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[Translation]
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For immediate release

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Recording of Extraordinary Income pertaining to Gain from Debt Forgiveness

As announced in the notice titled “Notice on the Holding of the Re-Continuation Meeting for Creditors’ Meeting for Resolution on Business Revitalization Plan under Turnaround ADR Proceedings, Completion of Turnaround ADR Proceedings and Financial Support including Debt Forgiveness” dated May 7, 2021, Sanden Holdings Corporation (hereinafter referred to as the ‘Company’) and certain of its subsidiaries (hereinafter collectively referred to as ‘Our Companies’) obtained the consent of financial institutions on the business revitalization plan (hereinafter referred to as the ‘Business Revitalization Plan’) including the debt forgiveness of 63,000 million yen in total (hereinafter referred to as the ‘Debt Forgiveness’), and the Turnaround ADR Proceedings were completed. The Company hereby announces that the Debt Forgiveness has become effective as of today and that the extraordinary income will be recorded accordingly. The details are as follows.

1. Summary of Debt Forgiveness

(1) Background to Debt Forgiveness

For details of the background to the Debt Forgiveness, please see “1. Background to Completion of Turnaround ADR Proceedings” in the notice titled “Notice on the Holding of the Re-Continuation Meeting for Creditors’ Meeting for Resolution on Business Revitalization Plan under Turnaround ADR Proceedings, Completion of Turnaround ADR Proceedings and Financial Support including Debt Forgiveness” dated May 7, 2021.

As announced in the notice titled “Notice on Submission of “Business Revitalization Plan” to Tokyo Stock Exchange, Inc.” dated May 7, 2021, the effectiveness of the Debt Forgiveness was subject to the completion of the payment for the issuance of shares of common stock through third-party allotment to Hisense Japan Automotive Air-Conditioning Systems Corporation,

which is a special purpose company incorporated by Hisense Home Appliances Group Co., Ltd. (hereinafter referred to as the ‘Capital Increase through Third-Party Allotment’), and as announced in the notice titled “Completion of Payment for Issuance of New Shares through Third-Party Allotment and Withdrawal of Shelf Registration” dated today, the payment for the Capital Increase through Third-Party Allotment was completed as of today. Accordingly, the Debt Forgiveness has become effective as of today.

(2) Details of Debt Forgiveness

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 subject to the Turnaround ADR Proceedings (97,790 million yen in total (rounded off to the nearest full unit; the same shall apply hereinafter unless otherwise separately designated)), and with respect to the claims remaining after giving effect to the Debt Forgiveness (34,790 million yen; hereinafter referred to as the ‘Remaining Claims’), to maintain the principal balances of each of the Remaining Claims for the period on and after the effective date of the Debt Forgiveness until each of the Remaining Claims is repaid in accordance with the items below, and the relevant requests have been approved.

- (a) Our Companies will fully repay the principal of the Remaining Claims promptly after the date on which the payment for the Capital Increase through Third-Party Allotment is completed (the effective date of the Debt Forgiveness) (provided, however, no later than three months at the latest after the date on which the payment for 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 (June 30, 2020) in regard to the Remaining Claims. In addition, on the repayment date of the principal of each of the Remaining Claims, Our Companies will pay interest due from the immediately preceding interest payment date until the repayment date of the principal.

(3) Amount of Debt Forgiveness

Company	62,980 million yen
Subsidiaries of the Company	20 million yen
Total	63,000 million yen

(4) Ratio of Amount of Debt Forgiveness to Total Amount of Debt

Amount of Debt Forgiveness (Non-consolidated)	62,980 million yen
Total amount of debt as of end of most recent Fiscal Year (Fiscal Year ended March 31, 2020) (Non-consolidated)	86,169 million yen
Ratio of amount of Debt Forgiveness to total amount of debt as of end of most recent Fiscal Year (Fiscal Year ended March 31, 2020) (Non-consolidated)	73.09%

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

(5) Effective Date of Debt Forgiveness
May 31, 2021

2. Amount of Extraordinary Income to be Recorded

Among 63,000 million yen of the Debt Forgiveness, the amount of the forgiveness for the Company of 62,980 million yen will be recorded as extraordinary income for the 1st quarter of the fiscal year ending March 31, 2022 (consolidated and non-consolidated), and the amount of the forgiveness for subsidiaries of the Company of 20 million yen will be recorded as extraordinary income for the 1st quarter of the fiscal year ending March 31, 2022 (consolidated).

3. Future Prospects

The examination of the financial forecasts of the Company is currently underway. Once the relevant amounts become clear, the Company will promptly disclose such information.

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