

Sanden Corporation Q3 Financial Results for Fiscal Year Ending December 2025

Nov 20, 2025

Sanden Corporation

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We sincerely appreciate your continued understanding of Sanden's business activities.

We will now explain the results for the third quarter of the fiscal year ending December 2025.

Agenda

1. Q3 FY2025 Financial Results

1. Key Highlights and Consolidated Financial Summary
2. Revenue by Segment
3. Year-on-Year Variance Analysis – EBITDA
4. Consolidated Balance Sheet
5. Cash Flow
6. Business Highlights

The presentation will proceed in the following order:

1. Key Highlights and Consolidated Financial Summary
2. Revenue by Segment (by Region and Product)
3. EBITDA Analysis
4. Consolidated Balance Sheet
5. Cash Flow
6. Business Highlights

1. Key Highlights

Revenue	◆ Revenue Increased by ¥700 Million Year-on-Year (+0.5%) Foreign Exchange Impact : ▲¥1.9 Billion ↑	
	Situation	EU Decrease from production cuts due to market shifts
	By Region	China Increase driven by higher EV product deliveries supported by government subsidies
		Asia Increase supported by growth in deliveries to local OEMs in India
		Americas Increase due to higher EV and AFM component deliveries
Profit	◆ Operating Profit: Increased by ¥2.0 Billion Year-on-Year ↑	
	Factors Behind Profit Increase	Productivity improvements in China and the Americas Reduction of quality-related costs in Japan and the Americas
	◆ Ordinary Profit: Slight Increase of ¥30 Million Year-on-Year ↑	
	Factor Behind Profit Decline	Non-operating income: Foreign exchange valuation loss on foreign currency-denominated receivables and payables
	◆ Net Income Attributable to Owners of Parent: Decreased by ¥3.3 Billion Year-on-Year ↓	
	Factor Behind Profit Decline	One-time expenses related to structural reforms in Japan and Europe.
Measures	◆ Impact of U.S. Tariff Policy	
	Tariff Measures	Established a special internal task force to assess the impact and implement countermeasures, including passing on costs to customers
	◆ Implementation of Structural Reforms	
	Implemented structural reforms across all group companies to prepare for the impact of U.S. tariffs and potential economic downturn	

First, let me explain the key points of the financial results. Sales revenue for the third quarter increased despite a decline caused by foreign exchange effects, supported by higher EV demand driven by government policies in China and growth among local OEMs in India. Operating profit rose thanks to productivity improvements in China and the Americas, as well as reductions in quality-related costs in Japan and the Americas. Ordinary profit showed a slight increase, partly due to foreign exchange valuation losses on foreign currency-denominated bonds. On the strategic front, we organized a special task force to address U.S. tariff policies and implemented measures such as changing supply routes and negotiating price pass-through with customers. In addition, we carried out structural reforms across all group companies, including a voluntary retirement program, to strengthen our corporate structure.

1. Key Highlights and Consolidated Financial Summary

		FY2024 Jan-Sep 2024	FY2025 Jan-Sep 2025	YoY	
				Variance	Percent Change
Revenue		¥137.8 billion	¥138.5 billion	¥0.7 billion	0.5%
	Automotive Component	¥136.6 billion	¥137.8 billion	¥1.1 billion	0.8%
	Others	¥1.2 billion	¥0.8 billion	▲¥0.4 billion	-33.2%
Operating Profit		▲¥4.3 billion	▲¥2.3 billion	¥2.0 billion	-
Equity Gains of Affiliated Companies		¥3.9 billion	¥4.0 billion	¥0.1 billion	2.8%
Foreign Exchange		¥0.4 billion	▲¥0.8 billion	▲¥1.2 billion	-
Ordinary Profit		¥0 billion	¥0.1 billion	¥0 billion	55.9%
Net Income Attributable to Owners of the Parent		¥0.1 billion	▲¥3.2 billion	▲¥3.3 billion	-
EBITDA		¥5.4 billion	¥6.7 billion	¥1.3 billion	23%
Foreign Exchange	US\$	¥151	¥148	▲¥3	
	EUR	¥164	¥166	+¥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

Next, let me explain the overview of the consolidated financial results. Consolidated sales revenue was ¥138.5 billion, an increase of ¥0.7 billion compared to the same period last year. Operating profit was negative ¥2.3 billion, representing an improvement of ¥2.0 billion year on year. EBITDA came to ¥6.7 billion, up ¥1.3 billion from the previous year. Net income attributable to owners of the parent was negative ¥3.2 billion, a decrease of ¥3.3 billion compared to the same period last year. This was due to productivity improvements and reductions in quality-related costs in the Americas and China, which helped offset some of the impact; however, foreign exchange effects remained significant at negative ¥1.9 billion, and valuation losses on foreign currency-denominated bonds also had an impact.

