Showa Front so far, grow as an individual, and contribute to the future of the company and the Sanwa Group.

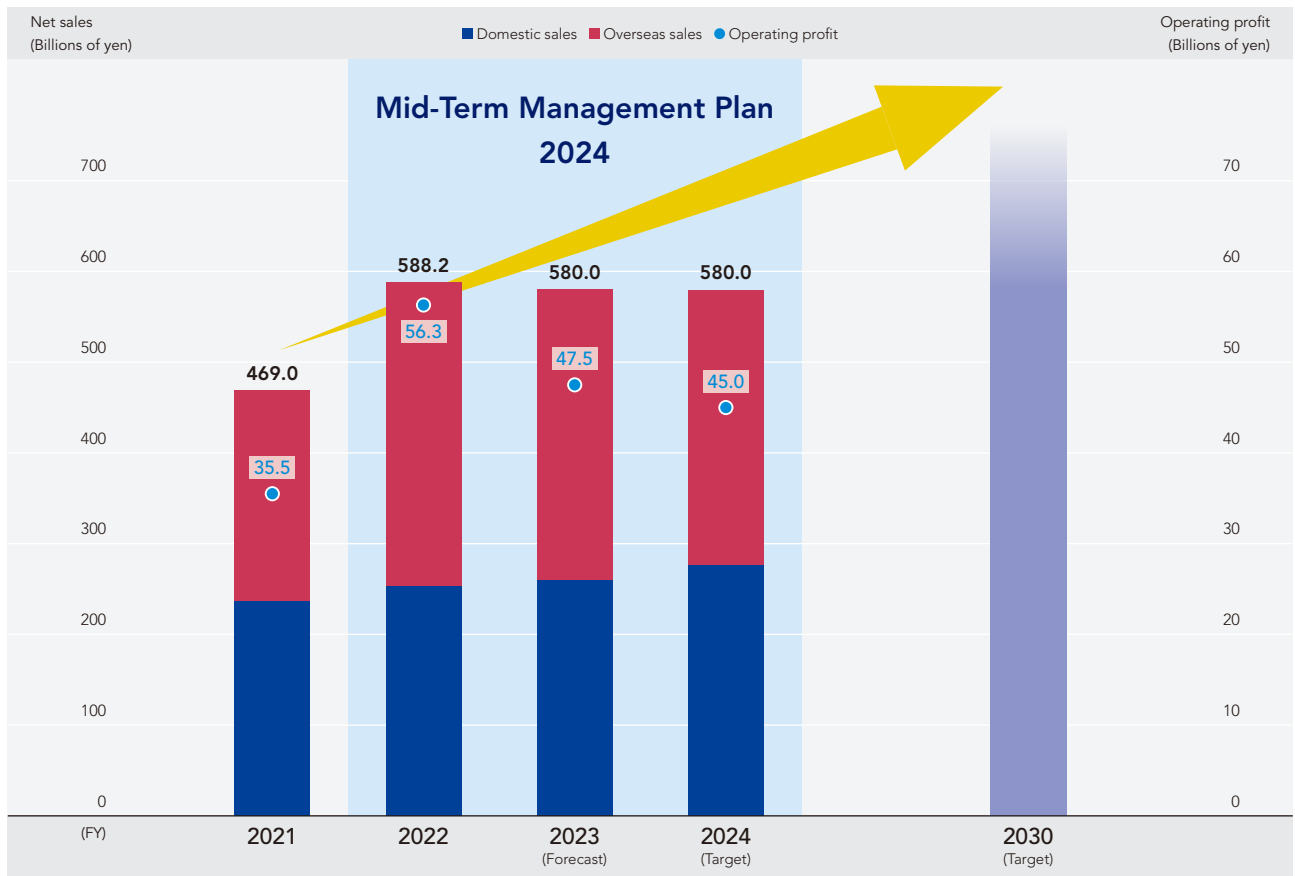
President

The Sanwa Group is comprised of numerous companies around the world. Obviously, our employees have various occupations, as well as different genders, nationalities and backgrounds. It is only natural that there are differences in our values and ways of thinking, and with that in mind it is important that we understand and accept each other and continue to collaborate. I also hope that you will fully inherit the Sanwa Group's qualities that have been cultivated by our predecessors throughout our long history. However, please do not hesitate to change what needs to be changed. My job is to provide all of you with the opportunity to do so. I believe that as the Group's qualities are passed on to the next generation, that positive cycle spanning generations leads to further individual growth, building a strong yet flexible organization.

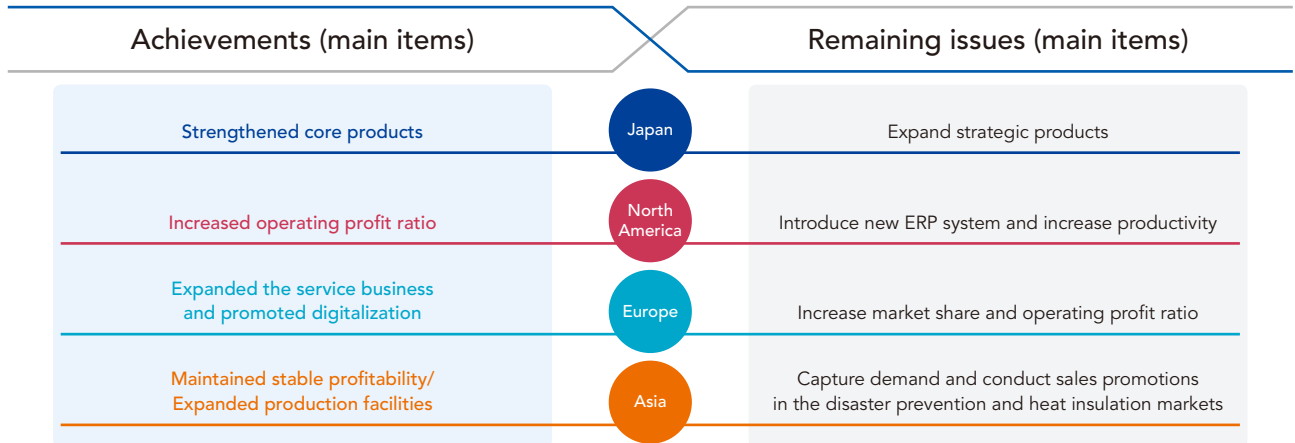


Sanwa Global Vision 2030

In fiscal 2022, the Sanwa Group launched its Long-Term Vision, the Sanwa Global Vision 2030. The Mid-Term Management Plan 2024, which runs from fiscal 2022 to fiscal 2024, aims to establish the foundation of our efforts toward becoming a global leader of smart entrance solutions to respond to changing societal needs influenced by climate change and digitalization. In fiscal 2022, the first year of the plan, sales and profits rose in all regions we operate in (Japan, North America, Europe and Asia). We also achieved record highs for net sales and profit in each region, meeting the targets for the final fiscal year of the plan two years ahead of schedule. While leaving the Mid-Term Management Plan 2024 target amounts unchanged, we will focus on initiatives for each measure specified in the plan by steadily implementing the basic strategies with the intent of exceeding those targets.



We have achieved the net sales and operating profit targets of the Mid-Term Management Plan 2024 two years ahead of schedule. Leaving the target amounts unchanged, we will focus on implementing the basic strategies.



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

Basic Strategy

1

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

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

Strategy

- 1 **Increase market share in shutter and door businesses**
 - Expand non-residential business by enhancing product lineup and reinforcing proposal capabilities
 - Expand residential business through product differentiation and increased distribution channels
 - Strengthen structures to support business expansion
- 2 **Expand the service business**
 - Steady implementation of statutory inspections and repair and replacement proposals for product deterioration over time in the domestic business
 - Strengthen automatic door business in North America
 - Build and strengthen the service business structure in key European markets
- 3 **Utilize M&As to strengthen business and expand business domains**
 - Strengthen core businesses, including the shutter, door, and service businesses
 - Expand from fixtures and fittings (doors, windows, etc.) into access control systems and other peripheral businesses
 - Investments in M&As (Total for the three years of the Mid-Term Management Plan 2024: ¥20.0 billion)

Progress

- **Japan:** Steady progress of core product use at factories, logistics warehouses and other facilities / Moved forward with differentiation of strategic products to expand market share
- **North America:** Focused on sales promotions for commercial doors targeting large-scale projects by strengthening product lineup
- **Europe:** Focused on robust non-residential projects in countries such as Germany and France to expand business



- **Japan:** Steady progress in general repairs, periodic maintenance and statutory inspections
- **North America:** Moved forward with strengthening the automatic door service business
- **Europe:** Steady progress influenced by the acquisition of Manuregion S.A.S. (France)



- August 2022: Acquired AUB Limited (Hong Kong) as the Group's first M&A in Asia
- January 2023: Acquired Door Control, Inc. (North America)



Basic Strategy

2

Strengthen the basis for growth of the Asia business

Rebuild manufacturing and sales structures to acquire market share, and build the foundation for a fourth pillar alongside Japan, North America and Europe

Strategy

- 1 **Significantly boost production capacity with enhanced facilities**
 - Further expand hinged door business with the commencement of operations at the Sanwa Novoferm Changshu Plant
 - Expand residential business through product differentiation and increased distribution channels
- 2 **Restructure sales operations and address product diversification**
 - Strengthen sales capabilities by restructuring sales operations in China
 - Expand sales by capturing demand in the fireproof product and heat insulation markets
 - Move forward with product diversification in each region
- 3 **Strengthen the foundation of our business structure**
 - Introduce an ERP system and centralize management at Sanwa Shutter Shanghai
 - Build a human resource development program

Progress

- Consolidation of Sanwa Novoferm Changshu as part of plans to further expand hinged door business
- Improved productivity by renovating production facilities at main factories (Vietnam, Indonesia)



- Newly consolidated AUB Limited (Hong Kong) and used synergies to drive sales capabilities
- Plan to move forward with new product development, including fireproof and smokeproof products, in each country in the Asia region, to expand product lineups



- Started the introduction of ERP systems optimized for each region
- Strengthened business administration at Sanwa Shutter Shanghai (centralized procurement functions in addition to administrative functions)



Basic Strategy 3 Expand disaster prevention products and environmentally friendly products and move forward with smart products and services

Expand disaster prevention product and environmentally friendly product lineups and move forward with smart products and services, to respond to changing societal needs influenced by climate change and digitalization

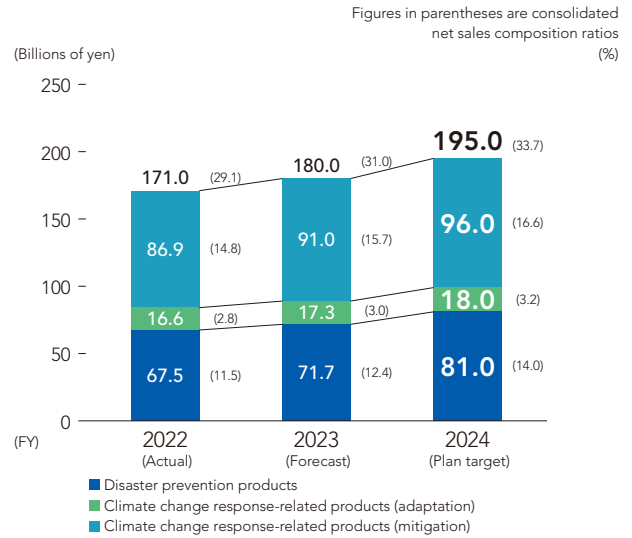
1 Expand disaster prevention products and environmentally friendly products

- **Japan:** Launched overhead doors with high heat insulation from the Re-carbo series
 - Significantly improves heat-insulating performance. Contributes to energy conservation by increasing the efficiency of air conditioning.
 - Reduction in heat transfer rate (unit: W/(m²K))
 - Conventional product panels 0.68 → steel panel type 0.484, aluminum panel type 0.520
- **North America:** Moved forward with development of hurricane-resistant doors
- **Europe:** Launched the heat-insulating Evolution premium sectional garage door
 - Achieves outstanding insulating performance compared to conventional products
 - Improves heat insulation by up to 17%, compared to other garage door products with panels of equal thickness

2 Move forward with smart products and services

- **Japan:** Integrated window shutters with HomeLink
- **Japan:** Introduced RemoSma, a smartphone-operated system for garage doors
- **North America:** Introduced the BenchSentry™ smart delivery box

Net Sales of Disaster Prevention Products and Environmentally Friendly Products



Disaster prevention and climate change response-related products

Japan

Re-carbo リカーボ
Overhead doors with high heat insulation

North America

High-speed sheet shutter

Europe

Heat-insulating sectional garage door
Evolution premium sectional garage door

Smart and IoT-compatible products

Smart home compatible window shutter

Smartphone-operated system for garage doors
RemoSma

Garage door smart operating system
Aladdin Connect

Smart delivery box
BenchSentry™

Garage door smart operating system
SmartHome Connection

Management systems for entranceway fittings at distribution centers
Lion4.0

Improve productivity through digitalization and manufacturing innovations

Move forward with digitalization of business processes, production capacity expansions and investments in labor reductions

Strategy

1 Move forward with digitalization

- **Japan:** Linkage of manufacturing, sales, and installation systems / digitalization of internal operations
- **Japan:** Use apps to raise efficiency of business systems
- **North America:** Improve productivity through ERP systems and sub-systems
- **Europe:** Further digitalization of internal processes
- **Asia:** Move forward with improvements to business processes through ERP systems

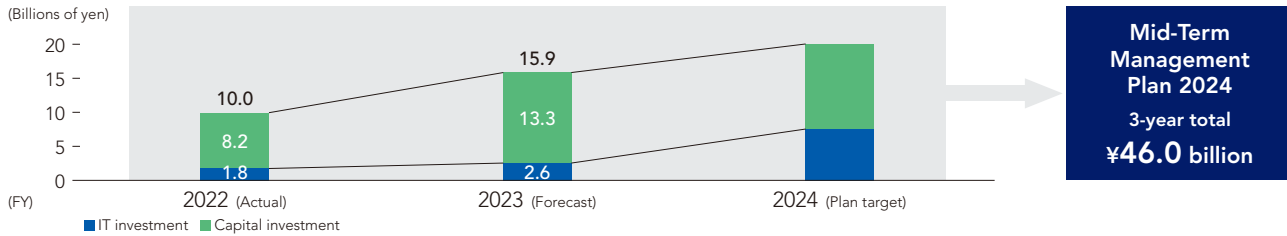
2 Manufacturing innovation

- **Japan:** Make labor reductions through investments in facility automation and digital technology
- **North America:** Optimize manufacturing structures throughout North America
- **Europe:** Strengthen manufacturing and distribution capabilities at the European level
- **Asia:** Newly establish the Changshu Plant, upgrade production facilities

Progress

- **Japan:** Improved productivity by linking manufacturing, logistics and installation systems
 - **North America:** Improved efficiency at locations that have already introduced ERP systems, and expanded them to more locations
 - **Europe:** Steady progress with digitalization of processes, including the introduction of ERP systems at sales companies
 - **Asia:** Moved forward with improvements to business processes through ERP systems (Hong Kong, East China, Vietnam)
-
- **Japan:** Upgraded staff skills to strengthen supply structure for steel doors
 - **Japan:** Moved forward with product differentiation by establishing a sound insulation testing lab
 - **North America:** Moved forward with automation of production lines for garage doors and commercial doors, optimized product lineup
 - **Europe:** Expanded dock leveler plants (Poland) and door plants (Italy)
 - **Asia:** Commenced full-scale operations at the Changshu Plant, introduced equipment to expand production capabilities (ASEAN)

IT and Capital Investments



Mid-Term Management Plan 2024
3-year total
¥46.0 billion

Advance sustainability management

Set KPIs linked to the Group's 11 ESG material issues in May 2022. Head for the next stage, with the aim of "contributing to sustainable, resilient communities" as our driving force

	FY2022	FY2023	FY2024 (KPIs)
Manufacturing	<ul style="list-style-type: none"> • The MADOMORE Wind-resistant Guard (Fire Prevention) received an honorable mention in the 2022 Super Monozukuri Parts Grand Award 	<ul style="list-style-type: none"> • Launched overhead doors with high heat insulation from the Re-carbo series 	<ul style="list-style-type: none"> • Climate change response-related products (mitigation and adaptation) ¥114.0 billion (consolidated sales) • Disaster prevention products ¥81.0 billion (consolidated sales)
Environment	<ul style="list-style-type: none"> • Broadened the scope of environmental data disclosure (ODC/NF) • Conducted third-party verification of disclosed CO₂ emissions data 	<ul style="list-style-type: none"> • Broadening the scope of environmental data disclosure (consolidated) • Calculating Scope 3 CO₂ emissions (Sanwa Shutter) • Put solar power generation panels into operation at plants in China and Italy 	<ul style="list-style-type: none"> • Reduce Scope 1 + 2 CO₂ emissions by 10% (Sanwa Shutter)
People	<ul style="list-style-type: none"> • Conducted career development training for female employees 	<ul style="list-style-type: none"> • Conducting next-generation leader training • Starting investigation into human rights due diligence 	<ul style="list-style-type: none"> • Conduct human rights due diligence
The Group's Management Foundation	<ul style="list-style-type: none"> • Appointed a female Outside Director 	<ul style="list-style-type: none"> • Established share ownership guidelines for Directors 	<ul style="list-style-type: none"> • Address board diversity

With one eye on the balance between investment and returns, we aim to maintain a robust financial position in order to achieve further growth.



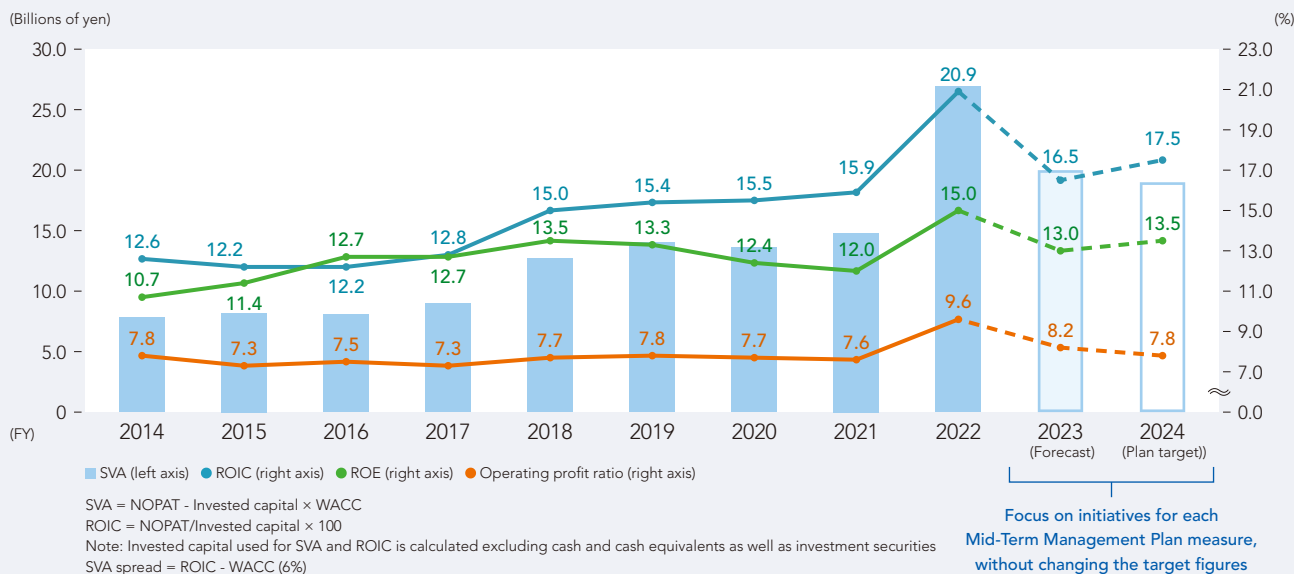
Hiroyuki Yamazaki

Director, Senior Executive Officer, Responsible for Corporate Planning Unit

Financial results for fiscal 2022

In fiscal 2022, we achieved growth in sales and profit in all regions of Japan, North America, Europe and Asia, and both net sales and profit reached record highs, substantially exceeding the targets set in the Mid-Term Management Plan two years ahead of schedule. As a result, the operating profit ratio increased to 9.6%, very close to our long-standing target of 10%, Sanwa Value Added (SVA) was ¥26.9 billion, far exceeding the plan target of ¥19.0 billion, ROIC was 20.9% and ROE was 15.0%, both also exceeding targets. Taking those results into account, the annual dividend per share was ¥58, a significant increase from the initial forecast of ¥45 and the ¥36 dividend paid in the previous fiscal year.

Looking at overall market conditions, while the economy in each of the four global regions the Group operates in is on a recovery trend following the COVID-19 pandemic, downside effects include the soaring cost of raw materials, semiconductors and other components, and rising interest rates in financial markets to ward off inflation, leading to exchange rate fluctuations. Geopolitical risks, such as the ongoing situation in Ukraine, are likewise increasing. In the face of these circumstances, the Group has been able to achieve results by steadily implementing the measures of its Mid-Term Management Plan, and I see those results as a positive.



In particular, results in our North American business exceeded expectations, with net sales reaching ¥219.2 billion and operating profit rising to ¥29.0 billion, representing year-on-year increases of 1.5 times and 3.4 times, respectively. In the U.S. market environment, housing starts began to decline due to higher interest rates, and steel prices have entered a period of depreciation, with the risk of a drop in selling prices having likewise increased. However, although the cost of

materials has fallen, inflation, generally, has continued unabated. In addition, existing homeowners have been reluctant to purchase new homes at high interest rates and so held off on selling their properties, leading to a reduction in market inventory. As a result, home prices did not drop by much and we maintained selling prices above expected levels, and I believe this contributed to our strong performance.

