

# Translation

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## Consolidated Financial Results for the Three Months Ended June 30, 2025 (Based on Japanese GAAP)

August 7, 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 to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

#### (1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2025	49,388	5.7	3,979	8.6	4,068	8.2	2,780	13.9
Three months ended June 30, 2024	46,717	3.2	3,665	(32.9)	3,760	(32.7)	2,439	(35.8)

(Note) Comprehensive income Three months ended June 30, 2025 2,549 Millions of yen ,5.8%  
 Three months ended June 30, 2024 2,410 Millions of yen ,(40.5)%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	47.31	47.30
Three months ended June 30, 2024	41.55	41.53

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	179,428	111,922	62.0
As of March 31, 2025	183,859	113,781	61.5

(Reference) Equity As of June 30, 2025 111,226 Millions of yen As of March 31, 2025 113,031 Millions of yen

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	—	75.00	—	75.00	150.00
Year ending March 31, 2026	—				
Year ending March 31, 2026 (Forecast)		77.50	—	77.50	155.00

(Note) Revisions to the dividend forecast announced most recently: No

### 3. Forecast of consolidated financial results for the 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

(Note) Revisions to the earnings forecast announced most recently: No

#### 4. Notes

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

Newly included: 1 company (SDS Corporation)

Excluded: None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements (Notes on Significant Changes in the Scope of Consolidation)” on page 9 of the attached material.

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2025	59,200,000 shares	As of March 31, 2025	59,200,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2025	430,009 shares	As of March 31, 2025	429,993 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	58,769,996 shares	Three months ended June 30, 2024	58,719,987 shares
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\*Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or audit firms: Yes (Voluntary)

\*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.

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

The preparation of supplementary material on financial results is disclosed on TDnet on August 7, 2025.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results

For the first quarter consolidated cumulative period (April 1, 2025 - June 30, 2025), the Japanese economy maintained a moderate recovery trend, supported by improvements in employment and income. On the other hand, there remain concerns that uncertainties arising from the U.S. trade policy, the cooling of consumer confidence due to continued price increases, and the impact of fluctuations in financial markets are among the factors that continue to depress the economy. In North America, while economic expansion is moderating, the outlook for the economy is increasingly uncertain due to concerns about price increases and a decline in demand caused by tariff policies.

Trends in the domestic construction market that have a direct impact on the Company business include a decline in the number of new housing starts and floor space compared to the previous year due to a backlash from last-minute demand before the revision of the Building Standards Act that occurred in March 2025, labor shortages in the construction industry, persisting high construction costs, and a weak consumer sentiment resulting from the prolonged rise in prices. On the other hand, in the new non-housing market, there was an increase in the starting floor space of accommodation and commercial facilities due to strong inbound demand. The Ministry of Land, Infrastructure, Transport and Tourism announced a survey on building renovations and renewals, stating that orders in the fourth quarter of the previous year were driven by the non-housing market, including such as offices and production facilities, and this situation is expected to continue.

In this business environment, based on the Long-term Vision [DESIGN 2030] revised in May 2023 and the Medium-term Business Plan [BX 2025] (Business Transformation) simultaneously announced, our Group is aiming to transform itself into a space creation company, as well as explore and create new businesses, by deepening and transforming its core interior, exterior, overseas and space solutions business.

During the first quarter of the fiscal year under review, based on the measures outlined in the Medium-term Business Plan, we steadily advanced initiatives such as expanding various functions including products, design, logistics, and construction, strengthening human capital through improved treatment, and promoting supply chain management (hereinafter, "SCM").

