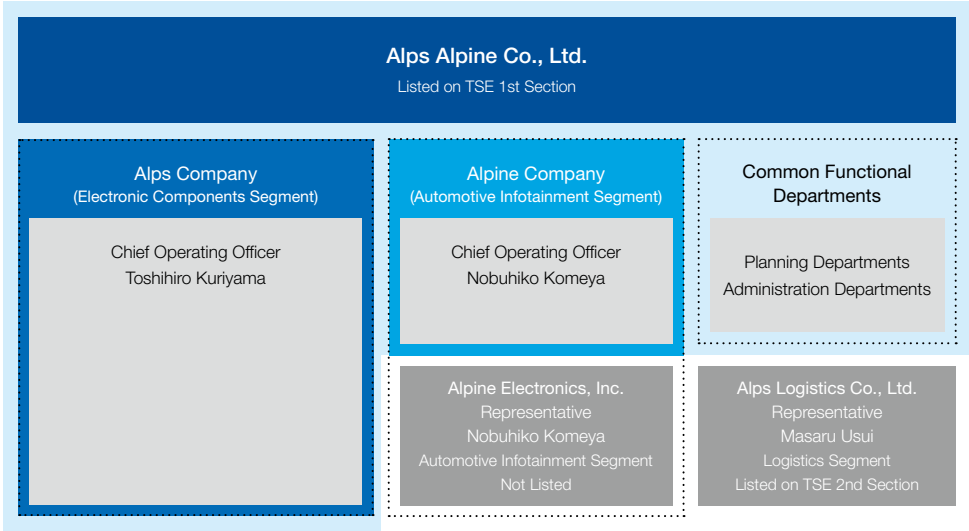




Perfecting the Art of Electronics

Alps Alpine Co., Ltd.

On January 1, 2019, Alps Electric Co., Ltd. and Alpine Electronics, Inc. integrated their businesses and started afresh as Alps Alpine Co., Ltd. Alps Alpine was established as an operating holding company and has adopted a company system wherein the Alps Company, which handles the Electronic Components Segment, and the Alpine Company, which oversees the Automotive Infotainment Segment were newly established as internal companies within the system. As its corporate governance system, Alps Alpine has adopted a vice president system that preserves the independence of each business segment while separating management supervision from business execution.



Editorial Policy

The Alps Alpine Group recognizes the importance of promoting awareness about its activities among all of its stakeholders by readily disclosing information about business plans and results, ESG* initiatives, and other areas. For that reason, we view this *Integrated Report 2019* as a vital communication tool.

* ESG refers to environmental, social, and governance factors, which, together with financial information, are considered important for evaluating corporate value. In this report, we summarize primarily Electronic Components Segment and Automotive Infotainment Segment initiatives relating to ESG factors.

Coverage

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

Period

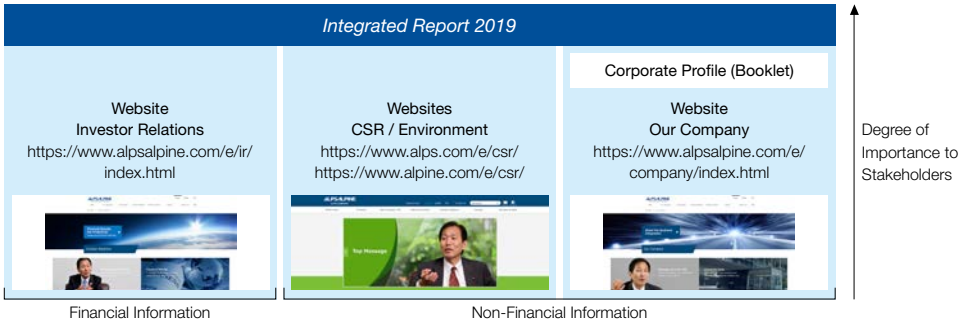
- The report principally covers the period from April 1, 2018 to March 31, 2019, but does include some activities occurring prior to or later than this period.
- Environmental reporting covers the period from April 2018 to March 2019 for Japan, and the period from January to December 2018 for overseas.

Caution Concerning Forward-Looking Statements

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

Published in September 2019

Explanation of Reporting Media



Technology as Art Again.

“Art” has its origins in a word for “technique” and initially there was no distinction between them.

Like artists, we continue to perfect our technique, or technology, so we can bring new value to society.

We do this by shaping the future.

That is one of our roles.

Our challenge as we prepare to take another great leap forward is to combine the best of input specialists Alps and output specialists Alpine, leading to creation of necessary value for the new age.

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Message to Our Stakeholders

As we face a period of rapid change together,
we aim to become an “innovative T-shaped company”
that creates new value that satisfies stakeholders
and is friendly to the Earth.

Toshihiro Kuriyama

Representative Director
President & CEO
ALPS-COO



Nobuhiko Komeya

Representative Director
Senior Executive Vice President & CIO
ALPINE-COO

Since our establishment in 1948, as the electronics industry developed, Alps Electric and Alpine Electronics have been active in a wide range of fields, with Alps Electric producing products ranging from home electronics to information devices and electrical equipment for the consumer and automotive markets and Alpine Electronics focusing on automotive infotainment products such as car stereos and navigation systems. Today, we face an environment wherein change occurs at a faster pace than ever.

In the auto industry, we are witnessing a once-in-a-century market and technology paradigm shift driven by a new trend known as connected, autonomous, shared & services, and electric (CASE) vehicles that involves a wide range of industries. We are also in the midst of the Fourth Industrial Revolution, which brings with it new products and services based on artificial intelligence (AI) and Internet of Things (IoT) technologies and changes in how we make products and work. On the other hand, growth in the smart-phone market, which has been a driver of change in the electronics industry in recent years, has stopped and smartphones are becoming commoditized.

In order to survive and continue to grow in this new age, in January 2019, Alps Electric Co., Ltd. and Alpine Electronics, Inc. integrated their businesses and started out as Alps Alpine Co., Ltd.

Alps Electric's business is centered on three core technologies: human-machine interface (HMI), sensors, and connectivity. The cultivation of depth of craftsmanship in these areas has made Alps Electric a “vertical I-shaped company.” Meanwhile, Alpine Electronics' extensive software development and system integration technology expertise extend horizontally over a wide range of fields. Combining these two will allow us to come together to form an “innovative T-shaped company” that creates innovative new products and quickly and flexibly uses management resources to create synergistic benefits, effectively making one plus one equal more than two.

Today, amid rapid changes in industry, a wide range of people around the world are able to instantly connect with each other and share a variety of different values. As we face this period of rapid change together, we are striving every day to be an “innovative T-shaped company” that creates new value that satisfies stakeholders and is friendly to the Earth.

August 2019

T. Kuriyama *N. Komeya*

Alps Alpine Philosophy

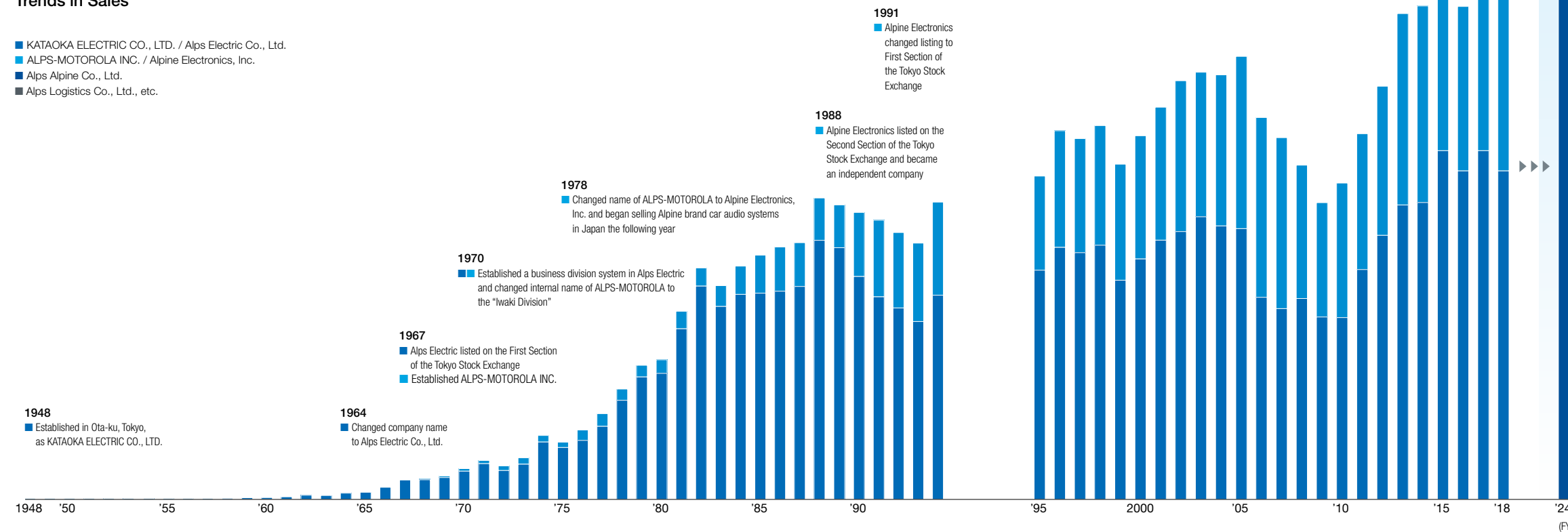
Alps Alpine creates new values that satisfy stakeholders and are friendly to the Earth.

History of Alps Alpine

Since its foundation in 1948 under the name KATAOKA ELECTRIC CO., LTD., Alps Electric Co., Ltd. has been a comprehensive electronics manufacturer. Alpine Electronics, Inc. was established in 1967 as a joint venture between Alps Electric and U.S. company Motorola, Inc. and became a leader in car navigation and car audio systems. In January 2019, the two companies integrated their businesses and began to forge a new way forward as Alps Alpine Co., Ltd. We will continue to enrich people's lives through the development of leading-edge technologies and products.

Trends in Sales

- KATAOKA ELECTRIC CO., LTD. / Alps Electric Co., Ltd.
- ALPS-MOTOROLA INC. / Alpine Electronics, Inc.
- Alps Alpine Co., Ltd.
- Alps Logistics Co., Ltd., etc.



The Alps Alpine Group targets consolidated net sales of ¥1 trillion by fiscal 2024.

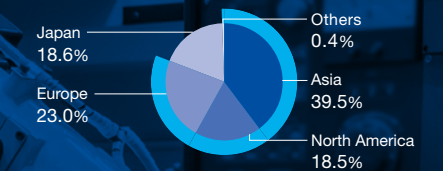
ALPSALPINE

Overview of the Alps Alpine Group
(Fiscal 2018 / as of March 31, 2019)

Total Assets
¥ **675.7** billion

Consolidated Net Sales
¥ **851.3** billion

Consolidated Overseas Sales Ratio
81.4%



Number of Consolidated Employees
41,840

Global Network
93 locations in **24** countries around the world

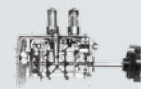
Number of Corporate Clients
Approx. **2,000** companies

Products Created

Alps Company
(Electronic Components Segment)



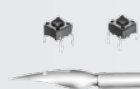
1949 Variable condenser
Components used in radio tuning were a big hit owing to not only the popularity of amateur radio building but also the special procurement boom in Japan at the time.



1954 Six-channel rotary switch television tuner
Development of the first Japanese rotary switch tuner commenced when TV broadcasts began and the product was launched after roughly a year and a half of trial-and-error testing.



1966 Slide potentiometer
This product created a whirlwind in the audio industry by allowing fine adjustments. It is still used in a wide range of applications, including automotive sensors.



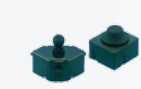
1976 TACT Switches™
These products are used as an input switch for a wide range of devices, and have held the top share of the market for similar switches for many years.



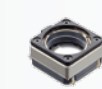
1980 Floppy disk drives for PCs
Disc drives for floppy disks were used as recording media for PCs. The 5.25-inch floppy disk drive was used in the Apple II that took the world by storm.



1995 Magnetic heads for hard disk drives
These products, which allow for the reading and writing of data on hard disks, contributed significantly to the popularization of home computers.



2002 HAPTIC COMMANDER™
This product represented the first use of force feedback technology, which allows a wider range of tactile operating sensations, for automotive applications. HAPTIC COMMANDER is a registered trademark of Alps Alpine Co., Ltd.



2011 Camera actuators
We provide a reliable supply of compact, high-quality actuators, which are components in smartphone cameras that control lens movement when focusing and zooming.

Alpine Company
(Automotive Infotainment Segment)



1968 Cartable
ALPS-MOTOROLA's first product was a portable eight-track cassette player.



1981 Electro Gyroclator®
This product, the world's first car navigation system, was jointly developed by Honda Motor Company and Alps Electric. Electro Gyroclator is a registered trademark of Honda Motor Co., Ltd.



1984 LV-105
The ALPINE/LUXMAN brand was created as a result of a capital tie-up with (the former) LUX.



1989 5952
This six-CD changer was the smallest of its kind at the time and was a global hit.



1990 7909 (Juba series)
The Juba series is a lineup of top-end car audio systems with each component individually designed based on home audio systems.



2000 CDA-7990 (F#1Status)
This flagship model incorporated all of Alps Electronics' leading-edge technologies at the time. To this day, there are many fans of this model and its successors.



2010 VIE-X088
This was the first 8-inch aftermarket model created using a specially designed display and peripheral panel.



2016 X Speaker series
Through advances in components such as tremblers, magnets, and coils, Alps Electronics' first high-resolution speakers realized improved functionality and sound quality.

Alps Alpine Products and Their Markets

Supplying 40,000 Different Electronic Components to 2,000 Companies as a Comprehensive

Electronics Manufacturer

Electronic Components Segment

Automotive Market

We contribute to the safety, comfort, and energy efficiency of cars and motorcycles by providing high-frequency communication products using W-LAN and LTE technologies necessary for advanced driver-assistance systems (ADASs) and autonomous driving systems.

Share of Net Sales
(Fiscal 2018)

32.6%

Main
Products



Power Window



Electronic Parking System



Steering Wheel Module



Engine Start Switch



Electric Shifter



LTE Module



EGR Valve Sensor



Automotive V2X Module



Bluetooth® /
Wi-Fi® Combination Module

Supplied to

- Automakers
- Auto parts module manufacturers, etc.
- Automotive electronics manufacturers
- Automotive electronics manufacturers (for car navigation and car audio systems)
- Automotive door manufacturers (for door latches)
- Automotive safety system manufacturers (for EPBs)
- Automotive air conditioning system manufacturers (for HVAC operation)
- Automotive system manufacturers, etc.

Finished Products

- Automobiles
- Motorcycles, etc.

Consumer Market

In addition to developing and supplying various devices for multifunctional and high-performance digital devices, we are striving to create products that address the issues the world will face in the near future by utilizing products and technologies that we have created and developed.

Share of Net Sales
(Fiscal 2018)

22.4%

Main
Products



Compact Printer



Touch Panel



Multi-Directional Operating Device



Actuator for Cameras



Pressure, Geomagnetic, Force,
and Humidity Sensors



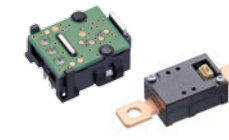
Power Conversion Module



HAPTIC™ Reactor for Controllers
HAPTIC is a registered trademark of
Alps Alpine Co., Ltd.



Sensor Network Module



Current Sensor

Supplied to

- Camera module manufacturers
- Display manufacturers
- Substrate module manufacturers
- OEM^{*1} manufacturers
- ODM^{*2} manufacturers
- Gaming console manufacturers
- Energy storage system manufacturers
- Optical communication device manufacturers
- Industrial device manufacturers
- Auto parts manufacturers
- Healthcare device manufacturers
- Infrastructure-related corporations, etc.

Finished Products

- Smartphones
- Tablets
- Notebook PCs
- Gaming consoles
- Compact printers
- Storage battery systems
- Servers
- Optical communication systems
- Building energy management systems (BEMS)
- Monitoring systems
- Environmental management systems, etc.

*1 OEM: Original equipment manufacturer

*2 ODM: Original design manufacturer

Creating the Car Lifestyles of the Next Generation as a Mobile Media Innovation Company

Automotive Infotainment Segment

We create the car lifestyles of the next generation as a mobile media innovation company in the fields of audio, visual, navigation & cockpit display, communication & cloud services, and drive assistance.

Share of Net Sales
(Fiscal 2018)

35.7%

Main
Products



Premium Sound Speaker



Car Navigation System



Camera / Drive Recorder



Rear Seat Monitor



Customized Car



OEM Sound System Speaker



Amplifier for In-Vehicle Sound System



In-Vehicle Infotainment System



Display

Supplied to

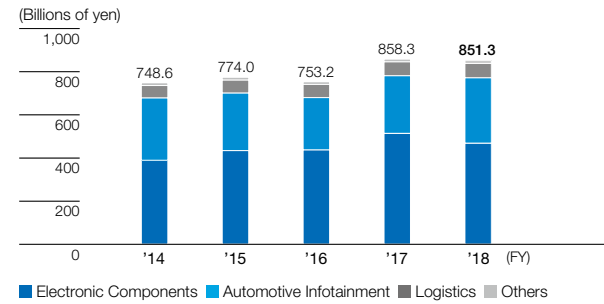
- Automakers
- Car dealers
- National auto accessory chain stores
- Electronics manufacturers, etc.

Finished Products

- Automobiles
- Motorcycles, etc.

Financial and Non-Financial Highlights

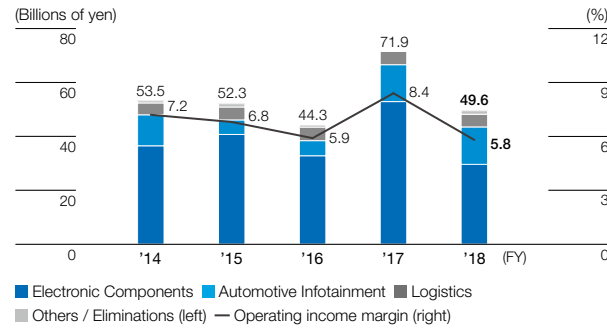
Net Sales



SUMMARY

In fiscal 2018, consolidated net sales were ¥851.3 billion (down 0.8% year on year). In the Electronic Components Segment, sales in the consumer market fell sharply and sales in the automotive market declined slightly, resulting in segment sales of ¥468.6 billion (down 8.8% year on year). In the Automotive Infotainment Segment, sales of genuine products for automakers increased to ¥303.5 billion (up 13.4% year on year).

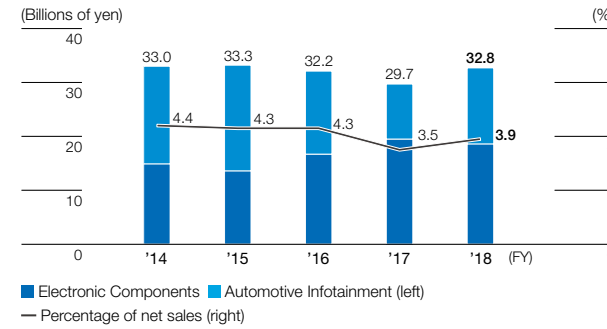
Operating Income / Operating Income Margin



SUMMARY

In fiscal 2018, consolidated operating income was ¥49.6 billion (down 31.0% year on year). In the Electronic Components Segment, operating income contracted to ¥29.6 billion (down 44.1% year on year) due to a sales decline and rising depreciation costs. In the Automotive Infotainment Segment, operating income reached ¥13.9 billion (up 1.4% year on year) as sales rose. Accordingly, the consolidated operating income margin was 5.8% (compared with 8.4% in fiscal 2017).

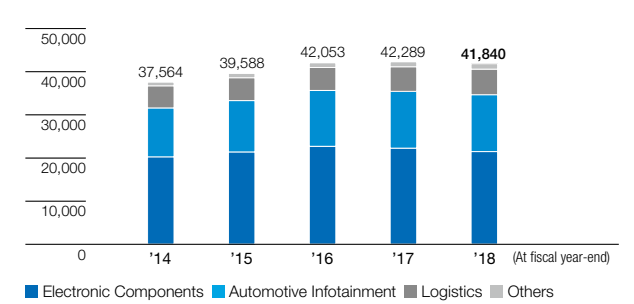
R&D Expenses / Percentage of Net Sales



SUMMARY

In fiscal 2018, R&D expenses amounted to ¥18.6 billion and ¥14.1 billion in the Electronic Components Segment and the Automotive Infotainment Segment, respectively. The Company is investing ¥200.0 billion to create new businesses that conduct product development integrating devices and systems through the amalgamation of sensing and communications technologies with system design and software development.

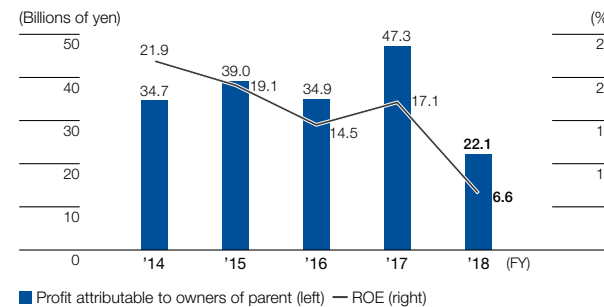
Number of Employees by Business Segment



SUMMARY

In response to the business environments of each business segment, we are increasing productivity globally and promoting the fair management of personnel.

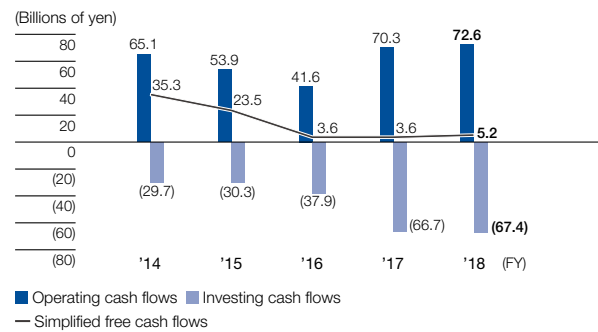
Profit Attributable to Owners of Parent / ROE



SUMMARY

In fiscal 2018, consolidated profit attributable to owners of parent was ¥22.1 billion (down 53.3% year on year) due to the decline in consolidated operating income. As a result, ROE fell to 6.6% (compared with 17.1% in fiscal 2017).

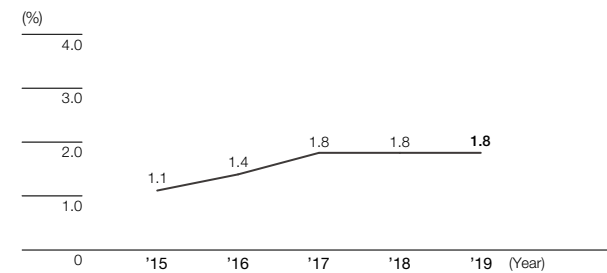
Cash Flows



SUMMARY

In fiscal 2018, net cash provided by operating activities amounted to ¥72.6 billion (up ¥2.2 billion year on year) because, although pre-tax net profit declined, depreciation and amortization rose and the change in notes and accounts receivable-trade and inventories improved. Net cash used in investing activities increased owing to capital investments in production facilities for mobile products, such as smart-phone components, and automotive products aimed at securing future profits.

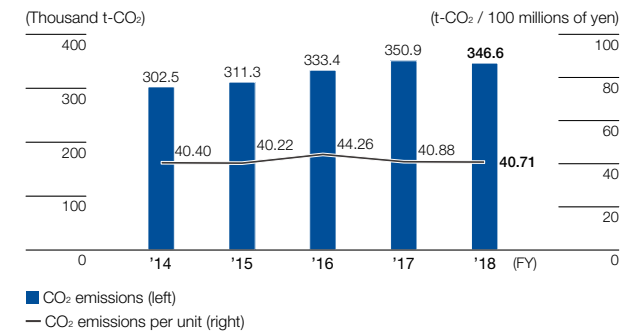
Ratio of Women in Management Positions* (Alps Alpine / Alpine Electronics)



SUMMARY

Alps Alpine enables a wide variety of workstyles, including reduced working hours and teleworking, and endeavors to provide an environment in which women can easily attain management positions by opening nursery schools at Company offices and other efforts. We have promoted the creation of female employee networks enabling them to share and overcome concerns pertaining to life events that impact women. We have always provided overseas work and trainee opportunities equally to male and female employees with the aim of increasing the ratio of women in management positions over the long term.

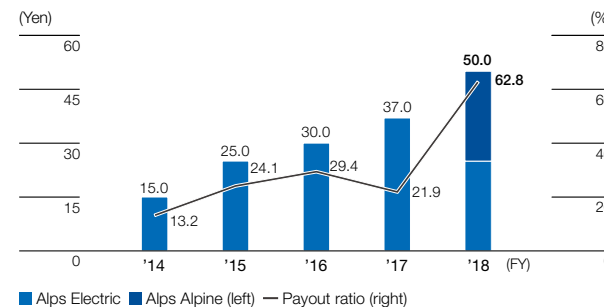
CO₂ Emissions / CO₂ Emissions per Unit



SUMMARY

In fiscal 2018, the Group lowered both its total CO₂ emissions output and CO₂ emissions per unit of production year on year, mainly stemming from a decline in production in the Electronic Components Segment, which generates a high level of CO₂ emissions.

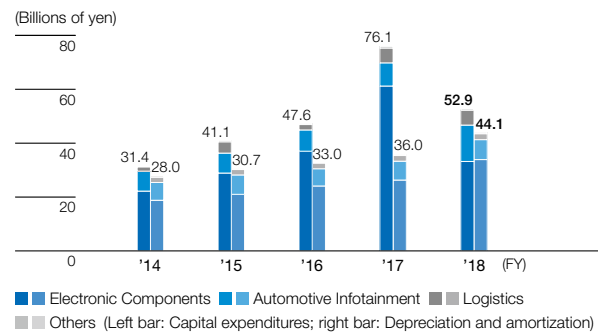
Dividends per Share / Payout Ratio (Alps Electric / Alps Alpine)



SUMMARY

In fiscal 2018, the Company paid both an interim dividend and a year-end dividend of ¥25 per share, resulting in full-year dividends of ¥50 per share (up ¥13 per share year on year). Our goal is to strike a balance between the following three goals: 1) secure a sound financial base, 2) invest in sustainable growth, and 3) improve capital efficiency.

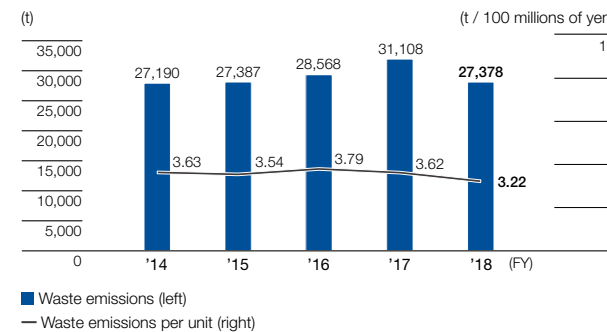
Capital Expenditures / Depreciation and Amortization



SUMMARY

In fiscal 2018, in the Electronic Components Segment, the Company invested ¥33.2 billion (compared with ¥61.2 billion in fiscal 2017), mainly in production plants in Japan and production facilities for mobile products, including smartphone components, and automotive products. On a consolidated basis, the Company invested ¥52.9 billion (compared with ¥76.1 billion in fiscal 2017). The Company conducts depreciation over a short time scale, taking into consideration product life cycles to maintain a sound fiscal position.

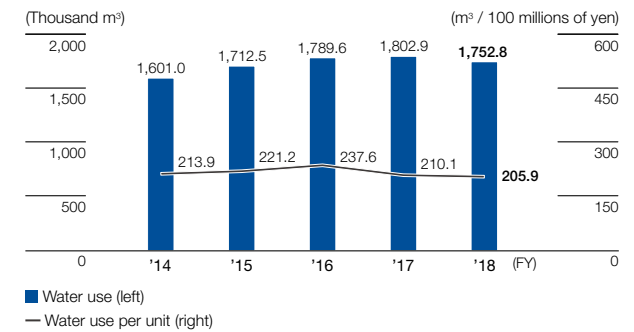
Waste Emissions / Waste Emissions per Unit



SUMMARY

In fiscal 2018, the Group saw reductions in both its total waste emissions output and waste emissions per unit of production year on year. These reductions are attributable to the non-recurrent emissions increases seen in fiscal 2017 resulting from the disposal of equipment, among other factors.

Water Use / Water Use per Unit



SUMMARY

In fiscal 2018, the amount of water used and water use per unit of production by the Group both decreased year on year, mainly owing to a decline in production in the Electronic Components Segment, which uses large amounts of water.

Value Creation at Alps Alpine

Perfecting the Art of Electronics. At Alps Alpine, we aim to create new value that contributes to a more comfortable, better society by accurately understanding the needs of society and the market and creating a wide range of electronics, from components to modules and retail products.

Our Goal

Value Creation

Alps Alpine's Business Activities

Strategies and Measures
(1st Mid-Term Business Plan)

Understanding of Challenges
in the External Environment
and Social Issues

Risks and Opportunities
Faced by Alps Alpine

Environmental Issues

- Measures to mitigate our climate change impact and create a recycling-oriented society
- Global environmental regulations

Societal Issues

- Measures to prevent traffic accidents and workplace accidents
- Promotion of social infrastructure that contributes to urban development

Changing Demographic Trends

- Urbanization and depopulation
- Declines in birth rates in developed countries and population growth in emerging countries
- Heightening of awareness of health and welfare issues

Diversification of Lifestyles and Values

- Shift in focus from ownership to use
- Efficient and rich lifestyles
- Shift in focus from consumption of goods to experiential value

Opportunities

- Society 5.0 (high-level integration of virtual and real-world environments along with economic development and the resolution of social issues)
- Technological innovation and shift to electric vehicles in the automotive industry, and MaaS*

- Products and goods becoming intelligent through the use of AI
- Evolution of the IoT based on high-speed communications technologies such as 5G

* MaaS: Mobility-as-a-Service

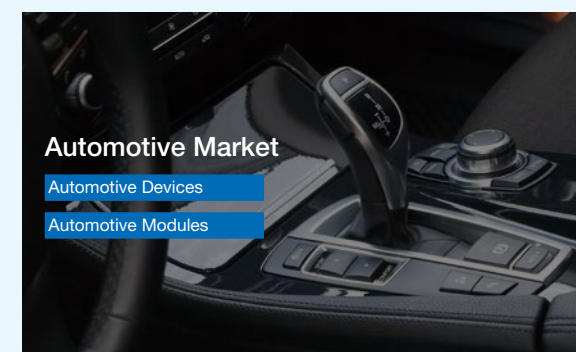
Risks

Being unable to turn opportunities into businesses, thereby not improving corporate value

(Expected reasons)

- Delays in development due to insufficient technological capabilities and resource shortages, etc.
- Inappropriate investment timing and excess investments, etc.
- Not clearing the break-even point due to increased costs
- Product defects, etc.

