

Financial Results for Q3 FY2024

November 20, 2024

Sanden Corporation

Financial Results for Q3 2024

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1. Key points of Q3 financial results

[Revenue]

1

Global vehicle production volume in the third quarter was slightly weaker than the previous year, while demand in Europe, the company's main market, decreased compared to the previous year. Sales increased by 6.1 billion yen compared to the same period last year. Excluding the impact of exchange rates of +10 billion yen, sales decreased by 3.9 billion yen.

- In Europe, demand for trucks continued to decline due to an increase in imported EVs and the sluggish economy, resulting in a decrease in revenue excluding the effect of foreign exchange rates.
- In China, revenue decreased due to sluggish sales of EV vehicles within the country.
- In Asia, revenue continued to increase due to growth in sales to local OEMs, mainly in India.
- In Japan, sales of passenger vehicles decreased but sales of special vehicles increased.
- In the Americas, revenue increased due to increased sales volume for EVs and trucks.

[Profit]

2

As sales volume stagnates, logistics and raw material costs remain high. In order to absorb the impact, we continued price negotiations to limit the impact.

In Asia, capacity utilization improved due to increased sales, while in the Americas, full-scale operation of electric compressors created temporary loads, causing productivity improvements to stagnate. On the other hand, we steadily promoted improvements in SG&A expenses and cost reductions, and although there was a significant improvement compared to the previous year due to the impact of exchange rates, the increase in profits was reduced due to active allocation to growth investments. Operating profit increased by 2.1 billion yen compared to the same period last year. Ordinary profit increased by 2.2 billion yen, ensuring a profit for the third quarter since 2018.

Net income for the current period increased by 1.9 billion yen, turning from a deficit in the same period last year to a profit.

EBITDA was 5.2 billion yen, an increase of 2.9 billion yen from the previous year, mainly due to the increase in ordinary income.

[Measures]

3

Strengthened and promoted measures to respond to the environmental changes that have become evident since the beginning of the fiscal year.

In response to the rise in fuel and raw material costs due to the continued depreciation of the yen, thoroughly negotiated prices and accelerated cost reductions.

Reduced air and ocean freight costs in response to longer lead times for shipments to Europe due to the Red Sea crisis.

1 . Key points of Q3 financial results

Overview of Consolidated Financial Results

[Unit : ¥100M]		FY2023 Jan – Sep 2023	FY2024 Jan – Sep 2024	Year-on-Year	
				Difference	Rate of Change
Revenue		1,317	1,378	61	4.6%
	Automotive components	1,308	1,366	58	4.4%
	Others	9	12	3	33.3%
Operating profit		△64	△43	21	–
	Equity in net income of affiliates※	37	39	2	5.4%
	Exchange	12	4	△8	△66.7%
Ordinary profit		△22	0.5	22	–
Net income attributable to owners of the parent		△18	1	19	–
EBITDA		23	52	29	150%
Exchange	US \$	¥138	¥151	¥13	
	EUR	¥149	¥164	¥15	

※Equity in net income affiliates: This mainly relates to Sanden HASCO Automotive Air-Conditioning Co., Ltd., an equity-method affiliate of the Company. (Some of the Company's products are sold through joint ventures in markets such as China, and this revenue is recorded as non-operating income for accounting purposes.)

*Exchange rate: Market average rate

*Actual results are rounded off to the nearest 10 million yen.

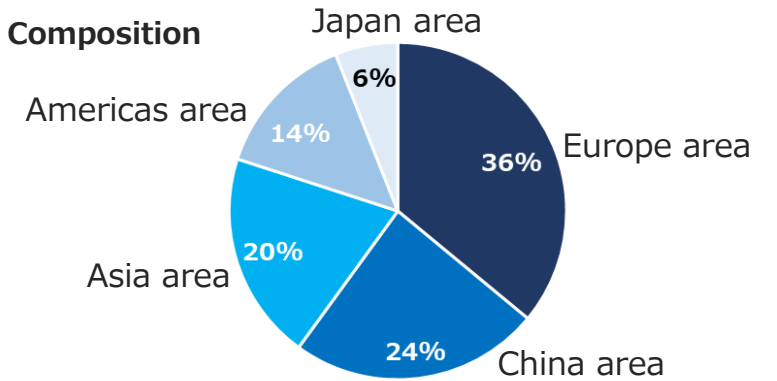
2. Revenue by Segment: by Region

Revenue: ¥136.6 B YoY + ¥5.8 B (+4%)

