

Translation

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Based on Japanese GAAP)

May 13, 2026

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 Eiji Yamashita TEL 052-564-3314
 Scheduled date of ordinary general meeting of shareholders: June 24, 2026
 Scheduled date to file Securities Report: June 16, 2026
 Scheduled date to commence dividend payments: June 25, 2026
 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, 2026 (from April 1, 2025 to March 31, 2026)

(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, 2026	206,441	3.0	19,408	7.0	20,152	8.5	14,642	16.7
Fiscal year ended March 31, 2025	200,378	5.5	18,140	(5.0)	18,572	(5.7)	12,550	(12.2)

(Note) Comprehensive income For the fiscal year ended March 31, 2026 17,361 Millions of yen, 15.5 %
 For the fiscal year ended March 31, 2025 15,036 Millions of yen, (18.5)%

(Note) During the current consolidated fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the figures for the fiscal year ended March 2025 reflect the details of the finalization of the provisional accounting treatment.

	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, 2026	249.08	249.07	12.5	10.8	9.4
Fiscal year ended March 31, 2025	213.60	213.57	11.4	10.5	9.1

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

For the fiscal year ended March 31, 2026 – Millions of yen
 For the fiscal year ended March 31, 2025 – 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, 2026	188,907	122,259	64.3	2,067.46
As of March 31, 2025	183,923	113,810	61.4	1,922.98

(Reference) Equity As of March 31, 2026 121,549 Millions of yen As of March 31, 2025 113,013 Millions of yen

(Note) During the current consolidated fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the figures for the fiscal year ended March 2025 reflect the details of the finalization of the provisional accounting treatment.

(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, 2026	14,320	(4,625)	(8,261)	35,010
Fiscal year ended March 31, 2025	19,260	(6,873)	(3,980)	33,445

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, 2025	–	75.00	–	75.00	150.00	8,815	70.2	8.0
Fiscal year ended March 31, 2026	–	77.50	–	77.50	155.00	9,112	62.2	7.8
Fiscal year ending March 31, 2027 (Forecast)	–	77.50	–	77.50	155.00		67.5	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

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
Full year	213,000	3.2	19,000	(2.1)	19,200	(4.7)	13,500	(7.8)	229.62

(Note) The impact of fluctuations in energy and raw material prices and disruptions to the supply chain due to the tightening situation in the Middle East and rising geopolitical risks is not incorporated into these earnings forecasts, as it is difficult to reasonably calculate at this time. Furthermore, only full-year forecasts are provided. If it becomes necessary to revise the earnings forecasts, the Company will disclose such revisions promptly.

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 “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Notes on Significant Changes in the Scope of Consolidation)” on page 14 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(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, 2026	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 March 31, 2026	408,298 shares	As of March 31, 2025	429,993 shares
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Average number of shares during the period

Year ended March 31, 2026	58,785,772 shares	Year ended March 31, 2025	58,756,992 shares
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(Reference) Summary of Non-Consolidated financial results

Non-Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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, 2026	155,545	0.1	17,143	0.9	17,712	1.0	12,080	5.3
Fiscal year ended March 31, 2025	155,410	3.2	16,994	(2.3)	17,528	(4.1)	11,469	(14.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2026	205.49	205.48
Fiscal year ended March 31, 2025	195.21	195.18

(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, 2026	168,638	112,548	66.7	1,914.28
As of March 31, 2025	165,419	107,689	65.1	1,832.32

(Reference) Equity As of March 31, 2026 112,544 Millions of yen As of March 31, 2025 107,685 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 5 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 13, 2026.

(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 27, 2026. 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

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the current consolidated fiscal year (April 1, 2025 – March 31, 2026), the business environment surrounding our Group in Japan showed a moderate economic recovery trend as consumer spending and capital investment improved amid solid corporate earnings. In North America, although there is uncertainty regarding trade policies, price trends, and the employment environment, the economy gradually expanded. In Asia, while domestic demand was solid in Southeast Asia, it lacked strength depending on the country or region, and in China, economic recovery has been delayed due to the prolonged real estate recession. In addition to U.S. trade policy and fluctuations in financial and capital markets, it is necessary to pay attention to downward risks to the economy both domestically and internationally, such as soaring energy prices and supply chain disruptions associated with the tense situation in the Middle East.