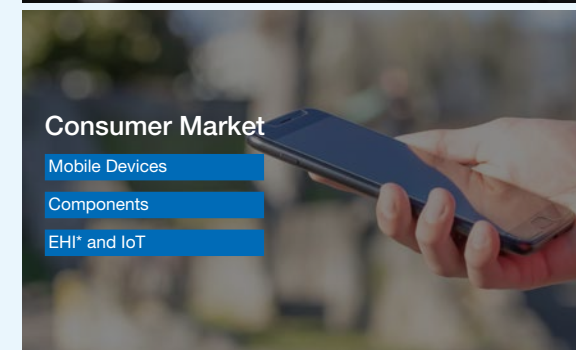
Electronic Components Segment



Automotive Market

Automotive Devices

Automotive Modules



Consumer Market

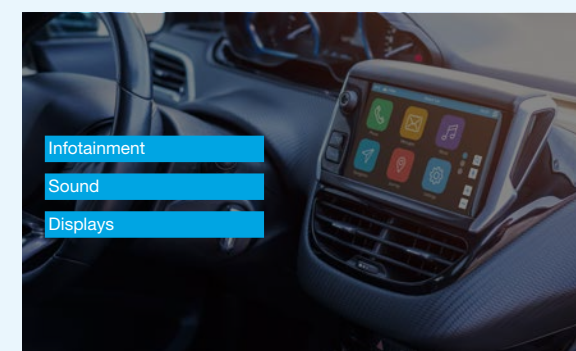
Mobile Devices

Components

EHI* and IoT

* EHI: Energy, Healthcare, and Industry

Automotive Infotainment Segment



Infotainment

Sound

Displays

Launching of New Businesses (in High-Value-Added Fields)

- Synergies between the businesses of former Alps Electric and Alpine Electronics for further leveraging of the strengths of both companies
- Integration of HMI, sensing, and communications technologies and system design and software development

CASE + Premium HMI

- Acceleration of commercialization by developing products that integrate devices, modules, and systems

EHI and IoT

- Solution provider in the industrial machinery and infrastructure markets

Increasing of Earnings in Existing Businesses

- Lean operations achieved through management restructuring (eliminating waste and improving efficiency) and shifting management resources
- Emergence of cost synergies
- Response to improve productivity

1st Mid-Term Business Plan Targets

Cost synergies

¥20.0 billion

Investments in new businesses

¥200.0 billion

Innovative T-Shaped Company ITC101

Evolution from component supplier
into functional device partner

Evolution into mobility life creator
with in-house core devices

Medium- to Long-Term Business Targets (Fiscal 2024)

Consolidated Operating Income Margin

10%

Consolidated Net Sales

¥1 trillion

Creation of new value based
on a global perspective

Realization of products that
are kind to the Earth and
in harmony with the environment

Response to diverse values
of individual people and
provision of products that
contribute to the sustainable
development of society

Delivery of unique products
and systems that connect
people to cars and other
machines and creation of a safe,
secure, and comfortable society

Contribution to the realization
of sustainable and rich lifestyles
through electronic components
that benefit people and the Earth



Business Integration Synergies in the Value Chain

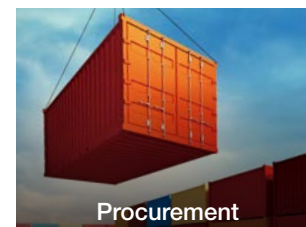
As the newly formed Alps Alpine, we will develop new products and continue to meet the challenges of new markets by integrating the core device technologies of Alps Company, which has created a wide range of electronic components, with Alpine Company's system design and software development capabilities developed in the field of car navigation. By integrating our production, sales, and procurement functions, we will also build a business foundation capable of generating ¥1 trillion in annual consolidated net sales by fiscal 2024 and aim to become a company capable of sustainable growth.



Planning / Marketing



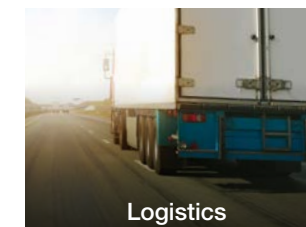
Development / Design



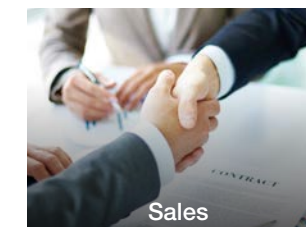
Procurement



Production



Logistics



Sales

* Eight proprietary technologies:
Evaluation and simulation technology, design and assembly technology, microfabrication technology, thin film process technology, patterning and packaging technology, optical design and molding technology, materials and application technology, and IC design technology



Alps Company

Strengths and Management Resources

- Wide range of markets and approaches to B-to-B customers
- Product planning that aims to create "Number 1" (market-leading) products and "First 1" (first-of-a-kind) products



Strengths and Management Resources

- Strengths in core device technology fields: human-machine interface (HMI), Connectivity, and SENSORING™
- Our eight proprietary technologies* and our ability to leverage *shimidashi* (trickle-out product development) to boost their competitiveness



Strengths and Management Resources

- Global procurement system capable of responding to a broad variety of needs



Strengths and Management Resources

- Flexible production system capable of supporting a wide range of production styles, from small-lot production of a wide variety of products to mass production
- Production technologies that improve productivity (development of robots/automation) and precision molding technologies



Strengths and Management Resources

- Provision of a wide range of electronic components to B-to-B customers worldwide
- Diverse sales channels including e-commerce and brick-and-mortar distributors



Business Integration Synergies

Leveraging of both B-to-B and B-to-C customer planning capabilities



Utilization of our product planning capabilities to meet wide-ranging market needs

Integration of core device design capabilities and software design capabilities



System proposals provided on a global scale by experts in electronic devices

Realization of the integration of systems, functions, and locations



Further strengthening of global suppliers' cooperation and procurement capabilities

Mutual use of production technologies, locations, and resources



Creation of an optimized global production system that can improve cost performance, quality, and efficiency

Leveraging of the logistics experience accumulated in various countries and the post-integration scale of logistics operations



Collaboration with Alps Logistics to design optimized global logistics for the entire Group

Further strengthening of global sales network and sales system at the customer-base level



Achievement of sales growth



Strengthening of Existing Businesses and Creation of Competitive New Businesses through Business Integration Synergies



Alpine Company

Strengths and Management Resources

- Ability to meet the needs of end users in our B-to-C businesses
- Product planning that leverages the power of the Alpine brand
- Ability to offer solutions



Strengths and Management Resources

- System design and software development
- Well-equipped testing facilities (integrated testing centers and testing courses) and a global testing system



Strengths and Management Resources

- Local procurement capabilities in global production locations



Strengths and Management Resources

- Establishment of global production locations to achieve made-in-market (MIM) production



Strengths and Management Resources

- Global sales and after-service networks
- Robust ability to respond to the needs of OEM customers and end users



Message from the President

**Alps Alpine will strive to become
an “innovative T-shaped company”
to bring happiness to
all of its stakeholders.**

Toshihiro Kuriyama

Representative Director
President & CEO

Making a Firm Commitment to Come Together to Face the Challenges of a Highly Competitive Era

Alps Alpine Co., Ltd. started anew in January 2019.

Global industry is facing a new highly competitive era wherein corporations are fighting for survival amid the emergence of a new technological and market paradigm shift in the automotive industry known as CASE (connected, autonomous, shared & services, and electric) vehicles, commoditization in the smartphone market, and advancements in AI and IoT technologies driving a major transformation known as the Fourth Industrial Revolution. The business integration of the former Alps Electric and Alpine Electronics is based on the resolve to come together to survive and face the challenges of this new era. The vision for the new Company, which integrates the strengths of Alps Electric and Alpine Electronics, is to become an “innovative T-shaped company.”

Alps Electric was established in 1948 under the name KATAOKA ELECTRIC CO., LTD. Alpine Electronics was established in 1967 as a consumer electronics maker

specializing in car stereos via a joint venture with a U.S. corporation. Both companies had the strong ambition to contribute to the enrichment of people's lives through electronics and had corporate visions that placed great importance on creating value. Both companies pursued their own strengths, with Alps Electric deeply pursuing its proprietary elemental technologies, as symbolized by the vertical line in the capital “T,” and Alpine Electronics integrating a broad range of devices and modules into systems, as symbolized by the horizontal line.

The creation of an “innovative T-shaped company” through the merger of these two companies that share the same ambitions will produce synergistic benefits and result in a company that creates completely new value. Not only the management team but also all our employees have adopted the phrase “One Alps Alpine” to express their resolve to realize this vision as they take on new challenges.

Evolving Mainstay Businesses through Technology Integration and Realizing the Vision of “ITC101” during the Period Covered by the 2nd MTP

Alps Alpine has established “ITC101” as its medium- to long-term business target.

“ITC” stands for “innovative T-shaped company,” as described above. “101” refers to our target of achieving a consolidated operating income margin of 10% and consolidated net sales of ¥1 trillion. In order to reach this target, we must integrate the technologies of our predecessor companies.

The value of electronic component products comes not just from individual pieces of hardware. In recent years, the ratio of product value that comes from software has been increasing. Therefore, in the Electronic Components Segment, our goal is to evolve from a component supplier to a functional device partner and, in the Automotive Infotainment Segment, to evolve into a mobility life creator with in-house core devices

amid a major paradigm shift in the automotive industry. In addition, we will work to develop unique products that take advantage of our strengths as a “T-shaped company” and supply them to industrial device markets with growth potential, such as the EHII (energy, healthcare, industry, and IoT) markets.

The process of creating products for the automotive or industrial device market generally takes roughly four to five years from the start of development to the mass production stage. We therefore expect to reach our “ITC101” target in approximately five years from now, when products currently in development have been perfected, mass production has begun, and these products are contributing to sales growth. This will therefore be in fiscal 2024, the final year of the period covered by the 2nd Medium-Term Business Plan (MTP).

Integrating Our Strengths to Create New CASE and
EHII Businesses That Generate Net Sales of ¥150.0 Billion

In the automotive industry, traditional electronic components and internal combustion engines are expected to become commoditized in the near future and we do not expect these markets to grow. However, automakers are focusing on CASE electric vehicles and autonomous driving-related products. In order to avoid a negative impact from the commodification of cars owing to trends such as car sharing, many companies are pursuing a strategy of differentiation wherein they focus on premium cockpits, interior designs, and driving operating systems for mid-range to high-end premium cars that allow end users to feel the joy and value of car ownership.

In response to the abovementioned trends, we will develop integrated devices and products that combine Alps Electric's core technologies such as HMI, sensing, and telecommunications devices with Alpine Electronics' strengths of system design and software development. We will create products and pitch new ideas for the CASE market, which we believe has growth potential, and Premium HMI products for our "Premium Car" concept.

We anticipate a wide range of customers and business models in the EHII markets, which offer growth potential. The IoT market consists of three business layers: (1) the base layer, wherein sensors collect data from a variety of sources and transmit it to the cloud, (2) the cloud services business

layer, and (3) the service provider business layer that analyzes and processes big data from the cloud to provide various services. In these markets, we will leverage the advantages of our "T-shaped company" structure and develop businesses tailored to the needs of our customers, integrating the technologies of Alps Company and Alpine Company to develop devices and systems and create new service businesses.

Under the current 1st MTP, in addition to developing businesses related to CASE and Premium HMI, we are making investments with the aim of generating sales from these new businesses.

The foundation supporting our efforts to create new businesses is our electronic components business, which focuses on generating earnings and supplies components for consumer electronics such as smartphones and gaming consoles. This business has established dominant market positions by using proprietary technologies developed over many years as its foundation, in order to enable it to create a mass production system capable of stably supplying appealing, high-quality products. Recently, a number of technologies such as AI and VR that have the potential to revitalize markets have gradually begun to show signs of wider adoption, and we will focus on creating devices for these markets that form another earnings pillar for the Company.

Lean Business Operations Is a Major Theme of the 1st MTP—
Increasing Earnings While Maintaining Current Operations Scale

Under the 1st MTP, which began in April 2019, we are conducting management restructuring with the core goal of becoming "One Alps Alpine."

In Japan, Alps Electric and Alpine Electronics have a dual-company structure, but we have also begun to operate using a "cross company" model that integrates the overlapping functions of the two companies. We also plan to draw up restructuring plans for our overseas subsidiaries.

As it is essential that we produce concrete results during the three-year period covered by the 1st MTP, we are focusing on achieving synergistic benefits from the business integration as our main theme.

For existing products, which are becoming commoditized, we will pursue lean business operations by cutting out waste

and maximizing efficiency. Our goal is to increase earnings while maintaining the current scale of our operations. As part of this shift to lean business operations, we will allocate management resources to new businesses targeting markets such as CASE and EHII and accelerate development and investments in new products.

In addition, we will also cut costs by ¥20.0 billion through the reduction of material costs by strengthening our procurement capabilities, reducing processing costs and quality-related losses, minimizing indirect costs and business infrastructure costs, and improving efficiency. Before the period covered by the 2nd MTP, we will create a business structure that improves our operating income margin by roughly 1.0 percentage points.

Increasing Corporate Value over the Medium to Long Term Based
on the Five Statements of the Alps Alpine Business Approach.

"Alps Alpine creates new value that satisfies stakeholders and is friendly to the Earth."

This philosophy incorporates our views on the ideals of craftsmanship, our responsibilities to society, and our desire to believe in people that comes from our aspiration to contribute

to the enrichment of people's lives through electronics. The five statements of the Alps Alpine Business Approach are the yardstick by which we measure our concrete progress toward our philosophy.

Pursuit of Value	We will constantly pursue new value creation.
Harmony with Nature	We will seek harmony with the Earth's environment.
Partnership with Customers	We will learn from customers and respond quickly to their needs.
Fair Management	We will act fairly and from a global perspective.
Respect for the Individual	We will draw upon the unique enthusiasm of every employee.

The five statements of the Alps Alpine Business Approach were established in 1998, the 50th year after the establishment of our predecessor, KATAOKA ELECTRIC CO., LTD., and have been our guiding principles in the 20 years since then.

We aim to grow along with society by responding to the needs of our many stakeholders with new ideas. This will not be achieved through mere economic efficiency. Rather, it will

be accomplished based on our corporate philosophy of establishing roots in emerging countries and regions and contributing to people's lives.

We use these statements as a foundation to create value for all of our stakeholders, including our customers, shareholders, local society, employees, and their families, and work to increase corporate value over the medium to long term.

Fulfilling Our Responsibilities as a Member of Global Society by Reducing Our
Environmental Impact and Respecting the Diversity of Employees Worldwide, etc.

We believe it is important to work toward the realization of a sustainable society and have been taking concrete steps to do so for many years.

In 1994, we established our Environmental Charter based on the recognition that we are all crew members of Spaceship Earth. At the same time, we also drew up a medium-term action plan to promote global environmental management efforts, including supplying products that help lighten our environmental impact.

We began full-scale overseas operations in the 1970s and currently conduct operations in 24 countries. We see a work environment wherein employees with different nationalities, who speak different languages and have different cultures and customs, can understand and respect each other and develop into creative, independent professionals as the source of our corporate strength. We have also implemented diverse workstyle systems including teleworking and core flex time policies as well as flexible systems that allow employees to work shorter hours and take different types of holidays.

This has resulted in many female employees continuing to work even after marriage and childbirth, extending their careers to the same length as our male employees.

As a member of global society, we follow the basic principle of respecting the diversity of our employees around the globe. This diversity includes a broad range of races and religious and other values and political beliefs and opinions.

Seventy-one years after our foundation, Alps Alpine has embarked on a new beginning. Under our new structure, we will continue striving to reach the goals set out in our medium-term business plans and achieve sustainable growth while endeavoring to become an "innovative T-shaped company" that brings happiness to all of our stakeholders.

August 2019

T. Kuriyama

Mid-Term Business Plan

Innovative T-Shaped Company “ITC101”

Alps Alpine aims to become an “innovative T-shaped company” with the medium- to long-term goal of generating a consolidated operating income margin of 10% and annual consolidated net sales of ¥1 trillion (we call this target “ITC101”) by fiscal 2024.

Under the Company’s 1st Medium-Term Business Plan, a three-year plan that started in April 2019, we will invest a total of roughly ¥200.0 billion over the next three fiscal years and achieve cost synergies through the business integration, with the main theme of reforming the management structure to mold the Company into One Alps Alpine.

Business Environment and Key Strategies Related to “ITC101”

In response to the commoditization of products made by existing businesses, we will improve cost competitiveness and create new businesses to take advantage of revolutionary changes in areas such as CASE,*1 EHI,*2 and IoT.

*1 CASE: Connected, Autonomous, Shared & Services, and Electric

*2 EHI: Energy, Healthcare, and Industry

Threats	Commoditization Expansion of the sales of automotive businesses and smartphone businesses is becoming difficult	Profit increases in existing businesses <ul style="list-style-type: none"> Achievement of lean operations through management restructuring Generation of cost synergies
Opportunities	Waves of major change in CASE, EHI, and IoT Changes in social structure: Urbanization and depopulation, aging, and global warming Technological innovation: AI, 5G, and evolution of smartphones into information HUB Changes in values: Sharing and service consumption	Creation of new businesses (high-value-added businesses) <ul style="list-style-type: none"> Mutual use of strengths through business synergies Acceleration of commercialization and sales expansion

1st Mid-Term Business Plan (Fiscal 2019–Fiscal 2021)

Strategies and Measures

Management structure	<ul style="list-style-type: none"> Reform management structure to promote One Alps Alpine Restructure overseas locations and carry out organizational restructuring in Japan
Existing businesses	<ul style="list-style-type: none"> Make existing businesses leaner Shift resources saved through lean transformation to new businesses
New businesses	<ul style="list-style-type: none"> Invest in new businesses Accelerate commercialization

Targets

- Cut costs by ¥20.0 billion through cost synergies achieved through the business integration

Cost synergies through the business integration

- Cost reductions through reorganization
- Cost reductions through reorganization of IT systems and business infrastructure
- Procurement cost reductions through centralized purchasing
- Labor cost reductions in the manufacturing process (use of robots and AI)
- Investment reductions through mutual use of resources (people and equipment) in the manufacturing process
- Reductions in quality losses

1st Mid-Term Business Plan Synergy creation through business integration

Fiscal 2019

2nd Mid-Term Business Plan Sales expansion

Fiscal 2022

2nd Mid-Term Business Plan

(Fiscal 2022–Fiscal 2024)

Targets

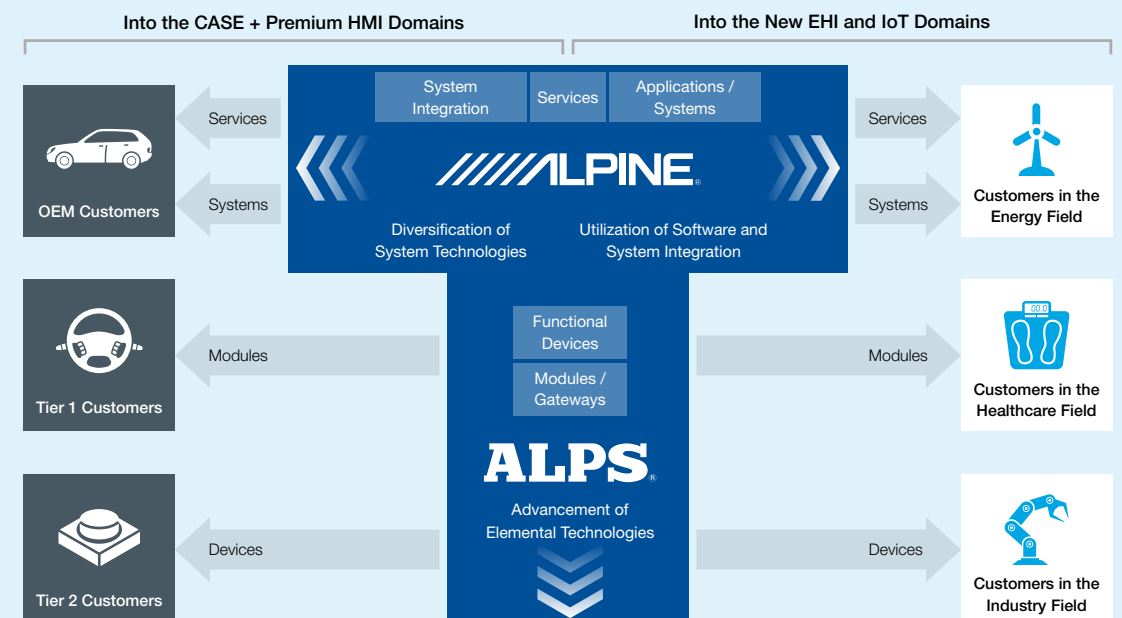
- Achieve the “ITC101” target (consolidated operating income margin of 10% and consolidated net sales of ¥1 trillion)
- Create new businesses that generate net sales of ¥150.0 billion

Our Goal

Alps Alpine moves to become an “innovative T-shaped company” by combining the strengths of both companies, specifically the vertical “I” of the former Alps Electric, furthering possibilities with core devices to enhance product competitiveness, and the horizontal “I” of Alpine Electronics, integrating a broad range of devices and technologies as systems.

Innovative T-Shaped Company: ITC101

Evolution from component supplier into functional device partner
Evolution into mobility life creator with in-house core devices



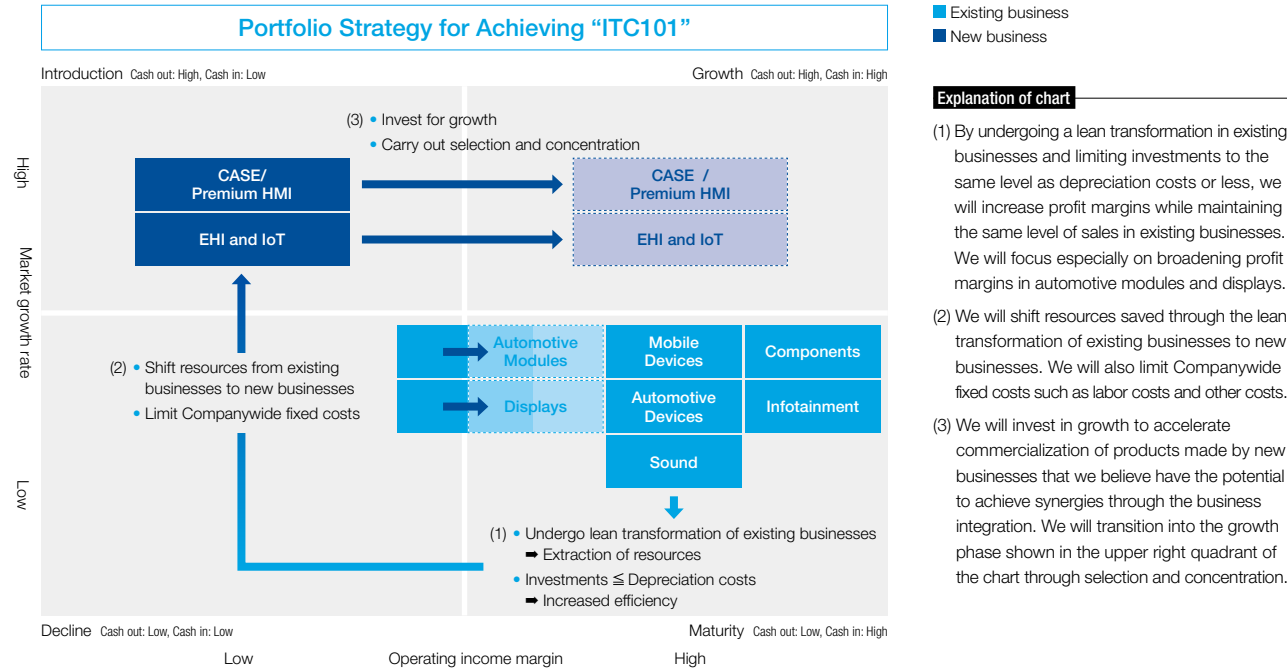
Development of Synergies from Business Integration



Synergies Achieved through the Business Integration

Business Portfolio and Strategy

In response to the commoditization of products made by existing businesses, as part of the cost synergies achieved through the business integration, we are shifting to lean business operations by abandoning wasteful processes and increasing efficiency, thereby increasing earnings while maintaining the same business scale. We will also shift human and management resources from existing businesses that have undergone lean transformations to CASE and EHI fields to accelerate development of and investment in new products and businesses.



Measures Taken in New Businesses

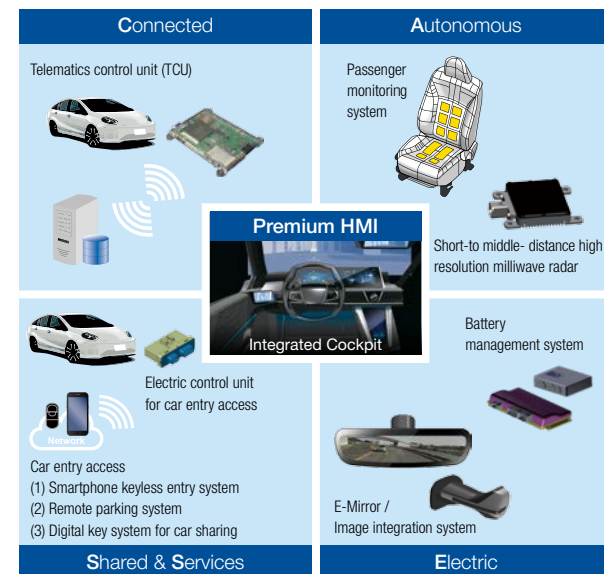
By integrating the technologies of the Electronic Components Segment and the Automotive Infotainment Segment and leveraging the strengths of our T-shaped company structure, we will develop businesses that meet the needs of customers in the fields of CASE, Premium HMI, EHI, and IoT.

CASE + Premium HMI

- Integrate HMI, Connectivity, and Sensors with system design and software development
- Develop products that integrate devices and systems, and accelerate commercialization

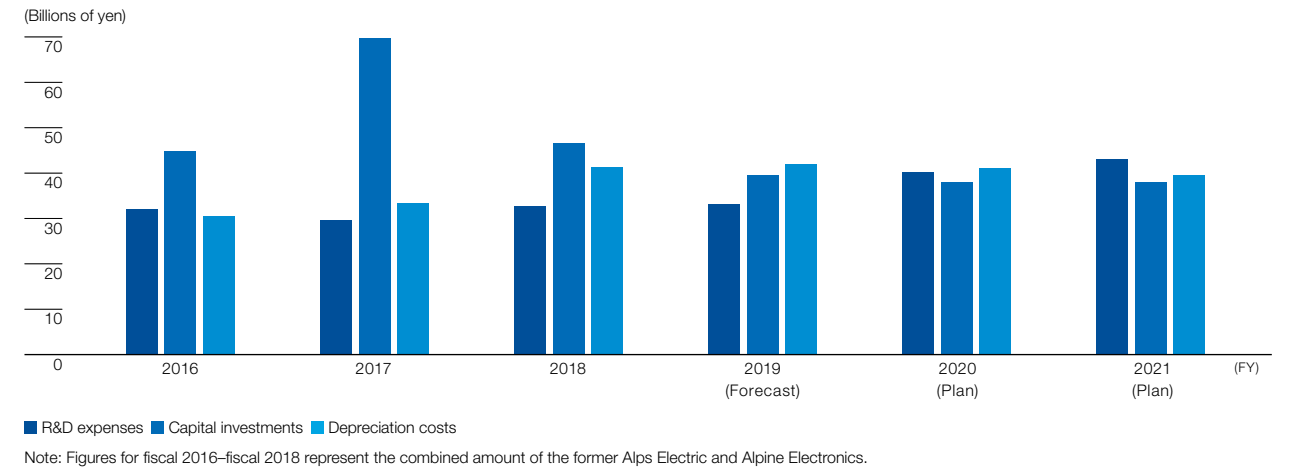
EHI and IoT

- Integrate HMI, Connectivity and Sensors with system design and software development
- Become a solution provider in industrial machinery and infrastructure markets

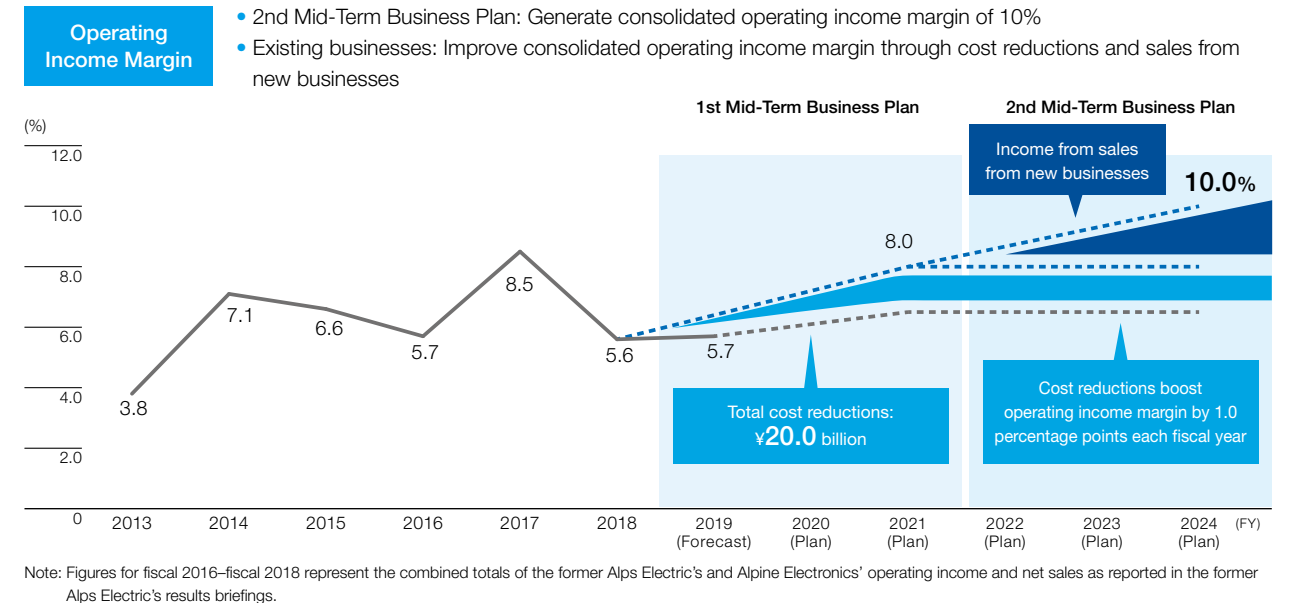
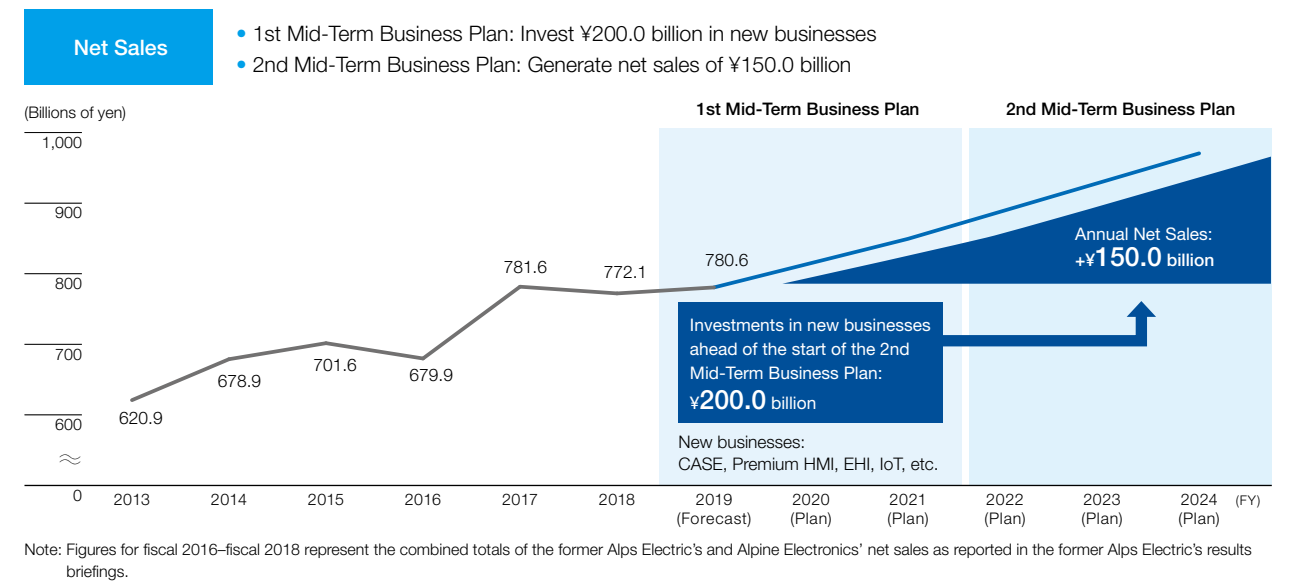


Investments Targeting Future Growth

R&D expenses will increase, capital investments will be reduced, and depreciation costs will gradually decline.



