Financial Year ending March 31, 2025 First Quarter

Explanatory Material

August 06, 2024

Sanoh Industrial Co., Ltd.

Tokyo Stock Exchange: 6584 (Prime)

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FY24Q1 Consolidated Financial Performance

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

Particulars	Quarter ended June 30, 2023		Quarter ended June 30, 2024				Full Year Forecast for the Fiscal Year Ending March 31, 2025	
	Amount	%	Amount	%	Variance		Amount	Progress (%)
					Amount	%		
Net sales	**36,446**	100.0	**39,143**	100.0	+2,697	+ 7.4	**162,000**	24.2
Operating income	**1,112**	+ 3.1	**1,713**	+ 4.4	+601	+ 54.0	**8,000**	21.4
Ordinary income	**1,054**	+ 2.9	**1,695**	+ 4.3	+642	+ 60.9	**7,000**	24.2
Net income attributable to the shareholders of the parent company	**▲139**	▲ 0.4	**1,014**	+ 2.6	+1,153	—	**4,200**	24.1

Summary of FY24Q1 Financial Performance (YoY)

- Sales: Consolidated sales increased driven by high productions at Japanese OEMs in North America as well as favorable exchange rate impact of the depreciating yen, despite sharp decline in market share of Japanese OEMs in China.
- Operating income: Despite the surging costs of raw material, labour, and energy, the effect of cost pass-on and the stabilized operations in Americas, has significantly improved profitability.
- Ordinary income: Increased by 642 million yen due to higher operating income.
- Net income: Returned to profit from a loss in FY23Q1, driven by the increase in ordinary income.

Exchange Rate

Currency (1 unit = JPY)	June 30, 2023 (Average Rate)	June 30, 2024 (Average Rate)	Variance
USD	132.3	148.6	+12%
EUR	142.1	161.3	+14%
MXN	7.1	8.8	+23%
RMB	19.3	20.6	+7%
INR	1.7	1.9	+11%
THB	3.9	4.2	+7%
RUB	1.8	1.6	▲10%
BRL	25.5	30.0	+18%

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FY24Q1 Segment Financial Performance

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

Particulars	Sales			Operating Income		
	Quarter ended June 30, 2023	Quarter ended June 30, 2024	Variance	Quarter ended June 30, 2023	Quarter ended June 30, 2024	Variance
Japan	11,369	11,580	+211	174	81	▲92
Americas	13,075	16,513	+3,438	▲85	794	+879
Europe	5,648	5,736	+88	221	266	+46
China	4,258	3,340	▲918	69	▲150	▲219
Asia	7,011	7,364	+352	702	773	+71
Adjs.	▲4,914	▲5,389	▲475	32	▲52	▲84
TOTAL	36,446	39,143	+2,697	1,112	1,713	+601

Highlights of the Quarter ended June 30, 2024 (YoY)

Japan
(Revenue Growth, Profit Decline)

Revenue remained stable Year-on-Year due to steady domestic and export sales.
Profits decreased due to higher labor costs from wage hikes, and increased spending towards new businesses investments.

Americas
(Revenue Growth, Return to Profit)

Significant revenue growth driven by strong production performance of Japanese OEMs in North America and the favorable exchange rate impact of the depreciating yen.
Profitability restored due to rigorous efforts of cost pass-on, improving production efficiency and controlling fixed costs.

Europe
(Revenue & Profit Growth)

Revenue remained stable Year-on-Year despite the delays in new projects; supported by cost pass-on and the favorable exchange rate impact of the depreciating yen.
Profit grew despite the surging costs of raw material, labour and energy, which was offset by the cost pass-on, resulting in higher profit margin.

China
(Revenue Decline, Operating Loss)

Revenue decreased significantly decreased due to sharp decline in the production of the Japanese OEMs.
Despite rigorous cost-reduction measures, the impact of sharp decline in production volume has resulted in an operating loss.

Asia
(Revenue & Profit Growth)

Revenue growth is primarily driven by Indian subsidiary outweighing the decline in revenue at Thailand and Indonesia, due to sluggish market conditions.
Profit increased due to revenue growth as well as effective cost management measures put in place to counter production fluctuations.

