



# Financial Results of 3rd Quarter for the Year Ending December 31, 2023

November 2023  
**Sanden Corporation**

# CONTENTS

## **Progress in Activities for Growth**

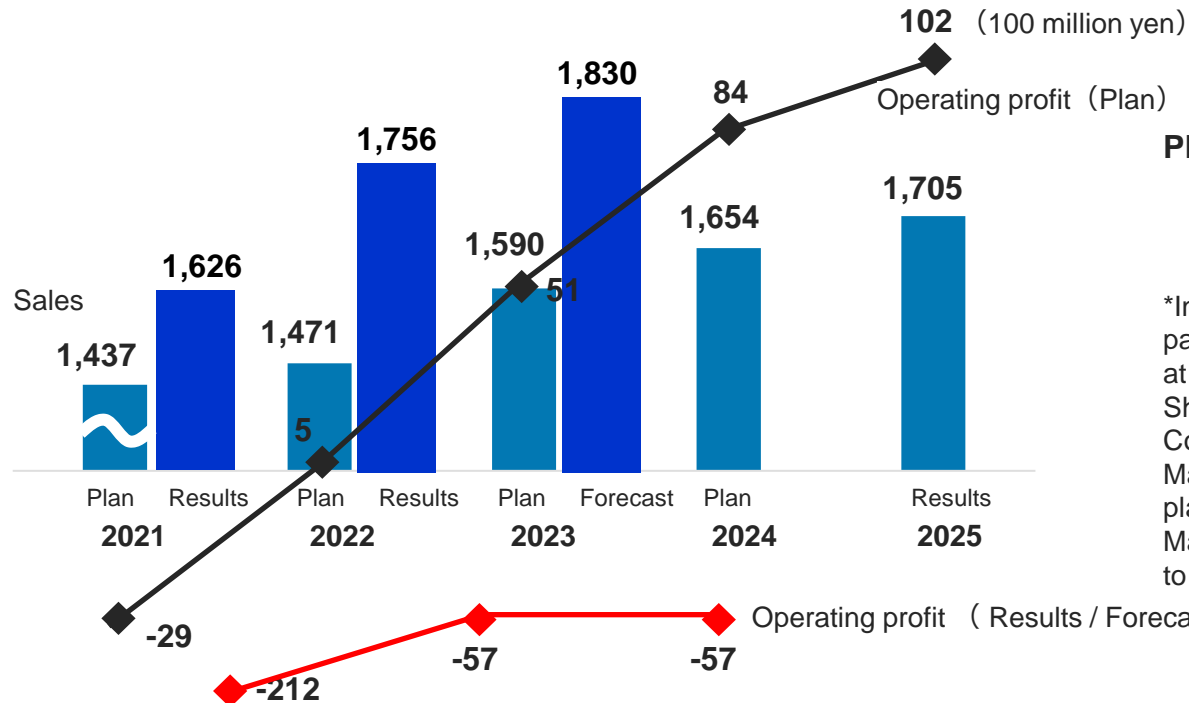
1. Progress of the business revitalization plan
2. Realization of a virtuous cycle for growth
3. Production response to major new project wins
4. Technology Development Initiatives for Future Growth
5. Quality Enhancement Activities
6. Initiatives for Realization of a Sustainable Society

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1. Points of the financial results
2. Summary of consolidated financial results
3. Sales by region from the automotive systems business segment
4. Operating income (Year-on-year comparison)
5. Cash flows from operating activities ( Year-on-year comparison )
6. Consolidated balance sheet ( Year-on-year comparison )

# 1. Progress of the business revitalization plan

Sales are growing faster than planned due to diversification of electric vehicles and increased demand for electric compressors. Investment in growth strategies has been increased in line with the acquisition of future business that exceeded expectations.



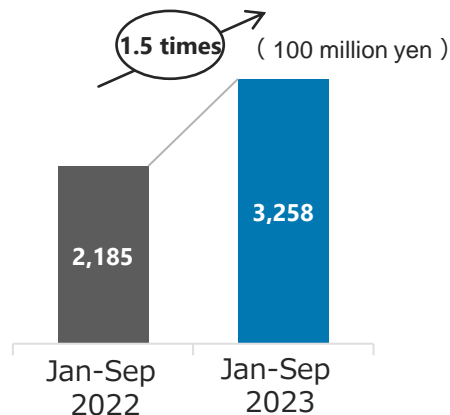
**Plan period** : Until March 31, 2026

\*In accordance with the resolution to partially amend the Articles of Incorporation at the 95th Annual General Meeting of Shareholders held on June 25, 2021, the Company changed its fiscal year-end from March 31 to December 31. Therefore, the plan represents the 12 months from April to March, and the actual results from January to December.

