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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (J-GAAP)

May 15, 2023

Listed Company Name: Sanwa Holdings Corporation
 Securities Code: 5929 URL <https://www.sanwa-hldgs.co.jp/english/>
 Representative: Yasushi Takayama, Representative Director, President
 Contact: Katsumi Fujii, General Manager, Corporate Planning Department
 Scheduled Date of Ordinary General Meeting of Shareholders June 23, 2023
 Scheduled Date to Start Dividend Payment: June 26, 2023
 Scheduled Date to Submit the Annual Securities Report June 26, 2023
 Preparation of Results Briefing Materials: Yes
 Holding of Financial Results Briefing: Yes

Listing: Tokyo Stock Exchange

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(Amounts of less than one million yen have been truncated)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 31, 2023	588,159	25.4	56,307	58.7	52,780	54.7	33,084	44.8
Fiscal Year Ended March 31, 2022	468,956	9.8	35,487	7.3	34,122	6.2	22,842	7.5

Note: Comprehensive income Fiscal Year Ended March 31, 2023: 48,985 million yen (67.9%)
 Fiscal Year Ended March 31, 2022: 29,169 million yen (25.8%)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal Year Ended March 31, 2023	149.71	149.34	15.0	12.7	9.6
Fiscal Year Ended March 31, 2022	103.40	103.13	12.0	9.0	7.6

Reference: Share of profits (losses) of investments accounted for using the equity method

Fiscal Year Ended March 31, 2023: (629) million yen

Fiscal Year Ended March 31, 2022: (218) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	442,274	242,350	54.4	1,088.87
As of March 31, 2022	386,237	203,311	52.2	912.70

Reference: Shareholders' equity As of March 31, 2023: 240,656 million yen

As of March 31, 2022: 201,649 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended March 31, 2023	34,425	(15,941)	(9,887)	71,153
Fiscal Year Ended March 31, 2022	20,526	(21,353)	(27,363)	61,397

2. Dividends

	Annual dividend					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	-	17.00	-	19.00	36.00	7,953	34.8	4.2
Fiscal year ended March 31, 2023	-	25.00	-	33.00	58.00	12,818	38.7	5.8
Fiscal year ending March 31, 2024 (Forecast)	-	29.00	-	29.00	58.00		40.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	274,000	2.2	18,500	(13.9)	18,500	(6.8)	12,500	(7.3)	56.56
Full year	580,000	(1.4)	47,500	(15.6)	46,500	(11.9)	31,800	(3.9)	143.88

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): None

New: — Excluded: —

(2) Changes in accounting policies, accounting estimates, and retrospective restatements

1) Changes in accounting policies in accordance with revision of accounting standards: Yes

2) Changes in accounting policies other than item 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(Note) For details, see "3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 13 of the attached materials.

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2023 231,000,000 shares

As of March 31, 2022 231,000,000 shares

2) Number of treasury shares at the end of the period

As of March 31, 2023 9,985,209 shares

As of March 31, 2022 10,063,915 shares

3) Average number of shares during the period

April–March 2023 220,993,425 shares

April–March 2022 220,922,780 shares

(Reference) Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 31, 2023	16,368	(3.6)	12,913	(5.6)	13,347	(6.4)	10,545	(20.8)
Fiscal Year Ended March 31, 2022	16,978	5.5	13,674	4.4	14,257	7.2	13,314	17.1

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Fiscal Year Ended March 31, 2023	47.72	47.60		
Fiscal Year Ended March 31, 2022	60.27	60.11		

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%	Yen	Yen
As of March 31, 2023	232,659	147,594	147,594	145,801	63.3	63.3	666.64	666.64
As of March 31, 2022	232,555	145,801	145,801		62.6	62.6	658.63	658.63

Reference: Shareholders' equity As of March 31, 2023: 147,338 million yen

As of March 31, 2022: 145,515 million yen

The review procedure by a certified public accountant or an auditing firm does not apply to this Summary of Consolidated Financial Results.