Progress of the Mid-Term Management Plan in terms of financial strategy and focus points

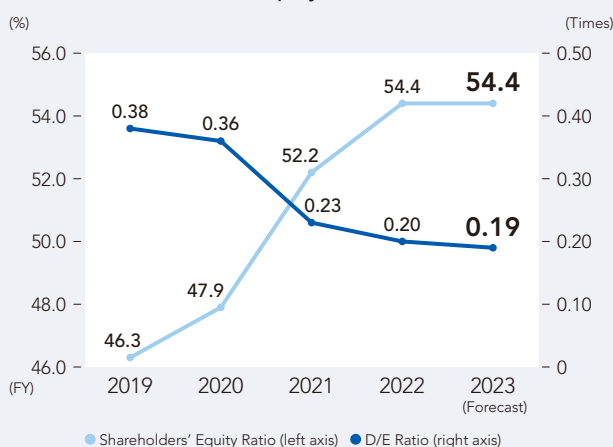
The Group's financial strategy is based on improving capital efficiency and maintaining financial soundness, at the same time working to balance it with the business strategy in order to achieve sustainable growth. Firstly, in terms of ROIC, the increase from 15.9% in fiscal 2021 to 20.9% in fiscal 2022 is an irregular result due to strong performance in North America and is not something we can fully rely upon going forward.

Similarly, the portion (SVA spread) of ROIC above WACC (6%, cost of capital: 8%) improved significantly from 9.9% in fiscal 2021 to 14.9% in fiscal 2022 (a roughly 50% increase). Improvements to the ROIC cash conversion cycle (CCC) contributed to this increase, from 86 days in fiscal 2020 to 80 days in fiscal 2021, and then to 78 days in fiscal 2022.

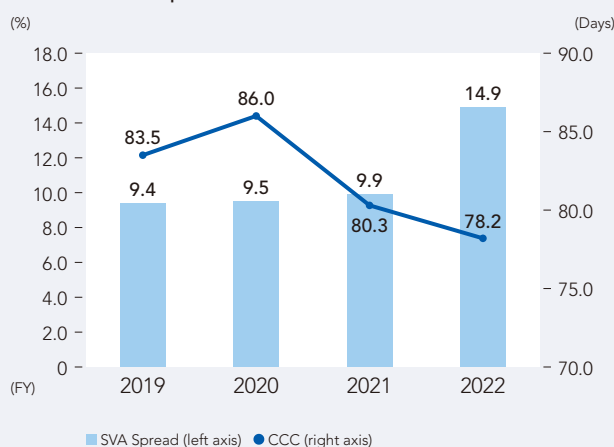
Meanwhile, in terms of financial soundness, the D/E ratio was 0.23

(times) in fiscal 2021, 0.20 (times) in fiscal 2022, and is forecast to be around 0.19 (times) at the end of fiscal 2023. A slight drop in interest-bearing debt, from ¥49.2 billion in fiscal 2022 to ¥46.5 billion in fiscal 2023, is likewise expected. Cash and deposits are forecast to slightly increase, from ¥71.1 billion in fiscal 2022 to ¥71.7 billion in fiscal 2023, and net cash is projected to increase from ¥21.9 billion in fiscal 2022 to ¥25.2 billion in fiscal 2023. The shareholders' equity ratio is expected to remain at around 54.4% in fiscal 2023. I would like us to maintain this ratio at 50% or higher, and I recognize that we currently have some leeway in this area. However, that thinking is based on the expectation of net cash remaining at around ¥20.0 billion during the current Mid-Term Management Plan period.

Trends in Shareholders' Equity Ratio and D/E Ratio

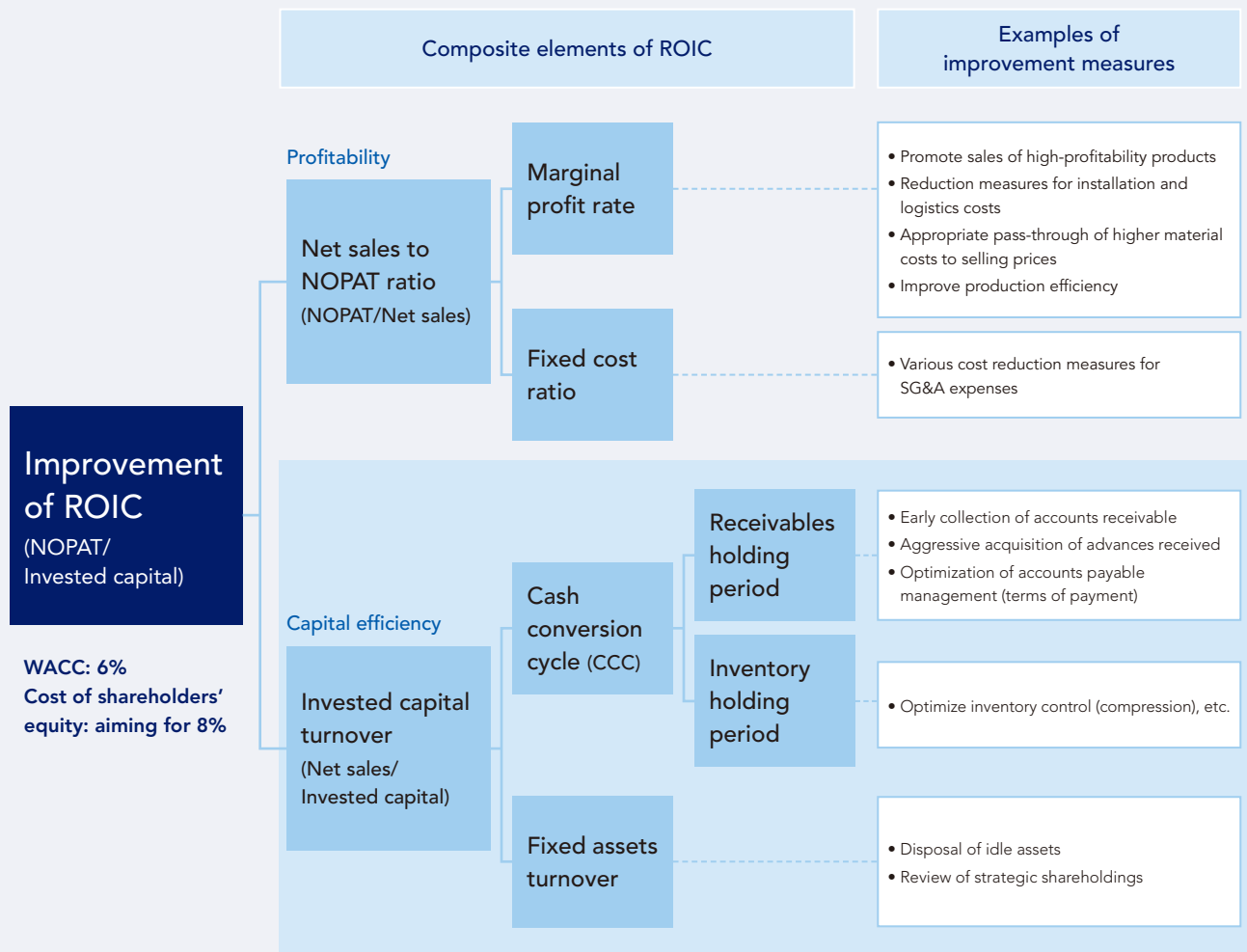


Trends in SVA Spread and CCC



	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Mid-Term Management Plan Targets
SVA	¥14.8 billion	¥26.9 billion	¥20.0 billion	¥19.0 billion
ROIC	15.9%	20.9%	16.5%	17.5%
ROE	12.0%	15.0%	13.0%	13.5%
Payout Ratio	34.8%	38.7%	40.3%	40.0%
D/E Ratio	0.23 times	0.20 times	0.19 times	0.21 times
Shareholders' Equity Ratio	52.2%	54.4%	54.4%	51.1%

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



SVA* was introduced in fiscal 2001 as our unique economic value added (EVA) indicator. It has grown from ¥14.8 billion in fiscal 2021 to ¥26.9 billion in fiscal 2022, an increase of approximately 80%. SVA is calculated as Net operating profit after tax (NOPAT) - Invested capital x Cost of capital (WACC at 6%). It can also be expressed as the following equation:

$$\begin{aligned} \text{SVA} &= \text{ROIC} \times \text{Invested capital} - \\ &\text{Invested capital} \times \text{Cost of capital} \\ &= \text{Invested capital} \times (\text{ROIC} - \text{Cost of capital (6\%)}) \end{aligned}$$

To increase SVA, it is essential to improve ROIC, assuming that invested capital is a constant. ROIC is used as an indicator internally, and we also disclose it publicly. Although ROIC has stood at around 10% up until now, in fiscal 2021 and fiscal 2022 it reached 15.9% and 20.9%, respectively. The fiscal 2022 result was irregular due to better-than-predicted results in North America, but even so we are aiming for 16.5% ROIC in fiscal 2023 and for 17.5% in fiscal 2024, the final year of

the Mid-Term Management Plan. Our ROIC has been trending at over 15%, and we intend to stabilize it at the 17-18% level in the future.

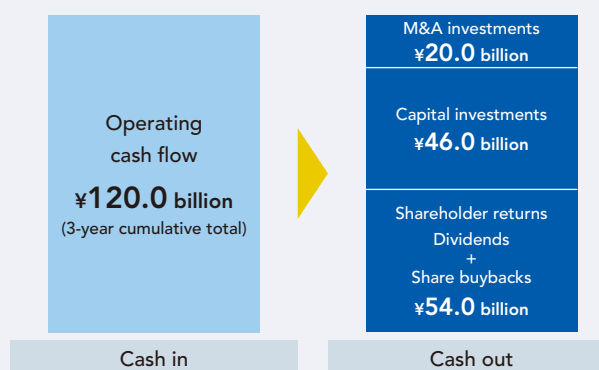
* Sanwa Value Added (SVA): the Company's unique indicator of added value. Invested capital used in SVA and ROIC is calculated excluding cash, cash equivalents and investment securities.



Cash generation initiatives to fund investments

In regard to cash flow, firstly, while strong operating cash flow generally leads to increases in operating profit, the important thing in terms of financial strategy is that it provides control over working capital. From this perspective, we see the cash conversion cycle as an indicator. As mentioned previously, the cycle for the Group as a whole is 78 days. In Japan it has conventionally been a 70-day cycle, but this has improved to around 55 days in recent years. The situation temporarily worsened in fiscal 2021, partly due to supply chain issues in North America, but improved significantly in fiscal 2022. Although investment (an increase in strategic investments and M&As) using cash flow will reduce the amount of cash on hand, I believe this to be a necessary aspect of driving future growth. As for the focus of our investments, we plan to be particularly aggressive in making capital investments aimed at labor reductions, investments in human resource development and M&As. We plan to generate "cash in" (operating cash flow) of ¥120.0 billion over the three years of the Mid-Term Management Plan, but in relation to the ¥20.0 billion that we have allocated to M&A investments, we currently have only one M&A planned in the U.S. and one in Asia. This is partly due to

the lack of opportunities in the context of global inflation and the trend of rising stock prices, and partly because we are waiting for the ideal timing to make acquisitions. Given that we have set capital investments at ¥46.0 billion, the amount of investment we made in fiscal 2022 was slightly low, but we plan to invest aggressively in fiscal 2023.



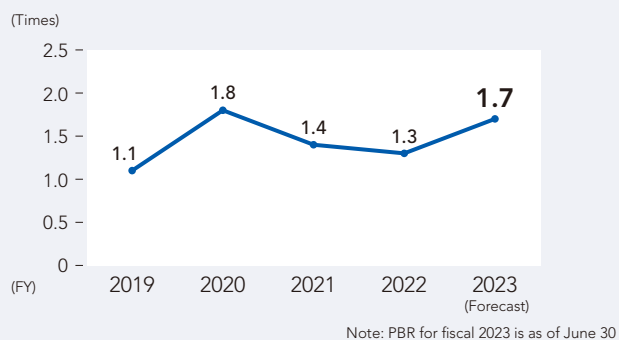
Share price evaluation and approach to shareholder returns

In recent times, the Price-to-Book Ratio (PBR) of companies has been attracting attention.

$$\text{PBR} = \text{Market capitalization} / \text{Net assets}$$

$$= \text{Price Earnings Ratio (PER)} \times \text{ROE}$$

Trends in PBR



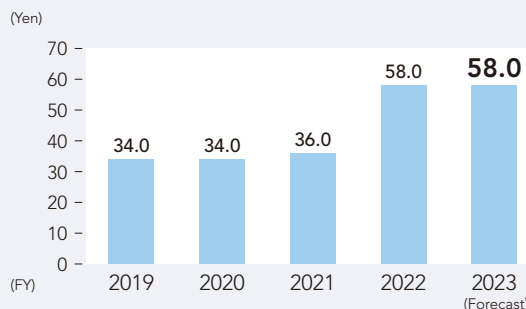
- Dividend payout ratio: Target raised from 35% to 40% (from FY2022)
- Dividend amount
FY2022: ¥58 per share (first half: ¥25, year-end: ¥33)
FY2023: ¥58 per share (forecast) (first half: ¥29, year-end: ¥29)
- Share buybacks: Carried out flexibly while considering investments for growth and funds on hand
- Target of ¥54.0 billion (total of dividends and share buybacks) during the current Medium-Term Management Plan period

A low PBR indicates that a company is not making use of the equity entrusted to it by shareholders and investors, resulting in a low stock price valuation, and this may be perceived as a problem.

Based on an understanding of the formula shown above, to increase PBR it is necessary to increase PER and ROE. Because $\text{PER} = \text{Stock price} / \text{Earnings per share (EPS)}$, for PER to increase the stock price must rise at a higher level than profit growth. There are no shortcuts to raising PER, because the share price is determined by shareholders' evaluation (stock price). Basically, I believe that there is no other way forward but to continue to grow our business, communicate our position to our shareholders and other stakeholders, and strive to achieve a high stock price valuation. It is difficult to set a target for PER itself under these circumstances. However, for ROE, I would like to see it generally come closer to 15% through CCC improvements (for example, by collecting on debts at an earlier stage and increasing our inventory turnover rate).

In terms of shareholder returns, our target is to maintain a stable dividend payout ratio of 40%. Under the current Mid-Term Management Plan, the shareholder return target (stock dividends and share buybacks) is ¥54.0 billion. The dividend per share was increased from ¥36 in fiscal 2021 to ¥58 in fiscal 2022, and is forecast at ¥58 in fiscal 2023.

Trends in Dividends

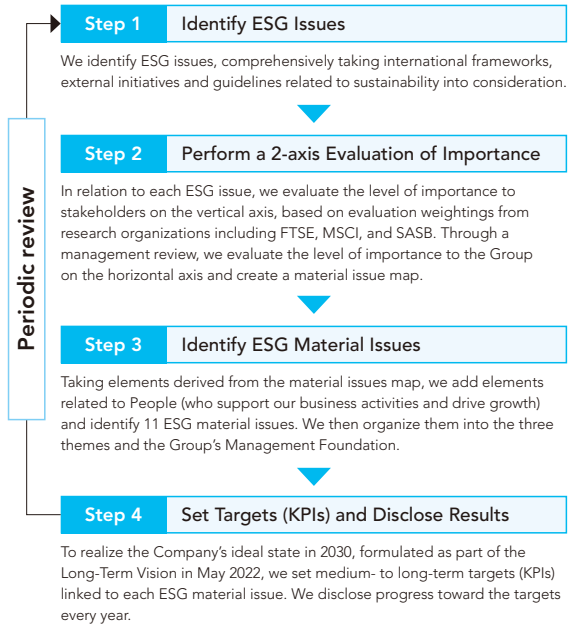


ESG Material Issues

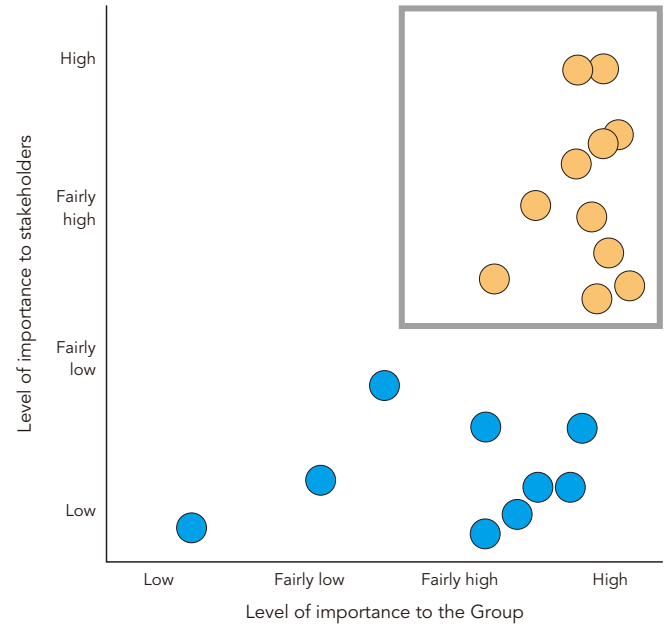
To promote sustainable management, the Group has identified 11 ESG material issues (consisting of the three themes of Manufacturing, Environment, and People, as well as the Management Foundation that supports these themes). We will move forward with measures to achieve the KPIs we have set with the aim of realizing the Sanwa Global Vision 2030, and we will strive to improve corporate value through dialogue and collaboration with stakeholders.

Identifying ESG material issues

Identification Process



Material Issue Map

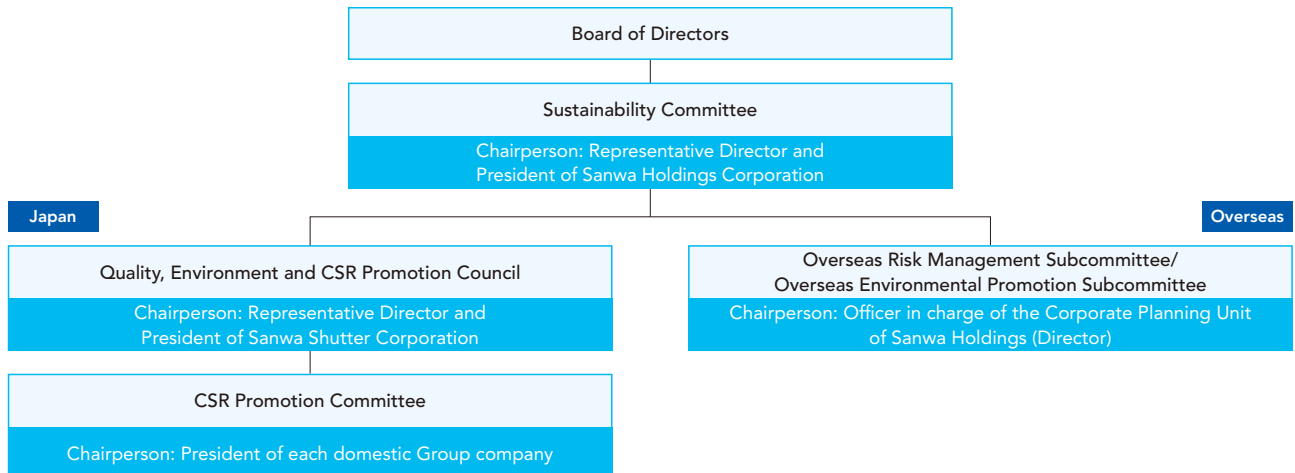


Sustainability Committee

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

advice on the Group's sustainability approach from a long-term, multi-stakeholder perspective. The committee is working to build a Groupwide sustainability management system, as well as submitting reports to the Board of Directors and collaborating with various committees and conference bodies in Japan and overseas.

Sustainability Promotion Structure



ESG material issues and KPIs



Manufacturing - Solve Social Issues Through Our Business -

We believe it is necessary to use our products and services to solve the global issue of climate change, as well as issues such as fires, earthquakes, and other disasters that could prevent the realization of a “safe, secure, and convenient” society. With this in mind, we have set net sales targets for climate change response-related products and disaster prevention products as KPIs.

ESG material issues	Items	Targets (KPIs)	Scope	SDGs we can contribute to	Reference
Mitigate/adapt to climate change, prevent disaster loss through products and services	Net sales of climate change response-related products (mitigation)	¥96 billion (FY2024)	Consolidated	 	Pages 36-37
	Net sales of climate change response-related products (adaptation)	¥18 billion (FY2024)			
	Net sales of disaster prevention products	¥81 billion (FY2024)			
	Net sales in the maintenance and service business	¥76 billion (FY2024)			
Quality assurance and enhancement	Achieve quality targets in line with each company's quality policy	—			Page 37



Environment - Achieve Environmental Sustainability -

We recognize that taking measures to reduce the impact of our business activities on the global environment is a vitally important mission and a responsibility we must naturally hold. As such, we have set KPIs for reducing our CO₂ emissions, water usage and waste.

ESG material issues	Items	Targets (KPIs)	Scope	SDGs we can contribute to	Reference
Initiatives toward a decarbonized society	Reduction of CO ₂ emissions (Scope 1 + 2)	Reduce by 10% compared to FY2019 (FY2024)	Sanwa Shutter Corporation	 	Page 32 Page 38
		Reduce by 30% compared to FY2019 (FY2030)			
Water resource conservation	Reduction of water usage intensity (at factories and offices)	Reduce by 10% compared to FY2020 (FY2030)			
Waste reduction	Reduction of waste intensity (at factories and offices)	Reduce by 10% compared to FY2020 (FY2030)			Page 38



People - Create a Pleasant and Rewarding Work Environment -

In terms of our initiatives for People, the source of our competitiveness and our most important management resource, we believe that it is essential to respect human rights and diversity and to provide a healthy, safe work environment. We have therefore set targets related to employee education, ensuring diversity, health and more as KPIs.

