ALPSALPINE
extends your senses

INTEGRATED REPORT 2026

Publication of the Integrated Report 2026



Our Integrated Report is prepared under our corporate philosophy, “Alps Alpine innovates value for humans and society on a brighter planet,” defining “excitement,” “safety,” and the “environment” as the values we provide. In this report, we present our value creation activities based on our value creation process, together with the corporate governance that serves as the foundation for these activities, from an integrated approach.

In FY2025, we launched the Mid-Term Business Plan 2027, and formulated our Corporate Vision for 2035, “Shaping a Future Where Technology Extends Your Senses.” Working toward the achievement of this vision, we are steadily advancing individual initiatives while promoting a shared direction across the company.

Meanwhile, we have also returned to considering fundamental questions in order to review our value creation process—what is our purpose for being, what kind of value do we create, and how? In our new value creation process, we position multimodal sensing, which integrates our strengths in Five Senses Element Technologies with software and IC design, as our “value creation engine,” and we will accelerate our unique value creation by addressing societal issues with “excitement,” “safety,” and the “environment” as the values we provide.

In terms of financial strategy and capital policy, we set out initiatives and progress toward achieving a PBR of 1x or more, while in governance, we are enhancing disclosures regarding the evaluation of the effectiveness of the Board of Directors and the Audit and Supervisory Committee, while also working to improve the transparency of our executive compensation system.

In addition to our value creation process, this report contains expanded disclosures regarding management capital, including the technology, intellectual property, and manufacturing strategies that underpin our competitive advantage, in order to better facilitate understanding of these concepts. We have also revised the structure of the report to more clearly explain how we utilize management capital and create value. We hope this report provides greater insight into our approach to value creation and our initiatives for sustainable growth.

The information contained in our Integrated Report 2026 has been finalized through discussions among all of the Company’s directors and, as the person responsible for issuing this report, I hereby declare that our production process is legitimate and the content contained herein is accurate.

August 2026
Satoshi Kodaira
Person in charge of issuing integrated report
Representative Director, Executive Vice President

Promotion Structure

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

Planning and Content Creation

ESG and Legal Affairs, Sustainability Promotion Office

Content Creation and Support

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

Scope

Organizations

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

Period

The report principally covers the period from April 1, 2025 to March 31, 2026, but it does include some activities occurring prior to or later than this period.

Caution Concerning Forward-Looking Statements

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

Published in September 2026

Reporting Media

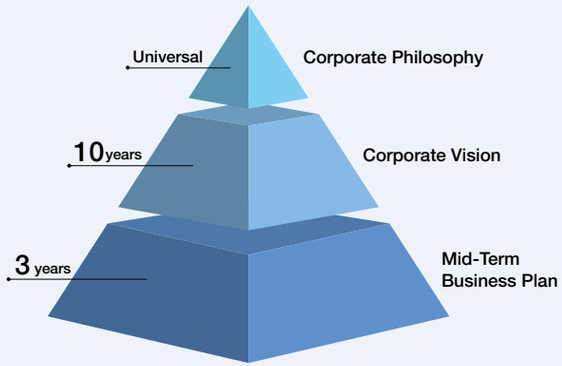
Integrated Report 2026

Website Investors	Website Sustainability	Website Company
https://www.alpsalpine.com/e/ir/	https://www.alpsalpine.com/e/csr/	https://www.alpsalpine.com/e/company/
Financial Information	Non-Financial Information	

ALPS ALPINE
extends your senses

CORPORATE PHILOSOPHY

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



Management Approach

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

CORPORATE VISION

Shaping a future where technology extends your senses

We envision a world where people and technology connect seamlessly—intuitively, naturally, and emotionally, creating a warm and inspiring environment. We build a future where our innovations “Beyond Expectations” inspire, touch the senses, and create a sustainable society.



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Corporate Vision

Vision 2035

Shaping a future where technology extends your senses

We envision a world where people and technology connect seamlessly—intuitively, naturally, and emotionally, creating a warm and inspiring environment. We build a future where our innovations “Beyond Expectations” inspire, touch the senses, and create a sustainable society.

Human Sensibilities

Through Alps Alpine products that engage the five human senses, we aim to create moving experiences that everyone can embrace intuitively and that inspire feelings of comfort and reassurance.

Seamlessly

This expresses the interface technologies Alps Alpine has pursued since its founding, reflecting our commitment to connecting people and things without boundaries.

Technology that Extends Your Senses

This represents not only Alps Alpine’s technologies and systems, but all of our corporate activities through which we create value while staying close to every stakeholder and society as a whole.

Beyond Expectations

This expresses our determination to continue creating value that far surpasses the expectations and predictions around the world through technologies and products unique to Alps Alpine.

Social Issues to Address and the Future We Aim to Realize

Since its founding, Alps Alpine has pursued the potential of technologies that connect people with things and people with society, guided by its corporate philosophy, “Alps Alpine innovates value for humans and society on a brighter planet.” Through its products and technologies, the Company has delivered the values of “excitement,” “safety,” and the “environment” to society. To carry this philosophy into the future, Alps Alpine formulated a new Corporate Vision in 2025, “Shaping a future where technology extends your senses.” The future we aim to realize is a sustainable society where everyone can live comfortably alongside technology.

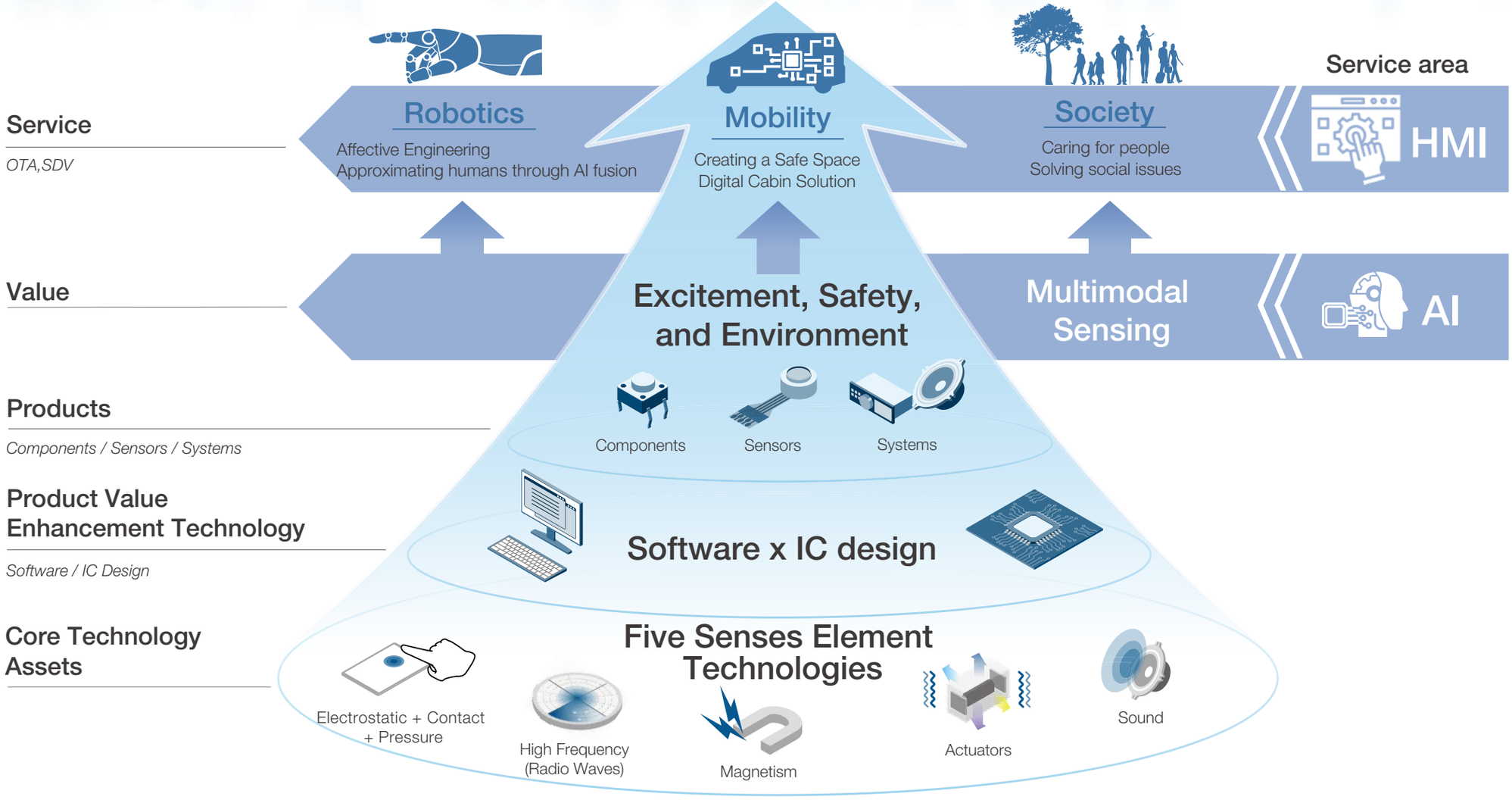
As technological advancement accelerates in today’s society, challenges are becoming increasingly serious. These include the divide between those who can make effective use of technology and those who cannot, as well as imbalances between employment and labor supply and demand caused by changes in demographics and working styles. To address these issues, we will place multimodal sensing at the core of systems that understand human sensibilities and intentions, and which can be operated intuitively, creating an environment in which everyone can interact naturally with technology. Through our efforts in robotics, we will also support new ways of working in which people and devices collaborate.

Precisely because technologies such as AI continue to evolve, harmony between people and technology is more important than ever. We will continue exploring the realm of human sensibilities, using our strengths in Human–Machine Interface (HMI) and sensing technologies to accurately capture people’s feelings and intentions and convey them to devices. In doing so, we will create unprecedented experiences and innovation and pursue a world where human sensibilities and technology connect seamlessly.



Vision 2035

Shaping a future where technology extends your senses



01

SECTION

Value Creation Story

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CEO MESSAGE

Creating Medium- to Long-Term Value with Multimodal Sensing at the Core While Adapting Flexibly to Today's Changing Environment



Hideo Izumi
Representative Director, President

Adaptability Put to the Test, Results Beginning to Emerge

In a world undergoing dizzying change, events we could never have imagined have occurred almost every year over the past several years. Looking back at FY2025 alone, we saw the Trump administration introduce reciprocal tariffs, turmoil in the semiconductor supply chain triggered by the Nexperia dispute involving the Dutch government, a surge in memory prices driven by demand from AI data centers, and the closure of the Strait of Hormuz. Each of these developments came without warning and affected our business to varying degrees. In this environment, simply executing our original plans faithfully would leave us overwhelmed by the waves of change. As head of management, I

have remained keenly focused on keeping constant track of conditions on the ground, never deferring problems, putting countermeasures in place within a week of identifying an issue, and bringing forward every feasible measure and plan possible.

However swiftly management sets a course, it will not produce sufficient results unless the entire Company moves in the same direction. Because we had repeatedly fallen short of management targets in the past, I imagine many employees were skeptical of the Company's policies when we first launched our management structure reform. Two years on, our measures are now producing results, and I sense that each employee recognizes the progress we have made and is acting toward our goals with confidence. An even more welcome change is that frontline teams at our regions and sites are now sending us counterproposals, such as, "This approach is more difficult than the original proposal, but will deliver greater improvements," and "There is another way to achieve stronger results over the medium term."

We have moved away from the previous head office–led approach and are seeing more two-way dialogue, which should become a powerful driver of our sustainable growth. Through these Companywide efforts, we accelerated our withdrawal from low-profitability products, fixed-cost reductions through measures including the consolidation of production sites, and labor-saving initiatives. As a result, despite the unforeseen effects of rising raw materials prices and reciprocal tariffs, we achieved results in FY2025 that exceeded our initial forecast.

Toward a Company that Empathizes, Stays Attuned, and Connects

While remaining flexible in responding to short-term changes in the market environment, we are unwavering in the medium- to long-term direction we must pursue. Highly integrated multimodal sensing is central to achieving our new Corporate Vision, "Shaping a Future Where Technology Extends Your Senses," which we announced one year ago. We have positioned products that will further advance technologies attuned to human sensibilities as the core of our future growth.

Over the past year, we have discussed precisely what we aim to achieve and what kind of company we intend to become. Three clear keywords emerged from these discussions: "empathize, stay attuned, and connect."

Our goal is to use our core technologies to accurately convey people's innate intuition and sensory perceptions. This communication works in two directions. The first is from people to AI engines, accurately conveying people's conditions and behavior. The second is from AI engines and machines to people, communicating complex information back to people in an intuitive and readily understandable way.

Since we formulated our Corporate Vision, AI has continued to evolve at a pace far beyond what we initially imagined. Against this backdrop, it was unexpected to see Anthropic, an AI company at the forefront of the field, sound the alarm over the rapid evolution of AI. Regulations may be tightened in the future as society's understanding of AI and the rules governing it evolve. What we will pursue, however, is technology that quantifies human intuition and sensory perception so that people and machines can understand one another without language. In other words, we will develop technology that optimizes inputs to and outputs from AI engines without becoming overly dependent on AI.

"Empathize, Stay Attuned, and Connect": Using Our Core Technologies to Convey Innate Human Intuition and Sensory Perception in Both Directions



For example, in human-assist applications for caregiving, caregivers must discern what a person needs from their behavior in situations where verbal communication is difficult. This requires accurately extracting data on the care recipient's sensory responses, behavior, and characteristics and passing it to AI, while conveying the AI's output to the caregiver intuitively.

Multimodal sensing will perform this role. As technology continues to evolve, it is easy to imagine that the disparity in IT literacy between generations will grow even wider. As this disparity expands, we believe there will be even greater demand for technology attuned to human sensibilities.

Redefining Our Value Creation Process to Realize Our Vision

Since formulating Vision 2035, we have held extensive discussions as we have moved toward its realization. In the process, we set milestones and organized our technology development and product road maps around achieving them. We also revised our value creation process to visualize and share, both internally and externally, the full sequence of why we conduct business, what value we seek to create, and the means we will use to do so.

In our previous value creation process, the desired state representing our ultimate goal was framed in terms of what we wanted the Company to be within society. Although this was by no means the wrong approach, it did not fully express what we ourselves wanted to become, leaving insufficient logical connection between our capital and the value we provide. As a result, it is undeniable that we placed so much priority on responding to market needs that we were unable to pursue sufficient strategic product development and spread our capital too thin.

Vision 2035 has now clearly defined the social issues for which we will pursue value creation. This has enabled us to recast as a coherent story how our capital generates value toward realizing our Corporate Vision through our core technologies and products, and how our business can help solve social issues.

I believe this has clearly established the path for transforming our business portfolio toward 2035.

I will now explain the principal elements of our redefined value creation process.

P.11 Alps Alpine's Value Creation Process

Our Target Value Proposition and Business Scale: Taking on New Fields to Solve Social Issues

Since our corporate integration in 2019, we have upheld "excitement, safety, and the environment" as the value we provide to customers. We have focused particularly on two areas: intuitive operation, to which we have remained consistently committed, and preventive safety, which integrates intuitive operation with sensing technologies. By driving new product creation around these two pillars, many new products originating in the Sensor and Communication Segment have been commercialized in the Mobility Segment and have already entered mass production.

In addition, we see human assist, including the robotics applications discussed earlier, as a promising area for future value creation. In Japan in particular, the aging population and labor shortages have become major challenges, and demand is rising rapidly for technologies that augment and complement human capabilities. Technological progress in this field has accelerated dramatically over the past several years, and many of our projects have already entered the commercialization phase.

