

Sanden Corporation

FY2023

Financial results briefing materials

February 26, 2024
Sanden Corporation
GM of Corp. Financial Mgmt. Div.
Junya Takahashi

Agenda

- 1. Financial results for the fiscal year ending December 2023**
- 2. Forecast for the fiscal year ending December 2024**

Agenda

1. Financial results for the fiscal year ending December 2023

1-1 Points of the financial results

1-2 Summary of consolidated financial results

1-3 Sales by region from the automotive systems business segment

1-4 Operating income (Year-on-year comparison)

1-5 Cash flows from operating activities(Year-on-year comparison)

1-6 Consolidated balance sheet(Year-on-year comparison)

1-1. Points of the financial results

1

Sales increased by JPY 3.6 billion (+2.0%) year-on-year.

Excluding foreign exchange effects, revenues decreased by ¥ 5.1 billion (-2.9%).

In real terms, excluding foreign exchange effects, sales in the automotive equipment business fell by ¥ 3.9 billion.

Sales decreased due to the end of commercial rights for some models in Europe as a result of vehicle switching, and lower sales to major customers in China and Japan.

In addition, the sale of a systems subsidiary in the previous year led to a decrease of ¥1.2 billion in revenues in other businesses.

2

Operating income decreased by 5.3 billion yen year-on-year. The decrease in sales and the deterioration of the product mix sold were offset by foreign exchange gains, in addition to improvement measures including cost reductions and productivity improvements. However, the decline in income was attributed to investments for growth, primarily in future development, and provisions for quality expenses arising from the past.

Excluding these special factors, the profit structure showed progress in improving profitability, with an increase of 0.6 billion yen year-on-year. Furthermore, in line with the formulation of the new medium-term plan, an extraordinary gain of 5.8 billion yen was recorded due to a review of the provision for structural reforms. However, an impairment loss of 2.4 billion yen on fixed assets was recorded, resulting in a net loss attributable to the parent company of 3.4 billion yen.

3

Operating cash flow increased by 19.5 billion yen year-on-year, reaching 9.4 billion yen. This significant improvement was attributed to inventory reduction and the early collection of accounts receivable resulting from the restoration of the previously disrupted supply chain. Additionally, there was an enhancement in working capital efficiency.

While the shortage of semiconductors is easing for both customers and component manufacturers, concerns persist about the impact of the current Red Sea blockade on the supply chain. Therefore, we are actively promoting further logistics efficiency measures.

1-2.Summary of consolidated financial results

[In 100 million yen]

		FY2022 Jan-Dec 2022.	FY2023 Jan-Dec 2023.	Ver Previous year		FY2022 Oct-Dec 2022	FY2023 Oct-Dec 2023	Ver Previous year	
				Difference	Ratioed			Difference	Ratioed
Sales		1,757	1,793	36	2.0%	477	476	(1)	-0.3%
Operating Profit		(57)	(110)	(53)	92.3%	(2)	(46)	(44)	-1,967.6%
Ordinary Profit		(41)	(84)	(42)	102.5%	(12)	(62)	(49)	-398.0%
Net income attributable to owners of the parent company		(16)	(34)	(17)	108.2%	9	(16)	(25)	279.0%.
Exchange	US \$	131 yen	141 yen	9 yen		138yen	144yen	6 yen	
	EUR	138 yen	152 yen	14 yen		139yen	157yen	18 yen	

*Exchange: average market rate.

