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Medium-term Business Plan 2029

(Fiscal Year Ending March 2027 to Fiscal Year Ending March 2030)

Transformation, Challenge and the Driving of Innovation

May 27, 2026

Representative Director, President and CEO Yasumasa Kondo

Securities code: 8130

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

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TOP MESSAGE

Toward the Start of Medium-term Business Plan 2029

In 2020, the Company announced its Long-term Vision [DESIGN 2030] and set forth its corporate vision of "transforming from an interior products company into a Space Creation Company," and has been working to expand its business domains and upgrade the value it provides. In the Medium-term Business Plan [BX 2025] announced in 2023, we promoted the evolution of our proposal capabilities and the expansion of our business foundation through the strengthening of human capital and digital capital. During these three years, the mainstay interior business achieved steady growth and profitability improved overseas. On the other hand, the space solutions and exterior businesses did not reach the growth speed originally anticipated, partly due to issues arising from their respective characteristics.

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. Based on this recognition of the environment, in the "Medium-term Business Plan 2029," the Company will return to its core once again and shift its course toward a growth strategy starting from its strengths.

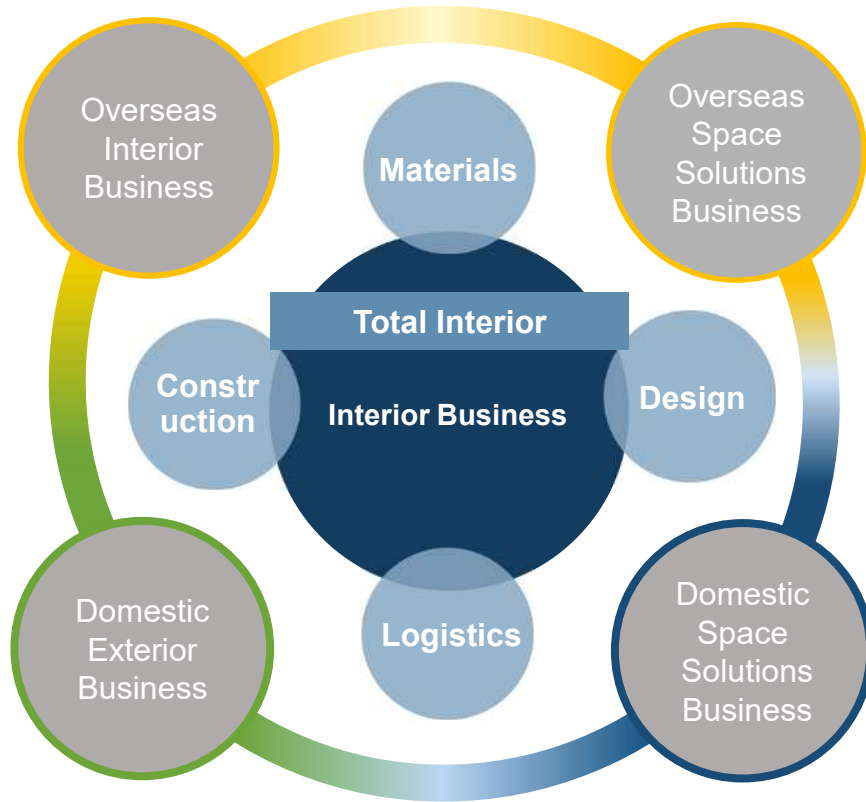
The Company's core lies in "Total Interior," which goes beyond expanding the lineup of interior products to integrate materials, design, logistics, and construction to provide solution proposals. Based on this strength, we have brought new value to spaces and enriched people's sensibilities and lives. Going forward, by further evolving this core, we will contribute to the realization of diverse lifestyles by stimulating people's sensibilities through spaces, going beyond just providing products. Based on this, we have defined our corporate vision as **"Shaping Culture from interiors through Materials and Design."**

The Company has long advocated being "a Lifestyle and Culture Design Company." To this day, we have played a role in enhancing the value of interiors themselves and the industry as a whole through "lifestyles" such as interior materials including wallpaper and space coordination, a "business model" that develops sample books as strategic marketing tools, and "supply infrastructure" that supports space creation backed by quality and a meticulous supply chain. We always want to be an entity that continues to create the culture of the next way of living.

At the same time as defining our corporate vision, we will once again uphold our corporate credo, "Integrity." The year before last, when formulating our Corporate Philosophy, we decided to incorporate our original corporate credo, "Integrity," into the Corporate Philosophy. However, since our founding in 1849, "Integrity" has been the DNA of our Company, connecting all employees and stakeholders, and it is our identity and the starting point to which we must always return. In conjunction with the start of the "Medium-term Business Plan 2029," we have established **"INTEGRITY"** as our corporate credo, and all employees will act with integrity and ethics, remaining true to their beliefs.

In the "Medium-term Business Plan 2029," we have set "Transformation, Challenge and the Driving of Innovation" as our slogan. We will continue to strengthen the interior business as the core of our growth and build a more robust earnings base through the expansion of product domains and collaboration with partner companies. In overseas markets as well, we will accelerate growth in North America and Asia, centered on the interior business. We position the space solutions and exterior businesses as expansion areas that horizontally deploy our strengths in interior products, and we will steadily nurture them as medium- to long-term growth businesses while maximizing synergies. By continuing to refine our core of "Total Interior," we will achieve both economic and social value and attain sustainable and strong growth.

Representative Director, President and CEO Yasumasa Kondo



Shaping Culture from interiors through Materials and Design

Starting with the Japanese craft of hyogu, seen in fusuma and shoji, Sangetsu has evolved to enhance the value of spaces. Today, we integrate a wide range of interior products with our expertise in materials, design, logistics, and construction.

We will continue to shape how people experience spaces and foster **new cultures for the future.**



TOP MESSAGE

Corporate Credo

INTEGRITY

Corporate Vision

**Shaping culture from interiors
through materials and design**

Medium-term Business Plan 2029 slogan

**Transformation, Challenge and
the Driving of Innovation**

Sangetsu Group Corporate Philosophy

Purpose | significance of existence

With all people we collaborate to create peaceful and inspirational spaces

Spaces, where people spend time, can bring peace and hope to their lives.
Safe and comfortable space provides us source to live for tomorrow.
Space filled with joy and excitement provides us all the power to imagine the future.

The Sangetsu Group shares the wishes and challenges of all people together
and seeks to create a world where everyone can achieve their dreams
for tomorrow through the power of design and creativity.

Dream | the Vision We Realize for the Future

A world where everyone can achieve their dreams together for a better tomorrow

Belief | the Firm Belief

Corporate integrity is the foundation to change society.

Way | our Attitude

Openness and Fairness Creativity and Collaboration Challenge and Transformation

Brand Statement

Joy of Design

2. Review of the Previous Medium-term Business Plan [BX 2025]

Review of the Previous Medium-term Business Plan [BX 2025]

While the domestic business environment became increasingly challenging, net sales reached a record high but fell short of the plan.

On the other hand, operating profit and profit attributable to owners of the parent achieved the plan.

(Unit: 100 million yen)

	FY2022	Medium-term Business Plan [BX2025]					
		FY2023	FY2024	FY2025	FY2025 Revised Plan (Revised in May 2025)	FY2025 Vs. Revised Plan	FY2025 Original Plan (Formulated in May 2023)
Net Sales	1,760.2	1,898.5	2,003.7	2,064.4	2,100.0	98.3%	1,950.0
Operating Profit	202.8	191.0	181.4	194.0	190.0	102.1%	205.0
Profit Attributable to Owners of the Parent	140.0	142.9	125.5	146.4	130.0	112.6%	145.0
ROE (%)	15.3	14.1	11.4	12.5	11.5	+1.0pt	14.0
ROIC (%)*	16.5	14.8	13.6	13.7	14.0	-0.3pt	14.0
CCC (Days)	77.1	71.5	72.0	79.4	70.0	+9.4 days	65.0

Review of the Previous Medium-term Business Plan [BX 2025]

The Domestic Interior Segment maintained its solid profitability as a core business and achieved its profit plan.
The Domestic Exterior Segment achieved its profit plan.

(100 million yen)

		FY2022	Medium-term Business Plan [BX2025]				FY2025 Revised Plan (Revised in May 2025)	FY2025 Original Plan (Formulated in May 2023)
			FY2023	FY2024	FY2025			
Domestic Interior	Net Sales	1,479.6	1,591.5	1,639.8	1,641.0	1,667.0	1,590.0	
	Operating Profit	211.0	194.8	189.4	193.3	188.5	187.0	
Domestic Exterior	Net Sales	62.9	64.6	66.1	73.1	76.0	100.0	
	Operating Profit	4.5	-0.7	0.1	1.1	0.5	10.0	
Overseas	Net Sales	217.8	242.9	297.9	350.2	357.0	260.0	
	Operating Profit	-12.7	-3.1	-8.2	-0.4	1.0	8.0	
Eliminations	Net Sales	-0.1	-0.5	-0.1	-0.0	-	-	
	Operating Profit	0.0	0.0	0.0	0.0	-	-	
Total	Net Sales	1,760.2	1,898.5	2,003.7	2,064.4	2,100.0	1,950.0	
	Operating Profit	202.8	191.0	181.4	194.0	190.0	205.0	

Review of the Previous Medium-term Business Plan [BX 2025]

The Interior Business has increased its importance as a "core business," serving as a profit base in Japan and a pillar leading growth overseas. For the Space Solutions Business and Exterior Business, we will strengthen their foundations and develop them into businesses that contribute to profits.