Explanation regarding appropriate use of results forecast and additional notes

(Earnings forecasts and other forward-looking statements)

This document includes projections based on assumptions, forecasts, and plans for the future that are available on the day of its publication, and actual results may differ from the forecast figures stated in the document due to various risk factors and uncertainties. For further details regarding the earnings forecasts, please see "1. Overview of Operating Results for the Fiscal Year Ended March 31, 2023, (4) Forecast and Plans for the Future" on page 4 of the attached materials.

(Financial results briefings (for securities analysts and institutional investors))

In light of the preventing of spread of COVID-19, the Company has decided to suspend in-person briefings. However, it plans to provide a live stream of the financial results presentation and an on-demand video on the Company's website at a later date.

(Supplementary presentation materials for financial results)

Supplementary materials for financial results will be posted on the Company's website, along with a summary of financial results report.

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1. Overview of Operating Results for the Fiscal Year Ended March 31, 2023

(1) Operating Results

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

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

To expand and strengthen core businesses in Japan, North America, and Europe, we enhanced our core businesses and service business by promoting measures to pass on the rising costs of raw materials to our prices, while strengthening the foundation in preparation for future business growth. In January 2023, we acquired U.S.-based Door Control, Inc. and Door Concepts, Inc., which specialize in the sale, installation and repair of automatic doors. To strengthen the basis for growth in the Asian business, we increased production capacity at Sanwa Novoferm Changshu for our door business in China and worked to generate synergies with AUB Limited, which manufactures and markets industrial doors mainly for Hong Kong and Macau, and which we acquired in August 2022. To expand products for disaster prevention and climate change response and enhance smart products and services, we released high-performance insulated overhead door from the Re-Carbo series, a product that significantly improves thermal insulation performance while also enhancing convenience and saving space, the IoT-compatible MADOMORE Change SY system for motorizing existing manual window shutters, and smartphone operation system RemoSma for garage doors. To increase productivity through digitalization and manufacturing innovation, we introduced an enterprise resource planning (ERP) system and strengthening its operation in various regions and launched a field service management system as part of our investment promoting digitalization. In addition, in Japan, we established a new sound insulation test building, and in Europe, we expanded the production capacity of our dock leveler plant and invested in production equipment automation. To enhance sustainability management, we set key performance indicators (KPIs) tied to material issues in environmental, social and governance (ESG) sectors and sought to expand our products that mitigate climate change, while reducing CO₂ emissions and water consumption to help realize a sustainable society.

As a result of the above, net sales for the fiscal year ended March 31, 2023 increased by 25.4% year on year to ¥588,159 million. On the profit side, operating profit increased by 58.7% year on year to ¥56,307 million, ordinary profit increased by 54.7% to ¥52,780 million, and profit attributable to owners of parent increased by 44.8% to ¥33,084 million.

The following describes performance by segment.

(1) Japan

Net sales amounted to ¥252,877 million, a 7.0% year-on-year increase, with segment income of ¥25,023 million, a 1.5% increase. This was primarily due to strong performance in the core products of shutters and doors and in the maintenance and service business as well as to efforts aimed at passing on increased costs in steel and various materials and parts to our prices.

(2) North America

Net sales amounted to ¥218,968 million, a 57.4% year-on-year increase (a 31.5% increase on a foreign currency basis), with segment income of ¥29,049 million, a 246.7% increase, mainly due to an increase in volumes as supply chain issues eased and broad success in passing on the increase in raw material costs to our prices.

(3) Europe

Net sales amounted to ¥105,394 million, a 22.9% year-on-year increase (a 15.6% increase on a foreign currency basis), with segment income amounting to ¥4,268 million, an 8.5% increase. This was primarily due to efforts to pass on rising raw material and energy costs to our prices and increased volumes despite a challenging environment for orders owing to deterioration in market conditions.

(4) Asia

Net sales amounted to ¥10,855 million, a 41.9% year-on-year increase, with segment income amounting to ¥258 million, a 115.7% increase, mainly due to continued solid performance in Hong Kong and Taiwan despite the lockdowns in Shanghai.

(2) Financial Position

As of March 31, 2023, total assets increased by ¥56,037 million from the end of the previous fiscal year, to ¥442,274 million, primarily due to increases in trade receivable and inventories. Liabilities increased by ¥16,998 million from the end of the previous fiscal year, to ¥199,923 million, mainly due to increases in trade payable and lease obligations. Net assets increased by ¥39,038 million from the end of the previous fiscal year, to ¥242,350 million, primarily due to increases in retained earnings and foreign currency translation adjustment.

