

# SANDEN CORPORATION

May 15, 2024

## SUMMARY OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2024

Fiscal year ending December 31, 2024

### 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 filing date for quarterly report: May 15, 2024

Planned date of dividend payment: -

Supplementary briefing materials created for the quarterly report: Yes

Briefing sessions held on quarterly results: None

(Fractions less than ¥1 million omitted)

### 1. Consolidated Financial Results for the first quarter of current fiscal year (January 1, 2024- March 31, 2024)

(1) Results of operations (%: percentage change from previous fiscal year)

	Net sales (Millions of ¥, %)		Operating income (Millions of ¥, %)		Income before extraordinary items (Millions of ¥, %)		Net income (Millions of ¥, %)	
1Q of Fiscal year ending December 31, 2024	46,453	8.7	(1,752)	-	622	-	299	(39.2)
1Q of Fiscal year ending December 31, 2023	42,744	4.9	(1,617)	-	19	(96.5)	492	36.1

Notes: Equity in Comprehensive Income: 1Q of Fiscal year ending December 31, 2024 ¥ 1,296million 115.8%  
1Q of Fiscal year ended December 31, 2023 ¥ 600million (62.3%)

	Net income per share basic (¥)	Net income per share diluted (¥)
1Q of Fiscal year ending December 31, 2024	2.69	-
1Q of Fiscal year ended December 31, 2023	4.42	-

(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 (¥)
1Q of Fiscal year ending December 31, 2024	167,061	22,132	12.8	192.10
Fiscal year ended December 31, 2023	162,539	20,836	12.4	181.18

Notes: Equity capital 1Q of Fiscal year ending December 31, 2024 ¥ 21,409million  
Fiscal year ended December 31, 2023 ¥ 20,192million

### 2. Dividends

	Dividend per share (¥)				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended December 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2024	-	-	-	-	-
Fiscal year ending December 31, 2024 (Forecast)	-	0.00	-	0.00	0.00

Note: Revisions made since the most recently published dividends forecast: None

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

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

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

Note: Revisions made since the most recently published earnings forecast: None

**\*Notes**

- (1) Changes in significant subsidiaries during the first quarter of the current fiscal year (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Specific accounting treatment used in the creation of the quarterly consolidated financial statements: Yes.  
For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Specific accounting treatment used in the creation of the quarterly consolidated financial statements)" on page 7 of the attached document.
- (3) Changes in accounting principles and estimates, and retrospective restatement
  - (a) Changes due to revision of accounting standards: None
  - (b) Changes other than in (a): None
  - (c) Changes in accounting estimates: None
  - (d) Retrospective restatement: None

(4) Number of outstanding shares (common stock, shares)

(a) Outstanding shares (including treasury shares)	As of March 31, 2024:	111,693,313	As of December 31, 2023:	111,693,313
(b) Treasury shares	As of March 31, 2024:	243,186	As of December 31, 2023:	243,057
(c) Average number of shares outstanding during the first quarter (cumulative)	As of March 31, 2024:	111,450,185	As of March 31, 2023:	111,450,583

\*Summary of quarterly financial results is exempt from quarterly review of audit procedures of Certified Public Accountant or Audit Firm.

\*Cautionary statement regarding forecasts of operating results and special notes  
(Note regarding the forward-looking statements)

The forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions which are regarded as legitimate. These statements are not promised by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. For information about the forecasts, please see "1. Qualitative Information on Quarterly Financial Results-(3) An explanation of future, predictive data, such as consolidated earnings forecasts" on page 2 of Supplementary Information.

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## 1. Qualitative Information on Quarterly Financial Results

### (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.” Under the medium-term management plan that Sanden Corporation announced this year, the Company aims to transform from a supplier of components to a “supplier of full solution systems” and achieve sustainable growth and as a leading company in integrated thermal management systems. With the automobile industry currently in the midst of a period of enormous changes, we are focusing on the new energy vehicle (NEV) market. We will offer competitive, flexible integrated thermal management system solutions by utilizing our electric compressor manufacturing capabilities. Our priority will always be our customers.