In the domestic construction market, particularly in the residential market, a reactionary drop following the last-minute demand ahead of the revision of the Building Standards Act and the Building Energy Efficiency Act implemented in April 2025 and persistently high construction costs caused the number of new housing starts and floor area to fall below the previous year's level and remained weak. In the non-residential market, although the new construction starts and floor area for hotels and other facilities increased, those for offices, warehouses/factories, medical/welfare facilities, etc., fell below the previous year's level and remained weak. On the other hand, the renovation and renewal market remained solid, and according to the Building Reform and Renewal Survey announced by the Ministry of Land, Infrastructure, Transport and Tourism, the most recent (October-December 2025) orders received in both the residential and non-residential markets showed an increasing trend year on year.

In this business environment, based on the Long-term vision [DESIGN 2030] and the Medium-term Business Plan [BX 2025], we worked to expand our business domain and enhance our provided value, and through the enhancement of human capital and digital capital, we promoted the evolution of our proposal capabilities and the expansion of our business foundation.

For the current consolidated fiscal year, net sales were 206,441 million yen (up 3.0% year-on-year), operating profit was 19,408 million yen (up 7.0% year-on-year), ordinary profit was 20,152 million yen (up 8.5% year-on-year), and profit attributable to owners of parent was 14,642 million yen (up 16.7% year-on-year).

The operating results by segment are as follows.

(Domestic Interior Segment)

The businesses belonging to the Domestic Interior Segment are the interior business and the space solutions business.

In the interior business, we are promoting the strengthening of various functions such as materials, design, logistics, and construction, as well as the strengthening of our solution proposal capabilities through their collaboration.

In product development, we focused on expanding our lineup of products that meet market needs and contribute to solving social issues, such as environmental consideration and construction efficiency. In the fourth quarter, we issued the sample book for "INNO PANEL®", a new building material that significantly shortens the construction process, and decided to handle products of BOLON, a Swedish flooring manufacturer boasting high brand power in the global high-end market, in Japan (scheduled to be sold sequentially from FY2026), thereby strengthening our product lineup. Additionally, our wallpaper "ELEMENTUM™" received the "iF Design Award 2026", making it our third consecutive year and fifth time overall to win the award, demonstrating that our design and quality are highly evaluated in the market and industry.

In supply chain management (hereinafter "SCM"), we are promoting further functional enhancement and efficiency in logistics, which is its core. Amid structural cost increases against the background of constraints in the logistics industry, we are promoting cross-group initiatives, such as deepening inter-departmental collaboration, strengthening the management foundation of group logistics companies, and improving productivity through the introduction of labor-saving equipment, aiming to strengthen our competitiveness by advancing SCM.

In manufacturing, CREANATE Inc., a group company and the largest wallpaper manufacturer in Japan, began operations at its new factory in Hiroshima Prefecture in October 2025. By establishing a production system with two bases in eastern Japan and one base in western Japan, and introducing state-of-the-art machines with high production efficiency, we will strengthen the resilience of our supply chain and our stable supply system.

In the space solutions business, we are aiming to provide highly unique value while creating synergies with the coordination functions for interior products and the sales network and customer base of the interior business. Net sales are growing steadily, including at Fairtone Co.,Ltd., a group company.

As a result, net sales in the Domestic Interior Segment were 164,106 million yen (up 0.1% year-on-year), and operating profit was 19,333 million yen (up 2.1% year-on-year). Net sales for the wallcovering unit were 79,949 million yen (up 1.7% year-on-year), for the flooring unit 55,614 million yen (down 3.1% year-on-year), for the fabric unit 10,125 million yen (up 5.4% year-on-year), and for other sales including design fees and construction 18,417 million yen (up 0.3% year-on-year).

