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Securities code: 8130

June 5, 2026

(Commencement date of matters subject to electronic provision: June 2, 2026)

To Our Shareholders:

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

CONVOCATION NOTICE OF THE 74TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 74th 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 (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 23, 2026, Japan standard time.

Thank you very much for your cooperation.

- 1. Date and Time:** June 24, 2026 (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 74th term (April 1, 2025 to March 31, 2026) 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 74th term (April 1, 2025 to March 31, 2026)

Resolution matters:

Proposal 1: Appropriation of Surplus

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

Proposal 3: Revision of Amount of Remuneration to 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 23, 2026 (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 24, 2026 (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 23, 2026 (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.

Asking Questions in Advance

Prior to the shareholders' meeting, we are accepting questions regarding the meeting agenda for this shareholders' meeting.

We plan to address matters of high interest to our shareholders at the shareholders' meeting.

Please note that we will not be able to respond individually to questions that we are unable to address during the shareholders' meeting.

Acceptance period:

From June 2, 2026 (Tuesday) at 9:00 a.m. Japan standard time to June 17, 2026 (Wednesday) at 12:00 p.m. Japan standard time

How to Apply:

1. Please visit the following website designated by the Company.
<https://links-v.pdcp.jp/8130/2026/sangetsu/>
2. A screen will appear for entering your ID and password. Please enter the ID and password provided below.
ID: Shareholder number (8-digit number) listed on the Voting Right Exercise Form
Password: Zip code (7-digit number) listed on the Voting Right Exercise Form
3. Click the "Ask a Question" button. Select a category for your question and enter your question.
4. Please review the Terms of Service, check the "I agree to the Terms of Service" box, and click "Proceed to Review."
5. On the confirmation screen, review your information and click the "Submit" button to complete the process.

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 ¥77.50 per common share of the Company.
The total amount of dividend will be ¥4,556,356,905.
The annual dividend for the current fiscal year amounted to ¥155.00 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 25, 2026.

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, General Manager of Global Business Division	13/13 100%
2	[Reelected]	Yutaka Matsuo	Director, Managing Executive Officer, General Manager of Business Division, in charge of Exterior Business and in charge of Corporate Strategy	10/10 100%

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</p> <p>April 2026 Representative Director, President and CEO, General Manager of Global Business Division (To present)</p> <p>Reasons for nomination as candidate for Director Mr. Yasumasa Kondo experienced global 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, he has overseen the President's Office and the Corporate Division, and in April 2024, he took office as President and CEO, since when he has been working to achieve the Company's Long-term Vision and Medium-term Business Plan. Given these experiences and achievements, which are essential for driving the enhancement of the Company's corporate value, the Company deemed that he is well qualified to continue to serve as a Director. Attendance to the Board of Directors' meetings held in FY2025: 13/13</p>	30,184 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Yutaka Matsuo (September 10, 1966) [Reelected]	<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</p> <p>June 2025 Director, Executive Officer, General Manager of Business Division and in charge of Exterior Business and Space Solutions Business</p> <p>April 2026 Director, Managing Executive Officer, General Manager of Business Division, in charge of Exterior Business and in charge of Corporate Strategy (To present)</p>	11,888 shares
		<p>Reasons for nomination as candidate for Director</p> <p>Mr. Yutaka Matsuo has held responsible positions at major domestic bases, 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 of the Company. He has also experienced multifaceted practical work as General Manager of Logistics Division and Business Division, and has extensive knowledge and experience regarding the Company's business, industry trends, and internal conditions. Given that these are essential for decision-making aimed at the Company's sustainable growth, 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 FY2025: 10/10</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.

[Reference] Director Skills Matrix

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.

	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
Director	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 addition to further strengthening the foundation of our core interior business, to leverage its strengths and expand business domains and scale, it is necessary to have Directors with specialized insight and experience across 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 achieve sustainable growth with the interior business as our core, 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.

[Reference] Career summary of Directors serving as Audit and Supervisory Committee Members

Career summary, positions, and responsibilities of Directors serving as Audit and Supervisory Committee Members are as follows.

Attribute	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	
[Outside] [Independent] [Female]	Michiyo Hamada (November 25, 1947)	April 1985 April 1999 April 2008 April 2009 June 2015	Law professor at Nagoya University Professor of Nagoya University Graduate School of Law President of Nagoya University School of Law Professor emeritus of Nagoya University (To present) Commissioner of Japan Fair Trade Commission Outside Director (Audit and Supervisory Committee Member) of the Company (To present)
[Outside] [Independent]	Kenichi Udagawa (April 5, 1949)	June 2004 June 2008 June 2009 March 2016 June 2018 June 2019 June 2019	Director of Tosoh Corporation Managing Director of Tosoh Corporation President of Tosoh Corporation Director and Corporate Advisor of Tosoh Corporation Honorary Advisor of Tosoh Corporation Retired from Honorary Advisor of Tosoh Corporation Outside Director (Audit and Supervisory Committee Member) of the Company (To present)
[Outside] [Independent]	Osamu Terada (April 7, 1953)	June 2005 June 2010 April 2013 June 2014 June 2020 June 2021 June 2021	Executive Officer of SHIMIZU CORPORATION Managing Officer of SHIMIZU CORPORATION Senior Managing Officer of SHIMIZU CORPORATION Executive Vice President and Representative Director of SHIMIZU CORPORATION Senior Advisor of SHIMIZU CORPORATION Retired from Senior Advisor of SHIMIZU CORPORATION Outside Director (Audit and Supervisory Committee Member) of the Company (To present)
[Outside] [Independent] [Female]	Aki Ogane (May 23, 1963)	April 1987 April 2010 April 2011 March 2012 March 2012 March 2019 September 2021 June 2023 June 2024	Joined The Sumitomo Bank, Ltd. (current Sumitomo Mitsui Banking Corporation) General Manager of Internal Control Department of Daiwa Netbank Establishment Preparation Co., Ltd. (Secondment) Director of Daiwa Next Bank, Ltd. Retired from Director of Daiwa Next Bank, Ltd. Senior Inspector and Audit Division of Sumitomo Mitsui Banking Corporation Retired from Sumitomo Mitsui Banking Corporation Director of OMA Co., Ltd. Retired from Director Outside Director (Audit and Supervisory Committee Member) of the Company (To present)
[Non-Executive]	Yosuke Mine (December 10, 1959)	April 1984 July 2014 April 2016 April 2017 April 2019 July 2023 April 2024 June 2024	Joined the Company General Manager of Chugoku-Shikoku Branch Executive Officer and General Manager of Chugoku-Shikoku Branch Executive Officer and Deputy General Manager of the Logistics Unit Executive Officer and General Manager of the Logistics Unit Managing Executive Officer and General Manager of Logistics Division Managing Executive Officer in charge of Logistics Division Director (Full-Time Audit and Supervisory Committee Member) of the Company (To present)

Proposal 3: Revision of Amount of Remuneration to Directors Serving as Audit and Supervisory Committee Members

The amount of remuneration for Directors serving as Audit and Supervisory Committee Members was approved at the 63rd Ordinary General Meeting of Shareholders, held on June 18, 2015, to be within ¥80 million per year. However, taking into account that the responsibilities and expected roles of Directors and Audit and Supervisory Committee Members will increase more than ever before, it is proposed to revise the amount of remuneration for Directors serving as Audit and Supervisory Committee Members to within ¥120 million per year.

