May 14, 2026


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| Company Name | Sanden Corporation |
| Name of Representative | Xu Zhan<br>Representative Director & President<br>(Securities code: 6444; TSE Standard Market) |
| Inquiries | Junya Takahashi<br>Division General Manager, Corporate Financial Management Division<br>TEL +81-3-5828-5582 |


**Notice of Issuance of New Shares through Third-Party Allotment**

Sanden Corporation (the "Company") hereby announces that it has resolved, at its meeting of the Board of Directors held on May 14, 2026, the issuance of new shares through third-party allotment (the "Third-Party Allotment", and such shares issued through the Third-Party Allotment shall be referred to as the "Shares").

**1. Overview of the offering**

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| (1) Payment date | June 25, 2026 |
| (2) Number of new shares to be issued | 740,000 shares of the Company's common stock (※1) |
| (3) Issue price | JPY 178 per share<br>If the closing price of the Company's common stock on the Tokyo Stock Exchange (the "TSE Closing Price") on the trading day immediately preceding May 22, 2026 (the "Pricing Date") exceeds the amount set forth above, the TSE Closing Price on the trading day immediately preceding the Pricing Date shall apply. (※2) |
| (4) Amounts of proceeds | JPY 131,720,000<br>The amount set forth above is an estimate as of today, and the amount of proceeds shall be the amount obtained by multiplying the issue price stated in above (3) by the number of new shares to be issued. |
| (5) Method of offering or allotment (the Scheduled Allottee) | All the Shares will be allotted to the allottees listed below through the third-party allotment.<br>1 director of the Company 50,000 shares<br>5 executive officers of the Company 400,000 shares<br>9 employees of the Company 290,000 shares (※1) |
| (6) Others | With respect to the Third-Party Allotment, a Securities Registration Statement subject to the Financial Instruments and Exchange Act has been filed. |

※1 Number of new shares to be issued

The number of shares stated in above (2) and (5) represents the maximum and the actual number of new shares to be issued may decrease depending on the application from each scheduled allottee, of which the issue price determined on the Pricing Date will be taken into account.

※2 Method of determining the issue price of the Shares (the reason for setting a certain period from the issuance resolution date to the Pricing Date)

Normally, when issuing shares through a third-party allotment, as in the Third-Party Allotment all conditions are determined on the issuance resolution date. However, in the present case, the Company has released "SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2026 (Under Japanese GAAP)" (the "Financial Announcement") today. Depending on how the stock market reacts to the Financial Announcement, there may be some impact on the Company's stock price on and after today (the issuance resolution date). As for the Company, in the event that the stock price rises as a result of the Financial Announcement, to determine the conditions of issuance of the Shares without reflecting such rise in the stock price may create a discrepancy between such conditions of issuance and the actual value of the Shares at issuance, and may damage the interests of the existing shareholders, and from the perspective of determining fair conditions of issuance that takes the interests of the existing shareholders into account and from the perspective of eliminating arbitrariness, the Company believes that it is more appropriate to determine the conditions of issuance of the Shares upon reflecting the rise in the stock price. Therefore, the Company has set the date after a certain period has elapsed from today (the issuance resolution date) as the pricing date, to reflect the impact of the Financial Announcement on the stock price.

Furthermore, since the issue price of the Shares shall be determined based on whichever is the higher of the value of the Shares as of the issuance resolution date or the value of the Shares as of the Pricing Date, there shall be no change in the issue price of the Shares, that may be adverse to the Company.

**2. Purpose and reason for the offering**

Since the ADR (Alternative Dispute Resolution) proceedings in 2021, the Company has been engaged in pursuing business restructuring and strengthening revenue base, steadily realizing improved business performance. On the other hand, the Company's stock price continues to trend at low level, and it is necessary to further intensify the approach to recover and improve its corporate value. Furthermore, while the Corporate Governance Code requires the directors to share value with the shareholders, the shareholding ratio of the Company's executives is not sufficient, and to strengthen their shareholdings to commit management from a medium- to long-term perspective stands as an issue.

