



News release

February 7, 2019

SANDEN HOLDINGS CORPORATION

Code #: 6444
Shares listed: Tokyo Stock Exchange
Representative: Kin-ei Kanda
Representative Director
& President

For further information, please contact

Toru Akima
Corporate Officer
Accounting Division
Contact Number: +81-3-5209-3296

Notice Concerning the Execution of a (Simplified Absorption-type Split) Company Split

Sanden Holdings Corporation (hereinafter referred to as the “Company”) has authorized the execution of company split (hereinafter referred to as this “Company Split”) by means of the absorption-type company split through which its wholly owned companies, including Sanden Automotive Components Corporation (hereinafter referred to as “SDAC”), Sanden Automotive Climate Systems Corporation (hereinafter referred to as “SDAS”), and Sanden Retail Systems Corporation (hereinafter referred to as “SDRS”), succeed to a portion of the rights and obligations concerning shares etc. and their administration business of its subsidiary companies that are conducting Automotive Systems Business and Commercial Store Systems Business. These initiatives were approved today at the Company’s Board of Directors meeting. Certain items and details have been abridged in the disclosure as this Company Split is an absorption-type split involving the Company and the wholly owned companies of the Company.

1. Objectives for this Company Split

Sanden group moved to a holding company structure on April 1, 2015 and since then has been striving to improve global management functions, strengthen business competitiveness, enhance new product development capability, and pursue efficiency of global management. During this time, there have been various changes in business environment; the new gas mileage standard, the excess mileage dispute in Europe, changes in US trade policy, etc. for Automotive Systems Business, and labor-saving and unmanned store operation, wide use of e-money, popularization of cashless system, etc. for Commercial Store Systems Business. In this rapidly changing business environment, Sanden group has been continuing its internal reform efforts to pursue comprehensive cost transformation to improve profitability, asset efficiency enhancement to

strengthen the overall financial structure, optimization of the business portfolio to create corporate value, and management system reform to achieve sustainable growth.

Hence, Sanden group has decided to execute the succession of a portion of the rights and obligations concerning shares etc. and their administration business of the subsidiary companies to its wholly owned companies including SDAC, SDAS, and SDRS so that global management functions, business competitiveness, new product development capability, and group management efficiency will further be strengthened and enhanced by establishing more consolidated and efficient chain of command that meets business requirements of the respective business companies.

2. Essentials of company split with SDAC as the succeeding company (hereinafter referred to as the “Company Split 1”)

(1) Schedule of the Company Split 1

Resolution of the board of directors	February 7, 2019
Execution of the absorption-type company split agreements	February 7, 2019
Resolution of the shareholders meeting (SDAC)	February 18, 2019 (planned)
Effective date of the company split agreements (planned)	April 1, 2019 (planned)

Note: The Company Split 1 is planned to be executed without obtaining approval by resolution of a general meeting of shareholders of the Company because, for the Company as a splitting company, it is classified as “simplified absorption-type company split” under Article 784, paragraph (2) of the Company Act.

(2) Method of the Company Split 1

An absorption-type company split with the Company as the splitting company and SDAC as the succeeding company.

(3) Allotment details relating to the Company Split 1

At the time of the Company Split 1, SDAC will issue one (1) share of common stock and allot and deliver it to the Company.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights upon the Company Split 1

Not applicable.

(5) Increase or decrease in the capital as the result of the Company Split 1

No change in the capital of the Company is expected as the result of the Company Split 1.

(6) Rights and obligations to be succeeded by the succeeding company

The succeeding company shall succeed to a portion of the rights and obligations concerning shares or equity and their administration business of the subsidiary companies that are conducting the business relating to the compressors for automotive air conditioning.

(7) Prospects of performing obligations

There are no prospects for problems in the performance of obligations of SDAC after the Company Split 1 because the amount of its assets will exceed liabilities and no circumstance that could

impede the performance of obligations to be borne by SDAC is anticipated at present.

(8) Summary of the companies concerned with the Company Split 1 (As of March 31, 2018 except for the item (8) in the table)

