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Sangetsu Corporation

**Supplementary Materials of Financial
Results as of March 31, 2024
FY2023**

May 10, 2024

Sangetsu Corporation

Securities code: 8130

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

Points of Financial Results in FY2023

[Consolidated Performance]

Net sales and Net profit hit record highs.

[Domestic interior segment]

- Major products such as wall coverings and floor coverings steadily increased their share throughout the fiscal year (April-March).
- Medium-sized products*, which are focused on in the medium-term management plan, also continued to perform well throughout the fiscal year (April-March).
- During the fourth quarter (January-March), sales prices were almost flat. Gross profit per product decreased due to higher logistics costs and some raw material prices.
- Volume also decreased in our company due to a market slowdown at the end of the fiscal year.

*REATEC (adhesive-attached decorative film) , glass film, carpet tiles, floor tiles, chair upholstery.

[Domestic Exterior Segment]

- Full-year sales higher than last year, but struggling in Q4 due to market slowdown
- Strengthen human resources to expand specialized human resources and increase new store opening costs to expand business areas.

Points of Financial Results in FY2023

[Overseas segment]

- In North America, earnings have been strong since the first quarter and the company is profitable for the year.
- In Southeast Asia, the company continues to lose money due to higher costs due to enhancements in Singapore.
- Business in China and Hong Kong remained in the red due to sluggish markets.
- From this fiscal year, Sangetsu's non-consolidated overseas business unit profit or loss was included in the overseas segment. As a result, losses in the overseas segment as a whole continued. However, in the case of overseas group companies In total, the company returned to profitability for the full year, significantly improving from the previous fiscal year.

[Others]

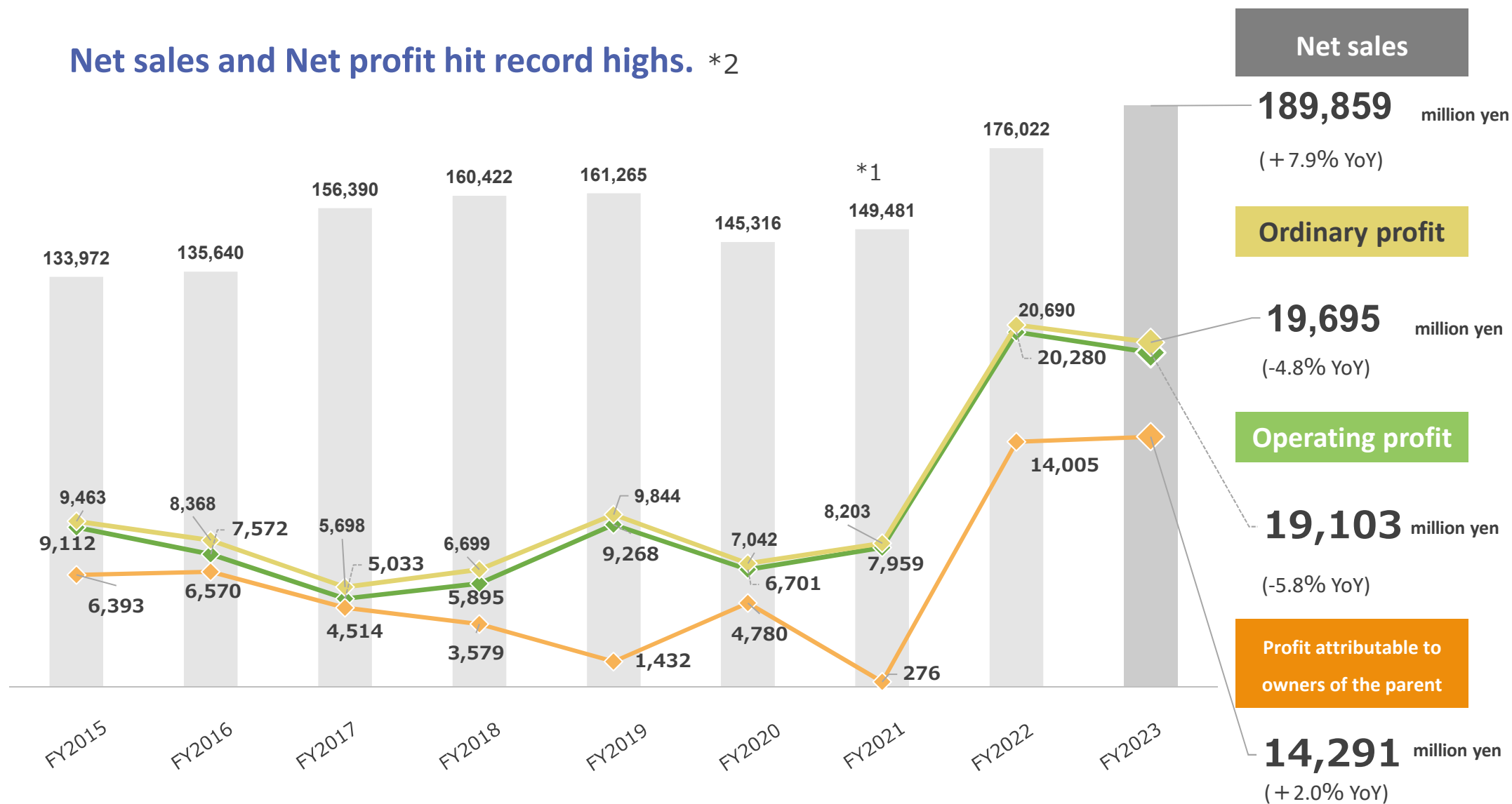
- Employee Retention Credit income from the U.S. government.
- Tax incentives to promote wage increases.
- Decrease in regarding impairment loss year-on-year

