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## Notice of the New Medium-Term Management Plan (SHIFT2028)

The Sanden Group has been working to create new corporate value by maximizing synergies from the capital and business alliance with Hisense Home Appliances Group Co., Ltd. In light of the recent changes in the business environment and market, we are pleased to announce the completion of the Business Revitalization Plan period through FY2023, and to announce our new medium-term management plan for the five-year period beginning in FY2024 and ending in FY2028, as described below.

### 1. Recognition of business environment and management issues

Based on the business revitalization plan agreed to in the Turnaround ADR process in 2021, our group has been working on the following five reform plans. (1) Fundamental review of production system, (2) Improvement of basic profitability, (3) Growth through active "collaborative creation," (4) Cash flow generation through recapitalization and asset reform, and (5) Structure reform for implementation. In line with the electrification of the automotive market, we have strengthened our Integrated Thermal Management System area, with a focus on electric compressors, by active investment in technologies and products for New Energy Vehicles (NEVs). As a result, in addition to global OEMs in Europe, our main market, we also took full advantage of synergies within the Hisense Group to win new commercial rights in China, the largest automotive market, with our new products, resulting in a 37% increase in new commercial rights won globally in 2023 over the previous year.

Under these circumstances, we recognize that in order for our group to achieve sustainable growth, it is an important management issue to continuously invest in growth to ensure that acquired commercial rights are converted into revenue, implement a thorough region strategy, further improve profitability, and enhance the efficiency of human resource development and organizational management to support these efforts.

### 2. Approach to the Medium-Term Management Plan

Against this background, we have concluded the business revitalization plan period up to last fiscal year. In order to accelerate business growth, we have once again reviewed our medium-term business plan and formulated a new one with the aim of ensuring that we can achieve a new phase of growth by clarifying our corporate policy to resolve issues.

While revenue stagnated until FY2024 due to the impact of commercial rights acquisitions that declined during the period of the Turnaround ADR process through 2021, we were able to acquire a number of new commercial rights last year. Due to the characteristics of the automotive market, continuous technological development and production investment are required before they are reflected in revenue, but we will establish a foundation for business growth by promoting these efforts.

Under the new medium-term management plan, we will transform from being a component supplier to a "Full solution system supplier" and achieve sustainable growth as a leading company in Integrated Thermal Management Systems.

### 3. Medium-Term Management Targets (consolidated basis for FY2028)

#### 3-1. Plan Name

SHIFT2028

### 3-2. Planning Period

January 1, 2024 to December 31, 2028

### 3-3. Consolidated Management Indicators

FY2028

Revenue 300 billion yen

Ordinary income 9 billion yen

### 3-4. Basic Policy

Focusing on the NEV market and always have a customer-first perspective, we provide competitive and flexible Integrated Thermal Management System Solutions based on its electric compressor product capabilities.

### 3-5. Key Strategies

In order to achieve our medium-term business target, we will engage in six key strategies.

- (1) Expand market share by strengthening system sales to global OEMs in Europe
- (2) Maximize group synergy to capture growth in the Chinese thermal management market
- (3) Expand North American business for NEV products by strengthening investment in the North American market
- (4) Promote product platforming and respond flexibly to various customer needs by leveraging the strengths of independent companies
- (5) Optimize global production layout and supply chain to achieve sustainability
- (6) Strengthen and standardize human resource development and improve efficiency of organizational operations by promoting digitalization

To “provide comfort to vehicles and the earth through innovative technologies,” we will steadily implement this medium-term management plan under the new corporate slogan, “Innovating Comfort,” and create new corporate value.