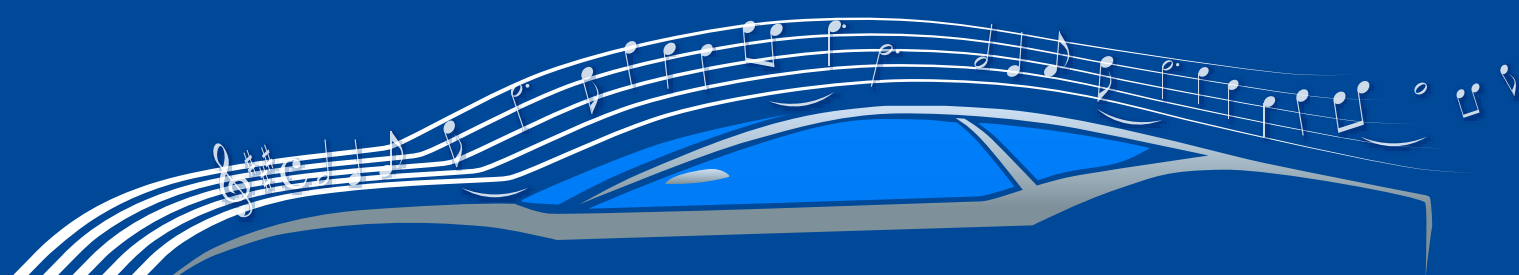


Annual report 2017~2018





Driving Mobile Media Innovation

Corporate Philosophy

Alpine values its members as individuals, and is committed to forming an energetic and attractive company where the quality of work is enhanced.

1 Respect for Individuality

Alpine seeks to foster the pride and enthusiasm of each employee, providing the means and opportunities for growth, and encouraging relationships built on mutual trust.

2 Creating Value

Alpine eagerly takes up the challenge of maintaining technical leadership in creating new values that will enhance the quality of human life.

3 Contribution to Society

Alpine is committed to providing superior products and thus contributing to a fuller, richer society.

Conduct Guidelines

Creation, Passion, Challenge

We will boldly challenge ourselves to create new value and perform MONOZUKURI with passion.

VISION2020 Vision Statement

Alpine aims to be a Mobile Media Innovation Company that provides you with an enjoyable car lifestyle.

Editorial Policy

Since fiscal year 2016, Alpine has published an Annual Report that combines the annual report for financial information and the corporate profile/CSR report for business activities centering on non-financial information. We consider this report an important communication tool to help our stakeholders understand our activities, and actively disclose information on our business plans, performance, CSR management policy, environmental conservation efforts, and other aspects of our business.

Designations Within This Report

Alpine: Refers to the non-consolidated domestic business.

Alpine Group: Refers to all consolidated companies around the world.

Alps Group: Refers to the corporate group led by Alps Electric.

Scope and Period Covered by Report

[Scope]

This report covers the Alpine Group in Japan and around the world, but the scope of individual topics may vary.

[Period]

- In principle, this report covers the period from April 1, 2016 to March 31, 2017, but it does include some activities from before and after that period.
- The Japanese portion of the environmental report covers the period from April 2016 to March 2017, and the overseas portion covers the period from January to December 2016.

Published in June 2017

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We will create the car lifestyles of the next generation as a mobile media innovation company.

We offer a premium car lifestyle that exceeds customer expectations in the business domains of Audio, Visual, Navigation & Cockpit Display, Communication & Cloud Services, and Drive Assist.

AV Head Unit iLX-107 [North America/ Europe/Asia]

We provide industry-leading devices with sophisticated flat design and compatibility with wireless Apple CarPlay®.



Rear Vision PXH12X-R-AV [Japan]

Rear seat passengers can enjoy digital terrestrial broadcasts and DVDs on a large 12.8-inch screen. The unit is equipped with Plasmacluster technology that cleans the air in the vehicle.



Amps & Speakers X-A90F/S65C [North America/ Europe/Asia]

Our 5-channel high-fidelity digital power amp and high-resolution speakers support various systems.



Speakers X3-710S-AV [Japan]

Delivering the ultimate sound with special design/tuning for the Vellfire and the Alphard, these speakers increase owner satisfaction.



Visual

Navigation & Cockpit Display



Car Navigation System X209D [North America] A water and dustproof 9-inch navigation system, designed exclusively for the Jeep Wrangler.

Car Navigation System BIG X™11" [Japan] Our model-specific car navigation systems come with 11-inch monitors, the largest in the world.

Communication & Cloud Service

Smartphone App Alpine Connect [North America/ Europe/Australia] The Alpine Connect smartphone app makes various applications available on on-board devices.



Drive Assist

Rear View Camera HCE-C1000D-AV [Japan] This HDR camera enables bright, clear images to be displayed even in dark places, assisting with smooth parking.



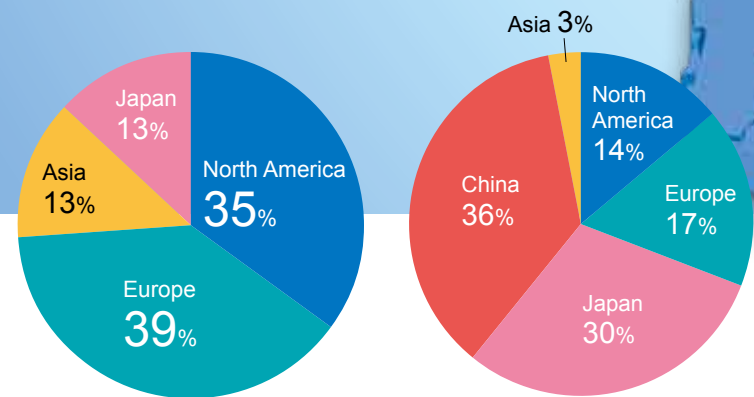
Driving Mobile Media Innovation

Audio

We work to maximize corporate value through our global sales, production, and development network.



● Sales Ratio by Region ● Ratio of Employees by Region



Audio equipment business

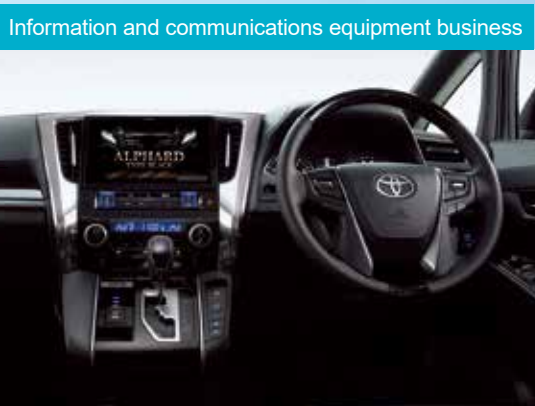
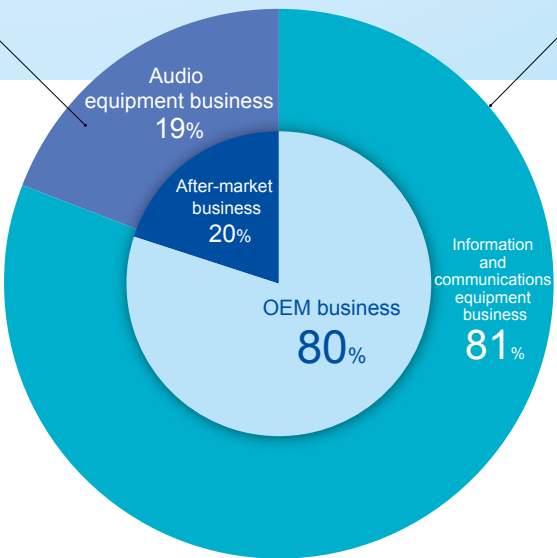
Speakers, amps, etc.

Positive Factors
↑
Negative Factors
↓

- Expansion of sales in the after-market
- Expansion of sales of small/lightweight products
- Integration with information and communications devices

Sales:	45.9 billion yen	13.0% decrease from previous term
Forecast for next year:	48.1 billion yen (4.8% increase from previous term)	

● Sales Ratio by Segment/Destination



Information and communications equipment business

Navigation systems, displays, etc.

- Positive Factors
↑
Negative Factors
↓
- Launch of new products in the after-market
 - Launch of new products in the U.S.
 - Expansion of sales for European automobile manufacturers
 - Time needed to develop business flow for the overseas after-market
 - Model changes of some vehicles of Japanese-affiliated manufacturers

Sales:	201.7 billion yen	8.4% decrease from previous term
Forecast for next year:	201.8 billion yen (0.0% increase from previous term)	

2017 sees the celebration of our 50th anniversary — A history of creation, passion, and challenge.



Alpine Electronics 50th Anniversary Logo
The logo features the number 50, which uses a tire motif to symbolize mobility. The five-line stripe from our brand logo, shooting up over the number, represents our resolution to progress beyond our existing business domains.

1970
Handy-8
The first product under the Alps Motorola brand



1982
LS-5 Series
A car audio component made up of a cassette deck, a tuner, and an equalizer



1991
Juba7909
The Juba series of top-end audio systems



1994
NVE-N055
A full-fledged entry into the car navigation after-market



2000
CDA-7990R
AlpineF#1Status flagship series



2010
VIE-X088
The BIGX series of large-screen car navigation systems



1967
Alps Motorola Co., Ltd. founded

1978
Joint venture with Motorola discontinued
Company name changed to Alpine Electronics, Inc.

1988
Listed on second section of TSE

1993
Became first in the industry to begin production in China

2001
Established Alpine Electronics Marketing, Inc., a new subsidiary for the Japanese after-market

2015
Established a joint venture with Neusoft, one of China's leading software companies

1978
Established sales subsidiaries in Germany and the U.S.

1980
Established business tie-up with Lux Corporation (until 1994)

1991
Listed on first section of TSE

2011
The Great East Japan Earthquake
Operation resumed two weeks later

2017
The 50th anniversary of Alpine's founding



1976
Car radio cassette player
The first product sold under the Alpine brand



1989
CD Shuttle 5952
The world's smallest CD changer for installation in a vehicle



1991
5980
The world's first 3D (Disk) Shuttle



1996
CHA-S604
The world's smallest CD changer (continuous playback of 6 discs)



2007
iDA-X001
The world's first head unit designed for iPod®



2014
iLX-007
Apple CarPlay® compatible product



President
Nobuhiko Komeya

At Alpine, we are working to achieve VISION 2020, our long-term business vision from 2013 targeting 2020 (net sales of 330 billion yen at a 5% operating profit ratio in 2020). The plan has developed favorably, and a successful achievement of our goals has come into view. However, the automobile industry is experiencing dramatic environmental changes that were not taken into consideration at the time when VISION 2020 was first developed. In order to achieve VISION 2020 while appropriately responding to these changes, starting in 2017 we are establishing and promoting the 14th Mid-Term Business Plan. In the first half of the year, Alpine performed structural reform, including reorganization of domestic subsidiaries. The funds acquired by making business management more efficient through this

reform will be allocated with high priority into business for 2020 and beyond, based on the 14th Mid-Term Business Plan.

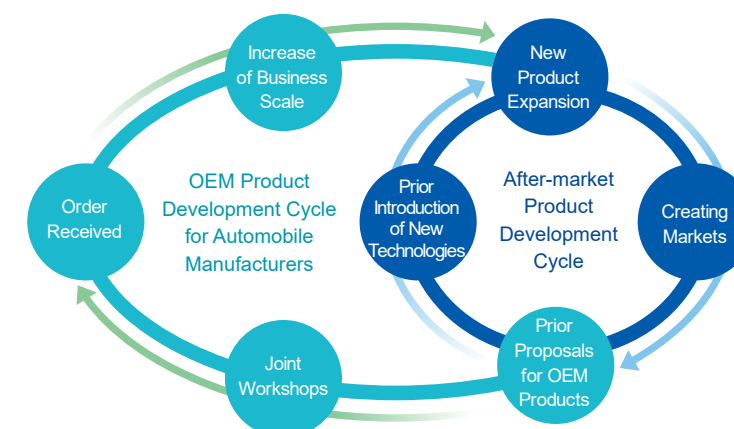
When we looked into future trends for automobiles, we found a number of major trends that Alpine must seize upon, such as automatic driving, connectivity, EVs, and car-sharing. Bold M&A is being performed by other companies in our industry and companies new to the industry, aiming at the markets created by these trends. In the midst of this rapidly-changing business environment, Alpine is collaborating with its parent company Alps Electric, actively developing alliances with various partners within Japan and overseas, to speed up business activities in order to handle these changes. In addition, we are developing our business, concentrating on domains where we can

We aim to look beyond 2020 to create new brand value through challenges beyond past experiences.

demonstrate our company's strengths, such as ADAS (advanced driver-assistance systems).

