Financial Year Ending March 31, 2027 – Second Quarter

Explanatory Material

November 12, 2026

Sanoh Industrial Co., Ltd.

Tokyo Stock Exchange: 6584 (Prime)

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FY26Q2 Consolidated Financial Performance

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

Particulars	Quarter Ended September 30, 2025		Quarter Ended September 30, 2026				Full Year Forecast for the Fiscal Year Ending March 31, 2027 (Announced on May 14, 2026)	
	Amount	%	Amount	%	Variance		Amount	Progress (%)
					Amount	%		
Net sales	78,522	100.0	86,265	100.0	+7,743	+9.9	167,000	51.7
Operating income	3,361	+4.3	1,541	+1.8	▲1,821	▲54.2	5,500	28.0
Ordinary income	2,438	+3.1	948	+ 1.1	▲1,490	▲61.1	3,500	27.1
Net income attributable to the shareholders of the parent company	2,979	+3.8	▲244	▲0.3	▲3,223	-	1,500	-

Summary of FY26Q2 Financial Performance (Year-on-Year)

- **Sales:** Increased due to revenue growth in the Americas, including newly consolidated subsidiaries, and the impact of foreign currency translation, despite the absence of the prior-year contribution from new launch sales in Japan and revenue decline in China .
- **Operating Income:** Decreased by ▲1,821 million yen due to lower sales in Japan, higher new launch expenses in the Americas, a partial delay in the price pass-through of cost increases associated with U.S. tariff measures, and higher material costs and additional one-time expenses in Europe.
- **Ordinary Income:** Decreased by ▲1,490 million yen, mainly due to the decrease in operating income, despite foreign exchange gains.
- **Net Income:** Decreased by ▲3,223 million yen, mainly due to the decrease in ordinary income and the absence of the prior-year gain on bargain purchase, partially offset by the absence of restructuring expenses at the German subsidiary.

Exchange Rate

Currency (1 unit = JPY)	September 30, 2025 (Average Rate)	September 30, 2026 (Average Rate)	Variance
USD	148.6	158.2	+6%
EUR	162.2	184.5	+14%
MXN	7.5	9.1	+22%
RMB	20.5	23.1	+13%
INR	1.7	1.7	▲1%
THB	4.4	4.9	+11%
RUB	1.7	2.1	+22%
BRL	25.8	30.7	+19%

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FY26Q2 Segment Financial Performance

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

Particulars	Sales			Operating Income		
	Quarter Ended September 30, 2025	Quarter Ended September 30, 2026	Variance	Quarter Ended September 30, 2025	Quarter Ended September 30, 2026	Variance
Japan	26,742	24,099	▲2,642	1,259	629	▲630
Americas	32,838	41,207	+8,370	1,090	490	▲600
Europe	9,966	11,061	+1,095	88	▲582	▲670
China	5,832	4,202	▲1,629	▲314	▲375	▲61
Asia	14,685	16,194	+1,509	1,426	1,487	+60
Adjs.	▲11,540	▲10,499	+1,041	▲188	▲107	+81
TOTAL	78,522	86,265	+7,743	3,361	1,541	▲1,821

Highlights of the Quarter Ended September 30, 2026 (Year-on-Year)

Japan
(Revenue & Profit Decline)

Revenue decreased as the prior-year sales contribution from high-unit-price new product launches diminished.
Operating profit decreased due to lower value added resulting from the decline in sales, despite the absence of subsidiary acquisition expenses in the current period.

Americas
(Revenue Growth & Profit Decline)

Revenue increased due to robust sales to Japanese customers in North America, U.S. tariff compensation income, and the newly consolidated Mexican subsidiary.
Operating profit decreased due to higher costs associated with preparations for new launches, a partial delay in the price pass-through of cost increases associated with U.S. tariff measures, and foreign exchange effect

Europe
(Revenue Growth & Operating Loss)

Revenue increased due to favorable foreign currency translation effects, while sales remained at approximately the same level as the previous year.
An operating loss was recorded despite cost reductions, including lower personnel expenses associated with plant closures, due to higher material costs and losses arising from inventory-related adjustments.

China
(Revenue Decline & Operating Loss)

Revenue decreased due to the liquidation of a subsidiary and continued weak sales to Japanese customers.
An operating loss was recorded due to lower revenue and losses associated with the liquidation of the subsidiary, despite reduced depreciation expenses following the fixed asset impairment recognized in the previous fiscal year

Asia
(Revenue Growth & Profit Growth)

Revenue increased as higher sales driven by increased production in India, together with favorable foreign currency translation effects, more than offset lower sales in Thailand due to weak market conditions.
Operating profit increased despite higher material and energy costs due to foreign exchange effects and instability in the Middle East, as well as increased personnel expenses, supported by higher sales and effective cost controls in response to production fluctuations.