In the domestic interior segment, despite the severe external environment, we launched a new sample book to meet the needs of each market, worked to penetrate the market, and also saw the effects of price revisions implemented in December 2024. However, sales in the domestic interior segment decreased due to the fire at the Company supplier factory that occurred in the same month. On the other hand, in the overseas segment, consolidated sales increased due to the sales contribution of D'Perception Pte Ltd, which became a Group company in July 2024 and focuses on design and construction, and the growth of the North American business. On the profit side, consolidated profit increased due mainly to the reduction of loss in the overseas segment, although there were increases in personnel expenses in each segment, as well as the continuous increase in purchasing costs and the write-down of the old sample book product that was discontinued due to the fire accident at the Company supplier factory.

As a result, the financial performance for the first quarter consolidated cumulative period was as follows: net sales were 49,388 million yen (up 5.7% year on year), operating profit was 3,979 million yen (up 8.6% year on year), ordinary profit was 4,068 million yen (up 8.2% year on year), and profit attributable to owners of parents was 2,780 million yen (up 13.9% year on year).

Operating results by segment are as follows.

#### (Domestic Interior Segment)

In the Domestic Interior Segment, our Group promoted activities to propose solutions that combine various functions such as product design, logistics, and construction in accordance with the needs of market and regional customers, especially given the challenging external environment of the new housing market. In addition, we continued to expand our product lineup to meet the needs of the market, such as SP, a wallpaper sample book that responds to the needs of the diversifying housing market, and ShawContract's floor material sample book that responds to demand in high-grade categories in the non-housing market. In terms of sales, the volume of wallpaper, our main product, decreased year-on-year due to the severe external environment, but the impact on our market share is expected to be limited. In addition, the volume of many strategic products such as Reatec, glass films, floor tiles, and chair fabrics continued to increase.

In terms of logistics functions, we have built an efficient and competitive logistics system and are strengthening SCM across the entire company to improve productivity. In April 2025, we acquired SDS Corporation, a logistics company that had previously handled our shipping and delivery, as a Group company. In collaboration with SDS Corporation and Kurosukikaku, Corporation, a Group company responsible for logistics in the Kyushu region, we will further improve logistics functions by optimizing and improving the efficiency of procurement and sales logistics, thereby realizing the optimization of logistics costs.

In April 2025, we established the Space Solutions Group, which is responsible for all aspects from business planning to space design and planning, construction, sales, project management and marketing. Based on the business foundation we have built through the Domestic Interior Business, we will create our Group's uniqueness and expertise, and aim to improve the overall competitiveness and comprehensive strength of the space solutions business.

We will continue to deepen our solutions by combining various products and functions in response to diversifying needs and social issues, thereby further enhancing the value we provide to our customers.

Due to a fire at the Company supplier factory, orders for some flooring products were suspended and a write-down was recorded for obsolete sample book products. As for the resumption of sales, we have been restructuring the supply system through alternative production since the first quarter of this fiscal year, and have resumed full-scale sales from the second quarter as planned.

As a result, net sales in the Domestic Interior Segment were 38,986 million yen (down 0.0% year on year) and operating profit was 4,036 million yen (down 0.8% year on year). Net sales of wallcovering units were 19,993 million yen (up 4.2% year on year), net sales of flooring units were 12,774 million yen (down 7.2% year on year), net sales of fabric units were 2,363 million yen (up 6.4% year on year), and net sales of other products including design fee and construction were 3,854 million yen (up 1.0% year on year).

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

In the Domestic Exterior Segment, the overall exterior market remained challenging due to a slump in the number of new housing starts, a major market. In this environment, our Group company, Sungreen Co., Ltd., saw an increase in sales compared to the same period last year, due to last-minute demand before major manufacturers revised prices, as well as growth in sales and related construction of high-grade carports, fences, gates, and other products. In addition, the two new sites opened in 2024 in the Kanto region received stable orders, and the proposed projects, including the space design and construction of the site, have also achieved positive results thanks to successful sales activities and efforts to expand the construction area.

As a result, net sales in the Domestic Exterior Segment were 1,678 million yen (up 7.2% year on year) and operating profit was 11 million yen (compared to an operating loss of 34 million yen in the same period of the previous year).

