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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (J-GAAP)

January 31, 2025

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

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (from April 1, 2024 to December 31, 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	%
Nine Months Ended December 31, 2024	475,111	9.1	50,967	23.8	53,544	32.0	37,291	18.6
Nine Months Ended December 31, 2023	435,472	4.4	41,153	16.2	40,578	22.9	31,451	38.1

Note: Comprehensive income
Nine Months Ended December 31, 2024: 38,261 million yen (27.2)%
Nine Months Ended December 31, 2023: 52,573 million yen 7.5%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine Months Ended December 31, 2024	171.10	170.95
Nine Months Ended December 31, 2023	142.36	142.02

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	496,971	293,105	58.6
As of March 31, 2024	491,701	285,501	57.7

Reference: Shareholders' equity
As of December 31, 2024: 291,196 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	–	47.00	–		
Fiscal year ending March 31, 2025 (Forecast)				47.00	94.00

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
Full year	653,000	6.9	72,500	10.9	75,000	15.6	51,000	18.0	235.07

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: 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, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policies)” on page 8 of the attached materials.

(4) Number of shares issued (common stock)

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

As of December 31, 2024 227,000,000 shares

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

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

As of December 31, 2024 10,371,030 shares

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

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine Months Ended December 31, 2024 217,947,931 shares

Nine Months Ended December 31, 2023 220,927,065 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 Nine Months Ended December 31, 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.

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1. Overview of Operating Results for the Nine Months Ended December 31, 2024

(1) Operating Results

During the nine months ended December 31, 2024, the external environment surrounding the Sanwa Group continued to face an uncertain outlook as concerns over a resurgence of inflation in the United States led to a gradual rate cut, while the yen's weakening persisted. Additionally, policy developments under the new U.S. administration, stagnation in China's real estate market, the prolonged conflict in Ukraine, and the expansion of geopolitical risk from the situation in the Middle East contributed to this uncertainty.

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, in terms of strategic products, expand our lineup of partition products such as Duo Glass in Japan while introducing gate operators and dock levelers in the Americas. We worked to expand the service business by promoting initiatives tailored to the unique characteristics of each market. To strengthen the basis for growth of the Asian business, amid the deterioration of the Chinese market, we focused on reinforcing efforts to secure sales volume, improving productivity, and meeting the needs of the fire prevention and heat insulation market. To expand products for disaster prevention and climate change response and enhance smart products and services, we launched the Re-carbo series of products with high-performing thermal insulation to promote CO₂ reduction proposals and expanded the applicable size of the Quick saver TR insulation product. We also added a fire protection specification to the Soundproof Guard series. In North America and Europe, we also launched products with remote monitoring functions. To increase productivity through digitalization and manufacturing innovation, we invested in expanding production capacity and achieving labor savings, strengthened the door production system in Japan, consolidated our automatic door plants and reorganized sectional door and other 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 continued efforts to reduce CO₂ emissions, including the installation of new solar panels at the Changshu Plant in China and the Shizuoka Plant, and to reduce waste, while implementing 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 and volume through price pass-on in response to rising prices, and solid sales were recorded for core products such as heavy-duty shutters and doors for buildings and condominiums, as well as strategic products, mainly for partitions and entrances. In North America, we advanced measures to expand sales and capture the rebound in the housing 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 nine months ended December 31, 2024 amounted to ¥475,111 million, an 9.1% year-on-year increase. In terms of profits, operating profit amounted to ¥50,967 million, a 23.8% year-on-year increase, ordinary profit amounted to ¥53,544 million, a 32.0% year-on-year increase, and profit attributable to owners of parent amounted to ¥37,291 million, a 18.6% year-on-year increase.

The following describes performance by segment.

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

(1) Japan

Net sales amounted to ¥198,965 million, a 8.7% year-on-year increase, with segment income of ¥19,535 million, a 30.8% increase.

(2) North America

Net sales amounted to ¥180,682 million, a 12.2% year-on-year increase (a 3.3% increase on a local currency basis), with segment income of ¥30,128 million, a 22.2% increase.

(3) Europe

Net sales amounted to ¥85,101 million, a 3.8% year-on-year increase (a 4.6% decrease on a local currency basis), with segment income of ¥1,661 million, a 29.7% decrease.

(4) Asia

Net sales amounted to ¥10,734 million, a 10.9% year-on-year increase, with segment income of ¥150 million, a 27.6% decrease.

(2) Financial Position

(Assets, Liabilities, and Net Assets)

As of December 31, 2024, total assets increased by ¥5,270 million from the end of the previous fiscal year to ¥496,971 million, due mainly to increases in inventories and non-current assets. Liabilities decreased by ¥2,333 million from the end of the previous fiscal year to ¥203,866 million, mainly due to repayments of borrowings and decreases in accrued consumption taxes. Net assets increased by ¥7,604 million from the end of the previous fiscal year to ¥293,105 million, due mainly to an increase in retained earnings.

As a result, the shareholders' equity ratio increased by 0.9 points from the end of the previous fiscal year to 58.6%.