FY24Q1 Consolidated Non-operating and Extraordinary Items

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

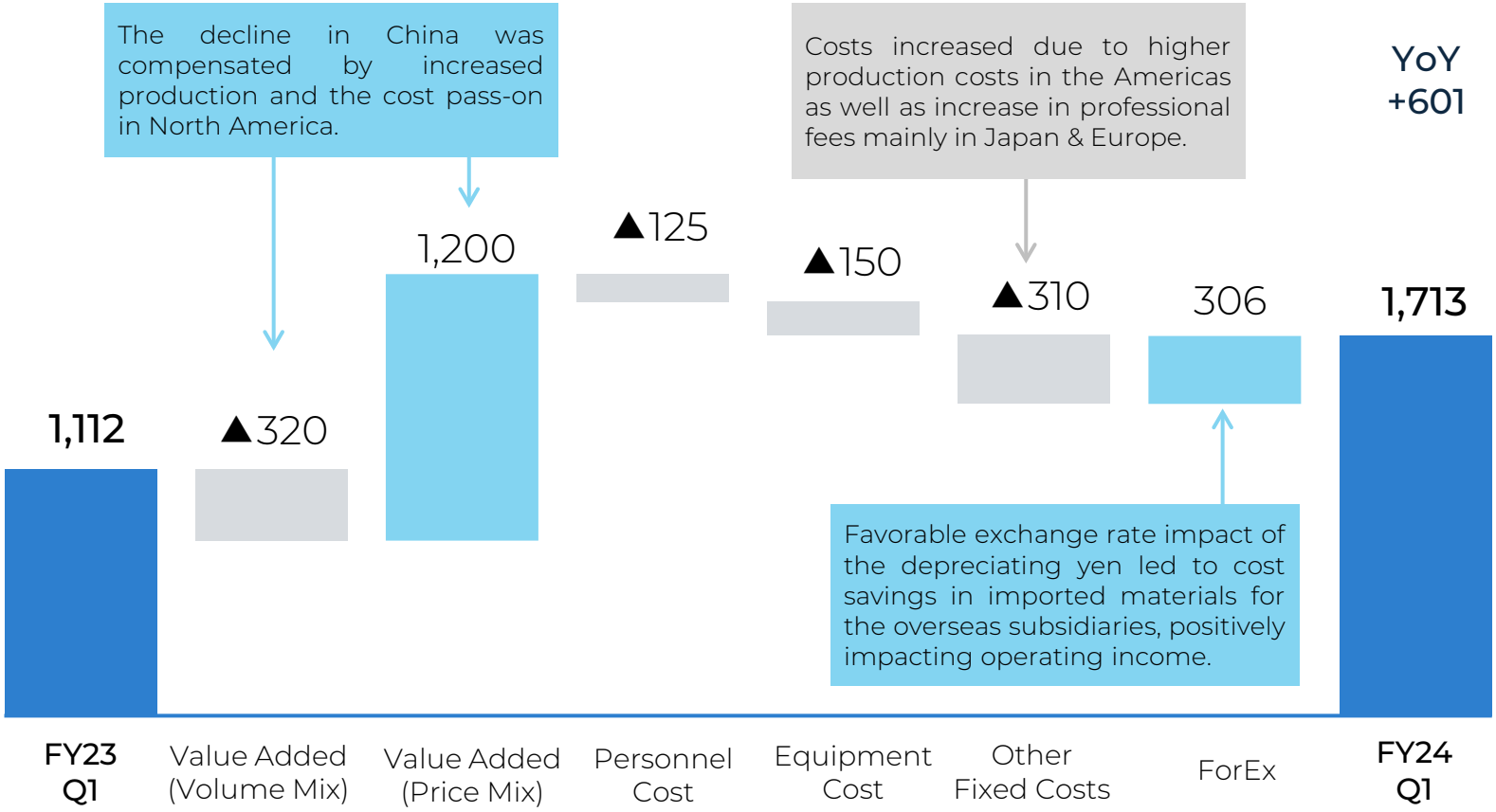
Particulars		Quarter ended June 30, 2023	Quarter ended June 30, 2024			Major Factors for Change
		Amount	Amount	Variance		
				Amount	%	
Operating Income		1,112	1,713	+ 601	+ 54.0	
Non-operating	Income	228	399	+ 170		Increase in ForEx Gains: +149
	Expenses	286	416	▲129		Increase in Interest Expenses: ▲69 Increase in Commission Fees: ▲29
Ordinary Income		1,054	1,695	+ 642	+ 60.9	
Extraordinary	Gains	8	2	▲6		
	Losses	451	28	+ 423		Loss on Disposal of Fixed Assets: +99 (FY23Q1: ▲118 , FY24Q1: ▲19) Provision for Litigation Claims: +331 (FY23Q1: ▲331, FY24Q1: Zero)
Profit before Income Taxes		611	1,669	+ 1,059	+ 173.3	
Corporate Taxes, etc.		522	474	+ 48		
Net Income attributable to Non-controlling shareholders		229	182	+ 47		
Net Income attributable to Owners of the Parent Company		▲139	1,014	+ 1,153	—	

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FY24Q1 Analysis of Operating Income

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

Increase in Operating Income was primarily driven by the strong and efficient productions in North America, as well as company-wide rigorous efforts of price adjustments (cost pass-on), which offset the decline in income from China.