During the first quarter under review, the global economy experienced uncertainty but showed moderate signs of recovery. However, certain regions displayed indications of economic slowdown due to prolonged confusion caused by military conflicts in Ukraine and the Middle East, as well as underlying inflationary trends.

Looking at the Group’s consolidated results for the first quarter under review, net sales came to 46,453 million yen (up 8.7% year on year), attributable to the impact of significantly weaker yen in the foreign exchange market, as well as an automobile production volume that remained flat from a year ago in most regions. Although profitability has been improving in line with higher capacity utilization associated with a recovery in sales, the Group posted an operating loss of 1,752 million yen (compared to an operating loss of 1,617 million yen a year ago), mainly attributable to surging raw material prices, the acquisition of new commercial rights, which increased 115% year on year, and a rise in research and development expenses (up 28.5% year on year) for achieving medium- to long-term growth. Ordinary profit amounted to 622 million yen (compared to an ordinary profit of 19 million yen a year ago), chiefly due to a gain on valuation of foreign currency receivables and a share of profit of entities accounted for using equity method. Profit before income taxes came to 616 million yen (down 3.8% year on year). Consequently, profit attributable to owners of parent stood at 299 million yen (down 39.2% year on year).

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

### (2) Explanation of financial condition

Total assets at the end of the first quarter under review increased 4,521 million yen from the end of the previous fiscal year, to 167,061 million yen, primarily reflecting an increase in property, plant and equipment due to capital investment and a rise in investment securities due to profit posted at entities accounted for using the equity method.

Liabilities came to 144,928 million yen, up 3,225 million yen from the end of the previous fiscal year, chiefly attributable to other in current liabilities including accrued expenses.

Net assets increased 1,296 million yen from the end of the previous fiscal year, to 22,132 million yen, chiefly reflecting an increase in foreign currency translation adjustments.

### (3) Explanation of consolidated earnings forecasts and other future predictions

There has been no revision to the consolidated forecasts for the fiscal year ending December 31, 2024, which were released on February 14, 2024.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended December 2023 (As of December 31, 2023)	First quarter ended March 2024 (As of March 31, 2024)
<b>ASSETS</b>		
Current assets		
Cash and deposits	22,749	19,051
Notes and accounts receivable - trade, and contract assets	47,008	50,126
Merchandise and finished goods	13,450	13,444
Work in process	9,450	9,749
Raw materials	7,235	7,593
Other inventories	1,204	1,387
Accounts receivable - other	3,451	3,015
Consumption taxes receivable	2,443	3,573
Other	6,917	7,544
Allowance for doubtful accounts	(17,262)	(18,208)
Total current assets	96,647	97,278
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,782	13,851
Machinery, equipment and vehicles, net	12,828	13,657
Tools, furniture and fixtures, net	3,374	3,733
Land	6,600	6,662
Lease assets, net	1,779	1,748
Construction in progress	4,291	4,637
Total property, plant and equipment	42,657	44,290
Intangible assets		
Other	1,435	1,598
Total intangible assets	1,435	1,598
Investments and other assets		
Investment securities	20,276	22,323
Retirement benefit asset	100	100
Deferred tax assets	430	501
Other	3,684	3,851
Allowance for doubtful accounts	(2,693)	(2,883)
Total investments and other assets	21,799	23,893
Total noncurrent assets	65,892	69,783
Total assets	162,539	167,061

(Million yen)

