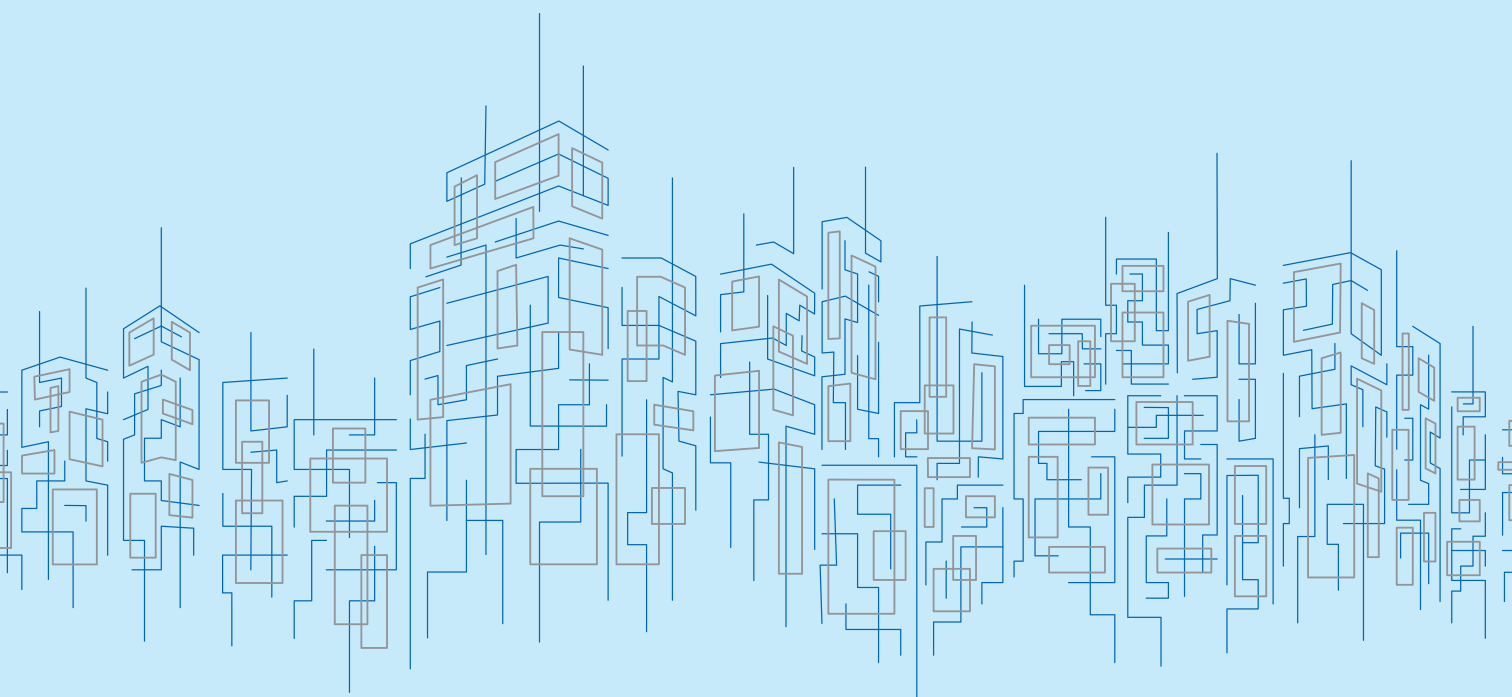


Integrated Report 2025 Financial Section

Year ended March 31, 2025



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Consolidated Balance Sheets

Sanwa Holdings Corporation and Subsidiaries
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
ASSETS			
Current assets:			
Cash and deposits (Note 3)	¥ 125,495	¥ 95,947	\$ 836,633
Securities (Notes 3, 4, 9)	8,893	11,848	59,287
Notes and accounts receivable — trade, and contract assets (Notes 9, 17)	119,172	115,925	794,480
Electronically recorded monetary claims — operating (Note 9)	15,905	17,096	106,033
Inventories (Note 5)	84,482	80,691	563,213
Other current assets	12,565	9,209	83,767
Allowance for doubtful accounts	(3,816)	(3,639)	(25,440)
Total current assets	362,699	327,079	2,417,993
Non-current assets:			
Property, plant and equipment:			
Land	21,681	21,341	144,540
Buildings and structures	83,696	77,036	557,973
Machinery and equipment	120,738	107,586	804,920
Right-of-use assets	15,412	14,254	102,747
Construction in progress	4,976	5,613	33,173
	246,505	225,832	1,643,367
Less accumulated depreciation	(148,051)	(133,889)	(987,007)
Total property, plant and equipment	98,454	91,942	656,360
Intangible assets:			
Goodwill	3,551	4,907	23,673
Other intangible assets (Note 6)	18,647	17,596	124,313
Total intangible assets	22,199	22,504	147,993
Investments and other assets:			
Investments securities (Notes 4, 9)	33,426	33,886	222,840
Long-term loans receivable	427	614	2,847
Retirement benefit asset (Note 8)	10,524	9,392	70,160
Deferred income taxes (Note 14)	2,438	1,760	16,253
Other assets	5,509	5,750	36,727
Allowance for doubtful accounts	(1,069)	(1,228)	(7,127)
Total investments and other assets	51,256	50,175	341,707
Total non-current assets	171,910	164,622	1,146,067
Total assets	¥ 534,609	¥ 491,701	\$3,564,060

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowing (Notes 7, 9)	¥ 14,103	¥ 11,021	\$ 94,020
Notes and accounts payable, trade (Note 9)	48,540	60,435	323,600
Electronically recorded obligations — operating (Note 9)	12,649	3,863	84,327
Accrued income taxes	10,362	7,245	69,080
Accrued expenses	41,727	40,304	278,180
Contract liabilities (Note 17)	8,037	6,638	53,580
Other current liabilities	13,255	10,224	88,367
Total current liabilities	148,676	139,734	991,173
Non-current liabilities:			
Long-term borrowing (Notes 7, 9)	42,883	45,812	285,887
Retirement benefit liability (Note 8)	10,797	11,554	71,980
Deferred income taxes (Note 14)	4,571	3,514	30,473
Other non-current liabilities	3,488	5,584	23,253
Total non-current liabilities	61,740	66,465	411,600
Total liabilities	210,417	206,199	1,402,780
NET ASSETS (Note 11)			
Shareholders' equity			
Share capital:			
Authorized — 550,000,000 shares at March 31, 2025 and 2024			
Issued — 227,000,000 shares at March 31, 2025 and 231,000,000 shares at March 31, 2024	38,413	38,413	256,087
Capital surplus	39,430	39,781	262,867
Retained earnings	204,938	174,019	1,366,253
Treasury shares			
(12,160,918 shares at March 31, 2025 and 12,120,592 shares at March 31, 2024)	(26,631)	(14,801)	(177,540)
Total shareholders' equity	256,151	237,414	1,707,673
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	8,062	7,189	53,747
Deferred gains or losses on hedges	(177)	34	(1,180)
Foreign currency translation adjustments	56,611	37,995	377,407
Remeasurements of defined benefit plans	1,426	922	9,507
Total accumulated other comprehensive income	65,923	46,143	439,487
Share acquisition rights (Note 12)	68	255	453
Non-controlling interests	2,049	1,688	13,660
Total net assets	324,192	285,501	2,161,280
Total liabilities and net assets	¥534,609	¥491,701	\$3,564,060

