

# Financial Results for Q1 FY2025

May 22, 2025

**Sanden Corporation**

# Financial Results for Q1 2025

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# 1. Key Points of Q1 Financial Results

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Q1 2025 Financial Results

## Revenue

### ◆ YoY revenue decreased by ¥1 billion (down 2.1%)

Foreign exchange impact:  
+400 million yen

Situation	E U	: Decreased revenue due to production adjustments of existing models in response to changes in market conditions.
By	C h i n a	: Decreased revenue due to adjustments in EV vehicle production
Region	A s i a	: Increased revenue compared to the previous year due to growth in local OEM business
	Americas:	Increased revenue compared to the previous year is due to the launch of a new vehicle business for EV manufacturers.

## Profit

### ◆ Operating Profit: ¥700 million recovery in profits YoY

Improvement	Improving productivity in the Americas and China
Factors	Reversal of inventory valuation loss due to an increase in EC sales in North America.

### ◆ Ordinary Profit : ¥1.5 billion decrease in profits YoY

Reasons for the decline in profits:	Foreign exchange valuation losses on foreign currency-denominated receivables and payables that are non-operating
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### ◆ Net income attributable to the parent company : ¥1.3 billion decrease in profits YoY

Reasons for the decline in profits:	The sale of fixed assets was unable to offset the decline in ordinary profit.
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## Measure

◆ Due to enhanced front-loading activities, new commercial rights increased significantly YoY.

◆ Reduced SG&A expenses, including expense reductions, and improved the SG&A ratio to revenue YoY.

◆ Improved logistics costs through joint container freight contracts with the Hisense Group.

## 2. Key Points of Q1 Financial Results

### Overview of Consolidated Financial Results

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[Unit: 100M]		FY2024 Jan-Mar 2024	FY2025 Jan-Mar 2025	YoY	
				Variance	Percent Change
<b>Revenue</b>		<b>465</b>	<b>455</b>	<b>△10</b>	<b>− 2.1%</b>
	Automotive Component	461	453	△8	− 1.7%
	Others	4	2	△2	− 50.0%
<b>Operating Profit</b>		<b>△18</b>	<b>△10</b>	<b>7</b>	<b>−</b>
Equity Gains of Affiliated Companies		10	10	0	0 %
Foreign Exchange		13	△7	△20	−
<b>Ordinary Profit</b>		<b>6</b>	<b>△8</b>	<b>△15</b>	<b>−</b>
<b>Net Income</b> Attributable to Owners of the Parent		<b>3</b>	<b>△10</b>	<b>△13</b>	<b>−</b>
<b>EBITDA</b>		<b>23</b>	<b>13</b>	<b>△10</b>	<b>− 44.1%</b>
<b>Foreign Exchange</b>	<b>US \$</b>	<b>148円</b>	<b>153円</b>	<b>4円</b>	
	<b>EUR</b>	<b>161円</b>	<b>161円</b>	<b>△1円</b>	

※ Equity Gains of Affiliated Companies: 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 revenue from these joint ventures is recorded as non-operating revenue in our financial statements.)

Actual figures are rounded off to the nearest ¥10 million.

\*Exchange rate: Market average rate

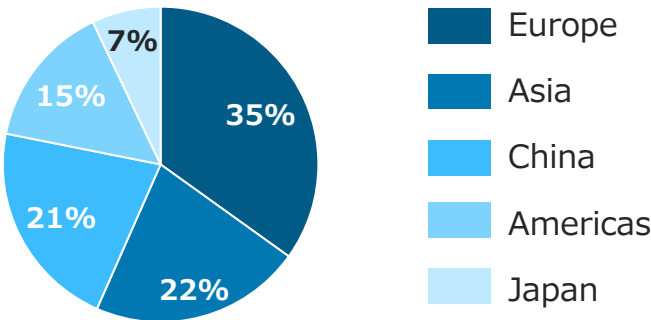
# 3. Sales Revenues by Segment: By Region

**Revenue: ¥45.3 billion**  
**YoY: –¥800 million (YoY: –2%)**

(Including foreign exchange impact: +4)

※Automotive Components segment only. Excluding other businesses.

