Financial Year ending March 31, 2025 Third Quarter

Explanatory Material

February 7, 2025

Sanoh Industrial Co., Ltd.

Tokyo Stock Exchange: 6584 (Prime)

© 2025 Sanoh Industrial Co., Ltd.

Contents of Explanatory Material for FY24Q3

○ Consolidated Financial Performance

○ Segment Financial Performance

○ Consolidated Non-operating and Extraordinary Items

○ Analysis of Operating Income

○ Consolidated Financial Position

○ Consolidated Cash Flow & CapEx

○ Revision of Consolidated Full-Year Earnings Forecast for FY24

○ Supplementary: Infographic Quarterly Segment Results

FY24Q3 Consolidated Financial Performance

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

Particulars	Quarter ended December 31, 2023		Quarter ended December 31, 2024				Revised Full-Year Forecast for the Fiscal Year Ending March 31, 2025 (announced on February 7, 2025)	
	Amount	%	Amount	%	Variance		Amount	Progress (%)
					Amount	%		
Net sales	114,709	100.0	119,977	100.0	+5,268	+ 4.6	160,000	75.0
Operating income	5,499	+ 4.8	3,620	+ 3.0	▲1,879	▲34.2	5,000	72.4
Ordinary income	5,122	+ 4.5	3,070	+ 2.6	▲2,052	▲40.1	4,500	68.2
Net income attributable to the shareholders of the parent company	2,810	+2.4	1,106	+ 0.9	▲1,704	▲60.6	0	—

Summary of FY24Q3 Financial Performance (YoY)

- **Sales:** Although revenue declined in China due to continued sluggish demand from Japanese OEMs, overall revenue increased, supported by strong sales performance of Japanese OEMs in North America and favorable currency translation effects from yen depreciation.
- **Operating Income:** While price adjustments implemented in the previous fiscal period and stable operations—particularly in the Americas—contributed positively, operating profit declined. This was primarily due to lower revenue in China, continued increases in raw material and labour costs, as well as the impact of one-time expenses recorded in the Americas segment.
- **Ordinary Income:** Decreased by ▲2,052 million yen due to decreased operating income.
- **Net Income:** Decreased by ▲1,704 million yen due to decrease in ordinary income.

Exchange Rate

Currency (1 unit = JPY)	December 31, 2023 (Average Rate)	December 31, 2024 (Average Rate)	Variance
USD	138.1	151.3	+10%
EUR	149.6	164.4	+10%
MXN	7.8	8.6	+10%
RMB	19.6	21.0	+7%
INR	1.7	1.8	+5%
THB	4.0	4.2	+6%
RUB	1.7	1.7	▲1%
BRL	27.6	29.0	+5%

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

FY24Q3 Segment Financial Performance

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

Particulars	Sales			Operating Income		
	Quarter ended December 31, 2023	Quarter ended December 31, 2024	Variance	Quarter ended December 31, 2023	Quarter ended December 31, 2024	Variance
Japan	37,682	36,449	▲1,233	1,935	782	▲1,153
Americas	42,770	51,571	+8,801	726	1,661	+934
Europe	16,533	16,474	▲59	670	▲142	▲813
China	13,087	10,145	▲2,942	254	▲741	▲996
Asia	21,059	22,082	+1,023	1,769	2,056	+287
Adjs.	▲16,421	▲16,744	▲323	144	5	▲139
TOTAL	114,709	119,977	+5,268	5,499	3,620	▲1,879

Highlights of the Quarter Ended December 31, 2024 (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 rose, 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 recorded due to delay in passing on inflationary high costs of material, labour as well as higher 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.

