

Translation

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## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 8, 2024

Company name: Sangetsu Corporation  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 8130 URL <https://www.sangetsu.co.jp/>  
 Representative: Representative Director, President and CEO Yasumasa Kondo  
 Executive Officer, General Manager of  
 Inquiries: Corporate Division Shigenobu Maki TEL 052-564-3314  
 Scheduled date to file Semi-annual Securities Report: November 14, 2024  
 Scheduled date to commence dividend payments: December 2, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	93,878	3.6	7,379	(28.1)	7,607	(27.3)	4,995	(29.9)
Six months ended September 30, 2023	90,612	10.9	10,259	14.0	10,456	12.8	7,121	14.2

(Note) Comprehensive income Six months ended September 30, 2024 6,097 millions of yen , (27.9)%  
 Six months ended September 30, 2023 8,452 millions of yen , 27.1%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	85.04	85.02
Six months ended September 30, 2023	121.33	121.25

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	172,500	109,222	62.9
As of March 31, 2024	170,750	106,709	62.5

(Reference) Equity As of September 30, 2024 108,478 millions of yen As of March 31, 2024 106,638 millions of yen

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	65.00	–	75.00	140.00
Year ending March 31, 2025	–	75.00			
Year ending March 31, 2025 (Forecast)			–	75.00	150.00

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

### 3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	196,000	3.2	16,000	(16.2)	16,500	(16.2)	11,000	(23.0)	187.34

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

#### 4. Notes

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

Newly included: 1 company (D'Perception Pte.Ltd.)

Excluded: None

(Note) For details, please refer to "2. Interim Consolidated Financial Statements and Major Notes, (3) Notes to Interim Consolidated Financial Statements (Notes on Significant Changes in the Scope of Consolidation)" on page 10 of the attached material.

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(Note) For details, please refer to "2. Interim Consolidated Financial Statements and Major Notes, (3) Notes to Interim Consolidated Financial Statements (Notes to Changes in Accounting Policies)" on page 9 of the attached material.

(4) Number of issued shares (common shares)

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

As of September 30, 2024	59,200,000 shares	As of March 31, 2024	59,200,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	429,831 shares	As of March 31, 2024	483,404 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	58,743,922 shares	Six months ended September 30, 2023	58,696,542 shares
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\*Interim consolidated financial results are not subject to the review by certified public accountants or an audit corporation.

\*Proper use of financial results forecasts, and other special matters

(Note on the forward-looking statements)

The forward-looking statements, including the financial results forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to achieve the stated performance. Actual business and other results may differ substantially due to various factors.

(How to obtain the content of the financial results briefing)

The Company will hold an online financial results briefing for analysts and institutional investors on Tuesday, November 19, 2024. The video and materials of this briefing will be posted on the Company's website immediately after the meeting.

The Company's website (Financial results briefings materials and video)

[https://www.sangetsu.co.jp/english/ir/library/briefing\\_report.html](https://www.sangetsu.co.jp/english/ir/library/briefing_report.html)

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Interim Period

During the current consolidated interim accounting period (April 1, 2024, to September 30, 2024), the Japanese economy showed a gradual recovery, although a partial slowdown was observed due to a recovery in corporate activities and improvements in the employment and income environment. In the overseas economy, it is necessary to continue monitoring trends due to factors such as the continued high interest rates in Europe and the United States and concerns about the future of the Chinese economy, the resurgence of inflation due to heightened geopolitical risks, and the impact of fluctuations in financial markets.

In the domestic construction market, which has a direct impact on the Company's business, the number of new housing starts and the floor space remained sluggish, partly due to soaring housing prices. On the other hand, in the non-residential market, although there are some signs of recovery due to the normalization of economic activity, there is still no strong movement.

