October 30, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 [Under Japanese GAAP]

Company name:	ALPS ALPINE CO., LTD.
Listing:	Prime Market of the Tokyo Stock Exchange
Securities code:	6770
URL:	https://www.alpsalpine.com/e/ir/index.html
Representative:	Hideo Izumi Representative Director, President & CEO
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Scheduled date to file semi-annual securities report:	November 11, 2024
Scheduled date to commence dividend payments:	November 29, 2024
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Consolidated semi-annual financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	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	%
Six months ended September 30, 2024	490,311	3.2	11,214	5.4	8,193	(51.6)	1,014	(84.9)
September 30, 2023	475,009	4.6	10,641	(46.6)	16,936	(37.0)	6,711	(61.5)

(Note) Comprehensive income

For the six months ended September 30, 2024: ¥(7,875) million [–%]

For the six months ended September 30, 2023: ¥28,657 million [(16.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	4.93	4.93
September 30, 2023	32.65	32.65

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	703,750	382,347	54.1	1,851.60
March 31, 2024	753,989	392,824	51.9	1,902.43

(Reference) Equity

As of September 30, 2024: ¥380,787 million

As of March 31, 2024: ¥391,108 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, 2024	–	20.00	–	10.00	30.00
Fiscal year ending March 31, 2025	–	30.00			
Fiscal year ending March 31, 2025 (Forecast)			–	30.00	60.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on year changes)

	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, 2025	940,000	(2.5)	23,000	16.7	19,000	(23.4)	30,000	–	145.90

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

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatments specific to the preparation of semi-annual 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 and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatements: None

(Note) For details, please refer to (Notes on changes in accounting policies) under (4) Notes to semi-annual consolidated financial statements of 2. Semi-annual consolidated financial statements and significant notes on page 9.

(4) Number of issued shares (common stock)

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

As of September 30, 2024	219,281,450 shares
As of March 31, 2024	219,281,450 shares

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

As of September 30, 2024	13,628,191 shares
As of March 31, 2024	13,698,507 shares

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

For the six months ended September 30, 2024	205,617,974 shares
For the six months ended September 30, 2023	205,533,490 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 (3) Information regarding consolidated earnings forecast and other forward-looking statements of 1. Overview of operating results, on page 4 of the Supplementary Materials for the assumptions used in the forecasts and notes regarding the use of the forecasts.

(Access to supplementary materials on financial results)

Supplementary materials on financial results are available on the Company’s website on Wednesday, October 30, 2024.

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1. Overview of operating results

(1) Overview of operating results for the six months ended September 30, 2024

We operate 186 bases across 23 countries and regions, maintaining a strong presence in Japan, North America, Europe, China, and other Asian countries. We offer approximately 40,000 types of products and services in the automotive, mobile, and consumer markets. In the automotive market, our core Tier 1 business involves direct sales to major automotive manufacturers in Japan, North America, and Europe. In addition, our core Tier 2 business focuses on sales to automotive components manufacturers worldwide. In the mobile markets, we are engaged in sales to major smartphone manufacturers and other customers who handle mobile-related products. In the consumer markets, we sell products to manufacturers in markets beyond automotive and mobile products, including personal computers, home appliances, game consoles, and various industrial equipment.

Amidst the business environment for the six months ended September 30, 2024, sales and operating income increased due to the depreciation of the yen. In the automotive markets, global automotive production moderately increased overall. Additionally, the Tier 2 business expanded, driven by the development of new customers and an increase in the number of products adopted, which was a result of changes in powertrain configurations, as well as a growth in the share of automobile manufacturers backed by Chinese capital. However, signs of a slowdown emerged in the Tier 1 business for automotive manufacturers in Japan, North America, and Europe, which are our main customers. In the mobile markets, sales for major smartphone manufacturers were strong, while in the consumer markets, demand expanded for game consoles and other electronic components and products.

Operating results for the six months ended September 30, 2024 are summarized below. Net sales shown below represent net sales to third parties, after elimination of inter-segment sales.

