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Supplementary Materials for Financial Results as of December 31, 2024 Q3 FY2024

February 7, 2025

Sangetsu Corporation

Securities code: 8130

(Prime Market of Tokyo Stock Exchange
and Premier Market of Nagoya Stock Exchange)

Key Points of Financial Results in Q3 FY2024

■ Consolidated Results

- Net sales reached a record high in Q3.
Domestic Interior Segment and North American Business contributed to the increase in net sales year on year.
- Operating profit and below decreased year on year, but Improved than expected due to price revision and SGA cost control, etc.

■ Domestic Interior Segment

- Sales volume remained on par with the previous year despite a slower-than-expected market, especially for new houses.
- Although procurement, logistics and utilities expenses continued to increase, net sales and gross profit increased year on year due to price revision and the sales promotion of “Medium-sized Products” * , a strategic product.
- SGA expenses (mainly personnel costs) are progressing as expectations due to cost controls.

Key Points of Financial Results in Q3 FY2024

■ Domestic Exterior Segment

- Sungreen Co., Ltd., which is the core of this segment, is in the operating loss due to the sluggish new housing market.

However, losses are improving due to sales promotions of priority products and increased sales at two newly opened branches in the Kanto region.

■ Overseas Segment

- While the profitable trend is firmly established in North America, losses continued in Southeast Asia, China, and Hong Kong.
- In North America, sales increased due to sales growth in the mainstay hotel sector and the effect of price revision of wallcoverings made in-house.

Profitability steadily improved as a result of measures such as stabilization of quality and strengthening of marketing.

- In Southeast Asia, sales increased in Malaysia, Thailand, and Vietnam, but in our mainstay Singapore, sales decreased due to a decline in orders for large-scale properties in the region, and operating losses increased.
- As the market environment in China continues to be severe, sales are on an increasing trend but operating deficits continue. We are reviewing our organizational structure to improve profits.
- D'Perception Pte. Ltd., a company in the business of space design and comprehensive construction that became a group company on July 1, 2024, is performing according to plan.
We will now work to create synergies with the Sangetsu Group.

Summary of Consolidated Statement of Profit or Loss

	Q1-Q3 FY2023	Q1-Q3 FY2024 [100 million yen, %]			
	Results	Results	YoY	Forecast	Rate of progress
Net sales	1,400.0	1,472.9	+ 72.9 + 5.2%	1,960.0	75.2%
Gross profit	438.4	455.0	+ 16.5 + 3.8%	605.0	75.2%
Margin	31.3%	30.9%	-	30.9%	-
SGA	288.7	328.5	+ 39.7 + 13.8%	445.0	73.8%
Operating profit	149.7	126.4	- 23.2 - 15.5%	160.0	79.0%
Margin	10.7%	8.6%	-	8.2%	-
Ordinary profit	153.9	129.8	- 24.1 - 15.7%	165.0	78.7%
Profit attributable to owners of the parent	108.8	88.0	- 20.8 - 19.2%	110.0	80.0%

Variations in Consolidated Net Sales, Operating Profit, Ordinary Profit, and Profit Attributable to Owners of Parent

