

Sanden Corporation Financial Results 2024 and Mid-term Business Plan Status

February 2025

Sanden Corporation

Agenda

1. Financial results 2024

**2. Status of the mid-term business plan
“SHIFT 2028”**

Financial Results 2024

February 2025

Sanden Corporation

Agenda

1. Financial results 2024

1. Key points of the financial results
2. Revenue by segment
3. Consolidated balance sheet
4. Consolidated cash flow

2. Financial forecast 2025

1. Key Points of the Financial Results

Revenue

◆ Revenue up ¥4.6 billion year on year (+ 2.5%) FX impact : +¥11.1 billion

Situation by region	Asia	Increased in revenue year-on-year due to growth for local OEMs.
	Americas	Increased in revenue year-on-year due to the vehicle launch for a new business.
	Europe	Declined in demand for trucks due to economic stagnation, but increased in revenue due to foreign exchange gains
	China	Decreased in revenue due to a decline in vehicle production at customer end.

Profit

◆ Operating Profit : Increase by ¥4.6 billion year-on-year

Positive factors	Reduced SG&A through lower quality costs
	Implementation of improvement measures, including cost reduction and foreign exchange gains

◆ Ordinary Profit : ¥8.2 billion year-on-year increase

Improvement factors	Foreign exchange gains on non-operating loans denominated in foreign currencies
	Reversal of reserve for loss on indemnity claims

◆ Net Income Attributable to Owners of the Parent : ¥2.6 billion increase year-on-year

Measures

◆ Strengthened measures to respond to environmental changes that have become apparent since the beginning of the year.

Cost up fuel and raw material due to continued yen depreciation

⇒ **Securing alternative products and implementing the price negotiation with customers to reflect the current material cost rate**

Longer transportation lead times due to the Red Sea crisis.

⇒ **Controlled air and ocean freight costs by securing alternative routes at an early stage**

1. Key Points of the Financial Results: Consolidated Financial Results Overview

[Unit : ¥100M]		FY 2023	FY 2024	Year-on-Year	
				Difference	Percent Change
Revenue		1,793	1,838	46	2.5%
	Automotive Component	1,780	1,823	43	2.4%
	Others	12	15	3	25.0%
Operating Profit		▲110	▲64	46	-
	Equity in earning of Affiliates	43	47	4	9.2%
	Foreign Exchange gain & loss	▲4	17	21	-
Ordinary Profit		▲84	▲2	82	-
Net Income Attributable to Owners of the Parent		▲34	▲8	26	-
EBITDA		▲21	71	93	-
Foreign Exchange	USD	¥141	¥152	¥11	
	EUR	¥152	¥164	¥12	

※ Equity in earning of Affiliates: This mainly relates to Sanden Huayu Automotive Air Conditioning Co., Ltd., an equity-method affiliate of our company. (Some of our products are sold through joint ventures in markets such as China, and income from these joint ventures is recorded as non-operating income in our financial statements.)

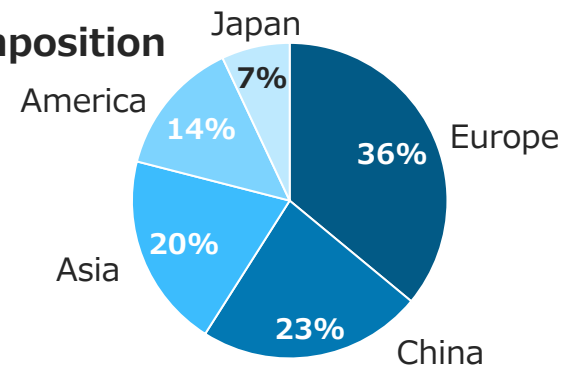
※ Actual figures are rounded off to the nearest ¥10 million, Exchange rate: Market average rate

2. Revenues by Segment: By Region

Revenue: ¥182.3 billion
YOY +¥4.3 billion (YOY +2.4%)

※Automotive Components segment only. Excluding other businesses.

Ratio of regional composition

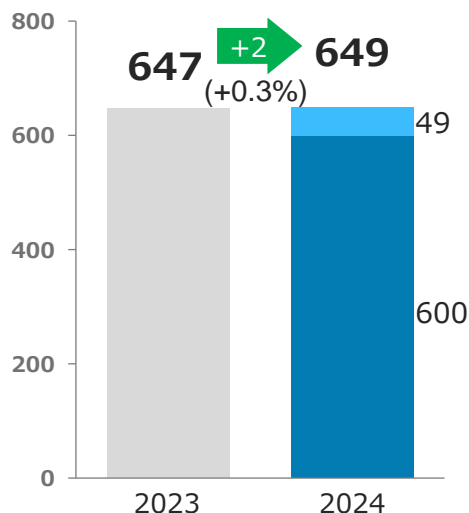


[Unit: ¥100M]

- █ Exchange rate impact
- █ Revenue excluding foreign exchange
- █ YOY amount
- () Percent change

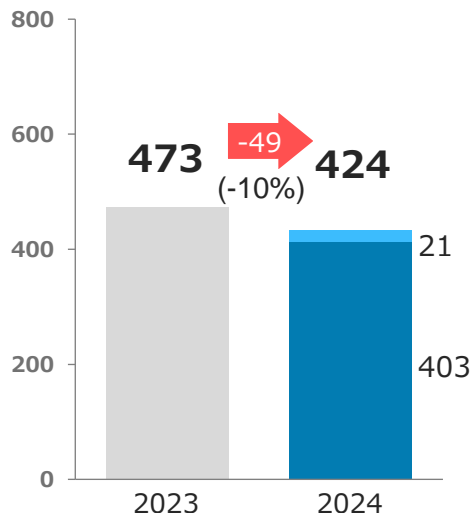
Europe

The current vehicle phase out
 Slowdown in truck market



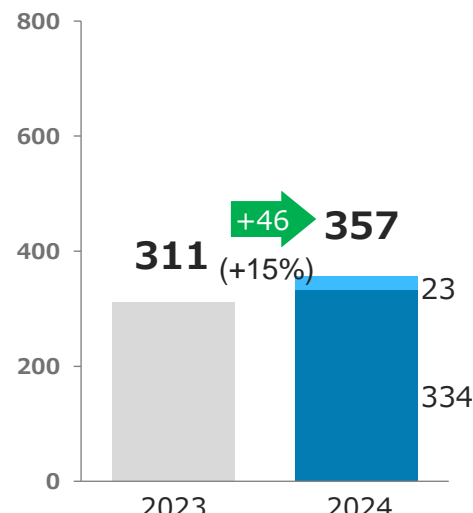
China

Production adjustment of electric vehicles



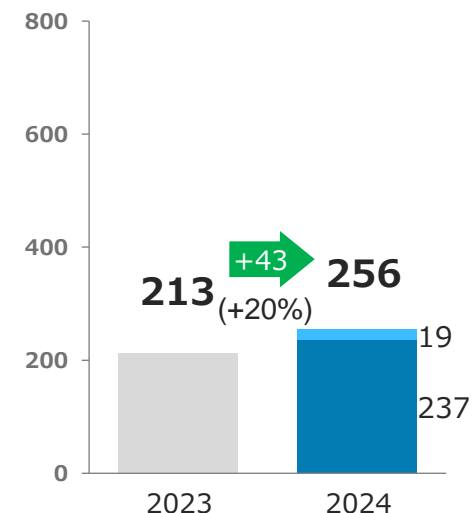
Asia

Growth for Indian OEMs



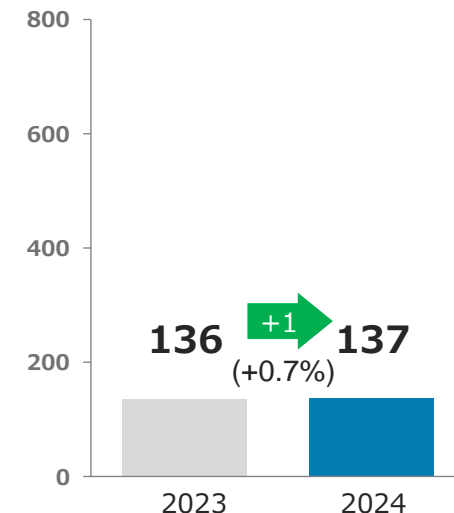
Americas

Increase in delivery volume to EV
 Decline in revenue in Central & South America



Japan

Decreased in passenger car. But increased in special-purpose vehicles.



