Financial Year ended March 31, 2025

Explanatory Material

May 12, 2025

Sanoh Industrial Co., Ltd.

Tokyo Stock Exchange: 6584 (Prime)

Contents of Explanatory Material for FY2024

FY2024 Consolidated Financial Performance

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

Particulars	Year ended March 31, 2024		Year ended March 31, 2025				Revised Full-Year Forecast for the Fiscal Year Ending March 31, 2025 (announced on February 7, 2025)	
	Amount	%	Amount	%	Variance Amount	Variance %	Amount	Progress (%)
Net sales	**156,814**	100.0	**159,538**	100.0	+2,724	+1.7	**160,000**	99.7
Operating income	**8,053**	+5.1	**4,860**	+3.0	▲3,193	▲39.7	**5,000**	97.2
Ordinary income	**7,296**	+4.7	**4,600**	+ 2.9	▲2,696	▲37.0	**4,500**	102.2
Net income attributable to the shareholders of the parent company	**4,216**	+2.7	**737**	+ 0.5	▲3,479	▲82.5	**0**	—

Summary of FY2024 Financial Performance (YoY)

- **Sales:** increased by strong sales by Japanese OEM in the Americas and favourable currency translation effects from yen depreciation. This offset the decline in sales in China caused by continued sluggish demand from Japanese OEMs.
- **Operating Income:** declined despite the positive impact of price adjustments implemented in the previous fiscal year and stable production in the Americas. The decrease was primarily due to reduced sales in China, elevated raw material and labour costs, and the recording of one-time expenses in the Americas segment.
- **Ordinary Income:** decreased by ▲2,696 million yen, reflecting the decline in operating income. This was partially offset by a foreign exchange gain of +430 million yen.
- **Net Income:** decreased by ▲3,479 million yen due to decline in ordinary income as well as the impact of an impairment loss of ▲1,265 million yen and special retirement benefits expenses of ▲980 million yen. These were partially offset by gain from sale of investment securities +1,371 million yen.

Exchange Rate

Currency (1 unit = JPY)	March 31, 2024 (Average Rate)	March 31, 2025 (Average Rate)	Variance
USD	140.6	151.6	+8%
EUR	152.0	163.9	+8%
MXN	7.9	8.3	+5%
RMB	19.8	21.0	+6%
INR	1.8	1.8	+3%
THB	4.0	4.3	+6%
RUB	1.7	1.6	▲1%
BRL	28.2	28.3	+0%

FY2024 Segment Financial Performance

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

Particulars	Sales			Operating Income		
	Year ended March 31, 2024	Year ended March 31, 2025	Variance	Year ended March 31, 2024	Year ended March 31, 2025	Variance
Japan	49,271	48,020	▲1,251	2,083	1,014	▲1,069
Americas	59,150	67,306	+8,157	1,717	1,744	+27
Europe	22,619	22,267	▲353	911	▲118	▲1,029
China	18,888	14,358	▲4,531	824	▲963	▲1,788
Asia	28,756	29,601	+845	2,384	2,847	+463
Adjs.	▲21,871	▲22,014	▲143	133	335	+202
TOTAL	156,814	159,538	+2,724	8,053	4,860	▲3,193

Highlights of the Year Ended March 31, 2025 (YoY)

Japan (Revenue & Profit Decline)

Revenue decreased due to production cuts impacting both domestic OEMs and export sales.
Profits too declined due to decrease in revenue, as well as increased labor costs from wage hikes, and increased spending on new business investments.

Americas (Revenue & Profit Growth)

Significant revenue growth, driven by strong sales from Japanese OEMs in North America and the favorable currency translation effects from yen depreciation.
Despite the impact of one-time expenses, operating profit remained at the same level, supported by the positive effects of price adjustments implemented in the previous fiscal period, easing inflationary pressure, and improved operational efficiency due to stable production.

Europe (Revenue Decline, Operating Loss)

Despite the favourable currency translation effects of yen depreciation, revenue declined due to sluggish sales.
Operating loss was due to delay in passing on the high inflationary costs of material and labour, as well as an increase in fixed costs, including system implementation expenses.

China (Revenue Decline, Operating Loss)

Revenue decreased significantly due to continued sluggish sales of Japanese OEMs.
Operating loss was recorded due to significant decline in revenue as well as high fixed costs associated with workforce reductions such as severance pay.

Asia (Revenue & Profit Growth)

Revenue growth driven primarily by higher production at Indian subsidiary and favorable currency translation effects of yen depreciation, despite sluggish market conditions in Thailand and Indonesia.
Profit increased due to strong revenue growth as well as effective cost management measures introduced to mitigate the effects of production fluctuations.

