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Securities code: 8130

May 29, 2025

(Commencement date of matters subject to electronic provision: May 27, 2025)

**To Our Shareholders:**

Yasumasa Kondo,  
Representative Director, President  
and CEO  
Sangetsu Corporation  
1-4-1 Habashita,  
Nishi-ku, Nagoya, Japan

## **CONVOCATION NOTICE OF THE 73RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to announce the 73rd Ordinary General Meeting of Shareholders (the “Meeting”) of Sangetsu Corporation (the “Company”) to be held as indicated below.

In convening this Meeting, the Company has electronically provided information contained in the reference materials for the general meeting of shareholders, etc. (the “matters subject to electronic provision”) and posted the information on the following websites. Please access any of these websites to review the information.

[The Company’s website]

[https://www.sangetsu.co.jp/company/ir/share\\_info/meeting.html](https://www.sangetsu.co.jp/company/ir/share_info/meeting.html) (in Japanese)

[Website for General Meeting of Shareholders Materials]

<https://d.sokai.jp/8130/teiji/> (in Japanese)

**If you do not attend the Meeting, you may exercise your voting rights via the Internet or in writing (by mail), and please refer to the Reference Materials for the General Meeting of Shareholders, and follow the guidance on page 3 to finish exercising your voting rights by 5:30 p.m. on Tuesday, June 17, 2025, Japan standard time.**

Thank you very much for your cooperation.

- 1. Date and Time:** June 18, 2025 (Wednesday) at 10:00 a.m. Japan standard time (Reception starts at 9:00 a.m.)
- 2. Place:** Hall, 6th floor of the Main Building of the Company’s Head Office,  
1-4-1 Habashita, Nishi-ku, Nagoya, Japan
- 3. Meeting Agenda:**
  - Report matters:**
    1. The Business Report and the Consolidated Financial Statements for the 73rd term (April 1, 2024 to March 31, 2025) and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
    2. Non-consolidated Financial Statements for the 73rd term (April 1, 2024 to March 31, 2025)
  - Resolution matters:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of Two (2) Directors (Excluding Audit and Supervisory Committee Members)
    - Proposal 3:** Election of Five (5) Directors Serving as Audit and Supervisory Committee Members

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- If you plan to attend the Meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.
  - Any amendments to the matters subject to electronic provision will be announced in a notice to that effect and the matters before and after the amendments will be posted on each of the above websites.
  - Shareholders who have requested the delivery of paper documents will also receive a document that includes the matters subject to electronic provision.

## **Instructions Concerning the Exercise of Voting Rights**

The exercise of voting rights in the Ordinary General Meeting of Shareholders is the important right of all shareholders with votes.

Please review the Reference Materials for the General Meeting of Shareholders on the following pages and exercise your voting rights.

You may exercise your voting rights by one of the following three methods:

By exercising voting rights via the Internet

Follow the on-screen instructions to indicate your approval or disapproval to each of the proposals.

Exercise due date: No later than June 17, 2025 (Tuesday) at 5:30 p.m. Japan standard time

By attending the shareholders' meeting

If you plan to attend the Meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.

Date and Time: June 18, 2025 (Wednesday) at 10:00 a.m. Japan standard time

By exercising voting rights in writing (by mail)

Please indicate your approval or disapproval to each of the proposals on the Voting Right Exercise Form and return it to the Company.

Exercise due date: To be received no later than June 17, 2025 (Tuesday) at 5:30 p.m. Japan standard time

**If you have questions about the use of a PC or smartphone  
for exercising voting rights via the Internet, please contact:**

(Help Desk) Transfer Agent Department, Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (from 9:00 a.m. to 9:00 p.m., toll free, only in Japan)

Institutional investors may use the electronic voting rights execution platform operated by the Investor Communications Japan (ICJ) Inc.

## **Reference Materials for the General Meeting of Shareholders**

### **Proposal 1: Appropriation of Surplus**

The Company proposes to appropriate surplus as follows.

Based on its Medium-term Business Plan (2023-2025) [BX 2025], the Company's basic policy of Shareholder Return Strategy is to maintain the shareholders' equity to the range of ¥95.0 billion to ¥105.0 billion as of the end of March 2026; dividends are the main source of shareholder returns, with a minimum annual dividend of ¥130 per share, with the aim of steadily increasing dividends; and share buybacks are also considered depending on market conditions. Based on this policy, the Company intends to carry out appropriation of surplus for the current period as follows in order to recognize the continuing support of shareholders, in light of business results in the current period, future business development and other such considerations.

#### **Matters concerning the year-end dividend**

- 1) Type of dividend assets: We will pay in cash.
- 2) Matters concerning assignment of dividend assets and amounts thereof  
We propose the year-end dividend of ¥75.00 per common share of the Company.  
The total amount of dividend will be ¥4,407,750,525.  
The annual dividend for the current fiscal year amounted to ¥150.00 per share including the amount of interim dividend.
- 3) Effective date of distribution of surplus  
We propose the effective date of dividend to be June 19, 2025.

**Proposal 2: Election of Two (2) Directors (Excluding Audit and Supervisory Committee Members)**

The terms of office of two (2) Directors (excluding Audit and Supervisory Committee Members (here and elsewhere in this proposal)) will expire at the conclusion of this Meeting. Accordingly, the election of two (2) Directors is proposed.

The candidates for Directors are as follows:

Candidate No.	Attribute of candidate	Name	Current positions and responsibilities	Attendance rate of Board of Directors' meetings
1	[Reelected]	Yasumasa Kondo	Representative Director, President and CEO	14/14 100%
2	[Newly elected]	Yutaka Matsuo	Executive Officer, General Manager of Business Division and in charge of Exterior Business and Space Solutions Business	—

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Yasumasa Kondo (December 22, 1963)  [Reelected]	<p>April 1986      Joined Mitsubishi Corporation</p> <p>April 2010      Executive Officer of Mitsubishi Corporation Plastics Ltd. (Secondment)</p> <p>April 2013      General Manager of Synthetic Resin Department and Poly Vinyl Chloride Department of Mitsubishi Corporation</p> <p>April 2016      General Manager of Investment, Chemical Group CEO Office of Mitsubishi Corporation</p> <p>April 2017      Managing Executive Director of Chuo Kagaku Co., Ltd.</p> <p>April 2018      Representative Director, President of Chuo Kagaku Co., Ltd.</p> <p>December 2022      Joined the Company Executive Officer in charge of President's Office</p> <p>April 2023      Executive Officer in charge of administration and Cyber Security</p> <p>June 2023      Director, Executive Officer in charge of administration and Cyber Security</p> <p>July 2023      Director, Managing Executive Officer, General Manager of Corporate Division, Space Planning Division and Cyber Security</p> <p>April 2024      Representative Director, President and CEO (To present)</p>		22,184 shares
		<p>Reasons for nomination as candidate for Director</p> <p>Mr. Yasumasa Kondo was engaged in chemical-related operations at a major trading company and was also previously involved in the management of a listed company (manufacturing) and has extensive knowledge and experience in overall corporate management. Since joining the Company, as an Executive Officer in charge of the President's Office and the Corporate Division, he has been overseeing planning and administrative operations. He took office as President and CEO on April 1, 2024, working to achieve the Company's Long-term Vision [DESIGN 2030] and Medium-term Business Plan (2023-2025) [BX 2025]. Given these experiences and achievements, the Company deemed that he is well qualified to continue to serve as a Director.</p> <p>Attendance to the Board of Directors' meetings held in FY2024: 14/14</p>		
2	Yutaka Matsuo (September 10, 1966)  [Newly elected]	<p>April 1990      Joined the Company</p> <p>April 2018      General Manager of Kita-Kanto Branch</p> <p>April 2020      General Manager of Kansai Branch</p> <p>July 2023      Executive Officer, Manager of the Western Japan Business Unit of Business Division and General Manager of Kansai Branch</p> <p>April 2024      Executive Officer, General Manager of Logistics Division</p> <p>April 2025      Executive Officer, General Manager of Business Division and in charge of Exterior Business and Space Solutions Business (To present)</p>		9,888 shares
		<p>Reasons for nomination as candidate for Director</p> <p>Mr. Yutaka Matsuo has held various positions at the Company including General Manager of Kita-Kanto Branch, General Manager of Kansai Branch and Manager of the Western Japan Business Unit, and has contributed to sales growth at major domestic sales bases. He has also served in a wide range of fields including General Manager of Logistics Division, and most recently, he has promoted the strengthening of logistics functions through grouping SDS Corporation. He took office as General Manager of Business Division in charge of Domestic Interior Business, Space Solutions Business and Exterior Business in April 2025. With his extensive knowledge and experience in the domestic interior business and the logistics industry, as well as the Company's circumstances, the Company deemed that he is well qualified to serve as a Director.</p>		

- (Notes)
1. There is no special interest between each candidate and the Company.
  2. The Company adopted an executive officer system as of April 1, 2016.
  3. Opinion of the Audit and Supervisory Committee related to the election of Directors  
With regard to the election of Directors other than the Audit and Supervisory Committee Members, the Nomination and Remuneration Committee attended by all Outside Directors serving as Audit and Supervisory Committee Members made a preliminary review. Subsequently, the Audit and Supervisory Committee determined that each candidate is appropriate and qualified to be entrusted with the enhancement of the medium- to long-term corporate value through deliberate considerations in light of such factors as their insight, experience, and capabilities.
  4. The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act of Japan. The insurance policy covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. If each candidate is elected and assumes the position of Director, each candidate will be included as the insured under this insurance policy. The Company plans to renew the insurance policy at the next renewal date with the same terms and conditions.

**Proposal 3: Election of Five (5) Directors Serving as Audit and Supervisory Committee Members**

The terms of office of five (5) Directors serving as Audit and Supervisory Committee Members will expire at the conclusion of this Meeting. Accordingly, the election of five (5) Directors serving as Audit and Supervisory Committee Members is proposed.

The agreement of the Audit and Supervisory Committee has been received for this proposal.

The candidates for Directors serving as Audit and Supervisory Committee Members are as follows:

Candidate No.	Attribute of candidate	Positions and responsibilities	Name		Attendance rate of Board of Directors' meetings	Attendance rate of Audit & Supervisory Committee meetings
1	[Reelected]	Director (Audit and Supervisory Committee Member)	Michiyo Hamada	[Outside] [Independent] [Female]	14/14 100%	14/14 100%
2	[Reelected]	Director (Audit and Supervisory Committee Member)	Kenichi Udagawa	[Outside] [Independent]	14/14 100%	14/14 100%
3	[Reelected]	Director (Audit and Supervisory Committee Member)	Osamu Terada	[Outside] [Independent]	14/14 100%	14/14 100%
4	[Reelected]	Director (Audit and Supervisory Committee Member)	Aki Ogane	[Outside] [Independent] [Female]	11/11 100%	10/10 100%
5	[Reelected]	Director (Full-Time Audit and Supervisory Committee Member)	Yosuke Mine		11/11 100%	10/10 100%



No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Michiyo Hamada (November 25, 1947)</p> <p>[Reelected] [Outside] [Independent] [Female]</p>	<p>April 1985 Law professor at Nagoya University</p> <p>April 1999 Professor of Nagoya University Graduate School of Law</p> <p>April 2008 President of Nagoya University School of Law</p> <p>April 2009 Professor emeritus of Nagoya University (To present) Commissioner of Japan Fair Trade Commission</p> <p>June 2015 Outside Director (Audit and Supervisory Committee Member) of the Company (To present)</p> <p>(Significant concurrent positions) Outside Board Member of AISIN CORPORATION Outside Director of Toho Gas Co., Ltd.</p> <p>Reasons for nomination as candidate for Outside Director serving as Audit and Supervisory Committee Member Ms. Michiyo Hamada possesses a wealth of experience and keen, specialist insight as a scholar of corporate law and ex-commissioner of the Japan Fair Trade Commission. In addition to actively providing opinions on corporate law and opinions regarding the Company's efforts to promote women's participation and advancement in the workplace at Board of Directors' meetings and the like, she also plays a role in the supervision and auditing of management. The Company has deemed that Ms. Hamada's insight can continue to be utilized in company management and requests that she be elected as an Outside Director serving as Audit and Supervisory Committee Member.</p>	0 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Kenichi Udagawa (April 5, 1949)  [Reelected] [Outside] [Independent]	<div>June 2004      Director of Tosoh Corporation</div> <div>June 2008      Managing Director of Tosoh Corporation</div> <div>June 2009      President of Tosoh Corporation</div> <div>March 2016     Director and Corporate Advisor of Tosoh Corporation</div> <div>June 2018      Honorary Advisor of Tosoh Corporation</div> <div>June 2019      Retired from Honorary Advisor of Tosoh Corporation</div> <div>June 2019      Outside Director (Audit and Supervisory Committee Member) of the Company (To present)</div>	0 shares
		<p>Reasons for nomination as candidate for Outside Director serving as Audit and Supervisory Committee Member</p> <p>Mr. Kenichi Udagawa has contributed to the establishment and expansion of various overseas businesses in addition to the establishment of the production and manufacturing business in a listed company, and possesses a wealth of experience and keen, specialist insight as an individual with experience as a representative director. In addition to actively providing opinions on overall corporate management and opinions regarding the Company's overseas business operations at Board of Directors' meetings and the like, he also plays a role in the supervision and auditing of management. The Company has deemed that Mr. Udagawa's insight can continue to be utilized in corporate management at the Board of Directors' meetings and the like, and thereby requests that he be elected as an Outside Director serving as Audit and Supervisory Committee Member.</p>	

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Osamu Terada (April 7, 1953)  [Reelected] [Outside] [Independent]	<p>June 2005 Executive Officer of SHIMIZU CORPORATION</p> <p>June 2010 Managing Officer of SHIMIZU CORPORATION</p> <p>April 2013 Senior Managing Officer of SHIMIZU CORPORATION</p> <p>June 2014 Executive Vice President and Representative Director of SHIMIZU CORPORATION</p> <p>June 2020 Senior Advisor of SHIMIZU CORPORATION</p> <p>June 2021 Retired from Senior Advisor of SHIMIZU CORPORATION</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member) of the Company (To present)</p> <p>Reasons for nomination as candidate for Outside Director serving as Audit and Supervisory Committee Member Mr. Osamu Terada has contributed to the expansion of the construction business in Japan at a listed company (a major construction company). In addition, he possesses a wealth of experience and keen, specialist insight as an individual with experience as a representative director. In addition to actively providing opinions on overall corporate management as well as the construction industry as a whole at the Board of Directors' meetings and the like, he also plays a role in the supervision and auditing of management. The Company has deemed that Mr. Terada's insight can continue to be utilized in corporate management at the Board of Directors' meetings and the like, and thereby requests that he be elected as an Outside Director serving as Audit and Supervisory Committee Member.</p> <p>[Supplementary explanation regarding independence] Mr. Osamu Terada served as Director of SHIMIZU CORPORATION until June 2020. However, the amount of transactions between the Company and SHIMIZU CORPORATION is 0.0047% of the Company's consolidated net sales for fiscal 2024 and, thus, he fulfills the Company's Standards of Independence for Outside Directors. The Company therefore has deemed that there are no issues regarding his independence.</p>	0 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Aki Ogane (May 23, 1963)  [Reelected] [Outside] [Independent] [Female]	<p>April 1987      Joined The Sumitomo Bank, Ltd. (current Sumitomo Mitsui Banking Corporation)</p> <p>April 2010      General Manager of Internal Control Department of Daiwa Netbank Establishment Preparation Co., Ltd. (Secondment)</p> <p>April 2011      Director of Daiwa Next Bank, Ltd.</p> <p>March 2012      Retired from Director of Daiwa Next Bank, Ltd.</p> <p>March 2012      Senior Inspector and Audit Division of Sumitomo Mitsui Banking Corporation</p> <p>March 2019      Retired from Sumitomo Mitsui Banking Corporation</p> <p>September 2021      Director of OMA Co., Ltd.</p> <p>June 2023      Retired from Director of OMA Co., Ltd.</p> <p>June 2024      Outside Director (Audit and Supervisory Committee Member) of the Company (To present)</p>	0 shares
		<p>Reasons for nomination as candidate for Outside Director serving as Audit and Supervisory Committee Member</p> <p>Ms. Aki Ogane joined a major bank as one of the first female employees in the career position after Equal Employment Opportunity Act came into effect. She has a wide range of work experience in capital markets, financing, administrative planning, location management, audit, etc. During her secondment (financial institution), she has engaged in the management as a director. In addition to actively providing opinions on overall corporate management and opinions on finance/accounting at the Board of Directors' meetings and the like, she also plays a role in the supervision and auditing of management. The Company has deemed that Ms. Ogane's insight can continue to be utilized in corporate management at the Board of Directors' meetings and the like, and thereby requests that she be elected as an Outside Director serving as Audit and Supervisory Committee Member.</p> <p>[Supplementary explanation to the independence]</p> <p>Until March 2019, Ms. Aki Ogane worked at Sumitomo Mitsui Banking Corporation. However, over six years have passed since she resigned from said company. In addition, as of March 31, 2025, the Group's borrowings from the bank were 1.904% of the Company's consolidated total assets, and she therefore fulfills the Company's Standards of Independence for Outside Directors and the Company has deemed that there are no issues regarding her independence.</p>	