As a result, the shareholders' equity ratio rose by 2.2 points from the end of the previous fiscal year to 54.4%.

(3) Cash Flows

As of March 31, 2023, cash and cash equivalents increased by ¥9,755 million from the end of the previous fiscal year, to ¥71,153 million. Cash flows by category during the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥34,425 million (net cash of ¥20,526 million was provided in the previous fiscal year), mainly due to the recording of profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities came to ¥15,941 million (net cash of ¥21,353 million was used in the previous fiscal year), mainly attributable to payments for acquisitions of non-current assets.

Cash flows from financing activities

Net cash used in financing activities totaled ¥9,887 million (net cash of ¥27,363 million was used in the previous fiscal year), mainly due to payment of cash dividends.

(Reference) Results for cash flow-related indicators

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Shareholders' equity ratio (%)	47.9	52.2	54.4
Shareholders' equity ratio on market value basis (%)	89.2	74.4	74.0
Ratio of interest-bearing debt to cash flow (years)	1.3	2.3	1.4
Interest coverage ratio (times)	92.5	42.2	85.3

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio on market value basis: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest expense

(Notes) 1. All indicators are calculated based on consolidated financial figures.

2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (less treasury shares) at the end of the fiscal year.

3. Operating cash flow is the net cash provided by operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid. For interest expense, the amount of interest expenses paid in the consolidated statements of cash flows is used.

(4) Forecast and Plans for the Future

The global economy is on a recovery track as the effects of the COVID-19 pandemic subside and supply chain disruptions ease. However, outlooks are expected to remain uncertain due to global inflation, rising energy prices, financial instability caused by policy interest rate hikes and foreign exchange fluctuations around the world, and heightened geopolitical risks.

Amid this environment, the Sanwa Group will continue to implement the following basic strategies with a focus on establishing the foundation to become a global leader of smart entrance solutions as it enters the second year of the Mid-Term Management Plan 2024 toward the goals of the Sanwa Global Vision 2030.

Basic Strategies

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

In consideration of the above, the forecast for consolidated financial results in the next fiscal year is as follows.

(Millions of yen)

	Fiscal 2022 (Actual)	Fiscal 2023 (Forecast)	Change	Change (%)
Net sales	588,159	580,000	(8,159)	(1.4%)
Operating profit	56,307	47,500	(8,807)	(15.6%)
Ordinary profit	52,780	46,500	(6,280)	(11.9%)
Profit attributable to owners of parent	33,084	31,800	(1,284)	(3.9%)

The above results forecasts were calculated based on the information available as of the date of the announcement. Actual results may differ from the forecast figures due to changes in the environment and business conditions.

(5) Basic Profit Appropriation Policy and Dividends for Fiscal 2022 and Fiscal 2023

To further promote management aimed at increasing corporate value while also improving the corporate structure and strengthening the management foundation, the Company aims to maintain a stable dividend payout ratio under its basic policy to distribute profits based on consolidated performance, specifically targeting a payout ratio of 40% of profit attributable to owners of parent.

For the current fiscal year, the Company plans to pay a year-end dividend of ¥33.0 (annual dividend of ¥58.0), an increase of ¥8.0 from the most recently announced dividend, taking into consideration the business results for the fiscal year ended March 31, 2023 and future business development.

For the next fiscal year, the Company plans to pay an annual dividend of ¥58.0 (¥29.0 paid at the end of the second quarter and ¥29.0 at the end of the fiscal year), the same amount as the current fiscal year.

Retained earnings will be utilized for strategic investments such as M&A, as well as capital expenditures and reduction of interest-bearing debt.

2. Basic Concept of Selecting Accounting Standards

The Sanwa Group applies Japanese GAAP in its accounting. Going forward, the Group will closely monitor future trends as they pertain to the application of International Financial Reporting Standards (IFRS).