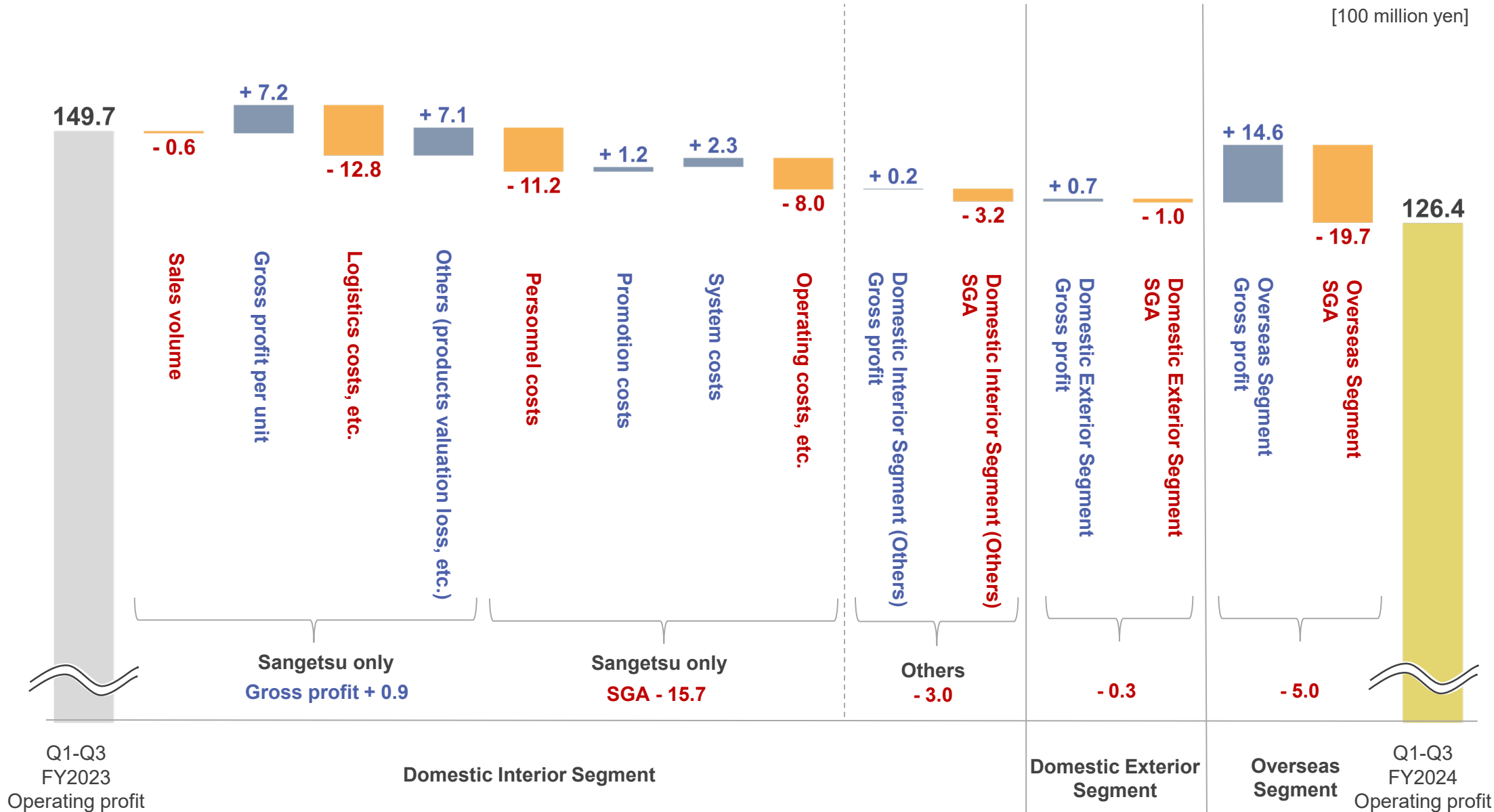
[100 million yen]



