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Sangetsu Corporation
Financial Results Briefing for the Six Months Ended September 30, 2026

November 25, 2026
Sangetsu Corporation
Securities code: 8130
(Prime Market of Tokyo Stock Exchange and Premier Market of Nagoya Stock Exchange)

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Financial Highlights

Results

- Net sales and all profit lines reached record highs.
- Net sales increased YoY, driven by the Domestic Interior Segment and the Overseas Segment (North America).
- Operating profit increased YoY, following the first quarter, due to growth in the Domestic Interior Segment and a return to profitability in the Overseas Segment.
- Profit attributable to owners of parent increased significantly YoY, due to growth in all profit lines as well as the recording of extraordinary income (subsidy income, gain on termination of retirement benefit plan, etc.: approximately 0.9 billion yen).

Net sales	**105.02**	billion yen	YoY +6.2%	**Operating Profit Margin**	**9.8**	%	YoY +1.5pp
Operating Profit	**10.27**	billion yen	YoY +25.5%	**Profit Attributable to Owners of Parent**	**8.31**	billion yen	YoY +31.8%

Financial Forecast (Revised November 13)

- Consolidated net sales and all profit lines have been revised upward, taking into account the impact of the situation in the Middle East and the penetration of price revisions.
- At the interim stage, the annual dividend per share forecast of 155.0 yen (interim 77.5 yen, year-end 77.5 yen) remains unchanged.
  Decisions will be made again based on performance progress toward the fiscal year-end, in accordance with our growth investment and shareholder return policies.

Net sales	**217.0**	billion yen	vs. Initial Forecast +1.9%	**Operating Profit Margin**	**9.9**	%	vs. Initial Forecast +1.0pp
Operating Profit	**21.5**	billion yen	vs. Initial Forecast +13.2%	**Profit Attributable to Owners of Parent**	**16.0**	billion yen	vs. Initial Forecast +18.5%

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Consolidated Statement of Profit or Loss

Unit : billion yen

	FY2025		FY2026				
	Q2	H1	Q2	H1		Full-year	
	Results		Results		YoY	Forecast Announced in May	Progress Rate
Net Sales	49.50	98.89	**51.08**	**105.02**	+6.13 +6.2%	213.00	49.3%
Gross Profit	15.39	30.62	**16.52**	**33.26**	+2.64 +8.6%	66.30	50.2%
GP Margin	31.1%	31.0%	**32.3%**	**31.7%**	+0.7pp	31.1%	-
SG&A expenses	11.17	22.43	**11.57**	**22.98**	+0.55 +2.5%	47.30	48.6%
Operating Profit	4.22	8.18	**4.94**	**10.27**	+2.09 +25.5%	19.00	54.1%
OP Margin	8.5%	8.3%	**9.7%**	**9.8%**	+1.5pp	8.9%	-
Ordinary Profit	4.47	8.52	**5.09**	**10.76**	+2.24 +26.3%	19.20	56.1%
Profit Attributable to Owners of Parent	3.54	6.31	**3.56**	**8.31**	+2.00 +31.8%	13.50	61.6%

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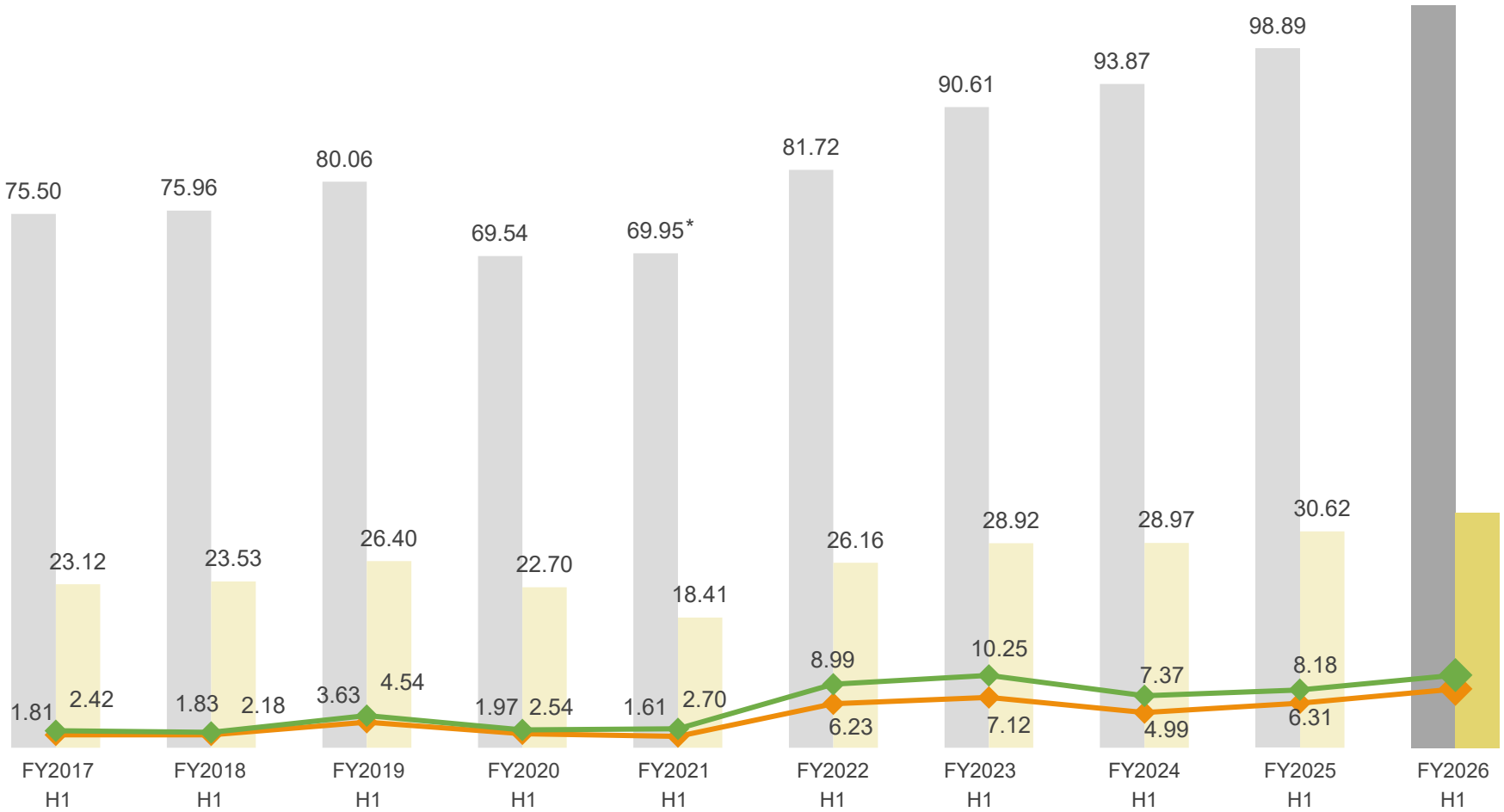
Consolidated Statement of Profit or Loss

Unit : billion yen

	FY2025					FY2026				
	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q3	Q4	H1
	Results					Results				
Net Sales	49.38	49.50	52.51	55.03	98.89	53.93	**51.08**			**105.02**
Gross Profit	15.22	15.39	16.79	17.31	30.62	16.74	**16.52**			**33.26**
GP Margin	30.8%	31.1%	32.0%	31.5%	31.0%	31.0%	**32.3%**			**31.7%**
SG&A expenses	11.26	11.17	11.37	11.50	22.43	11.41	**11.57**			**22.98**
Operating Profit	3.96	4.22	5.41	5.80	8.18	5.32	**4.94**			**10.27**
OP Margin	8.0%	8.5%	10.3%	10.6%	8.3%	9.9%	**9.7%**			**9.8%**
Ordinary Profit	4.05	4.47	5.53	6.09	8.52	5.67	**5.09**			**10.76**
Profit Attributable to Owners of Parent	2.77	3.54	3.87	4.45	6.31	4.75	**3.56**			**8.31**

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Trends in Consolidated Net Sales, Gross Profit, Operating Profit, and Profit Attributable to Owners of Parent



Net Sales

105.02 billion yen

(YoY: +6.2 %)

Gross Profit

33.26 billion yen

(YoY: +8.6 %)

Operating Profit

10.27 billion yen

(YoY: +25.5 %)

Profit Attributable to Owners of Parent

8.31 billion yen

(YoY: +31.8 %)

*The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc., has been applied since the beginning of the fiscal year ended March 31, 2022.

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Operating Results by Segment

Unit : billion yen

	FY2025		FY2026				
	Q2	H1	Q2	H1		Full-year	
	Results		Results		YoY	Forecast (Announced in May)	Progress Rate
Domestic Interior Net Sales	39.02	78.01	**40.52**	**84.46**	+6.45 +8.3%	169.50	49.8%
Wallcoverings Unit	19.35	39.34	**19.28**	**41.03**	+1.68 +4.3%	-	-
Flooring Materials Unit	13.08	25.86	**14.11**	**29.09**	+3.23 +12.5%	-	-
Fabrics Unit	2.46	4.82	**2.55**	**5.07**	+0.24 +5.1%	-	-
Construction and Others	4.11	7.97	**4.56**	**9.25**	+1.28 +16.1%	-	-
Operating Profit	4.21	8.25	**4.84**	**10.13**	+1.87 +22.7%	18.20	55.7%
Domestic Exterior Net Sales	1.70	3.38	**1.60**	**3.24**	(0.13) (4.1%)	7.30	44.4%
Operating Profit	0.02	0.03	**(0.02)**	**(0.05)**	(0.09) -	0.10	-
Overseas Net Sales	8.77	17.50	**8.95**	**17.32**	(0.17) (1.0%)	36.20	47.9%
Operating Profit	(0.02)	(0.10)	**0.13**	**0.19**	+0.30 -	0.70	28.4%
Eliminations (Net Sales)	(0.00)	(0.00)	**(0.00)**	**(0.00)**	(0.00) -	-	-
Eliminations (Operating Profit)	0.00	0.00	**0.00**	**0.00**	+0.00 +11.6%	-	-
Consolidated Net Sales	49.50	98.89	**51.08**	**105.02**	+6.13 +6.2%	213.00	49.3%
Consolidated Operating Profit	4.22	8.18	**4.94**	**10.27**	+2.09 +25.5%	19.00	54.1%

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Operating Results by Segment

Domestic Interior Segment

- While cost increases due to factors such as the situation in the Middle East have intensified, we implemented product price revisions in July 2026, resulting in an increase in gross profit per unit for the first half.
- In terms of sales volume, despite rush demand and the subsequent pullback around price revisions, we worked to ensure a stable supply through cooperation with partner companies and improved our positioning in growth markets, keeping first-half volume on par with the same period last year.
- Following the first quarter, the recovery from supply constraints caused by the factory fire at a supplier and the appropriate control of SG&A expenses also contributed to the results.