1-3. Sales by region from the automotive systems business segment

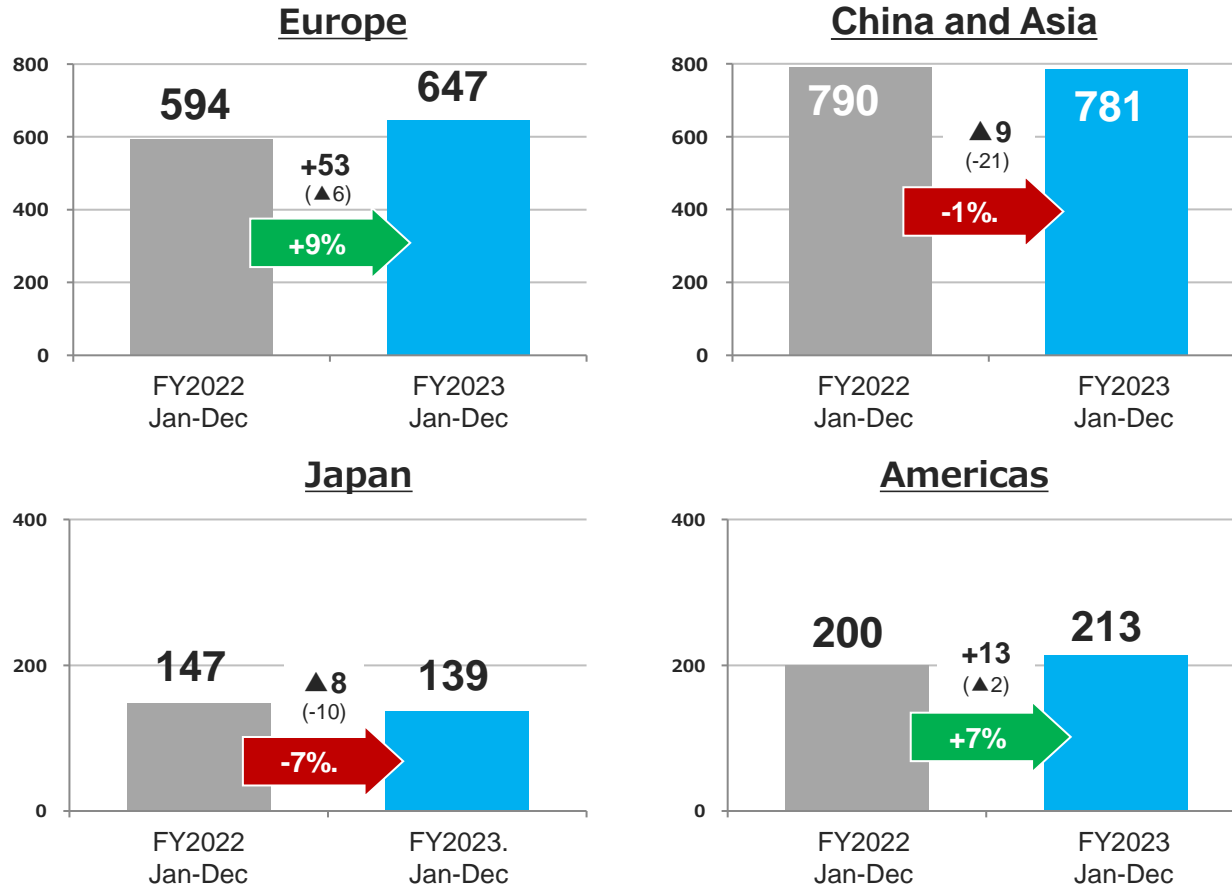
Net sales 178.0 billion yen, Increase 4.8 billion yen

(Up 2% year-on-year)

