Financial Year Ending March 31, 2026

Explanatory Material

May 14, 2026

Sanoh Industrial Co., Ltd.

Tokyo Stock Exchange: 6584 (Prime)

Contents of Explanatory Material for FY2025

FY2025 Consolidated Financial Performance

(All amounts are in million yen except percentages, and per share data)

Particulars	Year Ended March 31, 2025		Year Ended March 31, 2026				Full Year Forecast for the Fiscal Year Ending March 31, 2026	
	Amount	%	Amount	%	Variance		Amount	Progress (%)
					Amount	%		
Net sales	**159,538**	100.0	**159,387**	100.0	**▲ 151**	▲ 0.1	**147,000**	108.4
Operating income	**4,860**	+3.0	**4,073**	+2.6	**▲ 787**	▲ 16.2	**5,500**	74.1
Ordinary income	**4,600**	+2.9	**3,038**	+ 1.9	▲ 1,562	▲ 34.0	**4,000**	75.9
Net income attributable to the shareholders of the parent company	**737**	+0.5	**1,524**	+ 1.0	**+787**	+106.9	**1,800**	84.7

Summary of FY2025 Financial Performance (Year-on-Year)

- **Sales:** Increased due to newly launched projects in Japan but decreased overall due to sluggish sales in Europe and China, as well as negative impact of unfavourable currency translations due to strong yen in the Americas.
- **Operating Income:** Decreased by ▲787 million yen year on year. Although earnings were supported by contributions from newly launched projects in Japan, workforce reductions in Europe and China, and the closure of the German plant, these were more than offset by the impact of U.S. tariff measures in the Americas, costs arising from import-related issues, and increased expenses associated with new project launches.
- **Ordinary Income:** Decreased by ▲1,562 million yen year on year, due to foreign exchange losses in addition to the decline in operating income.
- **Net Income:** Increased by +787 million yen. Although losses were recorded from the liquidation of a Chinese subsidiary (▲1,268 million yen) and special retirement allowance expenses related to workforce restructuring at a German subsidiary (▲1,283 million yen), these were more than offset by the recognition of a gain on a bargain purchase (negative goodwill) of +2,554 million yen arising from the acquisition of a Mexican subsidiary.

Exchange Rate

Currency (1 unit = JPY)	March 31, 2025 (Average Rate)	March 31, 2026 (Average Rate)	Variance
USD	**151.6**	**149.7**	▲1%
EUR	**163.9**	**169.0**	+3%
MXN	**8.3**	**7.8**	▲6%
RMB	**21.0**	**20.8**	▲1%
INR	**1.8**	**1.7**	▲6%
THB	**4.3**	**4.6**	+6%
RUB	**1.6**	**1.8**	+10%
BRL	**28.3**	**26.8**	▲5%

FY2025 Segment Financial Performance

(All amounts are in million yen except percentages, and per share data)

Particulars	Sales			Operating Income		
	Year Ended March 31, 2025	Year Ended March 31, 2026	Variance	Year Ended March 31, 2025	Year Ended March 31, 2026	Variance
Japan	48,020	51,885	+3,865	1,014	2,053	+1,039
Americas	67,306	67,822	+515	1,744	▲327	▲2,071
Europe	22,267	19,996	▲2,271	▲118	280	+398
China	14,358	12,481	▲1,877	▲963	▲348	+615
Asia	29,601	29,763	+162	2,847	2,599	▲248
Adjs.	▲22,014	▲22,559	▲545	335	▲184	▲519
TOTAL	159,538	159,387	▲151	4,860	4,073	▲787

Highlights of the Year Ended March 31, 2026 (Year-on-Year)

Japan
(Revenue & Profit Growth)

Revenue increased driven by tooling and parts sales of newly launched projects.
Profits increased as higher sales volume increased earnings, despite expenses related to acquisition of Mexican subsidiary and increased depreciation costs due to capital investment.

Americas
(Revenue Growth & Operating Loss)

Revenue increased, supported by steady sales performance of Japanese OEMs in North America as well as additional volume from the newly consolidated Mexican subsidiary.
Operating Income declined due to the impact of U.S. tariff measures, costs related to import issues and increased expenses associated with new project launches.

Europe
(Revenue Decline, Profit Growth)

Revenue declined due to sluggish sales to European OEMs.
Operating income improved, supported by personnel cost reductions from workforce restructuring implemented in the previous period and the closure of one plant in Germany.

China
(Revenue Decline, Operating Loss)

Revenue decreased due to continued slowdown in sales of Japanese OEMs.
Incurred operating loss was mitigated by year-on-year reduction in personnel costs due to workforce restructuring as well as decrease in depreciation costs as a result of impairment recognized in the previous period.

Asia
(Revenue Growth & Profit Decline)

Revenue remained at approximately the same level, supported by stable production.
Operating income remained at the same level as the same period last year as well as effective cost management measures introduced in response to production fluctuations.