In this business environment, our group, based on the long-term vision [DESIGN 2030] revised in May 2023 and the Medium-term Business Plan [BX 2025] (BX: Business Transformation) announced at the same time, is steadily advancing the enhancement and expansion of our core businesses, including interior, exterior, overseas, comprehensive space proposals, and construction, while also aiming to create next-generation businesses such as space operations. During the current consolidated interim accounting period, we published our main sample books for wallcoverings and fabrics and worked to promote them. In addition, in the Medium-term Business Plan, we promoted the expansion of sales of Medium-sized products with functionality, which we expect will expand our market share. Meanwhile, at our new value creation base "PARCs Sangetsu Group Creative Hub(following PARCs)," which was established in March 2024, we worked to expand co-creation activities, including at Group companies and outside companies. We also steadily pursued growth strategies, such as improving compensation through base salary increases, strengthening human capital through career recruitment, and enhancing a supply chain management system utilizing digital capital. As a result of these business activities, net sales increased year on year, driven by an increase in sales of key products in the domestic interior market and the North American business. On the other hand, due to rising procurement costs, increased costs associated with strengthening business infrastructure such as logistics and IT, and increased personnel costs, operating profit decreased. In addition, as procurement costs, logistics costs, and utility costs continue to rise and cannot be absorbed by self-help efforts alone, we plan to revise product transaction prices starting from the orders received on December 1 in order to fulfill our corporate supply responsibilities, including stable supply and quality control.

As a result, for the consolidated interim accounting period, net sales were 93,878 million yen (up 3.6% year on year), operating profit was 7,379 million yen (down 28.1% year on year), ordinary profit was 7,607 million yen (down 27.3% year on year), and profit attributable to owners of the parent was 4,995 million yen (down 29.9% year on year).

Operating results by segment are as follows.

#### (Domestic Interior Segment)

In the Domestic Interior Segment, as seen in the decrease in floor area for new housing starts, in order to realize Our Group's transformation into a "Space Creation Company," under the severe external environment, we are expanding and developing the provision of solutions that propose appropriate combinations of product, design, logistics and construction functions according to regions and customers. With regard to logistics functions, we are continuing to build a detailed delivery and quality management system for each region, including inter-base transportation, centered on the Logistics Division, and to expand the number of "service crews" that provide some delivery services independently, considering the logistics problem of 2024. Additionally, in collaboration with other departments, we are accelerating efforts to enhance a supply chain management, such as improving the efficiency of procurement logistics and introducing a unit load system to save labor and reduce cargo handling time.

In the Space Planning Division, we actively promoted comprehensive space proposals in collaboration with business units and Group companies. In product development, we published sample books including "STRINGS," the sample book containing curtain, which has high design and functionality, and worked to penetrate the market in collaboration with business units to expand our share of each product.

As a result, net sales in the Domestic Interior segment were 77,810 million yen (up 1.9% year on year) and in operating profit was 8,008 million yen (down 22.3% year on year). In addition, net sales of wall covering units were 37,768 million yen (up 0.6% year on year), net sales of flooring units were 27,736 million yen (up 3.9% year on year), net sales of fabric units were 4,466 million yen (down 1.1% year on year), and net sales of other products including design fee and construction were 7,838 million yen (up 3.2% year on year).

#### (Domestic Exterior Segment)

In the Domestic Exterior Segment, the Group company Sungreen Co., Ltd., achieved higher sales than planned at its two new branches in the Kanto area due to the geographic expansion strategy. In addition, Sungreen Co., Ltd., and the Company worked together to develop systems and collaborate within the Group to expand its business beyond the conventional product sales, such as making

proposals including space design and construction of external structures, making an integrated exterior interior proposal and approaching new customers such as design firms and general contractors. On the other hand, the external environment continued to be difficult in the overall exterior market due to a slump in the number of new housing starts.

As a result, net sales in the domestic exterior segment were 3,139 million yen (down 2.4% year on year), with selling, general and administrative expenses increasing due to the expansion of personnel and hiring of specialized personnel in line with the growth strategy, and various measures, resulting in an operating loss of 40 million yen (compared to 110 million yen in operating profit in the same period of the previous fiscal year).

#### **(Overseas segment)**

In the overseas segment, the results of overseas subsidiaries and associates for the period from January to June 2024 are included in the consolidated results for the current interim period.

In North America, as the mainstay hotel sector remained firm, net sales increased in other areas, such as educational facilities and apartment complexes, as well as due to the effect of price revisions for wallpapers produced in-house. Profitability has been steadily strengthened through improvements in productivity, marketing in key markets, and thorough profit and loss management.