In order to continue growing beyond changes in the automobile industry, Alpine needs to further polish its strengths. The 14th Mid-Term Business Plan lays out the need to further investigate HMIs (human-machine interfaces), core technologies that we have developed in our work in the car audio and car navigation businesses. Though cars are becoming more intelligent, the needs for safety and ease of use never change. We will continue to provide our own unique value as we pursue HMIs that appeal to all five senses, using cutting-edge technologies like AI (artificial intelligence) and deep learning to create user-friendly equipment and systems.

In addition, we will continue to strengthen Alpine's distinctive two-axis business model, as both an OEM and as an after-market brand. The OEM market moves in three-year spans and the after-market market moves in one-year spans; doing business within two market cycles has a multiplier effect, leading to increases in the value we provide to customers within both markets. Based on the results of advanced measures worked out for the Alpine brand for the after-market, Alpine has established a position as a global premium brand. However, people's lifestyles and values are changing; one of our themes is to evolve the Alpine brand in response. Already in Japan, one of our group companies that handles model-specific products in the domestic market with focuses on individual needs has achieved record sales and profit. This is



an example of the results of our work to demonstrate the new value of the Alpine brand.

In addition to promoting the business decided through customer orders, today Alpine is working on a number of challenges related to the next steps beyond VISION 2020. We are looking for ways to create new value both within the automobile-related domain, where we are exploring custom car sales and car-sharing businesses, and outside the automobile domain, where we are investigating the drone business, which uses navigation control technologies (GPS, gyro functions, map information coordination, etc.). We will continue to consider the search for brand new ideas and actions to be our ultimate goal, with the aim of continuous corporate growth. This year, in 2017, we are proud to celebrate the 50th anniversary of Alpine's establishment. We will continue to work on improving corporate value through efforts toward ESG (environment, social, and governance) and further strengthening our ties to our stakeholders. We thank you very much for your understanding and support.

June 2017

We continue to implement reforms for growth.

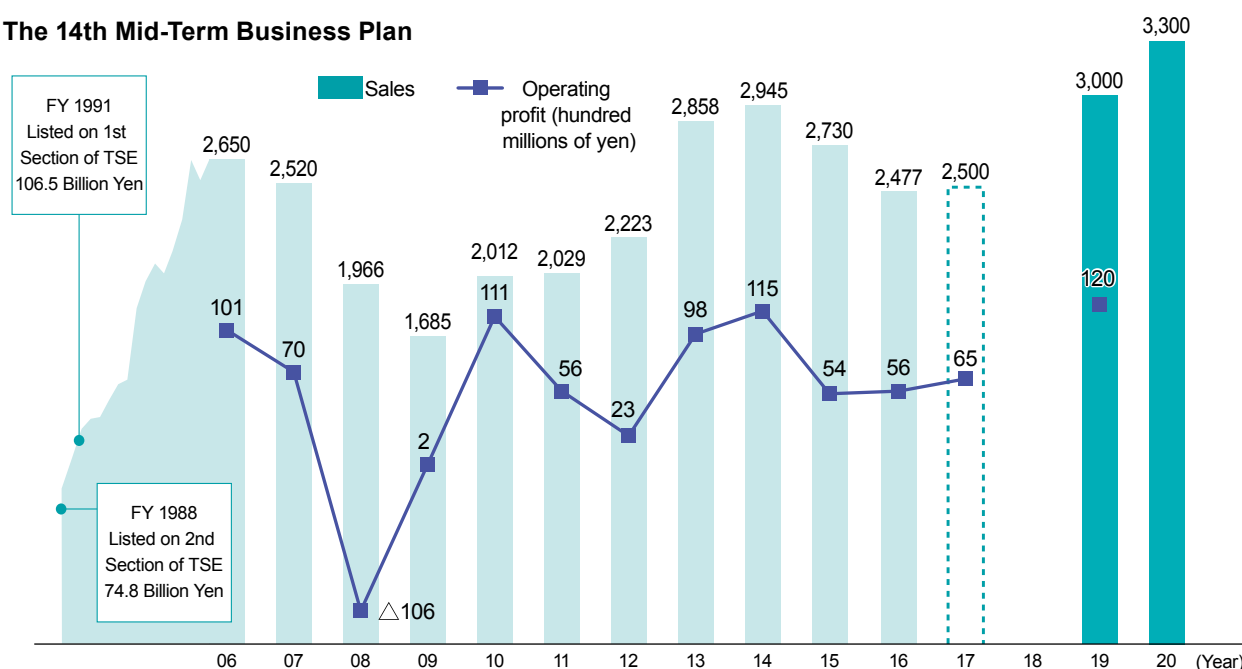
Mid-Term Business Plan (FY 2017 to FY 2019)

In order to accelerate growth within the rapidly changing automobile industry, Alpine has established the 14th Mid-Term Business Plan, covering the three years from fiscal year 2017 through fiscal year 2019.

We will work to create value in new domains in the way that only Alpine can, while further improving profits in existing businesses.

Business Goal	Carry Out Reform for New Growth Aiming for net sales of 300 billion yen and operating profit of 12 billion yen
Priority Items	<ul style="list-style-type: none"> Securing profitability and carrying out prior investments for the future Responding to four major trends in the automobile industry (automatic driving, connectivity, EVs (electric vehicles), and car-sharing) Establishing our uniqueness using our strengths

• The 14th Mid-Term Business Plan



In our 14th Mid-Term Business Plan, we have set a sales goal of 300 billion yen for fiscal year 2019. Approximately 80% of this sales goal for fiscal year 2019 is already accounted for through orders from automobile manufacturers. In the next three years, we will continue to further improve profitability in our various businesses. As one part of this effort, we have carried out large-scale organizational changes oriented toward work efficiency.

At present, the automobile industry is in a period of great change, and Alpine realizes that there are certain major trends that require close attention: automatic driving, connectivity, EVs (electric vehicles), and car-

sharing. The funds acquired through measures to improve profits will be used to actively make prior investments toward the motorized society of the future.

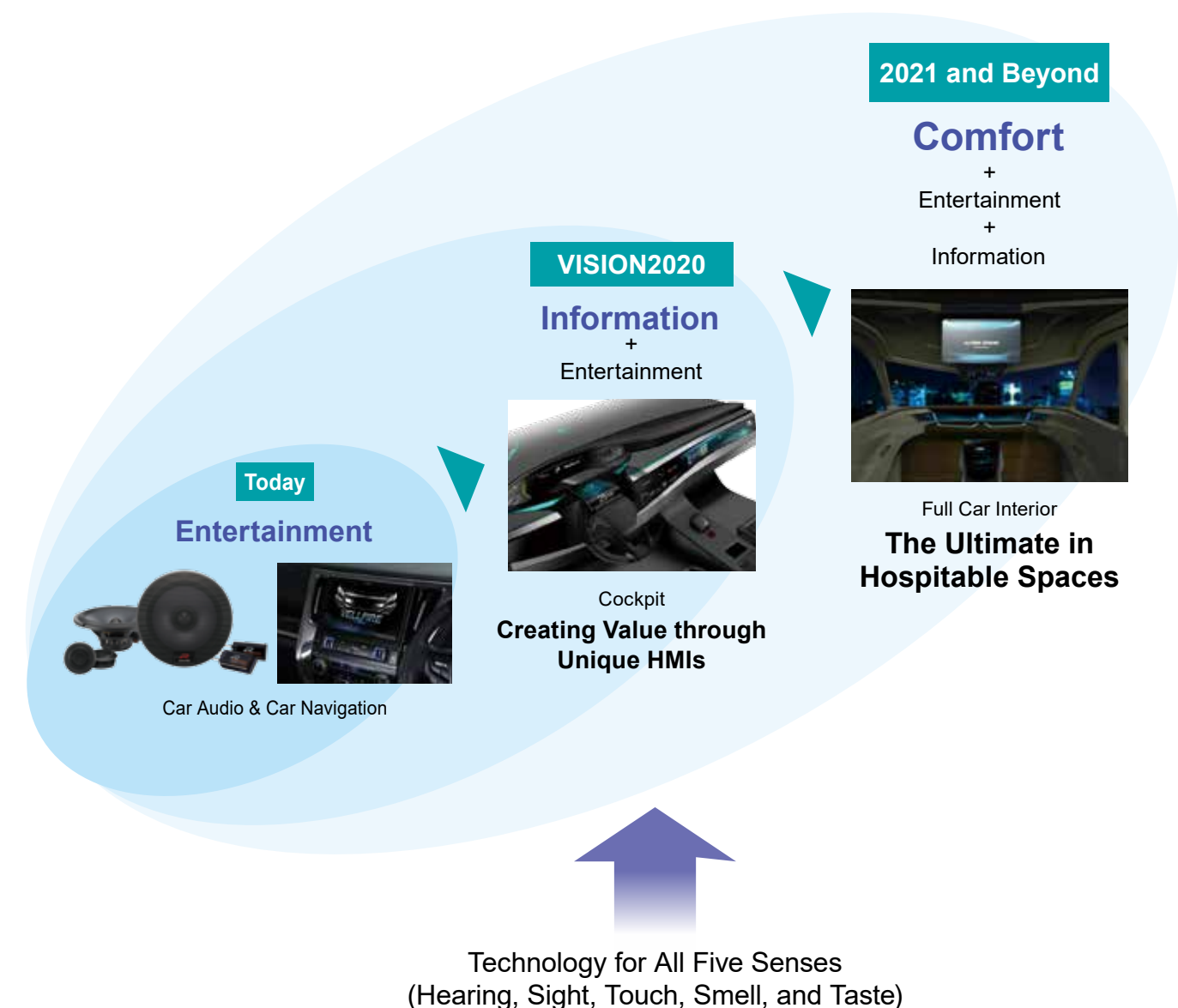
Our strengths are marketing that aims to comprehensively understand customers, and HMI technologies developed to date. Alpine uses these strengths while creating unique technologies and services that excite people.

In the 14th Mid-Term Business Plan, fiscal year 2019 is established as an ending point, but these three years are considered critical as a base for future business beyond then. We will continue our reforms to create Alpine's own unique value.

We offer transportation time and spaces to excite all mobility users and make them want to drive.

At Alpine, we are pursuing the creation of original added value amidst changes in the relationship between cars and people, based on four major trends: automatic driving, connectivity, EVs, and car-sharing. We are working to evolve the HMIs (human-machine interfaces) that we have polished to provide high-quality entertainment in the car audio and car navigation fields, to not just optimize communication between people and cars, but create hospitable spaces that stimulate the senses beyond what is expected. As semi-

automatic driving is adopted in earnest, we will offer drivers not only sound and visuals, but also a variety of information to make their drives safer and more enjoyable. Additionally, in order for Alpine's systems and services to offer more comfortable and richer experiences for drivers and passengers beyond 2020, we are progressing in the development of hardware and software to cultivate the next generation of mobility.



Alpine's CSR is administrative activities that are the embodiment of our corporate philosophy.

Basic Approach and Materiality

At Alpine, we consider CSR to be administrative activities that are the embodiment of our corporate philosophy. The corporate philosophy of Alpine is something that has unchanging value and our corporate vision is shared with all employees as a means to achieve our philosophy, prompting everyone to work daily toward CSR. In addition, in order to ensure that our CSR activities reflect a global perspective, we have established our unique CSR guidelines based on ISO26000 standards, and we continue working on these activities.