FY2025 Consolidated Non-operating and Extraordinary Items

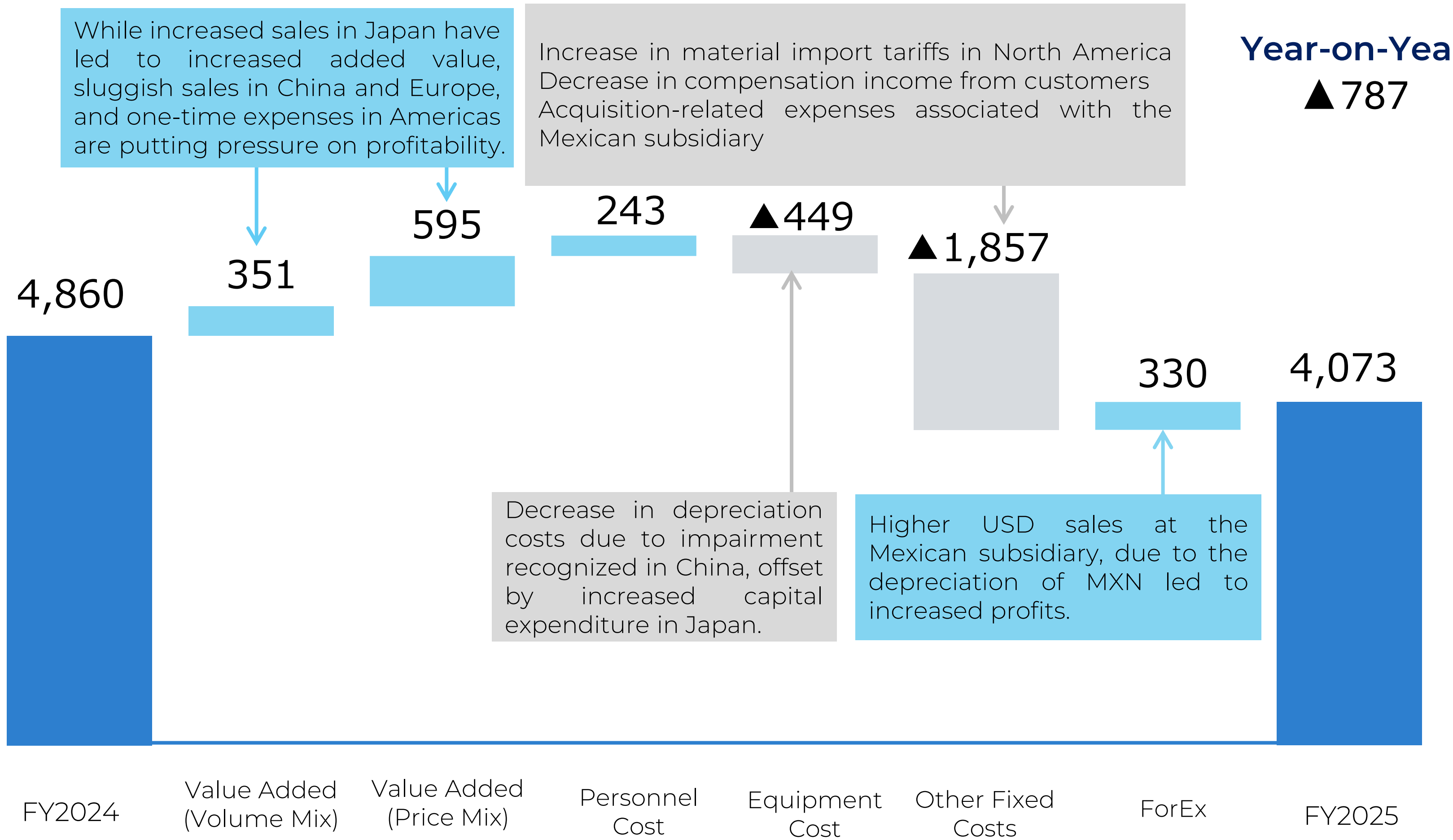
(All amounts are in million yen except percentages, and per share data)

Particulars		Year Ended March 31, 2025	Year Ended March 31, 2026			Major Factors for Change
				Variance		
		Amount	Amount	Amount	%	
Operating Income		4,860	4,073	▲787	▲16.2	
Non-operating	Income	1,177	676	▲501		Dividend earned: ▲69 Foreign exchange gain: ▲238
	Expenses	1,438	1,711	▲274		Foreign exchange loss: ▲ 265
Ordinary Income		4,600	3,038	▲1,562	▲34.0	
Extraordinary	Gains	1,583	2,593	+1,010		Negative goodwill gain: +2,554 Gain on Sale of Investment Securities: ▲1,571
	Losses	3,486	3,584	▲97		Loss on Liquidation of subsidiaries: ▲947 Special retirement payments: ▲303 Provision for damages and losses: +364 Impairment loss: +624
Profit before Income Taxes		2,696	2,047	▲648	▲24.1	
Corporate Taxes, etc.		1,306	▲113	+1,418		
Net Income attributable to Non-controlling shareholders		653	636	+18		
Net Income attributable to Owners of the Parent Company		737	1,524	+787	+106.9	

FY2025 Analysis of Operating Income

(All amounts are in million yen except percentages, and per share data)

Operating Income decreased year on year, as profitability deteriorated due to abnormal expenses in the Americas and the impact of U.S. import tariffs, despite positive contributions from increased sales in Japan, personnel cost reductions in Europe and China, and fixed cost savings from the closure of the German plant.



Note: Value Added (Volume Mix) = Change in consolidated sales (after currency conversion) × YoY value added ratio (after currency conversion).