Unit : billion yen

	FY2025					FY2026							
	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q3	Q4	H1	YoY (H1)	Forecast Announced in May	Full-year Progress Rate Announced in May
Net sales	38.98	39.02	42.03	44.05	78.01	43.94	**40.52**			**84.46**	+6.45 +8.3%	169.50	49.8%
Operating Profit	4.03	4.21	5.20	5.87	8.25	5.28	**4.84**			**10.13**	+1.87 +22.7%	18.20	55.7%
OP Margin	10.4%	10.8%	12.4%	13.3%	10.6%	12.0%	**12.0%**			**12.0%**	+1.4pp	10.7%	-

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Operating Results by Segment

Domestic Exterior Segment

- At group company Sungreen Co., Ltd., performance was impacted by sluggish sales of major manufacturer products, construction delays due to poor weather, and delivery delays for some products caused by the earthquake, resulting in lower net sales and an operating loss YoY.
- In addition to efforts to expand the sales area and market penetration of the company's private brand "Greenscape," progress was made in orders for integrated interior and exterior projects in collaboration with the Company.
- Although progress against the financial forecast (announced in May) is challenging, orders are being steadily accumulated, and we aim for a recovery in H2.

Unit : billion yen

	FY2025					FY2026							
	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q3	Q4	H1	YoY (H1)	Forecast Announced in May	Full-year Progress Rate Announced in May
Net sales	1.67	1.70	1.92	2.00	3.38	1.63	**1.60**			**3.24**	(0.13) (4.1%)	7.30	44.4%
Operating Profit	0.01	0.02	0.03	0.04	0.03	(0.02)	**(0.02)**			**(0.05)**	(0.09) -	0.10	-
OP Margin	0.7%	1.5%	2.0%	2.1%	1.1%	-	-			-	-	1.4%	-

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Operating Results by Segment

Overseas Segment (Consolidated period: January–June 2026)

- While North America remained solid in the second quarter, the Asia (Interior and Overseas Space Solutions Business) saw lower net sales due to factors such as intensified competition with Chinese products and a decline in demand caused by the situation in the Middle East. As a result, the segment as a whole recorded lower net sales YoY.
- In North America, profit expanded in line with net sales growth. In Asia, profit and loss improved due to structural reforms and cost reductions in China and Hong Kong, as well as the absence of one-time costs from the previous period in the Overseas Space Solutions Business. As a result, the segment as a whole recorded profit growth YoY.
- Regarding the financial forecast (announced in May), while North America performed solidly, progress in H1 was challenging due to the sluggish performance in Southeast Asia.

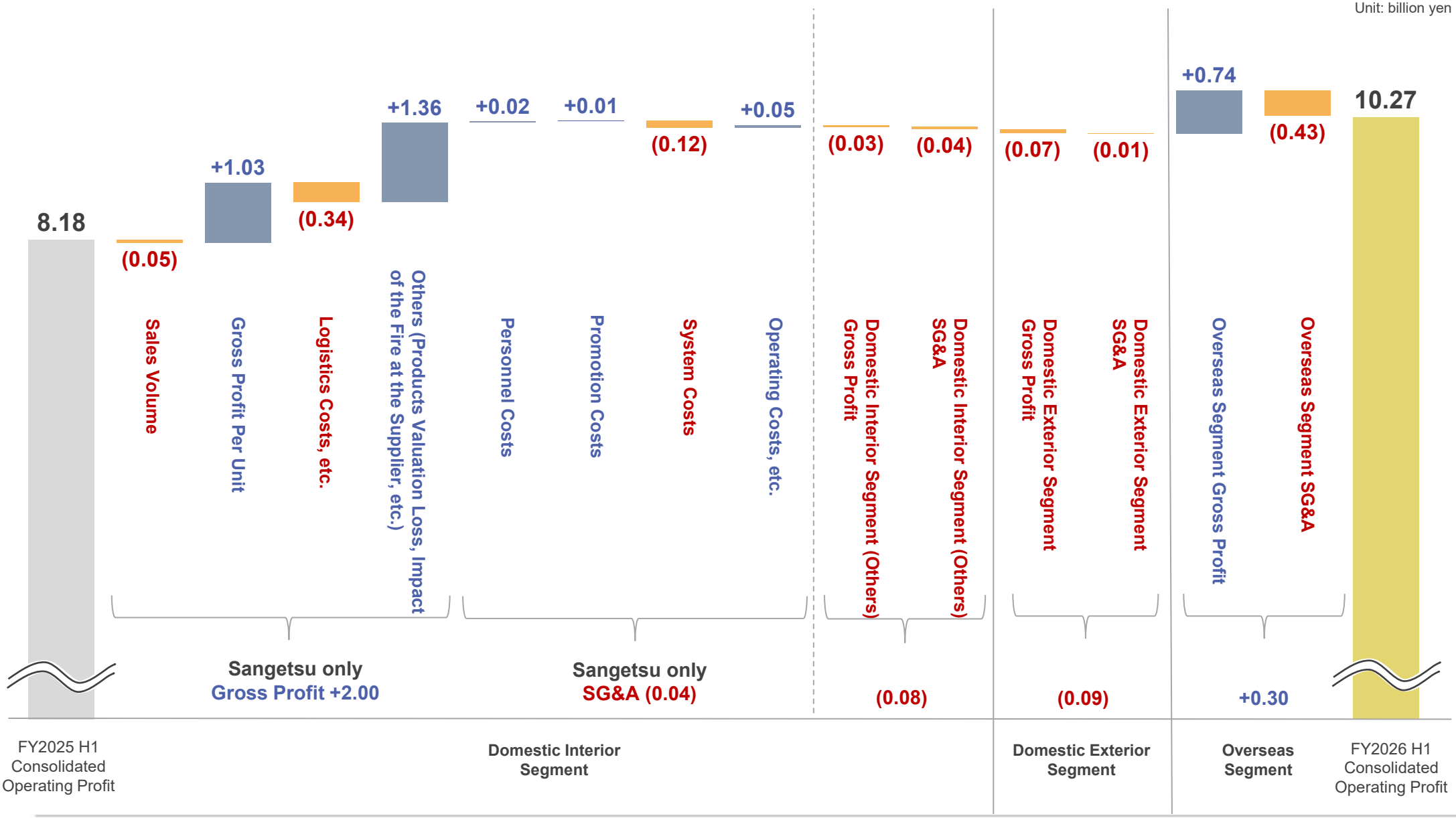
Unit : billion yen

	FY2025					FY2026							
	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q3	Q4	H1	YoY (H1)	Forecast Announced in May	Full-year Progress Rate Announced in May
Net sales	8.72	8.77	8.54	8.98	17.50	8.36	**8.95**			**17.32**	(0.17) (1.0%)	36.20	47.9%
Operating Profit	(0.08)	(0.02)	0.17	(0.11)	(0.10)	0.06	**0.13**			**0.19**	+0.30 -	0.70	28.4%
OP Margin	-	-	2.0%	-	-	0.8%	**1.5%**			**1.1%**	-	1.9%	-

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Change in Consolidated Operating Profit (YoY: April-September)

