

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

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (J-GAAP)

July 31, 2024

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 to Start Dividend Payment: -
 Preparation of Results Briefing Materials: Yes
 Holding of Financial Results Briefing: None

Listing: Tokyo Stock Exchange

Tel.: +81-3-3346-3019

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three Months Ended June 30, 2024	142,375	7.7	9,931	14.5	10,774	30.4	7,326	25.6
Three Months Ended June 30, 2023	132,173	11.1	8,670	77.7	8,263	109.8	5,833	126.5

Note: Comprehensive income
 Three Months Ended June 30, 2024: 16,853 million yen 94.0%
 Three Months Ended June 30, 2023: 8,689 million yen (10.1)%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three Months Ended June 30, 2024	33.50	33.44
Three Months Ended June 30, 2023	26.39	26.33

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	490,749	289,083	58.5
As of March 31, 2024	491,701	285,501	57.7

Reference: Shareholders' equity
 As of June 30, 2024: 287,196 million yen
 As of March 31, 2024: 283,557 million yen

2. Dividends

	Full-year dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	29.00	—	49.00	78.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		39.00	—	39.00	78.00

Note: Revision of dividends forecast since last announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	293,000	2.6	26,500	(4.4)	26,000	(4.3)	18,000	(18.6)	82.24
Full year	625,000	2.3	62,500	(4.4)	62,000	(4.5)	42,500	(1.7)	194.17

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

Notes:

(1) Significant changes in the scope of consolidation during the period under review: None

New: — Excluded: —

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

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

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

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

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

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of shares issued (common stock)

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

As of June 30, 2024 229,000,000 shares

As of March 31, 2024 231,000,000 shares

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

As of June 30, 2024 10,602,568 shares

As of March 31, 2024 12,120,592 shares

3) Average number of shares during the period

April–June 2024 218,690,202 shares

April–June 2023 221,042,279 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by a certified public accountant or an auditing firm: None

Explanation regarding appropriate use of results forecast and additional notes

(Earnings forecasts and other forward-looking statements)

This document includes projections based on assumptions, forecasts, and plans for the future that are available on the day of its publication, and actual results may differ from the forecast figures stated in the document due to various risk factors and uncertainties. For further details regarding the earnings forecasts, please see “1. Overview of Operating Results for the Three Months Ended June 30, 2024, (3) Explanation of Consolidated Results Forecasts and Other Forward-looking Statements” on page 3 of the attached materials.

(Supplementary presentation materials for the quarterly results)

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

Contents of the Attachment

1. Overview of Operating Results for the Three Months Ended June 30, 2024.....	2
(1) Operating Results.....	2
(2) Financial Position.....	3
(3) Explanation of Consolidated Results Forecasts and Other Forward-looking Statements.....	3
2. Quarterly Consolidated Financial Statements and Primary Notes.....	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	6
(3) Notes to Quarterly Consolidated Financial Statements.....	8
(Notes on Accounting Treatments Specific to the Preparation of Quarterly Consolidated Financial Statements).....	8
(Segment Information, etc.).....	8
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	9
(Notes on Going Concern Assumption).....	9
(Notes on Quarterly Consolidated Statements of Cash Flows).....	9

1. Overview of Operating Results for the Three Months Ended June 30, 2024

(1) Operating Results

During the three months ended June 30, 2024, the external environment surrounding the Sanwa Group continued to face an uncertain outlook because of the rising price of goods, elevated interest rates, rapid weakening of the yen caused by the interest rate differential between Japan and the United States, deceleration of China's economy, the prolonged conflict in Ukraine, and the expansion of geopolitical risk from the situation in the Middle East.

Amid this environment, the Sanwa Group embarked on the final year of Mid-Term Management Plan 2024, which is aimed at achieving our long-term management vision, Sanwa Global Vision 2030. In this final year for accomplishing the plan, we will continue to work on establishing the foundation to become a global leader of smart entrance solutions that meet the changing needs of society due to climate change and digitalization as well as executing our basic strategies.

Under our basic strategies of expanding and strengthening core businesses in Japan, North America, and Europe, we continued to work to enhance our structure for business expansion, increase the market share of the shutter and door businesses, and strengthen the service business based on the unique characteristics of each market. To strengthen a basis for growth of Asian business, we focused on strengthening sales capabilities, improving productivity, and meeting the needs of the fire prevention and heat insulation market in each country. To expand products for disaster prevention and climate change response and enhance smart products and services, we promoted CO₂ reduction proposals by the Re-carbo series of products with high-performing thermal insulation, and launched products with remote monitoring functions. To increase productivity through digitalization and manufacturing innovation, we invested in expanding production capacity and achieving labor-savings, integrated our automatic door plants in the Americas, relocated and expanded our UK door plant in Europe, and pursued digitalization of our door plant in Germany. To enhance sustainability management, we worked to reduce CO₂ emissions and waste, and implemented measures aimed at achieving the key performance indicators (KPIs) tied to environmental, social, and governance (ESG) material issues.