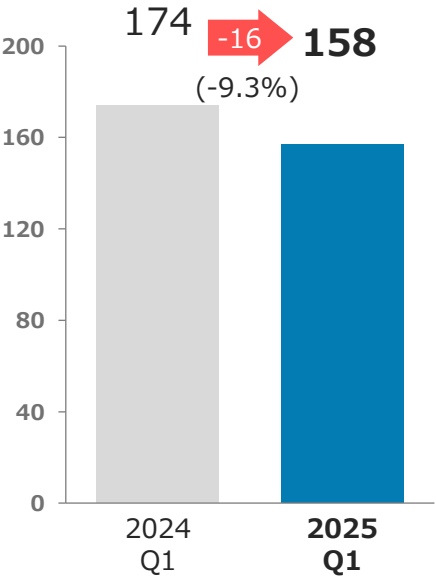
Ratio of regional composition



[Unit: ¥100M]

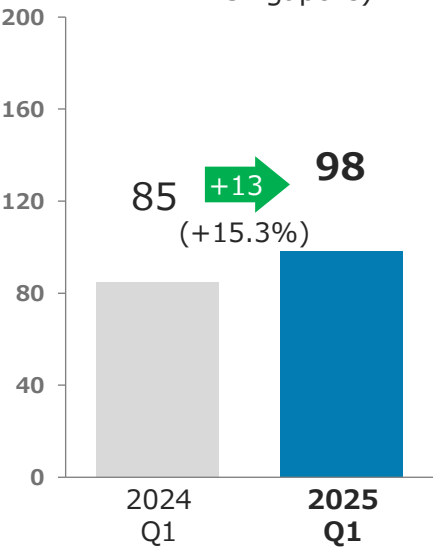
## EU

Decrease in the production volume of current models due to changes in market conditions.



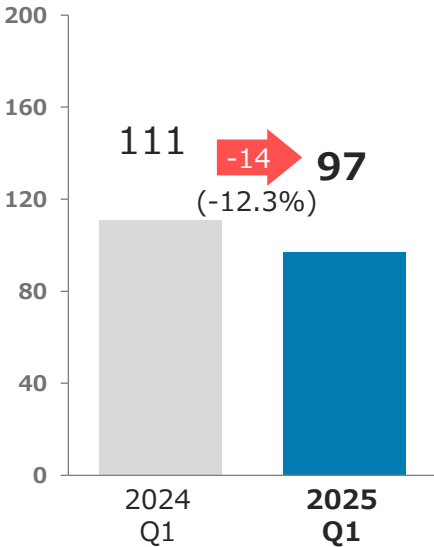
## Asia

Expansion of sales of mechanical compressors (for manufacturers in India and Singapore)



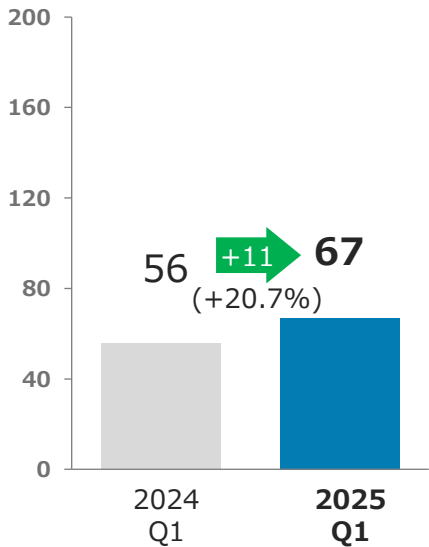
## China

EC production volume decreased due to reduced EV vehicle sales by customers.