2. Revenues by Segment: By Product

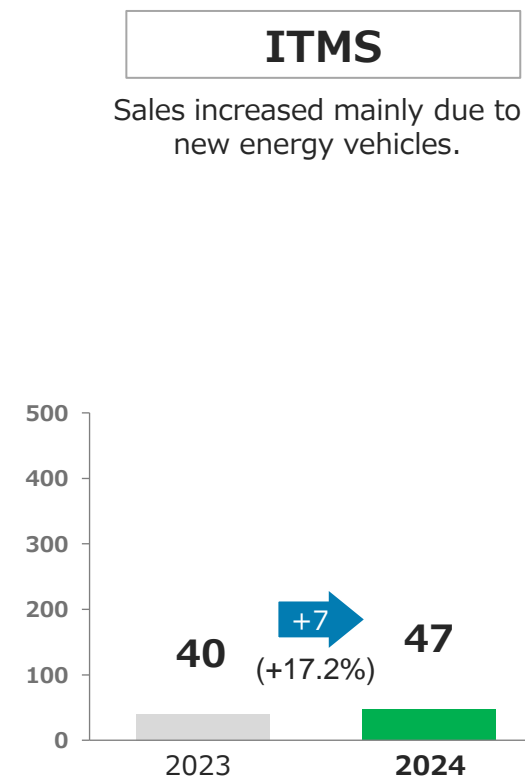
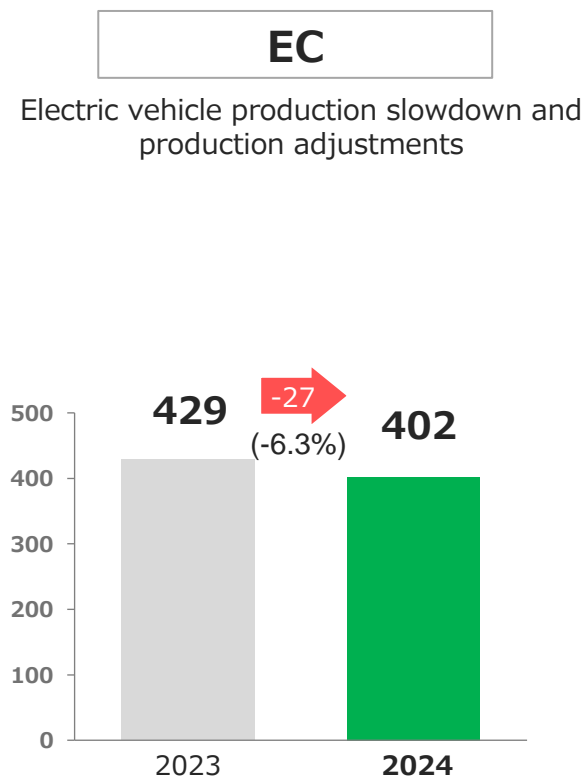
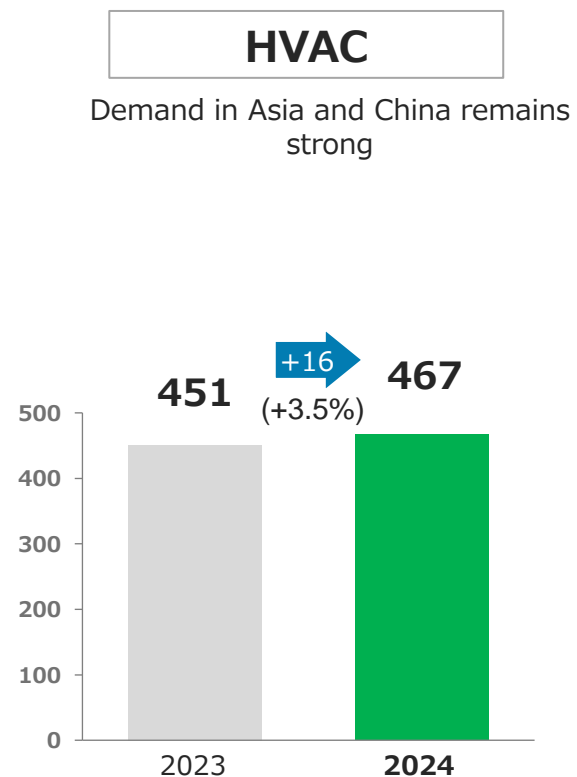
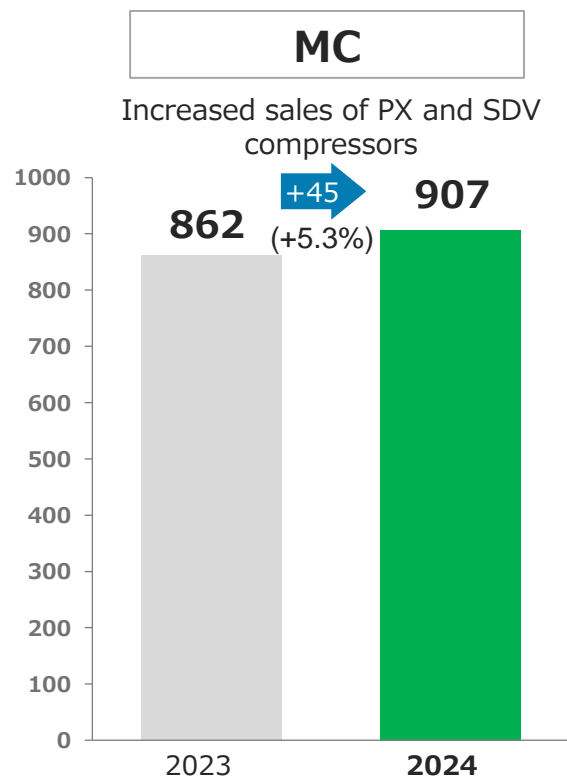
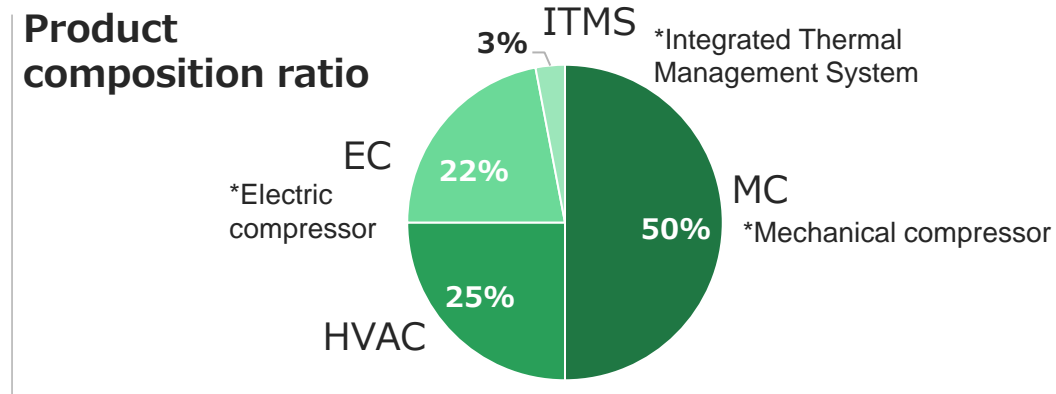
Revenue: ¥182.3 billion

YOY + ¥4.3 billion (YOY +2.4%)

※Automotive Components segment only. Excluding other businesses.