FY26Q2 Consolidated Non-operating and Extraordinary Items

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

Particulars		Quarter Ended September 30, 2025	Quarter Ended September 30, 2026			Major Factors for Change
		Amount	Amount	Variance		
				Amount	%	
Operating Income		3,361	1,541	▲1,821	▲54.2	
Non-operating	Income	328	437	+109		Interest income: +43 Foreign exchange gain: +78 (FY25Q2: 0 → FY26Q2: +78)
	Expenses	1,251	1,029	+221		Interest expense: ▲221 Foreign exchange loss: +568 (FY25Q2: ▲568 → FY26Q2: 0)
Ordinary Income		2,438	948	▲1,490	▲61.1	
Extraordinary	Gains	2,609	193	▲2,416		Reversal of provision for loss on liquidation of subsidiaries +124 Gain on negative goodwill: ▲2,595 (FY25Q2: +2,595 → FY26Q2: 0)
	Losses	589	35	+554		Special retirement payments: +539 (FY25Q2: ▲539 → FY26Q2 : 0)
Profit before Income Taxes		4,458	1,106	▲3,352	▲75.2	
Corporate Taxes, etc.		1,091	911	+180		
Net Income attributable to Non-controlling shareholders		388	439	▲52		
Net Income attributable to Owners of the Parent Company		2,979	▲244	▲3,223	-	

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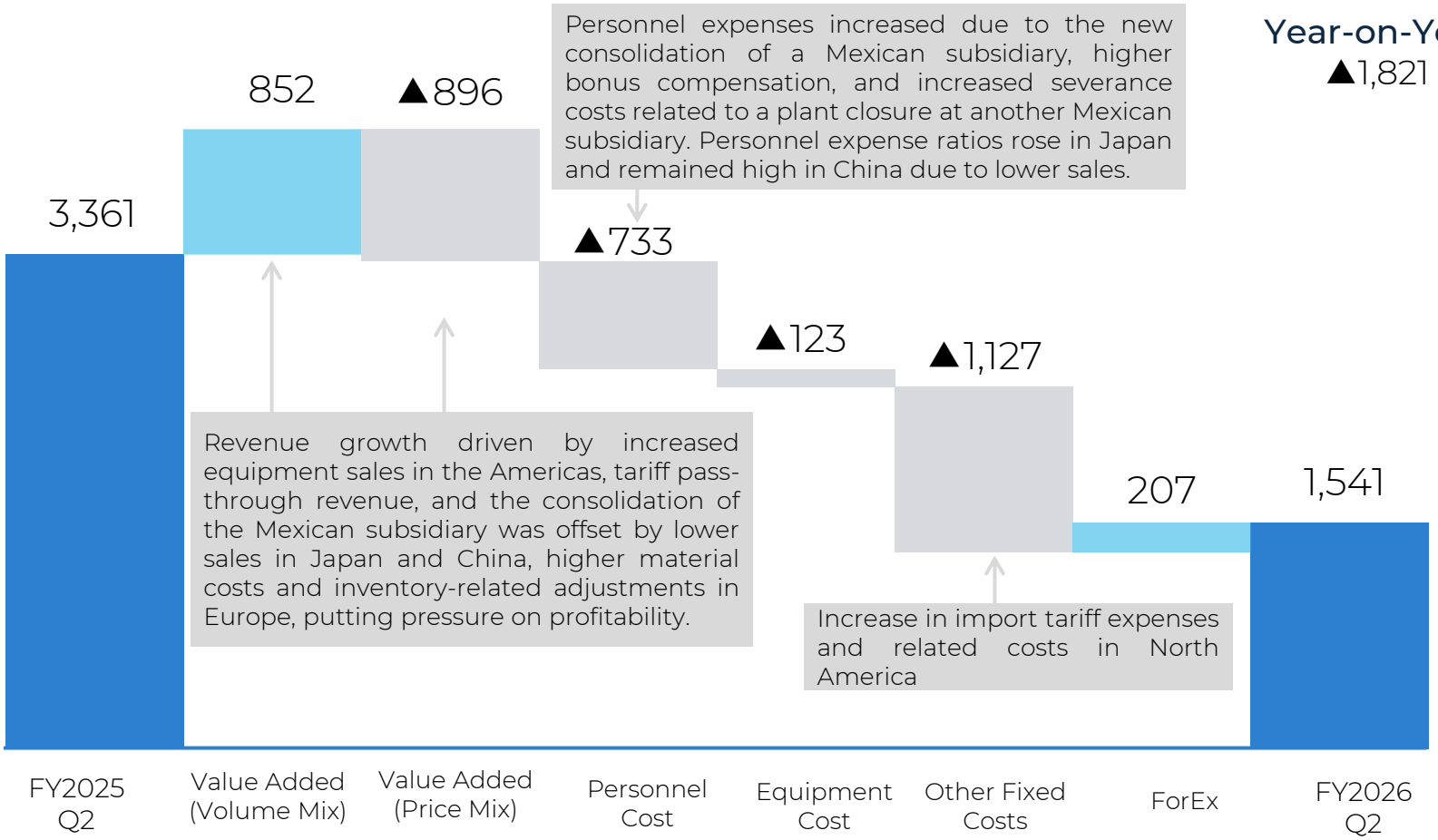
FY26Q2 Analysis of Operating Income

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

Revenue increased on higher sales in the Americas. However, increased fixed cost resulting from lower sales in Japan and China, higher import tariff costs at the U.S subsidiary, higher material costs at the European subsidiary, and inventory-related adjustment led to a year-on-year decline in profit.



