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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)

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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 | 2,003.7 | +105.1 +5.5% | 1,960.0 | 102.2% |
| Gross profit | 589.5 | 623.7 | +34.1 +5.8% | 605.0 | 103.1% |
| Margin | 31.1% | 31.1% | - | 30.9% | - |
| SGA | 398.5 | 441.9 | +43.4 +10.9% | 445.0 | 99.3% |
| Operating profit | 191.0 | 181.7 | -9.2 -4.9% | 160.0 | 113.6% |
| Margin | 10.1% | 9.1% | - | 8.2% | - |
| Ordinary profit | 196.9 | 186.0 | -10.8 -5.5% | 165.0 | 112.8% |
| Profit attributable to owners of the parent | 142.9 | 125.6 | -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

✓ 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

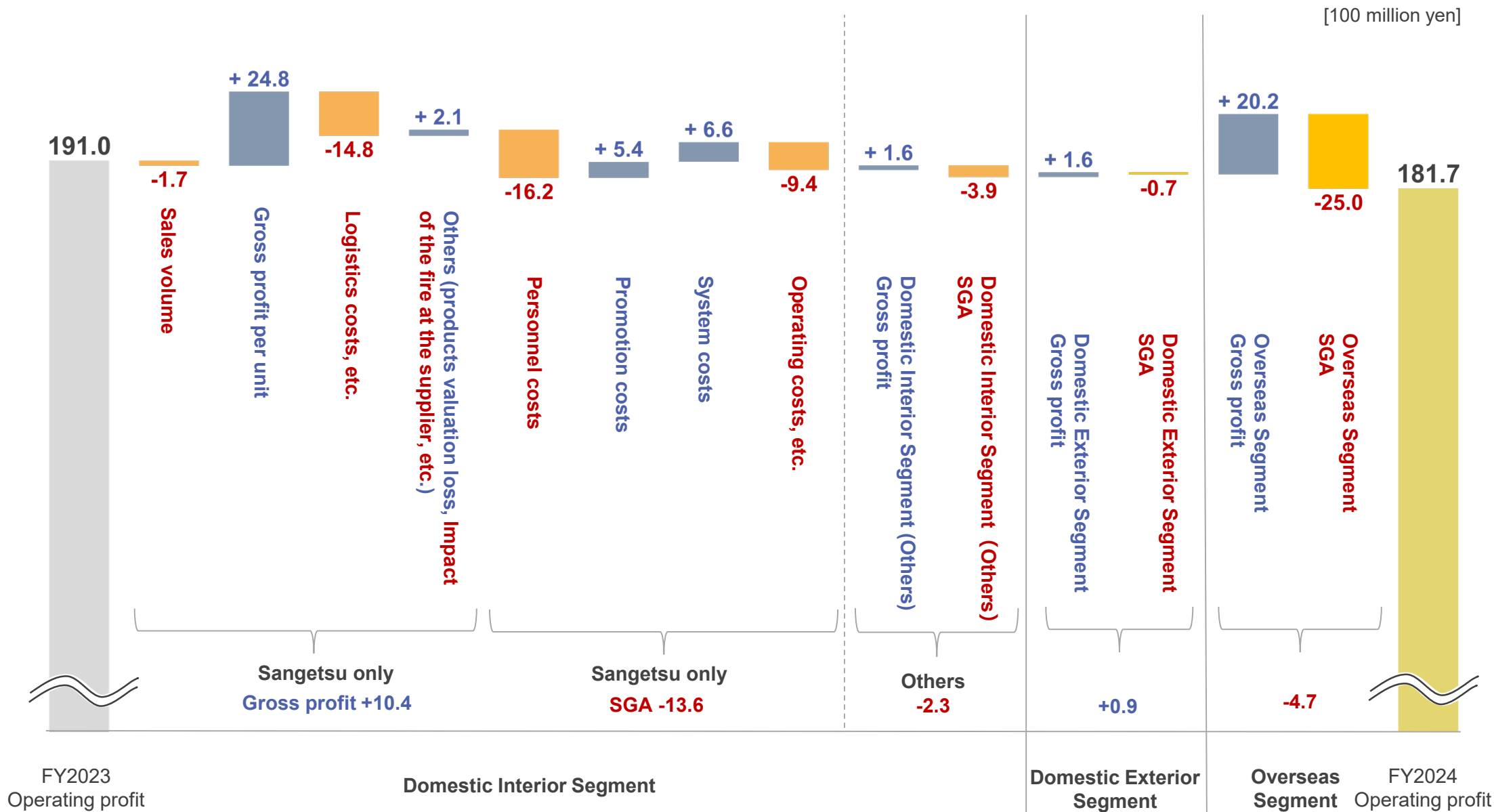
✓ Domestic Exterior Segment

- 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.

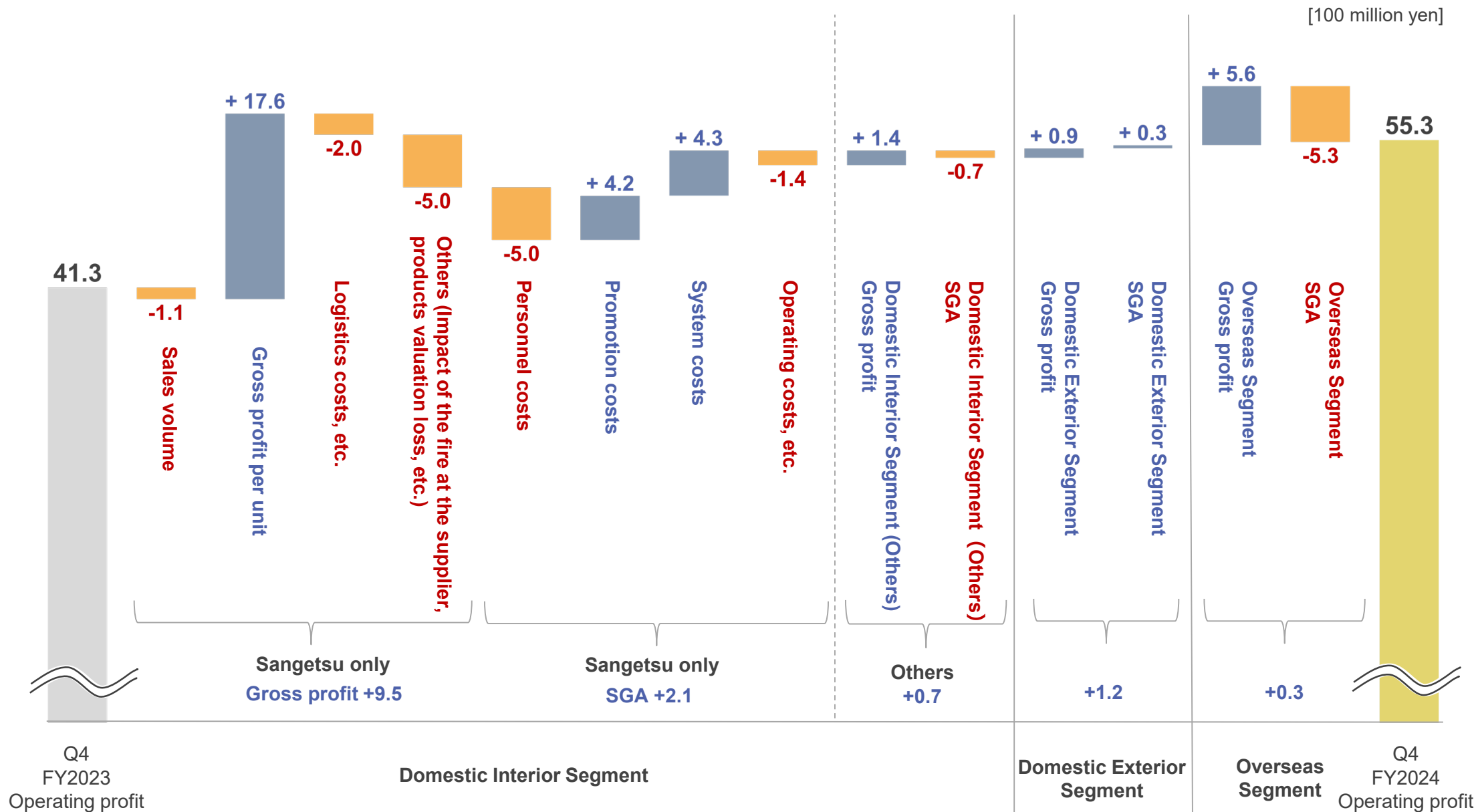
✓ Overseas Segment

- 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)

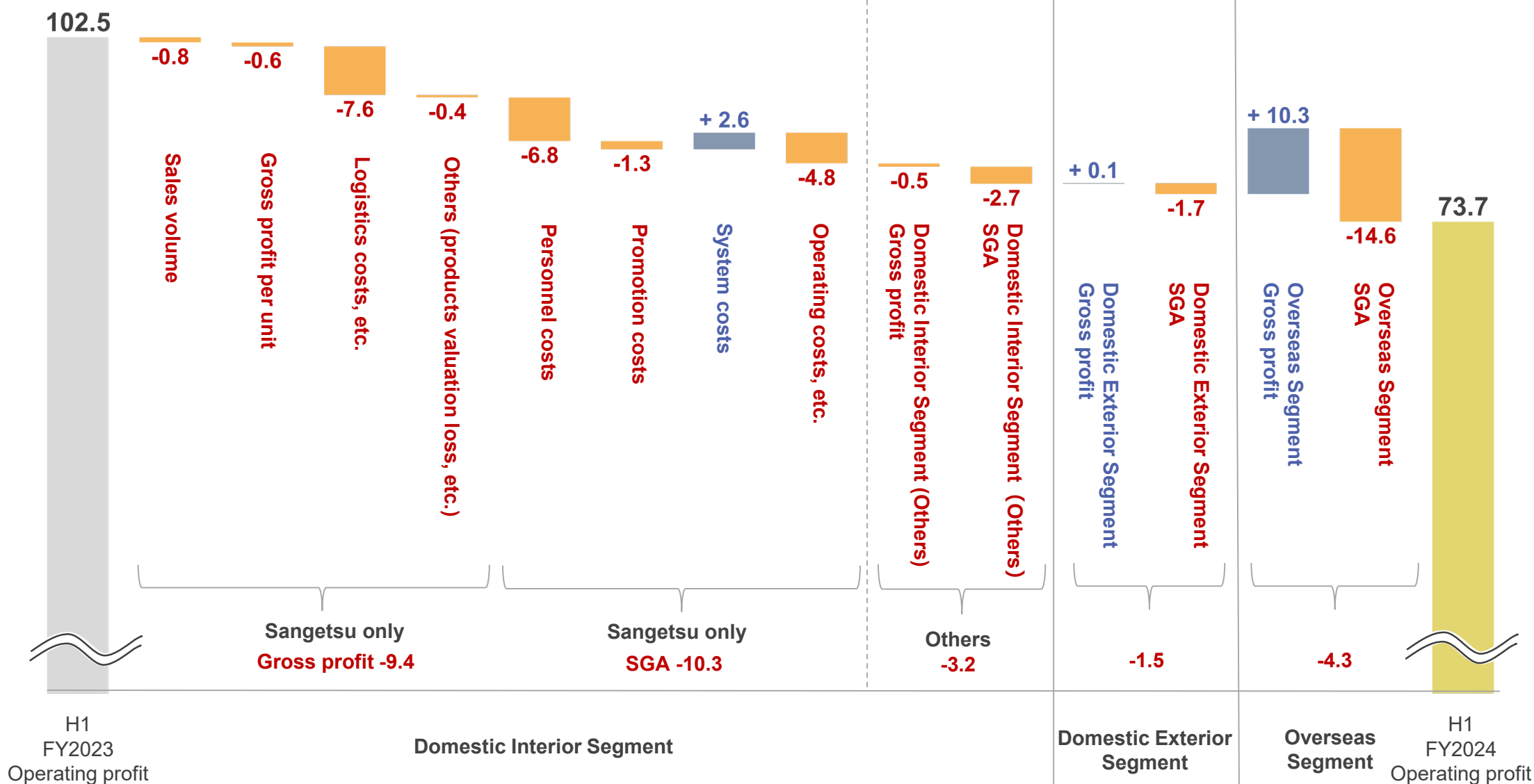


Change in Consolidated Operating Profit (YoY Q4:January-March)