FY2024 Consolidated Non-operating and Extraordinary Items

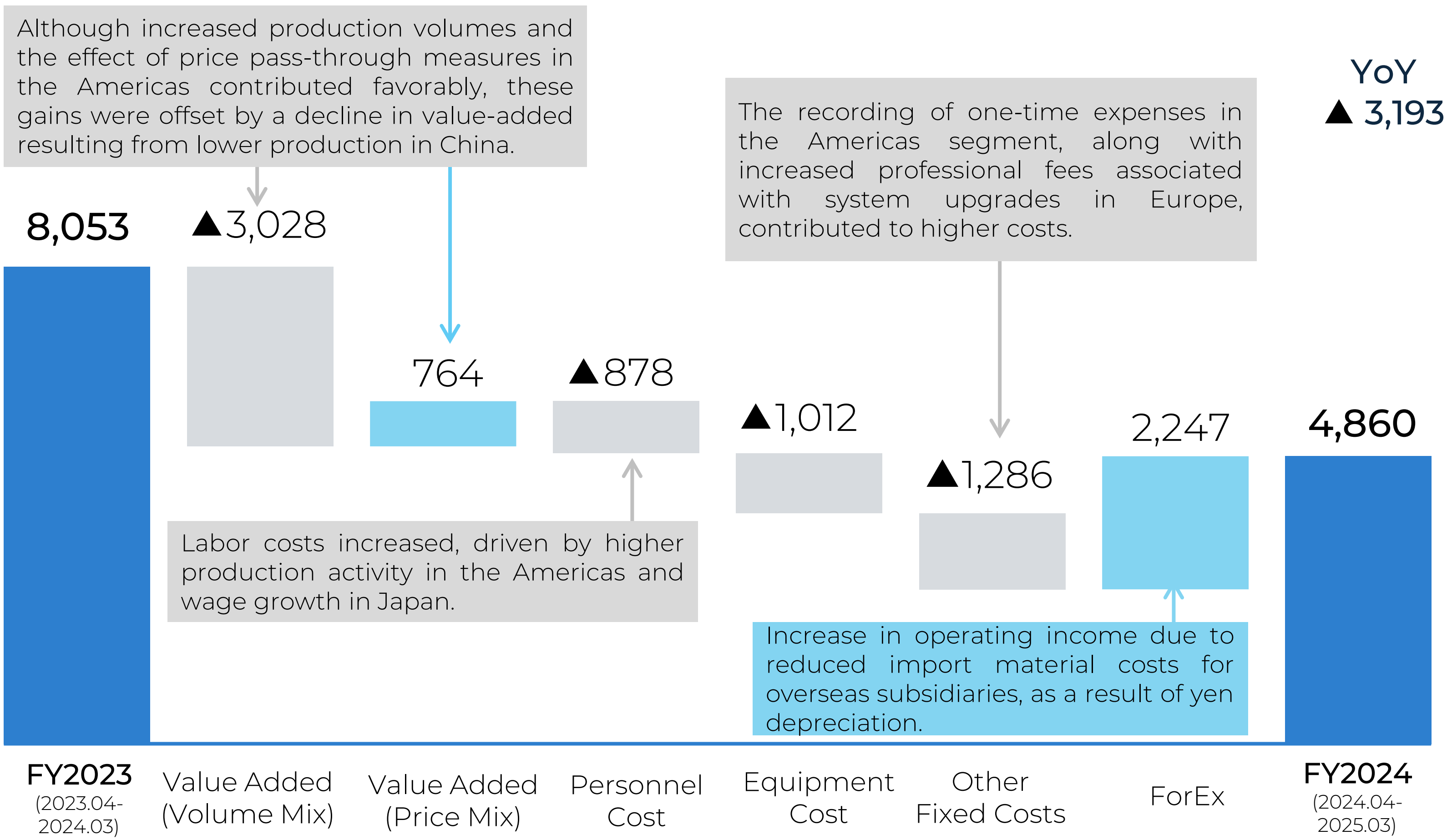
(All amounts are in million yen except percentages, and per share data)

Particulars		Year ended March 31, 2024	Year ended March 31, 2025			Major Factors for Change
				Variance		
		Amount	Amount	Amount	%	
Operating Income		8,053	4,860	▲3,193	▲39.7	
Non-operating	Income	941	1,177	+236		Foreign exchange gain: +238 Subsidy income: ▲146
	Expenses	1,698	1,438	+261		Foreign exchange loss: +192
Ordinary Income		7,296	4,600	▲2,696	▲37.0	
Extraordinary	Gains	250	1,583	+1,333		Gain on sale of investment securities +1,371 (Previous period +200, Current period +1,571)
	Losses	642	3,486	▲2,844		Impairment loss ▲1,265 (Previous period ▲34, Current period ▲1,299) Special retirement payments ▲980 (Previous period 0, Current period ▲980) Loss on disposal of fixed assets ▲512 (Previous period ▲252, Current period ▲764)
Profit before Income Taxes		6,903	2,696	▲4,207	▲60.9	
Corporate Taxes, etc.		1,921	1,306	+615		
Net Income attributable to Non-controlling shareholders		766	653	+113		
Net Income attributable to Owners of the Parent Company		4,216	737	▲3,479	▲82.5	

FY2024 Analysis of Operating Income

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

Operating income declined due to sluggish sales in China, reduced value-added from lower production in Japan and Europe, increased personnel expenses, and the impact of one-time expenses in the Americas segment.