In addition, the sound-field generation technology developed for vehicle interiors through the Mobility Segment's work to create spatial value can be deployed in diverse environments, including offices, factories, agricultural machinery, and construction machinery. It can also make a significant contribution in areas that augment human capabilities, such as noise reduction and hearing assistance. After building up collaborations with companies in other industries over the past several years, we can finally see a path to commercialization.

Through these initiatives, we will expand the fields in which we provide value by maximizing human-centric multimodal sensing and the Human–Machine Interface (HMI) technologies we have developed since our founding. We aim to build these businesses to net sales of ¥150.0 billion in FY2030 and ¥300.0 billion in FY2035. In addition, applications for the glass lens technology we have developed over 40 years for optical communications are expanding within photonic-electronic convergence technologies, including those used in data centers, where we have secured a high market share. We will actively pursue growth in fields where we can demonstrate our strengths and leverage our patent portfolio.

Value Creation Engine: Technologies Supporting Multimodal Sensing

To realize our desired state, we are working to establish a highly distinctive position through multimodal sensing, which integrates proprietary technologies unique to the Company around a core of the Five Senses Element Technologies developed over many years, software, and IC design. Multimodal sensing combines multiple types of sensors and different forms of data, or

modalities, to recognize the conditions of people, objects, and environments more accurately.

In humanoid robots, for example, even advanced manufacturers use as many as 300 to 500 sensors in the hands alone. The Company, however, has built expertise in using multimodal sensing to enable edge processing with only a small number of sensors. Specifically, through GlidePoint™, our notebook computer touchpad with a 30-year track record, we have refined sensors and algorithms that detect only the intended input while filtering out unintended movements of the back of the hand or fingers caused by individual user habits. We have also applied this technology to automotive capacitive controls, studying complex patterns that distinguish between “intended operation” and “unintended contact,” and have incorporated the results into our products.

Millimeter-wave sensors, whose range of applications is currently expanding, can determine a child’s age and whether their height is below a specified threshold, using only the sensor, without camera images. They can also determine whether a detected object is a person, a doll, or a pet, even in cases where this would be difficult to distinguish from images. Outside Japan, it is not uncommon for infants in child seats to be killed by the force of airbag deployment. This technology can help protect young children by determining their age from minute movements caused by their heartbeat, automatically adjusting airbag inflation pressure, and accurately detecting whether seat belts and child seats are being used.



These are unique solutions that only Alps Alpine can create because of its longstanding research into human behavior and the relentless pursuit of optimal sensing methods. Their evolution into multimodal solutions offers the potential to create even greater value.

P.12 Value Creation Engine

Management Capital: The Driving Force Behind Alps Alpine

Management capital is, needless to say, the foundation on which the Company creates value and the driving force behind its value creation engine. Although the forms of capital that need strengthening differ depending on the time horizon, the focus under the Mid-Term Business Plan 2027 is manufacturing capital. Japan’s working-age population continues to decline, making it increasingly difficult to secure talent each year. With a strong sense of urgency that domestic production cannot be passed on to the next generation unless investments in labor-saving and unmanned production are made now, we have made strengthening domestic productivity and cost competitiveness a top priority and plan to invest ¥40.0 billion strategically over three years. These investments are already producing results. The decline in domestic production value is beginning to level off, and the investments are also starting to improve our resilience to geopolitical risks.

Our next priority is human capital. During the COVID-19 pandemic, exchanges between our global sites and personnel in Japan were interrupted for an extended period. Employees lacked firsthand knowledge of conditions on the ground and had no face-to-face contact with their counterparts. As a result, our ability to empathize and share knowledge weakened, and declines in our technological capabilities and speed of execution became apparent. Recognizing that leaving this situation unaddressed would seriously affect both talent development and corporate growth, we launched global personnel exchanges involving approximately 150 employees in FY2025, primarily younger employees and personnel from overseas sites. The benefits have exceeded our expectations. In addition to strengthening collaboration between sites, employees have begun actively adopting good practices from other locations, producing benefits far exceeding the cost, including faster workflows and a stronger commitment to self-development. Over the three years of the Mid-Term Business Plan 2027, we will invest ¥10.0 billion in human capital to strengthen talent development and global collaboration.

P.29 Human Resource Strategy to Support Value Creation

P.43 Manufacturing Strategy Supporting Business and Local Communities

Materiality: A Management Compass for Decision-Making

I view materiality as a decision-making framework that integrates strategy, investment, and risk management. It is a “compass” for management that shows us where to invest, which risks to avoid, and how to grow.

In this revision, we added “Minimizing investment recovery risk” as one of our highest-priority themes. Since FY2025, we have made a commitment to our stakeholders to pursue ROIC-based management, clearly demonstrating our focus on profitability relative to invested capital and our determination to curb investments with poor prospects for recovery. We have now articulated this management policy internally and externally through our materiality. By rigorously assessing profitability and recoverability from the investment stage and limiting unprofitable projects, we will improve capital efficiency while achieving sustainable growth, ultimately enhancing corporate value.

P.22 Materiality

In developing our Vision 2035 and reviewing our value creation process, we once again asked whether our technologies and products could help solve social issues. We found that many of the technologies and products we had been developing even before the vision was formulated could fulfill that role. In other words, even without consciously realizing it, we had instinctively been working toward “Shaping a Future Where Technology Extends Your Senses.” What we have now done is make that direction visible and put it into words. However, neither the Corporate Vision nor the value creation process has any meaning unless its underlying ideas take root throughout the organization and are reflected in the strategic allocation of management resources and in individual initiatives. Going forward, I intend to communicate this as a coherent story to all our stakeholders, beginning with our employees, while also demonstrating it through action and results.

Responding Swiftly to Change and Delivering Solid Growth

From the second half of FY2025 onward, important information affecting the Company’s management repeatedly came to my attention. It concerned several automotive OEM customers that were shifting their EV strategies, beginning in the North American market. Naturally, the impact on our businesses is significant. After analyzing the information we had gathered and simulating the effects on our businesses over the next several years, I concluded that continuing with our existing strategy could expose the Company to losses and decided on a bold internal reallocation of resources.

The first indications that conditions were changing came from the weekly reports submitted by our regional sites. When we launched the management structure reform, we added a free-comment section and a section for raising issues with headquarters to the existing business status reports. We did this because I wanted to hear the unfiltered voices of employees on the front lines more than ever. I personally read every report submitted each week. If I determine that an immediate response is required, I place the matter on the agenda for the executive meeting the following Monday, where we discuss how to respond. We have repeatedly followed this cycle. In a rapidly changing environment, this initiative has become one of our most important means of minimizing the impact on performance.

As I stated at the outset, as we work toward realizing the Mid-Term Business Plan 2027 and Vision 2035, the key to accelerating growth investment and improving capital efficiency amid highly uncertain social conditions is how quickly I, as the head of management, can make decisions in response to change and put them into action. If a decision proves ineffective, we can promptly correct course. With that mindset, I manage the Company with an emphasis on speed.

I also regard it as an important responsibility of mine to give shareholders, investors, and all other stakeholders greater visibility into the Company and to communicate our progress toward our targets accurately and transparently. We are therefore continually improving our external disclosures. We will continue to build trust in the Company by consistently delivering on our commitments and devote ourselves to enhancing corporate value by providing new value to society and achieving solid growth.

August 2026



Alps Alpine's Value Creation Process

Creating Value That "Extends Your Senses"

Societal Issues
P.3

- Widening disparities in access to information, education and economic opportunities (digital divide) amid advancements in AI and digital technologies
- Growing employment and labor market imbalances, and increasingly restricted opportunities for social participation amid demographic shifts

Business Environment
P.22

Risks and Opportunities

▲

Environmental Awareness

Materiality
P.22

Key Issues for Sustainable Growth in a Changing Social and Business Environment

- Adapting to economic change and ensuring sustainable business quality (ROIC-oriented management, promotion of business transformation scenarios, and creation of added value in products)
- Developing talent for value creation and fostering a culture that empowers individuals
- Minimizing investment recovery risk
- Further reforms in corporate governance

Mid-Term Business Plan
P.24

Management Strategy to Accelerate Growth

Pursuing High Added Value

Preparing the Next Core Business

Further Strengthening the Management Foundation

Financial Strategy

Capital Policy

P.26

Invested Capital (INPUT)
*As of the end of FY2025

Human Capital P.29

- Employees — **25,924 employees (consolidated)**
- Average cost of investment in human resource development — **¥45,241/employee (non-consolidated)**

Technology and Intellectual Capital P.40

- R&D expenses — **¥21.9 billion (consolidated)**
- Engineering Headquarters employees — **3,828*1 employees (non-consolidated)**
- Number of registered intellectual property rights held*2 — **7,593**

Manufacturing Capital P.43

- Capital expenditures — **¥61.6 billion**
- Global production sites — **10 locations in Japan, 16 locations in nine countries overseas**

Natural Capital P.34

- Total energy consumption — **489 thousand MWh**
- Renewable energy consumption — **341 thousand MWh**
- Water withdrawal — **1,359 thousand m³**

Social and Relationship Capital
- Global customer base — **Approx. 2,000 companies**

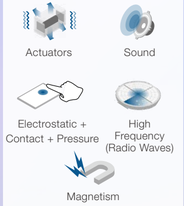
Financial Capital
- Growth investment funds (cash and deposits) — **¥153.6 billion**

*1 Counted as development center employees
*2 Includes registered utility models and designs

Value Creation Engine

Multimodal Sensing P.12

Five Senses Element Technologies



Product Value Enhancement Technology



Value Chain

Planning and Marketing › Development and Design › Procurement and Production › Logistics and Sales

OUTPUT

Value Proposition

Excitement, Safety, and the Environment

Electronic Devices Segment*3 P.45

Switches, variable resistors, actuators, capacitive sensing modules, millimeter-wave sensors, current sensors, magnetic sensors, etc.

Mobility Segment P.49

Integrated displays, cabin controllers, sound systems, Functional Surface™, etc.

FY2025 Results

Financial
- Net sales — **¥1,019.4 billion**
- Operating income — **¥42.0 billion**
- ROE — **6.2%**

Non-financial
- Serious occupational accidents — **0 cases**
- Number of newly secured intellectual property rights*4 — **503 cases**
- New graduates recruited in FY2026 — **194 employees**
- Experienced professionals recruited in FY2025 — **110 employees**
- Rate of renewable energy use — **76.8%**
- Greenhouse gas emissions — **Up 5.3%*5**
- Total waste emissions — **Up 1.8%**

*3 The Electronic Devices business includes the Components business and the Sensor & Communication business.
*4 Includes registered utility models and designs
*5 Total of Scope 1, Scope 2, and Scope 3 emissions

OUTCOME

Achieving a Connected Digital and Mobility Society for All

Contributing to reducing disparities in access to information and mobility through sensing and HMI technologies that understand human sensibilities and intent and enable intuitive operation

Achieving a New Society Where People and Devices Work Together and Coexist

Advancing collaboration and coexistence between people and devices by combining robotics with advanced interface technologies

Contributing to a Decarbonized, Circular Society

Reducing greenhouse gas emissions and promoting circular manufacturing to reduce environmental impact and circulate resources, helping preserve a sustainable global environment for future generations

Vision 2035
P.3

Shaping a Future Where Technology Extends Your Senses

Value Creation Engine

A Leading Company in HMI

Alps Alpine aims to become a leading company in human–machine interfaces (HMI), underpinned by its proprietary core technologies. Rather than treating HMI merely as a means of operation, we define it as a core technology domain for understanding, recreating, and delivering human sensibilities, and have placed it at the heart of Vision 2035. Without becoming overly dependent on AI, we aim to use our component technologies to give tangible form to natural human intuition and perception.

Our HMI focuses on experiential value that engages the five senses, including sight, touch, and hearing. From controls that users can operate without hesitation and tactile feedback that communicates the intended action the instant a control is touched, to sound field control that shapes an entire space, we capture the instinctive sensory actions people perform unconsciously as technologies and elevate them into product value. Another major strength is our ability to design operation (input), sensing, and control (output) as a single integrated system. We integrate switches and haptic devices with capacitive, magnetic, and millimeter-wave sensing technologies, actuators, and acoustic feedback, optimizing them to deliver experiential value. This integrated design capability gives us a unique position distinct from competitors focused primarily on passive components. Beginning with rotary switches, we have advanced our HMI technologies to encompass automotive control devices, TACT Switch™, haptic reactors, aerial input, and zone sound. These products and technologies are used across the automotive, consumer, and industrial sectors, and their high reliability and quality have enabled the Company to establish a strong global supply track record.

The Society We Aim to Create

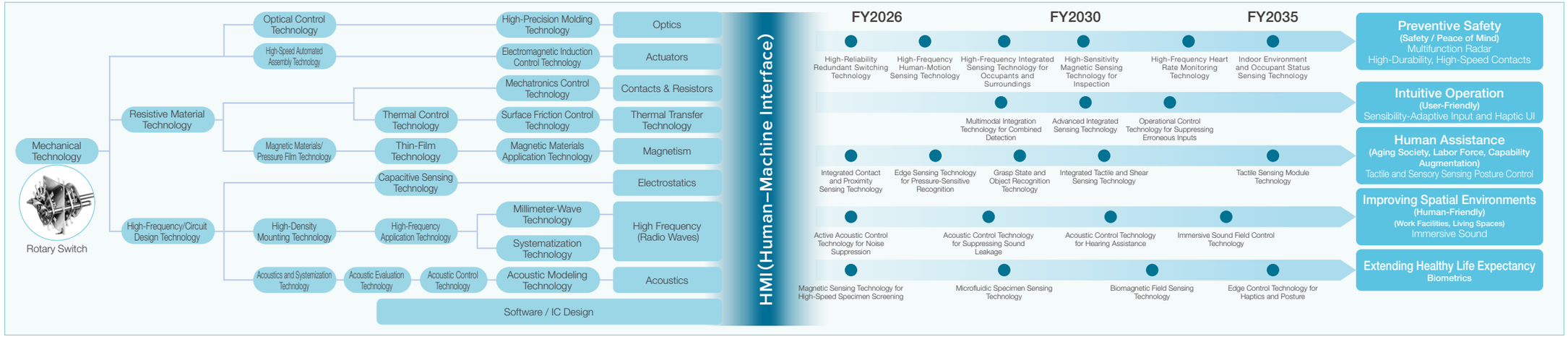
Creating Experiential Value Attuned to Human Sensibilities

We deeply understand how people feel and use technology to recreate their sense of comfort and intuition. We provide society with products and services that anyone can use without hesitation and that allow everyone to enjoy the same reassurance and comfort. By designing value around human sensibilities, we deliver consistent experiences even as times and users change.

A Society Where Everyone Can Continue to Enjoy Value

We understand how people feel and use technology to give tangible form to mechanisms that resonate with their sense of comfort and intuition. By continuing to provide a consistent sense of reassurance and ease of use across diverse users and operating environments, we will build the foundation for creating next-generation experiential value.





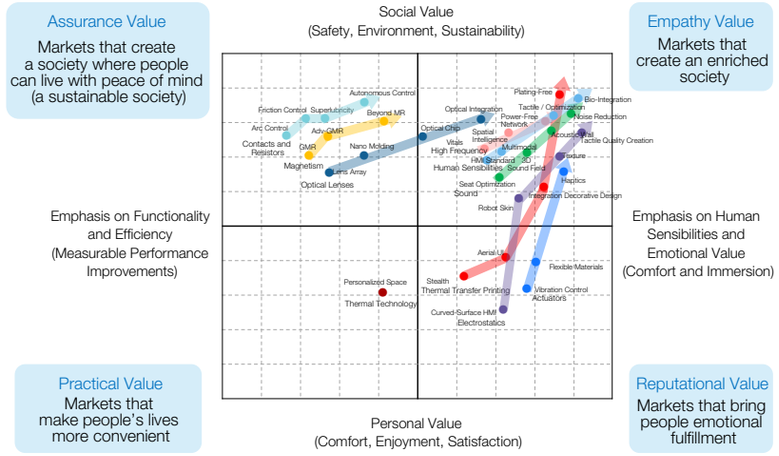
Value Creation Engine

Turning Human Sensibilities into Value

In Alps Alpine's human–machine interface (HMI) domain, "human sensibilities" does not simply refer to whether an operation feels pleasant or unpleasant, or to emotional added value. People are always the starting point for our technologies. We position human sensibilities as a core value through which we eliminate the discomfort and frustration that arise between people and machines, and provide society with peace of mind and delight through "an intuitive, hesitation-free operating experience." Since our founding, we have worked with HMI, integrating technologies spanning hardware, software, mechanisms, and molds to consistently design and realize experiential value that engages human senses and sensibilities.