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

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FY24Q1 Consolidated Financial Position

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

Particulars	Year ended March 31, 2024		Quarter ended June 30, 2024			
	Amount	%	Amount	%	Variance	Major Factors of Change
Current Assets	**64,329**	57.8	**64,725**	57.1	+ 396	Total Assets: +2,107 (Increase) ① Cash and Deposits: ▲2,105 ② Inventory: +1,901 ③ Other Current Assets: +494 ④ Tangible Fixed Assets: +1,331
Fixed Assets	**46,916**	42.2	**48,627**	42.9	+ 1,710	
Total Assets	**111,245**	100.0	**113,352**	100.0	+ 2,107	
Current Liabilities	**41,219**	37.1	**41,341**	36.5	+ 122	Total Liabilities: +212 (Increase) ⑤ Short-term Loans: ▲765 ⑥ Accounts Payable: ▲408 ⑦ Provision for Bonuses: +636 ⑧ Other Current Liabilities: +765
Fixed Liabilities	**21,738**	19.5	**21,828**	19.3	+ 90	
Total Liabilities	**62,957**	56.6	**63,169**	55.7	+ 212	
Total Net Assets	**48,288**	43.4	**50,183**	44.3	+ 1,895	Net Assets: +1,895 (Increase) ⑨ Retained Earnings: +504 ⑩ Foreign Currency Translation Adjustments: +1,758 ⑪ Non-Controlling Interests: ▲505
Total Liabilities and Net Assets	**111,245**	100.0	**113,352**	100.0	+ 2,107	

Note	FY23Q4		FY24Q1
D/E Ratio	0.74	→	0.68
Equity Ratio	40.2	→	41.5

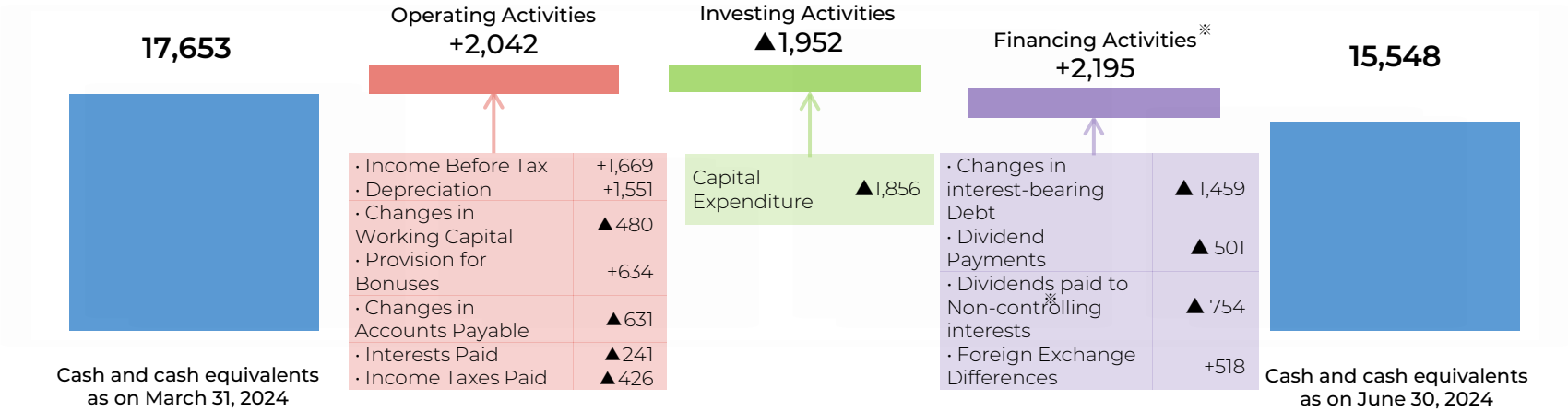
	FY23Q4	FY24Q1
① Interest Bearing Liabilities	33,011	32,086
② Equity	44,684	47,084
① ÷ ②	0.74	0.68

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FY24Q1 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 (+518 million yen) have been included in financing activities.

