



SANWA HOLDINGS CORPORATION

INTEGRATED REPORT

For the year ended March 31, 2021

2021

Our Mission

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

Our Values

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



PDCA SAKURA

The employees of the Sanwa Group, not satisfied with the current situation, maintain a critical mindset in doing their jobs in order to continue to pursue their best work. We review results in terms of whether or not we did things as originally planned. If not, we think about the reason why we didn't get the intended results. Getting back to the basics such as increasing good aspects and improving bad ones is part of the Plan-Do-Check-Act (PDCA) cycle. PDCA SAKURA represents this concept as the Sanwa Group symbol. We even planted PDCA SAKURA cherry blossom trees on the grounds of main Group facilities.

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Editorial policy

The purpose of this report is to provide both financial and non-financial information on the Sanwa Group's management, review of operations and external environment. In editing this report, we have referred to the "International Integrated Reporting Framework" proposed by the Value Reporting Foundation (VRF, formerly IIRC), Guidance for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry, and recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Forward-looking statements

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

Message from the Chairman

In messages to our employees, I tell them on various occasions that two kinds of reliability are important for our Group in order to fulfill our mission. Specifically, as a public entity in society, a company is strictly required to have both reliability in achieving performance targets as a listed company, and reliability in its management structure including compliance and governance. We believe that this is similar to the ESG concept, which is now a major trend in the way companies operate around the world.

The world is now facing global issues that cannot be solved by a single country, such as decarbonization, human rights and racial issues. Such issues are no longer problems for the political system alone but should be seen as shared responsibilities of companies operating globally.

Companies have set long-term goals for carbon dioxide emissions by 2030 and 2050 and through their business are trying to achieve a sustainable society by contributing to correcting inequalities in issues such as human rights among countries and regions.

The Group also feels the need to keep pace with the world toward a sustainable future by boldly tackling these issues in collaboration with customers, partner companies, and other members of the supply chain.

I hope that our shareholders, investors and all of our stakeholders will continue to offer the Group their advice and encouragement.

Toshitaka Takayama

Director, Chairman



A History of Value Creation

Manji Takayama founded Sanwa Shutter in 1956 with a fundamental ethos of passion, trust and diligence. Since then, Sanwa Shutter expanded into the door business in the 1960s and thoroughly implemented its "Multi-Product Sales Strategy" into a wide range of product lines. Furthermore, under the leadership of the current Chairman, Toshitaka Takayama, we have added two more pillars through the introduction of our full-time service in the 1980s and initiatives for globalization since the 1990s, thus achieving growth and development based on the three pillars of multi-product sales, globalization, and service. The Sanwa Group formulated its mission, values and principles of business in 2002. Since then, we have continuously passed along the Group spirit of contributing to society by providing safety, security and convenience, all of which are symbolized by the three rings of the corporate emblem.

Entry into the shutter industry

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



Deliveries just after the foundation

1969 Established Sanwa Door Industrial



1983 Deployed 24-hour full-time service nationwide



Non-shutter sales ratio*
Approx. 65.1%

1990

1950s

1956

1960s

1970s

1980s

1990s



Multi-Product Sales

First Step toward Multi-Product Sales

The Sanwa Group's multi-product sales strategy began with its entry into the door business in the late 1960s. Focusing on fields where we could apply the know-how we cultivated in the shutter business, existing production facilities and sales and installation networks, we began producing made-to-order steel doors. We rapidly rose to the top of the industry.

Expanding the Multi-Product Strategy

We have promoted the multi-product sales strategy through acquisitions to further broaden our value. The first company we acquired was an aluminum facade sales company in 1984. That was followed by the acquisitions of manufacturers of automatic door operators, partitions, and stainless steel building products. By acquiring quality companies with established brands, we accelerated our multi-product sales strategy.

Development of Products that Respond to Climate Change Risks

We will launch waterproof and windproof products to respond to increasingly severe natural disasters and strengthen our efforts to reduce the impact of disasters caused by climate change, thereby contributing to the building of a sustainable society.



Globalization

Gaining a Foothold Overseas

In 1974, we entered into a technical tie-up with Overhead Door Corporation (North America; ODC), and began manufacturing and selling overhead doors. In 1986, we established Sanwa Shutter (H.K.) in Hong Kong, making us the first in the industry in Japan to focus on overseas markets.

Business Expansion by Penetrating the North American Market

In 1996, we acquired tie-up partner ODC. Through the addition of new businesses boasting leading shares in North America into the Group, we proceeded with collaborative product development and sales, as well as expansion into new markets.

Establishment of Three-Pronged Platform: Japan, U.S.A., Europe

In 2003, we acquired Novoferm Group (NF), making the European market our third cornerstone. We started to grow into a leading global brand by pursuing business and regional diversification, in addition to expanding and growing our core businesses through the development of multiple product types.



Service

Service is Our Responsibility as a Manufacturer

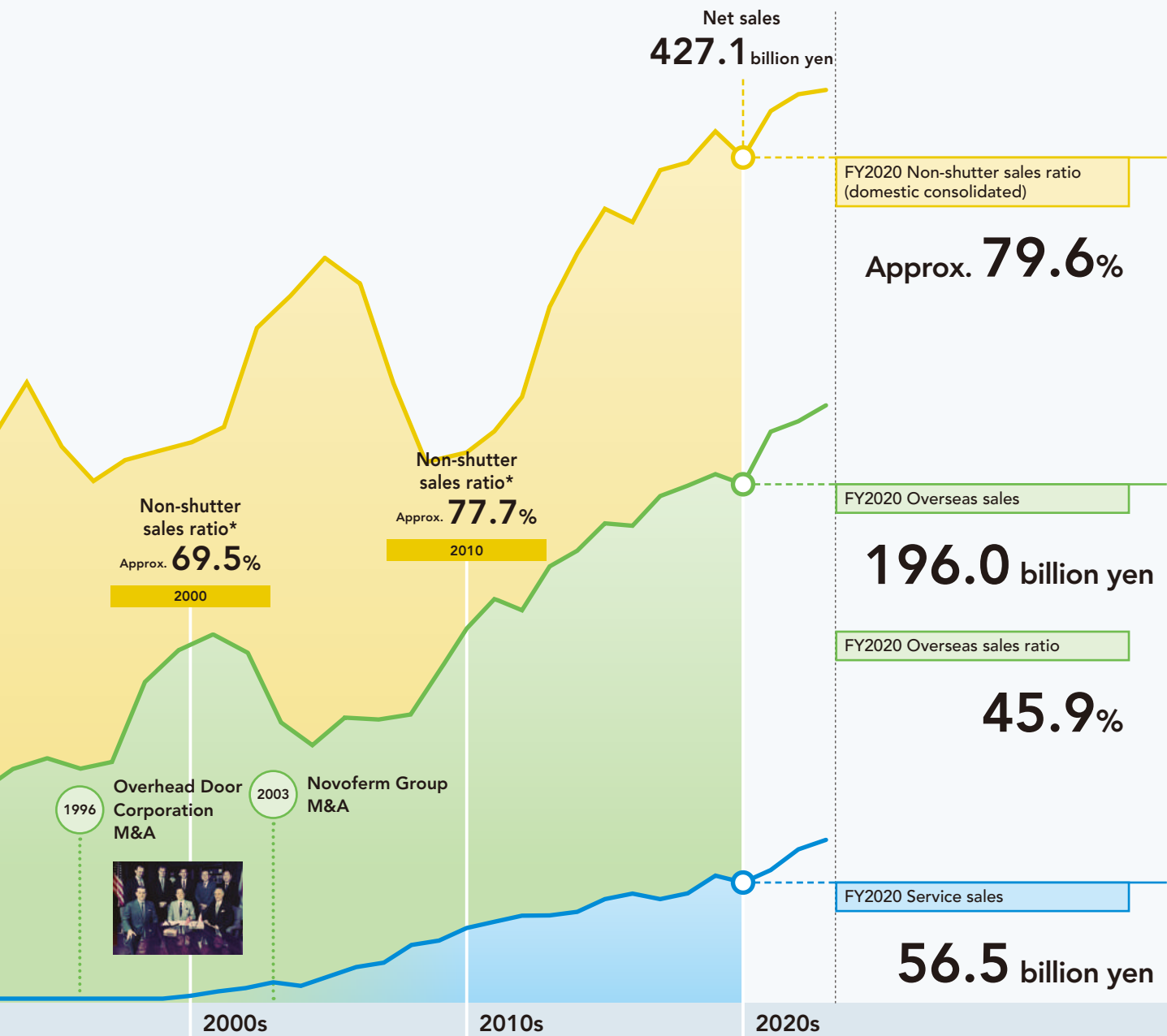
Shutters play an important role in crime prevention and fireproofing, and we have established an integrated responsibility system from sales, installation, and maintenance. In 1983, the Company deployed the industry's first 24-hour full-time service nationwide. As a result, a system is now in place to respond immediately to emergency requests.

Mandatory Statutory Inspections of Fire Prevention Equipment and Disaster Response Measures

A periodic inspection report system for fireproof shutters and doors became mandatory in Japan due to a partial amendment of the Building Standards Act in 2016. Accordingly, we worked to secure and train service personnel, and strengthened our response to recovery from large-scale natural disasters which have become a frequent occurrence in recent years.

Expanding Overseas Service Business

NF Group acquired service companies in France and the UK. These acquisitions will expand the service provision areas and allow us to leverage synergies from our existing sales and service network.



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

Product Development in Harmony with Society

We have contributed to the building of a sustainable society by expanding our products that address climate change risks, and a lineup of disaster prevention products with fire prevention, earthquake resistance and other functions, which help realize a safe society.

FY2020 sales of climate change-response products

79.8 billion yen

Aspiring to be a Major Global Player

Formulating the Sanwa Global Vision 2020 in 2013, we set out to offer products and services that provide safety, security and convenience to customers worldwide as a major global player in the access systems industry.

Number of countries

26 countries and regions

Expanding New Business Models

We provide service businesses that meet the needs of customers in various regions to cultivate new customers and expand our business model.

FY2020 Service business sales ratio

13.2%

I am committed to working together with our stakeholders to create a new era of safety, security, and convenience.

Yasushi Takayama

Representative Director, President



Among the things the company has accumulated since its founding, what will change and what will not change in the present era?

We continue to value our mission to “contribute to society by providing safety, security, and convenience,” which we consider our purpose. We are once again reminded of the vital nature of our mission due to such factors as the recent global outbreak of the novel coronavirus (COVID-19), heightening climate change risks, and increasing occurrences of disasters.

Our products have protected buildings and the people who live in them against various occurrences. Originally, their main purposes were to protect buildings and people from fires and crimes. However, in recent years, especially in Japan, the intensity of short, sudden, torrential, and concentrated downpours, locally called “guerrilla rainstorms,” and typhoon-force winds has increased. This year, there was unprecedented widespread flooding. Waterproof and windproof products have come to take on greater significance in providing protection against natural disasters.

The knowledge, experience, and product expertise that we have accumulated through our efforts to date are the assets of the Group, and represent one of the strengths that we have leveraged in our business. The Water Guard and Wind-Resistant Guard series are among the group of products that have seen high demand in response to severe natural disasters. While antibacterial products that are effective for infection control in the current COVID-19 pandemic have existed in our product lineup from before, going forward, I think it is necessary to focus on such non-contact product domains. Specifically, our newly released products include electric toilet stalls and doors equipped with parcel drop-off lockers. There is no doubt that the strengths we have cultivated so far are the reason we can respond quickly to the demands of society in this way. I believe that combining what we have inherited from our predecessors with our unique present-day strengths to implement the PDCA cycle in the field enables us to steadily continue with our operations. We will continue to provide "safety, security, and convenience" in response to the needs of society and strengthen our products that embody our mission.

In fiscal 2020, the focus of our countermeasures to prevent the spread of COVID-19 was to ensure the safety of employees and improve the work environment so that they can perform their duties with peace of mind. In addition to screening the health of our employees by measuring their temperatures and disinfecting the office areas, we have thoroughly implemented other basic measures to prevent the spread of infections. They include the installation of plexiglass partitions to prevent respiratory droplets from spreading and recommending to employees that they work from home. It can be said that the pandemic has not had a significant impact on our business as a whole because of the success of each employee's actions in adhering to infection control measures.

One factor behind this is the fact that we had introduced a remote working system before the onset of the COVID-19 pandemic, as part of our work-style reform initiatives. At present, digitalization has progressed within our Group with the use of the Web and tablet devices, for example. In the case of a construction site, however, it is not realistic to do without visiting the premises. Still, we have introduced a system that enables efficiency and optimization to be practiced in areas such as installation management and digitalization of materials. While there are still many areas to be tackled to support sustainable growth, we are steadily responding to the requirements of adapting to the new normal.

Special Features:
Responding to the New Normal

P.24-27

Situation and status of initiatives in each region

The Company operates in many parts of the world, and each country and region is characterized by a different construction environment.

In Japan, due to the concentration of large-scale property completions in fiscal 2019, fiscal 2020 and 2021 have been an off-season period and there are few urban redevelopment projects. In the face of the COVID-19 pandemic, while the service sector, such as hotels and retail, is still struggling, there is an unprecedented surge in demand for large-scale logistics facilities due to the expansion of the e-commerce business. In addition, corporate capital investment is expected to recover, albeit gradually. Based on an analysis of the environment in each of these fields, although we expect to face a little difficulty over the short term, we recognize that overall construction demand in Japan in the medium and long term will hold up over the longer term, due mainly to many redevelopment projects planned from 2022 to 2025 centered in Tokyo, Nagoya and Osaka.

At the same time, the Group is actively working on a multi-product strategy to expand our strategic product line to include items other than our core products. Although we are making progress with this strategy by strengthening collaboration with domestic group companies, I feel we are still struggling. Moreover, maintenance services, which are an area where we had maintained a high growth rate over the past few years, have been greatly affected by COVID-19 due to restrictions on activities involving person-to-person contact. We are focusing on getting them back on a growth track as soon as possible.

In the U.S., meanwhile, a recovery trend has been seen, beginning as early as last summer. Housing demand is strong in particular, and the market remains robust even in fiscal 2021. In non-residential segments, such as warehousing, the recovery is not yet as good as in the housing sector, but we are expecting recovery driven by housing demand. However, we are not optimistic because of risks and instability factors, including interest rate fluctuations. Furthermore, the introduction of the new enterprise resource planning (ERP) system, which was temporarily delayed due to the impact of the pandemic, was resumed in stages from 2021 and is currently proceeding smoothly.

Initially, Europe was the region where demand had most markedly slumped. European countries imposed more stringent infection control restrictions than most other regions, which led to a delay in the integration of operations with Robust AB, which we acquired in fiscal 2019. Gladly, with the easing of restrictions, the markets in Europe are beginning to recover, although slowly.

In the Asian region, even though the impact of COVID-19 was limited in fiscal 2020, we see a delay in establishing our business foundation. Because the Asian business is a major pillar of our future global strategy, we will actively invest various management resources and strive for sound business expansion. The Group, as a whole, needs to address the issue of steel prices, which are soaring worldwide, as a top priority. In addition to the main materials such as steel and aluminum, others such as urethane materials and electronic components, as well as logistics costs, need to be adequately addressed.

Toward the next Long-Term Vision and Mid-Term Management Plan

In the fiscal year under review, we prioritized our response to the COVID-19 pandemic at all our operations globally. And accordingly, we decided to postpone the announcement of our Long-Term Vision and Mid-Term Management Plan by one year in order to complete the strategies and measures that could not be executed. Some strategies could have been implemented, and others could not under the unprecedented circumstances, so based on these, we would like to start anew from fiscal 2022, and we are currently engaged in concrete discussions in that respect.

Additionally, we revised our ESG Materiality Initiatives ahead of formulating our next Long-Term Vision. Our previous set of ESG Materiality Initiatives was focused on responding comprehensively to the demands of society, but under our revised initiatives, we have clarified the fields where we want to direct our attention and renewed the details to focus on those areas. On the issue of climate change, which we regard as especially important, we announced a CO₂ emissions reduction target to be achieved by 2030, and we are also proceeding with the formulation of other KPIs to be announced at the same time as the next Mid-Term Management Plan.

From the perspective of adapting to and mitigating climate change risks, we will strive to expand our offerings of products that minimize damage from

typhoons and floods, which are growing in intensity, as well as products featuring improved energy efficiency and reduced environmental impact. In this way, as a goal unique to our company, we want to make a commitment to supply products that help mitigate climate change risks and pursue it as a core business.

In our corporate governance efforts, we set up a voluntary Nomination & Compensation Committee this year to further improve management transparency. We will evolve the remuneration for directors into a form that meets the requirements of the times, such as by changing the stock options-based compensation part to a stock-based compensation scheme with transfer restrictions. In addition, we will look into the diversity of the Board of Directors and continue to work on initiatives to flexibly respond to long-term evolution and change.

ESG Materiality Initiatives

P.36-53

Message to our stakeholders

First of all, I am truly grateful to all of our employees for their hard work in the unprecedented situation brought by the COVID-19 pandemic. However, we are not in a situation where we can let our guard down. We need to tighten our resolve and get through it together. We would also like to express our gratitude again to our installers and design/manufacturing partner companies, and we look forward to continuing to deepen our cooperation with them.

We are committed to the principle of "two kinds of reliability, one Sanwa." To leave a solid track record and build social credibility, we must be "one Sanwa." Together with our customers, employees, installers, business partners, shareholders/investors, and local communities, we will aim to create a sustainable society by continuing to contribute to society and increasing corporate value through our core businesses. I ask you all to please watch for further developments from the Sanwa Group.



Sanwa Value Creation Model

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

Social Issues

- Climate change
- Depletion of energy and resources
- Increasingly frequent natural disasters
- Widening disparities
- Due consideration to human rights
- Decreasing workforce
- Declining birthrate and aging population
- Changes in work styles
- Progressing urbanization
- Advances in the AI and IoT society
- Diversification of needs
- Increasing complexity of supply chains

Input

Natural Capital

Reduction in energy consumption

- Energy consumption (crude oil equivalent) (Sanwa Shutter): **8,865 kl**

- Amount of water intake (Sanwa Shutter factories): **87,650 m³**

Social and Relationship Capital

Strengthening engagement with stakeholders

- Sales network in Japan: **Approximately 500 locations (divisions)**
- 24-hour repair request receiving service (FTS)
- Number of installers (Japan): **Approximately 3,900**
- "Ribbon Distributors" in North America: **Approximately 400 companies**

Human Capital

Human resource development, which is the source of value creation, and improvement of the work environment

- Number of employees (consolidated): **11,540**
(Percentage of overseas employees: 64%)
- Number of employees who have received training: **3,424**
(Sanwa Shutter)

Technology /Manufactured Capital

Uniform supply chain from development to maintenance and service

- Number of production bases: **63** (43 overseas bases)
- Capital expenditures: **¥8.77 billion** (¥5.00 billion overseas capital expenditures)

Intellectual Capital

Know-how in access systems field that realizes multi-product types

Implementation of PDCA that has been firmly established, from management to rank-and-file employees

- R&D expenditures: **¥4.6 billion**

Financial Capital

Financial strategies focused on ROE and SVA to achieve sustainable growth

- Free cash flow: **¥39.0 billion**

Sanwa Business



Strength 1



Multi-Product Sales Strategy

A wide-ranging product lineup to solve various social issues in response to the changing times

FY2020 Non-shutter sales ratio (domestic consolidated)

79.6%

Strength 2



Globalization

Expanding our global presence ahead of domestic competitors

FY2020 Overseas sales ratio

45.9%

ESG Issues (Materiality) -Contribute to Sustainable, resilient communities-



Manufacturing

Solve Social Issues Through Our Business



Environment

Achieve Environmental Sustainability



Management Foundation

Targets

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

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

Customers

Employees

Installers

Business partners

Shareholders/investors

Local communities

Output

Activities

Maintenance and service

Strength

3

Service

Seamless customer support, including maintenance and service

FY2020 Service business sales ratio

13.2%

14

P.42-43

5

8

10

People

Create a Pleasant and Rewarding Work Environment

Mid-Term Management Plan

P.16-19

Core Business

1
Expand and strengthen business areas in core businesses

Growing Business

2
Strengthen service segments and expand business model

3
Enhance operation bases of Asia business

Reinforcing Business Foundation

4
Reform work styles and improve productivity

5
Promote ESG

FY2020	
Net sales	¥427.1 billion
Operating income	¥33.1 billion
Operating income ratio	7.7%
SVA	¥13.6 billion
ROE	12.4%

A large market share in the major regions of Japan, North America and Europe and a multi-product lineup

	<p style="text-align: center;">Shutters</p> <p style="text-align: center;">Japan: No.1 North America: No.1</p>
	<p style="text-align: center;">Garage doors</p> <p style="text-align: center;">Japan: No.1 North America: No.2 Europe: No.2</p>
	<p style="text-align: center;">Industrial sectional doors</p> <p style="text-align: center;">Japan: No.1 North America: No.1 Europe: No.2</p>
	<p style="text-align: center;">Steel doors</p> <p style="text-align: center;">Japan: No.1 Europe: No.2</p>

Overseas sales / ratio	196.0 billion	45.9%
Service business net sales / ratio	56.5 billion	13.2%
Climate change-response products net sales / ratio	79.8 billion	18.7%
Disaster prevention products net sales / ratio	90.4 billion	21.2%
CO ₂ emissions (Japan)	27,009 t-CO ₂	

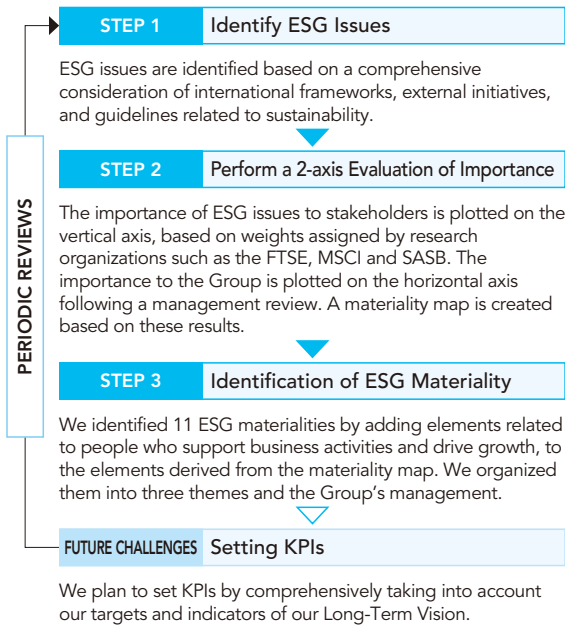
ESG Materiality

The Group identified 20 ESG materialities in 2019 as issues important to stakeholders and which have a significant management impact on the Group. Since then, amid the growing importance of sustainability worldwide, we conducted a review and re-identified 11 ESG materialities in fiscal 2021, in order to further implement initiatives that will lead to the resolution of social issues through our business activities and the enhancement of corporate value by meeting the expectations of stakeholders.

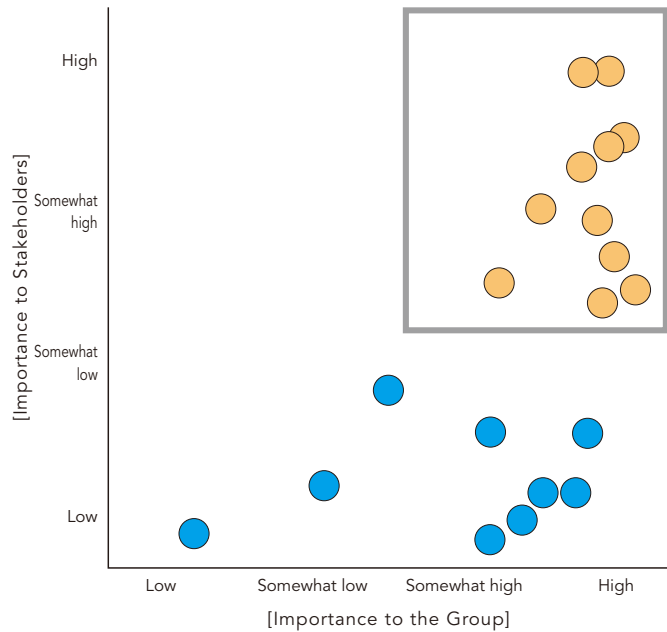
ESG Materiality

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

Identification Process

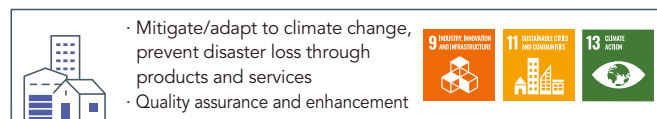


Materiality Map



ESG Materiality

Contribute to Sustainable, resilient communities



Manufacturing -Solve Social Issues Through Our Business-

Management Foundation



- Corporate Governance
- Compliance



Environment

-Achieve Environmental Sustainability-



People

-Create a Pleasant and Rewarding Work Environment-



ESG Materiality and Provided Value

Themes	ESG materiality	Social value to be provided	SDGs to which we can contribute	Pages for reference
 Manufacturing Solve Social Issues Through Our Business	Mitigate/adapt to climate change, prevent disaster loss through products and services	<ul style="list-style-type: none"> Solving social issues such as climate change and disasters through the Group's products, technologies, and services Realizing a resilient society where people can live with peace of mind 	 	38-39
	Quality assurance and enhancement	<ul style="list-style-type: none"> Fulfilling our responsibilities to customers and society as a manufacturer Ensuring security as a form of societal infrastructure through high-quality and stable access systems 		36-37
 Environment Achieve Environmental Sustainability	Initiatives for a decarbonized society	<ul style="list-style-type: none"> Realizing a sustainable global environment through the reduction of environmental impact and the use of renewable energy Reduction target of CO₂ emissions by 2030: 30% 		40-41
	Water resources conservation	<ul style="list-style-type: none"> Realizing a sustainable global environment through effective use and conservation of water resources 		41
	Waste Reduction	<ul style="list-style-type: none"> Realizing a sustainable global environment through effective use of resources, promotion of recycling and reduction of waste 		40
 People Create a pleasant and rewarding work environment	Respect for human rights	<ul style="list-style-type: none"> Creating healthy and sustainable employment opportunities through respect for human rights Maintaining and improving reputation by preventing human rights violations 		42
	Human resource development	<ul style="list-style-type: none"> Stable and continuous supply of products and services Creation of innovation by securing and developing talented human resources 		43
	Promotion of diversity	<ul style="list-style-type: none"> Creating employment for diverse human resources Generating innovation through diverse human resources 	 	42
	Health and safety	<ul style="list-style-type: none"> Creating healthy and sustainable employment opportunities by ensuring safe and comfortable workplaces 		43
 Management Foundation	Corporate governance	<ul style="list-style-type: none"> Building a sustainable value creation process by ensuring management transparency Fulfilling accountability to shareholders and investors 	 	44-48
	Compliance	<ul style="list-style-type: none"> Preventing risks of damage to corporate value Business continuity and maintenance and enhancement of corporate value 		49

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

Major risks

Major risks are categorized into "1. Financial risks" and "2. Risks associated with ESG materiality." The risks and opportunities for each and their countermeasures are described below.

1. Financial risks

Financial risks are described in detail below in "[Business Risks] 1. Financial Risks" in the Annual Securities Report.

[Business Risks] in the Annual Securities Report (Japanese only)



https://www.sanwa-hldgs.co.jp/ir/library/financial_report.html





Financial risks	Events related to financial risks
Economic trend risks	Deterioration in business performance in line with economic recession
Foreign exchange and interest rate fluctuation risks	Deterioration in business performance due to yen conversion of overseas subsidiaries' business performance and interest rate fluctuations
Geopolitical risks	Outbreak of terrorism, riots, wars, conflicts, etc.
Price fluctuation risks of raw materials	Deterioration in business performance due to soaring raw material prices
Procurement risks	Insufficient procurement of major parts and materials due to changes in the situation of suppliers
Accounting estimate risks	Losses due to unexpected events beyond the scope of accounting estimates
Risks of seasonal fluctuations in business performance	Inadequacies associated with a heavy emphasis on the second half of the year, such as personnel allocation and capital investments
Acquisition and other investment risks	Occurrence of unforeseen events in the investee companies after acquisitions
Risks of bankruptcy of business partners	Unexpected bankruptcy of business partners
Funding procurement risks	Credit rating downgrades or depletion of funds due to financial crises or deterioration in business performance
Tax-related risks	Cost increases in line with tax system revisions
Legal and regulatory risks	Risks associated with the enactment and revision of laws and government ordinances, and risks associated with penalties, etc.

The Sanwa Group is engaged in initiatives to express its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

TCFD recommends the disclosure of governance, strategy, risk management, and metrics and targets for climate change-related risks and opportunities therefore, the Group is also promoting initiatives in which align with the TCFD recommendations.

- **Governance:** Disclose the organization's governance of climate-related risks and opportunities.
 - ➡ Established the Sustainability Committee to formulate policies for addressing climate change
- **Strategy:** Disclose the organization's strategy and impact of climate-related risks and opportunities.
 - ➡ Conducted analysis of two scenarios, 2°C and 4°C, and calculated the business impact of each
- **Risk management:** Disclose the assessment and management of climate-related risks
 - ➡ Established a system for reporting recommendations from the Sustainability Committee to the Board of Directors
- **Metrics and targets:** Disclose the status of KPIs or target management in response to climate change
 - ➡ Metrics: Sanwa Shutter Corporation's CO₂ emissions for Scope 1 + Scope 2
Target: 30% reduction by FY2030 (compared to FY2020)
We will also set targets (for the medium term) for net sales of products that contribute to addressing climate change risks with regard to mitigation and adaptation measures.

