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# **Sangetsu Corporation Financial Results Briefing for FY2024 and Management Strategies**

May 28, 2025

Yasumasa Kondo Representative Director, President and CEO

Securities code: 8130

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

# **1. Overview of results for FY2024**

# Summary of Consolidated Statement of Profit or Loss

	FY2023	FY2024 [100 million yen, %]			
	Results	Results	YoY	Forecast	Achievement rates
Net sales	1,898.5	<b>2,003.7</b>	+105.1 +5.5%	1,960.0	102.2%
Gross profit	589.5	<b>623.7</b>	+34.1 +5.8%	605.0	103.1%
Margin	31.1%	<b>31.1%</b>	-	30.9%	-
SGA	398.5	<b>441.9</b>	+43.4 +10.9%	445.0	99.3%
Operating profit	191.0	<b>181.7</b>	-9.2 -4.9%	160.0	113.6%
Margin	10.1%	<b>9.1%</b>	-	8.2%	-
Ordinary profit	196.9	<b>186.0</b>	-10.8 -5.5%	165.0	112.8%
Profit attributable to owners of the parent	142.9	<b>125.6</b>	-17.2 -12.1%	110.0	114.3%

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



# Key Points of Financial Results in FY2024

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## ✓ Consolidated Results

- Net sales reached a record high.

Both the Domestic Interior Segment and the North American Business in the Overseas Segment contributed to net sales growth.

- For the full year, operating profit and subsequent profits decreased year-on-year. In the second half, both net sales and profit increased year-on-year.
- Consolidated results exceeded the forecast due to the penetration of price revisions and the effect of controlling SG & A expenses at Sangetsu.

## ✓ Domestic Interior Segment

- We maintained our market share in the mainstay wall coverings market while the market, especially for new housing, was weaker than expected.

On the one hand, in the fourth quarter, some flooring products were affected by the fire accident at the main supplier plant.

- The impact of increased procurement costs, distribution costs, utility costs, etc. was absorbed through price revisions and promotion of “Medium-sized Products” \*, which are strategic products, etc., and the gross profit margin was maintained year-on-year.
- Although SG & A expenses (mainly personnel expenses) increased from the same period of the previous year, the figures were below the forecast due to the control of SG & A expenses.

# Key Points of Financial Results in FY2024

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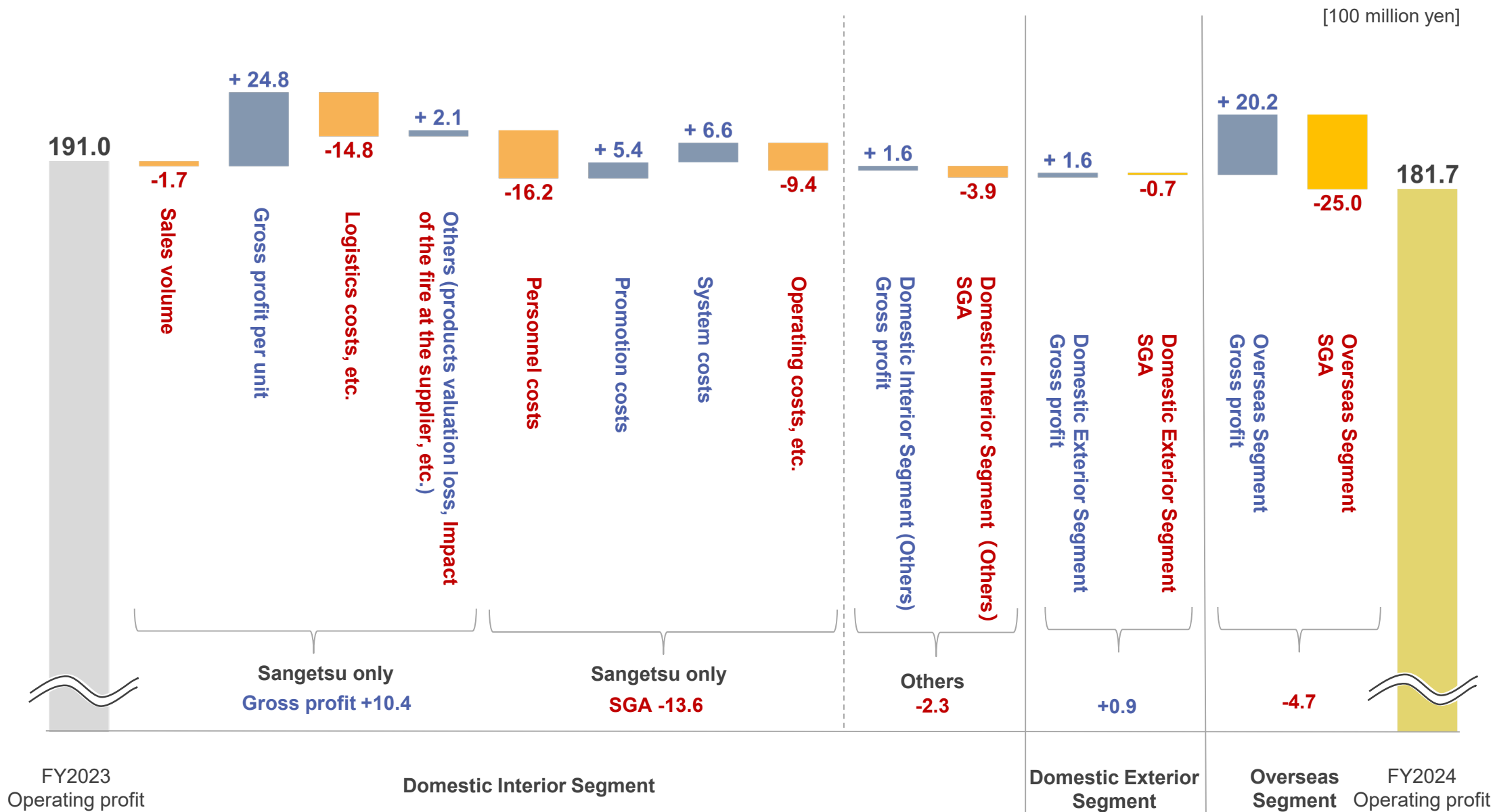
## ✓ Domestic Exterior Segment

- In Sungreen Co., Ltd., which is the core of the segment, sales increased due to last-minute demand before price revisions and the expansion of sales at two new branches in the Kanto region.
- Gross profit increased due to the above factors, and increased SG & A expenses were absorbed, resulting in a profit.