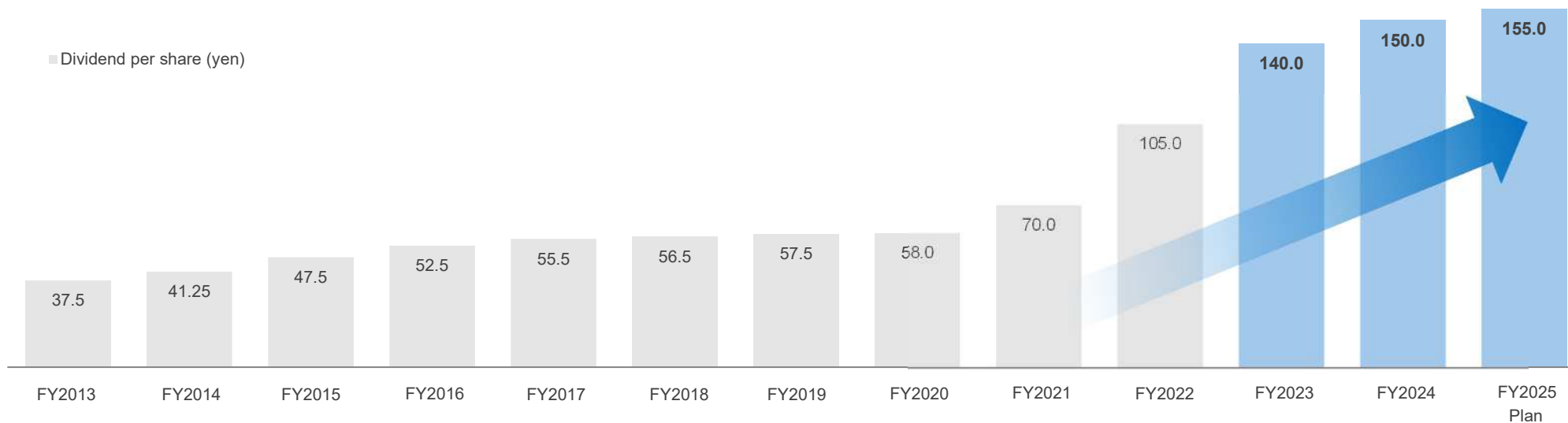
Domestic Interior Segment	<u>Interior Business</u>	Under a business environment characterized by stagnant domestic demand, continuous cost increases, and a shortage of skilled workers, the business demonstrated resilient profitability as a core business.
	<u>Space Solutions Business</u>	While we are strengthening the foundation through measures such as expanding human resources (hiring 48 mid-career professionals from FY2023 to FY2025) and net sales are gradually increasing, it has not yet reached the point of contributing to profits.
Domestic Exterior Segment	<u>Exterior Business</u>	Although we have proceeded with human investment to expand the business scale and scope, as well as the establishment of new sales offices, it has not yet reached the point of contributing to profits.
Overseas Segment	<u>Overseas Interior Business</u>	Steady progress was made in improvements, with high growth in North America, a turnaround to profitability in Southeast Asia, and a narrowing of losses in Hong Kong and China.
	<u>Overseas Space Solutions Business</u>	A Singaporean company became a group subsidiary in July 2024, but business performance fell short of the plan.

Review of the Previous Medium-term Business Plan [BX 2025]

Exceeded the benchmark due to the expansion of equity.

Achieved an annual dividend of 155 yen per share through stable dividend increases based on the shareholder return policy.

Shareholder Return Policy	Results
Target equity of 95.0 to 105.0 billion yen by the end of March 2026	Equity 121.5 billion yen
Shareholder returns are primarily through dividends, with a minimum annual dividend per share of 130 yen, aiming for stable dividend increases	Dividend per share 155 yen (forecast)
Consider acquisition of treasury shares depending on market conditions	Not implemented



Review of the Previous Medium-term Business Plan [BX 2025]

While we achieved dividend increases backed by stable cash generation, equity expanded, which weighed down capital efficiency. In the next Medium-term Business Plan, we will work on restructuring our capital structure in accordance with the progress of our "earning power."

Medium-term Business Plan (Cumulative for the period)					
Cash In	Cash Out				
<table border="1"> <tr><th>Operating Cash Flow</th></tr> <tr><td>47.0-51.0 billion yen</td></tr> </table>	Operating Cash Flow	47.0-51.0 billion yen	<table border="1"> <tr><th>Growth investment</th></tr> <tr><td>20.0-25.0 billion yen</td></tr> </table>	Growth investment	20.0-25.0 billion yen
Operating Cash Flow					
47.0-51.0 billion yen					
Growth investment					
20.0-25.0 billion yen					
<table border="1"> <tr><th>Change in borrowings</th></tr> <tr><td>-8.0~6.0 billion yen</td></tr> </table>	Change in borrowings	-8.0~6.0 billion yen	<table border="1"> <tr><th>Shareholder returns</th></tr> <tr><td>25.0-35.0 billion yen</td></tr> </table>	Shareholder returns	25.0-35.0 billion yen
Change in borrowings					
-8.0~6.0 billion yen					
Shareholder returns					
25.0-35.0 billion yen					
<table border="1"> <tr><th>Cash and cash equivalents * (End of March 31, 2023)</th></tr> <tr><td>27.0 billion yen</td></tr> </table>	Cash and cash equivalents * (End of March 31, 2023)	27.0 billion yen	<table border="1"> <tr><th>Cash and cash equivalents * (End of March 31, 2026)</th></tr> <tr><td>20.0-25.0 billion yen</td></tr> </table>	Cash and cash equivalents * (End of March 31, 2026)	20.0-25.0 billion yen
Cash and cash equivalents * (End of March 31, 2023)					
27.0 billion yen					
Cash and cash equivalents * (End of March 31, 2026)					
20.0-25.0 billion yen					

Results (Cumulative for the period)					
Cash In	Cash Out				
<table border="1"> <tr><th>Operating Cash Flow</th></tr> <tr><td>46.39 billion yen</td></tr> </table>	Operating Cash Flow	46.39 billion yen	<table border="1"> <tr><th>Growth investment</th></tr> <tr><td>18.05 billion yen</td></tr> </table>	Growth investment	18.05 billion yen
Operating Cash Flow					
46.39 billion yen					
Growth investment					
18.05 billion yen					
<table border="1"> <tr><th>Change in borrowings</th></tr> <tr><td>3.56 billion yen</td></tr> </table>	Change in borrowings	3.56 billion yen	<table border="1"> <tr><th>Shareholder returns</th></tr> <tr><td>25.4 billion yen</td></tr> </table>	Shareholder returns	25.4 billion yen
Change in borrowings					
3.56 billion yen					
Shareholder returns					
25.4 billion yen					
<table border="1"> <tr><th>Income from asset reduction, etc.</th></tr> <tr><td>2.2 billion yen</td></tr> </table>	Income from asset reduction, etc.	2.2 billion yen			
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27.0 billion yen					
Cash and cash equivalents * (End of March 31, 2026)					
35.71 billion yen					

3. Business Environment and Internal Issues

Business Environment and Internal Issues

Business Environment

Challenge

Shrinking Japanese market

Structural and serious labor supply-demand gap

Rising interest rates and inflation

Rising geopolitical risks and supply chain instability due to the impact of the weak yen

Potential

Diversification of market needs and social issues

Growth of overseas markets

Rapid progress of AI

Practice of sustainable management

Business Environment and Internal Issues

Internal Issues

Future Initiatives

Business model and business portfolio

- Dependence on Domestic Interior for most of the revenue
- Having yet to develop businesses that will become revenue sources following interior products

Innovative material and product development (manufacturing function)

Profitability of the space solutions business and exterior business

Corporate brand

Business Infrastructure

Operational efficiency and productivity

Effective utilization of data resources

Development of human resources responsible for strategic decision-making, promoting transformation, and demonstrating leadership

Development of management talent and global talent

4. Medium-term Business Plan 2029

(Fiscal Year Ending March 2027 to Fiscal Year Ending March 2030)