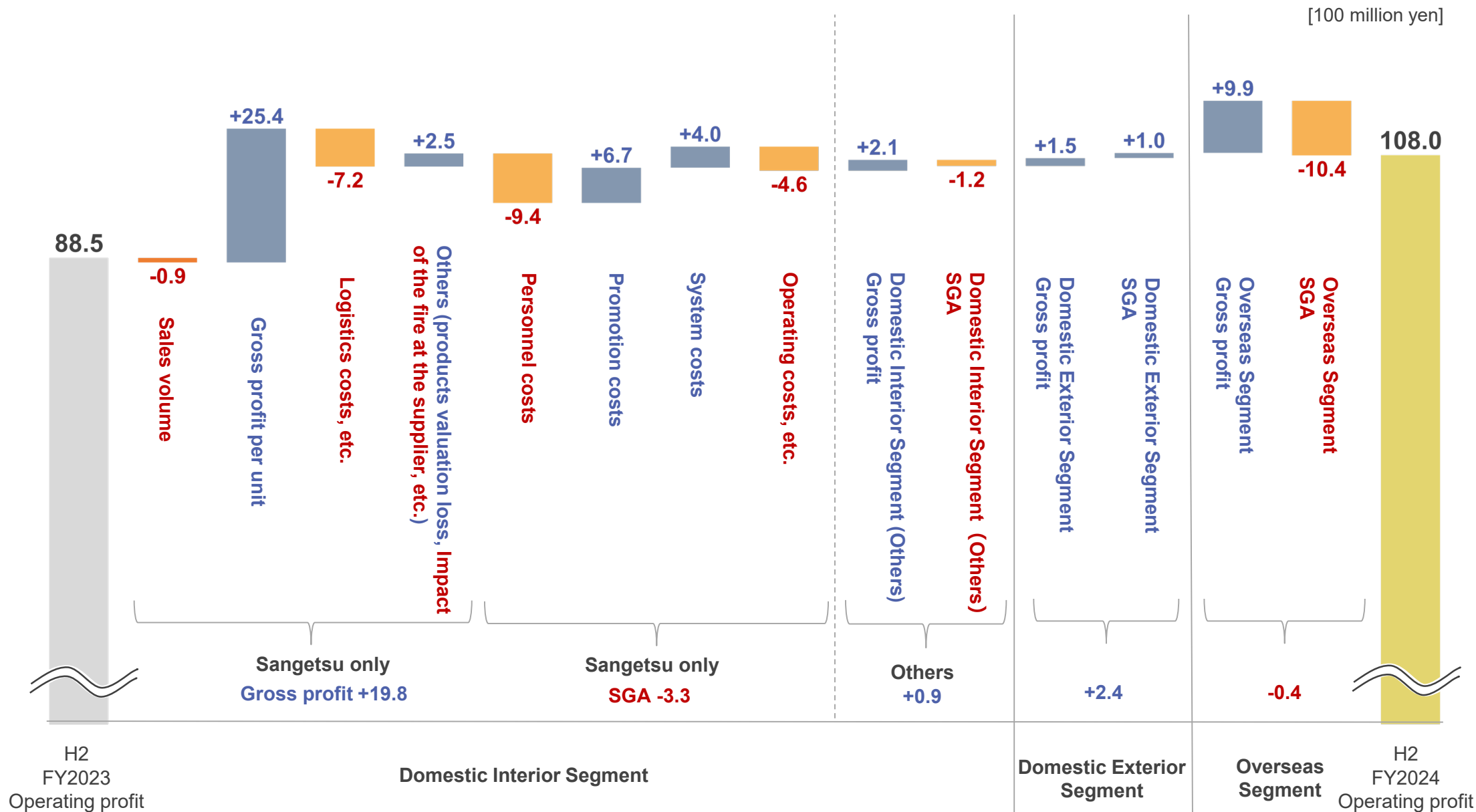


Reference : Change in Consolidated Operating Profit (YoY H1:April-September)

[100 million yen]



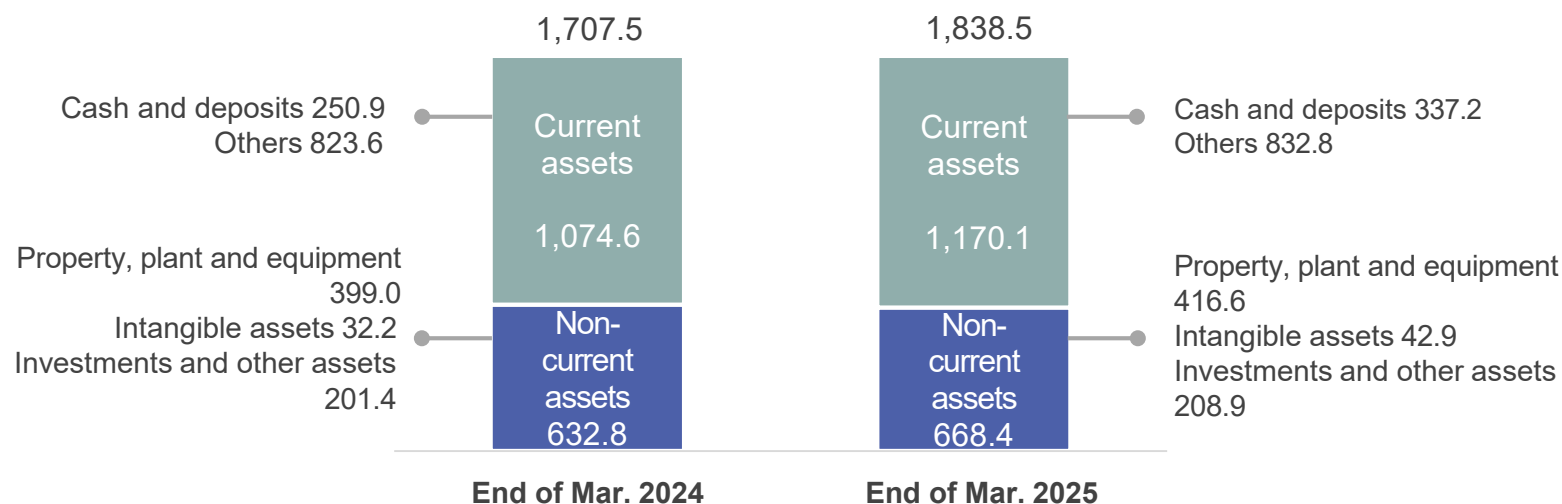
Reference : Change in Consolidated Operating Profit (YoY H2:October-March)



Consolidated Balance Sheet

Total assets

[100 million yen]



Main factors of change

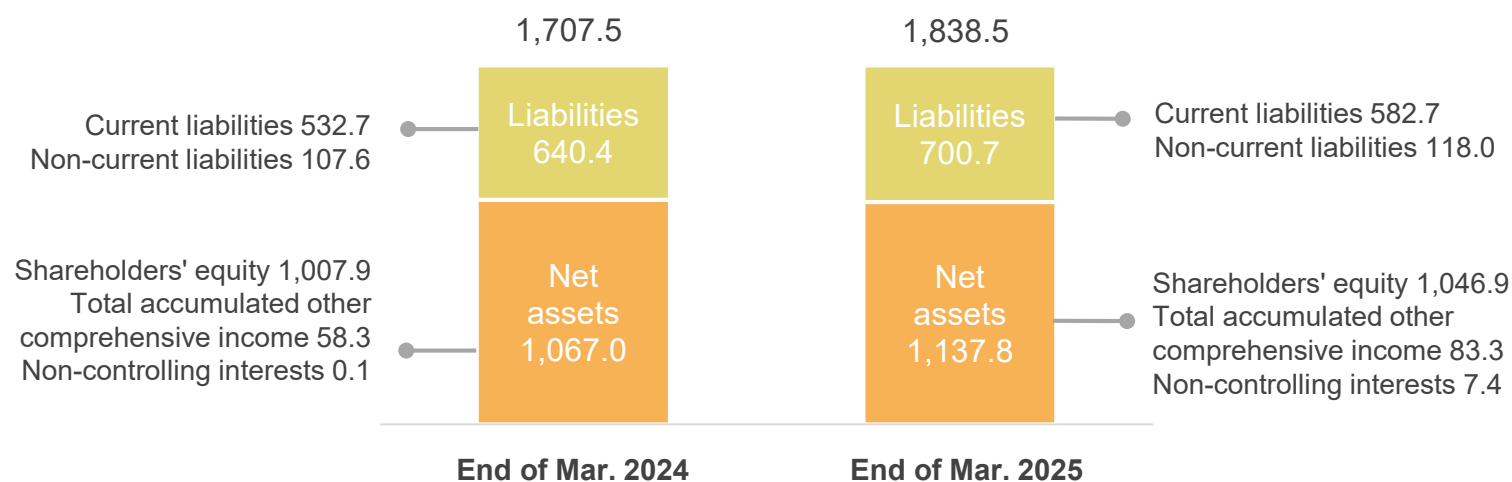
■ Current assets YoY (vs. Mar. 31, 2024)

