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[Translation]

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For immediate release

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Notice on Submission of “Business Revitalization Plan” to Tokyo Stock Exchange, Inc.

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).

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 its 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 a resolution on the draft business revitalization plan held today, all of the financial institutions, as the creditors, approved 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.

The Company hereby announces that, since the amount of debt forgiveness under the Business Revitalization Plan reaches 10% or more of the total amount of debt as of the end of the most recent fiscal year, 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. as of today.

1. 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 unless otherwise separately designated)

(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%

2. 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.

- (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.

3. Summary of Business Revitalization Plan

A summary of the Business Revitalization Plan is as follows.

As stated above, all of the financial institutions, as the creditors, approved the Business Revitalization Plan. Also, the Company will not cancel all or a part of the issued shares of common stock of the Company.

(1) Business Restructuring Measures (Outline)

(i) Fundamental Changes to Production Structure

The Company will undertake a fundamental review of their production structure, with a basic policy of, for mature products for internal combustion engines, consolidating production bases, and, for products designed for electric vehicles, which are growing products, establishing an optimal production structure to demonstrate its strengths.

(ii) Improvement on Core Profitability

In addition to the previous measures, the Company will promote cost reduction through joint procurement, etc., with Hisense Home Appliances Group or Hisense Group, to which Hisense Home Appliances Group belongs (hereinafter collectively referred to as ‘Hisense Group’), etc.

(iii) Growth through Proactive “Co-Creation”

(a) Sales expansion of electric compressors for EV and integrated thermal management system

The Company will aim to improve marginal profit by establishing a new business in relation to the electric compressors for EV and integrated thermal management system for major customers.

(b) Reduction of development costs

The Company will aim to reduce development costs through, among others, selection and concentration of its businesses in the area of the electric compressors for EV, and shift to focusing on application development by deployment of standard low-cost compressor using swash plate for reciprocating piston motion in the area of the compressors for internal combustion vehicle.

(iv) Strengthening Cash Flow Generation Measures (Improvement in Working

Capital)

The Company will implement early action to collect overdue receivables, and switch from make-to-stock production to fill-up production through supply chain management reforms to reduce inventories.

(v) Reorganization of Corporate Structure for Execution

As a corporate initiative, the Company will implement project screening by a criteria which prioritizes profitability and global budget control system based on conservative sales estimate. For important items such as cost control and expense management, the Company will introduce a system that the progress of each activity is monitored by corporate. The Company will also introduce a system where status of implementation measures are monitored for overdue receivables, inventories, and investments under corporate governance and also headquarters in Japan would provide support for the sites with problem.

(2) Financial Condition and Measures for Recapitalization

(i) Financial Condition

The Company conducted financial due diligence under the Turnaround ADR Proceedings and as a result of adjustment items totaling up to 74.2 billion yen, mainly the impairment losses on the fixed assets, the restructuring costs and the asset devaluation, etc. of real estates, inventories, and other assets, etc., under the standard for asset evaluation stipulated in the Turnaround ADR Proceedings, the Company incurred a substantial amount of actual excessive liabilities amounting to 63.1 billion yen as of the end of September 2020.

Please note that the above standard for asset evaluation stipulated in the Turnaround ADR Proceedings is different from that of the general corporate accounting standards.

(ii) Financial Support by Creditors

Our Companies requested all of the financial institutions, as the creditors, to forgive 63,000 million yen in total of debt out of the total outstanding amount of the Claims (97,790 million yen in total), and with respect to the Remaining Claims (34,790 million yen), maintenance and repayment of the principal amount thereof as described in 2. (2) (ii) above, and the relevant requests have been approved.

※ **Please note that such debt forgiveness becomes effective on the condition that the payment of the Capital Increase through Third-Party Allotment is completed. 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.**

(iii) Elimination of Excessive Liability

If the Turnaround ADR Proceedings are completed and the financial support by the creditors in (ii) above, the measures for recapitalization in (iv) below and Our

Companies' efforts are implemented, the actual excessive liabilities of Our Companies based on the standard for asset evaluation stipulated in the Turnaround ADR Proceedings will be eliminated in the fiscal year 2021.

Please note that the above standard for asset evaluation stipulated in the Turnaround ADR Proceedings is different from that of the general corporate accounting standards.

(iv) Measures for Recapitalization

In order to achieve a robust profitability base and fundamentally to improve their financial condition for future business regrowth, and to realize the business turnaround, the Company entered into the share purchase agreement setting forth the Capital Increase through Third-Party Allotment. A summary of the Capital Increase through Third-Party Allotment is as follows. For the details of the Capital Increase through Third-Party Allotment, 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 and 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.