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

In the overseas segment, the results of overseas affiliated companies from January to March 2025 are included in the consolidated results for the first quarter under review.

In North America, business improvement accelerated in the U.S., and business infrastructure development such as optimization of sales structure, human resource development, and IT progressed steadily. In Canada, under the new President, business foundation was strengthened, and sales were expanded to the hotel market. As a result, overall sales in North America increased. In terms of profit, although personnel expenses such as performance-linked bonuses increased, profit increased year on year due to increased sales and productivity improvement at the manufacturing site. The impact of tariffs during the same period was limited, but we need to continue to monitor future trends.

In Southeast Asia, although sales increased year-on-year due to the contribution from D'Perception Pte Ltd—which became a Group company in July 2024 and operates in the design and construction business—and the growth in the wholesale business, the segment continued to post a loss. In our key market of Singapore, we have revamped our management structure and are advancing structural reforms. In China and Hong Kong, the real estate market has stagnated and the employment environment has deteriorated, leading to a decline in consumer confidence. We are working to improve business performance by reformulating and implementing strategies for each customer and market, reviewing compensation systems, and optimizing various costs.

As a result, net sales in the overseas segment were 8,724 million yen (up 41.5% year on year). The operating loss was 69 million yen, mainly due to the driving force of the North America business and the narrowing of the deficit in the wholesale business in Southeast Asia (compared to an operating loss of 370 million yen in the same period of the previous year, including one-time expenses related to the acquisition of shares of D'Perception Pte Ltd).

#### **(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. We have established our Purpose (reason for existence) "With all people we collaborate to create peaceful and inspirational spaces," which is the top concept in its corporate philosophy aimed at realizing both economic and social value. The Company promotes management that links its sustainability activities with its business activities aimed at "A world where everyone can achieve their dreams together for a better tomorrow."

In our environmental efforts, we have prioritized the development of eco-friendly products as a key issue. Specifically, we have adopted FSC® certified PVC wallcovering (\*), the first in Japan, and we have included non-fluorinated water-repellent products in the new wallpaper sample book "SP." We believe that obtaining FSC® certification for PVC wallpaper, which is the mainstream wallcovering material in Japan, will contribute to reducing the environmental impact of raw material procurement in the industry. This move supports the sustainable and effective use of forest resources. (FSC®N004634) 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. As part of our activities to realize a sustainable society to maintain the

global environment, as stated in our Long-term Vision [DESIGN 2030], in addition to conserving water resources and biodiversity, we are also making continuous donations to afforestation projects in Vietnam with the aim of contributing to the livelihood of local residents through harvesting after the forests have matured.

In our human capital initiatives, based on the Sangetsu Group Basic Policy on Diversity, Equity & Inclusion, employees from the Company and Group companies participated again this year in “Nagoya Rainbow Pride 2025,” which we have been participating in since 2019. Through initiatives such as participation in society and fostering values of diversity, our Group aims to become a company with the potential for sustainable growth by strengthening human capital and creating a synergy between "employee happiness" and "company growth."

In our social contribution efforts, we continue to engage in activities in which each of our employees, including Group companies, actively participate, such as support for the renovation of children's homes, which we have been implementing since 2014, and cooperation with NPOs that support children in developing countries. We regularly publish reports on these activities on our website. The Group will continue to work on resolving social issues through space creation, which is the core of the Group's 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.

(\*)FSC® certification is an international forest certification system operated by the Forest Stewardship Council®. It certifies responsible forest management and ensures that wood and wood products are not derived from illegal logging and the like.

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

### **(Assets)**

Current assets at the end of the first quarter consolidated accounting period were 111,374 million yen, a decrease of 5,637 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 3,534 million yen in cash and deposits and 3,161 million yen in the total of trade receivables and contract assets. Non-current assets were 68,054 million yen, an increase of 1,206 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 812 million yen in property, plant and equipment and 811 million yen in intangible assets.

