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News release

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	(Securities code: 6444 TSE Standard Market)	
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## **Notice Concerning the difference between the Consolidated Earnings Forecast and the actual results and the recognition of Non-operating Expenses, Extraordinary Incomes and Losses**

Sanden Corporation (hereinafter referred to as the ‘Company’) announces the difference between the earnings forecast for Fiscal 2023 announced on February 14<sup>th</sup>, 2023 and the actual results released today as below.

### **1. The difference between consolidated earnings forecast for Fiscal 2023 and the actual result**

	Net sales	Operating income	Ordinary income	Net Income	Net income per share basic
Forecast as announced (A)	(Millions of ¥) 183,000	(Millions of ¥) (5,700)	(Millions of ¥) (3,700)	(Millions of ¥) (1,600)	( ¥ ) (14.36)
Actual results (B)	179,279	(11,018)	(8,382)	(3,359)	(30.15)
Changes (B-A)	(3,720)	(5,318)	(4,682)	(1,759)	—
Changes (%)	(2.0%)	—	—	—	—

### **2. Reasons for the difference**

Net sales decreased mainly due to a decrease in customer vehicle sales in the China region.

The decline in sales volume, the change in sales composition, the slowdown in customers’ collection impacted by the inflation, and the provisions for quality-related costs associated with past designs increased, etc., have caused the operating income and ordinary income decreased.

Despite the reversal of provision for business restructuring, the impact from the ordinary profit and impairment losses on fixed assets makes the net income attributable to shareholders of the parent company lower than the forecast.

### **3. Recognition of non-operating Expense**

#### **1) Recognition of Non-operating Income (Exchange expenses)**

Company has made foreign currency revaluation on foreign currency loans to subsidiaries and other foreign currency items. Till the end of CY2023, foreign exchange gains of 392 million yen have been recognized as non-operating income.

### **4. Recognition of extraordinary Income**

#### **1) Recognition of Extraordinary income (Reversal of provision for business restructuring)**

At bases in China, Europe, the United States, etc., a structure based on building an optimal personnel system through measures such as global production sharing and consolidation of parts procurement according to the product life cycle and sales volume, improving market competitiveness, reorganizing bases, and reducing personnel accordingly. As a result of reviewing the estimated amount of expenses required for the reform provision considering the situation accompanying the implementation of personnel reductions, the difference between the estimated amount and the initial

provision amount was recorded in the consolidated financial statements as 5,805 million yen for Reversal of provision for business restructuring.

2) Recognition of Extraordinary income (Reversal of allowance for doubtful accounts on Business of Subsidiaries and Associates on a Non-consolidated Basis)

In order to prepare for losses to some consolidated subsidiaries of the Company, we had posted provision for doubtful accounts of subsidiaries and associates. Due to reviewing the estimated amount of expenses required for the reform provision, the amount of reversal of provision for doubtful accounts of subsidiaries and associates amounted to JPY6,718 million in the non-consolidated financial statements was recorded.

## 5. Recognition of Extraordinary Losses

1) Recognition of Extraordinary Losses (Impairment Losses)

As the Company and some of its consolidated subsidiaries have decided to record impairment losses on fixed assets, etc., an impairment loss of 2,442 million yen has been recorded in the consolidated financial statements.

2) Recognition of Extraordinary loss (Loss on Valuation of investments in capital of Subsidiaries and Associates on a Non-consolidated Basis)

Of the investment of affiliated companies held by the Company, 2,142 million yen in Loss on Valuation of investments of Subsidiaries and Associates is recorded in non-consolidated financial statements for shares whose real value has fallen significantly from the acquisition cost.

## 6. Impact on Financial Results

Extraordinary Incomes and Losses above are reflected in “Summary of Consolidated Financial Statement as of December 31<sup>st</sup>, 2023” released today. At present, the above Reversal of allowance for doubtful accounts on a Non-consolidated Basis, Loss on Valuation of investments in capital of Subsidiaries and Associates, and Loss on extinguishment of tie-in shares are eliminated from the consolidated financial statements, and therefore have no impact on the consolidated financial results.

End