Overview of Consolidated Results; Profit-and-loss Statement

	FY2022	FY2023 [100 million yen, %]			
	Results (A)	Results (B)	YoY (B-A,B/A)	Full-year forecasts announced on Feb. 9 (C)	Achievement rates (B/C)
Net Sales	1,760.2	1,898.5	+138.3 (+7.9%)	1,910.0	99.4%
Gross profit	563.7	589.5	+25.8 (+4.6%)	602.0	97.9%
(margin)	(32.0%)	(31.1%)		(31.5%)	
SGA	360.9	398.5	+37.6 (+10.4%)	402.0	99.1%
Operating profit	202.8	191.0	-11.7 (-5.8%)	200.0	95.5%
(margin)	(11.5%)	(10.1%)		(10.5%)	
Ordinary profit	206.9	196.9	-9.9 (-4.8%)	205.0	96.1%
Profit attributable to owners of the parent	140.0	142.9	+2.8 (+2.0%)	146.0	97.9%

Variations in Consolidated Net Sales, Operating Profit, Ordinary Profit, and Net Profit

Net sales and Net profit hit record highs. *2



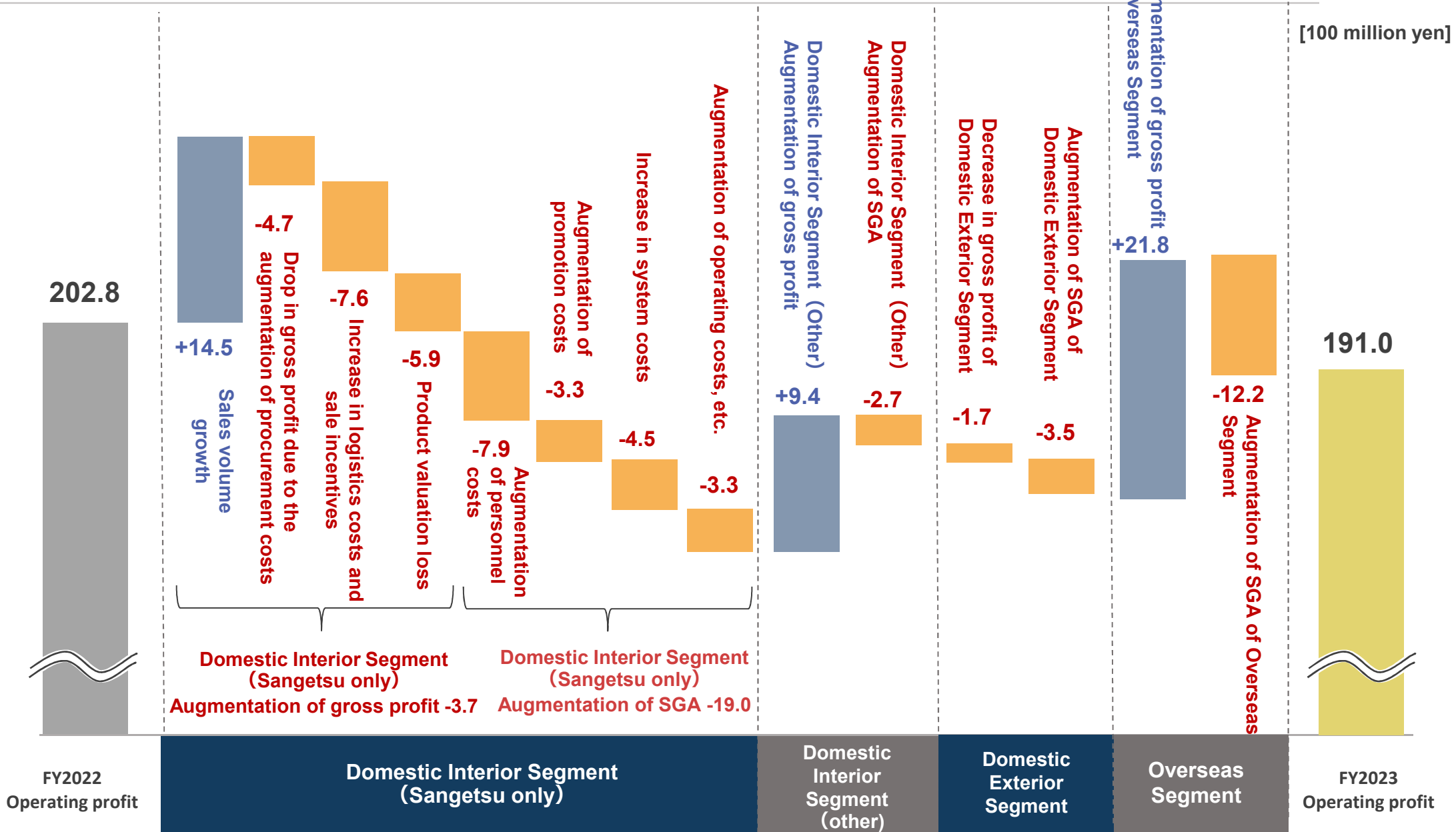
*1 We have been applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. from the beginning of the term ended March 2022.

