Integrated Report 2025

Sanoh Industrial Co., Ltd.

Contents

The Best products to the world

Mission and Vision

Our mission is to put forth our best efforts for the sake of the Safety and Security of our stakeholders together with Environmental Conservation through the supply of products and global business activities as a company with a spirit for the handmade.
In order to accomplish this mission, we will aim to Develop People, Develop Systems and Develop Technologies and to become an innovative group of experts.

Corporate Motto

Continuous Improvements in Every Phase of Management

The Sanoh Way

Editorial Policy

This Integrated Report contains reports on corporate activities in line with Sanoh Industrial's corporate philosophy, as well as a wide range of financial and non-financial information. It is published with the aim of aiding stakeholders' understanding of the Sanoh Group. The International <IR> Framework, GRI Standards, Guidance for Collaborative Value Creation, and other standards were referred to in the editing of this report.

Reporting Period

From April 2024 to March 2025
(also includes some information for April 2025 and later)

Organizations Covered by the Report

In principle, this report covers Sanoh Industrial Co., Ltd. and its subsidiaries and affiliated companies. In any instances where this is not the case, it will be stated.

Published

September 30, 2025

Disclaimer Regarding Forward-Looking Statements

The forward-looking statements in this report are based on information available to the Company at the time of publication and certain assumptions deemed to be reasonable. Actual financial results, etc. may differ materially from those presented in this document, dependent on a number of factors.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Highlights of Integrated Report 2025

01 Sanoh Industrial's DNA: 85th Anniversary Special Dialogue

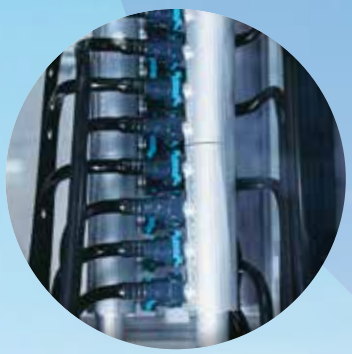
Since its foundation over 80 years ago, Sanoh Industrial has continually embraced challenges and undergone transformation. Chairman Yozo Takeda talks with Professor Akie Iriyama of Waseda University, who serves as our Outside Director, about the "DNA of self-reform" that is etched into Sanoh's history, as well as our future initiatives. What is the spirit of embracing challenges that Sanoh has passed down through the ages? This dialogue traces its origins.

pp. 05 – 08

02 President's Commitment In Preparation for a New Stage of Growth

Sanoh Industrial continues to embrace challenges and undergo transformation. President Genya Takeda outlines our strategy for pursuing new businesses and transforming our business structure to achieve future growth and enhance corporate value.

pp. 17 – 20



Koga Plant (Head Office) (Koga City, Ibaraki Prefecture)
CITA (Center for Innovation, Technology, and Analysis)

Sanoh's DNA — Self-reform & Diversity

History

Founded in

1939

Sanoh Industrial, founded as Omiya Kohku Kogyo, celebrated its 85th anniversary in 2024.

Reference ▶P03 History of Value Creation and Keywords
▶P05 Special Feature Dialogue Commemorating 85 Years of Business

Origin of the Company Name "Sanoh"

Shochu(*) Brand Name

The company name is derived from "Sanoh," a *shochu* that served as the flagship product of our brewing business in the post-World War II era.

*Japanese Distilled spirit

Main Bu

Mainstay businesses

Automotive parts business

Global market share in automotive tubing:

 # 2 (Company estimate)

As an independent supplier, we deliver products worldwide that underpin car's basic functions of driving, steering, and braking, and have established a solid position in the global automotive tubing market.

Reference ▶P15 Products of Sanoh Industrial❶
▶P23 Mid-Term Strategy and Target

Trends in consolidated sales (JPY 100 million)

1st Founding (Early Era)

The Origin of Sanoh's DNA

2nd Founding (Entry into Automotiv

Start of Automotive Parts Manufacturing F

Sanoh Industrial milestones

March 1939

Founded as Omiya Kohku Kogyo Co., Ltd. Established Omiya Factory and began the manufacture of aircraft body parts

December 1942

Launched Koga Factory

September 1945

World War II ended. The company name changed to Takeda Sangyo Co., Ltd., and shifted its business

October 1949

Company name changed to Sanoh Kajo Co., Ltd.

March 1952

Company name changed to Sanoh Industrial Co., Ltd.

May 1959

Shut down the distilling division, and transferred the entire distilling licenses and distiller facilities

October 1961

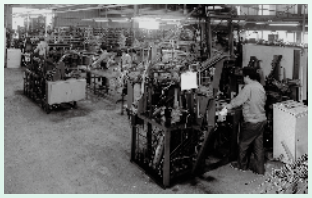
Stock listed on the Tokyo Stock Exchange, Second Section

April 1962

Concluded a technological support agreement with Higbie concerning the manufacture of double-wall tubing

August 1962

Began the manufacture of wire condensers for refrigerators and showcases



November 1969

Concluded a technological support agreement with Higbie concerning the manufacture of single-wall tubing

May 1972

Developed a copper brazing deposition method for automotive exhaust parts and electrical equipment parts

April 1978

Created the Overseas Division in the Sales Department

September 1978

Established PT. Sanoh Indonesia in Indonesia and began the manufacture and sale of wire condensers for refrigerators to Japanese-affiliated home appliance makers, marking the first step in expanding overseas

June 1981

Installed a continuous hot forming furnace for nylon tubing production

June 1986

Established HiSAN Inc. (now Sanoh America, Inc.) and began the manufacture and sale of automotive tubing products to Japanese-affiliated auto parts makers in the US

sinesses

New businesses

Data center business

Production solutions business

Wire condensers business for refrigerators

Amid an increasingly uncertain business environment, we are committed to building a resilient multi-portfolio by fostering new business pillars beyond automotive parts.

Reference ▶P16 Products and Services of Sanoh Industrial②
▶P24 Mid-Term Strategy and Target

Global Development

Segment

Japan, Americas, Europe, China, and Asia

With five regions as our business segments, we operate approximately 80 locations worldwide. We are a global company, with a higher sales ratio overseas than in Japan.

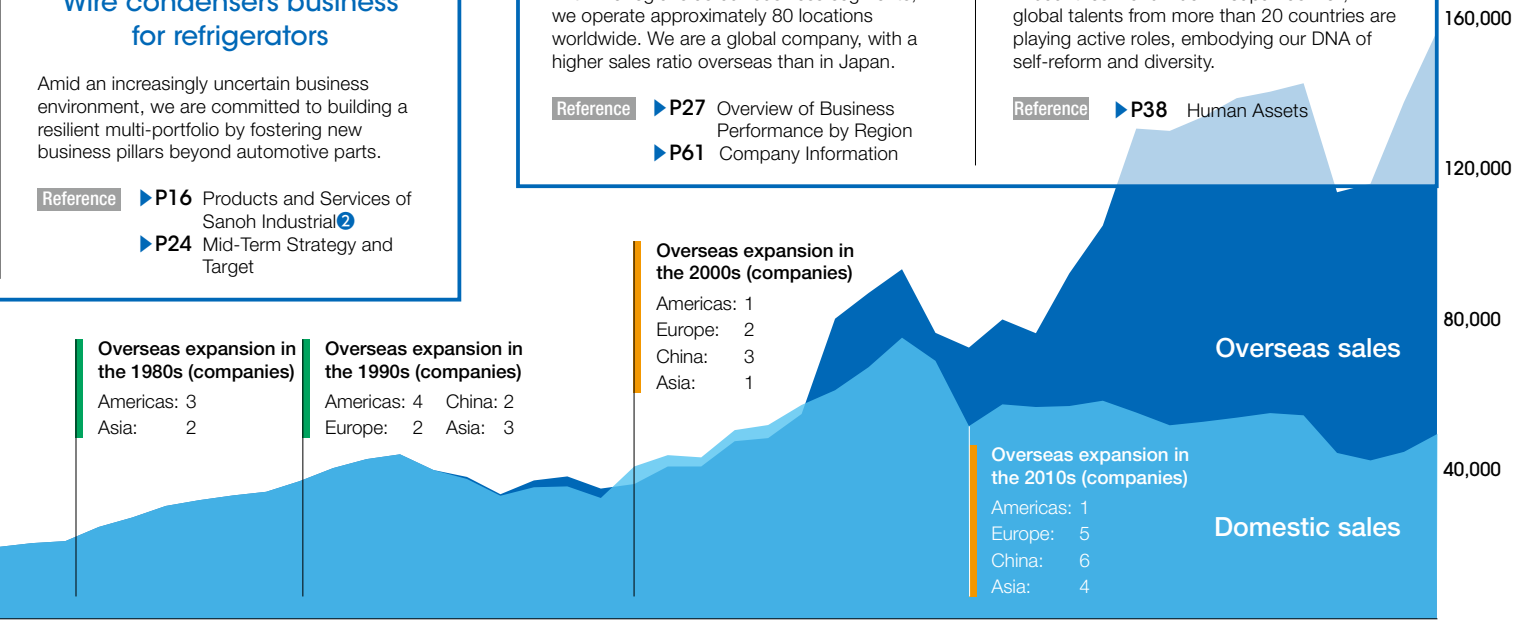
Reference ▶P27 Overview of Business Performance by Region
▶P61 Company Information

Number of consolidated employees

7,748

Sanoh Industrial Group employees are active in countries worldwide. In Japan as well, global talents from more than 20 countries are playing active roles, embodying our DNA of self-reform and diversity.

Reference ▶P38 Human Assets



e Industry and Global Expansion)

rom Sanoh Industrial to Global Sanoh Group

Toward 3rd Founding

Toward Building a Multi-Portfolio

August 1990
Established Sanoh Industrial de Mexico S. A. de C. V. in Mexico

May 1991
Established Bristol Bending Sanoh Ltd. in the UK (now Sanoh UK Manufacturing Ltd.)

March 1997
Obtained an ISO 9001 certification

April 1997
Established STI Sanoh India Ltd. (now Sanoh India Private Limited) in India

December 1998
Stock listed on the Tokyo Stock Exchange, First Section

April 1999
Established Guangzhou Sanoh Seikan Co., Ltd. in China

October 2000
Sanoh's nickel-metal-hydride batteries used in Honda's ASIMO humanoid robot

March 2002
Obtained an ISO 14001 certification

October 2013
Acquired ownership of Geiger Automotive GmbH in Germany as a subsidiary

July 2019
Conducted a successful continuous power generation test of a new type of thermoelectric generator

September 2020
Announced the use of Sanoh's plastic tube products for cooling water in the Fugaku supercomputer

May 2021
Formulated the Mid-term Strategy and Target

April 2022
Transited to the Prime Market of the Tokyo Stock Exchange

May 2022
Announced that Toyota Motor Corporation had adopted our product for its "bZ4X," a SUV model BEV

June 2022
Announced that Nissan Motor Co. had adopted our product for its "Nissan Sakura," an all-new, all-electric mini-vehicle

February 2024
Announced the development of a liquid cooling device for data centers

June 2024
Announced the development of cooling plates for batteries (cylindrical batteries) for electric vehicles.
Enhanced the production capacity of wire condensers for refrigerators in India

April 2025
Launched new water- and liquid-cooled thermal management products for data centers

July 2025
Acquired Winkelmann Powertrain Mexico S. de R.L. de C.V. in Mexico as a subsidiary

Dialogue

What is Sanoh Industrial?

Exploring the Nature and Origin of the Self-Reform in Sanoh's DNA

Yozo Takeda Representative Director, Chairman and CEO

Born in 1949. Worked at a general trading company and joined Sanoh in 1978. Served in various roles, including as the Manager of the Development Engineering Division, Production Headquarters, and was appointed as the Representative Director and President in 1995. Has served as CEO since 2000 and as Chairman since 2012.

Akie Iriyama Outside Director

Born in 1972. After working in a consulting position at Mitsubishi Research Institute , began serving as an Assistant Professor at Buffalo State, The State University of New York in 2008. Has served as an Associate Professor at the Graduate School of Commerce, Waseda University (currently Graduate School of Business and Finance) since 2013 and as a Professor since 2019. Appointed as an outside director of the Company in 2020. Specializes in economic strategy and international management theory. Highly active in various media channels.

We live in an age of VUCA, short for volatility, uncertainty, complexity and ambiguity, marked by global instability, drastic shifts in domestic industrial structure, and increasingly critical societal and environmental challenges. Amid these conditions, Sanoh Industrial is proceeding toward a new stage, guided by its principles of "self-reform" and "diversity." Since its founding in 1939, Sanoh Industrial has continually reformed its business in step with the changing times. The origin of this approach lies in the bold ventures of Giichi Takeda, the Company's founder. In this dialogue, Chairman Yozo Takeda and Outside Director Akie Iriyama explore Sanoh Industrial's DNA that carries us forward to the future while reflecting on the past.

* The company names and designations appearing in this text are those used at the time, in order to accurately reflect the historical context, and may differ from current names.
This dialogue is reproduced from an employee self-development event held on July 31, 2023.

section 1

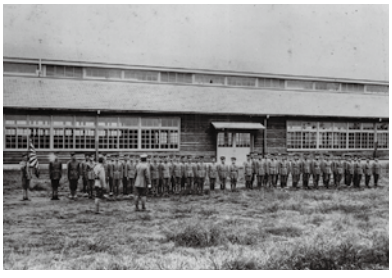
Before WWII

Giichi Takeda lays the foundations

Takeda Looking back on the Company's history, we can see that it has been a successions of daring ventures and changes. The drive to venture into unknown fields has been well-established since the time of our founder. Today, I'd like to share that DNA with everyone again and explain what it means for the future.

Iriyama We're not exploring history for the sake of nostalgia. History helps us to understand how crises were overcome and what lessons were accumulated, and this knowledge can serve as a base for future reforms. First, let's look back on the time of our founding. Genya Takeda is the sixth president of the Company, and you were the fourth president. What kind of person was Giichi Takeda, the Company's founder?

Giichi Takeda



The Company's beginnings

Takeda He was born in 1894 in the town of Daishojimachi in Ishikawa Prefecture. After graduating from the College of Law at Kyoto Imperial University, he joined Suzuki Shoten in Kobe in 1918. At the time, Suzuki Shoten was one of Japan's foremost general trading companies, and Giichi worked as the secretary and lawyer of its general manager, Naokichi Kaneko. Giichi was present at contracts and M&As that supported the company's rapid growth, and gained first-hand experience of spinoffs and business expansion in Japan and abroad.

Iriyama That is an amazing amount of experience. Surely learning international negotiation firsthand gave him a foundation for entrepreneurship. After that, he entered politics, successfully running as a candidate for the Constitutional Democratic Party in the 1930 House of Representatives election. From there he went on to serve in the very center of government, holding positions such as Minister of State and Minister of Health and Welfare.

Takeda As a politician, the thing Giichi valued most was promotion of industry, which was also a national policy at the time. Over his life, he founded 20 or more companies, including in his native Hokuriku. One of these companies was Omiya Kohku Kogyo, which went on to become Sanoh Industrial.

Iriyama Looking at the list of companies he founded, we can find trading companies that survive today, processing technology companies, and names like "Karafuto Tundra Industries"—such a wide range.

Takeda It really took a lot of vision to start an industrial venture in Karafuto (Sakhalin). However, it wasn't necessarily a move rooted in strategic management theory. Giichi was the type of man who took bold action, relying on his own keen judgement and discernment, and swift decision-making. Willingness to take on challenges in unexplored fields and contribute to people and society. I think that was the DNA that Giichi left to Sanoh.

section 2

The 1st Founding

From Omiya Kohku Kogyo to Sanoh Industrial: beyond the turmoil of war

Iriyama You mentioned Omiya Kohku Kogyo, which was founded in 1939. I guess that could be considered the initial founding of Sanoh Industrial's establishment.

Takeda The base was built in Ota City, Gunma Prefecture, because Omiya Kohku Kogyo had a close relationship with Nakajima Aircraft Co. Ltd., the predecessor of Subaru Corporation. Nakajima Aircraft had factories in Gunma Prefecture, manufacturing aircraft for the navy in Tatebayashi and for the army in Ota. At Nakajima Aircraft's request, Omiya Kohku Kogyo brought its operations from Omiya in Saitama Prefecture, which is how the current plant was established. So the location was determined by the request from Nakajima Aircraft. At the time, the Company's main focus was on aluminum die casting and welded components, and made part of the landing gear of the Hien, an aircraft. This required high advanced techniques such as aluminum brazing and casting.

Iriyama Interesting. So the Company was already involved in advanced aluminum processing even from that time. Would I be correct in saying that aluminum processing was not necessarily the Company's strength, and that the Company was refining its technology by working closely with its customers and partners?

Takeda That's right. Initially, the Company did not have a particular advantage in that area. That's why, starting with Nakajima Aircraft, it drew customers and partners and refined its technologies based on their input, thereby gradually expanded its business. In the early years of the Company, many of the outside directors were from Nakajima Aircraft's senior management. Moreover, with the participation of Diet members elected in Gunma, the Company laid its business' foundation while solidifying the foothold. I think this was Giichi's strategic arrangement. In those years, Sanoh was sustained by a management style based on building strong ties with customers and the local communities.

Iriyama Soon after the Company was founded, the Second World War broke out, which must have greatly changed the business environment. What were these conditions like for Omiya Kohku Kogyo?

Takeda Initially, the Company was kept busy with requests to expand production, but then resources and materials gradually grew scarce, and business became difficult. To keep the business afloat, the Company took contracts for military supplies, e.g., manufacturing bomb fuses and other metal components. Then in 1946, after the war ended, the Company's assets and commercial rights were taken over by the government. Only the Koga Factory in Koga City, Ibaraki Prefecture, was left. From there, the Company was relaunched as Takeda Sangyo. A brewing license was obtained from the Ministry of Finance (then called the Okurasho), and the Company branched into the sake brewing business. Through these efforts, the Company was preserved without incurring large deficits or dismissing employees.

Iriyama Then in 1949, the Company's name was changed to Sanoh Kajo and switched from military supplies to sake brewing, transforming into a true peacetime industry. What was the origin of that name?

Takeda To enter the sake brewing, the Company needed to register a trademark. They wanted a name derived from "sakura" (cherry blossom), which was already common at the time, but every submission was rejected as having been already registered. Eventually they applied for "Mitsuzakura," but this was also already taken by another sake brewing company. Then they changed the reading for the characters to "Sanoh," and that was accepted at last. That was how the Company got its current name. Sanoh had zero experience in the brewing industry, but worked hard with the team from the Koga Factory to learn the ropes, and sales grew until they accounted for 80% of the Company's sales. In Tohoku, Sanoh captured 30% of the share of shochu market. Beyond shochu, Sanoh also ventured into orange juice, medicinal liquors, and wine.

Iriyama That's fascinating. So even though the Company began as an aircraft parts manufacturer, when it switched to

the sake brewing, there emerged personnel who said “I’ll take this on” and actually delivered results. I think it was the presence of these extraordinary people that rapidly drove the business to new heights.

Takeda However, ten years later, in 1959, Sanoh decided to part with the distilling division. This was prompted by a call from Hayato Ikeda, who would go on to become prime minister of Japan. Taking into account the changes in the business environment, the Company sold the brewing license along with everything including the plant, equipment, technology and records.

Iriyama Interesting. Even if a venture has grown substantially, Sanoh flexibly pivots when the conditions change. That truly shows the Company’s decisiveness as a merchant. Rather than clinging to a business, we turn our employees’ passion for acquiring skills toward a new challenge. I think this stance forms the history that underpins Sanoh’s DNA.

section 3

The 2nd Founding: the Current Business is Established and Global Expansion Begins

From beginning as an auto parts maker to growing as a global company

Iriyama In 1952, seven years after the end of WWII, the Company was renamed Sanoh Industrial Co., Ltd, which it still bears today. Around that time, it was venturing into motors and other industrial components while continuing the brewing business. What prompted the Company to make that move?

Takeda It was Giichi’s idea. Senior management had been eyeing motors as the next promising business, but the Company didn’t have any technical expertise in that field. To solve this, Giichi contacted Shinko Electric , where he had connections, and arranged for Sanoh engineers to be sent there to work and thoroughly learn everything from drafting blueprints to manufacturing and assembly. Giichi also had connections at SANYO Electric, and asked them, “Let us make something for you, even if it’s just washing-machine or refrigerator motors.” Sanoh engineers also honed their skills while training at SANYO Electric’s Kusatsu Plant. Kaoru Iue, who served as President of SANYO Electric for many years, later supported Sanoh as an Outside Director for a long time.

Iriyama From that starting point, the Company honed its miniaturization technology and even entered the desktop tape recorder market. I heard that Sanoh even delivered products to Tokyo Tsushin Kogyo, now Sony.

Takeda That’s right. First the engineers went out and learned everything they could, then they came back and made that knowledge their own. They repeated that process over and over. They went to customers’ factories, received guidance, and absorbed everything they could. They went out to learn, then they established the expertise at Sanoh. This cycle is what sustained Sanoh’s growth during that time.

Iriyama After that, in the latter half of the 1950s, Konosuke Shinohara the second president became the de facto head of the Company. What kind of man was he?

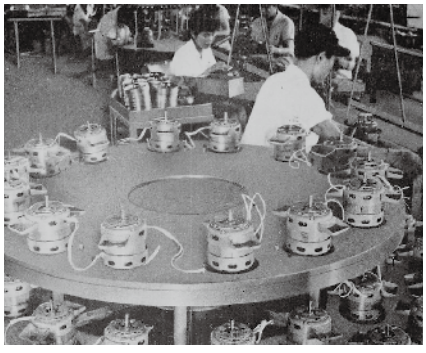
Takeda He had been serving as a city councilor in Kansai, but around 1937, Giichi called him to the Company to work with him. From the founding of Omiya Kohku Kogyo, he was involved as the second in command, and by the latter half of the 1950s was entrusted with about 90% of the management. While Giichi made the investment calls and big decisions, Shinohara took care of the day-to-day management.

Iriyama Around that time, the wire condenser business presented a major turning point. In 1962, Sanoh concluded a technical aid agreement with U.S.-based Higbie Manufacturing Company, rapidly raising our profile as a manufacturer of refrigerator condensers.

Takeda That’s right. At the time, the refrigerator market was dominated by Matsushita, Sanyo, Hitachi, and Toshiba, who had cornered 35% of the market. Sanoh negotiated and concluded the contract directly with Higbie, which owned the patents. There was a bit of a kerfuffle because we had been introduced to Higbie by SANYO Electric, and they had hoped to secure the contract themselves. But we didn’t back down, and that proved crucial. We kept negotiating tenaciously, and in the end were able to set up the business. This experience later helped to enter the automotive industry.

Iriyama Interesting. So the idea is to seize opportunities through negotiation. That’s the attitude that opened up new avenues for the Company. But things did not always go smoothly, did they?

Takeda We applied our heater technology to make pig incubators and snow melters, but the actual site conditions differed from what we expected. As a result, we experienced many complaints about issues such as pipe corrosion,



Motors for household appliances

Automotive Parts Section, Shiga Plant

Overseas plant

electrical short-circuits, and falling short of expectations. A diaper dryer caused fabric to yellow, leading to complaints that the diapers no longer seemed clean.

Iriyama So behind that growth, the Company was going through cycles of challenge and failure. I think that's what strengthened our technological capabilities.

Takeda Exactly. Amid this trial and error, we developed technology for double-wall tubing, and decided to apply it in the automotive field. Brake tubes required this technology, and although there were already competitors in the market, we took samples in and succeeded in having them used in Fuji Heavy Industries' Subaru vehicles. After that, we also gained Nissan and Honda as customers. Meanwhile, domestic production of refrigerators had peaked in the 1970s and was gradually shifting to Asia. Manufacturing began first in Thailand and later in Indonesia. In response, we established a facility in Indonesia with SANYO Electric in 1978. This was our first full-scale expansion overseas.

Iriyama Interesting. So while the domestic auto industry was growing, refrigerators were transitioning to Asia. That truly was the point where we branched from domestic operations into overseas ventures.

Takeda Yes. After that, automotive demand continued to grow, and domestic sales greatly increased. But when we entered the 1980s, Japan-U.S. trade frictions grew intense. We were unable to rely on exports alone, and so we opened sites in other countries such as the U.S., China, and India. Domestic auto production peaked in 1990 at 13.5 million units and began to decline. Keeping these figures in mind, we turned our attention to overseas expansion and growth on a consolidated basis.

Iriyama In essence, we were able to continue growing by focusing not only on the domestic market, but also on establishing sites across the globe. Was it the strength of our employees, that made this possible?

Takeda It was. Our engineers and manufacturing teams traveled to the various locations around the world and persevered with local staff to resolve issues. Even in patent and technology negotiations, they found ways to break through without backing down an inch. As our business spread across the globe, people of diverse backgrounds became part of Sanoh, and the keyword "diversity" started to become a reality.

section 4

Toward the 3rd Founding

Inheriting Sanoh's history and DNA to forge ahead in an era of drastic change

Iriyama Looking back on our history, we can see how the Company has built up its business by taking on challenge after challenge and learning from each. Today, Sanoh seems to be on the cusp of a new stage. Amid sweeping changes in environment such as electrification and digitalization, Sanoh is working on new fields such as electric vehicles and supercomputers. Isn't that right?

Takeda Amid the accelerating push to electrify cars, we are supplying parts for EVs such as the Toyota bZ4X and Nissan Sakura. Battery cooling is extremely important in electric vehicles, therefore we are developing new products such as cooling tubes and cooling plates based on the tubing technology we have cultivated over the years. Moreover, we are applying our expertise outside the automotive field in applications such as plastic coolant water tubing for the supercomputer Fugaku, and water cooling devices for data centers. Going beyond, the bounds of the automotive industry, we are taking on the challenge of developing technologies that contribute to greater energy efficiency and comfort across society.

Rear door chilled water heat exchanger for data center servers

Iriyama Very interesting. So we are actively investing in new areas while protecting existing business foundations. In connection to this, I have seen references to the "Sanoh Last Man Standing Strategy" What does that entail?

Takeda The majority of our competitors are withdrawing from components for internal combustion engines such as gasoline engines, and are shifting to parts for EVs. However, we have decided that as long as our customers (automobile manufacturers) require those parts, we will not withdraw until the end. For example, in Brazil and the UK, Sanoh is already in a position to exclusively supply such parts. Taking responsibility for continuing to provide products that customers require is all part of having a "thoroughly customer-oriented stance."

Iriyama I think that stance truly embodies Sanoh Industrial's DNA. Looking back on the Company's history, we can see a drive to break through into new fields; negotiating ability, seen in the talks with Higbie; and a capacity to learn, apparent in the way our personnel gained expertise at Shinko Electric and SANYO Electric. These three strengths combined have enabled Sanoh to continually reform itself.

Takeda Yes. Our journey has been one of repeated challenges and failures. We switched from aircraft parts to sake brewing, then to motors and refrigerator parts, then to automobile parts, always to meet the needs of the times. And now, we again need to adapt to a new age. Applying the strengths in our DNA, drive to break through, negotiating ability, capacity to learn, we will continue to evolve without fear of change.