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Yosuke Mine (December 10, 1959)  [Reelected]	<p>April 1984      Joined the Company</p> <p>July 2014      General Manager of Chugoku-Shikoku Branch</p> <p>April 2016      Executive Officer and General Manager of Chugoku-Shikoku Branch</p> <p>April 2017      Executive Officer and Deputy General Manager of the Logistics Unit</p> <p>April 2019      Executive Officer and General Manager of the Logistics Unit</p> <p>July 2023      Managing Executive Officer and General Manager of Logistics Division</p> <p>April 2024      Managing Executive Officer in charge of Logistics Division</p> <p>June 2024      Director (Full-Time Audit and Supervisory Committee Member) of the Company (To present)</p>	18,700 shares
		<p>Reasons for nomination as candidate for Director serving as Audit and Supervisory Committee Member</p> <p>Mr. Yosuke Mine has served in the wide range of fields including General Manager of Chugoku-Shikoku Branch and General Manager of Logistics Unit. He is well versed in the domestic interior business and the logistics industry, as well as the Company's circumstances, and has abundant practical knowledge and experience, including serving as director of a subsidiary. In addition to the collection of daily information within the Company at the Audit and Supervisory Committee and regular hearings of business reports from the business departments and the like, he also plays a role in the supervision and auditing of management. The Company has deemed that Mr. Mine's insight can continue to be utilized in corporate management at the Board of Directors' meetings and the like, and thereby requests that he be elected as a Director serving as Audit and Supervisory Committee Member.</p>	

- (Notes) 1. There is no special interest between any of the candidates and the Company.
2. Ms. Michiyo Hamada, Mr. Kenichi Udagawa, Mr. Osamu Terada and Ms. Aki Ogane are candidates for Outside Directors.
3. Regarding the independence of candidates for Outside Directors  
The candidates for Outside Directors fulfill the Company's stipulated requirements (listed below) for independence of Outside Directors.
- (1) A person who does not fall under any of the following items at present
- 1) A shareholder holding 5% or more of the voting rights of the Company or executive thereof;
  - 2) An executive of a business partner whose transaction amount with the Company is equivalent to 2% or more of consolidated net sales of the Company or a subsidiary of such a business partner;
  - 3) An executive of a major lender to the Company (i.e., a lender with which the Group has an outstanding borrowings equivalent to 2% or more of the consolidated total assets of the Company at the end of the latest fiscal year);
  - 4) A certified public accountant who belongs to the Accounting Auditor of the Company;
  - 5) A consultant, an accounting specialist, or a legal specialist who receives money or other monetary benefits amounting to ¥10 million or more on an annual basis, separate from Director's remuneration from the Company (if the entity receiving such monetary benefits is an organization such as a corporation and association, a person who belongs to such an entity);
  - 6) An executive of an organization that has received a donation of ¥1 million or more on an annual basis from the Company; and
  - 7) A person who is a relative within the second degree of kinship of 1) through 6) above.
- (2) A person who does not fall under any of items 1) through 7) above at any time in the last three years
4. Ms. Michiyo Hamada, Mr. Kenichi Udagawa, Mr. Osamu Terada and Ms. Aki Ogane are currently Outside Directors serving as Audit and Supervisory Committee Members. The terms of office of each individual at the conclusion of this Meeting will be ten years for Ms. Michiyo Hamada, six years for Mr. Kenichi Udagawa, four years for Mr. Osamu Terada and one year for Ms. Aki Ogane.
5. The Company has filed the relevant notifications with the Tokyo Stock Exchange (TSE) and Nagoya Stock Exchange (NSE), per the stipulations of each Exchange, that Ms. Michiyo Hamada, Mr. Kenichi Udagawa, Mr. Osamu Terada and Ms. Aki Ogane are Independent Officers. If the election of them is approved, the Company plans to continue to file them as Independent Officers.
6. Under the provisions of Article 427, paragraph 1 of the Companies Act, the Company has concluded contracts for limitation of liability with Ms. Michiyo Hamada, Mr. Kenichi Udagawa, Mr. Osamu Terada, Ms. Aki Ogane and Mr. Yosuke Mine as provided for in Article 423, paragraph 1 of the Companies Act. The maximum amount of the liability for damage based on said contracts is the amount prescribed in laws and regulations. If the election of them is approved, the Company plans to continue to conclude such agreement with them.
7. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act. The insurance policy covers damages that may arise when the insured persons assume liability for the execution of his or her duties or receive a claim related to the pursuit of such liability. If each candidate is elected and assumes the position of Director serving as Audit and Supervisory Committee Members, each candidate will be included as the insured under this insurance policy.
8. Aki Ogane's name in the family register is Aki Hayasaki.
9. Ms. Michiyo Hamada is scheduled to retire from her position as Outside Board Member of AISIN CORPORATION on June 17, 2025.

## [Reference] Director Skills Matrix

Aiming to transform into a Space Creation Company, as for the experience and insight expected from Directors and Audit and Supervisory Committee Members, we have formulated a skills matrix based on the basic skills of management, as well as based on the expertise in line with the Company's businesses and skills necessary for growth.

For the composition of the Board of Directors, we have established our own criteria for independence, taking into consideration the diversity of experience, insight, and abilities, etc., as well as emphasizing a high level of expertise and experience to provide frank and constructive advice on the Company's management. Currently, four (4) of the seven (7) Directors are independent outside directors. To strengthen the independent and objective oversight of the Board of Directors, the Company has introduced a governance and management execution structure that separates the "supervision" and "execution" of management.

The expertise and experience of the candidates for Directors proposed in Proposal 2 and Proposal 3 are as follows:

	Name	Outside Independence	Gender ● Male ○ Female	Experience and insight expected from Directors					
				Experience and insight for basis of management					
				Corporate management	Finance/Accounting	Legal Affairs/Risk management	Human resources strategy	DX/IT	Sustainability/ESG
Directors	Yasumasa Kondo		●	●	●	●	●	●	●
	Yutaka Matsuo		●						
Audit and Supervisory Committee Members	Michiyo Hamada	●	○			●	●		●
	Kenichi Udagawa	●	●	●		●	●		●
	Osamu Terada	●	●	●			●		●
	Aki Ogane	●	○	●	●			●	●
	Yosuke Mine		●	●					●

	Name	Experience and insight expected from Directors					
		Expertise in line with the Company's businesses and experience and insight necessary for growth					
		Industry knowledge	Development /Quality	Sales/Marketing	Supply chain management	Global business	Business model innovation and transformation
Directors	Yasumasa Kondo	●	●	●	●	●	●
	Yutaka Matsuo	●		●	●		●
Audit and Supervisory Committee Members	Michiyo Hamada					●	
	Kenichi Udagawa	●	●			●	
	Osamu Terada	●	●	●		●	
	Aki Ogane			●		●	
	Yosuke Mine	●		●	●		

## Our approach to the skills required for Directors

Name of skill	Reason necessary
Corporate management	In order to achieve sustainable growth and enhance corporate value over the medium to long term, it is necessary to have Directors with extensive insight and experience in management as top executives.
Finance/Accounting	In order to effectively supervise financial strategy and accounting procedures, etc. and improve the reliability of various financial decisions, it is necessary to have Directors with extensive insight and experience in finance and accounting.
Legal Affairs/Risk management	In order to establish a sincere and highly transparent system for compliance with laws and regulations and a risk management system, which form the foundation of corporate activities, it is necessary to have Directors with extensive insight and experience in legal affairs, compliance, and risk management.
Human resources strategy	The driving force behind the promotion of growth strategies is “human resources,” and it is necessary to have Directors with extensive insight and experience in human resources strategy in order to maximize the value of human capital.
DX/IT	In order to respond appropriately to changes in the business environment and achieve strengthening of competitiveness and creation of new value, strategic utilization of digital technology is essential, and it is necessary to have Directors with extensive insight and experience in DX and IT.
Sustainability/ESG	In order to realize a sustainable circular society, respond appropriately to environmental and social issues, and achieve sustainable growth as a company, it is necessary to have Directors with extensive insight and experience in sustainability and ESG.
Industry knowledge	In order to transform into a Space Creation Company and expand the business domain, it is necessary to have Directors with specialized insight and experience not only in the existing interior industry but also in the entire value chain, including materials and construction.
Development/Quality	Innovative product development and design, as well as the provision of quality that ensures security and safety, are important factors for business continuity and expansion. Therefore, it is necessary to have Directors with extensive insight and experience in development and quality.
Sales/Marketing	In order to provide high-quality solutions from a market-in perspective, it is necessary to have Directors who are knowledgeable about the domestic and overseas market environment and relationships with stakeholders such as customers and business partners, and who have extensive insight and experience in formulating and executing sales strategies.
Supply chain management	In a business model that provides a wide variety of products to accurately meet diverse market and customer needs, optimal supply chain management is essential, and Directors with such specialized insight and experience are necessary.
Global business	It is essential to expand our business model and capture growth in large overseas markets, and therefore it is necessary to have Directors with extensive insight and experience in global business.
Business model innovation and transformation	In order to transform into a Space Creation Company, it is necessary to accelerate the expansion of business domain and the creation of new businesses. It is necessary to have Directors with multifaceted and extensive insight, experience, and a mindset for innovation and transformation.



## **Business Report**

**(April 1, 2024 to March 31, 2025)**

### **1. Overview of the Sangetsu Group (the “Group”)**

#### **(1) Business Progress and Results**

During the fiscal year under review, in the Japanese economy, while consumer confidence weakened due to rising prices, the economy has been showing a moderate recovery trend, supported by improving employment and income environments and recovery in corporate earnings. On the other hand, the outlook remains uncertain due to continued price increases, financial market volatility, and developments in U.S. trade policy.

In the Japanese construction market, which has a direct impact on the Company’s business earnings, there was an increase in new housing starts and floor area in March 2025 due to the rush demand for construction before the revision of Item 4 special rules of the amended Building Standards Act. However, overall, the market remained sluggish, weighed down by persistently high construction costs and labor shortages. In the non-housing market, the number of new housing starts and floor area increased in some areas, but still remained weak. On the other hand, according to a survey on building renovations and renewals released by the Ministry of Land, Infrastructure, Transport and Tourism orders received through the third quarter remained steady, and therefore, the demand for renovations and renewals in the fiscal year under review is expected to increase year on year.

In this business environment, based on the Long-Term Vision [DESIGN 2030], which was revised in May 2023, and the Medium-term Business Plan [BX 2025] (BX: Business Transformation), which was announced at the same time, the Group is strengthening and expanding its core businesses of interior, exterior, overseas, and space solutions business, aiming to transform itself into a Space Creation Company and create next-generation businesses. During the fiscal year under review, we worked to publish main sample books for wallpaper, flooring materials, fabrics, etc. and promote their penetration into the market. We also revised product transaction prices in response to increases in procurement costs, logistics costs, labor costs, and utility costs, etc. Furthermore, we steadily implemented various initiatives outlined in the Medium-Term Business Plan, such as enhancing human capital through engagement improvement measures, expanding recruitment and training, and strengthening supply chain management utilizing digital capital. In addition, we have launched open innovation with startup companies in March 2024 as one of the possibilities for next-generation businesses, starting with the new value-creation base “PARCs Sangetsu Group Creative Hub (“PARCs”)”

Through these corporate activities, we maintained our market share in the Domestic Interior segment despite weak market conditions, and saw growth in medium-sized products and the effects of price revisions. Furthermore, driven by the North American business in the Overseas segment, consolidated net sales increased year on year. In terms of profits, operating income decreased due to continued increases in procurement costs, increased costs associated with strengthening business infrastructure such as IT and logistics, and increases in personnel expenses.

As a result, consolidated financial results for the fiscal year under review recorded ¥200,378 million in net sales, up 5.5% year on year, ¥18,174 million in operating income, down 4.9% year on year, ¥18,606 million in ordinary income, down 5.5% year on year and ¥12,567 million in net income attributable to owners of the parent, down 12.1% year on year.

#### **(Reference) Consolidated Financial Highlights**

(Millions of yen; percentages indicate year-on-year changes)

<b>Net sales</b>	<b>Operating income</b>	<b>Ordinary income</b>	<b>Net income attributable to owners of the parent</b>
200,378	18,174	18,606	12,567
up 5.5%	down 4.9%	down 5.5%	down 12.1%

**(Domestic Interior segment) Net sales ¥163,986 million**

**Main business**

Planning, manufacturing and sales of interior products such as wall coverings, flooring, and fabrics; space design proposals and construction, etc.

(Millions of yen)

	72nd term Fiscal year ended March 31, 2024	73rd term Fiscal year ended March 31, 2025
Net sales	159,157	163,986
Operating income	19,489	18,940

For the Domestic Interior segment, despite the challenging external environment, as seen in the decline in new housing starts and floor area, our solution proposals, which combine the Group's products, design, logistics, and construction capabilities to meet the needs of markets, regions, and customers, have been successful, resulting in expanded sales of products that meet those needs. In addition, the price revisions implemented in December 2024 in response to increases in procurement costs, logistics expenses, labor costs, utility costs, etc. have been steadily absorbed. In terms of quantity for the main product, wallpaper, under the aforementioned challenging external environment, there was a rush in demand before the price revision and a subsequent decline afterward. In the fourth quarter, the impact of the decline continued. However, the impact on market share compared to industry-wide wallpaper shipment volumes remains limited.

As for logistics functions, we have expanded "Service Crews," which are designed to provide delivery services, restructured the regional delivery system, and introduced unit load systems aimed at labor-saving and manpower reduction, in order to realize more effective and efficient procurement logistics, inter-base logistics, and sales logistics, with an eye on the 2024 logistics issue. Additionally, in April 2025, we made SDS Corporation, a logistics company, which had previously been contracted for our shipping and delivery services, a group company. Going forward, we will strive to further enhance logistics functions through optimization and efficiency improvements in procurement and sales logistics.

Regarding proposals for space solutions, by strengthening proposal activities utilizing the expertise of mid-career hires and the cultivated know-how and business foundation of the Group, we have seen an increase in the number of orders received, as well as the creation and expansion of product sales opportunities based on these proposals.

In product development, we have worked to increase added value by publishing new sample books based on market needs and strengthening product brands through collaborations with external parties, and also promoted market penetration through exhibitions and design contests such as our own Sangetsu Design Award 2024. To further ensure the stable supply of safe and secure products and services, we are accelerating various initiatives aimed at strengthening quality control systems and optimizing the supply chain. As a result of these efforts, for the internationally renowned "iF Design Award," following our wallpaper product made from recycled resources, "MEGURReWALL," which was awarded last year, our collaboration wallpaper with the National Museum of Nature and Science, "Day and Night Science Museum," received the "iF Design Award 2025."

Additionally, due to the impact of a fire at one of our supplier's factories in December 2024, we have suspended orders for certain flooring products since February 2025. However, during the fiscal year ending March 31, 2026, we plan to rebuild the supply system through alternative production, etc. and gradually resume sales around the second quarter.

As a result, the Domestic Interior segment recorded net sales of ¥163,986 million (up 3.0% year on year) and operating income of ¥18,940 million (down 2.8% year on year). Furthermore, the Wall Covering Unit recorded net sales of ¥78,644 million (up 1.8% year on year), the Flooring Unit recorded net sales of ¥57,377 million (up 1.8% year on year), the Fabrics Unit recorded net sales of ¥9,609 million (up 1.1% year on year), and others including design fees and construction recorded net sales of ¥18,354 million (up 14.3% year on year).

