

Financial Results for Q2 FY2025

August 27, 2025

Sanden Corporation

Agenda

1. Financial Results for Q2 2025

1. Key Points of Q2 Financial Results
2. Sales Revenue by Segment
3. Year-on-year Variance Analysis EBITDA
4. Consolidated Balance Sheet
5. Cash Flow

2. FY2025 Revision of Financial Forecast

1. Revision of Consolidated Financial Forecast
2. Year-on-year Variance Analysis EBITDA

1. Key Points of Q2 Financial Results

Sales Revenue

◆ A 0.5% decrease in revenue year over year

- Global vehicle production remained roughly on par with the previous year.
- Situation by Region
 - Market Conditions in Europe and the Americas: Year-on-Year Decline in Demand.
 - Market Conditions in China and India: Year-on-Year Increase in Demand.

Profit

◆ Operating profit: Year-on-year increase

Improvement
Factor

Productivity Improvement in China and the Americas
Reduction of Quality Costs in Japan and the Americas

◆ Ordinary profit: Year-on-year decrease

Reason for the
decrease

Non-operating income: Foreign exchange valuation loss on foreign currency-denominated receivables and payables.

◆ Net income attributable to the parent company: Year-on-year decrease

Reason for the
decrease

Recognition of temporary losses associated with voluntary retirement programs in Japan and Europe

Measures

◆ Impact of U.S. Tariff Policy

Tariff Response A special team is assessing impacts and implementing countermeasures (including passing on costs).

◆ Implementation of structural reforms

- Structural reforms are being implemented across all group companies in response to U.S. tariffs and recession risks.

1. Key Points of Q2 Financial Results: Overview of Consolidated Financial Results

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[Unit: 100M]		FY2024 Jan-Jun 2024	FY2025 Jan-Jun 2025	YoY	
				Variance	Percent Change
Revenue		942	937	▲5	-0.5%
	Automotive Component	934	932	▲2	-0.2%
	Others	7	5	▲2	-28.4%
Operating Profit		▲34	▲15	19	-
Equity Gains of Affiliated Companies		26	25	▲1	-3.9%
Foreign Exchange		22	▲11	▲33	-
Ordinary Profit		14	▲6	▲20	-
Net Income Attributable to Owners of the Parent		5	▲33	▲38	-
EBITDA		49	37	▲12	-24.0%
Foreign Exchange	US \$	¥152	¥149	▲¥3	
	EUR	¥164	¥162	▲¥2	

※ 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

2. Sales Revenues by Segment: By Region

Revenue: ¥93.2 billion

YoY: -¥200 million (▲0.2%)

(Including foreign exchange impact: ▲20)

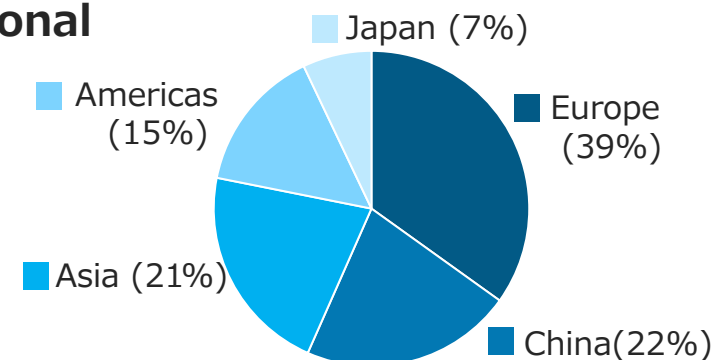
※Automotive Components segment only. Excluding other businesses.

Revenue by Region: YoY

[Unit: ¥100M] () YoY Percentage change □ YoY exchange rate impact

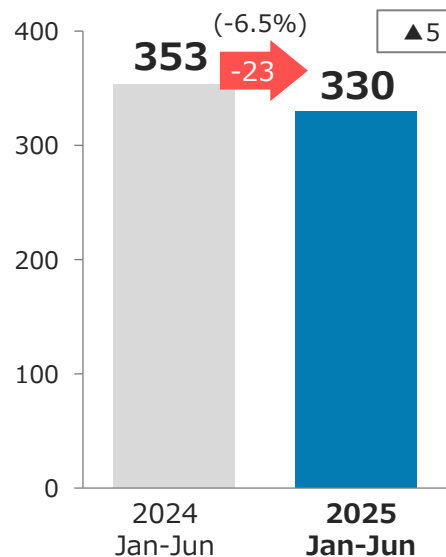
➡ YoY Change in amount

Ratio of regional composition



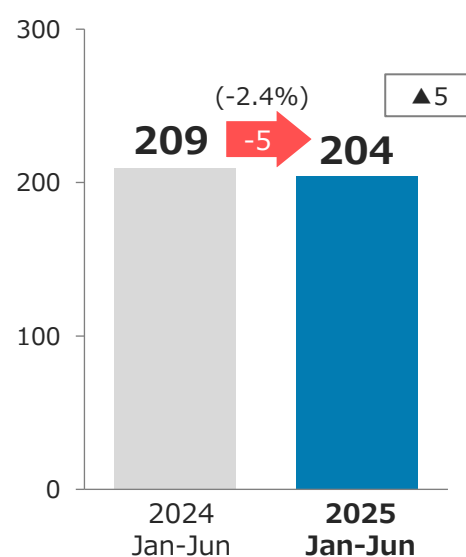
Europe

Production adjustments for current vehicle models due to changes in market conditions



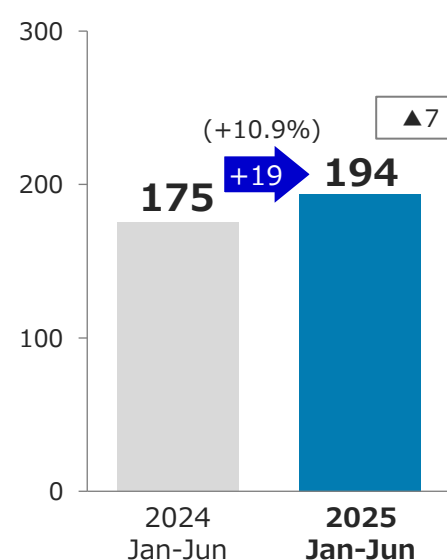
China

Declined due to foreign exchange impact



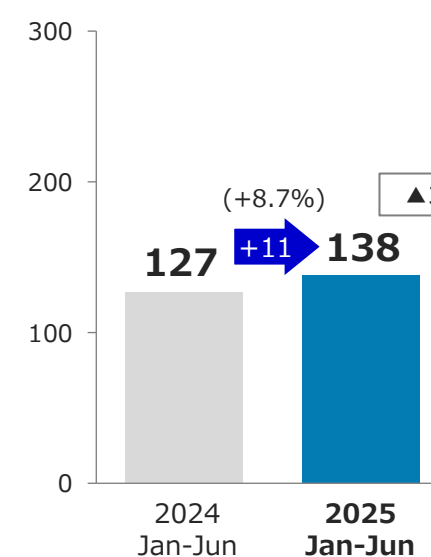
Asia

Growth in revenues for India and local manufacturers



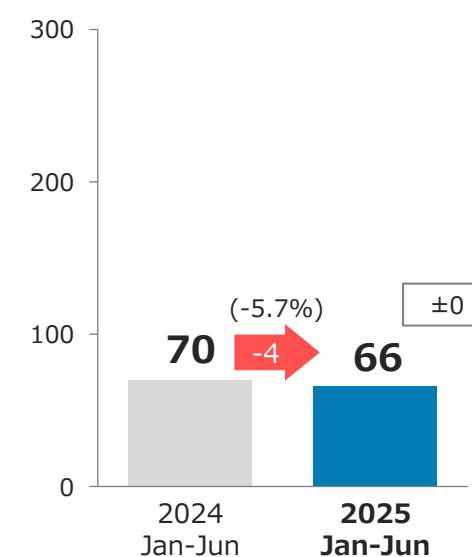
Americas

Increase in AFM and for EVs



Japan

Decline in Japanese OEMs and construction machinery demand



2. Sales Revenues by Segment: By Product

Revenue: ¥93.2 billion

YoY: -¥200 million (▲0.2%)

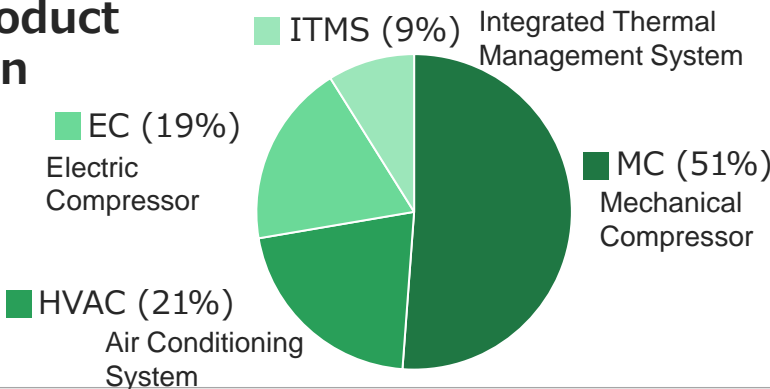
(Including foreign exchange impact: ▲20)

※Automotive Components segment only. Excluding other businesses.

