

SANDEN CORPORATION

Feb 14, 2024

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

Fiscal year ended December 31, 2023

SANDEN CORPORATION

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(URL: <https://www.sanden.co.jp/english/index.html>)

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Shares listed: Tokyo Stock Exchange
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Scheduled date of annual general meeting of shareholders: March 28, 2024

Scheduled date to file annual securities report: March 28, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Fractions less than ¥1 million omitted)

1. Consolidated Financial Results for the current fiscal year (January 1, 2023- December 31, 2023)

(1) Results of operations

(%: percentage change from previous fiscal year)

	Net sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Ordinary income (Millions of ¥, %)		Net income (Millions of ¥, %)	
Fiscal year ended December 31, 2023	179,279	2.0	(11,018)	-	(8,382)	-	(3,359)	-
Fiscal year ended December 31, 2022	175,683	-	(5,729)	-	(4,140)	-	(1,613)	-
Notes: Equity in Comprehensive Income: December 31, 2023 ¥ (2,530)million -% December 31, 2022 ¥ (424)million -%								
	Net income per share basic (¥)	Net income per share diluted (¥)	Net income over equity ratio (%)	Ordinary income over total assets ratio (%)	Operating income over sales ratio (%)			
Fiscal year ended December 31, 2023	(30.15)	-	(15.7)	(5.2)	(6.1)			
Fiscal year ended December 31, 2022	(14.48)	-	(7.1)	(2.7)	(3.3)			

Notes: Equity in earnings (losses) of affiliates: December 31, 2023 ¥ 4,322million December 31, 2022 ¥ 3,439million

(2) Financial positions

(Fractions less than ¥1 million omitted)

	Total assets (Millions of ¥)	Net assets (Millions of ¥)	Equity Ratio of equity over total assets (%)	Net assets per share (¥)
Fiscal year ended December 31, 2023	162,539	20,836	12.4	181.18
Fiscal year ended December 31, 2022	157,428	23,366	14.3	201.75

Notes: Equity capital December 31, 2023 ¥ 20,192million December 31, 2022 ¥ 22,485million

(3) Cash flows

(Millions of ¥; Fractions less than ¥1 million omitted)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended December 31, 2023	9,371	(11,602)	5,794	21,620
Fiscal year ended December 31, 2022	(10,125)	(4,486)	5,077	17,102

2.Dividends

	Dividend per share (¥)					Total annual dividends (Millions of ¥)	Dividend payout ratio (Consolidated) (%)	Ratio of dividend payout over net assets (Consolidated) (%)
	1Q	2Q	3Q	4Q	Total			
Fiscal year ended December 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended December 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended December 31, 2024 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of business results for the next fiscal year (Jan 1, 2024-December 31, 2024)

(%: percentage change from the same period of the previous fiscal year)

	Net sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Ordinary income (Millions of ¥, %)		Net income (Millions of ¥, %)		Net income per share basic (¥)
Fiscal year ended December 31, 2024	180,000	0.4	(6,800)	-	(2,800)	-	(1,600)	-	(14.36)

***Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (a) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Restatement: None

For details, please refer to "3. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Changes in significant subsidiaries during the period)" on page 13 of the attached document.

(3) Number of issued shares (common stock, shares)

(a) Issued shares (including treasury shares)	As of December 31, 2023:	111,693,313	As of December 31, 2022:	111,693,313
(b) Treasury shares	As of December 31, 2023:	243,057	As of December 31, 2022:	242,686
(c) Average number of shares outstanding during the period (cumulative)	As of December 31, 2023:	111,450,389	As of December 31, 2022:	111,444,871

[Reference] Non-consolidated Financial Results

Non-consolidated financial results for the fiscal year ended December 2023 (January 1, 2023 – December 31, 2023)

(1) Operating results (Non-consolidated)

(Percentage figures represent year on year changes)