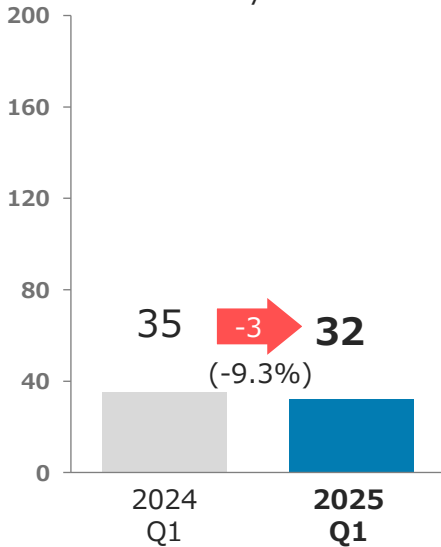
## Americas

Increase in EC production volume due to the launch of new models by EV manufacturers



## Japan

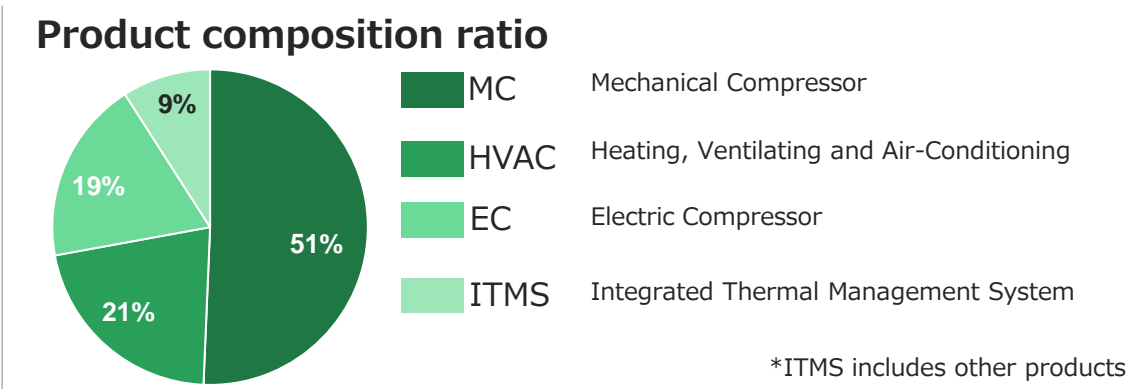
Decrease in production volume due to reduced sales by automotive and construction machinery customers



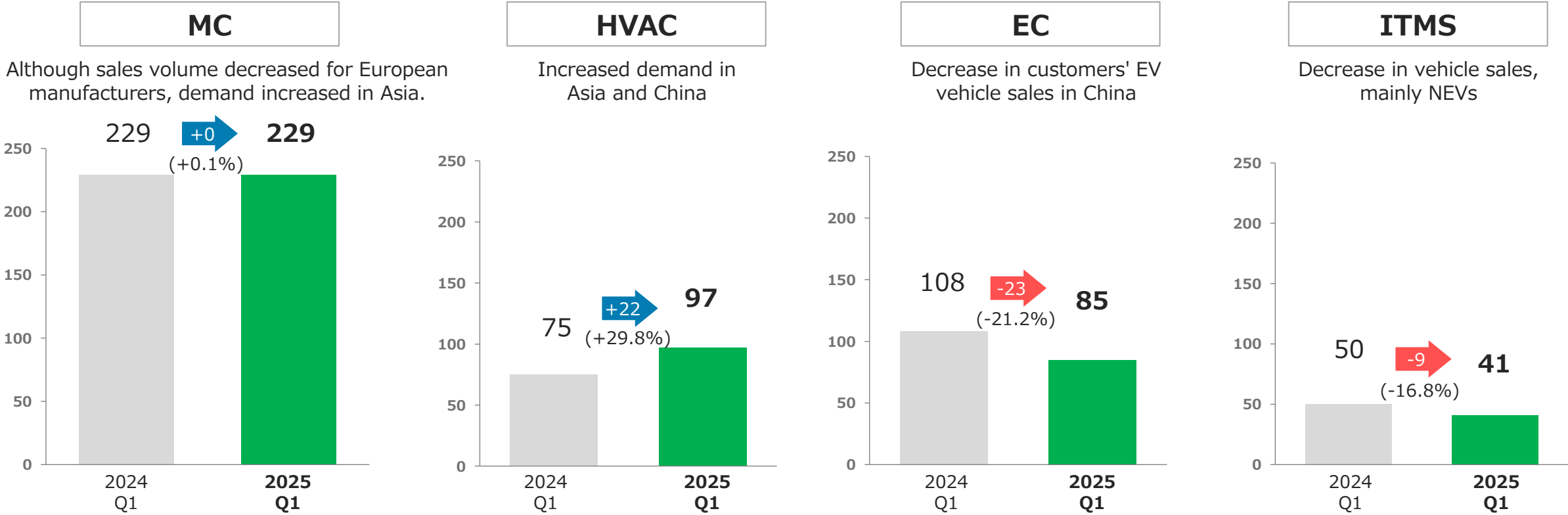
### 3. Sales Revenues by Segment: By Product