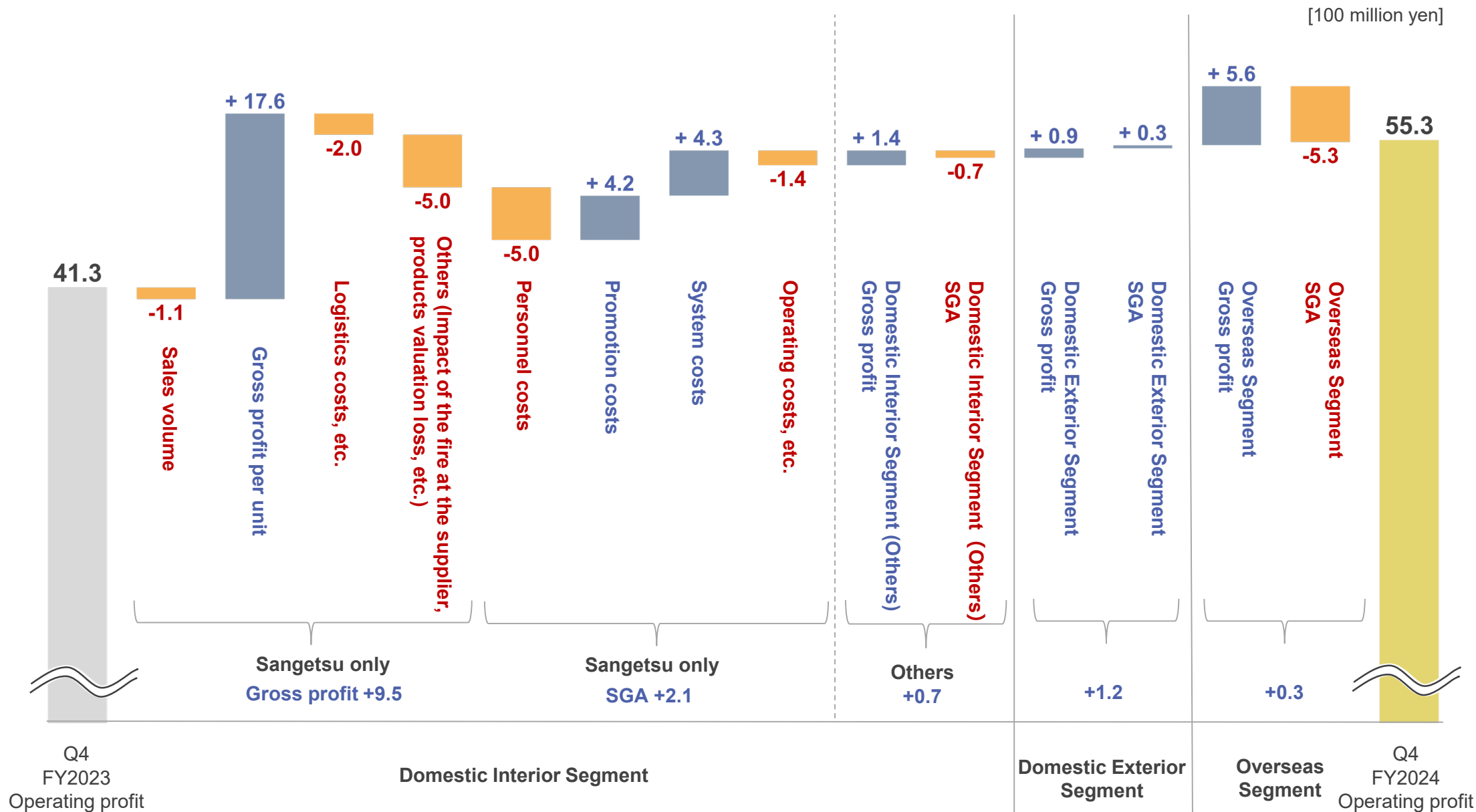
## ✓ Overseas Segment

- In North America, operating profit increased year on year, but the deficit increased in Southeast Asia, China and Hong Kong.  
On the other hand, in the fourth quarter, the deficit decreased due to cost optimization in Southeast Asia, among other factors.
- In North America, sales increased primarily due to price revisions for in-house wall coverings.  
In addition to increased sales, operating profit increased year on year due to an improvement in the defect rate.
- Sales in Southeast Asia increased year on year due to the contribution of D' Perception Pte Ltd, whose business area is spatial design and comprehensive construction, and sales growth in Malaysia and Thailand.  
In terms of profits, a decrease in orders in Singapore, the mainstay of the Group, affected the Group's loss despite an improvement in losses.
- Amid the challenging market environment in China, losses continued due to one-off expenses associated with the restructuring of the organizational structure of a Group company in our company.

# Change in Consolidated Operating Profit (YoY : April-March)



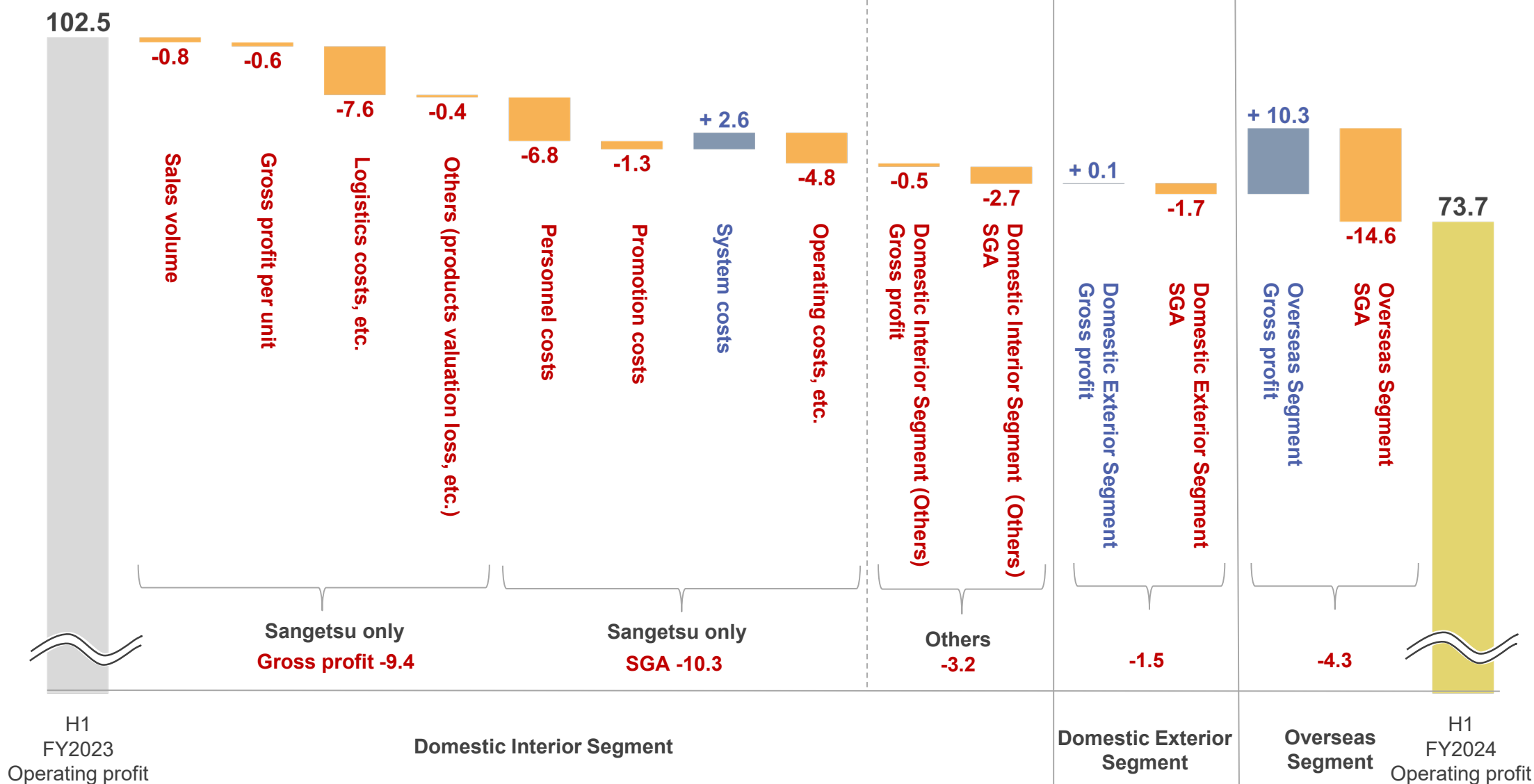
# Change in Consolidated Operating Profit (YoY Q4:January-March)