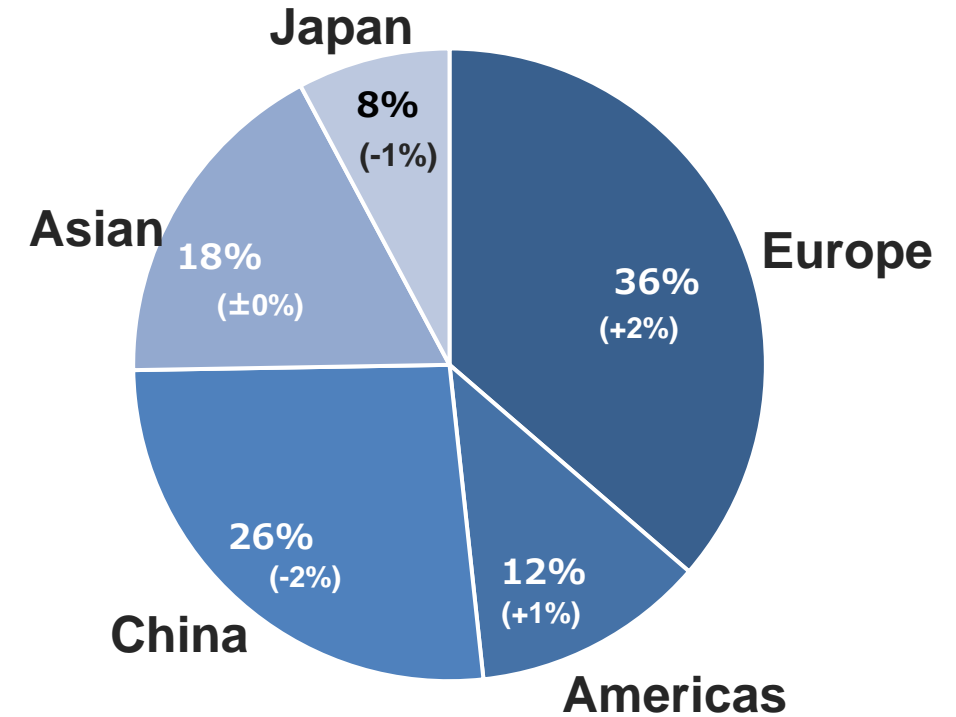
(Increase by 87 billion yen due to currency effects, real excluding foreign exchange -39)

Regional sales(2022-2023 comparison) [In 100 million yen]

2022 Comparative amounts
(Amounts excluding foreign
exchange effects)



Composition by regions



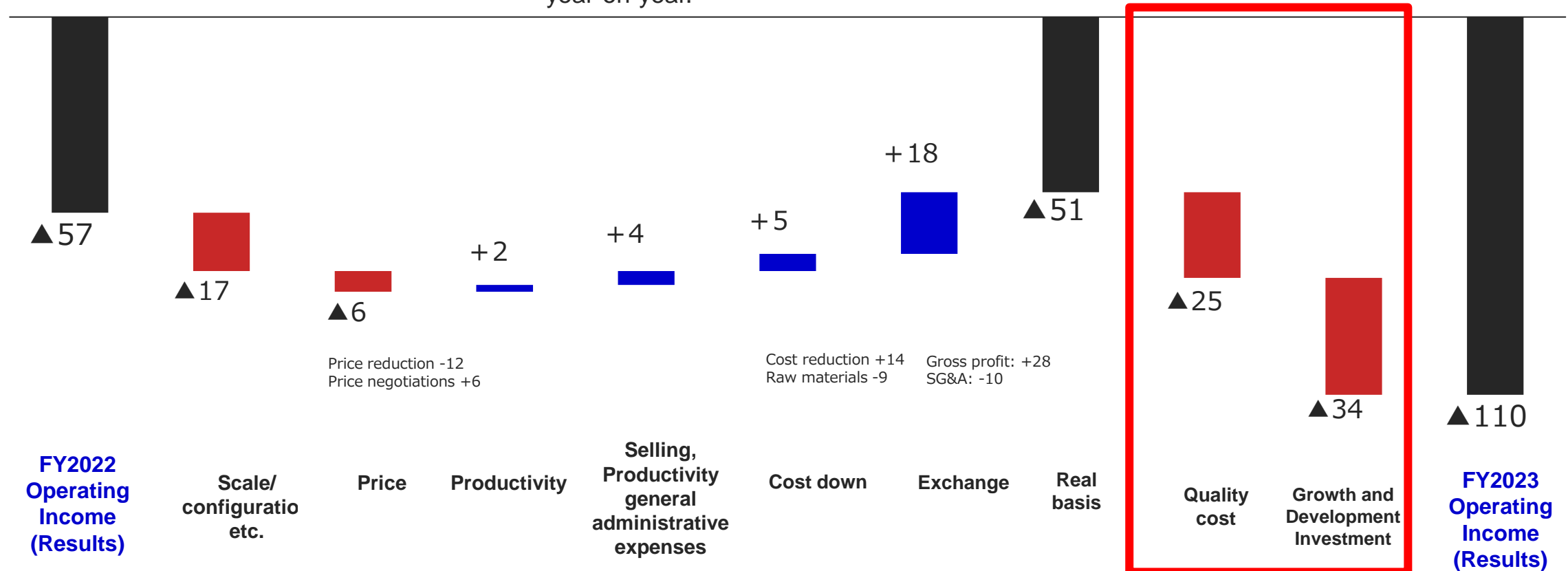
(%) is year-on-year change

1-4. Operating income (Year-on-year comparison)