(Domestic Exterior Segment)

The business belonging to the Domestic Exterior Segment is the exterior business.

In this segment, as with the Domestic Interior Segment, severe business conditions continued, such as a decline in new housing starts. Under these conditions, Sungreen Co., Ltd., a core group company, saw its business performance continue to show an improving trend due to the rise in sales prices of exterior products, the expansion of non-residential project orders in the Tokai region, its mainstay area, and the sales increase in the Kanto region, where it is focusing on strengthening its bases.

As a result, net sales in the Domestic Exterior Segment were 7,310 million yen (up 10.6% year-on-year), and operating profit was 118 million yen (up 586.7% year-on-year).

(Overseas Segment)

In the Overseas Segment, the performance of overseas subsidiaries from January to December 2025 are included in the results for the current consolidated fiscal year.

The businesses belonging to the Overseas Segment are the overseas interior business and the overseas space solutions business.

In the overseas interior business, in North America (the United States and Canada), internal improvements such as the strengthening of management foundations and business infrastructure progressed, and sales strategies were successful, resulting in an increase in both sales and profit year-on-year. In Southeast Asia, performance improved through structural reforms including the renewal of the management system, and appropriate sales policies in each country, achieving a turnaround to profitability for the full year. In China and Hong Kong, the business environment remains severe against the background of the downturn in the real estate market and a decline in consumer sentiment due to the deterioration of the employment environment. However, by renewing and slimming down the management system, and proceeding with the selection of destinations for management resources, including the execution of strategies by customer and market, the amount of loss narrowed year-on-year.

In the overseas space solutions business, D'Perception Pte Ltd, which handles design and construction and became a group company in July 2024, contributed to the sales increase of the entire region, but due to a decline in profitability and the occurrence of one-time additional costs associated with delays in the construction period of large-scale projects, it recorded an operating loss.

As a result, net sales in the Overseas Segment were 35,029 million yen (up 17.6% year-on-year). Regarding operating profit/loss, it was driven by the strong performance of the North America business, and the turnaround to profitability of the interior product wholesale business in Southeast Asia contributed. On the other hand, the recording of one-time losses in the design and construction business in Southeast Asia served as a downward factor, and operating loss was 46 million yen (compared to an operating loss of 820 million yen in the same period of the previous fiscal year, including one-time expenses related to the acquisition of shares of D'Perception Pte Ltd in the first quarter of the previous fiscal year).

(Sustainability Initiatives)

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 our 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, the Group has selected "Achieving a sustainable global environment" as one of its materialities with a view to creating economic and social value. We are advancing initiatives to reduce our environmental impact from the perspectives of carbon neutrality, the circular economy, and coexistence with nature, while also promoting appropriate information disclosure. As a result, our continuous efforts to reduce GHG emissions, the sophistication of our TCFD disclosure, and our improved transparency and goal-setting in timber procurement were highly evaluated, and we received a "B" score in the Climate Change category and a "B-" score in the Forests category from CDP, an international non-profit organization.

In our human capital initiatives, we are fostering an environment where a diverse workforce can thrive, as they form the foundation of our management. Under our policies of "promoting physical and mental health," "enriching lives," and "creating pleasant working environments," we have implemented various measures and were recognized as a "2026 Outstanding Organization of KENKO Investment for Health" by Nippon Kenko Kaigi. This marks our seventh consecutive year receiving this certification, and the eighth time overall.

In our social participation efforts, we have decided to participate in Hokkaido University's COI-NEXT "Life Design Center for the Mind and the Body." This project aims to realize "a society where people can live happily in their own way with others" for the children and youth who will lead the next generation. From the perspective of interior design and space creation, we will strive to contribute to the improvement of well-being and the resolution of regional issues through industry-academia-government collaboration.

The Group will continue to work on resolving social issues through interior design, 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 creating economic and social value.