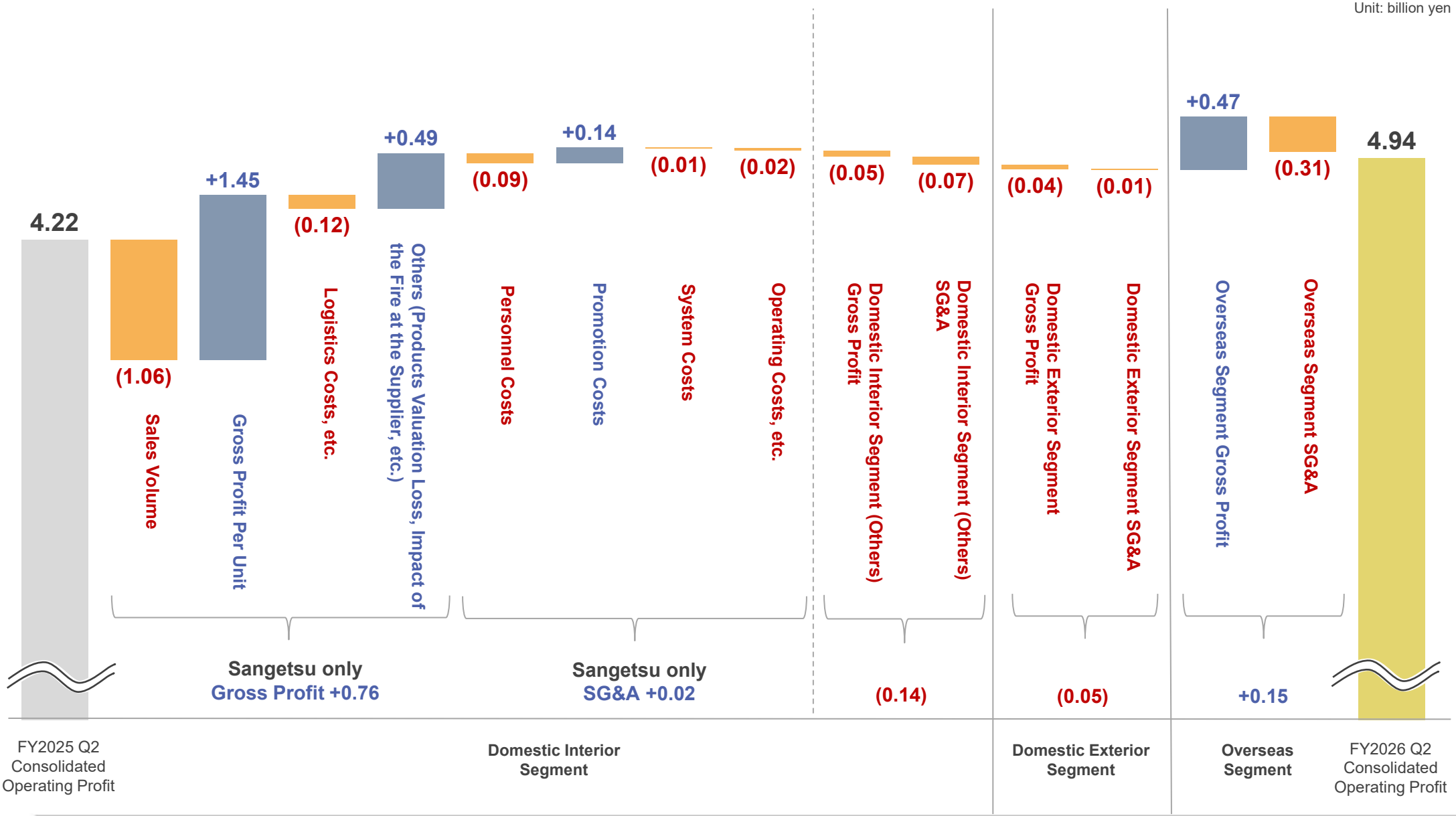
Unit: billion yen



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Change in Consolidated Operating Profit (YoY: July-September)

Unit: billion yen

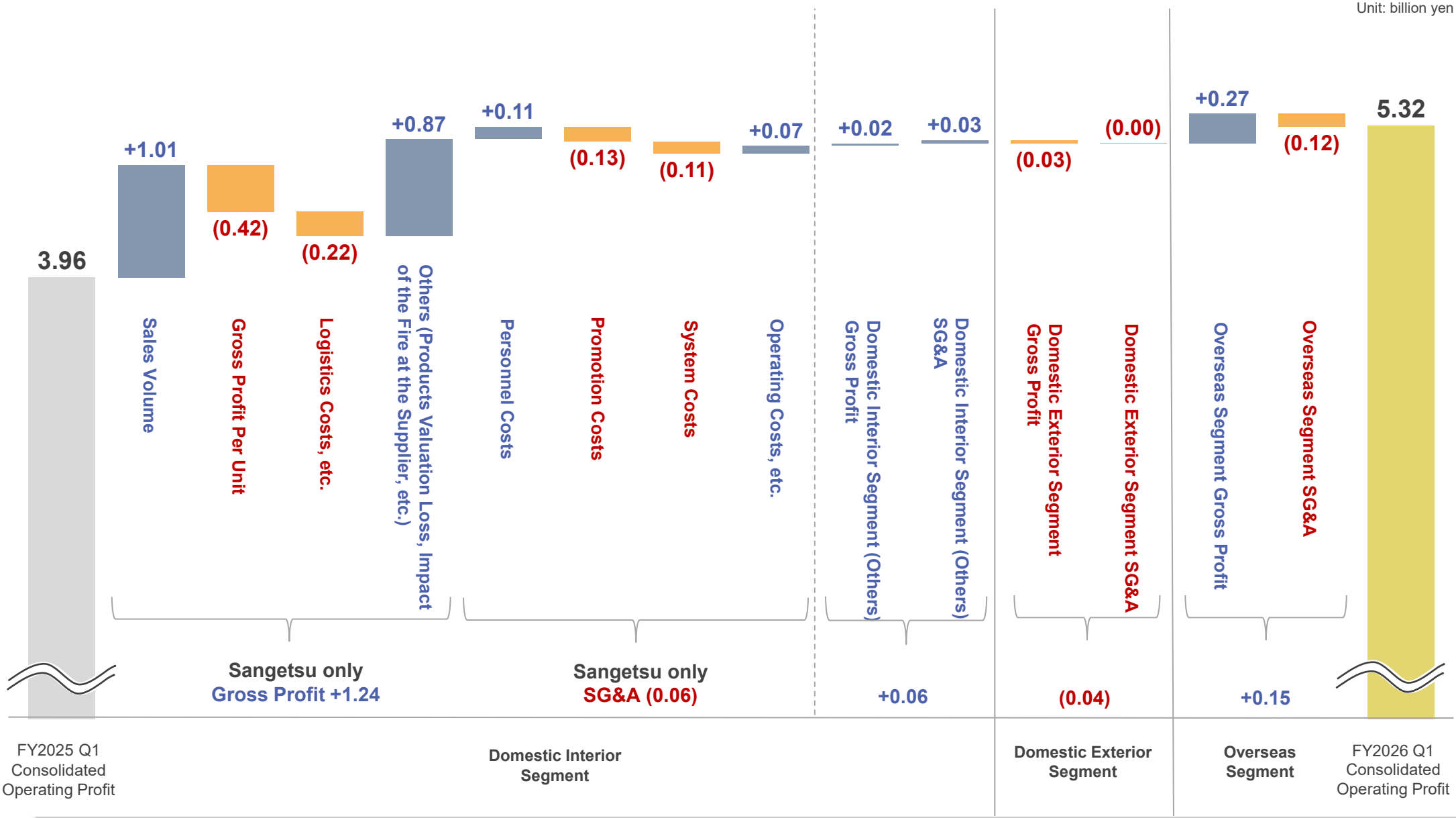


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Change in Consolidated Operating Profit (YoY: April-June)

Unit: billion yen



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Consolidated Balance Sheet

Unit: billion yen

		End of March 2026	End of September 2026	Increase/Decrease	Main Factors for Increase/Decrease
Current assets		118.02	**120.11**	+2.09	
	Cash and deposits	35.41	**36.96**	+1.55	
	Trade receivables and contract assets	58.91	**55.56**	(3.34)	
	Inventories	21.81	**25.68**	+3.86	Temporary increase in inventory due to the publication of flooring sample books, etc.
Non-current assets		70.88	**70.91**	+0.03	
	Property, plant and equipment	42.30	**42.35**	+0.05	
	Intangible assets	4.96	**4.63**	(0.32)	
	Investments and other assets	23.62	**23.92**	+0.29	
Total assets		188.90	**191.02**	+2.12	
Current liabilities		45.01	**43.43**	(1.57)	
	Trade payables	27.12	**27.49**	+0.36	
	Short-term borrowings and lease liabilities	0.92	**0.75**	(0.16)	
Non-current liabilities		21.63	**21.63**	+0.00	
	Long-term borrowings and lease liabilities	13.61	**13.47**	(0.13)	
Total liabilities		66.64	**65.07**	(1.57)	
	Shareholders' equity	110.41	**114.23**	+3.82	
	Accumulated other comprehensive income	11.13	**10.99**	(0.13)	
Total net assets		122.25	**125.95**	+3.69	

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Consolidated Statement of Cash Flows

Unit: billion yen

	FY2025 H1	FY2026 H1	Main Factors for Increase/Decrease
Cash Flows from Operating Activities	+5.66	**+8.73**	
Profit Before Income Taxes	+8.95	**+11.66**	
Depreciation and goodwill amortization	+2.15	**+2.34**	
Decrease (Increase) in Trade Receivables and Contract Assets	+4.17	**+3.57**	
Decrease (Increase) in Inventories	(1.05)	**(3.76)**	Temporary increase in inventory due to the publication of flooring sample books, etc.
Increase (Decrease) in Trade Payables	(3.81)	**+0.25**	
Income Taxes Paid	(2.79)	**(3.50)**	
Cash Flows from Investing Activities	(5.00)	**(2.34)**	
Purchase of Property, Plant and Equipment and Intangible Assets	(3.24)	**(1.83)**	Capital investment in machinery and equipment at CREANATE's Higashi-Hiroshima Plant, etc.
Purchase of Shares of Subsidiaries	(0.83)	**-**	
Cash Flows from Financing Activities	(1.77)	**(4.98)**	
Increase (Decrease) in Interest-bearing Debt	+2.63	**(0.42)**	
Purchase of Treasury Shares	(0.00)	**(0.00)**	
Dividends Paid	(4.40)	**(4.55)**	
Effect of exchange rate change on cash and cash equivalents	(0.34)	**0.14**	
Cash and Cash Equivalents at beginning of period	33.44	**35.01**	
Cash and Cash Equivalents at end of interim period	31.97	**36.55**	

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Key Points of Financial Forecast

Announced November 13, 2026

Financial Forecast

- **Domestic Construction Market**
  While the new construction market is expected to remain weak due to rising construction costs, renovations and renewals are expected to remain firm.
  (No changes from the initial forecast)
- **Consolidated Results Forecast**
  Reflecting the outlook for each segment, both net sales and profits have been revised upward.
- **Domestic Interior**
  Although we anticipate a temporary decline in sales volume due to price revisions implemented ahead of competitors and rising costs including the impact of the situation in the Middle East, we have revised the segment forecast upward based on the penetration of price revisions.
- **Domestic Exterior**
  We expect to cover the H1 shortfall with an accumulation of orders in H2, and have maintained the initial forecast.
- **Overseas**
  North America is expected to remain firm and reach the initial forecast level. However, we have revised the segment forecast downward to incorporate a decline in net sales in Asia, including the impact of the situation in the Middle East.