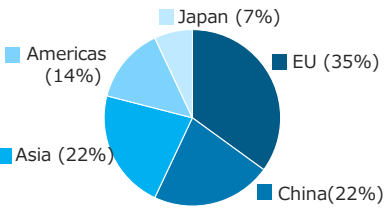
2. Sales Revenues by Segment: By Region

Revenue: ¥137.7 billion YoY: ¥1.1 billion (+0.7%)

(Incl. Foreign Exchange Impact ▲¥1.9 billion)

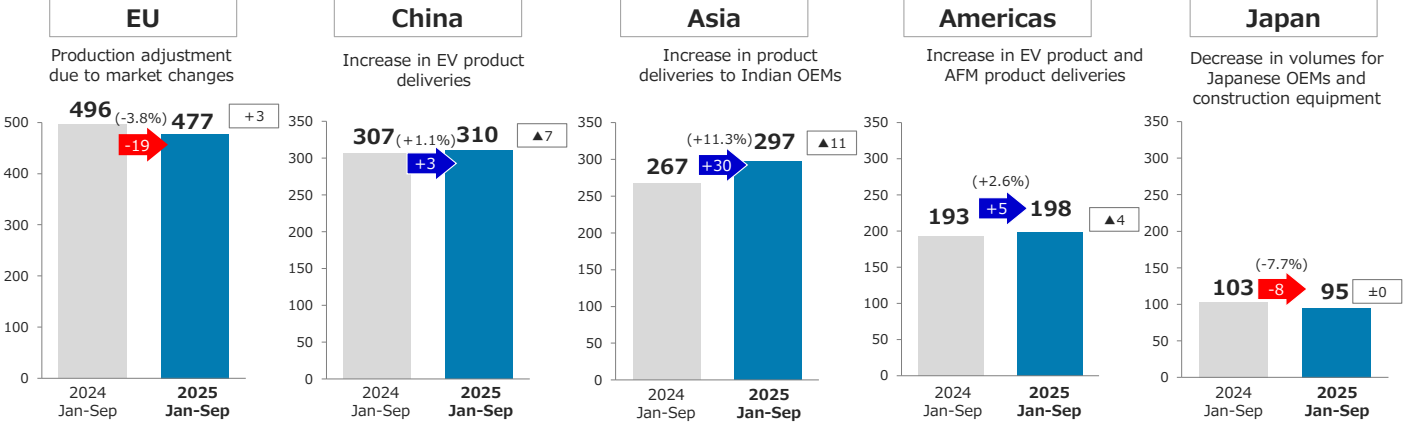
※Automotive Components segment only. Excluding other businesses.

**Regional
Composition
Ratio**



Revenue by Region: YoY

[Unit: ¥100M] () YoY Percentage Change □ YoY Exchange Rate Impact
⇒ YoY Change in Amount



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This shows sales revenue by segment, excluding other businesses and focusing on the Automotive Components segment.

Sales revenue for the third quarter was ¥137.7 billion, an increase of ¥1.1 billion or 0.7% compared to the same period last year.

Excluding the negative foreign exchange impact of ¥1.9 billion, the actual increase was ¥3.0 billion.

By region:

Europe recorded a decrease of ¥1.9 billion, down 3.8% year on year, due to market changes, although foreign exchange had a positive impact of ¥0.3 billion.

China posted an increase of ¥0.3 billion, up 1.1%, with steady local sales despite a negative foreign exchange impact of ¥0.7 billion.

Asia saw an increase of ¥3.0 billion, up 11.3%, driven by growth in the Indian market and higher sales to local OEMs.

The Americas recorded an increase of ¥0.5 billion, up 2.6%, supported by EV-related product deliveries and strong aftermarket performance.

Japan posted a decrease of ¥0.8 billion, down 7.7%, mainly due to lower sales to Japanese OEMs and for construction equipment.

