

# Translation

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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Based on Japanese GAAP)

May 14, 2025

Company name: Sangetsu Corporation  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 8130 URL <https://www.sangetsu.co.jp/>  
 Representative: Representative Director, President and CEO Yasumasa Kondo  
 Executive Officer, General Manager of  
 Inquiries: Corporate Division Shigenobu Maki TEL 052-564-3314  
 Scheduled date of ordinary general meeting of shareholders: June 18, 2025  
 Scheduled date to file Securities Report: June 17, 2025  
 Scheduled date to commence dividend payments: June 19, 2025  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

#### (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, 2025	200,378	5.5	18,174	(4.9)	18,606	(5.5)	12,567	(12.1)
Fiscal year ended March 31, 2024	189,859	7.9	19,103	(5.8)	19,695	(4.8)	14,291	2.0

(Note) Comprehensive income For the fiscal year ended March 31, 2025 15,065 Millions of yen , (18.3) %  
 For the fiscal year ended March 31, 2024 18,445 Millions of yen , 23.8 %

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	213.90	213.86	11.4	10.5	9.1
Fiscal year ended March 31, 2024	243.44	243.30	14.1	11.8	10.1

(Reference) Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2025 — Millions of yen  
 For the fiscal year ended March 31, 2024 — Millions of 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, 2025	183,859	113,781	61.5	1,923.28
As of March 31, 2024	170,750	106,709	62.5	1,816.16

(Reference) Equity As of March 31, 2025 113,031 Millions of yen As of March 31, 2024 106,638 Millions of 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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	19,260	(6,873)	(3,980)	33,445
Fiscal year ended March 31, 2024	12,818	(1,846)	(11,249)	24,717

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	65.00	—	75.00	140.00	8,220	57.5	8.1
Fiscal year ended March 31, 2025	—	75.00	—	75.00	150.00	8,815	70.1	8.0
Fiscal year ending March 31, 2026 (Forecast)	—	77.50	—	77.50	155.00		70.1	

## 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

Percentages indicate 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
Six months ending September 30, 2025	99,000	5.5	7,400	0.3	7,650	0.6	5,100	2.1	86.78
Full year	210,000	4.8	19,000	4.5	19,500	4.8	13,000	3.4	221.20

## 4. Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (D'Perception Pte Ltd)

Excluded: None

(Note) For details, please refer to “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Notes on Significant Changes in the Scope of Consolidation)” on page 15 of the attached material.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(Note) For details, please refer to “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Notes to Changes in Accounting Policies)” on page 15 of the attached material.

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	59,200,000 shares	As of March 31, 2024	59,200,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2025	429,993 shares	As of March 31, 2024	483,404 shares
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Average number of shares during the period

Year ended March 31, 2025	58,756,992 shares	Year ended March 31, 2024	58,706,484 shares
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(Reference) Summary of Non-Consolidated financial results

Non-Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	155,410	3.2	16,994	(2.3)	17,528	(4.1)	11,469	(14.0)
Fiscal year ended March 31, 2024	150,528	7.5	17,399	(11.8)	18,283	(11.6)	13,335	(9.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2025	195.21	195.18
Fiscal year ended March 31, 2024	227.16	227.03

(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, 2025	165,419	107,689	65.1	1,832.32
As of March 31, 2024	157,162	104,607	66.5	1,780.61

(Reference) Equity As of March 31, 2025 107,685 Millions of yen As of March 31, 2024 104,551 Millions of yen

\*Consolidated financial results are not subject to the review by certified public accountants or an audit corporation.

\*Proper use of financial results forecasts, and other special matters

(Note on the forward-looking statements)

The forward-looking statements, including the financial results forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to achieve the stated performance. Actual business and other results may differ substantially due to various factors. Please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 6 of the attached material for the assumptions underlying financial results forecasts and important notes regarding their use.

(How to obtain preparation of supplementary material on financial results)

The preparation of supplementary material on financial results is disclosed on TDnet on May 14, 2025.

(How to obtain the content of the financial results briefing)

The Company will hold an online financial results briefing for analysts and institutional investors on Wednesday, May 28, 2025. The video and materials of this briefing will be posted on the Company’s website immediately after the meeting.

The Company’s website (Financial results briefings materials and video)

[https://www.sangetsu.co.jp/english/ir/library/briefing\\_report.html](https://www.sangetsu.co.jp/english/ir/library/briefing_report.html)

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results

During the current consolidated fiscal year (April 1, 2024 – March 31, 2025), while consumer confidence has weakened due to rising prices, the economy is showing a moderate recovery trend, supported by improving employment and income environments and recovery in corporate earnings. On the other hand, the outlook remains uncertain due to continued price increases, financial market volatility, and developments in U.S. trade policy.