[In 100 million yen]

	Previous FY	Current FY	Difference
Net sales	1,756	1,793	+36
Operating Income	(57)	(110)	(53)

- Real terms revenue decline excluding foreign exchange effects and worsening profitability due to changes in the sales mix.
- Manufacturing cost improvements are progressing, but not enough to absorb sales fluctuations.
- Increased provision for quality costs arising from past
- Continued strengthening of development and other capabilities for future growth
⇒ Improvement in real terms excluding quality costs and growth investments: +0.6 billion yen year-on-year.

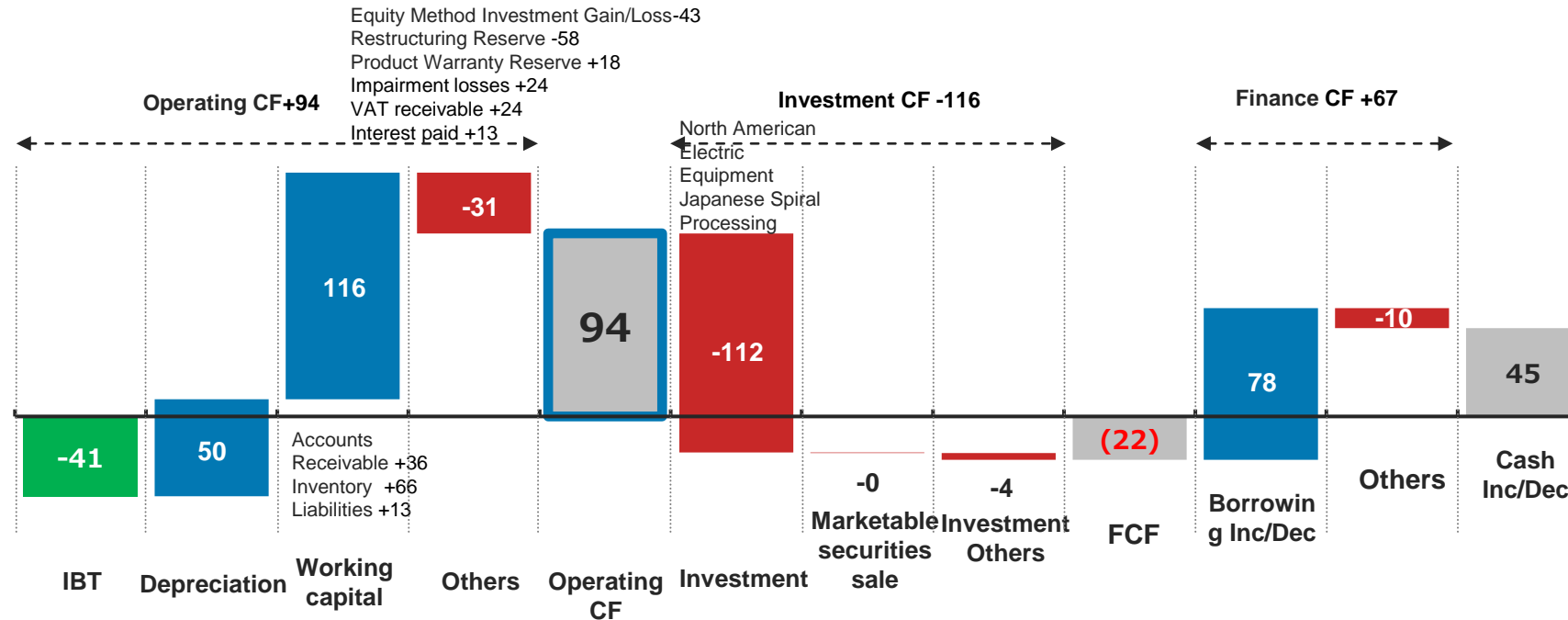


1-5. Cash flows from operating activities(Year-on-year comparison)