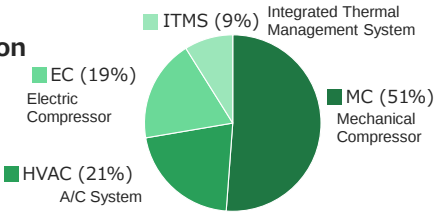
Overall, the declines in Europe and Japan were offset by growth in Asia and the Americas, allowing us to maintain positive growth.

2. Revenue by Segment: By Product

Revenue: ¥137.7 billion YoY: ¥1.1 billion (+0.7%)
(Incl. Foreign Exchange Impact ▲¥1.9 billion)

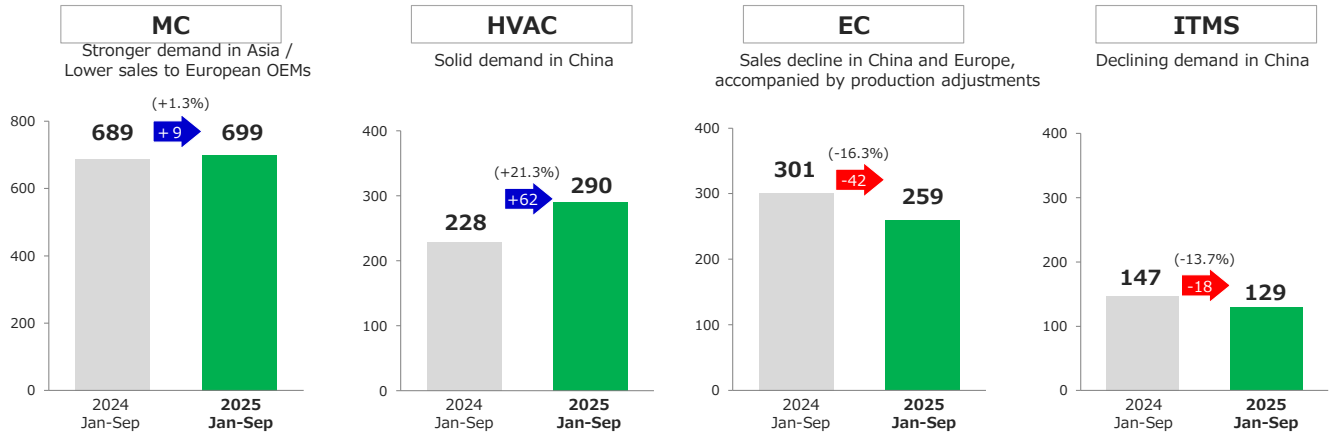
※Automotive Components segment only. Excluding other businesses.

Product Composition Ratio



Revenue by Product: YoY

[Unit: ¥100M] () YoY Percentage Change
⇒ YoY Change in Amount



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By product category:

MC: Revenue increased by ¥0.9 billion year-on-year (+1.3%). While sales of compressors to European OEMs declined, demand in Asia strengthened.

HVAC: Revenue surged by ¥6.2 billion year-on-year (+21.3%). Sales in the Chinese market remained solid, driven by growing demand for electric vehicles.

EC: Revenue decreased by ¥4.2 billion year-on-year (−16.3%). Demand for electric compressors fell due to lower vehicle sales by our customers in China and Europe.

ITMS: Revenue decreased by ¥1.8 billion year-on-year (−13.7%). This was mainly attributable to weaker demand from our customers in China.

