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News release



[TRANSLATION]
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The Progress in Prime Market Listing Compliance (Change), Application for Standard Market Selection, and the Plan for Share Circulation Ratio and Progress towards Standard Market Listing Maintenance Standards.

Sanden Corporation," the Company," disclosed the "Plan for Compliance with Listing Maintenance Standards for New Market Segments" on December 27, 2021, and "The Progress for Compliance with Listing Maintenance Standards for New Market Segments" on March 30, 2023. The Company has also submitted the "The Progress for Compliance with Listing Maintenance Standards for New Market Segments (Supplemental information)" on July 12, 2023. The Company has been making efforts to comply with the Listing Maintenance Standards of the Prime Market.

Due to the revised rules of the Tokyo Stock Exchange, Inc. that took effect on April 1, 2023, an opportunity to reapply for listing on the Standard Market has been granted. Based on the recent compliance status with the standards for maintaining listing on the Prime Market, the Company resolved at today's Board of Directors meeting to apply selection on the Standard Market and has already submitted its application. The reasons for this choice, the plan for the share calculation ratio and the progress toward complying with Standard Market listing maintenance standards are detailed below.

1. Status of compliance with Prime Market listing maintenance standards

The Company's compliance status with the Prime Market Listing Maintenance Standards as of the end of December 2022 has been disclosed on March 30, 2023, as 'Progress based on the plan for compliance with the Listing Maintenance Standards.' The table below shows the status, including the trends.

		Number of Shareholders (People)	Number of shares in circulation (Unit)	Market capitalization of shares in circulation (Billion yen)	The ratio of shares in circulation (%)	Daily average trading value (Billion yen)	Net assets
Compliance status of our company and its transition	End of June 2021	9,291 people	219,138 units	8.1 billion yen	78.0%*	130 million yen	Net assets is positive
	End of December, 2022	10,556 people	255,190 units	5.4 billion yen	22.8%*	64 million yen	Net assets is positive
Criteria for maintaining listing		800 people	20,000 units	10 billion yen	35%.	0.2 million yen	Net assets is positive
Planned period stated in the original plan		—	—	March 2026	March, 2027	—	—

*The Company's compliance status is determined based on the distribution of its stock certificates and related records as of the respective record date. This distribution, including stock certificates, was as of the end of June 2021, and it does not reflect the impact of the capital increase on May 31, 2021.

2. Implementation status and evaluation of initiatives aimed at compliance with Prime Market Listing Maintenance Standards

Based on the business revitalization plan, which was approved by all financial institutions that are eligible creditors at the continuation meeting of the creditors' meeting held on May 7, 2021, the Company planned to improve our corporate value by achieving the business revitalization plan.

In addition, to meet the criteria for maintaining listing the ratio of shares in circulation, the Company plans to issue new shares while comprehensively considering future capital policies, including methods of a public offering, selling shares, etc., held by Hisense Japan Automotive Air Conditioning Systems Corporation, taking into consideration the business situation after the completion of the business revitalization plan.

3. Reasons for choosing Standard Market

If the Company chooses to remain listed on the Prime Market, it will be necessary to satisfy both the market capitalization of shares in circulation and the ratio of shares in circulation. Even if the standards are met during the transition period in the Prime Market, there is a risk of violating the listing maintenance standards if the standards are not met stably and continuously. The Company has determined that it is important to ensure an environment where shareholders

and investors can safely own, buy, and sell our shares without worrying about maintaining our listing.

Additionally, some of the standards required of the Prime Market require additional costs and effort. On the other hand, the automobile market undergoes drastic environmental changes called 'CASE' such as Connected, Autonomous, Shared, and Electric. There has been a significant increase in the acquisition of commercial awards from various customers. To seize this opportunity and promote further business growth, it is important to focus limited management resources on strategic growth investments centered on technology development and revitalization of the organizations and human resources to support them. The Company has determined that this will surely contribute to improving corporate value.

4. Status of compliance with Standard Market listing standards

Regarding 'market capitalization of shares in circulation' and 'the ratio of shares in circulation,' which did not comply with the Prime Market's listing maintenance standards as of the end of December 2022, the Company's compliance status with the Standard Market's listing maintenance standards is as shown in the table below.

		Number of Shareholders (People)	Number of shares in circulation (Unit)	Market capitalization of shares in circulation (Billion yen)	The ratio of shares in circulation (%)	Monthly average trading units (Unit)	Net assets
The Company's compliance status	End of December, 2022	10,556 people	255,190 units	5.4 billion yen	22.8%*	60,706 units	Net assets is positive
Maintain standard for listing Standard Market		400 people	2,000 units	1 billion yen	25%	10 units	Net assets is positive
Compliance status		○	○	○	×	○	○

*This value is calculated by the Company as a monthly average by dividing the trading volume at the Tokyo Stock Exchange for 6 months from July to December 2022.

5. Regarding the plan for share circulation ratio and progress toward compliance with Standard Market listing standards

(1) Planning period: Until December 2025.

(2) Basic policy for efforts toward standard compliance

Regardless of the selected listed market, based on the above-mentioned business revitalization plan, the Company plans to improve the corporate value by conducting and achieving the business revitalization plan. To meet the criteria for maintaining listing the ratio of shares in

circulation, the Company plans to issue new shares while comprehensively considering future capital policies, including methods of a public offering, selling shares, etc., held by Hisense Japan Automotive Air Conditioning Systems Corporation, taking into consideration the business situation after the completion of the business revitalization plan."

6. Scheduled date of transition to the Standard Market:

The transition to the Standard Market is scheduled for October 20, 2023.

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