Performance Plan for Achieving "ITC101"



Approach to Financial Strategy

Maximizing Synergies to Reach the Goal of “ITC101”

Toshinori Kobayashi

Vice President
Corporate Planning, Accounting & Finance

Basic Strategy

In January 2019, the former Alps Electric Co., Ltd. and Alpine Electronics, Inc. integrated their businesses and started afresh as Alps Alpine Co., Ltd. Then in April 2019, the Company announced its 1st Mid-Term Business Plan (1st MTP), under which it aims to achieve the target of “ITC101.” This target entails our becoming “an innovative T-shaped company with a 10% consolidated operating income margin and ¥1 trillion in consolidated net sales” by fiscal 2024 (year ended March 31, 2025), the final year of the 2nd MTP.

The focus of the 1st MTP is achieving cost synergies

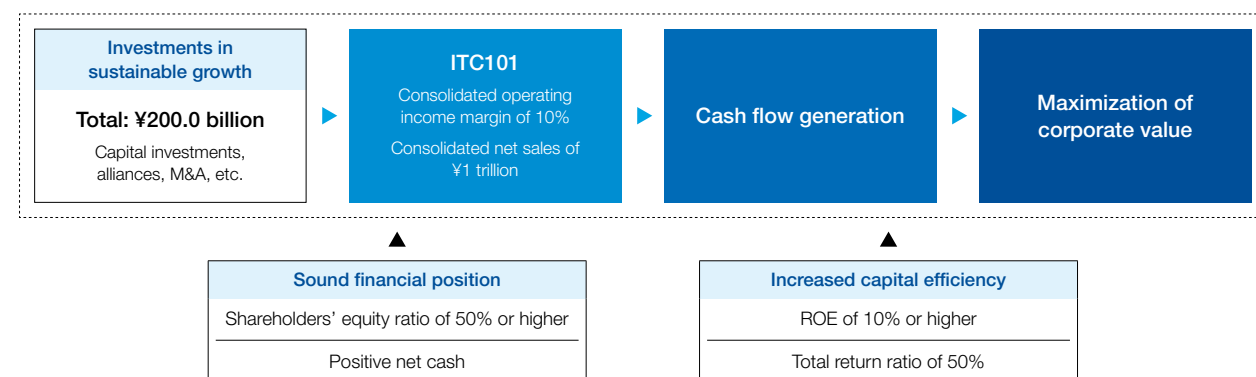
through business integration. We aim to reduce costs by a total of ¥20.0 billion and thereby increase our consolidated operating income margin by 1.0 percentage points per year, mainly by realizing cost reductions in procurement and production while reducing quality losses.

In addition to strengthening our financial base, as discussed above, we will invest the equivalent of roughly 5%–6% of total annual net sales in growth-focused R&D. We will also strike a balance between making capital investments in new facilities and upgrading existing facilities, thus achieving steady profit growth by controlling depreciation costs.

Management Performance Indicator: ROE

In the 1st MTP, we aim to reach the target of “ITC101” by investing ¥200.0 billion in sustainable growth over a period of three years. The basic financial and capital policy of the 1st MTP is to aim to maintain a sound financial position by targeting a shareholders' equity ratio of 50% or higher and positive net cash.

In addition, we aim to generate cash flows, maintain ROE of 10% or higher and realize a total return ratio of 50%, improve capital efficiency, and increase corporate value.



Using KPI Trees on the Front Lines to Increase ROE

In fiscal 2019, we forecast that net sales and operating income will basically hold steady year on year. However, we expect to start seeing the benefits from cost synergies through business integration in the second half of the fiscal year.

We have used key performance indicator (KPI) trees at former the Alps Electric and Alpine Electronics as tools to achieve tangible cost management results. In order to make more efficient use of our investments over the medium to long

term, we will conduct lean operations of existing businesses in the Electronic Components Segment and improve earnings in the Auto Module Business. At the same time, we will establish a new business model and conduct new product development in the Automotive Infotainment Segment, thereby boosting annual net sales by ¥150.0 billion. We will also raise ROE by maximizing profit attributable to owners of parent by increasing sales and cutting costs.

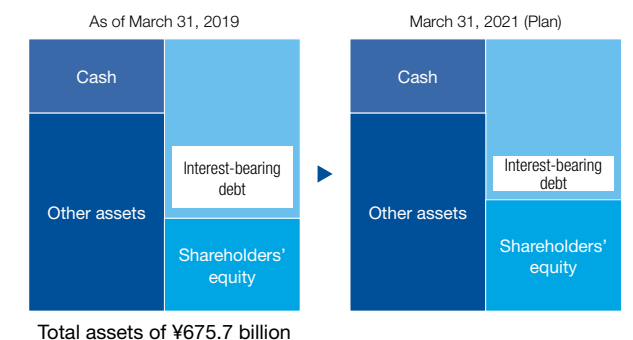
Investments and Capital Strategies in the 1st MTP

The three pillars of our capital strategy are (1) securing a strong financial base, (2) investing in sustainable growth, and (3) improving capital efficiency.

In the 1st MTP, we will invest a total of ¥200.0 billion over three fiscal years to reach the goal of “ITC101” and achieve sustainable growth. Our main intention is to expand in such business domains as connected, autonomous, shared & services, and electric (CASE) vehicles; premium human-machine interface (HMI); and energy, healthcare, industry, and the IoT (EHII).

While prioritizing shareholder returns and investments in growth, we will also endeavor to keep an appropriately healthy balance sheet by reducing interest-bearing debt and maintaining cash holdings to not only ensure adequate liquidity but also preserve and improve our financial position to a level where the Company can maintain an A rating from domestic credit rating agencies.

We use ROE as an indicator of capital efficiency. Based on careful consideration of capital costs, we target ROE of over 10%.



Cash Flow Allocation

We aim to secure stable, high-level operating cash flows through continuous growth-targeted capital investments, investments in R&D, and improvement of capital efficiency. In terms of cash flow allocation, we will strike a balance between strategic investments in growth and shareholder returns.

With regard to returning value to shareholders, in fiscal 2018, we distributed annual dividends of ¥50 per share and, as of May 2019, we had repurchased shares worth ¥28.4 billion. We target a total return ratio of 50% in fiscal 2019 and plan to spend up to ¥7.5 billion on share repurchases in addition to dividend distributions.

Achieving Sustainable Growth at Alps Alpine and Deepening Our Dialogues with Stakeholders

At Alps Alpine, we believe proper disclosure of information and engaging in meaningful discussions with stakeholders to reach mutual understanding are essential to achieving sustainable growth and increasing corporate value over the medium-to-long term. We have therefore expanded the content of our annual report compared with previous years and, starting in 2019, we have begun publishing an integrated report for the newly formed Alps Alpine. We hope to deepen

our dialogues with shareholders at the General Meeting of Shareholders held every year and also deepen our dialogues with institutional investors by holding results briefings and regularly scheduled plant tours for institutional investors and analysts and by introducing new technologies and products at private showings held once every two years. Through these efforts, we will further improve the quality of our discussions with stakeholders.

Electronic Components Segment

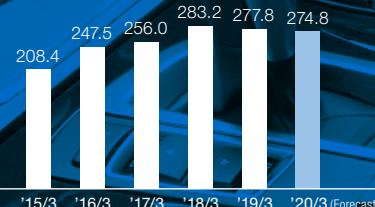
Automotive Market

By further strengthening the automotive product technologies that we have long cultivated, we will pursue the development of new products that provide safety and peace of mind in an effort to bolster profitability.

Segment Strengths

- Core device (HMI, sensors, and telecommunications) technologies
- HMI input product technologies
- Wide range of markets and customer channels

Net Sales
(Billions of yen)



Share of Net Sales
32.6%
(Fiscal 2018)

Business Environment and Review of Fiscal 2018

Although there has been an impact from the global slowdown in the auto industry, not only automakers but also companies in the electronics industry are moving swiftly to develop products and services to join the new trend known as CASE: connected, autonomous, shared & services, and electric, including the development of vehicles.

Products made by the Electronic Components Segment

for the automotive market, including modular products such as electronic shifters and door modules, and high-frequency communications products such as Bluetooth®, W-LAN, and LTE products have generally performed well. We have also formed a strategic partnership with a government-owned Chinese company in the area of cellular vehicle-to-everything (C-V2X) automotive communications technology.

Business Strategies Aimed at Reaching the Targets in the 1st Mid-Term Business Plan

We are proposing new CASE products and services and accelerating development of new system modules for the Premium Human-Machine Interface (HMI) platform, which will allow for easy operation and create a comfortable onboard vehicle environment. We are also making progress in developing new high-value-added devices that stand out from the competition.

In the auto industry, we are witnessing a once-in-a-century paradigm shift centered on CASE and we are developing sensors and devices to support this important trend. We are also developing a wide range of modules that are differentiated from those of rivals, such as cockpit and interior design modules and operating system modules.

Automotive Modules

We are developing products that utilize the HMI and sensing technologies that have been our strength since the Company's establishment to create a safe, secure, and comfortable onboard vehicle environment. In order to improve the operability of products such as small electronic shifters, automotive air conditioners, and audio equipment, we will move forward with the development of HAPTIC™ Reactor vibrational feedback devices, touchpads, and electrostatic steering wheel switches. We are also moving forward with the development of ultrashort-range, milliwave radar systems that act as a vehicle's eyes, detecting people, vehicles, and obstacles in front of a car, thereby helping prevent collisions. In addition to modularizing these systems and increasing their functionality, we are applying ergonomic knowledge gained through joint research with universities and research institutions to create systems that are comfortable to use and easy to operate.

We also view improving productivity as an important challenge and are therefore working to standardize materials and components as well as design and development processes and thereby maintain product quality and strengthen earnings.

Automotive Devices

In order to improve the automated operation of advanced driver assistance systems (ADASs), we are modularizing high-frequency circuit technology, a core technology used in these systems, and we have begun development of C-V2X modules. Automotive devices will become even more essential with the advance of intelligent transportation systems (ITSs) and we are strengthening our R&D capabilities in order to broaden our lineup of these products. We expect a rise in demand for condition-sensing devices, which can be viewed as the nervous system of the vehicles of the future. Sensors will be used not only in engines, auto bodies, and doors but also to provide information regarding the onboard environment. By sensing both vehicles and passengers, we can create safer and more comfortable automatic operation control systems. We will develop input-output devices that allow future automatic operation systems to not only detect onboard conditions but also make passengers feel at home and comfortable.

Our sensors are also used in electric vehicles (EV) and hybrid vehicles (HV) for motor drive controls, DC conversion control of regenerated current in motors, and battery charge / discharge current sensing. In addition to mass-produced electric current sensors that play an essential role as core components used for vehicle control, we are developing various sensors that contribute to the spread of EVs and HVs.

Electronic Components Segment

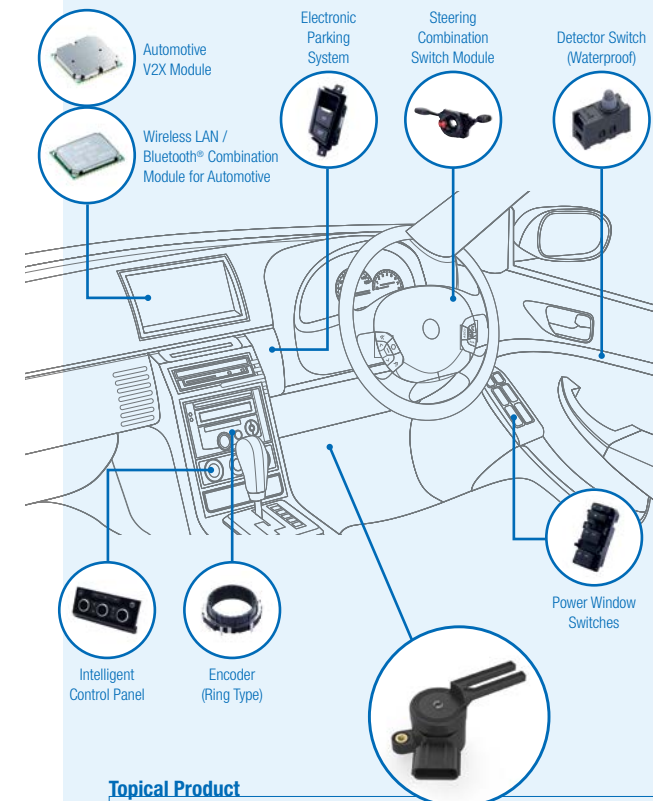
Automotive Market

Consumer Market

Automotive Infotainment Segment

Technology and Product Close-Up

Contribution to the Evolution of Next-Generation Automobiles through the Technologies We Have Developed



Alps Alpine develops, manufactures, and sells a wide variety of products that support the accelerated adoption of electronic components in automobiles such as switches and sensors, component products including wireless communication devices, and modular unit products such as remote keyless entry systems, air conditioning panels, and electronic shifters.

In the area of CASE, a group of technologies represented by autonomous driving, we have recently focused on applying capacitive technologies that we have cultivated over the years to develop and commercialize touch-interface products. At CEATEC JAPAN 2018, an exhibition showcasing cutting-edge technologies held in October 2018, we exhibited Premium Technology Cockpit, which features seamless input operation with a luxury feel through the integration of capacitive technologies into the steering and door units of a vehicle.

In addition to our input products, we will work to increase the fuel and energy efficiency of products in the automotive market by accelerating development of products that take advantage of the properties of our proprietary Licalloy™, a magnetic amorphous material used in high-efficiency reactors and compact, highly sensitive electric current sensors, and development of power conversion modules that use next-generation semiconductors.



Touch switches that light up during operation

Topical Product

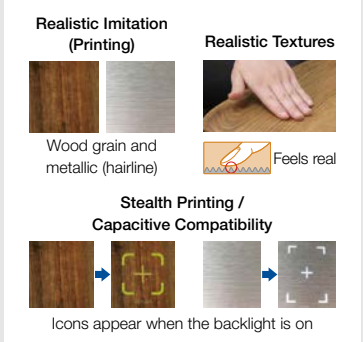
Launch of Dual Output Brake Pedal Position Sensor (Released in September 2018)

These automotive sensors are essential components of regenerative braking systems. Installed in the brake pedal, they allow the reuse of energy from the torque generated when the brakes are applied to power the vehicle later. Through such components, we contribute to the evolution of next-generation automobile such as electric vehicles (EVs) and plug-in hybrid vehicles (PHVs).

Next Innovation

Installation of Realistic Imitation Panels Created Using Decorative Printing Technologies

As autonomous driving becomes more prevalent, we believe the focus will shift from vehicles that are fun to drive to vehicles as mobility spaces wherein passengers make use of their travel time. Passengers will desire a vehicle interior that is as comfortable as their living room. Based on thermal transfer printing technologies developed over many years, Alps Alpine has developed decorative printing technologies that allow the printing of tactile surfaces that give the impression of wood or metal on parts that have 3D curved surfaces. By combining these surfaces with backlighting, touch-input interfaces, and interactive functions such as vibration feedback, we are creating beautiful vehicle interiors that feature high operability.



Electronic Components Segment

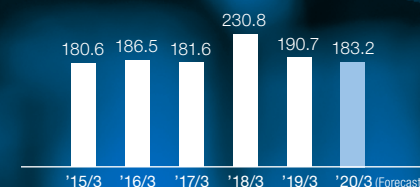
Consumer Market

We will steadily pursue opportunities to incorporate new demand by promptly supplying products that meet customer needs.

Segment Strengths

- Product development capabilities that leverage core technologies
- Advanced production technologies
- Global manufacturing capabilities

Net Sales
(Billions of yen)



Share of Net Sales
22.4%
(Fiscal 2018)

Business Environment and Review of Fiscal 2018

In the consumer market, a slowdown in smartphone sales resulted in weak sales of some components in the mobile market, such as switches and camera actuators. In the areas of EHII, we actively pitched proposals and participated

in trade shows in countries including China, India, and Malaysia in order to develop new products for growing markets such as optical communications and the IoT.

Business Strategies Aimed at Reaching the Targets in the 1st Mid-Term Business Plan

We feel it is important to contribute to the improved operability, convenience, energy efficiency, and high-speed and large-volume capabilities of devices in the mobile market (including smartphones, notebook PCs, and compact printers) and the EHII markets. We are therefore conducting R&D in a wide range of fields from new materials to devices and modular products.

Mobile Market

In the smartphone market, we are focusing on the development of operational input products, such as waterproof and dustproof switches, and TACT Switches™. In order to meet the needs of the market, including increased functionality, reduced power consumption, and thinner profiles of camera modules, we are also focusing on the development of optical image stabilization camera actuators, foldable touch panel sensors for what are expected to be the next generation of touch panels, and low noise and low power consumption geomagnetic sensors. We are also developing decorative printing methods compatible with thermal transfer printing technology to increase the added value of smartphones. In the games market, we are developing HMI products for controller switches, such as joysticks, and HAPTIC™ Reactor Hybrid Tough Type products that give the user a realistic tactile experience.

EHII Markets

Since the Japanese government proposed the creation of a "Super Smart Society" (also known as "Society 5.0") through the use of information and communication technology (ICT), revolutionary projects using big data technologies have begun in many developed countries including Japan. Markets

based on this idea have begun to take shape in a variety of fields including industry, infrastructure, logistics, and wearable devices, and the importance of IT and electronics is rising. In response to these developments, we have proposed solutions in a variety of fields through cooperation with telecommunications companies and proactively pitched proposals at trade shows in countries such as China, India, and Malaysia.

In the field of energy, after we began mass-producing electric current sensors used in smart circuit breakers with a major overseas company, we also began producing home storage battery systems. We continue to develop businesses in the energy efficiency field, pursuing technologies that allow miniaturization and high efficiency based on products using our proprietary Licalloy™ soft magnetic amorphous alloy.

In the IoT field, we have developed the world's smallest sensor network module, and we are seeing increased adoption of this network module in logistics management systems that allow managers to access real-time information on the position and condition of packages and also in worker protection systems, which are based on proof-of-concept testing conducted at manufacturing plants. We are also developing an abnormal electrical discharge detection system that uses light and sound to prevent damage to electrical power lines. In all of these business fields, in order to create a speedy business base, the Alps Alpine Group will integrate the hardware technology that is a strength of its Electronic Components Segment and the service business framework of its Automotive Infotainment Segment to develop solution-oriented businesses that provide high-added-value and highly differentiated products.

Electronic Components Segment

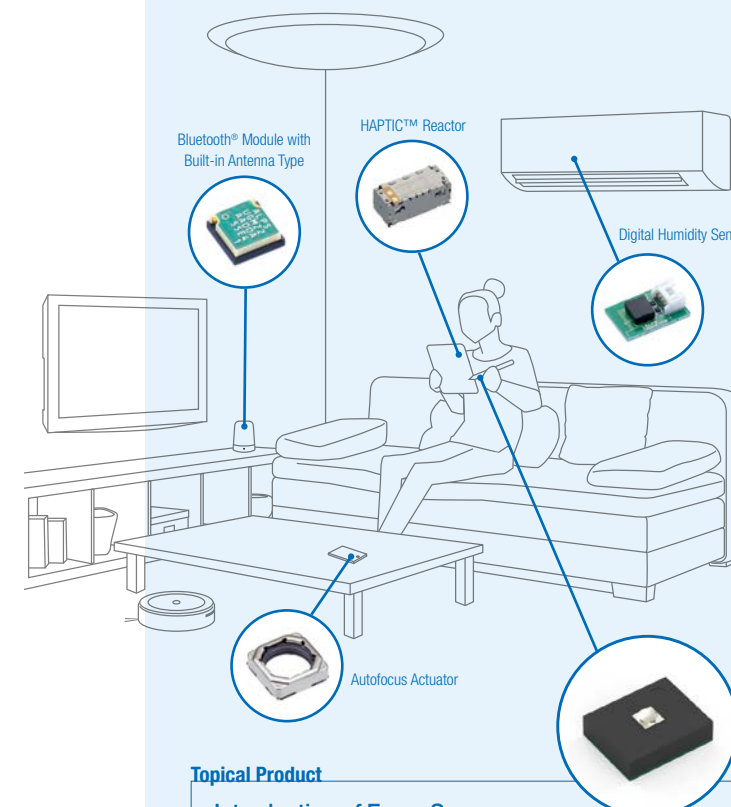
Automotive Market

Consumer Market

Automotive Infotainment Segment

Technology and Product Close-Up

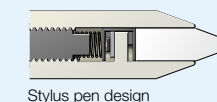
Leveraging of Core Technologies to Provide Solutions to New Markets



Topical Product

Introduction of Force Sensor (Released in March 2019)

These components are installed in the tips of stylus pens used as input devices for tablet PCs and accurately sense how much pressure is put on the pen. As we have strengthened these components to prevent breakage when dropped, we expect them to be used in many different environments, including in schools and companies. They can also be used for a wide range of creative applications, such as for digital illustrations.



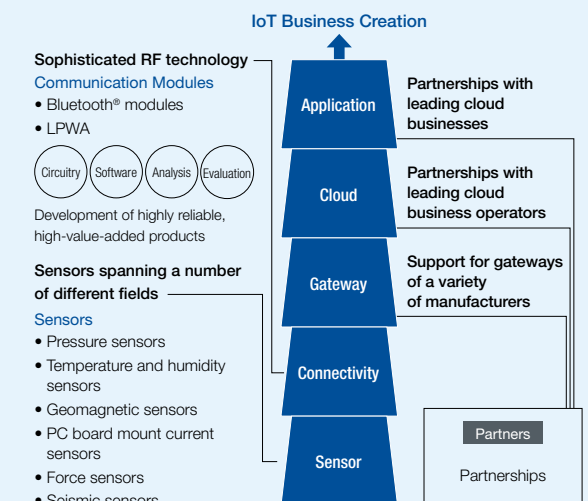
Stylus pen design

The services and devices we use in our everyday lives are undergoing a major transformation with the full-scale adoption of AI and big data technologies. With this transformation, Alps Alpine products are being used in an increasingly diverse range of applications, from familiar devices such as smartphones and tablet PCs to new products including smart speakers and intelligent consumer electronics.

By leveraging our core technologies in the development of a wide range of new products, Alps Alpine is providing solutions for not only traditional devices such as digital consumer electronics, IT devices, and smartphones but also new markets such as energy, healthcare, industry, and IoT.

As IoT technology becomes more prevalent in society, we will develop products that take advantage of the Company's strengths, two of which are small, lightweight, energy-efficient sensors and wireless communication devices. We will also promote open innovation in such areas as gateway connection and cloud computing and move forward with development in new business fields such as production systems, social infrastructure, and logistics networks.

Structure of Alps Alpine's IoT Business



Next Innovation

Development of Logistics Management System Operable for over 10 Years without Replacing Batteries

Recently, the volume of freight handled by the logistics industry has been growing, driven by growth in the e-commerce market. This has resulted in management of logistics tools and materials, including boxes and pallets used to convey individual items, becoming increasingly complex, and the creation of more efficient logistics management systems has become an urgent priority. To respond to this need, Alps Alpine has developed logistics management IoT devices that can be operated for over 10 years without replacing batteries. We have teamed up with Sigfox, creating a system that, in addition to ascertaining the flow of tools and materials, uses Sigfox's positioning technology to seamlessly manage tracking information at low cost both inside and outside logistics centers.



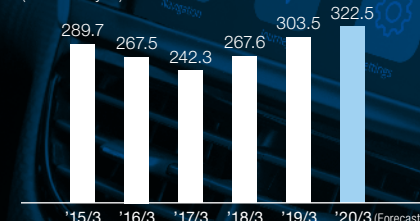
Automotive Infotainment Segment

We integrate our cutting-edge technologies to supply onboard automotive systems for the safe, secure, and comfortable automobile society of the future.

Segment Strengths

- System design and software development capabilities
- HMI output product technologies
- B-to-C services business

Net Sales
(Billions of yen)



Share of Net Sales
35.7%
(Fiscal 2018)

Business Environment and Review of Fiscal 2018

In the automotive industry, in the field of CASE, we are witnessing changes that are larger than those in any other industry, including always-on Internet connection, automatic driving, car sharing services, and increased prevalence of EVs and HVs. Amid the accelerated adoption of in-vehicle electronics, in the automotive electronics industry, we are seeing more pervasive integration of automotive IT centered on infotainment systems and new fields such as self-driving cars and AI.

In this environment, the Automotive Infotainment Segment installed a top-of-the-line premium sound system in a demo vehicle displayed at a motor show in China, which has become the largest automobile market in the world, thereby increasing the profile of the Alpine brand. In the domestic retail market, we launched a new “floating type” model developed for cars in which it is difficult to install a large monitor and focused on increasing sales of Alpine Style Customized Cars, which feature high-quality, automotive onboard environments. In the North American retail market, we launched

new products compatible with Apple CarPlay*¹ and Android Auto*² to attract new customers. Sales of our navigation systems and displays for sale with new high-end models by European automakers were strong. Thanks to our efforts to expand our businesses, we saw increased orders of high-end speakers and amps that produce the feeling of actually being in a concert hall as well as thin, lightweight speakers that contribute to increased fuel efficiency and reduced environmental impact.

One way we strengthened this business was to strengthen our operations in China—where we expect the markets for EVs and car sharing services to grow—by increasing our level of investment in equity method subsidiary Neusoft Reach Automotive Technology (Shanghai) Co., Ltd.

*¹ Apple CarPlay is a trademark of Apple Inc., registered in the U.S. and other countries.

*² Android Auto is a trademark of Google Inc., registered in the U.S. and other countries.

Business Strategies Aimed at Reaching the Targets in the 1st Mid-Term Business Plan

In the Automotive Infotainment Segment, in response to the rapid adoption of CASE technologies, we are creating attractive products by strengthening development of the Premium HMI platform, which provides drivers and passengers with inspirational onboard spaces through the integration of the Electronic Components Segment's sensing device and transmission device technologies and the Automotive Infotainment Segment's software technology.

In the audio equipment business, we will further deepen our commitment to high-quality sound in the Alpine brand business and in our business supplying products to automakers and also accelerate development of even more attractive products, including further development in the premium

space. To do so, we strengthened our capital alliance with Italian high-end speaker manufacturer Fital S.p.A. We will further strengthen our audio equipment business in Europe through our alliance strategy in order to win more customers and expand our business. We recognize that, with the arrival of the age of self-driving cars, creating comfortable onboard spaces is an important theme in terms of expanding our business. We aim to bring premium sound that makes use of AI to our customers by developing sound control technologies and by leveraging sound-tuning expertise accumulated over many years and applying machine learning and AI technology to this knowledge.

Electronic Components Segment

Automotive Market

Consumer Market

Automotive Infotainment Segment

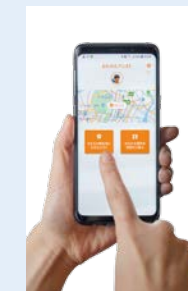
Technology and Product Close-Up

Integration of Technologies to Provide New Solutions for an Autonomous Driving Society



Pickup Assistant for Safely and Securely Connecting Parents and Children

This system tells parents the exact location of their children when they are driving to pick them up. If a problem arises, for example, a child is not at a regular meeting place or a parent is running late owing to heavy traffic, this system allows both parent and child to know each other's location and message each other, thereby helping parents safely collect their children. Also, location data can be sent to the car navigation system to allow easy destination selection, facilitating quick and easy collection.



As a mobile media innovation company in the automotive infotainment market, we have developed technologies and products to provide solutions in the following five areas: audio, visual, navigation & cockpit display, communication & cloud services, and drive assistance. These include the Big-X Series of car navigation systems with large monitors, which were pioneering products launched ahead of those of rivals. The Big-X Series won the top award in overall satisfaction in the Aftermarket Car Navigation System category in the 2018 Japan Car Navigation System Customer Satisfaction Survey, conducted by J.D. Power Japan. This was the seventh consecutive year in which the Company was number one in overall customer satisfaction in this category.

The automotive infotainment market is shifting from conventional navigation systems to in-vehicle infotainment systems using network connections and AI. We believe that we must respond to such changes in the market environment and master each related technology and integrate them to create a new technological field, thereby overcoming the boundaries of time (pre-journey, drive time, time at destination) and space (home, vehicle, office) to provide safe and comfortable seamless car and lifestyle solutions.

Air conditioner controller with tactile fingertip feedback allows intuitive adjustment of temperature and airflow



Manual mode



Autonomous driving mode



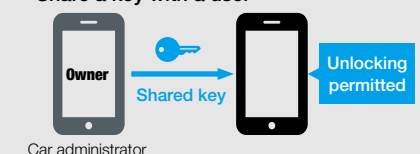
In autonomous driving mode, vehicle becomes a mobile living room wherein the driver can enjoy content along with passengers

Next Innovation

Digital Keys Using Blockchain Technology

Car sharing, which is one element of CASE, is becoming more prevalent, and Alps Alpine is therefore working to develop digital keys using blockchain technology to meet the needs of this market. Digital keys will be a fundamental technology used in systems that allows drivers to use a smartphone rather than a physical key to lock and unlock their car doors and start their engines. This will enable owners to allow access to their vehicles for a limited time in such scenarios as car rental or lending to friends. We expect to see these systems not only increase convenience but also find use in Mobility-as-a-Service (MaaS) applications.