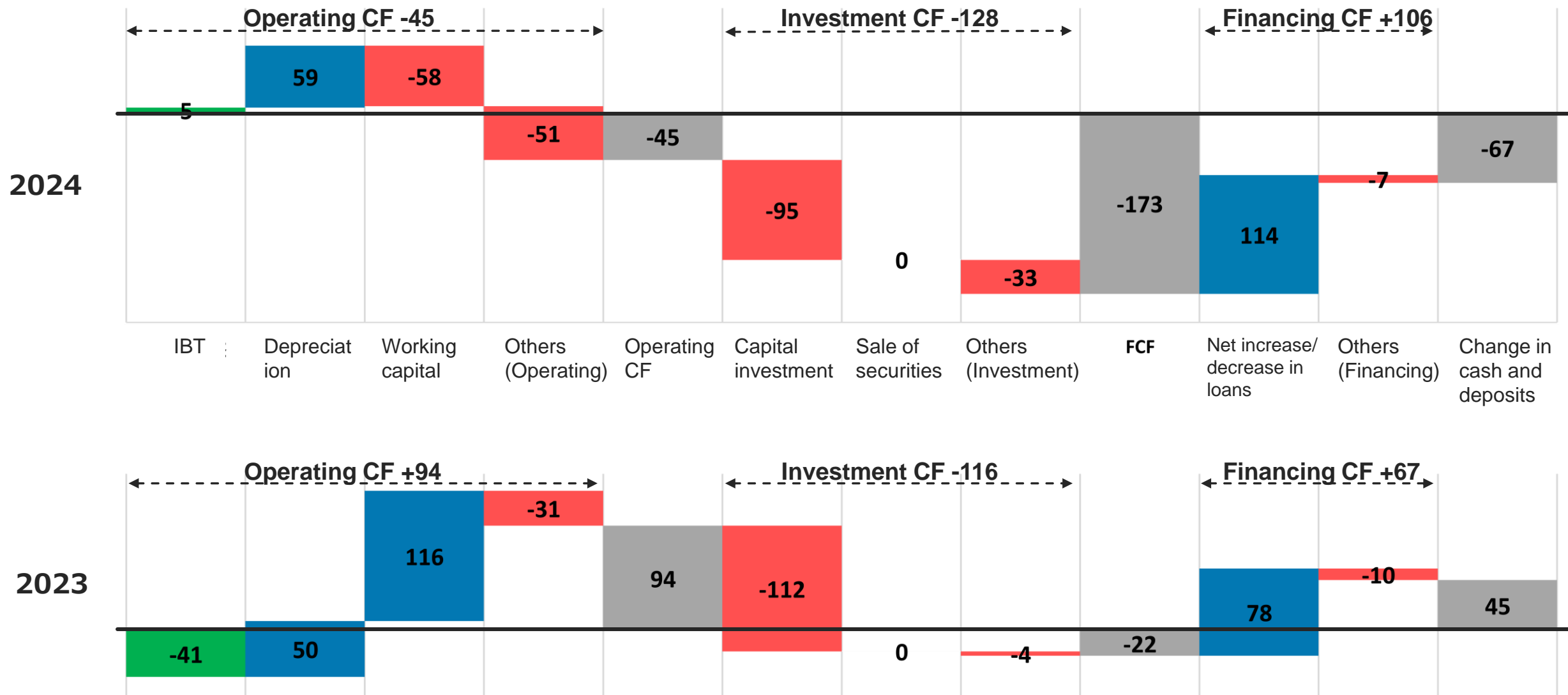
[Unit : ¥100M]

- █ Segment revenue
- ➔ YOY amount
- () YOY ratio



4. Cash Flow (Year-on-Year Comparison)

[Unit: ¥100M]



Agenda

1. Financial results 2024

2. Financial forecast 2025

1. Consolidated Business Forecast
2. Revenue by Segment

1. Consolidated Financial Forecast

[Unit: ¥100M]		2024 Results	2025 Forecast	Year-on-Year	
				Difference	Percent Change
Revenue		1,838	1,847	9	0.5%
	Automotive Component	1,823	1,833	10	0.5%
	Others	15	14	-1	-6.6%
Operating Profit		▲64	▲60	4	-
	Equity in earning of Affiliates	47	45	-2	-4.3%
	Foreign Exchange gain & loss	17	0	-17	-
Ordinary Profit		▲2	▲26	-24	-
Net Income Attributable to Owners of the Parent		▲8	▲3	5	-
EBITDA		71	71	0	-
Foreign Exchange	USD	¥152	¥151	¥-1	
	EUR	¥164	¥155	¥-9	

※ Equity in earning of Affiliates: This mainly relates to Sanden Huayu Automotive Air Conditioning Co., Ltd., an equity-method affiliate of our company. (Some of our products are sold through joint ventures in markets such as China, and income from these joint ventures is recorded as non-operating income in our financial statements.)

※ Actual figures are rounded off to the nearest ¥10 million, Exchange rate: Market average rate

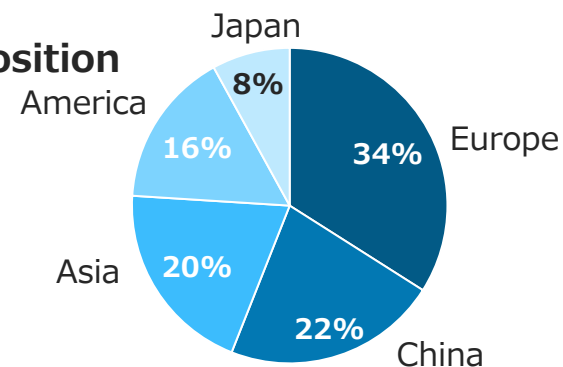
2. Revenue by Segment: By Region

Revenue: ¥183.3 billion

+¥1 billion (YOY +0.5%)

※Automotive Components segment only. Excluding other businesses.

Ratio of regional composition

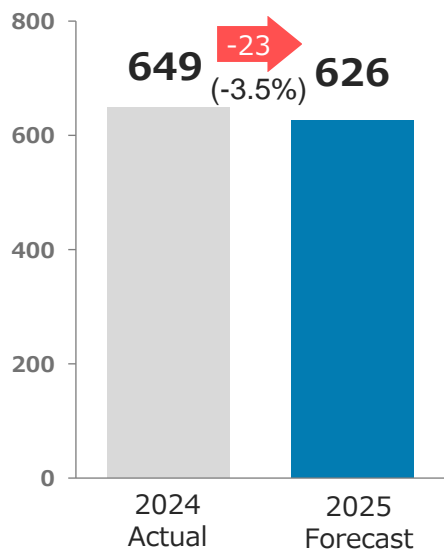


[Unit: ¥100M]