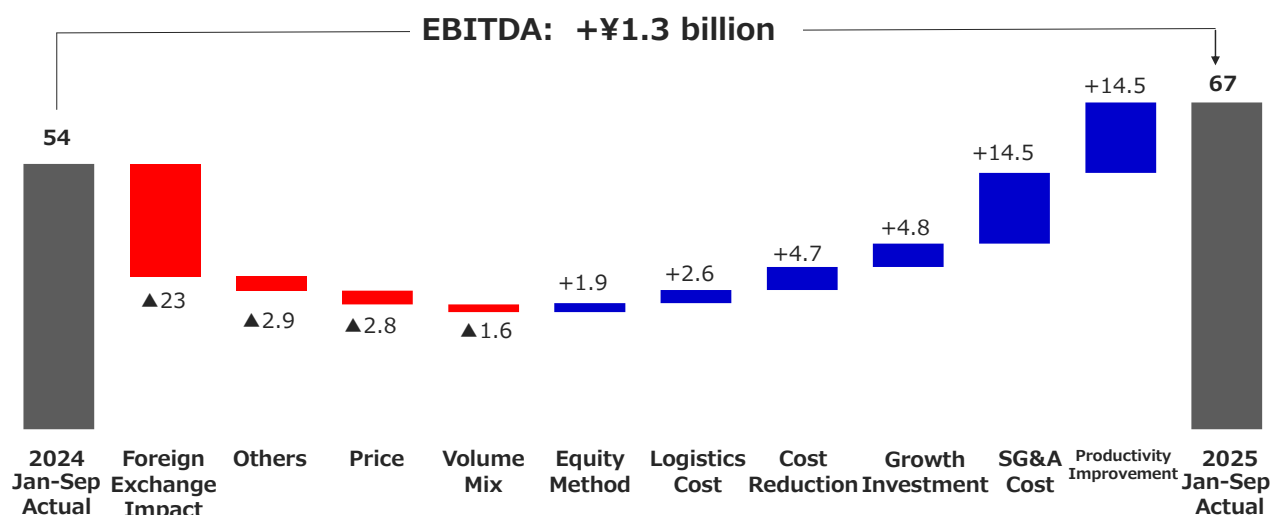
While strong growth in HVAC supported overall performance, declines in EC and ITMS remain a challenge. Going forward, we will focus on strengthening competitiveness in electrification-related products and enhancing our system proposal capabilities.

3. Year-on-Year Variance Analysis – EBITDA

- Reduction in selling and administrative expenses through structural reforms
- Despite adverse impacts from exchange rates, tariffs, and annual price reductions, losses significantly decreased on a real-term basis
- Progress in productivity improvements in China and the Americas

[Unit: ¥100M]

■ Positive Factors
■ Negative Factors
■ Actual Results



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EBITDA is an indicator of core operating profitability, excluding depreciation and amortization.

EBITDA for the third quarter was ¥6.7 billion, an improvement of ¥1.3 billion compared to ¥5.4 billion in the same period last year.

Positive factors:

- Productivity improvements in China and the Americas
- Reduction of quality-related costs in Japan and the Americas
- Continued efficiency gains in selling and administrative expenses through structural reforms
- Promotion of cost-reduction initiatives

Negative factors:

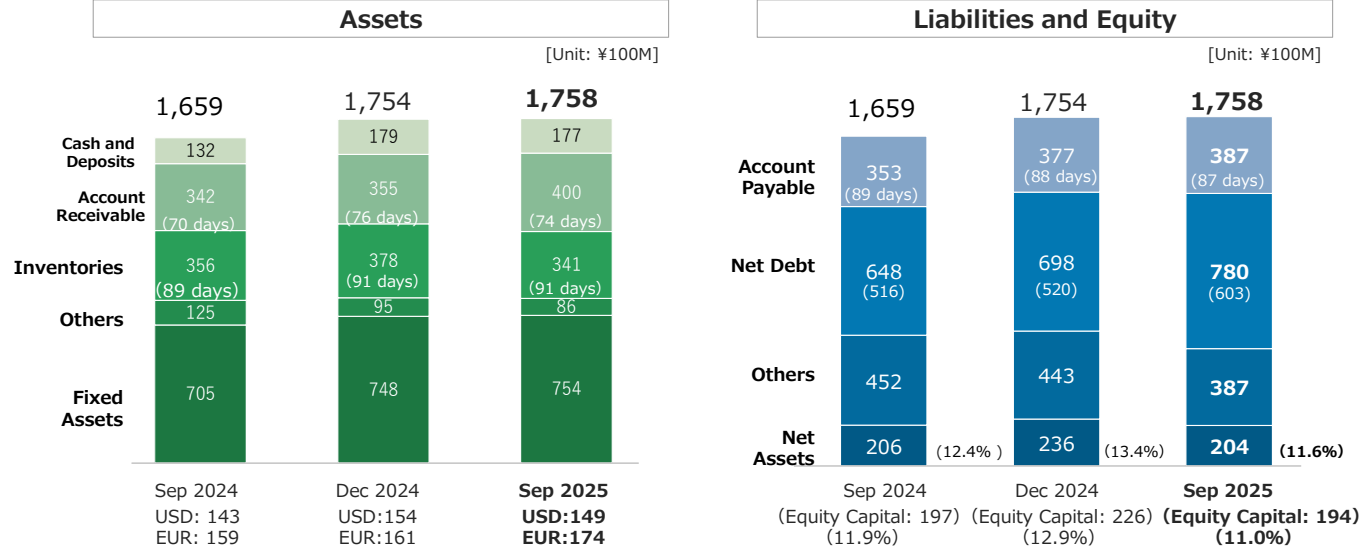
- Foreign exchange valuation losses on foreign currency-denominated receivables and payables
- Impact of tariffs and annual price reductions requested by customers

