



January 30, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Under Japanese GAAP]

Company name: ALPS ALPINE CO., LTD.
Listing: Prime market of the Tokyo Stock Exchange
Code number: 6770
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Scheduled date to file Quarterly Securities Report: February 8, 2024
Scheduled date to commence dividend payments: —
Preparation of supplementary materials on quarterly earnings: Yes
Holding of quarterly earnings performance review: Yes (Conference call for analysts and institutional investors)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated performance for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate changes over the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	735,359	5.0	20,583	(40.2)	23,932	(34.8)	(20,376)	—
December 31, 2022	700,616	18.1	34,416	23.5	36,687	29.1	21,125	43.2

(Note) Comprehensive income

For the nine months ended December 31, 2023: ¥(8,019) million [—%]

For the nine months ended December 31, 2022: ¥24,298 million [(28.9%)]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2023	(99.13)	—
December 31, 2022	102.68	102.66

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2023	725,059	383,336	52.6	1,856.65
March 31, 2023	736,997	399,782	54.0	1,937.47

(Reference) Equity

As of December 31, 2023: ¥381,697 million

As of March 31, 2023: ¥398,111 million

2. Cash dividends

	Annual dividends				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	20.00	—	20.00	40.00
Fiscal year ended March 31, 2024	—	20.00	—		
Fiscal year ending March 31, 2024 (Forecast)				10.00	30.00

(Note) Revisions to the cash dividends forecasts most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024) (Percentages indicate changes over the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	957,000	2.6	16,500	(50.9)	17,500	(49.9)	(35,000)	—	(170.27)

(Note) Revisions to the consolidated earnings forecasts most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of accounting treatments specific to preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement:
 - a. Changes in accounting policies due to revisions to accounting standards: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatements: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2023	219,281,450 shares
As of March 31, 2023	219,281,450 shares

- b. Number of shares of treasury stock at the end of the period

As of December 31, 2023	13,698,067 shares
As of March 31, 2023	13,802,000 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended December 31, 2023	205,550,132 shares
For the nine months ended December 31, 2022	205,739,736 shares

* Quarterly earnings reports are not subject to quarterly review by external auditors.

* Explanation and other special notes concerning the appropriate use of earnings forecast

(Notes on forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to ALPS ALPINE CO., LTD. (the “Company”) and certain assumptions deemed to be reasonable, and are not intended to guarantee the achievement of these forecasts. Actual results may differ materially from the forecasts due to various factors. Please refer to “1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2023, (3) Information regarding consolidated earnings forecast and other forward-looking statements” on page 3 of the attached materials for the assumptions used in the forecasts and notes regarding the use of the forecasts.

(Access to supplementary material on quarterly earnings)

Supplementary material on quarterly earnings is available on the Company’s website on Tuesday, January 30, 2024.

○ Supplementary Materials – Contents

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1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2023

(1) Information regarding operating results

The global economy for the nine months ended December 31, 2023, was characterized by a moderate recovery on the whole, although there were signs of weakness in the economic recovery due to concerns regarding high policy interest rates around the world and downward pressure on the economy resulting from inflation.

By region, in the United States, although private consumption is gradually slowing down, the economy remained strong against the backdrop of favorable employment figures. In Europe, although high inflation rates have fallen from their peak, the economy continues to be at a standstill. In China, although many economic stimulus measures have been launched, the economy is still in a downturn due to the sluggish real estate market and other factors. In Japan, despite prices continuing to rise, the economy is on a moderate path to recovery, driven by a recovery of inbound demand.

Amidst this business environment, global automotive production is moderately recovering and, in addition, sales and each type of income are rising due to the depreciation of the yen. There are also business opportunities due to changes in powertrain configuration and the share of automobile OEM manufacturers in the automobile industry. However, with rising wages, surges in material and energy prices, and intensifying competition resulting from the commoditization of smartphones, the Company needs to flexibly respond to changes, in addition to optimizing existing prices and containing costs.