Revenue by Product : YoY

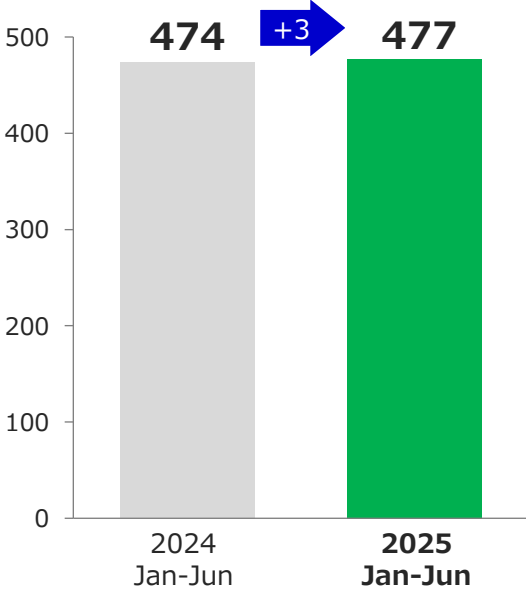
[Unit: ¥100M] () YoY Percentage change
 ➡ YoY Change in amount

Ratio of Product composition



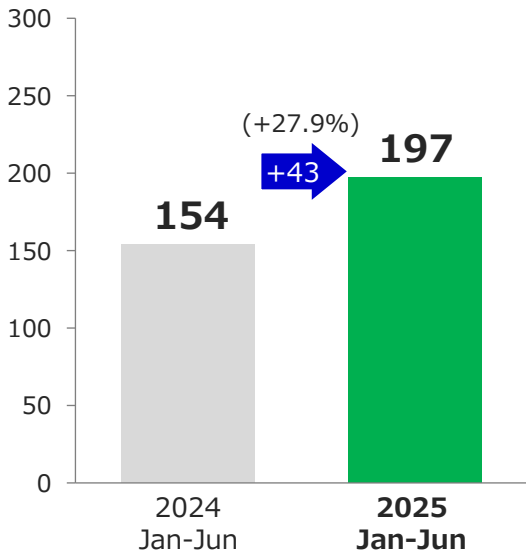
MC

Decrease in sales to European OEMs / Increase in demand in the Asian region (+0.6%)



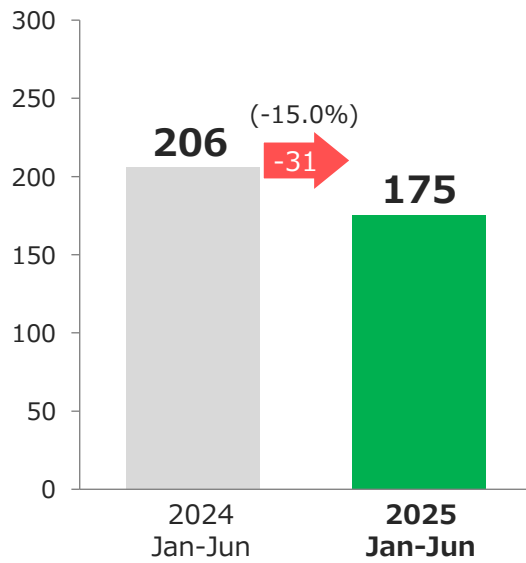
HVAC

Strong demand in the China region



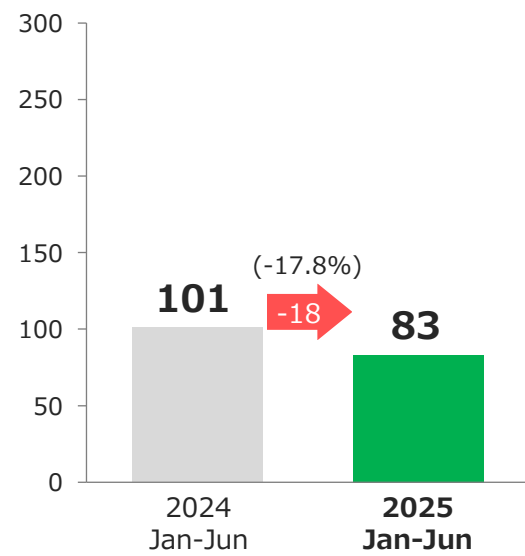
EC

Declining market share due to changes in vehicle sales mix and production adjustments



ITMS

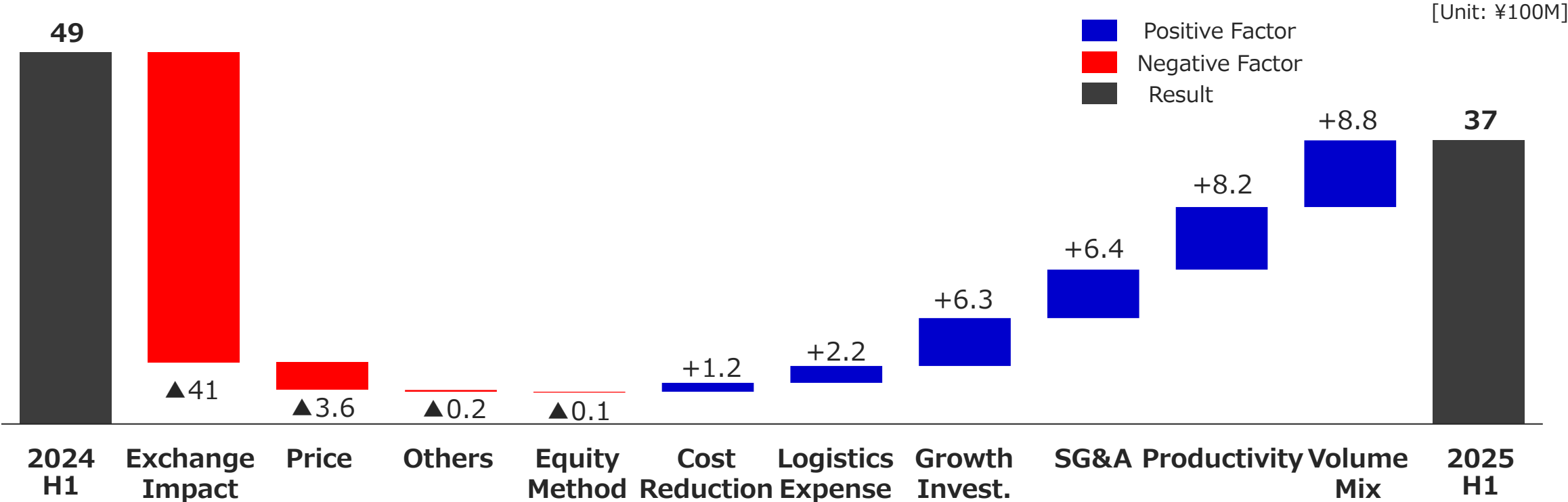
Decline in NEV Sales in the China Region