Operating cash flow positive

[In 100 million yen]

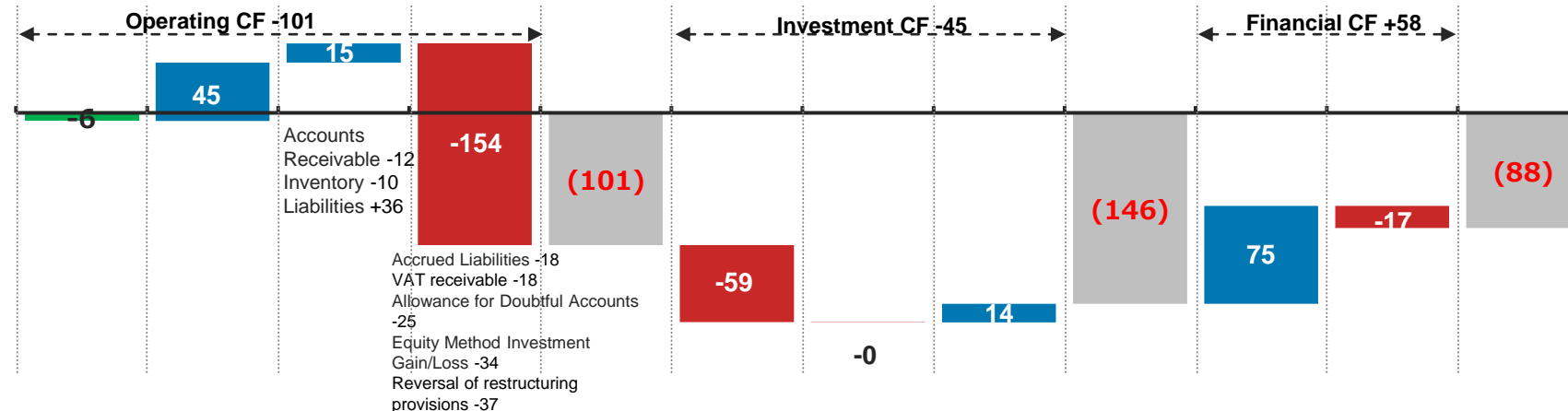
FY12/2023



■ Operating CF :
Turning a profit
→ Shortening CCC

■ Investment CF :
Expansion
→ Electric Control Equipment

FY12/2022



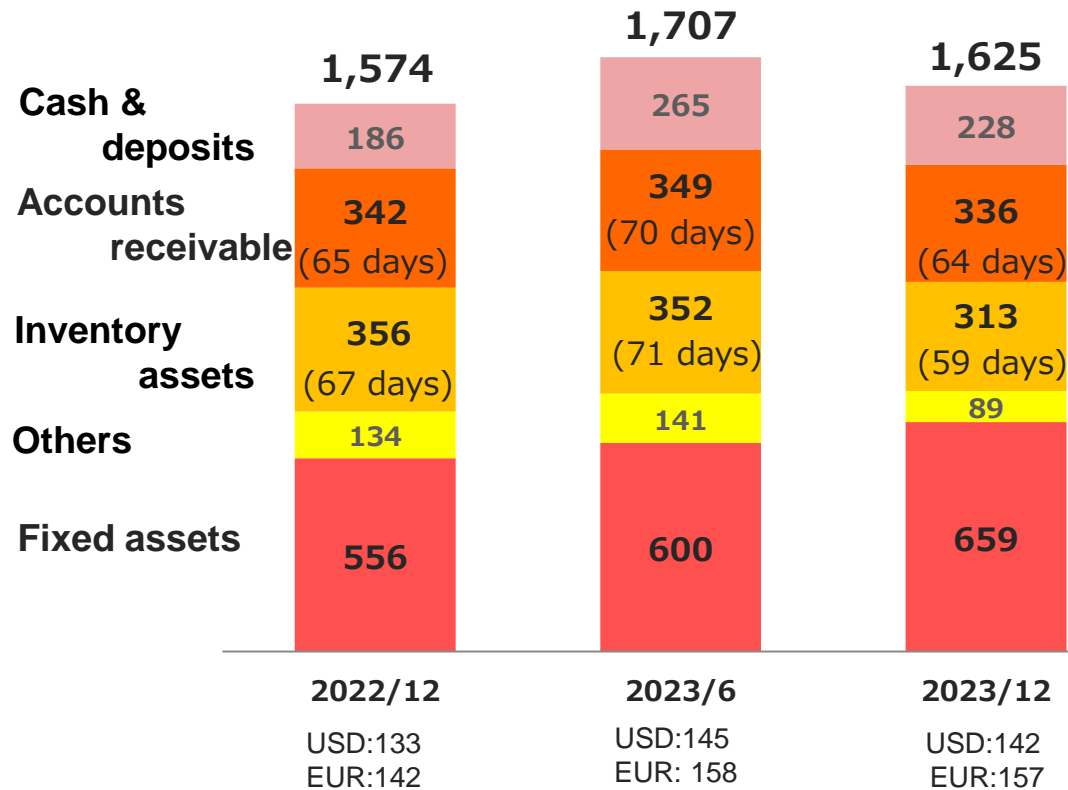
■ Financial CF:
external financing
→ Maintaining liquidity on hand