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

FY2024 Consolidated Financial Position

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

Particulars			Year ended March 31, 2024		Year ended March 31, 2025			
			Amount	%	Amount	%	Variance	Major Factors of Change
	Current Assets		64,329	57.8	70,348	60.1	+6,019	Total assets: +5,893 (Increase) ① Cash and Deposits +5,039 ② Trade Receivables ▲1,701 ③ Inventory +1,634 ④ Other Current Assets +1,012 ⑤ Tangible Fixed Assets +1,529 ⑥ Other Investment Securities ▲2,034
	Fixed Assets		46,916	42.2	46,790	39.9	▲ 127	
Total Assets			111,245	100.0	117,138	100.0	+5,893	
		Current Liabilities	41,219	37.1	41,878	35.8	+659	Total liabilities: +6,094 (Increase) ⑦ Short-term borrowings ▲790 ⑧ Accounts Payable +1,485 ⑨ Long-term Borrowings +6,902 ⑩Deferred Tax Liabilities ▲683
		Fixed Liabilities	21,738	19.5	27,173	23.2	+ 5,435	
	Total Liabilities		62,957	56.6	69,051	58.9	+ 6,094	
	Total Net Assets		48,288	43.4	48,087	41.1	▲ 201	Net assets: ▲201 (Decrease) ⑪ Retained Earnings ▲282 ⑫ Unrealized Gains on Securities ▲1,348 ⑬ Foreign Currency Translation Adjustment +908 ⑭ Non-controlling interests +211
Total Liabilities and Net Assets			111,245	100.0	117,138	100.0	+5,893	

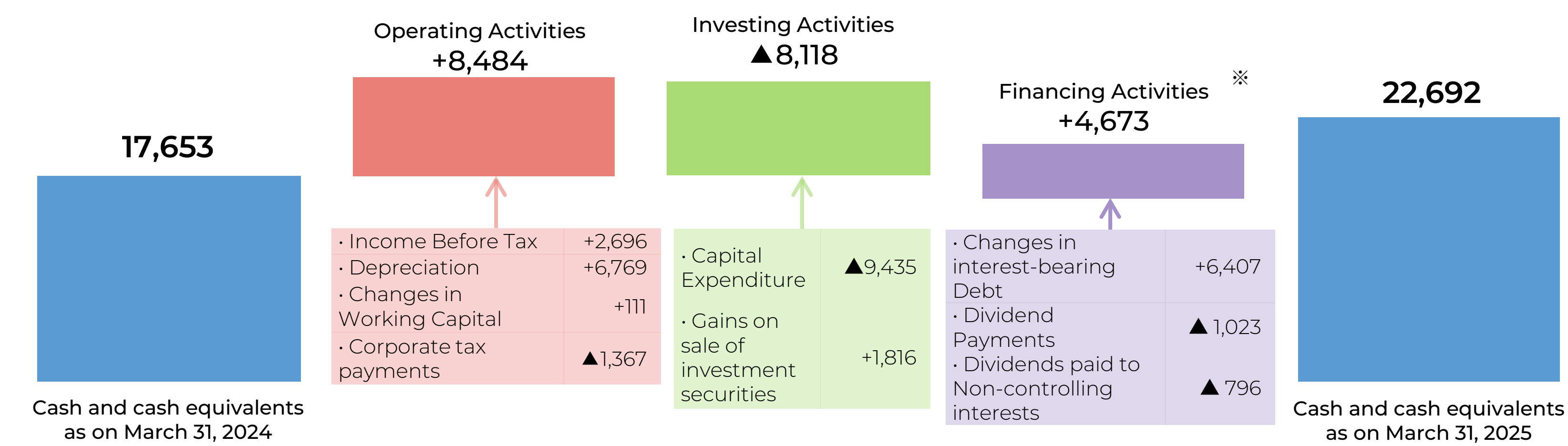
Note	FY2023		FY2024
D/E Ratio	0.74	→	0.90
Equity Ratio	40.2	→	37.8

	FY2023	FY2024
① Interest Bearing Liabilities	33,011	39,674
② Equity	44,684	44,272
① ÷ ②	0.74	0.90

FY2024 Consolidated Cash Flow & CapEx

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

Consolidated Cash Flow



※ Translation adjustments related to cash and cash equivalents (+580 million yen) have been included in financing activities.