Share a key with a user



Invalidate a user's key



CSR Management

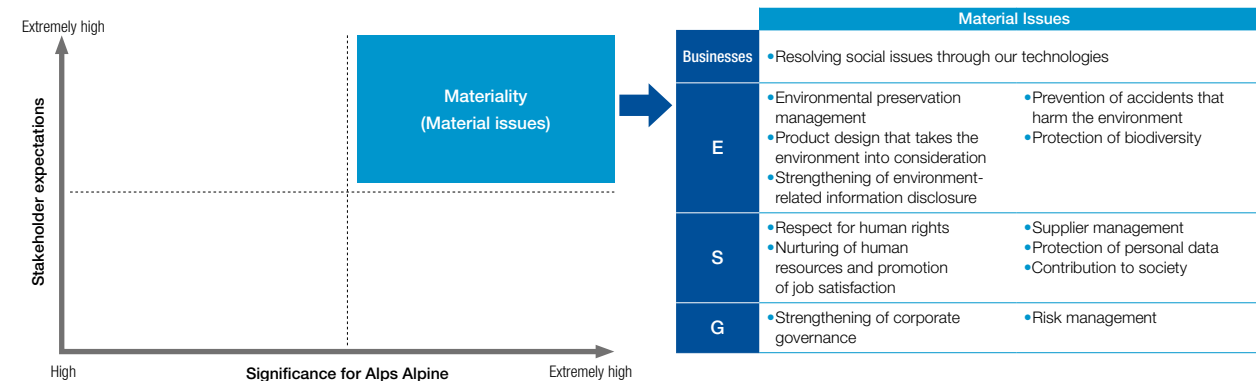
In order to take full advantage of the strengths of Alps Electric and Alpine Electronics following their business integration in January 2019, meet the expectations of stakeholders, and achieve sustainable growth, Alps Alpine established a Sustainability Committee. Focusing on material issues, we will continue with efforts aimed at increasing corporate value and achieving sustainable growth.

Alps Alpine's Materiality

Alps Alpine established material issues in fiscal 2019 and have reflected them in its CSR activities. In establishing our material issues, we evaluated issues based on the expectations of stakeholders and priorities for Alps Alpine. These material issues were discussed by the Sustainability Committee and approved by the Board of Directors. Stakeholders' expectations change over the years and sustainability-related initiatives, such as the United Nations Sustainable Development Goals (SDGs), have become more active worldwide. Amid this environment, we will periodically revise our material issues, consider what kind of concrete steps should be taken, and clarify our goals.

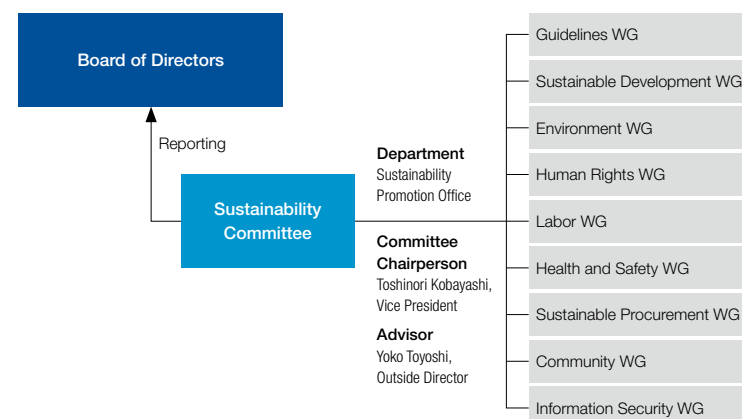
Process of Establishing Material Issues

- Step 1 Organize Issues**
Using ISO 26000, an international standard providing guidance on social responsibility, as a basic framework for action, organize the concerns of stakeholders with a focus on the SDGs
- Step 2 Specify important issues from the point of view of stakeholders**
Judge importance of stakeholders' concerns
- Step 3 Specify important issues for Alps Alpine**
Evaluate and prioritize stakeholders' concerns identified in Step 2 in terms of their impact on Alps Alpine
- Step 4 Reflect the above in the Medium-Term Sustainability Plan**
Create a Medium-Term Sustainability Plan based on stakeholders' concerns prioritized in Steps 2 and 3



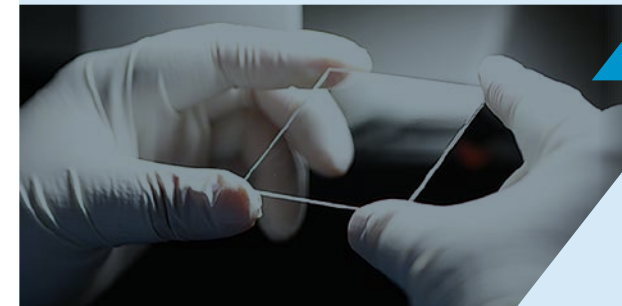
Sustainability Promotion Structure

Alps Alpine established a Sustainability Committee in February 2019. The committee is composed of nine working groups (WGs) focusing on different areas. Each WG promotes activities related to its area of responsibility while placing importance on the provision of value to society and the realization of sustainable growth for the Company. The Sustainability Committee evaluates the progress made in these areas every six months and reports the results at Board of Directors' meetings.



Initiatives to Achieve Sustainability

The Alps Alpine Group is striving to resolve issues impacting its stakeholders, including environmental and societal issues.



Product Quality and Safety

► P32

We believe that the creation of superior and highly safe products raises customer satisfaction and leads to greater trust in Alps Alpine, which is why we consider it to be of utmost priority in our operations. In addition to constructing a quality maintenance system for our product development and manufacturing processes, we have adopted a variety of measures to improve product quality and safety.



Workplace Health and Safety

► P32

We view a workplace where employees can proactively work in safety and in good health as the bedrock that supports the Company. Accordingly, we promote efforts that allow employees to think about their health and safety and conduct themselves in a way that promotes health and safety every day. Please see our corporate website for more details.



Human Resources

► P33

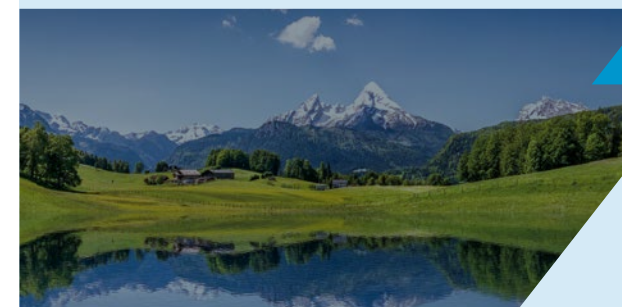
"Believe in people." This is our philosophy regarding human resources. We actively support employees who desire to take on challenges and personal development, and we work to enhance initiatives and create environments that encourage employees to grow into creative and independent professionals.



Procurement

► P34

We focus on establishing trusting and collaborative relationships with our suppliers that are based on sincerity. When procuring materials and parts, we consider safety, the environment, and society and aim for sustainable development and growth throughout the supply chain.



Environment

► P34

Global environmental issues, such as global warming and abnormal weather events, seem to be reported in the news every day. The Alps Alpine Group regards global environmental issues to be important management issues as well and carefully considers the effects that its business operations have on the environment. Accordingly, the Group is also developing various initiatives related to energy conservation, chemical substance management, waste reduction, and biodiversity.

Product Quality and Safety

Fundamental Quality Control Policy and Medium-Term Business Plan

Alps Alpine will deliver outstanding products and services that satisfy its customers. The Fundamental Quality Control Policy in the 1st Mid-Term Business Plan states, "We must perfect our craftsmanship and earn even more trust from our customers." In order to realize this goal, we must make Companywide efforts to improve not only production quality but also improve design and component quality assurance, which are essential to achieving high-quality production.

Fundamental Quality Control Policy

We must perfect our craftsmanship and earn even more trust from our customers.

Global Quality Information Management System

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

Functional Safety of Automotive Products

The electrification of automobiles continues to occur at an increasingly high rate. At the same time, safety requirements for products incorporated into vehicles are mounting due to the spread of technologies such as driver assistance systems and autonomous driving systems. To ensure delivery to customers of safe, dependable products, the Alps Alpine Group was quick to establish commercialization processes and systems conforming to ISO 26262 (which went into effect in November 2011) and has already developed numerous products compliant with the functional safety standard for automakers at home and abroad.

We aim to establish and foster a culture of safety so that employees involved in automotive products put safety first in their decision-making and actions. Related activities are pursued in accordance with our functional safety guide.

We regularly conduct comprehensive and reflective evaluations of our safety activities as management reviews within the Board of Directors. We also formulate and implement annual action policies and priority measures. Through these efforts, we carry out continuous improvement activities on a Companywide basis.

Corporate Policy in Functional Safety Guide

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



Workplace Health and Safety

Risk Management through Introduction of OHSAS 18001

At the Alps Alpine Group, we have introduced the OHSAS* 18001 international occupational health and safety management system standard, and we have been acquiring certification at our manufacturing bases and other locations. Based on this system, we

continuously work to reduce and manage health and safety risks through risk assessment, and work to comply with laws and regulations.

As of May 2019, 44.8% of our production facilities had acquired OHSAS 18001 certification.

* OHSAS: Occupational Health and Safety Assessment Series

Human Resources

Human Resource Cultivation Policy

The Alps Alpine Group values employee self-development achieved through work and other efforts in the workplace. We conduct on-the-job-training (OJT) so that employees can fulfill career plans they created for themselves. This OJT is linked with evaluations, placement, and skills development and we implement it in pursuit of comprehensive and long-term employee development.

Employees can feel their own development when they interact with many people through their work, learn from and teach those people, and realize achievements. At the same time, we offer employees various opportunities to develop their skills in accordance with their current stages of development. Such opportunities include training and education geared toward skills and knowledge acquisition and personal development support measures.

By enhancing both practical (work) and theoretical (skills development measures) approaches, we facilitate the development of professional individuals and growth of organizations.

Employee Systems That Offer Flexible Workstyles

Alps Alpine's employee systems are based on three basic philosophies: respect for humanity, selection of the very best, and personal development. These systems include a qualification system that makes different choices possible based on employee aptitude, ability, and enthusiasm as well as an incentive payment system based on employee positions and functions. Under these philosophies, we aim to employ diverse human resources, raise motivation, and create workplaces in which employees can display their abilities and work comfortably. To this end, we have introduced various systems, including hourly paid leave, a system that allows employees to work shorter hours, telecommuting and teleworking for employees who meet certain requirements, a reemployment scheme, expansion of monetary qualification incentives, and relaxed restrictions on simultaneous employment.

In fiscal 2018, we made progress in creating a work environment that allows more flexible workstyles by encouraging employees to take five consecutive paid vacations and providing some employees with smartphones. Also in fiscal 2018, overtime fell by 16.9% and the ratio of employees utilizing annual paid leave rose 3.0 percentage points compared with the previous fiscal year.

Diversity

Promoting Greater Involvement of Women

Alps Alpine hires a wide range of people regardless of nationality, race, age, gender, or religion and we strive to create a workplace where they can live up to their full potential.

In new-graduate recruitment, the Company actively hires women for all positions, including engineering. We also aim to bring about a change in mentality among managers and even women themselves by, for example, establishing suitable working environments through the enhancement of programs that support the balance between work and childcare or nursing care and by implementing education and training programs.

In fiscal 2018, we created an employee network and opened a company childcare facility to encourage female employees to continue to work at Alps Alpine.

Average Length of Service for Male and Female Employees*1 (Alps Alpine / Alpine Electronics)

	2017	2018	2019
Male	19 yrs, 11 mths	19 yrs, 10 mths	19 yrs, 7 mths
Female	20 yrs, 1 mths	18 yrs, 9 mths	18 yrs, 9 mths
Overall	20 yrs, 0 mths	19 yrs, 7 mths	19 yrs, 5 mths

*1 According to our analyses, the decrease in average length of service is due to increases in the numbers of retirees and new hires. As of April 1 of each year.

Ratio of Women in Management Positions*2 (Alps Alpine / Alpine Electronics)

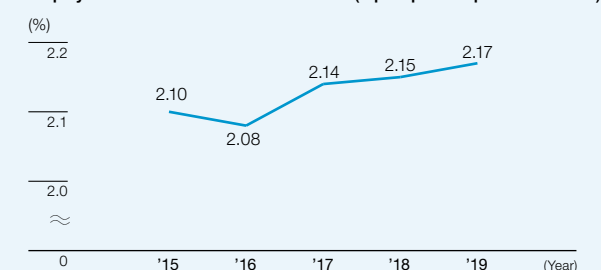
	2016	2017	2018	2019
Men in management positions (number)	545	539	546	534
Women in management positions (number)	8	10	10	10
Women in management positions (ratio)	1.4%	1.8%	1.8%	1.8%

*2 As of April 1 of each year

Employing Persons with Disabilities

Alps Alpine is working to establish environments where all employees, with or without disabilities, can work with vitality and apply their capabilities to the fullest. Statutory employment rates have gradually risen since April 2018 due to legal reforms in Japan. The Company will continue to improve working environments, expand employment opportunities, and meet statutory employment requirements.

Employment of Persons with Disabilities*3 (Alps Alpine / Alpine Electronics)



*3 As of June 1 of each year

Employing Overseas Personnel—International Associates Program

The International Associates Program (IAP) employs new graduates from overseas on two-year contracts to work at Alps Alpine's offices in Japan. Employing around five people annually for over 20 years, the program has had nearly 100 participants to date from countries in Europe, North America, and Asia. After completion of the program, many participants stay on to work for the Alps Alpine Group, including one employee who is still with us after more than 20 years.

In addition, former foreign exchange students now account for around 10% of the new graduates hired in Japan. These persons engage in wide-ranging jobs, for example, in design and development, manufacturing, sales, and accounting.

In fiscal 2018, we hired 12 new employees.



Procurement

Response to Conflict Minerals

Human rights violations by armed elements in the Democratic Republic of the Congo and neighboring countries and the intensification of conflict due to armed groups being financed through the sale of minerals obtained in the region are major issues. In the United States, Section 1502 of the Dodd–Frank Wall Street Reform and Consumer Protection Act, which came into effect in January 2013, defines these minerals as “conflict minerals” and obligates corporations listed on U.S. stock exchanges to disclose information related to the use of conflict minerals in their products with the ultimate goal of eradicating the use of minerals that are “financing conflict.”

The Alps Alpine Group, while not obligated by the act, understands and agrees with the purpose of the act from a human rights perspective and intentionally avoids employing as materials in its products conflict minerals that are used to finance armed forces from the Democratic Republic of the Congo or neighboring countries that engage in inhumane conduct.

Additionally, Alps Alpine concurs with the philosophy upheld by the Japan Electronics and Information Technology Industries Association (JEITA) and has been participating in, and conducting activities with, JEITA's Responsible Minerals Trade Working Group since its establishment. The Company also conducts policy briefings and financial results briefings for its suppliers each April in which it shares information regarding important matters and trends related to mineral procurement.

Response to Procurement Risk

The Alps Alpine Group has set up international procurement offices (IPOs) to carry out procurement activities at production bases in 29 locations in 12 countries: Japan, China, South Korea, Malaysia, Mexico, Ireland, Germany, the Czech Republic, India, Thailand, and Hungary as well as in Taiwan and Hong Kong. Procurement entails obtaining at the right time the required volume of materials and parts that are superior in quality, cost, delivery, and environmental performance. It is therefore essential that the Group procures from suppliers it can trust. For that reason, the Group makes efforts to build trust-based relationships.

The supply chain is also affected by natural disasters, accidents, labor disputes, bankruptcies, and other occurrences, with extensive repercussions for procurement activities as well as for such operations as logistics. The Group regularly updates its supply chain database and is currently establishing structures for globally centralizing information and responding in a timely manner when procurement risks do eventuate.

The Alps Alpine Group continuously holds policy briefings and financial results briefings with its suppliers. At these briefings, it requests supplier cooperation with its approach to addressing procurement risks.

The Group believes that responding to such risks is not possible without the support of suppliers and it will continue efforts to strengthen that cooperation going forward.

Environment

Climate Change Impact Mitigation Measures

Alps Alpine views climate change as a major risk factor that could cause production stoppages and supply chain bottlenecks. Through the Environmental Protection Committee chaired by Yoichiro Kega, the vice president in charge of HR & General Affairs, Legal & Intellectual Property, and Export & Import Administration, we set our goals and determine countermeasures to be taken with regard to climate change. In the 1st Medium-Term Action Plan for Environmental Preservation, which started in fiscal 2019, we set long-term targets for 2030 and 2050 in line with the Paris Agreement and we are taking measures to meet these goals. In this action plan, we focus on the development of production facilities around the world centered on efficient use of resources, energy sources, and durability.

The main risks that the Group faces related to the shift to a low-carbon-emissions economy are (1) growth in the market for electric vehicles (EVs), (2) changes in the markets that supply automotive products and energy efficient facilities and systems, (3) technological changes, and (4) demand from customers and other stakeholders to further reduce CO₂ emissions and use

more renewable energy sources. We also face such risks as natural disasters including heavy rains and floods. We respond to these risks through such risk management activities as regular reviews of our risk management manuals and systems.

1st Medium-Term Action Plan for Environmental Preservation

In order to promote environmental preservation activities, including global warming countermeasures, the Alps Alpine Group has drawn up a Medium-Term Action Plan for Environmental Preservation. This action plan is reviewed every three years and we continue to implement measures to mitigate climate change in Japan and overseas.

The 1st Medium-Term Action Plan for Environmental Preservation began in April 2019. In addition to the abovementioned long-term targets for 2030 and 2050, we have formulated a chemical substance management plan to reduce and limit emissions of volatile organic compounds (VOCs) and greenhouse gases that come from sources other than power generation, such as sulfur hexafluoride.

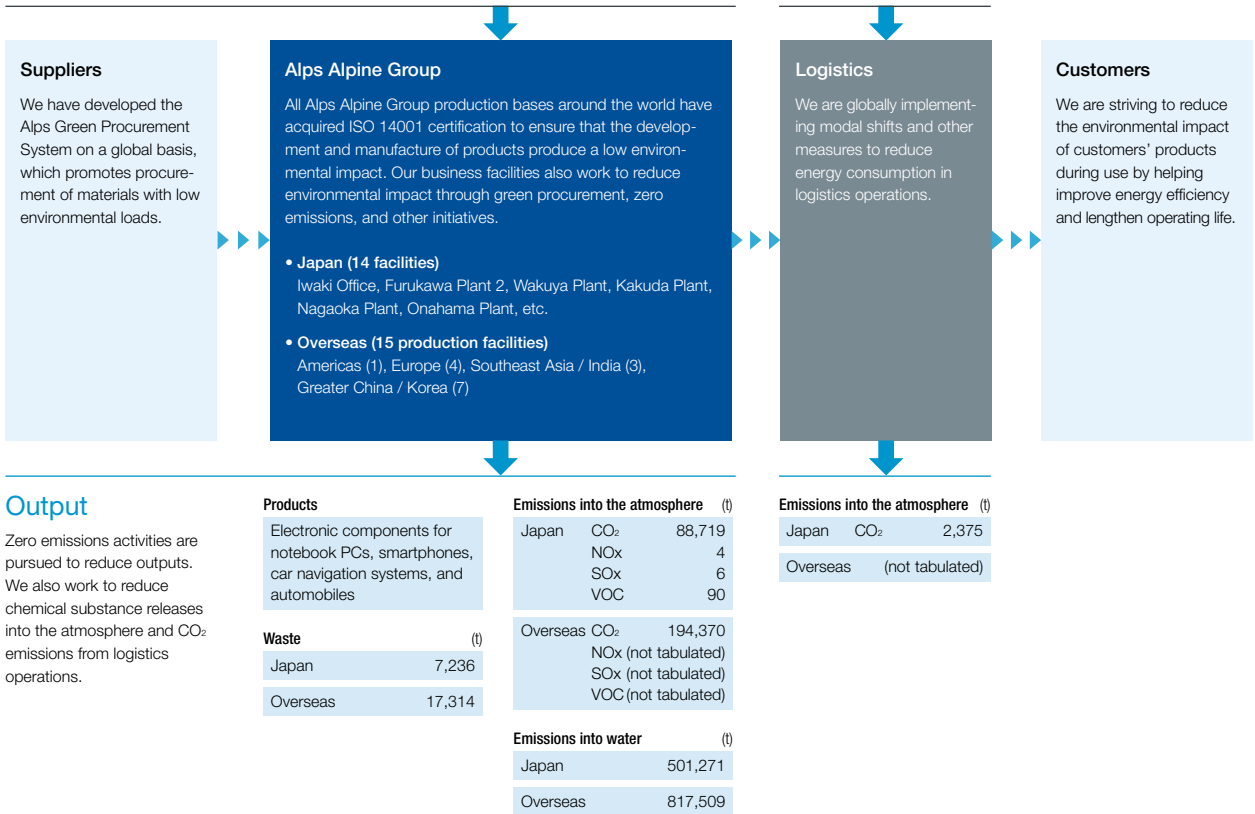
Category		Target	Scope
Long-term targets	Global warming countermeasures	Achieve an 80% reduction in greenhouse gas emissions volume by fiscal 2050 compared with fiscal 2013 levels	The Alps Alpine Group
		Improve energy consumption per unit of production by an average of 1% per year until 2030	The Alps Alpine Group
Medium-term Plan	Resource circulation	Lower energy consumption per unit of production by an average of 1% per year for Japanese product distribution system until fiscal 2021	Alps Alpine / Alps Logistics
		Reduce waste emissions per unit of production by an average of 1% per year until fiscal 2021	The Alps Alpine Group
		Increase waste recycling rate	Alps Alpine
		Lower water use volume per unit of production by an average of 1% per year by fiscal 2021	The Alps Alpine Group
	Environmentally friendly products	Improve material yield	Electronic Components Segment
		Improve material straight pass rate	Electronic Components Segment
	Biodiversity	Promote expanded sales of environmentally friendly products	Alps Alpine
	Chemicals	Promote biodiversity conservation activities	Alps Alpine
		Reduce and limit VOC emissions	Alps Alpine
		Reduce and limit greenhouse gas emissions from sources other than power generation, such as sulfur hexafluoride (climate change countermeasures)	Alps Alpine

Overall Environmental Load of the Alps Alpine Group (Fiscal 2018)

Input

We are taking thorough measures to eliminate hazardous chemicals from our green procurement activities, materials, and components on a global scale. We are also reducing energy consumption by installing highly efficient equipment and raising the awareness of our employees regarding energy issues.

Electricity	(MWh)	Municipal / industrial water supply (t)	Fuel	(Crude oil equivalent: kl)	
Japan	149,012	Japan	735,389	Japan	896
Overseas	449,643	Overseas	1,083,846	Overseas	(not tabulated)
Fuel	(Crude oil equivalent: kl)	Groundwater	(t)		
Japan	6,389	Japan	51,583		
Overseas	10,670	Overseas	75,028		
		Purchased parts (semiconductors, etc.)			
		Processed parts (molded parts, etc.)			
		Raw materials (iron, plastic, etc.)			



Governance

Directors (As of June 21, 2019)



Toshihiro Kuriyama

Representative Director
President & CEO
ALPS-COO

Apr. 1980 Joined Alps Electric Co., Ltd.
(currently Alps Alpine Co., Ltd.)
Jun. 2004 Director
Apr. 2007 General Manager, Business
Development Headquarters
Apr. 2009 General Manager, Engineering
Headquarters
Engineering & Quality Management
Executive
Oct. 2009 Officer in charge of Component
Products Business, MMP Division
Jun. 2011 Managing Director
Apr. 2012 General Manager, Engineering
Headquarters
Jun. 2012 President, Chairman of the
Board of Director
Jan. 2019 Representative Director, President &
CEO, ALPS COO (present)
Jun. 2019 CEO (present)



Nobuhiko Komeya

Representative Director
Senior Executive Vice
President & CIO
(Chief Integration
Synergy Officer)
ALPINE-COO

Apr. 1981 Joined Alps Electric Co., Ltd.
(currently Alps Alpine Co., Ltd.)
Mar. 2000 Director & President,
Alps Electric (UK) Limited
Jun. 2004 Director, Alps Electric Co., Ltd.
Jun. 2009 Managing Director, in charge of Material
Control, MMP Division
Jun. 2012 Senior Managing Director, General
Manager, Administration Headquarters
Jun. 2015 Senior Managing Director,
Alpine Electronics, Inc.
Head of Administration
(of Alps Alpine Co., Ltd.)
Jun. 2016 President of Alps Alpine Co., Ltd. (present)
Jan. 2019 Representative Director,
Senior Executive Vice President,
ALPINE-COO (present)
Jun. 2019 CIO (present)



Junichi Umehara

Director
Audit and Supervisory
Committee Member

Mar. 1987 Joined Alps Electric Co., Ltd.
(currently Alps Alpine Co., Ltd.)
Sep. 2004 Deputy Officer in charge of Legal &
Intellectual Property and Deputy Officer
in charge of Corporate Export & Import
Administration
Jun. 2006 Director
Jul. 2006 Officer in charge of Legal & Intellectual
Property General Manager, Corporate
Export & Import Administration
Apr. 2009 Deputy General Manager,
Administration Headquarters
Deputy General Manager,
Engineering Headquarters
Officer in charge of Intellectual Property
Officer in charge of Legal & Intellectual
Property
Apr. 2012 Officer in charge of Legal & Intellectual
Property, Administration Headquarters
Jul. 2015 Officer in charge of Human Resource,
Legal & Intellectual Property
Jun. 2016 General Manager,
Administration Headquarters
Jun. 2018 Director (Audit and Supervisory
Committee Member) (present)



Shinji Maeda

Director
Audit and Supervisory
Committee Member

Apr. 1982 Joined Alps Electric Co., Ltd.
(currently Alps Alpine Co., Ltd.)
Aug. 1991 Transferred to Alps Alpine Co., Ltd., Inc.
Oct. 2008 Senior Manager, Human Resources
Division
Jul. 2013 General Manager, Deputy Head of
Administration
(Human Resources, Corporate Planning /
Tokyo Office)
Jan. 2016 General Manager of Corporate Planning
Jan. 2019 Director (of Alps Alpine Co., Ltd.)
(Audit and Supervisory Committee
Member) (present)



Takashi Kimoto

Director
Executive Vice President
CSO, ALPS-Electronic
Components Sales &
Marketing

Apr. 1981 Joined Alps Electric Co., Ltd.
(currently Alps Alpine Co., Ltd.)
Jun. 2008 Director
Apr. 2009 General Manager, Automotive Division
Apr. 2010 European and American Business
Executive
Apr. 2012 General Manager, Sales & Marketing
Headquarters
Jun. 2012 Managing Director
Jun. 2016 Senior Managing Director
Jan. 2019 Director, Executive Vice President and
CSO, ALPS-Sales & Marketing
Apr. 2019 Director, Executive Vice President and
CSO, ALPS-Electronic Components
Sales & Marketing (present)



Yasuo Sasao

Director
Senior Vice President
CTO, ALPS-New Business
and ALPS-Engineering

Apr. 1983 Joined Alps Electric Co., Ltd.
(currently Alps Alpine Co., Ltd.)
Jan. 2009 Deputy General Manager, Component
Products Business Division
Apr. 2009 Deputy Officer in charge of Component
Products Business, MMP Division
Jun. 2010 Director
Apr. 2012 General Manager, Component,
Engineering Headquarters
Apr. 2013 Officer in charge of Component
Business and Deputy General Manager,
Engineering Headquarters
Jun. 2014 Officer in charge of Component
Business and General Manager,
Engineering Headquarters
Jun. 2015 Managing Director
Jun. 2018 Managing Director, Officer in charge of
New Component Business and General
Manager, Engineering Headquarters
Jan. 2019 Senior Vice President, CTO,
ALPS-New Components and
ALPS-Engineering
Jun. 2019 Director, Senior Vice President,
CTO, ALPS-New Business and
ALPS-Engineering (present)



Takashi Iida

Director
Audit and Supervisory
Committee Member (outside)

Apr. 1974 Registered as an attorney
Joined Mori Sogo Law Offices
(currently Mori Hamada & Matsumoto)
Apr. 1997 Executive Governor, Japan Federation
of Bar Associations
Apr. 2006 President, Daini Tokyo Bar Association
Vice President, Japan Federation of
Bar Associations
Jan. 2012 Opened Kowa Law Office (present)
Jun. 2012 Outside Corporate Auditor,
Shimadzu Corporation (present)
Jun. 2013 Outside Corporate Auditor,
JAFCO Co., Ltd.
Jun. 2014 Outside Director of the Company
Outside Audit & Supervisory Board
Member, NIPPON TELEGRAPH AND
TELEPHONE CORPORATION (present)
Oct. 2015 Deputy Chairman, Gender Equality
Bureau Cabinet Office Promotion and
Liaison Committee (present)
Jun. 2016 Director (Audit and Supervisory
Committee Member) (present)



Kazuya Nakaya

Director
Audit and Supervisory
Committee Member (outside)

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



Koichi Endo

Director
Senior Vice President
Deputy CTO,
ALPINE-Research &
Development and
ALPINE-Engineering

Apr. 1986 Joined Alps Alpine Co., Ltd.
Jun. 2010 Director
Jun. 2015 Head of Product Development
Deputy Head of Engineering &
Development
Jan. 2016 Head of Advanced Development
Jun. 2016 Managing Director (present)
Head of Engineering & Development
Jan. 2019 Director, Senior Vice President,
Deputy CTO, ALPINE-Research &
Development and ALPINE-Engineering
Director, Senior Vice President,
Deputy CTO, ALPINE-Research &
Development and ALPINE-Engineering
(present)



Satoshi Kinoshita

Director (outside)

Apr. 1988 Joined Toshiba Tungaloy Co., Ltd.
(currently Tungaloy Corporation)
May 2005 General Manager, Materials
Development Dept., Engineering
Headquarters, Tungaloy Corporation
May 2011 Executive Officer and General Manager,
Engineering Headquarters, and General
Manager, Cutting Tools Development
Dept., Engineering Headquarters
Mar. 2014 President and CEO (present)
Jun. 2018 Director and Audit and Supervisory
Committee Member,
Alpine Electronics, Inc.
(Resigned in December 2018)
Jan. 2019 Outside Director
(of Alps Alpine Co., Ltd.) (present)



Yoko Toyoshi

Director
Audit and Supervisory
Committee Member (outside)

Apr. 1981 Joined The Bank of Fukuoka, Ltd.
Oct. 1989 Joined Asahi Shinwa & Co.
(currently KPMG AZSA LLC)
Dec. 1990 Joined Deloitte Touche Tohmatsu
(currently Deloitte Touche Tohmatsu LLC)
Jul. 2008 Appointed partner,
Deloitte Touche Tohmatsu
Jul. 2013 Certified Public Accountants and
Audit Oversight Board, Financial
Services Agency
Appointed Chief Certified Public
Accountant Audit Inspector
Jul. 2016 Partner, Deloitte Touche Tohmatsu LLC
Jun. 2018 Director (Audit and Supervisory
Committee Member) (present)



Yuko Gomi

Director
Audit and Supervisory
Committee Member (outside)

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

Vice Presidents (As of June 21, 2019)



Yoji Kawarada

Senior Vice President

CPO,
ALPINE-Production and
ALPS-Material Control 1 and
ALPINE-Material Control 2



Tetsuhiro Saeki

Senior Vice President

CMO,
Information Systems,
ALPS-Production and
ALPS-Components Production



Yoichiro Kega

Vice President

HR & General Affairs,
Legal & Intellectual Property,
Export & Import Administration



Hiroyuki Sato

Vice President

ALPS-Automotive
Module Business and
ALPS-Engineering



Hideo Izumi

Vice President

ALPS-Automotive
New Business and
ALPS-Engineering



Toshinori Kobayashi

Vice President

Corporate Planning,
Accounting & Finance



Shinji Inoue

Vice President

ALPINE-Automotive
Sales & Marketing



Koji Ishibashi

Vice President

ALPINE-Display &
Sound Business and
ALPINE-Engineering



Yasushi Motokawa

Vice President

ALPINE-Automotive
Sales & Marketing



Satoshi Kodaira

Vice President

CQO,
ALPS-Quality 1 and
ALPINE-Quality 2



Kazutoshi Ogamoto

Vice President

ALPS-Automotive Module
Production and
ALPS-Production



Hiroshi Yamagami

Vice President

ALPS-Components Business and
ALPS-Engineering



Yoshikatsu Watanabe

Vice President

ALPINE-Infotainment Business and
ALPINE-Engineering

Note: Vice presidents who serve concurrently as directors are not listed above.