	Fiscal year ended December 2023 (As of December 31, 2023)	First quarter ended March 2024 (As of March 31, 2024)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	38,099	38,536
Short-term borrowings	56,102	57,577
Current portion of long-term borrowings	300	347
Accounts payable - other	8,680	8,115
Lease obligations	1,498	1,495
Income taxes payable	1,267	1,128
Provision for bonuses	1,966	1,228
Provision for product warranties	6,738	6,701
Loss on compensation for damage	2,130	2,145
Allowance for structural reform	3,364	3,709
Other	11,285	13,679
Total current liabilities	131,434	134,665
Noncurrent liabilities		
Long-term borrowings	822	788
Lease obligations	3,403	3,093
Deferred tax liabilities	1,821	2,022
Retirement benefit liability	2,118	2,225
Provision for environmental measures	512	535
Other	1,589	1,597
Total noncurrent liabilities	10,269	10,263
Total liabilities	141,703	144,928
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	21,741	21,741
Capital surplus	14,081	14,081
Retained earnings	(20,125)	(19,826)
Treasury shares	(531)	(531)
Total shareholders' equity	15,165	15,465
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60	128
Deferred gains or losses on hedges	(19)	(3)
Foreign currency translation adjustment	4,138	4,889
Remeasurements of defined benefit plans	847	930
Total accumulated other comprehensive income	5,027	5,944
Non-controlling interests	643	723
Total net assets	20,836	22,132
Total liabilities and net assets	162,539	167,061

## (2) Statements of quarterly consolidated income and consolidated comprehensive income

Quarterly consolidated statement of income  
 First quarter of the fiscal year

(Million yen)

	First quarter ended March 2023 (Jan. 1, 2023 – Mar. 31, 2023)	First quarter ended March 2024 (Jan. 1, 2024 – Mar. 31, 2024)
Net sales	42,744	46,453
Cost of sales	37,645	40,222
Gross profit	5,099	6,230
Selling, general and administrative expenses	6,716	7,982
Operating profit (loss)	(1,617)	(1,752)
Non-operating income		
Interest income	13	119
Dividend income	-	13
Foreign exchange gains	382	1,348
Share of profit of investments accounted for using equity method	1,615	1,019
Rental income	200	202
Other	190	296
Total non-operating income	2,401	3,001
Non-operating expenses		
Interest expenses	429	367
Other	335	259
Total non-operating expenses	764	626
Ordinary profit	19	622
Extraordinary income		
Gain on sale of non-current assets	46	5
Reversal of allowance for doubtful accounts	638	19
Other	14	0
Total extraordinary income	699	26
Extraordinary losses		
Loss on disposal of non-current assets	8	8
Other	69	23
Total extraordinary losses	78	32
Profit before income taxes	640	616
Income taxes	142	299
Profit	498	317
Profit attributable to non-controlling interests	5	17
Profit attributable to owners of parent	492	299

Quarterly consolidated statement of comprehensive income  
 First quarter of the fiscal year

(Million yen)

	First quarter ended March 2023 (Jan. 1, 2023 – Mar. 31, 2023)	First quarter ended March 2024 (Jan. 1, 2024 – Mar. 31, 2024)
Profit	498	317
Other comprehensive income		
Valuation difference on available-for-sale securities	21	60
Deferred gains or losses on hedges	(6)	15
Foreign currency translation adjustment	(360)	(104)
Remeasurements of defined benefit plans, net of tax	52	83
Share of other comprehensive income of associates accounted for using equity method	396	925
Total other comprehensive income	102	979
Comprehensive income	600	1,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	599	1,216
Comprehensive income attributable to non-controlling interests	1	79



(3) Notes on consolidated quarterly financial statements

(Notes on going concern assumption)

None

(Note on significant change in shareholders' equity)

None

(Application of accounting methods specifically for consolidated quarterly financial statements)

	First quarter of the current fiscal year (January 1 to March 31, 2024)
Calculation of taxes	Taxes are calculated by determining a reasonable estimate of the effective tax rate, after the application of tax effect accounting, for profit before income taxes in the current fiscal year (including the first quarter). Quarterly profit before income taxes is then multiplied by this estimated effective tax rate to calculate taxes. However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used. Income taxes - deferred are included in income taxes.

(Segment information)

I First quarter of the previous fiscal year (January 1, 2023 – March 31, 2023)

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

II First quarter of the current fiscal year (January 1, 2024 – March 31, 2024)

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