In light of such circumstances, and aiming to increase the shareholding ratio of the core management personnel such as the directors and the executive officers, the Company determined to introduce a performance-linked restricted share compensation plan for directors (excluding outside directors) as described in the "Notice Regarding the Introduction of a Performance-Linked Restricted Share Compensation Plan" and "Notice of Issuance of New Shares through Third-Party Allotment" released on February 13, 2026, and to implement the issuance of new shares to the directors of the Company who are executive officers (the "Previous Third-Party Allotment") as well.

Furthermore, the Company has determined to introduce a performance-linked restricted share compensation plan for certain executive officers who do not concurrently serve as directors and employees of the Company (the "Share Compensation Plan") as described in the "Notice Regarding the Introduction of a Performance-Linked Restricted Share Compensation Plan for Executive Officers and Employees" released today. At the same time, the Company has also determined to implement the Third-Party Allotment not only to Xu Zhan, Representative Director & President, who was the allottee of the Previous Third-Party Allotment, but also to the executive officers and the senior executives of the Company (including the individuals who concurrently serve as directors of subsidiaries of the Company, the same applies hereinafter). For the eligible individuals of the Share Compensation Plan, the Company plans to grant restricted shares under the Share Compensation Plan on the condition that they hold a certain number of the Company's stock using their own funds, and the Third-Party Allotment is being implemented as a measure to provide an opportunity to acquire the Company's stock. In the same way as the Previous Third-Party Allotment, the Third-Party Allotment is not a plan granting monetary compensation claims to the eligible individuals, but is a plan in which the eligible individuals acquire the Company's stock at a fair value using their own funds, and by the eligible individuals sharing the risks and returns with the shareholders, it aims to commit the improvement of corporate value even more vigorously over a medium- to long-term.

Through the Previous Third-Party Allotment and the Third-Party Allotment, it is expected that the management's and the senior executives' incentives and the shareholders' interests will align at a higher level, and that initiatives such as pursuit of business growth strategies, strengthening of financial base and improvement in efficiency will be promoted more vigorously. The Company determines that this plan, which involves risk-taking by the management and the senior executives themselves, is the optimal approach in order to place its business performance on a solid path of recovery and growth, and to realize the improvement of the shareholders' value.

Furthermore, even when taking into account the Previous Third-Party Allotment as well, the Company believes that the dilution resulting from the Third-Party Allotment is still limited and that the impact on existing shareholders will be minimal.

**3. Amounts and use of proceeds and estimated period of disbursement**

(1) Amounts of proceeds

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|---|---|
| (i) Total Payment Amount | JPY 131,720,000 |
| (ii) Estimated Cost of Issuance | JPY 10,000,000 |
| (iii) Estimated Net Proceeds | JPY 121,720,000 |

(Notes) 1. Total payment amount is an estimate when assuming the Shares are issued at JPY 178 per share which is the TSE Closing Price on the trading day immediately preceding the issuance resolution date (May 13, 2026). The actual total payment amount will be determined at the Pricing Date.

2. Estimated cost of issuance does not include consumption tax and other taxes.

3. Estimated cost of issuance is the total amount of the amount equivalent to the registration tax, fees for attorney and other administrative expenses.

(2) Specific use of proceeds

The purpose of the Third-Party Allotment is not to procure funds, but to grant incentive to the scheduled allottees, the director, the executive officers and the senior executives of the Company who are responsible for the Company's business execution to enhance their motivation and morale in achieving the business performance targets of the Company and its subsidiaries (collectively, the "Group") and increasing corporate value of the Group. The above estimated net proceeds of JPY 121,720,000 is planned to be applied toward working capital. Until the actual disbursement, the procured fund is planned to be retained in a bank account.

**4. Point of view regarding the rationality of use of proceeds**

The purpose of the Third-Party Allotment is not to procure funds, but to commit the improvement of corporate value even more vigorously over a medium- to long-term, by having the scheduled allottees, the director, the executive officers and the senior executives of the Company who are responsible for the Company's business execution, acquire the Company's stock, and share the risks and returns with the shareholders. However, the Company determines that, since the procured funds will be applied toward working capital, it will contribute to improving corporate value over a medium- to long-term, and ultimately to improving shareholders' interests and that it is sufficiently rational.