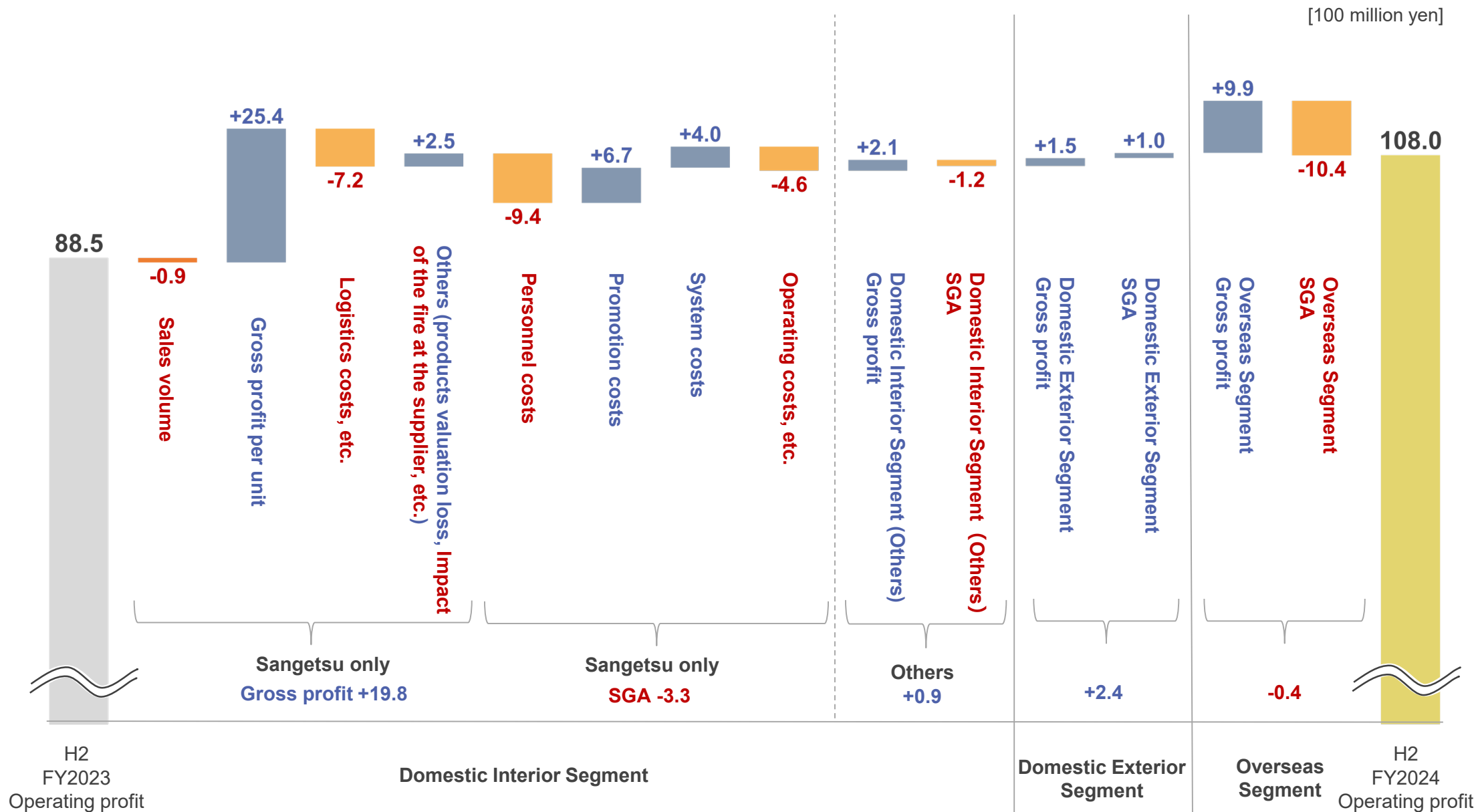


# Reference : Change in Consolidated Operating Profit (YoY H1:April-September)

[100 million yen]



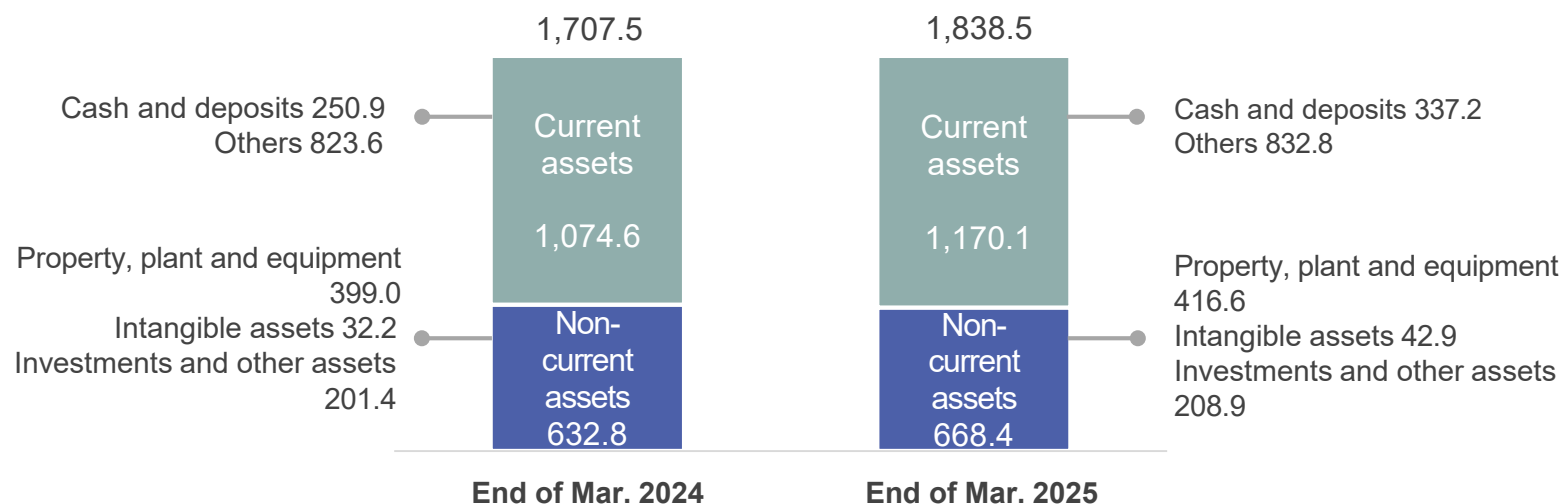
# Reference : Change in Consolidated Operating Profit (YoY H2:October-March)



# Consolidated Balance Sheet

## Total assets

[100 million yen]



### Main factors of change

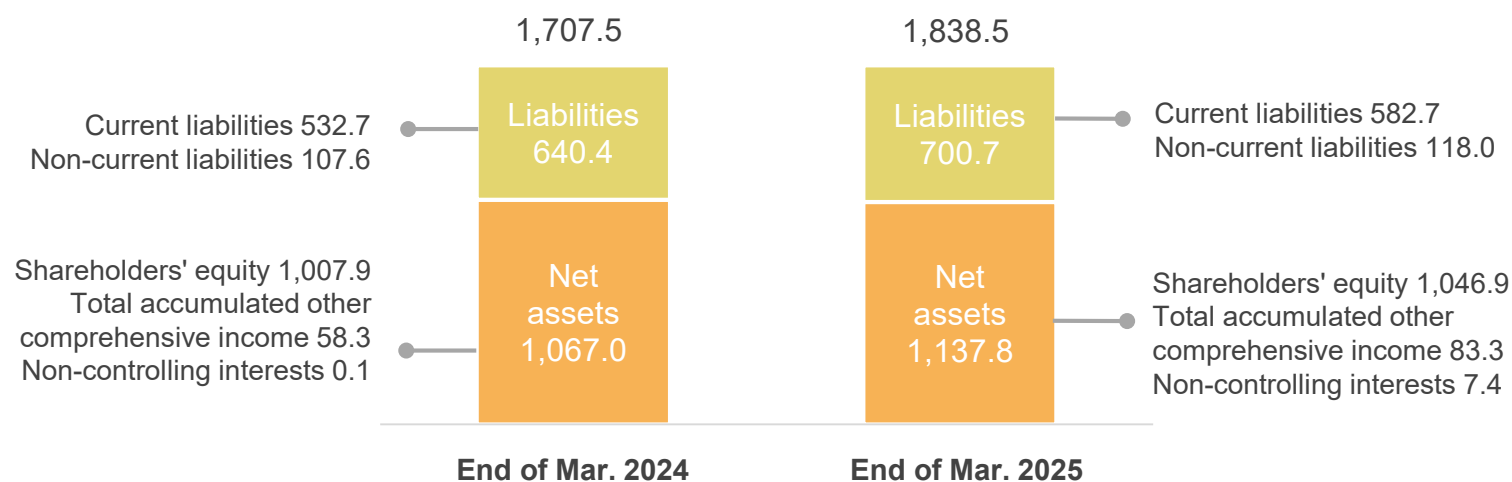
#### ■ Current assets YoY (vs. Mar. 31, 2024)

- Cash and deposits +86.3
- Merchandise and finished goods +9.1

#### ■ Non-current assets YoY (vs. Mar. 31, 2024)

- Property, plant and equipment +17.5
- intangible assets +10.6

## Total liabilities and net assets



### Main factors of change

#### ■ Liabilities YoY (vs. Mar. 31, 2024)

- Short-term borrowings +33.8
- Notes and accounts payable - trade +20.2
- Long-term borrowings +20.0
- Retirement benefit liability -9.4

#### ■ Net assets YoY (vs. Mar. 31, 2024)

- Retained earnings +37.5
- Remeasurement of defined benefit plans +13.1
- Foreign currency translation adjustment +8.4

# Consolidated Cash Flow Statement

**Cash and cash equivalents: +8.72 billion yen YoY (vs. Mar. 31, 2024)**

[100 million yen]

■ **Cash flows from operating activities**

**+192.6**

- Profit before income taxes +186.9
- Depreciation +31.8
- Changes in Accounts Receivable +37.5
- Changes in Accounts Payable -11.5
- Income taxes paid -55.4

