



# Financial Results of 2nd Quarter for the Year Ending December 31, 2023

August 2023

## Sanden Corporation

# CONTENTS

## **Progress in Activities for Growth**

1. Progress of the Business Revitalization Plan
2. Realization of a virtuous cycle for growth
3. Initiatives for the future

## **Financial Results of 2nd Quarter for the Year Ending December 31, 2023**

1. Points of the financial results
2. Summary of consolidated financial results
3. Sales by region from the automotive systems business segment
4. Operating income (Year-on-year comparison)
5. Cash flows from operating activities ( Year-on-year comparison )
6. Consolidated balance sheet ( Year-on-year comparison )

# 1 . Progress of the Business Revitalization Plan

## The outline of the business revitalization plan

In May 2021, we are working on each measure for the business revitalization based on the business revitalization plan agreed by the financial institutions.

**Business Revitalization Plan Period** : Until March 31, 2026 (the end of the planned term of the business revitalization plan)

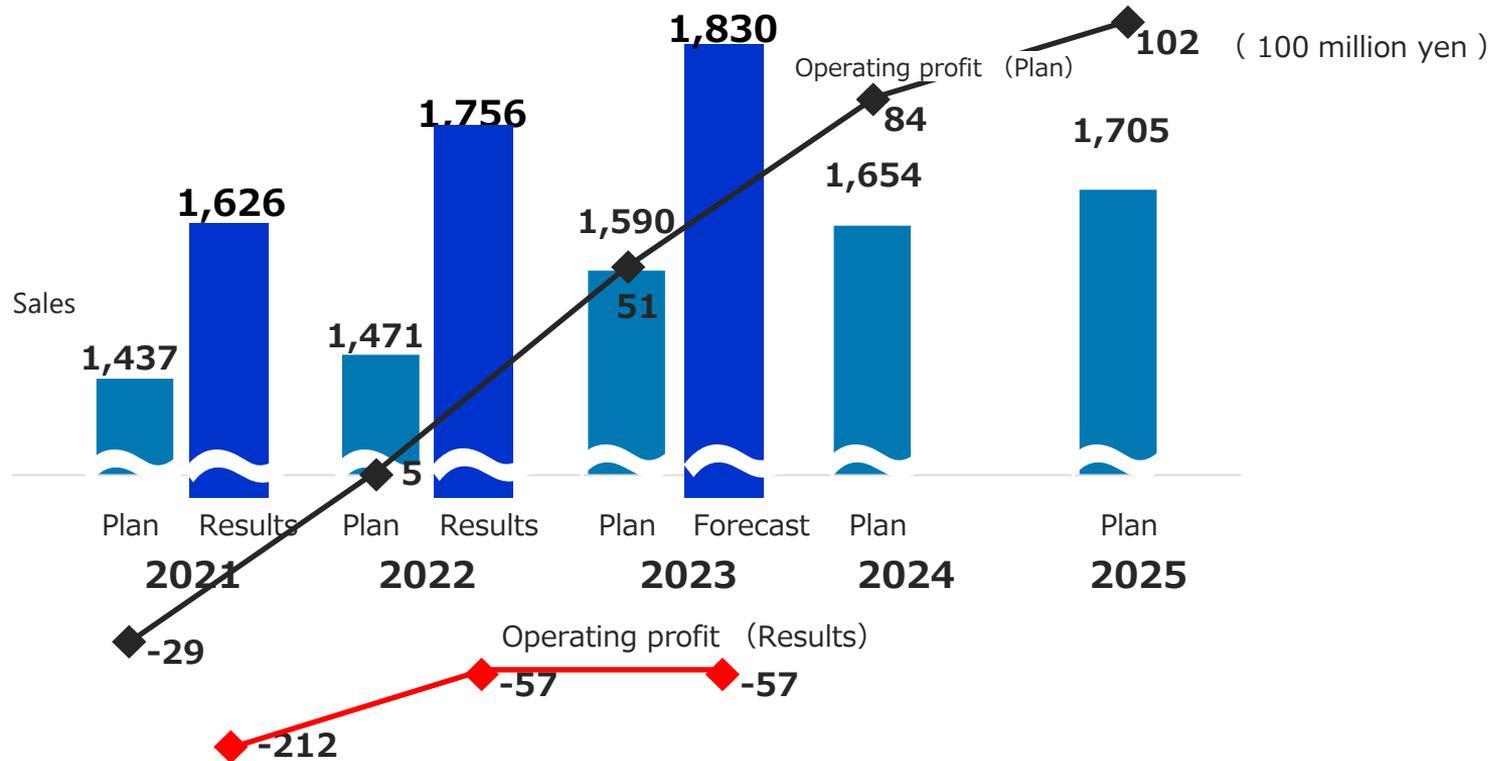
**Management Plan Target Figures** : Fiscal year ending March 31, 2026 Net sales: 170.5 billion yen  
Operating income: 10.2 billion yen