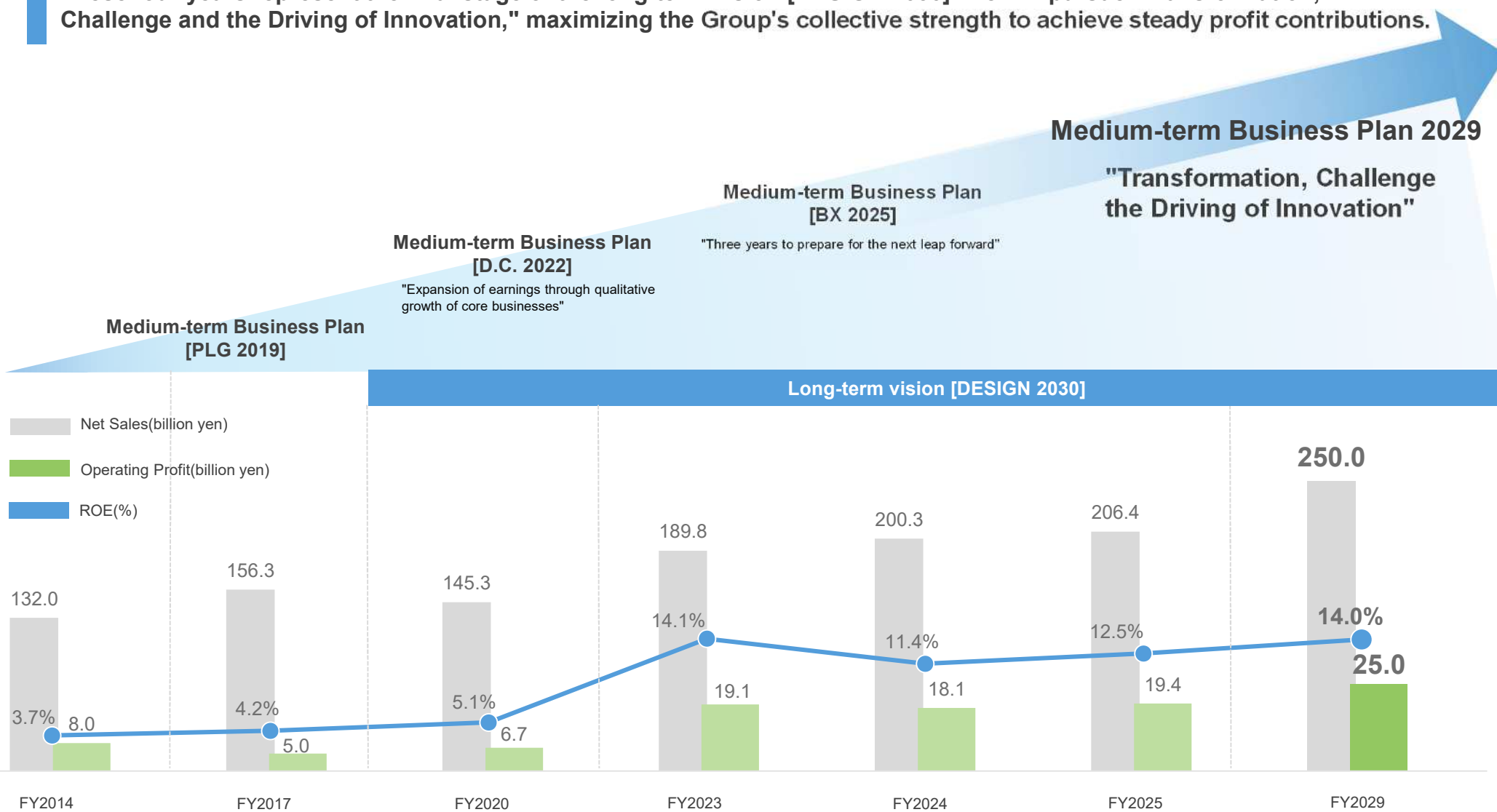
Medium-term Business Plan 2029

(Fiscal Year Ending March 2027 to Fiscal Year Ending March 2030)

Transformation, Challenge and the Driving of Innovation

Medium-term Business Plan 2029

These four years represent the final stage of the long-term vision [DESIGN 2030]. We will pursue "Transformation, Challenge and the Driving of Innovation," maximizing the Group's collective strength to achieve steady profit contributions.



Medium-term Business Plan 2029

1. Strengthening the Interior Business

As a comprehensive interior company, we will promote the advancement of our business by accelerating the development of products that respond to market needs and social issues, expanding the range of materials that constitute spaces, strengthening solution proposal capabilities including design, and transforming our business model.

2. Nurturing the Space Solutions Business and Exterior Business

Leveraging synergies with the Interior Business, we will establish a business foundation including Group companies and cultivate these into core businesses of the Sangetsu Group.

3. Growth of the Overseas Business

In the Overseas Business, which we position as a catalyst for growth, we will aim for a dramatic improvement in profitability by accelerating collaboration and co-creation within the Sangetsu Group while respecting the uniqueness and autonomy of each region and Group company.

4. Exploration and Creation of Next-Generation Businesses

We will explore and create next-generation businesses that will become future sources of revenue in the existing and adjacent domains of the Sangetsu Group, including interior design.

5. Human Capital

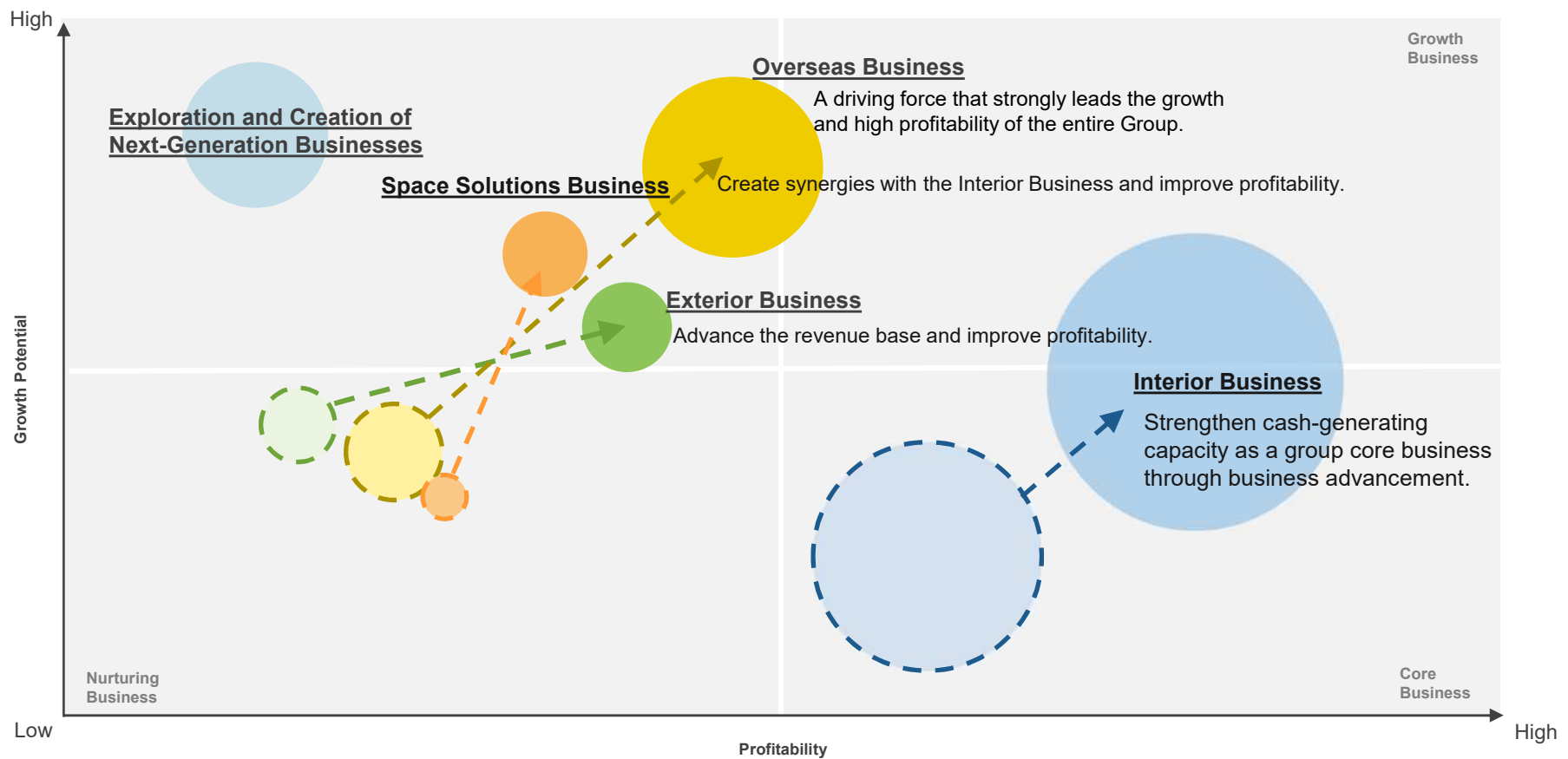
In order to realize and accelerate "transformation and challenge" and "creation of innovation," we will execute a human resources strategy linked to our management strategy and strengthen the human resource base of the Sangetsu Group.

6. Digital Capital

We will evolve digital capital into strategic capital that maximizes profitability and capital efficiency, practice data-driven management by making full use of accumulated digital capital, and promote DX (Digital Transformation) that generates solid financial value.