Net Sales and Operating Profit of Each Segment

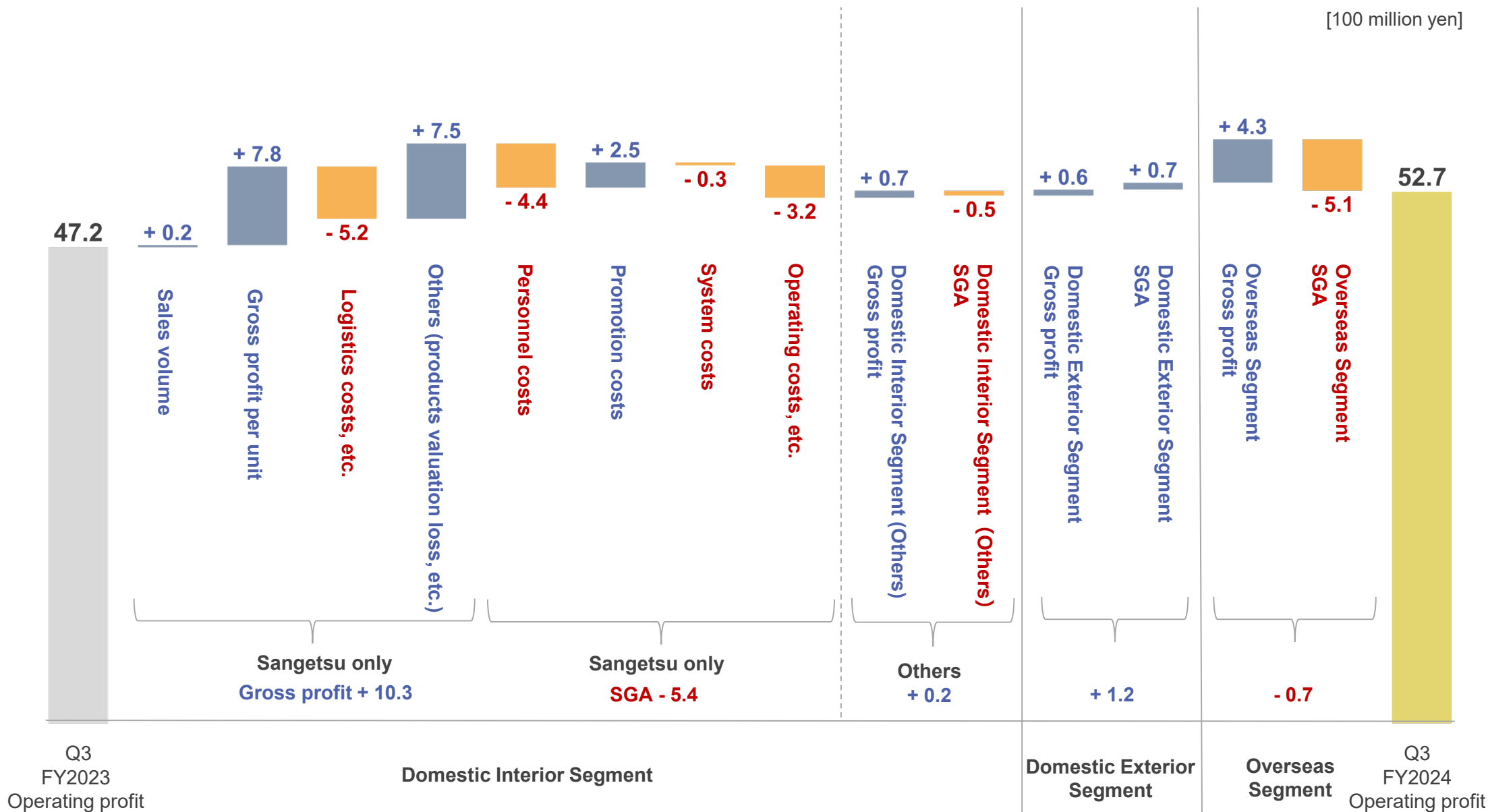
	Q1-Q3 FY2023	Q1-Q3 FY2024 [100 million yen, %]			
	Results	Results	YoY	Forecast	Rate of progress
Domestic Interior Segment Net sales	1,177.3	1,215.9	+ 38.6 + 3.3%	1,612.0	75.4%
Wallcoverings Unit	580.1	586.4	+ 6.3 + 1.1%	-	-
Flooring Materials Unit	410.9	427.1	+ 16.1 + 3.9%	-	-
Fabrics Unit	70.0	70.6	+ 0.6 + 0.9%	-	-
Construction and Others	116.2	131.7	+ 15.4 + 13.3%	-	-
Operating profit	152.1	134.3	- 17.8 - 11.7%	167.5	80.2%
Domestic Exterior Segment Net sales	48.6	48.9	+ 0.3 + 0.7%	63.0	77.7%
Operating profit	0.1	- 0.2	- 0.3 -	0.0	-
Overseas Segment Net sales	174.2	208.1	+ 33.8 + 19.4%	285.0	73.0%
Operating profit	- 2.6	- 7.6	- 5.0 -	- 7.5	-
Adjustment of transactions between segments (Net sales)	- 0.2	- 0.1	+ 0.0	-	-
Adjustment of transactions between segments (Operating profit)	0.0	0.0	- 0.0	-	-
Consolidated Net sales	1,400.0	1,472.9	+ 72.9 + 5.2%	1,960.0	75.2%
Consolidated Operating profit	149.7	126.4	- 23.2 - 15.5%	160.0	79.0%