In the domestic construction market, which directly impacts our business, there was an increase in new housing starts and floor area as of March 2025 due to a last-minute demand ahead of the revised Building Standards Act's Article 4 exception. However, overall, the market remained sluggish, weighed down by persistently high construction costs and labor shortages. In the non-housing market, the number of new housing starts and floor area increased in some areas, but still remained weak. On the other hand, the Ministry of Land, Infrastructure, Transport and Tourism announced a survey on building renovations and renewals, stating that orders received up to the third quarter of the fiscal year were strong, and therefore, the demand for renovations and renewals in the current fiscal year is expected to increase year-on-year.

In this business environment, the Group is advancing its shift towards becoming a "Space Creation Company" and working to create next-generation businesses, based on our long-term vision [DESIGN 2030], revised in May 2023, and our concurrently announced Medium-Term Business Plan [BX 2025] (BX: Business Transformation). We have focused on strengthening and expanding our core businesses—interior, exterior, overseas, and comprehensive space business—while issuing new editions of key sample books (wallpaper, flooring materials, fabrics, etc.) and promoting their market penetration. We also revised product transaction prices in response to rising procurement, logistics, labor, and utility costs. Furthermore, in pursuit of the Medium-Term Management Plan, we steadily implemented various initiatives, such as enhancing human capital through engagement improvement measures, expanded recruitment and training, and strengthening supply chain management utilizing digital capital. In March 2024, we launched our new value-creation hub, "PARCs Sangetsu Group Creative Hub (hereinafter referred to as 'PARCs')," and have begun open innovation with startup companies as one possibility for next-generation businesses.

As a result of these corporate activities, in the domestic interior segment, we maintained our market share despite a weak market, saw growth in medium-sized products, and benefited from the effects of price revisions. Together with strong performance in the North American business in the overseas segment, consolidated net sales increased year-on-year. However, on the profit side, operating profit decreased due to continued rises in procurement costs, increased expenses from reinforcing IT and logistics infrastructure, and higher personnel expenses.

As a result, for the current consolidated fiscal year, net sales were 200,378 million yen (up 5.5% year-on-year), operating profit was 18,174 million yen (down 4.9% year-on-year), ordinary profit was 18,606 million yen (down 5.5% year-on-year), and profit attributable to owners of the parent was 12,567 million yen (down 12.1% year-on-year).

The operating results by segment are as follows.

#### (Domestic Interior Segment)

In the domestic interior segment, despite the challenging external environment, as seen in the decline in new housing starts and floor area, our group's efforts to provide solutions by combining our product, design, logistics, and construction capabilities in response to market, regional, and customer needs proved effective. As a result, sales of products that captured these needs expanded. Furthermore, the price revision implemented in December 2024, which considered increases in procurement costs, logistics expenses, labor costs, and utility costs, has been steadily absorbed into the market. Regarding the main product, wallpaper, in terms of quantity, there was pre-purchase demand before the price revision and a subsequent reactionary drop, and the effect of decreased demand continued into the fourth quarter under the aforementioned severe external circumstances. However, the impact on our market share, compared to overall industry wallpaper shipment volume, has been limited.

As for logistics functions, we strengthened initiatives such as expanding our proprietary delivery service "Service Crew," restructuring the regional delivery system, and introducing unit load systems aimed at labor-saving and manpower reduction, in order to realize more effective and efficient procurement, inter-base, and sales logistics, considering the "2024 logistics problem." Additionally, as of April 2025, we have made SDS Co., Ltd.—a logistics company that previously handled our shipping and delivery—into a group company, and moving forward, we will continue to further optimize and streamline logistics functions through optimization and efficiency in procurement and sales logistics.

Regarding comprehensive space proposals, by strengthening proposal activities utilizing the expertise of mid-career hires and our group's accumulated know-how and business foundation, we have seen an increase in the number of orders and the creation and expansion of sales opportunities originating from these proposals.

In product development, we worked to add higher value by launching new sample books based on market needs and strengthening product brands through collaborations with external parties. We also promoted market penetration through exhibitions and design contests such as the Sangetsu Design Award 2024 sponsored by Our Company. To further ensure safe and secure products and services,

we accelerated initiatives such as reinforcing quality control systems and optimizing the supply chain. As a result, following last year's receipt of the internationally renowned "iF Design Award" for our recycled wallpaper product "MEGURuWALL" our collaborative wallpaper with the National Museum of Nature and Science, "Day and Night Science Museum," received the "iF Design Award 2025."

Additionally, due to the impact of a fire at one of our supplier's factories in December 2024, we have temporarily suspended orders for some flooring products since February 2025. However, for the fiscal year 2025, we plan to rebuild the supply system through alternative production and gradually resume sales from the second quarter onward.