- 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**

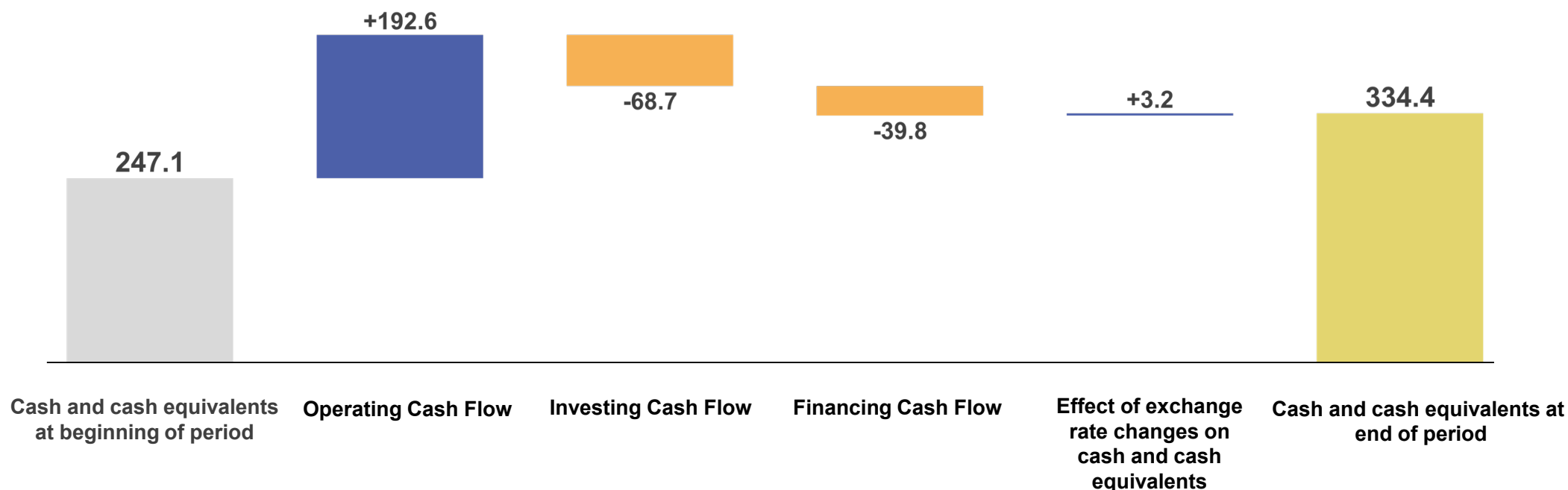
-68.7

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

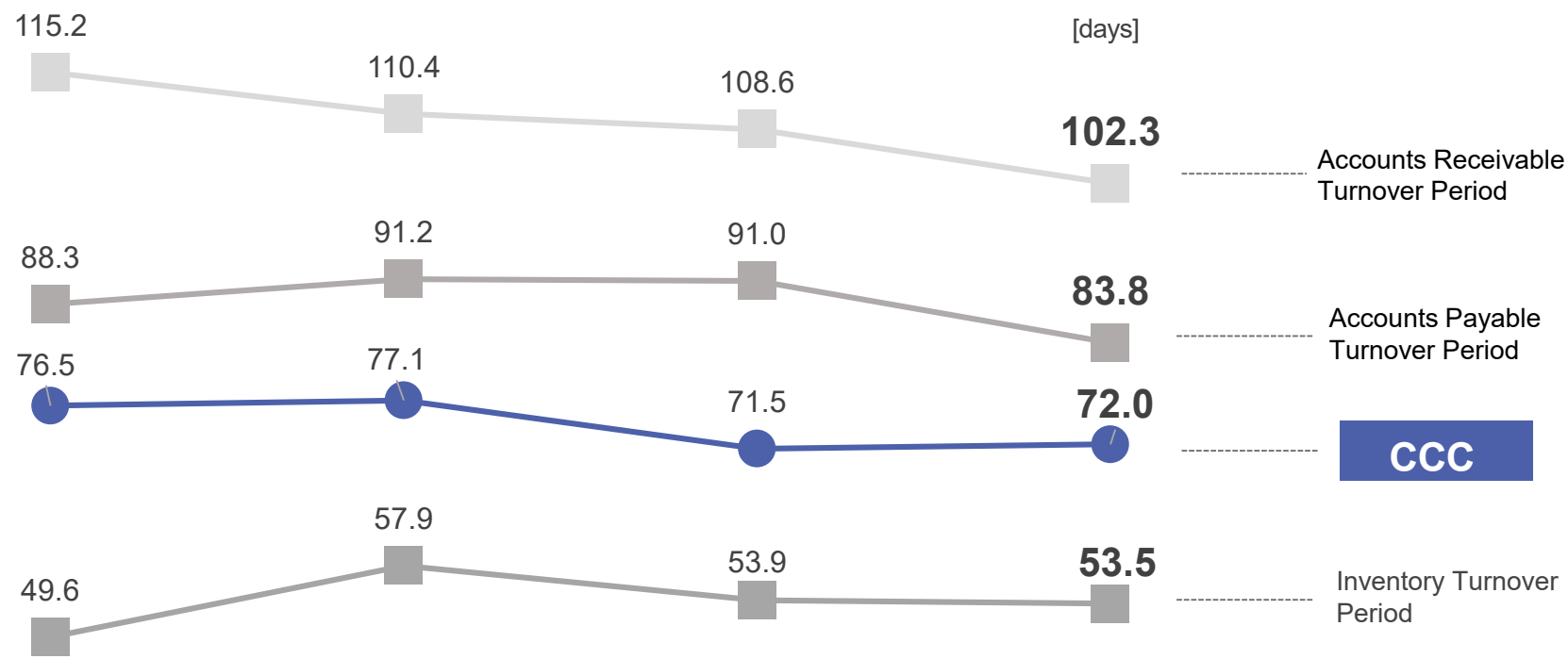
■ **Cash flows from financing activities**

-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 | 1,639.8 | +48.2 +3.0% | 1,612.0 | 101.7% |
| Wallcoverings Unit | 772.3 | 786.4 | +14.0 +1.8% | - | - |
| Flooring Materials Unit | 563.5 | 573.7 | +10.2 +1.8% | - | - |
| Fabrics Unit | 95.0 | 96.0 | +1.0 +1.1% | - | - |
| Construction and Others | 160.5 | 183.5 | +22.9 +14.3% | - | - |
| Operating profit | 194.8 | 189.4 | -5.4 -2.8% | 167.5 | 113.1% |
| Domestic Exterior Segment Net sales | 64.6 | 66.1 | +1.4 +2.3% | 63.0 | 105.0% |
| Operating profit | -0.7 | 0.1 | +0.9 - | 0.0 | - |
| Overseas Segment Net sales | 242.9 | 297.9 | +55.0 +22.6% | 285.0 | 104.5% |
| Operating profit | -3.1 | -7.8 | -4.7 - | -7.5 | - |
| Adjustment of transactions between segments (Net sales) | -0.5 | -0.1 | +0.3 | - | - |
| Adjustment of transactions between segments (Operating profit) | 0.0 | 0.0 | +0.0 | - | - |
| Consolidated Net sales | 1,898.5 | 2,003.7 | +105.1 +5.5% | 1,960.0 | 102.2% |
| Consolidated Operating profit | 191.0 | 181.7 | -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 | -3.3% | -5.1% |
| Apr. 2024 to Mar. 2025 | +2.0% | +1.0% |

Remodeling

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

| | |
|--|--------------|
| Total in the residential market | +0.3% |
| Detached houses | -1.0% |
| Apartment buildings | +2.6% |

New construction

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

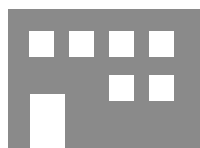
| | |
|------------------------|---------------|
| Jan. to Dec. 2024 | -7.6% |
| Apr. 2024 to Mar. 2025 | -10.2% |
| FY2023 | -9.0% |
| FY2022 | -6.5% |
| FY2021 | +4.2% |

Renovation

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

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

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)