Iriyama Sanoh continues to evolve with the combined talent and experience of the diverse people at its sites both in Japan and overseas. In new arenas such as next-generation mobility and social infrastructure, our drive to break through, negotiating ability, and capacity to learn will no doubt continue to shine. History shows what Sanoh's DNA can do. Applying that strength, we will continue to sustainably increase the Company's corporate value.

Our mission is to put forth our best efforts for the sake of the Safety and Security of our stakeholders together with Environmental Conservation through the supply of products and global business activities as a company with a spirit for the handmade.

For Sanoh Industrial, stakeholders refer to customers, shareholders, suppliers, employees and their family members, members of local communities, and people around the world (in no particular order).

Materiality issues

- Productivity improvement with innovative technologies
- Contribution to reducing environmental impact
- Co-creation and growth with local communities
- Achievement of work-life fulfillment

Management Resources

Human capital

- Number of global employees 7,748
- Gender composition* 66 : 35
- Percentage of women in managerial positions* 6.1%
- Number of non-Japanese employees* 189
- Percentage of non-Japanese employees* 11.0%
- Non-Japanese employees come from 23 countries and regions*

*Non-consolidated

Intellectual capital

- R&D expenses JPY 2.7 billion (1.7% of net sales)
- Number of patents owned 361 (105 in Japan, and 256 overseas)
- Number of employees with doctoral degree 21

Manufacturing capital

- Capital expenditures JPY 9.4 billion
- Property, plant and equipment JPY 36.7 billion
- Number of production facilities Approx. 80 locations worldwide

Social capital

- Number of materials suppliers (both in Japan and overseas) Approx. 1,000 companies
- Major industry-academia collaboration
  - University of Tsukuba
  - Nagaoka University of Technology

Financial capital

- Interest-bearing liabilities JPY 39.7 billion
- Shareholders' equity JPY 36.5 billion

Natural capital

- CO_2 emissions 91,063 t-CO_2

*Based on actual results in FY2024

Corporate Motto

Continuous Improvements in Every Phase of Management

The Sanoh Way

1 Create new value

Three Pillars of Mid-term Strategy and Target

Automotive parts business

(Internal combustion)

Cluster tubes

(Non-internal combustion)

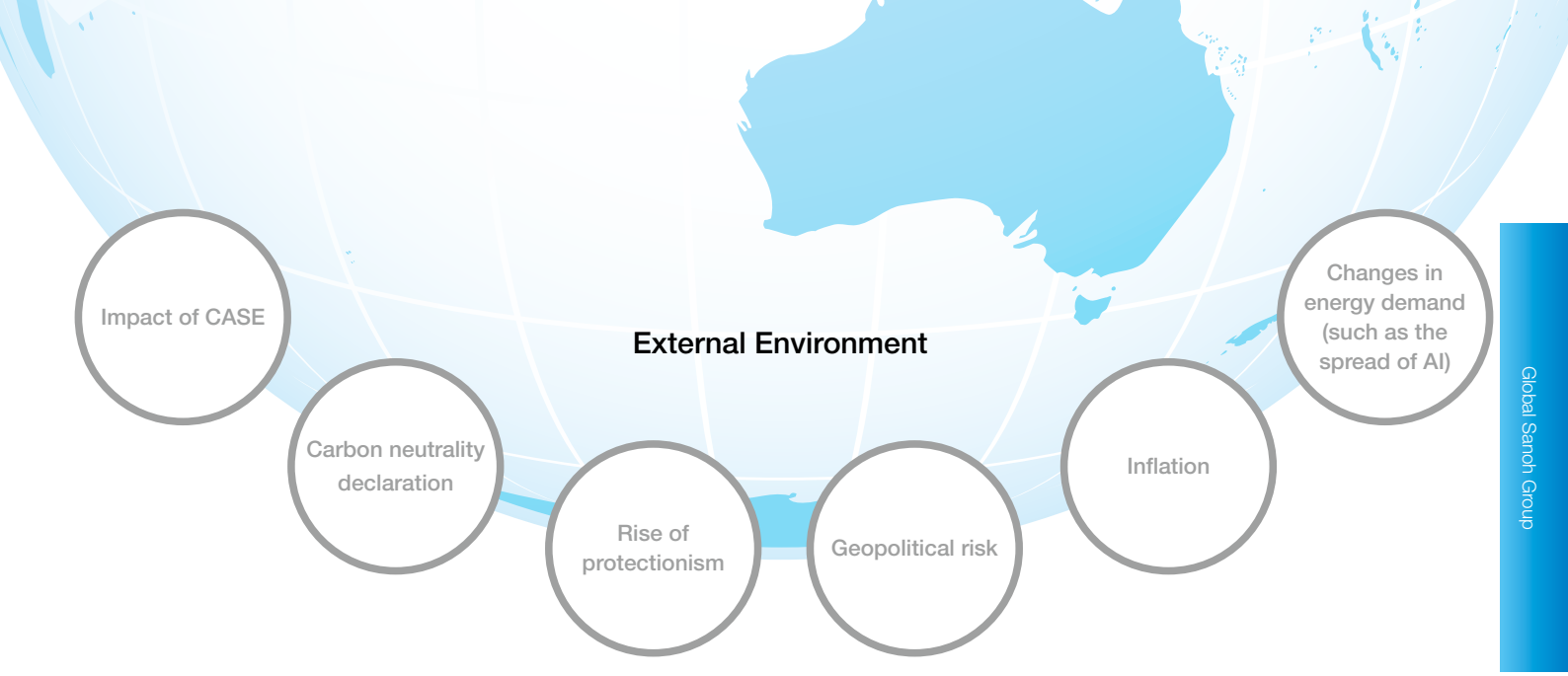
Brake tubes

New businesses

Liquid cooling device for data centers

Sources of Value Creation

Safety and security



This motto is something that we always keep in mind and also the basic philosophy underpinning the group-wide activities to improve our management structure that began in 1978.

2 Achieve outstanding results as an organization
3 Have high aspirations


Quick connectors


Fuel injection rails (FIRs)


Exhaust gas recirculation (EGR) pipes

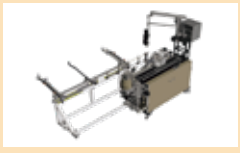

Plastic tubing for coolant water


Cooling plates


Cooling plates for batteries

Focus business


Liquid cooling parts for data centers (Ball Valve Joints)


Production solution (CNC tube bender)


Wire condenser for refrigerators

Focus business

High-quality assurance

Fair pricing

Stable global supply

Quantitative targets for FY2030

Net sales	ROE
JPY 200 billion	15.0% or more

Human assets value

We will continue to develop human assets with a spirit for the handmade who will inherit Sanoh's DNA. To this end, we will create "opportunities for educating/fostering employees towards their self-reform" and "workplaces that help bring capabilities and characters of diverse employees fully into play." This will lead to establishing a governance foundation and ultimately promote the sustainable growth of individuals, companies and communities, as well as the creation of new value.

Social value

- We will engage in co-creation with local people in various countries and regions across the globe, and create workplaces where we can work together with local human assets to achieve sustainable growth of our global businesses and contribute to the economic development of each market around the world.
- As a company with a spirit for the handmade providing critical safety parts that affect people's lives, we will deliver new value by further evolving technologies for the existing businesses and creating new businesses through the exploration of knowledge, which do not necessarily rely on existing technologies, whereby ultimately contributing to the development of next-generation automobiles and other fields.

Environmental value

We will contribute to building a society with low environmental impact by reducing emissions through the life cycle assessment (LCA).

Identification of Materiality Issues

In view of drastic changes in the environment surrounding the automotive industry, including the shift to EVs, mounting geopolitical risks, structural changes in the global supply chain, and growing instability in production due to the shortage of major parts, our management team, including outside directors and auditors, has thoroughly and repeatedly discussed how we can achieve sustainable growth with the following questions in mind: “Who are we?” “How can we contribute to society?” and “What should we look like in 10 and 20 years’ time?” Through the above process, we have identified four priority materiality issues, which we strongly believe will translate our actions into future results, as shown below.

● Productivity improvement with innovative technologies ● Contribution to reducing environmental impact
● Co-creation and growth with local communities ● Achievement of work-life fulfillment

	Priority goals based on our mission (materiality issues)	Relevant SDGs contribution	Vision	Details of initiative
Social issues to be solved through business activities	Productivity improvement with innovative technologies	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	As a company with a spirit for the handmade providing critical safety parts of automobiles that affect people’s lives, we will deliver new value by further evolving technologies for the existing businesses and creating new businesses which do not necessarily rely on our existing technologies through the exploration of knowledge, whereby ultimately contributing to the development of next-generation automobiles and other fields.	Developing battery packs for automated guided vehicles (AGV) Developing polishing and processing technologies for next-substrates and providing processing services
	Contribution to reducing environmental impact	11 SUSTAINABLE CITIES AND COMMUNITIES	We will consider and promote the development of energy-saving technologies for reducing waste not only within the Company but also in the life cycle assessment (LCA) as one of the metrics.	Developing new products (Cu-Al busbars for joining the diff growing shift to electric vehicles, and developing and propo products (thermal solutions products) ● Heat control products for electric vehicles ● Products for improving power usage effectiveness (PUE) ● Plastic coolant tubing for electric vehicles
		13 CLIMATE ACTION	We will consider and promote the development of energy-saving technologies for reducing waste not only within the Company but also in the life cycle assessment (LCA) as one of the metrics.	Adopting materials with limited environmental impact (PA1 resin and recycled pellets) and electric furnace steel sheet) Continuing activities for obtaining an ISO 14001 certificatio Making disclosure based on TCFD recommendations Considering the possibility of introducing solar power gener Reducing environmental impact caused in the process of m ● Introducing CBL*1 (both in Japan and overseas)
	Co-creation and growth with local communities	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	We will contribute to the economic development of each country/region and grow together with local communities through our global production activities. We will engage in co-creation with local people in various countries and regions across the globe, and create workplaces where we can work together with local human assets to achieve sustainable growth of our global businesses.	Holding events, volunteer activities, and education activities creation and local community development targeting local c members, and promoting the shared office business rooted Koga City
Management foundation underpinning our activities	Achievement of work-life fulfillment	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	We will continue to develop human assets with a spirit for the handmade who will inherit Sanoh’s DNA. To this end, we will create “opportunities for fostering employees towards their self-reform” and “workplaces that help bring the capabilities and characters of diverse employees fully into play.” The development of such a system will lead to establishing a governance foundation and ultimately encourage the sustainable growth of individuals, companies and communities, as well as the creation of new value.	Development of potential core human assets of the next ge Establishment and implementation of education programs b Promoting job rotation and personnel exchange for enhanci Creation of tangible and intangible platforms on which glob ability into play within the Company Thorough implementation of the Sangen Principle*2 Implementing training programs to develop female candida (women’s leadership training) Survey on health risks and engagement, and improvement Reviewing personnel system (grade, compensation, evaluat of Mid-term Strategy and Target

*1 Continuous Braze Line: An energy-saving manufacturing method in the tubing business (a method for significantly reducing electricity consumption through direct electrical heating without the use of gas atmosphere furnaces)
*2 A principle of three actuals (“genba” (actual place), “genbutsu” (actual thing), and “genjitsu” (actual situation))

We have selected the SDGs by referring to indicators including FTSE Russell ESG Ratings, and, as part of the selection process, we conducted a questionnaire survey of nearly 100 employees so we can hear the opinions and ideas from a broad range of employees both at home and abroad. Then, we finally approved the items, following deliberations by the Board of Directors including outside directors and outside auditors.

SDGs and initiatives through business activities conducive to realizing each of the priority materiality issues are as shown in the table below. Having identified our materiality issues in 2022, we have since been continuously reviewing our initiatives and key performance indicators (KPIs) as they are implemented.

s	Key Performance Indicators (KPIs)	Results
and robots	Number of prototype orders and contracts with partners aimed at establishing the value chain	● Achieved the target number of prototype orders ● Continuing the process of obtaining certification ● Made investment in related venture companies
generation semiconductor (GaN)		● Achieved the target number of prototype orders ● Implemented market education initiatives through academic societies and conferences
ferent materials) to respond to a osing environmentally-conscious at data centers	Number of prototype orders and other indicators	The number of prototype projects for the following developed products exceeded our internal targets. Initiated negotiations and related activities for mass production orders based on customer evaluation results. Developed products that exceeded internal targets for the number of prototype projects ● Proposed products for electric vehicles (applications) – Cu-Al busbars for joining the different materials – Cooling plates (ADAS, storage batteries, inverters, etc.) – Plastic coolant tubing (battery packs) ● Proposed products for data centers (applications) – Manifold (water-cooled server racks)
l materials (containing plant-derived	● Amount of CO_2 reduced through the use of plant-derived resin PA11 ● Progress in application development processes for resin materials blended with recycled materials ● Progress in proposal activities for the adoption of electric furnace steel sheets by automobile manufacturers	Achieved the CO_2 reduction target compared with PA12 (petrochemical-derived resin) through the use of PA11. Initiated sales of PA11 scrap to major suppliers and established a supply chain for material recycling, with progress in scrap provision and price negotiations. Identified product-related issues in electric furnace steel sheets Identified potential markets for electric furnace steel sheets
n	—	—
	—	—
ration and purchasing green energy	—	Concluded a contract with a domestic renewable energy provider to enable the introduction at the Koga Plant (Head Office) and Saitama Plant starting in FY2025.
manufacturing and logistics operations	Amount of CO_2 reduced through productivity improvements with CBL	The implementation of CBL has enhanced productivity while reducing CO_2 emissions. However, due to a decrease in pipe production volume relative to the plan, the CO_2 reduction target was not achieved.
s conductive to continuous job communities and employees' family l in the local community jointly with	Setting metrics, such as community activities outside the Company, co-sponsored activities, and the improvement in the occupancy rate of the shared office business, as indicators	Organized factory tours for employees' families and local community associations to showcase our initiatives for building a company that takes into account the reassurance of residents. Regularly conducted noise and wastewater measurements, as well as pruning of Himalayan cedars. Regularly hosted seminars and events on community-based themes such as entrepreneurship and household finance in our shared office business. Organized the Sanoh Football Cup and carried out clean-up initiatives as part of our support for community activities outside the Company.
neration onward	Setting milestones for the implementation of our succession plan	Implemented a talent management system serving as the operational platform for centralized management of human assets information
by job rank and job category	Setting milestones for the establishment of education programs	Discussed and selected key knowledge and skills Conducted training sessions on generative AI and other topics, and launched the development of educational programs
ing our ability to respond to changes al human assets can bring their	Number of trainees accepted from overseas local subsidiaries	Accepted 17 trainees from overseas subsidiaries in the U.S., Indonesia, and Germany
	Number of participants in on-site training programs	A total of 255 employees participated in training programs, an increase of 59 from FY2023.
tes for managerial positions	Percentage of women in management positions	6.1%*3
activities based on the survey results ion) to accelerate the implementation	Psychological lively scale in engagement survey*4	Results of the survey: Psychological lively scale 89 (January 2025) Improved by 6 points from the same period last year

*3 From FY2024, employees seconded outside the Company are excluded from the calculation scope, while secondees received from outside the Company are included.
*4 The psychological lively scale (engagement) measures the extent to which the Company's priority, the achievement of work-life fulfillment, is realized. A higher score indicates a more favorable trend.

Value Chain of Sanoh Industrial

Proposal of technological solutions

Overview

Capabilities to propose technological solutions that go beyond build-to-print manufacturing

Sanoh's service is not confined to contract manufacturing where we build to the customer's design. We also propose product designs, product specifications, and a host of other technological solutions that best fit the customer's needs, involving ourselves in their project from the design and development phase. Drawing on our capabilities to propose technological solutions, we have focused on developing products for the fields such as electric vehicles and new businesses.

Our Strengths

Analysis technology

Sanoh utilizes CAE analysis for various purposes, including the development of new technologies, new products, and new manufacturing methods, the evaluation of newly launched products prior to trial manufacture, and the investigation of the causes of defects. This process has helped Sanoh to successfully shorten the development period, improve quality, and reduce costs.

Wide variety of tubing technology

We manufacture both of our mainstay metal and plastic tubes in-house. Among metal tubes with excellent pressure resistance and strength and plastic tubes with flexibility and lightweight, we propose the best tubes suited to customer needs in terms of airtightness, pressure capacity, and surface treatment.

Enhancing Our Strengths

Development of liquid cooling device for data centers and cooling plates for batteries

We have developed liquid cooling device for data centers, the focus area for our thermal solutions business, as well as cooling plates for cooling batteries of electric vehicles (cylindrical batteries). All of these are new products built on the technologies we have nurtured over the past years. In the years ahead, we will work on research and development tailored to customer needs with the aim of expanding our thermal solutions business.

Liquid cooling device for data centers

Cooling plates for batteries

Production

Overview

Production equipment made in-house

The processing equipment for our products is developed, designed, and manufactured entirely in-house. In the Factory Automation (FA) Headquarters, experts in the fields of equipment design & assembly and the automation of production processes work together to manufacture production equipment that creates high-added value, while maintaining product quality, through a range of efforts to improve productivity, such as automation and labor saving.

Our Strengths

Sanoh quality is achieved through cooperation between product development, equipment development, and manufacturing

The cooperation between the respective development divisions for products and for processing equipment enables us to implement effective equipment development and ensure that all product requirements are incorporated at the time of the initial design conception. Completed equipment is put into actual use on mass production lines in our manufacturing divisions, and all feedback from the field is reflected in equipment manufacturing and future development concepts, in consideration of further improvements and the environment. Cooperation between the product development, equipment development, and manufacturing divisions makes it possible for us to create both products and processing equipment that are high in quality, highly sophisticated, and have a reduced impact on the environment.

Enhancing Our Strengths

Provision of production equipment tailored to customer needs

We also design and develop in-house automation and labor-saving systems for various equipment, including processing, inspection, and transfer processes at production sites. We are promoting more efficient production and the realization of uniform quality in terms of reducing the workload of frontline workers. We have commercialized in-house equipment by incorporating needs from our production sites as part of our production solutions business, customizing and supplying it to meet the requirements of our client companies. Starting in 2025, we began offering proposals that combine equipment procured in China through our network with our existing solutions.

Quality assurance

Quality initiatives

All employees are aware that we manufacture many critical safety parts that underpin automotive safety, and perform their daily activities with pride. We make unceasing daily improvements based on every employee's quality-conscious attitude and our top priority of promptly providing safety and security to our customers.

Quality assurance capabilities honed through the manufacturing of critical safety parts

The products Sanoh provides are critical safety parts—the kind of products whose performance defect, however minor, may put the customer's life at risk. Over approximately 60 years, we have fulfilled that responsibility and met stringent performance requirements. Our quality assurance capabilities resulting from these efforts are the reason why our products have stood the test of time. To ensure customer safety and security, we have not been and will not be complacent. We are committed to advancing activities to enhance the quality of our operations, from development and manufacturing to delivery.

High recognition from automotive manufacturers

Continuing on our receipt of the Quality Control Excellence Award from Toyota Motor Corporation in FY2023, we received in FY2024, the Quality Performance Improvement Award, Grand Prize from Mazda Motor Corporation for the first time. Our overseas locations have also received quality awards from many of our customers. Going forward, we remain committed to enhancing and solidifying our high-quality manufacturing base globally.

Strengthening quality through cooperation and expanding into new fields

While strengthening manufacturing quality at the Group's sites, we also support on-site improvement initiatives at our suppliers and partner companies. By identifying and resolving various issues at production sites together, we aim to achieve comprehensive quality improvement both within and outside the Group. In new products and businesses that we aim to grow in the future, we will apply the quality assurance expertise developed through the production of critical safety parts and the on-site management experience we have accumulated to achieve even higher levels of quality in new fields.

Supply

Supply capabilities underpinned by the global network

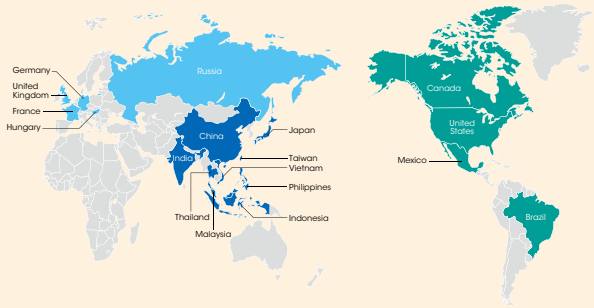
Sanoh can provide a stable supply of high-quality products by overseeing our globally expanding production facilities that are coordinated by five segments, as well as an extensive supply chain system in each and every region. Simultaneously, Sanoh has established a price competitive structure with efficient management of operations and localized procurement of components and materials.

Stable global supply system

We have built a geographically distributed supply network of tubes on a global scale, thereby having established a system to manufacture and supply products at optimal locations. We also process and deliver tubes in the vicinity of our customers' production facilities in each region, thereby reducing logistics costs and lead times. In addition, our global network of production facilities provides mutual support to maintain a robust supply system that is resistant to geopolitical risks in each region and emergencies such as natural disasters.

Establishing a global governance structure

Our global network links not only manufacturing, sales, and procurement functions but also personnel, finance, risk management, and other administrative functions. This enables Sanoh to share and resolve issues ranging from common global issues to issues specific to each region and country, maintain and strengthen its global governance system, and build a system to control management and business risks.



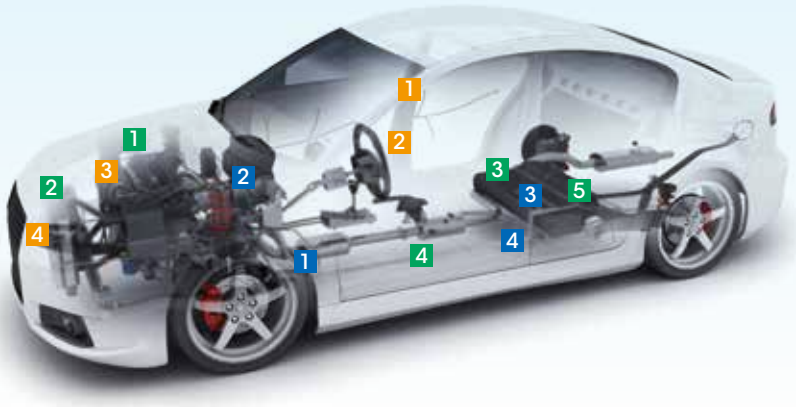
Automotive Parts Business

Sanoh provides products that underpin cars' basic functions of driving, turning, and stopping

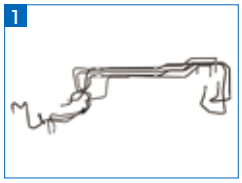
Automotive Tubing
- Brake-Related Products
- Fuel-Related Products

Powertrain
- Engine-Related Products
- Heat-Exchange-Related Products

Safety and Environment
- Safety-Related Products
- Environment-Related Products



Brake-Related Products



Brake Tubes

Brake Vacuum Tubes

Brake tubes are used to transmit hydraulic pressure generated by the master cylinder to the brake units in the wheels. Due to the high operating pressure of braking systems, brake tubes utilize double-wall tubing, which has excellent pressure resistance, as their material. The tube ends undergo a flaring process, after which the tubes are bent according to the specification requirements of each customer.

Fuel-Related Products

Cluster Tubes

Plastic Fuel tubes

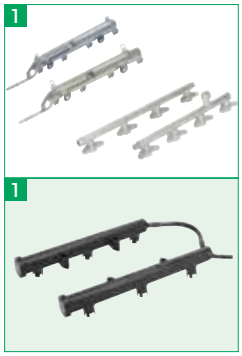
Cluster tubes are assemblies of integrated fuel tubes, purge tubes, brake tubes, and other tubes that pass under the vehicle floor. At Sanoh, we have developed a wide variety of benders that utilize different bending methods. By selecting the processing method most suitable for a product's configuration, we have the capability to achieve a variety of bending configurations.

Other Products

Quick Connectors

A quick connector is a product that can be quickly and easily connected to a mating pipe by simply inserting it without any installation tools. It was developed to improve the workability and reliability of connections and reduce the cost of piping systems. It is widely used in automobile fuel and water piping and is also applicable for other purposes.

Engine-Related Products



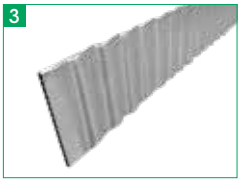
Fuel Injection Rails

Fuel injection rails (FIRs) are devices that uniformly supply fuel to the fuel injectors in automobile engines. Stainless steel, steel, and plastic types are available. Plastic FIRs offer reduced costs and approximately 50–60% weight savings compared to existing metal FIRs.

Heat-Exchange-Related Products

Plastic Tubes

Plastic tubes, produced through extrusion molding, are used in piping systems that transport coolant (LLC) to batteries, e-axles, and various auxiliary components. These tubes, used in the cooling circuits that are increasing with electrification, replace conventional metal and rubber hoses with resin, making a significant contribution to vehicle weight reduction.

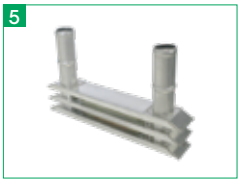


Cooling plates for batteries (cylindrical batteries)

Cooling plates for batteries cool the sides of cylindrical batteries, which are expected to be adopted in electric vehicles. By leveraging our product expertise, we achieve press mold-free production, allowing for adjustments in bending depth and the number of bends. Furthermore, by adopting a header structure that utilizes our proprietary welding technology, the need for furnace brazing is eliminated, thereby contributing to a reduction in product weight.

Flat Connectors

Flat connectors are products that can be assembled in half the space required by conventional quick connectors. By allowing the counterpart pipe length to be shortened, it is designed to improve transportation efficiency for components such as cooling plates.



Cooling Plates for Inverters

Cooling plates for inverters used in electric vehicles (BEVs, PHEVs, and HEVs) are designed to efficiently cool double-sided heat-dissipating power semiconductor devices by laminating aluminum extrusions with internally inserted plates.

Safety-Related Products

Seat Belt Shoulder Adjusters

Pretensioner Tubes

Seat belt shoulder adjusters are components used to adjust the shoulder guide height of driver and passenger seats. These adjusters make the operation of seat belts easier with their simple mechanism. Products meet all international regulations and all automakers' specifications. Pretensioner tubes are used in seat belt emergency locking retractors (ELRs) and are important safety components for motor vehicle occupant protection.

Environment-Related Products

Exhaust Gas Recirculation (EGR) Pipes

Air Shutter Guides

EGR pipes are automotive tubular components that return a portion of exhaust gas back to the intake system in order to improve environmental performance. Adoption of EGR pipes is increasing, as automakers aim to improve fuel efficiency and reduce CO_2 emissions. Air shutter guides are functional components for controlling the flow of air to the radiator. By opening and closing shutters depending on the engine operating conditions, the shutters can also be effective for the thermal management of the engine.