As a result of the above, net sales in the domestic interior segment amounted to 163,986 million yen (up 3.0% year-on-year), and operating profit was 18,940 million yen (down 2.8% year-on-year). Net sales for the wallcovering unit were 78,644 million yen (up 1.8% year-on-year), for the flooring unit 57,377 million yen (up 1.8%), for the fabric unit 9,609 million yen (up 1.1%), and for other sales including design fees and construction 18,354 million yen (up 14.3%).

#### **(Domestic Exterior Segment)**

In the domestic exterior segment, the overall exterior market continued to face difficult conditions due to sluggish new housing starts, which are the segment's main market. Under these circumstances, Sungreen Co., Ltd. a group company, saw sales at its two newly established branches in the Kanto region progress above plan as a result of geographic expansion strategies. Additionally, sales increased due to price pass-through following price revisions by major manufacturers and pre-purchase demand before price increases for other manufacturers' products. In the proposal-based business, including space design and construction for exterior areas, efforts to expand sales channels and the scope of construction activities proved successful, leading to an increase in orders. Furthermore, initiatives aimed at creating new added value and enhancing competitive advantage by collaborating with our company's comprehensive space business are also progressing.

As a result, net sales for the domestic exterior segment were 6,611 million yen (up 2.3% year-on-year), and operating profit was 17 million yen (compared to an operating loss of 77 million yen in the previous period).

#### **(Overseas Segment)**

In the overseas segment, the performance of overseas affiliated companies from January to December 2024 has been included in the results for the current consolidated fiscal year.

In North America, net sales increased, mainly driven by the effect of price revisions of our in-house manufactured wallpapers, in addition to sales growth of our core hotel segment wallpapers and increased sales volumes of strategic products outside the hotel sector. On the profit side, although manufacturing costs rose to maintain quality and there were increases in expenses such as personnel costs, including performance-linked bonuses, profit increased compared to the same period of the previous year due to higher sales and improved defect rates.

In Southeast Asia, we have established D'Perception Pte Ltd as a group company in the field of space design and comprehensive construction to create synergies with our traditional interior wholesale business. As a result, sales in Malaysia and Thailand increased year on year. On the other hand, in Singapore, our main market, the impact of a decline in orders became evident, and the deficit for the full year expanded; however, cost optimization resulted in a smaller deficit in the fourth quarter compared to the third quarter. In addition, in April 2025, the Company renewed its management structure.

In China and Hong Kong, the environment remains challenging due to continued sluggishness in the real estate market and lower consumer confidence stemming from deteriorating employment conditions. There were also temporary expenses for measures aimed at returning to profitability, and as a result, the operating loss widened in the fourth quarter. However, we are working to optimize costs by revamping the management structure in Hong Kong, expanding our client base and sales channels, and reviewing our organizational structure.

As a result of the above, net sales in the overseas segment amounted to 29,794 million yen (up 22.6% year on year), and while North America continued to see increased revenue and profit, business results in Asia worsened. Also, due to factors such as temporary costs related to the acquisition of shares of D'Perception Pte Ltd recognized in the first quarter, as well as increased selling, general, and administrative expenses associated with the consolidation of the company, operating loss was 785 million yen (compared to an operating loss of 311 million yen in the same period of the previous year).

#### **(Sustainability Initiatives)**

In order to fulfill corporate social responsibility through our corporate activities, the Sangetsu Group has positioned sustainability initiatives as one of our top priorities in an aim to achieve a sustainable society and company. In January 2024, we established our new Corporate Philosophy aimed at achieving both economic and social value. At the highest conceptual level, our Purpose (reason for existence) is defined as "With all people we collaborate to create peaceful and inspirational spaces." We aim to create "A world where everyone can achieve their dreams together for a better tomorrow," and we are advancing management that links business

activities with sustainability initiatives.

In our environmental efforts, we have prioritized the development of eco-friendly products as a key issue. We have released the wallpaper “biocloth,” which reduces environmental impact while maintaining the same workability as conventional PVC wallpaper by utilizing plant-based plasticizers and non-fluorinated water repellents. This product has been awarded “GOOD DESIGN AWARD 2024.” In addition, we are accelerating efforts to address social issues by offering a large number of eco-friendly products in each of our sample books, which contribute to a decarbonized society and the conservation of water resources. Furthermore, these efforts are expanding not only in the field of interiors but also in exteriors. In March 2025, in partnership with the MISAWA HOMES CO., LTD., we announced the joint development of “Forest Wood™,” an artificial wood deck made from 100% recycled materials that contributes to reducing environmental impact across the entire supply chain. Regarding the GHG emissions reduction targets set forth in the Medium-term Business Plan [BX 2025], we are steadily advancing efforts throughout the entire supply chain. These efforts include the self-consignment of renewable energy generated in-house and activities to reduce energy losses during equipment operation, carried out in collaboration with our group company CREANATE Inc., a manufacturer of vinyl wallpaper.