Consolidated Statements of Income

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net sales	¥662,380	¥611,107	\$4,415,867
Cost of sales (Note 13)	444,121	414,000	2,960,80
Gross profit	218,258	197,107	1,455,05
Selling, general and administrative expenses (Notes 12, 13)	137,743	131,746	918,287
Operating profit	80,515	65,360	536,767
Other income (expenses):			
Interest and dividend income	4,645	1,986	30,967
Interest expenses	(1,273)	(1,211)	(8,487)
Share of profit or loss of entities accounted for using the equity method	407	(84)	2,713
Other, net (Note 15)	(2,966)	(3,755)	(19,773)
Other income (expenses), net	814	(3,065)	5,427
Profit before income taxes	81,329	62,294	542,193
Income taxes (Note 14)			
Current	23,684	20,766	157,893
Deferred	(231)	(1,945)	(1,540)
Total income taxes	23,452	18,821	156,347
Profit	57,877	43,473	385,847
Profit attributable to non-controlling interests	364	244	2,427
Profit attributable to owners of parent	¥ 57,512	¥ 43,228	\$ 383,413

	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Per share: (Note 20)			
Net profit — Basic	¥264.61	¥196.03	\$1.76
— Diluted	264.40	195.56	1.76
Cash dividends	106.00	78.00	0.71

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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Profit	¥57,877	¥43,473	\$385,847
Other comprehensive income (Note 16)			
Valuation difference on available-for-sale securities	872	5,083	5,813
Deferred gains or losses on hedges	(212)	(292)	(1,413)
Foreign currency translation adjustments	18,613	12,307	124,087
Remeasurements of defined benefit plans, net of tax	503	1,337	3,353
Share of other comprehensive income of entities accounted for using equity method	1	(206)	7
Total other comprehensive income (Note 16)	19,779	18,228	131,860
Comprehensive income	¥77,657	¥61,701	\$517,713
Comprehensive income attributable to:			
Owners of the parent company	¥77,206	¥61,336	\$514,707
Non-controlling interests	450	364	3,000

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, 2025 and 2024

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, 2023	¥38,413	¥39,737	¥144,460	¥ (9,869)	¥2,106	¥ 327	¥25,895	¥ (414)	¥ 255	¥1,437	¥242,350
Changes during period											
Dividends of surplus			(13,704)								(13,704)
Profit attributable to owners of the parent company			43,228								43,228
Change of scope of consolidation			35								35
Purchase of treasury stock				(5,001)							(5,001)
Disposal of treasury stock		44		70							114
Net changes in items other than shareholders' equity					5,083	(292)	12,100	1,337	-	250	18,479
Total net changes during the year	-	44	29,559	(4,931)	5,083	(292)	12,100	1,337	-	250	43,151
Balance at March 31, 2024	¥38,413	¥39,781	¥174,019	¥(14,801)	¥7,189	¥ 34	¥37,995	¥ 922	¥ 255	¥1,688	¥285,501
Changes during period											
Dividends of surplus			(20,953)								(20,953)
Profit attributable to owners of the parent company			57,512								57,512
Purchase of treasury stock				(17,819)							(17,819)
Disposal of treasury stock		(52)	(253)	601							295
Retirement of treasury stock			(5,388)	5,388							-
Change in ownership interest of parent due to transactions with non-controlling interests		(298)									(298)
Net changes in items other than shareholders' equity					872	(212)	18,615	503	(187)	361	19,953
Total net changes during the year	-	(351)	30,918	(11,830)	872	(212)	18,615	503	(187)	361	38,690
Balance at March 31, 2025	¥38,413	¥39,430	¥204,938	¥(26,631)	¥8,062	¥(177)	¥56,611	¥1,426	¥ 68	¥2,049	¥324,192

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, 2024	\$256,087	\$265,207	\$1,160,127	\$ (98,673)	\$47,927	\$ 227	\$253,300	\$6,147	\$ 1,700	\$11,253	\$1,903,340
Changes during period											
Dividends of surplus			(139,687)								(139,687)
Profit attributable to owners of the parent company			383,413								383,413
Purchase of treasury stock				(118,793)							(118,793)
Disposal of treasury stock		(347)	(1,687)	4,007							1,967
Retirement of treasury stock			(35,920)	35,920							-
Change in ownership interest of parent due to transactions with non-controlling interests		(1,987)									(1,987)
Net changes in items other than shareholders' equity					5,813	(1,413)	124,100	3,353	(1,247)	2,407	133,020
Total net changes during the year	-	(2,340)	206,120	(78,867)	5,813	(1,413)	124,100	3,353	(1,247)	2,407	257,933
Balance at March 31, 2025	\$256,087	\$262,867	\$1,366,253	\$ (177,540)	\$53,747	\$ (1,180)	\$377,407	\$9,507	\$ 453	\$13,660	\$2,161,280

Consolidated Statements of Cash Flows

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Profit before income taxes	¥ 81,329	¥ 62,294	\$ 542,193
Adjustments for:			
Depreciation and amortization	14,383	13,392	95,887
Amortization of goodwill	1,802	2,684	12,013
Impairment loss	1,107	4,665	7,380
Settlement income	-	(4,689)	-
Increase (decrease) in allowance for doubtful accounts	(364)	(124)	(2,427)
Increase (decrease) in provision for bonuses	(379)	1,334	(2,527)
Retirement benefit expenses	-	2,117	-
Increase (decrease) in retirement benefit liability and asset	(1,409)	(1,054)	(9,393)
Interest and dividend income	(4,645)	(1,986)	(30,967)
Interest expenses	1,273	1,211	8,487
Share of loss (profit) of entities accounted for using equity method	(407)	84	(2,713)
(Increase) decrease in trade receivable	3,518	1,120	23,453
(Increase) decrease in inventories	1,774	5,604	11,827
Increase (decrease) in trade payable	(5,045)	(5,005)	(33,633)
Other, net	1,487	6,081	9,913
Subtotal	94,425	87,731	629,500
Interest and dividend income received	4,612	1,953	30,747
Interest expenses paid	(1,383)	(959)	(9,220)
Settlement received	-	4,689	-
Income taxes paid	(20,712)	(20,987)	(138,080)
Net cash provided by (used in) operating activities	76,942	72,427	512,947
Cash flows from investing activities:			
Purchase of short-term and long-term investment securities	(1,857)	(1,530)	(12,380)
Proceeds from sales of short-term and long-term investment	2,573	1,587	17,153
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(990)	-
Purchase of non-current assets	(15,656)	(13,364)	(104,373)
Loan advances	(48)	(122)	(320)
Proceeds from collections of loans receivable	210	147	1,400
Other, net	(15,395)	(10,546)	(102,633)
Net cash provided by (used in) investing activities	(30,174)	(24,819)	(201,160)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	914	(3,432)	6,093
Proceeds from long-term borrowings	-	7,747	-
Repayments of long-term borrowings	(1,241)	(8,572)	(8,273)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(223)	-	(1,487)
Net decrease (increase) in treasury shares	(17,523)	(4,887)	(116,820)
Dividends paid	(20,953)	(13,704)	(139,687)
Dividends paid to non-controlling interests	(156)	(147)	(1,040)
Other, net	(3,707)	(3,246)	(24,713)
Net cash provided by (used in) financing activities	(42,890)	(26,244)	(285,933)
Effect of exchange rate changes on cash and cash equivalents	5,042	1,338	33,613
Net increase (decrease) in cash and cash equivalents	8,919	22,702	59,460
Cash and cash equivalents at beginning of period	94,195	71,153	627,967
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	339	-
Cash and cash equivalents at end of period (Note 3)	¥103,114	¥ 94,195	\$ 687,427