## 2. Realization of a virtuous cycle for growth

### Acquire new commercial rights in the future

\*Total lifetime sales of acquired commercial rights (the total amount of sales obtained over the lifetime of each deal from the start of mass production)



◆ New commercial rights acquisition in each area

Europe: Received ECH business for next generation BEV vehicles from a premium customer  
Received an order for HVAC business from a major passenger car manufacturer

( the largest order in history of our company)

Americas: Received an additional order for electric compressor from a major electric vehicle manufacturer

China: Acquired ITMS business from a major construction equipment manufacturer

Japan: Large order for air conditioning system from a major customer

Asia: Received an order for electric compressors from a major local manufacturer

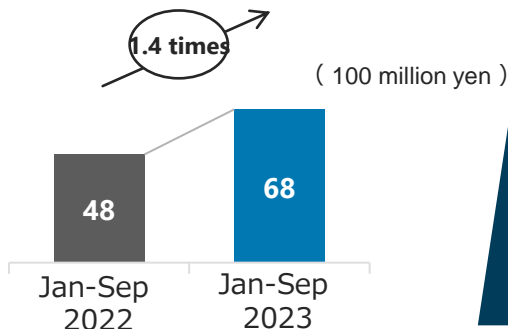
※Major products: Electric compressors, ECH, HVAC, ITMS, mechanical compressors, etc.

ECH : Electric Coolant Heater

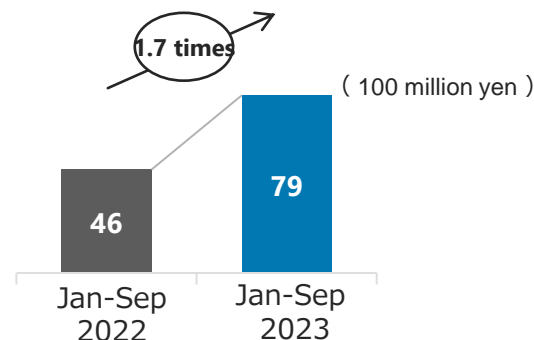
HVAC : Heating, Ventilation and Air Conditioning