**(Domestic Exterior segment) Net sales ¥6,611 million**

## Main business

Sale and installation of exterior products including doors, fences, carports, etc.; exterior space design and construction

	(Millions of yen)	
	72nd term Fiscal year ended March 31, 2024	73rd term Fiscal year ended March 31, 2025
Net sales	6,462	6,611
Operating income	(77)	17

For the Domestic Exterior segment, the overall exterior market continued to face difficult conditions due to the slump in new housing starts, which is the main market. Under such circumstances, at our group company, Sungreen Co., Ltd., sales increased because sales at the two new branches in the Kanto region, established as part of geographical expansion strategies, exceeded our plans, and also due to the passing on of price increases from major manufacturers to sales prices, and a rush in demand before price increases by other manufacturers. In the proposal business, including exterior space design and construction, sales activities aimed at expanding sales channels and expanding construction areas have been successful, leading to an increase in orders. Furthermore, initiatives aimed at creating new added value and enhancing competitive advantages through collaboration with the space solutions business of the Company are also progressing.

As a result, net sales of the Domestic Exterior segment were ¥6,611 million (up 2.3% year on year), and operating income was ¥17 million (operating loss of ¥77 million for the previous fiscal year).

**(Overseas segment) Net sales ¥29,794 million**

## Main business

Manufacturing and sales of interior products; space design and construction, etc.

	(Millions of yen)	
	72nd term Fiscal year ended March 31, 2024	73rd term Fiscal year ended March 31, 2025
Net sales	24,292	29,794
Operating income	(311)	(785)

In the Overseas segment, the results of overseas subsidiaries and associates over the period from January to December 2024 are included in results for the fiscal year under review.

In North America, sales increased, mainly driven by the effect of price revisions of self-manufactured wallpapers, in addition to sales growth of self-manufactured wallpapers in the mainstay hotel segment and increased sales volumes of strategic products in segments other than the hotel segment. In the profit aspect, although there were increases in manufacturing costs to maintain quality and personnel expenses, including performance-based bonuses, profits increased compared to the previous fiscal year due to higher sales and improved defect rates.

In Southeast Asia, our Group incorporated D'Perception Pte Ltd, a company engaged in space design and general construction, with the aim of creating synergies with our existing interior product wholesale business. As a result of this initiative, along with sales growth in Malaysia and Thailand within the wholesale business, sales in these regions increased year on year. On the other hand, in Singapore, our main market, the impact of reduced orders became significant, leading to an expanded deficit for the full year. However, through cost optimization, the deficit for the fourth quarter was reduced compared to the third quarter. In addition, in April 2025, we renewed the management structure.

In China and Hong Kong, the situation remains challenging due to factors such as a sluggish real estate market and declining consumer confidence caused by the deterioration of the employment situation. There were also temporary expenses incurred for measures aimed at returning to profitability, and as a result, the operating loss widened in the fourth quarter. However, we are working to reform the management structure in Hong Kong, increase sales through the expansion of customer bases and sales channels, and optimize costs through organizational restructuring.

As a result, net sales of the Overseas segment were ¥29,794 million (up 22.6% year on year), and operating loss was ¥785 million (operating loss of ¥311 million for the previous fiscal year) mainly due

to deteriorating performance in Asia, and an increase in selling, general and administrative expenses, including temporary expenses related to the acquisition of shares in D'Perception Pte Ltd. recorded in the first quarter and organizational restructuring expenses associated with the consolidation of the company, while revenue and profit continued to increase in North America.

## **Efforts toward Sustainability**

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. In January 2024, we established a new corporate philosophy aimed at achieving both economic and social value. At the highest conceptual level, the Purpose for why we exist is defined as “With all people we collaborate to create peaceful and inspirational spaces.” We aim to create “a world where everyone can achieve their dreams together for a better tomorrow,” and we are advancing management that links business activities with sustainability initiatives.

As some of our efforts related to the environment, we have prioritized the development of low environmental-impact products as one of key issues. We have launched the sale of “biocloth,” a wallpaper that reduces environmental impact achieves reduced environmental impact by using plant-derived plasticizers and non-fluorinated water-repellent agents while maintaining the same workability as conventional PVC wallpaper. This product was awarded the GOOD DESIGN AWARD 2024. In addition, we are accelerating efforts to address social issues by offering a wide range of low environmental-impact products that contribute to a decarbonized society and water resource conservation in the sample books. Furthermore, these initiatives are expanding not only in the field of interiors but also in exteriors. In March 2025, in partnership with the Misawa Homes Group, we announced the joint development of “Forest Wood™,” an artificial wood deck made from 100% recycled raw materials that contributes to reducing the environmental impact across the entire supply chain. Regarding the GHG emissions reduction targets set forth in the Medium-term Business Plan [BX 2025], we are steadily advancing efforts throughout the entire supply chain. These efforts include the self-supply of renewable energy generated in-house and activities to reduce energy losses during equipment operation, carried out in collaboration with a group company CREANATE Inc., a vinyl wallpaper manufacturer.

As some of our efforts in human capital, the PARCs, a new value creation base, has obtained Gold level certification under the “WELL Building Standard™ v2,” a global assessment standard for buildings that focuses on people’s health and well-being. Furthermore, in recognition of our long-term efforts for “an enthusiastic workplace promoting health throughout life where employees can enjoy working” based on our basic Health and Productivity Management Policy, we have been certified as a “KENKO Investment for Health 2025” for the sixth consecutive year and the seventh time in total. In terms of “diversity, equity and inclusion, the Company has received the highest Gold certification for the second consecutive year in the “PRIDE Index 2024,” an LGBTQ+ assessment standard, in recognition of various initiatives based on the Sangetsu Group Basic Policy on Diversity, Equity & Inclusion. The Group aims to become a company with sustainable growth by fostering the mutual enhancement of “employee happiness” and “corporate growth” through the strengthening of our human capital.

As some of our efforts in social contribution, we implemented continuous activities in which employees, including those from group companies, can proactively participate, such as support for the interior renovation of children’s care homes, which we have implemented since 2014, cooperation with NPOs that support children in developing countries, and participation in industry-university collaborative projects. Specifically, we have been actively engaged in social participation initiatives through collaboration with various stakeholders, leveraging our business as a starting point. These initiatives include the renovation of children’s welfare facilities in partnership with Habitat for Humanity Japan, which is a certified NPO and one of the ongoing support organizations, and co-creation projects with NOMURA Co., Ltd. that aim to resolve social issues through “spaces.” The Group will continue to work on resolving social issues through space creation, the core of its 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.

## **(2) Capital Investments**

During the fiscal year under review, the Group as a whole made ¥6,134 million in capital investment, including investments to establish a new plant to ensure a sustainable and stable supply of wallpaper in the Domestic interior segment, as well as in the introduction and renewal of logistics facilities, etc.

## **(3) Financing**

The capital investment was covered by the Group’s own funds, and the Group did not procure financing by capital increase or bond issue in the fiscal year under review.

## **(4) Issues to Address**

With regard to the future outlook, while the domestic economic environment is expected to continue on a moderate recovery trend, it is necessary to tread carefully as the situation is expected to remain

uncertain due to instability in the global situation caused by increasing geopolitical risks, such as developments in reciprocal tariff measures of the United States, as well as changes in demand environments in various regions and impacts on procurement costs arising from exchange rate fluctuations and monetary policies.

For the Japanese construction markets, which has the greatest impact on the Company's businesses, this is expected to remain weak compared to the previous year, particularly in the housing market, due to factors such as high construction costs and labor shortages suppressing housing demand, resulting in continued sluggishness in new housing starts and floor area. In the non-housing market, although we cannot expect a strong growth in new construction demand, growth factors are anticipated in segments such as hotels and accommodation facilities boosted by inbound demand, and the office renovation market.

Under such circumstances, the Company has established a vision of becoming a "Space Creation Company" for 2030, and has been proceeding with implementation of its growth strategy based on the Medium-term Business Plan (2023-2025) [BX 2025] targeting the fiscal year ending March 31, 2026, in order to realize sustainable and long-term enhancement of corporate value under an environment of continuous uncertainty and rapid change.

Over the past two years, in the Domestic Interior segment, while facing a challenging market environment including the slump in new housing starts, as well as continued industry-wide increases in labor and logistics costs and high raw material prices, we have achieved growth in revenue and market share through various measures such as strengthening functions and sales strategies. Meanwhile, the factory fire that occurred at one of our suppliers in late December 2024 has affected the supply of certain flooring materials, and the extent of its impact on performance remains uncertain. Additionally, in the Domestic Exterior and Overseas segments, despite implementing various measures such as establishing business bases and human resource enhancement to drive growth, the establishment of a revenue base remains insufficient and had not yet translated into revenue at the time of formulating the Medium-term Business Plan.

Based on these circumstances, as a result of reviewing the performance targets for the fiscal year ending March 31, 2026, which is the final year of this Medium-term Business Plan, net sales of ¥210.0 billion (up 4.8% year on year), operating income of ¥19.0 billion (up 4.5% year on year), ordinary income of ¥19.5 billion (up 4.8% year on year), and net income attributable to owners of the parent of ¥13.0 billion (up 3.4% year on year). The assumptions on which these forecasts are based may change significantly depending on a variety of factors, and should the need arise to revise the business results forecasts, the Group will disclose any such revisions promptly.

The Sangetsu Group Long-term Vision [DESIGN 2030] and Medium-term Business Plan (2023-2025) [BX 2025] are as follows. Please note that, as announced on May 14, 2025, the Company has revised part of the quantitative targets for the fiscal year ending March 31, 2026, which is the final year of the Medium-term Business Plan.

## **Sangetsu Group's Long-term Vision [DESIGN 2030]**

### **"Philosophy of the Sangetsu group"**

#### **Purpose: Significance of existence**

With all people we collaborate to create peaceful and inspirational spaces

#### **Dream: The vision we realize for the future**

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

#### **Belief: Our firm corporate belief**

Corporate integrity is the foundation to change society

#### **Way: The attitude of employees—the vision we realize for the future**

Openness and Fairness, Creativity and Collaboration, Challenge and Transformation

### **Brand Statement**

Joy of Design

## **1. Corporate Vision**

The Entire Sangetsu Group Aims to Become a "Space Creation Company"

We will utilize design capabilities and creativity based on human and digital capital to organically integrate four functions, which are

- Attractive space design proposals based on the best concept for each market Corporate integrity is the foundation to change society.
- Space material provision that proposes a wide range of products with advanced planning, development, and procurement capabilities
- Inventory, shipping, and logistics that enable immediate delivery over a wide area without running out of stock
- Swift, large-scale, integrated construction through a variety of businesses, personal relationships, and corporate partnerships and transform into a company that provides high value in space creation globally.

## **2. Approach for Achieving the Long-term Vision**

### **Basic of management**

- Design-driven management  
Enhance brand value and transform business through design

### **Management/Business foundation**

- Diverse human capital  
An organization where diverse professionals with on-site capabilities fulfill an active role
- Cooperation and utilization for digital capital  
Use DATA to increase the efficiency of business and transform business

### **Main function**

- Providing solutions  
Business that organically integrates functions of space design, products, delivery, logistics, and construction to provide solutions

### **Business area**

- Asia and North America  
Strong business in Asia and North America, and global expansion

### **Corporate Vision**

- From an interior products company to a creative concept partner based on design, human resources, data, and services.

### **"Social Values Sangetsu Group Aims to Realize"**

Inclusive:	A safe and comfortable society for everyone inclusive
Sustainable:	A sustainable society to maintain the global environment
Enjoyable:	A more affluent and enjoyable society

The Sangetsu Group is committed to solving social issues through space creation, the core of our business, toward the realization of a sustainable society and a world where people everywhere can talk about their dreams for a brighter future.

### 3. Quantitative target

FY2029

Consolidated net sales	¥250.0 billion
Consolidated operating income	¥27.0 billion

#### **“Toward a Space Creation Company and Beyond”**

We have confirmed the potential and effectiveness of this new business model through the efforts to transform ourselves into a Space Creation Company since 2020. At the same time, we recognized the need to envision longer-term business development beyond being a Space Creation Company to achieve further economic and social value. One of these possibilities is “space operations.” As a Space Creation Company, in order to propose and provide a variety of spaces, it is necessary to consider and envision how people spend their time in such spaces. In other words, space creation involves thinking about what kind of space to provide and how people can utilize the space, which is closely related to consideration of how spatial operations are carried out. In this sense, we believe there is potential that lies beyond the space creation business and will continue to consider the possibility of expanding in the space operation business.



## **Medium-term Business Plan (2023-2025) [BX 2025] \* BX = Business Transformation**

### **1. Basic Policy**

Strengthen and expand solution capabilities to enhance the value of space creation, transform into a Space Creation Company with strong profitability and growth potential, expand products, and expand exterior and overseas businesses, in addition to business expansion in major products and markets.

In addition, the Group will also consider the possibility of a space operation business in order to develop a business that will allow for further long-term growth.

### **2. Measures**

#### **1) Expansion, advancement and support for activities of human capital**

- Assignment of human resources staff by organization
- Significant increase in career hiring with diversity and expansion of hiring of new graduates
- Expansion of education and training to strengthen expertise and business building capabilities
- Improvement of compensation and working environment
- Improvement of the ratio of non-regular employees and promotion of diversity

#### **2) Accumulation, analysis and utilization of digital capital**

- Renovation of core systems for business model transformation
- Promotion of the use of information and data for value chain transformation, including space design proposals
- Improvement of efficiency and certainty of sales and logistics through the use of commercial and logistics data in collaboration with agents
- Improvement of business operations and promotion of digitalization of on-site operations

#### **3) Enhancement of solution providing capabilities**

- Strengthening of the ability to offer specialized space design and space proposals for each market
- Expansion, enhancement, and strengthening of branding of handling products
- Establishment and strengthening of product procurement system
- Geographic / functional expansion and strengthening of the logistics system
- Establishment of a large-scale and flexible interior installation capability and installation management system

#### **4) Exterior Business and Overseas Business**

- Geographic and scale expansion, and enhancement of the exterior business
- Strengthening of product and space design capabilities, establishment of a quick-delivery supply system, strengthening of installation support capabilities, and establishment of a sales system that is attentive to market needs in order to shift to space creation business in overseas business

#### **5) Enhancement of social value**

- Reduction of consolidated and non-consolidated GHG (Scope 1 & 2) emissions
- Identification of GHG (Scope 3) emissions and clarification of reduction measures
- Strengthening of development of low-environmental-impact products
- Promotion of recycling, including expansion of sample book recycling centers
- Promotion of diversity, equity and inclusion
- Promotion of activities to improve the living environment of children's homes
- Continuous support for children in need, developing countries, and refugees

### **3. Capital policy**

#### **1) Shareholder return policy**

- Maintain the equity to the range of ¥95.0 billion to ¥105.0 billion as of the end of March 2026
- Dividends are the main source of shareholder returns, with a minimum annual dividend of 130 yen per share, with the aim of steadily increasing dividends.
- Share buybacks are also considered depending on market conditions.

2) Fund allocation plan

Fund generation during the Medium-term Business Plan		Fund allocation	
Cash equivalents at the beginning of the Plan	¥27.0 billion	Investment for growth	¥20.0 to ¥25.0 billion
Operating cash flow	¥47.0 to ¥51.0 billion	Return to shareholders	¥25.0 to ¥35.0 billion
Increase (decrease) of borrowings	¥(8.0) to ¥6.0 billion	Cash equivalents at the ending of the Plan	¥20.0 to ¥25.0 billion

4. Quantitative target (targets for FY2025)

1) Economic value

(1) Consolidated net sales	¥210.0 billion
(2) Consolidated operating income	¥19.0 billion
(3) Consolidated net income	¥13.0 billion
(4) ROE	11.5%
(5) ROIC	14.0%
(6) CCC	70 days

\* In the “Notice Concerning Revision of Medium-term Business Plan Targets” announced on May 14, 2025, part of the targets has been revised.

2) Social value

(i) Global environment

Reducing environmental impact in business activities (Scope 1 & 2)

GHG emissions	Consolidated	28% reduction from FY2021
GHG emissions	Non-consolidated	60% reduction from FY2018
Energy consumption	Non-consolidated	6% reduction from FY2018
Recycling rate (effective utilization rate)	Non-consolidated	At least 90%

(ii) Human capital

Employee health and skill development, and transformation of corporate culture

Non-smoking rate	Non-consolidated	At least 85%
Human capital investment	Non-consolidated	Total of ¥700 million in three years
Number of career recruits	Non-consolidated	Total of 60 to 80 persons in three years
Engagement score (*)	Non-consolidated	58.0 (A)

\*Since FY2023, the Company has used scores from the Motivation Cloud service provided by Link and Motivation Inc.