■ **Cash flows from investing activities**

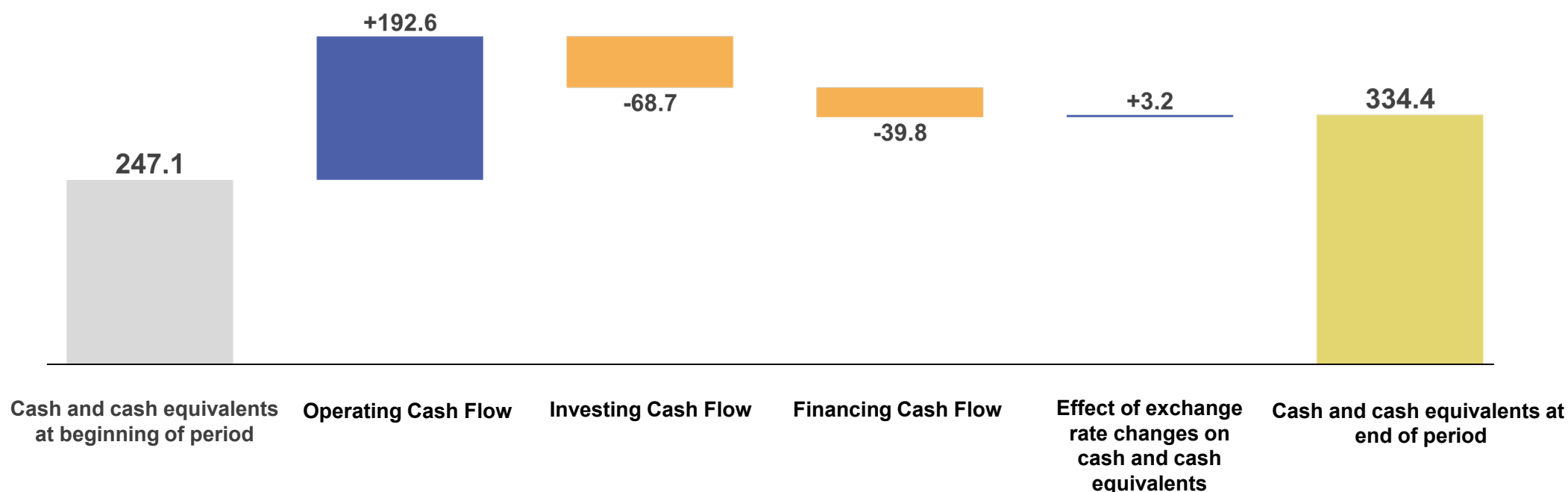
**-68.7**

- Acquisition of Property, Plant, and Equipment -47.4
- Expenditures for acquisition of shares of subsidiaries resulting in change in scope of consolidation -18.1

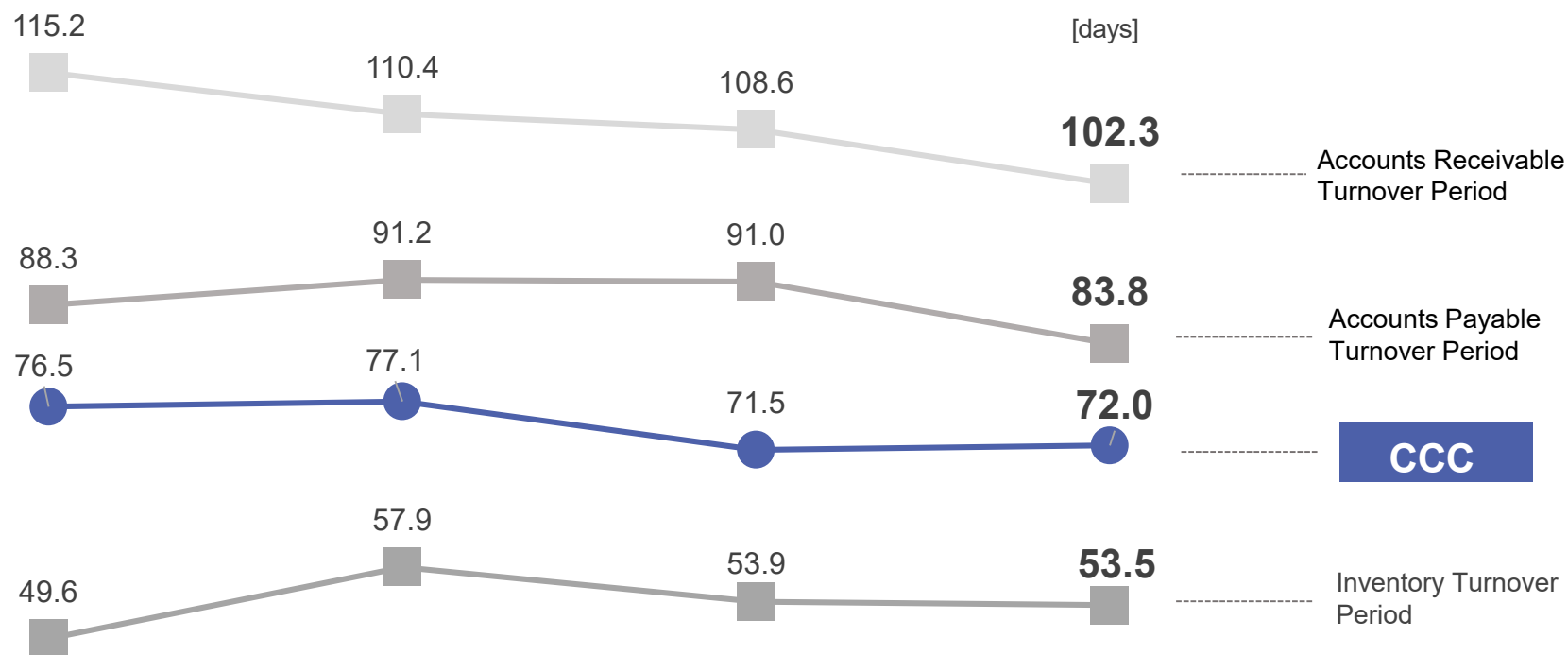
■ **Cash flows from financing activities**

**-39.8**

- Dividends paid -88.0
- Change in debts +53.8



# Consolidated Cash Conversion Cycle



	FY2021	FY2022	FY2023	FY2024
Accounts Receivable Turnover Period	115.2	110.4	108.6	102.3
Accounts Payable Turnover Period	88.3	91.2	91.0	83.8
Inventory Turnover Period	49.6	57.9	53.9	53.5
CCC	76.5	77.1	71.5	72.0

**[BX 2025]**  
Target: 70 days\*

# Net Sales and Operating Profit of Each Segment

	FY2023	FY2024 [100 million yen, %]			
	Results	Results	YoY	Forecast	Achievement rates
Domestic Interior Segment Net sales	1,591.5	<b>1,639.8</b>	+48.2 +3.0%	1,612.0	101.7%
Wallcoverings Unit	772.3	<b>786.4</b>	+14.0 +1.8%	-	-
Flooring Materials Unit	563.5	<b>573.7</b>	+10.2 +1.8%	-	-
Fabrics Unit	95.0	<b>96.0</b>	+1.0 +1.1%	-	-
Construction and Others	160.5	<b>183.5</b>	+22.9 +14.3%	-	-
Operating profit	194.8	<b>189.4</b>	-5.4 -2.8%	167.5	113.1%
Domestic Exterior Segment Net sales	64.6	<b>66.1</b>	+1.4 +2.3%	63.0	105.0%
Operating profit	-0.7	<b>0.1</b>	+0.9 -	0.0	-
Overseas Segment Net sales	242.9	<b>297.9</b>	+55.0 +22.6%	285.0	104.5%
Operating profit	-3.1	<b>-7.8</b>	-4.7 -	-7.5	-
Adjustment of transactions between segments (Net sales)	-0.5	<b>-0.1</b>	+0.3	-	-
Adjustment of transactions between segments (Operating profit)	0.0	<b>0.0</b>	+0.0	-	-
Consolidated Net sales	1,898.5	<b>2,003.7</b>	+105.1 +5.5%	1,960.0	102.2%
Consolidated Operating profit	191.0	<b>181.7</b>	-9.2 -4.9%	160.0	113.6%

# Domestic Interior Segment: Situation of the Domestic Construction Market

## Residential market



### New construction

Statistics of new housing starts YoY

	New housing starts	Floor area of new housing
Jan. to Dec. 2024	<b>-3.3%</b>	<b>-5.1%</b>
Apr. 2024 to Mar. 2025	<b>+2.0%</b>	<b>+1.0%</b>

### Remodeling

MLIT survey on the remodeling and renovation of buildings  
(Amount of orders) YoY (Apr. to Dec. 2024)

<b>Total in the residential market</b>	<b>+0.3%</b>
<b>Detached houses</b>	<b>-1.0%</b>
<b>Apartment buildings</b>	<b>+2.6%</b>

### New construction

Floor area of private non-residual buildings YoY  
(for each purpose of use; excluding warehouses and factories)

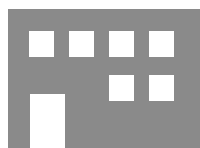
Jan. to Dec. 2024	<b>-7.6%</b>
Apr. 2024 to Mar. 2025	<b>-10.2%</b>
<b>FY2023</b>	<b>-9.0%</b>
<b>FY2022</b>	<b>-6.5%</b>
<b>FY2021</b>	<b>+4.2%</b>

### Renovation

Survey on the remodeling and renovation of buildings  
(Amount of orders) YoY (Apr. to Dec. 2024)

<b>Total in the non-residential market</b>	<b>+4.6%</b>
<b>Offices</b>	<b>-18.7%</b>
<b>Restaurants</b>	<b>+43.1%</b>
<b>Sale of goods</b>	<b>-8.5%</b>
<b>Medical care</b>	<b>-25.7%</b>
<b>Accommodation</b>	<b>-8.9%</b>
<b>Welfare</b>	<b>+6.6%</b>

## Non-residential market



# Domestic Interior Segment: Net Sales of Wallcoverings and Flooring Materials

## Wallcoverings

**FY2024**  
**Sales of wallcoverings**

**78.64** billion yen  
(+1.8% YoY)

**Our shipment  
quantity**  
(Apr. 2024 to Mar. 2025)

**-1.1% YoY**

**Shipment quantity of wallcoverings  
in the entire industry\***  
(Apr. 2024 to Mar. 2025)

**-2.4% YoY**

Source: JAPAN WALLCOVERINGS ASSOCIATION

\*Calculated from data on wallcoverings (vinyl chloride resin and plastic ones).