Change in Consolidated Operating Profit (YoY Q1-Q3:April-December)



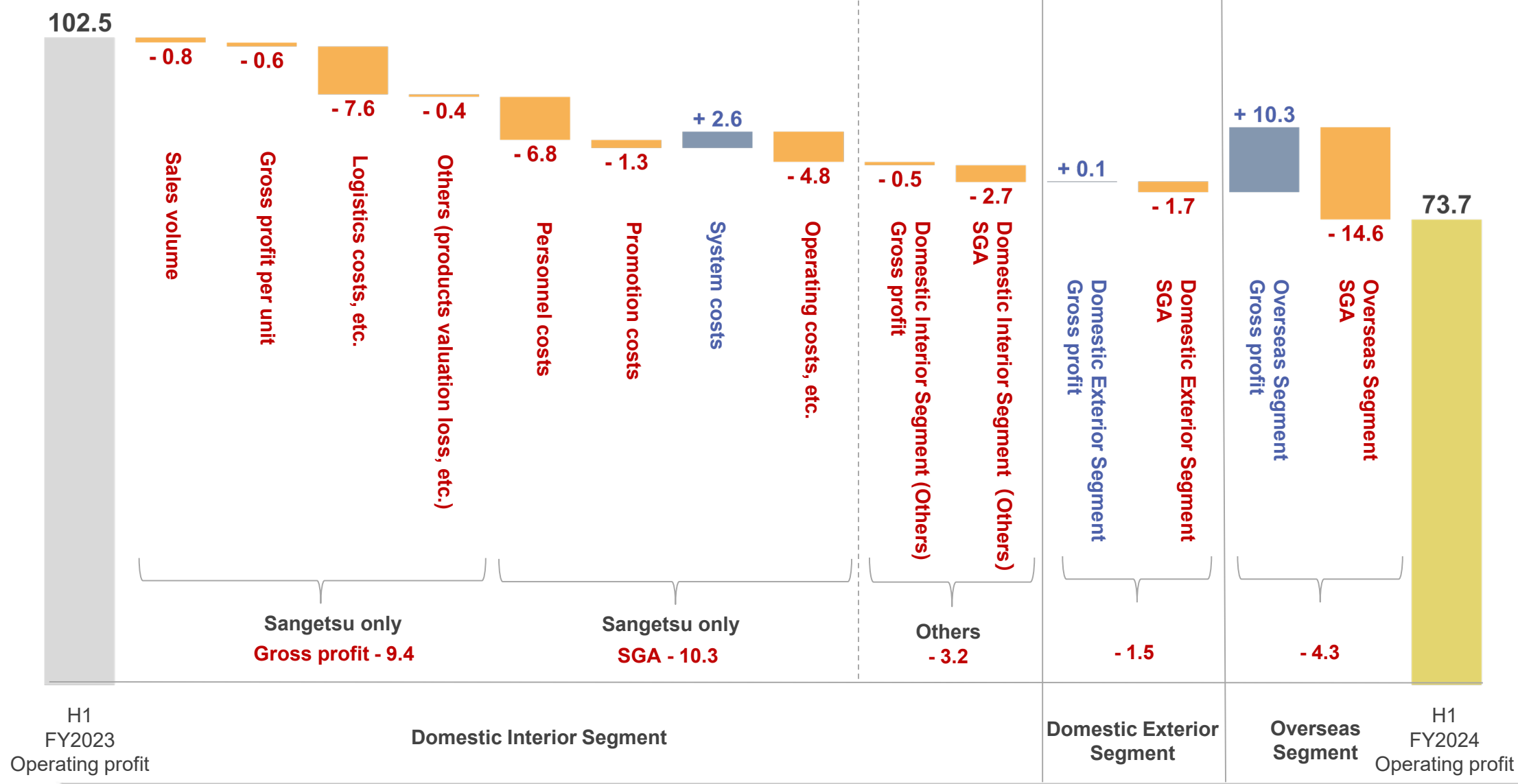
Reference Change in Consolidated Operating Profit (YoY Q3:October-December)