**5. Rationality of the conditions of issuance, etc.**

(1) Calculation basis of the amount to be paid and the details thereof

As described in "※2 Method of determining the issue price of the Shares (the reason for setting a certain period from the issuance resolution date to the Pricing Date)" of "1. Overview of the offering" above, the Company released the Financial Announcement on the same day the Third-Party Allotment was announced, and it is difficult to predict the fluctuations of the Company's stock price following such release of the Financial Announcement. In order to incorporate the impact of such release on the stock price, the Company plans to determine the amount to be paid per share for the Shares, as whichever is the higher of JPY 178 which is the TSE Closing Price on the trading day immediately preceding the issuance resolution date (May 13, 2026) or the TSE Closing Price on the trading day immediately preceding the Pricing Date (May 21, 2026). The reason for adopting such method of determination for the amount to be paid and using the closing price on the immediately preceding trading date, instead of the stock price during a certain period up to today or the Pricing Date as the reference stock price for the amount to be paid is that the Company has determined that the most recent stock price properly reflects the objective corporate value as of this point in time. The Company believes that the aforementioned method of determining the amount to be paid is a reasonable method taking into account the interests of the existing shareholders, and is a method that will set the amount of payment equivalent to the market stock price, and therefore the amount to be paid for the Shares to be determined on the Pricing Date will not constitute a specially favorable price for the scheduled allottees. Furthermore, among the scheduled allottees, Xu Zhan, the director of the Company, did not participate in the deliberation and resolution of the Board of Directors regarding the Third-Party Allotment, since he is a person with a special interest in the allotment of the Shares.

Moreover, all of the four (4) Audit & Supervisory members of the Company (two (2) of whom are outside Audit & Supervisory members) have represented an opinion that the determination of the Board of Directors that the issuance of the Shares does not constitute a specially favorable issuance, is lawful and within the scope that can be deemed lawful, as a result of their audits conducted in accordance with their duties and responsibilities under the Companies Act.

(2) Reasons for determining the rationality of the number of issuance and the scale of dilution of shares

The total number of shares to be newly issued through the Third-Party Allotment is 740,000 shares (7,400 voting rights), and the dilution rates against the Company's total outstanding shares of 111,693,313 shares (1,115,015 total voting rights) as of December 31, 2025 is 0.66% (0.66% of dilution ratio based on voting rights). In addition, the total number of shares, obtained by adding 500,000 shares of the Company's common stock (5,000 voting rights) issued within six months prior to the issuance resolution as of today to the number of issuance of the Shares is 1,240,000 shares (12,400 voting rights), and the dilution rates associated with this against the Company's total outstanding shares of 111,693,313 shares (1,115,015 total voting rights) as of December 31, 2025 is 1.11% (1.11% of dilution ratio based on voting rights).

However, taking into account that the Third-Party Allotment is anticipated to contribute to improving the Company's corporate value and shareholders' value in a medium to long-term perspective, the Company believes that the number of issuance and the scale of dilution of shares are not particularly excessive and is rational for achieving the objectives.

**6. Reason for selecting the Scheduled Allottee, etc.**

(1) Summary of the Scheduled Allottees

| Name | Address | Title | Relationship between the listed company and the scheduled allottees | | | | Number of shares to be allotted (shares) |
|---|---|---|---|---|---|---|---|
| | | | Capital relationship (Number of the Company's stock held at the end of December 2025) (shares) | Personnel relationship | Financial relationship | Technical or business relationship | |
| Xu Zhan | Isesaki-shi, Gunma | Director of the Company | | Representative Director & President | Not applicable | Not applicable | 50,000 |
| Xu Wenwen | Honjo-shi, Saitama | Executive officer of the Company | | Executive Vice President | Not applicable | Not applicable | 80,000 |
| Zhang Ning | Isesaki-shi, Gunma | Executive officer of the Company | | Corporate Officer | Not applicable | Not applicable | 80,000 |
| Liu Hongju | Isesaki-shi, Gunma | Executive officer of the Company | | Corporate Officer | Not applicable | Not applicable | 80,000 |
| Li Sujiang | Minato-ku, Tokyo | Executive officer of the Company | | Corporate Officer | Not applicable | Not applicable | 110,000 |
| Maria Wünsch-Guaraldi | Hessen, Germany | Director of the overseas subsidiary<br><br>Executive officer of the Company | | Corporate Officer | Not applicable | Not applicable | 50,000 |
| Tsuyoshi Yamasaki | Texas, U.S.A. | Director of the overseas subsidiary<br><br>Employee of the Company | | Region CEO | Not applicable | Not applicable | 55,000 |
| Shinji Yoshimoto | Ageo-shi, Saitama | Employee of the Company | | Region CEO | Not applicable | Not applicable | 10,000 |
| Takahiro Otsuki | Tamamura-machi, Sawa-gun, Gunma | Employee of the Company | | Region CEO | Not applicable | Not applicable | 50,000 |

