

**INTEGRATED
REPORT
2025**

Publication of the Integrated Report 2025



Our Integrated Report is prepared under the corporate philosophy, “Alps Alpine innovates value for humans and society for a brighter planet.” We have defined our value creation domains as “excitement,” “safety,” and the “environment.” The report presents our specific value creation activities, and strategies for management, finance, human capital, and the environment, as well as our efforts in corporate governance and sustainability issues, all from the perspective of integrated thinking.

In FY2024, we discontinued our 2nd Mid-Term Business Plan and devoted the entire company to driving management structure reform. Through these reforms, we were able to share our fundamental challenges Companywide and build a foundation for future growth and stronger governance. As part of

this new foundation, we also refreshed our Corporate Vision. The new Corporate Vision defines the value we aim to create in the domains of “excitement,” “safety,” and the “environment,” expressed in the statement “Shaping a Future Where Technology Extends Your Senses.” We regard the phrase, “where technology extends your senses,” as embodied in our core technologies: contact and electrostatics, high frequency, magnetism, actuators, and sound. Looking ahead, we will strengthen software and IC design as technologies that enhance our ability to deliver value, thereby creating new value that brings joy to people and the planet, in line with our corporate philosophy.

Guided by this Corporate Vision, we launched the Mid-Term Business Plan 2027 in FY2025. In today’s rapidly changing business environment, we will unite as one to ensure the steady execution of this plan and achieve sustainable growth.

Furthermore, in our pursuit of greater corporate value, we reviewed our past initiatives and revised our material issues. By sincerely addressing social challenges and the expectations of our stakeholders, we are building a Companywide global framework that integrates ESG and sustainability initiatives into our business strategy.

This report provides an integrated overview of these initiatives and our future direction. We invite you to read it and would greatly appreciate your candid feedback and thoughts.

The information contained in our Integrated Report 2025 has been finalized through discussions among 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.

August 2025

Satoshi Kodaira

Person in charge of issuing integrated report
Representative Director, Executive Vice President

Promotion Structure

Person in Charge: Satoshi Kodaira, Representative Director, Executive Vice President

Planning and Content Creation

ESG and Legal Affairs, Sustainability Promotion Office

Content Creation and Support

Corporate Strategy Office, Corporate Communication Department, Governance Promotion Office, Corporate Treasury Department, Accounting Department, Human Resources Department, General Affairs Department, Information Systems Department, Intellectual Property Department, Compliance & Audit Office, planning offices in charge of each business segment, Sales Planning Office, Engineering Planning Office, Production Planning Office, Procurement Planning Office, Quality Planning Office

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, 2024 to March 31, 2025, but it does include some activities occurring prior to or later than this period.

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 2025

Reporting Media

Integrated Report 2025

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Sustainability

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Website
Company

<https://www.alpsalpine.com/e/company/>

Financial Information

Non-Financial Information

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Driving Transformation Through Dialogue: Building Trust with Stakeholders and Realizing Our Vision

Management Structural Reform Driven by Dialogue, and the Challenge of Rebuilding Trust

Since taking office as president in 2023, I have strongly believed that sincere dialogue with stakeholders is essential to enhancing our corporate value, and I place particular importance on communication with our employees. With a motto of having “management that demonstrates immediate results,” I have visited 14 domestic and 27 overseas locations, holding town hall meetings with employees at all levels. To create a “company that is attractive to employees,” I have engaged seriously with over 1,000 questions, opinions, and suggestions gathered from interviews with a total of 2,300 employees and have actively incorporated those that contribute to corporate value into management decisions.

Meanwhile, in our dialogue with shareholders and investors, we have received numerous critical comments regarding our failure to meet past mid-term business plans and the volatility of our earnings. We have questioned how the Company is being evaluated, not only in terms of performance but also regarding

what must be done to enhance corporate value, and we have instilled the capital market’s perspective within management.

Under these circumstances, we made a major shift by suspending FY2024 Mid-Term Business Plan, and embarked on a structural reform of our management. Faced with the harsh reality of a net loss due to impairment, we united Companywide to pursue a cost reduction target of ¥32.5 billion as the first step toward restoring stakeholder trust. The cost structure reforms included painful measures such as workforce optimization through site consolidation. Before implementing these actions, I visited each location to explain our intent directly. Contrary to expectations, rather than objections from the front lines, we received suggestions for even stricter measures and more effective alternatives. By incorporating these suggestions into our policies, we achieved total cost savings of ¥30.7 billion. Excluding factors delayed due to customer circumstances, this result exceeded our original target. I believe it was made possible by each employee understanding, accepting, and taking ownership of the reform initiatives. This reaffirmed my belief that sincere dialogue is the driving force behind successful transformation.



Hideo Izumi

Representative Director,
President

Strengthening the Executive Framework and Reforming the Board of Directors

In FY2024, was also a year of fundamental reassessment of our management approach. Our most pressing challenge is to execute bold structural reforms of our management while also achieving long-term enhancement of corporate value. To enable me to focus on executing reforms, our first step was to strengthen the executive structure. We newly established the roles of Chief Operating Officer (COO) and Chief Strategy Officer (CStO). The COO is responsible for operational reforms with immediate impact, such as short-term performance management, optimizing production scale and structure, and reducing fixed costs. The CStO is tasked with medium-term strategies in business restructuring, and medium- to long-term strategies for enhancing corporate value, including M&A, human capital management, and achieving data-driven digital transformation (DX).

We then redefined the role of the Board of Directors, shifting it from a forum that simply deliberates on proposals submitted by the executive side to a monitoring board that discusses what actions should be taken to enhance corporate value. As a result, I believe the executive side has begun to internalize a stronger awareness of pursuing corporate value enhancement, not only through performance management but also by incorporating external perspectives. Although we are still in a transitional phase, I firmly believe this marks a significant step forward in our management structure.

 [P.23 Dialogue Between the CEO and Outside Directors](#)

Mid-Term Business Plan 2027 — Targeting PBR of Over 1x and ROE of 10%

While we achieved certain results through cost structure reform, that process also revealed key management issues that we must address. These are the reduction of volatility in earnings forecasts and the strengthening of profitability through improved capital efficiency. In the three-year Mid-Term Business Plan 2027 launched in FY2025, we have set management targets of achieving a price-to-book ratio (PBR) of 1x by FY2026 and return on equity (ROE) of 10% by FY2027.

As noted earlier, our past earnings volatility has, at times, failed to meet the expectations of our shareholders and investors. To regain trust from the capital markets, we recognize the need to consistently achieve our performance targets and maintain transparency in our management initiatives. In 2025, we were compelled to factor in the impact of tariff issues on our results. For our FY2025 earnings forecast, we considered various scenarios under the assumption of a highly uncertain market environment and examined the performance levels we should achieve. As a member of management, I wrestled with the decision to adopt conservative indicators, but I prioritized ensuring the credibility of our commitments to regain trust.

To reach our goal of achieving 10% ROE, we believe it is essential not only to implement revenue growth strategies such as improving profitability in the mobility business and establishing our next growth drivers beyond smartphones, but also to drive capital efficiency improvement from a management standpoint. We will continue to lead initiatives such as divesting non-core businesses, exiting low-profitability products, consolidating production sites, and transforming our business portfolio. In addition, we will invest ¥40.0 billion in strategic initiatives to strengthen our domestic manufacturing competitiveness and reinforce cost resilience at our domestic sites. Furthermore, by strategically investing in sensors as our next growth driver, we aim to enhance our domestic profitability. Optimizing capital efficiency is also

a critical theme. Until now, we have focused on sales and operating profit from a profit and loss statement (P/L) perspective. However, in the Mid-Term Business Plan 2027, which positions ROE as the most important metric, we are shifting our focus toward managing by business-specific return on invested capital (ROIC) and balance sheet (B/S) discipline.

Long-Term Business Evaluation and Investment Decisions

As mentioned earlier, we introduced ROIC-based business management in the second half of FY2024. Traditionally, business evaluations and investment decisions have tended to focus on P/L-based payback and single-year profitability. With the introduction of ROIC-based management, we are shifting toward investment criteria based on segment-specific hurdle rates benchmarked against peer performance. This enables us to make business decisions, including investment and withdrawal, by evaluating each segment's capital efficiency and potential for future value creation, ultimately improving capital efficiency and enhancing sustainable corporate value.

Material Issues That Define the Company's Direction

As part of our efforts to enhance sustainable corporate value, we have devoted significant time to revising our material issues. This revision was guided by a shared understanding within the Board of Directors that material issues should define the direction of the Company, and that management decisions and actions must always align with them. In this revision, we redefined our priorities to place greater emphasis on adaptability to change and human resource development, considering the rapidly evolving business environment. We view human resource development as a particularly vital theme, as it underpins the

Company’s sustainable growth. Additionally, we have reaffirmed corporate governance reform as a key issue, from two perspectives: establishing governance aligned with our actual conditions, and meeting the expectations and demands of society.

The revised material issues are aligned with our Mid-Term Business Plan 2027, and we are initially working toward a key milestone three years from now. Naturally, material issues are not temporary goals but require ongoing engagement well into the future. However, we view the next three years as a period for accelerating transformation, and through focused efforts, we aim to build an unshakable foundation for growth.

Our “Vision 2035” Created Together with Employees

Results from an employee survey conducted shortly after I became president revealed a lack of shared understanding regarding management policy and our Corporate Vision. In town hall meetings across our global offices, many employees remarked they did not feel the Company was moving in a unified direction, not did they understand where the Company was headed. In light of this, I recognized early in my first year as president that we needed to review the Corporate Vision to serve as a compass for all employees, and I made it a top management priority.

The Corporate Vision must resonate personally with each individual; without that, it cannot truly fulfill its role. While there are many methodologies for creating a vision, I believe it must reflect the voices from the front lines. That is why we launched our Corporate Vision Project and invited a diverse group of employees from all regions worldwide to participate. They engaged in ongoing dialogue and discussion about why Alps Alpine exists and where it should be headed. At times when the path forward became unclear, employees asked, “What does leadership think? We want to hear from you directly!” This led to repeated exchanges between project members and the executive team,

including myself, where we shared our candid views. Participants wanted the project to proceed in a way that everyone could fully embrace, and not just according to a fixed timeline, which caused it to take longer than originally planned. But by remaining patient and refusing to compromise, I believe we ultimately arrived at a message that resonates with everyone. The Vision 2035 we announced in May 2025, “Shaping a Future Where Technology Extends Your Senses,” embodies the future we envision and aspire to achieve. It is a vision we can proudly speak of as our desired state 10 years from now.

Shaping a Future Where Technology Extends Your Senses

Our Company operates across multiple business domains and offers a wide range of products, but they share one unifying feature. They are all related to human-machine interface technologies that connect people and things. However, what truly sets us apart is not just the ability to connect people and devices, but our technology that transforms an understanding of human sensibilities into optimized products. In the 77 years since our founding, even as market needs and technologies have evolved through M&A and business integration, our core technologies related to human sensibilities have remained and continued to be refined. Since our corporate integration, we have taken a T-shaped approach by combining software and systems design to create new products and value. Ultimately, this has led us precisely in the direction of “Shaping a Future Where Technology Extends Your Senses.”

When I recently visited our European offices, many employees shared that this vision truly reflects their future. I believe this is not just a slogan, but a clear compass for redefining our future business strategies and portfolio. In 2035, 10 years from now, we intend to continue creating products that resonate with human sensibilities.



“Multimodal Sensing” for Excitement, Safety, and the Environment

Looking toward the next 10 years, we are focusing on “multimodal sensing” as our next pillar of value creation. As generative AI continues to evolve rapidly, multimodal AI that simultaneously utilizes text, images, audio, and other data to enable advanced decision-making and recognition is becoming mainstream. In the next phase of evolution, extracting and processing sensor data tailored to AI engines will be critical. We will leverage our advanced sensing technologies, our proprietary ICs with a track record of three billion units shipped in the past 10 years, along with our mobility assets, including absolute position detection in car navigation, object recognition in around-view systems and dashcams, and audio technology, tailored to each application. We will integrate them into products or package them as System in Package units to create unique multimodal sensing solutions that resonate with human sensibilities.

Our multimodal sensing also holds great potential in the robotics field, where we are launching new initiatives, and in addressing social challenges caused by aging and declining birth rates. In humanoid

robotics, advanced interfaces that convey and interpret human senses and sensibilities are essential. Our expertise in sensitivity engineering is expected to create new value in caregiving and lifestyle support settings within aging societies.

In April 2025, we transitioned our development organization into a cross-functional structure to integrate and advance sensing and elemental technologies. We have also established dedicated development projects for the robotics domain and have launched new robotics initiatives at our bases in China, the United States, and Europe. Going forward, we will place multimodal sensing at the core of value creation and deliver the values of excitement, safety, and environmental sustainability.

Proactive IP Strategy and Strategic Investment

During my tenure as Chief Technology Officer (CTO), I spent about a year mapping and assessing our intellectual property to understand how our core technologies fare in the global market. Historically, our intellectual property activities were largely defensive, focused on litigation risk mitigation. However, to strengthen our long-term corporate value and profitability as a technology-driven company, I recognized the need to shift to a more proactive intellectual property (IP) strategy. Accordingly, we worked to identify key technology domains and to formulate strategies to reinforce our intellectual property.

Under our Mid-Term Business Plan 2027, we plan to make a ¥20.0 billion strategic investment in sensor technologies, our core area of competitive advantage, supported by our IP strategy. This reflects a medium- to long-term perspective focused on

the next 10 years, including multimodal sensing. This investment will be promoted as a strategic initiative contributing to our ROE target of 10% by FY2027.

[P13 IP Strategy Supporting Alps Alpine's Strengths](#)

Advancing Human Capital Management Based on the Philosophy of "Betting On the People"

Our Company has long embraced the principle of "betting on the people." This philosophy is about trusting people, empowering them to take on challenges, and generating new opportunities for growth. Times may change, but we are reaffirming this belief as the core of our human capital management. We believe putting this way of thinking into global practice is essential to driving future corporate value.

Since our corporate integration, the COVID-19 pandemic and sluggish performance have significantly reduced international exchange opportunities for our young employees in Japan, gradually impacting human resource development. On the other hand, the reduced support from Japan led to a positive development at overseas sites—greater local autonomy and self-reliance. With over 80% of our production activities based overseas, gaining hands-on experience in practice, not just theory, continues to be a vital part of employee growth. Despite the challenging market environment, we are taking a medium- to long-term view on human resource development. Starting this fiscal year, we are creating opportunities for young employees in Japan to gain experience abroad. We are also advancing initiatives to utilize talented overseas personnel beyond their local regions and across global operations. We aim to foster dynamic, globally minded human resource development.

Looking at the mid-career level, although not unique to the Company, the "sandwich phenomenon" has become a significant challenge in Japan. Being caught between frontline operations and management has led to a decline in candidates aspiring to managerial

roles. To address this issue on a fundamental level, we must foster a corporate culture where mid-level employees feel empowered to voice opinions on management and corporate direction.

Let me repeat, my motto is "management that demonstrates immediate results." A culture where we communicate openly without hesitation, where management trusts employees and employees trust management, will raise engagement and foster a culture of bold, proactive action. We will continue advancing human capital management to become a company that is attractive to both employees and all stakeholders.

[P.33 Human Resource Strategy to Support Value Creation](#)

Becoming a Company That Can Achieve Vision 2035

To achieve our management targets of 1x PBR by FY2026 and 10% ROE by FY2027, it goes without saying that the management team, including myself, must lead and implement critical measures to enhance corporate value. However, achieving these goals would not be possible without the strength of our employees. Over the next three years of our new Mid-Term Business Plan, we will continue focusing on strengthening employee engagement. By aligning the organization's direction, we will ensure these efforts lead to tangible results. We will keep delivering innovations that exceed expectations and contribute to building a sustainable society through our technology.

August 2025



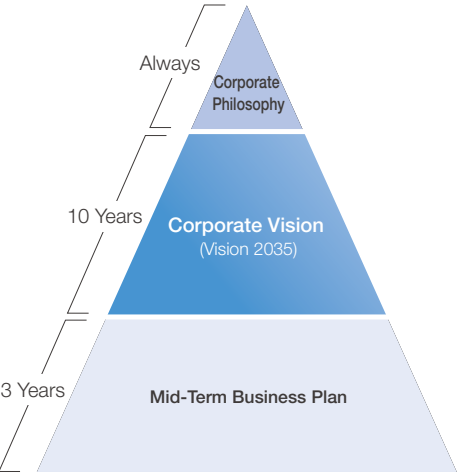
Corporate Vision

Vision 2035

Shaping a future where technology extends your senses

We envision a world where people and technology connect seamlessly-intuitively, naturally, and emotionally, creating a warm and inspiring environment.

We build a future where our innovations “Beyond Expectations” inspire, touch the senses, and create a sustainable society.

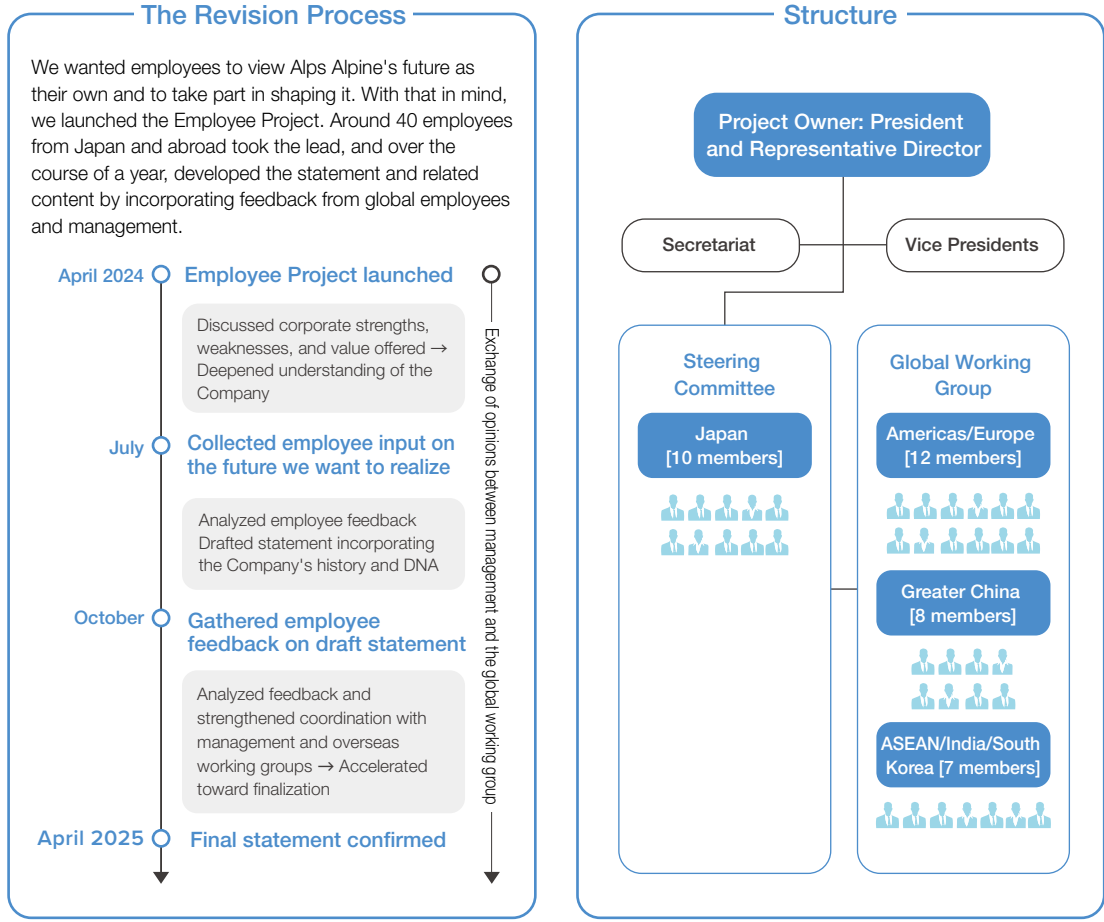


Positioning of the Corporate Vision

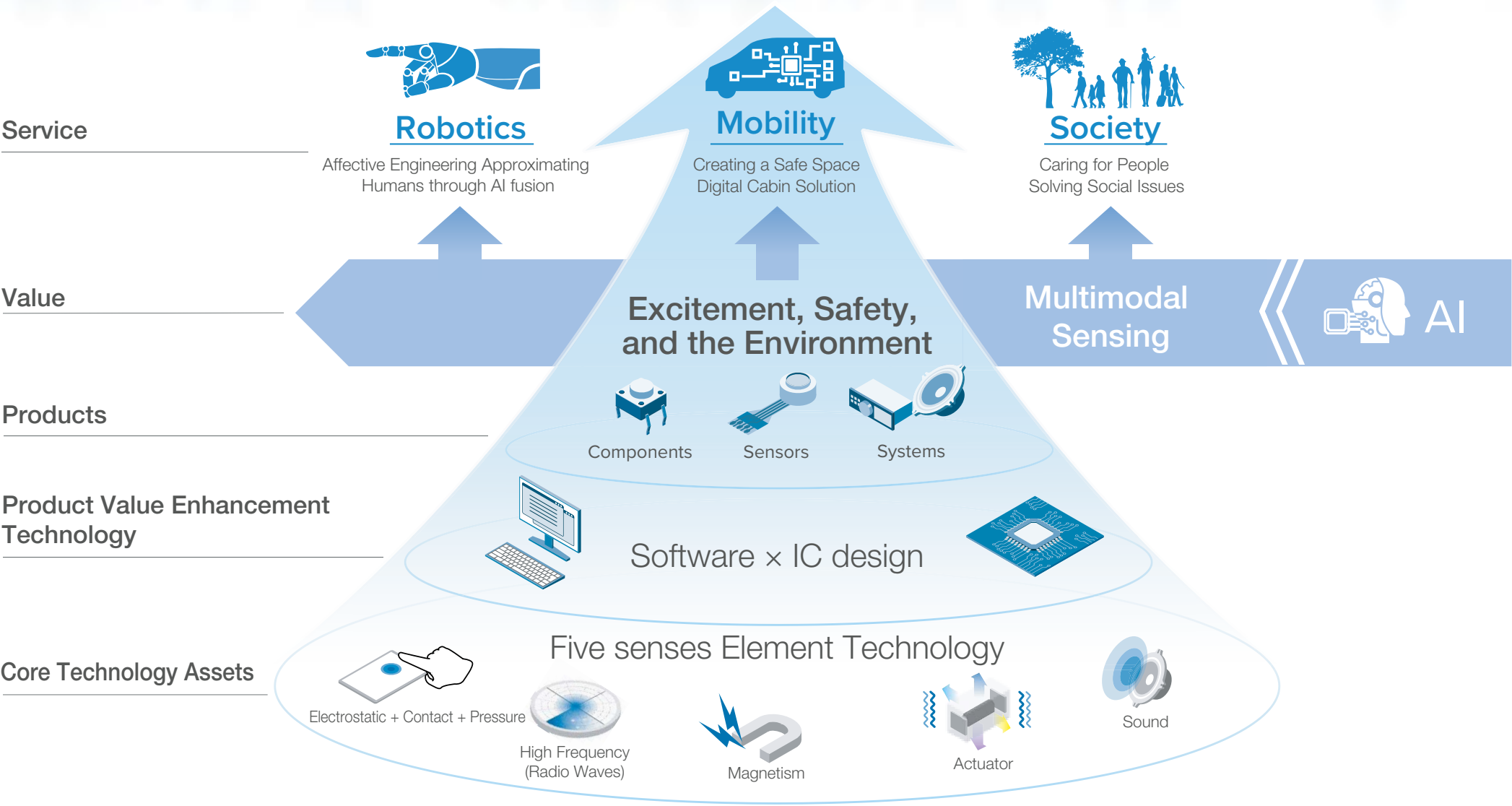
As we mark six years after our business integration, we have revised our Corporate Vision to present our desired future for the next 10 years and the direction we should pursue to all stakeholders, including our global employees. While retaining Alps Alpine’s enduring Corporate Philosophy, we have positioned the Corporate Vision as a compass, guiding us toward our aspirations for the next 10 years. We are working to create corporate value based on the Mid-Term Business Plan, designed to realize that vision.

The Thinking Behind Vision 2035

Since our founding, we have pursued interface technology, and have engaged in manufacturing that stays close to our customers and local communities. Guided by the idea of continually creating new value that brings joy to both people and the planet, we now aim to build a sustainable society where everyone can live comfortably and naturally alongside advancing technologies such as AI. This is why we focus on the realm of human sensibilities. By leveraging our strength in sensing technology to understand people’s thoughts and emotions, and convey them precisely to machines and devices, we will deliver innovation that exceeds expectations.



Shaping a future where technology extends your senses



Corporate Vision

*As of the end of FY2024

Outcome	*As of the end of FY2024
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Corporate Vision

➔ P.17

A Sound, Well-Balanced Financial Structure

We aim to enhance profitability and capital efficiency to achieve sustained improvement in corporate value, based on a balanced approach to growth investment, sound financial management, and shareholder returns.

We are optimizing our global production map to build a resilient manufacturing foundation, while pursuing investment efficiency and improving performance through better human resource utilization and labor-saving initiatives.

We support Alps Alpine's sustainable growth by promoting IP lifecycle activities linked to management strategy and business portfolio, visualizing core technologies, and driving innovation through data-driven planning using intellectual property data.

A diverse and self-driven workforce, united by our corporate philosophy and mutual trust, contributes to the sustainable growth of the Company through proactive engagement.

Decarbonization, Circular Economy, and Coexistence with Nature

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 FY2050.

*1 Includes registered utility models and designs *2 Non-consolidated employees *3 Excluding management subsidiaries

Logistics and Sales

Global supply system through close cooperation with logistics companies and a four-polar sales structure consisting of Europe, North America, ASEAN, and Japan.

Corporate Philosophy / Management Approach

➔ P.49

➔ P.51

→ P.53

➔ P.17

➔ P.19

➔ P.30

➔ P.33

➔ P.13

→ P.21

*As of the end of FY2024

- Income taxes: ¥19.7 billion
- Market capitalization: ¥333.5 billion (as of March 31, 2025)
- EPS: ¥184 / ROE: 9.4%
- Total shareholder return: 161.2%

- Serious occupational accidents: **0 cases**

• Number of newly secured intellectual property rights*1: **637**

- New graduates recruited in FY2024: **207 employees**
- Experienced professionals recruited in FY2024: **84 employees**

- Award-related releases: **3 releases**

- Water discharge: **Down 10.6%**

*4 Total of Scope 1, Scope 2, and Scope 3 emissions



Alps Alpine's Products and Their Markets

Component Segment

Alps Alpine's component products are used in various aspects of our daily lives, such as automotive, home appliances, gaming, and mobile devices. Leveraging our industry-leading product lineup and high quality, which we have cultivated over many years, we aim to maintain and expand our market share while actively entering new markets.



- [Other Products]
- Microfluidic devices
 - Aspherical glass lenses

Sensor and Communication Segment

Alps Alpine's sensor and communication products, which utilize sensing, control, and communication technologies, provide "safe spaces" in fields such as automotive, consumer electronics, and industrial machinery. Additionally, in our efforts to enter the solutions business, we are working on new services that visualize information obtained from sensors to solve user issues.



- [Other Products]
- Pressure sensors
 - Remote monitoring system for logistics
 - Analog meter monitoring systems

Mobility Segment

Alps Alpine's Mobility Segment has long provided numerous products in the automotive field. We offer products and systems that meet the rapidly changing automotive industry, such as trends in software-defined vehicles (SDVs), contributing to the future of mobility.



- [Other Products]
- Cabin controllers
 - Functional Surface™
 - Alpine Premium Sound Systems
 - ALPINE STYLE Customized Cars

Note: Images are for reference only

Transition of Products and Technologies



IC Design / Software

Intellectual Property Strategy Supporting Alps Alpine's Strengths

Basic Policy of the Intellectual Property Strategy

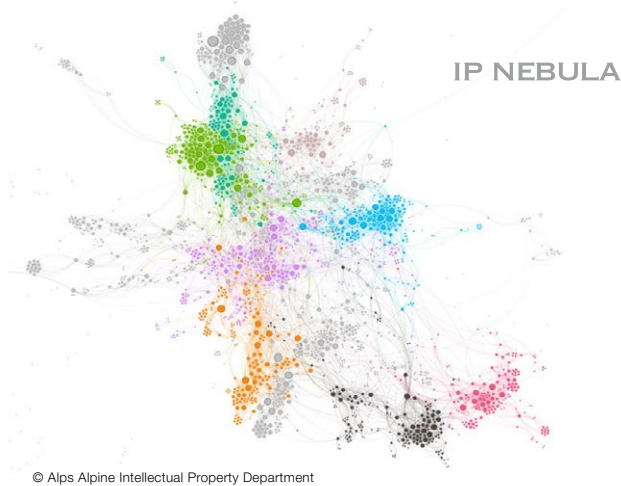
MISSION

Innovate Business and Technology through IP

VISION

No.1 IP needed by No.1 Business
“Shape the Future of Alps Alpine”

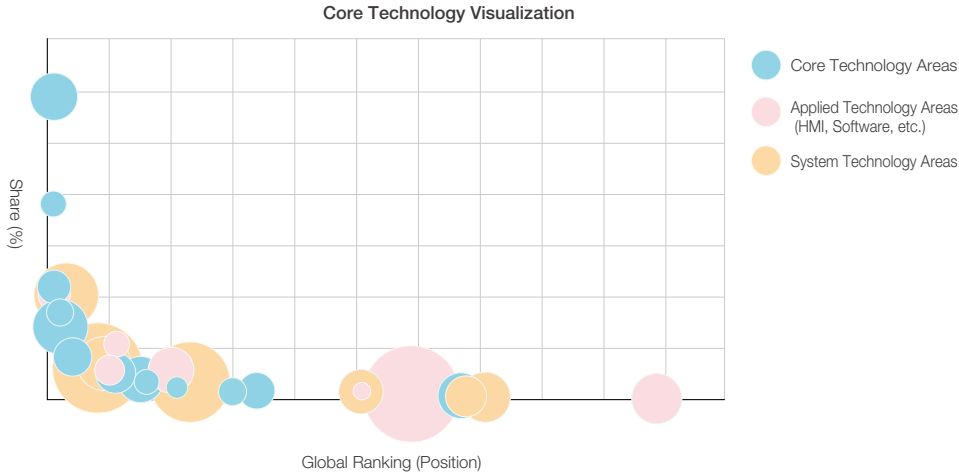
The diagram on the right analyzes Alps Alpine's global inventor network and serves as a motif representing our IP activities. Intellectual property should be approached with a medium- to long-term perspective, drawing from past and present information. We believe it is essential to implement IP strategies at all levels to enhance corporate value, transform business and technology portfolios, and strengthen our competitiveness. This enables us to reinforce strong businesses and pursue sustainable growth under agile management decisions.



© Alps Alpine Intellectual Property Department

Visualizing Core Technologies

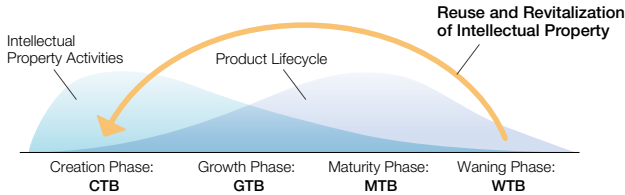
In transforming our business portfolio, it is vital to create new businesses based on growth markets. When these new businesses are built around Alps Alpine's core technologies, it promotes the deepening, accumulation, expansion, and evolution of our in-house technologies. To that end, we actively conduct technology marketing focused on our core technologies to external audiences, expanding opportunities for potential open innovation. In identifying core technologies, we use not only commercially available analysis tools but also our own original methods. Recognizing the importance of IP data science, we actively engage in challenging IP return on investment (ROI) initiatives to support strategic decision-making.



IP Lifecycle Activities Aligned with Business Strategy and Portfolio

We classify the product lifecycle into four business positions: CTB, GTB, MTB, and WTB,* and develop and implement IP strategies in accordance with the IP policies defined for each position. We explore the direction of our businesses and technologies, and promote patenting, alliances, and licensing under a comprehensive IP strategy that includes industrial property rights.

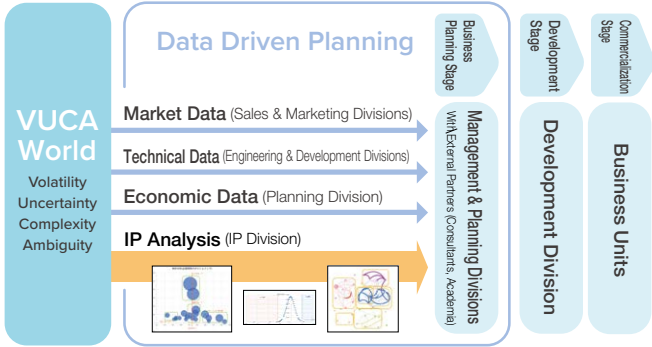
As a result, IP activity is most intensive during the CTB stage, while in the MTB to WTB stages, we examine the potential for technology repurposing. These efforts that adapt to the various business positions ensure business continuity and growth in rapidly changing markets.



*CTB : Create the Business, GTB : Get the Business, MTB : Maintain the Business, WTB : Watch the Business

Growth Strategy and Data-Driven Planning

At Alps Alpine, we incorporate not only technical, market, and economic data, but also intellectual property data, in a data-driven, multifaceted approach to developing growth strategies. Through repeated trial and error using data-driven methods and core technology-based marketing, we continuously refine our IP strategy loop, building a stronger Alps Alpine.



02

SECTION

Value Creation Activities

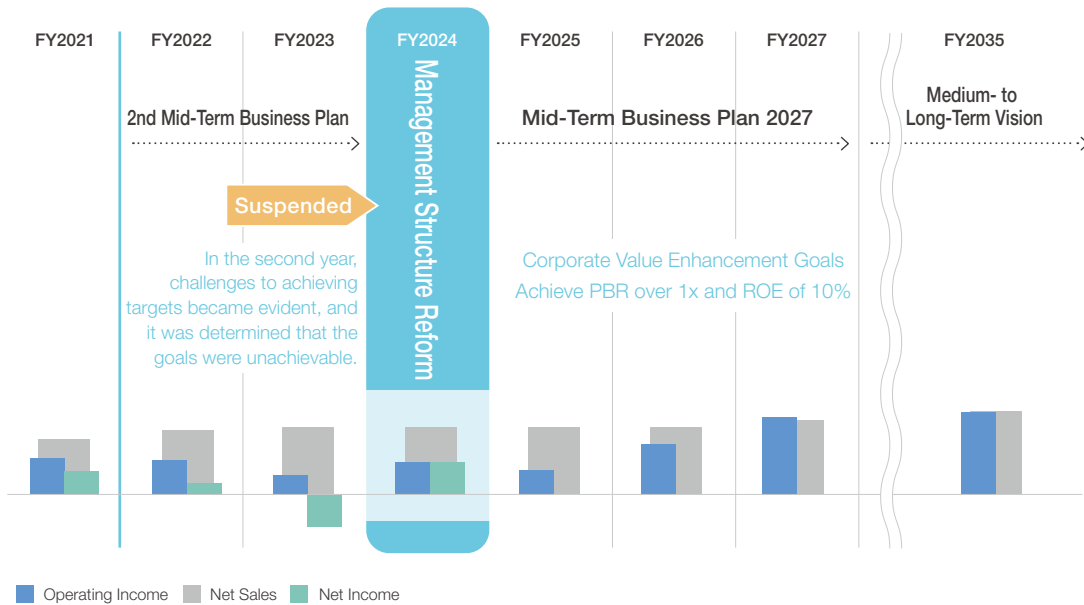
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Management Structure Reform: Outcomes and Challenges

Cancellation of the 2nd Mid-Term Business Plan and Companywide Promotion of Management Structure Reform

Alps Alpine launched its 2nd Mid-Term Business Plan in FY2022. However, in the second year, FY2023, events such as an impairment loss on the former Module and System Segment and overall business under-performance occurred. As a result, it was determined that under the existing business structure, achieving not only the performance targets of the 2nd Mid-Term Business Plan but also the financial goals of a PBR of 1x or more and an ROE of 10%—key to enhancing corporate value—would be difficult. The Company therefore decided to cancel the plan. Accordingly, FY2024 was positioned as a period for implementing management structure reform in preparation for the next Mid-Term Business Plan. The Company pursued three key reforms: Business portfolio reform, Cost structure reform, and Strengthening the management structure.

As a result, progress was made in each area, while challenges to be addressed in the new Mid-Term Business Plan also became clear. Based on these findings, reforms will continue and specific efforts will be undertaken through the Mid-Term Business Plan 2027 to resolve the identified business issues.



Three Pillars of Management Structure Transformation and Progress

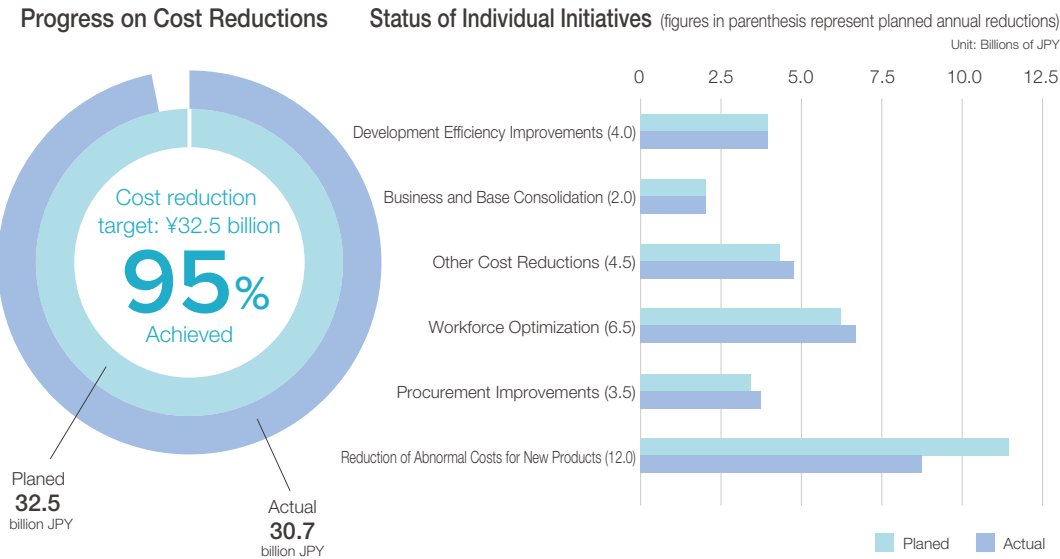
	Themes	Initial Plan (Key Initiatives)	Progress in FY2024
Business Portfolio Reform	Focus on core businesses	Streamline unprofitable products in the Mobility Segment	Agreed with customers to exit/terminate selected businesses by the end of 2026
		Shift toward high-value-added products	Reorganized the Module and System Segment as the Mobility Segment, focusing on high-value-added products
		Exit the touch panel business	Exited selected businesses as planned
		Streamline non-core businesses	Completed transfer of the power inductor business
Cost Structure Reform	Cost reduction target of ¥32.5 billion	Reduce fixed costs	¥30.7 billion (FY2024 result)
		Reduce workforce and capital investment	Workforce reduction executed as planned
	Reorganization of production bases and product lines	Consolidate three production bases for the Module and System Segment globally	Scheduled closure of Jengka Plant in Malaysia (June 2025)
	Productivity improvements	Invest in automation and base reorganization	Ongoing consolidation of the Mobility Segment
Strengthening the Management Structure	Review of management structure	Promote structural reforms	Ongoing withdrawal from the automotive business at the Ireland Plant
	Transition to a regional headquarters system	Strengthen short-term performance management and effectiveness	Ongoing enhancement of domestic production competitiveness
	Business reform in China	Reduce domestic headquarters administrative functions	Completed transition to new executive structure (CEO/CSO/COO)
	Strengthening development in China	Transition to headquarters system in China (1st step)	China business project established (cross-based organization)
	Strengthening response to the Global South	Optimize workforce under new headquarters system	Established new China business role (vice president assigned in April 2025)
		Strengthen collaboration among three development centers	Established collaborative framework across three development centers in China
		Transfer existing businesses to subsidiary in India	Launched India R&D Center and established ASEAN and India business role (April 2025)
		Strengthen supply system to Chinese OEMs	

Status of Business Portfolio Reform

In reforming our business portfolio, we are focusing on two main themes: transitioning to high-value-added products and focusing on core businesses. In the former Module and System Segment, we are pursuing higher value through enhanced development of Digital Cabin products. In the Component Segment and the Sensor and Communication Segment, we are working to reform the profit structure by expanding the sensing-related product business. With regard to core business focus, we have decided to end the airbag-related business earlier than originally planned, by the end of 2026. From FY2025 the Module and System Segment has been reorganized as the Mobility Segment, with a focus on developing high-value-added products. Furthermore, in January 2025, we transferred the power inductor business to Delta Electronics Inc., and we are considering collaboration with Delta and Cyntec Co., Ltd. in the field of power electronics.