3. Year-on-year Variance Analysis EBITDA

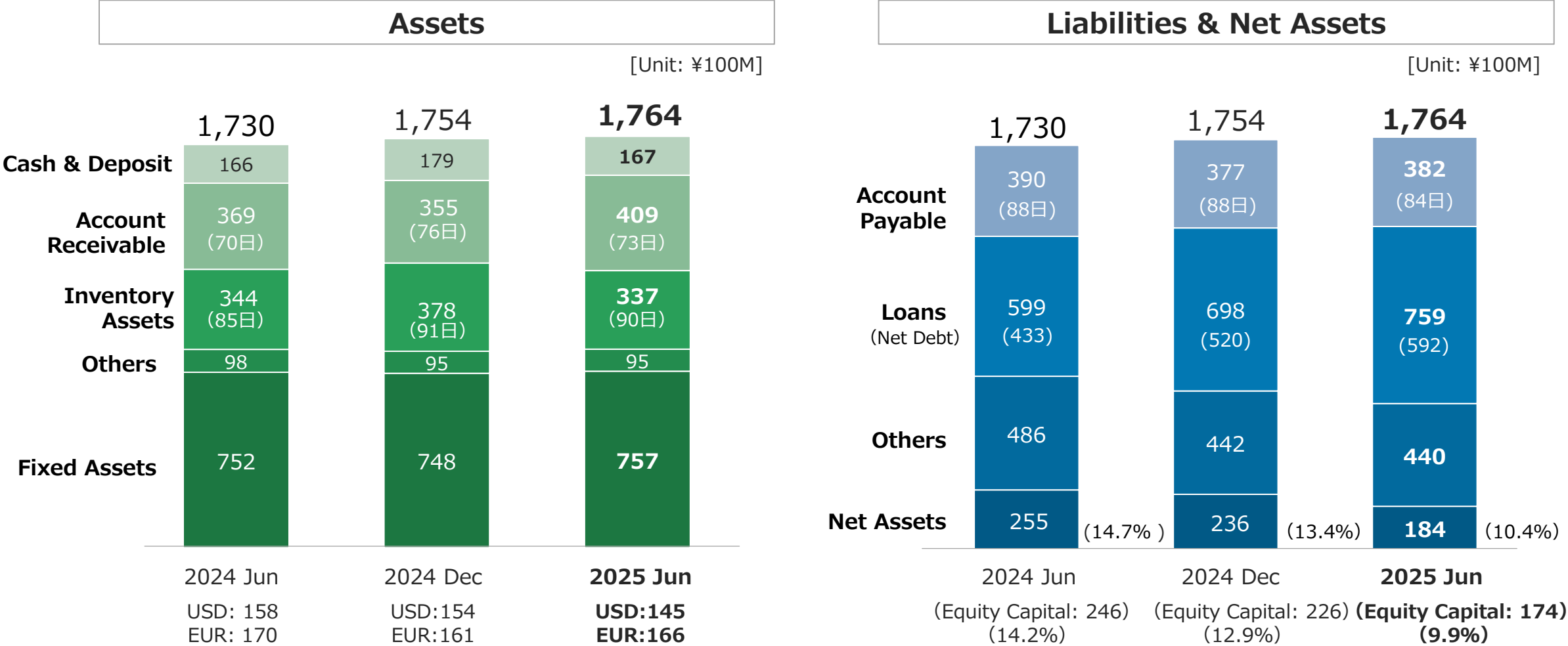
FY24 Jan-Jun →FY25 Jan-Jun	2024	2025	Difference
Revenue	942	937	-5
EBITDA	49	37	-12

- Improvement of ¥2.3 billion on a base that excludes foreign exchange effects and growth investments.
- Progress in clearing stagnant inventory and improving productivity in China and the Americas
- Continued efforts to reduce SG&A expenses.



4. Consolidated Balance Sheet

Compared to the end of the previous fiscal period, borrowings increased by about ¥6 billion, which worsened the debt ratio to 89.6%.

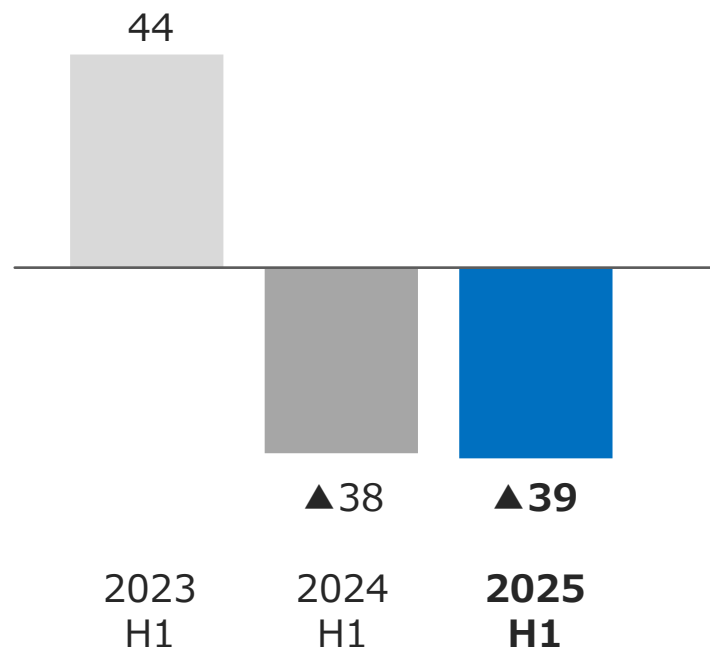


*Please note that individual account items are rounded, so the total may not match.
 *Accounts receivable are shown net of allowance for doubtful accounts related to Iranian receivables.

5. Cash Flow

Operating Cash Flow

[Unit: ¥100M]



Working Capital ▲4



Income before taxes and adjustments ▲39



Depreciation +5

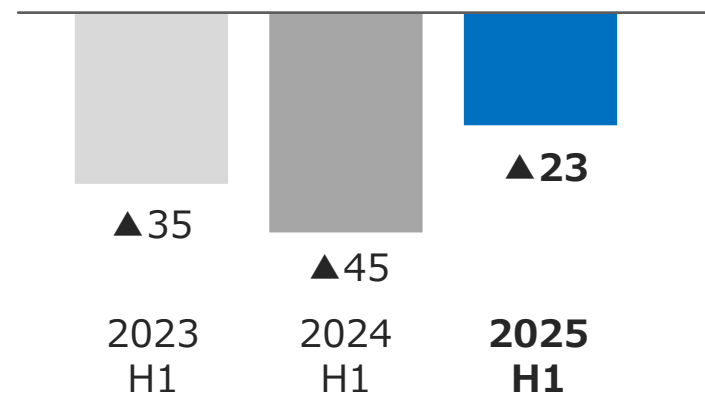


Structural Reform Reserve +23



Investment Cash Flow

[Unit: ¥100M]

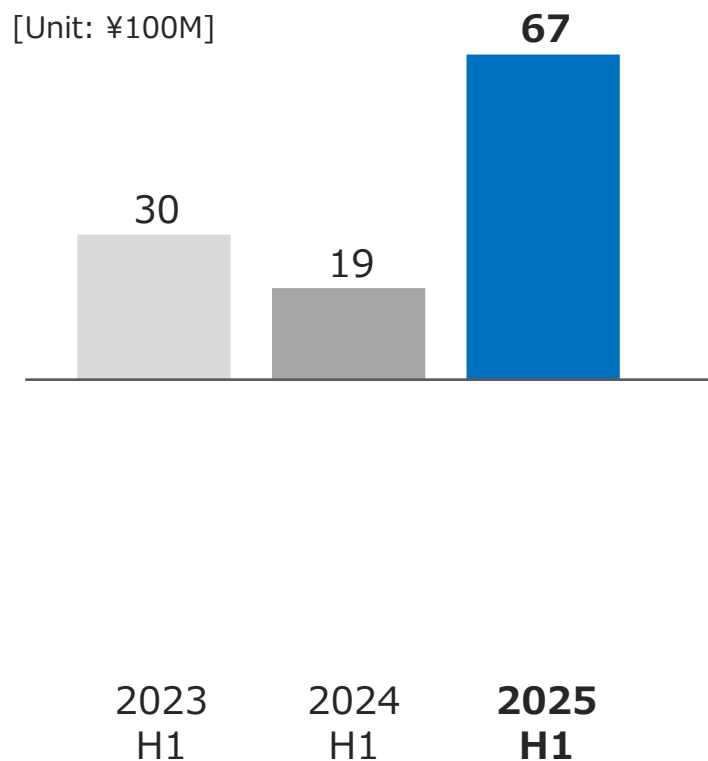


Withdrawal from Fixed-Term Deposit +20



Financial Cash Flow

[Unit: ¥100M]