1-6. Consolidated balance sheet(Year-on-year comparison)

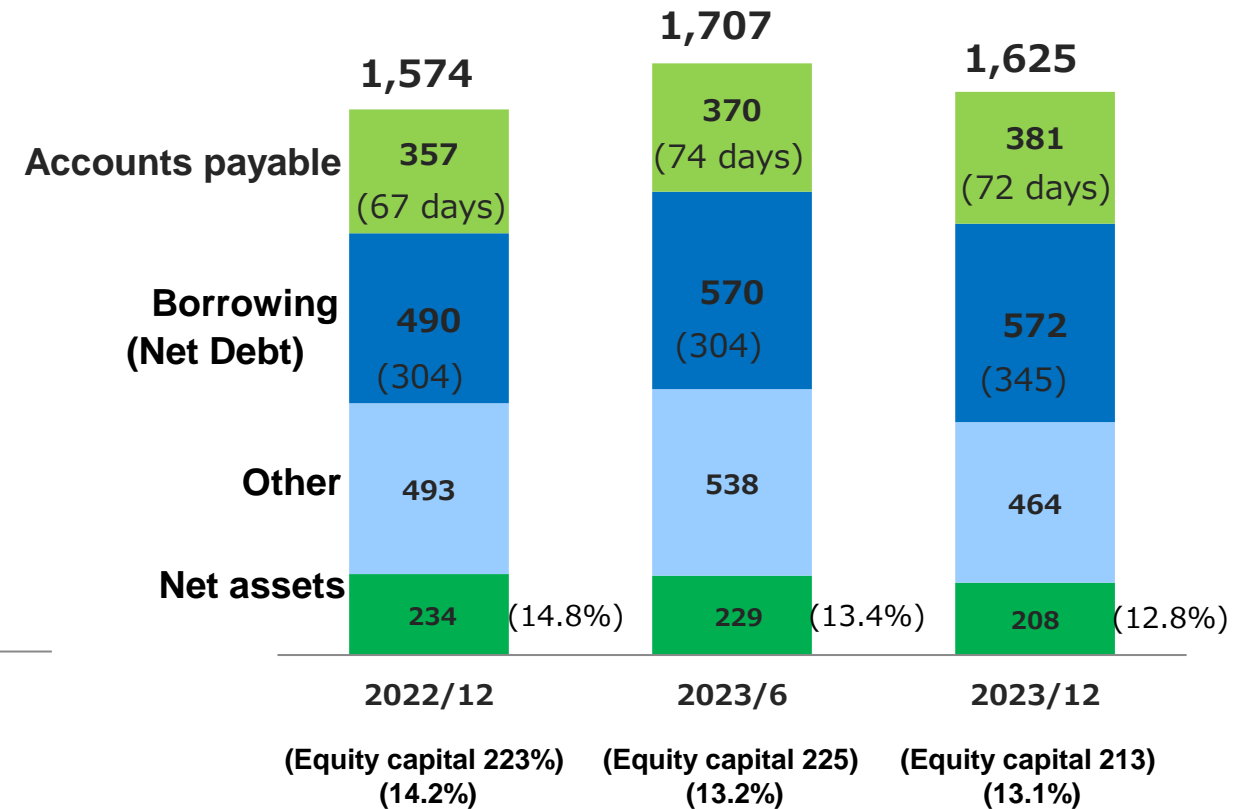
*Days are based on ending balance and sales in the last 3 months.