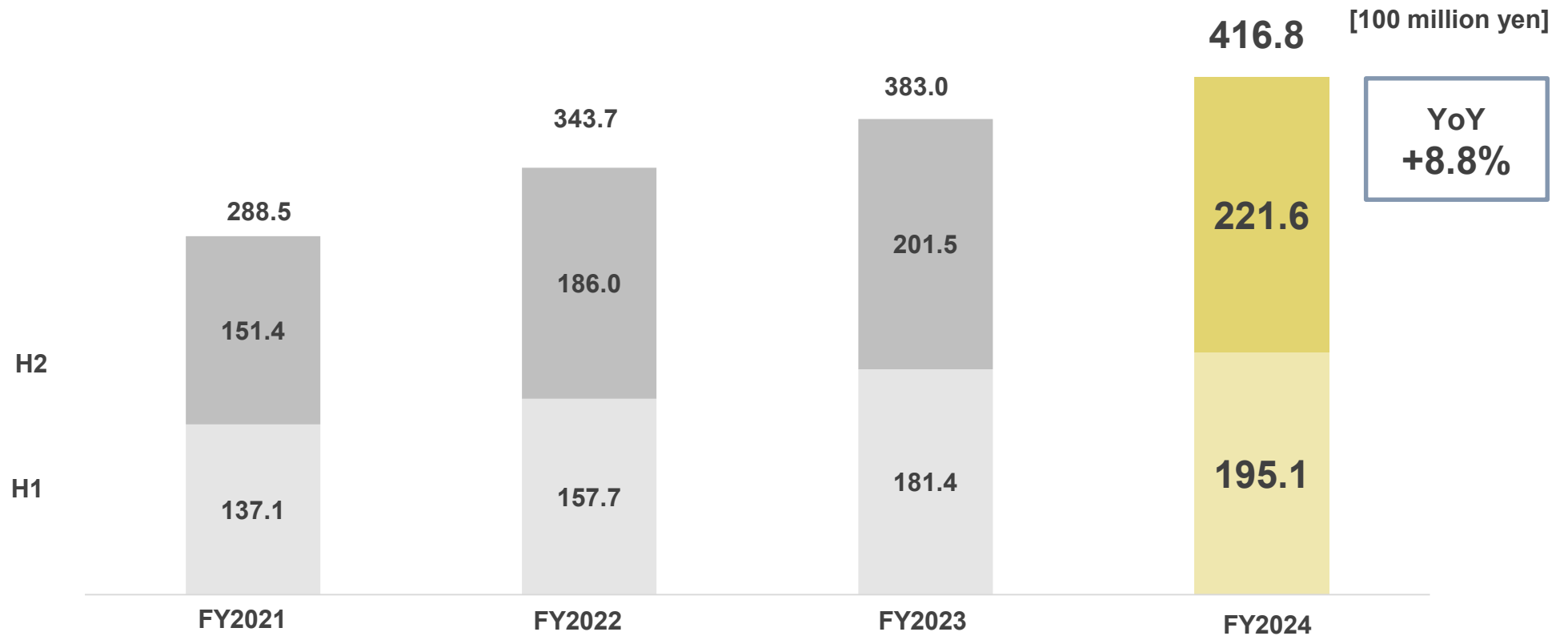
-0.5% YoY

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

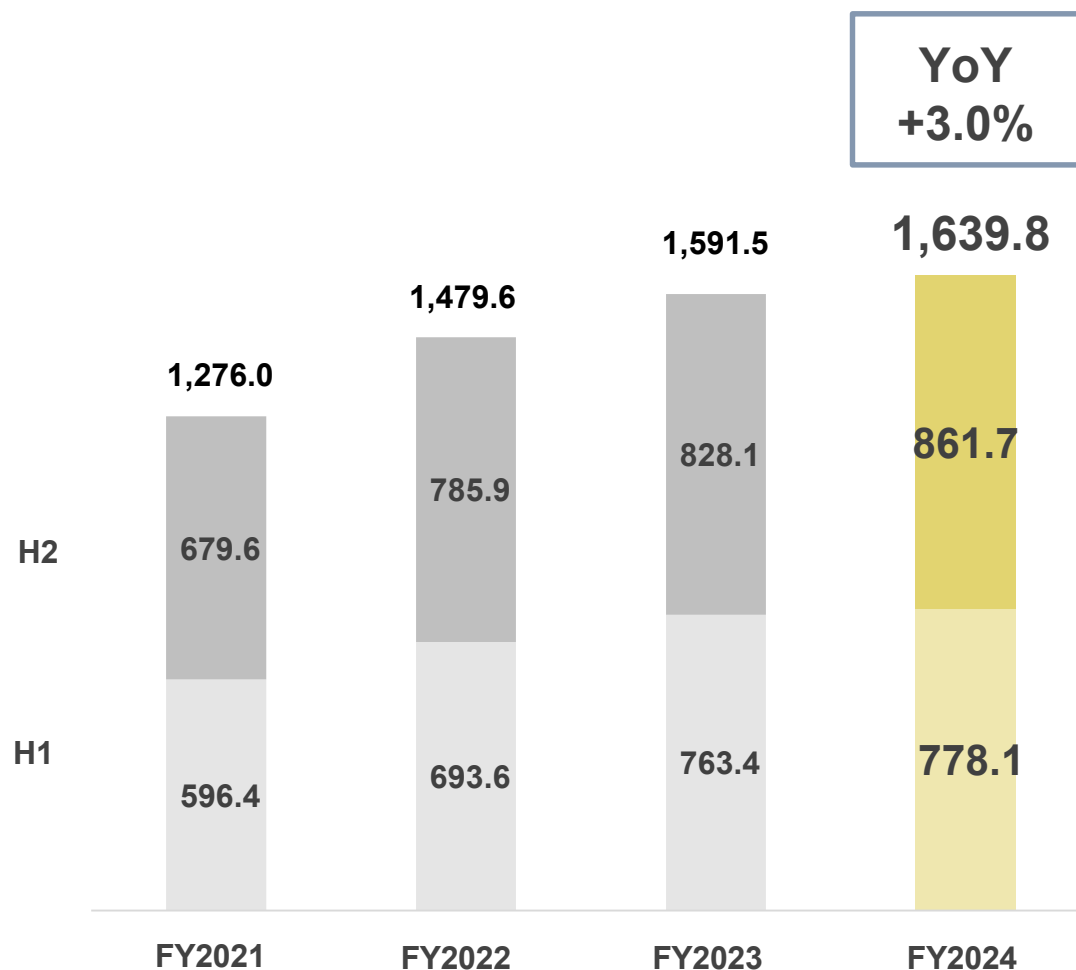
Medium-sized Products

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

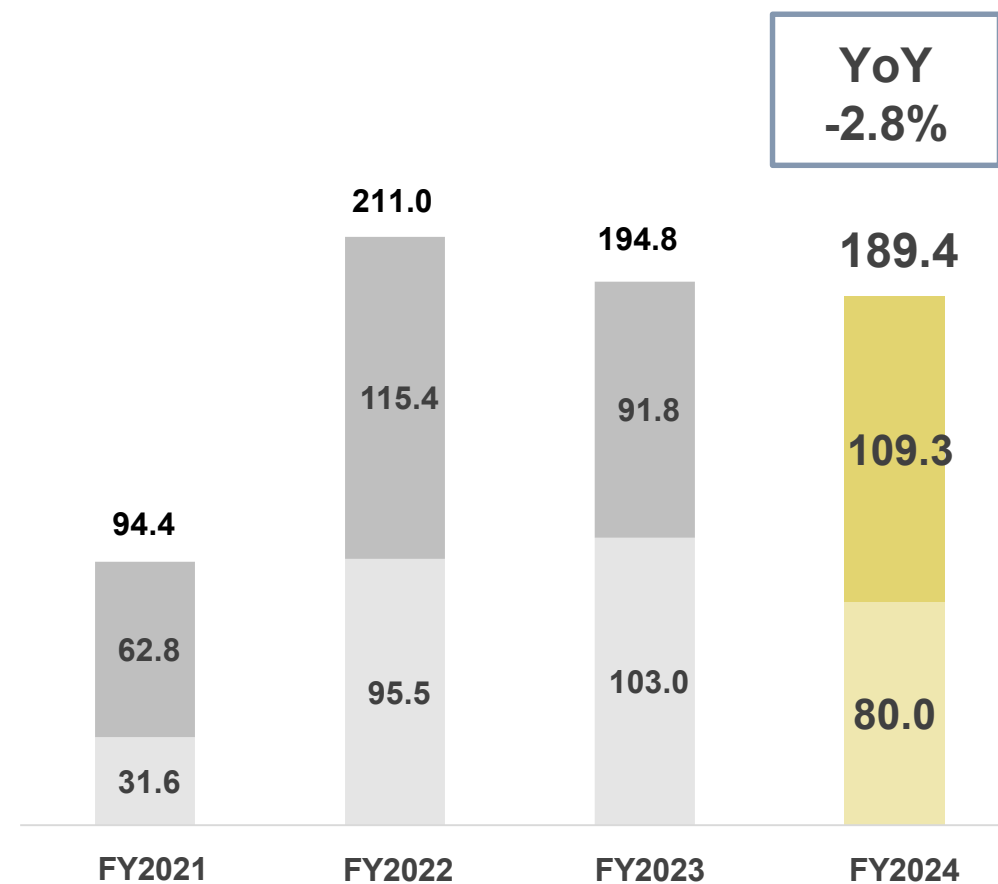


Domestic Interior Segment

Net sales [100 million yen]

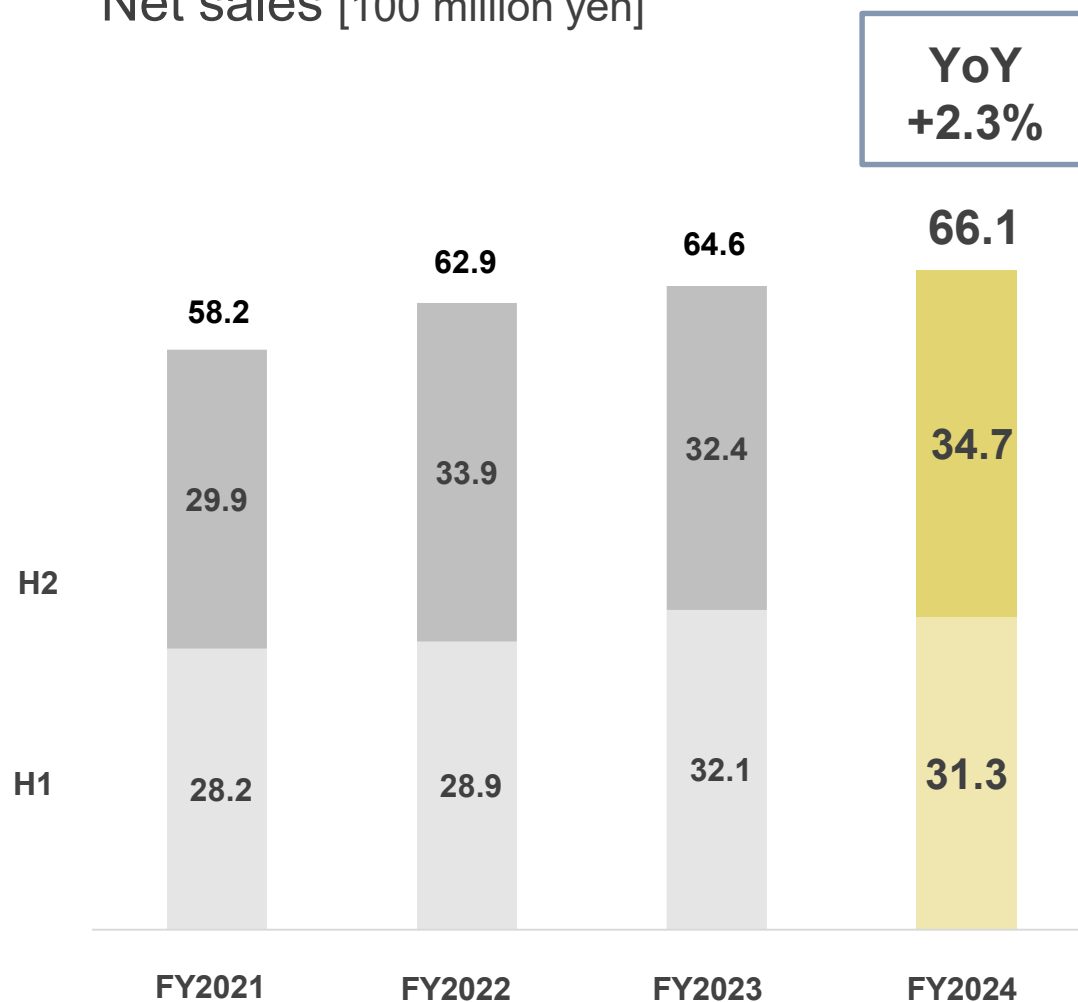


Operating profit [100 million yen]



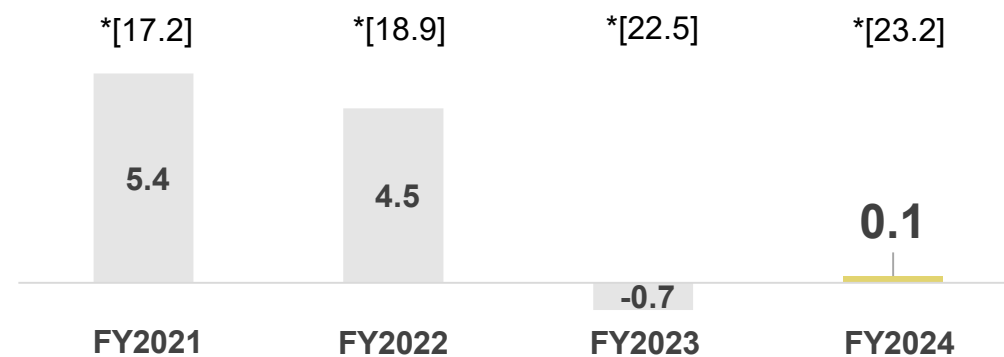
Domestic Exterior Segment

Net sales [100 million yen]



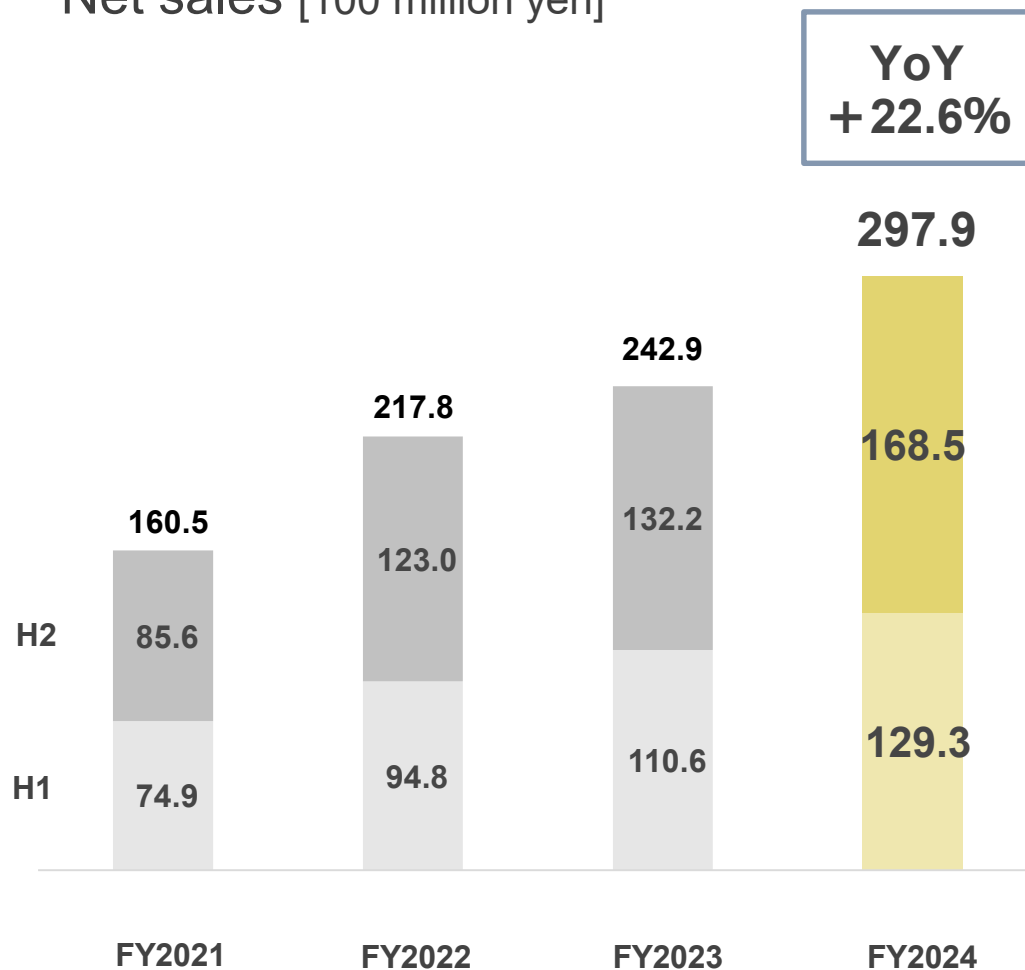
Operating profit [100 million yen]

*The parenthesis represents SG&A.