■ Revenue excluding foreign exchange
 → YOY Amount
 () Percent Change

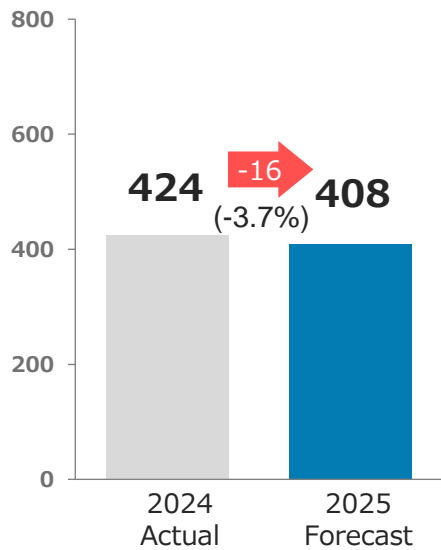
Europe

Foreign exchange impact



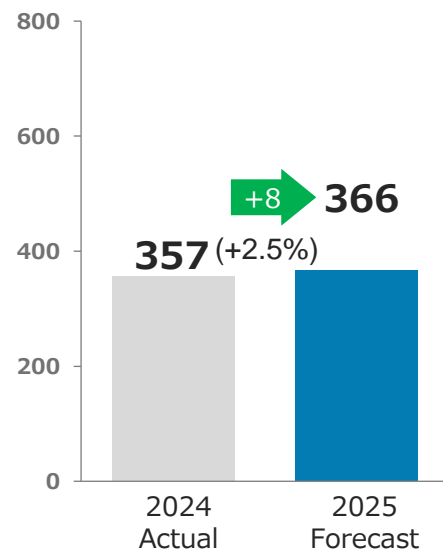
China

Sluggish demand for customer EV



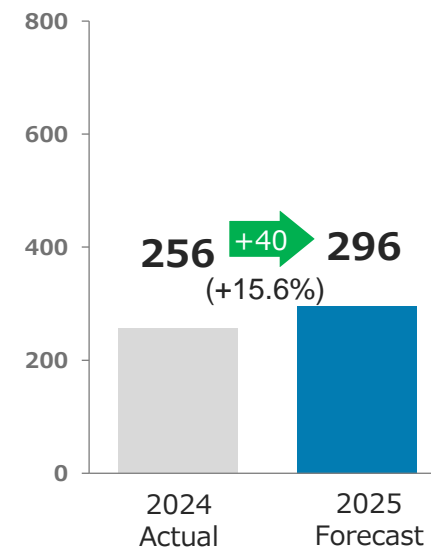
Asia

Growth of the Indian market



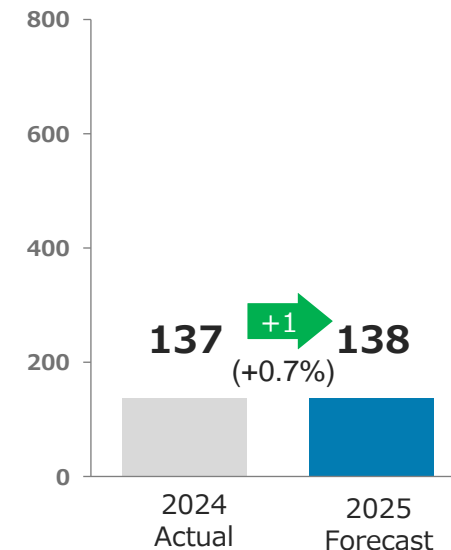
Americas

Increase in deliveries for EV



Japan

Increase in construction vehicles





INNOVATING COMFORT

Status of the mid-term business plan “SHIFT 2028”

February 2025

Sanden Corporation

Agenda

Status of the mid-term business plan “SHIFT 2028”

1. “SHIFT 2028” Medium-Term Business Plan Overview
2. Business Environment
3. Progress of Key Management Indicators
4. Status of Priority Measures
5. Conclusion

1. "SHIFT 2028" Medium-Term Business Plan Overview

2028 Management Targets Revenue: ¥300 billion, Ordinary profit: ¥9 billion (3%)

Focusing on the NEV market, with the product attractiveness of our electric compressors as the core, we provide integrated thermal management system solutions with a combination of competitiveness and flexibility, always staying close to our customers.

Regional Strategy

1. [EU] Expand market share by strengthening sales of NEV-related products to global OEMs in Europe

Market size

2023: 8% (¥200 Billion)
2028: 16% (¥500 Billion)

2. [China] Capture the rapid growth of China's thermal management market by making the most of synergies with Hisense

Market size

2023: ¥50 billion
2028: ¥660 billion (CAGR +68%)

3. [Americas] Accelerate expansion of products for NEVs in the Americas

Sales of products for NEVs in the Americas

2023: ¥100 million
2028: ¥40 billion

Strategic Theme

4. [Development·Product] Leverage our independent supplier status to work with multiple customers. Achieve flexibility in meeting customer needs through platforming. Semi-customized product development

of supported models

2023: 111
2028: 165

5. [SCM·Sustainability] Optimize global production layout and supply chain, and achieve sustainability compliance

Production plants of systems (HVAC/ITMS)

<p>3 Regions(current)</p> <ul style="list-style-type: none"> • China • Japan • Asia 	→	<p>Expand to 5 Regions</p> <ul style="list-style-type: none"> • China • Europe (Enhancement) • Americas • Japan • Asia
--	---	---

Reinforcement of Foundation

6. [Human Resources/Digitalization] Reinforce human resource development and improve the efficiency of organizational operations.

Investment	Human Resource Development/Assessment	Project Management
<ul style="list-style-type: none"> ● Investment in R&D ● Investment in IT 	<ul style="list-style-type: none"> ● Acquisition of key personnel ● Retention, selection, and development of human resources ● Systematic management development ● Optimization of incentive system 	<ul style="list-style-type: none"> ● Set up CFT(Cross-functional team) and put the team on projects. ● Systematic management of project progress and profitability

2. Business Environment

Market Size

In 2025, the market recovery from the COVID-19 pandemic will level off. From 2026, growth will be at the same level as last year's forecast, driven by China and Asia (India).

NEV Trend

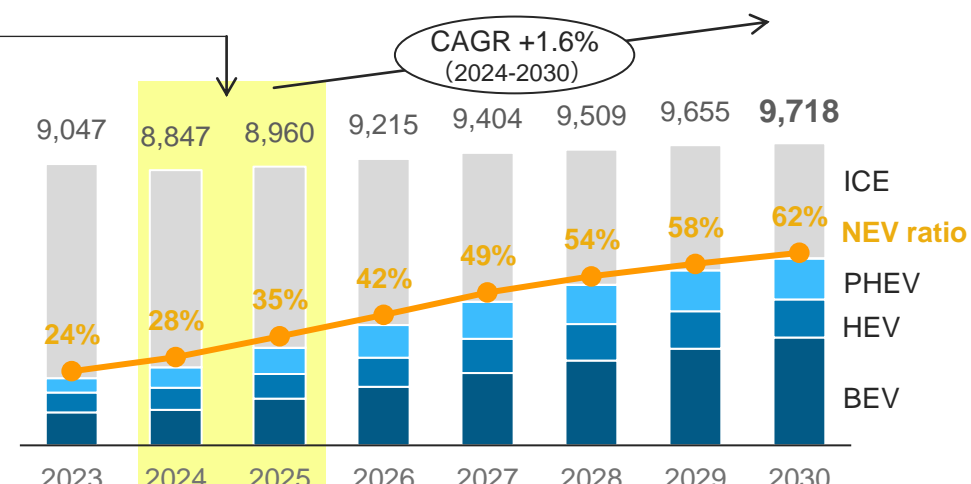
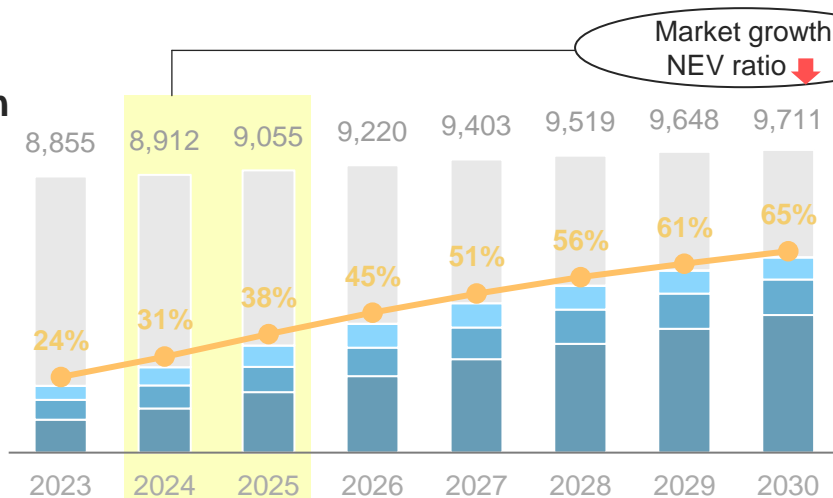
In Europe and the United States, the pace of change is slower than expected last year. However, the shift will continue.