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

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FY26Q2 Consolidated Financial Position

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

Particulars	Year Ended March 31, 2026		Quarter Ended September 30, 2026			
	Amount	%	Amount	%	Variance	Major Factors of Change
Current Assets	**83,377**	58.7	**79,207**	56.4	▲4,170	Total assets: ▲1,444 (Decrease) ① Cash and deposits ▲7,372 ② Trade receivables +1,604 ③ Inventories +793 ④ Other current assets +804 ⑤Tangible fixed assets +1,008 ⑥Investment securities +1,483
Fixed Assets	**58,553**	41.3	**61,278**	43.6	+2,725	
Total Assets	**141,929**	100.0	**140,485**	100.0	▲1,444	
Current Liabilities	**52,982**	37.3	**54,629**	38.9	+1,647	Total liabilities: ▲3,196(Decrease) ⑦ Trade payables +747 ⑧ Provision for loss on liquidation(Current) ▲842 ⑨Other current liabilities +2,024 ⑩Long-term borrowings ▲5,351 ⑪Differed tax liabilities +425
Fixed Liabilities	**36,979**	26.1	**32,136**	22.9	▲4,843	
Total Liabilities	**89,961**	63.4	**86,765**	61.8	▲3,196	
Total Net Assets	**51,968**	36.6	**53,720**	38.2	+1,751	Net assets: +1,751 (Increase) ⑫Retained earnings ▲754 ⑬Valuation difference on available-for-sale securities +1,014 ⑭Foreign currency translation adjustment +1,924 ⑮Non-controlling interests ▲381
Total Liabilities and Net Assets	**141,929**	100.0	**140,485**	100.0	▲1,444	

Note	FY25Q4		FY26Q2
D/E Ratio	1.19	→	1.04
Equity Ratio	33.8	→	35.7

	FY25Q4	FY26Q2
① Interest Bearing Liabilities	57,219	51,963
② Equity	48,003	50,135
① ÷ ②	1.19	1.04

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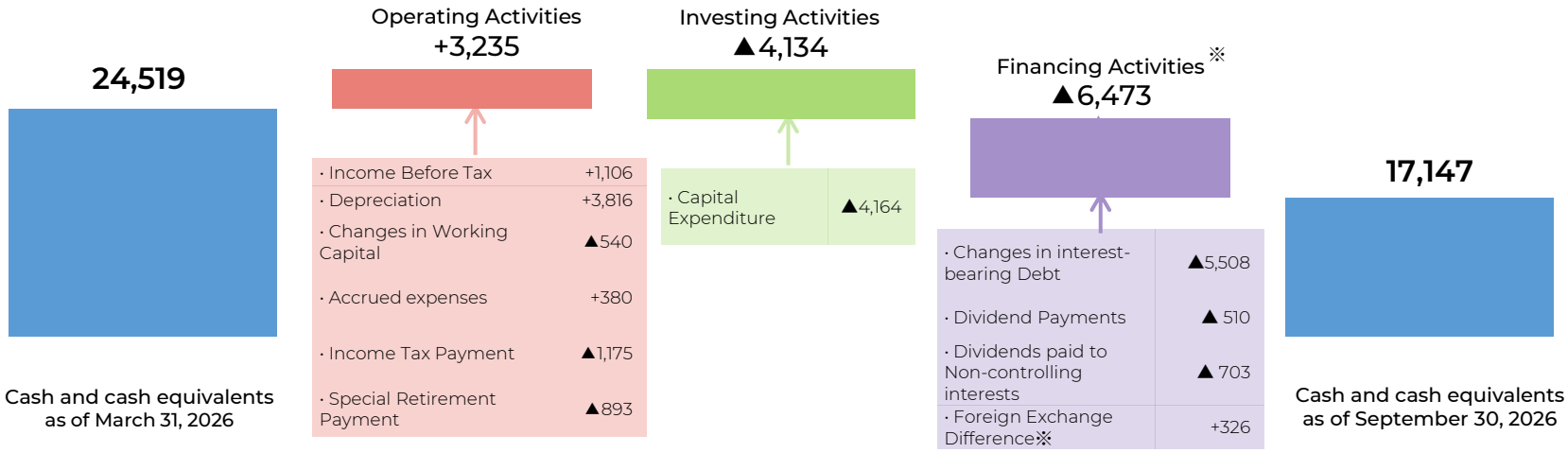
FY26Q2 Consolidated Cash Flow & CapEx

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

Consolidated Cash Flow



※ Translation adjustments related to cash and cash equivalents (+326 million yen) have been included in financing activities.