Our distinguishing strength lies in our ability to define and evaluate areas that tend to be subjective and ambiguous, then translate them consistently into design and manufacturing. By quantifying elements such as tactile feel, sound, and light, and treating sensory quality on an equal footing with functional quality, we have systematized this expertise into a UX design capability. This integrated design capability is a source of competitive advantage that is difficult to replicate. Particularly in automotive HMI, tactile qualities such as how a control feels when pressed and the reassurance it provides enhance a product's semantic value and help build long-term relationships of trust with OEMs.

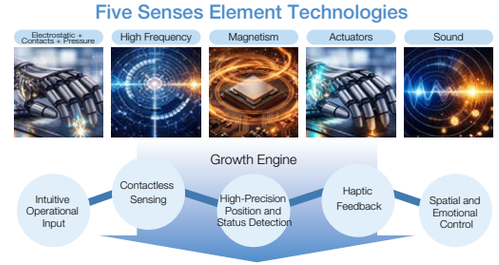
Going forward, we will extend value rooted in human sensibilities beyond individual experiences and develop it into value shared across society. By integrating acoustic, haptic, and capacitive technologies, we will create intuitive, stress-free operation and spaces that offer peace of mind, helping solve social issues involving "safety" and the "environment" in robotics and social infrastructure. Through experiential design that starts with human sensibilities, we will provide products and services that anyone can use naturally and realize seamless coexistence between technology and people.



What Are the Five Senses Element Technologies?

These are a group of core technologies that use sensing and control to visualize nonverbal domains such as human sensibilities and intuition and convert them into value. By combining intuitive operational input using electrostatic, contacts, and pressure; contactless sensing using high-frequency radio waves; high-precision position and status detection using magnetism; fine movements and haptic feedback using actuators; and spatial and emotional control using sound, they make relationships between people and machines, and even spaces, more natural and sophisticated.

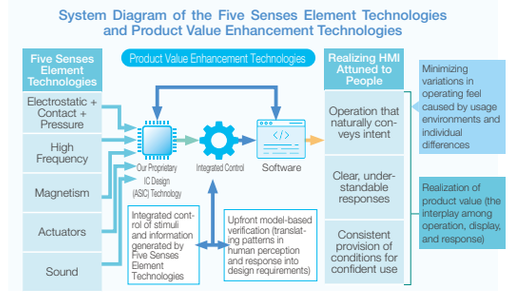
By expanding these Five Senses Element Technologies into the automotive, robotics, and human assistance domains, we will improve profitability in the short term through high-value-added devices while developing them over the medium to long term into new value creation that integrates sensing, control, and experience. The Five Senses Element Technologies are a growth engine supporting the realization of a society attuned to human sensibilities.



What Are Product Value Enhancement Technologies?

These are foundational technologies that take human perceptual, cognitive, and emotional responses as the starting point for design and turn HMI interactions between people and products, such as operation, display, and response, into value. Our proprietary IC design (ASIC) technology and software integrate and control the stimuli and information generated by the Five Senses Element Technologies such as sound, light, and vibration, rendering them as intuitive operations that naturally conveys the user's intent and as clear, understandable responses.

Furthermore, by using model-based methods to verify patterns in how people perceive and respond in advance and treating them as design conditions, we reduce variations in operating feel caused by differences in usage environments and between individuals, consistently ensuring conditions in which products can be used with confidence.

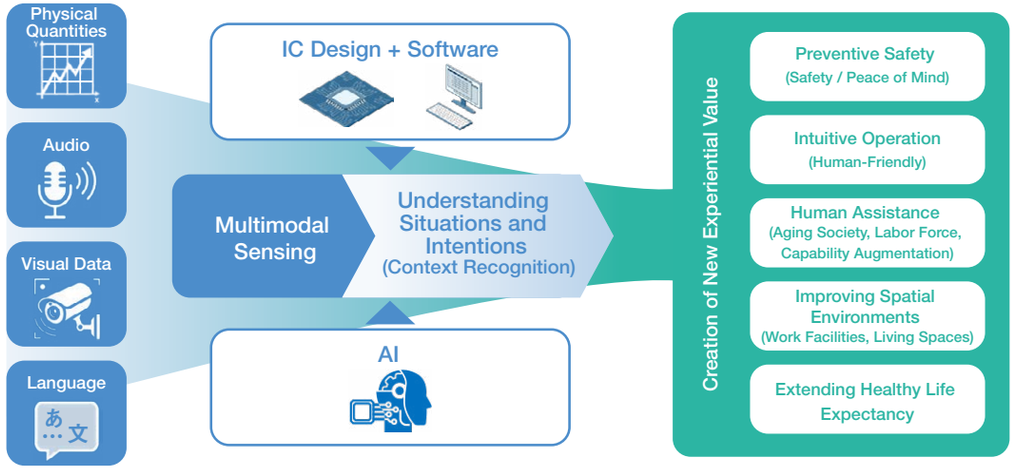


Value Creation Engine

Multimodal Sensing

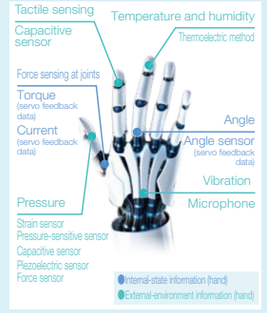
Alps Alpine is advancing the creation of new value that stays close to people and resonates with human sensibilities by enhancing multimodal sensing. Conventional sensor fusion has primarily relied on rule-based methods to integrate data from multiple sensors. These methods require substantial design and calibration work and have difficulty adapting flexibly to changing operating environments and conditions. In recent years, advances in AI technologies, including machine learning and deep learning, have made new approaches to these challenges practical. Multimodal sensing captures different modalities across physical measurement data, language, audio, visual data, and more, then comprehensively understands and assesses situations. Its importance is growing as a foundational technology for deeply understanding human and social contexts.

Backed by our long track record in sensor development, mass production, and quality assurance, we accurately understand the characteristics and limitations of data. Building on this hardware-based expertise and our system design capabilities for maximizing its value, we are combining it with AI technologies to move beyond simply acquiring data. We add contextual information such as situations and intentions, transform the data into value, and accelerate the creation of solutions. In growth fields including robotics, mobility, and society, we will implement technologies that accurately capture human behavior and environmental changes and support “excitement,” “safety,” and the “environment,” providing new experiential value to people and society.



Robotics

With tactile sensing in robot hands as the core, we are advancing multimodal sensing that combines vision and hearing. By integrating tactile information such as pressure, friction, and vibration with camera-based recognition of shape and posture and the detection of contact states and signs of abnormalities through sound and vibration analysis, robots can more accurately understand an object’s shape, hardness, and slippage, as well as changes in the environment. This enables application-specific intelligent robots capable of safe collaboration with people and flexible task support.



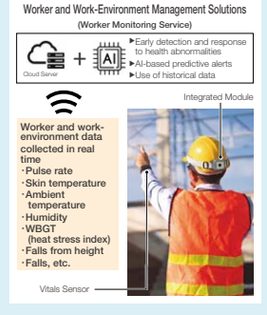
Mobility

We comprehensively capture people’s conditions and intentions and the surrounding environment at the level of the five senses, delivering safe and reassuring mobility experiences that people can enjoy without conscious effort, together with intuitive operation free from hesitation. Mobility spaces will evolve from a mere means of transportation into valuable spaces attuned to human sensibilities and comfort. By combining the Five Senses Element Technologies, multimodal sensing, and integrated HMI design, we will both help solve social issues and create new experiential value, supporting value creation in next-generation mobility.



Society

We will promote the use of multimodal sensing to reduce burdens in caregiving, healthcare, and daily-life support settings and realize a society that leaves no one behind. By comprehensively capturing diverse information, including people’s posture and movements, the surrounding environment, speech, and language, we can accurately understand the conditions of those who need assistance. This supports monitoring, early detection of anomalies, and appropriate responses, complementing frontline expertise and contributing to a safe and secure society that respects users’ dignity and independence.



Alps Alpine's Products

Electronic Devices Segment (Component / Sensor and Communication)

A foundational business that connects people and devices and supports the advancement of society

Through electronic components and functional devices such as switches, actuators, various sensors, and communication modules, we create value by connecting people with devices and devices with one another. By combining the precision processing, sensing, control, and communication technologies we have cultivated over many years, we contribute to improved safety, usability, and productivity across a wide range of markets, including automotive, consumer electronics, and industrial equipment. As society becomes increasingly digital, this core business supports comfortable and efficient social infrastructure and drives sustainable value creation.

Actuators



TACT Switch™

Variable resistors



haptic reactors

Millimeter-wave sensors



Switches and detector switches



Capacitive sensing modules

Communication modules



Magnetic sensors

Current sensors



Millimeter-wave sensors

Mobility Segment

A solutions business creating next-generation mobility experiences

Through in-vehicle displays, sound systems, HMI, and various automotive modules, we provide safe and comfortable mobility spaces. By integrating sensing technology with display, control, and acoustic technologies that respond to human sensibilities, we create new mobility value for the next-generation mobility society.



Integrated displays



Amplifiers and speakers

Power window switches



Electronic shifters

[Other Products]

- Cabin controllers
- Functional Surface™
- Alpine Premium Sound Systems
- ALPINE STYLE Customized Cars

Note: Images are for reference only



Naofumi Fujie
Outside Director



Noriko Oki
Outside Director



Hideo Izumi
Representative Director, President and CEO

DISCUSSION

Dialogue Between the Outside Directors and the CEO

A Story of Corporate Value Enhancement Centered on Multimodal Sensing

As Alps Alpine accelerates transformation toward realizing Vision 2035, how will it turn multimodal sensing, the core of its growth, into a new source of competitiveness? What should the Company prioritize within the value creation process that runs through all corporate activities, and what should the Board of Directors look like if it is to support the enhancement of corporate value over the medium to long term? President and CEO Izumi, who is responsible for execution, and Outside Directors Fujie and Oki, who oversee management, exchanged candid views on these themes.

Dialogue Between the Outside Directors and the CEO

Multimodal Sensing

Expectations Are High. How Do We Convey Our Appeal to Stakeholders?

Fujie: Over the past year, the launch of the Mid-Term Business Plan 2027, the formulation of Vision 2035, and the IR Day held in May have brought the Company's desired future and growth strategy into clearer focus. Multimodal sensing lies at the heart of these initiatives. I believe interface technologies that seamlessly connect people and things are the Company's greatest strength. There are not many companies in the world with such a diverse range of technologies spanning input through output. The underlying concept has not changed from the T-shaped approach adopted at the time of the corporate integration, but clearly articulating our intended direction represents a major step forward. That said, after reading the minutes of your recent meetings with European investors, Mr. Izumi, I felt that the capital markets still do not fully understand the technologies we possess or the value we seek to provide.

Izumi: Investors had gained a certain understanding of the concept of multimodal sensing and had also shown interest in its potential integration with AI. At the same time, they asked us to provide a more concrete explanation of the path to commercialization, including the growth markets in which we will monetize multimodal sensing and the customer issues it will address. In response to that feedback, at our recent IR Day, we once again explained our emphasis on technologies and products attuned to people, and I believe this helped investors understand our approach to some extent. However, we still need to demonstrate more concretely why Alps Alpine can establish a competitive advantage in this domain and how that will enhance corporate value in the future. Going forward, we will present our competitive advantage and growth story more clearly as we deepen our dialogue with investors.

Fujie: I believe the Company is making steady progress toward realizing its vision. At the same time, enhancing corporate value also requires us to communicate the appeal and value of our technologies and products clearly to external audiences. We introduced new products again this year, but it takes several years before users can fully appreciate their value. That is precisely why it is also important to help stakeholders understand that value in advance. At an automotive parts manufacturer where I previously worked, for example, we invited analysts and members of the media to our test track. We prepared vehicles incorporating products under development and invited them to ride in the vehicles so that they could experience value that would not be apparent from the individual components alone. The resulting articles helped deepen understanding of our products and technologies. I believe similar initiatives could also be effective here.

Izumi: I am also keenly aware of the importance of communicating our technologies and products effectively. I believe it is difficult to convey their value and potential fully through financial results briefings and IR Day alone. Our multimodal sensing in particular has taken increasingly concrete form over the past year. Going forward, we intend to further enhance our dialogue with stakeholders by communicating our growth strategy while also creating opportunities for them to experience our technologies and products firsthand.

Oki: As someone without a technical background, I was unfamiliar with the term "multimodal sensing" and found it somewhat difficult to grasp when I first heard it last year. Over the past year, however, the specific technologies, products, and value involved have come into much clearer focus. I now have high expectations that the Company has ample potential to become a unique presence that makes people think, "For multimodal sensing, think Alps Alpine."



On the other hand, although a net sales target of ¥300.0 billion for FY2035 has been presented, I believe it will be difficult to increase investor understanding and recognition further unless we also provide quantitative evidence explaining the process for achieving those targets and the profitability it will generate.

Izumi: At IR Day, we announced a business target of ¥300.0 billion in net sales for FY2035. We plan to increase net sales in the sensor domain, which have remained in the low ¥80.0 billion range, to ¥100.0 billion in FY2027 and further to ¥150.0 billion in FY2030. Given the current pace of expansion, I believe this interim target is fully achievable. At the same time, reaching ¥300.0 billion in FY2035 will require us to capture new growth opportunities in addition to growing our existing businesses. We will therefore consider a range of options, including inorganic growth, while keeping organic growth at the core. It is also important that we clearly present a growth scenario capable of improving both profitability and corporate value, rather than merely expanding net sales.

Identifying Competitive Technologies and Investing with a Medium- to Long-Term Perspective

Oki: Growth investment will be critical to achieving our targets. My understanding is that the Company previously invested within the limits of depreciation and amortization expenses, then secured an additional budget and sought Board of Directors approval once demand began to rise. In other words, investment largely followed a batch-processing approach. Since the launch of the Mid-Term Business Plan 2027, however, our thinking has shifted significantly from considering investment one fiscal year at a time to making strategic investments with a medium-term horizon. Major investments aimed at establishing competitive advantages are being made throughout the electronics industry. We plan to invest ¥20.0 billion in growth in the sensor domain over the three years of the Mid-Term Business Plan 2027, but there should, and I hope will, come a time when we need to invest considerably more to accelerate growth.

Izumi: You are absolutely right, and I see that as a very important point. In the past, we allocated budgets annually within the limits of depreciation and amortization expenses, so these investments were not necessarily made from a medium-term perspective. We have now revised this approach and formulate investment plans covering the three years of the Mid-Term Business Plan. We are also dividing investments into three categories: investments essential to our strategy, investments to be executed when specified criteria are met, and investments that will not deliver an early return but should be made for long-term growth. We will establish separate funding frameworks for these categories while transitioning to a system that enables agile investment decisions.