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2025 and 2024

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 Companies 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, 2025, which was ¥150 to US\$1.00.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

At March 31, 2025, the Company had 104 subsidiaries and 12 affiliates.

The scope of consolidation for the fiscal year ended March 31, 2025 (FY2024) includes Sanwa Holdings Corporation and its 71 consolidated subsidiaries. Equity method accounting is applied to investments in 2 non-consolidated subsidiaries and 1 affiliate at March 31, 2025 (FY2024).

(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 fixed in a timely manner, 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 217,348 thousand and 220,517 thousand for the fiscal years ended March 31, 2025 and 2024, 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 "Accounting Standard for Current Income Taxes," etc.

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan; "Revised Accounting Standard of 2022") and others were applied from the beginning of the current consolidated fiscal year.

With respect to the revision concerning the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of "Revised Accounting Standard of 2022" 20-3 and the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Tax Effect

Accounting (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan; "Revised Guidance of 2022") is being followed. There is no effect of this change in accounting policy on the consolidated financial statements.

Regarding the revision related to the revised treatment in consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies, the Revised Guidance of 2022 was applied from the beginning of the current consolidated fiscal year. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous consolidated fiscal year reflect this change. There is no impact on the consolidated financial statements for the previous fiscal year from this change in accounting policy.

(p) Accounting Standards Issued but Not Yet Effective

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of efforts by the ASBJ to make Japanese accounting standards consistent with international standards, the ASBJ conducted a review based on international accounting standards to lease accounting standards that require recognition of assets and liabilities for all leases of lessees. As a basic policy, although the new lease accounting standards are based on the single accounting model of IFRS 16, they incorporate only its principal provisions, rather than adopting all of its provisions. As a result, the ASBJ has published lease accounting standards, etc. that are simple and convenient to use, and that seek to enable IFRS 16 provisions to be applied to the non-consolidated financial statements without the need for adjustments, in principle.

In terms of lessee accounting, as with IFRS 16, a single accounting model is applied. Under this model, the costs of leases for lessees are allocated by recognizing depreciation of the right-of-use assets and interest expense on the lease liabilities for all leases, regardless of whether they are classified as finance leases or operating leases.

(2) Planned Date of Application

To be applied from the beginning of the fiscal year ending March 31, 2028

(3) Effect of the Application of the Accounting Standard

The amount of the effect of applying the "Accounting Standard for Leases," etc. to the consolidated financial statements is currently under review.

3. Cash and Deposits

The balances of cash and deposits reflected in the accompanying consolidated balance sheets at March 31, 2025 and 2024 were reconciled to the balances of cash and cash equivalents in the accompanying consolidated statements of cash flows for the years ended March 31, 2025 and 2024 as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and deposits	¥125,495	¥ 95,947	\$ 836,633
Securities	8,893	11,848	59,287
Time deposits with maturities of more than three months	(27,381)	(10,252)	(182,540)
Debt securities with maturities of more than three months	(3,893)	(3,348)	(25,953)
Cash and cash equivalents at end of period	¥103,114	¥ 94,195	\$ 687,427

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

At March 31, 2025 and 2024, other securities, which are included in short-term investments and investment in securities, were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2025			2024			2025		
	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	¥21,303	¥ 9,227	¥12,075	¥19,826	¥ 9,165	¥10,661	\$142,020	\$ 61,513	\$80,500
Bonds and debentures	1,408	1,401	7	2,009	2,000	9	9,387	9,340	47
Other	2,000	2,000	0	–	–	–	13,333	13,333	3
Subtotal	24,713	12,628	12,084	21,836	11,165	10,670	164,753	84,187	80,560
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	23	32	(8)	153	158	(5)	153	213	(53)
Bonds and debentures	9,968	10,098	(130)	11,022	11,110	(87)	66,453	67,320	(867)
Other	2,999	3,000	(0)	8,450	8,492	(42)	19,993	20,000	(2)
Subtotal	12,991	13,131	(139)	19,626	19,761	(135)	86,607	87,540	(927)
Total	¥37,705	¥25,760	¥11,945	¥41,463	¥30,927	¥10,535	\$251,367	\$171,733	\$79,633

Information regarding sales of other securities for the years ended March 31, 2025 and 2024 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Proceeds from sales	¥33,633	¥39,581	\$224,220
Gross realized gain	110	3	733

5. Inventories

Inventories at March 31, 2025 and 2024 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Finished goods	¥15,418	¥16,737	\$102,787
Work in process	16,013	14,885	106,753
Raw materials and supplies	53,050	49,068	353,667
	¥84,482	¥80,691	\$563,213

6. Other Intangible Assets

Other intangible assets at March 31, 2025 and 2024 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Trademark	¥ 7,427	¥ 6,738	\$ 49,513
Software	7,995	6,937	53,300
Other	3,225	3,920	21,500
	¥18,647	¥17,596	\$124,313

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

Short-term borrowing, long-term borrowing and lease obligations at March 31, 2025 and 2024 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Short-term borrowing (unsecured)	¥ 7,811	¥ 6,824	\$ 52,073
Current portion of long-term borrowing	3,043	1,216	20,287
Current portion of lease obligations	3,249	2,980	21,660
Short-term borrowing	14,103	11,021	94,020
0.370% unsecured bonds, due 2026	10,000	10,000	66,667
0.290% unsecured bonds, due 2029	10,000	10,000	66,667
Unsecured loans from banks and other financial institutions maturing 2025–2028 with average interest rate from 0.34% to 6.65%	17,295	18,535	115,300
Lease obligations	11,880	11,474	79,200
Long-term borrowing	49,176	50,009	327,840
Less, current portion	(6,292)	(4,196)	(41,947)
Long-term borrowing	¥42,883	¥45,812	\$285,887