Promotion of diversity, equity and inclusion

Ratio of female managers	Non-consolidated	At least 25% (as of April 2026)
Ratio of employees with disabilities	Non-consolidated	At least 4% (as of March 31, 2026)
Ratio of male taking maternity leave	Non-consolidated	More than two weeks 100%.

(iii) Social capital

Community engagement

Space creation in children's home renovations	Consolidated	50 per year
Matching gift	Consolidated	18,000 S-mile (*)
Social contribution activity expenses, including donations to outside organizations	Consolidated	Targeting 0.3 to 0.5% of annual ordinary income, donations are to be made to specific organizations on an ongoing basis.

\*The “Sangetsu Group Matching Gift Program,” aiming to promote social contribution activities, provides employees with smile points (S-mile) for their engagement in such social

contribution activities that are converted into monetary donations to organizations such as NPOs, etc. supported by the Company. Standard activities are individual activities outside the company such as support for welfare facilities, support for disaster victims, international exchanges, community activities, youth education, NPO support, etc., in addition to company-initiated activities in the “Sangetsu Group volunteer club,” as well as work for support of these activities to ensure that employees nationwide can participate regardless of region.

**(5) Changes in Assets and Income (Loss)**

(Millions of yen, except for per share amounts)

Item	70th term Fiscal year ended March 31, 2022	71st term Fiscal year ended March 31, 2023	72nd term Fiscal year ended March 31, 2024	73rd term Fiscal year ended March 31, 2025
Net sales	149,481	176,022	189,859	200,378
Ordinary income (loss)	8,203	20,690	19,695	18,606
Net income (loss) attributable to owners of the parent	276	14,005	14,291	12,567
Net income (loss) per share (Yen)	4.66	238.71	243.44	213.90
Diluted net income (loss) per share (Yen)	4.65	238.55	243.30	213.86
Total assets	147,943	164,454	170,750	183,859
Net assets	88,326	95,825	106,709	113,781
Net assets per share (Yen)	1,497.21	1,631.57	1,816.16	1,923.28

Note: Net income (loss) per share is calculated using the average number of shares issued during the fiscal year (excluding treasury shares). Net assets per share is calculated using the number of shares issued as of the end of the fiscal year (excluding treasury shares).

**(6) Principal Subsidiaries and Associates (As of March 31, 2025)**

Company name	Capital	Equity ownership (%)	Main business
Sungreen Co., Ltd.	¥130 million	100	Sale and installation of exterior products
FAIRTONE COMPANY, LIMITED.	¥35 million	100	Interior finishing and design and interior general construction
Sangetsu Vosne Corporation	¥100 million	100	Sale and planning of interior fabric products
Sangetsu Okinawa Corporation	¥100 million	100	Sale of interior materials
CREANATE Inc.	¥100 million	100	Manufacturing and sale of wallpaper and sale of interior-related products
Kurosukikaku, Corporation	¥7 million	100	Delivery and management of interior-related products
KOROSEAL INTERIOR PRODUCTS HOLDINGS, INC.	US\$54,142 thousand	100	Manufacturing and sale of wall coverings
Goodrich Global Holdings Pte. Ltd.	SG\$10,474 thousand	100	Sale of interior materials
GOODRICH GLOBAL LIMITED	HK\$1,000 thousand	100	Sale of interior materials
D'Perception Pte Ltd	SG\$10,306 thousand	70	Space design and general construction

Notes: 1. On July 1, 2024, the Company acquired 70% of the shares of D'Perception Pte Ltd and made it a consolidated subsidiary.  
2. On April 1, 2025, the Company acquired all shares of SDS Corporation and made it a consolidated subsidiary.

**(7) Principal Business Offices (As of March 31, 2025)**

**1) The Company**

Headquarters	1-4-1 Habashita, Nishi-ku, Nagoya, Japan
Branches	Hokkaido Branch (Sapporo-shi), Tohoku Branch (Sendai-shi), Kita-Kanto Branch (Saitama-shi), PARCs Sangetsu Group Creative Hub / Tokyo Branch (Chiyoda-ku), Nishi-Kanto Branch (Yokohama-shi), Chubu Branch (Nagoya-shi), Kansai Branch (Osaka-shi), Chugoku-Shikoku Branch (Hiroshima-shi), Kyushu Branch (Fukuoka-shi)
Branch offices/ Sales offices	Hokuriku Branch Office (Kanazawa-shi), Shikoku Sales Office (Takamatsu-shi), Kita-Tohoku Sales Office (Morioka-shi), Fukushima Sales Office (Koriyama-shi), Gunma Sales Office (Maebashi-shi), Tochigi Sales Office (Utsunomiya-shi), Niigata Sales Office, Ibaraki Sales Office (Tsukuba-shi), Nagano Sales Office, FIELDS Sangetsu Group Design & Development Center (Shinagawa-ku), Higashi-Kanto Sales Office (Chiba-shi), Tama Sales Office (Tachikawa-shi), Atsugi Sales Office, Gifu Sales Office, Okazaki Sales Office, Shizuoka Sales Office, Kyoto Sales Office, Kobe Sales Office, Higashi-Osaka Sales Office, Minami-Osaka Sales Office (Sakai-shi), Okayama Sales Office, Kita-Kyushu Sales Office, Kumamoto Sales Office, Minami-Kyushu Sales Office (Kagoshima-shi)

- Please see here for more details about business sites.  
(<https://www.sangetsu.co.jp/english/companyprofile/overview.html>)
- Please see here for nationwide showrooms. (<https://www.sangetsu.co.jp/english/showroom/>)

**2) Principal subsidiaries**

Company name	Headquarters	Offices
Sungreen Co., Ltd.	Nagoya-shi, Aichi	Headquarters, Nagoya Branch Office and 16 other branch offices
FAIRTONE COMPANY, LIMITED.	Chuo-ku, Tokyo	Headquarters, Chubu Sales Office (Nagoya-shi) and 3 other sales offices
Sangetsu Vosne Corporation	Shinagawa-ku, Tokyo	Headquarters, Nagoya Sales Office and 6 other sales offices
Sangetsu Okinawa Corporation	Ginowan-shi, Okinawa	Headquarters
CREANATE Inc.	Shinagawa-ku, Tokyo	Headquarters, Narita Plant, Ichinoseki Plant
Kurosukikaku, Corporation	Kasuya-gun, Fukuoka	Headquarters, Hakata Sales Office (Fukuoka-shi)
KOROSEAL INTERIOR PRODUCTS HOLDINGS, INC.	U.S. (Ohio)	Headquarters, Louisville Plant (Kentucky)
Goodrich Global Holdings Pte. Ltd.	Singapore	Headquarters
GOODRICH GLOBAL LIMITED	Hong Kong	Headquarters
D'Perception Pte Ltd	Singapore	Headquarters

**(8) Employees (As of March 31, 2025)**

## 1) The Group

Segment	Number of employees	Change from previous fiscal year-end
Domestic interior	1,809	Increase of 128
[of which Sangetsu Corporation]	[1,289]	[Increase of 60]
[of which FAIRTONE COMPANY, LIMITED.]	[124]	[Increase of 16]
[of which Sangetsu Vosne Corporation]	[53]	[Increase of 4]
[of which Sangetsu Okinawa Corporation]	[21]	[Increase of 3]
[of which CREANATE Inc.]	[237]	[Increase of 36]
[of which Kurosukikaku, Corporation]	[85]	[Increase of 9]
Domestic exterior	216	Decrease of 9
Overseas	976	Increase of 237
[of which Sangetsu Corporation]	[9]	[0]
[of which KOROSEAL INTERIOR PRODUCTS HOLDINGS, INC.]	[434]	[Increase of 4]
[of which Goodrich Global Holdings Pte. Ltd.]	[221]	[Increase of 3]
[of which GOODRICH GLOBAL LIMITED]	[72]	[Decrease of 10]
[of which D'Perception Pte Ltd]	[240]	[Increase of 240]
Total	3,001	Increase of 356

Notes: 1. On July 1, 2024, the Company acquired 70% of the shares of D'Perception Pte Ltd and made it a consolidated subsidiary.  
2. On April 1, 2025, the Company acquired all shares of SDS Corporation and made it a consolidated subsidiary.

## 2) The Company

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
1,298	Increase of 60	37.9 years old	15.4 years

**(9) Status of Principal Borrowings (As of March 31, 2025)**

Lender	Balance of borrowing (Millions of yen)
The Bank of Kyoto, Ltd.	5,598
Sumitomo Mitsui Banking Corporation	3,500
Resona Bank, Limited	2,000

## 2. Status of the Company

### (1) Status of Shares (As of March 31, 2025)

- 1) **Total Number of Authorized Shares** 290,000,000 shares
- 2) **Total Number of Issued Shares** 59,200,000 shares
- 3) **Number of Shareholders** 44,206 persons  
(of which 20,345 are shareholders holding at least one unit of shares)

### 4) Major Shareholders (Top 10)

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,643,900	16.40
Custody Bank of Japan, Ltd. (Trust Account)	2,740,300	4.66
Sangetsu Kyoei-kai	1,730,280	2.94
Yoshio Hibi	1,708,588	2.90
Masae Miwa	1,699,228	2.89
Touzou Hibi	1,689,492	2.87
The Ogaki Kyoritsu Bank, Ltd.	1,514,372	2.57
Sumitomo Realty & Development Co., Ltd.	1,170,000	1.99
Mayumi Hibi	1,160,734	1.97
Shigeo Hibi	1,104,060	1.87

Note: The Company holds 429,993 treasury shares, and shareholding ratio is calculated after deducting the amount of treasury shares.

### 5) Status of Shares Granted to the Company's Officers in Consideration of the Performance of Duties during the Current Fiscal Year

	Number of shares (shares)	Number of eligible beneficiaries
Directors (excluding Outside Directors and Audit and Supervisory Committee Members)	10,000	2

Note: Details of the Company's share remuneration are described in "2. Status of the Company, (3) Company Officers, 3) Remuneration System and Remuneration Plan for the Company's Directors and Executive Officers" of the Business Report.

## (2) Status of Share Acquisition Right

### 1) Status of the share acquisition rights as of the end of the current fiscal year

Name (Date of resolution for issue)	Number of share acquisition rights	Class and number of shares to be issued upon exercise of the share acquisition rights	Amount to be paid for share acquisition rights per unit	Amount of property contributed upon exercise of the share acquisition rights	Exercise period
3rd series share acquisition right (June 23, 2016)	25 units	Common shares 2,500 shares	¥180,200 (Note)	¥1 per share	From July 11, 2016 to July 10, 2046

Note: Monetary remuneration in the amount equivalent to the total amount payable for the share acquisition rights shall be paid to the officers to whom the share acquisition rights are allotted, and this monetary remuneration shall be offset against the total amount payable for the allocated share acquisition rights.

## (3) Company Officers

### 1) Directors (As of March 31, 2025)

Position	Name	Areas of responsibility within the Company and significant concurrent positions
Representative Director, President and CEO	Yasumasa Kondo	General Manager of the Business Division
Director, Executive Officer	Fumio Takagi	General Manager of the Space Planning Division
Director (Audit and Supervisory Committee Member)	Michiyo Hamada	Outside Board Member of AISIN CORPORATION Outside Director of Toho Gas Co., Ltd.
Director (Audit and Supervisory Committee Member)	Kenichi Udagawa	
Director (Audit and Supervisory Committee Member)	Osamu Terada	
Director (Audit and Supervisory Committee Member)	Aki Ogane	
Director (Full-time Audit and Supervisory Committee Member)	Yosuke Mine	

- Notes:
1. Directors serving as Audit and Supervisory Committee Members Ms. Michiyo Hamada, Mr. Kenichi Udagawa, Mr. Osamu Terada, and Ms. Aki Ogane are Outside Directors.
  2. Outside Directors have been elected from among experts in diverse areas, such as business, legal, and accounting to ensure diversity in the Board of Directors as a whole.
  3. The Company has designated Audit and Supervisory Committee Members Ms. Michiyo Hamada, Mr. Kenichi Udagawa, Mr. Osamu Terada, and Ms. Aki Ogane as Independent Officers stipulated by Tokyo Stock Exchange (TSE) and Nagoya Stock Exchange (NSE), and filed the relevant notification with the TSE and NSE.
  4. The Company elected Mr. Yosuke Mine as a full-time Audit and Supervisory Committee Member from among five Audit and Supervisory Committee Members. The reason for election of the full-time Audit and Supervisory Committee Member is to enhance the effectiveness of the deliberation and activities at the Audit and Supervisory Committee, by means of collecting information on a daily basis, receiving regular operational reports from executive departments and share information from persons who conduct site visits as their duties among all Audit and Supervisory Committee Members.
  5. The Company has concluded an agreement with each of five Audit and Supervisory Committee Members as per Article 427, paragraph 1 of the Companies Act of Japan, limiting their liability for compensation for damage under Article 423, paragraph 1 of the Companies Act of Japan. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts.
  6. The Company has concluded a directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, paragraph 1 of the Companies Act of Japan. The insured persons of this insurance policy include Directors and Executive Officers of the Company and Officers of the subsidiaries, and the Company bears all insurance premiums. This insurance policy covers compensation for damages to be borne by the insured persons in the event of claims made during the term of the policy against them regarding the execution of their duties. However, measures are taken so that the propriety of the performance of duties by officers, etc., is not impaired by excluding damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations from the scope of compensation.



7. As of the conclusion of the 72nd Ordinary General Meeting of Shareholders held on June 19, 2024, Mr. Masatoshi Hatori and Mr. Shuji Sasaki resigned from their positions as Directors serving as Audit and Supervisory Committee Members.

## 2) Amount of Remuneration, etc. to Directors in FY 2024

Title	Amount of remuneration, etc. (Millions of yen)	Amount of remuneration by type (Millions of yen)			Number of eligible officers (Persons)
		Base remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee Members)	129	59	49	21	3
Directors (Audit and Supervisory Committee Members)	67	67	—	—	7
[Of which, Outside Directors]	[45]	[45]	[—]	[—]	[5]
Total	197	126	49	21	10
[Of which, Outside Directors]	[45]	[45]	[—]	[—]	[5]

- Notes: 1. Above amount of remuneration does not include amount equivalent to salaries of those who are also company employees.  
2. Non-monetary remuneration, etc. is restricted share remuneration and the amount recorded as an expense in the fiscal year under review is shown.  
3. The system of counselors/advisors was terminated. However, Mr. Touzou Hibi, a member of the founding family, serves as a part-time, unpaid special advisor.  
4. The amounts in the table above include remuneration for one Director (excluding Audit and Supervisory Committee Members) and two Directors serving as Audit and Supervisory Committee Members (including one Outside Director) who retired as of the end of the 72nd General Meeting of Shareholders held on June 19, 2024.

## 3) Remuneration System and Remuneration Plan for the Company's Directors and Executive Officers

### i) Remuneration system

As shown in Table 1, remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers consists of three main elements: (1) base remuneration (an amount determined based on a coefficient between 0.85 and 1.25 that is determined following an evaluation of each individual's contribution to the Company's businesses in each fiscal year by the Nomination and Remuneration Committee), (2) performance-based remuneration (linked to the level of achievement of return on equity (ROE) in each fiscal year), and (3) restricted share remuneration (a long-term incentive).

Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who do not hold concurrent positions as Executive Officers and Directors serving as Audit and Supervisory Committee Members consists only of base remuneration.

(Table 1)

	Director (excluding Director serving as Audit and Supervisory Committee Member) who holds concurrent position as Executive Officer and Executive Officer	Director (excluding Director serving as Audit and Supervisory Committee Member) who does not hold concurrent position as Executive Officer	Director serving as Audit and Supervisory Committee Member
Base remuneration	✓	✓	✓
Performance-based remuneration	✓	—	—
Restricted share remuneration	✓	—	—

ii) Remuneration plan

The details of each type of remuneration, etc. are as shown in Table 2.