Operating results for the nine months ended December 31, 2023, are summarized below. Net sales shown below represent net sales to third parties, after elimination of inter-segment sales.

Segment information

<Component Segment>

Although sales of products for the automotive market increased, sales of products in the mobile and consumer markets were lower compared to the same period of the previous fiscal year. Operating income decreased year-on-year due to the decrease of sales and changes in the model mix of products sold for smartphones.

As a result, total net sales in this segment for the nine months ended December 31, 2023, decreased by 3.7% to ¥242.3 billion, and operating income decreased by 44.7% to ¥19.6 billion, compared to the same period of the previous fiscal year.

<Sensor and Communication Segment>

Although sales of products for the automotive market increased, overall segment sales declined due to a decrease in sales resulting from changes in consumer market product and mobile market product models. Operating income was lower than in the same period of the previous fiscal year due to a decrease of sales and an increase in development costs associated with winning orders.

As a result, total net sales in this segment for the nine months ended December 31, 2023, decreased by 5.6% to ¥62.4 billion, and operating loss was ¥1.1 billion (net operating income in the same period of the previous year was ¥0.8 billion).

<Module and System Segment>

Sales increased due to growth in demand for automotive components in line with the recovery in global automotive production and contributions from new infotainment system-related products that began to be sold in the previous fourth quarter. Operating income improved year-on-year due to an increase of sales and price optimization measures taken, despite an increase in costs resulting from the launch of production for new module products for Europe.

As a result, total net sales in this segment for the nine months ended December 31, 2023, increased by 18.8% to ¥416.0 billion, compared to the same period of the previous fiscal year and operating income was ¥0.7 billion (net operating loss in the same period of the previous year was ¥5.1 billion).

Extraordinary loss (impairment loss)

For module products in the Module and System Segment and a portion of products for the automotive market in the Sensor and Communication Segment, we recorded an extraordinary loss on impairment of ¥35.3 billion for the three months ended December 31, 2023, related to non-current business assets. In addition to ongoing higher than

initially expected increases in costs associated with the start-up of production of new module products, we expect that it will take time to improve the profit structure of this business. As a result of taking these factors into account in the latest forecast for the three months ended December 31, 2023, the present value of future cash-flows was lower than the book value of the non-current business assets.

As a result, for the Group consisting of three operating segments noted above and others in the nine months ended December 31, 2023, net sales increased by 5.0% to ¥735.3 billion, operating income decreased by 40.2% to ¥20.5 billion, ordinary income decreased by 34.8% to ¥23.9 billion and net loss attributable to owners of parent was ¥20.3 billion. (net income attributable to owners of parent in the same period of the previous year was ¥21.1 billion).

(2) Information regarding financial position

Assets, Liabilities and Net Assets

Total assets as of December 31, 2023, decreased by ¥11.9 billion to ¥725.0 billion, from the end of the previous fiscal year. Equity decreased by ¥16.4 billion to ¥381.6 billion, and the equity ratio was 52.6%.

Current assets as of December 31, 2023, increased by ¥5.8 billion to ¥472.3 billion, from the end of the previous fiscal year. The increase in current assets was mainly due to an increase in cash and deposits, partially offset by a decrease in trade notes and accounts receivable and other current assets.

Non-current assets as of December 31, 2023, decreased by ¥17.8 billion to ¥252.6 billion, from the end of the previous fiscal year. The decrease in non-current assets was mainly due to a decrease in construction in progress, and machinery, equipment and vehicles.

Current liabilities as of December 31, 2023, decreased by ¥0.3 billion to ¥264.2 billion, from the end of the previous fiscal year. The decrease in current liabilities was mainly due to a decrease in short-term borrowings, partially offset by an increase in other current liabilities.

Non-current liabilities as of December 31, 2023, increased by ¥4.8 billion to ¥77.5 billion, from the end of the previous fiscal year. The increase in non-current liabilities was mainly due to an increase in deferred tax liabilities.