ITMS : Integrated Thermal Management System

### Growth Investment Expenses

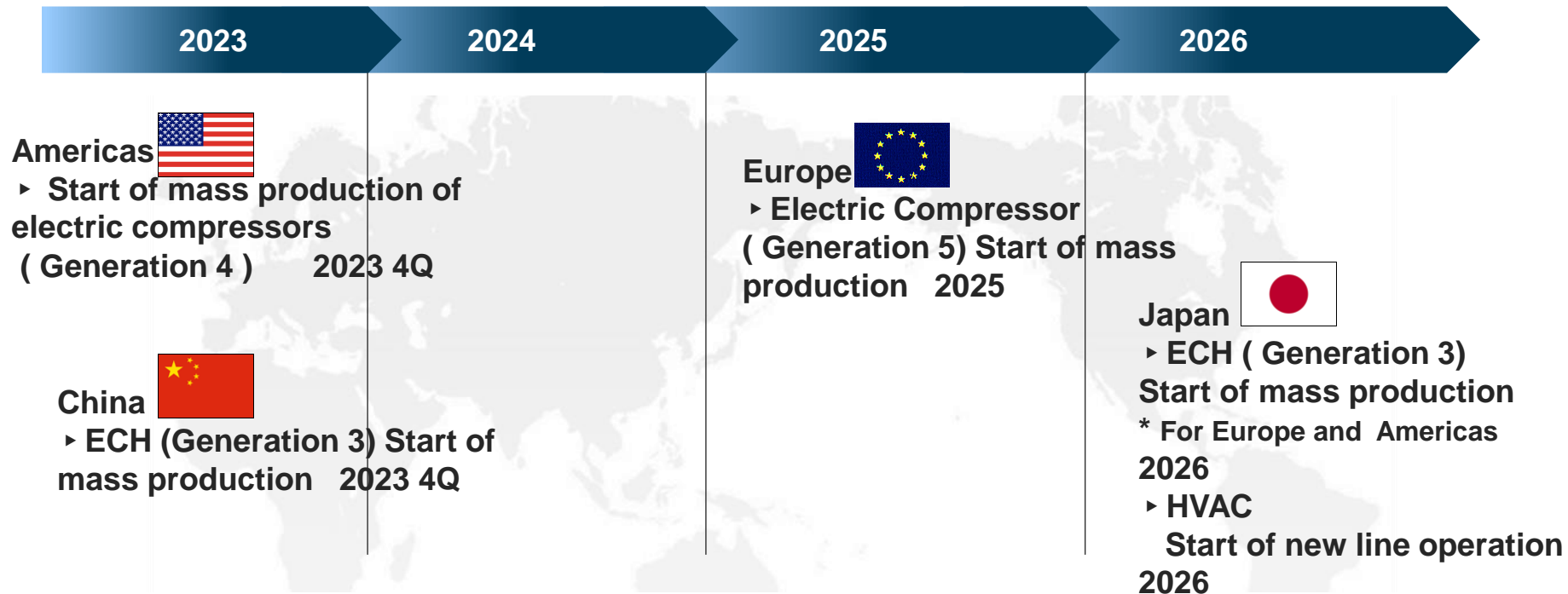


### Expenditures for acquisition of tangible fixed assets



### 3. Production response to major new project wins

Preparation and reinforcement of global production system in line with the expansion of new commercial rights acquisition



※ECH : Electric Coolant Heater  
 ※HVAC : Heating, Ventilation and Air Conditioning

## 4. Technology Development Initiatives for Future Growth

### ■ Evolution of ITMS (Integrated thermal management system)

ITMS contributes to the realization of a low-carbon society as well as to cabin comfort through air conditioning.

- ① Extension of vehicle cruising range
- ② Maintenance and suppression of deterioration of parts such as batteries and e-Axle

#### ITMS2.0

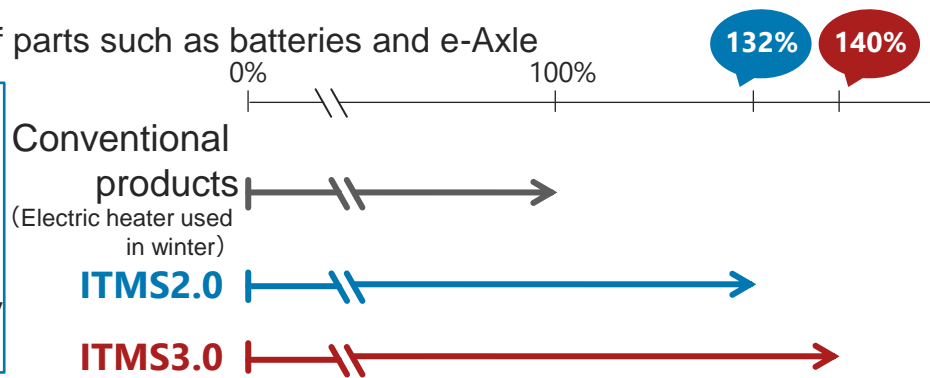


ITMS2.0 is called the **direct method**, which puts refrigerant directly into the air conditioning unit. It is highly responsive and can cool and heat quickly!

#### ITMS3.0



ITMS3.0 is an **in-direct method**, and in the case of systems using propane gas as refrigerant, which is PFAS compliant with environmental regulations, the amount of refrigerant can be reduced as much as possible.