(Exchange rate impact: +9.9)

※Automotive segment only. Excludes other businesses

Regional Composition

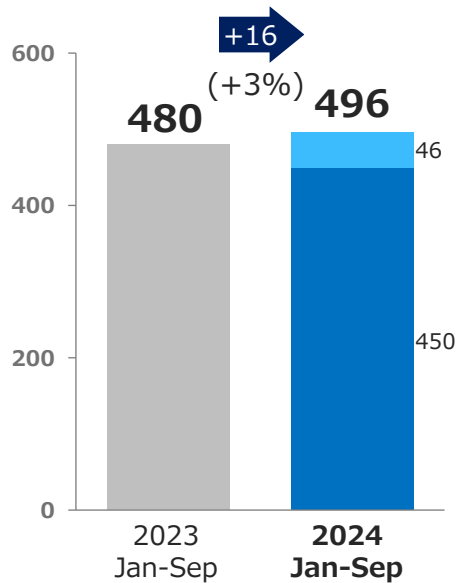


[Unit : ¥100M]

- Exchange rate impact
- Revenue excluding exchange
- Year-on-year price
- Year-on-year ratio

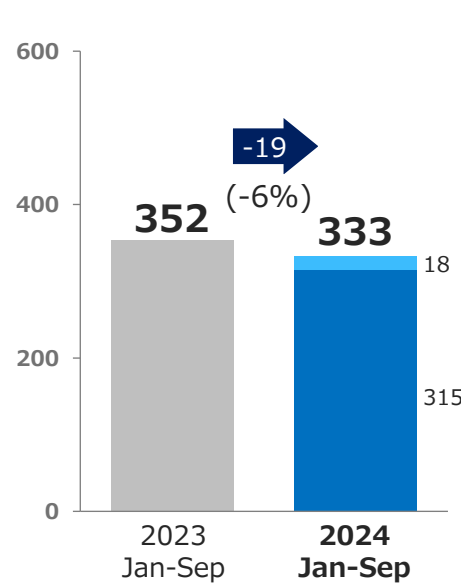
Europe area

A decline in demand for EVs
Weak truck market



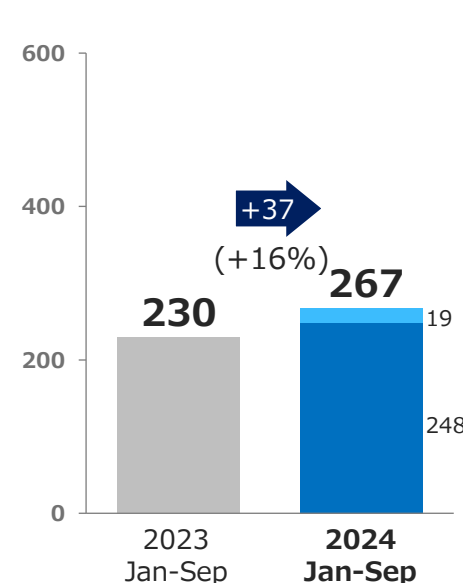
China area

Decrease in deliveries to EV vehicles



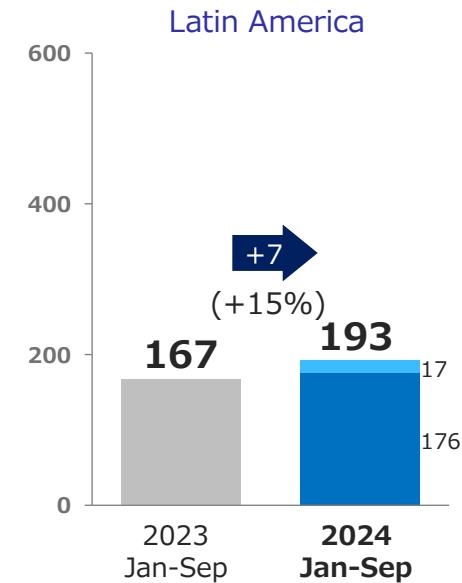
Asia area

Growth for Indian automakers