Note: The shaded boxes denote plastic products.

New Businesses

Products and services carrying forward Sanoh's DNA toward our Third Founding

Products Related to Cooling Systems for Data Centers

Ball Valve Joints

Ball valve joints feature a structure that allows assembly from any direction (360°), preventing twisting of cooling hoses. They are also equipped with a safety mechanism that permits disconnection only when water flow is stopped, thereby reducing the risk of operational errors and fluid leakage during operation. Furthermore, with one of the most compact designs in its port size class, these fittings enable more efficient use of piping space within equipment.

Cooling Water Pipe Fittings (Sanrule)

Sanrule features a structure that enables fastening in just two actions, significantly improving work efficiency. It minimizes variation in tightening margin regardless of the operator, ensuring high sealing reliability. Additionally, its space-saving design allows for flexible installation even in limited spaces.

Manifolds

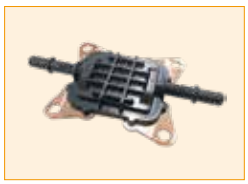
Manifolds are designed to distribute coolant evenly to multiple pipes and tubes, thereby optimizing the overall cooling performance of the system. To ensure efficient and uniform fluid flow, the diameter of each port is precisely adjusted in the design. Additionally, the use of corrosion-resistant stainless steel (SUS) offers excellent durability and reliability.

Shut-off connectors

Shut-off connectors are designed for easy mating, achieved by simply pressing the lock mechanism, allowing anyone to perform secure and quick connections. Equipped with a half-fitting prevention mechanism, they prevent connection errors in advance, ensuring both safety and reliability. In addition, shut-off mechanisms on the connectors on both sides prevent coolant leakage during attachment and detachment. The use of PPS resin, with its excellent heat and chemical resistance, combined with highly durable stainless steel (SUS), ensures high reliability across a wide range of operating environments.

Rear door mounted cooling pipe

This product is mounted on the server rack door. With a finned, corrosion-resistant stainless steel, it achieves approximately 50% weight reduction and 75% occupation space saving compared to our conventional pipe types, while maintaining the same cooling performance.



Cooling plates

These water-cooled heat sinks (cooling plates) feature a thin structure suitable for installation in 1U servers. They are ideal for localized cooling in applications such as CPU/GPU coolers for water-cooled servers, as well as water-cooling solutions for semiconductor manufacturing equipment and communication devices. With a resin upper case, these plates offer a lightweight design and high flexibility in engineering, and can also be supplied as an assembly with resin tubes.

Active flap doors

Active flap doors are components installed at the rear of server racks. They automatically open and close the flaps in response to server operating conditions, enabling efficient use of cold air from the cold aisle for server cooling. This mechanism helps reduce air-conditioning costs in data centers.

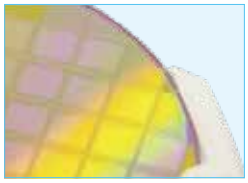
Other Products and Services

Wire condensers for refrigerators

Wire condensers installed in refrigerators are a type of heat exchanger in which wires are welded to metal tubes to transfer heat from the refrigerant to the surrounding air efficiently. As heat is released externally, the refrigerant is cooled, condensed, and returned to liquid form. Typically installed at the back of refrigerators, it is an essential component for cooling the interior of the refrigerator.

Battery packs

Battery packs for AGVs, AMRs, and robots feature an industry-leading thin design, measuring just 90 mm in height. Safety is ensured through cell monitoring by our proprietary BMU. Domestically produced packs, which set the industry standard with their ultra-thin, compact design and real-time communication via Ethernet and CAN, commenced sales in 2025.



Substrate Contract Processing Service

Since 2021, we have been providing contract substrate processing services for next-generation semiconductor materials, including GaN, AlN, and SiC. Leveraging the expertise cultivated through joint research with universities, we deliver high-quality substrate processing services to our customers, aiming to contribute to the broader adoption of energy-saving semiconductor devices.

We will steadily transform Sanoh Industrial's business structure in preparation for a new stage of growth.

Genya Takeda
Representative Director
Director, President and COO

Active investment continues, and medium- to long-term initiatives are progressing

At Sanoh Industrial, we are currently advancing our growth strategy under the Mid-term Strategy and Target for FY2030. The Mid-term Strategy and Target, unveiled in FY2021 and revised in May 2024, aims to transform our business structure in response to revolutionary changes in the automotive industry such as electrification and autonomous driving. Although the Company has long focused on components such as fuel and brake tubing for internal combustion engine (ICE) vehicles (mainly gasoline, hybrid, and plug-in hybrid electric vehicles), we must expand into products for non-ICE vehicles and non-automotive applications in order to ensure potential for future growth. Under the Mid-term Strategy and Target, we aim to build a resilient multi-portfolio and achieve sustainable growth through two key transformations: "from the automotive parts business to new businesses" and "from internal combustion to non-internal combustion." The Mid-term Strategy and Target aims to achieve JPY200 billion in net sales and an ROE of 15% or more by FY2030, with JPY150 billion of this figure coming from the automotive parts business (including thermal automotive parts) and JPY50 billion from new businesses. Our roadmap toward achieving these targets consists of three phases. Phase 1 spanned three years starting from FY2021, and focused on overcoming the COVID-19 and semiconductor crises. Phase 2 spans five years starting from FY2024, and focuses on accelerating the transformation of our business structure. In Phase 2, we expect to see a temporary plateau in profitability and capital efficiency as we actively invest, sow seeds, and prepare for the future. Then in FY2029, we will enter Phase 3, in which we intend to reap the rewards of our investments and achieve exponential growth.

While FY2023 saw greatly improved performance on the back of production recovery and progress in passing costs onto prices, results were quite different in FY2024—the first

year of Phase 2—which saw lower profits despite higher net sales. This was partly due to an inability to offset lower sales to customers in the China and Europe segments. Other factors that added to the burden include production cutbacks for domestic customers and overseas exports and increased labor costs due to base pay hikes in the Japan segment, and one-time expenses in the Americas segment. However, from a medium- to long-term perspective, we had already been expecting a temporary plateau in profitability in FY2024 due to the aforementioned active investment. While external factors had some impact, that have not, in our view, significantly degraded performance.

In terms of noteworthy events on the development front in FY2024, we received an order from a major Japanese automotive parts manufacturer to produce prototype cooling plates for inverters used in electric vehicles. We also made steady progress in efforts in new fields, such as expanding our lineup of liquid cooling devices and parts for data centers, and increasing production capacity for wire condensers for refrigerators in India.

Regarding business conditions in FY2025, production cutbacks continue in the Japan segment, and we are working to offset the impact of these by securing one-off special procurement orders and intensifying cost reduction efforts. In the Americas segment, performance has been generally strong on growth in automobile production and sales in North America. Here we are beginning to see the effects of the Sanoh Last Man Standing Strategy—strategy for securing surviving supplier profits, which will be explained further below. The Europe segment is gradually trending toward recovery as we have implemented structural reforms in light of the previous year's performance dip, and are making progress in passing costs onto prices. In the China segment, cost control for production cuts and personnel reduction are under way as part of structural reform efforts, but we expect that profitability will take some time to improve. In the Asia segment, India—one of our priority investment areas—continues to show strong performance thanks to stable market conditions. In Thailand, traditionally our top earner, the automotive market has slightly slowed, but profitability remains strong at present.

Regarding the impact of U.S. tariff measures, tariffs are being applied to raw materials imported from Japan, and they also apply to inter-facility transactions between our factories in the U.S. and Canada/Mexico. As the resulting costs are difficult to control, we are conducting cost pass-through negotiations with our auto manufacturer customers, and in the majority of cases have obtained their understanding. Our earnings forecast incorporates an anticipated 10% reduction in new vehicle sales in the North American market (from April 2025 onward). However, we expect that this will not significantly hinder the Company's operations over the long term.

Success of the Last Man Standing Strategy and expansion of new businesses

Under the Mid-term Strategy and Target, we are advancing the Sanoh Last Man Standing Strategy, which commits to maintaining our presence in existing markets and achieving the No. 1 global market share as long as automobile manufacturers still require automotive tubing products for ICE applications. Thanks to this strategy, orders in the automotive parts business are increasing as competitors withdraw from production, and new customers are coming on board. Meanwhile, suppliers' fortunes are growing polarized. While the industry works to restructure itself through expedient alliances, we are receiving an increasing number of supplier transition inquiries—not only in the UK and Brazil, where we enjoy an oligopoly, but also in North America. In light of these circumstances, we acquired a Mexican automotive parts manufacturer as a subsidiary in July 2025, strengthening our network for supplying the U.S. market. Through this strategy, we will leverage our price leadership and other survivor's advantages to position the automotive parts business as a cash cow and direct the resulting profits into future growth investments.

At the same time, we are developing our "Tier 1.5 Strategy" for expanding our supply of thermal automotive parts. These parts manage cooling for onboard batteries, inverters, and computers in electric vehicles. The strategy seeks to generate more reliable order acquisition by aiming not only to supply directly to automakers, but also to supply to Tier 1 system and module suppliers. In line with this strategy, we are jointly developing products with both automakers and Tier 1 suppliers, and then securing orders for prototypes. One success in this area is the cooling plates for inverters, which I mentioned earlier as noteworthy FY2024 development. We will work to secure mass-production orders while continuing to expand our customer base.

In terms of new businesses outside the automotive field,

we are focusing on commercializing cooling devices for data centers. In recent years, the rapid growth of AI-related demand has driven changes in performance requirements for cooling devices in the data center industry, leading to a shift toward liquid cooling. To cater to this change, we leveraged our long experience in engineering leak-free products to develop rear door mounted cooling pipe, which we announced in February 2024. In addition, we have developed new ball valve joints and shut-off connectors for water- and liquid-cooled thermal management products, and began taking orders for these in April 2025.

Thanks to these efforts, customer inquiries have been increasing. However, as some data centers in Japan are still hesitant about shifting investments from air to water cooling, we are currently focusing sales efforts not only domestically, but also in the U.S., China, and Taiwan. In the Mid-term Strategy and Target, we have set a sales target of between JPY20 billion and JPY25 billion for the data center business in FY2030, with roughly half of this figure expected to come from overseas sales.

Another pillar of the new businesses is the production solutions business. Leveraging our network of our senior management personnel with experience working in China, and Chinese engineers hired in Japan, we have begun to enter business partnerships with Chinese equipment and component suppliers seeking expertise in global business expansion. We have launched a venture in which we combine Chinese equipment and components with our own equipment, and our own engineers provide installation and after-sales service. Our third strategic focus in a new business domain is the wire condensers business for refrigerators. This venture, which can be described as a cross-domain business encompassing thermal and production solutions, is centered on India and aims to increase local competitiveness and capture strong growth potential through the ongoing internalization of tube production lines.

In the remaining four years of Phase 2, we will build a foundation for sustainable growth by steadily implementing the abovementioned strategies, and so pave the way for Phase 3, in which we will pursue a whole new level of growth.

A longer-term vision for Sanoh Industrial

When we look beyond the Mid-term Strategy and Target for FY2030 and consider what form Sanoh Industrial should have to survive in the world of the future, we take the view that the essence of our corporate identity lies in delivering value within the supply chain. We pride ourselves in having always supported and grown with local economies as a supplier, particularly in the automotive industry. Even if internal combustion engine vehicles disappear in the future, radically changing the automotive industry, there will always be suppliers. No matter what kind of new industry emerges, it will atrophy without a strong supply chain extending behind it.

Both technology and production exist on the back of an elaborate, broad-based supply chain. Suppliers play a crucial role in sustaining economic growth at a local and national level. They share prosperity with people working there through value-creating work and relationships with the local community. Going forward, we want to remain a company that does this.

In the ten years following our Mid-term Strategy and Target, we expect to further increase the proportion of our business outside the automotive industry. We see this change as an opportunity to expand our potential as a supplier. To ensure that we can continue to evolve, we will actively engage in co-creation aimed at delivering new value, and foster a corporate culture that embraces challenges on a wide range of fronts.

The impact of productivity improvements from innovative technologies

As part of our sustainability management efforts, we have identified four materiality issues: productivity improvement with innovative technologies, contribution to reducing environmental impact, co-creation and growth with local communities, and achievement of work-life fulfillment. We are working on initiatives tied to these materiality issues, complete with KPIs and numerical targets. Among these issues, our top priority is productivity improvement with innovative technologies. To address this, we are advancing automation in manufacturing and digital transformation (DX) in office work

by applying digital technologies such as generative AI and robots, which have developed rapidly in recent years.

Automation in manufacturing is being advanced primarily by our Factory Automation Headquarters, established in April 2024. Initiatives to enhance productivity and quality management have commenced, including a project to introduce AI-powered inspection equipment in the inspection stage for automotive fuel tubing. In office operations, we trialed various initiatives, including a joint development effort to automatically generate design reviews based on failure mode (DRBFM) in collaboration with SparkPlus Co., Ltd., a startup promoting industrial DX, founded by graduates of the Matsuo Lab at the University of Tokyo.

Our policy is to improve productivity by automating operations and improving efficiency, while reducing employees' workloads and allocating human resources to areas where human skills are required, thereby addressing another of our materiality issues—achievement of work-life fulfillment. We are also considering accumulating in-house productivity enhancement know-how and offering it as products or services via our production solutions business.

In promoting sustainability management, reviews and advice from an external perspective are extremely valuable to have. Accordingly, we report the progress of initiatives to the Board of Directors as the occasion demands, and discuss how to direct sustainability efforts to increase corporate value. In these discussions, we strive to actively incorporate the opinions of outside directors and auditors.

Reflecting shareholder and investor feedback in management

We highly value dialogue with shareholders and investors, and strive to actively disseminate information and communicate with stakeholders. To this end, in addition to holding financial result briefing sessions and company information sessions for individual investors, we conduct one-on-one meetings and factory tours at the Koga Plant (Head Office) for institutional investors and analysts. The comments, opinions, and insights gained through these dialogue opportunities are shared in a business report that I personally issue every week, and are fed back to the Board of Directors, Board of Auditors, and executive side.

Going forward, our senior management and executives will continue working together as one to increase corporate value and reward the shareholders and investors who support us with even greater capital gains, even while maintaining steady dividend returns.

I humbly ask all our stakeholders to place their trust in our vision for sustainable growth at Sanoh Industrial and extend their long-term support in the years ahead.

Mid-Term Strategy and Target

In FY2021, we formulated our Mid-term Strategy and Target for FY2030. In May 2024, we reviewed its content and revised the Mid-term Strategy and Target to respond more flexibly to the increasingly uncertain business environment.

Investment highlights

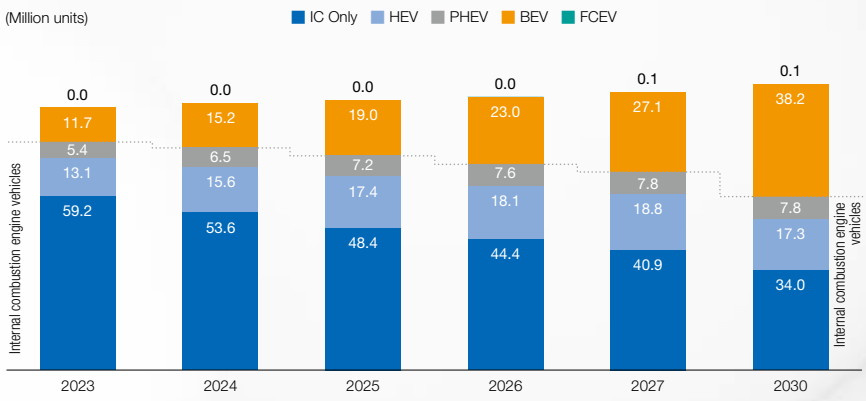
1. Global automobile production volume is projected to reach approximately 100 million vehicles in 2030, with India, Latin America and Asia driving growth
2. In the automotive tubing market, which is oligopolistic with few new entrants, Sanoh holds a leading global market share with its critical safety parts representing high barriers to entry
3. Aim to achieve the top global market share via Sanoh Last Man Standing Strategy* as part of the review of ICE vehicles
4. Leverage automotive tubing technology to expand into new businesses such as data centers, liquid-cooling tubing for home appliances, and external sale of equipment
5. Achieve sustainable growth in a VUCA environment through a highly diverse management team in terms of age, gender, and ratio of external hires

* See "Automotive Parts Business Strategy" on page 23 for details.

Automobile production market outlook (by powertrain)

Various market forecast data indicate that over the next 10 years, battery EVs, plug-in hybrids, and hybrids will be sold in a balanced manner, with no particular powertrain dominating the market. In anticipation of this era of diverse mobility needs, we will offer a varied product lineup while maintaining our existing development and production systems for fuel-related products.

Global automobile production forecast (by powertrain)

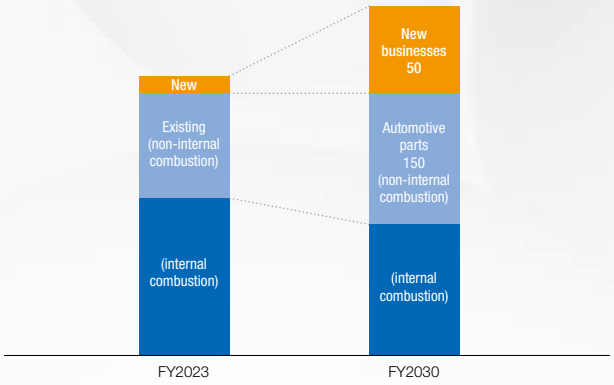


Quantitative targets and business portfolio goal

Building a resilient multi-portfolio

Sales targets for FY2030

Approx. JPY150 billion ➡ JPY200 billion



Quantitative targets for FY2030

Consolidated net sales
JPY 200 billion
FY2030

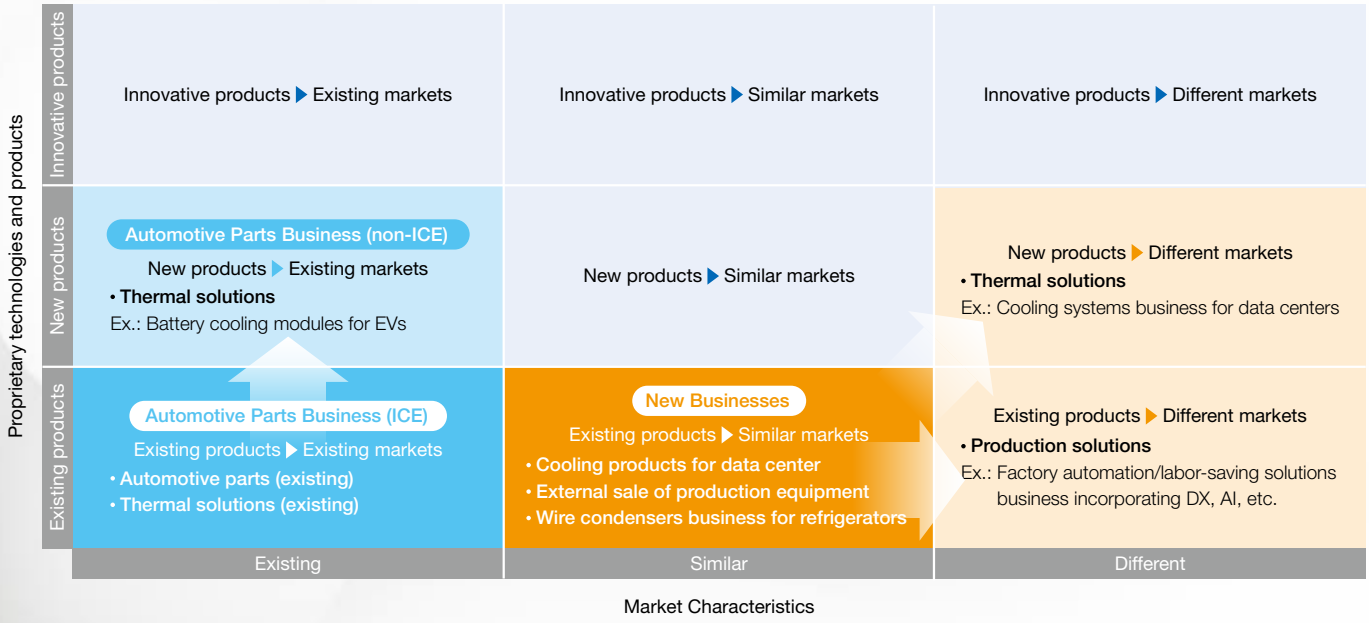
ROE
15% or more
FY2030

(Reference figure)
Previous operating profit to net sales for existing businesses (FY2023): 5.1%

Business focus areas and future business plans

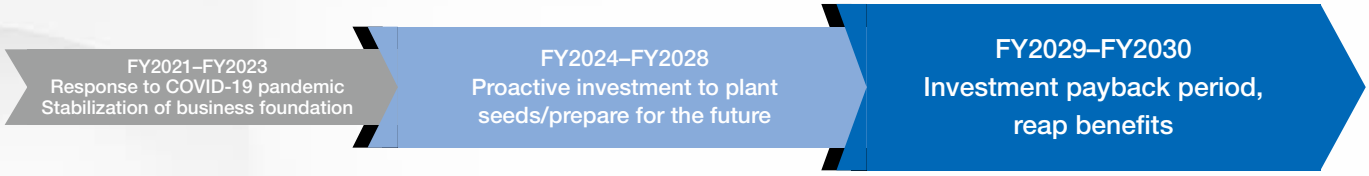
We will diversify our business portfolio step by step by applying our proprietary technologies and market track record. In the automotive market, we will leverage our proven track record to increase the market share of our thermal solutions products, which contribute to the cooling of EV and hybrid vehicle batteries, power control units, inverters, etc.

In our new businesses, we will focus on growth areas such as cooling systems for data centers, wire condensers for refrigerators, and production solutions, which package production line proposals and equipment sales.

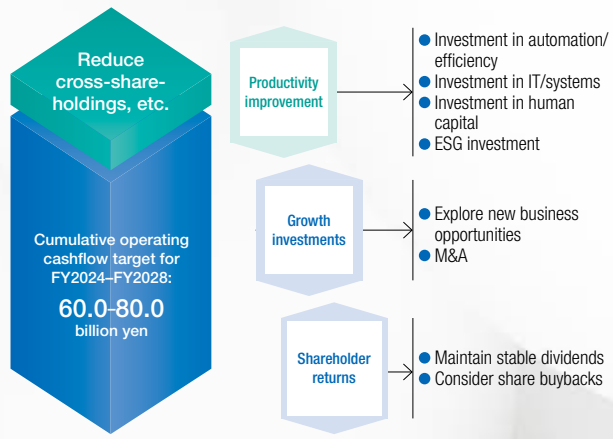


Roadmap to FY2030

Although we have focused on responding to COVID-19 and stabilizing our business foundations until FY2023, from FY2024 to FY2028 we will aggressively invest in laying the groundwork for growth. ROE may plateau temporarily, but we plan to prioritize allocating cash generated from our core businesses to future investments in preparation for significant growth ahead.



Cash allocation policy



We aim to be a company that continues to grow sustainably from 2030 and beyond by building a resilient multi-portfolio through two transformations: (1) from the automotive parts business to new businesses and (2) from internal combustion to non-internal combustion.

We will increase the budget for new investments by increasing operating cash flow through the early conversion of existing businesses into stable revenue sources, and allocate funds to the three themes of productivity improvements, growth investments, and shareholder returns in a focused manner.

We will proactively invest in vehicle tubing and powertrain product facilities and human assets in emerging countries, as well as in new business areas such as cooling pipes for data centers and the production solutions business, as well as M&A.

At the same time, we will ensure stable returns to our shareholders and investors who support us on a daily basis.

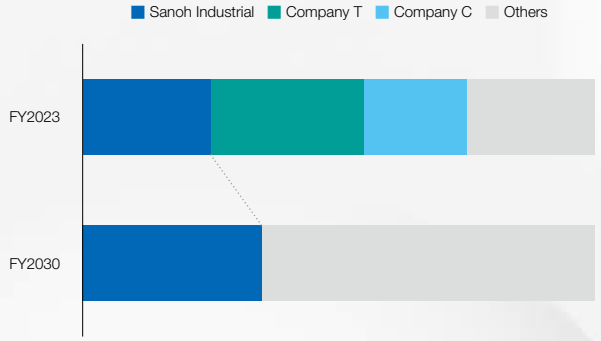
Automotive Parts Business Strategy

Aiming for the No. 1 global share in the automotive tubing market in FY2030

While our competitors are withdrawing from internal combustion engine-related products, we have adopted the “Sanoh Last Man Standing Strategy” since 2020, which states that we will not withdraw as long as our conventional automotive tubing products are needed by users and automakers, who are customers.

Sanoh already has a system in place that allows it to be the exclusive supplier in local markets such as Brazil and the U.K. While our rivals are either withdrawing from existing markets or focusing on battery EV products, we intend to remain in existing markets as long as customers continue to demand our products.

Global share of the automotive tubing market and Sanoh’s target global position



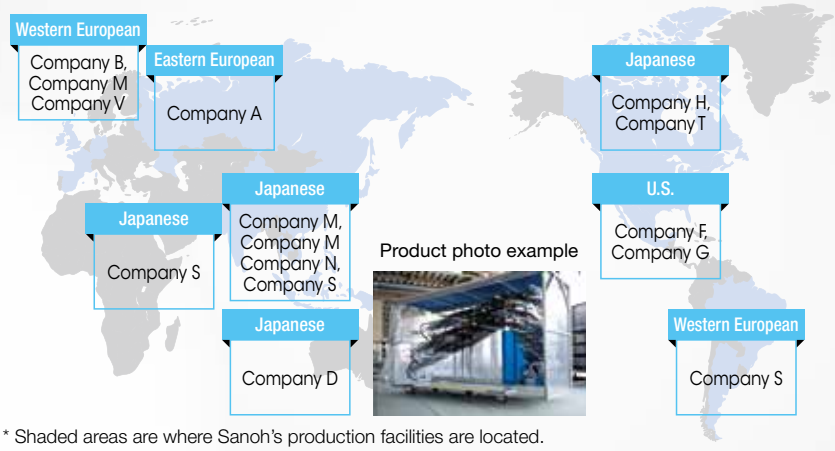
Improved profitability due to high market share and switching costs

The strategy of securing profit as a surviving supplier has produced two major results.

The first is improved market share. Over the past year or so, we have seen a sharp increase in new business from European and American automakers and mega-suppliers with whom we previously had a small transaction volume.

The other is pricing control. Because we occupy a unique niche in each region of the world, we are seeing increasing opportunities to pass on financial risks, such as inflation and exchange rate fluctuations unique to that region, to our product prices.

Existence of switching costs in the ongoing supply of critical safety parts to customer-manufactured products



* Shaded areas are where Sanoh’s production facilities are located.

Major investment geographic segments and measures

We will invest in capacity expansion in Asia, including India, where growth potential is expected. Additionally, we will focus on improving productivity, starting with the Central American region to supply the U.S. market, as well as making investments in Japan, where our mother factory is located.