### Measures for business restructuring

5 reform plans	1	Drastic review of production system
	2	“Enhancement of basic earning power
	3	Growth by actively promoting “collaborative creation”
	4	Strengthen cash flow generation measures
	5	Reform in system for implementation

# 1. Progress of the Business Revitalization Plan

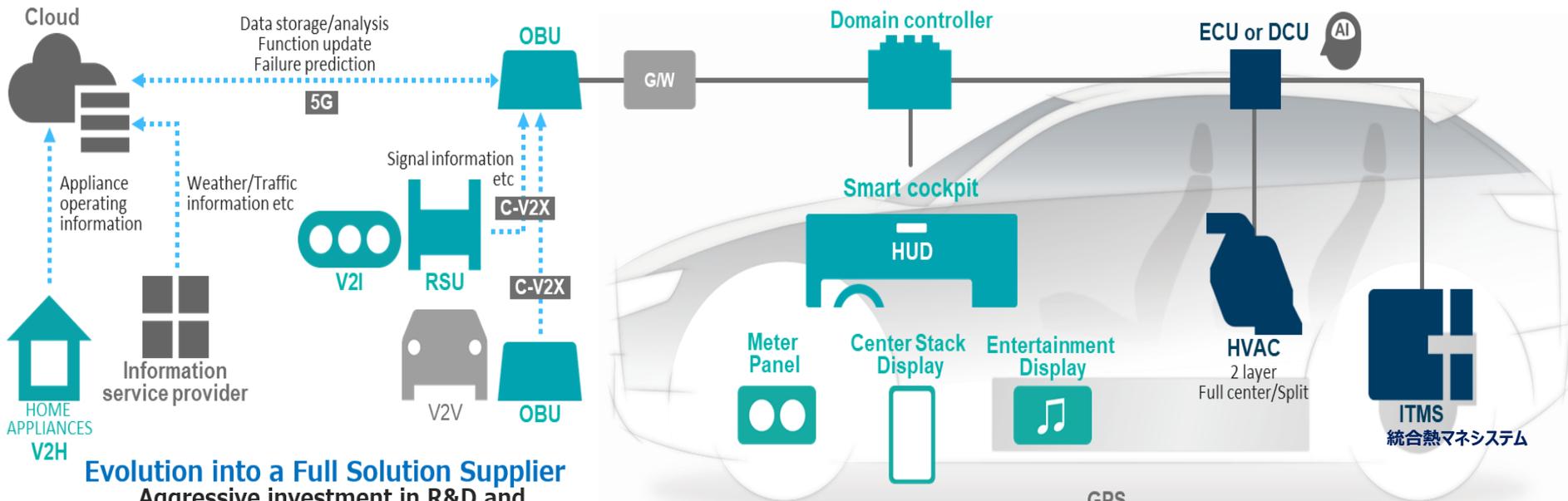
Plan is 12 months from April to March    Actual is January to December



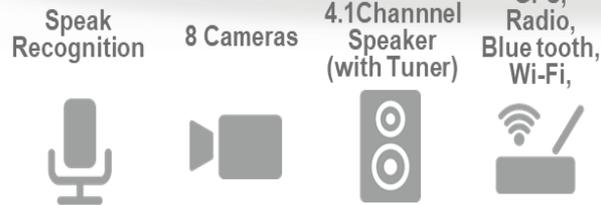
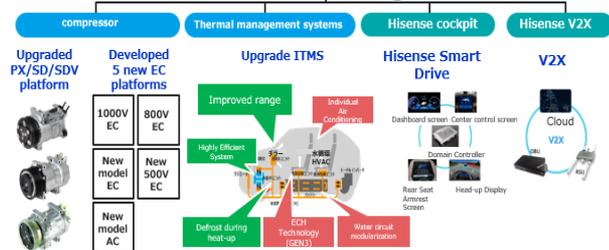
## 2. Realization of a virtuous cycle for growth