Maintaining the cost improvement effects from structural reforms remains a key challenge.

We will continue initiatives aimed at improving profitability going forward.

4. Consolidated Balance Sheet

Borrowings increased by approximately ¥8.1 billion compared to the previous fiscal year-end, and the debt ratio deteriorated to 88.4%.



*Individual line items are rounded; therefore, totals may not match.
*Accounts receivable are presented net of allowance for doubtful accounts related to Iranian receivables.

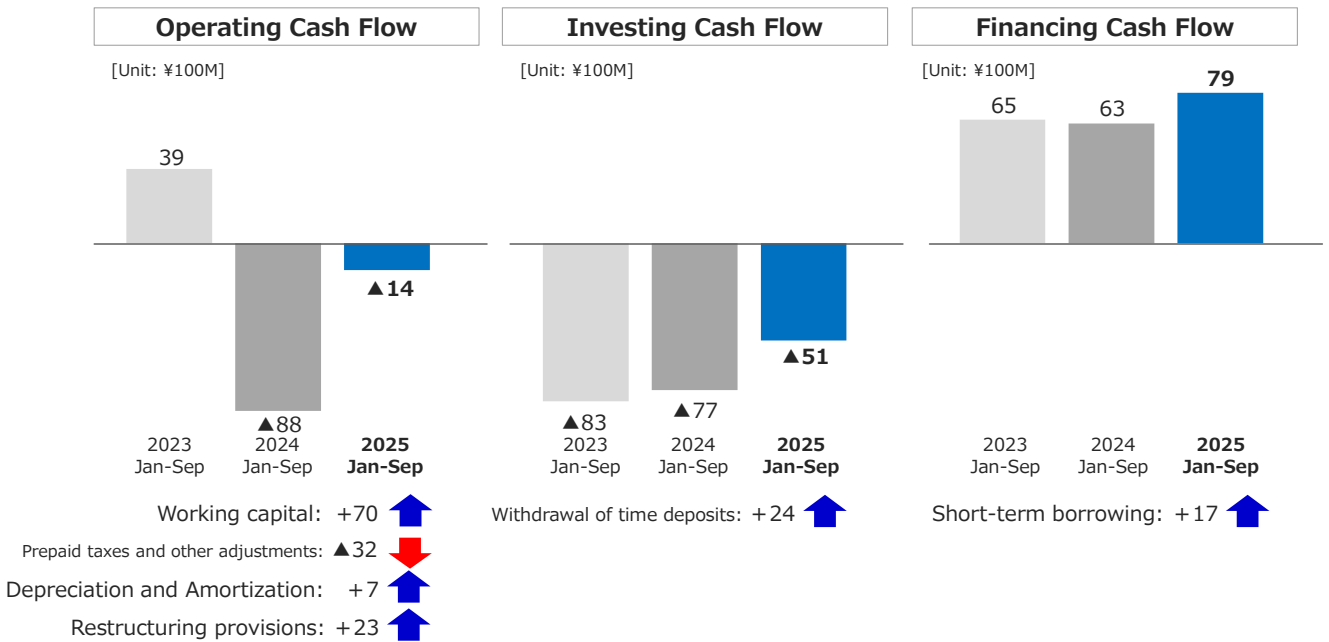
Next, let's move on to the consolidated balance sheet. As of the end of September 2025, total assets stood at ¥175.8 billion, an increase of ¥0.4 billion compared to the end of the previous fiscal year.

- Assets:
- Accounts receivable increased by ¥4.5 billion to ¥40.0 billion, driven by higher sales in China and the Americas.
 - Inventories decreased by ¥3.7 billion to ¥34.1 billion, reflecting progress in inventory reduction.
 - Fixed assets rose by ¥0.6 billion to ¥75.4 billion, mainly due to an increase in equity-method investments.