We have also established both quantitative and qualitative criteria for investment decisions. Quantitatively, we began managing our business portfolio using business-specific ROIC in FY2024 and now make investment decisions from the dual perspectives of capital efficiency and growth potential. Qualitatively, over the past three years, we have used technology exchanges with other companies to identify technologies that do not demonstrate an advantage when benchmarked against their peers. The technologies presented in the IR Day materials are those that survived this screening process. Conversely, I believe it is vital to concentrate management resources on technologies that other companies cannot easily replicate, thereby establishing a competitive advantage and enhancing corporate value.

Making Sure We Do Not Miss the Bus Amid Rapid Change

Oki: This also relates to investment, but in recent years the external environment has been changing faster than we could have imagined. Until very recently, the automotive industry was said to be undergoing a “once-in-a-century transformation,” and the global shift toward EVs was advancing rapidly. Now, however, the situation has changed completely. The speed of these changes presents a major risk to business development, but I am even more concerned about missed opportunities. I believe the Company is cautious by nature. We tend to err heavily on the side of caution, but in the current external environment, even a slight delay in decision-making could cause us to miss an important opportunity. While those around us take risks and adapt, we could find ourselves in a situation where “the bus has already left.” I believe this is the greatest risk of all.

Izumi: As you’ve said, Ms. Oki, there are many aspects of the mobility business that remain difficult to predict at present. For a time, EV powertrains were booming, and before that it was ADAS (advanced driver assistance systems), but in both cases, the competitive landscape has changed dramatically over a short period. Precisely because change is so rapid, we must continue refining our technologies while assessing broader trends calmly and carefully.

Components and sensors, on the other hand, require a different approach. Products in these domains take five years to show promise and 10 years to generate returns. We therefore emphasize boarding the bus early and getting off promptly if we determine that it is not taking us where we expect it to. Rather than conducting repeated reviews before getting on, as we did in the past, we must decide quickly and proceed with urgency. Then, if we determine that our technologies or markets are falling short of expectations, we should change course along the way. I strongly believe that we cannot respond to change without that flexibility. The key is to select the strongest technologies and products through rigorous peer comparisons and invest capital in those technologies. I believe this is the most important means of ensuring that we do not miss the bus, and that it will lead to future competitive advantage and enhanced corporate value.

Dialogue Between the Outside Directors and the CEO



Fujie: I recently visited the Production Technology Exhibition held at the Sendai R&D Center (Furukawa). The exhibition included displays in the robotics domain, and I was extremely impressed by the explanations I received. However, competition to develop cutting-edge technologies in this field is intense, and technological progress has accelerated dramatically over the past several years. In such an environment, it is important to steer the business with urgency while continually and objectively assessing the position of our technologies. I also believe we need to establish a structure that allows us to receive appropriate advice from experts in these fields.

Value Creation Process

People Are the Greatest Driving Force Behind Value Creation

Izumi: To present a path toward realizing Vision 2035, we held extensive internal discussions and revised our value creation process. We have positioned multimodal sensing as the central means of realizing the vision. I believe the key questions are how to connect it effectively to value creation for society and our customers, and how to allocate and utilize our invested capital for that purpose. We placed particular emphasis on developing a value creation process centered on our own strengths, then connecting the value we ultimately deliver to our outcomes and vision. This also reflects lessons from the past, when we placed too much emphasis on responding to market needs and developed numerous products that did not fully leverage our proprietary technologies, ultimately placing pressure on profitability.

Fujie: When I worked in a business division at my previous company, an uncompromising focus on generating earnings was thoroughly instilled in me. That is, of course, extremely important. At the same time, however, it was also true that awareness of solving social issues and delivering outcomes could easily fade amid everyday work. As this value creation process shows, understanding the outcomes we create and communicating the value and outcomes the Company provides at every opportunity can dramatically change employee motivation and how people approach their work. This, in turn, raises market expectations of the Company, builds trust, and ultimately enhances corporate value. I believe the message that we aim to balance generating earnings with creating value is also highly meaningful for employees.

Oki: The most important of these is human capital, which is positioned at the top of our invested capital. Our materiality also identifies “Developing human resources for value creation” as a key issue. Until now, I do not believe the Company had communicated a clear message to employees that it would make strategic investments in human capital. The Mid-Term Business Plan 2027 now clearly states that we will invest strategically in our people, and I have high expectations that human capital investment will become a driving force behind growth. It also sends the message that people who grow while identifying with the Company’s direction will be appropriately evaluated and rewarded. I believe it is only through such a virtuous cycle that we can create value and achieve growth.

Fujie: After the Production Technology Exhibition I mentioned earlier, I had an opportunity to speak with nearly 100 younger employees. Every one of them displayed tremendous passion, and I saw enormous potential in them. I believe it is essential to create an environment in which each of these young people can fully demonstrate their abilities. The experience reaffirmed for me that investment in people is the driving force behind sustainable growth.

Izumi: We launched the Production Technology Exhibition three years ago. Engineers naturally tend to focus only on their own technologies. It is therefore important to understand the outside world and to learn from and adopt what we lack. At the first Production Technology Exhibition, we did little more than promote our own technologies. We therefore shared the fact that some overseas sites were achieving higher-quality production at lower cost, brought together members from those overseas sites, and set the theme of “identifying ways to achieve our goals without incurring additional costs.” This made the exhibition extremely substantive. This year, the initiative expanded further, including the introduction of technology from the Wuxi Plant in China at the Kakuda Plant, and the global rollout of an equipment operation system developed in the Czech Republic. This has sparked efforts across the Group to learn from one another’s strengths and actively incorporate them.

Through these initiatives, I have come to appreciate the importance of engaging with other companies and sites so that we can objectively understand our own strengths and challenges, rather than remaining fixated solely on our own technologies. I also have high expectations for exchange and training. At the same time, we have been steadily reviewing employee rewards and internal systems since last fiscal year, and I sense that human capital management is gradually taking root. Going forward, we will continue supporting each employee’s growth and efforts to take on new challenges, thereby developing the people who will drive value creation.

The Board of Directors and Our Roles

Room for Improvement, but Effectiveness Has Improved Dramatically

Oki: The effectiveness of the Board of Directors may not yet be perfect, but it has been improving steadily. Since the management structure reform, directors have engaged in lively discussions on how to enhance corporate value at every meeting, and the agenda structure and allocation of time are now planned in advance to make those discussions more efficient. Feedback obtained through IR activities, including exchanges during visits to investors in Japan and overseas, is also shared immediately so that issues and areas for improvement can be identified. Over the past three years, we have seen significant changes in both quality and volume of information shared.

On the other hand, sufficient materials and information are not always available in a timely manner for urgent matters. Although this is sometimes unavoidable, I believe there is still room to improve coordination among administrative departments, the secretariat, and the business divisions.

Fujie: I agree with Ms. Oki. Candid exchanges of views take place not only at Board of Directors meetings but also at Outside Directors Liaison Meetings and the various advisory committees. I can clearly see that our governance has evolved steadily. Board of Directors' discussions still frequently concentrate on immediate management issues. I believe the Board will become even more effective if we can shift the focus of those discussions toward future growth strategies.

Izumi: In the past, deliberations on individual investment proposals occupied much of the Board of Directors' time. Reflecting on that experience, we have made improvements so that the Board can devote more time to fundamental management issues. Discussions sometimes take a long time because a conclusion is difficult to reach, but I view this as a sign that we are addressing issues from a wide range of perspectives.

The Board of Directors is expected to provide oversight with a view to enhancing corporate value over the medium to long term and addressing corporate risks. From that perspective, executive directors inevitably tend to focus primarily on business operations. I believe there is still room to further strengthen the Board of Directors' oversight function while more clearly defining the respective roles of execution and oversight.

Understanding Our Respective Roles and Looking Ahead

Fujie: I have worked in automotive-related businesses for many years, and I hope to apply that experience to strengthening the fundamentals of our existing businesses, which provide the foundation for sustainable growth. Many challenges remain, so I first intend to focus my advice firmly on strengthening the Company's earning power. Beyond that, I will also actively offer my views on how we should assess new businesses and growth investments.

Oki: Having come from the financial industry, I intend to monitor the state of our businesses and management from the same perspective as external stakeholders such as shareholders and institutional investors, and to continue offering advice and opinions. Over the six years since I became an outside director, the Company's engagement with the capital markets, including its IR activities, has changed significantly for the better. There are now many more areas that deserve high marks, but in my supervisory role, I will continue identifying what can be improved further and raising the necessary points.

Izumi: Every year, this integrated report dialogue reminds me how much rigorous yet constructive advice I receive from our outside directors on a daily basis. For the past two years, our discussions focused on how to overcome difficult circumstances. Being able to exchange views this time on our growth strategy and how to enhance corporate value in the future represents a major step forward.

We will continue pursuing greater employee engagement and delivering more value to our customers. For our shareholders and investors, we will further enhance transparency and engage in careful, ongoing dialogue to deepen their understanding of our growth strategy and growth potential. We will continue to take the advice of our outside directors sincerely and work steadily toward solid growth and enhanced corporate value as we seek to realize Vision 2035.



The three participants discuss the Company's history and key turning points in its growth at the Alps Alpine Culture Museum "Shoshikan," a place for revisiting its founding principles and learning about Alps Alpine culture.

02

SECTION

Value Creation Activities

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51 Accelerating Corporate Transformation and Value Creation Through DX and AI

Materiality

Environmental Awareness

Macro Environment (PEST*1 Keywords)

Politics	· U.S.-China trade friction/uncertainty over trade policies · Resource supply instability caused by geopolitical risks
Economy	· Inflation/monetary tightening in Europe and the United States · Slowing growth in China and a tight labor market in Japan
Society	· Circular economy and society/response to climate change · Human resources shortages/global expansion of anticorruption and anti-bribery requirements · Increasing misconduct and corporate scandals among Japanese companies
Technology	· Spread of generative AI and 6G technologies · Growing cybersecurity risks at operational sites

External Environment
ALPS ALPINE

Micro Environment

Market	· Search for practical use of renewable/alternative energy · Economic security and cybersecurity-related regulations · Evolving neocapitalism and the digital garden city concept
Industry	· Advances in automation, AI, and digital transformation (DX) technologies · Electrification, intelligence, diversification, and SDV*2 in automobiles · Building robust management and SCM*3 networks
Competition	· Creation of new businesses through open innovation · Value creation through more advanced products and services

*1 PEST: Politics, Economy, Society, Technology

*2 SDV: Software Defined Vehicle
*3 SCM: Supply Chain Management

Risks and Opportunities

Risks

- Delays in transforming the business portfolio
- Delays in responding to new technologies
- Delays in creating integrated value and new businesses
- Dependence on specific customers
- Quality losses arising from design or manufacturing
- Strengthening of economic security measures by countries worldwide
- Regional instability
- Decline in customer demand
- Surging component and material prices due to inflation
- Supplier withdrawals and bankruptcies
- Financial market fluctuations
- Restructuring of the automotive industry
- Rise of competing manufacturers in China and ASEAN
- Difficulty securing human resources
- Concentration of technologies, skills, and operational know-how in specific individuals
- Declining employee engagement
- Employee health issues and occupational accidents

Opportunities

- Expansion of business opportunities in emerging and Global South markets
- Expansion of SDV adoption and changing value of mobility spaces
- Advances in electrification and autonomous driving
- Spread of next-generation 5G and 6G mobile communications
- Deployment of AI agents in society
- Higher engagement leading to increased productivity and acquisition of top human resources
- Enhanced competitiveness and innovation through promotion of diversity management
- Stabilization of SCM through strong partnerships
- Evolution and expansion of environmentally conscious business models
- Expansion of business opportunities through reduced CO_2 emissions
- Greater trust, internal and external recognition, and corporate value through management transparency
- Visualization of Companywide, site-level, and department-level KPIs through digital transformation (DX)
- Creation of new businesses through technology marketing

Identification Process

STEP 1
Organize our business environment, opportunities, and risks based on our Corporate Vision and medium-term management goals.

Internal and external stakeholders (interviews)

Oct–Nov 2025

Interviews on the environment, opportunities, and risks surrounding our businesses
- External stakeholders (14 institutional investors)
- Business Planning Divisions
- Corporate Planning Office, Sustainability Promotion Office, Governance Promotion Office, Human Resources Department

STEP 2
Determine priority issues by assessing the results of engagement with institutional investors and other stakeholders

Management meetings (discussion)

Dec 2025

Ongoing interviews on the environment, opportunities, and risks surrounding our businesses
- Vice Presidents' Off-Site Meeting
- Outside Directors Liaison Meeting

Identification of material issues
- Identified by the Corporate Planning Office and Governance Promotion Office and finalized at the Vice Presidents' Off-Site Meeting

STEP 3
Assign order of precedence for priority issues based on impact on Alps Alpine's business and importance to stakeholders

Board of Directors (review and resolution)

Jan–Feb 2026

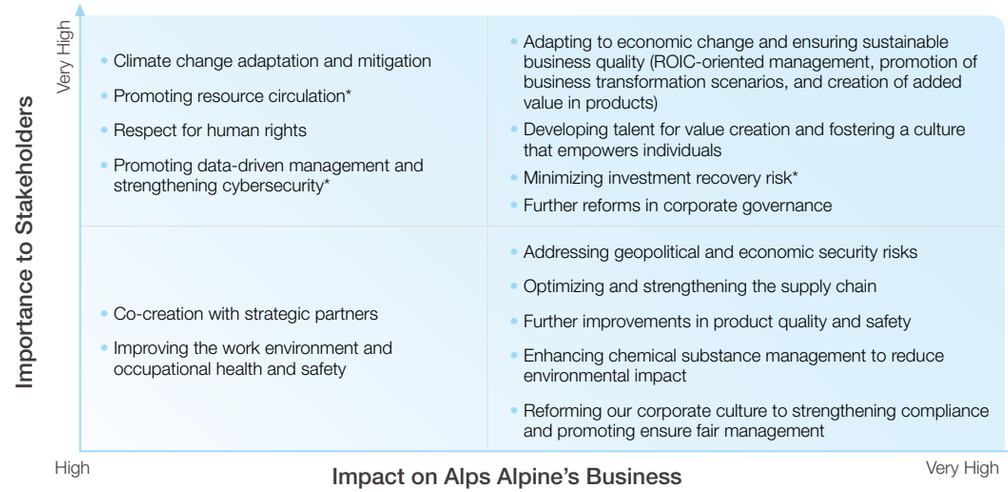
Prioritization of material issues
- Considered by the Corporate Planning Office and Governance Promotion Office and finalized at the Vice Presidents' Meeting

Deliberation on materiality
- Written report to the Board of Directors

Our material issues were formulated based on: (1) Double materiality and human capital management issues in Europe's CSRD*, (2) Engagement results with institutional investors and other stakeholders, and (3) Governance survey results.

* CSRD : Corporate Sustainability Reporting Directive

Materiality Map



* Material issues added or revised since FY2025.