In our human capital initiatives, PARCs, as a new value creation hub, has achieved Gold certification in the globally recognized building evaluation standard “WELL Building Standard™ v2,” which focuses on people’s health and well-being. Furthermore, in recognition of our long-term efforts based on our Health and Productivity Management Policy of “Leading healthy careers and lives for employees to work actively,” we have been certified as a “KENKO Investment for Health 2025” for the sixth consecutive year and the seventh time in total. In our Diversity, Equity and Inclusion initiatives, we have been recognized for our various initiatives based on Sangetsu Group Basic Policy on Diversity, Equity & Inclusion, and for the second consecutive year, we have received the highest Gold certification in the “PRIDE Index 2024,” which evaluates initiatives for LGBTQ+. Our group aims to become a company with sustainable growth by fostering the mutual enhancement of “employee happiness” and “corporate growth” through the strengthening of our human capital.

In our efforts to contribute to society, we continuously implement activities in which each of our employees, including Group companies, participates on a proactive basis, such as supporting the renovation of foster homes, which we have implemented since 2014, cooperating with NPOs that support children in developing countries, and participating in industry-academia collaborative projects. Specifically, we actively engage in social participation initiatives through collaboration with various stakeholders, leveraging our business as a starting point. Specifically, we actively engage in social participation initiatives through collaboration with various stakeholders, with our business as a starting point. These initiatives include the renovation of child welfare facilities in partnership with the certified NPO, Habitat for Humanity Japan, which is one of our continuing support organizations, and co-creation projects with NOMURA Co., Ltd., that aim to solve social issues through “spaces.”

The Group will continue to work on resolving social issues through space creation, the core of its business, and aims at the goal of “With all people we collaborate to create peaceful and inspirational spaces” by continuing to create economic and social value.

## **(2) Overview of Financial Position**

### **(Assets)**

Current assets at the end of the current consolidated fiscal year were 117,011 million yen, an increase of 9,548 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 8,630 million yen in cash and deposits and 919 million yen in merchandise and finished goods. Non-current assets were 66,848 million yen, an increase of 3,560 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,756 million yen in property, plant and equipment and 1,061 million yen in intangible assets.

As a result, total assets amounted to 183,859 million yen, an increase of 13,109 million yen from the end of the previous consolidated fiscal year.

### **(Liabilities)**

Current liabilities at the end of the current consolidated fiscal year were 58,276 million yen, an increase of 5,003 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 3,386 million yen in short-term borrowings and 2,025 million yen in notes and accounts payable – trade. Non-current liabilities were 11,800 million yen, an increase of 1,033 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,000 million yen in long-term borrowings, but a decrease of 947 million yen in retirement benefit liability.

As a result, total liabilities amounted to 70,077 million yen, an increase of 6,037 million yen from the end of the previous consolidated fiscal year.

**(Net assets)**

Total net assets at the end of the current consolidated fiscal year were 113,781 million yen, an increase of 7,071 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 3,756 million yen in retained earnings (12,567 million yen in profit attributable to owners of parent and 8,811 million yen in dividends of surplus), 1,313 million yen in remeasurements of defined benefit plans and 843 million yen in foreign currency translation adjustment.

As a result, the equity ratio was 61.5% (62.5% at the end of the previous consolidated fiscal year).

**(3) Overview of Cash Flows**

Cash and cash equivalents (“net cash”) at the end of the consolidated fiscal year ended March 31, 2025, totaled 33,445 million yen, an increase of 8,727 million yen compared to the end of the previous consolidated fiscal year.

Cash flow positions and the factors thereof are as follows.

**(Cash Flows from Operating Activities)**

Net cash provided by operating activities was 19,260 million yen (12,818 million yen provided in the previous consolidated fiscal year). This was mainly due to profit before income taxes of 18,695 million yen, depreciation of 3,180 million yen, a decrease in trade receivables of 3,751 million yen, and income taxes paid of 5,541 million yen.

**(Cash Flows from Investing Activities)**

Net cash used in investment activities was 6,873 million yen (1,846 million yen used in the previous consolidated fiscal year). This was mainly due to purchase of property, plant and equipment of 4,741 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,817 million yen.

**(Cash Flows from Financing Activities)**

Net cash used in financing activities was 3,980 million yen (11,249 million yen used in the previous consolidated fiscal year). This was mainly due to proceeds from borrowings of 28,596 million yen and repayments of borrowings of 23,208 million yen, and dividends paid of 8,802 million yen.

**(Reference) Trends in Cash Flow-Related Indicators**

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	58.8	59.4	58.2	62.5	61.5
Equity ratio based on market value (%)	63.7	60.6	79.7	114.9	93.0
Interest-bearing debt to cash flow ratio (years)	1.7	1.8	0.6	0.6	0.7
Interest coverage ratio (times)	97.2	64.9	87.4	44.9	81.2

Equity ratio based on market value: market capitalization / total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest payments

\* Each indicator is calculated based on consolidated financial figures.