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

FY24Q3 Consolidated Non-operating and Extraordinary Items

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

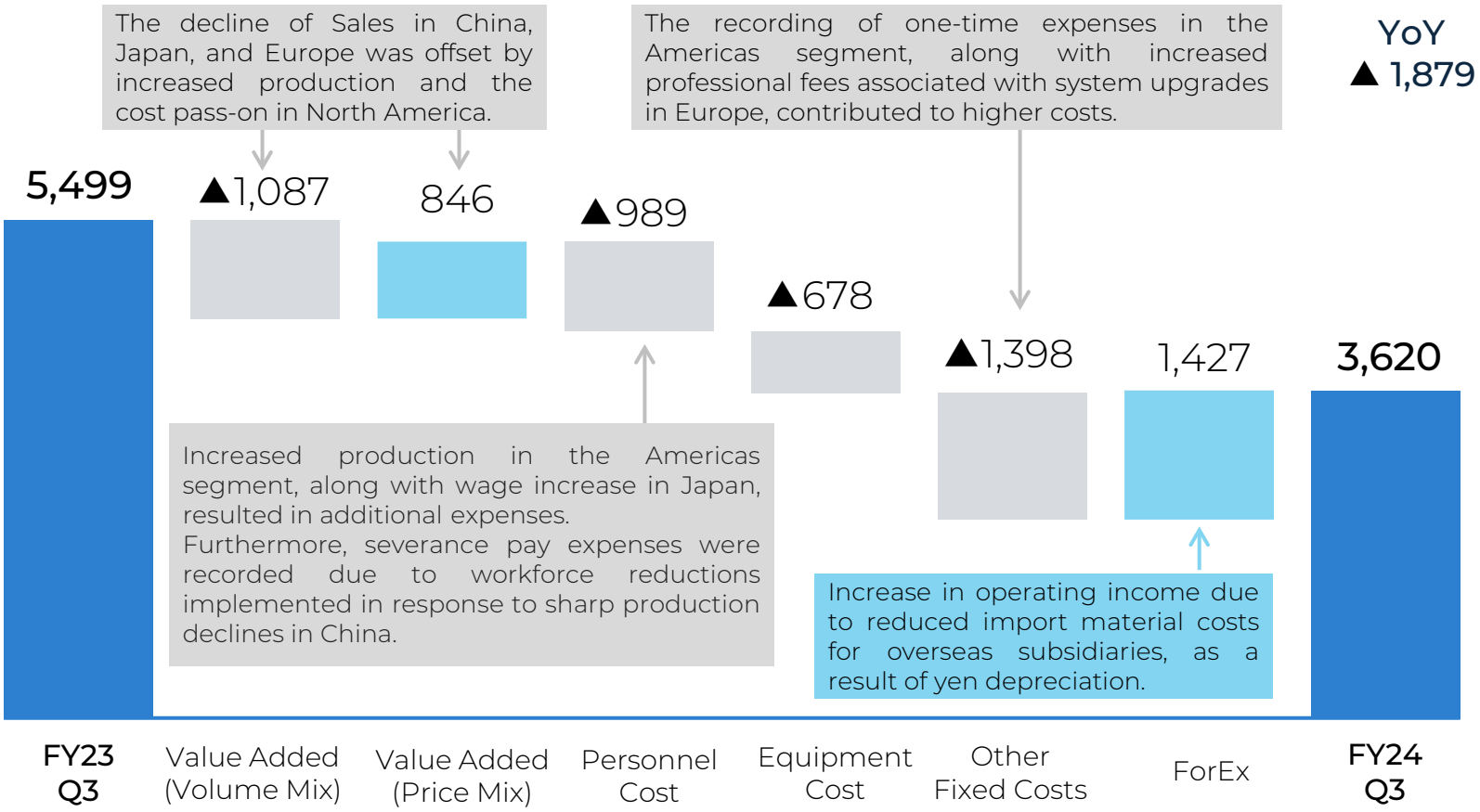
Particulars		Quarter ended December 31, 2023	Quarter ended December 31, 2024			Major Factors for Change
		Amount	Amount	Variance		
				Amount	%	
Operating Income		5,499	3,620	▲1,879	▲34.2	
Non-operating	Income	671	576	▲95		Increase in interest income: +64 Decrease in other non-operating income: ▲193
	Expenses	1,049	1,126	▲77		Increase in interest expenses: ▲44
Ordinary Income		5,122	3,070	▲2,052	▲40.1	
Extraordinary	Gains	222	476	+255		Gain on sales of investment securities: +267
	Losses	499	746	▲247		Loss on Disposal of Fixed Assets: ▲125 (FY23Q3:: ▲174 , FY24Q3: ▲299) Provision for Loss on Damages: ▲124 (FY23Q3: ▲322, FY24Q3: ▲446)
Profit before Income Taxes		4,844	2,800	▲2,045	▲42.2	
Corporate Taxes, etc.		1,533	1,180	+353		
Net Income attributable to Non-controlling shareholders		502	513	▲12		
Net Income attributable to Owners of the Parent Company		2,810	1,106	▲1,704	▲60.6	

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

FY24Q3 Analysis of Operating Income

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

Despite the positive impact of cost pass-on implemented in the previous fiscal period and stable operations, particularly in Americas segment, operating profit declined. This decrease was due to lower revenue in China, rising raw materials and labour costs, 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).