Aggregate annual maturities of long-term borrowing and lease obligations at March 31, 2025 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
2027	¥14,052	¥2,582	\$93,680	\$17,213
2028	–	1,873	0	12,487
2029 and thereafter	200	4,174	1,333	27,827
	¥14,252	¥8,630	\$95,013	\$57,533

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, 2025 and 2024 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
	2025	2024	2025
Beginning balance of retirement benefit obligations	¥ 38,557	¥38,368	\$257,047
Service cost	1,331	1,319	8,873
Interest cost	733	834	4,887
Actual differences arising during the year	(1,123)	596	(7,487)
Retirement benefits paid	(3,479)	(3,791)	(23,193)
Other	(10,615)	1,229	(70,767)
Ending balance of retirement benefit obligations	¥ 25,403	¥38,557	\$169,353

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Beginning balance of plan assets	¥ 37,346	¥35,582	\$248,973
Expected return on plan assets	965	1,117	6,433
Actual differences arising during the year	(278)	1,496	(1,853)
Contribution made by the Company and consolidated subsidiaries	1,764	1,100	11,760
Retirement benefits paid	(2,542)	(2,778)	(16,947)
Other	(11,268)	828	(75,120)
Ending balance of plan assets	¥ 25,987	¥37,346	\$173,247

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Beginning net defined benefit liability	¥ 950	¥928	\$6,333
Retirement benefits expense	116	98	773
Retirement benefits paid	(118)	(35)	(787)
Contribution to plan	(46)	(47)	(307)
Other	(44)	7	(293)
Ending net defined benefit liability	¥ 857	¥950	\$5,713

(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
	2025	2024	2025
Funded retirement benefit obligations	¥ 20,810	¥ 33,690	\$ 138,733
Plan assets	(26,546)	(37,926)	(176,973)
	(5,735)	(4,236)	(38,233)
Unfunded retirement benefit obligations	6,009	6,398	40,060
Net amount of liabilities and assets on consolidated balance sheets	¥ 273	¥ 2,161	\$ 1,820
Net defined benefit liabilities	¥ 10,797	¥ 11,554	\$ 71,980
Net defined benefit assets	(10,524)	(9,392)	(70,160)
Net amount of liabilities and assets on consolidated balance sheets	¥ 273	¥ 2,161	\$ 1,820

(5) Retirement Benefit Expenses

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥1,331	¥ 1,319	\$ 8,873
Interest cost	733	834	4,887
Expected return on plan assets	(965)	(1,117)	(6,433)
Amortization of actuarial differences	(70)	178	(467)
Retirement benefit expenses using the simplified method	116	98	773
Retirement benefit expenses for defined benefit pension plans	¥1,145	¥ 1,314	\$ 7,633

(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
	2025	2024	2025
Actuarial differences	¥756	¥1,861	\$5,040
Total	¥756	¥1,861	\$5,040

(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
	2025	2024	2025
Unrecognized actuarial differences	¥1,988	¥1,231	\$13,253
Total	¥1,988	¥1,231	\$13,253

(8) Plan Assets

a. Breakdown of pension assets

	2025	2024
Bonds	45%	56%
Stocks	30	23
Cash and deposits	0	2
General life insurance accounts	25	17
Other	-	2
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

	2025	2024
Discount rate	0.0%–3.3%	0.0%–5.5%
Expected rate of return on plan assets	1.0%–3.3%	1.4%–5.3%
Expected rate of increase in compensation level	0.0%–6.1%	0.0%–6.1%

2. Defined Contribution Pension Plan

Contributions to defined contribution pension plan

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Contributions to defined contribution pension plan	¥1,841	¥1,665	\$12,273

9. 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 strives to reduce customer credit risk associated with notes and accounts receivable, trade, as well as electronically recorded monetary claims, in accordance with its credit management system. In addition, investment securities consist primarily of equities, and the fair value of listed shares is monitored on a quarterly basis.

Borrowings are used for working capital, capital expenditure, and acquisitions. In order to mitigate interest rate fluctuation risk on certain long-term borrowings, the Group conducts interest rate swap transactions to fix interest payments.

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.

The Group conducts derivative transactions consisting of forward foreign exchange transactions to hedge foreign exchange fluctuation risks associated with items such as foreign currency-denominated trade receivables and payables, and interest rate swap transactions to hedge the interest payment fluctuation risks associated with borrowings.

(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. In accordance with its credit management rules, the Company periodically monitors the status of major customers with respect to trade receivables, striving to identify and mitigate potential collection risks at an early stage due to factors such as deteriorating financial conditions.

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 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, 2025 and 2024 were as shown below.

	Millions of yen		
	2025		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	¥108,622	¥108,622	¥ -
(2) Electronically recorded monetary claims	15,905	15,905	-
(3) Securities and investments securities	37,705	37,705	-
Total assets	¥162,233	¥162,233	¥ -
(1) Notes and accounts payable, trade	¥ 48,540	¥ 48,540	¥ -
(2) Electronically recorded obligations	12,649	12,649	-
(3) Short-term borrowing	10,854	10,817	(36)
(4) Long-term borrowing	34,252	33,378	(874)
Total liabilities	¥106,297	¥105,386	¥(911)
Derivative transaction	¥ (2,421)	¥ (2,421)	¥ -

	Millions of yen		
	2024		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	¥105,161	¥105,161	¥ -
(2) Electronically recorded monetary claims	17,096	17,096	-
(3) Securities and investments securities	41,463	41,463	-
Total assets	¥163,720	¥163,720	¥ -
(1) Notes and accounts payable, trade	¥ 60,435	¥ 60,435	¥ -
(2) Electronically recorded obligations	3,863	3,863	-
(3) Short-term borrowing	8,040	8,037	(3)
(4) Long-term borrowing	37,319	36,894	(424)
Total liabilities	¥109,659	¥109,230	¥(428)
Derivative transaction	¥ (2,792)	¥ (2,792)	¥ -

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
	2025	2024	2025
	Book value		Book value
Investments in non-consolidated subsidiaries and affiliates	¥3,780	¥3,518	\$25,200
Other securities			
Unlisted equity securities	834	753	5,560

- (*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

	2025		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	\$ 724,147	\$ 724,147	\$ -
(2) Electronically recorded monetary claims	106,033	106,033	-
(3) Securities and investments securities	251,367	251,367	-
Total assets	\$1,081,553	\$1,081,553	\$ -
(1) Notes and accounts payable, trade	\$ 323,600	\$ 323,600	\$ -
(2) Electronically recorded obligations	84,327	84,327	-
(3) Short-term borrowing	72,360	72,113	(240)
(4) Long-term borrowing	228,347	222,520	(5,827)
Total liabilities	\$ 708,647	\$ 702,573	\$(6,073)
Derivative transaction	\$ (16,140)	\$ (16,140)	\$ -