\* Market capitalization is calculated based on the number of issued shares at the end of the period, excluding treasury shares.

\* Cash flows from operating activities are used.

\* Interest-bearing debt includes all liabilities for which interest is paid, as recorded on the consolidated balance sheet. In addition, the amount of interest paid is based on the figure stated in the consolidated statement of cash flows.



#### **(4) Future Outlook**

Regarding the future outlook, while the domestic economic environment is expected to continue on a moderate recovery trend, it is necessary to pay attention due to instability in the global situation caused by increasing geopolitical risks, such as the developments in reciprocal tariff measures of the United States, as well as changes in demand environments in various regions and impacts on procurement costs arising from exchange rate fluctuations and monetary policies and the situation is expected to remain uncertain.

The domestic construction market, which has the greatest impact on our business, is expected to remain weak compared to the same period last year, particularly in the housing market, due to factors such as persistently high construction costs and labor shortages suppressing housing demand, resulting in continued sluggishness in new housing starts and floor area. In the non-housing market, although we cannot expect a strong growth in new construction demand, growth factors are anticipated in segments such as hotels and accommodation facilities boosted by inbound demand, and the office renovation market.

Under these circumstances, Our Company has established a vision of becoming a "Space Creation Company" in 2030, and has been proceeding with implementation of its growth strategy based on the Medium-Term Business Plan (2023-2025) [BX 2025] targeting the fiscal year ending March 2026, in order to realize sustainable and long-term enhancement of corporate value under an environment of continuous uncertainty and rapid change.

Over the last two years, in the domestic interior segment, while facing a challenging market environment including the slump in new housing starts, as well as continued industry-wide increases in labor and logistics costs and persistently high raw material prices, we have achieved both revenue and market share expansion through various initiatives such as strengthening functions and sales strategies. On the other hand, a plant fire at a supplier in late December 2024 has affected the supply of certain flooring materials, and the impact on our business performance remains uncertain at this point. Additionally, in the domestic exterior and overseas segments, despite implementing various initiatives such as establishing business bases and strengthening human resources for growth, the establishment of a revenue base is still insufficient and does not result in earnings at the time of the formulation of the Medium-Term Business Plan.

Based on these circumstances, we have revised the performance targets for the final year of the current Medium-Term Management Plan, the fiscal year ending March 2026, and now forecast net sales of 210,000 million yen (up 4.8% year-on-year), operating profit of 19,000 million yen (up 4.5% year-on-year), ordinary profit of 19,500 million yen (up 4.8% year-on-year), and profit attributable to owners of parent of 13,000 million yen (up 3.4% year-on-year).

For further details regarding the revision of the targets in the Medium-Term Business Plan, please refer to today's press release titled "Notification on the Revisions of Targets in the Medium-Term Business Plan."

## **2. Basic Policy on Selection of Accounting Standards**

The group prepares consolidated financial statements based on Japanese GAAP. Regarding the application of International Financial Reporting Standards (IFRS), the group intends to respond appropriately while considering various domestic and international circumstances.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	25,096	33,727
Notes receivable - trade	8,526	4,781
Accounts receivable - trade	26,186	26,430
Contract assets	235	3,833
Electronically recorded monetary claims - operating	24,300	23,834
Securities	300	300
Merchandise and finished goods	18,380	19,300
Work in process	278	185
Raw materials and supplies	3,129	2,948
Other	1,446	2,118
Allowance for doubtful accounts	(416)	(449)
Total current assets	107,463	117,011
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,159	35,264
Accumulated depreciation	(20,897)	(21,953)
Buildings and structures, net	11,262	13,310
Machinery, equipment and vehicles	18,899	19,591
Accumulated depreciation	(13,859)	(14,497)
Machinery, equipment and vehicles, net	5,039	5,093
Tools, furniture and fixtures	5,652	6,230
Accumulated depreciation	(4,722)	(5,224)
Tools, furniture and fixtures, net	929	1,005
Land	16,468	16,361
Leased assets	2,600	3,407
Accumulated depreciation	(922)	(1,879)
Leased assets, net	1,678	1,528
Construction in progress	4,530	4,366
Total property, plant and equipment	39,909	41,665
Intangible assets		
Software	1,247	1,644
Goodwill	1,173	1,836
Other	807	810
Total intangible assets	3,228	4,290
Investments and other assets		
Investment securities	8,128	8,203
Investment property	4,888	4,945
Guarantee deposits	1,894	2,088
Retirement benefit asset	548	1,218
Deferred tax assets	3,978	3,196
Other	729	1,252
Allowance for doubtful accounts	(17)	(12)
Total investments and other assets	20,149	20,892
Total non-current assets	63,287	66,848
Total assets	170,750	183,859