Previous Production Volume Forecast *As of Nov 2023

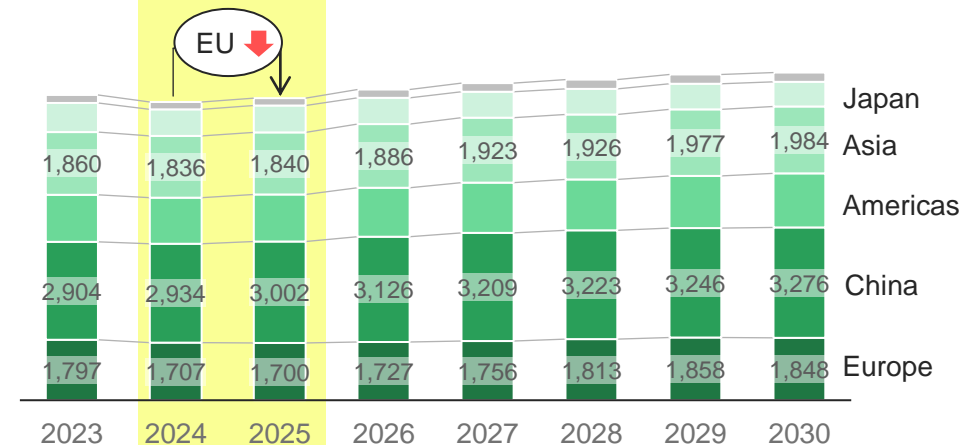
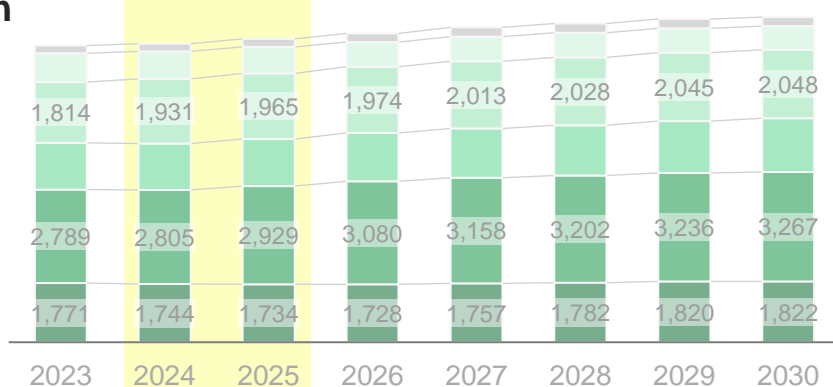
Production Volume Forecast * As of Nov 2024

[Unit: 10K]

By Powertrain



By Region



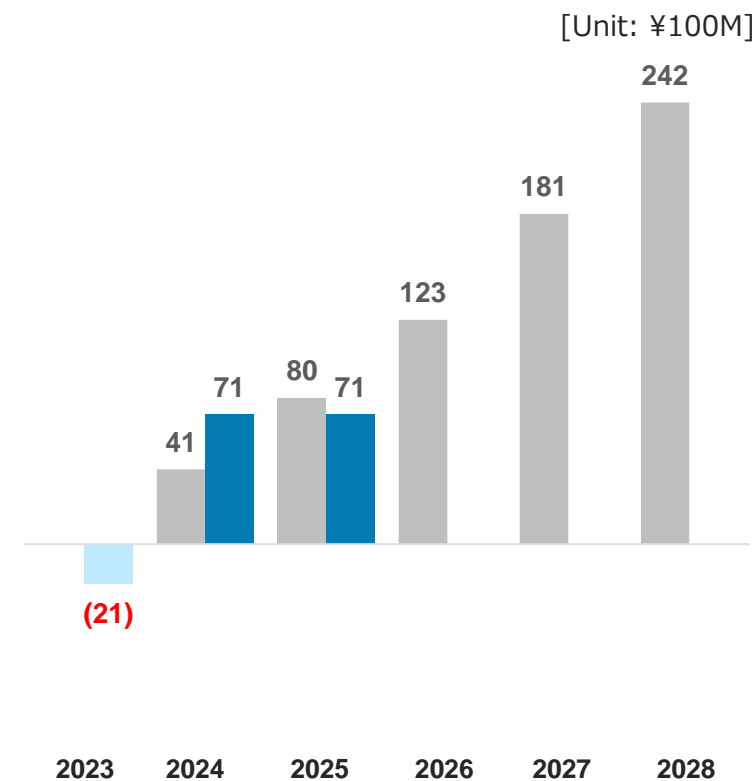
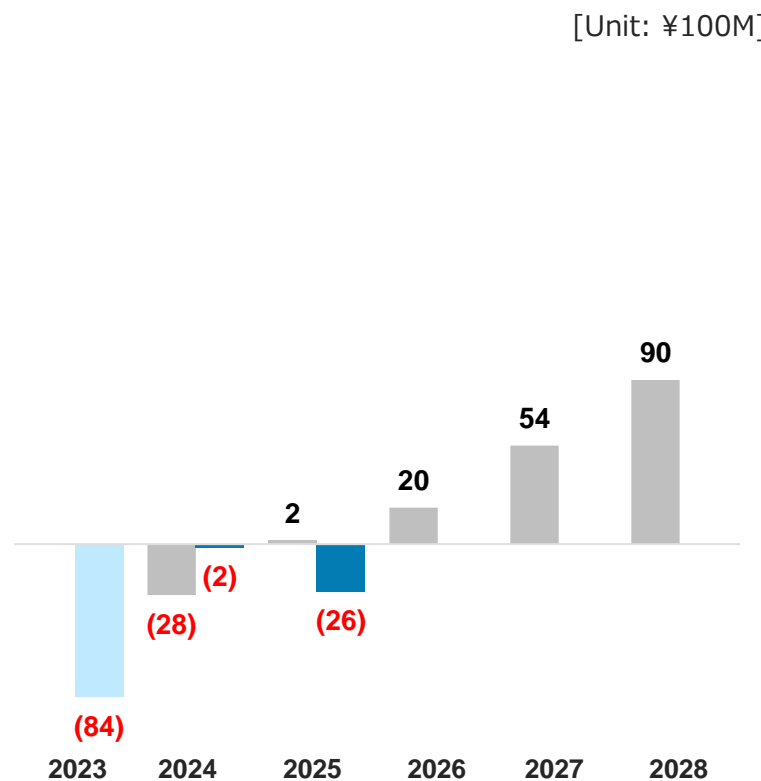
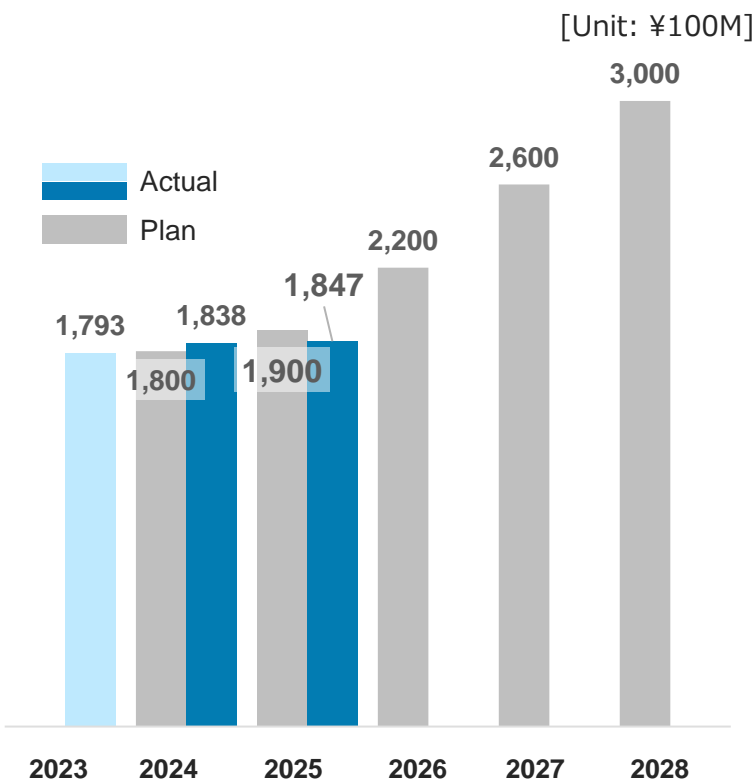
3. Progress of Key Management Indicators: Revenue·Ordinary Profit·EBITDA

- ✓ The first year of the Medium-Term Business Plan achieved its targets
- ✓ While the 2025 targets will not be met, the business is expected to progress as planned, excluding the impact of foreign exchange.
- ✓ Achieve the plan for 2026 afterward by expanding sales through mass production of acquired business and improving profitability continuously.

