

Financial Results of 1st Quarter for the Year Ending December 31, 2024

May 2024

Sanden Corporation

Financial Results of First Quarter for the Fiscal Year Ending December 31, 2024

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- 2. Sales by Business Segment**
- 3. Operating income (Year-on-year comparison)**
- 4. Major Indicator Trends**
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1 . Points of the financial results

1

[Net sales]

Global vehicle production volumes for Q1 were generally in line with the previous year, despite regional variations. Excluding a foreign exchange impact of +4.0 billion yen, sales remained flat.

In China, sales grew across the board, including for EVs, while in Asia, particularly in India, sales to local OEMs increased. In the Americas, sales primarily decreased in the aftermarket sector. In Europe, excluding the effect of exchange rates, sales declined due to increased imports of EVs and reduced demand amid economic downturn.

2

[Profit]

Amid sluggish sales, the company continued price negotiations to mitigate the effects of high raw material costs. In Europe, inventory reductions and in China, increased sales led to higher operational efficiency, improved productivity, and cost reductions.

Operating income decreased by 0.1-billion-yen year-over-year.

Despite cost reductions and productivity improvements at the facilities in Poland and China, as well as mitigating effects from foreign exchange fluctuations, operating income slightly decreased due to funds being allocated to growth investments.

Net income decreased by 0.2 billion yen, yet a net profit of 0.3 billion yen was maintained.

3

[Measures]

Strengthened and promoted measures in Q1 to address environmental changes that became apparent. In response to rising fuel and raw material costs due to the continued depreciation of the yen, price negotiations and cost reduction efforts were implemented.

In response to prolonged lead times in transportation to Europe due to issues in the Red Sea, measures were taken to minimize airfreight usage and reduce ocean freight costs.

1 . Points of the financial results ~ Summary of consolidated financial results

[In 100 million yen]

		FY2023 Jan~Mar 2023 results	FY2024 Jan~Mar 2024 results	Ver Previous year		FY2023 Oct~Dec2023	Ver Previous year
				Difference	Ratioed		Difference
Sales		427	465	37	8.7%	476	(11)
	Automotive Equipment	425	461	37	8.6%	472	(11)
	Others	3	3	0	—	3	0
Operating Profit		(16)	(18)	(1)	-8.4%	(46)	28
Ordinary Profit		0	6	6	—	(62)	68
Net income attributable to owners of the parent company Ordinary Profit		5	3	(2)	-39.2%	(16)	19
Exchange	US \$	132yen	148yen	16yen		148yen	0yen
	EUR	142yen	161yen	19yen		159yen	2yen

*Actual figures are rounded to the nearest 10 million yen.

*Exchange rate: Average market rate

2. Sales by Business Segment ~ by Region

[In 100 million yen]

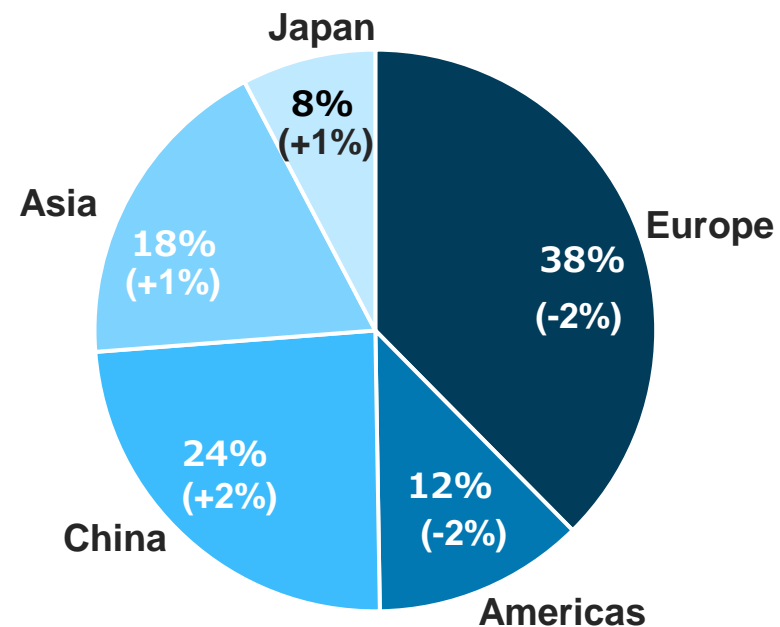
Net sales 46.1 billion yen Increase 3.7 billion yen (Up 8% year-on-year)