Medium-term Business Plan 2029

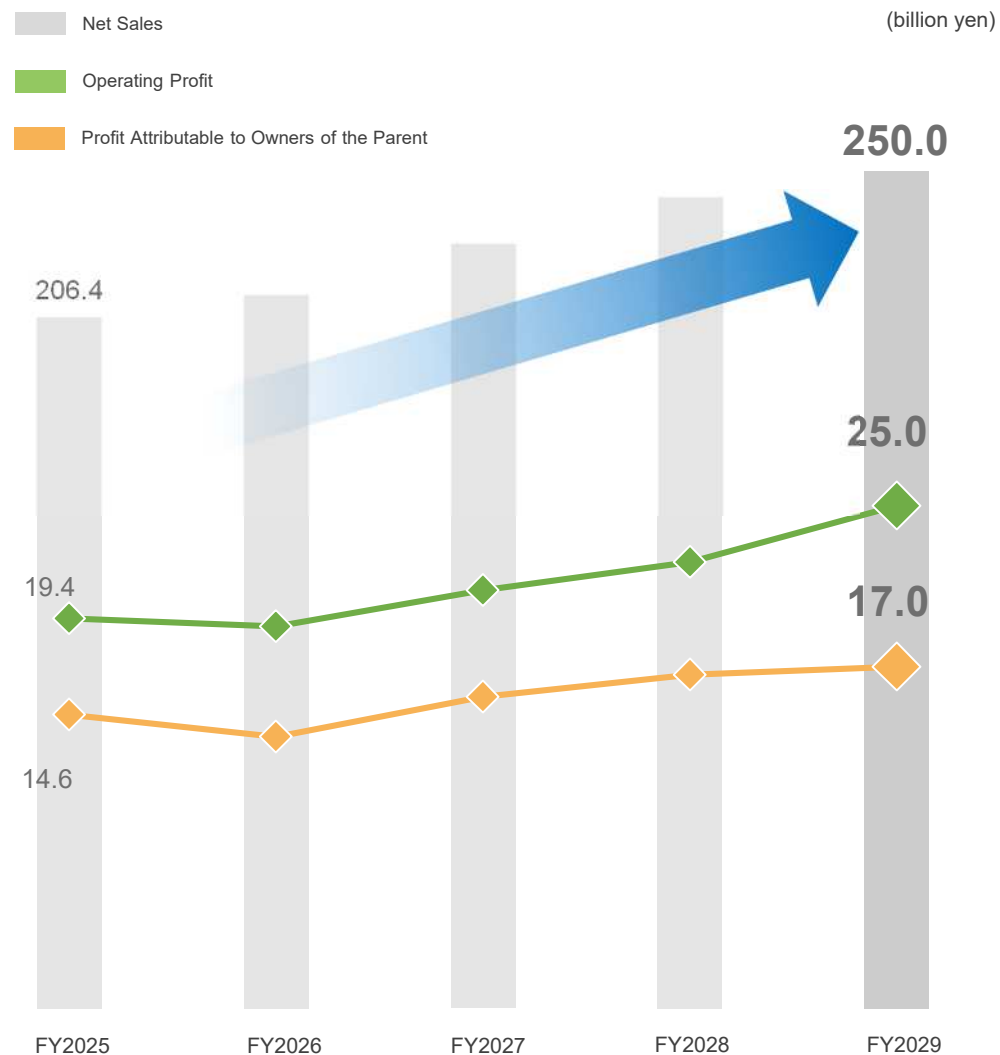
We aim to further strengthen the business foundation of our core Interior Business and achieve dramatic growth in our Overseas Business. Simultaneously, we will work on nurturing the Space Solutions and Exterior Business, as well as exploring and creating next-generation businesses, to further enhance our profitability.



Medium-term Business Plan 2029

Management Indicators | Consolidated

	FY2025	FY2029
	Results	Plan
Net Sales	206.4	250.0
Operating Profit	19.4	25.0
Profit Attributable to Owners of the Parent	14.6	17.0
ROE (%)	12.5	14.0
ROIC (%)*	13.7	11.0



Medium-term Business Plan 2029

Management Indicators | By Segment

(Unit: billion yen)

		FY2025	FY2029
		Results	Plan
Domestic Interior	Net Sales	164.1	188.0
	Operating Profit	19.3	21.5
Domestic Exterior	Net Sales	7.3	7.8
	Operating Profit	0.1	0.5
Overseas	Net Sales	35.0	54.2
	Operating Profit	-0.04	3.0
Total	Net Sales	206.4	250.0
	Operating Profit	19.4	25.0

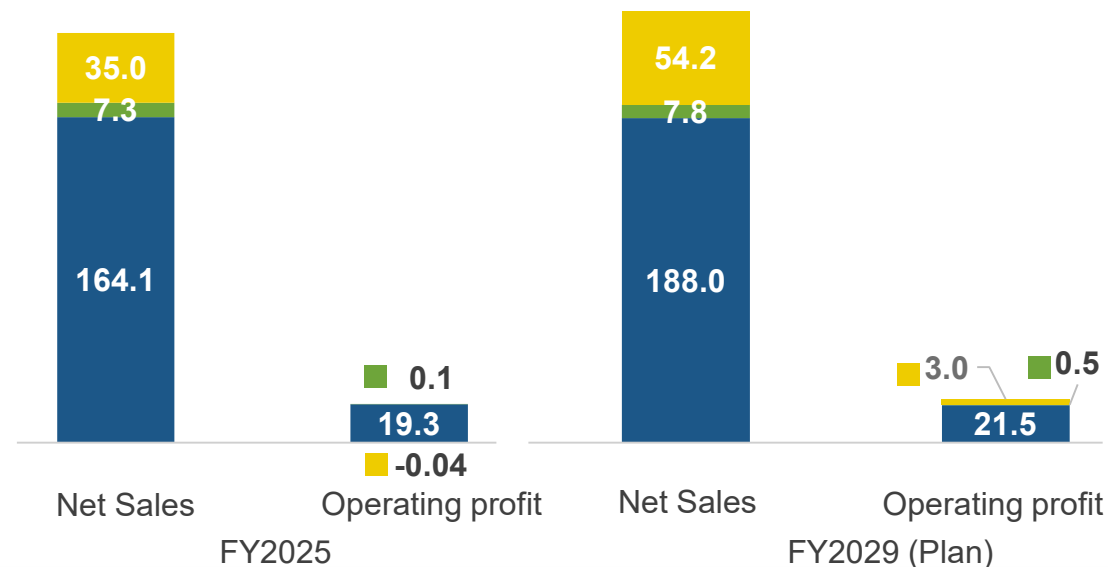
Net Sales
206.4 billion yen

Operating profit
19.4 billion yen

Net Sales
250 billion yen

Operating profit
25 billion yen

- Domestic Interior
- Domestic Exterior
- Overseas



Medium-term Business Plan 2029

Business Strategy | Domestic Interior Segment / Interior Business

Improving Positioning in Growth Markets

In a business environment where the domestic market size is shrinking for both residential and non-residential sectors, we will improve our positioning in growth markets such as reform and renovation, IR and inbound-related projects, and large-scale redevelopment projects.

Optimization of Product Mix

We aim to improve profitability by strengthening the competitiveness and expanding the market share of core products, including mass-produced wallcoverings, while also developing and expanding sales of products with functionality and technological superiority that contribute to solving market needs and social issues.

Optimization of Supply Chain

By optimizing the entire supply chain process through digital technology and meticulous operations, we will achieve both stable supply and high inventory turnover, enhancing profitability and establishing a competitive advantage.

Strengthening Manufacturing Capabilities

We will strengthen all functions related to manufacturing, including R&D, design, material and product development, and quality control, and promote inter-functional collaboration to enhance our competitiveness and proposal capabilities as a brand manufacturer.

Enhancing Corporate Brand

To enhance our corporate brand and recognition as a company that is "Shaping Culture from interiors through Materials and Design," we will strengthen our promotional measures.



Medium-term Business Plan 2029

Business Strategy | Domestic Interior Segment / Interior Business

Improving Positioning in Growth Markets

While growth in the domestic construction market remains limited, we aim to enhance our competitive advantage and presence by identifying needs in markets and sectors with emerging growth potential from urban to regional areas, and by strengthening our solution proposal capabilities.

	Focus Areas	Main Initiatives
Residential	<ul style="list-style-type: none"> ■ New construction 	<ul style="list-style-type: none"> • Promoting solution proposals aligned with diversifying needs
	<ul style="list-style-type: none"> ■ Remodeling / Renovation ■ Rental apartments ■ Large-scale condominium repair ■ Pre-owned home resale market 	<ul style="list-style-type: none"> • Expanding sales channels in the renovation market (enhancing property value) • Capturing rental housing demand from urban household growth. • Capturing the large-scale condominium repair market • Capturing new demand as the scale of the pre-owned home resale market expands
Non-residential	<ul style="list-style-type: none"> ■ IR / Inbound ■ Office ■ Lodging facilities (Hotels) 	<ul style="list-style-type: none"> • Capturing large-scale projects associated with IR demand and redevelopment projects • Capturing new demand in the renovation market (improving office value) • Capturing new demand in the commercial and lodging markets due to expanding renewal and inbound demand
	<ul style="list-style-type: none"> ■ (Public and private) Priority investment areas 	<ul style="list-style-type: none"> • Capturing interior-related demand based on capital investment policies (functional products for wallcoverings and flooring materials)

Medium-term Business Plan 2029

Business Strategy | Domestic Interior Segment / Interior Business

Optimization of Product Mix

Mainstay Products | Wallcoverings (PVC wallcoverings), flooring, carpet tiles (NT350), curtains

Product groups with large market share and sales volume that serve as the business foundation

Strengthen profitability by maintaining and expanding market share through functional enhancement, strengthening competitiveness, and improving positioning in growth markets.