Overseas Segment

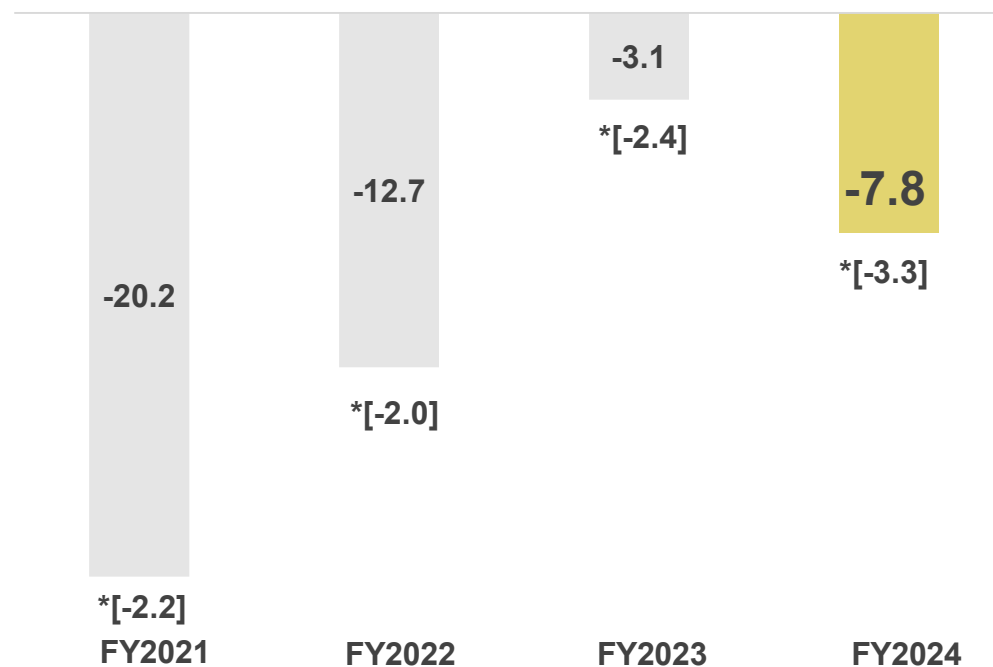
Net sales [100 million yen]



(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)

✓ 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

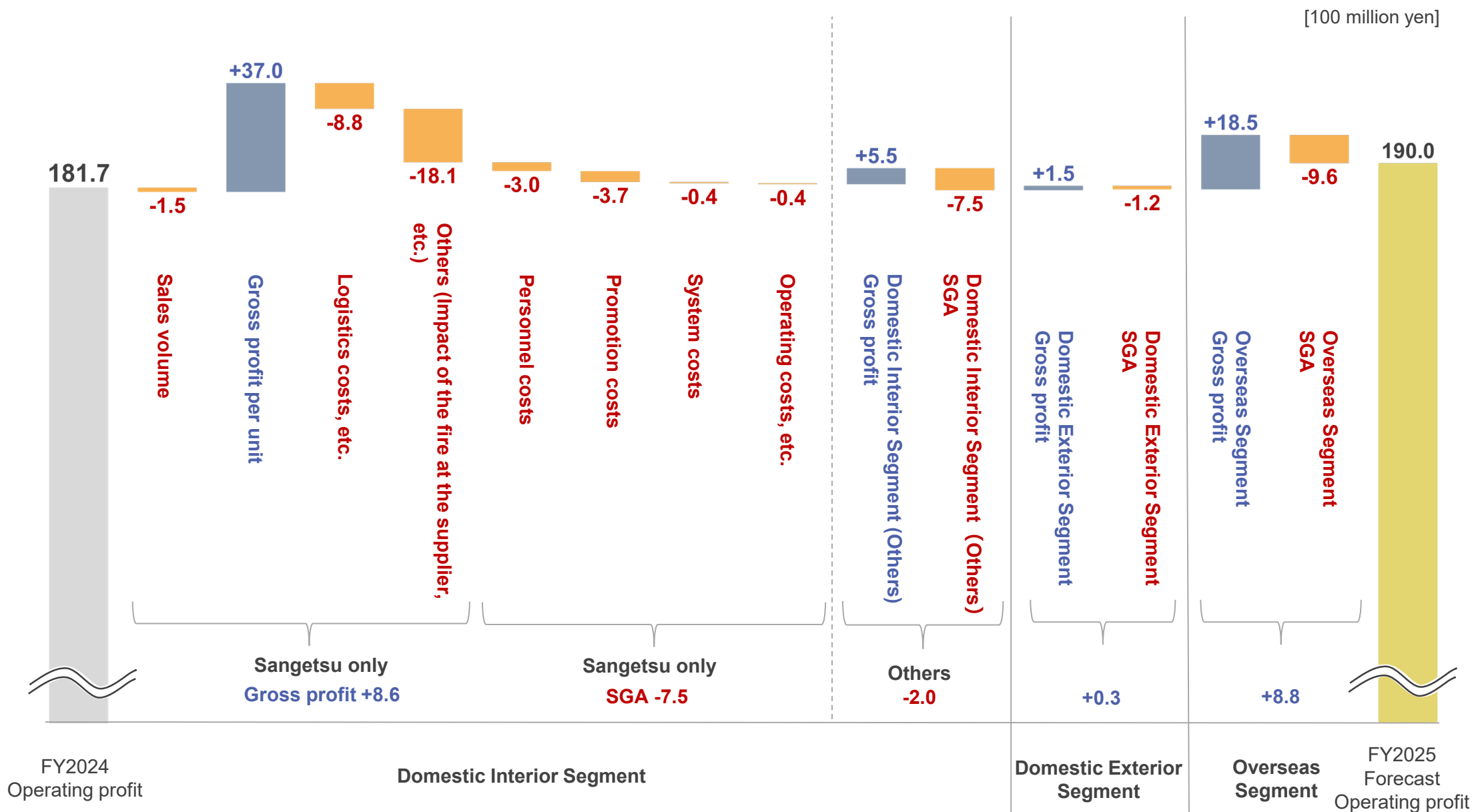
Announced on May 14, 2025

| | FY2024 | FY2025 [100 million yen, %] | | | | | |
|---|---------|-----------------------------|----------------|------------------|----------------|------------------|----------------|
| | Results | Full-year Forecasts | YoY | Forecasts for H1 | YoY | Forecasts for H2 | YoY |
| Net sales | 2,003.7 | 2,100.0 | +96.2 +4.8% | 990.0 | +51.2 +5.5% | 1,110.0 | +44.9 +4.2% |
| Gross profit | 623.7 | 658.0 | +34.2 +5.5% | 307.0 | +17.2 +5.9% | 351.0 | +17.0 +5.1% |
| Margin | 31.1% | 31.3% | | 31.0% | | 31.6% | |
| SGA | 441.9 | 468.0 | +26.0 +5.9% | 233.0 | +17.0 +7.9% | 235.0 | +8.9 +4.0% |
| Operating profit | 181.7 | 190.0 | +8.2 +4.5% | 74.0 | +0.2 +0.3% | 116.0 | +8.0 +7.5% |
| Margin | 9.1% | 9.0% | | 7.5% | | 10.5% | |
| Ordinary profit | 186.0 | 195.0 | +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 | 130.0 | +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 | 1,667.0 | +27.1 +1.7% | 784.0 | +5.8 +0.8% | 883.0 | +21.2 +2.5% | |
| | Operating profit | 189.4 | 188.5 | -0.9 -0.5% | 75.5 | -4.5 -5.7% | 113.0 | +3.6 +3.4% | |
| Domestic Exterior Segment | Net sales | 66.1 | 76.0 | +9.8 +14.9% | 37.0 | +5.6 +17.9% | 39.0 | +4.2 +12.3% | |
| | Operating profit | 0.1 | 0.5 | +0.3 +190.6% | 0.0 | +0.4 - | 0.5 | -0.0 -14.1% | |
| Overseas Segment | Net sales | 297.9 | 357.0 | +59.0 +19.8% | 169.0 | +39.6 +30.6% | 188.0 | +19.4 +11.5% | |
| | Operating profit | -7.8 | 1.0 | +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 | 2,100.0 | +96.2 +4.8% | 990.0 | +51.2 +5.5% | 1,110.0 | +44.9 +4.2% | |
| | Operating profit | 181.7 | 190.0 | +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)



3. Progress of “BX 2025,” a Medium-term Business Plan (2023-2025)

Medium-term Business Plan (2023-2025)

【 BX 2025 】

Three years to prepare for the next leap forward

Basic policy

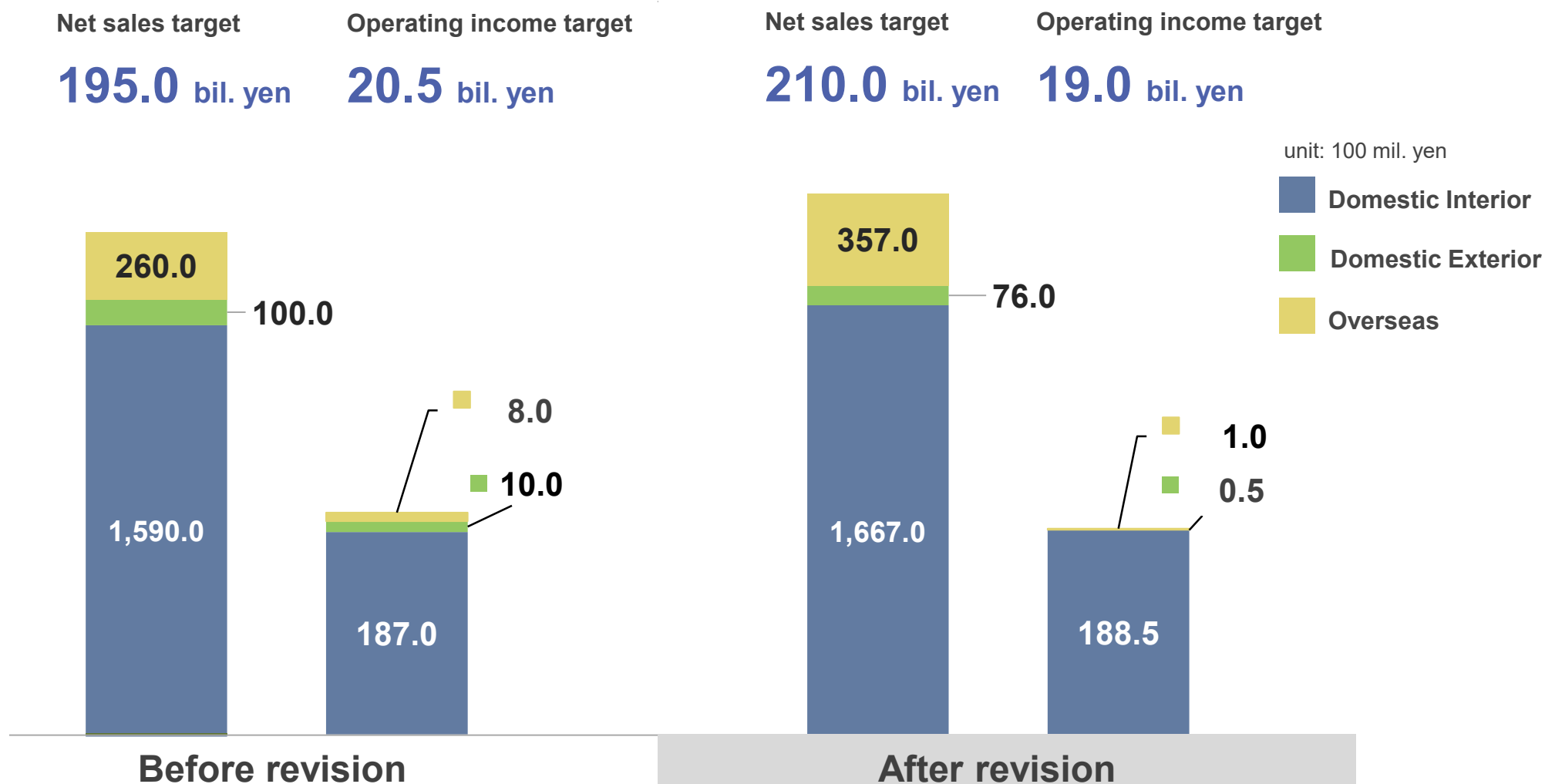
To strengthen and expand our ability to provide solutions that enhance the value of space creation, transforming our company into a space creation company with strong earnings power and growth potential, expanding our business in key products and markets, as well as expanding our product lineup, exterior business, and overseas business. In addition, we will consider the possibility of a space operation business in order to develop a business that will enable further long-term growth.