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

FY24Q3 Consolidated Financial Position

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

Particulars	Year ended March 31, 2024		Quarter ended December 31, 2024			
	Amount	%	Amount	%	Variance	Major Factors of Change
Current Assets	**64,329**	57.8	**64,719**	57.9	+391	Total assets: +489 (Increase) ① Cash and Deposits ▲1,197 ② Trade Receivables ▲1,059 ③ Inventory +963 ④ Other Current Assets +1,677 ⑤ Tangible Fixed Assets +892 ⑥ Other Investment Securities ▲863
Fixed Assets	**46,916**	42.2	**47,015**	42.1	+98	
Total Assets	**111,245**	100.0	**111,734**	100.0	+489	
Current Liabilities	**41,219**	37.1	**45,872**	41.1	+4,653	Total liabilities: +2,213 (Increase) ⑦ Short-term borrowings +3,528 ⑧ Other Current Liabilities +1,312 ⑨ Long-term Borrowings ▲2,754 ⑩Provision for compensation losses +446
Fixed Liabilities	**21,738**	19.5	**19,298**	17.3	▲ 2,439	
Total Liabilities	**62,957**	56.6	**65,170**	58.3	+ 2,213	
Total Net Assets	**48,288**	43.4	**46,564**	41.7	▲ 1,724	Net assets: ▲1,724 (Decrease) ⑪ Retained Earnings +87 ⑫ Unrealized Gains on Securities ▲550 ⑬ Foreign Currency Translation Adjustment ▲1,120 ⑭ Non-controlling interests ▲112
Total Liabilities and Net Assets	**111,245**	100.0	**111,734**	100.0	+489	

Note	FY23Q4		FY24Q3
D/E Ratio	0.74	→	0.78
Equity Ratio	40.2	→	38.5

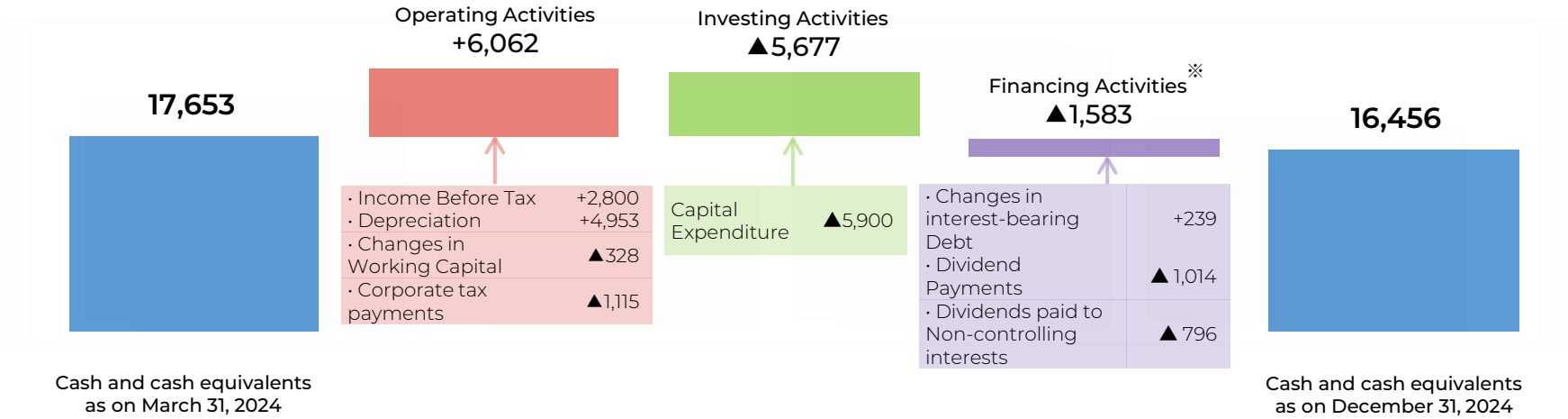
	FY23Q4	FY24Q3
① Interest Bearing Liabilities	33,011	33,502
② Equity	44,684	43,071
① ÷ ②	0.74	0.78

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

FY24Q3 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 (▲12 million yen) have been included in financing activities.