Short-term borrowings +49



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1. Revision of Consolidated Financial Forecast
2. Year-on-year Variance Analysis EBITDA

1. Revision of Consolidated Financial Forecast

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[Unit: 100M]		FY2025 Jan-Dec Previous Forecast	FY2025 Jan-Dec Revised Forecast	Vs. Previous	
				Variance	Percent Change
Revenue		1,847	1,847	-	-
	Automotive Component	1,833	1,833	-	-
	Others	14	14	-	-
Operating Profit		▲60	Upward Revision ▲40	20	-
Equity Gains of Affiliated Companies		45	48	3	6.7%
Foreign Exchange		-	▲10	▲10	-
Ordinary Profit		▲26	Upward Revision ▲15	11	-
Net Income Attributable to Owners of the Parent		▲3	▲3	-	-
EBITDA		71	79	8	1.1%
Foreign Exchange	US \$	¥151	¥147	▲¥4	
	EUR	¥155	¥164	¥9	

※ 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.)

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*Exchange rate: Market average rate

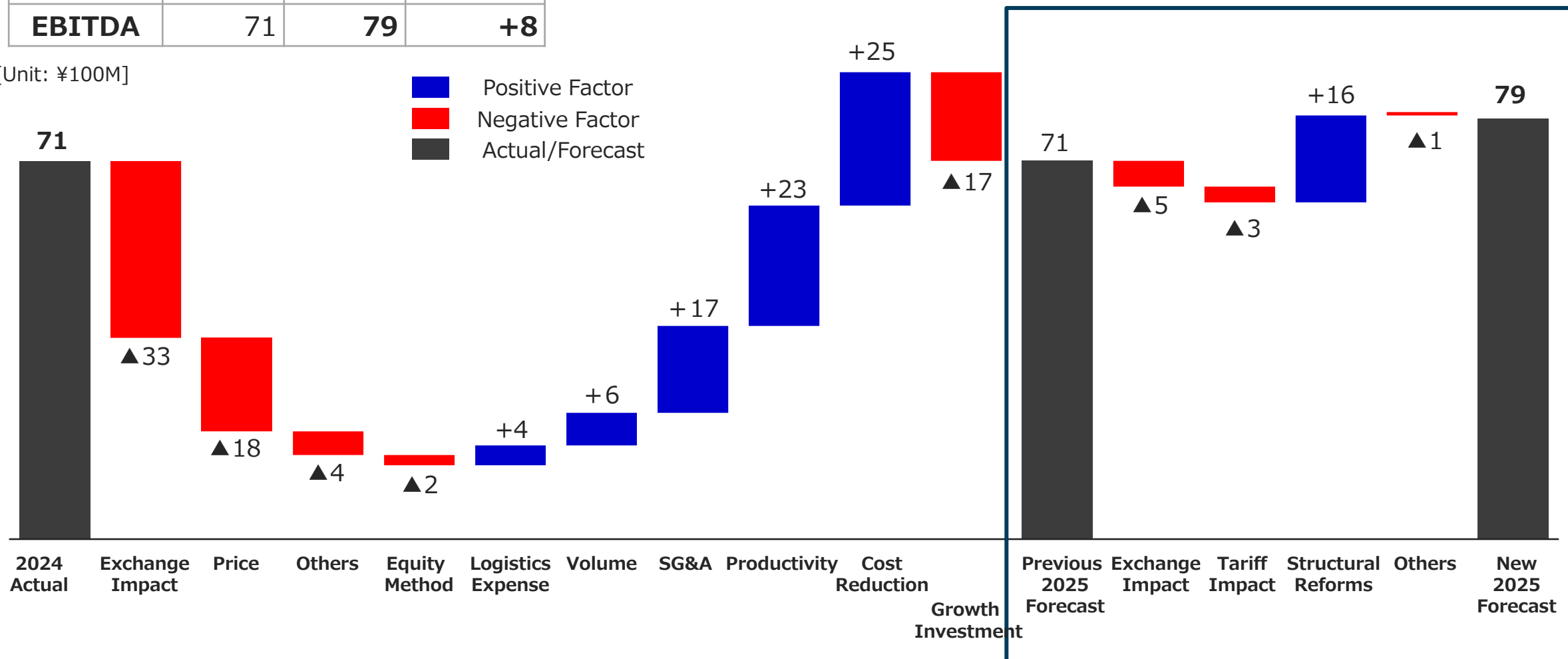
2. Year-on-year Variance Analysis EBITDA

Comparison of Previous and New Financial Forecasts

	Previous	New	Difference
Revenue	1,847	1,847	±0
EBITDA	71	79	+8

- Structural reforms yield a ¥1.6 billion improvement.
- Negative impact of ¥800 million from exchange rates and tariffs

[Unit: ¥100M]





Progress Status of Medium-Term Business Plan “SHIFT 2028”

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Sanden Corporation

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Progress Status of Medium-Term Business Plan “SHIFT 2028”

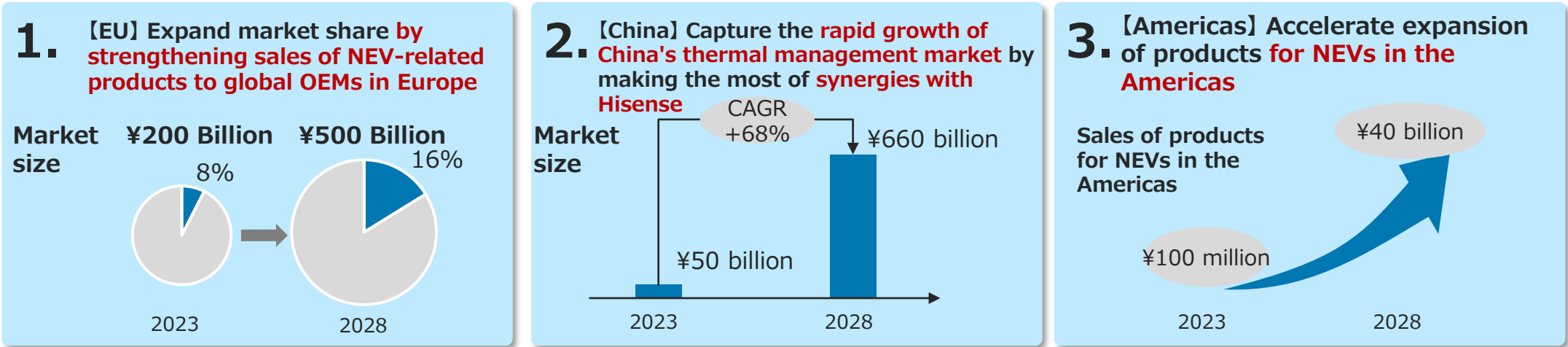
1. “SHIFT 2028” Medium-Term Business Plan Overview
2. Business Environment
3. Progress of Key Business Indicators
4. Status of Priority Measures
5. Conclusion

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

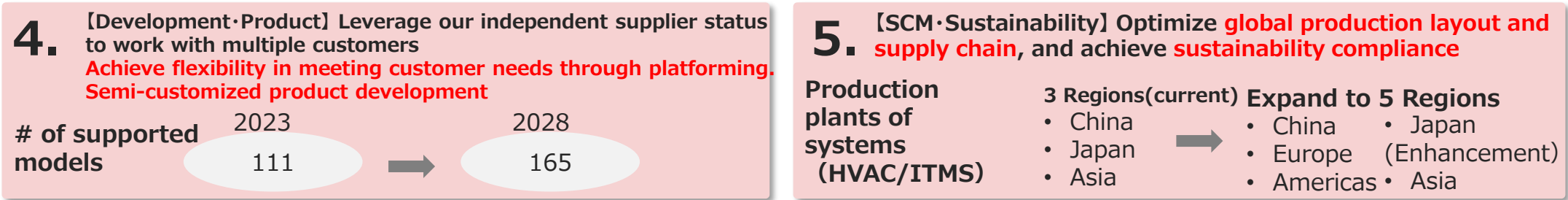
2028 Management Targets Revenue: ¥300 billion, Ordinary profit: ¥9 billion (3%)