In Southeast Asia, we reorganized our sales organization and strengthened our space proposal and construction functions to expand into new areas. Although performance improved in Malaysia, Thailand, and Vietnam, sales decreased in our main market, Singapore, resulting in an operating loss. In July 2024, D'Perception Pte. Ltd., which develops space design and construction mainly in Singapore, will join the Group to improve our business performance by improving our comprehensive service capabilities in accordance with regional characteristics and synergies between our businesses.

In China and Hong Kong, we continued to face challenging conditions due to the downturn in the real estate market and reduced consumer spending caused by a worsening employment environment, resulting in an operating loss. Although the business environment is severe, we worked to expand our customers and sales channels, actively promote sales activities such as exhibiting at exhibitions, and strengthen our space proposal function by hiring local designers.

As a result of these factors, net sales in the overseas segment were 12,938 million yen (up 16.9% year on year). However, due to operating losses in Southeast Asia and China/Hong Kong, and increased selling, general, and administrative expenses primarily from temporary costs associated with acquiring shares in D'Perception Pte. Ltd. recorded in the first quarter, the operating loss was 589 million yen (compared to 157 million yen in the first quarter of the previous fiscal year in operating loss).

#### **(Sustainability Initiatives)**

In order to fulfill corporate social responsibility through our corporate activities, the Sangetsu Group has positioned sustainability initiatives as one of our top priorities in an aim to achieve a sustainable society and company. In January 2024, we published our new Corporate Philosophy, defining the Purpose as the highest concept, as "with all people we collaborate to create peaceful and inspirational spaces." In March of the same year, we established PARCs as a new value creation base, and this office, which carried out space design, design and construction in Our Group, was awarded the Kanto New Office Incentive Award at the 37th Nikkei New Office Award and the Sustainable Space of the Year at the KUKAN DESIGN AWARD 2024.

In our environmental initiatives during this interim consolidated accounting period, we made steady progress in the development of products with low environmental burdens, and included new products recycled from our discontinued curtain fabric in the curtain sample book "STRINGS." We also have endorsed Nagoya City, Aichi Prefecture's Declaration of Nagoya Nature Positive (\*1) and have been recognized as a Nagoya Nature Positive Partner.

In our human capital initiatives, we have been steadily implementing initiatives such as promoting healthy management and the active promotion of female managers, based on the quantitative social value targets in the Medium-term Business Plan. As of April 1, 2024, the ratio of female managers was 21.2% (target: 25.0% or more as of April 2026). In our diversity, equity and Inclusion initiative, we also co-sponsored as a gold sponsor the "HERALBONY Art Prize 2024," an international art award for artists with disabilities newly established by HERALBONY Co., Ltd. (\*2), a company that has been collaborating in product development for some time.

In our efforts to contribute to society, we continue to engage in activities in which each of our employees, including Group companies, take the initiative, 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. In support of the renovation of children homes, we worked with Habitat for Humanity Japan, a certified NPO, one of the continuing support organizations, to renovate Elizabeth Saunders Home, a children home. Our Company also supplied interior materials (Wallpaper and flooring) and curtain necessary for repairs, and employees volunteered to carry out the work. The cumulative number of renovation support activities for facilities such as children homes (including maternal and child living support facilities), utilizing our group's business, has reached approximately 260 cases since 2014.

In addition, Our Company's sustainability site, which discloses these initiatives, has been selected for the first time as a "Company of Excellence in ESG Sites" in the Gomez ESG Site Ranking 2024 published by BroadBand Security, Inc.

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.

(\*1) Nature Positive

It is defined as stopping and reversing the loss of biodiversity to put nature on a recovery track. The Kunming-Montreal Global Biodiversity Framework, a new global biodiversity target, and the National Biodiversity Strategy of Japan are also positioned as targets for 2030 and represent a new global trend.

(\*2) HERALBONY Co., Ltd.

The company that creates a new culture with unique artists, with the mission of "Radiate Your Color."

## **(2) Overview of Financial Position for the Interim Period**

### **(Assets)**

Current assets at the end of the current interim consolidated accounting period were 107,608 million yen, an increase of 145 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 3,667 million yen in cash and deposits, 1,033 million yen in merchandise and finished goods, and 911 million yen in other current assets, but a decrease of 5,362 million yen in the total of account receivables and contract assets. Non-current assets were 64,891 million yen, an increase of 1,604 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 645 million yen in property, plant and equipment and 1,218 million yen in intangible assets.