	<u>Jan-Jun 2022</u>	<u>Jan-Jun 2023</u>	
※ <b>Acquire new commercial rights</b>	91.0 billion yen	188 billion yen	<b>Double</b> (Compared to the previous year)
◆ Existing Customers : China area (local customers/global customers)			
◆ New Customers : Start-up EV Manufacturer & Leading Agricultural Equipment Manufacturer			
◆ Main acquisition areas : China, Europe			
◆ Main acquired products : Electric compressors, ECH, HVAC Mechanical compressors (share up), etc.			
※Total lifetime sales of commercial rights acquired in January-June Total lifetime sales from SOP per deal			
<b>R&amp;D Expenses</b>	2.6 billion yen	3.3billion yen	<b>+27%</b> ( Compared to the previous year )
<b>(Growth Investment Expenses)</b>	3.3 billion yen	5billion yen	<b>+52%</b> ( Compared to the previous year )
<b>Purchase of property, plant and equipment</b>	2.7billion yen	4.1billion yen	<b>1.5 times</b> (Compared to the previous year )

# 3. Initiatives for the future



## Evolution into a Full Solution Supplier Aggressive investment in R&D and manufacturing



### 3. Initiatives for the future

## Number of Patent Applications



- Continued to file applications in the first half of CY23. (49% of planned applications filed)
- Increase in applications in CY22: 4 times (441%) compared to CY20, 3 times (297%) compared to CY21
- Air-conditioning systems and EC-related applications, which will be the axis of future growth, account for 76% of total applications.  
Air conditioning systems: +5 times (538%) compared to CY20, +3 times (333%) compared to CY21; EC: +4 times (381%) compared to CY20, +3 times (265%) compared to CY21

# 3. Initiatives for the future

## Product Technology Roadmap (Integrated Thermal)



Product	Direction	2023	2024	2025	2026	2027	2028	2029	2030
ITMS	1. High efficiency 2. Comfort 3. Modularization 4. Intelligence	<b>ITMS 2.0</b>  BATT thermal management Waste heat recovery	 Feature: • Unique dehumidification Heating Function to save energy all year around • Easy installation • Highly integrated		<b>ITMS 3.0</b>  Integrated thermal management Coolant loop centralized control	 Feature: • Highly integrated • Good heating capacity • More energy saving • Compatible with different Refrigerant cost improvement vs ITMS 2.0.	 Feature: • Networking • Intelligence	<b>SMART CABIN &amp; NEXT ITMS</b>  Feature: • Personal comfort • Enjoyable	
		1. Modular Tech 2. Natural Refri. System 3. Hotgas Tech 4. MBD Tech 5. Intelligence control Tech	 <b>High AEER</b> Refrigerant Valve integrated module Tech	 <b>Industry No.1</b> Hot Gas Tech	 Refrigerant Unit integrated module Tech	 Coolant module Tech	 Intelligence control Tech	 Unique HP dehumidify heating Tech	 Heat exchanger for Natural Refrigerant system

# CONTENTS

## Progress in Activities for Growth

1. Progress of the Business Revitalization Plan
2. Realization of a virtuous cycle for growth
3. Initiatives for the future

## Financial Results of 2nd Quarter for the Year Ending December 31, 2023

1. Points of the financial results
2. Summary of consolidated financial results
3. Sales by region from the automotive systems business segment
4. Operating income (Year-on-year comparison)
5. Cash flows from operating activities (Year-on-year comparison)
6. Consolidated balance sheet (Year-on-year comparison)

# 1 . Points of the financial results

---

**1**

Net sales increased 5.1 billion yen (+6.2%) year-on-year. Excluding forex, net sales increased 0.6 billion yen (+0.7%). In addition to a year-on-year recovery in vehicle production in each region, foreign exchange effects also contributed to the increase.