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



Strategic Theme



Reinforcement of Foundation



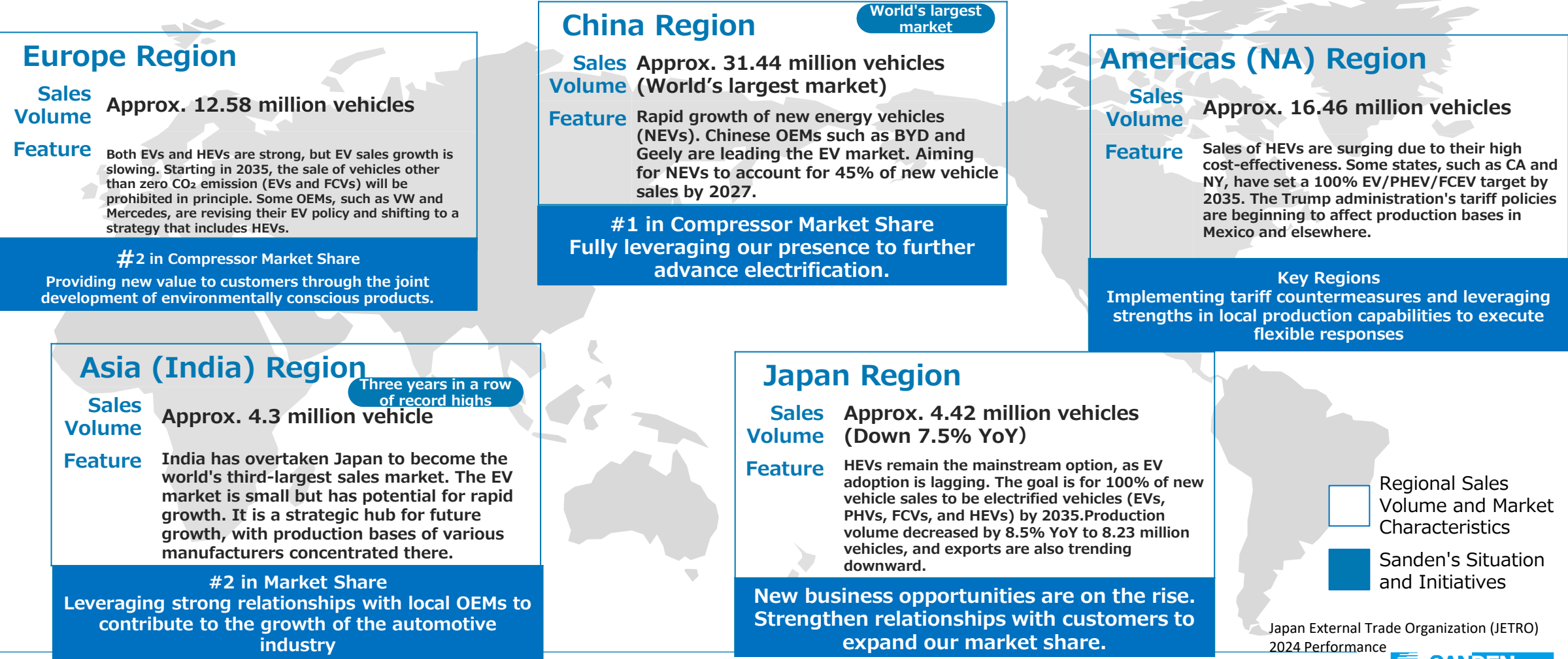
2. Business Environment

Market Size

U.S. tariff policies have disrupted the global market. Starting in 2026, growth areas will shift toward China and Asia (India).

NEV Trend

Although the global sales share of EVs is trending upward, it has slowed recently. Meanwhile, HEVs and PHEVs are experiencing rapid growth.

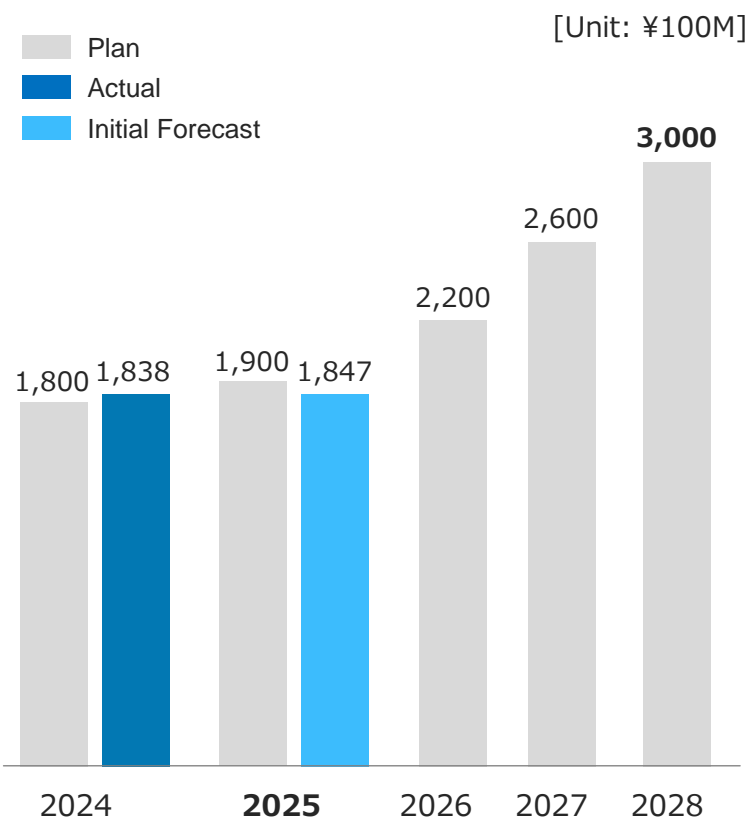


3. Progress of Key Business Indicators

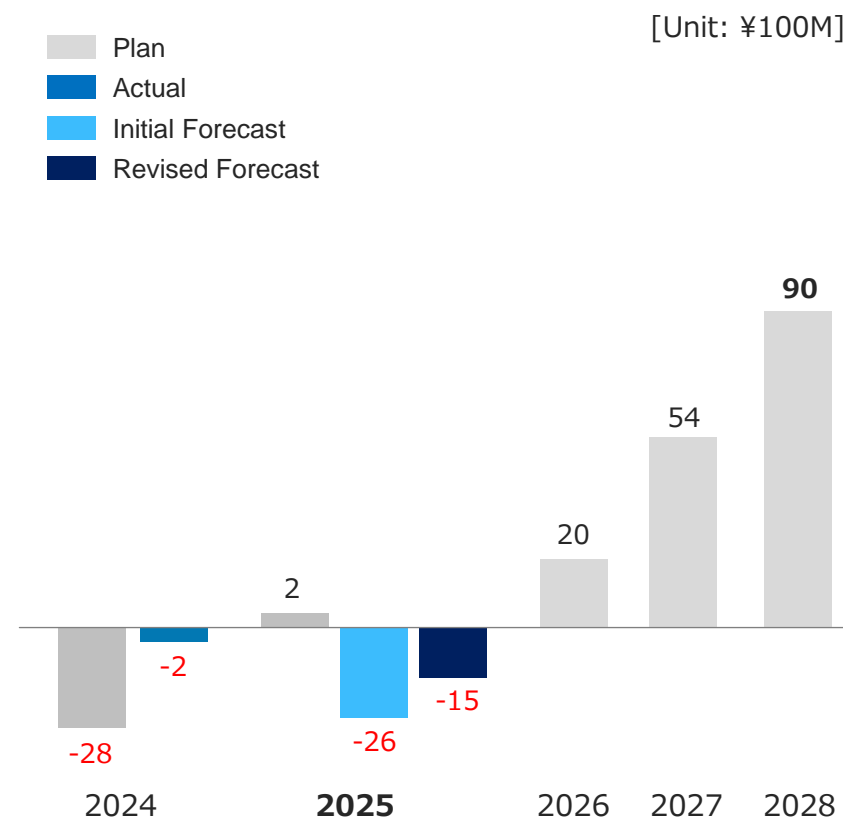
Revenue/Ordinary Profit/EBITDA

- ✓ The revised financial projections indicate a significant improvement in operating and ordinary profits.
- ✓ Although the 2025 results will fall short of the targets, the structural reforms are expected to deliver improvements that will exceed the impact of foreign exchange. EBITDA is approaching the plan.
- ✓ Achieving plans for 2026 and beyond will be enabled by ongoing profitability improvements driven by structural reforms and sales growth.