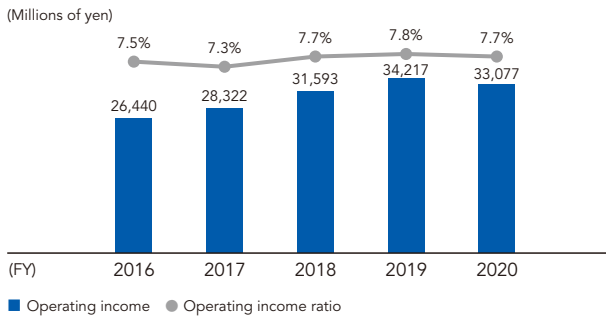
2. Risks associated with ESG materiality

ESG themes	Materiality	Risk category	Major risks and opportunities	Measures
 Manufacturing	Mitigate/adapt to climate change, prevent disaster loss through products and services	Major disaster risks	<ul style="list-style-type: none"> Impact on our supply systems and our suppliers' business due to damage caused by major disasters such as large-scale typhoons, localized torrential rains, and major earthquakes Opportunities Expand profit opportunities by supplying climate change-response (adaptation) products and disaster prevention products (products that are fireproof, smokeproof, etc.) 	<ul style="list-style-type: none"> Develop and supply climate change-response (adaptation) products and disaster prevention products
		Infectious-disease risks	<ul style="list-style-type: none"> Impact on business due to lost sales opportunities, and delays in or suspension of operations as a result of protracted pandemics Lost opportunities due to delays in responding to customer needs Opportunities Expand profit opportunities by supplying antibacterial and antiviral products, contactless products, etc. 	<ul style="list-style-type: none"> Implement initiatives to respond to customer needs Develop a crisis management manual and strengthen infection prevention measures
	Quality assurance and enhancement	R&D risks	<ul style="list-style-type: none"> Loss of competitiveness due to delays in developing advanced technologies or application to products/services, or insufficient product improvement Opportunities Capture growth opportunities through development of revolutionary technologies 	<ul style="list-style-type: none"> Perform information gathering regarding customer needs and strengthen capabilities in advanced technologies and development
		Quality risks	<ul style="list-style-type: none"> Impact on business due to a decline in supply capability in line with the aging of production facilities Impact on business due to late deliveries Loss of reliability due to recalls, product defects, etc. Loss of reliability due to accidents involving products or their installation Opportunities Product differentiation through superior quality 	<ul style="list-style-type: none"> Continuously upgrade production facilities Prompt delivery through integration of production and logistics systems Thorough product quality control Expand the range of easy to install products/processes Passing down installation technology
 Environment	Initiatives for a decarbonized society Water resources conservation Waste reduction	Environmental risks	<ul style="list-style-type: none"> Risk of tightening of environment-related laws and regulations 	<ul style="list-style-type: none"> Have individual factories and offices work to ensure environmental protection in line with the Sanwa Group Environmental Policy
		Climate change risks	<ul style="list-style-type: none"> Climate-change risks such as carbon-tax burden, regulations on greenhouse gas emissions, and increases in compliance costs Risk of deterioration in quality at installation sites, lower work efficiency, and increase in occupational accidents resulting from global warming. Opportunities Achieve growth by expanding our lineup of eco-friendly products 	<ul style="list-style-type: none"> Consider and implement countermeasures for climate-change risk at the CSR Promotion Council Set CO₂-reduction targets and implement initiatives for their achievement Initiatives to express endorsement of the TCFD recommendations Develop and supply climate change-response (adaptation) products
 People	Respect for human rights Human resource development Promotion of diversity Health and safety	Safety and inspection risks	<ul style="list-style-type: none"> Impact on business due to a decline in supply capability in line with a decrease in the number of manufacturing personnel and a decline in manufacturing technology level Impact on business due to a decrease in the number of installers and installer aging Impact on business due to inadequate maintenance inspections Opportunities Expand service business in response to inspection legislation 	<ul style="list-style-type: none"> Recommend inspection proposals in response to age-related deterioration Expand recruitment of installers and enhance installation training Increase the number of service personnel and provide education to improve their abilities
		Human resources risk	<ul style="list-style-type: none"> Risk of being unable to steadily secure or retain high added-value talent Risk of being unable to steadily secure installers or address problems associated with aging Opportunities Capture long-term growth opportunities by expanding the Professional Human Resources Training Plan 	<ul style="list-style-type: none"> Continuously generate innovation through the hiring of high-value-added talent and improve our ability to respond to diversifying customer needs Expand the Professional Human Resources Training Plan Expand systems for developing and training installers
 Management Foundation	Corporate governance Compliance	Compliance risks	<ul style="list-style-type: none"> Loss of trust as a result of fraud, scandals, legal violations, etc. Loss of trust as a result of false financial statements or window-dressing Loss of trust due to personnel- or labor-related problems 	<ul style="list-style-type: none"> Foster a corporate climate based on our Compliance Code of Conduct Conduct compliance trainings Eradicate false accounting and false order booking through thorough internal audits Deployment of a working-hours management system Expand the paid vacation acquisition program
		Information security risks	<ul style="list-style-type: none"> Impact of information leaks, system failures due to infections with computer viruses, cyberattacks, etc., or data loss 	<ul style="list-style-type: none"> Address cybersecurity risks under the Sanwa Group Information Management System based on our Information Security Policy
		Business continuity risks	<ul style="list-style-type: none"> Impact on the Group's supply systems and our suppliers' business due to damage caused by a large-scale disaster 	<ul style="list-style-type: none"> Ensure business continuity by formulating a BCP

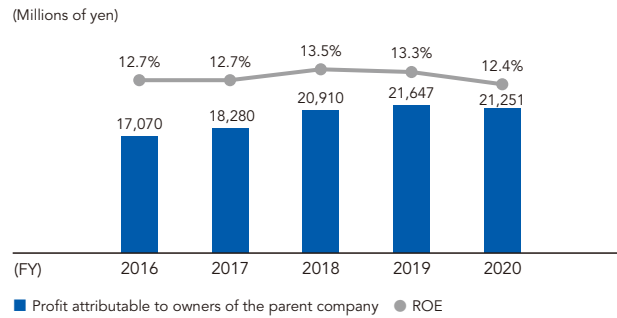
Financial & Non-Financial Highlights

Financial Indicators

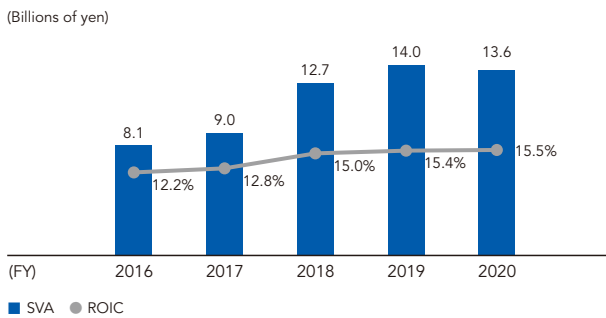
Operating Income / Operating Income Ratio



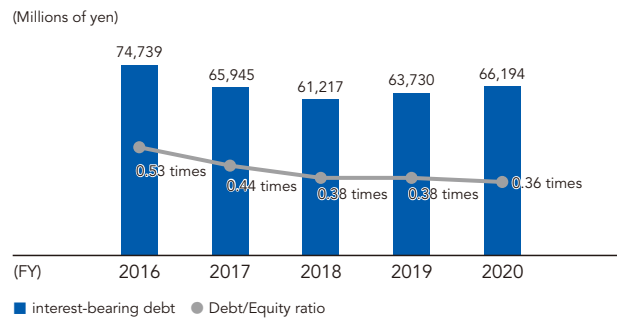
Profit Attributable to Owners of the Parent Company / ROE



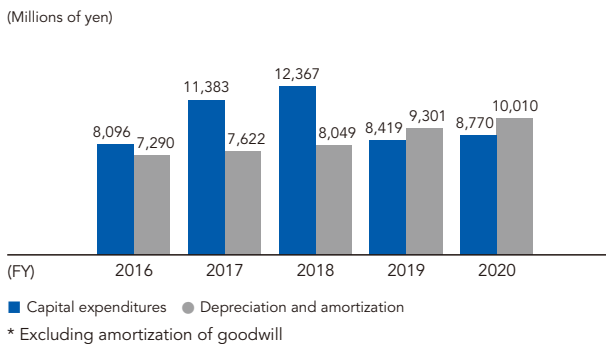
Sanwa Value Added (SVA) / Return on Invested Capital (ROIC)



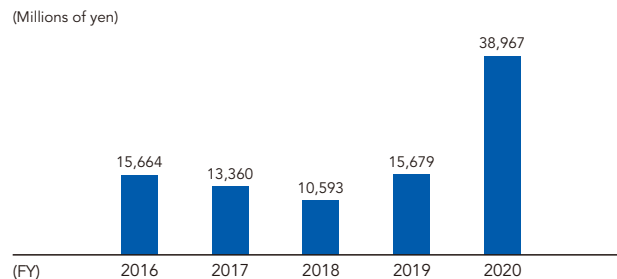
Interest-Bearing Debt / Debt / Equity Ratio



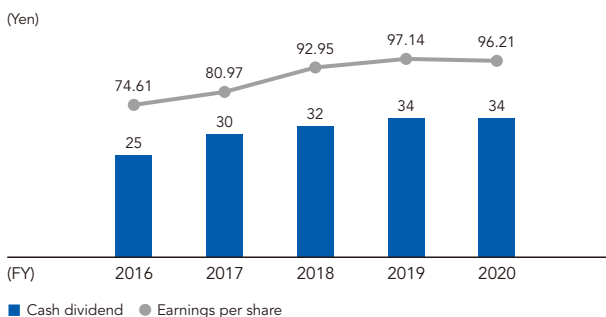
Capital Expenditures / Depreciation and Amortization*



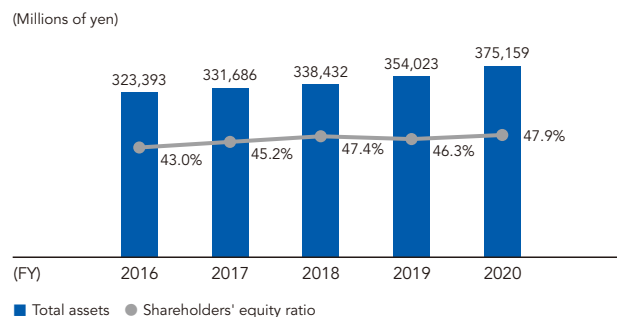
Free Cash Flow



Cash Dividend per Share / Earnings per Share



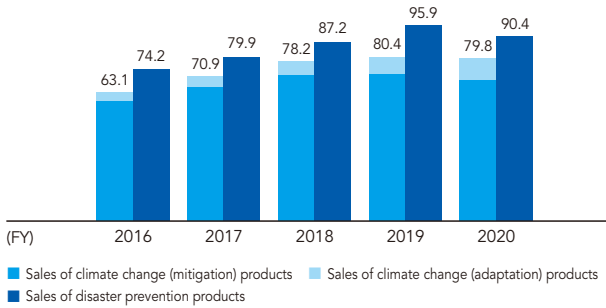
Total Assets / Shareholders' Equity Ratio



Non-Financial Highlights

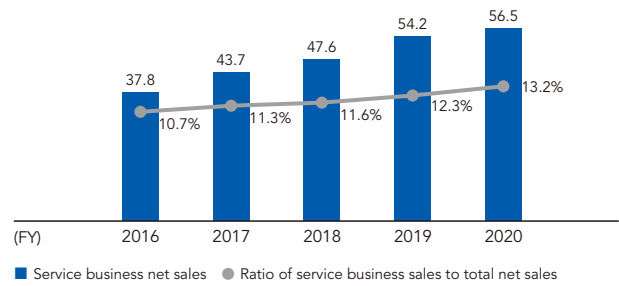
Sales of Climate Change Targeted (Mitigation, Adaptation) Products / Sales of Disaster Prevention Products (Consolidated)

(Billions of yen)

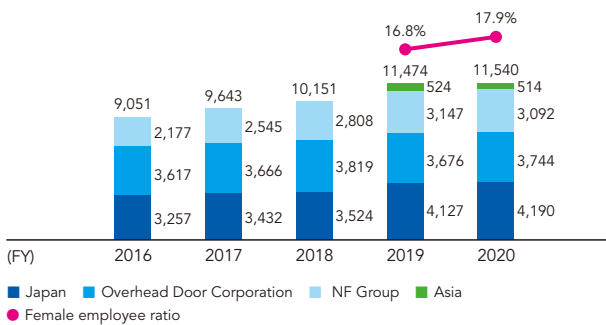


Service Business Net Sales / Ratio of Service Business Sales to Total Net Sales (Consolidated)

(Billions of yen)

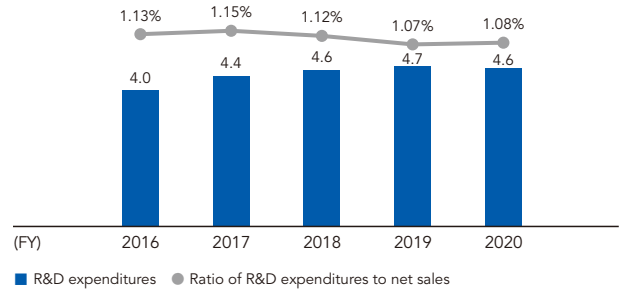


Number of Employees / Female Employee Ratio (Consolidated)

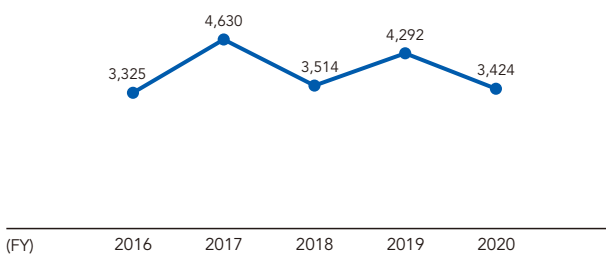


R&D Expenditures / Ratio of R&D Expenditures to Net Sales (Consolidated)

(Billions of yen)

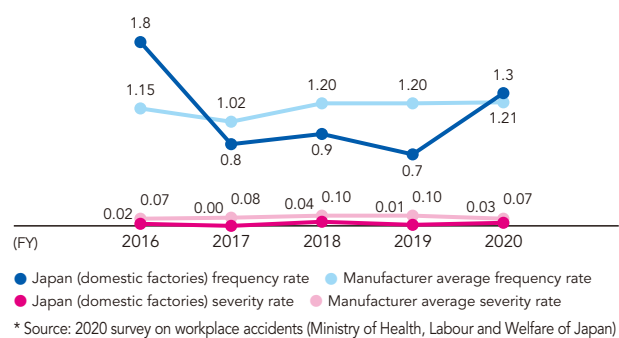


Number of Employees Who Have Received Training (Sanwa Shutter)



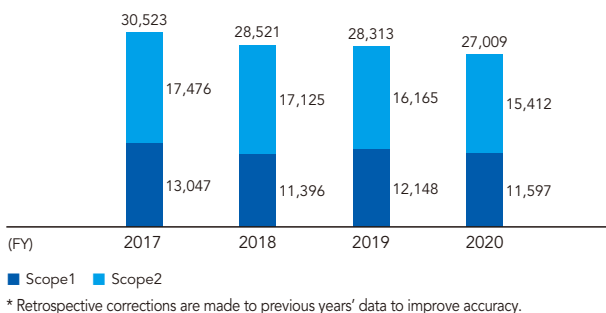
Lost-Time Injuries Frequency Rate / Severity Rate (Domestic Group Factories)

(%)



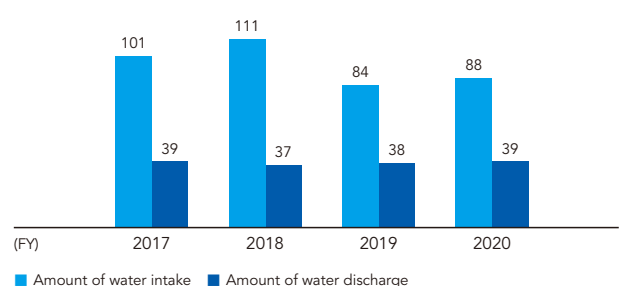
CO₂ Emissions (Domestic Group Companies)

(t-CO₂)



Amount of Water Intake / Discharge (Sanwa Shutter Factories)

(Thousand m³)



Reflections on Sanwa Global Vision 2020

- The Third Mid-Term Management Plan has been extended by one year to FY2021 -

Although results of fiscal 2020 fell short of the record highs of fiscal 2019 due to the impact of COVID-19, forecasts were achieved through strategies and measures in each area.

Three years to establish a basis for becoming a major global player

Three years to strengthen our competitiveness as a major global player

	First Three-Year Plan (FY2013-FY2015)		Second Three-Year Plan (FY2016-FY2018)	
	FY2015 Targets	FY2015 Actual	FY2018 Targets	FY2018 Actual
Net Sales	¥325.0 billion	¥365.6 billion	¥410.0 billion	¥410.0 billion
Operating Income	¥23.00 billion	¥26.87 billion	¥37.00 billion	¥31.59 billion
Operating Income Ratio	7.1%	7.3%	9.0%	7.7%
ROE	11.7%	11.4%	15.0%	13.5%
D/E Ratio	0.61 times	0.54 times	0.40 times	0.38 times
SVA	¥5.0 billion	¥8.2 billion	¥12.8 billion	¥12.7 billion
Reflections	<ul style="list-style-type: none"> The domestic business drove performance, and the targets for the First Three-Year Plan were met one year ahead of schedule. Sanwa Shutter Corporation achieved an operating income ratio of 10%. 		<ul style="list-style-type: none"> While the European and U.S. businesses recovered, domestic business stagnated, and the Second Three-Year Plan targets were not met. Profitability increased on the back of "NF3.0" of the European business. 	
Tasks	<ul style="list-style-type: none"> Promote the multi-product sales strategy in the domestic business Deploy new ERP and implement a downstream strategy at ODC Boost profitability by restructuring NF Group Get the Asia business into the black 		<ul style="list-style-type: none"> Increase the production, logistics, and installation capabilities of the domestic business Pass on sale prices and manage costs in the domestic business Deploy new ERP and promote multi-product sales at ODC Have ODC expand into adjacent fields Establish the foundation for the Asia business 	

Three years to establish the foundation for becoming the top brand as a major global player

The Sanwa Group started working on its Long-Term Vision, "Sanwa Global Vision 2020," in fiscal 2013. We have been implementing the Third Mid-Term Management Plan (fiscal 2019 to fiscal 2020) to establish the foundation for becoming the top brand as a major global player. However, in light of the impact of COVID-19 in fiscal 2020, we have extended the Third Mid-Term Management Plan by one year to fiscal 2021, taking into account the execution of appropriate responses.

The outline of the Sanwa Global Vision 2020 and its goals remain as follows.

Sanwa Global Vision 2020

To offer products and services that provide safety, security and convenience to customers worldwide as a major global player in the access systems industry

Targets

1. Become definite No. 1 brand in Japan, the U.S. and Europe
2. Establish a business model for service business
3. Expand shutter & door business in emerging markets, spotlighting Asia, and make them grow to be top brands
4. Promote realization of Group synergy in global markets

Third Mid-Term Management Plan

(FY2019-FY2021)

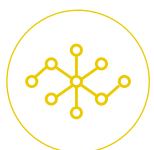
FY2019 Actual	FY2020 Actual	FY2021 Forecast
¥440.2 billion	¥427.1 billion	¥450.0 billion
¥34.20 billion	¥33.10 billion	¥34.00 billion
7.8%	7.7%	7.6%
13.3%	12.4%	12.0%
0.38 times	0.36 times	0.30 times
¥14.0 billion	¥13.6 billion	¥14.5 billion

- The domestic business was the driver in fiscal 2019, and achieved its best performance figures ever.
- Sanwa Shutter Corporation recovered an operating income ratio of 10%.
- In fiscal 2021, profits are expected to fall short of the initial medium-term target, even though sales are expected to reach the target due to a recovery from the impact of the COVID-19 pandemic.

- Respond to the coronavirus crisis in each area
- Promote digitalization
- Strengthen the service business as a Group
- Establish the foundation for the Asia business
- Deploy new ERP
- Promote ESG

Strengths of the Sanwa Group and Progress of the Mid-Term Management Plan

The Sanwa Group has been expanding its business as an access systems company with our three strengths: multi-product sales strategy, globalization, and service. In addition, we will continue to enhance our corporate value based on our ESG materiality, which combines social demands with our strengths.



Multi-product sales strategy

The Sanwa Group's multi-product sales strategy began with its entry into the door business in the late 1960s. Focusing on fields where we could apply the know-how we cultivated in the shutter business, existing production facilities and sales and installation networks, we have launched a wide variety of products as a company offering various access systems.



Globalization

In 1974, we entered into a technical tie-up with Overhead Door Corporation (North America; ODC), and have since expanded our business globally to Japan, the U.S., Europe, and Asia. We will continue to enhance our presence in each country, aspiring to be a major global player in the access systems industry.



Service

The Sanwa Group supports its customers at every stage, from product development through sales, design, procurement, manufacturing, installation, maintenance and service. We bring safety, security, and convenience to our end users with our high level of expertise.



ESG materiality

We are committed not only to our own growth, but also to addressing social issues. We have set priorities we must address in particular, and we will contribute to achieve a sustainable society through our unique strengths.

Third Mid-Term Management Plan

(FY2019-FY2021)

Core Business

Basic Strategies 1

Expand and strengthen business areas in core businesses in Japan, the U.S., and Europe

Growing Business

Basic Strategies 2

Strengthen service segments and expand business model

Basic Strategies 3

Enhance operation bases of Asia business

Reinforcing business base

Basic Strategies 4

Reform work styles and improve productivity

Basic Strategies 5

Promote ESG to develop a corporate structure that is more trusted by society



Three years to establish the foundation for becoming the top brand as a major global player

• Japan

Grow as an access system company by establishing our position in each business field

Ensure the Profitability of Shutters and Doors

- Pass on costs of materials and installation work to selling prices, increase orders and strengthen sales organization

Strengthen Multi-product Sales Strategy

- Strengthen multi-product sales through Group cooperation
⇒ Partitions, stainless steel and aluminum facades

Respond to Climate Change Needs

- ⇒ Expand climate change-response (mitigation, adaptation) products, flood prevention products

[See pages 28-29 for details.](#)

• North America

Maintain and expand core business segments while entering adjacent business fields

Door Business

- Step up residential retrofitting and add new commercial door products, such as wind-resistant products and high-speed doors

Door Opener Business

- Maintain share in the residential market

Automatic Doors Business

- Expand business domains through the acquisition of Won-Door

[See pages 30-31 for details.](#)

• Europe

Strengthen the industrial segment and promote digitalization

Hinge Door Business

- Promote the integration plan of Robust AB

Garage Door Business

- Expand Wi-Fi-enabled products that support home automation

Industrial Business

- Strengthen supply by expanding production

Digitalization

- Expand digitalization tools with a focus on Germany

[See pages 32-33 for details.](#)

Service businesses

Provide service businesses that meet the needs of customers in each service business region

Cultivate new customers and expand our business model

Asia Business

Strengthen integrated management of Group companies and expand consolidated businesses

• Japan

- Strengthen orders received for statutory inspections
- Respond to demand for post-disaster restoration work
- Establish a business model for proposals for age-deterioration and periodic inspection contracts

• North America

- Diversify products to expand services and installation

• Europe

- Enhance the service business
- Introduce field service systems

- **China:** Restructure business and establish new plants in the Shanghai area

- **Hong Kong:** Create synergies between Sanwa Shutter (HK) and Suzuki Shutter (HK) and expand their businesses

- **Taiwan:** Smoothly introduce new equipment and develop future growth strategies

- **Vietnam:** Restructure Vina-Sanwa business operations

[See page 34 for details.](#)

Work Styles that Match the Times

Improve productivity through work-style reforms and enable flexible work styles to adapt to the new normal

Improve Productivity, Enhance Logistics System, and Strengthen Installation Capabilities

- Introduce logistics management system and installation process management system

Promote ESG

Contribute to sustainable, resilient communities

Review ESG materialities

Set CO₂ emission reduction target for FY2030

- 30% reduction in Scope 1 + Scope 2 CO₂ emissions compared with FY2020 (Sanwa Shutter)

Set KPIs for each ESG materiality

Establishment of a voluntary Nomination & Compensation Committee

[See pages 36-49 for details.](#)



The Sanwa Group is committed to its mission of offering “products and services that provide safety, security and convenience to further contribute to the prosperity of society.” To realize this mission, we believe it is necessary to provide added value that has sustainable social significance. It has been said for a long time that sustainable growth is important for a company. This remains true today. This unchanging principle has been rooted in the Sanwa Group to present, even before it was demanded by society. Although COVID-19 has had a significant impact on the Group, we will continue to develop strategies that enhance corporate value from both financial and non-financial perspectives.

Hiroyuki Yamazaki

Director, Senior Executive Officer
Corporate Planning Unit

Overview of fiscal 2020

While we had continued to increase sales and profit since fiscal 2011, sales, profit, and other management indicators remained flat or declined in fiscal 2020 due to the impact last year of COVID-19, although we did exceed the revised forecast.

In Japan, Sanwa Shutter Corporation and other domestic subsidiaries exceeded the revised forecast in terms of profit due to the effects of cost reductions in manufacturing and logistics, despite the impact of decreased volume. In the U.S., profit fell due to changes in the product mix in some areas, although ODC was able to maintain operations during the COVID-19 pandemic, and a strong housing market in the second half of the fiscal year led to an

increase in volume. At Novoferm in Europe, results exceeded the revised forecast in terms of profit due to successful cost reductions, despite decreases in sales volume due to the impact of COVID-19.

Based on the above, SVA (Sanwa Value Added) amounted to ¥14.0 billion and ¥13.6 billion in fiscal 2019 and fiscal 2020, respectively. We forecast SVA of ¥14.5 billion for fiscal 2021. ROIC and ROE were not significantly affected, and we will continue with our efforts to increase them. For fiscal 2021, we are setting various targets with the aim of returning to the levels of fiscal 2019 and returning to a growth trajectory.

Key Figures

	FY2019 Actual	FY2020 Actual	FY2021 Forecast
SVA (Effective corporate tax rate: 33%)	¥14.0 billion	¥13.6 billion	¥14.5 billion
ROIC (WACC: 6%)	15.4 %	15.5 %	16.5 %
ROE (Cost of capital: 8%)	13.3 %	12.4 %	12.0 %
Payout Ratio	35.0 %	35.3 %	34.8 %
Free Cash Flow	¥15.6 billion	¥39.0 billion	¥7.3 billion
D/E Ratio	0.38 times	0.36 times	0.30 times
Shareholders' Equity Ratio	46.3 %	47.9 %	47.8 %

Engaging in business with an awareness of capital efficiency

As the executive in charge of the Corporate Planning Unit, I believe that one of my major roles is to balance financial strategies with the strategies of the business divisions. From the perspective of sustainability, we need to implement a well-balanced strategy over the both the short and long term, in order to achieve sustainable growth.

We have adopted SVA as a management indicator and use it as an indicator of the business performance of each Group company and as one of the decision-making indicators regarding M&As. This is because we believe that maximizing

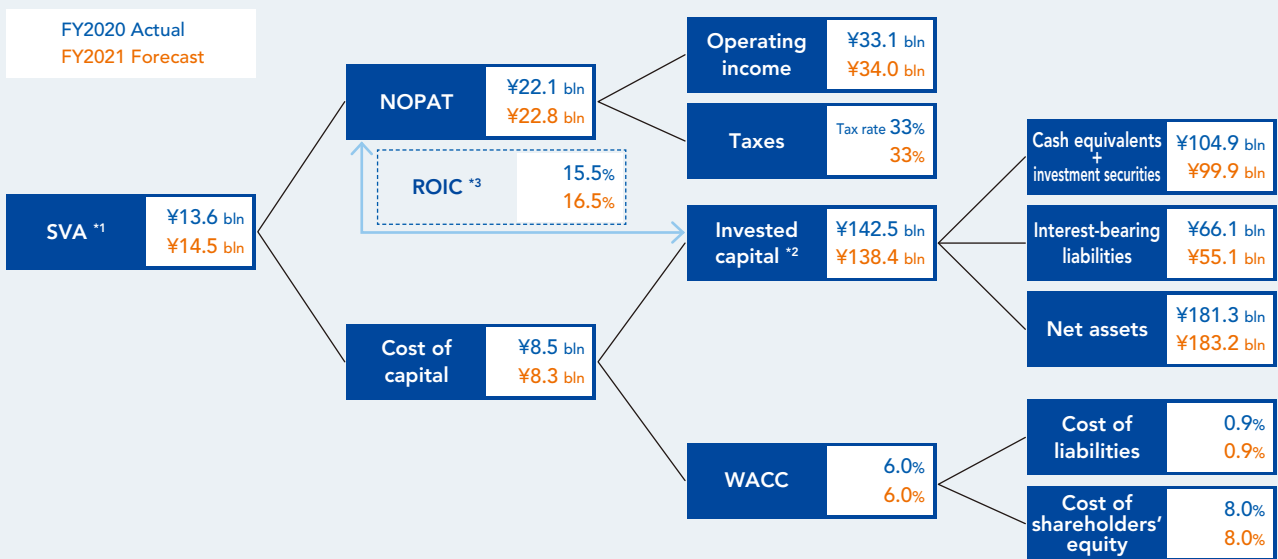
the overall balance and efficiency between risk and return and sales and costs will enable us to expand our business while also increasing our corporate value.

We recognize our cost of shareholders' equity to remain at 8.0% and our weighted average cost of capital (WACC) at 6.0%. Meanwhile, our ROE level has been maintained at 10% or higher since 2014 and our ROIC level almost on a par with last year, with a widening spread. We will continue to promote efficient and effective corporate management by accumulating shareholder value and corporate value.