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	52,897	63,653
Notes and accounts receivable - trade, and contract assets	98,000	113,909
Electronically recorded monetary claims - operating	11,116	14,324
Securities	9,000	8,600
Merchandise and finished goods	17,571	20,301
Work in process	11,549	14,198
Raw materials	34,557	45,923
Other	5,123	8,567
Allowance for doubtful accounts	(2,335)	(4,061)
Total current assets	237,480	285,416
Non-current assets		
Property, plant and equipment		
Buildings	59,801	63,844
Accumulated depreciation	(36,053)	(38,744)
Buildings, net	23,748	25,100
Structures	6,516	7,209
Accumulated depreciation	(5,074)	(5,632)
Structures, net	1,442	1,577
Machinery and equipment	61,594	70,263
Accumulated depreciation	(46,725)	(53,206)
Machinery and equipment, net	14,868	17,057
Vehicles	3,150	3,774
Accumulated depreciation	(2,306)	(2,788)
Vehicles, net	844	986
Tools, furniture and fixtures	19,631	21,987
Accumulated depreciation	(15,921)	(18,286)
Tools, furniture and fixtures, net	3,709	3,700
Land	22,304	20,900
Right-of use assets	5,473	12,243
Accumulated depreciation	(1,719)	(2,143)
Right-of-use asset, net	3,753	10,099
Construction in progress	4,296	3,941
Total property, plant and equipment	74,967	83,364
Intangible assets		
Goodwill	10,789	7,601
Trademark right	5,520	6,327
Software	7,795	7,542
Software in progress	729	1,042
Other	4,737	4,570
Total intangible assets	29,573	27,084

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	28,756	32,054
Long-term loans receivable	509	632
Retirement benefit asset	7,776	7,262
Deferred tax assets	3,896	1,309
Other	3,841	5,732
Allowance for doubtful accounts	(564)	(582)
Total investments and other assets	44,215	46,408
Total non-current assets	148,756	156,857
Total assets	386,237	442,274
Liabilities		
Current liabilities		
Notes and accounts payable - trade	62,558	66,962
Short-term borrowings	8,190	9,895
Current portion of long-term borrowings	9,550	8,541
Lease obligations	798	2,569
Accounts payable - other	15,587	18,961
Accrued consumption taxes	4,225	4,258
Income taxes payable	5,243	7,374
Contract liabilities	4,179	4,840
Provision for bonuses	7,400	11,147
Other	11,247	9,957
Total current liabilities	128,981	144,508
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	9,966	10,816
Lease obligations	2,996	7,773
Provision for retirement benefits for directors (and other officers)	502	339
Retirement benefit liability	12,359	10,976
Deferred tax liabilities	5,663	2,034
Other	2,453	3,474
Total non-current liabilities	53,943	55,414
Total liabilities	182,925	199,923
Net assets		
Shareholders' equity		
Share capital	38,413	38,413
Capital surplus	39,732	39,737
Retained earnings	121,256	144,460
Treasury shares	(9,947)	(9,869)
Total shareholders' equity	189,455	212,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,482	2,106
Deferred gains or losses on hedges	37	327
Foreign currency translation adjustment	11,342	25,895
Remeasurements of defined benefit plans	(668)	(414)
Total accumulated other comprehensive income	12,194	27,914
Share acquisition rights	285	255
Non-controlling interests	1,376	1,437
Total net assets	203,311	242,350
Total liabilities and net assets	386,237	442,274

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Net sales	468,956	588,159
Cost of sales	330,646	408,461
Gross profit	138,309	179,697
Selling, general and administrative expenses	102,822	123,390
Operating profit	35,487	56,307
Non-operating income		
Interest income	159	142
Dividend income	315	410
Foreign exchange gains	273	—
Other	281	312
Total non-operating income	1,029	865
Non-operating expenses		
Interest expenses	450	613
Foreign exchange losses	—	194
Share of loss of entities accounted for using equity method	218	629
Litigation expenses	953	1,684
Other	772	1,269
Total non-operating expenses	2,394	4,391
Ordinary profit	34,122	52,780
Extraordinary income		
Gain on sale of non-current assets	36	37
Gain on sale of investment securities	24	4
Settlement income	—	148
Other	—	3
Total extraordinary income	60	194
Extraordinary losses		
Loss on disposal of non-current assets	304	79
Loss on sale of non-current assets	14	1
Impairment losses	—	3,450
Business restructuring expenses for subsidiaries	158	367
Loss on liquidation of subsidiaries and associates	2	1
Total extraordinary losses	479	3,900
Profit before income taxes	33,703	49,075
Income taxes - current	10,231	17,720
Income taxes - deferred	445	(1,910)
Total income taxes	10,676	15,810
Profit	23,026	33,264
Profit attributable to non-controlling interests	183	180
Profit attributable to owners of parent	22,842	33,084