(Increase by 4.0 billion yen due to currency effects
real excluding foreign exchange -0.3 billion yen)

※ Automotive Equipment segment only. Excluding other businesses

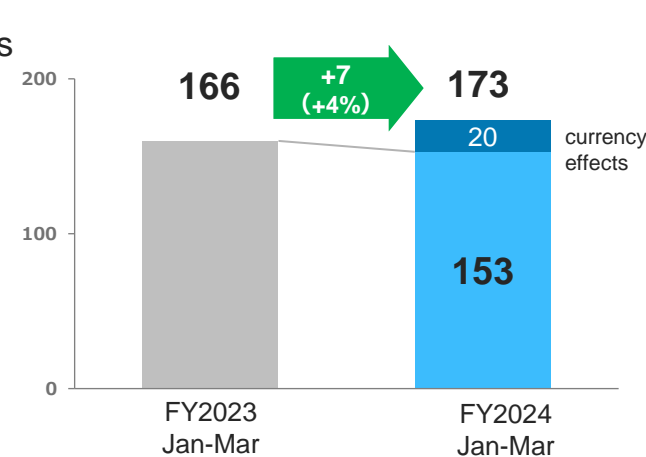
Composition by regions

(%) is year-on-year change



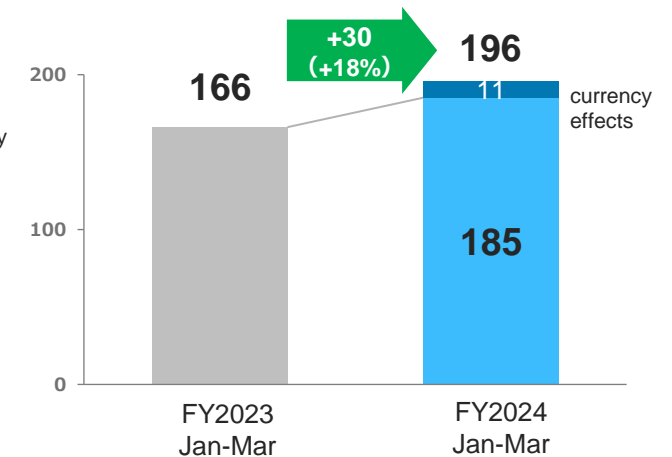
Europe

Increase in imports,
impact of sluggish demand



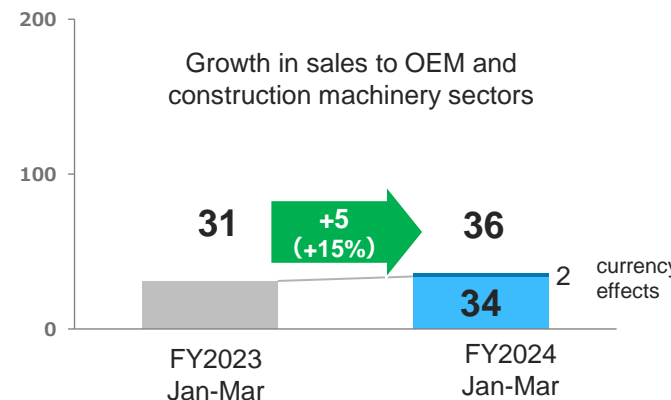
China and Asia

China and India: Growth in sales to local manufacturers.
In China, there is also growth in sales for EV vehicles.



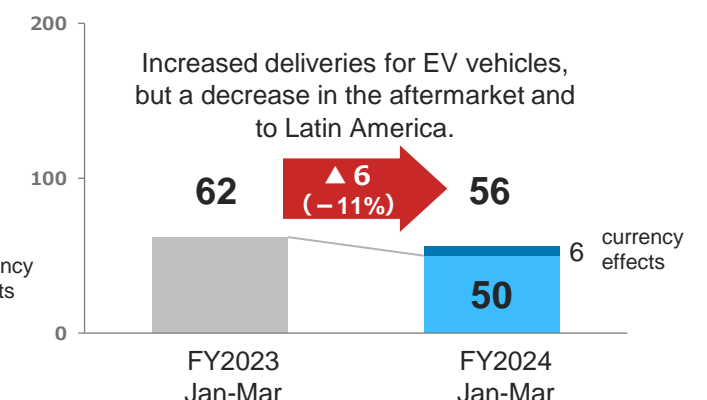
Japan

Growth in sales to OEM and
construction machinery sectors



Americas

Increased deliveries for EV vehicles,
but a decrease in the aftermarket and
to Latin America.