(3) Information regarding consolidated earnings forecast and other forward-looking statements

For the period ending March 31, 2024, although the business environment improved as the yen depreciated more than expected, the extent of revenue deterioration is expected to increase due to changes in the product mix in each segment's net sales. In the Component Segment, sales mix of products for smartphones changed. In addition, in the Module & System Segment, sales of new module products increased with low profitability caused by the cost increase due to the start of production, and sales decrease due to the end of product deliveries to some of our customers, etc. As a result, the operating income is expected to be lower than the last forecast. For the ordinary income, non-operating income (exchange gain) is expected to be lower than the previous forecast. Moreover, net income attributable to owners of parent is also expected to be lower than the previous forecast due to an impairment loss for the three months ended December 31, 2023. Taking these conditions into accounts in our earnings forecast, we have revised our forecasts for net sales, operating income, ordinary income, and net income attributable to owners of parent announced on July 28, 2023. The estimated exchange rates from the fourth quarter onwards have been revised to 1 USD=¥145, 1 EUR=¥156, and 1 CNY=¥20.0.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	84,173	96,282
Trade notes and accounts receivable	176,921	171,878
Merchandise and finished goods	83,548	83,800
Work in process	20,847	22,944
Raw material and supplies	61,029	61,673
Others	40,204	35,981
Allowance for doubtful accounts	(210)	(177)
Total current assets	466,515	472,382
Non-current assets		
Property, plant and equipment		
Buildings and structures	126,858	134,056
Accumulated depreciation and impairment loss	(93,184)	(96,177)
Buildings and structures, net	33,674	37,878
Machinery, equipment and vehicles	301,559	329,707
Accumulated depreciation and impairment loss	(245,730)	(282,608)
Machinery, equipment and vehicles, net	55,828	47,098
Tools, furniture and fixtures and molds	159,212	156,599
Accumulated depreciation and impairment loss	(140,639)	(143,470)
Tools, furniture and fixtures and molds, net	18,572	13,129
Land	20,432	19,584
Construction in progress	30,036	14,956
Total property, plant and equipment, net	158,545	132,648
Intangible assets, net	26,484	26,452
Investments and other assets		
Investment securities	66,708	66,971
Deferred tax assets	7,040	14,600
Retirement benefit assets	118	—
Others	11,603	12,109
Allowance for doubtful accounts	(19)	(105)
Total investments and other assets	85,451	93,576
Total non-current assets	270,482	252,676
Total assets	736,997	725,059

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	98,547	98,589
Short-term borrowings	77,209	73,382
Accrued expenses	16,183	14,839
Accrued income taxes	6,487	7,617
Provision for bonuses	8,939	7,346
Provision for product warranties	9,377	9,748
Other provisions	85	248
Others	47,740	52,430
Total current liabilities	264,570	264,204
Non-current liabilities		
Long-term borrowings	44,728	45,525
Deferred tax liabilities	8,140	12,757
Defined benefit liabilities	16,817	16,253
Provision for directors' retirement benefits	79	79
Provision for environmental measures	634	634
Others	2,244	2,268
Total non-current liabilities	72,644	77,519
Total liabilities	337,215	341,723
Net assets		
Shareholders' equity		
Common stock	38,730	38,730
Capital surplus	124,206	124,138
Retained earnings	222,385	193,782
Treasury stock	(28,581)	(28,365)
Total shareholders' equity	356,740	328,286
Accumulated other comprehensive income		
Unrealized gains on securities	22,348	20,872
Revaluation reserve for land	(496)	(496)
Foreign currency translation adjustments	29,129	41,865
Remeasurements of defined benefit plans	(9,611)	(8,830)
Total accumulated other comprehensive income	41,370	53,410
Subscription rights to shares	105	67
Non-controlling interests	1,565	1,571
Total net assets	399,782	383,336
Total liabilities and net assets	736,997	725,059

(2) Quarterly consolidated statement of income and comprehensive income
For the nine months ended December 31, 2023