Capital Expenditure/Depreciation

Particulars	Year ended March 31, 2024	Year ended March 31, 2025	
		Amount	Variance
Capital Expenditure	7,588	9,435	+1,847
Depreciation	6,153	6.769	+616

FY2025 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. 2025		Full year earnings forecast for the Fiscal Year March 31, 2026			
	Amount	%	Amount	%	Change from Previous Forecast	
					Amount	%
Sales Revenue	159,538	100.0	147,000	100.0	▲ 12,538	▲ 7.9
Operating Income	4,860	+3.0	5,500	+3.7	+640	+13.2
Ordinary Income	4,600	+2.9	4,000	+2.7	▲ 600	▲ 13.0
Net income attributable to the shareholders of the parent company	737	+0.5	1,800	+1.2	+1,063	+144.3
EPS (JPY)	20.59		50.29		+29.7	–
Dividend (JPY)	28.00		–		–	–

※ 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. 2025	Full year earnings forecast for the Fiscal Year March 31, 2026		
	Amount	Amount	Change from Previous Forecast	
			Amount	%
USD	151.6	140.0	▲ 11.6	▲ 7.6
EUR	163.9	155.0	▲8.9	▲5.5

FY2025 Full-Year Forecast - Impact of U.S. Tariff Measures

SANOh

Impact of Tariff Measures on Imported Materials:

The Company recognizes that tariffs imposed on imported materials into the United States represent a cost that is difficult to control in the short term. Accordingly, we intend to conduct price negotiation efforts with our automotive clients with the objective of passing through these additional costs to selling prices.

The full-year earnings forecast for the fiscal year ending March 31, 2026, has been calculated under the neutral assumption that the impact of tariff-related cost increases on imported materials will not affect our performance.

Impact on the New Vehicle Sales Market:

After careful consideration of the potential impact of higher vehicle prices resulting from U.S. tariff measures on market demand, we acknowledge that it is difficult to quantify the overall impact of these measures on the automotive industry. However, with respect to our own business, we have incorporated into our earnings forecast a projected decline of approximately 10% in sales in the North American market from April 2025 onward, compared to sales levels prior to the initial announcement of the tariff measures.

We will continue to closely monitor market developments and take appropriate actions as necessary.