[100 million yen]



Reference Change in Consolidated Operating Profit (YoY H1:April-September)

[100 million yen]



Key Points of the Forecast for FY2024

Factors factored into earnings forecasts

■ Net sales/Gross profit

- Sales volume is expected to be lower than initially forecast due to the sluggish new housing market.
- We expect to absorb the impact of the volume decrease and raw material price hike, which were not fully factored into the forecast, through the growth of “Medium-sized Products” * and price revision from orders received on December 1, 24.

■ SG&A expenses

- SGA are expected to be lower than forecast due to cost control.

■ Impact of Fire at Supplier's Plant

As a result of a fire at a our company supplier in late December 2024, production of some flooring products purchased from the company has become impossible for the time being.

After factoring in the impact of the fire, we have not changed our consolidated earnings forecast for the current fiscal year, which we announced on May 10.

If it becomes clear that there will be a material impact on future business results, it will be disclosed promptly.

Consolidated Earnings Forecasts

Announced on May 10, 2024 (No change)

	FY2023	FY2024			
				[100 million yen, %]	
	Full-year	Full-year		Q1-Q3	
	Results	Forecasts	YoY	Results	Rate of progress
Net sales	1,898.5	1,960.0	+ 61.4 + 3.2%	1,472.9	75.2%
Gross profit	589.5	605.0	+ 15.4 + 2.6%	455.0	75.2%
Margin	31.1%	30.9%	-	30.9%	-
SGA	398.5	445.0	+ 46.4 + 11.7%	328.5	73.8%
Operating profit	191.0	160.0	- 31.0 - 16.2%	126.4	79.0%
Margin	10.1%	8.2%	-	8.6%	-
Ordinary profit	196.9	165.0	- 31.9 - 16.2%	129.8	78.7%
Profit attributable to owners of the parent	142.9	110.0	- 32.9 - 23.0%	88.0	80.0%