Management Structure Reform: Outcomes and Challenges

Cost Structure Reform



Strengthening the Management Structure

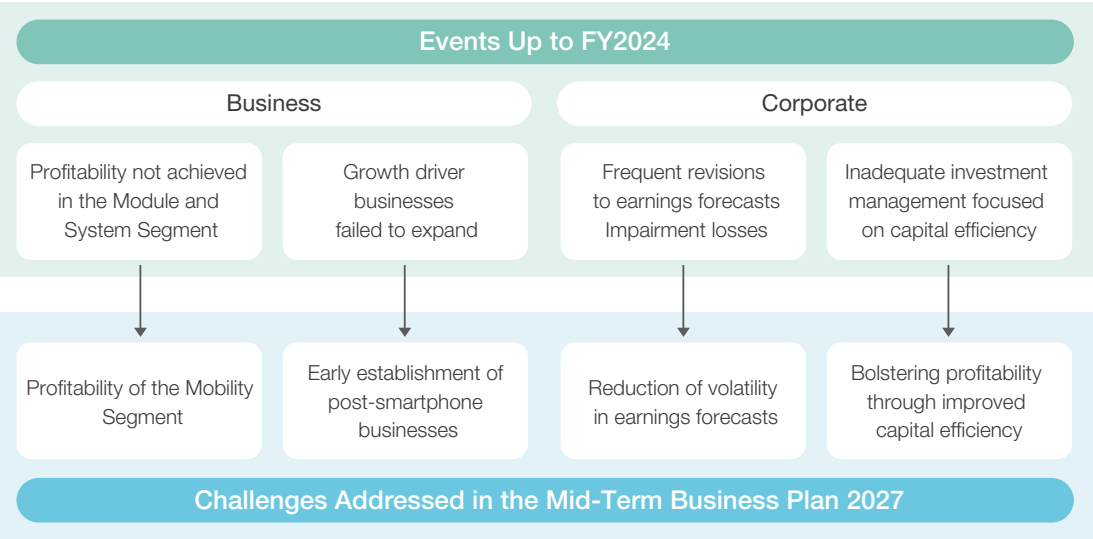
Regarding the strengthening of the management structure, a new executive team was approved at the June 2024 General Meeting of Shareholders, completing the transition to a structure for driving reforms. As part of a more execution-oriented structure, business performance oversight was delegated to the newly established COO position, while the CEO directly leads structural reforms and assigns execution responsibility to the CStO. Reform progress and execution of initiatives are overseen by the Structural Reform Steering the Committee chaired by the CEO.

In response to the rapidly evolving Chinese market and growing economic bloc trends worldwide, a new China business role was established in April 2025, with a vice president assigned. In rapidly growing India, operations began at the India R&D Center in January 2025. In conjunction, a new regional management structure for the ASEAN and India regions, which was not previously organized, was established in April of the same year, enabling support for regional economic growth.

Key Action Points in the Mid-Term Business Plan 2027

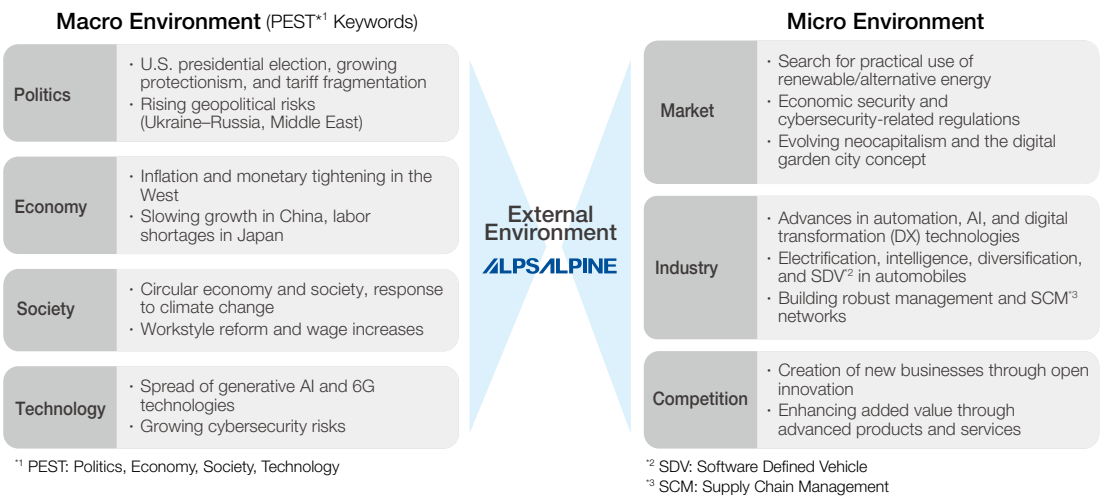
During the promotion of management structure reform, key challenges in both business and corporate areas became apparent, based on market trends and business performance. On the business front, we recognize that achieving profitability in the long-standing Module and System Segment remains insufficient and requires continued improvement. Furthermore, in the Sensor and Communication Segment, which is positioned as a growth driver, expansion has not met expectations, necessitating prompt action. On the corporate side, frequent revisions to earnings forecasts have led to high volatility, undermining market trust. Moreover, given that investment decisions have tended to prioritize short-term performance targets, we recognized the need to shift toward capital-efficient investment based on a medium- to long-term perspective.

In response to these issues, under the Mid-Term Business Plan 2027 launched in April 2025, we will focus on four key themes: achieving profitability in the Module and System Segment (now the Mobility Segment), establishing post-smartphone businesses early, improving the accuracy of earnings forecasts, and shifting toward investment management that emphasizes capital efficiency. We will steadily implement specific initiatives for each of these challenges.



Materiality

Environmental Awareness



Material Issues and Measures

Mid-Term Business Plan 2027 (FY2025 to 2027)						2nd Mid-Term Business Plan (FY2022 to 2024)												
Materiality			Vice President Responsible	Themes and Initiatives	KPI	FY2027 Targets		Former Materiality	KIPs / Targets		FY2022 Results	FY2023 Results	FY2024 Results	Implementation Status and Measures				
Business	Adapting to changes in the economic environment and ensuring sustainable business quality 📖 P.19	   	Vice President responsible for each business segment	▶ Business transformation scenario promotion ▶ Create added value for products	Business transformation scenario promotion	Promote quality in the Mobility Segment and complete transition to the Global Regional Headquarters system	Consolidated	Business quality improvement and advancement	(Not disclosed)*1	(Not disclosed)	(Not disclosed)*1	(Not disclosed)*1	(Not disclosed)*1	(Not disclosed)*1				
					Enhance product value through strategic investment in production competitiveness, sensors, software, etc.	Profit impact: ¥20.0 billion	Consolidated											
	Co-creation with strategic partners	 	Vice President responsible for each business segment	▶ Promote business creation through strategic customers/partners, academia-government-industry collaboration, and joint development	(Not disclosed)	(Not disclosed)	Consolidated	Co-creation with strategic partners	(Not disclosed)*2	(Not disclosed)	(Not disclosed)*2	(Not disclosed)*2	(Not disclosed)*2	(Not disclosed)*2				
E	Climate change adaptation and mitigation 📖 P.31	  	Head of Production, Head of Technology	▶ Reduce GHG emissions	Scope 1 and 2 GHG emissions Scope 3 GHG emissions Renewable energy use rate	Down 70% compared with FY2021 Down 25% by FY2030 85%	Consolidated Consolidated Consolidated	Contribution to decarbonization	Energy use (crude oil equivalent): 2% reduction per year	Consolidated	(23%) 472,535MWh	1.3% 477,641MWh	0.6% 480,285MWh	Although energy-saving initiatives were carried out at each site, such as replacing equipment with more efficient systems, energy consumption increased slightly due to higher production volume. The renewable energy use rate exceeded the 60% target, driven by efforts such as installing solar power generation facilities.				
									Renewable energy use rate: 60%	Consolidated	40.4%	63.6%	72.2%					
	Promoting resource circulation 📖 P.32	 	Head of Technology, Head of Production	▶ Expand eco-friendly products	Percentage of eco-friendly products among new products	To be decided during FY2025	Consolidated	Contribution to circular economy	Total waste emissions: 2% reduction per year	Consolidated	13% 25,758t	(2.1%) 25,219t	0.0% 25,215t	While waste reduction activities were implemented at each site, there was no significant change due to increased production and other factors. Going forward, we will also work on waste recycling. Water consumption decreased due to progress in reduction efforts at overseas sites.				
				▶ Resource recycling	Waste recycling rate	97% (ratio of waste not sent to landfill)	Consolidated		Water use (water withdrawal): 1.5% reduction per year	Consolidated	(8%) 1,674,484m³	(11.0%) 1,489,792m³	(8%) 1,370,016m³					
	Enhancing chemical substance management to reduce environmental impact		Head of Quality, Head of Human Resources and General Affairs	▶ Strengthen control of chemical substances in products ▶ Strengthen governance of workplace-related chemical substances	Number of serious incidents involving regulated substances in products Number of serious incidents caused by chemical substances at business sites	0 cases 0 cases	Consolidated Consolidated											
S	Developing human resources for value creation and fostering a culture that empowers individuals 📖 P.35,36	 	Head of Human Resources and General Affairs	▶ Promote the Corporate Vision and instill Alps Alpine's values ▶ Implement effective approaches to individual empowerment and employee engagement	Employee Engagement Survey score	Increase compared with previous year	Non-consolidated	Nurturing of human resources and promotion of job satisfaction	Fulfillment rate of recruitment plan: 100% Investment in human resource development: Increase year on year Establishment of employee engagement indicators and measurement methodologies	Non-consolidated Non-consolidated Non-consolidated	85% 34.6% increase ¥20,302 (Not disclosed)	93% 13.9% increase ¥23,124 Determine details of survey tool selection, process, etc.	116% 4.7% increase ¥24,199 Clarified definition of engagement and reselected measurement tool	With the easing of COVID-19 impacts, initiatives such as business conceptualization skills were actively implemented, resulting in a 19% increase in investment in human resource development over the three years of the 2nd Mid-Term Business Plan. Survey tools were selected and detailed processes established, and from FY2024 engagement surveys were conducted for all domestic employees.				
				▶ Utilize global human resources	Human resource development expenses	Increase compared with previous year	Non-consolidated		Diversity and inclusion	Percentage of newly hired women graduates (career-track): 15% Ratio of women in management positions: 6.0% Rate of employees with disabilities: 2.6% Percentage of men taking paternity leave: 45%	Non-consolidated Non-consolidated Non-consolidated Non-consolidated	9.0% 3.1 % 2.5 % 37.0 %	15.0% 3.5 % 2.6 % 53.7 %		10.8% 4.0 % 2.7 % 66.2 %			
	Improving the work environment and occupational health and safety 📖 P.37		Head of Human Resources and General Affairs	▶ Create a safe work environment ▶ Promote physical and mental health ▶ Ensure health, safety, and proper working conditions in the supply chain	Number of serious occupational accidents Workplace improvement implementation rate for high-stress environments Number of suppliers rated C in CSR assessments	0 cases 100% 0 cases	Consolidated Non-consolidated —	Workplace environment, safety, and hygiene Sustainable procurement	Number of serious occupational accidents: 0	Consolidated	0 cases	0 cases	0 cases	No fatal or serious occupational accidents resulting in permanent disability occurred during the three years of the 2nd Mid-Term Business Plan. We will continue to strengthen risk assessments and other efforts aimed at preventing accidents. We conduct annual CSR assessments based on the Responsible Business Conduct Guidelines for suppliers. Through corrective actions, the proportion of suppliers rated B decreased from 6% to 0%.				
				Respect for human rights 📖 P.37	 	Head of Human Resources and General Affairs	▶ Reduce management risks in the area of social responsibility (Identify and mitigate human rights risks within the Company) ▶ Eliminate human rights issues in the supply chain (survey on mineral sourcing)		Number of serious human rights incidents Percentage of certified smelters used (CMRT)*3	0 cases 94%	Consolidated —	Respect for human rights Sustainable procurement	Rate of Group bases ranked A in human rights due diligence surveys: 100% Participation rate for training on the GROUP CODE OF CONDUCT: 90% or more CMRT (mineral sourcing surveys) response rate 100% Percentage of smelters certified by RMI: 100%	Consolidated Consolidated Global	Rank C: 0% 97% 95.6% 88.7%	Rank A: 55% 98% 98.0% 90.0%	Rank A: 67% 98.0% 92.3% 78.3%	Although we did not achieve the 100% A-Rank target for human rights due diligence within the Group, the ratio improved through corrective measures. In mineral sourcing surveys, the CMRT collection rate and certified smelter usage did not reach the 100% target. We will continue working with suppliers to promote the use of RMI-certified smelters.
							Further improvement in product quality and safety			Head of Quality	▶ Conduct basic quality assurance training ▶ Promote functional safety and product cybersecurity		Participation rate in basic quality assurance training Number of safety requirement violations (ISO26262) Number of cybersecurity requirement violations under the responsibility of the Company (ISO/SAE21434)	100% 0 cases 0 cases	Non-consolidated Non-consolidated Non-consolidated	Product quality and safety	Improvement in product and process design Conduct and improve CSMS organizational audits	Consolidated Non-consolidated
	Further reforms in corporate governance 📖 P.39	  	Head of ESG and Legal	▶ Enhance the effectiveness of Management Meetings ▶ Strengthen governance of the ALAP Group	Board of Directors effectiveness evaluation score Development of internal regulations and rule frameworks	Improvement compared with previous year Development complete		Consolidated Consolidated										
				Optimizing and strengthening the supply chain		Head of Procurement	▶ Improve speed and robustness of emergency response ▶ Strengthen risk management for production sites and logistics	BCP drills (internal) Risk management implementation (internal)	Conducted at least once per year Implemented and results communicated	Consolidated Consolidated	Response to geopolitical risks and reinforcement of supply chain resilience	Revision of risk maps Establishment of production backup maps	Consolidated (Not disclosed)	Annual review conducted Formulated a production risk response plan	Annual review conducted Production risk map formulated	Risk map reviewed (Not disclosed)	In addition to reviewing the risk map, we launched initiatives to address critical risks such as economic security and information security (cyberattacks) by establishing the Economic Security Committee, Information Management Committee, and Data Utilization Committee.	
	Addressing geopolitical and economic security risks	—	All vice presidents	▶ Prevent leaks and strengthen management of key technologies	Identification of key technologies to be protected Establishment of management systems for key technologies	Relevant technologies identified Technical management model established for relevant technologies	Consolidated Consolidated											
G	Strengthening compliance and promoting fair management 📖 P.46	 	All vice presidents	▶ Enhance compliance education	Introduction of tiered compliance training	Implementation complete	Consolidated											
	Strengthening cybersecurity 📖 P.47	—	Head of Corporate Strategy, All vice presidents	▶ Establish robust and appropriate information management systems and environments	Implementation of secure information management and control systems for customers, products, and internal use Management of research and information related to alliance companies	System introduced and operations started Various related guidelines developed and implemented	Consolidated Consolidated											

*1 Withdrawn due to discontinuation of the 2nd Mid-Term Business Plan
*2 Not disclosed
*3 Conflict Minerals Reporting Template: A template created by RMI to facilitate the reporting of conflict minerals

Mid-Term Business Plan 2027

Companywide Policies Are Formulated by Backcasting from the Vision for 10 Years in the Future

Alps Alpine has formulated Vision 2025, “Shaping a Future Where Technology Extends Your Senses,” as the Company’s future vision, taking into account the various issues identified during its management structure reform process. To realize this vision, the Mid-Term Business Plan 2027, launched in April 2025, consolidates the basic policies the Company will pursue in the following three pillars.

Pursuing High Added Value

Improving profitability in the Mobility Segment is our highest priority. The former Module and System Segment will be fully integrated into the Mobility Segment, and a shift will be made toward high-value-added products, particularly in the Digital Cabin domain. In addition, we will promote a fundamental overhaul of our profit structure, including the withdrawal from unprofitable products as negotiated with customers in FY2024, selection and concentration of our product portfolio, reorganization of production bases, and rigorous investment decisions based on ROIC.

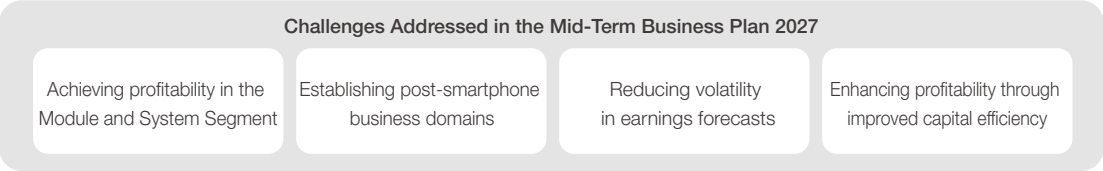
Preparing the Next Core Business

We will strengthen both capital and human resource investments, especially in the sensor field, while clearly defining new growth areas and enhancing collaboration with marketing functions and external partners. Through these efforts, we will actively promote the development and expansion of new products based on our core technologies.

Further Strengthening of the Management Foundation

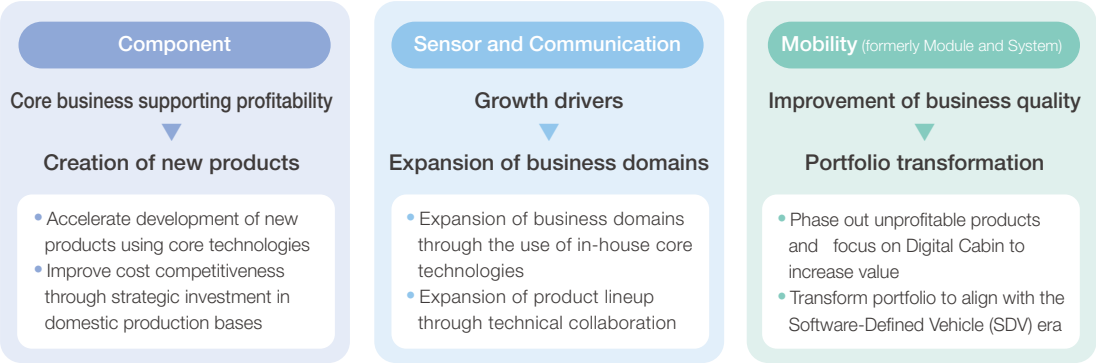
To improve the long-neglected cost competitiveness of our domestic production bases, we will continue structural reforms including strategic capital investments, functional reorganization, and investment in human capital, thereby building a sustainable management foundation. We will also implement initiatives aimed at improving the accuracy of earnings forecasts and enhancing capital efficiency in our management.

Through these initiatives, we aim to achieve a PBR over 1x in FY2026 and an ROE of 10% in FY2027.



Business Segment Strategy and Direction

Beginning in FY2025, the two divisions making up the Module and System Segment have been integrated into the Mobility Segment to enhance operational efficiency and profitability. Strategies tailored to the characteristics of each of the three segments will continue to be pursued.



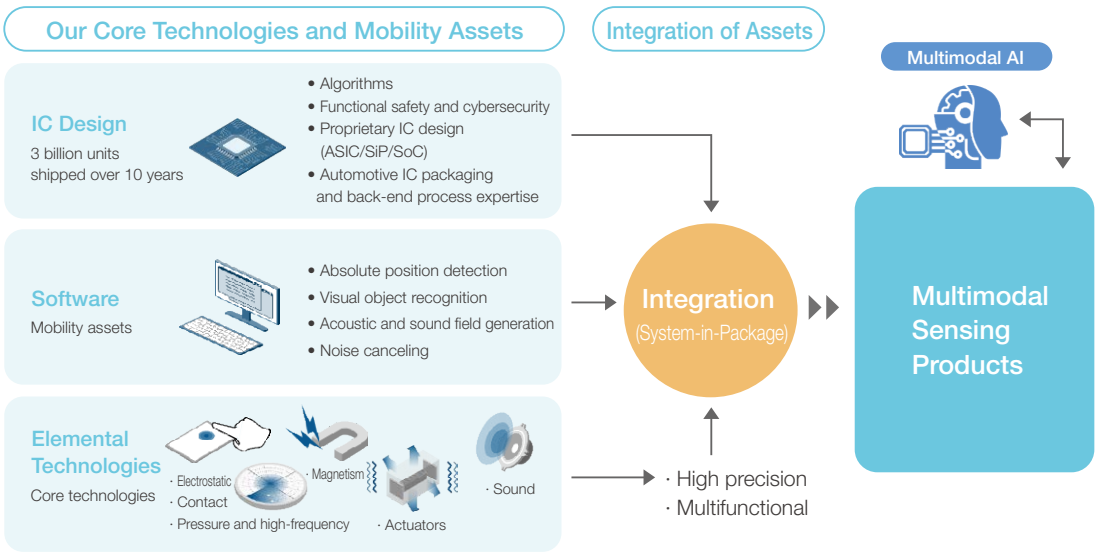
Mid-Term Business Plan 2027

Creating New Growth Drivers

Since its founding, Alps Alpine has accumulated a diverse range of elemental technologies and has developed original products centered on those strengths. Among these, sensing technology is one of the Company's key strengths, enabling the development of high-value-added products that incorporate proprietary ICs. In recent years, we have focused not only on improving sensing precision but also on combining multiple sensors and functions to meet more advanced needs. As generative AI continues to evolve and integrate into society, the acquisition and processing of sensor data optimized for AI engines, beyond just text, voice, and images, is gaining attention as a new area of focus.

In response to these trends, we are leveraging technologies developed in the mobility field, such as absolute positioning in car navigation, object recognition in around-view monitors and drive recorders, and advanced acoustic expertise, to develop integrated solutions tailored to various applications. We are also developing multimodal sensing products using System-in-Package (SiP) technology that combines these capabilities.

These advanced products are positioned as new growth drivers for the Company, and will be a major focus in the Mid-Term Business Plan 2027.



Direction of Product Portfolios in Each Business Segment

As we implement the Mid-Term Business Plan 2027, we will clarify the positioning of products within each business segment and allocate strategic investments and development resources with a forward-looking approach. This will enable focused initiatives, including active investment in growth areas, improvement of profitability for existing products, and an orderly phasing out of some existing products.

For future growth investments, the Component Segment and the Sensor and Communication Segment will be positioned as stable sources of revenue, and continuous investments will aim to further enhance profitability. In the Mobility Segment, we are making focused investments in the software domain to transform the business portfolio. As for new product areas, we see them as the next-generation pillars expected to launch within the next three years and are prioritizing their successful commercialization. The concept of multimodal sensing products is already being reflected in new offerings across our businesses, and they are beginning to receive strong recognition in the market for their uniqueness. For existing products, we will seek to improve profitability by exploring new applications and collaborating with other businesses. Meanwhile, for products with low growth or profitability, we will implement planned discontinuation to promote Companywide resource optimization.

	Component	Sensor and Communication	Mobility (former Module and System)
		Strategic Investment	
Growth Investment	- Passive devices - Multifunctional input devices - Haptic devices	- xMR sensor - Millimeter-wave sensor	Software
		Multimodal Sensing	
New Products (Launch Year)	EV charging cutoff switch	- Magnetostrictive torque sensor - Positioning unit - Digital key - High-sensitivity magnetic image sensor - Electrostatic pressure and object detection sensor	- Cabin domain controller - Cabin monitoring
		Exploration of New Applications	
High Profitability, Low Growth		- Pressure and humidity MEMS sensor - Glass lenses	- Integrated display - Sound systems
Discontinuation (Phase-Out/Withdrawal Year)	Power inductor	- Communication module - Analog keyless entry	- Airbag-related products - Legacy automotive switches

Financial Strategy and Capital Policy

While maintaining a balanced approach to growth investment, sound financial management, and shareholder returns, we aim to improve profitability and capital efficiency and achieve the targets set in the Mid-Term Business Plan 2027: A PBR of 1x by FY2026 and an ROE of 10% by FY2027.



Satoshi Kodaira
Representative Director,
Executive Vice President
Chief Operating Officer and Chief
Financial Officer

Overview of FY2024 Performance

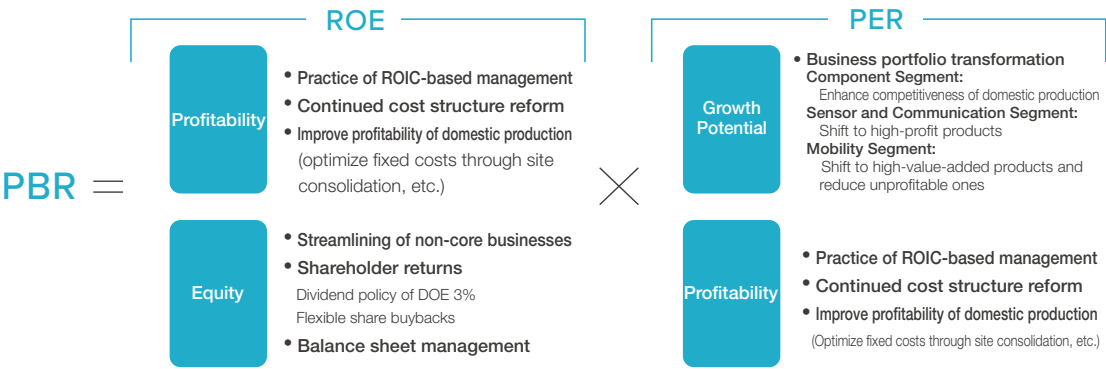
FY2024 was positioned as a year of management structure reform in preparation for the Mid-Term Business Plan 2027, during which time we advanced three key reforms: Business portfolio reform, Cost structure reform, and Strengthening the management structure. In terms of business performance, both net sales and operating income increased year on year, and due in part to foreign exchange effects, net sales reached an all-time high. From the standpoint of capital efficiency, we proactively streamlined non-core businesses, including the partial sale of shares in Alps Logistics.

Concept Behind the Mid-Term Business Plan 2027

In the Mid-Term Business Plan 2027, we established targets of a PBR of 1x by FY2026, and an ROE of 10% by FY2027, from a management perspective that is mindful of capital costs and share price.

In previous Mid-Term Business Plans, top priority was placed on indicators such as net sales and operating income. As a result, we invested evenly across all businesses, leading to issues such as the development of new products unrelated to our core technologies, and

investments with poor foresight regarding returns and risks. In light of these reflections, from the second half of FY2024, we clarified our initiatives targeting both components of ROE (profitability as the numerator, while equity capital is the denominator) and made a major shift toward a management policy focused on capital profitability. Based on this shift in management policy, we are working together as a unified organization to implement initiatives that enhance corporate value.



Basic Policy on Financial Strategy

Alps Alpine's basic approach is to maintain a balance among growth investment, sound financial health, and shareholder returns while improving profitability and capital efficiency to achieve sustainable enhancement of corporate value. From the second half of FY2024, we introduced ROIC as a key indicator for evaluating profitability and capital efficiency. This enables us to allocate management resources more strategically, based on capital profitability and growth potential, accelerating the shift to a business portfolio centered on high-profit products. We will continue the cost structure reforms initiated in FY2024, working to enhance our competitiveness in Japan through initiatives such as labor-saving measures and site consolidation.

In parallel, we will enhance capital efficiency by selling non-core businesses and idle assets. From the perspective of optimizing equity capital, we will implement shareholder returns through both dividends in line with our dividend policy and agile share repurchases. By steadily executing these initiatives, we aim to improve profitability and capital efficiency, and to achieve a PBR over 1x and an ROE of 10%.

[Unit: Billions of JPY]

	Management Structure Reform	Mid-Term Business Plan 2027		
	FY2024 (results)	FY2025	FY2026	FY2027
Companywide				
Capital Efficiency (ROE)	9.4%			10%
Stock Price Indicator (PBR)			1x	Over 1x
Growth Potential (Net Sales)	990.4	950.0	990.0	1,075.0
Profitability (Operating Income)	34.1 (3.4%)	25.0 (2.6%)	52.5 (5.3%)	71.0 (6.6%)
Profitability (Current Net Profit)	37.8 (3.8%)	5.5 (0.6%)	30.0 (3.0%)	45.0 (4.2%)
Financial Soundness (Equity Ratio)	55.9%	50% (target)	50% (target)	50% (target)

Financial Strategy and Capital Policy

Growth Investment

Based on assessments of capital profitability growth potential, we plan to make growth investments totaling ¥245.0 billion, comprising ¥100.0 billion in strategic investments and ¥145.0 billion in capital expenditures. Of the strategic investment, ¥50.0 billion will be allocated to multimodal sensing products that integrate our core and software technologies as a central growth driver. Specifically, we will invest in the sensor domain to shift the Sensor and Communication Segment portfolio toward high-profit products (such as millimeter-wave sensors, digital keys, and positioning units), and in software development to transform the Mobility Segment portfolio by leveraging our strengths in the Digital Cabin field and moving into high-value-added areas. Additionally, ¥40.0 billion will be invested in enhancing the competitiveness of domestic production. This includes updating aging facilities and labor-saving investments in the Component Segment, as well as fixed-cost optimization through site consolidation in the Mobility Segment. Furthermore, we regard investment in human capital as a key strategy for achieving sustainable growth, and we will actively promote initiatives that support employee development and engagement.

Unit: Billions of JPY

Growth investment	245.0
Strategic investment	100.0
Multimodal sensing	50.0
Sensor domain	20.0
Software	30.0
Enhance competitiveness of domestic production	40.0
Human capital	10.0
Capital investment	145.0

Sound Financial Management

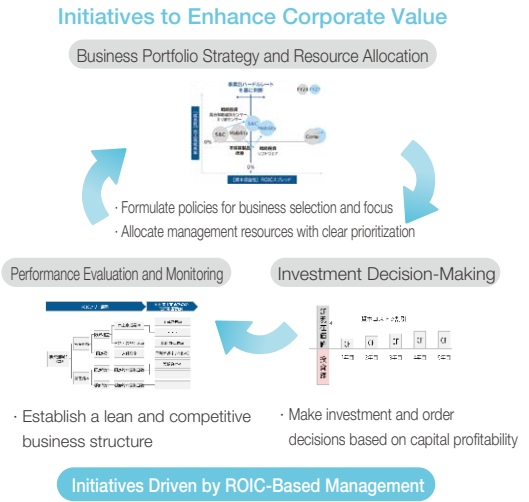
We recognize maintaining a sound financial base as a key management issue to support the sustainable enhancement of corporate value. We aim to maintain an “A” credit rating while balancing safety and efficiency, and have set a target equity ratio of 50%. In terms of financing, we will prioritize the use of interest-bearing debt to reduce capital costs.

Shareholder Returns

Our dividend policy is based on a dividend on equity (DOE) ratio of 3%. In FY2025, we plan to repurchase ¥20.0 billion worth of our own shares to improve earnings per share (EPS) and capital efficiency, and all repurchased shares will be canceled. Going forward, we will continue to repurchase shares in a flexible and agile manner, taking into account overall capital efficiency and our financial position.

Implementing a Financial Strategy Driven by ROIC: Transition to Capital Cost-Aware Management

We have shifted from a traditional emphasis on net sales and operating income margin to a new management approach that prioritizes capital profitability, introducing ROIC as a key indicator. Specifically, from the second half of FY2024, we began using the internal rate of return (IRR) and net present value (NPV) as criteria for investment and order decision-making. Beginning in FY2025, we will use ROIC by business segment to evaluate business performance and build a consistent decision-making process covering everything from resource allocation to investment, order acceptance, and monitoring. Moving forward, we will utilize these evaluation standards and processes to promote selective and focused business investment through well-prioritized resource allocation, and review our business portfolio accordingly. In doing so, we aim to transform into a leaner, more competitive business structure and achieve sustainable improvement in corporate value.



Cash Allocation

Results from FY2022 to 2024

Through cost structure reforms and other initiatives, we generated a cumulative operating cash flow of ¥170.4 billion. In addition, by streamlining non-core businesses, including the partial sales of Alps Logistics shares and the transfer of the power inductor business, we generated an additional ¥45.6 billion in cash.

Plan for FY2025 to 2027

We plan to shift toward management that emphasizes capital costs, and expect to generate ¥230.0 billion in operating cash flow. The cash generated will be allocated to growth investments and shareholder returns. For growth investment, we will proactively allocate resources to investments that drive medium- to long-term growth, strengthening the foundation for future businesses and growth beyond FY2027. For shareholder returns, we will provide dividends based on our dividend policy and conduct agile share repurchases. Through these efforts and more, we will work to enhance corporate value.

DISCUSSION

Dialogue Between the CEO and Outside Directors



Yoko Toyoshi
Outside Director

Hidefumi Date
Outside Director

Hideo Izumi
Representative Director, President and CEO

Toward Genuine Enhancement of Corporate Value through Management Structure Reform

Based on the outcomes and challenges of our business structure reform, how will we achieve renewed growth through our Mid-Term Business Plan 2027 and regain the trust of stakeholders? In this discussion, President and CEO Izumi, who is responsible for execution, and outside directors Ms. Toyoshi and Mr. Date, who supervise management, exchanged candid views on key factors for enhancing corporate value, including the role of material issues and governance, which are essential for long-term value creation.

Assessment of Business Structure Reform

A Company in Transition, with Speed Remaining a Challenge

Toyoshi: The previous Mid-Term Business Plan was suspended in FY2024, prompting a shift to business structure reform. However, so-called “business structure reform” initiatives had been proposed since our FY2019 management integration. That said, I did not consider those to be genuine reforms. I believe that true business structure reform began only after Mr. Izumi assumed the role of president, or over the past one to two years.

I commend the decision to initiate reform itself. However, given today’s challenging business climate and rapid societal change, both management and on-site execution still lack sufficient speed. For example, a large share of our production is in China. Considering the sluggish sales of automotive products and the operating environment in China, I believe we must accelerate the pace of consolidation. As an outside director, I see it as my role to closely monitor how swiftly these pressing issues are addressed and to offer my input accordingly.

Izumi: I had long believed that the Company needed to undergo a fundamental transformation. However, we failed to implement reforms that addressed the core of our business and cost structures, and in hindsight, we did not achieve true transformation.

The main reason for this failure was the lack of a shared sense of urgency within the organization. In light of this, we decided to suspend the previous Mid-Term Business Plan and initiate a fundamental business structure reform.

I also recognize the lack of speed as a major issue. I believe this, too, stems from an insufficient sense of crisis. That is why I have devoted significant time to fostering a shared sense of urgency

through dialogue. Without this mutual understanding among both management and employees, no number of words or documentation will lead to meaningful action.

Through leading the cost structure reform, I was reminded that thorough dialogue and achieving understanding and buy-in can significantly accelerate the pace of transformation. Moving forward, I aim to further speed up reform by ensuring that a shared sense of urgency and unified direction are firmly in place.

How to Regain Trust Without a Track Record

Date: With highly volatile earnings and low profit margins, our Company is a textbook example of a firm trading below a PBR of 1x. To improve our PBR, we need shareholders and investors to believe in our growth story and trust us as a company. Unfortunately, in recent years, we have not built a track record of meeting published targets or consistently growing profits. No matter how logical or sound our strategies and plans may appear, there is always skepticism about our ability to execute. That is why I make a point of reviewing plans from an external stakeholder’s perspective as much as possible, and actively offer questions and feedback.

Izumi: Having spent many years in business operations, I must admit I did not fully understand the perspectives of shareholders and investors. So, when I was confronted with the reality that our Company lacked credibility in the capital markets, it came as a major shock. But looking back calmly, it was only natural. Our Company has long tended to avoid committing to specific numerical targets, out of a cautious stance to avoid the risk of falling short. However, I realized we must break away from that mindset. Unless we share a clear sense of commitment with employees, we will not generate a shared sense of urgency or speed across the organization.

Commitment Still Falls Short

Date: Both of you have mentioned urgency and a sense of crisis, but I believe not all vice presidents have truly embraced that commitment yet. People instinctively resist change. They naturally prioritize the comfort of knowing their workplace and job will remain the same tomorrow. I believe this is no different, even for those in executive roles. In recent years, Mr. Izumi has made efforts to expose the Company to external viewpoints, such as those of shareholders and investors, and to convey that stimulus internally to shift mindsets. But I still sense a gap in levels of engagement and urgency among the executive team.

Toyoshi: Around 70% of our revenue comes from automotive-related products. Given the current downturn in the automotive industry, our executive officers must take the need for transformation much more seriously. That seriousness will then be conveyed to the front lines, and in turn, speed will naturally increase. In that regard, we revised the executive compensation system in FY2024 to better link remuneration to performance contributions. When officers see that their own contribution and evaluation directly affect their compensation, they will naturally begin to reflect on what they still lack. We hope this will drive faster, more proactive decision-making.

Mid-Term Business Plan 2027

Giving Better Cues to Stakeholders

Date: The final target of achieving a 10% ROE in FY2027, is an extremely ambitious figure. Even we outside directors were initially surprised, so external stakeholders may be hesitant to trust it. First,



we must carefully select investments and clearly explain, both internally and externally, the rationale behind the 10% ROE target to gain understanding. Doing so will also help us achieve our goal of surpassing a PBR of 1x by FY2026.

During the planning process, I asked management to explain why they believe they can now accomplish what they previously could not over the next three years. I know they spent considerable time preparing those explanations. Coming from a different industry, I am not always able to judge whether a given investment truly makes sense. That judgment was left to Mr. Nakaya and Mr. Fujie, who have expertise in the electronics industry. However, even without technical knowledge, one can still sense “good cues” from a well-explained plan. I believe external investors are the same. That is why I hope management will focus even more on selecting such promising invest-

ments and explaining their rationale clearly.

Izumi: In the Mid-Term Business Plan 2027, our top priority is revising our investment strategy. Previously, investment decisions were made as an extension of business activities, and investments were kept within depreciation and amortization costs. Now, we have shifted from a single-year investment planning approach to a company-led, ROIC-focused, medium- to long-term investment strategy from a Companywide perspective. While this means business unit-led investments may be deprioritized, I believe this shift is essential for driving transformation at the corporate level.