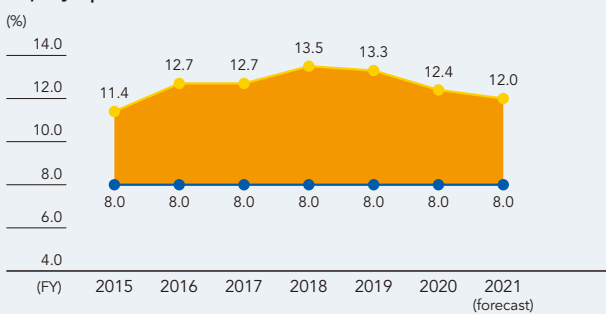
SVA

SVA has been adopted as our unique indicator of added value since 2001, with the goal of conducting business operations with an awareness of the expected returns of shareholders and creditors.

Figures are consolidated



Equity spread *4



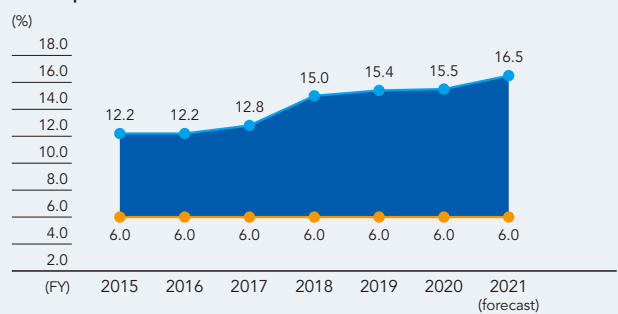
● Cost of shareholders' equity ■ Equity spread ● Return on equity (ROE)

*1 SVA: NOPAT (net operating profit after tax) – invested capital × WACC (weighted average cost of capital: 6%)

*2 Invested capital = working capital + noncurrent capital = shareholders' equity + interest-bearing liabilities – (cash equivalents + investment securities)
ROIC: Net operating profit after tax (NOPAT) ÷ invested capital × 100

*3 Invested capital used for ROIC is calculated excluding cash and cash equivalents as well as investments in securities.

SVA spread *5



● WACC ■ SVA spread ● Return on invested capital (ROIC)

*4 Equity spread = ROE - cost of equity

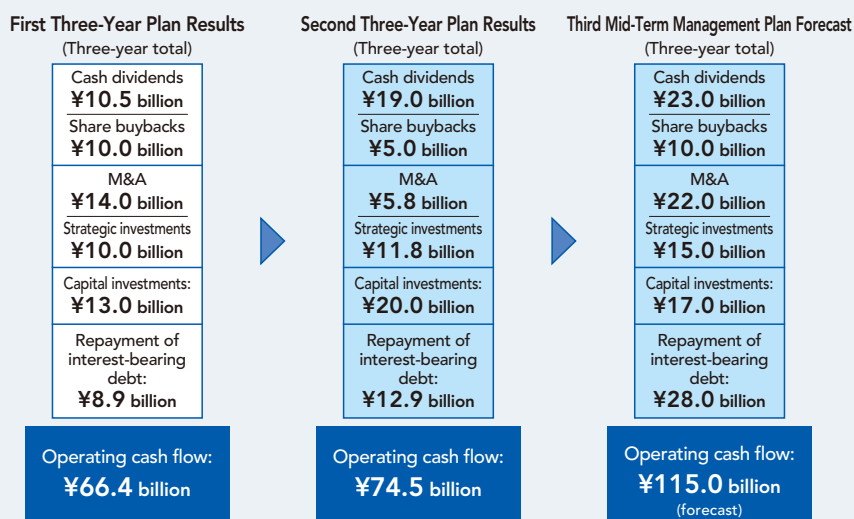
*5 SVA spread = ROIC - WACC

Cash flow and management strategy

The Company will strive to optimize and expand its business by effectively allocating free cash flow and utilizing it for growth investment in equipment efficiency and digitalization and for funding M&As. In fiscal 2020, we invested approximately ¥19.0 billion against our initial target of ¥30.0 billion over the two-year period of the Third Mid-Term Management Plan. This is less than, but not far off, our target amount, due to the acquisition of Won-Door Corp. in the U.S., which was carried out in April 2021. In fiscal 2021, we plan to invest approximately ¥15.0 billion in capital investments,

including strategic investments.

Another option is to pay off our debt as we build up our assets. However, that would slow our growth rate, and we would be left behind in today's fast-changing market. It is also said that conducting M&A is to buy time. Given our currently high market share, we are not considering any acquisitions of core products in Japan or the U.S. However, we will continue to allocate assets and funds efficiently and aggressively for investments in order to achieve sustainable growth.



[Strategic investment policy]

Make capital investments with a focus on growth areas where we are conducting our multi-product sales strategy and synergy is expected

[FY2019 and FY2020 Results]

Strategic investments of approximately ¥19.0 billion

Breakdown

M&A ¥11.0 billion

(SUZUKI SHUTTER CORPORATION and Robust AB)

Strategic capital investments ¥8.0 billion

(Japan: new CAD system, logistics management system, accounting system renewal, etc.)

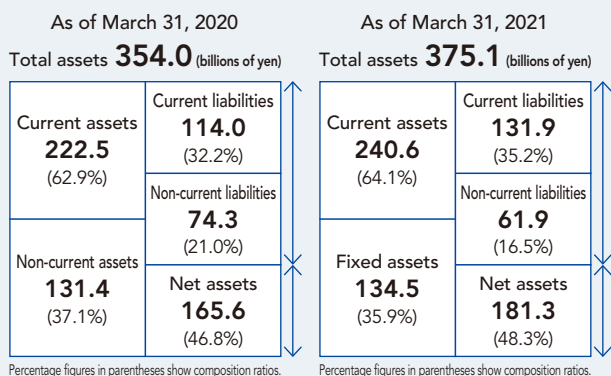
(Overseas: new ERP system, etc.)

Balance sheet goals

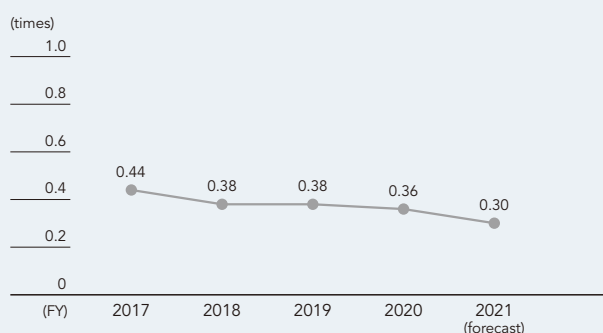
The Company has reduced its borrowings from banks by about half over the past few years. These are not simply matters of capital cost but rather of overall balance. We also took into consideration factors such as our business transaction relationships, timing of capital needs, and bond issuance when we carried out the reductions.

Based on these factors, our ROE and ROIC for this fiscal year amounted to 12.4% and 15.5%, respectively. Although

there was some feedback advising that we should increase borrowings, reduce equity, increase dividends, and execute share buybacks to further increase ROE, we cannot run our management based on theoretical numbers. Our D/E ratio is about 0.3, and our shareholders' equity ratio is in the 40% range. We believe we have currently achieved a good balance from the perspective of our asset composition and soundness.



D/E ratio





Shareholder returns

In order to further promote management aimed at increasing corporate value while also 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, targeting a payout ratio of 35%.

For fiscal 2020, we paid an annual dividend of ¥34 per share (¥17 per share for both the interim and year-end dividends), which was the same amount as in the previous

Dividends

• FY2020

Annual dividend of ¥34 per share (interim dividend of ¥17 per share and year-end dividend of ¥17 per share) *Note: Payout ratio target of 35%

• FY2021 (forecast)

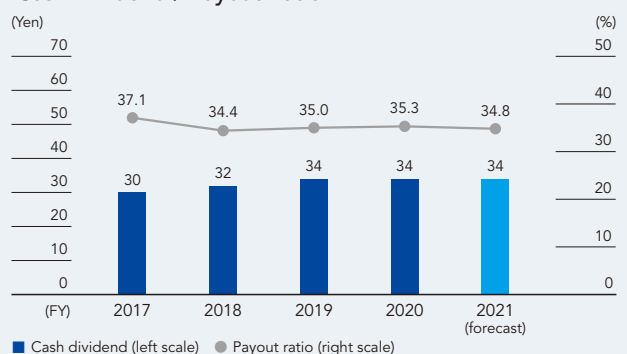
Forecast an annual dividend of ¥34 per share, the same amount as in FY2020

Share buybacks

- Share buybacks are carried out flexibly while considering investments for growth and funds on hand

year. For fiscal 2021, our forecast is to pay an annual dividend of ¥34 per share (¥17 per share for both the interim and year-end dividends), which is the same amount as in fiscal 2020. We will consider share buybacks in a flexible manner, while considering investments for growth and funds on hand.

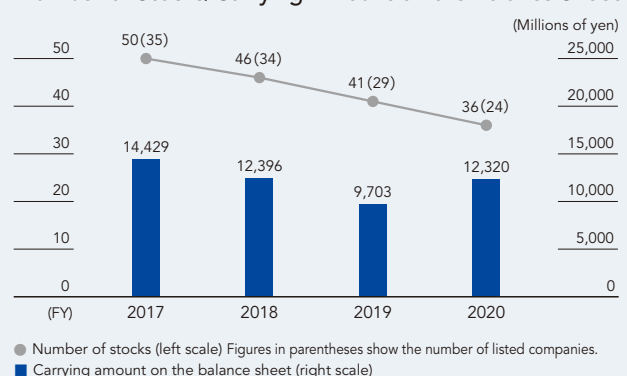
Cash Dividend / Payout Ratio



Strategic shareholdings

Currently, the Company has approximately ¥12.3 billion in strategic shareholdings. While we hold some of these shares for such reasons as business collaborations, we are gradually reducing the number of strategic shares held. The rationality of strategic shareholdings is compared and verified by the Board of Directors for the holding benefits (dividends received + business transaction benefits) and capital cost against the acquisition price (current weighted average cost of capital [WACC] = 6%) for each share. As occasion demands, the Company considers selling stocks for which there is insufficient rationale while regularly scrutinizing the benefits of all such shareholdings and determining whether they remain appropriate.

Number of Stocks/Carrying Amount on the Balance Sheet



Responding to the New Normal

The Sanwa Group will continue to take measures against the COVID-19 pandemic that has caused a serious crisis in all parts of the world, and in accordance with the Japanese government policy of promoting a "new normal (new lifestyle)," we will continue to provide "safe, secure, and convenient" products and services while preparing for the post-COVID-19 era.

POINT 1

Safety and Security

Prioritizing the safety of our employees, partner companies, customers, and business partners, and creating a work environment where employees can perform their duties with peace of mind

POINT 2

Business Continuity

Maintaining and continuing our corporate activities as an essential business for supporting the social infrastructure

POINT 3

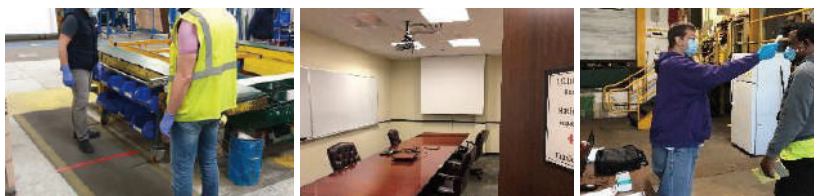
Contributing Through Our Products

Creation of new business opportunities under the new normal

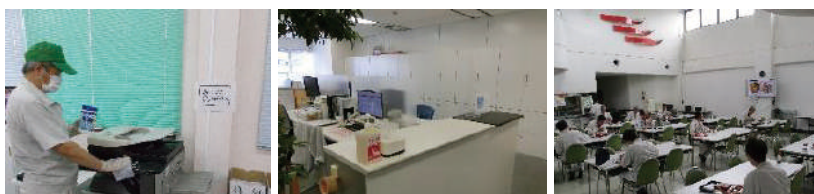
POINT 1

Safety and Security

In work places where employees are required to be physically present, such as offices and factories, we avoided the "three Cs" (closed spaces, crowded places, and close-contact settings) and implemented thorough hygienic practices. In addition, regarding desk work, we introduced mobile PCs in fiscal 2019 to promote the practice of working remotely and to improve work efficiency. As a result, nearly half of the domestic offices were able to adapt to working remotely under the state of emergency. At the same time, the video conferencing system has been upgraded to realize timely information sharing and smooth communication inside and outside the company.



Even at our overseas locations, we made efforts to ensure social distancing, limit the number of people in conference rooms, and measure employees' temperatures before work.



The common areas are regularly disinfected, plexiglass partitions were installed in the work space, and other safety measures are carried out thoroughly, such as in the employee cafeterias.

POINT 2

Business
Continuity

Amid the COVID-19 pandemic, members from around the world have continued to operate their businesses as essential businesses. Despite regional differences, people's activities remain the same. In this section, we will introduce how the staff in Europe and North America, who are working together as one, were faring at the time, as well as their feelings and thoughts while facing these events.

COMMENTS

Management, employees and social partners have worked together to overcome difficulties.

(Novoferm's) sales have grown accordingly.

When France went into lockdown in spring 2020, we immediately started teleworking and videoconferencing to ensure employee safety and an uninterrupted response to customers and suppliers. At the start of the pandemic, I received many offers from employees (by phone and email) to help and work towards a quick return to the workplace and was very encouraged.

Novoferm France has approximately 550 employees in four locations across the country.

As president, my responsibilities in the region include formulating business strategies, communicating with trade unions, and developing educational programs for employees.

In France, most people have avoided going out amid the COVID-19 pandemic, so demand for improving the home environment, such as purchasing new furniture and securing space for work, has increased. Replacing garage doors turns out to also be among such demands and our

Michel Akoum

President
Novoferm France



COMMENTS

I am delighted that we have been able to overcome obstacles and work safely as a team.

keeping down the number of team members in our office and by quickly procuring masks, gloves and other essential personal protective equipment and distributing them to employees who needed to be in the office.

We also had to rethink how we organized the work environment, implementing measures such as social distancing in places like cafeterias where people gather, and restricting the number of people who could occupy meeting rooms. The swift establishment of a remote work procedure and the cooperation of team leaders enabled us to manage employee schedules and monitor productivity.

As director of human resources at the corporate office of Overhead Door, my job is to provide personnel support to our employees in multiple departments and to manage the facility.

Since the start of the pandemic, though the majority of our employees have switched to working from home, we still had critical members of the team that needed to be in the office.

As case numbers gradually increased in some areas, we were able to reduce the risk of infection in ways such as by

Sandi Denton

Director of Human Resources
Overhead Door Corporation



Special Feature

Responding to the New Normal

POINT 3

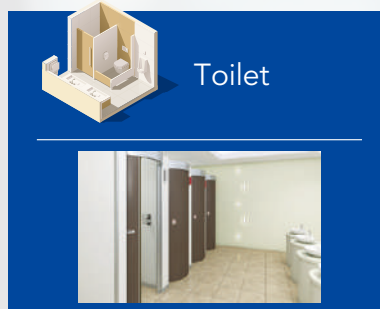
Contributing Through Our Products

Products for the New Normal

In addition to our conventional lineup of products that enable non-contact operations and products that use antibacterial and anti-virus materials, we are also pursuing development of safety measures for the prevention of the spread of infectious diseases along with products and services that support needs in the new normal.



Commercial facility/office



Toilet



Factory/warehouse

Product	Effect
<p>Automatic door</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation
<p>Hinged door/sliding door</p>	Non-contact Antibacterial Non-face-to-face Ventilation
<p>Partition</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation
<p>Awning</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation

Product	Effect
<p>Toilet booth</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation
<p>Sliding door</p>	Non-contact Antibacterial Non-face-to-face Ventilation
<p>Automatic door (entry/exit)</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation

Product	Effect
<p>High-speed sheet shutter</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation
<p>Hinged door/sliding door</p>	Non-contact Antibacterial Non-face-to-face Ventilation
<p>Partition</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation
<p>Automatic door</p>	Non-contact Antibacterial/anti-virus Non-face-to-face Ventilation

*Available as an option

PRODUCT IN FOCUS

TOILET STALL EQUIPPED WITH ELECTRIC AND ANTI-VIRUS FUNCTIONS



Sanwa Shutter Corporation has released an electric-type toilet stall featuring a non-contact door that can be operated automatically and has obtained the "SIAA antimicrobial property" certification for the product from the Society of Industrial Technology for Antimicrobial Articles.





Product	Effect				
 Automatic door	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
Non-contact	Antibacterial/anti-virus				
Non-face-to-face	Ventilation				
 Hinged door/ sliding door	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial*</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial*	Non-face-to-face	Ventilation
Non-contact	Antibacterial*				
Non-face-to-face	Ventilation				
 Partition	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
Non-contact	Antibacterial/anti-virus				
Non-face-to-face	Ventilation				
 Awning	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
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Non-face-to-face	Ventilation				

Product	Effect				
 Automatic door	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
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Non-contact	Antibacterial*				
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 Awning	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
Non-contact	Antibacterial/anti-virus				
Non-face-to-face	Ventilation				

Product	Effect				
 Automatic door	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
Non-contact	Antibacterial/anti-virus				
Non-face-to-face	Ventilation				
 Hinged door	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial*</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial*	Non-face-to-face	Ventilation
Non-contact	Antibacterial*				
Non-face-to-face	Ventilation				
 Delivery box/ mail box	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
Non-contact	Antibacterial/anti-virus				
Non-face-to-face	Ventilation				
 Window shutter	<table border="1"> <tr> <td>Non-contact</td> <td>Antibacterial/anti-virus</td> </tr> <tr> <td>Non-face-to-face</td> <td>Ventilation</td> </tr> </table>	Non-contact	Antibacterial/anti-virus	Non-face-to-face	Ventilation
Non-contact	Antibacterial/anti-virus				
Non-face-to-face	Ventilation				

PRODUCT IN FOCUS

SWINGING DOOR SYSTEMS



Overhead Door's automatic door business unit (Horton) is offering Swinging Door Systems as touchless solutions. An existing hinged door in a medical facility or school office can be equipped with an automated opening/closing mechanism to allow for non-contact operation.



Japan

Strengths

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

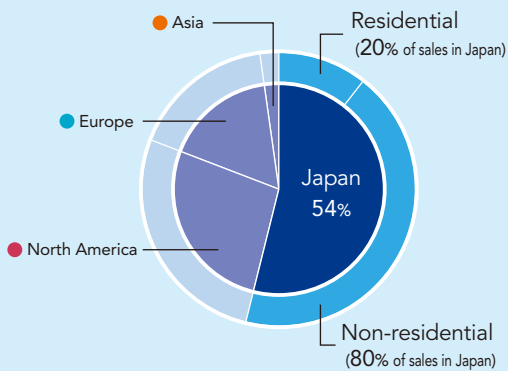
Risks

- Deterioration in earnings due to sudden price hikes for steel or other auxiliary materials
- Aging of production facilities and a decrease in the number of manufacturing personnel
- A decrease in the number of installers and installer aging
- Loss of competitiveness in advanced technology development or services

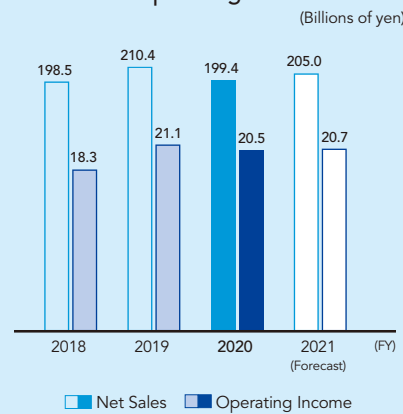
Focus themes / initiatives for further growth

- Maintain or increase market share
- Introducing new production facilities and promoting digitalization
- Increasing installation efficiency through improved construction methods and jig development, and strengthening training system for installers
- Gathering information on customer needs, and strengthening advanced technology and development capabilities

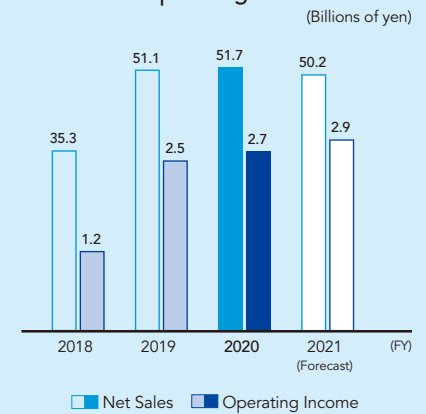
Net Sales Composition by Region



Sanwa Shutter Corporation
Net Sales / Operating Income

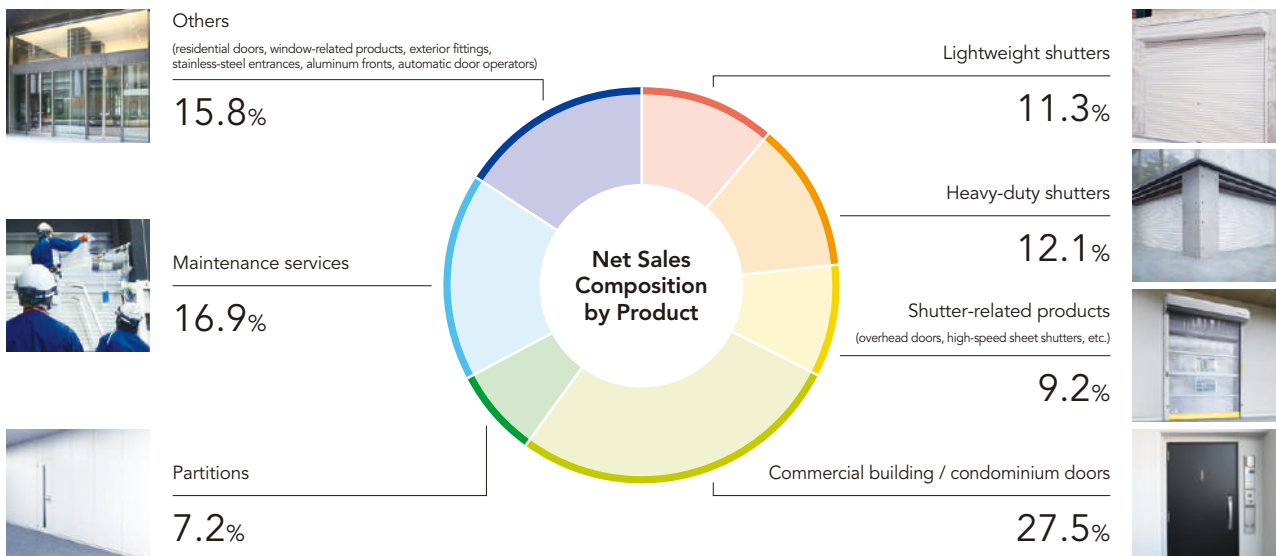


Domestic subsidiaries
Net Sales / Operating Income



Note: Figures for net sales and operating income include internal transactions

Net Sales Composition by Product (Sanwa Shutter Corporation)



Aiming for further growth through product development and sales tailored to the needs of the times



Meiji Takayama

Representative Director and President, Sanwa Shutter Corporation

Fiscal 2020 Review and Initiatives

In fiscal 2020, We greatly expanded our products lineup, including Water Guard Single-Tight Door with strengthened water proofing performance, the Taifu (wind-resistant) Guard series of high wind-load resistant shutters, and in response to the new normal, a toilet booth that automatically opens and closes its door without contact.

In terms of business performance, sales decreased by 5.2% year on year to ¥199.4 billion, as the spread of COVID-19 caused customers to reduce their budgets for small and medium-sized properties and in the maintenance and service segments. However, orders for core products exceeded the levels of the previous year, thanks to a very favorable reception of newly introduced disaster prevention products by customers and the strong demand for warehouse construction backed by demand from people spending more time at home. As for strategic products, numbers of quotation indicate recovery and growth, although orders did not see an increase due to constraints on proposal sales activities by COVID-19. In terms of Group companies, SUZUKI SHUTTER CORPORATION, which joined the group in the second half of fiscal 2019, has been contributing to our performance for the full year since fiscal 2020.

Meanwhile, the introduction of teleworking made effective progress due to a switchover to mobile PCs, which had been underway since fiscal 2019. In addition, the introduction of a logistics management system contributed to reductions in manufacturing and logistics costs, curbing the impact of the sales decline. These efforts resulted in a year on year decrease of 2.8% in operating income to ¥20.5 billion.

Next Fiscal Year and Medium- to Long-term Goals

For fiscal 2021, we extended the Third Mid-Term Management Plan by one year to complete the strategies affected by COVID-19.

Firstly, in terms of product development, we will strengthen our ability to respond to customer needs by further expanding our lineup of climate change-response products and disaster prevention products.

In terms of sales, we will focus on receiving orders for core products in the logistics and warehouse construction market, where demand continues to be strong. In addition, we will strengthen design sales activities through Group collaboration, in order to restore orders for strategic products to full cruising speed. In the maintenance and service business, we will focus on making maintenance and repair proposals that address repairs and deterioration due to age after the statutory inspections, which were postponed during fiscal 2020.

In terms of production, logistics, and installation, we will strengthen our supply capabilities by utilizing the logistics management system and construction schedule management system introduced in fiscal 2020, and by further promoting digitalization. We will also raise installation productivity through improved installation methods, including promoting unit construction, and jig development.

In terms of human resources, we will review and strengthen the education and training systems for sales and installation to quickly enable new recruits to join the workforce and improve their ability to execute operations, and further improve our integrated system of development, sales, design, manufacturing, installation, and maintenance, which is one of our strengths.

HIGHLIGHTS

Establishment of a New Logistics Building at Ota Door Plant

We established a new logistics building on the premises of Sanwa Shutter's Ota Door Plant, our main factory for doors, with the aim of increasing logistics efficiency and improving quality through thorough management. In the future, we will utilize it as a logistics base for heavy-duty and lightweight doors in the Tokyo metropolitan area. Further, as an initiative toward decarbonization, we plan to make effective use the roof of the new logistics building to install a solar power generation system.



Conceptual image of completed building

Selected as one of the "Case Studies of Private Sector Initiatives for National Resilience"

In the "Case Studies of Private Sector Initiatives for National Resilience," published by the National Resilience Promotion Office, Cabinet Secretariat, our high wind-load-resistant window shutter, Mado More Taifu (Wind-Resistant) Guard, was selected and listed as an example of efforts to protect customers.



North America

Strengths

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

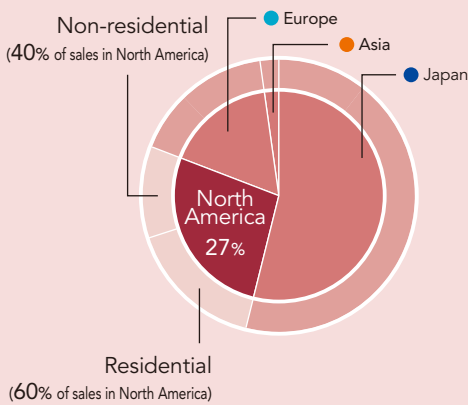
Risks

- Soaring costs of steel and other raw materials
- Disruption of global and regional supply chains
- Labor shortages across the U.S.

Focus themes / initiatives for further growth

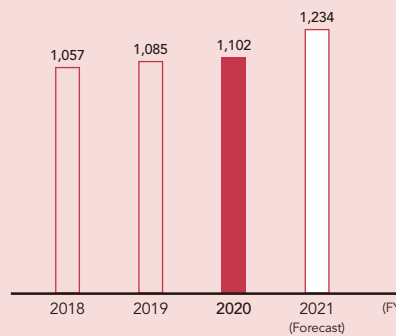
- Expanding distributor sales network
- Expanding retail distribution through large retailers and the Internet
- Integration of Won-Door and expanding sales through distribution partners
- Enhancing services from marketing to shipping and delivery
- Increasing productivity by deploying functionally enhanced information systems

Net Sales Composition by Region



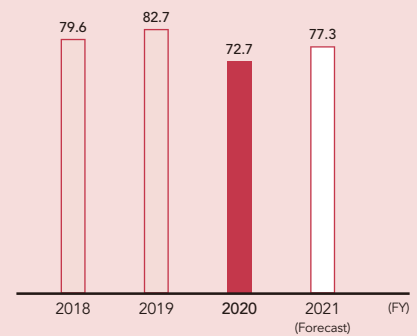
Net Sales

(Millions of U.S. dollars)



Operating Income

(Millions of U.S. dollars)



Forex Rate

FY	2018	2019	2020	2021 (Forecast)
Forex Rate (1\$)	¥110.36	¥109.24	¥106.43	¥105.00

Note: Figures for net sales and operating income include internal transactions

Net Sales Composition by Product (North America)



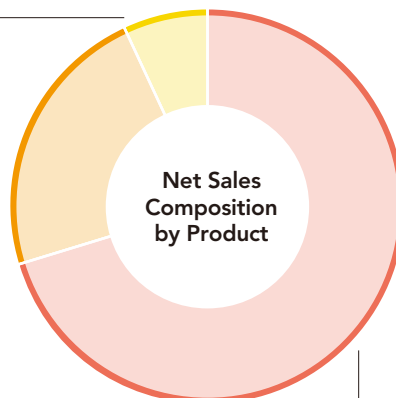
Automatic doors

6.7%



Door openers

22.9%



Garage doors



Sheet shutters



Commercial doors



Overhead doors

Doors

70.4%



Harnessing the innovations produced by our history to achieve further expansion and growth

Kelly Terry

President & CEO, Overhead Door Corporation



Fiscal 2020 Review and Initiatives

In fiscal 2020, we adjusted our business to cope with the spread of COVID-19, switching to telecommuting as much as possible, and taking other safety measures. In addition, we spent the year rethinking the essence of our products and services. We defined four core values: "Our employees are our greatest strength," "We focus on improving customer satisfaction as much as possible," "We always do the right thing," and "We believe we are outstanding and will build a better future." In response to a sluggish market, we have managed our costs and cashflow well.

From the second quarter, we saw recovery in demand, including demand for renovations of general housing and a surge in new housing and the resumption of commercial projects. Strong performance of new products such as wall-mounted door openers and other related products, increased market share of our main products due to improved service provision, and reductions to operating expenses made in the early days of COVID-19, all contributed to higher operating income than expected, with sales not declining as much as initially estimated.