Capital Expenditure/Depreciation

Particulars	Quarter ended June 30, 2023	Quarter ended June 30, 2024	
		Amount	Variance
Capital Expenditure	1,687	1,856	+168
Depreciation	1,442	1,551	+108

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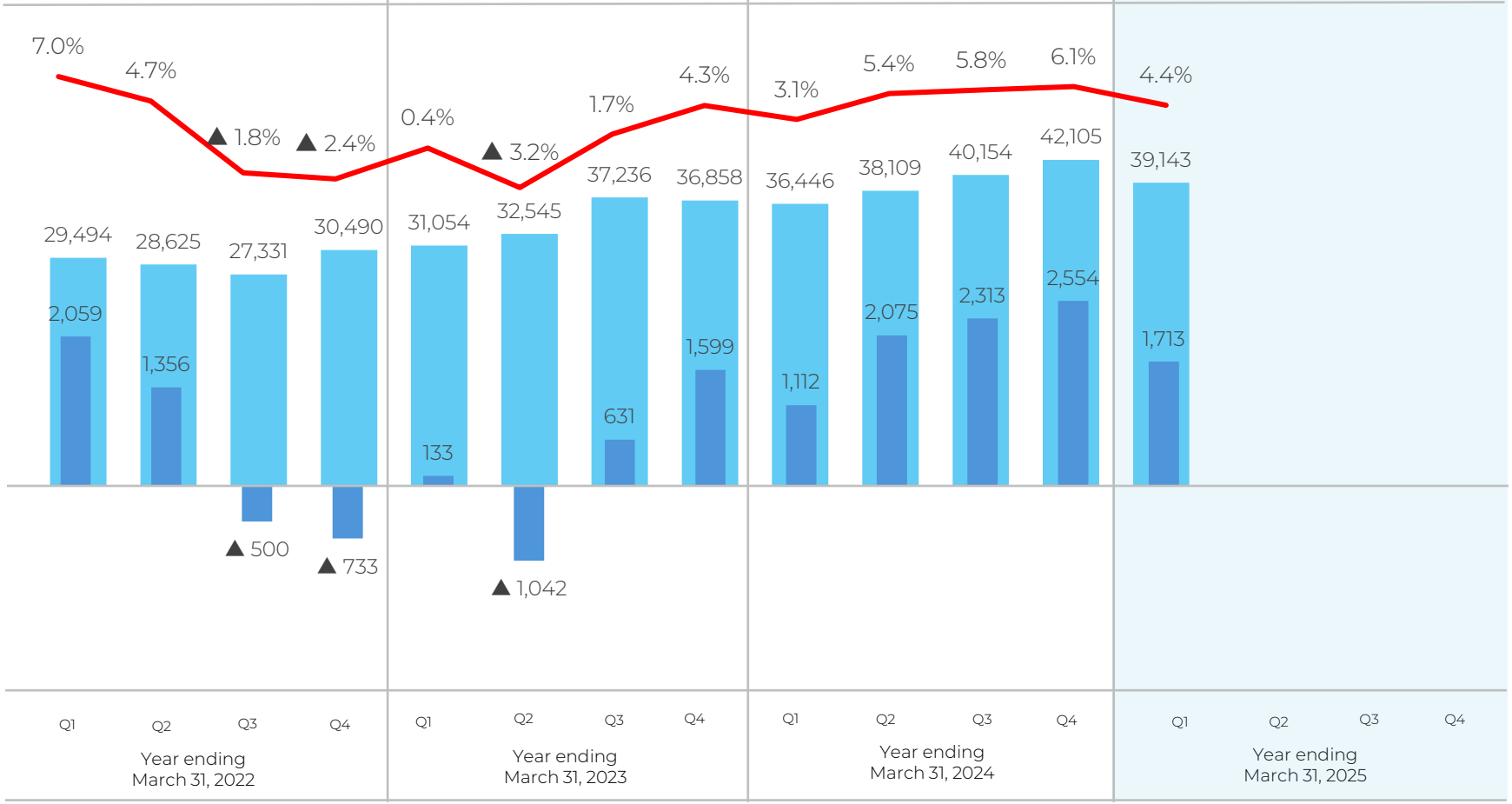
Supplementary