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,131	18,157
Contract liabilities	1,208	1,515
Electronically recorded obligations - operating	15,423	13,940
Short-term borrowings	5,711	9,098
Lease liabilities	522	509
Income taxes payable	2,681	3,045
Provision for bonuses	3,602	3,972
Provision for bonuses for directors (and other officers)	134	95
Provision for product warranties	389	174
Other	7,468	7,767
Total current liabilities	53,273	58,276
Non-current liabilities		
Long-term borrowings	—	2,000
Lease liabilities	1,251	1,177
Deferred tax liabilities	256	254
Retirement benefit liability	6,495	5,547
Asset retirement obligations	1,784	1,697
Other	979	1,123
Total non-current liabilities	10,767	11,800
Total liabilities	64,040	70,077
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	17,175	17,218
Retained earnings	70,799	74,555
Treasury shares	(791)	(698)
Total shareholders' equity	100,799	104,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,305	3,628
Deferred gains or losses on hedges	(20)	—
Foreign currency translation adjustment	1,241	2,084
Remeasurements of defined benefit plans	1,312	2,626
Total accumulated other comprehensive income	5,839	8,339
Share acquisition rights	55	4
Non-controlling interests	14	745
Total net assets	106,709	113,781
Total liabilities and net assets	170,750	183,859

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

### Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	189,859	200,378
Cost of sales	130,899	138,005
Gross profit	58,959	62,373
Selling, general and administrative expenses	39,856	44,198
Operating profit	19,103	18,174
Non-operating income		
Interest income	104	90
Dividend income	209	193
Rental income from real estate	429	429
Other	336	229
Total non-operating income	1,078	943
Non-operating expenses		
Interest expenses	269	244
Rental expenses on real estate	119	109
Loss on valuation of interest rate swaps	—	64
Foreign exchange losses	65	75
Other	32	17
Total non-operating expenses	486	511
Ordinary profit	19,695	18,606
Extraordinary income		
Gain on sale of non-current assets	11	3
Gain on sale of investment securities	227	41
Subsidy income	392	223
Gain on liquidation of subsidiaries and associates	59	—
Total extraordinary income	691	267
Extraordinary losses		
Loss on sale of non-current assets	—	3
Loss on retirement of non-current assets	30	40
Loss on sale of investment securities	59	41
Loss on valuation of investment securities	11	—
Impairment losses	166	94
Other	2	—
Total extraordinary losses	270	179
Profit before income taxes	20,116	18,695
Income taxes - current	6,149	5,852
Income taxes - deferred	(324)	257
Total income taxes	5,824	6,110
Profit	14,291	12,585
Profit attributable to non-controlling interests	—	17
Profit attributable to owners of parent	14,291	12,567

# Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	14,291	12,585
Other comprehensive income		
Valuation difference on available-for-sale securities	2,036	322
Deferred gains or losses on hedges	19	20
Foreign currency translation adjustment	83	824
Remeasurements of defined benefit plans, net of tax	2,015	1,313
Total other comprehensive income	4,153	2,480
Comprehensive income	18,445	15,065
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,445	15,059
Comprehensive income attributable to non-controlling interests	—	6

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	17,150	64,138	(849)	94,056
Changes during period					
Dividends of surplus			(7,630)		(7,630)
Profit attributable to owners of parent			14,291		14,291
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		23		46	70
Exercise of share acquisition rights		1		12	13
Net changes in items other than shareholders' equity					
Total changes during period	—	24	6,660	58	6,743
Balance at end of period	13,616	17,175	70,799	(791)	100,799

	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 adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,269	(39)	1,157	(702)	1,685	69	13	95,825
Changes during period								
Dividends of surplus								(7,630)
Profit attributable to owners of parent								14,291
Purchase of treasury shares								(1)
Disposal of treasury shares								70
Exercise of share acquisition rights								13
Net changes in items other than shareholders' equity	2,036	19	83	2,015	4,153	(13)	1	4,141
Total changes during period	2,036	19	83	2,015	4,153	(13)	1	10,884
Balance at end of period	3,305	(20)	1,241	1,312	5,839	55	14	106,709

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	17,175	70,799	(791)	100,799
Changes during period					
Dividends of surplus			(8,811)		(8,811)
Profit attributable to owners of parent			12,567		12,567
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		39		47	86
Exercise of share acquisition rights		4		46	51
Net changes in items other than shareholders' equity					
Total changes during period	—	43	3,756	92	3,892
Balance at end of period	13,616	17,218	74,555	(698)	104,692

	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 adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,305	(20)	1,241	1,312	5,839	55	14	106,709
Changes during period								
Dividends of surplus								(8,811)
Profit attributable to owners of parent								12,567
Purchase of treasury shares								(1)
Disposal of treasury shares								86
Exercise of share acquisition rights								51
Net changes in items other than shareholders' equity	322	20	843	1,313	2,499	(51)	730	3,179
Total changes during period	322	20	843	1,313	2,499	(51)	730	7,071
Balance at end of period	3,628	—	2,084	2,626	8,339	4	745	113,781