Furthermore, Alpine has identified CSR materiality from 2015 for reflection to our CSR activities. For the specification of materiality issues, we took ISO26000 and other standards into account, and performed

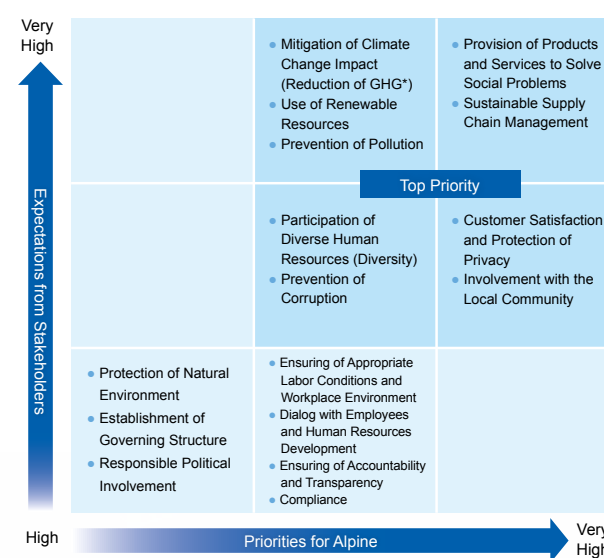
Alpine's CSR Guidelines



evaluations from the perspectives of both stakeholder interest and priority for Alpine. In addition to reflecting our internal CSR Committee's opinions, we also received opinions from external experts. While all CSR activities are important, we identified key topics to incorporate into the medium-term CSR plan as key concerns, and we reinforce our CSR management to monitor the status of each issue through periodical review.

At Alpine, we believe that our entire staff's efforts to promote CSR activities for the entire value chain will serve to establish a base for our mid-to-long-term growth, as well as fulfilling our social responsibility. We will continue to work on improving CSR activities that embody our corporate philosophy.

Materiality Matrix



We work in coordination with the local community and various partners with the goal of compatibility between social value and corporate value.

Research and Development

We are working on research and development with a focus on 2025 and beyond, centered on car-related trends like automatic driving, connectivity, EVs (electric vehicles), and car-sharing. We pursue products like sound systems, infotainment systems, and cockpit displays that realize Alpine's unique "HMI that resonate with all five senses," with the goal of products and services that make customers want to drive by offering a comfortable time and space, not just for cars, but all mobility users. In addition, we are taking an active approach toward the latest information processing fields, such as big data and AI (artificial intelligence), which are said to bring about reform for the automobile industry's business models and people's lifestyles.

Design with Concern for the Environment

We developed the Layout-Free Speakers, which use features like low sound quality degradation even at wide angles and reductions in size and weight, to allow them to be installed anywhere inside a vehicle rather than in certain specific spots. These products retained their performance despite being made smaller and lighter, increasing vehicle interior layout flexibility and contributing to improved mileage. They have been adopted as an authorized dealer option for Honda's S660 convertible sports car.



The product installed in the headrests Layout-Free Speaker

Alliances

Collaboration with Companies in Cutting-Edge Fields

We are actively working together with leading companies in a number of fields, with the aim of evolving existing business domains and creating new ones. In fiscal year 2016, Alpine began collaborating with IBM Japan on the development of a next-generation in-vehicle system to support comfortable driving through a variety of dynamic information, based on their automobile industry-oriented IoT solution Watson IoT for Automotive. In addition, we are working with Toshiba on the development of systems that use drones to patrol and inspect electrical infrastructure, such as pylons and power transmission lines in mountainous regions, contributing to labor savings in their maintenance.

Cooperation with Alps Electric

We have been working to bring about a safer and more comfortable motorized society in coordination with our parent company, Alps Electric. By combining Alps Electric's years of expertise in the input field, such as their HAPTIC® products and capacitive touch panels, with Alpine's expertise in the output field, such as our navigation-centered infotainment products, we can create advanced HMIs (human-machine interfaces). Furthermore, we expect that connectivity technologies and products, like Bluetooth®, LTE, and V2X, increase synergy between the two companies, contributing to automatic driving in the future.

Expansion into the Chinese Mobility Market

We have had a cooperative relationship with Neusoft for over 20 years, and have established a new company with them to expand our automotive business in China. Utilizing Neusoft's software technology abilities, which they have developed deeply through their work as a global IT solution company, as well as their network established in China, we are working to build a business through technologies and services that could contribute to a next-generation smart mobility society, centering on EVs, automatic driving, and connected cars. China is the world's largest automobile market, and we have already initiated EV battery-related businesses and cloud (car-sharing) services in China.



Car-sharing Service in China

We strive toward responsible procurement activities.

■ Green Procurement

Global environmental preservation requires broad approaches not only by manufacturers, but also by the suppliers of parts and materials. At Alpine, we have established Green Procurement Standards, and promote procurement with consideration for the environment. In fiscal year 2016, we added questions about the conditions of CSR activities to our supplier survey, and we are working toward supply chain-wide CSR efforts that extend beyond the environment.

■ Addressing Procurement Risks

Alpine has six manufacturing bases worldwide. Their supply chains are subject to the risk of natural disasters, accidents, labor disputes, bankruptcies, and other issues that can have wide-ranging effects. We perform surveys on the final manufacturing locations for materials and parts procured, and the information is centrally managed to allow us to address the identified procurement risks in a timely fashion. In fiscal year 2016, we expanded our survey to include the level of raw materials purchased by overseas bases, surveying 1,200 parts from 75 companies.

■ Communication with Suppliers

At Alpine, we value coexistence and co-prosperity through trusting relationships, and are working to strengthen partnerships with our suppliers. We hold briefing sessions throughout the world to explain the current state of production and sales as well as announcing our material procurement policy, and commend suppliers who have contributed to quality, delivery date management, and cost improvements, in order to deepen communication.

● Status of 2016 Briefing Sessions

	Japan	China	North America	Europe
Number of Trading Partners Attending	95	70	50	72 Companies
Number of Individuals Attending	228	136	91	121 Individuals

We pursue customer satisfaction and peace of mind to the maximum extent.

■ Alpine Customized Cars

At Alpine, we offer proposals for specially customized one-of-a-kind cars to make the time our customers spend in their cars even better. To date, we have done interior designs optimized for each car model, based on our concept of "Alpine Style Premium Space Design," but as of April of 2017, we now offer full-car Alpine Style customization, including the exterior. Our design concept combines "sporty, spartan (straightforward and sturdy), sharp, simple, and smart," for elegant and sophisticated customized cars.



■ Efforts toward Functional Safety for In-Vehicle Products

The need for safety in in-vehicle products increases as driver-assistance systems become more advanced and automatic driving systems are adopted, and Alpine has been one of the first to establish a productization process and system that comply with the ISO 26262 functional safety* standard for automobiles. In fiscal year 2016, with the goal of bringing about a business culture of judgment and action that places the highest priority on safety, we established the Functional Safety Policy and produced work manuals, as well as putting into practice an e-learning system for all employees involved in work related to in-vehicle products.

Alpine Functional Safety Policy

"Alpine offers safe in-vehicle products that customers can use with peace of mind, through functional safety."

*Functional safety: A concept of providing safety functions in order to reduce the hazard of harm to drivers, passengers, and others to a permissible level in the event of system failure.

We make a concerted effort to advance environmentally-friendly company management at all our domestic and overseas bases.

■ Promotion of Environmental Management

Alps and Alpine Group management is focused on addressing environmental issues that are viewed as being among the more serious management challenges. We established our Environmental Policy and Mid-term Plan based on the Alps Group Environmental Charter, and have established an Environmental Management Committee, to work on the provision of environmentally friendly products, performing environmentally friendly business activities, and establishing a global environmental management structure with a comprehensive approach taken by all group companies.

■ Use of Renewable Resources

Through the improvement of the structure and materials of our products and packaging, we are working on effective utilization of resources. For example, by making the packaging more compact on a product for an automobile manufacturer, we were able to increase the number of units packed per carton from 20 to 32, making transport load much more efficient, as well as conserving materials used. Furthermore, we are making efforts to reuse shipping pallets, reducing the amount of scrap wood produced when disposing of pallets.

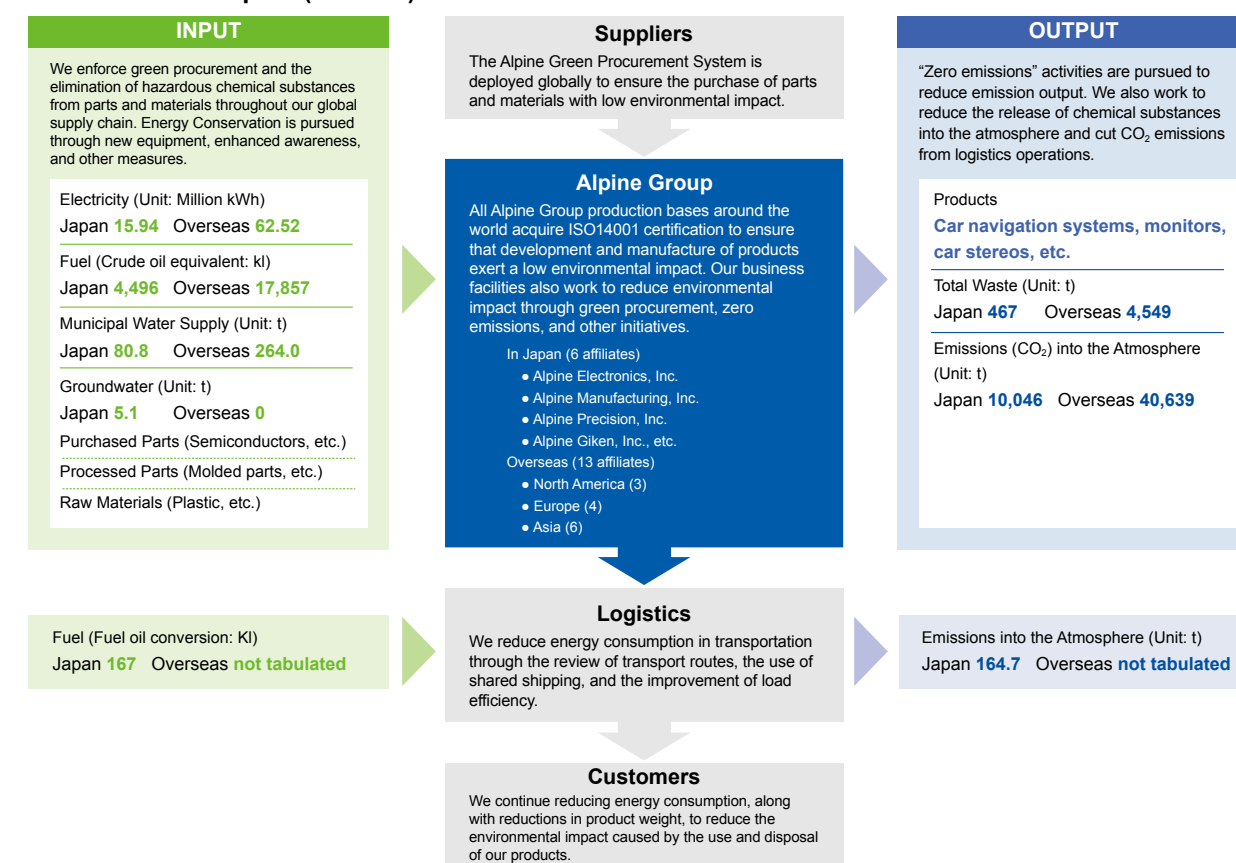
■ Mitigation of Climate Change Impact

The Alps and Alpine Groups have set a goal of improving energy consumption rates by an average of 1% a year by 2020, through reductions of electric power usage, effective use of heat, and other efforts at each of our business facilities. In the Fukushima Protocol Global Warming Prevention Project, organized by Fukushima Prefecture, Alpine Giken, Inc. has been awarded the grand prize in the office & store category seven years in a row, in addition to other activities that aim to help us build a leading presence in the local community.