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|---|---|---|---|---|---|---|---|
| Satoshi Ofuchi | Maebashi-shi, Gunma | Employee of the Company | | Head of R&D Center | Not applicable | Not applicable | 50,000 |
| Sun Shuangjie | Isesaki-shi, Gunma | Employee of the Company | | Division General Manager, SCM Division | Not applicable | Not applicable | 50,000 |
| Shingo Uehara | Isesaki-shi, Gunma | Employee of the Company | 200 | Division General Manager, Quality Division | Not applicable | Not applicable | 5,000 |
| Yuji Sekiguchi | Isesaki-shi, Gunma | Employee of the Company | 200 | Division General Manager, Administration Division<br><br>Division General Manager, Legal Division | Not applicable | Not applicable | 10,000 |
| Toshiyuki Ota | Isesaki-shi, Gunma | Employee of the Company | | Division General Manager, HR Division | Not applicable | Not applicable | 35,000 |
| Seiji Watanabe | Honjo-shi, Saitama | Employee of the Company | | Division General Manager, IT Division | Not applicable | Not applicable | 25,000 |

(Notes) 1. “Capital relationship (Number of the Company’s stock held at the end of December 2025) (shares)” is based on the shareholders registry as of December 31, 2025. The shares corresponding to points granted under the share compensation plan are currently held in the share compensation trust under the name of the trust administrator and are not included in the shares directly held by above individuals at this time.

2. The Company confirmed that the scheduled allottees, the director, the executive officers and the senior executives of the Company , had no relationship with Antisocial Forces at the time of joining the Company. Moreover, upon implementing the Third-Party Allotment, the Company confirmed again in writing that the scheduled allottees do not have any relationship with Antisocial Forces, and by such investigations, the Company judges that the scheduled allottees are not Antisocial Forces. Considering the above, the Company has determined that the scheduled allottees, the director, the executive officers and the senior executives of the Company, do not have any relationship with Antisocial Forces, and submitted the corresponding confirmation letter to the Tokyo Stock Exchange.

(2) Reasons for selecting the Scheduled Allottees

The scheduled allottees of the Third-Party Allotment are the director, the executive officers and the senior executives of the Company who are responsible for the Company’s business execution. These individuals play a central role in formulating and executing the Group’s management strategy and bear direct responsibility for enhancing corporate value of both the Company and the Group as a whole.

The Corporate Governance Code recommends that the management appropriately hold its own company’s shares and commit to enhancing corporate value in the medium- to long-term through sharing value with shareholders. The Company has determined that, from the perspective of advancing its governance and pursuing further sharing of value between the management and shareholders, it is necessary to promptly improve the shareholding and compensation structure in line with this intent.

Through the Third-Party Allotment, individuals responsible for the management of the Company and the Group will acquire the Company's stock using their own funds, and this strengthens their incentive to work toward enhancing corporate value from the same perspective as its shareholders. Furthermore, the Company believes this will heighten their sense of ownership in critical management decisions, leading to a clearer sense of responsibility and commitment toward executing its sustainable growth strategy.

In addition, the Company has determined to introduce the Share Compensation Plan using shares equivalent to the shares to be acquired through the Third-Party Allotment. This is intended to link the compensation of the management and the senior executives more closely with the improvement of corporate value over a medium- to long-term, thereby fostering a management structure focused on sustainable growth not limited to short-term results.