As a result, total assets amounted to 179,428 million yen, a decrease of 4,430 million yen from the end of the previous consolidated fiscal year.

### **(Liabilities)**

Current liabilities at the end of the first quarter consolidated accounting period were 45,472 million yen, a decrease of 12,804 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 7,036 million yen in short-term borrowings, 2,329 million yen in provision for bonuses, and 2,280 million yen in income taxes payable. Non-current liabilities were 22,034 million yen, an increase of 10,233 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 10,000 million yen in long-term borrowings.

As a result, total liabilities amounted to 67,506 million yen, a decrease of 2,571 million yen from the end of the previous consolidated fiscal year.

### **(Net assets)**

Total net assets at the end of the first quarter consolidated accounting period were 111,922 million yen, a decrease of 1,858 million yen from the end of the previous consolidated fiscal year. This was mainly due to dividends of surplus of 4,407 million yen and profit attributable to owners of parent of 2,780 million yen.

As a result, the equity ratio was 62.0% (61.5% at the end of the previous consolidated fiscal year).

## **(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information**

There are no changes to the consolidated financial results forecast as announced on May 14, 2025.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	33,727	30,192
Notes and accounts receivable - trade, and contract assets	35,045	32,023
Electronically recorded monetary claims - operating	23,834	23,694
Securities	300	300
Merchandise and finished goods	19,300	20,719
Work in process	185	283
Raw materials and supplies	2,948	2,863
Other	2,118	1,730
Allowance for doubtful accounts	(449)	(433)
Total current assets	117,011	111,374
Non-current assets		
Property, plant and equipment		
Land	16,361	16,364
Other, net	25,304	26,113
Total property, plant and equipment	41,665	42,477
Intangible assets		
Software	1,644	1,657
Goodwill	1,836	2,694
Other	810	749
Total intangible assets	4,290	5,102
Investments and other assets		
Investment securities	8,203	8,668
Investment property	4,945	4,929
Guarantee deposits	2,088	2,097
Retirement benefit asset	1,218	1,252
Deferred tax assets	3,196	2,331
Other	1,252	1,209
Allowance for doubtful accounts	(12)	(14)
Total investments and other assets	20,892	20,474
Total non-current assets	66,848	68,054
Total assets	183,859	179,428

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,157	19,433
Contract liabilities	1,515	1,720
Electronically recorded obligations - operating	13,940	11,593
Short-term borrowings	9,098	2,061
Lease liabilities	509	495
Income taxes payable	3,045	764
Provision for bonuses	3,972	1,643
Provision for bonuses for directors (and other officers)	95	22
Provision for product warranties	174	167
Other	7,767	7,569
Total current liabilities	58,276	45,472
Non-current liabilities		
Long-term borrowings	2,000	12,000
Lease liabilities	1,177	1,621
Deferred tax liabilities	254	234
Retirement benefit liability	5,547	5,583
Asset retirement obligations	1,697	1,700
Other	1,123	893
Total non-current liabilities	11,800	22,034
Total liabilities	70,077	67,506
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	17,218	17,218
Retained earnings	74,555	72,928
Treasury shares	(698)	(698)
Total shareholders' equity	104,692	103,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,628	3,987
Foreign currency translation adjustment	2,084	1,437
Remeasurements of defined benefit plans	2,626	2,737
Total accumulated other comprehensive income	8,339	8,162
Share acquisition rights	4	4
Non-controlling interests	745	691
Total net assets	113,781	111,922
Total liabilities and net assets	183,859	179,428