As a result, total assets amounted to 172,500 million yen, an increase of 1,750 million yen from the end of the previous consolidated fiscal year.

### **(Liabilities)**

Current liabilities at the end of the current interim consolidated accounting period were 50,641 million yen, a decrease of 2,631 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,664 million yen in electronically recorded obligations - operating and 894 million yen in provision for bonuses. Non-current liabilities were 12,636 million yen, an increase of 1,868 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,000 million yen in long-term borrowings.

As a result, total liabilities amounted to 63,277 million yen, a decrease of 762 million yen from the end of the previous consolidated fiscal year.

### **(Net assets)**

Total net assets at the end of the current interim consolidated accounting period were 109,222 million yen, an increase of 2,512 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,283 million yen in foreign currency translation adjustment, 724 million yen in non-controlling interests and 591 million yen in retained earnings (4,995 million yen in profit attributable to owners of parent and 4,403 million yen in dividends of surplus).

As a result, the equity ratio was 62.9% (62.5% at the end of the previous consolidated fiscal year).

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

There are no changes to the consolidated financial results forecast as announced on May 10, 2024.

**2. Interim Consolidated Financial Statements and Major Notes**  
**(1) Interim Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	25,096	28,764
Notes and accounts receivable - trade, and contract assets	34,948	31,046
Electronically recorded monetary claims - operating	24,300	22,839
Securities	300	300
Merchandise and finished goods	18,380	19,414
Work in process	278	325
Raw materials and supplies	3,129	2,985
Other	1,446	2,357
Allowance for doubtful accounts	(416)	(424)
Total current assets	107,463	107,608
Non-current assets		
Property, plant and equipment		
Land	16,468	16,361
Other, net	23,440	24,193
Total property, plant and equipment	39,909	40,554
Intangible assets		
Software	1,247	1,565
Goodwill	1,173	2,015
Other	807	866
Total intangible assets	3,228	4,447
Investments and other assets		
Investment securities	8,128	7,553
Investment property	4,888	4,980
Guarantee deposits	1,894	1,985
Retirement benefit asset	548	612
Deferred tax assets	3,978	3,678
Other	729	1,090
Allowance for doubtful accounts	(17)	(12)
Total investments and other assets	20,149	19,889
Total non-current assets	63,287	64,891
Total assets	170,750	172,500

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,131	17,019
Contract liabilities	1,208	1,915
Electronically recorded obligations - operating	15,423	13,758
Short-term borrowings	5,711	5,641
Lease liabilities	522	505
Income taxes payable	2,681	2,356
Provision for bonuses	3,602	2,707
Provision for bonuses for directors (and other officers)	134	49
Provision for product warranties	389	411
Other	7,468	6,277
Total current liabilities	53,273	50,641
Non-current liabilities		
Long-term borrowings	—	2,000
Lease liabilities	1,251	1,246
Deferred tax liabilities	256	277
Retirement benefit liability	6,495	6,534
Asset retirement obligations	1,784	1,689
Other	979	887
Total non-current liabilities	10,767	12,636
Total liabilities	64,040	63,277
<b>Net assets</b>		
Shareholders' equity		
Share capital	13,616	13,616
Capital surplus	17,175	17,218
Retained earnings	70,799	71,391
Treasury shares	(791)	(698)
Total shareholders' equity	100,799	101,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,305	3,045
Deferred gains or losses on hedges	(20)	—
Foreign currency translation adjustment	1,241	2,524
Remeasurements of defined benefit plans	1,312	1,379
Total accumulated other comprehensive income	5,839	6,950
Share acquisition rights	55	4
Non-controlling interests	14	739
Total net assets	106,709	109,222
Total liabilities and net assets	170,750	172,500