Capital Expenditure/Depreciation

Particulars	Quarter ended December 31, 2023	Quarter ended December 31, 2024	
		Amount	Variance
Capital Expenditure	5,384	5,900	+516
Depreciation	4,520	4,953	+434

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

Revision of Consolidated Full-Year Earnings Forecast for FY24

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

The consolidated full-year forecast has been revised based on the third quarter results and recent performance trends.

Particulars	Full-Year Forecast for Fiscal Year Ending March 2025				Change from Previous Forecast	
	Previous Forecast (May 10, 2024)		Revised Forecast (February 7, 2025)			
	Amount	%	Amount	%	Amount	%
Sales Revenue	162,000	100.0	160,000	100.0	▲ 2,000	▲ 1.2
Operating Income	8,000	+4.9	5,000	+3.1	▲ 3,000	▲ 37.5
Ordinary Income	7,000	+4.3	4,500	+2.8	▲ 2,500	▲ 35.7
Net income attributable to the shareholders of the parent company	4,200	+2.6	0	—	▲ 4,200	—
EPS (JPY)	116.97		0.00		▲116.97	—
Dividend (JPY)	28.00		28.00		—	—

Reasons for the Revision

Sales:
Although sales were expected to increase due to strong performance in North America and favorable currency translation effects from yen depreciation, they are now projected to fall slightly short of the previous forecast due to the impact of significant production cuts in China.

Operating Income and Ordinary Income:
Operating income and ordinary income are expected to fall below the previous forecast, primarily due to declining sales in China and increased fixed costs, including severance-related expenses from workforce reductions. Additional factors include sluggish sales in Europe, delayed implementation of price adjustments to offset rising material and labor costs, and the impact of one-time expenses recorded in the Americas segment.

Net Income:
Net income is expected to be lower than the previous forecast, reflecting the decline in ordinary profit, personnel reduction costs in Europe, and the potential recognition of impairment losses in China.

Supplementary

Infographic Quarterly Segment Results

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

[Supplementary] Quarterly Segment Results: Consolidated

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

Year ending March 31, 2022	Q1	Q2	Q3	Q4
Sales	115,940			
Operating Income	2,183			
Operating Income Margin	1.9%			
Exchange rate (Yen/USD)	109.8			
Sales	29,494	28,625	27,331	30,490
Operating Income	2,059	1,356	▲ 500	▲ 733
Operating Income Margin	7.0%	4.7%	▲ 1.8%	▲ 2.4%

Year ending March 31, 2023	Q1	Q2	Q3	Q4
Sales	137,692			
Operating Income	1,321			
Operating Income Margin	1.0%			
Exchange rate (Yen/USD)	131.4			
Sales	31,054	32,545	37,236	36,858
Operating Income	133	▲ 1,042	631	1,599
Operating Income Margin	0.4%	▲ 3.2%	1.7%	4.3%

Year ending March 31, 2024	Q1	Q2	Q3	Q4
Sales	156,814			
Operating Income	8,053			
Operating Income Margin	5.1%			
Exchange rate (Yen/USD)	140.6			
Sales	36,446	38,109	40,154	42,105
Operating Income	1,112	2,075	2,313	2,554
Operating Income Margin	3.1%	5.4%	5.8%	6.1%

Year ending March 31, 2025	Q1	Q2	Q3	Q4
Sales	119,977			
Operating Income	3,620			
Operating Income Margin	3.0%			
Exchange rate (Yen/USD)	151.3			
Sales	39,143	41,952	38,882	
Operating Income	1,713	671	1,236	
Operating Income Margin	4.4%	1.6%	3.2%	