The Board of Directors has determined that the content of this proposal, which increases the remuneration limit within a reasonable range based on the background described above, is appropriate. Currently, there are five Directors serving as Audit and Supervisory Committee Members.

Business Report

(April 1, 2025 to March 31, 2026)

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

(1) Business Progress and Results

During the fiscal year under review, the business environment surrounding the Group in Japan showed a moderate economic recovery trend as consumer spending and capital investment improved amid solid corporate earnings. In North America, although there is uncertainty regarding trade policies, price trends, and the employment environment, the economy gradually expanded. In Asia, while domestic demand was solid in Southeast Asia, it lacked strength depending on the country or region, and in China, economic recovery has been delayed due to the prolonged real estate recession. In addition to U.S. trade policy and fluctuations in financial and capital markets, it is necessary to pay attention to downward risks to the economy both domestically and internationally, such as soaring energy prices and supply chain disruptions associated with the tense situation in the Middle East.

In the Japanese construction market, particularly in the residential market, a reactionary drop following the last-minute demand ahead of the revision of the Building Standards Act and the Building Energy Efficiency Act implemented in April 2025 together with persistently high construction costs caused the number of new housing starts and floor area to fall below the previous year’s level and remained weak. In the non-housing market, although new construction starts and floor area for hotels and other facilities increased, those for offices, warehouses/factories, medical/welfare facilities, etc., fell below the previous year’s level and remained weak. On the other hand, the renovation and renewal market remained solid, and according to the Building Reform and Renewal Survey announced by the Ministry of Land, Infrastructure, Transport and Tourism, the most recent (October-December 2025) orders received in both the residential and non-residential markets showed an increasing trend year on year.

In this business environment, based on the Long-term Vision [DESIGN 2030] and the Medium-term Business Plan [BX 2025], we worked to expand our business domain and enhance our provided value, and through the enhancement of human capital and digital capital, we promoted the evolution of our proposal capabilities and the expansion of our business foundation.

As a result, consolidated financial results for the fiscal year under review recorded ¥206,441 million in net sales, up 3.0% year on year, ¥19,408 million in operating income, up 7.0% year on year, ¥20,152 million in ordinary income, up 8.5% year on year and ¥14,642 million in net income attributable to owners of the parent, up 16.7% year on year.

(Reference) Consolidated Financial Highlights

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

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
206,441	19,408	20,152	14,642
up 3.0%	up 7.0%	up 8.5%	up 16.7%

(Domestic Interior segment) Net sales ¥164,106 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)

	73rd term Fiscal year ended March 31, 2025	74th term Fiscal year ended March 31, 2026
Net sales	163,986	164,106
Operating income	18,940	19,333

The businesses belonging to the Domestic Interior segment are the interior business and the space solutions business.

In the interior business, we are promoting the strengthening of various functions such as materials, design, logistics, and construction, as well as the strengthening of our solution proposal capabilities through their collaboration.

In product development, we focused on expanding our lineup of products that meet market needs and contribute to solving social issues, such as environmental consideration and construction efficiency. In the fourth quarter, we issued the sample book for “INNO PANEL®,” a new building material that significantly shortens the construction process, and decided to handle products of BOLON, a Swedish flooring manufacturer boasting high brand power in the global high-end market, in Japan (scheduled to go on sale in phases from FY2026), thereby strengthening our product lineup. Additionally, our wallpaper “ELEMENTUM™” received the “iF Design Award 2026” for the third consecutive year and fifth time overall, demonstrating that our design and quality are highly evaluated in the market and industry.

In supply chain management (“SCM”), we are promoting further functional enhancement and efficiency in logistics, which is its core function. Amid structural cost increases against the background of constraints in the logistics industry, we are promoting cross-group initiatives, such as deepening inter-departmental collaboration, strengthening the management foundation of group logistics companies, and improving productivity through the introduction of labor-saving equipment, aiming to strengthen our competitiveness by advancing SCM.

In manufacturing, CREANATE Inc., a group company and the largest wallpaper manufacturer in Japan, began operations at its new factory in Hiroshima Prefecture in October 2025. By establishing a production system with two bases in eastern Japan and one base in western Japan, and introducing state-of-the-art machines with high production efficiency, we will strengthen the resilience of our supply chain and our stable supply system.

In the space solutions business, we are aiming to provide highly unique value while creating synergies with the coordination functions for interior products and the sales network and customer base of the interior business. Net sales are growing steadily, including at Fairtone Co., Ltd., a group company.

As a result, the Domestic Interior segment recorded net sales of ¥164,106 million (up 0.1% year on year) and operating income of ¥19,333 million (up 2.1% year on year). Furthermore, the Wall Covering Unit recorded net sales of ¥79,949 million (up 1.7% year on year), the Flooring Unit recorded net sales of ¥55,614 million (down 3.1% year on year), the Fabrics Unit recorded net sales of ¥10,125 million (up 5.4% year on year), and others including design fees and construction recorded net sales of ¥18,417 million (up 0.3% year on year).

(Domestic Exterior segment) Net sales ¥7,310 million

Main business

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

(Millions of yen)

	73rd term Fiscal year ended March 31, 2025	74th term Fiscal year ended March 31, 2026
Net sales	6,611	7,310
Operating income	17	118

The business belonging to the Domestic Exterior segment is the exterior business.

In this segment, as with the Domestic Interior segment, severe business conditions continued, such as a decline in new housing starts. Under such circumstances, Sungreen Co., Ltd., a core group company, saw its business performance continue to show an improving trend due to a rise in the sales prices of exterior products, the expansion of non-residential project orders in the Tokai region, its mainstay market and an increase in sales in the Kanto region, where it is focusing on strengthening its bases.

As a result, net sales of the Domestic Exterior segment were ¥7,310 million (up 10.6% year on year), and operating income was ¥118 million (up 586.7% year on year).

(Overseas segment) Net sales ¥35,029 million

Main business

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

(Millions of yen)

	73rd term Fiscal year ended March 31, 2025	74th term Fiscal year ended March 31, 2026
Net sales	29,794	35,029
Operating income	(820)	(46)

In the Overseas segment, the results of overseas subsidiaries and associates over the period from January to December 2025 are included in results for the fiscal year under review.

The businesses belonging to the Overseas segment are the overseas interior business and the overseas space solutions business.

In the overseas interior business, in North America (the United States and Canada), internal improvements such as the strengthening of management foundations and business infrastructure progressed, and sales strategies were successful, resulting in an increase in both sales and profit year-on-year. In Southeast Asia, performance improved through structural reforms including the renewal of the management system, and appropriate sales policies in each country, achieving a turnaround to profitability for the full year. In China and Hong Kong, the business environment remains severe against the background of a downturn in the real estate market and a decline in consumer sentiment due to the deterioration of the employment environment. However, by renewing and slimming down

the management system, and proceeding with the selection of destinations for management resources, including the implementation of strategies aligned with customers and the market, the amount of loss narrowed year-on-year.