2 . Sales by Business Segment ~ by Product

[In 100 million yen]

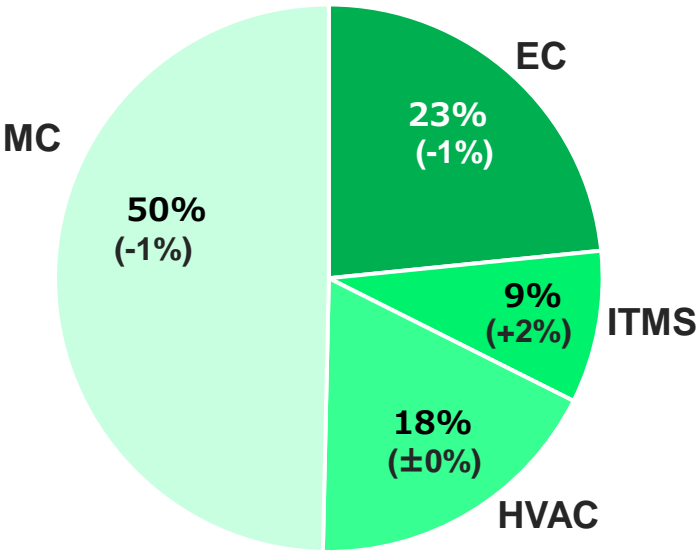
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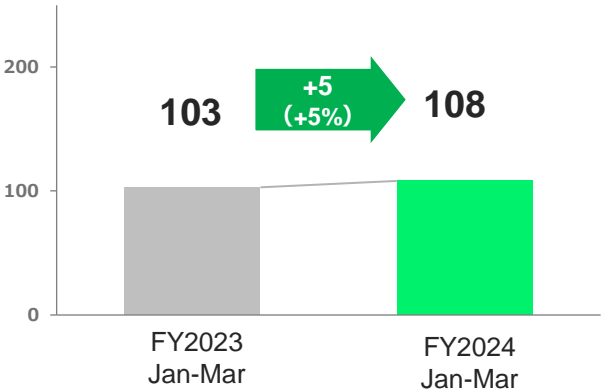
Composition by product