## Flooring materials

**FY2024**  
**Sales of flooring materials**

**57.37** billion yen  
(+1.8% YoY)

**Our shipment  
quantity**  
(Apr. 2024 to Feb. 2025)

**-4.6% YoY**

\* Impact from a fire at a supplier's plant since around February 2025.

**Shipment quantity and  
production of flooring  
materials in the entire industry**  
(Apr. 2024 to Feb. 2025)

**-0.5% YoY**

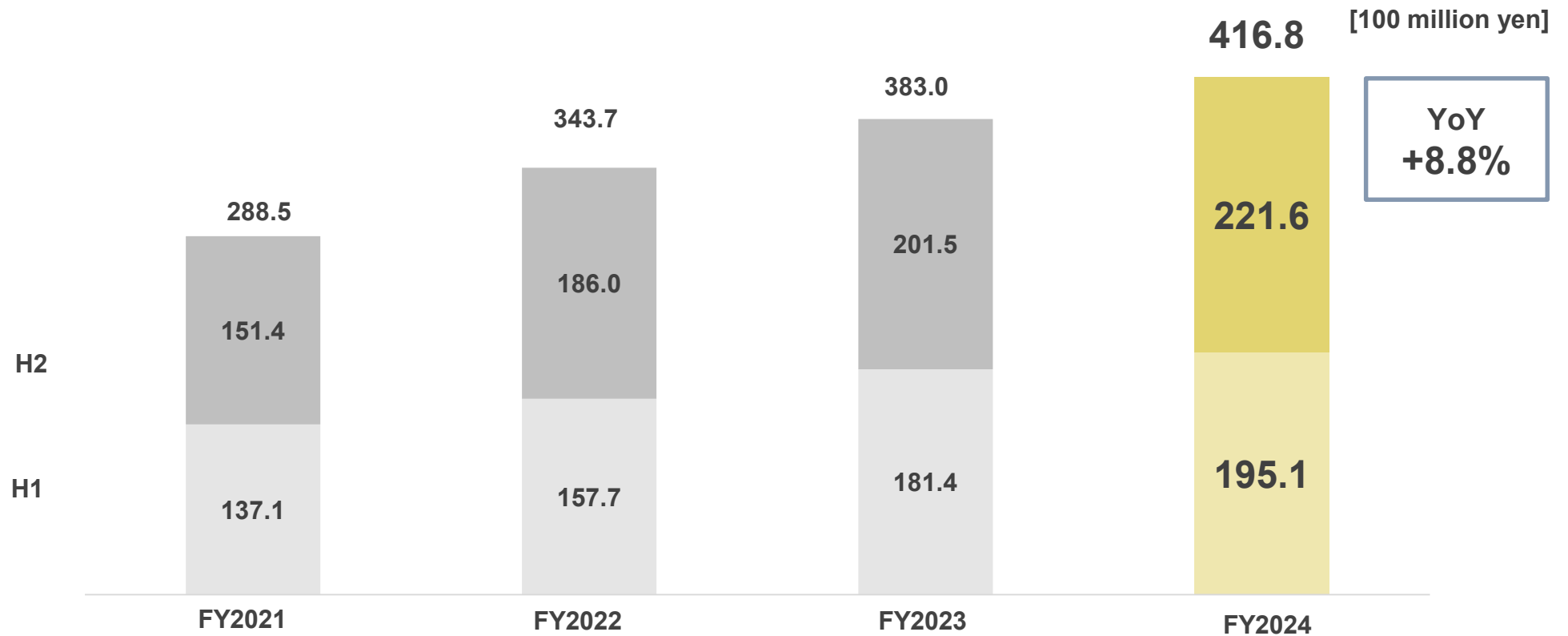
Sources: NIPPON INTERIOR ASSOCIATION (vinyl chloride flooring materials)  
and Japan Industrial Association for Carpets (fibrous flooring materials)



# Domestic Interior Segment: Sales Status of Medium-sized Products

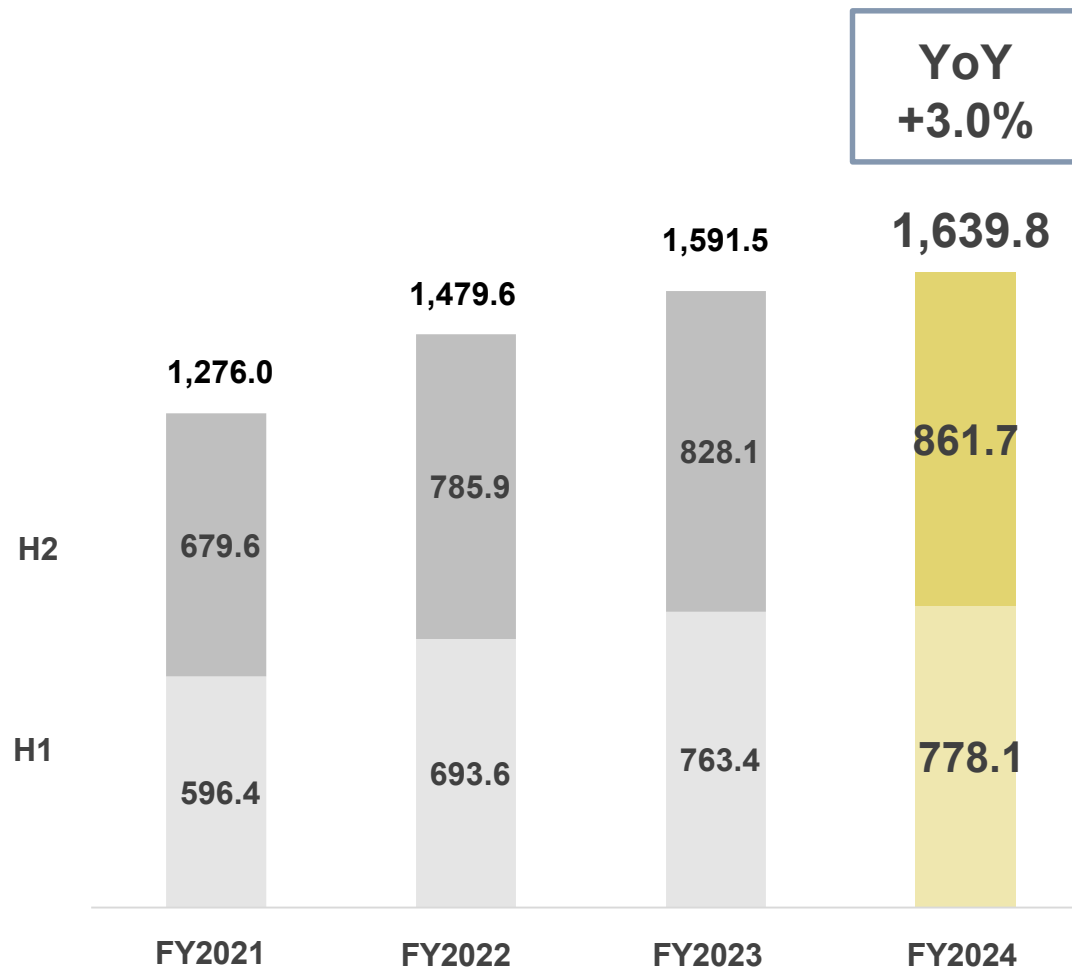
## Medium-sized Products

Total sales of REATEC (adhesive-attached decorative film) , glass film, carpet tiles, floor tiles, chair- upholstery, which are viewed as “Medium-sized Products” which are strategical in the current medium-term business plan