Revision of Medium-term Business Plan Targets

FY2025 Financial Targets

| | Before revision | After revision |
|-------------------------------|-----------------|----------------|
| Consolidated Net Sales | 195.0 bil. yen | 210.0 bil. Yen |
| Consolidated Operating Profit | 20.5 bil. yen | 19.0 bil. yen |
| Consolidated net income | 14.5 bil. yen | 13.0 bil. yen |
| ROE | 14.0% | 11.5% |
| ROIC | 14.0% | 14.0% |
| CCC | 65 days | 70 days |

Differences From When Medium-Term Business Plan Was Formulated



Compared to the assumptions made at the time the Medium-Term Business Plan was formulated, the Domestic Interior segment has outperformed the forecast, while other segments have not contributed significantly to profit.

Response to the Impact of a Fire at a Supplier's Factory

■ Affected product sample books

1. S Floor (multi-layer vinyl floor sheets, mainly for non-residential use, some residential)
2. Non-Skid (anti-slip vinyl floor sheets, mainly for multi-family housing)

■ Supply resumption timeline

1. S Floor
 - In July: Supply resumes for approximately 90% of suspended products
 - In December: Supply resumes for the remaining 10%
2. Non-Skid
 - In November: Supply resumes for nearly all products

Resumption of supply for all products expected by the end of 2025

■ Sales impact

Product supply is scheduled to resume in July.
However, a certain amount of time is expected for sales to recover.

■ Estimated impact on revenue

Estimated sales impact: approximately 5.0 billion yen

Overseas Business: North America

■ Market Conditions in the U.S.

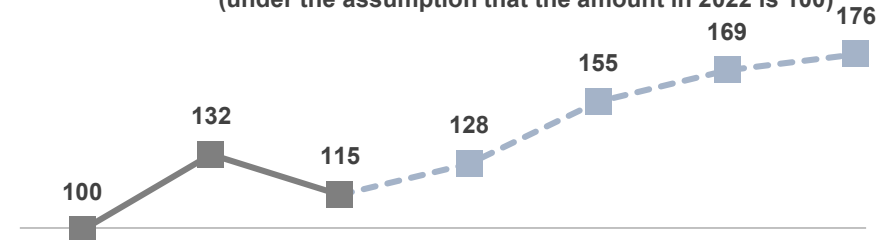
- The hotel market, which is the main target, is expected to grow from 2025 onward.
- Bookings (expected order amount) in our group company Koroseal, which operates in North America, are steady.

■ Establishing a Stable Profit Base and Aiming for Higher Growth

- Along with initiatives such as price revisions, restructuring of the sales system, and reviewing and revising the compensation system, efforts to reduce the defect rate have contributed to lower manufacturing costs and improved profits.
- To ensure more stable growth of the business, we are implementing sales and marketing strategies to further utilize manufacturing capabilities.
- We are considering growth measures, including the expansion of handled products.

U.S. Hotel Market Growth Forecast*

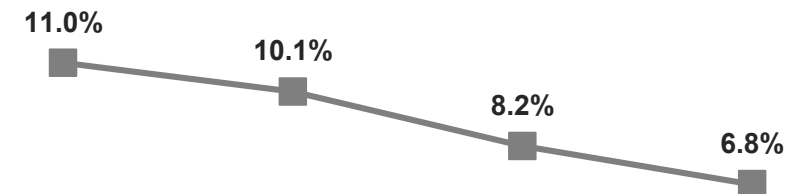
(under the assumption that the amount in 2022 is 100)



*Source: Construction Connect Construction Starts Forecast

| 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|------|------|------|------|------|------|------|
|------|------|------|------|------|------|------|

Defect rate*



*Note: The general standard defect rate in North America is around 10%

| 2022 | 2023 | 2024 | Cumulative total for April 2025 |
|------|------|------|---------------------------------|
|------|------|------|---------------------------------|

Overseas Business: Asia

■ Market Conditions in Asia

- Although conditions vary by country, continuous market growth is expected due to revitalization of the tourism industry.
- The Chinese and Hong Kong markets continue to face challenging conditions.

■ Reforming the Business Structure and Inducing More Synergistic Effects

- In the Distribution business, we will reform the management system and restructure the organization, mainly at business bases that have significant issues, aiming to improve profitability
- In the Design & Build business, in addition to inducing synergistic effects with the Distribution business in Southeast Asia, we aim to produce synergistic effects across the entire group, while approaching Japanese companies through collaboration with Sangetsu.



Examples of completed projects of D' Perception Pte Ltd, the company handling the Design & Build business

Exterior Business

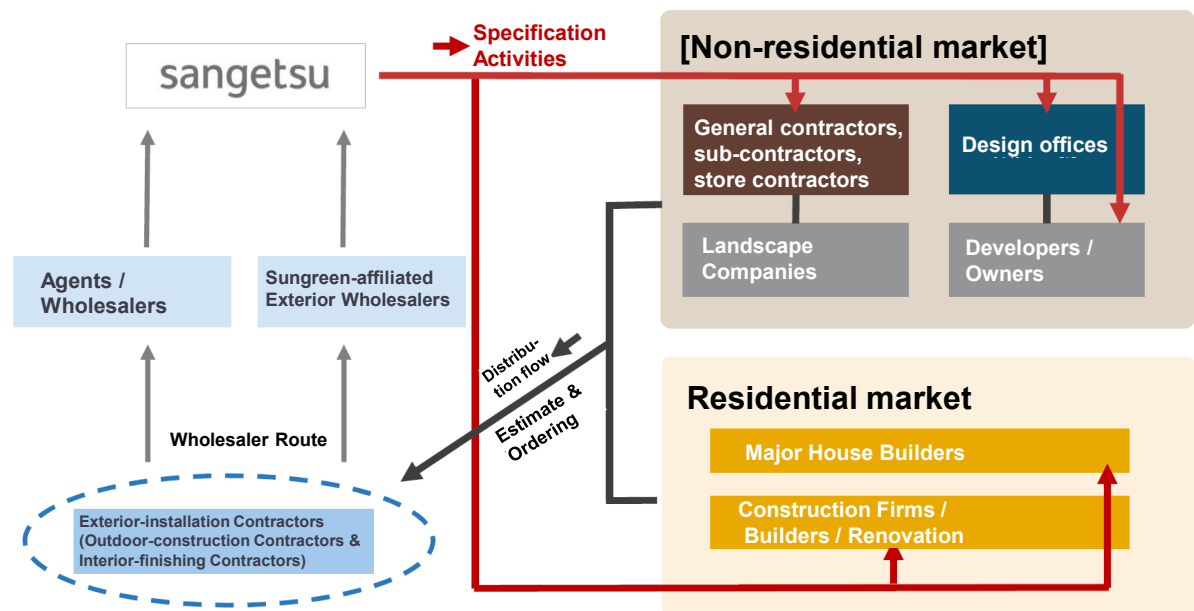
■ Restructuring of the Sales System at Sungreen Co., Ltd.

At Sungreen Co., Ltd., a group company responsible for the exterior business, the sales organization is being restructured. The focus is on strengthening the core distribution business and revising strategies for new fields.

- Strengthening sales capabilities and procurement negotiation skills in the distribution business
- Expanding into non-residential markets and other new fields, reeling in new customers, and providing specialized spatial proposals

■ Group-wide Enhancement of the Exterior Business

- The Sangetsu Group is developing its own original exterior products, scheduled for launch in FY 2025
- In addition to existing distribution channels, the group aims to expand sales routes by utilizing Sangetsu's sales network.



Space Solutions Business (Within Domestic Interior Segment)

■ Expansion of the Space Solutions Business

Established the “Space Solutions Group” to provide comprehensive services, including business planning, spatial design & engineering, construction, sales, project management, and marketing, for spatial proposals.

In FY 2024, awareness of solution-based sales increased, driving a nationwide rise in the number of orders for space solutions projects.

Although internal track records and know-how have grown, the following issues have become clearer. We will implement progress management via PDCA.

- Enhancing fundamental profitability
- Building business foundations (revenue management, regulatory compliance, and quality)
- Improving employee skills and productivity related to space solutions services
- Deepening collaboration with group companies



An example of our design and design-supervision work for an office-area interior space

SUIISO no MORI hub
Owner: Niterra Co., Ltd.
Design & Construction: Usamigumi Co., Ltd.
Architectural Design: Sangetsu Corporation
Location: Komaki City, Aichi Prefecture

Product Strategy Aligned With Market Needs and Issues

■ Start handling flooring materials from ShawContract, the world's largest carpet manufacturer



ShawContract

- A carpet manufacturer that leads global spatial trends through the design and manufacturing of flooring materials
- Widely used for luxury interior spaces inside and outside Japan
- A 100% subsidiary of Berkshire Hathaway Inc.
- Operates not only in the U.S., its home country, but also in Asia (China and Singapore), Europe, and South America

- Enhancing appeal of high-grade flooring products primarily used in non-residential markets (offices and hotels)
Capturing the needs of markets with high demand in the construction sector
- Expanding the product lineup in the high-grade category, strengthen overall capabilities to meet diverse needs through both design and environmental considerations
Aiming to strengthen competitiveness across carpet tiles, including NT/DT, and to increase market share through high value-added mid-range products
- Providing not only product proposals, but also high-quality solutions through synergy with comprehensive spatial design proposals

Organizational Restructuring to Strengthen Group Capabilities

- Establishing a structure to advance overseas, exterior, and space solutions business more substantially, following domestic interior business.
- Establishing a DX division to strengthen digital assets
- Creating a new department to enhance solution proposal capability and competitiveness
- Appointing a promotion officer to oversee key company-wide issues such as consolidated management, growth investments, and productivity improvement

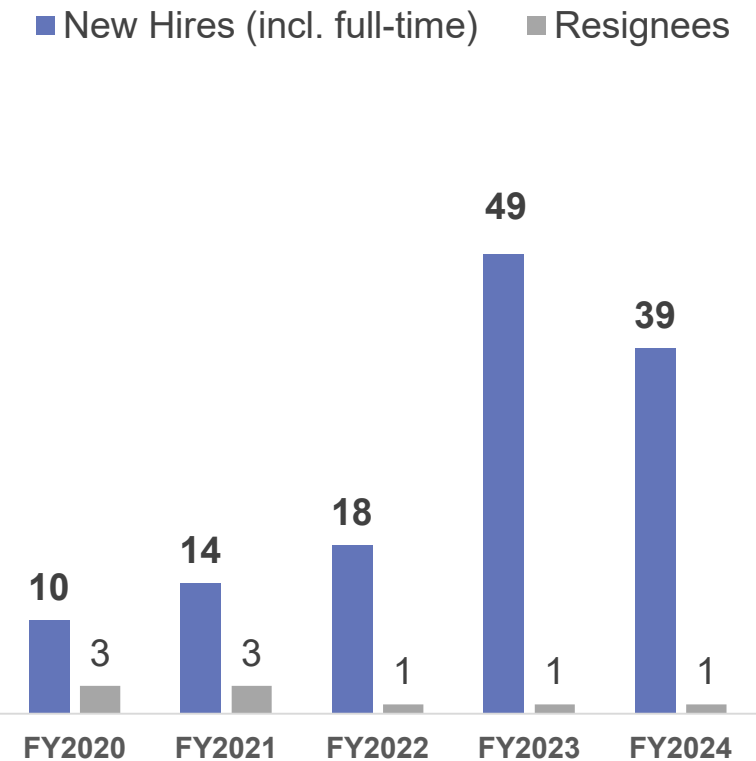


Exploring and creating new businesses

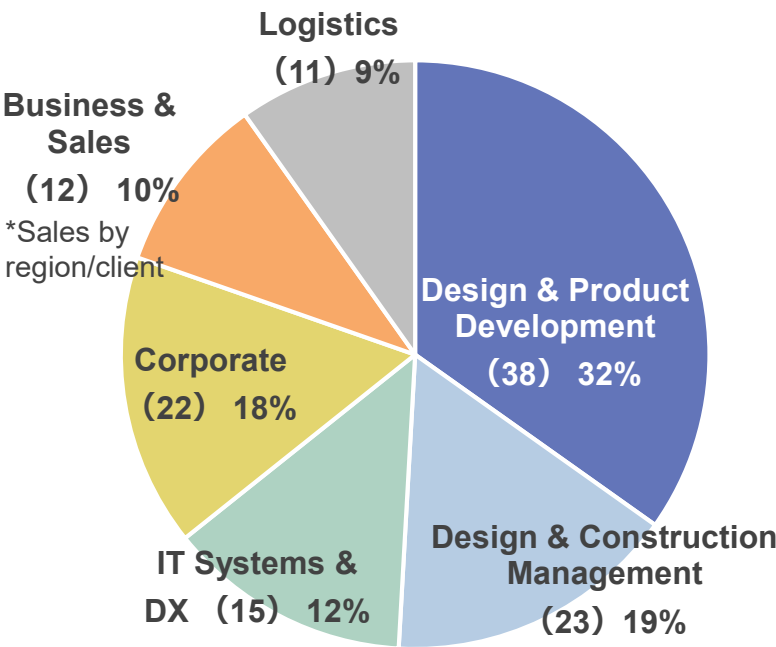
1. Expansion and Sophistication of Human Capital, and Support for Their Activities