(Table 2)

Base remuneration	<p>For base remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers, the Nomination and Remuneration Committee evaluates the results of each individual and their contribution to the Company's businesses in the relevant fiscal year and determines a coefficient between 0.85 and 1.25 based on that evaluation. Base remuneration is then calculated by multiplying that evaluation coefficient and a multiplier for each position by the standard base remuneration, with a calculation method as follows.</p> <p>(Formula)</p> $\text{Base remuneration} = \text{Standard base remuneration} \times \text{contribution evaluation coefficient} \times \text{multiplier per position}$ <ul style="list-style-type: none"> <li>Standard base remuneration = ¥15.6 million / year</li> <li>Contribution evaluation coefficient = Determined within a range of 0.85 to 1.25 depending on the evaluation of the level of contribution in the relevant fiscal year</li> <li>Multiplier per position for each Executive Officer (base remuneration) (see Graph 1)</li> <li>Amounts to be paid to Directors (excluding Directors serving as Audit and Supervisory Committee Members) who do not hold concurrent positions as Executive Officers and Directors serving as Audit and Supervisory Committee Members are determined individually, in accordance with responsibilities, etc.</li> <li>Fixed remuneration is paid each month during their terms of office.</li> </ul>
Performance-based remuneration	<p>Performance-based bonuses for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers are linked to consolidated net income in the relevant fiscal year, and their objective is to enhance capital efficiency on a single fiscal year basis. The calculation method for the amount of performance-based remuneration is as follows.</p> <p>(Formula)</p> $\text{Performance-based remuneration} = \text{Standard amount per Executive Officer} \times \text{multiplier per position}$ <ul style="list-style-type: none"> <li>Standard amount per Executive Officer (see Table 3)</li> <li>Multiplier per position for each Executive Officer (performance-based remuneration) (see Graph 1)</li> <li>Performance-based remuneration is paid once per year on the day after the General Meeting of Shareholders after the end of each fiscal year.</li> <li>Performance-based remuneration is not paid if consolidated net income is below a certain level.</li> </ul>
Restricted share remuneration	<p>For restricted share remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers, a number of shares applicable to the period of the current Medium-term Business Plan is determined and paid, with the objective of promoting shared values with shareholders and clarifying incentives to sustainably enhance corporate value. Restricted shares for each position (the number of shares) are determined by multiplying the standard number of shares for Executive Officers by a multiplier per position, and the calculation method thereof is as follows.</p> <p>(Formula)</p> $\text{Restricted share remuneration (number of shares)} = \text{Standard number of shares for Executive Officers} \times \text{multiplier per position}$ <ul style="list-style-type: none"> <li>Standard number of shares for Executive Officers = 2,000 shares</li> <li>Multiplier per position for each Executive Officer (restricted share remuneration) (see Graph 1)</li> <li>The transfer restriction period will last for 30 years from the day of allotment, and transfer restrictions will be removed subject to the recipient retiring from the position of both Director and Executive Officer owing to the expiration of his or her term of office or other legitimate reason, etc.</li> <li>The number of shares to be granted is determined in accordance with position, and the shares are granted while the individual is in office.</li> </ul>

#### 4) Performance-based Remuneration, etc.

##### i) Details of performance indicator

Consolidated net income is used as the indicator.

##### ii) Reasons for selecting the performance indicator

A target for return on equity (ROE) has been set as a key indicator of the efficiency of the Company's businesses, and therefore the consolidated net income that is required to achieve that target is used as an indicator.

##### iii) Performance-based remuneration calculation method

As one of the quantitative targets in the Medium-term Business Plan [BX 2025], the Company has set an ROE target of 14.0%. The Company has set the amount of consolidated net income required to achieve this ROE target based on shareholders' equity of ¥100.0 billion during the period of the Medium-term Business Plan (2023-2025), and calculates a base value in accordance with the level of achievement of consolidated net income versus the target in each fiscal year, using the formula in Table 3. This base value is then multiplied by a multiplier per position determined in accordance with the individual's position during the relevant fiscal year, and the resulting amount is paid as performance-based remuneration.

(Table 3)

Consolidated net income (ROE)*	Amount of performance-linked remuneration for Executive Officers (X = Consolidated net income)
¥5.0 billion or less (ROE: 5.0% or less)	¥0
Over ¥5.0 billion and not over ¥10.0 billion (ROE: over 5.0% and not over 10.0%)	$(X - ¥5.0 \text{ billion}) \times 0.17\%$
Over ¥10.0 billion and not over ¥14.0 billion (ROE: over 10.0% and not over 14.0%)	$(¥10.0 \text{ billion} - ¥5.0 \text{ billion}) \times 0.17\%$ $+ (X - ¥10.0 \text{ billion}) \times 0.14\%$
Over ¥14.0 billion and not over ¥18.0 billion (ROE: over 14.0% and not over 18.0%)	$(¥10.0 \text{ billion} - ¥5.0 \text{ billion}) \times 0.17\%$ $+ (¥14.0 \text{ billion} - ¥10.0 \text{ billion}) \times 0.14\%$ $+ (X - ¥14.0 \text{ billion}) \times 0.10\%$

(Note)\*ROE for each level of consolidated net income calculated based on shareholders' equity = ¥100.0 billion.

##### iv) Results related to performance indicator

As shown in Table 4, consolidated net income in the fiscal year under review, which is used as a performance indicator, amounted to ¥12.56 billion.

(Table 4)

	Consolidated net income		Ratio of performance-based remuneration to total remuneration
	Forecasts	Results	
72nd term (fiscal year ended March 31, 2024)	(Note 1) ¥10.5 billion ¥14.6 billion	¥14.29 billion	(Note 2) 39-42%
73rd term (fiscal year ended March 31, 2025)	(Note 3) ¥11.0 billion	¥12.56 billion	(Note 4) 35-39%

Notes: 1. This amount was publicly announced on May 12, 2023. Furthermore, the amount was revised upward to ¥14.6 billion on February 9, 2024.

2. This ratio is calculated based on the closing price as of April 26, 2024.

3. This amount was publicly announced on May 10, 2024.

4. This ratio is calculated based on the closing price as of April 28, 2025.

#### 5) Summary of Non-monetary Remuneration, etc.

The Company grants restricted shares to Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers as non-monetary remuneration. Conditions at the time of allotment, etc. are as described in "3) Remuneration System and Remuneration Plan for the Company's Directors and Executive Officers." In addition, the status of delivery in the fiscal year under review is provided in "2. (1) 5) Status of Shares Granted to the Company's Officers in Consideration of the Performance of Duties during the Current Fiscal Year."

#### 6) Resolutions related to Remuneration, etc. for Directors at the General Meetings of Shareholders

Approval was granted as follows at the 63rd Ordinary General Meeting of Shareholders and the 65th Ordinary General Meeting of Shareholders.

Payment recipient	Directors (excluding Audit and Supervisory Committee Members)		Directors (Audit and Supervisory Committee Members)
Remuneration content	Base remuneration and performance-based remuneration	Restricted share remuneration	Base remuneration
Resolution at General Meeting of Shareholders	63rd Ordinary General Meeting of Shareholders held on June 18, 2015	65th Ordinary General Meeting of Shareholders held on June 23, 2017	63rd Ordinary General Meeting of Shareholders held on June 18, 2015
Summary of the resolution	<ul style="list-style-type: none"> <li>Contents of the remuneration plan</li> <li>Maximum amount: within ¥400 million (annually)</li> </ul>	<ul style="list-style-type: none"> <li>Contents of the remuneration plan</li> <li>Within ¥120 million (annually; separate to the ¥400 million on the left) and within 60,000 shares of the common stock of the Company for the total number of shares to be issued or disposed of (annually)</li> </ul>	<ul style="list-style-type: none"> <li>Contents of the remuneration plan</li> <li>Within ¥80 million (annually)</li> </ul>
Number of eligible Directors (as of the resolution)	6	5	5

## 7) Policies for Determining the Content of Individual Remuneration, etc. for Directors

### i) Method of determining policies for determining the content of individual remuneration, etc. for Directors

The Company passed a resolution concerning policies for determining the content of individual remuneration, etc. for Directors (excluding Directors serving as Audit and Supervisory Committee Members) at a meeting of the Board of Directors. Before making this resolution, the Board of Directors consulted the Nomination and Remuneration Committee about the content of the resolution and received its response.

### ii) Summary of content of policies for making decisions

#### (a) Basic policy

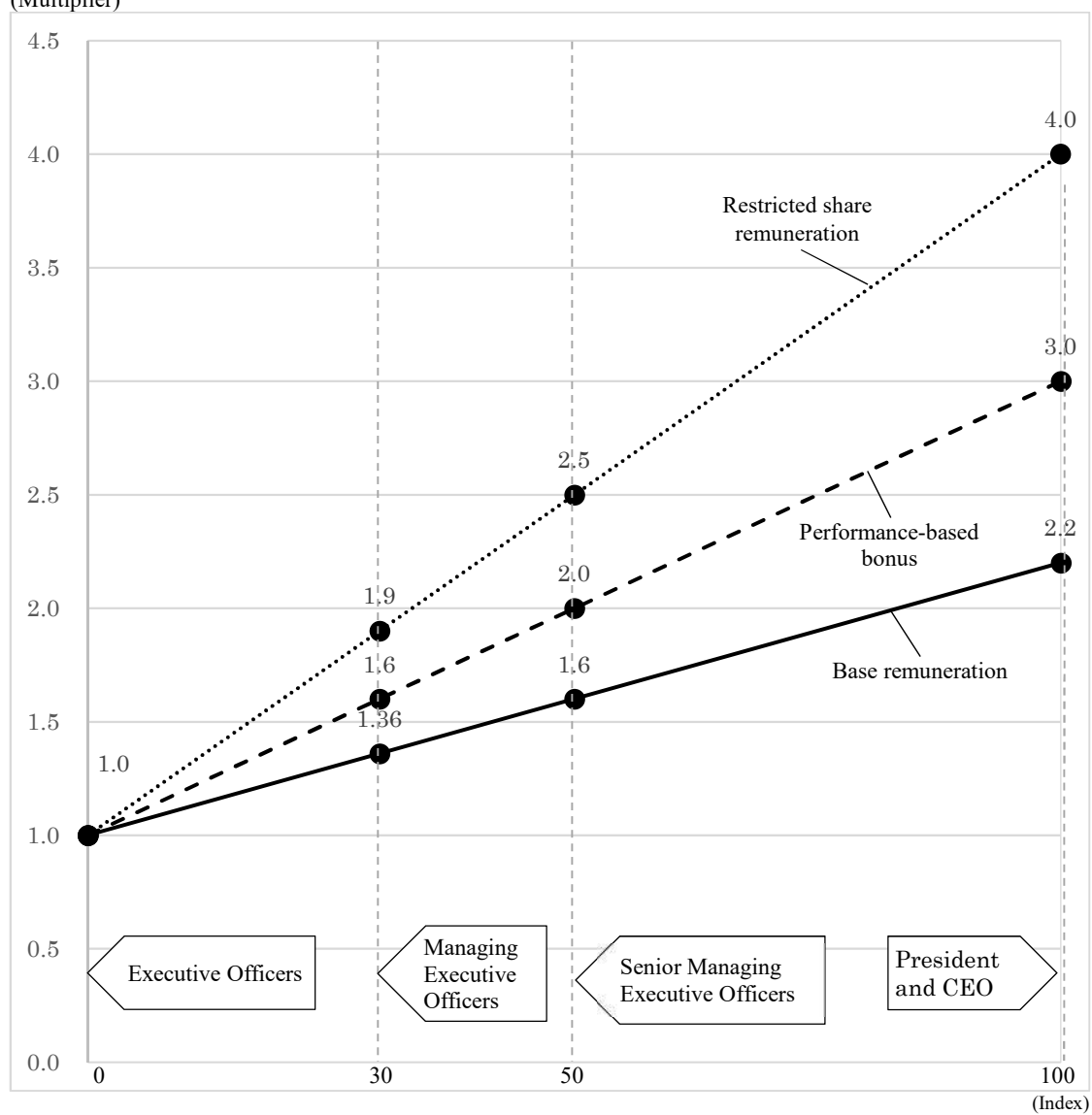
The Board of Directors determines the amount of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers following deliberations by the Nomination and Remuneration Committee, which consists of Audit and Supervisory Committee Members, while also being subject to regular monitoring through the submission of remuneration proposals to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee engages in careful analysis of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers, from the perspective of whether it is appropriate for each individual's role, responsibilities, performance, and results, and whether it serves as an appropriate motivation to enhance corporate value. Remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who do not hold concurrent positions as Executive Officers consists only of base remuneration.

#### (b) Policies regarding the determination of base remuneration, etc. for individuals

For the amount of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers, each individual's level of contribution is evaluated, taking into consideration the individual's position, performance, and other factors. For Directors (excluding Directors serving as Audit and Supervisory Committee Members) who do not hold concurrent positions as Executive Officers an amount to paid to each individual is determined in accordance with their responsibilities, etc.

- (c) Policies related to the determination of the details of performance indicators and amount of remuneration for performance-based remuneration, etc. as well as the calculation method thereof  
 Taking consolidated net income in the relevant fiscal year as an indicator, an amount obtained by calculating a base value with a formula and multiplying this amount by a multiplier per position, in accordance with each Executive Officer's position in the relevant fiscal year, is paid to Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers as performance-based remuneration.
- (d) Policies related to the determination of the content and amount or number of shares for non-monetary remuneration, etc. and the calculation method thereof  
 With the objective of promoting shared values with shareholders and clarifying incentives to sustainably enhance corporate value, restricted shares (with a transfer restriction period of 30 years from the day of allotment; transfer restrictions will be removed subject to the recipient retiring from the position of both Director and Executive Officer owing to the expiration of his or her term of office or other legitimate reason, etc.) are granted to Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers as non-monetary remuneration, and the number of shares to be granted is determined in accordance with position.
- (e) Policies regarding the determination of the ratio of each type of remuneration, etc.  
 Individual remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers is the amount and number of shares multiplied by a multiplier, which is as shown in Graph 1. The multiplier for each position is set such that the percentage of performance-based remuneration and restricted share remuneration increases as the position becomes more senior.

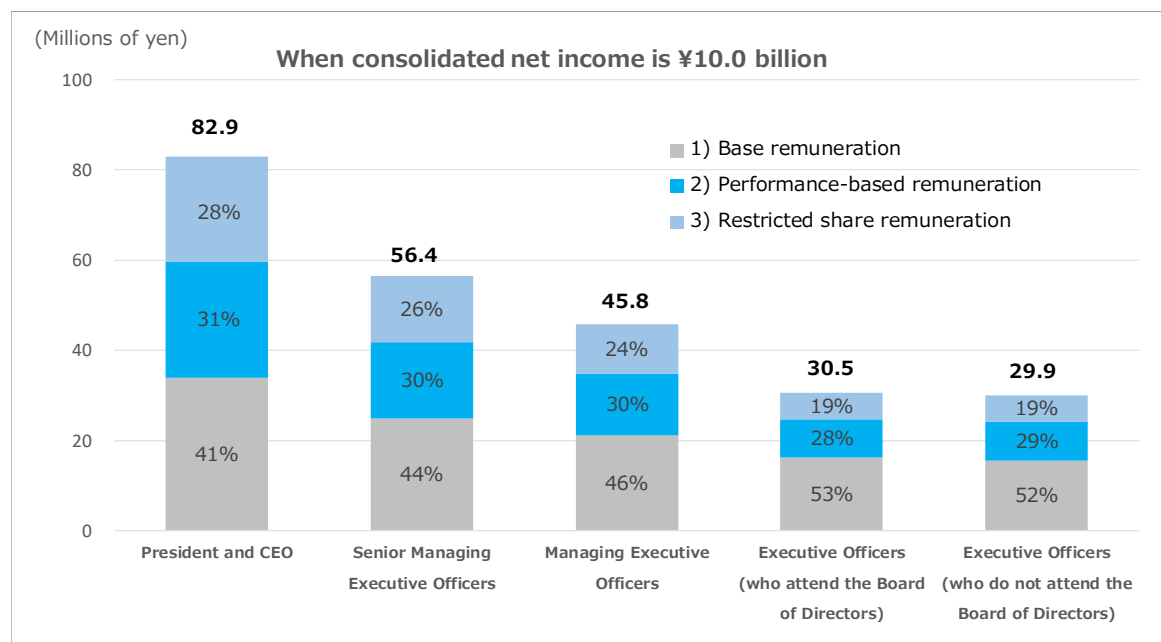
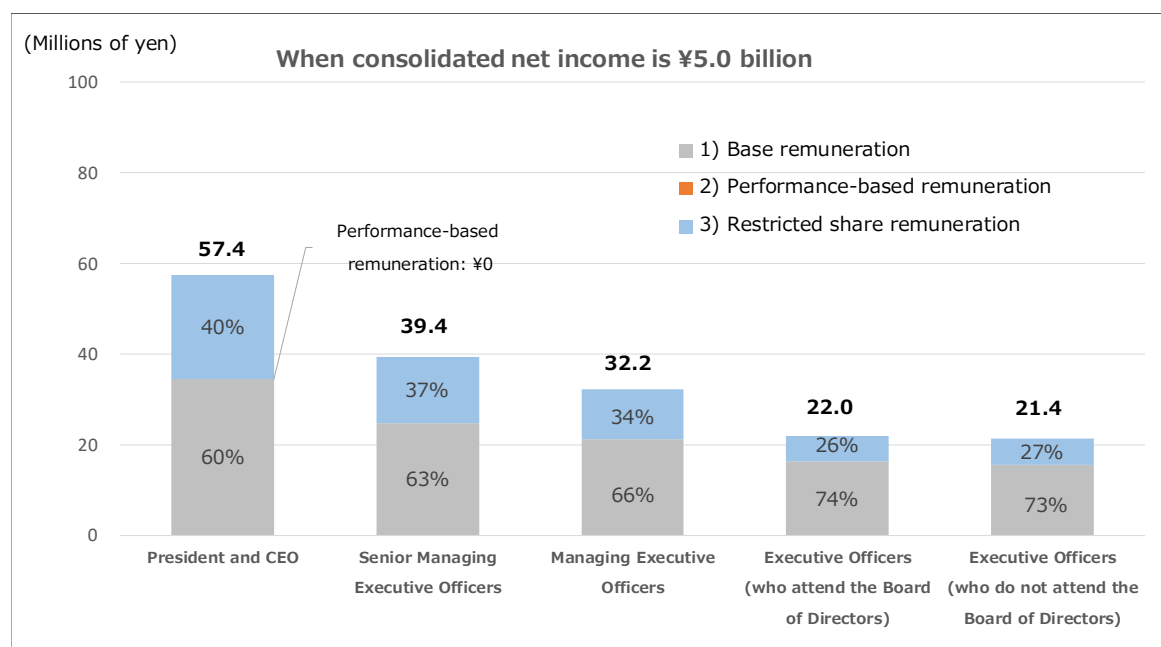
(Graph 1)  
**Multipliers for each executive level (by remuneration type)**  
(Multiplier)