	Net Sales		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal year ended December 31, 2023	71,946	(4.2)	(13,790)	-	(7,932)	-	(6,715)	-
Fiscal year ended December 31, 2022	75,107	-	(7,322)	-	(3,767)	-	(5,324)	-

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Fiscal year ended December 31, 2023	(60.26)	-
Fiscal year ended December 31, 2022	(47.78)	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity Ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
Fiscal year ended December 31, 2023	104,058	11,548	11.1	103.62
Fiscal year ended December 31, 2022	99,877	18,201	18.2	163.31

Reference: Shareholders' equity

As of December 31, 2023: ¥ 11,548million As of December 31, 2022: ¥ 18,201million

* This report is exempt from audit conducted by certified public accountants or an audit corporation.

* Cautionary statement regarding forecasts of operating results and special notes (Notes to the forward-looking statements and others)
Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. These statements are not promised by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Outlook" on page 3.

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1. Results of Operations

(1) Overview of results of operations

The activities of Sanden Group are guided by the vision of “becoming the global leader in the fields of automotive compressors and integrated thermal management systems.” With the global automobile industry currently in the midst of a period of enormous changes, we are focusing on providing solutions with advanced technologies for electric vehicles, which are the source of competitive advantage, increasing our presence in China and Europe, two major growing markets, and further enlarging our broad customer base. As we take these actions, we will continue to be a source of products and services that accurately target the environmental requirements of our customers.

During the fiscal year under review, the world economy showed signs of a recovery in demand against the backdrop of the easing of restrictions on economic activities that had been imposed during the COVID-19 pandemic. However, the situation remained unstable due partly to the prolonged turmoil in Ukraine and the conflict in the Middle East, while the economy continued to be affected by inflation-linked interest rate hikes by central banks, surges in raw materials prices and supply shortages of certain parts including semiconductors.

Looking at the Group’s consolidated results for the fiscal year under review, net sales came to 179,279 million yen (up 2.0% year on year), attributable to an increase in the automobile production volume from the year-ago level chiefly in the Group’s mainstay European market, among other regions, as well as the impact of a significantly weaker yen in the foreign exchange market. Although profitability was improving in line with higher capacity utilization due to a recovery in sales, the Group posted an operating loss of 11,018 million yen (compared to an operating loss of 5,729 million yen a year ago), mainly reflecting surging raw material prices, the acquisition of new commercial rights, the number of which increased 37% year on year, and a rise in research and development expenses (up 22.8% year on year) for achieving medium- to long-term growth, as well as an increase in reserves for quality-related expenses attributable to previous designs. The ordinary loss amounted to 8,382 million yen (compared to an ordinary loss of 4,140 million yen a year ago), owing to improvements in investment profit by the equity method. Net loss before income taxes came to 4,093 million yen (compared to a net loss of 610 million yen a year ago), primarily attributable to the reversal of allowance for restructuring initiatives, which offset the posting of fixed-asset impairment loss, etc. Consequently, losses attributable to owners of parent was 3,359 million yen (loss attributable to owners of parent of 1,613 million yen in the same period of the previous year).

Segment information is omitted because the Group operates a single segment of Automotive Systems Business.

(2) Overview of financial condition

Total assets at the end of the fiscal year under review increased 5,111 million yen from the end of the previous fiscal year, to 162,539 million yen, primarily reflecting to an increase in property, plant and equipment due to capital investment, despite progress in reductions in non-current assets.

Liabilities came to 141,703 million yen, up 7,642 million yen from the end of the previous fiscal year, chiefly attributable to a growth in short-term borrowings.

Net assets decreased 2,530 million yen from the end of the previous fiscal year, to 20,836 million yen, reflecting a decrease in retained earnings.

(3) Overview of cash flows

Cash and cash equivalents were 21,620 million yen at the end of the fiscal year under review, up 4,518 million yen from the end of the previous fiscal year.