In Europe, the market growth for trucks was captured, and in Asia, despite growth in the Indian market, the overall Asian region remained flat, resulting in a slight increase in net sales including other regions.

**2**

Operating income decreased by 1.0 billion yen year-on-year.

In addition to the deterioration of the product mix, increased investment in growth and development could not be offset by cost reductions, productivity improvements, and other improvements, as well as the impact of foreign exchange rate.

However, net income increased by 1.6 billion yen. Reversal of allowance for doubtful accounts due to partial collection of long-term receivables contributed to the increase.

**3**

Cash flows from operating activities was positive 4.4 billion yen. Inventory reductions due to the rebuilding of the supply chain, which had been in disarray, contributed to the positive cash flow.

However, in Europe, semiconductor shortages are expected to continue for both customers and component manufacturers.

On the other hand, global financial instability is smoldering, and while policies by central banks in various countries are calming down, the impact of vehicle sales due to bankruptcies of financial institutions, etc. needs to be monitored closely.

## 2. Summary of consolidated financial results

Financial Results for  
2Q FY12/2023

[In 100 million yen]

	Fy 2022 Jan~Jun 2022 results	Fy 2023 Jan~Jun 2023 results	Ver Previous year		Fy 2022 Apr~Jun 2022	Fy 2023 Apr~Jun 2023	Ver Previous year	
			Difference	Ratioed			Difference	Ratioed
Sales	824	875	51	6.2%	416	447	31	7.5%
Operating Profit	(35)	(44)	(10)	-27.7%	(25)	(28)	(3)	-12.8%
Ordinary Profit	(16)	(10)	6	36.9%	(21)	(10)	11	52.7%
Net income attributable to owners of the parent company Ordinary Profit	(19)	(3)	16	83.4%	(23)	(8)	15	65.3%
Exchange	US\$	123 yen	135 yen	12 yen	129 yen	137 yen	8 yen	
	EUR	134 yen	146 yen	11 yen	138 yen	149 yen	11 yen	