Looking at the operating results by segment, in Japan, we sought to secure profitability through price pass-on, and solid sales were recorded for core products such as doors for buildings and condominiums, and strategic products, mainly for partitions and entrances. In North America, we advanced measures to expand sales and capture the rebound in the market, and worked to reduce costs by maintaining selling prices, improving productivity, and other measures. In Europe, we continued to face difficult circumstances due in part to the deterioration of market conditions on top of rising costs. In Asia, we saw strong performance in Hong Kong and Taiwan.

As a result, net sales for the three months ended June 30, 2024 amounted to ¥142,375 million, an 7.7% year-on-year increase. In terms of profits, operating profit amounted to ¥9,931 million, a 14.5% year-on-year increase, ordinary profit amounted to ¥10,774 million, a 30.4% year-on-year increase, and profit attributable to owners of parent amounted to ¥7,326 million, a 25.6% year-on-year increase.

The following describes performance by segment.

(1) Japan

Net sales amounted to ¥55,635 million, a 8.4% year-on-year increase, with segment income of ¥1,216 million, a 141.0% increase.

(2) North America

Net sales amounted to ¥55,543 million, a 8.9% year-on-year increase (a 3.1% decrease on a local currency basis), with segment income of ¥8,568 million, a 12.5% increase.

(3) Europe

Net sales amounted to ¥28,304 million, a 2.9% year-on-year increase (a 8.6% decrease on a local currency basis), with segment income amounting to ¥419 million, a 51.0% decrease.

(4) Asia

Net sales amounted to ¥3,000 million, a 16.2% year-on-year increase, with segment income of ¥39 million, an improvement of ¥80 million.

Note: Segment results show the figures before elimination of inter-segment transactions.

(2) Financial Position

(Assets, Liabilities, and Net Assets)

As of June 30, 2024, total assets decreased by ¥951 million from the end of the previous fiscal year, to ¥490,749 million, mainly due to collection of trade receivables. Liabilities decreased by ¥4,533 million from the end of the previous fiscal year to ¥201,666 million, mainly due to decreases in accrued consumption taxes and income taxes payable. Net assets increased by ¥3,581 million from the end of the previous fiscal year to ¥289,083 million, mainly due to an increase in the foreign currency translation adjustment.

As a result, the shareholders' equity ratio increased by 0.8 points from the end of the previous fiscal year to 58.5%.

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

No changes have been made to the consolidated results forecasts for the fiscal year ending March 31, 2025 that were announced on May 13, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	95,947	94,436
Notes and accounts receivable - trade, and contract assets	115,925	99,551
Electronically recorded monetary claims - operating	17,096	17,100
Securities	11,848	9,867
Merchandise and finished goods	16,737	17,570
Work in process	14,885	20,168
Raw materials	49,068	52,404
Other	9,209	14,848
Allowance for doubtful accounts	(3,639)	(4,059)
Total current assets	327,079	321,886
Non-current assets		
Property, plant and equipment		
Buildings, net	26,736	27,199
Land	21,341	21,566
Other, net	43,864	46,442
Total property, plant and equipment	91,942	95,208
Intangible assets		
Goodwill	4,907	4,546
Other	17,596	18,624
Total intangible assets	22,504	23,171
Investments and other assets		
Investment securities	33,886	34,008
Retirement benefit asset	9,392	9,506
Other	8,125	8,022
Allowance for doubtful accounts	(1,228)	(1,054)
Total investments and other assets	50,175	50,482
Total non-current assets	164,622	168,862
Total assets	491,701	490,749

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	60,435	58,459
Electronically recorded obligations - operating	3,863	3,985
Short-term borrowings	6,824	6,660
Current portion of long-term borrowings	1,216	1,216
Income taxes payable	7,245	4,510
Provision for bonuses	12,914	12,077
Other	47,234	49,152
Total current liabilities	139,734	136,061
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	17,319	17,041
Provision for retirement benefits for directors (and other officers)	332	384
Retirement benefit liability	11,554	11,697
Other	17,259	16,481
Total non-current liabilities	66,465	65,604
Total liabilities	206,199	201,666
Net assets		
Shareholders' equity		
Share capital	38,413	38,413
Capital surplus	39,781	39,729
Retained earnings	174,019	167,911
Treasury shares	(14,801)	(14,462)
Total shareholders' equity	237,414	231,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,189	6,604
Deferred gains or losses on hedges	34	56
Foreign currency translation adjustment	37,995	48,013
Remeasurements of defined benefit plans	922	928
Total accumulated other comprehensive income	46,143	55,603
Share acquisition rights	255	68
Non-controlling interests	1,688	1,819
Total net assets	285,501	289,083
Total liabilities and net assets	491,701	490,749