In the overseas space solutions business, D'Perception Pte Ltd, which handles design and construction and became a group company in July 2024, contributed to the sales increase of the entire region, but due to a decline in profitability and the occurrence of one-time additional costs associated with delays in the construction period of large-scale projects, it recorded an operating loss.

As a result, net sales of the Overseas segment were ¥35,029 million (up 17.6% year on year). Regarding operating profit/loss, it was driven by the strong performance of the North America business, and the turnaround to profitability of the interior product wholesale business in Southeast Asia also contributed to this. On the other hand, the recording of one-time losses in the design and construction

business in Southeast Asia served as a downward factor, and operating loss was ¥46 million (compared to an operating loss of ¥820 million in the same period of the previous fiscal year, including one-time expenses related to the acquisition of shares of D'Perception Pte Ltd in the first quarter of the previous fiscal year).

Efforts toward Sustainability

The Sangetsu Group has positioned sustainability initiatives as one of our top priorities in an aim to achieve a sustainable society and company. We have established our Purpose (reason for existence) “With all people we collaborate to create peaceful and inspirational spaces,” which is the highest conceptual level in our corporate philosophy aimed at achieving both economic and social value. The Company promotes management that links its sustainability activities with its business activities aimed at “a world where everyone can achieve their dreams together for a better tomorrow.”

In our environmental efforts, the Group has selected “Achieving a sustainable global environment” as one of its materialities with a view to creating economic and social value. We are advancing initiatives to reduce our environmental impact from the perspectives of carbon neutrality, the circular economy, and coexistence with nature, while also promoting appropriate information disclosure. As a result, our continuous efforts to reduce GHG emissions, the sophistication of our TCFD disclosure, and our improved transparency and goal-setting in timber procurement were highly evaluated, and we received a “B” score in the Climate Change category and a “B-” score in the Forests category from CDP, an international non-profit organization.

In our human capital initiatives, we are fostering an environment where a diverse workforce can thrive, as they form the foundation of our management. Under our policies of “promoting physical and mental health,” “enriching lives,” and “creating pleasant working environments,” we have implemented various measures and were certified as a “KENKO Investment for Health 2026” by Nippon Kenko Kaigi. This marks the seventh consecutive year for receiving this certification, and the eighth time in total.

In our social participation efforts, we have decided to participate in Hokkaido University’s COI-NEXT “Life Design Center for the Mind and the Body.” This project aims to realize “a society where people can live happily in their own way with others” for the children and youth who will lead the next generation. From the perspective of interior design and space creation, we will strive to contribute to the improvement of well-being and the resolution of regional issues through industry-academia-government collaboration.

The Group will continue to work on resolving social issues through interior design, which is the core of the Group’s business, and aims at the goal of “with all people we collaborate to create peaceful and inspirational spaces” by creating economic and social value.

(2) Capital Investments

During the fiscal year under review, the Group as a whole made ¥4,200 million in capital investment, including investments to open a new plant in Hiroshima Prefecture 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

The Group is launching its “Medium-term Business Plan 2029” (Fiscal Year Ending March 2027 to Fiscal Year Ending March 2030).

We have defined the Corporate Vision as “Shaping Culture from interiors through Materials and Design.”

The Company’s core lies in “Total Interior,” which goes beyond expanding the lineup of interior products to integrate materials, design, logistics, and construction to provide solution proposals. The external environment surrounding the Company is changing significantly. While constraints such as the shrinking domestic market and labor shortages are intensifying, opportunities for new value creation are expanding due to the diversification of values in daily life, the increasing complexity of social issues, technological progress, and potential in overseas markets. Based on this recognition of the environment, in order for the Group to achieve sustainable and rapid growth, the Company will return to its core once again and pursue a growth strategy building on its strengths, aiming for net sales of ¥250.0 billion and operating income of ¥25.0 billion for the fiscal year ending March 31, 2030.

Specifically, we will continue to strengthen the interior business as the core of our growth. In overseas markets as well, we will accelerate growth in North America and Asia, centered on the interior

business. We position the space solutions and exterior businesses as expansion areas that horizontally deploy our strengths in interior products, and we will steadily nurture them as medium- to long-term growth businesses.

For the fiscal year ending March 31, 2027, we forecast net sales of ¥213.0 billion (up 3.2% year on year), operating income of ¥19.0 billion (down 2.1% year on year), ordinary income of ¥19.2 billion (down 4.7% year on year), and net income attributable to owners of the parent of ¥13.5 billion (down 7.8% year on year).

The above forecasts are based on information available as of the date of release of this document, and actual results may differ from these forecasts due to various factors in the future. Additionally, uncertainties such as soaring energy prices resulting from the escalating tensions in the Middle East and heightened geopolitical risks, difficulties in procuring raw materials due to supply chain disruptions, and rising raw material prices have not been factored into those performance forecasts, as it is currently difficult to reasonably estimate their impact. We may revise the performance forecasts once it becomes possible to reasonably estimate their impact.

Details of the Medium-term Business Plan 2029 are as follows. As announced on May 13, 2026, in formulating the Group’s growth strategy for this Medium-term Business Plan, we have revised the corporate vision and quantitative targets set forth in the Long-term Vision [DESIGN 2030] announced in 2020.

“Medium-term Business Plan 2029” (Fiscal Year Ending March 2027 to Fiscal Year Ending March 2030)

1. Basic Policy

(1) Strengthening the Interior Business

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

(2) Cultivating 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, Challenge and the Driving 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.

2. Management Indicators (for the fiscal year ending March 31, 2030)

Consolidated

Consolidated Net Sales	250.0 billion yen
Consolidated Operating Profit	25.0 billion yen
Consolidated Net Profit	17.0 billion yen
ROE	14.0%
ROIC	11.0%

By Segment

Domestic Interior Segment	Net Sales	188.0 billion yen
	Operating Profit	21.5 billion yen
Domestic Exterior Segment	Net Sales	7.8 billion yen
	Operating Profit	0.5 billion yen
Overseas Segment	Net Sales	54.2 billion yen
	Operating Profit	3.0 billion yen
Total	Net Sales	250.0 billion yen
	Operating Profit	25.0 billion yen

3. Financial Strategy

(1) Fund Allocation Plan and Investment Policy

Fund generation		Fund allocation	
Operating CF	73.0 to 77.0 billion yen	Growth investment	45.0 to 55.0 billion yen
Utilization of interest-bearing debt and asset reduction	7.0 to 23.0 billion yen	Shareholder return	35.0 to 45.0 billion yen

Strategic Investment

- R&D
Establish R&D bases to strengthen the development of new materials and new products.
Strengthen alliances with partner companies.
- Corporate Branding
Strengthen marketing and promotion functions to communicate the corporate vision of “Shaping Culture from interiors through Materials and Design” to society as a whole.
- M&A and New Businesses
Expand product portfolio in the interior business.
Examine business opportunities in areas adjacent to the interior business and business opportunities associated with industry reorganization.
Expand business domains and scale overseas, starting with North America.

(2) Shareholder Return Policy

Realize further improvement in cash generation capabilities and aim to improve capital profitability through capital control via stable dividend increases and treasury stock acquisitions.