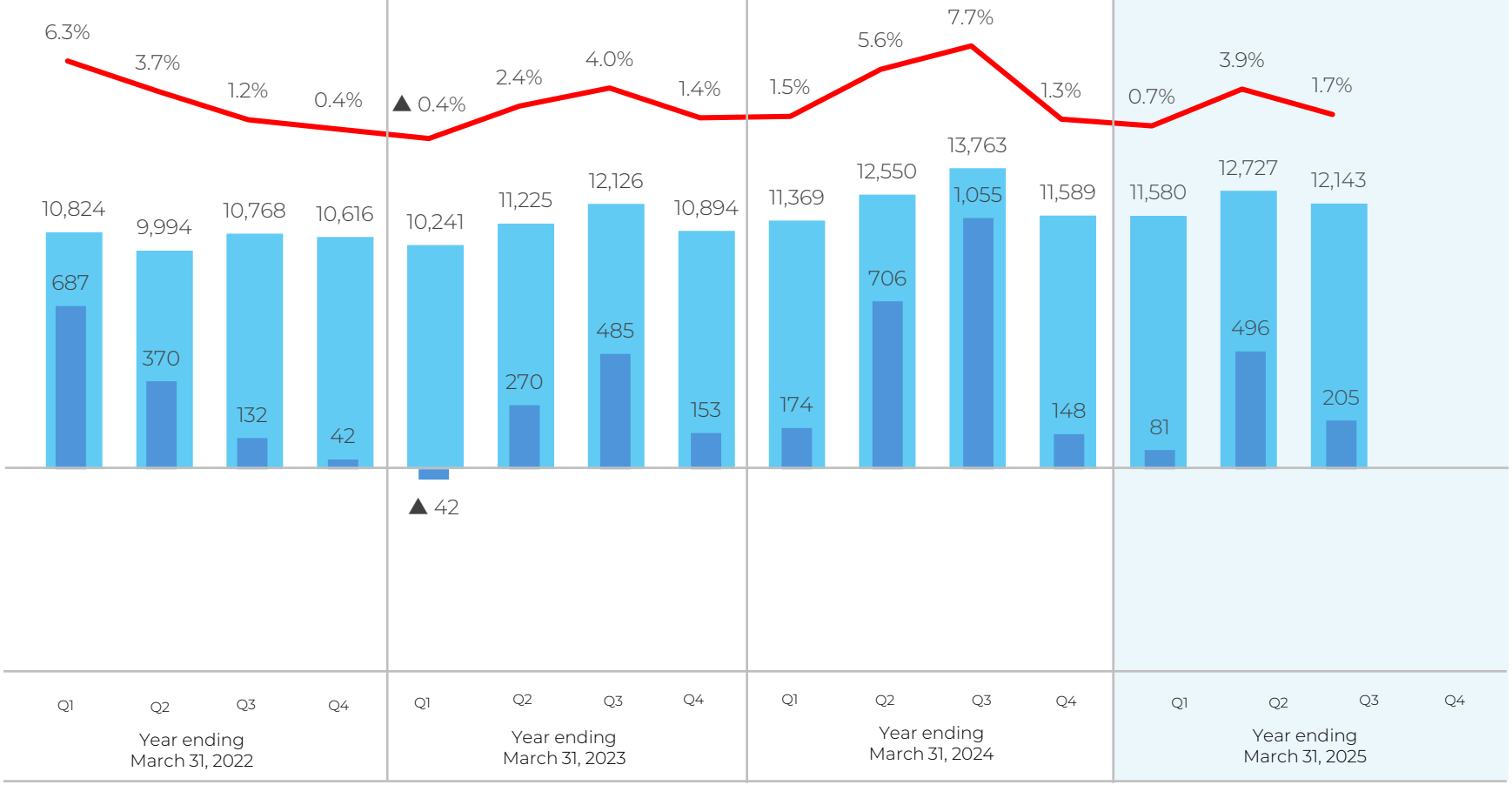
↗ Operating Income Margin　Sales　Operating Income

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

[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	36,449
Operating Income	1,230	865	2,083	782
Operating Income Margin	2.9%	1.9%	4.2%	2.1%
Exchange rate (Yen/USD)	109.8	131.4	140.6	151.3