■ Prevention of Pollution

We use chemicals in our manufacturing processes, but many of these chemicals can have a detrimental impact on the environment or human health if misused or mismanaged. As a result, we consider it our responsibility to work to reduce our use of chemicals that can have major effects on the environment or the human body, as well as to use them under a proper management system. At Alpine, we strive for thorough management of the storage, use, and release of the chemicals used in our manufacturing activities.

● Environmental Impact (FY 2016)



By participating in the local community, we aim to contribute to its development.

▪ Educational Support for Children

In cooperation with Iwaki City, Fukushima, we take part in the Model Project for the Promotion of Saturday Learning, which follows the Saturday Educational Activities Promotion Project initiated by the Ministry of Education, Culture, Sports, Science, and Technology. We agree with the goal of providing children with more enriching and meaningful Saturdays by promoting Saturday educational activities through public-private partnership; since August of 2016, we have offered Saturday lessons for local elementary school children on the themes of manufacturing and science.



Saturday Lesson

▪ Support for Sporting Events

In order to allow people gathered from across Japan to experience the charms of Iwaki City, we have supported the Iwaki Sunshine Marathon — a sporting event considered a symbol of the city's recovery from the Great East Japan Earthquake — every year since the event began. The sixth annual marathon was held on February 12, 2017, where about 100 of our employees volunteered to assist the event, in addition to those who participated as runners, and we offered some of our products as additional prizes for the race winners.



The 6th Annual Iwaki Sunshine Marathon

▪ Communication Activities with Employees and Their Families

In locations around the world, we work to deepen communication among employees and with their families. In Hungary, every Christmas we invite employees' children to our Santa Party; in 2016, about 150 children attended with their parents, and they enjoyed a factory tour, dancing and songs, origami and a handicraft corner, a drawing contest, and more.



Santa Party

▪ Creating a Rich Local Environment

At Alpine Group, we engage in afforestation and environmental clean-up activities to contribute to rich local environments, based on the unique local needs and characteristics of each of our bases worldwide. In Dalian, China, we have performed ongoing clean-up activities for the local area. In 2016, about 1,100 participants (our employees and their family members) took part in clean-up activities overseas, and, in 2017, about 200 participants took part in garbage collection activities at local parks.



Park Clean-up in Dalian

▪ Promoting "U-Turn Employment" among the Younger Generation

We support "U-turn employment," drawing younger human resources back to their rural home regions for their careers. In January of 2017, we accepted 39 people who participated in a bus tour to learn about local businesses, for college students and other job seekers in the Tokyo area looking to work in Iwaki City, Fukushima, and in addition to tours of our workplaces and explanations of the work we do, we also provided time for them to interact with our employees.



Tour to Learn about Local Businesses

▪ Restoration Support through Human Resource Development

We participate in the Fukushima Innovation Coast Scheme, a national government project with the goal of the creation of new technologies and new industries to support the early recovery of the Hamadori region of Fukushima Prefecture, which was struck by the Great East Japan Earthquake. In addition to our work to develop automatic flight systems for drones and component technologies for automatic driving, we also want to be of some help to the development of engineers and technicians in the region, so we work to employ and educate local high school students. In March of 2017, we made unofficial employment offers to 64 individuals, and we provided internal training for those who wanted to attend, regardless of what each individual studied in high school or college, helping them grow as technicians and engineers who play active roles.

We work to improve organizational and corporate climate so our diversity can help the company's growth.

▪ Improving the Working Environment So All Employees Can Exercise Their Specialties

At Alpine, our staff features diversity across nationalities, races, ages, genders, and religions, and we work to create a workplace that allows them to use their skills to the fullest. We consider our employees' diverse backgrounds and individuality to be one of our strengths; in order to help everyone grow and play an active role, once a year we hold a Human Resource Development

Conference, where we discuss employees' career plans, education policies, and more. With respect to social concerns regarding the employment and expansion of the work fields of women, we have established a plan of action and are implementing it, following the enforcement of the Act on Promotion of Women's Participation and Advancement in the Workplace on April 1, 2016.

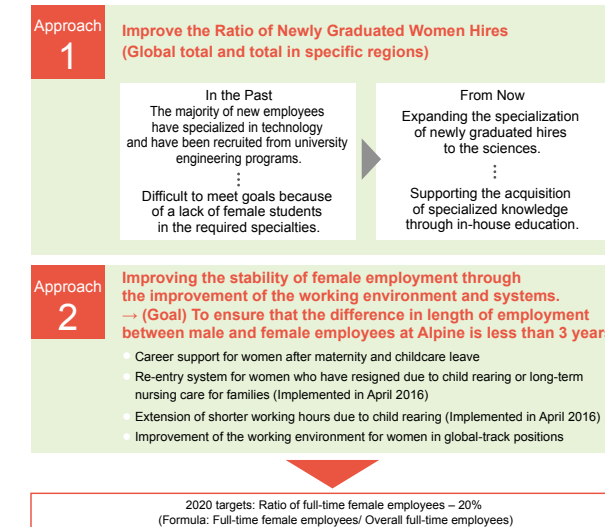
Internal Project to Think about Work Reform from Women's Points of View

In December of 2016, we established the HANA* Project, based on the concept of "Creating a Better Work Environment from Women's Points of View." The members of this project, consisting of female employees in their 20s to their 40s, share work-related concerns and opinions on topics like career development and child rearing, with the goal of changing everyone's way of thinking and solving problems for everyone.

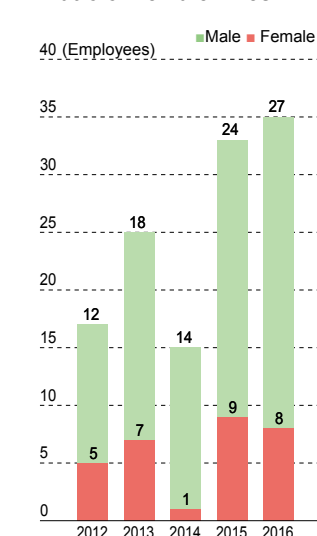
*Abbreviation of "Happiness of All is Next Alpine."



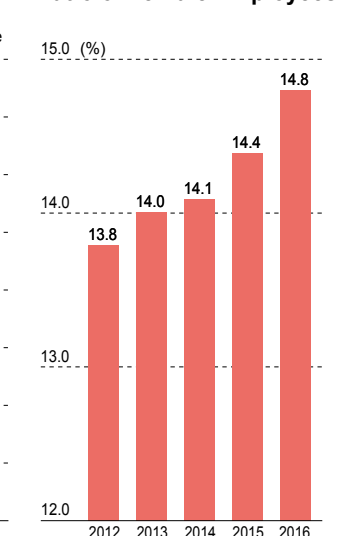
Plan of Action for Supporting Women's Empowerment in the Workplace



Ratio of Female Hires



Ratio of Female Employees



▪ Global Human Resource Cultivation

Alpine dispatches entry and mid-level employees to overseas subsidiaries and other organizations for a period of one year to participate in on-site training. This system was established to cultivate employees with a global perspective and the ability to take action that reflects an understanding of culture and customs, and improve language proficiency through actual work and life experience. In fiscal year 2016, one employee was dispatched to each of Germany, Hungary, and China.

▪ People with Disabilities Playing an Active Role

At Alpine, we strive to maintain a work environment where every one of our employees can work enthusiastically, using their skills to their fullest extent, regardless of whether they have disabilities. We actively work on employment activities: for example, in fiscal year 2016, we provided students from facilities for individuals with disabilities with a short-term work-experience program, offering them a chance to deepen their understandings of Alpine. In 2016, 2.1% of the employees we hired had disabilities, and every year since fiscal year 2014, we have met or exceeded the percentage stipulated by law.

To ensure efficient, sound, and transparent management, Alpine works hard to strengthen our corporate governance structure.

Basic Approach to Corporate Governance

Alpine manufactures on-board information systems and equipment as a member of the Alps Group led by Alpine's parent company, Alps Electric Co., Ltd.

The Alps Group defines corporate governance as the "establishment and operation of frameworks for the realization of efficient and appropriate decision-making and execution of duties by senior management, prompt reporting of outcomes to stakeholders, and sound, efficient and transparent business administration

for the purpose of heightening corporate value." We place importance on the sustainable development of shareholders and all other stakeholders, and the maximization of their mid-to-long-term benefits; therefore, our basic approach involves the maximization of corporate value and the delivery of benefits directly or indirectly to stakeholders in a balanced way to satisfy their respective interests.

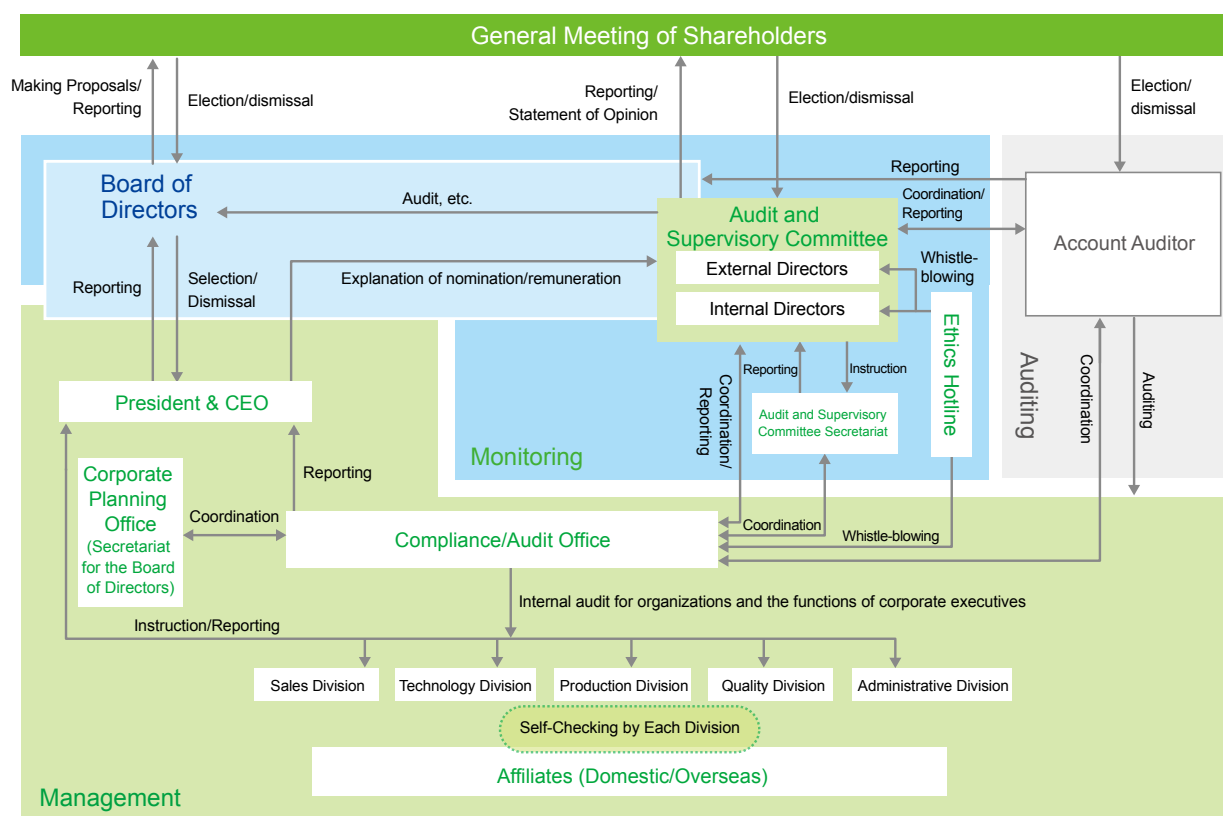
Corporate Governance Structure

We have adopted the structure of a company with an audit and supervisory committee for corporate governance pursuant to the Companies Act of Japan. Through the enhancement of auditing and supervising functions in close cooperation with accounting auditors and the Internal Audit Division, the Audit and Supervisory Committee, which is independent from the persons who execute the business, further strengthens our corporate governance structure, and improves the soundness and transparency of our corporate management.