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

	2025		2024	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Notes and accounts receivable, trade	¥108,622	¥ -	¥105,161	¥ -
Electronically recorded monetary claims	15,905	-	17,096	-
Securities and investments in securities				
Other securities (Bonds)	3,893	7,484	3,398	9,634
Other securities (Others)	5,000	-	8,450	-
Total	¥133,422	¥7,484	¥134,105	¥9,634

Thousands of U.S. dollars

	2025	
	Within 1 year	Over 1 year
Notes and accounts receivable, trade	\$724,147	\$ -
Electronically recorded monetary claims	106,033	-
Securities and investments in securities		
Other securities (Bonds)	25,953	49,893
Other securities (Others)	33,333	-
Total	\$889,480	\$49,893

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			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Equity securities	¥21,327	¥ -	¥-	¥21,327
Bonds	-	11,377	-	11,377
Investment trust	-	5,000	-	5,000
Total assets	¥21,327	¥16,377	¥-	¥37,705
Derivative transaction				
Currency contracts	¥ -	¥ 2,162	¥-	¥ 2,162
Total liabilities	¥ -	¥ 2,162	¥-	¥ 2,162

	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Equity securities	¥19,979	¥ -	¥-	¥19,979
Bonds	-	13,032	-	13,032
Investment trust	-	8,450	-	8,450
Total assets	¥19,979	¥21,483	¥-	¥41,463
Derivative transaction				
Currency contracts	¥ -	¥ (2,842)	¥-	¥ (2,842)
Total liabilities	¥ -	¥ (2,842)	¥-	¥ (2,842)

	Thousands of U.S. dollars			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Equity securities	\$142,180	\$ -	\$-	\$142,180
Bonds	-	75,847	-	75,847
Investment trust	-	33,333	-	33,333
Total assets	\$142,180	\$109,180	\$-	\$251,367
Derivative transaction				
Currency contracts	\$ -	\$ 14,413	\$-	\$ 14,413
Total liabilities	\$ -	\$ 14,413	\$-	\$ 14,413

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

Millions of yen				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	¥-	¥108,622	¥-	¥108,622
Electronically recorded monetary claims	-	15,905	-	15,905
Total assets	¥-	¥124,528	¥-	¥124,528
Notes and accounts payable, trade	¥-	¥ 48,540	¥-	¥ 48,540
Electronically recorded obligations	-	12,649	-	12,649
Short-term borrowing	-	10,817	-	10,817
Long-term borrowing	-	33,378	-	33,378
Derivative transaction				
Currency contracts	-	259	-	259
Total liabilities	¥-	¥105,646	¥-	¥105,646

Millions of yen				
2024				
Fair value				
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	¥-	¥105,161	¥-	¥105,161
Electronically recorded monetary claims	-	17,096	-	17,096
Derivative transaction				
Currency contracts	-	49	-	49
Total assets	¥-	¥122,307	¥-	¥122,307
Notes and accounts payable, trade	¥-	¥ 60,435	¥-	¥ 60,435
Electronically recorded obligations	-	3,863	-	3,863
Short-term borrowing	-	8,037	-	8,037
Long-term borrowing	-	36,894	-	36,894
Total liabilities	¥-	¥109,230	¥-	¥109,230

Thousands of U.S. dollars				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	\$-	\$724,147	\$-	\$724,147
Electronically recorded monetary claims	-	106,033	-	106,033
Total assets	\$-	\$830,187	\$-	\$830,187
Notes and accounts payable, trade	\$-	\$323,600	\$-	\$323,600
Electronically recorded obligations	-	84,327	-	84,327
Short-term borrowing	-	72,113	-	72,113
Long-term borrowing	-	222,520	-	222,520
Derivative transaction				
Currency contracts	-	1,727	-	1,727
Total liabilities	\$-	\$704,307	\$-	\$704,307

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

Securities and investments securities

Listed shares and bonds, etc. are valued using 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 a third party, they are not traded frequently in public markets, and they are not considered to have market prices in active markets.

Beneficiary securities in investment trusts whose fair value is based on quoted prices obtained from 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, short-term borrowing and electronically recorded obligations

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.

10. Derivative Transactions

Derivative transactions to which hedge accounting was not applied at March 31, 2025 and 2024 are as follows:

	Millions of yen					
	2025			2024		
	Contract amounts	Fair value	Unrealized gain (loss)	Contract amounts	Fair value	Unrealized gain (loss)
Currency swap contracts:						
Over-the-counter transactions						
Receive in USD, pay in GBP	¥ 1,519	¥ (49)	¥ (49)	¥ 1,539	¥ (9)	¥ (9)
Currency swap contracts:						
Over-the-counter transactions						
Receive in yen, pay in euro	20,220	(2,112)	(2,112)	22,999	(2,833)	(2,833)

	Thousands of U.S. dollars		
	2025		
	Contract amounts	Fair value	Unrealized gain (loss)
Currency swap contracts:			
Over-the-counter transactions			
Receive in USD, pay in GBP	\$ 10,127	\$ (327)	\$ (327)
Currency swap contracts:			
Over-the-counter transactions			
Receive in yen, pay in euro	134,800	(14,080)	(14,080)

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, 2025 and 2024 are as follows:

	Millions of yen					
	2025			2024		
	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 USD, pay GBP	¥118	¥49	¥ (1)	¥203	¥117	¥(25)
Currency swap contracts:						
Classification: Deferral hedge accounting						
Hedged item: Advances						
Receive in yen, pay in euro	367	51	(258)	724	370	40
Currency option contracts:						
Classification: Deferral hedge accounting						
Hedged item: Accounts payable						
Selling/buying USD	-	-	-	640	-	34

	Thousands of U.S. dollars		
	2025		
	Contract amounts	Over 1 year	Fair value
Currency swap contracts:			
Classification: Deferral hedge accounting			
Hedged item: Long-term debt interest			
Receive in USD, pay GBP	\$ 787	\$327	\$ (7)
Currency swap contracts:			
Classification: Deferral hedge accounting			
Hedged item: Advances			
Receive in yen, pay in euro	2,447	340	(1,720)
Foreign currency forward contracts:			
Classification: Deferral hedge accounting			
Hedged item: Advances			
Selling/buying USD	-	-	-

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

11. 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, 2025 and 2024.

Movements in common stock and treasury stock for the years ended March 31, 2025 and 2024 were summarized as follows:

1. Stock Information

	Thousands of Shares			
	2025			
	Balance at beginning of year	Increase	Decrease	Balance at end of year
Shares issued: Common Stock	231,000	–	4,000	227,000
Treasury stock: Treasury Stock	12,120	4,512	4,472	12,160

The decrease in common stock of 4,000 thousand shares comprised the cancellation of 2,000 thousand shares in accordance with a resolution of the Board of Directors’ meeting held on March 27, 2024, and the cancellation of 2,000 thousand shares in accordance with a resolution of the Board of Directors’ meeting held on September 26, 2024.