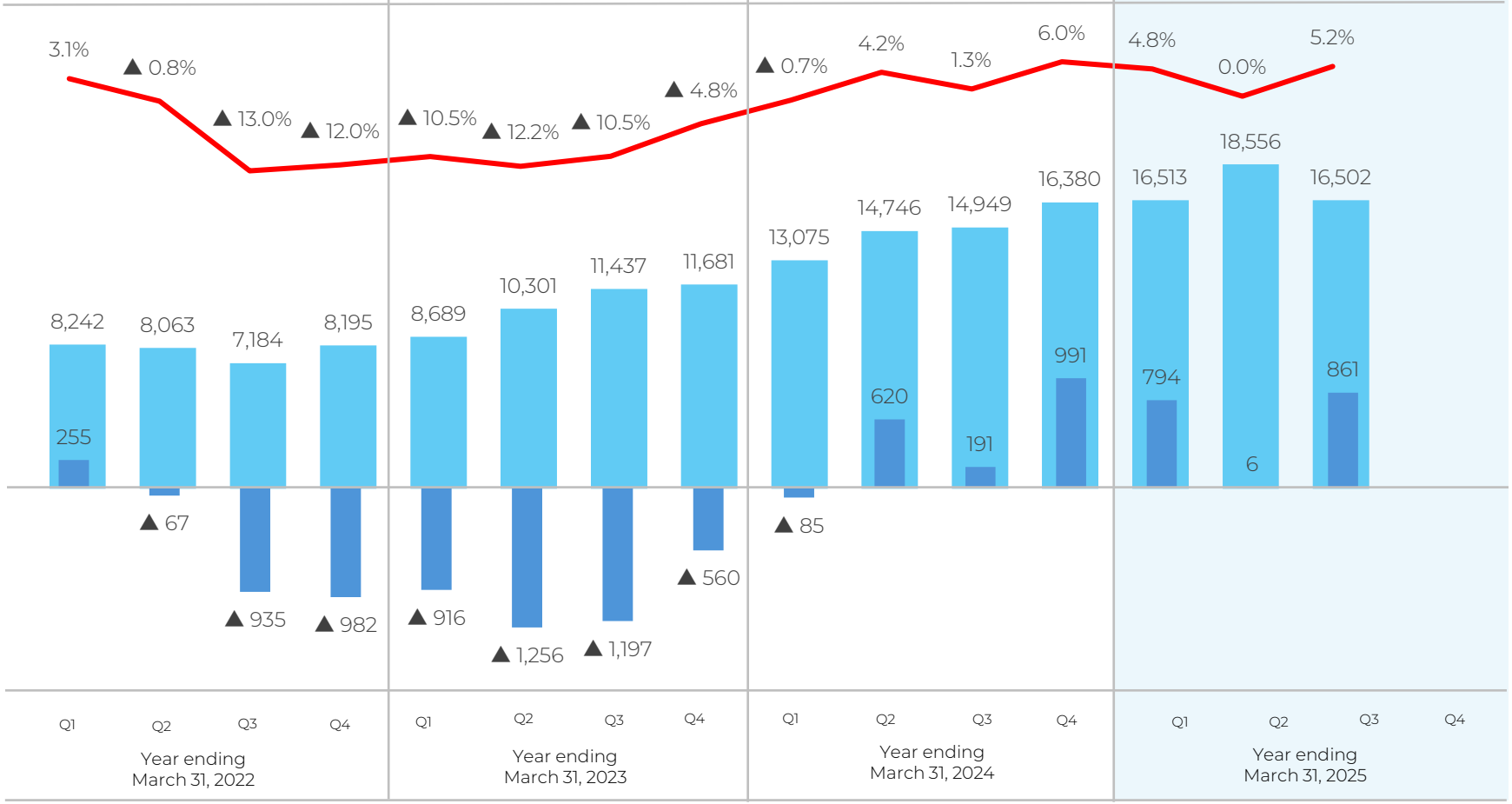


© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

[Supplementary] Quarterly Segment Results: Americas

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

Year ending March 31, 2022	Q1	Q2	Q3	Q4
Sales	31,683	42,107	59,150	51,571
Operating Income	▲1,729	▲3,928	1,717	1,661
Operating Income Margin	▲5.5%	▲9.3%	2.9%	3.2%
Exchange rate (Yen/USD)	109.8	131.4	140.6	151.3