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

4. Management Foundation

(1) Human Capital

Strengthen the human resource foundation of the Sangetsu Group by implementing a human resource strategy linked to the management strategy in order to realize and accelerate “Transformation, Challenge and the Driving of Innovation.”

- Strengthen the human resource foundation to support sustainable growth
- Strengthen human resources to lead business strategies
- Deepen DE&I
- Improve well-being

(2) 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 creates solid financial value.

- Top-line growth and bottom-line expansion through automation of business processes
- Strengthening the profit structure through SCM sophistication
- Development of business styles based on generative AI and agentic AI
- Modernization and operation of cybersecurity frameworks

(3) Sustainability

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

DE&I

Ratio of Female Managers*	Non-consolidated	27%
Ratio of Male Employees Taking Childcare Leave	Non-consolidated	100%

Community engagement

Renovation of Children's Care Homes	Consolidated	50 cases / year
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Global environmental conservation (climate change, resource recycling, and reduction of environmental impact through products)

Reduction of GHG Emissions (Scopes 1 & 2)	Non-consolidated	Carbon neutral
	Consolidated	55% reduction compared to FY2021
Reduction of GHG Emissions (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

* Ratio of female managers in line management positions (The indicator was changed from the ratio of female staff managers effective from the "Medium-term Business Plan 2029").

Partial revision of the Long-term Vision [DESIGN 2030]

In formulating the Group's growth strategy for this Medium-term Business Plan, we will revise the following two points of the Long-term Vision [DESIGN 2030] announced in 2020, taking into account recent changes in the business environment and the characteristics, potential, and issues of each business the Company faces.

- (1) The corporate vision we aim for will be "Shaping Culture from interiors through Materials and Design."
- (2) As quantitative targets, we set consolidated net sales of ¥250.0 billion and consolidated operating income of ¥25.0 billion for the fiscal year ending March 31, 2030.

The Group aims to be "Shaping Culture from interiors through Materials and Design," and will work to accelerate its growth strategy and enhance corporate value by pursuing "Transformation, Challenge and the Driving of Innovation."

While defining our corporate vision, we will once again uphold our corporate credo, "Integrity." In 2024, we decided to incorporate our original corporate credo, "Integrity," into the Corporate Philosophy. However, since our founding in 1849, "Integrity" has been the DNA of our Company, connecting all employees and stakeholders, and it is our identity and the starting point to which we must always return. In conjunction with the start of the "Medium-term Business Plan 2029," we have established "INTEGRITY" as our corporate credo, and all employees will act with integrity and ethics, remaining true to their beliefs.

(5) Changes in Assets and Income (Loss)

(Millions of yen, except for per share amounts)

Item	71st term Fiscal year ended March 31, 2023	72nd term Fiscal year ended March 31, 2024	73rd term Fiscal year ended March 31, 2025	74th term Fiscal year ended March 31, 2026
Net sales	176,022	189,859	200,378	206,441
Ordinary income (loss)	20,690	19,695	18,572	20,152
Net income (loss) attributable to owners of the parent	14,005	14,291	12,550	14,642
Net income (loss) per share (Yen)	238.71	243.44	213.60	249.08
Diluted net income (loss) per share (Yen)	238.55	243.30	213.57	249.07
Total assets	164,454	170,750	183,923	188,907
Net assets	95,825	106,709	113,810	122,259
Net assets per share (Yen)	1,631.57	1,816.16	1,922.98	2,067.46

Notes: 1. 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).

2. In the 74th term, we finalized the provisional accounting treatment related to business combinations, and the figures for the 73rd term reflect the details of this finalization.

(6) Principal Subsidiaries and Associates (As of March 31, 2026)

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
SDS Corporation	¥10 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

Note: 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, 2026)

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 (Chiyoda-ku), Tokyo Branch / FIELDS Sangetsu Group Design&Development Center (Shinagawa-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)
SDS Corporation	Nagoya-shi, Aichi	Headquarters, Sendai Office and 8 other offices
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, 2026)

1) The Group

Segment	Number of employees	Change from previous fiscal year-end
Domestic interior	2,154	Increase of 345
[of which Sangetsu Corporation]	[1,335]	[Increase of 46]
[of which FAIRTONE COMPANY, LIMITED.]	[139]	[Increase of 15]
[of which Sangetsu Vosne Corporation]	[53]	[0]
[of which Sangetsu Okinawa Corporation]	[22]	[Increase of 1]
[of which CREANATE Inc.]	[280]	[Increase of 43]
[of which Kurosukikaku, Corporation]	[77]	[Decrease of 8]
[of which SDS Corporation]	[248]	[Increase of 248]
Domestic exterior	214	Decrease of 2
Overseas	931	Decrease of 45
[of which Sangetsu Corporation]	[10]	[Increase of 1]
[of which KOROSEAL INTERIOR PRODUCTS HOLDINGS, INC.]	[431]	[Decrease of 3]
[of which Goodrich Global Holdings Pte. Ltd.]	[225]	[Increase of 4]
[of which GOODRICH GLOBAL LIMITED]	[61]	[Decrease of 11]
[of which D'Perception Pte Ltd]	[204]	[Decrease of 36]
Total	3,299	Increase of 298

Note: 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
1,345	Increase of 47	38.0 years old	15.3 years

(9) Status of Principal Borrowings (As of March 31, 2026)

Lender	Balance of borrowing (Millions of yen)
MUFG Bank, Ltd.	7,000
The Bank of Kyoto, Ltd.	3,000
Resona Bank, Limited	2,000

2. Status of the Company

(1) Status of Shares (As of March 31, 2026)

- 1) **Total Number of Authorized Shares** 290,000,000 shares
- 2) **Total Number of Issued Shares** 59,200,000 shares
- 3) **Number of Shareholders** 67,792 persons
(of which 30,895 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)	8,785,300	14.94
Custody Bank of Japan, Ltd. (Trust Account)	3,113,500	5.29
Yoshio Hibi	1,708,588	2.90
Masae Miwa	1,699,228	2.89
Sangetsu Kyoei-kai	1,682,180	2.86
Touzou Hibi	1,659,492	2.82
The Ogaki Kyoritsu Bank, Ltd.	1,438,372	2.44
Custody Bank of Japan, Ltd. (Monetary Trust Taxable Account)	1,170,000	1.99
Mayumi Hibi	1,160,734	1.97
STATE STREET BANK AND TRUST COMPANY 505001	1,009,518	1.71

Note: The Company holds 408,298 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, 2026)

Position	Name	Areas of responsibility within the Company and significant concurrent positions
Representative Director, President and CEO	Yasumasa Kondo	
Director, Executive Officer	Yutaka Matsuo	General Manager of Business Division and in charge of Exterior Business and Space Solutions Business
Director (Audit and Supervisory Committee Member)	Michiyo Hamada	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 properness 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.

2) Amount of Remuneration, etc. to Directors in FY 2025

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)	137	51	59	27	3
Directors (Audit and Supervisory Committee Members)	71	71	–	–	5
[Of which, Outside Directors]	[47]	[47]	[–]	[–]	[4]
Total	208	122	59	27	8
[Of which, Outside Directors]	[47]	[47]	[–]	[–]	[4]

- 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) who retired as of the end of the 73rd General Meeting of Shareholders held on June 18, 2025.