(2) Overview of Financial Position

(Assets)

Current assets at the end of the current consolidated fiscal year were 118,020 million yen, an increase of 1,009 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,686 million yen in cash and deposits. Non-current assets were 70,886 million yen, an increase of 3,974 million yen from the end of the previous consolidated fiscal year. This was due to an increase of 634 million yen in property, plant and equipment and 606 million yen in intangible assets and 2,732 million yen in investments and other assets.

As a result, total assets amounted to 188,907 million yen, an increase of 4,983 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the current consolidated fiscal year were 45,011 million yen, a decrease of 13,264 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 8,732 million yen in short-term borrowings and 4,700 million yen in electronically recorded obligations - operating. Non-current liabilities were 21,635 million yen, an increase of 9,798 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 66,647 million yen, a decrease of 3,466 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 122,259 million yen, an increase of 8,449 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 5,678 million yen in retained earnings (14,642 million yen in profit attributable to owners of parent and 8,964 million yen in dividends of surplus), and 1,855 million yen in valuation difference on available-for-sale securities.

As a result, the equity ratio was 64.3% (61.4% 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, 2026, totaled 35,010 million yen, an increase of 1,565 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 14,320 million yen (19,260 million yen provided in the previous consolidated fiscal year). This was mainly due to profit before income taxes of 20,800 million yen, depreciation of 4,325 million yen, a decrease in trade payables of 5,125 million yen, and income taxes paid of 5,710 million yen.

(Cash Flows from Investing Activities)

Net cash used in investment activities was 4,625 million yen (6,873 million yen used in the previous consolidated fiscal year). This was mainly due to purchase of property, plant and equipment of 3,415 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 834 million yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 8,261 million yen (3,980 million yen used in the previous consolidated fiscal year). This was mainly due to proceeds from borrowings of 10,343 million yen and repayments of borrowings of 9,092 million yen, and dividends paid of 8,955 million yen.

(Reference) Trends in Cash Flow-Related Indicators

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity ratio (%)	59.4	58.2	62.5	61.4	64.3
Equity ratio based on market value (%)	60.6	79.7	114.9	92.9	96.2
Interest-bearing debt to cash flow ratio (years)	1.8	0.6	0.6	0.7	1.0
Interest coverage ratio (times)	64.9	87.4	44.9	81.2	49.7

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

The Group is pleased to announce the launch of the "Medium-term Business Plan 2029" (fiscal year ending March 2027 to fiscal year ending March 2030).

We have defined our corporate vision as "Shaping Culture from interiors through Materials and Design."

The Company's core lies in "Total Interior," which goes beyond expanding the lineup of interior products to integrate materials, design, logistics, and construction to provide solution proposals. The external environment surrounding the Company is changing significantly. While constraints such as the shrinking domestic market and labor shortages are intensifying, opportunities for new value creation are expanding due to the diversification of values in daily life, the increasing complexity of social issues, technological progress, and potential in overseas markets. In recognition of this environment, for the Group to achieve sustainable and dramatic growth, we will return to our core strengths and proceed with our growth strategies based on these strengths, aiming for net sales of 250 billion yen and operating profit of 25 billion yen in the fiscal year ending March 2030.

Specifically, we will continue to strengthen the interior business as the core of our growth and accelerate growth in North America and Asia centering on the interior business overseas. The space solutions business and exterior business are positioned as expansion areas by horizontally expanding the strengths of the interior business and will be steadily developed as medium- to long-term growth businesses.

For details of the new Medium-term Business Plan, please refer to the "Notice Regarding the Formulation of the 'Medium-term Business Plan 2029' (Fiscal Year Ending March 2027 to Fiscal Year Ending March 2030)" released today.

With regard to the consolidated financial results for the next fiscal year (ending March 2027), the Company expects net sales of 213,000 million yen (up 3.2% year on year), operating profit of 19,000 million yen (down 2.1% year on year), ordinary profit of 19,200 million yen (down 4.7% year on year) and profit attributable to owners of parent of 13,500 million yen (down 7.8% year on year).