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

### Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	46,717	49,388
Cost of sales	32,150	34,162
Gross profit	14,567	15,226
Selling, general and administrative expenses	10,902	11,246
Operating profit	3,665	3,979
Non-operating income		
Interest income	17	12
Dividend income	89	109
Rental income from real estate	106	107
Other	63	59
Total non-operating income	277	288
Non-operating expenses		
Interest expenses	63	65
Rental expenses on real estate	27	25
Loss on valuation of interest rate swaps	—	48
Foreign exchange losses	85	44
Other	5	17
Total non-operating expenses	182	200
Ordinary profit	3,760	4,068
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	11	34
Total extraordinary income	12	34
Extraordinary losses		
Loss on retirement of non-current assets	13	3
Loss on sale of investment securities	12	—
Total extraordinary losses	25	3
Profit before income taxes	3,747	4,098
Income taxes - current	406	615
Income taxes - deferred	901	724
Total income taxes	1,307	1,340
Profit	2,439	2,758
Loss attributable to non-controlling interests	—	(21)
Profit attributable to owners of parent	2,439	2,780

**Quarterly Consolidated Statements of Comprehensive Income (For the three months)**

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	2,439	2,758
Other comprehensive income		
Valuation difference on available-for-sale securities	(332)	358
Deferred gains or losses on hedges	20	—
Foreign currency translation adjustment	250	(678)
Remeasurements of defined benefit plans, net of tax	32	111
Total other comprehensive income	(29)	(208)
Comprehensive income	2,410	2,549
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,410	2,602
Comprehensive income attributable to non-controlling interests	—	(53)

### (3) Notes to Quarterly Consolidated Financial Statements

#### (Basis for Preparation of the Quarterly Consolidated Financial Statements)

The Company's quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparing Quarterly Financial Statements, etc. established by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. and the Accounting Standards for Quarterly Financial Statements generally accepted as fair and appropriate in Japan (excluding the omission of disclosures as specified in Article 4, Paragraph 2 of the Standards for Preparing Quarterly Financial Statements, etc.).

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

During the first quarter consolidated accounting period, the Company acquired all shares of SDS Corporation and is therefore included in the scope of consolidation.

#### (Notes to Segment Information)

##### I. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

###### 1. Information on the amount of net sales and profit or loss by reportable segment

(Millions of yen)

	Domestic Interior	Domestic Exterior	Overseas	Adjusted amount (Note 1)	Amount recorded on the quarterly consolidated financial statements (Note 2)
Net sales					
Sales to external customers	38,990	1,561	6,164	-	46,717
Intersegment net sales or transfers	0	2	-	(3)	-
Total	38,991	1,564	6,164	(3)	46,717
Segment profit (loss)	4,069	(34)	(370)	0	3,665

- Notes: 1. All adjustments of segment profits (losses) are performed by eliminating transactions among segments.  
2. Segment profits (losses) are adjusted to operating profit in the quarterly consolidated statement of income.

##### II. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

###### 1. Information on the amount of net sales and profit or loss by reportable segment

(Millions of yen)

	Domestic Interior	Domestic Exterior	Overseas	Adjusted amount (Note 1)	Amount recorded on the quarterly consolidated financial statements (Note 2)
Net sales					
Sales to external customers	38,986	1,677	8,724	-	49,388
Intersegment net sales or transfers	-	0	-	(0)	-
Total	38,986	1,678	8,724	(0)	49,388
Segment profit (loss)	4,036	11	(69)	0	3,979

- Notes: 1. All adjustments of segment profits (losses) are performed by eliminating transactions among segments.  
2. Segment profits (losses) are adjusted to operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss of fixed assets or goodwill, etc. by reportable segment

(Significant changes in the amount of goodwill)

In the Domestic Interior segment, the Company acquired all shares of SDS Corporation and included it in the scope of consolidation. The amount of increase in goodwill as a result of this event was 957 million yen in the first quarter consolidated cumulative period.

**(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)**

Not applicable.

**(Notes on Going Concern Assumption)**

Not applicable.

**(Notes to Quarterly Consolidated Statement of Cash Flows)**

The quarterly consolidated statement of cash flows for the first quarter consolidated cumulative period are not prepared.

Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter consolidated cumulative period are as follows.

	(Millions of yen)	
	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation	719	963
Amortization of goodwill	42	86