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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (J-GAAP)

May 13, 2022

Listed Company Name: Sanwa Holdings Corporation
 Securities Code: 5929 URL <https://www.sanwa-hldgs.co.jp/english/>
 Representative: Yasushi Takayama, Representative Director, President
 Contact: Katsumi Fujii, General Manager, Corporate Planning Department
 Scheduled Date of Ordinary General Meeting of Shareholders June 23, 2022
 Scheduled Date to Start Dividend Payment: June 24, 2022
 Scheduled Date to Submit the Annual Securities Report June 24, 2022
 Preparation of Results Briefing Materials: Yes
 Holding of Financial Results Briefing: Yes

Listing: Tokyo Stock Exchange

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 31, 2022	468,956	9.8	35,487	7.3	34,122	6.2	22,842	7.5
Fiscal Year Ended March 31, 2021	427,061	-3.0	33,077	-3.3	32,142	-4.0	21,251	-1.8

Note: Comprehensive income
 Fiscal Year Ended March 31, 2022: 29,169 million yen (25.8%)
 Fiscal Year Ended March 31, 2021: 23,188 million yen (42.3%)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal Year Ended March 31, 2022	103.40	103.13	12.0	9.0	7.6
Fiscal Year Ended March 31, 2021	96.21	95.97	12.4	8.8	7.7

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

Fiscal year ended March 31, 2022: (218) million yen

Fiscal year ended March 31, 2021: (429) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	386,237	203,311	52.2	912.70
As of March 31, 2021	375,159	181,387	47.9	814.10

Reference: Shareholders' equity
 As of March 31, 2022: 201,649 million yen
 As of March 31, 2021: 179,827 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended March 31, 2022	20,526	(21,353)	(27,363)	61,397
Fiscal Year Ended March 31, 2021	50,144	(11,177)	(6,102)	87,795

2. Dividends

	Full-year dividend					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	17.00	–	17.00	34.00	7,510	35.3	4.4
Fiscal year ending March 31, 2022	–	17.00	–	19.00	36.00	7,953	34.8	4.2
Fiscal year ending March 31, 2023 (Forecast)	–	22.00	–	23.00	45.00		39.8	

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	244,000	12.7	15,000	4.5	14,200	2.0	9,400	2.9	42.55
Full year	518,000	10.5	39,000	9.9	38,000	11.4	25,000	9.4	113.15

Notes:

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

New: — Excluded: —

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

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

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

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(Note) For details, see "3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements (Changes in accounting policies)" on page 14 of the attached materials.

(3) Number of shares issued (common stock)

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

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

As of March 31, 2021 231,000,000 shares

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

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

As of March 31, 2021 10,107,727 shares

3) Average number of shares during the period

April–March 2022 220,922,780 shares

April–March 2021 220,881,904 shares

(Reference) Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended March 31, 2022	16,978	5.5	13,674	4.4	14,257	7.2	13,314	17.1
Fiscal Year Ended March 31, 2021	16,087	-0.1	13,100	1.4	13,296	2.0	11,371	3.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal Year Ended March 31, 2022	60.27		60.11	
Fiscal Year Ended March 31, 2021	51.48		51.35	

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	232,555	145,801	62.6	658.63
As of March 31, 2021	243,379	140,541	57.6	634.98

Reference: Shareholders' equity As of March 31, 2022: 145,515 million yen

As of March 31, 2021: 140,261 million yen

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

Explanation regarding appropriate use of results forecast and additional notes

(Earnings forecasts and other forward-looking statements)

This document includes projections based on assumptions, forecasts, and plans for the future that are available on the day of its publication, and actual results may differ from the forecast figures stated in the document due to various risk factors and uncertainties. For further details regarding the earnings forecasts, please see "Overview of Operating Results for the Fiscal Year Ended March 31, 2022, (4) Forecast and Plan for the Future" on page 3 of the attached materials.