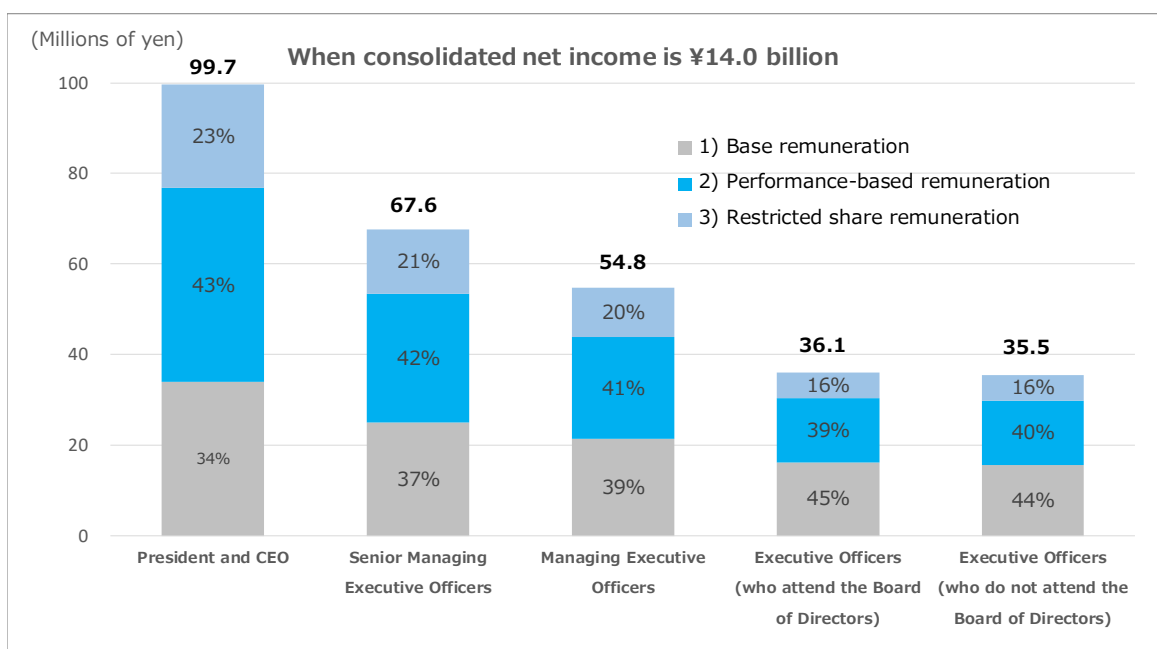


The amount of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers, and its proportion differs depending on the evaluation of each individual's level of contribution, the Company's business performance in the relevant fiscal year (consolidated net income), which is used as a performance indicator, and each individual's position in the relevant fiscal year. Amounts when consolidated net income is ¥5.0 billion, ¥10.0 billion, and ¥14.0 billion are as shown in Graph 2.

(Graph 2)

**Amount of remuneration and its proportion by title**





(f) Policies regarding the determination of the timing of granting remuneration, etc. and its conditions  
Policies regarding the determination of the timing and conditions of each type of remuneration are as follows.

- Base remuneration is paid monthly as fixed monetary remuneration while the individual is in office.
- Performance-based remuneration is paid once per year on the day after the General Meeting of Shareholders after the end of each fiscal year.
- For restricted share remuneration, a number of shares according to each individual's position, determined by resolution of the Board following deliberation among the Nomination and Remuneration Committee, is granted to eligible Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers during their time in office. Transfer restrictions are removed subject to the recipient retiring from the position of both Director and Executive Officer owing to the expiration of his or her term of office or other legitimate reason, etc.

iii) Reasons the Board of Directors has judged that the content of individual remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) during the fiscal year under review complies with these policies for making decisions

With regard to the individual remuneration, etc. of Directors (excluding Directors serving as Audit and Supervisory Committee Members) during the fiscal year under review, the Board of Directors has confirmed that the methods of determining the content of remuneration, etc. and the content of remuneration, etc. determined are consistent with the policies for making decisions resolved by the Board of Directors, and it has also confirmed that the response of the Nomination and Remuneration Committee has been respected. As such, the Board of Directors has judged that individual remuneration, etc. for Directors (excluding Directors serving as Audit and Supervisory Committee Members) in the fiscal year under review complies with these policies on making decisions.



**8) Outside Officers**

- i) Significant concurrent positions as executives of other organizations and the Company's relation thereto  
No items to report
- ii) Significant concurrent positions as outside officers of other organizations and the Company's relation thereto

Title	Name	Significant concurrent positions	Relationship with the Company
Outside Director (Audit and Supervisory Committee Member)	Michiyo Hamada	Outside Board Member of AISIN CORPORATION	There are no special relationships between AISIN CORPORATION and the Company.
		Outside Director of Toho Gas Co., Ltd.	There are no special relationships between Toho Gas Co., Ltd. and the Company.

- iii) Kinship with the Company or specified affiliated business operator of the Company  
No items to report

## iv) Main activities

Title	Name	Summary of duties performed by Outside Directors in relation to their expected duties
Outside Director (Audit and Supervisory Committee Member)	Michiyo Hamada	Participated in all 14 Board of Directors' meetings, in all 14 Audit and Supervisory Committee meetings held in FY2024; possesses a wealth of experience and keen, specialist insight as a scholar of corporate law and ex-commissioner of the Japan Fair Trade Commission; and provided opinions on corporate law and the Company's efforts to promote women's participation and advancement in the workplace at Board of Directors' meetings and the like.
Outside Director (Audit and Supervisory Committee Member)	Kenichi Udagawa	Participated in all 14 Board of Directors' meetings, in all 14 Audit and Supervisory Committee meetings held in FY2024; contributed to the establishment and expansion of various overseas businesses at a listed company; possesses a wealth of experience and keen, specialist insight as an individual with experience as a representative director; and provided opinions on overall corporate management and the Company's overseas business operation at Board of Directors' meetings and the like.
Outside Director (Audit and Supervisory Committee Member)	Osamu Terada	Participated in all 14 Board of Directors' meetings, in all 14 Audit and Supervisory Committee meetings held in FY2024; contributed to the expansion of the construction business in Japan at a listed company (a major construction company); possesses a wealth of experience and keen, specialist insight as an individual with experience as a representative director; and provided opinions on overall corporate management and the overall construction industry at the Board of Directors' meetings and the like.
Outside Director (Audit and Supervisory Committee Member)	Aki Ogane	Participated in all 11 Board of Directors' meetings, in all 10 Audit and Supervisory Committee meetings held in FY2024 since assuming office on June 19, 2024; possesses a wide range of work experience in capital markets, financing, location management, audit, etc. gained at a major bank and has a wealth of experience and highly specialized insight in financial accounting and corporate management, including engaging in management as a director at a seconded bank; and provided opinions on the financial strategy and corporate management of the Company at Board of Directors' meetings and the like.

Note: Outside Director Michiyo Hamada serves as a chairman of the Nomination and Remuneration Committee, and Outside Directors Kenichi Udagawa, Osamu Terada and Aki Ogane serve as members of the Nomination and Remuneration Committee. Michiyo Hamada and Kenichi Udagawa participated in all 12 Nomination and Remuneration Committee meetings held in FY2024. Osamu Terada participated in 11 of 12 meetings. Aki Ogane participated in all 8 meetings held since her assumption of office on June 19, 2024. They fulfilled an important role by deliberating the nomination and remuneration of Directors, etc., and providing reports to the Board of Directors.

**(4) Accounting Auditor**

**1) Accounting Auditor's Name**

Deloitte Touche Tohmatsu LLC

**2) Accounting Auditor's Compensation, etc.**

	Amount payable (Millions of yen)
Amount of Accounting Auditor's Compensation, etc. payable by the Company for the current fiscal year	90
Total amount of cash and other property benefits payable by the Company and its subsidiaries to Accounting Auditor	90

Notes: 1. The audit contract between the Company and Accounting Auditor does not clearly distinguish between compensation, etc. paid for the audit conducted in accordance with the Companies Act of Japan and compensation, etc. paid for the audit conducted in accordance with the Financial Instruments and Exchange Act. It is practically impossible to make such a distinction. Accordingly, the amount specified above is the aggregate amount of compensation, etc. for these two types of audits.

2. The Audit and Supervisory Committee has received explanations from the Accounting Auditor. Then the Committee has made the requisite investigation into the appropriateness of the Accounting Auditor's details of audit plans for the current fiscal year, including the number of days of and personnel allotment for auditing, the validation and evaluation of audit result for the previous fiscal year, the appropriateness of audit execution by the Accounting Auditor, and the calculation basis for their estimated compensation. As a result of these deliberations, it has concluded that these are appropriate and it consented to the amount of the compensation, etc. of the Accounting Auditor.

3. Some of the Company's significant overseas subsidiaries are audited by certified public accountants or auditing firms other than the Company's Accounting Auditor (including those who have qualifications equivalent to these qualifications in foreign countries).

**3) Non-auditing Services**

There were no non-auditing services performed in the fiscal year under review.

**4) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditors**

When it is deemed that the Accounting Auditor falls into the categories stipulated under each item of Article 340, paragraph 1 of the Companies Act of Japan, the Accounting Auditor will be dismissed based on the unanimous agreement of the Audit and Supervisory Committee Members. In this event, the Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee shall report the fact of the dismissal of the Accounting Auditor and the reasons for it to the first Ordinary General Meeting of Shareholders to be convened following the dismissal. With regard to the continuation of the audit by the Accounting Auditor, the Audit and Supervisory Committee determines the appropriateness of the audit by the Accounting Auditor every fiscal year in accordance with the given evaluation criteria, and the maximum term of office of the Accounting Auditor is set as ten years in principle, as the Committee's policy. Based on these internal rules, the Audit and Supervisory Committee determines proposals related to the nonrenewal of appointment and submit it to the Ordinary General Meeting of Shareholders as necessary.

**(5) System to Ensure the Propriety of the Business Operations and Operational Status of the System**

**1) Decisions and Resolutions related to System to Ensure the Propriety of the Business Operations**

The “System to Ensure the Propriety of the Business Operations (Basic Policy on the Company’s System for Internal Control)” of the Company was established at the meeting of the Board of Directors held on May 11, 2006 and has been revised six times since then in response to, among others, changes in the Regulation for Enforcement of the Companies Act and the shift to a company with an Audit and Supervisory Committee.

Date of Board of Directors held	Outline of contents of resolutions
April 1, 2015	In accordance with the revised Regulation for Enforcement of the Companies Act, revisions related to 1. System to Ensure the Propriety of the Business Operations of the Sangetsu Group and 2. Systems to Assist Audits and other items have been made.
July 10, 2015	In line with the transition to a company with an Audit and Supervisory Committee, revisions have been made in accordance with the Companies Act of Japan and Regulation for Enforcement of the Companies Act.
March 11, 2016	Prior to the adoption of an executive officer system, the addition of the objective of adoption of the system and other necessary revisions have been made.
April 14, 2017	In conjunction with the introduction of a department-in-charge system by the Company for the management of its subsidiaries, necessary changes were made.
April 12, 2019	The Nomination and Remuneration Advisory Committee has been renamed as the Nomination and Remuneration Committee and necessary changes have been made in conjunction with the revision of its role and positioning.
April 9, 2021	In conjunction with revisions as a result of the separation of management supervision functions and business execution functions, necessary changes were made.

The latest version of “Basic Policy on the Company’s System for Internal Control” is as follows:

- I System to Ensure the Propriety of the Business Operations
1. System to ensure that Directors, Executive Officers and employees execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation of the Company
    - (1) The Company shall establish the Sangetsu Group Human Rights Policy, Sangetsu Group Corporate Charter and Compliance Code of Conduct as a code of conduct to ensure conduct of Directors, Executive Officers and employees is in compliance with laws and regulations, the Articles of Incorporation and societal norms, and develop and consolidate regulations relating to compliance.
    - (2) The Company shall establish a compliance committee, for which the President and CEO has ultimate responsibility, as a body to deliberate significant matters relating to the promotion of compliance.
    - (3) The Company shall nominate an Executive Officer to be in charge of compliance in order to supervise compliance activities on a cross-Group basis.
    - (4) Head of each department shall be responsible for maintaining and improving the system for the promotion of compliance with laws and regulations, and internal rules in the relevant department. Furthermore, compliance leaders who promote compliance activities shall be appointed in each branch and department.
    - (5) The Audit Office, set up in the Management Audit Department shall conduct internal audit on the propriety of operation.
    - (6) The Internal Control Section, set up in the Management Audit Department, shall work to promote and enhance internal control in order to secure propriety and reliability in financial reporting.
    - (7) The Company shall establish a helpline, where employees and others may report compliance problems, and designate a contact within the company and an external law office to be in charge of such matters. Furthermore, the Company shall prohibit any adverse treatment based on the fact that such a report has been made by the person.
  2. System to store and control information related to execution of duties by Directors and Executive Officers
    - (1) The Company shall record information related to the execution of duties by Directors and Executive Officers in documents or by electronic media, and retain and manage this information in accordance with its rules on the retention of documentary records.
    - (2) The aforementioned documents and other materials related to the execution of duties by Directors and Executive Officers shall be kept available for inspection and copying at the request of the Audit and Supervisory Committee Members designated by the Audit and Supervisory Committee.
  3. Rules and other systems for managing risk of loss
    - (1) The Company shall establish Risk Management Rules, etc. with the aim of management of and response to various risks surrounding the Company.
    - (2) The Company shall establish a risk management committee, for which the President and CEO has ultimate responsibility, as a body to oversee the Group-wide risk management.
    - (3) The Company shall nominate an Executive Officer to be in charge of risk in order to supervise risk management activities of all Group companies.
    - (4) The Company shall establish risk management subcommittees in response to various risks, and appoint persons in charge for each subcommittee. Each risk management subcommittee shall deliberate issues on and countermeasures against risk in charge, and responds to them responsibly.