Capital Expenditure/Depreciation

Particulars	Quarter Ended September 30, 2025	Quarter Ended September 30, 2026	
		Amount	Variance
Capital Expenditure	4,791	4,164	▲627
Depreciation	3,317	3,816	+499

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Supplementary

Infographic Quarterly Segment Results

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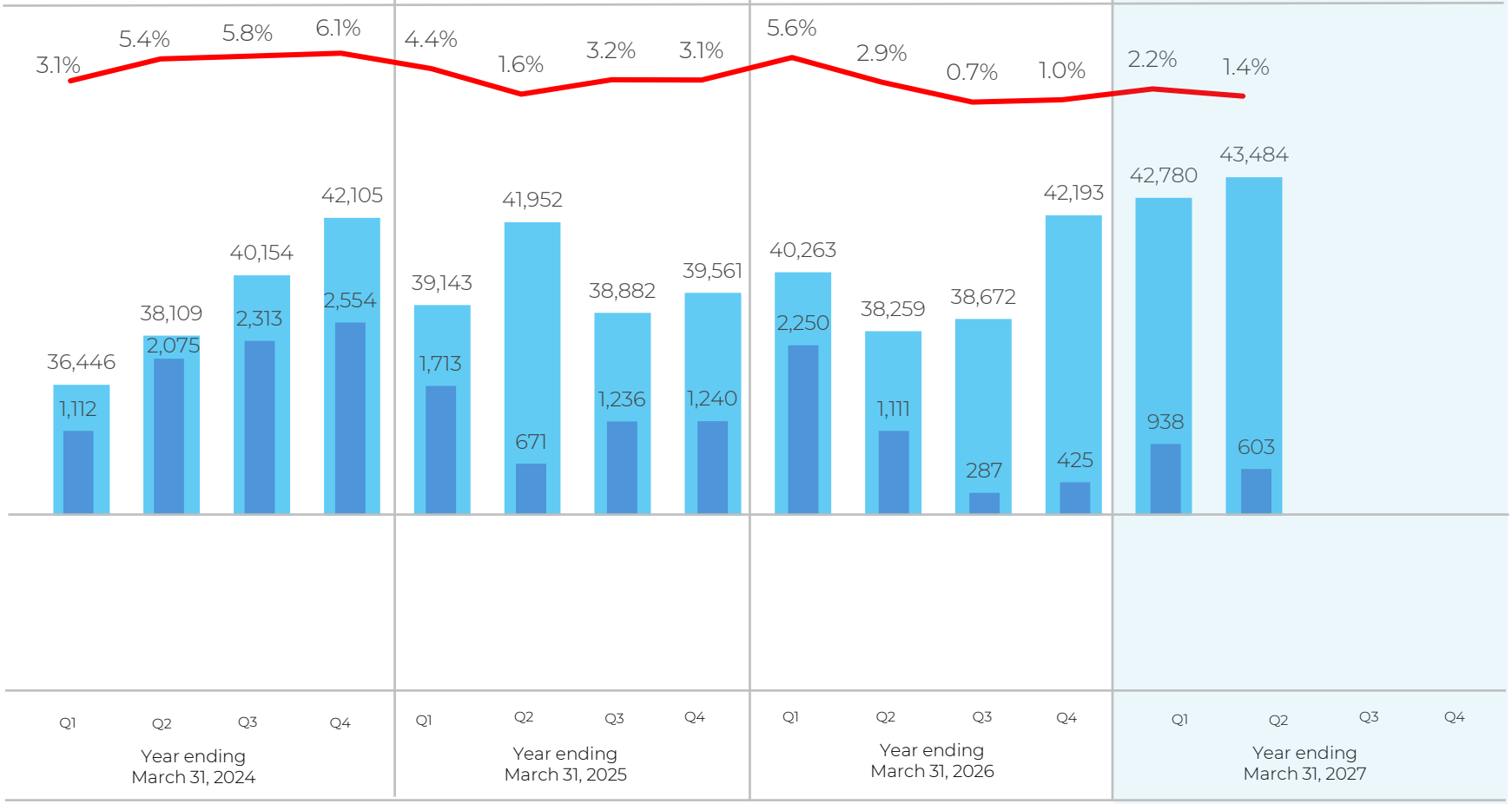
[Supplementary] Quarterly Segment Results: Consolidated