ESG material issues	Items	Targets (KPIs)	Scope	SDGs we can contribute to	Reference
Respect for human rights	Identification, elimination, and prevention of human rights risks	Implementation of human rights due diligence (FY2024)	Consolidated		Page 39
Human resource development	Number of e-learning participants (in English) Number of correspondence course participants	200 (FY2024)	Domestic Group companies	 	Pages 16-17 Page 39
		1,000 (FY2024)			
Promotion of diversity	Ratio of female employees Ratio of female managers	20% (FY2030)	Consolidated	 	Page 39
		15% (FY2030)			
Health and safety	Ratio of male employees taking childcare leave Obesity rate (BMI of 25 and above) Smoking rate	50% (FY2030)	Domestic Group companies	 	Page 39
		30% (FY2030)			
		25% (FY2030)			
	Full medical examination rate (incl. re-examinations)	60% (FY2030)	Sanwa Shutter Corporation		
	Rate of taking annual paid leave	55% (FY2030)	Sanwa Shutter Corporation		



Management Foundation

To compete and win on the global stage requires enhancing the transparency and fairness of our management and strengthening our corporate governance. As well as moving forward with initiatives to ensure and enhance the effectiveness of the Board of Directors, we have set KPIs that include active dialogue with various stakeholders.

ESG material issues	Items	Targets (KPIs)	Scope	SDGs we can contribute to	Reference
Corporate governance	Improving the effectiveness of the Board of Directors	—	Sanwa Holdings Corporation	 	Pages 40-50
	Ensuring the diversity of the Board of Directors	Supporting board diversity (FY2024)			
	Number of times stakeholder dialogues held	200 (FY2024)			
Compliance	Number of participants in compliance training	930 (FY2024)	Domestic Group companies		Page 51
	Commencement and continuous improvement of IT-BCP	—			

Risks and Opportunities

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


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




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

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

 **Annual Securities Report – Business Risks (Japanese only)** https://www.sanwa-hldgs.co.jp/ir/library/financial_report.html

Major risks and opportunities, and our responses

ESG themes	ESG material issues	Risk category	Major risks and opportunities	Measures	
Manufacturing 	Mitigate/adapt to climate change, prevent disaster loss through products and services	Major disaster risks	<ul style="list-style-type: none"> Business continuity risks due to large-scale disasters (typhoons, torrential rains, earthquakes, etc.) <p>Opportunities Expand profit opportunities by supplying climate change response-related (adaptation) products and disaster prevention products (fireproof, smokeproof, high wind-load resistant, waterproof, etc.) → See page 36</p>	<ul style="list-style-type: none"> Introduction of safety confirmation system Formulation of business continuity plan (BCP) Development and supply of climate change response-related products and disaster prevention products 	
		Infectious disease-related risks	<ul style="list-style-type: none"> Risk of loss of business opportunities as a result of prolonged infectious disease outbreaks (impact on business performance such as delays in or suspension of operations) Crisis in terms of continuation of business activities due to spread of infectious diseases (pandemics) and outbreaks of clusters <p>Opportunities Expand profit opportunities by supplying antibacterial and antiviral products, contactless products, etc.</p>	<ul style="list-style-type: none"> Strengthen countermeasures against infectious diseases Develop and supply antibacterial and antiviral products, contactless products, etc. 	
	Quality assurance and enhancement	Quality risks	Manufacturing quality	<ul style="list-style-type: none"> Decreased trust and increased costs due to complaints arising from shipments of defective products Deterioration in quality and accuracy due to aging production facilities Shortage of manufacturing personnel (including at partner companies) Deterioration in quality due to decline in production efficiency Loss of trust due to delays in responding to complaints <p>Opportunities Expand profit opportunities through product differentiation</p>	<ul style="list-style-type: none"> Implement quality checks and strengthen pre-shipment inspections Update facilities and pass on production technology Make labor reductions and enhance production capacity through product line automation and introduction of robots Reinforce the traceability structure
			Installation quality	<ul style="list-style-type: none"> Loss of trust and increased costs due to product liability accidents, complaints, and delivery delays caused by insufficient installation work capabilities and reduced effectiveness of installation techniques Increased costs due to decreased competitiveness caused by delays in improvement of installation techniques <p>Opportunities Expand profit opportunities through differentiation of easy-to-install products</p>	<ul style="list-style-type: none"> Expand recruitment of installers Strengthen installation training Research safe and labor-reducing installation techniques
			Design quality	<ul style="list-style-type: none"> Delivery delays due to lack of design personnel Decline in responsiveness and quality due to inexperienced design personnel 	<ul style="list-style-type: none"> Promote operational efficiency by introducing the latest design system Strengthen cooperation with the development division
			Sales quality	<ul style="list-style-type: none"> Increased costs due to loss of trust caused by miscommunication and complaints (failure to fulfill promises) resulting from sales personnel's lack of product knowledge and weakened on-site response capabilities <p>Opportunities Expand profit opportunities through solution proposal sales</p>	<ul style="list-style-type: none"> Strengthen new employee training Implement sales skill improvement training
			Inspection quality	<ul style="list-style-type: none"> Accidents caused by failure to conduct regular inspections Loss of trust due to delay in full-time service (FTS) responses <p>Opportunities Expand maintenance and service business in response to increased inspection legislation</p>	<ul style="list-style-type: none"> Move forward with entering into maintenance and inspection contracts Propose repairs and replacements, etc., after inspections Create database of existing products Strengthen the FTS structure
			R&D risks	<ul style="list-style-type: none"> Delay in product development using advanced technologies (including materials) Decreased competitiveness due to delay in differentiation from other companies (streamlining installations, product and service applications, insufficient product improvements, etc.) <p>Opportunities Capturing growth opportunities through development of groundbreaking technologies</p>	<ul style="list-style-type: none"> Gather information on customer needs and strengthen advanced technology and development capabilities Develop climate change response-related products, IoT-related products, and disaster prevention and mitigation products
	Raw material prices and procurement risks	<ul style="list-style-type: none"> Deterioration in business performance due to soaring raw material prices, shortages, and procurement price hikes Difficulties in procurement of key parts and materials due to raw material shortages at suppliers Excess inventory caused by sudden changes in demand, or stagnation of shipping due to procurement difficulties 	<ul style="list-style-type: none"> Adjust manufacturing costs and reduce procurement costs Negotiate prices with distributors Diversify supplier risk through multiple purchases 		
	Production and logistics risks	<ul style="list-style-type: none"> Delays due to concentrated delivery schedules Driver shortage due to aging of personnel Deterioration of productivity due to insufficiently equipped work environment 	<ul style="list-style-type: none"> Utilize delivery deadline management systems Utilize vehicle dispatch management systems 		
Occupational accident risks	<ul style="list-style-type: none"> Occupational accidents (manufacturing) due to incidents at manufacturing sites Occupational accidents (installation) due to incidents at installation sites 	<ul style="list-style-type: none"> Improve the work environment through the preparation of manufacturing operation manuals, etc., implementation of safety education and use of safety equipment Prepare installation operation manuals, etc., and ensure that all employees are familiar with safe work practices through safety education, regular health and safety meetings, etc. 			

ESG themes	ESG material issues	Risk category	Major risks and opportunities	Measures	
Environment 	Initiatives for a decarbonized society	Environmental and climate change risks	<ul style="list-style-type: none"> Loss of corporate image and trust due to delayed compliance with environment-related laws and regulations Loss of trust due to lack of compliance with regulations on greenhouse gas emissions, etc., and increases in compliance costs (material costs, carbon taxes, etc.) <p>Opportunities Growth through expansion of climate change response-related (mitigation) products → See page 36</p> <ul style="list-style-type: none"> Loss of trust due to lower quality, deteriorations in efficiency, and accidents at manufacturing and installation sites as a result of rising temperatures 	<ul style="list-style-type: none"> Implement environmental protection activities in line with the Sanwa Group Environmental Policy Consider and implement countermeasures for climate change-related risks at the Sustainability Committee Set CO₂ reduction targets and implement initiatives for their achievement (eco-friendly cars, conversion to LED lighting, introduction of solar power generation, etc.) Express endorsement of the TCFD recommendations (see page 32) Develop and supply climate change response-related products (mitigation) Implement environmental improvements at factories 	
	Water resource conservation		<ul style="list-style-type: none"> Loss of trust due to failure to achieve water consumption reduction targets 	<ul style="list-style-type: none"> Set reduction targets and implement initiatives 	
	Waste reduction		<ul style="list-style-type: none"> Loss of trust due to failure to achieve industrial waste reduction targets Loss of trust due to legal violations concerning waste and recycling-related disposal methods, etc. 	<ul style="list-style-type: none"> Set reduction targets and implement initiatives Thoroughly enforce disposal methods and strictly comply with laws and regulations 	
People 	Respect for human rights	Human rights risks	<ul style="list-style-type: none"> Decrease in trust due to reputational lawsuits resulting from work-related human rights violations, etc. Decrease in morale due to deterioration of the work environment caused by harassment 	<ul style="list-style-type: none"> Conduct human rights due diligence Conduct compliance training 	
	Human resource development	Human resources risks	<ul style="list-style-type: none"> Decrease in operational efficiency due to lack of appropriate personnel (delays in hiring) in each business division Risks such as loss of competent human resources 	<ul style="list-style-type: none"> Accelerate hiring of new graduates and mid-career workers Reinforce structures for human resource development (skill improvement, hiring, retention) 	
	Promotion of diversity		<ul style="list-style-type: none"> Negative impact on employment and decrease in stakeholder trust due to delays in diversity initiatives 	<ul style="list-style-type: none"> Proactively hire female employees, expand the variety of assigned occupations and implement career advancement training Appoint younger personnel through reviews of the job grade system and personnel evaluation system Move forward with improvements intended to make workplaces more comfortable by encouraging use of the childcare leave system, working from home and taking annual paid leave 	
	Health and safety	Personnel and labor risks	<ul style="list-style-type: none"> Insufficient management of employee health and safety Losses from mistakes due to reduced concentration caused by overwork, decline in business efficiency (productivity) Loss of trust due to violations of overtime work agreement, etc. Damage to health, including mental health problems 	<ul style="list-style-type: none"> Fully equip working environments Introduction of a working hours management system Expansion of the paid leave program Introduction of a mental health system 	
Management Foundation 	Corporate governance	Management risks	Natural disaster and infectious disease-related risks	(See the Major disaster risks section)	
			Geopolitical risks	<ul style="list-style-type: none"> Outbreak of terrorism, riots, wars, conflicts, etc., as well as legal regulations, etc., in overseas locations 	<ul style="list-style-type: none"> Geopolitical risk monitoring, research and information collection from officers resident overseas
			Economic trend-related risks	<ul style="list-style-type: none"> Deterioration in business performance due to decreased demand resulting from economic recessions, impact of foreign exchange rate and interest rate fluctuations, funding procurement risks, etc. 	<ul style="list-style-type: none"> Hedging measures such as currency swaps and forward exchange contracts Diversification of funding procurement sources
			Financial, accounting, investment-related and other risks	<ul style="list-style-type: none"> Financial, accounting, investment-related and other risks, such as bankruptcy due to the business failure of partner companies, bad debt due to the discontinuation of business, and bad debt losses 	<ul style="list-style-type: none"> Thorough credit management
	Compliance	Compliance risks	Corporate governance-related risks	<ul style="list-style-type: none"> Loss of trust due to inadequate governance structure 	<ul style="list-style-type: none"> Board of Directors' effectiveness evaluation questionnaire Establishment of Nomination & Compensation Committee Board diversity initiatives
			Fraud, scandal, and legal violation risks	<ul style="list-style-type: none"> Loss of trust due to inadequate internal controls Loss of trust due to problems arising from fraud, scandals, legal violations, internal rule violations, etc., and other violations such as delays in responding to legal reforms and revisions, etc. 	<ul style="list-style-type: none"> Foster a corporate climate based on our Compliance Code of Conduct Conduct compliance training Introduction of a whistleblowing system Eradication of false accounting and fraudulent orders through thorough internal audits Reinforcement of the misconduct prevention structure through the Bribery Guidelines
			Traffic accident risks	<ul style="list-style-type: none"> Decrease in business operations and increase in damages awarded due to personal injuries from traffic accidents Loss of trust due to drink driving incidents 	<ul style="list-style-type: none"> Expansion of safety equipment in sales vehicles Introduction of alcohol checks Conduct a campaign to eliminate drink driving
		Information security risks	<ul style="list-style-type: none"> Loss of opportunities and trust due to cyberattacks, and increased restart costs Loss of trust due to information leakage 	<ul style="list-style-type: none"> Address cybersecurity risks under the Sanwa Group Information Management System based on our Information Security Policy IT-BCP formulation Enforce system usage restrictions (privileged IDs) 	



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

We will strive to enhance our corporate value by expanding the lineup of environmentally friendly products, promoting our ESG material issues (“mitigate/adapt to climate change, prevent disaster loss through products and services” and “initiatives for a decarbonized society,”) strengthening measures to achieve our CO₂ emissions reduction targets and other climate change-related measures as defined in our Long-Term Vision, and further enhancing our information disclosure.

Governance and risk management

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

Board of Directors	Oversight of climate change response	Reports 4 times a year
Sustainability Committee	Formulation of basic policy on climate change response	4 times a year
	Formulation of key issues related to climate change Chairperson: Representative Director and President of Sanwa Holdings Corporation Secretariat: Corporate Communication Department	

Strategy

Sanwa Shutter Corporation was selected for analysis and analyzed using the International Energy Agency (IEA)'s 2°C scenario and the Intergovernmental Panel on Climate Change (IPCC)'s 4°C scenario, and risks and opportunities as of 2030 were summarized.

As a result, we confirmed that in each case the diverse lineup of climate change response-related products demonstrates a high degree of resilience, enabling us to contribute to climate change mitigation and adaptation while capturing abundant business opportunities.

Classification	Risks	Impact on business	Degree of impact	Countermeasures	Opportunities
Transition risks Assuming 2°C scenario	Introduction of carbon tax, tighter emissions target regulations	<ul style="list-style-type: none"> Increase in costs of fuel, electricity, etc. used in factories and offices due to introduction of carbon tax Transition costs incurred as part of emissions reductions in business activities 	High	<ul style="list-style-type: none"> Use of renewable energy Switch to energy-saving, high-efficiency equipment Switch to eco-friendly cars 	<ul style="list-style-type: none"> Business expansion of products and services that contribute to climate change response (mitigation and adaptation) Business expansion of products and services that contribute to disaster prevention Increased competitiveness through development of environmentally friendly products and disaster prevention products
	Tightening of regulations such as ZEB, ZEH, energy conservation standards, etc.	<ul style="list-style-type: none"> Elimination of specific products due to tightening standards Mandatory use of alternative and recycled materials 	Medium	<ul style="list-style-type: none"> Strengthening development, sales, and production of products for ZEB and ZEH 	
	Rising raw material prices	<ul style="list-style-type: none"> Increase in prices of key materials due to carbon tax and other regulations 	High	<ul style="list-style-type: none"> Securing profit through high value-added products and services Cost reduction through self-help efforts and appropriate reflection in prices 	
Physical risks Assuming 4°C scenario	Changes in investor and consumer behavior	<ul style="list-style-type: none"> Deterioration of reputation due to delays in information disclosure and countermeasures Expansion of consumption behavior that takes environmental impact into consideration 	Medium	<ul style="list-style-type: none"> Enhancement of information disclosure Promotion of environmental measures Development of technologies and products that contribute to climate change mitigation 	
	Frequent occurrence of extreme weather events (torrential rains, typhoons, floods, etc.)	<ul style="list-style-type: none"> Suspension of sales activities and production due to damage to the Company Suspension of supply of materials and labor due to damage to suppliers 	High	<ul style="list-style-type: none"> Periodic checks using hazard maps, etc., and response to flooding risks Preparation of alternative procurement methods for materials and parts Strengthening BCP measures 	
	Rising average temperatures	<ul style="list-style-type: none"> Increased health risks at factories and installation sites Decline in labor productivity 	High	<ul style="list-style-type: none"> Labor-reducing installations through reviewing construction methods and utilizing robots 	

Metrics and targets

We have set targets for both reducing CO₂ emissions produced during our business activities and expanding our climate change response-related products business, and are moving forward with initiatives to mitigate the effects of climate change and maximize opportunities.

We will continue to consider scenario analysis, including improving the accuracy of business impact assessments, and appropriately respond to various possible risks to enhance our corporate value over the medium to long term.

CO₂ emissions (produced during business activities) reduction target (Scope 1 + 2)
(Scope: Sanwa Shutter Corporation)

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

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

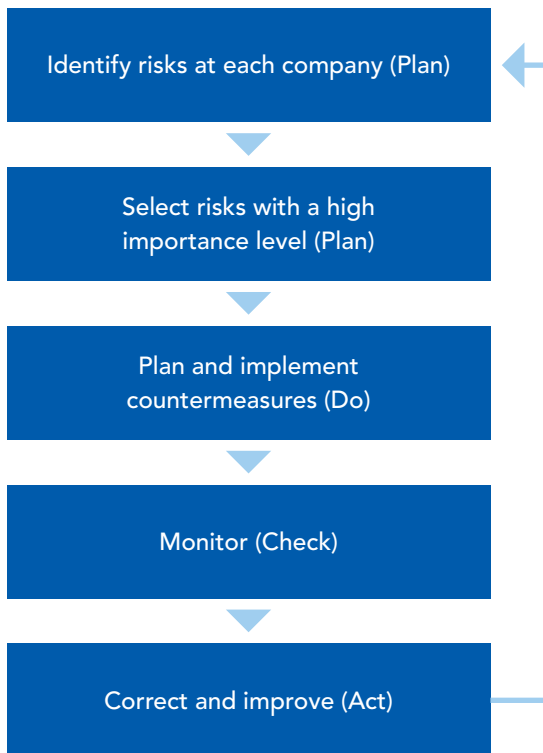
FY2024	Climate change response-related products (mitigation): 96 billion yen*
	Climate change response-related products (adaptation): 18 billion yen*

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

Risk Management

Implementing risk management

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



This cycle is repeated annually to identify and reevaluate risks.

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

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

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

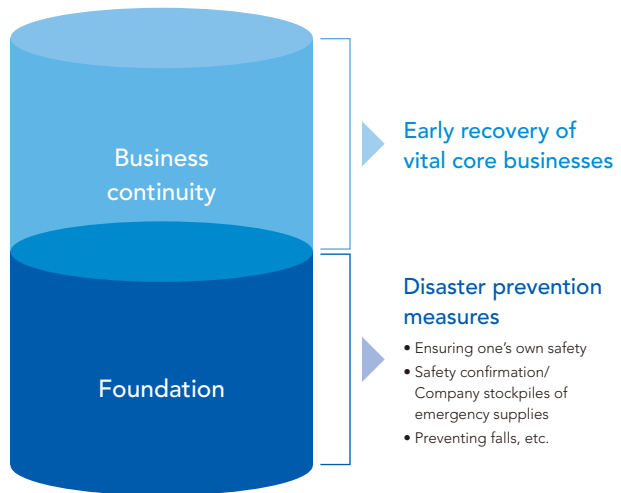
Business Continuity Plan (BCP) initiatives

Basic approach

The Sanwa Group's BCP is based on disaster prevention measures to protect employees' lives and the Company's assets, with the aims of business continuity and recovering as soon as possible.

We formulated our BCP with a focus on putting disaster prevention measures in place, based on the idea that continuing to do business is impossible without knowing that our employees are safe.

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



Main BCP initiatives

- Preparing regulations and manuals with the aim of resuming business as soon as possible after a disaster
- Stockpiling water and food, etc., taking measures to prevent equipment from falling over, introducing a system to promptly confirm the safety of employees
- Conducting annual drills led by the emergency headquarters, based on the scenario of an earthquake happening in the Tokyo metropolitan area
- Arranging alternative procurement methods for materials and parts, such as a dual sourcing system
- Relocating servers for core internal systems to a data center designed to withstand earthquakes that register as 6+ (also known as 6 Upper or 6 Strong) on the Japan Meteorological Agency (JMA) seismic intensity scale (the highest level being 7)

Basic principles and spirit

[Aims]

- Ensure the safety of employees, installers, internal contractors and their families
- Consider resuming business operations as soon as possible, to avoid losing business opportunities and to maintain existing customers
- Cooperate with local residents near business sites and contribute to society

[Core businesses targeted]

- Supply and repair of shutters and doors

A Framework for Achieving our Mission

—The relationships between our ESG material themes—

For a company to grow sustainably in the face of a rapidly changing environment, it must be able to move its business forward at the same time as contributing to solving social issues, and to respond and transform to keep one step ahead of changing trends. In this era of uncertainty, to receive the support of stakeholders and continue creating value that is useful to society, the Group is advancing a variety of initiatives toward achieving its ideal state in 2030. To guide these efforts, we have established 11 ESG material issues (consisting of the three ESG material themes of Manufacturing, Environment, and People, as well as the Management Foundation that supports these themes).

We believe that the three ESG material themes (Manufacturing, Environment, and People) have mutual effects and are organically linked, as shown in the figure to the right.

- 1 We are developing products that reduce CO₂ emissions around the world. By increasing the airtightness of building entranceways and the efficiency of air conditioning, our products contribute to energy savings, which in turn help to reduce environmental impact.
- 2 By matching our technological capabilities (seeds) to global environmental conservation issues (needs), we aim to contribute to climate change response and improve profitability.
- 3 By providing society with products and services that contribute to the safety and security of communities and of everyday life, our employees can feel a sense of pride and accomplishment in their work.
- 4 The expertise, technological and development capabilities each employee possesses are the driving forces behind our business advancement and the source of our value creation.

As these three ESG themes have mutual effects and drive the growth of the Group, our sustainable corporate value will increase. At the same time, we will fulfill our responsibilities as a company by carrying out our mission of safety, security, and convenience.