( Reference ) Exhibited at Japan Mobility Show 2023

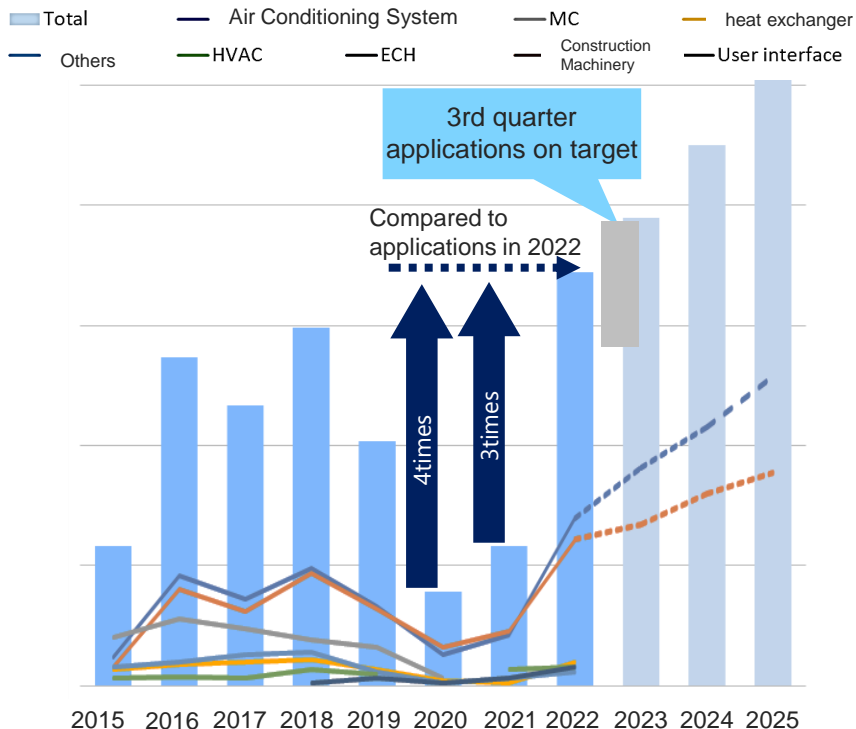
Create  
THE FUTURE SCENES

Sanden exhibited at the JAPAN MOBILITY SHOW 2023 held at Tokyo Big Sight under the concept of "Create THE FUTURE SCENES".



## 4. Technology Development Initiatives for Future Growth

### ■ Number of Patent Applications



➤ **CY23 Application continued to be filed from Jan-Sep. Progress as planned (75% of applications filed)**

➤ **CY22 Rate of increase in applications :  
4 times that of CY20 (441%)  
3 times that of CY21 (297%)**

➤ **Air-conditioning systems and EC-related applications, which will be the axis of future growth, account for 76% of total applications.**

Air conditioning systems: 5times (538%) compared to CY20,  
3times (333%) compared to CY21

EC: 4times (381%) compared to CY20, 3times (265%) compared to CY21

## 5. Quality Enhancement Activities


Sanden is determined to continue to provide "good products that benefit customers," as stated in our corporate motto, Sanden has designated the year 2023 as the "First Year of Quality" and is once again working to enhance quality.

**社是**  
Management Principles

一、顧客のためになるよい製品を作ります  
Satisfy our customers needs with high quality products.

一、仕事を通じて  
社会福祉と文化の向上に寄与します  
Contribute to the social and cultural improvement of the community through business activity.

一、自己啓発につとめ  
誇り高き会社の建設に努力します  
Build a company of which all are proud, through the effort of self-motivated employees.



### Major Quality Awards

- |      |  |
|------|--|
| 1998 | Received "Deming Prize Award" for company-wide quality control                       |
| 2002 | Received "Japan Quality Control Award"   |
| 2003 | Received "TPM World Class Award"   |
| 2006 | Sanden International USA and Sanden International Singapore received "Deming Prize". |
| 2011 | Sanden Vikas (India) received "Deming Prize".  |

### Major quality awards received in the 3rd quarter of 2023

**Top 3 "Quality Power Up Award" from Hitachi Construction Machinery Tierra**



**Received "Excellent Award" from Caterpillar, the highest evaluation of quality**





## 6. Initiatives for Realization of a Sustainable Society

### ■ Sanden Group's Greenhouse Gas (GHG) Emission Reduction Targets have obtained SBT certification.

Sanden Group's greenhouse gas (GHG) emissions reduction targets by FY2030 have been recognized as science-based short-term targets by SBTi.



### ■ Sanden Group's GHG reduction targets certified by SBT

Scope1・2	80.04%reduction by 2030 based on 2019
Scope2	Annual renewable energy procurement from 0.2% in 2019 to 100% by 2030
Scope3	27.5% reduction by 2030 based on 2019

### ■ Sanden Forest certified as a "Site for Symbiosis with Nature" by the Ministry of the Environment

The "Site for Symbiosis with Nature" is a government-approved area where biodiversity is being conserved through private-sector efforts, etc. This certification system was first implemented in Japan.

Since April 2022, we have been participating in the "30 by 30 Alliance for Biodiversity," an activity to achieve the goal of conserving and protecting at least 30% of Japan's terrestrial and marine areas by 2030 (30 by 30).



Sanden Forest

# CONTENTS

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# 1 . Points of the financial results

1

Sales increased by 3.7 billion yen (+2.9%) compared to the same period last year.