The 10% ROE target is often called ambitious. However, we had already set the same target for FY2027 under the previous Mid-Term Business Plan, and I believe it is our responsibility to carry this target forward. I fully acknowledge that we failed to adequately explain the relationship between investments and returns in the past, resulting in a lack of external understanding. Going forward, we must provide careful, evidence-based explanations and, above all, earn trust through tangible results.

A Glimmer of Light at Last

Toyoshi: Until now, I had not really felt the significance or benefits of the merger between Alps Electric and Alpine. But earlier this year, we were presented with the concept of multimodal sensing, which integrates the management resources of Alps Alpine. It gave me renewed hope that a new product portfolio may emerge and lead to new value propositions. As Mr. Date mentioned, we lack a solid track record. Furthermore, the automotive market continues to face intense price competition, and this trend is expected to persist. With multimodal sensing, how will our product portfolio evolve, what new customers will emerge, and how will it help solve social issues? What will the company look like in this context, and how will it give meaning to

employees working at Alps Alpine? I have seen a glimmer of light, and I hope this message is clearly communicated to employees, shareholders, investors, and all other stakeholders.

Izumi: For example, personal computers once came with various types of hardware installed individually. But in the early 2000s, Taiwanese companies began providing motherboard platforms, and almost all hardware components became integrated and consolidated onto the motherboard. As a result, only a few peripheral devices and software remained. At the time, we manufactured a wide range of products, including mice, keyboards, floppy drives, and hard disk drives. However, demand for these quickly declined due to the shift in business models. In response, we chose to create new value by



focusing on our core technological strengths and combining those with devices and supporting software such as drivers. Although our sales declined, the added value of our products increased significantly. I strongly feel that a similar structural transformation is now underway in the automotive industry. We are working to adapt by transforming both our technology and organizational structure. Over the next one to two years, we will introduce high-value-added products that integrate our core technologies with software. However, if structural change continues to accelerate in the same way it did with PCs, sales of in-vehicle products could decline to some extent in the future. Still, I am confident that as long as we continue creating added value aligned with that change, we will move in a positive direction.

Material Issues

The Value of Investing in People

Toyoshi: For our Company—and any company—people are the most critical issue. How do people act? Do they genuinely want to work here? To be frank, I believe that when we became overly focused on cost-cutting in the past, we lost a portion of our employees’ trust and connection with the company. As Mr. Izumi said at the beginning, unless employees truly understand and embrace change, the company will not move forward. It is crucial that everyone shares the same direction. That is why I believe the newly formulated Corporate Vision is highly meaningful.

Going forward, we must focus on investing in people and aligning our business with our vision. In the past, we had much more active exchanges with overseas offices, with personnel being sent back and forth to develop on-site talent. That is no longer happening to the same extent. Although we say we are “betting on the people,” we have



not put it into practice enough. I suspect that is why our employees are not quite feeling it. We are now being tested—are we truly committed to investing in people?

Date: This also relates to people. Material issues form the foundation of all business activity. We need to invest more and allocate resources to risk management, corporate governance, and compliance. As things stand, I feel there is a real risk that a problem could arise at any moment. Internal controls are typically structured around the “three lines of defense” concept: the first line is the business execution departments, the second line consists of indirect departments like risk management and compliance, and the third line is the internal audit department. However, in our Company, the Compliance & Audit Department essentially merges the second and third lines. This means

there is no independent audit function overseeing compliance, and structurally, we cannot say compliance is properly assured.

Toyoshi: The Audit and Supervisory Committee has also raised this issue. I understand that efforts are currently underway to put a proper structure in place.

Izumi: I have done extensive research on governance and spoken with many executives at other companies. What I have found is that manufacturing companies, historically, have tended to be structured on the assumption that employees can be trusted—that is, on the premise of human goodness. However, there is a growing gap between the long-standing assumptions in manufacturing and today’s societal norms. Based on the insights of our outside directors and my own findings, we are now working to address these gaps. In our revision of material issues, we have elevated the importance of corporate governance and compliance. In this revision, we especially emphasized human capital. We have positioned the development of value-creating talent and the cultivation of a workplace culture where each individual can fully demonstrate their abilities as one of our top priorities. All of this comes back to a key realization: what was once common sense may no longer be so today. We must fully recognize this ourselves.

Toyoshi: Mr. Izumi mentioned the idea of the presumption of good faith, but in my view, many Japanese manufacturing companies have used this principle as a justification for cost-cutting, neglecting to invest in areas that truly require funding. I say this based on years of experience auditing companies.

I believe we should operate not under the assumption that people are inherently good or inherently bad, but rather on the premise that “people are fallible.” Creating an environment where people can work properly is one of the key objectives in establishing internal controls. If we start from the understanding that people are fallible, then providing

a workplace where everyone can feel secure—regardless of societal or organizational change—is the foundation of compliance, governance enhancement, and internal control. The same holds true for human resource development. I believe this is precisely in line with our founder Katsutaro Kataoka’s philosophy of “betting on the people.”

The Board of Directors and Our Roles

A Framework Now in Place

Date: One of the major changes in FY2024 was the full visualization of the executive officers’ authority and a redefinition of the relationship and role division between the Vice Presidents’ Meeting and the Board of Directors. As a result, the Board of Directors now spends little time on monthly earnings reports, and discussion has shifted to the proper focus: the Company’s strategic direction. However, even for proposals brought to the Board of Directors after deliberation by the Executive Officers’ Meeting, due to the transitional phase we find ourselves in, there were frequent cases where the necessary information was insufficient or the prior deliberation itself was inadequate, requiring further review. As a result, nine extraordinary Board of Directors meetings were held in FY2024, bringing the total to 21 meetings for the year—an unusually high number compared with other companies.

Izumi: In the past, when proposals were brought from the executive side, we would take time within the Board of Directors meetings to make revisions on the spot and pass them as amended proposals, even if they were not fully developed. However, to ensure enough time for fundamental discussion, we revised our approach last fiscal year to return such proposals to the Executive Officers’ Meeting for further consideration. This reflects the fact that our governance framework is in a

transitional, evolving phase. We take this situation seriously and are working promptly to improve the quality and speed of decision-making.

Toyoshi: Unfortunately, there are companies that make important decisions behind closed doors, without informing their outside directors. While it is true that our management system is still in a transitional phase, I view the fact that we held 21 Board of Directors meetings as a positive sign that transparent and active discussions are taking place.

Date: While we are still in a transitional phase, the framework to enhance corporate value is now in place. If the Executive Officers’ Meeting can make appropriate decisions that contribute to the Company’s growth, the Board of Directors will be able to fully shift into a true monitoring board. As I have said before, we revised our compensation system so that individual contributions and evaluations are directly linked to remuneration. I therefore expect the executive side to further improve both effectiveness and execution speed going forward.

Understanding Our Roles and Looking Ahead

Toyoshi: I believe it can be difficult for internal members to speak candidly. People within the Company know what happened in the past, how much effort was involved, and the background of each matter. So, in a way, it is natural for them to hold back out of consideration. That is precisely why I make a point of voicing the frank opinions that may be hard for internal members to express. I believe this helps stimulate internal discussions and serves as a catalyst, one of the key roles of an outside director. The executive side may think I am overly critical, but I will continue to serve as a catalyst going forward.

Date: Outside directors also represent shareholders, and I always keep that in mind. When giving my opinions, I try to envision various types of shareholders—activists, long-term investors, and others—and consider what they might say. In that sense, Ms. Toyoshi and I share the same basic stance, but one difference is that I try to be very clear in telling people when they are being overly deferential.

Izumi: Today’s conversation was part of the integrated report planning process, but I felt it was no different from our usual remarks at Board of Directors meetings—it was a discussion focused on the heart of the matter. I regularly receive sharp insights from our outside directors, and I often find it hard to hear. But that discomfort is a sign that I already recognize those issues as challenges, and such challenges are the ones I believe should be addressed first.

At present, our Board of Directors is shifting its focus toward discussions related to the strategic direction of the Company. Many of these themes do not yield easy conclusions. As chair, I sometimes find it challenging to steer the discussion, but on the flip side, that indicates we are now delving into more essential issues. That said, no matter how substantive the discussions are at the Board of Directors level, it is ultimately our responsibility as executives to carry them out. It is my duty to raise the awareness of our executive officers to that level. I intend to continue working on this moving forward.

Sustainability Management



Mayumi Kiriu
Vice President
Head of ESG and Legal

By advancing and enhancing the effectiveness of sustainability management, we aim to meet stakeholder expectations while pursuing Vision 2035 and the continuous enhancement of corporate value.

Sustainability Perspective Embedded in Our Corporate Philosophy

At Alps Alpine, sustainability management means realizing and continuously upholding our corporate philosophy, “Alps Alpine innovates value for humans and society for a brighter planet.” This is achieved by consistently embodying our management approach, comprising: “strive for value,” “love the planet,” “contribute to society,” “respect the individual,” and “act with integrity.” These values stem from our founding principles and have evolved our corporate philosophy and management approach, and will remain an unchanging and universal essence going forward. We believe that continuing to refine and update them in response to changing environments and conditions is directly linked to enhancing corporate value, achieving sustainable growth, and contributing to a sustainable future.

Striving for the Ideal While Responding to Global Trends

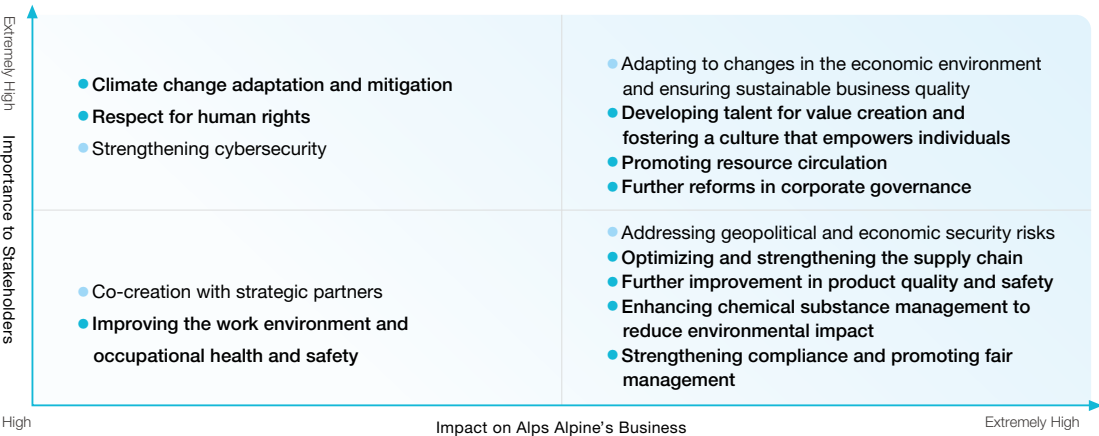
While there have been increasing headwinds and slowdowns in global movements around sustainability management, we view these reactions as temporary fluctuations. The overall direction remains fundamentally unchanged and continues to move forward. While remaining aware of global trends, we will steadfastly adhere to our corporate philosophy and management approach. Together with our renewed Vision 2035, “Shaping a Future Where Technology Extends Your Senses,” we will define and embody the value we should deliver and the form our economic activities should take.

Updating Our Material Issues to Meet Stakeholder Expectations

As we launched our Mid-Term Business Plan 2027 this fiscal year, we reviewed our material issues in light of global and societal trends, as well as changes within our organization. The numerous sustainability-related issues identified were integrated into the plans of each division and department. Their progress and direction for resolution are reviewed quarterly at Sustainability Committee meetings. In particular, environmental issues such as promoting resource circulation and adapting to and mitigating climate change are highly expected by stakeholders and carry great importance. However, they involve many difficult challenges that require a fundamental shift in traditional manufacturing approaches, such as using recycled materials and recycling waste. We are establishing a data-driven foundation while also improving and strengthening our organizational structure and mechanisms. These initiatives will not only meet customer needs and contribute to carbon neutrality and a circular economy, but also enhance our competitiveness.

To promote human resource development, employee engagement, and an environment where individuals can fully demonstrate their abilities, we will take on a management style of “betting on the people” by ensuring a deep understanding of Vision 2035, securing investment, and formulating and executing our human capital strategy. We will also strengthen efforts in foundational areas of corporate management, such as corporate governance and compliance. By improving the effectiveness of management-related meetings and appropriately addressing various risks, we aim to enhance corporate value.

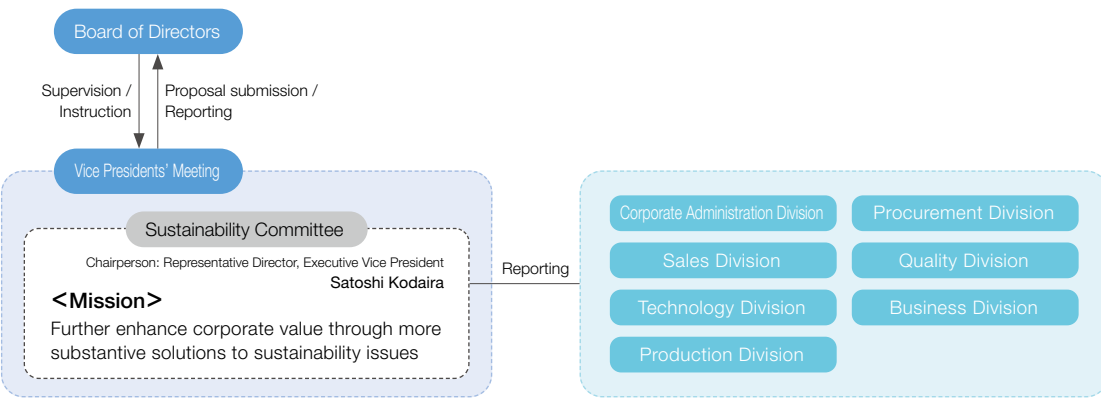
Sustainability Materiality



Sustainability Management

Sustainability Promotion Framework

From FY2025, the structure for promoting sustainability activities was revised, and the Sustainability Committee was positioned as part of the Vice Presidents' Meeting. The committee convenes quarterly to ensure more fundamental and rapid resolution of sustainability issues, monitoring progress across divisions and departments while discussing and guiding responses to various issues. The committee's activities are reported to the Board of Directors, which oversees them. This cycle raises the decision-making level for addressing issues and enhances effectiveness. Furthermore, starting in FY2024, to encourage executive leadership in promoting sustainability initiatives, indicators related to external ESG evaluations of the Company were added to the performance assessment for restricted share compensation for executive officers.



Sustainability Topics on the Agenda at FY2024 Management Meetings

Meeting Name	Time	Agenda
Board of Directors	May	Sustainability Committee report - Changes to the Sustainability Committee structure - Theme-based performance for FY2023 and action plan for FY2024 Review of material issues
Board of Directors	July	Sustainability Committee report - ESG evaluation results - Theme-based progress for Q1
Board of Directors	August	Employee Engagement Survey results
Board of Directors	September	Future initiatives for community contribution activities
Board of Directors	October	Sustainability Committee report - Mid-Term Business Plan 2027 formulation process (ESG) - Approach and methodology for Scope 3 reduction - Compliance and CSR training participation status - Theme-based progress for Q2
Board of Directors	November	Shareholder Relations (SR) engagement results
Board of Directors	January	Revision of material issues for Mid-Term Business Plan 2027 Sustainability Committee report - Review of 2nd Mid-Term Business Plan (ESG) - Identification of key sustainability issues - Theme-based progress for Q3 and proposed KPIs for Mid-Term Business Plan 2027
Mid-Term Business Plan Meeting	March	Review of Business Plan 2025 including sustainability issues

External Evaluations

As of July 2025, Alps Alpine has been selected as a constituent of six investment indices adopted by the world's largest public pension fund, the Government Pension Investment Fund (GPIF).

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Morningstar GenDi J Japan ex-REIT Gender Diversity Tilt Index

S&P/JPX Carbon Efficient Index

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Index

MSCI Japan Empowering Women Index (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index

S&P/JPX Carbon Efficient Index

Environmental Strategies for Realizing a Sustainable Society

Environmental Risks and Opportunities		
Risks	Climate Change	• Increase in energy procurement costs reflecting the introduction of carbon taxes • Disruption of plant operation or supply chains due to natural disasters
	Resource Circulation	• Stricter environmental regulations and increased compliance costs • Loss of competitiveness due to delays in developing design and processing technologies that utilize recycled materials • Shortages or increased costs of recycled or renewable materials
	Pollution	• Penalties due to delays in complying with chemical regulations in each country
Opportunities	Climate Change / Resource Circulation	• Diversification of business activities and increased development and demand for eco-friendly products • Creation of new businesses through technology-driven marketing

As a manufacturer committed to environmentally harmonious production, we aim to achieve carbon neutrality and zero environmental impact in manufacturing by 2050, contributing to the realization of a sustainable society.

Alps Alpine has set long-term targets for 2050 and medium-term targets for 2030 in the environmental field. We reanalyzed the risks and opportunities to achieve these targets and, based on the results, we identified three material issues for the Mid-Term Business Plan 2027: Promoting resource circulation, climate change adaptation and mitigation, and enhancing chemical substance management to reduce environmental impact. By proactively advancing initiatives to address these material issues, we aim to achieve our targets and enhance corporate value.

Mid-Term Business Plan 2027

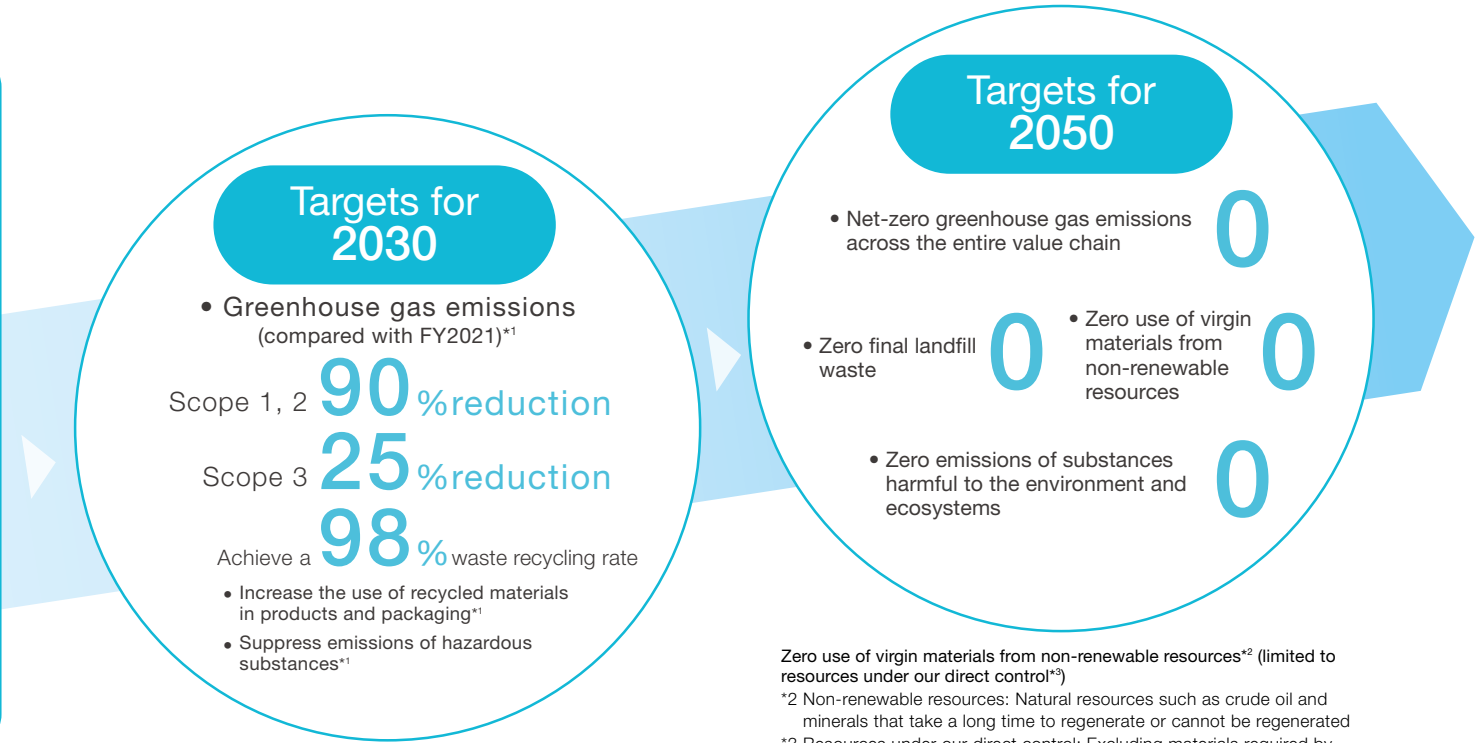
Materiality

- Climate change adaptation and mitigation
- Promoting resource circulation
- Enhancing chemical substance management to reduce environmental impact

Key Initiatives

- Introduction of renewable energy and investment in energy-efficiency facilities
- Scope 3 reduction from the design stage
- Waste reduction and promotion of resource recycling
- Expansion of recycled material usage

- Development of environmentally beneficial products
- Reducing environmental impact in collaboration with suppliers
- Enhancing chemical substance management



Environmental Strategies for Realizing a Sustainable Society

Climate Change Adaptation and Mitigation

Basic Policy

Alps Alpine has identified “climate change adaptation and mitigation” as one of its material issues and is actively promoting climate action.

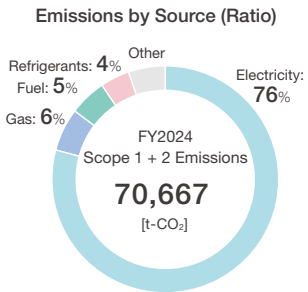
“Mitigation” refers to efforts to reduce greenhouse gas emissions and prevent the worsening of climate change in the future. From this perspective, we view the reduction of energy-derived CO₂ as a critical issue and implement a variety of measures, including the adoption of renewable energy, promotion of energy-saving initiatives, and improvements in energy efficiency in facilities and production processes.

“Adaptation,” on the other hand, involves minimizing the impact of rising temperatures on natural disasters, ecosystems, and socioeconomic activities, while also leveraging climate change as an opportunity. With a broad portfolio of sensor products and component technologies, we are actively exploring the development of products and services that can contribute to detecting, monitoring, and managing climate-related risks.

Reduction of GHG Emissions (Scope 1 and Scope 2)

Of the greenhouse gases emitted from our production activities, 76% come from electricity. This makes the transition to renewable electricity and improved energy efficiency essential for reducing Scope 1 and 2 emissions. Against this backdrop, in April 2021, we declared our goal of using 100% renewable electricity by 2030.

In FY2024, we accelerated solar panel installations, achieving RE100 status at eight overseas plants, resulting in a renewable energy usage rate of 72%. Moving forward, we will continue to promote energy conservation and efficiency improvements in production lines, including the energy-efficiency training program launched in domestic plants in FY2024, which will be expanded in FY2025 and beyond.



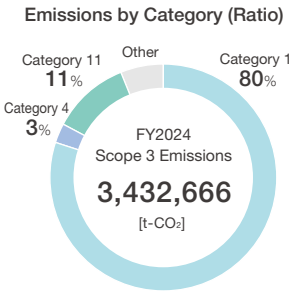
Key Action Points Moving Forward

- Promote transition to renewable electricity
- Improve factory energy conservation and production line efficiency

Reduction of GHG Emissions (Scope 3)

To reduce emissions from Scope 3’s largest contributor, Category 1, we began surveying GHG emissions in FY2022 with the cooperation of our suppliers. These surveys revealed that, on average, Scope 3 accounts for roughly 60% of GHG emissions at our suppliers.

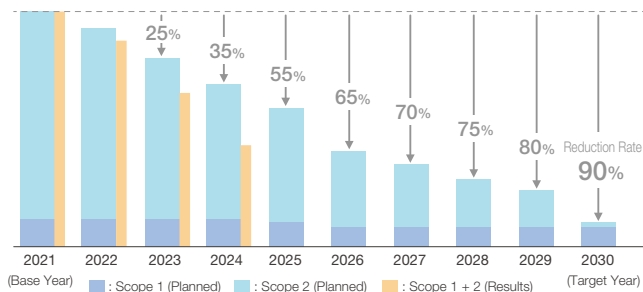
In response, we identified two key priorities: calculating product carbon footprints and reducing emissions in high-impact hotspots. In FY2025, we will fully operationalize our initiatives by building a promotion structure to accelerate Scope 3 emission reductions.



Key Action Points Moving Forward

- Reduce product carbon footprints
- Strengthen supplier-led initiatives to reduce environmental impact
- Improve energy efficiency

Scope 1 and 2 Emissions Reduction Plan



FY2024 Scope 1 + 2 Reduction Rate (Compared with FY2021)

Target : 35.0%

Result : 61.7%

Responding to Environment-Related Initiatives

 RE100 Initiative	 JCLP	 SBT Initiative	 CDP
Membership to promote the conversion of 100% of the electricity used in operations to renewable energy by 2030	Membership for the purpose of gathering information to achieve the 1.5°C goal	Certified to achieve 1.5°C target for the Company	Rated A in Climate Change

		FY2024 Results	FY2027 Target	2030 Target	2050 Target
GHG emissions reduction rate	Scope 1 + 2	(61.7%)	(70%)	(90%)	Net-zero GHG emissions across the entire value chain
	Scope 3	26%	—	(25%)	
Renewable energy use rate		72%	85%	100%	100%

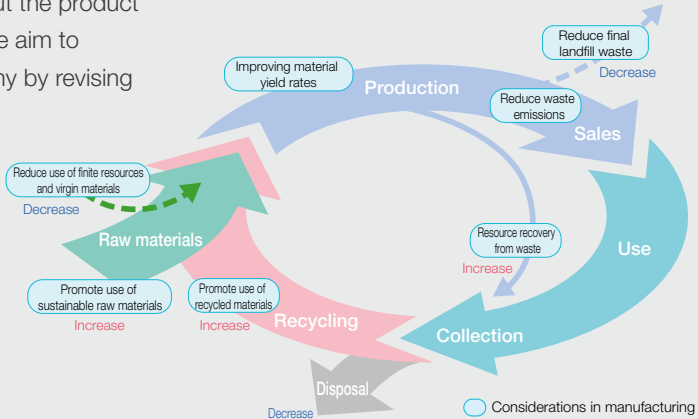
*Based on GHG emissions compared with FY2021 (actual)

Environmental Strategies for Realizing a Sustainable Society

Promoting Resource Circulation

Basic Policy

Alps Alpine’s business activities rely on a wide range of mineral and water resources, and we recognize that the sustainable use of these natural capital resources is a prerequisite for our operations. To prevent resource depletion and reduce environmental burden, we have identified “promoting resource circulation” throughout the product lifecycle as a material issue. We aim to contribute to a circular economy by revising our eco-design standards, such as product recyclability and ease of disassembly, and by improving resource efficiency in our production activities.



Formulating Eco-Friendly Product Standards

Until now, we have evaluated environmental considerations during the product design phase using a “product assessment sheet.” However, as environmental issues become increasingly serious, we have come to recognize that evaluating only at the design stage is insufficient for achieving optimal environmental outcomes. Therefore, we are currently developing new “eco-friendly product standards” that enable environmental impact evaluation across the entire product lifecycle. These standards will also be organically linked with other environmental initiatives to build a consistent framework of action.

Eco-Friendly Product Evaluation Standards Based on the Product Lifecycle

Procurement	Manufacturing	Logistics	Use	Disposal & Recycling
· Reduce use of finite resources · Use recycled materials · Resource-saving design	· Reduce energy consumption · Eliminate hazardous substances · Reduce waste	· Reduce energy consumption · Reduce packaging materials	· Reduce energy consumption · Design for easy repair · Long product life · Product safety	· Ease of disassembly · Chemical labeling

Waste Reduction and Recycling Promotion

As a result of many years of effort to reduce waste and increase recycling, the recycling rate (including thermal recovery) reached 95% in FY2024, demonstrating tangible progress. To further improve the quality of resource circulation, we reviewed our key initiatives in preparation for the Mid-Term Business Plan 2027.

Plastics and metals, which account for 53% of our waste, must shift from thermal recovery to material recycling, which reuses the raw materials themselves. This requires more precise waste sorting. Accordingly, we have revised our key focus to “improving the material recycling rate” and are working to foster awareness and action among individual employees regarding resource circulation.

	FY2024 Actual	FY2027 Target	2030 Target	2050 Target
Waste Volume (Year-on-Year)	±0%	(2%)	(2%)	Zero landfill waste
Recycling Rate	95%	97%	(Scheduled to be formulated in fiscal 2025)	



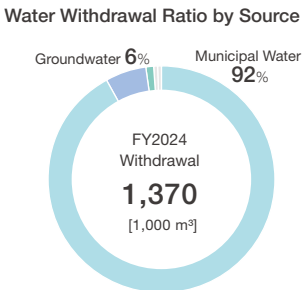
Key Action Points Moving Forward

- ▶ Waste reduction in upstream processes
- ▶ Improving material recycling rate

Water Resource Management

We primarily use municipal water, with minimal dependence on groundwater, resulting in limited water stress risk. Only a portion of our plants use water in their production processes, but from the perspective of sustainable resource use, we have set water reduction targets and are promoting Companywide initiatives. In FY2024, we achieved an 8% reduction in water intake through measures such as reducing pure water use during idle times and utilizing recycled water.

On the other hand, since some of our suppliers use large amounts of water, we will begin supplier engagement on water resource management in FY2025 to help build a sustainable supply chain.



Key Action Points Moving Forward

- ▶ Promoting reduction in water withdrawal
- ▶ Promoting use of recycled water

Human Resource Strategy to Support Value Creation

Building Group Spirit Focused on Three Key Themes

Hiroshi Ikematsu
Senior Specialist in Human Resource Strategy
Human Resource Strategy Promotion Office



Becoming an Organization that Bets On the People

Our founder, Katsutaro Kataoka, once said, “A company can fail easily. But even if a company collapses, individuals must not fall. If we can foster people who can always assert their own value, Alps will stand on solid ground and take pride in its enduring life. A company is its people.” We have interpreted “a company is its people” in our own way as “betting on the people,” as the spirit we have cherished and upheld. By respecting individuals and supporting their passion and drive, we have created numerous world-first and world-best products. “Betting on the people” is embedded into our institutional thinking through the concept of “group spirit.” This means placing people with diverse strengths in the right positions, encouraging mutual growth, and achieving results together as a team.

In recent years, due to cultural and organizational differences following corporate integration and a challenging business environment, we reflect that we have not fully practiced “betting on the people” as we once did. Toward Vision 2035 and beyond, we aim once again to embody “betting on the people” and our “group spirit” concept where individuals can leverage their strengths. To achieve this, we will promote our unique approach to human capital management by focusing on individuals, the organization, and workplace culture.

Breaking Free from Big Company Ailments: 2nd Mid-Term Business Plan

Under the 2nd Mid-Term Business Plan, we focused on the theme of “breaking free from big company ailments” to encourage employees to act with greater autonomy. As business processes became fragmented, many employees lost sight of the big picture, became less interested in work outside their scope, and tended to become overly defensive. To address this, we began revising our HR system in FY2022, shifting step-by-step from a function-based to a role-based structure. The goal was to enhance motivation and create a workplace that enables employees to act proactively and demonstrate their abilities by valuing both outcomes and the process of challenge according to their roles. We also promoted dialogue-based management, including one-on-ones between managers and their teams, to help draw out

each employee’s latent strengths. The 2nd Mid-Term Business Plan focused on individual mindset and behavior, resulting in measurable outcomes such as an increase in proactive employees. Most notably, discovering the unexpectedly strong passion of so many employees was the greatest success.

Three Key Themes in the Mid-Term Business Plan 2027

Building on the outcomes and challenges from the previous 2nd Mid-Term Business Plan, the Mid-Term Business Plan 2027 addresses three key themes.

Enhancing the Human Resource Portfolio	We aim to build group spirit at the global level by nurturing and optimally placing talent who can adapt to changes in our business portfolio and environment.
Attracting and Developing Value-Creating Human Resources	We aim to increase the number of employees who can contribute to the organization not only through business creation and profit, but also by leveraging their individual strengths.
Fostering a Culture that Empowers Individuals	By promoting DE&I, we strive to build a psychologically safe culture in which diverse employees can fully demonstrate their capabilities, maximizing organizational performance.

Creating the Environment to Accelerate Human Capital Management

Mid-level employees, such as managers and team leaders, play a critical role in realizing the three key themes. However, many mid-level employees are overwhelmed with daily tasks and, in departments with large teams, it is difficult to practice detailed, dialogue-based management. Creating an environment where they can focus on their core management duties and perform with full autonomy is key to all our themes and the first step in reclaiming our strength in “group spirit.” To that end, we will review personnel assignments, including delegation of authority, and reorganize complex internal systems to allow managers and leaders to focus on management.

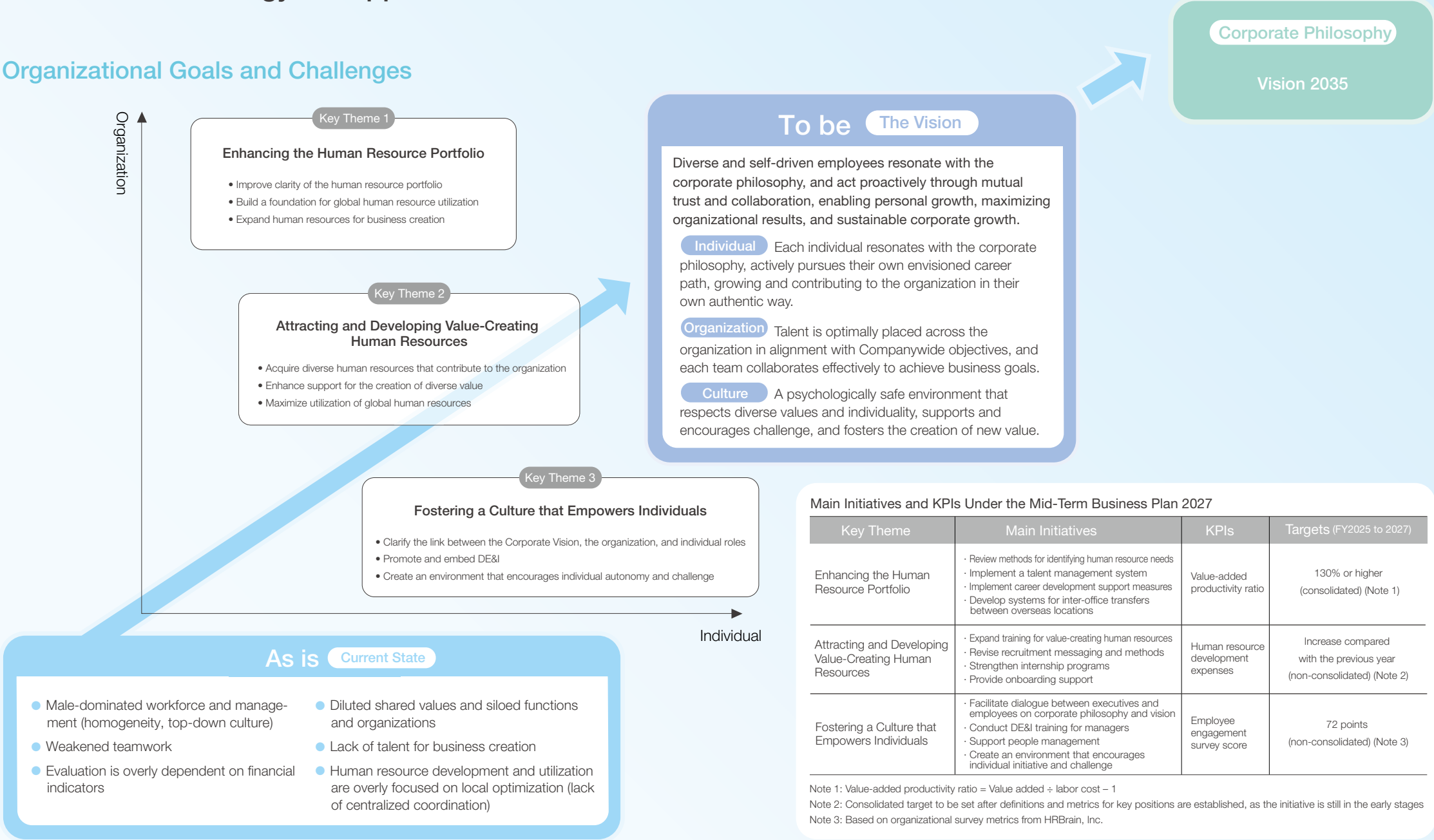
Looking Ahead to Vision 2035 and Our 100th Anniversary

With management structure reform behind us, a new Mid-Term Business Plan in motion, and a renewed Corporate Vision in place, now is the ideal time to advance transformation in human capital management. Looking toward Vision 2035 and Alps Alpine’s 100th anniversary in 2047 and beyond, we will pursue our human resource strategy with a strong sense of urgency following the thought that “if not now, it will be too late,” and an unwavering commitment to the future.

Currently, our former strength, the concept of “group spirit,” has not been fully embodied due to organizational rigidity and external changes. Nevertheless, we believe in the passion and potential within each employee and are fully committed to drawing it out to the fullest extent.

Human Resource Strategy to Support Value Creation

Organizational Goals and Challenges



Human Resource Strategy to Support Value Creation

Enhancing the Human Resource Portfolio

Basic Policy

To enable agile organizational restructuring aligned with our business plans and strategies, we will enhance our understanding of our human resource portfolio by gaining a deeper understanding of human resource data, including that of overseas subsidiaries. Through optimal placement and increasing the number of business-creating personnel, we aim to generate added value.

Improving Clarity of the Human Resource Portfolio

We are strengthening efforts to enrich human resource data in order to ensure both the quality and quantity of human resources. By expanding the scope and detail of our talent information, previously limited to engineer skill data and executive candidates at overseas subsidiaries, we are building a more accurate human resource portfolio to enhance recruitment, placement, and development.

Building a Foundation for Global Human Resource Utilization

As we shift toward a regional headquarters structure to enable faster response in each region, we recognize the need for cross-border human resource utilization and mutual supplementation of resources as we redefine the roles of headquarters and overseas subsidiaries. In addition to enhancing our personnel information system for the optimal allocation of human resources, we are also reviewing cross-country transfer schemes and strengthening global human resource development.

Expanding Human Resources for Business Creation

To put our corporate philosophy and Vision into practice, we are nurturing human resources capable of creating new, valuable businesses based on social issues and needs. We offer learning opportunities on business concept development to selected and self-nominated employees from across departments, both in Japan and overseas.



Scene from a discussion at the Graduate School of Project Design

Attracting and Developing Value-Creating Human Resources

Basic Policy

We believe that individuals who can generate diverse forms of value are essential to realizing our corporate philosophy and enhancing corporate value. By not only acquiring diverse human resources but also supporting their development and placement, we aim to achieve growth for both individuals and the organization.

Acquiring Diverse Human Resources that Contribute to the Organization

We aim to hire individuals who can contribute to the organization by leveraging their unique strengths. We have redefined the types of people and organizations we aspire to attract and build. Moving forward, we will enhance the dissemination of information about the Company such as corporate philosophy, expand internship opportunities, and promote referral hiring. These efforts aim to improve the accuracy of candidate-job matching at the time of hiring.