Manufacturing

- Solve Social Issues Through Our Business -



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

Quality assurance and enhancement

Reducing environmental impact through products and services

1

Environment

- Achieve Environmental Sustainability -



Initiatives toward a decarbonized society

Water resource conservation

Waste reduction

4

Technological and development capabilities

2

Fusion



The Group's Management Foundation

Compliance

Manufacturing

- Solve Social Issues Through Our Business -



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

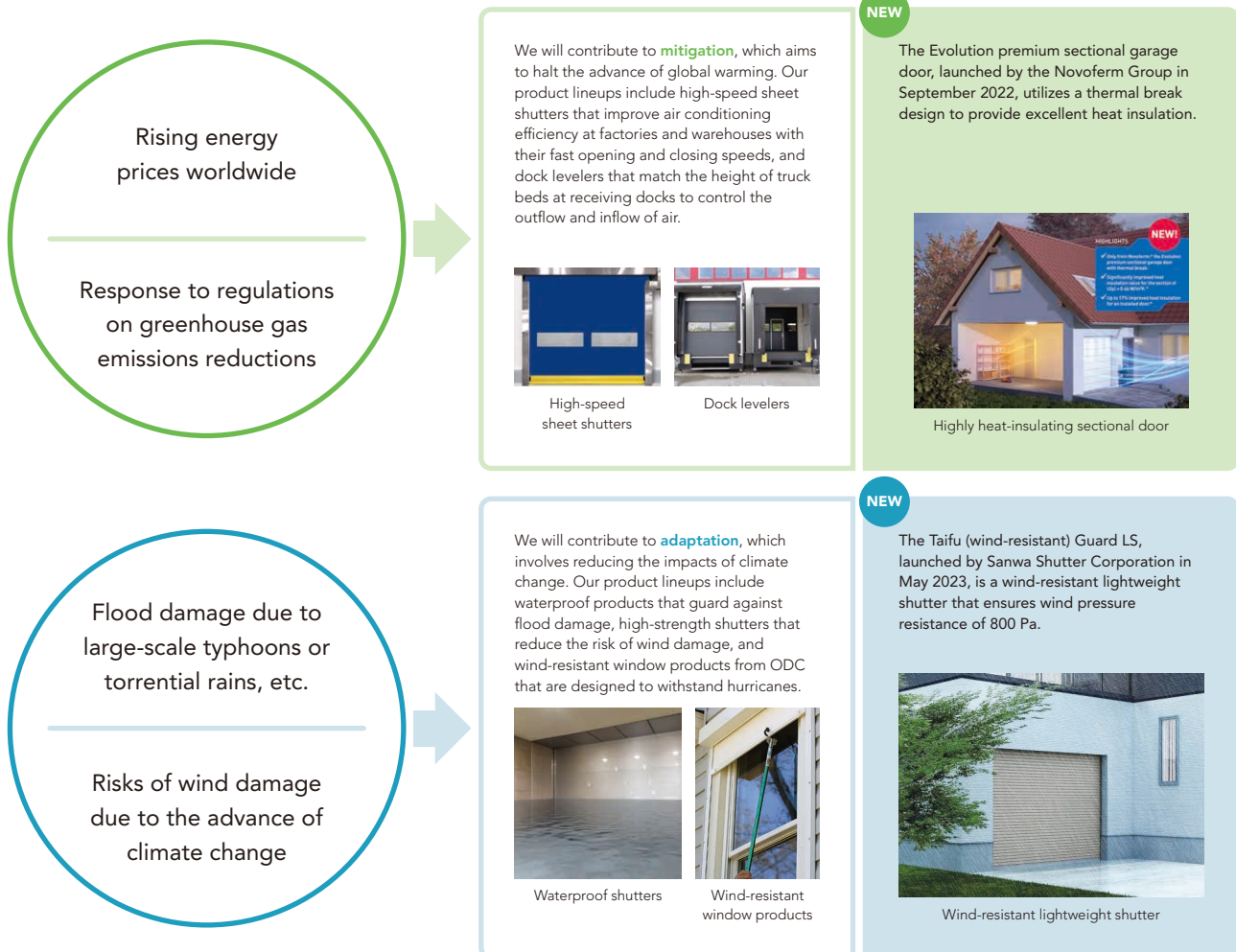
Basic approach

We can contribute to building a sustainable, resilient society through manufacturing in a wide range of areas, using our shutters, doors, partitions and other products and services designed to prevent, protect, and separate. We also believe that the issues that need to be addressed are growing.

The Group believes that developing and providing products that address climate change issues from two approaches (mitigation and

adaptation) will enable us to respond to changing needs and create new markets. We also believe that by using our products and services to solve issues including fires, earthquakes, and numerous other disasters, we can help communities become sustainable and resilient. In addition to quality assurance and enhancement, which is the most important aspect for us as a manufacturer, we aim to balance solving social issues and achieving sustainable growth through diligent research and development.

Products that contribute to climate change mitigation and adaptation



ESG material issues	Targets (KPIs)	Achievements and progress in FY2022	Future challenges
Mitigate/adapt to climate change, prevent disaster loss through products and services	Net sales of climate change response-related products (mitigation): ¥96.0 billion (FY2024)	¥86.9 billion	<ul style="list-style-type: none"> • Further development and sales expansion of products in response to diversifying needs • Quantification of environmental contributions
	Net sales of climate change response-related products (adaptation): ¥18.0 billion (FY2024)	¥16.6 billion	
	Net sales of products that contribute to disaster prevention: ¥81.0 billion (FY2024)	¥67.5 billion	
	Net sales in the maintenance and service business: ¥76.0 billion (FY2024)	¥74.2 billion	
Quality assurance and enhancement	Achieve quality targets in line with each company's quality policy	<ul style="list-style-type: none"> • Early detection of trends and complaints and investigation of causes through system monitoring • Strengthening of product verification during shipment and on-site acceptance • Improvement of workability through the use of connectors, etc. 	<ul style="list-style-type: none"> • Continuous implementation of risk assessments during product development and specification changes • Rapid investigation of causes and continuous implementation of essential measures

Products that contribute to disaster prevention



Fires



Earthquakes



Power outages



Through the products we provide, we contribute to the safety and security of communities and of everyday life. Our product lineups include fireproof shutters and fireproof doors that create safe spaces and help prevent fires from spreading, earthquake-proof products that lessen earthquake damage and products for handling the power outages that inevitably occur following natural disasters.



Horizontal sliding fire door (ODC)



Sliding entrance door for indoor hallway with earthquake-proof specifications



E Connect power supply system for operating shutters



Periodic inspection report system for fire prevention equipment

Through maintenance, inspections, repairs and other services, we help to maintain disaster prevention functions as social infrastructure and to realize resilient communities.

Quality assurance and enhancement

Basic approach

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

At the Sanwa Group Test Center, which was completed in March 2009, the Group's products and other products procured in Japan and overseas are tested to evaluate their quality, performance, safety and manufacturing technology. The Test Center has acquired ISO/IEC 17025 certification, an international standard that sets out the requirements for test quality control and technical capabilities at testing laboratories, and we have frameworks in place to ensure the reliability of test results.



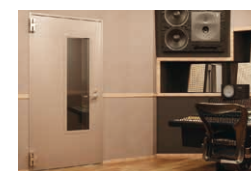
The Sanwa Group Test Center

Major initiatives

In response to the diverse needs of our customers, in October 2022 we established a new sound insulation testing lab. It is equipped with an acoustic laboratory capable of measuring the equivalent of T-7 grade sound insulation (55 dB), exceeding the highest performance level (T-4 grade, 40 dB) specified in the Japan Industrial Standards (JIS). The facility has also been thoroughly soundproofed, including with highly sound-insulating exterior wall materials and by using our own soundproof shutters at entranceways. These measures have enabled us to create a quiet environment where extremely precise measurements can be recorded. The Soundproof Guard highly sound-insulating door, launched in April 2023, was developed by conducting sound insulation tests in the laboratory at this site. In August 2023, Soundproof Guard won in the "design that contributes to the safety and security of children" category at the 17th Kids Design Awards. The Awards are organized by Kids Design Association, a specified non-profit corporation, and supported by Japan's Ministry of Economy, Trade and Industry, Cabinet Office, Consumer Affairs Agency, and Children and Families Agency.



The sound insulation testing lab



Soundproof Guard

Environment

- Achieve Environmental Sustainability -



ESG material issues	Targets (KPIs)	Achievements and progress in FY2022	Future challenges
Initiatives toward a decarbonized society	Reduction of CO₂ emissions (Scope 1 + 2): Reduce by 10% compared to FY2019 (FY2024) Reduce by 30% compared to FY2019 (FY2030)	Reduced by 6.6% compared to FY2019	<ul style="list-style-type: none"> • Further use of renewable energy • Promotion of switch to eco-friendly cars
Water resource conservation	Reduction of water usage intensity (at factories and offices): Reduce by 10% compared to FY2020 (FY2030)	Reduced by 6.3% compared to FY2020	<ul style="list-style-type: none"> • Promotion of water conservation • Facility upgrades
Waste reduction	Reduction of waste intensity (at factories and offices): Reduce by 10% compared to FY2020 (FY2030)	Reduced by 26.1% compared to FY2020	<ul style="list-style-type: none"> • Even more thorough sorting and recycling • Facility upgrades

Basic approach

The Group, which operates in 27 countries and regions around the world, recognizes that concerns about the stable supply of energy, water and other natural resources pose a risk to its business foundation. At the same time, we see taking measures to reduce the global environmental impact of our business activities as an extremely important mission. We will move forward with initiatives to reduce our environmental impact by lowering our CO₂ emissions, water consumption and waste emissions, and to enhance our information disclosures. With these measures, we will increase our medium- to long-term corporate value.

Major initiatives

Initiatives toward a decarbonized society

In the Sanwa Global Vision 2030 Mid-Term Management Plan 2024 announced in May 2022, the Sanwa Group set forth its policy for achieving carbon neutrality, aiming for net zero CO₂ emissions from business activities by 2050. We are moving forward with a variety of initiatives based on this policy.

To reduce CO₂ emissions associated with electricity consumption, which accounts for the majority of our energy consumption, we are upgrading our factory facilities, promoting conversion to LED lighting and installing solar power generation equipment.

In Japan, we installed solar panels within the grounds of Sanwa Shutter Corporation's Kyushu Plant. They have been running since July 2023. The total surface area of the panels is 7,016 m², approximately



Solar power generation equipment at the Sanwa Shutter Corporation Kyushu Plant



Solar power generation equipment at Novoferm Schievano (Italy)

twice the size of the panels we installed on the roof of the Ota Door Plant logistics building in December 2021.

In Europe, we installed solar power generation equipment on plant roofs at Novoferm UK (England) and Novoferm Schievano (Italy) in April 2023, and at Novoferm Alsai (Spain) in May 2023. In Asia, we installed solar power generation equipment on the plant roof at Shanghai Baosteel-Sanwa Door (China) in June 2023.



Solar power generation equipment at Shanghai Baosteel-Sanwa Door (China)

Water resource conservation

Sanwa Shutter Corporation is carrying out various initiatives to achieve its water usage intensity reduction targets for fiscal 2030. These include making effective use of a water circulation system for painting equipment and chillers that circulate chilled tank water, and reducing water waste at painting booths by using an overspray treatment agent.

In addition, the Sanwa Group Social Contribution Club, which organizes donations and other social contribution activities with volunteer employees, has been making donations to the general incorporated association JEAN (also known as the Japan Environmental Action Network), which is engaged in resolving the problem of marine litter, since fiscal 2012.



Waste reduction

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

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

People

- Create a Pleasant and Rewarding Work Environment -



ESG material issues	Targets (KPIs)	Achievements and progress in FY2022	Future challenges
Respect for human rights	Implementation of human rights due diligence (FY2024)	Under consideration	* Investigate human rights risks in businesses and supply chains
Human resource development	Number of e-learning participants (English): 200 (FY2024)	169	* Implementation of training to address digitalization and diversity
	Number of correspondence course participants: 1,000 (FY2024)	693	
Promotion of diversity	Ratio of female employees: 20% (FY2030)	19.8%	* Implementation of women's development planning and training * Raising awareness of and promoting the use of childcare leave by male employees
	Ratio of female managers: 15% (FY2030)	13.9%	
	Ratio of male employees taking childcare leave: 50% (FY2030)	17.3%	
Health and safety	Obesity rate (BMI of 25 and above): 30% (FY2030)	34.1%	* Strengthening health guidance and continuing support activities
	Smoking rate: 25% (FY2030)	29.8%	
	Full medical examination rate (incl. re-examinations): 60% (FY2030)	26.7%	
	Rate of taking annual paid leave: 55% (FY2030)	50.6%	

Basic approach

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

Major initiatives

Respect for human rights

We are considering the implementation of human rights due diligence. Going forward, we plan to formulate a human rights policy, investigate human rights risks specific to the industries and regions the Group operates in and take appropriate action to address any issues identified.

Health and safety

Among Group employees, the ratio of obese people with a body mass index (BMI) of 25.0 or higher and the ratio of habitual smokers, both of which are higher than the national average, are notable health issues. As high obesity and smoking ratios are associated with the risk of lifestyle-related diseases, in May 2022 we set targets to reduce both ratios as KPIs for fiscal 2030 and are moving forward with various initiatives.

As part of our efforts to reduce the obesity ratio, we actively encourage employees to receive specific health instruction and undergo full medical examinations, with the aim of increasing participation rates for both. We have also carried out other health-related activities, including a walking campaign sponsored by our health insurance association.

As part of our efforts to reduce the smoking ratio, we have implemented a smoking cessation support program that offers nicotine patches to smokers who wish to quit. We also use internal communication channels to share success stories from employees who have stopped smoking.

In addition, since fiscal 2019 we have designated July of every year as Sanwa Group Health & Safety Month, during which we implement various initiatives to improve each employee's physical and mental health.

Human resource development

We strive to secure human resources who will drive the Group's growth, and to use education and training to draw out each individual employee's value in order to maximize the performance of our organization. As such, we conduct various initiatives including goal-specific training (e.g., using skill maps to train sales personnel) and level-specific education for the strategic development of organizational human resources. In fiscal 2022, in addition to new training to strengthen management skills, next-generation leader training and career development training for female employees, we carried out e-learning and group-based IT literacy training.

▶ See pages 16-17 for a special feature on the Sanwa Group's Human Resources Strategy.

Promotion of diversity

To respond to diversifying needs and enhance our competitiveness in the market, we are promoting the active participation of female employees, both in terms of systems such as shorter working hours for childcare (up to the sixth grade of elementary school), which exceed legal requirements, and telework, and in terms of corporate culture such as an open and comfortable work environment. In addition, at training held for new employees in April 2023, we arranged a guest lecture by an accredited non-profit organization dedicated to raising awareness of LGBTQ and providing career support for members of the LGBTQ community. The lecture gave participants the opportunity to gain a basic awareness of LGBTQ-related issues and the importance of addressing those issues through workplace initiatives.



A lecture as part of new employee training

Dialogue with an Outside Director



Yasushi Takayama
Representative Director, President

Hiroko Ishimura
Independent Outside Director

Sanwa Holdings views the establishment and proper operation of an effective governance structure as a prerequisite for its corporate development. President Yasushi Takayama and Outside Director Hiroko Ishimura discussed a variety of topics, including the status of deliberations at Board of Directors' meetings, which are at the core of corporate governance, diversity initiatives and issues that need to be addressed in the future.

Reflecting on one year as an Outside Director

Takayama Ms. Ishimura, I am always deeply grateful for your valuable advice on decision-making and business execution at Sanwa Holdings. Today, I would like to ask for your candid opinions on the Company's governance and management strategies. Thank you for joining me today.

Ishimura Thank you for inviting me. It has been roughly a year since I became a Director of Sanwa Holdings. Prior to my appointment, my image of Sanwa Holdings was only that it is a leading company in the shutter industry. However, after meeting with many executives and employees as an Outside Director, I have a renewed sense that both the company and organization possess a high level of maturity. The fundamental ethos of passion, trust, and diligence has become firmly

rooted within the organization, and each and every employee works earnestly and with sincerity. I believe that this is part of the Company's appeal, and at the same time acts as a driving force behind our growth.

Takayama I feel that there has been an even more positive atmosphere at Board of Directors' meetings since we invited you to become an Outside Director. While many of our Board members have always been proactive in speaking up, and Board meetings have involved lively discussions, I feel that the tone of meetings has changed since you joined. Honestly, I believe that we make even smoother progress now. I think the sense of unity among Board members has increased, and that we have more effective discussions.

Ishimura I am also very grateful to you, President Takayama, for providing me with numerous opportunities to gain an even deeper understanding of the Sanwa Group, such as factory tours and training programs. You have also provided and shared up-to-date information regarding the Company's management status, strategies and measures in various other situations outside of Board of Directors' meetings. I think it can be said that the close relationships between the Outside Directors and the Inside Directors and Executive Officers make for more effective governance by the Company.

The role and mission of Outside Directors

Takayama You joined Cincom Systems Japan in 1991, and led that company's management as Representative Director from 2008. The wealth of knowledge and insights related to IT and corporate management you cultivated through that experience has become a substantial asset to our company. Our appointment of a female Director has generated positive interest and high expectations, both inside and outside the Company, and I am grateful that we can make use of your extensive experience in managing the Company, as well as your advice from a female perspective.

Ishimura Having served as a senior management executive and representative director at a Japanese subsidiary of a foreign company, I have come to fully realize that, when a company focuses solely on putting management structures in place and driving business forward, there is a potential risk of it losing touch with what is going on in the outside world, such as structural changes to the economy and society. For a company to achieve sustainable growth, it is essential to accurately grasp and rapidly respond to changes in the external environment and medium- to long-term social trends. I believe that our mission as Outside Directors is to supervise management decisions and the execution of business from a bird's eye perspective, and to give appropriate advice.

Takayama Generally speaking, the most important role of an Outside Director is to appropriately monitor management. However, in addition to monitoring, I expect you and all other Outside Directors to give advice in relation to decision-making and business execution from an external perspective. If checks and balances and monitoring are seen as "defensive governance," then it can be said that advice on management is a foundational requirement of "offensive governance." Both defensive and offensive measures are necessary for the Company's healthy development, and I have high expectations in terms of the role our Outside Directors play as an advisory board.

The important of diversity in corporate management

Ishimura In Japan, the concept of "diversity" is mainly focused on promoting the advancement of women in the workplace. However, it is actually a much broader concept that encompasses nationality, gender, age, disabilities, religion, personal beliefs and more. At the U.S.-based company where I spent 31 years of my career, conversations based on those differences were forbidden. Communication is based on experience, knowledge and skills. What a person has learned and what they can accomplish is more important than how they look. In this respect, it can be said that many

Japanese companies, not just ours, are falling behind in terms of diversity.

Takayama There is strong demand for fair treatment in terms of the evaluation and treatment of employees, regardless of their nationality, gender, age or anything else about them. I have also seen some companies moving forward with "job-based" recruitment and assignment, as a way of treating employees based on their individual abilities and interests. While I believe that this type of specialized human resource development is important, I also believe that "membership-based" employment, through which employees are given experience in a variety of departments and jobs so that they can develop their skills as managers, is also important. Engaging in a variety of tasks and interacting with many people should further deepen employee awareness of diversity.

Ishimura I certainly feel that it is essential for employees who did not have the opportunity to learn about the concepts of diversity and inclusion while they were still at school to encounter diverse personalities and deepen their personal relationships beyond the boundaries of their departments and occupations, so that they grow into the well-rounded adults that modern society needs. On the other hand, new working styles that did not previously exist, such as remote working and job sharing, are also becoming more prevalent in Japan's corporate society. In order to support and encourage diverse working styles as a company, we may need to formulate a job description that serves as action guidelines for business execution and make it common knowledge among all employees, including new graduates.

Takayama As you pointed out, I believe that taking an interest in the work and roles of other departments, beyond the scope of one's own duties, not only promotes individual employee growth but also contributes to strengthening cooperation between departments. I think that kind of healthy curiosity is helping to create a fair and open corporate culture that is not bound by outward appearance or physical attributes such as nationality, gender or age.

Ishimura I believe that the fair and open corporate culture you just mentioned is the Sanwa Group's greatest strength. For example, the PDCA cycle is a method for continuous improvement of quality control and business management. However, numerous conditions must be met for this cycle to function properly, including the establishment of precise quantitative targets and close personal cooperation that is not limited by departmental boundaries. In this regard, the Sanwa Group has an open-minded corporate culture that works to combine the wisdom of its employees to solve problems, and I hope that this corporate culture and climate are enhancing the effectiveness of the PDCA cycle.

Takayama In terms of support for the advancement of women in the workplace, the talk you gave about your personal experiences and perspectives as part of career development training for female employees of the Group in November 2022 was also a good opportunity for us to further accelerate our efforts toward diversity. I recognize that a male-centric value system is still widespread within the Sanwa Group, and I hope that your presence will serve as a catalyst for change in this aspect of our corporate character.

Ishimura Japan's corporate society is still based on using a rigid hierarchy as the fundamental concept for organizational design and management. However, as each company is becoming more aware that a rigid chain of command is sometimes the obstacle preventing quick decision-making and business execution, Japanese companies will likely make the gradual shift to a "network-based" structure in the future. Doing work means cooperating with many other people—in other words, building a network around yourself. In this respect, I also think there is plenty of space for women who are skilled at building close personal relationships within their local communities and friendship circles to advance. In the talk you mentioned, I expressed these thoughts and my expectations for female employees.

Aiming to create a sustainable corporate group

Takayama It is natural that the concept of "sustainability" refers to the sustainability of the global environment, the economy and society. However, from a corporate management perspective, if we look at corporate continuity there are over 70,000 companies in the world that have a history spanning more than 100 years, around half of which are Japanese companies. In other words, many Japanese companies have been actively moving forward with initiatives that contribute to their own sustainability through their core businesses for many years. I



feel that we should have more confidence in ourselves, and pursue a more natural state of being as a company.