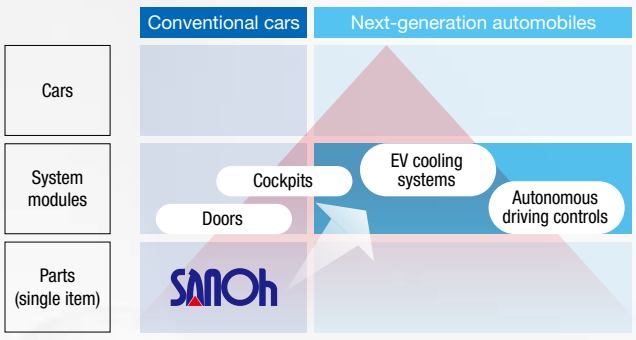
In July 2025, we acquired and made Winkelmann Powertrain Mexico S. de R.L. de C.V. a subsidiary to expand our production capacity in Mexico, with the aim of winning business for internal combustion engine products with the U.S. Big 3 and mega-Tier 1-suppliers.

	Main measures
Japan	• Upgrade system infrastructure (cost and production management, procurement DB, etc.) • Increase productivity for tubing • Strengthen new business creation
Asia	• Expand capacity of vehicle tubing products in Thailand and India • Consolidate powertrain product functions in Thailand, originating from Japan • Reinforce home appliance business (water-cooling for refrigerators) in India
Americas	• Improve productivity at U.S. bases (and increase capacity at Mexico bases) • Focus on business with U.S. Big 3 and mega Tier 1 suppliers

“Tier 1.5 Strategy” for thermal automotive parts

Thermal automotive parts are a group of components that help optimize heat generation efficiency, thereby extending the driving range for the battery EV and other electric vehicle markets.

Thermal automotive parts will not only be supplied directly to automakers, which has been the conventional practice. Rather, we will implement the “Tier 1.5 Strategy,” which aims to also supply parts to system module suppliers who are evolving into mega-suppliers by taking on the so-called “CASE” functions, granting them effective control over product specifications.

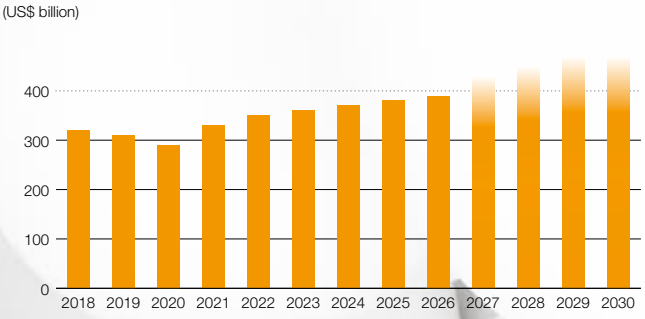


Main New Business Strategies

Data center market size and cooling products and strategies

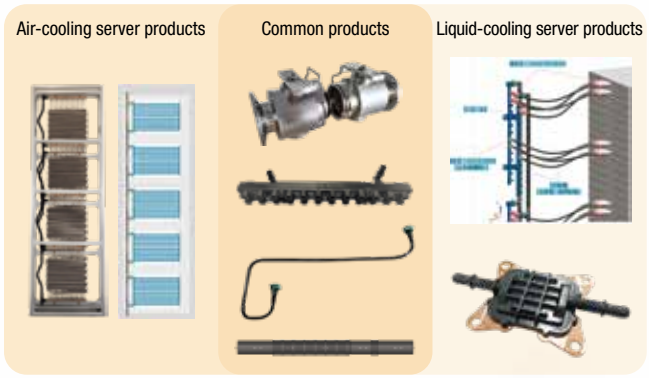
As the global market for data centers continues to grow, we will expand our business areas regardless of whether air-cooling or liquid-cooling is the primary cooling method for servers.

Global data center market size and trends



Cooling products and strategies

With regard to cooling products, in addition to our proprietary products, we will expand our business areas while actively taking inorganic approaches, such as collaboration with other companies and M&A.



Production solutions business model

We have not only manufactured and processed automotive tubing products but also developed, designed, and manufactured processing equipment for bending those tubing products in-house.

Based on the know-how gleaned from our in-house production of such equipment and devices, we are also engaged in external sales of equipment that is expected to see market growth in response to increasing demand for automation. Through several stages, we aim to commercialize our production solutions, contributing to productivity improvements for both the Sanoh Group and external customers.

Equipment development

External sales

Results for orders received

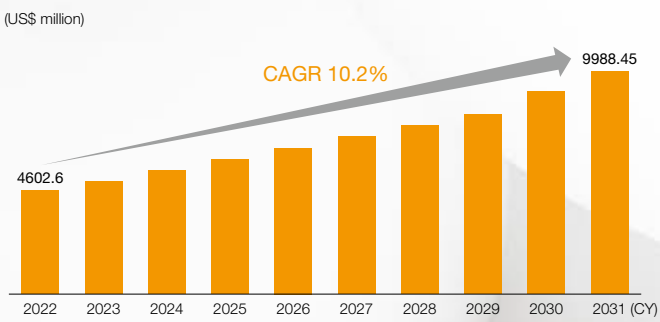
FY2024: 71 orders received

The FA Headquarters is leveraging its bending and automation technologies to promote equipment sales to external customers. It provides its know-how and experience in quality, cost, and delivery (QCD) of equipment to more customers.

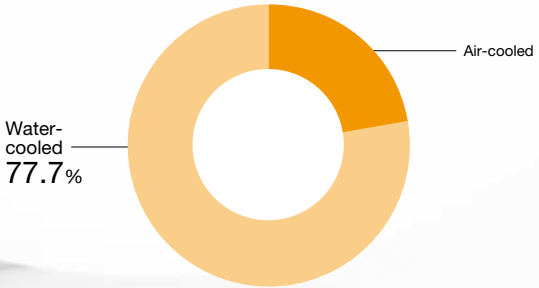
Cross-domain refrigerator wire condenser business

We will focus more than ever on the rapidly growing refrigerator wire condenser business in India. The refrigerator wire condenser business was previously part of Sanoh's overseas operations. Given that water-cooling, a Sanoh specialty, is the predominant cooling method in India, we regard it as a promising business with expected demand, not only for tubing products but also for the manufacturing facilities required to produce them.

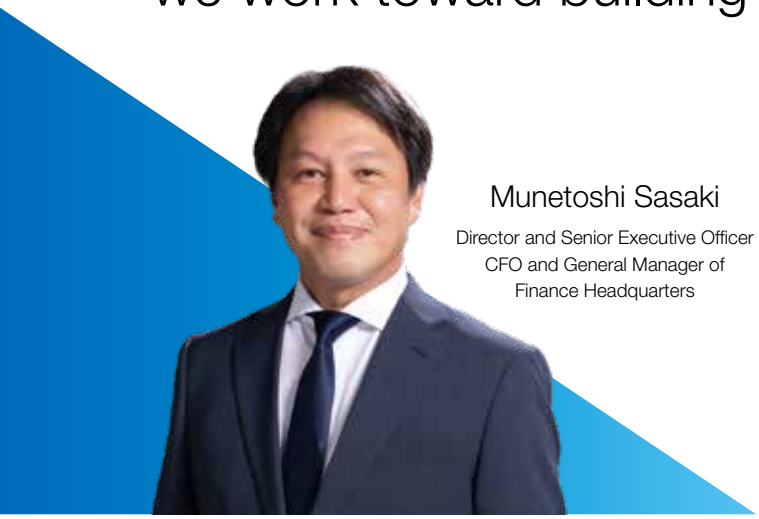
Indian refrigerator market's expected sustainable growth



Indian refrigerator market dominated by water-cooled systems



We are committed to enhancing our corporate value by furt actively investing in growth fields, and providing stable shar we work toward building a resilient multi-portfolio under the



Munetoshi Sasaki
Director and Senior Executive Officer
CFO and General Manager of
Finance Headquarters

Looking back on FY2024 results and future outlook

In terms of the economic environment surrounding the Sanoh Group, the Japanese economy remained in a gentle recovery trend, supported by improvements in employment and income conditions and a recovery in inbound demand, despite the impact of inflation. Meanwhile, the foreign exchange market presents elevated uncertainty in the wake of historic yen depreciation, followed by sharp yen appreciation on market turmoil triggered by U.S. tariff measures. Overseas, inflation in the U.S. is easing but remains at a high level, and consumer spending has slowed; however, the labor market is firm. In China, the economy remains sluggish amid a blunted recovery in consumption and investment due to the prolonged weakness of the real estate market and limited effectiveness of government economic stimulus measures. In Europe, soaring energy and material prices and prolonged tensions in the Middle East continue to create an uncertain environment. Economies in Asia were affected by China's economic weakness, but a recovery in tourism and favorable electronics industry performance provided support.

In the automotive industry, shipment suspensions of certain vehicle models due to certification irregularities affected sales in Japan; meanwhile, overseas sales grew overall despite regional differences. Multiple risk factors persist, including still-high raw material prices, rising energy costs, logistics disruptions due to the situation in the Middle East, and heightened uncertainty in the business environment due to U.S. tariff measures. Given these conditions, there is a greater need than ever for the automotive industry to ensure the stability of supply chains, thoroughly implement cost management, and respond to technological innovations, all while closely watching trends in EV policies and regulatory tightening across countries.

Net sales in FY2024 totaled JPY159,538 million, up 1.7% year-on-year, driven by the effect of yen depreciation and the strong sales performance of Japanese customers in the Americas.

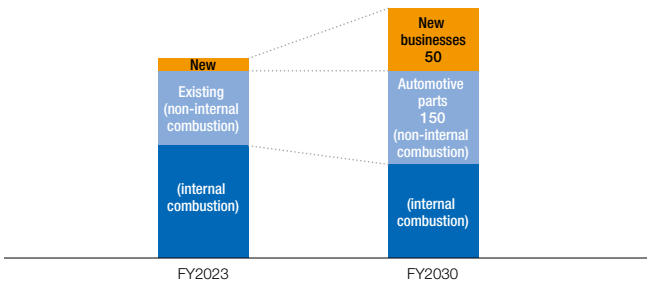
Operating profit decreased 39.7% year-on-year to JPY4,860 million due to a decline in added value resulting from slower sales by Japanese customers in China, higher labor costs in Japan, and temporary expenses in the Americas. Ordinary profit was JPY4,600 million, down 37.0% year-on-year. Profit attributable to owners of parent was JPY737 million, down 82.5% year-on-year despite the recording of extraordinary income on sale of investment securities, due to the decline in ordinary profit and the recording of impairment losses and extra retirement payments.

Taking into account the effect of U.S. tariff measures, our earnings forecast for FY2025 anticipates net sales of JPY147,000 million, operating profit of JPY5,500 million, ordinary profit of JPY4,000 million, and profit attributable to owners of parent of JPY1,800 million. We view the tariffs on materials imported into the U.S. as a cost that is difficult to control in the short term, and are proceeding with negotiations to pass costs on to sales prices. Our earnings forecast does not include tariff-related costs increases, but does factor in an 10% decline in new vehicle sales in North America from April 2025 onward.

We view this year as the second year of a "purposeful pause" in our journey toward medium-term growth. From a medium-term perspective, the wave of automotive electrification is steadily approaching. Guided by the Mid-term Strategy and Target explained later, we aim to leverage the Last Man Standing Strategy in our existing businesses to capture surplus profits, while aggressively investing capital into

Building a resilient multi-portfolio

Approx. JPY150 billion ➡ JPY200 billion



Quantitative targets in the Mid-Term Strategy and Target

Consolidated sales (FY2030)
JPY200 billion

ROE (FY2030)
15% or more

ther developing existing businesses, eholder returns as Mid-Term Strategy and Target.

future revenue streams such as non-internal combustion engine and new businesses.

Financial strategy and cash allocation policy to achieve goals of the Mid-Term Strategy and Target

Sanoh Group is pursuing sustainable growth toward FY2030 under its Mid-term Strategy and Target, formulated in FY2021. At the time of its formulation, production activities were constrained by the impact of the COVID-19 pandemic and the semiconductor shortage, leading us to focus on streamlining and stabilizing our management foundation while curbing growth investment. As a result of these efforts, in FY2023 we recovered to record-high profits and established a structure that facilitates forward-looking investment to create new business opportunities that can generate cash flow in the future. Building on this, we revised the Mid-term Strategy and Target in May 2024, evolving it into a more concrete and effective strategy.

In terms of quantitative targets for FY2030, we aim to achieve JPY200 billion in net sales and an ROE of 15% or more, which remain the same. In anticipation of structural changes in the market accompanying the progress of electrification, we are advancing two transformations—"from the automotive parts business to new businesses" and "from internal combustion to non-internal combustion"—with the aim of building a resilient multi-portfolio that can ensure sustainable growth beyond 2030.

As financial strategy, we have established a cash allocation policy for the five years beginning in FY2024. The cash generated from measures such as advancement of the cash cow strategy in existing businesses and reduction of cross-held shares will be allocated in a balanced way across three focus areas: (1) further productivity improvements, (2) growth investments, and (3) shareholder returns.

In our existing business areas, although sales of internal combustion engine vehicles are expected to decline over the long term, we anticipate that a certain level of market demand will remain on a global level. We will therefore work to secure stable revenue by gaining market share and achieving price leadership under the Sanoh Last Man Standing Strategy, while improving operating cash flow and maximizing capital efficiency. In July 2025, we acquired Winkelmann Powertrain Mexico S. de R.L. de C.V.—a manufacturer of components for U.S. pickup trucks—as a subsidiary to strengthen our competitiveness in North America.

In addition to implementing the Last Man Standing Strategy, we will work to strengthen our cash generation capacity and improve our cash conversion cycle through investments in DX promotion, rigorous optimization, and labor-saving measures. Cash flow generated will be directed toward the aforementioned future-oriented growth investments and shareholder returns, maintaining a balanced approach to strengthening our financial foundation.

For new business areas, Mid-term growth investments are a top priority. In addition to capital expenditures in emerging markets and investments in human assets, we will proactively allocate capital to businesses that can serve as future revenue sources, such as the data center business, the production solutions business, and the wire condensers business for refrigerators, with the aim of sustainably increasing corporate value.

Shareholder return policy

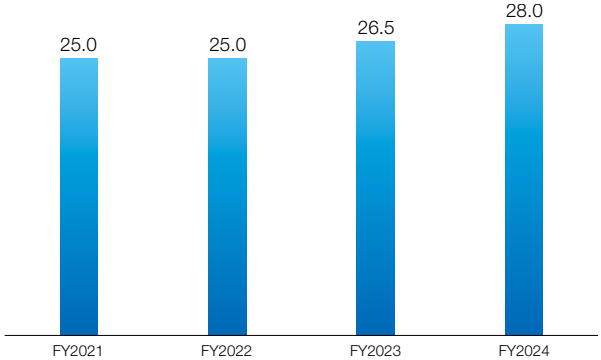
The Company regards appropriate, stable profit distribution to shareholders as a core management priority for achieving sustainable enhancement of corporate value. We are committed to sincerely and responsibly rewarding, through stable returns, the shareholders and investors supporting our business activities over the long term.

Our basic policy on shareholder returns is to pursue stable, continuous dividend increases, after giving comprehensive consideration to financial soundness, steady improvements in business results, and the need to secure investment funds for the creation of new businesses that can support future growth. From the perspective of improving capital efficiency and maximizing corporate value, we will also consider and implement, in an agile manner, flexible shareholder return measures including share buybacks.

We recognize that even amid increasingly uncertain business conditions, balancing sustainable growth with the generation of stable cash flow is the foundation for maintaining stable shareholder returns. To achieve this, we are working to strengthen our business foundation through structural reforms and growth investments, with a focus on establishing a robust profit structure and building a portfolio to capture future revenue streams.

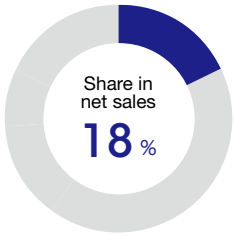
I humbly ask for your continued trust and support in the years ahead.

Dividends (JPY)



Overview of Business Performance by Region

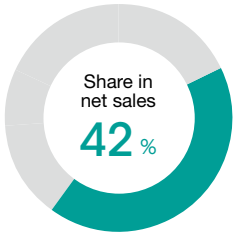
Japan



Products

Steel tubing
Plastic tubing
Automotive tubing
Powertrain
Environment and safety

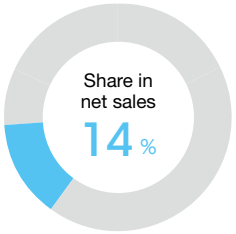
Americas



Products

U.S.A.	Steel tubing, automotive tubing
Canada	Automotive tubing
Mexico	Plastic tubing, automotive tubing, powertrain
Brazil	Automotive tubing
Argentina	Automotive tubing

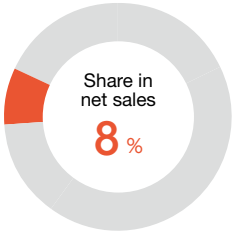
Europe



Products

United Kingdom	Automotive tubing
France	Automotive tubing
Hungary	Automotive tubing
Russia	Automotive tubing
Germany	Plastic tubing, environment and safety

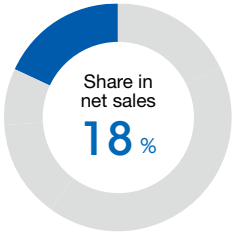
China



Products

Steel tubing
Plastic tubing
Automotive tubing
Powertrain

Asia



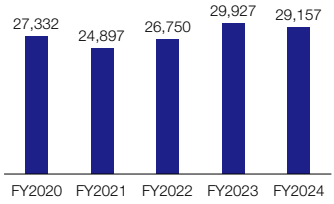
Products

Thailand	Steel tubing, automotive tubing, powertrain
Malaysia	Automotive tubing
India	Steel tubing, automotive tubing, plastic tubing
Indonesia	Plastic tubing, automotive tubing
Philippines	Automotive tubing
Vietnam	Plastic tubing

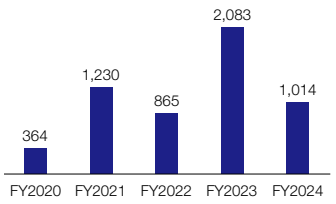
Overview of FY2024 business performance

- Net sales declined for both domestic clients and overseas exports due mainly to the impact of production cutbacks. Operating profit declined not only due to lower sales but also as a result of higher personnel expenses stemming from wage increases, as well as increased personnel, outsourcing, and R&D expenses associated with upfront investments in new businesses.

Net sales (JPY million)



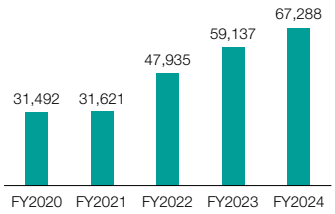
Operating profit (JPY million)



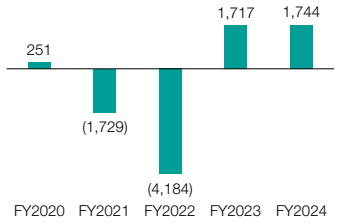
Overview of FY2024 business performance

- Net sales increased due to the strong sales performance of Japanese clients in North America, as well as the favorable impact of yen depreciation on foreign exchange translation. Despite the recording of temporary expenses, operating profit increased due to the effects of price pass-through measures implemented in the previous fiscal year, the easing of inflationary pressures, and improved operating conditions associated with stable production.

Net sales (JPY million)



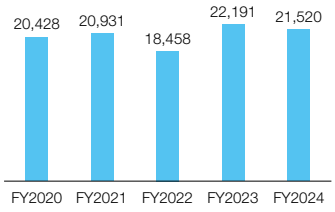
Operating profit (JPY million)



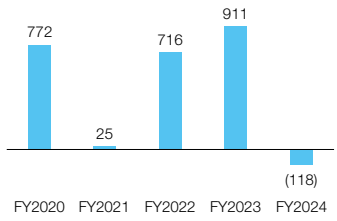
Overview of FY2024 business performance

- Net sales decreased due to lower sales resulting from sluggish sales volume for European clients, despite the positive impact of yen depreciation on foreign exchange translation. Operating profit turned to a loss due to delayed price pass-through amid soaring material costs and higher labor expenses driven by inflation, as well as increased fixed costs, including system-related expenses.

Net sales (JPY million)



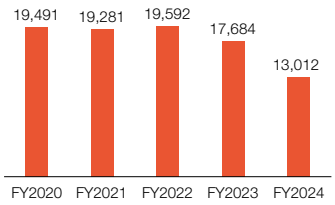
Operating profit (JPY million)



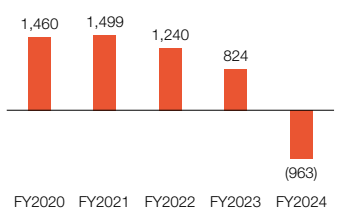
Overview of FY2024 business performance

- Net sales decreased significantly due to the continued weak sales performance of Japanese customers. Operating profit turned to a loss due to not only the decline in earnings resulting from a significant drop in sales, but also higher fixed costs, such as retirement benefits associated with workforce reductions.

Net sales (JPY million)



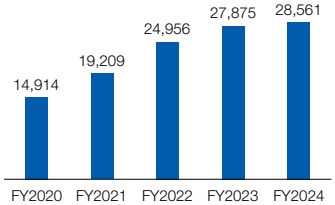
Operating profit (JPY million)



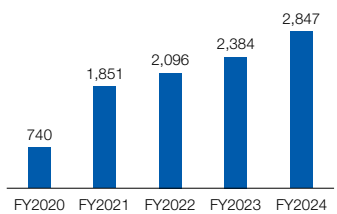
Overview of FY2024 business performance

- Net sales increased due to the positive impact of yen depreciation on foreign exchange translation and higher production at our Indian subsidiary, which more than offset lower sales resulting from market downturns in Thailand and Indonesia. Operating profit increased due to the positive impact of higher sales as well as effective cost control in response to production fluctuations.

Net sales (JPY million)



Operating profit (JPY million)



Foundation Supporting Value Creation

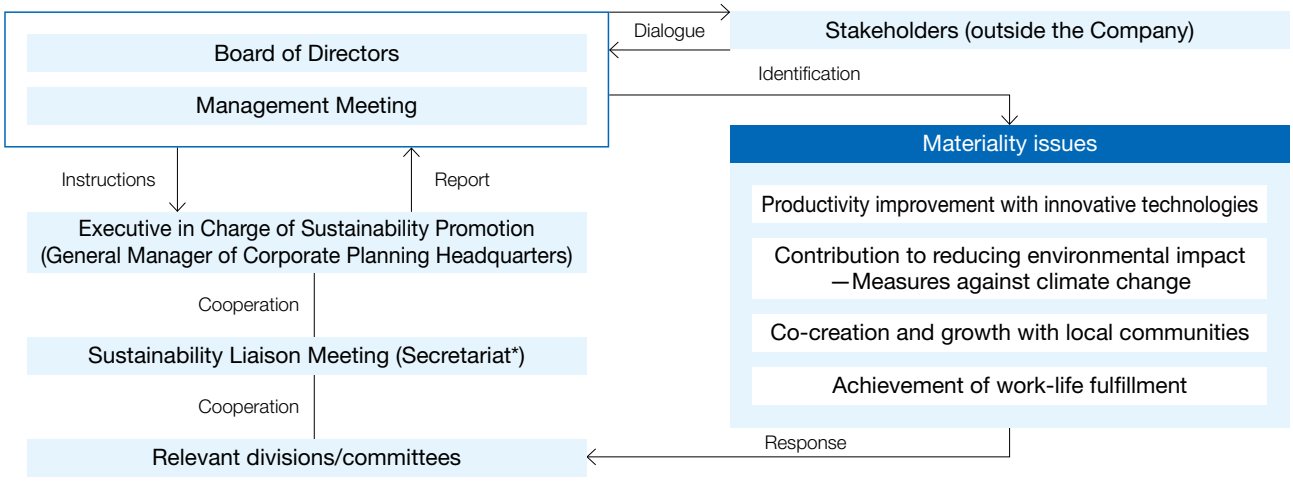
Sustainability Promotion System

The Executive in Charge of Sustainability Promotion (General Manager of Corporate Planning Headquarters), who oversees the activities of the entire Group, works in coordination with relevant divisions, using the Sustainability Liaison Meeting (secretariat) as a platform, to formulate action policies related to sustainability, draft priority activity themes and make them understood throughout the Company, and consequently identify materiality issues and propel actual initiatives to address them.

Efforts are also being made to grasp what society expects and demands from the Company, by way of the provision of information to and dialogues with stakeholders both within and outside of the Company, and reflect them in our initiatives.

The Executive in Charge of Sustainability Promotion reports at meetings of the Management Meeting and the Board of Directors as necessary and also feeds the points raised by the Board of Directors back to relevant divisions and committees so as to improve and upgrade our initiatives to address materiality issues.

Auditors conduct audits the implementation of reports by the Executive in Charge of Sustainability Promotion and the status of discussions at meetings of the Management Meeting, as well as the decision-making at the Board of Directors and its execution by the business execution divisions from an independent standpoint.



*Composed of staff members who concurrently hold positions in IR & Governance Division, HAMS Headquarters, and Corporate Planning Division.

Environmental Initiatives

Basic Philosophy

- We work to protect the global environment, aiming to create a sustainable society.
- We reduce the environmental impact of all our business activities in order to pass on a rich natural environment to future generations.

Environmental Initiatives (Policy)

Response to climate change

- We strive to reduce CO_2 emissions in all business processes.
- We promote use of renewable energy.

Approach to a circular economy

- We strive to minimize environmental impact throughout the entire product lifecycle by reducing waste and promoting the efficient use of resources.

Coexistence with nature

- We aim to conserve biodiversity and achieve harmony with the natural environment through environmental activities.

As the core supporting these three initiatives,

Promotion of the environmental management system

- We establish and strive to make continuous improvements in the environmental management system.
- We endeavor to prevent environmental risks from occurring by complying with environmental laws and regulations.
- We strive to enhance the environmental awareness of all employees through environmental activities.