The increase in treasury stock of 4,512 thousand shares comprised a share repurchase of 1,730 thousand shares in accordance with a resolution of the Board of Directors’ meeting held on May 13, 2024, a share repurchase of 2,781 thousand shares in accordance with a resolution of the Board of Directors’ meeting held on October 31, 2024, and purchases of 1 thousand shares of less than one voting unit.

The decrease in treasury stock of 4,472 thousand shares comprised the cancellation of 2,000 thousand shares in accordance with a resolution of the Board of Directors’ meeting held on March 27, 2024, the cancellation of 2,000 thousand shares in accordance with a resolution of the Board of Directors’ meeting held on September 26, 2024, a decrease of 435 thousand shares due to the exercise of stock options, and the sale of 37 thousand shares due to disposal of treasury shares as restricted stock compensation.

	Thousands of Shares			
	2024			
	Balance at beginning of year	Increase	Decrease	Balance at end of year
Shares issued: Common Stock	231,000	–	–	231,000
Treasury stock: Treasury Stock	9,985	2,206	71	12,120

The increase in treasury stock of 2,206 thousand shares comprised a share repurchase of 2,205 thousand shares in accordance with a resolution of the Board of Directors’ meeting held on October 31, 2023 and purchases of 0 thousand shares of less than one voting unit, and the decrease in treasury stock of 71 thousand shares comprised sales of 71 thousand shares due to disposal of treasury shares as restricted stock compensation and of 0 thousand shares at the requests of shareholders who owned less than one voting unit.

2. Dividend Information

2025							
Dividends paid in fiscal year ended March 31, 2025				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 26, 2024	March 31, 2024	June 27, 2024	49.0	0.33	10,725	71,500	
Board of Directors on October 31, 2024	September 30, 2024	December 2, 2024	47.0	0.31	10,228	68,187	
Dividends paid after March 31, 2025				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 25, 2025	March 31, 2025	June 26, 2025	59.0	0.39	12,675	84,500	
2024							
Dividends paid in fiscal year ended March 31, 2024				Dividends per share		Total dividends	
Resolution	Record date	Effective date	Yen		Millions of yen		
Shareholders’ meeting on June 23, 2023	March 31, 2023	June 26, 2023	33.0		7,293		
Board of Directors on October 31, 2023	September 30, 2023	December 1, 2023	29.0		6,411		
Dividends paid after March 31, 2024				Dividends per share		Total dividends	
Resolution	Record date	Effective date	Yen		Millions of yen		
Shareholders’ meeting on June 26, 2024	March 31, 2024	June 27, 2024	49.0		10,725		

12. Stock Options

1. Amount of Expense Appropriation and Accounting Name during the Fiscal Years Ended March 31, 2025 and 2024
Not applicable.

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

(1) The contents of stock options

	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	1 directors	1 directors
Type and number of shares	Common stock of the Company: 18,000 shares	Common stock of the Company: 10,000 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	1 directors	1 directors
Type and number of shares	Common stock of the Company: 7,000 shares	Common stock of the Company: 4,800 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	1 directors	1 directors
Type and number of shares	Common stock of the Company: 7,400 shares	Common stock of the Company: 11,300 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	1 directors	1 directors
Type and number of shares	Common stock of the Company: 11,100 shares	Common stock of the Company: 11,200 shares
Date of grant	July 13, 2018	July 12, 2019
Exercise period of rights	For 30 years from grant date (from July 14, 2018 to July 13, 2048)	For 30 years from grant date (from July 13, 2019 to July 12, 2049)

	June 2020 stock option
Company	Sanwa Holdings Corporation
Resolution date	June 24, 2020
Grantee classification and the number	2 directors
Type and number of shares	Common stock of the Company: 19,500 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

	Share												
	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	30,000	19,700	27,800	26,500	27,300	27,600	33,600
Vested	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised	49,000	52,000	61,000	63,000	58,000	32,000	23,000	14,900	20,400	15,200	16,200	16,400	14,100
Expired	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercisable	-	-	-	-	18,000	10,000	7,000	4,800	7,400	11,300	11,100	11,200	19,500

(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	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928
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	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007	\$ 0.007
Average share price at exercise	19.517	19.517	19.517	19.517	19.517	19.517	19.517	19.517	19.517	19.517	19.517	19.517	19.517
Fair value unit price (Date of grant)	2.007	1.753	1.667	1.620	1.680	3.433	4.167	6.140	5.400	6.500	6.187	5.900	4.207

13. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses were ¥6,411 million (\$42,740 thousand) and ¥5,701 million for the fiscal years ended March 31, 2025 and 2024, respectively.

Research and development expenses included in cost of sales were ¥882 million (\$5,880 thousand) and ¥881 million for the fiscal years ended March 31, 2025 and 2024, respectively.

14. 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, 2025 and 2024. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates for the fiscal years ended March 31, 2025 and 2024 differ from the Company's statutory tax rates for the following reasons:

	2025	2024
Statutory tax rate	30.6 %	30.6 %
Permanently non-deductible expenses such as entertainment expenses	0.3	3.5
Permanently non-taxable income such as dividend income	(0.8)	(0.9)
Corporate inhabitant tax on a per capita basis, etc.	0.3	0.4
Depreciation of goodwill	0.7	1.9
Change in ending balance of deferred tax assets due to a change in tax rate	0.1	–
Change in valuation allowance	(0.1)	0.3
Other	(2.3)	(5.6)
Effective tax rate	28.8 %	30.2 %

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for bonuses	¥ 1,789	¥ 1,670	\$ 11,927
Net defined benefit liability	2,589	2,693	17,260
Tax loss carry-forwards (Note)	1,107	739	7,380
Securities	256	248	1,707
Investment in affiliates securities	473	459	3,153
Impairment loss	2,420	2,375	16,133
Other	12,074	10,857	80,493
Subtotal	20,711	19,044	138,073
Valuation allowance (Deficits) (Note)	(239)	(243)	(1,593)
Valuation allowance (Temporary difference)	(3,511)	(3,426)	(23,407)
Less valuation allowance subtotal	(3,751)	(3,669)	(25,007)
Total	16,959	15,374	113,060
Deferred tax liabilities:			
Depreciation	(8,491)	(8,021)	(56,607)
Net unrealized holding gains on securities	(3,690)	(3,139)	(24,600)
Net defined benefit asset	(3,301)	(2,875)	(22,007)
Other	(3,609)	(3,091)	(24,060)
Total	(19,092)	(17,128)	(127,280)
Net deferred tax assets	¥ (2,132)	¥ (1,753)	\$ (14,213)

Note: Amounts of deficits, valuation allowance and related deferred tax assets by tax loss carry-forwards for the years ended March 31, 2025 and 2024 respectively.