Ishimura Many Japanese companies have been practicing management that takes various stakeholders, including customers, business partners and employees, into account, rather than Western-style shareholder-oriented management, for a long time now. This is probably why so many century-old companies exist in Japan. For a company to survive, building and strengthening close, trusting relationships with its stakeholders is essential. From a sustainability perspective, it will become increasingly important for the Outside Directors to fully exercise their management supervision and advisory capabilities, and to make full use of websites, various print media, social media and other methods to disseminate timely and accurate information, so that we gain the understanding and sympathy of all of our stakeholders.

Takayama How do we ensure corporate continuity? It is important for us to backcast from our Long-Term Vision, clarify the issues and strategies that need to be addressed now and steadily implement those initiatives; to plan the expansion of our human capital, which will serve as the driving force for long-term growth; and to work to preserve the natural environment, which is the foundation of management and business, by reducing the environmental impact of our production processes and contributing to the environment through our products and services. Of course, for a company to continuously develop, it must differentiate itself from its competitors and increase its presence in the market. It is vital that every individual employee, not just management, rediscovers the importance of sustainability and increases their efforts to achieve it.

Ishimura As for DX, which is my area of expertise, without making use of IT and digital technology Japanese companies cannot overcome fierce competition in global markets. I believe that continuously creating innovation, the lifeblood of the manufacturing industry, through the power of human resources and DX is the core of corporate sustainability.

The superiority of our governance structure, and our medium- to long-term growth strategy

Takayama Sanwa Holdings' Board of Directors is comprised of six Inside Directors and four Outside Directors. All of the Inside Directors also have experience at other companies, and I see the ability to reflect objective outside perspectives in our decision-making as an advantage we hold in terms of governance. However, in order to make accurate decisions, we must reflect feedback from frontline employees, who have a fine understanding of the current status of our businesses and related issues, in our strategies and measures. I feel that making management decisions based on the frontline perspective will become increasingly important from now on.

Ishimura Our Board of Directors' meetings are attended by a diverse group of individuals with experience in the legal and business worlds. I believe that one of the major strengths of our corporate governance is the fact that we can make the best use of their diverse viewpoints, that take into account structural changes and various trends in the economy and society, in our decision-making. However, as you pointed out, to ensure the validity of our strategies and measures, it is essential that we make practical management decisions in line with the Company's actual situation. In that sense, I would like to reiterate that it is vital for us as Outside Directors to thoroughly fulfill our advisory capabilities—just as much as our management control capabilities, if not even more—so that external opinions can be incorporated into our decision-making.

Takayama In recent years, the number of Japanese companies actively appointing Outside Directors has been increasing. However, in some cases, the control and advisory capabilities of the Outside Directors are not effective enough, and Board of Directors' meetings become a forum for ratifying management decisions by the Executive Officers. It is necessary to create valuable opportunities for dialogue where a wide range of opinions can be exchanged, not only on items listed on the meeting agenda, but also on the state of management and the future of the industry.

Ishimura In order for the Sanwa Group to win in the face of fierce global competition amid a drastically changing business environment, it is crucial that we make unprecedented leaps forward through innovative management and business initiatives, rather than drawing up growth scenarios as just extensions of our past progress. Alongside optimizing the efficiency of our operations and production activities by making full use of the latest digital technologies, I feel that focusing on producing talented personnel to lead the Company in the future and using Smart Factories as the foundation to pursue the next generation of manufacturing are the most important themes for the Group. I would also like to continue offering my advice at Board of Directors' meetings, with a view toward improving our corporate value over the medium to long term.

Takayama The business environment surrounding the Sanwa Group, both domestically and internationally, is shifting to a generally firm position. For us to achieve further growth in this environment, it is essential that we formulate and steadily implement effective strategies, such as securing and training human resources, building a stable supply structure to meet increasing demand and upgrading various systems. With the concentrated efforts of our employees, we will aim to embody the corporate vision set forth in the Sanwa Global Vision 2030.



Aiming to further develop the Sanwa Group

Ishimura Over its 67-year history, the Sanwa Group has cultivated strengths that cannot be expressed in figures such as sales or market share, including its wealth of technological assets and insights, and its human resources who possess both skills and humanity. I feel that these invisible strengths are fundamental advantages that support our sustainability. The President and other Executive Officers, as well as all Group employees, hold a sense of duty to deliver safety, security and convenience to our customers, and are committed to the development, manufacture, sale and maintenance of our products and services that are a breath of fresh air in the market. As an Outside Director, I am just as determined to appropriately advise the management team, and to contribute to the enhancement of governance and the Group's sustainable growth.

Takayama Management of a corporate group with numerous subsidiaries and affiliate companies requires both dispersed and concentrated force. As Representative Director and President, I accept that it is my responsibility to oversee these two contradictory themes: dispersed force to ensure that each Group company is implementing its growth strategy autonomously in response to its own business environment, and concentrated force to ensure that the holding company comprehensively manages the strategies and measures of each company from the optimum overall perspective and enhances the corporate value of the Group as a whole. With you participating, our Board of Directors' meetings have become more active, and our deliberations and decision-making on agenda items have become more productive. I hope that you will continue to contribute to the further development of the Sanwa Group as a female Director, as an IT specialist and as an entrepreneur with a wealth of insights. Thank you very much for your time today.

Management Team

Directors



Yasushi Takayama

Representative Director, President
Chief Executive Officer

Attendance at Board of Directors' meetings	100%
Number of Company Shares Held	157,317 shares

Reasons for appointment

Following experience at a life insurance company and a securities company, Mr. Yasushi Takayama joined the Company in 2006. He has served in positions including General Manager of the Structural Reform Dept., where he promoted a wide range of management reforms throughout the Group. After assuming office as President in 2017, he has promoted global group management both in Japan and overseas, laying the foundation for the Company to become a major global player. Based on his extensive experience and track record, the Company has determined that he remains qualified to be a Director.



Toshitaka Takayama

Director, Senior Advisor

Attendance at Board of Directors' meetings	100%
Number of Company Shares Held	1,846,290 shares

Reasons for appointment

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



Hiroyuki Yamazaki

Director, Senior Executive Officer,
Responsible for Corporate Planning Unit

Attendance at Board of Directors' meetings	100%
Number of Company Shares Held	20,035 shares

Reasons for appointment

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



Toshiaki Doba

Director, Senior Executive Officer
Responsible for Global Business Unit

Attendance at Board of Directors' meetings	100%
Number of Company Shares Held	11,341 shares

Reasons for appointment

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

Note: Mr. Doba has attended all Board of Directors' meetings held since his appointment as a Director on June 23, 2022.



Meiji Takayama

Director (Part-time)

Attendance at Board of Directors' meetings	100%
Number of Company Shares Held	96,438 shares

Reasons for appointment

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



Masanaka Yokota

Independent Outside Director

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of Company Shares Held	5,400 shares

Reasons for appointment

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



Hiroko Ishimura
Independent Outside Director

Attendance at Board of Directors' meetings	100%
Number of Company Shares Held	—

Reasons for appointment

After first being employed by The Mitsubishi Bank, Ltd., Ms. Hiroko Ishimura joined Cincom Systems Japan Ltd. in 1991, where she held important positions, including those of Marketing Manager, Managing Director, and Representative Director. In addition to deep knowledge of solving business issues using IT and digital technologies, etc., which was accumulated through the execution of business at Cincom Systems Japan Ltd., she also has extensive experience as a company manager. The Company expects her to utilize this deep knowledge and extensive experience to provide supervision and advice in relation to the execution of business by Directors of the Company.

Note: Ms. Ishimura has attended all Board of Directors' meetings held since her appointment as an Outside Director on June 23, 2022.



Akira Gokita
Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of Company Shares Held	—

Reasons for appointment

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



Teiko Zaima
Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Number of Company Shares Held	24,600 shares

Reasons for appointment

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



Tsunekatsu Yonezawa
Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of Company Shares Held	—

Reasons for appointment

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

Executive Officers

Executive Officer **Masayuki Atarashi**
Corporate Planning Unit
Head of Corporate Communication Department

Executive Officer **Katsumi Fujii**
Corporate Planning Unit
Head of Corporate Planning Unit

Skill Matrix of the Board of Directors

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

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

Management Foundation of the Group

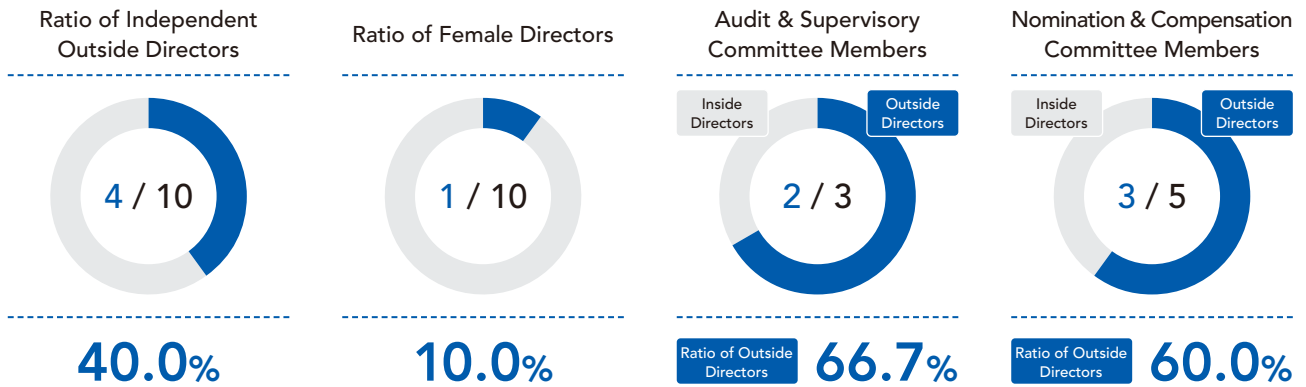
Corporate Governance

Basic Approach to Corporate Governance

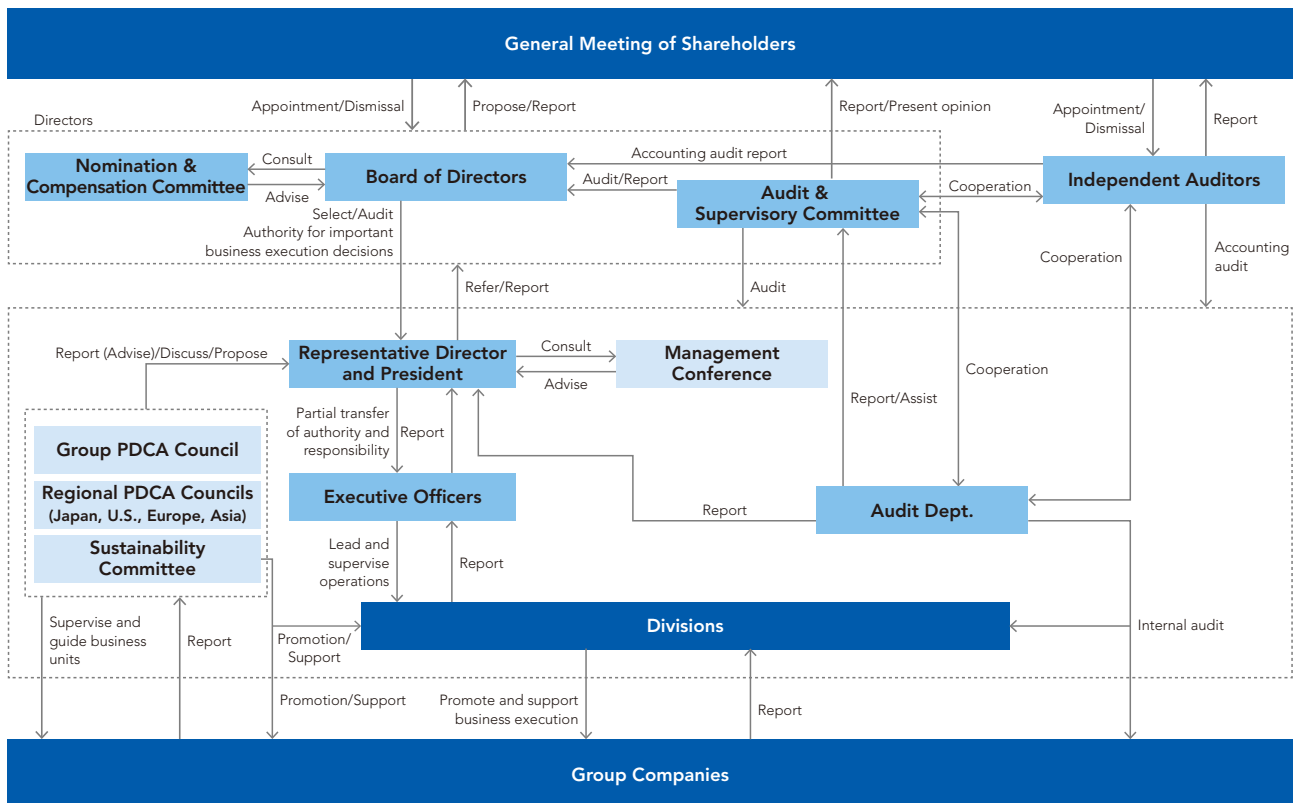
As a global access systems company that is developing business in 27 countries and regions in North America, Europe and Asia as well as in Japan, Sanwa Holdings Corporation achieves business growth through good faith and fair business activities on the basis of the Company's "Mission," "Our Values,"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

Corporate Governance Structure

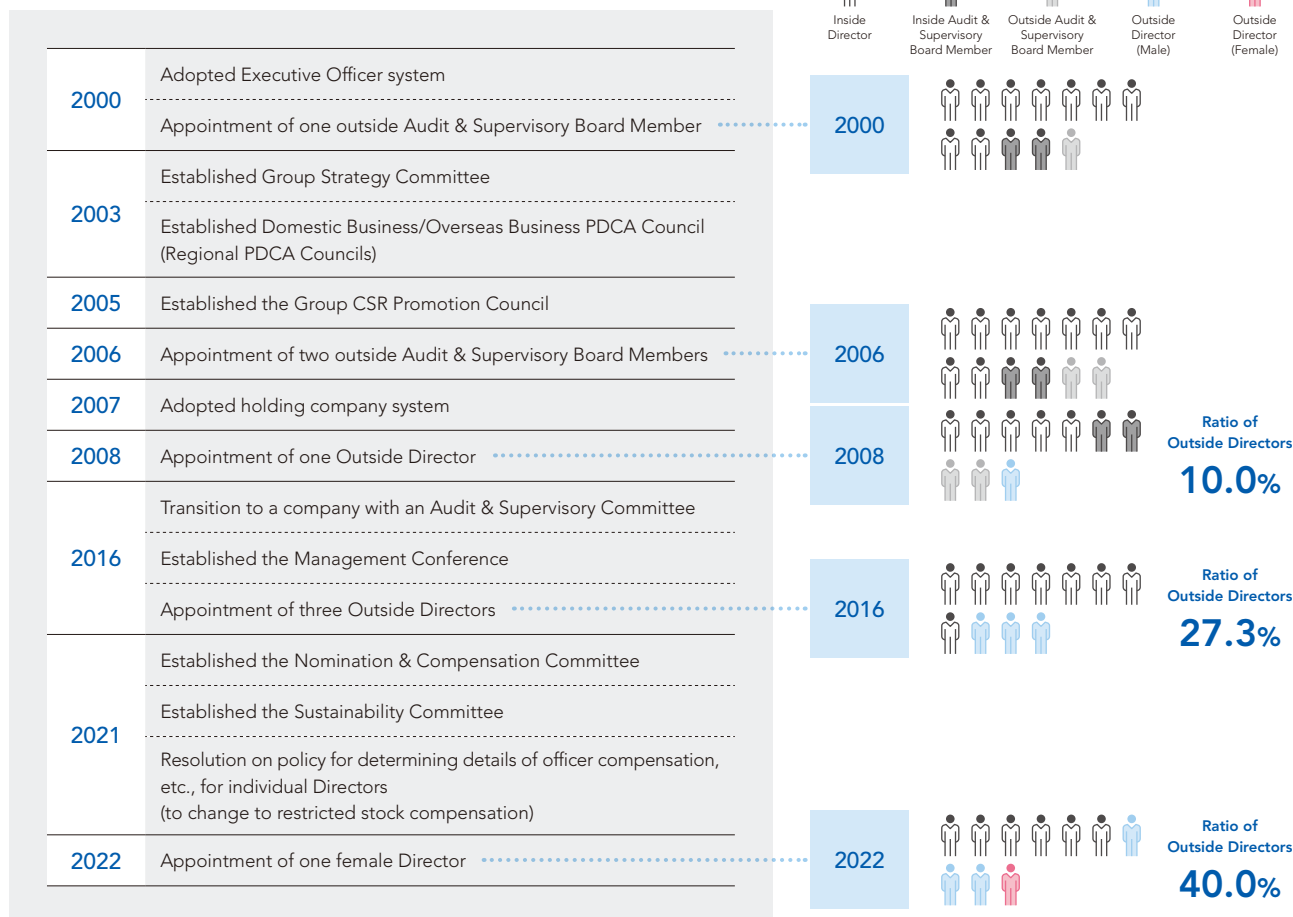
The details of specific measures to enhance our business execution and supervisory functions are set out below. By adopting this system, we believe that we can establish a system to ensure the appropriateness of operations and enhance corporate governance.



The Sanwa Group's Corporate Governance Structure



Enhancement Process of Corporate Governance



Evaluations of Board of Directors' Effectiveness

The Company has been conducting an annual questionnaire on the effectiveness of the Board of Directors since the end of fiscal 2017. In fiscal 2022, we conducted the questionnaire after the Board of Directors' meeting held in March 2023 and obtained responses from all Directors. At the first Board meeting in fiscal 2023, they analyzed and evaluated effectiveness based on the response results. As a result, although there were issues raised, we evaluated that our Board of Directors is functioning effectively. Going forward, we will continue to make improvements to enhance the effectiveness of the Board of Directors.

Content that could be evaluated

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

Points to be improved

Increased information provision, to help Outside Directors have a greater understanding of the agenda and topics of discussion at Board of Directors' meetings.

Other opinions expressed

Although information is being shared with Directors and Executive Officers, there were opinions regarding the need for increased collaboration.

Shareholding Guidelines

As of April 1, 2023, to promote the ownership of Company shares by Directors (excluding Outside Directors, Part-time Directors and Directors who are also Audit & Supervisory Committee Members), we have established shareholding guidelines as shown below. The aims of the guidelines are for Directors to share both the benefits and risks with shareholders in line with share price fluctuations, and for Directors to be further motivated to improve business performance.

Guidelines:

Each Director shall endeavor to hold Company shares in accordance with the following thresholds.

Chairperson/President/Advisor: Double the amount of basic compensation (annual amount) within four years of assuming the relevant position

All other Directors: Equal to the amount of basic compensation (annual amount) within four years of assuming the position of Director

Specific Measures for Enhancing Business Execution and Supervisory Function

Management Conference

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

Audit & Supervisory Committee

The Audit & Supervisory Committee met a total of nine times in fiscal 2022. The Directors who are Audit & Supervisory Committee members monitor the status of business execution by Directors who are not Audit & Supervisory Committee members and other Executive Officers, and report and express their opinions. In this way, we work to ensure legal and appropriate corporate management. We believe the transition to a company with an Audit & Supervisory Committee has contributed to improving the supervisory function and transparency of the Board of Directors, and thus demonstrates the effectiveness of the Board.

Nomination & Compensation Committee

The Nomination & Compensation Committee was established as an advisory body to the Board of Directors for the purpose of strengthening

the fairness, transparency, and objectivity of procedures related to the nomination and compensation of Directors excluding Directors serving as Audit & Supervisory Committee members, and Executive Officers.

The committee, which was established in January 2021, consists of three or more members selected by resolution of the Board of Directors, and the majority of the members are independent outside directors.

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

Group and Regional PDCA Councils

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

Sustainability Committee

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

Name of the meeting body	Frequency of meetings/the number of meetings held/attendance rate	Agenda items
Management Conference	Once a month, as a general rule (Fiscal 2022: 9 times) Attendance rate: 100%	<ul style="list-style-type: none"> • Deliberates on matters deemed necessary by the President from among matters concerning important business execution decisions delegated by the Board of Directors to the President • Deliberates on matters deemed necessary by the President from among the Board of Directors’ meeting agenda items • Deliberates on other important, management-related matters
Audit & Supervisory Committee	At least once every three months, as a general rule (Fiscal 2022: 9 times) Attendance rate: 100%	<ul style="list-style-type: none"> • Reports and expresses their opinions on the audit of the status of business execution by Directors who are not Audit & Supervisory Committee members and other Executive Officers
Nomination & Compensation Committee	Twice a year, as a general rule (Fiscal 2022: 2 times) Attendance rate: 100%	<ul style="list-style-type: none"> • Proposals for the election of Directors, excluding Directors serving as Audit & Supervisory Committee members and Executive Officers • Matters concerning the compensation for Directors, excluding Directors serving as Audit & Supervisory Committee members, etc., and the calculation method for individual compensation
Group PDCA Council	Once a month, as a general rule (Fiscal 2022: 8 times) Attendance rate: 100%	<ul style="list-style-type: none"> • Reports, confirms, and provides guidance on the progress of Groupwide plans (for each business unit) • Reports, confirms, and provides guidance on the progress of important projects of each business unit • Considers and coordinates new management issues across business units
Regional PDCA Councils (Japan, U.S., Europe, and Asia)	Once every three months, as a general rule (Fiscal 2022: 4 times each) Attendance rate: 100%	<ul style="list-style-type: none"> • Considers the plans and budgets of each business company • Reports, confirms, and provides guidance on the progress of the plans of each business company
Sustainability Committee	Once every three months, as a general rule (Fiscal 2022: 4 times) Attendance rate: 100%	<ul style="list-style-type: none"> • Deliberates on and promotes Groupwide sustainability policies, etc., including the Group’s quality, risk management, compliance, social contribution, global environment conservation, respect for human rights, work-style reforms, and gender equality

Compensation of Directors

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

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

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

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

a. Policy for base compensation

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

b. Policy for performance-linked compensation

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

In order to serve as a reward that functions as a sound incentive for sustainable growth and reflects the Company's business performance, consolidated operating profit has been selected as the primary indicator for performance-linked compensation.