[In 100 million yen]

Assets



Liabilities & Net Assets



Agenda

2. Forecast for the fiscal year ending December 2024

2-1 Summary of consolidated financial forecast

2-2 Sales by region from the automotive systems business segment

2-3 Operating income

2-1. Summary of consolidated financial forecast

[In 100 million yen]

		FY2023 Jan~Dec 2023 results	FY2024 Jan~Dec 2024 Forecast	Ver Previous yea	
				Difference	Ratioed
Sales		1,793	1,800	7	0.4%
Operating Profit		(110)	(68)	43	38.7%
Ordinary Profit		(84)	(28)	56	66.9%
Net income attributable to owners of the parent company Ordinary Profit		(34)	(16)	18	52.4%
Exchange	US \$	141yen	138yen	(2)yen	
	EUR	152yen	150yen	(2)yen	

※Exchange: Results : Average market rate
Forecast : Our assumption

2-2. Sales by region from the automotive systems business segment

**Net sales 178.5 billion yen Increase 0.4 billion yen
(Up 0.2% year-on-year)**

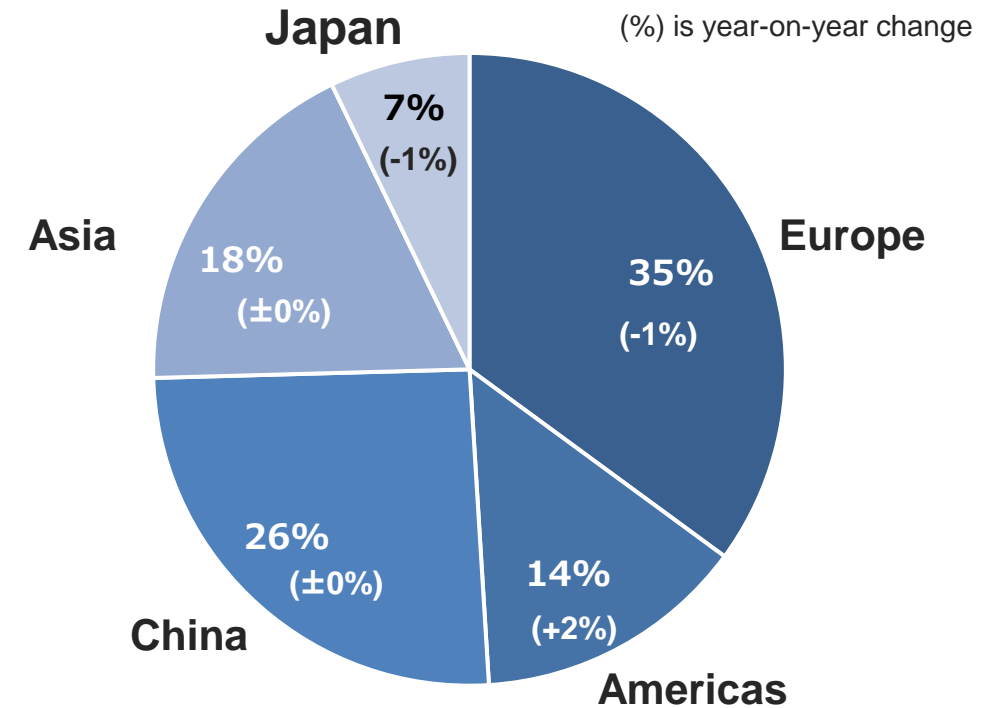
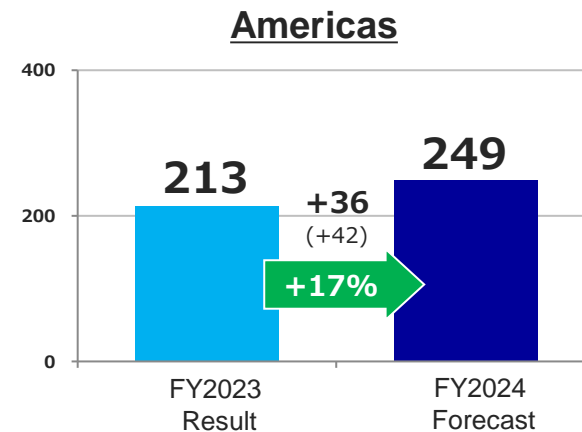