(All amounts are in million yen except percentages, and per share data)

FY2025 Consolidated Financial Position

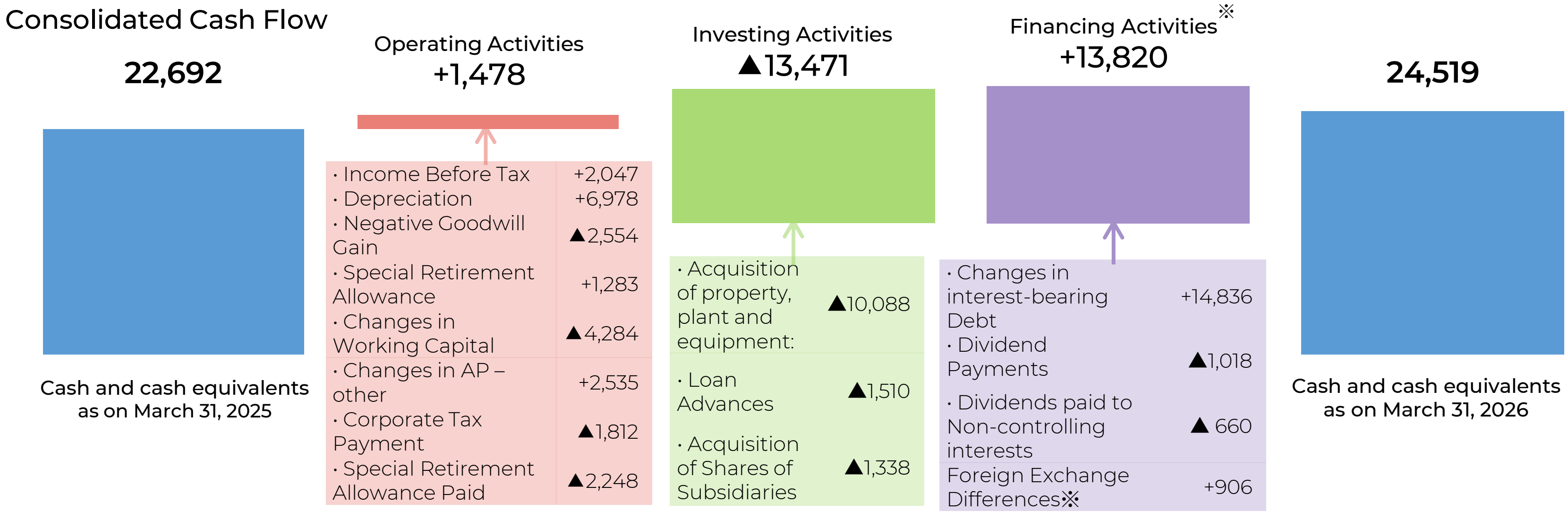
Particulars			Year Ended March 31, 2025		Year Ended March 31, 2026			
			Amount	%	Amount	%	Variance	Major Factors of Change
	Current Assets		**70,348**	60.1	**83,377**	58.7	+13,029	Total assets: +24,791 (Increase) ① Cash and Deposits +1,827 ② Trade Receivables +1,546 ③ Inventory +5,529 ④ Other Current Assets +4,126 ⑤ Tangible Fixed Assets +8,636 ⑥ Investment Securities +1,169 ⑦ Deferred Tax Assets: +1,830
	Fixed Assets		**46,790**	39.9	**58,553**	41.3	+11,763	
Total Assets			**117,138**	100.0	**141,929**	100.0	+24,791	
		Current Liabilities	**41,878**	35.8	**52,982**	37.3	+11,104	Total liabilities: +20,910 (Increase) ⑧ Short-term borrowings +7,877 ⑨ Other current liabilities +1,031 ⑩ Long-term borrowings +7,762 ⑪ Lease Liabilities: +2,027
		Fixed Liabilities	**27,173**	23.2	**36,979**	26.1	+9,806	
	Total Liabilities		**69,051**	58.9	**89,961**	63.4	+ 20,910	
	Total Net Assets		**48,087**	41.1	**51,968**	36.6	+3,881	Net assets: +3,881 (Increase) ⑫ Retained Earnings +505 ⑬ Valuation difference on available-for-sale securities +659 ⑭ Foreign Currency Translation Adjustment +1,872 ⑮ Accumulated adjustment related to retirement benefits: +695
Total Liabilities and Net Assets			**117,138**	100.0	**141,929**	100.0	+24,791	

Note	FY2024		FY2025
D/E Ratio	0.90	→	1.19
Equity Ratio	37.8	→	33.8

	FY2024	FY2025
① Interest Bearing Liabilities	39,674	57,219
② Equity	44,272	48,003
① ÷ ②	0.90	↗ 1.19

(All amounts are in million yen except percentages, and per share data)

Consolidated Cash Flow



※ Translation adjustments related to cash and cash equivalents (+906 million yen) have been included in financing activities.

Capital Expenditure/Depreciation

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2026	
		Amount	Variance
Capital Expenditure	**9,435**	**10,088**	+653
Depreciation	**6,769**	**6,978**	+209

FY2026 Full-Year Forecast

(All amounts are in million yen except percentages, and per share data)

Consolidated	Actual Results for the Fiscal Year ended March 31. 2026		Full year earnings forecast for the Fiscal Year March 31, 2027			
					Change from Previous Forecast	
	Amount	%	Amount	%	Amount	%
Sales Revenue	**159,387**	100.0	**167,000**	100.0	+7,613	+4.8
Operating Income	**4,073**	+2.6	**5,500**	+3.3	+1,427	+35.0
Ordinary Income	**3,038**	+1.9	**3,500**	+2.1	+462	+15.2
Net income attributable to the shareholders of the parent company	**1,524**	+1.0	**1,500**	+0.9	▲24	▲1.6
EPS (JPY)	**42.57**		**41.89**		▲0.68	–
Dividend (JPY)	**28.0**		**–**		–	–

※ Dividend forecast for the fiscal year ending March 31, 2026, has not yet been determined at this time. It will be disclosed as soon as it becomes available.