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)

<p>Base remuneration</p>	<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) <u>Base remuneration = Standard base remuneration × contribution evaluation coefficient × multiplier per position</u></p> <ul style="list-style-type: none"> • Standard base remuneration = ¥15.6 million / year • 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 • Multiplier per position for each Executive Officer (base remuneration) (see Graph 1) <ul style="list-style-type: none"> • 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. • Fixed remuneration is paid each month during their terms of office.
<p>Performance-based remuneration</p>	<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) <u>Performance-based remuneration = Standard amount per Executive Officer × multiplier per position</u></p> <ul style="list-style-type: none"> • Standard amount per Executive Officer (see Table 3) • Multiplier per position for each Executive Officer (performance-based remuneration) (see Graph 1) <ul style="list-style-type: none"> • Performance-based remuneration is paid once per year on the day after the General Meeting of Shareholders after the end of each fiscal year. • Performance-based remuneration is not paid if consolidated net income is below a certain level.
<p>Restricted share remuneration</p>	<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) <u>Restricted share remuneration (number of shares) = Standard number of shares for Executive Officers × multiplier per position</u></p> <ul style="list-style-type: none"> • Standard number of shares for Executive Officers = 2,000 shares • Multiplier per position for each Executive Officer (restricted share remuneration) (see Graph 1) <ul style="list-style-type: none"> • 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. • The number of shares to be granted is determined in accordance with position, and the shares are granted while the individual is in office.

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

The Company has set the return on equity (ROE), which is an important indicator of business efficiency, as one of its quantitative targets. Based on shareholders' equity of ¥100.0 billion, the Company has established the consolidated net income required to achieve the ROE target of 14.0% set forth in the Medium-term Business Plan announced in May 2023. In accordance with the level of achievement of consolidated net income versus the target in fiscal year, a base value is calculated 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. The Company revised the ROE target to 11.5% in the "Notification on the Revisions of Targets in the Medium-Term Business Plan" announced on May 14, 2025.

(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 ¥14.64 billion.

(Table 4)

	Consolidated net income		Ratio of performance-based remuneration to total remuneration
	Forecasts	Results	
73rd term (fiscal year ended March 31, 2025)	(Note 1) ¥11.0 billion	(Note 2) ¥12.56 billion	(Note 3) 35-39%
74th term (fiscal year ended March 31, 2026)	(Note 4) ¥13.0 billion	¥14.64 billion	(Note 5) 40-43%

Notes: 1. This amount was publicly announced on May 10, 2024.

2. In the 74th term, the Company finalized the provisional accounting treatment related to the business combination. Consequently, the revised actual figure for the 73rd term was ¥12.55 billion.

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

4. This amount was publicly announced on May 14, 2025.

5. This ratio is calculated based on the closing price as of April 24, 2026.

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"> Contents of the remuneration plan Maximum amount: within ¥400 million (annually) 	<ul style="list-style-type: none"> Contents of the remuneration plan 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) 	<ul style="list-style-type: none"> Contents of the remuneration plan Within ¥80 million (annually)
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.

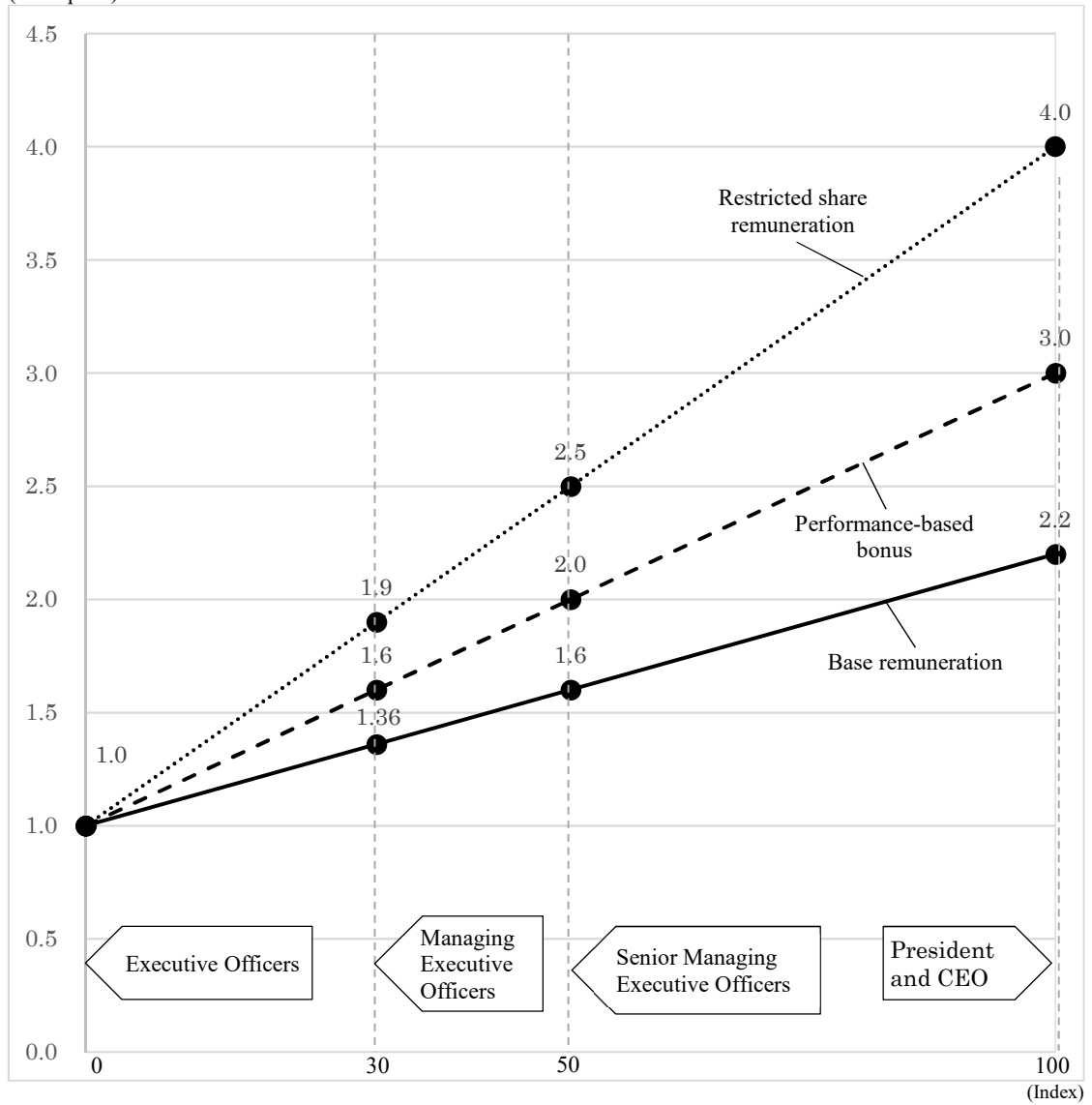
- (d) Policies related to the determination of the content and amount or number of shares for non-monetary remuneration, etc. and the calculation method thereof

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.