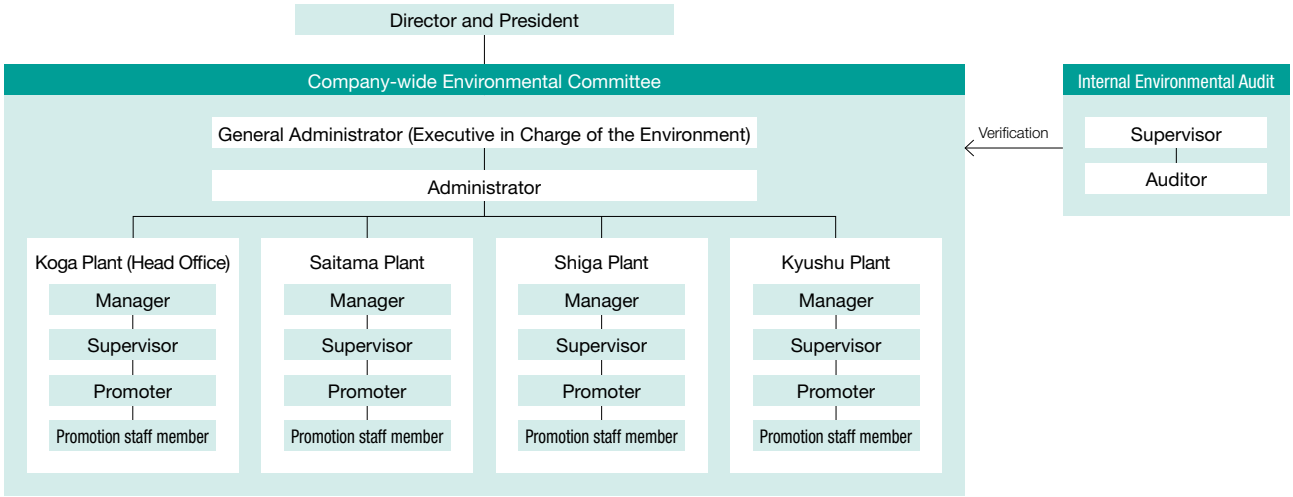
Environmental Management System

Sanoh established the Company-wide Environmental Committee, which maintains and administers an in-house environmental management system. This committee performs internal environmental audits of the activities of each factory and division.

The Company-wide Environmental Committee elects a General Administrator (Executive in charge of the Environment) who oversees environmental activities throughout the Company and an Administrator who is responsible for and authorized to maintain the environmental management system. Under the management structure established by the committee, quarterly reports on activities and accomplishments are made by the Administrator to the General Administrator.

For internal environmental audits, an internal environmental auditor is assigned to each factory and division to verify that the environmental management system is being maintained and managed according to ISO 14001 requirements.

In terms of specific activities of the Company-wide Environmental Committee, the supervisors of each factory have taken the lead and achieved results in reducing environmental impact mainly through initiatives such as energy savings, waste reduction, improvements in transport efficiency, and development of lighter weight products.



Environmental Initiatives

Environmental Management System

Based on its environmental policy, the Company is taking steps toward ISO 14001 certification for the entire Group, including overseas subsidiaries, as part of its initiatives in protecting the global environment.

Since obtaining certification in Japan in March 2002, the Company has continued environmental activities under ISO 14001.

Activities based on the environmental management system will also be continued at overseas subsidiaries.

ISO 14001 Certification at Overseas Subsidiaries

● **Certified**

Location	Month/year of initial registration
Sanoh Canada, Ltd.	January 2001
Sanoh UK Manufacturing Ltd.	July 2002
Able Sanoh Industries (1996) Co., Ltd.	September 2002
Sanoh America Inc. Findlay Plant	June 2003
Sanoh America Inc. Mt. Vernon Plant	June 2003
Sanoh America Inc. Scottsboro Plant	June 2003
Guangzhou Sanoh Seikan Co., Ltd.	January 2003
Sanoh Industries (Thailand) Co., Ltd.	November 2004
Sanoh India Private Limited Gurgaon Plant	September 2005
Sanoh Industrial (Wuxi) Co., Ltd	December 2007
PT. Sanoh Indonesia	July 2008
Sanoh India Private Limited Bangalore Plant	December 2008
Sanoh Industrial de Mexico S.A. de C.V.	January 2009
Geiger GmbH	June 2009
Sanoh do Brasil Industria e Comercio de Produtos Automotivos Ltda.	January 2010

Location	Month/year of initial registration
United Sanoh Industries Sdn. Bhd	June 2011
Sanoh India Private Limited Pune Plant	June 2014
Sanoh India Private Limited Chennai Plant	September 2014
Sanoh India Private Limited Dewas Plant	November 2014
Tianjin Sanoh Leap Industrial Co., Ltd.	February 2015
Sanoh Industrial (Dongguan) Co., Ltd.	November 2015
Sanoh America Inc. Archbold Plant	March 2016
Sanoh Magyar Kft.	January 2018
Geiger Automotive (Shenyang) Co., Ltd.	July 2018
Sanoh Industrial (Wuhan) Co., Ltd.	August 2018
Sanoh India Private Limited Noida Plant	December 2018
Sanoh India Private Limited Bawal Plant	March 2019
Geiger Automotive USA Inc.	June 2019
Sanoh Fulton (Philippines) Inc.	August 2019
Geiger Automotive de Mexico S. de RL. de C.V	April 2021

● **ISO 50001 Certification**

Location	
Geiger GmbH	March 2015

Environmental Performance in FY2024

Category	Target	Results
Legal compliance initiatives	Compliance with environmental laws and regulations	Reliably measured and achieved (no legal or regulatory violation) Ensured compliance with environmental standard values; achieved zero environmental accidents
New environmental technology initiatives	Initiatives to design and develop products that are conscious of the global environment	Continued the development of lighter weight products and low-cost manufacturing methods with low environmental impact
Global warming prevention initiatives (CO_2 emission reduction)	Reduction of CO_2 emissions intensity* by 1% year-on-year	Previous fiscal year 0.646 ➡ Current fiscal year 0.580 Target achieved

* Amount of global CO_2 emissions (t-CO_2) / consolidated net sales (JPY million)

Legal Compliance Initiatives

As we implement appropriate environmental management measures in accordance with the applicable laws and regulations of respective countries as well as local ordinances, we have continued to achieve zero violations of laws and regulations and zero environmental accidents.

New Environmental Technology Initiatives

The whole or partial substitution of conventional metal products with lighter plastic materials has contributed to the weight reduction of finished vehicles, which has led to saving energy and CO_2 emissions of vehicles.

We are also working to mitigate our environmental impact by focusing on measures related to raw materials used for our products, for example, selecting materials with low environmental impact and expanding the applications of recycled materials.

Furthermore, we are working on the development of energy-saving manufacturing methods and the research of plant-derived materials to aim for reducing CO_2 emissions across the product lifecycle.

CO_2 Emissions

With respect to our production and sales, an improvement was made compared to the previous fiscal year. Despite these circumstances, we achieved our CO_2 emissions intensity target.

Environmental Initiatives

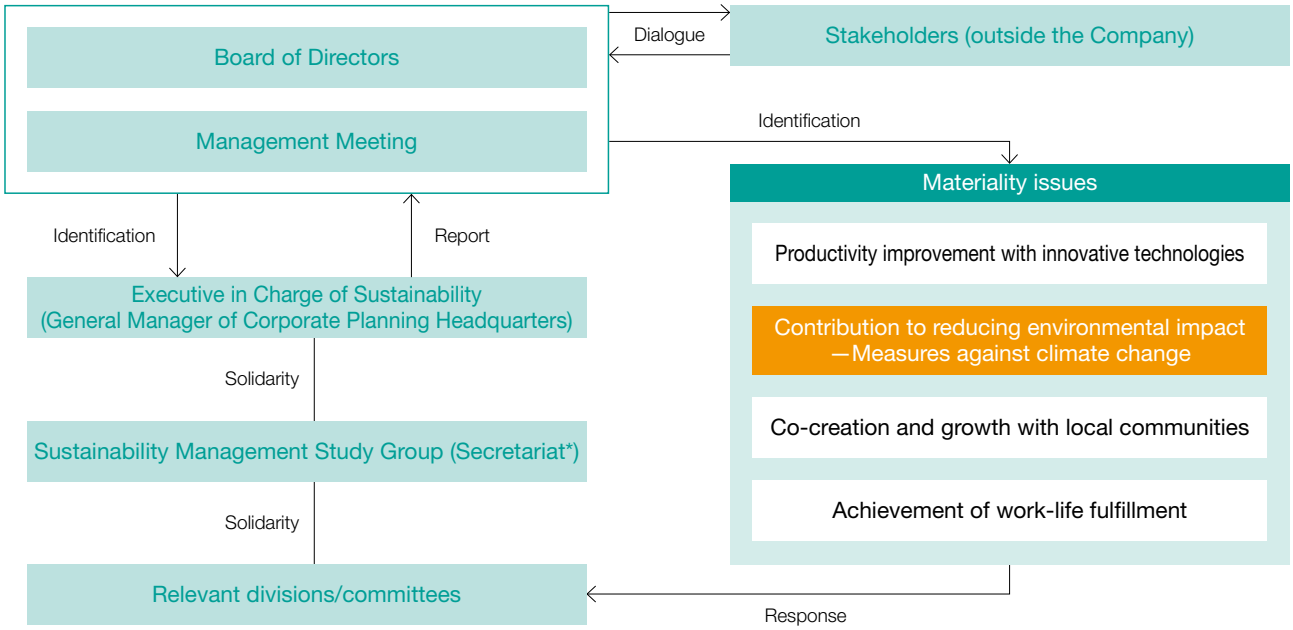
Information Disclosure in Line with the TCFD Recommendations

Since June 2023, the Company has been disclosing and updating information about impacts of climate change-related risks and opportunities on its business activities and earnings on its website, in annual securities reports, and in integrated reports with reference to items recommended by the TCFD. In September 2023, the Company expressed its endorsement of the TCFD recommendations.

Governance

The Company recognizes that taking action on climate change is one of its key management issues in the course of contribution to reducing environmental impact, which it identifies as one of its materiality issues in sustainability management.

Specific measures are worked out through appropriate coordination between relevant divisions, including the Company-wide Environmental Committee, which is promoting ISO 14001 activities, the Risk Management Division, which plans and implements energy-saving measures, and each Production Business Unit and the Technical Headquarters, which are considering ways of decreasing energy usage by new manufacturing methods, and the Sustainability Management Study Group (the Secretariat). The measures are then brought up for discussion to the Management Meeting or the Board of Directors through the Executive in Charge of Sustainability Promotion and are formulated to make decisions.



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Strategy

Transition Risks and Opportunities

With respect to transition risks and opportunities created by climate change, impacts primarily on the automotive parts market have been analyzed in a time frame up to 2030 using projected vehicle sales volume and other data.

Impact Category		Classification	Risks, Opportunities, and Impacts	Countermeasures by the Company
Market, Technology, and Reputation	Existing market / technology	Risks	・Due to declining demand for internal combustion engine vehicles and parts, sales and operating profit generated from the market decrease. ・Impairment of manufacturing facilities for internal combustion engine-related products	・Expansion of sales and marketing of brake tubes to EV manufacturers and models ・Expansion of lower-weight parts that help to extend EV driving range (plastic products that improve electricity consumption) ・Expansion of thermal solutions business for BEVs, FCEVs, and other non-internal combustion engine vehicles ・Development of cooling plates for BEV batteries (cylindrical batteries) and promotion to expand sales
		Opportunities	・Demand for non-internal combustion engine vehicles such as BEVs and FCEVs grows, and sales and operating profit increase due to the development of and sales/marketing activities for new products applicable to the growing market.	
	New market / technology	Opportunities	・Business opportunities increase in response to growing demand for decarbonization, energy-saving products, and energy saving solutions in the non in-vehicle field.	・Development of a water-cooling system for high-output (high heat-generating) server racks and a pipe fitting with valve function for water cooling for data centers and promotions to expand their sales ・Promotion of the development of substrate processing technology for GaN (gallium nitride), a next-generation semiconductor material that is expected to be more energy-efficient and more efficient than existing semiconductors through industry-academia collaboration ・Investment in and cooperation with startup companies possessing advanced technologies ・Promotion of R&D-based projects focusing on thermoelectric power generation elements, hydrogen generation and storage, etc.
	Existing market / technology / reputation	Risks	・Boycotting to buy products that have high environmental impact ・A decarbonized product is required under a purchasing order condition, and an order is canceled unless the condition is satisfied. ・Rising raw material prices increase production costs, and procurement difficulties lower production volume. ・Investor divestment (downward pressure on stock prices and various indicators)	・Expansion of the use of plant-based plastic ・Investment in energy-saving manufacturing methods in tubing business (significantly reducing electricity consumption through direct electrical heating without the use of gas atmosphere furnaces) ・Considering measures to reduce CO_2 emissions through the product life cycle assessment ・IR (disclosure of strategies for rebuilding business portfolio, the above-described initiatives to reduce environmental impact, and endorsement of the TCFD recommendations)
Legal Regulations	Decarbonization	Risks	・Decline in revenue due to introduction of carbon pricing systems. The Company's global CO_2 emissions in FY2024 were 91,063 t-CO_2 (Scope 1 + Scope 2). When the system comes into effect in the future, we may bear a considerable amount of costs depending on the set unit price and the actual volume of emissions. ・Capital expenditures on measures for decarbonization and an increase in additional costs especially for the procurement of alternative energy	・Decrease in power usage by the introduction of energy-saving manufacturing methods ・Consider increasing the use of power derived from renewable energy and promote the use of it ・Consider introducing solar power generation, taking into account actions for the business continuity plan
		Opportunities	・Energy-saving effects produced by investment in equipment provided for decarbonization ・Cost reduction by avoiding the burden of carbon taxation, etc. in the future ・Sales increase due to increased demand for recycling-related products as a result of stricter recycling regulations	・Reduction in power usage as medium- to long-term effects through investment in the equipment and energy-saving manufacturing methods, and a decrease in running costs due to switching to low-cost energy ・Building a system including equipment suitable for decarbonization, etc. ・Shifting to products that contribute to a recycling-oriented society

Physical Risks

Physical risks posed by climate change have been analyzed in a time frame up to 2030 to identify the risks that have significant impact.

Impact Category	Risks and Impact	Countermeasures by the Company
Natural disasters (heat waves, cold waves) [Acute]	・Operations at plants are suspended for short periods due to typhoons, heavy snow, or other disasters. ・Supply chains are interrupted for short periods.	・Improve the continuity of priority businesses by developing the business continuity plan rules ・Risks are hedged by nonlife insurance to protect its assets and cover opportunity loss incurred in case of a business interruption. ・Promote the reduction of energy consumption
Temperature rise [Chronic]	・CO_2 emissions increase as a result of an increase in energy (electric power, etc.) for cooling caused by a rise in temperature. ・Operations at plants are suspended due to restrictions on the use of power.	

Environmental Initiatives

Risk Management

The Company has strengthened its risk management promotion system so that we can appropriately respond to manifestations of all kinds of risks in this unpredictable era.

In January 2021, we set up the BCP Team dedicated to risk management. The team has focused on establishing an initial process and installing more disaster prevention equipment for the main purpose of reducing the impact of a disaster and preventing the damage from spreading. We upgraded the team to the BCP Department in FY2022 and to the Risk Management Division in FY2023. It has worked to reduce or transfer all risks, including disaster risks, across the Group.

The Company has been striving to comprehend and assess sustainability-related risks and implement countermeasures through the Risk Management Division, other relevant divisions and ISO 14001 activities promoted by the Company-wide Environmental Committee. It has also identified climate change-related risks and opportunities. The response to identified risks is monitored through internal environmental audits.

The Company has established the Company-wide Environmental Committee, which maintains and administers an in-house environmental management system. The Company-wide Environmental Committee elects a General Administrator (Executive in charge of the Environment) who oversees environmental activities throughout the Company and an Administrator who is responsible for and authorized to maintain the environmental management system. Under the management structure established by the committee, quarterly reports on activities and accomplishments are made by the Administrator to the General Administrator, with risks identified throughout this process. We use the environmental laws database service to prevent omissions in compliance obligation information, specifically with regard to the legal risks associated with environmental accidents. Based on updated management items, we collect and identify risk information related to business activities at each factory. The responses to identified risks is monitored through internal environmental audits.

In addition, we have established a framework for the business continuity plan rules that cover all of our Group companies in order to invest our resources in identifying apparent and potential risks and taking control measures. In FY2025, we establish specific provisions based on this framework and aim to put them into operation.

Indicators and Targets

Based on the Japanese government's commitment to achieving carbon neutrality by 2050 and other developments, the Company intends to pursue initiatives to reduce CO_2 emissions step by step and in a specific way through efforts for energy saving, the use of renewable energy, and promotion of innovations, and fulfill the responsibility as a member of local communities.

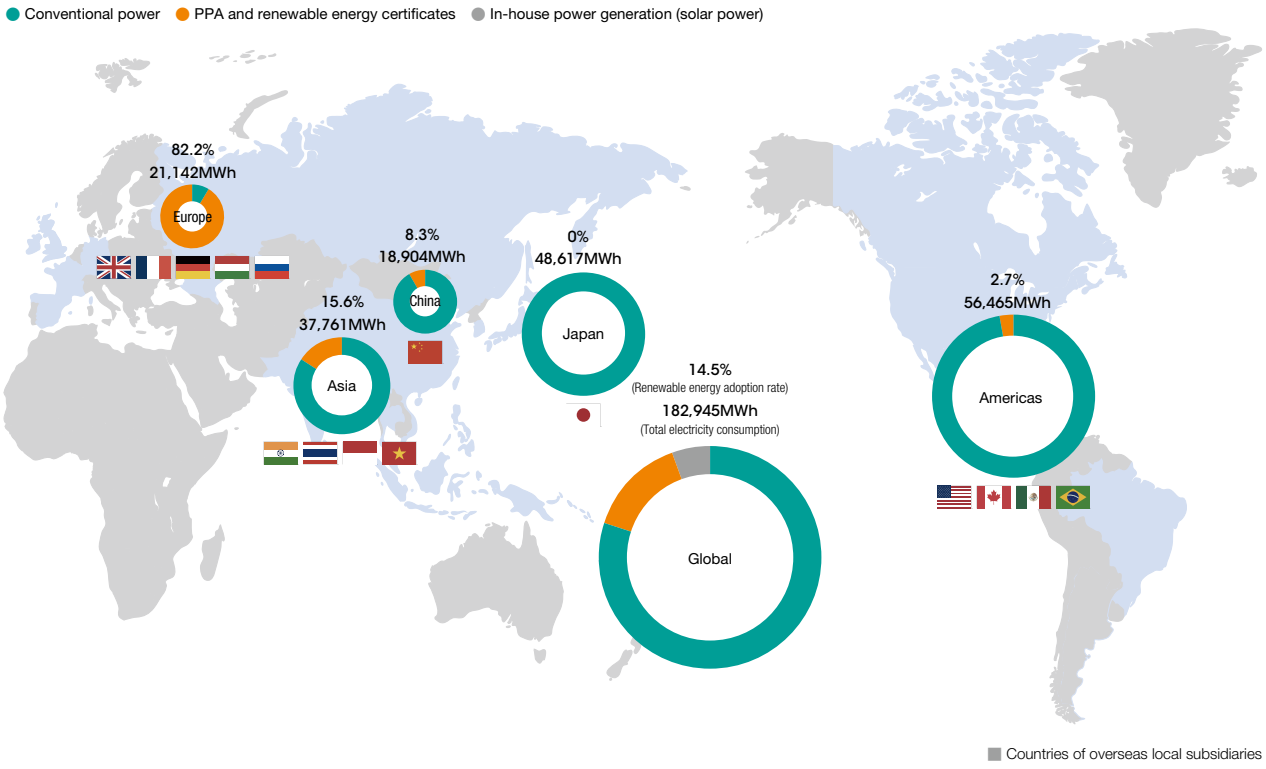
We will set Scope 3 targets as well as Scopes 1 and 2 targets and strive to achieve them through cooperative relationships with business partners in our supply chain to reduce CO_2 emissions across the product life cycle, which we regard as a key issue.

Current Situation and Future Initiatives

Classification	2024 Emissions Results (2023 Results) (Unit: t-CO_2)		The Company's Initiatives for Emissions Reduction
	Global	Japan	
Scope1	15,716 (13,864)	2,151 (2,832)	・Since obtaining an ISO 14001 certification in Japan in March 2002, the Company has striven to reduce energy consumption in its business activities in and outside Japan and will continue to do so. ・The primary reasons for the increase/decrease in 2024 results compared to 2023 are as follows. Scope 1: Global emissions increased due to adding an Indian subsidiary to subject locations. Domestic emissions decreased due to reduced production and reduced heating fuel usage. Scope 2: Global emissions decreased due to reflecting the actual state of renewable energy adoption (which was not reflected in the 2023 figures). Domestic emissions decreased due to a reduction in emission factors. As of 2024, the global renewable energy adoption rate was at 14.5%, as shown on the right page, contributing to the reduction of CO_2 emissions. ・We have concluded agreements with providers to introduce renewable energy through off-site power purchase agreements (PPA) for solar power generation and the purchase of non-fossil certificates at major production facilities in Japan. A 15% reduction in Scope 2 emissions in Japan is projected in 2025. ・We estimated the approximate cost of achieving net-zero Scope 2 emissions globally through the purchase of additional non-fossil certificates as a hypothesis.
Scope2	75,347 (99,740)	14,970 (28,009)	

* In 2024, the Category 1 of Scope 3 results were 275,072 t-CO_2 in Japan (in 2023, the result was 229,561 t-CO_2).
* The actual CO_2 emissions for 2023 (Scope 1, 2, and 3) have been revised from those stated in the Integrated Report 2024. This is because we have implemented IT tools to visualize emissions data, which has corrected deficiencies that existed when we used spreadsheet software for manual calculations.

Renewable Energy Adoption Rate (FY2024 Results)



Initiatives to Reduce Environmental Impact

Updating to environment- and people-friendly production lines

We are reviewing production lines in our mainstay automotive parts business that have been in operation for over 60 years.

The direct electrical heating method used for brazing on the tube production line enables significant reductions in power consumption compared to conventional gas atmosphere furnace heating methods. This method also improves quality and allows for flexible adaptation to customer needs, such as small-lot, high-mix production and fluctuating demand.

We are now implementing automation initiatives on our plastic product manufacturing lines. In addition to the introduction of AGVs and AMRs, we are advancing the use of wireless technology, identifying remote monitoring, including overseas locations, as future challenges.

Additionally, we are implementing various initiatives, such as incorporating AI-powered quality inspection equipment into the inspection process. These initiatives aim to reduce environmental impact through overall optimization.

Our new production lines are advancing initiatives from every angle to achieve a production facility that simultaneously reduces CO_2 emissions, enhances production capabilities, improves product quality, and reduces worker strain in response to the era of labor shortages.

Environmental Initiatives

Initiatives to reduce the number of truck trips by improving loading efficiency

At the All Japan Logistics Improvement Case Studies Conference 2025 hosted by the Japan Institute of Logistics Systems (JILS), our initiative “Addressing the 2024 Logistics Crisis: Reduction of the Number of Truck Trips by Improving Loading Efficiency” was selected as one of 42 outstanding cases.

This initiative improved loading efficiency significantly by developing dedicated containers and revising cargo packaging for the transportation route of automotive steel tubes and pallet components from the Kanto region to Kyushu.

Our mainstay automotive tubular components play a vital part of the system that delivers gasoline to the engine and sends brake fluid to each tire. Due to their extreme lengths and sizes, as well as their roles in safety-critical functions, the components must be packaged securely to prevent any damage during transportation.

As part of our initiative for the presentation theme, we internally developed a container that balances functionality and operability. Consequently, the load capacity per truck substantially increased from 62% to 90%, and the number of monthly trips decreased from 16 to 12. This contributes not only to reduced transportation costs but also to lower CO_2 emissions.

From Sanoh’s presentation materials

Installation of a solar power generation system

Able Sanoh Industries (1996) Co., Ltd., our Thai subsidiary, has introduced a 1.57 MW solar power generation system to mitigate the environmental impact of greenhouse gas emissions.

The system began operating in April 2025. It supplies the factory with approximately 2,241 MWh of electricity annually and is expected to reduce CO_2 emissions by about 1,120 tons per year. This accounts for about 16% of the local subsidiary’s total annual electricity consumption.

Toyota APM that ran in Paris in the summer of 2024 uses our brake tubes

Toyota adopted our brake tubes for its Accessible People Mover (APM), which was used during a series of major sporting events in Paris, France in the summer of 2024.

The APM is a battery electric vehicle (BEV) designed by Toyota Motor Europe, Toyota’s European regional headquarters, that emits no CO_2. It was used as the main shuttle to transport athletes with physical disabilities, such as wheelchair users, as well as event staff, volunteers, and spectators, within the venue. It was also used to transport small quantities of supplies and serve as an emergency medical vehicle during the event.

The Company will continue providing products and services that help reduce environmental impact.

Social Engagement

Human Assets

We have identified human assets (= all employees) as an important business foundation that supports our business activities and an essential factor in solving our materiality issues. With Sanoh's DNA, "Self-reform & Diversity," and corporate philosophy "Personal Development" (providing an environment and opportunities for employees' growth) as keywords, we are taking various measures to take on the challenge of major business reforms, leading to our Third Epic Era.

Backing to Basics of Manufacturing: Thorough Implementation of the *Sangen* Principle and Multi-skill Development

—Create a Workplace That Adapts to Change and Continues Evolving—

The automotive industry is facing rapid technological innovation and changes in market structure. This makes it difficult to predict the future outlook, a situation that has become the norm. Additionally, the workforce shortage in Japan is making it increasingly difficult to secure a stable supply of human assets. In such an environment, it is essential for our company to strengthen its "on-site capabilities" in order to respond flexibly to change and achieve sustainable, high-quality manufacturing.

As part of our initiatives to thoroughly implement our basics of manufacturing the *Sangen* Principle (*genba* (actual place), *genbutsu* (actual thing), and *genjitsu* (actual situation)) across the company, we introduced an On-site Training Program in FY2022. This program is targeted for all employees, aiming to enhance on-site capabilities and responsiveness to structural changes in the automotive industry, such as production fluctuations and labor shortages. The management team, including COO Takeda, participates annually. This program contributes to the integration of management and the production sites by establishing a system that incorporates insights and challenges gained through hands-on experience on the production sites into management decisions. In addition to production sites of our company and our subsidiaries, our partner logistics companies have been providing cooperation as training destinations. This provides opportunities to gain insight into how manufacturing and logistics work together to create value and share knowledge. Through hands-on experience on the production sites, we are promoting multi-skilling and broadening individual skill sets to enhance the overall flexibility and responsiveness of the entire production environment.

Additionally, the Staff Leader Training, launched in FY2023 as part of an education program by job rank and aimed at developing staff leaders who serve as the core of production sites, was continued and further developed in FY2024. This

training program is designed to deepen trainees' understanding of the role as a staff leader. It provides step-by-step development to help them demonstrate leadership on the production sites. Our goal is to enhance human capabilities and problem-solving skills through classroom learning, group discussions, and on-site practice.

Furthermore, opportunities for cross-border learning are expanding. We actively incorporate external insights through initiatives such as a joint "Manufacturing Innovation" activity with Toyota Motor Corporation, exchanges with companies in different industries, universities, and technical colleges, and information sharing between human resource departments and manufacturing departments. Training programs for employees from overseas subsidiaries are also gaining momentum. In FY2024, we accepted human assets from our U.S., Indonesian, and German subsidiaries, creating opportunities for mutual learning.