(%) is year-on-year change



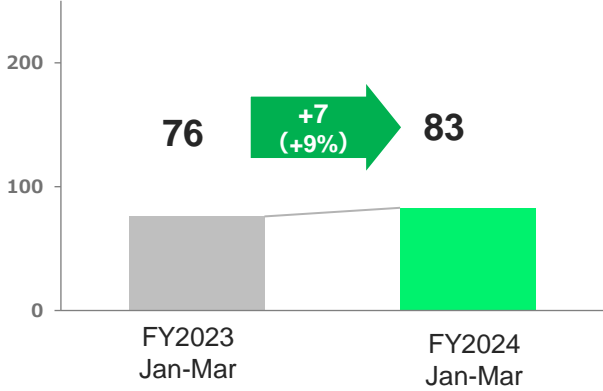
EC

Growth of EVs and start of production in the Americas



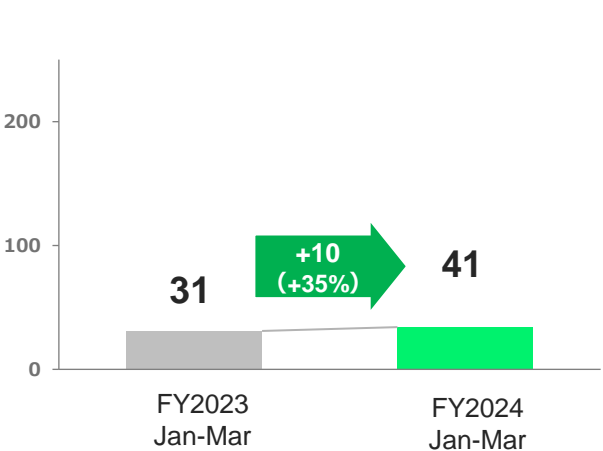
HVAC

Slightly sluggish in China, but overall sales continue to be favorable



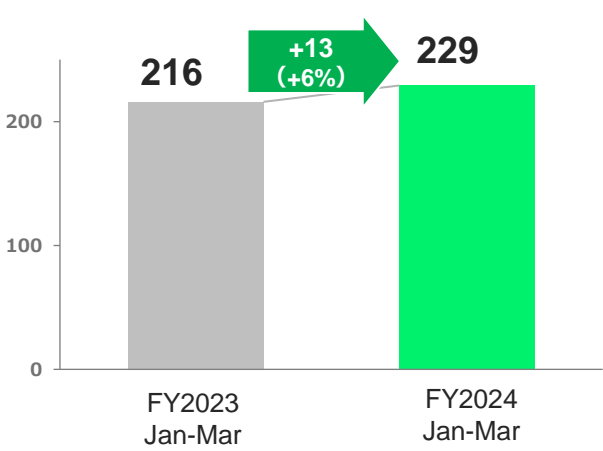
ITMS

Sales growth mainly in ECH



MC

Increase in sales of PX compressors



3 . Operating income (Year-on-year comparison)

[In 100 million yen]

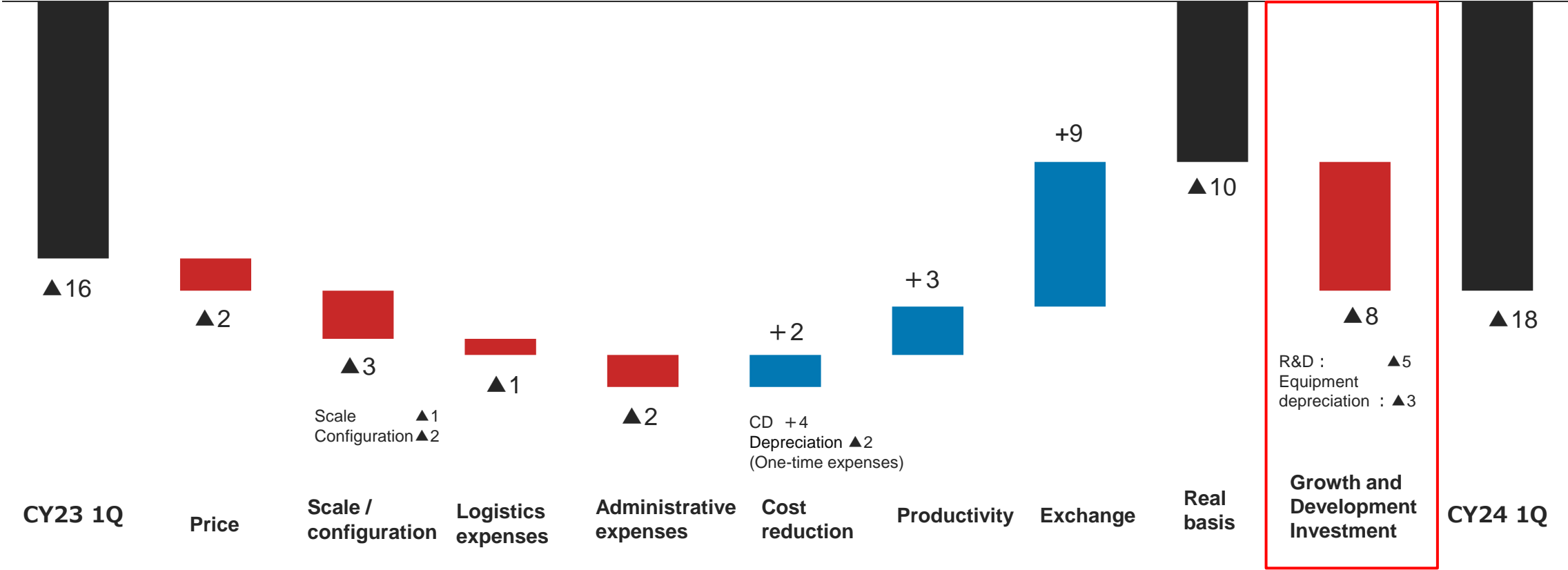
Jan-Mar FY2023 comparison

	Previous FY	Current FY	Difference
Net Sales	427	465	+37
Operating Income	(16)	(18)	(2)

Operating losses decreased, excluding the impact of increased investments in growth.

- Selling, General, and Administrative (SG&A) expenses have risen due to inflation-driven increases in administrative costs and the incidence of air freight related to the Red Sea issue.
- Productivity has improved and costs have been reduced due to enhanced capacity utilization.