The above financial results forecast has been prepared based on information available as of the announcement date of this document. Actual results may differ from the forecast figures due to various future factors. In addition, uncertainties such as rising energy prices caused by the tense situation in the Middle East and heightened geopolitical risk, difficulty in procuring raw materials due to supply chain disruptions, and rising raw material prices have not been factored into this financial results forecast as it is difficult to reasonably calculate the impacts at this time. The Company may revise its financial results forecast when such impacts can be reasonably calculated.

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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	33,727	35,414
Notes receivable - trade	4,781	1,504
Accounts receivable - trade	26,430	27,746
Contract assets	3,833	3,660
Electronically recorded monetary claims - operating	23,834	26,006
Securities	300	300
Merchandise and finished goods	19,300	18,952
Work in process	185	398
Raw materials and supplies	2,948	2,462
Other	2,118	2,011
Allowance for doubtful accounts	(449)	(435)
Total current assets	117,011	118,020
Non-current assets		
Property, plant and equipment		
Buildings and structures	35,264	36,596
Accumulated depreciation	(21,953)	(22,873)
Buildings and structures, net	13,310	13,723
Machinery, equipment and vehicles	19,591	24,082
Accumulated depreciation	(14,497)	(15,874)
Machinery, equipment and vehicles, net	5,093	8,208
Tools, furniture and fixtures	6,230	6,521
Accumulated depreciation	(5,224)	(5,376)
Tools, furniture and fixtures, net	1,005	1,145
Land	16,361	16,286
Leased assets	3,407	4,032
Accumulated depreciation	(1,879)	(2,012)
Leased assets, net	1,528	2,019
Construction in progress	4,366	916
Total property, plant and equipment	41,665	42,300
Intangible assets		
Software	1,644	1,744
Goodwill	1,691	2,366
Other	1,018	849
Total intangible assets	4,354	4,961
Investments and other assets		
Investment securities	8,203	10,744
Investment property	4,945	4,975
Guarantee deposits	2,088	2,149
Retirement benefit asset	1,218	2,739
Deferred tax assets	3,196	1,940
Other	1,252	1,088
Allowance for doubtful accounts	(12)	(13)
Total investments and other assets	20,892	23,624
Total non-current assets	66,912	70,886
Total assets	183,923	188,907

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,157	17,884
Contract liabilities	1,515	1,399
Electronically recorded obligations - operating	13,940	9,240
Short-term borrowings	9,098	365
Lease liabilities	509	555
Income taxes payable	3,045	3,772
Provision for bonuses	3,972	4,393
Provision for bonuses for directors (and other officers)	95	93
Provision for product warranties	174	166
Other	7,767	7,141
Total current liabilities	58,276	45,011
Non-current liabilities		
Long-term borrowings	2,000	12,000
Lease liabilities	1,177	1,611
Deferred tax liabilities	290	292
Retirement benefit liability	5,547	5,125
Asset retirement obligations	1,697	1,735
Other	1,123	869
Total non-current liabilities	11,836	21,635
Total liabilities	70,113	66,647
Net assets		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	17,218	17,247
Retained earnings	74,538	80,216
Treasury shares	(698)	(663)
Total shareholders' equity	104,674	110,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,628	5,483
Foreign currency translation adjustment	2,084	2,179
Remeasurements of defined benefit plans	2,626	3,470
Total accumulated other comprehensive income	8,338	11,133
Share acquisition rights	4	4
Non-controlling interests	791	706
Total net assets	113,810	122,259
Total liabilities and net assets	183,923	188,907