Material Issues and Measures

	Materiality	Vice President Responsible	Themes and Initiatives	KPIs	FY2027 Targets		FY2025 Results	Implementation Status and Measures
Business	Adapting to changes in the economic environment and ensuring sustainable business quality	Person responsible for each business segment	▶ Business transformation scenario promotion ▶ Create added value for products	Business transformation scenario promotion	Promote quality in the Mobility Segment and complete transition to the Global Regional Headquarters system	Consolidated	- Scaled back unprofitable mobility products (developed high-value-added software and proposal-based products) - Consolidated mobility bases Overseas production bases: 9 → 6 Domestic development bases: Shifted resources through consolidation in the Iwaki area	Acceleration of structural reforms for the Mobility Segment to improve profitability and promote a shift towards a more profitable structure
				Enhance product value through strategic investment in production competitiveness, sensors, software, etc.	Profit impact: ¥20.0 billion	Consolidated	- Strategic investment amount (actual results up to FY25): Approximately ¥17 billion (production competitiveness, sensor domain, software, human capital, etc.)	Main profit generation status: Domestic production reform resulted in ¥1.8 billion, expanding value provided in the sensing domain that "connects people, things, and space"
	Promoting data-driven management	Head of Corporate Strategy Head of Corporate Treasury	▶ Manage performance and budget (advance ROIC management)	Identify challenges, define budget/forecast policies, and compile a transformation plan	Standardize budget assumptions and revision rules; create a foundation for transparent performance management	Consolidated	–	–
	Co-creation with strategic partners	Person responsible for each business segment	▶ Promote business creation through strategic customers/partners, academia-government-industry collaboration, and joint development	(Not disclosed)	(Not disclosed)	Consolidated	(Not disclosed)	(Not disclosed)
E	Climate change adaptation and mitigation	Executive Head of ESG and Legal Head of Manufacturing Solutions Head of Technology	▶ Reduce GHG emissions	Scope 1 and 2 GHG emissions	Down 70% compared with FY2021 [2030: Down 90%]	Consolidated	Down 64.8%	Promoted emissions reduction and energy conservation measures; reviewed reduction methods due to the impact of production fluctuations and fixed energy use.
				Scope 3 GHG emissions	Down 25% by FY2030 (compared with FY2021)	Consolidated	+33%	
				Renewable energy use rate	85%	Consolidated	76.8%	
	Promoting resource circulation	Executive Head of ESG and Legal Head of Technology Head of Manufacturing Solutions	▶ Expand eco-friendly products	Percentage of eco-friendly products among new products	To be decided during FY2025	Consolidated	Formulation/implementation of standards	Incorporated environmentally conscious product design standards into our product assessment process; begun applying them in each business operation.
			▶ Resource recycling	Waste recycling rate	97% (ratio of waste not sent to landfill)	Consolidated	95.6%	
	Enhancing chemical substance management to reduce environmental impact	Head of Quality Head of Human Resources and General Affairs	▶ Strengthen control of chemical substances in products	Number of serious incidents involving regulated substances in products	0 cases	Consolidated	1 case	Following a serious incident in the management of chemical substances contained in our products, implemented corrective measures and worked to correct inconsistencies in management methods.
			▶ Strengthen governance of workplace-related chemical substances	Number of serious incidents caused by chemical substances at business sites	0 cases	Consolidated	0 cases	
S	Developing human resources for value creation and fostering a culture that empowers individuals	Head of Human Resources and General Affairs	▶ Promote the Corporate Vision and instill Alps Alpine's values ▶ Implement effective approaches to individual empowerment and employee engagement	Employee Engagement Survey score	Increase compared with previous year	Non-consolidated	Up 3.3 p.p. YoY (67.8 p.p. in FY25)	Dissemination of our corporate philosophy progressing through various measures, with ongoing promotion of initiatives to improve employee engagement.
			▶ Utilize global human resources	Human resource development expenses	Increase compared with previous year	Non-consolidated	Up 86.9% YoY	Budget was increased to create opportunities for overseas business trips and implement training for department managers.
	Improving the work environment and occupational health and safety	Head of Human Resources and General Affairs	▶ Create a safe work environment	Number of serious occupational accidents	0 cases	Consolidated	0 cases	Continued occupational health and safety management; promoted activities to improve the workplace environment, including addressing high-stress work environments.
			▶ Promote physical and mental health	Workplace improvement implementation rate for high-stress environments	100%	Non-consolidated	100%	
			▶ Ensure health, safety, and proper working conditions in the supply chain	Number of suppliers rated C in CSR assessments	0 cases	–	0 cases	
	Respect for human rights	Head of Human Resources and General Affairs	▶ Identify and mitigate internal human rights risks	Number of serious human rights incidents	0 cases	Consolidated	0 cases	Conducted human rights due diligence for our facilities and supply chain; implemented risk assessments and management reviews.
			▶ Eliminate human rights issues in the supply chain (survey on mineral sourcing)	Percentage of certified smelters used (CMRT)	94.0%	–	94.6%	
	Further improvement in product quality and safety	Head of Quality	▶ Conduct basic quality assurance training	Participation rate in basic quality assurance training	100%	Non-consolidated	97.4%	Completed basic quality assurance training domestically and overseas. Worked to ensure thorough implementation of the quality assurance system.
			▶ Promote functional safety and product cybersecurity	Number of safety requirement violations (ISO26262)	0 cases	Non-consolidated	0 cases	
				Number of cybersecurity requirement violations under the responsibility of the Company (ISO/SAE21434)	0 cases	Non-consolidated	0 cases	
G	Further reforms in corporate governance	Head of ESG and Legal	▶ Enhance the effectiveness of Management Meetings	Board of Directors effectiveness evaluation score	Improvement compared with previous year	Consolidated	Same score YoY	Revised criteria for submitting matters to Management Meetings; formulated internal regulation system and plan for regulation development.
			▶ Strengthen governance of the ALAP Group	Development of internal regulations and rule frameworks	Development complete	Consolidated	Formulation of regulations development plan	
	Optimizing and strengthening the supply chain	Head of Procurement	▶ Establish a system for early-stage impact assessment of risks through supply chain surveys	Implementation of assessments	Completion of system-based supply chain surveys through Tier N	Consolidated	First survey completed	Implemented BCP cyberattack drill to confirm initial response procedures and inter-site coordination.
			▶ Strengthen risk management for production sites and logistics	Implementation of risk assessments (internal)	Implemented and results communicated	Consolidated	Implementation and results development	
			▶ Improve speed and robustness of emergency response	BCP drills (internal)	Conducted at least once per year	Consolidated	Implemented once	
	Minimizing investment recovery risk	Head of Corporate Strategy Head of Corporate Treasury	▶ Establish and firmly implement a ROIC management system	Launch of a budget management PDCA cycle based on ROIC	ROIC management system established and firmly implemented, helping achieve a 10% ROE	Consolidated	–	–
	Addressing geopolitical and economic security risks	All vice presidents	▶ Prevent leaks and strengthen management of key technologies	Identification of key technologies to be protected Establishment of management systems for key technologies	Relevant technologies identified Technical management model established for relevant technologies	Consolidated	Key technologies partially identified	Partially identified key technologies and confirmed appropriateness of technology management.
	Strengthening compliance and promoting fair management	All vice presidents	▶ Enhance compliance education	Introduction of tiered compliance training	Implementation complete	Consolidated	Introduction of training for managers	Began preparations for introducing tiered compliance training and started training for management.
	Strengthening cybersecurity	Head of Corporate Strategy All vice presidents	▶ Establish robust and appropriate information management systems and environments	Implementation of secure information management and control systems for customers, products, and internal use	System introduced and operations started	Consolidated	Sequential regional introduction underway	Introduced and began operation of the system in Japan and Greater China.
				Management of research and information related to alliance companies	Various related guidelines developed and implemented	Consolidated	Start of discussions with alliance companies	Formulated policy and began activities.

Progress on the Mid-Term Business Plan 2027

Advancing Management Structure Reform and Strengthening the Foundation for Growth

The Mid-Term Business Plan 2027 is advancing management structure reform and improving capital efficiency under three basic policies: “Pursuing High Added Value,” “Preparing the Next Core Business,” and “Strengthening the Management Foundation.”

Despite a challenging business environment in FY2025, including soaring raw materials prices and the impact of tariffs, the Company steadily implemented measures such as withdrawing from low-profitability products, consolidating production items and sites, and promoting labor-saving measures and automation. As a result, net sales rose to ¥1,019.4 billion and operating income to ¥42.0 billion, delivering increases in both net sales and operating income.

In the Mobility Segment, profitability has steadily improved as the Company scaled back unprofitable products, improved selling prices, and optimized fixed costs. Development and mass production of millimeter-wave sensors, digital keys, optical communication lenses, and other products positioned as the next core businesses are also progressing, steadily establishing the business foundation for future growth. In addition to strengthening domestic production competitiveness and redeploying human resources to growth areas, the Company is building a management foundation that integrates business and financial strategies by introducing ROIC-based business management and investment decisions based on IRR*1 and NPV.*2 Meanwhile, uncertainty in the business environment remains high due to factors such as revisions to development plans by OEM customers and rising memory and base metal prices. While responding swiftly to these changes, the Company will steadily implement key measures including price optimization, resource reallocation, and production site optimization. By further advancing management structure reform and improving capital efficiency, we aim to achieve an ROE of at least 10% in FY2027 and to increase corporate value.

Basic Policies and Key Initiatives

1 Pursuing High Added Value
- Shift to Digital Cabin solutions
- Integration of the Mobility Segment structure
- Withdrawal from unprofitable products / Narrowing the product lineup

2 Preparing the Next Core Business
- Strengthen investment in the sensor area
- Strengthen marketing (identify growth markets)
- Introduce new products based on proprietary technologies

3 Strengthening the Management Foundation
- Reorganize production sites / Reinforce domestic operations
- Human capital investment
- Software development investment
- Implement ROIC-based management
- Implement balance sheet management

Achieve ROE of at least 10% in FY2027

Progress in withdrawing from unprofitable products, improving profitability, and transitioning to a stronger earnings structure

Progress in translating new growth drivers into concrete opportunities through investment in the sensor field

Advance production site reorganization and related measures to simultaneously strengthen competitiveness and improve capital efficiency

*1 IRR (Internal Rate of Return) *2 NPV (Net Present Value)

Pursuing High Added Value

Shift to Digital Cabin Solutions

Building on software and integration technologies, the Company is developing and introducing Digital Cabin products centered on the Cabin Domain Controller (CDC). Mass production of the Cabin Monitoring System has begun, and sales of the CDC are scheduled to begin in Q2 FY2026. Meanwhile, the launch timing and sales plans for some products were revised in response to changes in customers’ EV strategies and vehicle development plans. Nevertheless, the shift to high-value-added products is progressing steadily, and their share of the product mix is projected to rise to 23% in FY2027. Going forward, the Company will expand Digital Cabin products centered on the CDC to increase high-value-added products and strengthen its earnings base.

Strengthening the Business Division Structure (Clarifying Business Accountability and Lines of Command)

To improve responsiveness to change and execution capabilities, the Company is transitioning to an organizational structure with clearly defined business accountability and lines of command. Following the integration of the Mobility Segment, the Company combined the Component Segment and the Sensor and Communication Segment and established the Electronic Devices Segment. By placing production functions under the direction of each division head, the Company will eliminate overlapping responsibilities between functions and businesses and promote agile operations integrating development, production, and sales.

Electronic Devices Segment

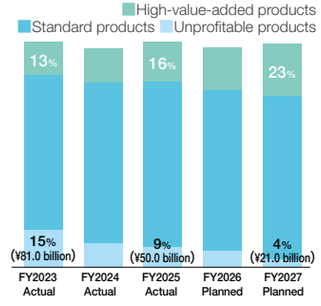
Component
Core business supporting profitability
▸ New product creation
- Accelerate new product development using proprietary technologies
- Improve cost competitiveness through strategic investment in domestic sites

Sensor and Communication
Growth driver
▸ Expansion of business domains
- Expand business domains by leveraging in-house proprietary technologies
- Expand the product lineup through technical collaboration

Mobility
Improving business quality
▸Portfolio transformation
- Increase value by phasing out unprofitable products and focusing on the Digital Cabin
- Transform the portfolio for the SDV*3 era

Withdrawing from Unprofitable Products and Narrowing the Product Lineup

The Company has positioned withdrawal from low-profitability products as a core management structure reform measure and is working to improve profitability and capital efficiency. Net sales of unprofitable products in the Mobility Segment are projected to decline from ¥81.0 billion in FY2023 to ¥21.0 billion in FY2027, while its share of net sales is expected to fall from 15% to 4%. Going forward, the Company will further accelerate structural reform of the Mobility Segment and improve profitability by focusing on its software and IP businesses.



*3 SDV (Software Defined Vehicle)

Progress on the Mid-Term Business Plan 2027

Preparing the Next Core Business

Strengthening Investment in the Sensor Area

To realize Vision 2035, the Company has positioned human-centric multimodal sensing as the core of its next phase of growth and is making investments based on proprietary high-frequency (radio-wave), magnetic, electrostatic, and other technologies. In FY2026, the Sensor and Communication Segment plans to achieve profitability by expanding sales of millimeter-wave sensors, digital keys, optical communication lenses for data centers, and other products. New products are expected to generate approximately ¥30.0 billion in net sales in FY2027, with orders already secured for about 90% of the products concerned.

Going forward, the Company will build new value chains through open innovation and expand into growth markets it has not previously been able to enter. In particular, it will focus on AI servers, robotics, and industrial equipment, seeking to create new business opportunities in construction machinery, semiconductor manufacturing equipment, inspection equipment, and other fields. Through these initiatives, the Company will drive growth in net sales and profits from FY2028 onward.

Strengthening Marketing (Identifying Growth Markets)

In addition to responding to market needs, the Company is exploring business domains where it can leverage its strengths, using Vision 2035 and its proprietary technologies as starting points. It has identified AI and data centers, robotics, industrial equipment, agricultural machinery, and other fields as growth markets and is advancing initiatives that include collaboration across industries. Going forward, the Company will integrate technology development with market exploration to create business opportunities that can both solve social issues and deliver profitability, and will concentrate management resources in growth areas.

Introducing New Products Based on Proprietary Technologies

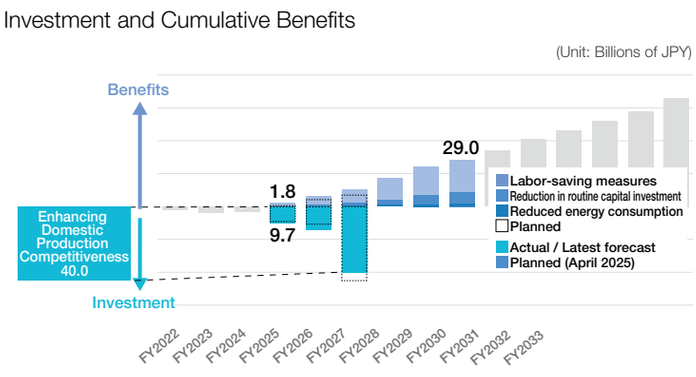
The introduction of new products leveraging technologies is progressing steadily, including passive devices for automotive applications, millimeter-wave sensors, digital keys, and optical communication lenses for data centers. The Company is also expanding its lineup of new multimodal sensing products and strengthening value creation by combining multiple sensing technologies with software.

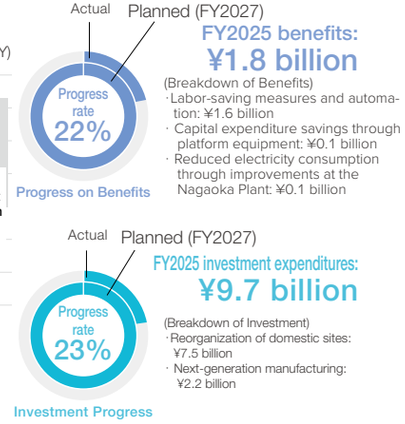
Strengthening the Management Foundation

Reorganizing Production Sites and Reinforcing Domestic Operations

In light of the shrinking workforce and geopolitical risks, the Company has identified building a foundation for sustainable domestic production as a key management priority. Under the Mid-Term Business Plan 2027, the Company plans strategic investments of ¥40.0 billion to strengthen domestic production competitiveness, of which ¥9.7 billion had been invested by FY2025. Labor-saving measures and automation, the use of shared equipment, and reductions in electricity consumption have generated benefits of approximately ¥1.8 billion. These initiatives are improving domestic production competitiveness while also supporting the consolidation of production items and sites in Japan and overseas. The Company will continue investing in labor-saving measures and uncrewed operations, aiming to generate cumulative benefits of ¥29.0 billion by FY2030.

