

**INTEGRATED REPORT  
2022**

# OUR VISION

## CORPORATE VISION

The economy and market environment currently surrounding our business are in the midst of a paradigm shift. Meanwhile, in the automotive industry, the development of electric vehicles (EVs) continues to intensify due to growing concerns over the environment, and the need for higher levels of safety performance is rising, calling us to step up our measures to levels beyond those of the past. The increasing use of digital technology as a part of digital transformation is bringing about significant changes to people's lifestyles and values. However, our Corporate Vision, which forms the foundation of our business, remains unchanged. By embracing the strengths of its products and technologies centered on electronics and its wide array of services and solutions, Alps Alpine is committed to bringing prosperity and happiness to the Earth and its people.

Corporate  
Philosophy

**Alps Alpine innovates value for humans and society on a brighter planet.**

Management  
Approach

<b>Strive for Value</b>	We will go all out to create new value.
<b>Love the Planet</b>	We will coexist with the environment as friends of the Earth.
<b>Contribute to Society</b>	We will do good for society and help it to flourish.
<b>Respect the Individual</b>	We will empower the unique energy of every employee.
<b>Act with Integrity</b>	We will act fairly and with integrity as global players.

Alps Alpine  
Business Vision

*Perfecting the Art of Electronics*

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## Publication of *Integrated Report 2022*



*Integrated Report 2022* marks the fourth time that Alps Alpine has prepared and published an integrated report. As you all may be aware, in 2019 the former Alps Electric Co., Ltd. and Alpine Electronics, Inc. were merged, leading to the formulation of our 1st Mid-Term Business Plan (hereafter, the “previous plan”). Under our previous plan, we worked to create synergy in the most optimal way possible throughout our value chain, which encompasses everything from our marketing and planning processes through to the development, design, procurement, and production processes for our products. In the process, we combined Alps Electric’s product competitiveness, backed by its expertise in the development of device technologies, and Alpine Electronics’ software development and systemization technologies to provide prod-

ucts and solutions that offer unprecedented and unique value. Meanwhile, our business environment has undergone significant changes over this period, as seen by the impact of the COVID-19 pandemic on global production and supply and the implications of supply chain disruptions and pressures, centered on semiconductors, on various industries.

With our sights set on the 2nd Mid-Term Business Plan (hereafter, the “current plan”) in fiscal 2022 and beyond, we worked to accurately identify the changes in our business environment, verified and assembled the opportunities and risks facing our business, and revised our material issues. Alongside the review of our previous plan, we developed key ESG initiatives that incorporate our sustainability perspectives.

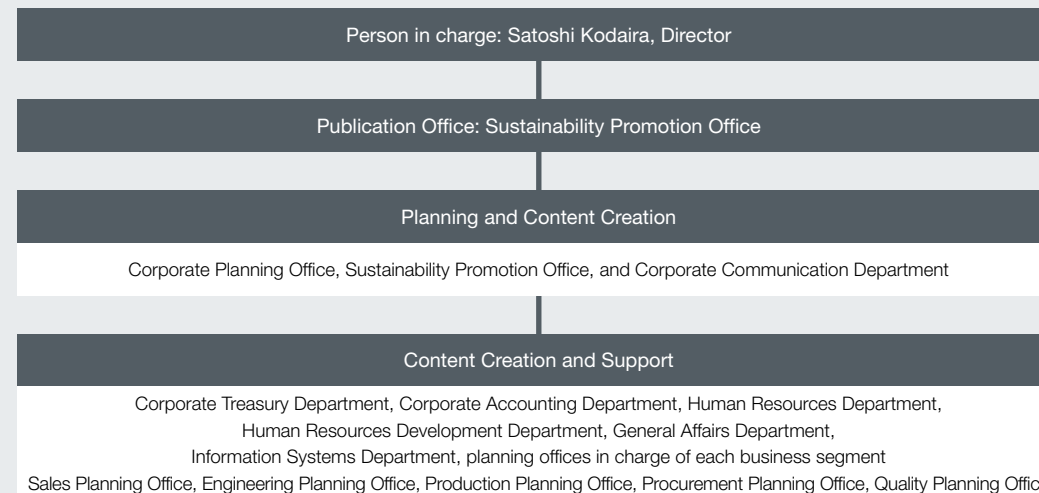
For *Integrated Report 2022*, these factors have been taken into comprehensive consideration and the details thereof have been compiled in an integrated manner as they relate to our current plan. We would be truly grateful if you could share your impressions and frank opinions after reading this report.

The information contained in *Integrated Report 2022* is the result of discussions involving all of the Company’s directors and, as the person responsible for issuing this report, I hereby declare that our production process is legitimate and the content contained herein is accurate. Moreover, this report has been prepared with reference to the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI) and the International Integrated Reporting Framework of the IFRS Foundation.

August 2022

Satoshi Kodaira  
Director, Senior Vice President  
CFO, Administration  
Person in charge of issuing integrated reports

### Promotion Structure



### Scope

#### Organizations

The report covers the entire Alps Alpine Group worldwide, although coverage may vary for different activities.

#### Period

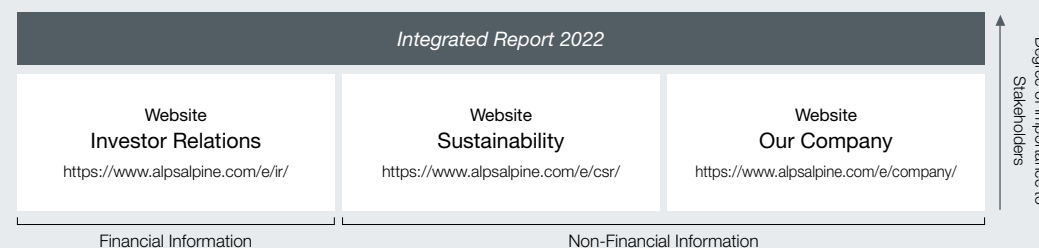
- The report principally covers the period from April 1, 2021 to March 31, 2022, but it does include some activities occurring prior to or later than this period.
- Environmental reporting covers the period from April 2021 to March 2022 for Japan, and the period from January to December 2022 for overseas.

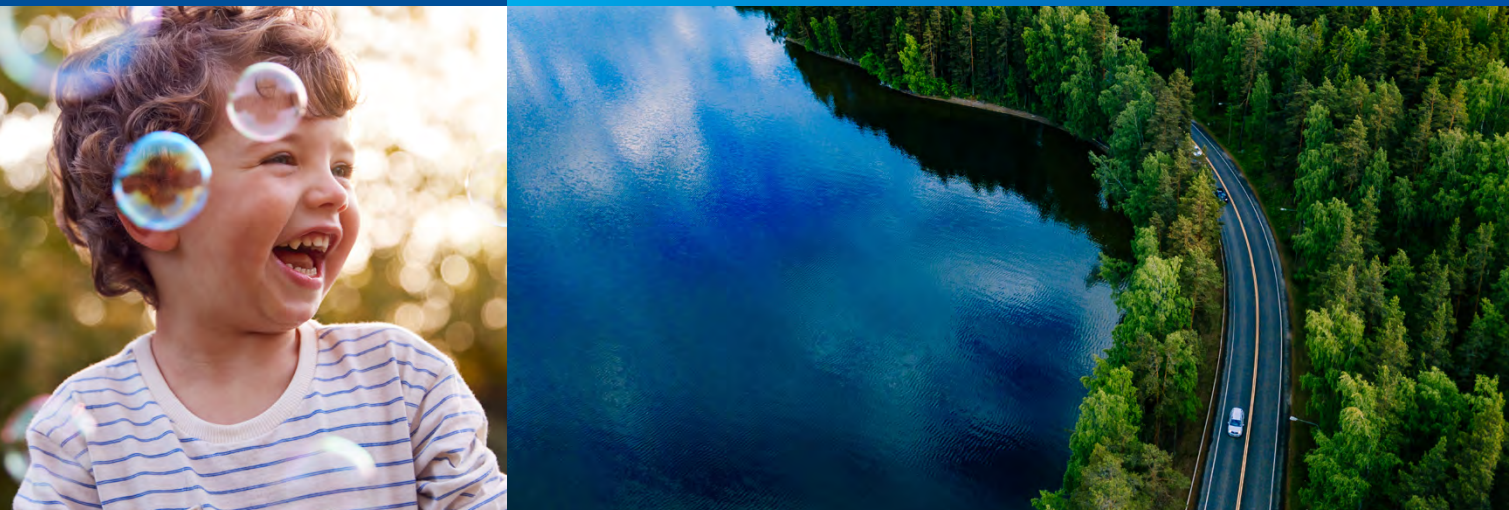
### Caution Concerning Forward-Looking Statements

Numerical plans, activity plans, and other forward-looking statements in this report are based on judgments reached by Alps Alpine using the information currently available. Please understand that actual performance and results may vary considerably from scenarios described in forward-looking statements due to a wide range of factors.

Published in September 2022

### Reporting Media





# Value Creation Story

CHAPTER

# 01

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## CEO Message

Aiming to maximize stakeholder value while fulfilling our CSR and ESG responsibilities, we will strive to become an “Innovative T-shaped Company” that creates the values of excitement, safety, and the environment through our hardware and software technologies.

Toshihiro Kuriyama  
Representative Director, President & CEO

### Review of the 1st Mid-Term Business Plan and Our Outlook for the Future

In fiscal 2021, we concluded the 1st Mid-Term Business Plan (hereafter, the “previous plan”) under the Alps Alpine brand. During the three-year period of the previous plan, our external business environment and the circumstances surrounding our core automotive market were extremely challenging. The ongoing COVID-19 pandemic has seriously impacted both the global economy and the Company’s business performance. However, our business has been impacted even more by the issues related to our supply chain. Supply chain disruptions and rising material and energy prices were caused by the global shortage of semiconductors, the surging cost of

semiconductors and raw materials, the shortage of certain raw materials, and the stagnation of global logistics. As a result, the global production volume of automobiles has dropped as well as the supply of smartphones and other digital electronic devices.

Due to such supply chain disruptions and losses, we did not come close to achieving the targets set forth in our previous plan. However, despite the deteriorating market conditions, from a medium- to long-term point of view, we do not anticipate a change in CASE\*—a technological paradigm shift in the automotive industry said to occur once every 100 years. Our vision, which constitutes the aim of our business integration, also remains unchanged.

Under the previous plan, we pursued three types of

\* CASE: Connected, autonomous, shared & services, and electric

CEO  
Message

structural reforms to create integration synergies. In terms of business restructuring, it was essential to expand the automotive business, which accounts for two-thirds of our net sales, in the CASE domain and address its needs. Accordingly, we needed to develop products that combined the hardware and device technologies of the former Alps Electric Co., Ltd. and the software technologies of the former Alpine Electronics, Inc. In response to these needs, we have been steadily producing results, including the development of new Digital Cabin products that utilize software to control in-vehicle human-machine interface (HMI) devices and a millimeter-wave sensor that detects occupants and enhances safety performance.

In terms of cost restructuring, we greatly benefited from our measures to reduce fixed costs by leveraging our business integration synergies, as costs decreased by roughly ¥52.0 billion over the three-year period, surpassing our initial target.

As for our organizational restructuring, we established a matrix-type organization based on specific functions and responsible business areas and consolidated the operations and management of our overseas subsidiaries. Moreover, because employees have not been able to move around and directly engage with others as a result of COVID-19, we have seen remote working methods take root across the globe and greater independence among our overseas subsidiaries, which we have been working to promote for some time. This increased independence of overseas subsidiaries has also enabled us to realize a more agile product development process and mass production.

We expect the effects of COVID-19 on our operations and the supply chain issues affecting our business to continue going forward. While promptly addressing these issues,

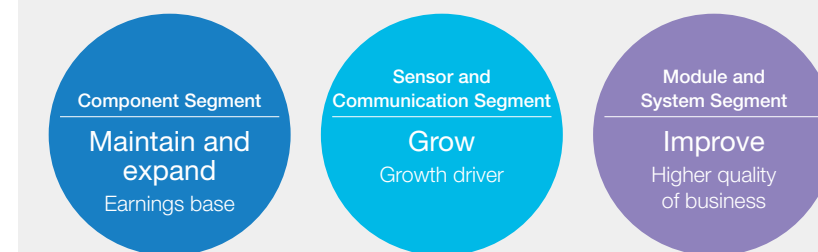
we will take the measures necessary to continue to create corporate value as an “Innovative T-shaped Company” that integrates a wide range of software development capabilities, including device development and system design that leverage our long-cultivated proprietary technologies. In so doing, we aim to continue to achieve medium- to long-term growth over the next five to 10 years.

### Returning to a Growth Trajectory

Based on the results of our previous plan, under the 2nd Mid-Term Business Plan (hereafter, the “current plan”), which commenced in April 2022, we aim to return to a growth trajectory. The new business ventures we embarked on during the previous plan will yield results under our current plan and thereafter. We expect net sales to steadily increase to levels between ¥800.0 billion and ¥900.0 billion and profits to rise accordingly. After bottoming out in fiscal 2020, we achieved a V-shaped recovery thereafter. By solidifying our business even more with an eye on our third and fourth medium-term business plans, we will strive to achieve ITC101 (operating income margin of 10%, ROE of 10%, and operating income of ¥100.0 billion)—the targets we have set for fiscal 2027—in order to realize sustainable growth.

As one of our key strategies to that end, under our current plan we will expand on the restructuring themes of the previous plan and continue to evolve and improve the quality of our

### Alps Alpine's New Business Segments



business, implement cost structure reforms, and reform our organizational capabilities, which we have adopted as the three themes for our return to a growth trajectory. With regard to the supply chain, which became a key issue under the previous plan, we will optimize the production map, review transaction conditions, and secure safe inventory with the goal of strengthening our supply chain and business continuity plan (BCP).

With regard to improving our business, in particular, we revised our business segments in fiscal 2022 in a bid to more clearly define the direction of our business strategies. Our business segments have been reorganized into three new segments: the Component Segment, which aims to maintain and expand profits as an earnings base; the Sensor and Communication Segment, which seeks to significantly expand our business as a growth driver going forward; and the Module and System Segment, which strives to improve quality and earnings. We will do our best to both emphasize the focal points of management allocate management resources. In the Component Segment, we will look to maintain and expand on

CEO  
Message

our leading shares of switches, the origin of our business, while expanding the market and customer base of HAPTIC™ and actuators. In the Module and System Segment for automobiles, we will expand our line of Digital Cabin products and return to a growth trajectory as soon as possible by restoring market conditions while improving the operating income margin to 5%, the level it was at in fiscal 2018 and prior to the COVID-19 era. In the Sensor and Communication Segment, we will introduce new automotive products that enhance safety performance through the use of sensors, radio frequency, and software and expand our lineup of sensor products that help reduce environmental impact, by increasing fuel efficiency and facilitating the shift to electric vehicles (EVs). The Company will also take steps to commercialize Internet of Things (IoT) solutions that combine its sensor, communication, and cloud computing capabilities.

Moreover, Alps Logistics Co., Ltd., a consolidated subsidiary that represented the logistics segment of our business, became an equity-method affiliate when outside directors became the majority of members on the Company's Board of Directors at the General Meeting of Shareholders held in June 2022. This type of Group governance is an area where we also aim to make progress going forward.

### Capability and Cultural Reforms

In order to enhance our organizational capabilities for adapting to change and reforms and nurture and inspire our employees to help us return to growth in the near and long terms, we have identified “capability reforms” as a key strategy under the current plan.

Note: HAPTIC is registered as a trademark in Japan, China and the European Union (JP4619342/JP5471286, CN4730821/CN4730822/CN4730823, CTM4399606), and is used in commerce as a trademark in the United States, being enforceable under common law.

In an effort to enhance our organizational capabilities, we will shift the focus of our matrix-type organizational structure, which is based on business, function, and region, from function to business with a view to accelerating our business operations. The system integration between the former Alps Electric and Alpine Electronics has bolstered our productivity through digital transformation (DX) and digital reform, enabling orders to be accepted, products to be delivered, and accounting systems to be used in the same manner across the globe. Going forward, we will utilize the integrated systems to further improve productivity and make our operations more efficient.

The most important part of capability reforms, however, is reforming our corporate culture and the mindset of our employees, who will continue to evolve our business portfolio and pursue our growth as an “Innovative T-shaped Company,” which we have stated in our current plan. Accordingly, I believe the key to achieving sustainable growth is fostering a corporate climate and culture in which employees can demonstrate their full potential. In April 2022, a new human resource system was introduced to help restructure the corporate culture. We aim to foster a culture that promotes the individual growth of all employees by recognizing their progress as well as their unsuccessful yet ambitious and meaningful pursuits, which they embrace without fearing failure and accepting the status quo. We will eliminate “the big company disease” as we seek to regain the venture mindset we had at the time of our founding and during the high-growth period of the electronics industry, while establishing a foundation for the further expansion of our business and sustainable growth.

### Excitement, Safety, and the Environment: The Three Types of Value Provided by Alps Alpine

Our Corporate Philosophy, “Alps Alpine innovates value for humans and society on a brighter planet,” represents our commitment to helping realize a better society. In fiscal 2022, we redefined the values we will pursue as an organization as “excitement,” “safety,” and the “environment.” Amid questions over our meaning of existence as a company, these three types of value elaborate on our Corporate Philosophy and were decided through internal discussions involving the Board of Directors.

HMI products have always been our core products, and providing excitement to customers has been our main focus ever since the days of the former Alps Electric and Alpine Electronics. However, in light of our technologies and products, the importance of addressing social issues, and our management direction going forward, we decided that safety and the environment are areas in which we create essential types of value. Sensors that detect the status of occupants in the vehicle and surrounding conditions enhance safety performance while sensors used to improve fuel efficiency and sensors in the control devices of EV inverter batteries help mitigate environmental impact. For these and other reasons, the Sensor and Communication Segment, which will serve as the growth driver of our business going forward, will be vital in providing safety and environmental value. The creation of such value will be underpinned by our competencies, including HMI, sensing, communication, and software integration technologies, as well as the pursuit of “Right,” “Unique,” and

CEO  
Message

“Green,” the defining features of Alps Alpine. Through this pursuit, we aim to provide the values of excitement, safety, and the environment to the greatest extent possible and thereby enhance our value as a company that is indispensable to society.

### Providing Economic and Social Value through Our Pursuit of ESG

In our current plan, we have declared a vision to maximize stakeholder value while remaining true to our commitment to CSR and ESG. ESG is a theme that must be embraced by every department and the Company as a whole, rather than by specific functions or divisions. By reemphasizing this in our medium-term business plan, we aim to ensure that all of our employees know that ESG is a priority theme of management and is essential to the sustainable growth of our business. At the same time, we want to inspire them to take on concrete measures autonomously. Under the current plan, we will devote our attention to the following three themes.

Our first theme is the realization of a carbon-free and recycling-oriented society. To achieve Renewable Energy 100

(RE100\*), our goal of increasing the ratio of renewable energy used at all of our facilities worldwide to 100% by 2030, we will ensure greater visibility of our energy use, promote energy conservation, install more solar power systems, and increase our procurement of energy from renewable sources. Moreover, in order to realize a recycling-oriented society, we will develop products that consume less energy and resources while promoting recycling and reuse through the use of recycled materials and reducing waste.

Our second theme is respect for human rights and diversity and inclusion (D&I). While our efforts in D&I have been making progress at our overseas bases, this is not yet the case in our domestic operations. Due to Japan’s declining birth rate and aging population, allowing a diverse group of employees, including female and retired employees, to realize their full potential through the promotion of D&I will likely strengthen the Company’s competitiveness as well.

Our third theme is supply chain management. We must promote ESG not only within our organization but also with our business partners and throughout the supply chain toward the betterment of society as a whole. The key to promoting ESG is the pursuit of economic and social value.

At Alps Alpine, ESG in itself is viewed as a growth opportunity. We believe the pursuit of our aforementioned three types of value—excitement, safety, and the environment—is fundamental to achieving economic and social value. Over the course of our current plan, we will build a foundation for ESG once again and utilize it as a growth opportunity to enhance our corporate value.

\* Alps Alpine’s initiative aimed at realizing 100% use of renewable energy

### The Road Ahead to Enhancing Corporate Value

As I mentioned earlier, while business integration can address short-term issues, its true purpose is to realize medium- to long-term growth. Although the past three years have been quite challenging, I truly think that the structural reforms and various measures we have steadily put in place during this time will surely realize benefits from the current plan onward.

As we embark on our current plan, there are an increasing number of geopolitical risks, including the decoupling of the United States and China and the conflict between Russia and Ukraine. As a company that operates across the globe, Alps Alpine will likely be exposed to a variety of risks going forward. To overcome these obstacles, we will strive to continue to strengthen our business, cost structure, organizational capabilities, and corporate culture. By maximizing stakeholder value while fulfilling our commitment to CSR and ESG, we will aim to reach the targets declared in our current plan, of an operating income margin of 8% and ROE of 10% (itc88) by fiscal 2024 and realize ITC101 thereafter, along our road to achieving sustainable increases in corporate value.

August 2022

*T. Kuriyama*



# Alps Alpine's Social Value Proposition

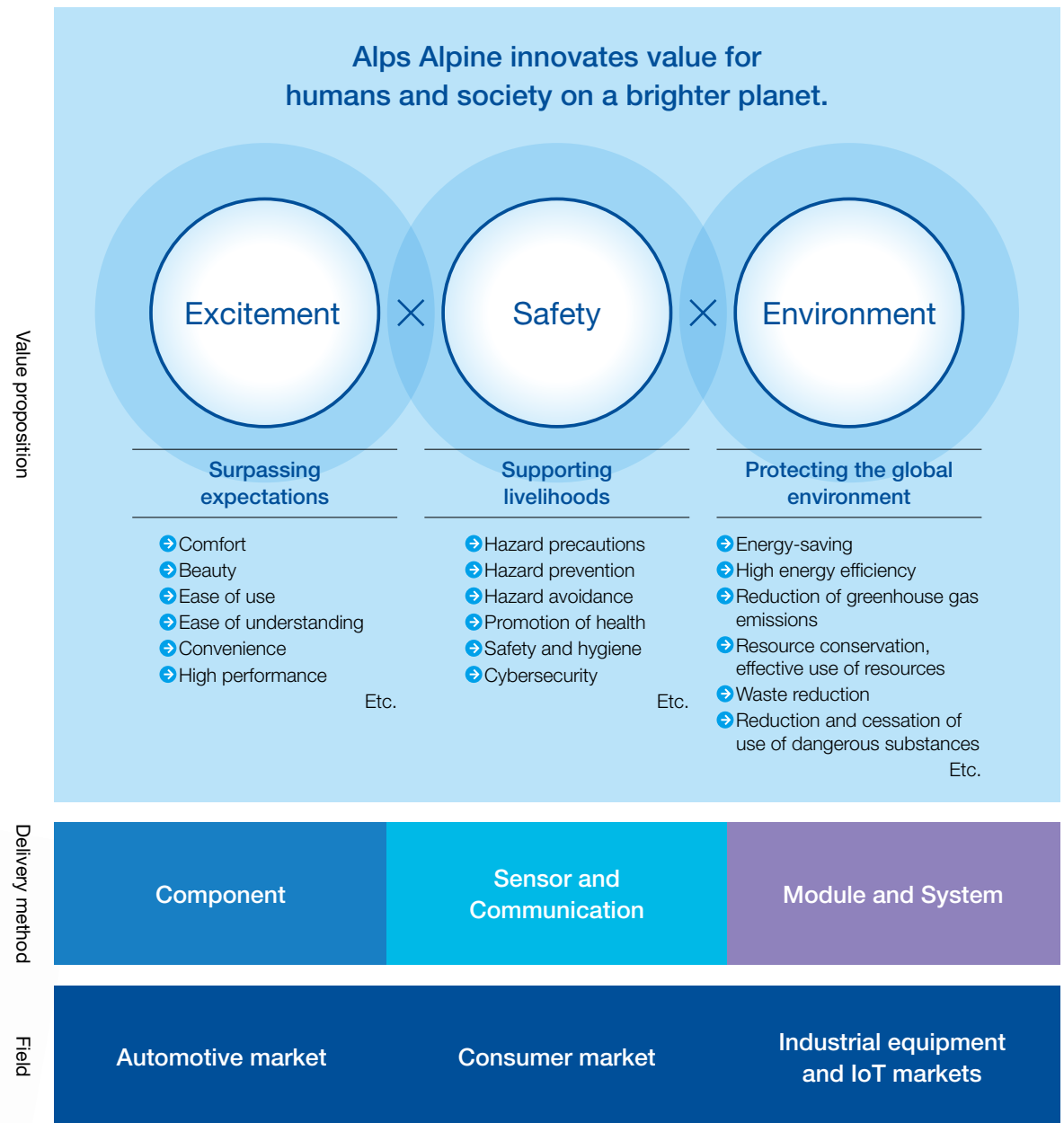
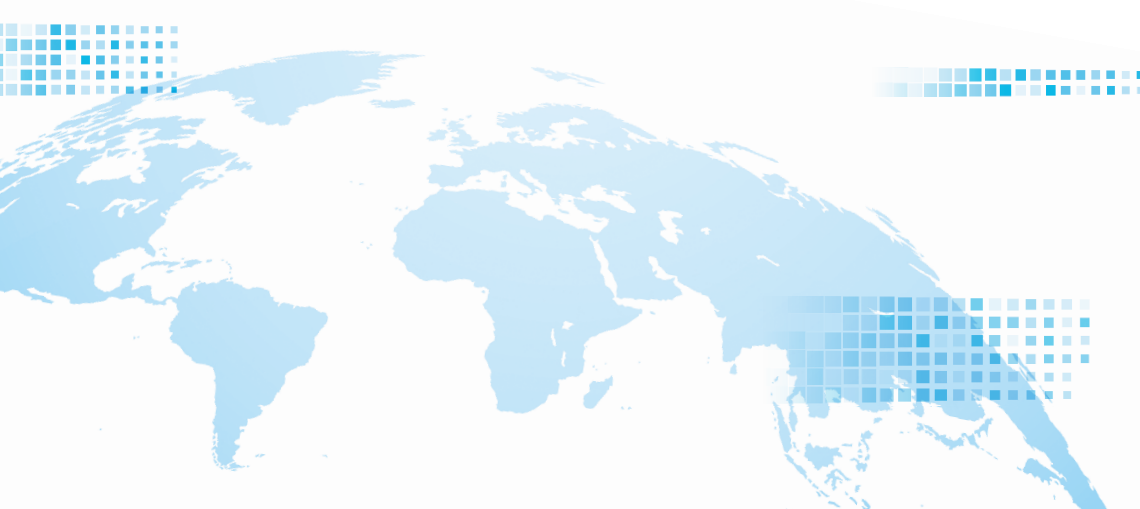
Our economic and market environment is undergoing a period of great change. In the automotive industry, the adoption of electric vehicles (EVs) is accelerating due to growing awareness of environmental issues, and it is predicted that EVs will account for more than 50% of new vehicle sales worldwide by 2035 and approximately 90% by 2050.

Moreover, from the viewpoint of ensuring higher levels of safety, automobile assessments such as Euro NCAP have been introduced and legislated for in many countries around the world. In the consumer and industrial markets too, as products utilizing the IoT, such as IoT home appliances, smart homes, and smart factories, as well as DX-driven business improvements continue to emerge, the use of data and digital technology will continue to drive change in the future, radically transforming people's lifestyles and values.

What is most important to us in these times of change is protecting the Earth, and enriching people's lives. In other words, through our business activities, we will continue to innovate value for humans and society on a brighter planet.

In 2022, we have defined the value we provide through our products and services as "Excitement," "Safety" and the "Environment." To provide excitement that exceeds the expectations of our end-users and customers, to ensure safety in people's lives, and to protect our environment, we believe these to be the fundamental and universal purpose of the Company's activities—our *raison d'être*—and that we must continue to create value not only in our products and services, but in all processes, including development, manufacturing, and even management.

\* From Daiwa Securities Co. Ltd., *Global Automotive Sales Forecast*



## The Uniqueness of Alps Alpine

Since its founding, Alps Alpine has continued to earn distinction as a manufacturer of numerous world-first and industry-leading products.

Such products and offerings are a testament to our constant dedication to sincerely valuing the views of our customers, as well as to uncovering the needs of society and pursuing solutions to such needs by accurately assessing market changes, reflecting on our roles and responsibilities, and considering what technologies are necessary.

Moreover, we must continue to evolve and expand our lineup of products and proprietary technologies with the goal of creating new value.

Underpinning our *monozukuri*\* are **“Right,” “Unique,” and “Green,”** three defining features of the Company that spurred the creation of our three values, excitement, safety, and the environment, representing the Alps Alpine brand’s commitment to society and all of humanity, as well as its uniqueness and dedication as a company.

We must ask ourselves whether the products we develop are supplied in an optimal manner, whether they incorporate the unique characteristics of Alps Alpine, and whether they demonstrate our respect for the environment while working to ensure that these goals are met.

\* A Japanese term meaning “the development and manufacturing of products.”

**ALPSALPINE**  
Perfecting the Art of Electronics

# Right

The balance and optimality of appearance (the ambience of the product), price, function, performance, and quality to meet customer needs and convey the ideal concepts

# Unique

Incorporation of the uniqueness of Alps Alpine and original value that appeals to society, customers, and users

# Green

Friendliness toward the environment from the perspective of not only our consideration to sustainable components but also the entire life cycle of our products, including reductions in environmental burden during their manufacturing process and their use as an end product and their recyclability



# History of Alps Alpine

Since its foundation in 1948 under the name Kataoka Electric Co., Ltd., Alps Electric Co., Ltd. had been a comprehensive electronics manufacturer. Alpine Electronics, Inc. was established in 1967 as a joint venture between Alps Electric and U.S. company Motorola, Inc. and became a leader in car navigation and car audio systems. In 2019, the two companies integrated, writing a new chapter in our history.

For over 70 years, Alps Alpine has been playing a key role in the lifestyles of people across the globe through the constant creation of countless global leading products. As we proceed ahead, we will remain fully committed to the creation of new value that satisfies stakeholders and is friendly to the Earth.

## Overview of the Alps Alpine Group (Fiscal 2021)

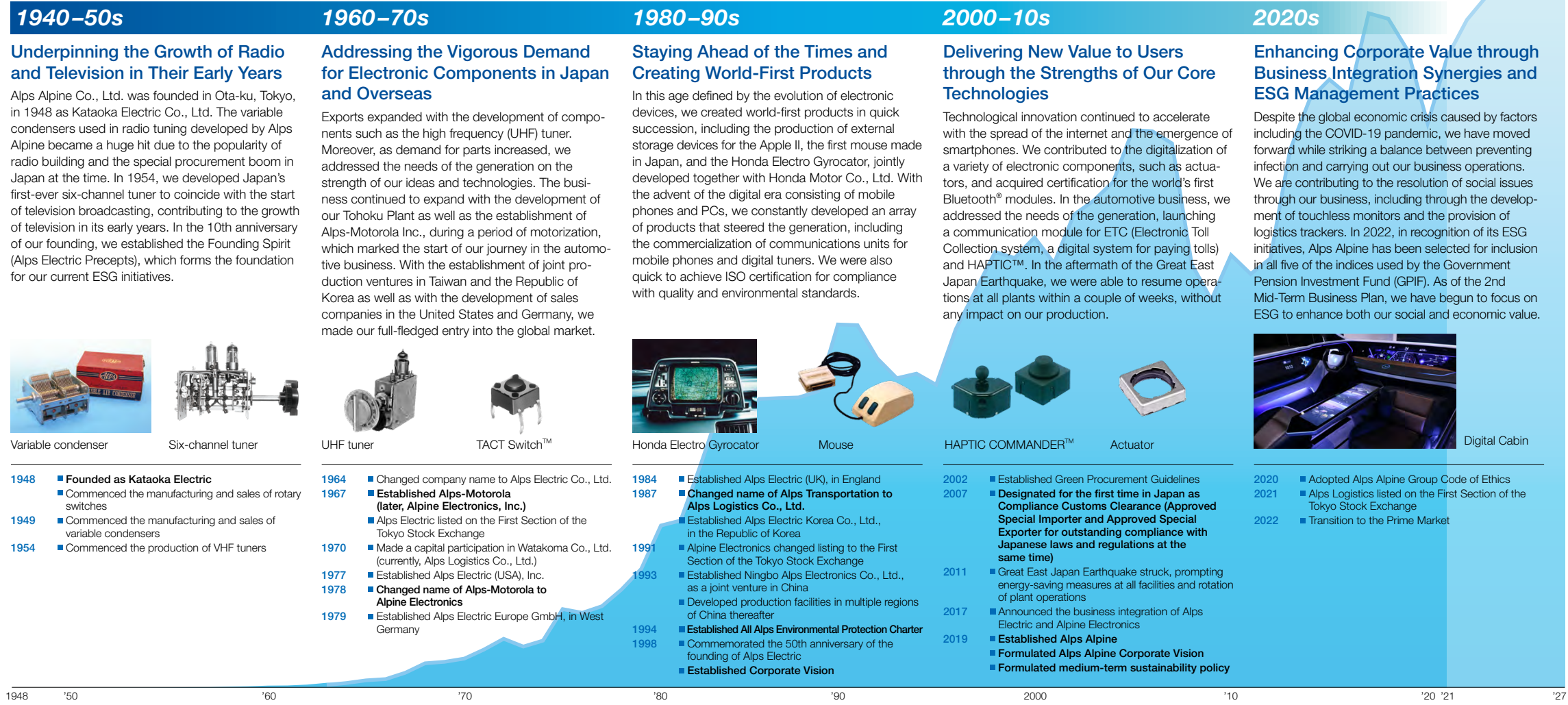
Total Assets	Consolidated Net Sales	Consolidated Overseas Sales
¥743.5 billion	¥802.8 billion	¥658.3 billion

### Fiscal 2027 ITC101



















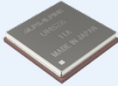

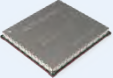

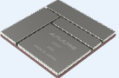









Operating income margin and ROE: **10%**  
Operating income of **¥100 billion**

### Fiscal 2024 itc88

Operating income margin: **8%**  
ROE: **10%**



# Alps Alpine Products and Their Markets

	Automotive Market	Consumer, Industrial Equipment, and IoT Markets
Component	 <p>TACT Switch™ (Snap-in Type)</p>	 <p>TACT Switch™ (Surface-Mount Type)</p>
	 <p>Detector Switch</p>	 <p>HAPTIC™ Reactor</p>
	 <p>Encoder (Insulated Shaft Type)</p>	 <p>Actuator for Cameras</p>
	 <p>Aspherical Glass Lens with Metal Holder</p>	 <p>Worker Condition Monitoring Systems</p>
	 <p>Heavy Type of HAPTIC™ Reactor</p>	 <p>Remote Monitoring System for Logistics</p>
	 <p>TriMagiC Converter™ (DC-DC Converter)</p>	 <p>Analog Meter Monitoring System</p>
Sensor and Communication	 <p>Current Sensor</p>	 <p>Resistive Position Sensor</p>
	 <p>Magnetic Sensor</p>	 <p>Pressure Sensor</p>
	 <p>Millimeter-Wave Sensor</p>	 <p>Air Environment Sensor Module</p>
	 <p>GNSS Module</p>	 <p>Three-Axis Geomagnetic Sensor</p>
	 <p>C-V2X Module</p>	 <p>Humidity Sensor (Surface-Mount Type)</p>
	 <p>5G NR* Module * New Radio</p>	 <p>PC Board Mount Current Sensor</p>
Module and System	 <p>Power Window Switch</p>	 <p>ALPINE Premium Sound</p>
	 <p>Electric Shifter</p>	 <p>ALPINE STYLE Customized Car</p>
	 <p>Sound System</p>	
	 <p>Cabin Controller</p>	
	 <p>Smart Door Trim</p>	
	 <p>Integrated Display</p>	



# Value Creation Activities

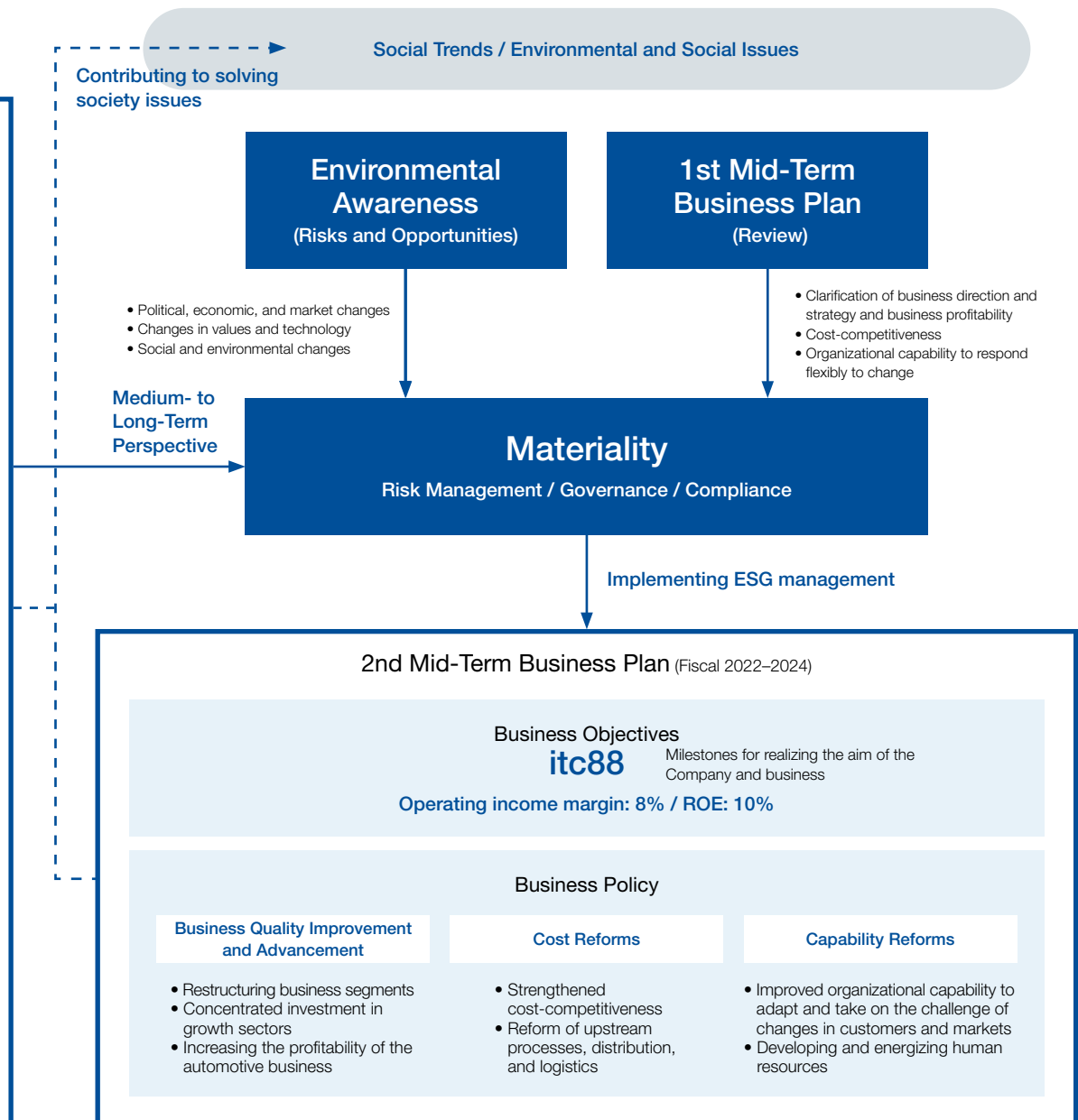
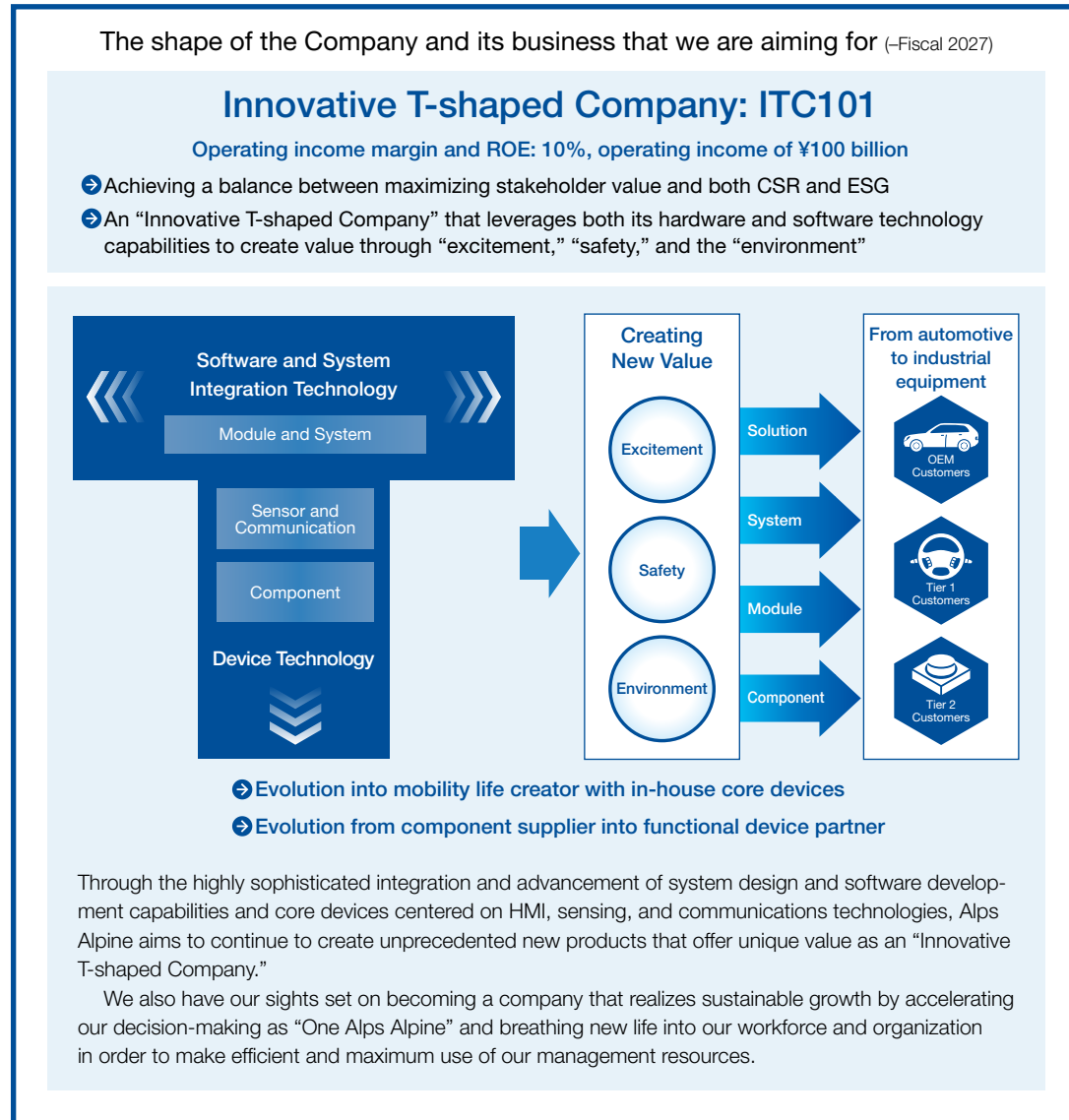
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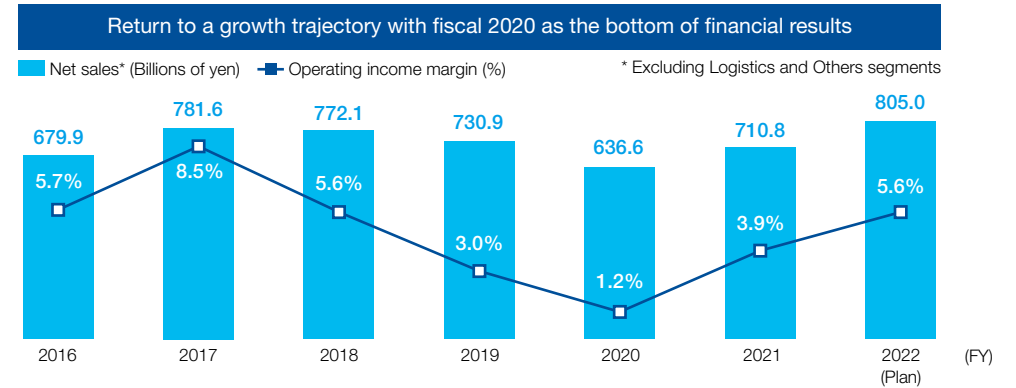
# Approach to ITC101

## Establishing the 2nd Mid-Term Business Plan with the aim of becoming an “Innovative T-shaped Company”



# Looking Back on the 1st Mid-Term Business Plan

Following the integration of Alps Electric and Alpine Electronics in 2019, Alps Alpine launched its 1st Mid-Term Business Plan the same year, with the aim of implementing ITC101. During the same period, we made promoting One Alps Alpine through management restructuring a core theme and made concerted efforts to invest in the creation of new business and to achieve cost synergies through business integration. Under management restructuring, a key pillar of the 1st Mid-Term Business Plan, we carried out activities under the main themes of “business restructuring,” “organizational restructuring,” and “cost restructuring.” Synergistic effects and cost reductions from the integration as well as investment toward new business were achieved as planned. On the other hand, however, both net sales and profit drifted from the figures planned at the start of the period due to the effects of the COVID-19 pandemic, soaring component prices, and supply chain disruptions caused by the semiconductor shortage. Our 2nd Mid-Term Business Plan has been drawn up with recognition of these outcomes and current issues and will respond to them.



## Looking Back on the 1st Mid-Term Business Plan

### Business Restructuring

- Accelerated the development of new products anticipating the needs of the next generation
- Made proposals and started initiatives toward new business acquisitions

#### Outcomes

- ➔ Captured 90% of the automotive business for the period through fiscal 2024 through our “T-shaped Strategy”
- ➔ Negotiation skills and understanding of how to move forward required to capture new business

### Organizational Restructuring

- Continued promotion of One Alps Alpine

#### Outcomes

- ➔ Integrated organizations and legal entities and implemented One Management
- ➔ Flexible responses to the new normal are making progress, but indirect productivity remains a challenge

### Cost Restructuring

- Cost reductions of ¥50 billion over a three-year period
- Secured profits through cost restructuring
- Increased net sales owing to the launch of new products

#### Outcomes

- ➔ Achieved a ¥52 billion reduction in costs over a three-year period, with a 10% reduction in fixed costs
- ➔ Although investment for new businesses progressed as planned, both net sales and profits fell short due to the effects of the COVID-19 pandemic, soaring component prices, and supply chain disruptions caused by the semiconductor shortage.