Enhancing Support for the Creation of Diverse Value

We believe it is essential that each individual approaches their work with motivation in order to create diverse value. One such initiative is fostering a culture that encourages challenge. We have actively implemented an internal job posting system since FY2024 to promote cross-departmental human resource mobility. This creates more opportunities for employees to take on challenges aligned with their own aspirations. We believe that deepening our traditional diversity initiatives and transforming into a more diverse organization will lead to new value creation. We will continue to develop systems that enhance internal talent mobility and ensure the right people are placed in the right roles.

In addition to meeting job requirements, we also emphasize career development and broadening perspectives. In FY2025, we will enroll participants in a program at Pegasus University (U.S.)* focused on innovation and sustainable growth.

Through this, we aim to strengthen the organization's overall capacity for transformation and execution on a global scale.



Partnership with Pegasus University (U.S.)*

* An online education program for companies operated by Pegasus Tech Ventures, a venture capital firm headquartered in Silicon Valley.

Human Resource Strategy to Support Value Creation

Fostering a Culture That Channels Individual Strengths into Value Creation

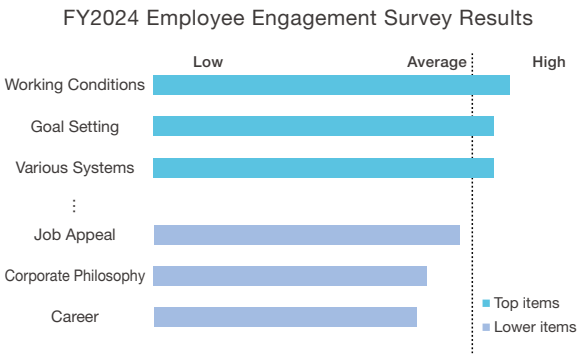
Basic Policy

We believe that creating an environment where diverse individuals respect each other’s uniqueness, and can grow and thrive by leveraging their strengths, is the foundation for sustainable corporate growth. To enable each employee to resonate with our corporate philosophy and Corporate Vision, and to act independently based on mutual trust with the organization, we are advancing reforms through both systems and workplace culture, with a dual focus on enhancing engagement and deepening Diversity, Equity, and Inclusion (DE&I).

Initiatives to Enhance Engagement

Until now, the Alps Alpine Workers Association, a representative employee organization, has conducted a General Attitude Survey every three years and has worked with management to resolve issues. Starting in FY2024, the Company has taken the lead in conducting an annual Employee Engagement Survey targeting all domestic employees. In the initial survey conducted in June 2024, items such as “Goal Setting,” “Working Conditions,” and “Various Systems” received high scores, and showed a strong correlation with the “Valuing Our People” category, highlighting the Company’s unique strengths. On the other hand, the survey revealed a clear issue: the corporate philosophy had limited influence on work-related items, indicating a disconnect between daily operations and the philosophy. In response, we are focusing on initiatives that clearly communicate management policies and emphasize dialogue with supervisors, so that each employee can take ownership in creating business plans and setting goals.

We also aim to improve results in the next Employee Engagement Survey by encouraging employee participation in the Vision 2035 development project and holding regular town hall meetings where the president speaks directly with general employees. The Vision 2035 project and town hall meetings are being conducted globally, involving all of our locations worldwide.



Promoting and Embedding DE&I

To realize our Corporate Vision and top-level policies, we believe it is essential to foster a culture where each employee expresses their views and acts based on diverse values and individuality, and where others support and collaborate with them. By creating an environment of psychological safety, we aim to promote DE&I so that diverse employees can fully realize their potential and nurture new value creation. Specific efforts include promoting active roles for women, offering career support for senior employees, and expanding support for non-Japanese employees. We also provide opportunities for employees at all levels, including managers, to gain diverse perspectives, helping to instill a performance- and role-based approach to evaluations and promotions. This had led to positive internal changes, such as a higher rate of paternity leave among male employees.

<Fostering a Culture that Empowers Individuals>

Item	Details
Promoting women’s participation	・ External networking events ・ External training for developing women leaders
Career support for senior employees	・ Revisions to internal employment regulations ・ Dialogue initiatives
Enhanced support for non-Japanese employees	・ Easy Japanese-language workshops

Creating an Environment That Encourages Individual Initiative and Challenge

With systems and environments that support diverse work styles and career design assistance, more employees are setting ambitious work goals. We aim to build on this momentum to increase the number of proactive employees, and to establish a management system that supports teams and individuals who may have the will but struggle to take action. Specifically, we are reviewing business processes and tools to reduce the burden on managers, and are also supporting the resolution of business issues from an HR perspective.

Respect for Human Rights

Basic Policy

In addition to complying with national laws on human rights, we aim to align our initiatives with international standards such as the OECD Guidelines for Multinational Enterprises. Our Group Code of Conduct states that we respect the human rights of all people involved in our business activities and will not infringe upon them. We promote various initiatives to this end.

Assessment of and Response to Adverse Human Rights Impacts

Addressing Human Rights Issues within the Group

In principle, we conduct human rights due diligence at our Group bases once every two years. In FY2024, corrective actions were taken at 12 bases that had received a rank of B in the previous year, resulting in four sites being upgraded to an A rating.

Under the Mid-Term Business Plan 2027, we aim to conduct due diligence in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct, focusing on risk assessment and human rights policy formation. We work to continuously implement a PDCA cycle of identifying and assessing negative impacts, preventing and mitigating them, monitoring the impacts, and disclosing information.

We have also established internal and external grievance mechanisms through which stakeholders can raise human rights concerns. If an issue is identified, the relevant departments will work together to make any corrections and prevent recurrence.

 P.46 Compliance

Addressing Human Rights Issues in the Supply Chain

We have established the Alps Alpine Responsible Corporate Action Guidelines, which include human rights items, and have sent them directly to our suppliers, with assessments conducted once per year. For high-risk minerals related to human rights, we require our suppliers to conduct due diligence in line with the OECD Due Diligence Guidance.

Improving the Work Environment, and Occupational Health and Safety

Basic Policy

We strive to create a workplace environment where every employee can stay physically and mentally healthy, work energetically, and feel secure while fully demonstrating their abilities. In addition to complying with the laws and regulations of each country, we promote the provision of safe, secure, and hygienic workplaces, as well as the maintenance and improvement of employees' physical and mental health.

Occupational Health and Safety

We have established an Occupational Health and Safety Policy, and report our initiatives and results to the Sustainability Committee and the Board of Directors. As fall-related accidents are on the rise, we are conducting safety training and identifying fall hazards in the workplace. In the event of an accident, we promptly share the causes and countermeasures across the organization to accelerate recurrence prevention, with the aim of reducing the number of workplace accidents.

We are also obtaining ISO 45001 certification for our occupational health and safety management system, mainly at production bases, and are working to reduce and manage health and safety risks while ensuring compliance with laws and regulations. (Certification acquisition rate: 68% (consolidated) * As of May 2025)

Health and Productivity Management

Based on our Declaration of Health and Productivity Management, we have set goals addressing both mental and physical health, and steadily continued initiatives in collaboration with our HR and General Affairs Department, occupational health staff, and health insurance association. These efforts have been recognized, with the Company being certified as a certified Health & Productivity Management Outstanding Organization for six consecutive years since 2020, with improved rankings and scores.

In FY2025, we will implement measures to address the increase in employees with mental health issues and medical findings, including restructuring return-to-work programs, enhancing counseling services, and strengthening systems to encourage medical consultation, so that employees can continue to thrive both mentally and physically.

Initiative Themes

- Reduce the number of workplace accidents
- Eradicate drunk driving



Initiative Themes

- Reduce the number of high-risk workplaces in comprehensive stress check evaluations
- Reduce the number of leaves of absence due to mental health issues
- Reduce future health risks

03

SECTION

Corporate Governance

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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, 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.

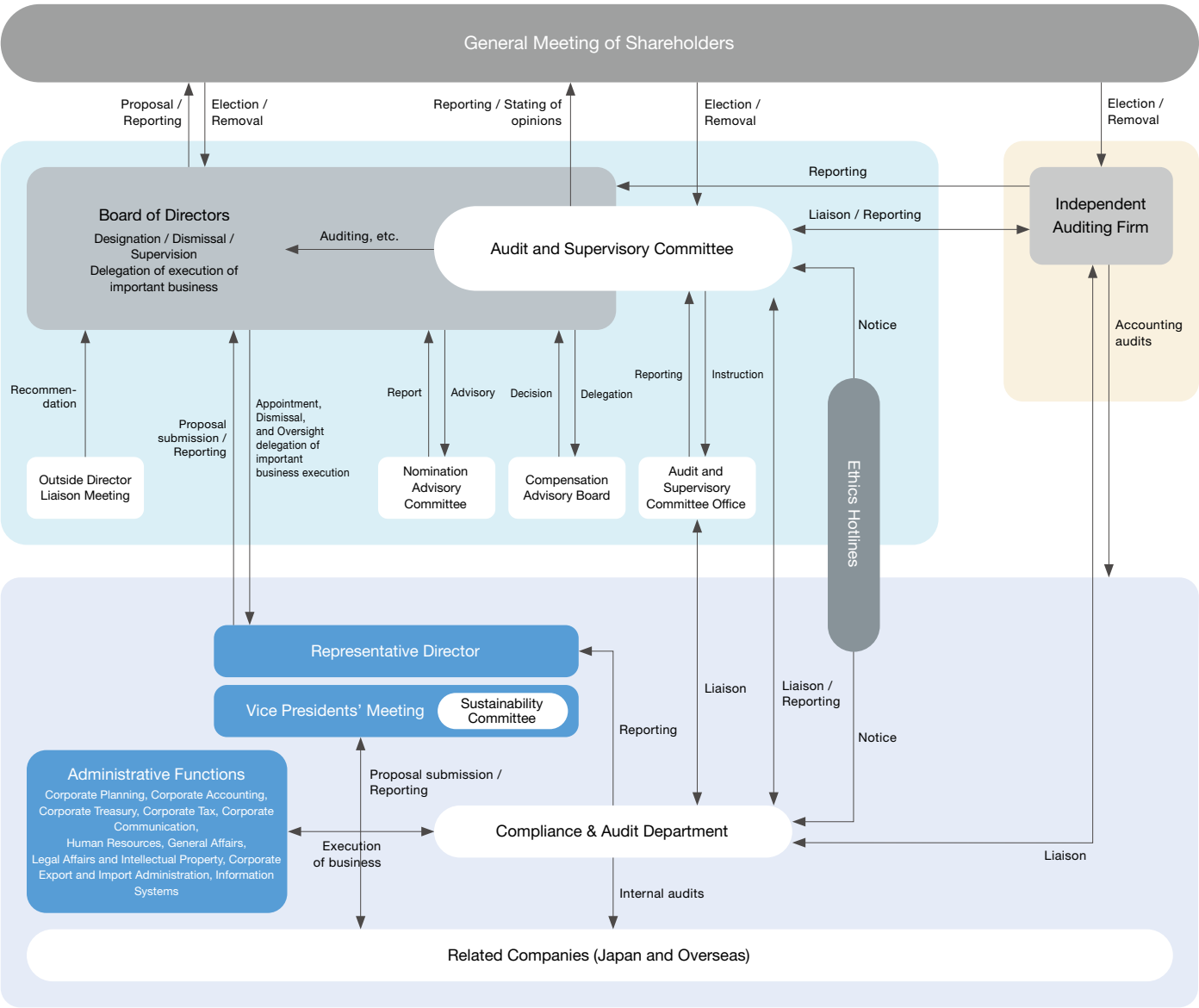
In addition, to fulfill our responsibilities to stakeholders and realize effective corporate governance, we have established the Alps Alpine Co., Ltd., Corporate Governance Policies and disclose them on our corporate website.

[Alps Alpine Co., Ltd., Corporate Governance Policies](#)

Corporate Governance Structure

Alps Alpine has adopted a company structure with an audit and supervisory committee system as its organizational design, and the Audit and Supervisory Committee, which is independent from executive officers, audits and supervises the activities of the Board of Directors in close cooperation with accounting auditors and the internal audit department. In addition, the Nomination Advisory Committee and the Compensation Advisory Board, the majority of which consist of outside directors, 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 2025)



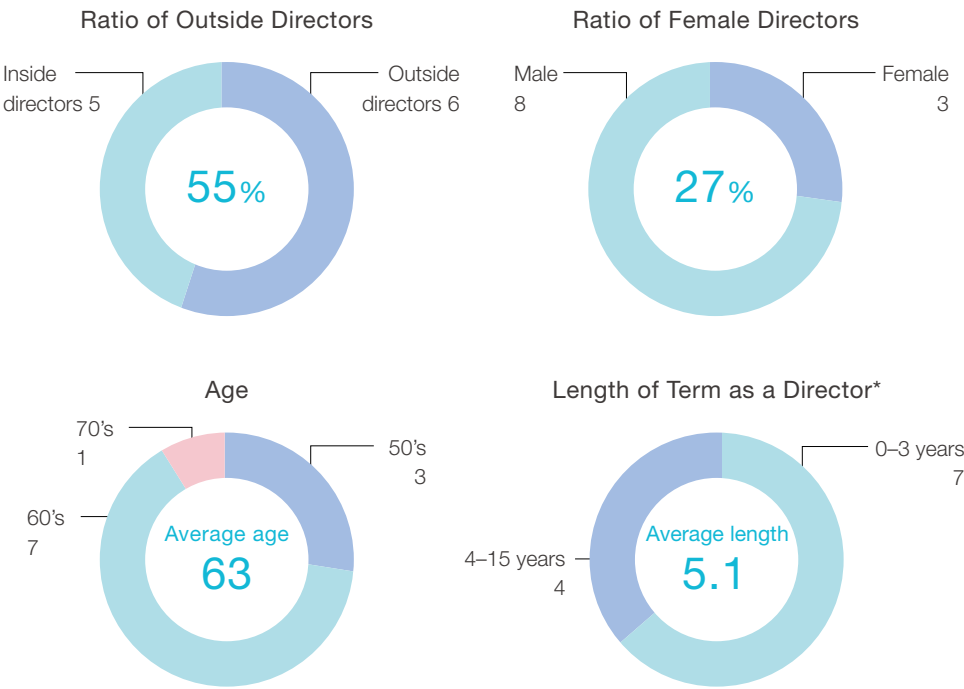
Explanatory notes: Monitoring Accounting audits Operation

Corporate Governance

Board of Directors

We position the Board of Directors as an entity responsible for auditing and supervising business execution, striving to strengthen its monitoring functions. The Board of Directors deliberates and decides on key management matters, including basic management policies and the Mid-Term Business Plan, while ensuring opportunities for discussions aimed at medium- to long-term growth and enhancing corporate value.

In FY2024, the Board of Directors actively discussed the progress of management structural reforms, the formulation of the newly established Vision 2035 and Mid-Term Business Plan 2027 aimed at medium- to long-term growth, a review of the business portfolio, and shareholder return policies. In FY2025, the Board of Directors plans to continue discussions on enhancing corporate value, including reforms to corporate governance based on the evaluation of the Board's effectiveness, as well as the realization of Vision 2035 and the achievement of the Mid-Term Business Plan 2027.



* Indicates the total term of office of directors as of July 2025, including at the former Alps Electric and the former Alpine Electronics (other data is calculated based on the term of office of directors at Alps Alpine).

Vice Presidents' Meeting

We have introduced a vice president system to separate management oversight from business execution, aiming to expedite decision-making in business operations. Directors entrusted with key business executions by the Board of Directors guide and supervise the vice presidents responsible, significantly delegating executive authority to them in their respective business areas, thereby establishing a system for swift and accurate decision-making.

In addition, under the authority delegated by the vice presidents, executive managers have been positioned to carry out efficient and timely execution within designated operational areas.

Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of four members, two men and two women. It comprises outside Audit and Supervisory Committee members with extensive experience as lawyers, certified public accountants, and business managers, and inside Audit and Supervisory Committee members who are familiar with our 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 remains 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 close cooperation with 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.

The Company has selected a full-time Audit and Supervisory Committee member to strengthen the monitoring function of the Audit and Supervisory Committee by exchanging information with directors and employees daily and by attending essential meetings to obtain information necessary for their activities as an Audit and Supervisory Committee member. The full-time Audit and Supervisory Committee member shares this information with other Audit and Supervisory Committee members and exchanges opinions at Audit and Supervisory Committee meetings, focusing on priority audit items to form audit opinions.

In addition, full-time staff with appropriate knowledge, ability, and work experience are assigned to assist with the duties of the Audit and Supervisory Committee, and independence from directors (excluding board members that are Audit and Supervisory Committee members) is secured for the employees in charge of such duties.

Corporate Governance

Nomination Advisory Committee and Compensation Advisory Board

The Nomination Advisory Committee and the Compensation Advisory Board were 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 the outside directors, and outside directors comprise the majority of each committee.

Considerations by the Nomination Advisory Committee and Compensation Advisory Board

Classification	Details of the Consideration
Nomination Advisory Committee	The Nomination Advisory Committee, in consultation with the Board of Directors, deliberates on CEO succession plans and reports candidates for directors and vice presidents to the Board of Directors. In FY2024, the Nomination Advisory Committee held four meetings to identify issues related to the officer structure from FY2026 onward, deliberate on the structure for FY2025, and report to the Board of Directors. The Committee also discussed the introduction of an executive manager system to strengthen both execution capabilities (ability and speed of execution) and control functions within corporate governance. Discussions on succession planning and the selection of officer candidates continue within the Committee.
Compensation Advisory Board	The Compensation Advisory Board, authorized by the Board of Directors, deliberates on the officer compensation system and sets specific amounts of compensation for each director (excluding directors who are Audit and Supervisory Committee members) within the limits approved at the General Meeting of Shareholders. In FY2024, five Compensation Advisory Board meetings were held. Compensation levels and structures, as well as performance-linked criteria and evaluation metrics, were discussed, taking into account data from external experts. Furthermore, the performance contributions of each officer were evaluated and reflected in their performance-linked remuneration. While encouraging decisive actions by officers, the Board also discussed introducing a clawback clause to strengthen corporate governance and ensure the trust of investors and stakeholders.

Outside Director Liaison Meetings

We hold Outside Director Liaison Meetings to share information with outside directors. Starting in FY2025, these meetings are held monthly and serve as a forum for exchanging views that transcend individual expertise, with themes appropriately set to enhance our corporate value.

Major Meetings of the Outside Director Liaison Meetings

Date	Key Topics	Date	Key Topics
August 2024	Role of the Outside Director Liaison Meetings	April 2025	Enhancing the effectiveness of the Board of Directors
November 2024	Market evaluation and identification of issues at financial results announcements	May 2025	Preparing for the Mid-Term Business Plan 2027 briefing sessions
February 2025	Toward formulation of Mid-Term Business Plan 2027		

Evaluation of the Effectiveness of the Board of Directors

Overview of FY2024 Evaluation Results

<Purpose and Objective>

We conducted an evaluation of the effectiveness of the Board of Directors for FY2024 with the purpose of achieving more effective corporate governance and further enhancing the Board’s functions.

<Frequency>

Once per year

1. Evaluation Process

1. Reported the evaluation method and schedule for Board effectiveness at the February 2025 Board of Directors meeting

2. In March 2025, conducted a signed Board effectiveness evaluation survey of all 11 directors

3. Held an exchange of opinions on Board effectiveness at the April 2025 management meeting

4. Conducted a discussion on Board effectiveness at the April 2025 meeting with outside directors

5. At the April 2025 Board of Directors meeting, discussed the opinions from items 3 and 4, and finalized the FY2024 evaluation

2. Survey Items

The main categories of the FY2024 survey are shown in the box on the right. To enable continuous year-to-year measurement, certain questions in the Board effectiveness evaluation survey are carried over each year, while other items are revised annually to improve the quality of the evaluation. For FY2024, the same survey items as in FY2023 were used in order to assess progress on resolving issues related to previously low-rated areas. Additionally, open-ended questions were included to allow for a wide range of opinions and suggestions beyond the set survey items.

Survey items

1. Board of Directors size and composition

2. Board of Directors operations

3. Topics discussed by the Board of Directors

4. Communication among directors

5. Support system for the Board of Directors

6. Operation of the Nomination Advisory Committee and Compensation Advisory Board

3. FY2024 Initiatives to Improve Effectiveness

Based on the results of the Board effectiveness evaluation in FY2023, our initiatives for FY2024 were as follows.

Improving the preparation of materials for Management Meetings, including the Board of Directors

In FY2024, we clarified resolution items by including decision details in accordance with the agenda standards for Management Meetings. We also provided sufficient and necessary information for Board deliberation and oversight by preparing summary papers and distinguishing between core documents and appendices.

The FY2024 effectiveness evaluation survey indicated improvement over FY2023. However, there were also responses noting issues such as the way materials are organized, and the frequent use of technical terms and abbreviations, which made comprehension difficult. We recognize the need for further improvement.

Corporate Governance

Ensuring Opportunities for Board Discussions to Enhance Medium- to Long-Term Corporate Value

In FY2024, agenda items for Board of Directors' meetings were ordered based on their importance and priority, ensuring that key topics were discussed first. We also developed an annual plan for important themes related to corporate value enhancement to secure sufficient time and opportunities for discussion. As a result, the FY2024 effectiveness survey showed that time was being allocated for discussions on value creation. However, due to the high number of agenda items, some discussions could not follow the annual plan, highlighting the need to review standards for items submitted to Management Meetings (i.e., further delegation to vice presidents).

Review of the Board Structure

In the past, both directors and vice presidents attended Board of Directors meetings. In FY2024, this was revised so that only directors attend by default, while vice presidents attend only for relevant agenda items. The effectiveness survey indicated improved communication between internal and outside directors and more meaningful Board discussions. However, it was also noted that opportunities for communication between outside directors and vice presidents had decreased, indicating the need for improvement.

Review of Training Opportunities and Content for Officers

In addition to regular training sessions for directors and vice presidents, in FY2024, we invited external lecturers to conduct a five-part finance training series (two hours each) for vice presidents. The evaluation survey indicated that continued training for both directors and vice presidents is necessary to further improve the quality of discussions in Management Meetings.

4. Overview of FY2024 Board Effectiveness Evaluation Results

Based on the 2024 effectiveness survey, discussions within Outside Director Liaison Meetings, and deliberations at the Board, the following points were confirmed regarding the Board's effectiveness.

- The Board is appropriately sized and diverse, ensuring effective oversight of management
- Open and vigorous discussions take place among directors
- Appropriate disclosures and constructive responses to stakeholders (employees, shareholders, etc.) are ensured
- The Board engages in discussions on medium- to long-term strategy and direction

Based on the above, we concluded that the Board's effectiveness was appropriately maintained in FY2024. At the same time, we recognized the need to further enhance the initiatives undertaken in FY2024 to improve effectiveness.

- ▶ Continued improvement of materials used in Board and Management Meetings
- ▶ Securing and enriching time for discussions on key themes related to enhancing corporate value
- ▶ Providing further training for directors and vice presidents
- ▶ Improving communication among officers, particularly between outside directors and vice presidents

We will continue working to maintain and improve the effectiveness of the Board of Directors, ensure thorough oversight of management, and pursue sustainable enhancement of corporate value.

Evaluation of the Effectiveness of the Audit and Supervisory Committee

Overview of Audit and Supervisory Committee Effectiveness Evaluation

The Audit and Supervisory Committee conducts an annual effectiveness evaluation to enhance its performance. The Committee analyzes its own effectiveness in monitoring and supervising the Board of Directors' execution of duties. These evaluations are integrated with the Board's own evaluation to clarify governance improvements and reflect them in future management. Specifically, all four Audit and Supervisory Committee members conduct self-evaluations on the Committee's structure, operations, audit activities, accounting audits, and coordination with internal audits. Based on these results, the Committee discussed issues and countermeasures related to the management framework and mindset, nomination processes for directors and vice presidents, succession planning, coordination with the internal audit department, and comprehensive internal controls using digital transformation (DX).

The discussion outcomes are reported to the Board of Directors and shared with management to ensure ongoing dialogue and further improvement of governance.

Director Nomination and Compensation

Nomination Policy

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. 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 links, as well as a law-abiding spirit and high ethical standards.

Policy for Determining Remuneration

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 greatest extent possible through a compensation structure that emphasizes a link with short-, medium-, and long-term performance, and thereby continue to enhance its corporate value.

Process for Determining Directors' Remuneration, etc.

Members	Compensation Determination Process
Directors excluding Audit and Supervisory Committee members	1. The Board of Directors resolves the fixed compensation amount and the base amount for variable compensation. 2. The Board of Directors delegates the decision on the amount of variable compensation to the Compensation Advisory Board. 3. The Compensation Advisory Board reflects company performance, individual evaluations for bonuses, and the ESG evaluation portion of restricted shares compensation.
Board members that are Audit and Supervisory Committee members	The Audit and Supervisory Committee determines the amount of compensation.

Corporate Governance

Types of Remuneration

The remuneration for executive directors consists of basic remuneration, bonuses, and restricted shares compensation (see figure on the right for composition ratio). It is designed so that higher positions have a greater proportion of variable compensation. Additionally, the compensation for non-executive directors is limited to basic remuneration, reflecting their role in overseeing the Company’s management from an objective standpoint.

The level and composition of remuneration (fixed remuneration and performance-linked remuneration) are determined with reference to external specialist survey data, and we are also introducing a clawback system starting in FY2027.

1 Policy on Basic Remuneration (Monthly 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 (Bonus)

1. Bonuses reflect Companywide performance based on a system that ranges between 0% and 200% of the standard payment amount established for each individual in accordance with business results for a single fiscal year. To promote management that is conscious of capital costs, operating income margin, profit attributable to owners of parent, and ROE are used as evaluation indicators. For FY2025, the system has been revised to vary between 0% and 300% of the standard payment amount established for each individual to better reflect overall corporate performance.
2. The performance and results of each individual are reflected in their bonuses through individual assessments conducted by the Compensation Advisory Board, and are reflected in additions or subtractions to the payment amounts calculated in 1. above.

3 Policy on Restricted Share Compensation

Restricted share compensation is paid based on the amount of restricted share compensation determined by position. The stock price reflects the market’s evaluation of corporate value, and by providing Company shares as compensation, the goal is to encourage management to focus on medium- to long-term corporate value enhancement.

To encourage executives to take leadership in promoting sustainability-related initiatives, ESG evaluation metrics have been included in the criteria for restricted share compensation. Based on our standards, calculated from the results of ESG evaluation agencies, the share remuneration amount determined for each position is adjusted up to ±20%.

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	Short-term performance-linked remuneration (bonus)	●		
	Medium- to long-term performance-linked remuneration (restricted shares*)	●		

* The restricted shares are allocated based on the closing price of the Company’s shares on the business day preceding the date of the resolution of the Board of Directors, calculated from the amount determined by the Board of Directors within the range not favorable to the executives to whom the remuneration is paid.

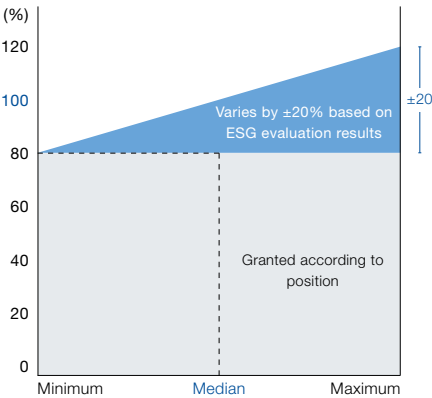
Remuneration Composition

Fixed remuneration	Bonus	Share-based Remuneration
50–60%	25–32%	15–20%

Remuneration Composition (Median of System Design)

Performance Indicator	Weight	Calculation Method
Current-term operating income margin	50	The bonus amount is determined between 0% and 200% by scoring each performance indicator of the current term based on the bonus calculation standards established in accordance with the mid- to long-term business plan.
Profit attributable to owners of parent	30	
ROE	20	

Design of Restricted Shares Compensation System



FY2024 Director Remuneration (Millions of JPY)

Classification		Number of Applicable Officers	Total Value of Remuneration	Total Remuneration by Type		
				Fixed Remuneration	Performance-Linked Bonuses	Restricted Shares Compensation
Directors	Excluding Audit and Supervisory Committee members	6	206	145	26	33
	Audit and Supervisory Committee members	1	26	26	—	—
Outside directors		6	81	81	—	—
Total		13	313	252	26	33

Directors and Vice Presidents

Directors (As of August 31, 2025)



Hideo Izumi
Representative Director, President
CEO



Satoshi Kodaira
Representative Director, Executive Vice President
COO, CFO



Hiroshi Yamagami
Director, Senior Vice President
CQO, CMO



Junji Kobayashi
Director, Vice President
CStO, HR & Legal



Naofumi Fujie
Director



Noriko Oki
Director



Hidefumi Date
Director



Yasuo Sasao
Director, Audit and Supervisory Committee Member



Kazuya Nakaya
Director, Audit and Supervisory Committee Member



Yoko Toyoshi
Director, Audit and Supervisory Committee Member



Yuko Gomi
Director, Audit and Supervisory Committee Member

Composition, Skills Matrix, and Attendance of the Board of Directors and All Committees

 Independent outside director

Position and Name	FY2025 Structure												Attendance in FY2024			
	Audit and Supervisory Committee	Nomination Advisory Committee	Compensation Advisory Board	Knowledge and Expertise with Expected Demonstration of Particular Skills									Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Compensation Advisory Board
				Corporate management	Technology / R&D	Manufacturing / Quality	Sales / Marketing	Financial accounting / Finance	Legal / Risk management	DX / IT	ESG / Sustainability	Global experience				
Representative Director, President Hideo Izumi													21 / 21 (100%)		4 / 4 (100%)	5 / 5 (100%)
Representative Director, Executive Vice President Satoshi Kodaira													21 / 21 (100%)		3 / 3 (100%)	5 / 5 (100%)
Senior Vice President Hiroshi Yamagami													14 / 14 (100%)			
Vice President Junji Kobayashi													14 / 14 (100%)			
Director Naofumi Fujie		Chairperson	Observer										21 / 21 (100%)		4 / 4 (100%)	
Director Noriko Oki			Observer										21 / 21 (100%)		4 / 4 (100%)	
Director Hidefumi Date		Observer											21 / 21 (100%)			3 / 3 (100%)
Director, Audit and Supervisory Committee Member Yasuo Sasao		Observer	Observer										21 / 21 (100%)	14 / 14 (100%)		
Director, Audit and Supervisory Committee Member Kazuya Nakaya			Chairperson										21 / 21 (100%)	14 / 14 (100%)	4 / 4 (100%)	5 / 5 (100%)
Director, Audit and Supervisory Committee Member Yoko Toyoshi	Chairperson												21 / 21 (100%)	14 / 14 (100%)	3 / 3 (100%)	5 / 5 (100%)
Director, Audit and Supervisory Committee Member Yuko Gomi		Observer											21 / 21 (100%)	14 / 14 (100%)		5 / 5 (100%)

* Regarding the attendance of Hiroshi Yamagami and Junji Kobayashi at Board of Directors meetings, they have served as directors since June 26, 2024, and the attendance reflects only meetings held after their appointments.

* Regarding the attendance of Satoshi Kodaira and Yoko Toyoshi at the Nomination Advisory Committee, they have served as committee members since June 26, 2024, and the attendance reflects only meetings held after their appointments.

* Regarding the attendance of Hidefumi Date at the Compensation Advisory Board, he has served as a committee member since June 26, 2024, and the attendance reflects only meetings held after his appointment.

Directors and Vice Presidents

Expected Knowledge and Expertise

Knowledge and Expertise with Expected Demonstration of Particular Skills

Corporate Management	Make accurate decisions considering the market environment surrounding the Company to achieve sustainable growth and enhance corporate value.
Technology and R&D	Maximize the use of our core technologies to create values of excitement, safety, and the environment.
Manufacturing and Quality	Ensure manufacturing and quality assurance necessary to provide products and services that earn customer trust and satisfaction.
Sales and Marketing	Create business opportunities in a rapidly changing market environment, accelerate the Company's growth, and advance strategies for enhancing corporate value.
Financial Accounting and Finance	Align with management strategies to build a balanced financial foundation focused on growth investments, sound finances, and shareholder returns, and implement strategies and measures.
Legal and Risk Management	Establish appropriate governance structures, and respond quickly and aptly from the perspectives of legal compliance, internal control, and risk management.
DX/IT	Leverage data and digital technology to transform and streamline business and operational processes.
ESG and Sustainability	Contribute to solving social issues through our business towards realizing a sustainable society.
Global Experience	Develop and execute businesses strategies from diverse values and global perspectives.

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 submitted to the 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
Hidefumi Date	He possesses experience and knowledge in corporate planning, accounting, finance, and taxation, as well as experience in managing companies.	Outside Director, Sumitomo Mitsui Trust Bank, Ltd. (Audit and Supervisory Committee Member)
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 Audit & Supervisory Board Member, Kokuyo Co., Ltd.

Vice Presidents (Excluding vice presidents who serve concurrently as directors. As of August 31, 2025)

										
Yoshikatsu Watanabe	Hiroaki Kiba	Masami Aihara	Takahiro Oguma	Tadashi Kasai	Robert Hill	Masaaki Tanaka	Kiyoshi Hashimoto	Mayumi Kiriu	Yasushi Fukutomi	Hiroshi Yoneyama
Senior Vice President	Vice President	Vice President	Vice President	Vice President	Vice President	Vice President	Vice President	Vice President	Vice President	Vice President
Mobility Business, Digital Cabin 1 & Sound Business	CSO	CTO, Component Business	Electronic Components Sales & Marketing	CPO	Americas Business	Sensor and Communication Business, New Business	Mobility Business, Mobility Production	ESG and Legal	China Business	Digital Cabin 2 & Module Business

Compliance

Basic Policy

The Alps Alpine Group has established the Alps Alpine Group Code of Conduct (hereafter, “the Group Code of Conduct”) as a basic policy on compliance-related matters, based on its management stance set forth in its Corporate Vision. We make an effort at all times to act responsibly and sensibly, aiming for fair management. Following this Code of Conduct, we believe it is important to independently and proactively take appropriate action. To this end, we make regular efforts to spread awareness of and educate stakeholders about the Code. Furthermore, the Group Code of Conduct is provided on our corporate website.

[📄 Alps Alpine Group Code of Conduct \(PDF\)](#)

System for Promoting Compliance

At the Alps Alpine Group, internal controls are established to ensure that management of Company and Group operations is carried out appropriately. We have put in place a Companywide management structure with the president & CEO as the chief officer in charge. In regard to the management and use of grants and subsidies received from public agencies in Japan, within each headquarters, compliance promotion officers and promoters ensure that grants and subsidies are managed and used within the organization according to the regulations. As self-evaluations, 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 chief officer in charge, as well as to the Board of Directors.

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 the compliance department. Important compliance-related matters are reported to the Board of Directors.

Whistleblowing System

The Alps Alpine Group strives to identify issues and potential risks within the organization or related to business activities at an early stage to prevent their occurrence and minimize impact. As part of these efforts, we have implemented a whistleblowing system.

The whistleblowing system is a component of our corporate governance framework, aiming to prevent, quickly detect, and correct misconduct, fraud, and violations of laws or internal rules, thereby realizing our management approach of “fair management.”

The Company and its major domestic and international Group companies have established internal reporting hotlines independent of the management. Ideally, compliance violations should be addressed and

resolved within the workplace or operational lines, but the hotline exists as a safeguard for situations where this is difficult.

We have established an internal Ethics Hotline at the Company and Group companies to receive reports or consultations from those working at the Company or Group in Japan (including executives, employees, temporary and contract workers, and sole proprietors), as well as individuals within one year of leaving. Whistleblowers can report or consult using their real names or anonymously. Multiple reporting channels are available, including telephone, email, and written correspondence. The hotline is governed by the Ethics Hotline regulations in accordance with Japan’s Whistleblower Protection Act, strictly ensuring anonymity and protecting whistleblowers from any unfair treatment or disadvantage due to their reports. If any breach of confidentiality or unfair treatment occurs, remedial action will be taken to restore the whistleblower’s position, and disciplinary measures will be imposed in accordance with internal rules. In conducting fact-finding investigations, we pay close attention to maintaining confidentiality and anonymity. If a report is found to be valid, appropriate action is taken.

Overseas subsidiaries have also established internal whistleblowing systems, with local representatives, legal, or administrative departments designated as contact points to receive complaints or reports from employees. Each overseas subsidiary also designs and operates its system in compliance with the whistleblower protection laws of the respective countries.

Additionally, to establish a reporting channel for a broader range of stakeholders, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER*) in April 2023. We will listen to submitted feedback and advice and promote stronger compliance through collaboration with JaCER and other support organizations.

Contact information for the whistleblowing hotlines of the Company and each Group company is regularly communicated via the internal portal, posters, and various training programs.

In FY2024, the Ethics Hotline received 32 reports. The status of the whistleblowing system, including the number of reports and summary of content, is regularly reported to the Board of Directors and the Audit and Supervisory Committee, without disclosing the identity of whistleblowers.

*JaCER aims to establish a non-judicial platform for grievance redress and to act in a professional capacity to support and promote redress of grievances by member companies based on the United Nations Guiding Principles on Business and Human Rights.

[📄 Japan Center for Engagement and Remedy on Business and Human Rights \(JaCER\)](#)

[📄 Form](#)

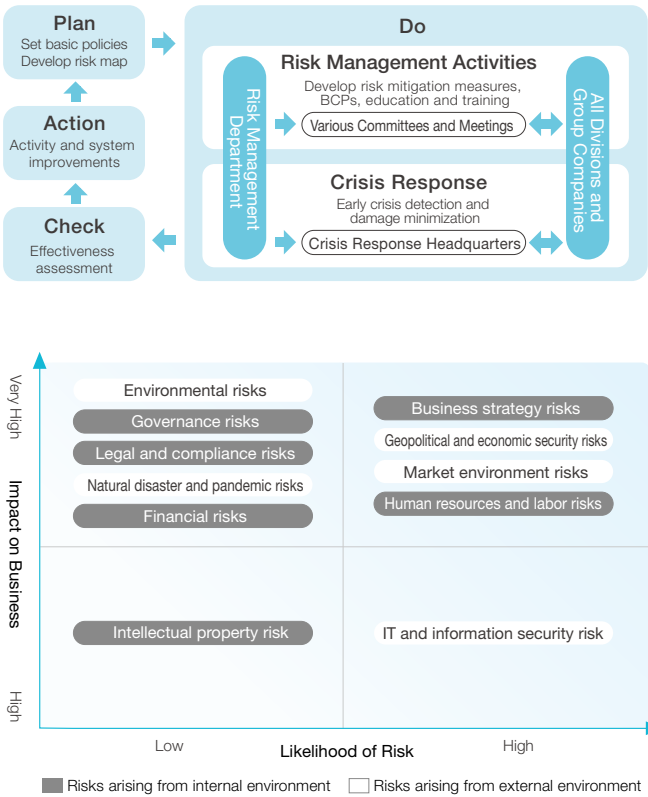
Risk Management

Basic Approach

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. We will work to eliminate or minimize future potential risks and the damage that may be incurred due to the diversifying number of risks associated with the globalization of our business and to the increasing complexity of our supply chain.

