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[Translation]

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For immediate release

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**Notice on the Holding of the Re-Continuation Meeting for Creditors' Meeting for  
Resolution on  
Business Revitalization Plan under Turnaround ADR Proceedings,  
Completion of Turnaround ADR Proceedings and  
Financial Support including Debt Forgiveness**

Sanden Holdings Corporation (hereinafter referred to as the 'Company') and certain of its subsidiaries (hereinafter collectively referred to as 'Our Companies') have been striving for a business turnaround, through the specified certified dispute resolution proceedings under the Act on Strengthening Industrial Competitiveness (*i.e.*, the Turnaround ADR Proceedings), and the Company hereby announces that the Turnaround ADR Proceedings were completed today. The Company also announces that, upon the completion of the Turnaround ADR Proceedings, the Company obtained the consent of the financial institutions for financial support such as debt forgiveness.

1. Background to Completion of Turnaround ADR Proceedings

In the period from the fiscal year ended March 2008 to the fiscal year ended March 2018, Sanden group realized the 1.3 times increase in its sales. However, our operating income margin had remained at a low level of 1.1% on average due to delays in coping with unprofitable businesses such as housing-related businesses. In addition, in recent years, the Company has recorded large extraordinary losses, including the payment of penalties for the violation of the competition law, the recording of impairment losses arising out of structural reforms, inspection and replacement costs for products manufactured and sold in the past that came with our recall campaign, and the recording of allowance for doubtful accounts receivable from the affiliate located in the Middle East. As a result, net assets, which stood at about 75.5 billion yen in fiscal year ended March 2016, fell to about 23.5 billion yen in fiscal year ended March 2019.

In the face of this situation, Sanden group reviewed the previous Mid-term

Management Plan announced in May 2017, and developed the new 5-year Mid-term Management Plan (SCOPE2023) in April 2019, which was started in the fiscal year 2019 and will be completed in the fiscal year 2023, and has implemented it since then. In August 2019, we sold our commercial store systems business, which was one of our core businesses, and accelerated the concentration of management resources in the automotive systems business. These and other measures were taken proactively to achieve the sustainable growth of Sanden group, with the aim of implementing further structural reform, improving profitability, further growth in our business, and restructuring of our financial foundation including capital reinforcement. Since the second half of 2019, however, the auto sales, particularly in the European and Chinese markets, have declined amid the difficult business environment pertaining to the automotive systems business. In addition, since 2020, with the impact of the global pandemic of COVID-19, Sanden group's major production bases, mainly in China, Europe and Asia have been being forced to shut down. Since these factors were expected to negatively impact its net sales and operating income, Sanden group expected severe difficulties in relation to its business situation and therefore, it had been necessary for Sanden group to take drastic improvement measures to revitalize its business.

In light of these severe circumstances, Our Companies filed formal applications for the Turnaround ADR Proceedings on June 30, 2020 in order to achieve a robust profitability base and fundamentally to improve its financial condition for future business regrowth. In developing a business revitalization plan under the Turnaround ADR Proceedings, Our Companies came to believe that, in order to overcome the severe circumstances that Sanden group finds itself in described above and to realize the revitalization of the Company's business, it is essential to secure funds necessary for structural reform as well as funds for future growth investment by, in addition to management improvement measures through its own efforts, receiving reliable capital funding and various types of business support from a sponsor and obtaining the consent of the financial institutions for financial support, as well as to promptly and fundamentally resolve the financial and business issues that Sanden group faces by achieving a robust profitability base and fundamentally improving its financial condition for future business regrowth. Therefore, as announced in the notice titled "Issuance of New Shares through Third-Party Allotment and Shelf Registration in respect of Issuance of New Shares, Partial Amendment to the Articles of Incorporation and Expected Changes in Parent Company and Largest Shareholder among the Major Shareholders" dated March 1, 2021, in order to achieve a robust profitability base and fundamentally to improve their financial condition for future business regrowth, the Company entered into a share purchase agreement with Hisense Home Appliances Group Co., Ltd. (hereinafter referred to as 'Hisense Home Appliances Group') to issue new shares of common stock of the Company, the aggregate amount to be paid in for which is about 21.4 billion yen, through third-party allotment to a special purpose company incorporated by Hisense Home Appliances Group (hereinafter referred to as the 'Capital Increase through Third-Party Allotment').

Subsequently, as announced in the notice titled "Notice on the Holding of the Third-Continuation Meeting for Second Creditors' Meeting under Turnaround ADR Proceedings" dated March 22, 2021, at the third-continuation meeting for creditors' meeting for discussing a draft business revitalization plan held on the same day, Our Companies explained to the financial institutions the draft business revitalization plan (hereinafter referred to as the 'Business Revitalization Plan', as amended), which had

been developed through discussions with Hisense Home Appliances Group and Hisense Japan Automotive Air-Conditioning Systems Corporation, which is a special purpose company incorporated by Hisense Home Appliances Group, based on the share purchase agreement described above, and the financial institutions have reviewed such Business Revitalization Plan. At the re-continuation meeting for creditors' meeting for resolution on a business revitalization plan held today, all of the financial institutions, as the creditors, approved of the Business Revitalization Plan and each of the financial institutions submitted a written consent letter certifying its consent. Accordingly, the Turnaround ADR Proceedings have been completed as of today.

## 2. Details of Debt Related to Financial Support

### (1) Creditors

20 financial institutions

### (2) Type of Debt Related to Financial Support

Debt related to loan claims, corporate bonds and rights to demand performance under guarantee held by the creditors against Our Companies (hereinafter referred to as the 'Claims') as of June 30, 2020 (hereinafter referred to as the 'Base Date')

### (3) Amount of Debt Related to Financial Support

97,790 million yen (rounded off to the nearest full unit; the same shall apply hereinafter)

### (4) Total Amount of Debt (as of March 31, 2020)

161,128 million yen

The total amount of debt is the consolidated balance sheet liabilities less various provisions as of March 31, 2020.