■ Progress in mid-career recruitment

Number of hires



Hiring ratio by job category

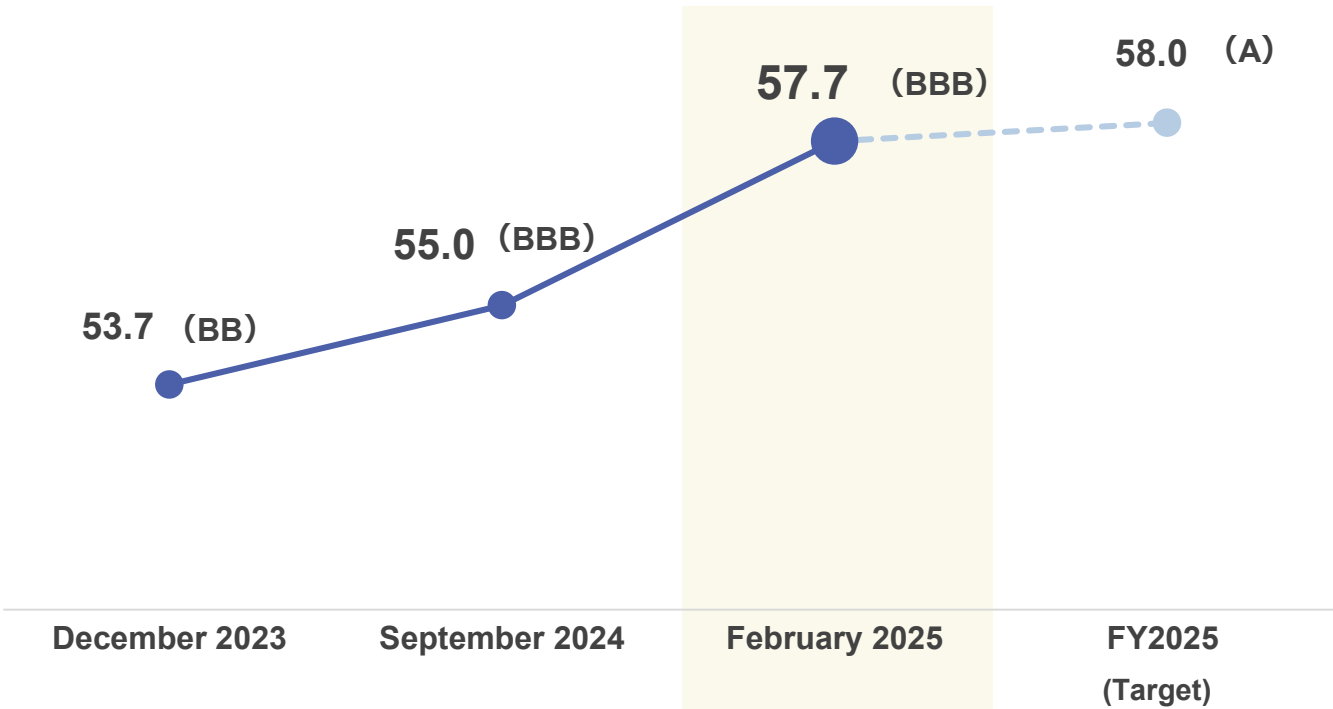


*Subjects: People hired since FY 2020
Excluding those who have resigned

1. Expansion and Sophistication of Human Capital, and Support for Their Activities

■ Variation in engagement score*

*Score based on the “Motivation Cloud” service provided by Link and Motivation Inc



■ Progress

As of February 2025, the score improved from the previous 55.0 (BBB) to 57.7 (BBB). Significant improvement noted particularly in the supervisor domain. Action plans jointly implemented by supervisors and subordinates based on survey results, and training conducted for all management-level employees contributed positively. We will keep aiming to utilize data more effectively and achieve our targets by conducting analysis from various perspectives (by item, organization, job grade, and age group).

2. Accumulation, Analysis, and Utilization of Digital Assets

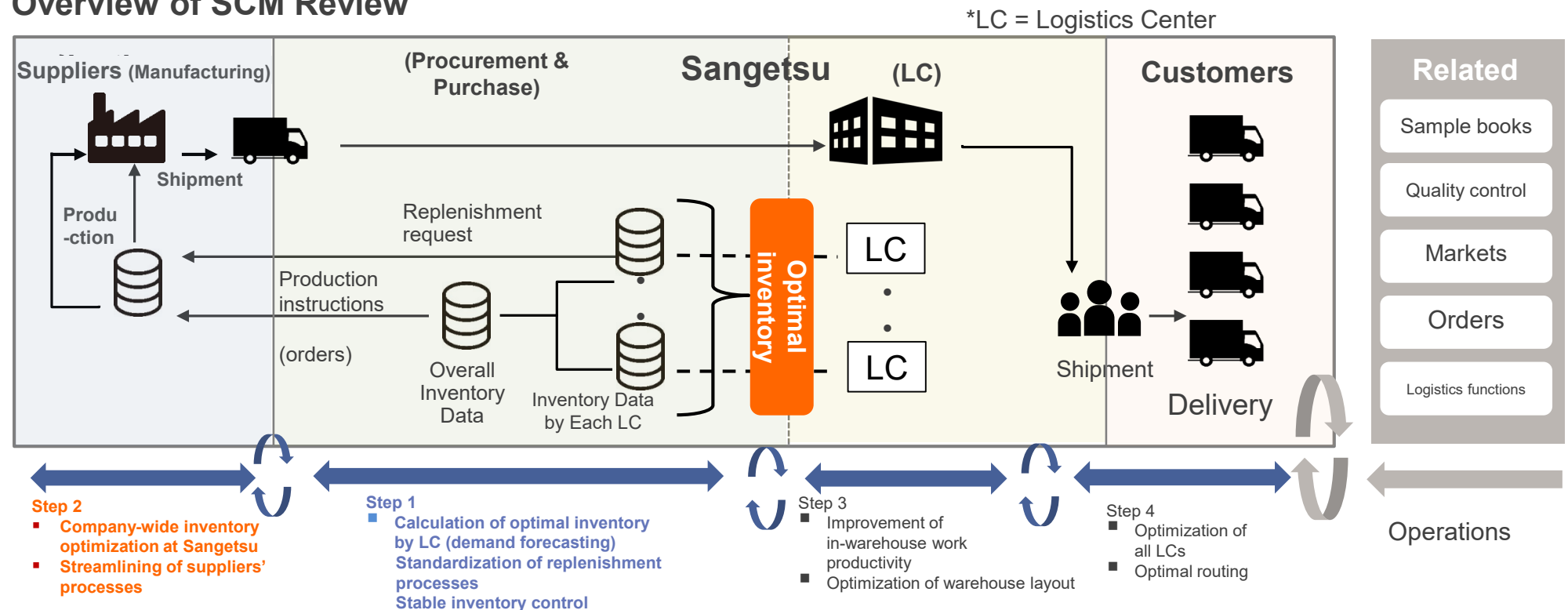
Improving Efficiency and Reliability of Sales and Logistics Using Commercial and Logistics Data

■ Efforts to Strengthen Supply Chain Management

Purposes

- Optimization of inventory
- Profit increase through cost reduction
- Enhance procurement planning and streamline suppliers' processes through collaboration
- Increase orders and sales by improving the delivery service level

Overview of SCM Review



- In Step 1, optimization of inventory held by Sangetsu's LC, which serves as the decoupling point*, was completed.
- In Step 2, logic and flow related to production process instructions will be developed and established.

*A decoupling point is an inventory junction that links demand (customer orders) and supply (procurement from suppliers).

2. Accumulation, Analysis, and Utilization of Digital Assets

Improving Efficiency and Reliability of Sales and Logistics Using Commercial and Logistics Data

*LC = Logistics Center

Assumed Schedule

Completion is expected in 2026. Step 1 is complete. Step 2 involves establishing logic and flows for production process instructions and promoting company-wide inventory optimization.

| | 2024 | | | 2025 | | | | 2026 |
|-------|-------------------|---|----|--------|---|--------|----|------|
| | 4 | 7 | 10 | 1 | 4 | 7 | 10 | 1 |
| Scope | Step 1 (complete) | | | | | | | |
| | | | | Step 2 | | | | |
| | | | | | | Step 3 | | |

Current Progress & Results

Impact of Step 1 Improvements

| Compared to previous levels | |
|--|-------|
| Average Inventory Volume (M/day) | -5.3% |
| Average Inventory Value (yen/day) | -4.2% |
| Number of Replenishment Orders (times/day) | -6.6% |

Scope: Products listed in sample books (wallcoverings, flooring materials, fabrics)

*Discontinued items and custom orders excluded

Enhanced and expanded logic and automatic replenishment flows improved and optimized average inventory volume/value and the number of replenishment instructions. Inventory optimization and operational efficiency improvements confirmed across all LCs.

3. Strengthening Solution Delivery Capabilities Geographical and Functional Expansion and Enhancement of the Logistics System

■ Acquisition of SDS Co., Ltd. as a group company

We split the existing businesses of Panasia Co., Ltd., which had been handling shipment and delivery from our logistics center, acquired 100% of the shares of the business for our company, making it a company of our group. Its logistics operations span a wide area from Tohoku to Kyushu.

Characteristics of Interior Materials as “Delivered Goods”

- They are oddly shaped and heavy.
- Truck loading/unloading is manual and burdensome and workload of the driver is high.