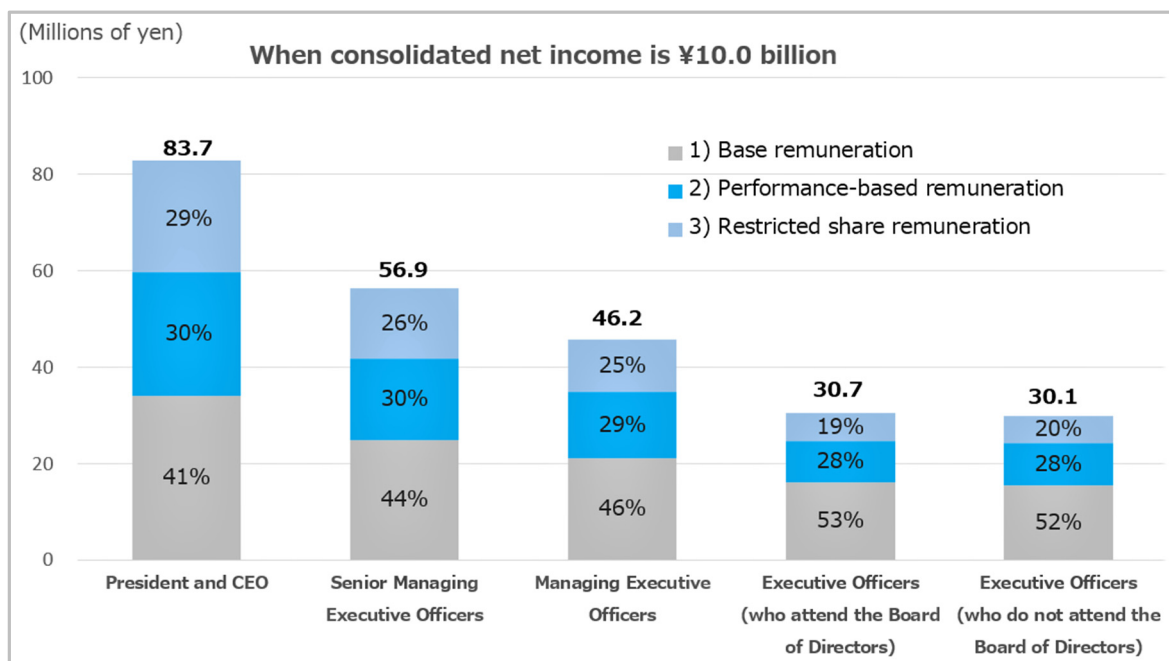
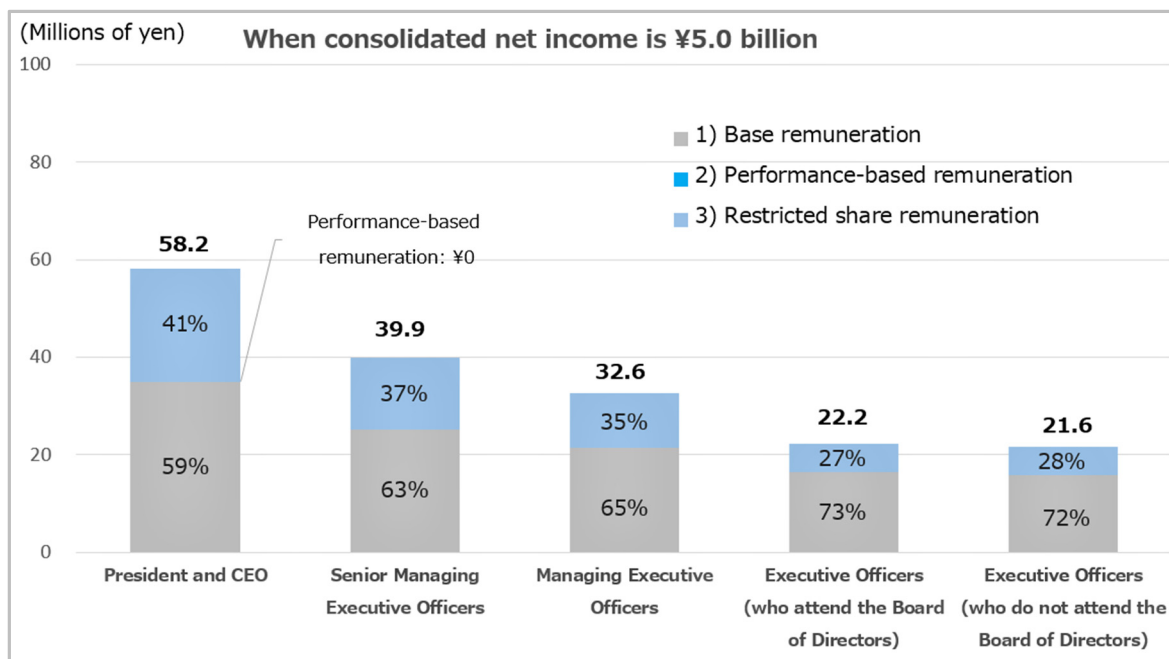
(Graph 1)
Multipliers for each executive level (by remuneration type)
 (Multiplier)