Strategic Products | Wallcoverings (Xselect), REATEC, glass film, floor tiles, carpet tiles (excluding NT350), upholstery fabrics

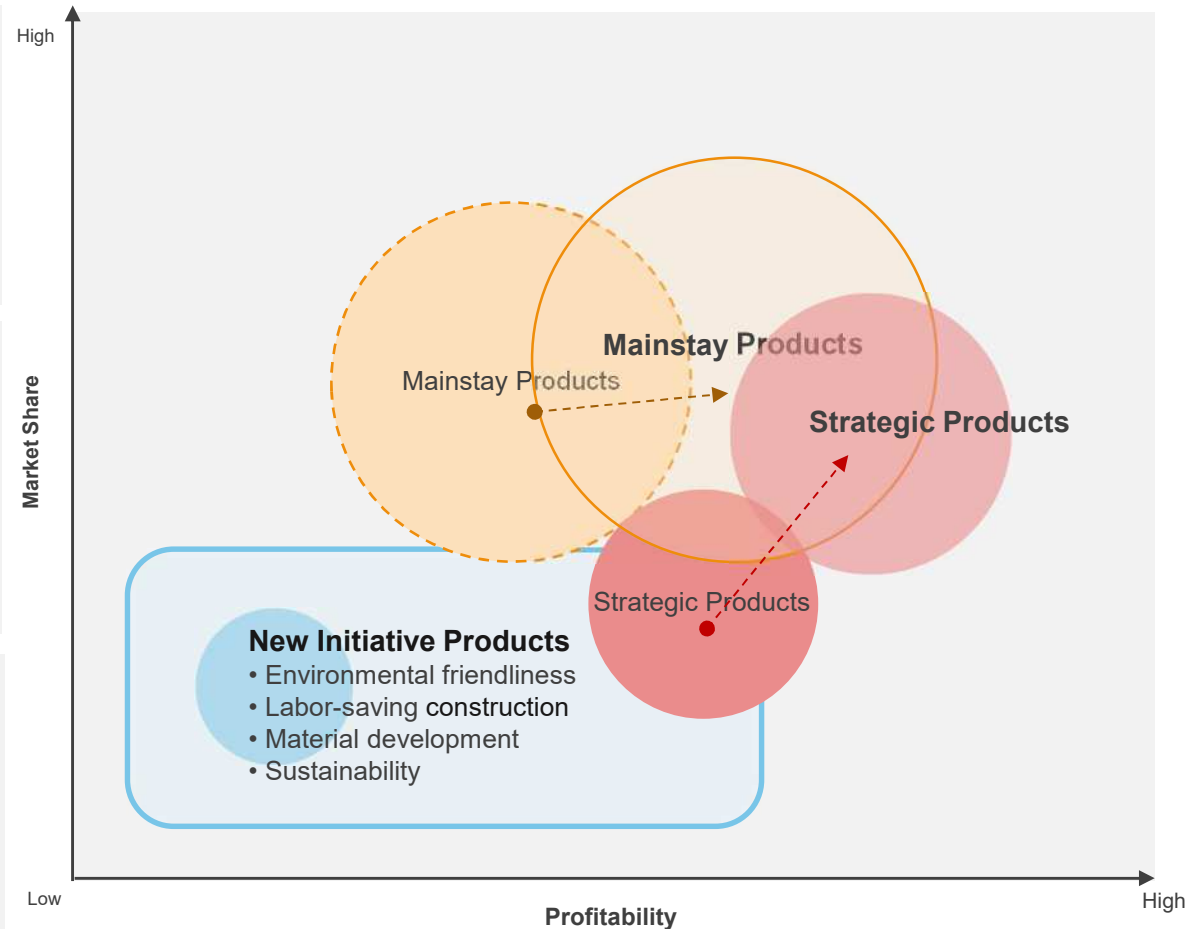
High Value-Added Products with functional and technological superiority

Expand transactions of High Value-Added Products with potential for market growth, market share expansion, and global development.

New Initiative Products | Environmental friendliness, labor-saving construction, sustainability, material development, etc.

Next-generation product groups that serve as the starting point for sustainable growth

Focus on product development that contributes to solving social issues, such as diversifying market needs, environmental friendliness, and labor-saving construction, and work to expand the product portfolio.



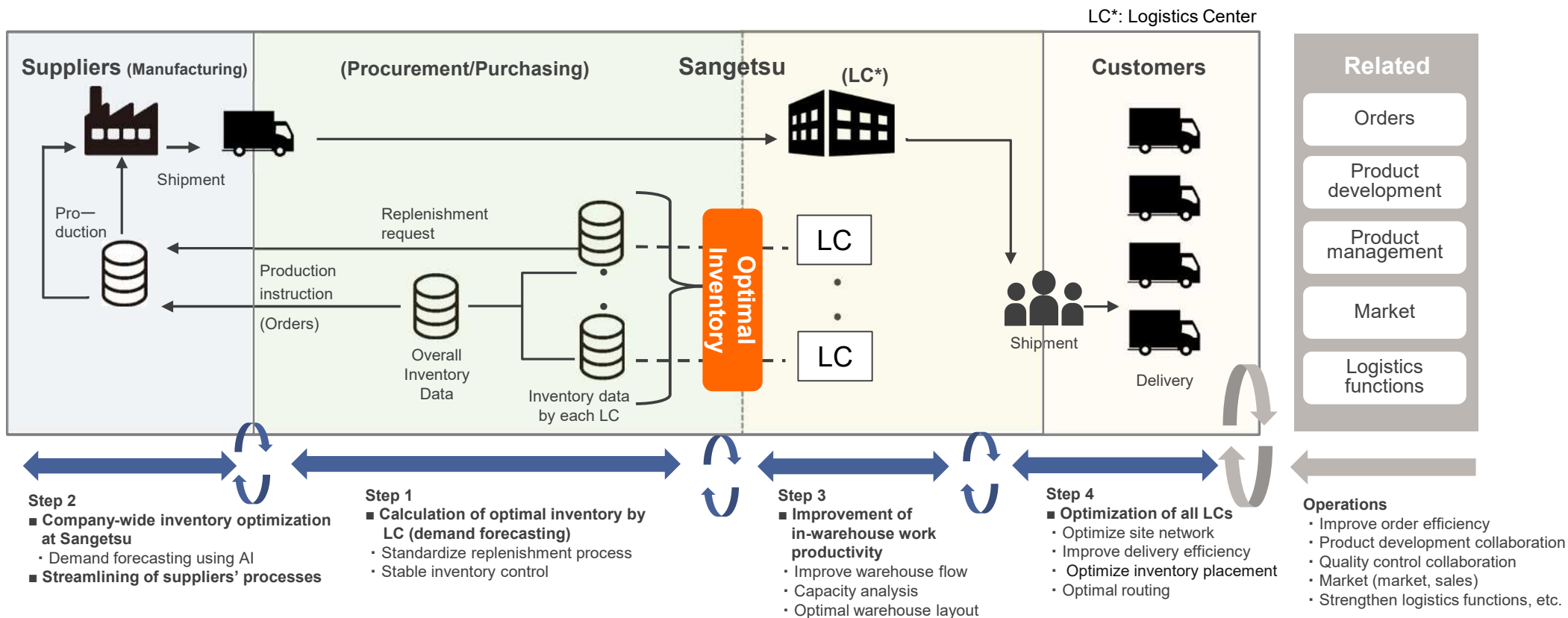
Medium-term Business Plan 2029

Business Strategy | Domestic Interior Segment / Interior Business

Supply Chain Management

Objective: Maximize competitive advantage and cash flow through SCM advancement

- Generate cash by releasing tied-up inventory through appropriate inventory control
- Strategically control capacity (resources) to maximize investment efficiency in SC



Medium-term Business Plan 2029

Business Strategy | Domestic Interior Segment / Space Solutions Business

Sales Activities Leveraging Strengths of the Interior Business

Strengthen sales activities through synergies with the Interior Business by utilizing Sangetsu's extensive nationwide sales network.

Strengthening Initiatives in Focus Areas


Establish a customer base targeting the office and hotel markets, as well as local markets in each area where synergies with the Interior Business are expected, and provide total solution proposals from the Sangetsu Group.

Diversification of Product Procurement

Strengthen procurement capabilities for other products that constitute spaces, beyond wallcoverings, flooring materials, and fabrics, to enhance customer satisfaction.

Establishment and Sophistication of Business Foundations

Enhance sales, design, and installation functions while establishing an integrated project management system to strengthen competitiveness and improve profitability.