Cash provided by operating activities totaled 9,371 million yen (an increase of 19,497 million yen year on year), mainly attributable to decreases in trade receivables and inventories.

Net cash used in investing activities amounted to 11,602 million yen (the cash outflow increased 7,116 million yen year on year), mainly due to the purchase of property, plant and equipment of 11,224 million yen.

Net cash provided by financing activities was 5,794 million yen (an increase of 717 million yen year on year), primarily due to an increase in short-term borrowings.

Cash flow indicators are as follows.

	Fiscal period ended December 2022	Fiscal period ended December 2023
Equity ratio (%)	14.3	12.4
Market cap equity ratio (%)	13.8	13.6
Cash flow/interest-bearing debt ratio (X)	-	6.6
Interest coverage ratio (X)	-	7.2

Equity ratio is shareholders' equity divided by total assets.

Market cap equity ratio is market capitalization divided by total assets.

Cash flow/ interest-bearing debt ratio is interest-bearing debt divided by operating cash flows.

Interest coverage ratio is operating cash flows divided by interest expenses.

Notes: 1 All figures are based on consolidated financial data.

2 Market capitalization is calculated based on the number of shares issued after deducting treasury shares.

3 Operating cash flows are cash flows from operating activities in the consolidated statements of cash flows.

4 Interest-bearing debt is the sum of all interest-bearing liabilities on the consolidated balance sheets.

5 Interest expenses are interest paid as shown in the consolidated statements of cash flows.

6 Cash flow/interest-bearing debt ratio and interest coverage ratio are not shown for the fiscal periods that ended in December 2022 because there were negative operating cash flows.

(4) Outlook

The consolidated results forecast for the fiscal year ending December 31, 2024 is as shown below.

The Group expects that net sales will come to 180,000 million yen in consideration of continuing solid market conditions and the start of supply based on new commercial rights, although there are uncertain factors such as the impact of a decrease in production at customers against the backdrop of unstable supply chains caused by chaotic supply situations in many parts of the world attributable to conflicts in Ukraine and the Middle East.

In terms of profitability, the Group expects to post an operating loss of 6,800 million yen, taking into consideration the need to further enhance investment for future growth in response to the accelerated electrification of vehicles.

Ordinary loss and loss attributable to owners of parent are expected to be 2,800 million yen and 1,600 million yen, respectively, including the share of profit of entities accounted for using equity method.

The assumed foreign exchange rates for the fiscal year ending December 31, 2024 are 138.20 yen against the U.S. dollar and 150.00 yen against the euro.

(Million yen)

	Fiscal year ended December 2023 (Actual)	Fiscal year ending December 2024 (Forecast)
Net sales	179,279	180,000
Operating profit	(11,018)	(6,800)
Ordinary profit	(8,382)	(2,800)
Profit attributable to owners of parent	(3,359)	(1,600)

(5) Fundamental policy for allocation of earnings and dividends for the current fiscal year and next year

The Company positions the return of profit to shareholders as one of its key management priorities and its basic policy is to distribute profit according to consolidated financial results while simultaneously maintaining stable and continuous dividends.

However, in consideration of posting a loss attributable to owners of parent in the fiscal year under review, it has regrettably decided not to pay year-end dividends for the fiscal year ended December 31, 2023.

In addition, the Company has decided to refrain from paying any dividends for the fiscal year ending December 31, 2024 and to continue investing in growth to strengthen its financial base and respond to an accelerated shift to electric vehicles in the future.

Going forward, the Company will improve its profitability and financial conditions to achieve business growth based on the new medium-term plan announced today while also making its best efforts to resume dividend payments at the earliest possible time.