Investment and Cumulative Benefits





Human Capital Investment

The Company views human capital as a critical management foundation supporting the Mid-Term Business Plan 2027 and plans to invest ¥10.0 billion over three years. It is strengthening the link between business and human resource strategies while developing value-creating human resources, placing the right people in the right roles, and promoting global collaboration. In FY2025, approximately 150 employees, primarily younger employees, participated in global human resource exchanges, strengthening collaboration among sites and accelerating operations. As these initiatives strengthened organizational capabilities, tangible returns on human capital investment continued to emerge. The value-added productivity ratio reached 129.9%, while the employee engagement score rose 3.3 p.p. year on year to 67.8 p.p.

Financial Strategy and Capital Policy

Centered on ROIC-based management, we are improving profitability and capital efficiency while maintaining a balance among growth investment, sound financial management, and shareholder returns, as we work toward the Mid-Term Business Plan 2027 targets of a PBR of at least 1x in FY2026 and an ROE of 10% in FY2027.

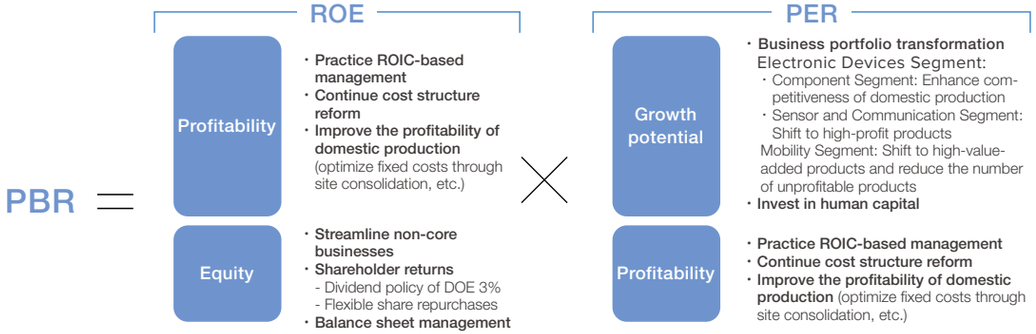


Satoshi Kodaira
Representative Director, Executive Vice President
Chief Operating Officer and Chief Financial Officer

Overview of FY2025 Performance

In FY2025, we stepped up initiatives to implement ROIC-based management as we worked toward the Mid-Term Business Plan 2027 targets of a PBR of at least 1x in FY2026 and an ROE of 10% in FY2027. We established frameworks and indicators to improve the efficiency of invested capital and maximize returns, and began putting them into operation.

Business performance also improved year on year in both net sales and operating income, driven by higher sales of products for the automotive, consumer, and mobile markets, while ROE was 6.2%. Although we reached a PBR of 1x ahead of schedule, having originally targeted FY2026, we believe that sustainably improving PBR is essential to increasing corporate value. We will continue integrating our business and financial strategies to achieve the Mid-Term Business Plan and sustainably increase corporate value.



Basic Policy on Financial Strategy

We aim to sustainably increase corporate value by improving profitability and capital efficiency while maintaining a balance among growth investment, sound financial management, and shareholder returns. We use ROIC to evaluate profitability and capital efficiency, assessing businesses from the perspectives of both capital profitability and growth potential to promote well-prioritized allocation of management resources. By prioritizing investment in growth areas and high-profit products, we are transforming our business portfolio and strengthening our earnings base. We are also strengthening domestic competitiveness through fixed-cost optimization measures.

From a capital policy perspective, we are optimizing our capital structure and improving capital efficiency through the use of interest-bearing debt and shareholder returns while maintaining financial soundness. By steadily executing these measures, we will improve profitability and capital efficiency, achieve a PBR of at least 1x and an ROE of 10%, and continue sustainably increasing corporate value thereafter.

(Unit: Billions of JPY)

	Mid-Term Business Plan 2027		
	FY2025 (Actual)	FY2026 (Planned)	FY2027 (Planned)
Capital Efficiency (ROE)			10%
Stock Price Indicator (PBR)	1x	Over 1x	Over 1x
Growth Potential (Net Sales)	1,019.4	1,045.0	1,085.0
Profitability (Operating Income)	42.0 (4.1%)	48.5 (4.6%)	67.5 (6.2%)
Profitability (Net Income)	26.8 (2.6%)	30.0 (2.9%)	43.0 (4.0%)
Financial Soundness (Equity Ratio)	57.1%	50% (target)	50% (target)

Financial Strategy and Capital Policy

Growth Investment

Based on Vision 2035, under which we will leverage our Five Senses Element Technologies to deliver the values of “excitement,” “safety,” and the “environment” in the mobility and robotics fields, we are planning growth investments totaling ¥235.0 billion during the current Mid-Term Business Plan period, comprising ¥80.0 billion in strategic investments and ¥155.0 billion in capital expenditures. Investment in priority areas is progressing as planned, steadily improving the profitability of existing businesses, creating the next core businesses, strengthening cost competitiveness, and improving the quality of the business portfolio.

We are making strategic investments in multimodal sensing products as a core driver of future growth. In the Sensor and Communication Segment, we are transforming our business portfolio to improve profitability by shifting to high-profit products such as millimeter-wave sensors, digital keys, and positioning units. With an eye to medium- to long-term growth, we are also continuing to invest in the mass production of next-generation magnetic sensors.

To enhance the competitiveness of domestic production, the Component Segment is investing in labor-saving measures and uncrewed operations, and is implementing measures to improve productivity and reduce costs. In the Mobility Segment, we are consolidating sites in Japan and overseas to reduce fixed costs and improve development efficiency. We have also begun reallocating resources to growth areas, with these initiatives progressing as planned. Specifically, we will consolidate our domestic development operations at a single site in FY2026. We are also integrating overseas production sites in Europe, China, and ASEAN, with plans to reduce the current nine sites to six by FY2028.

We regard human capital as an important management resource supporting sustainable growth. By improving employee compensation and benefits, fostering a greater sense of involvement in management, and strengthening education and reskilling, we will improve retention and engagement scores while enhancing our ability to respond to business transformation, organizational execution capabilities, productivity, and creativity.

(Unit: Billions of JPY)

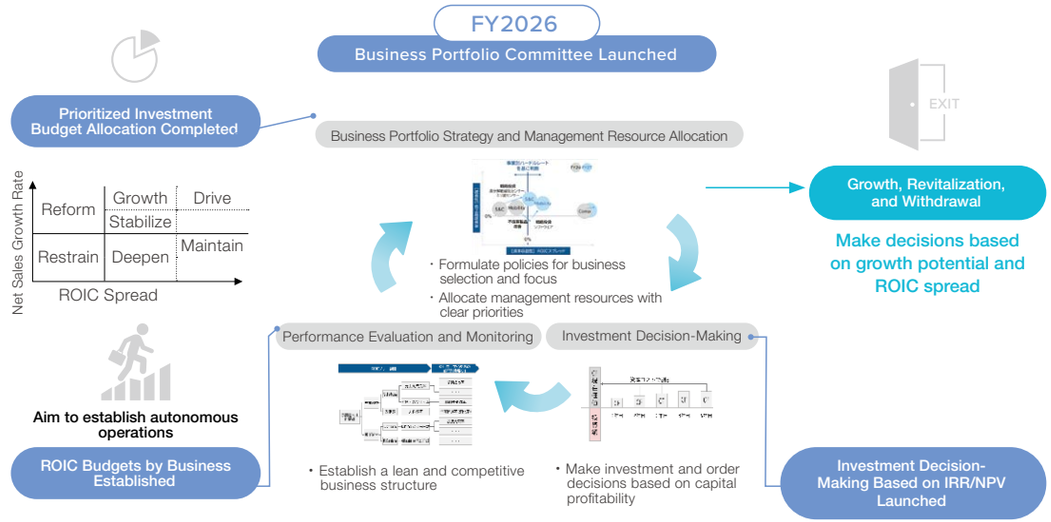
Growth Investment	**235.0**
Strategic Investment	80.0
Enhance competitiveness of domestic production and optimizing fixed costs	40.0
Multimodal sensing	30.0
Human capital	10.0
Capital expenditures	155.0

Advancing the Financial Strategy through ROIC-Based Management

We use ROIC as a key management indicator in seeking to create value exceeding the cost of capital. Beginning in FY2026, we established ROIC budgets for each business and began budget-to-actual performance management that reflects each business’s capital profitability. We also use internal rate of return (IRR) and net present value (NPV) to make investment decisions with a focus on capital efficiency.

In addition, we have introduced monitoring using ROIC and ROIC trees for each business and are building a decision-making process based on consistent evaluation criteria from business operations through investment decisions. This is enhancing management practices by incorporating capital efficiency as well as profitability.

We also established the Business Portfolio Committee in FY2026, creating a framework for regularly evaluating and monitoring the business portfolio from the perspectives of both growth potential and capital profitability. The committee discusses the direction of management resource allocation while considering each business’s competitive advantages, future potential, and medium- to long-term profitability. Going forward, we will link business evaluations with discussions of business strategy to promote investment in growth areas and strengthen our business structure, thereby sustainably increasing corporate value.



Financial Strategy and Capital Policy

Sound Financial Management

We recognize maintaining a sound financial base as a key management issue to support the sustainable enhancement of corporate value. We aim to maintain an “A” credit rating while balancing safety and efficiency, and have set a target equity ratio of 50%.

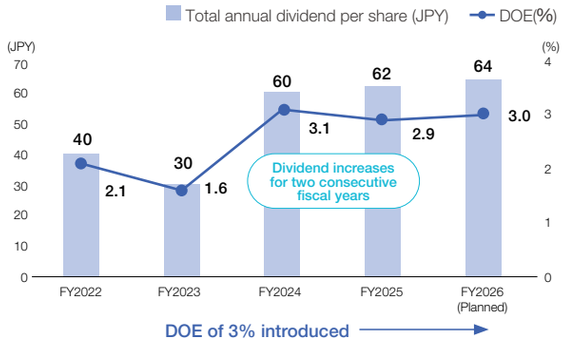
We also recognize that reducing the weighted average cost of capital (WACC) is as important as improving ROIC in widening the ROIC spread. While maintaining financial soundness, we are optimizing our capital structure and improving capital efficiency through capital policies that include the appropriate use of interest-bearing debt and shareholder returns.

Shareholder Returns

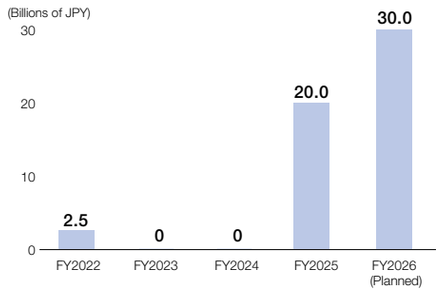
Since FY2024, our dividend policy has been based on a dividend on equity (DOE) ratio of 3%. The dividend has been increased for two consecutive fiscal years since FY2024, with a further increase projected for FY2026. We will continue working to provide stable and sustainable dividends in accordance with this policy.

To improve earnings per share (EPS) and capital efficiency, we repurchased ¥20.0 billion of our own shares in FY2025 and canceled all the shares acquired. We plan to repurchase ¥30.0 billion of our own shares in FY2026 and will cancel all the shares acquired. We will continue conducting agile and flexible share repurchases after comprehensively considering capital efficiency, our financial position, share price levels, and other factors.

Trends in Annual Dividends Per Share and DOE



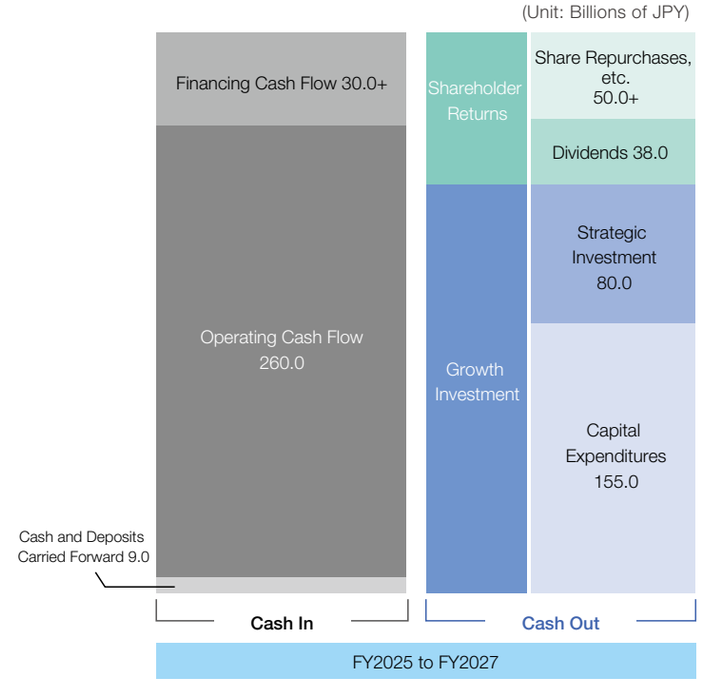
Trends in Share Repurchases



Cash Allocation

We expect to generate ¥260.0 billion in operating cash flow during the current Mid-Term Business Plan period. The cash generated will be allocated to growth investment and shareholder returns. For growth investment, we will actively allocate resources to businesses positioned as future growth pillars and to investments that support fixed-cost optimization. This will prepare the next generation of businesses and further strengthen the management foundation, with an eye to growth beyond FY2027. For shareholder returns, we will provide stable dividends in accordance with our policy and conduct agile share repurchases.

Through these activities, we will increase corporate value over the medium to long term.



Human Resources Strategy to Support Value Creation



Tamami Mutsura
Associate Vice President
Head of Human Resources and General Affairs (CHRO)

Connecting People, Becoming a Company of Choice: Putting our vision into practice to become a company people value

The Power of People Behind Value Creation

Under our Corporate Vision, "Shaping a Future Where Technology Extends Your Senses," Alps Alpine is committed to enhancing corporate value.

Since our founding, we have been resolute in our belief in "betting on people." Even as the business environment undergoes dramatic changes, we believe the source of growth is for each and every employee to enhance their individual strengths and expertise to continue to create value autonomously. For this reason, we position human resources as key management capital, promoting value creation through the growth of the individual.

Furthermore, to embody our Code of Conduct, "Supporting One Another, Growing Together, and Exceeding Expectations," we are working to create an environment where every employee can take on challenges with confidence and maximize their potential. We believe that diverse talent continuing to take on challenges, grow, and create new value is the source of our competitive advantage and sustainable improvement in corporate value.

Promoting Human Capital Management to Support Business Growth

Our approach to human capital management emphasizes connecting diverse values and perspectives. By connecting management strategy with human resources strategy, management with employees, and employees across departments and locations, while also fostering connections with customers, business partners and shareholders, we aim to create new value and achieve sustainable growth. Furthermore, to support global business expansion, we focus on developing talent that connects Japan with other countries, creating opportunities to take on challenges and build a wealth of diverse experience that strengthens the competitive advantage of the Group.

Furthermore, to strengthen the connection between business and human resources, we established a new Human Resources Development Department to identify people- and organization-related issues in individual businesses and to promote the most appropriate human resources measures. Through this department, we are developing a structure that enables the prompt implementation of initiatives grounded in the needs of individual businesses. By treating human resources–related challenges as management concerns and promoting highly effective human resources measures, we aim to contribute to business growth and increased corporate value.

Going forward, we will continue to maximize the potential of each and every employee through investment in human capital and reforms to both systems and culture, working to be a company chosen by our stakeholders, from employees and shareholders to business partners and society at large. To achieve this, we will further advance our "betting on people" approach to management, connecting the strengths of each individual to business growth, thereby supporting the achievement of the Mid-Term Business Plan 2027 and working toward sustainable growth and increased corporate value.

