

FOR IMMEDIATE RELEASE

May 9, 2018

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Sanden Holdings Corporation

Notice about Posting of Non-Operating Expenses (Consolidated and Individual Statement) and Extraordinary Losses (Individual Statement)

Sanden Holdings Corporation has posted the following non-operating expenses and extraordinary losses for the fiscal year that ended on March 31, 2018.

1. Non-operating expenses (Consolidated and individual statement)

(1) Addition to allowance for doubtful accounts for consolidated subsidiaries (Individual statement)

Sanden Holdings has posted a non-operating expense of an additional 3,078 million yen to the allowance for doubtful accounts on its individual statement of income for the fiscal year that ended on March 31, 2018 due to concerns about the ability to collect loans to certain consolidated subsidiaries.

(2) Foreign exchange losses (Consolidated statement)

Sanden Holdings has posted a non-operating expense of foreign exchange losses of 1,437 million yen on its consolidated statement of income for the fiscal year that ended on March 31, 2018. This is primarily attributable to the valuations of the Sanden Group's foreign currency denominated assets and liabilities as of March 31, 2018 due to foreign exchange rate movements.

2. Extraordinary loss for valuation loss on investment in affiliated company (Individual statement)

Sanden Holdings has posted an extraordinary loss of 1,790 million yen for valuation loss on investment in affiliated company on its individual statement of income for the fiscal year that ended on March 31, 2018. This loss is recognized for investments where the effective price has become significantly lower than the acquisition cost.

3. Extraordinary loss for transfer pricing adjustments (Individual statement)

Sanden Holdings has posted an extraordinary loss of a transfer pricing adjustment of 799 million yen in association with the transfer pricing tax for transactions between certain consolidated subsidiaries on its individual statement of income for the fiscal year that ended on March 31, 2018.

4. Effect on consolidated and individual results of operations

Please refer to the "Summary of consolidated financial statements as of March 31, 2018" for the information about the effect of the foreign exchange losses.

There is no effect on the consolidated financial statements of 1. (1) the addition to the allowance for doubtful accounts for loans to consolidated subsidiaries, 2. the valuation loss on an investment in an affiliated company and 3. the transfer pricing adjustment, because these 3 items are eliminated during the consolidation process for preparing the consolidated financial statements.