The amount of performance-linked compensation is determined by multiplying the number of points determined for each executive position by the per-point price and the individual evaluation that reflects each Director's evaluation.

The per-point price for the current fiscal year is calculated by multiplying the previous fiscal year's per-point price by the year-on-year

rate of consolidated operating profit (consolidated operating profit for the current fiscal year divided by consolidated operating profit for the previous fiscal year) and by an amplification factor set to increase incentives, and is determined with the approval of the Board of Directors.

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

Performance-linked compensation for each individual Director (formula)	=	Number of points	×	Per-point price	×	Individual evaluation
Number of points		Set by executive position				
Per-point price		Per-point price for the previous fiscal year \times year-on-year rate \times amplification factor				
Individual evaluation		$\pm 25\%$				

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

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

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

Each eligible Director shall, by making a contribution in kind of all monetary compensation claims to be provided for granting restricted stock each fiscal year, receive an allotment of common stock of the Company. Furthermore, restricted stock compensation shall be granted as compensation for duties performed during the term of office (one year) of Directors within one month after the conclusion of the Ordinary General Meeting of Shareholders that elects the Directors. The allotment will be made through the disposition of treasury stock.

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

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

The Board of Directors determines the proportions of the different types of compensation paid to Directors, based on the compensation level benchmarks of companies with similar business scales as that of the Company, and those belonging to related industries and business categories, as well as on reports obtained through consultations with the voluntary Nomination & Compensation Committee.

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

Base compensation (50%)	■	Performance-linked compensation (35%)	■	Non-monetary compensation (15%)
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e. Policy for decisions on the details of compensation, etc., for individual Directors

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

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

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

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

Actual Compensation Amount for FY2022

Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			Number of Officers Eligible
		Base Compensation	Performance-Linked Compensation	Non-Monetary Compensation, etc.	
Directors (excluding Directors serving as Audit & Supervisory Committee members and Outside Directors)	352	146	157	49	5
Directors serving as Audit & Supervisory Committee members (excluding Outside Directors)	36	36	—	—	1
Outside Directors (excluding Audit & Supervisory Committee members)	19	19	—	—	2
Outside Directors (Audit & Supervisory Committee members)	46	46	—	—	2

- Notes: 1. The figures above include one Director who retired as of the 87th Ordinary General Annual Meeting of Shareholders held on June 23, 2022.
 2. The amount paid to Directors does not include the portion of employee's salary for those Directors who concurrently serve as employees.
 3. Performance-linked compensation is calculated by using operating profit as a performance indicator to clearly reflect the profitability of business activities in fiscal 2022, and by determining a base amount for each executive position based on the Company's consolidated operating profit compared to the previous fiscal year, then adding or subtracting the contribution of each Director within a range of ±25% to the base amount.
 4. Non-monetary compensation is the amount recorded in the current fiscal year, related to restricted stock compensation. For the restricted stock compensation, the common stock of the Company allocated under the restricted stock compensation agreement may not be disposed of in the form of transfer, attachment of security interest, or otherwise, from the date of delivery to the time that the Director loses their position as a Director of the Company or any other positions determined by the Board of Directors of the Company. If the eligible Director loses the position determined by the Board of Directors of the Company prior to the expiration of the period separately determined by the Board of Directors of the Company, the Company shall automatically acquire the restricted stock allocated to the eligible Director without consideration, except in cases where a reason exists that is deemed justifiable by the Board of Directors of the Company.

Internal Control System

In accordance with the provisions of the Companies Act, the Company passed a resolution on its "Basic Policy for Building a System to Ensure the Appropriateness of Operations" at a Board of Directors' meeting and has appropriately established an internal control system based on that basic policy. Also, every year, we check the execution status of the internal control system and report the results to the Board of Directors and, via business reports, to shareholders. We will continue to strengthen corporate governance by making improvements.

Group Governance

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

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

Functions as Corporate Pension Asset Owner

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

Dialogue with Shareholders and Investors

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



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

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

Compliance



Ensuring Thorough Compliance

In order to maintain the trust of society, in October 2005 the Sanwa Group formulated the Compliance Code of Conduct, which outlines specific conduct that must be adhered to based on Our Mission, Our Values, Principles of Business, and the philosophy of the Group.

In December 2020, the Compliance Code of Conduct was revised to meet the changing demands of society, focusing on items such as respect for human rights, ethical behavior, and information security. The revised Compliance Code of Conduct and Case Study Booklet was distributed to all employees in April 2021.

At domestic Group companies, training on a nationwide basis is provided to managers of each Group company to further instill awareness of the importance of compliance. This training features lectures on laws related to our business, such as the Antimonopoly Law, the Construction Business Act, the Waste Management and Public Cleansing Act, and the Labor Standards Act. It also includes lectures concerning safety



Compliance Code of Conduct and Case Study Booklet

obligations, harassment, and risks relating to information security, respect for human rights, anti-bribery and corruption and other areas, and thereby fosters compliance awareness.

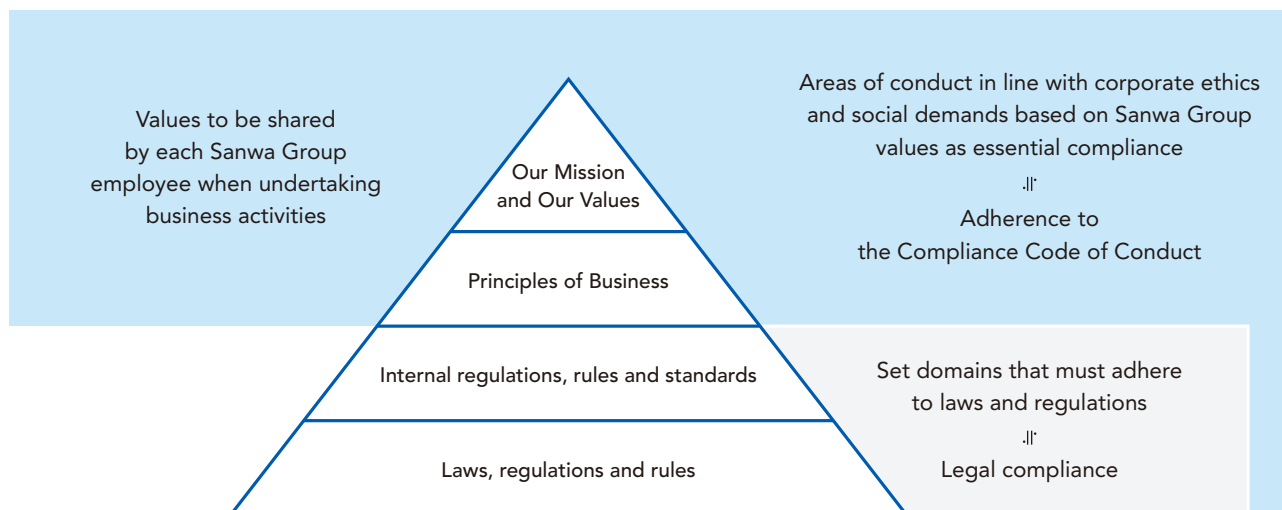
In fiscal 2019, the Group Companies in Asia distributed the Sanwa Group Compliance Code of Conduct translated into local languages and also adopted an internal whistleblowing system (corporate ethics hotline).

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



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

Compliance Code of Conduct: Conceptual Diagram



Japan

Strengths

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

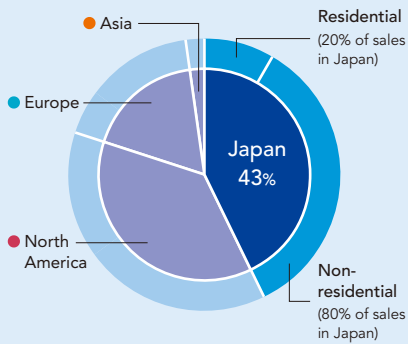
Risks

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

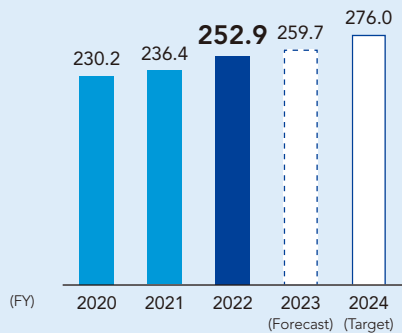
Collaboration in the supply chain

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

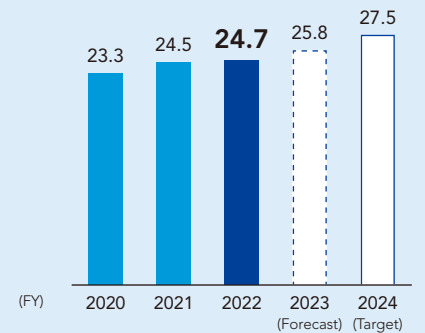
Net Sales Composition by Region



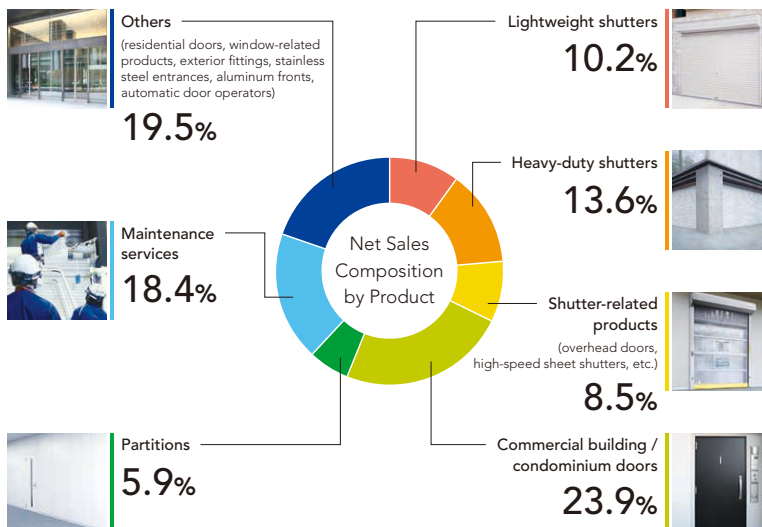
Net Sales



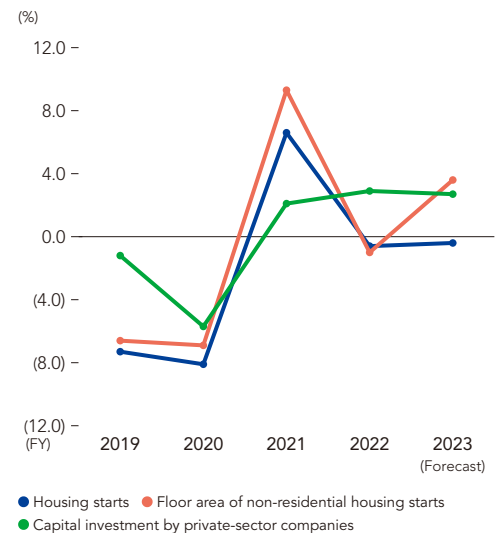
Operating Profit



FY2022 Net Sales Composition by Product (Japan)



Trends in the Construction Industry Environment (year-on-year)





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



Representative Director and President,
Sanwa Shutter Corporation

Meiji Takayama

Fiscal 2022 Results and Review

Fiscal 2022 was the first year of the Mid-Term Management Plan 2024. Under the motto “Creation and circulation,” we are working to solve customer issues and create even greater value by developing new products and services that uphold three principles: disaster prevention and mitigation, environmental contribution, and IoT and electrification. Based on that approach, we have released new products such as the overhead doors with high heat insulation from the Re-carbo series, with improved thermal insulation performance in addition to increased convenience and compactness, the IoT-compatible MADOMORE Change SY system for motorizing existing manual window shutters, and

RemoSma, a garage door smart operating system.

In terms of business performance, net sales increased by 7.0% from the previous year to ¥252.9 billion. This was thanks to a trend of strong sales for core products such as shutters and doors, as well as for maintenance and servicing, and through continued strong sales of products classified by use and targeted at factories, logistics warehouses and other facilities. In addition, although prices of materials such as steel and various other components rose more than expected, operating profit increased by 1.0% from the previous year to ¥24.7 billion, as a result of our efforts to pass on the cost of materials in selling prices.

Initiatives to Achieve the Mid-Term Management Plan Goals

Fiscal 2023 will be the second year of both the Sanwa Global Vision 2030 and the Mid-Term Management Plan 2024. We will move forward with the following initiatives during the year, with the aim of achieving the management plan’s goals.

Sales

In addition to large-scale urban redevelopment projects, we will work to increase orders for core products such as shutters and doors for use in factories and logistics warehouses, as there continues to be strong demand in this area. In terms of our strategic products, we will also propose value-added solutions and strive to differentiate from our competitors, with the aim of increasing our market share. In the maintenance and service business, we will enhance statutory inspections and strengthen our efforts to capture demand for post-inspection repairs and replacements.

Products

As well as expanding our lineup of disaster prevention products and environmentally friendly products, which help to protect lives and property from natural disasters and other negative impacts of climate change, we will move forward with development of IoT- and electrification-related products that incorporate information technology.

Production, logistics and installation

We will promote the digitalization of business processes and strive to improve productivity through system integrations. In addition, as part of manufacturing innovation, we will proactively make capital investments in the expansion of our production and supply capabilities and labor reductions.

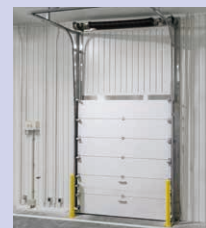
Human resources

Alongside moving forward with human resource development, work style reforms and securing personnel, we are working to train and develop the next generation of leaders.

HIGHLIGHT

Launch of “overhead doors with high heat insulation” from the Re-carbo Series

The new overhead doors with high heat insulation from the Re-carbo series can be used in locations with a room temperature of 0°C or lower, in contrast to previous products which were unusable because the door panels would freeze. When combined with the optional heat-insulating frame, the overhead doors can prevent both condensation and freezing, and can be installed in place of heat-resistant doors in cold storage warehouses and other locations where room temperatures are as low as -5°C. The new panels, redesigned with an industry-beating 80mm thickness, offer improved convenience and are more compact than conventional heat-resistant doors, and their insulating capability has also significantly increased. By improving the insulation at entranceways and openings, where the heat transfer in cooling and heating systems is the most active, air conditioning efficiency is increased and energy consumption and CO₂ emissions are likewise reduced. In these ways and more, we anticipate that the new overhead doors with high heat insulation will help customers reduce their Scope 1 and 2 CO₂ emissions.





North America

Strengths

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

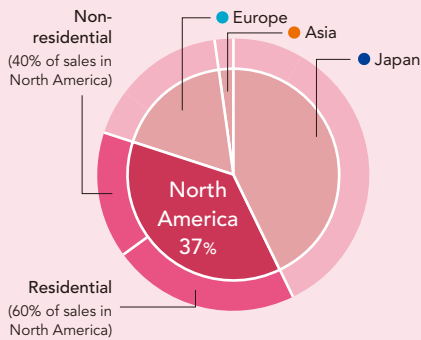
Risks

- Concerns that costs will remain high
- Supply shortages for specific raw materials (aluminum extrusions, spring wires, electronic components, etc.)
- Slowdown in the housing market in line with rising interest rates, and the impact on non-residential markets
- Project delays and purchasing postponements caused by rising product prices, and/or a switch to lower-priced products

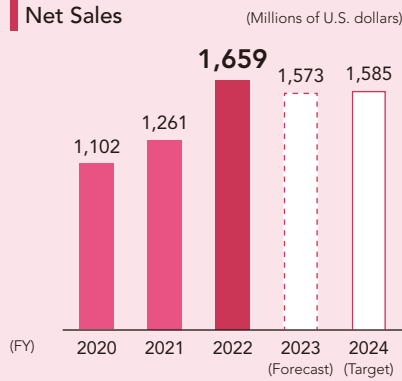
Collaboration in the supply chain

- Strengthening the supply base for key materials that are subject to continued shortages throughout the year (aluminum extrusions, spring wires, electronic components, etc.)
- Reducing the risk of component supply shortages and shortening lead times by outsourcing components
- Entering into contracts with new suppliers, in order to secure stable supplies of key components

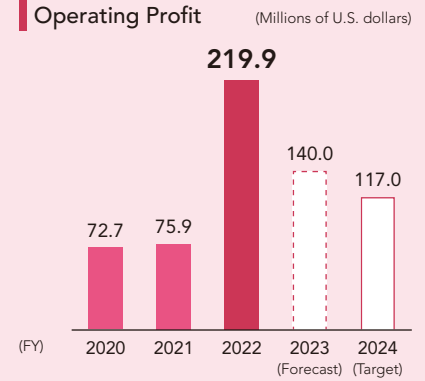
Net Sales Composition by Region



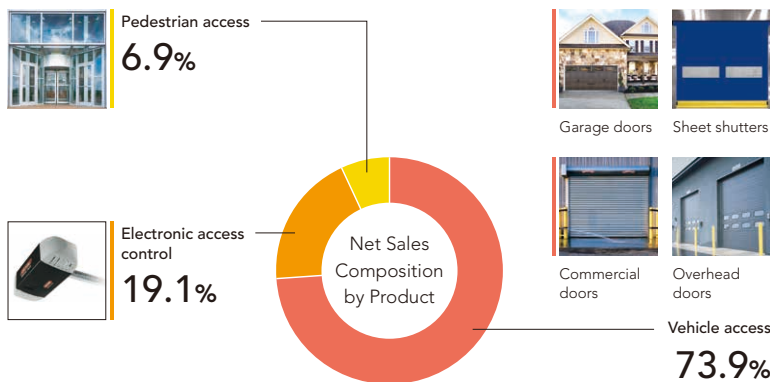
Net Sales



Operating Profit



FY2022 Net Sales Composition by Product (North America)



Trends in the Construction Industry Environment (year-on-year)



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

● Housing starts ● Existing homes sold ● Capital investments

The Genuine. The Original.



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



President & CEO,
Overhead Door Corporation

Kelly Terry

Fiscal 2022 Results and Review

Amid strong demand and rising market prices, increased costs and a deterioration in efficiency caused by supply chain disruptions and labor shortages meant that fiscal 2022 was a turbulent year for the Company.

That said, the supply chain recovered almost completely in the second half of the fiscal year, and we made progress in processing the backlog of increased post-pandemic orders and returning our lead times to normal levels. As a result, net sales in fiscal 2022 increased by 31.6% from the previous year to USD 1,659 million, while operating profit reached USD 219.9 million—both record highs.

Our main initiatives in fiscal 2022 focused on investments in and improvements to new manufacturing facilities. We upgraded one of our high-speed insulating door lines for residential and commercial applications, and commissioned circuit board production and testing equipment. In addition, we launched a commercial warehouse door that is highly competitive on cost, and introduced wind-resistant products in response to disaster prevention needs in coastal areas.

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

Initiatives to Achieve Mid-Term Management Plan Goals

In terms of core business expansion, alongside developing new products such as next-generation smart products and door openers, we will expand sales in peripheral businesses, including dock products and gate openers, and strengthen sales to retailers and sales of our parts and services. In addition, through the Commercial Solution Team in our corporate business, we will move forward with sales promotions for advanced products aimed at large-scale projects.

As part of our efforts to increase productivity, through the further introduction of a new ERP system that incorporates customer support tools, we will reinforce our business processes and achieve integration.

From a sustainability management perspective, we are making thorough cost reductions throughout the value chain. In manufacturing, we will invest in the automation of labor-intensive door assembly processes to reduce the environmental impact of our operations. At the same time, we will continue to invest in skill development and improving well-being for employees through systematic workplace programs.

HIGHLIGHT

Released BenchSentry™ by Genie, a Smart Delivery Box

BenchSentry™ is a delivery box for securely storing packages from Amazon and other companies. It can be accessed after registering the product through the smartphone app. The recipient registers the package's tracking number on the app, and the box opens when the courier enters the last four digits of the tracking number or order number on the keypad, enabling them to place the package inside. The box automatically locks, making it highly secure, and weatherproofing ensures that packages inside are protected. The app also allows users to track the shipment status of their packages and to receive delivery notifications.



HIGHLIGHT

Acquisition of Door Control, Inc. and Door Concepts, Inc.

In January 2023 we acquired Door Control, Inc. and Door Concepts, Inc., two U.S.-based automatic door installation and servicing companies. Both companies specialize in automatic door sales, installations and repairs in the New England region. With these acquisitions, we anticipate continued growth in our automatic door service and installation businesses in North America, and expect to increase our market share in the areas covered by both businesses.