Based on the above considerations, the Company has determined that selecting the director, the executive officers and the senior executives who play the most direct and continuing role in enhancing the corporate value of the Company and the Group as the scheduled allottees contributes to the benefits of both the Company and its shareholders.

(3) The Scheduled Allottee's policies on holding the shares

The primary objective is to enhance participation awareness and motivation through long-term holding of the Company's stock. While the Company has confirmed that the scheduled allottees intend to continue holding the Company's stock, the Company has not imposed conditions such as lock-up for a certain period or restrictions on transfer as the acquisition is made with their own funds.

The Company has obtained a commitment letter from each scheduled allottee on which it is agreed that the scheduled allottee reports to the Company in writing when he transfers all or a part of the Shares that are issued through the Third-Party Allotment within 2 years from the payment date, the Company reports to the Tokyo Stock Exchange such report, and such report shall be publicly disclosed.

(4) Verification of properties of the Scheduled Allottees required for payment

With respect to the payment of the payment amount for the issuance of the Shares, the Company has confirmed verbally with each scheduled allottee that there are no impediments to securing the properties required for the payment. The number of shares to be allotted to each scheduled allottee has been determined after confirming their respective financial backgrounds, including compensation, salary and the number of the Company's stock they hold. Therefore, the Company has determined that the funds are sufficient for the payment of the payment amount for the issuance of the Shares.

**7. Major shareholders and their shareholding ratio after the offering**

| Before the Offering (As of December 31, 2025) | | After the Offering | |
|---|---|---|---|
| Hisense Japan Automotive Air-Conditioning Systems Corporation | 73.16% | Hisense Japan Automotive Air-Conditioning Systems Corporation | 72.36% |
| BBH(LUX) FOR FIDELITY FUNDS - PACIFIC POOL<br>(Standing Agent: MUFG Bank, Ltd.) | 2.34% | BBH(LUX) FOR FIDELITY FUNDS - PACIFIC POOL<br>(Standing Agent: MUFG Bank, Ltd.) | 2.31% |
| Ho Nagayoshi | 1.80% | Ho Nagayoshi | 1.78% |
| Sanden Business Partner Stock Ownership Association | 1.56% | Sanden Business Partner Stock Ownership Association | 1.55% |
| Li Xiuli | 1.19% | Li Xiuli | 1.18% |
| CACEIS BANK, LUXEMBOURG BRANCH / UCITS CLIENTS ASSETS<br>(Standing Agent: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch) | 0.80% | CACEIS BANK, LUXEMBOURG BRANCH / UCITS CLIENTS ASSETS<br>(Standing Agent: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch) | 0.79% |
| INTERACTIVE BROKERS LLC<br>(Standing Agent: Interactive Brokers Securities Japan Inc.) | 0.80% | INTERACTIVE BROKERS LLC<br>(Standing Agent: Interactive Brokers Securities Japan Inc.) | 0.79% |
| CLEARSTREAM BANKING S.A.<br>(Standing Agent: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch) | 0.54% | CLEARSTREAM BANKING S.A.<br>(Standing Agent: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch) | 0.54% |
| Sanden Employees Stock Ownership Association | 0.34% | Sanden Employees Stock Ownership Association | 0.33% |
| Rakuten Securities, Inc. Joint Account | 0.31% | Rakuten Securities, Inc. Joint Account | 0.31% |

(Notes) 1. Major shareholders and their shareholding ratio are based on the number of shares (excluding treasury stock) on the shareholders registry as of December 31, 2025.

2. Shareholding ratio after the offering is calculated based on the number of shares on the shareholders registry as of December 31, 2025 with consideration of 500,000 shares of new shares that were issued through the Previous Third-Party Allotment and the number of the Shares.

3. The ratio above is rounded off to the second decimal place.

**8. Prospects**

The Third-Party Allotment may lead to its long-term growth and expanding of corporate value but in the short term, it gives a minor influence on the performance of the current fiscal period. The Company will disclose necessary information once any matter required to be disclosed takes place hereafter.