Millions of yen

2025							
	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)	¥ 318	¥255	¥255	¥205	¥4	¥ 67	¥1,107
Valuation allowance	(179)	(21)	(7)	–	–	(31)	(239)
Deferred tax assets	¥ 139	¥234	¥248	¥205	¥4	¥ 36 ^(*2)	¥ 868

Millions of yen

2024							
	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)	¥ 295	¥118	¥118	¥ 97	¥5	¥102	¥ 739
Valuation allowance	(121)	(20)	(20)	(13)	–	(67)	(243)
Deferred tax assets	¥ 174	¥ 98	¥ 98	¥ 84	¥5	¥ 34 ^(*2)	¥ 495

Thousands of U.S. dollars

2025							
	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)	\$ 2,120	\$1,700	\$1,700	\$1,367	\$27	\$ 447	\$ 7,380
Valuation allowance	(1,193)	(140)	(47)	–	–	(207)	(1,593)
Deferred tax assets	\$ 927	\$1,560	\$1,653	\$1,367	\$27	\$ 240 ^(*2)	\$ 5,787

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

(*2) Regarding deficits of ¥1,107 million (\$7,380 thousand) and ¥739 million (amount after multiplying the statutory tax rate), the Company records deferred tax assets of ¥868 million (\$5,787 thousand) and ¥495 million for the fiscal years ended March 31, 2025 and 2024, respectively.

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

Amendment of the amount of deferred tax assets and liabilities due to changes in income tax rates

Following the enactment of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) by the Japanese Diet on March 31, 2025, a “Special Corporate Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, the effective statutory tax rate has been changed from 30.6% to 31.5% for the calculation of deferred tax assets and liabilities related to temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2026.

The effect of this change in tax rate was negligible.

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

The Company and some of its subsidiaries have applied the group tax sharing system. In addition, 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).

15. Other Income (Expenses)

Other, net, for the fiscal years ended March 31, 2025 and 2024 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loss on sales and disposal of fixed assets	¥ (5)	¥ (7)	\$ (33)
Gain on sales of investments in securities	110	3	733
Impairment loss (note)	(1,107)	(4,665)	(7,380)
Loss on restructuring cost of subsidiary	(1,681)	(318)	(11,207)
Loss on liquidation of subsidiaries	(1)	(2)	(7)
Other, net	(280)	1,234	(1,867)
	¥(2,966)	¥(3,755)	\$(19,773)

Note: The Company recognized impairment losses on the following asset groups in the fiscal year ended March 31, 2025.

2025				
Location	Use	Asset type	Millions of yen	Thousands of U.S. dollars
Changshu, China	Business assets	Building, Machinery and equipment, Vehicles, Tools, furniture and fixtures, Trademark, Software, and Other (Investments and other assets)	¥1,107	\$7,380
			¥1,107	\$7,380

(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)

Business assets have been written down to their recoverable amount as the future cash flows are below the carrying amounts, and the reduction has been recognized as an impairment loss under extraordinary losses.

(Method of determining recoverable amount)

The recoverable amount of the asset was calculated using future cash flows.

16. Other Comprehensive Income

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the fiscal years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 1,552	¥ 7,330	\$ 10,347
Reclassification adjustments for gains (losses) realized in net income	(110)	(3)	(733)
Before tax effect	1,412	7,327	9,413
Tax effect	(539)	(2,244)	(3,593)
Total valuation difference on available-for-sale securities	872	5,083	5,813
Deferred gains or losses on hedges:			
Amount arising during the year	(309)	(422)	(2,060)
Reclassification adjustments for losses realized in net income	-	-	-
Before tax effect	(309)	(422)	(2,060)
Tax effect	97	129	647
Total deferred gains or losses on hedges	(212)	(292)	(1,413)
Foreign currency translation adjustments:			
Amount arising during the year	18,613	12,307	124,087
Reclassification adjustments for losses realized in net income	-	-	-
Total foreign currency translation adjustments	18,613	12,307	124,087
Remeasurements of defined benefit plans:			
Amount arising during the year	744	1,533	4,960
Reclassification adjustments for losses realized in net income	11	327	73
Before tax effect	756	1,861	5,040
Tax effect	(252)	(523)	(1,680)
Total remeasurements of defined benefit plans	503	1,337	3,353
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	1	(206)	7
Total other comprehensive income	¥19,779	¥18,228	\$131,860

17. Revenue

1. Disaggregated information on revenue from contracts with customers

Disaggregated information on revenue from contracts with customers is as stated in “Note 18 (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 fixed in a timely manner, 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, 2025 that are expected to be recognized in and after the fiscal year ending March 31, 2025

(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
	2025	2024	2025
Receivables from contracts with customers	¥108,622	¥105,161	\$724,147
Contract assets	10,550	10,764	70,333
Contract liabilities	8,037	6,638	53,580

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, 2025 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
	2025	2024	2025
Total transaction price allocated to performance obligations that are unsatisfied	¥217,698	¥204,223	\$1,451,320

18. 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 BAOCHAN—SANWA DOOR CO., LTD., Sanwa Shutter (H.K.) Ltd., An-Ho Metal Industrial Co., Ltd., Vina-Sanwa Company Liability Ltd., Suzuki Shutter (H.K.) Ltd., Sanwa Holdings (Shanghai) Co., Ltd., Sanwa Novoferm (Changshu) Co., Ltd. and AUB Limited 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 composed 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, 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, 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, the maintenance and service business, etc.

[Asia]

Rolling shutters, shutter-related products, door products, residential garage door products, the maintenance and service business, etc.

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

Accounting policies of the reportable business segments are the same as those noted in "Note 2. Summary of Significant Accounting Policies."

The amount of income on reportable segments is based on operating profit. Intersegment sales and transfers between segments are based on market price.

Information about operations in reportable segments of the Group for the fiscal years ended March 31, 2025 and 2024, was as follows:

(1) Reportable Segments

Millions of yen							
2025							
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Revenue recognized from contracts with customers	¥287,560	¥245,356	¥114,276	¥15,123	¥662,316	¥ 63	¥662,380
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	287,560	245,356	114,276	15,123	662,316	63	662,380
Intersegment sales or transfers	115	148	79	231	575	(575)	-
Total sales	¥287,676	¥245,505	¥114,356	¥15,354	¥662,892	¥ (511)	¥662,380
Segment income (loss)	¥ 35,841	¥ 41,503	¥ 3,405	¥ 373	¥ 81,124	¥ (609)	¥ 80,515
Segment assets	145,906	202,188	82,558	16,055	446,708	87,901	534,609
Depreciation and amortization	3,383	5,569	5,056	336	14,346	37	14,383
Investment in equity method companies	-	-	-	-	-	1,284	1,284
Capital expenditures	4,240	6,802	3,837	741	15,622	33	15,656