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, 2022	Year ending March 31, 2023	Year ending March 31, 2024	Year ending March 31, 2025
Sales	115,940	137,692	156,814	39,143
Operating Income	2,183	1,321	8,053	1,713
Operating Income Margin	1.9%	1.0%	5.1%	4.4%
Exchange rate (Yen/USD)	109.8	131.4	140.6	148.6

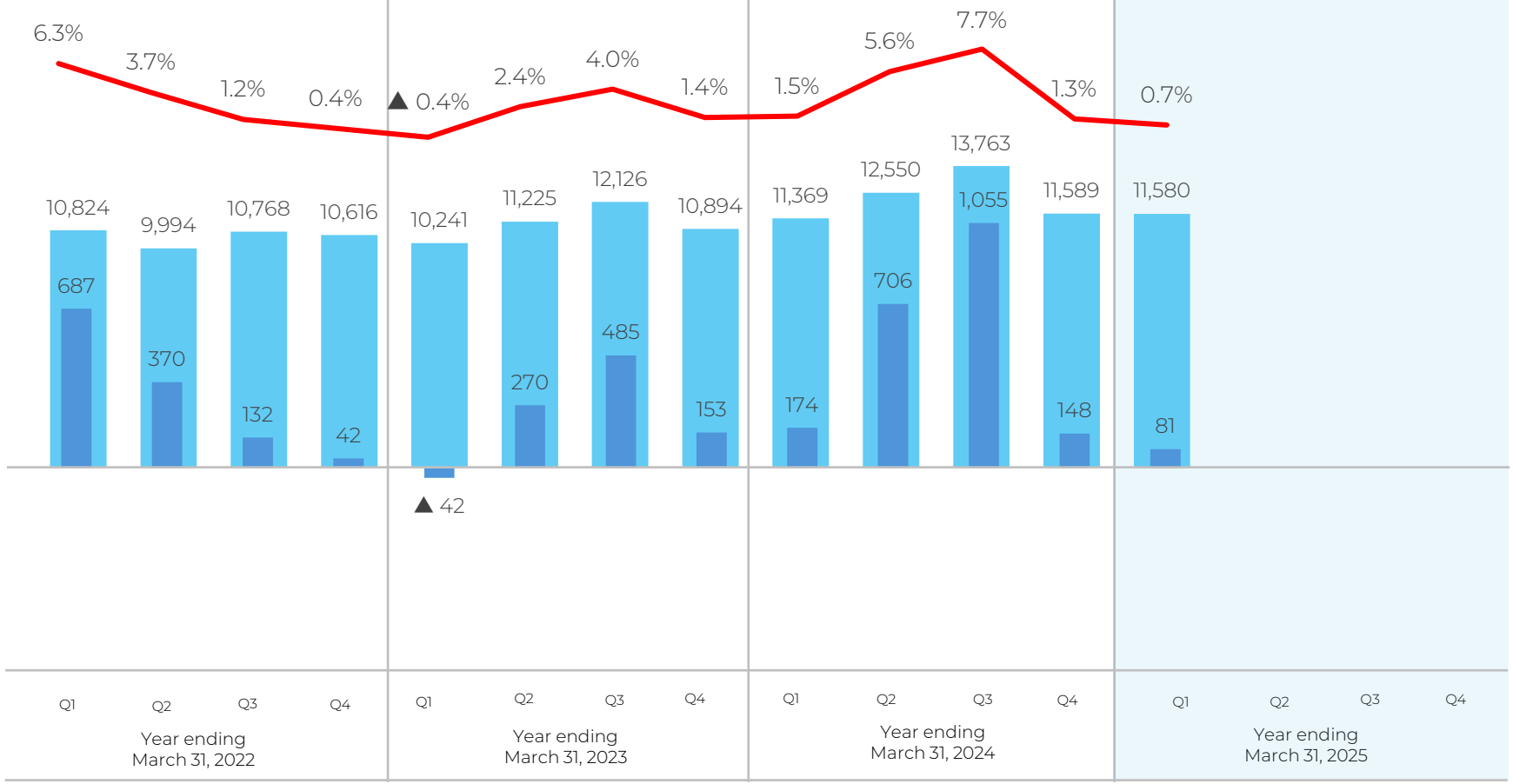


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[Supplementary] Quarterly Segment Results: Japan