Risk Management Activity Cycle

A dedicated risk management department develops risk mitigation measures and business continuity plans (BCPs), and conducts training and education. In the event of crises such as natural disasters or cyberattacks with significant business impact, a Crisis Management Headquarters led by the president is established to ensure swift recovery and minimize damage.

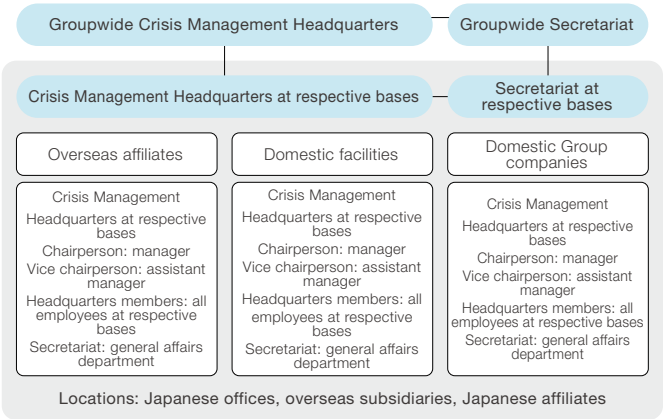


Development of a Risk Map

As part of risk management, risks are visualized and assessed based on the likelihood of occurrence, business impact, and mitigation status to create a risk map. The map is used to prioritize risk mitigation measures.

Crisis Management System

As part of our preparedness during normal times, we have established a crisis management manual and an information-sharing framework to prepare for events that could significantly impact our business operations or supply chain. We also conduct comprehensive disaster drills at each site annually, along with regular safety status reporting drills for employees and Group company staff. In addition, in the event something happens that may cause the suspension or cessation of business activities at a site or in the region where the site is located, we will promptly set up various task forces depending on the degree of impact and based on reports from relevant departments. Based on reports from relevant departments, the task forces will formulate Companywide response policies, measures, plans, etc., and establish a system to promptly report to stakeholders the status of damage and the impact on our business. Furthermore, in the event of a disaster at the headquarters, a second Companywide crisis headquarters will be established at the Sendai R&D Center (Furukawa).



Strengthening Cybersecurity Measures

In response to the growing threat of increasingly sophisticated cyberattacks and the rapid advancement of cloud and AI technologies, we have designated “strengthening cybersecurity measures” as a material issue. Through operational audits of relevant departments, we optimize the operation, maintenance, and incident response of security systems to prevent information tampering or leaks, and ensure stable operations. We also conduct incident response drills that simulate cyberattacks and other threats. To promote information security across the Group, we have established an Information Management Committee. The committee formulates and strengthens information management regulations based on ISO/IEC 27001, implements enhancement measures, and conducts employee education while working in coordination with designated information managers in each department to ensure safe global information management.

04

SECTION

Business Activities

- 49** Component Segment
- 51** Sensor and Communication Segment
- 53** Mobility Segment

Overview of Business Operations / Component Segment



Masami Aihara
Vice President
CTO, Component Business

Segment Strengths

- ▶ **Product planning and development capabilities based on core technologies**
- ▶ **Product proposals and realization using diverse drive technologies**
- ▶ **Superior QCD leveraging in-house technologies for assembly automation equipment and molds**
- ▶ **Extensive lineup of standard products and a global supply network**

Business Performance in FY2024

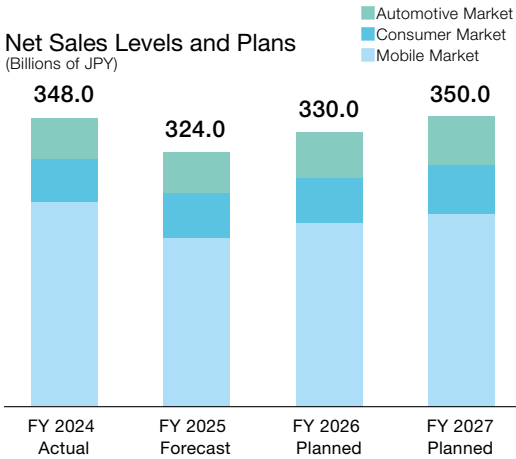
Net sales in FY2024 were ¥348.0 billion, an increase of ¥42.7 billion from ¥305.2 billion in FY2023. Contributing factors included orders in the mobile market, greater demand for passive devices driven by vehicle electrification in the automotive market, and steady performance in the amusement market, all of which boosted demand in key markets. In addition, the depreciation of the yen also contributed to higher sales, resulting in overall revenue growth for the business. Operating income also rose due to expanded sales in each market and favorable currency effects, increasing by ¥9.9 billion from ¥20.4 billion in the previous fiscal year to ¥30.3 billion.

Competitive Advantages and Outlook

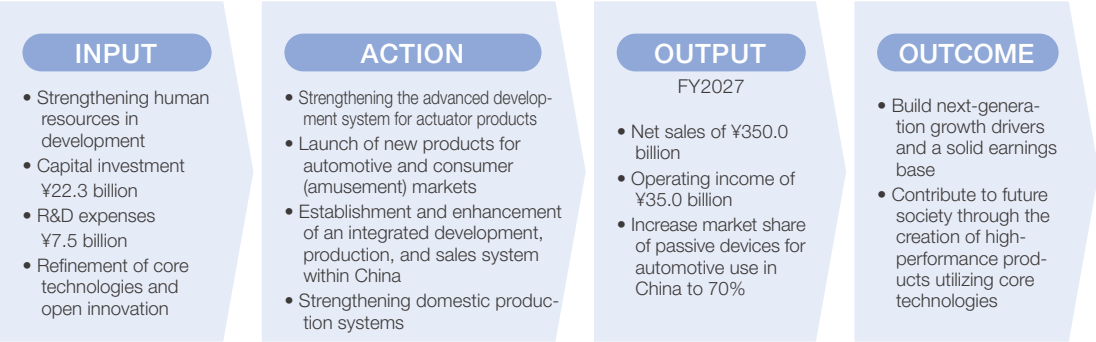
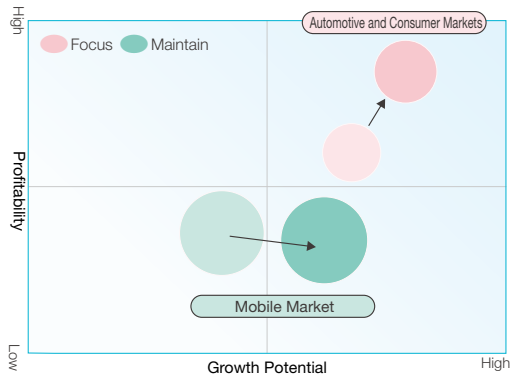
Since its founding, our Component Segment has built on the strength of its global sales network and has the ability to accurately identify customer challenges and new product needs. By combining core technologies in contact, resistor, and sensitivity engineering with diverse drive technologies, we flexibly respond to these needs through our product planning and development capabilities. Furthermore, alongside product development, we have established an in-house system for developing and launching assembly automation equipment and molds, enabling us to quickly bring high-QCD (quality, cost, delivery) products to market. This comprehensive capability is a major competitive advantage of our segment. We will continue to leverage these strengths to provide standard products for long-tail customers while also supplying custom products for specific customers, aiming to secure stable earnings. For the growing Chinese market, we will further strengthen our integrated development, production, and sales framework within China to build a system capable of responding to market and customer needs in a timely manner.

Future Plans and Targets

Net sales for this segment in FY2025 are expected to temporarily decline to ¥324.0 billion, mainly due to currency effects. However, we position FY2025 as the bottommost for sales, and aim to return to a growth trajectory thereafter, targeting ¥350.0 billion in net sales by FY2027. To support this growth, we will first further strengthen the development and launch of new products for the highly profitable automotive and consumer markets. In addition, we will enhance and expand production capacity in anticipation of future demand growth, building a system that can accurately respond to market needs from both product development and stable supply perspectives. Through these efforts, we aim for sustainable business growth and improved competitiveness. In the mobile market, we will continue to carry out product development and production optimization that promptly respond to market changes. By ensuring planned production launches and maintaining a stable supply system, we will achieve steady sales growth in this market.



Business Status Analysis by Market (Outlook)



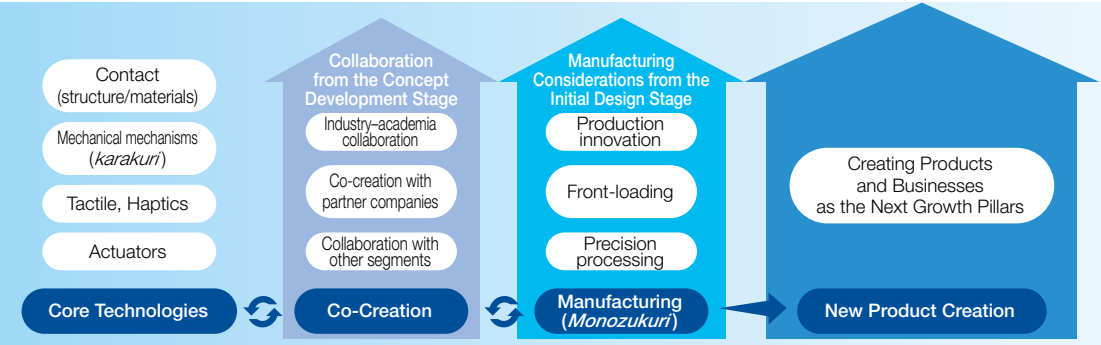
Overview of Business Operations / Component Segment

Key Strategies in the Mid-Term Business Plan 2027

For the Chinese automotive market, which is expected to continue growing, we aim to further expand our market share and increase sales by launching new products centered on passive devices. To realize this initiative, we have made it a key focus to further strengthen the integrated development and production framework we have built in China, and we continue to advance these efforts. Given the steady progress in establishing a structure centered on the Wuxi R&D Center, we will set up satellite offices of the R&D center at production bases in China, starting with passive devices, to further integrate and accelerate our development framework.

In the amusement market, we will develop and launch multifunctional input devices that combine high performance and high reliability while accurately addressing the diverse needs of customers and the market. For actuator products, we will continue to enhance our market-oriented development and production systems to maintain planned mass production launches and stable supply. In parallel, we will actively propose advanced development projects to strengthen competitiveness and bring higher-value-added products to market.

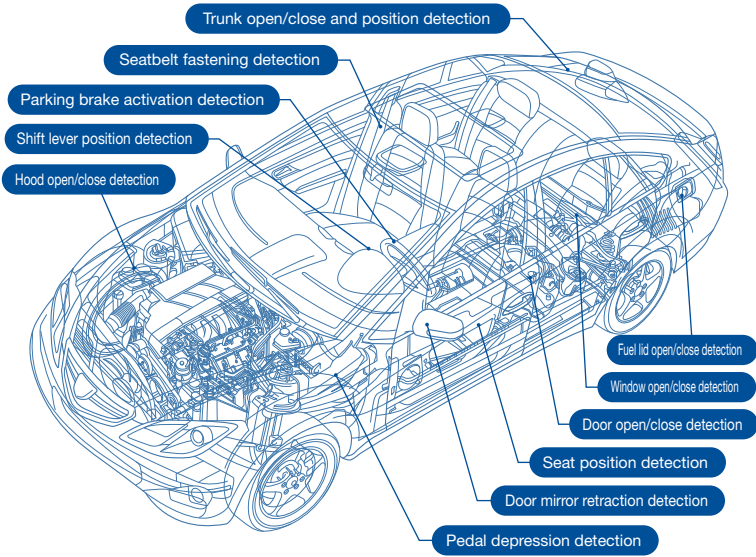
Furthermore, we consider the creation of new products beyond the boundaries of our existing product lineup to be an extremely important initiative for business growth. While keeping our core technologies (contact, resistors, and actuators) at the center, we will actively promote open innovation activities to accelerate new product development. In addition, by incorporating our strength in manufacturing expertise into product design from the early stages of development, we will create products with greater market value and translate these into tangible new product results under the Mid-Term Business Plan 2027.



Product Review

Contributing to the Realization of Safe and Secure Vehicle Functions

Passive Devices for Automotive Applications



In recent years, as the electrification and digitization of automobiles have advanced rapidly, sensors have been installed in various interior and exterior locations, resulting in a dramatic increase in the number of units installed per vehicle. Passive sensors from Alps Alpine, including detection switches, are used not only for applications such as detecting door open/close status and position during automatic opening and closing, but also in increasingly adopted features

such as flush door handles in modern EVs, expanding their installation scope even further. As applications diversify, products are now expected to offer greater ease of use and more flexible installation methods than before. To meet these needs, we continue to expand our product lineup and strengthen our production capabilities.

Our greatest strength in passive devices lies in our ability to leverage long-cultivated, highly reliable contact, mechanical structure, and resistor technologies, combined with superior production techniques, to launch products in a short time and supply them with stable quality. In addition, our extensive lineup of standard products and our ability to flexibly customize products to meet individual customer needs enable us to respond to a wide range of market demands. Leveraging these product characteristics and technological strengths, we will continue contributing to the realization of safe and secure vehicle functions.



Overview of Business Operations / Sensor and Communication Segment



Masaaki Tanaka

Vice President
Sensor and Communication
Business,
New Business

Segment Strengths

- ▶One-stop supply from sensor devices to sensor modules, based on core technologies
- ▶Multimodal processing utilizing diverse sensors
- ▶Vertical business model including secure services leveraging cloud servers

Business Performance in FY2024

Net sales in the Sensor and Communication Segment in FY2024 were ¥84.1 billion, remaining almost flat compared with ¥84.0 billion in FY2023. In the automotive market, the transition from existing models to new products, combined with a slowdown in EV market growth, resulted in sluggish sales of related products. On the other hand, increased demand for products in the mobile and consumer markets, along with the impact of the weaker yen, helped maintain overall sales at a level comparable to the previous year. Operating loss declined further to a loss of ¥3.3 billion, due to new product development expenses, quality-related measures, and communication-related license fees.

Competitive Advantages and Outlook

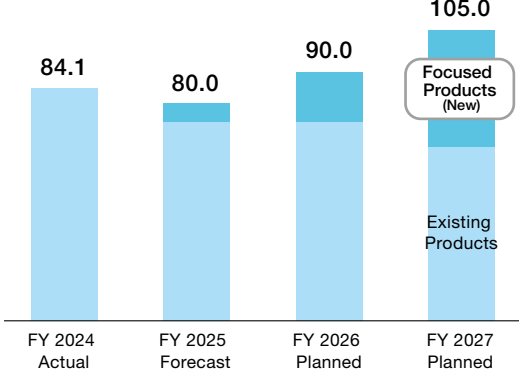
This segment measures and digitizes information using sensing technologies, then combines the information with control technologies and communication processing technologies to act as a “sensing producer,” working to solve social issues and help create a more prosperous society. In particular, as the automotive industry advances toward Software Defined Vehicles (SDVs) and the importance of in-vehicle security increases, we have developed a digital key system that allows key sharing via smartphones. This standardized system, which includes in-vehicle edge devices, sensors, and key servers, is designed for deployment not only in automobiles but also in a wide range of fields such as personal mobility and housing. In addition, by combining software with existing sensor devices, we will enhance product value and further strengthen our market deployment. We have positioned this as a key field to drive future growth, with plans for strategic investments under the Mid-Term Business Plan 2027.

Future Plans and Targets

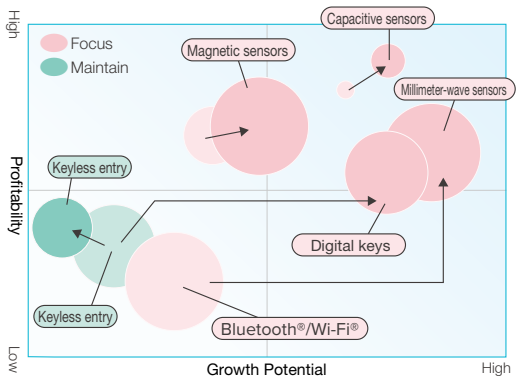
In this segment, we will advance a major digital key project in FY2025, and from FY2026 onward, focus on developing multi-sensors, with sales expected to expand to ¥105.0 billion by FY2027. In particular, for FY2027, we plan sales of ¥14.5 billion from digital keys alone, steadily shifting our revenue base from existing products to new products with higher profit margins.

In our product portfolio, we will shift from Bluetooth® and Wi-Fi® modules to millimeter-wave sensors, and from conventional keyless entry to digital keys, transforming our business structure to combine both growth and profitability. Furthermore, we are actively developing in growth investment areas such as high-resolution magnetic sensors, capacitive sensors for pressure and object detection, and magnetostrictive torque sensors. This will further strengthen our technological competitiveness and market responsiveness, driving sustainable sales growth.

Net Sales Levels and Plans
(Billions of JPY)



Business Unit Scale Analysis (Outlook)



INPUT	ACTION	OUTPUT	OUTCOME
• Sensor domain strategic investment: ¥20.0 billion • Strengthen co-creation with partner companies • Enhance software development talent	• Establish ROIC as a key indicator • Streamline operations and pursue selection and concentration • Create new value with co-creation partners • Expand sales of high-value-added products that combine existing hardware with added software • Strengthen human resource development	FY2027 • Net sales of ¥105.0 billion • Operating income of ¥5.0 billion • Operating income margin of 4.8%	• Create a prosperous society and future through sensing and communication • Refine core competencies and leverage accuracy and multimodal processing to put the business on a growth track

Overview of Business Operations / Sensor and Communication Segment

Key Strategies in the Mid-Term Business Plan 2027

In the Sensor and Communication Segment, we are driving market and customer development through marketing activities, while materializing our core technologies via Proof of Concept (PoC) development to continuously create new, value-added products. In addition, we are focusing on accelerating innovation through co-creation with external partners, aiming to strengthen our competitive advantage in existing markets, as well as in new ones.

From FY2022, this segment has been promoting a shift in its portfolio toward high-margin products, particularly expanding in the fields of millimeter-wave sensors and magnetic sensors through continued growth investment. Furthermore, by combining Alps Alpine's long-cultivated sensing and software technologies, we are accelerating the development of multimodal sensor modules and System in Package (SiP) solutions equipped with AI-compatible data processing, aiming to make them core products by deploying them in diverse markets where generative AI adoption is advancing.

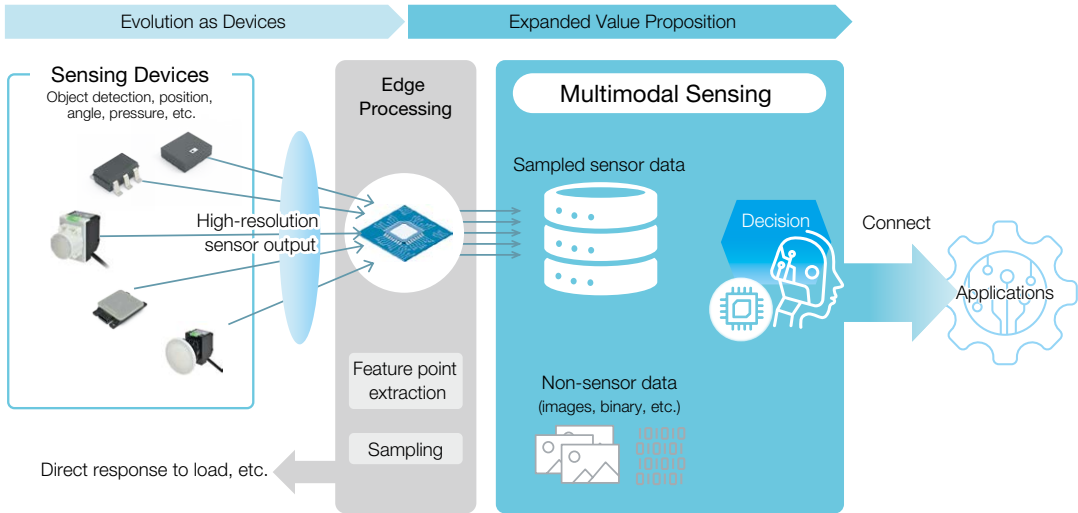
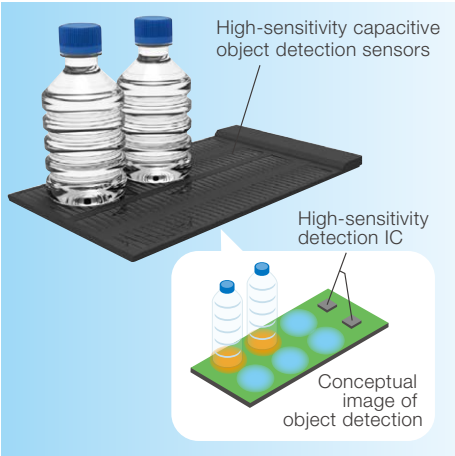
By steadily executing these initiatives, we will flexibly respond to changing economic conditions, minimize losses associated with new product launches, strengthen cost competitiveness, and improve development process efficiency, thereby promoting the sustainable enhancement of business quality.

Product Review

Contributing to Automation and Safety with High-Sensitivity, Non-Contact Detection

High-Sensitivity Capacitive Object Sensors

Our capacitive sensors have the advantage of integrating all key elements in-house, including detection ICs, sensor design, and control algorithms. Through our proprietary high-sensitivity detection IC and optimized sensor design, we have evolved from conventional touch detection to non-contact hover detection, enabling detection of an object's presence, position, quantity, and condition. These high-quality sensors make it easy to check inventory from a distance or monitor the surroundings of equipment, contributing to labor savings, automation, and improved safety.



Non-Contact Operation and False Detection Prevention with Millimeter-Wave Technology

Millimeter-Wave Sensors (Kick Sensors)

Our millimeter-wave sensors are being put to practical use in a wide range of applications, such as detecting surrounding obstacles, vehicle occupants, and objects, with rapidly growing market demand. A prime example is the kick sensor, which automatically opens and closes a vehicle's tailgate. Compared with conventional capacitive systems, it is smaller and capable of wider-range detection, improving user convenience. Furthermore, our proprietary algorithms enable low power consumption and high false detection suppression, while accommodating a variety of kick motions (kick patterns). These features have been well-received, leading to adoption by many automotive manufacturers worldwide.

Overview of Business Operations / Mobility Segment



Yoshikatsu Watanabe
Senior Vice President
Mobility Business
Digital Cabin 1 & Sound Business

Segment Strengths

- ▶ **High in-house software development ratio**
+ Extensive track record in large-scale software development
+ High-speed integration technology essential for SDVs
- ▶ **Input and output element technologies that appeal to the five senses**
- ▶ **Sound technology unmatched by competitors in the in-vehicle electronics field**
- ▶ **Car life solutions offered under our own brand**

Business Performance in FY2024

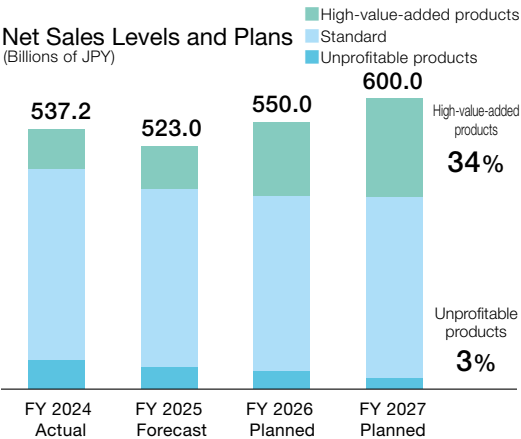
Net sales in the Mobility Segment (formerly the Module and System Segment) in FY2024 were ¥537.2 billion, down ¥17.1 billion from FY2023. Although there was a boost from the weaker yen, sales were impacted by the phase-out of core models in system products for Europe and sluggish sales among key customers in the Chinese market (Japanese, North American, and European automakers). Operating income turned positive, to ¥5.6 billion, from an operating loss of ¥1.1 billion in FY2023, mainly due to improved variable costs, increased recovery of development expenses from customers, and lower depreciation expenses following impairment losses in FY2023.

Competitive Advantages and Outlook

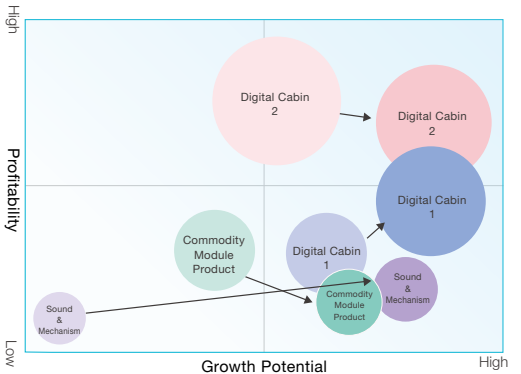
In recent years, with the advancement of SDVs, the mobility industry has increasingly required faster development and integration of electronic control units, and the source of added value is shifting from hardware to software. As autonomous driving becomes more advanced, interest in the value of in-cabin comfort and convenience is also increasing. In response, we have been steadily advancing the development of Digital Cabin products. These products are built on our long-cultivated software integration technology and are characterized by a high level of coordination among various input and output element technologies. Based on these strengths and the business environment, we aim to further evolve our business model. In addition to our traditional role as a Tier 1 supplier to automakers, we will expand into the Tier 0.5 domain, engaging from the planning and concept stages. This is a position that creates value in the upstream processes, and we see it as an important step toward further strengthening our competitiveness and earnings base.

Future Plans and Targets

In FY2025, we expect net sales to decline due to currency effects, but in the medium term, we anticipate a recovery trend, aiming to reach ¥600.0 billion in FY2027. This target is based on orders already received, but considering uncertainties in new vehicle sales trends and the business environment of key customers, we have built in a buffer of approximately 10% below the actual order volume. For the reduction of unprofitable products, we are targeting a sales composition ratio of 3% or less. While some shortfall is expected, we will continue revenue improvement measures such as optimizing sales prices to ensure stable profit generation. The core driver of medium-term growth will be our Digital Cabin product lineup, incorporating sensing and integrated control technologies, with the Cockpit Domain Controller (CDC) positioned as a highly competitive flagship product. These products align with market trends and will be developed as a core business driving our sustainable growth.



Positioning Map of Main Business Units (Outlook)



INPUT	ACTION	OUTPUT FY2027	OUTCOME
• Software investment ¥30.0 billion • Strengthen development work for China • Optimize fixed costs	• Secure core technologies in the Digital Cabin solutions domain • Collaboration with the Neusoft Group • Consolidation of domestic and overseas production bases • Introduction of ROIC indicators by segment	• Net sales of ¥600.0 billion • Operating income of ¥30.0 billion • Operating income margin of 5%	• Enhance spatial value in the cabin • Provide solutions for various mobility domains, not limited to passenger cars • Growth in the Chinese and global markets

Overview of Business Operations / Mobility Segment

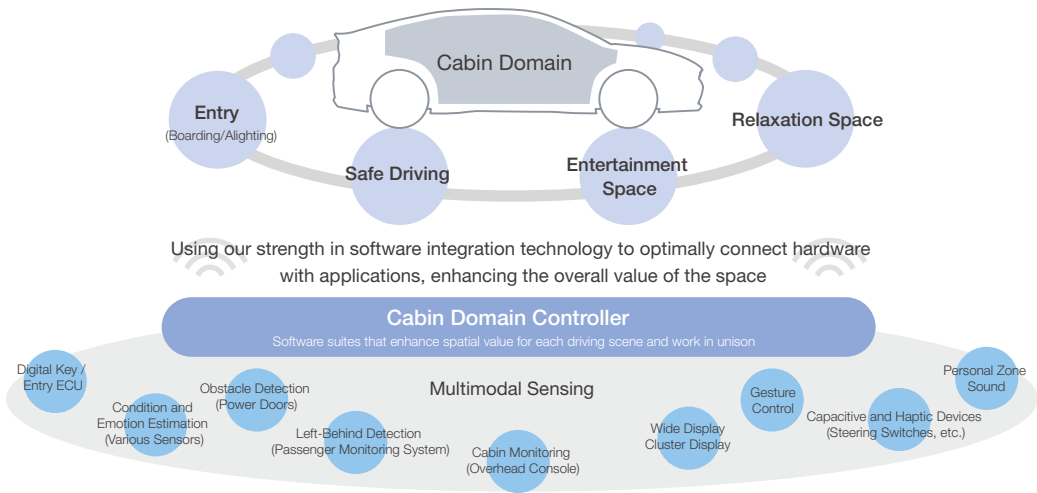
Key Strategies in the Mid-Term Business Plan 2027

In the Mobility Segment, we have positioned the reliable launch of already-ordered Digital Cabin products as a key initiative, expecting to increase net sales by ¥60.0 billion from FY2024 to FY2027. These products have a high software content, and by controlling component costs and reducing quality losses in the early stages of manufacturing, they are expected to be more profitable than conventional hardware-focused products. To further improve profitability, we will reduce unprofitable products, consolidate domestic plants, and reorganize and integrate production bases in Europe and Asia to optimize our fixed cost structure.

In addition, by recovering development costs for each customer and standardizing products, we can more easily expand product derivatives, enabling sales growth while controlling fixed costs, with a goal of achieving ¥30.0 billion in operating income in FY2027.

Products such as the Cabin Domain Controller will increasingly rely on software integration on top of the hardware required, enabling connectivity with other products and services. When combined with multimodal sensing, these will evolve into a core source of added value in the Mobility Segment going forward.

From this fiscal year, we have integrated the former Module and System Segment into the Mobility Segment, enabling faster decision-making and promoting high-quality business operations through business selection based on ROIC.

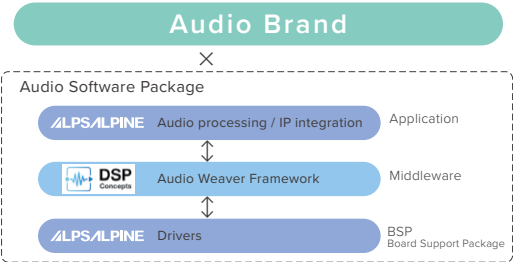


Product Review

Creating New Value in In-Vehicle Sound for the SDV Era

External Sale of Software Licenses

In collaboration with DSP Concepts, Inc. (U.S.), we have packaged proprietary applications using the “Audio Weaver” development tool. We are offering these as software licenses to audio brands and in-vehicle infotainment (IVI) systems, creating added value and expanding our business domain.



Comprehensive Vehicle Customization and Production

Sales of Customized Vehicles and Customization Kits

Through our Cal’s Motor brand, Alps Alpine plans, develops, sells, and rents vehicles. In July 2025, we added the summer-limited Sand Beach Edition to our popular Havana model, launching limited sales of 30 units at nine locations worldwide. Through unique designs and lifestyle proposals, we are promoting the creation of new value in mobility.

Planning, Production, and Sales of Customized Vehicles (Since 2017)

Vehicle Sales

Maintenance / Vehicle Inspection

Car Accessories Sales

Customization

Consultation

Planning, Production, and Sales of Original Vehicles (Since 2023)

05

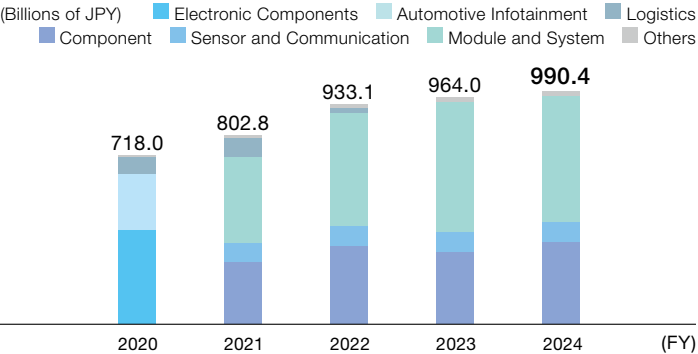
SECTION

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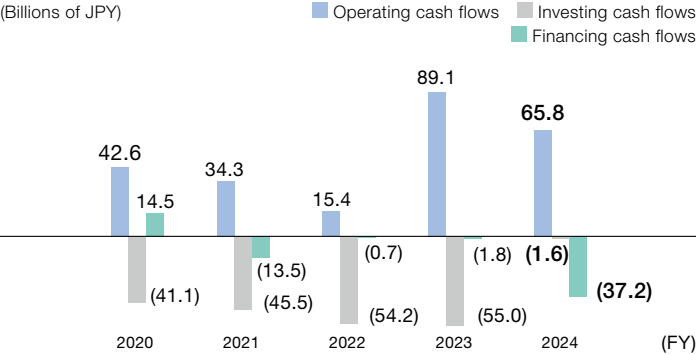
Financial Highlights

Net Sales



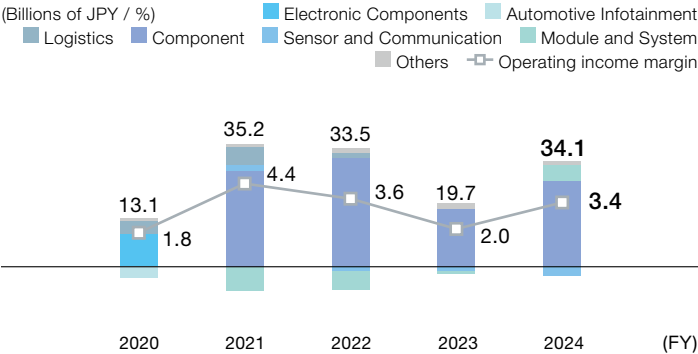
Revenue increased year on year in FY2024, partly due to the positive impact of the weaker yen. The Component Segment grew on stronger demand from the consumer and mobile markets and expanded sales in the automotive market. The Sensor and Communication Segment remained flat due to a transitional period caused by the replacement of existing products with new ones in the automotive market. The Module and System Segment declined due to the phase-out of system products for European models and sluggish new vehicle sales by customers.

Cash Flows



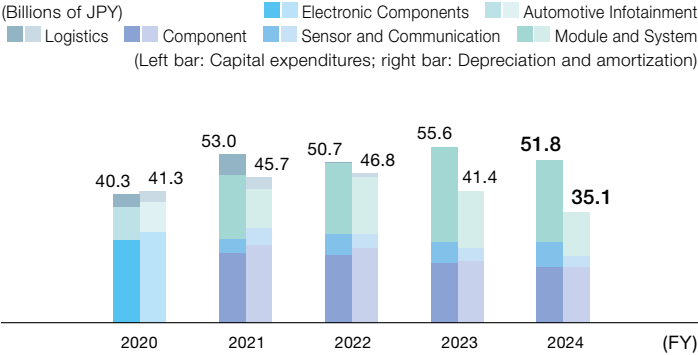
Operating cash flows in FY2024 declined year on year. Although cash inflows increased due to factors such as profit before income taxes and reductions in inventories, these were offset by larger cash outflows from increases in accounts receivable and a decrease in impairment loss. Investing cash flows increased due to proceeds from the sale of equity-method affiliates and income from business transfers. Financing cash flows declined year on year due to reduced proceeds from long-term borrowings.

Operating Income (Loss) / Operating Income Margin



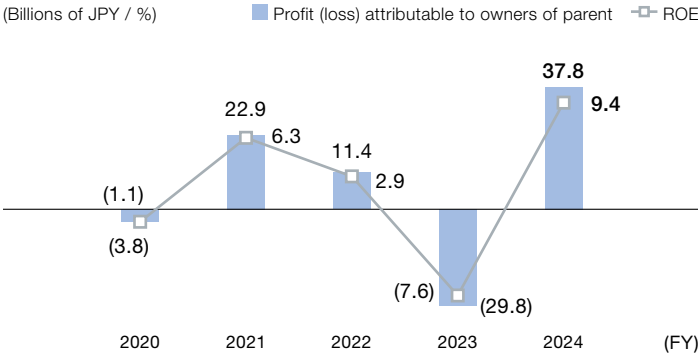
In the Component Segment, we exceeded the operating profit of the previous year due to higher revenue. The Sensor and Communication Segment fell below the levels of the previous year due to increased development costs associated with new orders. The Module and System Segment outperformed the previous year, despite declining revenue and rising wages, due to improved variable costs, increased recovery of development costs from customers, and lower depreciation and amortization.

Capital Expenditures / Depreciation and Amortization



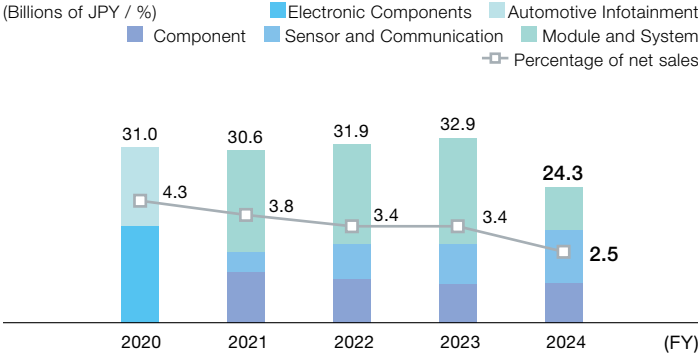
Capital expenditures totaled ¥51.8 billion in FY2024. In the Component Segment, we invested in development and manufacturing equipment for electronic components such as actuators, switches, and haptic devices. In the Sensor and Communication Segment, we invested in development and production equipment for communication devices and other electronic components. In the Module and System Segment, we invested in product development, software, and manufacturing facilities for infotainment, displays, sound systems, and automotive modules.

Profit (Loss) Attributable to Owners of Parent / ROE



In FY2024, the net profit attributable to owners of parent of ¥37.8 billion compared with a net loss of ¥29.8 billion in the previous year. This was driven by an increase in operating profit and the recording of extraordinary income from the sale of Alps Logistics shares and the transfer of the power inductor business. As a result, ROE improved to 9.4%, up from -7.6% in the previous year.

R&D Expenses / Percentage of Net Sales

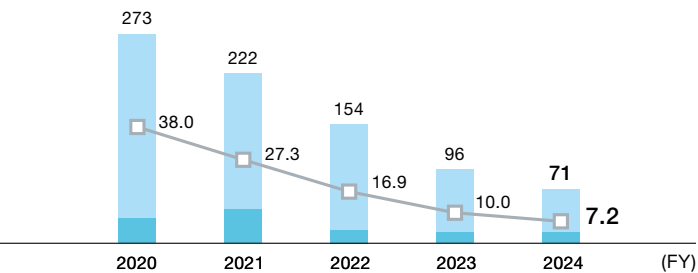


In FY2024, efficiency gains in development and increased cost recovery from customers led to a year-on-year decline. In the Component Segment, we are strengthening global development for the automotive market, and investing in next-generation devices for the amusement market, and actuators for the mobile market. In the Sensor and Communication Segment, we are investing in sensing technologies, IoT, and preventive safety technologies. In the Module and System Segment, we are investing in Digital Cabin solutions.

Non-Financial Highlights

Greenhouse Gas (GHG) Emissions / Scope 1, 2 (Consolidated)

(Thousand t-CO₂ / t-CO₂/100 millions of JPY)
■ Scope 1 ■ Scope 2 ▬ GHG emissions per unit of production

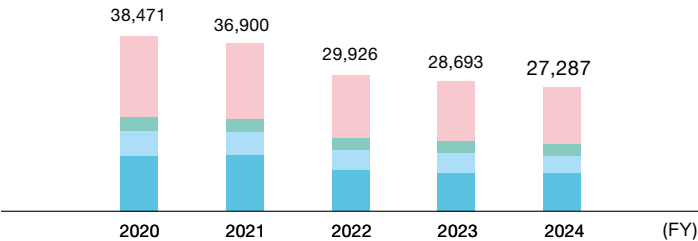


In FY2024, we introduced approximately 1.1 times more renewable energy compared with FY2023. GHG emissions decreased, and GHG per unit of production improved by approximately 30% due to an increase in the introduction rate of renewable energy and energy-saving measures, such as reducing energy consumption.