Excluding exchange rate effects, sales decreased by 2.6 billion yen (▲0.2%)

Excluding exchange rate effects, sales in the automotive equipment business decreased by 1.1 billion yen. In Europe, while businesses for some vehicle models have phased out, sales for OEMs including trucks were strong, increasing sales by 0.6 billion yen, but sales decreased in other regions.

In addition, sales in other businesses decreased by 1.5 billion yen, mainly due to the sale of subsidiary last year.

2

Operating income decreased by 0.9 billion yen compared to the same period last year.

Although the decline in sales and the deterioration in the sales product mix were offset by improvement measures such as cost reductions and productivity improvements, as well as foreign exchange gains, profits decreased due to aggressive development investment aimed at growth with a view to the mid term. Specifically, if development costs were an increase of 1.7 billion yen compared to the same period last year, and the investment amount was the same as last year, operating income would have been an increase of 800 million yen compared to the same period last year.

Net income increased by 0.7 billion yen due to the contribution of the reversal of reserves due to partial recovery of long-term receivables.

3

Operating cash flow increased by 12.6 billion yen from the same period last year to become profitable.

The main reason for the significant improvement was a reduction in inventory through rebuilding the supply chain and improved working capital efficiency through faster collection of accounts receivable.

Semiconductor shortages for both customers and suppliers, mainly in Europe, are improving, but some parts are expected to continue, so inventory control will continue to be implemented.

## 2. Summary of consolidated financial results

[In 100 million yen]

		Fy 2022 Jan~Sep. 2022 results	Fy 2023 Jan~Sep 2023 results	Ver Previous year		Fy 2022 Jul~Sep 2022	Fy 2023 Jul~Sep 2023	Ver Previous year	
				Difference	Ratioed			Difference	Ratioed
Sales		1,280	1,317	37	2.9%	456	442	(14)	- 3.1%
Operating Profit		(55)	(64)	(9)	- 16.7%	(20)	(20)	0	1.8%
Ordinary Profit		(29)	(22)	7	24.3%	(13)	(12)	1	9.6%
Net income attributable to owners of the parent company Ordinary Profit		(25)	(18)	7	29.0%	(6)	(15)	(9)	- 145%
Exchange	US\$	128 yen	138 yen	10 yen		138 yen	144 yen	6 yen	
	EUR	136 yen	149 yen	14 yen		139 yen	157 yen	18 yen	

\*Exchange rate: Average market rate

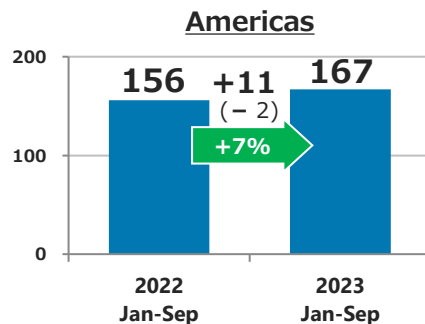
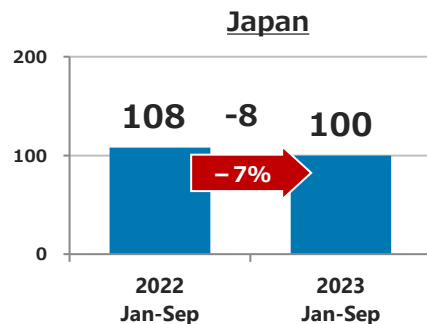
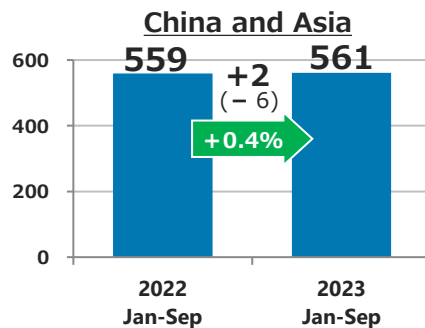
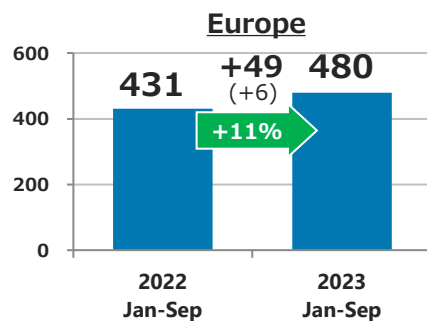
### 3. Sales by region from the automotive systems business segment