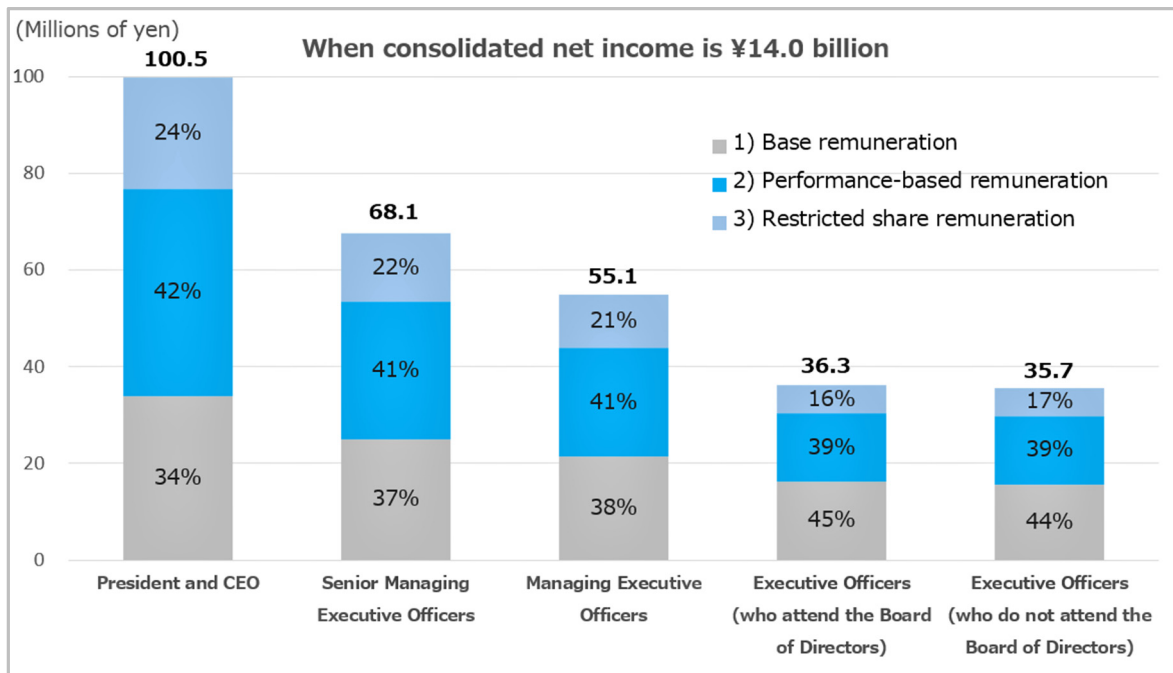


The amount of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) who hold concurrent positions as Executive Officers and Executive Officers, and its proportion differs depending on the evaluation of each individual's level of contribution, the Company's 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 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 13 Board of Directors' meetings, in all 14 Audit and Supervisory Committee meetings held in FY2025; 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 13 Board of Directors' meetings, in all 14 Audit and Supervisory Committee meetings held in FY2025; 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 13 Board of Directors' meetings, in all 14 Audit and Supervisory Committee meetings held in FY2025; 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 13 Board of Directors' meetings, in all 14 Audit and Supervisory Committee meetings held in FY2025; 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, Kenichi Udagawa, Osamu Terada and Aki Ogane participated in all 13 Nomination and Remuneration Committee meetings held in FY2025. 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	86
Total amount of cash and other property benefits payable by the Company and its subsidiaries to Accounting Auditor	86

- 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 (one of which was an external report) 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 a total of 12 subcommittees, comprising eight subcommittees (market and customer risk, development, procurement and quality risk, logistics and inventory risk, overseas business risk, human resources and labor risk, natural disasters and infectious diseases risk, information security risk, and environment and climate change risk), as well as four additional subcommittees (legal and compliance risk, reputation risk, management strategy risk, and financial 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 system in which management can intervene at an early stage by tightening risk assessment standards (refining numerical values).
 - In the above risk management, the Company has clarified important risks based on frequency, probability and impact, and defined risks of business disruption due to ransomware attacks, product quality maintenance, and delivery risks as the most important management risks. In order to strengthen effective BCP schemes, the Company has conducted a tabletop drill simulating a large-scale system failure (ransomware infection) and reviewed the organizational chart of the emergency response headquarters as well as the current BCP and disaster response manuals.
 - 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 11 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 one time in the current fiscal year.
 - The Company performed and managed the updates for each measure under the Medium-term Business Plan.
 - In preparation for the next Medium-term Business Plan, the Company reviewed the current Medium-term Business Plan (BX2025) and discussed strategies and initiatives at meetings of the Board of Directors, the Management Meeting, and the Business Issue Review Meetings.
 - 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 eight times in the current fiscal year to discuss business and operational issues.
 - The Company implemented an organizational restructuring to build a stronger business foundation for sustainable growth.
 - 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.

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

Consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

Consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Item	74th term As of March 31, 2026	(Reference) 73rd term As of March 31, 2025	Item	74th term As of March 31, 2026	(Reference) 73rd term As of March 31, 2025
ASSETS			LIABILITIES		
Current assets	118,020	117,011	Current liabilities	45,011	58,276
Cash and deposits	35,414	33,727	Notes and accounts payable - trade	17,884	18,157
Notes receivable - trade	1,504	4,781	Contract liabilities	1,399	1,515
Accounts receivable - trade	27,746	26,430	Electronically recorded obligations - operating	9,240	13,940
Contract assets	3,660	3,833	Short-term loans payable	365	9,098
Electronically recorded monetary claims - operating	26,006	23,834	Lease obligations	555	509
Securities	300	300	Income taxes payable	3,772	3,045
Merchandise and finished goods	18,952	19,300	Provision for bonuses	4,393	3,972
Work in process	398	185	Provision for directors' bonuses	93	95
Raw materials and supplies	2,462	2,948	Provision for product warranties	166	174
Other	2,011	2,118	Other	7,141	7,767
Allowance for doubtful accounts	(435)	(449)	Non-current liabilities	21,635	11,836
Non-current assets	70,886	66,912	Long-term loans payable	12,000	2,000
Property, plant and equipment	42,300	41,665	Lease obligations	1,611	1,177
Buildings and structures	13,723	13,310	Deferred tax liabilities	292	290
Machinery, equipment and vehicles	8,208	5,093	Net defined benefit liability	5,125	5,547
Tools, furniture and fixtures	1,145	1,005	Asset retirement obligations	1,735	1,697
Land	16,286	16,361	Other	869	1,123
Leased assets	2,019	1,528			
Construction in progress	916	4,366			
Intangible assets	4,961	4,354	Total liabilities	66,647	70,113
Software	1,744	1,644	NET ASSETS		
Goodwill	2,366	1,691	Shareholders' equity	110,416	104,674
Other	849	1,018	Capital stock	13,616	13,616
Investments and other assets	23,624	20,892	Capital surplus	17,247	17,218
Investment securities	10,744	8,203	Retained earnings	80,216	74,538
Investment property	4,975	4,945	Treasury shares	(663)	(698)
Guarantee deposits	2,149	2,088	Accumulated other comprehensive income	11,133	8,338
Retirement benefit asset	2,739	1,218	Valuation difference on available-for-sale securities	5,483	3,628
Deferred tax assets	1,940	3,196	Foreign currency translation adjustment	2,179	2,084
Other	1,088	1,252	Remeasurements of defined benefit plans	3,470	2,626
Allowance for doubtful accounts	(13)	(12)	Share acquisition rights	4	4
			Non-controlling interests	706	791
			Total net assets	122,259	113,810
Total assets	188,907	183,923	Total liabilities and net assets	188,907	183,923

Consolidated Statement of Income

(April 1, 2025 - March 31, 2026)

	(Millions of yen)	
Item	74th term (April 1, 2025 - March 31, 2026)	(Reference) 73rd term (April 1, 2024 - March 31, 2025)
Net sales	206,441	200,378
Cost of sales	141,711	138,005
Gross profit	64,729	62,373
Selling, general and administrative expenses	45,321	44,232
Operating income	19,408	18,140
Non-operating income	1,235	943
Interest and dividend income	427	284
Rental income from real estate	433	429
Other	374	229
Non-operating expenses	490	511
Interest expenses	287	244
Rental expenses on real estate	133	109
Loss on valuation of interest rate swaps	37	64
Foreign exchange losses	11	75
Other	19	17
Ordinary income	20,152	18,572
Extraordinary income	829	267
Gain on sales of non-current assets	3	3
Gain on sales of investment securities	126	41
Subsidy income	408	223
Gain on liquidation of subsidiaries and associates	7	-
Gain on termination of retirement benefit plan	283	-
Extraordinary losses	181	179
Loss on sales and retirement of non-current assets	49	43
Loss on sales of investment securities	2	41
Loss on valuation of investment securities	83	-
Impairment loss	45	94
Income before income taxes	20,800	18,661
Income taxes - current	6,387	5,852
Income taxes - deferred	(125)	250
Net income	14,539	12,557
Profit attributable to non-controlling interests	(103)	7
Profit attributable to owners of parent	14,642	12,550