We also have established the Alpine Corporate Governance Policy to facilitate our ability to realize

effective corporate governance and fulfill our responsibilities to all of our stakeholders: shareholders, customers, local communities, and employees. We work on the fulfillment and improvement of this policy, and the smooth operation under the governance structure, including the Audit and Supervisory Committee, in our mid-term business plan. Visit the following web page for more information about the Alpine Corporate Governance Policy.

http://www.alpine.com/j/investor/information/pdf/governance_policy_16.pdf



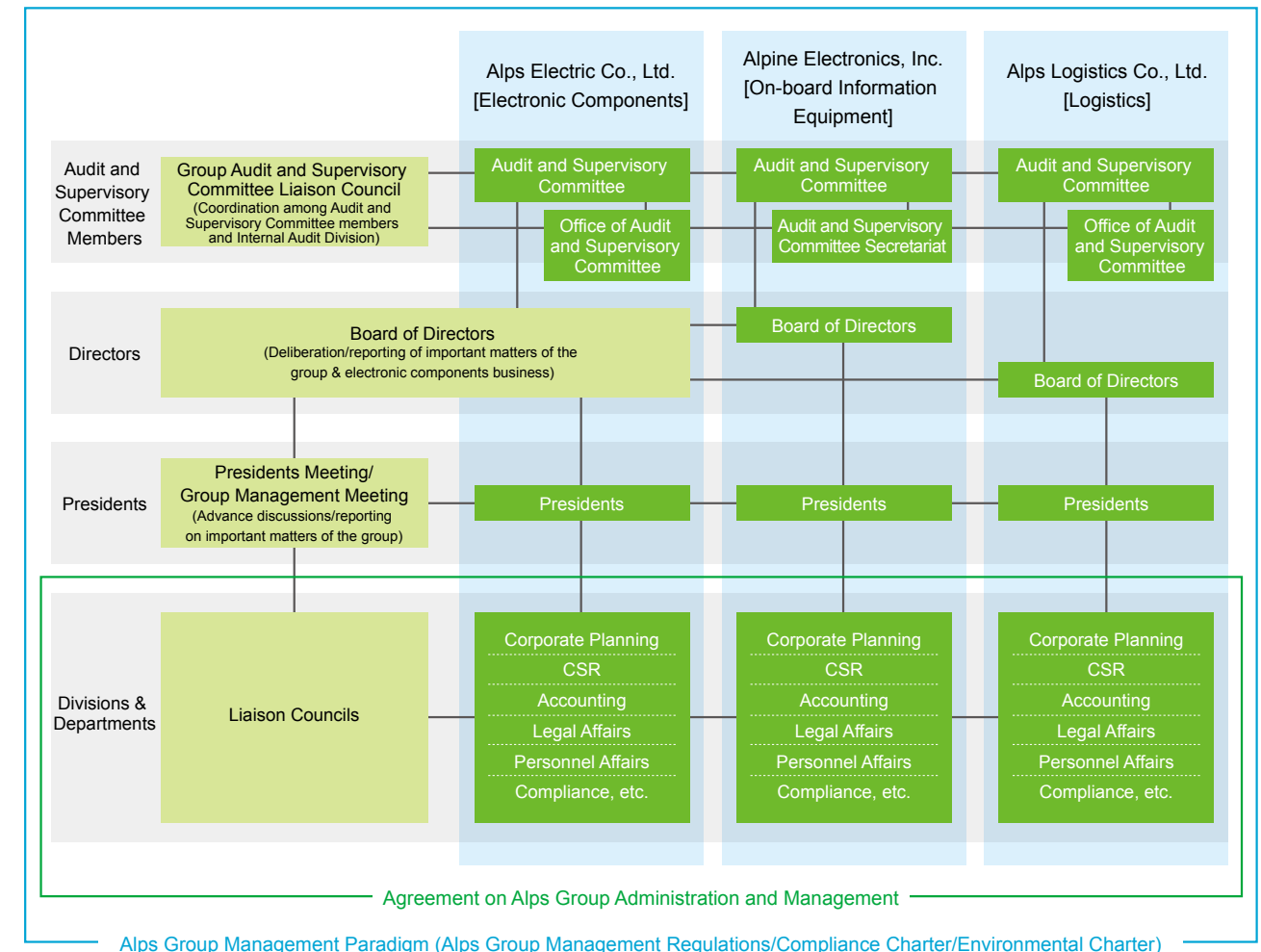
Internal Control

As a member of the Alps Group, Alpine places a priority on following the founding principles of the Alps Group led by Alps Electric Co., Ltd. We established our basic philosophy and conduct guidelines for compliance in accordance with the Alps Group management regulations, and promote compliance throughout the company and our subsidiaries. In addition, we continue developing our internal control system and structures to secure proper business management in accordance

with the Companies Act and the Ordinance on Enforcement of the Companies Act, and conduct proper and effective business in all Alpine Group companies. Please read "Internal Control System" in our Corporate Governance Report for more detail on the structures of our internal control system.

<http://www.alpine.com/e/investor/library/governance.html>

Alps Group Internal Control Structure



Board of Directors & Board of Directors Meeting

The Alpine Board of Directors, which is composed of 11 directors (excluding Audit and Supervisory Committee members) and 4 directors who are Audit and Supervisory Committee members (3 are external directors), discusses and makes decisions about important matters regarding the Alpine Basic Business Policy and Mid-term Business Plan, and audit and monitor the business performance. The Board of Directors makes decisions about all important matters through discussion at monthly meetings and extraordinary general meetings, which are held as necessary. Topics brought up for discussion are resolved in accordance with rules and

bylaws governing the Board of the Directors, after being examined for legal, accounting, tax, and economic soundness, in order to ensure the compliance and rationality of the resolution of the Board of Directors.

The articles of incorporation specify that directors shall be elected and removed by resolution passed at a General Shareholders Meeting by a majority vote of shareholders who are in attendance and whose number holds one third or more of the voting rights of shareholders entitled to the exercise thereof, and that cumulative voting shall not be employed.

▪ Audit and Supervisory Committee

Members of the Alpine Audit and Supervisory Committee, the majority of whom are external Audit and Supervisory Committee members, strive to make objective judgments while acting independent of the persons who execute the business. The Committee performs audits of the company's operations through the combined effectiveness of the Audit and Supervisory Committee members, consisting of two lawyers and a certified public accountant serving as external directors with their wealth of experience, plus

an internal member of the Committee, who is a full-time employee familiar with the company's business. The Committee also strives to provide advice to the company's top management at meetings of the Board of Directors and other important meetings in cooperation with the Internal Audit Division. Assistants for the Audit and Supervisory Committee shall be assigned, and their independence from the Board of Directors (excluding those who are the members of the Audit and Supervisory Committee) shall be secured.

▪ External Directors

Alpine has appointed three External Directors to enhance the functions of the Board of Directors. Each External Director focuses on ensuring legal compliance and strengthens supervisory functions over the company's operation through active dialogue and advice on the selection and dismissal of top management, remuneration, supervision on conflict of interest among the company, top management, and

controlling shareholders, and other important matters at the Board of Directors meetings. Alpine appoints external directors in accordance with its standards for the nomination of directors, including the Alpine Standards for Independence. In addition, we designate these individuals as independent corporate directors upon consent, and report such to the Tokyo Stock Exchange.

▪ Evaluation of the Effectiveness of the Board of Directors

With the aim of improving the soundness, transparency, efficiency, and mobility of our execution of duties, we performed an evaluation of the effectiveness of our Board of Directors.

The results revealed the sufficiency of the discussion, deliberation, and management at the Board of Directors' meetings. We will continue this evaluation to help improve our corporate governance and corporate value.

Message from an External Director

Hoping to contribute to the sustainable growth of the company as an accounting and audit specialist

I was appointed as an external director (Audit and Supervisory Committee) in line with Alpine's shift to a company with an audit and supervisory committee in June 2016. After participating in Alpine's management, I have visited various locations, including overseas subsidiaries, communicating with top-level executives and many other employees. In doing so, I feel that they are making enormous efforts to understand the market needs in detail, such as those of automobile manufacturers. Nowadays, amid the drastic progress in automotive technology symbolized by automatic vehicle-control systems, it is not easy to accurately understand the market needs to develop the businesses. Nevertheless, Alpine has a strength that is found behind no other company. As can be seen in the fact that Alpine was one of the first companies to advance from the field of car audio systems into the field of car navigation, this company always takes on challenges of new circumstances with pioneering ideas, fixing their eyes on the global market. However, Alpine is required to build "offensive governance" in its endeavors, as a foundation for rapidly giving shape to required functionality at high levels of quality and managing the risks inherent in new products, such as those regarding intellectual property rights. As an external director specializing in financial affairs, accounting, and auditing, I would like to contribute to the sustainable development of the Alpine Group by giving proper advice to establish this "offensive governance" and to improve the profitability of each business unit (BU).



Hideo Kojima Director
Member of Audit and Supervisory Committee

Career Summary
May 1995 Representative Partner of Showa Ota & Co.
May 2000 Executive Board Member of Century Ota Showa & Co.
May 2006 Deputy Chief Executive Officer of Ernst & Young ShinNihon LLC
June 2011 External auditor of Alpine
External auditor of Sumitomo Heavy Industries, Ltd.
Opened Hideo Kojima C.P.A. Office
June 2015 External director of Sumitomo Heavy Industries, Ltd.
June 2016 Outside Director, Audit and Supervisory Committee of Alpine

We are committed to thorough compliance with respect to laws, social norms, and ethics.

▪ Compliance Structure

In accordance with the Alps Group Compliance Charter, Alpine has incorporated basic rules into the Alpine Ethical and Legal Compliance Policy, which has been rolled out to all group companies, to ensure that employees act fairly and appropriately as members of society.

• Alpine Ethical Guidelines (Alpine's 10 Commandments)

Person	Personal Information	Disclosure of personal information is prohibited.
	Ban on Discrimination	Violent force and language, sexual harassment, and discrimination are prohibited.
Object	Product Safety	Give due consideration to the safety and quality of products.
	Environmental Awareness	Give due consideration to the natural environment.
Property	Corporate Property	Personal use of corporate property is prohibited.
	Intellectual Property	Violation of intellectual property of other organizations is prohibited.
Information	Corporate Secrets	Personal use of or disclosure of corporate secrets is prohibited.
	Ban on Insider Trading	Dealing of the company's stock by the employees before disclosure of corporate information is prohibited.
Trading	Fair Trade	Comply with antitrust legislation and every law and rule.
	Donations and Reception	Receiving donations and reception beyond a reasonable extent is prohibited.

▪ Ethics Hotline

Alpine has an internal whistleblowing system for all employees in Japan. Called the "Ethics Hotline," employees can call for consultation on issues related to ethically questionable and illegal behavior. Furthermore, Alpine has initiated similar consultation systems, including the Ethics Hotline, at our major overseas bases in a manner suitable to the conditions in each country.

▪ Compliance Education

At Alpine, the legal affairs departments at each corporate center in Japan, the United States, Europe and China provide compliance education programs according to regional characteristics. Education is provided according to the rank and job of each employee, and the topics include human rights, harassment, engineering ethics, protection of confidential information, and antitrust legislation.

Alpine strives to ensure the sustainability and reliability of our corporate activities.

▪ Business Continuity Management

We have established a business continuity plan (BCP) that keeps pace with environmental changes in order to ensure the safety of our employees and their families, and minimize the impact on our customers in the event of an emergency situation. The plan is always subject to review for strengthened collaboration with group companies, expansion of the scope of the BCP, establishment of an information supply framework for times of disaster, and other improvements.

▪ Information Security

Alpine recognizes that it is our social responsibility to strictly manage information about customers and suppliers as confidential information, in the same way as handling our own information, and we have strived to establish an information security management system. In fiscal year 2016, no incidents that caused adverse impacts on our customers, suppliers, or other parties were identified.