Foreign exchange rate assumptions for full-year earnings forecast

FX Rate	Actual Results for the Fiscal Year ended March 31. 2026	Full year earnings forecast for the Fiscal Year March 31, 2027		
			Change from Previous Forecast	
	Amount	Amount	Amount	%
USD	**149.7**	**150.0**	0.3	+ 0.2
EUR	**169.0**	**180.0**	11.0	+ 6.5

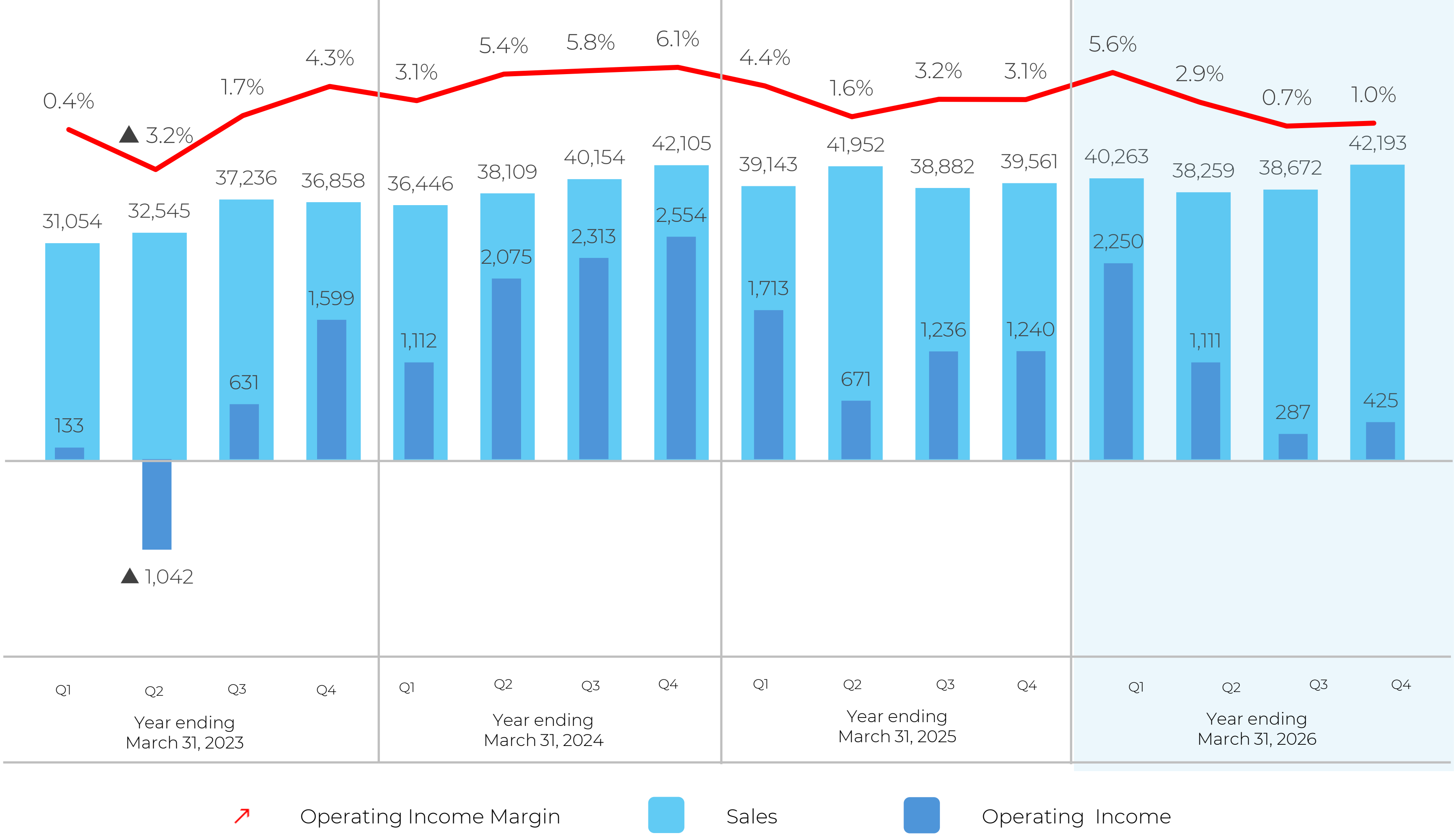
Supplementary

Infographic Quarterly Segment Results

[Supplementary] Quarterly Segment Results: Consolidated

(All amounts are in million yen except percentages, and per share data)