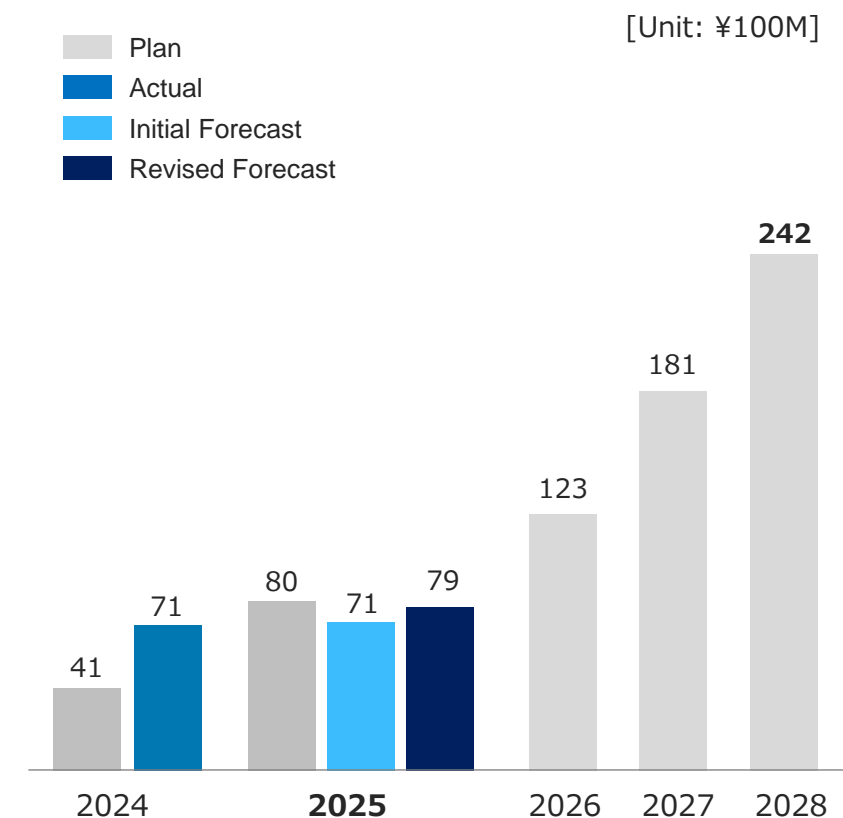
Revenue



Ordinary Profit



EBITDA



4. Status of Priority Measures

01

Regional Strategy

Acquisition of New Business Rights Through Regional Strategy

02

Development and 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

Reinforcement of Foundation

Promotion of Organizational Efficiency

05

Topics

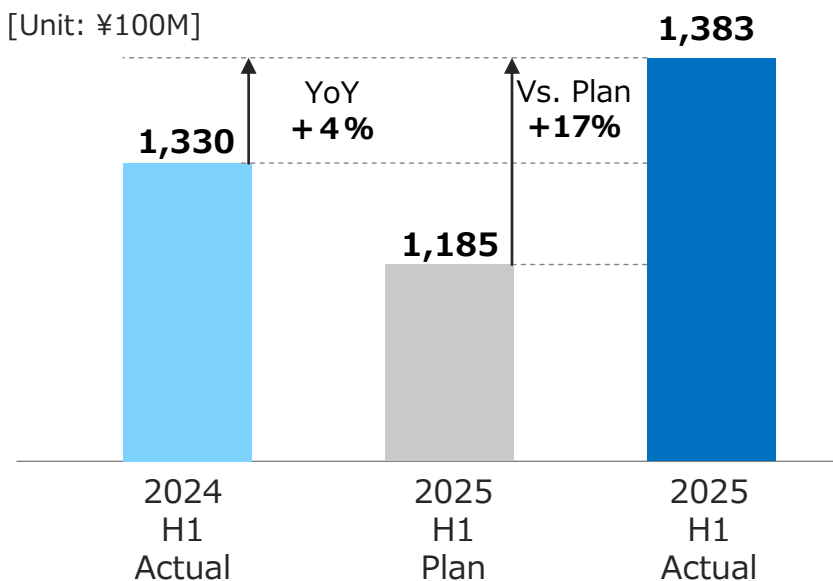
Enhancement of Investor Relations Activities

01 Acquisition of New Business Rights Through Regional Strategy

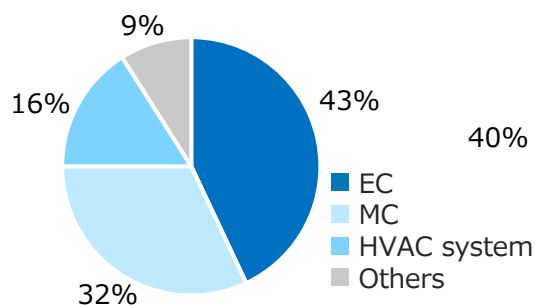
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Trend of acquiring new business rights

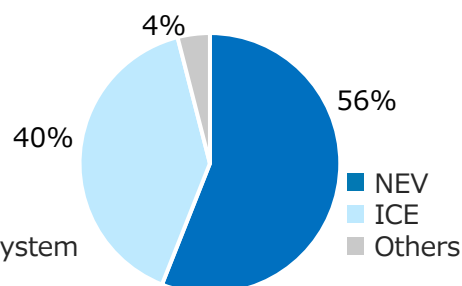
[Unit: ¥100M]



By SBU



By Powertrain



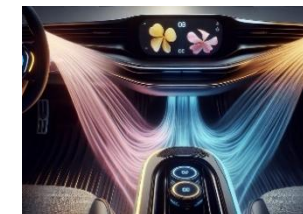
[EC=Electric Compressor]

[MC=Mechanical Compressor]

◆ Progress in the H1 of 2025

The commercial rights for both new energy vehicles (NEVs) and ICE vehicles increased.

- Expanding business rights acquisition for new energy vehicles, primarily through EC
- Acquiring business rights from emerging customers
- Winning the fragrance systems business for new products
- Increased acquisition of air conditioning system business rights for off-highway vehicles
- Continued winning of the MC (mechanical compressor) business

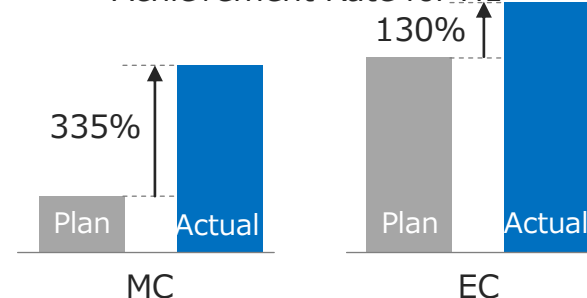


Fragrance system
*Illustrative purpose only

Major Nominations

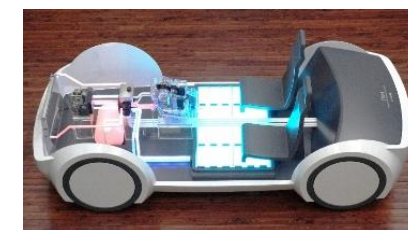
Americas	Obtained EC and system business from emerging customers Acquired large-scale MC business
Europe	Continued acquisition of large-scale businesses in both EC and MC
China	Acquisition of HVAC Business for SGMW
Japan	Acquisition of large-scale EC/HVAC and new product businesses