Revenue

Ordinary Profit

EBITDA



4. Status of Priority Measures

01

Regional Strategy

Acquisition of new commercial rights through regional strategies

02

Development·Product Strategy

Shift from a component supplier to an integrated thermal management system solution supplier

03

Supply Chain Strategy

Optimization of global production layout and supply chain

04

Sustainability

Promotion of sustainability activities

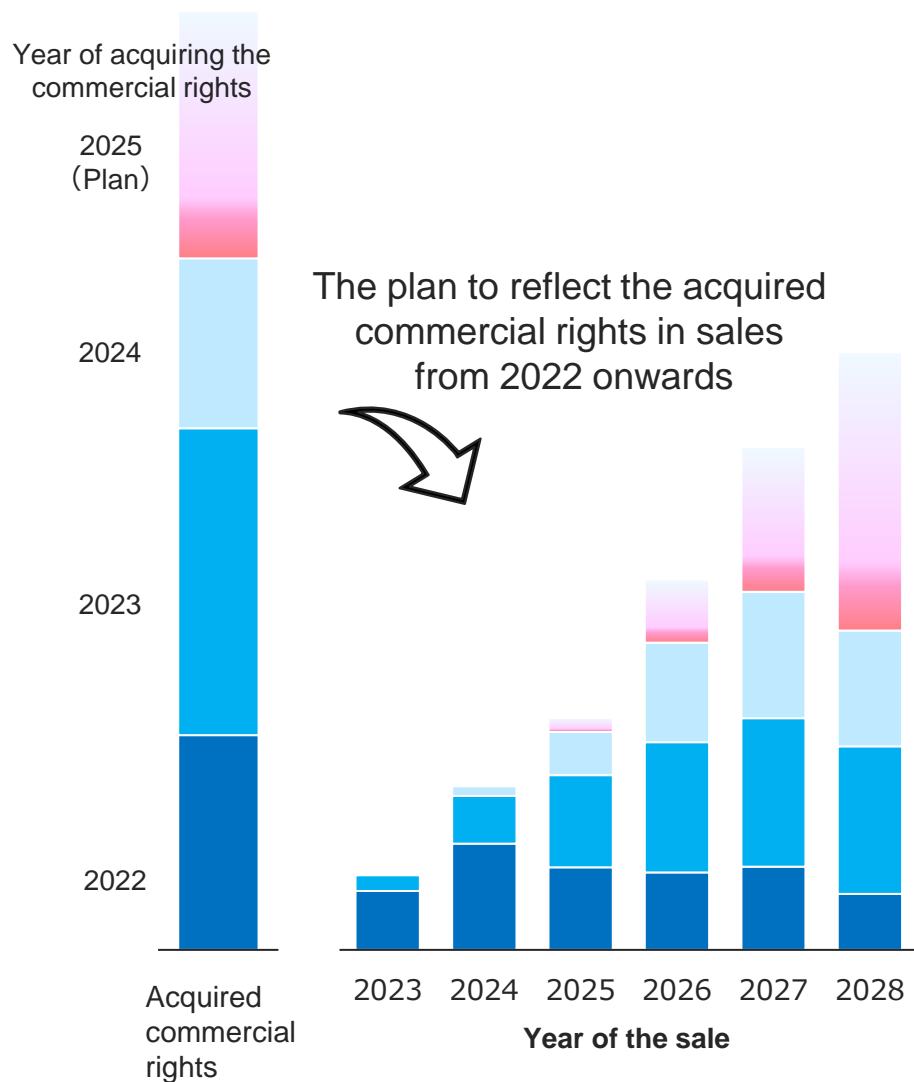
05

Reinforcement of Foundation

Promoting the strengthening of human resources development and streamlining organizational operations

01 Acquisition of new commercial rights through regional strategies

Reflection of acquired commercial rights in sales

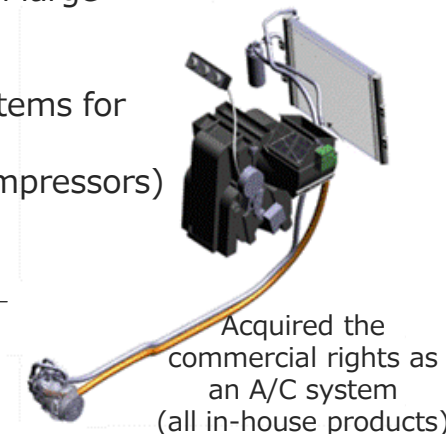


Progress in 2024 Accelerating our transformation into a full-solution “system supplier”

- The commercial rights acquisition scale decreased due to delays in large-scale customer projects, etc.
- Acquisition of commercial rights from emerging customers
- Increased acquisition of commercial rights for air conditioning systems for off-highway vehicles, etc.
- Continued orders for the commercial rights of MC (mechanical compressors)

Major Nominations

Europe	Acquired commercial rights for the A/C system of new EV OEMs.
China	
Americas	Acquired MC commercial rights from major customers
Asia	Acquired MC commercial rights from major Indian customers.
Japan	Acquired ITMS commercial rights from a construction machinery manufacturer and commercial rights for the A/C system of OHW vehicles.

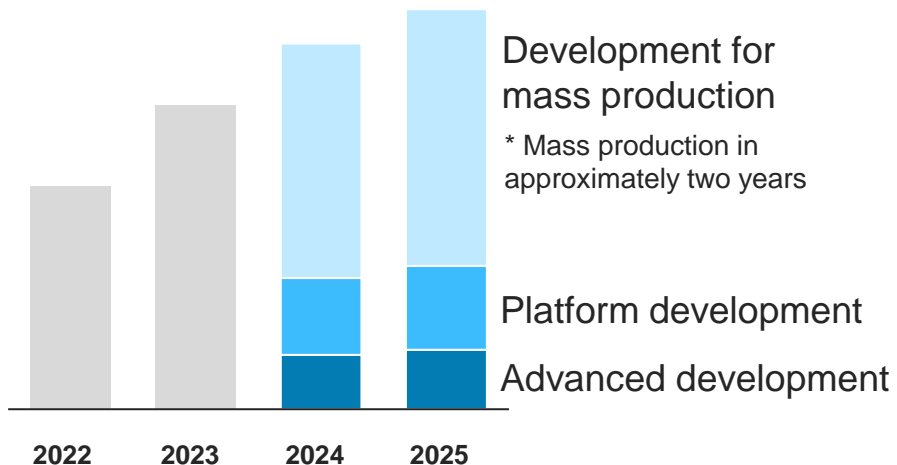


Upcoming Activities

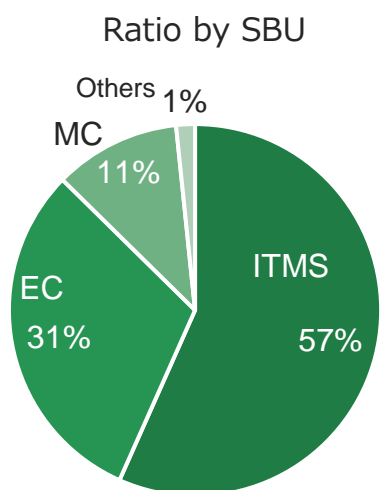
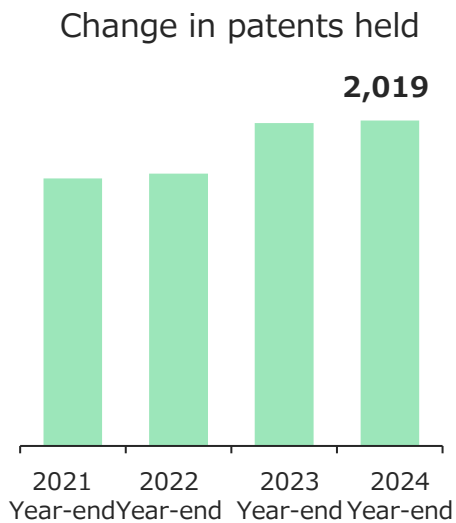
- Continue to strengthen the acquisition of systems projects
- Promote front-loading activities to improve cooperation with customers and response time
- Increase marketing efforts to acquire NEV projects
- Acquire ITMS commercial rights in response to environmental regulations