## Ongoing Issues Continuing from the 1st Mid-Term Business Plan

- ➔ **Clarification of business direction and strategy and business profitability**
  - Clarifying business strategy by shifting segments
  - Investing in growth segments and strengthening marketing capabilities
  - Growing earnings in the automotive business
- ➔ **Cost-competitiveness**
  - Responding to cost increases (increased materials and logistics costs)
  - Increasing supply chain resilience
  - Designing from the planning stage, streamlining and standardizing processes
- ➔ **Organizational capability to respond flexibly to change**
  - Negotiation skills and understanding of how to move forward needed to capture new business
  - Developing and energizing human resources
  - Developing competitive strength (mainly in software) and increasing productivity
  - Restructuring business processes through digital transformation

# Alps Alpine's Materiality (Material Issues)

## Environmental Awareness

### ■ Politics and Economy

#### Inflation

- Rising prices of raw materials, components, and energy

#### Supply chain disruptions

- High transportation costs and lockdowns

#### Geopolitical risks and economic security

- Trade friction between the United States and China and regional conflict

### ■ Technological Trends

#### Acceleration of technological progress and shift toward software

- Productivity and efficiency improvements driven by digital transformation, big data, and communication enhancements
- Changes in the roles of people due to evolution of artificial intelligence (AI) and Internet of Things (IoT) technologies

#### Changes in market players (entry into automotive market by major IT companies), commodification, and emergence of automotive industry alliances

### ■ Society

#### Trends toward decarbonization and circular economy

#### Acceleration of ESG activities across value chains

#### Changes in values

- Changes in workstyles and mobility for new normal rising amid COVID-19 pandemic
- Diversification of consumption activities (sharing and experience consumption)

#### Respect for human rights and diversity

#### Reduction of working-age population in Japan and lack of individuals capable of promoting digital transformation

### ■ Internal Environment

#### Rising costs due to rapid increases in the price of components and logistics costs

#### Supply issues stemming from supply chain disruptions

#### Lack of organizational capability to adapt flexibly to changes in the business environment

## Opportunities and Risks

Perspective	Opportunities	Risks
Changes in political and market conditions	<ul style="list-style-type: none"> <li>• Disparities stemming from procurement capabilities (supply chain resilience)</li> </ul>	<ul style="list-style-type: none"> <li>• Deterioration of profits due to rising prices of materials, logistics, and energy</li> <li>• Lack of human resources capable of responding to operating environment changes</li> <li>• Impacts on profits from semiconductor shortages and lockdowns</li> </ul>
Changes in values and technologies	<ul style="list-style-type: none"> <li>• Rise in need for excitement, safety, environment-friendliness</li> <li>• Viability of industrial machinery and experience</li> </ul> <p><b>Excitement:</b> Provision of excitement and comfort through high-quality mobility spaces that respond to trend toward autonomous driving systems and changes in mobility value</p> <p><b>Safety:</b> Provision of sensing, high-frequency, and software products for preventative safety, failure detection, and non-contact applications amid rising safety awareness in automotive, consumer, and industrial machinery markets</p> <p><b>Environment:</b> Provision of IoT solutions and contributions with Alps Alpine technologies amid rising need for more fuel-efficient, compact, and lightweight equipment</p>	<ul style="list-style-type: none"> <li>• Limited growth in human-machine interface products and markets</li> <li>• Shift toward software as a source of value for automobiles</li> <li>• Trend away from machines and toward software</li> <li>• Reduced mobility demand amid new normal</li> <li>• Increasingly demanding and complex requirements for quality and safety</li> </ul>
Changes in social and environmental conditions		<ul style="list-style-type: none"> <li>• Increasingly demanding ESG requirements of customers and higher costs for responding to requirements</li> <li>• Lack of software and digital transformation staff needed for business growth</li> </ul>

## Materiality Identification Process and Key Revisions

### Identification Process

#### Step 1

Identified opportunities and risks and assessed the Company's operating environment in line with the ITC101 medium-term target and Corporate Vision

- Corporate Planning Office, Sustainability Promotion Office, and functional divisions

#### Step 2

Determined priority issues by assessing the results of engagement with institutional investors and other stakeholders

- Management Meetings (discussion)
- Meetings of outside directors (verification)

#### Step 3

Assigned order of precedence for priority issues based on impact on Alps Alpine's business and importance to stakeholders

- Board of Directors (discussion and resolution)

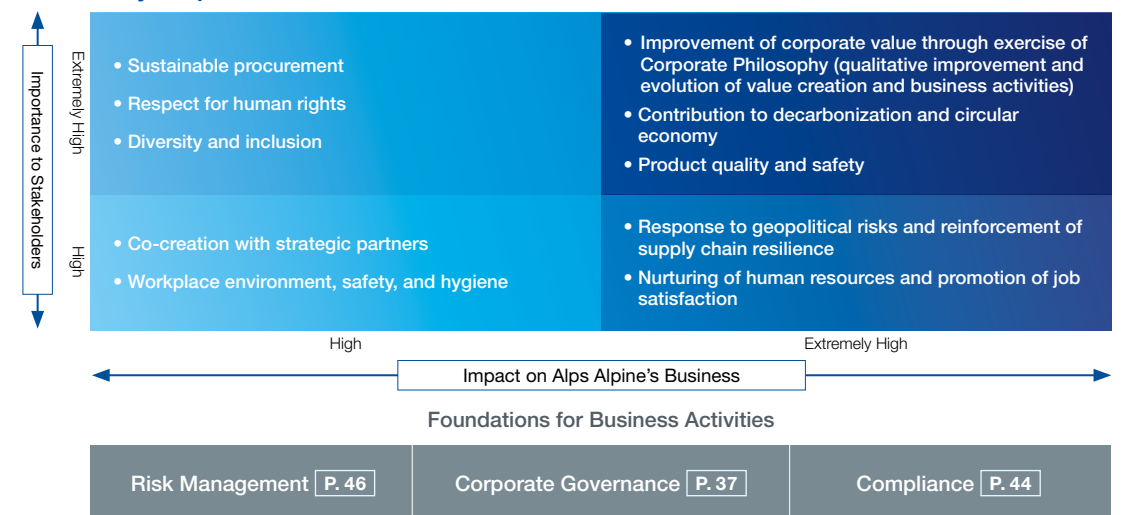
### Key Revisions Made in May 2022

- ➔ Replacement of "Creation of new value that satisfies stakeholders and is friendly to the Earth" with "Improvement of corporate value through exercise of Corporate Philosophy" and deletion of "Management restructuring"
- ➔ Increase to materiality level of "Diversity and inclusion"
- ➔ Replacement of "Business continuity plan" with "Response to geopolitical risks and reinforcement of supply chain resilience" and change to materiality level

#### Background for Revision

The revision to materiality was undertaken from the perspectives of value creation and ongoing growth with consideration for how social, operating environment, and technological changes will impact the Company as assessed based on government and economy, value and technology, and social and environmental factors. The sectors of the materiality map were reduced to four quadrants to simplify the map and promote better consistency with the medium-term business plan and thereby promote more effective activities.

## Materiality Map



# Material Issues and Measures

Materiality	Awareness of Issues and Strategies	Themes and Measures	Key Performance Indicators (2nd Mid-Term Business Plan)	Related SDGs
Improvement of corporate value through exercise of Corporate Philosophy (qualitative improvement and evolution of value creation and business activities)	Alps Alpine will exercise its Corporate Philosophy of "Alps Alpine innovates value for humans and society on a brighter planet" through the provision of solutions that capitalize on its strengths in hardware and software. In addition, recognizing that there is no end to the synergies created through the business integration, we will seek to deliver greater levels of value by reinforcing our financial base through ongoing qualitative improvements to our business as a united "One Alps Alpine."	<ul style="list-style-type: none"> <li>➔ Research of value and development of products related to need for excitement, safety, and environment-friendliness</li> <li>➔ Business quality improvement and advancement</li> <li>➔ Cost structure reforms</li> <li>➔ Capability reforms</li> </ul>	P. 17 ROE: <b>10%</b> Operating income margin: <b>8%</b> Credit rating: <b>A or above</b>	
Contribution to decarbonization	Reductions to greenhouse gas emissions and conservation of resources are important undertakings for preventing damage to the natural environment as well as for ensuring the sustainable growth of the Company. Based on this recognition, we will accelerate innovation to contribute to the realization of a cleaner society. To this end, we are advancing measures that target our products and services directly along with more wide-reaching measures that target the entire value chain, which spans from material procurement to production and use as end products. These measures look to ensure low environmental impacts as well as ease of recycling through these processes.	<ul style="list-style-type: none"> <li>➔ Reduction of greenhouse gas emissions (Scope 1, Scope 2, and Scope 3)</li> <li>➔ Proactive use of renewable energy</li> <li>➔ Development of eco-friendly products</li> </ul>	P. 26 Energy use (crude oil equivalent): <b>2% reduction per year</b> Renewable energy use rate: <b>60%</b>	
Contribution to circular economy		<ul style="list-style-type: none"> <li>➔ Effective use of resources</li> <li>➔ Reduction of environmental impacts across product life cycles</li> </ul>	P. 27 Total waste emissions: <b>1% reduction per year</b> Water use (per unit): <b>1% reduction per year</b>	
Product quality and safety	As a manufacturer, a major responsibility is to ensure that our increasingly more sophisticated and complex products function safely and sufficiently. We are therefore taking steps to improve the quality of our products, including through the installation of rigorous product cybersecurity measures.	<ul style="list-style-type: none"> <li>➔ Promotion of prevention of incidents by taking the proper steps from the start of processes</li> <li>➔ Reinforcement of function safety and product cybersecurity measures</li> </ul>	P. 30 Improve degree of completion of product process designs Implementation rate of cybersecurity capability management (applicable departments): <b>100%</b>	
Response to geopolitical risks and reinforcement of supply chain resilience	Causes of uncertainty, such as pandemics, natural disasters, and geopolitical risks, are constant threats to the Company's financial position and business continuity. It is therefore important for us to take steps to mitigate or minimize the impacts of such threats by predicting potential risk or loss factors and to reinforce the resilience of our value chain to safeguard the ongoing growth of our business.	<ul style="list-style-type: none"> <li>➔ Business impact analysis and identification of bottlenecks</li> <li>➔ Establishment of a business continuity plan for the entire supply chain</li> </ul>	Revision of risk maps Establishment of production backup maps	
Sustainable procurement	Alps Alpine recognizes that the environmental- and social-mindfulness of procurement activities can have an impact on short-term production activities as well as on the long-term business continuity of a company. Based on this recognition, we are ramping up supply chain management activities from the perspectives of the environment, human rights, and compliance.	<ul style="list-style-type: none"> <li>➔ Reduction of compliance violations across the supply chain</li> <li>➔ Tracking and mitigation of human rights risks across the supply chain</li> <li>➔ Responsible procurement (traceability of minerals, etc.)</li> </ul>	P. 31 CSR assessment response rate: <b>100%</b> Conflict minerals reporting template response rate: <b>100%</b>	
Nurturing of human resources and promotion of job satisfaction		<ul style="list-style-type: none"> <li>➔ Energization of staff and reformation of corporate culture</li> </ul>	P. 32 Establishment of engagement indicators and measurement methodologies	
Respect for human rights	Developing a workplace environment in which the human rights and individuality of every employee are respected and diverse human resources are able to excel is important to energizing business activities and heightening productivity. For this reason, Alps Alpine practices strict legal compliance and is installing frameworks to ensure the ongoing growth of its business.	<ul style="list-style-type: none"> <li>➔ Tracking and mitigation of human rights risks</li> <li>➔ Ongoing training on the Group Code of Ethics</li> </ul> <p>Note: Themes regarding supply chain human rights issues are described in the section on sustainable procurement.</p>	P. 33 Rate of Group bases ranked A in human rights due diligence surveys: <b>100%</b> Participation rate for training on the Group Code of Ethics: <b>90% or more</b>	
Diversity and inclusion		<ul style="list-style-type: none"> <li>➔ Empowerment of female employees</li> <li>➔ Recruitment of human resources with diverse backgrounds</li> </ul>	P. 34 Ratio of women in management positions: <b>6.0%</b> Rate of employees with disabilities: <b>2.39%</b>	

# 2nd Mid-Term Business Plan: Business Quality Improvement and Advancement

## Changing Segments from Fiscal 2022

### Clarifying the Positioning and Strategy of Each Business

Over the course of the 1st Mid-Term Business Plan, we made steady progress in creating new products and acquiring business for future growth by leveraging the synergies created by the merger of Alps Electric and Alpine Electronics.

In the 2nd Mid-Term Business Plan, with the goal of creating value and further expanding our business by becoming an “Innovative T-shaped Company,” we have reclassified and reorganized our businesses into three segments and clarified their respective strategic positioning. The Component Segment will be positioned as our “Earnings Base,” while the Sensor and Communication Segment will be positioned as our “Growth” segment, and the Module and System Segment will be positioned as an “Improvement” segment by increasing earnings through the Digital Cabin product line. Strengthening our management and accelerating our decision-making will lead to better quality business.

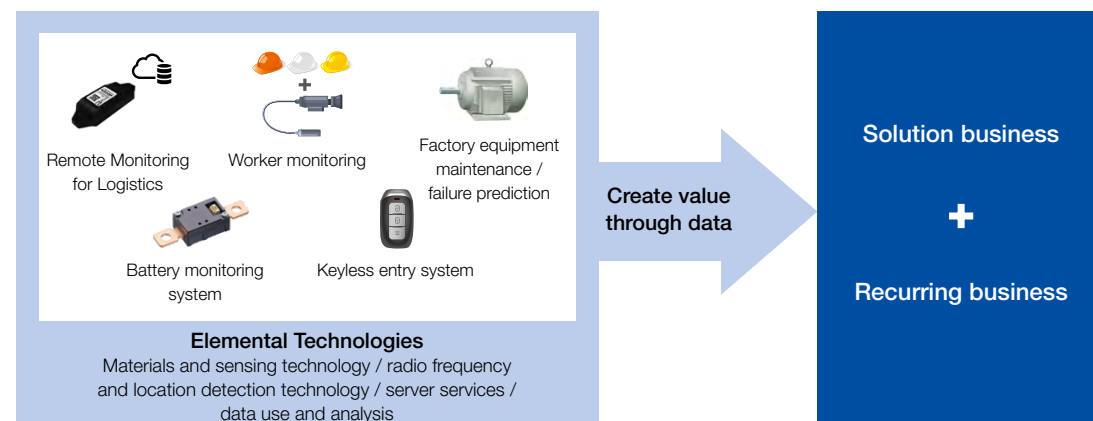
Old Segment		New Segment	
Electronic Components Segment		<b>Component Segment</b>	Switches, actuators, and HAPTIC™ <b>Earnings base</b> Maintain and expand Base Products
Automotive Infotainment Segment	➔	<b>Sensor and Communication Segment</b>	Sensors and communication devices <b>Grow</b> Growth drivers Safety & Green
Logistics Segment*		<b>Module and System Segment</b>	Automotive modules, displays, and infotainment systems <b>Improvement</b> Improvement of business quality Digital Cabin

\* Alps Logistics is no longer consolidated as of July 2022.

## Creation of New Business

### Expanding from Selling “Products” to Selling “Services”

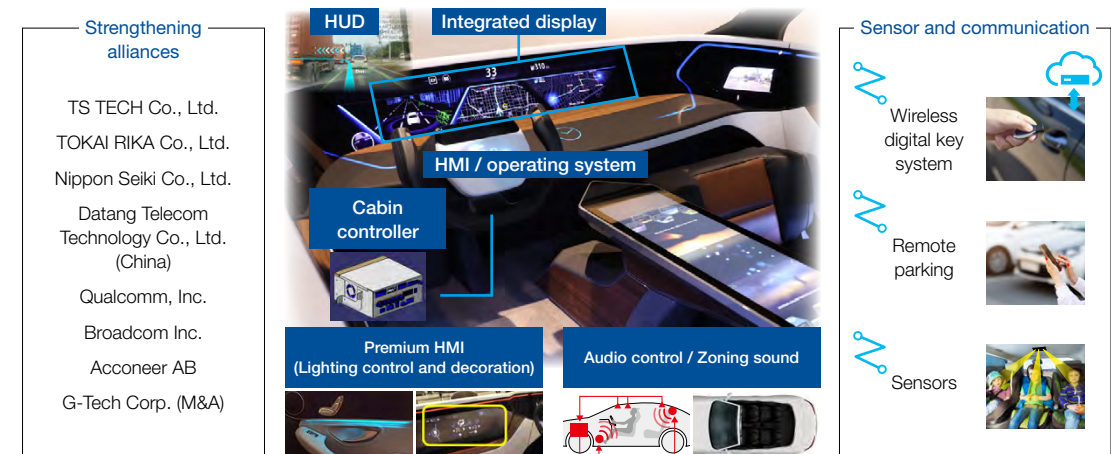
As adoption of the IoT in society increases, the management and processing of various sensor data will create value from that data. We are advancing proposals for safety solutions that integrate edge computing and cloud services and are also tackling the commercialization of recurring business.



## Digital Cabin Initiatives

### Emotion in Mobility

With the advance of CASE, we anticipate major changes in the way we spend our time in transit. We will create new value, together with our alliance partners, as a company capable of proposing solutions spanning devices to systems.



Component Segment

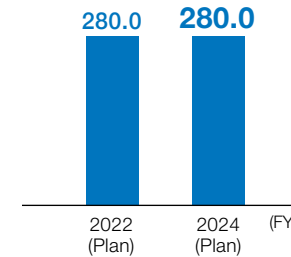
P. 54

Promote Market Expansion and Growth in the Number of Customer through the Niche Top GT1 Strategy\*

This business has been a cornerstone product and earnings base since its inception. In switch and input products, we will maintain our industry-leading product lineup and quality, expand our markets from consumer and automotive to industrial equipment, and maintain and build upon our No.1 market share. Among our HAPTIC™ products, we aim to expand from the gaming market to the in-vehicle and mobile markets. In actuator products, we aim to maintain our current market share and increase customer numbers through the development of next-generation products and differentiating ourselves from other companies through the in-house production of core components and automated production.

\* Niche Top GT1 strategy: To achieve the No.1 position within a customer or specific product group

Net Sales (Billions of yen)



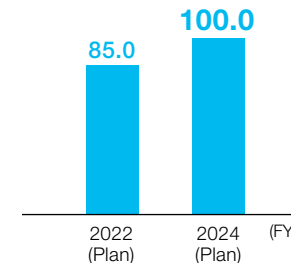
Sensor and Communication Segment

P. 56

Business Creation / Expansion Leveraging Our Strengths as an “Innovative T-shaped Company”

As the major trends of AI evolution, virtual reality/metaverses, and CASE advance, we are positioning sensors and internal/external vehicular communications-related products, for which market needs will expand significantly going forward, as our growth drivers, and aim to expand this business. In particular, by providing “Safety & Green” value, we are actively strengthening our investments and alliances with the goal of reaching ¥200 billion in business by fiscal 2027. At the same time, we are expanding our business domain from selling “products” to selling “services” and providing IoT solutions in the device, software, and cloud computing field.

Net Sales (Billions of yen)



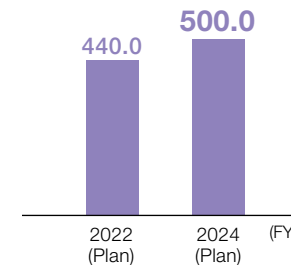
Module and System Segment

P. 58

Expanding Sales and Improving Quality through a Portfolio Review to Add High-Value-Added Products

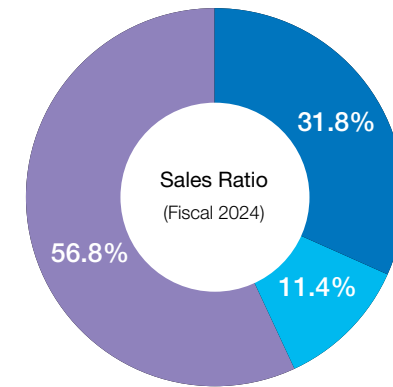
In the automotive market, in which networking both inside and outside vehicles is advancing, we will create value by leveraging the evolution of our existing products and our strengths in software and system integration technologies. Drawing on our synergies following our integration in 2019 has made it possible to capture 90% of Digital Cabin-related product business up to fiscal 2024, while looking to earnings, we aim to return to an operating income margin of 5% (the fiscal 2018 level) by fiscal 2024.

Net Sales (Billions of yen)



2nd Mid-Term Business Plan Performance Targets

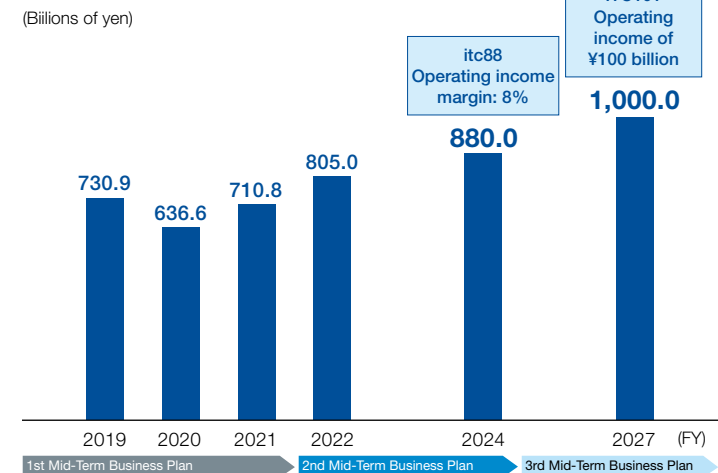
- Component Segment
- Sensor and Communication Segment
- Module and System Segment



Growth Plan for Net Sales\*

The target set for the three-year plan period beginning from April 2022 is an operating income margin of 8% (itc88), which represents 80% of the distance to the target we aim to achieve under ITC101 by fiscal 2027.

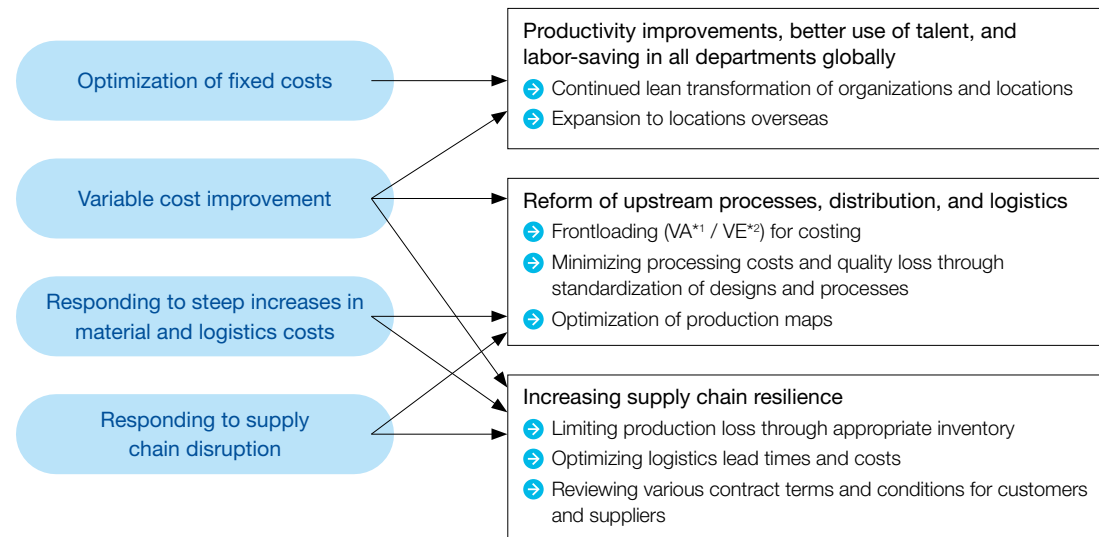
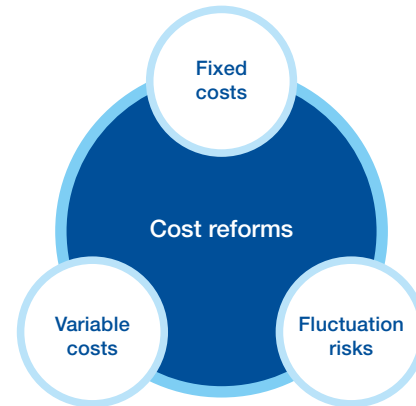
\* Excluding logistics and other businesses



## 2nd Mid-Term Business Plan: Cost Structure and Capability Reforms

### Cost Reforms

We will continue the cost reforms implemented during the 1st Mid-Term Business Plan and further strengthen reforms by expanding those activities globally. We will also work to reduce variable costs through measures including minimizing processing costs through standardization of product designs and processes, rationalizing and streamlining the procurement of materials, and optimizing production maps. We also aim to minimize fluctuation risks by strengthening our supply chains to suppress production losses and by reviewing contract terms and conditions from a medium-term perspective.

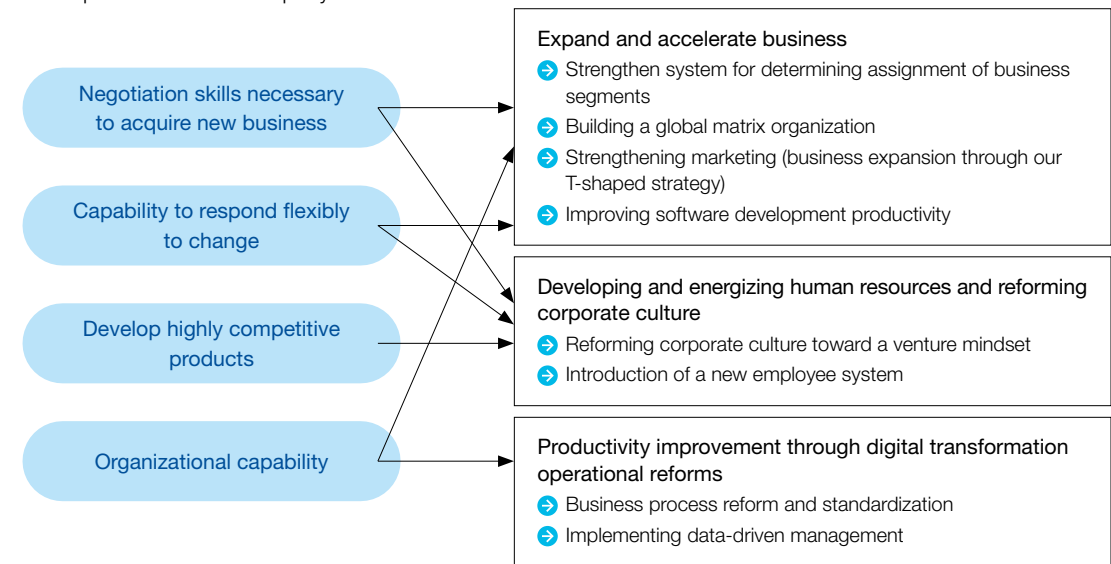


\*1 Value Analysis \*2 Value Engineering

Optimizing fixed and variable costs and minimizing risk

### Capability Reforms

To return to a growth trajectory and make further leaps forward, we will respond flexibly to changes in our customers and market environment, and we are working to strengthen our organizational capabilities, management, and human resource development to enable us to take on the challenges of new businesses. In improving our capabilities as an organization, we are increasing our speed of business by shifting our focus away from the traditional functional axis toward the business axis in our global business, function, and region matrix organization. We are further implementing digital transformation and data-driven management to improve the capabilities of the Company as a whole.

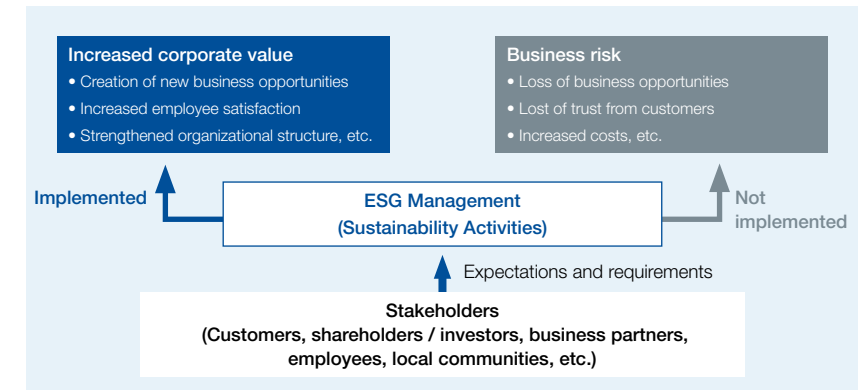


Improvement of organizational capacity to adapt and respond to customer needs and market changes, and development and energization of human resources

## 2nd Mid-Term Business Plan: ESG Management and Priority Measures

# Maximizing Value Creation and Achieving a Balance Between CSR and ESG through Implementing ESG Management

Alps Alpine views the implementation of ESG management as not only a response to demands from society and customers and to laws and regulations but also an important management issue that is essential to achieving sustainable growth and creating social and economic value in the future. The 2nd Mid-Term Business Plan identifies five key themes to be addressed independently by each functional division: “Realization of a decarbonized society,” “Realization of a recycling-oriented society,” “Respect for human rights,” “Diversity and inclusion,” and “Sustainable supply chain management.” The Sustainability Promotion Committee sets topics and KPIs, reviews progress, and performs other functions creating a PDCA cycle of sustainability activities.



## Approach to Financial Strategy

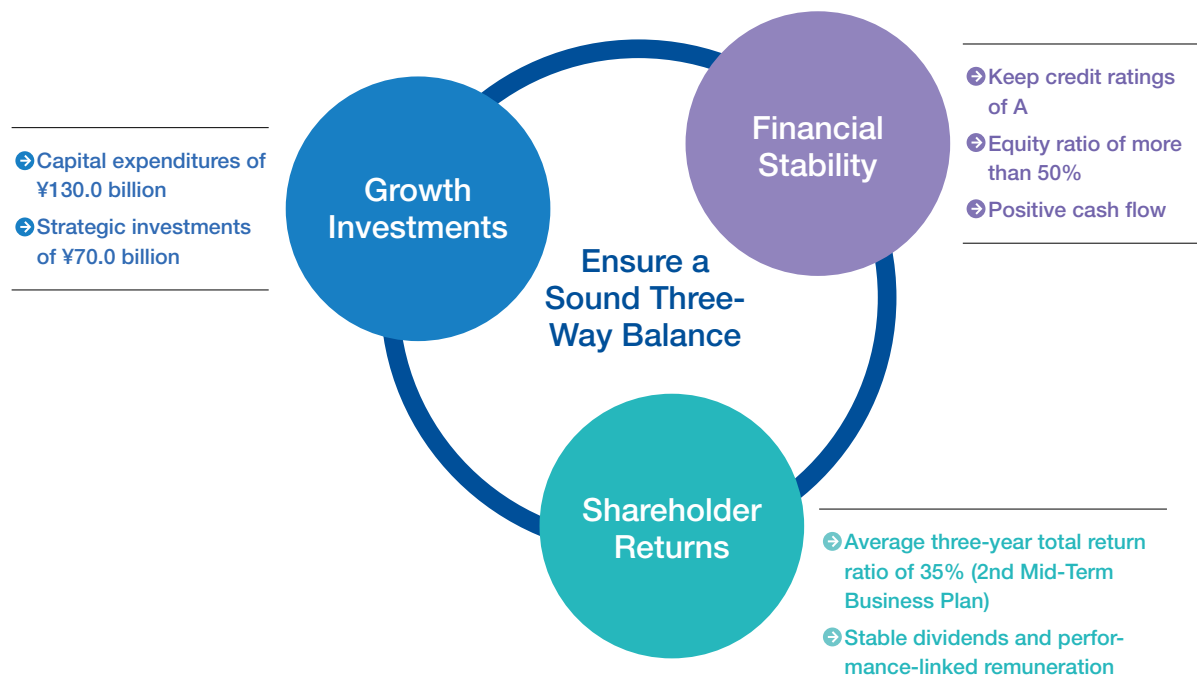


We will continue to heighten our financial stability through ongoing cost structure reforms and to up forward-looking growth investments while striking a balance with shareholder returns.

Satoshi Kodaira  
Director, Senior Vice President  
CFO, Administration

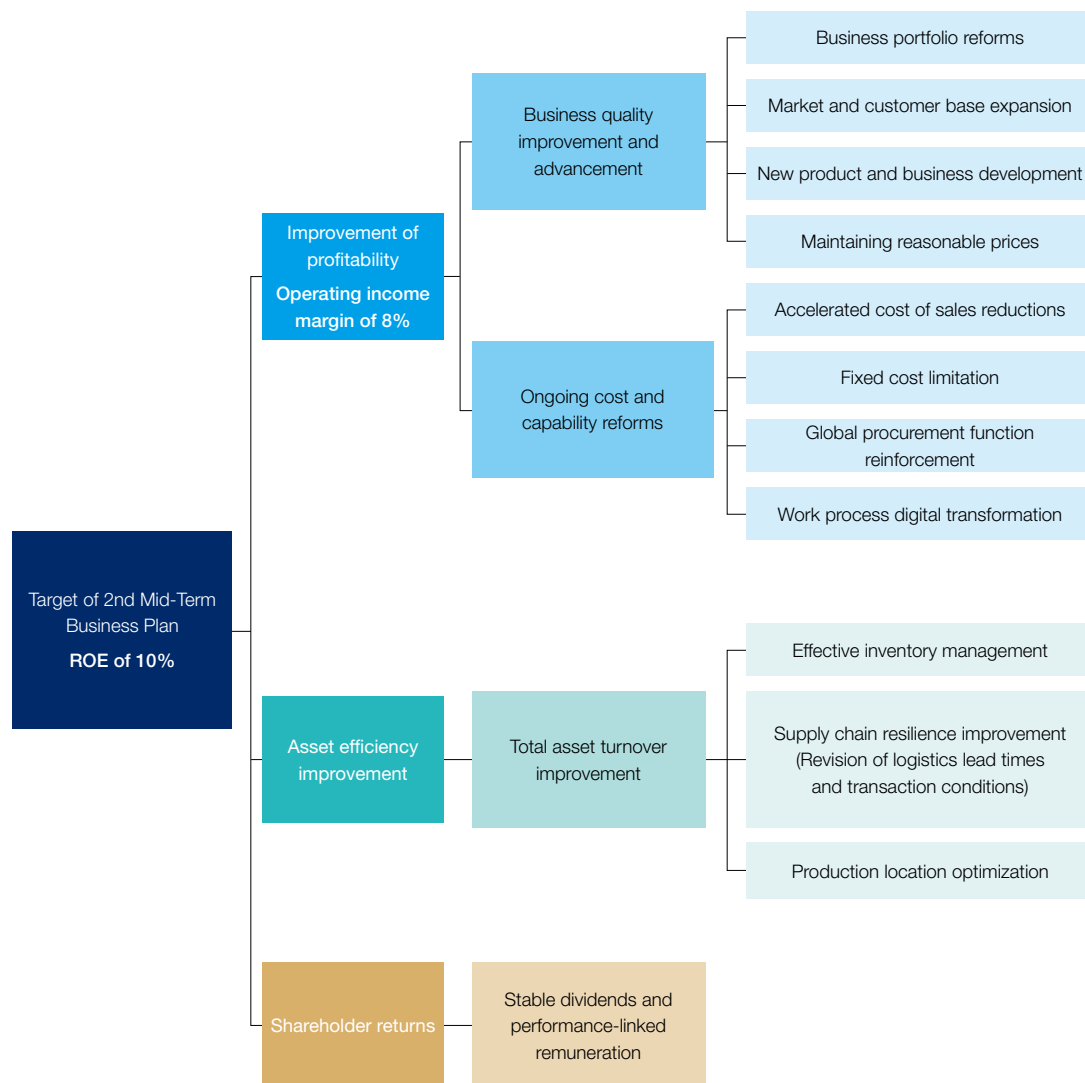
The period of the 1st Mid-Term Business Plan, which concluded with fiscal 2021, was positioned as a period for paving the road toward realizing ITC101 —Alps Alpine’s post-integration target. Unfortunately, we failed to achieve the targets of this plan. Factors behind this failure included logistic disruptions and price increases as well as difficulties procuring semiconductors and other items and higher material prices. As you are no doubt aware, these were results of the COVID-19 pandemic. During the period of the 2nd Mid-Term Business Plan, which began with fiscal 2022, our business is expected to continue feeling the impacts of the pandemic. Nevertheless, we will forge ahead with the cost reforms commenced under the 1st Mid-Term Business Plan in order to further heighten our financial stability. At the same time, we will maintain our focus on research and development and capital expenditures for creating new value through excitement, safety, and the environment. Specific areas in which we will look to create this new value include components, sensors and communication, and modules and systems. Systematic investment will be conducted targeting each of these businesses. As for shareholder returns, we will target a total return ratio of 35% over the medium term based on a policy of issuing stable dividends linked to business performance.

In closing, let me reiterate our commitment to realizing ITC101 by comprehensively reinforcing our financial base with an emphasis on return on equity (ROE), which has been defined as a financial indicator in the 2nd Mid-Term Business Plan.



## Financial Stability and Capital Efficiency Improvement

Alps Alpine is concentrating investments on enhancing existing businesses and on exploring growth areas, while remaining mindful of supply chain disruptions and other contemporary business risks, in order to achieve its 2028 targets of an operating income margin of 8% and ROE of 10%.



Targets of 2nd Mid-Term Business Plan

	Results of Fiscal 2019	Results of Fiscal 2020	Results of Fiscal 2021	Targets of 2nd Mid-Term Business Plan (Fiscal 2024)
ROE	(1.2)%	(1.1)%	6.3%	10.0%
Earnings per share (yen)	(19.53)	(18.72)	110.82	200.00
Book value per share (yen)	1,587.06	1,665.29	1,879.42	2,000.00
Operating income (billions of yen)	26.7	13.1	35.2	70.4
Operating income margin	3.3%	1.8%	4.4%	8.0%
Dividend payout ratio	—	—	18.0%	Average three-year total return ratio of 35%
Net cash provided by operating activities (billions of yen)	87.2	42.6	34.3	—
Capital expenditures (billions of yen)	42.3	40.3	53.0	130 (three-year total)
R&D expenses (billions of yen)	37.6	31.0	30.6	—
Alliances	Faital S.p.A. FreeBit Co., Ltd. Sigfox S.A. Acconeer AB Qualcomm, Inc.	TOKAI RIKAI CO., LTD. NIPPON SEIKI CO., LTD. Broadcom Inc.	IDEC Corporation TS TECH Co., Ltd.	

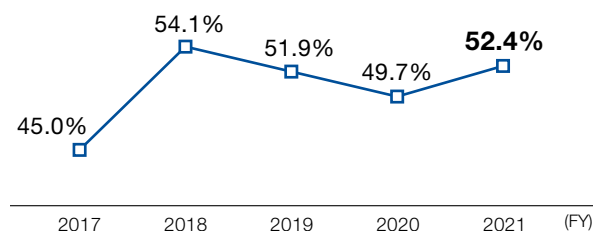
## Approach to Financial Strategy

## ROE

In fiscal 2021, ROE amounted to 6.3% due to the recording of profit attributable to owners of parent of ¥22.9 billion. This figure represents a massive improvement from the figures for ROE of negative 1.2% in fiscal 2019 and negative 1.1% in fiscal 2020. Based on this accomplishment, Alps Alpine intends to target ROE of 10% in fiscal 2024, the final year of the 2nd Mid-Term Business Plan. We will accelerate efforts to secure profits and improve the total asset turnover rate in pursuit of this target.

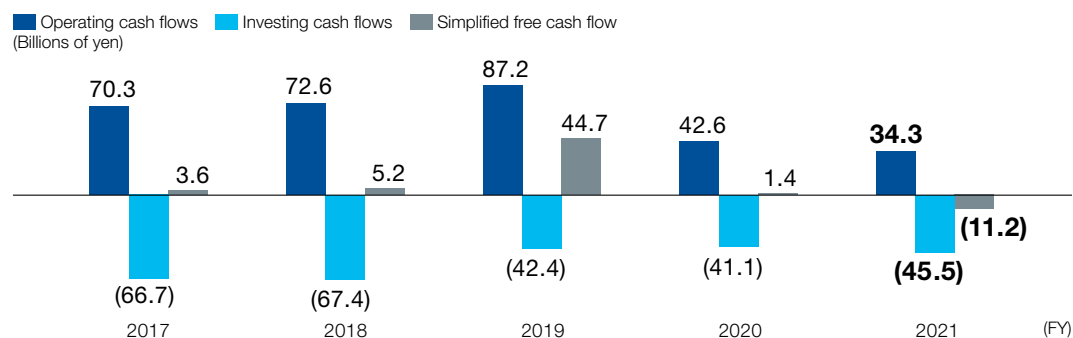
## Equity Ratio

Aiming to maintain a well-balanced and sound financial base, we target an equity ratio of 50% or more, which we will achieve through the use of treasury stock and the improvement of capital efficiency. On March 31, 2022, total assets came to ¥743.5 billion, up ¥49.2 billion from a year earlier, and equity amounted to ¥389.4 billion, an increase of ¥44.5 billion, stemming from the benefits of foreign currency translation adjustments and higher retained earnings. These figures resulted in an equity ratio of 52.4%.



## Cash Flows

In terms of aggregate total over the period of the 1st Mid-Term Business Plan, net cash provided by operating activities totaled ¥164.1 billion, while net cash used in investing activities was ¥129.0 billion, making for free cash flow of ¥34.9 billion. In fiscal 2021, the final year of the 1st Mid-Term Business Plan, free cash flow was a negative ¥11.2 billion due to a systematic increase in inventories as a result of production hikes and risk management



measures. Based on this outcome, we will seek to bolster supply chain resilience and promote production in the optimal location under the 2nd Mid-Term Business Plan in order to generate operating cash flows that surpass the amount of ¥200.0 billion budgeted for growth investments.

## Growth Investments

Growth investments during the period of the 1st Mid-Term Business Plan totaled ¥150.0 billion, comprising ¥130.0 billion in capital expenditures, including those for expanding the Furukawa R&D Center, and ¥20.0 billion in strategic investments for alliances and other purposes. For the 2nd Mid-Term Business Plan, we have earmarked a total of ¥200.0 billion for growth investments, which will include ¥130.0 billion in capital expenditures and ¥70.0 billion in strategic investments. As part of these amounts, we plan to invest ¥15.0 billion in climate change response measures over the next decade. To the component business, a major earnings foundation, we will direct an amount of investment that is similar to that conducted under the 1st Mid-Term Business Plan. Meanwhile, the Company will conduct strategic investments for creating future businesses and earnings sources. Among the targets of these strategic investments will be the sensor and communication business, which functions as a growth driver, and the module and system business, where we look to enhance operations.

## Shareholder Returns

Our focus for shareholder returns under the 1st Mid-Term Business Plan was stable dividends. Stability will continue to be a focus under the 2nd Mid-Term Business Plan, but we will also seek to link dividends to performance. Based on this approach, we will issue dividends equating to either a total return ratio of 25% (based on profit attributable to owners of parent) or annual dividend payments of ¥20 per share, whichever is larger, on a single-year basis, and a total return ratio of 35% (based on profit attributable to owners of parent) on a three-year (medium-term) basis.

## Strengthening of Engagement with Stakeholders

At Alps Alpine, we constantly work to strengthen our engagement with all stakeholders so that we are able to acquire input from them through a variety of settings toward the improvement of our business. At the same time, we continue to advance initiatives that draw on the advice of Alps Alpine's outside directors, who are well versed in their respective industries of expertise. Based on this input, we review our business portfolio, which includes the reorganization of unprofitable businesses and products, and conduct growth investments targeting sustainable growth.

# Utilization and Strengthening of Management Resources

## Input (as of the end of fiscal 2021)

### Financial Capital

#### A Sound, Well-Balanced Financial Structure

Cash and deposits: **¥139.7 billion**  
Interest-bearing debt: **¥113.2 billion**  
Shareholders' equity: **¥354.1 billion**  
Total net assets: **¥425.3 billion**

We will maintain and improve our sound and balanced financial structure, taking a basic posture of maintaining our financial capacity to withstand rapid changes in the business environment, and securing the capital and growth investment required to sustain growth in the medium- to long term.

### Manufactured Capital **Digital Transformation, Digital Innovation, and Production in Appropriate Locations**

Capital expenditures: **¥53.0 billion**  
Production sites: **Nine locations in Japan**  
**17 locations in nine countries overseas**

With a view to creating a change-resilient manufacturing infrastructure, we are promoting the optimization of our production map and are working to maximize performance by promoting digital transformation, energizing our employees, and labor-saving.

### Intellectual Capital

#### Integrating Hardware and Software Technologies

R&D expenses: **¥30.6 billion**  
R&D facilities: **Seven locations in Japan**  
**Seven locations in three countries overseas**  
Engineering Headquarters employees: **2,566**  
Number of registered patents held\*1: **7,842**

Adding to Alps Alpine's unique strengths in hardware and software integration, we are accelerating the development of new products with our new values of "excitement," "safety," and the "environment" at their core by creating cloud-integrated technological assets and utilizing global resources.

### Human Capital **Organizations and Employees That Can Respond to Change and Innovation**

Employees: **36,900 (consolidated)**  
Average cost of human resource development: **¥14,635\*2**

We are maximizing our actions and results—and contributing to the Company's sustainable growth—by strengthening our development of creative, independent professionals and working to improve our capabilities to respond flexibly to change and innovation.

### Social and Relationship Capital **Contributions to Electronics Industries Across the Globe**

Customers in Japan and overseas: **Approx. 2,000 companies**  
Regions of operation: **24 countries (123 business sites)\*3**  
Partner universities  
Cooperation agreement: **3 schools**  
Joint development: **29 schools (including cooperative universities)**

Drawing from our philosophy of not only providing products but also contributing to electronics industries in countries around the world by taking root in those regions and being of use to them, we are actively promoting communication with customers, employees, universities, and local communities in order to create value by contributing to solving social issues.

### Natural Capital

#### Achieving a Decarbonized and Circular Economy

Energy use: **5,140 thousand GJ**  
Water resource use: **1,813 thousand m<sup>3</sup>**

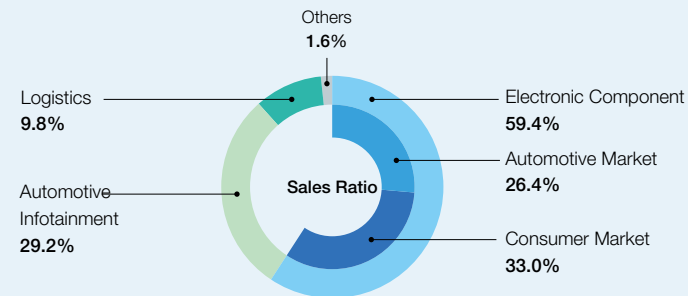
Strengthening our sustainability management to reduce our environmental impact, we aim to achieve net-zero greenhouse gas emissions across our value chain and a circular economy by fiscal 2050.

## Innovative T-shaped Company: ITC101

### Output

Net Sales in Fiscal 2021  
**¥802.8 billion**  
Operating Income  
**¥35.2 billion**

Total Waste Emissions  
**22.8 thousand t\*4**  
Greenhouse Gas Emissions  
**219 thousand t-CO<sub>2</sub>**



### Mobility Life Creator Domain

#### Emotion in Mobility

##### Products

- Wireless digital key system
- Location data management system
- ECU for hands-off detection
- Electrostatic display panels
- AlpineF#1Status, etc.