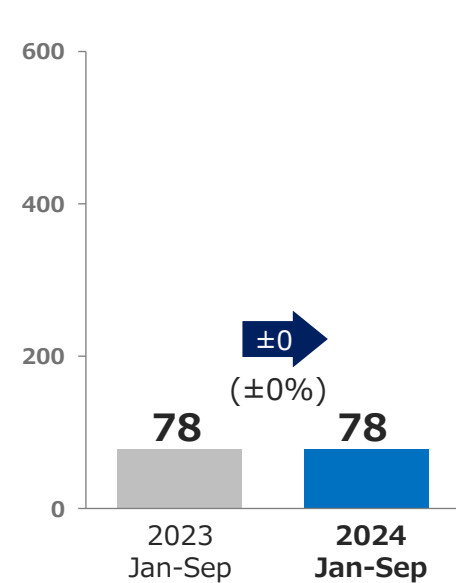
Americas area

Increase in EV
Decrease in aftermarket and for Latin America



Japan area

Decrease in passenger vehicles
increase in special vehicles



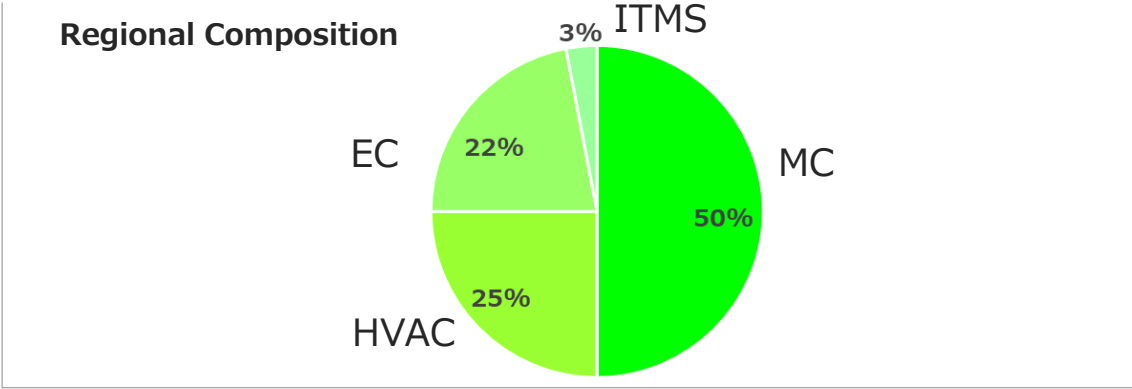
2. Revenue by Segment: by Product

Revenue: ¥136.6 B YoY+¥5.8 B (+4%)

(Exchange rate impact: +9.9)

※Automotive segment only. Excludes other businesses

[Unit : ¥100M]
■ Segment sales
➔ Year-on-year price
 () Year-on-year ratio

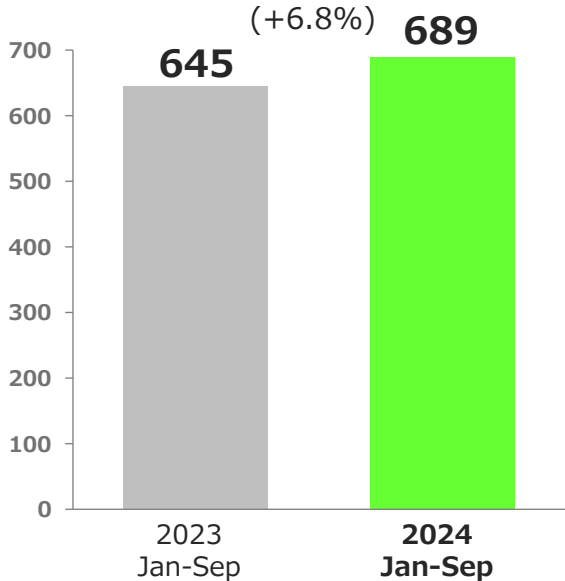


MC

Increase in sales of PX compressors

➔ +44

(+6.8%)