02 Shift from a component supplier to an ITMS solution supplier

Trends in R&D Expenses



Patent Holding Status



Progress in 2024

Advanced development: Advanced development of a new electric compressor is in progress.

Innovative and original 'Development of a new electric compressor

Technology Dev.: by the end of 2025 Product Dev.: by the end of 2026 Planned MP: 2029

Platform Development :

CRU(Compact Refrigerant Unit)

Realization of practical use of flammable refrigerants and installation in various types of vehicles through the realization of compact units



Development of the film-type ECH (Electric Coolant Heater)

Achieved compact, lightweight design and improved competitiveness by 30%.



Upcoming Activities

Strengthening the global R&D system

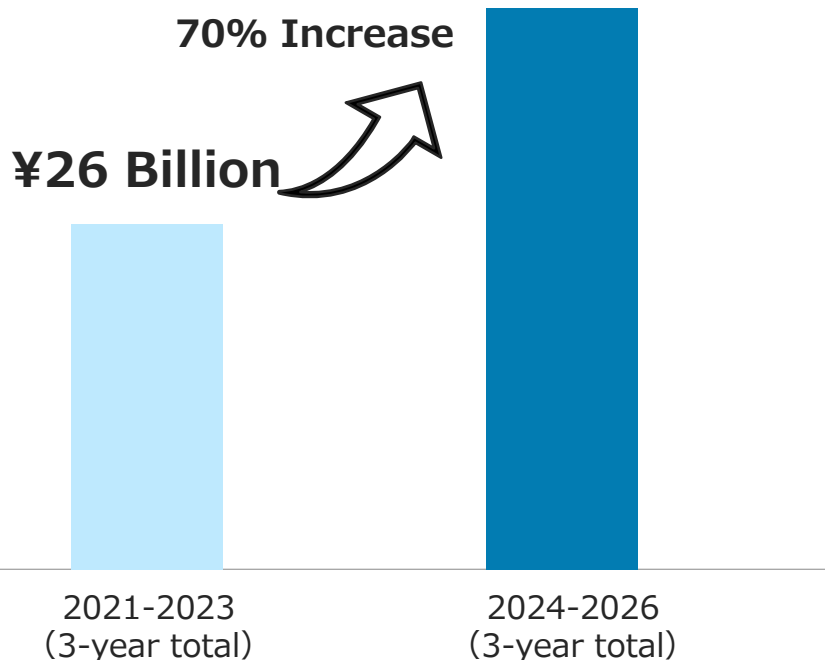
- Improve development efficiency, accelerate platform development
- Realize customization based on customer needs and create competitive advantage.

Strengthening technology in line with the environment

- Building a product portfolio
- Improve development capabilities by strengthening human resource development in cutting-edge technology fields

03 Optimization of global production layout and supply chain

Capital Investment



Progress in 2024

- Europe Region**
 - The production line for the next generation of electric compressors is completed. (Achieved an automation rate of over 90%.)
- China Region**
 - HVAC production capacity expansion completed (Annual production capacity of 4.5 million units established)
 - Completion of the 800V high-voltage ECH production line and start of mass production.
 - Start of joint procurement with Hisense and the joint venture partner (to strengthen the cost competitiveness)



- Americas Region**
 - Decision made to produce HVAC for new customers. HVAC : Achieved a global production system with five production poles.

Upcoming Activities

Productivity Improvement:

Driving technological innovation in manufacturing.

- Strengthening of autonomous production and unmanned technology development
- Establishment of advanced automation technology (Automation of tasks based on intuition and skill, AMR control)
- Refining high-precision, high-efficiency technology (casting and machining technology)
- Strengthening simulations using DX (casting, forging, machining)

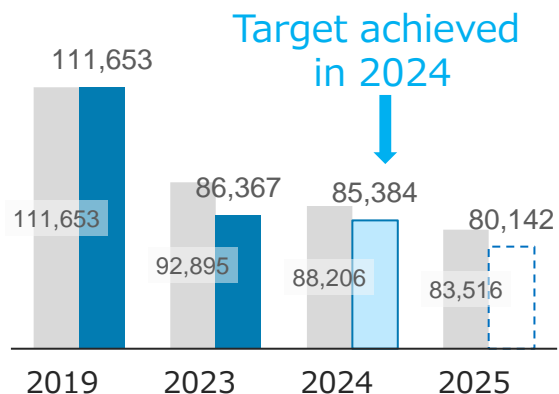
Strengthen cost competitiveness: joint purchasing of raw materials, semiconductor parts, MC parts, etc.

04 Promotion of sustainability activities

Responding to climate change

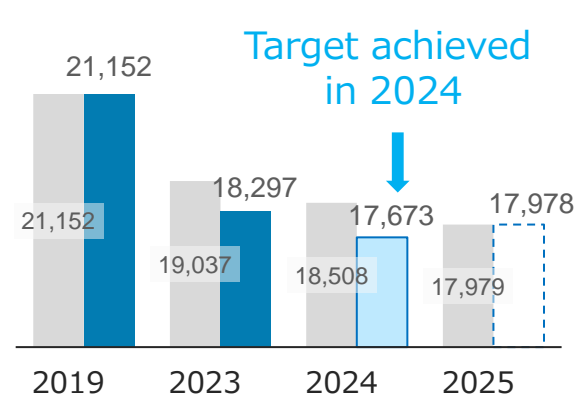
Scope 1 & 2: Sanden

(t-CO₂)



Scope 3: Entire supply chain

(千t-CO₂)



Progress in 2024

Scope 1:

Reduce emissions by switching fuels

Scope 2:

Purchase of non-fossil certificates
 Promote the adoption of solar power generation systems
 Purchase of green energy certificates

Scope 3:

Reduce energy consumption by increasing the proportion of products produced for NEVs.



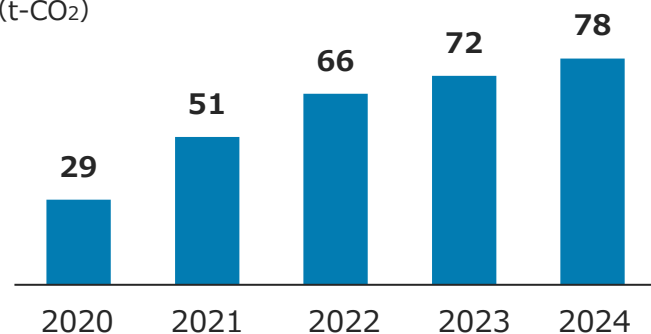
Sanden Thailand
 Installed solar power system: CO₂ emissions reduced by about 350 t/year

Sanden Japan (Yattajima plant)
 Changed boiler fuel (kerosene to LPG) - reduced CO₂ emissions by approx. 200 tons/year

Initiatives for Biodiversity

Akagi plant CO₂ absorption trends

(t-CO₂)



Progress in 2024

Initiatives for Biodiversity

- “Forest x ACT challenge” Award for Excellence
- Thinned wood from the Akagi plant used in a clothing exhibition.