(Consolidated Statements of Comprehensive Income)
(For the fiscal year ended March 31, 2023)

(Millions of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Profit	23,026	33,264
Other comprehensive income		
Valuation difference on available-for-sale securities	(583)	624
Deferred gains or losses on hedges	46	289
Foreign currency translation adjustment	6,115	14,239
Remeasurements of defined benefit plans, net of tax	468	253
Share of other comprehensive income of entities accounted for using equity method	95	314
Total other comprehensive income	6,143	15,720
Comprehensive income	29,169	48,985
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,963	48,729
Comprehensive income attributable to non-controlling interests	206	256

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of period	38,413	39,902	105,450	(9,990)	173,776
Cumulative effects of changes in accounting policies			373		373
Restated balance	38,413	39,902	105,824	(9,990)	174,150
Changes during period					
Dividends of surplus			(7,511)		(7,511)
Profit attributable to owners of parent			22,842		22,842
Change in scope of equity method					—
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		2		44	47
Increase by merger			100		100
Change in ownership interest of parent due to transactions with non-controlling interests		(173)			(173)
Net changes in items other than shareholders' equity					
Total net changes during the year	—	(170)	15,432	42	15,304
Balance at end of period	38,413	39,732	121,256	(9,947)	189,455

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests Foreign	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,066	(8)	5,130	(1,137)	6,051	279	1,280	181,387
Cumulative effects of changes in accounting policies								373
Restated balance	2,066	(8)	5,130	(1,137)	6,051	279	1,280	181,761
Changes during period								
Dividends of surplus								(7,511)
Profit attributable to owners of parent								22,842
Change in scope of equity method								—
Purchase of treasury shares								(1)
Disposal of treasury shares								47
Increase by merger								100
Change in ownership interest of parent due to transactions with non-controlling interests								(173)
Net changes in items other than shareholders' equity	(583)	46	6,211	468	6,143	6	95	6,245
Total net changes during the year	(583)	46	6,211	468	6,143	6	95	21,550
Balance at end of period	1,482	37	11,342	(668)	12,194	285	1,376	203,311

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of period	38,413	39,732	121,256	(9,947)	189,455
Cumulative effects of changes in accounting policies					
Restated balance	38,413	39,732	121,256	(9,947)	189,455
Changes during period					
Dividends of surplus			(9,723)		(9,723)
Profit attributable to owners of parent			33,084		33,084
Change in scope of equity method			(37)		(37)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		5		78	83
Increase by merger					—
Change in ownership interest of parent due to transactions with non-controlling interests			(119)		(119)
Net changes in items other than shareholders' equity					
Total net changes during the year	—	5	23,204	77	23,286
Balance at end of period	38,413	39,737	144,460	(9,869)	212,742

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests Foreign	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,482	37	11,342	(668)	12,194	285	1,376	203,311
Cumulative effects of changes in accounting policies								
Restated balance	1,482	37	11,342	(668)	12,194	285	1,376	203,311
Changes during period								
Dividends of surplus								(9,723)
Profit attributable to owners of parent								33,084
Change in scope of equity method								(37)
Purchase of treasury shares								(0)
Disposal of treasury shares								83
Increase by merger								—
Change in ownership interest of parent due to transactions with non-controlling interests								(119)
Net changes in items other than shareholders' equity	624	289	14,553	253	15,720	(29)	61	15,751
Total net changes during the year	624	289	14,553	253	15,720	(29)	61	39,038
Balance at end of period	2,106	327	25,895	(414)	27,914	255	1,437	242,350