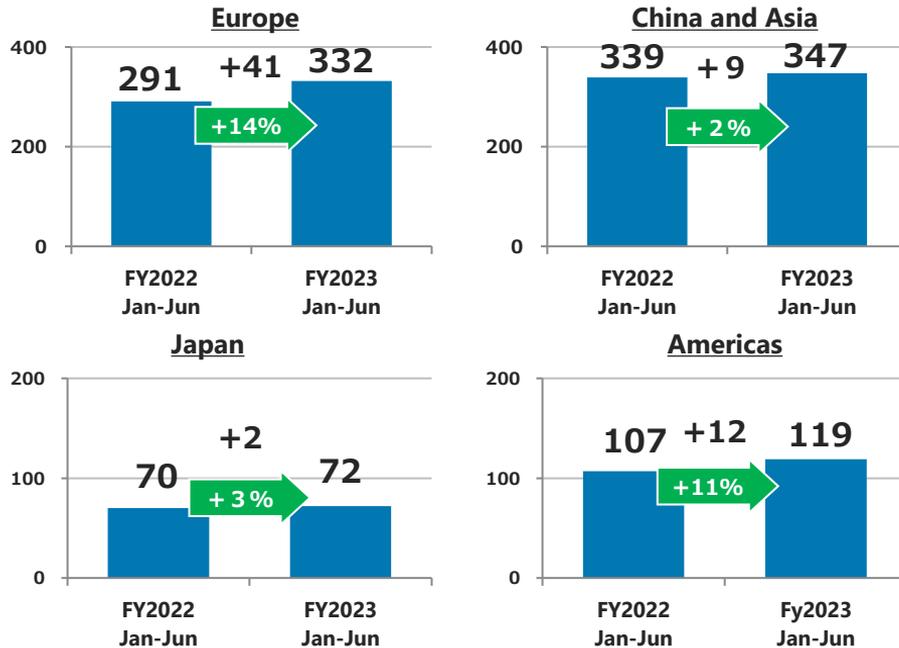
\* Exchange rate: Average market rate

# 3. Sales by region from the automotive systems business segment 2Q FY12/2023

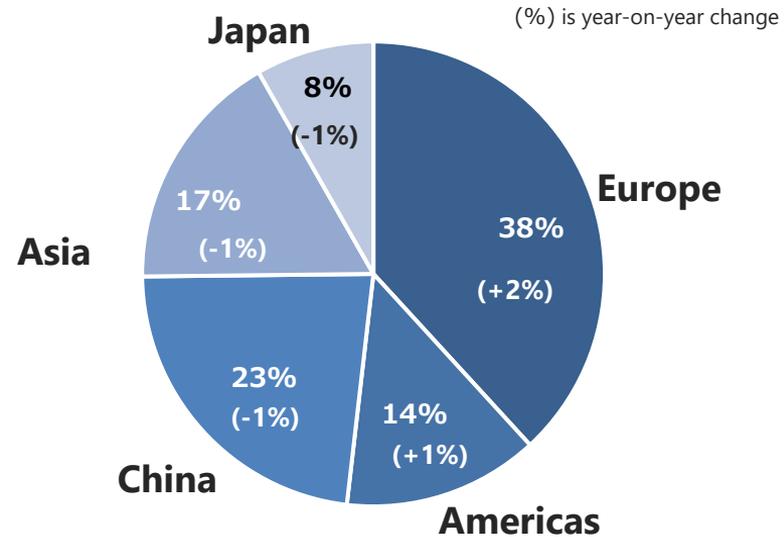
## Net sales 87 billion yen Increase 6.3 billion yen (Up 8% year-on-year)

(Increase by 4.5 billion yen due to currency effects)

### ■ Regional sales [In 100 million yen]



### ■ Composition by regions



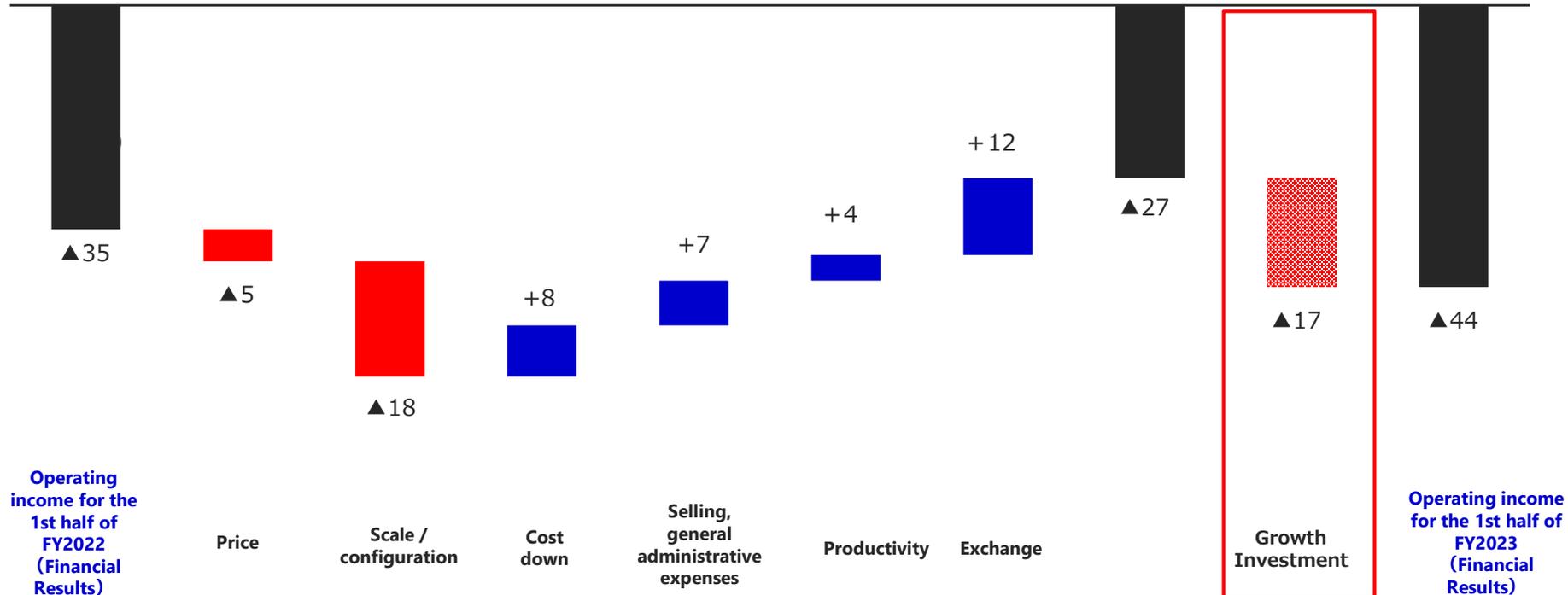
# 4. Operating income (Year-on-year comparison)