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

**(Interim Consolidated Statements of Income)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	90,612	93,878
Cost of sales	61,689	64,900
Gross profit	28,922	28,977
Selling, general and administrative expenses	18,663	21,598
Operating profit	10,259	7,379
Non-operating income		
Interest income	18	35
Dividend income	96	93
Rental income from real estate	215	213
Other	125	147
Total non-operating income	456	490
Non-operating expenses		
Interest expenses	139	120
Rental expenses on real estate	58	53
Foreign exchange losses	38	74
Other	22	13
Total non-operating expenses	259	263
Ordinary profit	10,456	7,607
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	23	18
Gain on liquidation of subsidiaries and associates	59	—
Total extraordinary income	83	20
Extraordinary losses		
Loss on retirement of non-current assets	14	30
Loss on sale of investment securities	30	19
Total extraordinary losses	45	49
Profit before income taxes	10,495	7,577
Income taxes - current	2,941	2,165
Income taxes - deferred	432	416
Total income taxes	3,374	2,582
Profit	7,121	4,995
Profit attributable to owners of parent	7,121	4,995

**(Interim Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	7,121	4,995
Other comprehensive income		
Valuation difference on available-for-sale securities	978	(260)
Deferred gains or losses on hedges	36	20
Foreign currency translation adjustment	197	1,275
Remeasurements of defined benefit plans, net of tax	118	67
Total other comprehensive income	1,331	1,102
Comprehensive income	8,452	6,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,452	6,097

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

#### (Notes to Changes in Accounting Policies)

##### (Application of “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.”)

The Company has applied the “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.” (Accounting Standards Board of Japan (ASBJ) Statement No. 27 revised on October 28, 2022; hereinafter the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the current interim consolidated accounting period. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28 revised on October 28, 2022, ASBJ; hereinafter the “Revised Application Guidance of 2022”). There is no impact for the interim consolidated financial statements as a result of this change in accounting policy.

Concerning the revision related to revised treatment on consolidated financial statement when deferring gains or losses on sale realized in conjunction with sale of shares of subsidiaries, etc. conducted among consolidated companies for tax purposes, the Revised Application Guidance of 2022 has been adopted from the beginning of the current interim consolidated accounting period. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the interim consolidated financial statements and the consolidated financial statements for the previous interim consolidated accounting period and for the previous fiscal year. There is no impact for interim consolidated financial statements for the previous interim consolidated accounting period and the consolidated financial statements for the previous fiscal year as a result of this change in accounting policy.

#### (Notes to Segment Information)

##### I. Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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

	Domestic Interior	Domestic Exterior	Overseas	Adjusted amount (Note 1)	(Millions of yen) Amount recorded on the interim consolidated financial statements (Note 2)
Net sales					
Sales to external customers	76,344	3,198	11,069	-	90,612
Intersegment net sales or transfers	1	16	-	(18)	-
Total	76,346	3,215	11,069	(18)	90,612
Ordinary profit (loss) for segment	10,305	110	(157)	1	10,259

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

II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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

(Millions of yen)

	Domestic Interior	Domestic Exterior	Overseas	Adjusted amount (Note 1)	Amount recorded on the interim consolidated financial statements (Note 2)
Net sales					
Sales to external customers	77,810	3,129	12,938	-	93,878
Intersegment net sales or transfers	0	9	-	(10)	-
Total	77,810	3,139	12,938	(10)	93,878
Ordinary profit (loss) for segment	8,008	(40)	(589)	1	7,379

Notes: 1. All adjustments of segment profits (losses) are performed by eliminating transactions among segments.

2. Segment profit (loss) is adjusted to operating profit in the interim consolidated statement of income.

2. Information on assets by reportable segment

The Company acquired 70% shares of D'Perception Pte. Ltd. during the interim consolidated accounting period and is therefore included in the scope of consolidation. As a result, the amount of assets in the Overseas segment for the current interim consolidated accounting period increased by 6,324 million yen from the end of the previous consolidated fiscal year. This amount is provisionally calculated as the allocation of acquisition cost has not been completed at the end of the current interim consolidated accounting period.

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

In the Overseas segment, the Company acquired 70% shares of D'Perception Pte. Ltd. and included it in the scope of consolidation. The amount of increase in goodwill as a result of this event was 904 million yen in the current interim consolidated accounting period. This amount is provisionally calculated as the allocation of acquisition cost has not been completed at the end of the current interim consolidated accounting period.

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

Not applicable.

**(Notes on Going Concern Assumption)**

Not applicable.

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

The Company acquired 70% shares of D'Perception Pte. Ltd. during the interim consolidated accounting period and is therefore included in the scope of consolidation.