Segment information

<Component Segment>

Net sales increased due to the depreciation of the yen, a rise in product demand in the mobile market and consumer market, and expanded product sales in the automotive market. Operating income also increased, driven by the yen's depreciation and higher sales.

As a result, total net sales in this segment for the six months ended September 30, 2024 increased by 18.2% to ¥177.8 billion, and operating income increased by 55.5% to ¥16.7 billion, compared to the same period of the previous fiscal year.

<Sensor and Communication Segment>

Net sales for the automotive markets decreased due to a shift from conventional automotive keyless entry systems to digital key products. However, overall net sales increased due to the depreciation of the yen and an increase in the demand for products in the mobile market. Operating income improved due to the depreciation of the yen and higher sales.

As a result, total net sales in this segment for the six months ended September 30, 2024 increased by 6.8% to ¥43.4 billion, compared to the same period of the previous fiscal year and the operating loss was ¥0.6 billion (net operating loss in the same period of the previous year was ¥1.4 billion).

<Module and System Segment>

Although the depreciation of the yen affected net sales, the overall decrease was primarily due to the impact of a slump in the Chinese market, which impacted our main customers, including Japanese, North American, and European automotive manufacturers, as well as the discontinuation of system product models for the European market. Operating income decreased mainly due to wage hikes and lower net sales. This occurred despite a decrease in depreciation and amortization, which resulted from impairment losses recorded in the previous fiscal year, and an improvement in variable costs. Net sales from foreign currency transactions in this business were nearly offset by the costs associated with these transactions, resulting in a profit structure less susceptible to exchange rate volatility.

As a result, total net sales in this segment for the six months ended September 30, 2024 decreased by 5.6% to ¥258.9 billion, compared to the same period of the previous fiscal year and the operating loss was ¥5.2 billion (net operating income in the same period of the previous year was ¥0.5 billion).

On a consolidated basis for the six months ended September 30, 2024, the Group consisting of the three operating segments noted above and others, recorded net sales of ¥490.3 billion (an increase of 3.2% compared to the same period of the previous year), operating income of ¥11.2 billion (an increase of 5.4% compared to the same period of the previous year), ordinary income of ¥8.1 billion (a decrease of 51.6% compared to the same period of the previous year), and net income attributable to owners of parent of ¥1.0 billion (a decrease of 84.9% compared to the same period of the previous year).

(2) Overview of financial position for the six months ended September 30, 2024

i. Assets, Liabilities and Net Assets

Total assets as of September 30, 2024 decreased by ¥50.2 billion to ¥703.7 billion, from the end of the previous fiscal year. Equity decreased by ¥10.3 billion to ¥380.7 billion, and the equity ratio was 54.1%.

Current assets as of September 30, 2024 decreased by ¥42.9 billion to ¥448.4 billion, from the end of the previous fiscal year. The decrease in current assets was mainly due to a decrease in cash and deposits, inventories, partially offset by an increase in trade notes and accounts receivable.

Non-current assets as of September 30, 2024 decreased by ¥7.2 billion to ¥255.2 billion, from the end of the previous fiscal year. The decrease in non-current assets was mainly due to a decrease in intangible assets, investment securities, partially offset by an increase in machinery, equipment and vehicles.

Current liabilities as of September 30, 2024 decreased by ¥17.8 billion to ¥229.8 billion, from the end of the previous fiscal year. The decrease in current liabilities was mainly due to a decrease in short-term borrowings, other current liabilities, partially offset by an increase in trade notes and accounts payable.

Non-current liabilities as of September 30, 2024 decreased by ¥21.9 billion to ¥91.5 billion, from the end of the previous fiscal year. The decrease in non-current liabilities was mainly due to a decrease in long-term borrowings.

ii. Cash Flows

The balance of cash and cash equivalents (hereinafter “cash”) as of September 30, 2024 was ¥84.4 billion, a decrease of ¥37.8 billion from the end of the previous fiscal year.