2. Basic Position concerning Selection of Accounting Standards

The Group is in the process of organizing its accounting policies and considering the timing for adopting them to prepare for the application of International Financial Reporting Standards (IFRS) in the future.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheets

(Million yen)

	Fiscal year ended December 2022 (As of December 31, 2022)	Fiscal year ended December 2023 (As of December 31, 2023)
ASSETS		
Current assets		
Cash and deposits	18,620	22,749
Notes and accounts receivable - trade, and contract assets	47,667	47,008
Merchandise and finished goods	15,016	13,450
Work in process	8,050	9,450
Raw materials	10,755	7,235
Other inventories	1,789	1,204
Accounts receivable - other	3,378	3,451
Consumption taxes receivable	4,540	2,443
Other	9,338	6,917
Allowance for doubtful accounts	(17,317)	(17,262)
Total current assets	101,840	96,647
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,016	13,782
Machinery, equipment and vehicles, net	7,008	12,828
Tools, furniture and fixtures, net	2,810	3,374
Land	6,552	6,600
Lease assets, net	1,868	1,779
Construction in progress	3,011	4,291
Total property, plant and equipment	35,267	42,657
Intangible assets		
Other	1,138	1,435
Total intangible assets	1,138	1,435
Investments and other assets		
Investment securities	18,188	20,276
Retirement benefit asset	88	100
Deferred tax assets	14	430
Other	2,051	3,684
Allowance for doubtful accounts	(1,160)	(2,693)
Total investments and other assets	19,181	21,799
Total noncurrent assets	55,588	65,892
Total assets	157,428	162,539

(Million yen)

	Fiscal year ended December 2022 (As of December 31, 2022)	Fiscal year ended December 2023 (As of December 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	35,737	38,099
Short-term borrowings	48,381	56,102
Current portion of long-term borrowings	268	300
Accounts payable - other	7,344	8,680
Lease obligations	1,921	1,498
Income taxes payable	1,155	1,267
Provision for bonuses	1,692	1,966
Provision for product warranties	4,798	6,738
Loss on compensation for damage	2,356	2,130
Allowance for structural reform	9,749	3,364
Other	9,838	11,285
Total current liabilities	123,244	131,434
Noncurrent liabilities		
Long-term borrowings	355	822
Lease obligations	4,408	3,403
Deferred tax liabilities	1,772	1,821
Retirement benefit liability	2,229	2,118
Provision for environmental measures	532	512
Other	1,518	1,589
Total noncurrent liabilities	10,816	10,269
Total liabilities	134,061	141,703
NET ASSETS		
Shareholders' equity		
Share capital	21,741	21,741
Capital surplus	14,081	14,081
Retained earnings	(16,765)	(20,125)
Treasury shares	(531)	(531)
Total shareholders' equity	18,525	15,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12)	60
Deferred gains or losses on hedges	-	(19)
Foreign currency translation adjustment	3,561	4,138
Remeasurements of defined benefit plans	410	847
Total accumulated other comprehensive income	3,959	5,027
Non-controlling interests	881	643
Total net assets	23,366	20,836
Total liabilities and net assets	157,428	162,539

(2) Statements of consolidated income and consolidated comprehensive income

Consolidated statement of income

(Million yen)

	Fiscal year ended December 2022 (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year ended December 2023 (Jan. 1, 2023 – Dec. 31, 2023)
Net sales	175,683	179,279
Cost of sales	154,030	157,476
Gross profit	21,653	21,803
Selling, general and administrative expenses	27,382	32,821
Operating profit (loss)	(5,729)	(11,018)
Non-operating income		
Interest income	48	130
Dividend income	25	35
Share of profit of investments accounted for using equity method	3,439	4,339
Rental income	772	798
Other	1,146	1,076
Total non-operating income	5,432	6,381
Non-operating expenses		
Interest expenses	1,142	1,299
Foreign exchange losses	612	392
Provision of allowance for doubtful accounts	481	32
Other	1,605	2,021
Total non-operating expenses	3,842	3,745
Ordinary profit (loss)	(4,140)	(8,382)
Extraordinary income		
Gain on sale of non-current assets	73	112
Gain on sale of shares of subsidiaries and associates	1,050	-
Reversal of allowance for doubtful accounts	2,487	1,061
Reversal of allowance for restructuring initiatives	3,732	5,805
Other	133	120
Total extraordinary income	7,477	7,100
Extraordinary losses		
Impairment losses	2,906	2,442
Loss on disposal of non-current assets	131	102
Other	909	265
Total extraordinary losses	3,947	2,811
Profit (loss) before income taxes	(610)	(4,093)
Income taxes - current	842	(208)
Income taxes - deferred	221	(236)
Total income taxes	1,064	(445)
Profit (loss)	(1,674)	(3,648)
Profit (loss) attributable to non-controlling interests	(60)	(288)
Profit (loss) attributable to owners of parent	(1,613)	(3,359)

Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended December 2022 (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year ended December 2023 (Jan. 1, 2023 – Dec. 31, 2023)
Profit (loss)	(1,674)	(3,648)
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	63
Deferred gains or losses on hedges	-	(19)
Foreign currency translation adjustment	(296)	(224)
Remeasurements of defined benefit plans, net of tax	695	436
Share of other comprehensive income of associates accounted for using equity method	862	861
Total other comprehensive income	1,249	1,117
Comprehensive income	(424)	(2,530)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(449)	(2,292)
Comprehensive income attributable to non-controlling interests	24	(238)

(3) Consolidated statement of changes in equity
Previous fiscal period (Jan. 1, 2022 – Dec. 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,741	14,081	(15,151)	(565)	20,105
Changes during period					
Profit (loss) attributable to owners of parent			(1,613)		(1,613)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				34	34
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,613)	33	(1,580)
Balance at end of period	21,741	14,081	(16,765)	(531)	18,525

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(4)	-	3,084	(284)	2,795	934	23,835
Changes during period							
Profit (loss) attributable to owners of parent							(1,613)
Purchase of treasury shares							(0)
Purchase of treasury shares							34
Net changes in items other than shareholders' equity	(7)	-	476	695	1,164	(53)	1,111
Total changes during period	(7)	-	476	695	1,164	(53)	(469)
Balance at end of period	(12)	-	3,561	410	3,959	881	23,366

Current fiscal year (Jan. 1, 2023 – Dec. 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	21,741	14,081	(16,765)	(531)	18,525
Changes during period					
Profit (loss) attributable to owners of parent			(3,359)		(3,359)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(3,359)	(0)	(3,359)
Balance at end of period	21,741	14,081	(20,125)	(531)	15,165

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(12)	-	3,561	410	3,959	881	23,366
Changes during period							
Profit (loss) attributable to owners of parent							(3,359)
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	73	(19)	576	436	1,067	(238)	829
Total changes during period	73	(19)	576	436	1,067	(238)	(2,530)
Balance at end of period	60	(19)	4,138	847	5,027	643	20,836

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended December 2022 (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year ended December 2023 (Jan. 1, 2023 – Dec. 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(610)	(4,093)
Depreciation	4,462	4,965
Increase (decrease) in provision for bonuses	116	217
Increase (decrease) in retirement benefit liability	(700)	(281)
Increase (decrease) in allowance for doubtful accounts	(2,811)	410
Increase (decrease) in provision for product warranties	(92)	1,844
Increase (decrease) in provision for environmental measures	43	(19)
Increase (decrease) in provision for loss on compensation for damage	(71)	(223)
Interest and dividend income	(73)	(166)
Interest expenses	1,142	1,299
Share of loss (profit) of entities accounted for using equity method	(3,439)	(4,339)
Gain on sale of non-current assets	(73)	(112)
Loss on disposal of non-current assets	131	102
Loss (gain) on sale of shares of subsidiaries and associates	(1,050)	-
Reversal of allowance for restructuring initiatives	(3,732)	(5,805)
Impairment losses	2,906	2,442
Decrease (increase) in trade receivables	(1,178)	3,642
Decrease (increase) in inventories	(966)	6,615
Decrease (increase) in accounts receivable – other	130	(17)
Decrease (increase) in consumption taxes refund receivable	(1,751)	2,357
Increase (decrease) in other non-current liabilities	(420)	(109)
Increase (decrease) in trade payables	3,610	1,353
Increase (decrease) in accounts payable - other	(1,764)	157
Increase (decrease) in accrued expenses	901	(228)
Decrease (increase) in other current assets	(918)	683
Increase (decrease) in other current liabilities	3	455
Other, net	(4,995)	(6,669)
Subtotal	(11,202)	4,480
Interest and dividends received	2,907	6,319
Interest paid	(1,163)	(1,296)
Income taxes refund (paid)	(667)	(131)
Net cash provided by (used in) operating activities	(10,125)	9,371