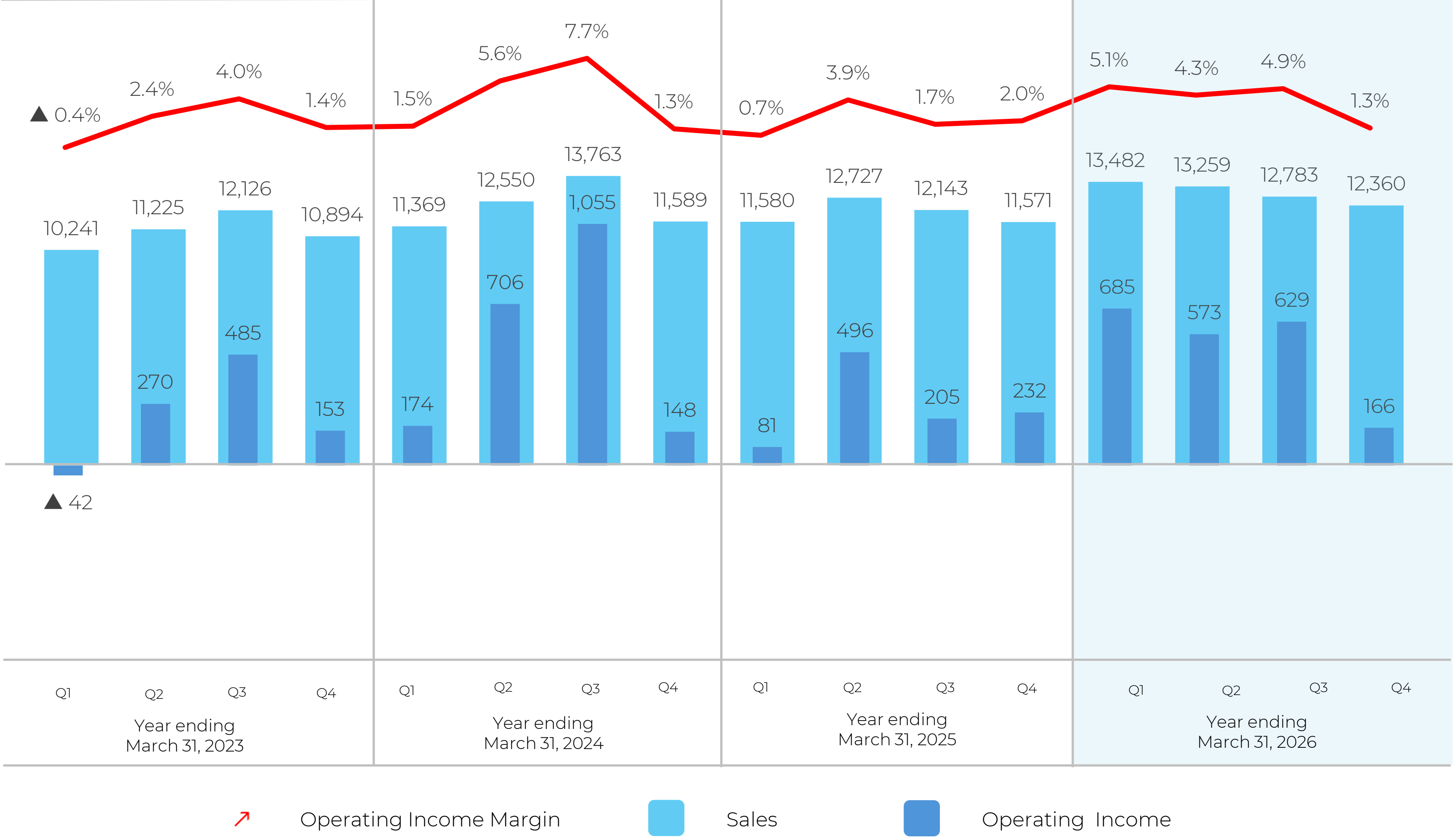
	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025	Year ending March 31, 2026
Sales	137,692	156,814	159,538	159,387
Operating Income	1,321	8,053	4,860	4,073
Operating Income Margin	1.0%	5.1%	3.0%	2.6%
Exchange rate (Yen/USD)	131.4	140.6	151.6	149.7



[Supplementary] Quarterly Segment Results: Japan

(All amounts are in million yen except percentages, and per share data)