▪ Alpine Fire Brigade

Iwaki Headquarters set up the Alpine Fire Brigade as a fire defense organization for self-protection according to the requirement for large-scale properties under the Fire Service Act. The Fire Brigade is made up of employees and conducts periodical training (fire drills, use of fire extinguishers and AED, etc.) twice monthly to prepare for initial firefighting operations, emergency evacuation and aid in time of disaster. Our overseas facilities also have their own fire brigades to prevent and prepare for disasters.



Fire evacuation drill

We offer an overview of our CSR activities below (policies, structure, and fiscal year 2016 activities).

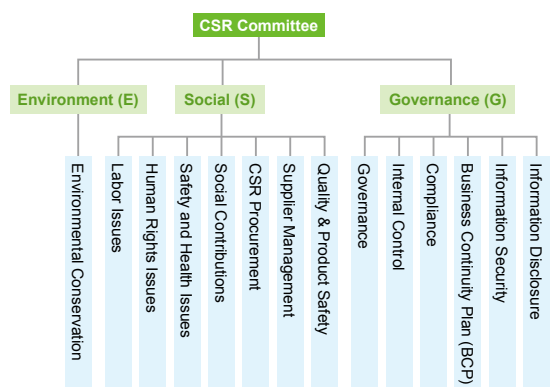
CSR Action Policies for fiscal year 2017

The Alps and Alpine Groups have formulated our action policies as given below, by taking into consideration, analyzing, and summarizing the degree of importance for the groups, changes in external environments, and other factors. In addition to the overall policy, we have established separate policies for the environment, social, and governance (ESG) categories.

Action Policy	
We shall perceive changes in external environments and expectations from stakeholders in responsible ways, and build a foundation for sustainable growth.	
Policies by Category	
Environment	Promotion of activities to conserve the global environment
Social	Strengthening of management in view of external standards and external environments (Human rights, labor safety, procurement)
Governance	Strengthening of corporate risk countermeasures and business foundations

CSR Promotion Structure

Alpine reorganized its CSR Committee in 2017 to a promotion structure that allows us to address CSR issues from more project-based viewpoints. The committee is composed of 14 divisions for different subjects, which promote their individual activities, placing importance on the provision of value to society, and sustainable company growth. The CSR Committee performs quarterly checks on the progress of the subjects, and reports the results at the Board of Directors meetings.



2016 Summary

Category	Main Activities	
Environment	Greenhouse Gas Reduction	Our greenhouse gas reduction goals for facilities and logistics were achieved through the promotion of our environmental implementation plan.
	Waste Reduction	Waste was reduced by 10% compared to the base year through the extended application of wooden pallets.
	Environmental Education	Environmental education was provided for our employees and local elementary school students.
Social	Labor Safety	Three production bases acquired OHSAS 18001 Occupational Health and Safety Management System certification.
	Human Rights	Following the enactment of the UK Modern Slavery Act 2015, we posted a statement on our website concerning human trafficking and slavery.
	Supplier Survey	A CSR survey was conducted, targeting 265 suppliers around the world.
	Procurement Risks	A survey was conducted for parts purchased at our six production bases, to an extent including the final production locations at raw material levels.
	Women's Empowerment	A women's working group to consider pleasant working environments from women's viewpoints was set up.
Governance	Regional Contribution	Participation in a national project to support the swift recovery of the Hamadori area of Fukushima Prefecture, which was affected by the Great East Japan Earthquake.
	Shift to a Company with an Audit and Supervisory Committee	Alpine transitioned from a company with a board of company auditors to a company with an audit and supervisory committee.
	Compliance Education	Compliance education was provided using programs prepared according to the regional characteristics of different countries.

We offer an analytical overview of our operating results and financial conditions for the fiscal year ending March 2017 below.

Analysis of Operating Results for the Fiscal Year Ending March 2017

1) General Situation

With reference to the world economy during this consolidated fiscal year, domestic demand steadied in the U.S., and the European economy saw continued recovery, despite some spottiness depending on the country. On the other hand, in emerging countries, such as China, and resource-producing countries, slowing economic growth caused mounting fears of a downturn in the economy. While the Japanese economy showed a gradual recovery trend, the unstable currency fluctuations attributable to the Brexit issue and the U.S. presidential election, as well as increasing uncertainty in the overseas economy, such as Europe's financial and capital market risks, clouded future economic prospects.

As for the car electronics industry, the growth of a synergistic relationship between the field of on-board information equipment, which centers on infotainment systems, and new fields, including the electrification of automobiles, automatic driving, and artificial intelligence (AI), has caused intensified competition beyond the boundaries between different types of

businesses or industries.

Against this backdrop, the Alpine Group defined this fiscal year as the year for the reform to build the foundation for growth to achieve the targets of VISION 2020, the corporate vision formulated for the fiscal year 2020, and worked to strengthen the corporate structure through efforts including the organizational reform of the research and development department, improvement of efficiency in development investment, and promotion of cost reduction.

2) Sales and Profit

Consolidated sales were 247.7 billion yen (9.3% decrease from previous term), operating income was 5.6 billion yen (3.3% increase from previous term), ordinary income was 7.4 billion yen (20.6% increase from previous term) due to reasons including the increase of return on investment by equity method, and profit attributable to owners of parent was 7.7 billion yen (27.5% decrease from previous term) due to the decrease of the gain on sales of shares of subsidiaries and associates booked as extraordinary income.

Outlook for the Next Term

Signs of growing uncertainty, including the policy trends of the new U.S. administration, the rise of protectionism in the West, and geopolitical risks, suggest continued obscure conditions of the world economy. Also, the car electronics industry is expected to experience continued difficult business conditions due to factors such as technological innovations and intensifying competition between companies.

Under these circumstances, the Alpine Group, aiming to achieve the targets of VISION 2020, the corporate vision formulated for fiscal year 2020, is striving to build a more robust business foundation by implementing structural reform through restructuring the group, which includes the merger of our technological development subsidiary in Japan into Alpine to enhance our technological development capabilities, and the consolidation of three manufacturing subsidiaries in Japan to improve our production efficiency. The initiatives for each business segment are summarized as follows:

1) Audio Equipment Business

We endeavor to expand the sales of sound systems that have been highly rated as genuine products for automobile manufacturers, as well as appealing to customers, with the added value of slim, lightweight speakers that contribute to automobile mileage and eco-friendliness, and new compact and lightweight speaker products that are highly adaptable to changes in vehicle interior designs through improved flexibility in potential installation locations, in order to increase orders.

2) Information and Communication Equipment Business

We concentrate our efforts on the sales expansion of model-specific large-screen navigation systems that have been brought to Western after-markets with the aim of cultivating new demand, with continued focus on pickup trucks and SUVs in the U.S., where automobile sales continue to be strong. As for the Japanese after-market, we aim to increase sales through customized cars that feature a navigation system with the industry's largest screen, a rear monitor, a special interior design, and special exterior parts.

The consolidated earnings outlook for the next term, taking into account the matters that can be anticipated at the present moment, is forecasted as follows:

Consolidated Earnings Outlook				
	First half	Second half	Full year	From previous term
Sales	1,200	1,300	2,500	0.9% increase
Operating income	21	44	65	15.8% increase
Ordinary income	17	39	56	24.7% decrease
Profit attributable to owners of parent	(10)	18	8	89.7% decrease

Note: Projected exchange rate for the earnings forecast: 1 USD = 108 JPY, 1 EUR = 116 JPY

■ Analysis of Cash Flows and Financials for the Fiscal Year Ending March 2017

1) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities increased 3.4 billion yen (compared to a 2.0 billion yen increase the previous year). This increase was primarily due to 13.1 billion yen in profit before income taxes, 6.4 billion yen in depreciation, an increase in net cash resulting from a 3.2 billion yen decrease in inventories, 1.5 billion yen in share of profit of entities accounted for using equity method, 6.2 billion yen in gain on sales of shares of subsidiaries and associates, a 4.5 billion yen increase in notes and accounts receivable, a 1.0 billion yen decrease in notes and accounts payable, and a 5.9 billion yen decrease in net cash from payment of income taxes.

Cash flows from investing activities

Net cash provided by investing activities increased 3.4 billion yen (compared to a 3.4 billion yen decrease the previous year). This increase was primarily due to a 4.9 billion yen purchase of property, plant, and equipment; a 2.9 billion yen purchase of intangible assets; 2.2 billion yen in payments of loans receivable; 1.6 billion yen in payments for investments in capital; 9.3 billion yen in proceeds from sales of shares of subsidiaries and associates; and 5.4 billion yen in collection of loans receivable.

Cash flows from financing activities

Net cash provided by financing activities decreased 2.2 billion yen (compared to a 3.2 billion yen decrease

the previous year). This decrease was primarily due to a 2.0 billion yen decrease from cash dividends paid.

As a result, there was a 6.9 billion yen increase in free cash flow (compared to a 1.3 billion yen decrease the previous year). Free cash flow is the total of cash flows from operating activities and cash flows from investing activities.

2) Assets, liabilities and net assets

Total assets as of the end of the year were 201.8 billion yen, a decrease of 3.3 billion yen year on year. This was primarily due to a 4.0 billion yen increase in cash and deposits, a 2.6 billion yen increase in notes and accounts receivable, a 4.4 billion yen decrease in inventories, a 4.4 billion yen decrease in other current assets, and a 1.3 billion yen decrease in property, plant, and equipment.

Liabilities decreased 4.8 billion yen year on year to 56.5 billion yen. This was primarily due to a 3.0 billion yen decrease in notes and accounts payable, a 400 million yen increase in accrued expenses, a 700 million yen decrease in the provision for product warranties, a 1.1 billion yen decrease in other current liabilities, and a 200 million yen decrease in other non-current liabilities.

Net assets increased 1.5 billion yen year on year to 145.3 billion yen. This was primarily due to a 5.6 billion yen increase in retained earnings and a 4.0 billion yen decrease in foreign currency translation adjustment.

As a result, the capital adequacy ratio increased 1.9 points year on year to 71.1%.

fluctuations or other factors may adversely affect the performance and financial conditions of our group.

3) New Product Development

The Alpine Group continues active investment in research and development, in order to develop attractive new products. However, rapid technological progress and changes in customer needs may hinder the expected process of new product development, which may impair future growth and profitability, causing an adverse impact on the performance and financial conditions of our group.

4) Price Competition

Price competition is heating up in the mobile multimedia industry, which the Alpine Group belongs to, causing price declines in the after-market. In addition, further price drops are expected in the future due to demands from automobile manufacturers for cost reduction, successive entry of competitors, and other reasons. We continue working on structural reforms in terms of cost and profitability from global perspectives; however, these sales price drops may cause an adverse impact on the performance and financial conditions of our group.

5) Potential Risks in Overseas Operations

Many of the Alpine Group's production and sales operations are performed in the United States, Europe, China, and other Asian countries. These operations in the overseas markets potentially involve various risks, including: 1. Unexpected changes in laws or taxation systems, 2. Unfavorable factors of politics or economy, and 3. Terrorism, wars, or other social disorder. Any of these events could cause a severe impact on the performance of our group's business.

6) Supply System for Specific Parts

The Alpine Group strives to produce critical parts within the group; however, some critical parts are supplied by companies outside the group. In the event that such a company becomes unable to supply the parts in the required quantity as scheduled, due to a disaster or other reason(s), we may suffer a delay in production, lost sales opportunities, or other losses, leading to an adverse impact on the performance and financial conditions of our group.

7) Requirements of Customer Companies

The Alpine Group's OEM business is targeted at automobile manufacturers throughout the world, and, in the medium term, we aim to further expand sales through structural reform in terms of order reception. These automobile manufacturers are becoming increasingly demanding for high quality, low costs, and short delivery times to survive amid global competition. Sales in this field are greatly influenced by the circumstances surrounding customer companies, such as their performance and changes in their procurement policies, and price reductions to meet customer demands may cause an adverse impact on the performance and financial conditions of our group.