	Initial Forecast (May 13)		
Net sales	213.0	billion yen	YoY +3.2%
Operating Profit	19.0	billion yen	YoY (2.1%)
Operating Profit Margin	8.9	%	YoY (0.5pp)
Profit Attributable to Owners of Parent	13.5	billion yen	YoY (7.8%)

	Current Forecast (November 13)		
Net sales	217.0	billion yen	YoY +5.1%
Operating Profit	21.5	billion yen	YoY +10.8%
Operating Profit Margin	9.9	%	YoY +0.5pp
Profit Attributable to Owners of Parent	16.0	billion yen	YoY +9.3%

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Consolidated Earnings Forecast for FY2026

Announced November 13, 2026

Unit : billion yen

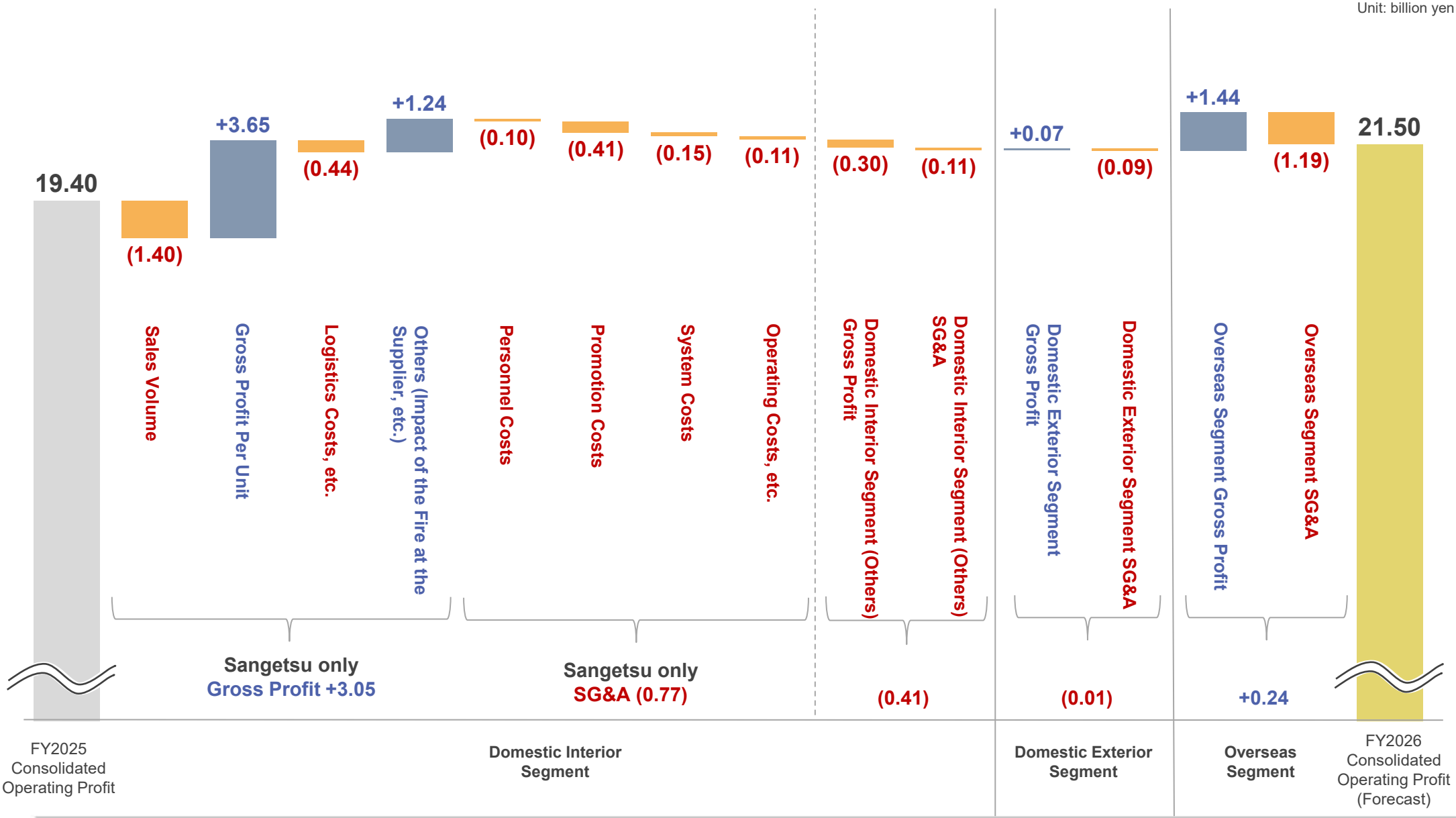
	FY2025			FY2026					
	H1	H2	Full-year	H1	H2	Full-year			
	Results			Results	Latest Forecast	Initial Forecast	Latest Forecast	YoY	vs. Initial Forecast
Net Sales	98.89	107.54	206.44	105.02	111.97	213.00	**217.00**	+10.55 +5.1%	+4.00 +1.9%
Gross Profit	30.62	34.10	64.72	33.26	35.73	66.30	**69.00**	+4.27 +6.6%	+2.70 +4.1%
GP Margin	31.0%	31.7%	31.4%	31.7%	31.9%	31.1%	**31.8%**	+0.4pp	+0.7pp
SG&A Expenses	22.43	22.88	45.32	22.98	24.51	47.30	**47.50**	+2.17 +4.8%	+0.20 +0.4%
Operating Profit	8.18	11.22	19.40	10.27	11.22	19.00	**21.50**	+2.09 +10.8%	+2.50 +13.2%
OP Margin	8.3%	10.4%	9.4%	9.8%	10.0%	8.9%	**9.9%**	+0.5pp	+1.0pp
Ordinary Profit	8.52	11.62	20.15	10.76	11.43	19.20	**22.20**	+2.04 +10.2%	+3.00 +15.6%
Profit Attributable to Owners of Parent	6.31	8.32	14.64	8.31	7.68	13.50	**16.00**	+1.35 +9.3%	+2.50 +18.5%

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Change in Consolidated Operating Profit Forecast (YoY: April-March)

Announced November 13, 2026

Unit: billion yen



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Earnings Forecast for Each Segment

Announced November 13, 2026

Unit : billion yen

		FY2025			FY2026					
		H1	H2	Full-year	H1	H2	Full-year			
		Results			Results	Latest Forecast	Initial Forecast	Latest Forecast	YoY	vs. Initial Forecast
Domestic Interior	**Net sales**	78.01	86.09	164.10	84.46	89.73	169.50	**174.20**	+10.09 +6.2%	+4.70 +2.8%
	Operating Profit	8.25	11.07	19.33	10.13	11.06	18.20	**21.20**	+1.86 +9.7%	+3.00 +16.5%
	OP Margin	10.6%	12.9%	11.8%	12.0%	12.3%	10.7%	**12.2%**	+0.4pp	+1.5pp
Domestic Exterior	**Net sales**	3.38	3.92	7.31	3.24	4.05	7.30	**7.30**	(0.01) (0.1%)	- -
	Operating Profit	0.03	0.08	0.11	(0.05)	0.15	0.10	**0.10**	(0.01) (15.4%)	- -
	OP Margin	1.1%	2.1%	1.6%	-	3.8%	1.4%	**1.4%**	(0.2pp)	-
Overseas	**Net sales**	17.50	17.52	35.02	17.32	18.17	36.20	**35.50**	+0.47 +1.3%	(0.70) (1.9%)
	Operating Profit	(0.10)	0.06	(0.04)	0.19	0.00	0.70	**0.20**	+0.24 -	(0.50) (71.4%)
	OP Margin	-	0.3%	-	1.1%	0.0%	1.9%	**0.6%**	-	(1.3pp)
Eliminations	Net sales	(0.00)	(0.00)	(0.00)	(0.00)	-	-	-	-	-
	Operating Profit	0.00	0.00	0.00	0.00	-	-	-	-	-
Total	**Net sales**	98.89	107.54	206.44	105.02	111.97	213.00	**217.00**	+10.55 +5.1%	+4.00 +1.9%
	Operating Profit	8.18	11.22	19.40	10.27	11.22	19.00	**21.50**	+2.09 +10.8%	+2.50 +13.2%
	OP Margin	8.3%	10.4%	9.4%	9.8%	10.0%	8.9%	**9.9%**	+0.5pp	+1.0pp

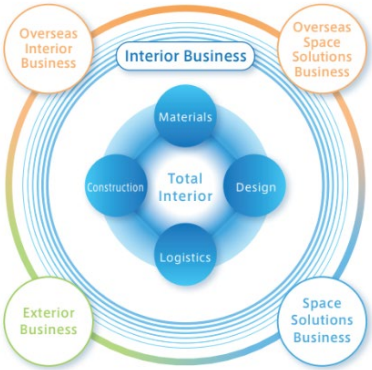
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About the "Medium-term Business Plan 2029"

Corporate Vision



Domestic Interior Segment
- Interior Business
- Space Solutions Business

Domestic Exterior Segment
- Exterior Business

Overseas Segment
- Overseas Interior Business
- Overseas Space Solutions Business

Shaping Culture from interiors through Materials and Design

Basic Policy

1. Strengthening the Interior Business

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

2. Nurturing the Space Solutions Business and Exterior Business

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

3. Growth of the Overseas Business

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

4. Exploration and Creation of Next-Generation Businesses

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

5. Human Capital

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

6. Digital Capital

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

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Financial Highlights: Consolidated and by Segment