### Functional Device Partner Domain

#### Unparalleled User Experience

##### Products

- Analog meter monitoring system
- Stealth Aerial Interface
- TriMagiC Converter™
- GNSS module
- Air environment sensor modules, etc.

## Outcome (as of the end of fiscal 2021)

### Financial Capital

**Economic value generated through corporate activities**  
Income taxes: **¥13.2 billion**  
Market capitalization: **¥265.5 billion** (as of March 31, 2022)  
EPS: **¥110.82** / ROE: **6.3%**  
Total shareholder return: **43.4%**

### Manufactured Capital

**Maintenance of a stable supply chain through the steady supply of high-quality products**  
Serious disaster: **0 cases**

### Intellectual Capital

**Development of unique solutions on the strength of business integration synergies**  
News releases  
Product technology-related: **11 releases**  
Alliance-related: **10 releases**  
Number of new registered patents\*1: **745**

### Human Capital

**Group of employees with diverse values realized through efforts to promote diversity**  
New graduates recruited in fiscal 2022: **213 employees\*5**  
Experienced professionals recruited in fiscal 2021: **32 employees\*5**

### Social and Relationship Capital

**Development of products and technologies that contribute to resolving social issues**  
**Prevalence of new technology in society through industry-academia collaboration**  
**Customer and societal recognition of the value of our existence**  
Award-related releases: **3**

### Natural Capital

**Reduction of environmental impact through the promotion of environmental conservation measures**  
Rate of renewable energy use: **27%**  
Waste recycling rate: **98.5%**  
**Change in environmental impact due to scale of business**  
Greenhouse gas emissions: **Down 10.6%**  
Total waste emissions: **Up 7.6%** (both compared with a base year of fiscal 2013)

\*1 Includes registered utility models and designs

\*2 Employees of the Electronic Component and Automotive Infotainment segments

\*3 Excluding management subsidiaries

\*4 Excluding Logistics segment

\*5 University graduate-level or higher for both new graduates and experienced professionals

# Sustainability Management

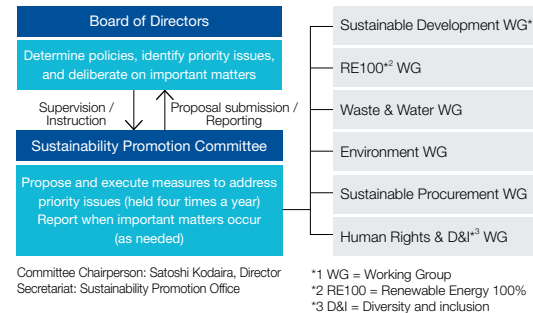
## Alps Alpine's Approach to Sustainability

At Alps Alpine, we aspire to help realize a sustainable society and enhance corporate value by fulfilling the Corporate Philosophy of creating new value that satisfies stakeholders and is friendly to the Earth.

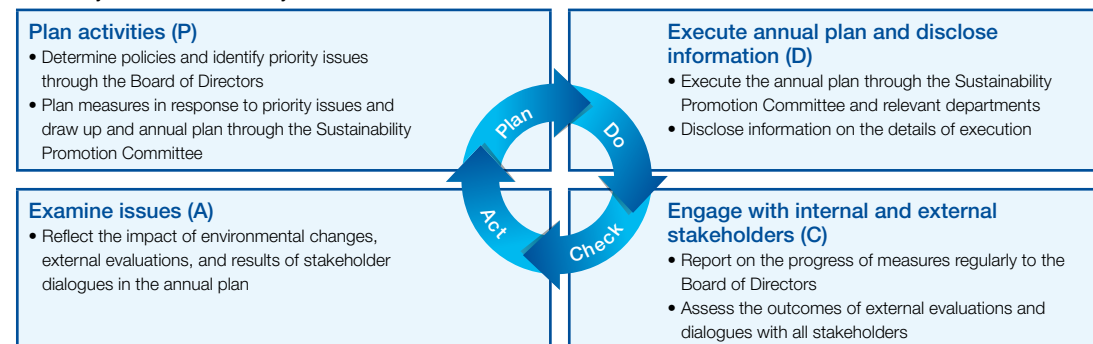
In addition, we have defined a Management Approach comprised of five items—"strive for value," "love the planet," "contribute to society," "respect the individual," and "act with integrity"—based on which we seek to promote and share understanding of our Corporate Philosophy and values. To this end, we have specified the basic conduct and behavior expected of all of our companies and employees in the Alps Alpine Group Code of Ethics and deployed them to Group bases across the globe. We also conduct training sessions on a regular basis to increase awareness of these principles among all of our employees.

## Sustainability Promotion Structure

Resolutions were made by Management Meetings to define contributions to decarbonization and circular economy, respect for human rights, diversity and inclusion, and supply chain management as sustainability priorities for the 2nd Mid-Term Business Plan, which was launched in fiscal 2022. These sustainability priorities were incorporated into the plans of function divisions, after which KPIs were set. In addition, working groups were established below the Sustainability Promotion Committee to promote activities related to priority measures and matters that are pertinent to the activities of multiple divisions. The Sustainability Promotion Committee meets quarterly to confirm the progress of relevant initiatives and to examine issues. Moreover, the committee issues quarterly reports to the Board of Directors and raises important matters to the Board of Directors whenever necessary.



## PDCA Cycle of Sustainability Activities



## Achievements

### Sustainability Topics on the Agenda at Fiscal 2021 Management Meetings

At Management Meetings, important issues concerning sustainability are discussed when necessary, in addition to regular reporting on the activities of the Sustainability Promotion Committee.

Management Meeting	Date	Topic
Board of Directors	May 2021	Regular reporting on the activities of the Sustainability Promotion Committee
Board of Directors	July 2021	Reporting of results of ESG assessments
Board of Directors	October 2021	Regular reporting on the activities of the Sustainability Promotion Committee; reports on engagement levels and participation rates for compliance and CSR training
Management Retreat	December 2021	Sustainability priorities for 2nd Mid-Term Management Plan
Board of Directors	January 2022	Report on revision of Group Code of Ethics
2nd Mid-Term Management Plan Drafting Committee	March 2022	Sustainability priorities and other aspects of management plans for fiscal years 2022–2024

### Results of the Sustainability Promotion Committee's Fiscal 2021 Activities

The Sustainability Promotion Committee promotes activities in accordance with the 1st Mid-Term Sustainability Plan (fiscal years 2019–2021).

Working Group	Themes	Major Results in Fiscal 2021
Sustainable Development WG	Creation of eco-friendly products	<ul style="list-style-type: none"> <li>Issued four press releases pertaining to eco-friendly products (target: four)</li> <li>Proposed 47 new ideas for developing products that address social issues (target: 31)</li> </ul>
RE100 WG	Reduction of CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>Reduced energy use by 1.74% (target: 2%)</li> </ul>
Environment WG	Information disclosure for improving ESG ratings	<ul style="list-style-type: none"> <li>Introduced new data collection systems in Japan</li> <li>Disclosed amounts of hazardous waste emissions and energy investments</li> </ul>
Sustainable Procurement WG	<ul style="list-style-type: none"> <li>CSR surveys</li> <li>Mineral surveys</li> </ul>	<ul style="list-style-type: none"> <li>Prepared and commenced use of survey forms</li> <li>Achieved survey response rate of 83% (target: 90%)</li> </ul>
Human Rights & Labor WG	<ul style="list-style-type: none"> <li>Promotion of diversity</li> <li>Endorsement of international human rights principles</li> </ul>	<ul style="list-style-type: none"> <li>Raised ratio of women in management positions to 2.4% (target: 3%)</li> <li>Issued diversity questionnaires, diversity and inclusion newsletters, etc.</li> <li>Joined Japan Women's Innovative Network, an NPO supporting diversity promotion</li> <li>Conducted human rights due diligence activities targeting 38 bases around the world</li> <li>Performed compliance and CSR training</li> </ul>
Health & Safety WG	<ul style="list-style-type: none"> <li>Enhancement of health management measures</li> <li>Elimination of occupational accidents</li> </ul>	<ul style="list-style-type: none"> <li>Issued Declaration of Health and Productivity Management</li> <li>Received certification under Certified Health &amp; Productivity Management Organization Recognition Program</li> <li>Serious accidents: 0 (target: 0)</li> <li>Workplace accidents: 8 (target: less than 10)</li> <li>Commuting accidents: 11 (target: less than 10)</li> </ul>
Community WG	Social contribution policies	<ul style="list-style-type: none"> <li>Formulated and disclosed social contribution policies</li> </ul>

# Decarbonization

Sustainable Development WG RE100 WG



## Basic Policy

As the global movement toward decarbonization accelerates, Alps Alpine is working toward its goal of achieving zero emissions across the value chain by fiscal 2050. One of the milestones on the path toward zero emissions will be our target of sourcing 100% of the electricity used in our business activities from renewable energy by fiscal 2030. Efforts for accomplishing this goal include energy conservation and renewable energy initiatives as well as coordination with business partners to reduce greenhouse gas emissions across our supply chain. Alps Alpine is dedicated to decarbonizing its own operations while also developing and supplying products and services that help reduce the environmental impact of users.

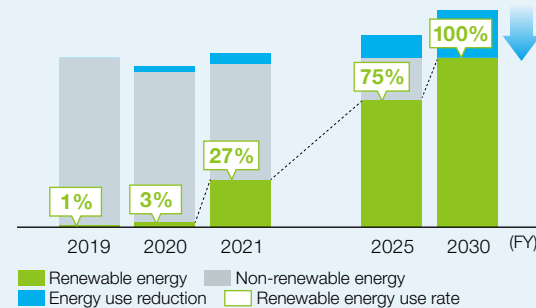
### Initiative Themes

- ➔ Reduction of greenhouse gas emissions (Scope 1, Scope 2, and Scope 3)
- ➔ Proactive use of renewable energy
- ➔ Development of eco-friendly products

### Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)

- ➔ Energy use (crude oil equivalent): **2% reduction per year**
- ➔ Renewable energy use rate: **60%**

### Renewable Energy Reduction Plan



## Renewable Energy Initiatives

In fiscal 2021, the renewable energy adoption rate came to approximately 27% due to our generating solar power and purchasing electricity generated from renewable sources at overseas production bases. In our aim to achieve our target for fiscal 2030, we will actively invest in the installation of solar power systems while increasing our procurement of renewable energy from outside sources. In addition, our efforts make use of renewable energy certificates and credits.

### Renewable energy use rate (global)

[P.65](#) ESG Data

Fiscal 2019	Fiscal 2020	Fiscal 2021
1.0%	2.5%	27.0%

## Energy Conservation Initiatives

In line with the target of achieving a renewable energy use rate of 100% by fiscal 2030, we raised our energy use reduction target to aim for an annual reduction of 2% in energy used by domestic bases, compared with the prior target of a 1% annual reduction in fiscal 2021. However, we were only able to achieve a reduction of 1.8% in fiscal 2021 due to delays in deliveries of facilities and equipment as a result of semiconductor shortages.

Nevertheless, we succeeded in reducing total energy used at domestic bases by 636 kl through the introduction of equipment with strong energy conservation benefits and through more rigorous management of air-conditioning and lighting. Going forward, we will accelerate our global energy conservation initiatives while implementing measures to track the results.

### Energy use reduction through energy conservation measures (Japan)

Fiscal 2019	Fiscal 2020	Fiscal 2021
649 kl	525 kl	636 kl

### Energy Use Reductions in Fiscal 2021 (Japan)

Reduction Measures	kl (crude oil equivalent)
Installation of highly efficient equipment	259
Enhancement of control methods	37
More rigorous management	214
Production process improvements	83
Loss prevention, insulation, and temperature control	7
Others	36
<b>Total</b>	<b>636</b>

## Eco-Friendly Product Design

Alps Alpine incorporates consideration for the environment into its product design and development processes in order to reduce the environmental impacts of products. Assessments of the environmental impacts of under-development products are conducted at the design phase and examine 37 factors regarding the potential environmental impacts of the given product across its life cycle. These assessments are used to compare the new product with standard products and alternatives to determine whether additional environmental measures are required from a comprehensive perspective.

### Topics Environmental Idea Proposal Campaign

An environmental idea proposal campaign was held in May 2022 to gather ideas for environmental measures related to energy and resource conservation, waste emissions, and biodiversity preservation. This campaign was open to all employees in Japan. Prizes were offered for award-winning ideas, leading to the receipt of more than 300 proposals.

These proposed ideas were judged by corporate officers, and the feasibility of ideas passing final judging was assessed so that we could adopt such eco-action to the greatest degree possible.



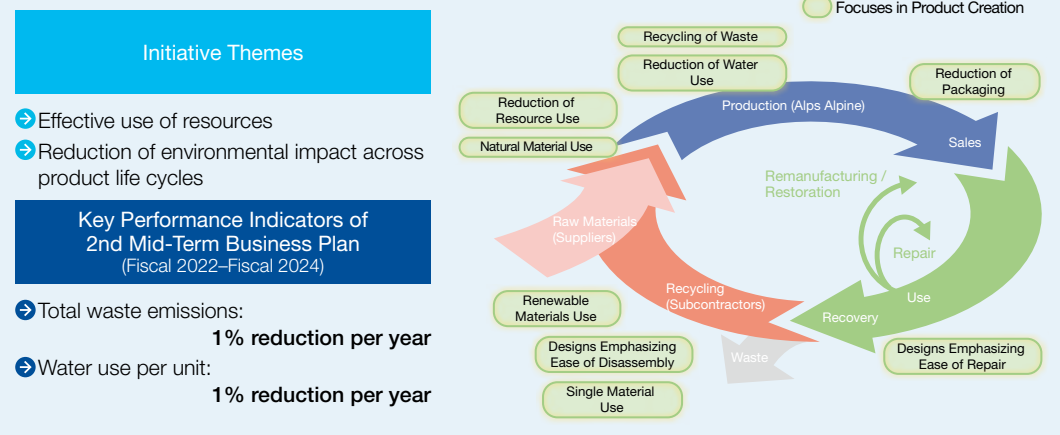
# Circular Economy

Waste & Water WG



## Basic Policy

The idea of circular economies is currently garnering much attention, and this trend is placing increasingly more importance on reducing the environmental impacts of corporate activities. In recognition of this fact, Alps Alpine is formulating and promoting various measures for reducing its environmental impact through multiple working groups in order to contribute to the recycling of resources. Specific policies for Companywide initiatives include reducing waste for production activities, effectively utilizing resources, and refraining from commencing use of new materials in products.



- Initiative Themes**
- Effective use of resources
  - Reduction of environmental impact across product life cycles
- Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)**
- Total waste emissions: **1% reduction per year**
  - Water use per unit: **1% reduction per year**

## Reduction of Waste

The Waste & Water WG was established under the Sustainability Promotion Committee for the purpose of accelerating efforts to reduce waste and contribute to circular economy. Our target in this regard was to reduce total waste emissions per unit of sales by an average of 1% each year leading up to fiscal 2021 from the base year fiscal 2015.

In Japan, our waste emission increased 4.1% year on year in fiscal 2021, and we achieved a recycling rate of 98.5%.

Also, the Company has been implementing a zero-emissions campaign since fiscal 2001 with the aim of recycling all waste from offices and production sites. This target was successfully achieved by the end of fiscal 2004 at all sites in Japan.

Total waste emissions (global)*	Fiscal 2019	Fiscal 2020	Fiscal 2021
<b>P. 65</b> ESG Data	26.1 thousand t (6.1% increase)	21.9 thousand t (16.1% reduction)	22.8 thousand t (4.1% increase)

\* Excluding Logistics Segment

## Water Use Reduction

Water issues are a global environmental concern, and the Alps Alpine Group recognizes the critical nature of those issues given that it undertakes business operations all over the world. For that reason, the Waste & Water WG under the Sustainability Promotion Committee is spearheading efforts for reducing water use. With drought risk a particular concern in some areas, such as China and India, we strive to save water by reusing water, for example. Even at sites with no history of such issues, every effort is made to save water, such as using water-saving parts in faucets.

Water use (global)	Fiscal 2019	Fiscal 2020	Fiscal 2021
<b>P. 65</b> ESG Data	1,738 thousand m <sup>3</sup> (7.8% reduction)	1,742 thousand m <sup>3</sup> (0.2% increase)	1,813 thousand m <sup>3</sup> (4.1% increase)

## Progress of Key Initiatives under 1st Medium-Term Action Plan for Environmental Preservation

Item	Target (Fiscal 2021)	Applicable Range	Results (Fiscal 2021)	Self-Assessment
Global warming countermeasures	Aim to reduce greenhouse gas emissions by 80% by fiscal 2050 compared with fiscal 2013 (Base year fiscal 2013: 245,504 t-CO <sub>2</sub> )	Consolidated	219,425 t-CO <sub>2</sub> 10.6% reduction compared with fiscal 2013	○
	By 2030, use electricity derived only from renewable energy sources	Consolidated	Ratio of renewable energy adoption: 27% (2.5% in fiscal 2020)	○
	Reduce energy consumption per unit by an average of 2% each year to fiscal 2030 (Target: 9.6% reduction from fiscal 2012 level)	Consolidated	Energy consumption per unit: 16.6 kJ per ¥100 million 10.3% reduction compared with base year	○
	Reduce energy consumption per unit in product logistics in Japan by 1% each year to fiscal 2021 (Target: 5.85% reduction from fiscal 2015 level)	Non-consolidated*	Energy consumption per unit: 0.469 kJ per ¥100 million 8.4% reduction compared with base year	○
Recycling	Reduce total waste emissions per unit by 1% each year to fiscal 2021 (Target: 5.85% reduction from fiscal 2015 level)	Consolidated	Output rate of 3.15 tons per ¥100 million 3.6% reduction compared with base year	△
	Improve waste recycling rate (98.4% in fiscal 2020)	Non-consolidated	Recycling rate: 98.5% 0.1% year-on-year improvement	○
	Reduce water use per unit by 1% each year to fiscal 2021 (Target: 3.0% improvement from fiscal 2018 level)	Consolidated	Use rate of 226 m <sup>3</sup> per ¥100 million 0.1% increase compared with base year	×
Environmentally friendly products	Advance sales promotion activities for environmentally friendly products	Non-consolidated	Generally achieved as planned	○
Biodiversity	Advance biodiversity preservation activities	Non-consolidated	Observed growth of the Asian fawn lily Conducted volunteer initiative to help nurture the growth of little tern chicks	○
Chemical substances	Control and reduce emissions of volatile organic compounds	Non-consolidated	Atmospheric emissions: 71.2 tons 0.9% year-on-year increase	×
	Reduce and control non-energy-related greenhouse gas (e.g., sulfur hexafluoride) emissions (global warming countermeasure)	Non-consolidated	Atmospheric emissions: 5,547 tons 37.5% year-on-year increase	×

\* Includes Alps Logistics

Self-evaluation: Achieved (○), made progress but not yet achieved (△), did not achieve (×)

# TCFD-Based Information Disclosure

Environment WG

## Response to Recommendations of TCFD

In September 2020, Alps Alpine declared its support for the Task Force on Climate-related Financial Disclosures (TCFD). We will assess the risks and opportunities associated with climate change and reflect the findings in our business strategies with the intent of realizing sustainable growth and formulating an appropriate risk response.

## Governance

At Alps Alpine, contribution to decarbonization and contribution to circular economy have been defined as material issues for addressing climate change through business activities. Basic policies, response measures, and other important matters related to climate change are discussed and resolved by the Board of Directors. Moreover, the Sustainability Promotion Committee issues reports on climate change-related matters four times a year to aid the Board of Directors in monitoring measures and performance on this front. The Board of Directors also houses oversight functions, including the ability to order revisions to annual budgets pertaining to climate change.

### Governance Structure for Climate Change-Related Issues

Body	Roles	Meeting Frequency
Board of Directors (Chair: Representative Director Toshihiro Kuriyama)	Determine climate change and other sustainability-related policies and important matters Monitor responses to climate change	Report four times a year Deliberate on issues in a timely manner
Sustainability Promotion Committee (Chair: Director Satoshi Kodaira)	Implement measures to address climate change and other sustainability-related issues while reporting on their progress and presenting recommendations in this regard to the Board of Directors	Meet four times a year

## Strategy

Alps Alpine has performed climate change scenario analyses to identify the risks and opportunities associated with climate change, based on which the potential impact on the Company's business was quantitatively measured in accordance with internal standards.



## Scenario Analysis Process

A four-step process was adopted for scenario analyses.

### Step 1 Assessment of Materiality

The risks and opportunities with the potential to affect Alps Alpine's business were identified based on predictions of the climate change and social trends to be seen leading up to 2030 and 2050.

Risks were evaluated in terms of transition risks (government policy and regulation, technologies, markets, and reputation) and physical risks (acute and chronic).

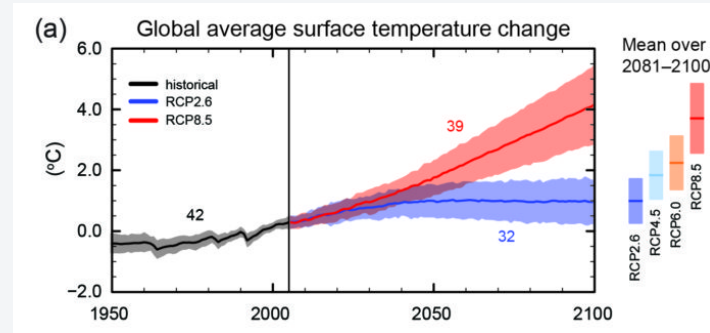
Opportunities were evolved based on the considerations of resource efficiency, energy sources, products and services, markets, and resilience.

### Step 2 Selection of Scenarios

Analyses were conducted based on scenarios projecting average global warming of 1.5°C or less than 2°C above pre-industrial levels as well as those projecting average global warming of 4°C. For physical risks, we used the Representative Concentration Pathways 2.6 of the Intergovernmental Panel on Climate Change. For transition risks, we employed the Stated Policies Scenario, Reference Technology Scenario, Sustainable Development Scenario, and Beyond 2°C Scenario of the International Energy Agency.

The opportunities and risks were assessed using the following combinations of timings and scenarios due to the fact that differences in temperature in 2030 did not differ materially between the 1.5°C or less than 2°C scenarios and the 4°C scenarios and the fact that it was difficult to project transfer risk and opportunities from a business perspective at 2050.

	2030	2050
Transition risks	1.5°C or less than 2°C scenarios	—
Physical risks	—	4°C scenarios
Opportunities	1.5°C or less than 2°C scenarios	—



Source: IPCC AR5 WGI SPM Figure SPM7(a)

### Step 3 Assessment of Business Impacts

Assessments of the business impacts of the identified 13 items for transition risks, physical risks, and opportunities were performed based on internal and external information.

Specifically, business divisions verified the business impact and estimated the financial impact of the transition risk, physical risk, and opportunity items identified by the Sustainability Promotion Office.

### Step 4 Definition of Response Measures

Action plans were formulated and enacted to address those risks and opportunities designated as having a potentially high financial impact.

## TCFD-Based Information Disclosure

**Results of Scenario Analysis**

The scenario analysis found that the 4°C scenarios would require us to implement measures at bases around the world to counter the impacts of intensifying natural disasters associated with abnormal weather events while also enacting risk countermeasures across the entire supply chain. Conversely, the 1.5°C scenarios presented a need for ongoing decarbonization measures to mitigate transition risks along with aggressive action for seizing opportunities through the supply of products and services that cater to market changes.

**Assessment of Risks and Opportunities**

The results of the Group's assessment of risks and opportunities in climate change are as follows.

Category		Climate Change Impacts	Details of Risks / Opportunities	Financial Impact	Response Measures
Transition	Markets	Changing customer behavior	<ul style="list-style-type: none"> <li>Accelerated and increased demands for climate change response centered on automotive business, creating risk of loss of business opportunities if demands are not met</li> </ul>	Medium	Identification of contribution to decarbonization and contribution to circular economy material issues and establishment of Sustainable Development WG and Sustainable Procurement WG under Sustainability Promotion Committee; development and production matched to customer demands
Transition	Regulation	Carbon pricing mechanisms	<ul style="list-style-type: none"> <li>Increase in energy procurement costs reflecting the introduction of carbon taxes</li> <li>Increase in costs associated with measures to reduce CO<sub>2</sub> emissions and purchases of emission credits due to introduction of emissions trading scheme</li> </ul>	Small	Establishment of RE100 WG under Sustainability Promotion Committee; planning and promotion of energy conservation and renewable energy procurement activities
Physical	Acute	Rising severity and frequency of cyclones, floods, and other abnormal weather events	<ul style="list-style-type: none"> <li>Decrease in sales as a result of discontinued operations at our plants, increase in costs due to continuation and recommencement of production</li> <li>Increase in costs for flood countermeasures at three overseas bases deemed to be at high risk of flooding</li> </ul>	Small	Reinforcement of business continuity plans through means such as production relocations and purchasing from multiple suppliers based on natural disaster risks threatening production bases
			<ul style="list-style-type: none"> <li>Decrease in sales due to discontinued supplies of raw materials and components stemming from supply chain disruption; increase in costs for procuring alternative items</li> <li>Decrease in sales as a result of reduced production or discontinuation of operation at customer plants; increase in costs due to abnormal processing costs following production adjustments</li> </ul>	Small	
Physical	Chronic	Higher average temperatures	<ul style="list-style-type: none"> <li>Increase in air-conditioning costs at offices and factories due to higher average temperatures and increase in electricity bills because of rising electricity demand</li> </ul>	Small	Target of achieving 2% reduction in energy use per year in plan for adopting renewable energy in order to limit projected increases in energy use through energy conservation measures
Opportunities	Products and services	Development and increased sales of low-carbon products and services	<ul style="list-style-type: none"> <li>Contributions to improvements in logistics efficiency through introduction of products for logistics tracking market</li> <li>Promotion of IoT solutions for production bases looking to conserve energy or reduce CO<sub>2</sub> emissions by introducing products for local 5G market</li> <li>Expansion of share of electric vehicle market through provision of more compact and lighter weight products in Automotive Infotainment Segment</li> <li>Increase in sales due to development and launch of electric vehicle equipment</li> </ul>	Medium	Response to sustainability issues in 2nd Mid-Term Business Plan and establishment of targets and measures on individual-business level

**Risk Management**

In pursuing sustainable corporate growth and enhanced corporate value, Alps Alpine recognizes the importance of addressing various business risks with measures formulated with a medium- to long-term outlook, after having assessed the potential impact and materiality of those risks. Climate change-related risks are addressed through surveys on the natural disaster risks facing bases around the world, with the risks and opportunities identified by these surveys being assessed by the Sustainability Promotion Committee. Risks deemed to have a high potential for financial impact are reported to the Board of Directors.

**Metrics and Targets**

Alps Alpine is advancing initiatives for reducing its environmental impact with the aim of achieving carbon neutrality by fiscal 2050.

**Targets**

- Achieve carbon neutrality by fiscal 2050
- Use electricity derived only from renewable energy sources by fiscal 2030

# Product Quality and Safety



## Basic Policy

Alps Alpine will deliver outstanding products and services that satisfy its customers. The Fundamental Quality Control Policy states, “We must perfect our craftsmanship and earn even more trust from our customers.” In order to realize this goal, we must make Companywide efforts to improve not only production quality but also design and component quality assurance, which are essential to product creation.

### Initiative Themes

- ➔ Promotion of prevention of incidents by taking the proper steps from the start of processes
- ➔ Reinforcement of function safety and product cybersecurity measures

### Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)

- ➔ Improve degree of completion of product process designs
- ➔ Implementation rate of cybersecurity capability management (applicable departments): **100%**

## Global Quality Information Management System

The Alps Alpine Group’s Global Quality Information Management System makes possible global sharing of quality information, allowing the Group to make swift improvements and promote measures undertaken, thereby preventing defects. This system allows us to use information from customers and quality information in the market on a global scale to quickly diagnose problems and implement solutions. Measures taken and improvements made are also adopted as standard practice, thereby preventing the recurrence of defects and spotlighting important areas of focus in the development of future product models.

### Topics Receipt of Japan-First JIS Certification for Software

In June 2022, “Share to Care,”\* a network player app developed by Alps Alpine, became the first piece of software to receive software certification from the Japan Quality Assurance Organization (JIS). The certification verifies conformance with software quality requirements and the implementation of quality control systems during the app’s development. Alps Alpine’s certification is the first in Japan since the launch of the JIS mark system for electromagnetic records in July 2019. In software development, which is growing in importance in many sectors, we will continue efforts to enhance software quality utilizing the know-how acquired through the development of the app and other products.



\*“Share to Care” is a network player app allowing users to share photos and other content stored on different devices with family and friends using Wi-Fi® communications.

## Functional Safety of Automotive Products

To provide customers with safe, dependable products that accommodate the spread of driver-assistance systems, autonomous driving systems, and other technologies, Alps Alpine established commercialization processes and systems conforming to ISO 26262 (second edition, which went into effect in December 2018) and has already developed a number of products compliant with this automobile-specific functional safety standard.

Moreover, in order to establish and foster a culture of safety so that all employees involved in the development and production of automotive products put safety first in their decision-making and actions, we pursue safety-related initiatives on the basis of our functional safety guide.

The Board of Directors conducts management reviews of our initiatives aimed at ensuring the functional safety of automotive products on a periodical basis, while formulating and implementing annual action policies and priority measures. In these ways, safety is always at the forefront of our minds at Alps Alpine.

### Corporate Policy in Functional Safety Guide

Every person in charge of automotive products has common sense on the value of safety culture and takes responsibility for organizational activities.

## Managing Cybersecurity of Automotive Products

With the advancing transformation of the automotive industry, centered on CASE, customers are becoming increasingly concerned over security-related issues. To deliver secure products to its customers, Alps Alpine has developed a Cybersecurity Management System (CSMS) compliant with ISO/SAE 21434 (DIS: released to the public in February 2020), a cybersecurity standard for automotive products, and has begun conducting cybersecurity activities.

Meanwhile, we have also organized and operate the Alps Alpine-Product Security Incident Response Team (PSIRT) to address any vulnerability issues detected in our products. We understand our respective roles and responsibilities and constantly emphasize the importance of automotive cybersecurity in our manufacturing activities in accordance with the Cybersecurity Basic Policy. Our cybersecurity-related initiatives are assessed in the form of management reviews by the Board of Directors on a periodical basis to ensure that improvements are constantly made to our cybersecurity.

### Cybersecurity Basic Policy

We offer secure automotive products that customers can use with ease.

# Sustainable Procurement

Sustainable Procurement WG



## Basic Policy

Alps Alpine bases its procurement activities on the principle of integrity as it seeks to build trusting and collaborative relationships through the fair treatment of business partners. We also work together with partners to promote safety and environmental preservation in order to contribute to the realization of a sustainable society through supply chain action. Specific procurement activities are shaped by policies and guidelines for accomplishing these objectives.

### Initiative Themes

- ➔ Reduction of compliance violations across the supply chain
- ➔ Tracking and mitigation of human rights risks across the supply chain
- ➔ Responsible procurement (traceability of minerals, etc.)

### Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)

- ➔ CSR assessment response rate: **100%**
- ➔ Conflict minerals reporting template (CMRT)\*1 response rate: **100%**

## Supply Chain Management CSR Guidelines for Suppliers

From the viewpoint of promoting corporate social responsibility (CSR) not only in our business activities but throughout the entire supply chain, in fiscal 2020 Alps Alpine adopted the Guidance for Responsible Business Conduct of the Japan Electronics and Information Technology Industries Association (JEITA) and formulated the Alps Alpine Responsible Corporate Action Guidelines. The guidelines specify the matters pertaining to social responsibility that must be addressed together with suppliers, including human rights, labor, health and safety, the environment, fair trade, and quality. By making the guidelines available on our corporate website, we seek to promote understanding of their principles among all suppliers around the world. In addition, policy briefings for suppliers are used as an opportunity to explain the guidelines and their aims directly to suppliers. We also arrange briefings on the guidelines themselves for employees who are responsible for communicating with suppliers. Approximately 200 employees in procurement department participated in the fiscal 2022 guideline briefing.



Alps Alpine Responsible Corporate Action Guidelines

<https://www.alpsalpine.com/e/csr/pdf/guidline.pdf>

## CSR Assessments

Business partners are asked to perform self-assessments to verify their compliance with the Alps Alpine Responsible Corporate Action Guidelines. Moreover, the CSR Operating Procedures established in fiscal 2021 were put into effect in April 2022, and related survey forms have been distributed to 88 major business partners (representing 80% of global purchasing amounts). As of June 2022, we had received responses from 68, or 77%, of these partners, and no major violations were confirmed. The scope of these assessments will be expanded as we issue assessments on an annual basis with the aim of assessing all business partners by fiscal 2024. We will continue to assess new suppliers as part of the screening process.

## Responsible Minerals Procurement

In accordance with the Basic Policy on the Responsible Examination of Minerals, Alps Alpine has identified tin, tantalum, tungsten, gold, and cobalt produced by conflict-affected areas and regions associated with antisocial and inhumane acts of behavior as high-risk minerals and will conduct due diligence on such minerals in compliance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

In fiscal 2021, Alps Alpine conducted a survey with all suppliers from which it made purchases in the previous year (approximately 1,000 companies worldwide) on their products pertaining to the inclusion of 3TG,\*2 the country of origin, and the location of the smelter, for which responses from roughly 90% of suppliers have been received as of June 2022. In the event of identifying a smelter not certified by the Responsible Minerals Initiative (RMI),\*3 the appropriate measures toward improvements will be undertaken through our discussions with the relevant suppliers.

In fiscal 2022, we began conducting surveys of inclusion and smelters for mica alongside the prior surveys regarding 3TG and cobalt. We plan to compile the findings of these surveys by March 31, 2023.

Alps Alpine's mineral examinations are carried out using RMI's CMRT and Extended Minerals Reporting Template (EMRT).\*3 Moreover, any unrecovered high-risk minerals will continue to be examined in fiscal 2022.

### Basic Policy of Responsible Minerals Procurement

At Alps Alpine, we do not engage in procurement activities of any kind that promote child labor or other forms of human rights violations, environmental destruction, misconduct or fraud, and antisocial or inhumane acts of behavior.

\*1 A template created by RMI to facilitate the reporting of conflict minerals

\*2 Abbreviation for tin, tantalum, tungsten, and gold

\*3 A template created by RMI to facilitate the reporting of cobalt and mica

# Nurturing of Human Resources and Promotion of Job Satisfaction



## Basic Policy

One of the values cherished by the Alps Alpine Group is the principle of believing in people. Respecting the desire of employees to grow and achieve self-actualization, we welcome the ambition of employees seeking to tackle greater work challenges. Furthermore, we recognize that the growth of employees into creative and independent professionals is imperative to the ongoing growth of the Company. By actively supporting the autonomy and self-driven learning and action of employees, we aim to energize the organization and create new businesses.

### Initiative Themes

➔ Energization of staff and reformation of corporate culture

### Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)

➔ Establishment of engagement indicators and measurement methodologies

## Expansion of Opportunities for Autonomous Learning

We conduct on-the-job-training to help employees advance self-created career plans. This on-the-job-training is linked with evaluations, placement, and skills development and is used as a tool for promoting comprehensive and long-term employee development. Employees can feel their own development when they interact with many people through their work, learn from and teach those people, and realize achievements. In addition, we offer employees various opportunities to develop their skills in accordance with the current stage of their development. Such opportunities include training and education geared toward skill and knowledge acquisition and personal development support measures. By enhancing both practical (work) and theoretical (skills development measures) approaches, we facilitate the development of professional individuals and growth of organizations. In fiscal 2021, the majority of Group-based level-specific training sessions was once again conducted online so that we could continue this training even amid the COVID-19 pandemic. Moreover, training programs were tailored to take advantage of the benefits of the online format in order to increase efficiency and effectiveness.

Furthermore, online learning services subsidized by the Company were introduced in fiscal 2022 as a new measure for aiding employees in pursuing self-driven learning. We anticipate that these services will encourage employees to tackle new challenges of their own volition by providing an opportunity for them to develop their own skills.

## Introduction of Role-Based Human Resource Systems to Encourage Ambition

Alps Alpine began revising its human resource systems in 2021 with the goal of developing systems that better encourage employees to exercise venture mindset by taking autonomous action. The revision resulted in the replacement of the prior function-based core systems for leaders and managers with role-based systems in fiscal 2022. This change also entailed a shift toward emphasizing ambition and results based on roles in employee performance evaluations, as opposed to the prior focus on skills and experience.

Under the new systems, employees are expected to set their own goals and take autonomous action to accomplish these goals. The new systems are part of a larger process of management reforms that will be conducted over the medium term. In order to draw out the maximum benefit of the revised systems, we are arranging training on the systems for frontline managers as well as communication skill training designed to help them foster the autonomy of their subordinates.

Furthermore, we aim to establish monitoring frameworks for objectively reviewing these initiatives in fiscal 2022. These frameworks will include engagement indicators and measurement methodologies.

### Focuses of System Revision

- Evaluation of ambition, meaningful failures, and progress toward improvement above maintaining the status quo
- Assessment emphasizing action and results as opposed to skills

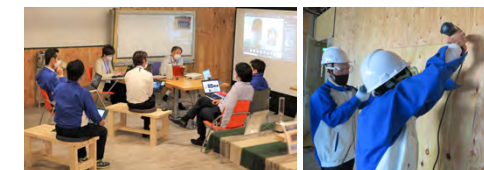


### Topics IPPO\* Project

#### Space for Producing New Ideas and Fostering a Culture of Creating New Things and Experiences

Alps Alpine uses its internal portal site as a venue for broadcasting the ambitious undertakings of employees as part of its efforts to encourage venture mindset. One of the initiatives introduced through the portal site is the IPPO Project, a project aimed at fostering a culture of creating new things and experiences.

The IPPO Project is based on the idea that the journey of creating something new begins with a single step and its activities take place in a space featuring walls, benches, tables, and other furnishings built by employees. This space is used for various events and for communication among employees, thereby stimulating the production of new ideas.



\* IPPO: A word that represents "the first step" in Japanese, and it means "Let's take the first step of creation from here." This is an activity in the Japan unique to Alps Alpine.

# Respect for Human Rights

Human Rights & D&I WG



## Basic Policy

### Respect for and Protection of Internationally Recognized Human Rights

Respect for human rights is a basic and transcendental value shared by all of humanity. Based on this recognition, Alps Alpine observes the following international guidelines and supports activities based on the principles contained therein.

- Universal Declaration of Human Rights (United Nations)
- Declaration on Fundamental Principles and Rights at Work (International Labour Organization)
- Guiding Principles on Business and Human Rights (United Nations)
- OECD Guidelines for Multinational Enterprises (Organisation for Economic Co-operation and Development)
- Other internationally recognized human rights declarations

#### Initiative Themes

- ➔ Tracking and mitigation of human rights risks
- ➔ Ongoing training on the Group Code of Ethics

#### Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)

- ➔ Rate of Group bases ranked A in human rights due diligence surveys: **100%**
- ➔ Participation rate for training on the Group Code of Ethics: **90% or more**

## Identification of Material Human Rights Issues Specific to Alps Alpine’s Business

In accordance with the Responsible Business Alliance Code of Conduct, which defines standards for working environments, human rights, and ethics for the electronic equipment industry, Alps Alpine has identified the following human rights issues as requiring constant monitoring.

- Prohibition of compulsory labor
- Prohibition of inhumane treatment
- Appropriate wages and compensation
- Prohibition of child labor and accommodation for younger workers
- Prohibition of discrimination
- Appropriate work hours
- Respect for freedom of association and right to collective bargaining

## Framework for Protecting Human Rights

The Human Rights and Diversity and Inclusion WG has been established under the Companywide Sustainability Promotion Committee to facilitate discussion and action centered on human rights issues.

## Alps Alpine Group Code of Ethics and Related Awareness Raising

The Alps Alpine Group Code of Ethics includes policies regarding respect for human rights. Information on the conduct of the code has been incorporated into the annual compliance and CSR training programs that are conducted targeting employees worldwide in order to promote understanding and awareness. We also take other steps to entrench the code into our business practices.

#### Participation rate for training on the Group Code of Ethics

Scope: All officers and employees worldwide (including dispatch and contract employees)

Fiscal 2019	Fiscal 2021	Fiscal 2021
89.6%	88.7%	93.6%

## Assessment of and Response to Adverse Human Rights Impacts

### Internal Human Rights Due Diligence

Internal due diligence surveys specifically addressing human rights issues pertaining to workers and labor–management relations are conducted once every two years, in principle. In these surveys, ratings from among four ranks (C, B, A, and S) are assigned based on responses, and feedback is provided in accordance with the assigned rank.

#### Results of third human rights due diligence survey (fiscal 2021)

- Total of 38 domestic and overseas Group bases surveyed in fiscal 2021
- Disparity in ranks by region despite rising interest in human rights due diligence

A Rank  
Approx. 15%

B Rank  
Approx. 75%

C Rank  
Approx. 10%

Supply chain human rights monitoring and assessment of business practice risks have been identified as items requiring tracking on an individual basis.

## Human Rights Issues in Supply Chain

Respect for human rights is an important matter that requires attention within the Group and across its supply chain. The Alps Alpine Responsible Corporate Action Guidelines include seven items pertaining to human rights that we expect business partners to observe. Understanding regarding these items is promoted and compliance is assessed regularly.

## Grievance Mechanisms

The Alps Alpine Group has established and operates whistle-blowing systems (Ethics Hotlines) that are independent from business-related reporting venues to be used by employees for filing reports or complaints regarding human rights or other issues. Steps are taken to protect report filers from disadvantageous treatment, and the necessary remedy or disciplinary measures are carried out based on rigorous investigations of the reported issues. Going forward, we intend to expand access to these Ethics Hotlines around the world while researching grievance mechanisms used throughout the industry.

## Human Rights Violations

In fiscal 2021, a total of 13 reports of human rights violations were received from domestic and overseas bases. Appropriate remedy, accountability, and disciplinary measures were taken in response to each of these violations in accordance with internal regulations.

# Diversity and Inclusion

Human Rights & D&I WG



## Basic Policy

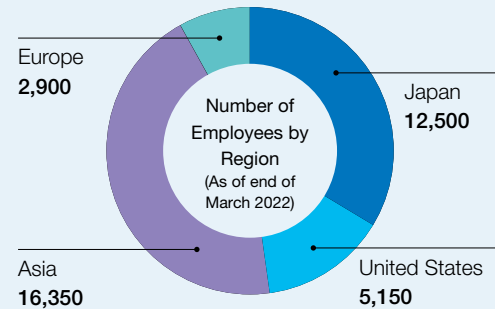
At Alps Alpine, we are committed to establishing a workplace environment in which people with diverse values are able to fully demonstrate their individuality and strengths, regardless of race, religion, nationality, gender, age, sexual orientation, or disability.

### Initiative Themes

- ➔ Empowerment of female employees
- ➔ Recruitment of human resources with diverse backgrounds

### Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)

- ➔ Ratio of women in management positions: **6.0%**
- ➔ Rate of employees with disabilities: **2.39%**



## Message from the CEO

“Respect the individual” is part of the Alps Alpine Management Approach. This principle is core to the promotion of diversity and inclusion, the goal of which is to ensure all individuals are respected and able to continue to feel motivated in their work, regardless of traits such as their gender, age, or nationality. I am convinced that the pursuit of this goal will create innovation and thereby spur the further growth of the Company.

If we assess Alps Alpine from a global perspective, we will see that management in Japan is lacking female representation when compared with other parts of the world. Increasing the diversity of individuals in decision-making positions is thus an urgent priority. For this reason, it is important for us to develop frameworks that allow everyone, regardless of who they are, to craft their own career plan. It is also crucial that management play a direct role in promoting the acquisition of parental leave by male employees and in addressing the issues faced by veteran employees, employees with disabilities, and members of the LGBTQ+ community.

With these objectives in mind, Alps Alpine will continue its aggressive promotion of diversity and inclusion.

Toshihiro Kuriyama  
Representative Director, President & CEO

## Diversity and Inclusion Education

With the aims of fostering an environment in which all members of our diverse staff respect one another based on an understanding of diversity and inclusion, we provide information on diversity and inclusion and conduct e-learning programs and seminars to foster understanding in this regard. In fiscal 2021, an external lecturer was invited to hold a diversity and inclusion seminar in which attendees were taught about unconscious bias, a major obstacle to the promotion of diversity equity and inclusion.

## Internal Diversity and Inclusion Newsletters

Internal diversity and inclusion newsletters are issued once a month to promote understanding by providing information on the necessity of diversity and inclusion, its connection with the SDGs, basic policies, and issues pertaining to women, non-Japanese individuals, and members of the LGBTQ+ community. These newsletters are prepared through joint efforts between the labor committee, an organization representing workers, and human resource divisions due to the role they play in developing an environment that is empowering to all employees.



Diversity and inclusion newsletter

## Topics Membership in J-Win Diversity and Inclusion Support NPO

Alps Alpine has become a member of Japan Women’s Innovative Network (J-Win), an NPO that is providing support for corporate diversity management and for cultivating female leaders. The decision to join this initiative was based on our goal of collecting information on diversity and inclusion and expanding the scope of exchanges with other industries. The president personally takes part in meetings for discussing diversity and inclusion issues among senior managers of companies, underscoring our proactive approach toward diversity and inclusion. In addition, members of senior management as well as male managers and female leaders participate in J-Win’s training programs as part of our efforts to promote diversity and inclusion at all levels of the organization.



J-Win Chairperson Yukako Uchinaga and Alps Alpine President & CEO Toshihiro Kuriyama

Diversity and Inclusion

**Empowerment of Female Employees**

Alps Alpine actively hires female engineers and other women through new-graduate and mid-career recruitment. We also provide opportunities for female employees to exercise their skills and support systems that help them adopt workstyles matching their lifestyles.

**Discussion Forums for Reforming Awareness of Female Employees**

The Company arranges regular forums for discussion between corporate officers and female employees. These forums are designed to contribute to higher motivation and provide opportunities for rethinking one's career plans by allowing participants to express their feelings directly to officers and to learn about the thinking and expectations of officers. Moreover, these forums are an opportunity for officers to gain ideas on how to accelerate the promotion of diversity and inclusion by gathering input from frontline workers. These forums are open to female employees as well as male employees who are considering taking parental leave.



**Volunteer Network for Encouraging Female Employees to Learn and Think About Their Careers**

Alps Alpine has established a network of volunteer female employees driven by their desire for opportunities to think about their careers in conjunction with the promotion of diversity and inclusion at the Company. Regular workshops are held through this network to facilitate exchanges of information among participants from various divisions to allow for the acquisition of knowledge through a venue that is different than training. These workshops serve as an opportunity to think about one's career. As a future initiative, we plan to arrange lectures by workplace role models, such as female managers and engineers.



**Encouragement of Parental Leave Acquisition by Men**

Alps Alpine encourages parental leave acquisition by men in order to support employees of all genders in balancing their work and private lives. Internal e-learning programs on leave systems are provided for all employees, and briefings on the systems are held for applicable employees. As a result of these efforts, the ratio of applicable male employees taking parental leave in fiscal 2021 was 8%. We will continue efforts to build a workplace environment in which it is easy to take parental leave.