### (5) Ratio of Amount of Debt Related to Financial Support in Total Amount of Debt

60.69%

## 3. Summary of Financial Support

### (1) Debt Forgiveness

#### (i) Lender

20 financial institutions

#### (ii) Type and Amount of Debt subject to Debt Forgiveness

Debt related to the Claims

63,000 million yen

#### (iii) Date of Debt Forgiveness

The day on which the payment of the Capital Increase through Third-Party Allotment is completed (Effective Date)

※ **Please note that the implementation of the Capital Increase through Third-Party Allotment is subject to the approval of both the agenda item regarding the partial amendment to the Articles of Incorporation relating**

**to the increase of the total number of shares authorized to be issued and the agenda item regarding the Capital Increase through Third-Party Allotment as proposed at the extraordinary general meeting of shareholders of the Company to be held on May 27, 2021.**

For the details of the terms and conditions of the Capital Increase through Third-Party Allotment and the extraordinary general meeting of shareholders of the Company to be held on May 27, 2021 and the agenda items to be resolved thereat, please see the notice titled “Issuance of New Shares through Third-Party Allotment and Shelf Registration in respect of Issuance of New Shares, Partial Amendment to the Articles of Incorporation and Expected Changes in Parent Company and Largest Shareholder among the Major Shareholders” dated March 1, 2021, the notice titled “(Update and Progress of a Disclosure Matter) Issuance of New Shares through Third-Party Allotment and Shelf Registration in respect of Issuance of New Shares, Partial Amendment to the Articles of Incorporation and Expected Changes in Parent Company and Largest Shareholder among the Major Shareholders” dated March 19, 2021, the notice titled “(Update and Progress of a Disclosure Matter) Issuance of New Shares through Third-Party Allotment and Shelf Registration in respect of Issuance of New Shares, Partial Amendment to the Articles of Incorporation and Expected Changes in Parent Company and Largest Shareholder among the Major Shareholders” dated March 25, 2021 and the notice titled “(Update and Progress of a Disclosure Matter) Notice of Convocation of Extraordinary General Meeting of Shareholders and Setting of the Record Date for Extraordinary General Meeting of Shareholders” dated March 25, 2021.

(iv) Matters Concerning Falling under Delisting Criteria

Since the amount of debt forgiveness solely for the Company reaches 10% or more of the total amount of debt as of the end of the most recent fiscal year due to the debt forgiveness by way of this financial support, the Company filed an application for examination pertaining to restructuring plans, etc. set forth in the second sentence of Article 601, Paragraph 1, Item 7 and Article 605, Paragraph 1 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. and submitted the Business Revitalization Plan to Tokyo Stock Exchange, Inc. today. Please see the notice titled “Notice on Submission of “Business Revitalization Plan” to Tokyo Stock Exchange, Inc.” disclosed today.

(2) Amendment to Lending Terms and Conditions of Debt

(i) Lender

20 financial institutions

(ii) Type and Amount of Debt subject to Amendment to Lending Terms and Conditions

The creditors maintain the principal balances of the Claims of the creditors for the period on and after the date of approval of the Business Revitalization Plan until the effective date of debt forgiveness stated (1) above, and Our Companies continue to pay interest on the Claims as stipulated as of the Base Date. In addition, the creditors maintain the principal balances of the Claims

remaining after giving effect to the debt forgiveness among the Claims of the creditors (hereinafter referred to as the ‘Remaining Claims’) for the period on and after the effective date of debt forgiveness stated (1) above until each of the Remaining Claims are repaid in accordance with the items below.

- (a) Our Companies will fully repay the principal of the Remaining Claims promptly after the date on which the payment of the Capital Increase through Third-Party Allotment is completed (the effective date of debt forgiveness stated (1) above) (provided, however, no later than three months at the latest after the date on which the payment of the Capital Increase through Third-Party Allotment is completed).
- (b) From the day following the effective date of the debt forgiveness, Our Companies will continue to pay interest on the Remaining Claims at the rate stipulated as of the Base Date in regard to the Remaining Claims. In addition, on the repayment date of the principal of each Remaining Claim, Our Companies will pay interest due from the immediately preceding interest payment date until the repayment date of the principal.

#### 4. Summary of Business Revitalization Plan

##### (1) Reason for Difficulty of Management

For the reason for the difficulty of management, please see 1. above.

##### (2) Details of Business Revitalization Plan

For the details of the Business Revitalization Plan, please see the notice titled “Notice on Submission of “Business Revitalization Plan” to Tokyo Stock Exchange, Inc.” disclosed today.

#### 5. Future Prospects

The examination of the impact of the Business Revitalization Plan on the financial forecasts of the Company is currently underway. Once the actual amount of the impact thereon becomes clear, the Company will promptly disclose such information.

In connection with debt forgiveness by the financial institutions, extraordinary income pertaining to the gain from debt forgiveness will be recorded. The Company will announce details thereof as soon as the debt forgiveness becomes effective.

We sincerely apologize for the significant burden and inconvenience caused to our shareholders, financial institutions and other stakeholders. Going forward, in order to ensure the fulfillment of the Business Revitalization Plan and achieve the turnaround of the Company’s business and sustainable growth of the Company, all of our officers and employees will work together with unwavering resolve to realize a drastic turnaround of the Company’s business.

We would appreciate continued support and cooperation from all of our stakeholders.

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