Unit: billion yen

		Previous Medium-term Business Plan Period			Current Medium-term Business Plan Period	
		FY2023	FY2024	FY2025	FY2026	FY2029
		Results			Current Forecast	Plan
Net Sales		189.85	200.37	206.44	217.00	**250.00**
Operating Profit		19.10	18.14	19.40	21.50	**25.00**
OP Margin		10.1%	9.1%	9.4%	9.9%	**10.0%**
Profit Attributable to Owners of Parent		14.29	12.55	14.64	16.00	**17.00**
ROE		14.1%	11.4%	12.5%	-	**14.0%**
ROIC *		14.8%	13.6%	13.7%	-	**11.0%**
Domestic Interior	**Net Sales**	159.15	163.98	164.10	174.20	**188.00**
	Operating Profit	19.48	18.94	19.33	21.20	**21.50**
	OP Margin	12.2%	11.5%	11.8%	12.2%	**11.4%**
Domestic Exterior	**Net Sales**	6.46	6.61	7.31	7.30	**7.80**
	Operating Profit	(0.07)	0.01	0.11	0.10	**0.50**
	OP Margin	-	0.3%	1.6%	1.4%	**6.4%**
Overseas	**Net Sales**	24.29	29.79	35.02	35.50	**54.20**
	Operating Profit	(0.31)	(0.82)	(0.04)	0.20	**3.00**
	OP Margin	-	-	-	0.6%	**5.5%**

* ROIC = Operating Profit after tax / (Working capital + Property, plant and equipment + Intangible assets)

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Interior Business

Improving positioning in growth markets

▶ **Domestic Market Trends Affecting 1H FY2026 Results***

Residential market (YoY)

	Housing starts	Floor area
New construction	+0.5 %	+0.4 %

	Orders received
Renovation	+7.6 %

Non-residential market (YoY)

	Floor area
New construction (excluding warehouses and factories)	(0.9%)

	Orders received
Renewal (excluding warehouses and factories)	+18.5 %

Strengthening Approach to Markets and Sectors with Emerging Growth Potential

[Area Strategy]

A nationwide sales network and a solid business foundation built over time



[Point/Line Strategy]

Activities by dedicated teams and projects



Examples of focus fields

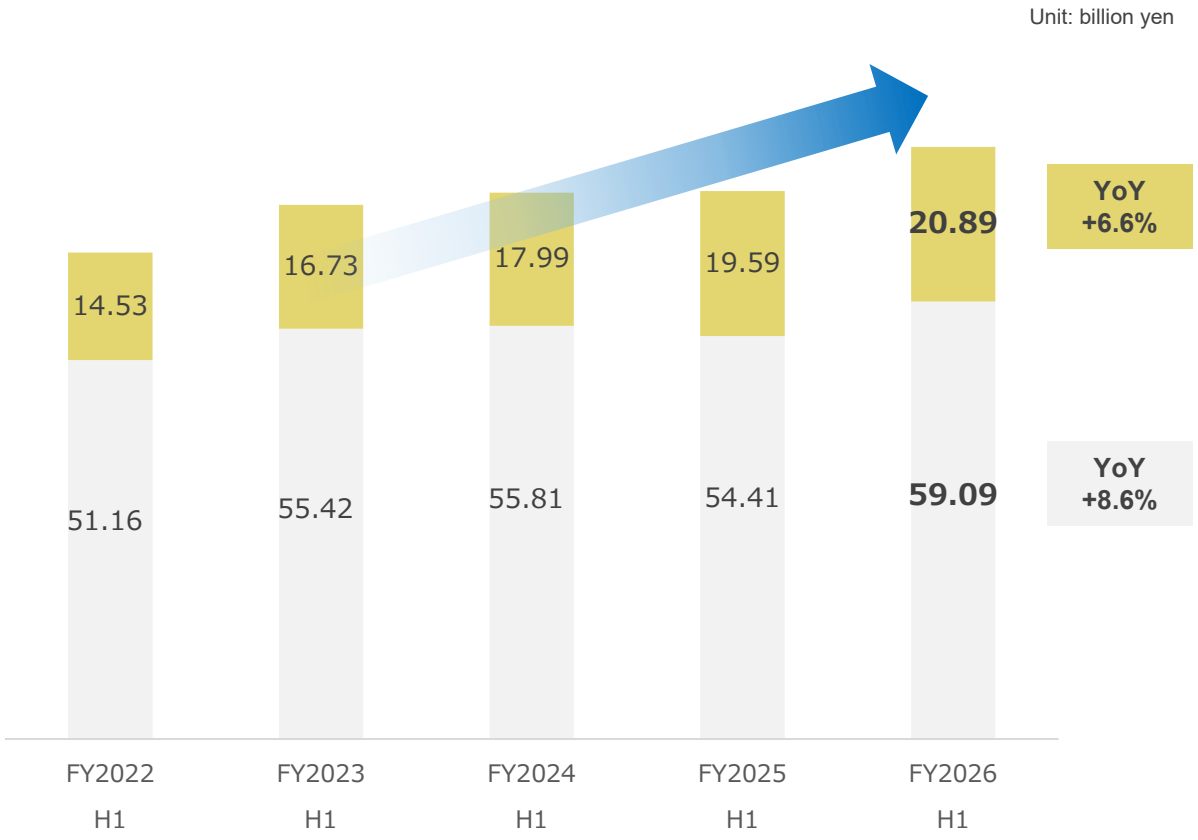
Aiming to enhance our market positioning by combining our industry-leading "Area" market share with a targeted "Point-and-Line" approach via projects in growth markets

*Periods adjusted based on the correlation between MLIT statistical data and our company's performance

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Interior Business

Optimization of Product Portfolio



*For the fiscal year ended March 31, 2026, core products experienced order suspensions for certain flooring items due to the impact of the fire at the supplier.

Category	Breakdown
Strategic Products	• High-value-added wallcoverings and flooring (XSELECT, floor tiles, carpet tiles) • Self-adhesive decorative film (REATEC) • Glass film (shatter-prevention, heat-shielding, etc.) • Upholstery fabric
Core Products	• Wallcoverings (PVC wallcoverings, etc.) • Flooring (carpets, general-purpose carpet tiles, sheet flooring, cushioned vinyl flooring, etc.) • Curtains, etc.

Effective FY2026, product categories have been revised, and figures for FY2025 and earlier have been reclassified to conform to the current categories.

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Interior Business

Optimization of Product Portfolio

Ceramic tile Features: High design and high durability

Ceramic tile market size
(Domestic and imported products)
Approx. 80.0 billion yen*

Imported tiles
Approx. 43.0
billion yen*

Product group to which our products belong

Residential

Detached houses
Condominiums, etc.

Non-residential

Commercial Facilities
Lodging Facilities
Offices, Public Facilities, etc.

[Objectives]

✓ Early market penetration by leveraging our strong customer base, including architectural and design firms

✓ Expansion of orders through "Total Interior" proposals combining existing products, including wallcoverings, flooring, fabrics, and exterior materials

[Results]

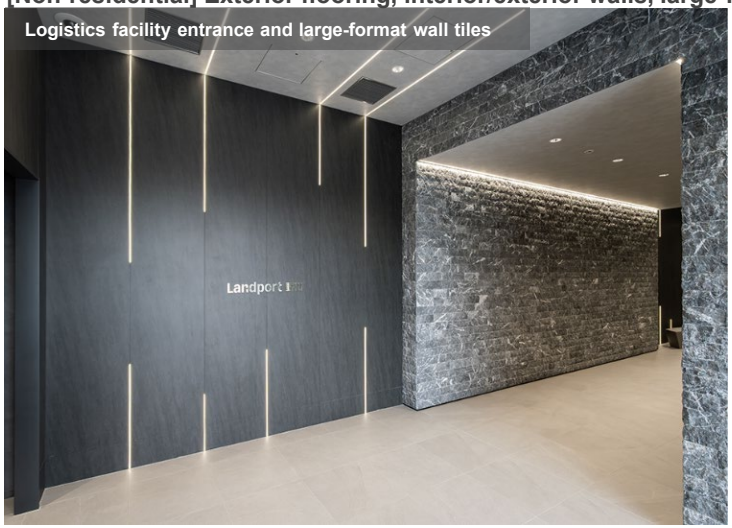
✓ Steady growth in product adoption across residential and non-residential markets, spanning new construction, renovation, and renewal.

[Residential] Interior flooring, interior/exterior walls, etc.



Private Residence (K Residence), Tahara City
Interior work: OBRON.co.ltd.

[Non-residential] Exterior flooring, interior/exterior walls, large-format tiles, etc.



Landport Noda
Project owner: Nomura Real Estate Development Co., Ltd.; Design and construction: Yahagi Construction Co., Ltd.; Interior design: Sangetsu Corporation

* Sangetsu estimate based on METI's "Current Survey of Production," MOF's "Trade Statistics" (January-December 2025), and major manufacturers' published results.

Related Releases

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Interior Business

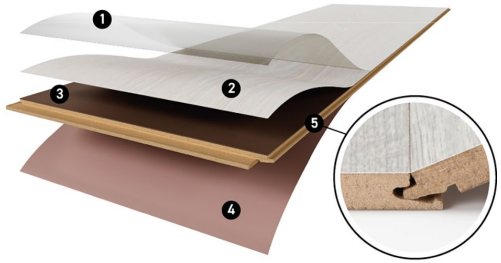
Optimization of Product Portfolio

New Concept Products: HYBRID FLOORING



Market not targeted by existing flooring products

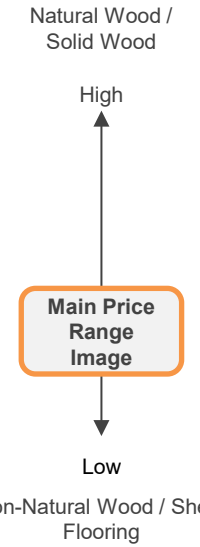
Phase 1: Aim to establish brand through market entry



■ Product Structure

(1) Special surface layer (melamine resin)
(2) Decorative printing layer (synchronized embossing that replicates natural wood grain texture)
(3) Core layer
(4) Backing layer
(5) Specialized tongue-and-groove structure (Adhesive-free joint system)

Wood Composite Flooring Market Price Positioning*



Our Flooring Lineup Price Positioning*



[Objectives]
✓ Drive early market penetration by leveraging our existing customer base, primarily homebuilders and contractors