## Jan-Jun FY2022 comparison

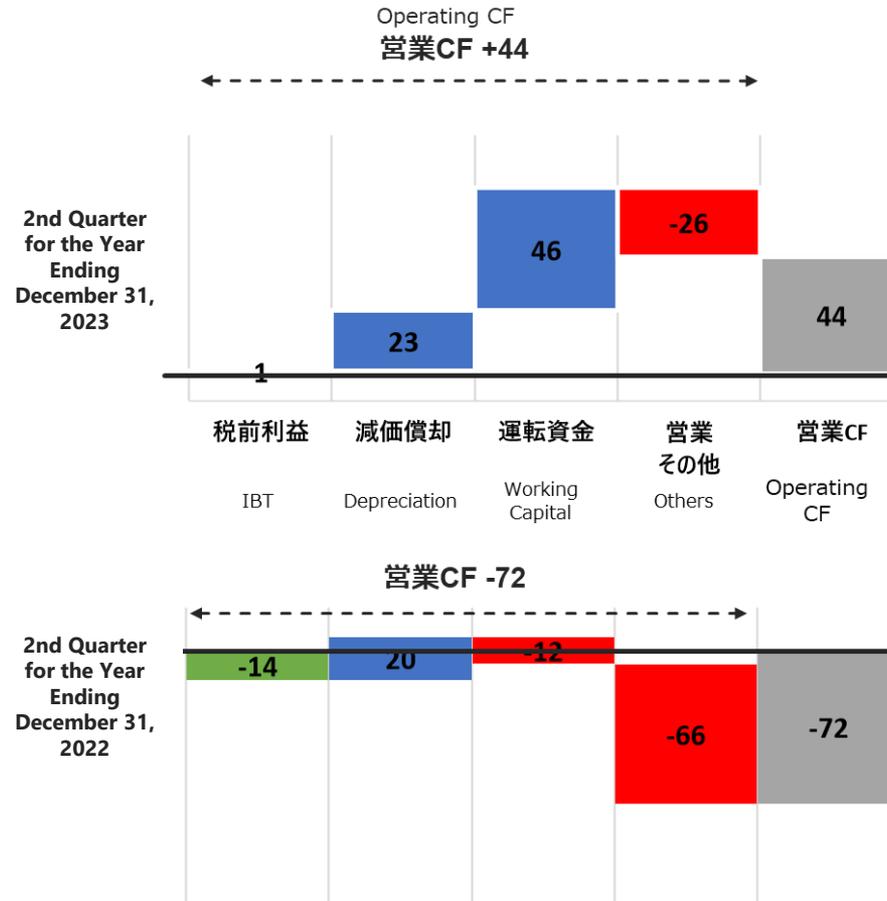
In 100 million yen

	Previous FY	Current FY	Difference
Net Sales	824	875	+51
Operating profit	(35)	(44)	(10)

- Profitability declined due to price reductions of electric composite products and deterioration in product mix(decrease in sales to AFMs, replacement of EC models).
- Despite cost reductions and reductions in SG&A expenses such as logistics and overhead, continued investment in human resources indispensable for growth, such as R&D expenses.