Corporate Governance

Approach to Corporate Governance

The Alps Alpine Group defines corporate governance as the “establishment and operation of frameworks for realizing efficient and appropriate decision-making and execution of business affairs by senior management, prompt reporting of outcomes to stakeholders, and sound, efficient, and transparent business administration for the purpose of heightening corporate value.” The Group’s basic approach, placing importance on maximizing benefits for shareholders and all other stakeholders, is to maximize corporate value and deliver benefits directly or indirectly to stakeholders in

a balanced way, satisfying their respective interests.

Furthermore, in order to fulfill its responsibilities to stakeholders, including shareholders, customers, local communities, and employees, and realize effective corporate governance as a business entity, Alps Alpine has established “Alps Alpine Co., Ltd. Corporate Governance Policies” and disclosed the policies on the Company’s website.

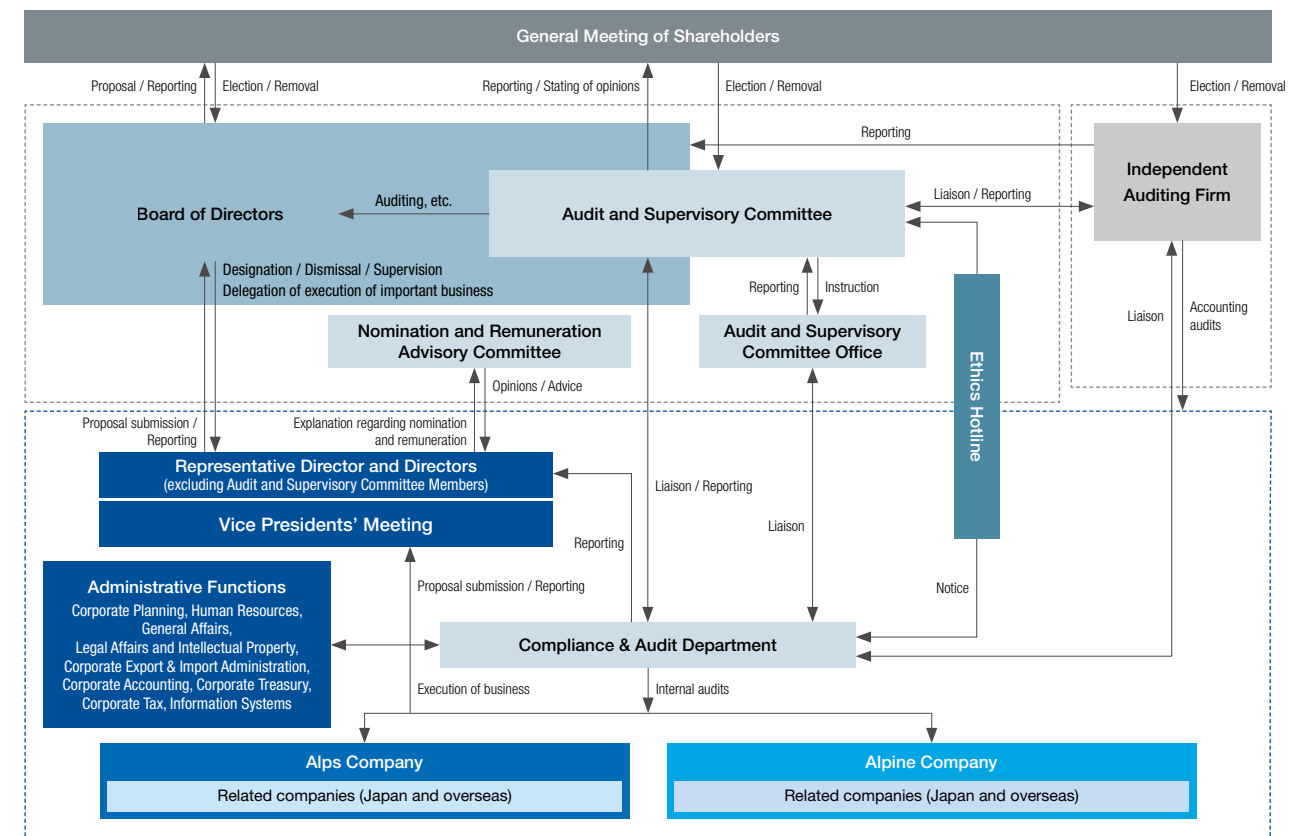
www.alpsalpine.com/e/ir/index.html

Corporate Governance Structure

Alps Alpine has adapted a company with an audit and supervisory committee system as its organizational design under the Companies Act. Independent of executives, the Audit and Supervisory Committee bolsters auditing and supervisory

functions while closely coordinating with an independent auditing firm and the internal audit department, thereby further strengthening corporate governance and enabling fair and highly transparent business administration.

Corporate Governance at Alps Alpine



Board of Directors' and Vice Presidents' Meetings

Alps Alpine's Board of Directors consists of six (6) directors (excluding directors who are members of the Audit and Supervisory Committee, one (1) of whom is an outside director) and six (6) directors who are members of the Audit and Supervisory Committee (including four (4) outside directors). Outside directors account for more than one-third of the Board of Directors. The Board of Directors deliberates and makes decisions on basic management policy and important management matters, including short- and medium-term business plans, and facilitates the delegation of duties regarding decision-making on the execution of important duties to executive directors. The Company has positioned the Board of

Directors as an organ that carries out audit and supervision of the execution of duties, thereby strengthening the monitoring function.

In addition, the Company has adopted a vice president system, in which chief officers have been appointed as the persons responsible for such individual functions as sales, technology, production, materials, quality, and management, and the directors tasked with making important decisions on the execution of business by the Board of Directors provide instruction and guidance to the chief officers and vice presidents responsible, so that the execution of business can be performed effectively in accordance with the business type and size of the Company and each subsidiary.

In addition to the by-function organization, vice presidents have been appointed to each business area and business unit, and with the objective of improving the agility and optimization of each respective business area and business unit, vice presidents hold discussions at Vice Presidents’ and other meetings and engage in prompt and accurate decision-making and the execution of business.

Furthermore, toward the achievement of its Medium-Term Business Plan, and in order to further accelerate and enhance the creation of synergies through the management integration of Alps Electric Co., Ltd. and Alpine Electronics, Inc., the Company has established the position of chief integration synergy officer (CIO), and, under strong leadership, shall work on management structural reform, the reform of overseas bases, domestic organizational reform, the entering of new businesses, and cost-reduction measures through accelerated commercialization and the optimization of functions.

The Board convenes once a month for regular meetings and on other occasions as required to thoroughly deliberate and pass resolutions on all important matters. Resolution matters are checked in advance from legal affairs, accounting, tax, economic rationality, and other perspectives to ensure legal compliance and reasonableness of resolutions of the Board of Directors, in accordance with the rules and bylaws for the Board of Directors. Moreover, the Company formulates short- and medium-term business plans based on Company policy. Business plans are deliberated and resolved by the Board of Directors after an opportunity for deliberation and information sharing at business plan meetings held twice a year with

directors of the Company in attendance. Operations are implemented with progress monitored on a monthly basis, while important matters are submitted to the Board of Directors for deliberation in accordance with the rules and bylaws for the Board of Directors to ensure optimal utilization of management resources.

Since introducing outside directors in 2013, the Company has promoted corporate governance reforms including the transition to a company with an audit and supervisory committee system, the formulation of corporate governance policies, revisions to the director remuneration system, including retirement benefits, and evaluations of the effectiveness of the Board of Directors. With the launch of Alps Alpine Co., Ltd. in January 2019, the Company separated management supervision from business execution and introduced a vice president system to further enhance management maneuverability in response to drastic environmental changes, including automotive technological innovations said to occur once every 100 years. The Company also reduced the number of directors. To shift the focus of the Board of Directors to monitoring activities, the Company increased the number of outside directors from three members to five members, including a female director and a director with business management experience. By raising the ratio of outside directors to more than one-third, the Company has increased independent and objective perspectives to secure shareholder profits and work toward realizing sustainable growth and creating value over the medium to long term.

In fiscal 2018, the Board of Directors’ meeting attendance rate for each director was as follows.

Director	Number of meetings attended / Number of meetings held		
	Alps Electric	Alpine Electronics	Alps Alpine
Toshihiro Kuriyama	7/7	—	5/5
Nobuhiko Komeya	—	10/10	5/5
Takashi Kimoto	7/7	—	5/5
Koichi Endo	—	10/10	5/5
Yoji Kawarada	7/7	—	5/5
Satoshi Kinoshita*	—	7/7	5/5

* Outside director

Director	Number of meetings attended / Number of meetings held		
	Alps Electric	Alpine Electronics	Alps Alpine
Junichi Umehara	7/7	—	5/5
Shinji Maeda	—	7/7	5/5
Takashi Iida*	7/7	—	5/5
Satoko Hasegawa*	—	10/10	4/5
Kazuya Nakaya*	7/7	—	5/5
Yoko Toyoshi*	7/7	—	5/5

Evaluation of the Effectiveness of the Board of Directors

Alps Alpine has established corporate governance policies for fulfilling its responsibilities to stakeholders, including shareholders, customers, employees, and the local community, as well as for implementing effective corporate governance with the objectives of sustainable growth and medium- to long-term improvement in its corporate value. Based on this, an evaluation of the effectiveness of the Board of Directors of Alps Electric Co., Ltd. was carried out in fiscal 2018, with the objective of further improving the function of the Board of Directors. A report on this is provided below. In addition, an evaluation of the effectiveness of the Board of Directors of Alpine Electronics, Inc. was also conducted in fiscal 2018, and the effectiveness of the Board of Directors, including its activities related to the business integration, was confirmed.

Summary of the Fiscal 2018 Evaluation Results of the Effectiveness of the Board of Directors

1. Method of Analysis and Evaluation

A non-anonymous questionnaire regarding the structure, operation, and deliberations of the Board of Directors, dialogue among directors, support systems, and a review of the processes related to the business integration with Alpine Electronics, Inc., among other topics, was conducted by all members of the Board of Directors, and the directors performed self-evaluations, as well as giving their opinions. The Audit and Supervisory Committee, including outside directors, and the directors responsible for management analyzed the results, organized issues, and reported to the Board of Directors, which verified and deliberated on the results.

2. Summary of Analysis and Evaluation Results

In fiscal 2018, the Board of Directors continued to make steady efforts to advance corporate governance, an ongoing trend since the introduction of outside directors in 2013. Furthermore, the Board of Directors added a female director and a director with business management experience for the first time; provided information and training to outside directors; undertook serious discussions on important themes such as the business integration; and dealt with various business issues as appropriate. On the other hand, with respect to securing more time for prior examination of materials for meetings of the Board of Directors, a more comprehensive discussion of medium- to long- term issues, and the construction and operation of internal control systems, specific opinions and suggestions for further improvement were received, and the Board of Directors verified and discussed them and decided to engage in efforts toward making improvements in these areas.

3. Future Responses

In response to these evaluation results and opinions, the Company will work on further improvement and reform under a new system after the business integration, and will implement effective corporate governance with the objectives of sustainable growth and medium- to long- term improvement in the corporate value of the Company.

Audit and Supervisory Committee

Alps Alpine's Audit and Supervisory Committee, a majority of members of whom are outside Audit and Supervisory Committee members, endeavors to make appropriate judgments from an objective standpoint, independent of the executives. Moreover, full-time Audit and Supervisory Committee members are appointed so that they will attend important in-house meetings and carry out such tasks as gathering valuable information and receiving reports on a daily basis. Outside Audit and Supervisory Committee members, who have experience as corporate managers, extensive legal expertise as attorneys at law, and accounting expertise as certified public accountants, and inside Audit & Supervisory Committee members, who are familiar with the Company's business, conduct highly effective audits, cooperate with the internal audit department, and endeavor to provide opinions to management at Board of Directors’ meetings and other important meetings. Moreover, assistants shall be appointed to assist duties of the Audit and Supervisory Committee, and the independence of employees performing the relevant tasks from directors (excluding directors who are members of the Audit and Supervisory Committee) shall be ensured.

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 Company's outside directors focus on ensuring legal compliance in business administration and, bearing all stakeholders in mind, strive to strengthen the supervision of business administration by actively offering opinions and advice at meetings of the Board of Directors and through supervision of the election, removal, and remuneration of management personnel as well as of conflicts of interest between the Company and management personnel,

Name	Reason for appointment	Status on major concurrent holding of positions
Satoshi Kinoshita	With extensive experience and wide-ranging knowledge through his work in domestic and overseas group corporate management, determined to be an appropriate person to achieve sustainable growth after the business integration and medium- to long-term increase in corporate value of the Company	
Takashi Iida	To receive sound guidance and advice on management of the Company based on his extensive experience and achievements in the judicial world as a lawyer	Outside Corporate Auditor, Shimadzu Corporation Outside Audit & Supervisory Board Member, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Kazuya Nakaya	To employ in the management of the Company his specialized knowledge and experience and broad-ranging know-how accumulated as an experienced business practitioner over many years	
Yoko Toyoshi	To employ in the management of the Company her accounting audit experience gained from working for many years at accounting firms and her specialized knowledge and experience and broad-ranging know-how accumulated as a certified public accountant	
Yuko Gomi	Based on her many years of work as a lawyer, her service as a member of expert committees at government-related institutions, as well as her currently serving as an outside director at other companies, to reflect her specialized knowledge and extensive insight as an outside director in the Company's management	Outside Corporate Auditor, NIPPON GAS CO., LTD. Outside Audit and Supervisory Board Member, Lawson, Inc.

Director Remuneration System

Under the remuneration structure focusing on linkage with performance in the short term and performance over the medium to long term, Alps Alpine incentivizes actions of directors for increasing corporate performance and the share price to the maximum extent in order to lastingly improve the Group's corporate value. Specifically, the composition of remuneration is as follows:

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

• Policy for Determining Remuneration

a) Remuneration for inside directors (excluding directors who are members of the Audit and Supervisory Committee)

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with six Audit and Supervisory Committee members limiting their liability for damages under Article 423, Paragraph 1 of the Companies Act. Accordingly, their liability for damages under the agreements is limited to the minimum amounts stipulated by laws and regulations.

In fiscal 2018, attendance by Audit & Supervisory Committee members at Audit & Supervisory Committee meetings was as follows.

Audit and Supervisory Committee member	Number of meetings attended / Number of meetings held		
	Alps Electric	Alpine Electronics	Alps Alpine
Junichi Umehara	7/7	—	3/3
Shinji Maeda	—	9/9	3/3
Takashi Iida*	11/11	—	3/3
Satoko Hasegawa*	—	12/13	2/3
Kazuya Nakaya*	7/7	—	3/3
Yoko Toyoshi*	7/7	—	3/3

* Outside director

controlling shareholders and other parties, and other decision-making by the Board of Directors on important matters. Outside directors also work to realize effective supervision by regularly visiting facilities of Alps Alpine to gather information and engage in information and opinion exchange with other directors, vice presidents, and employees. The appointment of outside directors is determined based on Company standards for the selection of director candidates, including criteria for independence, and outside directors, with their consent, are designated as independent directors with their appointment as independent directors being notified to Tokyo Stock Exchange, Inc.

b) Remuneration for outside directors and directors who are members of the Audit and Supervisory Committee

The Company's remuneration for outside directors and directors who are members of the Audit and Supervisory Committee consists only of fixed remuneration.

Procedures for Determining Remuneration

The Company determines the remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee)

at Board of Directors' meetings, and the remuneration for directors who are members of the Audit and Supervisory Committee at Audit and Supervisory Committee meetings, to the extent of the total amount of remuneration approved at the General Meeting of Shareholders. The Company has established a voluntary Nomination and Remuneration Advisory Committee constituted of members including outside directors to consult about remuneration prior to resolution by the Board of Directors.

In fiscal 2018, director remuneration was as follows.

Director Remuneration in Fiscal 2018

Classification	Total value of remuneration (Millions of yen)	Total remuneration by type (Millions of yen)			Number of applicable officers (People)
		Base	Bonuses	Stock options	
Directors (excluding Audit and Supervisory Committee members)	385	257	72	55	14
(of whom, outside directors)	(2)	(2)	(—)	(—)	(1)
Directors (Audit and Supervisory Committee members)	64	64	—	—	9
(of whom, outside directors)	(33)	(33)	(—)	(—)	(6)
Total	449	321	72	55	23
(of whom, outside directors)	(35)	(35)	(—)	(—)	(7)

Notes: 1. The amount of remuneration for directors (excluding Audit and Supervisory Committee members) does not include an employee-portion salary for directors who also serve as an employee.

2. As of March 31, 2019, there were six directors (excluding Audit and Supervisory Committee members), of whom one was an outside director, and six directors (Audit and Supervisory Committee members), of whom four were outside directors.

3. For bonuses, the amount is recorded as costs in fiscal 2018.

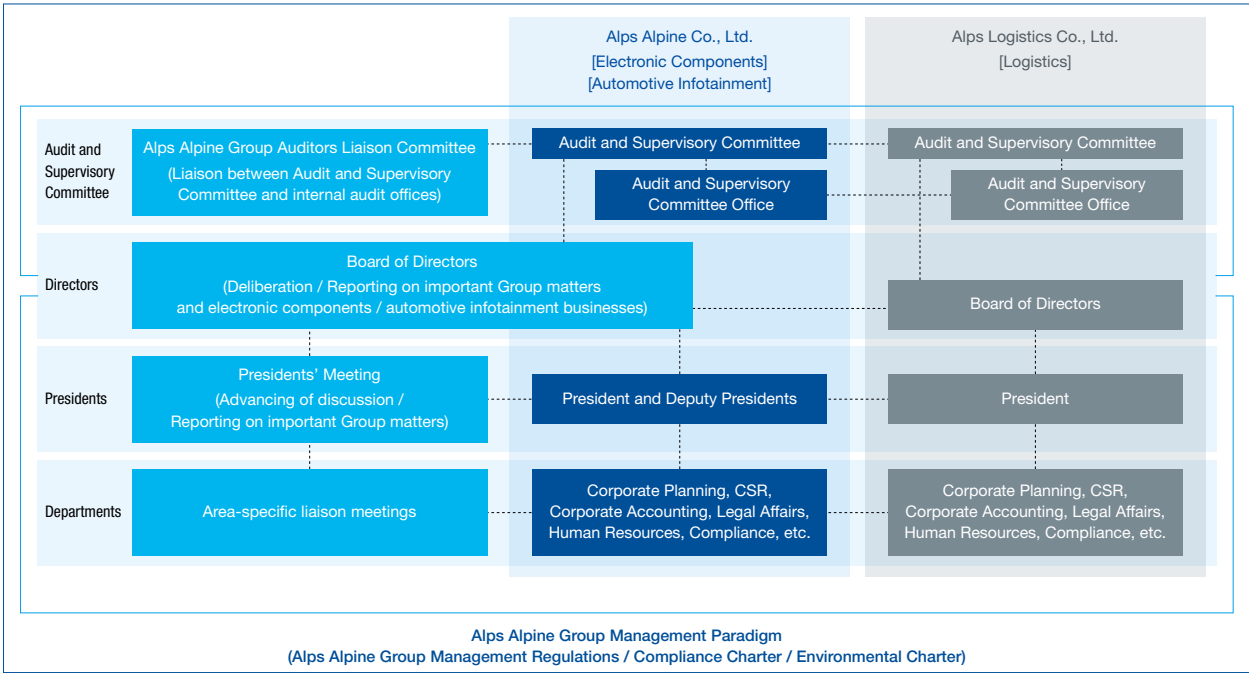
Internal Controls

Acknowledging the Founding Spirit (Alps Alpine Precepts) as the origin of Group management, Alps Alpine has established within the Alps Alpine Group Management Paradigm (Alps Alpine Group Management Regulations / Compliance Charter / Environmental Charter) a fundamental philosophy and action guidelines relating to compliance and environmental conservation by Alps Alpine that apply to Alps Alpine and listed subsidiaries. We also maintain internal controls (systems for ensuring the appropriateness of operations)

conforming to the Companies Act of Japan and ordinances for enforcement of the act to make sure that the Group as a whole is operated efficiently and appropriately. For basic policies and an overview of the operational status of internal control systems, please view the "Matters Related to Internal Control Systems" section of our Corporate Governance Report.

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

Alps Alpine Group Internal Control Structure



Compliance

Basic Approach to Compliance

The Alps Alpine Group established the Alps Alpine Group Compliance Charter as one element of the Alps Alpine Group Management Paradigm, a statement comprising a fundamental compliance philosophy and six action guidelines shared by the entire Group.

We also appeal to all organizations and employees within the Alps Alpine Group to make an effort at all times to act responsibly and sensibly in line with the Alps Alpine Group Compliance Charter, aiming for fair management in keeping with the purpose of the law, social requirements, and corporate ethical standards. In this regard, we believe it is important to go beyond the formalities of

observing laws and rules and take appropriate action proactively having acquired an understanding of why those laws and rules are necessary—their purpose and significance.

Furthermore, the core companies of each business segment (Electronic Components and Automotive Infotainment: Alps Alpine; Logistics: Alps Logistics) globally deploy within each of those segments specific measures based on the Alps Alpine Group Compliance Charter and consistent with their respective business domains, such as the establishment of "systems for ensuring the appropriateness of operations" and necessary in-house rules and regulations.

Alps Alpine Group Compliance Charter

Fundamental Philosophy

As a member of the global community, Alps Alpine is committed to displaying fairness in its corporate activities, as well as to taking responsible and sensible action, in order that Alps may continue to develop with society while making a valuable social contribution.

Action Guidelines

1. Alps Alpine will abide by laws and ordinances that govern its business and will ensure sensible behavior to avoid involvement in antisocial acts.
2. Alps Alpine will respect foreign cultures and customs and will contribute to local community development.
3. Alps Alpine will aim for maximum product safety and quality while engaging in fair trade and competition with other companies and maintaining strong ties with authorities.
4. Alps Alpine will disclose information fairly to shareholders and other stakeholders.
5. Alps Alpine will provide a safe and user-friendly workplace and will respect the character and individuality of employees.
6. Alps Alpine will endeavor to manage and use society's assets, including goods, money, and information, in a suitable manner without displaying behavior that could be disadvantageous to society.

Measures

As the core company of the Electronic Components Segment, Alps Alpine has established a set of compliance regulations based on the Alps Alpine Group Compliance Charter and globally deploys specific measures within the segment.

The deployment of measures goes beyond developing and introducing rules and systems. Importance is placed on ensuring that those rules and systems are being managed properly and effectively by encouraging individual employees, who actually engage in the activities, to take proactive action based on a proper understanding of the importance of compliance.

Specifically, internal controls are established and implemented to ensure that management of Company and Group operations is carried out appropriately; that departments carry out self-evaluations (monitoring) of their own activities; and that the internal audit department carries out internal audits of the activities and operations of various departments, overseas affiliates, and other subsidiaries. For example, in regard to the management and use of grants and subsidies received from public agencies in Japan, Alps Alpine has established a set of regulations related to the management and use of such grants and subsidies and put in place a Companywide

management structure with the president and vice president as the chief officer in charge and the managing vice president as supervising officer. Within each headquarters, where there are structures in place for promoting compliance, the compliance promotion representative for the headquarters—the head of the planning department—assigns compliance promotion officers and ensures that grants and subsidies are managed and used within the organization according to the regulations. Each compliance promotion representative also regularly checks up on 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 checks up on the use of grants and subsidies Companywide and reports to the supervising officer and the chief officer in charge.

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

Tax Policy

The Alps Alpine Group acts in keeping with its philosophy to "create value for people and the planet through close cooperation between its Group companies while maintaining their independence and autonomy and to contribute to society while increasing corporate value." The Group pursues a corporate policy with a stated aim to "strive for fair management from a global perspective," which is

achieved by strictly enforcing observance of the law, its corporate policies, societal customs, and good business ethics with all Group employees.

In regard to our tax processes, our core principle is to fulfill our societal obligation to pay all taxes due in accordance with local tax laws, through communication with tax authorities, as well

as not implementing any transactions or strategies for the principal purpose of reducing our tax liabilities.

1. Tax Governance

Responsibility over Alps Alpine's tax governance lies with the accounting officers of the Company, who the tax department reports to concerning tax reporting and management issues. Actual tax procedures are performed by the local tax departments that manage and report on tax matters. Further, the Company regularly reports to the Board of Directors regarding the status of foreign and domestic corporate tax payments. Equally, accounting officers report tax issues, including but not limited to, tax audits and examinations to the Board of Directors on a case-by-case basis. For highly technical issues, such as transfer pricing audits, the Alps Alpine Group is assisted by external advisors.

2. Tax Planning

As the Alps Alpine Group expands around the globe, in order to maximize value for its shareholders, it utilizes various favorable tax regimes in different jurisdictions, including the U.K. However, we

Whistle-Blowing System

The Alps Alpine Group has established and operates a whistle-blowing system (Ethics Hotlines), which is independent of management in charge of business divisions, for use when issue resolution through organizational lines is complicated in the event that legal, internal rule, or compliance violations occur (including all types of harassment). Ethics Hotlines have been set up at the Company and its major affiliates.

Alps Alpine has established Ethics Hotline regulations, appointing one full-time Audit and Supervisory Committee member, one outside Audit and Supervisory Committee member, and the head of the compliance department as contact points for the Ethics Hotlines. These regulations also stipulate the confidentiality of reports and ensure the anonymity and protection of those making reports. Contact information for these reporting contact points is always

Global Implementation of Compliance and CSR Training

To improve understanding and awareness regarding compliance and CSR, in fiscal 2015 Alps Alpine launched compliance and CSR training at Alps Electric. Since fiscal 2016, this same training has been expanded and is now implemented regularly for companies in the Electronic Components Segment. Additionally, since fiscal 2019, the Company has been making preparations to determine the direction of its compliance and CSR-related activities going forward.

Based on the aforementioned Alps Alpine Group Compliance Charter, this training begins with a message from management by the president. In addition to providing an overview of compliance and CSR, the message covers such topics as appropriate accounting treatment, information security, prohibitions on harassment and discrimination, compliance with antitrust laws, and the prevention of bribery and corruption.

Anticorruption Initiatives

The Alps Alpine Basic Compliance Regulations define the scope of the giving and receiving of entertainment gifts among clients, business partners, and public officials as well as prohibitions on conflicts of interest, embezzlement, and misappropriation. Through compliance and CSR training, the Company is offering ongoing education to remind everyone to be aware of the prohibitions on embezzlement, misappropriation, entertainment, and gifts.

These problems are compliance violations, which means that employees who have knowledge of these activities can report them using the Ethics Hotlines.

do not do so with the intention of violating the purpose of any laws or engaging in tax avoidance.

3. Tax Risks

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

4. Tax Monitoring

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

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

available in the Company newsletter and on the Ethics Hotline page of the Company's website, as well as in all training sessions in an attempt to promote awareness.

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

The training conducted in fiscal 2018 covered the following curriculum.

Fiscal 2018 Compliance and CSR Training Curriculum	
1. President's message	7. Health and safety
2. Insistence on quality	8. Environmental conservation
3. Prevention of harassment, discrimination, abuse, and forced labor	9. Insider trading
4. Appropriate accounting treatment	10. Embezzlement, misappropriation, and entertainment gift exchanges
5. Information management	11. Competition Law (Anti-Monopoly Act)
6. Crisis management (emergency responses)	12. Whistle-blowing system

If such activities occur, the vice president in charge will conduct an investigation (in the event the incident is reported to the Ethics Hotlines, the response will be provided by the Ethics Hotlines, which are independent of the executive department) and, if true, handle the issue appropriately to prevent recurrence and reported to the Board of Directors. Employees engaged in the report acts of corruption will be subject to disciplinary actions based on internal regulations.

Risk Management

Approach to Risk Management

Risks are diversifying due to business globalization and technological advancements. To address these risks, it is vital that Alps Alpine averts risks affecting its future and that it anticipates dangers and losses that could potentially occur and take steps to avoid them or, if they cannot be avoided, minimize the damage caused. Furthermore, given recent debate about the value that corporations bring to society, the Company needs to strengthen management and operational foundations that support legal compliance and appropriateness of management and the execution of business affairs. It is also essential that, even in times of economic stagnation and low growth, the Company carries out growth-oriented management with risks thoroughly managed. The Company views risk management as the basis for a style of management and business operation that enables sustained business growth and enhanced corporate value over the medium to long term; in other words, a foundation for growth-oriented management.

Risk Maps

At Alps Alpine, under the jurisdiction of the officer in charge of corporate planning, corporate departments—including corporate planning, legal affairs, human resources, general affairs, accounting, export and import administration, and compliance—and operating departments—such as engineering, production, quality control, and sales—deliberate on functions and roles related to risk management and establish risk management structures based on crisis management regulations. As part of these efforts, the corporate departments prepare “risk maps” in order to visualize the business environment facing the Company. This entails categorizing risks and then evaluating those risks from the perspectives of potential impact, potential for eventuation, and status of risk management

Crisis Management

In addition to fires, natural disasters such as earthquakes and heavy rains have a significant impact on a corporation's business and management as well as on its supply chain. To prepare for such

Crisis Management Policy (Excerpts from the Crisis Management Manual)	
<ul style="list-style-type: none">• We will place top priority on ensuring the safety of employees, all people on Company premises (including visitors, related Company employees, on-site subcontractors, and temporary staff), and the families of employees.• We will continue business activities and do everything we can to maintain the supply of products and provision of services to customers.	<ul style="list-style-type: none">• We will endeavor to preserve both tangible and intangible Company assets and make efforts to minimize damage using the most suitable methods.• We will demonstrate responsible conduct, take quick and appropriate action, and strive to restore operations when risks do eventuate in order to earn the trust of customers, shareholders, and all other stakeholders.