4. System to ensure that Directors and Executive Officers execute their duties efficiently
  - (1) With the aim of the agile business operations and clarification of operating responsibilities by separating decision-making and supervisory functions in the management from executive functions, the Company shall adopt an executive officer system.
  - (2) The Company shall hold regular meetings of the Board of Directors once a month in principle, and matters such as deliberations and decisions on important items related to the management policies and strategies shall be handled at these meetings.
  - (3) The Board of Directors may, in accordance with the Articles of Incorporation and Board of Directors regulations, delegate all or part of decisions on important business execution issues to Representative Director. The important business execution issues delegated to Directors shall be deliberated at the Management Meeting, comprised of Executive Officers and others.
  - (4) Executive Officers shall take charge of and execute their duties in accordance with the Rules on Division of Duties and Rules on Authority regarding Duties.
  - (5) The Company shall formulate the management plan from a medium- to long-term perspective regularly. In order to realize the management plan, budgets with companywide goals for each fiscal year shall be set and each department shall execute detailed plan aimed at the goals.
  - (6) The Group-wide meeting, comprised of Executive Officers, heads of departments and others, shall be convened regularly to share information on the implementation of the management plan and monitor its progress.
5. System relating to the Sangetsu Group comprising the Company and its subsidiaries
  - (1) System concerning the reporting of matters to the Company related to the execution of duties performed by Directors of subsidiaries  
 Subsidiary and Associates Management Regulations and Standards for Matters at Subsidiaries and Associates Requiring Approval and Reporting shall be established, and a system shall be put in place for reporting to the Company of the diverse matters occurring at subsidiaries. The Company shall introduce a department-in-charge system for the management of its subsidiaries.
  - (2) Rules and other systems for managing risk of loss at subsidiaries  
 Risk Management Regulations, Business Investment Risk Management Regulations, Subsidiary and Associates Management Regulations and Standards for Matters at Subsidiaries and Associates Requiring Approval and Reporting and other rules shall be established, and a system shall be put in place for the Company to manage the diverse risks, including the occurrence of loss, at subsidiaries.  
 In addition, monthly reports shall be made to the Company's Board of Directors in order to manage the various risks. Furthermore, regulations handling risks shall be put in place by subsidiaries themselves, thereby adding to the system for risk management.
  - (3) System to ensure that subsidiary Directors execute their duties efficiently  
 Subsidiary and Associates Management Regulations and Standards for Matters at Subsidiaries and Associates Requiring Approval and Reporting shall be established, and a system shall be put in place to ensure that subsidiary Directors are able to execute their duties efficiently. In addition, rules on the division of duties shall be put in place by subsidiaries themselves for the distribution of work responsibilities in order to allow the efficient execution of duties.
  - (4) System to ensure that subsidiary Directors and employees execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation of the Company  
 The Company shall establish the Sangetsu Group Human Rights Policy, Sangetsu Group Corporate Charter and Compliance Code of Conduct in order to maintain and improve the overall compliance framework of the Group. In addition, the Company shall establish a helpline with a designated external law office available also for employees at subsidiaries to contact with reports.

- II Systems to Assist Execution of Duties by the Audit and Supervisory Committee
1. Matters relating to employees who assist in the duties of the Audit and Supervisory Committee
    - (1) In order to assist the Audit and Supervisory Committee, the Company shall establish the Audit and Supervisory Committee Department with employees who serve dedicated and concurrently with their other posts.
    - (2) Assignments, transfers and evaluations for employees belonging to the Audit and Supervisory Committee Department require the consent of Audit and Supervisory Committee to ensure the independence from Directors (excluding Audit and Supervisory Committee Members (here and elsewhere in II)) and Executive Officers.
    - (3) Employees belonging to the Audit and Supervisory Committee Department assist in the duties of Audit and Supervisory Committee under the direction of Audit and Supervisory Committee.
    - (4) Employees belonging to the Audit and Supervisory Committee Department shall not be subject to instructions and orders from Directors and Executive Officers concerning the duties to assist Audit and Supervisory Committee. Employees belonging to the Audit and Supervisory Committee Department who serve concurrently with other posts shall carry out the instructions given by Audit and Supervisory Committee Members as top priority.
  2. Systems relating to the reporting to the Audit and Supervisory Committee
    - (1) Audit and Supervisory Committee Members shall receive reports regularly from Directors and Executive Officers on the status of execution of duties in charge at the Board of Directors. In addition, Audit and Supervisory Committee Members shall receive reports regularly on the status of the Boards of Directors of subsidiaries from Directors and Auditors dispatched to the Company's subsidiaries.
    - (2) Directors and Executive Officers shall, in the event of situations that may cause significant damage to the Company, swiftly report such matters to Audit and Supervisory Committee personally or through the heads of relevant departments.
    - (3) Audit and Supervisory Committee Members designated by Audit and Supervisory Committee shall attend important meetings, examine records, minutes, or other documents related to the execution of business, and request as necessary explanations from Directors, Executive Officers or employees.
    - (4) Audit and Supervisory Committee Members designated by Audit and Supervisory Committee shall visit subsidiaries, and examine records, minutes, or other documents related to the execution of business, and request as necessary explanations from subsidiary Directors or employees.
    - (5) Officers and employees of the Group may report compliance problems directly to Audit and Supervisory Committee or its members without using the Company's helpline. In such case, the Company prohibits any adverse treatment based on the fact that such a report has been made by the person.
  3. Items concerning policies for handling of expenses and debts arising from the execution of duties by the Audit and Supervisory Committee
    - (1) All expenses necessary for the duties of Audit and Supervisory Committee shall be recorded in an independent budget every fiscal period and processed promptly based on expense payment standards.
    - (2) Audit and Supervisory Committee, on its own initiative, may use external experts, etc., where necessary, and the Company shall then bear those expenses.
  4. Other Systems to ensure that Audit and Supervisory Committee execute their audits effectively
    - (1) With the aim of effective audit execution, Audit and Supervisory Committee shall cooperate with the internal audit department and internal control department.
    - (2) Audit and Supervisory Committee shall formulate the policy and plan for audit annually and report them to the Board of Directors.
    - (3) In order to enhance auditing effectiveness, Audit and Supervisory Committee shall receive reports on the status of responses to issues identified in the audits at the Board of Directors meetings or on other occasions, and give feedback to them.
    - (4) Audit and Supervisory Committee shall exchange information regularly on matters including audits with President and CEO and Accounting Auditor.

## 2) Outline of Operational status of System to Ensure the Propriety of the Business Operations

- i) Operational status of compliance system
  - The Compliance Committee has been held four times in the current fiscal year, where they reviewed the compliance program from its formulation to its revision using the PDCA cycle, and discussed measures to prevent harassment.
  - During the current fiscal year, there were 14 consultations through the helpline, and each case was responded to appropriately.
  - Basic compliance trainings were provided to both new managers and new employees respectively.
- ii) Operational status of risk management system
  - The Company has established eight subcommittees (sales risk, logistics risk, product development, inventory and purchase risk, overseas business risk, human risk, environment and disaster risk, information security risk, and climate change risk) under the Risk Management Committee.
  - The Risk Management Committee has been held four times in the current fiscal year, where they examined countermeasures against the potential risks discussed at each subcommittee.
  - The risk management system is operated aiming to achieve the status in which the control levels of each risk are identified and effectively managed.
  - In the above risk management, the Company has clarified important management risks based on frequency and impact, and defined large-scale system failures, cyber security risks, product quality maintenance, and delivery risks as the most important management risks. In order to make the BCP system more effective, in consultation with relevant departments, the Company is promoting the formulation of BCM, a review of the organization chart of the emergency response headquarters, and formulation of assumed scenarios.
  - Regarding communication methods with each location in the event of an emergency, the Company has introduced the safety confirmation system “e-Innovation” to domestic group companies (excluding some) and conducted joint drills.
- iii) Operational status of system for effective business execution
  - The Company introduced an executive officer system effective April 1, 2016 to speed up business execution and clarify executive responsibilities, and the Management Meeting, which consists mainly of Executive Officers, has been held 12 times in the current fiscal year.
  - The regular meeting of the Board of Directors has been held 12 times and the extraordinary meeting of the Board of Directors has been held two times in the current fiscal year.
  - The Company formulated a Medium-term Business Plan and performed and managed the updates for each measure.
  - The Company made changes to the organizational structure to build a stronger business foundation for sustainable growth.
  - The Board of Directors delegated the following matters of the important business execution issues to Representative Director in the current fiscal year:
    - 1) Establishment, change and abolition of branches and other significant organizations
    - 2) Decision on the basic policy related to employee hiring, salaries and bonuses
    - 3) Approval of the draft for annual budgets
  - Business Issue Review Meetings were held 10 times in the current fiscal year to discuss business and operational issues.
  - The Company clarified preconditions for budgeting, managed the progress for the preconditions, and discussed the achievement of the budget at each meeting.
- iv) Operational status of the Group
  - Under the department-in-charge system introduced on April 1, 2017, for each subsidiary and associate, the department in charge of its management has been designated to strengthen the consolidated management of the Sangetsu Group.
- v) Operational status of Audit and Supervisory Committee
  - The Audit and Supervisory Committee meeting has been held 14 times in the current fiscal year.



**(6) Basic Policy on Control of the Company**

There are no items to report.

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Note: Monetary amounts and numbers of shares provided in this business report are presented with fractional units discarded.

## Consolidated Financial Statements

(April 1, 2024 - March 31, 2025)

### Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	73rd term As of March 31, 2025	(Reference) 72nd term As of March 31, 2024	Item	73rd term As of March 31, 2025	(Reference) 72nd term As of March 31, 2024
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current assets</b>	<b>117,011</b>	<b>107,463</b>	<b>Current liabilities</b>	<b>58,276</b>	<b>53,273</b>
Cash and deposits	33,727	25,096	Notes and accounts payable - trade	18,157	16,131
Notes receivable - trade	4,781	8,526	Contract liabilities	1,515	1,208
Accounts receivable - trade	26,430	26,186	Electronically recorded obligations - operating	13,940	15,423
Contract assets	3,833	235	Short-term loans payable	9,098	5,711
Electronically recorded monetary claims - operating	23,834	24,300	Lease obligations	509	522
Securities	300	300	Income taxes payable	3,045	2,681
Merchandise and finished goods	19,300	18,380	Provision for bonuses	3,972	3,602
Work in process	185	278	Provision for directors' bonuses	95	134
Raw materials and supplies	2,948	3,129	Provision for product warranties	174	389
Other	2,118	1,446	Other	7,767	7,468
Allowance for doubtful accounts	(449)	(416)	<b>Non-current liabilities</b>	<b>11,800</b>	<b>10,767</b>
<b>Non-current assets</b>	<b>66,848</b>	<b>63,287</b>	Long-term loans payable	2,000	-
<b>Property, plant and equipment</b>	<b>41,665</b>	<b>39,909</b>	Lease obligations	1,177	1,251
Buildings and structures	13,310	11,262	Deferred tax liabilities	254	256
Machinery, equipment and vehicles	5,093	5,039	Net defined benefit liability	5,547	6,495
Tools, furniture and fixtures	1,005	929	Asset retirement obligations	1,697	1,784
Land	16,361	16,468	Other	1,123	979
Leased assets	1,528	1,678			
Construction in progress	4,366	4,530			
<b>Intangible assets</b>	<b>4,290</b>	<b>3,228</b>	<b>Total liabilities</b>	<b>70,077</b>	<b>64,040</b>
Software	1,644	1,247	<b>NET ASSETS</b>		
Goodwill	1,836	1,173	<b>Shareholders' equity</b>	<b>104,692</b>	<b>100,799</b>
Other	810	807	<b>Capital stock</b>	<b>13,616</b>	<b>13,616</b>
<b>Investments and other assets</b>	<b>20,892</b>	<b>20,149</b>	<b>Capital surplus</b>	<b>17,218</b>	<b>17,175</b>
Investment securities	8,203	8,128	<b>Retained earnings</b>	<b>74,555</b>	<b>70,799</b>
Investment property	4,945	4,888	<b>Treasury shares</b>	<b>(698)</b>	<b>(791)</b>
Guarantee deposits	2,088	1,894	<b>Accumulated other comprehensive income</b>	<b>8,339</b>	<b>5,839</b>
Retirement benefit asset	1,218	548	<b>Valuation difference on available-for-sale securities</b>	<b>3,628</b>	<b>3,305</b>
Deferred tax assets	3,196	3,978	<b>Deferred gains or losses on hedges</b>	<b>-</b>	<b>(20)</b>
Other	1,252	729	<b>Foreign currency translation adjustment</b>	<b>2,084</b>	<b>1,241</b>
Allowance for doubtful accounts	(12)	(17)	<b>Remeasurements of defined benefit plans</b>	<b>2,626</b>	<b>1,312</b>
			<b>Share acquisition rights</b>	<b>4</b>	<b>55</b>
			<b>Non-controlling interests</b>	<b>745</b>	<b>14</b>
<b>Total assets</b>	<b>183,859</b>	<b>170,750</b>	<b>Total net assets</b>	<b>113,781</b>	<b>106,709</b>
			<b>Total liabilities and net assets</b>	<b>183,859</b>	<b>170,750</b>

## Consolidated Statement of Income

(April 1, 2024 - March 31, 2025)

Item	(Millions of yen)	
	73rd term (April 1, 2024 - March 31, 2025)	(Reference) 72nd term (April 1, 2023 - March 31, 2024)
<b>Net sales</b>	<b>200,378</b>	<b>189,859</b>
<b>Cost of sales</b>	<b>138,005</b>	<b>130,899</b>
<b>Gross profit</b>	<b>62,373</b>	<b>58,959</b>
<b>Selling, general and administrative expenses</b>	<b>44,198</b>	<b>39,856</b>
<b>Operating income</b>	<b>18,174</b>	<b>19,103</b>
<b>Non-operating income</b>	<b>943</b>	<b>1,078</b>
Interest and dividend income	284	313
Rental income from real estate	429	429
Other	229	336
<b>Non-operating expenses</b>	<b>511</b>	<b>486</b>
Interest expenses	244	269
Rental expenses on real estate	109	119
Loss on valuation of interest rate swaps	64	—
Foreign exchange losses	75	65
Other	17	32
<b>Ordinary income</b>	<b>18,606</b>	<b>19,695</b>
<b>Extraordinary income</b>	<b>267</b>	<b>691</b>
Gain on sales of non-current assets	3	11
Gain on sales of investment securities	41	227
Subsidy income	223	392
Gain on liquidation of subsidiaries and associates	—	59
<b>Extraordinary losses</b>	<b>179</b>	<b>270</b>
Loss on sales and retirement of non-current assets	43	30
Loss on sales of investment securities	41	59
Loss on valuation of investment securities	—	11
Impairment loss	94	166
Other	—	2
<b>Income before income taxes</b>	<b>18,695</b>	<b>20,116</b>
Income taxes - current	5,852	6,149
Income taxes - deferred	257	(324)
<b>Net income</b>	<b>12,585</b>	<b>14,291</b>
Profit attributable to non-controlling interests	17	—
<b>Profit attributable to owners of parent</b>	<b>12,567</b>	<b>14,291</b>

## Consolidated Statement of Changes in Equity

(April 1, 2024 - March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,616	17,175	70,799	(791)	100,799
Changes of items during period					
Dividends of surplus			(8,811)		(8,811)
Profit attributable to owners of parent			12,567		12,567
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		39		47	86
Exercise of share acquisition rights		4		46	51
Net changes of items other than shareholders' equity					
Total changes of items during period	–	43	3,756	92	3,892
Balance at end of current period	13,616	17,218	74,555	(698)	104,692

	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 current period	3,305	(20)	1,241	1,312	5,839	55	14	106,709
Changes of items during period								
Dividends of surplus								(8,811)
Profit attributable to owners of parent								12,567
Purchase of treasury shares								(1)
Disposal of treasury shares								86
Exercise of share acquisition rights								51
Net changes of items other than shareholders' equity	322	20	843	1,313	2,499	(51)	730	3,179
Total changes of items during period	322	20	843	1,313	2,499	(51)	730	7,071
Balance at end of current period	3,628	–	2,084	2,626	8,339	4	745	113,781

**(Reference) Consolidated Statement of Changes in Equity**  
(April 1, 2023 - March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,616	17,150	64,138	(849)	94,056
Changes of items during period					
Dividends of surplus			(7,630)		(7,630)
Profit attributable to owners of parent			14,291		14,291
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		23		46	70
Exercise of share acquisition rights		1		12	13
Net changes of items other than shareholders' equity					
Total changes of items during period	–	24	6,660	58	6,743
Balance at end of current period	13,616	17,175	70,799	(791)	100,799