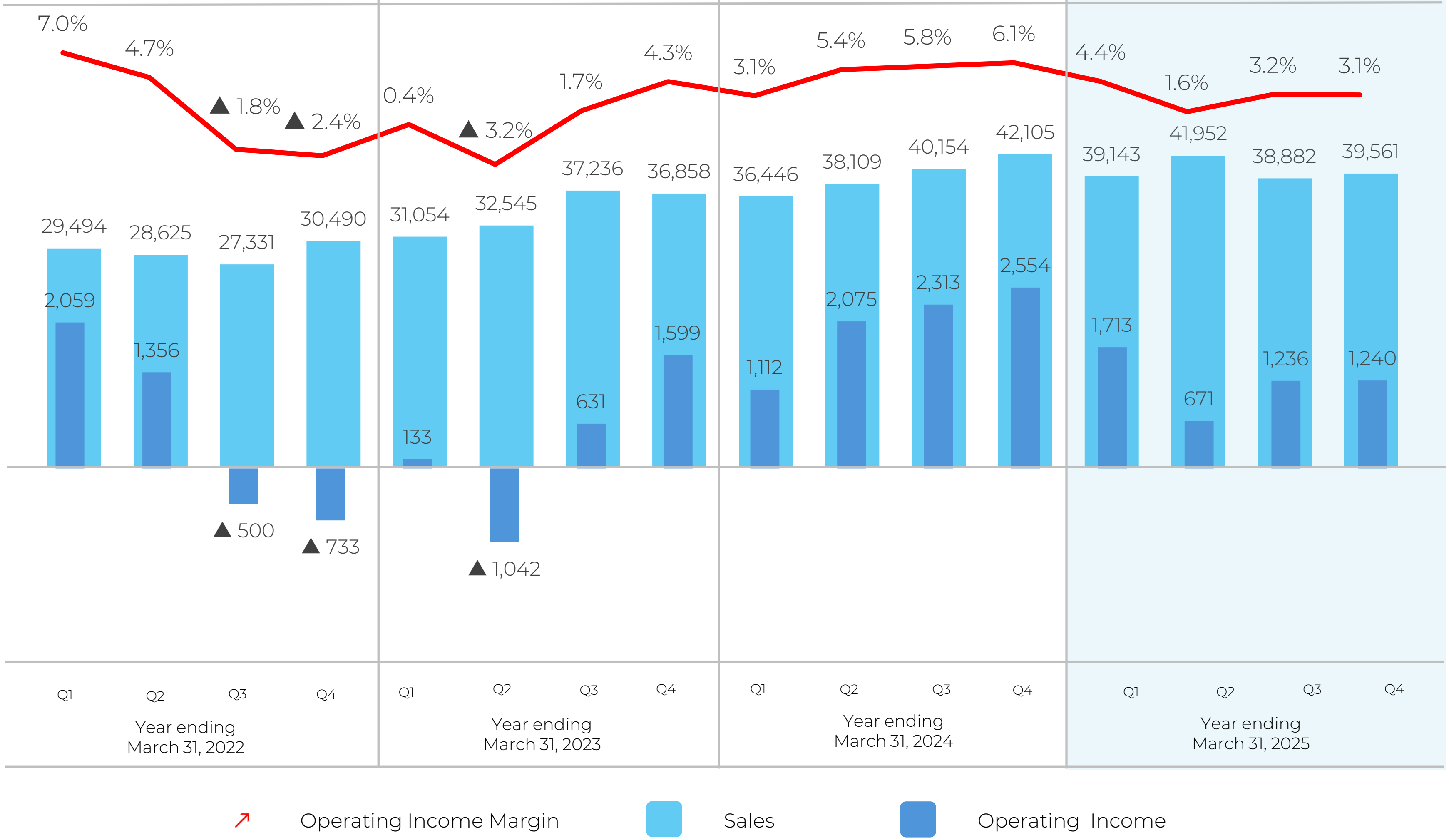
Supplementary

Infographic Quarterly Segment Results

[Supplementary] Quarterly Segment Results: Consolidated

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

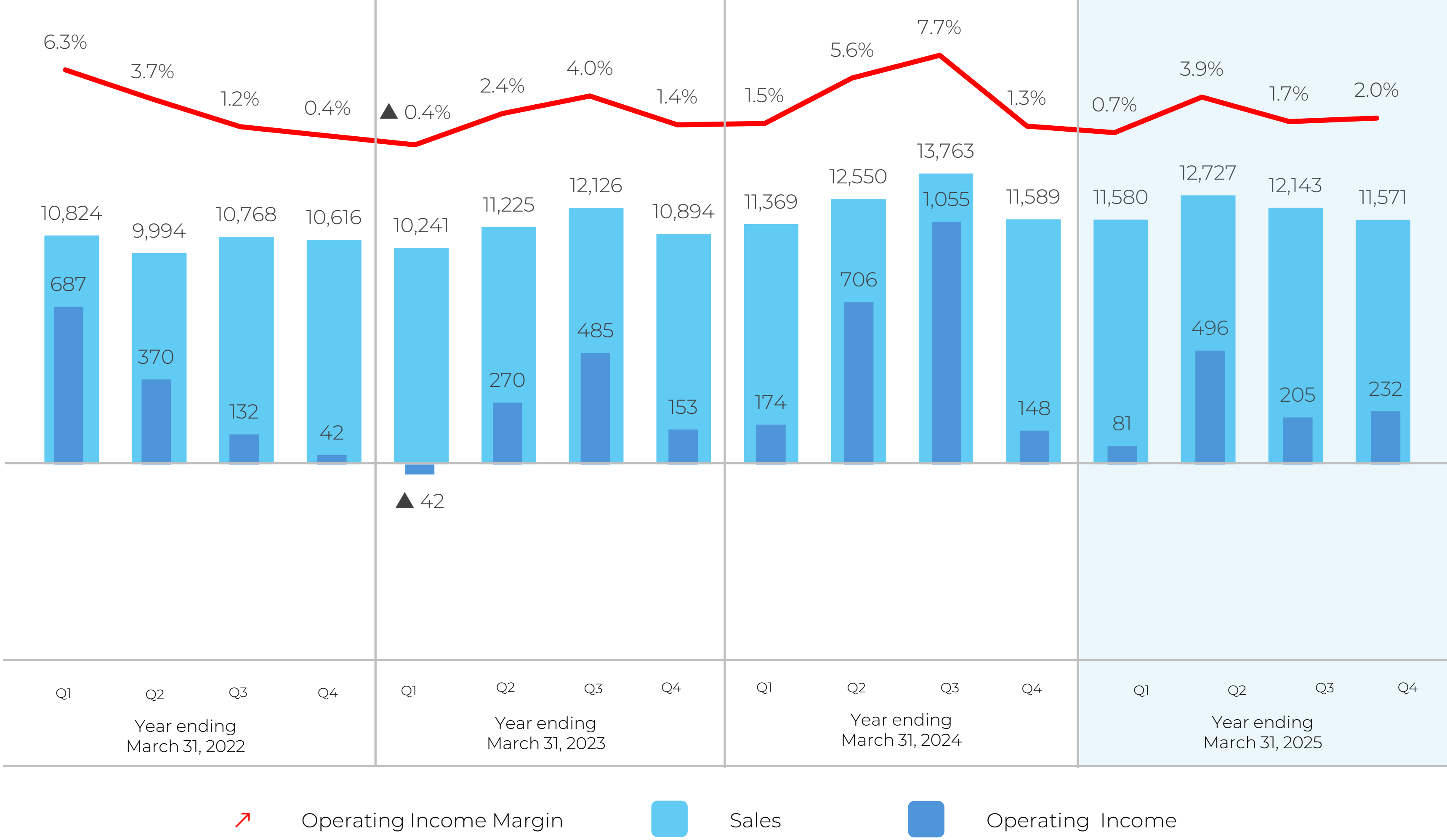
Sales	115,940	Sales	137,692	Sales	156,814	Sales	159,538
Operating Income	2,183	Operating Income	1,321	Operating Income	8,053	Operating Income	4,860
Operating Income Margin	1.9%	Operating Income Margin	1.0%	Operating Income Margin	5.1%	Operating Income Margin	3.0%
Exchange rate (Yen/USD)	109.8	Exchange rate (Yen/USD)	131.4	Exchange rate (Yen/USD)	140.6	Exchange rate (Yen/USD)	151.6



