October 30, 2026

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(TSE Prime 6770)
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Notice Regarding Recording of Extraordinary Loss Associated with Product Quality Issue

ALPS ALPINE CO., LTD. (the "Company") hereby announces that, in connection with a quality issue affecting certain production lots of torque sensors for automotive electric power steering systems supplied by the Company to a customer, the Company recorded an extraordinary loss of 8,889 million yen in the second quarter of the fiscal year ending March 31, 2027, as described below.

Details

1. Overview

A quality issue was identified in certain production lots of torque sensors for automotive electric power steering systems supplied by the Company to a specific customer, and a field action (recall) was implemented for vehicles equipped with products from the relevant lots. The quality issue is limited to the specific production lots concerned and does not affect the products as a whole.

Following discussions with the customer, at a meeting held on October 30, 2026, the Board of Directors resolved that the Company would enter into an agreement under which it would bear a portion of the costs related to the field action.

2. Recording of Extraordinary Loss

The Company recorded 8,889 million yen in costs related to this matter, which are to be borne by the Company, as an extraordinary loss under "Product warranty expenses" in the second quarter of the fiscal year ending March 31, 2027.

3. Claims for Cost Reimbursement from the Contract Manufacturer and Insurance Coverage

Based on its investigation, the Company has determined that the quality issue was caused by deficiencies in the manufacturing process of the contract manufacturer responsible for components used in the relevant products. In light of the investigation results, the contractual relationships, and the allocation of responsibility, the Company intends to seek reimbursement from the contract manufacturer, commensurate with its responsibility, for the amount claimed by the customer and other costs borne by the Company in connection with this matter.

In parallel, the Company is holding discussions with its insurer regarding coverage under the insurance policies maintained by the Company. Insurance proceeds and recoveries from the contract manufacturer will be coordinated in accordance with the relevant agreements, and the Company will not receive duplicate compensation for the same loss. At present, the amounts recoverable from the contract manufacturer, the amount of insurance proceeds, and the timing of their receipt have not yet been determined.

4. Impact on Full-Year Consolidated Financial Forecast

This extraordinary loss has been reflected in the “Consolidated Financial Results for the Six Months Ended September 30, 2026 [Japanese GAAP]” announced today. After comprehensively taking into account this extraordinary loss and other factors affecting financial performance, the Company has made no change to its full-year consolidated financial forecast for the fiscal year ending March 31, 2027, announced on April 30, 2026 (ordinary income of 45,500 million yen and profit attributable to owners of parent of 30,000 million yen).

As the amounts and timing of receipt of insurance proceeds and recoveries through claims against the contract manufacturer have not yet been determined, they have not been reflected in the consolidated financial results for the interim period or the full-year consolidated financial forecast stated above. If it becomes necessary to revise the full-year consolidated financial forecast, the Company will promptly disclose such revision.

5. Future Actions

The Company takes this matter seriously and will respond appropriately to the customer and other relevant parties. The Company will also further strengthen process approval, quality control, and audit systems both internally and at its contract manufacturers, and will thoroughly implement measures to prevent recurrence.

End