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

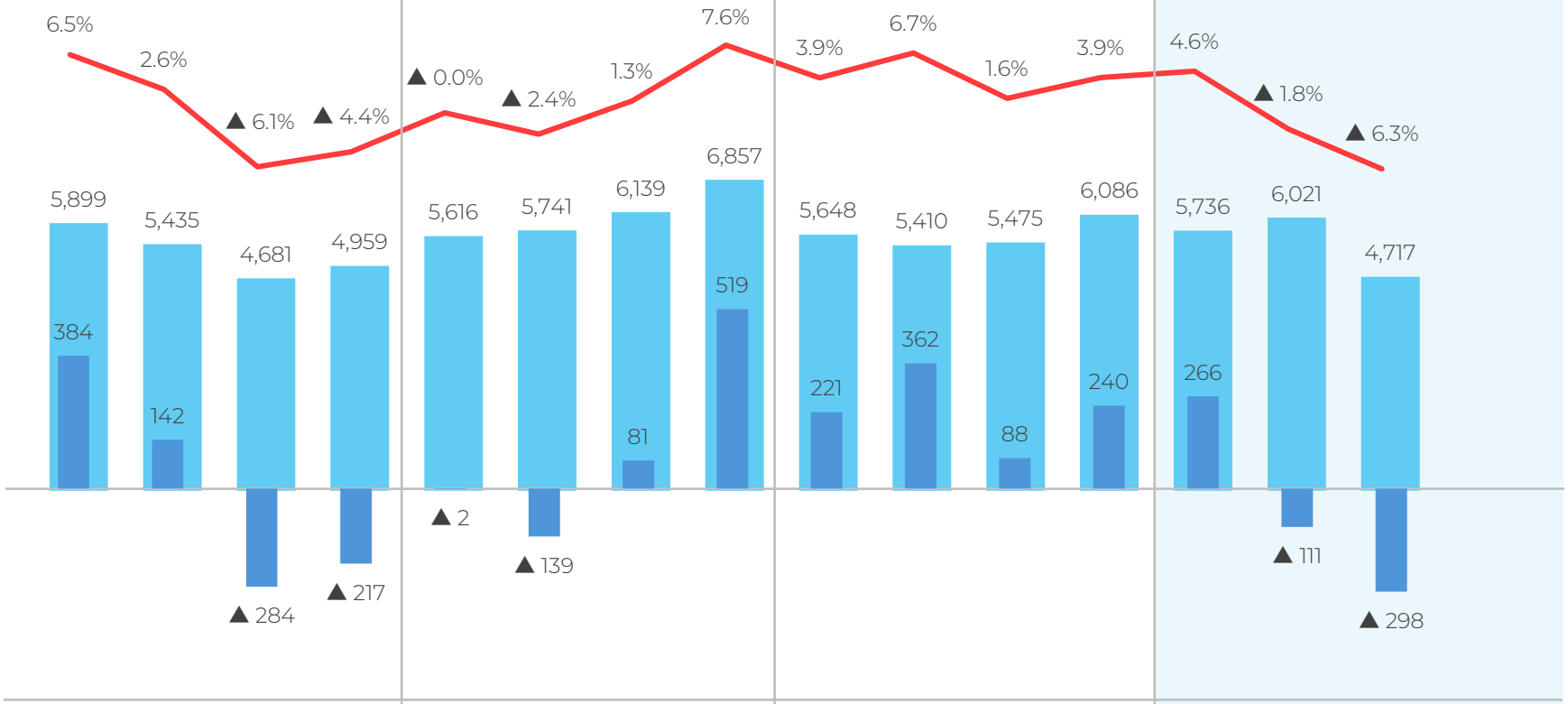
↗ Operating Income Margin　Sales　Operating Income

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

[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	16,474
Operating Income / Operating Profit	25	460	911	▲142
Operating Income Margin / Operating Profit Margin	0.1%	1.9%	4.0%	▲0.9%



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

↗ Operating Income Margin　Sales　Operating Income

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

[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	10,145
Operating Income	1,499	1,240	824	▲741
Operating Income Margin	7.4%	6.0%	4.4%	▲7.3%