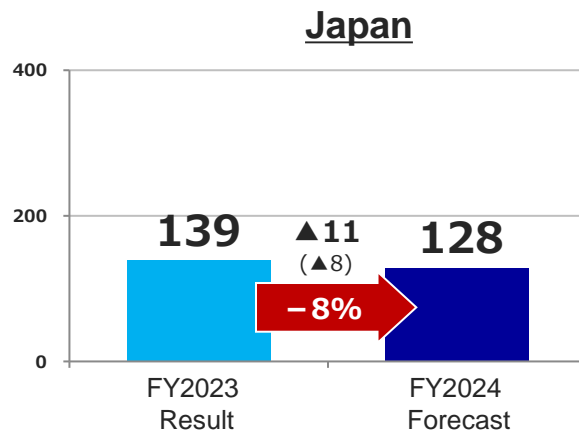
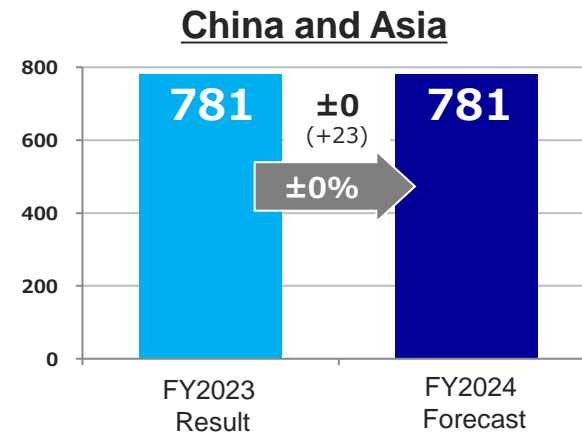
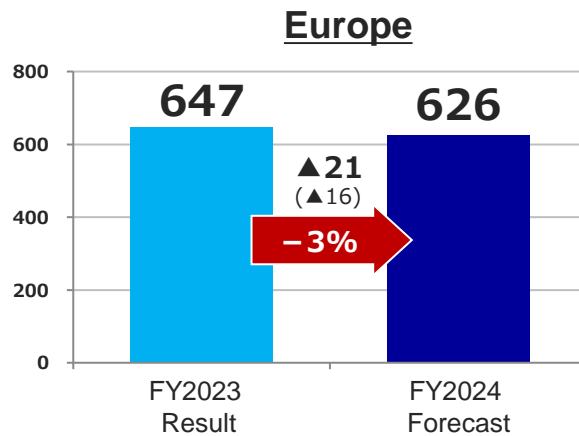
[In 100 million yen]

(Decrease by 37 billion yen due to currency effects, real excluding foreign exchange + 41)

■ Regional sales (2023-2024 comparison)

2023 Comparative amounts
(Amounts excluding foreign exchange effects)

■ Composition by regions



2-3. Operating income

[In 100 million yen]

	Previous FY	Forecast	Difference
Net sales	1,793	1,800	+7
Operating income	(110)	(68)	+42

- Real -8.5 billion yen operating loss excluding previous year's quality costs.
- Foreign exchange effects and annual price reductions for electric compressors are factors in lower profits.
- In addition to improved scale and composition, strong promotion of cost reductions and increased efficiency of SG&A expenses are factors behind the increase in profit.
- Operating loss -6.8 billion yen due to acquired commercial rights and increased investment in growth to acquire further commercial rights.