	Splitting company	Succeeding company
(1) Company name	Sanden Holdings Corporation	Sanden Automotive Components Corporation
(2) Address	20 Kotobuki-cho, Isesaki City, Gunma Prefecture	20 Kotobuki-cho, Isesaki City, Gunma Prefecture
(3) Name and title of representative	Kin-ei Knada, Representative Director & President	Tsuguo Ito, Director & President
(4) Business activities	Business management etc. of the subsidiary companies that are conducting Automotive Systems Business and Commercial Store Systems Business	Manufacturing, sales, etc. of compressors for automotive air conditioning
(5) Paid in capital	11,037 million JPY	500 million JPY
(6) Date of establishment	July 30, 1943	May 13, 2014
(7) Number of issued shares	28,066,313 shares	10,000 shares
(8) Principal shareholders and shareholding ratios (As of September 30, 2018)	The Master Trust Bank of Japan, Ltd. (Trust account): 5.83% Sanden's Customers Shareholding Association: 5.63% BBH (LUX) FOR FIDELITY FUNDS PACIFIC FUND (Standing proxy: MUFG Bank): 4.49% Mizuho Bank, Ltd.: 3.63% The Gunma Bank, Ltd.: 3.63%	Sanden Holdings Corporation: 100%
(9) Financial conditions and operating results of the most recent fiscal year (in million JPY, unless otherwise noted)		
Company name	Sanden Holdings Corporation (consolidated)	SDAC
Fiscal period	Fiscal year ended in March, 2018	Fiscal year ended in March, 2018
Net assets	50,957	(465)
Gross assets	275,649	43,267

Net asset per share (yen)	1,633.99	(46,550.15)
Amount of sales	287,609	72,889
Operating income	5,469	1,438
Ordinary income	4,411	289
Net income attributable to owners of a parent	4,255	(268)
Net income per share (yen)	154.00	(26,863.95)

Note: The Partial Amendments to Accounting Standard for Tax Effect Accounting were applied from the first quarter consolidated accounting period of the fiscal ended in March, 2019. Thus the figures of the fiscal ended in March, 2018 are those that are retroactively adjusted according to the said amendments.

(9) Description of the business to be split

Shares or equity and their administration business of the subsidiary companies that are conducting the business relating to compressors for automotive air conditioning.

(10) Operating results of the business to be split (Fiscal year ended in March, 2018)

Not applicable.

(11) Amounts for the items of assets and liabilities to be split (As of March 31, 2018)

Total assets: 7,111 million JPY, including current assets of 0 JPY and fixed assets of 7,111 million JPY.

Liabilities: None

* The amount of assets and liabilities to be split will finally be determined after adjusting the above mentioned amount based on increases and decreases that occur before the effective date of the company split agreements.

(12) Status after Company Split 1

	Splitting company	Succeeding company
(1) Company name	Sanden Holdings Corporation	Sanden Automotive Components Corporation
(2) Address	20 Kotobuki-cho, Isesaki City, Gunma Prefecture	20 Kotobuki-cho, Isesaki City, Gunma Prefecture
(3) Name and title of representative	Kin-ei Knada, Representative Director & President	Tsuguo Ito, Director & President
(4) Business activities	Business administration of the subsidiary companies that	Manufacturing, sales, etc. of compressors for automotive

	are conducting Automotive Systems Business and Commercial Store Systems Business	air conditioning
(5) Paid in capital	11,037 million JPY	500 million JPY
(6) Account closing date	March 31	March 31

3. Essentials of company split with SDAS as the succeeding company (hereinafter referred to as the “Company Split 2”)

(1) Schedule of the Company Split 2

Resolution of the board of directors	February 7, 2019
Execution of the absorption-type company split agreements	February 7, 2019
Resolution of the shareholders meeting (SDAS)	February 18, 2019 (planned)
Effective date of the company split agreements (planned)	April 1, 2019 (planned)

Note: The Company Split 2 is planned to be executed without obtaining approval by resolution of a general meeting of shareholders of the Company because, for the Company as a splitting company, it is classified as “simplified absorption-type company split” under Article 784, paragraph (2) of the Company Act.

(2) Method of Company Split 2

An absorption-type company split with the Company as the splitting company and SDAS as the succeeding company.

(3) Allotment details relating to Company Split 2

At the time of the Company Split 2, SDAS will issue one (1) share of common stock and allot and deliver it to the Company.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights upon the Company Split 2

Not applicable.

(5) Increase or decrease in the capital as the result of the Company Split 2

No change in the capital of the Company is expected as the result of the Company Split 2.

(6) Rights and obligations to be succeeded by the succeeding company

The succeeding company shall succeed to a portion of the rights and obligations concerning shares or equity and their administration business of the subsidiary companies that are conducting the business relating to automotive air conditioning systems.

(7) Prospects of performing obligations

The amounts of assets and liabilities on the balance sheet of SDAS as of March 31, 2018 are 12,747 million JPY and 15,174 million JPY, respectively. Meanwhile, the amounts of assets and liabilities to be succeeded by SDAS through the Company Split 2 are 500 million JPY and 0 JPY, respectively.