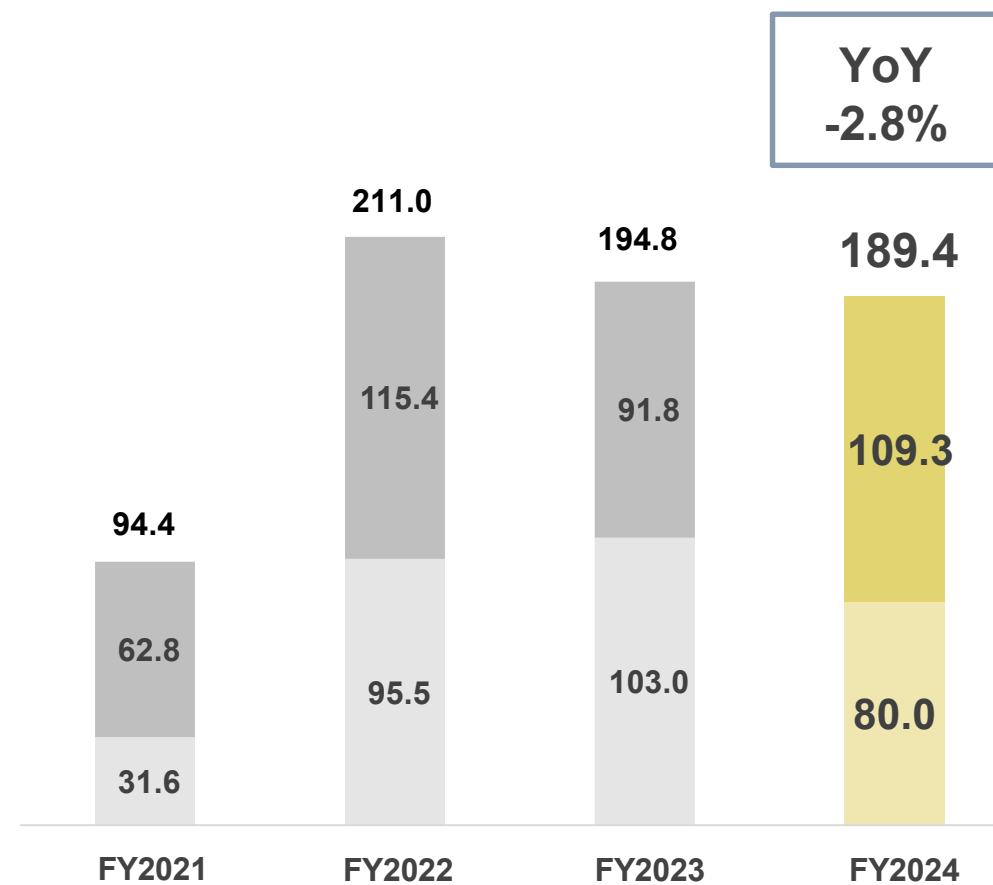


# Domestic Interior Segment

Net sales [100 million yen]

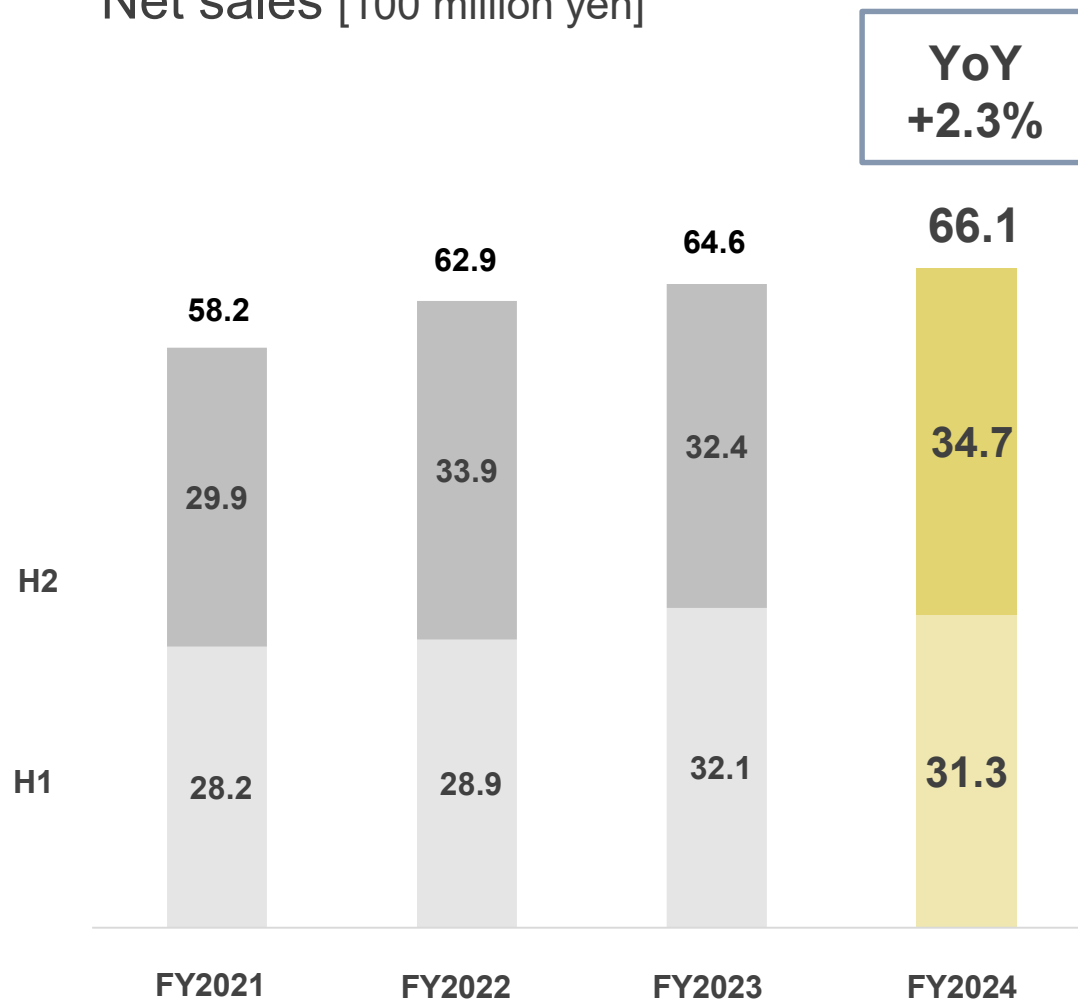


Operating profit [100 million yen]



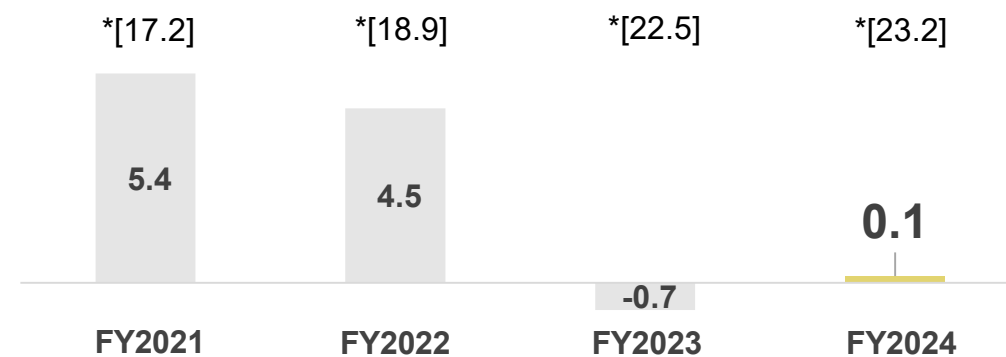
# Domestic Exterior Segment

Net sales [100 million yen]



