

## **Strengthen Air Conditioning System Production Capacity in China** **Established production system for 4.5 million units per year and** **started mass production**

Having successfully increased orders for air conditioning systems in the China area, we have been strengthening our HVAC production capacity since last year. Last month, we completed the construction of an annual production capacity of 4.5 million units and started mass production.

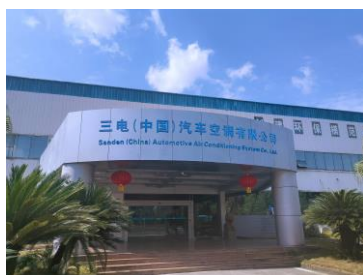


**HVAC** (Heating, Ventilation and Air Conditioning) :  
The HVAC system is the core component of an automotive air conditioning system that regulates the optimal temperature, humidity, airflow, and indoor air quality in the vehicle cabin. It ensures thermal comfort for the driver and passengers.

Since 2022, we have intensified our activities to acquire new nominations and have achieved many new commercial concessions; in 2023, we have acquired new commercial concessions globally, up 37% from the previous year (2022).

In order to respond steadily to these increases in demand, we have expanded capital investment by strengthening production capacity and launching new production lines. Among them, we have completed the construction of a production system for 4.5 million units per year, an increase of 41% from 2021, and started mass production in order to strengthen our production capacity, especially for HVAC, in response to the increase in orders for air conditioning systems in China. The Chinese market is currently the world's largest automobile market, and is as important to us as it is to Europe. We have been producing and supplying HVAC systems at a total of 8 plants, including Chongqing and Tianjin, and have significantly increased production capacity by aggressively launching production lines for 10 models for new commercial rights acquired in 2022 and 2023 and investing in production efficiency improvement.

In addition to China's top-class automakers, we have already begun mass production and supply to emerging electric vehicle manufacturers.



Chongqing Sanden



Tianjin Sanden

Based on our mid-term management plan "SHIFT2028" from 2024 to 2028, we aim to grow from a component supplier to a "Full Solution System Supplier". In response to changes in the global market, including China, we will strive to develop technologies and strengthen our production base to meet the trust and expectations of our customers.

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