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	20,116	18,695
Depreciation	3,236	3,180
Impairment losses	166	94
Amortization of goodwill	169	234
Increase (decrease) in allowance for doubtful accounts	(195)	(5)
Increase (decrease) in provision for bonuses	401	303
Increase (decrease) in provision for bonuses for directors (and other officers)	(133)	(39)
Increase (decrease) in retirement benefit liability	216	(105)
Increase (decrease) in provision for product warranties	(169)	(232)
Interest and dividend income	(313)	(284)
Real estate rent	(429)	(429)
Interest expenses	269	244
Loss (gain) on sale of investment securities	(167)	0
Loss (gain) on liquidation of subsidiaries and associates	(59)	—
Subsidy income	(392)	(223)
Decrease (increase) in trade receivables	(2,810)	3,751
Decrease (increase) in inventories	(591)	(265)
Increase (decrease) in trade payables	1,626	(1,154)
Decrease (increase) in consumption taxes refund receivable	(19)	(300)
Increase (decrease) in accrued consumption taxes	(1,163)	176
Other, net	1,723	889
Subtotal	21,479	24,528
Interest and dividends received	313	286
Subsidies received	392	223
Settlement received	7	—
Interest paid	(285)	(237)
Income taxes paid	(9,089)	(5,541)
Net cash provided by (used in) operating activities	12,818	19,260
Cash flows from investing activities		
Payments into time deposits	(314)	(147)
Proceeds from withdrawal of time deposits	—	457
Purchase of securities	(300)	(300)
Proceeds from redemption of securities	300	300
Purchase of property, plant and equipment	(4,386)	(4,741)
Proceeds from sale of property, plant and equipment	12	13
Purchase of intangible assets	(629)	(720)
Purchase of investment securities	(13)	(90)
Proceeds from sale of investment securities	2,812	611
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,817)
Purchase of insurance funds	(0)	(207)
Proceeds from cancellation of insurance funds	343	200
Proceeds from rental of investment property	429	429
Payments of guarantee deposits	(48)	(185)
Proceeds from refund of guarantee deposits	52	49
Purchase of long-term prepaid expenses	(45)	(671)
Other, net	(58)	(51)
Net cash provided by (used in) investing activities	(1,846)	(6,873)



(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	7,669	26,596
Repayments of short-term borrowings	(2,884)	(23,208)
Proceeds from long-term borrowings	—	2,000
Repayments of long-term borrowings	(7,854)	—
Repayments of finance lease liabilities	(554)	(564)
Purchase of treasury shares	(1)	(1)
Dividends paid	(7,624)	(8,802)
Other, net	0	0
Net cash provided by (used in) financing activities	(11,249)	(3,980)
Effect of exchange rate change on cash and cash equivalents	230	321
Net increase (decrease) in cash and cash equivalents	(47)	8,727
Cash and cash equivalents at beginning of period	24,765	24,717
Cash and cash equivalents at end of period	24,717	33,445

## **(5) Notes to Consolidated Financial Statements**

### **(Notes on Significant Changes in the Scope of Consolidation)**

The Company acquired 70% shares of D'Perception Pte Ltd during the current consolidated fiscal year and is therefore included in the scope of consolidation.

### **(Notes on Going Concern Assumption)**

Not applicable.

### **(Notes to Changes in Accounting Policies)**

#### **(Application of “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.”)**

The Company has applied the “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.” (Accounting Standards Board of Japan (ASBJ) Statement No. 27 revised on October 28, 2022; hereinafter the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the current consolidated fiscal year. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28 revised on October 28, 2022, ASBJ; hereinafter the “Revised Application Guidance of 2022”). There is no impact on the consolidated financial statements due to this change in accounting policy.

Concerning the revision related to revised treatment on consolidated financial statement when deferring gains or losses on sale realized in conjunction with sale of shares of subsidiaries, etc. conducted among consolidated companies for tax purposes, the Revised Application Guidance of 2022 has been adopted from the beginning of the current consolidated fiscal year. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the previous fiscal year. There is no impact on the consolidated financial statements for the previous consolidated fiscal year due to this change in accounting policy.

#### **(Application of “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.”)**

The Company has applied the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.” (Practical Solution No. 46, March 22, 2024) from the beginning of the current consolidated fiscal year. There is no impact on the consolidated financial statements due to this change in accounting policy.