- 
- Establishment of customer base
 - Strengthening of solution proposal capabilities
 - Strengthening of functions as a Total Interior

Medium-term Business Plan 2029

Business Strategy | Domestic Exterior Segment / Exterior Business

Strengthening Solution Proposal Capabilities through Cross-functional Collaboration

We will strengthen our business foundation in the mainstay markets of Tokai and the Tokyo metropolitan area. To expand sales channels into the interior market, we will enhance various functions such as products, installation, logistics, and space proposals, and strengthen our solution proposal capabilities, thereby reinforcing our positioning as an exterior trading company.

Planning and Development of Original Products

We will accelerate collaboration with partner companies to increase market share. At the same time, the entire Sangetsu Group will work on the planning and development of products that contribute to solving market needs and social issues, enhancing competitive advantage through differentiation by expanding our lineup of original products.

Strengthening Logistics and Installation Functions

We will work to improve the efficiency and resilience of our own supply chain, including logistics. In addition, we will promote the strengthening of logistics and installation functions through collaboration within the group and with partner companies.

Growth investment

With an eye toward industry reorganization, we will promote growth investments that lead to the expansion of our business domains and business scale.

Segment Net Sales

7.31 billion yen → **7.8** billion yen
(FY2025) (FY2029)

CAGR **1.6** %

Segment Operating Profit

0.11 billion yen → **0.5** billion yen
(FY2025) (FY2029)

*Net sales on a pre-revenue recognition standard basis
FY2025: 17.45 billion yen
FY2029: 20.2 billion yen (CAGR 3.7%)

Medium-term Business Plan 2029

Business Strategy | Overseas Segment / Overseas Interior Business, Overseas Space Solutions Business

Overseas Interior Business

North America : Accelerating Growth

While strengthening the wallcoverings manufacturing and sales business, we will enter adjacent businesses with significant growth potential, such as acoustic materials, wood panels, and fabrics, to further accelerate growth.

China and Hong Kong : Restructuring Business Foundation and Securing Profit

In addition to rebuilding the business foundation, we will focus on selection and concentration in highly profitable markets and areas, work to establish core products, and enhance profitability.

Southeast Asia (Interior) : Shifting to a Growth Trajectory

We will solidify our profit base in Singapore, Malaysia, Thailand, and Vietnam, concentrate management resources on priority markets and areas, and execute a shift to a growth trajectory.

Overseas Space Solutions Business

Southeast Asia (Space Solutions) : Strengthening the Profit Base

D'Perception will transition from management dependent on the CEO's leadership to organization-driven management, establishing a flat organization and a steady profit base.



Segment Net Sales

35.02 billion yen (FY2025) → **54.2** billion yen (FY2029)

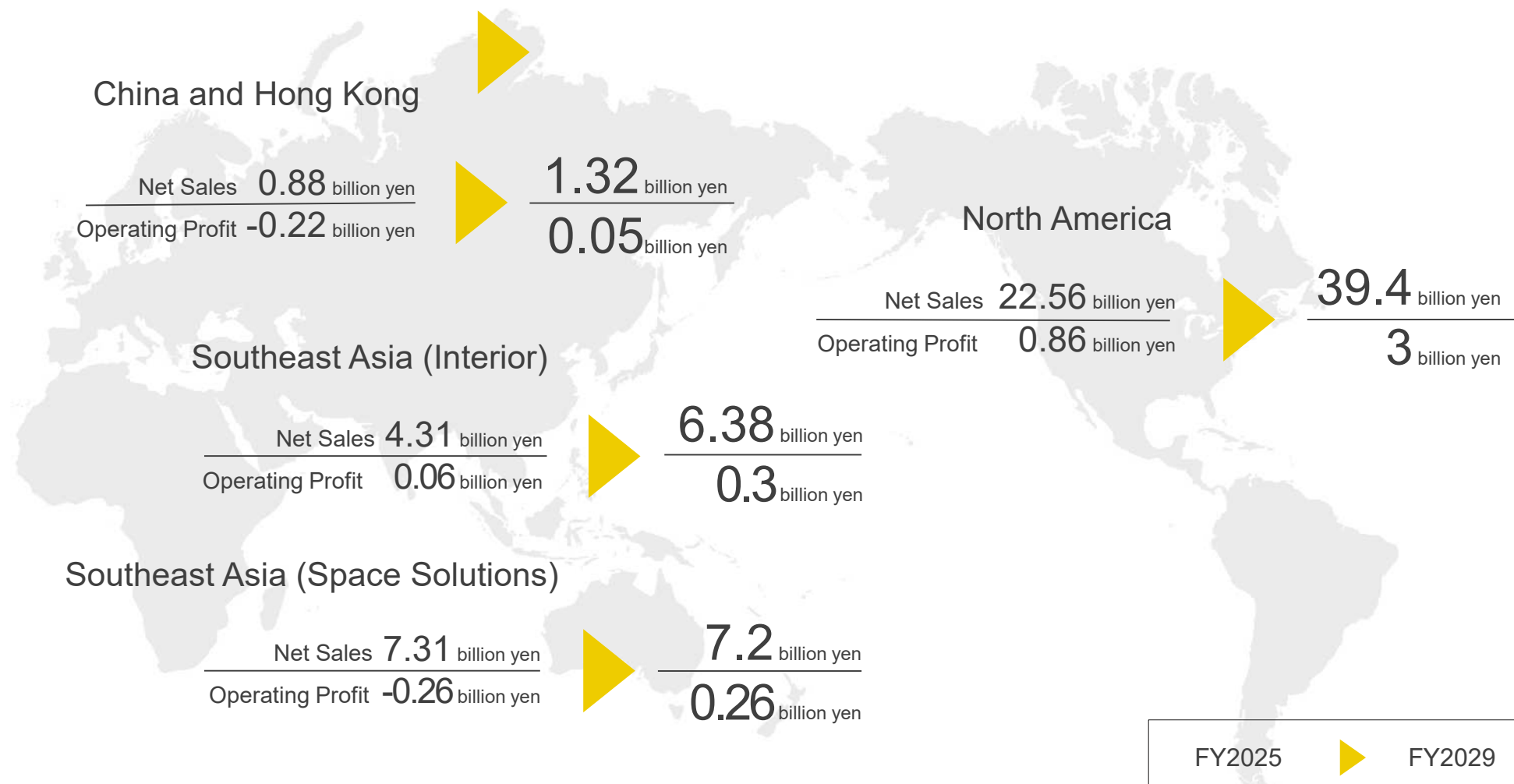
CAGR **11.5** %

Segment Operating Profit

-0.04 billion yen (FY2025) → **3.0** billion yen (FY2029)

Medium-term Business Plan 2029

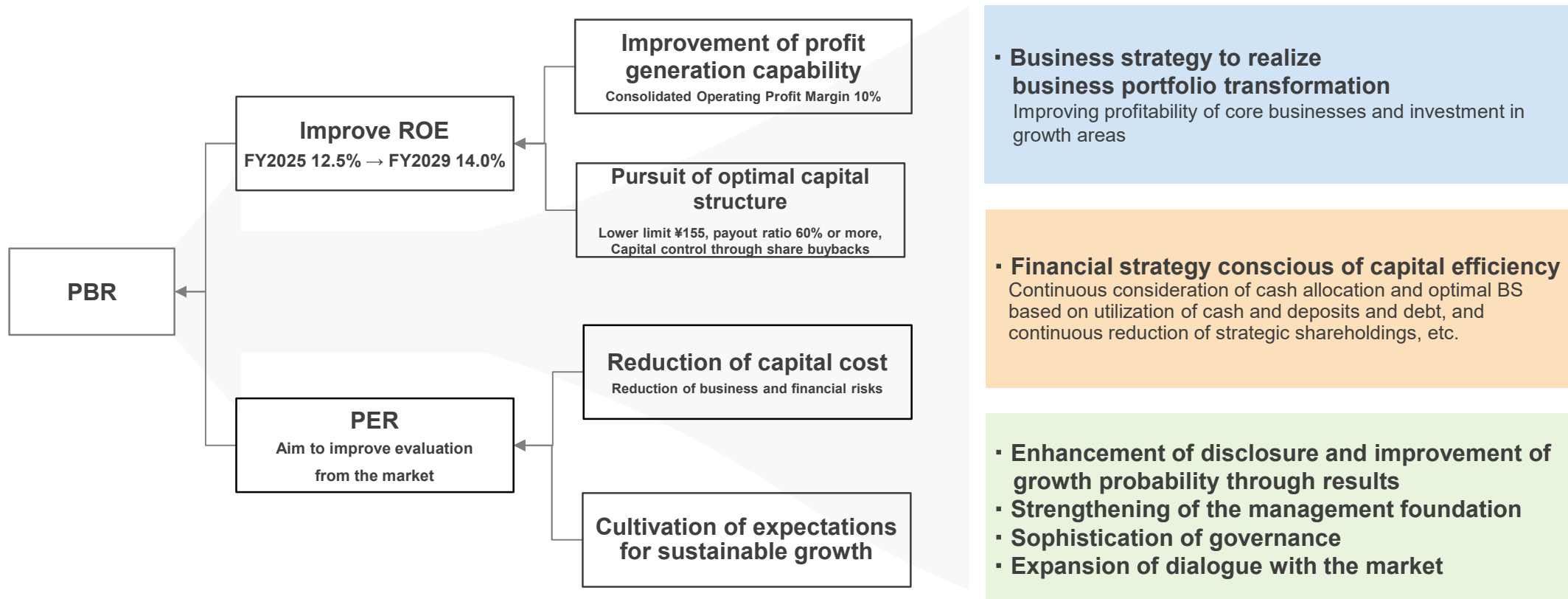
Business Strategy | Overseas Segment / Overseas Interior Business, Overseas Space Solutions Business



Medium-term Business Plan 2029

Financial Strategy | Initiatives to Realize Management Conscious of Capital Cost and Stock Price

Aim to expand equity spread through business portfolio transformation, capital optimization, and strengthening of the management foundation.