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(Including foreign exchange impact: +4)

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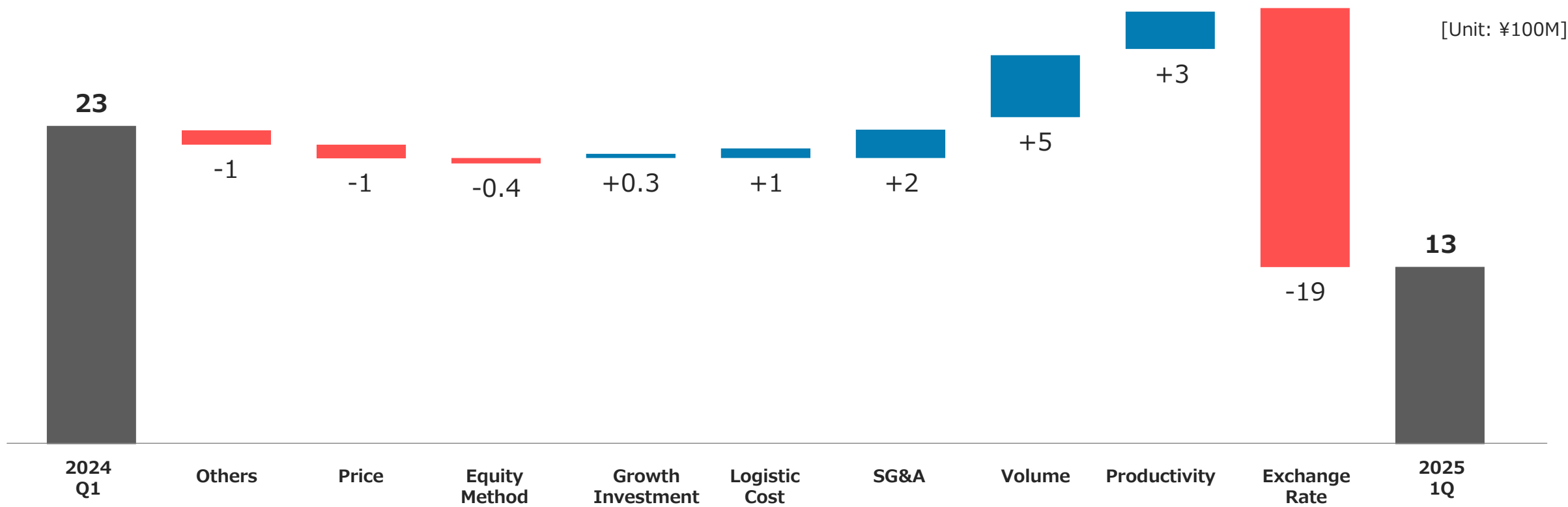
[Unit: ¥100M]



## 4. Year-on-Year Variance Analysis: EBITDA

FY2024→FY2025	2024	2025	Difference
Revenue	465	<b>455</b>	<b>-10</b>
EBITDA	23	<b>13</b>	<b>-10</b>