Japan

North America

Europe

Asia

Europe

Strengths

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

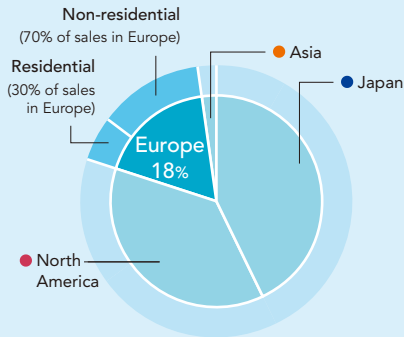
Risks

- Increasing uncertainty in Europe due to the situation in Ukraine
- Noticeable decline in construction activities caused by sharp rises in construction costs and interest rates
- Direct rises in energy costs in line with surging energy prices, and significant material cost increases

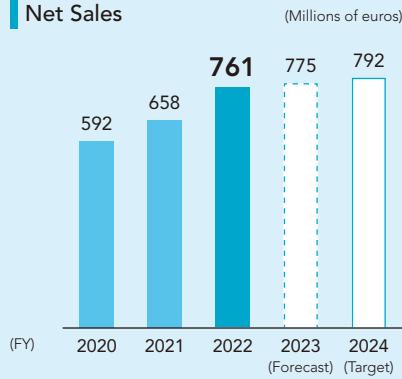
Collaboration in the supply chain

- Avoiding supply chain disruptions thanks to our long-held relationships with suppliers
- Flexibly responding to supply issues whenever they occur, having built close relationships with suppliers
- Minimizing risks caused by supply chain disruptions by doubling our procurement capabilities for materials and parts

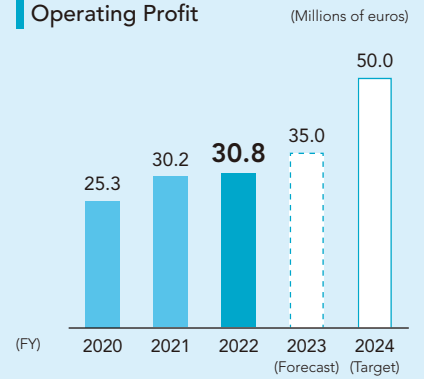
Net Sales Composition by Region



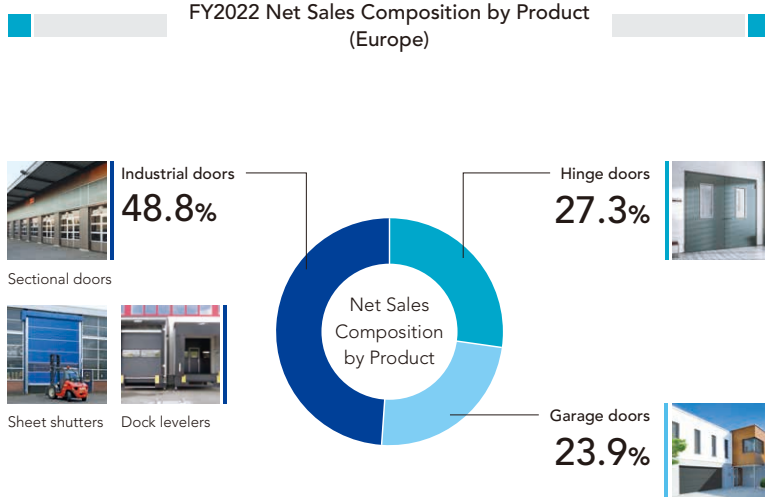
Net Sales



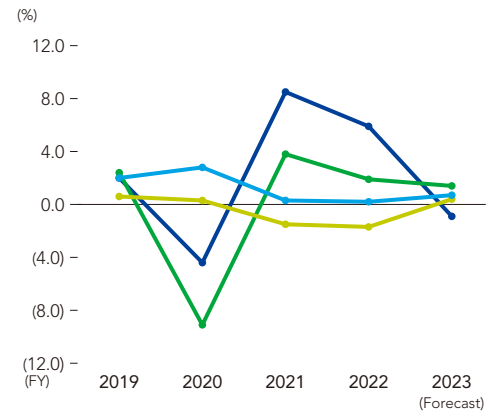
Operating Profit



FY2022 Net Sales Composition by Product (Europe)



Trends in the Construction Industry Environment (year-on-year)



- Investment in residential building construction (U.K., Germany, France, Italy and the Netherlands)
- Investment in residential building construction (Germany only)
- Investment in non-residential building construction (U.K., Germany, France, Italy and the Netherlands)
- Investment in non-residential building construction (Germany only)



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

CEO,
Novoferm Group

Rainer Schackmann

Fiscal 2022 Results and Review

In fiscal 2022, Novoferm was able to increase its market share in all segments and further improve its market position. In particular, the service segment has expanded in line with our strategy and is becoming more important than ever. Additionally, new digital solutions make it possible to conduct even more efficient business operations, and we are achieving improved levels of customer satisfaction.

In terms of business performance, although fiscal 2022 had an extremely strong and promising start, Novoferm has moved into a new position influenced by the situation in Ukraine, which has been ongoing since February 2022. The prices of all materials have risen in tandem with increased uncertainty and surging energy prices, and inflation and interest rates have reached their highest levels in decades. In the

residential construction sector, the effects were felt immediately, with the number of new residential construction permits having fallen sharply in almost every area of Europe since the second quarter of the fiscal year. In addition, construction costs are 30% higher than they were two years ago, and growth in new construction and renovation starts is expected to slow down.

On the other hand, compared to residential construction, non-residential construction has been robust. With a large order backlog from the previous year and strong demand for logistics facilities and industrial buildings, net sales increased significantly, reaching a record high for Novoferm. Even so, the soaring costs of energy and materials were the main contributors to slightly lower performance.

Initiatives to Achieve Mid-Term Management Plan Goals

After years of steady growth, the European construction market is currently experiencing a severe decline. In particular, the number of new residential construction permits is expected to noticeably drop even further over the coming months. At the same time, the decline in non-residential construction is progressing more gradually. Sharp rises in construction costs and rising interest rates are clearly factors, but this situation is also being influenced by uncertainty in relation to economic growth throughout Europe.

As the market environment remains stagnant, Novoferm is focusing on efforts to acquire a greater market share. In order to achieve this, we

are consolidating the comprehensive strengths of our products, processes and services, and putting even more effort into supporting our customers' day-to-day operations. We have developed Novosale, a digital platform for communicating with customers, and added features designed for installation and construction site management, product monitoring and document management, as well as an app version. In these ways, we will support our customers through the use of digital tools at every stage of the work process, from ordering to installation, document creation and after-sales services.

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

HIGHLIGHT

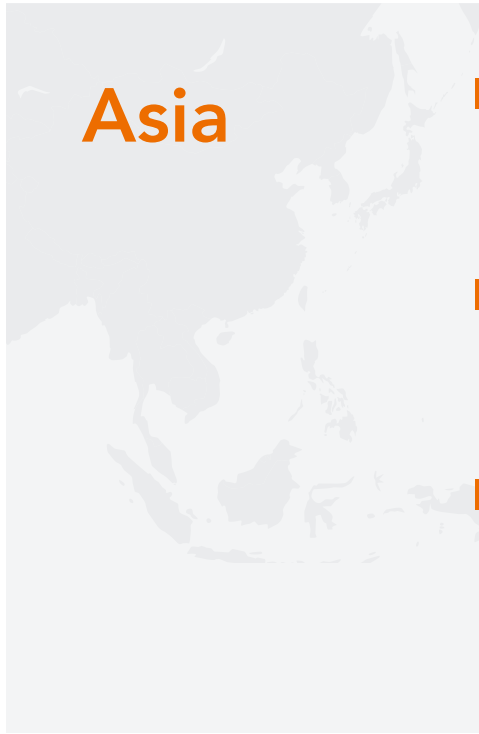
Sectional garage door: Launched the Evolution premium sectional garage door

As the Evolution premium sectional garage door is designed with a thermal break between each panel's outer and inner shells, it reduces heat loss to an absolute minimum. The new optimized steel panels are 45mm thick with a "thermally broken sandwich construction," ensuring that the space between panels is airtight and achieving outstanding heat insulation performance. Compared to other garage door products with panels of equal thickness, the Evolution premium sectional garage door achieves up to a 17% improvement in heat insulation.





Asia



Strengths

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

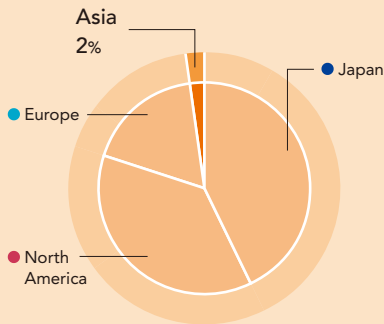
Risks

- Rising interest rates and energy costs
- Compliance with rapidly changing legal reforms, including environmental regulations in each country
- Geopolitical risks (U.S.-China relations, Myanmar)
- Compliance violations

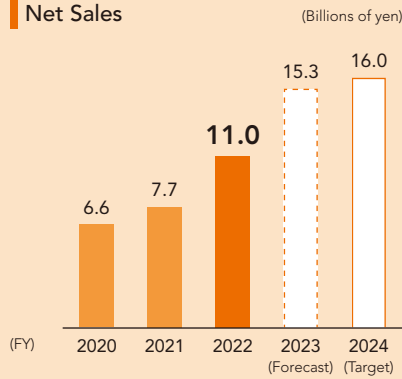
Collaboration in the supply chain

- Maintaining and managing the quality of construction work by subcontracted construction workers
- Ensuring quality and quantity to win out when competing on cost

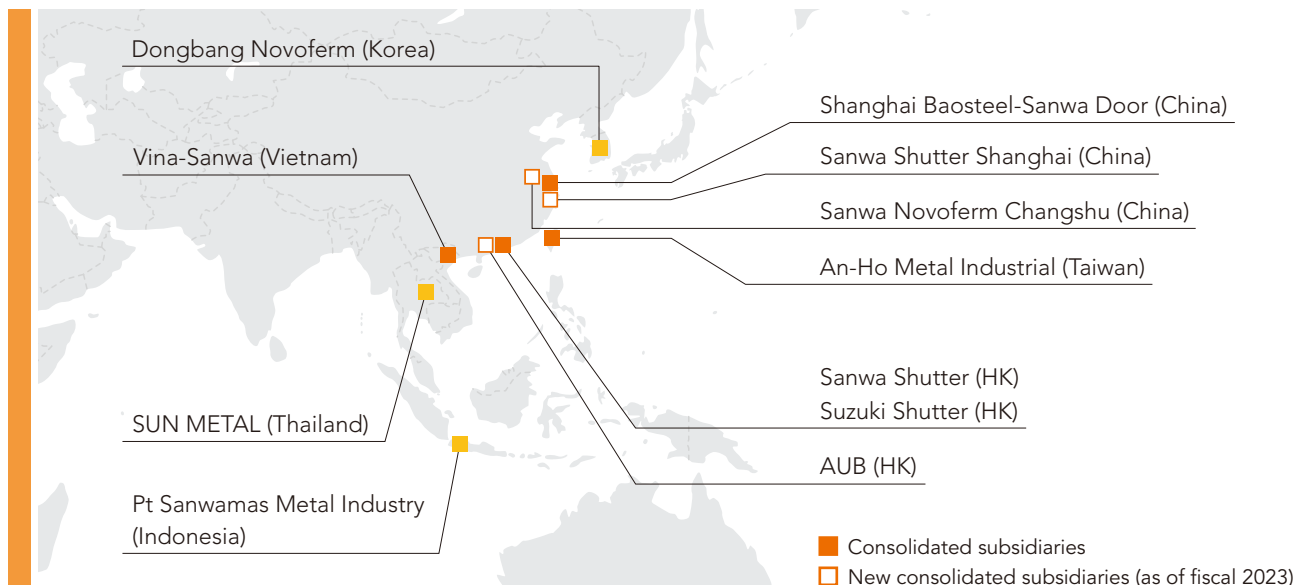
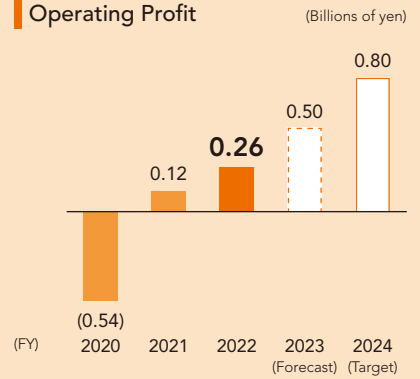
Net Sales Composition by Region



Net Sales



Operating Profit



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

Fiscal 2022 Results and Review

In fiscal 2022, despite severe restrictions on movement due to the COVID-19 pandemic, including the lockdown in Shanghai, we were able to install equipment, acquire licenses and train employees for our new plant in Changshu, China, and had commenced operations at the plant before the end of the year. In addition, each company made steady progress in reinforcing its production facilities and put the foundations for increasing production volume into place. We also established a

system for joint sales of doors and shutters in China, and are aiming to secure an order level proportionate to our production volume increases. Although market conditions were extremely severe due to the COVID-19 pandemic, our Hong Kong and Taiwan businesses remained strong, with the five consolidated subsidiaries in the region reporting net sales of ¥11.0 billion and operating profit of ¥260 million in fiscal 2022, up 43.4% and 115.6% from the previous year respectively.

Initiatives to Achieve Mid-Term Management Plan Goals

As part of the Sanwa Global Vision 2030, which started in fiscal 2022, the recently established Sanwa Novoferm Changshu door manufacturing plant is currently operational. We have also acquired AUB Limited, a comprehensive provider of door access products primarily operating in Hong Kong and Macau with a strong track record in sales and distribution. With this acquisition, we can provide comprehensive solutions in the industrial shutter and door access markets in Hong Kong and Macau through Sanwa Shutter (HK), Suzuki Shutter (HK) and

AUB, and expand both our range of services and our customer base. In fiscal 2023, we will establish our market superiority through advance certification for a new standard of fireproof products at Vina-Sanwa Company Liability Ltd. (Vietnam) and An-Ho Metal Industrial Co., Ltd. (Taiwan). As for our Hong Kong business, we plan to optimize the product ranges offered by Sanwa Shutter (HK) Ltd. and Suzuki Shutter (HK) Ltd. At PT. Sanwamas Metal Industry (Indonesia), profits are steadily increasing, and we are moving forward with business expansion by adding door products to the existing lineup of shutter products.

HIGHLIGHT

Acquired AUB Limited (Hong Kong)

In August 2022, Sanwa Shutter (HK)'s acquisition of AUB Limited, a comprehensive provider of door access products primarily operating in Hong Kong and Macau, became the Group's first M&A in Asia. Sanwa Shutter (HK), which is expanding its business in Asia, is a manufacturer and distributor of industrial shutter products primarily operating in Hong Kong and Macau. AUB has a strong track record of sales and distribution in Hong Kong and Macau, through its wide-ranging relationships with developers and independent architecture and construction contractors in the commercial, industrial and residential housing markets. Through this acquisition, we can provide comprehensive solutions in the industrial shutter and door access markets in Hong Kong and Macau, and expand both the Group's range of services and its customer base.



HIGHLIGHT

Opening Ceremony held at the Sanwa Novoferm Changshu Plant

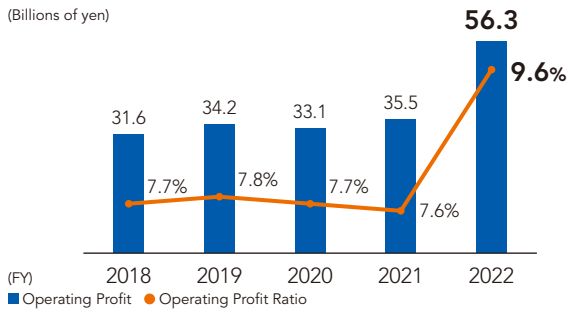
Sanwa Novoferm Changshu established a new door manufacturing plant in Changshu City, Jiangsu Province, China, and production commenced in June 2022. The company held an opening ceremony at the plant in June 2023, to pray for the development of its business in China. In addition to attendees from Sanwa Holdings and Group companies in Japan, the U.S., Europe and Asia, the company welcomed special guests from Changshu City and the Consulate-General of Japan in Shanghai. Attendees dined together and enjoyed lavish events and activities, including a lion dance performance and a ribbon-cutting ceremony.



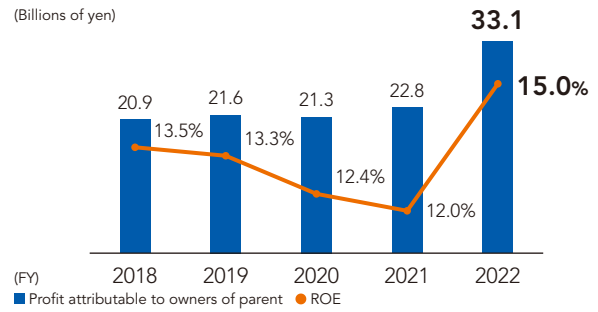
Financial & Non-Financial Highlights

Financial Indicators

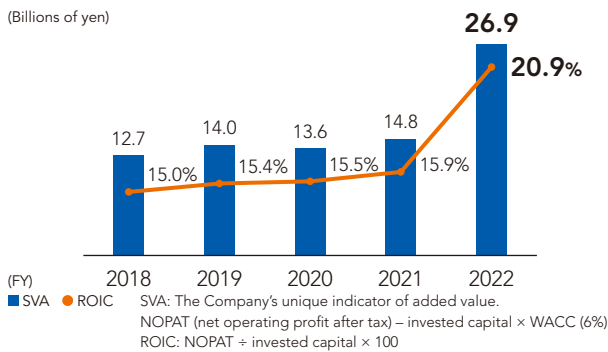
Operating Profit / Operating Profit Ratio



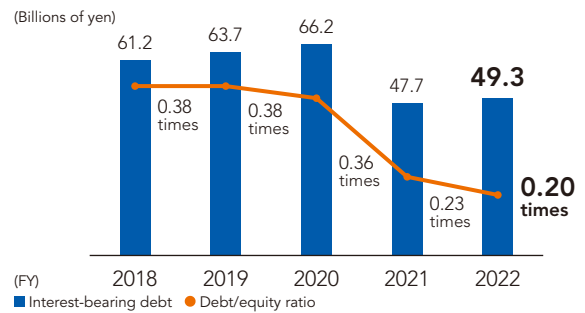
Profit Attributable to Owners of Parent / ROE



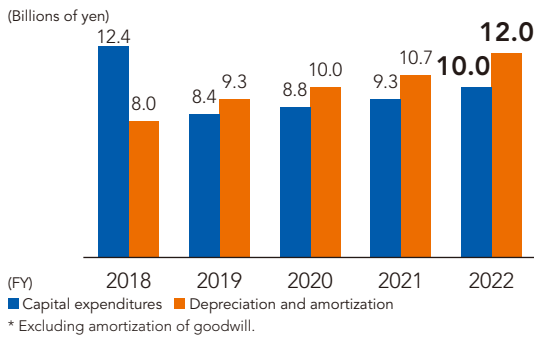
Sanwa Value Added (SVA) / Return on Invested Capital (ROIC)



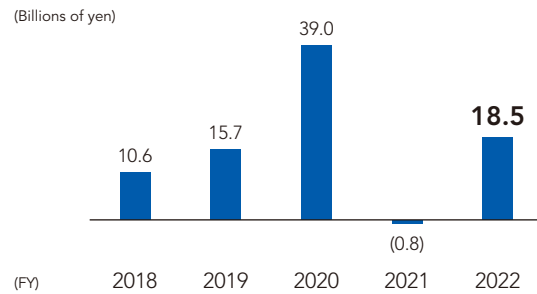
Interest-Bearing Debt / Debt/Equity Ratio



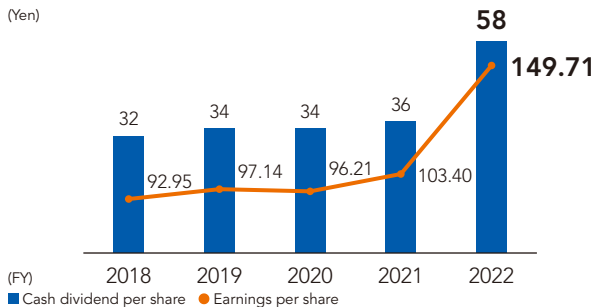
Capital Expenditures / Depreciation and Amortization*



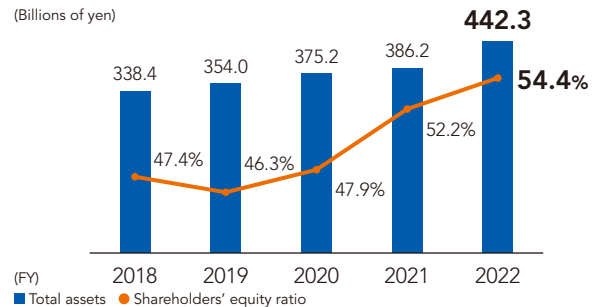
Free Cash Flows



Cash Dividend per Share / Earnings per Share



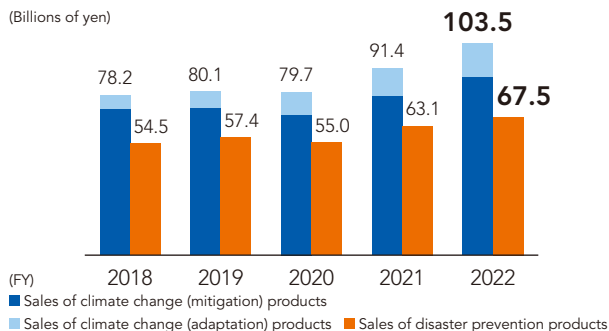
Total Assets / Shareholders' Equity Ratio



Non-Financial Highlights

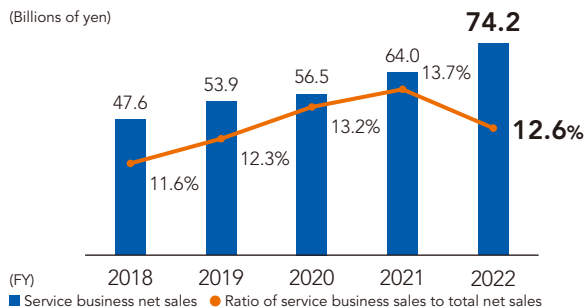
Sales of Climate Change Targeted (Mitigation, Adaptation) Products / Sales of Disaster Prevention Products (Consolidated)