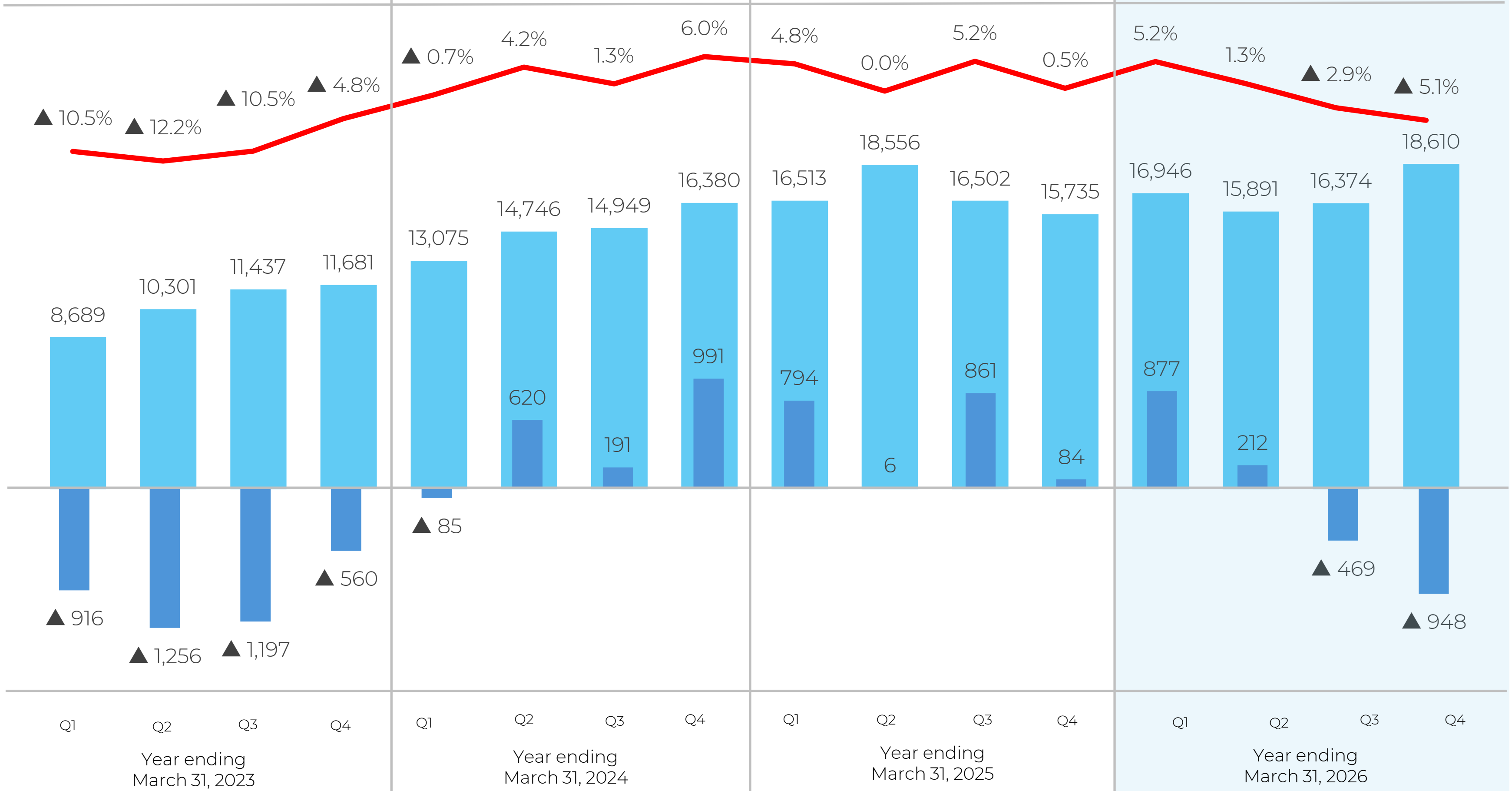
Sales	44,485	Sales	49,271	Sales	48,020	Sales	51,885
Operating Income	865	Operating Income	2,083	Operating Income	1,014	Operating Income	2,053
Operating Income Margin	1.9%	Operating Income Margin	4.2%	Operating Income Margin	2.1%	Operating Income Margin	4.0%
Exchange rate (Yen/USD)	131.4	Exchange rate (Yen/USD)	140.6	Exchange rate (Yen/USD)	151.6	Exchange rate (Yen/USD)	149.7



[Supplementary] Quarterly Segment Results: Americas

(All amounts are in million yen except percentages, and per share data)

Year ending March 31, 2023		Year ending March 31, 2024		Year ending March 31, 2025		Year ending March 31, 2026	
Sales	42,107	Sales	59,150	Sales	67,306	Sales	67,822
Operating Income	▲3,928	Operating Income	1,717	Operating Income	1,744	Operating Income	▲327
Operating Income Margin	▲9.3%	Operating Income Margin	2.9%	Operating Income Margin	2.6%	Operating Income Margin	▲0.5%
Exchange rate (Yen/USD)	131.4	Exchange rate (Yen/USD)	140.6	Exchange rate (Yen/USD)	151.6	Exchange rate (Yen/USD)	149.7