- Liabilities:
- Interest-bearing debt increased by ¥8.2 billion to ¥78.0 billion, primarily due to restructuring costs, working capital needs, and capital expenditures.

- Net assets:
- Decreased by ¥3.2 billion to ¥20.4 billion, resulting in a decline in the equity ratio to 11.0%.
- The debt-to-equity ratio worsened to 88.4%, and to improve this, we will implement cash pooling, promote asset liquidation, and strengthen receivables and inventory management.

5. Cash Flow



Next, I will explain the cash flows.

Operating cash flow was negative ¥1.4 billion, a significant improvement from negative ¥8.8 billion in the same period last year, but further improvement is still required.
The main factor behind the improvement was working capital.

Investing cash flow was negative ¥5.1 billion, narrowing from negative ¥7.7 billion in the same period last year.
We are continuing capital investments based on our medium-term plan.

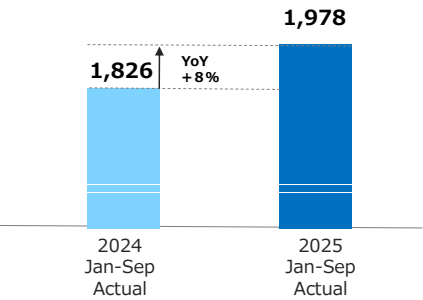
Financing cash flow was positive ¥7.9 billion, up from positive ¥6.3 billion in the same period last year.
Financing was carried out primarily to support capital investments.

Going forward, we will focus on inventory reduction activities to further improve the efficiency of working capital, while also working to enhance profitability.

6. Business Highlights (Jul-Sep)

Trend in New Business Acquisition

[Unit: ¥100M]



Major Nominations

Americas	Acquired new business for EC systems from new customers; secured large MC business
EU	Continued carry-over orders for major EC and MC business
China	Acquired ECH business for global OEMs
Japan	Acquired new business for EC HVAC, new refrigerant condensers, and compressors for gas heat pumps

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Customer Recognition

STC: Received the Highest Evaluation from Honda APC

Demonstrated excellence in quality, cost, and delivery, and received the Best Supplier Award for the first time.



Received Top Supplier Rating from Nissan

Achieved the highest level for 24 consecutive months and received the Quality Award for two consecutive years.



Received Quality Excellence Award from Caterpillar for the third consecutive year

Recognized comprehensively for strict requirements such as quality, stable supply, and continuous improvement activities.



Promotion of Sustainability

Participation in the SCHUFA Conference by the European Sustainability Lead

Agreed on the importance of collaboration between companies and financial institutions to build an efficient and standardized ESG data model.



First-Year Certification under the Ministry of the Environment's "Nature Symbiosis Site" Program, Legalized in FY2025

Recognized for the objectivity of biodiversity value, management framework, and the feasibility of planning and execution.



Joined Gunma Nature Positive Promotion Platform

Aiming to prevent biodiversity loss and achieve recovery through initiatives aligned with the "Nature Positive" concept.



Finally, I will explain the business topics.

The status of new business acquisition for January–September 2025 was ¥197.8 billion, an 8% increase year-on-year.

North America: Acquired new business for EC systems from new customers and secured large MC business.

Europe: Continued carry-over orders for major EC and MC business.

China: Acquired ECH business for global OEMs.

Japan: Acquired new business for EC, HVAC, new refrigerant-compatible condensers, and compressors for gas heat pumps (non-automotive applications).

In terms of quality, received Top Supplier Rating from Nissan Motor for two consecutive years, and Quality Excellence Award from Caterpillar for the third consecutive year.

Additionally, received the Best Supplier Award from Honda APC for the first time, demonstrating excellence in quality, cost, and delivery.

For sustainability initiatives: Achieved first-year certification under the Ministry of the Environment's "Nature Symbiosis Site" Program, which was legalized in FY2025, and promoted activities globally.



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Furthermore, we are under no obligation to update any forecasts or forward-looking statements included herein.

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

This concludes the presentation of financial results for the third quarter of the fiscal year ending December 2025.

We will continue to steadily pursue profitability improvement and optimization of our business structure, aiming for sustainable growth.