[Supplementary] Quarterly Segment Results: Japan

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

	Year ending March 31, 2022	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025
Sales	42,201	44,485	49,271	48,020
Operating Income	1,230	865	2,083	1,014
Operating Income Margin	2.9%	1.9%	4.2%	2.1%
Exchange rate (Yen/USD)	109.8	131.4	140.6	151.6



[Supplementary] Quarterly Segment Results: Americas

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

	Year ending March 31, 2022	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025
Sales	31,683	42,107	59,150	67,306
Operating Income	▲1,729	▲3,928	1,717	1,744
Operating Income Margin	▲5.5%	▲9.3%	2.9%	2.6%
Exchange rate (Yen/USD)	109.8	131.4	140.6	151.6

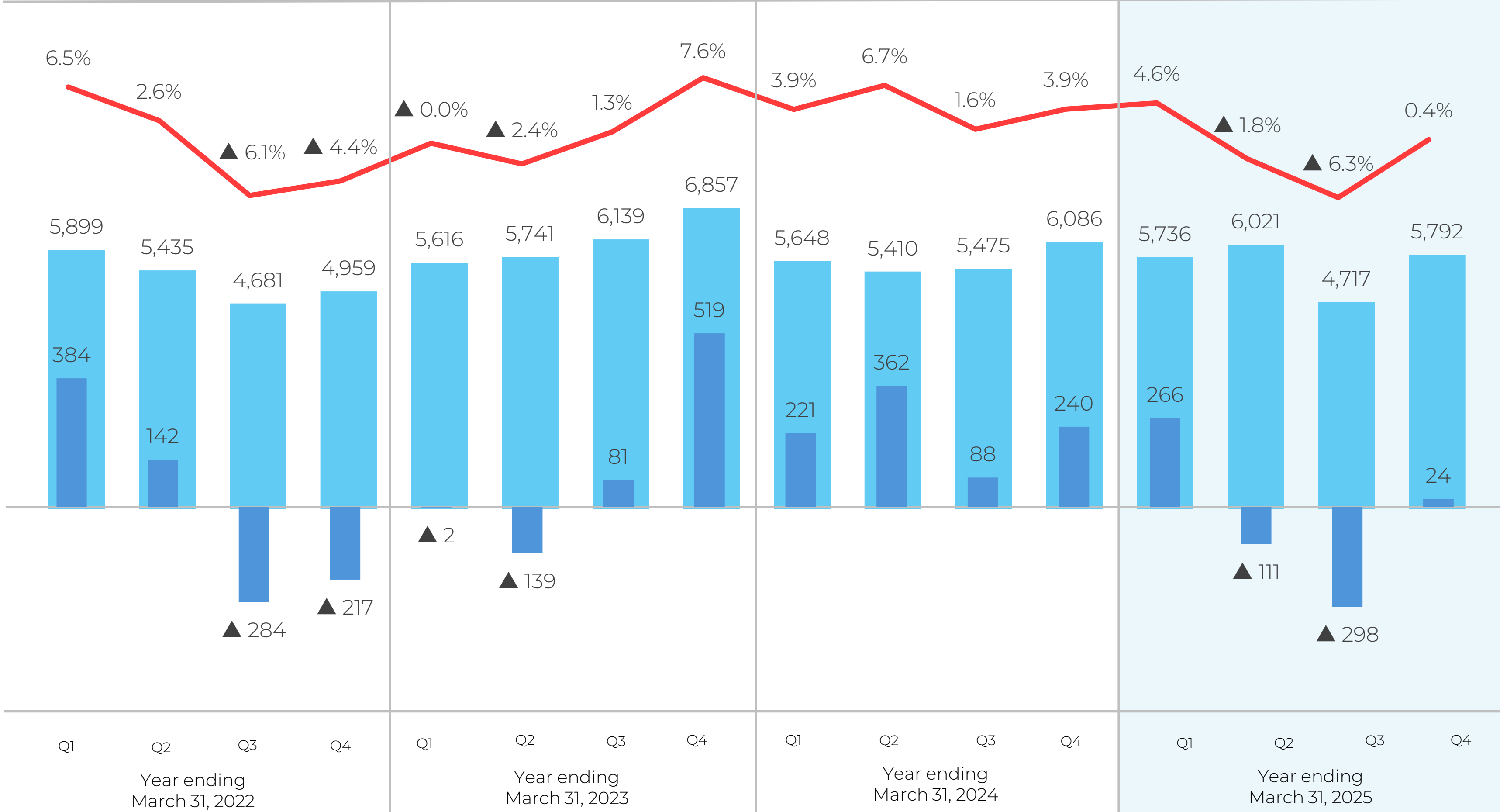
※ From FY2024 onwards Geiger USA has been included in Americas segment and no longer included in Europe segment.