**9. Matters relating to the procedures pursuant to the corporate code of conduct**

Receipt of the opinion from an independent third party or confirmation of the intent of shareholders as set out in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange are not required since (i) the rate of dilution to be caused by the Third-Party Allotment shall be less than 25%, and (ii) a change of a controlling shareholder due to the Third-Party Allotment is not expected.

**10. Performance and equity finance for the past 3 years**

(1) Performance for the past 3 years (consolidated) (JPY million except for otherwise indicated)

| | Fiscal year ended in December 2023 | Fiscal year ended in December 2024 | Fiscal year ended in December 2025 |
|---|---|---|---|
| Net sales | 179,279 | 183,848 | 190,875 |
| Operating income (loss) | △11,018 | △6,446 | △1,507 |
| Ordinary income (loss) | △8,382 | △176 | 1,774 |
| Net income (loss) attributable to owners of parent | △3,359 | △777 | 274 |
| Net income (loss) per share (JPY) | △30.15 | △6.98 | 2.46 |
| Dividend per share<br>(of which, interim dividend) (JPY) | -<br>(-) | -<br>(-) | -<br>(-) |
| Net assets per share (JPY) | 181.18 | 203.03 | 239.68 |

(2) Number of outstanding and potential shares to date (As of May 14, 2026)

| | Number of shares | Ratio to number of outstanding shares |
|---|---|---|
| Number of outstanding shares | 112,193,313 shares | 100.00% |
| Number of potential shares calculated at the current conversion (exercise) price | - | - |

(3) Current price of shares

a. Share prices for the past 3 years

| | Fiscal year ended in December 2023 | Fiscal year ended in December 2024 | Fiscal year ended in December 2025 |
|---|---|---|---|
| Opening price | JPY 196 | JPY235 | JPY 148 |
| High price | JPY 232 | JPY 242 | JPY 198 |
| Low price | JPY 145 | JPY 131 | JPY 106 |
| Closing price | JPY 199 | JPY 148 | JPY 135 |

b. Share prices for the past 6 months

| | December 2025 | January 2026 | February | March | April | May |
|---|---|---|---|---|---|---|
| Opening price | JPY 133 | JPY 135 | JPY 140 | JPY 183 | JPY 149 | JPY 176 |
| High price | JPY 138 | JPY 149 | JPY 207 | JPY 187 | JPY 186 | JPY 181 |
| Low price | JPY 118 | JPY 133 | JPY 136 | JPY 141 | JPY 146 | JPY 170 |
| Closing price | JPY 135 | JPY 137 | JPY 193 | JPY 145 | JPY 174 | JPY 178 |

(Note) The stock prices of May 2026 are the figures as of May 13, 2026.

c. Share prices as of the business day preceding the resolution on issuance

| | As of May 13, 2026 |
|---|---|
| Opening price | JPY 171 |
| High price | JPY 178 |
| Low price | JPY 170 |
| Closing price | JPY 178 |

(4) Equity finances for the past 3 years

Issuance of common stock through third-party allotment

| | |
|---|---|
| Payment date | March 23, 2026 |
| Amounts of proceeds | JPY 82,500,000 |
| Issue price | JPY 165 per share |
| Number of outstanding shares at the time of offering | 111,693,313 shares of common stock |
| Number of issued shares resulting from the offering | 500,000 shares of common stock |
| Number of outstanding shares after the offering | 112,193,313 shares of common stock |
| Allottees | 3 directors of the Company |
| Use of proceeds | Working capital |

**11. Terms and Conditions**

| | |
|---|---|
| (1) Type and number of the shares to be issued | 740,000 shares of common stock |
| (2) Issue price of the shares to be issued | JPY 178 per share |
| (3) Total payment amount | JPY 131,720,000 |
| (4) Amount of stated capital to be increased | JPY 65,860,000 |
| (5) Amount of capital reserves to be increased | JPY 65,860,000 |
| (6) Method of offering or allotment | The Shares will be allotted through the third-party allotment. |
| (7) The scheduled allottees | 1 director of the Company 50,000 shares<br>5 executive officers of the Company 400,000 shares<br>9 employees of the Company 290,000 shares |
| (8) Subscription period | June 1, 2026 to June 12, 2026 |
| (9) Payment date | June 25, 2026 |

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