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

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

(Supplementary presentation materials for financial results)

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

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1. Overview of Operating Results for the Fiscal Year Ended March 31, 2022

(1) Operating Results

In fiscal year ended March 31, 2022, the external environment surrounding the Group generally showed a recovery trend thanks to greater rates of vaccination around the world against COVID-19 and additional economic policies, despite the pandemic's lingering effects. On the other hand, the tight supply and demand following rapid recovery in economic activity had an impact on corporate activities, such as price hikes of raw materials, supply chain disruptions including shortages of parts and materials, and labor shortages. On the immediate term, accelerating inflationary trends are driving concerns about impact from higher interest rates and other forms of monetary tightening. Alongside concerns of lockdowns in China due to the spread of mutated strains of COVID-19 and a worsening situation in Ukraine, outlooks are becoming increasingly uncertain.

Amid this environment, the Sanwa Group has extended its Third Medium-Term Management Plan, Sanwa Global Vision 2020, which had been due to conclude in fiscal 2020, by one year to fiscal 2021. Furthermore, in addition to taking appropriate actions in response to the COVID-19 pandemic, the Group continued to take the below action so as to fulfill the aforementioned plan's strategic goals, which were impacted by the pandemic.

The Group took the following actions as part of its basic strategies for core businesses. In Japan, it worked to solidify its position in each business area, building a stronger structure for growth and business expansion as a player in access systems. In the U.S., Overhead Door, which celebrated its 100th anniversary, focused on maintaining and expanding its core businesses as well as entering adjacent business areas. In April 2021, it acquired Won-Door Corporation, a manufacturer and seller of horizontal sliding doors. In Europe, the Group acquired Manuregion S.A.S., a company with strengths in the installation and maintenance business for industrial products, in October 2021 so as to achieve further growth in that product area and promote the shift to digital technologies throughout Europe. As part of its basic strategies for growth businesses, the Group promoted the enhancement of service businesses in Japan, the U.S., and Europe, and worked to rebuild sales and production systems and strengthen management systems to expand the foundation for the Asia business. In addition, in response to supply chain disruptions and raw material price hikes, each Group company worked to secure procurement of materials and cut costs where possible, passing on costs in selling prices where necessary.

As a result of the above, net sales for the fiscal year ended March 31, 2022 increased by 9.8% year on year to ¥468,956 million. On the profit side, operating profit increased by 7.3% year on year to ¥35,487 million, ordinary profit increased by 6.2% to ¥34,122 million, and profit attributable to owners of parent increased by 7.5% to ¥22,842 million.

The following describes performance by segment.

(1) Japan

Net sales amounted to ¥236,375 million, a 2.3% year-on-year increase, with segment income of ¥27,910 million, a 6.4% increase. This was primarily due to heavy-duty shutters, mainly for logistics facilities, showing a steady performance trend, with lightweight shutters also strong. The maintenance and service business also recovered from the previous year's COVID-19 impact, and the application of the accounting standard for revenue recognition had a positive effect.

(2) North America

Net sales amounted to ¥139,106 million, a 18.7% year-on-year increase (a 14.5% increase on a foreign currency basis), with segment income of ¥8,378 million, a 8.3% increase. This was mainly due to sales for residential applications continuing their steady performance trend amid a robust housing market and strong performance in non-residential applications, despite rising costs due to soaring raw material prices, supply chain disruptions, and labor shortages.

(3) Europe

Net sales amounted to ¥85,763 million, an 18.9% year-on-year increase (a 11.3% increase on a foreign currency basis), with segment income amounting to ¥3,935 million, a 27.3% increase. This was mainly due to recovery from the previous year's COVID-19 impact as a result of eased restrictions on behavior in European countries.

(4) Asia

Net sales amounted to ¥7,649 million, a 16.0% year-on-year increase, with segment income amounting to ¥119 million, an improvement of ¥659 million. This was mainly due to a focus on strengthening business foundations.

(2) Financial Position

As of March 31, 2022, total assets increased by ¥11,077 million from the end of the previous fiscal year, to ¥386,237 million. Factors for this increase included an increase in notes and accounts receivable as well as inventories such as raw materials and increase in fixed assets due to acquisitions, despite a decrease in work in process due mainly to the application of the accounting standard for revenue recognition. Liabilities decreased by ¥10,846 million from the end of the previous fiscal year, to ¥182,925 million, mainly attributable to repayment of bonds, etc., despite an increase in notes and accounts payable. Net assets increased by ¥21,924 million from the end of the previous fiscal year, to ¥203,311 million. The main factors for this increase were increases in retained earnings and foreign currency translation adjustment.