Net Sales and Operating Profit of Each Segment

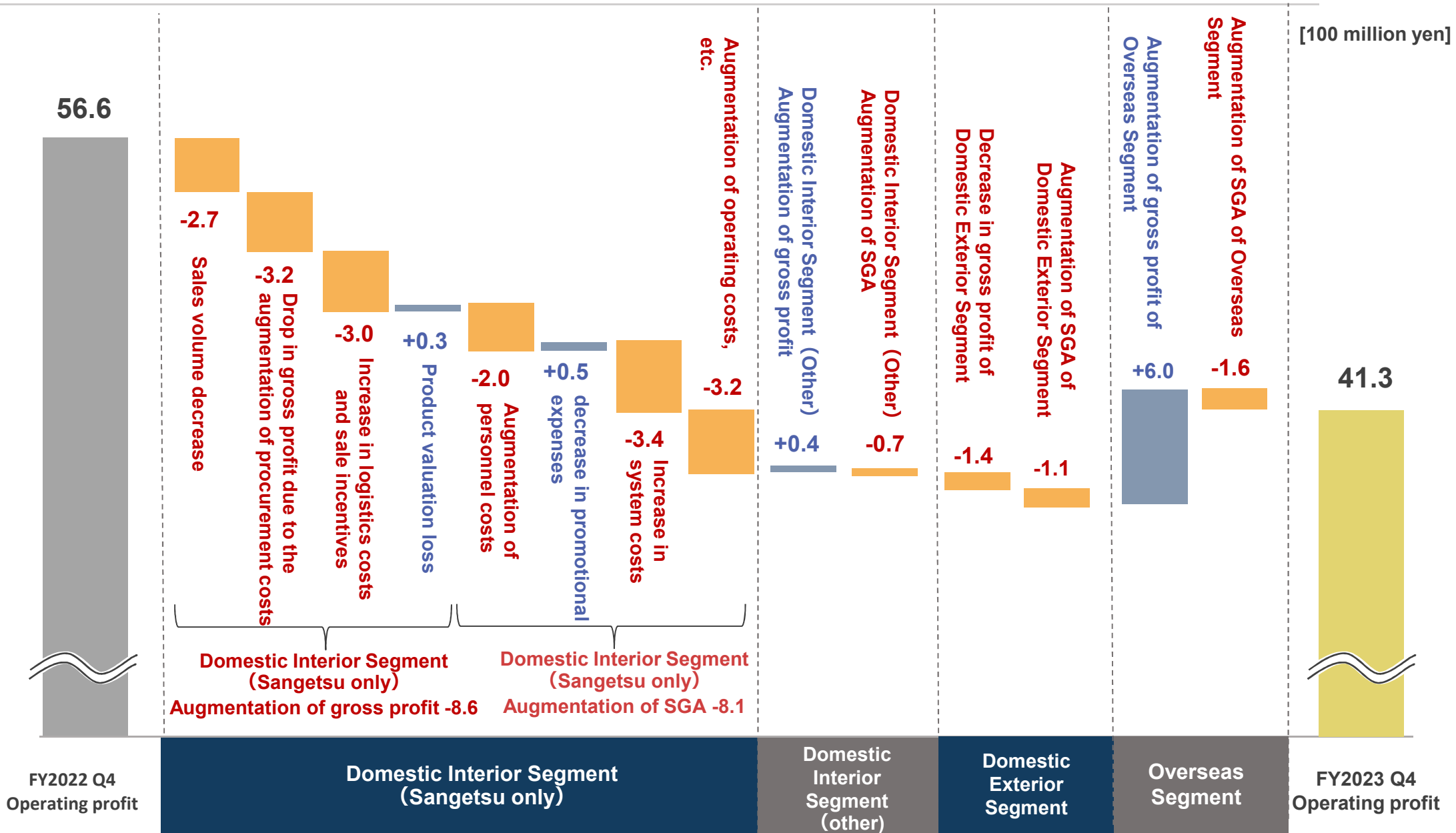
Business segment	FY2022	FY2023 [100 million yen, %]	
	Results (A)	Results (B)	YoY (B-A,B/A)
Domestic Interior segment net sales	1,479.6	1,591.5	+111.9(+7.6%)
Wallcoverings Unit	725.9	772.3	+46.3(+6.4%)
Flooring Materials Unit	515.5	563.5	+47.9(+9.3%)
Fabrics Unit	94.4	95.0	+0.6(+0.7%)
Construction and others	143.6	160.5	+16.9(+11.8%)
Operating profit	211.0	194.8	-16.1(-7.6%)
Domestic Exterior Segment net sales	62.9	64.6	+1.6(+2.7%)
Operating profit	4.5	-0.7	-5.2(-)
Overseas Segment net sales	217.8	242.9	+25.0(+11.5%)
Operating profit	-12.7	-3.1	+9.6(-)
Adjustment of transactions between segments (net sales)	-0.1	-0.5	-0.3(-)
Adjustment of transactions between segments (operating income)	0.0	0.0	+0.0(+ 129.1%)
Consolidated net sales	1,760.2	1,898.5	+138.3(+7.9%)
Consolidated operating profit	202.8	191.0	-11.7(-5.8%)

*As the number of segments to be reported was changed from four to three at the beginning of FY 2023, results for Q3 of FY 2022 show figures reflecting the reclassification into new segments.