* Excluding Alps Logistics from FY2022 onward due to a change from consolidated subsidiary to equity-method affiliate

Number of Employees (Consolidated)

(People) ■ Japan ■ United States ■ Europe ■ Asia

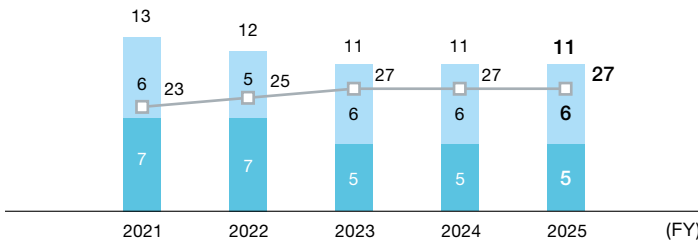


In FY2024, the global workforce decreased slightly compared with FY2022. We are continuing to review our production system and maintain an appropriate personnel size in light of the increasingly uncertain business environment, including geopolitical risks and continued inflation.

* Excluding Alps Logistics from FY2022 onward due to a change from consolidated subsidiary to equity-method affiliate

Number of Directors (Non-consolidated)

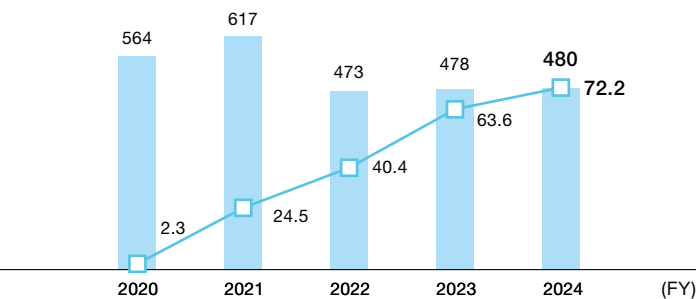
(People / %) ■ Inside directors ■ Outside directors ▬ Ratio of female directors



As of the end of FY2025, the Board of Directors had the same composition as in FY2024, with outside directors comprising the majority. The ratio of women directors has remained above 25%. Additionally, our executive officer composition now includes one female executive officer and one non-Japanese executive officer, further ensuring diversity among our executives.

Energy Use / Renewable Energy Adoption (Consolidated)

(Thousand MWh / %) ■ Energy use ■ Renewable energy adoption

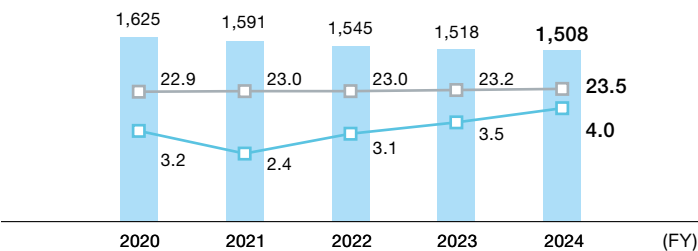


In FY2024, although energy consumption was suppressed through energy-saving measures, the amount of energy used rose slightly due to increased production. The introduction rate of renewable energy increased by over 8%, to 72.2%, due to the introduction of solar power generation facilities, increased external procurement of electricity derived from renewable sources, and the use of certificates.

* Excluding Alps Logistics from FY2022 onward due to a change from consolidated subsidiary to equity-method affiliate

Number and Ratio of Women Employees / Ratio of Women in Management Positions (Non-consolidated)

(People / %) ■ Number of female employees ■ Percentage of female employees ■ Percentage of women in management positions

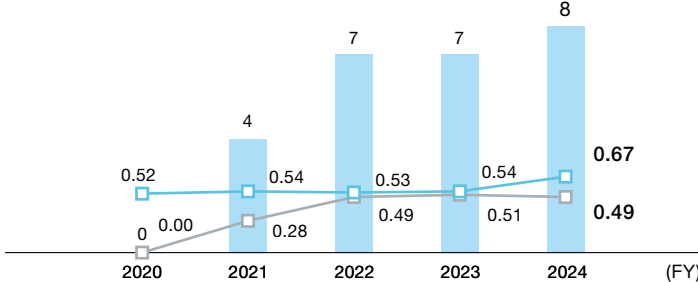


In FY2024, the ratio of women employees remained the same as in FY2023, but the percentage of women in management positions increased to 4.0%. As part of promoting diversity at the decision-making level of employees, active measures have been implemented to increase the ratio of female managers at each stage, from recruitment to retention and development.

* Excluding employees seconded to overseas and domestic affiliates

Workplace Accidents (Non-consolidated)

(Accidents / %) ■ Number of workplace accidents ■ Rate of lost work time due to accidents* ■ Manufacturing frequency percentage average (Domestic Electrical Machinery and Equipment Manufacturing)



In FY2024, there were no fatal accidents or serious occupational accidents resulting in permanent disability. As falls account for a large share of occupational accidents, we will work to reduce sources of risk and strengthen awareness such as conducting walking-related assessments.

* Lost time injury frequency rate (LTIFR): Number of casualties due to occupational accidents / Total number of working hours x 1,000,000

Summary of Key Management Indicators

Consolidated Fiscal Years Started April 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
For the Fiscal Year: [Millions of JPY]											
Net sales	748,614	774,038	753,262	858,317	851,332	810,570	718,013	802,854	933,114	964,090	990,407
Cost of sales	593,788	621,754	601,711	669,721	689,337	670,700	603,524	664,054	765,587	798,017	815,238
Gross profit	154,825	152,284	151,551	188,596	161,995	139,870	114,488	138,800	167,527	166,072	175,169
Selling, general and administrative expenses	101,291	99,956	107,177	116,688	112,353	113,074	101,378	103,592	133,931	146,360	141,062
Operating income	53,534	52,327	44,373	71,907	49,641	26,795	13,109	35,208	33,595	19,711	34,106
Operating income margin: [%]	7.2	6.8	5.9	8.4	5.8	3.3	1.8	4.4	3.6	2.0	3.4
Ordinary income	57,594	50,038	42,725	66,717	43,605	18,646	13,227	40,286	34,940	24,809	30,521
Profit (loss) attributable to owners of parent	34,739	39,034	34,920	47,390	22,114	(4,009)	(3,837)	22,960	11,470	(29,814)	37,837
Depreciation and amortization	28,010	30,725	33,076	36,004	44,188	46,057	41,336	45,705	46,836	41,464	35,143
R&D expenses	33,035	33,336	32,279	29,799	32,886	37,667	31,085	30,688	31,910	32,959	24,346
Capital expenditures	31,416	41,190	47,657	76,154	52,928	42,362	40,354	53,010	50,774	55,665	51,886
Operating cash flows	65,111	53,958	41,603	70,387	72,671	87,210	42,636	34,304	15,413	89,173	65,817
Investing cash flows	(29,772)	(30,383)	(37,981)	(66,722)	(67,405)	(42,419)	(41,165)	(45,507)	(54,205)	(55,095)	(1,683)
Financing cash flows	(27,951)	(36,340)	(309)	(2,957)	(6,910)	(31,601)	14,515	(13,539)	(742)	(1,808)	(37,299)
Cash and cash equivalents at fiscal year-end	134,298	116,843	117,991	120,778	118,318	128,217	151,748	138,489	82,893	122,298	147,464
Simplified free cash flow*1	35,339	23,574	3,621	3,665	5,266	44,791	1,471	(11,202)	(38,791)	34,077	64,134
At Fiscal Year-End: [Millions of JPY]											
Total assets	570,482	562,856	602,961	669,874	675,717	625,542	694,285	743,520	736,997	753,989	740,715
Equity	179,522	228,496	254,501	301,176	365,346	324,464	344,923	389,426	398,111	391,108	413,994
Interest-bearing debt	116,200	54,335	63,272	70,420	108,816	99,870	117,936	113,272	121,937	129,301	100,788
Per Share Data: [JPY]											
Earnings per share (EPS)	193.81	206.64	178.25	241.91	110.19	(19.53)	(18.72)	110.82	55.77	(145.04)	184.00
Diluted EPS	177.12	197.73	178.20	241.82	110.14	–	–	110.79	55.76	–	184.00
Book value per share (BPS)	1,001.55	1,166.41	1,299.11	1,537.37	1,731.36	1,587.06	1,665.29	1,879.42	1,937.47	1,902.43	2,013.07
Dividends per share (DPS)	15.00	25.00	30.00	37.00	50.00	30.00	20.00	20.00	40.00	30.00	60.00

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

Summary of Key Management Indicators

Consolidated Fiscal Years Started April 1	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Major Indicators: [%]											
Equity ratio	31.5	40.6	42.2	45.0	54.1	51.9	49.7	52.4	54.0	51.9	55.9
Debt-to-equity ratio*2	64.7	23.8	24.9	23.4	29.8	30.8	34.2	29.1	30.6	33.1	24.3
Interest coverage ratio*3: [Times]	68.0	50.4	81.6	91.2	58.7	66.4	56.2	46.9	12.6	78.1	63.7
Return on assets (ROA)*4	6.4	6.9	6.0	7.4	3.3	(0.6)	(0.6)	3.2	1.5	(4.0)	5.1
Return on equity (ROE)*5	21.9	19.1	14.5	17.1	6.6	(1.2)	(1.1)	6.3	2.9	(7.6)	9.4
Average exchange rates											
USD / JPY: [JPY]	109.93	120.14	108.38	110.85	110.91	108.74	106.06	112.37	135.47	144.62	152.58
EUR / JPY: [JPY]	138.77	132.58	118.79	129.70	128.41	120.82	123.70	130.56	140.97	156.80	163.75
Other											
Total number of issued shares*6: [Thousand shares]	181,559	198,208	198,208	198,208	219,281	219,281	219,281	219,281	219,281	219,281	219,281

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

Performance by Business Segment

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
For the Fiscal Year: [Millions of JPY]											
Net Sales											
Component	–	–	–	–	–	–	–	262,275	329,040	305,281	348,013
Sensor and Communication	–	–	–	–	–	–	–	79,986	85,525	84,086	84,199
Module and System*7	–	–	–	–	–	–	–	368,624	481,384	554,389	537,202
Electronic Components	389,120	434,072	437,676	514,031	468,605	424,709	396,042	–	–	–	–
Automotive Infotainment	289,783	267,541	242,306	267,638	303,593	306,299	240,616	–	–	–	–
Logistics*8	57,062	60,251	61,150	64,666	66,888	66,872	69,213	78,908	–	–	–
Others	12,648	12,173	12,128	11,981	12,244	12,688	12,140	13,060	37,162	20,332	20,992
Operating Income (loss)											
Component	–	–	–	–	–	–	–	33,645	38,322	20,474	30,397
Sensor and Communication	–	–	–	–	–	–	–	2,374	(1,588)	(1,498)	(3,360)
Module and System*7	–	–	–	–	–	–	–	(8,300)	(6,619)	(1,131)	5,606
Electronic Components	36,595	40,780	32,803	52,929	29,607	16,124	11,408	–	–	–	–
Automotive Infotainment	11,537	5,434	5,623	13,735	13,921	5,655	(3,947)	–	–	–	–
Logistics*8	4,457	4,857	5,083	4,932	4,722	4,118	4,725	6,021	–	–	–
Others	898	1,233	884	1,701	1,430	1,202	1,041	1,583	3,603	2,037	1,516

*7 From FY2025, the Module & System Segment will merge into the Mobility Segment
*8 Not disclosed from FY2022

ESG Data

Environment

Greenhouse Gas Emissions*

		Unit	FY2022	FY2023	FY2024	Scope	
Total of Scope 1, Scope 2, and Scope 3		t-CO ₂	3,159,891	3,349,551	3,503,333	Consolidated	
	Scope 1	t-CO ₂	16,770	13,617	13,981		
	Scope 2	t-CO ₂	137,612	82,719	56,685		
	Scope 1 + Scope 2	t-CO ₂	154,382	96,337	70,667		
	Scope 3	t-CO ₂	3,005,509	3,253,214	3,432,666		
	1. Purchased goods and services	t-CO ₂	2,262,210	2,439,156	2,749,845		
	2. Capital goods	t-CO ₂	121,558	133,650	123,749		
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	t-CO ₂	30,593	31,061	31,011		
	4. Transportation and distribution (upstream, Japan only)	t-CO ₂	157,708	108,379	102,850		
	5. Waste generated in operations	t-CO ₂	7,943	8,082	7,247		
	6. Business travel	t-CO ₂	5,144	4,836	4,714		
	7. Employee commuting	t-CO ₂	16,846	15,824	15,414		
	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 and therefore it is impossible to rationally calculate emissions volumes				
	10. Processing of sold products	Excluded	Intermediate products sold are processed into a wide variety of finished products, and emissions cannot be reasonably calculated, so they are not included.				
	11. Use of sold products	t-CO ₂	385,001	496,020	392,187	Consolidated	
	12. End-of-life treatment 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				
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	t-CO ₂	18,506	16,205	5,649	Consolidated		

* The calculated GHG emissions (Scopes 1, 2, and 3) for FY2022 and 2023 were third-party-assured by SOCOTEC Certification Japan Co., Ltd. Some of the FY2023 GHG emission figures have also been recalculated.

Energy

		Unit	FY2022	FY2023	FY2024	Scope
Total energy consumption		MWh	472,535	477,641	480,285	Consolidated
	Non-renewable energy: Electricity	MWh	251,511	158,020	120,765	
	Non-renewable energy: Fuel	MWh	50,269	43,401	45,599	
	Renewable energy: Electricity	MWh	170,755	276,220	313,922	

Waste Emissions

		Unit	FY2022	FY2023	FY2024	Scope
Total waste emissions		t	25,758	25,219	25,215	Consolidated
	Recycled	t	–	–	23,999	
	Final disposal	t	–	–	1,216	
Volume of hazardous waste generated		t	–	–	2,807	
	Recycled	t	–	–	2,744	
	Final disposal	t	–	–	64	
Volume of non-hazardous waste generated		t	–	–	22,408	
	Recycled	t	–	–	21,255	
	Final disposal	t	–	–	1,153	

Chemical Substance Management

		Unit	FY2022	FY2023	FY2024	Scope
Volatile organic compounds	Volume handled	t	96.4	104.9	109.9	Non-Consolidated
	Emissions	t	81.0	67.0	74.8	
	Percentage released into atmosphere	%	84.0	63.9	68.1	
Air pollutant emissions	NOx emissions	t	1.9	2.3	1.3	
	SOx emissions	t	0.7	1.0	1.6	

Water Resource Management

		Unit	FY2022	FY2023	FY2024	Scope
Water withdrawal		m³	1,674,484	1,489,792	1,370,016	Consolidated
Water discharge		m³	1,312,323	1,280,576	1,145,374	
Volume recycled		m³	66,968	58,035	52,787	

Environmental Violations

		Unit	FY2022	FY2023	FY2024	Scope
Violations		Cases	0	0	0	Consolidated
Fines		US\$	0	0	0	
Serious legal or regulatory breaches and accidents		Cases	0	0	0	

ISO 14001 Certification

		Unit	FY2022	FY2023	FY2024	Scope
Certification rate (Scope: Headquarters and production bases)		%	100	100	100	Consolidated

ESG Data

Social

Employee Information

		Unit	FY2022	FY2023	FY2024	Scope
Number of employees (consolidated)		People	29,926	28,693	27,287	Consolidated
	Men	People	16,626	15,094	14,465	
	Women	People	13,300	13,599	12,822	
	Ratio of female employees	%	44.4	47.4	47.0	
Number of employees (by region)	Japan (includes affiliates and subsidiaries)	People	8,932	8,437	8,257	Consolidated
	United States	People	4,521	4,234	3,962	
	Europe	People	2,692	2,676	2,573	
	Asia	People	13,781	13,346	12,495	
Number of employees (non-consolidated)		People	6,707	6,538	6,429	Non-Consolidated
	Men	People	5,162	5,020	4,921	
	Women	People	1,545	1,518	1,508	
	Ratio of female employees	%	23.0	23.2	23.5	
	Percentage of experienced employees among all employees	%	22.5	23.0	23.0	
	Percentage of foreign nationals among all employees	%	1.0	1.1	1.1	
Average length of service		Years	18.1	17.7	17.3	Non-Consolidated
	Men	Years	18.4	18.1	17.6	
	Women	Years	17.0	16.6	16.1	
Average age		Years	42.5	42.3	41.9	Non-Consolidated
	Men	Years	43.0	42.8	42.8	
	Women	Years	41.0	40.7	40.8	
Number of departures*1 *2		People	221	170	203	Non-Consolidated
	Number of departures for personal reasons	People	158	122	163	
	Ratio of departures for personal reasons*3	%	2.2	1.9	2.6	

*1 Excludes employees assigned to overseas and domestic affiliates *2 Excludes employees departing at mandatory retirement
*3 Ratio of departures for personal reasons: Number of departures for personal reasons / Number of employees

Occupational Health and Safety

		Unit	FY2022	FY2023	FY2024	Scope
Number of work-related accidents*4	Cases		65	70	78	Consolidated
			7	7	8	Non-Consolidated
Frequency rate*5	—		0.49	0.51	0.49	Non-Consolidated
Manufacturing frequency percentage average (Domestic Electrical Machinery and Equipment Manufacturing)	—		0.53	0.54	0.67	Japan
Severity rate	—		0.001	0.005	0.001	Non-Consolidated
Number of serious accidents	Cases		0	0	0	Consolidated

*4 Eligible workers are workers under our management (including temporary and contract employees)
*5 Lost time injury frequency rate (LTIFR): Number of casualties due to occupational accidents (one or more days lost from work) / Total number of working hours x 1,000,000

Diversity and Inclusion / Nurturing of Human Resources

		Unit	FY2022	FY2023	FY2024	Scope
Number of new-graduate hires*6 *7		People	197	251	207	Non-Consolidated
	Ratio of women	%	21.8	21.5	20.8	
Number of experienced hires*7		People	44	83	84	
	Ratio of women	%	18.2	18.1	23.8	
	Ratio of experienced hires	%	18.3	24.9	28.9	
Number of non-Japanese (IAP) hires*6 *8		People	4	3	4	Consolidated
Ratio of employees with disabilities*9		%	2.5	2.6	2.7	
Number of managers		People	484	489	502	Non-Consolidated
	Women	People	15	17	20	
	Ratio of women in management positions	%	3.1	3.5	4.0	
	Ratio of experienced hires in management positions	%	18.0	19.2	20.1	
	Ratio of non-Japanese employees in management positions	%	1.4	1.6	1.2	
	Ratio of women in management positions	%	16.5	17.9	17.3	Consolidated
Number of parental leave takers		People	63	103	82	Non-Consolidated
	Women	People	26	40	33	
	Men	People	37	63	49	
	Ratio of male employees taking childcare leave*10	%	37.0	52.1	66.2	
Ratio of parental leave takers who return to work		%	98	100	100	Consolidated
Number of caregiver leave takers		People	3	1	3	
Average ratio of annual paid leave taken		%	76.5	78.9	78.7	
Average overtime per employee		Hours / Months	12.3	12.6	13.0	Non-Consolidated
Average wages (Annual salary)*11		Thousands of JPY	6,239	6,236	6,412	
	Men	Thousands of JPY	6,860	6,846	7,025	
	Women	Thousands of JPY	4,164	4,223	4,415	
	Wage differentials between men and women*12	%	60.7	61.7	62.9	
Investment in human resource development (per employee)		JPY	20,302	23,124	24,199	
Average training hours per employee		Hours	27.1	28.0	27.7	
Average training days per employee		Days	3.4	3.5	3.5	

*6 As of April 1 of the following fiscal year
*7 Figures for new-graduate hires and experienced hires include management track and general track employees
*8 Non-Japanese hires (IAP) refers to participants in Alps Alpine's program for new graduates hired overseas to work in Japan
*9 As of June 1 of the following fiscal year; calculated based on the Act to Facilitate the Employment of Persons with Disabilities
*10 Includes all types of childcare leave stipulated by the Company
*11 Management track and general track employees (excludes corporate officers)
*12 Ratio of average female wage to average male wage

ESG Data

Governance

Director Composition (as of July)

		Item	Unit	2023	2024	2025
Directors		Number of members	People	11	11	11
		Outside directors	People	6	6	6
		Inside directors	People	5	5	5
		Ratio of outside directors	%	54.5	54.5	54.5
		Female directors	People	3	3	3
		Ratio of female directors	%	27.3	27.3	27.3
	Audit and Supervisory Committee Member	Number of members	People	4	4	4
		Outside audit and supervisory committee members	People	3	3	3
		Ratio of outside audit and supervisory committee members	%	75.0	75.0	75.0
Vice Presidents*		Number of members	People	12	10	11
		Non-Japanese members	People	2	2	1

* Excludes those who concurrently serve as directors

Committee Membership (as of July)

		Item	Unit	2023	2024	2025
Audit and Supervisory Committee		Number of members	People	4	4	4
		Ratio of outside directors	%	75.0	75.0	75.0
		Affiliation of committee chair	—	Outside	Outside	Outside
Nomination Advisory Committee (Board of Directors Advisory Board)		Number of members	People	5	5	6
		Ratio of outside directors	%	60.0	60.0	66.7
		Affiliation of committee chair	—	Outside	Outside	Outside
Compensation Advisory Board (Board of Directors Advisory Board)		Number of members	People	5	5	6
		Ratio of outside directors	%	60.0	60.0	66.7
		Affiliation of committee chair	—	Outside	Outside	Outside

Board of Directors’ and Other Committee Meetings (as of March 31)

		Item	Unit	2022	2023	2024
Board of Directors		Number of meetings held	No. of times a year	12	15	21
		Average attendance rate of directors	%	100	100	100
		Average attendance rate of outside directors	%	100	100	100
Audit and Supervisory Committee		Number of meetings held	No. of times a year	14	13	14
		Average attendance rate of directors	%	100	100	100
		Average attendance rate of outside directors	%	100	100	100
Nomination Advisory Committee		Number of meetings held	No. of times a year	3	5	4
		Average attendance rate of directors	%	100	96.0	100
		Average attendance rate of outside directors	%	100	93.3	100
Compensation Advisory Committee		Number of meetings held	No. of times a year	3	2	5
		Average attendance rate of directors	%	100	100	100
		Average attendance rate of outside directors	%	100	100	100

Compliance (as of March 31)

		Item	Unit	2022	2023	2024
Anti-corruption		Group Code of Conduct education programs Target: All employees globally (including corporate officers, temporary employees, and contract employees)	No. of times a year	1	1	1
		Participation rate of Group Code of Conduct education programs (e-learning)	%	97.0	98.0	98.1
Political donations		Amount of political donations	JPY	0	0	0

Corporate Data

(As of March 31, 2025)

Company Name	Alps Alpine Co., Ltd.	Representative	Hideo Izumi
Headquarters	1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo 145-8501, Japan	Established	November 1, 1948
		Capital Stock	¥38.73 billion
		Employees	Consolidated: 27,287 (global) Non-consolidated: 24,199 (excludes personnel seconded outside the Company)

Website

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

facebook

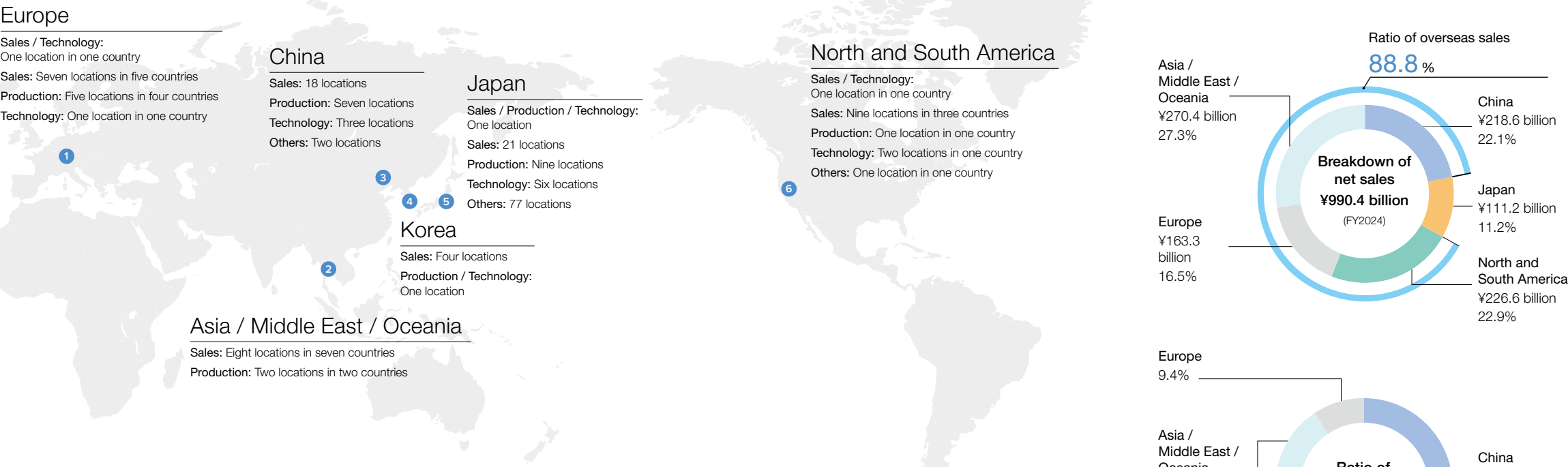
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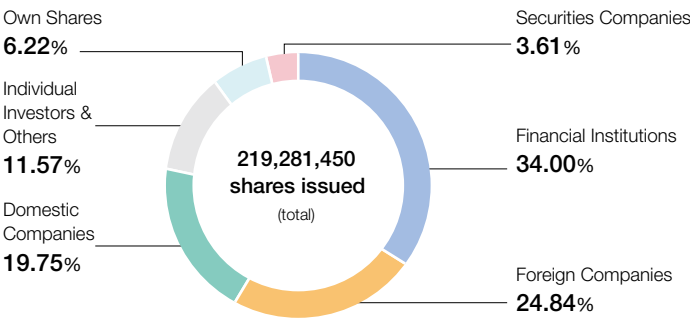




Stock Information (As of March 31, 2025)

No. of Authorized Shares	500,000,000
No. of Issued Shares	205,652,636
No. of Shareholders	32,226
Stock Listing	Tokyo Stock Exchange Prime Market (Code: 6770)
Share Registrar	Mitsubishi UFJ Trust and Banking Corporation

Breakdown of Shareholders



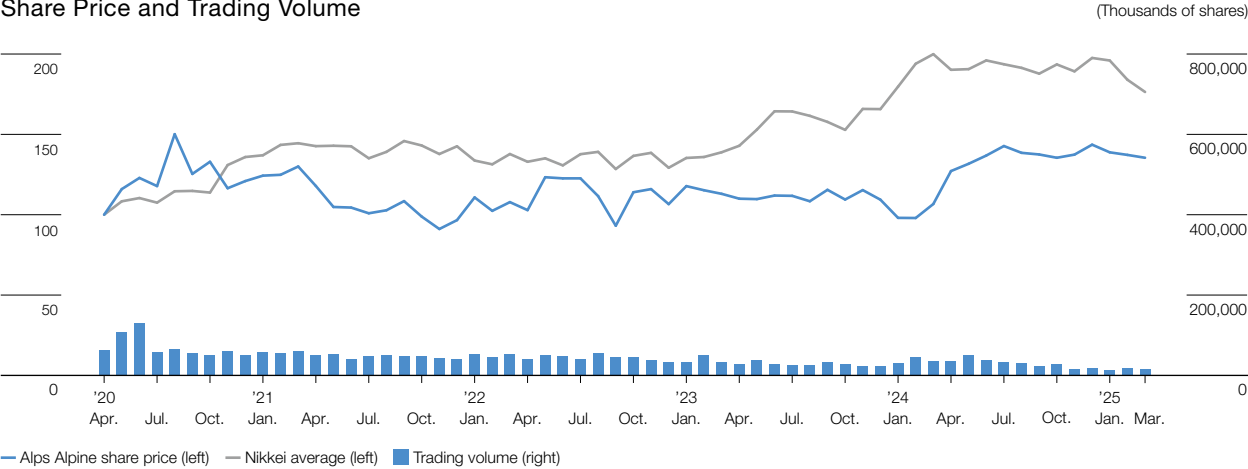
Note: "Individual Investors & Others" refers to shares held by Alps Alpine Co., Ltd., employees, other individuals, unclaimed shares stored by the Japan Securities Depository Center, Inc., Government / Local government.

Top 10 Shareholders

Name	No. of shares (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	40,886	19.88
Custody Bank of Japan, Ltd. (Trust account)	17,995	8.75
S-GRANT. CO., LTD.	17,303	8.41
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	17,229	8.37
AYA NOMURA	6,433	3.12
STATE STREET BANK AND TRUST COMPANY 505103	4,191	2.03
TAIJU LIFE INSURANCE COMPANY, LTD.	3,975	1.93
STATE STREET BANK AND TRUST COMPANY 505001	3,591	1.74
SSBTC CLIENT OMNIBUS ACCOUNT	2,750	1.33
NIPPON LIFE INSURANCE COMPANY	2,738	1.33

Notes 1: The Company holds 13,628,814 shares of treasury stock but is excluded from the above list of major shareholders
2. Shareholding ratio is calculated excluding treasury stock

Share Price and Trading Volume



Note: The closing price on April 30, 2020 equals 100.

(JPY)	FY2020	FY2021	FY2022	FY2023	FY2024
High	1,771	1,510	1,540	1,329	1,716
Low	869	980	1,028	1,000	1,182
Price at fiscal year-end	1,460	1,211	1,269	1,198	1,521

Consolidated Financial Statements

Consolidated Balance Sheet

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
ASSETS			
Current assets:			
Cash and deposits (Notes 20 and 21)	¥ 147,941	¥ 122,667	\$ 989,440
Notes and accounts receivable - trade (Note 21):			
Unconsolidated subsidiaries and affiliated companies	2,910	2,291	19,462
Other	163,931	156,293	1,096,382
Allowance for doubtful accounts	(1,926)	(292)	(12,881)
Inventories (Note 6)	138,636	163,716	927,207
Other	43,453	46,783	290,617
Total current assets	494,946	491,458	3,310,233
Non-current assets:			
Property, plant and equipment			
Land (Note 11)	16,335	19,132	109,250
Buildings and structures	126,484	132,858	845,934
Machinery and equipment	500,409	497,064	3,346,770
Construction in progress	20,108	17,022	134,484
Subtotal	663,338	666,077	4,436,450
Accumulated depreciation and impairment	(526,665)	(531,866)	(3,522,372)
Total property, plant and equipment	136,673	134,211	914,078
Intangible assets	22,031	26,551	147,345
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliated companies (Notes 5 and 21)	11,611	21,860	77,655
Investment securities (Notes 5 and 21)	48,422	49,943	323,850
Deferred tax assets (Note 19)	15,234	16,978	101,886
Retirement benefit asset (Note 8)	364	148	2,434
Other	11,431	12,836	76,451
Total investments and other assets	87,064	101,768	582,290
Total non-current assets	245,769	262,531	1,643,720
Total assets	¥ 740,715	¥ 753,989	\$ 4,953,953

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Notes 7 and 21)	¥ 21,100	¥ 40,865	\$ 141,118
Current portion of long-term borrowings (Notes 7 and 21)	23,188	9,597	155,083
Notes and accounts payable - trade (Note 21)			
Unconsolidated subsidiaries and affiliated companies	3,069	3,609	20,526
Other	87,312	90,354	583,949
Income taxes payable	7,350	8,671	49,157
Accrued expenses	35,731	38,588	238,971
Other (Notes 21 and 22)	49,109	56,023	328,444
Total current liabilities	226,861	247,711	1,517,262
Non-current liabilities:			
Long-term borrowings (Notes 7 and 21)	56,499	78,838	377,869
Defined benefit liability (Note 8)	13,194	13,850	88,242
Liabilities from application of equity method	2,009	—	13,436
Deferred tax liabilities (Note 19)	23,717	17,592	158,621
Other	2,918	3,172	19,516
Total non-current liabilities	98,338	113,453	657,691
Total liabilities	325,200	361,165	2,174,960
Contingent liabilities (Note 9)			
Net assets (Note 10)			
Shareholders' equity:			
Share capital:			
Authorized - 500,000,000 shares			
Issued – 219,281,450 shares in 2025 and 219,281,450 shares in 2024	38,730	38,730	259,029
Capital surplus	123,872	124,138	828,464
Retained earnings	213,942	184,350	1,430,859
Treasury shares – 13,628,814 shares in 2025 and 13,698,507 shares in 2024	(28,254)	(28,365)	(188,965)
Total shareholders' equity	348,289	318,853	2,329,381
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	23,154	24,393	154,856
Revaluation reserve for land (Note 11)	(476)	(496)	(3,184)
Foreign currency translation adjustment	48,699	54,599	325,702
Remeasurements of defined benefit plans	(5,672)	(6,242)	(37,935)
Total accumulated other comprehensive income	65,704	72,254	439,433
Share acquisition rights (Note 26)	5	67	33
Non-controlling interests	1,515	1,648	10,132
Total net assets	415,515	392,824	2,778,993
Total liabilities and net assets	¥ 740,715	¥ 753,989	\$ 4,953,953

	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Amounts per share of common stock:			
Net assets	¥ 2,013.07	¥ 1,902.43	\$ 13.46

See accompanying notes.

Consolidated Statement of Income and Comprehensive Income

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net sales	¥ 990,407	¥ 964,090	\$ 6,623,910
Costs and expenses:			
Cost of sales (Note 6)	815,238	798,017	5,452,368
Selling, general and administrative expenses (Notes 12 and 13)	141,062	146,360	943,432
	956,301	944,378	6,395,807
Operating profit	34,106	19,711	228,103
Other income (expenses):			
Interest and dividend income	3,399	2,578	22,733
Share of profit of entities accounted for using equity method	—	1,840	—
Subsidy income	1,217	1,168	8,139
Interest expenses	(1,040)	(1,115)	(6,956)
Foreign exchange gains (losses)	(3,377)	2,029	(22,586)
Share of loss of entities accounted for using equity method	(1,958)	—	(13,095)
Gain on sale of shares of subsidiaries and associates (Note 15)	27,074	—	181,073
Gain on sale of businesses (Note 16)	6,424	—	42,964
Impairment losses (Note 17)	(4,541)	(39,286)	(30,371)
Extra retirement payments	(298)	—	(1,993)
Other (Note 14)	(3,132)	(1,404)	(20,947)
	23,765	(34,188)	158,942
Profit (loss) before income tax	57,872	(14,477)	387,052
Income taxes (Note 19):			
Income taxes - current	11,928	15,867	79,775
Income taxes - deferred	7,860	(837)	52,568
	19,788	15,030	132,343
Profit (loss)	38,083	(29,507)	254,702
Loss attributable to non-controlling interests	(246)	(306)	(1,645)
Profit (loss) attributable to owners of parent	37,837	(29,814)	253,056
Profit attributable to non-controlling interests	246	306	1,645
Profit (loss)	38,083	(29,507)	254,702
Other comprehensive income (Note 25)			
Valuation difference on available-for-sale securities	(1,243)	2,010	(8,313)
Foreign currency translation adjustment	(5,961)	24,969	(39,868)
Remeasurements of defined benefit plans, net of tax	587	3,275	3,926
Share of other comprehensive income of entities accounted for using equity method	24	738	161
Total other comprehensive income	(6,593)	30,993	(44,094)
Total comprehensive income	¥ 31,490	¥ 1,485	\$ 210,607
Comprehensive income attributable to:			
Owners of parent	¥ 31,267	¥ 1,069	\$ 209,116

Non-controlling interests	223	416	1,491
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	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Amounts per share of common stock:			
Basic earnings per share	¥ 184.00	¥ (145.04)	\$ 1.23
Diluted earnings per share	184.00	—	1.23
Cash dividends applicable to the year	60.00	30.00	0.40

Diluted earnings per share is not stated for the fiscal year ended March 31, 2024 as a net loss was recorded, although there are diluted shares.
See accompanying notes.

Consolidated Statement of Changes in Net Assets

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen				
	Shareholders' equity				
	Number of shares of common stock	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2023	219,281,450	¥ 38,730	¥ 124,206	¥ 222,385	¥ (28,581)
Dividends of surplus				(8,221)	
Profit (loss) attributable to owners of parent				(29,814)	
Purchase of treasury shares					(2)
Disposal of treasury shares			(67)		218
Additional purchase of shares of consolidated subsidiaries					
Reversal of revaluation reserve for land					
Net changes in items other than shareholders' equity					
Balance at March 31, 2024	219,281,450	¥ 38,730	¥ 124,138	¥ 184,350	¥ (28,365)
Dividends of surplus				(8,225)	
Profit (loss) attributable to owners of parent				37,837	
Purchase of treasury shares					(2)
Disposal of treasury shares			(15)		113
Additional purchase of shares of consolidated subsidiaries			(251)		
Reversal of revaluation reserve for land				(20)	
Net changes in items other than shareholders' equity					
Balance at March 31, 2025	219,281,450	¥ 38,730	¥ 123,872	¥ 213,942	¥ (28,254)

	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Share acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2023	¥ 22,348	¥ (496)	¥ 29,129	¥ (9,611)	¥ 105	¥ 1,565	¥ 399,782
Dividends of surplus							(8,221)
Profit (loss) attributable to owners of parent							(29,814)
Purchase of treasury shares							(2)
Disposal of treasury shares							150
Additional purchase of shares of consolidated subsidiaries							—
Reversal of revaluation reserve for land							—
Net changes in items other than shareholders' equity	2,044		25,470	3,369	(37)	83	30,929
Balance at March 31, 2024	¥ 24,393	¥ (496)	¥ 54,599	¥ (6,242)	¥ 67	¥ 1,648	¥ 392,824
Dividends of surplus							(8,225)
Profit (loss) attributable to owners of parent							37,837
Purchase of treasury shares							(2)
Disposal of treasury shares							98
Additional purchase of shares of consolidated subsidiaries							(251)
Reversal of revaluation reserve for land							(20)
Net changes in items other than shareholders' equity	(1,239)	20	(5,900)	569	(61)	(133)	(6,745)
Balance at March 31, 2025	¥ 23,154	¥ (476)	¥ 48,699	¥ (5,672)	¥ 5	¥ 1,515	¥ 415,515

Consolidated Statement of Changes in Net Assets

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Thousands of U.S. dollars (Note 1)			
	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at March 31, 2024	\$ 259,029	\$ 830,243	\$ 1,232,945	\$ (189,707)
Dividends of surplus			(55,009)	
Profit (loss) attributable to owners of parent			253,056	
Purchase of treasury shares				(13)
Disposal of treasury shares		(100)		756
Additional purchase of shares of consolidated subsidiaries		(1,679)		
Reversal of revaluation reserve for land			(134)	
Net changes in items other than shareholders' equity				
Balance at March 31, 2025	\$ 259,029	\$ 828,464	\$ 1,430,859	\$ (188,965)

See accompanying notes.