**Promotion of Women to Management Positions**

As part of its efforts to realize a diverse management team, the Company is aggressively supporting the development and career planning of female employees in order to promote promising individuals to management positions. In addition, we are hiring non-Japanese individuals and mid-career professionals for core positions to enhance the much-needed diversity within the organization.

Ratio of women in management positions (non-consolidated)*1	Fiscal 2019	Fiscal 2020	Fiscal 2021
<a href="#">P. 66</a> ESG Data	2.5%	3.2%	2.4%

\*1 Figures are as of March 31 of the respective fiscal year.

**Recruitment of Non-Japanese Individuals**

The International Associates Program (IAP) has been implemented as a tool for recruiting non-Japanese individuals. Through this program, newly graduated non-Japanese individuals are assigned on two-year contracts to work at Alps Alpine's offices in Japan. This program has been in place for more than 30 years, and nearly 100 individuals from around the world have participated to date. After completion of the program, many participants stay on to work for the Alps Alpine Group, including some who have remained with us for more than 20 years. The program was halted in 2020 due to the COVID-19 pandemic, but proactive recruitment of non-Japanese individuals was resumed in 2022.

**Utilization of Experienced Professionals**

There are numerous experienced professionals hired mid-career who are working as officers, managers, or specialists at Alps Alpine. We will continue to recruit experienced professionals going forward. Moreover, these individuals will be provided fair opportunities to take full advantage of their career backgrounds and experience accumulated in various environments, regardless of contract type or number of years of service.

**Employment of People with Disabilities**

At Alps Alpine, we are devoted to establishing a workplace environment in which all employees can work vigorously and demonstrate their full potential, regardless of whether or not they have a disability. Our employment of people with disabilities declined slightly in fiscal 2020 due to the change in employee composition resulting from the business integration. However, we will continue to improve our workplace environments and expand employment opportunities for people with disabilities through our dedicated project team and thereby meet statutory employment requirements.

Ratio of employment of persons with disabilities (non-consolidated)*2	Fiscal 2019	Fiscal 2020	Fiscal 2021
<a href="#">P. 66</a> ESG Data	2.07%	2.19%	2.21%

\*2 As of June 1 of the following fiscal year

# Workplace Environment and Occupational Health and Safety



## Basic Policy

Having established an occupational health and safety policy, Alps Alpine endeavors to create workplaces where all employees can work in safety and in good physical and mental health.

### Initiative Themes

- Protection of employee safety
- Promotion of health and productivity management

### Key Performance Indicators of 2nd Mid-Term Business Plan (Fiscal 2022–Fiscal 2024)

- Number of serious accidents (global): 0

## Work-Related Accidents

Alps Alpine is advancing initiatives of achieving its goal of zero serious accidents (e.g., work-related accidents resulting in death).

### Fiscal 2021 Occupational Safety Measures

- Conducted internal legal compliance assessment and implemented corrective or preventive measures when problems were found
- Visited workplaces and conducted occupational safety risk assessments; implemented measures for minimizing occupational accident risks in workplaces
- Implemented occupational health and safety education; encouraged prevention by communicating near-miss case examples
- Held road safety courses and implemented safe driving education

### Number of serious accidents (global)

[P. 66](#) ESG Data



## Occupational Health and Safety Management System Introduction

The Alps Alpine Group has adopted ISO 45001, an international occupational health and safety management system standard, and we have been acquiring certification primarily at production sites. In keeping with these systems, we work continually to reduce and manage health and safety risks through risk assessments while managing compliance with laws and regulations. As of May 2022, 60.9% of production facilities were certified. Currently, six out of nine bases in Japan are certified, with the Kakuda Plant acquiring certification during fiscal 2021.

## Health and Productivity Management

In April 2021, Alps Alpine formulated its Declaration of Health and Productivity Management. Based on the belief that managing the health of our employees is an important management priority, we actively promote health and productivity management. Specific health and productivity management measures include regular health checkups and stress checks as well as efforts to increase the ratio of employees provided with special health guidance. In addition, we established the Health and Productivity Management WG in fiscal 2022 to accelerate these initiatives.

### Declaration of Health and Productivity Management

Alps Alpine regards the well-being of its employees and their families as a foundation for realizing its Corporate Philosophy, "Alps Alpine innovates value for humans and society on a brighter planet." We are committed to creating safe and comfortable work environments while contributing to improving the mental and physical well-being of each individual.

April 1, 2021  
Toshihiro Kuriyama  
Representative Director, President & CEO

### Major Activities in Fiscal 2021

Walk rallies	In conjunction with the provision of health examination feedback to employees, when they are most concerned about their health, walking events are arranged as part of efforts to encourage employees to establish good exercise habits.
Reduction of passive smoking	The Company is working to prohibit smoking at all of its facilities in order to protect employees from the risk of passive smoking. We had initially targeted a complete prohibition by 2025, but this target was later rolled forward to 2022. We are currently on track to accomplish this target by September 30, 2022. At the same time, we continue to offer financial support to employees seeking clinical assistance to stop smoking.
Health-conscious cafeteria menus	Effort is made to raise health awareness through food, for example, by serving vegetable soup containing the recommended daily vegetable intake and healthy meals made using less salt and oil, as well as through table displays with food-related health information.

Moreover, in 2020, 2021, and 2022 Alps Alpine was recognized in the Certified Health & Productivity Management Organization Recognition Program conducted by Japan's Ministry of Economy, Trade and Industry (METI).



## Response to COVID-19 Pandemic

The Alps Alpine Group has set up a crisis response headquarters to tackle the issues associated with the COVID-19 pandemic. At every one of our business sites in Japan, we have installed a safety confirmation system, which all employees can access through the use of the internet to report each morning on the results of their temperature and whether they have had any contact with someone who has contracted the COVID-19 virus. In addition, the layout of our facilities has been rearranged to accommodate the avoidance of the three Cs (closed spaces, crowded spaces, and close-contact settings), while efforts have been made to encourage the use of remote working options and online meetings. With our high regard for ensuring the mental well-being of employees working from remote locations, we also issue news reports pertaining to health management on a regular basis and provide online access to our Employee Assistance Program (EAP) consultation service. Furthermore, employees and members of their families were given the option to receive COVID-19 vaccinations at three bases in Japan in July 2021 and March 2022.



Workplace vaccinations for COVID-19

# Corporate Governance

## The Alps Alpine Group's Corporate Governance

To consistently improve our corporate value, we have established and operate a system that facilitates appropriate and efficient decision-making and business execution of management, the timely reporting of results to stakeholders, and sound, efficient, and transparent management.

We believe in the importance of maximizing the interests of all stakeholders, including shareholders, customers, local communities, and employees. Our basic policy is to achieve sustainable growth and maximize corporate value over the medium to long term, while balancing the interests of all stakeholders and returning profits to them, directly or indirectly.

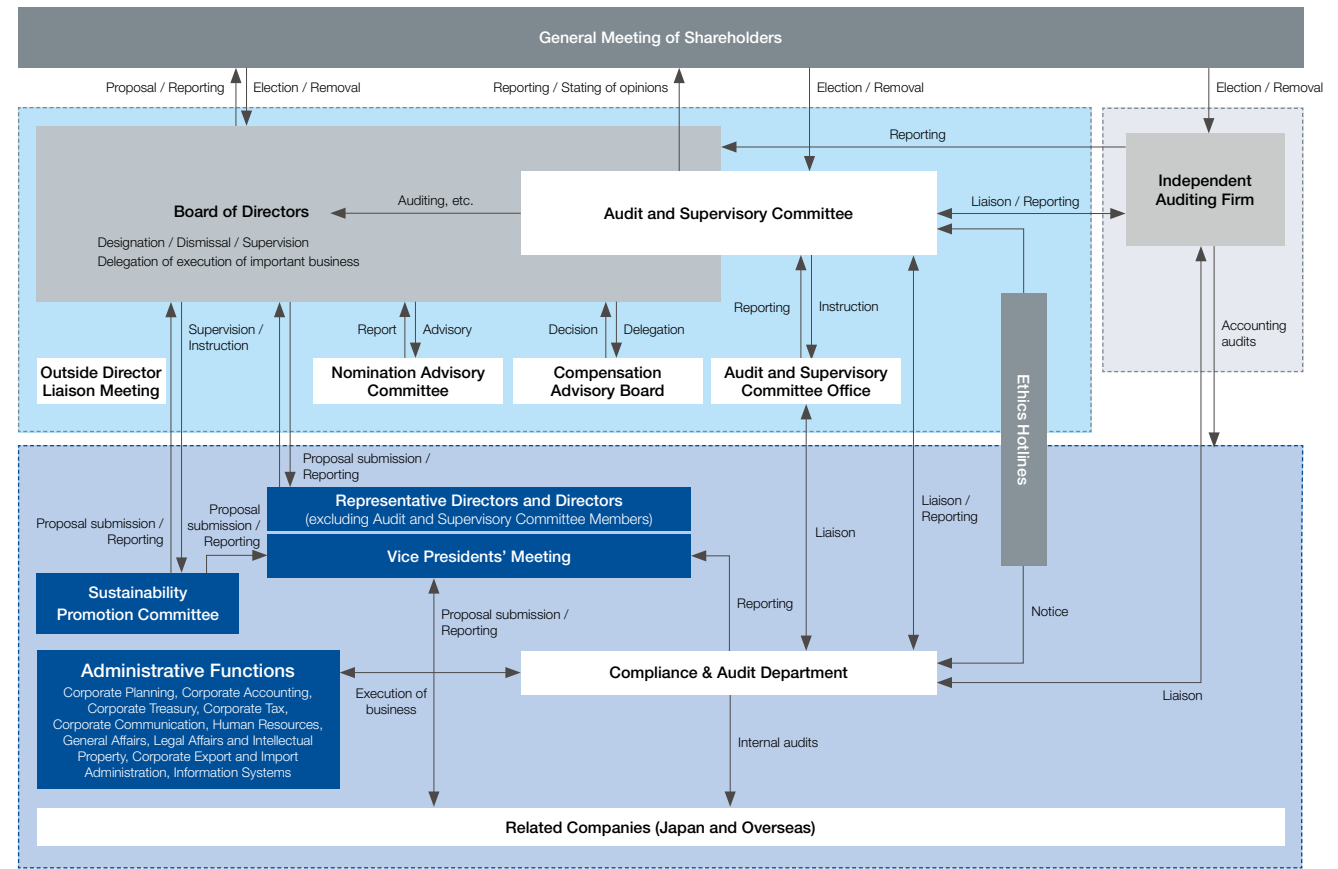
In addition, to fulfill our responsibilities to stakeholders and realize effective corporate governance, we have established the Alps Alpine Co., Ltd. Corporate Governance Policies and disclosed them on our corporate website.

<https://www.alpsalpine.com/e/ir/governance.html>

## Corporate Governance Structure

Alps Alpine has adopted a company with an audit and supervisory committee system as its organizational design under the Companies Act, and the Audit and Supervisory Committee, which is independent from executive officers, strengthens auditing and supervisory functions in close cooperation with accounting auditors and the internal audit department. In addition, the Nomination Advisory Committee and the Compensation Advisory Board have been established as advisory bodies to the Board of Directors. Through these measures, we will continue to enhance our corporate governance and realize fair, transparent, and highly effective management.

Corporate Governance at Alps Alpine (As of April 2022)



Explanatory notes: ■ Monitoring ■ Accounting audits ■ Operation

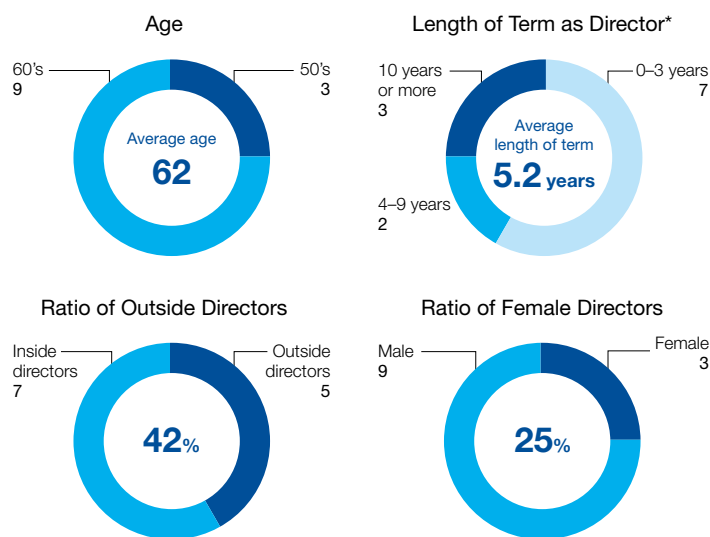
## Our Path toward Stronger Corporate Governance

Key corporate developments	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Changes in governance structure	<ul style="list-style-type: none"> <li>Transitioned to a company with an audit and supervisory committee system</li> <li>Formulated Corporate Governance Policies</li> </ul>	<ul style="list-style-type: none"> <li>Conducted an evaluation of the effectiveness of the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Established Alps Alpine Co., Ltd. Introduced in-house company structure</li> </ul>	<ul style="list-style-type: none"> <li>Adopted vice president system</li> <li>Established Nomination and Remuneration Advisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>Eliminated in-house company structure</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened functions as a matrix-type organization based on responsible business areas</li> </ul>	<ul style="list-style-type: none"> <li>Transferred Alps Logistics Co., Ltd., to an equity-method affiliate</li> </ul>

Corporate Governance

Board of Directors

To strengthen the supervisory function of the Board of Directors, the Company has determined that independent directors constitute at least one-third of all members. To ensure diversity, the Board of Directors is well-balanced in terms of human resources with experience, expertise, and knowledge, thereby enabling important matters, including basic management policies and short- and medium-term business plans, to be deliberated and determined in an appropriate manner. Moreover, as a committee that audits and supervises the status of business execution, the Board of Directors delegates important business execution decisions to executive directors with a view to strengthening its monitoring function. In fiscal 2021, Board of Directors' meetings, including regular monthly and extraordinary meetings, were held a total of 13 times (the attendance of each director is shown on the skills matrix on the right). Also, a discussion theme is selected each month with the aim of deepening discussions on agenda items that contribute to the Company's medium- to long-term growth.



\* Directors who have continued in their role following the business integration in 2019 are included in the director term for the former Alps Electric while the remaining directors are included in the director term for Alps Alpine.

Skills Matrix

The following chart denotes the specific areas of expertise of each director (main skills, experience, and knowledge).

■ Independent outside director

Name	Position	Corporate management	Technology / R&D	Manufacturing / Quality	Sales / Marketing	Financial accounting / Finance	Legal / Risk management	IT / DX	ESG <sup>*1</sup>	Overseas work experience	Attendance at Board meetings (rate) <sup>*2</sup>	Ownership of shares <sup>*3</sup>
Toshihiro Kuriyama	Representative Director President & CEO	●	●						●		13/13 (100%)	48,880
Takashi Kimoto	Director Executive Vice President				●					●	13/13 (100%)	42,732
Tetsuhiro Saeki	Director Senior Vice President	●		●	●			●	●	●	13/13 (100%)	14,537
Hideo Izumi	Director Senior Vice President		●					●		●	—	7,700
Satoshi Kodaira	Director Senior Vice President			●		●	●		●		—	9,200
Naofumi Fujie	Director	●	●								13/13 (100%)	—
Noriko Oki	Director					●					13/13 (100%)	—
Yasuo Sasao	Full-Time Audit and Supervisory Committee Member		●		●			●		●	13/13 (100%)	25,900
Yoji Kawarada	Audit and Supervisory Committee Member	●		●					●	●	13/13 (100%)	14,840
Kazuya Nakaya	Audit and Supervisory Committee Member	●	●								13/13 (100%)	—
Yoko Toyoshi	Audit and Supervisory Committee Member					●	●		●		13/13 (100%)	—
Yuko Gomi	Audit and Supervisory Committee Member						●		●		13/13 (100%)	—

\*1 Knowledge in energy conservation, environmental issues, human rights, human resource development, or governance

\*2 "Attendance at Board meetings (rate)" indicates the number of Board of Directors' meetings attended and the rate of attendance as a director during fiscal 2021.

\*3 "Ownership of shares" indicates the number of shares in Alps Alpine held by each director as of March 31, 2022.

## Appointment of Outside Directors

Alps Alpine appoints outside directors based on their wealth of experience and extensive insight as experts on business management, law, and accounting from an objective perspective to offer advice on and conduct oversight of Company management.

The independence of outside directors is confirmed on the basis of Company standards for the selection of director candidates, upon which outside directors, with their consent, are designated as independent directors and their designation is notified to Tokyo Stock Exchange, Inc.

Name	Reason for Appointment	Main Concurrently Held Positions
Naofumi Fujie	He has a wealth of knowledge in product development and management experience in the automotive industry.	
Noriko Oki	She is well versed in corporate analysis based on her many years of experience in the financial industry.	Outside Director, DISCO Corporation
Kazuya Nakaya	He has a wealth of knowledge in product development and experience as a business practitioner in the consumer products industry.	
Yoko Toyoshi	She has a wealth of specialist knowledge and experience as a certified public accountant.	Outside Audit & Supervisory Board Member, Kokuyo Co., Ltd. Outside Director (Audit & Supervisory Board Member), Mabuchi Motor Co., Ltd.
Yuko Gomi	She has a wealth of specialist knowledge and experience as an attorney and has accumulated a wide breadth of knowledge through her experience as a member of expert committees for government agencies.	Outside Corporate Auditor, Nippon Gas Co., Ltd. Outside Audit and Supervisory Board Member, Lawson, Inc.

## Outside Directors Liaison Meeting

In order to share information between outside directors, the Company holds quarterly meetings of the Outside Directors Liaison Meeting, which are used as an opportunity that transcends individual areas of expertise and enables the exchange of opinions.

### Outside Director Liaison Meetings

Date	Theme
August 2021	Deliberation process of the Nomination and Remuneration Advisory Committee, expectations for proposed materials, and Alps Alpine's stock price
November 2021	Channel of communication with shareholders / lead independent outside director
February 2022	Nomination Advisory Committee and Compensation Advisory Board
May 2022	Materiality

## Evaluation of the Effectiveness of the Board of Directors

Each year, the Company evaluates the effectiveness of the Board of Directors in order to realize more effective corporate governance and further improve the functioning of the Board of Directors.

### Summary of Results of Fiscal 2021 Evaluation of Effectiveness of the Board of Directors

#### Method of Analysis and Evaluation

A non-anonymous questionnaire in regard to the size, structure, operation, deliberations, communication, and support system of the Board of Directors and matters concerning director remuneration was completed by all 13 members of the Board of Directors. The results of these questionnaires were analyzed by the Audit and Supervisory Committee and the vice presidents responsible for management, upon which issues were compiled and reported to the Board of Directors, which then assessed and verified the issues and deliberated on strategies and specific measures to make improvements going forward.

#### Summary of Analysis and Evaluation Results

##### Key improvements since fiscal 2020

- System for prior confirmation of agenda items
- Management system including internal control
- Recommendations from the Audit and Supervisory Committee

##### Key matters for improvement going forward

- Discussions on matters to address, including the role of our business portfolio, our approach to ESG issues, and improvements to the speed of management through digital transformation
- Development of methods for appropriately discussing and assessing the above matters and establishment of a standard for determining matters to be submitted

#### Response Going Forward

Based on the matters put forward, in fiscal 2022 Alps Alpine will provide more opportunities for discussions regarding medium- to long-term increases in corporate value, revise the standard for matters to be submitted, and work to improve its management structure.

## Vice Presidents' Meeting

The Company has adopted a vice president system, in which chief officers have been appointed as the persons responsible for such individual functions as sales, technology, production, materials, quality, and management. Under this system, the directors tasked with making important decisions on the execution of business by the Board of Directors provide instruction and guidance to the chief officers and vice presidents responsible, allowing business to be carried out effectively in accordance with the business type and size of the Company and each subsidiary. With the objective of improving the agility and optimization of each respective business area and business unit, vice presidents hold discussions at Vice Presidents' and other meetings and engage in prompt and accurate decision-making and business execution.

## Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five members, including three outside Audit and Supervisory Committee members who have a wealth of experience as business managers, certified accountants, and attorneys and two inside Audit and Supervisory Committee members who are familiar with the Company's business. The committee is chaired by an outside Audit and Supervisory Committee member to ensure that, as an independent organization, the transparency of our business activities and the effectiveness of our governance continues to remain at a high level. Through attendance at important meetings, review of important documents, and interviews with the representative directors, other directors, vice presidents, and employees, the Audit and Supervisory Committee members audit the execution of duties by directors from an objective standpoint, independent of that of the Board of Directors. Through the cooperation of the internal audit department and accounting auditors, the Audit and Supervisory Committee endeavors to share its views at the Board of Directors' meetings and other important meetings.

Moreover, an evaluation of the effectiveness of the Audit and Supervisory Committee was implemented in fiscal 2021 to further enhance its effectiveness.

### Evaluation of the Effectiveness of the Audit and Supervisory Committee

#### Objective

The Audit and Supervisory Committee, which monitors and supervises the execution of duties by the Board of Directors, evaluates and analyzes its own effectiveness to ensure that it is functioning appropriately, and reflects the results in the audit plan for the following fiscal year. In addition, the Company will clearly convey its measures and continue to improve its corporate governance by integrating assessments and discussions with the evaluation of effectiveness of the Board of Directors.

#### Evaluation Method

All Audit and Supervisory Committee members were asked to complete a non-anonymous questionnaire in regard to the composition, operation, internal control, and cooperation of the committee as well as a self-assessment through which they shared their impressions on these matters. The Audit and Supervisory Committee verifies issues, discusses countermeasures, and reports and shares the evaluation results with the Board of Directors while making recommendations based on the issues identified in order to strengthen the Company's internal control and governance systems.

The evaluation of the effectiveness of the Audit and Supervisory Committee will continue to be implemented going forward in an effort to further enhance the precision of the committee's activities.

In fiscal 2021, the Audit and Supervisory Committee convened a total of 14 times and the attendance rate for each Audit and Supervisory Committee member was as follows.

Job Title	Name	Independent Outside Director	Attendance (Rate)
Chairperson of the Audit and Supervisory Committee	Kazuya Nakaya	○	14/14 (100%)
Full-time Audit and Supervisory Committee member	Junichi Umehara		4/4 (100%) Retired on June 25, 2022
	Toshinori Kobayashi		14/14 (100%) Retired on June 23, 2022
Audit and Supervisory Committee	Yoji Kawarada		10/10 (100%) Appointed on June 25, 2022
	Takashi Iida	○	14/14 (100%) Retired on June 23, 2022
	Yoko Toyoshi	○	14/14 (100%)
	Yuko Gomi	○	14/14 (100%)

○ Independent outside director

## Nomination Advisory Committee and Compensation Advisory Board

The Nomination Advisory Committee and the Compensation Advisory Board have been established as advisory bodies to the Board of Directors to enhance objectivity and transparency regarding matters related to the nomination and dismissal of directors, the selection and dismissal of other officers, and the compensation of directors (excluding those who are Audit and Supervisory Committee members) and other officers, as well as to improve corporate governance. The chairpersons of both committees are selected from outside directors, and outside directors comprise the majority of each committee. The Nomination Advisory Committee and the Compensation Advisory Board were each held a total of three times in fiscal 2021.

### Composition of the Nomination Advisory Committee and Compensation Advisory Board

(As of July 2022, Chairperson: ◎)

○ Independent outside director

Job Title	Name	Independent Outside Director	Nomination Advisory Committee	Compensation Advisory Board
Representative director, President & CEO	Toshihiro Kuriyama		○	○
Director, Executive vice president	Takashi Kimoto		○	
Director, Senior vice president	Satoshi Kodaira			○
Director	Naofumi Fujie	○	◎	Observer
	Noriko Oki	○	○	Observer
Board member, Audit and Supervisory Committee member	Kazuya Nakaya	○	○	○
	Yoko Toyoshi	○		○
	Yuko Gomi	○		○
Ratio of outside members (excluding observers)		100%	60%	60%

## Nomination Policies and Procedures

The Company has established criteria for the selection of directors and executive officers to ensure that those with sufficient ability and qualifications are appointed as directors and members of senior management. The Company's policy is to nominate and appoint as candidates for directors and members of senior management those who possess exceptional management decision-making capabilities, foresight, and insight, as well as a law-abiding spirit and high ethical standards.

The Nomination Advisory Committee selects candidates for directors and executive officers and reports the results to the Board of Directors after receiving consultations from the Board of Directors and taking into account discussions on the succession plan for the president & CEO and the composition of the Board of Directors. Moreover, if it is determined that a candidate does not meet the criteria for the appointment of executive officers, the candidate shall be dismissed by the Board of Directors.

## Policy for Determining Remuneration

### Policy

Established by the Board of Directors, the Company's policy on officer remuneration is to encourage officers to work to improve the Group's business performance and stock price to the extent possible through a compensation structure that emphasizes a linkage with short-, medium-, and long-term performance and thereby continue to enhance its corporate value.

### Types of Remuneration

Remuneration of executive directors consists of basic remuneration, bonuses, and restricted shares while remuneration of non-executive directors consists solely of basic remuneration. Remuneration levels and composition (ratios of basic remuneration, bonuses, and shares) are established with reference to survey data of external specialist organizations.

#### 1) Policy on Basic Remuneration

Basic remuneration is paid monthly in the form of fixed remuneration in accordance with the officer's position, etc.

#### 2) Policy on Performance-Linked Remuneration

① Bonuses reflect Companywide performance based on a system that ranges between 0% to 200% of the standard payment amount established for each individual in accordance with business results for a single fiscal year (operating income margin and profit attributable to owners of parent).

② The performance and results of each individual are reflected in their bonuses through individual assessments conducted by the Compensation Advisory Board and additions or subtractions to individual payment amounts calculated in ① above.

#### 3) Policy on Non-Monetary Remuneration

Restricted shares are allocated in amounts determined by the Company's Board of Directors and within a range deemed to not be advantageous to the recipients. The amounts of restricted shares are based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of resolution of the Board of Directors on the issuance or disposal of the Company's common stock used as restricted shares. (If the market is closed on that day, the closing price of the final business day prior to the date of resolution will be used, with figures of less than ¥1 rounded upward.) This system is designed to share not only the benefits of an increase in the stock price with shareholders but also the risks involved with declines in stock prices.

### Director Remuneration System

Type of Remuneration		Eligible Recipients		
		Inside		Outside
		Directors Excluding Outside Audit and Supervisory Committee Members	Audit and Supervisory Committee Members	
Fixed remuneration	Monthly remuneration	●	●	●
Performance-linked remuneration	Remuneration linked to short-term results	●		
	Remuneration linked to medium- to long-term results	●		

### Procedure for Determining Remuneration

The Board of Directors and the Audit and Supervisory Committee have the authority to determine the policy on decisions regarding director remuneration amounts and the method of calculation. The amount of remuneration for directors who are not members of the Audit and Supervisory Committee is determined at a Board of Directors' meeting, while the amount for directors who are Audit and Supervisory Committee members is determined at an Audit and Supervisory Committee meeting, both within the range of remuneration amounts approved at the General Meeting of Shareholders.

Moreover, through the consent of all directors, the Company may delegate to the Compensation Advisory Committee the authority to determine the specific amounts of remuneration to be allocated to directors who are not members of the Audit and Supervisory Committee, within the limits of the total amount of remuneration for directors who are members of the Audit Committee, as determined by the General Meeting of Shareholders.

Because the majority of its members are outside directors, the Compensation Advisory Board was deemed as suitable for determining remuneration amounts from the perspective of improving the objectivity and transparency of remuneration and strengthening the Company's corporate governance.

### Fiscal 2021 Director Remuneration

(Millions of yen)

Classification		Number of Applicable Officers	Total Value of Remuneration	Total Remuneration by Type		
				Fixed Remuneration	Performance-Linked Bonuses	Restricted Shares Directors
Directors	Excluding Audit and Supervisory Committee members	6	274	184	47	43
	Audit and Supervisory Committee members	3	39	39	—	—
Outside directors		6	73	73	—	—
Total		15	387	297	47	43

# Directors, Directors and Audit and Supervisory Committee Members, and Vice Presidents

O Outside director N Nomination Advisory Committee member C Compensation Advisory Board member

## Directors (As of August 31, 2022)



### Toshihiro Kuriyama

Representative Director,  
President

CEO

N

C

Apr. 1980 Joined Alps Electric Co., Ltd.  
Jun. 2004 Director  
Apr. 2007 General Manager, Business Development Headquarters  
Jun. 2011 Managing Director  
Apr. 2012 General Manager, Engineering Headquarters  
Jun. 2012 President, Chairman of the Board of Directors  
Jan. 2019 Representative Director, President & CEO (present)  
ALPS COO  
Jun. 2019 CEO (present)



### Takashi Kimoto

Director, Executive Vice  
President

Automotive Business,  
Procurement

N

Apr. 1981 Joined Alps Electric Co., Ltd.  
Jun. 2008 Director  
Apr. 2009 General Manager, Automotive Division  
Apr. 2012 General Manager, Sales & Marketing Headquarters  
Jun. 2012 Managing Director  
Jun. 2016 Senior Managing Director  
Jan. 2019 Director, Executive Vice President (present), CSO,  
ALPS-Sales & Marketing  
Jun. 2021 Director, Senior Managing Executive Officer, Sales,  
Integrated Synergy, Alpine Brand  
May 2022 Director, Executive Vice President, Automotive Business,  
Procurement (present)



### Tetsuhiro Saeki

Director, Senior Vice President  
CMO, CDO, Production

Apr. 1983 Joined Alps Electric Co., Ltd.  
Mar. 2013 General Manager, Procurement Division,  
Production Headquarters  
Jun. 2016 Director, Officer in charge of Information Systems,  
Deputy General Manager,  
Sales & Marketing Headquarters  
Jan. 2019 Executive Officer  
Jun. 2019 Senior Vice President, CMO  
Apr. 2020 Senior Vice President, CMO,  
Information Systems and Production (present)  
Jun. 2020 Director, Senior Vice President (present)  
May 2022 Director, Senior Vice President, CMO, CDO,  
Production (present)



### Hideo Izumi

Director, Senior Vice President  
CTO, Device Business, Engineering

Apr. 1985 Joined Alps Electric Co., Ltd.  
Jun. 2018 Director, Head of New Automotive Business and  
Deputy General Manager, Engineering Headquarters  
Jan. 2019 Vice President  
Jun. 2020 Vice President, Head of Device Business and  
Deputy General Manager, Engineering Headquarters  
Jun. 2022 Director, Senior Vice President, Head of Device Business,  
Engineering (present)



### Satoshi Kodaira

Director, Senior Vice President  
CFO, Administration

C

Jun. 2019 Vice President, ALPS ALPINE CO., LTD.,  
Quality Management Executive, General Manager,  
ALPINE-Quality Management 1 and General Manager,  
ALPINE Quality Management 2  
Apr. 2020 Vice President, Quality Management Executive and  
General Manager, Quality Management Headquarters  
Jun. 2021 Vice President, Head of Administration, CFO and  
General Manager, Administration Headquarters  
May 2022 Vice President, CFO, Administration (present)



### Naofumi Fujie

Director

O

N

Apr. 1977 Joined Aisin Seiki Co., Ltd.  
(currently AISIN CORPORATION)  
Jan. 2002 General Manager,  
Vehicle System Engineering Department  
Jun. 2005 Managing Officer  
Jun. 2008 Senior Managing Director  
Jun. 2012 Director, Senior Managing Officer  
Jun. 2014 Representative Director, Executive Vice President  
Jun. 2020 Outside Director (present)



### Noriko Oki

Director

O


N

Apr. 1982 Joined Chase Manhattan Bank (currently JPMorgan  
Chase Bank)  
Apr. 1988 Joined Morgan Stanley Securities Co., Ltd. (currently  
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)  
Equity Research Division  
Dec. 2001 Managing Director  
Oct. 2004 Senior Advisor, Investment Banking Division  
Jun. 2020 Outside Director (present)  
Jun. 2022 Outside Director, DISCO Corporation (present)

Directors, Directors and Audit and Supervisory Committee Members, and Vice Presidents

O Outside director N Nomination Advisory Committee member C Compensation Advisory Board member

**Directors and Audit and Supervisory Committee Members** (As of August 31, 2022)



**Kazuya Nakaya**  
Director, Audit and Supervisory Committee Member

O  
N  
C


- Apr. 1984 Joined Matsushita Kotobuki Electronics Industries, Ltd.\*
- Jun. 2006 Director and General Manager, Device Industry Business Group, Panasonic Shikoku Electronics Co., Ltd.\*
- Jun. 2008 Representative Director, Managing Director in charge of Device Business
- Jun. 2009 Representative Director, Managing Director in charge of Healthcare Business and Business Development
- Jun. 2012 Representative Director, Senior Managing Officer in charge of Corporate Planning, Public Relations and Company-wide Operations, Panasonic Healthcare Co., Ltd.\*
- Apr. 2014 Representative Director, Senior Managing Officer, Chief Technology Officer
- Oct. 2015 Advisor, Healthcare Business Division, KONICA MINOLTA, INC.
- Jun. 2016 Outside Member of the Board, Sharp Corporation
- Jun. 2018 Director, Alps Electric Co., Ltd. (Audit and Supervisory Committee Member)
- Jan. 2019 Director (Audit and Supervisory Committee Member) (present)

\* Currently PHC Corporation




**Yasuo Sasao**  
Director, Audit and Supervisory Committee Member

- Apr. 1983 Joined Alps Electric Co., Ltd.
- Jun. 2010 Director
- Apr. 2012 General Manager, Component, Engineering Headquarters
- Jun. 2015 Managing Director
- Jun. 2019 Director, Senior Vice President (present), CTO, ALPS-New Business and ALPS-Engineering
- Apr. 2020 Director, Senior Vice President, CTO, Engineering
- Jun. 2021 Director and Managing Executive Officer in charge of Technology and DX Promotion and General Manager of Technology Division
- Jun. 2022 Director (Audit and Supervisory Committee Member) (present)



**Yoji Kawarada**  
Director, Audit and Supervisory Committee Member


- Apr. 1980 Joined Alpine Electronics, Inc.
- Jun. 2015 Director, Head of Manufacturing and Purchasing of Alpine Electronics, Inc.
- Jun. 2016 Director, Head of Manufacturing and Material Control
- Jun. 2018 Managing Director, Head of Manufacturing and Material Control
- Jan. 2019 Senior Vice President, CPO, ALPINE-Production, ALPS Material Control 1, and ALPINE Material Control 2 of the Company
- Jun. 2021 Director (Audit and Supervisory Committee Member) (present)



**Yoko Toyoshi**  
Director, Audit and Supervisory Committee Member

O  
C

- Oct. 1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
- Dec. 1990 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)
- Jul. 2008 Appointed Partner, Deloitte Touche Tohmatsu
- Jul. 2013 Certified Public Accountants and Audit Oversight Board, Financial Services Agency Appointed Chief Certified Public Accountant Audit Inspector
- Jun. 2018 Director (Audit and Supervisory Committee Member) (present)
- Mar. 2020 Outside Audit & Supervisory Board Member, Kokuyo Co., Ltd. (present)
- Mar. 2021 Outside Audit & Supervisory Board Member, Mabuchi Motor Co., Ltd. (Audit and Supervisory Committee Member) (present)



**Yuko Gomi**  
Director, Audit and Supervisory Committee Member

O  
C

- Apr. 1999 Registered as an attorney  
Joined T. Kunihiro Law Office (currently T. Kunihiro & Co. Attorneys-at-Law)
- Jan. 2012 Appointed as Partner (present)
- Jul. 2012 Councilor, The Foundation for the Promotion of Industrial Science (present)
- Jul. 2013 Member of Information Security Advisory Board, Japan Coast Guard
- Sep. 2013 Legal Advisor to the Legal Compliance Office, General Affairs Division, Minister's Secretariat, Cabinet Office (part-time) (present)
- Jun. 2018 Outside Corporate Auditor, NIPPON GAS CO., LTD. (present)
- May 2019 Outside Audit and Supervisory Board Member, Lawson, Inc. (present)
- Jun. 2019 Director (Audit and Supervisory Committee Member) (present)

**Vice Presidents** (Excluding vice presidents who serve concurrently as directors. As of August 31, 2022)



**Koichi Endo**  
Senior Vice President  
CQO, Quality



**Hiroyuki Sato**  
Vice President  
Module & Display Business



**Yasushi Motokawa**  
Vice President  
CSO, Automotive Sales & Marketing



**Kazutoshi Ogamoto**  
Vice President  
Module & System Production



**Hiroshi Yamagami**  
Vice President  
CPO, Procurement



**Yoshikatsu Watanabe**  
Vice President  
Infotainment & Sound Business, ALPINE Brand



**Wilfried Baumann**  
Vice President  
European Business



**Hiroaki Kiba**  
Vice President  
Electronic Components Sales & Marketing



**Junji Kobayashi**  
Vice President  
Corporate Planning, New Business, Components 1 Business



**Masami Aihara**  
Vice President  
Components 2 Business

# Compliance

## Basic Policy Regarding Compliance

The Alps Alpine Group has established the Alps Alpine Group Code of Ethics (“the Group Code of Ethics,” hereafter) as a basic policy on compliance-related matters.

By promoting awareness of the Group Code of Ethics and conducting educational programs, we appeal to all organizations and employees within the Group to make an effort at all times to act responsibly and sensibly, aiming for fair management in keeping with the purpose of the law, social requirements, and corporate ethical standards. In this regard, we believe it is important to go beyond the formalities of adhering to laws and rules and take appropriate action, having proactively acquired an understanding of why those laws and rules are necessary—their purpose and significance. Furthermore, the Group Code of Ethics is provided on our corporate website.

### Alps Alpine Group Code of Ethics (PDF)

<https://www.alpsalpine.com/e/csr/pdf/charter2020.pdf>

## Measures

At the Alps Alpine Group, internal controls are established and implemented to ensure that management of Company and Group operations is carried out appropriately; that departments carry out self-evaluations (monitoring) of their own activities; and that the internal audit department carries out internal audits of the activities and operations of various departments, overseas affiliates, and other subsidiaries. For example, in regard to the management and use of grants and subsidies received from public agencies in Japan, Alps Alpine has established a set of regulations related to the management and use of such grants and subsidies and put in place a Companywide management structure with the president & CEO as the chief officer in charge and the managing vice president as supervising officer. Within each headquarters, where there are structures in place for promoting compliance, the compliance promotion representative for the headquarters—the head of the planning department—assigns compliance promotion officers and ensures that grants and subsidies are managed and used within the

organization according to the regulations. Each compliance promotion representative also regularly monitors the use of grants and subsidies within his or her headquarters and reports to the supervising officer and the internal audit department. In addition, the internal audit department regularly monitors the use of grants and subsidies Companywide and reports to the supervising officer and the chief officer in charge.

To ensure early discovery and correction of misconduct or other compliance incidents, the persons in charge of facilities in Japan and at overseas affiliates are obliged to report any incidents when they occur to relevant Alps Alpine vice presidents and managing vice presidents as well as to the corporate planning and compliance departments.

## Whistle-Blowing System

The Alps Alpine Group has established and operates a whistle-blowing system (Ethics Hotlines), which functions independently of management in charge of business divisions and can be utilized in the event of violations of laws, internal rules, and other compliance-related matters (including all types of harassment) for which the issue is deemed difficult to resolve through organizational lines. Moreover, Ethics Hotlines have been set up not only within the Company but also throughout our major affiliates.

In accordance with the Whistleblower Protection Act, Alps Alpine has established Ethics Hotline regulations with one full-time Audit and Supervisory Committee member, one outside Audit and Supervisory Committee member, and the head of the compliance department serving as direct points of contact for consultations. Based on these regulations, Alps Alpine works to strictly ensure the anonymity of whistle-blowers while protecting them from experiencing any form of unfair treatment or from suffering any disadvantages whatsoever as a result of reporting an incident. In the event of an action in violation of such prohibition on unfair treatment and confidentiality, the Company will take appropriate measures to restore any damages suffered by the whistle-blower while imposing strict disciplinary action on the party undertaking such prohibited acts in accordance with the Ethics Hotline regulations.

Additionally, when the Ethics Hotlines receive a report, they do so in accordance with the Company’s internal regulations. In particular, in consideration of maintaining confidentiality and ensuring anonymity with regard to the reporting party, investigations are conducted and, if reported activities are confirmed to be true, appropriate measures are taken. In the past, there were cases in which the reporting of occupational health and safety violations and harassment to the Ethics Hotlines led to an opportunity to promptly rectify or prevent compliance violations.

Contact information for these reporting contact points is provided in the Company newsletter and on the bulletin board of the Company’s intranet portal, as well as in all training sessions, in an effort to promote awareness.

## Monitoring of Ethical Standards

At Alps Alpine, an internal audit on ethical standards is conducted in each department and subsidiary, including overseas affiliates, once every three years, in principle, in order to strengthen internal control functions. The audits are held in accordance with the Alps Alpine Group Code of Ethics to confirm the level of awareness of employees in regard to the Code of Ethics and the degree of receipt of compliance and CSR training throughout the Group.

## Training

To improve understanding and awareness regarding compliance and CSR, each year the Alps Alpine Group conducts compliance and CSR training at its domestic and overseas facilities and subsidiaries, including overseas affiliates.

## Compliance

**Anticorruption Initiatives**

The Alps Alpine Group Code of Ethics defines the scope of the giving and receiving of gifts among clients, business partners, and public officials as well as the prohibition of conflicts of interest, embezzlement, and misappropriation. Through compliance and CSR training, the Company continues to educate and raise awareness among stakeholders regarding the prohibition of embezzlement, misappropriation, entertainment, and gifts.

Moreover, because they are considered compliance violations, such prohibited actions can be reported by an employee aware of the matter to the Ethics Hotlines. In the event of confirming such prohibited actions, the vice president in charge will conduct an investigation (when the incident is reported to the Ethics Hotlines, the matter will be handled by the Ethics Hotlines, which are independent of the executive department). If the matter is determined to be factual, the appropriate actions will be taken while examining and conducting the measures necessary to prevent recurrence and subsequently reporting the details to the Board of Directors. Employees who engage in acts of corruption will be subject to disciplinary actions based on internal regulations.

**Tax Policy**

The Alps Alpine Group values the independence and autonomy of its Group companies while drawing on their close cooperation and collective strengths based on its Founding Spirit (Alps Alpine Precepts). The Group continues to “strive for fair management from a global perspective, which is achieved by strictly enforcing observance of the law, its corporate policies, societal customs, and good business ethics with the cooperation of all Group employees.”

In regard to our tax processes, our core principle is to fulfill our societal obligation to pay all taxes due in accordance with local tax laws, as well as not implementing any transactions or strategies for the principal purpose of reducing our tax liabilities.

**1. Tax Governance**

Responsibility over Alps Alpine's tax governance lies with the accounting officers of the Company, whom the tax department reports to concerning tax reporting and management issues. Actual tax procedures are performed by the local tax departments that manage and report on tax matters. Further, the Company regularly reports to the Board of Directors regarding the status of foreign and domestic corporate tax payments. Equally, accounting officers report tax issues such as tax audits and examinations to the Board of Directors on a case-by-case basis. For highly technical issues, such as transfer pricing audits, the Alps Alpine Group is assisted by external advisors.

Moreover, the amount of taxes deducted from the Company's income before income taxes is as follows.

FY	2017	2018	2019	2020	2021
Taxes deducted from income before income taxes (billions of yen)	10.2	12.0	17.9	6.6	13.2
Effective tax rate on income before income taxes (%)	15.8	29.2	115.4	132.1	34.4

**2. Tax Planning**

As the Company expands around the globe, in order to maximize value for its shareholders, it utilizes various favorable tax regimes in different jurisdictions, including the U.K. However, we do not do so with the intention of violating the purpose of any laws or engaging in tax avoidance.

**3. Tax Risks**

Decisions involving tax matters are made taking into consideration relevant tax risks and potential benefits to the specific facts and circumstances. Each case is therefore considered individually based on a conservative approach, without reference to any predetermined quantitative criteria or standards.

**4. Tax Monitoring**

In regard to the tax position in the various countries we operate in, our subsidiaries regularly report to the Alps Alpine tax department and accounting officers on issues regarding the completion of tax returns, tax examinations and audits, and tax reform, of which the tax department is continuously monitoring.

Additionally, we have external tax advisors assisting in some particularly complex and specific tax compliance issues, such as transfer pricing compliance in the various countries in which we operate.

# Risk Management

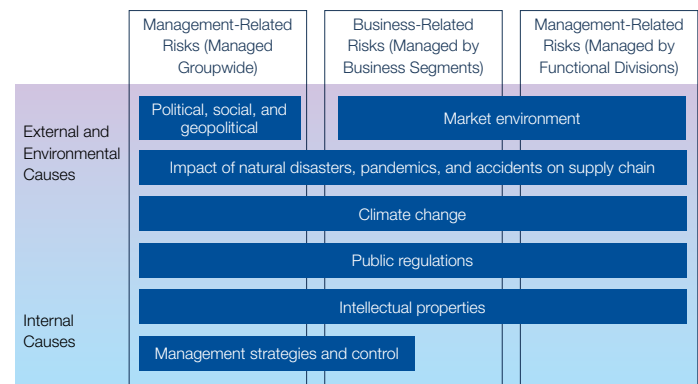
## Basic Policy Regarding Risk Management

In recent years, we have seen a growing number of natural disasters due to the effects of climate change, incidents including accidental fires and information leakage, and pandemics such as COVID-19, all of which have had a dramatic impact on our business.

At Alps Alpine, we view risk management as the basis for a style of management and business operation that enables sustainable business growth and enhanced corporate value over the medium to long term—in other words, a foundation for growth-oriented management—and regard our business continuity plan (BCP) as one of the matters of foremost priority among our material issues to address. We will work to anticipate the perils and losses that may emerge due to the diversifying number of risks associated with the globalization of our business and to the increasing complexity of our supply chain and eliminate or minimize the damages that may be incurred as a result.

## Establishment of Risk Maps

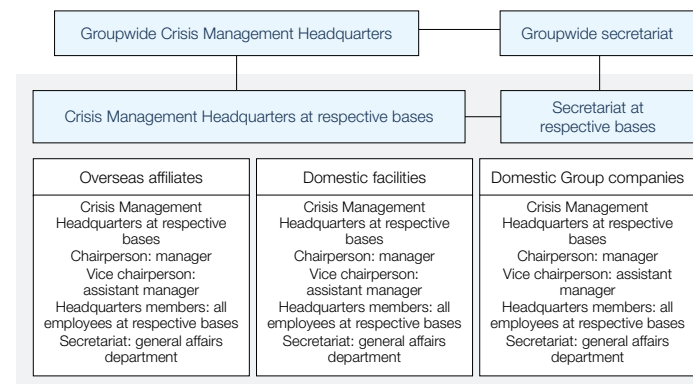
At the Alps Alpine Group, the administrative functions—including corporate planning, legal affairs, human resources, general affairs, accounting, export and import administration, and compliance—and operating departments—such as engineering, production, quality control, and sales—deliberate on functions and roles related to risk management and establish risk



management structures. As part of these efforts, risk maps are prepared in order to visualize the various risks associated with the Group. These risks will be evaluated based on their potential degree of impact, the possibility of their emergence, and the status of risk management measures. The results of these evaluations will be incorporated into the development of our risk management activities.