Next Fiscal Year and Medium- to Long-term Goals

In fiscal 2021, we will mark the 100th anniversary of Overhead Door Corporation's founding in Hartford City, Indiana. We want to make it a year to celebrate our success to date, commemorating the history of our company, an industry pioneer that invented the overhead door in 1921, the electric garage door opener in 1926, and the automatic sliding door in 1954. In addition, to succeed in the post-COVID world, we have started to invest in tools and human resources, including revisions to our go-to-market (GTM) model.

In the residential sector, we are focused on expanding distribution through specialized channels, design development that has grasped the trends in home renovation, setting up dedicated teams in CRM and consumer sales, significantly bolstering retail and Internet sales, and continuing to develop related smart home technologies. In the non-residential sector, we will expand market share and increase dealer loyalty by introducing new products for warehouses and specific industries, building a team of business development and sales specialists focused on specific and growing industries, evolving our distribution model, and focusing on selling low-cost products using Horton's products.

We will continue our strategic approach of strengthening our core business by improving our facilities and expanding our scope of business to new products and adjacent fields.

HIGHLIGHTS

Acquisition of Won-Door Corporation

In April, we acquired Won-Door Corporation, a major manufacturer of fire and crime prevention doors. The company has unique technologies such as accordion horizontal sliding doors, which can handle complex openings. With this acquisition of Won-Door, we will further expand our North American door business as it complements the Group's business domains and will allow us to take advantage of synergies with Overhead Door's U.S. sales network. Along with Horton Automatics, Won-Door will form Overhead Door's Pedestrian Access Solution division, through which we plan to implement strategic integrated operations.



Europe

Strengths

- Seamless business model from product development and production to installation and after-sales service
- Wide range of innovative products tailored to customer needs
- Processes digitalized with a view to the customer experience, including orders and customer support
- Experienced and talented employees

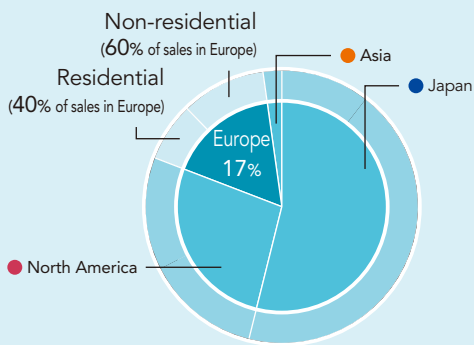
Risks

- Impact of the COVID-19 pandemic on the economy and construction industry
- Squeeze on profits due to significant price increases in materials
- Potential slowdown in the construction market in the medium term
- Shortage of skilled workers on construction sites

Focus themes / initiatives for further growth

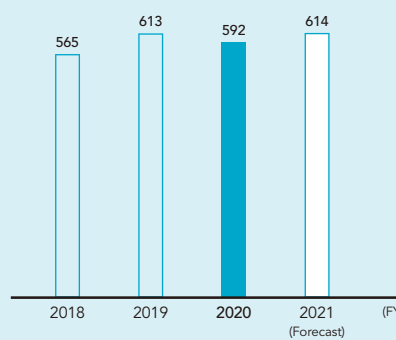
- Evolving product development and services to further enhance customer convenience
- Strengthening and enhancing digital tools and processes to support customers' businesses
- Working under the motto "Simplifying customers' business"
- Increasing brand awareness across all channels

Net Sales Composition by Region



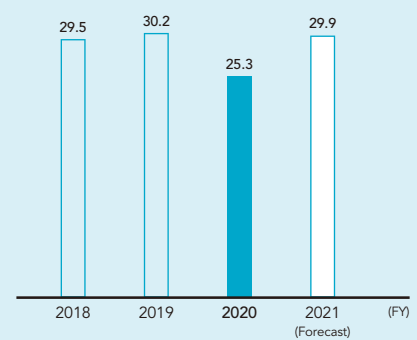
Net Sales

(Millions of euros)



Operating Income

(Millions of euros)



Forex Rate

FY	2018	2019	2020	2021 (Forecast)
Forex Rate (1€)	¥130.01	¥122.15	¥121.97	¥125.00

Note: Figures for net sales and operating income include internal transactions

Net Sales Composition by Product (Europe)

Industrial doors

42.7%



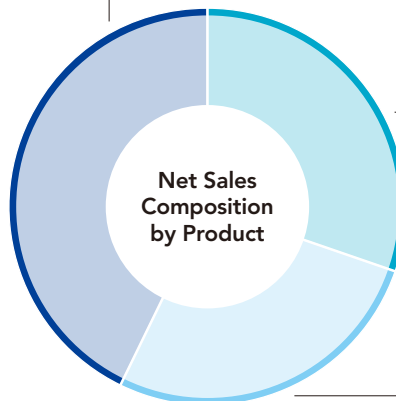
Sectional doors



Sheet shutters



Dock levelers



Hinge doors

30.5%



Garage doors

26.8%





Pursuing new growth with an extensive line-up and digitalization of customer service

Rainer Schackmann
CEO, Novoferm Group



Fiscal 2020 Review and Initiatives

In fiscal 2020, the world was hit by the COVID-19 pandemic. With severe lockdowns in several countries and the temporary disruption of all business in Europe, the momentum of growth in recent years unfortunately could not be maintained. However, thanks to the strong second half, we were able to cover our losses in the first half.

Also, the promotion of operational digitalization, which we began in 2019, produced substantial results, especially given the current situation where contact with people must be minimized even when providing services to customers. Our digital network with customers expanded significantly in a short period of time, leading to optimization of our services with a view to the near future. Our growth in Europe from 2021 onwards will be supported by this digital advantage that we cultivated this year.

In addition to these measures, we will introduce new products in almost all areas, in an ongoing effort to expand our market share. Further, we will aim for growth and further expansion in the European region by leveraging synergies with the now integrated Robust Group.

Next Fiscal Year and Medium- to Long-term Goals

To meet our growth goals for the next few years, we will strongly drive the digitalization of our customer service process. In today's increasingly complex world, it is essential to meet customers' need to obtain products easily and quickly. The network connecting suppliers and customers is advancing and expanding, and transactions are accelerating more and more. Digitalization reduces error costs and increases time benefits through closer collaboration with those involved.

In addition to high-quality product solutions, networking with building management systems plays an important role. We will focus on this very thing and establish a position as the preferred partner of industry, beyond our framework as a manufacturer. In addition to bolstering our presence in key markets in Western Europe, we will also expand to Eastern Europe and regions adjacent to Europe. Based on our solid brand strength and comprehensive portfolio of high-quality product solutions, Novoferm is well equipped for the next step.

HIGHLIGHTS

Launch of Fireproof Sliding Doors

Novoferm has launched fireproof sliding doors jointly developed by four companies (Riexinger in Germany, Lutermox in France, Alsal in Spain, and Schievano in Italy). The doors are installed in underground and multistory parking lots, and the panels move smoothly and can be opened and closed quickly.

Previously, fire resistance standards and specifications differed in each country in Europe, but in 2019, a Europe-wide fire resistance standard came into effect. Novoferm's fireproof sliding doors meet this standard, making them usable across Europe. Going forward, we plan to manufacture and sell them throughout the Novoferm Group's whole region.



Asia

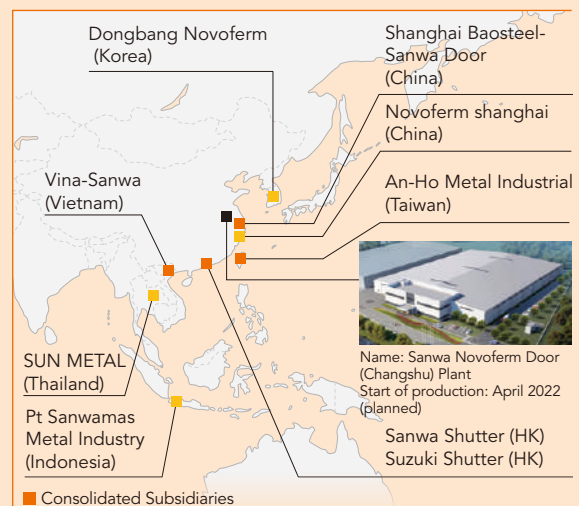
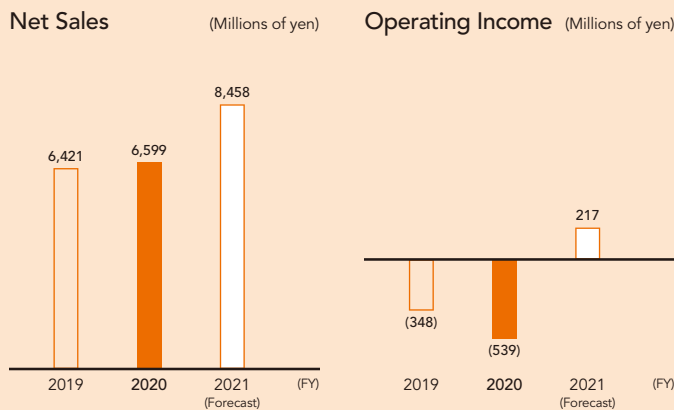
Strengths

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

Risks

- Rising steel and energy costs
- Complying with rapidly changing legal reform, including environmental regulations in each country
- Infectious diseases and geopolitical risks (Myanmar)
- Non-compliance

Focus themes / initiatives for further growth



Note: Figures for net sales and operating income include internal transactions

Fiscal 2020 Review and Initiatives

In fiscal 2020, even with the effect of having newly brought Suzuki Shutter (HK) into the scope of consolidation, sales increased only slightly to ¥6.6 billion due to delays in frontline progress due to the COVID-19 pandemic. Operating income decreased to a loss of ¥539 million due to operating losses at Vina-Sanwa (Vietnam) and Shanghai Baosteel-Sanwa Door (China), but excluding special factors, we expect to return to the black with profitable growth from the next fiscal year onwards.

With regard to the joint venture system that had been ongoing in Vietnam, in June 2021, we converted from a collaborative structure with a local company to exclusive ownership with the aim of rapid business strategy rollout.

In China, Vietnam, Taiwan, and Indonesia, we are investing in capital to increase production capacity and further reduce costs.

Next Fiscal Year and Medium- to Long-term Goals

Looking ahead to our Vision 2030, which begins in fiscal 2022, we established a new company in China called Sanwa Novoferm Door (Changshu) Co., Ltd. at the beginning of the year. We aim to complete the construction of a door plant by the end of fiscal 2021 and gain market share by doubling our production capacity of hinged doors. In addition, we have started to consider establishing a new plant in order to expand our business performance in the South China area, including Hong Kong.

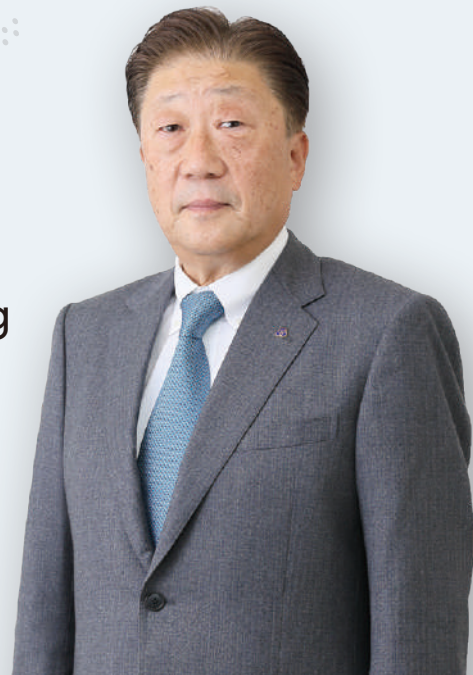
At Vina-Sanwa (Vietnam), we will make a large-scale new capital investment for a door production system that meets new fire resistance standards, and at An-Ho Metal Industrial (Taiwan), we will introduce new production facilities by the end of fiscal 2021 to increase production capacity for hinge doors. At Pt Sanwamas Metal Industry (Indonesia), we plan to introduce new shutter facilities.

Executive Responsible for Global Business Unit

Aiming to leverage our strengths to create synergies for further value enhancement by accurately responding to needs of local communities

Hiroatsu Fujisawa

Director, Senior Managing Executive Officer,
Global Business Unit



Synergies among Japan, Europe, the U.S., and Asia

E-commerce is expanding continuously, and as a result, the demand for large logistics warehouses is increasing around the world. Products installed in warehouse openings vary from country to country, but dock levelers are marketed in China, the ASEAN region, and the United States using the earlier European specifications.

Different from fire protection standards in Japan and the U.S., where flame shielding performance is central, in Europe and Asian countries other than Japan, heat shielding performance is emphasized in addition to flame shielding. At the same time, demand for heat shielding performance is rapidly increasing in China, Hong Kong, and ASEAN countries. Accordingly, we are developing standard specifications common to Greater China and ASEAN countries based on heat shielding doors for the European market, which have a proven track record.

In particular, we have received high evaluations for transparent (see-through) shutters supplied to stores in the Hong Kong market, and we have received and are discussing requests to supply equivalent products for stores in North America. Although there are these country-specific characteristics, we are often able to roll out products from the preceding regions to other regions, and we are developing products and accumulating know-how as a group.

Local Management

In the future, we would like to entrust management to local human resources who are familiar with local market characteristics, business practices, and the labor environment. Then, it couldn't be better if on top of that they share the Sanwa Group's corporate culture and compliance awareness.

At present, we entrust management in the Asian region to personnel dispatched from Japan, but in addition to the language barrier, these personnel can be unfamiliar with local circumstances, which is not the best management situation for producing results. Regardless of whether the management structure uses local personnel or dispatched personnel, strong involvement of the head office in risk management has become indispensable.

In order to ensure this, we believe that it will be an important issue in the future to ensure that the head office organization functions reliably in product assurance, development and manufacturing guidance, accounting and tax audits, IT system guidance, and compliance guidance.

Medium- to Long-term Policy from Next Fiscal Year

We intend to aim for a structure that enables speedy product development that anticipates market needs. With building materials products such as doors and shutters, which have large differences in the required specifications for each market, it is not practical to develop or provide products that are completely the same worldwide as with automobiles and electronics.

However, if we were to practice hit-or-miss product development with a different design philosophy in each country, we would lag behind in terms of development speed and, at the same time, it would become difficult to thoroughly enforce quality assurance. In addition, in order to enable the development of climate change-response products, which is a global trend, we believe that we must not only enhance the R&D functions of companies in our overseas business, but also have a strong technology development force in the head office organization that can lead the product development of overseas operating companies.



Manufacturing

- Solve Social Issues Through Our Business -



Recently, SDGs and other initiatives aimed at the realization of a sustainable society are becoming widespread around the world. In addition, there are increasing needs for preparedness and resilience in order to protect and support safety and security in people's lives, due to the impact of natural disasters caused by climate change and infectious diseases such as COVID-19. There is a wide range of areas where our manufacturing can contribute to building a sustainable and resilient society. The Group's products, including shutters, doors, and partitions, are designed to prevent, protect, and separate. We will strive to solve social issues through our technology and quality while sustainably improving our corporate value.

ESG Materiality	Implemented Measures	Targets and Issues
Mitigate/adapt to climate change, prevent disaster loss through products and services	Development, improvement, and launch of products that contribute to climate change responses and disaster prevention (Four products in the Taifu (wind-resistant) series were released during fiscal 2020.)	Establishment and disclosure of sales targets (KPIs) for products that contribute to climate-change responses and disaster prevention
Quality assurance and enhancement	Continuous improvement of quality control structure and measures Implementation of customer satisfaction surveys	Elimination of product accidents and customer complaints

Ensuring and improving quality

The Group works to improve quality and safety, the primary responsibilities of a manufacturer, in all processes from development to sales, production, installation and maintenance. We recognize it is essential to ensure the quality of installation and maintenance, in addition to the quality of the products themselves, in order to ensure that each customer and user can continue to use our access systems, such as shutters and doors, with peace of mind. We will continue with our efforts to improve quality by conducting quality audits and improvement activities, strengthening our management structure and enhancing our skill levels.

The Group, which has a diverse range of global products, lacks uniformity in terms of the characteristics of its business and the products it handles. Therefore, we use product accident numbers, complaint numbers and the amount of related losses as quality indicators in Japan, and the ratio of complaint cost to net sales as quality indicators overseas. Based on these indicators, we strive to make improvements by promoting specific measures such as IT-based quality control, cross-divisional quality meetings, and education and training programs.

In fiscal 2020, we also conducted a customer satisfaction survey among users of our repair request receiving service. We will utilize the results of this survey to improve the quality of our services, including repair services, and further enhance customer satisfaction.

The Sanwa Group's Quality Objectives

1. Improve product safety
2. Improve the quality of products and installation quality
3. Improve the quality of services and business etiquette
4. Increase traceability

Customers who chose "very good, good, or somewhat good" for the overall service evaluation in the repair service customer satisfaction survey

89.3%

Research period: January - December 2020
Survey target: Users of Sanwa Shutter Corporation repair service (n=1180)

(Manufacturing and **quality improvement**)

CASE

1

Performance Test Center supporting manufacturing with the latest equipment and high testing quality



The Group's Performance Test Center conducts tests on the Group's products as well as products procured domestically and overseas to assess quality, performance, and safety, and to evaluate manufacturing technology. Various product tests can be conducted in our own facility utilizing the latest large-scale equipment, enabling the timely development and improvement of products based on requests from customers and society. In addition to acquiring the ISO/IEC17025 certification (an international standard that certifies the technical capabilities of testing laboratories), we centralize and manage highly accurate testing data for use in research and development. We also provide tours from external companies, government agencies, and industry groups, as well as training programs for new employees. We will continue our efforts to raise the level of testing quality to contribute to improved quality in product development and manufacturing.



With one of the world's largest refractory furnaces, the Performance Test Center conducts fireproof performance tests (preliminary tests for certification and research tests) for fireproof equipment and specified fireproof equipment. Smoke generated in fire resistance tests is discharged after passing through a secondary incinerator to reduce environmental impact.

(Manufacturing and **value creation**)

CASE

2

Continuing to make architectural history with 100 years of stainless-steel technology and manufacturing capabilities



As a pioneer in the field of metal construction products in Japan, Sanwa Tajima, founded in 1918, has been providing entrances, curtain walls, and fittings made of various metals, including stainless steel, copper alloys, aluminum, and titanium, to enhance the value of buildings and improve the appearance of urban areas.

Today, we are also involved in the restoration of historical buildings, for which there are no blueprints, and decorative metalwork for religious buildings, requiring skilled craftsmanship.

These are made possible by the power of manufacturing backed by the technology and experience that Sanwa Tajima has cultivated over the years. We will continue to challenge ourselves with our mastery of technology and new ideas and strive to develop and create architectural spaces.



In collaboration with Kidsdoor, a non-profit organization that provides learning support to families in need, design department staff of Sanwa Tajima have been teaching art classes to children every year since fiscal 2016. In fiscal 2020, we held activities online, due to the impact of COVID-19, to make Christmas wreaths.



Manufacturing - Solve social issues through our business -

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

Basic approach

The Group addresses the issue of climate change from two approaches: "mitigation" to reduce emissions of CO₂ and other greenhouse gases, and "adaptation" to respond to various phenomena that arise as a consequence of climate change. We believe that developing and providing products based on these two approaches will enable us to respond to the risks and create new markets for changing

needs. Floods and wind damage are said to be becoming riskier as climate change progresses. In addition to addressing them, we believe that solving the issues of fires, earthquakes, and other disasters that interfere with our mission a "safe, secure, and convenient" society through our products and services will lead to the realization of sustainable and livable communities.

Products that contribute to addressing climate change



The "mitigation" of climate change is to curb the progress of global warming by reducing emissions of greenhouse gases.

We are contributing to energy reduction in factories and warehouses around the world by developing products that meet the needs of each region in Japan, the U.S., Europe, and Asia. These products include **high-speed sheet shutters** that improve the air-conditioning efficiency of factories and warehouses with their fast opening and closing speeds, and **dock levelers** that match the height of truck beds at receiving docks to control the inflow of outside air and the outflow of indoor air. Because strict energy-saving and heat-insulating performance are required for Europe, almost all NF Group sectional doors have excellent heat-insulating performance through the use of heat-insulating materials and double-layered panels.

Sanwa Shutter Corporation also offers a lineup of **freestanding garages with rooftop greening systems** that not only enhance the landscape, but also absorb carbon dioxide, as well as **shutter gates for residential use that open and close using solar energy**.



High-speed sheet shutters



Dock levelers



"Coffret Garden" rooftop greening system



The "adaption" to climate change refers to responding to the impact of climate change and making preparations to avoid or reduce the damage.

Flooding damage caused by large-scale typhoons and localized downpours is increasing due to the impact of climate change. Sanwa Shutter Corporation and SUZUKI SHUTTER CORPORATION offer a wide range of **waterproof products such as shutters, doors, and panels** designed for inundation depth and installation location.

In addition, as countermeasures against the risk of wind damage associated with the progression of climate change, Sanwa Shutter Corporation is reducing disaster risk at various openings with **high-strength shutters** and **high wind pressure-resistant window shutters** that use wind-resistant hooks and wind-resistant guide rails, and ODC with **garage doors** and **wind-resistant window products** that have obtained building standard certifications in Florida, a hurricane-prone region.



Waterproof shutters



Taifu (wind-resistant) Guard, high-strength shutter



Wind-resistant window products

Products that contribute to disaster prevention measures



Fires can destroy precious homes, property, and sometimes lives in an instant. It is crucial to minimize damage in the event of a fire.

The Group's **fireproof shutters, fireproof doors**, and other fire prevention equipment, as well as **fireproof glass partitions**, contribute to preventing the spread of fire and creating safe spaces in the event of a fire in office buildings, commercial facilities, schools, hospitals, and other places worldwide where large numbers of people gather.

The **horizontal sliding fireproof doors** of Won-Door, which joined the ODC Group in April 2021, can be used for openings with complex shapes including curves.

In Japan, in response to a legislated **periodic inspection report system for fire prevention equipment**, we are striving to maintain the disaster prevention functions of social infrastructure by securing and training fire prevention equipment inspectors.



Horizontal sliding fire door (ODC)



NovoFire® (NF) door system for fireproof partitions

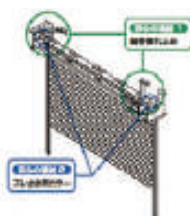


Periodic inspection report system for fire prevention equipment



Although large-scale earthquakes such as a Nankai Trough Earthquake are expected to cause even more serious damage than that caused by the Great East Japan Earthquake, it is impossible for anybody to predict when and where such major earthquakes will occur.

In Japan, an earthquake-prone country, it is crucial to have regular countermeasures in place to reduce damage risks. Sanwa Shutter Corporation's **heavy-duty shutters** are equipped with anti-sway braces on the shaft bearings and anti-sway collars on both sides of the take-up shaft as standard specifications, in order to reduce the risk of shutter curtains falling. We also have a lineup of **earthquake-proof sliding entrance doors** that can be opened even if the door frame is bent by an external force such as an earthquake, and **self-assembly partitions** that ensure privacy in evacuation centers.



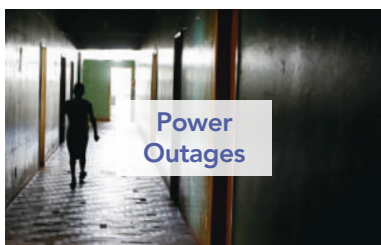
Earthquake countermeasures for heavy-duty shutters



Sliding entrance door for indoor hallway with earthquake-proof specifications



Self-assembly partition Famipla



Power outages can occur when flying objects damage electric cables, power poles collapse due to landslides or lightning damages electric cables. It is essential to make regular preparations for lifelines.

Power outages are inevitable during various natural disasters such as earthquakes, typhoons, and downpours.

Sanwa Shutter Corporation's **shutter power supply system** enables users to open the electric shutters even in the event of a power outage by a connection to a battery or power generator. This system can be utilized as a business continuity plan (BCP) measure.

Furthermore, in California, which is prone to natural disasters, it is mandatory for garage door openers to have a battery backup installed. ODC's battery backup product complies with this regulation.



Shutter power supply system for opening shutter, E Connect



Garage door opener battery backup



Environment

- Achieve Environmental Sustainability -



As the world takes a major step toward decarbonization, the Group, which operates in 26 countries and regions around the world, recognizes the importance of taking responsibility for the impact of our business activities on the global environment and taking measures to reduce them. We will promote initiatives to reduce our global environmental impact such as decarbonization, water resource conservation, and waste reduction in all aspects of our business activities. We will also promote scenario analysis of climate change risks and opportunities based on TCFD recommendations, which will lead to increased corporate value over the medium and long term.

ESG Materiality	Implemented Measures	Targets and Issues
Initiatives for a decarbonized society	Publication of CO ₂ reduction targets	Endorsement of TCFD recommendations and disclosure of information
Water Resources Conservation	Efficient water use	Establishment and disclosure of water use targets (KPI)
Waste Reduction	Continued thorough separation of waste and improvement of painting equipment	Consideration of methods to reduce the increasing amount of sludge and wood waste

Environmental initiatives

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

Environmental targets and achievements of Sanwa Shutter Corporation

[2030 targets]
30% reduction in Scope 1 + Scope 2 CO₂ emissions compared with FY2020

Theme	Environmental targets for FY2020	FY2020 Results	FY2021 Targets
Reduce	Reduce logistics energy consumption units ^{*1} by 2% compared with fiscal 2018	Factories 0.0512 (Target 0.0513)	Factories 0.0507
	Reduce facility energy consumption units ^{*2} by 2% compared with fiscal 2018	Offices 0.0238 (Target 0.0237)	Offices 0.0235
		Factories 0.1197 (Target 0.1146)	Factories 0.1135
	Reduce industrial waste units ^{*3} by 3% compared with fiscal 2017	Offices 24.34 (Target 22.99)	Offices 22.75
Create	Reduce waste units ^{*4} by 2% compared with fiscal 2018	Factories 38.25 (Target 35.14)	Factories 34.77
	Commercialize eco-products	Four themes (target: three or more themes)	Three or more themes
	Study and research eco-products	Four themes (target: four or more themes)	Four or more themes
Purchase	Commercialize eco-friendly design products	Ten themes (target: ten or more themes)	Ten or more themes
	Promote green procurement	Switch to 4M ^{*5} in six projects (target: four or more projects)	Four or more projects

*1 Amount of energy used (crude oil kl equivalent) / value of goods shipped (¥ million)

*2 Offices: Amount of energy used (crude oil kl equivalent) / total floor area (m²)
Factories: Amount of energy used (crude oil kl equivalent) / value of goods shipped (¥ million)

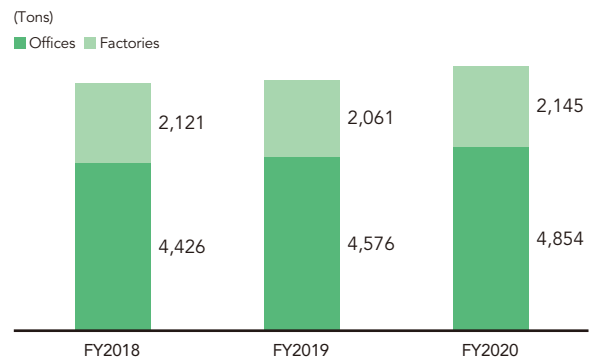
*3 Amount of industrial waste (kg) / net sales (¥ million)

*4 Amount of waste (kg) / value of goods shipped (¥ million)

*5 Man, Machine, Method, Material

Waste reduction

Trends in waste emissions of Sanwa Shutter Corporation

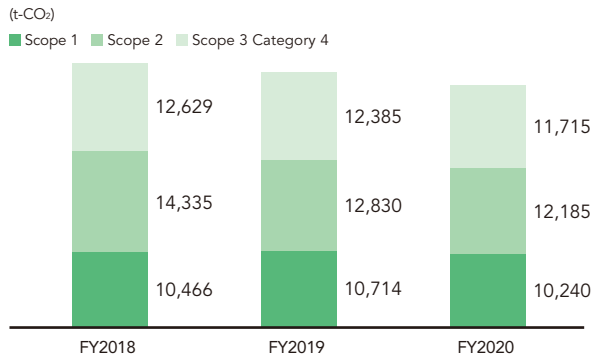


* For offices, includes only industrial waste

The Group strives to reduce its environmental impact by reducing waste emissions and promoting recycling in all business processes in order to make effective use of limited global resources and realize a recycling-oriented society. We believe that efforts to reduce waste will lead to more efficient use of raw materials and energy resources, as well as contribute to cost reduction and energy and greenhouse-gas reductions during disposal.

Initiatives for a decarbonized society

Trends in emissions by scope at Sanwa Shutter Corporation



*Calculated based on the amount of fuel used for the transportation by shippers (part of Category 4: Transportation/Logistics (Upstream))

Our environment has changed dramatically, and the movement toward a decarbonized society is accelerating, in response to the Paris Agreement in December 2015 and the 2050 Declaration on Carbon Neutrality announced by the Japanese government in October 2020. As a manufacturer with 63 production sites around the world, the Group is working to reduce energy consumption and

improve efficiency by establishing and operating an environmental management system based on ISO 14001 to reduce greenhouse gas emissions in its business activities.

In the NF Group, the Rixinger Plant in Germany, the NF Door Plant in Poland, the Robust Plant in Sweden, and the sales company Vertriebs in Germany have acquired the ISO 14001 certification and are working to reduce energy consumption. In 2020, the Rixinger Plant switched all of its lighting to LED. This is expected to result in an annual reduction of approximately 520 tons of CO₂.