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

Year ending March 31, 2024		Year ending March 31, 2025		Year ending March 31, 2026		Year ending March 31, 2027	
Sales	156,814	Sales	159,538	Sales	159,387	Sales	86,265
Operating Income	8,053	Operating Income	4,860	Operating Income	4,073	Operating Income	1,541
Operating Income Margin	5.1%	Operating Income Margin	3.0%	Operating Income Margin	2.6%	Operating Income Margin	1.8%
Exchange rate (Yen/USD)	140.6	Exchange rate (Yen/USD)	151.6	Exchange rate (Yen/USD)	149.7	Exchange rate (Yen/USD)	158.2



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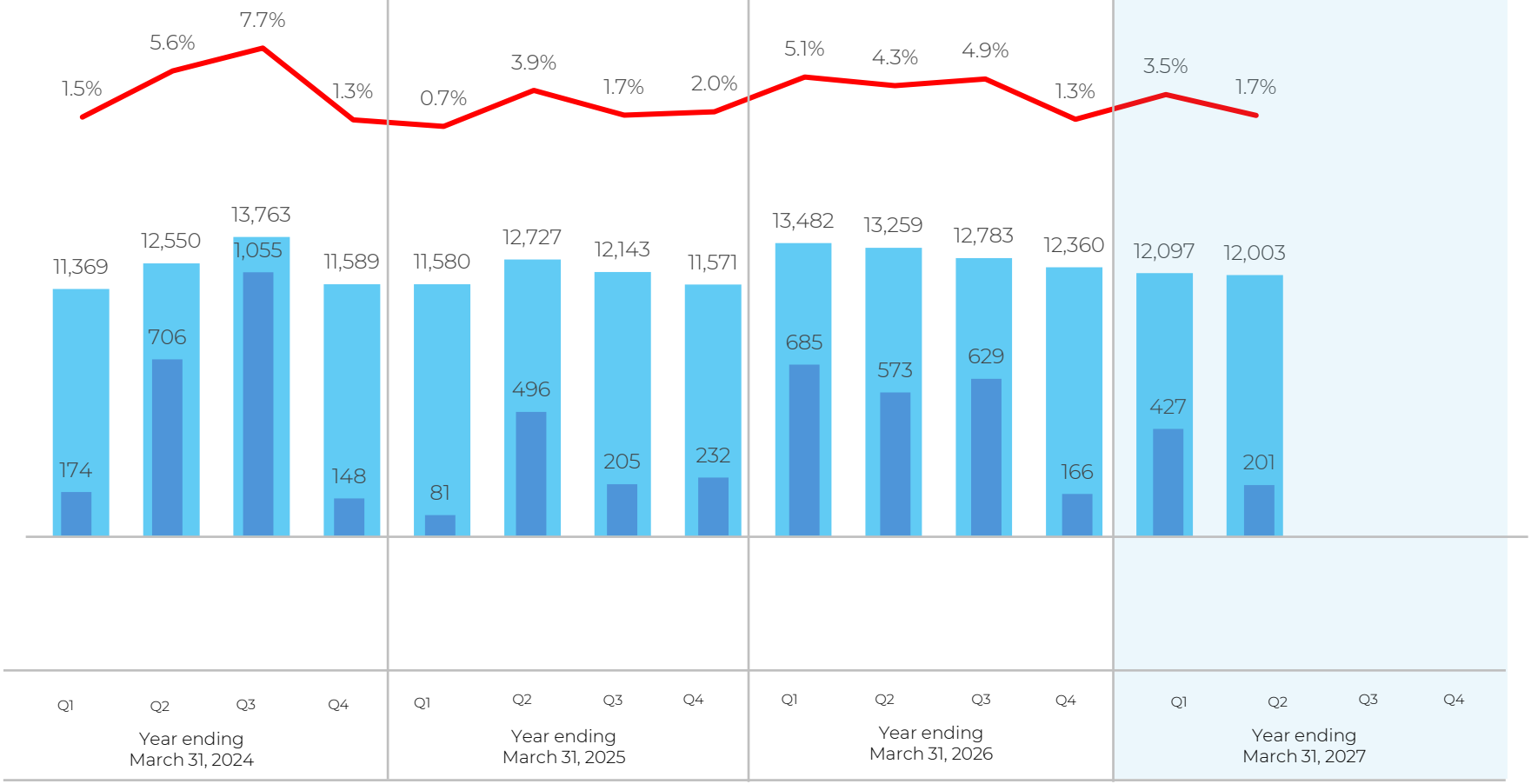
[Supplementary] Quarterly Segment Results: Japan

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

	Year ending March 31, 2024				Year ending March 31, 2025				Year ending March 31, 2026				Year ending March 31, 2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	49,271				48,020				51,885				24,099			
Operating Income	2,083				1,014				2,053				629			
Operating Income Margin	4.2%				2.1%				4.0%				2.6%			
Exchange rate (Yen/USD)	140.6				151.6				149.7				158.2			
Operating Income Margin	1.5%	5.6%	7.7%	1.3%	0.7%	3.9%	1.7%	2.0%	5.1%	4.3%	4.9%	1.3%	3.5%	1.7%		
Sales	11,369	12,550	13,763	11,589	11,580	12,727	12,143	11,571	13,482	13,259	12,783	12,360	12,097	12,003		
Operating Income	174	706	1,055	148	81	496	205	232	685	573	629	166	427	201		