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	200,378	206,441
Cost of sales	138,005	141,711
Gross profit	62,373	64,729
Selling, general and administrative expenses	44,232	45,321
Operating profit	18,140	19,408
Non-operating income		
Interest income	90	203
Dividend income	193	224
Rental income from real estate	429	433
Other	229	374
Total non-operating income	943	1,235
Non-operating expenses		
Interest expenses	244	287
Rental expenses on real estate	109	133
Loss on valuation of interest rate swaps	64	37
Foreign exchange losses	75	11
Other	17	19
Total non-operating expenses	511	490
Ordinary profit	18,572	20,152
Extraordinary income		
Gain on sale of non-current assets	3	3
Gain on sale of investment securities	41	126
Subsidy income	223	408
Gain on liquidation of subsidiaries and associates	—	7
Gain on termination of retirement benefit plan	—	283
Total extraordinary income	267	829
Extraordinary losses		
Loss on sale of non-current assets	3	11
Loss on retirement of non-current assets	40	37
Loss on sale of investment securities	41	2
Loss on valuation of investment securities	—	83
Impairment losses	94	45
Total extraordinary losses	179	181
Profit before income taxes	18,661	20,800
Income taxes - current	5,852	6,387
Income taxes - deferred	250	(125)
Total income taxes	6,103	6,261
Profit	12,557	14,539
Profit (loss) attributable to non-controlling interests	7	(103)
Profit attributable to owners of parent	12,550	14,642

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	12,557	14,539
Other comprehensive income		
Valuation difference on available-for-sale securities	322	1,855
Deferred gains or losses on hedges	20	—
Foreign currency translation adjustment	822	123
Remeasurements of defined benefit plans, net of tax	1,313	844
Total other comprehensive income	2,478	2,822
Comprehensive income	15,036	17,361
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,041	17,436
Comprehensive income attributable to non-controlling interests	(5)	(74)

(3) Consolidated Statements of Changes in Equity

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			12,550		12,550
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	3,739	92	3,875
Balance at end of period	13,616	17,218	74,538	(698)	104,674

	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								12,550
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)	776	3,225
Total changes during period	322	20	843	1,313	2,499	(51)	776	7,100
Balance at end of period	3,628	—	2,084	2,626	8,338	4	791	113,810

Fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,616	17,218	74,538	(698)	104,674
Changes during period					
Dividends of surplus			(8,964)		(8,964)
Profit attributable to owners of parent			14,642		14,642
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		28		35	64
Exercise of share acquisition rights					—
Net changes in items other than shareholders' equity					
Total changes during period	—	28	5,678	34	5,741
Balance at end of period	13,616	17,247	80,216	(663)	110,416

	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	3,628	—	2,084	2,626	8,338	4	791	113,810
Changes during period								
Dividends of surplus								(8,964)
Profit attributable to owners of parent								14,642
Purchase of treasury shares								(0)
Disposal of treasury shares								64
Exercise of share acquisition rights								—
Net changes in items other than shareholders' equity	1,855		94	844	2,794		(85)	2,708
Total changes during period	1,855	—	94	844	2,794	—	(85)	8,449
Balance at end of period	5,483	—	2,179	3,470	11,133	4	706	122,259