Financial Results for  
3Q FY12/2023

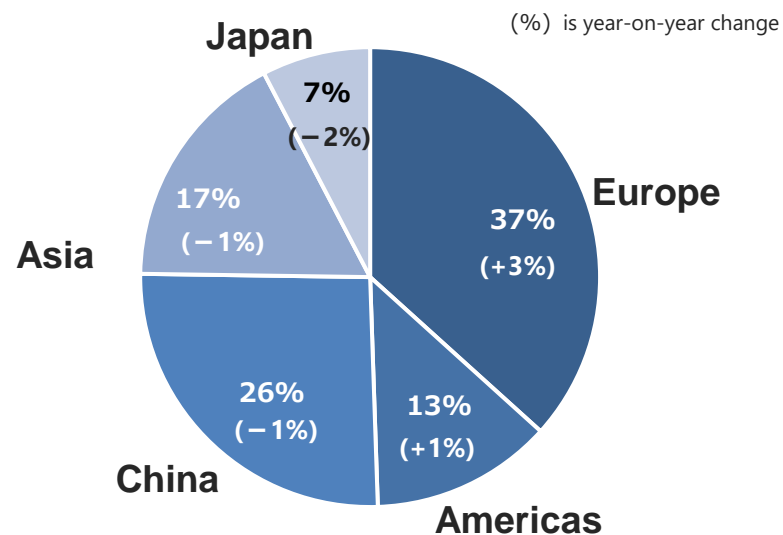
**Net sales 130.8 billion yen +5.3 billion yen**  
**(Up 4% year-on-year)**

(Increase by 6.4 billion yen due to currency effects – 11)

#### ■ Regional sales [In 100 million yen]



#### ■ Composition by regions

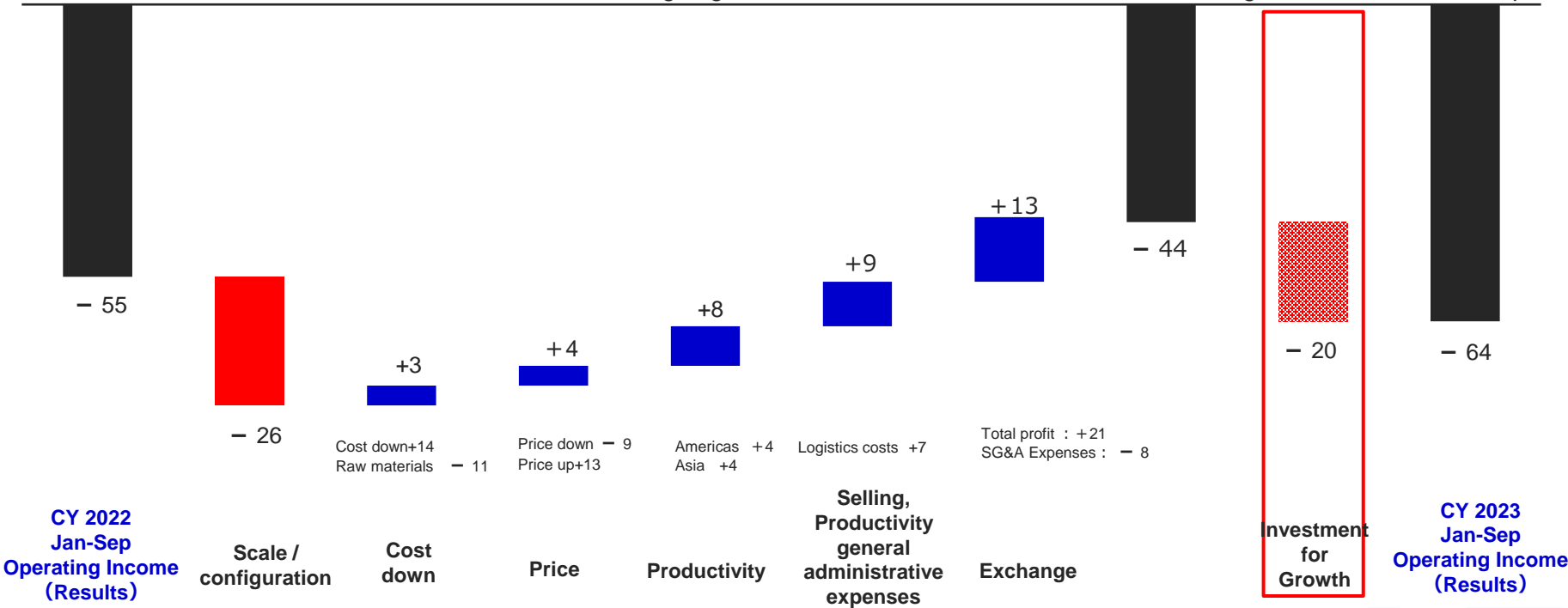


# 4 . Operating income (Year-on-year comparison)

Jan-Sep FY2022 comparison

	Previous FY	Current FY	Difference
Net Sales	1,280	1,317	+37
Operating Income	(55)	(64)	(9)