As a result, the shareholders' equity ratio rose by 4.3 points from the end of the previous fiscal year to 52.2%.

(3) Cash Flows

As of March 31, 2022, cash and cash equivalents decreased by ¥26,398 million from the end of the previous fiscal year, to ¥61,397 million. Cash flows by category during the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥20,526 million (net cash of ¥50,144 million was provided in the previous fiscal year), mainly due to the recording of net profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities came to ¥21,353 million (net cash of ¥11,177 million was used in the previous fiscal year), mainly attributable to payments for acquisitions of subsidiary shares and non-current assets.

Cash flows from financing activities

Net cash used in financing activities totaled ¥27,363 million (net cash of ¥6,102 million was used in the previous fiscal year), mainly due to repayment of bonds and cash dividends paid.

(Reference) Results for cash flow-related indicators

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Shareholders' equity ratio (%)	46.3	47.9	52.2
Shareholders' equity ratio on market value basis (%)	55.1	89.2	74.4
Ratio of interest-bearing debt to cash flow (years)	2.0	1.3	2.3
Interest coverage ratio (times)	43.3	92.5	42.2

Shareholders' equity ratio: Shareholders' equity / Total assets

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

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

Interest coverage ratio: Operating cash flow / Interest expense

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

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

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

(4) Forecast and Plans for the Future

The global economy is expected to accelerate its recovery as economic activity moves toward normalization, while taking all possible measures to prevent the spread of COVID-19. However, outlooks are expected to remain highly uncertain due to the acceleration of inflation, interest rate hike, the impact from supply chain disruptions, and other factors, as well as the risk of economic downturn depending on trends of city lockdowns in China and future developments in Ukraine.

Amid this environment, though the Sanwa Group was forced by the spread of COVID-19 to extend its Sanwa Global Vision 2020 management plan by one year to follow through with its strategies, it was able to successfully deliver the Group's best-ever performance in fiscal 2021, the final year of the aforementioned plan. Furthermore, with the aim of being a corporate group highly valued by all its stakeholders, the Sanwa Group has set forth the following long-term management vision, Sanwa Global Vision 2030, to take effect from fiscal 2022. The Group has also launched its Medium-Term Management Plan 2024 as the first phase of this vision.

Sanwa Global Vision 2030
To be a Global Leader of Smart Entrance Solutions

Basic Strategies

1. Expand and strengthen core businesses in a four-polar global structure at Japan, North America, Europe, and Asia
2. Create customer value through products for disaster prevention and climate change response, as well as smart products and services
3. Increase productivity through digitalization and manufacturing innovation
4. Strengthen core businesses and expand into new business areas through M&A
5. Become a corporate group valued globally with enhanced sustainability management

In its Medium-Term Management Plan 2024, the Sanwa Group will implement the following basic strategies and focus on establishing a foundation helping it become a global leader of smart entrance solutions that meet the changing needs of society, due to climate change and digitalization.

Basic Strategies

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

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

(Millions of yen)

	Fiscal 2021 (Actual)	Fiscal 2022 (Forecast)	Change	Change (%)
Net sales	468,956	518,000	49,043	10.5%
Operating profit	35,487	39,000	3,512	9.9%
Ordinary profit	34,122	38,000	3,877	11.4%
Profit attributable to owners of parent	22,842	25,000	2,157	9.4%

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

(5) Basic Profit Appropriation Policy and Dividends for Fiscal 2021 and Fiscal 2022

To further promote management aimed at increasing corporate value while also improving the corporate structure and strengthening the management foundation, the Company aims to maintain a stable dividend payout ratio under its basic policy to distribute profits based on consolidated performance, specifically targeting a payout ratio of 35% of profit attributable to owners of parent.

For the current fiscal year, the Company plans to pay a year-end dividend of ¥19.0 (annual dividend of ¥36.0), an increase of ¥2.0 from the initial planned dividend, due to strong performance during the fiscal year.

For the next fiscal year, the Company has decided to review its criteria for its payout ratio after consideration of future free cash flows and the level of cash and cash equivalents. This review resulted in the decision to distribute profits at a guideline level of 40% of profit attributable to owners of parent, revised from the current 35%.