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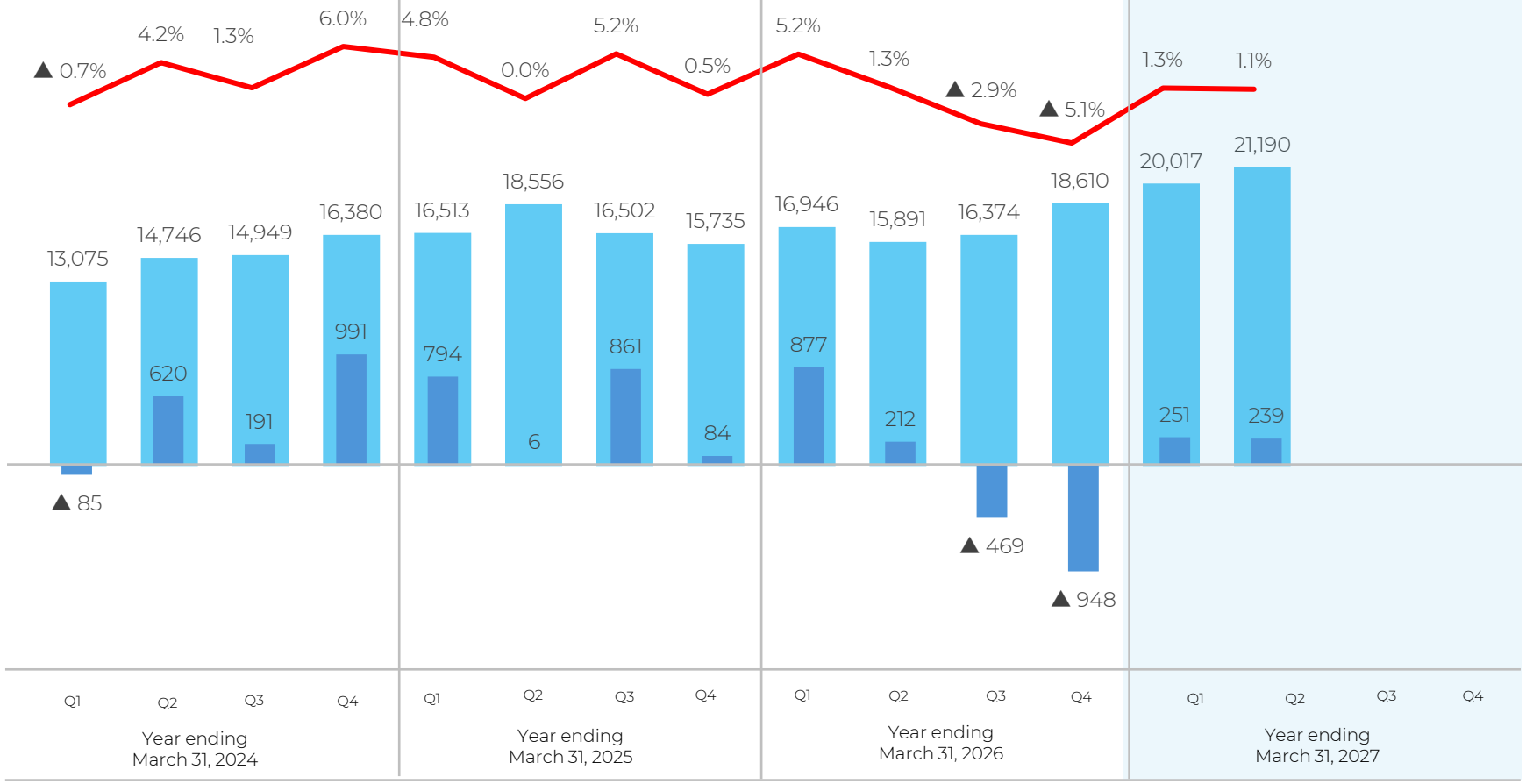
[Supplementary] Quarterly Segment Results: Americas

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

Year ending March 31, 2024		Year ending March 31, 2025		Year ending March 31, 2026		Year ending March 31, 2027	
Sales	59,150	Sales	67,306	Sales	67,822	Sales	41,207
Operating Income	1,717	Operating Income	1,744	Operating Income	▲327	Operating Income	490
Operating Income Margin	2.9%	Operating Income Margin	2.6%	Operating Income Margin	▲0.5%	Operating Income Margin	1.2%
Exchange rate (Yen/USD)	140.6	Exchange rate (Yen/USD)	151.6	Exchange rate (Yen/USD)	149.7	Exchange rate (Yen/USD)	158.2