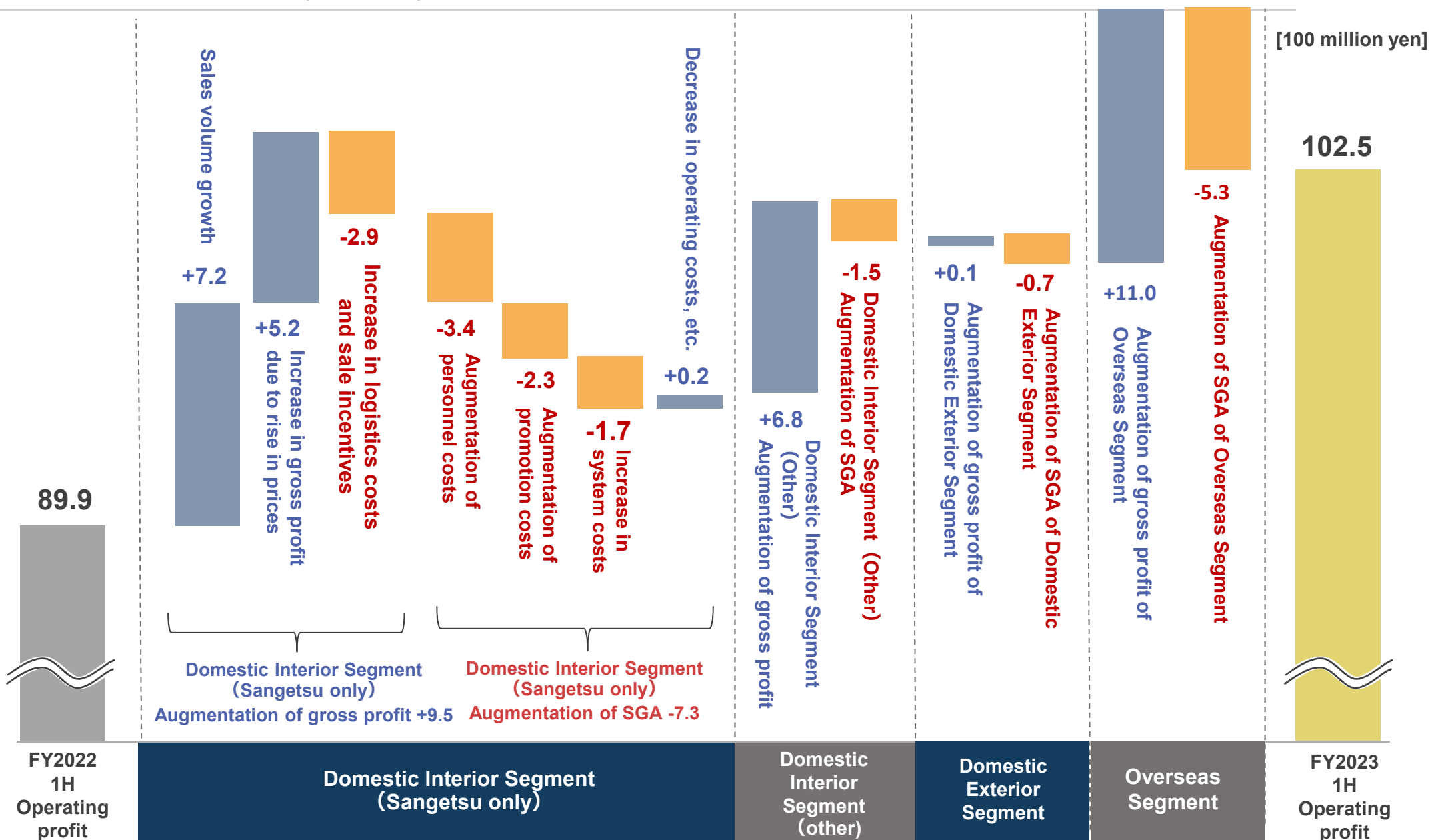
Change in Consolidated Operating profit (YoY :April-March)