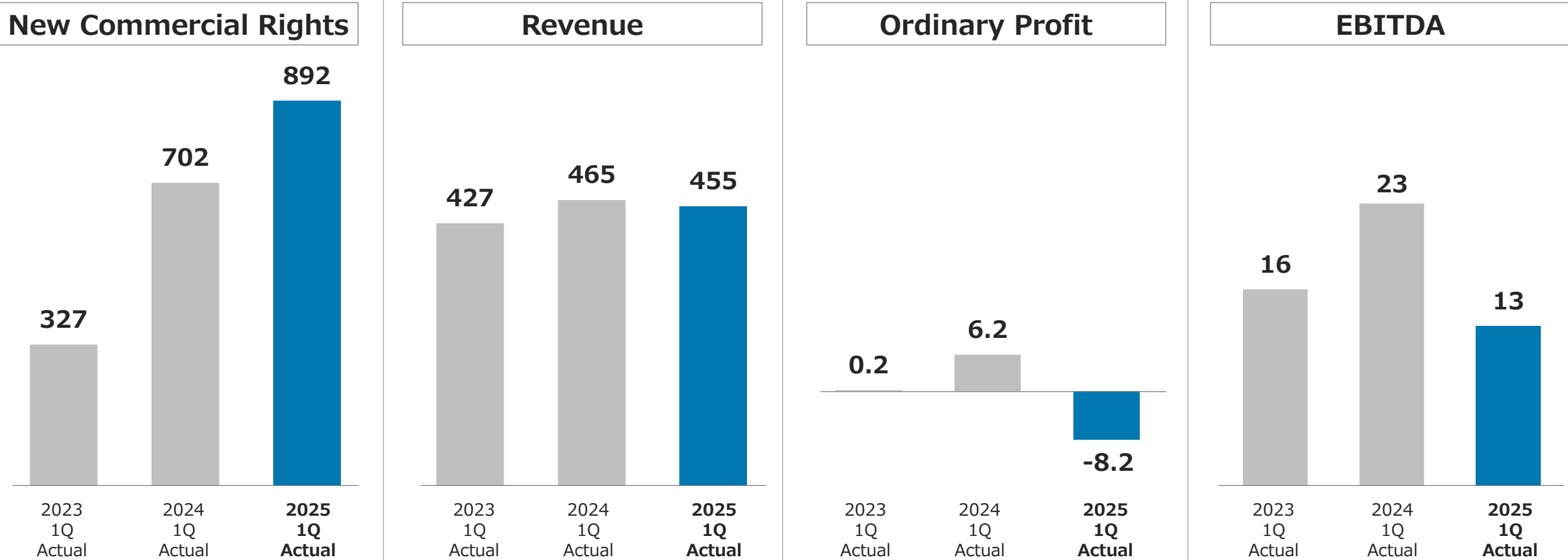
- ◆ An improvement of ¥800 million was achieved by constitutional improvement, excluding the effects of foreign exchange.
- ◆ Improved productivity in China and the Americas
- ◆ Cost control through ongoing efforts to reduce SG&A expenses



# 5. Key Indicator Trends

- New Commercial Rights: Expanding commercial rights in Europe, China, and the Americas, with a focus on electric compressors, one of our strategic products.
- Revenue: Year-on-year revenue decreased due to a decline in customer sales in Europe and China.
- Ordinary Profit: Profit decreased due to foreign exchange losses on foreign currency-denominated receivables and payables from non-operating activities.
- EBITDA: Although we strengthened our business structure by improving productivity and SG&A expenses, EBITDA decreased due to foreign exchange effects.

[Unit: ¥100M]