↗ Operating Income Margin Sales Operating Income

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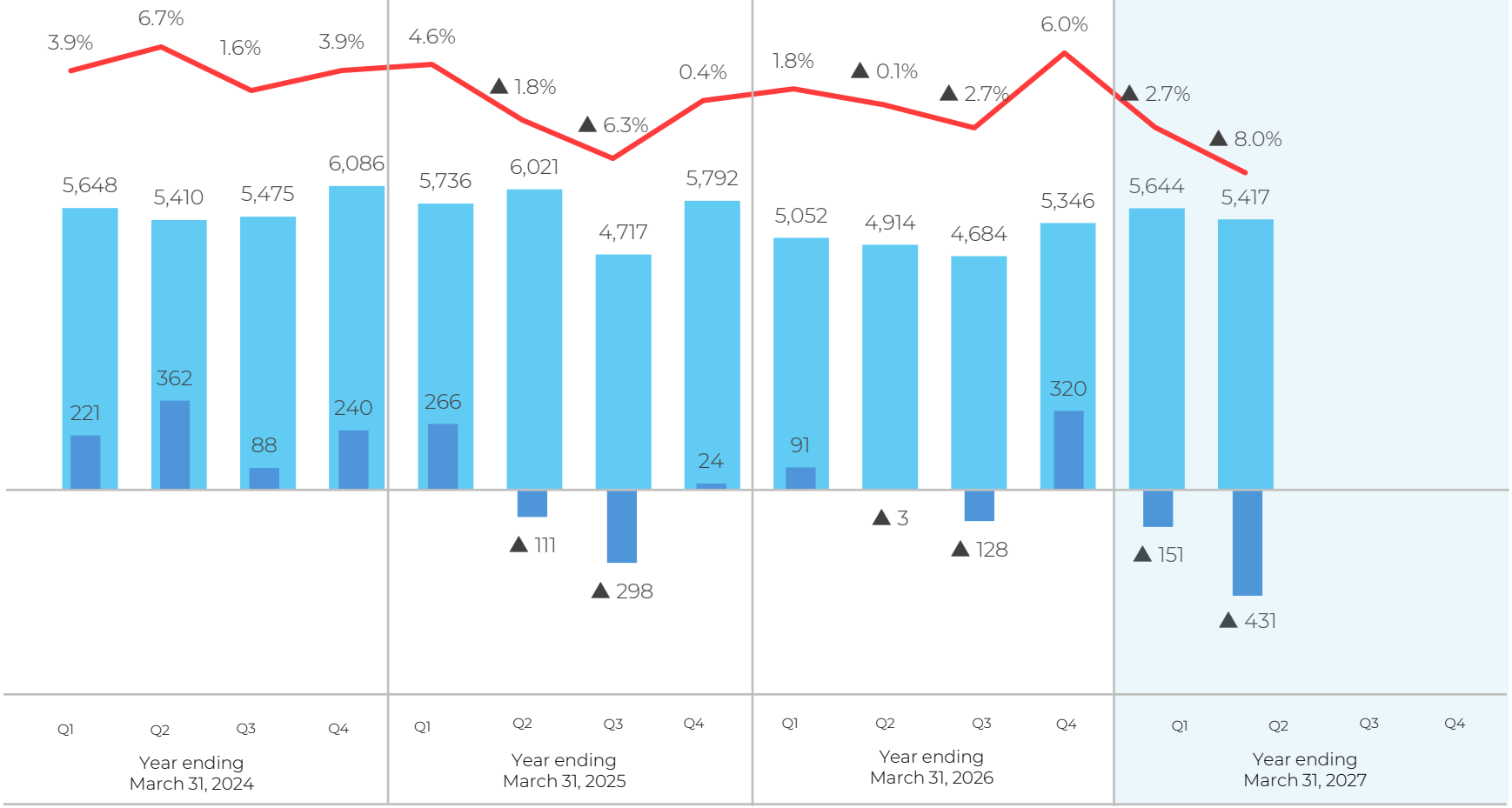
[Supplementary] Quarterly Segment Results: Europe

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

Year ending March 31, 2024		Year ending March 31, 2025		Year ending March 31, 2026		Year ending March 31, 2027	
Sales	22,619	Sales	22,267	Sales	19,996	Sales	11,061
Operating Income	911	Operating Income	▲118	Operating Income	280	Operating Income	▲582
Operating Income Margin	4.0%	Operating Income Margin	▲ 0.5%	Operating Income Margin	1.4%	Operating Income Margin	▲ 5.3%