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

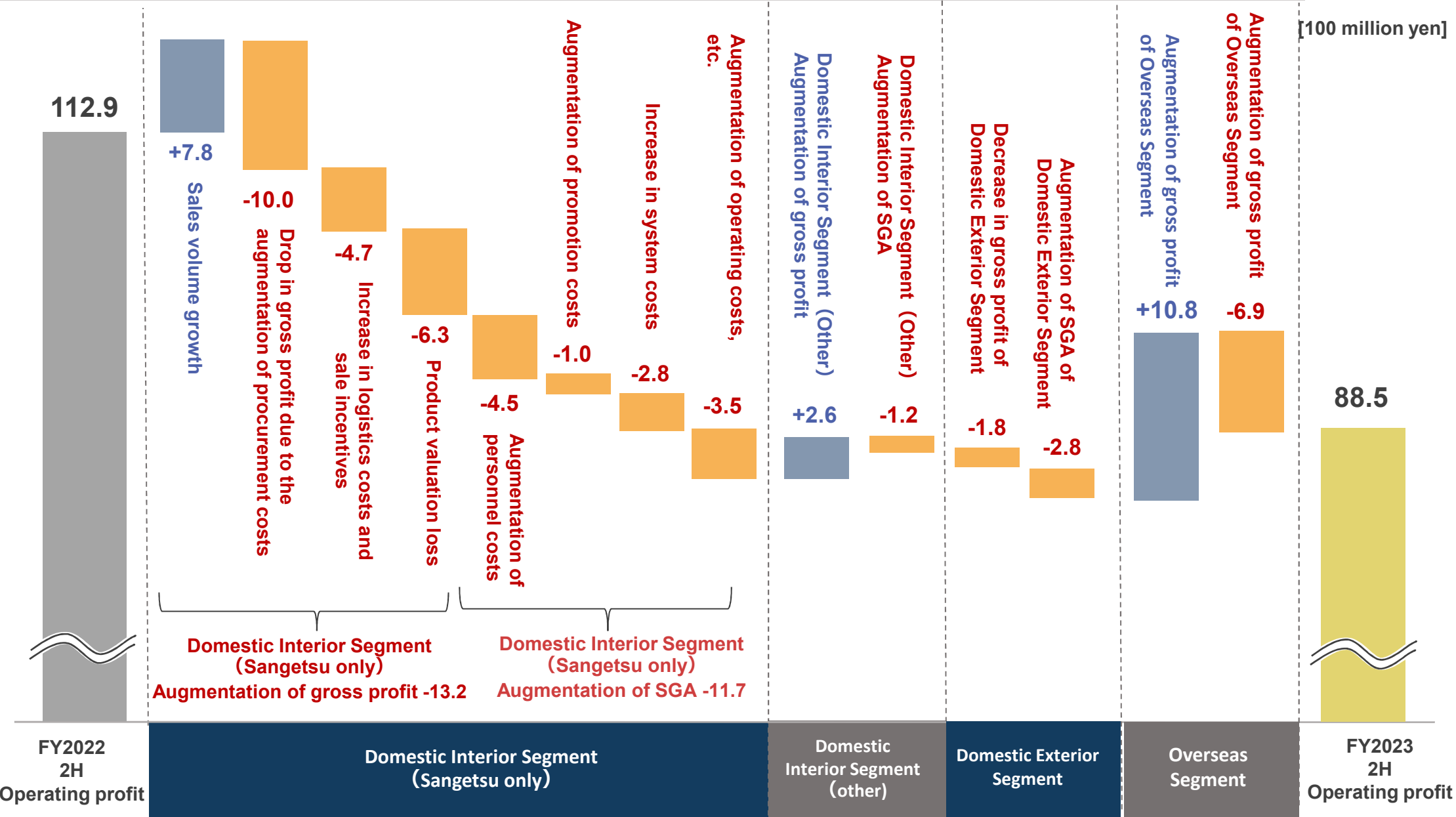


【Reference】 Change in Consolidated Operating Profit (YoY First half: April-September)