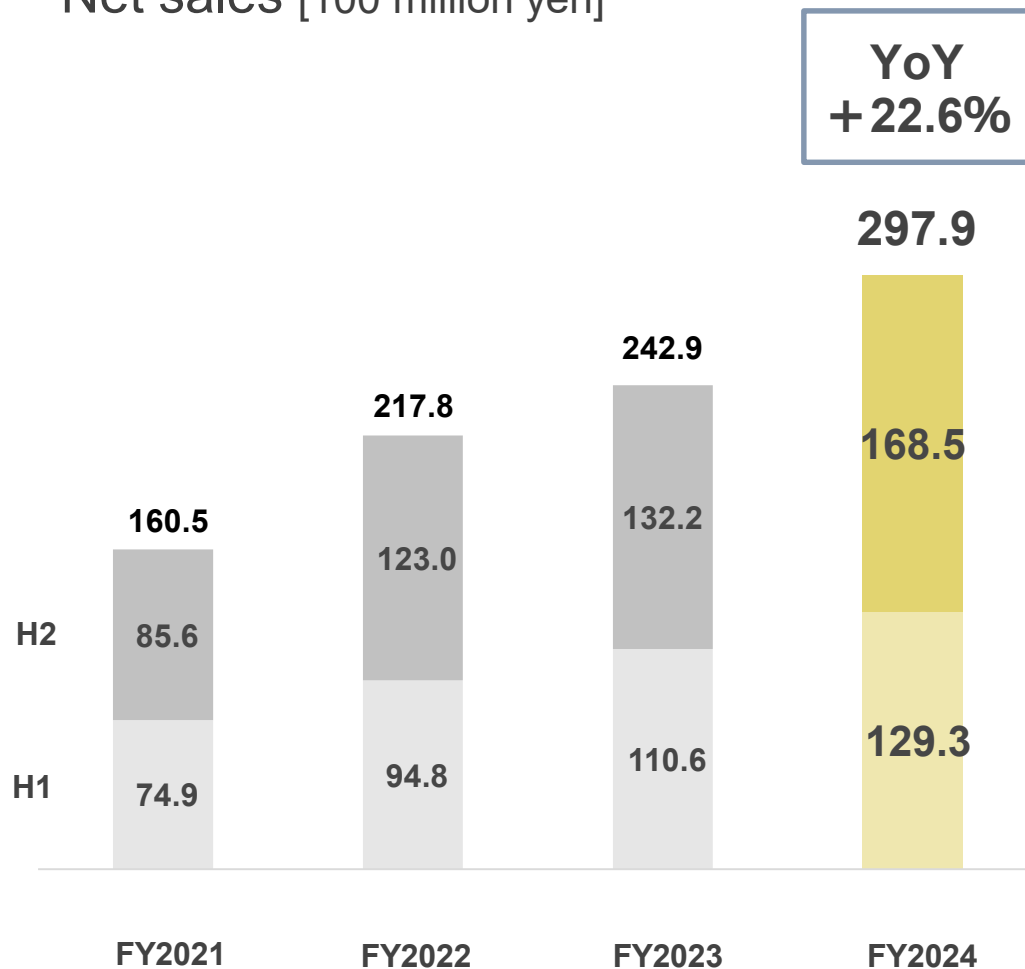
Operating profit [100 million yen]

\*The parenthesis represents SG&A.



# Overseas Segment

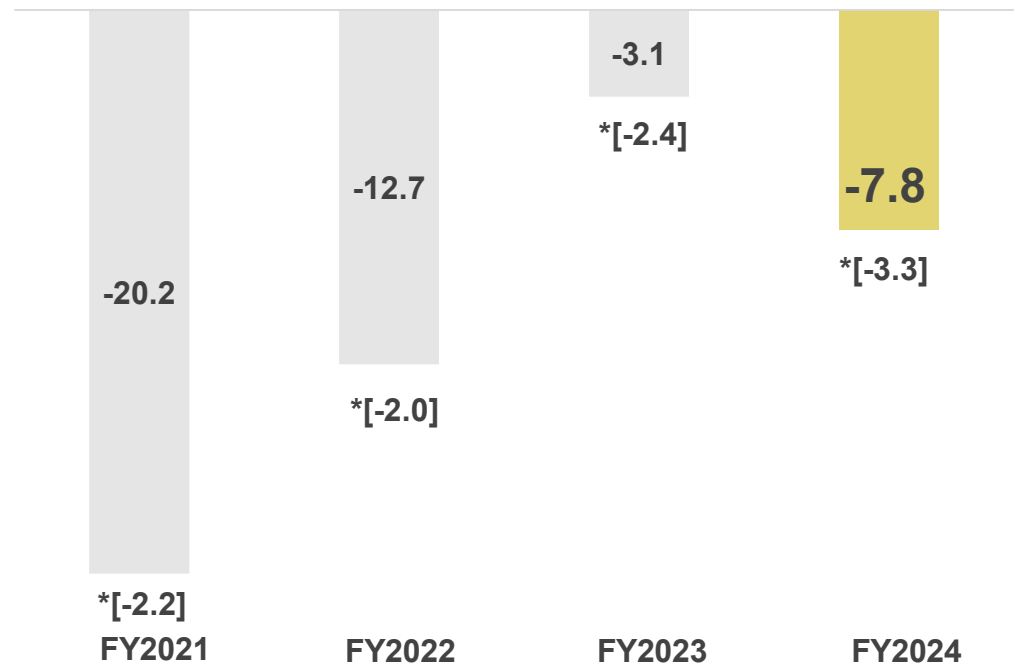
## Net sales [100 million yen]



(Cumulative consolidated period: Jan. to Dec. 2024)

## Operating profit [100 million yen]

\*The parenthesis represents the profit/loss of the overseas business unit.



Since the fiscal year ended Mar. 2024, the profit/loss of the overseas business unit of Sangetsu Corporation has been included in the overseas segment instead of the domestic interior segment. For the comparison with the past, the above chart shows the results of the inclusion of the profit/loss of the overseas business unit (former overseas business section) in the period from FY2021 to FY2022 for reference.

## **2. FY2025 Financial Forecast**

# Key Points of the Forecast for FY2025 (YoY)

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## ✓ Market Environment

- The domestic construction market is expected to be weaker than the same period of the previous year, mainly in the new housing market.
- In the U.S., which has the largest business scale in our Overseas Segment, construction starts in the mainstay hotel market are expected to increase year-on-year.

## ✓ Business Outlook by Segment

### [Domestic Interior Segment]

- Although the volume remained weak compared to the same period of the previous year, we plan to increase the market share of each product.
- The impact of ongoing cost increases in SG & A expenses, mainly in purchasing costs and labor costs, is expected to increase compared to the same period of the previous year.
- The impact of volume decreases and costs is expected to be covered by price revisions, etc. implemented in December 2024.
- On the other hand, sales of some flooring products for which orders have been suspended since February 2025 due to the fire are scheduled to resume in stages from the second quarter of fiscal 2025.

### [Overseas Segment]

- In North America, we aim to secure solid orders, drive the performance of our Overseas Segments, and achieve profitability in our Overseas Segments.
- D' Perception Pte Ltd, which is responsible for the spatial design and construction business, is expected to contribute to the full-year results. In addition, we expect to improve the performance of group companies in Southeast Asia and China.

# Consolidated Earnings Forecasts for FY2025

Announced on May 14, 2025

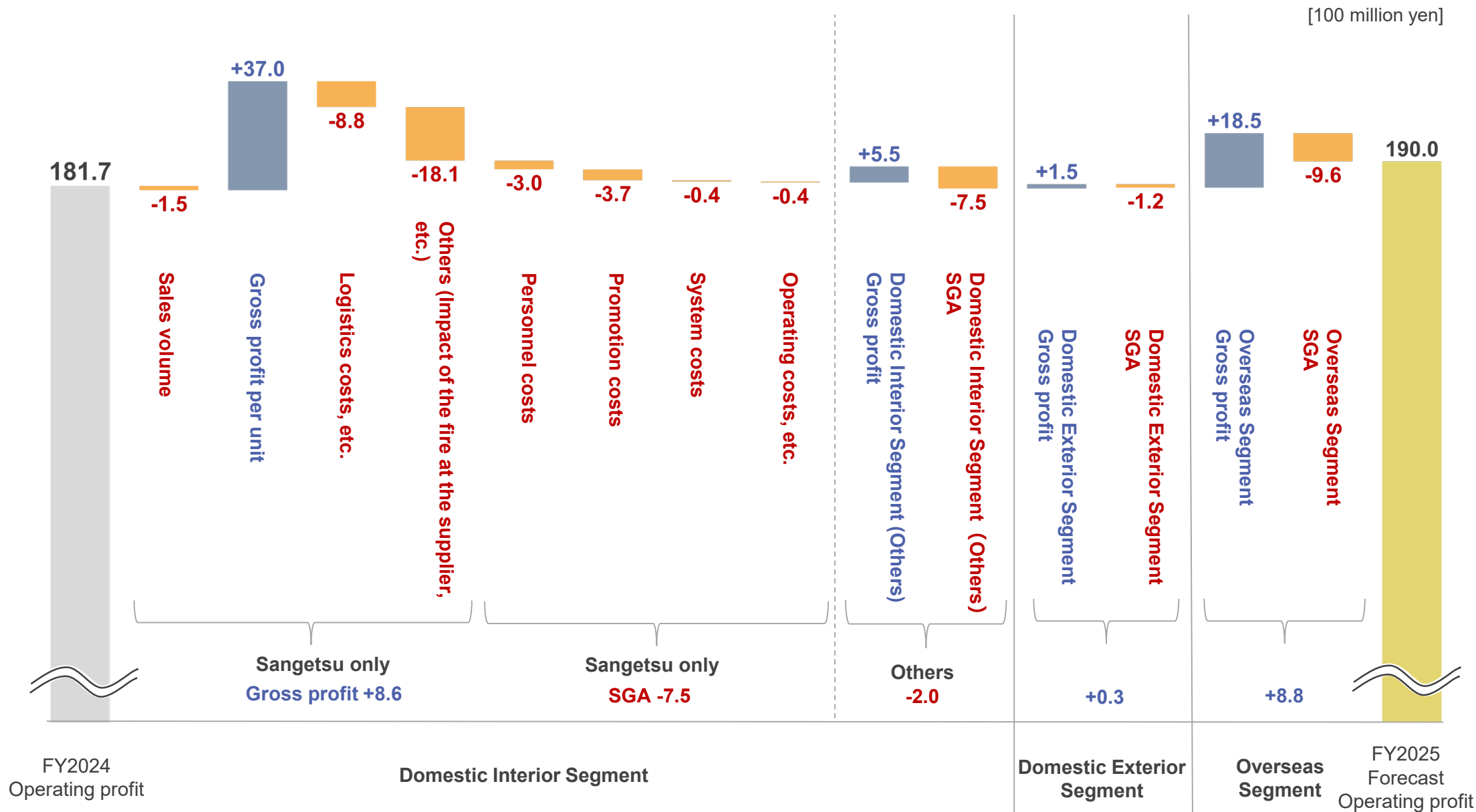
	FY2024	FY2025 [100 million yen, %]					
	Results	Full-year Forecasts	YoY	Forecasts for H1	YoY	Forecasts for H2	YoY
Net sales	2,003.7	<b>2,100.0</b>	+96.2 +4.8%	990.0	+51.2 +5.5%	1,110.0	+44.9 +4.2%
Gross profit	623.7	<b>658.0</b>	+34.2 +5.5%	307.0	+17.2 +5.9%	351.0	+17.0 +5.1%
Margin	31.1%	<b>31.3%</b>		31.0%		31.6%	
SGA	441.9	<b>468.0</b>	+26.0 +5.9%	233.0	+17.0 +7.9%	235.0	+8.9 +4.0%
Operating profit	181.7	<b>190.0</b>	+8.2 +4.5%	74.0	+0.2 +0.3%	116.0	+8.0 +7.5%
Margin	9.1%	<b>9.0%</b>		7.5%		10.5%	
Ordinary profit	186.0	<b>195.0</b>	+8.9 +4.8%	76.5	+0.4 +0.6%	118.5	+8.5 +7.7%
Profit attributable to owners of the parent	125.6	<b>130.0</b>	+4.3 +3.4%	51.0	+1.0 +2.1%	79.0	+3.2 +4.3%