	Thousands of U.S. dollars (Note 1)						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Share acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2024	\$ 163,142	\$ (3,317)	\$ 365,162	\$ (41,747)	\$ 448	\$ 11,022	\$ 2,627,234
Dividends of surplus							(55,009)
Profit (loss) attributable to owners of parent							253,056
Purchase of treasury shares							(13)
Disposal of treasury shares							655
Additional purchase of shares of consolidated subsidiaries							(1,679)
Reversal of revaluation reserve for land							(134)
Net changes in items other than shareholders' equity	(8,287)	134	(39,460)	3,806	(408)	(890)	(45,111)
Balance at March 31, 2025	\$ 154,856	\$ (3,184)	\$ 325,702	\$ (37,935)	\$ 33	\$ 10,132	\$ 2,778,993

Consolidated Statement of Cash Flows

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Profit (loss) before income taxes	¥ 57,872	¥ (14,477)	\$ 387,052
Depreciation	35,143	41,464	235,039
Impairment losses	4,541	39,286	30,371
Increase (decrease) in allowance for doubtful accounts	3,849	92	25,742
Interest and dividend income	(3,399)	(2,578)	(22,733)
Interest expenses	1,040	1,115	6,956
Share of loss (profit) of entities accounted for using equity method	1,958	(1,840)	13,095
Loss (gain) on sale and retirement of non-current assets	1,182	(261)	7,905
(Increase) decrease in trade receivables	(11,429)	33,205	(76,438)
(Increase) decrease in inventories	23,729	14,165	158,701
Increase (decrease) in trade payables	(3,253)	(10,707)	(21,756)
Increase (decrease) in provision for bonuses	749	202	5,009
Loss (gain) on sale of shares of subsidiaries and associates	(27,074)	—	(181,073)
Loss (gain) on sale of businesses	(6,424)	—	(42,964)
Increase (decrease) in accrued expenses	(3,768)	767	(25,201)
Increase (decrease) in retirement benefit liability	(768)	(846)	(5,136)
Increase (decrease) in provision for product warranties	(105)	(346)	(702)
Other	682	1,714	4,561
Subtotal	74,526	100,954	498,435
Interest and dividends received	3,790	3,438	25,348
Interest paid	(1,032)	(1,142)	(6,902)
Income taxes paid	(11,466)	(14,076)	(76,685)
Net cash provided by (used in) operating activities	65,817	89,173	440,189
Cash flows from investing activities:			
Payment into time deposits	(1,511)	(1,823)	(10,106)
Proceeds from withdrawal of time deposits	1,400	2,889	9,363
Purchase of property, plant and equipment	(43,036)	(47,342)	(287,828)
Purchase of intangible assets	(7,582)	(8,699)	(50,709)
Proceeds from sale of property, plant and equipment	2,286	1,546	15,289
Proceeds from sale of shares of subsidiaries and associates	37,018	—	247,579
Proceeds from sale of businesses	8,552	—	57,196
Other	1,189	(1,667)	7,952

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net cash provided by (used in) investing activities	(1,683)	(55,095)	(11,256)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(19,790)	(3,752)	(132,357)
Proceeds from long-term borrowings	879	43,800	5,879
Repayment of long-term borrowings	(9,623)	(33,296)	(64,359)
Dividends paid	(8,225)	(8,221)	(55,009)
Other	(539)	(338)	(3,605)
Net cash provided by (used in) financing activities	(37,299)	(1,808)	(249,458)
Effect of exchange rate change on cash and cash equivalents	(1,669)	7,135	(11,162)
Net increase (decrease) in cash and cash equivalents	25,166	39,404	168,312
Cash and cash equivalents at the beginning of the year	122,298	82,893	817,937
Cash and cash equivalents at the end of the year (Note 20)	¥ 147,464	¥ 122,298	\$ 986,249

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 to present them in a format that is more familiar to readers outside of 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 Japanese yen and U.S. dollar) 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 of Japan at the prevailing exchange rate as of March 31, 2025, which was ¥149.52 to U.S. \$1.00.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) 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 at consolidation level.

(2) Equity method

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

(3) Cash equivalents

In preparing the accompanying consolidated statement of cash flows, cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with a maturity date within three months from the acquisition date that are subject to insignificant risk of changes in value.

(4) Investment securities

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

(5) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on collection. The estimated allowance to general receivables is determined based on historical credit loss ratio, while specific allowances are assessed by individually examining their recoverability.

(6) Inventories

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

(7) 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 using 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, which use 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 are computed using the straight-line method.

Major useful lives are as follows.

Buildings and structures	2–80 years
Machinery, equipment and vehicles	1–17 years
Tools, furniture, fixtures and molds	1–20 years

(8) 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 using the straight-line method over 5-year period. Software for internal use is amortized using 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.

(9) Leased assets

Assets held under finance leases, which transfer the ownership of the leased assets to the lessees, are depreciated using the same method 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 using the straight-line method over their lease period as the useful life.

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

(10) Foreign currency translation

Foreign currency transactions

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

Foreign currency financial statements

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

(11) Provision for bonuses

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

(12) Provision for bonuses for directors (and other officers)

Provision for bonuses for directors (and other officers) at the consolidated balance sheet date are determined based on an estimate of the amounts to be paid as bonuses for services rendered by directors and other officers up to that date.

(13) Provision for product warranties

Provision for warranties is recognized for specific claims and after-sales service fees on goods sold. When specific provision for warranties cannot be estimated, general provision for product warranties is recognized based on the experience rate of actual warranty claims incurred against net sales in the corresponding fiscal year.

(14) Retirement benefits

Provision for retirement benefits at the consolidated balance sheet date are stated based on the projected retirement benefit obligation deducted by pension assets.

The retirement benefit obligation is attributed to each period using the benefit formula method. Actuarial gain or loss is amortized using the straight-line method over a period within the average remaining years of service of the eligible employees (mainly from 11 to 15 years) from the fiscal year following the respective fiscal year of recognition. Prior service cost is amortized using 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.

(15) Provision for retirement benefits for directors (and other officers)

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

(16) Provision for environmental measures

Provision for environmental measures is stated at the estimated amount needed to restore certain land from soil pollution and to dispose of polluted soil and poisonous material.

(17) Revenue recognition criteria for major businesses

The Company and its consolidated subsidiaries 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 on to a customer.

For detail of revenue arising from contracts with affiliate companies, performance obligation of primary business, and ordinary time taken to satisfy such performance obligation for revenue recognition, please refer to Note "27. REVENUE RECOGNITION (2) Basic information on revenue recognized arising from contracts with customers."

(18) 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 upon receipt of lease fee payment.

(19) Income taxes

Deferred tax assets and liabilities are recorded based on the temporary differences between the tax base for assets and liabilities and their reported amounts in the accompanying consolidated financial statements using the effective tax rate 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.

(20) Amounts per share of common stock

Basic earnings per share is computed based on the net income attributable to owners of the parent and the weighted average number of shares outstanding during the year. Diluted earnings per share is computed based on the net income attributable to owners of the 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 fiscal year.

(21) 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 consolidated 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.

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

(23) Accounting Standards that have been issued but not yet applied
[Accounting standard for leases]
• Accounting Standard for Leases (ASBJ Statement No. 34, issued on September 13, 2024)
• Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, issued on September 13, 2024)

(a) Overview
The Accounting Standards Board of Japan (ASBJ) released new accounting standards as part of efforts to align Japanese standards with international practices. In developing these standards, the ASBJ examined international accounting standards with a focus on creating a lease accounting standard that would require to recognize assets and liabilities for all leases. The new standards adopt a single accounting model based on IFRS 16 Leases. However, rather than fully incorporating IFRS 16 Leases, the ASBJ included only key provisions to create a simpler, more practical standard that allows companies to apply the provisions of this guideline in non-consolidated financial statements with minimal adjustments. For lessee accounting, the new standards apply a single expense allocation model for leases, consistent with IFRS 16 Leases.
Under this model, lessees must recognize depreciation and amortization of right-of-use assets and interest on lease liabilities for all leases, regardless of whether they are classified as finance or operating leases.

(b) Effective date
Effective starting from beginning of the fiscal year ending March 31, 2028.

(c) Impact of new accounting standards
The impact of adopting the lease accounting standards on the consolidated financial statements is currently under evaluation.

3. CHANGES IN ACCOUNTING POLICIES

(a) Application of the accounting standard for current income taxes
Effective from April 1, 2024, the Group adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, revised on October 28, 2022) (hereinafter referred to as “ASBJ Statement No. 27 (revised 2022)”). Regarding the amendment related to the classification of current income taxes (taxation on other comprehensive income), the Group follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of ASBJ Statement No. 27 (revised 2022), as well as the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, revised on October 28, 2022) (hereinafter referred to as “ASBJ Guidance No. 28 (revised 2022)”). These changes in accounting policies have no impact on the Group’s consolidated financial statements.
In addition, effective from April 1, 2024, the Group adopted ASBJ Guidance No. 28 (revised 2022), regarding the amendment related to the review of the treatment in the consolidated financial statements when deferring for tax purposes the gain or loss on the sale of subsidiary shares and others among the Group companies. This change in accounting policy has been applied retrospectively and has no impact on the Group’s consolidated financial statements for the fiscal year ended March 31, 2024.

4. SIGNIFICANT ACCOUNTING ESTIMATES

(1) Impairment of fixed assets
(a) Amounts related to significant accounting estimates for the years ended March 31, 2025 and 2024
Automotive module of the module and system business

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Impairment loss	¥ —	¥ 35,759	\$ —
Fixed assets	5,766	—	38,563

Information communicating equipment of the module and system business

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Impairment loss	¥ —	¥ —	\$ —
Fixed assets	21,601	18,587	144,469

Although no impairment loss was recorded in the fiscal year ended March 31, 2025, it has been identified as a disclosure item in light of the risk of a significant impact to the consolidated financial statements in the next fiscal year.

(b) Key information of significant accounting estimates

1) Calculation method

In the fiscal year ended March 31, 2025, we determined that there were signs of impairment loss due to the continued losses arising from operating activities in the automotive modules of the module and system business, however we did not recognize impairment loss because undiscounted future cash flows from the asset group exceeded the book value of the automotive modules of the module and system business. Forward-looking undiscounted future cash flows is calculated based on the business plans for these businesses and over the economic remaining years of machinery and equipment, which are our main assets (approximately 5.3 years for automotive modules in the module and system business) Regarding the information communicating equipment of the module and system business, we did not identify any indicators of impairment of the asset groups in the business considering that no consecutive losses had been recorded from operating activities, with no changes recognized relating to the range of use or method that significantly reduced the recoverable value, or any other changes in business plan and business environment, etc.

The business plans for these businesses are made primarily based on forecast of future orders by customers and products and with expected the marginal profit ratio and fixed costs. In addition, we are also considering the impact on product sales volumes resulting from the downturn of our major customers in the Chinese market, such as Japanese, North American, and European automakers, the prolonged rise in material costs, the continued economic inflation, and the effects of U.S. tariff policies.

2) Significant assumptions

Significant assumptions used in estimates and judgments of undiscounted future cash flows are based on future order forecasts from customers and the marginal profit ratio. The future order forecasts are based on the current status of negotiations with customers and the stage of product development. The Group also utilizes forecasts of global automotive sales from external research companies. The marginal profit ratio is determined based on actual historical trends.

Regarding the future order forecasts for automotive modules and information and communication equipment, since a large volume of orders were received for each model, the success or failure of orders for each model and fluctuations from the planned sales volume at the time of order acquisition will have a significant impact on future cash flows. Long-term orders in particular are highly subject to uncertainty, so we also consider the completion status of actual orders against past order forecasts.

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

The recognition of impairment loss may become necessary for the automotive module and the information communicating equipment of the module and system business, if either the future order forecast assumption or the marginal profit ratio decreases more than anticipated.

(2) Recoverability of deferred tax assets

(a) Amounts related to significant accounting estimates for the years ended March 31, 2025 and 2024

The Company recognized net deferred tax assets as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net deferred tax assets (Net deferred tax liabilities)	¥ (1,212)	¥ (1,571)	\$ (8,106)
Deferred tax assets before netting with deferred tax liabilities	61	92	408

Including amounts above, deferred tax assets in the consolidated financial statements were ¥16,978 million and ¥15,234 million (\$101,886 thousand) as of March 31, 2024 and 2025, respectively.

(b) 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, the impact to product sales quantity suppressed by the automotive manufacture of our main customers in Japan, North America, and Europe in Chinese market, the situation to achieve the target cost improvement under the business environment such as the prolonged soaring material prices and continued inflation, and the impact of tariff policy of the United States, are also considered. 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 underlining the future taxable income are sales forecasts for each business, operating profit ratio and the transaction prices between group companies. The sales forecasts are based on future order forecast data from major customers and their negotiation status. The operating profit ratio is determined by estimating the cost in proportion to the sales volume expected based on past performance trends and the current business environment. 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) Effects on the consolidated financial statements in the next fiscal year

If the sales forecasts for each business decrease or increase more than expected, or if the operating profit ratio estimated based on past performance trends and the current business environment decreases or increases more than expected, deferred tax assets may decrease or increase in the next fiscal year.

5. INVESTMENT SECURITIES

(1) Securities classified as other securities at March 31, 2025 and 2024 are summarized as follows.

	Millions of yen			Thousands of U.S. dollars		
	2025			2025		
	Fair value	Cost	Unrealized gains (losses)	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:						
Equity securities	¥ 48,055	¥ 10,621	¥ 37,434	\$ 321,395	\$ 71,034	\$ 250,361
Securities for which cost exceeds fair value:						
Equity securities	41	42	(0)	274	281	(0)
Total	¥ 48,097	¥ 10,663	¥ 37,433	\$ 321,676	\$ 71,315	\$ 250,354

	Millions of yen			Thousands of U.S. dollars		
	2024			2024		
	Fair value	Cost	Unrealized gains (losses)	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:						
Equity securities	¥ 49,324	¥ 10,107	¥ 39,217			
Securities for which cost exceeds fair value:						
Equity securities	341	342	(0)			
Total	¥ 49,666	¥ 10,449	¥ 39,217			

Note: Non-marketable securities and other at March 31, 2025 and 2024 in the amounts of ¥324 million (\$2,167 thousand) and ¥277 million, respectively, have been excluded from the above table as they do not have any market prices.

(2) Proceeds from sales of securities classified as other securities for the years ended March 31, 2025 and 2024 were ¥277 million (\$1,853 thousand) and ¥1,145 million, respectively.

Gross realized gains and losses for the year ended March 31, 2025 were ¥218 million (\$1,458 thousand) and nil, respectively. Gross realized gains and losses for the year ended March 31, 2024 were ¥812 million and ¥0 million, respectively.

(3) The impairment losses of ¥190 million (\$1,271 thousand) and ¥545 million on securities for the years ended March 31, 2025 and 2024 were recorded for affiliated companies at ¥97 million (\$649 thousand) and nil, for foreign marketable equity securities at ¥92 million (\$615 thousand) and ¥232 million, for non-marketable equity securities at nil and ¥312 million, respectively.

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

6. INVENTORIES

Inventories at March 31, 2025 and 2024 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Merchandise and finished goods	¥ 69,331	¥ 83,170	\$ 463,690
Work in process	18,841	20,861	126,010
Raw materials and supplies	50,462	59,684	337,493
	¥ 138,636	¥ 163,716	\$ 927,207

The following (gain) loss on valuation of inventories is included in the cost of sales for the years ended March 31, 2025 and 2024, respectively:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
(Gain) loss on valuation of inventories	¥ (197)	¥ 4,875	\$ (1,318)

7. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS

Average interest rates for short-term borrowings, consisting primarily of overdrafts with banks, were 1.92% and 1.97% at March 31, 2025 and 2024, respectively.

Long-term borrowings at March 31, 2025 and 2024 are summarized as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loans principally from banks and insurance companies due over 1 year at average interest rates of 0.73% and 0.45% at March 31, 2025 and 2024, respectively	¥ 56,499	¥ 78,838	\$ 377,869
Loans principally from banks and insurance companies due within 1 year at average interest rates of 0.75% and 0.39% at March 31, 2025 and 2024, respectively	23,188	9,597	155,083
	¥ 79,688	¥ 88,436	\$ 532,959

The aggregate annual maturities of long-term borrowings subsequent to March 31, 2025 and 2024 are summarized as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2025	2025
2026	¥ 23,188	\$ 155,083
2027	14,946	99,960
2028	2,247	15,028
2029	29,130	194,823
2030	374	2,501
2031 and thereafter	9,800	65,543
Total	¥ 79,688	\$ 532,959

Year ending March 31	Millions of yen	
	2024	
2025	¥ 9,597	
2026	23,093	
2027	14,800	
2028	2,100	
2029	29,045	
2030 and thereafter	9,800	
Total	¥ 88,436	

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.

(1) Defined benefit plans

(a) The changes in the defined benefit liabilities for the years ended March 31, 2025 and 2024 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Defined benefit liabilities, beginning balance	¥ 58,992	¥ 61,853	\$ 394,543
Service cost	2,195	2,474	14,680
Interest cost	748	590	5,003
Actuarial gain or loss	(1,897)	(1,537)	(12,687)
Retirement benefits paid	(4,633)	(4,645)	(30,986)
Other	(556)	257	(3,719)
Defined benefit liabilities, ending balance	¥ 54,849	¥ 58,992	\$ 366,834

(b) The changes in plan assets for the years ended March 31, 2025 and 2024 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Plan assets, beginning balance	¥ 45,290	¥ 45,155	\$ 302,903
Expected return on plan assets	1,421	1,659	9,504
Actuarial gain or loss	(2,284)	567	(15,276)
Employer contributions	2,141	1,744	14,319
Retirement benefits paid	(4,199)	(4,266)	(28,083)
Other	(350)	430	(2,341)
Plan assets, ending balance	¥ 42,019	¥ 45,290	\$ 281,026

(c) The defined benefit assets and liabilities recognized in the consolidated balance sheet as of March 31, 2025 and 2024 consist of:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded defined benefit liabilities	¥ 54,261	¥ 58,584	\$ 362,901
Plan assets at fair value	(42,019)	(45,290)	(281,026)
Funded status	12,241	13,294	81,869
Unfunded defined benefit liabilities	588	407	3,933
Liability in the balance sheet, net	12,829	13,701	85,801
Defined benefit liabilities	13,194	13,850	88,242
Asset for retirement benefit	(364)	(148)	(2,434)
Liability in the balance sheet, net	¥ 12,829	¥ 13,701	\$ 85,801

(d) The cost of defined benefits plan recognized in the consolidated statement of income and comprehensive income for the years ended March 31, 2025 and 2024 consist of:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥ 2,195	¥ 2,474	\$ 14,680
Interest cost	748	590	5,003
Expected return on plan assets	(1,421)	(1,659)	(9,504)
Amortization of actuarial loss	974	1,108	6,514
Amortization of prior service cost	—	32	—
Other	65	67	435
Periodic pension cost for defined benefit plan	2,561	2,613	17,128
Gain on transition to defined contribution pension plan	¥ —	¥ 50	\$ —

(e) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2025 and 2024 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Prior service cost	¥ —	¥ (73)	\$ —
Actuarial gain and loss	(587)	(3,201)	(3,926)
Total	¥ (587)	¥ 3,275	\$ (3,926)

(f) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2025 and 2024 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized prior service cost	¥ 63	¥ 63	\$ 421
Unrecognized actuarial losses	5,609	6,178	37,513
Total	¥ 5,672	¥ 6,242	\$ 37,935

(g) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2025 and 2024 comprised the following:

	2025	2024
Bonds	27.4%	23.8%
Stocks	29.8%	29.4%
Insurance	21.6%	24.5%
Cash and cash equivalents	17.0%	18.4%
Alternative*	4.2%	3.9%
Total	100.0%	100.0%

* Alternative includes investments in funds of hedge funds and multi-asset management fund.

(h) The principal actuarial assumptions used in accounting for the defined benefit plans for the years ended March 31, 2025 and 2024 are as follows.

	2025	2024
Discount rate	Mainly 1.7%	Mainly 1.0%
Expected rate of return on plan assets	Mainly 3.0%	Mainly 3.5%

Note: Estimated rate of salary increase are not disclosed because retirement benefit obligations are calculated using a method that does not include the cumulative future points based on the benefit calculation formula.

(2) Multi-employer plans

One of the Company's domestic consolidated subsidiaries participates in a multi-employer defined benefit pension plan and recognizes the related required contributions for the period as net pension cost. Information regarding the multi-employer pension plan for the years ended March 31, 2025 and 2024 is summarized as follows.

(a) Funded status

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Pension assets	¥ 6,976	¥ 6,856	\$ 46,656
Pension liabilities	5,069	4,896	33,902
Funded status	¥ 1,906	¥ 1,959	\$ 12,747

(b) 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

2025	2024
1.49%	0.04%

(3) Defined contribution plans

The amounts paid to the defined contribution plans for the years ended March 31, 2025 and 2024 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Defined contribution plan payment	¥ 876	¥ 893	\$ 5,859

9. CONTINGENT LIABILITIES

The Company and certain of its consolidated subsidiaries have entered into loan commitment agreements amounting to ¥40,000 million (\$267,523 thousand as of March 31, 2025) with financial institutions at March 31, 2025 and 2024, respectively. The outstanding loans payable amounted to nil at March 31, 2025 and 2024. The unused balances amounted to ¥40,000 million (\$267,523 thousand as of March 31, 2025) at March 31, 2025 and 2024, 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.

(1) Number of shares issued, outstanding and treasury stock

The total number and periodic changes in the number of shares issued and the total number and periodic changes in the number of shares of treasury stock for the years ended March 31, 2025 and 2024 are summarized as follows.

	Shares Issued and Outstanding (Thousands)	Treasury Stock (Thousands)
Number of shares at March 31, 2023	219,281	13,802
Increase in number of shares	—	1
Decrease in number of shares	—	105
Number of shares at March 31, 2024	219,281	13,698
Increase in number of shares	—	1
Decrease in number of shares	—	71
Number of shares at March 31, 2025	219,281	13,628

During the year ended March 31, 2025, the increase of 1 thousand shares of treasury stock consists of the purchase shares of odd-shares.

The decrease of 71 thousand shares of treasury stock consists of the disposal of 45 thousand shares as granting restricted shares, the exercise of stock options rights of 25 thousand shares and so on.

During the year ended March 31, 2024, the increase of 1 thousand shares of treasury stock consists of the purchase shares of odd-shares.

The decrease of 105 thousand shares of treasury stock consists of the disposal of 90 thousand shares as granting restricted shares, the exercise of stock options rights of 15 thousand shares and so on.

(2) Stock subscription rights

The total number and periodic changes in the number of stock subscription rights for the year ended March 31, 2025, are summarized as follows.

Stock subscription rights of stock options

	ALPS ALPINE CO., LTD.
Company name	—
Class of stock	—
Number of shares at March 31, 2024	—
Increase in number of shares	—
Decrease in number of shares	—
Number of shares at March 31, 2025	—
Ending balance at March 31, 2025 (Millions of yen)	¥ 5

(3) Dividends

(a) The following appropriations of cash dividends, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2025, was approved at the ordinary general meeting of shareholders on June 25, 2025 and will go into effect on June 26, 2025:

	Millions of yen	Thousands of U.S. dollars
Cash dividends to be approved on June 25, 2025 (¥30.00 = \$0.20 per share)	¥ 6,169	\$ 41,259

(b) The following appropriations of cash dividends to shareholders of common stock were approved at the ordinary general meeting of shareholders held on June 26, 2024 and at the meeting of the Board of Directors held on October 30, 2024 and were paid to shareholders of record as of March 31, 2024 and September 30, 2024, respectively, during the year ended March 31, 2025:

	Millions of yen
Cash dividends approved on June 26, 2024 (¥10.00 per share)	¥ 2,055
Cash dividends approved on October 30, 2024 (¥30.00 per share)	¥ 6,169

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, 2025 and 2024 were ¥754 million (\$5,043 thousand) and ¥815 million, respectively.

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major items included in selling, general and administrative expenses for the years ended March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries	¥ 41,844	¥ 40,178	\$ 279,856
Research and development expenses	24,346	32,959	162,828
Commission expenses	16,797	20,630	112,339
Employees’ bonuses	5,566	5,446	37,226
Provision for doubtful accounts	3,556	63	23,783
Retirement benefit expenses	1,503	1,573	10,052
Warranty costs	514	1,129	3,438

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in cost of sales and general and administrative expenses were ¥24,346 million (\$162,828 thousand) and ¥32,959 million for the years ended March 31, 2025 and 2024, respectively.

14. OTHER INCOME (EXPENSES)

The components of other, net, in the accompanying consolidated statement of income and comprehensive income for the years ended March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gain on sale of investment securities	¥ 218	¥ 812	\$ 1,458
Gain on sale of non-current assets	65	1,109	435
Loss on sales and retirement of non-current assets	(1,248)	(847)	(8,347)
Foreign withholding tax	(834)	(1,129)	(5,578)
Depreciation of inactive non-current assets	(419)	(428)	(2,802)
Other	(915)	(920)	(6,120)
Total	¥ (3,132)	¥ (1,404)	\$ (20,947)

15. GAIN ON SALE OF SHARES OF SUBSIDIARIES AND ASSOCIATES

Based on a resolution of the Board of Directors held on May 9, 2024, the Company entered into an agreement with LDEC, Ltd. (hereinafter referred to as “Tender Offeror”), which is fully owned by LOGISTEED, Ltd. (hereinafter referred to as “LOGISTEED”), for the sale of common shares of ALPS LOGISTICS CO., LTD. (hereinafter referred to as “ALPS LOGISTICS”), an equity method affiliate of the Company (hereinafter, the series of transactions specified in the Basic Transaction Agreement shall be referred to as the “Transaction”). In addition, the Transaction was completed on January 30, 2025.

An outline of the Transaction is as follows.

- (a) The Tender Offeror conducted a tender offer for the shares of ALPS LOGISTICS (hereinafter referred to as “Tender Offer”). The Company and its wholly-owned subsidiary, ALPINE ELECTRONICS, INC., did not tender any of the ALPS LOGISTICS shares owned in response to the Tender Offer.
- (b) Upon completion of the Tender Offer, ALPINE ELECTRONICS, INC. transferred all shares of ALPS LOGISTICS it owns to the Company through an absorption-type split. This was followed by a share consolidation, resulting in ALPS LOGISTICS having only the Company and the Tender Offeror as its shareholders.
- (c) Subject to the stock consolidation taking effect, the Company sold all of its shares in ALPS LOGISTICS for ¥70,721 million (\$472,986 thousand) in response to a share buyback conducted by ALPS LOGISTICS (hereinafter referred to as “Share Buyback”).
- (d) Prior to the Purchase of Treasury Shares, the Company made an in-kind contribution to the Tender Offeror of a portion of the right to claim payment related to the Share Buyback and acquire the shares of the Tender Offeror (including 20% of voting rights) for ¥30,702 million (\$205,337 thousand).

The Tender Offeror commenced the Tender Offer on August 22, 2024, and the Tender Offer was effected on October 4, 2024. The Company sold its shares in ALPS LOGISTICS in response to the repurchase of its own shares on January 30, 2025.

As a result, ALPS LOGISTICS and 26 other subsidiaries has been included in the scope of equity method through Tender Offeror. Gain on sale of shares of subsidiaries and associates in the amount of ¥27,074 million (\$181,072 thousand) is recorded as extraordinary income.

16. GAIN ON SALE OF BUSINESSES

For the fiscal year ended March 31, 2025, the Company transferred its power inductor business to DELTA ELECTRONICS INC. Group (Head office: Taipei, Taiwan; Chairman and CEO: Ping Cheng). As a result, gain on sale of business in the amount of ¥6,424 million (\$42,964 thousand) was recorded as extraordinary income.

Please refer to Note “30. BUSINESS COMBINATION THROUGH ACQUISITION”.

17. 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 and scheduled disposal assets, each asset is treated as an individual cash generating unit when applying the accounting treatment for impairment of fixed assets as 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, 2025.

Location	Use	Asset type	Millions of yen	Thousands of U.S. dollars
			2025	2025
Japan	Assets for communication devices business	Machinery, equipment and vehicles etc.	¥ 1,253	\$ 8,380
	Assets for steering module business	Tools, furniture, fixtures and molds etc.	23	154
	Assets for capacitive touch panel business	Construction in progress etc.	92	615
	Scheduled disposal assets	Land etc.	2,365	15,817
China	Assets for communication devices business	Machinery, equipment and vehicles etc.	123	823
	Assets for steering module business	Machinery, equipment and vehicles etc.	553	3,699
	Scheduled disposal assets	Machinery, equipment and vehicles etc.	20	134
Czechia	Assets for steering module business	Machinery, equipment and vehicles etc.	49	328
Ireland	Assets for communication devices business	Machinery, equipment and vehicles etc.	25	167
Korea	Assets for communication devices business	Machinery, equipment and vehicles etc.	17	114
America	Assets for communication devices business	Construction in progress etc.	16	107
Total			¥ 4,541	\$ 30,371

Due to the present value of future cash flows related to communication devices included in the Sensor and Communication Segment being lower than the book value of the business fixed assets held by our group, we have reduced the book value of the business fixed assets to their recoverable amount, recorded the decreased amount ¥1,436 million (\$9,604 thousand) as an impairment loss under extraordinary losses. In addition, we have recorded the same for other businesses, recording extraordinary loss on impairment for ¥719 million (\$4,809 thousand) reducing the book value of the fixed assets to their recoverable amount. The details of write-downs in these business assets are machinery, equipment and vehicles for ¥1,310 million (\$8,761 thousand), tools, furniture, fixtures and molds for ¥354 million (\$2,368 thousand), construction in progress for ¥246 million (\$1,645 thousand), intangible assets for ¥222 million (\$1,485 thousand), and others for ¥21 million (\$140 thousand).

Further, the recoverable value of business assets based on its value in-use is measured to be zero as the future cash flow of the value in-use is negative.

For scheduled disposal assets that were not expected to be used in the future, the book value was written down to its recoverable value and impairment losses for ¥2,386 million (\$15,958 thousand) were recognized as extraordinary losses. The scheduled disposal assets include land for ¥1,588 million (\$10,621 thousand), building & structure for ¥496 million (\$3,317 thousand), construction in progress for ¥195 million (\$1,304 thousand), machinery, equipment

and vehicles for ¥98 million (\$655 thousand), and others for ¥6 million (\$40 thousand).

The recoverable value of assets intended for disposal is calculated as the net realizable value for those planned to be sold and as zero for all others.

The Company recognized impairment losses on the following asset groups during the year ended March 31, 2024.

Location	Use	Asset type	Millions of yen
			2024
Japan	Assets for automotive module business	Machinery & equipment and vehicle etc.	¥ 5,468
	Assets for capacitive touch panel business	Machinery & equipment and vehicle etc.	73
	Assets for electricity storage system business and IoT business	Intangible assets, etc.	522
	Scheduled disposal assets	Buildings & structures etc.	136
	Idle assets	Land	12
China	Assets for automotive module business	Machinery & equipment and vehicle etc.	6,993
	Assets for capacitive touch panel business, etc.	Machinery & equipment and vehicle etc.	0
	Scheduled disposal assets	Construction in progress	40
Korea	Assets for automotive module business, etc.	Machinery & equipment and vehicle etc.	9,890
America	Assets for automotive module business	Machinery & equipment and vehicle etc.	7,137
Czechia	Assets for automotive module business	Machinery & equipment and vehicle etc.	6,159
Hungary	Assets for automotive module business	Machinery & equipment and vehicle etc.	1,748
Ireland	Assets for automotive module business, etc.	Machinery & equipment and vehicle etc.	998
Malaysia	Assets for automotive module business	Machinery & equipment and vehicle etc.	102
Total			¥ 39,286

Regarding the assets related to the module products comprising the Module and System Segment and for a portion of products for the automotive market included in the Sensor and Communication Segment, we recorded an extraordinary loss on impairment for the decrease in the book value (Module and System business ¥35,759 million, Sensor and Communication business ¥1,518 million). This is due to the present value of future cash flows for non-current business assets. The present value has fallen below the book value of the non-current business assets held by the Company. This decrease is the result of reflecting the latest circumstances in the estimates of future cash flows. These circumstances include the expectation that improving the profit structure of these products will take time. Additionally, the costs associated with the start of production of new products are expected to continue rising more than previously anticipated. In addition, regarding the other businesses, due to tougher business environment, we recorded an extraordinary loss on impairment for the ¥1,830 million reduction in the book value to its recoverable value. The details of business assets written-down include machinery & equipment etc. for ¥17,365 million, tools & furniture etc. for ¥6,716 million, construction in progress for ¥6,330 million, building & structure for ¥5,586 million, intangible assets for ¥1,834 million, land ¥1,092 million, and others for ¥184 million.

Further, the recoverable value of business assets based on its value in-use is measured to be zero as the future cash flow of the value in-use is negative.

For those assets scheduled for disposal and assets on idle which either its fair value declined or with no future expected use, the book value has been written-down to its recoverable value with an impairment loss for ¥177 million recognized as extraordinary loss. The details of these assets recorded for impairment include land for ¥65 million, building & structure for ¥54 million, construction in progress for ¥50 million, and others for ¥6 million.

The recoverable value of assets intended for disposal is calculated as the net realizable value for those planned to be sold and as zero for all others.

18. EXTRA RETIREMENT PAYMENTS

There were no “Extra retirement payments” recognized for the year ended March 31, 2024.

During the year ended March 31, 2025, we decided to close the Jengka plant of ALPS ELECTRIC (MALAYSIA) SDN. BHD., a consolidated subsidiary of the Company. As a result, the amount of extra retirement allowance paid to employees was recorded as “Extra retirement payments” of ¥298 million (\$1,993 thousand).

19. INCOME TAXES

The Company is subject to various 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, 2025 and 2024, respectively.

(1) 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, 2025 and 2024:

	2025	2024
Statutory tax rates	30.4%	30.4%
Change in valuation allowance	21.5	(89.9)
Retained profit of overseas subsidiaries	8.2	(40.3)
Difference of tax rates for foreign subsidiaries	(7.1)	4.0
Exclusion of dividends received from gross profits	(62.9)	153.0
Elimination of dividends received from consolidated subsidiaries	29.7	(161.7)
Prior-year tax adjustments	0.2	(5.7)
Share of profit (loss) of entities accounted for using equity method	4.2	3.8
Expiration of losses carried forward	4.1	(0.3)
Consolidated adjustment of gain on sale of shares of subsidiaries and associates	7.8	—
Other	(1.9)	2.9
Effective tax rates	34.2%	(103.8)%

(2) The significant components of deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Provision for bonuses	¥ 2,541	¥ 2,469	\$ 16,994
Provision for product warranties	1,807	1,507	12,085
Allowance for doubtful accounts	518	94	3,464
Accrued income taxes	163	203	1,090
Accrued expenses	2,725	2,603	18,225
Retirement benefit liability	2,377	2,405	15,898
Depreciation	18,549	18,774	124,057
Impairment losses for land	3,384	2,896	22,632
Intercompany profit	3,013	4,983	20,151
Loss on valuation of investment securities	1,367	1,413	9,143
Loss on valuation of inventories	4,369	3,907	29,220
Investment book value adjustment	9,148	—	61,182
Tax loss carryforwards	34,745	30,822	232,377
Other	4,245	6,807	28,391
Gross deferred tax assets	88,958	78,890	594,957
Valuation allowance for tax loss carryforwards	(34,562)	(30,695)	(231,153)
Valuation allowance for deductible temporary differences	(34,550)	(23,008)	(231,073)
Total valuation allowance*	(69,113)	(53,704)	(462,232)
Less deferred tax liabilities in the same tax jurisdiction	(4,610)	(8,207)	(30,832)
Total deferred tax assets	15,234	16,978	101,886
Deferred tax liabilities:			
Unrealized gain on investment securities	(9,247)	(9,820)	(61,845)
Undistributed retained earnings of foreign subsidiaries	(15,418)	(12,105)	(103,117)
Accelerated depreciation of property, plant and equipment	(2,820)	(2,859)	(18,860)
Other	(841)	(1,014)	(5,625)
Gross deferred tax liabilities	(28,328)	(25,799)	(189,460)
Less deferred tax assets in the same tax jurisdiction	4,610	8,207	30,832
Total deferred tax liabilities	(23,717)	(17,592)	(158,621)
Net deferred tax assets	¥ (8,482)	¥ (613)	\$ (56,728)

* Valuation allowance increased by ¥15,408 million (\$103,050 thousand). The main reason of this increase is due to the increase in the valuation allowance for tax loss carryforwards of the parent company.

Tax loss carryforwards and valuation allowance for tax loss carryforwards are as follows.

	Millions of yen						
	2025						
	Due in one year or less	Due after one year 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* ¹	¥ 335	¥ 56	¥—	¥1,064	¥ 7,450	¥ 25,838	¥ 34,745
Valuation allowance	(279)	(56)	—	(981)	(7,428)	(25,816)	(34,562) ^{*2}
Deferred tax assets	¥ 56	¥ —	¥—	¥ 83	¥ 21	¥ 22	¥ 182

	Millions of yen						
	2024						
	Due in one year or less	Due after one year 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* ¹	¥ 2,283	¥ 314	¥ 56	¥ 13	¥ 1,039	¥ 27,115	¥ 30,822
Valuation allowance	(2,253)	(314)	(56)	—	(957)	(27,114)	(30,695) ^{*2}
Deferred tax assets	¥ 29	¥ —	¥ —	¥ 13	¥ 82	¥ 0	¥ 127

	Thousands of U.S. dollars						
	2025						
	Due in one year or less	Due after one year 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* ¹	\$ 2,241	\$ 375	\$—	\$ 7,116	\$ 49,826	\$ 172,806	\$ 232,377
Valuation allowance	(1,868)	(375)	—	(6,561)	(49,679)	(172,659)	(231,153) ^{*2}
Deferred tax assets	\$ 375	\$ —	\$—	\$ 555	\$ 140	\$ 147	\$ 1,217

*1 The amount is determined by multiplying the corresponding tax loss carryforwards by the effective statutory tax rate.
*2 Deferred tax assets of ¥182 million (\$1,217 thousand) were recorded for tax loss carryforwards of ¥34,745 million (\$232,377 thousand). Deferred tax assets associated with tax loss carryforwards are considered to be recoverable based on estimated future taxable income.

(3) The Company and certain of its consolidated subsidiaries have applied group tax sharing system. Accordingly, the Company and certain of its consolidated subsidiaries have adopted the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, issued on August 12, 2021), 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.

(4) Deferred tax assets and liabilities resulting from temporary differences that are expected to be eliminated on or after April 1, 2026 are calculated by changing the effective statutory tax rate from 30.4% to 31.3%.
As a result of this change, deferred tax liabilities (amount after deducting deferred tax assets) increased by ¥182 million (\$1,217 thousand), deferred income taxes increased by ¥4 million (\$26 thousand), and valuation difference on available-for-sale securities decreased by ¥178 million (\$1,190 thousand) as of and for the fiscal year ended March 31, 2025.

20. CASH AND CASH EQUIVALENTS

(1) A reconciliation between cash and deposits in the accompanying consolidated balance sheets, and cash and cash equivalents in the accompanying statements of cash flows as of March 31, 2025 and 2024 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and deposits	¥ 147,941	¥ 122,667	\$ 989,440
Less:			
Time deposits with a maturity of more than three months when purchased	(477)	(369)	(3,190)
Cash and cash equivalents	¥ 147,464	¥ 122,298	\$ 986,249

(2) Supplemental Disclosure of Non-Cash Transactions
The Company recorded assets and corresponding obligations for finance lease transactions amounting to ¥97 million (\$649 thousand) and ¥42 million for the years ended March 31, 2025 and 2024, respectively.