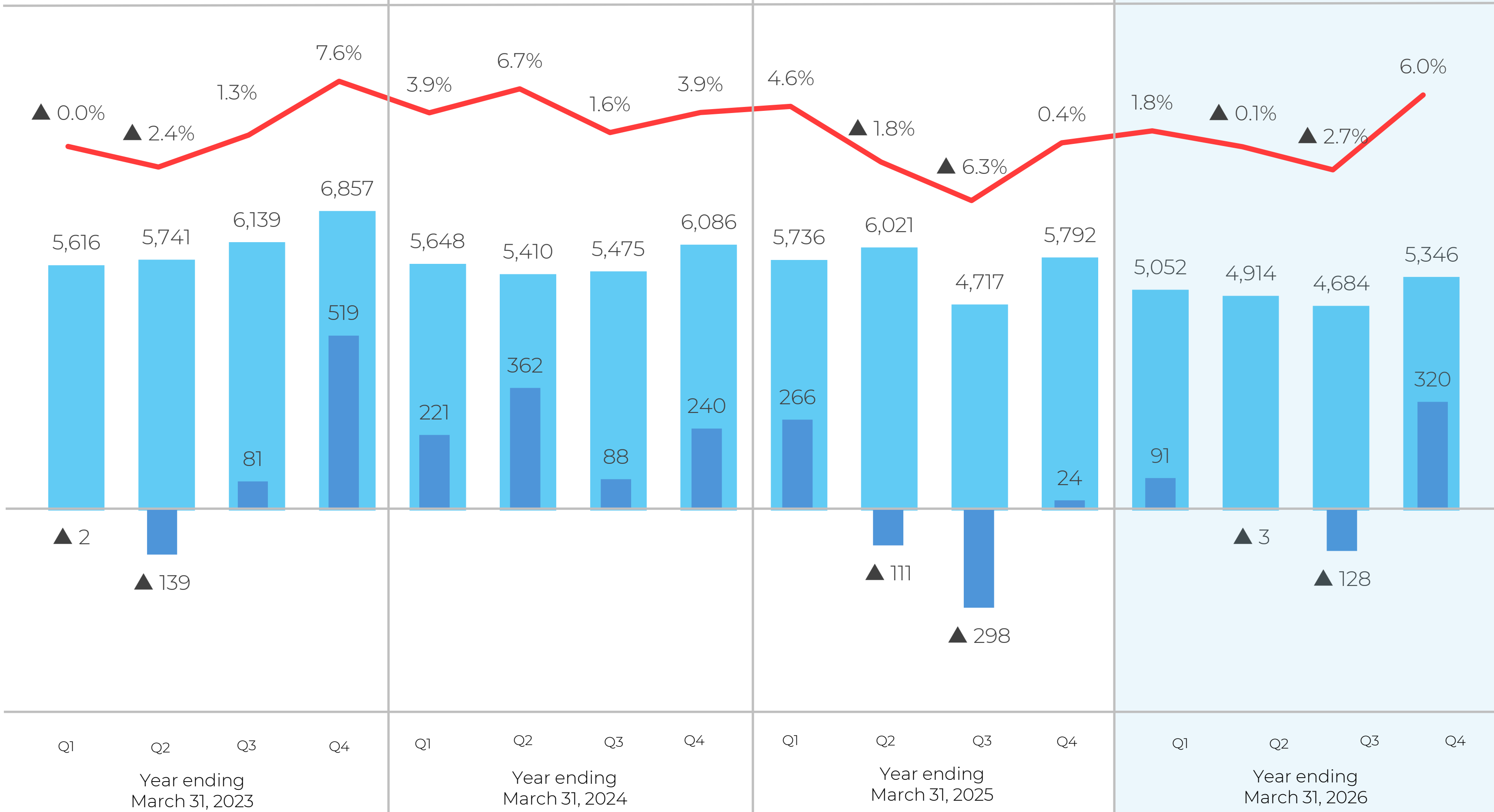
※ From FY2024 onwards Geiger USA has been included in Americas segment and no longer included in Europe segment.

Operating Income Margin　Sales　Operating Income

[Supplementary] Quarterly Segment Results: Europe

(All amounts are in million yen except percentages, and per share data)

	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025	Year ending March 31, 2026
Sales	24,353	22,619	22,267	19,996
Operating Income	460	911	▲118	280
Operating Income Margin	1.9%	4.0%	▲ 0.5%	1.4%



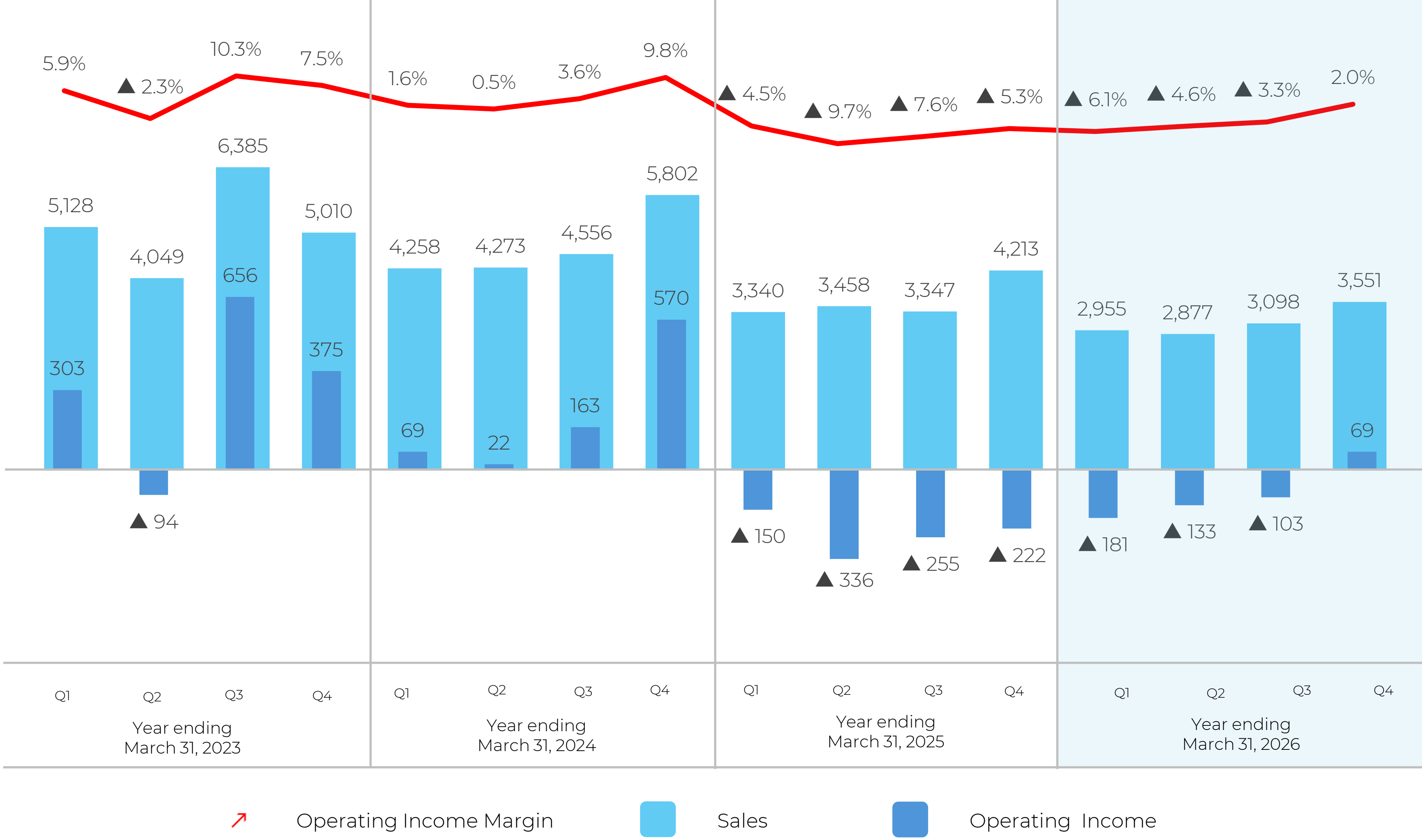
※ From FY2024 onwards Geiger USA has been included in Americas segment and no longer included in Europe segment.