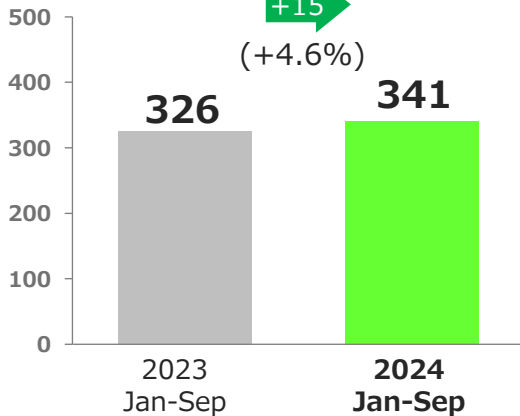


HVAC

Increased demand in China and other parts of Asia

➔ +15

(+4.6%)

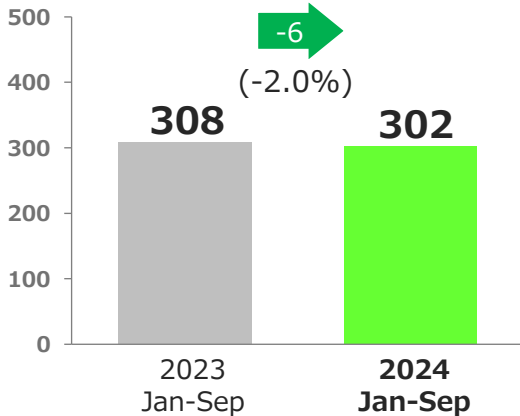


EC

EU track market slowing down
China's EV market share declines

➔ -6

(-2.0%)

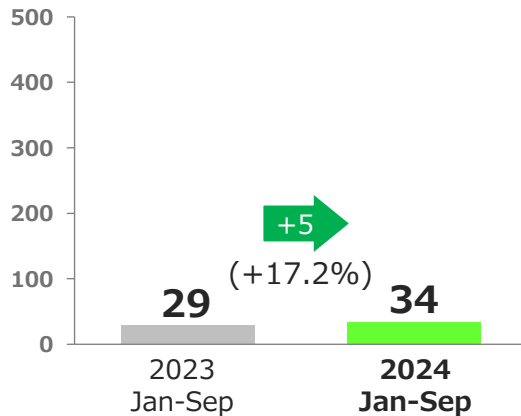


ITMS

Increased sales mainly of new energy vehicles

➔ +5

(+17.2%)