The Vision

Diverse and self-driven employees resonate with the corporate philosophy, and act proactively through mutual trust and collaboration, enabling personal growth, maximizing organizational results, and sustainable corporate growth.

Individual
Each individual resonates with the corporate philosophy, actively pursues their own envisioned career path, growing and contributing to the organization in their own authentic way.

Organization
Talent is optimally placed across the organization in alignment with Companywide objectives, and each team collaborates effectively to achieve business goals.

Culture
A psychologically safe environment that respects diverse values and individuality, supports and encourages challenge, and fosters the creation of new value.

Key Themes

	Enhancing the Human Resource Portfolio	Securing and Developing Human Resources that Create Value	Fostering a Culture that Empowers Individuals
KPI	Value-added productivity ratio*1 (consolidated)	Human resource development expenses (consolidated)	Employee engagement survey*3 (non-consolidated)
FY2027 Target	Over 130%	Increase compared to the previous year	72 points
FY2025 Results	129.9%	Non-consolidated: Up 86.9% YoY (¥45,241/person) Reference: Consolidated: ¥19,567/person*2	67.8 points (Up 3.3 points YoY)

*1 Value-added productivity ratio = Value added ÷ labor cost – 1
*2 Reference consolidated figures compiled by adding the non-consolidated company's human resource development expenses to those of 31 major Group companies in Japan and overseas.
*3 Based on organizational survey metrics from HRBrain, Inc.

Human Resources Strategy to Support Value Creation

Enhancing the Human Resource Portfolio

Basic Policy

Alps Alpine positions the timely and appropriate placement of the human resources required to execute our business strategy as a crucial foundation for enhancing corporate value. Therefore, we promote the optimization of our human resource portfolio by clearly defining the personnel requirements (number of people, skills, experience, etc.) for each business and job function.

Key Action Points

- **Review of methods for identifying human resource needs**
- **Promote utilization of the talent management system**
- **Enhance connection with business**

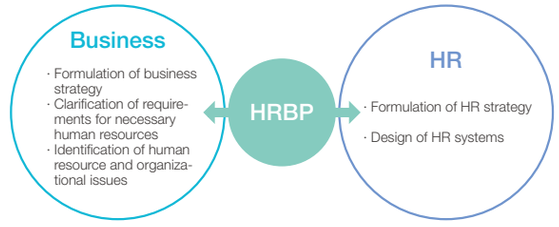
Mid-Term Business Plan 2027 KPI

- **Value-added productivity ratio (consolidated)**

FY2027 Target	Over 130%
FY2025 Result	129.9%

Enhancing the Connection Between Human Resources and Business

We work to promote optimal allocation and strengthen our pool of business-creating personnel in line with the formulation and review of our business plans and strategies. At the same time, in response to accelerating changes in the market environment and increasingly demanding customer requirements, there is a need for further sophistication in human capital management, and we are strengthening our HRBP* functions. We are working more closely with our business divisions than ever before to clarify talent requirements and identify challenges based on business strategies, while also building a system to support the execution of management strategies from a human resources perspective. Specifically, we are verifying the alignment of business strategies and HR policies based on indicators such as the rate at which talent requirements are met in each business, the status of key position staffing, and the progress of talent development. This will lead to swift and highly effective HR policies, aiming to address management and HR challenges in an integrated manner. By accurately understanding the needs of each business and division, and by providing comprehensive support for recruitment, training, and placement, we aim to achieve flexible personnel management that enables us to respond to changes in business conditions and strategies.



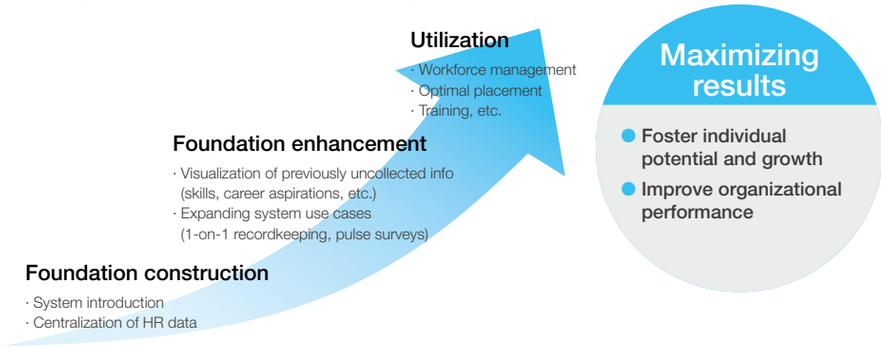
Role of HRBPs

- **Bridge business strategy and HR policy**
- **Propose workforce planning and placement according to business challenges**
- **Plan and implement training and reskilling measures**
- **Implement talent management**

*Human Resource Business Partner

Enhancing Human Resource Data

Our talent management system is a platform for integrated visualization and understanding of human resource information (job history, skills, career aspirations, evaluation history, etc.). Adopting this system makes it possible for us to utilize such information across the organization, promoting placement of the right personnel in the right positions and more advanced training. Moreover, by visualizing skills and assessing expertise and strengths both quantitatively and qualitatively, we can reveal previously unrecognized potential and aptitude. This facilitates flexible assignment that is no longer bound to traditional job categories or organizational structures, maximizing opportunities for talent to thrive.



Enhancing Our Global Human Resources Structure

We are developing a human resources structure across four regions: Europe, the Americas, China and ASEAN/India. Under the leadership of regional business managers, we will further strengthen the connection between business operations and human resource functions, improving our ability to implement measures. Furthermore, given regional differences in both the importance and priority of management issues, we will better tailor measures by region, then organically connect these initiatives across regions in the future, working to achieve greater sophistication through human resource utilization on a global basis.

Through these efforts, we aim to transform our human resources function from one focused simply on management into one that creates value, contributing to sustainable growth and increased corporate value.

Human Resources Strategy to Support Value Creation

Attracting and Developing Value-Creating Human Resources

Basic Policy

Alps Alpine works to secure, develop and place “value-creating human resources,” which we define as individuals who leverage their strengths to proactively contribute to organizational results. We aim to secure diverse human resources, support individual autonomous growth, and achieve placement of the right people in the right positions such that they can achieve their fullest potential.

Key Action Points

- **Reflect business needs in recruitment activities**
- **Enhance onboarding support**
- **Revise the training system to develop value-creating human resources**

Mid-Term Business Plan 2027 KPI

- **Human resource development expenses (consolidated)**

FY2027 Target	Increase compared with previous year
FY2025 Result	Up 86.9% YoY (non-consolidated)

Recruitment / Retention

Enhance provision of information about us and job responsibilities to reduce expectation mismatch in new hires.

- Implement student internships
- New graduate recruitment: Confirm department assignment before start
- Mid-career recruitment: Revamp recruitment website, provide onboarding support
- Implement a standardized pulse survey

Growth support

Provide diverse training opportunities, and enhance efforts to secure next-generation management leaders and business-creating personnel.

- Implement management identity training for officers
- Develop systems and implement programs to secure next-generation management leaders
- Conduct university lectures and implement in-house programs for business concepts
- Provide global activity support

Optimized placement

Enhance matching between individuals and company needs to create jobs that allow each employee to maximize their potential.

- Implement job rotation and enhance meeting effectiveness
- Expand internal recruitment system
- Improve dissemination of career-related information
- Conduct career development meetings

Human Resource Development for Business Creation: Organizational Transformation Through Cycles of Training and Practice

In order to achieve Vision 2035, we are working to transform into a business that creates new value based on our technology, with the development of human resources central to this transformation positioned as a material issue.

To develop exploratory talent capable of examining societal issues and markets, and envisioning and creating new value by leveraging our strengths, we are enhancing our capacity for new business creation through initiatives such as the Self-Directed Development Program and the ongoing enrollment of employees at the Graduate School of Project Design. In order to put knowledge gained externally into practice within the Company, we are also developing systems to support the implementation of ideas and to optimize workforce allocation, promoting everything from human resource development to business creation in an integrated manner.

We promote the taking on of challenges and collaborative creation by expanding opportunities for global and practical training. This includes enrollment in a program at Pegasus University in the U.S., personnel assignments in Silicon Valley, and collaboration with startups. Such initiatives transform individual growth into organizational strength, enhancing the foundation for strategy and human resources development in an integrated manner.

Moving forward, we will continue to accelerate the development of human resources who support sustainable business portfolio transformation and enhancement of corporate value.

From Mid-Career Recruitment to Retention Support

Expanding mid-career recruitment has brought in human resources with diverse knowledge and experience, accelerating organizational transformation and value creation. The entire process from recruitment to retention was revised to further foster an environment where each and every employee can make the most of their unique experience and abilities.

As a part of our recruitment activities, we revamped our career recruitment website and conduct interviews and roundtable discussions with recent hires, help visualize individual career paths, and also share what life will look like in the areas where we are based, all to give prospective employees a better understanding of what it means to work at our Company and prevent mismatched expectations.

In terms of post-hire processes, we are also enhancing our training follow-up system. In addition to conventional training programs, we present internal career paths to foster a vision of medium- to long-term growth. Furthermore, we conduct onboarding training for mid-career hires to promote better understanding of our corporate philosophy and businesses. This provides an opportunity to build internal networks, helping reduce anxiety and ensure a smoother start.

We also conduct pulse surveys, and collect and analyze employee turnover data to identify issues. Pulse surveys allow us to continuously monitor motivation and the workplace environment so that we can quickly detect any changes or issues regarding new hires, then promptly follow up. We analyze turnover data both qualitatively and quantitatively, incorporating resulting insights into our strategy to improve the sophistication of efforts across the board from recruitment to retention.

Human Resources Strategy to Support Value Creation

Fostering a Culture that Empowers Individuals

Basic Policy

At Alps Alpine, we believe that the foundation for sustainable corporate growth is the creation of an environment where diverse individuals respect each other's uniqueness and can grow and thrive by leveraging their strengths. To enable each employee to resonate with our corporate philosophy and Corporate Vision, and to act independently based on mutual trust between themselves, management and the organization, we are advancing reforms through both systems and workplace culture, with a dual focus on enhancing both engagement and diversity, equity, and inclusion (DE&I).

Key Action Points

- Facilitate dialogue between executives and employees on corporate philosophy and our Corporate Vision
- Conduct DE&I training for managers
- Support people management
- Create an environment that encourages individual initiative and taking on challenges

Mid-Term Business Plan 2027 KPI

- Employee engagement survey score (non-consolidated)

FY2027 Target	72 points
FY2025 Result	67.8 points (Up 3.3 points YoY)

Disseminating Our Corporate Vision

We emphasize connecting our Corporate Vision and Code of Conduct to actions in actual work, working to disseminate these policies by connecting them to systems and measures. Moving forward, we will continue to promote the dissemination and embedding of these policies by continuing to hold town hall meetings and incorporating these policies in our HR system. Specifically, we will share management policies through various training sessions and reviews by business, and clarify the Code of Conduct in connection with role definitions and evaluation systems. We also work to create opportunities for dialogue to incorporate our Corporate Vision into daily operations.

Diversity Management Training

As employee backgrounds, values, and ways of working become increasingly diverse, more sophisticated management is required, so we provide a training program for managers that features topics such as disability and LGBTQ+ issues to help participants recognize and confront their own unconscious biases.

Approximately 200 managers participated voluntarily over two years ending in FY2025, reflecting a growing trend among managers to proactively engage with these issues as matters that concern them personally.

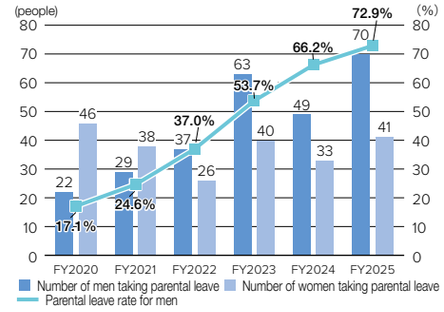


Fostering a Vibrant Workplace Culture: Initiatives and Results

Since 2023, we have designated an annual DE&I Awareness Enhancement Month as an opportunity for mutual learning that fosters a vibrant workplace and improves job satisfaction, featuring lectures by volunteer employees. In FY2025, we covered a wide range of themes, including "Low Vision*," "Men's Experiences with Paternity Leave," and "Balancing Work and Caregiving," drawing a total of 2,600 employee participants.

The diversity score in our employee engagement survey improved by 0.8 points compared with the previous year, indicating progress in the acceptance of diverse values. Additionally, both the rate of paternity leave taken and the average number of days taken reached record highs, and we were ranked 38th out of 1,665 companies in the Forbes JAPAN WOMEN AWARD 2025, which recognizes companies that promote the advancement of women with a view to corporate growth. These achievements demonstrate the results of our ongoing efforts.

Childcare Leave Uptake



*A condition in which visual impairment remains even after corrective measures such as glasses, contact lenses or surgery.

Enhancing Employee Engagement



Based on the results of our employee engagement survey and issues identified through daily operations, we examine issues at the workplace, site, and Companywide levels and take action to improve engagement. In FY2025 we appointed new workplace improvement leads for each workplace, partnering with and working under the guidance of their management to start activities tailored the background and issues unique to their respective workplaces. These leads were established for the purpose of having employees participate more directly as stakeholders instead of having managers be the sole party responsible for solving issues.

The workplace improvement leads draw on ideas from problem-solving workshops and guidelines to resolve issues through discussions with employees at their workplaces. We aim to create a cycle in which resolving everyday workplace issues leads to greater employee engagement and will continue these activities going forward. Workplaces identify and address a diverse range of issues through measures such as sharing information on necessary skills, creating opportunities for mid-career and younger employees to discuss career development, and setting goals that encourage employees to take on challenges through which they can more readily experience personal growth.

Human Resources Strategy to Support Value Creation

Respect for Human Rights

Basic Policy

Alps Alpine respects international norms such as the United Nations Guiding Principles on Business and Human Rights, the ILO Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises, and established the Alps Alpine Group's Human Rights Policy in FY2025. This policy applies to all locations worldwide, Group companies, and the entire supply chain, and positions respect for human rights as the foundation of business operations.

Human Rights Policy

Alps Alpine Co., Ltd., and its Group companies (hereinafter "Alps Alpine") have stipulated the Alps Alpine Group's Code of Conduct based on our corporate philosophy and five management approaches, and we are asking our officers and employees to put the philosophy and management stances into practice. Respect for human rights is the value that constitutes these foundations, and Alps Alpine is carrying out its responsibilities for the human rights of all of its stakeholders by regarding the respect for human rights as a value that is essential in all business activities.