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, 2022		Year ending March 31, 2023		Year ending March 31, 2024		Year ending March 31, 2025	
Sales	20,973	Sales	24,353	Sales	22,619	Sales	22,267
Operating Income	25	Operating Profit	460	Operating Profit	911	Operating Profit	▲118
Operating Income Margin	0.1%	Operating Profit Margin	1.9%	Operating Profit Margin	4.0%	Operating Profit Margin	▲ 0.5%



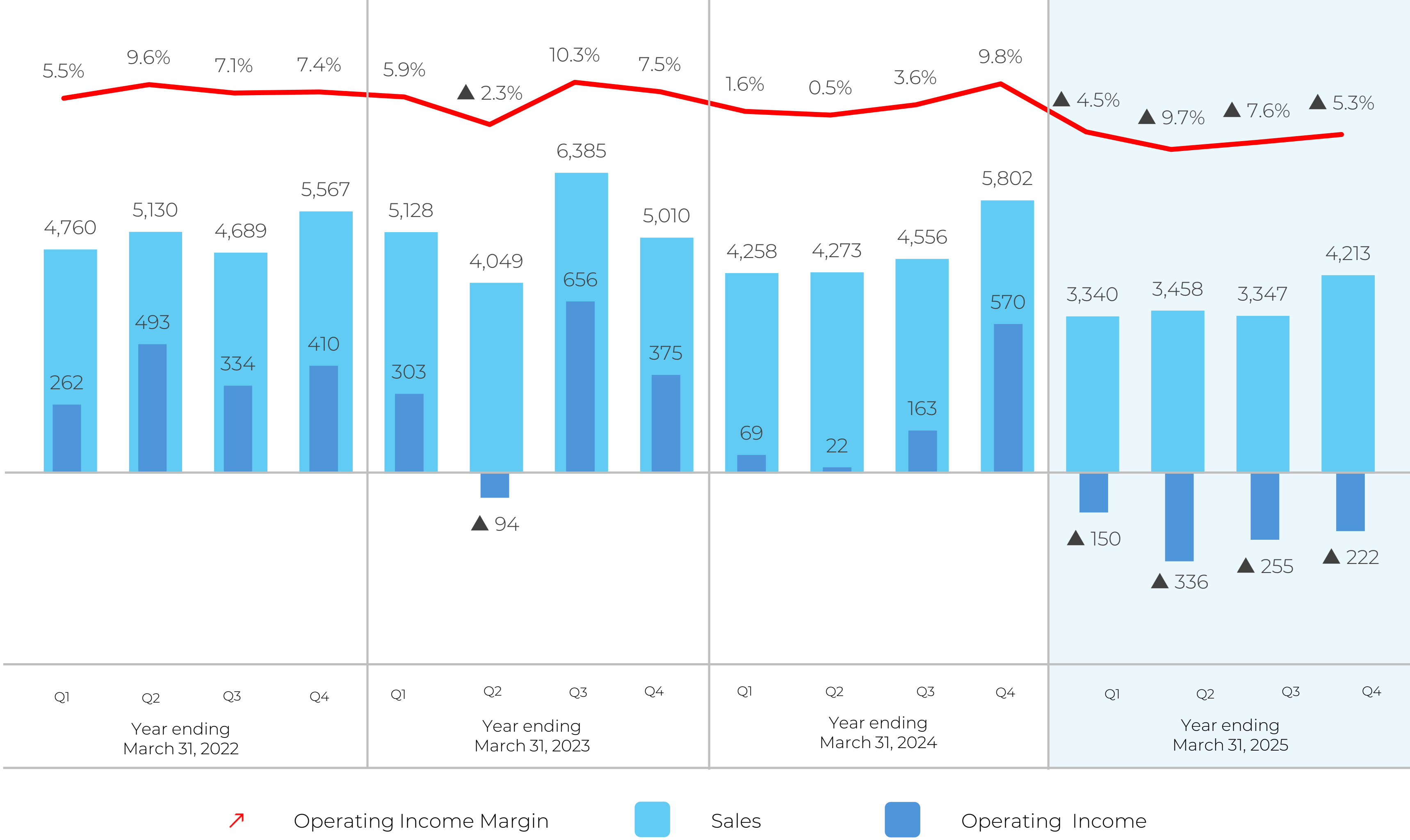
※ From FY2024 onwards Geiger USA has been included in Americas segment and no longer included in Europe segment.