In consideration of the performance outlook for the next fiscal year and the change in the dividend payout ratio, the Company plans to pay an annual dividend of ¥45.0 (¥22.0 paid at the end of the second quarter and ¥23.0 at the end of the fiscal year), an increase of ¥9.0 from ¥36.0 in the current fiscal year.

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

2. Basic Concept of Selecting Accounting Standards

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

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	76,805	52,897
Notes and accounts receivable - trade	76,388	—
Notes and accounts receivable - trade, and contract assets	—	98,000
Electronically recorded monetary claims - operating	10,910	11,116
Securities	13,002	9,000
Merchandise and finished goods	9,119	17,571
Work in process	25,444	11,549
Raw materials	26,192	34,557
Other	4,598	5,123
Allowance for doubtful accounts	(1,858)	(2,335)
Total current assets	240,602	237,480
Non-current assets		
Property, plant and equipment		
Buildings	54,823	59,801
Accumulated depreciation	(33,575)	(36,053)
Buildings, net	21,248	23,748
Structures	5,705	6,516
Accumulated depreciation	(4,389)	(5,074)
Structures, net	1,316	1,442
Machinery and equipment	56,504	61,594
Accumulated depreciation	(42,357)	(46,725)
Machinery and equipment, net	14,146	14,868
Vehicles	2,429	3,150
Accumulated depreciation	(1,800)	(2,306)
Vehicles, net	628	844
Tools, furniture and fixtures	18,992	19,631
Accumulated depreciation	(15,782)	(15,921)
Tools, furniture and fixtures, net	3,209	3,709
Land	21,607	22,304
Right-of use assets	4,693	5,473
Accumulated depreciation	(1,321)	(1,719)
Right-of-use asset, net	3,372	3,753
Construction in progress	3,885	4,296
Total property, plant and equipment	69,415	74,967
Intangible assets		
Goodwill	4,913	10,789
Trademark right	4,775	5,520
Software	7,438	7,795
Software in progress	1,731	729
Other	1,916	4,737
Total intangible assets	20,776	29,573

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Investments and other assets		
Investment securities	28,976	28,756
Long-term loans receivable	676	509
Retirement benefit asset	7,756	7,776
Deferred tax assets	3,778	3,896
Other	3,739	3,841
Allowance for doubtful accounts	(563)	(564)
Total investments and other assets	44,364	44,215
Total non-current assets	134,556	148,756
Total assets	375,159	386,237
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,986	62,558
Current portion of bonds payable	20,000	—
Short-term borrowings	6,004	8,190
Current portion of long-term borrowings	1,050	9,550
Lease obligations	696	798
Accounts payable - other	15,295	15,587
Accrued consumption taxes	4,439	4,225
Income taxes payable	6,243	5,243
Contract liabilities	—	4,179
Provision for bonuses	6,313	7,400
Other	19,827	11,247
Total current liabilities	131,856	128,981
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	19,140	9,966
Lease obligations	2,659	2,996
Provision for retirement benefits for directors (and other officers)	443	502
Retirement benefit liability	13,566	12,359
Deferred tax liabilities	3,700	5,663
Other	2,404	2,453
Total non-current liabilities	61,915	53,943
Total liabilities	193,771	182,925
Net assets		
Shareholders' equity		
Share capital	38,413	38,413
Capital surplus	39,902	39,732
Retained earnings	105,450	121,256
Treasury shares	(9,990)	(9,947)
Total shareholders' equity	173,776	189,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,066	1,482
Deferred gains or losses on hedges	(8)	37
Foreign currency translation adjustment	5,130	11,342
Remeasurements of defined benefit plans	(1,137)	(668)
Total accumulated other comprehensive income	6,051	12,194
Share acquisition rights	279	285
Non-controlling interests	1,280	1,376
Total net assets	181,387	203,311
Total liabilities and net assets	375,159	386,237