Millions of yen							
2024							
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Revenue recognized from contracts with customers	¥265,591	¥219,799	¥111,484	¥14,168	¥611,043	¥ 63	¥611,107
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	265,591	219,799	111,484	14,168	611,043	63	611,107
Intersegment sales or transfers	137	120	45	183	486	(486)	-
Total sales	¥265,728	¥219,919	¥111,529	¥14,352	¥611,530	¥ (423)	¥611,107
Segment income (loss)	¥ 28,177	¥ 34,502	¥ 3,890	¥ 577	¥ 67,148	¥ (1,788)	¥ 65,360
Segment assets	149,727	165,966	80,235	14,826	410,755	80,945	491,701
Depreciation and amortization	3,341	5,255	4,329	427	13,354	37	13,392
Investment in equity method companies	-	-	-	-	-	1,060	1,060
Capital expenditures	4,072	5,199	3,754	254	13,280	83	13,364

Thousands of U.S. dollars

	2025						
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Revenue recognized from contracts with customers	\$1,917,067	\$1,635,707	\$761,840	\$100,820	\$4,415,440	\$ 420	\$4,415,867
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	1,917,067	1,635,707	761,840	100,820	4,415,440	420	4,415,867
Intersegment sales or transfers	767	987	527	1,540	3,833	(3,833)	-
Total sales	\$1,917,840	\$1,636,700	\$762,373	\$102,360	\$4,419,280	\$ (3,407)	\$4,415,867
Segment income (loss)	\$ 238,940	\$ 276,687	\$ 22,700	\$ 2,487	\$ 540,827	\$ (4,060)	\$ 536,767
Segment assets	972,707	1,347,920	550,387	107,033	2,978,053	586,007	3,564,060
Depreciation and amortization	22,553	37,127	33,707	2,240	95,640	247	95,887
Investment in equity method companies	-	-	-	-	-	8,560	8,560
Capital expenditures	28,267	45,347	25,580	4,940	104,147	220	104,373

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, etc. Europe: Germany, France, Italy, Netherlands, UK, etc. Asia: China, Hong Kong, Taiwan, and Vietnam

(2) Related Information

a) Information on Products and Each Service

Millions of yen					
2025					
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	¥393,651	¥172,324	¥88,114	¥8,289	¥662,380
Millions of yen					
2024					
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	¥358,181	¥165,978	¥79,899	¥7,047	¥611,107
Thousands of U.S. dollars					
2025					
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	\$2,624,340	\$1,148,827	\$587,427	\$55,260	\$4,415,867

b) Information on Each Region

Millions of yen					
2025					
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	¥34,730	¥30,749	¥30,702	¥2,272	¥98,454
Millions of yen					
2024					
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	¥33,870	¥26,048	¥29,350	¥2,673	¥91,942
Thousands of U.S. dollars					
2025					
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	\$231,533	\$204,993	\$204,680	\$15,147	\$656,360

19. Information on Related Parties

Fiscal years ended March 31, 2025

Transactions with related parties

Transactions between the consolidated subsidiaries of the Company and related parties

Officers and major shareholders (individuals only) of the Company, etc.

Category	Name of company, etc. or individual	Location	Stated capital or capital contribution (Millions of yen)	Business description or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party	Transaction details	Transaction amount (Millions of yen)	Account title	Ending balance (Millions of yen)
Officer	Masanaka Yokota	-	¥-	Director of the Company	(Owned) Direct 0.0%	Sales of subsidiary's products	Sales of products	¥22	-	¥-

20. Per Share Information

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥1,499.14	¥1,295.50	\$9.99
Earnings per share	264.61	196.03	1.76
Diluted earnings per share	264.40	195.56	1.76

Note 1:The basis for calculation

1. Earnings per share

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Profit attributable to owners of parent	¥57,512	¥43,228	\$383,413
Amount not attributable to common shareholders	-	-	-
Profit related to common shares attributable to owners of parent	¥57,512	¥43,228	\$383,413

	Thousand shares	
	2025	2024
Average number of common shares during the period	217,348	220,517
Increase in common stock:		
Stock subscription rights	172	535

2. Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total net assets	¥324,192	¥285,501	\$2,161,280
Deductions from total net assets:			
Stock subscription rights	68	255	453
Non-controlling interests	2,049	1,688	13,660
Total net assets attributable to common stockholders	¥322,074	¥283,557	\$2,147,160

	Thousand shares	
	2025	2024
Number of shares of common stock used in the calculation of net assets per share	214,839	218,879

21. Subsequent Events

(Cancellation of treasury shares)

At the Board of Directors meeting held on May 14, 2025, the Company resolved to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act, and the cancellation of treasury shares was implemented as follows.

1. Details of the resolution by the Board of Directors on the cancellation of treasury shares

- | | |
|--|----------------------------|
| (1) Type of shares to be cancelled | The Company's common stock |
| (2) Total number of shares to be cancelled | 4,000,000 shares |
| (3) Scheduled cancellation date | Jun 13, 2025 |

2. Cancellation date

Jun 13, 2025

3. The total number of shares outstanding after this cancellation will be 223,000,000.

(Acquisition of treasury shares)

At the Board of Directors meeting held on May 14, 2025, the Company resolved on matters related to the acquisition of treasury shares pursuant to Article 459-1 of the Companies Act and the Company's Articles of Incorporation.

1. Reason for acquiring treasury shares

The Company will acquire treasury shares to strengthen shareholder returns, along with enhancing capital efficiency and implementing flexible capital policies.

2. Details of matters related to the acquisition

- | | |
|---|--|
| (1) Type of shares to be acquired | The Company's common stock |
| (2) Total number of shares to be acquired | Up to 2,900,000 shares |
| (3) Total acquisition value of shares | Up to ¥10,000 million |
| (4) Acquisition period | From May 20, 2025 to September 30, 2025 |
| (5) Acquisition method | Open market purchase on the Tokyo Stock Exchange |

Independent Auditor's Report

To the Board of Directors Sanwa Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sanwa Holdings Corporation and its consolidated subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as at March 31, 2025, 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, 2025, 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. 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 the performance obligation is satisfied at a point in time or when 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 construction work specifications and other factors may lead to changes in contract amounts, and it is anticipated that drawing up an accurate execution budget may be difficult. We, therefore, determined this to be a key audit matter to consider, as there is 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 to the financial statements and the characteristics of the sales projects.	To verify the validity of the revenue recognition, we primarily implemented the following audit procedures. • We assessed the effectiveness of the status of design and operation of internal controls over revenue recognition. • With regard to the construction work for which revenue is recognized as performance obligations are satisfied, we confirmed whether revenue was accurately recognized for the progress based on the input method, by comparing it with the calculation basis, contracts, execution budget, and other such documents. • 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.

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, 2025 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.

Eishiro Komura

Representative Partner, Engagement Partner
Certified Public Accountant

Tomokazu Tanaka

Representative Partner, Engagement Partner
Certified Public Accountant

Kyoritsu Audit Corporation

Tokyo, Japan
June 19, 2025

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 Audit Corporation.



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