MC/EC New Business Rights Acquisition Achievement Rate for H1



◆ Future Activities

- Strengthening the acquisition of system business
- Co-creation with customers through front-loading activities
- Enhancing marketing activities to win NEV projects
- CRII(China Region Innovation Institute) launches pre-development of eco-friendly ITMS in collaboration with major OEMs

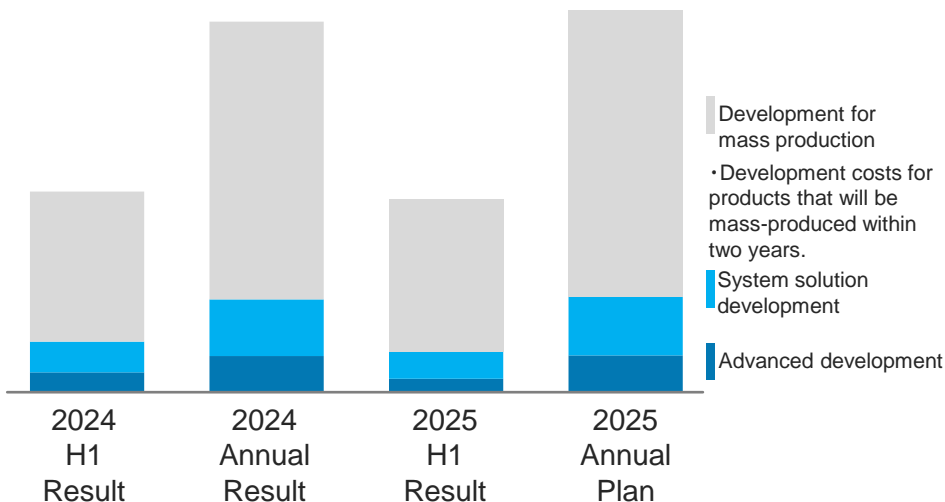


ITMS3.0Mock

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

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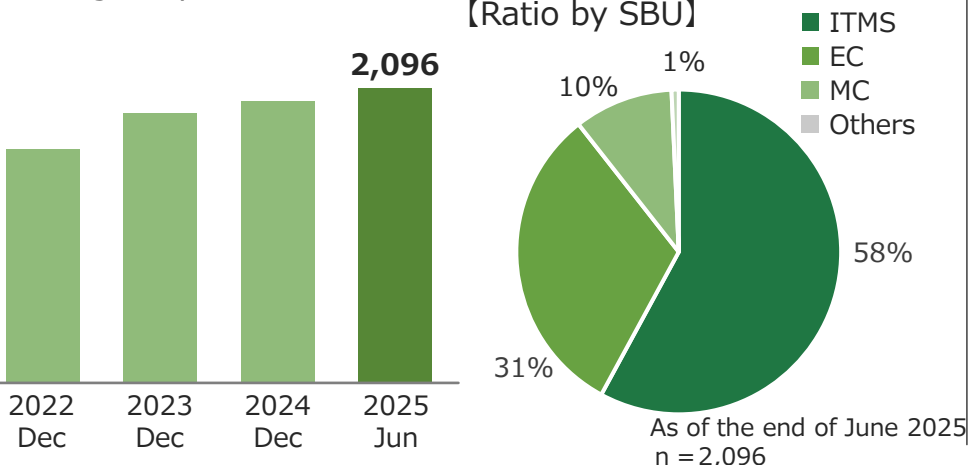
Trend in R&D Expenses



Patent Holding Status

[Change in patents held]

[Ratio by SBU]



◆ Progress in the H1 of 2025

Advanced development

New electric compressor in advanced development (innovative and original).

2025 Initiatives = Technology development completed

H1 Results = Fundamental verification of product structure completed (as planned)

System solution (Platform) development

CRU(Compact Refrigerant Unit)

A compact refrigerant circuit unit comprising the refrigerant circuit.

Integrated compressor, water-cooled condenser, receiver tank, expansion valve, and chiller

- Reduced refrigerant usage
- Practical application of flammable refrigerant R290 through low leakage
- Miniaturization achieved installation in various vehicle models.

Platform development is scheduled for completion in 2025.



Mass Production Development

Advancing electric compressor, HVAC, and ECH development through new business rights acquisition

Establish a HQ support system for each location, and strengthen the framework for mass production development.

◆ Future Activities

Process improvement and management enhancement following the strengthening of the global R&D structure.

- Strengthen site collaboration and advance development, and rebuild the development system, development processes, and management processes

Strengthening CRU promotion activities and securing commercial rights

- Strengthen promotional system and accelerate front-loading activities
- Implement Sanden-led commercial rights acquisition activities through front-loading initiatives.

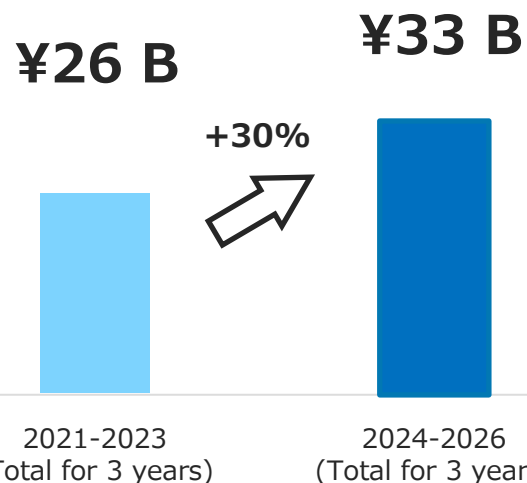
Advanced development of a new electric compressor

- Product development = Completion by end of 2026
- Mass production plan = Start

03 Optimization of global production layout and supply chain

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Capital Investment



Optimization of Production Layout

Europe

- Addition of the latest EC line
- New installation of the HVAC line

China

- EC production increase support
- HVAC production consolidation

Asia

- Expansion of production plants
- Consolidation of MC production

Americas

- Expansion of EC production
- New HVAC Line built

Japan

- New model support on the ECH line
- New HVAC line built

Fundamental improvement of the profit structure

◆ Progress in the H1 of 2025

1. Status of Capital Investments

J a p a n	Installation of ECH production equipment for Europe (SOP: 2026) Decided to produce HVAC for Japan (SOP: 2027)
E u r o p e	Introduction of EC (rebuilt product) production equipment for the European market
C h i n a	Introduction of EC casting equipment for the Chinese market (to support increased production)
A s i a	Expansion of H&P (piping) equipment for the Indian market (to support increased production)
A m e r i c a s	Introduction of HVAC for emerging customers (SOP: 2026)



2. Improving production line utilization rates

- Develop the optimal layout for the compressor production line through 2028.
- Formulate and launch the FY2025 action plan to improve the efficiency of the HVAC production line.

◆ Future Activities

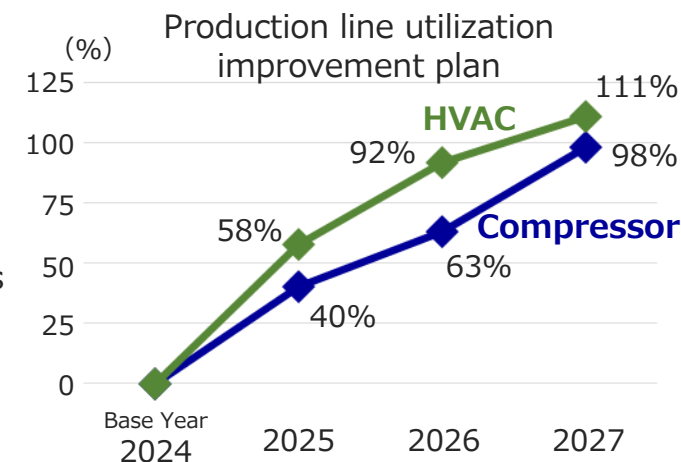
1. Promote capital investment and improve cash flow while closely monitoring the fluid global situation.
2. Increase utilization rates and reduce manufacturing costs by consolidating production lines for key products.