## Crisis Management System

Accidents stemming from fires and natural disasters, discontinued operation of production sites and suppliers resulting from the effects of COVID-19, and other events that greatly impact our supply chain and business have become frequent occurrences. To minimize damages and recommence operations as swiftly as possible in the case of such events, a crisis management manual has been established and is updated as necessary as a part of our range of crisis management measures. An event that poses a significant impact on the Company's facilities and supply chain will require a timely response. In addition to its crisis management manual, the Company has a system in place that allows relevant departments to share information during times of crisis. If an event were to occur at a base or in a region of operation of a base that involves the discontinuation of business operations or the possibility of such a discontinuation, a crisis management headquarters will be established immediately to examine and decide on



Companywide response policies, measures, plans, and other matters in accordance with the reports of the head of the base in question. Furthermore, Alps Alpine has a system in place for reporting the status of the Company's damages to stakeholders and their impact on supply to customers, as appropriate.

## Information Security

The Alps Alpine Group has established the Information Management Committee, formulated regulations related to information security, developed measures to strengthen in this regard, and conducts employee training programs, in addition to engaging in secure information management worldwide through coordination with information officers at each department.

Moreover, in order to confirm the status of information management policies and related measures and make improvements, each year the Company assesses the results and issues pertaining to information management and training by conducting information management audits at each department. In recent years, threats of cyberattacks have been on the rise while new working styles are being implemented along with other changes in the workplace environment due to COVID-19 and the increasing use of cloud systems. In response to such trends, the information systems department undergoes business audits to ensure that the Company is able to operate, maintain, and undertake corrective measures for its information system and security systems in the best possible manner, thereby being well-positioned to prevent falsification of information and to maintain stable operation of information systems.

In addition, the Company has introduced new regulations and implemented such measures as the establishment of the Cybersecurity Management System in response to the amendment of various laws (the Revised Act on the Protection of Personal Information, the General Data Protection Regulation (EU law on data protection), etc.) that address concerns over privacy protection and to the standardization of measures reflecting the heightening awareness of product safety in the automotive industry (ISO/SAE 21434).

# DIALOGUE

Outside Directors' Roundtable Discussion

## Toward Further Growth and Greater Corporate Value

Three years have passed since January 2019, when Alps Electric Co., Ltd., and Alpine Electronics, Inc., integrated and began anew as Alps Alpine Co., Ltd. In April of the same year, we set ITC101 as our mid-term goal and have been promoting initiatives around our "Innovative T-shaped Company" strategy. From fiscal 2022, we entered our 2nd Mid-Term Business Plan period. Outside directors Naofumi Fujie, Kazuya Nakaya, and Yuko Gomi exchanged their opinions on the current situation and issues to be addressed in the future.

### The Situation Today, Three Years After Integration

Nakaya

Three years have passed since our integration in 2019. In the first and second years as Alps Alpine, I had the impression that the strengths of both companies could not be fully exploited. But over the past year or so, as we have faced the difficult situation created by the COVID-19 pandemic, it is my frank impression that we have gradually begun to make use of our mutual strengths. Both companies had their respective strengths, and it was judged that integrating the two companies would produce greater value,



Kazuya Nakaya

Outside Director, Audit and  
Supervisory Committee Member



Naofumi Fujie

Outside Director



Yuko Gomi

Outside Director, Audit and  
Supervisory Committee Member

and so I think the important thing is how those respective strengths can be utilized within the new Company. On the other hand, another major theme is whether Alps Alpine is able to create new strengths. The two Companies walked separate paths for 10, 20 years or more, so this is no easy task. I believe that despite their best efforts, management is still struggling to achieve this.

**Gomi** During the year I was appointed as an outside director, I traveled to every company site in Japan. Perhaps because it was so soon after the integration, frankly speaking, the organization still felt disjointed. Because of their different personalities, different company cultures, and different ways of working, there was no small amount of confusion and dissatisfaction on both sides. Despite this, however, a sense of “let’s become one” is now emerging. Particularly in my third year, I began to sense a change in employees’ attitudes.

I hope to again confirm this change in attitude when I next tour the Company sites.

**Fujie** As Nakaya said, company culture does not change readily. I believe that Alps Alpine’s strength lies in the realization of an “Innovative T-shaped Company” strategy that combines devices on its vertical axis with software and systemization technologies on its horizontal axis, but I recognize that such strengths have not been brought to the fore over the past two years. I feel that we have many more excellent technologies than we realize, such as our high-frequency sensor technology and IT-related technologies for large-scale software integration cultivated through our in-car navigation system business. I believe it is important that we quickly bring new value to the market by integrating vertical and horizontal technologies.

### Leveraging the Strengths of the “Innovative T-shaped Company” Strategy by Taking Advantage of the Companies’ Respective Cultures

**Gomi** My personal impression is that Alpine Electronics was rather flexible and proactive about challenges. In contrast, I have the impression that the former Alps Electric moved forward steadily and emphasized stability over change. By bringing these two companies with such different cultures together, we expect to create new strengths and create businesses taking advantage of those strengths. Since Alpine Electronics is positioned close to end users, it is highly attuned to changes in consumer lifestyles and values. I believe that if we can combine that sensitivity with the DNA of the former Alps Electric, which leveraged its production technologies to consistently produce reliable-quality products, we should be able to better demonstrate our strengths.

**Fujie** We are certainly in a tough situation at present, but I get the impression that our employees are overly passive in proportion to the situation. Perhaps what is needed is management to drive Alps Alpine to step forward and take on challenges. If we can find confidence that “we are supporting the Company” in taking on challenges, then I believe we will become a more energetic company. I think it is important for us to take pride in our position today as a parts manufacturer, and to properly convey the opinions we need to say,



even to our customers who are our business partners.

And, for the T-shaped strategy to succeed, we must create strength by developing vertical devices into products with absolute strength as the sole and best product, and then combine these with horizontal integration technologies. But we are not yet at the stage where we can fully demonstrate our strengths and say with certainty where our decisive advantages are and how we can connect them to the T-shaped strategy to create a good system. To say it again, the question of how to use the T-shaped strategy to survive, and within that strategy what device strengths, what tactics, and what to make our decisive advantages, are questions that should be closely examined going forward.

## DIALOGUE Outside Directors' Roundtable Discussion

Nakaya

As Mr. Fujie mentioned, if we make specific the strengths of the T-shaped strategy and break them down, we will be able to determine where to fight.

There should be many ways to do this, such as obtaining patents at the application layer. Even if we don't go as far as software, I think our competitive environment will be greatly improved even if we just solidify this in some small way.

A recent management meeting discussed the founder's management philosophy, what could be called the foundational management philosophy. I think this is a very important aspect to the business integration. If we are trying to bring together companies that have the same roots but were raised differently, it is of course very important that all employees share the same values. I think it's a good trend that these kinds of topics are being raised, and I realized that we are gradually becoming more unified in terms of our management philosophy values.

### Weaknesses Observed Over the Past Three Years and How to Overcome Them

Fujie

As we have already discussed, while we have made progress in sharing values and moving in the right direction over the past three years, the fact is that it has still been tough going in terms of numbers, in part due to the unprecedented turmoil during this time. However, I feel that one of Alps Alpine's weaknesses is ending at "it was tough," without further reflection as to why. As to responsibility for profit, even if it is true that our situation is the result of the pandemic



Gomi

the pandemic, but also overoptimistic business management. I think it's important that there is management intent, that there are numerical targets, and that everyone shares and works on specific measures to achieve these targets.

To overcome this, we are trying to shift to a management style that emphasizes the business axis. The executive responsible for a segment will perform their duties with authority and responsibility and will be evaluated based on the outcomes. In other words, we need to consider basing executive compensation and other benefits on business results. Rather than working negatively in a difficult environment throughout the Company, I would like for it to be possible to work with a sense of fun while making clear the path toward achieving our goals.

Looking at it from a slightly different perspective, I feel that the identification of issues is abstract in the first place, and so the measures taken to address them are not concrete either. There is a need to

have evidence-based discussion, and make decisions that clearly define what measures are to be taken, by when they are to be achieved, and who is to be accountable for them, as well as to clarify point and be monitored and the timing of that monitoring. We need to consider fostering a sense of ownership: that the director in charge of a segment is responsible for promoting that business and addressing risks. One of the reasons for this is that our matrix organization has made it difficult to see where

or because of the semiconductor shortage, how do we commit to a budget? I feel that we should be more rigorous in delving deeper into where the issues lie and why they have not been resolved.

Nakaya

That's right. Normally, if there is an issue, we would go through it thoroughly and clarify the reasons for that issue. It is undeniable, however, that in our current state we are limited to a recognition that "there are these issues." I honestly think that a plan in which you quantify every single goal you set and commit to working hard on it is a bit naive. The reason for the struggles over the past two years may not only have been due to the impact of factors such as

responsibility lies, so I am looking forward to the changes that will result from a management structure centered on the business axis.

### An Urgent Need to Establish a Risk Management System

Nakaya

The 1st Mid-Term Business Plan covered a three-year period that reaffirmed the presence of a wide range of risks, including the COVID-19 pandemic, semiconductors, and supply chains. I felt that one of Alps Alpine's weaknesses throughout the duration of this plan was the lack of a comprehensive grasp of those risks by the Board of Directors. This is an opportunity to first accurately identify risks, understand how to deal with them at the management level, and establish a system to address them.

Fujie

The same semiconductor issue occurred after the Great East Japan Earthquake. The company at which I was a director at the time also reviewed inventory standards for each component, stockpiled them, and checked them periodically. This time, however, the Company did not know the current state of the perceived issues. This could be due to the ambiguity of quantitative risk management indicators. Going forward, Alps Alpine must rebuild its risk management system to facilitate PDCA cycles, and we must quickly discuss various

risk-related issues. I believe this is something the Board of Directors should review.

Gomi

New risks are emerging in these times of rapid change, and what worked well before may no longer do so. There is, as you say, an overoptimistic understanding of risk that needs to be discussed head on at Board meetings. There is a particular need for a common understanding of the state of risks facing the entire Group, including its locations overseas, and by discussing risk assessment, appropriate responses, and measures to improve, we can establish a risk management system able to respond to change. This is an issue that should be addressed with high



priority from fiscal 2022.

At the same time, there is also a need to discuss risk management distinguishing between the day-to-day and times of contingency. While countermeasures against the effects of the pandemic are included under contingency response, these require scrutiny, and there has been a lack of discussion of risk response and risk management systems during normal times. Since it is difficult for outside directors to grasp information within the Company in some respects, I would like to drive discussions by actively gathering information through communication with those within the Company.

### Expectations and Future Actions

Nakaya

I look forward to the development of the T-shaped strategy in the 2nd Mid-Term Business Plan. I am cognizant that there are two fields of T-shaped strategy business: a field that wields oligopolistic, traditional technologies and a field that wields cutting-edge technologies. Components that we have inherited from the past, such as TACT Switch™, hold a large market share, and have the potential to generate a certain amount of cash and become an engine for growth through repeated M&A of smaller companies, for example. On the other hand, although it is possible to grasp an image of a finished product created using cutting-edge technology, it is very difficult to predict how much profit it will bring, and it will be several years before concrete figures are known and accurate forecasts can be made. However, even in such a situation, parallel efforts

## DIALOGUE Outside Directors' Roundtable Discussion

must be made to shift to more profitable business. This idea of these two fields is very important, and I think it would be good if each employee were to understand and work on these two areas.

Gomi

It is highly significant that the 2nd Mid-Term Business Plan clearly sets out the Company's commitment to ESG issues. It is commendable that this has been positioned as a Companywide initiative and started with the establishment of working groups for each issue and the setting of KPIs.

Some of the initiatives include decarbonization and diversity issues, but there are many difficulties to achieving these in the short term. I am looking forward to seeing how we can come up with effective measures and accelerate our efforts.

I am aware that diversity is not simply a gender issue, but looking at the Company as a whole, it is a fact that the ratio of female managers, especially in Japan, is remarkably low. In this era of change, customers' and consumers' values are changing dramatically, their demands are diversifying, and solving social issues must be accelerated. Only with diverse human resources can novel ideas and fresh discussions be generated, and change be anticipated. It is perhaps a new type of human resource that can breathe this fresh wind into our sails. This is why increasing the number of women participating in management and business decision-making at Alps Alpine today is so important and should be steadily promoted.

Fujie

I believe that revitalizing the Module and System Segment is essential to not only achieving the 2nd Mid-Term Business Plan, but also achieving the ITC101 goal for fiscal 2027. The most recent Board of Directors' meeting also discussed the materiality of the Module and System Segment. Supposing no signs of revival were to be seen in the next three years, an ordinary company would go bankrupt. Without that level of commitment to the revitalization of the Module and System Segment set out in the 2nd Mid-Term Business Plan, it will be difficult to achieve ITC101. Speaking personally, I feel a sense of urgency: we must step forward with determination to set our goals this year, in one go, rather than waiting three years.

### Efficacy of the Board of Directors and Future Challenges

Fujie

I feel that being able to speak straightforwardly on the issues facing the Group from my position as outside director, and the fact that there is a culture that allows this, is a very good thing. Opportunities have also been created to openly accept and discuss our opinions, and should this lead to strong implementation, then this will make for a better company, I feel. If, going forward, we can discuss what

Alps Alpine aims to become from a medium- to long-term perspective, I think we will certainly be able to step up.

Gomi

I believe there is a need to present clearly the issues to be discussed and to share important points of contention at Board meetings. These preliminary preparations will effect more constructive discussions and improve the quality of decision-making. The deeper the discussion, the clearer it becomes what needs to be done next, and by resolving issues one by one, I believe the speed of business will be accelerated. This will likely take the form of in-depth, substantive discussions on increasing corporate value in the medium to long term and management strategy.

Nakaya

Today, all directors and vice presidents gather together for discussions at Management Meetings, but for some agenda items, it might be better for only directors to attend in order to have slightly different discussions. Both approaches have their advantages and disadvantages, so one cannot be said to be better than the other. We will work to be more creative in the way these meetings are run while continuing to improve their effectiveness.

# Stakeholder Engagement

Seeking to maintain the trust of shareholders, investors, business partners, employees, communities, and a wide range of other stakeholders, Alps Alpine takes an earnest approach toward incorporating stakeholder feedback through various opportunities for communication. In this manner, we seek to shape our management activities based on the expectations and desires of diverse stakeholders in order to continue creating value and build trusting relationships.

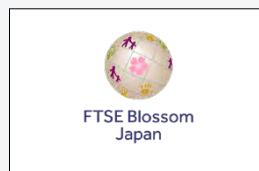


<b>Customers</b>	<p>We share information with customers throughout all stages of our business, beginning with product development, to address customer needs as we aspire to provide viable solutions for all areas of our broad business domain. In addition, we seek higher levels of customer engagement through communication with customers at exhibitions, events, and other opportunities.</p> <p>→ Sales activities → Exhibitions → Website</p>
<b>Shareholders and Investors</b>	<p>Proactive, two-way communication is practiced with institutional investors and private shareholders. Information on Alps Alpine's sustainability activities is shared through regular general meetings of shareholders and financial results briefings and, recently, through shareholder relations meetings. Input gathered through such activities is communicated to management to be reflected in management activities. We also use our corporate website and other tools to conduct prescient information disclosure in order to provide accurate information to as many people as possible in a timely manner.</p> <p>→ General meetings of shareholders, financial results briefings, briefings on short- and medium-term business plans → Investor relations and shareholder relations meetings → Shareholder newsletters, annual securities reports, integrated reports → Website (investor relations section)</p>
<b>Business Partners</b>	<p>Alps Alpine maintains a stance of treating business partners with fairness, impartiality, and integrity and building relationships founded on trust fostered through legal compliance and social ethics. We are also committed to ensuring safety and protecting the environment, and we work together with business partners to make contributions to the realization of a sustainable society across the supply chain. Policies and guidelines for these efforts have been formulated to guide responsible procurement activities.</p> <p>→ Business policy briefings → Alps Alpine Responsible Corporate Action Guidelines → CSR surveys, mineral surveys</p>
<b>Communities</b>	<p>The Company has defined its policy of contributing to society through coexistence with society and local communities, the cultivation of manufacturing human resources, preservation of the environment, and the resolution of social issues. Communication with communities is practiced in regard to our activities in these areas. Through our community outreach activities, we strive to foster understanding regarding our business and initiatives and build trusting relations with communities.</p> <p>→ Partnership agreement with Iwaki City, Fukushima Prefecture, regarding the promotion of smart communities → Events based on theme of manufacturing → Sponsorship of and donations to community facilities and events → Participation in NPO-sponsored events</p>
<b>Economic Associations and Industry Associations</b>	<p>Alps Alpine seeks to gain an understanding of the expectations and demands of society through involvement in industry organizations. We also endeavor to contribute to the development of the industry through participation in committees as a member of these organizations.</p> <p>→ Japan Electronics and Information Technology Industries Association → Japan Auto Parts Industries Association → Other technical and academic organizations</p>
<b>Employees</b>	<p>Employee awareness surveys and various other initiatives are undertaken to build a workplace environment and culture that allow all employees to feel motivated and continue to grow.</p> <p>→ General awareness surveys → Labor-management meetings, workplace labor-management exchange forums → Observation of Management Meetings by labor commitment chairperson → Company newsletters and portal sites → Whistle-blowing system</p>

## External Recognition

In recent years, an increasingly large amount of attention has been directed toward ESG investment, or the practice of selecting investment targets based on evaluations of both financial information as well as a company's efforts in the areas of the environment, human rights, and corporate governance. Alps Alpine has been included in a number international ESG investment indexes.

(As of July 2022)



FTSE Blossom Japan Index (included for two consecutive years)



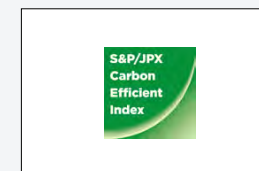
FTSE Blossom Japan Sector Relative Index (included for first time in 2022)



MSCI Japan ESG Select Leaders Index (included for first time in 2022)



MSCI Japan Empowering Women Index



S&P/JPX Carbon Efficient Index



B-rating in CDP's climate change evaluation



# Business Activities

CHAPTER

# 03

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# Overview of Business Operations

## Component Segment



**Masami Aihara**  
Vice President  
Components 2 Business

### Segment Strengths

- Product development capabilities leveraging our core technologies
- Advanced production and mass production technologies
- Global production structure

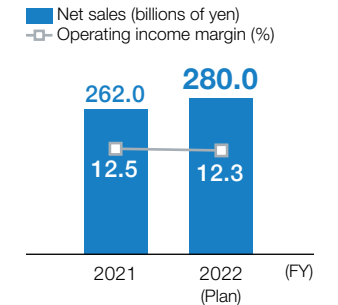
Fiscal 2021 sales of components for gaming and smartphone devices exceeded those in the previous year, partly due to demand created by people self-isolating. The Automotive segment, on the other hand, showed a trend toward recovery in 2021 following the decline resulting from the COVID-19 pandemic, but production difficulties persisted for Automotive segment products due to the prolonged shortage of components such as semiconductors, resulting in net sales of ¥262.0 billion and operating

income of ¥32.8 billion in fiscal 2021. In terms of technological development, in response to the growing need to address environmental issues, we are expanding our efforts to achieve a carbon-neutral society by developing products with low environmental impact, such as TACT Switch™, produced using biomass-based plastic, and products that contribute to conserving energy and resources.

We will be promoting market expansion and increased numbers of customers in this segment, while maintaining our niche top position. Especially in input products such as switches, we will maintain and expand our leading market share by offering the industry's top product lineup and quality, while working to optimize development resources and responding to intensifying price competition resulting from the commoditization of products. Moreover, in order to expand beyond the consumer and automotive markets we have historically focused on to enter the industrial machinery market, we are aiming to develop new products targeting the factory automation and industrial machinery fields and a solution-based business model leveraging the core technologies we have already developed and grounded in a joint venture company established together with IDEC Corporation in September 2021. Furthermore, in order to expand HAPTIC™ products market share, we will continue to actively propose solutions to not only the gaming market but also the automotive and mobile markets. In smartphone actuators, we aim to further improve profitability by leveraging our track record-backed advanced production technology and production systems, and to maintain market share through timely market launches and further quality improvements while increasing profitability by utilizing existing production facilities.

## Review through Fiscal 2021 and Forecast for Fiscal 2022

Despite the global economic downturn, sales of products for the gaming and mobile markets grew significantly. Moreover, steady sales of key products such as TACT Switch™ resulted in a significant increase in net sales and operating income in this segment. Turning to fiscal 2022, while sales in the consumer market will remain robust, we are planning for a slight deterioration in the operating income margin due to the impact of soaring raw materials costs.



Note: Net sales and operating income margin in the new segments as of fiscal 2021 are approximate figures.

## Environmental Awareness, Opportunities, and Risks

### Environmental Awareness

- Widespread adoption of 5G communications and advance of smart technologies in industry and daily life
- Changing values and lifestyles in the new normal era
- Commoditization of existing products and declining value of hardware

### Opportunities

- Emergence of new products and services in response to changes in the social environment and infrastructure development
- Growth of safety and hygiene-conscious products (from contact to non-contact)
- Increased business opportunities accompanying the expansion of e-commerce and digital content

### Risks

- Intensifying price competition due to the commoditization of products
- Software-driven transformation of equipment operation
- Changes in personal consumption during recessions
- Conflicts, disasters, and pandemics

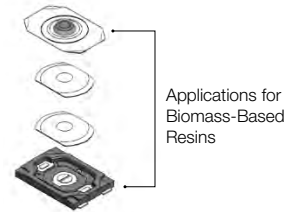
## Business Direction and Value Creation

Direction	Priority Measures	Value Proposition
Maintaining and Expanding Our No. 1 Market Share	<ul style="list-style-type: none"> <li>■ Expanding product variety to meet customer needs</li> <li>■ Introduction of products with new functions to market and promoting sales growth of standard products</li> <li>■ Optimization of development resources</li> </ul>	<ul style="list-style-type: none"> <li>■ A product lineup that satisfies customer needs</li> <li>■ Excellent quality and reliability at a fair price</li> <li>■ Reliable supply of products by producing in the right location</li> </ul>
Market Expansion, More Customers	<ul style="list-style-type: none"> <li>■ Develop new products by strengthening marketing functions and integrating technologies</li> <li>■ Creation and commercialization of environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>■ Providing products that adapt to changes in values and behaviors and that are in step with society and individual lifestyles</li> <li>■ Energy saving, resource saving, long product life spans</li> </ul>

## Promoting the Development of Products Using Biomass-Based Plastic

The development of materials with lower environmental impact, such as plant-derived resins, and their application to products is gathering attention in the push to realize a circular economy, and products require consideration for the environmental performance of each and every one of their constituent parts.

We are working to replace the resin used in component housing and stems in products such as TACT Switch™ with biomass-based materials. At the same time, quality performance, such as operational durability and operational lifespan, is also important to component products. We are selecting resins with excellent reflow heat resistance, dimensional stability when casting, low moisture absorption, and strong sliding properties and are developing products for the mobile market with the aim of achieving mass production during fiscal 2023. Going forward, we will contribute to achieving carbon neutrality by expanding the development of biomass-plastic derived component products for the consumer market.



## High-Quality, High-Precision Actuators Backed by a Proven Track Record

Camera module actuators are drive controllers used in the autofocus and image stabilization systems of compact camera modules fitted in mobile devices such as smartphones and notebook PCs. In recent years, smartphones have featured multiple camera modules, which are becoming increasingly smaller and lower profile. Our core products are voice coil motor actuators, and we provide high quality, high-precision products using automated assembly equipment and dies developed in-house. Moreover, there are now demands for image quality and performance comparable to single-lens reflex cameras, and so there is a need to support wide-aperture lenses and telephoto functions that make it possible to take bright images even in low-light settings. We are actively working to develop next-generation actuators and will respond to the increasing diversification of compact camera module functions and the increasingly high added value of smartphones by further strengthening our actuator technology.

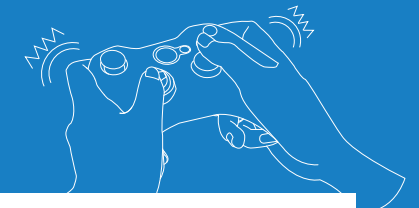
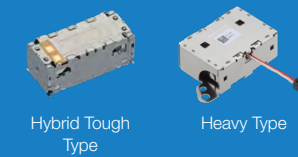


## Product Review

### HMI—Embodying Our Tactile Expertise

## Driving HAPTIC™ Reactor Product Development

The HAPTIC™ Reactor is a device that produces tactile feedback. Triggered by an electrical signal, it vibrates the device, and those vibrations are then transmitted to the user's body through their fingertips, etc. With cumulative shipments exceeding 200 million units, this product has seen widespread adoption in gaming, virtual reality (VR), and automotive applications, supporting our daily lives through tactile stimulation. Dual-vibration HAPTIC™ Reactors, which produce a realistic and diverse range of vibrations, and single-vibration HAPTIC™ Reactors, which produce a single, powerful type of vibration, are together meeting the needs of a variety of products in which they are equipped and are enabling next-generation operating experiences.



Achieving comfortable tactile sensation for customers requires consideration of the device on which the module will be mounted and an understanding of how vibrations create sensations. Going forward, we will contribute to more diversified product sets by leveraging technologies we have already developed to meet demands for various product sizes and a greater variety of vibrations.

### Takayuki Suizu

Group 5, C2 Engineering Department,  
New Business & Components 1



## Sensor and Communication Segment



**Hideo Izumi**

Director, Senior Vice President  
CTO, Device Business,  
Engineering

### Segment Strengths

- ➔ Module design technology that leverages our strengths in in-house device manufacturing
- ➔ Hardware and software systems integration
- ➔ Ability to propose solution-based business

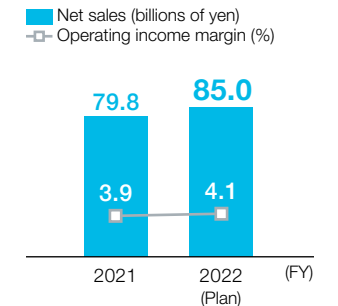
Despite sluggish sales in the Sensor and Communication Segment, particularly in the automotive market, due to the impact of lockdowns around the world in response to the COVID-19 pandemic, we have accelerated our development efforts to bring C-V2X (Cellular-based Vehicle to X), a future vehicle driving safety support technology, to market, together with secure, reliable smartphone-based entry and remote parking systems that integrate high-frequency sensors and

software. In terms of environmental measures, we are expanding sales of low-energy power inductors, which feature low loss and low heat generation using our proprietary soft magnetic amorphous material Licalloy™, to the growing DDR5 memory market, and we are further aiming to provide products that contribute to power-saving through the mass production of our unique coreless GMR current sensors to respond to the high-current, high-voltage trend in EVs. Moreover, in the IoT field, we are working to solve challenges in various industries, such as reducing energy consumption in transportation through the use of remote logistics and materials monitoring systems and improving the efficiency of factory utilities using monitoring systems for analog meters.

We are aiming to “Be an Active Safety Supplier” in this segment by creating device value that contributes to safety and the environment. We aim to meet our customers' expectations by providing the following three types of products: products that realize “safe spaces” by integrating our sensor, high-frequency, and software technologies; products that contribute to lower fuel consumption, smaller size, and reduced weight; and IoT solutions that integrate devices, software, and cloud computing. In terms of business, we aim to expand our business areas going forward by promoting recurring business through the provision of systems.

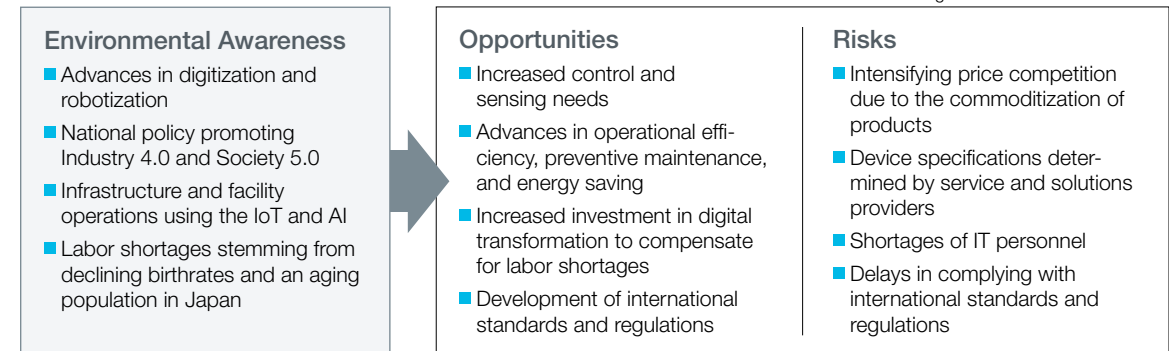
## Review through Fiscal 2021 and Forecast for Fiscal 2022

We have been developing new products and technologies with a focus on the industrial machinery market and have been actively sowing the seeds of business with a view to opening up new markets. Consumer market-facing business remained robust, while business in the automotive market, which includes millimeter-wave sensors and current sensors for EVs, has led to tangible results. In the 2nd Mid-Term Business Plan, we will ensure that we reap the benefits of this business and move ahead with investing in the development of systems for mass production.



Note: Net sales and operating income margin in the new segments as of fiscal 2021 are approximate figures.

## Environmental Awareness, Opportunities, and Risks



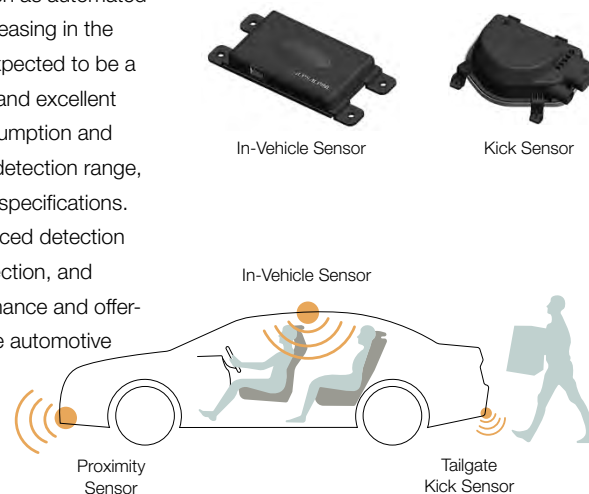
## Business Direction and Value Creation

Direction	Priority Measures	Value Proposition
Transitioning to Preventive Safety and Safety Business	<ul style="list-style-type: none"> <li>■ Strengthen the active safety field</li> <li>■ Repurpose technology for the industrial machinery and consumer equipment markets</li> </ul>	<ul style="list-style-type: none"> <li>■ Provide “safe spaces” using predictive and monitoring sensor technology</li> </ul>
Creating Proactive Business through Elemental Device Technologies	<ul style="list-style-type: none"> <li>■ Carbon neutrality, new features, and preemptive compliance with new laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>■ Increased functional value by preempting industry standards and regulations of each country</li> </ul>
Providing New Value by Integrating Edge Computing and Cloud/Secure Mobility	<ul style="list-style-type: none"> <li>■ Combine an interface for easy expansion of functionality and a common cloud platform</li> </ul>	<ul style="list-style-type: none"> <li>■ Deployment of various customer services and optimization of operating/development costs</li> </ul>

## Contributing to People’s Safety, Comfort, and Excitement Using Millimeter-Wave Sensors

In the automotive industry, which is growing more sophisticated with technologies such as automated driving, the need for sensing capabilities—both inside and outside the vehicle—is increasing in the active safety field. In particular, radio sensors using millimeter-wave frequencies are expected to be a sensing technology that provides non-contact detection offering both high resolution and excellent environmental resistance. Through our pulse-type radar, which offers low power consumption and excellent multi-sensor compatibility, and our FMCW\*-type radar, which offers superb detection range, we are offering our customers products optimized to fit their application and required specifications. Based on our core technologies, which include high-frequency technology and advanced detection algorithms, we are developing various products for occupant detection, obstacle detection, and motion detection, which, together with further improvements to our products’ performance and offering millimeter-wavelength sensor solutions for a wide range of applications outside the automotive market, will contribute to safety and security in people’s lives.

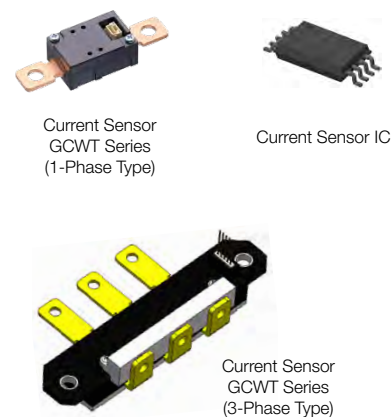
\* FMCW: Frequency Modulated Continuous Wave



## Promoting the Electrification of Automobiles through Support for High Current and Reduction in Size and Weight

As automakers accelerate the development and market launches of EVs and hybrid vehicles in response to growing initiatives and policy support in countries around the world to address environmental issues, current sensors, used in motor drive control, control of DC conversion of regenerated current, and battery charge/discharge current sensors, are playing an important role as control components. Our current sensors employ our proprietary GMR method, which simultaneously achieves high current capability, small size, and light weight due to its coreless structure. Moreover, the integrated bus-bar structure improves the accuracy of current detection and further contributes to easier set design and greater ease of assembly for customers.

Going forward, leveraging our strengths in the in-house production of detector elements, we will further improve detection accuracy and enhance our technical support capabilities, and by contributing to the adoption of EVs, we aim to promptly achieve a carbon-neutral society.



## Product Review

### Improving Operating Efficiency and Productivity through Digitization

#### Analog Meter Monitoring System

This system is a simple, low barrier-to-adoption IoT solution that can be retrofitted to analog meters already installed in factories and buildings to enable remote monitoring of meter values. The movement of a specialized magnet attached to the meter’s pointer is measured using a magnetometer, and this data is transmitted to the cloud using LPWA\*1 wireless technology. By providing proprietary algorithms and applications as well as a highly compatible API\*2, the system is able to visualize meter readings and achieve safe and reliable centralized data management without the need to patrol multiple meters on-site.

\*1 LPWA: Low-Power Wide-Area Network

\*2 API: Application Programming Interface



Analog Meter Monitoring System

It is a fact that facility managers visit sites daily to patrol, inspect, and make recordings from large numbers of analog meters. To streamline this work, it is important to have the capability to work closely with customers and propose solutions to subtly different situations that vary from site to site. Our IoT device and cloud system development capabilities, and our ability to propose optimal IoT solutions, will help our customers to solve their challenges.

#### Michinori Imamura

Solution Service Project,  
Group 1, Service Planning Development,  
New Business & Components 1



## Module and System Segment



**Yoshikatsu Watanabe**  
Vice President  
Infotainment & Sound Business,  
ALPINE Brand

### Segment Strengths

- ➔ Developing products with HMI at their core
- ➔ Technologies combining system integration and core devices
- ➔ B-to-B and B-to-C customer channels

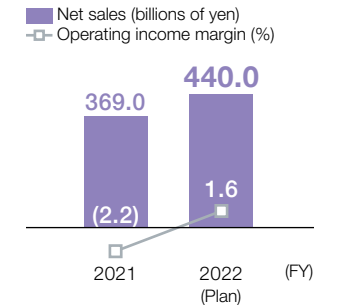
In fiscal 2021, we responded to an extremely challenging business environment, which included a decline in vehicle production volumes due to shortages of semiconductors and other parts and materials and an increase in parts and logistics costs, by working to ensure a stable supply of products to our customers. Alps Alpine nonetheless reported disappointing results for fiscal 2021, with net sales of ¥369.0 billion and an operating loss of ¥8.2 billion. In our development activities, we promoted specific initiatives, including a business alliance with TS Tech Co. Ltd. and collaboration with

Qualcomm Inc. in the United States, with the aim of commercializing Digital Cabin, a future mobility solution that proposes the entire vehicle cabin as a comfortable and luxurious space.

Improving business quality is our highest priority issue for this segment. Supply chain disruption and geopolitical risks are expected to persist, and so we will respond appropriately while delivering reliable quality products and services to our customers. We are further refining our strength in providing single solutions that serve both input and output domains, and we will work to both strengthen our earnings base and create high-value-added products such as Digital Cabin. It is moreover our responsibility as a company to respond to the demands of society, including a decarbonized and recycling-oriented society, and we will reform our existing manufacturing philosophy from a variety of perspectives. From fiscal 2022, we will manage this segment more appropriately, by combining our Automotive Module business and our Automotive Infotainment business into the Module and System Segment. We have established VISION2030 as a compass to guide this segment to future growth. We will strive to create onboard spaces, services, and innovations that go beyond our customers' expectations in order to realize "Emotion in Mobility."

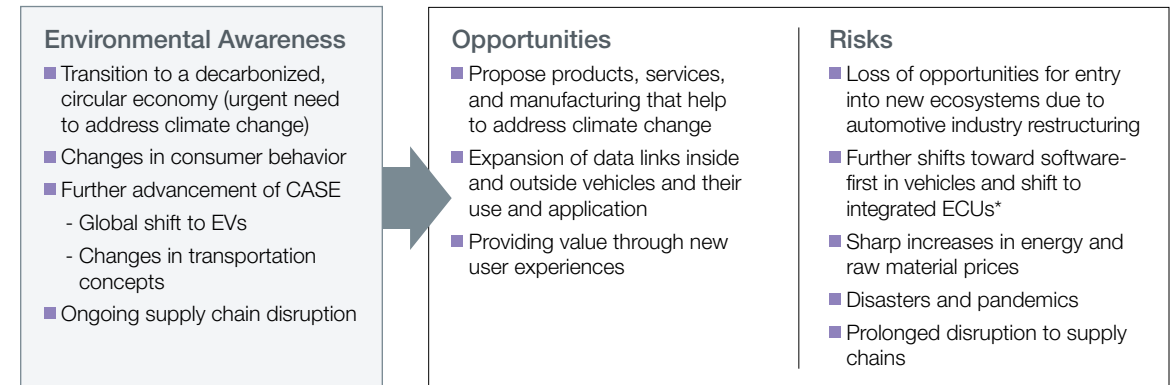
## Review through Fiscal 2021 and Forecast for Fiscal 2022

Amid a global slump in automobile production, a greater-than-anticipated negative impact from disruption to logistics resulted in a sharp drop in both net sales and operating income for automotive products in fiscal 2021. The business environment is expected to remain challenging in fiscal 2022 and beyond due to factors including production adjustments caused by the semiconductor shortage. We will achieve our planned profit by steadily linking business acquired post-integration to results and continuing our cost reforms.



Note: Net sales and operating income margin in the new segments as of fiscal 2021 are approximate figures.

## Environmental Awareness, Opportunities, and Risks



\* Electronic Control Unit

## Business Direction and Value Creation

Direction	Priority Measures	Value Proposition
<b>Reinforce Business Foundations</b>	<ul style="list-style-type: none"> <li>■ Strengthen BCM*1 / SCM*2</li> <li>■ Standardization / uniformity and cost reforms to enhance competitiveness</li> <li>■ Development of high-value-added and environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>■ Reliably provide products and services expected by customers at fair prices</li> <li>■ Reduced environmental impact of manufacturing and products</li> </ul>
<b>Providing Exciting Onboard Spaces through Digital Cabin</b>	<ul style="list-style-type: none"> <li>■ Pursuit of hardware / software integration products</li> <li>■ Creating new value through alliances</li> <li>■ Leading the market through marketing and expanding brand value</li> </ul>	<ul style="list-style-type: none"> <li>■ Exciting products and services that go beyond customer expectations</li> <li>■ One-stop solutions</li> <li>■ New user experiences through premium HMI products</li> </ul>

\*1 BCM: Business continuity management \*2 SCM: Supply chain management

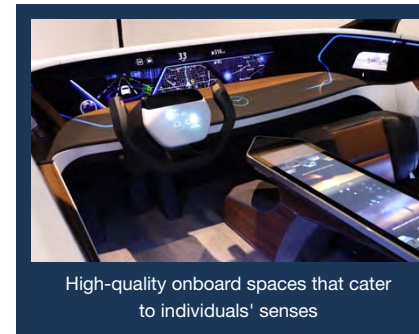
## Toward Enriched Mobility Offering Peace of Mind, Comfort, and Emotion

The automotive industry faces an urgent need to address various social issues such as global warming, depletion of energy resources, and eliminating traffic fatalities. As we move toward solving these challenges, CASE/digital transformation technologies are advancing, and the value provided by vehicles is changing dramatically to include “mobile power sources,” “mobile smartphones,” and “mobile \_\_ spaces.” As part of the shift from “driving” to “new added value,” we are developing Digital Cabin as a solution not only for the driver’s seat but for the entire cabin, leveraging the evolution of existing products and our strength in system integration.

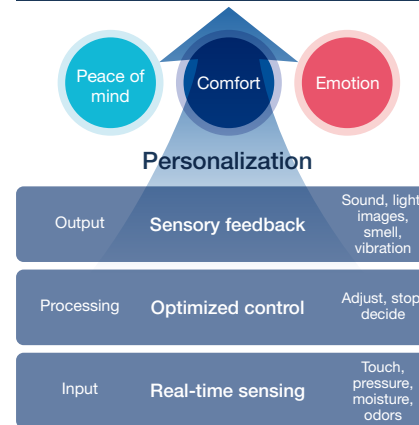
We will create unprecedented new value through optimized control (processing) of technology for detecting the constantly changing information inside and outside vehicles (input) and sensory feedback technology (output), and provide high-quality onboard spaces connecting people to their vehicles, as well as services that deliver peace of mind, comfort, and emotion to people on the move.

The systems-integrated products we provide reduce the burden of development for our customers and contribute to energy-saving through optimized systems control. In addition to HMI module products, such as switches, sensors, and communications modules, and systems products, such as displays, audio equipment, IVI,\* and cabin controllers, we are contributing to the realization of an enriched mobility society tailored to fit the lifestyle of the individual through comprehensive onboard solutions that, through our business alliances, bring together products and services.

\* IVI: In-Vehicle Infotainment



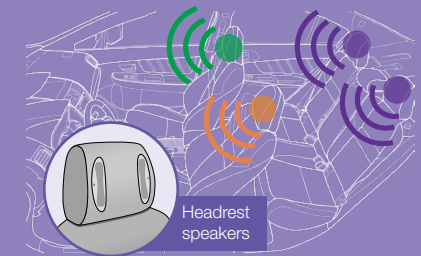
High-quality onboard spaces that cater to individuals' senses



## Product Review

### Creating Comfortable, Personalized Spaces Zoning Sound System

The Zoning Sound System is a sound system that enables each passenger in a car to listen to what they want to hear, without having to use headphones or earphones. It also makes it possible to create "sound zones" between front and rear seats or the driver's seat and passenger seats. The system consists of a controller that processes digital signals, an amplifier that drives the speakers, and headrest speakers consisting of a speaker unit and case with adjusted mounting position and orientation.



The Zoning Sound System has drawn a great deal of attention from many automobile manufacturers and is one of our key products for expanding our sound business. Through the appropriate combination of various technologies, we are creating a high-quality, high-performance sound control system covering the full audible spectrum that offers excellent cost performance and is unique to Alps Alpine.

### Nozomu Saito

Doctor (Information Science)  
Sound Design Group 2,  
Sound Design Development,  
Infotainment & Sound Business



### Topic Standing United in Our Commitment to Realizing VISION2030

Since the business integration, we share a common vision in the form of the new Module and System Segment, we aim for further growth by integrating and energizing our businesses and organizations.

VISION2030 is our vision of where we want to be in 10 years and will serve as our compass. In order to realize “Emotion in Mobility,” every employee will act in their various roles and positions with constant consideration for the contributions we can make to society and our customers.





# Data Section

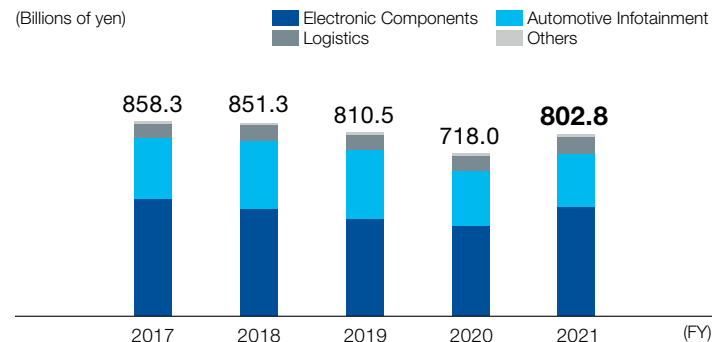
CHAPTER

# 04

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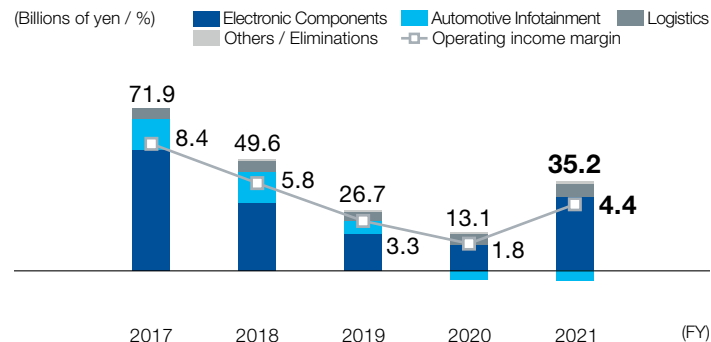
# Financial Highlights

## Net Sales



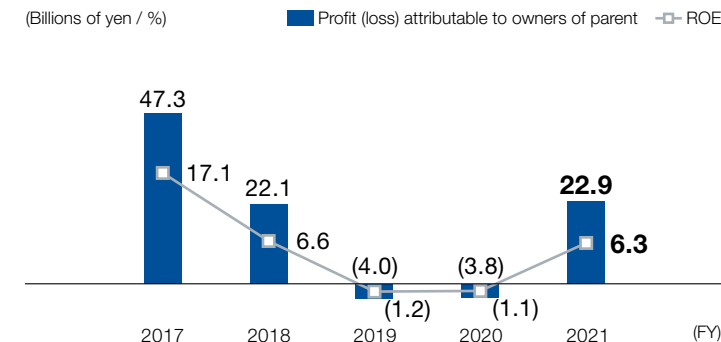
In fiscal 2021, consolidated net sales were ¥802.8 billion (up 11.8% year on year). In the Electronic Components Segment, sales of certain automotive products increased, while growth was evident in products related to gaming consoles and smartphones in consumer and other markets. As result, segment sales amounted to ¥476.5 billion (up 20.3% year on year). In the Automotive Infotainment Segment, performance was heavily impacted by a lack of LCD displays and the conclusion of sales of first-party products to certain automobile manufacturers, resulting in segment sales of ¥234.3 billion (down 2.6% year on year).