3. Variance analysis from the previous year: EBITDA

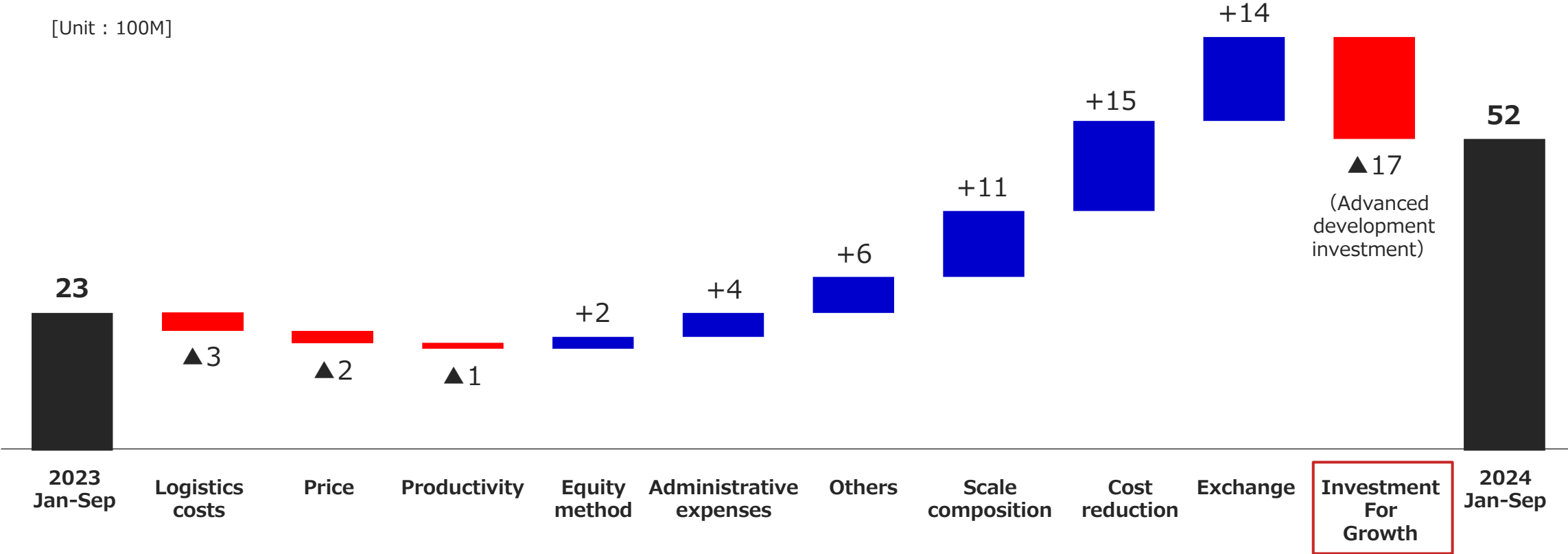
Comparison with 3Q cumulative total of 2023

	2023	2024	Difference
Sales	1,317	1,378	+61
EBITDA	23	52	+29

Significant improvement in real terms

- Even after adjusting for exchange rates, the company's performance improved by 2.9 billion yen
- Worsening logistics costs due to the Red Sea issue and other factors, and temporary declines in productivity due to the new launch
- SG&A and cost reduction activities have produced great results
- Continue to strengthen growth investment for future growth

[Unit : 100M]



4. Key Indicator Trends: Revenue, Ordinary Profit, EBITDA

Revenue : Increased for the third consecutive year, partly due to the effect of exchange rates.

[Unit : 100M]

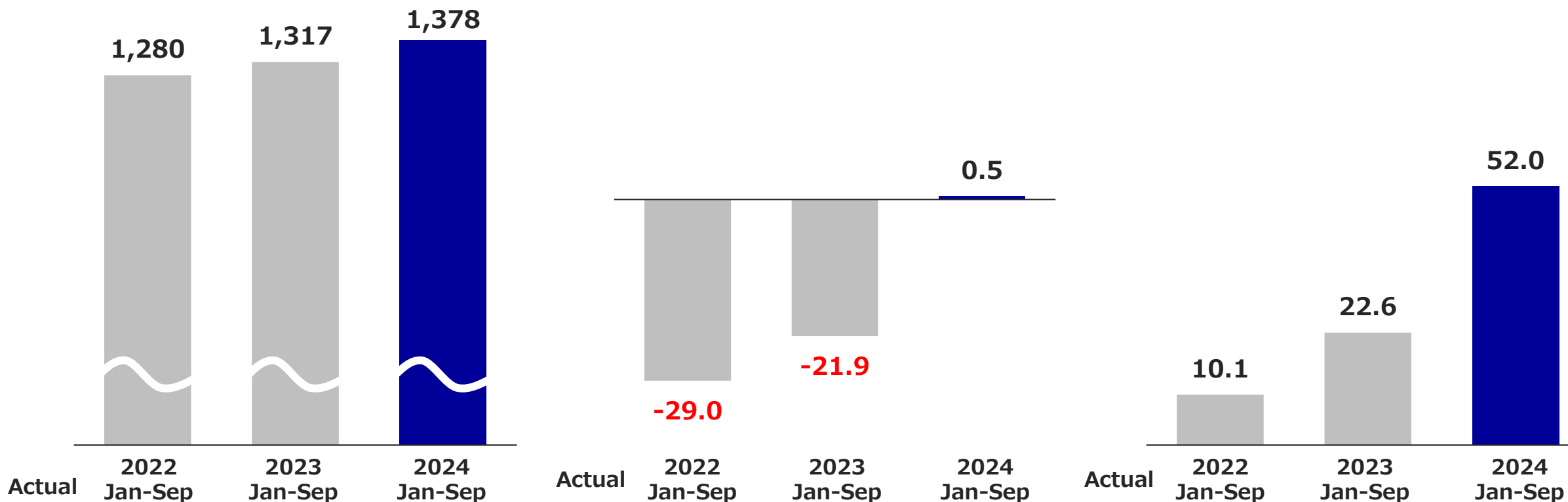
Ordinary profit : Improved due to exchange gains, and equity method gains also remained strong.