(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	Sales	44,485	Sales	49,271	Sales	11,580
Operating Income	1,230	Operating Income	865	Operating Income	2,083	Operating Income	81
Operating Income Margin	2.9%	Operating Income Margin	1.9%	Operating Income Margin	4.2%	Operating Income Margin	0.7%
Exchange rate (Yen/USD)	109.8	Exchange rate (Yen/USD)	131.4	Exchange rate (Yen/USD)	140.6	Exchange rate (Yen/USD)	148.6

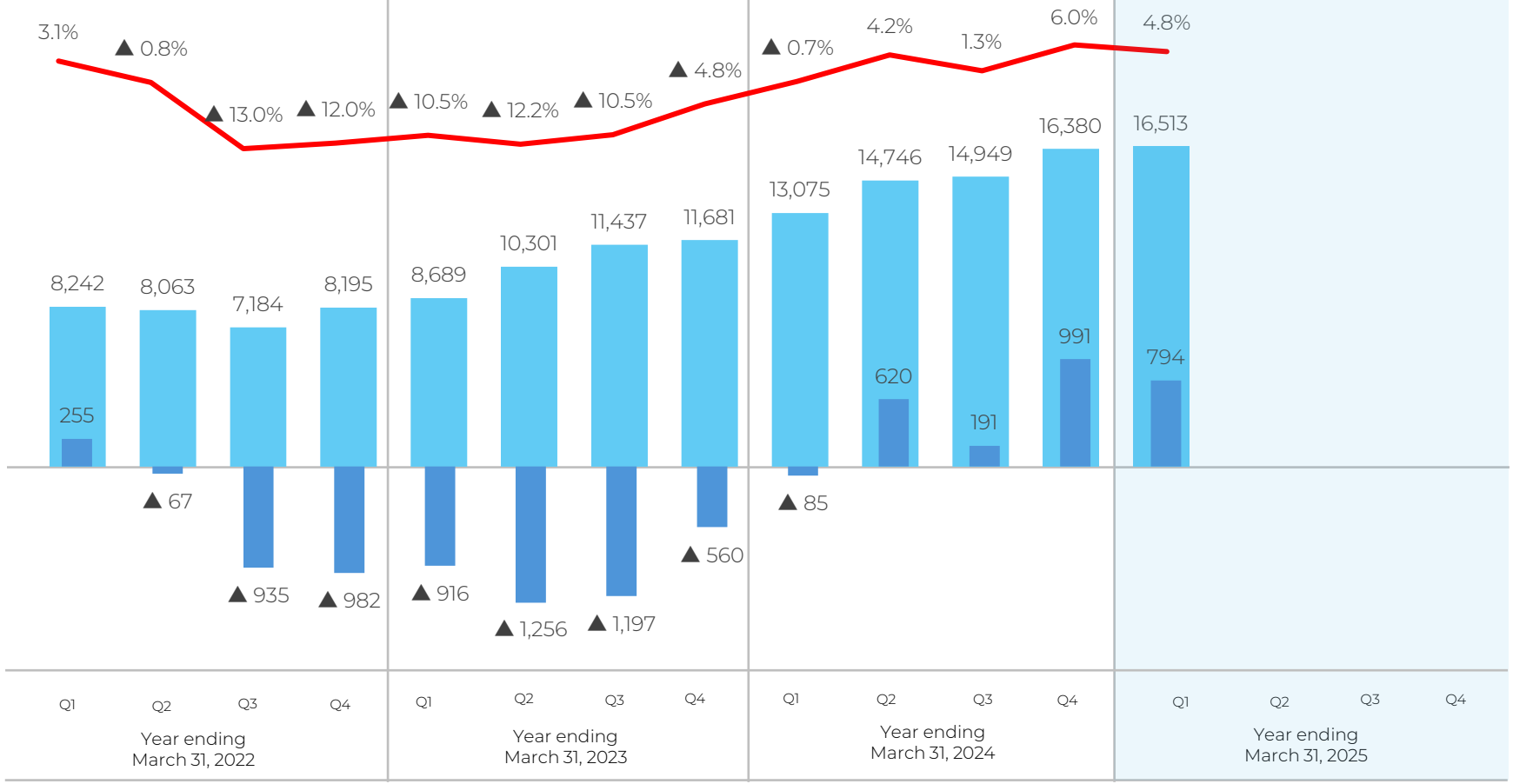


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[Supplementary] Quarterly Segment Results: Americas

(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	16,513
Operating Income	▲1,729	▲3,928	1,717	794
Operating Income Margin	▲5.5%	▲9.3%	2.9%	4.8%
Exchange rate (Yen/USD)	109.8	131.4	140.6	148.6



※ From FY2023 onwards Geiger USA has been included in Americas segment and no longer included in Europe segment.