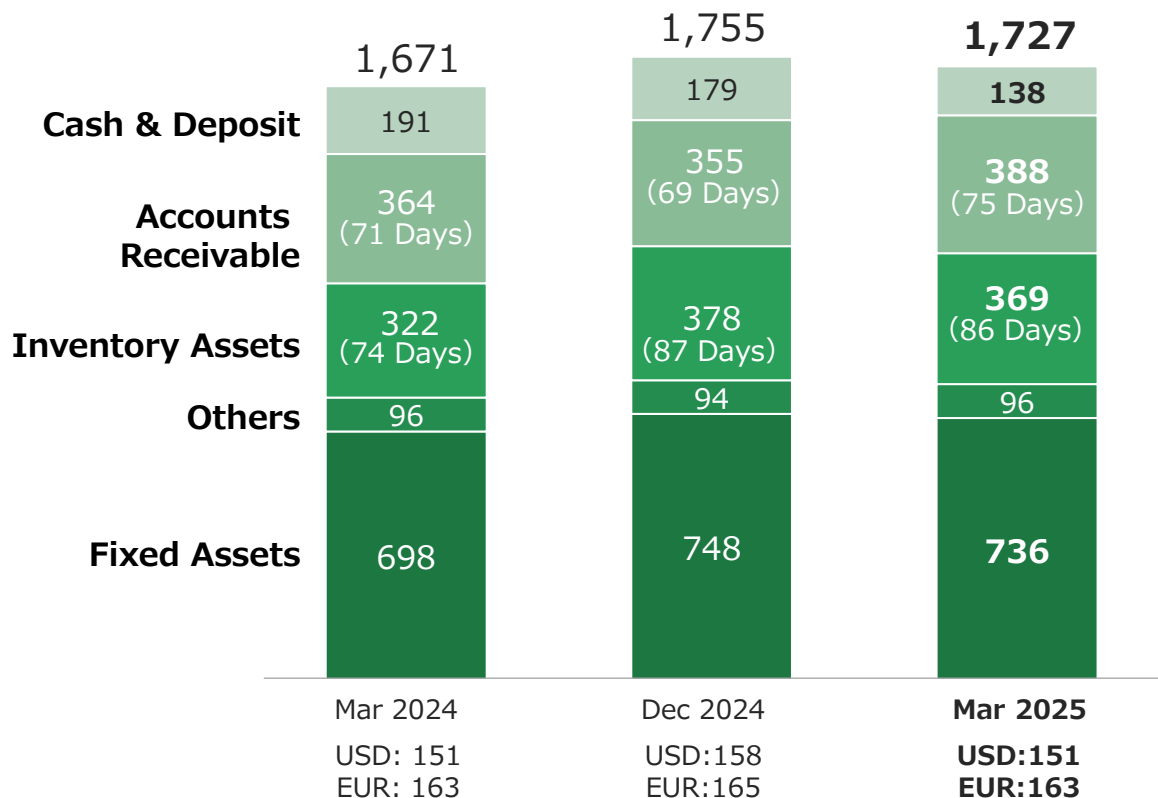


## 6. Consolidated Balance Sheet

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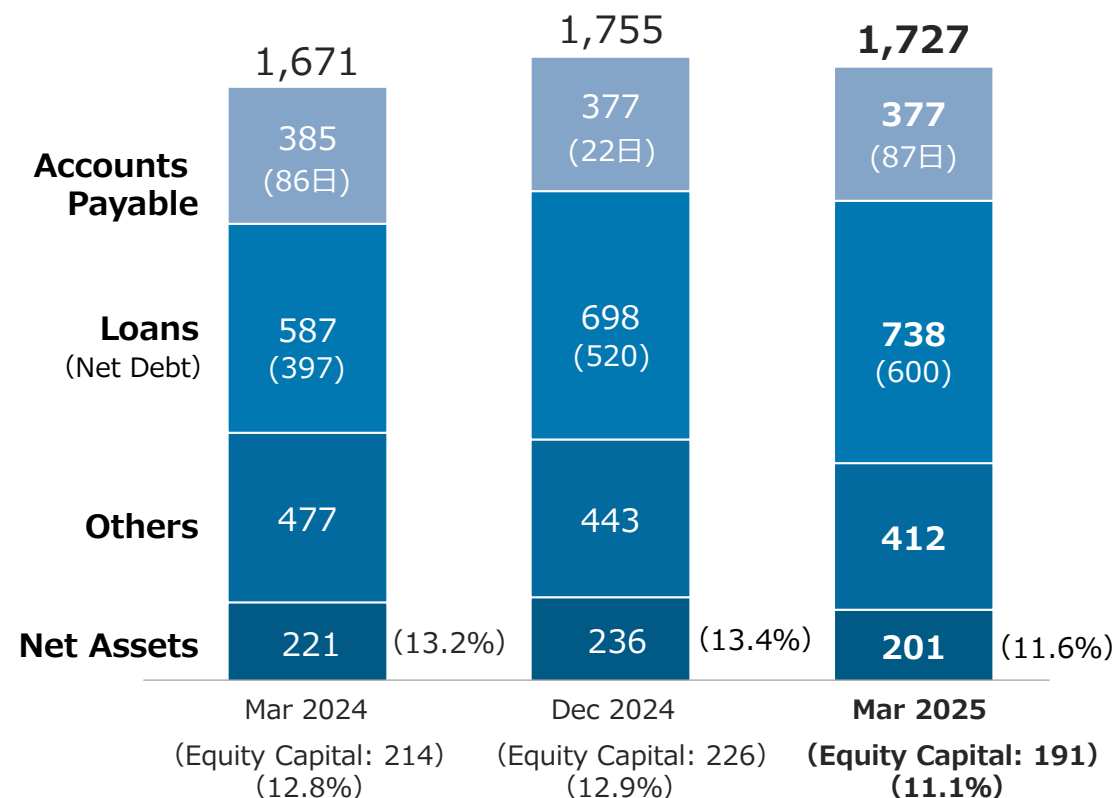
### Assets

