



[Translation]
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News release

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**Notice Concerning the difference between the Consolidated Earnings Forecast and the actual results
and the recognition of Non-operating Expenses and Extraordinary Loss**

Sanden Holdings Corporation (hereinafter referred to as the ‘Company’) announces the difference between the earnings forecast for Fiscal 2019 announced on November 6, 2019 and the actual results released today as below.

1. The difference between consolidated earnings forecast for Fiscal 2019 and the actual result for Fiscal2020

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income attributable to owners of the parent (Millions of yen)	Net income per share (Yen)
Forecast as announced (A)	215,000	500	(4,000)	9,000	324.92
Actual results (B)	204,880	(3,401)	(9,735)	2,287	82.54
Changes in amount (B-A)	(10,120)	(3,901)	(5,735)	(6,713)	
Percentage change (%)	(4.7%)	-	-	(74.5%)	
(Reference) Results of Fiscal 2018	273,934	889	564	(23,060)	(833.58)

2. Reasons for the difference

The net sales decreased because the spread of COVID-19 forced the customers and the Company to shut down their operations in Europe, India, and China, and the income decreased due to the change in scope of consolidation as a result of share transfer of the automobile sales business.

The operating income decreased due to the sharp sales decline, which consequently led to the failure in achieving the global procurement cost reduction goals and so on, though the Company successfully advanced the structural reform to save expenses.

The ordinary income decreased as well due to the decrease in the operating income, the exchange loss, and the decrease in the amount of investment return under the equity method.

The net income attributable to owners of the parent decreased because of increase in the structural reform expenses though there was a profit from the capital gain from the sales of subsidiary company stock.

3. Recording of non-operating expenses

(1) Exchange loss

With fluctuation in foreign exchange rates, Sanden group recorded the exchange loss of 3 billion yen in the consolidated financial statements for Fiscal 2019 as non-operating expenses resulted from the reassessment of foreign currency dominated assets and liabilities.

(2) Provision for loan losses on a non-consolidated basis

The Company recorded the provision for loan losses of 800 million yen in the non-consolidated financial statements for Fiscal 2019 because of concern over the collection of loans to one of the consolidated subsidiaries.

4. Recording of extraordinary losses

(1) Extraordinary loss on structural reform

13.4 billion yen was recorded as the structural reform expenses, because the premium severance pay was paid at the Company and subsidiaries, and the impairment loss on fixed assets etc. were recorded.

(2) Extraordinary loss on support to subsidiaries and affiliates

The Company discharged one of its consolidated subsidiaries from a debt so that the subsidiary could restore the soundness of net assets. The Company recorded the loss on support to subsidiaries and affiliates of 17 billion yen in the non-consolidated financial statements for Fiscal 2019 as the extraordinary loss.

5. Impact on consolidated financial results

The provision for loan losses and the loss on support to subsidiaries and affiliates mentioned earlier do not affect the consolidated financial results because those are offset in the consolidated financial statements.

End