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the Three Months Ended June 30)

(Millions of yen)

	Three Months Ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net sales	132,173	142,375
Cost of sales	91,654	98,300
Gross profit	40,519	44,075
Selling, general and administrative expenses	31,848	34,143
Operating profit	8,670	9,931
Non-operating income		
Interest income	70	970
Dividend income	280	252
Foreign exchange gains	18	121
Share of profit of entities accounted for using equity method	—	46
Other	78	88
Total non-operating income	449	1,478
Non-operating expenses		
Interest expenses	212	312
Share of loss of entities accounted for using equity method	54	—
Litigation expenses	279	—
Other	310	323
Total non-operating expenses	855	636
Ordinary profit	8,263	10,774
Extraordinary income		
Gain on sale of non-current assets	13	12
Total extraordinary income	13	12
Extraordinary losses		
Loss on sale and retirement of non-current assets	3	5
Business restructuring expenses for subsidiaries	—	386
Total extraordinary losses	3	391
Profit before income taxes	8,274	10,395
Income taxes	2,386	3,002
Profit	5,887	7,393
Profit attributable to non-controlling interests	54	67
Profit attributable to owners of parent	5,833	7,326

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Three Months Ended June 30)

(Millions of yen)

	Three Months Ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Profit	5,887	7,393
Other comprehensive income		
Valuation difference on available-for-sale securities	1,325	(585)
Deferred gains or losses on hedges	22	22
Foreign currency translation adjustment	1,642	9,986
Remeasurements of defined benefit plans, net of tax	86	5
Share of other comprehensive income of entities accounted for using equity method	(274)	31
Total other comprehensive income	2,802	9,460
Comprehensive income	8,689	16,853
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,609	16,738
Comprehensive income attributable to non-controlling interests	79	115

(3) Notes to Quarterly Consolidated Financial Statements

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

(Calculation of Tax Expenses)

The Company reasonably estimates an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year in which the first quarter of the fiscal year ending March 31, 2025 is included, and calculates tax expenses by multiplying quarterly profit before income taxes by the estimated effective tax rate. However, in cases where the calculation of tax expenses using the estimated effective tax rate yields a result that is considered not to be reasonable to a significant extent, the statutory tax rate is used. Note that income taxes - deferred is included in income taxes.

(Segment Information, etc.)

I. Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Quarterly consolidated statements of income (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
Sales to customers	51,274	50,989	27,481	2,411	132,157	16	132,173
Intersegment sales or transfers	41	28	25	170	264	(264)	—
Total	51,315	51,018	27,506	2,582	132,422	(248)	132,173
Segment income or loss	504	7,616	855	(41)	8,935	(265)	8,670

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥16 million
- Elimination of intersegment transactions ¥(264) million

(2) Segment income (loss)

- Other income ¥16 million
- Corporate expenses ¥(523) million
- Amortization of goodwill ¥(629) million
- Other adjustments ¥74 million
- Elimination of intersegment transactions ¥797 million

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

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

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

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

North America: USA, Canada, etc.

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

Asia: China, Hong Kong, Taiwan, and Vietnam

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

Not applicable.

II. Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

1. Net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment					Adjustments (Note 1)	Quarterly consolidated statements of income (Note 2)
	Japan	North America	Europe	Asia	Total		
Net sales							
Sales to customers	55,609	55,520	28,276	2,952	142,359	16	142,375
Intersegment sales or transfers	25	22	28	47	124	(124)	—
Total	55,635	55,543	28,304	3,000	142,483	(107)	142,375
Segment income	1,216	8,568	419	39	10,243	(312)	9,931

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥16 million
- Elimination of intersegment transactions ¥(124) million

(2) Segment income

- Other income ¥16 million
- Corporate expenses ¥(555) million
- Amortization of goodwill ¥(585) million
- Other adjustments ¥6 million
- Elimination of intersegment transactions ¥805 million

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

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

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

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

North America: USA, Canada, etc.

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

Asia: China, Hong Kong, Taiwan, and Vietnam

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

Not applicable.

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

Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Quarterly Consolidated Statements of Cash Flows)

The Group has not prepared a quarterly consolidated statement of cash flows for the three months ended June 30, 2024. Depreciation and amortization (including amortization of intangible assets, excluding goodwill) and amortization of goodwill for the period were as follows.

(Millions of yen)

	Three Months Ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Depreciation and amortization	3,114	3,336
Amortization of goodwill	629	585