Professional Human Assets Development —Develop Valuable Skills That Can Be Used Outside the Company—

In order to survive in an age of rapid change, it is more than ever required to maximize the abilities of individual employees, enabling them to fully demonstrate such abilities. Accordingly, the Company advocates developing all employees into professionals, with a professional defined as someone who "achieves results by cultivating and capitalizing on one's abilities (knowledge, skills, and competencies) that are valued not only inside but also outside the Company." The concept is to value both increasing explicit knowledge through inputs from training sessions and workshops within the Company and self-study, and accumulating knowledge from experience by applying what they have learned to their work.

In FY2024, we made progress on developing a system that would allow us to continuously review and improve the content of each level-based training based on surveys and participant feedback. Through continuous review, we aim to prevent training from becoming mere formalities and enhance its effectiveness.

Additionally, we launched new specialized training programs focused on highly technical topics such as Cross-Cultural Communication, Generative AI, and Accounting. A total of over 180 employees have participated in the programs. We also incorporate reflection and improvement perspectives into these training programs to enhance the quality of learning. Through these initiatives, we are further cultivating the corporate culture of "personal development," as outlined in our vision.

The utilization of the new human asset management system introduced in FY2024 is now in full swing. We asked employees to share information about their skills, aspirations, job satisfaction, and future career goals. Using this information, we started considering organizational structuring and personnel transfers. With this system, our goal is to facilitate internal transfers and promotions that are more reflective of each employee's aptitudes and intentions. Furthermore, we support employees to achieve career plans that are in line with their aspirations, by encouraging them to gain a more accurate understanding of their abilities and pace of growth, and to set goals systematically, thereby accelerating their skills development.

Social Engagement

Skill Development —Commitment to Continuous Learning Creates New Value —

The Company regularly hold lectures “Sanoh Colloquium”, with optional participation, inviting active prominent figures from various fields to facilitate the acquisition of new points of view for our employees.

Themes in FY2024

- “100 Years of Life: Constantly Taking on Challenges!” by Ms. Masako Wakamiya, the world’s oldest programmer (June 2024)
- “To Create New Values!—Seize Success with Flexible Mind and Future Vision” by attorney Ms. Yukino Kikuma (October 2024)

The Sanoh Academy, a human assets development platform established to develop specialists, provides training courses that allow trainees to systematically study statistics, physics and marketing, and learn knowledge and skills in the design thinking field. It supports training sessions given by trainers from inside and outside the Company, along with collaborative learning and practice among employees.

We are enhancing employees’ digital skills and developing digital and English-proficient talents to achieve results in both existing and new businesses. The PC Skill-up Training courses offers a full line of training courses, including an Excel course for on-site workers as well as a hands-on course using Microsoft 365 apps, supporting individual skill development and improving operational efficiency. We provide continuous learning opportunities for employees who require English language skills in their work, including English courses by instructors from inside and outside the Company, video learning materials delivered via our internal portal site, and support for using English learning apps.

To support employees’ proactive learning and challenges and promote the sustainable growth of both individuals and the organization, we have introduced a Doctorate/MBA acquisition support system and a certification acquisition support system covering 76 types of certifications. These programs aim to foster the acquisition of specialized knowledge and skills, cultivate the ability to adapt flexibly to a rapidly changing society, and foster a corporate culture of continuous learning.

The company library, Sanoh Books, is available to all employees and houses a collection of 680 volumes. Through the advanced use of printed materials, including lending, sharing reviews, and accepting purchase requests or donated books, the library fosters an environment where employees can gain insights to improve operations, improve productivity, and develop new business.

We also promote skill development beyond divisions through the Community of Practice (CoP). The feature of CoP is that employees themselves plan and hold workshops in areas they are interested in, learning proactively and autonomously from one another. Such activities offer a chance for the development of internal trainers, which contributes to the growth of individuals and the strengthening of the organization as a whole.

Diversity and Inclusion —Diverse Values and Mutual Understanding to Build an Ever-Growing Organization—

Sanoh positions “self-reform and diversity” as part of our corporate DNA. We are committed to creating an environment where all employees can demonstrate their abilities regardless of nationality, gender, age, or disability status. In a rapidly changing business environment, we believe it is essential to transform individual differences in values into strengths to secure sustainable competitiveness. This requires enhancing the organization’s overall responsiveness and creativity.

As a basis for advancing D&I, we provide inclusion education tailored to each level, from new hires to managers, to raise awareness of unconscious bias and harassment risks. Additionally, we hosted a roundtable discussion featuring an external speaker and female employees, creating a safe space for participants to openly share their daily thoughts and concerns. Cross-divisional empathy and dialogue provided an opportunity to deepen understanding of careers and work styles.

In March 2025, two female employees from our Shiga Plant presented on their workplace improvement activities at the TPM® Ladies’ Conference, hosted by the Japan Institute of Plant Maintenance . Although they were not selected for the award, the Company had the opportunity to highlight the challenges and growth of our female employees at manufacturing sites both within and outside the Company. In addition, as a Diversity Promotion Model Company in Ibaraki Prefecture, we presented case studies and held workshops at prefecture-sponsored D&I exchange events. We collaborated with university students from within and outside the prefecture on student interviews and actively engaged in information

dissemination in partnership with the local community.

In the area of employment for people with disabilities, we are working to advance our efforts by focusing on mutual understanding and strengthening employment support systems. In FY2024, we implemented a system to provide more detailed support. We increased the number of disability employment counselors in the Human Resources Division and required staff members to complete the Mental and Developmental Disability Job Support Specialist Training Course. Additionally, we actively engage in creating locally rooted employment opportunities at our Koga Plant (Head Office) and Shiga Plant by accepting interns from local special needs schools and pursuing ongoing hiring initiatives.

Promotion of Diverse Workstyles —Creating an Environment Where Everyone Can Work with Peace of Mind—

We are continuously committed to creating an environment where every employee can work with peace of mind and according to their life stage. We instituted a flextime system in 1992 and a telecommuting system in 2017, allowing for flexible workstyles.

We also working to reduce overtime working hours and promote the use of annual paid leave through a collaboration between labor and management, thus improving QOL and creating workplace environments where work-family balance is possible.

We are continuing to strengthen our support for child rearing. The Sakuranbo, a childcare facility adjacent to the Koga Plant (Head Office) is in its 16th year. We have extended the period for reduced working hours for childcare beyond the statutory requirement until the end of the child's third year of elementary school. This system allows employees to continue working with peace of mind while raising children.

The rate of childcare leave taken by male employees for FY2024 reached 91.3%, achieving further improvement. We hold roundtable discussions about childcare that are open to all employees, from rank-and-file employees to managers, regardless of gender. We invite public health nurses to participate in roundtable discussions and give lectures on nutrition education. Our goal is to alleviate parenting concerns and foster internal networking. Additionally, we have established mechanisms to minimize career interruptions. These include a maternity support program that help alleviate concerns in the early stages of pregnancy, as well as support interviews that bridge the gap from before maternity leave through returning to work.

Going forward, we will continue to foster an environment where sustainable careers for each individual and the company's sustainable growth can coexist. At the same time, we will adapt to the diversity of work styles in the era of 100-year lifespans.

Engagement (Psychological Lively Scale) Improvement —Cross-Divisional Connections Unleash the Organization's Full Potential—

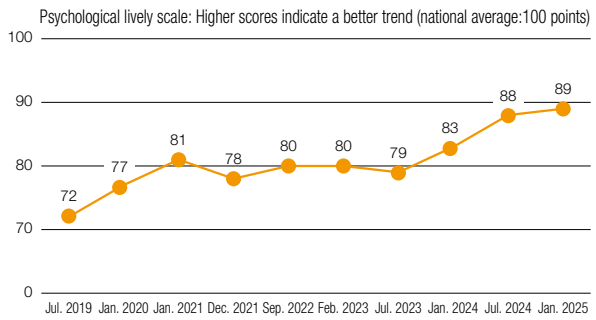
We regularly monitor engagement (psychological lively scale) as the important management indicators to measure the achievement of work–life fulfillment, which was identified as one of the Company's materiality issues. The cross-divisional engagement enhancement project implemented multiple initiatives aimed at raising employee health awareness and revitalizing workplace communication. Employees worked together to improve their physical and mental health while having fun through initiatives like app-based walking rallies and health seminars in collaboration with the football team Koga City FC, based in Koga City, Ibaraki Prefecture, where our Koga Plant (Head Office) is located.

Furthermore, we offer optional gynecological examinations as part of our employee benefits program to address women's specific health concerns. Through health insurance association subsidies, we have created an environment in which employees can take health checkups at almost no cost. By counting checkup time as working hours, we are increasing checkup rates and promoting a culture of health awareness.

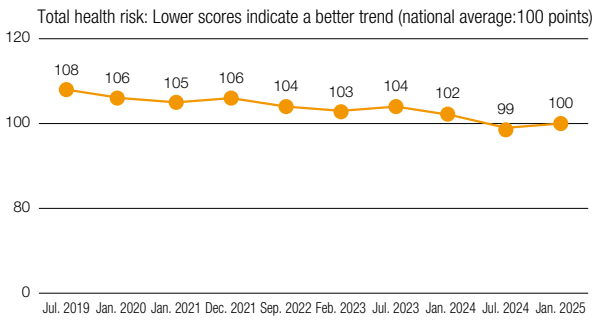
An exchange event was held for employees and their families at the Shiga Plant. Through activities such as factory tours, disaster preparedness demonstrations, and a barbecue, participants who rarely interacted on a daily basis were able to deepen their connections. Many participants spent the time smiling, which made it a valuable opportunity for fostering mutual understanding and building trust.

As part of our efforts to invigorate internal communication, we continue to use the digital tool "San-home", which was named after the coined word that combines "San (Sanoh/thanks)" and "home (praising)." A culture in which people freely express gratitude and praise each day is gradually taking root. This helps foster a culture of mutual recognition.

Trend of psychological lively scale



Trend of total health risk



Social Engagement

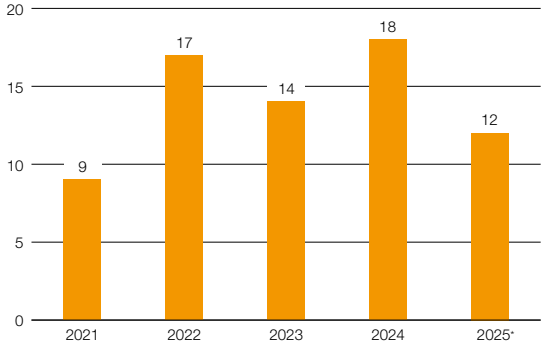
Safety and Hygiene

We conduct our business activities under the recognition that continuously protecting the safety and health of all employees to be a key top priority and foundation for business continuity. Each fiscal year, we establish basic and action policies based on the highest-level principles to promote the safety and health of all employees, including management. We ensure that these policies permeate the entire Company.

Basic Safety and Hygiene Principles

- Endeavor to comply with safety and hygiene laws and regulations to ensure the safety.
- Each and every employee promotes education and training to ensure that he/she can voluntarily take action with an awareness of safety and hygiene.
- Each and every employee strives to maintain and improve his/her health.

Workplace accidents (domestic) (no. of accidents)



*As of August 31, 2025

Safety Education Initiatives

We implement labor safety initiatives for all employees including management, focusing on what safety means and ensuring that past workplace accidents are not forgotten. We have created the Safety Dojo (training) as an educational tool and are promoting simulated workplace accident experiences daily through classroom training, virtual reality (VR), and hazard simulation devices. Our goal is to eliminate workplace accidents through continuous education and training, raising awareness of workplace accidents, and eliminating unsafe behavior.

Health Management Initiatives

In light of the recent extreme summer heat conditions in Japan, we are promoting the elimination of hot work sites by enabling real-time monitoring of temperature, humidity, and WBGT (heat index) at key locations in all factories via the intranet. Additionally, we achieved zero heatstroke cases among domestic employees in FY2024 by increasing the frequency of medical officers' factory rounds and making a contract with beverage manufacturers to ensure easy access to drinks from vending machines during the summer. As the extreme heat is expected to continue, we will consider and implement further measures.

Human Capital Data

Category	Human capital disclosure items		FY2023 (non-consolidated)	FY2024 (non-consolidated)
Human assets development	Number of employees with a PhD degree		20 persons	21 persons
	Turnover rate		7.2%	5.6%
Health and safety	Number of workplace accidents occurred		14 accidents	18 accidents
	Absence rate of employees		0.90%	0.92%
Labor practices	Percentage of employees covered by collective bargaining agreements		53.9%	53.3%
	Pay difference between male and female employees (men's pay = 100)	:regular employees	77.2%	74.4%
		:part-timers/fixed-term employees	80.3%	83.2%
		:all employees	56.1%	58.2%
D&I	Percentage of female employees		34.3%	35.1%
	Percentage of women in management positions		5.4%	6.1%
	Number of nationalities of personnel in posts at the section management level or above		15	12
	Total number of discrimination cases occurred during the period		None	None
	Percentage of mid-career hires among all regular workers		31.7%	55.4%
Workstyles	Overtime working hours per month		14.7h	13.62h
	Rate of annual paid leave taken		87.0%	87.4%
	Days of annual paid leave taken		16.24 days	16.17 days
	Rate of childcare leave taken by male employees		60.9%	91.3%
Other	Engagement/psychological lively scale (national average = 100)		83	89

Shareholders and Investors

The Company will deepen its relationships of mutual trust with stakeholders and fulfill its social responsibility as a listed company through proactive IR activities, constructive dialogue, and other means.

General Meeting of Shareholders

Based on the idea that the general meeting of shareholders is a place for important dialogue with our shareholders, when setting the date of the general meeting of shareholders, the Company avoids dates on which many companies hold shareholders meetings and in principle sends convocation notices by three weeks prior to the date of the meeting. Additionally, we adopted a system of exercising voting rights via the internet and participate in the Electronic Voting Platform for Institutional Investors operated by ICJ, Inc., as part of our efforts to establish an environment where shareholders can exercise their voting rights appropriately and smoothly. In addition, we prepare convocation notices (except attached materials) in English and post them on our website, the websites of the Tokyo Stock Exchange and others.

We have adopted a hybrid participation format for the meeting, providing an environment for shareholders who are unable to attend in person on the day of the meeting to watch the event live. In addition, questions asked by shareholders on the day of the meeting are answered by designated executive, ranging from the chairperson to the responsible officers and outside directors and auditors.

General Meeting of Shareholders held in June 2025

Financial Results Briefing Sessions

After announcing the second quarter and year-end financial results, we hold online briefing sessions where COO and CFO explain financial results to institutional investors and analysts. After the event, we make the briefing materials, transcripts, and archived video available to the public. Our goal is to ensure they are accessible to a wide range of individual investors.

Individual Meetings and Factory Tours for Institutional Investors and Analysts

To promote constructive dialogue, we hold investor meetings every quarter through a system of collaboration among the IR, finance, and corporate planning divisions. We have also established this forum to facilitate direct dialogue with the divisions responsible for new businesses, including the data center business, which has attracted significant investor attention. Since FY2023, we have held factory tours for institutional investors and analysts to deepen their understanding of our products and production sites.

Status of dialogue with shareholders and investors for the fiscal year ended March 2025

https://pdf.irpocket.com/C6584/WzNT/gazP/zVYN.pdf (available in Japanese)

Company Information Sessions

Since FY2023, we have been holding company information sessions for individual investors, aiming to directly communicate information about the Group's business overview, performance, future vision, and other topics to stakeholders including individual investors.

Additionally, as a new initiative starting in FY2024, we held an Integrated Report Briefing Session to raise awareness of and improve understanding of our unique strengths and positioning through the Integrated Report.

IR Materials on Our Website

Our IR information website contains information such as financial results, timely disclosure materials, annual securities reports, shareholder newsletters, and stock information, as well as videos of general meetings of shareholders and financial results briefings, to provide investors with comprehensive information about the Company.

We also disclose the content of questions and answers raised during individual investor meetings and various briefings as "Stakeholder Questions and Our Responses." This allows us to enhance the quality and quantity of information disclosure and ensure fair disclosure.

IR Information

https://www.sanoh.com/ir

Social Engagement

Customers and Suppliers

We put forth our best efforts for the sake of Safety and Security as well as Environmental Conservation based on our technology and quality assurance capabilities developed through the manufacture of critical safety parts as a company with a spirit for the handmade. Even in a VUCA* age, we will contribute to social and industrial advancement together with our suppliers according to our procurement policy.

*VUCA stands for Volatility, Uncertainty, Complexity, and Ambiguity.

Procurement Policy

Together with our suppliers, we will contribute to the further advancement of the industry and our customers even in the VUCA age.

- Establish partnerships with suppliers and advance together
- Provide fair, equitable, and free competition opportunities to suppliers
- Comply with laws and regulations and promote fair and transparent procurement activities
- Conduct procurement activities based on quality and safety
- Pursue procurement prices appropriate for the item or service
- Promote environmentally conscious procurement activities that aim to create a sustainable society
- Maintain a stable supply regardless of changes in economic or political conditions

Stable Supply and Social Responsibility

Initiatives for Stable Supply:
Since 2019, our company began investigating emergencies such as natural and human-caused disasters using a cloud service to ensure a stable supply of sustainable products. We are also strengthening regular communication with our overseas subsidiaries, while reinforcing the resilience of our global supply chain. Through these initiatives, we aim to ensure a stable supply of high-quality products to our customers and further strengthen mutual trust.

Initiatives for Sustainable Products:
Since 1998, our company has led the industry in developing innovative plant-derived plastic products that offer both excellent flexibility and low-temperature impact resistance. We have refined our technology to meet the stringent specifications required by the automotive industry, and have expanded our line of plant-derived plastic products for a wide range of applications, including plastic fuel tubes and plastic-coated tubing. We will further accelerate the development of sustainable products that combine environmental friendliness with high functionality, based on international environmental regulations.

Promotion of Responsible Mineral Procurement:
In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was established in the United States as a financial regulation reform act, the Company conducts an annual survey on four conflict minerals, namely tin, tantalum, tungsten, and gold, to prevent the flow of funds to inhumane armed groups. We have included cobalt and natural mica in the items subject to the survey since 2021. We are strengthening our efforts to respect human rights and protect the environment throughout the supply chain. We continue to promote sustainable resource procurement.

Quality Improvement Activities

All employees are aware that the Company manufactures many critical safety parts that underpin the safety of the automotive industry and perform their daily activities with pride. We make unceasing daily improvements based on every employee's quality-conscious attitude and our top priority of promptly providing safety and security to our customers. At the same time, we consider the safety and security of our employees to be our top priority as a company, and we aim to swiftly remedy employee annoyances that hinder improvements in quality, such as poor workability, difficulty in maintaining equipment, and poor working environment.

All employees understand the four parts of our quality policy and work conscientiously every day so that we can aim to achieve higher quality, keep up with the turbulent changes of the times, and lead the way. The untiring efforts of all employees have led to the Company receiving quality awards from many customers in Japan and overseas. Quality is not something that can be built in a day. In order to maintain quality that satisfies all of our stakeholders, we will steadily continue our activities step by step and achieve even higher quality.

Basic Policy for Quality

As a global company, we pool our collective wisdom to provide high-quality products at fair prices to customers worldwide. We are committed to driving this initiative forward.

FY2025 Quality Policy

- Haste makes waste, precision pays.
- Excellence is a journey: Every step towards improvement counts.
- The usual way isn't always the best way: Challenge conventions, embrace innovation.
- Communication is key: Speak and listen with intention.

Corporate Structure Less Prone to Quality Fraud

The Company has been working to lay the groundwork for a less fraud-prone corporate structure for several years. We are striving to identify and carefully address various long-standing internal issues, such as rule-making that ignores workplace realities, excessive increases in paperwork, and performance evaluation tests conducted under poor working conditions. We work to detect potential risks that could lead to fraud at an early stage by designing tasks that do not overburden individual workers, introducing the latest, more user-friendly tools, and steadily making improvements. Through these efforts, we aim to eliminate the seeds of fraud risk before they arise.

Strengthened Manufacturing Foundation Supporting Global Quality – Turning Uniqueness into Strength

The Company, which operates numerous production facilities both domestically and internationally, is promoting global quality standardization in accordance with international standards. At the same time, we will not overlook the unique strengths of each facility, such as the new technologies developed around the world and the various on-site improvement ideas. Instead, we will respect these strengths as those of the entire group and reflect them as new global standards. We continuously accelerate global quality improvement activities and meet stakeholder expectations by harnessing the collective strength of every employee working around the world. We will advance the strengthening of our manufacturing foundation globally, which underpins quality. We will use the following as medium-term quality activity indicators: each facility's ability to identify challenges and solve problems; the mutual reinforcement achieved through inter-facility communication that links these capabilities; and the spirit of inquiry that pursues the latest technologies.

Local Community and Society

We are advancing various initiatives to address one of our materiality issues: "Co-creation and growth with local communities."

Japan

"COKOGA OFFICE" Celebrates its 1st Anniversary

"COKOGA OFFICE," one of the largest shared offices in the northern Kanto region, celebrated its first anniversary in May 2025. The project involved the renovation of the Koga Office, a facility of the Company near JR Koga Station. The name "COKOGA" comes from "CO" for "cooperation," and "KOGA" for Koga City in Ibaraki Prefecture, where we are located. This initiative is being developed as a project based on the "Comprehensive Partnership Agreement for Regional Revitalization" concluded between the Company and Koga City in 2023.

The number of users has steadily increased. In addition to hosting startup and business-related seminars, it serves as a hub for a variety of community activities that go beyond the scope of a typical shared office. These activities include meetings and group training sessions organized by local organizations. The space also served as the public viewing venue for the Japan Shogi Association's Meijin-sen Tournament Game 5, which took place at a hotel in Koga City from May 29 to 30, 2025.

Social Engagement

Our Substrate Contract Processing Service Joins Nagaoka University of Technology's Open Innovation Hub for Processing Development of Next-Generation Semiconductor Crystal Substrates.

We are a major participating company in the Open Innovation Hub for Processing Development of Next-Generation Semiconductor Crystal Substrates, launched by the Nagaoka University of Technology (Nagaoka City, Niigata Prefecture; "NUT").

This hub evolved from the Study Group for Practical Processing Technology for the Next-Generation Single Crystal Substrates, which was launched in 2022 by Professor Hideo Aida of the University. The hub establishes a platform for developing substrate processing technologies for next-generation power semiconductor materials, including GaN (gallium nitride). Opening up the entire manufacturing process makes it possible to visualize the quality of the final product = the "substrate."

The Company is conducting research and development on substrate processing for next-generation semiconductor materials such as GaN (gallium nitride), SiC (silicon carbide), and AlN (aluminum nitride) as part of our efforts to create new business opportunities. We are advancing our joint research with NUT and will continue collaborating with the other participating companies. By collaborating closely across industry, academia, and government boundaries, we can quickly identify technical challenges and needs. Shortening the feedback lead time for both parties accelerates the development of substrate processing technologies for next-generation semiconductor substrates.

On May 20, 2025, the kickoff meeting for the Open Innovation Hub for Processing Development of Next-Generation Semiconductor Crystal Substrates held in Nagaoka City featured welcoming remarks by the mayor and a video message from Hiroshi Amano, a Nobel Laureate in Physics and special professor at Nagoya University. The message reflected the high expectations for the new hub.

We will continue to focus on technological development and business expansion for our contract substrate processing services.

Participating in Tokyo Port Off-Peak Loading and Unloading Model Project FY2024

We participated in the "Tokyo Port Off-Peak Loading and Unloading Model Project FY2024," implemented in November 2024 by the Tokyo Metropolitan Government. This project aimed to reduce congestion at the container terminal gates by spacing out the arrival times of vehicles transporting maritime containers from and to Tokyo Port.

This initiative addresses the shortage of truck transport capacity resulting from the 2024 Logistics Crisis by dispersing truck arrivals at Tokyo Port, which tend to occur in the afternoon and evening, to less busy times, such as the morning. This reduces congestion at the container terminal gates and cuts down on truck waiting times.

Rather than transporting goods directly to Tokyo Port, as is usually done, we contributed to the project by delivering them to a logistics hub (depot) within Ibaraki Prefecture designated by the other participating companies.

Participating in the Human Assets Project of the National Institute of Technology (Kosen), Oyama College

From September 2024 for three months, National Institute of Technology (*Kosen*), Oyama College (Oyama City, Tochigi Prefecture; "Oyama Kosen") participated in the human resource development program, "Oyama Kosen Entre Challenge: 2nd Edition—Technical College Students + Community-Based Project." Spearheaded by Oyama Kosen, this initiative aimed to foster mutual learning and growth by encouraging students and working professionals to tackle open-ended challenges together.

The Company and students from Oyama KOSEN formed the New Assistive Devices Team. We conducted research, which included interviews at care facilities and an internal survey at the Company. In December, we gave a joint presentation with the students on a new product development plan for assistive devices.

*Abbreviation for entrepreneurship. It refers to entrepreneurial capability, which is the attitude to start new businesses and take risks.

Our 85th Anniversary Commemorative Ceremony and Events

To commemorate the Company's 85th anniversary, we held a mini event at our Koga Plant (Head Office) in December 2024. Employees and their families, as well as members of the local residents' association, participated in the event. The factory tour offered a valuable opportunity to gain a deeper understanding of the Company. It featured hands-on activities, such as "bending experiences," which allowed visitors to see our spirit for the handmade firsthand and become familiar with our technologies.

Furthermore, through an exhibition reflecting on our 85-year history, we shared our journey of growth with the local community. This event provided an opportunity to revisit the connections between employees, their families, and the local community. It was a significant step toward co-creation and growth with local communities.

Interaction with the Local Community Through Sports

In March 2025, we held the ninth Sanoh Football Cup. The event has been held continuously since 2013, with the objective of connecting the Company and people in the Koga region, Ibaraki Prefecture through football, and growing together to create an excellent city.

Six youth football teams in Koga City participated in the event, where intense matches unfolded. High school football teams in Koga City also volunteered to help organize the event.

Social Engagement

Exhibiting at ECO Festa KOGA 2024

On March 1, 2025, we exhibited at the event ECO Festa Koga 2024 (hosted by Environment Division, Citizen's Department, Koga City), at the Koga Kubo Park, in Koga City, Ibaraki Prefecture.

At our booth, we showcased our environmental conservation and community contribution activities in Japan and at global sites, as well as products made by shredding and recycling our own used plastic products.

The display of recycled products included parts boxes used in the Company's production processes as well as everyday items such as faucet handles and smartphone stands.

We will continue our efforts to reduce environmental impact, including waste reduction, and contribute to the local community.

Participating in Watarase Retarding Basin Cleanup Campaign

On April 12, 2025, the Watarase Retarding Basin* Cleanup Campaign (hosted by the Upper Tone River Users Association) was held, and employees and family members of the Sanoh Industrial Group participated as volunteers in the cleanup activities. A total of 20 tons of waste was collected in Watarase Retarding Basin Cleanup Campaign.