Consolidated Statement of Changes in Equity

(April 1, 2025 - March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,616	17,218	74,538	(698)	104,674
Changes of items during period					
Dividends of surplus			(8,964)		(8,964)
Profit attributable to owners of parent			14,642		14,642
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		28		35	64
Exercise of share acquisition rights					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	28	5,678	34	5,741
Balance at end of current period	13,616	17,247	80,216	(663)	110,416

	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	3,628	-	2,084	2,626	8,338	4	791	113,810
Changes of items during period								
Dividends of surplus								(8,964)
Profit attributable to owners of parent								14,642
Purchase of treasury shares								(0)
Disposal of treasury shares								64
Exercise of share acquisition rights								-
Net changes of items other than shareholders' equity	1,855	-	94	844	2,794	-	(85)	2,708
Total changes of items during period	1,855	-	94	844	2,794	-	(85)	8,449
Balance at end of current period	5,483	-	2,179	3,470	11,133	4	706	122,259

(Reference) 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			12,550		12,550
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	3,739	92	3,875
Balance at end of current period	13,616	17,218	74,538	(698)	104,674

	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								12,550
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)	776	3,225
Total changes of items during period	322	20	843	1,313	2,499	(51)	776	7,100
Balance at end of current period	3,628	-	2,084	2,626	8,338	4	791	113,810

Non-consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

Non-consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

		(Reference) 73rd term As of March 31, 2025			(Reference) 73rd term As of March 31, 2025
Item	74th term As of March 31, 2026		Item	74th term As of March 31, 2026	
ASSETS			LIABILITIES		
Current assets	98,539	98,056	Current liabilities	35,618	46,978
Cash and deposits	26,301	25,243	Electronically recorded obligations - operating	9,705	13,333
Notes receivable - trade	1,253	4,244	Accounts payable - trade	11,368	11,059
Electronically recorded monetary claims - operating	25,268	23,316	Contract liabilities	83	58
Accounts receivable - trade	19,564	18,867	Short-term loans payable	-	9,098
Contract assets	720	244	Short-term loans payable from subsidiaries and associates	3,185	2,744
Securities	300	300	Lease obligations	0	0
Merchandise and finished goods	15,559	15,557	Accounts payable - other	2,979	2,906
Raw materials and supplies	1,540	1,677	Income taxes payable	3,133	2,791
Short-term loans receivable from subsidiaries and associates	6,848	7,499	Provision for bonuses	2,961	2,843
Other	1,210	1,150	Provision for directors' bonuses	93	95
Allowance for doubtful accounts	(27)	(44)	Provision for product warranties	100	112
Non-current assets	70,099	67,362	Other	2,006	1,935
Property, plant and equipment	24,236	24,830	Non-current liabilities	20,471	10,751
Buildings	7,917	8,326	Long-term loans payable	12,000	2,000
Structures	109	118	Lease obligations	0	1
Machinery and equipment	1,969	2,182	Provision for retirement benefits	6,018	6,077
Vehicles	111	98	Asset retirement obligations	1,625	1,609
Tools, furniture and fixtures	849	765	Long-term deposits received	724	713
Land	13,242	13,320	Other	102	349
Leased assets	1	1	Total liabilities	56,089	57,729
Construction in progress	35	16	NET ASSETS		
Intangible assets	1,474	1,376	Shareholders' equity	107,327	104,148
Software	1,404	1,306	Capital stock	13,616	13,616
Other	69	70	Capital surplus	20,102	20,074
Investments and other assets	44,388	41,155	Legal capital surplus	20,005	20,005
Investment securities	10,094	7,825	Other capital surplus	96	68
Shares of subsidiaries and associates	15,450	14,702	Retained earnings	74,272	71,156
Long-term loans receivable from subsidiaries and associates	8,470	7,400	Legal retained earnings	3,404	3,404
Investment property	4,975	4,945	Other retained earnings	70,868	67,752
Deferred tax assets	2,579	3,347	General reserve	45,000	45,000
Insurance funds	306	306	Retained earnings brought forward	25,868	22,752
Guarantee deposits	1,844	1,815	Treasury shares	(663)	(698)
Other	676	823	Valuation and translation adjustments	5,216	3,536
Allowance for doubtful accounts	(10)	(11)	Valuation difference on available-for-sale securities	5,216	3,536
Total assets	168,638	165,419	Share acquisition rights	4	4
			Total net assets	112,548	107,689
			Total liabilities and net assets	168,638	165,419

Non-consolidated Statement of Income (April 1, 2025 - March 31, 2026)

	(Millions of yen)	
Item	74th term (April 1, 2025 - March 31, 2026)	(Reference) 73rd term (April 1, 2024 - March 31, 2025)
Net sales	155,545	155,410
Cost of sales	112,140	112,465
Gross profit	43,405	42,944
Selling, general and administrative expenses	26,261	25,950
Operating income	17,143	16,994
Non-operating income	1,033	995
Interest and dividend income	421	471
Rental income from real estate	433	429
Other	178	94
Non-operating expenses	465	460
Interest expenses	287	228
Foreign exchange losses	-	51
Rental expenses on real estate	133	109
Loss on valuation of interest rate swaps	37	64
Other	6	6
Ordinary income	17,712	17,528
Extraordinary income	128	264
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	126	41
Subsidy income	-	223
Extraordinary losses	365	1,142
Loss on valuation of shares of subsidiaries and associates	261	1,081
Loss on sales of non-current assets	0	3
Loss on retirement of non-current assets	17	16
Loss on sales of investment securities	2	41
Loss on valuation of investment securities	83	-
Income before income taxes	17,474	16,650
Income taxes - current	5,390	5,177
Income taxes - deferred	4	3
Net income	12,080	11,469

Non-consolidated Statement of Changes in Equity
(April 1, 2025 - March 31, 2026)

(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		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	13,616	20,005	68	20,074	3,404	45,000	22,752	71,156	(698)	104,148
Changes of items during period										
Dividends of surplus							(8,964)	(8,964)		(8,964)
Net income							12,080	12,080		12,080
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			28	28					35	64
Exercise of share acquisition rights										-
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	28	28	-	-	3,115	3,115	34	3,179
Balance at end of current period	13,616	20,005	96	20,102	3,404	45,000	25,868	74,272	(663)	107,327

	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	3,536	-	3,536	4	107,689
Changes of items during period					
Dividends of surplus					(8,964)
Net income					12,080
Purchase of treasury shares					(0)
Disposal of treasury shares					64
Exercise of share acquisition rights					-
Net changes of items other than shareholders' equity	1,679	-	1,679	-	1,679
Total changes of items during period	1,679	-	1,679	-	4,858
Balance at end of current period	5,216	-	5,216	4	112,548

(Reference) 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		
						General reserve	Retained earnings brought forward			
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

(English Translation)

Accounting Auditor's audit report on the Consolidated Financial Statements

Independent Auditor's Report

May 13, 2026

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, 2025 to March 31, 2026.

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 (including the provisions applicable to audits of financial statements of public interest entities) 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 13, 2026

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 74th fiscal term from April 1, 2025 to March 31, 2026.

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 (including the provisions applicable to audits of financial statements of public interest entities) 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 74th fiscal term from April 1, 2025 to March 31, 2026. 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, 2026.

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 13, 2026

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.