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	18,661	20,800
Depreciation	3,221	4,325
Impairment losses	94	45
Amortization of goodwill	227	334
Increase (decrease) in allowance for doubtful accounts	(5)	(23)
Increase (decrease) in provision for bonuses	303	418
Increase (decrease) in provision for bonuses for directors (and other officers)	(39)	(2)
Increase (decrease) in retirement benefit liability	(105)	(588)
Increase (decrease) in provision for product warranties	(232)	(7)
Interest and dividend income	(284)	(427)
Real estate rent	(429)	(433)
Interest expenses	244	287
Loss (gain) on sale of investment securities	0	(124)
Loss (gain) on liquidation of subsidiaries and associates	—	(7)
Subsidy income	(223)	(408)
Decrease (increase) in accounts receivable - trade, and contract assets	3,751	379
Decrease (increase) in inventories	(265)	578
Increase (decrease) in trade payables	(1,154)	(5,125)
Decrease (increase) in consumption taxes refund receivable	(300)	265
Increase (decrease) in accrued consumption taxes	176	67
Other, net	889	(877)
Subtotal	24,528	19,479
Interest and dividends received	286	431
Subsidies received	223	408
Interest paid	(237)	(288)
Income taxes paid	(5,541)	(5,710)
Net cash provided by (used in) operating activities	19,260	14,320
Cash flows from investing activities		
Payments into time deposits	(147)	(138)
Proceeds from withdrawal of time deposits	457	36
Purchase of securities	(300)	(300)
Proceeds from redemption of securities	300	300
Purchase of property, plant and equipment	(4,741)	(3,415)
Proceeds from sale of property, plant and equipment	13	14
Purchase of intangible assets	(720)	(734)
Purchase of investment securities	(90)	(16)
Proceeds from sale of investment securities	611	215
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,817)	(834)
Purchase of insurance funds	(207)	(0)
Proceeds from cancellation of insurance funds	200	1
Payments for rental of investment property	(38)	(69)
Proceeds from rental of investment property	429	433
Payments of guarantee deposits	(185)	(56)
Proceeds from refund of guarantee deposits	49	14
Purchase of long-term prepaid expenses	(671)	(55)
Other, net	(13)	(17)
Net cash provided by (used in) investing activities	(6,873)	(4,625)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities		
Proceeds from short-term borrowings	26,596	343
Repayments of short-term borrowings	(23,208)	(9,092)
Proceeds from long-term borrowings	2,000	10,000
Repayments of finance lease liabilities	(564)	(552)
Purchase of treasury shares	(1)	(0)
Dividends paid	(8,802)	(8,955)
Other, net	0	(4)
Net cash provided by (used in) financing activities	(3,980)	(8,261)
Effect of exchange rate change on cash and cash equivalents	321	131
Net increase (decrease) in cash and cash equivalents	8,727	1,565
Cash and cash equivalents at beginning of period	24,717	33,445
Cash and cash equivalents at end of period	33,445	35,010

(5) Notes to Consolidated Financial Statements

(Notes on Significant Changes in the Scope of Consolidation)

During the current consolidated fiscal year, the Company acquired all shares of SDS Corporation and is therefore included in the scope of consolidation.

(Notes on Going Concern Assumption)

Not applicable.

(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., Kurosukikaku Corporation, and SDS 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, 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	(820)	18,137	2	18,140
Segment assets	175,481	7,936	22,652	206,070	(22,147)	183,923
Other items						
Depreciation	2,452	52	719	3,224	(2)	3,221
Amortization of goodwill	162	–	64	227	–	227
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.
4. During the current consolidated fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the figures for the Overseas Segment reflect the details of the finalization of the provisional accounting treatment.

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	164,102	7,309	35,029	206,441	–	206,441
Intersegment net sales or transfers	4	0	–	5	(5)	–
Total	164,106	7,310	35,029	206,446	(5)	206,441
Segment profit (loss)	19,333	118	(46)	19,405	3	19,408
Segment assets	179,415	8,592	19,791	207,798	(18,891)	188,907
Other items						
Depreciation	3,465	57	805	4,328	(2)	4,325
Amortization of goodwill	261	–	73	334	–	334
Impairment losses	–	–	45	45	–	45
Increase in property, plant and equipment and intangible assets	3,748	6	461	4,216	(10)	4,205

- 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, 2025	Fiscal year ended March 31, 2026
Net assets per share	1,922.98	2,067.46
Earnings per share	213.60	249.08
Diluted earnings per share	213.57	249.07

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

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Total of net assets (millions of yen)	113,810	122,259
Amount to be deducted from total amount of net assets (millions of yen)	796	710
(of which share acquisition rights (millions of yen))	(4)	(4)
(of which non-controlling interests (millions of yen))	(791)	(706)
End of period net assets related to common shares (Millions of yen)	113,013	121,549
Number of common shares used to calculate net assets per share at the end of the fiscal year (thousands of shares)	58,770	58,791

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

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	12,550	14,642
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	12,550	14,642
Average number of common shares during the period (Thousands of shares)	58,756	58,785
Diluted earnings per share		
Adjusted amount of profit attributable to owners of parent (Millions of yen)	–	–
Increase in common shares (Thousands of shares)	8	2
(of which share acquisition rights (thousands of shares))	(8)	(2)

(Notes on Significant Subsequent Events)

Not applicable.