21. FINANCIAL INSTRUMENTS

(1) Overview

(a) 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.

(b) Types of financial instruments and related risk

Trade receivables—notes and accounts receivable - trade—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 and currency options.

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—notes and accounts payable - trade—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 and currency options 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.

(c) Risk management for financial instruments

1) Management 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.

2) Management 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 and currency options 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.

3) Management 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.

(d) 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 a 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.

(2) Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2025 and 2024, their estimated fair value and unrealized gains are shown in the following table.

	Millions of yen			Thousands of U.S. dollars		
	2025			2025		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Assets:						
Investment securities*1	¥ 48,097	¥ 48,097	¥ —	\$ 321,676	\$ 321,676	\$ —
Total assets	¥ 48,097	¥ 48,097	¥ —	\$ 321,676	\$ 321,676	\$ —
Liabilities:						
Long-term borrowings	¥ 56,499	¥ 56,134	¥ (364)	\$ 377,869	\$ 375,428	\$ (2,434)
Total liabilities	¥ 56,499	¥ 56,134	¥ (364)	\$ 377,869	\$ 375,428	\$ (2,434)
Derivatives*3	¥ (24)	¥ (24)	¥ —	\$ (161)	\$ (161)	\$ —

	Millions of yen		
	2024		
	Carrying value	Estimated fair value	Difference
Assets:			
Investment securities*1	¥ 70,531	¥ 100,739	¥ 30,208
Total assets	¥ 70,531	¥ 100,739	¥ 30,208
Liabilities:			
Long-term borrowings	¥ 78,838	¥ 79,176	¥ 338
Total liabilities	¥ 78,838	¥ 79,176	¥ 338
Derivatives*2	¥ (119)	¥ (119)	¥ —

Note: Cash and deposits, Notes and accounts receivable - trade, Notes and accounts payable - trade, and short-term borrowings are omitted here since their fair value approximates the book value due to settlement in a short period of time.

*1 Non-marketable available-for-sale securities at March 31, 2025 and 2024 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
	2025	2024	2025
	Carrying value	Carrying value	Carrying value
Investment in unlisted stocks, unconsolidated subsidiaries and affiliated companies	¥ 11,935	¥ 1,273	\$ 79,822

*2 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.

Redemption schedule for receivables and marketable securities with maturities at March 31, 2025 and 2024

		Millions of yen		Thousands of U.S. dollars
		2025	2024	2025
Due in one year or less	Cash and deposits	¥ 147,941	¥ 122,667	\$ 989,440
	Notes and accounts receivable - trade	166,841	158,584	1,115,844
Total		¥ 314,783	¥ 281,251	\$ 2,105,290

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, 2025 and 2024 are summarized as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2025	2025
2026	¥ 108	\$ 722
2027	110	736
2028	69	461
2029	13	87
2030	0	0
2031 and thereafter	—	—
Total	¥ 302	\$ 2,020

Year ending March 31	Millions of yen
	2024
2025	¥ 79
2026	69
2027	52
2028	44
2029	28
2030 and thereafter	23
Total	¥ 298

(3) 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 significant 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.

(a) Financial instruments recorded in the consolidated balance sheet at fair value at March 31, 2025 and 2024.

	Millions of yen				Thousands of U.S. dollars			
	2025				2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Investment securities								
Other securities								
Securities	48,097	—	—	48,097	321,676	—	—	321,676
Total assets	¥ 48,097	¥ —	¥ —	¥ 48,097	\$ 321,676	\$ —	\$ —	\$ 321,676
Liabilities:								
Derivatives								
Currencies	—	24	—	24	—	161	—	161
Total liabilities	¥ —	¥ 24	¥ —	¥ 24	\$ —	\$ 161	\$ —	\$ 161

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Other securities				
Securities	49,666	—	—	49,666
Total assets	¥ 49,666	¥ —	¥ —	¥ 49,666
Liabilities:				
Derivatives				
Currencies	—	119	—	119
Total liabilities	¥ —	¥ 119	¥ —	¥ 119

(b) Financial instruments other than those recorded in the consolidated balance sheet at the fair value at March 31, 2025 and 2024.

	Millions of yen				Thousands of U.S. dollars			
	2025				2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Long-term borrowings	—	56,134	—	56,134	—	375,428	—	375,428
Total liabilities	¥ —	¥ 56,134	¥ —	¥ 56,134	\$ —	\$ 375,428	\$ —	\$ 375,428

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Other securities				
Securities	51,073	—	—	51,073
Total assets	¥ 51,073	¥ —	¥ —	¥ 51,073
Liabilities:				
Derivatives				
Currencies	—	79,176	—	79,176
Total liabilities	¥ —	¥ 79,176	¥ —	¥ 79,176

Note: Explanations for valuation means used for fair value measurement and explanations on inputs related thereto.

(1) Investment securities
Listed shares of stock are valued using quoted prices. Listed shares of stock are traded on active markets and classified into the level 1 fair value.

(2) 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.

(3) 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 and currency options 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, 2025 and 2024, to which hedge accounting has not been applied, are summarized as follows.

			Millions of yen			Thousands of U.S. dollars		
			2025			2025		
			Notional amounts	Estimated fair value	Unrealized gains (losses)	Notional amounts	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:	Sell:	U.S. dollars	¥ 4,380	¥ (9)	¥ (9)	\$ 29,294	\$ (60)	\$ (60)
		Euro	428	(8)	(8)	2,862	(54)	(54)
Currency option:	Sell and Buy	U.S. dollars	¥ 8,470	¥ (3)	¥ (3)	\$ 56,648	\$ (20)	\$ (20)
		Euro	600	(3)	(3)	4,013	(20)	(20)

			Millions of yen		
			2024		
			Notional amounts	Estimated fair value	Unrealized gains
Forward foreign exchange contracts:	Sell:	U.S. dollars	¥ 2,877	¥ (43)	¥ (43)
		Euro	920	(2)	(2)
Currency option	Sell and Buy	U.S. dollars	¥ 16,913	¥ (68)	¥ (68)
		Euro	3,101	(5)	(5)

Note: Currency option is the zero-cost option contract, and call option and put option are shown as a lump-sum because they are included in integrated contract.

- (2) There were no derivative transactions to which hedge accounting has been applied at March 31, 2025 and 2024.
- (3) There were no derivative transactions regarding interest at March 31, 2025 and 2024.

23. LEASES

As lessee:

The Company's future minimum lease payments subsequent to March 31, 2025 and 2024 for non-cancelable operating leases are summarized as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2025	2025
2025	¥ 1,863	\$ 12,460
2026 and thereafter	4,555	30,464
	¥ 6,418	\$ 42,924

Year ending March 31	Millions of yen
	2024
2024	¥ 1,723
2025 and thereafter	3,558
	¥ 5,282

- As lessor:
- (1) Finance leases
- (a) Investment in lease assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Lease receivables	¥ 797	¥ 901	\$ 5,330
Interest portion of lease receivables	(43)	(44)	(288)
Investment in lease assets	¥ 754	¥ 856	\$ 5,043

(b) The collection schedules of lease receivables at March 31, 2025 and 2024 are summarized as follows.

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2025	2025
2026	¥ 1,769	\$ 11,831
2027	1,046	6,996
2028	765	5,116
2029	270	1,806
2030	135	903
2031 and thereafter	29	194
	¥ 4,017	\$ 26,866

	Millions of yen
Year ending March 31	2024
2025	¥ 1,148
2026	975
2027	764
2028	496
2029	168
2030 and thereafter	103
	¥ 3,656

(2) Operating leases

The Company's future minimum lease receivables subsequent to March 31, 2025 and 2024 for non-cancelable operating leases are summarized as follows.

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2025	2025
2026	¥ 47	\$ 314
2027 and thereafter	80	535
	¥ 128	\$ 856

	Millions of yen
Year ending March 31	2024
2025	¥ 46
2026 and thereafter	72
	¥ 119

24. RELATED PARTY TRANSACTIONS

(1) Related-party transactions

The Company has related party transactions with directors. The corresponding balance as of March 31, 2025 and 2024, 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
		2025	2024	2025
Toshihiro Kuriyama	Disposal of treasury stock as restricted stock compensation	¥—	¥ 12	\$ —
Hideo Izumi	Disposal of treasury stock as restricted stock compensation	16	21	107

Note: The mentioned related party transaction represents an in-kind contribution for monetary receivables relating to restricted stock compensation plan.

(2) Summarized consolidated financial information of significant affiliate.

(a) Year ended March 31, 2025

Not applicable.

(b) Year ended March 31, 2024

ALPS LOGISTICS CO., LTD. is classified as a significant affiliated company for the year ended March 31, 2024. The affiliate's summarized consolidated financial statements for the year ended March 31, 2024 is as follows.

	Millions of yen
	2024
Total current assets	¥ 47,852
Total non-current assets	54,668
Total current liabilities	24,342
Total non-current liabilities	12,672
Total net assets	65,506
Net sales	118,844
Income before income taxes	5,982
Net income attributable to owners of parent	¥ 3,570

NEUSOFT REACH AUTOMOTOVE TECHNOLOGY (SHANGHAI) CO., LTD. is reclassified as a significant affiliated company for the year ended March 31, 2024. The affiliate’s summarized consolidated financial statements for the year ended March 31, 2024 is as follows.

	Millions of yen
	2024
Total current assets	¥ 22,456
Total non-current assets	7,025
Total current liabilities	28,465
Total non-current liabilities	971
Total net assets	45
Net sales	17,240
Loss before income taxes	(9,802)
Net loss attributable to owners of parent	¥ (9,770)

25. OTHER COMPREHENSIVE INCOME

The following table presents reclassification adjustments as amounts reclassified to profit for the years ended March 31, 2025 and 2024, which were recognized in other comprehensive income for the years ended March 31, 2025 and 2024, and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2025 and 2024.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ (2,296)	¥ 4,071	\$ (15,356)
Reclassification adjustments	(105)	(266)	(702)
Valuation difference on available-for-sale securities before income taxes and tax effect	(2,402)	3,805	(16,065)
Income taxes and tax effect	1,158	(1,794)	7,745
Valuation difference on available-for-sale securities	(1,243)	2,010	(8,313)
Foreign currency translation adjustments:			
Amount arising during the year	(5,646)	25,190	(37,761)
Reclassification adjustments	(315)	—	(2,107)
Foreign currency translation adjustments before income taxes and tax effect	(5,961)	25,190	(39,868)
Income taxes and tax effect	—	(221)	—
Foreign currency translation adjustments	(5,961)	24,969	(39,868)
Remeasurements of defined benefit plans, net of tax:			
Amount arising during the year	(191)	2,229	(1,277)
Reclassification adjustments	779	1,046	5,210
Remeasurements of defined benefit plans before income taxes and tax effect	587	3,275	3,926
Income taxes and tax effect	—	—	—
Remeasurements of defined benefit plans, net of tax	587	3,275	3,926
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	24	739	161
Reclassification adjustments	—	(1)	—
Share of other comprehensive income of entities accounted for using equity method	24	738	161
Total other comprehensive income	¥ (6,593)	¥ 30,993	\$ (44,094)

26. STOCK OPTIONS

(1) There were no stock option expenses for the years ended March 31, 2025 and 2024.

(2) Outline of stock options and changes

(a) Outline of stock options

	ALPS ELECTRIC CO., LTD. First Series of Stock Subscription Rights*1	ALPS ELECTRIC CO., LTD. Second Series of Stock Subscription Rights*1
Number of eligible grantees	Total 12 Directors of the Company (Excluding outside directors)	Total 12 Directors of the Company (Excluding outside directors)
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
Grant date	July 28, 2014	July 24, 2015
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
Required service period	None	None
Exercise period	From July 29, 2014 to July 28, 2054	From July 27, 2015 to July 26, 2055

	ALPS ELECTRIC CO., LTD. Third Series of Stock Subscription Rights*1	ALPS ELECTRIC CO., LTD. Fourth Series of Stock Subscription Rights*1
Number of eligible 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)
Type and number of shares to be issued upon the exercise of the stock subscription rights	23,900 shares of common stock	17,000 shares of common stock
Grant date	July 21, 2016	July 24, 2017
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, 2016	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 23, 2017
Required service period	None	None
Exercise period	From July 22, 2016 to July 21, 2056	From July 25, 2017 to July 24, 2057

	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights*1
Grantees	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)	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	19,000 shares of common stock	10,880 shares of common stock*3
Grant date	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 22, 2018	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
Exercise period	From July 26, 2018 to July 25, 2058	From January 1, 2019 to July 23, 2058

*1 The number of shares is shown.
*2 The classification and number of persons eligible for the 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.

(b) Movements in stock options (in shares) for the year ended March 31, 2025 were as follows.

1) 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, 2024	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of March 31, 2025	—	—	—
Vested			
As of March 31, 2024	6,200	2,500	6,600
Vested	—	—	—
Exercised	6,200	2,500	6,600
Forfeited	—	—	—
Outstanding as of March 31, 2025	—	—	—

	ALPS ELECTRIC CO., LTD. Fourth Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights
Non-vested			
As of March 31, 2024	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of March 31, 2025	—	—	—
Vested			
As of March 31, 2024	4,700	6,200	816
Vested	—	—	—
Exercised	4,700	5,200	—
Forfeited	—	—	—
Outstanding as of March 31, 2025	—	1,000	816

2) 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	¥ 1,494	¥ 1,494	¥ 1,494
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. Tenth Series of Stock Subscription Rights (*)
Exercise price	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	¥ 1,494	¥ 1,494	—
Fair value at grant date	¥ 3,053	¥ 2,944	¥ 2,319

* The fair value of the stock option at the grant date is stated as of the initial grant date of Alpine Electronics, Inc..

(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 the revenue recognized arising from the contracts with customers
- Information on the revenue recognized arising from the contracts with customers is mentioned in “29 SEGMENT INFORMATION”.
- (2) Basic information on revenue recognized arising from contracts with customers
- Regarding the contracts with customers, the Group recognizes 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 of the Group’s main business is as follows.

- (a) Component business and Sensor and Communication business
- In the Component business, the Group manufactures and sells electronic parts including but not limited to switches, actuators, and haptic reactor. In the Sensor and Communication business, the Group manufactures and sells electronic parts including but not limited to sensors and communication devices. 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. There are no other performance obligations in which the Company recognizes, such as returns or refunds that may have a material impact to revenue recognition.
- Payment is mainly received within three months after the performance obligation is satisfied, 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 the above.

Sales in Component business and Sensor and Communication business consist of single performance obligations, and accordingly, there is no allocation of transaction prices to any other performance obligation.

(b) Module and System business

1) Manufacturing and sales of module and system products

In the business of module and system business, the Group mainly manufactures and sells products including but not limited to automotive module products, infotainment products, display products and automotive-audio 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 sales reversal, cash back, or similar.

Payment is mainly received within three months after the performance obligation is satisfied, 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 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 products of Module and System 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 business, the Group provides a map updating service and additional warranty services to car navigation systems concomitantly with the product sales (Hereafter, “Concomitant services”). Concomitant services are treated 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 sales 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.

(c) Other business

The other business provides mainly system solutions and office services, etc.

For providing system solutions or office services, 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 after the performance obligation is satisfied. 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 consideration.

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 fulfillment of performance obligations based on the contract 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

(a) 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
	2025	2024	2025
Receivables from contracts with customers, beginning of fiscal year	¥ 158,584	¥ 176,921	\$ 1,060,621
Notes receivable	5,640	6,088	37,721
Accounts receivable	152,943	170,833	1,022,893
Receivables from contracts with customers, end of fiscal year	166,841	158,584	1,115,844
Notes receivable	4,493	5,640	30,049
Accounts receivable	162,348	152,943	1,085,795
Contract liabilities, beginning of fiscal year	4,322	4,595	28,906
Contract liabilities, end of fiscal year	¥ 3,482	¥ 4,322	\$ 23,288

Notes and receivables except for receivables from contracts with customers are mainly concerning the financial and lease business. Since these amounts are immaterial those are included in receivables from contracts with customers.

The contract liabilities are mainly related to the Concomitant service in the module and system business and system solution services in the other business. For detailed information, refer to “2. Basic information on revenue recognized arising from contracts with customers”.

The Group has no transactions for which contract assets exist.

The amounts included in the beginning balances of contract liabilities were ¥2,238 million (\$14,968 thousand) and ¥1,986 million for the years ended March 31, 2025, and 2024, respectively.

(b) Transaction prices allocated to remaining performance obligations

For the fiscal years ended March 31, 2025 and 2024, total transaction prices allocated to other remaining performance obligations, and the expected period during which the revenue is recognized are as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2025	2025
2026	¥ 2,124	\$ 14,205
2027	734	4,909
2028	402	2,689
2029 and thereafter	221	1,478
	¥ 3,482	\$ 23,288

Year ending March 31	Millions of yen
	2024
2025	¥ 2,112
2026	1,311
2027	526
2028 and thereafter	371
	¥ 4,322

28. PER SHARE INFORMATION

Per share information as of and for the years ended March 31, 2025 and 2024 is as follows.

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥ 2,013.07	¥ 1,902.43	\$ 13.46
Net income (loss) attributable to owners of parent per share			
Basic	184.00	(145.04)	1.23
Diluted	184.00	—	1.23

Diluted earnings per share for the fiscal year ended March 31, 2024 is not stated as it is a loss per share, although there are diluted 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
	2025	2024	2025
Total net assets	¥ 415,515	¥ 392,824	\$ 2,778,993
Amounts deducted from total net assets:	1,521	1,716	10,173
Subscription rights	5	67	33
Non-controlling interests	1,515	1,648	10,132
Net assets attributable to common stock	413,994	398,108	2,768,820
Number of common stock used in calculation of net assets per share (Thousand)	205,652	205,582	205,652

The basis for calculating earnings per share and diluted earnings per share is as follows.

	Millions of yen, except share data		Thousands of U.S. dollars, except share data
	2025	2024	2025
Earnings per share:			
Net income (loss) attributable to owners of parent	¥ 37,837	¥ (29,814)	\$ 253,056
Amounts not attributable to common shareholders	—	—	—
Net income (loss) attributable to owners of parent related to common stock	37,837	(29,814)	253,056
Average number of shares during the year (Thousand)	205,635	205,558	205,635
Diluted earnings per share:			
Adjustment to net income attributable to owners of parent	—	—	—
Increase in number of common stock (Thousand)	8	—	8
Subscription rights to shares	8	—	8
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

(1) 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 Component Segment, Sensor and Communication Segment and Module and System Segment.

The Component Segment manufactures, and sells electronic components such as switches, actuators, and haptic reactor. The Sensor and Communication Segment manufactures, and sells electronic components of sensors and communication devices. The Module and System Segment manufactures, and sells components and products of in-vehicle modules, communication equipment (infotainment, displays) and sound.

(2) The accounting policies of the segments are substantially the same as those described in Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Segment profit of the reportable segments is based on operating profit. Inter-segment sales and transfers are determined on the basis of actual transactions.

(3) Reportable segment information of the Company for the years ended March 31, 2025 and 2024 is summarized as follows.

Year ended March 31, 2025	Millions of yen							
	Reportable segments			Total	Other* ¹	Total	Adjustments* ²	Consolidated* ⁴
	Component segment	Sensor and Communication segment	Module and System segment					
Net sales								
External customers (Note 5)	¥ 348,013	¥ 84,199	¥ 537,202	¥ 969,415	¥ 20,992	¥ 990,407	¥ —	¥ 990,407
Inter-segment sales and transfers	294	22	37	353	10,489	10,843	(10,843)	—
Total	348,307	84,221	537,240	969,769	31,481	1,001,251	(10,843)	990,407
Segment profit (loss)	30,397	(3,360)	5,606	32,642	1,516	34,159	(52)	34,106
Segment assets	146,707	46,307	244,205	437,220	49,400	486,621	254,093	740,715
Other items								
Depreciation and amortization	17,115	3,585	13,534	34,235	945	35,180	(36)	35,143
Increase in tangible and intangible fixed assets	17,293	7,519	25,456	50,269	1,711	51,981	(95)	51,886

Year ended March 31, 2024	Millions of yen							
	Reportable segments			Total	Other* ¹	Total	Adjustments* ³	Consolidated* ⁴
	Component segment	Sensor and Communication segment	Module and System segment					
Net sales								
External customers (Note 5)	¥ 305,281	¥ 84,086	¥ 554,389	¥ 943,757	¥ 20,332	¥ 964,090	¥ —	¥ 964,090
Inter-segment sales and transfers	258	23	37	319	11,286	11,605	(11,605)	—
Total	305,540	84,110	554,426	944,076	31,618	975,695	(11,605)	964,090
Segment profit (loss)	20,474	(1,498)	(1,131)	17,844	2,037	19,881	(170)	19,711
Segment assets	143,615	53,637	258,616	455,869	47,529	503,399	250,590	753,989
Other items								
Depreciation and amortization	18,935	4,202	17,541	40,679	793	41,472	(8)	41,464
Increase in tangible and intangible fixed assets	18,339	6,503	29,448	54,291	1,484	55,776	(111)	55,665

Year ended March 31, 2025	Thousands of U.S. dollars							
	Reportable segments			Total	Other* ¹	Total	Adjustments* ²	Consolidated* ⁴
	Component segment	Sensor and Communication segment	Module and System segment					
Net sales								
External customers (Note 5)	\$ 2,327,535	\$ 563,129	\$ 3,592,844	\$ 6,483,514	\$ 140,396	\$ 6,623,910	\$ —	\$ 6,623,910
Inter-segment sales and transfers	1,966	147	247	2,361	70,151	72,519	(72,519)	—
Total	2,329,501	563,276	3,593,098	6,485,881	210,547	6,696,435	(72,519)	6,623,910
Segment profit (loss)	203,297	(22,472)	37,493	218,312	10,139	228,458	(348)	228,103
Segment assets	981,186	309,704	1,633,260	2,924,157	330,391	3,254,555	1,699,391	4,953,953
Other items								
Depreciation and amortization	114,466	23,977	90,516	228,966	6,320	235,286	(241)	235,039
Increase in tangible and intangible fixed assets	115,657	50,288	170,251	336,203	11,443	347,652	(635)	347,017

*1 "Other" represents business segments not included in the reportable segments, and includes the development of systems, office services, financing and leasing businesses and so on.

*2 The adjustments are as follows.

(1) The adjustment of ¥(52) million (\$ (348) thousand) to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.

(2) The adjustment of ¥254,093 million (\$1,699,391 thousand) to segment assets is breakdown of group assets ¥280,628 million (\$1,876,859 thousand) and eliminations of inter-segment transactions of ¥(26,534) million (\$ (177,461) 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.

*3 The adjustments are as follows.

(1) The adjustment of ¥(170) million to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.

(2) The adjustment of ¥250,590 million to segment assets is breakdown of group assets ¥279,694 million and eliminations of inter-segment transactions of ¥(29,103) 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.

*4 Segment profit (loss) is reconciled to operating income of the consolidated financial statements.

*5 Net sales to external customers include revenue recognized arising from contracts with customers and revenue recognized from other sources. In addition, the revenue recognized from other sources is mainly related to the financing and leasing business and its amount is not material.

Related information

1. Geographical information

(1) Net sales

Millions of yen					
Year ended March 31, 2025					
China	America	Korea	Japan	Other	Total
¥ 218,625	¥ 177,797	¥ 122,355	¥ 111,295	¥ 360,334	¥ 990,407

Millions of yen					
Year ended March 31, 2024					
China	America	Vietnam	Japan	Other	Total
¥ 172,997	¥ 164,495	¥ 144,065	¥ 103,790	¥ 378,741	¥ 964,090

Thousands of U.S. dollars					
Year ended March 31, 2025					
China	America	Korea	Japan	Other	Total
\$ 1,462,179	\$ 1,189,119	\$ 818,319	\$ 744,349	\$ 2,409,938	\$ 6,623,910

Note: Net sales information above is based on customer location.

(2) Property, plant and equipment

Millions of yen			
As of March 31, 2025			
Japan	China	Other	Total
¥ 80,078	¥ 29,919	¥ 26,674	¥ 136,673

Millions of yen			
As of March 31, 2024			
Japan	China	Other	Total
¥ 81,959	¥ 31,129	¥ 21,122	¥ 134,211

Thousands of U.S. dollars			
As of March 31, 2025			
Japan	China	Other	Total
\$ 535,567	\$ 200,100	\$ 178,398	\$ 914,078

2. Information on major customers

Millions of yen		
Year ended March 31, 2025		
Name of the customer	Net sales	Related segment
Apple Inc.	¥ 228,631	Component segment

Millions of yen		
Year ended March 31, 2024		
Name of the customer	Net sales	Related segment
Apple Inc.	¥ 176,141	Component segment

Thousands of U.S. dollars		
Year ended March 31, 2025		
Name of the customer	Net sales	Related segment
Apple Inc.	\$ 1,529,100	Component segment

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, 2025 and 2024 was summarized as follows.

Millions of yen					
Year ended March 31, 2025					
Component Segment	Sensor and Communication Segment	Module and System Segment	Other	Eliminations	Total
¥ 358	¥ 1,445	¥ 648	¥ —	¥ 2,089	¥ 4,541

Notes: "Other" includes financial, leasing and servicing businesses.

Millions of yen					
Year ended March 31, 2024					
Component Segment	Sensor and Communication Segment	Module and System Segment	Other	Eliminations	Total
¥ 1,016	¥ 1,529	¥ 36,727	¥ 12	¥ —	¥ 39,286

Notes: "Other" includes financial, leasing and servicing businesses.

Thousands of U.S. dollars					
Year ended March 31, 2025					
Component Segment	Sensor and Communication Segment	Module and System Segment	Other	Eliminations	Total
\$ 2,394	\$ 9,664	\$ 4,334	\$ —	\$ 13,971	\$ 30,371

Amortization of goodwill and 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.

30. BUSINESS COMBINATION THROUGH ACQUISITION

(Power Inductor Business Transfer(succession))

The Company has executed an absorption-type split agreement to transfer Power Inductor Business to DELTA ELECTRONICS (JAPAN), INC., a Japanese affiliate of DELTA ELECTRONICS INC. Group (Head Office: Taipei, Taiwan; Chairman and CEO: Ping Cheng, hereinafter referred to as “DELTA Group”) on September 27, 2024(hereinafter referred to as “Agreement”), and succeeded to Power Inductor Business (hereinafter referred to as “Absorption-type Split”), and the transfer(succession) was completed on January 6, 2025.

(1) Overview of the business divestiture

(a) Name of the successor entity
DELTA ELECTRONICS(JAPAN), INC.

(b) Description of the divested businesses

Businesses related to research and development, manufacturing and sales of power inductors, including products for the next-generation semiconductor memory market such as DDR (Double Data Rate) DIMM (Dual Inline Memory Module), and magnetic materials used for such products.

(c) Main backgrounds for the business divestiture

Power inductor business, based on our proprietary magnetic technology, has secured a position in specific markets. However, considering the presence of numerous electronic component manufacturers in this sector, we believe that relying solely on our own technology will be challenging to capture growth in the global market in the future. Further, we recognize that our products lack in synergy with other technology or products. As a solution to this, we determined that under a new partnership, we would be able to maximize the use of our proprietary magnetic technology and boost opportunities in our medium to long-term business plan and that under a new partnership, we will boost growth opportunities by maximizing the use of our proprietary magnetic technology.

In selecting a partner, we determined that the DELTA Group is the best choice for our business endeavors in the data center market, which is expected to grow significantly in the future. This decision stems not only from the fact that they are a leading company in the power-related product industry, but also the enduring trust established from our long-term business relationship. This Definitive Agreement is highly attractive to us as it allows us to fully leverage the business and magnetic materials to achieve economies of scale. Additionally, DELTA Group has focused on the intrinsic performance of these magnetic materials, leading us to conclude that the Absorption-type Split maximizes value for both companies.

(d) Date of the business divestiture
January 6, 2025

(e) Other matters regarding the outline of the transaction, including the legal form
Absorption-type split for a cash consideration.

(2) Overview of the transaction

(a) Amount of gain or loss on transfer
Gain on sale of businesses: ¥6,424 million (\$42,964 thousand)

The receipt ¥10,205 million (\$68,252 thousand) of 15% of the value will be retained and held in an escrow account specified in the Agreement, and if conditions are met, a maximum of ¥1,653 million (\$11,055 thousand) in extraordinary income is expected to be recorded by the fiscal year ending March 2027.

(b) Fair book values of assets pertaining to the transferred business and the breakdown thereof

Inventories	¥300 million (\$2,006 thousand)
Non-current assets	¥1,653 million (\$11,055 thousand)
Total	¥1,954 million (\$13,068 thousand)

(c) Overview of accounting treatment

The accounting treatment of the transaction was based on the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on November 1, 2024) and the “Guideline on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on November 1, 2024).

(3) Reportable segment that included the transferred business
Sensor and Communication Segment

(4) Estimated amount of profit and loss related to the transferred business reported in the consolidated statement of income for the current fiscal year ended March 31, 2025

Net Sales:	¥2,670 million (\$17,857 thousand)
Operating loss:	¥490 million (\$3,277 thousand)

(5) Overview of continuous involvement
Production and sales are entrusted regarding product related Power Inductor Business.

31. SUBSEQUENT EVENTS

(Acquisition and cancellation of the Company’s treasury shares)

The Company resolved, at a meeting of its Board of Directors held on April 30, 2025, the matters concerning the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 and the matters concerning the cancellation of treasury shares in accordance with Article 178 of the Companies Act.

(1) Reason for conducting acquisition and cancellation of treasury shares

As part of our shareholder returns measures, the Company acquires and cancels its treasury shares for the purpose of improving efficiency of its capital structure.

(2) Details of the share acquisition

- (a) Class of shares to be purchased: Common shares
- (b) Total number of shares to be purchased: 20 million shares (maximum)
(9.73% of total number of issued shares excluding treasury shares)
- (c) Total amount for share purchase: ¥20,000 million (\$133,761 thousand) (maximum)
- (d) Purchase period: From May 1, 2025 to March 31, 2026
- (e) Method of purchase: Purchase on Tokyo Stock Exchange Market

(3) Details of matters relating to retirement

- (a) Class of shares to be retired: Common shares
- (b) Total number of shares to be retired: All of the treasury shares purchased as stated above in (2)
- (c) Scheduled date of retirement: April 30, 2026

Reference:

Total number of shares issued and number of treasury shares as of March 31, 2025

- (a) Total number of shares issued (excluding treasury shares): 205,652,636 shares
- (b) Number of treasury shares: 13,628,814 shares



Independent Auditor’s Report

The Board of Directors
ALPS ALPINE CO., LTD.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ALPS ALPINE CO., LTD. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, 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, 2025, 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, including those applicable to audits of financial statements of public interest entities, 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.

Indications of impairment of fixed assets related to information and communication equipment in the Module and Systems business	
Description of Key Audit Matter	Auditor’s Response
As described in “4. SIGNIFICANT ACCOUNTING ESTIMATES” under Notes to Consolidated Financial Statements, the Company	We mainly performed the following audit procedures to consider the reasonableness of management’s determination that, in assessing



recorded fixed assets related to information and communication equipment in the Module and Systems business of ¥21,601 million as of the fiscal year ended March 31, 2025.

The Company determines that there are indications of impairment when the profit (loss) or cash flows generated from operating activities are consecutively negative, when there are changes resulting in a significant reduction in the recoverable amounts of fixed assets with regard to the scope or method of their use, or when there has been a significant deterioration in the business environment.

In the fiscal year ended March 31, 2025, despite the ongoing sluggish sales of foreign automobile manufacturers, which are its main customers in the Chinese market, the Company did not incur consecutive losses from operating activities. This was attributed to enhancements in the product mix resulting from product switches and the streamlining of development costs. However, the business environment surrounding information and communication equipment in the Module and Systems business from the next fiscal year onward is characterized by a decline in product sales volume due to market change in the automotive industry in China, as well as increased tariff burdens resulting from additional tariffs imposed by the US and the resulting uncertainties regarding automobile production levels. Therefore, in assessing indications of impairment of fixed assets, the Company comprehensively considers the achievability of the business plan and other factors. This assessment aims to determine if there has been a significant deterioration in the business environment that forms the basis of the business plan, or if such deterioration is likely to occur. It also assesses whether there have been any changes resulting in a significant reduction in the recoverable amounts of fixed assets with regard to the scope or method of their use. As a consequence, although there have been changes in the business environment, the Company does not expect a significant deterioration; therefore, the Company has determined that there are no indications of impairment.

indications of impairment loss on fixed assets related to information and communication equipment in the Module and Systems business, there has been no significant deterioration in the business environment or changes resulting in a significant reduction in the recoverable amounts of fixed assets with regard to the scope or method of their use.

- We compared the business plans projected in the prior year with actual results to evaluate the effectiveness of the estimation process that management uses in formulating business plans.
- We discussed order forecasts with management and compared the forecasts with production forecast reports for each vehicle model prepared by external organizations. Additionally, we discussed with management specific models of products and future actions relating to OEM products for major automobile manufacturers, and considered the consistency of order forecasts with what we discussed. Furthermore, we considered whether long-term order forecasts reflect progress made in achieving order targets projected in past order forecasts.
- We evaluated the marginal profit ratio by comparing sales prices with the latest actual sales prices, which include the effects of discounts. Furthermore, we divided the variable cost ratio into the material cost ratio, processing cost ratio, distribution cost ratio, and other variable cost ratio, and analyzed the trends in each cost ratio category based on actual results.
- We considered whether there were circumstances that indicate the existence of changes resulting in a significant reduction in recoverable amounts of fixed assets with regard to the scope or method of their use by holding discussions with management, inspecting minutes of board meetings and comparing order forecasts for prior years with actual orders received and with order forecasts used in formulating business plans.



As described in “3. SIGNIFICANT ACCOUNTING ESTIMATES” under Notes to Consolidated Financial Statements, the significant assumptions in the business plans are used for assessment of indications of impairment order forecasts and the marginal profit ratio. Regarding order forecasts, since the order amount of each project tends to be large, the success of getting the business as well as deviation in sales amounts from planned sales at the time of getting the business largely affect future sales. Additionally, regarding the marginal profit ratio, achievement of variable cost rates in the business plan have significant impacts on operating profit. Accordingly, given that these significant assumptions require management’s judgment and there is a risk that impairment losses will not be properly recorded if indications of impairment are not adequately assessed, we have determined that this is a key audit matter.	
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Partial sale of shares in Alps Logistics Co., Ltd., an equity-method affiliate	
Description of Key Audit Matter	Auditor’s Response
As described in “Consolidated Statement of Income and Comprehensive Income” under Notes to Consolidated Financial Statements, the Company sold all of its shares in Alps Logistics Co., Ltd. (“Alps Logistics”), an equity-method affiliate, in response to a share buyback conducted by Alps Logistics. However, prior to this, it acquired shares of LDEC Co., Ltd. (“LDEC”), which holds 100% of the voting rights of Alps Logistics (with 20% of the voting rights of LDEC). As a result, it has included Alps Logistics and its 26 subsidiaries in the scope of application of the equity method through LDEC. Based on “ASBJ Statement No. 7 Accounting Standard for Business Divestitures” (effective November 1, 2024) and the “ASBJ Guidance No. 10 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (effective November 1, 2024), the Company has determined that the sale of Alps Logistics shares and the acquisition of	We mainly performed the following audit procedures to consider the appropriateness of the accounting treatment related to the Company’s partial sale of shares in Alps Logistics. • To understand the overall scheme of the transaction and to examine whether there was an intention or objective to continue exerting significant influence over the decisions regarding the financial and operational policies of Alps Logistics even after the transaction, we made inquiries with management and inspected related documents, such as proposals, contracts, and minutes of board meetings. • To assess the appropriateness of the gains from the sale of shares in affiliates, we inspected related documents, such as contracts and supporting documents related to cash receipts, and recalculated the gains from the sale. • To assess whether the shares of LDEC acquired are valued at a price that reflects the actual



shares of LDEC, which are separate entities, considered as an integrated transaction. Consequently, the investment in Alps Logistics is deemed to be ongoing, and the transaction has been accounted for as a partial sale of equity in Alps Logistics, resulting in the Company recording extraordinary income of ¥27,074 million from the sale of shares in affiliates. The transaction is characterized by Alps Logistics acquiring all of its own shares as treasury stock, and the sale price of the Company's shares in Alps Logistics differs from the tender offer price for other general shareholders, making it more complex than a typical partial sale transaction of an equity method affiliate. As a consequence, management needs to determine the applicable accounting and tax treatment, taking into consideration the complexity of the transaction. Management must also determine whether to consider whether to consider this transaction as separate transactions or integrated transaction. Considering the significance of transaction amount, if management makes errors in their judgment or in the accounting treatment applied, the impact on the consolidated financial statements will be significant. Accordingly, we have determined that the accounting treatment for the Company’s partial sale of shares in Alps Logistics, which is an equity-method affiliate, is a key audit matter.	circumstances of the transaction, we performed the following procedures. • We examined the documentation for calculating the carrying value of investments under the equity method. • We considered the consolidated financial data of LDEC and the supporting documentation. • We instructed audit procedures on the financial information including Alps Logistics and its 26 subsidiaries to the auditor of Alps Logistics, supervised and reviewed the result of the result of their audit. • We involved tax specialists from our network firm and considered tax treatments.
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Recoverability of deferred tax assets of the parent company	
Description of Key Audit Matter	Auditor’s Response
The Company recorded deferred tax assets of ¥15,234 million on the consolidated balance sheet as of March 31, 2025. Additionally, as described in “19. INCOME TAXES” under Notes to Consolidated Financial Statements, deferred tax assets for deductible temporary differences and tax loss carryforwards (before deducting the valuation allowance) totaled ¥88,958 million and the valuation allowance was ¥69,113 million. The amounts of deductible temporary differences and tax loss carryforwards are significant due to the parent company recording impairment loss and incurring tax losses in	We mainly performed the following audit procedures to assess the recoverability of deferred tax assets of the parent company. • 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. • 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



consecutive years. The Company determined the recoverability of deferred tax assets for deductible temporary differences and tax loss carryforwards by estimating taxable income for the following fiscal year based on future profitability. The estimates of future taxable income are based on the business plans for the following year in the reportable segments. These business plans include significant assumptions such as sales forecasts and operating profit ratios for each business. In addition, 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. Sales forecasts and operating profit ratios, 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. Furthermore, 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 assumptions included in future business plans involve uncertainty and require management's judgment and, as a result, that there may be a significant change in the amount of deferred tax assets, we have determined that this is a key audit matter.	production forecast reports for final products manufactured by customers prepared by external organizations and considered the consistency of sales forecasts with these reports. • To consider the operating profit of the parent company in proportion to that of the entire group, we assessed the operating profit ratio of the entire group for each business by analyzing historical trends and compared the results of this analysis with the future operating profit ratio in business plans. In addition, we performed correlation analysis of the operating profit ratio between the parent company and the consolidated subsidiaries. • We involved tax specialists from our network firm to assess how transaction prices between group companies have been determined.
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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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 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.



Fee-related Information

The fees for the audits of the financial statements of ALPS ALPINE CO., LTD. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 778 million yen and 165 million yen, respectively.

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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 30, 2025

Ichiro Tajima
Designated Engagement Partner
Certified Public Accountant

Yuki Hashimoto
Designated Engagement Partner
Certified Public Accountant