## Operating Income / Operating Income Margin



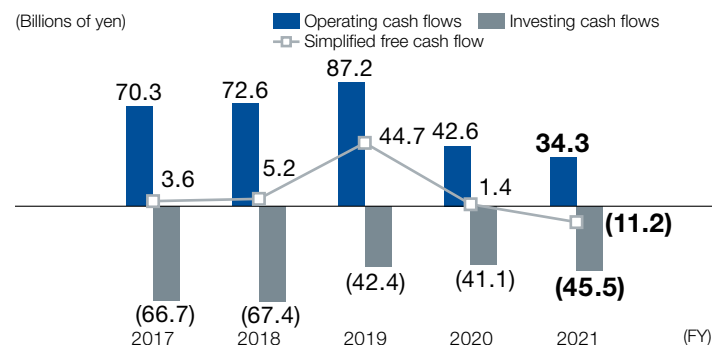
In fiscal 2021, consolidated operating income was ¥35.2 billion (up 168.6% year on year). In the Electronic Components Segment, operating income rose to ¥32.2 billion (up 182.9% year on year), due to higher sales volumes to the smartphone market. In the Automotive Infotainment Segment, an operating loss of ¥4.5 billion was recorded (compared with operating loss of ¥3.9 billion in fiscal 2020) as a result of the massive impact of soaring material prices and higher distribution costs stemming from supply disruptions. Accordingly, the consolidated operating income margin was 4.4% (compared with 1.8% in fiscal 2020).

## Profit (Loss) Attributable to Owners of Parent / ROE



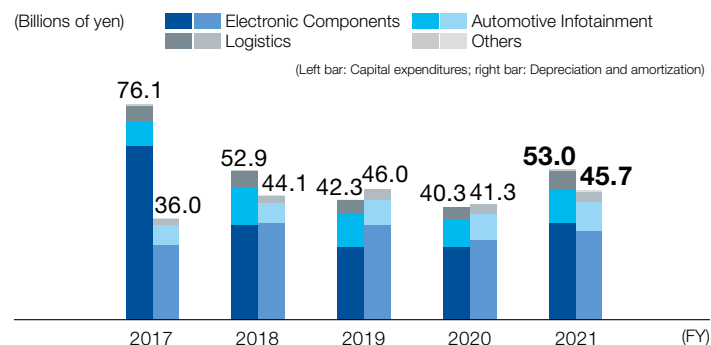
In fiscal 2021, operating income rose on a consolidated basis. Due to this rise, consolidated profit attributable to owners of parent of ¥22.9 billion was recorded (compared with a consolidated loss attributable to owners of parent of ¥3.8 billion in fiscal 2020). As a result, ROE was 6.3% (compared with -1.1% in fiscal 2020).

## Cash Flows



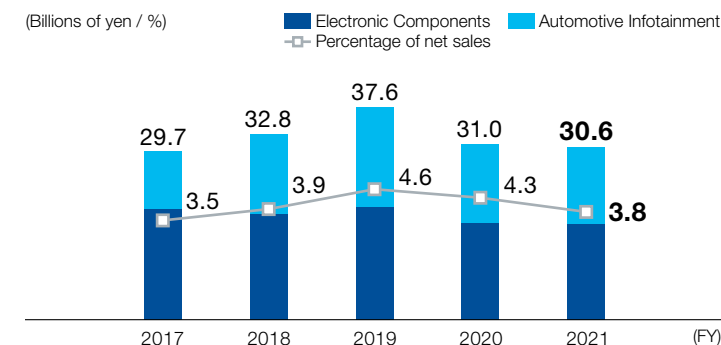
In fiscal 2021, net cash provided by operating activities amounted to ¥34.3 billion (down ¥8.3 billion year on year), owing to depreciation and amortization of ¥45.7 billion, income before income taxes of ¥38.6 billion, and decrease in trade notes and other receivables of ¥11.0 billion. Net cash used in investing activities consisted of investments in manufacturing facilities for mobile products, such as smartphone components, and in research and development activities for automotive infotainment devices aimed at securing future profits.

## Capital Expenditures / Depreciation and Amortization



In fiscal 2021, in the Electronic Components Segment, the Group invested ¥34.0 billion (compared with ¥25.4 billion in fiscal 2020), mainly in production facilities for mobile products, including smartphone components. On a consolidated basis, the Group invested ¥53.0 billion (compared with ¥40.3 billion in fiscal 2020). The Group maintains a sound financial position by depreciating and amortizing its assets over a short period that takes into account product life cycles.

## R&D Expenses / Percentage of Net Sales



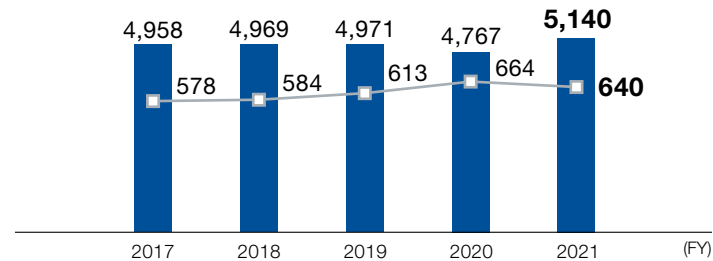
In fiscal 2021, investments of ¥16.8 billion and ¥13.6 billion were made for R&D in the Electronic Components Segment and Automotive Infotainment Segment, respectively. With the goal of realizing ITC101, Alps Alpine is concentrating its efforts on the development of Digital Cabin products and the expansion of new businesses.

# Non-Financial Highlights

## Energy Use / Energy Use per Unit of Production

(Thousand GJ / GJ / 100 millions of yen)

■ Energy use  
□ Energy use per unit of production

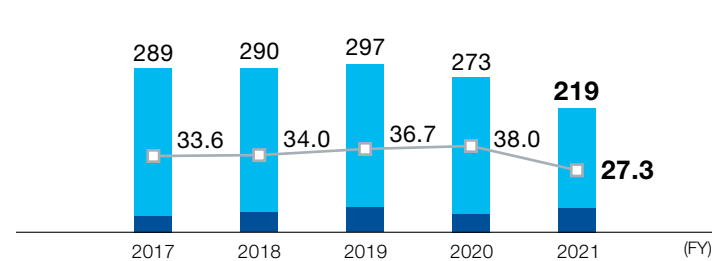


In fiscal 2021, net sales and energy use increased as the economy recovered from the slump caused by the COVID-19 pandemic. However, energy use per unit of production was down from the previous year primarily due to the effects of energy-saving measures.

## GHG Emissions / GHG Emissions per Unit of Production (CO<sub>2</sub> Equivalent)

(Thousand t-CO<sub>2</sub> / t-CO<sub>2</sub> / 100 millions of yen)

■ Scope 1  
■ Scope 2  
□ CO<sub>2</sub> emissions per unit of production

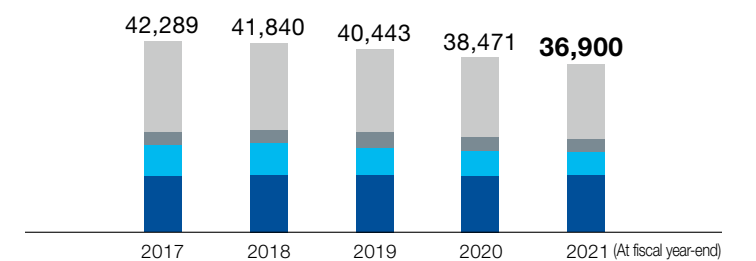


In fiscal 2021, CO<sub>2</sub> emissions dropped due to the increased utilization of renewable energy as well as the use of green power certifications and emissions credits. A large reduction was recorded in GHG emissions per unit of production.

## Consolidated Number of Employees

(People)

■ Japan  
■ United States  
■ Europe  
■ Asia



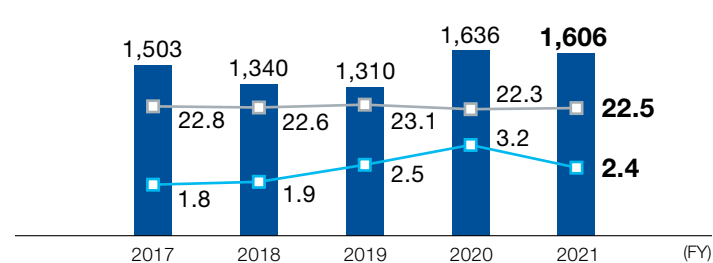
Although economic recovery was evident, the protracted semiconductor shortages and geopolitical risks continued to bring about a challenging operating environment. Accordingly, an appropriate staff size is being maintained through revisions to global production systems.

## Number and Ratio of Female Employees / Ratio of Women in Management Positions\* (Alps Alpine Co., Ltd.)

(People / %)

■ Number of female employees  
□ Percentage of female employees  
■ Percentage of women in management positions

\* As of March 31 of each fiscal year

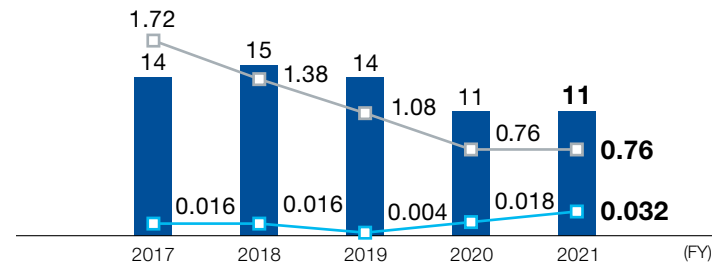


Alps Alpine recognizes that its strength as a company is underpinned by its diverse employees. Accordingly, measures for promoting diversity are being advanced in line with its medium-term plans. The ratio of women in management positions declined slightly in fiscal 2021 due to efforts to restructure the organization. Nevertheless, we continue to empower our female employees through proactive recruitment as well as support for balancing work with life events that are unique to women by means of an expanded range of leave systems.

## Workplace Accidents (Alps Alpine Co., Ltd.)

(Accidents / %)

■ Number of workplace accidents  
□ Rate of lost work time due to accidents  
■ Severity rate of workplace accidents



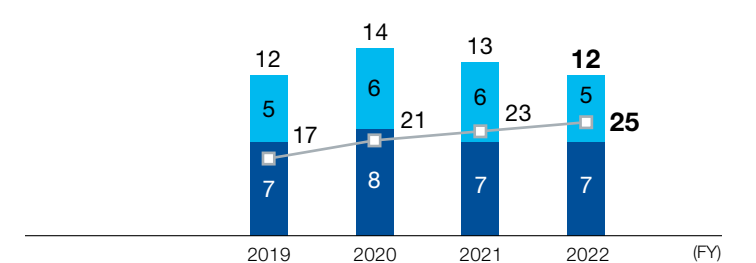
In fiscal 2021, the severity rate of workplace accidents increased to 0.032, from 0.018 in fiscal 2020. In the event of an accident, the relevant frontline personnel converge immediately to investigate the cause of the accident and implement both provisional and permanent measures in order to prevent recurrence. Also, the details of the accident are shared with other business sites within the Group so that improvements can be made through a Groupwide process based on ISO 45001.

## Number of Directors\*

(People / %)

■ Inside directors  
■ Outside directors  
□ Ratio of female directors

\* As of July 1 of each fiscal year



Outside directors account for more than one-third of the Board of Directors, which comprises seven inside directors and five outside directors, in fiscal 2022. In addition, female directors account for 25% of all directors, while one non-Japanese member was appointed vice president in fiscal 2020, reflecting our commitment to ensuring the diversity of our Board of Directors.

## Summary of Key Management Indicators

## Consolidated Fiscal Years Started April 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
For the Fiscal Year: [Millions of yen]											
Net sales	526,500	546,423	684,362	748,614	774,038	753,262	858,317	851,332	810,570	718,013	802,854
Cost of sales	432,589	458,576	558,097	593,788	621,754	601,711	669,721	689,337	670,700	603,524	664,054
Gross profit	93,911	87,847	126,265	154,825	152,284	151,551	188,596	161,995	139,870	114,488	138,800
Selling, general and administrative expenses	78,740	80,996	97,736	101,291	99,956	107,177	116,688	112,353	113,074	101,378	103,592
Operating income	15,171	6,851	28,528	53,534	52,327	44,373	71,907	49,641	26,795	13,109	35,208
Operating income margin: [%]	2.9	1.3	4.2	7.2	6.8	5.9	8.4	5.8	3.3	1.8	4.4
Ordinary income	14,335	7,659	28,090	57,594	50,038	42,725	66,717	43,605	18,646	13,227	40,286
Profit (loss) attributable to owners of parent	4,175	(7,074)	14,311	34,739	39,034	34,920	47,390	22,114	(4,009)	(3,837)	22,960
Depreciation and amortization	19,759	21,572	24,527	28,010	30,725	33,076	36,004	44,188	46,057	41,336	45,705
R&D expenses	28,098	28,674	32,987	33,035	33,336	32,279	29,799	32,886	37,667	31,085	30,688
Capital expenditures	34,024	31,833	26,570	31,416	41,190	47,657	76,154	52,928	42,362	40,354	53,010
Operating cash flows	23,426	24,805	57,703	65,111	53,958	41,603	70,387	72,671	87,210	42,636	34,304
Investing cash flows	(29,358)	(32,101)	(22,813)	(29,772)	(30,383)	(37,981)	(66,722)	(67,405)	(42,419)	(41,165)	(45,507)
Financing cash flows	(6,691)	(5,654)	4,994	(27,951)	(36,340)	(309)	(2,957)	(6,910)	(31,601)	14,515	(13,539)
Cash and cash equivalents at fiscal year-end	85,004	76,137	122,237	134,298	116,843	117,991	120,778	118,318	128,217	151,748	138,489
Simplified free cash flow*1	(5,931)	(7,296)	34,889	35,339	23,574	3,621	3,665	5,266	44,791	1,471	(11,202)
At Fiscal Year-End: [Millions of yen]											
Total assets	442,052	451,416	512,365	570,482	562,856	602,961	669,874	675,717	625,542	694,285	743,520
Equity	115,434	116,817	137,482	179,522	228,496	254,501	301,176	365,346	324,464	344,923	389,426
Interest-bearing debt	118,510	124,468	134,364	116,200	54,335	63,272	70,420	108,816	99,870	117,936	113,272
Per Share Data: [Yen]											
Earnings per share (EPS)	23.29	(39.47)	79.85	193.81	206.64	178.25	241.91	110.19	(19.53)	(18.72)	110.82
Diluted EPS	—	—	79.68	177.12	197.73	178.20	241.82	110.14	—	—	110.79
Book value per share (BPS)	644.03	651.72	767.01	1,001.55	1,166.41	1,299.11	1,537.37	1,731.36	1,587.06	1,665.29	1,879.42
Dividends per share (DPS)	20.00	5.00	5.00	15.00	25.00	30.00	37.00	50.00	30.00	20.00	20.00

\*1 Simplified free cash flow = Operating cash flows + Investing cash flows

## Summary of Key Management Indicators

## Consolidated Fiscal Years Started April 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Major Indicators: [%]											
Equity ratio	26.1	25.9	26.8	31.5	40.6	42.2	45.0	54.1	51.9	49.7	52.4
Debt-to-equity ratio* <sup>2</sup>	102.7	106.6	97.7	64.7	23.8	24.9	23.4	29.8	30.8	34.2	29.1
Interest coverage ratio* <sup>3</sup> : [Times]	14.1	17.7	49.2	68.0	50.4	81.6	91.2	58.7	66.4	56.2	46.9
Return on assets (ROA)* <sup>4</sup>	1.0	(1.6)	3.0	6.4	6.9	6.0	7.4	3.3	(0.6)	(0.6)	3.2
Return on equity (ROE)* <sup>5</sup>	3.6	(6.1)	11.3	21.9	19.1	14.5	17.1	6.6	(1.2)	(1.1)	6.3
Average exchange rates											
USD / JPY: [Yen]	79.08	83.10	100.24	109.93	120.14	108.38	110.85	110.91	108.74	106.06	112.37
EUR / JPY: [Yen]	108.98	107.14	134.37	138.77	132.58	118.79	129.70	128.41	120.82	123.70	130.56
Other											
Total number of issued shares* <sup>6</sup> : [Thousand shares]	181,559	181,559	181,559	181,559	198,208	198,208	198,208	219,281	219,281	219,281	219,281

\*<sup>2</sup> Debt-to-equity ratio = Interest-bearing debt / Equity\*<sup>3</sup> Interest coverage ratio = Operating cash flows / Interest expenses paid\*<sup>4</sup> Return on assets (ROA) = Profit attributable to owners of parent / Average total assets\*<sup>5</sup> Return on equity (ROE) = Profit attributable to owners of parent / Average equity\*<sup>6</sup> The total number of issued shares includes treasury stock.

## Performance by Business Segment

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
For the Fiscal Year: [Millions of yen]											
Net Sales											
Electronic Components	268,916	268,085	338,811	389,120	434,072	437,676	514,031	468,605	424,709	396,042	476,572
Automotive Infotainment	200,248	219,852	282,115	289,783	267,541	242,306	267,638	303,593	306,299	240,616	234,314
Logistics	47,999	48,554	52,282	57,062	60,251	61,150	64,666	66,888	66,872	69,213	78,908
Others	9,336	9,930	11,154	12,648	12,173	12,128	11,981	12,244	12,688	12,140	13,060
Operating Income											
Electronic Components	4,590	227	14,012	36,595	40,780	32,803	52,929	29,607	16,124	11,408	32,273
Automotive Infotainment	5,634	2,324	9,813	11,537	5,434	5,623	13,735	13,921	5,655	(3,947)	(4,519)
Logistics	3,709	3,586	4,140	4,457	4,857	5,083	4,932	4,722	4,118	4,725	6,021
Others	472	412	584	898	1,233	884	1,701	1,430	1,202	1,041	1,583

## ESG Data

## Environment

## Greenhouse Gas Emissions

		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
GHG emissions		t-CO <sub>2</sub>	296,785	273,135	219,425	Consolidated <sup>*1</sup>
	Scope 1	t-CO <sub>2</sub>	44,174	31,985	42,990	
	Scope 2	t-CO <sub>2</sub>	252,611	241,150	176,435	
GHG emissions (Scope 3)	1. Purchased goods and services	t-CO <sub>2</sub>	1,869,801	1,843,333	1,842,279	Consolidated <sup>*2</sup>
	2. Capital goods	t-CO <sub>2</sub>	115,145	87,789	112,600	
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	t-CO <sub>2</sub>	29,833	31,034	32,494	
	4. Transportation and distribution (upstream, Japan only)	t-CO <sub>2</sub>	1,589	1,756	1,888	
	5. Waste generated in operations	t-CO <sub>2</sub>	8,526	6,767	5,952	
	6. Business travel	t-CO <sub>2</sub>	4,519	5,789	3,811	
	7. Employee commuting	t-CO <sub>2</sub>	14,907	19,109	12,367	
	8. Leased assets (upstream)	N/A	Included in Scope 1 and Scope 2			
	9. Transportation and distribution (downstream)	Excluded	Excluded because Alps Alpine manufactures intermediate products; it is unclear to where products are transported after being incorporated into finished products and therefore impossible to rationally estimate emissions volumes			
	10. Processing of sold products	Excluded	Excluded because intermediate products sold are processed into a large variety of finished products, making it difficult to ascertain emissions and therefore impossible to rationally estimate emissions volumes			
	11. Use of sold products	Excluded	Excluded because intermediate products sold are processed into a large variety of finished products, making it difficult to ascertain emissions and therefore impossible to rationally estimate emissions volumes			
	12. End-of-life treatment of sold products	Excluded	Excluded because Alps Alpine manufactures intermediate products and it is difficult to ascertain the disposal status of the finished products			
	13. Leased assets (downstream)	N/A	Not applicable because there are no corresponding business activities			
	14. Franchises	N/A	Not applicable because there are no corresponding business activities			
	15. Investments	N/A	Not applicable because there are no corresponding business activities			

Figures for GHG emissions (Scope 1, Scope 2, and Scope 3) are calculated based on the third-party guarantee received from SOCOTEC Certification Japan for emissions data for fiscal 2020.

## Energy

		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Total energy consumption		MWh	586,829	564,084	616,588	Consolidated <sup>*1</sup>
	Non-renewable energy: Electricity	MWh	462,783	437,994	357,667	
	Non-renewable energy: Fuel	MWh	112,042	108,235	142,692	
	Renewable energy: Electricity	MWh	4,526	10,455	116,229	

## Waste Emissions

		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Total waste emissions		t	26,052	21,914	22,841	Consolidated <sup>*2</sup>

## Chemical Substance Management

		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Volatile organic compounds	Volume handled	t	133.3	101.6	110.0	Non-Consolidated
	Emissions	t	77.6	65.6	71.2	
	Percentage released into atmosphere	%	58.2	64.4	64.7	
Air pollutant emissions	NOx emissions	t	6.1	3.7	3.7	
	SOx emissions	t	1.8	1.5	1.2	

## Water Resource Management

		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Water withdrawal		m <sup>3</sup>	1,738,080	1,742,549	1,813,885	Consolidated <sup>*1</sup>
Water discharge		m <sup>3</sup>	1,306,897	1,364,161	1,469,602	
Volume recycled		m <sup>3</sup>	17,595	18,699	51,238	

## Environmental Violations

		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Serious legal or regulatory breaches and accidents		Cases	0	0	0	Consolidated <sup>*2</sup>

## ISO 14001 Certification

		Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Certification rate (Scope: Headquarters and production bases)		%	100	100	100	Consolidated <sup>*2</sup>

\*1 Overseas logistics businesses included from fiscal 2020

\*2 Excludes logistics businesses

## ESG Data

## Social

## Employee Information

	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope	
Number of employees (consolidated)	People	40,443	38,471	36,900	Consolidated	
	People	5,680	7,324	7,146	Non-Consolidated	
Number of employees (non-consolidated)	Men	4,370	5,688	5,540	Non-Consolidated	
	Women	1,310	1,636	1,606	Non-Consolidated	
	Ratio of female employees	%	23.1	22.3	22.5	Non-Consolidated
Average length of service	Years	19.4	19.7	19.0	Non-Consolidated	
	Men	19.7	19.8	19.0	Non-Consolidated	
	Women	18.6	19.1	19.0	Non-Consolidated	
Average age	Years	43.1	43.3	43.0	Non-Consolidated	
	Men	43.6	43.7	43.5	Non-Consolidated	
	Women	41.3	41.6	41.3	Non-Consolidated	
Number of departures*1	People	105	109	167	Non-Consolidated	
	Number of departures for personal reasons*1	People	100	89	104	Non-Consolidated
	Ratio of departures for personal reasons*1	%	1.8	1.2	1.5	Non-Consolidated

\*1 Excludes employees departing at mandatory retirement

## Occupational Health and Safety

	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Number of work-related accidents	Case	14	11	11	Non-Consolidated
Frequency rate	%	1.08	0.76	0.76	Non-Consolidated
Severity rate	%	0.004	0.018	0.032	Non-Consolidated
Number of serious accidents	Case	0	0	0	Consolidated

## Employee Engagement

	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope
Number of labor-management meetings*2	N/A	1,921	1,857	1,840	Non-Consolidated

\*2 Meetings for open communication between labor and management

## Diversity and Inclusion

	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021	Scope	
Number of new-graduate hires*3 *4	People	82	115	213	Non-Consolidated	
	Ratio of women	%	12.1	12.1	19.2	Non-Consolidated
Number of mid-career hires *4	People	20	19	32	Non-Consolidated	
	Ratio of women	%	10.0	5.2	28.1	Non-Consolidated
Number of non-Japanese (IAP) hires*3 *5	People	5	No hiring undertaken	No hiring undertaken	Non-Consolidated	
Ratio of employees with disabilities*6	%	2.07	2.19	2.21	Non-Consolidated	
Number of parental leave takers	People	57	56	51	Non-Consolidated	
	Women	People	53	41	42	Non-Consolidated
	Men	People	4	15	9	Non-Consolidated
Ratio of parental leave takers who return to work	%	83	98	100	Non-Consolidated	
Number of caregiver leave takers	People	0	1	5	Non-Consolidated	
Average ratio of annual paid leave taken	%	66.3	61.0	66.0	Non-Consolidated	
Average overtime per employee	Hours / Months	13.5	11.7	11.4	Non-Consolidated	
	People	518	505	491	Non-Consolidated	
Number of managers*7	Women	People	13	16	12	Non-Consolidated
	Ratio of women in management positions	%	2.5	3.2	2.4	Non-Consolidated
	Ratio of mid-career hires in management positions	%	12.8	16.5	17.1	Non-Consolidated
Average wages*8 (Total, annual salary)	Thousands of yen	6,080	5,782	6,119	Non-Consolidated	
	Men	Thousands of yen	6,730	6,379	6,749	Non-Consolidated
	Women	Thousands of yen	3,931	3,770	3,936	Non-Consolidated

\*3 As of April 1 of the following fiscal year

\*4 Only university graduates or higher are included for numbers of new-graduate and mid-career hires

\*5 Non-Japanese hires (IAP) refers to participants in Alps Alpine's program for new graduates hired overseas to work in Japan

\*6 As of June 1 of the following fiscal year; calculated based on the Act to Facilitate the Employment of Persons with Disabilities

\*7 Date of calculation changed from April 1 to March 31

\*8 Excludes corporate officers

# Corporate Data (As of March 31, 2022)

<b>Company Name</b>	Alps Alpine Co., Ltd.	<b>Established</b>	November 1, 1948
<b>Headquarters</b>	1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo 145-8501, Japan	<b>Capital Stock</b>	¥38.730 billion
<b>Representative</b>	Toshihiro Kuriyama, Representative Director, President & CEO	<b>Employees</b>	Consolidated: 36,900 (global) Non-consolidated: 7,146

**Website** <https://www.alpsalpine.com/e/>

**Facebook**



**Twitter**



**Youtube**



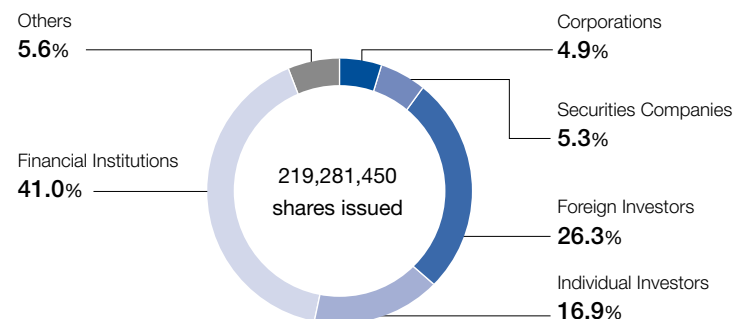
## Global Structure

	Europe	Asia and Oceania	Japan	North and South America
<b>Area Management</b>	<ul style="list-style-type: none"> <li>Alps Alpine Europe GmbH</li> </ul>	<ul style="list-style-type: none"> <li>Alps (China) Co., Ltd.</li> <li>Alpine Electronics (China) Co., Ltd.</li> <li>Alps Electric Korea Co., Ltd.</li> <li>Alps Alpine Asia Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Alps Alpine Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Alps Alpine North America, Inc.</li> </ul>
<b>Sales</b>	<p><b>Seven locations in six countries</b></p> <ul style="list-style-type: none"> <li>Alps Alpine Europe GmbH (six locations)</li> <li>Faital S.p.A.</li> </ul>	<p><b>29 locations in 11 countries</b></p> <ul style="list-style-type: none"> <li>Alps (China) Co., Ltd. (eight locations)</li> <li>Alps (Shanghai) International Trading Co., Ltd.</li> <li>Alpine Electronics (China) Co., Ltd. (seven locations)</li> <li>Alps Electric Korea Co., Ltd. (three locations)</li> <li>Alps Electronics Taiwan Co., Ltd.</li> <li>Alps Alpine Singapore Pte. Ltd.</li> <li>Alps Alpine Vietnam Co., Ltd. (two locations)</li> <li>Alps Electric (India) Private Ltd.</li> <li>Alps Electric (Malaysia) Sdn. Bhd. (two locations)</li> <li>Alpine of Asia Pacific India Pvt., Ltd.</li> <li>Alpine Electronics of Australia Pty. Ltd.</li> <li>Alpine Electronics of Middle East Fze</li> </ul>	<p><b>23 locations</b></p> <ul style="list-style-type: none"> <li>Alps Alpine Co., Ltd. (nine locations)</li> <li>Alpine Electronics Marketing, Inc. (10 locations)</li> <li>Alpine News Co., Ltd (four locations)</li> </ul>	<p><b>Nine locations in three countries</b></p> <ul style="list-style-type: none"> <li>Alps Alpine North America, Inc. (six locations)</li> <li>Alps De Mexico S. De R.I. De C.V.</li> <li>Alpine Sales Of Mexico S.A. De C.V.</li> <li>Faital USA, Inc.</li> </ul>
<b>Production</b>	<p><b>Six locations in five countries</b></p> <ul style="list-style-type: none"> <li>Alps Alpine Europe GmbH</li> <li>Alps Electric (Ireland) Ltd.</li> <li>Alps Electric Czech, s.r.o.</li> <li>Alpine Electronics Manufacturing of Europe, Ltd.</li> <li>Faital S.p.A.</li> <li>Magyarországi Hangszórógyártó Kft.</li> </ul>	<p><b>10 locations in three countries</b></p> <ul style="list-style-type: none"> <li>Dandong Alps Electronics Co., Ltd.</li> <li>Dalian Alps Electronics Co., Ltd.</li> <li>Wuxi Alps Electronics Co., Ltd.</li> <li>Ningbo Alps Electronics Co., Ltd.</li> <li>Dongguan Alps Electronics Co., Ltd.</li> <li>Dalian Alpine Electronics Co., Ltd.</li> <li>Taicang Alpine Electronics Co., Ltd.</li> <li>Alpine Technology Manufacturing (Thailand) Co., Ltd.</li> <li>Alps Electric (Malaysia) Sdn. Bhd. (two locations)</li> </ul>	<p><b>Nine locations</b></p> <ul style="list-style-type: none"> <li>Alps Alpine Co., Ltd. (six locations)</li> <li>Alpine Manufacturing, Inc. (three locations)</li> </ul>	<p><b>One location in one country</b></p> <ul style="list-style-type: none"> <li>Alcom Electronicos de Mexico, S.A. De C.V.</li> </ul>
<b>Technology</b>	<p><b>One location in one country</b></p> <ul style="list-style-type: none"> <li>Alps Alpine Europe GmbH</li> </ul>	<p><b>Four locations in one country</b></p> <ul style="list-style-type: none"> <li>Alps (China) Co., Ltd. (two locations)</li> <li>Alps Communication Devices Technology (Shanghai) Co., Ltd.</li> <li>Alpine Electronics (China) Co., Ltd.</li> </ul>	<p><b>Seven locations</b></p> <ul style="list-style-type: none"> <li>Alps Alpine Co., Ltd. (four locations)</li> <li>C's Lab Co., Ltd. (three locations)</li> </ul>	<p><b>Two locations in one country</b></p> <ul style="list-style-type: none"> <li>Alpine Electronics of Silicon Valley, Inc</li> <li>Cirque Corporation</li> </ul>
<b>Others</b>		Two locations in one country	76 locations	One location in one country

## Stock Information (As of March 31, 2022)

No. of Authorized Shares	500,000,000
No. of Issued Shares	219,281,450 (including 12,076,076 of treasury stock)
No. of Shareholders	43,947
Stock Listing	Tokyo Stock Exchange Prime Market (As of April 4, 2022) (Code: 6770)
Share Registrar	Mitsubishi UFJ Trust and Banking Corporation

### Breakdown of Shareholders



Notes: 1. "Others" refers to shares held by Alps Alpine Co., Ltd. and unclaimed shares stored by the Japan Securities Depository Center, Inc.  
2. "Individual investors" refers to shares held by individuals and Alps Alpine's employee shareholding association.

### Top 10 Shareholders

Name	No. of shares (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	47,837	23.08
Custody Bank of Japan, Ltd. (trust account)	20,863	10.06
Goldman Sachs Japan Co., Ltd. BNYM	4,256	2.05
J.P. Morgan Securities plc	3,871	1.86
Custody Bank of Japan, Ltd. (securities investment trust account)	3,632	1.75
TAIJU LIFE INSURANCE COMPANY LIMITED	3,591	1.73
DFA INTL SMALL CAP VALUE PORTFOLIO	2,909	1.40
NIPPON LIFE INSURANCE COMPANY	2,750	1.32
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,725	1.31
NIPPON SEIKI CO., LTD.	2,600	1.25

Note: The shareholding ratio is calculated after deducting treasury stock (12,076,076).

### Share Price and Trading Volume



(Yen)	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
High	3,845	3,390	2,634	1,771	1,510
Low	2,506	1,949	810	869	980
Price at fiscal year-end	2,608	2,310	1,049	1,460	1,211

Note: The closing price on April 30, 2017 equals 100.

## Consolidated Financial Statements

## Consolidated Balance Sheet

Alps Alpine Co., Ltd. and Consolidated Subsidiaries  
As of March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 20 and 21)	¥ 139,730	¥ 153,067	\$ 1,141,678
Trade notes and accounts receivable (Note 21):			
Unconsolidated subsidiaries and affiliated companies	815	2,159	6,659
Others	155,667	145,966	1,271,893
Allowance for doubtful accounts	(193)	(163)	(1,577)
Inventories (Note 6)	133,401	95,778	1,089,967
Others	29,628	28,489	242,079
<b>Total current assets</b>	<b>459,049</b>	<b>425,299</b>	<b>3,750,707</b>
<b>Non-current assets:</b>			
Property, plant and equipment			
Land (Note 11)	30,908	30,391	252,537
Buildings and structures (Note 12)	164,083	155,867	1,340,657
Machinery and equipment (Note 12)	453,838	419,834	3,708,130
Construction in progress	23,140	16,553	189,068
Subtotal	671,970	622,647	5,490,400
Accumulated depreciation and impairment losses	(480,710)	(441,376)	(3,927,690)
<b>Total property, plant and equipment, net</b>	<b>191,260</b>	<b>181,270</b>	<b>1,562,709</b>
Intangible assets, net	28,231	28,183	230,664
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliated companies (Notes 5 and 21)	693	516	5,662
Investment securities (Notes 5 and 21)	45,403	40,313	370,970
Deferred tax assets (Note 19)	6,367	6,938	52,022
Net defined benefit asset (Note 8)	48	—	392
Others	12,465	11,763	101,847
<b>Total investments and other assets</b>	<b>64,978</b>	<b>59,531</b>	<b>530,909</b>
<b>Total non-current assets</b>	<b>284,470</b>	<b>268,985</b>	<b>2,324,291</b>
<b>Total assets</b>	<b>¥ 743,520</b>	<b>¥ 694,285</b>	<b>\$ 6,075,006</b>

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Notes 7 and 21)	¥ 44,596	¥ 49,051	\$ 364,376
Long-term borrowings due within one year (Notes 7 and 21)	12,441	1,816	101,650
Trade notes and accounts payable (Note 21):			
Unconsolidated subsidiaries and affiliated companies	0	7	—
Others	85,243	79,925	696,487
Accrued income taxes	6,705	3,345	54,784
Accrued expenses	37,173	44,151	303,726
Others (Notes 21 and 22)	48,118	46,141	393,153
<b>Total current liabilities</b>	<b>234,279</b>	<b>224,438</b>	<b>1,914,201</b>
<b>Non-current liabilities:</b>			
Long-term borrowings (Notes 7 and 21)	56,234	67,068	459,466
Defined benefit liabilities (Note 8)	14,616	13,404	119,422
Deferred tax liabilities (Note 19)	4,136	3,730	33,794
Others	8,943	7,263	73,070
<b>Total non-current liabilities</b>	<b>83,931</b>	<b>91,466</b>	<b>685,767</b>
<b>Total liabilities</b>	<b>318,211</b>	<b>315,905</b>	<b>2,599,975</b>
Contingent liabilities (Note 9)			
<b>Net assets (Note 10):</b>			
Shareholders' equity:			
Common stock:			
Authorized – 500,000,000 shares			
Issued – 219,281,450 shares in 2022 and 219,281,450 shares in 2021	38,730	38,730	316,447
Capital surplus	124,549	124,592	1,017,640
Retained earnings	217,097	198,501	1,773,813
Treasury stock – 12,076,076 shares in 2022 and 12,156,710 shares in 2021	(26,219)	(26,396)	(214,225)
<b>Total shareholders' equity</b>	<b>354,157</b>	<b>335,427</b>	<b>2,893,676</b>
Accumulated other comprehensive income			
Unrealized gains on securities	20,803	17,058	169,973
Revaluation reserve for land (Note 11)	(496)	(496)	(4,053)
Foreign currency translation adjustments	20,897	(2,276)	170,741
Remeasurements of defined benefit plans	(5,935)	(4,789)	(48,493)
Total accumulated other comprehensive income	35,268	9,496	288,161
Subscription rights to shares (Note 26)	180	210	1,471
Non-controlling interests	35,701	33,244	291,699
<b>Total net assets</b>	<b>425,308</b>	<b>378,379</b>	<b>3,475,022</b>
<b>Total liabilities and net assets</b>	<b>¥ 743,520</b>	<b>¥ 694,285</b>	<b>\$ 6,075,006</b>

	Yen		U.S. dollars (Note 1)
	2022	2021	2022
Amounts per share of common stock:			
Net assets	¥1,879.42	¥1,665.29	\$15.36

See accompanying notes.

## Consolidated Statement of Income and Comprehensive Income

Alps Alpine Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Net sales	¥802,854	¥718,013	\$6,559,801
Costs and expenses:			
Cost of sales (Notes 6 and 14)	664,054	603,524	5,425,721
Selling, general and administrative expenses (Notes 13 and 14)	103,592	101,378	846,409
	767,646	704,903	6,272,130
Operating income	35,208	13,109	287,671
Other income (expenses):			
Interest and dividend income	1,134	872	9,265
Subsidy income	372	1,095	3,039
Interest expense	(719)	(763)	(5,875)
Foreign exchange gains	4,500	430	36,768
Commission fee	(111)	(909)	(907)
Impairment losses (Note 16)	(2,121)	(417)	(17,330)
Extra retirement payments	(1,471)	—	(12,019)
Loss on product compensation (Note 18)	—	(6,813)	—
Others (Note 15)	1,876	(1,600)	15,328
	3,459	(8,105)	28,262
Income before income taxes	38,668	5,004	315,941
Income taxes (Note 19):			
Current income taxes	12,802	6,709	104,600
Deferred income taxes	491	(99)	4,012
	13,294	6,609	108,620
Net income (loss)	25,374	(1,604)	207,321
Net income (loss) attributable to owners of parent	22,960	(3,837)	187,597
Non-controlling interests in earnings of consolidated subsidiaries	2,413	2,232	19,716
Net income (loss)	25,374	(1,604)	207,321
Other comprehensive income (Note 25)			
Unrealized gains on securities	3,752	3,631	30,656
Foreign currency translation adjustments	24,312	16,659	198,644
Remeasurements of defined benefit plans	(1,180)	5,038	(9,641)
Total other comprehensive income	26,883	25,330	219,650
Total comprehensive income	¥ 52,258	¥ 23,725	\$426,979
Comprehensive income attributable to:			
Owners of parent	¥ 48,733	¥ 20,727	\$398,178
Non-controlling interests	3,524	2,997	28,793

	Yen		U.S. dollars (Note 1)
	2022	2021	2022
Amounts per share of common stock:			
Basic net income (loss) attributable to owners of parent per share	¥110.82	¥(18.72)	\$0.91
Diluted profit attributable to owners of parent per share	110.79	—	0.91
Cash dividends applicable to the year	20.00	20.00	0.16

See accompanying notes.

## Consolidated Statement of Changes in Net Assets

Alps Alpine Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2022 and 2021

	Shareholders' equity					Millions of yen
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	
<b>Balance at April 1, 2020</b>	219,281,450	¥38,730	¥126,544	¥206,491	¥(32,233)	
Dividends				(4,089)		
Net income (loss) attributable to owners of parent				(3,837)		
Purchase of treasury stock					(3)	
Disposal of treasury stock			(1,970)		5,840	
Changes in the fiscal year of consolidated subsidiaries						
Change in scope of consolidation				(62)		
Change in scope of equity method						
Change in shares of parent arising from transactions with non-controlling shareholders			17			
Changes in items other than shareholders' equity, net						
<b>Balance at March 31, 2021</b>	219,281,450	38,730	124,592	198,501	(26,396)	
Cumulative effects of changes in accounting policies				(217)		
Restated balance		<b>38,730</b>	<b>124,592</b>	<b>198,284</b>	<b>(26,396)</b>	
Dividends				(4,143)		
Net income (loss) attributable to owners of parent				<b>22,960</b>		
Purchase of treasury stock					(2)	
Disposal of treasury stock			(67)		179	
Changes in the fiscal year of consolidated subsidiaries						
Change in scope of consolidation				(4)		
Change in scope of equity method						
Change in shares of parent arising from transactions with non-controlling shareholders			25			
Changes in items other than shareholders' equity, net						
<b>Balance at March 31, 2022</b>	<b>219,281,450</b>	<b>¥38,730</b>	<b>¥124,549</b>	<b>¥217,097</b>	<b>¥(26,219)</b>	

	Accumulated other comprehensive income						Millions of yen
	Net unrealized gains on securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subscription rights to shares	Non-controlling interests	Total net assets
<b>Balance at April 1, 2020</b>	¥13,435	¥(496)	¥(18,214)	¥(9,792)	¥278	¥30,872	¥355,615
Dividends							(4,089)
Net income (loss) attributable to owners of parent							(3,837)
Purchase of treasury stock							(3)
Disposal of treasury stock							3,870
Changes in the fiscal year of consolidated subsidiaries							—
Change in scope of consolidation							(62)
Change in scope of equity method							—
Change in shares of parent arising from transactions with non-controlling shareholders							17
Changes in items other than shareholders' equity, net	3,623		15,937	5,003	(67)	2,372	26,869
<b>Balance at March 31, 2021</b>	17,058	(496)	(2,276)	(4,789)	210	33,244	378,379
Cumulative effects of changes in accounting policies							(217)
Restated balance	<b>17,058</b>	<b>(496)</b>	<b>(2,276)</b>	<b>(4,789)</b>	<b>210</b>	<b>33,244</b>	<b>378,161</b>
Dividends							(4,143)
Net income (loss) attributable to owners of parent							<b>22,960</b>
Purchase of treasury stock							(2)
Disposal of treasury stock							112
Changes in the fiscal year of consolidated subsidiaries							—
Change in scope of consolidation							(4)
Change in scope of equity method							—
Change in shares of parent arising from transactions with non-controlling shareholders							25
Changes in items other than shareholders' equity, net	3,745		23,173	(1,146)	(30)	2,456	28,199
<b>Balance at March 31, 2022</b>	<b>¥20,803</b>	<b>¥(496)</b>	<b>¥ 20,897</b>	<b>¥(5,935)</b>	<b>¥180</b>	<b>¥35,701</b>	<b>¥425,308</b>

**Consolidated Statement of Changes in Net Assets**Alps Alpine Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2022 and 2021

Thousands of U.S. dollars (Note 1)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Treasury stock
<b>Balance at March 31, 2021</b>	\$316,447	\$1,017,992	\$1,621,873	\$(215,671)
Cumulative effects of changes in accounting policies			(1,773)	
Restated balance	<b>316,447</b>	<b>1,017,992</b>	<b>1,620,100</b>	<b>(215,671)</b>
Dividends			(33,851)	
Net income (loss) attributable to owners of parent			<b>187,597</b>	
Purchase of treasury stock				(16)
Disposal of treasury stock		(547)		<b>1,463</b>
Changes in the fiscal year of consolidated subsidiaries				
Change in scope of consolidation			(33)	
Change in scope of equity method				
Change in shares of parent arising from transactions with non-controlling shareholders		204		
Changes in items other than shareholders' equity, net				
<b>Balance at March 31, 2022</b>	<b>\$316,447</b>	<b>\$1,017,640</b>	<b>\$1,773,813</b>	<b>\$(214,225)</b>

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income						
	Net unrealized gains on securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subscription rights to shares	Non-controlling interests	Total net assets
<b>Balance at March 31, 2021</b>	\$139,374	\$(4,053)	\$ (18,596)	\$(39,129)	\$1,716	\$271,623	\$3,091,584
Cumulative effects of changes in accounting policies							(1,773)
Restated balance	<b>139,374</b>	<b>(4,053)</b>	<b>(18,596)</b>	<b>(39,129)</b>	<b>1,716</b>	<b>271,623</b>	<b>3,089,803</b>
Dividends							(33,851)
Net income (loss) attributable to owners of parent							<b>187,597</b>
Purchase of treasury stock							(16)
Disposal of treasury stock							<b>915</b>
Changes in the fiscal year of consolidated subsidiaries							—
Change in scope of consolidation							(33)
Change in scope of equity method							—
Change in shares of parent arising from transactions with non-controlling shareholders							<b>204</b>
Changes in items other than shareholders' equity, net	<b>30,599</b>		<b>189,337</b>	<b>(9,364)</b>	<b>(245)</b>	<b>20,067</b>	<b>230,403</b>
<b>Balance at March 31, 2022</b>	<b>\$169,973</b>	<b>\$(4,053)</b>	<b>\$170,741</b>	<b>\$(48,493)</b>	<b>\$1,471</b>	<b>\$291,699</b>	<b>\$3,475,022</b>

## Consolidated Statement of Cash Flows

Alps Alpine Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 38,668	¥ 5,004	\$ 315,941
Depreciation and amortization	45,705	41,336	373,437
Impairment losses	2,121	417	17,330
Interest and dividend income	(1,134)	(872)	(9,265)
Net loss (gain) on sales and disposal of fixed assets	(1,261)	426	(10,303)
Decrease (increase) in trade and other receivables	11,084	(14,737)	90,563
Decrease (increase) in inventories	(28,834)	9,151	(235,591)
Increase (decrease) in trade and other payables	(9,594)	7,074	(78,389)
Increase (decrease) in accrued expenses	(7,089)	5,922	(57,921)
Increase (decrease) in defined benefit liabilities	(1,024)	(1,978)	(8,367)
Increase in accrued product warranties	(1,501)	(464)	(12,264)
Others	(3,803)	(2,204)	(31,073)
Subtotal	43,334	49,076	354,065
Interest and dividend received	1,142	707	9,331
Interest paid	(731)	(758)	(5,973)
Income taxes paid	(9,439)	(6,389)	(77,122)
Net cash provided by operating activities	34,304	42,636	280,284
<b>Cash flows from investing activities:</b>			
Increase in time deposits	(1,183)	(1,214)	(9,666)
Acquisition of property, plant and equipment	(39,182)	(31,471)	(320,141)
Acquisition of intangible assets	(9,014)	(6,493)	(73,650)
Proceeds from sales of property, plant and equipment	2,912	968	23,793
Proceeds from sales of investment securities	1,059	87	8,653
Others	(98)	(3,041)	(801)
Net cash used in investing activities	(45,507)	(41,165)	(371,820)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term loans payable	(6,462)	20,060	(52,798)
Proceeds from long-term loans payable	1,800	25,103	14,707
Repayment of long-term loans payable	(2,028)	(28,084)	(16,570)
Cash dividends paid	(4,143)	(4,089)	(33,851)
Cash dividends paid to non-controlling interests	(1,134)	(596)	(9,265)
Repayments of lease obligations	(1,703)	(1,573)	(13,915)
Others	132	3,696	1,079
Net cash provided by (used in) financing activities	(13,539)	14,515	(110,622)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>11,291</b>	<b>7,308</b>	<b>92,254</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(13,450)</b>	<b>23,294</b>	<b>(109,895)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>151,748</b>	<b>128,217</b>	<b>1,239,873</b>
Beginning balance in cash and cash equivalents resulting from newly consolidation of subsidiaries	191	—	1,561
Net increase in cash and equivalent resulting from merger of non-consolidated subsidiaries	—	236	—
<b>Cash and cash equivalents at end of year (Note 20)</b>	<b>¥138,489</b>	<b>¥151,748</b>	<b>\$1,131,539</b>

See accompanying notes.