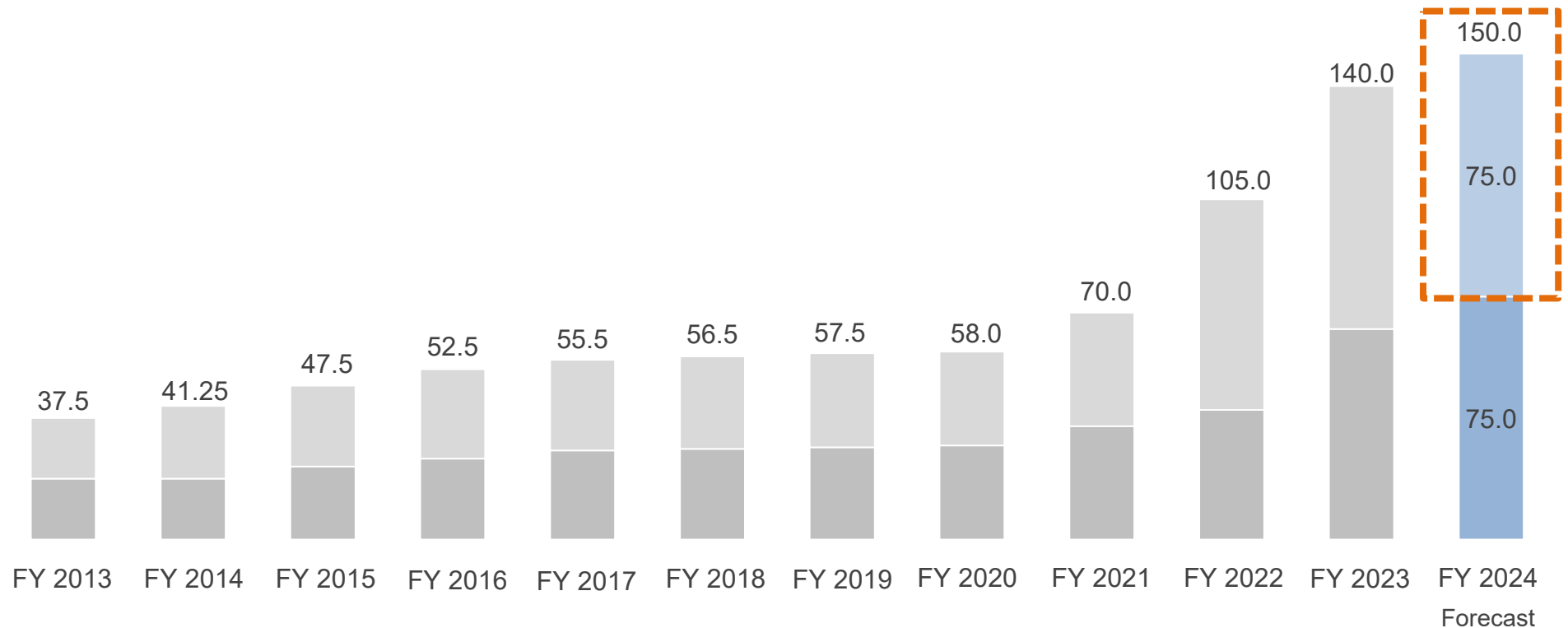
Reference Earnings Forecasts For Each Segment

		FY2023		FY2024 [100 million yen, %]					
		H2	Full-year	H2			Full-year		
		Results		Initial Forecasts	Announced on November Forecasts	Announced on November Forecast YoY	Initial Forecasts	Announced on November Forecasts	Announced on November Forecast YoY
Domestic Interior	Net sales	828.1	1,591.5	830.0	833.8	+ 5.7 + 0.7%	1,610.0	1,612.0	+ 20.4 + 1.3%
	Operating profit	91.8	194.8	83.6	87.4	- 4.4 - 4.8%	162.5	167.5	- 27.3 - 14.1%
Domestic Exterior	Net sales	32.4	64.6	33.0	31.6	- 0.8 - 2.7%	63.0	63.0	- 1.6 - 2.5%
	Operating profit	- 1.8	- 0.7	0.4	0.4	+ 2.2 -	0.5	0.0	+ 0.7 -
Overseas	Net sales	132.2	242.9	162.0	155.6	+ 23.3 + 17.7%	287.0	285.0	+ 42.0 + 17.3%
	Operating profit	- 1.5	- 3.1	0.0	-1.6	- 0.0 -	- 3.0	- 7.5	- 4.3 -
Adjustment of transactions between segments	Net sales	- 0.3	- 0.5	-	-	-	-	-	-
	Operating profit	0.0	0.0	-	-	-	-	-	-
Total	Net sales	992.4	1,898.5	1,025.0	1,021.2	+ 28.7 + 2.9%	1,960.0	1,960.0	+ 61.4 + 3.2%
	Operating profit	88.4	191.0	84.0	86.2	- 2.2 - 2.5%	160.0	160.0	- 31.0 - 16.2%

Results and Forecast of Shareholder Return Changes in Dividend Per Share

Announced on May 10, 2024 (No change)

(yen)



FY 2024 interim dividend of 75.0 yen/share, year-end dividend of 75.0 yen/share (forecast).
+ 10.0 yen YoY.

Dividend growth forecast for 11 consecutive years.

Notes for the Future Outlook

This material includes Information that Falls Under Future related Descriptions. The descriptions of items other than the past and present facts are the descriptions about future forecasts. These descriptions about future forecasts are based on our assumptions and judgment considering currently available information, which include known or unknown risks, uncertainties, and other factors, so they may be affected by such factors.

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