(Billions of yen)

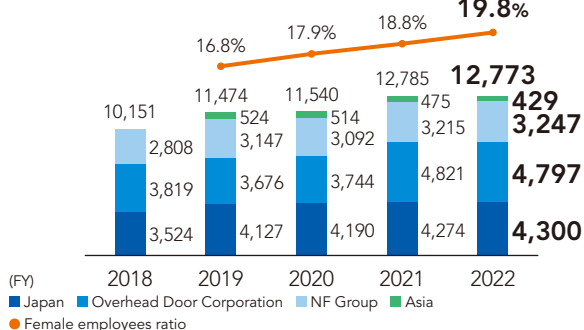


Service Business Net Sales / Ratio of Service Business Sales to Total Net Sales (Consolidated)

(Billions of yen)

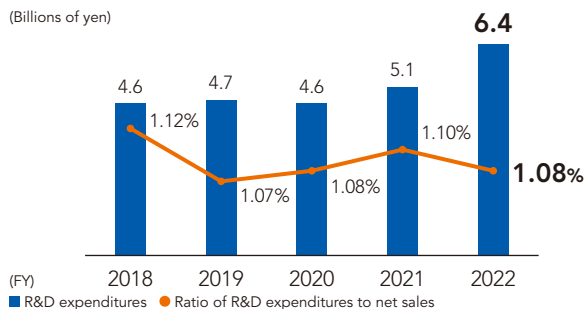


Number of Employees / Female Employees Ratio (Consolidated)

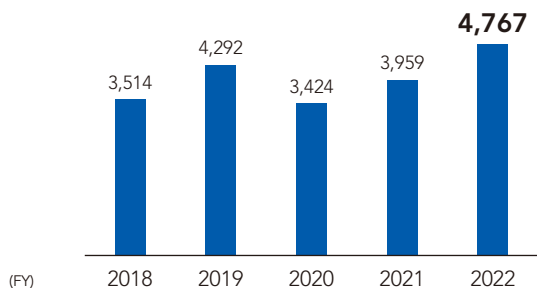


R&D Expenditures / Ratio of R&D Expenditures to Net Sales (Consolidated)

(Billions of yen)



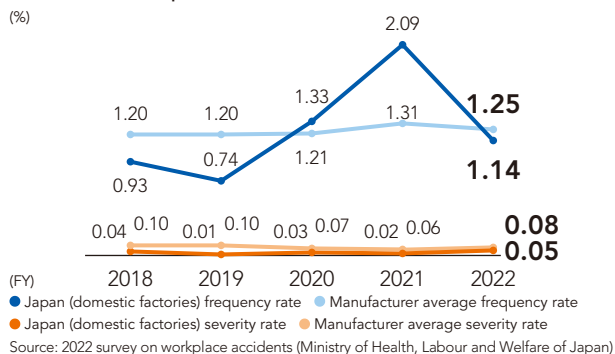
Number of Employees Who Have Received Training (Sanwa Shutter)



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

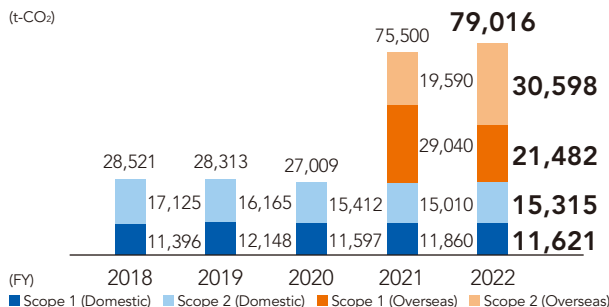
Lost-Time Injuries Frequency Rate / Severity Rate (Domestic Group Factories)

(%)



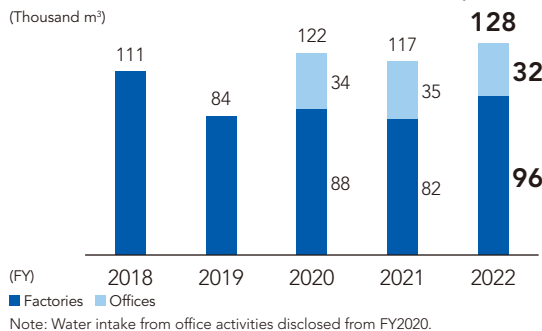
CO₂ Emissions (Domestic and Overseas)

(t-CO₂)



Amount of Water Intake (Sanwa Shutter Corporation)

(Thousand m³)



Latest ESG Data

<https://www.sanwa-hldgs.co.jp/english/csr/esg.html>

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

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

	FY2012	FY2013	FY2014	FY2015
Operating Results (Millions of yen)				
Net sales	265,913	311,957	339,045	365,615
Overseas sales ratio (%)	39.3	41.7	43.8	44.7
Cost of sales	196,631	225,954	242,273	260,078
Gross profit	69,281	86,003	96,771	105,537
Operating profit	14,174	20,649	26,334	26,870
Ordinary profit	13,988	20,316	25,975	26,161
Profit attributable to owners of parent	7,181	10,161	12,857	14,627
R&D expenditures	2,440	3,149	3,505	3,868
Capital expenditures	4,293	7,116	7,727	8,127
Depreciation and amortization (Excluding amortization of goodwill)	5,428	6,180	7,188	8,022
Cash Flows (Millions of yen)				
Cash flows from operating activities	14,855	19,728	22,304	24,378
Cash flows from investing activities	(5,313)	5,932	(27,080)	(15,641)
Cash flows from financing activities	(4,340)	3,876	10,625	(25,702)
Cash and cash equivalents (End of year)	22,275	52,307	58,605	41,516
Free cash flows	9,542	25,660	(4,776)	8,737
Financial Position (at Balance Sheet Date) (Millions of yen)				
Total assets	241,771	281,917	323,327	310,269
Interest-bearing debt	60,799	69,153	88,484	70,798
Net assets	97,134	113,956	126,748	130,334
Working capital	69,593	71,051	80,820	84,012
Financial Indicators				
Profit per share (Yen)	29.9	42.4	54.1	63.1
Net assets per share (Yen)	404.57	474.63	541.49	565.64
Cash dividends per share (Yen)	10	13	16	23
Operating profit ratio (%)	5.3	6.6	7.8	7.3
R&D expenditures to net sales ratio (%)	0.9	1.0	1.0	1.1
Return on assets (%)	3.1	3.9	4.3	4.6
Return on equity (%)	7.9	9.6	10.7	11.4
ROIC (%)	7.7	10.6	12.6	12.2
SVA (Billions of yen)	1.9	5.4	7.8	8.2
Debt/equity ratio (Times)	0.63	0.61	0.70	0.54
Shareholders' equity ratio (%)	40.1	40.4	39.1	41.7
Liquidity ratio (Times)	1.7	1.6	1.7	1.8
Cash Conversion Cycle (CCC) (Days)	84.7	78.8	81.7	82.3
Payout ratio (%)	33.4	30.7	29.6	36.5
Price-to-Book Ratio (PBR) (Times)	1.19	1.41	1.65	1.48

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.

Sanwa Global Vision 2030
(FY2022–FY2030)

To be a Global Leader of Smart Entrance Solutions

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

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
	353,922	385,673	409,990	440,161	427,061	468,956	588,159	580,000
	44.4	46.1	46.4	45.4	45.9	49.6	57.1	—
	250,068	273,155	291,301	310,925	299,838	330,646	408,461	—
	103,854	112,517	118,689	129,235	127,223	138,309	179,697	—
	26,440	28,322	31,593	34,217	33,077	35,487	56,307	47,500
	25,278	27,898	30,437	33,469	32,142	34,122	52,780	46,500
	17,070	18,280	20,910	21,647	21,251	22,842	33,084	31,800
	3,999	4,422	4,611	4,728	4,641	5,143	6,385	—
	8,096	11,383	12,367	8,419	8,770	9,281	10,041	15,900
	7,290	7,622	8,049	9,301	10,010	10,666	12,020	12,946
	23,670	26,532	24,271	32,301	50,144	20,526	34,425	—
	(8,006)	(13,172)	(13,677)	(16,622)	(11,177)	(21,353)	(15,941)	—
	(838)	(20,505)	(11,349)	(10,466)	(6,102)	(27,363)	(9,887)	—
	56,290	49,263	47,977	54,618	87,795	61,397	71,153	—
	15,664	13,360	10,593	15,679	38,967	(827)	18,484	—
	323,393	331,686	338,432	354,023	375,159	386,237	442,274	444,000
	74,739	65,945	61,217	63,730	66,194	47,706	49,253	46,500
	139,905	151,121	161,603	165,633	181,387	203,311	242,350	243,000
	82,982	90,794	96,162	105,235	96,067	110,235	141,693	—
	74.6	81.0	93.0	97.1	96.2	103.4	149.7	143.9
	607.16	667.09	713.50	742.90	814.10	912.70	1,088.87	—
	25	30	32	34	34	36	58	58
	7.5	7.3	7.7	7.8	7.7	7.6	9.6	8.2
	1.1	1.1	1.1	1.1	1.1	1.1	1.1	—
	5.4	5.6	6.2	6.3	5.8	6.0	8.0	—
	12.7	12.7	13.5	13.3	12.4	12.0	15.0	13.0
	12.2	12.8	15.0	15.4	15.5	15.9	20.9	16.5
	8.1	9.0	12.7	14.0	13.6	14.8	26.9	20.0
	0.53	0.44	0.38	0.38	0.36	0.23	0.20	0.19
	43.0	45.2	47.4	46.3	47.9	52.2	54.4	54.4
	1.8	1.7	1.7	1.9	1.8	1.8	1.9	—
	86.1	82.2	83.2	83.5	86.0	80.3	78.2	—
	33.5	37.1	34.4	35.0	35.3	34.8	38.7	40.3
	1.72	2.06	1.85	1.14	1.78	1.36	1.30	—

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 U.S. dollars (Note 1)
	2023	2022	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 U.S. dollars (Note 1)
	2023	2022	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	¥ (688)	¥ 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

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

(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.

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

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	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	\$ 873,797	\$ 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						Consolidated financial statement
	2023						
	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						Consolidated financial statement
	2022						
	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						Consolidated financial statement
	Japan	North America	Europe	Asia	Total	Adjustments	
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. <ul style="list-style-type: none">• We assessed the effectiveness of the status of design and operation of internal controls over revenue recognition.

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.

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.

- With regard to the construction work whose revenue is recognized as it satisfies its performance obligation, we confirmed whether revenues were accurately recognized for the progress based on the input method by comparing the contract and the working budget.
- We assessed the appropriateness of the allocation of sales amounts to a period and the accuracy of the amounts of sales recognized for sales transactions with large amounts near the end of the fiscal year, and sales transactions extracted at sales offices and branches that were rotated during the fiscal year, by matching them with the evidence related to the revenue recognition.
- We obtained confirmation documents from customers at the end of the fiscal year and reconciled them to the balance of accounts receivable - trade.
- We assessed the accuracy of the amount of provision for loss on construction contracts for the projects that were likely to incur losses on construction contracts.

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements 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

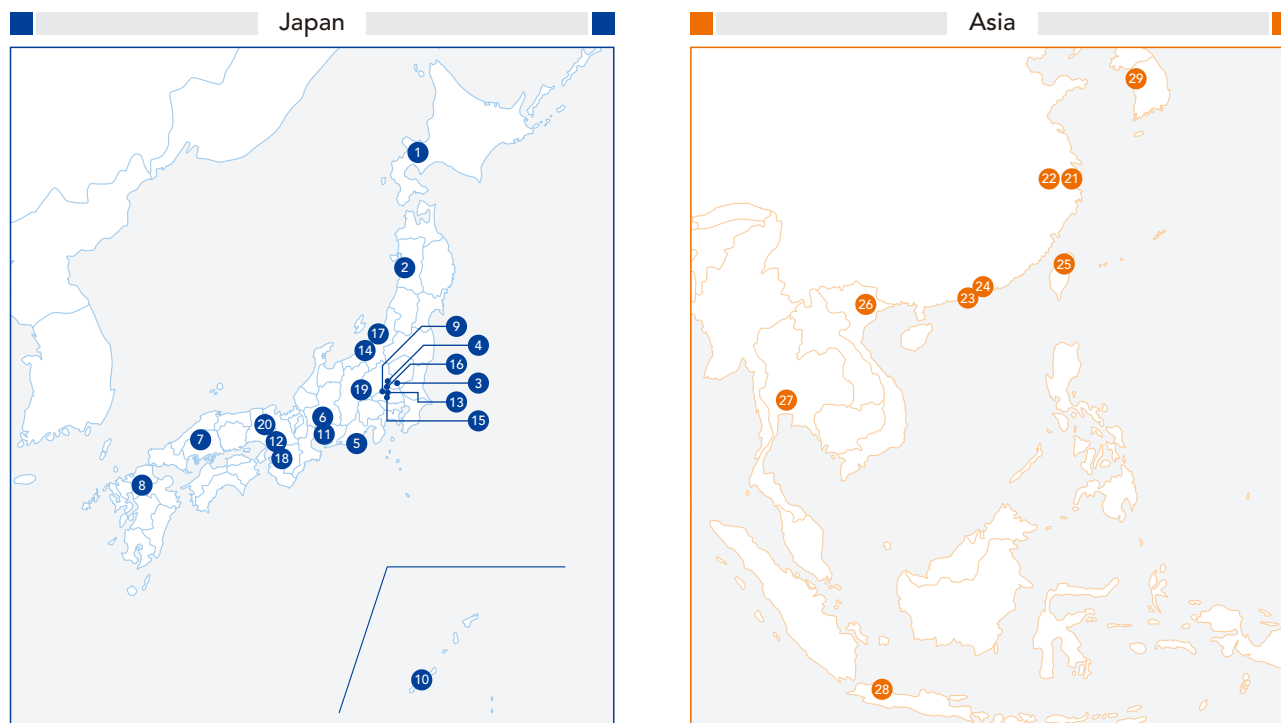
Tokyo, Japan
June 22, 2023

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)

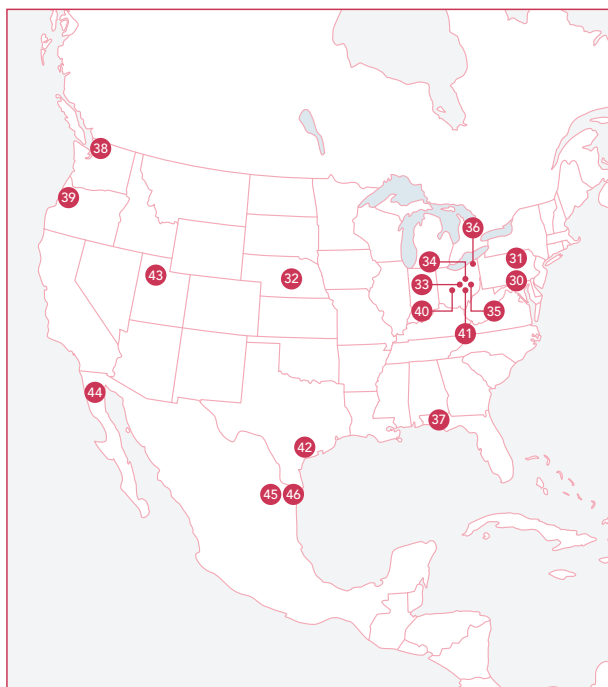


Group Production Locations

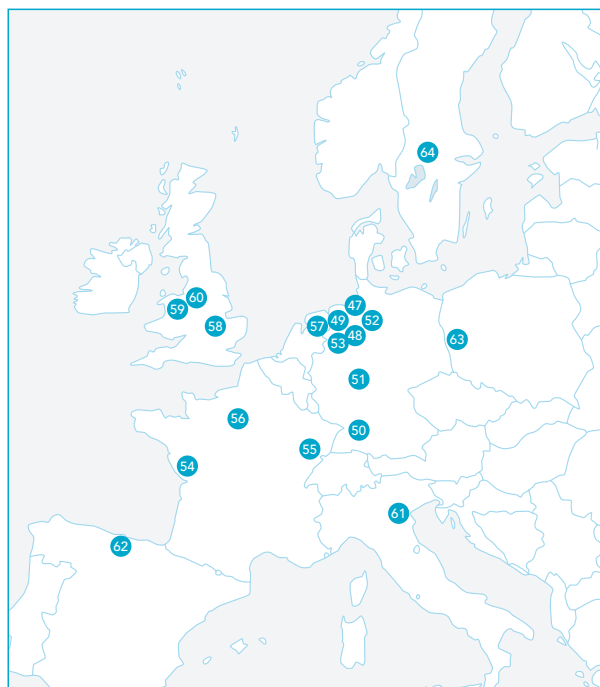
Country	Company	Area	Products
Japan			
Japan	Sanwa Shutter Corporation	① Eniwa City, Hokkaido	Rolling shutters, overhead doors, doors & door frames
		② Akita City, Akita	Lightweight shutters
		③ Ashikaga City, Tochigi	Rolling shutters, overhead doors
		④ Ota City, Gunma	Doors & door frames
		⑤ Makinohara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

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

North America



Europe



Country	Company	Area	Products		
North America					
U.S.	Overhead Door Corporation 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			
Germany	Novoferm Group Novoferm GmbH	47 Werth	Residential garage doors, doors & door frames		
		48 Dortmund	Residential garage doors, industrial sectional doors		
		Novoferm Spare Parts GmbH	49 Haldern	Spare parts	
		Novoferm Riexinger Türenwerke GmbH	50 Brackenheim	Fireproof doors & door frames, fireproof sliding doors	
		Novoferm Siebau GmbH	51 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 Horton Automatics Limited Robust UK Limited	58 Luton	Residential garage doors		
		59 Telford	Automatic doors		
		60 Stoke-on-Trent	Doors & door frames		
Italy	Novoferm Schievano s.r.l.	61 Padova	Doors & door frames, fireproof sliding doors		
Spain	Novoferm Alsal S.A.	62 Cantabria	Doors & door frames, residential garage doors, industrial sectional doors		
Poland	Novoferm Door Sp. z o. o.	63 Wykroty	Doors & door frames, dock levelers		
Sweden	Robust AB	64 Nykroppa	Doors & door frames		

Our Products for Buildings

Sanwa Group products deliver greater safety, security and convenience

Core Products		Multi Products	
<p>Shutters</p> <p>Japan No. 1 North America No. 1 Europe No. 2 Asia</p>	<p>Sectional doors</p> <p>Japan No. 1 North America No. 1 Europe No. 2 Asia</p>	<p>Partitions & toilet booths</p> <p>Japan No. 2* North America Europe Asia</p>	<p>Waterproofing products</p> <p>Japan North America Europe Asia</p>
<p>Garage doors</p> <p>Japan No. 1 North America No. 2 Europe No. 2 Asia</p>	<p>Sheet shutters</p> <p>Japan No. 1 North America Europe Asia</p>	<p>Aluminum & stainless steel facades</p> <p>Japan No. 1 North America Europe Asia</p>	<p>Mailboxes & delivery boxes</p> <p>Japan No. 2 North America Europe Asia</p>
<p>Door openers</p> <p>Japan North America No. 2 Europe No. 4 Asia</p>	<p>Steel doors</p> <p>Japan No. 1 North America Europe No. 2 Asia</p>	<p>Automatic doors</p> <p>Japan No. 3 North America No. 3 Europe Asia</p>	<p>Lightweight sliding doors</p> <p>Japan No. 1 North America Europe Asia</p>

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

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

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)

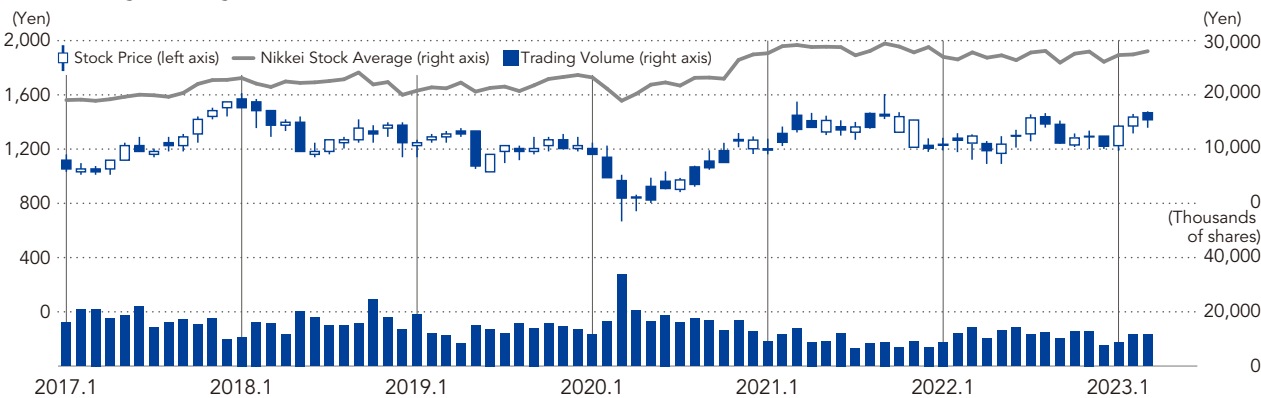
Stock Listings	Tokyo Stock Exchange Prime Market
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department P.O. Box 29, Shin-Tokyo Post Office Nikkochō 1-1, Fuchū-shi, Tokyo 137-8081, Japan
Common Stock	Authorized: 550,000,000 shares Issued: 231,000,000 shares Number of 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 Index Series  FTSE4Good	FTSE Blossom Japan Index  FTSE Blossom Japan	FTSE Blossom Japan Sector Relative Index  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 

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

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163-0478, Japan
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Inquiries: Corporate Communication Department

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