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	700,616	735,359
Cost of sales	564,573	605,053
Gross profit	136,043	130,305
Selling, general and administrative expenses	101,626	109,721
Operating income	34,416	20,583
Non-operating income		
Interest income	547	1,095
Dividend income	800	754
Share of profit of investments accounted for using equity method	1,476	1,514
Foreign exchange gains	683	437
Others	1,146	1,943
Total non-operating income	4,654	5,745
Non-operating expenses		
Interest expenses	952	652
Foreign withholding tax	438	804
Others	992	939
Total non-operating expenses	2,383	2,396
Ordinary income	36,687	23,932
Extraordinary income		
Gain on sale of non-current assets	55	257
Gain on sale of investment securities	586	682
Others	40	—
Total extraordinary income	681	939
Extraordinary loss		
Loss on sales and retirement of non-current assets	564	380
Impairment loss	64	36,205
Loss on sales of investment securities	1,356	80
Others	274	9
Total extraordinary loss	2,260	36,675
Income (loss) before income taxes	35,108	(11,803)
Current income taxes	9,471	10,832
Deferred income taxes	3,076	(2,494)
Total income taxes	12,548	8,338
Net income (loss)	22,559	(20,142)
Net income (loss) attributable to:		
Owners of parent	21,125	(20,376)
Non-controlling interests	1,434	234
Other comprehensive income		
Unrealized gain on securities	(3,718)	(1,501)
Foreign currency translation adjustments	5,068	12,539
Remeasurements of defined benefit plans	701	767
Share of other comprehensive income of entities accounted for using equity method	(312)	316
Total other comprehensive income	1,739	12,122
Comprehensive income	24,298	(8,019)
Comprehensive income attributable to:		
Owners of parent	22,181	(8,335)
Non-controlling interests	2,116	316

(3) Notes to quarterly consolidated financial statements
(Notes on going concern assumptions)

No items to report.

(Notes on significant changes in the amount of shareholders' equity)

No items to report.

(Segment information)

[Segment information]

I. Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information concerning net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustments (Note 2)	Amount on quarterly consolidated financial statements (Note 3)
	Component Segment	Sensor and Communication Segment	Module and System Segment	Sub-total				
Net sales								
External	251,726	66,118	350,158	668,003	32,613	700,616	—	700,616
Inter-segment sales and transfers	272	56	89	418	17,575	17,993	(17,993)	—
Total	251,998	66,174	350,248	668,421	50,188	718,610	(17,993)	700,616
Segment profit (loss)	35,525	896	(5,100)	31,321	3,167	34,489	(72)	34,416

(Note)

1. "Other" represents business segments not included in the reportable segments, and includes the development of systems, office services, financing and leasing businesses, and logistics.
2. The adjustment of ¥ (72) million to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
3. Segment profit (loss) is reconciled to operating income of the quarterly consolidated financial statements.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segment

Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(Millions of yen)

	Component Segment	Sensor and Communication Segment	Module and System Segment	Other	All/Eliminations	Total
Impairment loss	47	16	0	—	0	64

II. Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information concerning net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustments (Note 2)	Amount on quarterly consolidated financial statements (Note 3)
	Component Segment	Sensor and Communicat ion Segment	Module and System Segment	Sub-total				
Net sales								
External	242,307	62,412	416,005	720,725	14,633	735,359	—	735,359
Inter-segment sales and transfers	197	16	27	241	8,632	8,874	(8,874)	—
Total	242,504	62,429	416,033	720,967	23,265	744,233	(8,874)	735,359
Segment profit (loss)	19,629	(1,107)	737	19,260	1,455	20,716	(132)	20,583

(Note)

1. “Other” represents business segments not included in the reportable segments, and includes the development of systems, office services, financing and leasing businesses.
2. The adjustment of ¥ (132) million to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
3. Segment profit (loss) is reconciled to operating loss of the quarterly consolidated financial statements.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segment

Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Millions of yen)

	Component Segment	Sensor and Communication Segment	Module and System Segment	Other	All/Eliminations	Total
Impairment loss	82	1,452	34,671	—	—	36,205