Change in Consolidated Operating Profit (YoY Second half: October-March)

[100 million yen]



Consolidated Earnings Forecasts for FY2024

	FY2023	FY2024					[100 million yen, %]
	Results (A)	Full-year Forecasts (B)	YoY (B-A,B/A)	Forecasts for 1H	YoY	Forecasts for 2H	YoY
Net Sales	1,898.5	1,960.0	+61.4 (+3.2%)	935.0	+28.8 (+3.2%)	1,025.0	+32.5 (+3.3%)
Gross profit	589.5	605.0	+15.4 (+2.6%)	290.5	+1.2 (+0.4%)	314.5	+14.1 (+4.7%)
(margin)	(31.1%)	(30.9%)		(31.1%)		(30.7%)	
SGA	398.5	445.0	+46.4 (+11.7%)	214.5	+27.8 (+14.9%)	230.5	+18.5 (+8.8%)
Operating profit	191.0	160.0	-31.0 (-16.2%)	76.0	-26.5 (-25.9%)	84.0	-4.4 (-5.0%)
(margin)	(10.1%)	(8.2%)		(8.1%)		(8.2%)	
Ordinary profit	196.9	165.0	-31.9 (-16.2%)	78.0	-26.5 (-25.4%)	87.0	-5.3 (-5.8%)
Profit attributable to owners of the parent	142.9	110.0	-32.9 (-23.0%)	52.0	-19.2 (-27.0%)	58.0	-13.6 (-19.1%)

Assumptions for FY 2024 Consolidated Forecasts

【External environment】

- The housing market is expected to remain weak for both new construction and renovation.
- In the non-housing market, new construction is weak based on the start of construction in fiscal 2023, and renewal is expected to remain strong.