(Cash flows from operating activities)

The increase in cash from operating activities for the six months ended September 30, 2024, was ¥17.9 billion, an increase of ¥32.4 billion for the same period of the previous fiscal year.

The increase was mainly related to an increase in cash due to ¥18.1 billion of depreciation and amortization, ¥7.3 billion of income before income taxes and an increase of ¥6.6 billion in trade and other payables, as well as a decrease in cash due to an increase of ¥10.9 billion in trade and other receivables and a decrease of ¥3.6 billion in accrued expenses.

(Cash flows from investing activities)

The decrease in cash from investing activities for the six months ended September 30, 2024, was ¥21.2 billion, a decrease of ¥27.2 billion for the same period of the previous fiscal year. The decrease was mainly related to a decrease in cash due to ¥23.9 billion used for the acquisition of property, plant and equipment, and intangible assets.

(Cash flows from financing activities)

The decrease in cash from financing activities for the six months ended September 30, 2024, was ¥33.0 billion, a decrease of ¥3.0 billion for the same period of the previous fiscal year. The decrease was mainly due to a decrease of ¥28.3 billion in short-term borrowings, repayment of long-term borrowings of ¥2.1 billion and cash dividends paid of ¥2.0 billion.

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

For the outlook from the third quarter onward, we have revised our consolidated earnings forecast, which was announced on July 31, 2024. These revisions reflect changes in sales conditions, such as a better-than-expected sales outlook for products in the mobile market in the Component segment, and anticipated challenges in the long-term sales of new vehicle for our main customers in the Module and System segment. Additionally, the revisions take into account changes in ordinary income due to exchange rate fluctuations during the six months ended September 30, 2024.

The estimated exchange rates from the third quarter onward are 1 USD=¥140.0, 1 EUR=¥150.0 and 1 CNY=¥20.0.

The earnings forecast includes information that is based on forward-looking statements available at the current point in time.

Actual performance may differ significantly from forecasts due to uncertainties such as fluctuations in exchange rates, change in the demand for each market and the risk of cost increases exceeding expectations when mass production of new products begins.

2. Semi-annual consolidated financial statements and significant notes
(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	122,667	85,088
Trade notes and accounts receivable	158,584	166,292
Merchandise and finished goods	83, 170	74,109
Work in process	20,861	20,045
Raw material and supplies	59,684	62,288
Others	46,783	40,892
Allowance for doubtful accounts	(292)	(249)
Total current assets	491,458	448,467
Non-current assets		
Property, plant and equipment		
Buildings and structures	132,858	132,913
Accumulated depreciation and impairment loss	(95,237)	(95,797)
Buildings and structures, net	37,620	37,115
Machinery, equipment and vehicles	340,660	346,551
Accumulated depreciation and impairment loss	(292,818)	(295,449)
Machinery, equipment and vehicles, net	47,841	51,101
Tools, furniture and fixtures and molds	156,404	154,429
Accumulated depreciation and impairment loss	(143,809)	(141,253)
Tools, furniture and fixtures and molds, net	12,594	13,175
Land	19,132	19,221
Construction in progress	17,022	16,674
Total property, plant and equipment, net	134,211	137,289
Intangible assets, net	26,551	22,019
Investments and other assets		
Investment securities	71,804	68,461
Deferred tax assets	16,978	14,881
Retirement benefit assets	148	433
Others	12,878	13,922
Allowance for doubtful accounts	(42)	(1,724)
Total investments and other assets	101,768	95,974
Total non-current assets	262,531	255,283
Total assets	753,989	703,750