The Watarase Retarding Basin Cleanup Campaign is an annual event organized in partnership with six neighboring municipalities, including Koga City in Ibaraki Prefecture, where our Koga Plant (Head Office) is located. The campaign also involves the Tone River Upper Stream River Office of the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. We have participated in the campaign since its inception.

*The largest retarding basin in Japan, spanning over the four prefectures of Ibaraki, Tochigi, Gunma, and Saitama, home to a rich variety of plants, insects and birds in a lush natural environment. In July 2012, it was registered as a wetland under the Ramsar Convention.

Overseas

Thailand

Heavy rains caused flooding in northern Thailand in September 2024. Our Thai subsidiary, Sanoh Industries (Thailand) Co., Ltd., established a donation space within the company to collect daily necessities, such as food, soap, and shampoo, to support disaster victims. The items were donated to volunteer organizations conducting relief activities.

Brazil

Heavy rains in April 2024 caused widespread flooding in the state of Rio Grande do Sul, Brazil.

Our Brazilian subsidiary, Sanoh do Brasil Industria e Comercio de Produtos Automotivos Ltda., participated in a relief supply collection activity led by a state-sponsored aid organization. They provided food, water, and clothing to those affected by the disaster.

Indonesia

Our Indonesian subsidiary, PT. Sanoh Indonesia, conducts CSR activities in conjunction with the Muslim holy month of Ramadan. We provided scholarships to the children of former employees who passed away due to accidents or illness. We also made donations to impoverished families in the surrounding areas.

Corporate Governance

Basic Stance on Corporate Governance

Our philosophy is to put forth our best efforts for the sake of the Safety and Security of our stakeholders together with Environmental Conservation through the supply of products and global business activities as a company with a spirit for the handmade, achieve a long-term increase in corporate value, and fulfill our social responsibility.

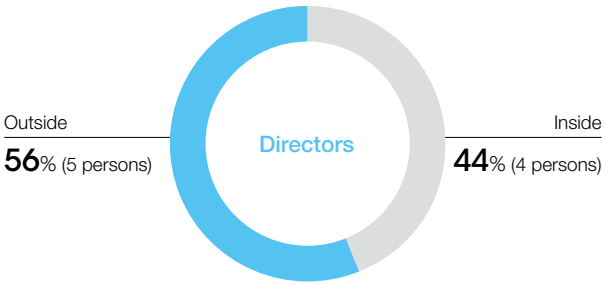
We will strive to enhance corporate governance to ensure transparent and efficient corporate management for all stakeholders, including our shareholders.

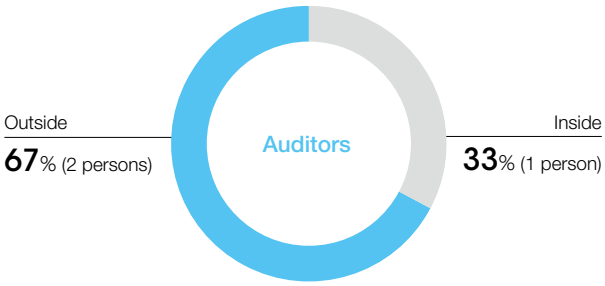
Compliance with Japan's Corporate Governance Code

We consider Japan's Corporate Governance Code (the "Code") as requests and expectations from wider society. For the Group's sustainable growth and medium- to long-term increase in corporate value, we intend to carry out business activities with the Code at the center of our corporate management. We comply with all the principles based on a full understanding of the purpose of the Code.

(Reference) Governance-related information (including a link to the Corporate Governance Report (in Japanese))
https://www.sanoh.com/sustainability/governance/corporate_governance

Composition of Executives





History of Corporate Governance

2025
- Outside directors constitute 60% of the Personnel and Compensation Committee (3 outside and 2 inside directors, voluntary participation continues)

2024
- Appointed a female auditor (from 1 person to 2 persons)
- Started voluntary participation of outside directors who are not Committee Members in the Personnel and Compensation Committee
- Introduced self-evaluations by directors and auditors to the effectiveness evaluation scheme for the Board of Directors

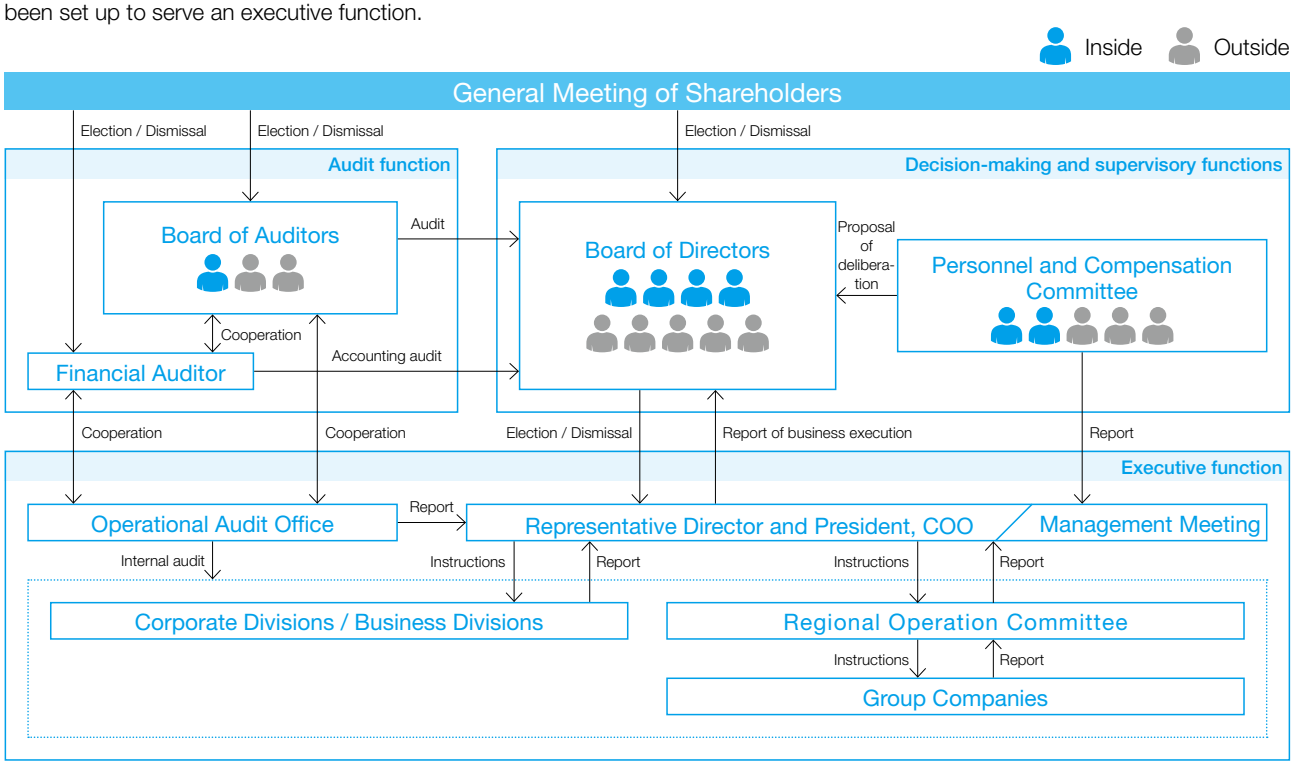
2023
- Appointed a female director (from 0 persons to 1 person)
- Appointed a Lead Outside Director
- Held the first board retreat

2022
- Revised the trust-type stock compensation system

2021
- Appointed outside directors as advisory members for the Personnel and Compensation Committee (2 outside and 2 inside directors)
- Appointed a female auditor (from 0 persons to 1 person)
- Introduced an effectiveness evaluation scheme for the Board of Directors

Corporate Governance Structure

We have adopted the Board of Auditors system. The Board of Directors, the Personnel and Compensation Committee, the Board of Auditors, and the Financial Auditor constitute major organs for corporate governance. In addition, the Management Meeting has been set up to serve an executive function.



Board of Directors (15 meetings in FY2024)

The Board of Directors consists of nine directors (of which five are outside directors). In principle, the Board, chaired by Director and President Genya Takeda, meets once every month with the attendance of auditors, makes decisions on management matters, receives reports on the status of business execution from divisions, and supervises the execution of directors' duties.

After the meeting, discussions are also held between the Representative Directors and the Board of Auditors, between the President and outside directors, and among outside directors and auditors to encourage the attendees to mutually better themselves by exchanging information with each other and to acquire knowledge and broaden insight as management members. A retreat joined by all members of the Board of Directors is also held inviting also leaders from business execution divisions to join in intensive discussions on important management issues, where medium- and long-term policies and solutions to challenges are discussed in a liberal atmosphere.

Examples of topics discussed at the board retreat

- Future outlook for the automobile industry and progress on the Mid-term Strategy and Target (Sanoh's focus regions)
- Marketing strategy (existing businesses)
- Regions requiring structural reform (Europe and China)

Board of Auditors (12 meetings in FY2024)

The Board of Auditors consists of one full-time auditor and two outside auditors. Chaired by the full-time auditor, the Board decides on policies, plans, and methods of audit, as well as on division of roles in audits. The Board also audits the Board of Directors' decision-making process and the status of directors' execution of duties.

Personnel and Compensation Committee

Our Personnel and Compensation Committee consists of three outside directors and two inside directors (Director and Chairman, Director and President). It serves the functions of both nomination and compensation committees. Consulted by the Board of Directors, the Committee drafts proposal for appointments and compensation for Executive upon unanimous agreement by all Committee Members, which is then submitted to the Board of Directors for decision. The Personnel and Compensation Committee allows outside directors who are not Committee Members to voluntarily join the Committee.

Corporate Governance

Stance on the Board Diversity

At the Company, the Personnel and Compensation Committee selects candidates for directors.

The Committee defines the skills required of directors in selecting the candidates, and picks the candidates by taking into account a balance among their knowledge, experience, and skills, after which the Board of Directors selects the candidates. The Company strives to secure those who are capable of demonstrating their strengths in each business area and suitable for properly supervising a wide range of business operations and also to take into account not only a gender diversity but also an age group diversity.

Composition of age and gender at the Board of Directors after General Meeting of Shareholders

Male Female

		Age			
		40's	50's	60's	70's
Directors	Inside	♂♂		♂	♂
	Outside	♂♀	♂	♂	♂
Auditors	Inside	♀			
	Outside	♂		♀	

Executives' Skills Matrix

	Position	Name	Number of years in office	Personnel and Compensation Committee	Attendance at Board of Directors meetings (FY2024)	Attendance at Board of Auditors meetings (FY2024)	Areas in which executives are capable of showing their expertise and experience							
							Corporate management (president)	Finance & accounting	Industry knowledge	Global business	IT / DX	Sales / marketing	R&D / new business	Legal affairs / compliance
Directors	Representative Director, Chairman and CEO	Yozo Takeda	42 years	Committee Member	100% (15/15)		○		○	○		○		○
	Representative Director, President and COO	Genya Takeda	13 years	Committee Member	100% (15/15)		○		○	○		○	○	○
	Vice Chief Operating Officer (VCOO), General Manager of Marketing Headquarters	Hirohisa Nakamoto	—		—		○		○	○		○		
	Senior Executive Officer, CFO, and General Manager of Finance Headquarters	Munetoshi Sasaki	10 years		100% (15/15)			○	○	○		○		○
	Lead Outside Director	Motohisa Kaneko	6 years	Committee Member	100% (15/15)		○	○			○		○	
	Outside Director	Takafumi Morichi	6 years	Committee Member	100% (15/15)		○	○		○				○
	Outside Director	Akie Iriyama	5 years		100% (15/15)				○	○	○			
	Outside Director	Yoshiyuki Izawa	3 years		87% (13/15)		○	○		○		○		
	Outside Director	Sayaka Tomioka	2 years	Committee Member	100% (15/15)			○		○			○	
Auditors	Full-time Auditor	Haruka Miwa	4 years		100% (15/15)	100% (12/12)								○
	Outside Auditor	Tomoki Hiraishi	3 years		100% (15/15)	100% (12/12)	○	○			○		○	
	Outside Auditor	Eri Furukawa	1 year		92% (11/12)	100% (10/10)				○				○

Independence Standards and Qualification for Independent Directors

When selecting candidates for outside directors, the Company complies with the requirements for outside directors set forth in the Companies Act and the independence criteria set by the securities exchange.

In addition, the Company selects candidates who are expected to provide frank, active, and constructive advice on and supervision of the Company's management based on their expertise and abundant experience.

Management Meeting

We have introduced an executive officer system to improve the efficiency of management through swift business execution and to clarify management responsibilities. Consisting of inside directors and executive officers, the Management Meeting makes decisions on the overall management, such as investment plans, new business development, and risk comprehension as a place of preliminary deliberations to prepare for vigorous discussions and decision-making by the Board of Directors. Important management matters that should be discussed by the Board of Directors are deliberated by the Management Meeting in advance to help the Board of Directors engage in active discussions and make decisions.

Effectiveness of the Board of Directors

The Board of Directors strives to operate its meetings in a manner that facilitates appropriate management decision-making by taking measures aimed at encouraging constructive discussions about each deliberation matter. For example, the Board clarifies information that is useful for decision-making for each deliberation matter. To evaluate the effectiveness of the Board of Directors as a whole, attendees exchange their opinions and share information with each other and have free and open-minded discussions. Meanwhile, directors and auditors also answer a questionnaire to examine the effectiveness of the Board of Directors. Starting in 2024, based on discussions within the Personnel and Compensation Committee, we have moved up the timing of evaluations, and introduced a new self-evaluation process for directors and auditors.

Evaluation Method

All directors and auditors answered a board evaluation questionnaire with their names. They evaluated each item against a five-point scale and gave additional comments. Based on the compiled results, the Board of Directors discussed challenges and future initiatives.

The questionnaire was composed of questions on matters on the right.

1. Composition of the Board of Directors
2. Administration of the Board of Directors meetings
3. Agenda of the Board of Directors meetings
4. Support system for the Board of Directors
5. Administration of the Personnel and Compensation Committee meetings
6. Dialogue with shareholders

Evaluation Results Overview and Challenges (FY2024)

The evaluation results confirmed the appropriate functioning and effectiveness of our Board of Directors. Meanwhile, the results indicated the challenges on the right for further improvement of the effectiveness.

1. Enhancement of discussions on succession plans for the representative directors
2. Enhancement of discussions on internal control
3. Enhancement of discussions on risk management systems and related matters
4. Enhancement of dialogue with shareholders
5. Policy of constructive dialogue with shareholders

Future Initiatives

To address the challenges found through the evaluation, our Board of Directors will implement measures to increase its effectiveness. Going forward, we will evaluate the effectiveness of the Board of Directors on a regular basis and strive to further make improvements.

Support System for Outside Directors (Outside Auditors)

For outside directors (outside auditors), we have adopted a system where necessary information is communicated as needed by the personnel in charge of the Board of Directors Office. The Board of Directors Office is also responsible for supporting the execution of duties by outside directors (outside auditors) and supports their cooperation with auditors, financial auditors, and divisions related to internal control. Specifically, we hold preparatory briefings prior to the monthly Board of Directors meetings.

Compensation for Executives

Policy for Determining the Amount or Calculation Method of Compensation, etc. for Executives

Our Board of Directors resolved the policy for determining compensation, etc. for individual directors (the “Policy”) at a meeting held on March 24, 2021. Before passing the resolution, the Board of Directors sought advice and received a report from the Personnel and Compensation Committee.

In addition, the Board of Directors confirmed that compensation, etc. for individual directors in the fiscal year under review, as well as how the compensation, etc. has been determined, is consistent with the Policy resolved by the Board and that the report from the Personnel and Compensation Committee has been respected. The Board therefore judged that the compensation, etc. is in line with the Policy.

The details of the Policy are found on the next page.

Corporate Governance

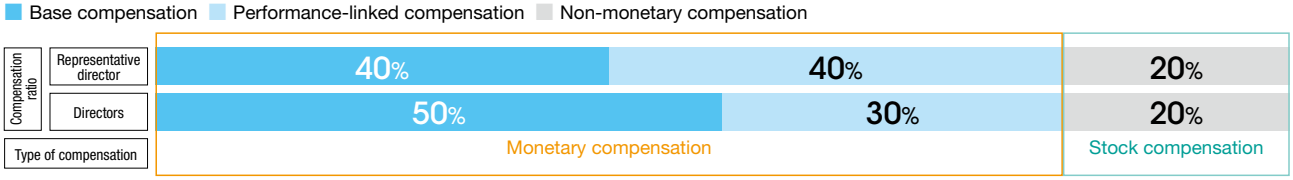
❶ Basic Policy

Compensation for directors shall consist of fixed compensation and compensation linked to the Company's business performance. As a basic policy, compensation for each director shall be set at a reasonable level based on their job responsibilities. Specifically, the compensation shall be comprised of fixed compensation as base compensation, performance-linked compensation, and stock compensation. However, performance-linked compensation shall not be paid to outside directors, in light of the nature of their duties.

Base compensation	A fixed amount of base compensation shall be paid monthly to each director. The amount shall be discussed by the Personnel and Compensation Committee, with comprehensive consideration given to the levels of compensation at other companies, the levels of employee salaries, the Company's business performance, and other factors. The amount of fixed compensation shall be set as an annual amount, and one-twelfth of the annual amount shall be paid every month.
Performance-linked compensation, etc.	Performance-linked compensation shall be paid twice a year (in July and December) as monetary compensation linked to the level of achievement of targets set based on directors' job responsibilities, as well as to indicators of the Company's business performance (KPIs). The target KPIs shall be set when formulating the Mid-term Strategy and Target to ensure that they are consistent with the policy. When deemed appropriate, they shall be reviewed in accordance with changes in the business environment, based on the original draft by the Personnel and Compensation Committee.
Non-monetary compensation, etc.	Non-monetary compensation shall be provided as stock compensation (stock issuance trust). Based on the Rules on Stock Issuance set by the Board of Directors, points shall be given to each director during the trust period, on the day specified in the Rules (a day in June every year). The number of points given shall depend on the position. (One point is equivalent to one share of the Company.) In principle, the timing of stock issuance to each director shall be the time of their retirement. However, a certain proportion of issued shares shall be sold and converted into cash within the trust and given as money, instead of as stock.

❷ Policy for Determining the Breakdown of Compensation, etc. for Individual Directors

The type-specific breakdown of compensation for executive directors shall be discussed by the Personnel and Compensation Committee, based on the levels of compensation at benchmark companies with similar business scales as the Company and in relevant industries and business categories. The proportion of performance-linked compensation shall increase in proportion to the position level. The Board of Directors (Representative Director and President to whom the authority has been delegated based on the next section) shall determine the compensation, etc. for individual directors, within the scope of type-specific breakdown proposed in the original draft by the Personnel and Compensation Committee. As a guide, the ratio between base compensation, performance-linked compensation, etc., and non-monetary compensation, etc. shall be 4:4:2 for representative directors and 5:3:2 for directors if the KPIs are fully achieved.



Policy for Determining the Breakdown of Compensation, etc. for Individual Directors

To determine the amount of compensation for individual directors, the Board of Directors, based on its resolution, delegates the authority to Director and President to decide on the details of such delegation including the amount of base compensation paid to each director and the evaluation and allocation of performance-linked compensation based on the business performance of divisions each director is in charge of. To ensure that such authority is properly exercised by Representative Director and President, the Personnel and Compensation Committee shall prepare a proposal (on the amount of base compensation and performance-linked compensation for each director) and the Director and President to whom the above authority is delegated shall make decisions according to the proposal. The number of points to be given to each director as stock compensation shall be determined by the Board of Directors based on the proposal of the Personnel and Compensation Committee (the Rules on Stock Issuance).

Total Amount of Compensation, etc., Total Amount of Compensation, etc. by Type, and Number of Eligible Executives, by Executives Category

Executives category	Total amount of compensation, etc. (JPY million)	Total amount of compensation, etc. by type (JPY million)			Number of eligible executives
		Base compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (Outside directors)	223 (53)	136 (53)	87 (—)	— (—)	8 (5)
Auditors (Outside auditors)	34 (17)	34 (17)	—	—	4 (3)
All executives (Outside directors and auditors)	257 (70)	170 (70)	87 (—)	— (—)	12 (8)

(Notes) Compensation amounts are rounded to the nearest million yen.
The above number includes one auditor who retired upon the conclusion of the 116th Annual General Meeting of Shareholders held on June 21, 2024.
The amount of compensation, etc., of directors does not include the employee salaries of the directors who concurrently serve as employees.

Stance on Compliance

As the Company provides many critical safety parts that underpin the safety of automobiles, we believe that we should ensure compliance with corporate ethics, social norms, work manuals, and other rules in addition to applicable laws and regulations of countries and regions in which we operate, and that we should carry out fair and equitable business activities. To ensure compliance across the Group, we established the Sanoh Group Charter of Conduct, the Sanoh Group Code of Conduct, which more specifically describes the Charter of Conduct, and the Compliance Manual. All executives and employees across the Group are required to act in accordance with these standards of conduct.

Sanoh Group Charter of Conduct

1 Compliance with Laws and Rules

Sanoh and its employees will comply with company rules and all applicable laws of countries in which it operates its business.

2 Protection of Corporate Assets and Prohibition of Acts Posing Conflicts of Interest

Sanoh and its employees will protect all kinds of corporate assets and will not conduct any acts that pose conflicts between their personal interests and those of Sanoh.

3 Respect for Diversity and Equality of Opportunity

Sanoh and its employees will respect the diversity of employees, business partners, and local communities.

4 Fair and Equitable Relationships

Sanoh employees will maintain fair and equitable relationships with business partners and their employees.

5 Ensuring Transparency and Accountability

Sanoh and its employees will disclose information about corporate activities to shareholders and society in a fair, transparent, timely, and appropriate manner.

6 Ensuring Safety and Protecting the Environment

Sanoh will strive to ensure the safety of products and workplaces and to protect the environment.

7 Practices and Reports

- Sanoh employees are expected to perform their tasks in accordance with this Charter of Conduct.
- Sanoh employees are required to immediately report the details of any violations they find or become aware of. Employees who make such reports will be protected from retaliation.

Compliance Promotion System

We promote compliance throughout the Company and Group by assigning compliance managers to each division at the Company and to each Group company and by providing education and training conducted by the Legal Affairs Division. Furthermore, the compliance managers, who acquired sufficient knowledge through the training, contribute to the fostering and continuous improvement of employee compliance awareness across the Company and Group by providing compliance education and guidance to their division members and sharing information with them, as well as by reporting to and consulting with the Legal Affairs Division.

Specific Initiatives

1 Various Types of Compliance Training Programs

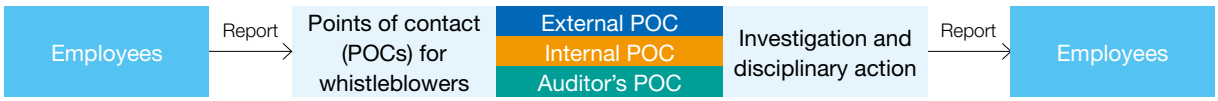
We provide various types of compliance training programs developed for each target employee group (new employees, managers, employees on foreign assignments, and all employees). In FY2024, we conducted a Compliance Manager Training in September and January of the following year for domestic employees and a Global Compliance Manager Conference in March for overseas employees. The videos of the past compliance manager training sessions are shared internally one after another.

2 Revision of the Compliance Manual

In October 2024, we revised our Compliance Manual to include compliance with competition laws in the reference section.

3 Whistleblowing System

1. We have established an external point of contact operated by an external attorney-at-law, an internal point of contact jointly operated by the Human Resources Division and the Legal Affairs Division and an auditor's point of contact operated by the full-time auditor for whistleblowers to make a report about directors and other senior management members from the viewpoint of ensuring independence.
2. Whistleblower rules have been established to clarify the rules for the use and operation of the system, including the prohibition of disadvantageous treatment of whistleblowers.
3. In case of any compliance violations, we conduct an investigation and fact-checking, and take appropriate disciplinary action against workers who commit a violation.



Risk Management

Risk Management Promotion System

The Group has strengthened its risk management promotion system so that we can respond to manifestations of all kinds of risks in this unpredictable era.

In January 2021, we set up the BCP Team dedicated to risk management. The team has focused on establishing an initial process and installing more disaster prevention equipment for the main purpose of reducing the impact of a disaster if it strikes and preventing the damage from spreading. We upgraded the team to the BCP Department in FY2022 and to the Risk Management Division in FY2023. It has worked to reduce or transfer all risks, including disaster risks, across the Group.

In addition, we are currently developing the business continuity plan rules that cover all of our Group companies in order to invest our resources in identifying apparent and potential risks and taking control measures.

Going forward, we will further strengthen our risk management promotion system with a view to getting a certificate of Business Continuity Management System (BCMS).

Major Risks and Countermeasures

Risks	Countermeasures
Economic situation	The Group operates its business across the globe including Japan, Americas, Europe, China and Asia. For this reason, changes in the economic situation in a country or a region where the Group sells products may affect our business performance and financial position.
Order fluctuations	We have formulated the Mid-term Strategy and Target centered on establishing a high-profitability, high-quality foundation that can withstand production adjustments by key customers; expanding our thermal solutions business to respond to the expansion of the EV market; and creating next-generation core businesses. This will enable us to achieve further growth in the new world.
Exchange rate fluctuations	The Company enters into hedging transactions such as forward contracts, depending on the circumstances, to minimize exchange rate risk. Note that extreme exchange rate fluctuations at the end of a period may cause the Group to incur a loss on valuation of derivatives, etc., resulting in changes in non-operating income or expenses.
Retirement benefit obligation	The Group's retirement benefit obligation is calculated using the discount rate for the actuarial calculation, the expected rate of return on plan assets, etc. Retirement benefit obligation may change depending on the actual results, and actuarial gains and losses may arise due to a deterioration in the plan asset management environment and other factors.
Product defects	As our products are designated as critical safety parts, we are keenly aware of the potential for significant impact if risks materialize. We therefore work to develop and operate a system to prevent the recurrence of material quality issues involving critical safety parts or other products by making major revisions and improvements to our Advanced Product Quality Planning (APQP) framework.
Market conditions of raw materials	The Group works to minimize the risk of fluctuations in raw materials prices by aligning with customers and vendors as much as possible.
Natural disasters such as earthquakes and accidental disasters	The Group promotes business continuity management (BCM) activities by regularly verifying the effectiveness of business continuity plans (BCPs) and other measures, and reviewing them as appropriate, to reduce risks from large-scale natural disasters and unexpected accidents. In the event of a disaster, our top priority is the protection of human life. We aim to achieve early recovery and business continuity through asset preservation and supply chain maintenance.
IT security and information management	The Group provides education to employees and enlightens them to increase their information literacy in order to prevent information leakage as well as data alteration, erasure and destruction. The Group also works to ensure the appropriate operation and management of in-house information systems with support from external experts. Furthermore, we have taken out cybersecurity insurance to minimize the cost or opportunity loss to be incurred in case of a cyberattack.
Infectious diseases	The Group has developed response guidelines to ensure the safety and health of employees, etc. from the perspectives of preventing the spread of infectious diseases and keeping its business operations running, and ensures that employees are aware of the guidelines. We also recommend that employees of some divisions work from home and that they go to work during non-rush hour or drive to work if they need to show up at work. Furthermore, we take various measures to reduce the risk of infectious diseases.
International operations	The Group uses the information networks of our overseas personnel stationed at bases abroad and also holds regular online meetings organized by function and region. This allows us to verify the status of, and gather information on, the maintenance and management of the personnel, equipment and funds necessary for business and production continuity. It also enables us to identify significant litigation or tax issues. Through this approach, we strive to resolve issues early on and minimize any unforeseen damage.
Lawsuits	The Group is exposed to litigation risk in conducting its business, which arises from lawsuits, sanctions by regulators, and other legal proceedings. Any of such legal actions filed against the Group could result in claims for damages, the imposition of monetary penalties by regulators, or the imposition of restrictions on the conduct of its business.
Business investments	The Regional Operation Committee in each region monitors the status of business performance management in local subsidiaries, based on which the Group discusses future directions and measures to improve performance. This discussion includes decision-making on Group companies' investments by the Management Meeting. In addition, the Board of Directors deliberates and passes resolutions on medium- to long-term directions of our business, in accordance with the Rules on Board of Directors.