Operating Income Margin Sales Operating Income

[Supplementary] Quarterly Segment Results: China

(All amounts are in million yen except percentages, and per share data)

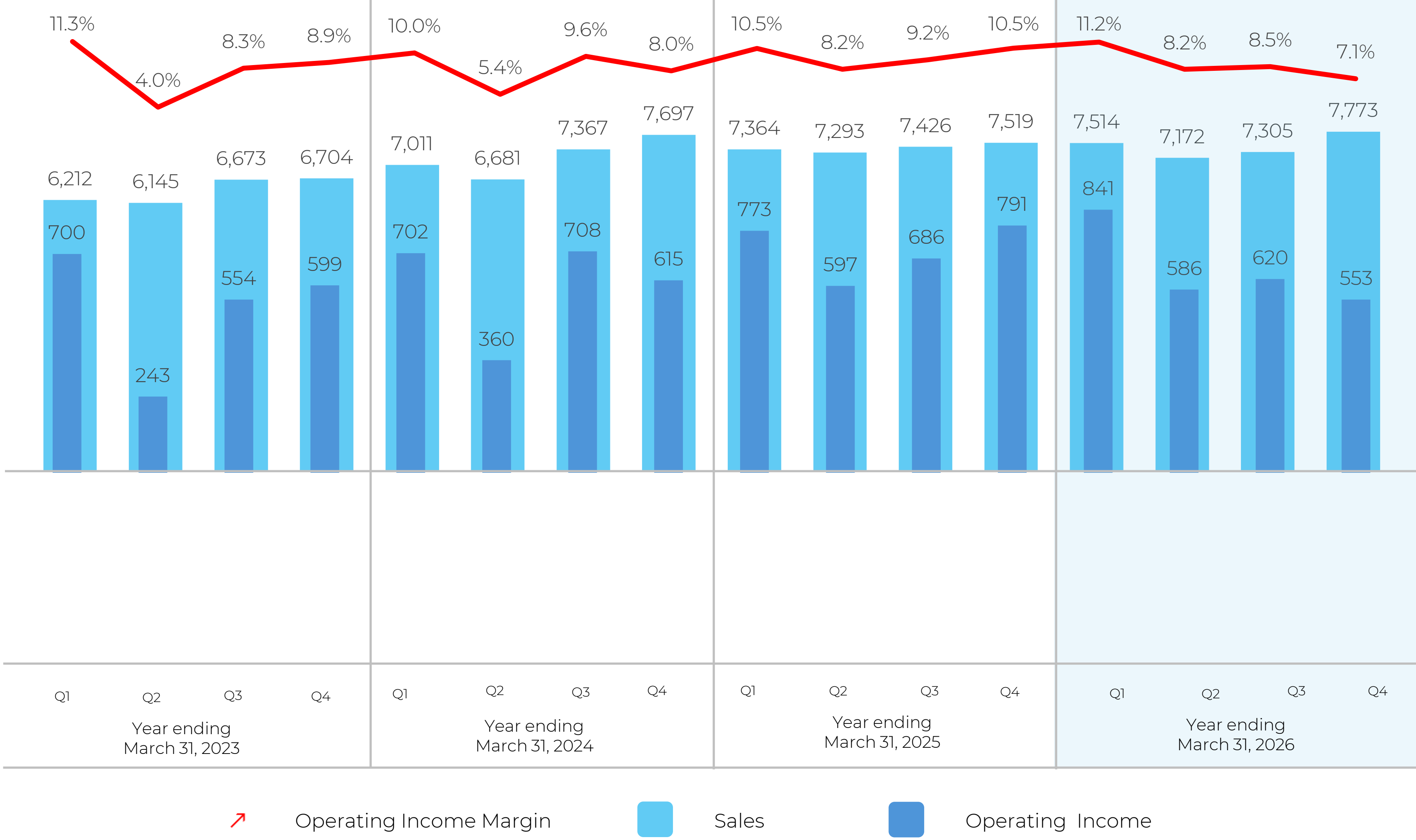
	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025	Year ending March 31, 2026
Sales	20,572	18,888	14,358	12,481
Operating Income	1,240	824	▲963	▲348
Operating Income Margin	6.0%	4.4%	▲6.7%	▲2.8%



[Supplementary] Quarterly Segment Results: Asia

(All amounts are in million yen except percentages, and per share data)

	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025	Year ending March 31, 2026
Sales	25,735	28,756	29,601	29,763
Operating Income	2,096	2,384	2,847	2,599
Operating Income Margin	8.1%	8.3%	9.6%	8.7%



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