EBITDA : Increased depreciation and amortization due to continued strengthening of capital investments for future growth, in addition to ordinary profit.

Revenue

Ordinary Profit

EBITDA

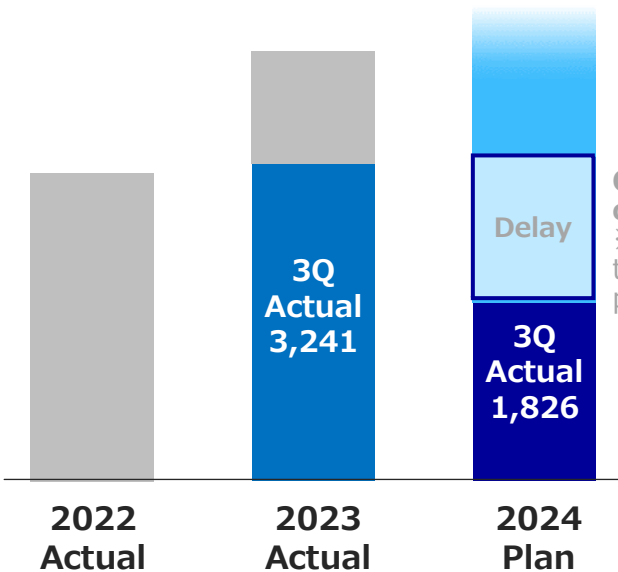


4. Key Indicator Trends: Acquisition of new commercial rights / Growth investment

Status of acquisition of new commercial rights

※Total Lifetime Revenue of Acquired Commercial Rights (total amount of revenue generated from the start of mass production to the end of the product's life for each project)

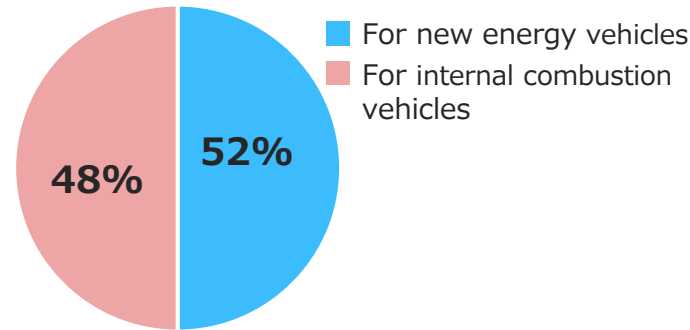
[Unit : 100M]



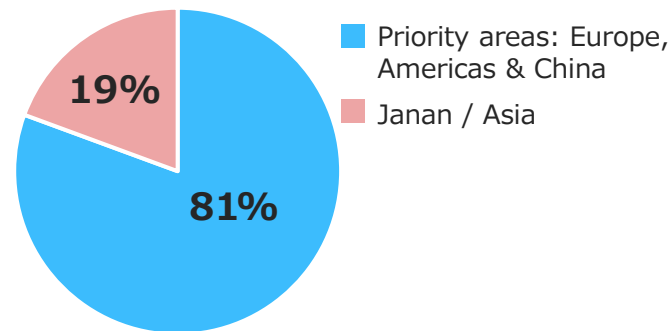
◆ Most recent major commercial rights acquisition