[単位：億円]



### Liabilities & Net Assets

[Unit: ¥100M]



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

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

\*Accounts receivable exclude Iranian receivables.

# 7. Business Environment Analysis and Structural Reform

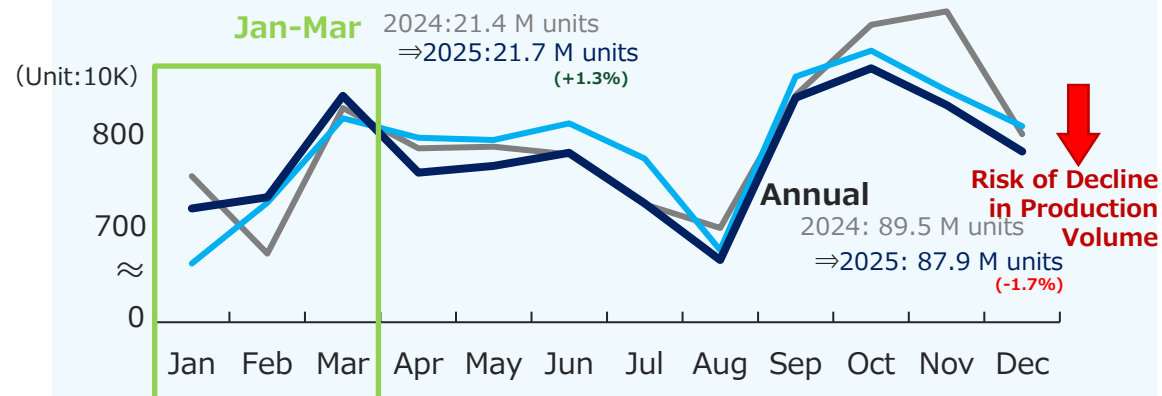
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## Business Environment

### ◆ Global Automotive Production Forecast

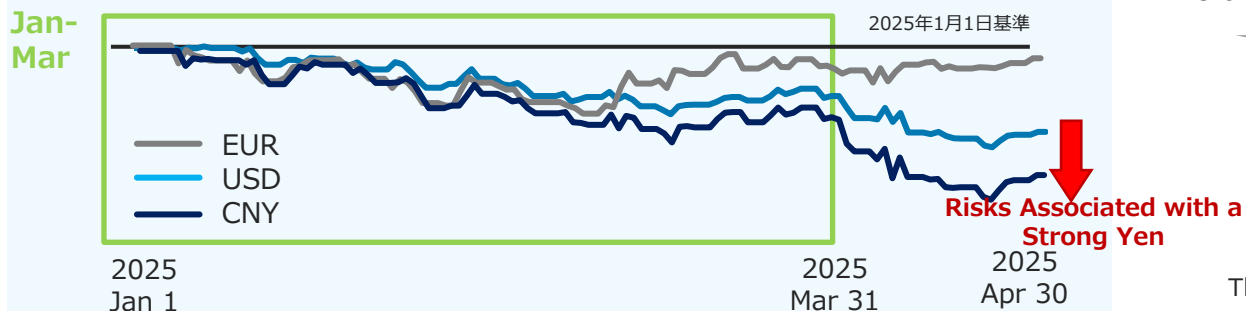
- ✓ Global automotive production in 2025 will decrease by 1.56 million units compared to the forecast in January of this year.
- ✓ Due to policy changes in the US, global economic growth is expected to slow down in the short term.