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

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net sales	427,061	468,956
Cost of sales	299,838	330,646
Gross profit	127,223	138,309
Selling, general and administrative expenses	94,146	102,822
Operating profit	33,077	35,487
Non-operating income		
Interest income	227	159
Dividend income	269	315
Foreign exchange gains	—	273
Other	465	281
Total non-operating income	963	1,029
Non-operating expenses		
Interest expenses	514	450
Foreign exchange losses	90	—
Share of loss of entities accounted for using equity method	429	218
Litigation expenses	—	953
Other	863	772
Total non-operating expenses	1,897	2,394
Ordinary profit	32,142	34,122
Extraordinary income		
Gain on sale of non-current assets	114	36
Gain on sale of investment securities	41	24
Refund of surcharges	84	—
Total extraordinary income	239	60
Extraordinary losses		
Loss on disposal of non-current assets	124	304
Loss on sale of non-current assets	0	14
Impairment losses	283	—
Loss on valuation of investment securities	40	—
Business restructuring expenses for subsidiaries	350	158
Loss on liquidation of subsidiaries and associates	9	2
Loss on corrective measures for product defects	39	—
Other	23	—
Total extraordinary losses	872	479
Profit before income taxes	31,509	33,703
Income taxes - current	11,048	10,231
Income taxes - deferred	(736)	445
Total income taxes	10,312	10,676
Profit	21,197	23,026
Profit (loss) attributable to non-controlling interests	(54)	183
Profit attributable to owners of parent	21,251	22,842

(Consolidated Statements of Comprehensive Income)
(For the fiscal year ended March 31, 2022)

(Millions of yen)

	Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Profit	21,197	23,026
Other comprehensive income		
Valuation difference on available-for-sale securities	1,971	(583)
Deferred gains or losses on hedges	(49)	46
Foreign currency translation adjustment	(1,411)	6,115
Remeasurements of defined benefit plans, net of tax	1,469	468
Share of other comprehensive income of entities accounted for using equity method	11	95
Total other comprehensive income	1,991	6,143
Comprehensive income	23,188	29,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,207	28,963
Comprehensive income attributable to non-controlling interests	(18)	206

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of period	38,413	39,902	91,725	(10,036)	160,005
Cumulative effects of changes in accounting policies					
Restated balance	38,413	39,902	91,725	(10,036)	160,005
Changes during period					
Dividends of surplus			(7,509)		(7,509)
Profit attributable to owners of parent			21,251		21,251
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(17)	47	29
Increase by merger					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total Changes during period	—	—	13,725	45	13,770
Balance at end of period	38,413	39,902	105,450	(9,990)	173,776

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	94	41	6,531	(2,607)	4,059	281	1,286	165,633
Cumulative effects of changes in accounting policies								
Restated balance	94	41	6,531	(2,607)	4,059	281	1,286	165,633
Changes during period								
Dividends of surplus								(7,509)
Profit attributable to owners of parent								21,251
Purchase of treasury shares								(1)
Disposal of treasury shares								29
Increase by merger								—
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	1,971	(49)	(1,400)	1,469	1,991	(2)	(6)	1,982
Total Changes during period	1,971	(49)	(1,400)	1,469	1,991	(2)	(6)	15,753
Balance at end of period	2,066	(8)	5,130	(1,137)	6,051	279	1,280	181,387

For the fiscal year ended March 31, 2022

(Millions of yen)

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

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	31,509	33,703
Depreciation and amortization	10,010	10,666
Amortization of goodwill	1,564	2,285
Impairment loss	283	—
Refund of surcharge	(84)	—
Increase (decrease) in allowance for doubtful accounts	306	313
Increase (decrease) in provision for bonuses	188	927
Increase (decrease) in retirement benefit liability and asset	(650)	(880)
Interest and dividend income	(497)	(475)
Interest expenses	514	450
Share of loss (profit) of entities accounted for using equity method	429	218
Loss (gain) on sale and retirement of non-current assets	10	282
Loss (gain) on sale of investment securities	(41)	(24)
Loss (gain) on valuation of investment securities	40	—
(Increase) decrease in trade receivable	10,686	(9,950)
(Increase) decrease in inventories	513	(12,922)
Increase (decrease) in trade payable	(2,455)	8,722
Other, net	8,414	(1,512)
Subtotal	60,745	31,806
Interest and dividend income received	565	491
Interest expenses paid	(541)	(486)
Proceeds from refund of surcharge	84	—
Income taxes paid	(10,708)	(11,285)
Net cash provided by (used in) operating activities	50,144	20,526
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(6,805)	(3,340)
Proceeds from sales of short-term and long-term investment	3,264	4,133
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(13,772)
Purchase of non-current assets	(8,770)	(9,281)
Loan advances	(318)	(120)
Proceeds from collections of loans receivable	1,336	197
Other, net	115	831
Net cash provided by (used in) investing activities	(11,177)	(21,353)