The Company plans to increase the capital, of which amount exceeds SDAS's liabilities in excess of assets, before the effective date of the company split agreements so that the amount of assets will exceed that of liabilities after executing the Company Split 2. Therefore there are no prospects for problems in the performance of obligations of SDAS after the Company Split 2 because the amount of its assets will exceed liabilities and no circumstance that could impede the performance of obligations to be borne by SDAS is anticipated at present.

(8) Summary of the companies concerned with the Company Split 2 (As of March 31, 2018 except for the item (8) in the table)

	Splitting company	Succeeding company
(1) Company name	Sanden Holdings Corporation	Sanden Automotive Climate Systems Corporation
(2) Address	20 Kotobuki-cho, Isesaki City, Gunma Prefecture	20 Kotobuki-cho, Isesaki City, Gunma Prefecture
(3) Name and title of representative	Kin-ei Knada, Representative Director & President	Tadashi Kondo, Director & President
(4) Business activities	Business management etc. of the subsidiary companies that are conducting Automotive Systems Business and Commercial Store Systems Business	Manufacturing, sales, etc. of automotive air conditioning systems
(5) Paid in capital	11,037 million	500 million JPY
(6) Date of establishment	July 30, 1943	May 13, 2014
(7) Number of issued shares	28,066,313 shares	10,000 shares
(8) Principal shareholders and shareholding ratios (As of September 30, 2018)	The Master Trust Bank of Japan, Ltd. (Trust account): 5.83% Sanden's Customers Shareholding Association: 5.63% BBH (LUX) FOR FIDELITY FUNDS PACIFIC FUND (Standing proxy: MUFG Bank): 4.49% Mizuho Bank, Ltd.: 3.63% The Gunma Bank, Ltd.: 3.63%	Sanden Holdings Corporation: 100%
(9) Financial conditions and operating results of the most recent fiscal year (in million JPY, unless otherwise noted)		
Company name	Sanden Holdings Corporation	SDAS

	(consolidated)	
Fiscal period	Fiscal year ended in March, 2018	Fiscal year ended in March, 2018
Net assets	50,957	(2,426)
Gross assets	275,649	12,747
Net asset per share (yen)	1,633.99	(242,662.76)
Amount of sales	287,609	25,816
Operating income	5,469	437
Ordinary income	4,411	70
Net income attributable to owners of a parent	4,255	254
Net income per share (yen)	154.00	25,463.23

Note: The Partial Amendments to Accounting Standard for Tax Effect Accounting were applied from the first quarter consolidated accounting period of the fiscal ended in March, 2019. Thus the figures of the fiscal ended in March, 2018 are those that are retroactively adjusted according to the said amendments.

(9) Description of the business to be split

Shares or equity and their administration business of the subsidiary companies that are conducting the business relating to automotive air conditioning systems.

(10) Operating results of the business to be split (Fiscal year ended in March, 2018)

Not applicable.

(11) Amounts for the items of assets and liabilities to be split (As of March 31, 2018)

Total assets: 500 million JPY, including current assets of 0 JPY and fixed assets of 500 million JPY.

Liabilities: None

* The amount of assets and liabilities to be split will finally be determined after adjusting the above mentioned amount based on increases and decreases that occur before the effective date of the company split agreements.

(12) Status after Company Split 2

	Splitting company	Succeeding company
(1) Company name	Sanden Holdings Corporation	Sanden Automotive Climate Systems Corporation
(2) Address	20 Kotobuki-cho, Isesaki City, Gunma Prefecture	20 Kotobuki-cho, Isesaki City, Gunma Prefecture
(3) Name and title of	Kin-ei Knada, Representative	Tadashi Kondo, Director &

representative	Director & President	President
(4) Business activities	Business administration of the subsidiary companies that are conducting Automotive Systems Business and Commercial Store Systems Business	Manufacturing, sales, etc. of automotive air conditioning systems
(5) Paid in capital	11,037 million JPY	500 million JPY
(6) Account closing date	March 31	March 31

4. Essentials of company split with SDRS as the succeeding company (hereinafter referred to as the “Company Split 3”)

(1) Schedule of the Company Split 3

Resolution of the board of directors	February 7, 2019
Execution of the absorption-type company split agreements	February 7, 2019
Resolution of the shareholders meeting (SDRS)	February 18, 2019 (planned)
Effective date of the company split agreements (planned)	April 1, 2019 (planned)

Note: The Company Split 3 is planned to be executed without obtaining approval by resolution of a general meeting of shareholders of the Company because, for the Company as a splitting company, it is classified as “simplified absorption-type company split” under Article 784, paragraph (2) of the Company Act.

(2) Method of the Company Split 3

An absorption-type company split with the Company as the splitting company and SDRS as the succeeding company.