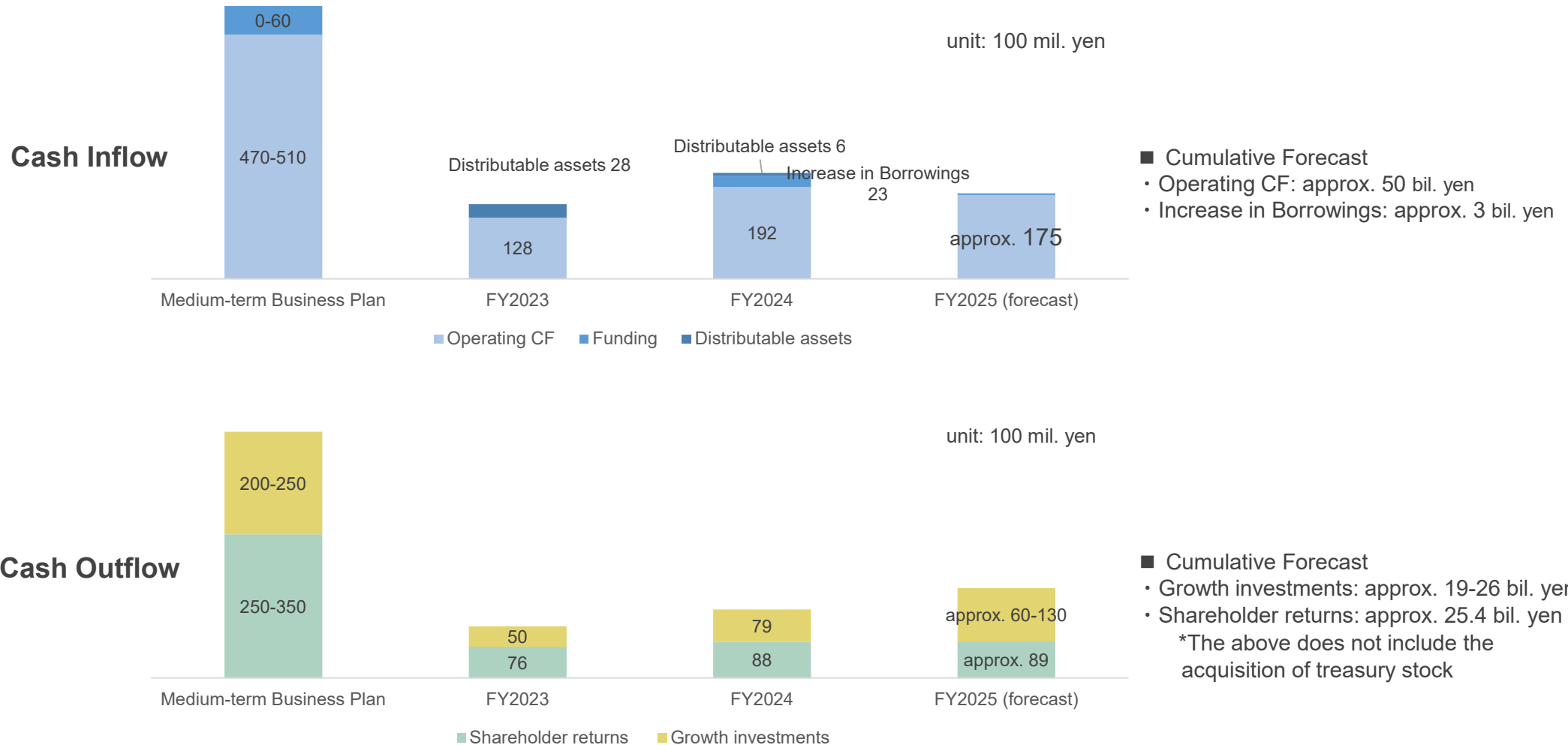
The acquisition of SDS Co., Ltd. as a group company helps address issues such as labor shortages and industry restructuring in the logistics industry. In addition to maintaining and strengthening logistics functions sustainably, we will enhance delivery services and build efficient procurement logistics aimed at further business expansion to strengthen our position in the entire supply chain.



Capital Policy: Capital Allocation in the Medium-term Business Plan “BX 2025”

■ Projected Capital Allocation for FY2025

Allocation by category is subject to change depending on investment progress toward sustainable growth

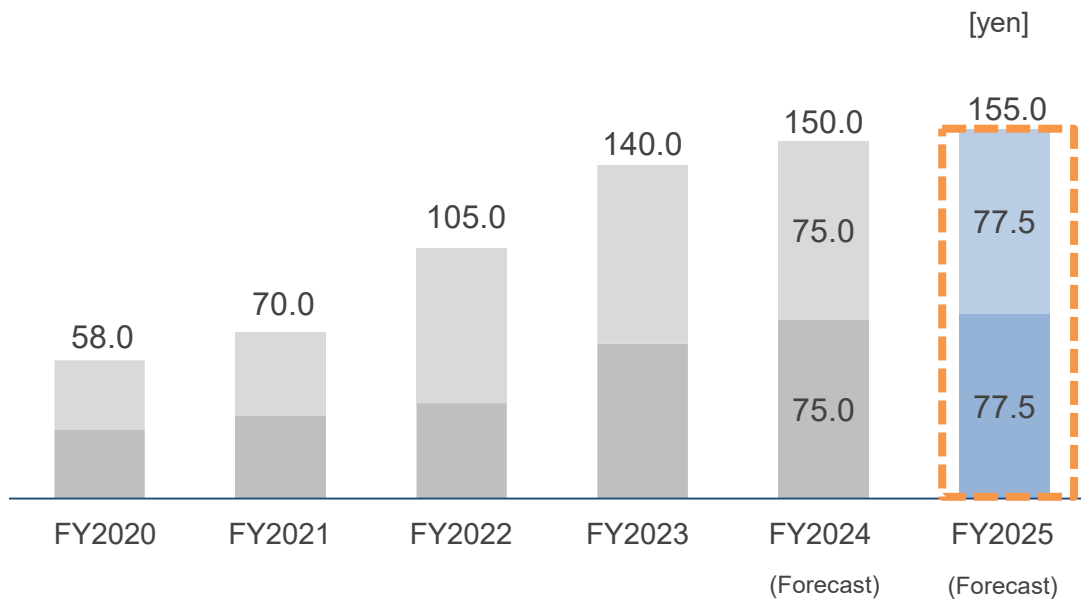


Capital Policy

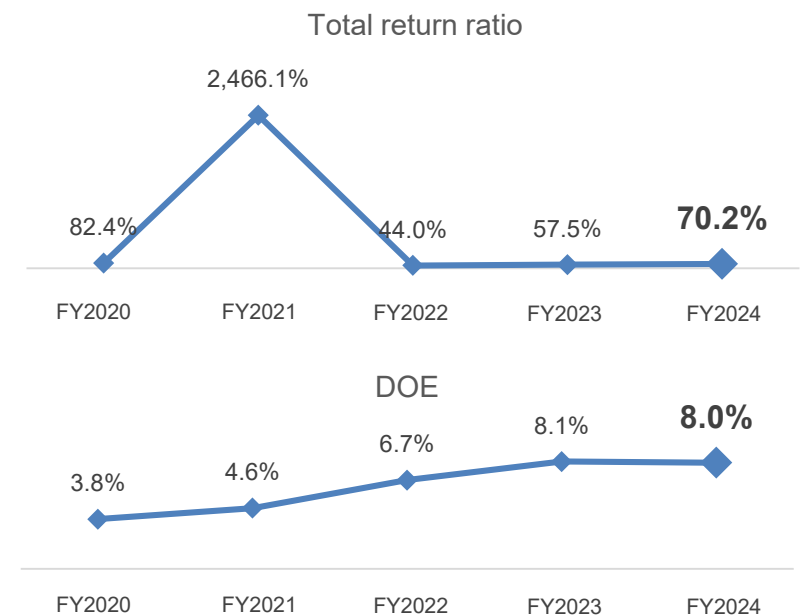
Shareholder return policy for the current Medium-term Business Plan period (FY2023 to FY2025)

- 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



Reference: Economic Value in the Medium-term Business Plan “BX 2025”

Economic Value Forecast (as of May 2025)

| | Item | Unit | Scope | FY2025 Forecast (Before Medium-Term Business Plan Revision) | FY2025 Forecast (After Medium-Term Business Plan Revision) | FY2023 | FY2024 |
|---------------------------|--|--------------|---------------------|--|---|---------------|---------------|
| Quantitative Targets | Consolidated net sales | 100 Mil. Yen | Annual | 1,950 | 2,100 | 1,898 | 2,003 |
| | Consolidated operating profit | 100 Mil. Yen | Annual | 205 | 190 | 191 | 181 |
| | Consolidated net income | 100 Mil. Yen | Annual | 145 | 130 | 142 | 125 |
| | ROE | % | Annual | 14.0 | 11.5 | 14.1 | 11.4 |
| | ROIC | % | Annual | 14.0 | 14.0 | 14.8 | 13.7 |
| | CCC | Days | Annual | 65.0 | 70.0 | 71.5 | 72.0 |
| Capital Allocation | Operating cash flow in 3 years | 100 Mil. Yen | Annual (cumulative) | 470-510 | approx.175 (approx.500) | 128 | 192 (320) |
| | Growth investments (Investment CF) | 100 Mil. Yen | Annual (cumulative) | 200-250 | approx.60-130 (approx.190-260) | 50 | 79 (129) |
| | Shareholder returns*1 | 100 Mil. Yen | Annual (cumulative) | 250-350 | approx.89 (approx.254) | 76 | 88 (164) |
| | Cash Equivalents We Hold*2 | 100 Mil. Yen | Year-end | 200-250 | approx.300-370 | 253 | 340 |
| | Change in debts in 3 years*3 | 100 Mil. Yen | Year-end | Change -80-60 (approx. 6-146) | approx.+30 (approx.120) | (57.1) | (110.9) |
| Shareholder Return Policy | Equity capital (shareholders' equity) *1 | 100 Mil. Yen | Year-end | 950-1,050 | approx.1,170 (approx.1,090) | 1,066 (1,007) | 1,130 (1,046) |
| | Dividend per share | Yen | Annual | Minimum 130 | 155 | 140 | 150 |
| | Acquisition of treasury stock | 100 Mil. Yen | Annual | Appropriate | Appropriate | - | - |

*1 For the forecast for FY2025, "shareholder returns" and "equity capital or shareholders' equity" include dividends only.

*2 Cash & deposits and securities other than shares

*3 Borrowings in FY2022: 8.6 billion yen.

Reference: Social Value in the Medium-term Business Plan “BX 2025”

| | Item | Unit | Scope | FY2025 Medium-term Business plan | FY2023 | FY2024 |
|--|--|--------------|-----------------|---|------------------------------|------------------------------|
| Global Environment Reduction of Environmental Impact in Business Activities (Scopes 1 & 2)*1 | GHG emissions | t-CO2e | Consolidated | 28% reduction from FY2021 | 26,836 (11.9% reduction) | 27,866 (8.6% reduction) |
| | GHG emissions | t-CO2e | Nonconsolidated | 60% reduction from FY2018 | 4,871 (40.0% reduction) | 4,488 (44.7% reduction) |
| | Energy consumption | GJ | Nonconsolidated | 6% reduction from FY2018 | 121,626 (17.9% reduction) | 117,339 (20.8% reduction) |
| | Recycling rate | % | Nonconsolidated | 90% or higher | 74.5 | 87.4% |
| Human Capital Employee Health and Skill Development, Culture Reform | Ratio of non-smokers | % | Nonconsolidated | 85% or higher | 79.1 | 78.6 |
| | Investment in human capita | 100 mil. yen | Nonconsolidated | Total for 3 years 700 mil. Yen | 2.3 | 2.7 |
| | No. of mid-career workers hired | People | Nonconsolidated | Total for 3 years 60-80 hires | 49 | 39 |
| | Engagement score | — | Nonconsolidated | 58.0(A) | 53.7 (BB) | 57.7 (BBB) |
| Human Capital DE&I Promotion | Ratio of female managers*2 | % | Nonconsolidated | 25.0% or higher | 21.2 | 22.8 |
| | Ratio of employees with disabilities | % | Nonconsolidated | 4.0% or higher | 3.5 | 3.2 |
| | Ratio of male employees taking childcare leave | % | Nonconsolidated | 2 weeks or longer 100% | 2 weeks or longer 100% | 2 weeks or longer 100% |
| Social Capital Participation in communities | Renovation of children home | Projects | Consolidated | 50 projects/year | 59 | 55 |
| | Matching gift program | S-mile | Consolidated | 18,000 S-mile | 13,238 | 18,289 |
| | Costs for social contribution, including donation to external groups | Thousand yen | Consolidated | Ongoing donations to specific organizations*3 | 43,985 | 32,234 |

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