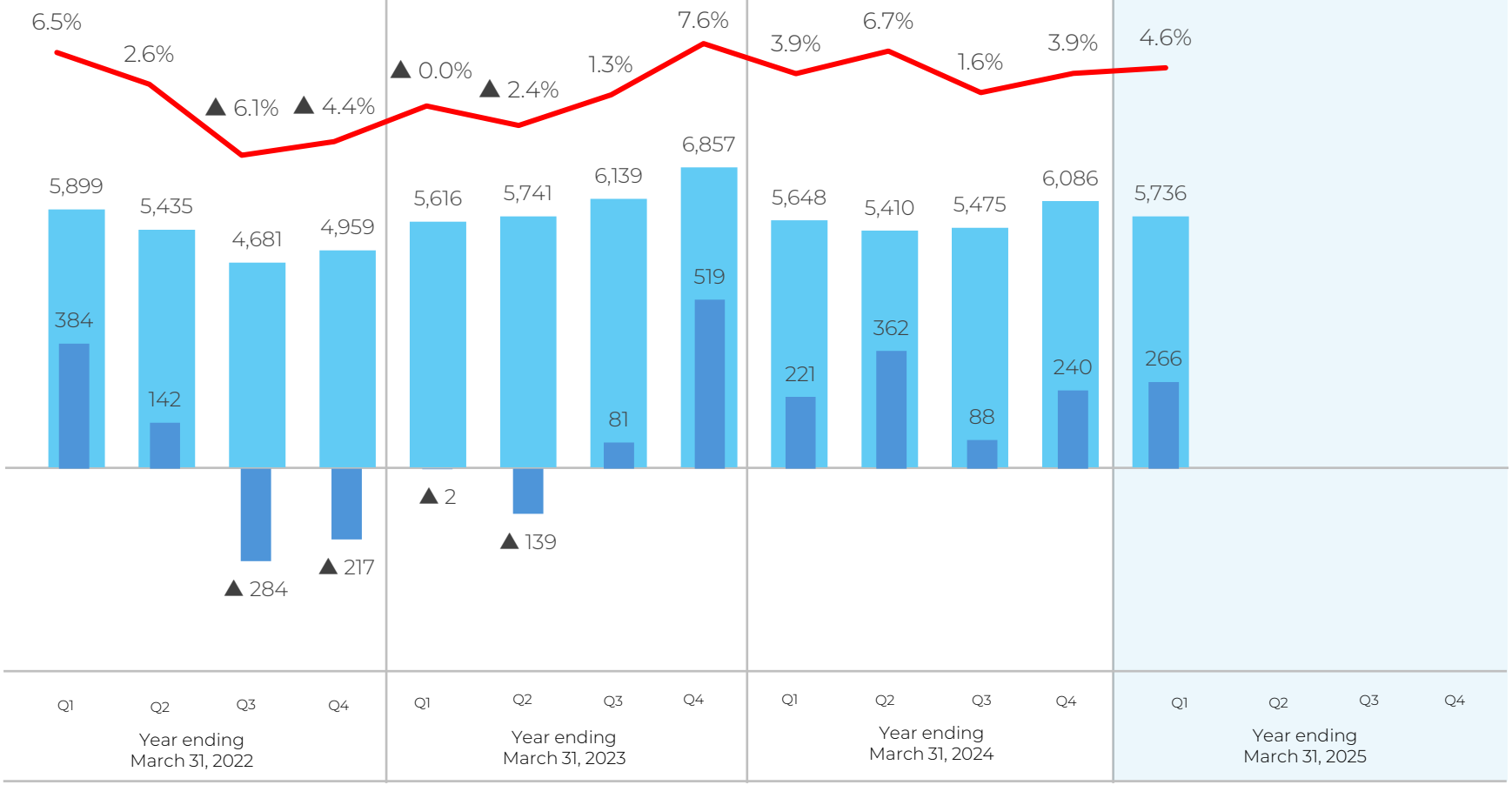
↗ Operating Income Margin　Sales　Operating Income

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[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	24,353	22,619	5,736
Operating Income / Operating Profit	25	460	911	266
Operating Income Margin / Operating Profit Margin	0.1%	1.9%	4.0%	4.6%



※ From FY2023 onwards Geiger USA has been included in Americas segment and no longer included in Europe segment.