Crisis Management Regulations and Manuals

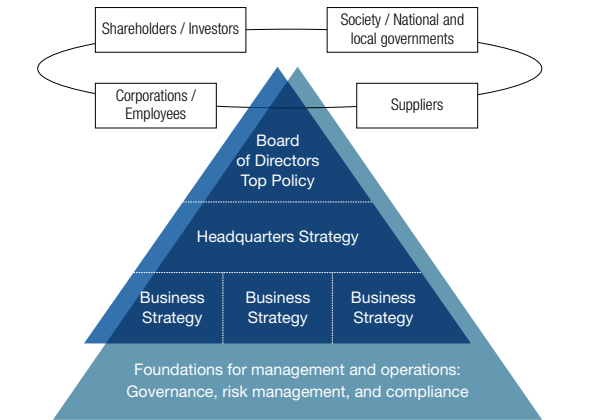
Alps Alpine identifies risks that need to be managed in a set of crisis management regulations and maintains crisis management manuals depending on the significance of the risk, updating them

Information Security

Within the Alps Alpine Group, the information systems department heads activities for establishing regulations related to information security, devising security enhancement measures and training plans, and deploying them both in Japan and globally through coordination with information officers in individual departments.

To thoroughly disseminate the information management policy, information management audits of individual departments are conducted every year to confirm the status and progress of educational activity plans and improvement measures. Operation, maintenance, and trouble response activities of information systems

Foundation for Growth-Oriented Management



measure implementation. Risk maps are subsequently prepared based on the results of these evaluations. Going forward, these risk maps will help guide the Company's risk management activities.

Approach to Risk Maps

	Management-related risks	Business-related risks	Work-related risks
External and environmental causes			
Internal causes			

crises, the Alps Alpine Group is promoting various initiatives to realize a prompt recovery in operations and minimize damage.

as required. Each facility in Japan also promotes its own individual crisis management manual based on Companywide manuals.

departments are also audited, and the Group is advancing efforts to prevent the falsification of information and maintain environments allowing for the timely utilization of information for business, along with measures to counter new threats such as cyberattacks.

Additionally, in light of the heightened awareness of privacy protection, the Revised Act on the Protection of Personal Information, and the enactment of the General Data Protection Regulation (EU law on data protection) in the previous year, the Group has formulated new regulations and guidelines and is carrying out response initiatives accordingly.

Message from an Outside Director

I contribute to the growth of Alps Alpine's corporate value by providing an impartial point of view and expressing my opinions to the Board of Directors.

Kazuya Nakaya

Outside Director
Audit and Supervisory
Committee Member



My Role and Focus as an Outside Director

I was appointed an Alps Electric outside director in June 2018 and, after Alps Electric merged with Alpine Electronics, I became an outside director of the newly formed Company, Alps Alpine, in January 2019. During my first year in this position, I was involved in the winding down of operations at Alps Electric and the establishment of the new Company. My focus during this period was to consider the points of view of shareholders and provide opinions when the Board of Directors discussed the merits of the business integration and the vision for the future of the new Company. Considering the outlook for the external environment and the organizational structures of the two predecessor companies, I believe the timing of the business integration was appropriate and that management secured the understanding and approval of shareholders regarding the business integration.

During the past year, we have communicated extensively with shareholders and heard their wide-ranging opinions. One of the responsibilities a corporation has to society is to honestly explain to its stakeholders its vision for the future and how it intends to achieve said vision. I believe the basis of Alps Alpine's vision is the spirit of the core principles that have guided the company since its establishment, which are exactly the same as the environmental, social, and governance (ESG) principles that have become even more important in recent years. In order to further increase corporate value, I believe the Company must inherit and embody these principles while communicating them to its stakeholders. I therefore believe that my most important mission as an outside director is to objectively examine what goals the Company should accomplish and help advance their accomplishment so that the Company can live up to the expectations of its stakeholders.

1st Mid-Term Business Plan and the Role of the Board of Directors

Alps Alpine's 1st Medium-Term Business Plan covers the three-year period starting in April 2019. With smartphones becoming commoditized and the automotive industry undergoing a once-in-a-century technological paradigm shift, the structure of the industry is undergoing profound change. Companies have no time to lose in achieving technological innovation as competition heats up with new players entering the market one after another. Accordingly, Alps Alpine is building new system structures in order to survive and prosper in this rapidly changing business environment.

Selection and concentration has become more important in the allocation of management resources and I believe the Board of

Directors must have more in-depth discussions regarding strategies and measures targeting growth. Amid rapid changes in the operating environment, the Company must not only strengthen existing business models but also enter new fields of business and consider discontinuous growth scenarios achieved through M&A. The Board of Directors, therefore, must fully discuss not only the competitive advantages of a potential M&A target but also evaluate its affinity with the Company, its profitability, and its raison d'être, and take the opinions of outside directors into consideration when making decisions.

The Company has established a goal to be achieved by fiscal 2024 that it calls "ITC101," which entails becoming an "innovative T-shaped company with a consolidated 10% operating income margin and ¥1 trillion in consolidated net sales." I believe that, in order to reach this target, it must more robustly consider and implement M&A as a way of achieving the discontinuous growth referred to above. In my opinion, the Company's businesses can take a major leap forward by providing products and services that are more competitive than those of its rivals and by incorporating technologies, channels, and business models that it does not currently have access to.

Although the Alps Alpine Group employs a diverse range of people around the world, the further promotion of diversity is another major goal. Establishing a diverse work environment wherein people with very different values are able to work together is said to be the key to innovation. Working with a diverse group of people who are knowledgeable regarding certain regions and industries is advantageous for the Alps Alpine Group, which conducts business on a global scale. I believe other important goals of the Board of Directors include implementing strong corporate governance, strengthening management, and increasing the transparency of the Company's activities to its stakeholders.

My Expectations for the Future of Alps Alpine

In the current operating environment, wherein the pace of change has markedly accelerated and the future is difficult to forecast, many consumer electronics makers are being driven out of the market and new leaders are emerging. Under current conditions, it has become very difficult to achieve sustained growth by simply continuing with conventional business practices. One of the Company's strengths is its ability to coordinate with its clients so that it can provide end users with products that offer new functions and greater usability; however, it must cultivate an even closer relationship with end users, strengthen marketing, and proactively pursue new business models. By continuing to take on challenges, I believe the Company will be able to reach a dominant position, even in new markets.

Financial Section

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Summary of Key Management Indicators

Consolidated Fiscal Years Started April 1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
For the Fiscal Year: [Millions of yen]											
Net sales	538,995	493,639	550,668	526,500	546,423	684,362	748,614	774,038	753,262	858,317	851,332
Cost of sales	484,079	415,095	441,497	432,589	458,576	558,097	593,788	621,754	601,711	669,721	689,337
Gross profit	54,915	78,543	109,170	93,911	87,847	126,265	154,825	152,284	151,551	188,596	161,995
Selling, general and administrative expenses	81,440	73,800	80,299	78,740	80,996	97,736	101,291	99,956	107,177	116,688	112,353
Operating income (loss)	(26,524)	4,742	28,871	15,171	6,851	28,528	53,534	52,327	44,373	71,907	49,641
Operating income margin: [%]	(4.9)	1.0	5.2	2.9	1.3	4.2	7.2	6.8	5.9	8.4	5.8
Ordinary income (loss)	(23,305)	1,676	23,174	14,335	7,659	28,090	57,594	50,038	42,725	66,717	43,605
Profit (loss) attributable to owners of parent	(70,064)	570	11,136	4,175	(7,074)	14,311	34,739	39,034	34,920	47,390	22,114
Depreciation and amortization	29,942	21,223	18,710	19,759	21,572	24,527	28,010	30,725	33,076	36,004	44,188
R&D expenses	40,304	27,843	28,124	28,098	28,674	32,987	33,035	33,336	32,279	29,799	32,886
Capital expenditures	47,202	18,480	23,544	34,024	31,833	26,570	31,416	41,190	47,657	76,154	52,928
Operating cash flows	15,004	28,970	28,552	23,426	24,805	57,703	65,111	53,958	41,603	70,387	72,671
Investing cash flows	(49,065)	(19,532)	(20,941)	(29,358)	(32,101)	(22,813)	(29,772)	(30,383)	(37,981)	(66,722)	(67,405)
Financing cash flows	28,025	12,195	5,122	(6,691)	(5,654)	4,994	(27,951)	(36,340)	(309)	(2,957)	(6,910)
Cash and cash equivalents at fiscal year-end	68,325	88,722	98,495	85,004	76,137	122,237	134,298	116,843	117,991	120,778	118,318
Simplified free cash flows**	(34,060)	9,437	7,610	(5,931)	(7,296)	34,889	35,339	23,574	3,621	3,665	5,266
At Fiscal Year-End: [Millions of yen]											
Total assets	375,285	410,945	427,529	442,052	451,416	512,365	570,482	562,856	602,961	669,874	675,717
Equity	111,127	112,705	115,469	115,434	116,817	137,482	179,522	228,496	254,501	301,176	365,346
Interest-bearing debt	104,401	116,399	119,947	118,510	124,468	134,364	116,200	54,335	63,272	70,420	108,816
Per Share Data: [Yen]											
Earnings per share (EPS)	(390.93)	3.18	62.14	23.29	(39.47)	79.85	193.81	206.64	178.25	241.91	110.19
Diluted EPS	—	2.74	—	—	—	79.68	177.12	197.73	178.20	241.82	110.14
Book-value per share (BPS)	620.04	628.85	644.24	644.03	651.72	767.01	1,001.55	1,166.41	1,299.11	1,537.37	1,731.36
Dividends per share (DPS)	10.00	0.00	20.00	20.00	5.00	5.00	15.00	25.00	30.00	37.00	50.00
Major Indicators: [%]											
Equity ratio	29.6	27.4	27.0	26.1	25.9	26.8	31.5	40.6	42.2	45.0	54.1
Debt to equity ratio*2	94.0	103.3	103.9	102.7	106.6	97.7	64.7	23.8	24.9	23.4	29.8
Interest coverage ratio*3: [Times]	15.7	18.5	14.8	14.1	17.7	49.2	68.0	50.4	81.6	91.2	58.7
Return on assets (ROA)*4	(16.1)	0.1	2.7	1.0	(1.6)	3.0	6.4	6.9	6.0	7.4	3.3
Return on equity (ROE)*5	(45.9)	0.5	9.8	3.6	(6.1)	11.3	21.9	19.1	14.5	17.1	6.6
Average exchange rates											
USD / JPY: [Yen]	100.54	92.85	85.72	79.08	83.10	100.24	109.93	120.14	108.38	110.85	110.91
EUR / JPY: [Yen]	143.48	131.15	113.12	108.98	107.14	134.37	138.77	132.58	118.79	129.70	128.41
Other											
Total number of issued shares*6: [Thousand shares]	181,559	181,559	181,559	181,559	181,559	181,559	181,559	198,208	198,208	198,208	219,281

*1 Simplified free cash flows = Operating cash flows + Investing cash flows
*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 shares.

Performance by Business Segment

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
For the Fiscal Year: [Millions of yen]											
Net Sales											
Electronic Components	291,995	274,154	296,152	268,916	268,085	338,811	389,120	434,072	437,676	514,031	468,605
Automotive Infotainment	193,226	166,199	198,359	200,248	219,852	282,115	289,783	267,541	242,306	267,638	303,593
Logistics	53,773	44,977	47,505	47,999	48,554	52,282	57,062	60,251	61,150	64,666	66,888
Others		8,307	8,651	9,336	9,930	11,154	12,648	12,173	12,128	11,981	12,244
Operating Income											
Electronic Components	(20,062)	395	12,966	4,590	227	14,012	36,595	40,780	32,803	52,929	29,607
Automotive Infotainment	(10,645)	226	11,140	5,634	2,324	9,813	11,537	5,434	5,623	13,735	13,921
Logistics		3,496	3,840	3,709	3,586	4,140	4,457	4,857	5,083	4,932	4,722
Others	3,982	294	443	472	412	584	898	1,233	884	1,701	1,430

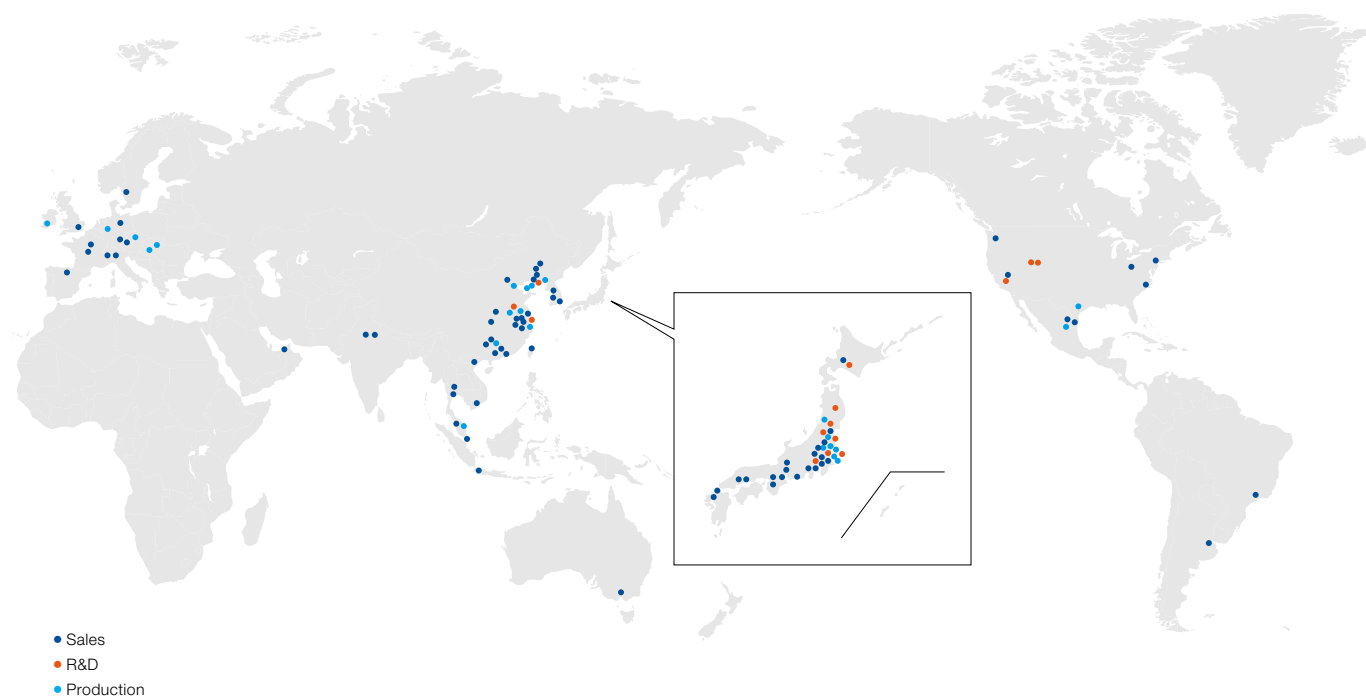
Note: Since fiscal 2009, the “Logistics and others” segment has been split into “Logistics” and “Others” due to the change of reporting segments.

Corporate Data (As of March 31, 2019)

Company Name	Alps Alpine Co., Ltd.
Headquarters	1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo 145-8501, Japan TEL: +81-3-3726-1211
Website	https://www.alpsalpine.com/e/
Representative	Toshihiro Kuriyama, Representative Director, President & CEO
Established	November 1, 1948
Capital Stock	¥38.730 billion
Employees	41,840 (consolidated) Electronic Components Segment (worldwide): 21,468 Automotive Infotainment Segment (worldwide): 13,192
Facilities	R&DJapan: 11 Overseas: 15 (6 countries) ProductionJapan: 9 Overseas: 20 (11 countries) SalesJapan: 20 Overseas: 63 (22 countries)



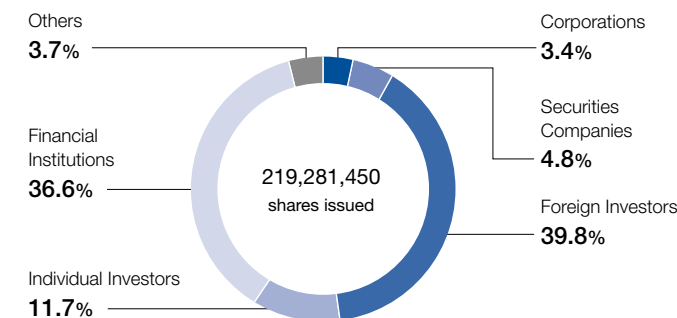
Global Structure



Stock Information (As of March 31, 2019)

No. of Authorized Shares	500,000,000
No. of Issued Shares	219,281,450 (including 8,264,481 treasury stock)
No. of Shareholders	40,296
Stock Listing	Tokyo Stock Exchange First Section (Code: 6770)
Share Registrar	Mitsubishi UFJ Trust and Banking Corporation

Breakdown of Shareholders



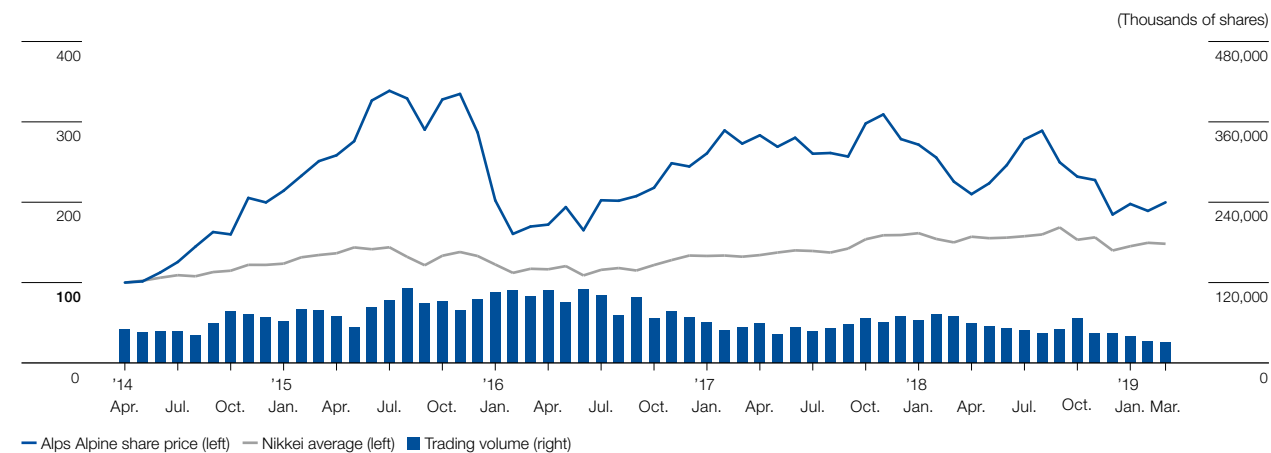
Notes: 1. "Others" refers to shares held by Alps Alpine Co., Ltd. and unclaimed shares stored by the Japan Securities Depository Center, Inc.
2. "Individual investors" refers to shares held by individuals and Alps Alpine's employee shareholding association.
3. As a result of the share exchange conducted on January 1, 2019, the total number of outstanding shares increased 21,073,364.

Top 10 Shareholders

Name	No. of shares (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	29,723	14.08
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	16,158	7.65
Japan Trustee Services Bank, Ltd. (Trust account)	15,593	7.38
JP MORGAN CHASE BANK 385151	6,372	3.01
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	6,024	2.85
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	4,939	2.34
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,084	1.93
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	3,688	1.74
Mitsui Life Insurance Company Limited	3,591	1.70
STATE STREET BANK WEST CLIENT-TREATY 505234	3,459	1.63

Note: The shareholding ratio is calculated after deducting treasury stock (8,264,481).

Share Price and Trading Volume



(Yen)	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
High	3,135	4,205	3,600	3,845	3,390
Low	1,061	1,647	1,621	2,506	1,949
Price at fiscal year-end	2,903	1,962	3,155	2,608	2,310

Note: The closing price on April 30, 2014 equals 100.

Consolidated Financial Statements

Consolidated Balance Sheet

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
ASSETS			
Current assets:			
Cash and deposits (Notes 16 and 17)	¥ 122,079	¥ 121,554	\$ 1,099,910
Trade notes and accounts receivable (Note 17):			
Unconsolidated subsidiaries and affiliated companies	1,393	960	12,551
Others	155,482	159,147	1,400,865
Allowance for doubtful accounts	(320)	(436)	(2,883)
Inventories (Note 4)	95,835	96,126	863,456
Others	28,434	22,955	256,185
Total current assets	402,905	400,307	3,630,102
Non-current assets:			
Property, plant and equipment (Note 5):			
Land (Note 9)	30,899	30,574	278,394
Buildings and structures (Note 10)	146,174	134,447	1,317,002
Machinery and equipment (Note 10)	388,767	369,715	3,502,721
Construction in progress	13,949	27,465	125,678
Subtotal	579,791	562,203	5,223,813
Accumulated depreciation and impairment losses	(392,144)	(376,312)	(3,533,147)
Total property, plant and equipment, net	187,646	185,891	1,690,657
Intangible assets, net	23,248	18,572	209,460
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliated companies (Notes 3 and 17)	22,641	20,124	203,991
Investment securities (Notes 3 and 17)	14,560	18,656	131,183
Deferred tax assets (Note 15)	16,600	17,469	149,563
Net defined benefit asset	61	46	550
Others	8,053	8,807	72,556
Total investments and other assets	61,917	65,103	557,861
Total non-current assets	85,165	83,675	767,321
Total assets	¥ 675,717	¥ 669,874	\$ 6,088,089

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Notes 5 and 17)	¥ 28,870	¥ 33,782	\$ 260,114
Long-term borrowings due within one year (Notes 5 and 17)	9,375	3,027	84,467
Trade notes and accounts payable (Note 17):			
Unconsolidated subsidiaries and affiliated companies	414	494	3,730
Others	69,181	73,269	623,308
Accrued income taxes	4,689	7,602	42,247
Accrued expenses	37,724	37,616	339,886
Others (Notes 17 and 18)	37,773	41,867	340,328
Total current liabilities	188,029	197,660	1,694,108
Non-current liabilities:			
Long-term borrowings (Notes 5 and 17)	70,570	33,610	635,823
Defined benefit liabilities (Note 6)	14,739	14,262	132,796
Deferred tax liabilities (Note 15)	1,038	2,646	9,352
Others	5,977	5,821	53,852
Total non-current liabilities	92,326	56,341	831,841
Total liabilities	280,356	254,001	2,525,957
Contingent liabilities (Note 7)			
Net assets (Note 8):			
Shareholders' equity:			
Common stock:			
Authorized – 500,000,000 shares			
Issued – 219,281,450 shares in 2019 and 198,208,086 shares in 2018	38,730	38,730	348,950
Capital surplus	126,561	56,065	1,140,292
Retained earnings	227,078	213,790	2,045,932
Treasury stock – 8,264,481 shares in 2019 and 2,304,021 shares in 2018	(18,283)	(3,497)	(164,727)
Total shareholders' equity	374,086	305,088	3,370,448
Accumulated other comprehensive income			
Unrealized gains on securities	3,194	4,734	28,777
Deferred gains or losses on hedges	12	(0)	108
Revaluation reserve for land (Note 9)	(496)	(505)	(4,469)
Foreign currency translation adjustments	(7,628)	(5,339)	(68,727)
Remeasurements of defined benefit plans	(3,822)	(2,800)	(34,436)
Total accumulated other comprehensive income (loss)	(8,740)	(3,912)	(78,746)
Subscription rights to shares (Note 22)	361	333	3,253
Non-controlling interests	29,652	114,362	267,159
Total net assets	395,360	415,872	3,562,123
Total liabilities and net assets	¥675,717	¥669,874	\$6,088,089

	Yen		U.S. dollars (Note 1)
	2019	2018	2019
Amounts per share of common stock:			
Net assets	¥1,731.36	¥1,537.37	\$15.60

See accompanying notes.

Consolidated Statement of Income and Comprehensive Income

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Net sales	¥851,332	¥858,317	\$7,670,349
Costs and expenses:			
Cost of sales (Note 12)	689,337	669,721	6,210,803
Selling, general and administrative expenses (Notes 11 and 12)	112,353	116,688	1,012,280
	801,690	786,410	7,223,083
Operating income	49,641	71,907	447,257
Other income (expenses):			
Interest and dividend income	1,186	986	10,686
Gain on settlement of molds	—	347	—
Subsidy income	471	309	4,244
Interest expense	(1,297)	(768)	(11,686)
Foreign exchange losses	(2,082)	(3,064)	(18,758)
Share of loss of entities accounted for using equity method	(1,584)	(25)	(14,272)
Commission fee	(2,586)	(2,354)	(23,299)
Impairment loss (Note 14)	(1,839)	(275)	(16,569)
Others (Note 13)	(719)	(1,839)	(6,478)
	(8,452)	(6,684)	(76,151)
Income before income taxes	41,189	65,222	371,106
Income taxes (Note 15):			
Current income taxes	10,890	13,350	98,117
Deferred income taxes	1,124	(3,059)	10,127
	12,014	10,291	108,244
Net income	29,174	54,931	262,853
Net income attributable to owners of parent	22,114	47,390	199,243
Non-controlling interests in earnings of consolidated subsidiaries	7,059	7,541	63,600
Net income	29,174	54,931	262,853
Other comprehensive income (Note 21)			
Unrealized gains (losses) on securities	(2,689)	1,176	(24,227)
Deferred gains (losses) on hedges	1	(1)	9
Foreign currency translation adjustments	(3,162)	4,010	(28,489)
Remeasurements of defined benefit plans	(628)	2,696	(5,658)
Share of other comprehensive income of investments accounted for using the equity method	(1,230)	(36)	(11,082)
Total other comprehensive income	(7,708)	7,845	(69,448)
Total comprehensive income	¥ 21,465	¥ 62,776	\$ 193,396
Comprehensive income attributable to:			
Owners of parent	¥ 18,123	¥ 52,971	\$ 163,285
Non-controlling interests	3,341	9,805	30,102

	Yen		U.S. dollars (Note 1)
	2019	2018	2019
Amounts per share of common stock:			
Basic profit attributable to owners of parent per share	¥110.19	¥241.91	\$0.99
Diluted profit attributable to owners of parent per share	110.14	241.82	0.99
Cash dividends applicable to the year	50.00	37.00	0.45

See accompanying notes.

Consolidated Statement of Changes in Net Assets

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2018

	Shareholders' equity							
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock			
Balance at April 1, 2017	198,208,086	¥38,730	¥ 56,071	¥172,677	¥ (3,493)			
Cumulative effects of changes in accounting policy								
Restated balance		38,730	56,071	172,677	(3,493)			
Conversion of convertible bonds								
Dividends				(6,268)				
Net income attributable to owners of parent				47,390				
Change in the scope of consolidation								
Purchase of treasury stock					(3)			
Disposal of treasury stock								
Change of scope of equity method								
Reversal of revaluation reserve for land				(8)				
Share exchanges								
Change in shares of parent arising from transactions with non-controlling shareholders			(5)					
Changes in items other than shareholders' equity, net								
Balance at March 31, 2018	198,208,086	38,730	56,065	213,790	(3,497)			
Cumulative effects of changes in accounting policy								
Restated balance		38,730	56,065	213,790	(3,497)			
Conversion of convertible bonds								
Dividends				(8,815)				
Net income attributable to owners of parent				22,114				
Change in the scope of consolidation								
Purchase of treasury stock					(17,704)			
Disposal of treasury stock			17		33			
Change of scope of equity method								
Reversal of revaluation reserve for land				(11)				
Share exchanges	21,073,364		70,515		2,884			
Change in shares of parent arising from transactions with non-controlling shareholders			(36)					
Changes in items other than shareholders' equity, net								
Balance at March 31, 2019	219,281,450	¥38,730	¥126,561	¥227,078	¥(18,283)			

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains on securities	Net deferred losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefits liability adjustments			
Balance at April 1, 2017	¥ 4,479	¥ (0)	¥(506)	¥(8,481)	¥(4,976)	¥248	¥106,365	¥361,114
Cumulative effects of changes in accounting policy								—
Restated balance	4,479	(0)	(506)	(8,481)	(4,976)	248	106,365	361,114
Conversion of convertible bonds								—
Dividends								(6,268)
Net income attributable to owners of parent								47,390
Change in the scope of consolidation								—
Purchase of treasury stock								(3)
Disposal of treasury stock								—
Change of scope of equity method								—
Reversal of revaluation reserve for land								(8)
Share exchanges								—
Change in shares of parent arising from transactions with non-controlling shareholders								(5)
Changes in items other than shareholders' equity, net	255	(0)	0	3,141	2,176	85	7,997	13,654
Balance at March 31, 2018	4,734	(0)	(505)	(5,339)	(2,800)	333	114,362	415,872
Cumulative effects of changes in accounting policy								—
Restated balance	4,734	(0)	(505)	(5,339)	(2,800)	333	114,362	415,872
Conversion of convertible bonds								—
Dividends								(8,815)
Net income attributable to owners of parent								22,114
Change in the scope of consolidation								—
Purchase of treasury stock								(17,704)
Disposal of treasury stock								51
Change of scope of equity method								—
Reversal of revaluation reserve for land								(11)
Share exchanges								73,400
Change in shares of parent arising from transactions with non-controlling shareholders								(36)
Changes in items other than shareholders' equity, net	(1,540)	13	9	(2,289)	(1,021)	28	(84,709)	(89,509)
Balance at March 31, 2019	¥ 3,194	¥12	¥(496)	¥(7,628)	¥(3,822)	¥361	¥ 29,652	¥395,360

Consolidated Statement of Changes in Net Assets

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2018

Thousands of U.S. dollars (Note 1)								
	Shareholders' equity							
	Common stock	Capital surplus	Retained earnings	Treasury stock				
Balance at March 31, 2018	\$348,950	\$ 505,136	\$1,926,210	\$ (31,507)				
Cumulative effects of changes in accounting policy								
Restated balance	348,950	505,136	1,926,210	(31,507)				
Conversion of convertible bonds								
Dividends			(79,422)					
Net income attributable to owners of parent			199,243					
Change in the scope of consolidation								
Purchase of treasury stock				(159,510)				
Disposal of treasury stock		153		297				
Change of scope of equity method								
Reversal of revaluation reserve for land			(99)					
Share exchanges		635,328		25,984				
Change in shares of parent arising from transactions with non-controlling shareholders		(324)						
Changes in items other than shareholders' equity, net								
Balance at March 31, 2019	\$348,950	\$1,140,292	\$2,045,932	\$(164,727)				

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains on securities	Net deferred losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefits liability adjustments			
Balance at March 31, 2018	\$ 42,652	\$ (0)	\$(4,550)	\$(48,103)	\$(25,227)	\$3,000	\$1,030,381	\$3,746,932
Cumulative effects of changes in accounting policy								—
Restated balance	42,652	(0)	(4,550)	(48,103)	(25,227)	3,000	1,030,381	3,746,932
Conversion of convertible bonds								—
Dividends								(79,422)
Net income attributable to owners of parent								199,243
Change in the scope of consolidation								—
Purchase of treasury stock								(159,510)
Disposal of treasury stock								460
Change of scope of equity method								—
Reversal of revaluation reserve for land								(99)
Share exchanges								661,321
Change in shares of parent arising from transactions with non-controlling shareholders								(324)
Changes in items other than shareholders' equity, net	(13,875)	117	81	(20,623)	(9,199)	252	(763,213)	(806,460)
Balance at March 31, 2019	\$ 28,777	\$108	\$(4,469)	\$(68,727)	\$(34,436)	\$3,253	\$ 267,159	\$3,562,123

See accompanying notes.