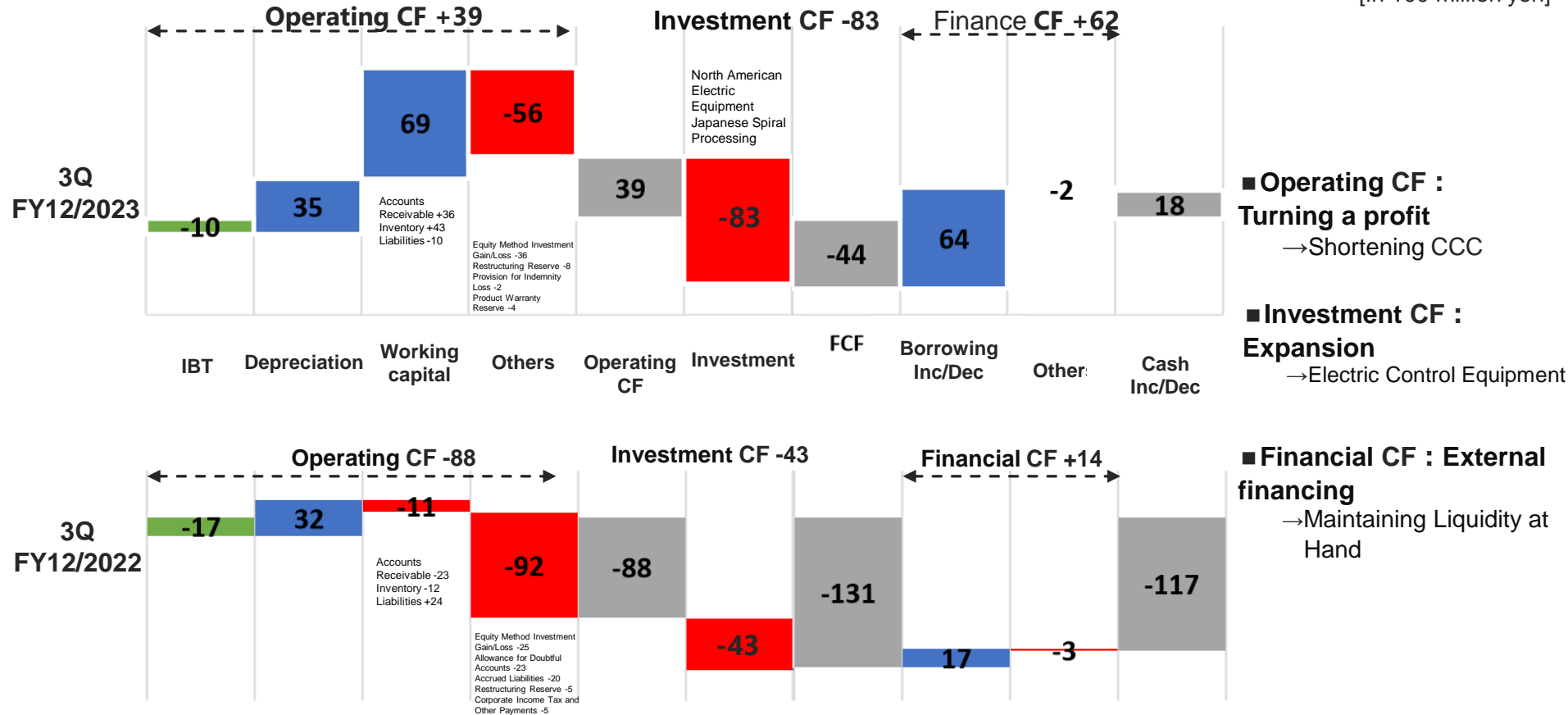
- The profitability declined due to annual price cuts of electric compressor products and a deterioration in the product mix (replacement of reduced EC models for AFM).
- Absorbed the impact of material price hikes through price negotiations and accelerated cost reductions.
- Despite reductions in distribution and other SG&A expenses, we will continue to make ongoing investments in essential human resources for growth, such as R&D expenses.