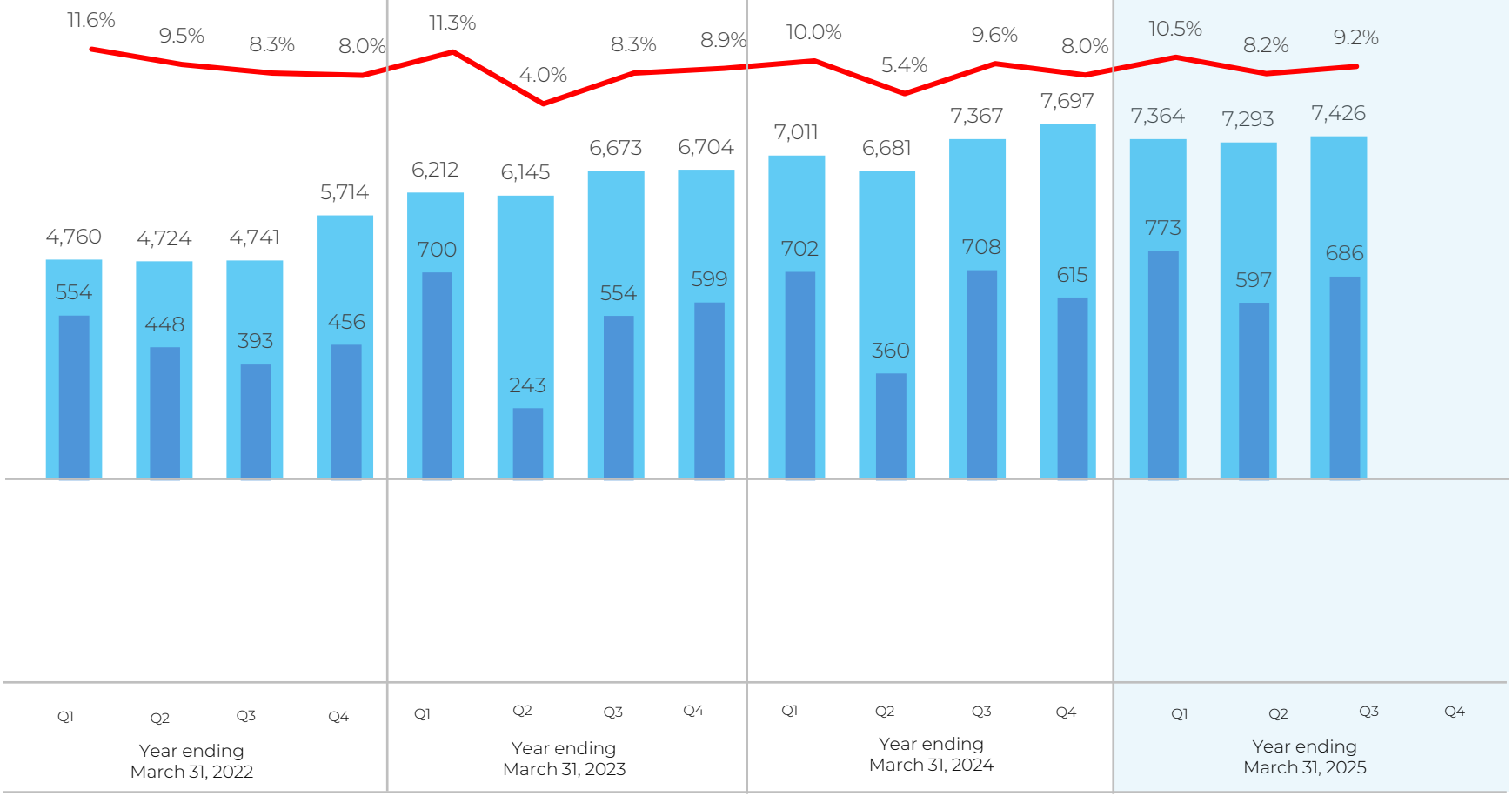
↗ Operating Income Margin　Sales　Operating Income

© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

[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	22,082
Operating Income	1,851	2,096	2,384	2,056
Operating Income Margin	9.3%	8.1%	8.3%	9.3%



© 2025 Sanoh Industrial Co., Ltd. | Explanatory Material for FY24Q3

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.

This presentation is only for the purpose of disclosure of information and should not be construed as an offer or solicitation to invest.

The English version of this presentation has been translated from Japanese. In the event of any discrepancy, the original Japanese version shall prevail.