[Features]
✓ Product Strength × Supply System: Quality and stable supply of the "Quick-Step" brand, developed and manufactured by leading global flooring manufacturer Unilin
***Although only two companies in Japan handle Unilin products, Sangetsu is the only company offering nationwide coverage under the "Quick-Step" brand.**

✓ Sustainable flooring utilizing 100% recycled wood for its High-Density Fiberboard (HDF) core

✓ Superior scratch and water resistance, paired with easy "floating installation" requiring no adhesives or nails

* Positioning Map (based on standard prices; our company estimate)

Related Releases

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Interior Business

Supply Chain Optimization

Background and Objectives

Uncertainties in the External Environment

✓ Shortage of logistics personnel

✓ Continued broad-based cost increases

✓ Procurement concerns due to geopolitical and other risks

Conventional SCM (Partial Optimization)

✓ Lack of company-wide management functions

✓ Demand forecasting and inventory/ordering processes based on experience

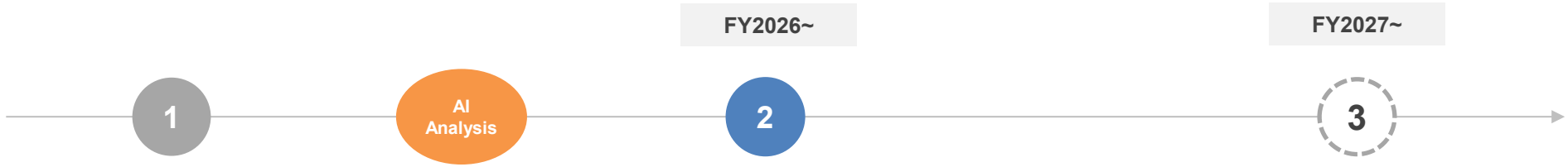
New SCM (Overall Optimization)

✓ Company-wide cross-functional project led by the SCM Planning Department (focusing on DX, product management, and logistics)

✓ High-precision demand forecasting based on AI × experience

✓ Sophistication of sales and logistics planning based on logic, and process improvement

Steps Toward SCM Sophistication



Data Integration

・Past performance
(Daily/weekly sales volume, past stockout information, etc.)
・Characteristic data for each product
(Product/sample book attributes, seasonal/market fluctuations, etc.)

Sophistication of Demand Forecasting and Optimization of Order Quantities

・Improvement in demand forecasting accuracy
・Calculation and utilization of optimal order quantities
(Logic construction, application, visualization, and improvement)

Integration with Business Systems

・Phased expansion of automated ordering
・Further refinement of demand forecasting

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Interior Business

Supply Chain Optimization

Main Expected Effects of SCM Sophistication

✓ Improvement in Cash Generation

- Inventory Turnover Days (Non-consolidated)

H1 FY2025 vs H1 FY2026

Quantity-based (period average) : **0.5 % improvement**

Amount-based (period average) : **1.9 % improvement**

✓ Cost Reduction

- Optimization of sales and logistics plans
  Reduction of disposal loss, valuation loss, and logistics-related costs
  (rent, improvement in delivery frequency, etc.)
- Improvement in productivity of warehouse and delivery operations
- Optimization of logistics bases

✓ Stabilization of Service Levels

- Maximization of sales opportunities by reducing stockout rates
- Improvement in delivery date compliance rates
- Improvement in quality and safety in products, logistics, and work processes

Improve profitability, asset efficiency, and cash generation through data-driven SCM construction

Profit margin

Total asset turnover

Related indicators (Consolidated) Unit: Days	End of Sep. FY2023	End of Sep. FY2024	End of Sep. FY2025	End of Sep. FY2026
Accounts receivable turnover period	102.3	97.1	92.6	91.2
Inventory turnover period	59.9	55.7	54.1	56.4*
Accounts payable turnover period	90.5	87.1	72.6	68.2
CCC	**71.7**	**65.7**	**74.1**	**79.4**

Each metric is based on the balance as of the end of September of each period.

Financial leverage

ROE

Approach from financial and capital strategies based on management strategy

*The figure at the end of 2Q FY2026 (September 30, 2026) deteriorated due to a temporary inventory buildup in preparation for releasing flooring sample books.

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Space Solutions Business

Developing into a Growth Business: Progress on Key Measures

Business Challenges

Restructuring our organization and establishing a solid business foundation (strengthening each function and building an end-to-end management system)

Sales	Proposal	Estimate	Design	Construction
Strengthening sales activities by leveraging Sangetsu's sales network	Enhancing proposal capabilities to improve order win rates	Thorough profitability management and cost reduction through partnership with partner companies	Strengthening the design framework to ensure compliance and quality	Ensuring rigorous working budget management and safety-first construction quality

Sangetsu's Strengths

Interior product lineup and Sales network

×

Group Synergy

Creating synergy with group company Fairtone



Steady progress on key measures

Generating results through group synergies

[Featured Projects]
Project Name: Plaza Premium Lounge Nagoya (Domestic Departures)
Completion Date: August 2026
Location: Tokoname City, Aichi Prefecture
Client: Plaza Premium Group
Construction Scope:
・Interior (Design, Engineering & Construction)
・Custom Furniture (Design, Engineering & Construction)
・Signage (Planning, Design, and Construction)
Other

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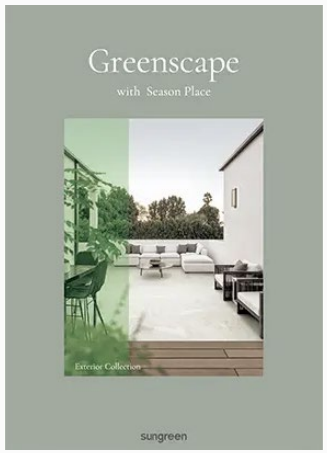
Exterior Business

Developing into a Growth Business : Progress of key measures

Business Challenges Planning and development of in-house brand products and expansion of business in the Kanto region

NEW **Product Planning & Development** → **Manufacturing** → **Logistics (External)** → **Product Sales** → **Construction**

Enhancing group collaboration at Sungreen



PB Catalog "Greenscape" *

[Objective]
Strengthening profitability and enhancing competitive advantage through Sungreen's private-label products

[Progress]
January 2026 : Sales launched in the Kanto region, with the sales area expanded to the Tokai region, our core market, in September

[Key Measures]
Accelerate sales expansion by building a sales structure in the Tokai region, where we hold a high market share

[Synergy with Sangetsu]
Mutual approach leveraging the customer bases of both Sangetsu and Sungreen Co., Ltd.

[Sales Collaboration]



✓ Progress in securing orders for product sales and construction projects through collaboration leveraging Sangetsu's sales network

[Logistics Collaboration]



✓ Initiated collaboration on logistics functions with Sangetsu and group company SDS, aiming to improve logistics efficiency and reduce costs through joint delivery.

* Includes the full Sangetsu catalog "SeasonPlace vol.1" and excerpts of outdoor tiles from "Viviente vol.1"
Special website "Greenscape"

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Overseas Interior Business / Overseas Space Solutions Business

Overseas Segment (Consolidated period: January–June 2026)

		FY2025	FY2026	
				Unit : billion yen
		H1	H1	YoY
Net sales	North America	11.10	**12.15**	+1.05 +9.5%
	Southeast Asia (Interior)	1.94	**2.03**	+0.09 +4.9%
	Southeast Asia (Space Solutions)	4.02	**2.75**	(1.26) (31.5%)
	China and Hong Kong	0.45	**0.42**	(0.03) (7.0%)
	Consolidation adjustments and others	(0.02)	**(0.04)**	(0.01) -
	Total	17.50	**17.32**	(0.17) (1.0%)
Operating Profit	North America	0.31	**0.66**	+0.35 +114.7%
	Southeast Asia (Interior)	(0.02)	**(0.06)**	(0.04) -
	Southeast Asia (Space Solutions)	(0.12)	**(0.00)**	+0.12 -
	China and Hong Kong	(0.09)	**(0.03)**	+0.06 -
	Consolidation adjustments and others	(0.17)	**(0.36)**	(0.19) -
	Total	(0.10)	**0.19**	+0.30 -



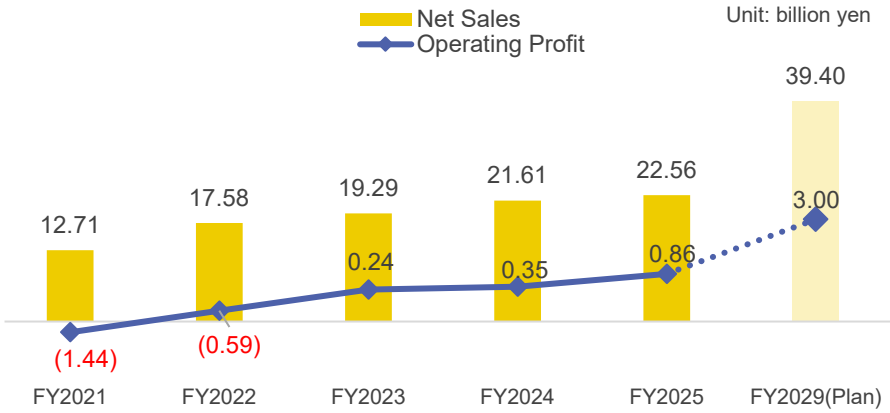
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Overseas Interior Business / Overseas Space Solutions Business

North America: Policy for Organic Growth

KOROSEAL Company Overview *As of November 2026

- Business Model: Manufacturing and sales of wallcoverings
- Sales Area: Entire U.S. and Canada
- Manufacturing Sites: 1 site in the U.S.
- Showrooms: 4 sites in North America
- Products Handled: Wallcoverings (vinyl and non-vinyl wallpaper, films, etc.)
- Main Markets: Primarily non-residential markets such as hotels, offices, and healthcare facilities



Expansion of Sales Volume of In-house Manufactured Wallpaper

Improve production efficiency by increasing factory utilization rates through increased production volumes resulting from strengthened sales of in-house and OEM brands

Sales Expansion and Margin Improvement

Expansion of Product Range for Existing Customers

Expand product lineup beyond wallpaper to include other wallcoverings. Aim for expansion in markets with significant growth potential for KOROSEAL, such as by leveraging customer touchpoints.