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	33,703	49,075
Depreciation and amortization	10,666	12,020
Amortization of goodwill	2,285	2,766
Impairment loss	—	3,450
Increase (decrease) in allowance for doubtful accounts	313	1,457
Increase (decrease) in provision for bonuses	927	3,410
Increase (decrease) in retirement benefit liability and asset	(880)	(1,063)
Interest and dividend income	(475)	(552)
Interest expenses	450	613
Share of loss (profit) of entities accounted for using equity method	218	629
Loss (gain) on sale and retirement of non-current assets	282	43
Loss (gain) on sale of investment securities	(24)	(4)
(Increase) decrease in trade receivable	(9,950)	(13,235)
(Increase) decrease in inventories	(12,922)	(10,501)
Increase (decrease) in trade payable	8,722	2,172
Other, net	(1,512)	(328)
Subtotal	31,806	49,953
Interest and dividend income received	491	551
Interest expenses paid	(486)	(403)
Income taxes paid	(11,285)	(15,676)
Net cash provided by (used in) operating activities	20,526	34,425
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(3,340)	(4,248)
Proceeds from sales of short-term and long-term investment	4,133	1,091
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(13,772)	—
Purchase of non-current assets	(9,281)	(10,041)
Loan advances	(120)	(214)
Proceeds from collections of loans receivable	197	228
Other, net	831	(2,755)
Net cash provided by (used in) investing activities	(21,353)	(15,941)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,864	1,347
Proceeds from long-term borrowings	618	9,450
Repayments of long-term borrowings	(1,299)	(9,616)
Redemption of bonds	(20,000)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(201)	(246)
Net decrease (increase) in treasury shares	45	82
Dividends paid	(7,511)	(9,723)
Dividends paid to non-controlling interests	(109)	(105)
Other, net	(770)	(1,076)
Net cash provided by (used in) financing activities	(27,363)	(9,887)
Effect of exchange rate changes on cash and cash equivalents	1,700	1,159
Net increase (decrease) in cash and cash equivalents	(26,491)	9,755
Cash and cash equivalents at beginning of period	87,795	61,397
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	92	—
Cash and cash equivalents at end of period	61,397	71,153

- (5) Notes to Consolidated Financial Statements
(Notes on the Going Concern Assumption)
Not applicable.

(Changes in Accounting Policies)

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

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

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

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

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

(Segment Information, etc.)

1. Outline of reportable segments

Reportable segments of the Group are components for which discrete financial information is available and which are subject to regular discussion by the Board of Directors of the Company, the highest management decision-making body, to make decisions on the allocation of management resources and assess performance.

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

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

The major products and services of each reportable segment are as follows:

Japan

Rolling shutters, shutter-related products, door products for buildings, partitions, stainless steel products, store front products, window products, residential door products, exterior products, residential garage door products, automatic door products, and the maintenance and service business, etc.

North America

Rolling shutters, shutter-related products, industrial sectional door products, residential garage door products, operator for garage doors and other doors, automatic door products, and the maintenance and service business, etc.

Europe

Rolling shutters, shutter-related products, door products, industrial sectional door products, residential garage door products, operator for garage doors and other doors, and the maintenance and service business, etc.

Asia

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

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

The accounting methods used for reportable segments are generally the same as the descriptions in "Basis of Presenting Consolidated Financial Statements." Inter-segment transactions are inter-company transactions and are based on market price and other relevant factors.

3. Information about net sales, income or loss, assets and other items on each reportable segment
For the fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Consolidated financial statements (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
Sales to customers	236,375	139,106	85,763	7,649	468,894	62	468,956
Intersegment sales or transfers	197	61	60	0	320	(320)	—
Total	236,572	139,168	85,824	7,650	469,215	(258)	468,956
Segment income	24,653	8,378	3,935	119	37,087	(1,600)	35,487
Segment assets	135,565	95,362	63,111	9,551	303,590	82,646	386,237
Other items							
Depreciation	3,148	4,015	3,346	113	10,624	42	10,666
Investment in entities accounted for using equity method	—	—	—	—	—	1,189	1,189
Increase in property, plant and equipment and intangible assets	3,368	2,549	2,822	512	9,252	29	9,281

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥62 million
- Elimination of intersegment transactions ¥(320) million

(2) Segment income

- Other income ¥62 million
- Corporate expenses ¥(2,334) million
- Amortization of goodwill ¥(2,285) million
- Other adjustments ¥(299) million
- Elimination of intersegment transactions ¥3,256 million

(3) Segment assets

- Other assets ¥6,980 million
- Corporate assets ¥75,665 million

Other adjustments are as a result of incidental activities associated with facility management operations. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

Corporate assets mainly consist of surplus operating funds (cash and deposits, securities) and long-term investment funds (investment securities) that do not belong to any reportable segment.