— 2024 Actual — 2025 (Fcst as of Jan) — 2025 (Fcst as of Apr)



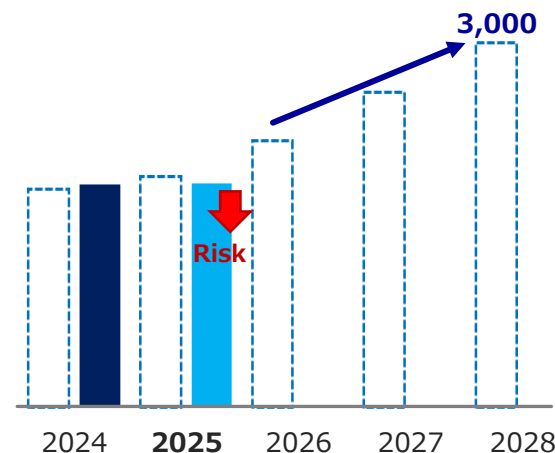
### ◆ Exchange Rate Impact

- ✓ Significant fluctuations due to US tariff policies, with a tendency toward a strong yen.
- ✓ Exchange rate fluctuations and instability continue to be caused by financial policies in various countries.

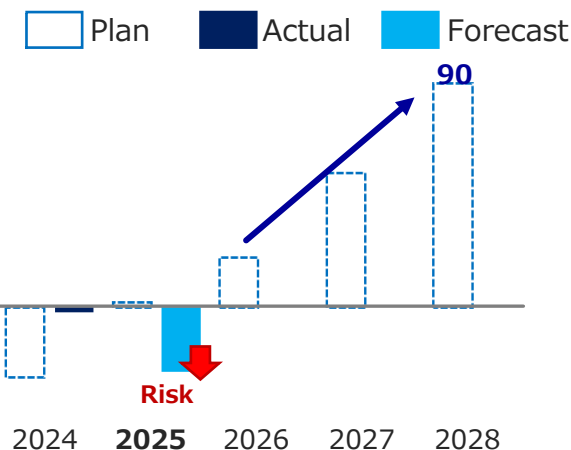


## To Achieve the Medium-Term Business Plan

### Revenue



### Ordinary Profit



**Urgent improvements are needed in order to prepare for the risk of further deterioration in profit levels.**

## Implementation of Human Resource Restructuring

- The directors and executive officers have declined their executive compensation.
- Voluntary retirement program announced (300 employees in Japan)

**Strengthen our business structure through structural reforms to improve profitability and respond quickly to changes in the environment.**

The impact of voluntary retirement on earnings forecasts will be announced once it has been determined.

## 8. Conclusion

Sanden will steadily implement our medium-term strategies and achieve the Medium-Term Business Plan, “SHIFT 2028”.

### 1. Expansion of Sales Scale

Promote new business opportunities and expand NEV products while maintaining the ICE product market.

- ✓ EU: Pay close attention to customer trends, including the transition to NEVs and environmental regulations.
- ✓ China: Achieve continuous growth by leveraging market presence in China and collaborating with joint venture partners.
- ✓ Asia: Expand the market by taking advantage of the growth of the Indian market and the entry of Chinese OEMs.
- ✓ Americas: Monitor trends in tariff policies closely, establish an optimal production system, and expand the market share by mass-producing products for which commercial rights have already been obtained.
- ✓ Japan: Strengthen the system business and build a foundation for future growth by strengthening relationships with OEMs.

### 2. Strengthening Earnings Power

Pursue high-value-added products. Implement structural reforms to generate profits.

- ✓ Increase added value by transitioning to a system solution supplier.
- ✓ Increase profitability by maximizing the utilization of existing assets. Promote asset liquidation.
- ✓ Improve development efficiency through platform development.
- ✓ Improve procurement capabilities and productivity by enhancing the supply chain.
- ✓ Promote continuous measures to strengthen our corporate constitution (e.g., implement human resource structural reforms).

### 3. Thorough Risk Management

Prevent risks in advance by accurately grasping the changing business environment.

- ✓ Capture market changes, execute investments at the right time, and optimize inventory.
- ✓ Transition to a profit-oriented structure in anticipation of exchange rate fluctuations.
- ✓ In light of geopolitical risks, including tariffs, diversify the supply chains.



## Disclaimer

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