8) Intellectual Property

The Alpine Group strives to protect the results of our technological research and development, as well as other efforts, through patents, trademarks, and other intellectual property rights. However, protection through intellectual property rights can be insufficient in some areas, and we may not be able to effectively prevent the use of our group's intellectual property by a third party to produce similar products. In addition, our group's future products or technology may be claimed to infringe upon other companies' intellectual property rights.

9) Product Imperfections

The Alpine Group produces various products in accordance with strict quality control standards. Nevertheless, there is no guarantee that all products are free from defects and recalls in future. Additionally, although we have a product liability insurance policy, there is no guarantee that this insurance will sufficiently cover the final cost of any

damage. Any product defect leading to a large-scale recall or product liability claim could severely impact our group's value, as well as entailing considerable cost, and may cause an adverse impact on the performance and financial conditions of our group.

10) Public Regulations

The Alpine Group is subject to the various government regulations and legal restrictions of each country where we operate business, such as business and investment approvals and import and export regulations, including tariffs. Inability to abide by these regulations may restrict our business activities and lead to increased costs, causing an adverse impact on the performance and financial conditions of our group.

11) Disaster Risks

The Alpine Group takes all possible measures to prepare against disasters, including earthquakes; however, an unexpectedly large-scale disaster, causing a power failure or other interrupting conditions, may lead to worsened performance and deteriorated financial conditions for our group.

12) Risks Related to Environmental Pollution

The Alpine Group is making efforts to cope with environmental risks, as part of our CSR activities under the Alps Group Environmental Charter. Our specific activities include: purification of soil and ground water at our domestic facilities, prevention of chemical substance leakage, and strict control of drainage and exhaust. However, there is no guarantee that our future business activities will not cause environmental pollution that is currently unknown. In the event that such an unexpected situation occurs or becomes evident, the expenditures for the countermeasures may lead to a deterioration of the operating results and financial conditions of our group.

13) Risks of Fluctuations in Market Prices of Securities

The Alpine Group does not hold securities for trading purposes; however, because all securities with market prices are subject to fair value assessment, changes in market prices in stock markets may cause an adverse impact on the performance and financial conditions of our group.

14) Risks Related to Legal Proceedings and Lawsuits

The Alpine Group strives to implement the compliance system that we have established regarding our business activities. Nevertheless, in the event that legal proceedings have been initiated or a lawsuit has been filed by a regulatory authority on suspicion of violating a law in relation to our group's activities, the result may affect the performance and financial conditions of our group.

■ Business and Other Risks

1) Economic Fluctuations

The Alpine Group operates its business on a global scale, with a focus on the mobile multimedia business. Our group's products are sold around the world in various markets, whether directly or indirectly through automobile manufacturers. Accordingly, the performance and financial conditions of our group may be adversely affected by economic fluctuations attributable to political and economic conditions, natural disasters, environmental issues, or other factors, in any of the main markets, including Japan, North America, Europe, and Asia.

2) Foreign Exchange Risks

Overseas sales account for 87.3% of the Alpine Group's sales. In addition, the financial statements of our foreign subsidiaries are prepared on a local currency basis. Therefore, our group is subject to the influence of fluctuations in exchange rates. Generally speaking, the appreciation of the yen against foreign currencies, particularly the dollar and the euro, causes an adverse impact on our group's performance. We are hedging against exchange rate changes through forward exchange contract and other means; however, sharp exchange rate

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(Assets)		
Current assets		
Cash and deposits	49,282	53,309
Notes and accounts receivable - trade	36,742	39,429
Merchandise and finished goods	20,885	18,310
Work in process	1,003	737
Raw materials and supplies	8,236	6,591
Deferred tax assets	1,168	1,197
Other	13,323	8,894
Allowance for doubtful accounts	(260)	(139)
Total current assets	130,382	128,330
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,863	26,360
Accumulated depreciation	(18,106)	(18,378)
Buildings and structures, net	8,756	7,981
Machinery, equipment and vehicles	24,109	23,937
Accumulated depreciation	(17,833)	(17,939)
Machinery, equipment and vehicles, net	6,275	5,997
Tools, furniture, fixtures and dies	52,954	52,271
Accumulated depreciation	(46,793)	(46,592)
Tools, furniture, fixture and dies, net	6,160	5,679
Land	4,946	4,863
Leased assets	189	199
Accumulated depreciation	(71)	(86)
Leased assets, net	117	112
Construction in progress	1,150	1,459
Total property, plant and equipment	27,408	26,095
Intangible assets	2,668	4,457
Investments and other assets		
Investment securities	25,343	25,199
Investments in capital	16,246	13,881
Net defined benefit asset	14	60
Deferred tax assets	702	679
Other	2,423	3,158
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	44,724	42,974
Total non-current assets	74,800	73,527
Total assets	205,182	201,857

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	27,088	24,079
Accrued expenses	8,553	9,033
Income taxes payable	893	944
Deferred tax liabilities	-	0
Provision for bonuses	2,027	2,211
Provision for directors' bonuses	42	55
Provision for product warranties	5,617	4,841
Other	6,737	5,538
Total current liabilities	50,961	46,705
Non-current liabilities		
Deferred tax liabilities	4,697	4,548
Net defined benefit liability	3,590	3,410
Provision for directors' retirement benefits	55	70
Other	2,073	1,794
Total non-current liabilities	10,416	9,823
Total liabilities	61,377	56,529
(Net assets)		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,903
Retained earnings	82,115	87,758
Treasury shares	(1,407)	(1,401)
Total shareholders' equity	131,534	137,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,653	7,338
Deferred gains or losses on hedges	(5)	(0)
Revaluation reserve for land	(1,310)	(1,261)
Foreign currency translation adjustment	5,914	1,908
Remeasurements of defined benefit plans	(1,803)	(1,713)
Total accumulated other comprehensive income	10,449	6,272
Subscription rights to shares	54	83
Non-controlling interests	1,766	1,791
Total net assets	143,805	145,328
Total liabilities and net assets	205,182	201,857

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	273,056	247,751
Cost of sales	231,107	205,495
Gross profit	41,949	42,256
Selling, general and administrative expenses	36,515	36,644
Operating income	5,434	5,612
Non-operating income		
Interest income	276	272
Dividend income	415	487
Share of profit of entities accounted for using equity method	1,256	1,594
Other	577	477
Total non-operating income	2,525	2,832
Non-operating expenses		
Interest expenses	379	19
Foreign exchange losses	842	507
Sales discounts	141	100
Commission fee	65	65
Overseas withholding tax	196	203
Other	165	108
Total non-operating expenses	1,789	1,005
Ordinary income	6,170	7,439
Extraordinary income		
Gain on sales of non-current assets	91	64
Gain on sales of investment securities	-	127
Gain on sales of shares of subsidiaries and associates	15,620	6,268
Compensation income	315	25
Other	175	-
Total extraordinary income	16,203	6,485
Extraordinary losses		
Loss on sales and retirement of non-current assets	65	68
Loss on valuation of investment securities	73	-
Loss on change in equity	-	700
Other	-	25
Total extraordinary losses	138	793
Profit before income taxes	22,234	13,131
Income taxes - current	8,666	5,797
Income taxes - deferred	2,612	(560)
Total income taxes	11,278	5,237
Profit	10,955	7,894
(Profit attributable to)		
Profit attributable to owners of parent	10,698	7,760
Profit attributable to non-controlling interests	256	134
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,912)	887
Deferred gains or losses on hedges	(1)	4
Foreign currency translation adjustment	(4,233)	(2,058)
Remeasurements of defined benefit plans, net of tax	(1,002)	91
Share of other comprehensive income of entities accounted for using equity method	(1,082)	(3,146)
Total other comprehensive income	(8,233)	(4,221)
Comprehensive income	2,722	3,672
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,637	3,533
Comprehensive income attributable to non-controlling interests	85	138

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	22,234	13,131
Depreciation	7,240	6,417
Increase (decrease) in net defined benefit liability	229	(91)
Increase (decrease) in accrued expenses	(3,009)	698
Interest and dividend income	(692)	(760)
Interest expenses	379	19
Share of (profit) loss of entities accounted for using equity method	(1,256)	(1,594)
Loss (gain) on sales of property, plant and equipment	(64)	(30)
Loss (gain) on sales of shares of subsidiaries and associates	(15,620)	(6,268)
Decrease (increase) in notes and accounts receivable - trade	4,956	(4,539)
Decrease (increase) in inventories	(1,281)	3,238
Increase (decrease) in notes and accounts payable - trade	(39)	(1,079)
Increase (decrease) in provision for product warranties	(46)	(585)
Other, net	(1,159)	49
Subtotal	11,870	8,604
Interest and dividend income received	919	809
Interest expenses paid	(379)	(19)
Income taxes paid	(10,428)	(5,949)
Income taxes refund	60	34
Net cash provided by (used in) operating activities	2,043	3,478
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,650)	(4,924)
Proceeds from sales of property, plant and equipment	203	226
Purchase of intangible assets	(843)	(2,932)
Payments of loans receivable	(3,728)	(2,240)
Proceeds from sales of shares of subsidiaries and associates	20,569	9,398
Payments for investments in capital	(14,005)	(1,683)
Collection of loans receivable	1,258	5,430
Other, net	(228)	168
Net cash provided by (used in) investing activities	(3,425)	3,441
Cash flows from financing activities		
Purchase of treasury shares	(700)	(0)
Cash dividends paid	(2,417)	(2,067)
Dividends paid to non-controlling interests	(50)	(64)
Other, net	(56)	(94)
Net cash provided by (used in) financing activities	(3,224)	(2,227)
Effect of exchange rate change on cash and cash equivalents	(2,367)	(665)
Net increase (decrease) in cash and cash equivalents	(6,973)	4,026
Cash and cash equivalents at beginning of period	56,130	49,282
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	125	-
Cash and cash equivalents at end of period	49,282	53,309

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,920	24,905	73,835	(713)	123,949
Changes of items during period					
Dividends of surplus			(2,418)		(2,418)
Profit attributable to owners of parent			10,698		10,698
Purchase of treasury shares				(700)	(700)
Disposal of treasury shares		(0)		5	5
Transfer of loss on disposal of treasury shares		0	(0)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	8,280	(694)	7,585
Balance at end of current period	25,920	24,905	82,115	(1,407)	131,534

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,937	(3)	(1,310)	12,689	(801)	18,511	32	1,731	144,223
Changes of items during period									
Dividends of surplus									(2,418)
Profit attributable to owners of parent									10,698
Purchase of treasury shares									(700)
Disposal of treasury shares									5
Transfer of loss on disposal of treasury shares									-
Net changes of items other than shareholders' equity	(283)	(1)	-	(6,774)	(1,001)	(8,061)	22	35	(8,003)
Total changes of items during period	(283)	(1)	-	(6,774)	(1,001)	(8,061)	22	35	(418)
Balance at end of current period	7,653	(5)	(1,310)	5,914	(1,803)	10,449	54	1,766	143,805

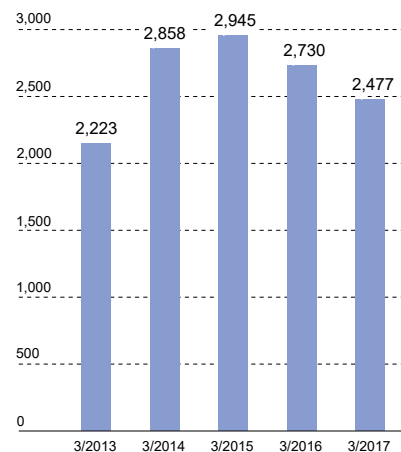
Fiscal year ended March 31, 2017

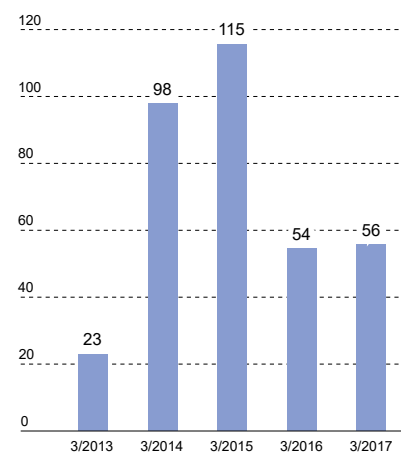
(Millions of yen)