	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 current period	1,269	(39)	1,157	(702)	1,685	69	13	95,825
Changes of items during period								
Dividends of surplus								(7,630)
Profit attributable to owners of parent								14,291
Purchase of treasury shares								(1)
Disposal of treasury shares								70
Exercise of share acquisition rights								13
Net changes of items other than shareholders' equity	2,036	19	83	2,015	4,153	(13)	1	4,141
Total changes of items during period	2,036	19	83	2,015	4,153	(13)	1	10,884
Balance at end of current period	3,305	(20)	1,241	1,312	5,839	55	14	106,709

## Non-consolidated Financial Statements

(April 1, 2024 - March 31, 2025)

### Non-consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	73rd term As of March 31, 2025	(Reference) 72nd term As of March 31, 2024	Item	73rd term As of March 31, 2025	(Reference) 72nd term As of March 31, 2024
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current assets</b>	<b>98,056</b>	<b>90,617</b>	<b>Current liabilities</b>	<b>46,978</b>	<b>43,829</b>
Cash and deposits	25,243	16,346	Electronically recorded obligations - operating	13,333	15,084
Notes receivable - trade	4,244	7,714	Accounts payable - trade	11,059	11,437
Electronically recorded monetary claims - operating	23,316	23,906	Contract liabilities	58	53
Accounts receivable - trade	18,867	19,753	Short-term loans payable	9,098	5,711
Contract assets	244	81	Short-term loans payable from subsidiaries and associates	2,744	1,348
Securities	300	300	Lease obligations	0	0
Merchandise and finished goods	15,557	14,958	Accounts payable - other	2,906	3,396
Work in process	—	20	Income taxes payable	2,791	2,148
Raw materials and supplies	1,677	2,102	Provision for bonuses	2,843	2,743
Short-term loans receivable from subsidiaries and associates	7,499	4,600	Provision for directors' bonuses	95	134
Other	1,150	935	Provision for product warranties	112	140
Allowance for doubtful accounts	(44)	(100)	Other	1,935	1,631
<b>Non-current assets</b>	<b>67,362</b>	<b>66,544</b>	<b>Non-current liabilities</b>	<b>10,751</b>	<b>8,725</b>
<b>Property, plant and equipment</b>	<b>24,830</b>	<b>25,544</b>	Long-term loans payable	2,000	—
Buildings	8,326	8,802	Lease obligations	1	1
Structures	118	129	Provision for retirement benefits	6,077	6,054
Machinery and equipment	2,182	2,241	Asset retirement obligations	1,609	1,699
Vehicles	98	135	Long-term deposits received	713	665
Tools, furniture and fixtures	765	753	Other	349	303
Land	13,320	13,447	<b>Total liabilities</b>	<b>57,729</b>	<b>52,554</b>
Leased assets	1	2	<b>NET ASSETS</b>		
Construction in progress	16	31	<b>Shareholders' equity</b>	<b>104,148</b>	<b>101,353</b>
<b>Intangible assets</b>	<b>1,376</b>	<b>1,174</b>	<b>Capital stock</b>	<b>13,616</b>	<b>13,616</b>
Software	1,306	1,103	<b>Capital surplus</b>	<b>20,074</b>	<b>20,030</b>
Other	70	70	Legal capital surplus	20,005	20,005
<b>Investments and other assets</b>	<b>41,155</b>	<b>39,825</b>	Other capital surplus	68	24
Investment securities	7,825	7,775	<b>Retained earnings</b>	<b>71,156</b>	<b>68,498</b>
Shares of subsidiaries and associates	14,702	12,941	Legal retained earnings	3,404	3,404
Long-term loans receivable from subsidiaries and associates	7,400	8,336	Other retained earnings	67,752	65,094
Investment property	4,945	4,888	General reserve	45,000	45,000
Deferred tax assets	3,347	3,567	Retained earnings brought forward	22,752	20,094
Insurance funds	306	299	<b>Treasury shares</b>	<b>(698)</b>	<b>(791)</b>
Guarantee deposits	1,815	1,674	<b>Valuation and translation adjustments</b>	<b>3,536</b>	<b>3,197</b>
Other	823	354	<b>Valuation difference on available-for-sale securities</b>	<b>3,536</b>	<b>3,218</b>
Allowance for doubtful accounts	(11)	(11)	<b>Deferred gains or losses on hedges</b>	<b>—</b>	<b>(20)</b>
<b>Total assets</b>	<b>165,419</b>	<b>157,162</b>	<b>Share acquisition rights</b>	<b>4</b>	<b>55</b>
			<b>Total net assets</b>	<b>107,689</b>	<b>104,607</b>
			<b>Total liabilities and net assets</b>	<b>165,419</b>	<b>157,162</b>

## Non-consolidated Statement of Income (April 1, 2024 - March 31, 2025)

Item	(Millions of yen)	
	73rd term (April 1, 2024 - March 31, 2025)	(Reference) 72nd term (April 1, 2023 - March 31, 2024)
<b>Net sales</b>	<b>155,410</b>	<b>150,528</b>
<b>Cost of sales</b>	<b>112,465</b>	<b>108,639</b>
<b>Gross profit</b>	<b>42,944</b>	<b>41,889</b>
<b>Selling, general and administrative expenses</b>	<b>25,950</b>	<b>24,490</b>
<b>Operating income</b>	<b>16,994</b>	<b>17,399</b>
<b>Non-operating income</b>	<b>995</b>	<b>1,320</b>
Interest and dividend income	471	802
Rental income from real estate	429	427
Other	94	90
<b>Non-operating expenses</b>	<b>460</b>	<b>436</b>
Interest expenses	228	241
Foreign exchange losses	51	70
Rental expenses on real estate	109	119
Loss on valuation of interest rate swaps	64	—
Other	6	5
<b>Ordinary income</b>	<b>17,528</b>	<b>18,283</b>
<b>Extraordinary income</b>	<b>264</b>	<b>428</b>
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	41	227
Subsidy income	223	—
Gain on liquidation of subsidiaries and associates	—	199
<b>Extraordinary losses</b>	<b>1,142</b>	<b>252</b>
Loss on valuation of shares of subsidiaries and associates	<b>1,081</b>	—
Loss on sales of non-current assets	3	—
Loss on retirement of non-current assets	16	14
Loss on sales of investment securities	41	59
Loss on valuation of investment securities	—	11
Impairment loss	—	165
<b>Income before income taxes</b>	<b>16,650</b>	<b>18,458</b>
Income taxes - current	5,177	5,337
Income taxes - deferred	3	(213)
<b>Net income</b>	<b>11,469</b>	<b>13,335</b>

## Non-consolidated Statement of Changes in Equity

(April 1, 2024 - March 31, 2025)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings		
Balance at beginning of current period	13,616	20,005	24	20,030	3,404	45,000	20,094	68,498	(791)	101,353
Changes of items during period										
Dividends of surplus							(8,811)	(8,811)		(8,811)
Net income							11,469	11,469		11,469
Purchase of treasury shares									(1)	(1)
Disposal of treasury shares			39	39					47	86
Exercise of share acquisition rights			4	4					46	51
Net changes of items other than shareholders' equity										
Total changes of items during period	—	—	43	43	—	—	2,658	2,658	92	2,794
Balance at end of current period	13,616	20,005	68	20,074	3,404	45,000	22,752	71,156	(698)	104,148

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	3,218	(20)	3,197	55	104,607
Changes of items during period					
Dividends of surplus					(8,811)
Net income					11,469
Purchase of treasury shares					(1)
Disposal of treasury shares					86
Exercise of share acquisition rights					51
Net changes of items other than shareholders' equity	318	20	339	(51)	287
Total changes of items during period	318	20	339	(51)	3,082
Balance at end of current period	3,536	—	3,536	4	107,689



# (Reference) Non-consolidated Statement of Changes in Equity

(April 1, 2023 - March 31, 2024)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings		
Balance at beginning of current period	13,616	20,005	—	20,005	3,404	45,000	14,389	62,793	(849)	95,566
Changes of items during period										
Dividends of surplus							(7,630)	(7,630)		(7,630)
Net income							13,335	13,335		13,335
Purchase of treasury shares									(1)	(1)
Disposal of treasury shares			23	23					46	70
Exercise of share acquisition rights			1	1					12	13
Net changes of items other than shareholders' equity										
Total changes of items during period	—	—	24	24	—	—	5,704	5,704	58	5,787
Balance at end of current period	13,616	20,005	24	20,030	3,404	45,000	20,094	68,498	(791)	101,353

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	1,238	(39)	1,199	69	96,835
Changes of items during period					
Dividends of surplus					(7,630)
Net income					13,335
Purchase of treasury shares					(1)
Disposal of treasury shares					70
Exercise of share acquisition rights					13
Net changes of items other than shareholders' equity	1,979	19	1,998	(13)	1,984
Total changes of items during period	1,979	19	1,998	(13)	7,772
Balance at end of current period	3,218	(20)	3,197	55	104,607

(English Translation)

Accounting Auditor's audit report on the Consolidated Financial Statements

**Independent Auditor's Report**

May 14, 2025

To the Board of Directors  
Sangetsu Corporation

Deloitte Touche Tohmatsu LLC  
Nagoya Office

Akinori Masumi, CPA  
Designated Limited Liability Partner,  
Engagement Partner  
Yae Sugiura, CPA  
Designated Limited Liability Partner,  
Engagement Partner

*Opinion*

Pursuant to Article 444, paragraph 4 of the Companies Act of Japan, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements of Sangetsu Corporation (the "Company") for the fiscal term from April 1, 2024 to March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and financial performance of the corporate group, which consisted of the Company and its consolidated subsidiaries for the fiscal term of the consolidated financial statements, in accordance with accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the regulations on professional ethics in Japan, and we have fulfilled our other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Content*

Other content is the Business Report and its supplementary schedules. It is responsibility of management to prepare and present the other content. Moreover, the responsibility of the Audit and Supervisory Committee is to supervise the execution of duties of directors in maintaining and operating the reporting process of the other content.

The other content is not within the scope of our audit opinion on the consolidated financial statements. We do not state an opinion regarding the other content.

Our responsibility for auditing the consolidated financial statements is to read through the other content and consider whether there is any material discrepancy between the other content and the consolidated financial statements or the knowledge that we have acquired in the course of the audit. In addition, we are also responsible for paying attention with regard to any signs of other material misstatements outside of such material discrepancies.

We are required to report the fact if we judge there to be a material misstatement in the other content based on the work we carry out.

There were no items to be reported by us with regard to the other content.

*Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis of accounting and

disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process.

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibility is to express an opinion on the consolidated financial statements in our auditor's report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decision-making of users of the consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related disclosures.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection of the audit on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and to communicate with the Audit and Supervisory Committee all matters that may reasonably be thought to bear on our independence, as well as the details of any measures taken to eliminate factors that might hinder our independence or related safeguards applied to mitigate them to an acceptable level.

#### *Conflict of Interest*

We or the engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

- End of Report -

(English Translation)

Accounting Auditor's audit report on the Non-consolidated Financial Statements

**Independent Auditor's Report**

May 14, 2025

To the Board of Directors  
Sangetsu Corporation

Deloitte Touche Tohmatsu LLC  
Nagoya Office

Akinori Masumi, CPA  
Designated Limited Liability Partner,  
Engagement Partner  
Yae Sugiura, CPA  
Designated Limited Liability Partner,  
Engagement Partner

*Opinion*

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements, and the supplementary schedules (hereinafter, collectively, the "non-consolidated financial statements, etc.") of Sangetsu Corporation (the "Company") for the 73rd fiscal term from April 1, 2024 to March 31, 2025.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and financial performance of the Company for the fiscal term of the non-consolidated financial statements, etc., in accordance with accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, etc.* section of our report. We are independent of the Company in accordance with the regulations on professional ethics in Japan, and we have fulfilled our other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Content*

Other content is the Business Report and its supplementary schedules. It is responsibility of management to prepare and present the other content. Moreover, the responsibility of the Audit and Supervisory Committee is to supervise the execution of duties of directors in maintaining and operating the reporting process of the other content.

The other content is not within the scope of our audit opinion on the non-consolidated financial statements, etc. We do not state an opinion regarding the other content.

Our responsibility for auditing the non-consolidated financial statements, etc. is to read through the other content and consider whether there is any material discrepancy between the other content and the non-consolidated financial statements, etc. or the knowledge that we have acquired in the course of the audit. In addition, we are also responsible for paying attention with regard to any signs of other material misstatements outside of such material discrepancies.

We are required to report the fact if we judge there to be a material misstatement in the other content based on the work we carry out.

There were no items to be reported by us with regard to the other content.

*Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements, etc.*

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and

operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. on the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process.

#### *Auditors' Responsibilities for the Audit of the Non-consolidated Financial Statements, etc.*

Our responsibility is to express an opinion on the non-consolidated financial statements, etc. in our auditor's report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decision-making of users of the non-consolidated financial statements, etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the non-consolidated financial statements, etc. whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related disclosures.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to non-consolidated financial statements, etc. or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related disclosures, and whether the non-consolidated financial statements, etc. represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and to communicate with the Audit and Supervisory Committee all matters that may reasonably be thought to bear on our independence, as well as the details of any measures taken to eliminate factors that might hinder our independence or related safeguards applied to mitigate them to an acceptable level.

#### *Conflict of Interest*

We or the engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

- End of Report -

(English Translation)

The Audit and Supervisory Committee's audit report

### **Audit Report**

The Audit and Supervisory Committee has audited the execution of duties by Directors for the 73rd fiscal term from April 1, 2024 to March 31, 2025. The Committee hereby reports the method and result thereof as follows:

#### 1. Summary of Auditing Methods

Regarding the content of the resolution of the Board of Directors relating to matters stipulated in Article 399-13, paragraph 1, item 1 (b) and (c) of the Companies Act of Japan and the status of the system being developed pursuant to such resolutions (internal control system), the Audit and Supervisory Committee periodically received reports from the Directors, employees and other personnel concerning the establishment and operation of such system, sought explanations as necessary, and expressed opinions. In addition, the Committee Members carried out audits according to the following method:

1) In accordance with the auditing standards for Audit and Supervisory Committee determined by the Audit and Supervisory Committee, and in compliance with auditing policies and the division of duties, while utilizing methods that used telephone lines, the Internet, etc., each Audit and Supervisory Committee Member worked in coordination with the internal audit division and attended the important meetings to receive reports regarding execution of duties from the Directors, Executive Officers, and employees, and requested explanations as necessary. Each Audit and Supervisory Committee Member also inspected the approved documents and examined the status of operations and conditions of assets at the head office, principal branches, and sales offices. Audit and Supervisory Committee Members communicated and shared information with the directors and auditors, etc. of the subsidiaries and received from the subsidiaries their business reports as necessary.

2) Audit and Supervisory Committee Members monitored and verified that the Accounting Auditor maintains independence and conduct the audits appropriately. Each Audit and Supervisory Committee Member also received reports on the status of the execution of duties from Accounting Auditor and requested explanations as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council) from the Accounting Auditor and requested explanations as necessary. Furthermore, we also consulted with Deloitte Touche Tohmatsu LLC regarding key matters to be considered in audits, received reports from Deloitte Touche Tohmatsu LLC on the status of their audit, and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the Business Report and the supplementary schedules thereto, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements) and the supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal term ended March 31, 2025.

## 2. Results of Audit

### (1) Results of Audit of Business Report and Other Relevant Documents

- 1) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- 2) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor of the Articles of Incorporation of the Company.
- 3) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. As for the construction and operation of this internal control system, improvements continue to be made, and there are no matters requiring additional comment regarding the contents of the business report on such internal control system and the execution of duties by Directors.

### (2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

The auditing methods and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

### (3) Results of Audit of Consolidated Financial Statements

The auditing methods and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 14, 2025

Audit and Supervisory Committee, Sangetsu Corporation

Audit and Supervisory Committee Member	Kenichi Udagawa
Audit and Supervisory Committee Member	Michiyo Hamada
Audit and Supervisory Committee Member	Osamu Terada
Audit and Supervisory Committee Member	Aki Ogane
Audit and Supervisory Committee Member (full-time)	Yosuke Mine

- (Note) Audit and Supervisory Committee Members Kenichi Udagawa, Michiyo Hamada, Osamu Terada, and Aki Ogane are Outside Directors under the provisions of item 15 of Article 2 and paragraph 6 of Article 331 of the Companies Act of Japan.