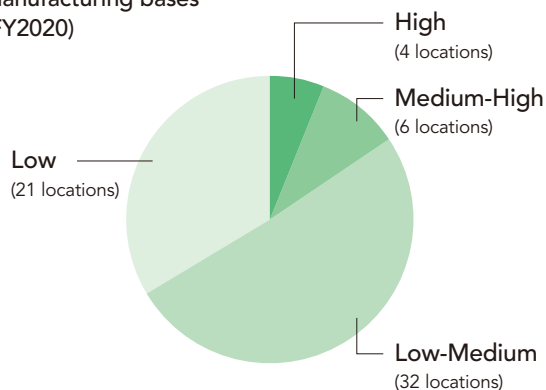
Before the switch to LED lighting



After the switch to LED lighting

Water resources conservation

Breakdown(63 locations) of water risk assessment for manufacturing bases (FY2020)



Due to global climate change and the growing demand for water as a result of rapid population growth, the depletion of water resources and shortages are becoming serious issues for society. As the Group is continually growing globally, we recognize the importance of the preservation and effective use of water resources. For this reason, we are taking the initiative to help preserve these resources. We are working to decrease the volume of water consumed at every production base by strengthening the management of water use, improving production processes,

and reusing water. Further, we work to comply with all local laws and regulations on wastewater quality control.

Due to the nature of our production activities, in which we mainly cut, form and assemble metal parts, our water consumption may be regarded as low in light of our production volume. However, some processes, such as painting, require the use of a certain amount of water. Sanwa Shutter Corporation's plants are striving to reduce water consumption through the effective use of water circulation systems for painting equipment and chillers that circulate chilled tank water, as well as the integration of piping.

CLOSE-UP



Since 2012, the Sanwa Group Social Contribution Club, a volunteer organization for officers and employees that engages in donation activities, has been making ongoing donations to JEAN, a general incorporated association that works on initiatives to solve the issues of marine debris through litter collection campaigns, surveys of residents, and public awareness raising through performances and workshops.





People

- Create a Pleasant and Rewarding Work Environment -



To ensure that our products function properly as access systems, numerous resources are required, including our stakeholders such as partner companies and installers, from development and production to installation and maintenance. People are our source of competitiveness and our most important management resource, as the Company's growth and innovation are based on the combination of customer needs, diverse knowledge and know-how, and values accumulated by each employee. Through efforts to respect human rights and diversity, ensure health and safety, and develop human resources, we will pursue worker-friendliness and fulfillment in work for people involved with the Group, thereby continuously improving corporate value through maximizing the power of people and the organization.

ESG Materiality	Implemented Measures	Targets and Issues
Respect for human rights	Revision of the Sanwa Group Compliance Code of Conduct	Implementation of human-rights due diligence
Human resources development	Implementation of sales skill improvement training (100% of standards achieved)	Strengthening of training for installers
Promotion of diversity	Review of working conditions for senior employees	Increasing the ratio of female managers
Health and safety	Systematic education at manufacturing and installation sites	Eradication of occupational accidents

Social initiatives

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

Respect for human rights

Number of human-rights violation cases in fiscal 2020

0

(consolidated basis, including global)

The Group stands firmly for the respect of human dignity, and recognizes the diverse worth in individuals. We respect individual character and personality, and conduct business bearing in mind the human rights of our customers, shareholders, employees and all stakeholders. We go beyond the requirements of the law in avoiding discrimination. In addition, we do not permit child labor or forced labor. The Sanwa Group Compliance Code of Conduct clearly states that we will encourage suppliers and distributors not to infringe on human rights and to work together to promote respect for human rights. We are working to prevent human rights violations by identifying negative impacts of new businesses on human rights, and conducting regular audits in existing businesses.

Promotion of diversity

Percentage of female managers in fiscal 2020

11.2%

(consolidated basis, including global)

The Group believes that it can create new value that contributes to the resolution of customer and social issues by nurturing an organizational culture that respects and embraces the diversity of each employee. We promote the utilization of diverse human resources, including women, global employees, and senior workers, who can flexibly adapt to the ever-changing times and become the growth drivers of the Group, both in terms of tangible aspects such as frameworks and systems, and intangible aspects such as the nurturing of working environments and organizational culture, in order to maximize the power of our organization.

In addition, with an eye on post-COVID-19 society, we are striving to improve productivity and secure talented employees by developing a diverse working environment, including the use of mobile PCs and expansion of telework.

Human resources development

Annual training hours per person
in fiscal 2020

24.23 hours

(Sanwa Shutter Corporation)

The Group views human resources as its most important management resource and focuses on the development of human resources capable of creating value by enhancing systems and a work environment that enable each and every employee to maximize their capabilities.

Through efficiency improvements in line with the promotion of digitalization including automated processing of routine tasks, NF Germany aims to maximize the utilization of human resources by transferring resources previously spent on routine tasks to high value-added tasks, such as the development of a training system that will lead to increased corporate value.

In addition, the smartphone application Novo Docu introduced in 2019 covers about 3,000 pieces of information, including catalogs, installation manuals, videos, CAD screens, and product reference prices for all products handled by NF Germany. The application allows employees and installers to smoothly access the information they want, regardless of time or location, and assists them in acquiring knowledge and improving work efficiency.

Sanwa Shutter Corporation is making efforts to pass on the skills of experienced senior workers by having them accompany younger employees on installation and repair visits. Sanwa Shutter is also working to quickly develop its in-house technical staff, whose recruitment began in 2013.

In addition, as part of our global competence development efforts, we are systematically developing human resources who can play active roles on a global scale through our overseas trainee system and the dispatch of employees to overseas Group companies.

Health and safety

Total number of participants in occupational
safety and health training in fiscal 2020

652

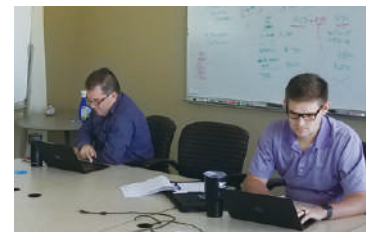
(Sanwa Shutter Corporation)

As a company engaged in manufacturing, the Group recognizes that ensuring the health and safety of all people involved in our business activities, including employees, affiliated companies' employees, and installers is fundamental to our sustainability and our responsibility as a Company.

In order to provide safe, secure, and convenient products and services to customers throughout the world, we believe it is important that our employees and their families are able to lead healthy as well as fulfilling lives, both in their private and working lives.

In order to achieve the priority target of "eliminating all serious injuries and fatalities" and to eradicate occupational accidents, the Group is striving to provide safety education and ensure adherence to rules in line with the annual health and safety action plan, share incidents that nearly become accidents, and improve the work environment to reduce workloads.

At ODC, safety meetings are held monthly to be attended by safety personnel from each plant, where indicators such as the number of occupational accidents are shared and active discussions are held on the causes and countermeasures for accidents that have occurred.



ODC safety meeting

CLOSE-UP

ASIA

Shanghai Baosteel-Sanwa Door in Asia and Novoferm Shanghai have acquired the ISO 45001 certification, an occupational safety and health management system, and are striving to create a comfortable work environment and improve the level of occupational safety and health. Novoferm Shanghai holds monthly safe production meetings to discuss such matters as including safe forklift driving, safe welding operations, and traffic safety education. In fiscal 2020, the factory floor was repainted in bright colors to improve work efficiency and safety.



Before painting



After painting

Corporate Governance

Basic Approach to Corporate Governance

As a global access systems company that is conducting business in 26 countries and regions in North America, Europe and Asia as well as in Japan, Sanwa Holdings Corporation achieves business growth through good faith and fair business activities on the basis of the Company's "Mission," "Our Values," "Principles of Business" and "Compliance Code of Conduct" while aiming to instill "two kinds of reliability" (reliable business performance and reliable management). Continuing to grow and improve corporate value, the Company will also contribute to the sustainable development of society while positioning corporate governance, which forms its foundation, as an important management issue.

FY2020 HIGHLIGHTS

Number of Directors
(of whom are independent outside directors) **9(3)**

Number of Board of Directors Meetings /
Attendance Rate **9/100%**

Number of Audit & Supervisory Committee Members
(of whom are independent outside directors) **3(2)**

Number of Audit & Supervisory Committee
Meetings / Attendance Rate **9/100%**

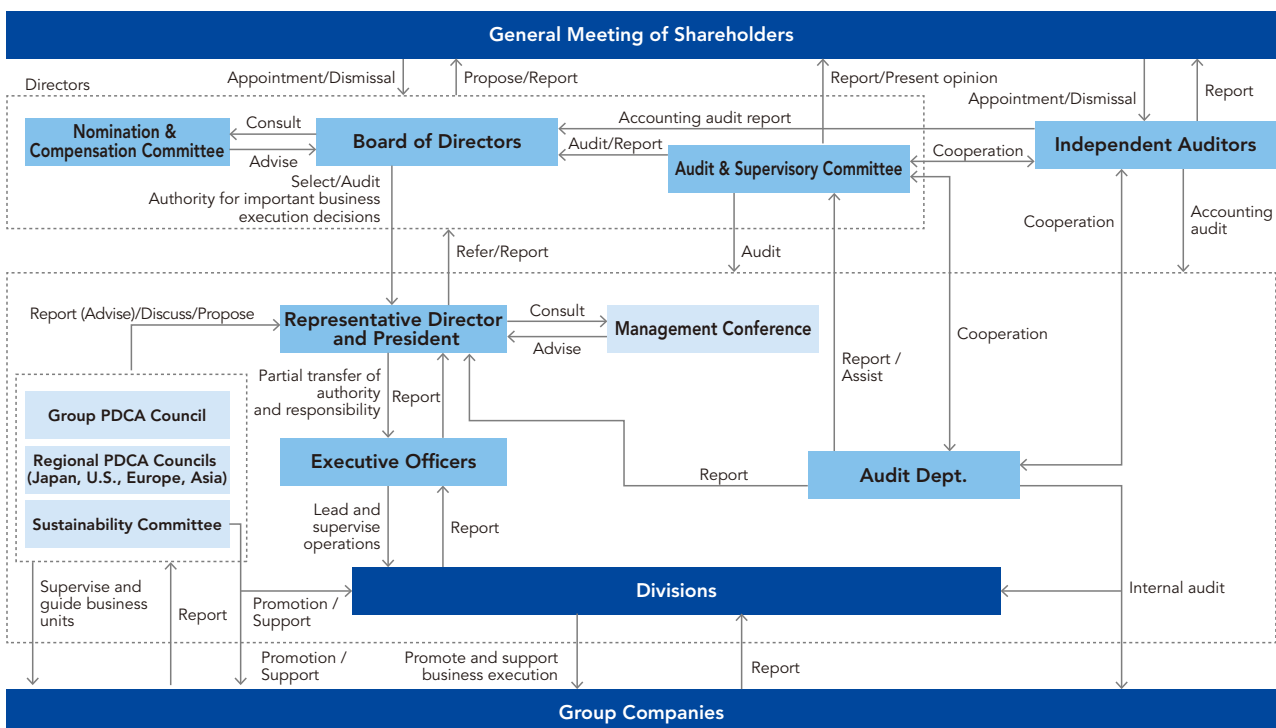
Corporate Governance Structure

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

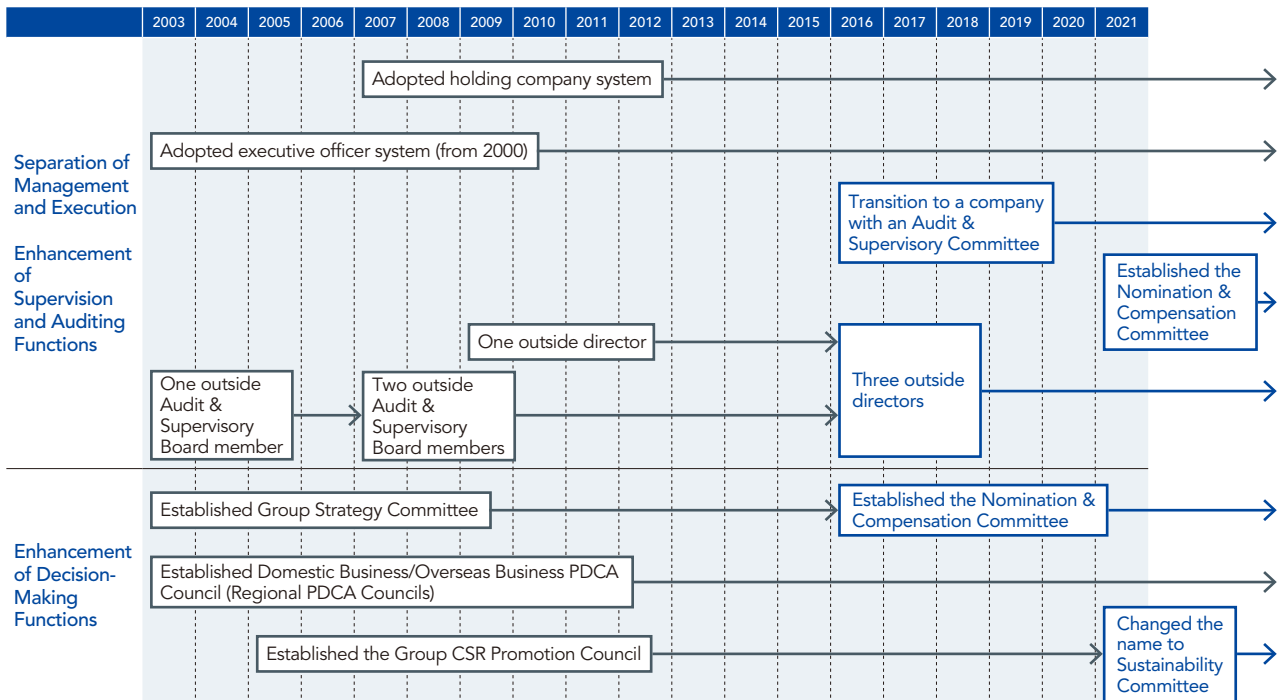
Key Points of Corporate Governance Reforms

1. Established a voluntary Nomination & Compensation Committee to strengthen fairness, transparency, and objectivity
2. Introduced restricted stock compensation to provide incentives for sustainable improvement
3. Established a Sustainability Committee to enhance deliberations and the promotion of sustainability policies, etc.

The Sanwa Group's Corporate Governance Structure



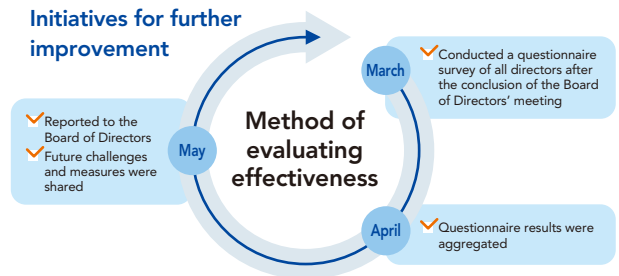
Timeline of Corporate Governance Reforms



Evaluations of Board of Directors' Effectiveness

The Company has been conducting a questionnaire on the effectiveness of the Board of Directors after the conclusion of the last Board of Directors' meeting of each fiscal year since the end of fiscal 2017. In fiscal 2020 as well, we obtained responses from all directors, and at the first Board meeting in the following fiscal year, they analyzed and evaluated effectiveness based on the response results. As a result, although there were issues raised, we evaluated that our Board of Directors is functioning effectively. Going forward, we will continue to make improvements to enhance the effectiveness of the Board of Directors.

Ensuring flexibility



Results of Questionnaire Survey of Directors

Board of Directors' Evaluation Implementation Guidelines

Subjects of evaluation: All nine fiscal 2020 directors
 Implementation method: Anonymous survey (freedom to express own opinions)
 Question content: 28 questions in all, related to the degree of deliberation at Board of Directors' meetings, the status of ensuring the effectiveness of the Board of Directors, the status of the Board of Directors' management, and the self-evaluation of Company and outside directors, etc.
 Evaluation method: Compilation of questionnaire results, implementation of comparative aggregation with previous year

The results of the questionnaire were reported at a Board of Directors' meeting and, based on the response results, the evaluation with regard to the Board's effectiveness was confirmed.

(Content that could be evaluated)

- The management of the Board of Directors meetings is evaluated highly.
- Each director is proactive in ensuring lively discussions.
- It was confirmed that the Board of Directors is functioning effectively.

(Points to be improved)

The Nomination & Compensation Committee established in January 2021 should become a highly regarded committee in its future operations.

(Other opinions expressed)

Although the current Board of Directors has a diverse composition, there was an opinion on the need to create greater diversity.

Based on the above results, we will continue to work to maintain and strengthen the effectiveness of the Board of Directors to ensure that it is most suited to the Company.

Specific Measures for Enhancing Business Execution and Supervisory Function

Management Conference

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

Audit & Supervisory Committee

The Audit & Supervisory Committee met a total of 9 times in fiscal 2020. The directors who are Audit & Supervisory Committee members monitor the status of business execution by directors who are not Audit & Supervisory Committee members and other executive officers, and report and express their opinions. In this way, we work to ensure legal and appropriate corporate management. We believe the transition to a company with an Audit & Supervisory Committee has contributed to improving the supervisory function and transparency of the Board of Directors, and thus demonstrates the effectiveness of the Board.

Nomination & Compensation Committee

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

of strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors who are not Audit & Supervisory Committee members and executive officers.

The committee, which was established in January 2021, consists of three or more members selected by resolution of the Board of Directors, and the majority of the members are independent outside directors. The committee, in response to consultation from the Board of Directors, advises the Board of Directors on matters concerning proposals for the election of candidates for directors, etc., the compensation of directors, etc., and the calculation method for individual compensation.

Detailed Supervision/Audits of Business Execution by Group and Regional PDCA Councils

Group and Regional PDCA Council consists of directors, executive officers and other senior management officers (independent outside directors excluded). At the councils, which convene on a quarterly basis, directors oversee the progress of management plans and provide guidance on management issues, while the directors who are Audit & Supervisory Committee members audit the status of business execution by executive officers.

Sustainability Committee

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

Name of the meeting body	Frequency of meetings	Agenda items
Management Conference	Once a month, as a general rule (Fiscal 2020: 12 times)	<ul style="list-style-type: none"> • Deliberates on matters deemed necessary by the President from among matters concerning important business execution decisions delegated by the Board of Directors to the President • Deliberates on matters deemed necessary by the President from among the Board of Directors' meeting agenda items • Deliberates on other important, management-related matters
Audit & Supervisory Committee	At least once every three months, as a general rule (Fiscal 2020: 9 times)	<ul style="list-style-type: none"> • Reports and expresses their opinions on the audit of the status of business execution by directors who are not Audit & Supervisory Committee members and other executive officers
Newly established Nomination & Compensation Committee	Twice a year, as a general rule (Fiscal 2020: 1 time)	<ul style="list-style-type: none"> • Proposal for the election of directors and executive officers • Matters concerning the compensation of directors, etc., and the calculation method for individual compensation
Group PDCA Council	Once a month, as a general rule (Fiscal 2020: 10 times)	<ul style="list-style-type: none"> • Reports, confirms, and provides guidance on the progress of Group-wide plans (for each business unit) • Reports, confirms, and provides guidance on the progress of important projects of each business unit • Considers and coordinates new management issues across business units
Regional PDCA Councils (Japan, U.S., Europe, and Asia)	Once every three months, as a general rule (Fiscal 2020: 3 times each)	<ul style="list-style-type: none"> • Considers the plans and budgets of each business company • Reports, confirms, and gives instructions on the progress of the plans of each business company
Change of name Sustainability Committee (Former Group CSR Promotion Council)	Once every 3 months, as a general rule (Fiscal 2020: 4 times)	<ul style="list-style-type: none"> • Deliberates on and promotes Group-wide sustainability policies, etc., including the Group's quality, risk management, compliance, social contribution, global environment conservation, respect for human rights, work-style reforms, and gender equality

Compensation of Directors

Compensation of Directors

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

Matters Related to Policies for Determining Amounts of Compensation of Officers or Calculation Methods Thereof

Compensation of directors, etc. is intended to contribute to continual improvement of the Company's business performance and corporate value. The Company designs its compensation system so that the level and structure of compensation are in accordance with the roles and responsibilities required of the Company's directors, and enable the recruitment and retention of well-qualified people. The compensation of directors consists of base compensation, performance-linked compensation, and restricted stock compensation. However, the compensation of directors serving as Audit & Supervisory Committee members and independent outside directors consists only of base compensation. Furthermore, as a general rule, compensation is not paid to part-time directors (who are paid compensation from consolidated subsidiaries). The total amount of base compensation and performance-linked compensation and the total amount of restricted stock compensation shall be within the total amount determined at the General Meetings of Shareholders.

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

a. Base compensation

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

b. Performance-linked compensation

Performance-linked compensation is monetary compensation for business execution during the term of office (one year) of directors. A standard amount is set for each executive position based on the Company's consolidated performance with reference to the compensation levels of other companies presented by a specialized outside organization. The standard amount of this type of compensation is determined by taking into account standard amount indicators and the levels of contribution of each director, evaluated quantitatively and qualitatively, and the compensation is paid during the fiscal year following the current fiscal year. As far as serving as a reward that functions as a sound incentive for sustainable growth that reflects the Company's business performance is concerned, consolidated operating income has been selected as the primary indicator of performance-linked compensation.

c. Non-monetary compensation (restricted stock compensation)

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

shareholders.

Directors, excluding independent outside directors and directors serving as Audit & Supervisory Committee members, are eligible, and the specific allocation to each eligible director is decided based on a resolution by the Company's Board of Directors. Each eligible director shall, by making a contribution in kind of all monetary compensation claims to be provided for granting restricted stock each fiscal year, receive an allotment of common stock of the Company. Furthermore, restricted stock compensation shall be granted as compensation for duties performed during the term of office (one year) of directors within one month after the conclusion of the Ordinary General Meeting of Shareholders that elects the directors. The allotment will be made through the disposition of treasury stock. The transfer restriction period shall be the period from the date of delivery of restricted stock to the time that directors lose their positions as director of the Company or any other positions determined by the Board of Directors of the Company.

d. Policy on proportion of amounts of compensation paid to individual directors for base compensation, performance-linked compensation, and non-monetary compensation
For the proportion of different types of compensation paid to directors, the voluntary Nomination & Compensation Committee is consulted, based on the compensation level benchmarks of companies with similar business scales and those belonging to the same industry and business category as the Company. The Representative Director and President, delegated by the Board of Directors, receives the details of the advice from the Nomination & Compensation Committee and decides the details of the compensation, etc. for individual directors referencing the proportions of compensation for each type of compensation shown in the advice.

e. Matters concerning decisions on the details of compensation, etc. for individual directors

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

Actual Compensation Amount for FY2020

Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			Number of Officers Eligible
		Base Compensation	Performance-Linked Compensation	Non-Monetary Compensation, etc.	
Directors (excluding directors serving as Audit & Supervisory Committee members and outside directors)	317	187	102	27	5
Directors serving as Audit & Supervisory Committee members (excluding outside directors)	33	33	—	—	1
Outside directors (excluding Audit & Supervisory Committee members)	10	10	—	—	2
Outside directors (Audit & Supervisory Committee members)	40	40	—	—	2

(Notes)

- The above includes two directors (including one outside director) who retired at the conclusion of the 85th Ordinary General Meeting of Shareholders held on June 24, 2020.
- The amount paid to directors does not include the portion of employee's salary for those directors who concurrently serve as employees.
- Performance-linked compensation is calculated by determining a base amount for each position based on the Company's consolidated operating income compared to the previous year, then adding or subtracting the contribution of each director within a range of ±25% to the base amount.
- Non-monetary compensation, etc. is the amount recorded in the current fiscal year related to stock acquisition rights granted as stock options.
- The compensation limit for directors (excluding directors serving as Audit & Supervisory Committee members) is ¥680 million per year (as approved at the 81st Ordinary General Meeting of Shareholders held on June 28, 2016). The number of directors as of the close of this Ordinary General Meeting of Shareholders is eight (including one outside director).
- Separately from (5) above, the compensation limit for director stock options (excluding outside directors and directors serving as Audit & Supervisory Committee members) is within ¥60 million per year (as approved at the 81st Ordinary General Meeting of Shareholders held on June 28, 2016). The number of Directors (excluding outside directors and directors who are Audit & Supervisory Committee members) as of the close of this Ordinary General Meeting of Shareholders is seven.
- The compensation limit for directors serving as Audit & Supervisory Committee members is ¥100 million per year (as approved at the 81st Ordinary General Meeting of Shareholders held on June 28, 2016).

Internal Control System

In accordance with the provisions of the Companies Act, the Company passed a resolution on its "Basic Policy for Building an Internal Control System" at a Board of Directors' meeting and is appropriately establishing an internal control system based on that basic policy. Passed by resolution at the Board of Directors' meeting held on March 27, 2019, the basic policy has been partially revised, as a strengthening measure for the prevention of misconduct. Also, every year, we check the execution status of the internal control system and report the results to the Board of Directors and, via business reports, to shareholders. We will continue to strengthen corporate governance by making improvements.

Group Governance

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

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

Functions as Corporate Pension Asset Owner

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

Dialogue with Shareholders and Investors

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

Exercise Ratio of Voting Rights
at 86th Ordinary General Meeting of Shareholders

89.88%

Meetings for Institutional Investors

Fiscal 2020: **168** times

Number of Explanatory Sessions for Individual Investors

Fiscal 2020: **2**
1,093 participants

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

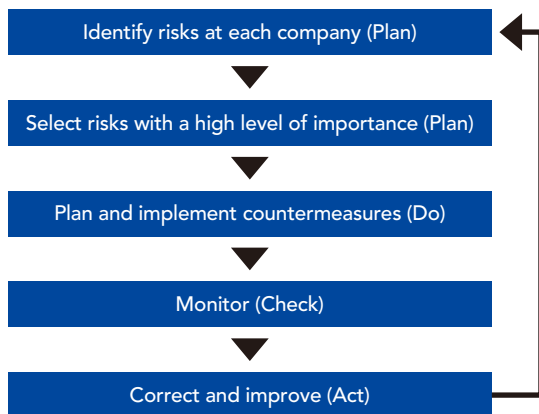
<https://www.sanwa-hldgs.co.jp/english/csr/effort/governance/>

Risk Management and Compliance

Number of reports made using internal whistleblower system Fiscal 2020: 107	Number of participants in compliance training Fiscal 2020: 277	Number of participants in Antitrust Law training Fiscal 2020: 205
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Implementing Risk Management

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



This cycle is repeated annually to identify and reevaluate risks.

In fiscal 2019, the Information Security Countermeasures Council was established to build an information security system from a global perspective. Furthermore, the purchasing, production, and engineering divisions at each Group company have been monitoring risks throughout the supply chain and providing guidance on improvements to business partners.

In fiscal 2020, in response to the COVID-19 pandemic, a Crisis Management Headquarters was established to gather information from each Group company, provide the necessary support, and give instructions on company-wide policies, including various working arrangements.

Ensuring Thorough Compliance

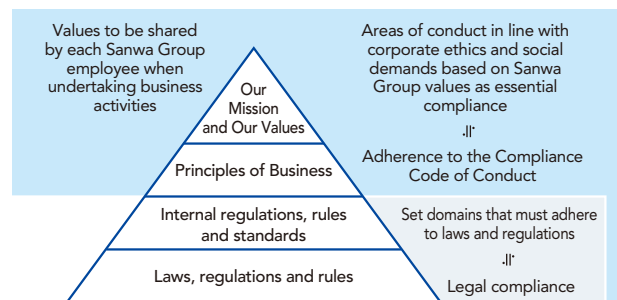
In order to maintain the trust of society, the Sanwa Group formulated in October 2005 the Compliance Code of Conduct, which outlines specific conduct that must be adhered to based on Our Mission, Our Values, Principles of Business, and the philosophy of the Group. In December 2020, the Compliance Code of Conduct was revised to meet the changing demands

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



Compliance Code of Conduct and Case Study Booklet

Compliance Code of Conduct: Conceptual Diagram



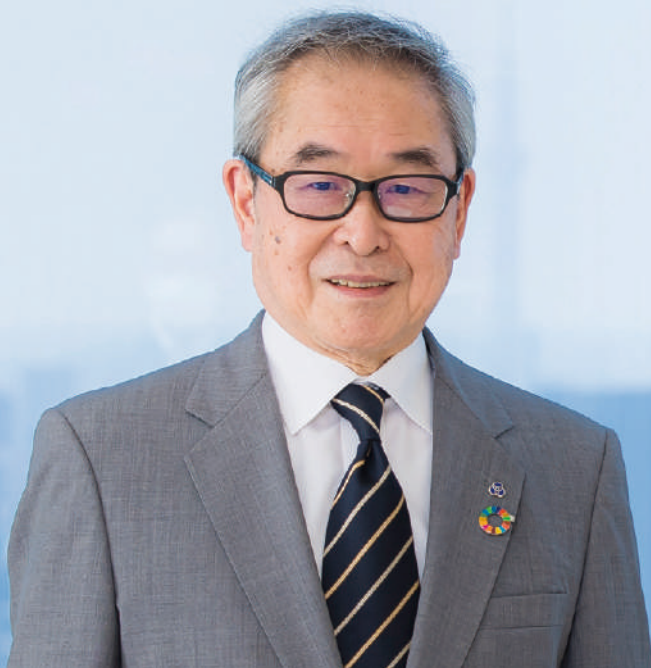
At domestic Group companies, training on a nationwide basis is provided to managers of each Group company to further instill awareness of the importance of compliance. This training features lectures designed to brush up the participants' knowledge of laws related to our business, such as the Antitrust Law, Construction Business Act, Waste Management and Public Cleansing Act, and Labor Standards Act. It also includes lectures concerning safety obligations, harassment, and risks relating to information security, respect for human rights, anti-corruption and other areas, and thereby fosters compliance awareness.