Risk Survey on Overseas Subsidiaries

We conducted a periodic risk survey for major overseas local subsidiaries of the Group (36 production facilities in 8 countries). In July 2024, we visited four plants of Sanoh India Private Limited, our Indian subsidiary, to check the maintenance and management of the fire equipment and conducted an interview for fire prevention. We prepared the improvement plan based on the result and enhanced the local management structure.

We will continue to conduct the risk survey and address the expected risks in collaboration with local subsidiaries in order to build a disaster-resistant organization.

Evacuation Drill

In FY2024 as well, we conducted a major earthquake evacuation drill for all employees at our Koga Plant (Head Office) on March 11, the anniversary of the Great East Japan Earthquake. The purpose is to minimize the damage at the time of disaster by repeatedly learning the actions to be taken at the time of disaster and evacuation route. We also aim to develop the judgement skills and abilities to take actions in accordance with the situation through the drill so that employees can take appropriate actions at the time of emergency.

About 800 employees at the Koga Plant (Head Office) participated in the drill, and roll call was completed for all within 10 minutes of its start. Observers from the Koga Fire Department praised the smooth evacuation.

Examples of Fire Drill at Facilities of Each Country

Indonesia

PT. Sanoh Indonesia, our Indonesian subsidiary, held its annual disaster prevention drill on January 11, 2025. The drill was conducted in cooperation with the local fire department, and all employees participated.

During the emergency preparedness simulations, participants were able to acquire practical knowledge to protect their own safety by confirming evacuation procedures, learning how to properly use fire extinguishers, and coordinating with the emergency response team.

China

In November, during China's annual National Fire Prevention Month, our local subsidiaries conducted disaster prevention drills. In FY2024, our Chinese subsidiary, Sanoh Industrial (Wuhan) Co., Ltd., held practical fire extinguisher training sessions in addition to regular evacuation drills. They also held evacuation drills in a smoke-filled and dark environment, using equipment that simulated a fire scene.

Executives (as of July 1, 2025)

Directors

Yozo Takeda
Representative Director,
Chairman and CEO

Number of years in office: 42 years
Number of the Company's shares owned: 329,180 shares

Career summary

Mar. 1978	Joined the Company
July 1981	Manager of Development Engineering Division, Production Headquarters
June 1983	Director
June 1987	Managing Director
June 1991	Senior Managing Director
June 1995	Director and President (Representative Director)
July 2000	CEO (current position)
July 2005	COO
May 2012	Director and Chairman (Representative Director) (current position)
June 2020	Outside Director of STANLEY ELECTRIC CO., LTD. (current position)

Genya Takeda
Representative Director,
President and COO

Number of years in office: 13 years
Number of the Company's shares owned: 430,000 shares

Career summary

July 2008	Ph.D. from Northwestern University
Feb. 2009	Joined the Company
May 2012	Deputy General Manager of Global Development Headquarters
May 2012	Manager of Research and Development Division
June 2012	Director
Jan. 2014	Officer
Jan. 2014	General Manager of Global Development Headquarters
July 2014	Executive Officer
May 2015	Senior Executive Officer
June 2015	Senior Managing Director (Representative Director)
Apr. 2016	COO (current position)
June 2016	Director and Vice President (Representative Director)
June 2017	Director and President (Representative Director) (current position)

Hirohisa Nakamoto
Director, Vice Chief Operating Officer (VCOO),
General Manager of Marketing Headquarters

Number of years in office: —
Number of the Company's shares owned: 13,700 shares

Career summary

Apr. 1984	Joined the Company
Jan. 2008	Officer
Feb. 2012	Executive Officer
Feb. 2012	General Manager of Global Manufacturing Headquarters
June 2012	Director
May 2015	Senior Executive Officer
Apr. 2016	Vice Chief Operating Officer (VCOO) (current position)
Apr. 2017	General Manager of Chassis Tubular Products Business Group
Apr. 2019	General Manager of Production Innovation Headquarters
Apr. 2021	General Manager of Marketing Headquarters (current position)
June 2025	Director (current position)

Munetoshi Sasaki
Director and Senior Executive Officer, CFO and
General Manager of Finance Headquarters

Number of years in office: 10 years
Number of the Company's shares owned: 3,000 shares

Career summary

Apr. 2000	Joined the Company
Sept.2004	MBA, University of Findlay
Apr. 2013	Manager of Global Marketing and Strategy Department, Global Marketing Headquarters
May 2015	Officer
May 2015	Manager of Corporate Planning Division
June 2015	Director (current position)
May 2016	Executive Officer
Apr. 2019	General Manager of Corporate Planning Headquarters
May 2020	CFO and General Manager of Finance Headquarters (current position)
Apr. 2024	Senior Executive Officer (current position)

Motohisa Kaneko
Director

Number of years in office: 6 years
Number of the Company's shares owned: 0 shares

Career summary

Apr. 2006	Joined Shinsei Bank, Ltd. (currently SBI Shinsei Bank, Limited)
Mar. 2011	Joined Industrial Growth Platform, Inc.
Oct. 2015	Outside Director of UNIFINITY Inc.
June 2016	Outside Director of SPOT Co., Ltd.
Jan. 2018	President and Representative Director of SPOT Co., Ltd.
Apr. 2019	Representative Director and COO of iMed Technologies Co., Ltd.
June 2019	Outside Director of the Company (current position)
Apr. 2020	Co-founder, Director and COO of iMed Technologies Co., Ltd. (current position)

Takafumi Morichi
Director

Number of years in office: 6 years
Number of the Company's shares owned: 0 shares

Career summary

Apr. 1981	Joined Kobe Steel, Ltd.
Apr. 2011	Officer of Kobe Steel, Ltd.
Apr. 2013	Executive Officer of Kobe Steel, Ltd.
Apr. 2015	Senior Executive Officer of Kobe Steel, Ltd.
June 2017	President and CEO of Shinsho Corporation
June 2019	Outside Director of the Company (current position)
June 2024	Advisor of Shinsho Corporation (current position)

Officers

Takashi Terauchi
Executive Officer,
General Manager of
Production Management Headquarters

Yuichi Chikaoka
Executive Officer,
General Manager of
Corporate Planning Headquarters

Yasuo Matsumoto
Executive Officer,
General Manager of
General Affairs Headquarters

Anthony Enomoto
Officer,
Manager of Marketing V

Akie Iriyama
Director

Number of years in office: 5 years
Number of the Company's shares owned: 0 shares

Career summary

Apr. 1998	Joined Mitsubishi Research Institute, Inc.
Sept.2008	Assistant Professor at Buffalo State, The State University of New York
Sept.2013	Associate Professor at Graduate School of Commerce, Waseda University (currently Graduate School of Business and Finance)
Apr. 2019	Professor at Graduate School of Business and Finance, Waseda University (current position)
June 2019	Outside Director of ROHTO Pharmaceutical Co., Ltd. (current position)
June 2020	Outside Director of the Company (current position)
Dec. 2020	Outside Director of SEPTENI HOLDINGS CO., LTD. (current position)
June 2021	Outside Director (Audit and Supervisory Committee Member) of SORACOM, INC. (current position)

Yoshiyuki Izawa
Director

Number of years in office: 3 years
Number of the Company's shares owned: 2,000 shares

Career summary

Apr. 1970	Joined MITSUI & CO., LTD.
June 2000	Director of MITSUI & CO., LTD.
Apr. 2004	Executive Managing Officer of MITSUI & CO., LTD.
Apr. 2007	Senior Executive Managing Officer of MITSUI & CO., LTD.
June 2007	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
Apr. 2008	Representative Director, Executive Vice President of MITSUI & CO., LTD.
Dec. 2009	Director and Representative Executive Officer, President & CEO of JAPAN POST BANK Co., Ltd.
May 2015	Representative Director, Chairman & CEO of BlackRock Japan Co., Ltd.
May 2022	Outside Director (Audit & Supervisory Committee Member) of Nitori Holdings Co., Ltd. (current position)
May 2022	Outside Director of Seven & i Holdings Co., Ltd. (current position)
June 2022	Outside Director of the Company (current position)

Sayaka Tomioka
Director

Number of years in office: 2 years
Number of the Company's shares owned: 0 shares

Career summary

Apr. 2004	Joined McKinsey & Company
June 2009	Joined Industrial Growth Platform, Inc.
Aug. 2018	Joined TAIYO Pharma Co., Ltd.
Apr. 2019	Executive Officer of Taiyo Holdings Co., Ltd.
June 2023	Outside Director of the Company (current position)
Apr. 2024	Managing Executive Officer, CFO, and General Manager of Corporate Planning Department of Taiyo Holdings Co., Ltd. (current position)

Auditors

Haruka Miwa
Full-time Auditor

Number of years in office: 4 years
Number of the Company's shares owned: 0 shares

Career summary

Apr. 2017	Registered as Attorney at Law (Tokyo Bar Association)
Apr. 2017	Joined Owl-comprehensive Law Office
Nov. 2018	Joined the Company
Aug. 2020	Outside Director of SANOH Communications Corp.
June 2021	Full-time Auditor of the Company (current position)

Tomoki Hiraishi
Auditor

Number of years in office: 3 years
Number of the Company's shares owned: 0 shares

Career summary

Oct. 2003	Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)
Oct. 2007	Registered as certified public accountant
Aug. 2011	Representative Director and President of accrea Inc. (current position)
Aug. 2014	Registered as certified public tax accountant
Sept.2014	Partner of accrea Tax Accountant Corporation (current position)
Dec. 2019	Outside Director of INTERTRADE Co., Ltd. (current position)
June 2022	Outside Auditor of the Company (current position)

Eri Furukawa
Auditor

Number of years in office: 1 year
Number of the Company's shares owned: 0 shares

Career summary

Apr. 1988	Registered as Attorney at Law (Dai-Ichi Tokyo Bar Association)
Apr. 1988	Joined Yumoto, Kogo & Mori (currently Yumoto, Ota & Miyazaki)
Sept.1992	Joined Alston & Bird LLP (Atlanta, USA)
Feb. 1993	Registered as Attorney at Law (New York, USA)
July 1994	Partner Attorney of Yumoto & Ota (currently Yumoto, Ota & Miyazaki)
Dec. 1997	Partner Attorney of Mitsui, Yasuda, Wani & Maeda
Aug. 2003	Partner Attorney of City-Yuwa Partners
Jan. 2021	Joined Fujimoto Patent & Law Office (current position)
May 2022	Director (Full-time Audit & Supervisory Committee Member) of HyAS & Co. Inc.
June 2024	Outside Corporate Auditor of RENAISSANCE, INCORPORATED (current position)
June 2024	Outside Auditor of the Company (current position)

Shigeki Ubuyashiki
Officer,
General Manager of
HAMS Headquarters

Takanori Kon
Officer,
General Manager of
Quality Management Headquarters

11-Year Financial Summary

		2014	2015	2016	2017
P/L	(JPY million)				
Net sales		130,627	133,968	133,794	138,724
Operating profit		5,840	6,441	6,004	4,297
Ordinary profit		5,123	4,389	5,389	4,140
Profit attributable to owners of parent		1,577	(724)	1,074	4,935
Comprehensive income		4,835	(5,625)	1,444	11,669
Net cash provided by (used in) operating activities		10,111	11,707	10,383	8,617
Net cash provided by (used in) investing activities		(8,799)	(8,234)	(8,586)	(10,508)
Net cash provided by (used in) financing activities		1,984	(1,282)	(2,219)	4,734
Cash and cash equivalents at end of period		11,528	13,015	11,924	15,060
Capital expenditures		8,038	8,475	8,678	10,814
Depreciation		5,809	6,302	5,352	5,846
Research and development expenses		2,965	2,978	2,936	1,595
Financial Position	(JPY million)				
Total assets		108,745	104,234	104,219	105,667
Net assets		43,357	35,088	35,581	46,107
Property, plant and equipment		37,109	32,779	32,686	35,140
Interest-bearing liabilities		24,476	25,183	23,268	29,855
Shareholders' equity		40,293	33,157	33,291	42,871
Per Share Data	(JPY)				
Profit		43.32	(19.90)	29.50	135.60
Dividends		23	24	24	25
Net assets		1,107.09	911.02	914.71	1,177.92
Financial Indicators					
Operating profit to net sales	(%)	4.5	4.8	4.5	3.1
Shareholders' equity ratio	(%)	37.1	31.8	31.9	40.6
Return on equity ratio	(%)	4.1	(2.0)	3.2	13.0
Return on total assets ratio	(%)	5.0	4.1	5.2	3.9
Price earnings ratio	(times)	19.99	—	28.20	5.52
Non-financial Data					
Number of employees	(persons)	7,808	8,242	8,581	8,650
Percentage of mid-career hires among all regular workers (non-consolidated)	(%)	—	—	—	—
Number of patents owned	(cases)	350	353	334	348
CO_2 emissions (Scope1+ Scope2)	(t-CO_2)	60,326	73,375	78,734	82,787

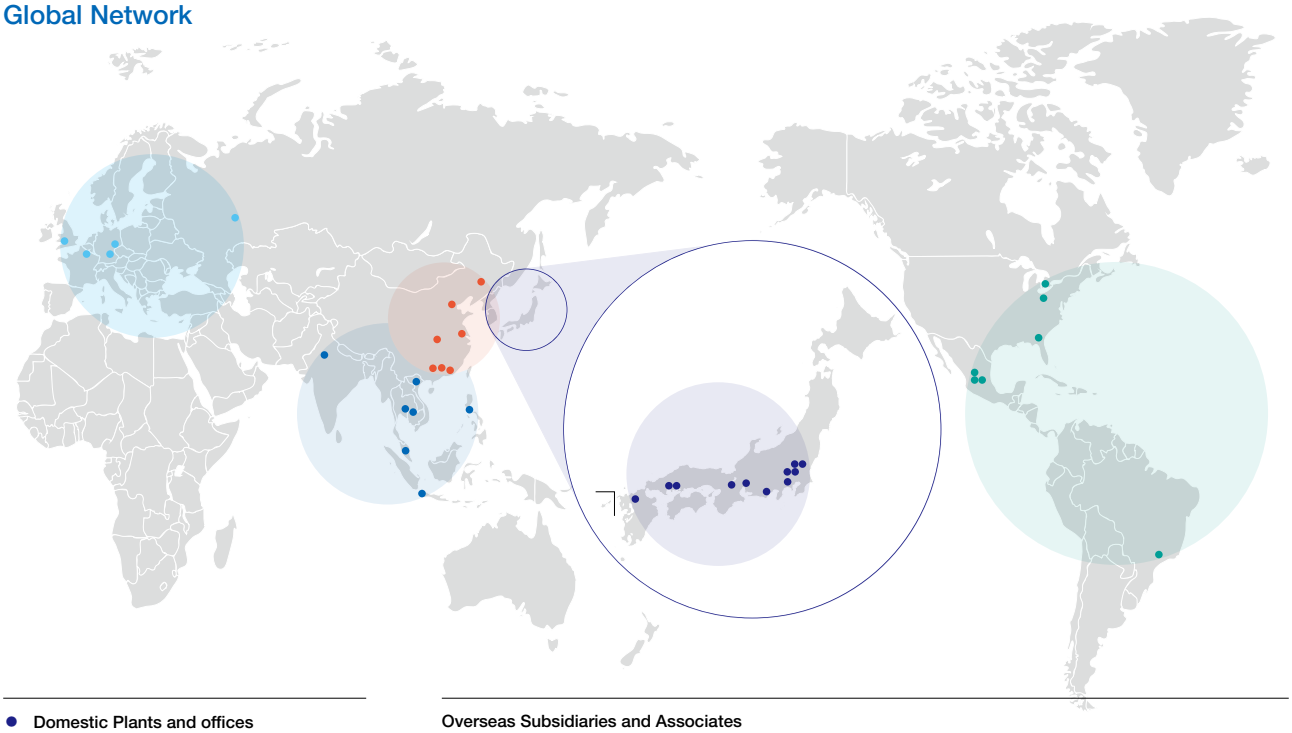
2018	2019	2020	2021	2022	2023	**2024**
140,456	142,707	113,657	115,940	137,692	156,814	**159,538**
2,067	5,452	3,486	2,183	1,321	8,053	**4,860**
1,435	4,725	3,766	2,584	1,490	7,296	**4,600**
(8,525)	2,177	3,630	1,009	(907)	4,216	**737**
(10,103)	963	3,146	7,385	(197)	10,417	**1,603**
5,414	8,867	7,887	3,340	5,680	10,139	**8,484**
(8,308)	(4,360)	(260)	(5,652)	(4,446)	(7,141)	**(8,118)**
3,814	(4,246)	(8,789)	813	(2,907)	743	**4,093**
15,505	15,917	14,418	13,404	12,837	17,653	**22,692**
8,150	7,462	3,452	5,568	6,255	7,588	**9,419**
5,999	5,296	5,340	5,245	6,010	6,153	**6,769**
1,018	1,122	1,282	1,736	1,958	2,012	**2,655**
102,152	94,598	86,860	96,437	97,280	111,245	**117,138**
34,646	33,972	35,478	41,682	39,911	48,288	**48,087**
31,447	31,816	28,629	30,047	31,895	35,145	**36,674**
35,878	33,266	26,016	28,677	28,660	33,011	**39,674**
30,985	30,295	32,716	38,643	36,527	44,684	**44,272**
(234.24)	59.82	100.16	27.91	(25.12)	117.42	**20.59**
25	17	15	25	25	26.5	**28**
851.34	832.38	905.57	1,069.43	1,012.77	1,248.37	**1,236.34**
1.5	3.8	3.1	1.9	1.0	5.1	**3.0**
30.3	32.0	37.7	40.1	37.6	40.2	**37.8**
(23.1)	7.1	11.5	2.8	(2.4)	10.4	**1.7**
1.4	4.8	4.2	2.8	1.5	7.0	**4.0**
—	11.43	12.90	25.08	—	9.73	**32.05**
8,884	8,839	8,132	7,701	7,726	7,915	**7,748**
90.3	84.7	43.8	97.1	49.2	31.7	**55.4**
369	390	418	394	434	395	**361**
85,123	80,454	70,310	70,697	79,235	113,604	**91,063**

Company Information (as of March 31, 2025)

Company Overview

Trade name	Sanoh Industrial Co., Ltd.
Head Office	758 Konosu, Koga City, Ibaraki
Founded	March 24, 1939
Capital	3,481,100,000 yen
Number of employees	7,748 (consolidated basis)
Main products	Brake-related products Fuel-related products Seat belt-related products Thermal solutions (heat exchange-related products)

Global Network



- **Domestic Plants and offices**
  Koga Plant (Head Office)
  Tokyo Head Office

  Saitama Plant
  Shiga Plant
  Kyushu Plant

  Chubu Sales Office, Nagoya Office
  Chubu Sales Office, Hamamatsu Office
  Nishinihon Sales Office

- **Domestic Affiliates**
  Fulton Products Industrial Co., Ltd.
  Fulton Seiki Co., Ltd.
  Nishinihon Sanoh Co., Ltd.
  Sanoh Communications Corp.

Overseas Subsidiaries and Associates

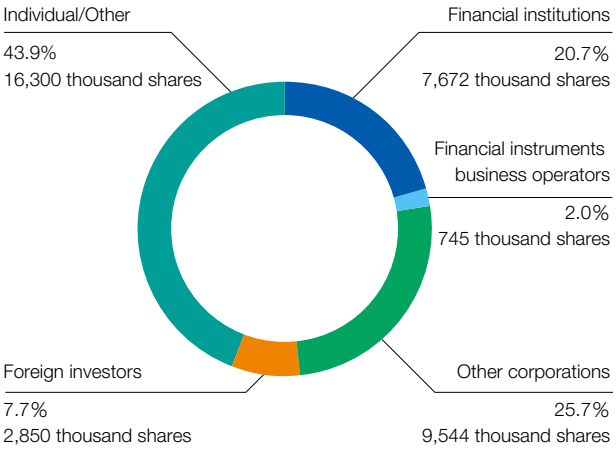
Americas	Sanoh America, Inc. Sanoh Canada, Ltd. Sanoh Industrial de Mexico S.A. de C.V. Sanoh do Brasil Industria e Comercio de Produtos Automotivos Ltda. Geiger Automotive USA Inc. Geiger Automotive de Mexico S. de R.L. de C.V. Winkelmann Powertrain Mexico S. de R.L. de C.V. (July 2025–)
Europe	Sanoh Europe GmbH Sanoh UK Manufacturing Ltd. Sanoh Europe (France) EURL Sanoh Magyar Kft. Sanoh Volga Limited Liability Company Geiger Automotive GmbH
China	Sanoh (China) Investment Co., Ltd. Guangzhou Sanoh Seikan Co., Ltd. Shanghai Sanoh Mechanical Manufacture Co., Ltd. Sanoh Industrial (Wuxi) Co., Ltd. Sanoh Industrial (Wuhan) Co., Ltd. Tianjin Sanoh Leap Industrial Co., Ltd. Sanoh Industrial (Dongguan) Co., Ltd. Dongguan Sanoh Industrial Plating Co., Ltd. Geiger Automotive Shenyang Co., Ltd.
Asia	PT. Sanoh Indonesia Sanoh India Private Limited Sanoh Industries (Thailand) Co., Ltd. Able Sanoh Industries (1996) Co., Ltd. Sanoh Vietnam Co., Ltd. United Sanoh Industries Sdn. Bhd. Sanoh Fulton (Philippines) Inc.

Share Information (as of March 31, 2025)

Status of Shares

Number of shares authorized	144,848,000
Number of shares issued	37,112,000
Number of shareholders	20,212
Stock exchange listing	Tokyo Stock Exchange
Code number	6584
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

Breakdown of Shareholders



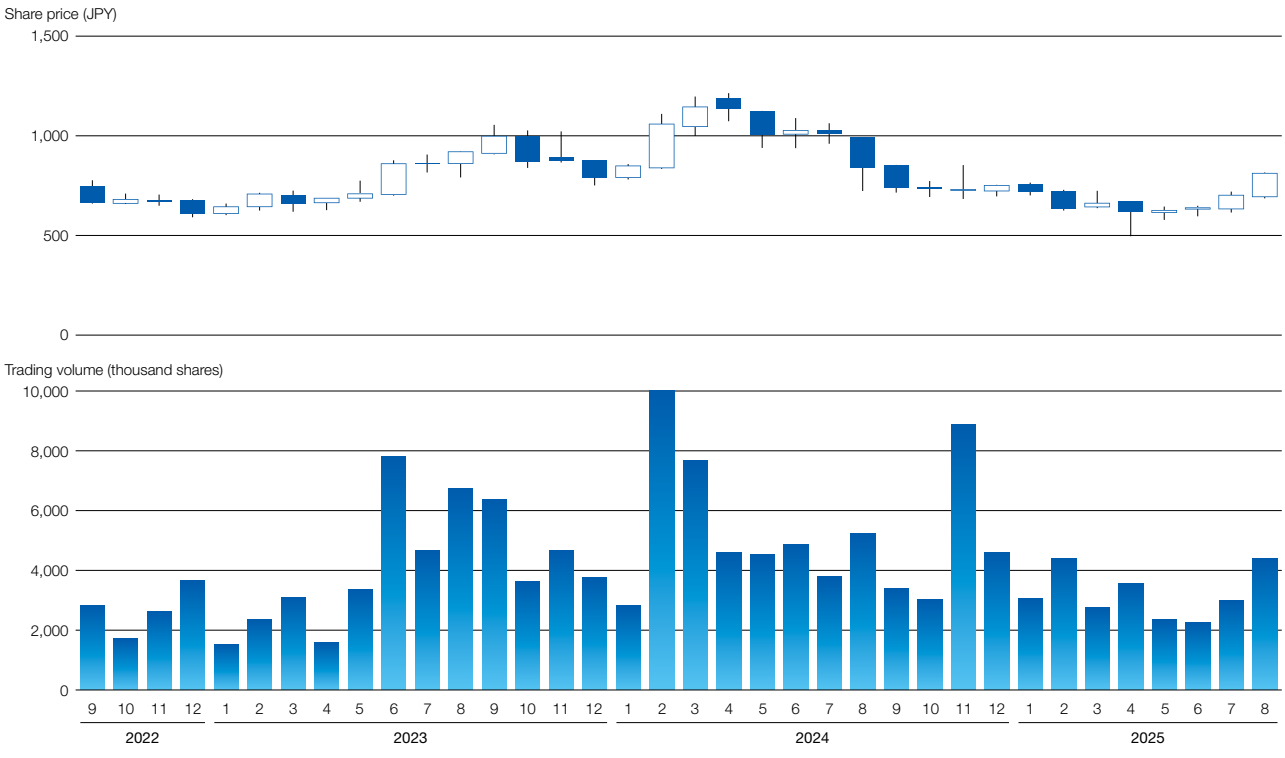
(Note) Treasury shares of 718 thousand shares are included in "Individual/Other."

Major Shareholders

Name of shareholder	Number of shares held (thousand shares)	Ownership percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,489	9.59
Shinsho Corporation	2,212	6.08
Honda Motor Co., Ltd.	2,000	5.50
Suzuki Motor Corporation	1,600	4.40
Takeda Corporation Y.K.	1,500	4.12
MUFG Bank, Ltd.	1,419	3.90
The Joyo Bank, Ltd.	1,243	3.42
Custody Bank of Japan, Ltd. (trust account)	922	2.53
ALCONIX CORPORATION	780	2.14
Individual shareholders	514	1.41

(Note) Ownership percentage is calculated by subtracting the number of treasury shares (718 thousand shares) from the number of shares issued.

Historical Share Price and Trading Volume



https://www.sanoh.com