(3) Allotment details relating to the Company Split 3

At the time of the Company Split 3, SDRS will issue one (1) share of common stock and allot and deliver it to the Company.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights upon the Company Split 3

Not applicable.

(5) Increase or decrease in the capital as the result of the Company Split 3

No change in the capital of the Company is expected as the result of the Company Split 3.

(6) Rights and obligations to be succeeded by the succeeding company

The succeeding company shall succeed to a portion of the rights and obligations concerning shares or equity, loans and receivables, and their administration business of the subsidiary companies that are conducting the business relating to commercial store systems.

(7) Prospects of performing obligations

There are no prospects for problems in the performance of obligations of SDRS after the Company Split 3 because the amount of its assets will exceed liabilities and no circumstance that could impede the performance of obligations to be borne by SDRS is anticipated at present.

(8) Summary of the companies concerned with the Company Split 3 (As of March 31, 2018 except for the item (8) in the table)

	Splitting company	Succeeding company
(1) Company name	Sanden Holdings Corporation	Sanden Retail Systems Corporation
(2) Address	20 Kotobuki-cho, Isesaki City, Gunma Prefecture	20 Kotobuki-cho, Isesaki City, Gunma Prefecture
(3) Name and title of representative	Kin-ei Knada, Representative Director & President	Masuya Mori, Director & President
(4) Business activities	Business management of the subsidiary companies that are conducting Automotive Systems Business and Commercial Store Systems Business	Manufacturing, sales, etc. of freezing and refrigeration show cases for commercial use and vending machines for food and beverage sale
(5) Paid in capital	11,037 million JPY	500 million JPY
(6) Date of establishment	July 30, 1943	May 13, 2014
(7) Number of issued shares	28,066,313 shares	10,000 shares
(8) Principal shareholders and shareholding ratios (As of September 30, 2018)	The Master Trust Bank of Japan, Ltd. (Trust account): 5.83% Sanden's Customers Shareholding Association: 5.63% BBH (LUX) FOR FIDELITY FUNDS PACIFIC FUND (Standing proxy: MUFG Bank): 4.49% Mizuho Bank, Ltd.: 3.63% The Gunma Bank, Ltd.: 3.63%	Sanden Holdings Corporation: 100%
(9) Financial conditions and operating results of the most recent fiscal year (in million JPY, unless otherwise noted)		
Company	Sanden Holdings Corporation (consolidated)	SDRS
Fiscal period	Fiscal year ended in March, 2018	Fiscal year ended in March, 2018
Net assets	50,957	1,991

Gross assets	275,649	21,072
Net asset per share (yen)	1,633.99	199,157.18
Amount of sales	287,609	51,806
Operating income	5,469	684
Ordinary income	4,411	616
Net income attributable to owners of a parent	4,255	531
Net income per share (yen)	154.00	53,159.72

Note: The Partial Amendments to Accounting Standard for Tax Effect Accounting were applied from the first quarter consolidated accounting period of the fiscal ended in March, 2019. Thus the figures of the fiscal ended in March, 2018 are those that are retroactively adjusted according to the said amendments.

(9) Description of the business to be split

Shares or equity, loans and receivables, and their administration business of the subsidiary companies that are conducting the business relating to commercial store systems.

(10) Operating results of the business to be split (Fiscal year ended in March, 2018)

Not applicable.

(11) Amounts for the items of assets and liabilities to be split (As of March 31, 2018)

Total assets: 3,180 million JPY, including current assets of 84 JPY and fixed assets of 3,096 million JPY.

Liabilities: None

* The amount of assets and liabilities to be split will finally be determined after adjusting the above mentioned amount based on increases and decreases that occur before the effective date of the company split agreements.

(12) Status after Company Split 3

	Splitting company	Succeeding company
(1) Company name	Sanden Holdings Corporation	Sanden Retail Systems Corporation
(2) Address	20 Kotobuki-cho, Isesaki City, Gunma Prefecture	20 Kotobuki-cho, Isesaki City, Gunma Prefecture
(3) Name and title of representative	Kin-ei Knada, Representative Director & President	Masuya Mori, Director & President

(4) Business activities	Business management etc. of the subsidiary companies that are conducting Automotive Systems Business and Commercial Store Systems Business	Manufacturing, sales, etc. of freezing and refrigeration show cases for commercial use and vending machines for food and beverage sale
(5) Paid in capital	11,037 million JPY	500 million JPY
(6) Account closing date	March 31	March 31

5. Future prospects

The impact of this Company Split to the consolidated business performance is minimal because this Company Split is a simplified absorption-type company split involving the Company and its wholly owned companies.