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

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



Compliance training for the local employees of the three companies in Shanghai



Akira Gokita

Independent Outside
Director
Audit & Supervisory
Committee Member

On improving the Board of Directors' effectiveness and establishing a Nomination & Compensation Committee

Sanwa Holdings delegates important business decisions to its President and Representative Director pursuant to the provisions of the Articles of Incorporation, based on the Companies Act, and resolutions of the Board of Directors. However, decisions by the President are based on the assumption that the Management Conference, consisting of the directors in charge of business execution, full-time directors, and Audit & Supervisory Committee members, has been consulted, and that the President's decisions on important business execution based on the Management Conference's reports have been deliberated on by the Board of Directors as reported matters. Although not being members of the Management Conference, outside directors, including myself, receive materials and minutes of the Management Conference prior to the meetings of the Board of Directors, which aid their understanding of issues and deliberations at the Management Conference and facilitate the discussions of the reported matters at the Board of Directors. Even though the President makes decisions on important business execution, the Management Conference is consulted and reports on such decisions and the Board of Directors deliberates on reported matters. This functions as a system of double checks.

Prior to the meeting of the Board of Directors, copious amounts of agenda materials are distributed to the outside directors, which enable them to fully consider the contents of agenda items before they attend the Board of Directors meeting. At Board meetings, the director in charge is sometimes confronted with harsh opinions, but discussions are always lively and constructive. Our role as outside directors is to take part in these deliberations on agenda items with transparency, as the closest thing to an external eye. I believe that, by following this process correctly, we can ensure the effectiveness of the Board of Directors and reasonable decision-making for business management.

In fiscal 2020, I feel that the relationship between the Board of Directors and the Management Conference, as well as qualitative aspects such as pre-distribution of materials and understanding of issues, have improved. This year, the Company has established a Nomination & Compensation Committee. Three of the five members are independent outside directors. The Board of Directors currently consists of nine directors, of whom five are also members of the Nomination & Compensation Committee. We have established this Nomination & Compensation Committee as a voluntary body, but with the majority of the members comprising independent outside directors, it substantially carries enough weight to match the standards of statutory Nomination & Compensation Committees. I expect it will ensure our decision-making process is transparent and fair.

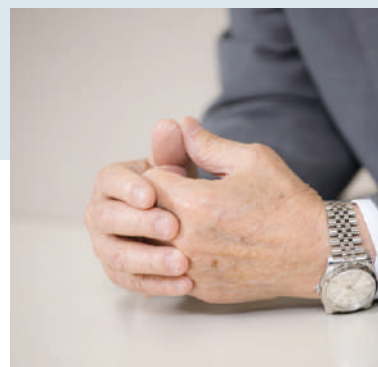
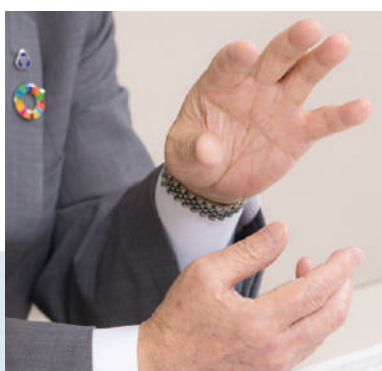
On risks and opportunities in the Group's growth

Corporate governance reforms were initially positioned as systems to improve the productivity and profit of Japanese companies and support management decisions that would enable them to prevail over global companies. In recent years, however, amid drastic changes to the industrial structure due to the Fourth Industrial Revolution, including IoT and AI, and increasing globe-spanning environmental changes caused by climate change and COVID-19, the working-age population and Japan's market continue to shrink due to the declining birthrate and aging population. In these current circumstances, we consider even greater world-class governance is required from Japanese companies in Japan.

Sanwa Holdings is a holding company with many subsidiaries in Japan and overseas. We believe that our Group management is expected to create synergies that are more than the simple numerical totals of the corporate values of each Group company, thereby maximizing these synergies.

From this perspective, under the heading of defensive governance, how do we improve the management effectiveness of each Group company? At overseas subsidiaries, we need to provide internal control systems and improve their effectiveness. However, a centralized form of internal control could impair the independence of each subsidiary and eventually damage the Group's corporate value. It is important that we carry out effective audits while allocating decision-making powers between the head office and subsidiaries and managing subsidiaries on a risk basis. To overcome the seeming trade-off between the strengthening and enhancing of internal controls and the cost of human resources, management, and auditing required for such ends, we will have to further utilize digital transformation (DX) in the future.

From the viewpoint of proactive management, we should also consider a flexible review of our business portfolio. Since we are expanding worldwide, we must consider concentrating investments of management resources in core business fields, expanding our business through aggressive M&A, and spinning off and selling non-core businesses in peripheral fields and those with low growth potential. We must achieve world-class governance on both the defensive side against various risks and the proactive side to increase corporate value.



Future initiatives, including ESG

The latest revision of the Corporate Governance Code makes a clear statement on sustainability including issues associated with society and the environment. This year, we have declared that we will incorporate TCFD into our disclosure framework and further promote SDGs, which are a global goal. As a company in the manufacturing industry, Sanwa can take various measures such as reducing the environmental burden when our products are manufactured and when they are used. There are still many things we can do in relation to climate change, energy issues, work styles and economic growth, technological innovation, and gender equality.

At the same time, we face some challenges. We need to carefully select what we can do and need to do, such as in-house promotion of work-style reforms, women's advancement, and health management including mental health.

Participation by female directors is one approach to improving diversity on the Board of Directors, but of course this does not mean merely appointing a certain number of women as outside directors. I believe that the quality of outside directors in supervisory roles, including myself, is being questioned now. Each outside director has an area of specialization and participates in the Board of Directors on that basis. However, given that outside directors depend on Company executives and employees to obtain the necessary information to fulfill their duties, they need to enhance their skills by deepening their expertise in specialized fields as well as broadening their understanding of fields outside of their specialty, and contribute to effective deliberations at the Board of Directors by making efforts to gather necessary information. I am a former public prosecutor, and now as a lawyer am serving as a member of the Audit & Supervisory Committee. I take part in the deliberations of the Board of Directors based on the information gleaned from the audit reports and internal audit reports of subsidiaries as well as the materials of the Management Conference and the Board of Directors. Going forward, I will continue to enhance my skills based on my expertise and experience as a lawyer and focus on understanding the Company's internal workings. As a diverse member of the Board of Directors, I am committed to strengthening and improving the Sanwa Group's governance, and thus raising its medium- to long-term corporate value.

Management Team



Toshitaka Takayama

Director, Chairman

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	1,848,000 Shares

Reasons for appointment

As Director, Chairman of the Company, he has been providing advice and supervising operational execution regarding management, accurately and with a high level of knowledge underpinned by his abundant experience as CEO of the Sanwa Group for many years. Thus, the Company has determined that he is qualified as a Director, in order to achieve sustainable growth of the Sanwa Group going forward.



Yasushi Takayama

Representative Director, President
Chief Executive Officer

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	119,187 Shares

Reasons for appointment

As a Director from 2012, he was responsible for the risk management division and various other divisions including development of global personnel, and has abundant experience and broad knowledge as a corporate manager. Having engaged in managerial decision-making for the Group as a whole from a global perspective, he was appointed Representative Director, President in 2017 and since then, he has contributed to promoting the management of the Sanwa Group aiming at becoming a major global player. Thus, the Company has determined that he is qualified as a Director.



Hiroatsu Fujisawa

Director, Senior Managing Executive Officer,
Responsible for Global Business Unit

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	27,300 Shares

Reasons for appointment

Based on his knowledge and experience as a corporate manager in Japan and overseas, he has mastered his managerial duties as Director since 2014 and contributes to performance as the manager of Global Business Unit. He is capable of supervising and monitoring management from a global perspective, while displaying his ability and knowledge in vital decision-making regarding the Company's business. Thus the Company has determined that he is qualified as a Director.



Hiroyuki Yamazaki

Director, Senior Executive Officer,
Responsible for Corporate Planning Unit

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	4,700 Shares

Reasons for appointment

Based on his experience as a corporate manager, since 2018 he has engaged in the work of the Corporate Planning Unit of the Company, as well as promoting the Sanwa Group's management strategy, personnel strategy, etc., and he has contributed to the enhancement of corporate value in areas such as risk management. Thus, the Company has determined that he is qualified as a Director.



Meiji Takayama

Director (Part-time)

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	91,338 Shares

Reasons for appointment

As Director since 2017, he has participated in management, and as Representative Director of Sanwa Shutter Corporation, he has led the domestic business with his strong leadership. Thus, the Company has determined that he is qualified as a Director based on his achievement and a wealth of experience in the domestic business of a manufacturer.



Masanaka Yokota

Independent Outside Director

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	3,500 Shares

Reasons for appointment

As an Outside Director, he has been providing appropriate advice and suggestions based on his abundant consulting experience and knowledge of fields ranging from management strategy and technical strategy to manufacturing and production, personnel development, and beyond, both in Japan and overseas. Thus, the Company has determined that he is qualified as a Director. Furthermore, based on his abundant consulting experience, he is expected to contribute to strengthening the functions of the Board of Directors by providing advice and suggestions contributing to enhance the corporate value of the Company along with highly effective supervision of management from an independent and objective standpoint.

Click here for brief biographies of the management team

<https://www.sanwa-hldgs.co.jp/english/corporate/organization.html>

Policy on appointment of Outside Directors

https://www.sanwa-hldgs.co.jp/english/csr/effort/governance/pdf/Independence_Criteria_for_OutsideOfficers.pdf



Teiko Zaima

Director
Audit & Supervisory Committee Member

Attendance at Board of Directors meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Number of Company Shares Held	23,400 Shares

Reasons for appointment

He has been engaged in accounting and finance business for many years, and possesses a wide range of knowledge about the Sanwa Group's business. As Corporate Auditor since 2015 and as Director serving as Audit & Supervisory Committee Member since 2016, he has displayed his knowledge regarding finance and accounting based on his experience, and thus the Company has determined that he is qualified as a Director Serving as Audit & Supervisory Committee Member.



Tsunekatsu Yonezawa

Independent Outside Director
Audit & Supervisory Committee Member

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

Reasons for appointment

He plays an appropriate role in the Board of Directors by providing advice on management based on his global experience and high level of insight on corporate management, business, and economics. In addition, as a member of the Nomination & Compensation Committee, he provides appropriate advice and oversight in the selection of candidates for the Company's Board of Directors and the review of the executive compensation system.



Akira Gokita

Independent Outside Director
Audit & Supervisory Committee Member

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

Reasons for appointment

As a former prosecutor and lawyer, he has played an appropriate role in the Board of Directors by providing advice based on his extensive experience and high level of insight as a legal expert. In addition, as a member of the Nomination & Compensation Committee, he provides appropriate advice and oversight in the selection of candidates for the Company's Board of Directors and the review of the executive compensation system.

Senior Executive Officers and Executive Officer

Senior Executive Officer	Toshiaki Doba	Subleader, Global Business Unit and Head of Europe and Americas Business
Senior Executive Officer	Kenichiro Motomachi	Subleader, Corporate Planning Unit
Executive Officer	Takenobu Hoizumi	(Head of Asia Business)

Name	Skill matrix								Committee participation status ◎: Chair/Chairperson, ◯: Observer			
	Corporate management, Governance	Industry knowledge, Industry experience	Global experience	Sales, marketing	Manufacturing and engineering, Development and quality assurance	Legal affairs, Risk management, Compliance	Personnel and labor, Personnel development	Finance and accounting, Monetary	Board of Directors	Management Conference	Group PDCA Council	Sustainability Committee
Toshitaka Takayama	○	○	○	○	○		○		○	○	□	
Yasushi Takayama	○	○				○	○	○	◎	◎	◎	◎
Hiroatsu Fujisawa	○	○	○	○	○			○	○	○	○	○
Hiroyuki Yamazaki	○		○	○		○	○	○	○	○	○	○
Meiji Takayama	○	○		○	○		○	○	○	○	○	○
Masanaka Yokota <small>Outside Independent</small>	○		○		○		○		○			○
Teiko Zaima	○	○				○	○	○	○	○		○
Tsunekatsu Yonezawa <small>Outside Independent</small>	○	○	○	○					○	○		
Akira Gokita <small>Outside Independent</small>	○					○		○	○			

12-Year Summary (As of March 31, 2021)

Sanwa Vision 2010 (FY2001–FY2012)

Global development and growth in the 21st century, implementation of the PDCA cycle and enhancement of CSR activities

	FY2010	FY2011	FY2012	FY2013
Operating Results (Millions of yen)				
Net sales	237,295	248,214	265,913	311,957
Overseas sales ratio (%)	43.3	41.0	39.3	41.7
Cost of sales	179,399	186,683	196,631	225,954
Gross profit	57,895	61,530	69,281	86,003
Operating income	4,562	8,855	14,174	20,649
Ordinary income	4,033	8,190	13,988	20,316
Profit attributable to owners of the parent company	(2,443)	3,297	7,181	10,161
Research and development expenses	2,436	2,456	2,440	3,149
Capital expenditures	3,495	2,897	4,293	7,116
Depreciation and amortization (excluding amortization of goodwill)	5,063	5,348	5,428	6,180
Cash Flows (Millions of yen)				
Cash flows from operating activities	3,717	5,453	14,855	19,728
Cash flows from investing activities	(3,791)	(9,253)	(5,313)	5,932
Cash flows from financing activities	(14,252)	312	(4,340)	3,876
Cash and cash equivalents (end of year)	20,306	16,825	22,275	52,307
Free cash flows	(74)	(3,800)	9,542	25,660
Financial Position (at Balance Sheet Date) (Millions of yen)				
Total assets	218,933	226,579	241,771	281,917
Interest-bearing debt	59,892	61,607	60,799	69,153
Net assets	86,021	85,522	97,134	113,956
Working capital	52,188	59,833	69,593	71,051
Cash Conversion Cycle (CCC) (Days)	83.3	82.4	84.7	78.8
Financial Indicators				
Net income (loss) per share (Yen)	(10.2)	13.7	29.9	42.4
Net assets per share (Yen)	357.59	355.37	404.57	474.63
Cash dividends per share (Yen)	8	8	10	13
Operating income ratio (%)	1.9	3.6	5.3	6.6
R&D expenditures to net sales ratio (%)	1.0	1.0	0.9	1.0
Return on assets (%)	(1.05)	1.48	3.07	3.88
Return on equity (%)	(2.7)	3.8	7.9	9.6
ROIC (%)	2.6	4.9	7.7	10.6
SVA (Billions of yen)	(3.5)	(1.2)	1.9	5.4
Debt/equity ratio (Times)	0.70	0.72	0.63	0.61
Shareholders' equity ratio (%)	39.3	37.7	40.1	40.4
Liquidity ratio (Times)	1.7	1.6	1.7	1.6
Payout ratio (%)	—	58.3	33.4	30.7

Notes: Working capital: accounts receivable + inventory – accounts payable

R&D expenditures to net sales ratio: R&D expenditures ÷ net sales × 100 (%)

ROIC: Return on invested capital. Net operating profit after tax (NOPAT) ÷ invested capital* × 100 (%)

*1 Invested capital attributed to Sanwa Group ROIC is calculated by subtracting cash & deposits and securities.

*2 The effective tax rate changed from 40% to 33% starting in fiscal 2018.

A History of Value Creation	Strategies for Securing Competitive Advantage	ESG Materiality Initiatives	Financial Section and Corporate Data
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Sanwa Global Vision 2020 (FY2013– FY2021)

To offer products and services that provide safety, security and convenience as a major global player in the access systems industry

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
339,045	365,615	353,922	385,673	409,990	440,161	427,061	450,000
43.8	44.7	44.4	46.1	46.4	45.4	45.9	47.7
242,273	260,078	250,068	273,155	291,301	310,925	299,838	—
96,771	105,537	103,854	112,517	118,689	129,235	127,223	—
26,334	26,870	26,440	28,322	31,593	34,217	33,077	34,000
25,975	26,161	25,278	27,898	30,437	33,469	32,142	32,700
12,857	14,627	17,070	18,280	20,910	21,647	21,251	21,600
3,505	3,868	3,999	4,422	4,611	4,728	4,641	—
7,727	8,127	8,096	11,383	12,367	8,419	8,770	14,900
7,188	8,022	7,290	7,622	8,049	9,301	10,010	11,130
22,304	24,378	23,670	26,532	24,271	32,301	50,144	—
(27,080)	(15,641)	(8,006)	(13,172)	(13,677)	(16,622)	(11,177)	—
10,625	(25,702)	(838)	(20,505)	(11,349)	(10,466)	(6,102)	—
58,605	41,516	56,290	49,263	47,977	54,618	87,795	—
(4,776)	8,737	15,664	13,360	10,593	15,679	38,967	7,300
323,327	310,269	323,393	331,686	338,432	354,023	375,159	380,000
88,484	70,798	74,739	65,945	61,217	63,730	66,194	55,100
126,748	130,334	139,905	151,121	161,603	165,633	181,387	183,264
80,820	84,012	82,982	90,794	96,162	105,235	96,067	—
81.7	82.3	86.1	82.2	83.2	83.5	86.0	—
54.1	63.1	74.6	81.0	93.0	97.1	96.2	97.8
541.49	565.64	607.16	667.09	713.50	742.90	814.10	—
16	23	25	30	32	34	34	34
7.8	7.3	7.5	7.3	7.7	7.8	7.7	7.6
1.0	1.1	1.1	1.1	1.1	1.1	1.1	—
4.25	4.62	5.39	5.58	6.24	6.25	5.83	—
10.7	11.4	12.7	12.7	13.5	13.3	12.4	12.0
12.6	12.2	12.2	12.8	15.0	15.4	15.5	16.5
7.8	8.2	8.1	9.0	12.7	14.0	13.6	14.5
0.70	0.54	0.53	0.44	0.38	0.38	0.36	0.30
39.1	41.7	43.0	45.2	47.4	46.3	47.9	47.8
1.7	1.8	1.8	1.7	1.7	1.9	1.8	—
29.6	36.5	33.5	37.1	34.4	35.0	35.3	34.8

SVA: Our unique indicator of added value. NOPAT – invested capital × WACC (6%)

CCC: Accounts receivable turnover days + inventory turnover days - accounts payable turnover days

Consolidated Balance Sheets

Sanwa Holdings Corporation and Subsidiaries As of March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
ASSETS			
Current assets:			
Cash and deposits (Note 3)	¥ 76,805	¥ 47,127	\$ 698,227
Short-term investments (Notes 3, 4, 10)	13,002	9,600	118,200
Notes and accounts receivable, trade (Note 10)	76,388	88,441	694,436
Electronically recorded monetary claims (Note 10)	10,910	9,283	99,182
Inventories (Note 5)	60,755	61,917	552,318
Other current assets	4,598	7,828	41,800
Allowance for doubtful accounts	(1,858)	(1,666)	(16,891)
Total current assets	240,602	222,532	2,187,291
Non-current assets:			
Property, plant and equipment:			
Land	21,607	21,574	196,427
Buildings and structures	60,528	61,275	550,255
Machinery and equipment	77,926	81,714	708,418
Right-of-use assets	4,693	4,163	42,664
Construction in progress	3,885	3,189	35,318
	168,642	171,917	1,533,109
Less accumulated depreciation	(99,226)	(102,826)	(902,055)
Total property, plant and equipment	69,415	69,091	631,045
Intangible assets:			
Goodwill	4,913	5,264	44,664
Other intangible assets (Note 6)	15,862	18,028	144,200
Total intangible assets	20,776	23,292	188,873
Investments and other assets:			
Investments in securities (Notes 4, 10)	28,976	25,159	263,418
Long-term loans receivable	676	538	6,145
Net defined benefit asset (Note 8)	7,756	5,621	70,509
Deferred income taxes (Note 15)	3,778	4,916	34,345
Other assets	3,739	3,319	33,991
Allowance for doubtful accounts	(563)	(448)	(5,118)
Total investments and other assets	44,364	39,107	403,309
Total non-current assets	134,556	131,491	1,223,236
Total assets	¥ 375,159	¥ 354,023	\$ 3,410,536

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Notes 7, 10)	¥ 27,750	¥ 12,666	\$ 252,273
Notes and accounts payable, trade (Note 10)	51,986	54,407	472,600
Accrued income taxes	6,243	5,851	56,755
Accrued expenses	26,047	24,381	236,791
Other current liabilities	19,827	16,763	180,245
Total current liabilities	131,856	114,071	1,198,691
Non-current liabilities:			
Long-term debt (Notes 7, 10)	41,799	54,579	379,991
Net defined benefit liability (Note 8)	13,566	13,688	123,327
Deferred income taxes (Note 15)	3,700	4,241	33,636
Other long-term liabilities	2,847	1,808	25,882
Total long-term liabilities	61,915	74,318	562,864
Total liabilities	193,771	188,389	1,761,555
NET ASSETS (Note 12)			
Shareholders' equity			
Common stock:			
Authorized — 550,000,000 shares at March 31, 2021 and 2020			
Issued — 231,000,000 shares at March 31, 2021 and 2020	38,413	38,413	349,209
Capital surplus	39,902	39,902	362,745
Retained earnings	105,450	91,725	958,636
Treasury stock, at cost			
(10,107,727 shares at March 31, 2021 and 10,154,344 shares at March 31, 2020)	(9,990)	(10,036)	(90,818)
Total shareholders' equity	173,776	160,005	1,579,782
Accumulated other comprehensive income:			
Net unrealized holding gains on securities	2,066	94	18,782
Deferred losses (gains) on hedges	(8)	41	(73)
Foreign currency translation adjustments	5,130	6,531	46,636
Remeasurements of defined benefit plans	(1,137)	(2,607)	(10,336)
Total accumulated other comprehensive income	6,051	4,059	55,009
Stock acquisition rights (Note 13)	279	281	2,536
Non-controlling interests	1,280	1,286	11,636
Total net assets	181,387	165,633	1,648,973
Total liabilities and net assets	¥ 375,159	¥ 354,023	\$ 3,410,536

Consolidated Statements of Operations

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net sales	¥ 427,061	¥ 440,161	\$ 3,882,373
Cost of sales (Note 14)	299,838	310,925	2,725,800
Gross profit	127,223	129,235	1,156,573
Selling, general and administrative expenses (Notes 13, 14)	94,146	95,017	855,873
Operating income	33,077	34,217	300,700
Other income (expenses):			
Interest and dividend income	497	777	4,518
Interest expenses	(514)	(751)	(4,673)
Equity in losses of non-consolidated subsidiaries and affiliates	(429)	(148)	(3,900)
Other, net (Note 16)	(1,120)	(1,789)	(10,182)
Other income (expenses), net	(1,567)	(1,911)	(14,245)
Net profit before income taxes	31,509	32,306	286,445
Income taxes (Note 15)			
Current	11,048	10,624	100,436
Deferred	(736)	(7)	(6,691)
Total income taxes	10,312	10,616	93,745
Net profit	21,197	21,689	192,700
Profit attributable to non-controlling interests	(54)	41	(491)
Profit attributable to owners of the parent company	¥ 21,251	¥ 21,647	\$ 193,191

	Yen		U.S. dollars (Note 1)
	2021	2020	2021
Per share: (Note 21)			
Net profit – Basic	¥ 96.21	¥ 97.14	\$ 0.88
– Diluted	95.97	96.89	0.87
Cash dividends	34.00	34.00	0.31

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, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net profit	¥ 21,197	¥ 21,689	\$ 192,700
Other comprehensive income (Note 17)			
Net unrealized holding gains(losses) on securities	1,971	(2,123)	17,918
Deferred losses (gains) on hedges	(49)	66	(445)
Foreign currency translation adjustments	(1,411)	(2,453)	(12,827)
Remeasurements of defined benefit plans	1,469	(1,013)	13,355
Share of other comprehensive income of non-consolidated subsidiaries and affiliates accounted for using the equity method	11	130	100
Total other comprehensive income (Note 17)	1,991	(5,394)	18,100
Comprehensive income	¥ 23,188	¥ 16,294	\$ 210,800
Comprehensive income attributable to:			
Owners of the parent company	¥ 23,207	¥ 16,297	\$ 210,973
Non-controlling interests	(18)	(2)	(164)

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, 2021 and 2020

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains on securities	Deferred losses (gains) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2019	¥ 38,413	¥ 39,902	¥ 81,741	¥ (8,989)	¥ 2,219	¥ (25)	¥ 8,853	¥ (1,593)	¥ 248	¥ 832	¥ 161,603
Net changes during the year											
Cash dividends			(7,385)								(7,385)
Profit attributable to owners of the parent company			21,647								21,647
Change of scope of consolidation			(242)								(242)
Change of scope of equity method			(82)								(82)
Purchase of treasury stock				(5,000)							(5,000)
Disposal of treasury stock			(0)	0							0
Retirement of treasury stock			(3,953)	3,953							-
Net changes during the year other than shareholders' equity					(2,124)	66	(2,322)	(1,013)	33	454	(4,906)
Total net changes during the year	-	-	9,984	(1,046)	(2,124)	66	(2,322)	(1,013)	33	454	4,030
Balance at March 31, 2020	¥ 38,413	¥ 39,902	¥ 91,725	¥ (10,036)	¥ 94	¥ 41	¥ 6,531	¥ (2,607)	¥ 281	¥ 1,286	¥ 165,633
Net changes during the year											
Cash dividends			(7,509)								(7,509)
Profit attributable to owners of the parent company			21,251								21,251
Purchase of treasury stock				(1)							(1)
Disposal of treasury stock			(17)	47							29
Net changes during the year other than shareholders' equity					1,971	(49)	(1,400)	1,469	(2)	(6)	1,982
Total net changes during the year			13,725	45	1,971	(49)	(1,400)	1,469	(2)	(6)	15,753
Balance at March 31, 2021	¥ 38,413	¥ 39,902	¥ 105,450	¥ (9,990)	¥ 2,066	¥ (8)	¥ 5,130	¥ (1,137)	¥ 279	¥ 1,280	¥ 181,387

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains on securities	Deferred losses (gains) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2020	\$ 349,209	\$ 362,745	\$ 833,864	\$ (91,236)	\$ 855	\$ 373	\$ 59,373	\$ (23,700)	\$ 2,555	\$ 11,691	\$ 1,505,755
Net changes during the year											
Cash dividends			(68,264)								(68,264)
Profit attributable to owners of the parent company			193,191								193,191
Purchase of treasury stock				(9)							(9)
Disposal of treasury stock			(156)	427							271
Net changes during the year other than shareholders' equity					17,918	(445)	(12,727)	13,355	(19)	(55)	18,018
Total net changes during the year	-	-	124,773	409	17,918	(445)	(12,727)	13,355	(19)	(55)	143,209
Balance at March 31, 2021	\$ 349,209	\$ 362,745	\$ 958,636	\$ (90,818)	\$ 18,782	\$ (73)	\$ 46,636	\$ (10,336)	\$ 2,536	\$ 11,636	\$ 1,648,973

Consolidated Statements of Cash Flows

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash flows from operating activities:			
Net profit before income taxes	¥ 31,509	¥ 32,306	\$ 286,445
Adjustments for:			
Depreciation and amortization	10,010	9,301	91,000
Amortization of goodwill	1,564	2,260	14,218
Impairment loss	283	536	2,573
Return of surcharge	(84)	-	(764)
Equity in losses of non-consolidated subsidiaries and affiliates	429	148	3,900
Interest and dividend income	(497)	(777)	(4,518)
Interest expenses	514	751	4,673
Increase (decrease) in allowance for doubtful accounts	306	355	2,782
Increase (decrease) in allowance for bonuses	188	3	1,709
Increase (decrease) in net defined benefit liability and asset	(650)	(141)	(5,909)
(Increase) decrease in notes and accounts receivable	10,686	2,039	97,145
(Increase) decrease in inventories	513	(2,157)	4,664
Increase (decrease) in notes and accounts payable	(2,455)	(1,631)	(22,318)
Other, net	8,424	(823)	76,582
Subtotal	60,745	42,173	552,227
Interest and dividend income received	565	811	5,136
Interest expenses paid	(541)	(745)	(4,918)
Proceeds from refund of surcharge	84	-	764
Income taxes paid	(10,708)	(9,937)	(97,345)
Net cash provided by operating activities	50,144	32,301	455,855
Cash flows from investing activities:			
Payments for purchase of investments in securities	(6,805)	(1,619)	(61,864)
Proceeds from sales of investments in securities	3,264	4,635	29,673
Payments for purchase of tangible and intangible assets	(8,770)	(8,419)	(79,727)
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	-	(10,580)	-
Payments for advances	(318)	(506)	(2,891)
Proceeds from collections of advances	1,336	253	12,145
Other, net	115	(385)	1,045
Net cash used in investing activities	(11,177)	(16,622)	(101,609)
Cash flows from financing activities:			
Decrease in short-term loans, net	(188)	(1,498)	(1,709)
Proceeds from long-term loans	8,403	6,894	76,391
Repayments of long-term loans	(5,789)	(11,902)	(52,627)
Proceeds from issuance of bonds	-	10,000	-
Repayments of bonds	-	(1,500)	-
Purchase and disposal of treasury stock, net	28	(5,000)	255
Cash dividends paid	(7,509)	(7,385)	(68,264)
Cash dividends paid to non-controlling interests	(79)	(73)	(718)
Other, net	(967)	(1)	(8,791)
Net cash used in financing activities	(6,102)	(10,466)	(55,473)
Effect of exchange rate changes on cash and cash equivalents	(572)	(183)	(5,200)
Net Increase in cash and cash equivalents	32,292	5,029	293,564
Cash and cash equivalents at beginning of year	54,618	47,977	496,527
Changes in cash and cash equivalents by changing the scope of consolidation	885	1,610	8,045
Cash and cash equivalents at end of year (Note 3)	¥ 87,795	¥ 54,618	\$ 798,136

The accompanying notes are an integral part of these statements.

A History of Value Creation	Strategies for Securing Competitive Advantage	ESG Materiality Initiatives	Financial Section and Corporate Data
12-year Summary	Consolidated Financial Statements	Global Network	Product Information / Corporate Overview

1. Basis of Presenting Consolidated Financial Statements

Sanwa Holdings Corporation (the “Company”) and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Corporate Act and the Financial Instruments and Exchange Law and in accordance with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The accounts and records of the Company’s overseas subsidiaries have been prepared in accordance with mainly either International Financial Reporting Standards or US GAAP for the Company’s consolidation process, except for certain items which are required to be adjusted in the consolidation process.

