

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (J-GAAP)

January 31, 2024

Listed Company Name: Sanwa Holdings Corporation	Listing: Tokyo Stock Exchange
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	Tel.: +81-3-3346-3019
Scheduled Date to Submit Quarterly Securities Report: February 13, 2024	
Scheduled Date to Start Dividend Payment: -	
Preparation of Results Briefing Materials: Yes	
Holding of Financial Results Briefing: None	

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (from April 1, 2023 to December 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	%
Nine Months Ended December 31, 2023	435,472	4.4	41,153	16.2	40,578	22.9	31,451	38.1
Nine Months Ended December 31, 2022	416,926	27.4	35,425	85.0	33,006	79.6	22,771	94.7

Note: Comprehensive income
 Nine Months Ended December 31, 2023: 52,573 million yen 7.5%
 Nine Months Ended December 31, 2022: 48,917 million yen 198.6%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine Months Ended December 31, 2023	142.36	142.02
Nine Months Ended December 31, 2022	103.04	102.79

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	487,839	279,156	56.8
As of March 31, 2023	442,274	242,350	54.4

Reference: Shareholders' equity
 As of December 31, 2023: 277,277 million yen
 As of March 31, 2023: 240,656 million yen

2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	25.00	-	33.00	58.00
Fiscal year ending March 31, 2024	-	29.00	-		
Fiscal year ending March 31, 2024 (Forecast)				29.00	58.00

Note: Revision of dividends forecast since last announcement: None

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
Full year	600,000	2.0	60,000	6.6	59,000	11.8	40,000	20.9	180.94

Note: Revision of consolidated results forecast since last announcement: None

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) Application of special accounting treatments in preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Application of Accounting Treatments Specific to the Preparation of Quarterly Consolidated Financial Statements)” on page 8 of the attached materials.

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

1) Changes in accounting policies in accordance with revision of accounting standards: None

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

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of shares issued (common stock)

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

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

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

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

As of December 31, 2023 10,964,547 shares

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

3) Average number of shares during the period

April–December 2023 220,927,065 shares

April–December 2022 220,987,015 shares

The quarterly 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. Qualitative Information regarding Financial Results for the Nine Months Ended December 31, 2023, (3) Explanation of Consolidated Results Forecasts and Other Forward-looking Statements” on page 3 of the attached materials.

(Supplementary presentation materials for the quarterly results)

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

Contents of the Attachment

1. Qualitative Information regarding Financial Results for the Nine Months Ended December 31, 2023.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Results Forecasts and Other Forward-looking Statements.....	3
2. Quarterly Consolidated Financial Statements and Primary Notes.....	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	6
(3) Notes to Quarterly Consolidated Financial Statements.....	8
(Notes on the Going Concern Assumption).....	8
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	8
(Changes in the Scope of Consolidation or Application of the Equity Method).....	8
(Application of Accounting Treatments Specific to the Preparation of Quarterly Consolidated Financial Statements).....	8
(Segment Information, etc.).....	9

1. Qualitative Information regarding Financial Results for the Nine Months Ended December 31, 2023

(1) Explanation of Operating Results

During the nine months ended December 31, 2023, the external environment surrounding the Group remained uncertain. This was due to factors such as the continuation of high inflation and high interest rates in various countries, rising energy costs due to the prolonged situation in Ukraine, concerns about the future of the Chinese economy, and growing tensions in the Middle East.

Amid this environment, the Sanwa Group started the second year of its long-term management vision, Sanwa Global Vision 2030, and the Mid-Term Management Plan 2024, and is working on establishing the foundation to become a global leader of smart entrance solutions that meet the changing needs of society due to climate change and digitalization as well as executing our basic strategies. Under our basic strategies of expanding and strengthening core businesses in Japan, North America, and Europe, we continued to work to increase our market share for core products such as shutters and doors and strategic products, including partitions, expand our maintenance and service business, and enhance our structure for business expansion. Under our basic strategies of expanding products for disaster prevention and climate change response and enhancing smart products and services, we sought to make our products disaster-resistant and environmentally friendly and smart. Some of these products include the lightweight shutter Taifu (wind-resistant) Guard LS that features a high wind pressure resistance of 800 Pa, the Re-carbo series of Thermal Insulating Quick Saver TR, with both strong heat insulation and quick opening/closing, and S Tight Door (Steel), which stays waterproof for 24 hours in 3-meter-high flood waters. Under our basic strategy of strengthening the basis of growth of the Asian business, we focused on strengthening the business foundation in addition to bringing Sanwa Shanghai, Sanwa Novoferm Changshu, and AUB within the scope of consolidation. Under our basic strategy of enhancing sustainability management, we formally adopted a new Sanwa Group Human Rights Policy, taking into account changes in awareness of human rights in international society and related issues. We also installed new solar panels at our plants in each region (Kyushu, the United Kingdom, Italy, Spain, and China) to help reduce CO₂ emissions.