Investments for future growth have been made in development and facilities.



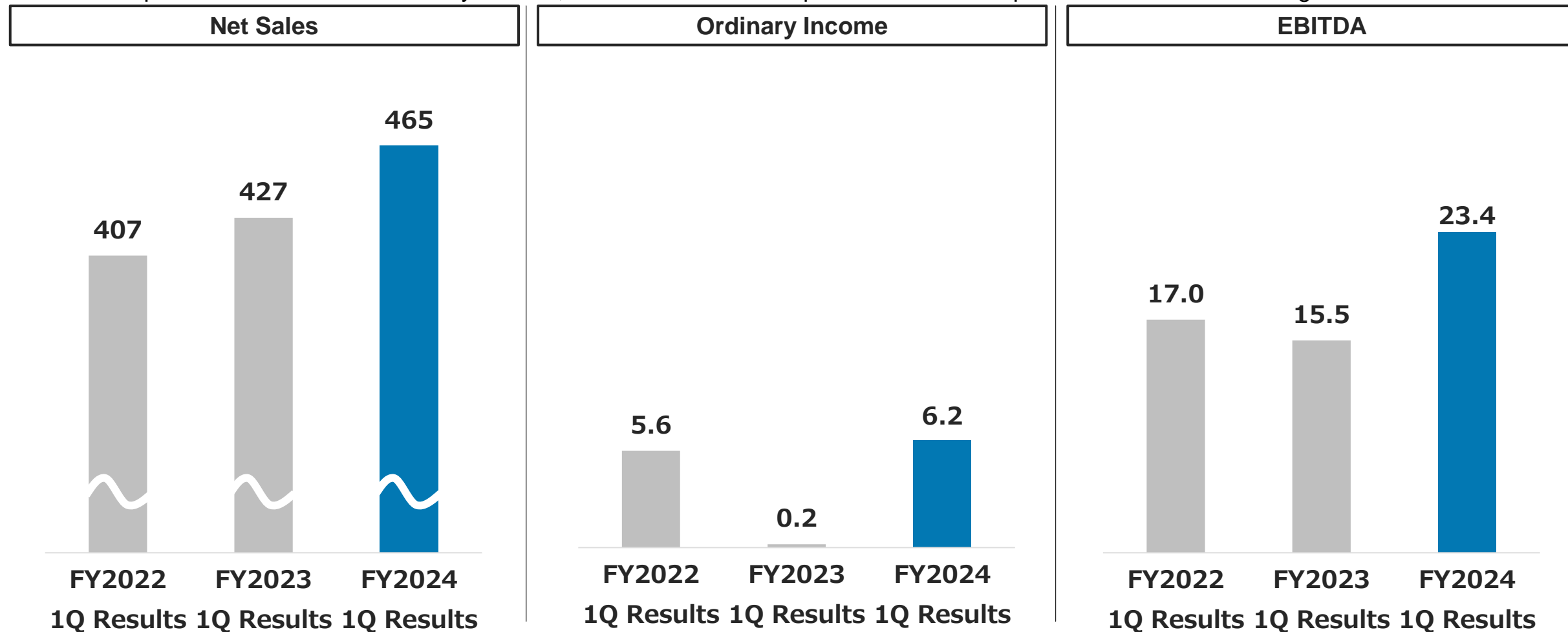
4 . Major Indicator Trends~ Net Sales, Ordinary Income, EBITDA

[In 100 million yen]

Net Sales: Despite the sale of a system development subsidiary in September 2022, sales increased for the third consecutive year

Ordinary Income: Equity earnings from investments, bolstered by the strong performance of the Sanden brand, remained steady. Foreign exchange gains also made a significant contribution.

EBITDA: Improved in tandem with ordinary income, with an increase in depreciation due to capital investments aimed at growth.