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	93,964	99,623
Short-term borrowings	50,463	39,998
Accrued expenses	17,970	14,185
Accrued income taxes	8,671	7,564
Provision for bonuses	9,340	10,635
Provision for product warranties	9,807	9,565
Other provisions	1,470	2,221
Others	56,023	46,075
Total current liabilities	247,711	229,870
Non-current liabilities		
Long-term borrowings	78,838	58,875
Deferred tax liabilities	17,592	15,949
Defined benefit liabilities	13,850	13,594
Provision for directors' retirement benefits	82	71
Provision for environmental measures	634	634
Others	2,456	2,407
Total non-current liabilities	113,453	91,533
Total liabilities	361,165	321,403
Net assets		
Shareholders' equity		
Common stock	38,730	38,730
Capital surplus	124,138	123,872
Retained earnings	184,350	183,308
Treasury stock	(28,365)	(28,219)
Total shareholders' equity	318,853	317,691
Accumulated other comprehensive income		
Unrealized gains on securities	24,393	22,125
Revaluation reserve for land	(496)	(496)
Foreign currency translation adjustments	54,599	47,309
Remeasurements of defined benefit plans	(6,242)	(5,842)
Total accumulated other comprehensive income	72,254	63,095
Subscription rights to shares	67	5
Non-controlling interests	1,648	1,554
Total net assets	392,824	382,347
Total liabilities and net assets	753,989	703,750

(2) Semi-annual consolidated statement of income and comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	475,009	490,311
Cost of sales	393,131	405,627
Gross profit	81,878	84,683
Selling, general and administrative expenses	71,237	73,469
Operating income	10,641	11,214
Non-operating income		
Interest income	602	999
Dividend income	359	876
Share of profit of investments accounted for using equity method	983	803
Foreign exchange gains	4,343	—
Others	1,423	356
Total non-operating income	7,713	3,036
Non-operating expenses		
Interest expenses	534	554
Foreign exchange losses	—	4,633
Others	883	870
Total non-operating expenses	1,417	6,057
Ordinary income	16,936	8,193
Extraordinary income		
Gain on sale of non-current assets	246	41
Gain on sale of investment securities	311	0
Gain on reversal of foreign currency translation adjustment	—	199
Others	0	—
Total extraordinary income	559	240
Extraordinary loss		
Loss on sales and retirement of non-current assets	350	91
Impairment losses	542	608
Extra retirement payments	—	298
Others	94	78
Total extraordinary loss	986	1,077
Income before income taxes	16,509	7,356
Current income taxes	7,630	4,775
Deferred income taxes	2,029	1,376
Total income taxes	9,659	6,151
Net income	6,849	1,204
Net income attributable to:		
Owners of parent	6,711	1,014
Non-controlling interests	138	190
Other comprehensive income		
Unrealized gain on securities	823	(2,264)
Foreign currency translation adjustments	19,958	(7,009)
Remeasurements of defined benefit plans	518	392
Share of other comprehensive income of entities accounted for using equity method	507	(200)
Total other comprehensive income	21,808	(9,080)
Comprehensive income	28,657	(7,875)
Comprehensive income attributable to:		
Owners of parent	28,434	(8,144)
Non-controlling interests	223	269

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Income before income taxes	16,509	7,356
Depreciation and amortization	21,008	18,126
Impairment losses	542	608
Increase (decrease) in allowance for doubtful accounts	50	1,729
Interest and dividends received	(961)	(1,876)
Share of (profit) loss of investments accounted for using equity method	(983)	(803)
(Increase) decrease in trade and other receivables	(999)	(10,987)
(Increase) decrease in inventories	(389)	3,491
Increase (decrease) in trade and other payables	5,427	6,621
Increase (decrease) in provision for bonuses	1,246	1,318
Increase (decrease) in accrued expenses	984	(3,629)
Others	(5,361)	(2,235)
Subtotal	37,071	19,720
Interest and dividend received	946	2,262
Interest paid	(545)	(551)
Income taxes paid	(5,005)	(3,443)
Net cash provided by operating activities	32,467	17,989
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25,120)	(20,904)
Acquisition of intangible assets	(4,194)	(3,075)
Others	2,034	2,697
Net cash used in investing activities	(27,280)	(21,283)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	912	(28,325)
Proceeds from long-term borrowings	2,000	—
Repayment of long-term borrowings	(1,602)	(2,116)
Cash dividends paid	(4,109)	(2,055)
Others	(209)	(513)
Net cash used in financing activities	(3,009)	(33,011)
Effect of exchange rate changes on cash and cash equivalents	2,788	(1,578)
Net increase (decrease) in cash and cash equivalents	4,966	(37,883)
Cash and cash equivalents at the beginning of the period	82,893	122,298
Cash and cash equivalents at the end of the period	87,859	84,414