Looking at the operating results by segment, in Japan, we sought to secure profitability through price pass-on, and the maintenance and service business performed well. In addition, solid sales were recorded for core products such as heavy-duty shutters and doors for buildings and condominiums, mainly for factory facilities and large-scale redevelopment projects, and strategic products including partitions. In North America, amid a slump in the residential market, we worked to expand our lineup of dock levelers and other products, maintain selling prices, improve productivity, and reduce costs. In Europe, we continued to face difficult circumstances due in part to the deterioration of market conditions caused by economic deceleration on top of rising costs, including energy prices. Meanwhile, sales and profit were up in Asia owing in part to the effect of the new inclusion of subsidiaries in consolidation.

As a result, net sales for the nine months ended December 31, 2023 amounted to ¥435,472 million, a 4.4% year-on-year increase. In terms of profits, operating profit amounted to ¥41,153 million, a 16.2% year-on-year increase, ordinary profit amounted to ¥40,578 million, a 22.9% year-on-year increase, and profit attributable to owners of parent amounted to ¥31,451 million, a 38.1% year-on-year increase.

The following describes performance by segment.

(1) Japan

Net sales amounted to ¥183,014 million, a 6.8% year-on-year increase, with segment income of ¥14,929 million, a 22.0% increase.

(2) North America

Net sales amounted to ¥160,940 million, a 0.3% year-on-year increase (a 6.9% decrease on a local currency basis), with segment income of ¥24,647 million, a 15.5% increase.

(3) Europe

Net sales amounted to ¥81,928 million, a 5.3% year-on-year increase (a 4.9% decrease on a local currency basis), with segment income amounting to ¥2,365 million, a 27.5% decrease.

(4) Asia

Net sales amounted to ¥9,540 million, a 30.5% year-on-year increase, with segment income amounting to ¥208 million, a 6.0% increase.

(2) Explanation of Financial Position

(Assets, Liabilities, and Net Assets)

As of December 31, 2023, total assets increased by ¥45,564 million from the end of the previous fiscal year to ¥487,839 million, due mainly to increases in inventories and non-current assets. Liabilities increased by ¥8,759 million from the end of the previous fiscal year to ¥208,683 million, due mainly to increases in trade payables and lease liabilities. Net assets increased by ¥36,805 million from the end of the previous fiscal year to ¥279,156 million, due mainly to increases in retained earnings and foreign currency translation adjustment.

As a result, the shareholders' equity ratio increased by 2.4 points from the end of the previous fiscal year to 56.8%.

(3) Explanation of Consolidated Results Forecasts and Other Forward-looking Statements

There are no changes to the consolidated financial results forecasts for the fiscal year ending March 31, 2024 announced on October 31, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	63,653	84,832
Notes and accounts receivable - trade, and contract assets	113,909	106,481
Electronically recorded monetary claims - operating	14,324	16,751
Securities	8,600	12,876
Merchandise and finished goods	20,301	22,860
Work in process	14,198	23,239
Raw materials	45,923	47,705
Other	8,567	10,554
Allowance for doubtful accounts	(4,061)	(4,076)
Total current assets	285,416	321,225
Non-current assets		
Property, plant and equipment		
Buildings, net	25,100	27,212
Land	20,900	21,435
Other, net	37,363	44,550
Total property, plant and equipment	83,364	93,198
Intangible assets		
Goodwill	7,601	7,410
Other	19,483	20,969
Total intangible assets	27,084	28,379
Investments and other assets		
Investment securities	32,054	30,196
Retirement benefit asset	7,262	7,773
Other	7,674	7,895
Allowance for doubtful accounts	(582)	(829)
Total investments and other assets	46,408	45,036
Total non-current assets	156,857	166,614
Total assets	442,274	487,839

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	66,962	70,242
Short-term borrowings	9,895	8,233
Current portion of long-term borrowings	8,541	1,216
Income taxes payable	7,374	3,751
Provision for bonuses	11,147	8,676
Other	40,587	52,105
Total current liabilities	144,508	144,226
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	10,816	17,465
Provision for retirement benefits for directors (and other officers)	339	335
Retirement benefit liability	10,976	11,205
Other	13,282	15,450
Total non-current liabilities	55,414	64,456
Total liabilities	199,923	208,683
Net assets		
Shareholders' equity		
Share capital	38,413	38,413
Capital surplus	39,737	39,765
Retained earnings	144,460	162,250
Treasury shares	(9,869)	(12,015)
Total shareholders' equity	212,742	228,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,106	4,224
Deferred gains or losses on hedges	327	50
Foreign currency translation adjustment	25,895	44,726
Remeasurements of defined benefit plans	(414)	(138)
Total accumulated other comprehensive income	27,914	48,863
Share acquisition rights	255	255
Non-controlling interests	1,437	1,622
Total net assets	242,350	279,156
Total liabilities and net assets	442,274	487,839

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the Nine Months Ended December 31)

(Millions of yen)

	Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net sales	416,926	435,472
Cost of sales	291,473	297,240
Gross profit	125,452	138,232
Selling, general and administrative expenses	90,026	97,079
Operating profit	35,425	41,153
Non-operating income		
Interest income	83	749
Dividend income	395	502
Foreign exchange gains	—	167
Other	257	251
Total non-operating income	736	1,672
Non-operating expenses		
Interest expenses	361	839
Foreign exchange losses	99	—
Share of loss of entities accounted for using equity method	353	82
Litigation expenses	1,531	367
Other	810	957
Total non-operating expenses	3,156	2,246
Ordinary profit	33,006	40,578
Extraordinary income		
Gain on sale of non-current assets	19	32
Gain on sale of investment securities	4	—
Settlement received	148	4,395
Total extraordinary income	172	4,427
Extraordinary losses		
Loss on sale and retirement of non-current assets	18	46
Loss on valuation of shares of subsidiaries and associates	—	189
Business restructuring expenses for subsidiaries	41	25
Loss on liquidation of subsidiaries and associates	1	—
Total extraordinary losses	61	260
Profit before income taxes	33,117	44,746
Income taxes	10,237	13,122
Profit	22,880	31,624
Profit attributable to non-controlling interests	109	172
Profit attributable to owners of parent	22,771	31,451

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Nine Months Ended December 31)

(Millions of yen)

	Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Profit	22,880	31,624
Other comprehensive income		
Valuation difference on available-for-sale securities	280	2,118
Deferred gains or losses on hedges	303	(276)
Foreign currency translation adjustment	24,778	19,026
Remeasurements of defined benefit plans, net of tax	(45)	276
Share of other comprehensive income of entities accounted for using equity method	719	(194)
Total other comprehensive income	26,037	20,948
Comprehensive income	48,917	52,573
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	48,737	52,261
Comprehensive income attributable to non-controlling interests	180	311

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

Not applicable.

(Changes in the Scope of Consolidation or Application of the Equity Method)

(Significant Changes in the Scope of Consolidation)

In the three months ended June 30, 2023, Sanwa Holdings (Shanghai) Co., Ltd., Sanwa Novoferm (Changshu) Co., Ltd., AUB Limited, and AUB (Macau) Limited took on greater importance, so they have been included in the scope of consolidation. Door Control, Inc. is also included in the scope of consolidation as a result of acquiring its shares.

In the nine months ended December 31, 2023, Sanwa Facade Laboratory Corporation took on greater importance, so it has been included in the scope of consolidation.

(Significant Changes in the Scope of Application of the Equity Method)

In the three months ended June 30, 2023, Sanwa Holdings (Shanghai) Co., Ltd., Sanwa Novoferm (Changshu) Co., Ltd., AUB Limited, and AUB (Macau) Limited took on greater importance, so they have been removed from the scope of application of the equity method and included in the scope of consolidation.

(Application of Accounting Treatments Specific to the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

The Company reasonably estimates an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year in which the third quarter of the fiscal year ending March 31, 2024 is included, and calculates tax expenses by multiplying quarterly profit before income taxes by the estimated effective tax rate. However, in cases where the calculation of tax expenses using the estimated effective tax rate yields a result that is considered not to be reasonable to a significant extent, the statutory tax rate is used. Note that income taxes - deferred is included in income taxes.

(Segment Information, etc.)

I. Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

1. Net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Quarterly consolidated statements of income (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
Sales to customers	171,370	160,381	77,814	7,312	416,879	47	416,926
Intersegment sales or transfers	104	149	58	1	314	(314)	—
Total	171,474	160,530	77,873	7,314	417,193	(266)	416,926
Segment income	12,234	21,332	3,261	196	37,025	(1,599)	35,425

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥47 million
- Elimination of intersegment transactions ¥(314) million

(2) Segment income

- Other income ¥47 million
- Corporate expenses ¥(1,678) million
- Amortization of goodwill ¥(2,051) million
- Other adjustments ¥(335) million
- Elimination of intersegment transactions ¥2,417 million

Items marked as "Other" involve incidental activities associated with management operations.

Corporate expenses primarily consist of general and administrative expenses that are not attributable to any of the reportable segments.

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

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

North America: USA, Canada, etc.

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

Asia: China, Hong Kong, Taiwan, and Vietnam

2. Impairment losses on non-current assets or goodwill, etc. by reportable segment

Not applicable.

II. Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

1. Net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Quarterly consolidated statements of income (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
Sales to customers	183,014	160,940	81,928	9,540	435,425	47	435,472
Intersegment sales or transfers	109	76	40	136	362	(362)	—
Total	183,124	161,017	81,969	9,676	435,787	(315)	435,472
Segment income	14,929	24,647	2,365	208	42,150	(997)	41,153

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥47 million
- Elimination of intersegment transactions ¥(362) million

(2) Segment income

- Other income ¥47 million
- Corporate expenses ¥(1,592) million
- Amortization of goodwill ¥(1,974) million
- Other adjustments ¥86 million
- Elimination of intersegment transactions ¥2,434 million

Items marked as "Other" involve incidental activities associated with management operations.

Corporate expenses primarily consist of general and administrative expenses that are not attributable to any of the reportable segments.

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

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

North America: USA, Canada, etc.

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

Asia: China, Hong Kong, Taiwan, and Vietnam

2. Impairment losses on non-current assets or goodwill, etc. by reportable segment

Not applicable.