2. Segment income is reconciled to the operating profit of the consolidated statements of income.

3. The major countries and regions in each reportable segment are as follows:

North America: U.S., Canada, etc.

Europe: Germany, France, Italy, Netherlands, England, etc.

Asia: China, Hong Kong, Taiwan, and Vietnam

For the fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Consolidated financial statements (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
Sales to customers	252,877	218,968	105,394	10,855	588,095	63	588,159
Intersegment sales or transfers	138	208	62	4	414	(414)	—
Total	253,015	219,177	105,457	10,860	588,510	(351)	588,159
Segment income	25,023	29,049	4,268	258	58,599	(2,292)	56,307
Segment assets	145,500	133,158	74,998	10,713	364,369	77,904	442,274
Other items							
Depreciation and amortization	3,277	4,900	3,645	149	11,972	47	12,020
Investment in equity method companies	—	—	—	788	788	3,547	4,335
Increase in property, plant and equipment and intangible assets	3,600	2,693	3,383	355	10,033	7	10,041

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥63 million
- Elimination of intersegment transactions ¥(414) million

(2) Segment income

- Other income ¥63 million
- Corporate expenses ¥(2,431) million
- Amortization of goodwill ¥(2,766) million
- Other adjustments ¥(378) million
- Elimination of intersegment transactions ¥3,220 million

(3) Segment assets

- Other assets ¥4,737 million
- Corporate assets ¥73,166 million

Other adjustments are as a result of incidental activities associated with facility management operations.

Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

Corporate assets mainly consist of surplus operating funds (cash and deposits, securities) and long-term investment funds (investment securities) that do not belong to any reportable segment.

2. Segment income is reconciled to the operating profit of the consolidated statements of income.

3. The major countries and regions in each reportable segment are as follows:

North America: U.S., Canada, etc.

Europe: Germany, France, Italy, Netherlands, England, etc.

Asia: China, Hong Kong, Taiwan, and Vietnam

4. Matters related to changes in reportable segments, etc.

(Change in the method of calculating profit (loss) by reportable segment)

Effective from the three months ended June 30, 2022, the Company changed the method of calculating profit (loss) for each reportable segment following a review of the method of adjusting intersegment transactions, in order to better evaluate and manage individual segment performance. Segment information for the fiscal year ended March 31, 2022 has also been prepared in accordance with the new method.

(Per-Share Information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	912.70 yen	1,088.87 yen
Earnings per share	103.40 yen	149.71 yen
Diluted earnings per share	103.13 yen	149.34 yen

Note: 1. The basis for calculation of earnings per share and diluted earnings per share is as follows.

Item		For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Earnings per share			
Profit attributable to owners of parent	(Millions of yen)	22,842	33,084
Amount not attributable to common shareholders	(Millions of yen)	—	—
Profit related to common shares attributable to owners of parent	(Millions of yen)	22,842	33,084
Average number of common shares during the period	(Thousands of shares)	220,922	220,993
Diluted earnings per share			
Adjustments for profit attributable to owners of parent	(Millions of yen)	—	—
Increase in common shares	(Thousands of shares)	571	541
(of which, share acquisition rights)	(Thousands of shares)	(571)	(541)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects		—	

2. The basis for calculation of earnings per share is as follows.

Item		As of March 31, 2022	As of March 31, 2023
Total net assets	(Millions of yen)	203,311	242,350
Deductions from total net assets	(Millions of yen)	1,662	1,693
(of which, share acquisition rights)	(Millions of yen)	(285)	(255)
(of which, non-controlling interests)	(Millions of yen)	(1,376)	(1,437)
Net assets related to common shares at the end of the period	(Millions of yen)	201,649	240,656
Number of common share used in the calculation of earnings per share at the end of the period	(Thousands of shares)	220,936	221,014

(Significant Subsequent Events)

Not applicable.