↗ Operating Income Margin　Sales　Operating Income

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[Supplementary] Quarterly Segment Results: China

(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	20,146	20,572	18,888	3,340
Operating Income	1,499	1,240	824	▲150
Operating Income Margin	7.4%	6.0%	4.4%	▲4.5%

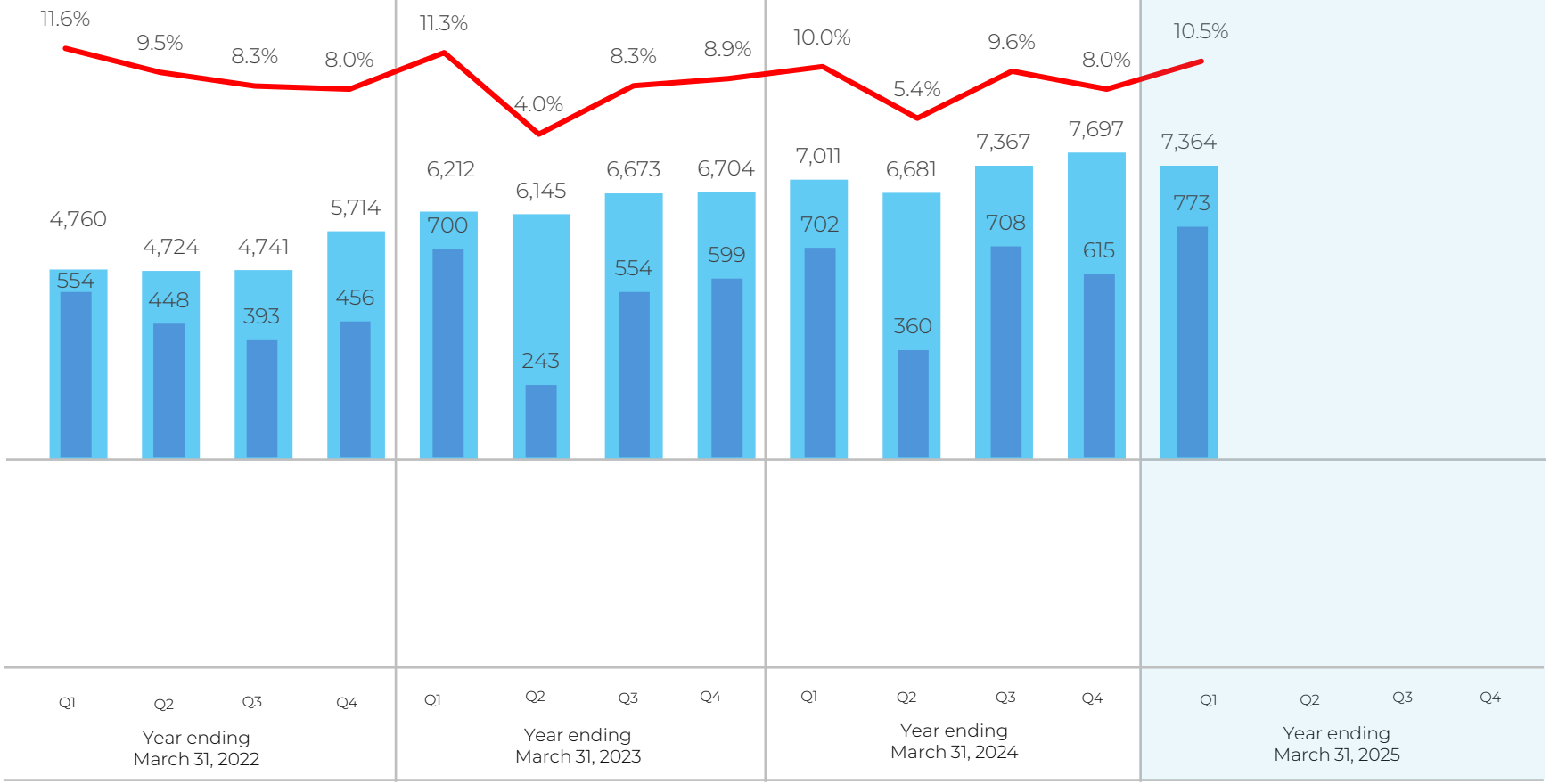


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[Supplementary] Quarterly Segment Results: Asia

(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	7,364
Operating Income	1,851	2,096	2,384	773
Operating Income Margin	9.3%	8.1%	8.3%	10.5%



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