(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 October 31, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	95,947	90,814
Notes and accounts receivable - trade, and contract assets	115,925	103,883
Electronically recorded monetary claims - operating	17,096	20,107
Securities	11,848	7,802
Merchandise and finished goods	16,737	16,044
Work in process	14,885	24,811
Raw materials	49,068	48,690
Other	9,209	19,521
Allowance for doubtful accounts	(3,639)	(3,719)
Total current assets	327,079	327,955
Non-current assets		
Property, plant and equipment		
Buildings, net	26,736	26,420
Land	21,341	21,407
Other, net	43,864	47,085
Total property, plant and equipment	91,942	94,913
Intangible assets		
Goodwill	4,907	3,568
Other	17,596	17,279
Total intangible assets	22,504	20,848
Investments and other assets		
Investment securities	33,886	35,907
Retirement benefit asset	9,392	9,735
Other	8,125	8,575
Allowance for doubtful accounts	(1,228)	(964)
Total investments and other assets	50,175	53,254
Total non-current assets	164,622	169,016
Total assets	491,701	496,971

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	60,435	51,850
Electronically recorded obligations - operating	3,863	12,456
Short-term borrowings	6,824	5,862
Current portion of long-term borrowings	1,216	3,041
Income taxes payable	7,245	5,346
Provision for bonuses	12,914	8,794
Other	47,234	55,283
Total current liabilities	139,734	142,635
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	17,319	14,407
Provision for retirement benefits for directors (and other officers)	332	414
Retirement benefit liability	11,554	11,445
Other	17,259	14,963
Total non-current liabilities	66,465	61,230
Total liabilities	206,199	203,866
Net assets		
Shareholders' equity		
Share capital	38,413	38,413
Capital surplus	39,781	39,430
Retained earnings	174,019	184,705
Treasury shares	(14,801)	(18,235)
Total shareholders' equity	237,414	244,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,189	7,975
Deferred gains or losses on hedges	34	(121)
Foreign currency translation adjustment	37,995	38,103
Remeasurements of defined benefit plans	922	925
Total accumulated other comprehensive income	46,143	46,882
Share acquisition rights	255	68
Non-controlling interests	1,688	1,841
Total net assets	285,501	293,105
Total liabilities and net assets	491,701	496,971

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

(Millions of yen)

	Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Net sales	435,472	475,111
Cost of sales	297,240	321,674
Gross profit	138,232	153,437
Selling, general and administrative expenses	97,079	102,469
Operating profit	41,153	50,967
Non-operating income		
Interest income	749	3,123
Dividend income	502	509
Foreign exchange gains	167	229
Share of profit of entities accounted for using equity method	—	375
Other	251	324
Total non-operating income	1,672	4,563
Non-operating expenses		
Interest expenses	839	949
Share of loss of entities accounted for using equity method	82	—
Litigation expenses	367	—
Other	957	1,037
Total non-operating expenses	2,246	1,986
Ordinary profit	40,578	53,544
Extraordinary income		
Gain on sale of non-current assets	32	52
Settlement received	4,395	—
Total extraordinary income	4,427	52
Extraordinary losses		
Loss on sale and retirement of non-current assets	46	16
Loss on valuation of shares of subsidiaries and associates	189	—
Business restructuring expenses for subsidiaries	25	609
Loss on liquidation of subsidiaries and associates	—	1
Total extraordinary losses	260	626
Profit before income taxes	44,746	52,969
Income taxes	13,122	15,447
Profit	31,624	37,522
Profit attributable to non-controlling interests	172	231
Profit attributable to owners of parent	31,451	37,291

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

(Millions of yen)

	Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Profit	31,624	37,522
Other comprehensive income		
Valuation difference on available-for-sale securities	2,118	785
Deferred gains or losses on hedges	(276)	(155)
Foreign currency translation adjustment	19,026	107
Remeasurements of defined benefit plans, net of tax	276	2
Share of other comprehensive income of entities accounted for using equity method	(194)	0
Total other comprehensive income	20,948	739
Comprehensive income	52,573	38,261
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	52,261	37,972
Comprehensive income attributable to non-controlling interests	311	288

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan; "Revised Accounting Standard of 2022") and others were applied from the beginning of the first quarter of the current consolidated fiscal year.

With respect to the revision concerning the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of "Revised Accounting Standard of 2022" 20-3 and the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan; "Revised Guidance of 2022") is being followed. There is no effect of this change in accounting policy on the quarterly consolidated financial statements.

Regarding the revision related to the revised treatment in consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies, the Revised Guidance of 2022 was applied from the beginning of the first quarter of the current consolidated fiscal year. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the previous consolidated fiscal year and consolidated financial statements for the previous consolidated fiscal year reflect this change. There is no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year from this change in accounting policy.

(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 third 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. Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

1. Net sales and income or loss by reportable segment

(Millions of yen)

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

Notes: 1. Adjustments are as follows:

(1) Net sales

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

(2) Segment income

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

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

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

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

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

North America: USA, Canada, etc.

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

Asia: China, Hong Kong, Taiwan, and Vietnam

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

Not applicable.

II. Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 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	198,873	180,577	85,033	10,580	475,064	47	475,111
Intersegment sales or transfers	92	105	68	154	419	(419)	—
Total	198,965	180,682	85,101	10,734	475,483	(371)	475,111
Segment income	19,535	30,128	1,661	150	51,476	(508)	50,967

Notes: 1. Adjustments are as follows:

(1) Net sales

- Other net sales ¥47 million
- Elimination of intersegment transactions ¥(419) million

(2) Segment income

- Other income ¥47 million
- Corporate expenses ¥(1,690) million
- Amortization of goodwill ¥(1,556) million
- Other adjustments ¥263 million
- Elimination of intersegment transactions ¥2,426 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, UK, 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)

Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 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 nine months ended December 31, 2024. Depreciation and amortization (including amortization of intangible assets, excluding goodwill) and amortization of goodwill for the period were as follows.

(Millions of yen)

	Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Depreciation and amortization	9,840	10,410
Amortization of goodwill	1,974	1,556