### **(Notes to Segment Information)**

#### **1. Overview of reportable segments**

The Group's reportable segments are components of the Group for which separate financial information is available. These are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The merchandise and services handled by each of the Group's operating companies differ. The Domestic Interior Segment is handled by the Company itself, as well as Fairtone Co., Ltd., Sangetsu Vosne Corporation, Sangetsu Okinawa Corporation, CREANATE Inc., and Kurosukikaku Corporation, while the Domestic Exterior Segment is handled by Sungreen Co., Ltd. and the Overseas Segment is handled by KOROSEAL INTERIOR PRODUCTS HOLDINGS, INC., Goodrich Global Holdings Pte. Ltd., GOODRICH GLOBAL LIMITED and D'Perception Pte Ltd. Across the Group, each company shares necessary information and cooperates on sales while formulating individual strategies and conducting business activities. The Company's Board of Directors makes decisions and evaluates business performance based on the reports of business results and financial information received from each operating company.

The Domestic Interior Segment is engaged in planning, manufacturing, and sales of wallcoverings, flooring materials, fabrics (curtains and upholstery), and other interior design materials, as well as business activities involved in overall space creation, from design to construction. The Domestic Exterior Segment is engaged in the sale of exterior products such as gates, fences, and carports, as well as providing design proposals and construction for outdoor spaces, while the Overseas Segment is engaged in manufacturing and sales of interior design materials, space design and comprehensive construction overseas.

2. Method for calculating amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for the operating segments that are reportable is in accordance with the accounting policies adopted to prepare the consolidated financial statements.

Profits or losses of the reportable segments are figures based on operating profit.

Intersegment revenue or transfers are based on actual market price.

3. Information on amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Domestic Interior	Domestic Exterior	Overseas	Total	Adjusted amount (Note 1)	Amount recorded on the consolidated financial statements (Note 2)
Net sales						
Sales to external customers	159,151	6,415	24,292	189,859	—	189,859
Intersegment net sales or transfers	5	47	—	53	(53)	—
Total	159,157	6,462	24,292	189,912	(53)	189,859
Segment profit (loss)	19,489	(77)	(311)	19,100	2	19,103
Segment assets	165,528	8,005	16,753	190,286	(19,536)	170,750
Other items						
Depreciation	2,595	37	606	3,239	(2)	3,236
Amortization of goodwill	162	—	6	169	—	169
Impairment losses	165	0	—	166	—	166
Increase in property, plant and equipment and intangible assets	4,759	127	242	5,129	(67)	5,061

Notes: 1. All adjustments of segment profits (losses), segment assets, and other items are performed by eliminating transactions among segments.

2. Segment profits (losses) are adjusted to operating profit in the consolidated statement of income.

3. Depreciation and increases in property, plant and equipment and intangible assets include long-term prepaid expenses and depreciation related to these expenses.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Domestic Interior	Domestic Exterior	Overseas	Total	Adjusted amount (Note 1)	Amount recorded on the consolidated financial statements (Note 2)
Net sales						
Sales to external customers	163,984	6,599	29,794	200,378	–	200,378
Intersegment net sales or transfers	1	12	–	13	(13)	–
Total	163,986	6,611	29,794	200,392	(13)	200,378
Segment profit (loss)	18,940	17	(785)	18,171	2	18,174
Segment assets	175,481	7,936	22,588	206,006	(22,147)	183,859
Other items						
Depreciation	2,452	52	678	3,183	(2)	3,180
Amortization of goodwill	162	–	71	234	–	234
Impairment losses	–	16	78	94	–	94
Increase in property, plant and equipment and intangible assets	5,593	214	341	6,149	(15)	6,134

- Notes: 1. All adjustments of segment profits (losses), segment assets, and other items are performed by eliminating transactions among segments.
2. Segment profits (losses) are adjusted to operating profit in the consolidated statement of income.
3. Depreciation and increases in property, plant and equipment and intangible assets include long-term prepaid expenses and depreciation related to these expenses.

**(Notes on Per Share Information)**

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	1,816.16	1,923.28
Earnings per share	243.44	213.90
Diluted earnings per share	243.30	213.86

Notes: 1. The bases for calculating net assets per share are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Total of net assets (millions of yen)	106,709	113,781
Amount to be deducted from total amount of net assets (millions of yen)	70	750
(of which share acquisition rights (millions of yen))	(55)	(4)
(of which non-controlling interests (millions of yen))	(14)	(745)
End of period net assets related to common shares (Millions of yen)	106,638	113,031
Number of common shares used to calculate net assets per share at the end of the fiscal year (thousands of shares)	58,716	58,770

2. The bases for calculating net income per share and diluted net income per share are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	14,291	12,567
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	14,291	12,567
Average number of common shares during the period (Thousands of shares)	58,706	58,756
Diluted earnings per share		
Adjusted amount of profit attributable to owners of parent (Millions of yen)	—	—
Increase in common shares (Thousands of shares)	33	8
(of which share acquisition rights (thousands of shares))	(33)	(8)

**(Notes on Significant Subsequent Events)**

Not applicable.