Creation of Sales Opportunities by Leveraging Customer Touchpoints

Enhancement of Foundation through IT Investment

Strengthen the foundation supporting business expansion by promoting digitalization and enhancing customer interfaces

Productivity Improvement and Service Quality Enhancement

Sales Expansion × Profitability Improvement

Generate half of the company's profit growth (approx. 1.0 billion yen) through organic growth

North America Operating Profit **0.86 billion yen** FY2025 ▶ **3.00 billion yen** FY2029(Plan)

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Management Foundation: DX Strategy

Overview of DX Strategy

✓ Promoting DX (Digital Transformation) to create economic value toward the realization of our Corporate Vision

Innovation

Responsible for evolution × deepening to create direct financial value

- Business Process Automation

Advanced decision-making using AI and standardization/productivity improvement of operations

- SCM Advancement

Optimal inventory and supply chain coordination based on objective data

Governance & Resilience

Infrastructure development for sustainable growth

- Development of Business Style Premised on Generative AI

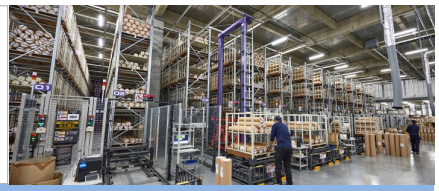
Raising IT literacy for all employees and redesigning business processes

- Modernization of Cybersecurity framework

Acceleration of zero-trust adoption and comprehensive utilization of cloud technology

Case Studies

SCM Advancement



✓ SCM × AI Utilization

Strengthening the earnings base through high-precision demand forecasting

Process Automation



✓ Process Automation

Productivity improvement through the automation of personnel-dependent business processes using IT and AI

Human Capital Strengthening



✓ Improvement of IT Literacy

Practical growth support programs to raise the level of IT literacy

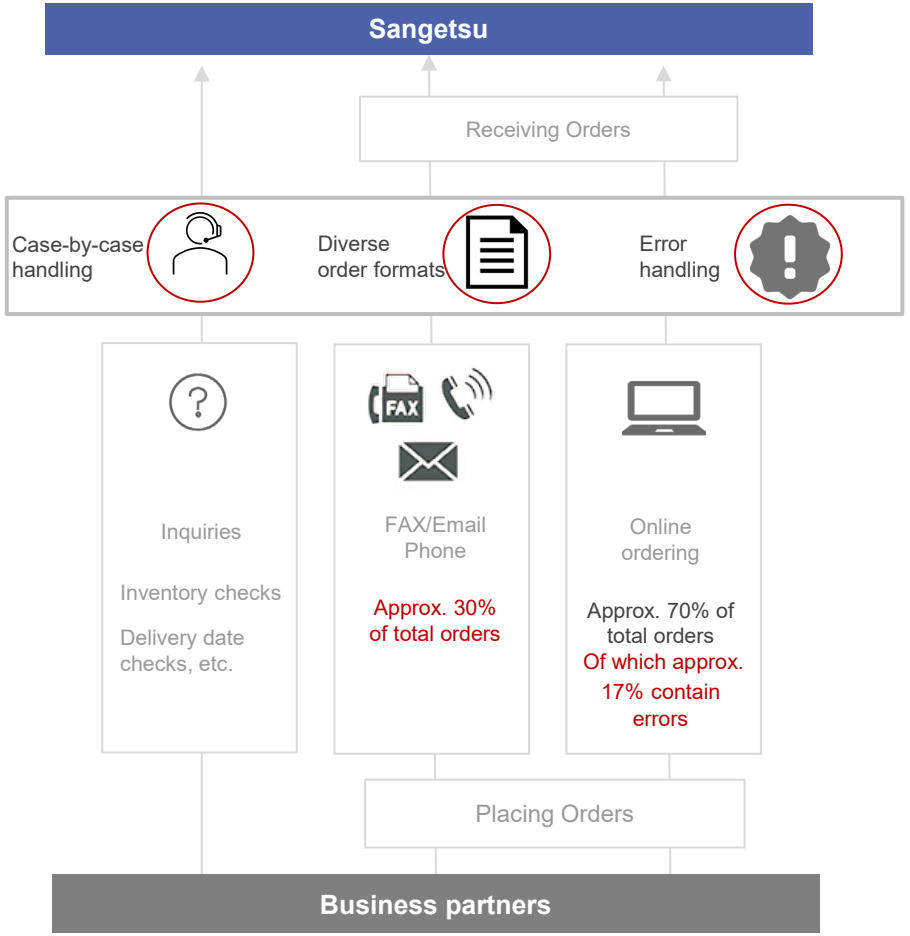
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Management Foundation: DX Strategy

Advancement of the entire value chain through co-creation

Goal: Building a sustainable business structure from the business partners' perspective for FY2029

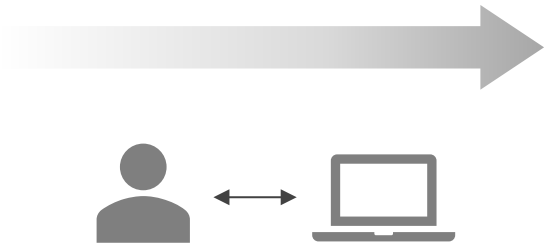
<Business Process Reform Promotion Project>



Improving business process efficiency through AI and system development

AI





User-friendly website designed from the business partner's perspective

Advancement of existing processes

✓ **Improvement in business partners satisfaction**

Driving convenience and competitive advantage via a self-service business partner web platform

✓ **Productivity improvement**

Promoting operational efficiency for our company and business partners through digitalization and standardization

✓ **Building a sustainable business structure**

Reduction of business continuity risks due to labor shortages, etc.
Optimization of operation costs

Optimal capital allocation for growth

✓ **Shift of human capital to core operations**

Expanding sales activities such as inside sales through optimal resource allocation

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Management Foundation: Human Resources Strategy

Expansion of Human Capital to Drive "Transformation, Challenge and the Driving of Innovation"

✓ Accelerate the development of human resources supported by “Conceptual skills," “Execution skills," and “Ethics" to realize "Transformation, Challenge and the Driving of Innovation."

▶ Initiatives for Human Resource Development

NEW "Strategic Planning Program"

A hands-on program in which selected manager-level employees tackle the company's real business challenges to propose new value creation and new business initiatives to the President and senior management.





NEW "Digital Transformation Training Program"

A training program to develop “DX Partner Leaders” who drive digital transformation across each department. Participants learn problem-solving thinking processes and project management methodologies to achieve IT-enabled operational efficiency.

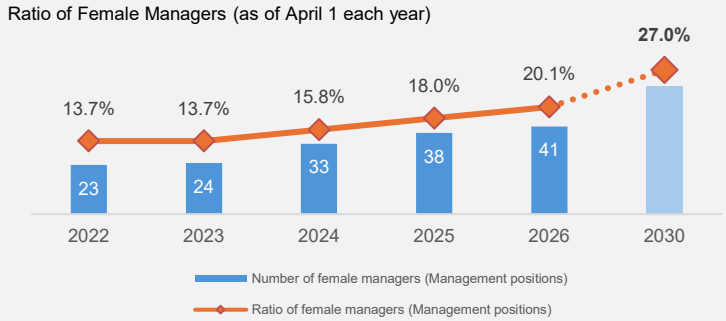
Continuing "Inter-company/Cross-industry Exchange (Ideathon)"

A co-creation program where participants discuss specific themes with other companies from diverse backgrounds over a short period to generate new ideas.

▶ Initiatives for Organizational Culture Reform

"Deepening DE&I"

Positioned as a "source of value creation" that drives sustainable corporate value enhancement.
Promoted from both the aspects of workplace environment and skill development.



"Promotion of Autonomous Career Design"

To support employees' proactive career development, we have placed career consultants within the company. We are also developing mechanisms such as a review of the evaluation system and an internal internship program.

"Strengthening Inner Branding"

To foster a "company-wide sense of solidarity" that transcends departmental and hierarchical barriers, we promote communication through opportunities for two-way dialogue and the use of internal web newsletters.