Europe area	Major customer: PX compressor
China area	EV manufacturer: Air conditioning system
Asia area	Major Indian customer: PX compressor
Americas area	EV manufacturer: Air conditioning system
Japan area	Construction machinery manufacturer: ITMS Major customer: PX compressor

◆ Product Strategy and Area Strategy (As of 3Q Results)



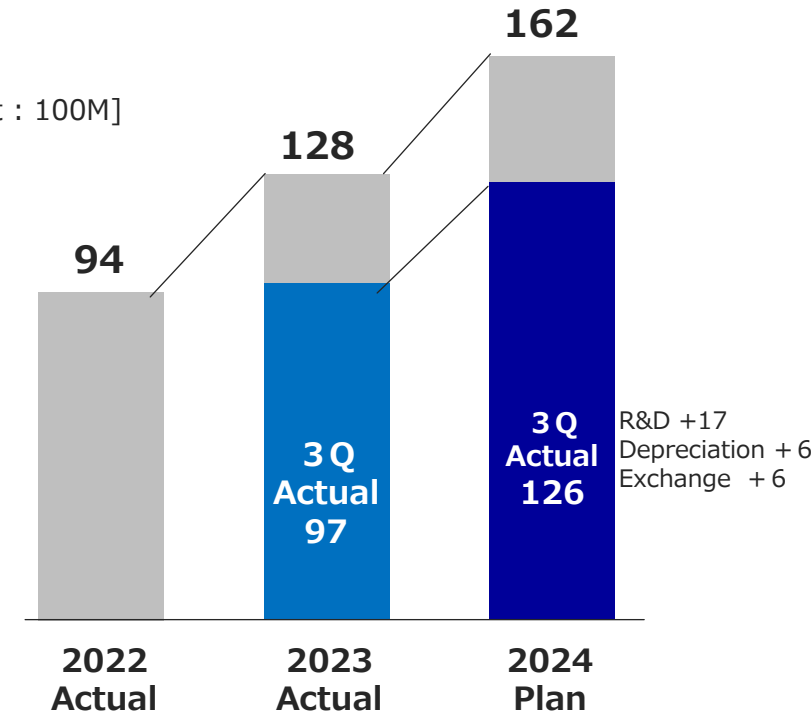
Acquiring new commercial rights Vehicle details



Acquiring new commercial rights Focus area ratio

Growth Investment Expenses

[Unit : 100M]



◆ Key drivers of 2023-2024 increase

- R&D expense
 - ITMS development
 - EC platform development
 - Next generation EC development
- Increase in depreciation expenses due to capital investment
 - EC line in Americas
 - EC line in Europe
 - ECH line in China

Strengthening strategic investments for proactive future growth

5. Consolidated Balance Sheet

*Number of days: Year-end balance / (most recent 3 months revenue / 90)

