



[Translation]

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News release

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(Securities code: 6444, TSE First Section)
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Notice Concerning Transfer of Shares of Sanden Retail Systems Corporation

Sanden Holdings Corporation (hereinafter referred to as the “Company”) hereby announces as follows that it has resolved at the meeting of its Board of Directors held today to execute a share and receivables transfer agreement (hereinafter referred to as the “Transfer Agreement”) with SDRS Holdings Corporation (hereinafter referred to as the “Transferee Company”) formed through contributions from affiliated business entities operated by Integral Corporation (hereinafter referred to as “ITG”) in order to transfer all of the issued shares of Sanden Retail Systems Corporation (hereinafter referred to as “SDRS”), the Company’s consolidated subsidiary, and the loan receivables that the Company holds against SDRS to the Transferee Company (hereinafter referred to as the “Transfer”), and the Company has executed the Transfer Agreement today.

1. Reasons for the Transfer (transfer of subsidiary)

The Company Group sets out its vision as “opening up a new era and becoming a company that is trusted by all the people so that we will be able to create an enriched society in which environment and comfort are harmonized,” and in order to achieve that vision, the Company Group established its mid-term management plan, Scope 2023, in April 2019.

The Company Group’s main business activities are the automotive systems business and commercial store systems business, but currently, the automobile industry has entered a period of major revolution that comes about once in a century, and the structure of the industry itself is greatly changing. In the Company Group’s automotive systems business, it is important to accelerate measures for expanding the electric vehicle field, where growth is expected, so the Company Group aims to become a provider of “comprehensive heat management” by strengthening the air conditioning field, which includes electric compressors, heat pumps, and electric coolant heaters (ECHs), as well as by developing the field of temperature control for components such as batteries and motors. In order to enter new growth fields and accelerate that growth, it is necessary to strengthen competitiveness by committing management resources and obtaining necessary knowledge.

In the commercial store systems business, however, due to changing customer needs and a decline in the working population, various social issues have surfaced, such as issues relating to 24-hour convenience stores and to redeliveries in the logistics industry. The Company Group considers the key to growth to be the expansion of its business fields by proposing

automated stores and multi-module venders (MMVs) that can sell a variety of products as well as by actively developing new products for the fields of restaurant dining and logistics in order to solve these social issues. Also, in foreign countries, the Company Group has high expectations for its cold chain systems developed in Japan and believes it can contribute to solving environmental issues such as wasted food and social issues such as adverse impacts on peoples' health that arise in regions where infrastructure is not fully developed, including such regions in Asia.

In order to achieve these types of growth, it is essential to commit management resources that support business expansion and the development of products, systems, and services that fit with the characteristics of the region and the needs of consumers that are becoming increasingly fractionalized, and the Company Group believes that it will be able to accelerate growth more than ever before by committing these resources.

However, taking into consideration the Company Group's current management resources, it is difficult to commit sufficient management resources for accelerating growth to both the automotive systems business and the commercial store systems business. Therefore the Company Group judged that by transferring the shares of SDRS, which is engaged in the commercial store systems business, to the Transferee Company, it is possible to further accelerate growth for the future in the commercial store systems business by utilizing the extensive networks and management resources, such as funds and personnel, of ITG and engaging in flexible management as an independent corporate group.

Additionally, as the Transfer will contribute to the improvement of the Company's financial condition through the strengthening of capital and acquisition of funds, the Company decided to execute the Transfer Agreement having judged that concentrating management resources in the automotive systems business through the Transfer and making investments amid the current revolution for growth for the next generation will make it possible to achieve secure growth.

The Company appointed Daiwa Securities Co. Ltd. as its financial advisor and Mori Hamada & Matsumoto as its legal advisor and obtained advice from these advisors in considering the Transfer.

2. Summary of subsidiary to be transferred (SDRS)

(1)	Company name	Sanden Retail Systems Corporation	
(2)	Address	20 Kotobuki-cho, Isesaki City, Gunma Prefecture	
(3)	Name and title of representative	Masuya Mori, Representative Director & President	
(4)	Business activities	Manufacturing, sales, etc. of freezing and refrigeration showcases for commercial use and vending machines for beverage and food sale	
(5)	Paid in capital	940 million JPY	
(6)	Date of establishment	May 13, 2014	
(7)	Principal shareholder and shareholding ratio	Sanden Holdings Corporation: 100%	
(8)	Relationship between the Company and this company	Capital relationship	The Company holds 100% of the shares of this company.
		Personnel relationship	One director and one statutory auditor is dispatched from the Company. In addition, one employee of the Company is seconded. However, on the closing date of the Transfer, it is planned that the dispatch of the