【Positive factor】

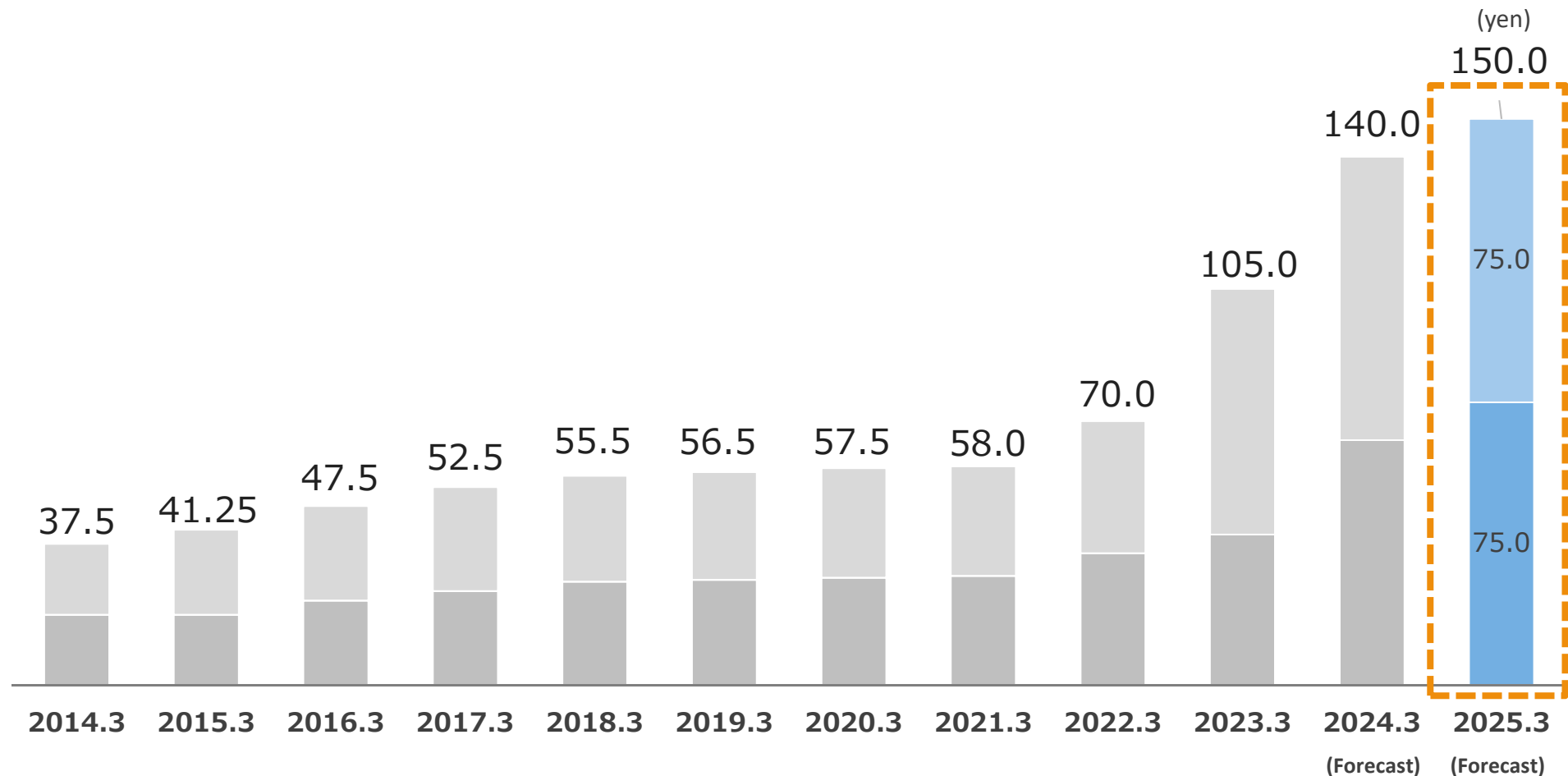
- Prospects for increased market share, particularly in midsize products*, amid weak markets.
- North America business is expected to continue to improve.
- Expect an increase in sales from the acquisition of "D'Perception Pte. Ltd." shares in Singapore.
Profits are currently under scrutiny and are not factored into the plan.

*REATEC (adhesive-attached decorative film) , glass film, carpet tiles, floor tiles, chair upholstery.

【Negative factor】

- Purchase prices rose mainly in raw materials, labor and logistics costs.
- As an investment in human capital, continue career recruitment, raise the base, and improve the work environment.
- Increase in logistics costs and outsourced work costs due to problems in 2024, and increase in investment for personnel saving.
- Uncertainty in the Chinese market continues.

Results and forecast of shareholder return: Changes in dividend per share



The interim dividend for the fiscal year ending March 2025 (forecast) is 75.0 yen/share, and the year-end dividend is 75.0 yen/share.

(Dividend increase of 10.0 yen from the previous fiscal year) Dividend increase for 11 consecutive fiscal years

Medium-term Business Plan (2023-2025) 【 BX 2025 】

Progress in Economic Value

	FY2022	FY2023	FY2024 (Forecast)	FY2025 (Target)
Consolidated Net Sales	176.0 billion yen	189.8 billion yen	196.0 billion yen	195.0 billion yen
Consolidated Operating Income	20.2 billion yen	19.1 billion yen	16.0 billion yen	20.5 billion yen
Consolidated Net Income	14.0 billion yen	14.2 billion yen	11.0 billion yen	14.5 billion yen
ROE	15.3 %	14.1 %	-	14.0 %
ROIC	16.5 %	14.8 %	-	14.0 %
CCC	77.1 days	71.5 days	-	65.0 days

Joy of Design

Notes for the Future Outlook

This material includes Information that Falls Under Future-related Descriptions. The descriptions of items other than the past and present facts are the descriptions about future forecasts.

These descriptions about future forecasts are based on our assumptions and judgment considering currently available information, which include known or unknown risks, uncertainties, and other factors, so they may be affected by such factors.