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(188)	1,864
Proceeds from long-term borrowings	8,403	618
Repayments of long-term borrowings	(5,789)	(1,299)
Redemption of bonds	—	(20,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(201)
Net decrease (increase) in treasury shares	28	45
Dividends paid	(7,509)	(7,511)
Dividends paid to non-controlling interests	(79)	(109)
Other, net	(967)	(770)
Net cash provided by (used in) financing activities	(6,102)	(27,363)
Effect of exchange rate changes on cash and cash equivalents	(572)	1,700
Net increase (decrease) in cash and cash equivalents	32,292	(26,491)
Cash and cash equivalents at beginning of period	54,618	87,795
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	885	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	92
Cash and cash equivalents at end of period	87,795	61,397

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

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020; hereinafter, the "Revenue Recognition Accounting Standard"), etc. from the beginning of the fiscal year ended March 31, 2022, and has recognized revenue at the amount expected to be received in exchange for promised goods or services at the time the control of such goods or services is transferred to the customer. The Company and its consolidated subsidiaries in Japan had previously adopted the percentage-of-completion method for construction contracts involving construction work for which the outcome of the progress of such construction projects by the end of the current fiscal year can be reliably recognized (the progress of construction work is estimated by the cost-to-cost method), and the completed-contract method for other construction projects. However, as a result of application of the Revenue Recognition Accounting Standard, when the outcome of a performance obligation to be satisfied over a certain period can be reasonably measured, revenue is recognized according to the ratio of the actual costs to the estimated total costs (the input method), except for projects involving a very short construction period. For cases in which the outcome of a performance obligation cannot be reasonably measured, revenue is recognized only to the extent of the incurred costs. Further, if a performance obligation is satisfied at a certain point in time, revenue is recognized when the construction work is completed.

The Company applies the Revenue Recognition Accounting Standard, etc. in accordance with the transitional treatment provided for in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, the cumulative effect of the retrospective application, in the case in which the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, is added to or deducted from the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022, and the new accounting policy is applied from the balance at the beginning of the period. However, the new accounting policy is not retrospectively applied to contracts for which essentially all of the amount of revenue had been recognized in accordance with the previous treatment in periods prior to the beginning of the fiscal year ended March 31, 2022, by applying the method provided for in paragraph 86 of the Revenue Recognition Accounting Standard. In addition, the Company has applied the method provided for in (1) of the second part of paragraph 86 of the Revenue Recognition Accounting Standard. Accordingly, contract modifications made prior to the beginning of the fiscal year ended March 31, 2022 are accounted for based on the contract terms after reflecting all modifications, and the cumulative effect of such modifications is added to or deducted from the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022.

In the consolidated balance sheets for the previous fiscal year, "Notes and accounts receivable - trade," which was presented under "Current assets" in the previous fiscal year, is included in "Notes and accounts receivable - trade" and "Contract assets" from the current fiscal year. Similarly, "Other," which was presented in "Current liabilities" is included in "Contract liabilities" and "Other" from the current fiscal year. However, in accordance with the transitional treatment provided for in paragraph 89-2 of the Revenue Recognition Accounting Standard, financial statements for the previous fiscal year have not been reclassified based on the new presentation method.

Consequently, application of the Revenue Recognition Accounting Standard resulted in the following changes to the consolidated balance sheet for the current fiscal year: Contract assets increased by ¥7,998 million, Merchandise and finished goods increased by ¥203 million, Work in process decreased by ¥15,832 million, Contract liabilities increased by ¥4,179 million, and Other decreased by ¥8,290 million. Similarly, the following changes occurred in the consolidated statements of income for the current fiscal year: Net sales decreased by ¥1,074 million, Cost of sales and Selling, general and administrative expenses decreased by ¥739 million, and Operating profit, Ordinary profit, and Profit before income taxes each decreased by ¥334 million.