		director and the statutory auditor will end and the seconded employee will be transferred to this company.	
	Business relationship	The Company has a business relationship with this company that includes service agreements, loans, etc.	
	Status as related parties	This company is a consolidated subsidiary of the Company and constitutes an affiliated subsidiary.	
(9) Operating results and financial conditions of this company for the most recent three years (non-consolidated) (Note 2)			
Fiscal period	Fiscal year ended in March 2017	Fiscal year ended in March 2018	Fiscal year ended in March 2019
Net assets	2,219 million JPY	1,991 million JPY	3,024 million JPY
Gross assets	22,336 million JPY	21,072 million JPY	27,573 million JPY
Net assets per share	221,997.46 JPY	199,157.18 JPY	109,578.44 JPY
Amount of sales	54,917 million JPY	51,806 million JPY	53,748 million JPY
Operating income	927 million JPY	684 million JPY	764 million JPY
Net income	(900 million JPY)	531 million JPY	311 million JPY
Net income per share	(90,056.59 JPY)	53,159.72 JPY	30,302.62 JPY

(Note 2) As the Company announced in the “Notice Concerning the Execution of a (Simplified Absorption-type Split) Company Split” on February 7, 2019, the Company executed an absorption-type split effective as of April 1, 2019 in which it caused SDRS to succeed to a portion of the Company’s rights and obligations concerning shares, equities, and loan receivables, as well as the administration business therefor, of the subsidiaries conducting the Commercial Store System Business; however, the above is financial information from before performing the absorption-type split.

3. Summary of counterparty to transfer (the Transferee Company)

(1)	Company name	SDRS Holdings Corporation	
(2)	Address	1-9-2 Marunouchi, Chiyoda-ku, Tokyo	
(3)	Name and title of representative	Satoko Hasegawa, Representative Director	
(4)	Business activities	Investment business, loan offering and all business incidental to or in relation to such business	
(5)	Paid in capital	500,000 JPY	
(6)	Date of establishment	July 29, 2019	
(7)	Net Assets	1 million JPY	
(8)	Gross Assets	1 million JPY	
(9)	Principal shareholder and shareholding ratio (Note 3)	Integral Corporation: 100%	
(10)	Relationship between the Company and this company	Capital relationship	Not applicable.
		Personnel	Not applicable.

	relationship	
	Business relationship	Not applicable.
	Status as related parties	Not applicable.

(Note 3) The Company plans to make contributions to the Transferee Company and obtain 20% of the voting rights therein before the performance of the Transfer; however, it is expected that equity method will not be applicable. Also, by the closing of the Transaction, ITG plans to transfer all of the issued shares of the Transferee Company owned by ITS to affiliated business entities operated by ITG, and the Transferee Company plans to accept contributions from such affiliated business entities.

4. Number of shares to be transferred, transfer price, and status of shares owned before and after transfer

(1)	Number of shares owned before transfer	27,601 shares (number of voting rights: 27,601; percentage of voting rights owned: 100%)
(2)	Number of shares to be transferred	27,601 shares (number of voting rights: 27,601)
(3)	Transfer price	Enterprise Value: 50 billion JPY * Enterprise Value includes the share transfer price in the amount of 39.8 billion JPY and loan receivables transfer price as well as other amounts such as interest-bearing liabilities. However, as the final transfer price is planned to be determined pursuant to the terms and conditions stated in the Transfer Agreement, including financial figures and the like, the final transfer price might differ from the amount stated above.
(4)	Number of shares owned after transfer	0 shares (number of voting rights: 0; percentage of voting rights owned: 0%) * The Company plans to indirectly hold 20% of the voting rights in SDRS through contributions planned to be made by the Company to the Transferee Company.

5. Schedule

(1)	Board of directors resolution date	August 7, 2019
(2)	Agreement execution date	August 7, 2019
(3)	Share transfer date	October 1, 2019 (planned)

6. Future prospects

The Company is currently investigating the effect the Transfer will have on the Company's consolidated business performance for the fiscal year ending in March 2020 and will promptly announce the details thereof when determined.

End

(Reference) Consolidated business performance forecast for current fiscal year (as announced on May 15, 2019) and consolidated business performance for previous fiscal year (in million JPY)

	Consolidated amount of sales	Consolidated operating income	Consolidated ordinary income	Net income attributable to shareholders of parent company
Consolidated business performance forecast for current fiscal year (fiscal year ending in March 2020)	275,000	3,000	2,500	500
Consolidated business performance for previous fiscal year (fiscal year ended in March 2019)	273,934	889	564	(23,060)