Payment period	May 10, 2021 to December 31, 2021 (of this period, the payment will be made on the fifth (5th) business day immediately after all of the conditions precedent are satisfied or waived, or the day separately agreed)
Class and number of shares	83,627,000 shares of common stock
Amount to be paid in	256 yen per share
Aggregate amount to be paid in	21,408,512,000 yen
Planned Allottee	Hisense Japan Automotive Air Conditioning Systems Corporation

(3) Management Responsibilities and Shareholder Responsibilities

(i) Management Responsibilities

After the completion of the Capital Increase through Third-Party Allotment, the Company's board of directors will have seven directors consisting of (i) four directors dispatched by Hisense Group, (ii) two newly appointed outside directors and (iii) one of the Company's current directors or employees. The one person set forth in (iii) above will be a person who is deemed by Hisense Group to be familiar with the businesses of Our Companies and who is also reasonably satisfactory to the creditors.

(ii) Shareholder Responsibilities

Since the amount to be paid in for the Capital Increase through Third-Party Allotment is deemed to be specially favorable to the planned allottee (44.0% discount to the closing price of the Company's stock as of the immediately preceding business day to the date of resolution of the meeting of the board of directors approving the Capital Increase through Third-Party Allotment) and the Capital Increase through Third-Party Allotment results in significant dilution related to the voting right percentage (the number of the voting rights concerning the common stock of the Company issued through the Capital Increase through Third-Party Allotment is equivalent to 299.99% (rounded down to the nearest second decimal place) of the aggregate number of the voting rights concerning the issued common stock of the Company based on the register of shareholders as of the end of September 2020), the economic value will be diluted by the transfer of economic value from the existing shareholders to the planned allottee, and, thus, the existing shareholders will bear reasonable shareholder responsibilities.

4. Financial Figures in the Business Revitalization Plan

The plan for the financial figures under the Business Revitalization Plan is as stated below. Please note that such financial figures are based on the asset evaluation standards set forth in the standards for the Turnaround ADR Proceedings and such standards differ from general corporate accounting standards.

(1) Consolidated Statements of Income (unit: a hundred million yen)

	Fiscal year ending March 31, 2022	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026
Sales	1,437	1,471	1,590	1,654	1,705
Operating profit (loss)	(29)	5	51	84	102
Ordinary profit (loss)	(24)	21	68	101	119
Net income before adjustments for non-controlling interests	602	17	61	90	105

(2) Consolidated Balance Sheet (unit: a hundred million yen)

	Fiscal year ending March 31, 2022	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026
Total assets	1,210	1,226	1,246	1,289	1,322

Total liabilities	1,072	1,071	1,029	983	910
Total net assets	138	155	216	306	411

5. Matters Concerning Falling under Delisting Criteria

(1) Amount of Debt Forgiveness (Non-consolidated)

As stated in 2. (1) above, the total amount of debt subject to debt forgiveness by way of this financial support is 63,000 million yen, and the amount of debt forgiveness solely for the Company is expected to be 62,980 million yen. Please note that the amount of debt forgiveness solely for the Company may change going forward after negotiations with the financial institutions.

(2) Total Amount of Debt as of End of Most Recent Fiscal Year (Fiscal Year Ended March 31, 2020) (Non-consolidated)

86,169 million yen

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

(3) Ratio of Amount of Debt Forgiveness in Total Amount of Debt as of End of Most Recent Fiscal Year (Fiscal Year Ended March 31, 2020) (Non-consolidated)

As stated in 5. (1) above, the amount of debt forgiveness solely for the Company may change going forward after negotiations with the financial institutions, but if the amount of debt forgiveness solely for the Company is determined to be 62,980 million yen, the ratio of the amount of debt forgiveness in the total amount of debt as of the end of the most recent fiscal year as stated (2) above is 73.09%.

As described above, 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, 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.

If the Business Revitalization Plan is approved as a “restructuring plan prescribed by the Enforcement Rules” at such examination and if, with respect to the market capitalization of the shares of common stock of the Company listed on the Tokyo Stock Exchange, Inc., each of the average market capitalization for one (1) month (from May 8, 2021 to June 7, 2021) and the market capitalization as of the last day of such one (1) month period (June 7, 2021) reaches one (1) billion yen or more, the shares of common stock of the Company will remain listed. If Tokyo Stock Exchange, Inc. determines that the Business Revitalization Plan is not a “restructuring plan prescribed by the Enforcement Rules” or if, with respect to the market capitalization of the shares of common stock of the Company listed on the Tokyo Stock Exchange, Inc., either the average market capitalization for one (1) month (from May 8, 2021 to June 7, 2021) or the market capitalization as of the last day of such one (1) month period (June 7, 2021) does not reach at least one (1) billion yen, the shares of common stock of the Company will be delisted.

6. Future Prospects

Since the asset evaluation standards set forth in the Turnaround ADR Proceedings differ from general corporate accounting standards, 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 addition, with respect to the implementation of business restructuring measures, upon the occurrence of any matter to be disclosed, the Company will promptly disclose such matter.

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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