(Million yen)

	Fiscal year ended December 2022 (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year ended December 2023 (Jan. 1, 2023 – Dec. 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,905)	(11,224)
Proceeds from sales of property, plant and equipment	175	366
Purchase of intangible assets	(84)	(691)
Purchase of investment securities	(17)	(18)
Payments into time deposits	-	18
Proceeds from withdrawal of time deposits	2	(0)
Proceeds from sale of shares of subsidiaries and associates	1,166	-
Other, net	176	(52)
Net cash provided by (used in) investing activities	(4,486)	(11,602)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,829	7,320
Proceeds from long-term borrowings	-	1,140
Repayments of long-term borrowings	(341)	(688)
Repayments of lease obligations	(2,444)	(1,976)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	34	-
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	5,077	5,794
Effect of exchange rate change on cash and cash equivalents	725	954
Net increase (decrease) in cash and cash equivalents	(8,809)	4,518
Cash and cash equivalents at beginning of period	25,912	17,102
Cash and cash equivalents at end of period	17,102	21,620

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

None

(Change in accounting policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Effective from the beginning of the fiscal year under review, the Group applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). In accordance with the transitional treatment stipulated in Paragraph 27-2 of this guidance, the Group has decided to adopt the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively from the date of the change. There is no impact for the consolidated financial statements.

(Segment information)

I Previous fiscal period (January 1, 2022 – December 31, 2022)

Omitted because the Sanden Group has only the single reportable segment of Automotive Systems.

II Current fiscal year (January 1, 2023 – December 31, 2023)

Omitted because the Sanden Group has only the single reportable segment of Automotive Systems.

(Per-share information)

(Yen)

	Previous fiscal period (January 1, 2022 – December 31, 2022)	Current fiscal year (January 1, 2023 – December 31, 2023)
Net asset per share	201.75	181.18
Earnings (loss) per share	(14.48)	(30.15)

Notes: 1. Diluted earnings per share, which represents diluted loss per share, has not been presented because there was no dilution for the fiscal year.

2. Shares held by the Executive Compensation Board Incentive Plan (BIP) Trust is included in treasury shares which is excluded from the average number of shares in each period used to calculate the earnings (loss) per share, and is included in treasury shares which is excluded from the number of shares at the end of each period used to calculate the net assets per share.

The average number of shares held by this trust was 129,595 shares in the previous fiscal period and 123,315 shares in the current fiscal year. This trust held 123,315 shares as of December 31, 2022 and 123,315 shares as of December 31, 2023.

3. The basis for calculating earnings (loss) per share is as follows.

	Previous fiscal period (January 1, 2022 – December 31, 2022)	Current fiscal year (January 1, 2023 – December 31, 2023)
Profit (loss) attributable to owners of parent (million yen)	(1,613)	(3,359)
Profit not attributable to common shareholders (million yen)	-	-
Profit (loss) attributable to owners of parent related to common shares (million yen)	(1,613)	(3,359)
Average number of shares outstanding (shares)	111,444,871	111,450,389

(Significant subsequent event)

None