# Notes to Consolidated Financial Statements

Alps Alpine Co., Ltd. and Consolidated Subsidiaries

## 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Alps Alpine Co., Ltd. (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the accompanying consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The accompanying consolidated financial statements are stated in Japanese yen. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan at the prevailing exchange rate on March 31, 2022, which was ¥122.39 to U.S. \$1.00.

The translation should not be construed as a representation that the Japanese yen could be converted into U.S. dollars at the above or any other rate of exchange.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and substantially all of its subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation.

### (b) Equity method

Investments in affiliated companies are accounted for by the equity method.

### (c) Cash equivalents

In preparing the accompanying consolidated statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### (d) Investment securities

Investment securities other than those in subsidiaries and affiliated companies are classified into three categories: held-to-maturity or other securities. Marketable securities classified as other securities are carried at fair value with any changes in unrealized gain or loss, net of income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

### (e) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on collection. The allowance consists of the estimated uncollectible amounts with respect to specific receivables plus a percentage based on historical credit losses.

### (f) Inventories

Inventories are principally stated at the lower of average cost or net realizable value.

### (g) Property, plant and equipment and depreciation (excluding leased assets)

Property, plant and equipment is stated at cost. The Company and its consolidated subsidiaries compute depreciation of property, plant and equipment mainly by the straight-line method over the estimated useful lives of the respective assets. Certain domestic consolidated subsidiaries apply the declining-balance method, except with respect to certain buildings, at rates based on their respective estimated useful lives. Depreciation of buildings purchased on or after April 1, 1998 and facilities attached to buildings and other non-building structures purchased on or after April 1, 2016 is computed by the straight-line method.

The estimated useful lives are summarized as follows:

Buildings and structures	2–80 years
Machinery and equipment	1–20 years

### (h) Intangible assets and amortization (excluding leased assets)

Intangible assets consist of software and goodwill. Goodwill means the net excess of the acquisition cost of the Company’s investments in consolidated subsidiaries over the fair value of the net assets of those companies and is amortized by the straight-line method over a period of 5 years. Software for internal use is amortized by the straight-line method over its estimated useful lives ranging from 2 to 10 years. Software for sale to the market is amortized at the greater of either the amount based on sales in the year, as a proportion of total estimated sales, or the amount calculated on a straight-line basis over the remaining salable period.

### (i) Leased assets

Assets held under finance leases, which transfer the ownership of the leased assets to the lessees, are depreciated by the same method as used for their own property, plant and equipment.

Assets held under finance leases, except those leases which transfer the ownership of the leased assets to the lessees, are depreciated by the straight-line method over their useful lives, which are the same as the term of the lease.

In addition, certain foreign consolidated subsidiaries apply International Financial Reporting Standards 16 “Leases” (hereinafter referred to “IFRS 16”). Based on IFRS 16, all leases held by lessees are recognized as assets and liabilities on balance sheet in principle, the capitalized right-of-use assets is amortized by the straight-line method.

**(j) Foreign currency translation****Foreign currency transactions**

All financial assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

**Foreign currency financial statements**

The assets and liabilities of the foreign consolidated subsidiaries are translated into Japanese yen at current exchange rates prevailing at the balance sheet date. Revenue and expense accounts are translated at the average exchange rates prevailing during the year. Foreign currency translation adjustments are included in net assets.

**(k) Accrued employees' bonuses**

Accrued employees' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for services rendered by employees by that date.

**(l) Accrued directors' bonuses**

Accrued directors' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for services rendered by directors by that date.

**(m) Accrued product warranties**

Accrued product warranties are recognized for specific claims on goods sold. In addition, for sales not subject to accrual for specific warranty claims, accrual for product warranties are estimated based on historical experience of the ratio of warranty claims incurred against net sales in the corresponding fiscal year.

**(n) Retirement benefits**

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Actuarial gain or loss is amortized by the straight-line method over a period within the average remaining years of service of the eligible employees (mainly from 12 to 15 years) from the fiscal year following the respective fiscal year of recognition. Prior service cost is amortized by the straight-line method over a period within the average remaining years of service of the eligible employees (mainly 1 year).

Unrecognized actual gains and losses and unrecognized prior service cost are recorded in net assets, adjusted for tax effects as remeasurements of defined benefit plans in accumulated other comprehensive income.

**(o) Accrued directors' severance costs**

Certain domestic consolidated subsidiaries provide accrued directors' severance cost based on their internal corporate policies.

**(p) Allowance for environmental preservation costs**

Allowance for environmental preservation costs is provided at the estimated amount needed to restore certain land from soil pollution and to dispose of polluted soil and poisonous material.

**(q) Revenue recognition criteria for major businesses**

The Company and its consolidated subsidiaries have applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) and recognize revenue at the amount expected to be entitled in exchange for goods or services when the control of the promised goods or services is passed to a customer.

Regarding revenue arising from contracts with customers of the Group, the details of the main performance obligations in main business and the ordinary time when such performance obligations are satisfied (ordinary time when revenue is recognized) are disclosed in Note "27. REVENUE RECOGNITION 2. Basic information on revenue recognized arising from contracts with customers."

**(r) Basis for revenue recognition on finance leases**

The Company, as a lessor, recognizes sales at the amount of lease income and cost of sales at the amount of lease income less interest at the time the Company receives the lease fee.

**(s) Income taxes**

Deferred tax assets and liabilities are recorded based on the temporary differences between the tax bases of assets and liabilities and their reported amounts in the accompanying consolidated financial statements using the enacted tax rates in effect for the years in which the temporary differences are expected to reverse. Deferred tax assets are also recognized for the estimated future tax effects attributable to tax loss carryforwards. A valuation allowance is recorded to reduce deferred tax assets if it is more likely than not that some or all of the deferred tax assets will not be realized.

**(t) Amounts per share of common stock**

Basic net income per share is computed based on the net income attributable to owners of parent and the weighted average number of shares outstanding during the year. Diluted net income per share is computed based on the net income attributable to owners of parent and the weighted average number of shares outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

Net assets per share are computed based on the net assets excluding share subscription rights and non-controlling interests and the number of shares of common stock outstanding at the year end.

Cash dividends per share of common stock reflect the actual amounts declared for each of the fiscal years.

**(u) Derivative financial instruments**

In the normal course of business, the Company and its consolidated subsidiaries enter into various derivative transactions to manage their exposure to risks arising from fluctuations in foreign currency exchange rates. The Company and its consolidated subsidiaries generally recognize all derivatives in the balance sheet at fair value.

#### Changes in the fair value of derivatives

Changes in the fair value of forward foreign exchange contracts designated as hedges of recognized assets or liabilities are recognized in earnings and losses. Changes in the fair value of these derivatives which are designated as hedges of forecasted transactions are deferred until the corresponding hedged transactions are recognized in earnings and losses.

#### (v) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

#### (w) Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system

The Company and certain of its consolidated subsidiaries will transit from consolidated taxation system to group tax sharing system from the next fiscal year.

As for the items subject to the transition to the group tax sharing system established under the “Act on Partial Revision of the Income Tax Act, etc.” (Act No.8 of 2020), as well as the items reviewed under the non-consolidated taxation system in conjunction with the transition to the group tax sharing system, the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (Accounting Standards Board of Japan “ASBJ” Guidance No. 28, issued on February 16, 2018) are not adopted in accordance with the treatment under Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No.39, issued on March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are calculated based on the provisions of the Income Tax Act before the revision.

The Company and certain of its consolidated subsidiaries will adopt the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, issued on August 12, 2021) from the beginning of the next fiscal year, which clarifies the accounting and disclosure treatment of corporate and local income taxes and tax effect accounting in the case of applying the group tax sharing system.

#### (x) Reclassifications

Certain prior-year amounts have been reclassified to conform to the current year’s presentation.

### 3. CHANGES IN ACCOUNTING POLICIES

#### (a) Application of the Accounting Standard for Revenue Recognition

The Company and its consolidated subsidiaries have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020 (hereinafter “Revenue Recognition Standards”)) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022, and recognize revenue at the amount expected to be entitled in exchange for goods or services when the control of the promised goods or services is passed to a customer.

This application mainly affects to certain consolidated subsidiaries in the Car Infotainment Segment that identify the map update service, which is bundled as a part of car navigation products, as a distinct performance obligation apart from the goods sales, and accordingly recognize revenue as the performance obligations are satisfied over the period of providing the map update service.

In addition, they identify a part of warranty service pertaining to the goods sales, which has the nature of additional warranty service, as a distinct obligation apart from the goods sales, and accordingly recognize revenue as the performance obligations will be satisfied over the additional warranty period.

With regard to the application of the Revenue Recognition Standards, in accordance with the transitional treatment stipulated in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the fiscal year ended March, 2022, has been added to or deducted from retained earnings as of the beginning of the fiscal year ended March, 2022, and the new accounting policy has been applied from the beginning of the fiscal year ended March 31, 2022. In addition, the Company has applied the method stipulated in the proviso (1) to paragraph 86 of the Accounting Standard for Revenue Recognition. Any changes in contracts made prior to the beginning of the fiscal year ended March 31, 2022, were accounted for based on the contract conditions after applying all changes and the cumulative effect has been added to or deducted from retained earnings as of the beginning of the fiscal year ended March 31, 2022.

As a result, for the year ended March 31, 2022, sales increased by ¥1 million (\$8 thousand), cost of sales increased by ¥31 million (\$253 thousand), SG&A decreased by ¥79 million (\$645 thousand), operating income, ordinary income and income before income taxes increased by ¥49 million (\$400 thousand), respectively. The beginning balance of retained earnings decreased by ¥217 million (\$1,773 thousand).

The impact on per share information is described in “28. PER SHARE INFORMATION.”

In accordance with the transitional treatment stipulated in the paragraph 89-3 of “Accounting Standard for Revenue Recognition,” the Company does not disclose the disaggregation of the revenue from contracts with customers for the year ended March 31, 2021.

**(b) Application of Accounting Standard for Fair Value Measurement**

“Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as “Fair Value Measurement Standard”), etc. have been applied from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in Paragraph 19 of Fair Value Measurement Standard and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019), the new accounting policies set forth in Fair Value Measurement Standard, etc., have been applied from the beginning of the fiscal year ended March 31, 2022 prospectively. In addition, there was no impact on the consolidated financial statements.

The breakdown of the fair value of financial instruments by level is disclosed in “21. FINANCIAL INSTRUMENTS.” In accordance with the transitional treatment stipulated in paragraph 7-4 of “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), the Company does not disclose the related notes for the year ended March 31, 2021.

**4. SIGNIFICANT ACCOUNTING ESTIMATES****(a) Impairment of fixed assets**

(1) Amounts related to significant accounting estimates for the years ended March 31, 2022 and 2021

Automotive module business in the electronic components segment

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Impairment loss	¥ —	¥ —	\$ —
Fixed assets	29,608	27,058	241,915

Information communicating equipment business in the automotive infotainment segment

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Impairment loss	¥ —	¥ —	\$ —
Fixed assets	24,739	24,545	202,133

Although no impairment loss was recorded, this item has been disclosed because it may have significant impact on the consolidated financial statements in the next fiscal year.

(2) Key information of significant accounting estimates

1) Calculation method

The Group identified indications that asset groups in the automotive module business in the electronic components segment and in the information communicating equipment business in the automotive infotainment segment might be impaired because consecutive losses from operating activities were recorded. However, no impairment loss was recognized because undiscounted future cash flows exceeded the book value of the asset group.

The undiscounted future cash flows are based on these applicable business plans and are calculated over the economic remaining years of machinery and equipment, which are approximately 4.5 years in the automotive module business in the electronic components segment and approximately 6 years in the information communicating equipment business in the automotive infotainment segment. These business plans are made mainly from forecast of orders summarized by the clients and products, estimated marginal profit rate and fixed cost. In addition, we are considering factors such as the spread of the novel coronavirus infection, the reduction in production of customers due to the prolonged shortage of semiconductors and other parts, soaring prices of parts, and soaring logistics costs due to supply chain disruptions.

2) Significant assumptions

Significant assumptions used in estimates and judgments of undiscounted future cash flows are the order forecasts from customers and the marginal profit ratio. In the automotive module business in the electronic components segment and in the information communicating equipment business in the automotive infotainment segment, the order forecasts are based on the current status of negotiations with customers and stage of product development. The Group also utilizes information about global automotive sales forecasts from external research companies. The marginal profit ratio is determined based on actual historical trends.

Machinery and equipment, which are the main assets of the information communicating equipment business in the automotive infotainment segment, have a relatively long economic remaining years due to the high proportion of general-purpose equipment that is not affected by specific product life cycles. Long-term order forecasts are prepared considering the status of achievement of actual orders against past order forecasts because there is uncertainty regarding the future sales forecasts of next-generation models to be sold after the end of sales of current models of genuine products to OEMs.

3) Effect on the consolidated financial statements in the next fiscal year

If order forecasts are lower than expected, or if the marginal profit ratio decreases compared to past performance trends, an impairment loss may be recognized in the next fiscal year.

**(b) Recoverability of deferred tax assets**

(1) Amounts related to significant accounting estimates for the years ended March 31, 2022 and 2021

The Company recognized net deferred tax assets as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Net deferred tax assets	¥5,224	¥5,330	\$42,683
Deferred tax assets before netting with deferred tax liability	5,595	6,068	45,715

Including amounts above, deferred tax assets in the consolidated financial statements were ¥6,938 million and ¥6,367 million (\$52,022 thousand) at March 31, 2021 and 2022, respectively.

## (2) Key information of significant accounting estimates

## 1) Calculation method

The Company estimated taxable income for the following year based on the future profitability in determining the recoverability of deferred tax assets for deductible temporary differences and tax loss carryforwards. The estimates of taxable income are based on the business plans, as well as transaction prices between group companies. The business plans are compiled from estimates of sales volume and sales prices to major customers, expected operating profit ratio, fixed costs to the sales volume and exchange rate. In addition, factors are being considered such as the spread of the novel coronavirus infection in each market, the reduction in production of customers due to the prolonged shortage of semiconductors and other parts, soaring prices of parts, and soaring logistics costs due to supply chain disruptions. The transaction prices among group companies are set for each consolidated subsidiary, considering transfer pricing taxation in each country.

## 2) Significant assumptions

Significant assumptions in the business plans that underlie future taxable income are sales forecasts for each business, the transaction prices among group companies, and operating profit ratio. The sales forecasts are based on order forecast data from major customers and conditions of negotiation. The operating profit ratio is determined by estimating the cost in proportion to the sales volume expected from the historical data. The transaction prices among group companies, a basis for preparing estimates of taxable income, are determined based on the consolidated operating results and past performance, considering transfer pricing taxation in each country.

## 3) Effect on the consolidated financial statements in the next fiscal year

Deferred tax assets may decrease or increase if the sales forecasts for each business decrease or increase more than anticipated, or if the operating margin decreases or increases compared to past performance trends in the next fiscal year.

## 5. INVESTMENT SECURITIES

Securities classified as other securities at March 31, 2022 and 2021 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2022			2022		
	Fair value	Cost	Unrealized gains (losses)	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:						
Equity securities	¥41,691	¥ 6,912	¥34,778	\$340,641	\$56,475	\$284,157
Securities for which cost exceeds fair value:						
Equity securities	2,837	3,924	(1,087)	23,180	32,061	(8,881)
Total	¥44,528	¥10,836	¥33,691	\$363,821	\$88,537	\$275,276

	Millions of yen		
	2021		
	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:			
Equity securities	¥39,769	¥10,870	¥28,898
Securities for which cost exceeds fair value:			
Equity securities	61	88	(26)
Total	¥39,830	¥10,958	¥28,871

Note: Non-marketable securities and other at March 31, 2022 and 2021 in the amounts of ¥874 million (\$7,141 thousand) and ¥482 million, respectively, have been excluded from the above table because it is extremely difficult to determine the fair value.

Proceeds from sales of securities classified as other securities for the years ended March 31, 2022 and 2021 were ¥1,056 million (\$8,628 thousand) and ¥62 million, respectively.

Gross realized gains and losses for the year ended March 31, 2022 were ¥929 million (\$7,590 thousand) and nil, respectively. Gross realized gains and losses for the year ended March 31, 2021 were ¥32 million and nil, respectively.

The impairment losses of ¥170 million (\$1,389 thousand) and ¥304 million on securities for the years ended March 31, 2022 and 2021 were recorded for the shares of affiliated companies at ¥149 million (\$1,217 thousand) and nil, for non-marketable equity securities at ¥21 million (\$172 thousand) and ¥304 million, respectively.

As for securities whose fair values at the year-end are less than 70% of the acquisition costs deemed to be unrecoverable, the impairment losses are recognized in principle.

## 6. INVENTORIES

Inventories at March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Merchandise and finished goods	¥ 69,616	¥56,035	\$ 568,805
Work in process	13,739	11,436	112,256
Raw materials and supplies	50,045	28,306	408,898
	¥133,401	¥95,778	\$1,089,967

The following (gain) loss on valuation of inventories is included in the cost of sales for the years ended March 31, 2022 and 2021, respectively:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
(Gain) loss on valuation of inventories	¥1,662	¥97	\$13,580

## 7. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS

Average interest rates for short-term borrowings, consisting primarily of overdrafts with banks, were 0.89% and 0.48% at March 31, 2022 and 2021, respectively.

Long-term borrowings at March 31, 2022 and 2021 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Loans principally from banks and insurance companies due over 1 year at average interest rates of 0.29% and 0.28% at March 31, 2022 and 2021, respectively	¥56,234	¥67,068	\$459,466
Loans principally from banks and insurance companies due within 1 year at average interest rates of 0.23% and 0.28% at March 31, 2022 and 2021, respectively	12,441	1,816	101,650
	¥68,675	¥68,884	\$561,116

The aggregate annual maturities of long-term borrowings subsequent to March 31, 2022 and 2021 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2022	2022
2023	¥12,441	\$101,650
2024	31,361	256,238
2025	173	1,414
2026	23,700	193,643
2027	1,000	8,171
2028 and thereafter	—	—
Total	¥68,675	\$561,116

Year ending March 31	Millions of yen
	2021
2022	¥ 1,816
2023	12,599
2024	31,225
2025	42
2026	23,200
2027 and thereafter	—
Total	¥68,884

## 8. RETIREMENT BENEFITS

The Company and certain consolidated subsidiaries have defined benefit plans, including a multi-employer corporate pension plan, a defined benefit corporate pension plan and lump-sum payment plans.

According to the Company's rules, employees may, in the event of involuntary retirement, be entitled to additional payments of retirement benefits, which are not reflected in the actuarial calculation of the projected benefit obligations.

The Company and certain of its consolidated subsidiaries have defined contribution pension plans.

In addition, a foreign consolidated subsidiary has a public pension plan.

### Defined benefit plans

(1) The changes in the defined benefit liabilities for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Defined benefit liabilities, beginning balance	¥67,744	¥68,284	\$553,509
Service cost	2,626	2,839	21,456
Interest cost	448	279	3,660
Actuarial gain or loss	296	470	2,418
Retirement benefits paid	(4,421)	(4,464)	(36,122)
Other	60	334	490
Defined benefit liabilities, ending balance	¥66,754	¥67,744	\$545,420

(2) The changes in plan assets for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Plan assets, beginning balance	¥54,340	¥49,468	\$443,991
Expected return on plan assets	2,065	1,899	16,872
Actuarial gain or loss	(2,056)	4,034	(16,799)
Employer contributions	1,954	2,740	15,965
Retirement benefits paid	(4,005)	(4,084)	(32,723)
Other	(111)	280	(907)
Plan assets, ending balance	¥52,186	¥54,340	\$426,391

(3) The amounts recognized in the consolidated balance sheet as of March 31, 2022 and 2021 consist of:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Funded defined benefit liabilities	¥ 66,045	¥ 67,092	\$ 539,627
Plan assets at fair value	(52,186)	(54,340)	(426,391)
Funded status	13,858	12,752	113,228
Unfunded defined benefit liabilities	709	652	5,793
Liability in the balance sheet, net	¥ 14,568	¥ 13,404	\$ 119,029
Defined benefit liabilities	¥ 14,616	¥ 13,404	\$ 119,422
Asset for retirement benefit	(48)	—	(392)
Liability in the balance sheet, net	14,568	13,404	119,029

(4) The amounts recognized in the consolidated statement of income for the years ended March 31, 2022 and 2021 consist of:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Service cost	¥ 2,626	¥ 2,839	\$ 21,456
Interest cost	448	279	3,660
Expected return on plan assets	(2,065)	(1,899)	(16,872)
Amortization of actuarial loss	1,252	1,528	10,230
Amortization of prior service cost	(106)	(10)	(866)
Other	89	91	727
Periodic pension cost for defined benefit plan	¥ 2,244	¥ 2,829	\$ 18,335

(5) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Prior service cost	¥ 106	¥ 18	\$ 866
Actuarial gain and loss	1,099	(5,092)	8,979
Total	¥1,206	¥(5,074)	\$9,854

(6) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Unrecognized prior service cost	¥ 128	¥ 21	\$ 1,046
Unrecognized actuarial losses	5,872	4,816	47,978
Total	¥6,000	¥4,838	\$49,024

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2022 and 2021 comprised the following:

	2022	2021
Bonds	45.0%	59.7%
Stocks	15.6%	1.2%
Insurance	26.6%	19.3%
Cash and cash equivalents	9.2%	15.5%
Alternative (*)	3.4%	3.2%
Other	0.2%	1.0%
Total	100.0%	100.0%

\* Alternative included investments in funds of hedge funds and multi assets.

(8) The principal actuarial assumptions used in accounting for the defined benefit plans for the years ended March 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	Mainly 0.5%	Mainly 0.5%
Expected rate of return on plan assets	Mainly 4.0%	Mainly 4.0%
Estimated rate of salary increase	Mainly 1.9%	Mainly 1.9%

The expected rate of return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

#### Multi-employer plans

One of the Company's domestic consolidated subsidiaries participates in a multi-employer defined benefit pension plan and recognizes as net pension cost the related required contributions for the period. Information regarding the multi-employer pension plan for the years ended March 31, 2022 and 2021 is summarized as follows:

(1) Funded status

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Pension assets	¥7,279	¥7,263	\$59,474
Pension liabilities	5,804	5,371	47,422
Funded status	¥1,474	¥1,892	\$12,043

(2) Number of employees of the Company's consolidated subsidiary participating in the multi-employer pension plan as a percentage of total participants in the plan

2022	2021
1.26%	1.10%

#### Defined contribution plans

The amounts paid to the defined contribution plans for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Defined contribution plan payment	¥811	¥695	\$6,626

## 9. CONTINGENT LIABILITIES

The Company and certain of its consolidated subsidiaries have entered into loan commitment agreements amounting to ¥43,500 million (\$355,421 thousand) and ¥73,500 million with financial institutions at March 31, 2022 and 2021 respectively. The outstanding loans payable amounted to nil at March 31, 2022 and 2021. The unused balances amounted to ¥43,500 million (\$355,421 thousand) and ¥73,500 million at March 31, 2022 and 2021, respectively.

## 10. NET ASSETS

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the stockholders, or by the Board of Directors if certain conditions are met.

**Shares in Issue and Outstanding and Treasury Stock**

The total number and periodic changes in the number of shares in issue and the total number and periodic changes in the number of shares of treasury stock for the years ended March 31, 2022 and 2021 are summarized as follows:

	Shares in Issue and Outstanding (Thousands)	Treasury Stock (Thousands)
Number of shares at March 31, 2020	219,281	14,837
Increase in number of shares	—	2
Decrease in number of shares	—	2,683
Number of shares at March 31, 2021	219,281	12,156
Increase in number of shares	—	2
Decrease in number of shares	—	82
Number of shares at March 31, 2022	<b>219,281</b>	<b>12,076</b>

During the year ended March 31, 2022, the increase of 2 thousand shares of treasury stock consists of the purchase shares of odd-shares.

The decrease of 82 thousand shares of treasury stock consists of the disposal of 69 thousand shares as granting restricted shares and the exercise of stock options rights of 13 thousand shares.

During the year ended March 31, 2021, the increase of 2 thousand shares of treasury stock consists of the purchase shares of odd-shares.

The decrease of 2,683 thousand shares of treasury stock consists of the disposal of 2,600 thousand shares as a third-party allotment, the disposal of 52 thousand shares as granting restricted shares and the exercise of stock options rights of 29 thousand shares.

**Stock subscription rights**

The total number and periodic changes in the number of stock subscription rights for the year ended March 31, 2022 are summarized as follows:

Stock subscription rights of stock options

Company name	ALPS ALPINE CO., LTD.	ALPS LOGISTICS CO., LTD.
Class of stock	—	—
Number of shares at March 31, 2021	—	—
Increase in number of shares	—	—
Decrease in number of shares	—	—
Number of shares at March 31, 2022	—	—
Ending balance at March 31, 2022 (Millions of yen)	¥127	¥53

**Dividends**

The following appropriations of cash dividends, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2022, was approved at the ordinary general meeting of shareholders on June 23, 2022 and will go into effect on June 24, 2022:

	Millions of yen	Thousands of U.S. dollars
Cash dividends to be approved on June 23, 2022 (¥10.00 = \$0.08 per share)	¥2,072	\$16,929

The following appropriations of cash dividends to shareholders of common stock were approved at the ordinary general meeting of shareholders held on June 25, 2021 and at the meeting of the Board of Directors held on October 28, 2021 and were paid to shareholders of record as of March 31, 2021 and September 30, 2021, respectively, during the year ended March 31, 2022:

	Millions of yen
Cash dividends approved on June 25, 2021 (¥10.00 per share)	¥2,071
Cash dividends approved on October 28, 2021 (¥10.00 per share)	¥2,072

**11. REVALUATION OF LAND**

On March 31, 2002, the Company revalued its land held for business purposes in accordance with the “Law on Land Revaluation.” The method followed for this land revaluation was determined in accordance with the “Enforcement Act Concerning Land Revaluation.” Differences arising from the land revaluation have been accounted for as revaluation reserve for land under net assets.

The excesses of the carrying value of this land after the revaluation over its fair value as of March 31, 2022 and 2021 were ¥911 million (\$7,443 thousand) and ¥904 million, respectively.

## 12. REDUCTION ENTRY

The amount of the accumulated reduction entry as of March 31, 2022 and 2021 for tangible fixed assets deducted from the acquisition cost of tangible fixed assets due to government subsidies, etc. are as follows:

Accumulated reduction entry as of March 31, 2022 and 2021	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Buildings and structures	¥294	¥294	\$2,402
Machinery and equipment	37	42	302
Tools, furniture and fixtures	0	0	0
Total	¥332	¥337	\$2,713

## 13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major items included in selling, general and administrative expenses for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Salaries	¥36,732	¥35,464	\$300,123
Research and development expenses	17,731	18,189	144,873
Commission expenses	12,065	11,293	98,578
Employees' bonuses	4,402	3,895	35,967
Retirement benefit expenses	1,092	1,129	8,922
Warranty costs	183	1,512	1,495

## 14. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in cost of sales and general and administrative expenses were ¥30,688 million (\$250,739 thousand) and ¥31,085 million for the years ended March 31, 2022 and 2021, respectively.

## 15. OTHER INCOME (EXPENSES)

The components of other, net, in the accompanying consolidated statement of income and comprehensive income for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Depreciation of inactive non-current assets	¥ (656)	¥ (738)	\$ (5,360)
Gain on sale of fixed assets	1,748	250	14,282
Gain on sale of investment securities	929	32	7,590
Insurance income	161	748	1,315
Loss on sale and disposal of fixed assets	(486)	(677)	(3,971)
Gain on step acquisitions	—	108	—
Foreign withholding tax	—	(697)	—
Write-offs of investment securities	—	(304)	—
Other	180	(322)	1,472
	¥ 1,876	¥(1,600)	\$15,328

## 16. IMPAIRMENT LOSSES ON FIXED ASSETS

In accordance with the accounting treatment for the impairment of fixed assets, the Company determined asset groups based on the categories used for managerial accounting considering the relevance of product categories and production processes. With respect to idle assets, leased assets and scheduled disposal assets, each asset is treated as an individual unit when applying the accounting treatment for impairment of fixed assets because cash inflows and outflows can be measured at the asset level.

The Company recognized impairment losses on the following asset groups during the year ended March 31, 2022.  
The amount of impairment losses recognized by the Company during the year ended March 31, 2021 was immaterial.

Location	Use	Asset type	Millions of	Thousands of
			yen	U.S. dollars
			2022	2022
Japan	Scheduled disposal assets	Machinery & equipment etc.	¥1,355	\$11,071
	Idle assets	Land, Buildings and structures etc.	325	2,655
China	Scheduled disposal assets	Buildings and structures etc.	439	3,587
Total			¥2,121	\$17,330

With respect to idle assets and scheduled disposal assets, whose fair value declined or whose future use had not been determined, the Company reduced the book value of those assets to their respective recoverable amounts and recognized impairment losses as other expenses.

The recoverable amounts of scheduled disposal assets which plan to be sold were estimated as sales value, and other scheduled disposal assets were determined as zero.

The recoverable amounts of idle assets were determined at fair value estimated based on the real estate appraisal standards.

The impairment losses mentioned above for the year ended March 31, 2022 include the losses of ¥439 million (\$3,587 thousand) on the buildings and structures booked due to the end of production of TIANJIN ALPS ELECTRONICS CO., LTD.

## 17. EXTRA RETIREMENT PAYMENTS

There were no “Extra retirement payments” recognized for the year ended March 31, 2021.

During the year ended March 31, 2022, production at the factory of TIANJIN ALPS ELECTRONICS CO., LTD., a consolidated subsidiary of the Company has ended. Accordingly, the amount of economic compensation paid to employees is recorded as “Extra retirement payments” of ¥1,471 million (\$12,019 thousand).

## 18. LOSS ON PRODUCT COMPENSATION

For the certain automotive component products that the Company had manufactured and sold in the past, quality defects occurred in automobiles in which the customer installed the products. Accordingly, the Company has recorded “Loss on product compensation” of ¥6,813 million for the year ended March 31, 2021 as the share of the market measure costs that the Company will bear related to these quality defects.

There were no such “Loss on product compensation” recognized for the year ended March 31, 2022.

## 19. INCOME TAXES

The Company is subject to a number of taxes in Japan based on income, which, in the aggregate, resulted in a statutory tax rate of approximately 30.4% for the years ended March 31, 2022 and 2021, respectively.

The following table summarizes the reconciliations between the statutory tax rates and the Company’s effective tax rates reflected in the accompanying consolidated statement of income and comprehensive income for the years ended March 31, 2022 and 2021:

	2022	2021
Statutory tax rates	30.4%	30.4%
Lower tax rates at foreign subsidiaries	(3.7)	(33.0)
Change in valuation allowance	(5.7)	137.7
Retained profit of overseas subsidiaries	5.1	37.8
Non-deductible expenses	1.6	6.0
Effect of mutual agreement	—	(40.2)
Corporation tax refund	(0.1)	(8.2)
Corporation tax surcharge	4.8	4.7
Expiration of tax loss carryforwards	2.3	—
Other	(0.3)	(3.1)
	34.4%	132.1%

The significant components of deferred tax assets and liabilities at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets:			
Accrued employees' bonuses	¥ 2,931	¥ 2,862	\$ 23,948
Accrued warranty costs	1,086	1,273	8,873
Allowance for doubtful accounts	58	320	474
Accrued income taxes	485	163	3,963
Accrued expenses	1,577	3,137	12,885
Defined benefit liabilities	2,935	2,827	23,981
Depreciation	9,685	8,576	79,132
Impairment losses for land	1,159	1,163	9,470
Intercompany profit	4,505	3,776	36,809
Loss on valuation of investment securities	974	922	7,958
Loss on valuation of inventories	1,767	1,472	14,437
Tax loss carryforwards (Note 2)	20,635	23,899	168,600
Other	7,013	6,181	57,300
Gross deferred tax assets	54,818	56,571	447,896
Valuation allowance for tax loss carryforwards	(19,962)	(22,922)	(163,102)
Valuation allowance for deductible temporary differences	(13,932)	(13,123)	(113,833)
Total valuation allowance (Note 1)	(33,894)	(36,045)	(276,934)
Less deferred tax liabilities in the same tax jurisdiction	(14,555)	(13,586)	(118,923)
Total deferred tax assets	6,367	6,938	52,022
Deferred tax liabilities:			
Unrealized gain on investment securities	(8,325)	(8,437)	(68,020)
Undistributed retained earnings of foreign subsidiaries	(7,712)	(6,573)	(63,012)
Accelerated depreciation of property, plant and equipment	(1,720)	(1,145)	(14,053)
Other	(933)	(1,162)	(7,623)
Gross deferred tax liabilities	(18,691)	(17,317)	(152,717)
Less deferred tax assets in the same tax jurisdiction	14,555	13,586	118,923
Total deferred tax liabilities	(4,136)	(3,730)	(33,794)
Net deferred tax assets	¥ 2,231	¥ 3,208	\$ 18,229

Note 1:

The valuation allowance decreased by ¥2,150 million (\$17,567 thousand) during the year ended March 31, 2022. The main reason for this decrease is due to the decrease in the valuation allowance for tax loss carryforwards of the parent company.

Note 2:

	Millions of yen						
	2022						
	Due in one year or less	Due after one years through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards (a)	¥ 48	¥ 53	¥ 2,454	¥ 372	¥ 488	¥ 17,216	¥ 20,635
Valuation allowance	(48)	(53)	(2,392)	(316)	(111)	(17,039)	(19,962)
Deferred tax assets	¥ —	¥ —	¥ 61	¥ 56	¥ 376	¥ 177	¥ 673

	Millions of yen						
	2021						
	Due in one year or less	Due after one years through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards (a)	¥ 3,254	¥ 94	¥ 58	¥ 2,517	¥ 405	¥ 17,571	¥ 23,899
Valuation allowance	(3,188)	(50)	(58)	(2,499)	(376)	(16,751)	(22,922)
Deferred tax assets	¥ 66	¥ 44	¥ —	¥ 18	¥ 29	¥ 820	¥ 977

	Thousands of U.S. dollars						
	2022						
	Due in one year or less	Due after one years through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards (a)	\$ 392	\$ 433	\$ 20,051	\$ 3,039	\$ 3,987	\$ 140,665	\$ 168,600
Valuation allowance	(392)	(433)	(19,544)	(2,582)	(907)	(139,219)	(163,102)
Deferred tax assets	\$ —	\$ —	\$ 498	\$ 458	\$ 3,072	\$ 1,446	\$ 5,499

(a) The amount is determined by multiplying the corresponding tax loss carryforwards by the effective statutory tax rate.

(b) Deferred tax assets of ¥673 million (\$5,499 thousand) were recorded for tax loss carryforwards of ¥20,635 million (\$168,600 thousand). Deferred tax assets associated with tax loss carryforwards are considered to be recoverable based on estimated future taxable income.

## 20. CASH AND CASH EQUIVALENTS

A reconciliation between cash and deposits in the accompanying consolidated balance sheets, and cash and cash equivalents in the accompanying statements of cash flows at March 31, 2022 and 2021 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash and deposits	¥139,730	¥153,067	\$1,141,678
Less:			
Time deposits with a maturity of more than three months when purchased	(1,241)	(1,319)	(10,140)
Cash and cash equivalents	¥138,489	¥151,748	\$1,131,539

### Supplemental Disclosure of Non-Cash Transactions

The Company recorded assets and corresponding obligations for finance lease transactions amounting to ¥3,672 million (\$30,002 thousand) and ¥2,275 million for the years ended March 31, 2022 and 2021, respectively.

## 21. FINANCIAL INSTRUMENTS

### Overview

#### (1) Policy for financial instruments

In consideration of plans for capital investment mainly in manufacturing, marketing and sales of electric devices, the Group raises funds through bank borrowings. The Group manages temporary cash surpluses through low-risk financial assets. Further, the Group raises short-term capital through bank borrowings. The Group uses derivatives for the purpose of reducing risk and does not enter into derivative transactions for speculative or trading purposes.

#### (2) Types of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies. In principle, the foreign currency exchange risks deriving from the trade receivables denominated in foreign currencies, net of trade payables denominated in the same currencies are hedged by forward foreign exchange contracts.

Marketable securities and investment securities are exposed to market risk. Those securities are mainly composed of shares of common stock of other companies with which the Group has business relationships.

Substantially all trade payables—trade notes and accounts payable—have payment due dates within four months.

Short-term borrowings and long-term borrowings are taken out principally for the purpose of making capital investments.

The risk of interest rate fluctuations in borrowings is managed by monitoring trends in market interest rates. In addition, liquidity risk related to funding is managed appropriately by the department in charge preparing and updating the cash flow plan in a timely manner and ensuring liquidity on hand.

Regarding derivatives, the Group enters into forward foreign exchange contracts to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies.

Information regarding the method of hedge accounting, hedging instruments and hedged items is found in summary of significant accounting policies in Note 2.

### (3) Risk management for financial instruments

#### (a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies for managing credit risk of the Group arising from receivables, the related Sales Department manager monitors credit worthiness of main customers, and the Credit Control Department assesses the financial situation periodically. In addition, the Group is making efforts to identify and mitigate risks of bad debts.

The Group believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have a sound credit profile.

#### (b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

For trade receivables and payables denominated in foreign currencies, the Group identifies the foreign currency exchange risk for each currency on a monthly basis and in principle enters into forward foreign exchange contracts to hedge such risk.

For marketable securities and investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether securities other than those classified as held-to-maturity should be maintained taking into account their fair values and relationships with the issuers.

In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies, which set forth delegation of authority and maximum upper limit on positions. Monthly reports including actual transaction data are submitted to the Board of Directors for their review.

#### (c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on the business plan, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

#### (4) Supplementary explanation of the estimated fair value of financial instruments

Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 22. DERIVATIVE FINANCIAL INSTRUMENTS are not necessarily indicative of the actual market risk involved in derivative transactions.

**Estimated Fair Value of Financial Instruments**

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2022 and 2021, their estimated fair value and unrealized gains are shown in the following table.

	Millions of yen			Thousands of U.S. dollars		
	2022			2022		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Assets:						
Investment securities*2	¥44,528	¥44,528	¥ —	\$363,821	\$363,821	\$ —
Total assets	¥44,528	¥44,528	¥ —	\$363,821	\$363,821	\$ —
Liabilities:						
Long-term borrowings	¥56,234	¥56,090	¥(144)	\$459,466	\$458,289	\$(1,177)
Total liabilities	¥56,234	¥56,090	¥(144)	\$459,466	\$458,289	\$(1,177)
Derivatives*3	¥ (1,321)	¥ (1,321)	¥ —	\$ (10,793)	\$ (10,793)	\$ —

	Millions of yen		
	2021		
	Carrying value	Estimated fair value	Difference
Assets:			
Investment securities*2	¥39,830	¥39,830	¥ —
Total assets	¥39,830	¥39,830	¥ —
Liabilities:			
Long-term borrowings	¥67,068	¥66,877	¥(190)
Total liabilities	¥67,068	¥66,877	¥(190)
Derivatives*3	¥ (1,060)	¥ (1,060)	¥ —

(\*1) Cash and deposits, Trade notes and accounts receivable, Trade notes and accounts payable, and short-term borrowings are omitted here since their fair value approximates the book value due to settlement in a short period of time.

(\*2) Non-marketable available-for-sale securities at March 31, 2022 and financial instruments for which it is extremely difficult to determine the fair value at March 31, 2021 are not included in "Investment securities." The amount recorded in the consolidated balance sheet is as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
	Carrying value		Carrying value
Investment in unlisted stocks, unconsolidated subsidiaries, affiliated companies and others	¥1,568	¥998	\$12,812

(\*3) The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing a net liability position.

**Note 1: Redemption schedule for receivables and marketable securities with maturities at March 31, 2022 and 2021**

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Due in one year or less			
Cash and deposits	¥139,730	¥153,067	\$1,141,678
Trade notes and accounts receivable	156,482	148,126	1,278,552
Total	¥296,213	¥301,194	\$2,420,239

Note 2: The redemption schedule for long-term borrowings is disclosed in Note 7. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS. The aggregate annual maturities of finance lease obligations subsequent to March 31, 2022 and 2021 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2022	2022
2023	¥1,984	\$16,210
2024	1,886	15,410
2025	1,564	12,779
2026	852	6,961
2027	796	6,504
2028 and thereafter	816	6,667
Total	¥7,900	\$64,548

Year ending March 31	Millions of yen
	2021
2022	¥1,439
2023	1,005
2024	811
2025	606
2026	551
2027 and thereafter	1,172
Total	¥5,587

**Matters related to the breakdown of the fair value of financial instruments by level**

The fair value of financial instruments is classified into the following three levels according to the observability and importance of the input used for valuation:

Level 1: Fair value measured by quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measured by direct or indirect observable inputs other than Level 1

Level 3: Fair value measured by unobservable inputs

If several inputs that have a material impact on the fair value measurement are used, the fair value is classified into the level whose priority in fair value measurement is the lowest among the levels to which those inputs are attributable.

**(1) Financial instruments recorded in the consolidated balance sheet at fair value**

	Millions of yen				Thousands of U.S. dollars			
	2022				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Investment securities								
Other securities								
Securities	44,528	—	—	44,528	363,821	—	—	363,821
<b>Total assets</b>	<b>¥44,528</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥44,528</b>	<b>\$363,821</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$363,821</b>
<b>Liabilities:</b>								
Derivatives								
Currencies	—	1,321	—	1,321	—	10,793	—	10,793
<b>Total liabilities</b>	<b>¥ —</b>	<b>¥1,321</b>	<b>¥ —</b>	<b>¥1,321</b>	<b>\$ —</b>	<b>\$10,793</b>	<b>\$ —</b>	<b>\$10,793</b>

**(2) Financial instruments other than those recorded in the consolidated balance sheet at the fair value**

	Millions of yen				Thousands of U.S. dollars			
	2022				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Liabilities:</b>								
Long-term borrowings	—	56,090	—	56,090	—	458,289	—	458,289
<b>Total liabilities</b>	<b>¥ —</b>	<b>¥56,090</b>	<b>¥ —</b>	<b>¥56,090</b>	<b>\$ —</b>	<b>\$458,289</b>	<b>\$ —</b>	<b>\$458,289</b>

(Note) Explanations for valuation means used for fair value measurement and explanations on inputs related thereto

**(a) Investment securities**

Listed shares of stock are valued using quoted prices. Listed shares of stock are traded on active markets and classified into Level 1 fair value.

**(b) Derivatives**

They are measured at the discounted present value of the total amount of principal using observable inputs such as exchange rates and classified into Level 2 fair value.

**(c) Long-term borrowings**

They are measured at the discounted present value with observable input of the total amount of principal and interest discounted at a rate with expected remaining term and credit risk, and classified into Level 2 fair value.

**22. DERIVATIVE FINANCIAL INSTRUMENTS**

The Company has entered into forward foreign exchange contracts with banks to hedge transactions and balances denominated in foreign currencies.

These derivative transactions are utilized solely for hedging purposes under the Company's internal control rules and are subject to oversight by the Board of Directors. The Company does not anticipate any credit loss from nonperformance by the counterparties to the forward foreign exchange contracts.

(1) The notional amounts and estimated fair value of the derivative instruments outstanding at March 31, 2022 and 2021, to which hedge accounting has not been applied, are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2022	2022	2022	2022	2022	2022
	Notional amounts	Estimated fair value	Unrealized gains (losses)	Notional amounts	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts: Sell:						
U.S. dollars	¥30,923	¥(1,290)	¥(1,290)	\$252,660	\$(10,540)	\$(10,540)
Euro	775	(31)	(31)	6,332	(253)	(253)

	Millions of yen		
	2021	2021	2021
	Notional amounts	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts: Sell:			
U.S. dollars	¥28,473	¥(1,055)	¥(1,055)
Euro	1,164	(5)	(5)

Note: Estimated fair values are computed on quotes from financial institutions.

(2) There were no derivative transactions to which hedge accounting has been applied at March 31, 2022 and 2021.

(3) There were no derivative transactions regarding interest at March 31, 2022 and 2021.

### 23. LEASES

#### As lessee:

The Company's future minimum lease payments subsequent to March 31, 2022 and 2021 for non-cancelable operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2022	2022
2023	¥2,381	\$19,454
2024 and thereafter	5,752	46,997
	¥8,134	\$66,460

Year ending March 31	Millions of yen
	2021
2022	¥2,108
2023 and thereafter	6,368
	¥8,476

#### As lessor:

Investment in lease assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Lease receivables	¥844	¥719	\$6,896
Interest portion of lease receivables	(45)	(44)	(368)
Investment in lease assets	¥798	¥675	\$6,520

The collection schedules of lease receivables at March 31, 2022 and 2021 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2022	2022
2023	¥645	\$5,270
2024	520	4,249
2025	448	3,660
2026	374	3,056
2027	196	1,601
2028 and thereafter	105	858
	¥2,288	\$18,694

Year ending March 31	Millions of yen
	2021
2022	¥ 519
2023	352
2024	230
2025	158
2026	85
2027 and thereafter	68
	¥1,415

The Company's future minimum lease receivables subsequent to March 31, 2022 and 2021 for non-cancelable operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2022	2022
2023	¥43	\$351
2024 and thereafter	53	433
	¥96	\$784

Year ending March 31	Millions of yen
	2021
2022	¥41
2023 and thereafter	48
	¥90

## 24. RELATED PARTY TRANSACTIONS

The Company has related party transactions with directors. The corresponding balance as of March 31, 2022 and 2021, and the amounts of these transactions for the year then ended are summarized as follows:

Related Party	Transaction	Millions of yen		Thousands of U.S. dollars
		2022	2021	2022
Toshihiro Kuriyama	Disposal of treasury stock as restricted stock compensation	¥16	¥14	\$131

Note: The transaction with a related party represents a contribution in kind of a monetary receivable associated with shares with restriction on transfer.