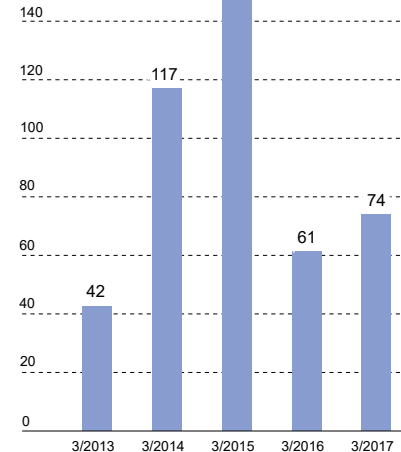
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,920	24,905	82,115	(1,407)	131,534
Changes of items during period					
Dividends of surplus			(2,068)		(2,068)
Profit attributable to owners of parent			7,760		7,760
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		6	6
Transfer of loss on disposal of treasury shares		0	(0)		-
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Reversal of revaluation reserve for land			(49)		(49)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(2)	5,642	5	5,646
Balance at end of current period	25,920	24,903	87,758	(1,401)	137,180

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,653	(5)	(1,310)	5,914	(1,803)	10,449	54	1,766	143,805
Changes of items during period									
Dividends of surplus									(2,068)
Profit attributable to owners of parent									7,760
Purchase of treasury shares									(0)
Disposal of treasury shares									6
Transfer of loss on disposal of treasury shares									-
Change in ownership interest of parent due to transactions with non-controlling interests								(48)	(50)
Reversal of revaluation reserve for land			49			49			-
Net changes of items other than shareholders' equity	(314)	4	-	(4,005)	89	(4,226)	28	73	(4,123)
Total changes of items during period	(314)	4	49	(4,005)	89	(4,177)	28	25	1,523
Balance at end of current period	7,338	(0)	(1,261)	1,908	(1,713)	6,272	83	1,791	145,328

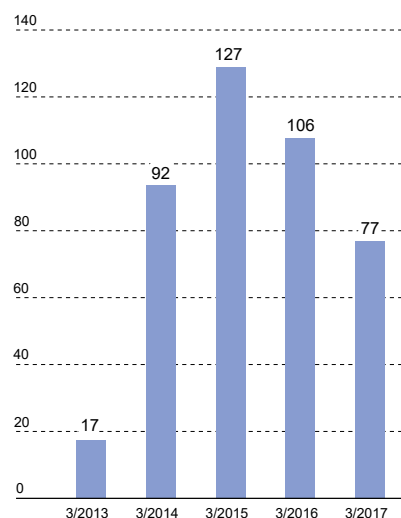
Sales

(Unit: Hundred millions of yen)
3,500

Operating Profit

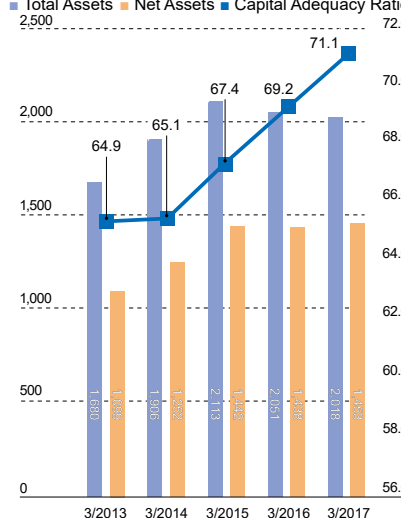
(Unit: Hundred millions of yen)
140

Ordinary Profit

(Unit: Hundred millions of yen)
160

Net Income Attributable to Parent Company Shareholders

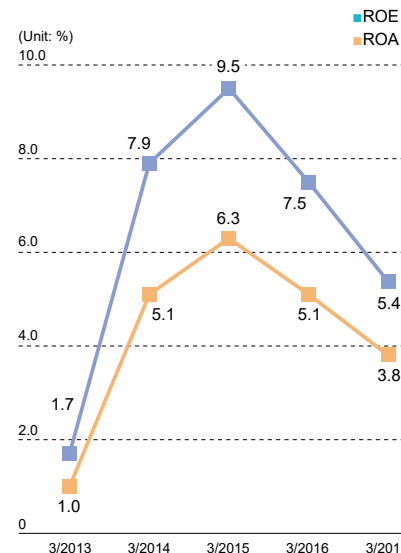
(Unit: Hundred millions of yen)


Total Assets/Net Assets/Capital Adequacy Ratio

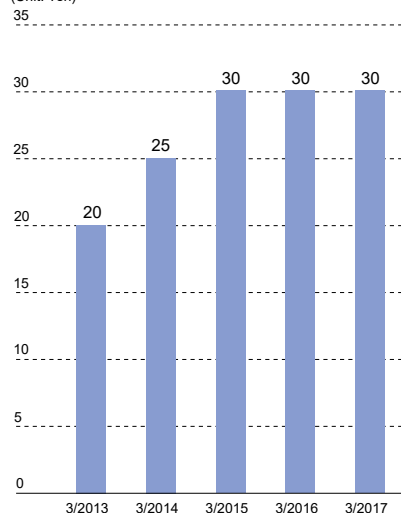
(Unit: Hundred millions of yen)


ROE/ROA

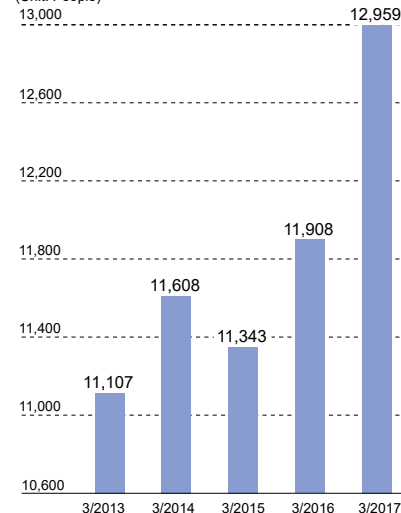
(Unit: %)


Dividend per Share

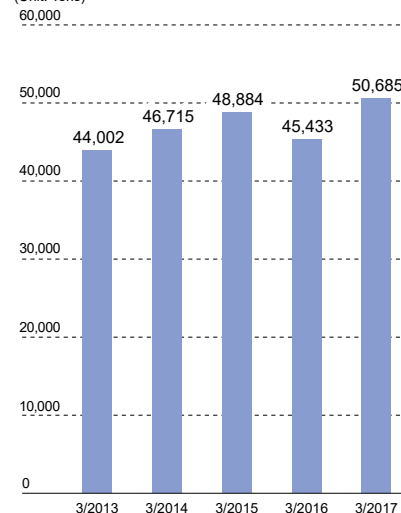
(Unit: Yen)


Number of Employees

(Unit: People)


CO₂ Emissions

(Unit: Tons)


Outline (as of June 2017)

Corporate Name	ALPINE ELECTRONICS, INC.
Headquarters	1-1-8 Nishi-Gotanda, Shinagawa-ku, Tokyo 141-8501 Tel: +81-3-3494-1101 (main line) The headquarters is scheduled for relocation on August 18, 2017, to the following address: 1-7 Yukigaya Otsuka-machi, Ota-ku, Tokyo Tel: +81-3-5499-8111
Iwaki	20-1 Yoshima Industrial Park, Iwaki City, Fukushima 970-1192 Tel: +81-246-36-4111 (main line)
Date of Establishment	May, 1967
Common Stock	160,000,000 shares
Total Issued Stocks	68,937,217 shares (847,284 treasury shares not included)
Paid-in Capital	¥25,920 million
Number of Employees (Consolidated)	12,959 (total from 35 consolidated companies)
Domestic Subsidiaries / Domestic Affiliates	ALPINE ELECTRONICS MARKETING, INC. ALPINE MANUFACTURING, INC. ALPINE INFORMATION SYSTEM, INC. ALPINE BUSINESS SERVICE, INC. ALPINE CUSTOMERS SERVICE CO., LTD. C'S LAB CO., LTD. Two others
Overseas Subsidiaries / Overseas Affiliates	ALPINE ELECTRONICS OF AMERICA, INC. ALPINE ELECTRONICS (EUROPE) GmbH ALPINE ELECTRONICS (CHINA) CO., LTD. ALPINE OF ASIA PACIFIC INDIA PVT., LTD. 29 others

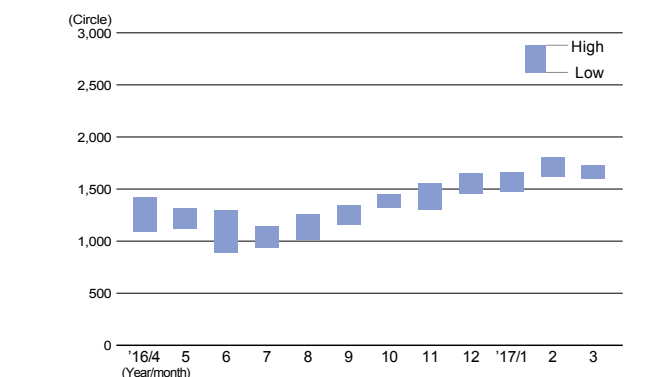
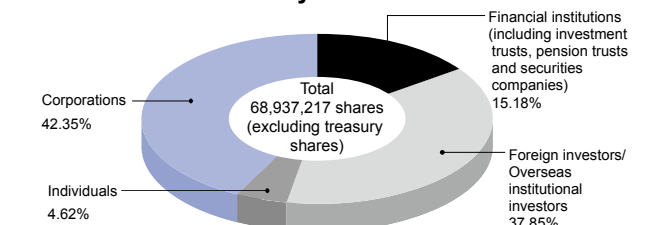
Major Shareholders (as of March 31, 2017)

Rank	Name	Number of shares held (thousands of shares)	Percentage of shares held (%)
1	ALPS ELECTRIC CO., LTD.	28,215	40.93
2	JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	2,470	3.58
3	STATE STREET BANK CLIENT OMNIBUS OM04	1,917	2.78
4	THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	1,486	2.16
5	STATE STREET BANK AND TRUST COMPANY 505103	1,317	1.91
6	STATE STREET BANK AND TRUST COMPANY	1,062	1.54
7	THE BANK OF NEW YORK 133522	962	1.40
8	STATE STREET BANK AND TRUST COMPANY 505001	889	1.29
9	CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	889	1.29
10	THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	888	1.29

Note: Percentage of shares held excludes treasury shares.

Committee Members (as of June 2017)

Name	Position and Responsibility/Primary Role
Nobuhiko Komeya	President
Hitoshi Kajiware	Managing Director Administration
Naoki Mizuno	Managing Director Marketing & Sales
Koichi Endo	Managing Director Engineering & Development
Toshinori Kobayashi	Director European Operations
Shuji Taguchi	Director Quality Assurance
Yasuhiro Ikeuchi	Director Product Design
Yoji Kavarada	Director Production/Materials
Shinji Inoue	Director Deputy of Marketing & Sales OEM Operations
Koji Ishibashi	Director Deputy of Product Design
Masataka Kataoka	Director Executive Adviser, Alps Electric Co., Ltd.
Hirofumi Morioka	Director Member of Audit and Supervisory Committee (Full-time)
Hideo Kojima	Director Member of Audit and Supervisory Committee Certified Public Accountant
Satoko Hasegawa (Niiya)	Director Member of Audit and Supervisory Committee Lawyer
Naoki Yanagida	Director Member of Audit and Supervisory Committee Lawyer

Trend in Stock Price

Share Distribution by Owner




ALPINE ELECTRONICS, INC.

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20-1 Yoshima Industrial Park, Iwaki City, Fukushima 970-1192

Tel: +81-246-36-4111 (main line)

URL: <http://www.alpine.com>