Amounts less than one million yen and one thousand U.S. dollars are rounded down. Therefore, total or subtotal amounts may not correspond with the aggregation of such account balances.

The accompanying consolidated financial statements are prepared based on the consolidated financial statements of the Company and its subsidiaries (the “Group”), which were filed with the Director of Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Law.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2021, which was ¥110 to US\$1.00.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

At March 31, 2021, the Company had 100 subsidiaries and 11 affiliates.

The scope of consolidation for the fiscal year ended March 31, 2021 (FY2020) includes Sanwa Holdings Corporation and its 64 consolidated subsidiaries. Equity method accounting is applied to investments in 2 non-consolidated subsidiaries and 1 affiliate at March 31, 2021 (FY2020).

In the fiscal year ended March 31, 2021, Suzuki Shutter (HK) Limited, Suzuki Shutter (Macau) Company Limited, Novoferm Hungaria Kft. and olla Solution Kft. were included in the scope of consolidation because their significance increased, Norsud Gestion S.A.S. was excluded from the scope of consolidation due to a merger.

In the fiscal year ended March 31, 2021, Suzuki Shutter (HK) Limited and Suzuki Shutter (Macau) Company Limited were excluded from the scope of application of the equity method and included in the scope of consolidation because their significance increased.

(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.

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 recognizes revenue at the time products are shipped, which is when title and risk of loss pass to the customer. The Group recognizes revenue related to installation of products at the time installation is complete.

However, revenues and costs of construction contracts, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. To estimate the progress of such construction projects, the Group measures the percentage of completion by

comparing costs incurred to date with the most recent estimate of total costs required to complete the project (cost to cost basis). If a reliable estimate cannot be made, revenues and costs of construction contract are recognized by the completed-contract method.

(k) Research and Development Expenses and Software

Research and development expenses are charged to income when incurred.

Expenditure relating to software developed for internal use is charged to income when incurred, except if it contributes to the generation of income or to the future cost savings. Such expenditures capitalized as assets are amortized using the straight-line method over their estimated useful lives of five years.

(l) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. Deferred income taxes are recorded to reflect the expected future tax consequence of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(m) Net Income per Share

The computation of basic net income (loss) per share is based on the weighted-average number of shares of common stock outstanding. The average number of shares used in the computation was 220,881 thousand and 222,852 thousand for the fiscal years ended March 31, 2021 and 2020, 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 interest rate swap 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 and the special method, respectively, which are regulated in the standard. The allocation method requires

A History of Value Creation	Strategies for Securing Competitive Advantage	ESG Materiality Initiatives	Financial Section and Corporate Data
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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) Other Significant Matters for Preparation of Consolidated Financial Statements

Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

With regard to the items that were reviewed in the non-consolidated tax return filing system in line with the transition from the Consolidated Taxation System to the Group Tax Sharing System established in the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), the Company and its domestic consolidated subsidiaries do not apply paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, issued on February 16, 2018), in accordance with the treatment in paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, issued on March 31, 2020), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law prior to the amendment.

(p) Reclassifications

Certain reclassifications of the financial statements for the fiscal year ended March 31, 2020 have been made to conform to the presentation for the fiscal year ended March 31, 2021.

(q) Accounting Standards Issued but Not Yet Effective

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued on March 26, 2021)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, issued on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) together developed a comprehensive accounting standard for revenue recognition, and released the standard for Revenue from Contracts with Customers (IASB’s IFRS 15 and FASB’s Topic 606) in May 2014. IFRS 15 was applied from fiscal years beginning on or after January 1, 2018, and Topic 606 was applied for fiscal years beginning after December 15, 2017. Accordingly, the ASBJ’s comprehensive accounting standard for revenue recognition was developed, and was released along with implementation guidance.

The ASBJ’s basic policy in its development of the accounting standard for revenue recognition was to establish a new standard incorporating the basic principles of IFRS 15 as the starting point to allow for comparability of financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to add alternative accounting treatments for any items requiring consideration due to conventional practices in Japan, provided that such treatments do not impair comparability.

(2) Planned Date of Application

To be applied from the beginning of the fiscal year ending March 31, 2022

(3) Effect of the Application of the Accounting Standard

The amount of the effect was under review when the consolidated financial statements were prepared.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued on July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, issued on July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued on July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, issued on July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, issued on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) established similar detailed guidance on fair value measurement (IFRS 13, "Fair Value Measurement" and FASB Accounting Standards Codification Topic 820, "Fair Value Measurement.") Accordingly, the ASBJ made efforts to ensure the consistency of Japanese GAAP with international accounting standards regarding guidance and disclosure of fair value, primarily for financial instruments, and the Accounting Standard for Fair Value Measurement was released.

The ASBJ's basic policy in its development of the accounting standard for fair value measurement was to adopt essentially all of the provisions of IFRS 13 to improve the comparability of financial statements between companies in Japan and overseas by using uniform measurement methods, and to add alternative accounting treatments for any items requiring consideration due to conventional practices in Japan, provided that such treatments do not significantly impair comparability.

(2) Planned Date of Application

To be applied from the beginning of the fiscal year ending March 31, 2022

(3) Effect of the Application of the Accounting Standard

The amount of the effect was under review when the consolidated financial statements were prepared.

3. Cash and Deposits

The balances of cash and deposits reflected in the accompanying consolidated balance sheets at March 31, 2021 and 2020 were reconciled to the balances of cash and cash equivalents in the accompanying consolidated statements of cash flows for the years ended March 31, 2021 and 2020 as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and deposits	¥ 76,805	¥ 47,127	\$ 698,227
Securities	13,002	9,600	118,200
Time deposits with maturities of more than three months	(10)	(10)	(91)
Debt securities with maturities of more than three months	(2,002)	(2,099)	(18,200)
Cash and cash equivalents at end of period	¥ 87,795	¥ 54,618	\$ 798,136

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

At March 31, 2021 and 2020, other securities, which are included in short-term investments and investment in securities, were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2021			2020			2021		
	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	¥ 10,982	¥ 7,623	¥ 3,359	¥ 4,949	¥ 2,628	¥ 2,321	\$ 99,836	\$ 69,300	\$ 30,536
Bonds and debentures	7,077	7,056	21	2,860	2,854	6	64,336	64,145	191
Other	6,000	6,000	0	3,504	3,503	0	54,545	54,545	0
Subtotal	¥ 24,061	¥ 20,680	¥ 3,381	¥ 11,314	¥ 8,986	¥ 2,327	\$ 218,736	\$ 188,000	\$ 30,736
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	¥ 1,630	¥ 1,865	¥ (235)	¥ 4,994	¥ 6,954	¥ (1,959)	\$ 14,818	\$ 16,955	\$ (2,136)
Bonds and debentures	5,420	5,449	(29)	8,721	8,826	(104)	49,273	49,536	(264)
Other	5,891	6,000	(108)	4,912	5,006	(94)	53,555	54,545	(982)
Subtotal	¥ 12,941	¥ 13,315	¥ (373)	¥ 18,628	¥ 20,787	¥ (2,158)	\$ 117,645	\$ 121,045	\$ (3,391)
Total	¥ 37,003	¥ 33,995	¥ 3,007	¥ 29,943	¥ 29,774	¥ 168	\$ 336,391	\$ 309,045	\$ 27,336

Unlisted equity securities (carrying value for the years ended March 31, 2021 and 2020 amounted to ¥489 million (\$4,445 thousand) and ¥471 million, respectively) for which it is extremely difficult to determine the fair value are not included in the above table.

Information regarding sales of other securities for the years ended March 31, 2021 and 2020 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Proceeds from sales	¥ 36,222	¥ 14,909	\$ 329,291
Gross realized gain	41	58	373

The Group has recognized loss on impairment of marketable securities classified as other securities in the amount of ¥40 million for the year ended March 31, 2021.

Impairment loss is recorded for the securities whose market value declines by 50% or more as compared with their acquisition costs.

At March 31, 2021 and 2020, investments in non-consolidated subsidiaries and affiliates were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Equity securities	¥ 4,487	¥ 4,345	\$ 40,791
Advances	426	321	3,873
	¥ 4,913	¥ 4,666	\$ 44,664

5. Inventories

Inventories at March 31, 2021 and 2020 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Finished goods	¥ 9,119	¥ 10,730	\$ 82,900
Work in process	25,444	25,372	231,309
Raw materials and supplies	26,192	25,814	238,109
	¥ 60,755	¥ 61,917	\$ 552,318

6. Other Intangible Assets

Other intangible assets at March 31, 2021 and 2020 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Trademark	¥ 4,775	¥ 5,021	\$ 43,409
Software	7,438	8,475	67,618
Other	3,648	4,531	33,164
	¥ 15,862	¥ 18,028	\$ 144,200

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

Short-term debt, long-term debt and lease obligations at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Short-term debt (unsecured)	¥ 6,004	¥ 6,187	\$ 54,582
Current portion of long-term debt	1,050	5,747	9,545
0.494% unsecured bonds, due 2022	20,000	-	181,818
Current portion of lease obligations	696	731	6,327
Short-term debt	¥ 27,750	¥ 12,666	\$ 252,273
0.494% unsecured bonds, due 2022	-	20,000	-
0.370% unsecured bonds, due 2026	10,000	10,000	90,909
0.290% unsecured bonds, due 2029	10,000	10,000	90,909
Unsecured loans from banks and other financial institutions maturing 2022 - 2026 with average interest rate from 0.28% to 2.70%	20,190	17,542	183,545
Lease obligations	3,356	3,515	30,509
Long-term debt	¥ 43,546	¥ 61,058	\$ 395,873
Less, current portion	(1,746)	(6,478)	(15,873)
Long-term debt	¥ 41,799	¥ 54,579	\$ 379,991

Aggregate annual maturities of long-term debt and lease obligations at March 31, 2021 were as follows:

Years ending March 31	Millions of yen		Thousands of U.S. dollars	
	Long-term debt	Lease obligation	Long-term debt	Lease obligation
2023	¥ 9,550	¥ 533	\$ 86,818	\$ 4,845
2024	8,090	372	73,545	3,382
2025 and thereafter	21,500	1,753	195,455	15,936
	¥ 39,140	¥ 2,659	\$ 355,818	\$ 24,173

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, 2021 and 2020 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
	2021	2020	2021
Beginning balance of retirement benefit obligations	¥ 43,255	¥ 41,452	\$ 393,227
Increase due to new consolidation	-	873	-
Service cost	1,551	1,540	14,100
Interest cost	393	499	3,573
Actual differences arising during the year	558	2,407	5,073
Retirement benefits paid	(2,897)	(3,209)	(26,336)
Other	(458)	(308)	(4,164)
Ending balance of retirement benefit obligations	¥ 42,401	¥ 43,255	\$ 385,464

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Beginning balance of plan assets	¥ 36,042	¥ 36,166	\$ 327,655
Expected return on plan assets	1,041	1,117	9,464
Actual differences arising during the year	1,993	131	18,118
Contribution made by the Company and consolidated subsidiaries	972	1,108	8,836
Retirement benefits paid	(2,079)	(2,367)	(18,900)
Other	(470)	(113)	(4,273)
Ending balance of plan assets	¥ 37,498	¥ 36,042	\$ 340,891

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

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Beginning net defined benefit liability	¥ 853	¥ 527	\$ 7,755
Increase due to new consolidation	-	217	-
Retirement benefits expense	172	156	1,564
Retirement benefits paid	(57)	(51)	(518)
Contribution to plan	(42)	(42)	(382)
Other	(19)	46	(173)
Ending net defined benefit liability	¥ 906	¥ 853	\$ 8,236

(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
	2021	2020	2021
Funded retirement benefit obligations	¥ 36,530	¥ 37,284	\$ 332,091
Plan assets	(38,071)	(36,597)	(346,100)
	(1,540)	686	(14,000)
Unfunded retirement benefit obligations	7,351	7,380	66,827
Net amount of liability and asset on consolidated balance sheets	5,810	8,067	52,818
Net defined benefit liability	13,566	13,688	123,327
Net defined benefit asset	(7,756)	(5,621)	(70,509)
Net amount of liability and asset on consolidated balance sheets	¥ 5,810	¥ 8,067	\$ 52,818

(5) Retirement Benefit Expenses

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost	¥ 1,551	¥ 1,540	\$ 14,100
Interest cost	393	499	3,573
Expected return on plan assets	(1,041)	(1,117)	(9,464)
Amortization of actuarial differences	591	809	5,373
Retirement benefit expenses using the simplified method	172	156	1,564
Retirement benefit expenses for defined benefit pension plans	¥ 1,667	¥ 1,888	\$ 15,155

(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
	2021	2020	2021
Actuarial differences	¥ 2,082	¥ (1,423)	\$ 18,927
Total	¥ 2,082	¥ (1,423)	\$ 18,927

(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
	2021	2020	2021
Unrecognized actuarial differences	¥ (1,511)	¥ (3,593)	\$ (13,736)
Total	¥ (1,511)	¥ (3,593)	\$ (13,736)

(8) Plan Assets

a. Breakdown of pension assets

	2021	2020
Bonds	47%	51%
Stocks	31%	28%
Cash and deposits	0%	0%
General life insurance accounts	17%	17%
Other	5%	4%
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

	2021	2020
Discount rate	(0.1%)-3.2%	(0.2%)-4.4%
Expected rate of return on plan assets	0.2%-5.8%	0.2%-6.8%
Expected rate of increase in compensation level	1.5%-6.1%	1.5%-6.1%

2. Defined Contribution Pension Plans

Contributions to defined contribution pension plan

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Contributions to defined contribution pension plan	¥ 1,022	¥ 1,028	\$ 9,291

9. Leases

The amounts of outstanding future lease payments due in respect of operating lease contracts as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Within 1 year	¥ 1,120	¥ 1,202	\$ 10,182
After 1 year	2,357	2,444	21,427
	¥ 3,477	¥ 3,647	\$ 31,609

10. Financial Instruments

1. Status of Financial Instruments

(1) Policy for financial instruments

In light of plans for financing, the Group raises the funds it requires through bank loans and bond issuance.

The Group manages temporary fund surpluses through financial assets that have high levels of safety. The Group reduces customer credit risk by applying internal policies for managing credit risk. Long-term debt and bonds are taken out principally for the purpose of capital expenditure and acquisitions.

The Group limits the use of derivatives to the volume of long-term debt and bonds and actual requirements based on established internal control rules, and does not engage in speculative transactions.

(2) Types of financial instruments and related risk

Trade receivables - notes receivable and accounts receivable - electronically recorded monetary claims - are exposed to credit risk in relation to customers.

The Group holds securities and investments in securities, which are mainly issued by companies who have business relationships with the Group, and these securities are exposed to the risk of fluctuation in market prices. Trade payables - notes payable and accounts payable - mostly have payment due dates within one year.

Bank loans and bonds are taken out principally for the purpose of working capital, capital expenditure and acquisitions, which are exposed to liquidity risk and interest-rate risk.

Currency swap is almost always used as a hedge as a type of derivative transaction.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies for managing credit risk of the Group, the Group monitors credit-worthiness of its main customers periodically, and monitors due dates and outstanding balances by customer.

To minimize credit risk when entering into derivative transactions, counterparties are limited to financial institutions with high ratings.

(b) Monitoring of market risks

Derivatives mainly include currency swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables.

Investments in securities, primarily the equity securities of corporations with which the Group does business, are exposed to the risk of fluctuations in market price. The Group manages this risk by periodically examining market prices and the financial condition of the issuing entities.

The Group executes and manages derivative transactions within the limits of established internal rules and regulations, and reduces credit risk by limiting counterparties to highly creditworthy financial institutions.

(c) Monitoring of liquidity risk for financing (the risk that the Companies may not be able to meet obligations on the scheduled due dates)

(4) Supplementary explanation of items relating to the market value of financial instruments

The Group manages the liquidity risk mainly through the cash-flow plans, which are prepared by the financial department.

In order to achieve more efficient and flexible financing, the Group contracts line-of-credit agreements with certain financial institutions.

2. Fair Value of Financial Instruments

Amounts recognized in the consolidated balance sheets, fair values and the differences between them on March 31, 2021 and 2020 were as shown below.

Moreover, items for which it is extremely difficult to determine fair values are not included in the following table (see (Note 2)).

	Millions of yen		
	2021		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 76,805	¥ 76,805	¥ -
(2) Notes and accounts receivable, trade	76,388	76,388	-
(3) Electronically recorded monetary claims	10,910	10,910	-
(4) Securities and investments in securities	37,003	37,003	-
Total assets	¥ 201,107	¥ 201,107	¥ -
(1) Notes and accounts payable, trade	(51,986)	(51,986)	-
(2) Short-term debt	(27,054)	(27,116)	(62)
(3) Long-term debt	(39,140)	(39,046)	93
Total liabilities	¥ (118,180)	¥ (118,149)	¥ 30

Note: Lease obligations are excluded from short-term debt and long-term debt in the amounts of ¥696 million (\$6,327 thousand) and ¥2,659 million (\$24,173 thousand), respectively.

	Millions of yen		
	2020		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 47,127	¥ 47,127	¥ -
(2) Notes and accounts receivable, trade	88,441	88,441	-
(3) Electronically recorded monetary claims	9,283	9,283	-
(4) Securities and investments in securities	29,943	29,943	-
Total assets	¥ 174,795	¥ 174,795	¥ -
(1) Notes and accounts payable, trade	(54,407)	(54,407)	-
(2) Short-term debt	(11,934)	(11,940)	(5)
(3) Long-term debt	(51,795)	(51,843)	(47)
Total liabilities	¥ (118,137)	¥ (118,191)	¥ (53)

Note: Lease obligations are excluded from short-term debt and long-term debt in the amounts of ¥731 million and ¥2,784 million, respectively.

	Thousands of U.S. dollars		
	2021		
	Book value	Fair value	Difference
(1) Cash and deposits	\$ 698,227	\$ 698,227	\$ -
(2) Notes and accounts receivable, trade	694,436	694,436	-
(3) Electronically recorded monetary claims	99,182	99,182	-
(4) Securities and investments in securities	336,391	336,391	-
Total assets	\$ 1,828,245	\$ 1,828,245	\$ -
(1) Notes and accounts payable, trade	(472,600)	(472,600)	-
(2) Short-term debt	(245,945)	(246,509)	(564)
(3) Long-term debt	(355,818)	(354,964)	845
Total liabilities	\$ (1,074,364)	\$ (1,074,082)	\$ (273)

Note 1: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions.

Assets

(1) Cash and deposits and (2) Notes and accounts receivable, trade and (3) Electronically recorded monetary claims

Since these items are settled in a short period, their carrying value approximates fair value.

(4) Securities and investments in securities

The fair value of equity securities is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities.

For information on securities classified by holding purpose, please refer to Note 4. in the notes to the consolidated financial statements.

Liabilities

(1) Notes and accounts payable, trade and (2) Short-term debt

Since these items are settled in a short period of time, their carrying value approximates fair value.

(3) Long-term debt

(Long-term debt)

The fair value of long-term debt payable is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into.

Because long-term debt payable with variable interest rates is based on the condition that interest rates are revised periodically and their fair values are almost the same as their book values, the relevant book values are used.

A specially treated interest rate swap is accounted for as an integral part of long-term debt payable, or the subject of hedging, so that the fair value of the swap is stated by being included in the fair value of long-term debt payable.

(Bonds)

The fair value of bonds issued by the Company is based on market prices when market prices are readily available. The fair value of bonds without market prices is measured as the present value, calculated by discounting the total amount of principal and interest at a rate determined by taking into account the remaining maturity of each bond and the current credit risk.

Derivative transactions

For information on derivative transactions, please refer to Note 11. "Derivative transactions" in the notes to the consolidated financial statements.

Note 2: Financial instruments for which it is extremely difficult to determine market values were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
	Book value		Book value
Investments in non-consolidated subsidiaries and affiliates	¥ 4,487	¥ 4,345	\$ 40,791
Other securities			
Unlisted equity securities	489	471	4,445

Because it is recognized that these do not have market values or that the market values are extremely difficult to determine, they are not included in the chart above.

Note 3: Planned redemption amounts after the balance sheet date for monetary assets and investment securities with monetary assets and maturity dates.

	Millions of yen			
	2021		2020	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Cash and deposits	¥ 76,805	-	¥ 47,127	-
Notes and accounts receivable, trade	76,388	-	88,441	-
Electronically recorded monetary claims	10,910	-	9,283	-
Securities and investments in securities				
Other securities (Bonds)	2,000	10,506	2,100	9,580
Other securities (Others)	11,000	1,000	7,500	1,000
Total	¥ 177,104	¥ 11,506	¥ 154,452	¥ 10,580

	Thousands of U.S. dollars	
	2021	
	Within 1 year	Over 1 year
Cash and deposits	\$ 698,227	-
Notes and accounts receivable, trade	694,436	-
Electronically recorded monetary claims	99,182	-
Securities and investments in securities		
Other securities (Bonds)	18,182	95,509
Other securities (Others)	100,000	9,091
Total	\$ 1,610,036	\$ 104,600

For information in respect to the redemption schedule of bonds and long-term loans, please refer to Note 7. "Short-term Debt, Long-term Debt and Lease Obligations" in the notes to the consolidated financial statements.

11. Derivative Transactions

Derivative transactions to which hedge accounting was not applied at March 31, 2021 and 2020 are as follows:

	Millions of yen					
	2021			2020		
	Contract amounts	Fair value	Unrealized gain (loss)	Contract amounts	Fair value	Unrealized gain (loss)
Currency swap contracts:						
Over-the-counter transactions						
Receive in dollar, pay in euro	¥ -	¥ -	¥ -	¥ 6,040	¥ (96)	¥ (96)
Currency swap contracts:						
Over-the-counter transactions						
Receive in dollar, pay in GBP	¥ 1,233	¥ (72)	¥ (72)	¥ -	¥ -	¥ -
Currency swap contracts:						
Over-the-counter transactions						
Receive in yen, pay in euro	¥ 16,609	¥ (1,462)	¥ (1,462)	¥ -	¥ -	¥ -
Foreign currency forward contracts:						
Over-the-counter transactions						
Selling	¥ 484	¥ (5)	¥ (5)	¥ -	¥ -	¥ -

	Thousands of U.S. dollars		
	2021		
	Contract amounts	Fair value	Unrealized gain (loss)
Currency swap contracts:			
Over-the-counter transactions			
Receive in dollar, pay in GBP	\$ 11,209	\$ (665)	\$ (665)
Currency swap contracts:			
Over-the-counter transactions			
Receive in yen, pay in euro	\$ 150,991	\$ (13,291)	\$ (13,291)
Foreign currency forward contracts:			
Over-the-counter transactions			
Receive, pay cyn	\$ 4,400	\$ (45)	\$ (45)

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, 2021 and 2020 are as follows:

	Millions of yen					
	2021			2020		
	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 euro, pay dollar	¥ -	¥ -	¥ -	¥ 74	¥ -	¥ 59
Foreign currency forward contracts:						
Classification: Special method						
Hedged item: Short-term receivables						
Receive in cyn, pay yen	¥ -	¥ -	¥ -	¥ 1,634	¥ -	¥ (16)
Foreign currency forward contracts:						
Classification: Special method						
Hedged item: Short-term receivables						
Receive in yen, pay cyn	¥ -	¥ -	¥ -	¥ 140	¥ -	¥ (0)
Currency swap contracts:						
Currency swap contracts:						
Hedged item: Long-term debt interest						
Receive in dollar, pay GBP	¥ 10	¥ 7	¥ (4)	¥ -	¥ -	¥ -

	Thousands of U.S. dollars		
	2021		
	Contract amounts	Over 1 year	Fair value
Currency swap contracts:			
Currency swap contracts:			
Hedged item: Long-term debt interest			
Receive in dollar, pay GBP	\$ 91	\$ 64	\$ (36)

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

12. Shareholders' Equity

The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained

earnings is nil at March 31, 2021 and 2020. Movements in common stock and treasury stock for the years ended March 31, 2021 and 2020 were summarized as follows:

1. Stock Information

	Thousands of Shares			
	2021			
	Balance at beginning of year	Increase	Decrease	Balance at end of year
Shares issued: Common Stock	231,000	-	-	231,000
Treasury stock: Treasury Stock	10,154	-	47	10,107

The decrease in treasury stock of 47 thousand shares is due to sales of 0 thousands shares at the requests of shareholders who own less than one voting unit and of 47 thousands shares corresponding to exercising stock options for the year ended March 31, 2021.

	Thousands of Shares			
	2020			
	Balance at beginning of year	Increase	Decrease	Balance at end of year
Shares issued: Common Stock	235,000	-	4,000	231,000
Treasury stock: Treasury Stock	10,020	4,133	4,000	10,154

The decrease in common stock of 4,000 thousand shares is due to cancellation of 4,000 thousand shares by the resolution of the Board of Directors. The increase in treasury stock of 4,133 thousand shares is due to purchases of 4,133 thousand shares by the resolution of the Board of Directors and purchases of 0 thousand shares of less than one voting unit and the decrease in treasury stock of 4,000 thousand shares is due to cancellation of 4,000 thousand shares by the resolution of the Board of Directors, sales of 0 thousand shares at the requests of shareholders who own less than one voting unit.

2. Dividend Information

2021							
Dividends paid in fiscal year ended March 31, 2021				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 24, 2020	March 31, 2020	June 25, 2020	17.0	0.16	3,754	34,127	
Board of Directors on October 30, 2020	September 30, 2020	December 7, 2020	17.0	0.16	3,755	34,136	
Dividends paid after March 31, 2021				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 22, 2021	March 31, 2021	June 23, 2021	17.0	0.16	3,755	34,136	
2020							
Dividends paid in fiscal year ended March 31, 2020				Dividends per share		Total dividends	
Resolution	Record date	Effective date	Yen		Millions of yen		
Shareholders' meeting on June 26, 2019	March 31, 2019	June 27, 2019	16.0		3,599		
Board of Directors on October 31, 2019	September 30, 2019	December 4, 2019	17.0		3,785		
Dividends paid after March 31, 2020				Dividends per share		Total dividends	
Resolution	Record date	Effective date	Yen		Millions of yen		
Shareholders' meeting on June 24, 2020	March 31, 2020	June 25, 2020	17.0		3,754		

13. Stock Options

1. Amount of Expense Appropriation and Accounting Name during the Fiscal Years Ended March 31, 2021 and 2020

Equity deal expense (included in "Selling, general and administrative expenses") was ¥27 million (\$245 thousand) and ¥33 million for the fiscal years ended March 31, 2021 and 2020 respectively.

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

(1) The contents of stock options

	June 2008 stock option	June 2009 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 26, 2008	June 30, 2009
Grantee classification and the number	1 director	1 director
Type and number of shares	Common stock of the Company: 49,000 shares	Common stock of the Company: 52,000 shares
Date of grant	July 15, 2008	July 15, 2009
Exercise period of rights	For 30 years from grant date (from July 16, 2008 to July 15, 2038)	For 30 years from grant date (from July 16, 2009 to July 15, 2039)
	June 2010 stock option	June 2011 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 30, 2010	June 29, 2011
Grantee classification and the number	1 director	1 director
Type and number of shares	Common stock of the Company: 61,000 shares	Common stock of the Company: 63,000 shares
Date of grant	July 15, 2010	July 14, 2011
Exercise period of rights	For 30 years from grant date (from July 16, 2010 to July 15, 2040)	For 30 years from grant date (from July 15, 2011 to July 14, 2041)
	June 2012 stock option	June 2013 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 28, 2012	June 26, 2013
Grantee classification and the number	2 directors	2 directors
Type and number of shares	Common stock of the Company: 76,000 shares	Common stock of the Company: 42,000 shares
Date of grant	July 13, 2012	July 12, 2013
Exercise period of rights	For 30 years from grant date (from July 14, 2012 to July 13, 2042)	For 30 years from grant date (from July 13, 2013 to July 12, 2043)
	June 2014 stock option	June 2015 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 26, 2014	June 26, 2015
Grantee classification and the number	3 directors	3 directors
Type and number of shares	Common stock of the Company: 35,000 shares	Common stock of the Company: 23,300 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	3 directors	3 directors
Type and number of shares	Common stock of the Company: 33,100 shares	Common stock of the Company: 31,600 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	3 directors	3 directors
Type and number of shares	Common stock of the Company: 32,500 shares	Common stock of the Company: 33,200 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	4 directors
Type and number of shares	Common stock of the Company: 40,600 shares
Date of grant	July 10, 2020
Exercise period of rights	For 30 years from grant date (from July 11, 2020 to July 10, 2050)

(2) Scale, and change in stock options

(2)-1 Number of stock options

	Shares													
	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option	June 2015 stock option	June 2016 stock option	June 2017 stock option	June 2018 stock option	June 2019 stock option	June 2020 stock option	
Before vested														
Beginning of period	-	-	-	-	-	-	-	-	-	-	-	-	37,600	-
Granted	-	-	-	-	-	-	-	-	-	-	-	-	-	40,600
Forfeited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vested	-	-	-	-	-	-	-	-	-	-	-	-	37,600	-
Unvested	-	-	-	-	-	-	-	-	-	-	-	-	-	40,600
After vested														
Beginning of period	49,000	52,000	61,000	63,000	90,000	49,000	40,000	26,900	38,400	35,700	36,800	-	-	-
Vested	-	-	-	-	-	-	-	-	-	-	-	-	37,600	-
Exercised	-	-	-	-	14,000	7,000	5,000	3,600	5,300	4,100	4,300	4,400	-	-
Expired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercisable	49,000	52,000	61,000	63,000	76,000	42,000	35,000	23,300	33,100	31,600	32,500	33,200	-	-

(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	-	-	-	-	939	939	939	939	939	939	939	939	939	-
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	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	
Average share price at exercise	-	-	-	-	8.536	8.536	8.536	8.536	8.536	8.536	8.536	8.536	8.536	-
Fair value unit price (Date of grant)	2.736	2.391	2.273	2.209	2.291	4.682	5.682	8.373	7.364	8.864	8.436	8.045	5,736	

3. Assumptions Used in Estimation of the Fair Value of Stock Options

Valuation method for estimating fair value was the Black-Scholes model. The major assumptions used for the 2020 stock option plan are as follows:

Major assumptions	2020 plan	
Estimated volatility	a	30.7%
Estimated remaining period	b	9 years
Estimated dividend	c	¥34 per share
Risk-free rate	d	(0.02%)

(a) Estimated volatility was computed by the closing stock prices of common stock in each trading day from July 4, 2011 to July 6, 2020.