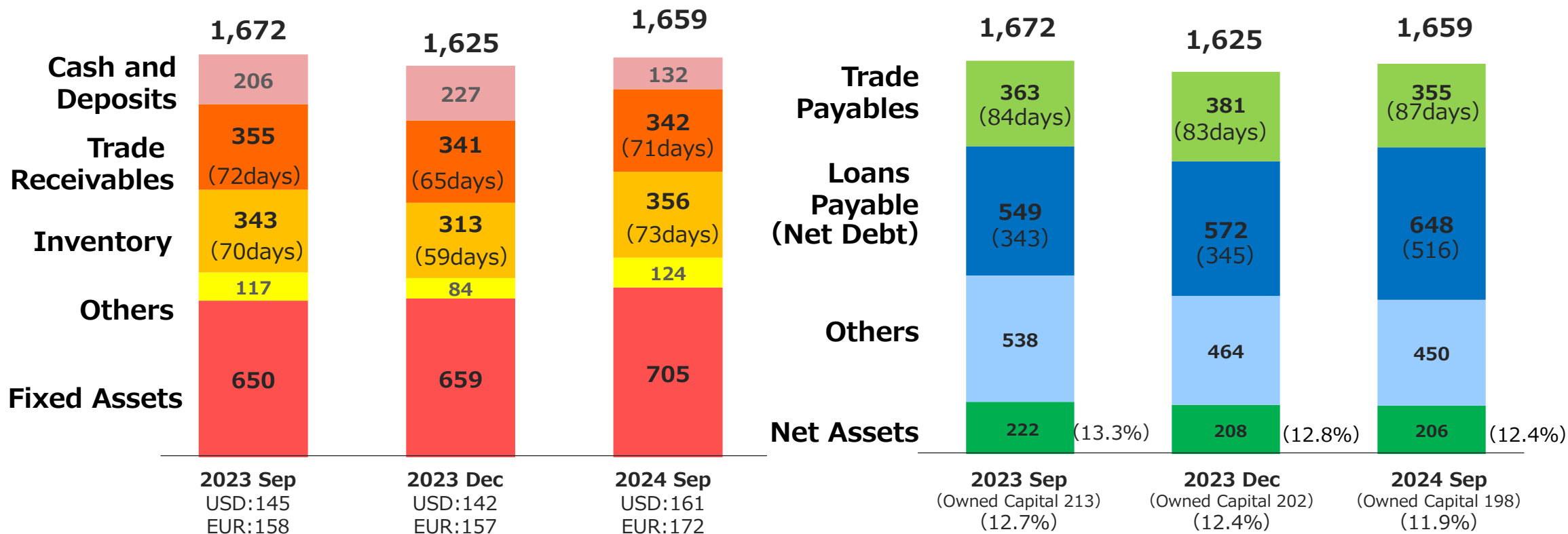
*Individual items are rounded off, so the total may not match.

Assets

Liabilities·Net Assets

[Unit : ¥100M]

[Unit : ¥100M]



Promote our products and technologies by participating in exhibitions in various countries

◆ 1st time exhibited at the world's largest show "IFA"

A historic home appliance show celebrating its 100th anniversary this year
Held annually in Berlin, Germany. 1,800 companies from around the world exhibit
Expanding our technological capabilities and brand power globally



◆ Exhibited at the IAA Transportation 2024 in Hannover

The world's largest international motor show specializing in commercial vehicles, held in Hannover, Germany.
Appealing to 145,000 visitors



◆ Exhibited at the Southampton International Boat Show

The UK's biggest boat show
Proposed cutting-edge cooling solutions



Customer reviews

◆ 1st "JLRQ Award" in 13 yrs from JLR

Achieved a quality score (Target 1,000)
1st award for an electric compressor



◆ 1st ever "Quality Award" from Nissan

Acquired Level 1 with a perfect score



Accelerating sustainability efforts

◆ Winner of Excellence Award at the FORESTS X ACT CHALLENGE 2024 sponsored by the Forestry Agency

The award recognizes outstanding efforts such as forest management supported by companies and organizations, based on a comprehensive assessment of their activities and CO2 absorption



◆ Conducted environmental education leader training for teachers & other staff in collaboration with the Ministry of the Environment's "Place for Experience Opportunities"

Held a training course aimed at training leaders who will promote environmental education





Disclaimer

The purpose of this document is to provide information about our management policies, plans, financial condition, etc., and is not intended to solicit investments or sales, such as the purchase of our stock.

The forward-looking statements contained in this document are based on information available as of the date of this document and certain assumptions and expectations.

Accordingly, actual results, outcomes, performance, etc., may differ materially due to various risks and uncertainties, including economic trends, market price conditions and exchange rate fluctuations, etc., but the Company assumes no responsibility for any damages arising from the use of the information in this document.

In addition, we undertake no obligation to update any of the forward-looking statements contained in this document.

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