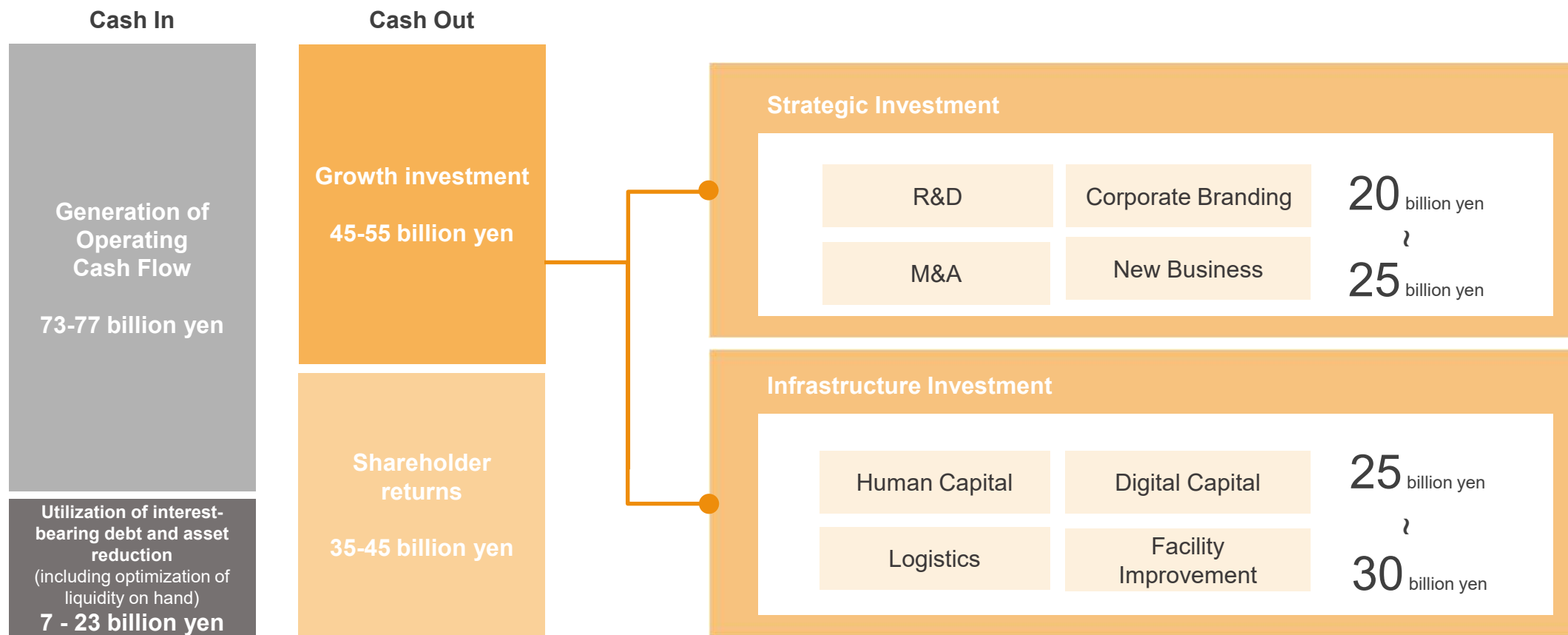
Cost of shareholders' equity: Estimated at approximately 6% to 8% at present (CAPM, implied cost, dialogue with investors, etc.)

Medium-term Business Plan 2029

Financial Strategy | Capital Allocation

Balancing growth investment and capital optimization. Through flexible capital allocation, we will realize growth investment that contributes to profit generation and build an optimal capital structure to achieve ROE of 14%.

Furthermore, we will also consider flexible additional returns, taking into account capital efficiency and the status of growth investments.



Medium-term Business Plan 2029

Financial Strategy | Investment Policy

R&D

- Establish R&D bases to strengthen the development of new materials and new products
- Strengthen alliances with partner companies

Corporate Branding

- Strengthen marketing and promotion functions to communicate the corporate vision of " Shaping Culture from interiors through Materials and Design" to society as a whole

M&A and New Business

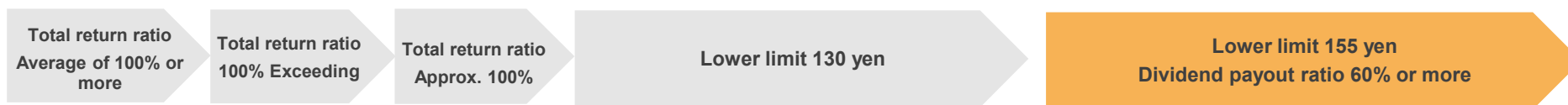
- Expand product portfolio in the interior business
- Examine business opportunities in areas adjacent to the interior business and business opportunities associated with industry reorganization
- Expand business domains and scale overseas, starting with North America

Medium-term Business Plan 2029

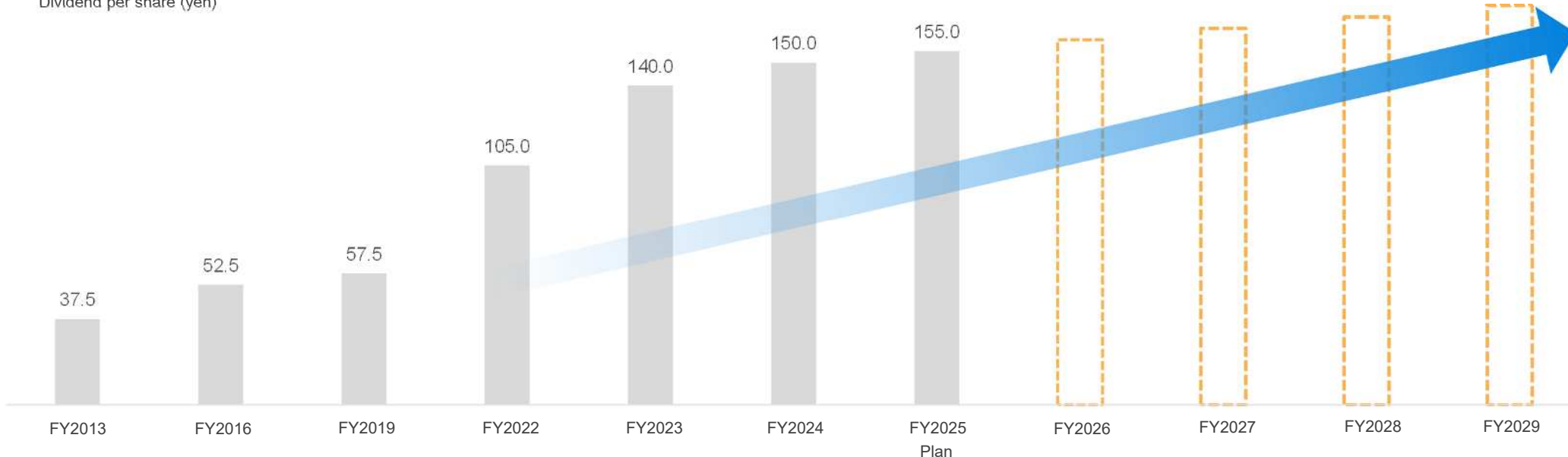
Financial Strategy | Shareholder Return Policy

- Shareholder returns are based on stable dividends, with a minimum annual dividend per share of 155 yen and a target dividend payout ratio* of 60% or more for dividend increases.
- We will consider the acquisition of treasury shares as appropriate, taking into account market conditions, capital efficiency, growth investments, and other factors.

We aim to improve capital profitability by further enhancing our cash generation capabilities and controlling capital through stable dividend increases and the acquisition of treasury shares.