## 5. Cash flows from operating activities ( Year-on-year comparison )

Financial Results for  
3Q FY12/2023

[In 100 million yen]

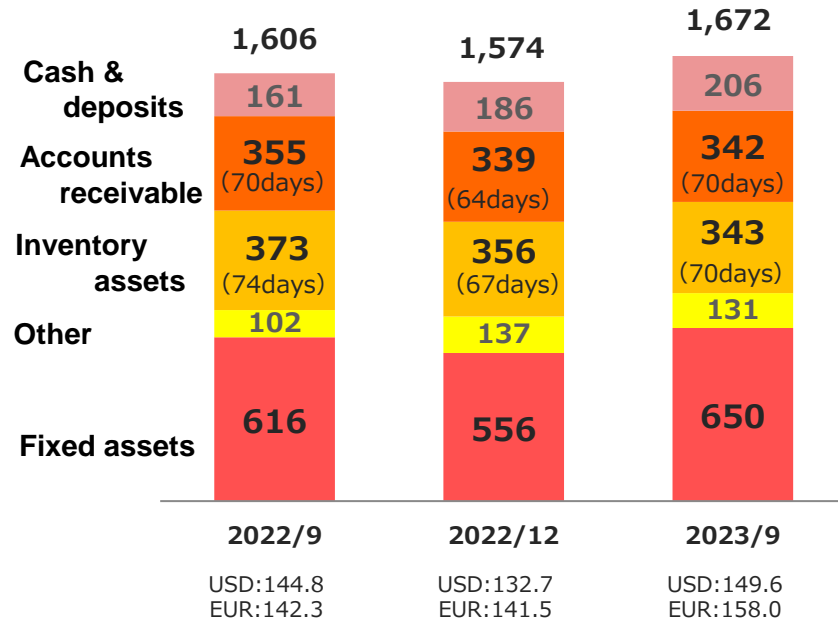


## 6. Consolidated balance sheet (Year-on-year comparison)

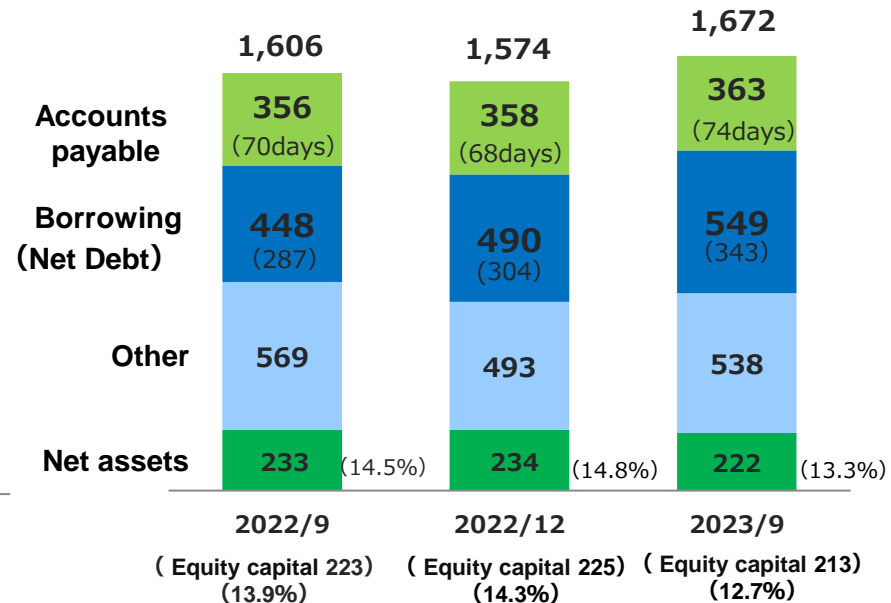
\*Days are based on ending balance and sales in the last 3 months.

[In 100 million yen]

### Assets



### Liabilities & Net Assets





Team Work Build for  
**100+ year Company**



Sanden celebrated its 80th anniversary on July 30, 2023. This year, we stand together as "One Team, One Sanden," embarking on a new starting point. We aim to create quality products for our customers, marking a fresh start as an international company with a legacy of over 100 years.

To submit questions or inquiries, please contact us at Mail: [sdhd.prcsr.jp@g-sanden.com](mailto:sdhd.prcsr.jp@g-sanden.com).