Consolidated Statement of Cash Flows

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Cash flows from operating activities:			
Income before income taxes	¥ 41,189	¥ 65,222	\$ 371,106
Depreciation and amortization	44,188	36,004	398,126
Impairment losses	1,839	275	16,569
Decrease in allowance for doubtful accounts	(1,985)	(82)	(17,884)
Increase (decrease) in accrued bonuses	(1,386)	1,481	(12,488)
Increase in accrued product warranties	1,901	822	17,128
Decrease in defined benefit liabilities	(879)	(1,467)	(7,920)
Interest and dividend income	(1,186)	(986)	(10,686)
Interest expense	1,297	768	11,686
Share of loss of entities accounted for using equity method	1,584	25	14,272
Increase (decrease) in trade notes and other receivables	1,457	(9,229)	13,127
Increase in inventories	(912)	(4,700)	(8,217)
Increase (decrease) in trade notes and other payables	4,739	(4,283)	42,698
Others	(3,513)	(474)	(31,652)
Subtotal	88,332	83,375	795,855
Interest and dividend received	1,386	1,139	12,488
Interest paid	(1,237)	(771)	(11,145)
Income taxes paid	(15,810)	(13,356)	(142,445)
Net cash provided by operating activities	72,671	70,387	654,753
Cash flows from investing activities:			
Increase in time deposits	(4,700)	(1,047)	(42,346)
Proceeds from withdrawal of time deposits	1,690	1,262	15,227
Acquisition of property, plant and equipment	(52,348)	(61,075)	(471,646)
Proceeds from sales of property, plant and equipment	1,153	769	10,388
Acquisition of intangible assets	(8,546)	(6,233)	(76,998)
Proceeds from sales of investment securities	1,283	1	11,560
Purchase of shares of affiliated companies	(1,296)	(127)	(11,677)
Payments for investments in capital	(3,303)	0	(29,759)
Others	(1,335)	(272)	(12,028)
Net cash used in investing activities	(67,405)	(66,722)	(607,307)
Cash flows from financing activities:			
Net decrease in short-term loans payable	(4,200)	(2,703)	(37,841)
Proceeds from long-term loans payable	46,052	10,697	414,920
Repayment of long-term loans payable	(3,155)	(1,874)	(28,426)
Purchase of treasury stock	(17,521)	(3)	(157,861)
Contribution to money in trust for purchase of treasury stock	(1,989)	—	(17,921)
Purchase of treasury stock of subsidiaries	(11,570)	(0)	(104,244)
Cash dividends paid	(8,815)	(6,268)	(79,422)
Cash dividends paid to non-controlling interests	(6,035)	(2,048)	(54,374)
Others	325	(754)	2,928
Net cash used in financing activities	(6,910)	(2,957)	(62,258)
Effect of exchange rate change on cash and cash equivalents	(815)	2,079	(7,343)
Net increase (decrease) in cash and cash equivalents	(2,460)	2,786	(22,164)
Cash and cash equivalents at beginning of year	120,778	117,991	1,088,188
Cash and cash equivalents at end of year (Note 16)	¥118,318	¥120,778	\$1,066,024

See accompanying notes.

Notes to Consolidated Financial Statements

Alps Alpine Co., Ltd. and Consolidated Subsidiaries

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The accompanying consolidated financial statements are stated in Japanese yen. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan at the prevailing exchange rate on March 31, 2019, which was ¥110.99 to U.S. \$1.00.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

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

(b) Equity method

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

(c) Cash equivalents

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

(d) Investment securities

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

(e) Allowance for doubtful accounts

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

(f) Inventories

Inventories held by the Company, its domestic consolidated subsidiaries and its foreign consolidated subsidiaries in Asia are principally stated at the lower of average cost or net realizable value. Inventories held by its foreign consolidated subsidiaries in the United States and Europe are stated at the lower of moving average cost or net realizable value.

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

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

The estimated useful lives are summarized as follows:

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

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

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

(i) Leased assets

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

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

(j) Foreign currency translation
Foreign currency transactions

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

Foreign currency financial statements

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

(k) Accrued employees' bonuses

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

(l) Accrued directors' bonuses

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

(m) Accrued product warranties

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

(n) Retirement benefits

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

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

Actuarial gain or loss is amortized by the straight-line method over a period within the average remaining years of service of the eligible employees (mainly from 12 to 15 years) from the fiscal year following the respective fiscal year of recognition. Prior service cost is amortized by the straight-line method over a period within the average remaining years of service of the eligible employees (1 year, except certain domestic consolidated subsidiaries that apply a period of 13 years).

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

(o) Accrued directors' severance costs

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

(p) Allowance for environmental preservation costs

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

(q) Basis for revenue recognition on finance leases

With respect to finance leases for which the ownership of the leased assets is not transferred to the lessees, the Company, as a lessor, recognizes sales at the amount of lease income and cost of sales at the amount of lease income less interest at the time the Company receives the lease fee.

(r) Income taxes

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

(s) Amounts per share of common stock

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

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

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

(t) 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 and interest rates. The Company and its consolidated subsidiaries generally recognize all derivatives in the balance sheet at fair value.

Changes in the fair value of derivatives

Changes in the fair value of forward foreign exchange contracts, currency swaps, currency options and coupon swaps 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.

Interest rate swap agreements

Interest rate swap agreements are not recognized at fair value if the agreements meet the criteria for application of the exceptional treatment for the recognition of derivatives at fair value. The differentials to be paid or received relating to the interest rate swap agreements are recognized as interest over the life of each of the agreements.

(u) Accounting for consumption taxes

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

(v) Adoption of consolidated taxation system

The Company and certain of its consolidated subsidiaries have adopted the consolidated taxation system.

(w) Reclassifications

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

(x) Accounting standards issued but not yet effective
Accounting Standard and Implementation Guidance on Revenue Recognition

On March 30, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30).

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

3. INVESTMENT SECURITIES

Securities classified as other securities at March 31, 2019 and 2018 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2019			2019		
	Fair value	Cost	Unrealized gains (losses)	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:						
Equity securities	¥13,722	¥3,573	¥10,149	\$123,633	\$32,192	\$91,441
Securities for which cost exceeds fair value:						
Equity securities	76	115	(39)	685	1,036	(351)
Total	¥13,799	¥3,688	¥10,110	\$124,327	\$33,228	\$91,089

	Millions of yen		
	2018		
	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:			
Equity securities	¥17,587	¥3,905	¥13,682
Securities for which cost exceeds fair value:			
Equity securities	68	84	(15)
Total	¥17,656	¥3,989	¥13,666

Note: Non-marketable securities and other at March 31, 2019 and 2018 in the amounts of ¥761 million (\$6,856 thousand) and ¥999 million, respectively, have been excluded from the above table because it is extremely difficult to determine the fair value.

Proceeds from sales of securities classified as other securities for the years ended March 31, 2019 and 2018 were ¥885 million (\$7,974 thousand) and ¥1 million, respectively.

Gross realized gains and losses for the year ended March 31, 2019 were ¥554 million (\$4,991 thousand) and ¥0 million (\$0 thousand), respectively. Gross realized gains and losses for the year ended March 31, 2018 were ¥0 million and nil, respectively.

The impairment losses of ¥251 million (\$2,261 thousand) and ¥767 million on securities for the years ended March 31, 2019 and 2018 were recorded for non-marketable equity securities at ¥249 million (\$2,243 thousand) and ¥767 million; for the shares of companies that have business relationships with the Company at ¥1 million (\$9 thousand) and ¥0 million, respectively.

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

4. INVENTORIES

Inventories at March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Merchandise and finished goods	¥58,314	¥59,693	\$525,399
Work in process	10,574	11,496	95,270
Raw materials and supplies	26,946	24,936	242,779
	¥95,835	¥96,126	\$863,456

Inventories are stated at the lower of cost or net realizable value. The following loss on valuation of inventories is included in the cost of sales for the years ended March 31, 2019, and 2018, respectively:

Millions of yen	Thousands of U.S. dollars
2019	2019
¥39	\$351

5. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS

Average interest rates for short-term borrowings, consisting primarily of overdrafts with banks, were 2.08% and 1.54% at March 31, 2019 and 2018, respectively.

Long-term borrowings at March 31, 2019 and 2018 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Loans principally from banks and insurance companies due over 1 year at average interest rates of 0.44% and 0.64% at March 31, 2019 and 2018, respectively	¥70,570	¥33,610	\$635,823
Loans principally from banks and insurance companies due within 1 year at average interest rates of 2.95% and 2.33% at March 31, 2019 and 2018, respectively	9,375	3,027	84,467
	¥79,946	¥36,637	\$720,299

At March 31, 2019 and 2018, the following assets were pledged as collateral for bank loans and long-term borrowings:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Buildings and structures	¥1,610	¥1,733	\$14,506
Land	1,389	1,389	12,515
Total	¥3,000	¥3,123	\$27,029

At March 31, 2019 and 2018, such collateral secured the following obligations:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Long-term borrowings due within one year	¥60	¥ 96	\$541
Long-term borrowings	—	60	—
Total	¥60	¥157	\$541

The aggregate annual maturities of long-term borrowings subsequent to March 31, 2019 and 2018 are summarized as follows:

Year ending	Millions of yen	Thousands of U.S. dollars
	2019	2019
2020	¥ 9,375	\$ 84,467
2021	28,070	252,906
2022	1,500	13,515
2023	11,000	99,108
2024	30,000	270,295
2025 and thereafter	—	—
Total	¥79,946	\$720,299

Year ending	Millions of yen
	2018
2019	¥ 3,027
2020	6,710
2021	24,400
2022	1,500
2023	1,000
2024 and thereafter	—
Total	¥36,637

6. RETIREMENT BENEFITS

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

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

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

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

Defined benefit plans

(1) The changes in the defined benefit liabilities for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Defined benefit liabilities, beginning balance	¥70,767	¥70,487	\$637,598
Increase mainly due to the effect of changing calculation method from simplified method to basic method as a result of merger	—	1,222	—
Service cost	2,550	2,767	22,975
Interest cost	488	418	4,397
Actuarial gain or loss	(1,444)	(617)	(13,010)
Retirement benefits paid	(3,670)	(3,512)	(33,066)
Other	(82)	0	(739)
Defined benefit liabilities, ending balance	¥68,608	¥70,767	\$618,146

(2) The changes in plan assets for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Plan assets, beginning balance	¥56,551	¥53,253	\$509,514
Expected return on plan assets	2,195	2,081	19,777
Actuarial gain or loss	(3,345)	2,325	(30,138)
Employer contributions	2,189	2,083	19,722
Retirement benefits paid	(3,584)	(3,207)	(32,291)
Other	(75)	14	(676)
Plan assets, ending balance	¥53,930	¥56,551	\$485,900

(3) The amounts recognized in the consolidated balance sheet as of March 31, 2019 and 2018 consist of:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Funded defined benefit liabilities	¥ 65,288	¥ 67,570	\$ 588,233
Plan assets at fair value	(53,930)	(56,551)	(485,900)
Funded status	11,357	11,019	102,325
Unfunded defined benefit liabilities	3,320	3,196	29,913
Liability in the balance sheet, net	¥ 14,678	¥ 14,216	\$ 132,246
Defined benefit liabilities	¥ 14,739	¥ 14,262	\$ 132,796
Asset for retirement benefit	(61)	(46)	(550)
Liability in the balance sheet, net	14,678	14,216	132,246

(4) The amounts recognized in the consolidated statement of income for the years ended March 31, 2019 and 2018 consist of:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost	¥ 2,550	¥ 2,767	\$ 22,975
Interest cost	488	418	4,397
Expected return on plan assets	(2,195)	(2,081)	(19,777)
Amortization of actuarial loss	609	564	5,487
Amortization of prior service cost	0	0	0
Other	71	74	640
Periodic pension cost for defined benefit plan	¥ 1,526	¥ 1,743	\$ 13,749

(5) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Prior service cost	¥ (0)	¥ (0)	\$ (0)
Actuarial gain and loss	1,291	(3,506)	11,632
Total	¥1,290	¥(3,507)	\$11,623

(6) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrecognized prior service cost	¥ 4	¥ 5	\$ 36
Unrecognized actuarial losses	5,610	3,902	50,545
Total	¥5,614	¥3,907	\$50,581

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2019 and 2018 comprised the following:

	2019	2018
Bonds	35.9%	26.2%
Stocks	36.7%	37.6%
Insurance	4.7%	4.4%
Cash and cash equivalents	6.7%	15.8%
Alternative (*)	16.0%	15.9%
Other	0.1%	0.1%
Total	100.0%	100.0%

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

(8) The principal actuarial assumptions used in accounting for the defined benefit plans for the years ended March 31, 2019 and 2018 are as follows:

	2019	2018
Discount rate	Mainly 0.5%	Mainly 0.5%
Expected rate of return on plan assets	Mainly 4.0%	Mainly 4.0%
Estimated rate of salary increase	Mainly 2.0%	Mainly 2.0%

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

Multi-employer plans

One of the Company's domestic consolidated subsidiaries participates in a multi-employer defined benefit pension plan and recognizes as net pension cost the related required contributions for the period. Information regarding the multi-employer pension plan for the years ended March 31, 2019 and 2018 is summarized as follows:

(1) Funded status

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Pension assets	¥7,399	¥6,834	\$66,664
Pension liabilities	5,046	5,080	45,464
Funded status	¥2,352	¥1,753	\$21,191

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

2019	2018
0.85%	0.82%

Defined contribution plans

The amounts paid to the defined contribution plans for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Defined contribution plan payment	¥998	¥961	\$8,992

7. COMMITMENTS

The Company and certain of its consolidated subsidiaries have entered into loan commitment agreements amounting to ¥40,000 million (\$360,393 thousand at March 31, 2019) with financial institutions at March 31, 2019 and 2018. The outstanding loans payable amounted to nil and ¥900 million at March 31, 2019 and 2018, respectively. The unused balances amounted to ¥40,000 million (\$360,393 thousand) and ¥39,100 million under these credit facilities, at March 31, 2019 and 2018, respectively.

8. NET ASSETS

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

Shares in Issue and Outstanding and Treasury Stock

The total number and periodic changes in the number of shares in issue and the total number and periodic changes in the number of shares of treasury stock for the years ended March 31, 2019 and 2018 are summarized as follows:

	Shares in Issue and Outstanding (Thousand)	Treasury Stock (Thousand)
Number of shares at March 31, 2017	198,208	2,302
Increase in number of shares	—	1
Decrease in number of shares	—	—
Number of shares at March 31, 2018	198,208	2,304
Increase in number of shares	21,073	7,882
Decrease in number of shares	—	1,922
Number of shares at March 31, 2019	219,281	8,264

During the year ended March 31, 2019, the increase of 21,073 thousand shares of shares in issue and outstanding was due to the issue of shares in connection with the share exchange. The increase of 7,882 thousand shares of treasury stock consists of the repurchase of 7,772 thousand shares under the share buyback program, the allocation of 104 thousand shares of ALPINE shares held by affiliated companies in connection with the share exchange, the purchase of 4 thousand shares of odd-shares and the purchase of 0 thousand shares of odd-shares in connection with the share exchange.

The decrease of 1,922 thousand shares of treasury stock consists of the disposal of 1,900 thousand shares of treasury stock in connection with share exchange and the exercise of stock options rights of 22 thousand shares.

During the year ended March 31, 2018, the increase of 1 thousand shares of treasury stock was due to the purchase of odd-lot shares.

Stock subscription rights

The total number and periodic changes in the number of stock subscription rights for the year ended March 31, 2019 are summarized as follows:

Stock subscription rights of stock options

Company name	ALPS ALPINE CO., LTD.	ALPINE ELECTRONICS, INC.	ALPS LOGISTICS CO., LTD.
Class of stock	—	—	—
Number of shares at March 31, 2018	—	—	—
Increase in number of shares	—	—	—
Decrease in number of shares	—	—	—
Number of shares at March 31, 2019	—	—	—
Ending balance at March 31, 2019 (Millions of yen)	¥295	—	¥66

Dividends

The following appropriations of cash dividends, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2019, was approved at the ordinary general meeting of shareholders on June 21, 2019 and will go into effect on June 24, 2019:

	Millions of yen	Thousands of U.S. dollars
Cash dividends to be approved on June 21, 2019 (¥25.00 = \$0.23 per share)	¥5,275	\$47,527

The following appropriations of cash dividends to shareholders of common stock were approved at the ordinary general meeting of shareholders held on June 22, 2018 and at the meeting of the Board of Directors held on October 30, 2018 and were paid to shareholders of record as of March 31, 2018 and September 30, 2018, respectively, during the year ended March 31, 2019:

	Millions of yen
Cash dividends approved on June 22, 2018 (¥20.00 per share)	¥3,918
Cash dividends approved on October 30, 2018 (¥25.00 per share)	¥4,897

9. REVALUATION OF LAND

On March 31, 2002, a domestic consolidated subsidiary 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 (non-controlling interests in net assets section for non-controlling portion) under net assets.

The excesses of the carrying value of this land after the revaluation over its fair value as of March 31, 2019 and 2018 were ¥972 million (\$8,758 thousand) and ¥971 million, respectively.

10. REDUCTION ENTRY

The amount of the reduction entry for the years ended March 31, 2019 and 2018 and accumulated reduction entry as of March 31, 2019 and 2018 for tangible fixed assets deducted from the acquisition cost of tangible fixed assets due to government subsidies, etc. are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Reduction entry for the years ended March 31, 2019 and 2018			
Buildings and structures	¥6	¥12	\$54
Machinery and equipment	1	—	9
Tools, furniture and fixtures	0	—	0
Total	¥8	¥12	\$72

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Accumulated reduction entry as of March 31, 2019 and 2018			
Buildings and structures	¥291	¥285	\$2,622
Machinery and equipment	34	35	306
Tools, furniture and fixtures	0	—	0
Total	¥326	¥320	\$2,937

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major items included in selling, general and administrative expenses for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Salaries	¥37,436	¥37,715	\$337,292
Research and development expenses	18,900	19,164	170,286
Commission expenses	11,257	12,989	101,424
Employees' bonuses	4,551	4,891	41,004
Warranty costs	3,723	1,917	33,544
Retirement benefit expense	829	1,126	7,469

12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in cost of sales and general and administrative expenses were ¥32,886 million (\$296,297 thousand) and ¥29,799 million for the years ended March 31, 2019 and 2018, respectively.

13. OTHER INCOME (EXPENSES)

The components of other, net, in the accompanying consolidated statement of income and comprehensive income for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Gain on sale of fixed assets	¥ 544	¥ 366	\$ 4,901
Gain on sale of investment securities	554	0	4,991
Loss on sale and disposal of fixed assets	(595)	(880)	(5,361)
Business structure improvement expenses	(860)	(39)	(7,748)
Other	(363)	(1,286)	(3,271)
	¥(719)	¥(1,839)	\$ (6,478)

14. IMPAIRMENT LOSSES ON FIXED ASSETS

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

The Company recognized impairment losses on the following asset groups during the year ended March 31, 2019:

			Millions of yen	Thousands of U.S. dollars
Location	Use	Asset type	2019	2019
Japan	Scheduled disposal assets	Construction in progress etc.	¥1,583	\$14,263
	Idle assets	Land	0	0
Hong Kong	Assets for Logistics business	Buildings and structures etc.	255	2,298
Total			¥1,839	\$16,569

With respect to assets included in assets for the Logistics business, because the business environment deteriorated mainly due to a market contraction, the Company reduced the book value of these assets to their respective recoverable amounts and recognized impairment losses as other expenses.

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

The recoverable amounts of idle assets were determined at net realizable value computed based on asset value recognized under property tax appraised values.

The recoverable amount of scheduled disposal assets were estimated as sales value based on the plan for disposal and other scheduled disposal assets were determined as zero.

The Company recognized impairment losses on the following asset groups during the year ended March 31, 2018.

This information is not provided due to its immateriality.

15. INCOME TAXES

The Company is subject to a number of taxes in Japan based on income, which, in the aggregate, resulted in statutory tax rates of approximately 30.4% and 30.7% for the years ended March 31, 2019 and 2018, respectively.

The following table summarizes the reconciliations between the statutory tax rates and the Company's effective tax rates reflected in the accompanying consolidated statement of income and comprehensive income for the years ended March 31, 2019 and 2018:

	2019	2018
Statutory tax rates	30.4%	30.7%
Lower tax rates at foreign subsidiaries	(5.4)	(3.5)
Change in valuation allowance	(3.3)	(13.3)
Non-deductible expenses	1.2	0.6
Unrealized profit tax effect	2.3	(0.2)
Withholding tax rate on dividends from foreign subsidiaries	3.6	0.2
Other	0.4	1.3
Effective tax rates	29.2%	15.8%

The significant components of deferred tax assets and liabilities at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Accrued employees' bonuses	¥ 2,834	¥ 3,173	\$ 25,534
Allowance for doubtful accounts	296	899	2,667
Accrued income taxes	225	525	2,027
Accrued expenses	929	940	8,370
Liability for retirement benefit	4,390	3,990	39,553
Tax effect on investments, etc. of subsidiary scheduled to be liquidated	1,265	—	11,397
Depreciation	9,989	10,845	89,999
Impairment losses for land	974	674	8,776
Intercompany profit	4,065	5,395	36,625
Write-offs of investment securities	730	765	6,577
Write-offs of inventories	1,908	1,489	17,191
Tax loss carryforwards	8,916	7,553	80,332
Other	6,055	5,854	54,554
Gross deferred tax assets	42,576	42,102	383,602
Valuation allowance for net operating loss carryforwards (Note 1)	(6,490)	—	(58,474)
Valuation allowance for deductible temporary differences	(10,385)	—	(93,567)
Total Valuation allowance	(16,875)	(16,400)	(152,041)
Less deferred tax liabilities in the same tax jurisdiction	(9,100)	(6,308)	(81,989)
Total deferred tax assets	16,600	19,393	149,563
Deferred tax liabilities:			
Unrealized gain on investment securities	(3,180)	(4,263)	(28,651)
Undistributed retained earnings of foreign subsidiaries	(5,081)	(4,533)	(45,779)
Undistributed retained earnings of affiliated company accounted for by the equity method	(737)	(1,369)	(6,640)
Other	(1,140)	(715)	(10,271)
Gross deferred tax liabilities	(10,138)	(10,880)	(91,342)
Less deferred tax assets in the same tax jurisdiction	9,100	6,308	81,989
Total deferred tax liabilities	(1,038)	(4,572)	(9,352)
Net deferred tax assets	¥ 15,562	¥ 14,822	\$ 140,211

Note 1:

Millions of yen							
2019							
	Due in one year or less	Due after one years through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Net operating loss carryforwards (a)	¥ 98	¥ 71	¥ 3,362	¥ 110	¥ 237	¥ 5,038	¥ 8,916
Valuation allowance	(63)	(14)	(1,876)	(110)	(58)	(4,369)	(6,490)
Deferred tax assets	¥ 35	¥ 57	¥ 1,486	—	¥ 179	¥ 668	¥ 2,425 (b)

Thousands of U.S. dollars							
2019							
	Due in one year or less	Due after one years through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Net operating loss carryforwards (a)	\$ 883	\$ 640	\$ 30,291	\$ 991	\$ 2,135	\$ 45,391	\$ 80,332
Valuation allowance	(568)	(126)	(16,902)	(991)	(523)	(39,364)	(58,474)
Deferred tax assets	\$ 315	\$ 514	\$ 13,389	—	\$ 1,613	\$ 6,019	\$ 21,849 (b)

(a) The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.
(b) Deferred tax assets of ¥2,425 million (\$21,849 thousand) were recorded for net operating loss carryforwards of ¥8,916 million (\$80,332 thousand). Deferred tax assets associated with net operating loss carryforwards are considered to be recoverable based on estimated future taxable income.

16. CASH AND CASH EQUIVALENTS

A reconciliation between cash and deposits in the accompanying consolidated balance sheets, and cash and cash equivalents in the accompanying statements of cash flows at March 31, 2019 and 2018 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and time deposits	¥122,079	¥121,554	\$1,099,910
Less:			
Time deposits with a maturity of more than three months when purchased	(3,761)	(775)	(33,886)
Cash and cash equivalents	¥118,318	¥120,778	\$1,066,024

Supplemental Disclosure of Non-Cash Transactions

The Company recorded assets and corresponding obligations for finance lease transactions amounting to ¥1,295 million (\$11,668 thousand) and ¥646 million for the years ended March 31, 2019 and 2018, respectively.

17. FINANCIAL INSTRUMENTS

Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

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

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

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

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

To reduce the risk of long-term borrowings bearing interest at variable rates, the Group utilizes interest rate swap transactions as a hedging instrument.

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

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

(3) Risk management for financial instruments

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

In accordance with the internal policies for managing credit risk of the Group arising from receivables, the related Sales Department

manager monitors credit worthiness of main customers, and the Credit Control Department assesses the financial situation periodically. In addition, the Group is making efforts to identify and mitigate risks of bad debts.

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

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

For trade receivables and payables denominated in foreign currencies, the Group identifies the foreign currency exchange risk for each currency on a monthly basis and enters into forward foreign exchange contracts and currency swaps to hedge such risk. In order to mitigate the interest rate risk for loans payable bearing interest at variable rates, the Group may also enter into interest rate swap transactions.

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

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

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

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

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

The fair value of financial instruments is based on their quoted market price, if available.

When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 18. DERIVATIVE FINANCIAL INSTRUMENTS are not necessarily indicative of the actual market risk involved in derivative transactions.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2019 and 2018, their estimated fair value and unrealized gains are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2 below).

		Millions of yen			Thousands of U.S. dollars		
		2019			2019		
		Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Assets:	Cash and deposits	¥122,079	¥122,079	¥ —	\$1,099,910	\$1,099,910	\$ —
	Trade notes and accounts receivable	156,875	156,875	—	1,413,416	1,413,416	—
	Investment securities	25,165	37,625	12,460	226,732	338,995	112,262
Total assets		¥304,120	¥316,581	¥12,460	\$2,740,067	\$2,852,338	\$112,262
Liabilities:	Trade notes and accounts payable	¥ 69,596	¥ 69,596	¥ —	\$ 627,047	\$ 627,047	\$ —
	Short-term borrowings	28,870	28,870	—	260,114	260,114	—
	Long-term borrowings due within one year	9,375	9,375	—	84,467	84,467	—
	Long-term borrowings	70,570	70,340	(230)	635,823	633,751	(2,072)
Total liabilities		¥178,412	¥178,182	¥ (230)	\$1,607,460	\$1,605,388	\$ (2,072)
Derivatives*		¥ (123)	¥ (123)	¥ —	\$ (1,108)	\$ (1,108)	\$ —

		Millions of yen		
		2018		
		Carrying value	Estimated fair value	Difference
Assets:	Cash and deposits	¥121,554	¥121,554	¥ —
	Trade notes and accounts receivable	160,107	160,107	—
	Investment securities	23,845	28,723	4,878
Total assets		¥305,507	¥310,386	¥4,878
Liabilities:	Trade notes and accounts payable	¥ 73,764	¥ 73,764	¥ —
	Short-term borrowings	33,782	33,782	—
	Long-term borrowings due within one year	3,027	3,027	—
	Long-term borrowings	33,610	33,527	(83)
Total liabilities		¥144,185	¥144,102	¥ (83)
Derivatives*		¥ 678	¥ 678	¥ —

* The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing a net liability position.

Note 1: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

(a) Cash and deposits, and trade notes and accounts receivable

Since these items are settled in a short period of time, their carrying value approximates fair value.

(b) Investment securities

The fair value of the investment securities is based on quoted market price. For information on securities classified by holding purpose, please refer to Note 3. INVESTMENT SECURITIES.

(c) Trade notes and accounts payable, short-term borrowings and long-term borrowings due within one year

Since these items are settled in a short period of time, their carrying value approximates fair value.

(d) Long-term borrowings

The fair value of each long-term borrowings instrument is based on the present value of the total of principal and interest discounted by the interest rate that would be applied if similar new loans were entered into.

(e) Derivatives

Please refer to Note 18 DERIVATIVE FINANCIAL INSTRUMENTS.

Note 2: Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
	Carrying value		Carrying value
Investment in unlisted stocks, unconsolidated subsidiaries, affiliated companies and others	¥2,055	¥1,416	\$18,515

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table presenting the estimated fair value of financial instruments.

Note 3: Redemption schedule for receivables and marketable securities with maturities at March 31, 2019 and 2018

		Millions of yen		Thousands of U.S. dollars
		2019	2018	2019
Due in one year or less	Cash and deposits	¥122,079	¥121,554	\$1,099,910
	Trade notes and accounts receivable	156,875	160,107	1,413,416
Total		¥278,955	¥281,662	\$2,513,335

Note 4: The redemption schedule for long-term borrowings is disclosed in Note 5. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS. The aggregate annual maturities of finance lease obligations subsequent to March 31, 2019 and 2018 are summarized as follows:

Year ending	Millions of yen	Thousands of U.S. dollars
	2019	2019
2020	¥ 546	\$ 4,919
2021	432	3,892
2022	304	2,739
2023	268	2,415
2024	265	2,388
2025 and thereafter	1,252	11,280
Total	¥3,071	\$27,669

Year ending	Millions of yen
	2018
2019	¥ 598
2020	433
2021	223
2022	171
2023	140
2024 and thereafter	991
Total	¥2,559

18. DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into forward foreign exchange contracts with banks to hedge transactions and balances denominated in foreign currencies. In addition, to hedge its exposure to fluctuations in interest rates, the Company has entered into interest rate swap agreements to effectively change the floating rates on the principal balance of its debt to fixed interest rates.

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 and interest rate swap agreements.

The notional amounts and estimated fair value of the derivative instruments outstanding at March 31, 2019 and 2018, to which hedge accounting has not been applied, are summarized as follows:

			Millions of yen			Thousands of U.S. dollars		
			2019			2019		
			Notional amounts	Estimated fair value	Unrealized gains (losses)	Notional amounts	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:	Sell:	U.S. dollars	¥14,971	¥(156)	¥(156)	\$134,886	\$(1,406)	\$(1,406)
		Euro	6,014	34	34	54,185	306	306
			Millions of yen					
			2018					
			Notional amounts	Estimated fair value	Unrealized gains			
Forward foreign exchange contracts:	Sell:	U.S. dollars	¥30,812	¥555	¥555			
		Euro	7,309	124	124			

Note: Estimated fair values are computed on quotes from financial institutions.