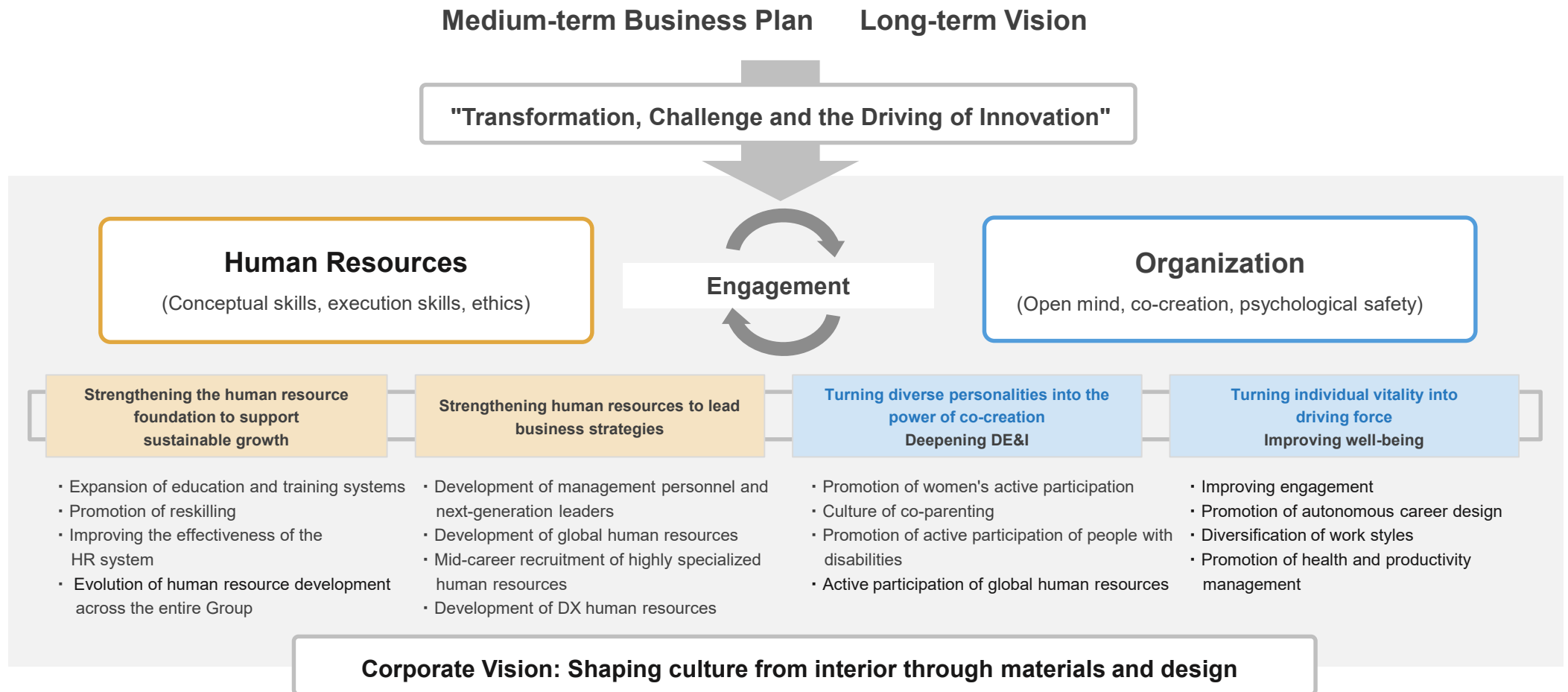
Dividend per share (yen)



Medium-term Business Plan 2029

Management Foundation | Human Capital

To realize and accelerate "Transformation, Challenge" and "the Driving of Innovation," we will implement HR measures linked to management strategies and strengthen the human resource foundation of the Sangetsu Group.



Medium-term Business Plan 2029

Management Foundation | Digital Capital

Evolve digital capital into strategic capital that maximizes profitability and capital efficiency, practice data-driven management by utilizing accumulated digital capital, and promote DX (Digital Transformation) that generates solid financial value.

Improving Productivity × Creating New Value

Top-line growth and bottom-line expansion through automation of business processes

- Standardize operations and improve productivity through IT-driven business process automation and AI-powered advanced decision-making.
- Evolve the IT foundation for growth areas and new product development to contribute to business expansion.

Strengthening the profit structure through SCM sophistication

- Promote SCM structural reform based on data-driven decision-making to maintain appropriate inventory levels, improve throughput of in-warehouse logistics, and achieve optimal inventory allocation.
- Develop ordering and replenishment flows and foundations, including collaboration with suppliers, to generate actual profits across the entire supply chain.

Development of business styles based on generative AI and agentic AI

- Redesign operations based on the use of AI and work to improve and establish IT literacy throughout the company.
- All departments will engage in DX to build organizational capabilities that generate field-led transformation.

Modernization and operation of cybersecurity frameworks

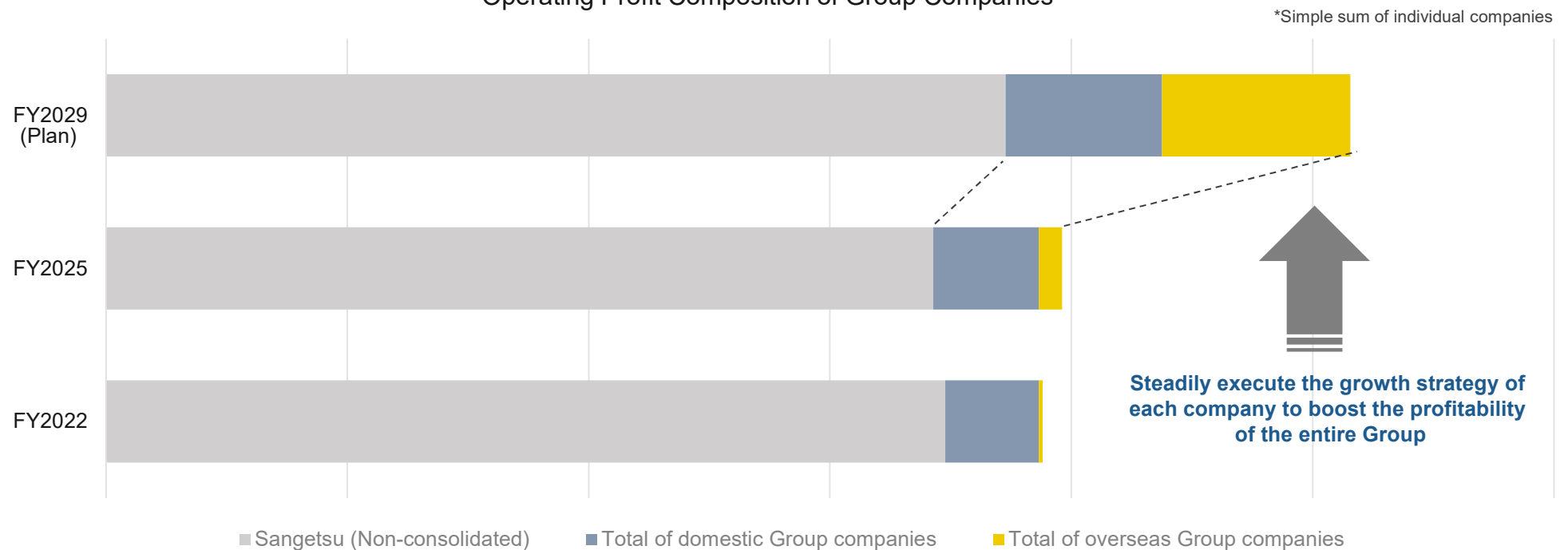
- Accelerate the shift to zero trust to establish security across the entire supply chain.
- Promote cloud-native transformation to strengthen robustness (fault tolerance) and resilience (recovery capability).

Medium-term Business Plan 2029

Management Foundation | Consolidated Management

- ✓ As the Sangetsu Group pursues sustainable growth, the growth of domestic and overseas Group companies, the strengthening of profitability, and the importance of consolidated management as the Sangetsu Group will increase further.
- ✓ We will strengthen and accelerate human resource development across the entire Sangetsu Group to expand our business scale and business domains.

Operating Profit Composition of Group Companies



Medium-term Business Plan 2029

Management Foundation | Sustainability

We will contribute to the realization of a sustainable society through our corporate activities, balancing social responsibility as a company with sound corporate management.

Global Environmental Conservation

- Decarbonization: GHG reduction across the entire supply chain
- Resource Circulation: Waste reduction, promotion of sample book recycling
- Expansion of Environmentally Friendly Products: Strengthening product development that contributes to solving social issues and meeting market needs

Respect for Human Rights in Corporate Activities

- Fair trade and respect for human rights in the supply chain
- Eradication of human rights violations in all corporate activities

Promotion of Social Contribution Activities

- Continuous support for children in need, refugees, etc.
- Contribution to culture and the arts through corporate activities

Strengthening Governance

- Strengthening the governance system to enhance corporate value
- Enhancing the effectiveness of the Board of Directors
- Ensuring thorough compliance across the entire Group

Medium-term Business Plan 2029

Management Foundation | Sustainability Targets

DE&I

- Ratio of female managers*
Non-consolidated **27%**
- Ratio of male employees taking
Childcare Leave
Non-consolidated **100%**

Community Engagement

(Renovation of Children's Care Homes)

- Consolidated **50 cases**



Global Environmental Conservation

■ Decarbonization

1) SCOPE 1 & 2 (vs. FY2021)

Non-consolidated **Carbon neutral**

Consolidated **55% reduction**

2) SCOPE 3

Consolidated

Supplier GHG emission reduction

■ Resource recycling

Non-consolidated

Promotion of sample book recycling

■ Reducing environmental impact through products

Non-consolidated

Expansion of environmentally friendly products



Notes for the Future Outlook

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.

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