(4) Notes to semi-annual consolidated financial statements

(Notes on changes in accounting policies)

[Application of the accounting standard for current income taxes]

On April 1, 2024, the Group adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, revised on October 28, 2022) (hereinafter referred to as "ASBJ Statement No. 27 (revised 2022)"). Regarding the amendment related to the classification of current income taxes (taxation on other comprehensive income), the Group follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of ASBJ Statement No. 27 (revised 2022), as well as the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on October 28, 2022) (hereinafter referred to as "ASBJ Guidance No. 28 (revised 2022)"). These changes in accounting policies have no impact on the Group's semi-annual consolidated financial statements.

In addition, on April 1, 2024, the Group adopted ASBJ Guidance No. 28 (revised 2022), regarding the amendment related to the review of the treatment in the consolidated financial statements when deferring for tax purposes the gain or loss on the sale of subsidiary shares and others among the Group companies. This change in accounting policy has been applied retrospectively and has no impact on the Group's consolidated financial statements for the fiscal year ended March 31, 2024, as well as the semi-annual consolidated financial statements for the interim periods of that fiscal year.

(Additional information)

[Extraordinary loss due to plant closure of a consolidated subsidiary]

For these six months ended September 30, 2024, we decided to close the Jengka plant of ALPS ELECTRIC (MALAYSIA) SDN. BHD., a consolidated subsidiary of the Company. As a result, the amount of extra retirement payments is recorded as an extraordinary loss.

(Notes on segment information)

[Segment information]

I. Six months ended September 30, 2023 (from April 1, 2023 to September 30, 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 semi-annual consolidated financial statements (Note 3)
	Component Segment	Sensor and Communication Segment	Module and System Segment	Subtotal				
Net sales								
External	150,465	40,728	274,380	465,574	9,435	475,009	—	475,009
Inter-segment sales and transfers	125	12	20	158	5,945	6,104	(6,104)	—
Total	150,590	40,740	274,400	465,732	15,381	481,114	(6,104)	475,009
Segment profit (loss)	10,748	(1,498)	561	9,811	930	10,742	(100)	10,641

(Note)

1. "Other" represents business segments not included in the reportable segments, and includes the development of systems, office services, and financing and leasing businesses.
2. The adjustment of ¥(100) million to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
3. Segment profit (loss) is reconciled to the operating income of the semi-annual consolidated financial statements.

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

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Millions of yen)

	Component Segment	Sensor and Communication Segment	Module and System Segment	Other	All/Eliminations	Total
Impairment losses	81	3	457	—	—	542

II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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 semi-annual consolidated financial statements (Note 3)
	Component Segment	Sensor and Communication Segment	Module and System Segment	Subtotal				
Net sales								
External	177,857	43,486	258,969	480,313	9,997	490,311	—	490,311
Inter-segment sales and transfers	152	18	17	188	5,241	5,429	(5,429)	—
Total	178,010	43,504	258,987	480,501	15,238	495,740	(5,429)	490,311
Segment profit (loss)	16,717	(651)	(5,284)	10,781	483	11,265	(50)	11,214

(Note)

1. "Other" represents business segments not included in the reportable segments, and includes the development of systems, office services, and financing and leasing businesses.
2. The adjustment of ¥(50) million to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
3. Segment profit (loss) is reconciled to the operating income of the semi-annual consolidated financial statements.

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

Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Millions of yen)

	Component Segment	Sensor and Communication Segment	Module and System Segment	Other	All/Eliminations	Total
Impairment losses	199	—	408	—	0	608

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

No items to report.

(Notes on going concern assumptions)

No items to report.