# Earnings Forecasts for Each Segment

		FY2024	FY2025						[100 million yen, %]
		Full-year	Full-year		H1		H2		
		Results	Forecast	YoY	Forecast	YoY	Forecast	YoY	
Domestic Interior Segment	Net sales	1,639.8	<b>1,667.0</b>	+27.1 +1.7%	784.0	+5.8 +0.8%	883.0	+21.2 +2.5%	
	Operating profit	189.4	<b>188.5</b>	-0.9 -0.5%	75.5	-4.5 -5.7%	113.0	+3.6 +3.4%	
Domestic Exterior Segment	Net sales	66.1	<b>76.0</b>	+9.8 +14.9%	37.0	+5.6 +17.9%	39.0	+4.2 +12.3%	
	Operating profit	0.1	<b>0.5</b>	+0.3 +190.6%	0.0	+0.4 -	0.5	-0.0 -14.1%	
Overseas Segment	Net sales	297.9	<b>357.0</b>	+59.0 +19.8%	169.0	+39.6 +30.6%	188.0	+19.4 +11.5%	
	Operating profit	-7.8	<b>1.0</b>	+8.8 -	-1.5	+4.3 -	2.5	+4.4 -	
Adjustment of transactions between segments	Net sales	-0.1	-	-	-	-	-	-	
	Operating profit	0.0	-	-	-	-	-	-	
Total	Net sales	2,003.7	<b>2,100.0</b>	+96.2 +4.8%	990.0	+51.2 +5.5%	1,110.0	+44.9 +4.2%	
	Operating profit	181.7	<b>190.0</b>	+8.2 +4.5%	74.0	+0.2 +0.3%	116.0	+8.0 +7.5%	



# Change in Consolidated Operating Profit Forecast (YoY : April-March)

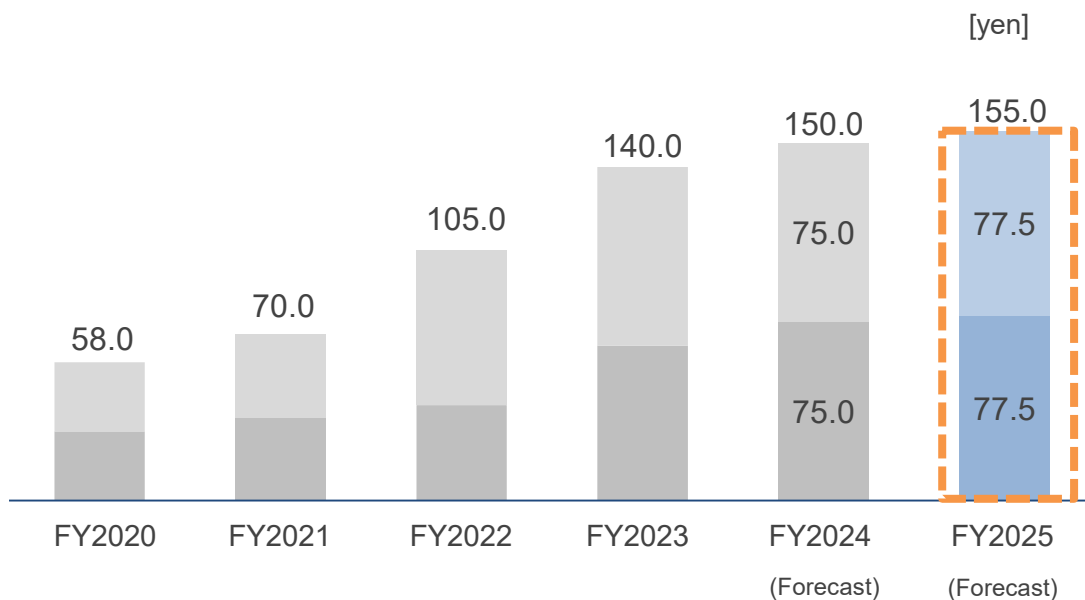


# Capital Policy

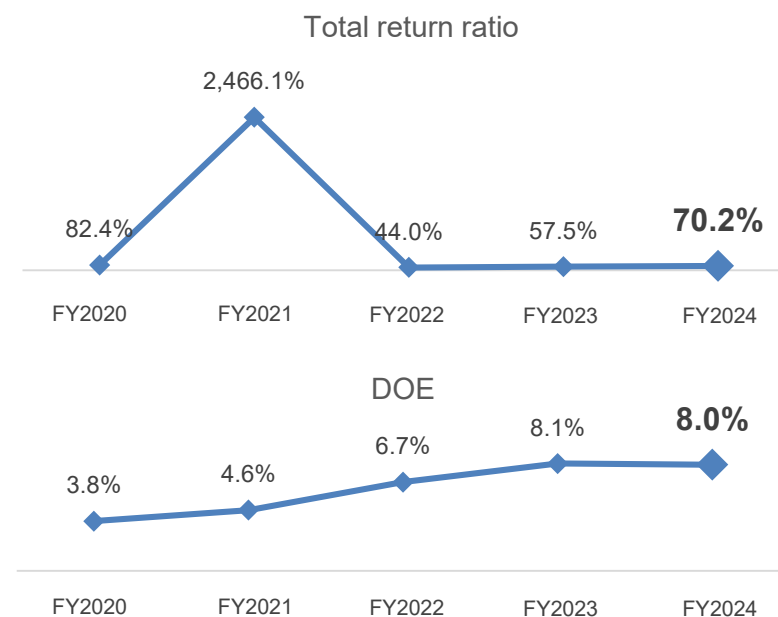
## Shareholder return policy for the current Medium-term Business Plan period (FY2023 to FY2025)

- To realize an equity capital of 95-105 billion yen at the end of March 2026
- To return profits to shareholders mainly by paying dividends, and stably increase the dividend amount with the lower limit of annual dividend per share being 130 yen
- To consider the acquisition of treasury shares according to the market situation

### ■ Variation in dividend per share



### ■ Indicators for reference



This material includes information that pertains to future-related descriptions. Descriptions of items other than past and present facts are about future forecasts.

These descriptions are based on our assumptions and judgment considering currently available information, which includes known or unknown risks, uncertainties, and other factors. Consequently, they may be affected by such factors.

# Joy of Design