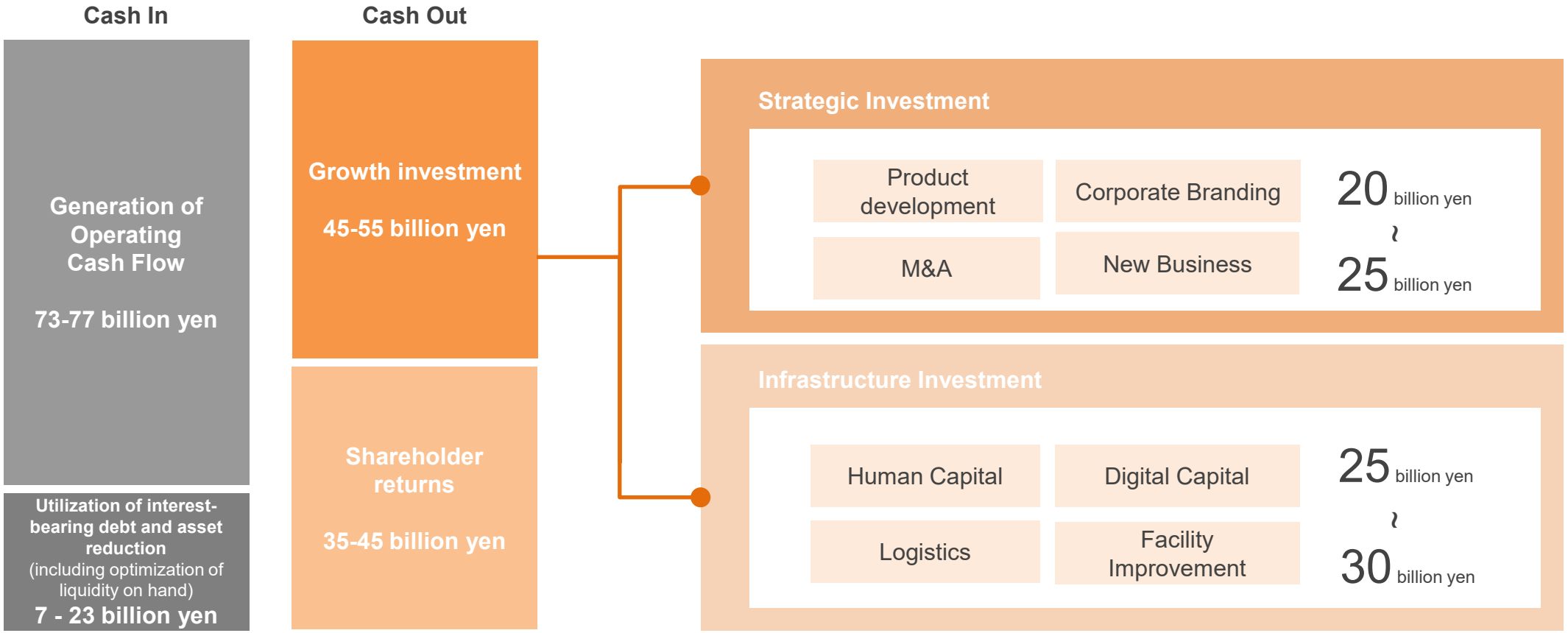
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Financial and Capital Strategy

* Announced in May 2026: Reprinted from Medium-term Business Plan materials

Capital Allocation

Balancing growth investment and capital optimization. Through flexible capital allocation, we will realize growth investment that contributes to profit generation and build an optimal capital structure to achieve ROE of 14%.
Furthermore, we will also consider flexible additional returns, taking into account capital efficiency and the status of growth investments.



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Results and Forecast of Shareholder Return

Announced November 13, 2026

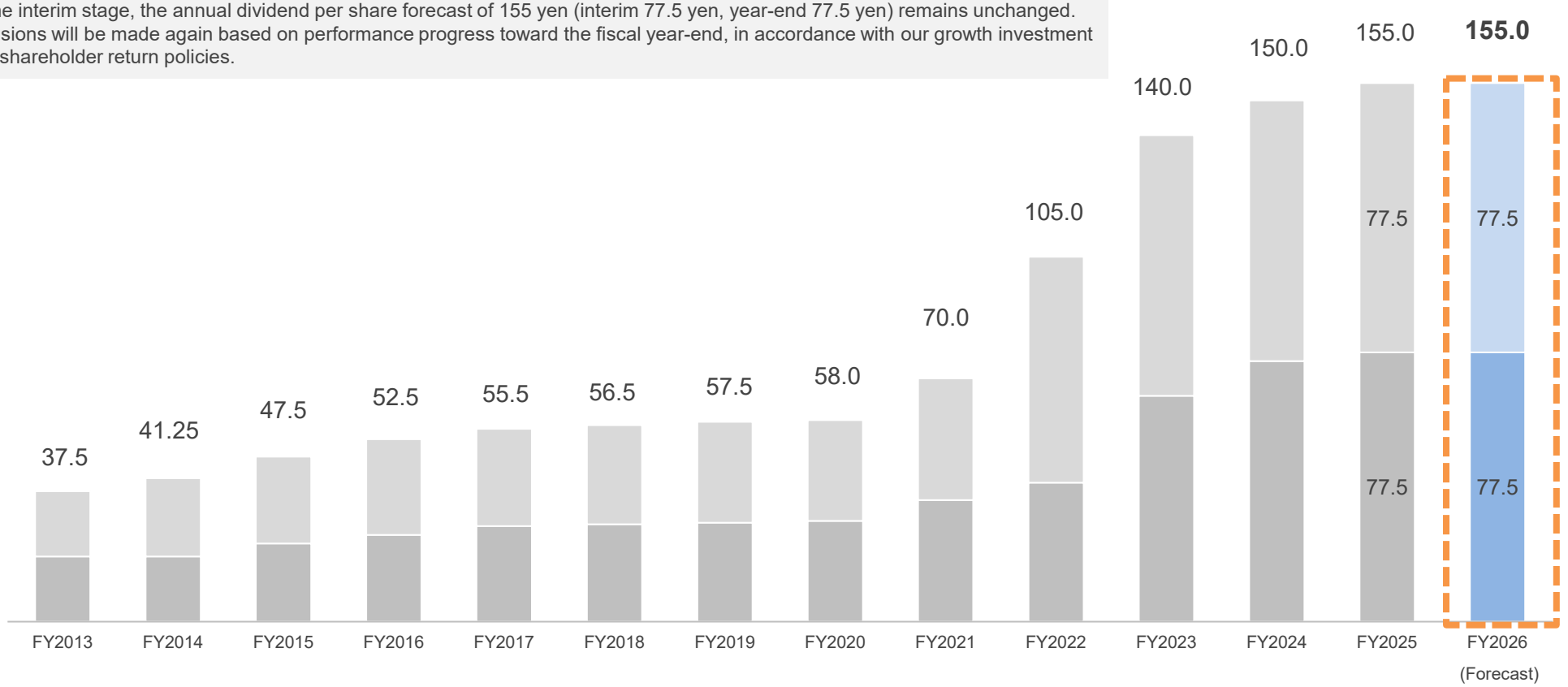
▶ "Medium-term Business Plan 2029" | Shareholder Return Policy

- Our shareholder return policy is based on stable dividends, aiming for dividend increases with a lower limit of 155 yen for the annual dividend per share and a target dividend payout ratio * of 60% or more.
- We will consider the acquisition of treasury shares as appropriate, taking into account market conditions, capital efficiency, and the status of growth investments.

▶ "FY2026 Annual Dividend per Share"

At the interim stage, the annual dividend per share forecast of 155 yen (interim 77.5 yen, year-end 77.5 yen) remains unchanged. Decisions will be made again based on performance progress toward the fiscal year-end, in accordance with our growth investment and shareholder return policies.

Unit: yen



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (Forecast)
Dividend payout ratio	52.3%	70.7%	52.8%	53.8%	80.5%	98.6%	244.1%	73.4%	1,503.5%	44.0%	57.5%	70.2%	62.2%	**57.0%**

* Profit used in the calculation of the dividend payout ratio is based on figures excluding one-time factors.

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Management Foundation: Sustainability

Initiatives and Progress Toward Sustainable Corporate Activities

	Theme	Key Initiatives
Environmental Conservation	Decarbonization: Reduction of GHG emissions across the entire supply chain	• Procurement of renewable energy electricity to reduce Scope 1 and 2 emissions • Preparation for SBT *1 certification to reduce Scope 3 emissions
	Resource Circulation: Promotion of waste reduction and sample book recycling	• Promotion of material recycling of waste • Initiatives to expand sample book recycling are progressing as planned
	Expansion of environmentally friendly products: Solving social issues and strengthening product development that contributes to market needs	• Launched sales of "Hybrid Flooring" using 100% recycled wood as the base material • Preparation for EPD certification for multiple products *2
Respect for Human Rights in Corporate Activities	Fair trade and respect for human rights in the supply chain	• Execution of CSR questionnaires and audits for business partners • Holding briefing sessions for suppliers to strengthen fair and mutually beneficial business relationships
	Eradication of human rights violations in all corporate activities	• Implementation of human rights-related seminars • Formulation of policies against recruitment harassment
Promotion of Social Contribution Activities	Continuous support for children in need, refugees, etc.	• Continuous support for four organizations aimed at solving social issues related to next-generation support and housing • Interior support for "Nagakute no Ouchi," the first community-based children's hospice in the Chubu region
	Contribution to culture and arts through corporate activities	• Sponsorship of "HERALBONY Art Prize" (Gold Partner) • Sponsorship of "Art Para Fukagawa Oshaberi Art Festival 2026" (Main Partner)
Strengthening Governance	Strengthening the governance system to improve corporate value	• Review of risk management evaluation standards to strengthen the effectiveness of risk management
	Strengthening the effectiveness of the Board of Directors	• Identification of issues and formulation of response plans based on the evaluation of the effectiveness of the Board of Directors
	Thorough compliance across the entire Group	• Implementation of compliance surveys at all Group companies • Implementation of compliance seminars

*1 An abbreviation for Science Based Targets, which are corporate greenhouse gas emission reduction targets based on scientific evidence certified by the "SBTi," an international initiative jointly established by the UN Global Compact, the World Wide Fund for Nature, and others.
*2 EPD (Environmental Product Declaration) is a framework for the quantitative evaluation and disclosure of a product's environmental impact using the Life Cycle Assessment (LCA) methodology.

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Reference: "Medium-term Business Plan 2029" Sustainability Targets

DE&I

■ **Ratio of female managers**

Non-consolidated: **27 %**

■ **Male childcare leave utilization rate**

Non-consolidated: **100 %**

Community Engagement

■ **Renovation of Children's Care Homes**

Consolidated: **50 projects/year**



Environmental Conservation

■ **Decarbonization**

1) SCOPE 1 & 2 (vs. FY2021)

Non-consolidated: **Carbon neutral**

Consolidated: **55% reduction**

2) SCOPE 3

Consolidated:
Supplier GHG emission reduction

■ **Resource recycling**

Non-consolidated:
Promotion of sample book recycling

■ **Reducing environmental impact through products**

Non-consolidated:
Expansion of environmentally friendly products









*Definition of the ratio of female managers: Starting from this Medium-term Business Plan, the scope has been changed from including "Professional" positions to "Management" positions.

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Notes for the Future Outlook

This material includes information that pertains to future-related descriptions. Descriptions of items other than past and present facts are about future forecasts.

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

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Joy of Design