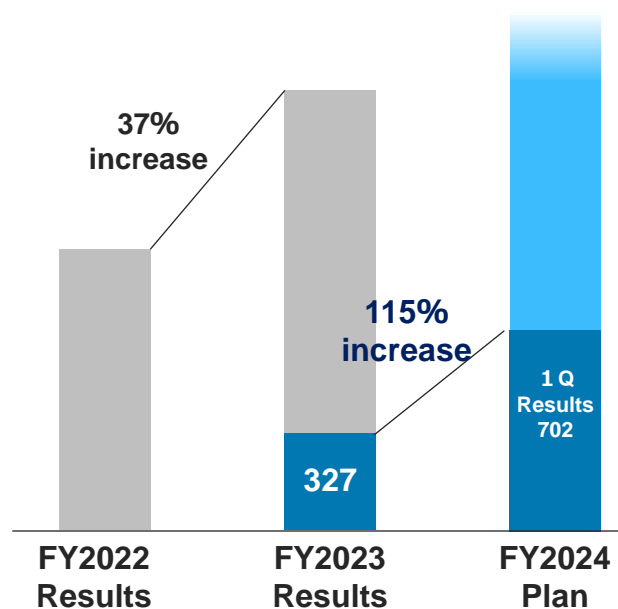


4 . Major Indicator Trends~ New commercial rights / Growth Investment

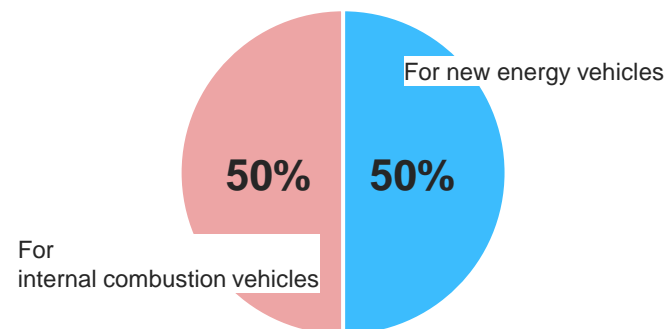
Status of new commercial rights acquisition

※Total lifetime sales of acquired commercial rights(representing the total revenue generated from each project, from the start of mass production throughout its lifecycle.)

[In 100 million yen]



Breakdown of vehicles for which new commercial rights were acquired in the first quarter

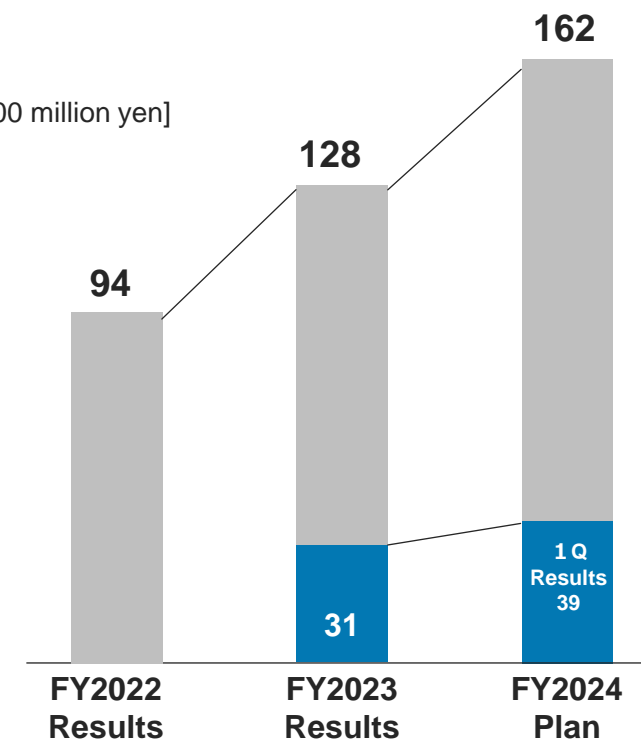


● Major Recent Acquisitions:

China: Air conditioning systems for Chinese electric vehicle manufacturers.
 Europe: Compressors (EC, PX) for major European customers.
 Japan: Air conditioning systems for major Japanese customers.

Growth Investment Expenses

[In 100 million yen]