Production line integration and consolidation plan

Compressor Production Line for ICE: 46%

Consolidation

HVAC Production Line: 41% Consolidation



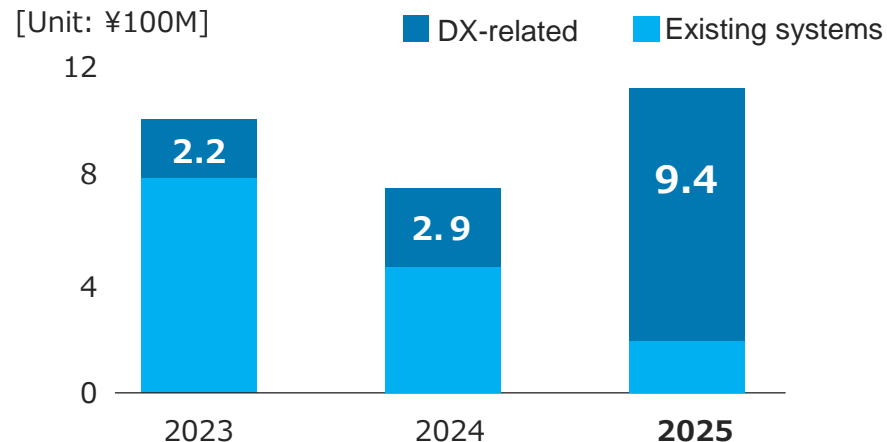
04 Promotion of Organizational Efficiency

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Promotion of Organizational Efficiency

- **Promoting the streamlining of organizational operations**
Promote operational efficiency and automation to enhance profitability
- **Consolidate headquarters functions and strengthen global support.**
Consolidate the headquarters into 11 divisions and strengthen them as strategic hub organizations. Provide leadership and support for global locations.
- **Implementation of the 8 Business Efficiency Improvement Projects**
Strengthening efforts toward establishing a robust management structure that will not deteriorate. Accelerating fundamental initiatives through business process reform.

Trend in IT Investment Expenses



◆ Progress in the H1 of 2025

Promoted structural reforms and system development to achieve sustainable growth and enhanced competitiveness through efficient organizational management.

- Implementation of global structural reforms
- Deployment of operational efficiency measures utilizing the Hisense AI environment (AI training)
- SAP implementation in Thailand, Malaysia, and Japan

Strengthened sustainability initiatives

- Joined the United Nations Global Compact
- Updated human rights policy and established human rights guidelines



◆ Future Activities

SAP implementation across all global locations (scheduled for 2027)

- Unification of global data
- Standardization of global operational processes
- Visualization of real-time business information

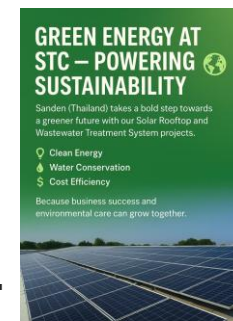
Effect: Achieve inventory optimization, improved demand forecasting, and more efficient logistics.

It accelerates the speed of management decision-making.

Acceleration of Sustainability Initiatives (SDGs & ESG Compliance)

Reduction in environmental impact

- Active introduction of solar panels
- Installation of rebuilt product production line
- Accelerate the utilization of renewable energy.



05 Topics – Enhancement of Investor Relations Activities –

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◆ Progress in the H1 of 2025

Initiatives to increase the company's visibility among domestic and international investors.

- Published corporate research reports by QUICK and Nomura IR.

Distributed English versions of reports to overseas institutional investors.

- Renewal of the IR site on the homepage

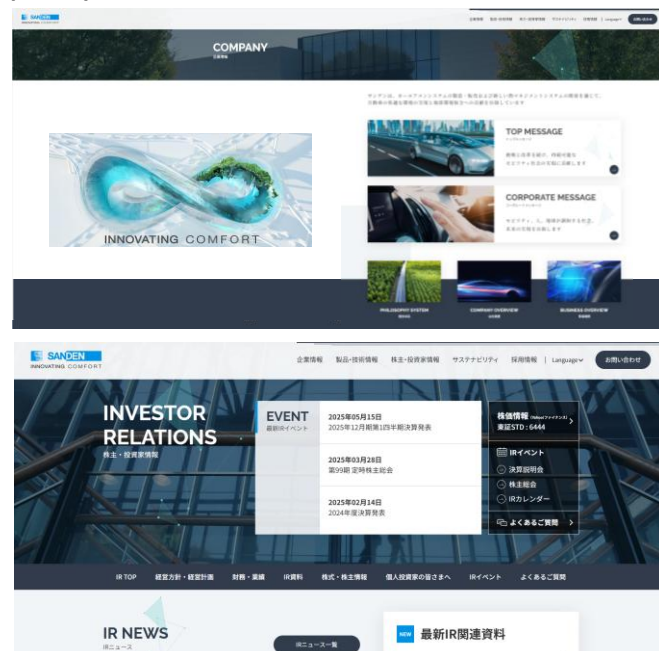
Real-time data updates and enhanced information for individual investors

- Media Relations

Shared our response to the tariff policy



Corporate research report



Renewal of Website

◆ Future Activities

- Company briefing session for individual investors (scheduled for late September)
- Compliance with standard market listing criteria

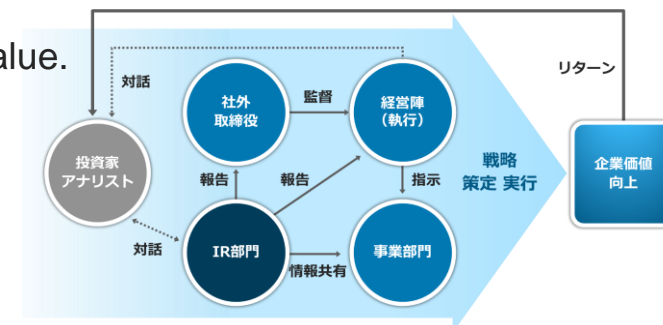
Standard Market Listing Criteria	Criteria	Sanden (As of the end of 2024)	Status
# of shareholders	400 shareholders	9,920 shareholders	○
# of tradable shares	2,000 units	263,851 units	○
Tradable share market capitalization	¥1 Billion	¥3.9 Billion	○
Tradable share ratio	25%	23.62%	×

We will meet the criteria by December through Hisense Group's liquidation of shares.

- Increase corporate value by strengthening the IR structure

Identify investor feedback obtained through communication as business challenges, and leverage it to increase corporate value.

- Integration of business strategy and IR
- Deepening communication with investors
- Strategic disclosure of non-financial information



5. Conclusion

Steadily advance our mid-term strategy and realize the Medium-Term Business Plan, "SHIFT 2028."

1. Strengthening Earnings Power

**Implement structural reforms to enhance fundamental capabilities.
Enhance the efficiency of all operations.**

- ✓ Implement fundamental measures to strengthen our foundation through structural reform.
- ✓ Improve profit margins by maximizing utilization of existing assets
- ✓ Enhance added value by transitioning to a system solutions supplier
- ✓ Improve procurement capabilities and productivity by strengthening the supply chain
- ✓ Streamline operations by advancing digital transformation

2. Sales Volume Expansion

Accelerate the transition to becoming a system supplier, expand the sales volume of NEV products, and maintain ICE products

- ✓ Europe: Collaborate with major OEMs to grow both the EC and MC businesses.
- ✓ China: Achieve sustained growth by leveraging our market presence in China and collaborating with joint venture partners.
- ✓ Asia: Increase our market share by capitalizing on India's market growth and the entry of Chinese OEMs.
- ✓ Americas: Steadily increase market share by acquiring new OEMs' EC and MC businesses.
- ✓ Japan: Strengthen relationships with OEMs and expand sales of new products to create a foundation for future growth.

3. Thorough Risk Management

Prevent risks before they occur by accurately understanding the changing business environment.

- ✓ Optimize inventory levels and execute investments at the optimal time by capturing market shifts.
- ✓ Strengthen flexible and diversified supply chains to counteract tariffs.
- ✓ Strengthen risk hedging against foreign exchange fluctuations.



Disclaimer

This document is intended to provide information regarding our company's management policies, plans, financial condition, and other matters for your understanding. It is not intended to solicit investment, such as the purchase of our company's stock, or to solicit the sale of such stock.

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

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

Furthermore, the Company assumes no obligation to update the forecasts and forward-looking statements contained herein.

For inquiries regarding this matter, please contact us at the following address.

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