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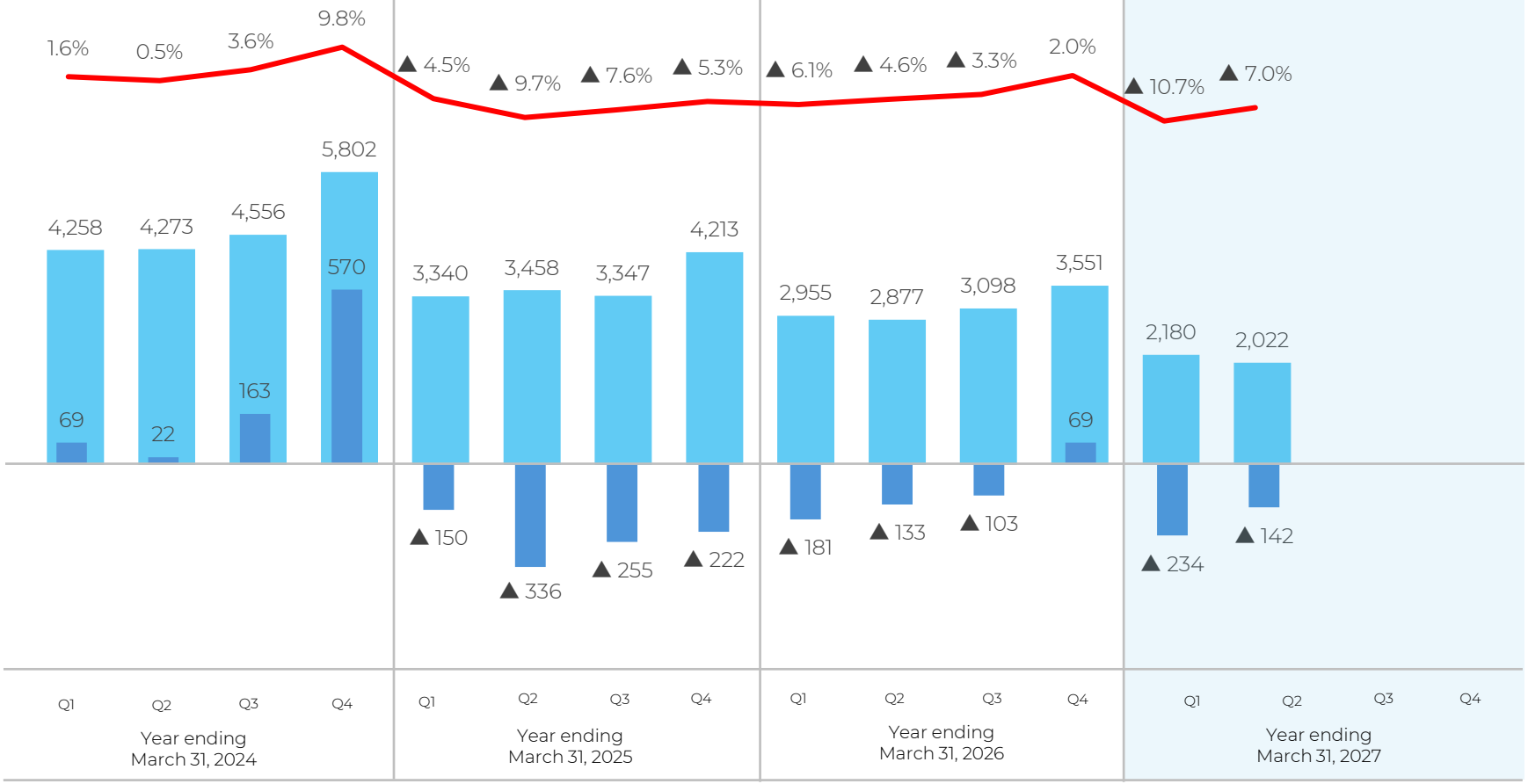
[Supplementary] Quarterly Segment Results: China

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

	Year ending March 31, 2024	Year ending March 31, 2025	Year ending March 31, 2026	Year ending March 31, 2027
Sales	18,888	14,358	12,481	4,202
Operating Income	824	▲ 963	▲ 348	▲ 375
Operating Income Margin	4.4%	▲ 6.7%	▲ 2.8%	▲ 8.9%



↗ Operating Income Margin Sales Operating Income

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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, 2024				Year ending March 31, 2025				Year ending March 31, 2026				Year ending March 31, 2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	7,011	6,681	7,367	7,697	7,364	7,293	7,426	7,519	7,514	7,172	7,305	7,773	8,118	8,076		
Operating Income	702	360	708	615	773	597	686	791	841	586	620	553	752	735		
Operating Income Margin	10.0%	5.4%	9.6%	8.0%	10.5%	8.2%	9.2%	10.5%	11.2%	8.2%	8.5%	7.1%	9.3%	9.1%		
Sales (Total)	28,756				29,601				29,763				16,194			
Operating Income (Total)	2,384				2,847				2,599				1,487			
Operating Income Margin (Total)	8.3%				9.6%				8.7%				9.2%			

↗ Operating Income Margin　　Sales　　Operating Income

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