The cumulative effect reflected in net assets at the beginning of the current fiscal year resulted in the balance of retained earnings at the beginning of the period increasing by ¥373 million in the consolidated statements of changes in net assets.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019; hereinafter, the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year ended March 31, 2022. Accordingly, new accounting policies provided for in the Fair Value Measurement Accounting Standard will continue to be applied, in accordance with the transitional treatment provided for in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, issued on July 4, 2019). The application of these standards does not affect the consolidated financial statements.

(Segment Information, etc.)

1. Outline of reportable segments

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

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

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

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

Japan

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

North America

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

Europe

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

Asia

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

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

Accounting policies of the reportable business segments are the same as those applied in the preparation of consolidated financial statements. Inter-segment transactions are inter-company transactions and are based on market price and other relevant factors.

3. Information about net sales, income or loss, assets and other items on each reportable segment
For the fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Consolidated financial statements (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
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	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
Other items							
Depreciation	2,995	3,673	3,206	92	9,967	43	10,010
Investment in entities accounted for using equity method	—	—	—	—	—	1,312	1,312
Increase in property, plant and equipment and intangible assets	3,700	2,885	2,008	110	8,705	65	8,770

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥62 million
- Elimination of intersegment transactions ¥(236) million

(2) Segment income (loss)

- Other income ¥62 million
- Corporate expenses ¥(1,560) million
- Amortization of goodwill ¥(1,564) million
- Other adjustments ¥(366) million
- Elimination of intersegment transactions ¥0 million

(3) Segment assets

- Other assets ¥6,981 million
- Corporate assets ¥83,850 million

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

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

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

2. Segment income (loss) are reconciled to the operating profit of the consolidated statements of income.

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

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

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

Asia: China, Hong Kong, Taiwan, and Vietnam

For the fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Consolidated financial statements (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
Sales to customers	236,375	139,106	85,763	7,649	468,894	62	468,956
Intersegment sales or transfers	197	61	60	0	320	(320)	—
Total	236,572	139,168	85,824	7,650	469,215	(258)	468,956
Segment income	27,910	8,378	3,935	119	40,344	(4,857)	35,487
Segment assets	135,565	95,362	63,111	9,551	303,590	82,646	386,237
Other items							
Depreciation and amortization	3,148	4,015	3,346	113	10,624	42	10,666
Investment in equity method companies	—	—	—	—	—	1,189	1,189
Increase in property, plant and equipment and intangible assets	3,368	2,549	2,822	512	9,252	29	9,281

Notes: 1. Adjustments are as follows:

(1) Net sales

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

(2) Segment income

- Other income ¥62 million
- Corporate expenses ¥(2,334) million
- Amortization of goodwill ¥(2,285) million
- Other adjustments ¥(299) million
- Elimination of intersegment transactions ¥(0) million

(3) Segment assets

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

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

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

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

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

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

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

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

Asia: China, Hong Kong, Taiwan, and Vietnam

(Per-Share Information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	814.10 yen	912.70 yen
Earnings per share	96.21 yen	103.40 yen
Diluted earnings per share	95.97 yen	103.13 yen

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

Item		For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Earnings per share			
Profit attributable to owners of parent	(Millions of yen)	21,251	22,842
Amount not attributable to common shareholders	(Millions of yen)	—	—
Profit related to common shares attributable to owners of parent	(Millions of yen)	21,251	22,842
Average number of common shares during the period	(Thousands of shares)	220,881	220,922
Diluted earnings per share			
Adjustments for profit attributable to owners of parent	(Millions of yen)	—	—
Increase in common shares	(Thousands of shares)	565	571
(of which, share acquisition rights)	(Thousands of shares)	(565)	(571)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects		—	

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

Item		As of March 31, 2021	As of March 31, 2022
Total net assets	(Millions of yen)	181,387	203,311
Deductions from total net assets	(Millions of yen)	1,560	1,662
(of which, share acquisition rights)	(Millions of yen)	(279)	(285)
(of which, non-controlling interests)	(Millions of yen)	(1,280)	(1,376)
Net assets related to common shares at the end of the period	(Millions of yen)	179,827	201,649
Number of common share used in the calculation of earnings per share at the end of the period	(Thousands of shares)	220,892	220,936

(Significant Subsequent Events)

Not applicable.