● Main reasons for increase from FY2023 to FY2024

- R & D Expenses

- ITMS Development
- EC Platform Development

- Increase in depreciation due to equipment investment

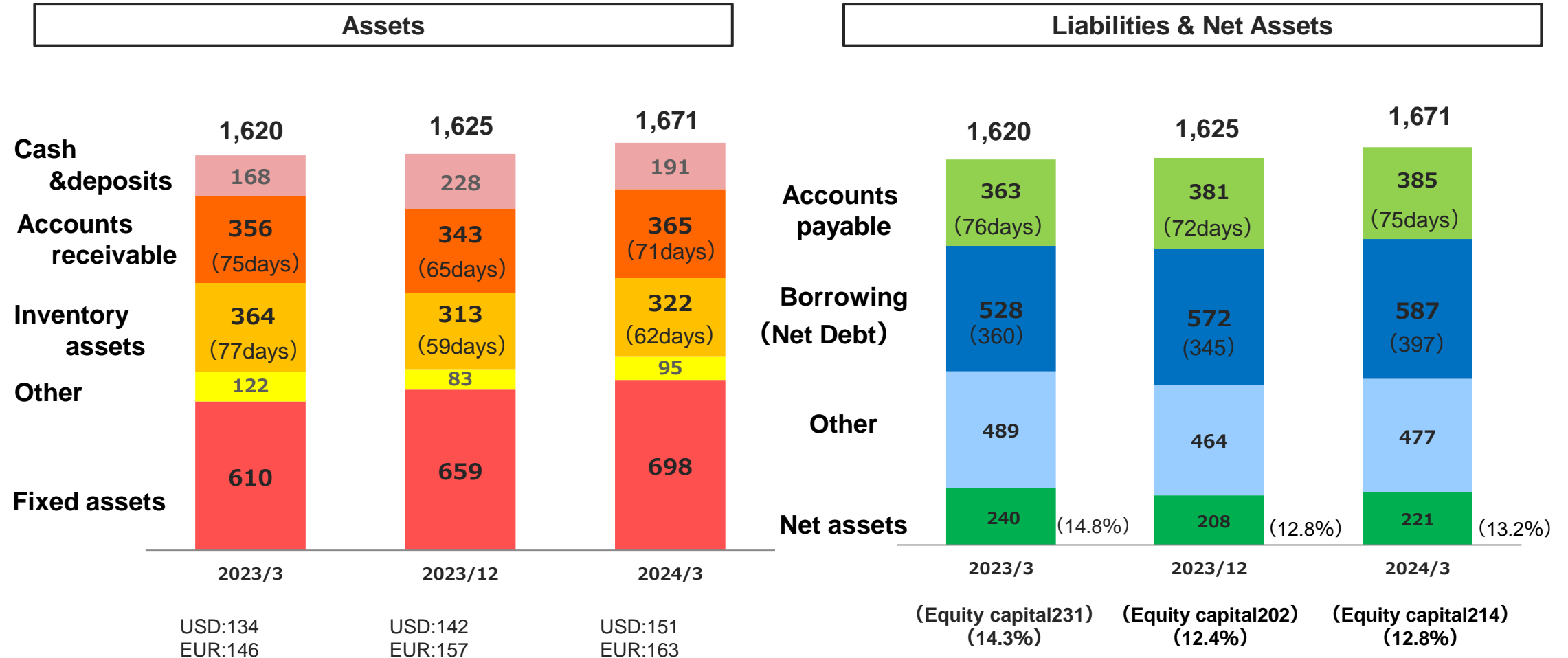
- EC line in the Americas
- China area ECH line

5. Consolidated balance sheet

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

*Individual items may not equal totals due to rounding

[In 100 million yen]



6. Business Topics

Establishment of production system

- European Area: Initiated the construction of a new next-generation electric compressor line. Received a grant of 2 billion yen from the French government.



- China Area: Started mass production of the ECH high-voltage 800V specification. ※ ECH (Electric Coolant Heater) = Water-heating electric heater.



Progress in Technology Development

- Exhibited at CES2024, the world's largest exhibition, garnering high expectations for the evolution of future mobility scenarios.



- Joint presentation with Vitesco at the Vienna International Motor Symposium: Accelerating the development of ITMS to comply with PFAS regulations.



6. Business Topics

Customer evaluations

- Successfully achieved a major milestone with the production of 400 million compressor units worldwide.



- Honored with the Supplier Performance Management Award by Paccar, recognized as a top truck manufacturer globally.



Accelerating Sustainability Initiatives

- Intensifying initiatives towards meeting the carbon neutrality targets.

France: Introduction of Methanation Gas Started using carbon neutral gas (methanation), which is methane gas generated from CO₂.



Japan: Transition from Kerosene to Gas in Fuel

Achieved a 15% Reduction in CO₂ Emissions in Fiscal Year 2023 Compared to Previous Levels.



China/Asia Area: Introduction and Expansion of Solar Power Generation Facilities

Solar power generation facilities have been introduced and expanded at the Tianjin plant in China, as well as in Singapore and Malaysia.





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