## 25. OTHER COMPREHENSIVE INCOME

The following table presents reclassification adjustments as amounts reclassified to profit for the years ended March 31, 2022 and 2021, which were recognized in other comprehensive income for the years ended March 31, 2022 and 2021, and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2022 and 2021.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Unrealized gains (losses) on securities:			
Amount arising during the year	¥ 5,373	¥ 5,207	\$ 43,901
Reclassification adjustments	(907)	268	(7,411)
Unrealized gains (losses) on securities before tax effect	4,466	5,476	36,490
Tax effect	(714)	(1,845)	(5,834)
Unrealized gains (losses) on securities	3,752	3,631	30,656
Foreign currency translation adjustments:			
Amount arising during the year	24,306	16,659	198,595
Reclassification adjustments	5	—	41
Foreign currency translation adjustments before tax effect	24,312	16,659	198,644
Tax effect	—	—	—
Foreign currency translation adjustments	24,312	16,659	198,644
Remeasurements of defined benefit plans:			
Amount arising during the year	(2,328)	3,544	(19,021)
Reclassification adjustments	1,121	1,529	9,159
Remeasurements of defined benefit plans before tax effect	(1,206)	5,074	(9,854)
Tax effect	26	(35)	212
Remeasurements of defined benefit plans	(1,180)	5,038	(9,641)
Other comprehensive income	¥26,883	¥25,330	\$219,650

## 26. STOCK OPTIONS

(1) There were no stock option expenses for the years ended March 31, 2022 and 2021.

(2) Outline of stock options and changes

(i) Outline of stock options

	ALPS ELECTRIC CO., LTD. First Series of Stock Subscription Rights**	ALPS ELECTRIC CO., LTD. Second Series of Stock Subscription Rights**	ALPS ELECTRIC CO., LTD. Third Series of Stock Subscription Rights**
Grantees	Total 12 Directors of the Company (Excluding outside directors)	Total 12 Directors of the Company (Excluding outside directors)	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)
Type and number of shares to be issued upon the exercise of the stock subscription rights	34,800 shares of common stock	14,100 shares of common stock	23,900 shares of common stock
Grant date	July 28, 2014	July 24, 2015	July 21, 2016
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 20, 2014	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 19, 2015	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 23, 2016
Required service period	None	None	None
Exercise period	From July 29, 2014 to July 28, 2054	From July 27, 2015 to July 26, 2055	From July 22, 2016 to July 21, 2056
	ALPS ELECTRIC CO., LTD. Fourth Series of Stock Subscription Rights**	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights**	ALPS ALPINE CO., LTD. Seventh Series of Stock Subscription Rights**
Grantees	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)	Total 10 Directors of subsidiaries (Excluding outside directors and part time directors)*2
Type and number of shares to be issued upon the exercise of the stock subscription rights	17,000 shares of common stock	19,000 shares of common stock	4,624 shares of common stock*3
Grant date	July 24, 2017	July 25, 2018	January 1, 2019
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 23, 2017	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 22, 2018	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 18, 2015
Required service period	None	None	None
Exercise period	From July 25, 2017 to July 24, 2057	From July 26, 2018 to July 25, 2058	From January 1, 2019 to August 4, 2055

	ALPS ALPINE CO., LTD. Eighth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Ninth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights*1
Grantees	Total 10 Directors of subsidiaries (Excluding outside directors, audit and supervisory committee members and non-executive directors)*2	Total 10 Directors of subsidiaries (Excluding outside directors, audit and supervisory committee members and non-executive directors)*2	Total 9 Directors of subsidiaries (Excluding outside directors, audit and supervisory committee members and non-executive directors)*2
Type and number of shares to be issued upon the exercise of the stock subscription rights	15,436 shares of common stock*3	11,696 shares of common stock*3	10,880 shares of common stock*3
Grant date	January 1, 2019	January 1, 2019	January 1, 2019
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 22, 2016	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 22, 2017	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 21, 2018
Required service period	None	None	None
Exercise period	From January 1, 2019 to July 19, 2056	From January 1, 2019 to July 20, 2057	From January 1, 2019 to July 23, 2058

	ALPS LOGISTICS CO., LTD. First Series of Stock Subscription Rights*1, *4	ALPS LOGISTICS CO., LTD. Second Series of Stock Subscription Rights*1, *4	ALPS LOGISTICS CO., LTD. Third Series of Stock Subscription Rights*1
Grantees	Total 7 Directors of subsidiaries (Excluding outside directors and part time directors)	Total 6 Directors of subsidiaries (Excluding outside directors and part time directors)	Total 6 Directors of subsidiaries (Excluding outside directors, audit and supervisory committee members and non-executive directors)
Type and number of shares to be issued upon the exercise of the stock subscription rights	32,400 shares of common stock	18,000 shares of common stock	33,100 shares of common stock
Grant date	July 23, 2014	July 22, 2015	July 15, 2016
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 18, 2014	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 17, 2015	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 21, 2016
Required service period	None	None	None
Exercise period	From July 24, 2014 to July 23, 2054	From July 23, 2015 to July 22, 2055	From July 16, 2016 to July 15, 2056

	ALPS LOGISTICS CO., LTD. Fourth Series of Stock Subscription Rights*1	ALPS LOGISTICS CO., LTD. Fifth Series of Stock Subscription Rights*1
Grantees	Total 7 Directors of subsidiaries (Excluding outside directors, audit and supervisory committee members and non-executive directors)	Total 6 Directors of subsidiaries (Excluding outside directors, audit and supervisory committee members and non-executive directors)
Type and number of shares to be issued upon the exercise of the stock subscription rights	27,000 shares of common stock	18,800 shares of common stock
Grant date	July 19, 2017	July 20, 2018
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 21, 2017	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 20, 2018
Required service period	None	None
Exercise period	From July 20, 2017 to July 19, 2057	From July 21, 2018 to July 20, 2058

\*1 The number of shares is shown.

\*2 The classification and number of persons subject to grant are as of the date of initial grant by Alpine Electronics, Inc.

\*3 As a result of the share exchange between the Company and Alpine Electronics, Inc. on January 1, 2019, the Company allocated and issued new share acquisition rights based on the share exchange ratio to the Company's stock acquisition rights.

\*4 Shares, exercise price and average stock price at exercise have been restated, as appropriate, to reflect the two-for-one stock split on April 1, 2016.

(ii) Movements in stock options (in shares) for the year ended March 31, 2022 were as follows:

(a) Number of stock options (in shares)

	ALPS ELECTRIC CO., LTD. First Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Second Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Third Series of Stock Subscription Rights
Non-vested			
As of March 31, 2021	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of March 31, 2022	—	—	—
Vested			
As of March 31, 2021	10,700	4,500	12,400
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Outstanding as of March 31, 2022	10,700	4,500	12,400

	ALPS ELECTRIC CO., LTD. Fourth Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Seventh Series of Stock Subscription Rights
Non-vested			
As of March 31, 2021	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of March 31, 2022	—	—	—
Vested			
As of March 31, 2021	9,000	11,500	1,088
Vested	—	—	—
Exercised	—	—	1,088
Forfeited	—	—	—
Outstanding as of March 31, 2022	9,000	11,500	—

	ALPS ALPINE CO., LTD. Eighth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Ninth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights
Non-vested			
As of March 31, 2021	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of March 31, 2022	—	—	—
Vested			
As of March 31, 2021	5,100	4,488	5,100
Vested	—	—	—
Exercised	5,100	3,468	3,468
Forfeited	—	—	—
Outstanding as of March 31, 2022	—	1,020	1,632

	ALPS LOGISTICS CO., LTD. First Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Second Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Third Series of Stock Subscription Rights
Non-vested			
As of March 31, 2021	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of March 31, 2022	—	—	—
Vested			
As of March 31, 2021	14,200	10,000	23,800
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Outstanding as of March 31, 2022	14,200	10,000	23,800

	ALPS LOGISTICS CO., LTD. Fourth Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Fifth Series of Stock Subscription Rights
Non-vested		
As of March 31, 2021	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding as of March 31, 2022	—	—
Vested		
As of March 31, 2021	20,300	15,700
Vested	—	—
Exercised	—	—
Forfeited	—	—
Outstanding as of March 31, 2022	20,300	15,700

## (b) Price information

	ALPS ELECTRIC CO., LTD. First Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Second Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Third Series of Stock Subscription Rights
Exercise price	¥ 1 per share	¥ 1 per share	¥ 1 per share
Average stock price upon exercise	¥ —	¥ —	¥ —
Fair value at grant date	¥1,415	¥3,957	¥2,011

	ALPS ELECTRIC CO., LTD. Fourth Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Seventh Series of Stock Subscription Rights*1
Exercise price	¥ 1 per share	¥ 1 per share	¥ 1 per share
Average stock price upon exercise	¥ —	¥ —	¥1,188
Fair value at grant date	¥3,053	¥2,944	¥1,909

	ALPS ALPINE CO., LTD. Eighth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Ninth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights*1
Exercise price	¥ 1 per share	¥ 1 per share	¥ 1 per share
Average stock price upon exercise	¥1,188	¥1,188	¥1,188
Fair value at grant date	¥ 968	¥1,604	¥2,319

	ALPS LOGISTICS CO., LTD. First Series of Stock Subscription Rights*2	ALPS LOGISTICS CO., LTD. Second Series of Stock Subscription Rights*2	ALPS LOGISTICS CO., LTD. Third Series of Stock Subscription Rights
Exercise price	¥ 1 per share	¥ 1 per share	¥ 1 per share
Average stock price upon exercise	¥ —	¥ —	¥ —
Fair value at grant date	¥498	¥734	¥500

	ALPS LOGISTICS CO., LTD. Fourth Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Fifth Series of Stock Subscription Rights
Exercise price	¥ 1 per share	¥ 1 per share
Average stock price upon exercise	¥ —	¥ —
Fair value at grant date	¥709	¥812

\*1 Shares, exercise price and average stock price at exercise have been restated, as of the initial grant date of Alpine Electronics, Inc.

\*2 Shares, exercise price and average stock price at exercise have been restated, as appropriate, to reflect the two-for-one stock split on April 1, 2016.

(3) Estimated number of stock options actually forfeited is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

## 27. REVENUE RECOGNITION

### 1. Information on disaggregated revenue recognized arising from contracts with customers

Sales of the Group represent revenue recognized arising from contracts with customers. The disaggregated net sales of each reporting segment separated by the type of goods and services are as follows. In addition, since the revenue recognized from other sources is mainly related to the financing and leasing business and its amount is not material, it is included in sales to external customers.

Year ended March 31, 2022	Millions of yen					Total
	Reportable segments			Total	Other *1	
	Electronic Components	Automotive Infotainment	Logistics Service			
Net sales						
Electric devices and components for automotive	¥211,597	¥ —	¥ —	¥211,597	¥ —	¥211,597
Electric devices and components for consumers	264,974	—	—	264,974	—	264,974
Information communicating equipment	—	181,092	—	181,092	—	181,092
Audio equipment	—	53,221	—	53,221	—	53,221
Logistics service	—	—	78,908	78,908	—	78,908
Other (Note)	—	—	—	—	13,060	13,060
Sales to external customers	¥476,572	¥234,314	¥78,908	¥789,794	¥13,060	¥802,854

Year ended March 31, 2022	Thousands of U.S. dollars					Total
	Reportable segments			Total	Other *1	
	Electronic Components	Automotive Infotainment	Logistics Service			
Net sales						
Electric devices and components for automotive	\$1,728,875	\$ —	\$ —	\$1,728,875	\$ —	\$1,728,875
Electric devices and components for consumers	2,164,997	—	—	2,164,997	—	2,164,997
Information communicating equipment	—	1,479,631	—	1,479,631	—	1,479,631
Audio equipment	—	434,848	—	434,848	—	434,848
Logistics service	—	—	644,726	644,726	—	644,726
Other (Note)	—	—	—	—	106,708	106,708
Sales to external customers	\$3,893,872	\$1,914,479	\$644,726	\$6,453,077	\$106,708	\$6,559,785

\*1 The businesses, products and services included in "Other" are mentioned in "29 SEGMENT INFORMATION"

## 2. Basic information on revenue recognized arising from contracts with customers

Regarding the contracts with customers, the Group recognizes the revenue based on the following five step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The basic information for understanding the revenue from the Group's main business is as follows.

### (1) Electronic components

#### 1) Manufacturing and sales of electronic devices and components

In the business of electronic devices and components, the Group manufactures and sells the electronic parts to automotive electronic parts customers and retail market. Revenue is mainly recognized at the time of product delivery, since it is considered that control of the products is transferred to customers at the time of delivery and accordingly the performance obligations are satisfied.

The Group repairs and exchanges products when the Group is liable if a fault was found in the products sold. The Group does not recognize this type of warranty service as an independent performance obligation because this is not considered as additional warranty services, since it just provides a guarantee in accordance with the specification set in the contracts with customers. The Group does not have any material obligation of product return, cash back, or similar.

Payment is mainly received within three months, and there are no significant financing components.

The transaction prices are calculated based on the promised prices in accordance with contracts with the customers. Furthermore, in case the transaction prices include a variable consideration, the transaction prices include those variable considerations only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In transactions with customers for electric devices and automotive components in which price negotiations are regularly concluded, there are some cases in which the price negotiations have not been settled even after the usual time of price revision, or the temporary prices were applied to the revenue recognition because the negotiations for the prices of new products were ongoing. In such case, sales prices after the usual time of price revision or release of new products may be retroactively adjusted when the price negotiation has been finalized. For these transactions whose price negotiation has not yet been finalized at the end of fiscal year, the Group adjusts the revenue amounts with estimated prices based on the most likely amount method considering the status of the negotiation at the end of fiscal year. The Group has no material variable considerations other than above.

Sales in the electronic devices and components business consist of a single performance obligation, and accordingly, there is no allocation of transaction prices to any other performance obligation.

### (2) Automotive infotainment business

#### 1) Manufacturing and sales of automotive infotainment products

In the automotive infotainment business, the Group mainly manufactures and sells automotive-audio products and auto-communication products. Revenue is mainly recognized at the time of product delivery, since it is considered that control of the products is transferred to customers at the time of delivery and accordingly the performance obligations are satisfied.

The Group repairs and exchanges the products when the Group is liable if a fault was found in the products sold. The Group does not recognize this type of warranty service as independent performance obligations, except for the additional warranty services as described in "2) Providing concomitant services," because this is not considered as any additional warranty services, since it just provides a guarantee in accordance with the specification set in the contracts with customers. The Group does not have any material obligation of product return, cash back, or similar.

Payment is mainly received within two months, and there are no significant financing components.

The transaction prices are calculated based on the promised prices in accordance with contracts with the customers. Furthermore, in case the transaction prices include a variable consideration, the transaction prices include those variable considerations only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In transactions with customers for electric devices and automotive components in which price negotiations are regularly concluded, there are some cases in which the price negotiations have not been settled even after the usual time of price revision, or the temporary prices were applied to the revenue recognition because the negotiations for the price of new products were not determined. In such case, sales prices after the usual time of price revision or release of new products may be retroactively adjusted when the price negotiation has been finalized. For these transactions whose price negotiation has not yet been finalized at the end of fiscal year, the Group adjusts the revenue amounts with estimated prices based on the most likely amount method considering the status of the negotiation at the end of fiscal year. The Group has no material variable considerations other than above.

Sales in the automotive infotainment business consist of a single performance obligation, and accordingly, there is no allocation of transaction prices to any other performance obligation, except for the items mentioned in "2) Providing concomitant services."

#### 2) Providing concomitant services

For a part of the "Alpine" brand aftermarket business involving product sales transactions of the automotive infotainment business, the Group provides a map updating service and additional warranty services to the car navigation systems concomitantly with the product sales (Hereafter, "Concomitant services"). Concomitant services are recognized as separate performance obligations than the product sales. Therefore, the Group recognizes the revenue arising from the Concomitant services over the provision period in accordance with the satisfaction of performance obligation, since the customers gain the benefits over the provision period of Concomitant services. In addition, the Group recognizes contract liabilities when a payment is received from the customer, and derecognizes them in accordance with the recognition of revenue over the provision period of Concomitant services.

The Group receives payments in advance corresponding to the future benefits relating to Concomitant services at the time of product sales. However, as there is no material difference between cash sale price and the actual price, it is considered that there are no significant financing components, accordingly.

The transaction prices are calculated based on the promised prices in accordance with contracts with the customers, and accordingly, there are no material variable considerations.

The transaction price of product sales and Concomitant services are allocated to each performance obligation based on the ratio of the independent sales price. The independent price of Concomitant services is estimated based on expenses incurred. The transaction price on each performance obligation is calculated by proportion between the independent price of Concomitant services and that of the product sales price.

## (3) Logistics service business

The logistic service business mainly provides services such as transportation, storage, forwarding and distribution processing, etc. and sale of packaging materials. For the transportation services, the acceptance or delivery operations at warehouses, documentations for forwarding and distribution processing, the Group recognizes revenue at the time when the performance obligation is satisfied. For the services such as monthly storage and cargo handling whose performance obligations are satisfied over a certain period of time, revenues are recognized in accordance with the passage of time. For the sale of packaging materials etc., revenue is recognized at the time when the goods are delivered or when risks on the goods are transferred to customers, since it is considered that control of the products is transferred to customers at the time of delivery and accordingly the performance obligations are satisfied. In addition, for the performance obligation that involves arranging others to provide the goods to customers, revenue is recognized on a net basis as an agent.

The Group provides a warranty to the extent that the Group has an obligation for, if a loss, damage or fault occurs in providing transportation, storage services etc., and a quantitative or qualitative issue occurs in providing the goods. The Group does not recognize this type of warranty service as independent performance obligations because this is not considered as any additional warranty services, since the Group has an obligation to the extent of the transportation or storage contract with customers, or it provides a guarantee in accordance with the quantity and specification set in the contracts with customers. The Group does not have any material obligation of product return, cash back, or similar.

Payment is mainly received within three months, and there are no significant financing components.

The transaction prices are calculated based on the promised prices in accordance with contracts with the customers, and accordingly, there are no material variable considerations.

Revenue in the logistic service business consists of a single performance obligation, and accordingly, there is no allocation of transaction prices to any other performance obligation.

## (4) Other business

The other business provides mainly system solution, office services, etc. The Group recognizes the revenue in these services over the provision period in accordance with the satisfaction of the performance obligation, since the customers gain the benefits over the provision period of these services. The Group recognizes contract liabilities when a payment is received from the customer, and reverses them in accordance with the recognition of revenue over the provision period of services.

There is no material obligation of warranty, return, cash back, or similar to provided services.

Payment is mainly received within two months. The Group may receive the payment in advance corresponding to the future benefits before providing services. There is no material difference between cash sales price and the actual price, and accordingly, it is considered that there are no significant financing components.

The transaction prices are calculated based on the promised prices in accordance with contracts with the customers, and accordingly, there is no material variable considerations.

Revenue in the other business consists of a single performance obligation, and accordingly, there is no allocation of transaction prices to any other performance obligation.

### 3. Relationship between the satisfaction of performance obligations based on contracts and cash flow, and the information on the estimated revenue amounts and terms expected to be recognized after the next fiscal year related to the ending balance of contracts with customers

## (1) Receivables from contracts with customers and contract liabilities

Receivables from contracts with customers and contract liabilities are as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Receivables from contracts with customers			
Notes receivable	¥ 5,637	¥ 4,501	\$ 46,059
Accounts receivable	150,845	143,624	1,232,495
Contract liabilities			
Other liabilities	¥ 5,462	¥ 4,926	\$ 44,629

Notes and receivables, except for receivables from contracts with customers, are mainly related to the financing and leasing business. Since these amounts are immaterial, those are included in receivables from contracts with customers.

The contract liabilities are mainly related to Concomitant services in the automotive infotainment business and system solution services in the other business. For detailed information, refer to “2. Basic information on the revenue recognized arising from contracts with customers.”

The Group has no transactions involving contract assets for the fiscal year ended March 31, 2022.

Revenue recognized during the fiscal year ended March 31, 2022 which were included in the beginning balance of contract liabilities is ¥3,070 million (US\$25,083 thousand).

## (2) Transaction prices allocated to remaining performance obligations

For the fiscal year ended March 31, 2022, total transaction prices allocated to other remaining performance obligations, and the expected period over which the revenue is recognized are as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2022	2022
2023	¥2,087	\$17,057
2024	1,368	11,177
2025	1,069	8,735
2026 and thereafter	937	7,660
Total	¥5,462	\$44,629

## 28. PER SHARE INFORMATION

Per share information as of and for the years ended March 31, 2022 and 2021 is as follows:

	Yen		U.S. dollars
	2022	2021	2022
Net assets per share	<b>¥1,879.42</b>	¥1,665.29	<b>\$15.36</b>
Net income (loss) attributable to owners of parent per share			
Basic	<b>110.82</b>	(18.72)	<b>0.91</b>
Diluted	<b>110.79</b>	—	<b>0.91</b>

Diluted earnings per share is not stated as it is a loss per share, although there are diluted shares.

As described in “3. Changes in Accounting Policies,” we have been applying “Accounting Standard for Revenue Recognition,” etc. from the beginning of this fiscal year. As a result, net assets per share decreased by ¥0.81 for this fiscal year., net income per share increased by ¥0.23 and net income per share increased by ¥0.23 after adjusting for potential shares.

The basis for calculating net assets per share is as follows:

	Millions of yen, except share data		Thousands of U.S. dollars, except share data
	2022	2021	2022
Total net assets	<b>¥425,308</b>	¥378,379	<b>\$3,475,022</b>
Amounts deducted from total net assets:	<b>35,882</b>	33,455	<b>293,178</b>
Subscription rights	<b>180</b>	210	<b>1,471</b>
Non-controlling interests	<b>35,701</b>	33,244	<b>291,699</b>
Net assets attributable to common stock	<b>389,426</b>	344,923	<b>3,181,845</b>
Number of common stock used in calculation of net assets per share (Thousand)	<b>207,205</b>	207,124	<b>207,205</b>

The basis for calculating earnings (loss) per share and diluted earnings per share is as follows:

	Millions of yen, except share data		Thousands of U.S. dollars, except share data
	2022	2021	2022
Loss per share:			
Net loss attributable to owners of parent	<b>¥ 22,960</b>	¥ (3,837)	<b>\$187,597</b>
Amounts not attributable to common shareholders	—	—	—
Net loss attributable to owners of parent related to common stock	<b>22,960</b>	(3,837)	<b>187,597</b>
Average number of shares during the year (Thousand)	<b>207,186</b>	204,935	<b>207,186</b>
Summary of dilutive shares that were not included in the calculation of diluted earnings per share because they have no dilutive effect	—	—	—

## 29. SEGMENT INFORMATION

### Business segments

The operating segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and assess performance.

The Company organizes group companies based on products and services and implements business activities based on its comprehensive strategies.

The reportable segments are classified by products and services taking into account the commonality of the types of products and markets. The three reportable segments of the Companies are “Electronic components,” “Automotive Infotainment,” and “Logistics.”

The “Electronic components” business involves the development, manufacturing and marketing of a variety of electronic components. The “Automotive Infotainment” business involves the development, manufacturing, and marketing of audio, information and communication equipment. The “Logistics” business involves the provision of transportation, storage and forwarding services.

The accounting policies of the segments are substantially the same as those described in Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Segment income of the reportable segments is based on operating income. Inter-segment sales and transfers are determined on the basis of actual transactions.

As disclosed in “(Changes in Accounting Policies),” the Company has applied “Accounting Standard for Revenue Recognition” in preparing the consolidated financial statements from the beginning of the fiscal year ended March 31, 2022 and changed the accounting method concerning the revenue recognition. The method of measuring profit or loss of the business segments is also changed.

With such changes, for the year ended March 31, 2022, net sales increased by ¥206 million (\$1,683 thousand) and segment losses decreased by ¥49 million (\$400 thousand) in “Automotive Infotainment,” net sales decreased by ¥156 million (\$1,275 thousand) in “Logistics,” net sales decreased by ¥48 million (\$392 thousand) in “Other” compared to the conventional method.

Reportable segment information of the Company for the years ended March 31, 2022 and 2021 is summarized as follows:

Millions of yen								
Year ended March 31, 2022	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 4)
	Electronic components	Automotive Infotainment	Logistics	Total				
Net sales								
External customers	¥476,572	¥234,314	¥78,908	¥789,794	¥13,060	¥802,854	¥ —	¥802,854
Inter-segment sales and transfers	11,708	6,562	34,905	53,176	11,838	65,015	(65,015)	—
Total	488,280	240,876	113,814	842,971	24,898	867,870	(65,015)	802,854
Segment profit (loss)	32,273	(4,519)	6,021	33,776	1,583	35,359	(151)	35,208
Segment assets	352,884	233,991	92,020	678,897	41,893	720,791	22,728	743,520
Other items								
Depreciation and amortization	31,383	9,959	3,757	45,100	617	45,717	(11)	45,705
Increase in tangible and intangible fixed assets	34,035	11,706	6,730	52,472	686	53,159	(149)	53,010

Millions of yen								
Year ended March 31, 2021	Reportable segments				Other (Note 1)	Total	Adjustments (Note 3)	Consolidated (Note 4)
	Electronic components	Automotive Infotainment	Logistics	Total				
Net sales								
External customers	¥396,042	¥240,616	¥ 69,213	¥705,873	¥12,140	¥718,013	¥ —	¥718,013
Inter-segment sales and transfers	10,004	5,543	31,348	46,895	10,610	57,506	(57,506)	—
Total	406,046	246,159	100,562	752,768	22,750	775,519	(57,506)	718,013
Segment profit (loss)	11,408	(3,947)	4,725	12,186	1,041	13,228	(118)	13,109
Segment assets	326,730	213,311	84,698	624,741	39,020	663,761	30,523	694,285
Other items								
Depreciation and amortization	27,922	9,334	3,491	40,748	581	41,330	6	41,336
Increase in tangible and intangible fixed assets	25,451	10,211	4,058	39,721	624	40,345	8	40,354

Year ended March 31, 2022	Thousands of U.S. dollars							Adjustments (Note 2)	Consolidated (Note 4)
	Reportable segments				Other (Note 1)	Total			
	Electronic components	Automotive Infotainment	Logistics	Total					
Net sales									
External customers	\$3,893,880	\$1,914,486	\$644,726	\$6,453,093	\$106,708	\$6,559,801	\$ —	\$6,559,801	
Inter-segment sales and transfers	95,661	53,615	285,195	434,480	96,724	531,212	(531,212)	—	
Total	3,989,542	1,968,102	929,929	6,887,581	203,432	7,091,021	(531,212)	6,559,801	
Segment profit (loss)	263,690	(36,923)	49,195	275,970	12,934	288,904	(1,234)	287,671	
Segment assets	2,883,275	1,911,847	751,859	5,546,997	342,291	5,889,297	185,701	6,075,006	
Other items									
Depreciation and amortization	256,418	81,371	30,697	368,494	5,041	373,535	(90)	373,437	
Increase in tangible and intangible fixed assets	278,086	95,645	54,988	428,728	5,605	434,341	(1,217)	433,124	

Notes:

- "Other" represents business segments not included in the reportable segments, and includes the development of systems, office services, financing and leasing businesses.
- The adjustments are as follows:
  - The adjustment of ¥(151) million (\$1,234 thousand) to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
  - The adjustment of ¥ 22,728 million (\$185,701 thousand) to segment assets is breakdown of group assets ¥77,778 million (\$635,493 thousand) and eliminations of inter-segment transactions of ¥(55,049) million (\$449,783 thousand).  
The main group assets are the company and some group company's surplus investments funds (Cash and deposits and securities), long-term investments funds (investments securities), land and so on.
- The adjustments are as follows:
  - The adjustment of ¥(118) million to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
  - The adjustment of ¥ 30,523 million to segment assets is breakdown of group assets ¥82,059, million and eliminations of inter-segment transactions of ¥(51,536) million.  
The main group assets are the company and some group company's surplus investments funds (Cash and deposits and securities), long-term investments funds (investments securities), land and so on.
- Segment profit (loss) is reconciled to operating income of the consolidated financial statements.

## Related information

## 1. Geographical information

## (1) Net sales

Millions of yen					
Year ended March 31, 2022					
Japan	China	Korea	America	Other	Total
¥144,537	¥144,128	¥113,309	¥113,217	¥287,662	¥ 802,854

Millions of yen					
Year ended March 31, 2021					
China	Japan	America	Other	Total	
¥156,074	¥135,884	¥107,162	¥318,892	¥718,013	

Thousands of U.S. dollars					
Year ended March 31, 2022					
Japan	China	Korea	America	Other	Total
\$1,180,954	\$1,177,613	\$925,803	\$925,051	\$2,350,372	\$6,559,801

Note: Net sales information above is based on customer location.

(Changes in presentation)

In the previous fiscal year, sales in "Korea," which were included in "Other," have increased in monetary significance, and are presented separately from the current fiscal year.

## (2) Property, plant and equipment

Millions of yen			
As of March 31, 2022			
Japan	China	Other	Total
¥104,752	¥45,184	¥41,323	¥191,260

Millions of yen			
As of March 31, 2021			
Japan	China	Other	Total
¥106,454	¥36,608	¥38,208	¥181,270

Thousands of U.S. dollars			
As of March 31, 2022			
Japan	China	Other	Total
\$855,887	\$369,180	\$337,634	\$1,562,709

## 2. Information on major customers

This information is not required to be disclosed because net sales to any customer were less than 10% of the net sales on the consolidated statements of income and comprehensive income for the years ended March 31, 2022 and 2021.

## Amortization of goodwill unamortized balance by reportable segment

As the amounts were immaterial, the related disclosure is omitted.

## Gain on negative goodwill by reportable segment

There are no items to report.

## Impairment loss on property, plant and equipment by reportable segment

Impairment loss on property, plant and equipment by reportable segment for the years ended March 31, 2022 and 2021 was summarized as follows:

Millions of yen					
Year ended March 31, 2022					
Electronic components	Automotive Infotainment	Logistics	Other	Eliminations	Total
¥2,121	¥—	¥—	¥—	¥—	¥2,121

Notes: "Other" includes financial, leasing and servicing businesses.

Millions of yen					
Year ended March 31, 2021					
Electronic components	Automotive Infotainment	Logistics	Other	Eliminations	Total
¥417	¥—	¥—	¥—	¥—	¥417

Notes: "Other" includes financial, leasing and servicing businesses.

Thousands of U.S. dollars					
Year ended March 31, 2022					
Electronic components	Automotive Infotainment	Logistics	Other	Eliminations	Total
\$17,330	\$—	\$—	\$—	\$—	\$17,330

### 30. SUBSEQUENT EVENTS

#### (Changes in business segments)

The Group has decided to change the business segments from three business segments: “Electronic Components Segment,” “Automotive Infotainment Segment” and “Logistics Segment,” to four business segments: “Components,” “Sensor Communication,” “Module Systems” and “Logistics Segment” from FY2022.

In the three years since the former Alps Electric Co., Ltd. and the former Alpine Co., Ltd. integrated in 2019, the Group launched the second medium-term management plan in April 2022, taking integration of each business into account. Using this opportunity, the business segments have been changed to re-construct the business segments into the Components business, which aims to maintain and expand the profitable base in the business segment, the Sensor Communication business, which is positioned as a growth area in the future, and the Module Systems business aims to optimize the profitability by improving activities.

Information on the amount of sales, segment profit or loss, segment assets and other items for each business segment for the current consolidated fiscal year based on the after changed segment is summarized as follows:

Year ended March 31, 2022	Millions of yen								
	Reportable segments					Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Component segment	Sensor and Communication	Module and System segment	Logistics	Total				
Net sales									
External customers	¥262,275	¥79,986	¥368,624	¥78,908	¥789,794	¥13,060	¥802,854	¥ —	¥802,854
Inter-segment sales and transfers	582	146	284	34,905	35,920	11,838	47,758	(47,758)	—
Total	262,858	80,133	368,909	113,814	825,715	24,898	850,613	(47,758)	802,854
Segment profit (loss)	33,645	2,374	(8,300)	6,021	33,740	1,583	35,324	(115)	35,208
Segment assets	146,876	47,622	236,109	92,020	522,628	41,893	564,522	178,997	743,520
Other items									
Depreciation and amortization	23,090	4,909	13,337	3,757	45,094	617	45,711	(6)	45,705
Increase in tangible and intangible fixed assets	21,491	4,524	19,572	6,730	52,320	686	53,006	3	53,010

Year ended March 31, 2022	Thousands of U.S. dollars								
	Component segment	Sensor and Communication	Module and System segment	Logistics	Total	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales									
External customers	\$2,142,945	\$653,534	\$3,011,880	\$644,726	\$6,453,093	\$106,708	\$6,559,801	\$ —	\$6,559,801
Inter-segment sales and transfers	4,755	1,193	2,320	285,195	293,488	96,724	390,212	(390,212)	—
Total	2,147,708	654,735	3,014,209	929,929	6,746,589	203,432	6,950,020	(390,212)	6,559,801
Segment profit (loss)	274,900	19,397	(67,816)	49,195	275,676	12,934	288,618	(940)	287,671
Segment assets	1,200,065	389,100	1,929,153	751,859	4,270,185	342,291	4,612,485	1,462,513	6,075,006
Other items									
Depreciation and amortization	188,659	40,109	108,971	30,697	368,445	5,041	373,486	(49)	373,437
Increase in tangible and intangible fixed assets	175,594	36,964	159,915	54,988	427,486	5,605	433,091	25	433,124

#### Notes:

- “Other” represents business segments not included in the reportable segments, and includes the development of systems, office services, financing and leasing businesses.
- The adjustments are as follows:
  - The adjustment of ¥(115) million (\$940 thousand) to segment profit(loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
  - The adjustment of ¥ 178,997 million (\$1,462,513 thousand) to segment assets is breakdown of group assets ¥225,839 million (\$1,845,241 thousand) and eliminations of inter-segment transactions of ¥(46,842) million (\$382,727 thousand).  
The main group assets are the company and some group company’s surplus investments funds (Cash and deposits and securities), long-term investments funds (investments securities), land and so on.  
Also, according to the change of business segment, we have partly changed the calculation method of segment reporting.
- Segment profit(loss) is reconciled to operating income of the consolidated financial statements.

**Impairment loss on property, plant and equipment by reportable segment**

Impairment loss on property, plant and equipment for each business segment for the current consolidated fiscal year based on the after changed segment is summarized as follows:

Millions of yen						
Year ended March 31, 2022						
Component segment	Sensor and Communication segment	Module and System segment	Logistics	Other	Eliminations	Total
¥ 1,765	¥ 30	¥0	¥ —	¥—	¥ 325	¥ 2,121

Notes: "Other" includes financial, leasing and servicing businesses.

Thousands of U.S. dollars						
Year ended March 31, 2022						
Component segment	Sensor and Communication segment	Module and System segment	Logistics	Other	Eliminations	Total
\$14,421	\$245	\$0	\$ —	\$ —	\$2,655	\$17,330

**Amortization and balance of goodwill by reportable segment**

As the amounts were immaterial, the related disclosure is omitted.

**Gain on negative goodwill by reportable segment**

There are no items to report.

**(Change of Consolidated Subsidiary to Associate Accounted for Using Equity Method)**

At the Board of Directors meeting held on April 28, 2022, ALPS LOGISTICS CO., LTD. (hereinafter "ALPS LOGISTICS"), a consolidated subsidiary of the Company, agreed to become an equity method affiliate as of June 30, 2022 on the assumption that a proposal to change directors at the General Meeting of Shareholders scheduled to be held on June 22, 2022. Since it was approved at the General Meeting of Shareholders, ALPS LOGISTICS is expected to become an equity method affiliate as of June 30, 2022.

**(1) Reason for change**

In prior years, ALPS LOGISTICS was a subsidiary of ALPS ALPINE based on the substantial control criteria (\*).

In order to strengthen the supervisory function of the Board of Directors and improve governance, ALPS LOGISTICS, with the approval of the proposed change in board membership at its General Meeting of Shareholders held on June 22, 2022, has a Board of Directors consisting of a majority of independent outside Directors and a minority of Directors from ALPS ALPINE.

As a result, at the resolution of ALPS LOGISTICS' General Meeting of Shareholders, ALPS LOGISTICS does not meet the requirements as a subsidiary of ALPS ALPINE based on the substantial control criteria and was changed to an affiliate accounted for using equity method as of June 30, 2022, accordingly.

\* The voting rights percentage is at least 40% and not more than 50%, and the majority of the members of the board of directors are from ALPS ALPINE.

**(2) Overview of the subsidiary subject to change (as of March 31, 2022)**

(1)	Name	ALPS LOGISTICS CO., LTD.		
(2)	Location	1756 Nippa-cho, Kohoku-ku, Yokohama-city, Kanagawa Prefecture		
(3)	Title and name of the representative	Masaru Usui, Representative Director, President & CEO		
(4)	Business description	Electronic components logistics business, material sales business, consumer products logistics business		
(5)	Share capital	¥2,349 million (\$19,193 thousand)		
(6)	Consolidated operating results and consolidated financial position of the company	Fiscal year ended March 31, 2022		
			Millions of yen	Thousands of U.S. dollars
		Fiscal year		
		Net assets	¥ 59,709	\$487,858
		Total assets	92,020	751,859
		Net sales	113,814	929,929
	Operating profit	6,021	49,195	
	Profit attributable to owners of parent	3,598	29,398	

**(3) Schedule**

(1)	Date of resolution by the Board of Directors of ALPS LOGISTICS	April 28, 2022
(2)	General Meeting of Shareholders of ALPS LOGISTICS (changes of directors)	June 22, 2022
(3)	Change from consolidated subsidiary to affiliated accounted for using equity method	June 30, 2022



## Independent Auditor's Report

The Board of Directors  
ALPS ALPINE CO., LTD.

### Opinion

We have audited the accompanying consolidated financial statements of ALPS ALPINE CO., LTD. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of income and comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.



Impairment of fixed assets related to the automotive module business in the electronic components segment	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note 4, "Significant Accounting Estimates," the Company identified an indication of impairment in an asset group with a book value of ¥29,608 million as of March 31, 2022 related to the automotive module business in the electronic components segment as a result of consecutive losses arising from operating activities. Specifically, loss arising from operating activities was recognized for the year ended March 31, 2021 due to loss attributable to quality defects of automobiles containing certain automotive components manufactured and sold by the Company in the past. In addition, the Company recorded an operating loss for the year ended March 31, 2022 due to factors such as reduced production by customers and rising costs of components, both resulting from protracted shortages of components such as semiconductors, and rising logistics costs resulting from supply chain disruptions.</p> <p>Although there was an indication of impairment for the business, the Company did not recognize an impairment loss because the total undiscounted future cash flows from the asset group exceeded its book value in determining whether impairment loss recognition was necessary.</p> <p>The estimates of future cash flows resulting from the continued use of the asset group are based on future business plans for the automotive module business. Significant assumptions in the estimates of future cash flows are the order forecasts and the marginal profit ratio on which the business plans are based, as described in Note 4, "Significant Accounting Estimates."</p>	<p>We mainly performed the following audit procedures to assess the estimates of the total undiscounted future cash flows used in determining whether to recognize impairment losses on fixed assets related to the automotive module business in the electronic components segment.</p> <ul style="list-style-type: none"> <li>We verified the adequacy of estimated periods of future cash flows by comparing them with the remaining useful lives of machinery and equipment that are the Company's major assets.</li> <li>We verified the consistency of future cash flows with business plans approved by the Board of Directors.</li> <li>We compared the business plans for prior years with actual results to evaluate the effectiveness of the estimation process that management uses in formulating business plans.</li> <li>We verified the basis for order forecasts by discussing the order forecasts with management and reconciling them with order sheets from customers. Additionally, we inspected production forecast reports for each vehicle model and reports on the semiconductor supply outlook prepared by external organizations and verified the consistency of order forecasts with these reports.</li> </ul>



<p>Order forecasts, which is a significant assumption underlying estimates of future cash flows, involve uncertainty about the Company's ability to secure orders in the future. Further, the marginal profit ratio involves uncertainty about sales price negotiations with customers and progress in achieving the variable cost ratio set out in business plans in consideration of the aforementioned factors that resulted in the Company recording an operating loss for the year ended March 31, 2022. Accordingly, given that these significant assumptions require management's judgment, we have determined that this is a key audit matter.</p>	<ul style="list-style-type: none"> <li>We evaluated the marginal profit ratio by comparing sales prices with the latest actual sales prices, which include the effects of discounts, and with conditions set forth in contracts with customers. Furthermore, we divided the variable cost ratio into the material cost ratio, processing cost ratio, distribution cost ratio and other variable cost ratios and analyzed the trends in each cost ratio category based on actual results. In addition, we compared the results of this analysis with the future variable cost ratio set out in business plans.</li> <li>We assessed the reasonableness of management's estimate, which is based on order forecasts and the marginal profit ratio, by comparing it with an estimate of future cash flows based on our own alternative assumptions in consideration of the impact of future uncertainty.</li> </ul>
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Impairment of fixed assets related to the information communicating equipment business in the automotive infotainment segment	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note 4, "Significant Accounting Estimates," the Company identified an indication of impairment in an asset group with a book value of ¥24,739 million as of March 31, 2022 related to the information communicating equipment business in the automotive infotainment segment as a result of consecutive losses arising from operating activities. Specifically, operating loss for the year ended March 31, 2021 and the year ended March 31, 2022 was affected by factors such as the Company discontinuing certain OEM products for European automobile manufacturers. In addition, the Company recorded an operating loss for the year ended March 31, 2022 due to factors such as reduced production by customers and rising costs of components, both resulting from protracted shortages of components such as semiconductors, and rising logistics costs resulting from supply chain disruptions. Although there was an indication of impairment for the business, the Company did not recognize</p>	<p>We mainly performed the following audit procedures to assess the estimates of the total undiscounted future cash flows used in determining whether to recognize impairment losses on fixed assets related to the information communicating equipment business in the automotive infotainment segment.</p> <ul style="list-style-type: none"> <li>We verified the adequacy of estimated periods of future cash flows by comparing them with the remaining useful lives of machinery and equipment that are the major assets held by the Company.</li> <li>We verified the consistency of future cash flows with business plans approved by the Board of Directors.</li> <li>We compared the business plans for prior years with actual results to evaluate the effectiveness of the estimation process that management uses in formulating business plans.</li> </ul>



<p>an impairment loss because the total undiscounted future cash flows from the asset group exceeded its book value in determining whether impairment loss recognition was necessary. The estimates of future cash flows resulting from the continued use of the asset group are based on future business plans for the information communicating equipment business. Significant assumptions in the estimates of future cash flows are the order forecasts and the marginal profit ratio on which the business plans are based, as described in Note 4 "Significant Accounting Estimates."</p> <p>Machinery and equipment that are the Company's major assets have relatively long remaining useful lives because such machinery and equipment make up a large proportion of the Company's general equipment, which is not affected by the life cycles of specific products. As such, of order forecasts, which is a significant assumption underlying estimates of future cash flows, and long-term order forecasts, which include order forecasts for next-generation models that will be sold after the current models of original products for OEM manufacturers are discontinued, involve uncertainty about the Company's ability to secure orders. Further, the marginal profit ratio involves uncertainty about sales price negotiations with customers and progress in achieving the variable cost ratio set out in business plans in consideration of the aforementioned factors that resulted in the Company recording an operating loss for the year ended March 31, 2022. Accordingly, given that these significant assumptions require management's judgment, we have determined that this is a key audit matter.</p>	<ul style="list-style-type: none"> <li>We verified the basis for order forecasts by discussing the order forecasts with management and reconciling them with order sheets from customers. Additionally, we inspected production forecast reports for each vehicle model and reports on the semiconductor supply outlook prepared by external organizations, discussed with management specific models of products and future actions relating to OEM products for major automobile manufacturers, and verified the consistency of order forecasts with such reports and discussions with management. Further, for long-term forecasts, we verified that order forecasts reflect progress made in achieving order targets projected in past order forecasts.</li> <li>We evaluated the marginal profit ratio by comparing sales prices with the latest actual sales prices, which include the effects of discounts, and with conditions set forth in contracts with customers. Furthermore, we divided the variable cost ratio into the material cost ratio, processing cost ratio, distribution cost ratio and other variable cost ratios and analyzed the trends in each cost ratio category based on actual results. In addition, we compared the results of this analysis with the future variable cost ratio set out in business plans.</li> <li>We assessed the reasonableness of management's estimate, which is based on order forecasts and the marginal profit ratio, by comparing it with an estimate of future cash flows based on our own alternative assumptions in consideration of the impact of future uncertainty.</li> </ul>
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Recoverability of deferred tax assets of the parent company	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note 4, "Significant Accounting Estimates," the parent company recorded deferred tax assets of ¥5,224 million as of March 31, 2022.</p> <p>The amount of tax loss carryforwards is significant due to the parent company recording tax losses in consecutive years. The Company determined the recoverability of deferred tax assets for future deductible temporary differences and tax loss carryforwards by estimating the future taxable income for the following year based on profitability.</p> <p>The estimates of future taxable income are based on the business plans for the following year in the electronic components segment and the automotive infotainment segment. These business plans include significant assumptions such as sales forecasts and operating profit margins for each business. Since transactions with overseas consolidated subsidiaries account for a significant portion of the parent company's business, the profitability of the parent company is affected by transaction prices between group companies under transfer pricing taxation. Therefore, transaction prices between group companies are also a significant assumption.</p> <p>Sales forecasts and operating profit margins, which are significant assumptions underlying determinations of the recoverability of deferred tax assets, involve uncertainty about trends in orders received from major customers in each business and progress in achieving the variable cost ratio set out in business plans. Further, transaction prices between group companies involve uncertainty about the Company's policy for setting prices in consideration of transfer pricing taxation in each country. Accordingly, given that these significant accounting assumptions included in future business plans involve uncertainty and require management's judgment, we have determined that this is a key audit matter.</p>	<p>We mainly performed the following audit procedures to assess the recoverability of deferred tax assets of the parent company.</p> <ul style="list-style-type: none"> <li>We compared the business plans for prior years with actual results to evaluate the effectiveness of the estimation process that management uses in formulating business plans.</li> <li>We discussed the sales forecasts for each business with management and, for major products, we evaluated the consistency of sales forecasts with production plans based on forecasts of orders from customers or with order sheets from customers. Additionally, we inspected production forecast reports for final products manufactured by customers and reports on the semiconductor supply outlook prepared by external organizations and verified the consistency of sales forecasts with these reports.</li> <li>To consider the operating profit of the parent company in proportion to that of the entire group, we assessed the operating profit margin of the entire group for each business by analyzing historical trends and compared the results of this analysis with the future operating profit margin in business plans. In addition, we performed correlation analysis of the operating profit ratio between the parent company and the consolidated subsidiaries.</li> <li>We involved tax specialists from our network firm to assess how transaction prices between group companies have been determined.</li> </ul>

### Other Information

The other information comprises the information included in the INTEGRATED REPORT that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

September 30, 2022

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/s/ Ichiro Tajima  
Designated Engagement Partner  
Certified Public Accountant

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/s/ Mamoru Wakino  
Designated Engagement Partner  
Certified Public Accountant



**ALPSALPINE CO., LTD.**

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