(b) The remaining period was reasonably estimated.

(c) The estimated dividend was calculated based on the dividend amount applicable to the year ended March 31, 2020.

(d) The risk-free rate was determined based on the rate of Japanese government bonds, for which redemption dates corresponded to the estimated remaining period.

14. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses were ¥4,004 million (\$36,400 thousand) and ¥4,241 million for the fiscal years ended March 31, 2021 and 2020, respectively.

Research and development expenses included in cost of sales were ¥637 million (\$5,791 thousand) and ¥487 million for the fiscal years ended March 31, 2021 and 2020, respectively.

15. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in a statutory tax rate of approximately 30.6% for the fiscal years ended March 31, 2021 and 2020 respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates for the fiscal years ended March 31, 2021 and 2020 differ from the Company's statutory tax rates for the following reasons:

	2021	2020
Statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	(0.8)	0.2
Depreciation of goodwill	0.5	2.3
Change in valuation allowance	0.8	0.6
Other	1.6	(0.8)
Effective tax rate	32.7	32.9

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Deferred tax assets:			
Allowance for bonuses	¥ 1,499	¥ 1,410	\$ 13,627
Net defined benefit liability	4,434	4,490	40,309
Tax loss carryforwards(Note)	1,069	1,046	9,718
Securities	276	276	2,509
Investment in affiliates securities	460	392	4,182
Impairment loss	1,670	1,609	15,182
Other	5,392	5,028	49,018
Subtotal	14,803	14,254	134,573
Valuation allowance (Deficits)(Note)	(481)	(440)	(4,373)
Valuation allowance (Temporary difference)	(2,721)	(2,573)	(24,736)
Less valuation allowance subtotal	(3,202)	(3,013)	(29,109)
Total	¥ 11,600	¥ 11,240	\$ 105,455
Deferred tax liabilities:			
Depreciation	(6,448)	(6,986)	(58,618)
Net unrealized holding gains on securities	(928)	(69)	(8,436)
Net defined benefit asset	(3,351)	(2,720)	(30,464)
Other	(795)	(790)	(7,227)
Total	¥ (11,523)	¥ (10,566)	\$ (104,755)
Net deferred tax assets	¥ 77	¥ 674	\$ 700

Note: Amounts of deficits, valuation allowance and related deferred tax assets by tax loss carry-forwards for the year ended March 31, 2021 and 2020 respectively.

	Millions of yen						
	2021						
	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 year	Total
Deficits (*1)	262	234	121	50	13	387	1,069
Valuation allowance	(85)	(7)	(12)	(13)	(13)	(350)	(481)
Deferred tax assets	176	226	109	37	-	37	587 (*2)

	Millions of yen						
	2020						
	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 year	Total
Deficits (*1)	333	150	61	61	61	378	1,046
Valuation allowance	(78)	(88)	-	-	-	(273)	(440)
Deferred tax assets	254	62	61	61	61	104	605 (*2)

	Thousands of U.S. dollars						
	2021						
	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 year	Total
Deficits (*1)	2,382	2,177	1,100	455	118	3,518	9,718
Valuation allowance	(773)	(64)	(109)	(118)	(118)	(3,182)	(4,373)
Deferred tax assets	1,600	2,055	991	336	-	336	5,336 (*2)

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

(*2) Regarding deficits of ¥1,069 million (\$9,718 thousand) and ¥1,046 million (amount after multiplying the statutory tax rate), the Company records deferred tax assets of ¥587 million (\$5,336 thousand) and ¥605 million for the fiscal years ended March 31, 2021 and 2020, respectively.

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

A History of Value Creation	Strategies for Securing Competitive Advantage	ESG Materiality Initiatives	Financial Section and Corporate Data
12-year Summary	Consolidated Financial Statements	Global Network	Product Information / Corporate Overview

16. Other Income (Expenses)

Other, net, for the fiscal years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Loss on sales and disposal of fixed assets	¥ (10)	¥ (27)	\$ (91)
Gain on sales of investments in securities	41	56	373
Impairment loss (Note)	(283)	(536)	(2,573)
Write-down of investments in securities	(40)	-	(364)
Loss on restructuring cost of subsidiary	(350)	(203)	(3,182)
Loss on liquidation of subsidiaries	(9)	(3)	(82)
Loss on trouble measures	(39)	(313)	(355)
Other, net	(426)	(760)	(3,873)
	¥ (1,120)	¥ (1,789)	\$ (10,182)

Note: The Company recognized impairment losses on the following asset groups in the fiscal year ended March 31, 2021 and 2020.

2021				
Location	Use	Asset type	Millions of yen	Thousands of U.S. dollars
Hanoi, Vietnam	Business assets	Building, Machinery and equipment, tools, furniture and fixtures, and software	¥283	\$2,573
			¥283	\$2,573
2020				
Location	Use	Asset type	Millions of yen	
Amagasaki, Hyogo Pref.	Business assets	Machinery and equipment, tools, furniture and fixtures, and software	¥371	
	-	Goodwill	¥164	
			¥536	

(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)

As future cash flows of business assets had fallen below the book value, the Company has reduced the book value to the recoverable amount, and recorded the reduction as an impairment loss in extraordinary losses. In addition, the Company had recorded goodwill based on the assumption of excess earning power at the time of acquisition of shares of Sanwa System Wall Co., Ltd., a consolidated subsidiary of the Company. However, since the business performance has fallen below the initial business plan, the reduction in the unamortized balance of goodwill has been accounted for as a one-time expense, based on a conservative review of the business plan.

(Method of determining recoverable amount)

The Company measures the recoverable amount of business assets based on the value in use. As negative future cash flows are expected, the value in use is measured at the residual value. In addition, the recoverable amount of goodwill is measured with a value in use of zero.

17. Other Comprehensive Income

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrealized holding gains (losses) on securities:			
Amount arising during the year	¥ 2,840	¥ (3,019)	\$ 25,818
Reclassification adjustments for gains (losses) realized in net income	1	(35)	9
Before tax effect	2,841	(3,055)	25,827
Tax effect	(870)	931	(7,909)
Total unrealized holding gains (losses) on securities	1,971	(2,123)	17,918
Deferred losses (gains) on hedges:			
Amount arising during the year	(71)	95	(645)
Reclassification adjustments for losses realized in net income	-	-	-
Before tax effect	(71)	95	(645)
Tax effect	22	(29)	200
Total deferred losses (gains) on hedges	(49)	66	(445)
Foreign currency translation adjustments:			
Amount arising during the year	(1,411)	(2,453)	(12,827)
Reclassification adjustments for losses realized in net income	-	-	-
Total foreign currency translation adjustments	(1,411)	(2,453)	(12,827)
Remeasurements of defined benefit plans:			
Amount arising during the year	1,568	(1,957)	14,255
Reclassification adjustments for losses realized in net income	513	533	4,664
Before tax effect	2,082	(1,423)	18,927
Tax effect	(612)	410	(5,564)
Total remeasurements of defined benefit plans	1,469	(1,013)	13,355
Share of other comprehensive income of non-consolidated subsidiaries and affiliates accounted for using the equity method:			
Amount arising during the year	11	130	100
Total other comprehensive income	¥ 1,991	¥ (5,394)	\$ 18,100

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 Baosteel-Sanwa

Door Co., Ltd., Sanwa Shutter (H.K.) Ltd., An-Ho Metal Industrial Co., Ltd., Vina-Sanwa Company Liability Ltd., and Suzuki Shutter (H.K.) Ltd. in Asia. Local legal entities are independent management units, and formulate overall regional management strategies for their products and conduct separate business activities.

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

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

[Japan]

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

[North America]

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

[Europe]

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

[Asia]

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

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 income. Inter-segment 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, 2021 and 2020, was as follows:

(1) Reportable Segments

	Millions of yen						
	2021						
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Sales to customers	¥231,133	¥117,157	¥ 72,116	¥ 6,591	¥ 426,999	¥ 62	¥ 427,061
Intersegment sales or transfers	96	87	50	1	236	(236)	-
Total sales	231,230	117,245	72,167	6,592	427,236	(174)	427,061
Segment income (loss)	¥ 26,219	¥ 7,733	¥ 3,092	¥ (539)	¥ 36,506	¥ (3,428)	¥ 33,077
Segment assets	¥141,852	¥78,820	¥55,779	¥7,875	¥284,327	¥ 90,831	¥375,159
Depreciation and amortization	2,995	3,673	3,206	92	9,967	43	10,010
Investment in equity method companies	-	-	-	-	-	1,312	1,312
Capital expenditures	3,700	2,885	2,008	110	8,705	65	8,770

	Millions of yen						
	2020						
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Sales to customers	¥240,407	¥118,398	¥ 74,897	¥ 6,395	¥ 440,099	¥ 62	¥ 440,161
Intersegment sales or transfers	190	78	25	12	306	(306)	-
Total sales	240,597	118,477	74,923	6,407	440,405	(244)	440,161
Segment income (loss)	¥ 26,246	¥ 9,033	¥ 3,692	¥ (348)	¥ 38,623	¥ (4,405)	¥ 34,217
Segment assets	¥149,266	¥74,584	¥54,051	¥6,144	¥284,045	¥ 69,977	¥354,023
Depreciation and amortization	2,862	3,462	2,853	84	9,262	38	9,301
Investment in equity method companies	-	-	-	-	-	2,019	2,019
Capital expenditures	2,423	3,237	2,679	20	8,360	58	8,419

Thousands of U.S. dollars

	2021						Consolidated financial statement
	Japan	North America	Europe	Asia	Total	Adjustments	
Sales to customers	\$ 2,101,209	\$ 1,065,064	\$ 655,600	\$ 59,918	\$ 3,881,809	\$ 564	\$ 3,882,373
Intersegment sales or transfers	873	791	455	9	2,145	(2,145)	-
Total sales	2,102,091	1,065,864	656,064	59,927	3,883,964	(1,582)	3,882,373
Segment income (loss)	238,355	\$ 70,300	\$ 28,109	\$ (4,900)	\$ 331,873	\$ (31,164)	\$ 300,700
Segment assets	\$ 1,289,564	\$ 716,545	\$ 507,082	\$ 71,591	\$ 2,584,791	\$ 825,736	\$ 3,410,536
Depreciation and amortization	27,227	33,391	29,145	836	90,609	391	91,000
Investment in equity method companies	-	-	-	-	-	11,927	11,927
Capital expenditures	33,636	26,227	18,255	1,000	79,136	591	79,727

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 inter-segment 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 income on the consolidated statement of income.
3. Major countries in each region
 North America: USA, Canada and Mexico, etc. Europe: Germany, France, Italy, Netherlands and England, etc.
 Asia: China, Hong Kong, Taiwan, Vietnam

(2) Related Information

a) Information on Products and Each Service

	Millions of yen				
	2021				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	¥ 273,099	¥ 107,926	¥ 43,631	¥ 2,404	¥ 427,061

	Millions of yen				
	2020				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	¥ 281,837	¥ 110,298	¥ 45,074	¥ 2,950	¥ 440,161

	Thousands of U.S. dollars				
	2021				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	\$ 2,482,718	\$ 981,145	\$ 396,645	\$ 21,855	\$ 3,882,373

b) Information on Each Region

	Millions of yen				
	2021				
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	¥ 33,897	¥ 13,275	¥ 21,741	¥ 500	¥ 69,415

	Millions of yen				
	2020				
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	¥ 32,913	¥ 13,913	¥ 21,391	¥ 872	¥ 69,091

	Thousands of U.S. dollars				
	2021				
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	\$ 308,155	\$ 120,682	\$ 197,645	\$ 4,545	\$ 631,045

19. Information on Related Parties

Fiscal years ended March 31, 2021 and 2020
Not applicable.

20. Per Share Information

	Yen		U.S. dollars
	2021	2020	2021
Net assets per share	¥ 814.10	¥ 742.90	\$ 7.40
Earnings per share	96.21	97.14	0.88
Diluted earnings per share	95.97	96.89	0.87

Note: The basis for calculation

1 Earnings per share

	Yen		U.S. dollars
	2021	2020	2021
Profit attributable to owners of parent	¥ 21,251	¥ 21,647	\$ 193,191
Amount not attributable to common shareholders	-	-	-
Profit related to common shares attributable to owners of parent	21,251	21,647	193,191

	Thousand shares	
	2021	2020
Average number of common shares during the period	220,881	222,852
Increase in common stock:		
Stock subscription rights	565	564

2 Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Total net assets	¥ 181,387	¥ 165,633	\$ 1,648,973
Deductions from total net assets:			
Stock subscription rights	279	281	2,536
Non-controlling interests	1,280	1,286	11,636
Total net assets attributable to common stockholders	179,827	164,065	1,634,791

	Thousand shares	
	2021	2020
Number of shares of common stock used in the calculation of net assets per share	220,892	220,845

21. Subsequent Events

Fiscal years ended March 31, 2021 and 2020
Not applicable.

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, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, summary of significant accounting policies, 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, 2021, 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 (Appropriateness of Periodical Allocation of Sales)	
Description of Key Audit Matter	How we addressed the matter in our audit
<p>The Group's revenue is composed of installation work related to building materials such as shutters and doors, products, and the provision of services. The Group recognizes revenue from the transfer of significant risks and rights in such construction work, etc. to the customer. For the most part, revenue is recognized from the completion of work and delivery of products, but for specific construction works that meet certain requirements, revenue is recorded by measuring progress. Depending on the construction property, revenue may go below cost at the completion of the construction, in which case, it may be necessary to record a loss on orders. In addition, changes in the contract amount may occur due to changes in construction specifications.</p>	<p>In order to consider revenue recognition (appropriateness of periodical allocation of sales), we primarily conducted the following audit procedures:</p> <ul style="list-style-type: none"> • We carried out an effectiveness evaluation of the development and operational status of internal controls related to revenue recognition. • For projects in which sales are recorded according to the progress of the construction, we examined the accuracy of such recording. • For large sales transactions near the end of the fiscal year and sales transactions sampled from sales offices and branches conducted by rotation during the period, we examined the appropriateness of the periodical allocation and the accuracy of the sales amounts recorded by checking against documented evidence, etc. related to revenue recognition.

Therefore, due to the diversity of sales projects, there is a risk of inappropriate periodical allocation of sales. Taking into account the importance of financial statements and the characteristics of sales, we have determined this to be a key audit matter.

- At the end of the fiscal year, we obtained confirmation documents from customers and checked them against the accounts receivable balance.
- For projects in which a loss on construction may occur, we examined the accuracy of the construction loss allocation amount.

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.

A History of Value Creation	Strategies for Securing Competitive Advantage	ESG Materiality Initiatives	Financial Section and Corporate Data
12-year Summary	Consolidated Financial Statements	Global Network	Product Information / Corporate Overview

- 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, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Kiyoshi Asada

Representative Partner, Engagement Partner
Certified Public Accountant

Hiroshi Suzuki

Engagement Partner
Certified Public Accountant

Kyoritsu Audit Corporation

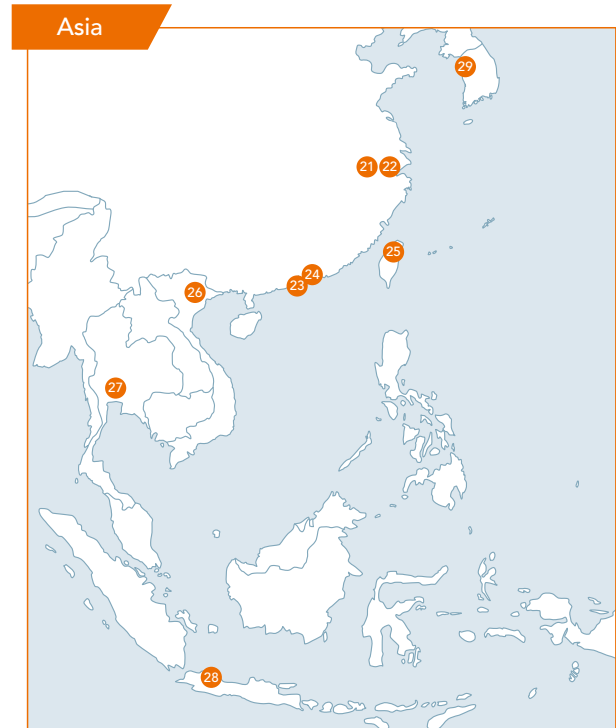
Tokyo, Japan
June 21, 2021

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.

Global Network

Group Plant Locations



Group Plant Locations

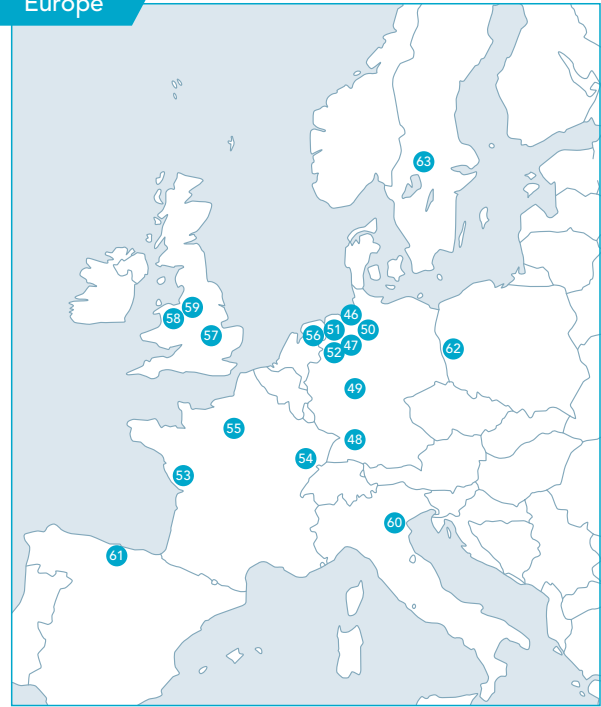
Country	Company	Plant Name	Products
Japan			
Japan	Sanwa Shutter Corporation	① Sapporo	Rolling shutters, overhead doors, doors & door frames
		② Akita	Lightweight shutters
		③ Ashikaga	Rolling shutters, overhead doors
		④ Ota	Doors & door frames
		⑤ Shizuoka	Window shutters, doors & door frames, partitions
		⑥ Gifu	Rolling shutters, overhead doors
		⑦ Hiroshima	Rolling shutters, doors & door frames
		⑧ Kyushu	Rolling shutters
		⑨ Saitama	Aluminum store fronts & curtain walls
		⑩ Okinawa	Rolling shutters, doors & door frames, partitions
	Showa Front Co., Ltd.	⑨ Saitama	Stainless steel products
	Okinawa Sanwa Shutter Corporation	⑩ Okinawa	Stainless steel products
	Sanwa Tajima Corporation	⑪ Nagoya	Stainless steel products
	Sanwa System Wall Co., Ltd.	⑫ Amagasaki	Partitions
	Suzuki Shutter Corporation	⑬ Saitama	Rolling shutters, waterproof products
	Sanwa Exterior Niigata Plant Co., Ltd.	⑭ Niigata	Exterior products, window shutters
	Venix Co., Ltd.	⑮ Ranzan	Partitions
	Showa Kansen Co., Ltd.	⑯ Gunma	Automatic doors
	Hayashi Kogyo Co., Ltd.	⑰ Niigata	Doors & door frames
	Sanwa Electronics Engineering Co., Ltd.	⑱ Osaka	Door openers
Yoshida Seisakusho Co., Ltd.	⑲ Saku	Stainless steel products	
Metalwork Kansai Co., Ltd.	⑳ Sannan	Stainless steel products	
Sanwa Mitaka K.K.	① Sapporo	Doors & door frames	
Asia			
China	Shanghai Baosteel-Sanwa Door Co., Ltd.	⑳ Shanghai	Overhead doors, rolling shutters, sheet shutters
		㉑ Shanghai	Doors & door frames
Hong Kong	SANWA SHUTTER (HK) LTD.	㉒ Hong Kong	Rolling shutters, doors & door frames
		㉓ Hong Kong	Rolling shutters
Taiwan	An-Ho Metal Industrial Co., Ltd.	㉔ Hsinchu	Doors & door frames
Vietnam	Vina-Sanwa Company Liability Ltd.	㉕ Hanoi	Doors & door frames, rolling shutters, sheet shutters
Thailand	Sun Metal Co., Ltd.	㉖ Korat	Rolling shutters, doors & door frames
Indonesia	PT. Sanwamas Metal Industry	㉗ Bekasi	Rolling shutters
Korea	Dongbang Novoferm Inc.	㉘ Seoul	Doors & door frames

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

North America



Europe



Country	Company	Plant Name	Products
North America			
U.S.A.	Overhead Door Corporation	30 Lewistown	Rolling shutters
		31 Williamsport	Residential garage doors, commercial sectional doors
		32 Grand Island	Residential garage doors, commercial sectional doors
		33 Mt. Hope	Residential garage doors, commercial sectional doors, hardware parts
		34 Dalton	Rolling shutters
		35 Trail	Sheet shutters
		36 Conneaut	Resin panels & parts
		37 Pensacola	Residential garage doors, commercial sectional doors, hardware parts
		38 Centralia	Residential garage doors
		39 Portland	Residential garage doors
		40 Marion	Truck & trailer doors
		41 Baltic	Garage door openers
		42 Corpus Christi	Automatic doors
		43 Tecate	Truck & trailer doors
Mexico		44 Matamoros	Garage door openers, automatic doors
U.S.A.	Won-Door Corporation	45 Salt Lake City	Fireproof doors, security doors
Europe			
Germany	Novoferm Group	46 Werth	Residential garage doors, doors & door frames
		47 Dortmund	Residential garage doors, industrial sectional doors
		48 Brackenheim	Fireproof doors & door frames, fireproof sliding doors
		49 Buschhütten	Truck & trailer doors
		50 Dortmund	Garage door openers
		51 Haldern	Spare parts
		52 Hannover	Dock levelers
France	Novoferm France S.A.S	53 Machecoul	Residential garage doors
		54 Bavilliers	Residential garage doors
		55 Melun	Fireproof doors, fireproof sliding doors
Netherlands	Alpha Deuren International B.V.	56 Didam	Industrial sectional doors
U.K.	Novoferm UK Limited	57 Luton	Residential garage doors
		58 Telford	Automatic doors
		59 Stoke-on-Trent	Doors & door frames
Italy	Novoferm Schievano S.r.l.	60 Padova	Doors & door frames, fireproof sliding doors
Spain	Novoferm Alsar S.A.	61 Cantabria	Doors & door frames, residential garage doors, industrial sectional doors
Poland	Novoferm Door Sp. zo.o	62 Wykroty	Doors & door frames, dock levelers
Sweden	Robust AB	63 Nykroppa	Steel doors, apartment doors

Our Products for Buildings

Office Areas

Partitions

Toilet booths

Building Exterior

Low and mid-rise curtain walls

Entrance Areas

Automatic doors

Aluminum & stainless steel facades

Mailboxes

Waterproof shutters

Fire Areas

Fireproof & smokeproof shutters

Fireproof doors (steel doors)

Sanwa Group products deliver greater safety, peace of mind and comfort

Core Products		Multi Products	
<p>Lightweight shutters</p> <p>Japan No.1 North America No.1 Europe No.2 Asia</p>	<p>Industrial sectional doors</p> <p>Japan No.1 North America No.1 Europe No.2 Asia</p>	<p>Partitions & toilet booths</p> <p>Japan No.2* North America Europe Asia</p>	<p>Waterproofing products</p> <p>Japan North America Europe Asia</p>
<p>Garage doors</p> <p>Japan No.1 North America No.2 Europe No.2 Asia</p>	<p>High-speed sheet shutters</p> <p>Japan No.1 North America Europe Asia</p>	<p>Aluminum & stainless steel facades</p> <p>Japan No.1 North America Europe Asia</p>	<p>Mail boxes & delivery boxes</p> <p>Japan No.2 North America Europe Asia</p>
<p>Door openers</p> <p>Japan North America No.2 Europe No.4 Asia</p>	<p>Steel doors</p> <p>Japan No.1 North America Europe No.2 Asia</p>	<p>Automatic doors</p> <p>Japan No.3 North America No.3 Europe Asia</p>	<p>Lightweight sliding doors</p> <p>Japan No.1 North America Europe Asia</p>

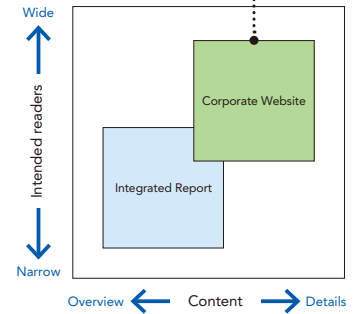
Note: Shown in order of market position. (Sanwa Holdings' estimates.)
* Toilet booth market



Head Office	Shinjuku Mitsui Building 52F Nishi-Shinjuku 2-1-1, Shinjuku-ku, Tokyo 163-0478, Japan Phone: +81-3-3346-3019
Established	April 10, 1956
Capital (Paid-In)	¥38,413 million
Employees	11,540 (consolidated)
Stock Listings	Tokyo Stock Exchange
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department Higashisuna 7-10-11, Koto-ku, Tokyo 137-8081, Japan
Common Stock	Authorized: 550,000,000 shares Issued: 231,000,000 shares Number of shareholders: 10,611

Corporate Website and Disclosure Media

The Company offers information on its corporate website for its stakeholders, in order to provide details regarding Sanwa Group's Corporate Philosophy and business activities. Stakeholders may also view IR information and detailed ESG-related data on this website.
<https://www.sanwa-hldgs.co.jp/english/>

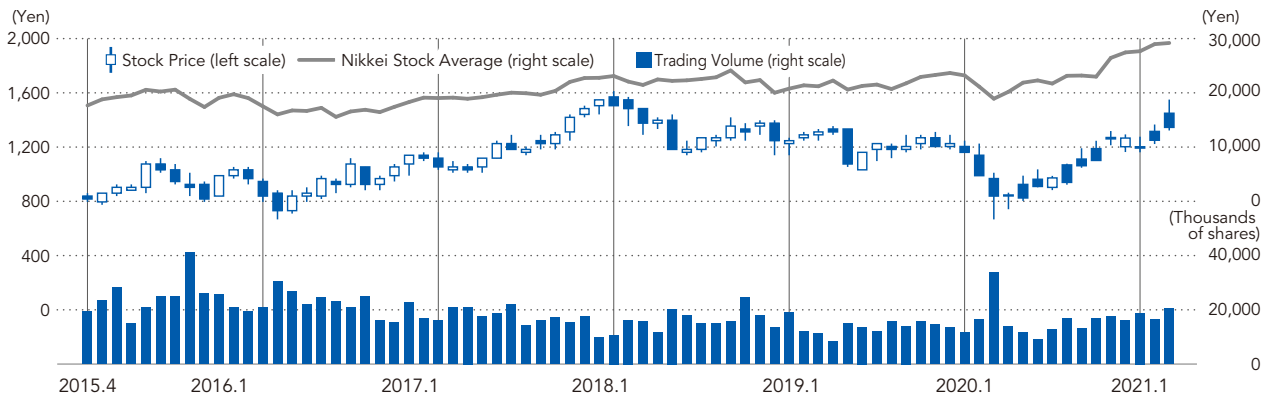


Major External Evaluations and Inclusion in Stock Indices

- JPX-Nikkei Index 400
- S&P/JPX Carbon Efficient Index
- In the *Institutional Investor's* "2021 The All-Japan Executive Team Rankings" Ranked 4th for Honored Companies, Construction Sector and 2nd for Best IR Programs and Best ESG



Stock Price Range / Trading Volume



Principal Shareholders

Shareholder name	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8.56
Custody Bank of Japan, Ltd. (Trust Account)	7.02
Sumitomo Mitsui Banking Corporation	4.99
The Dai-ichi Life Insurance Company, Limited	3.66
Aioi Nissay Dowa Insurance Co., Ltd.	2.32
Mitsubishi UFJ Trust and Banking Corporation	2.09
NIPPON STEEL CORPORATION	1.79
Custody Bank of Japan, Ltd. (Trust Account9)	1.76
Sumitomo Realty & Development Co., Ltd.	1.72
BNYM AS AGT/CLTS 10 PERCENT	1.71

Notes:

1. The Company holds treasury stock, which is excluded from the major shareholders listed above. Number of shares held: 10,107,727 shares
2. Percentage of voting rights is calculated based on the total number of shares issued excluding treasury stock.

Stock Price Trend

	High (Yen)	Low (Yen)
April 1, 2011 – March 31, 2012	333	222
April 1, 2012 – March 31, 2013	492	282
April 1, 2013 – March 31, 2014	783	457
April 1, 2014 – March 31, 2015	925	598
April 1, 2015 – March 31, 2016	1,113	660
April 1, 2016 – March 31, 2017	1,165	793
April 1, 2017 – March 31, 2018	1,624	1,016
April 1, 2018 – March 31, 2019	1,449	1,135
April 1, 2019 – March 31, 2020	1,367	666
April 1, 2020 – March 31, 2021	1,550	741



SANWA HOLDINGS CORPORATION

Shinjuku Mitsui Building 52F

Nishi-Shinjuku 2-1-1, Shinjuku-ku, Tokyo

163-0478, Japan

Phone: +81-3-3346-3019

Inquiries : Corporate Communication Department

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