The notional amounts and estimated fair value of the derivative instruments outstanding at March 31, 2019 and 2018, to which hedge accounting has been applied primarily to accounts receivables are summarized as follows:

			Millions of yen				Thousands of U.S. dollars	
			2019		2018		2019	
			Notional amounts	Estimated fair value	Notional amounts	Estimated fair value	Notional amounts	Estimated fair value
Forward foreign exchange contracts:	Sell:	U.S. dollars	¥329	¥(0)	¥ —	¥—	\$2,964	\$(0)
		Euro	—	—	1,306	(2)	—	—

Note: Estimated fair values are computed on quotes from financial institutions.

There were no interest-rate swap transactions which meet specific criteria for hedge accounting for the years ended March 31, 2019 and 2018.

19. LEASES

As lessee:

The Company's future minimum lease payments subsequent to March 31, 2019 and 2018 for non-cancelable operating leases are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2019	2019
2020	¥2,376	\$21,407
2021 and thereafter	5,512	49,662
	¥7,888	\$71,069
	Millions of yen	
	2018	
2019	¥2,004	
2020 and hereafter	4,736	
	¥6,740	

As lessor:

Investment in lease assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Lease receivables	¥675	¥688	\$6,082
Interest portion of lease receivables	(43)	(43)	(387)
Investment in lease assets	¥631	¥645	\$5,685

The collection schedules of lease receivables at March 31, 2019 and 2018 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2019	2019
2020	¥ 497	\$ 4,478
2021	398	3,586
2022	361	3,253
2023	193	1,739
2024	67	604
2025 and thereafter	45	405
	¥1,563	\$14,082

	Millions of yen
	2018
2019	¥ 549
2020	447
2021	345
2022	306
2023	137
2024 and thereafter	40
	¥1,827

The Company's future minimum lease receivables subsequent to March 31, 2019 and 2018 for non-cancelable operating leases are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2019	2019
2020	¥ 39	\$351
2021 and thereafter	69	622
	¥109	\$982

	Millions of yen
	2018
2019	¥ 34
2020 and hereafter	73
	¥108

20. RELATED PARTY TRANSACTIONS

There were no transactions of the Company with a related party for the years ended March 31, 2019 and 2018.

21. OTHER COMPREHENSIVE INCOME

The following table presents reclassification adjustments as amounts reclassified to profit for the years ended March 31, 2019 and 2018, which were recognized in other comprehensive income for the years ended March 31, 2019 and 2018, and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2019 and 2018.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrealized gains (losses) on securities:			
Amount arising during the year	¥(3,259)	¥1,297	\$(29,363)
Reclassification adjustments	(513)	394	(4,622)
Unrealized gains (losses) on securities before tax effect	(3,773)	1,691	(33,994)
Tax effect	1,084	(515)	9,767
Unrealized gains (losses) on securities	(2,689)	1,176	(24,227)
Deferred gains or losses on hedges:			
Amount arising during the year	(49)	(66)	(441)
Reclassification adjustments	50	64	450
Deferred gains or losses on hedges before tax effect	1	(1)	9
Tax effect	0	—	0
Deferred gains or losses on hedges	1	(1)	9
Foreign currency translation adjustments:			
Amount arising during the year	(3,162)	4,010	(28,489)
Remeasurements of defined benefit plans:			
Amount arising during the year	(1,900)	2,942	(17,119)
Reclassification adjustments	610	564	5,496
Remeasurements of defined benefit plans before tax effect	(1,290)	3,507	(11,623)
Tax effect	661	(810)	5,955
Remeasurements of defined benefit plans	(628)	2,696	(5,658)
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	(1,230)	(36)	(11,082)
Other comprehensive income (loss)	¥(7,708)	¥7,845	\$(69,448)

22. STOCK OPTIONS

(1) Stock option expenses were recognized for the years ended March 31, 2019 and 2018 as follows:

	Millions of yen	Thousands of U.S. dollars	Millions of yen
	2019	2019	2018
Selling, general and administrative expenses	¥108	\$973	¥105

(2) Outline of stock options and changes

(i) 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	ALPS ELECTRIC CO., LTD. Third Series of Stock Subscription Rights*1
Grantees	Total 12 Directors of the Company (Excluding outside directors)	Total 12 Directors of the Company (Excluding outside directors)	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)
Type and number of shares to be issued upon the exercise of the stock subscription rights	34,800 shares of common stock	14,100 shares of common stock	23,900 shares of common stock
Grant date	July 28, 2014	July 24, 2015	July 21, 2016
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 20, 2014	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 19, 2015	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 23, 2016
Required service period	None	None	None
Exercise period	From July 29, 2014 to July 28, 2054	From July 27, 2015 to July 26, 2055	From July 22, 2016 to July 21, 2056
	ALPS ELECTRIC CO., LTD. Fourth Series of Stock Subscription Rights*1	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Sixth Series of Stock Subscription Rights*1
Grantees	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)	Total 9 Directors of subsidiaries (Excluding outside directors and part time directors)*2
Type and number of shares to be issued upon the exercise of the stock subscription rights	17,000 shares of common stock	19,000 shares of common stock	5,304 shares of common stock*3
Grant date	July 24, 2017	July 25, 2018	January 1, 2019
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 23, 2017	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 22, 2018	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 19, 2014
Required service period	None	None	None
Exercise period	From July 25, 2017 to July 24, 2057	From July 26, 2018 to July 25, 2058	From January 1, 2019 to August 5, 2054

	ALPS ALPINE CO., LTD. Seventh Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Eighth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Ninth Series of Stock Subscription Rights*1
Grantees	Total 10 Directors of subsidiaries (Excluding outside directors and part time directors)*2	Total 10 Directors of subsidiaries (Excluding outside directors, audit and super- visory committee members and non-executive directors)*2	Total 10 Directors of subsidiaries (Excluding outside directors, audit and super- visory committee members and non-executive directors)*2
Type and number of shares to be issued upon the exercise of the stock subscription rights	4,624 shares of common stock*3	15,436 shares of common stock*3	11,696 shares of common stock*3
Grant date	January 1, 2019	January 1, 2019	January 1, 2019
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 18, 2015	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 22, 2016	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 22, 2017
Required service period	None	None	None
Exercise period	From January 1, 2019 to August 4, 2055	From January 1, 2019 to July 19, 2056	From January 1, 2019 to July 20, 2057
	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights*1	ALPS LOGISTICS CO., LTD. First Series of Stock Subscription Rights*1. *4	ALPS LOGISTICS CO., LTD. Second Series of Stock Subscription Rights*1. *4
Grantees	Total 9 Directors of subsidiaries (Excluding outside directors, audit and super- visory committee members and non-executive directors)*2	Total 7 Directors of subsidiaries (Excluding outside directors and part time directors)	Total 6 Directors of subsidiaries (Excluding outside directors and part time directors)
Type and number of shares to be issued upon the exercise of the stock subscription rights	10,880 shares of common stock*3	32,400 shares of common stock	18,000 shares of common stock
Grant date	January 1, 2019	July 23, 2014	July 22, 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 21, 2018	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 18, 2014	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 17, 2015
Required service period	None	None	None
Exercise period	From January 1, 2019 to July 23, 2058	From July 24, 2014 to July 23, 2054	From July 23, 2015 to July 22, 2055
	ALPS LOGISTICS CO., LTD. Third Series of Stock Subscription Rights*1	ALPS LOGISTICS CO., LTD. Fourth Series of Stock Subscription Rights*1	ALPS LOGISTICS CO., LTD. Fifth Series of Stock Subscription Rights*1
Grantees	Total 6 Directors of subsidiaries (Excluding outside directors, audit and super- visory committee members and non-executive directors)	Total 7 Directors of subsidiaries (Excluding outside directors, audit and super- visory committee members and non-executive directors)	Total 6 Directors of subsidiaries (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	33,100 shares of common stock	27,000 shares of common stock	18,800 shares of common stock
Grant date	July 15, 2016	July 19, 2017	July 20, 2018
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 21, 2016	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 21, 2017	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 20, 2018
Required service period	None	None	None
Exercise period	From July 16, 2016 to July 15, 2056	From July 20, 2017 to July 19, 2057	From July 21, 2018 to July 20, 2058

*1 The number of shares is shown.

*2 The classification and number of persons subject to grant are as of the date of initial grant by Alpine Electronics, Inc.

*3 As a result of the share exchange between the Company and Alpine Electronics, Inc. on January 1, 2019, the Company allocated and issued new share acquisition rights based on the share exchange ratio to the Company's stock acquisition rights.

*4 Shares, exercise price and average stock price at exercise have been restated, as appropriate, to reflect the two-for-one stock split on April 1, 2016.

(ii) Movements in stock options (in shares) for the year ended March 31, 2019 were as follows:

(a) Number of stock options (in shares)

	ALPS ELECTRIC CO., LTD. First Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Second Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Third Series of Stock Subscription Rights
Non-vested			
As of March 31, 2018	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of March 31, 2019	—	—	—
Vested			
As of March 31, 2018	25,100	11,300	23,900
Vested	—	—	—
Exercised	8,300	3,400	5,100
Forfeited	—	—	—
Outstanding as of March 31, 2019	16,800	7,900	18,800

	ALPS ELECTRIC CO., LTD. Fourth Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Sixth Series of Stock Subscription Rights
Non-vested			
As of March 31, 2018	—	—	—
Granted	—	19,000	5,304
Forfeited	—	—	—
Vested	—	19,000	5,304
Outstanding as of March 31, 2019	—	—	—
Vested			
As of March 31, 2018	17,000	—	—
Vested	—	19,000	5,304
Exercised	3,200	2,100	—
Forfeited	—	—	—
Outstanding as of March 31, 2019	13,800	16,900	5,304

	ALPS ALPINE CO., LTD. Seventh Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Eighth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Ninth Series of Stock Subscription Rights
Non-vested			
As of March 31, 2018	—	—	—
Granted	4,624	15,436	11,696
Forfeited	—	—	—
Vested	4,624	15,436	11,696
Outstanding as of March 31, 2019	—	—	—
Vested			
As of March 31, 2018	—	—	—
Vested	4,624	15,436	11,696
Exercised	—	—	—
Forfeited	—	—	—
Outstanding as of March 31, 2019	4,624	15,436	11,696

	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. First Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Second Series of Stock Subscription Rights
Non-vested			
As of March 31, 2018	—	—	—
Granted	10,880	—	—
Forfeited	—	—	—
Vested	10,880	—	—
Outstanding as of March 31, 2019	—	—	—
Vested			
As of March 31, 2018	—	18,000	15,200
Vested	10,880	—	—
Exercised	—	—	1,600
Forfeited	—	—	—
Outstanding as of March 31, 2019	10,880	18,000	13,600

	ALPS LOGISTICS CO., LTD. Third Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Fourth Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Fifth Series of Stock Subscription Rights
Non-vested			
As of March 31, 2018	—	—	—
Granted	—	—	18,800
Forfeited	—	—	—
Vested	—	—	18,800
Outstanding as of March 31, 2019	—	—	—
Vested			
As of March 31, 2018	33,100	27,000	—
Vested	—	—	18,800
Exercised	3,600	2,600	—
Forfeited	—	—	—
Outstanding as of March 31, 2019	29,500	24,400	18,800

(b) Price information

	ALPS ELECTRIC CO., LTD. First Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Second Series of Stock Subscription Rights	ALPS ELECTRIC CO., LTD. Third Series of Stock Subscription Rights
Exercise price	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	¥2,289	¥2,297	¥2,290
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. Sixth Series of Stock Subscription Rights*1
Exercise price	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	¥2,333	¥2,100	¥2,022
Fair value at grant date	¥3,053	¥2,944	¥1,417

	ALPS ALPINE CO., LTD. Seventh Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Eighth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Ninth Series of Stock Subscription Rights*1
Exercise price	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	¥2,022	¥2,022	¥2,022
Fair value at grant date	¥1,909	¥968	¥1,604

	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights*1	ALPS LOGISTICS CO., LTD. First Series of Stock Subscription Rights*2	ALPS LOGISTICS CO., LTD. Second Series of Stock Subscription Rights*2
Exercise price	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	—	—	¥901
Fair value at grant date	¥2,319	¥498	¥734

	ALPS LOGISTICS CO., LTD. Third Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Fourth Series of Stock Subscription Rights	ALPS LOGISTICS CO., LTD. Fifth Series of Stock Subscription Rights
Exercise price	¥1 per share	¥1 per share	¥1 per share
Average stock price upon exercise	¥901	¥901	—
Fair value at grant date	¥500	¥709	¥812

*1 Shares, exercise price and average stock price at exercise have been restated, as of the initial grant date of Alpine Electronics, Inc.

*2 Shares, exercise price and average stock price at exercise have been restated, as appropriate, to reflect the two-for-one stock split on April 1, 2016.

(3) Estimation of fair value of stock options

The fair value of Stock Subscription Rights of ALPS ALPINE CO., LTD., and ALPS LOGISTICS CO., LTD. granted in the year ended March 31, 2019 is calculated as follows:

(i) Estimation method

The Black-Scholes Model

(ii) Assumptions used in calculations

	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Sixth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Seventh Series of Stock Subscription Rights
Volatility of stock price	42.537%*1	37.615%*2	35.922%*2
Estimated remaining outstanding period	3.18 years*4	4.50 years*5	4.10 years*5
Expected dividend	¥37 per share*8	¥25 per share*9	¥30 per share*9
Risk-free interest rate*11	(0.120)%	(0.135)%	(0.040)%

	ALPS ALPINE CO., LTD. Eighth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Ninth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights
Volatility of stock price	42.221%*2	40.708%*2	39.814%*2
Estimated remaining outstanding period	3.59 years*6	4.07 years*6	5.59 years*6
Expected dividend	¥30 per share*9	¥30 per share*9	¥30 per share*9
Risk-free interest rate*11	(0.333)%	(0.072)%	(0.061)%

	ALPS LOGISTICS CO., LTD. Fifth Series of Stock Subscription Rights
Volatility of stock price	20.810%*3
Estimated remaining outstanding period	1.60 years*7
Expected dividend	¥18 per share*10
Risk-free interest rate*11	(0.135)%

*1 The expected volatility is based on actual share prices during 3.18 years from May 25, 2015 to July 24, 2017.

*2 The expected volatility is based on actual share prices of Alpine Electronics, Inc. for the periods below.

Sixth Series of Stock Subscription Rights	From February 8, 2010 to August 5, 2014
Seventh Series of Stock Subscription Rights	From June 28, 2011 to August 4, 2015
Eighth Series of Stock Subscription Rights	From December 18, 2012 to July 19, 2016
Ninth Series of Stock Subscription Rights	From June 25, 2013 to July 20, 2017
Tenth Series of Stock Subscription Rights	From December 21, 2012 to July 23, 2018

*3 The expected volatility is based on actual share prices during 1.60 years from December 20, 2016 to July 20, 2018.

*4 Estimated remaining outstanding period is determined by deducting the average tenure of incumbent directors (excluding audit and supervisory committee members) from the average tenure of the retired directors in the past 20 years.

*5 Estimated remaining outstanding period is determined by deducting the average tenure of incumbent directors of Alpine Electronics, Inc. (excluding outside directors and part time directors) from the average tenure of the retired directors in the past 20 years.

*6 Estimated remaining outstanding period is determined by deducting the average tenure of incumbent directors of Alpine Electronics, Inc. (excluding audit and supervisory committee members, and non-executive directors) from the average tenure of the retired directors in the past 20 years.

*7 Estimated remaining outstanding period is determined by deducting the average tenure of incumbent directors of the subsidiary (excluding audit and supervisory committee members, and non-executive directors) from the average tenure of the retired directors in the past 20 years.

*8 Based on actual year-end dividend for the year ended March 31, 2018.

*9 Based on actual dividend of Alpine Electronics, Inc. for the periods below.

Sixth Series of Stock Subscription Rights annual dividend amount for the year ended March 31, 2014.
Seventh Series of Stock Subscription Rights annual dividend amount for the year ended March 31, 2015.
Eighth Series of Stock Subscription Rights annual dividend amount for the year ended March 31, 2016.
Ninth Series of Stock Subscription Rights annual dividend amount for the year ended March 31, 2017.
Tenth Series of Stock Subscription Rights annual dividend amount for the year ended March 31, 2018.

*10 Based on the expected annual dividend amount for the year ended March 31, 2019.

*11 Japanese government bond yield applicable to the estimated remaining outstanding period of the stock options.

(4) 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.

23. TRANSACTIONS UNDER COMMON CONTROL

(Alpine becoming a wholly owned subsidiary through a simplified share exchange)

The Company resolved at its board of directors meeting held on July 27, 2017 to conduct a business integration with Alpine that involves a reorganization into a holding company structure (the “Business Integration”) and executed a share exchange agree- ment (the “Share Exchange Agreement”) as of the same date.

Based on a resolution of its board of directors meeting held on July 27, 2017, the Company executed a memorandum of understanding concerning the implementation of an absorption- type company split with ALPS HD CO., LTD., a wholly owned subsidiary of the Company, under which the Company has its rights and obligations concerning its businesses, other than those relating to group management and administration and the management of its assets, succeeded to by ALPS HD CO., LTD. (the “Absorption-type Company Split”). However, the Company decided at its board of directors meeting held on February 27, 2018 to cancel the Absorption-type Company Split, change the management structure following the Business Integration from a pure holding company structure to an operating holding com- pany structure, and introduce an in-house company system. The Company also executed, as of the same date, pursuant to the resolutions of its board of directors meeting held on February 27, 2018, a memorandum of understanding concerning the amend- ments to the Share Exchange Agreement with Alpine, which includes the deletion of the provisions that assume the imple- mentation of the Absorption-type Company Split and confirms its plan to implement a business integration that involves the reorganization into an operating holding company structure. The reorganization into an operating holding company structure and an in-house company system took effect on January 1, 2019 (the “Reorganization Date”).

A share exchange (the “Share Exchange”) took effect on January 1, 2019 (the “Effective Date of the Share Exchange”), and prior to the Effective Date of the Share Exchange, shares of common stock of Alpine were delisted from the first section of the Tokyo Stock Exchange on December 26, 2018 (the last trading day was December 25, 2018).

(1) Overview of the Share Exchange

- (i) Name of the wholly owned subsidiary and its main business
- | | |
|--|---|
| Name of the wholly owned subsidiary Alpine Electronics, Inc. | |
| Main business | Manufacture and sale of audio equipment and information and communication equipment |

(ii) Objectives of the Share Exchange

Amid market innovation brought about by the fourth industrial revolution, by conducting the Business Integration, the Company and Alpine (the “Companies”) aim to keep contributing to people’s lives in the areas of electronics and communication by focusing on the electronic components business and the automotive infotainment business, and to transform the combined entity into a sustainable value creating corporate group to become a corporate group with sales of one trillion yen.

Specifically, the Company will push forward with the advancement and fusion of input device, sensing device and communication device technology, which are the Company’s core technologies and products, by using Alpine’s development and system design capabilities. In enhancing its automotive HMI system integration business, Alpine will leverage the Company’s sensing device and communication device technology. In addi- tion to automotive business such as integrated HMI cockpit system and four domains known as CASE (Connected, Autonomous, Shared & Services, Electric), the Companies will also promote collaboration in new business domains including EHII (Energy, Healthcare, Industry, IoT) and alliances with other companies to ensure realization of post-integration synergies. In order to accelerate the Business Integration, in addition to sharing management resources such as the Companies’ human resources and technologies, the Companies will move to a holding company structure under which the Companies will work on full-scale cooperation, such as strengthening of their ability as a group to propose solutions to and conduct sales vis-a-vis their customers, development of employees through cross-business collaboration, such as engineers and sales personnel, and use of the Company’s fund-raising capability, network and *monozukuri* capability. The Companies believe that, coupled with other measures, such as promotion of mutual use of production bases, streamlining of back-office departments through infra- structure sharing, cooperation with suppliers through joint procurement of parts, strengthening of the procurement capac- ity, and reinforcement of global operations, the above measures can maximize the synergy effects on businesses of the Company’s entire group.

- (iii) Effective date of the Share Exchange
- January 1, 2019
- (iv) Method of the Share Exchange
- In the Share Exchange, the Company became the wholly owning parent company and Alpine becomes a wholly owned subsidiary. The Share Exchange was conducted by means of a simplified share exchange under Article 796, paragraph (2) of the Companies Act, which does not require an approval by shareholders at a shareholder’s meeting.
- The Share Exchange Agreement was approved at an extraordinary general meeting of shareholders held on December 5, 2018 by Alpine, and the Share Exchange became effective as of January 1, 2019.
- (v) Name of the Company after the integration
- Alpine Electronics, Inc. (the “integrated company”)

(2) Matters concerning acquisition price

(i) Purchase price of the acquired company

Acquisition consideration common stock	¥49,048 million
Acquisition price	¥49,048 million

(ii) Details of Allotment in the Share Exchange

	The Company (Wholly Owning Parent Company)	Alpine (Wholly Owned Subsidiary)
Details of allotment in the Share Exchange (the “Share Exchange Ratio”)	1	0.68
Number of shares to be delivered in the Share Exchange	The Company's Common Shares: 22,973,364 shares (The Company delivered 1,900,000 shares of its treasury stock for the allotment of shares through the Share Exchange.)	

(iii) Method for the calculation of the Share Exchange Ratio

In order to ensure fairness and reasonableness of the calculation of the Share Exchange Ratio used in the Share Exchange, each of the Company and Alpine decided to separately request an independent third-party financial advisor to analyze the Share Exchange Ratio. The Company appointed Nomura Securities Co., Ltd. and Alpine appointed SMBC Nikko Securities Inc. respectively, as independent third-party financial advisors.

Based on the results of due diligence that the Companies conducted on each other as well as calculation reports on the share exchange ratio provided by their third-party financial advisors, the Company and Alpine carefully negotiated and discussed the Share Exchange Ratio comprehensively taking into account factors such as the financial conditions, condition of assets, future prospects and other factors. As a result, the Companies determined that the Share Exchange Ratio is appropriate and would serve the interests of their shareholders and, at the meetings of the board of directors of the Companies, the Companies resolved to execute the Share Exchange Agreement, which sets forth the Share Exchange Ratio.

(3) Overview of accounting treatment

It accounted for as a transaction under common control in accordance with “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan Statement No. 21, September 13, 2013) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Guidance No. 10, September 13, 2013).

(4) Matters concerning a change in the Company's equity under a transaction with non-controlling interests

(i) Main reason for a change in capital surplus
Acquisition of additional shares of subsidiary

(ii) Increase in capital surplus due to a transaction with non-controlling interests
¥70,515 million

Note: Alpine received requests for share buybacks from certain shareholders of Alpine pursuant to Article 785, paragraph (1) of the Companies Act. As the parties have not agreed on the purchase price, the amount noted above was determined as if the shares were purchased at fair value determined based on reasonable available information.

24. PER SHARE INFORMATION

Per share information as of and for the years ended March 31, 2019 and 2018 is as follows:

	yen		U.S. dollars
	2019	2018	2019
Net assets per share	¥1,731.36	¥1,537.37	\$15.60
Net income attributable to owners of parent per share			
Basic	110.19	241.91	0.99
Diluted	110.14	241.82	0.99

Basis for calculation of net assets per share is as follows:

	Millions of yen, except share data		Thousands of U.S. dollars, except share data
	2019	2018	2019
Total net assets	¥395,360	¥415,872	\$3,562,123
Amounts deducted from total net assets:	30,014	114,695	270,421
Subscription rights	361	333	3,253
Non-controlling interests	29,652	114,362	267,159
Net assets attributable to common stock	365,346	301,176	3,291,702
Number of common stock used in calculation of net assets per share (Thousand shares)	211,016	195,904	211,016

Basis for calculation of net income attributable to owners of parent per share is as follows:

	Millions of yen, except share data		Thousands of U.S. dollars, except share data
	2019	2018	2019
Basis for calculation of net income attributable to owners of parent per share			
Net income attributable to owners of parent	¥ 22,114	¥ 47,390	\$199,243
Amounts not attributable to common stock	—	—	—
Net income attributable to owners of parent regarding common stock	22,114	47,390	199,243
Average number of shares outstanding during the year (Thousand shares)	200,694	195,904	200,694
Adjustments to net income attributable to owners of parent in calculating diluted net income per share:	—	—	—
Increase in number of shares of common stock (Thousand shares):	94	73	94
Stock subscription rights	94	73	94
Description of dilutive securities which were not included in the calculation of diluted net income per share of common stock as they have no dilutive effects	—	—	—

25. SEGMENT INFORMATION

Business segments

The operating segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and assess performance.

The Company organizes group companies based on products and services and implements business activities based on its comprehensive strategies.

The reportable segments are classified by products and services taking into account the commonality of the types of products and markets. The three reportable segments of the Companies are “Electronic components,” “Automotive Infotainment,” and “Logistics”.

The “Electronic components” business involves the development, manufacturing and marketing of a variety of electronic components. The “Automotive Infotainment” business involves the development, manufacturing, and marketing of audio, information and communication equipment. The “Logistics” business involves the provision of transportation, storage and forwarding services.

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

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

Reportable segment information of the Company for the years ended March 31, 2019 and 2018 is summarized as follows:

Year ended March 31, 2019	Millions of yen							
	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Electronic components	Automotive Infotainment	Logistics	Total				
Net sales								
External customers	¥468,605	¥303,593	¥ 66,888	¥839,087	¥12,244	¥851,332	¥ —	¥851,332
Inter-segment sales and transfers	15,663	7,576	38,031	61,271	14,993	76,265	(76,265)	—
Total	484,269	311,170	104,919	900,359	27,238	927,597	(76,265)	851,332
Segment income	29,607	13,921	4,722	48,250	1,430	49,681	(39)	49,641
Segment assets	473,866	218,143	75,603	767,614	44,057	811,672	(135,955)	675,717
Segment liabilities	198,580	79,632	25,082	303,295	37,818	341,114	(60,758)	280,356
Other items								
Depreciation	33,995	7,412	2,287	43,695	455	44,150	37	44,188
Increase in tangible and intangible fixed assets	33,210	13,597	5,533	52,341	562	52,903	24	52,928

Year ended March 31, 2018	Millions of yen							
	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Electronic components	Automotive Infotainment	Logistics	Total				
Net sales								
External customers	¥514,031	¥267,638	¥ 64,666	¥846,336	¥11,981	¥858,317	¥ —	¥858,317
Inter-segment sales and transfers	13,860	7,643	40,306	61,810	14,174	75,985	(75,985)	—
Total	527,892	275,281	104,972	908,146	26,155	934,302	(75,985)	858,317
Segment income	52,929	13,735	4,932	71,597	1,701	73,299	(1,391)	71,907
Segment assets (Note 4)	413,678	217,405	76,137	707,221	38,688	745,910	(76,035)	669,874
Segment liabilities (Note 4)	180,039	61,720	26,807	268,567	32,024	300,592	(46,590)	254,001
Other items								
Depreciation	26,307	7,034	2,183	35,526	453	35,979	25	36,004
Increase in tangible and intangible fixed assets	61,235	8,611	5,584	75,431	662	76,093	60	76,154

Year ended March 31, 2019	Thousands of U.S. dollars							
	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Electronic components	Automotive Infotainment	Logistics	Total				
Net sales								
External customers	\$4,222,047	\$2,735,318	\$602,649	\$7,560,023	\$110,316	\$7,670,349	\$ —	\$7,670,349
Inter-segment sales and transfers	141,121	68,258	342,652	552,041	135,084	687,134	(687,134)	—
Total	4,363,177	2,803,586	945,301	8,112,073	245,409	8,357,483	(687,134)	7,670,349
Segment income	266,754	125,426	42,544	434,724	12,884	447,617	(351)	447,257
Segment assets	4,269,448	1,965,429	681,169	6,916,065	396,946	7,313,019	(1,224,930)	6,088,089
Segment liabilities	1,789,170	717,470	225,984	2,732,634	340,733	3,073,376	(547,419)	2,525,957
Other items								
Depreciation	306,289	66,781	20,605	393,684	4,099	397,784	333	398,126
Increase in tangible and intangible fixed assets	299,216	122,507	49,851	471,583	5,064	476,647	216	476,872

- Notes:
1. “Other” includes business segments not included in the reportable segments, and includes the development of information systems, office services, financial and leasing businesses.
 2. “Adjustments” of segment income, segments assets, and liabilities include the reconciliations relating to reclassifications due to consolidation and elimination of inter-segment profit and loss.
 3. Segment income is reconciled with operating income in the consolidated financial statements.
 4. “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) has been applied from the beginning of the fiscal year ended March 31, 2019. Financial position figures are those after applicable retrospective adjustments.

Related information

1.Geographical information

(1) Net sales

Millions of yen					
Year ended March 31, 2019					
China	Japan	America	Germany	Other	Total
¥167,809	¥158,237	¥136,435	¥80,659	¥308,190	¥851,332

Millions of yen					
Year ended March 31, 2018					
Japan	China	America	Germany	Other	Total
¥156,461	¥155,371	¥135,482	¥83,732	¥327,269	¥858,317

Thousands of U.S. dollars					
Year ended March 31, 2019					
China	Japan	America	Germany	Other	Total
\$1,511,929	\$1,425,687	\$1,229,255	\$726,723	\$2,776,737	\$7,670,349

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

(2) Property, plant and equipment

Millions of yen			
As of March 31, 2019			
Japan	China	Other	Total
¥112,858	¥38,404	¥36,382	¥187,646

Millions of yen			
As of March 31, 2018			
Japan	China	Other	Total
¥109,142	¥44,046	¥32,702	¥185,891

Thousands of U.S. dollars			
As of March 31, 2019			
Japan	China	Other	Total
\$1,016,830	\$346,013	\$327,795	\$1,690,657

2. Information on major customers

This information is not required to be disclosed because net sales to any customer were less than 10% of the net sales on the consolidated statements of income and comprehensive income for the years ended March 31, 2019 and 2018.

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, 2019 and 2018 was summarized as follows:

Millions of yen					
Year ended March 31, 2019					
Electronic components	Automotive Infotainment	Logistics	Other	Eliminations	Total
¥1,583	¥—	¥255	¥—	¥—	¥ 1,839

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

Millions of yen					
Year ended March 31, 2018					
Electronic components	Automotive Infotainment	Logistics	Other	Eliminations	Total
¥0	¥275	¥—	¥—	¥—	¥ 275

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

Thousands of U.S. dollars					
Year ended March 31, 2019					
Electronic components	Automotive Infotainment	Logistics	Other	Eliminations	Total
\$14,263	\$—	\$2,298	\$—	\$—	\$16,569

Amortization and balance of goodwill by reportable segment

As the amounts are immaterial, the related disclosure is omitted.

Gain on negative goodwill by reportable segment

There was no gain on negative goodwill for the years ended March 31, 2019 and 2018.



Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
ey.com

Independent Auditor’s Report

The Board of Directors
ALPS ALPINE CO., LTD.

We have audited the accompanying consolidated financial statements of ALPS ALPINE CO., LTD. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statements of income and comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity’s internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ALPS ALPINE CO., LTD. and its consolidated subsidiaries as at March 31, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 21, 2019
Tokyo, Japan



ALPSALPINE CO., LTD.

Inquiries about this report:

Corporate Planning Office

Alps Alpine Co., Ltd.

1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo 145-8501, Japan

TEL: +81-3-3726-1211

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