# 5. Cash flows from operating activities (Year-on-year comparison)



## Cash flow from operating activities positive [In 100 million yen]

Improvement of 11.6 billion yen from the previous year

→ **Improvement in capital efficiency +83**

Basic funds +26

IBT +13

Depreciation + 3

## Working Capital +58

Receivables +31

Inventories +35

Debt (8)

Other +41

**Accrued and unpaid +25**

Non-Cash +16

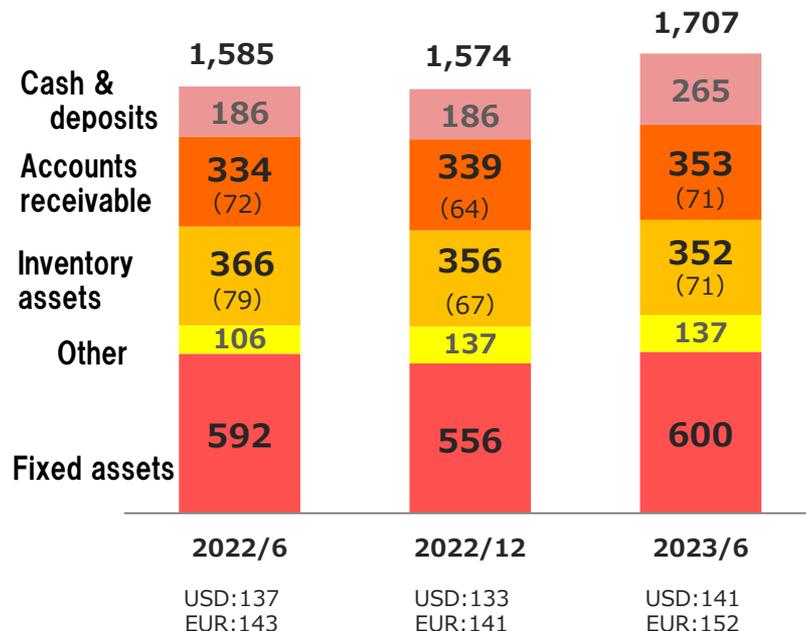
# 6. Consolidated balance sheet (Year-on-year comparison)

Financial Results for  
2Q FY12/2023

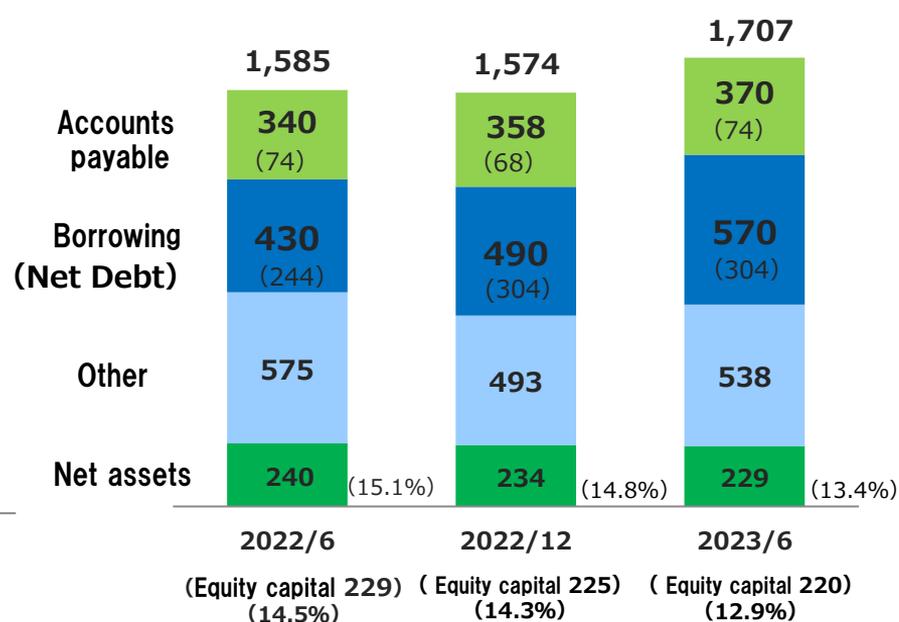
\*Days are based on ending balance (sales in the last 3 months/90)

[In 100 million yen]

## Asset



## Liabilities•Net Asset



Team Work Build for  
**100+ year Company**



**On July 30, 2023, we celebrated our 80th anniversary. This year, we will stand on a new starting point as "One Team, One Sanden", working together as one. We will create better products for our customers, and we will start over as an international company that has been in business for more than 100 years.**