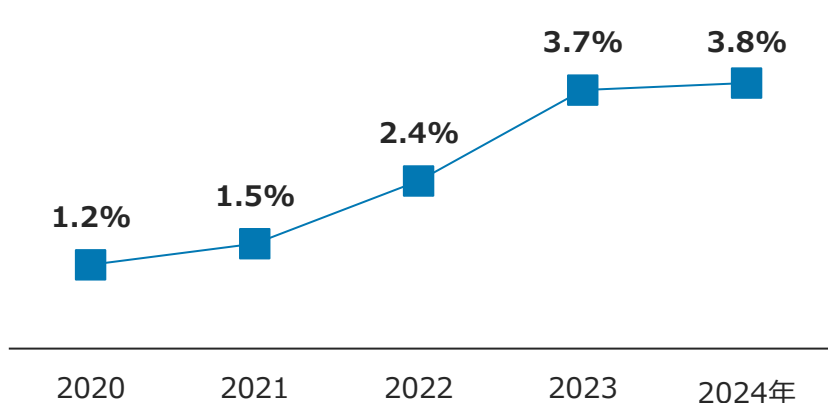
Working with the Government

Training of environmental education leaders in cooperation with the Ministry of the Environment
 In collaboration with the Ministry of the Environment and local governments, we accepted environmental education projects, and conducted nature-friendly site tours and exchanges.

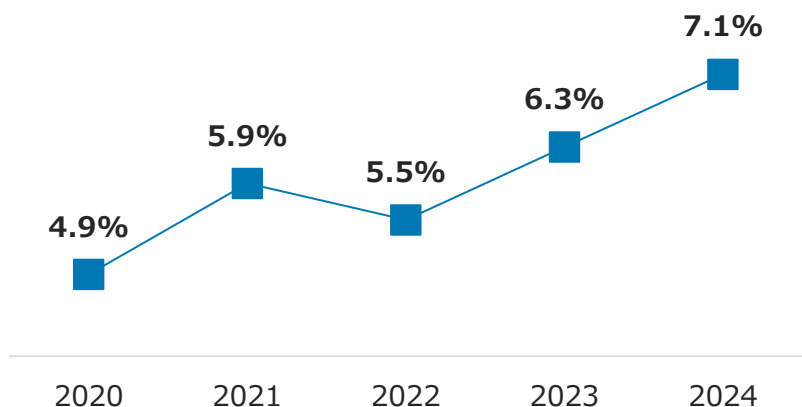


05 Promoting the strengthening of HR development & streamlining organizational operations

Percentage of Foreigners in Management Positions

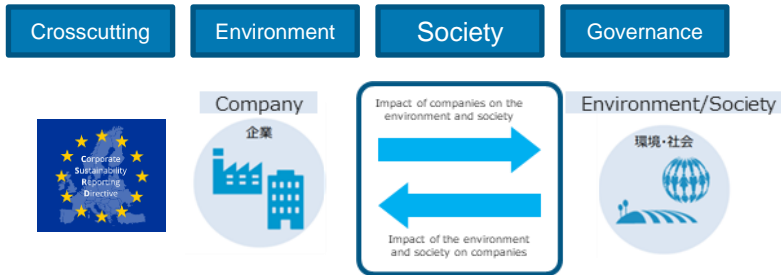


Percentage of Female in Management Positions



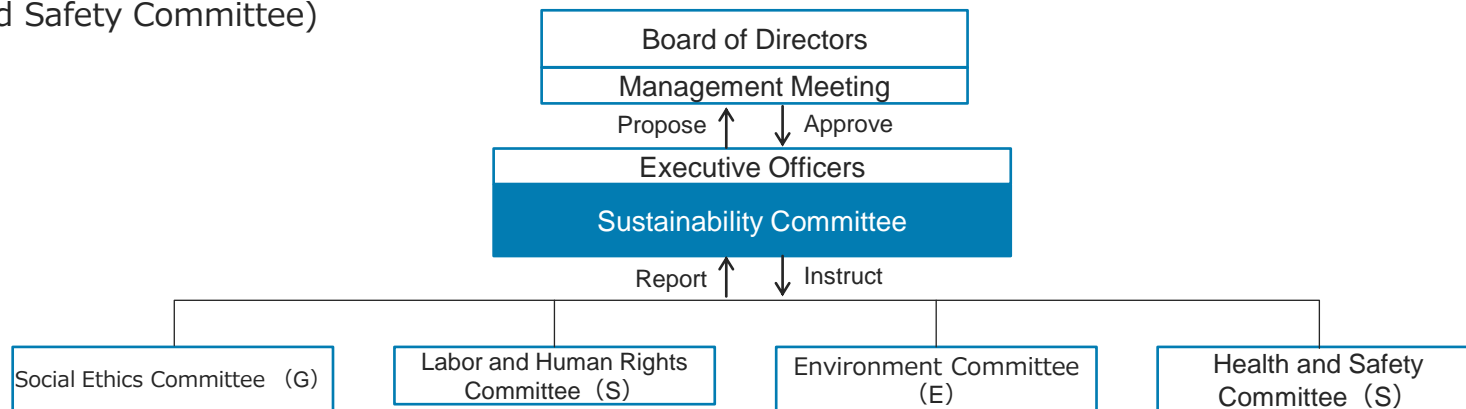
Progress in 2024

Preparation for European Sustainability Disclosure Regulations
 CSR activities progressing as planned.



Strengthening the ESGs: Organizing various committees that work in conjunction with the Sustainability Committee.

(Social Ethics Committee, Labor and Human Rights Committee, Environment Committee, Health and Safety Committee)



Upcoming Activities

- March 2026: CSRD disclosure on European region
- March 2029: CSRD disclosure on Sanden global
- Promotion of ESG activities led by the Sustainability Committee.

5. Conclusion

We will continue to implement our mid-term strategy and realize our mid-term business plan "SHIFT 2028".

1. Expansion of Sales Scale

Promotion of acquisition of new commercial rights, expansion of products for NEVs, and maintenance of the ICE product market

- ✓ EU Stay on top of customer trends such as NEV and environmental regulations.
- ✓ China By leveraging our market presence in China, continue to grow through collaboration with joint venture partners.
- ✓ Asia Leverage the expansion of the Indian market and the entry of Chinese OEMs to expand the market.
- ✓ Americas Expand market share through mass production of acquired commercial rights.
- ✓ Japan Using agricultural and construction machinery as a foundation, strengthen relationships with OEMs to create a foundation for future growth.

2. Enhancement of Profit-Generating Ability

Promote the creation of high-value-added products. Improve the efficiency of all operations.

- ✓ Increase value by transitioning to a systems solution supplier
- ✓ Increase profit margins by fully utilizing existing assets
- ✓ Increase development efficiency by driving platform development
- ✓ Increase procurement capability and productivity by strengthening the supply chain
- ✓ Promote continuous measures to strengthen the foundations of the company.

3. Thorough Risk Management

Accurately understand changes in the business environment and prevent risks in advance.

- ✓ Understand market changes, execute investments at the appropriate time, and optimize inventory levels.
- ✓ Strengthen risk hedging against exchange rate fluctuations.
- ✓ Build a diversified supply chain that accounts for geopolitical risk.



Disclaimer

This material is intended to provide information on the Company's management policies, plans, financial condition, etc., and is not intended as a solicitation to buy, sell, or otherwise invest in the Company's stock.

Forecasts and forward-looking statements contained in this material are based on information available to the Company as of the date of publication of this material and on certain assumptions and expectations. Accordingly, actual results, performance or achievements may differ materially due to economic trends, market price conditions, currency exchange rate fluctuations and other risks and uncertainties.

The Company assumes no obligation to update any forecasts or forward-looking statements contained in this document.

For questions or inquiries regarding this matter, please contact
Mail :sdhd.prcsr.jp@g-sanden.com