Operating Income Margin   Sales   Operating Income

[Supplementary] Quarterly Segment Results: China

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

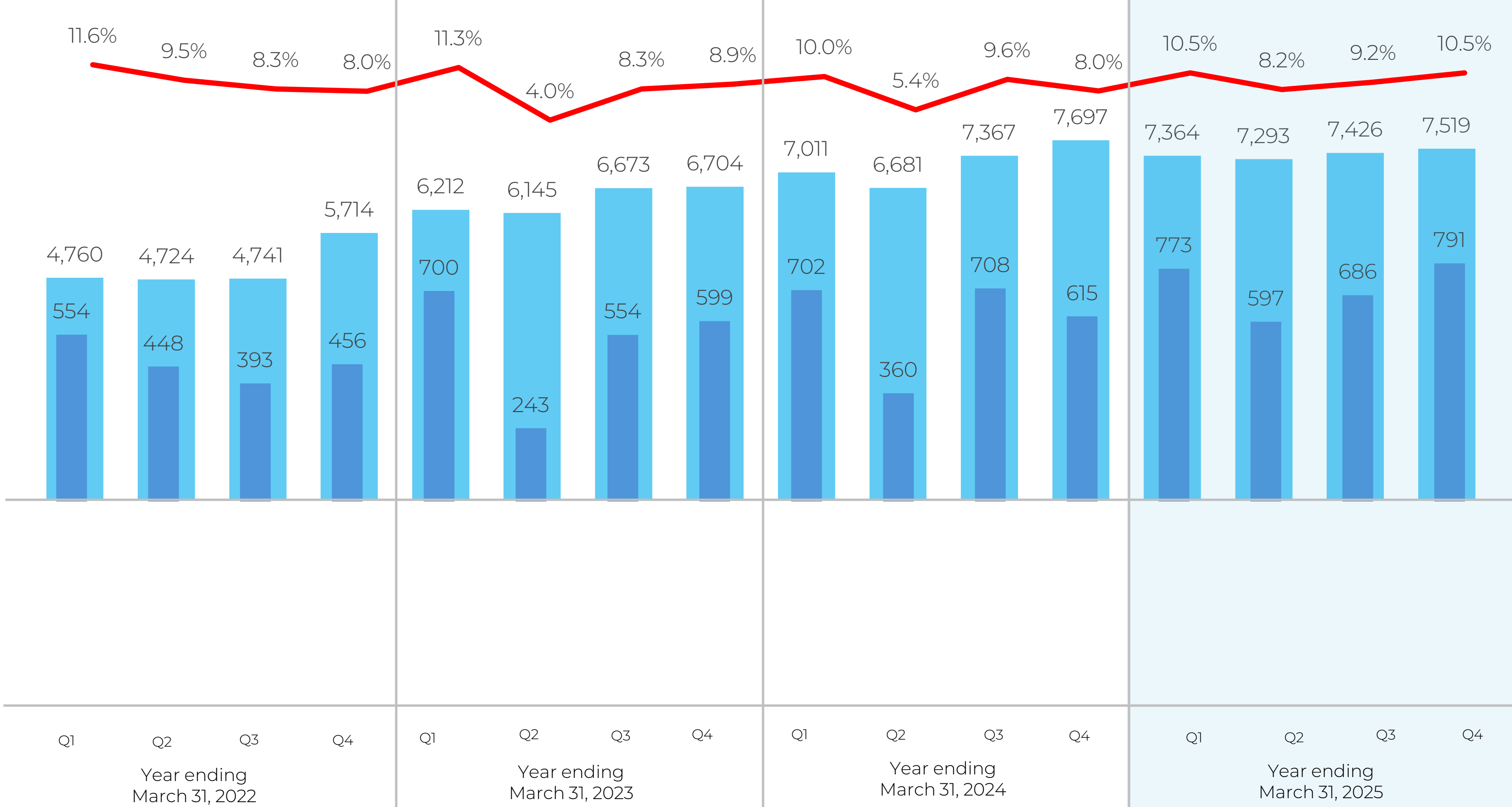
Year ending	Sales	Operating Income	Operating Income Margin
March 31, 2022	20,146	1,499	7.4%
March 31, 2023	20,572	1,240	6.0%
March 31, 2024	18,888	824	4.4%
March 31, 2025	14,358	▲963	▲6.7%



[Supplementary] Quarterly Segment Results: Asia

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

	Year ending March 31, 2022	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025
Sales	19,940	25,735	28,756	29,601
Operating Income	1,851	2,096	2,384	2,847
Operating Income Margin	9.3%	8.1%	8.3%	9.6%



Cautionary Note On Forward-Looking Statements

This presentation contains forward-looking statements reflecting Sanoh's plans, forecasts, and expectations based on the information available as of the publication date.

These statements are not guarantees of future performance and are subject to various risks, uncertainties and factors that may cause Sanoh's actual results to differ materially from the ones expressed or implied by these forward-looking statements. Such factors include, but are not limited to, changes in economic conditions, industry developments, and technological advancements. Significant changes will be announced as they occur.

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