Alps Alpine Human Rights Policy

Key Action Points

- **Thorough operation and maintenance based on human rights policy**

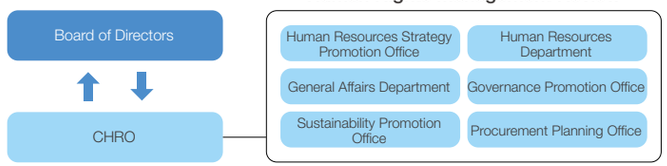
Mid-Term Business Plan 2027 KPI

- **Number of serious human rights issues**

FY2027 Target	0
FY2025 Result	0

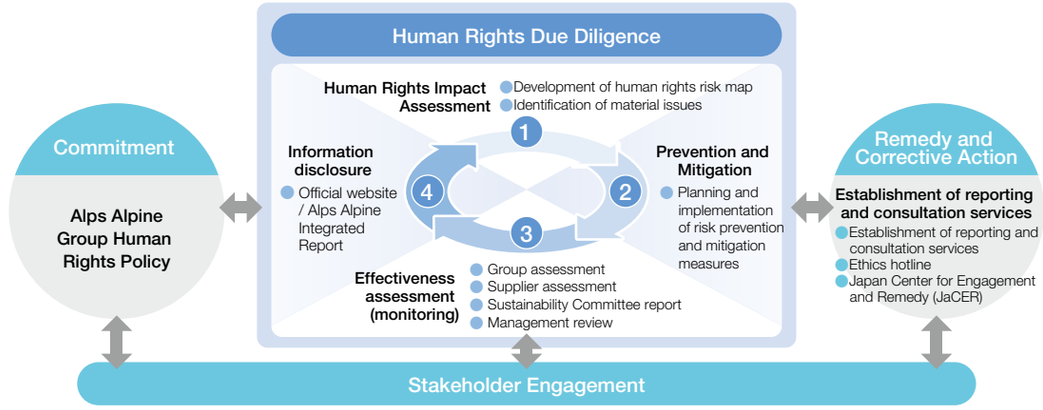
Management System

We designate the chief human resources officer (CHRO) as the person responsible for human rights, and conduct human rights management reviews to confirm and improve the effectiveness of initiatives. Relevant departments report their initiatives to the CHRO, and the details are reported to the Board of Directors.



Human Rights Due Diligence

We have established a process for identifying, assessing, preventing, and mitigating human rights risks.



Through our Human Rights Impact Assessment, we identify and assess human rights risks within our operations and supply chain, with occupational health and safety, prevention of harassment, reduction of excessive working hours, and protection of privacy and personal information positioned as material issues.

Human Rights Assessments

We conduct ongoing human rights assessments to identify human rights risks within our operations and supply chain. Based on the results, we provide guidance on corrective action and conduct follow-ups to reduce human rights risks throughout the value chain.

	Target	Implementation methods and results	Future themes
Alps Alpine (all locations worldwide)	Outside Japan: 30 locations	Assessments conducted based on the Responsible Business Alliance Code of Conduct to evaluate the degree of compliance with evaluation criteria. 25 out of 30 locations achieved a compliance rate of 90% or higher.	To ensure continued respect for human rights, promoted the development and enhancement of procedures and regulations related to human rights protection in addition to appropriate business operations.
Supply chain (suppliers)	Major suppliers: 162	CSR assessment conducted based on the Responsible Business Conduct Guidelines, with evaluation on a four-point scale: 1. Not implemented, 2. Mostly not implemented, 3. Mostly implemented, 4. Implemented. No responses indicating potential risk ("1. Not implemented" or "2. Mostly not implemented") for questions related to human rights.	Considering the importance of human rights risks in the supply chain, expand the scope of suppliers surveyed.

*For information on reporting systems and training, see "Compliance" on P.63

Environmental Strategies for Realizing a Sustainable Society



Mayumi Kiriu

Vice President, Head of ESG and Legal

Through steady efforts to address environmental challenges, we aim to achieve sustainable growth and enhance corporate value.

Turning Environmental Challenges into Growth Opportunities and Advancing Transformation Toward 2050

Our philosophy states, “Alps Alpine innovates value for humans and society on a brighter planet.” True to this philosophy, we seek to place at the heart of our business activities the actions we can take to address challenges involving climate change, resource circulation, and natural capital, thereby creating value for the planet.

As a company whose economic activities depend on the benefits we receive from the Earth, including resources and energy, addressing these challenges is directly linked to our own sustainability and represents one of our key management priorities.

Our contribution to the environment may not be significant. Nevertheless, we first want to build a foundation that embeds this mindset throughout every stage of manufacturing, making awareness of environmental impact reduction second nature and enabling us to continuously translate that awareness into action.

Based on this understanding, we have set a goal of achieving carbon neutrality and zero environmental impact in manufacturing by 2050. Backcasting from this long-term goal, we have established medium- to long-term targets and are advancing effective initiatives in line with concrete roadmaps toward 2030 and 2040. By combining a long-term perspective with the ability to execute, we will achieve sustainable growth.

Strengthening Environmental Strategy Execution to Drive Companywide Transformation

To ensure that we achieve these goals, we have moved our environmental strategy from the conceptual stage into the execution phase. At the core of this effort is the Environmental Strategy Promotion Project, which is being advanced across the Company. The project is responsible for comprehensively advancing initiatives throughout the value chain, including reductions in Scope 1, 2, and 3 emissions.

We are also transforming our businesses through the phased rollout of carbon-neutral factories, the Zero-Waste Challenge, and the design of eco-friendly products. Furthermore, in addition to strengthening management based on the PDCA cycle, we will use environmental data dashboards to enhance the monitoring of progress against KPIs, ensuring that plans are executed and continuously improved.

Taking on the Challenge of Creating Corporate Value by Advancing Environmental Management

To make these initiatives more effective, we integrate climate- and nature-related risks and opportunities into our Companywide risk management framework in line with the TCFD and TNFD frameworks and reflect them in management decisions. Under the supervision of the Board of Directors, we have established a structure centered on the Sustainability Committee in which the Environmental Strategy Promotion Project and each division work together to seamlessly advance everything from strategy formulation to execution and evaluation.

We have also strengthened mechanisms that hold senior management directly accountable by incorporating environment-related indicators into the officer remuneration system. Management has an important responsibility to proactively view environmental challenges as business opportunities, rather than addressing them merely to reduce risk, and to translate those opportunities into enhanced corporate value.

We will continue to devote our full efforts to realizing this goal through dialogue and collaboration with stakeholders.

Environmental Materiality under the Mid-Term Business Plan 2027

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

Key Initiatives

- Introduction of renewable energy and investment in energy-saving facilities
- Scope 3 reduction from the design stage
- Waste reduction and promotion of resource recycling
- Expansion of recycled material usage
- Development of environmentally beneficial products
- Reducing environmental impact in collaboration with suppliers
- Enhancing chemical substance management

Medium- to Long-Term Targets

Targets for 2030

- Greenhouse gas emissions (compared with FY2021)
  - Scope 1 and 2 ····· 90% reduction
  - Scope 3 ····· 25% reduction
- Waste recycling rate ····· 98% achieved
- Increase the use of recycled materials in products and packaging*
- Suppress emissions of hazardous substances*

Targets for FY2050

- Greenhouse gas emissions across the entire value chain ····· Net zero
- Final landfill waste ····· Zero
- Use of virgin materials from non-renewable sources Zero
- Emissions of substances harmful to the environment and ecosystems ····· Net zero

* Quantitative targets are currently under review.

Environmental Strategies for Realizing a Sustainable Society

Environmental Strategy Promotion Project

Taking on the Challenge of Achieving Our Environmental Targets for FY2050: A Companywide Project That Translates Long-Term Vision into Action

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

Achieving these long-term targets, however, requires more than individual initiatives or efforts by individual divisions. It is essential to establish a strategic, ongoing framework that spans the entire Company. We must backcast from our FY2050 targets, use our medium-term targets as a starting point, and create mechanisms that enable steady execution and continuous improvement.

Recognizing these challenges, in October 2025, we launched the dedicated Environmental Strategy Promotion Project to advance climate change and resource circulation initiatives across the Company. We regard this project as a key initiative for moving our environmental strategy into the execution phase and achieving our FY2050 environmental targets. Through the project, we are developing concrete measures based on our medium-term targets and establishing a framework for their continuous Companywide implementation.

Project Mission

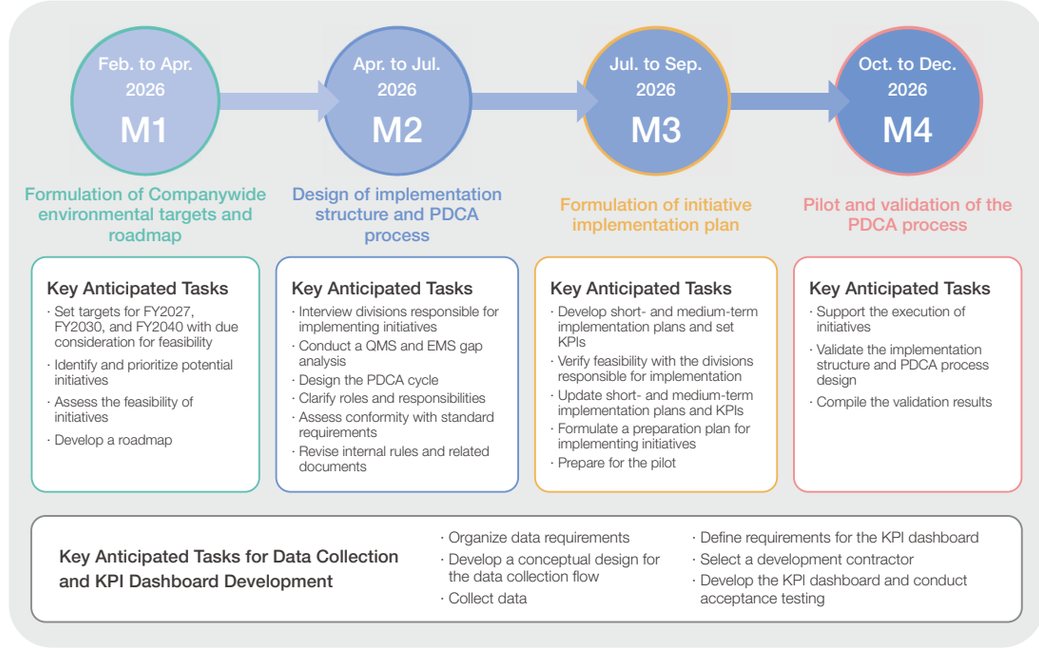
To achieve our FY2050 targets for climate change and resource circulation, bring together a dedicated cross-functional team and operational-level leaders and, through the formulation of medium-term targets and initiatives, establish mechanisms that ensure the reliable operation of a Companywide PDCA cycle based on our environmental management system.

Project Structure

The project is being advanced through collaboration between a dedicated cross-functional team and each division. Deliverables from each milestone are reviewed and approved by the Sustainability Committee, which meets quarterly and is attended by all vice presidents.

Project Activity Plan

The project will run for one year, from January through December 2026, with milestones set at three-month intervals. In M1, we will formulate Companywide environmental targets and a medium-term roadmap. In M2, we will design the implementation structure and PDCA process. In M3, we will formulate an initiative implementation plan for the following fiscal year and the next three-year period. In M4, we will pilot and validate the PDCA process within a small organization. We will also establish an environmental data collection framework and develop a KPI dashboard.



Responding to Environment-Related Initiatives

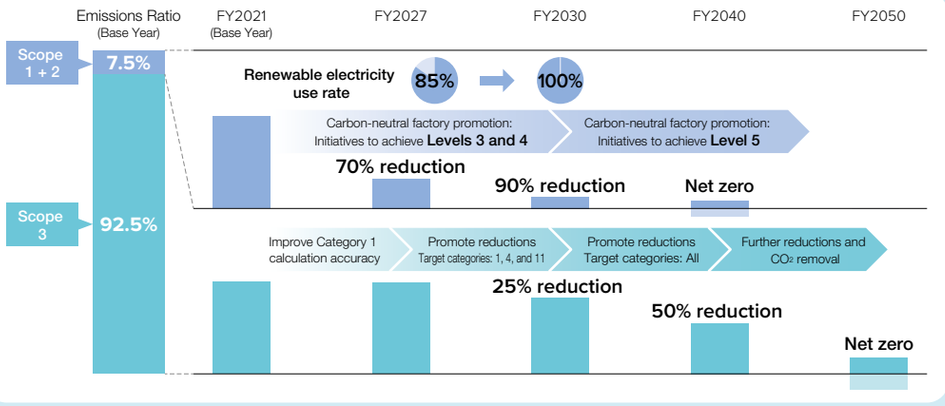
CLIMATE GROUP RE100	JCLP	SCIENCE BASED TARGETS	CDP
RE100 Initiative	JCLP	SBT Initiative	CDP
Membership to promote the conversion of 100% of the electricity used in operations to renewable energy by 2030	Membership for the purpose of gathering information to achieve the 1.5°C goal	Certified to achieve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

Environmental Strategies for Realizing a Sustainable Society

Climate Change Adaptation and Mitigation

Roadmap to Net-Zero Greenhouse Gas Emissions Across the Entire Value Chain

Alps Alpine regards addressing climate change as a key management priority and aims to achieve net-zero greenhouse gas (GHG) emissions across the entire value chain by FY2050. To achieve this goal, the Sustainability Committee approved medium- to long-term targets and roadmaps for reducing Scope 1 + 2 and Scope 3 GHG emissions at its April 2026 meeting. Through the environmental project, we will translate these roadmaps into concrete measures and implement them Companywide and throughout the value chain.



Scope 1 + 2 Reduction Roadmap: Carbon-Neutral Factory Promotion Model

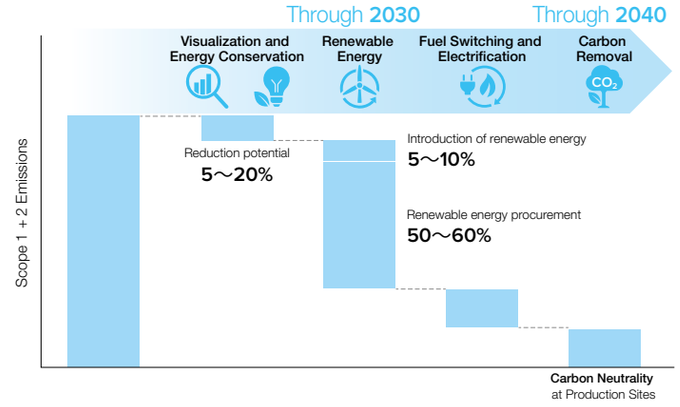
Because equipment configurations and operating conditions vary from factory to factory, we are reducing Scope 1 + 2 emissions on an individual factory basis. Accordingly, we have established the Carbon-Neutral Factory Promotion Model as a common set of guidelines for all factories. The model organizes the process from establishing the necessary data framework through achieving zero emissions into five implementation levels, enabling each factory to advance its initiatives in stages according to its particular circumstances.

Implementation Level	Achievement Criteria
1	Data visualization and energy intensity data preparation completed
2	Energy audits of major equipment completed
3	Energy-saving measures implemented
4	Renewable energy procurement policy formulated and implemented
5	Zero Scope 1 + 2 emissions achieved

We will first identify energy-saving potential by visualizing energy use, and will prioritize highly cost-effective energy-saving measures and the introduction of renewable energy. We will then introduce electrification and carbon removal in stages over an appropriate timeframe, taking technological developments and economic viability into account.

Based on the priorities shown in the diagram on the right, we will roll out the model across our global production sites, prioritizing sites with high energy consumption.* We aim to achieve Levels 3 and 4 by FY2030 and Level 5 by FY2040.

* FY2026: China; FY2027: Japan; FY2028 onward: rollout to Mexico, Europe, and the rest of Asia



Approach to Priority Areas for Scope 3 Reductions

Step 1 (FY2026)	Improve calculation accuracy
Step 2 (through FY2027)	Identify hotspots
Step 3 (FY2028 onward)	Transform product design and the supply chain

Category 1, purchased goods and services, accounts for approximately 70% of our Scope 3 emissions, which we currently calculate using spend-based secondary data. We have designated the next two years as a period for building the foundation for Scope 3 reductions. Working with the procurement division, we will replace secondary data with primary data for key procured items to improve calculation accuracy. We will also work with the technology division to perform product-level calculations using a more precise emissions factor database and identify high-emission hotspots. From FY2028 onward, we will use the results of this analysis to promote low-carbon product design, targeting a 50% reduction from the base-year level by FY2040. From FY2040 onward, we also anticipate substantial progress in reducing upstream supply chain emissions through the broader deployment of carbon capture and storage (CCS) and carbon capture, utilization, and storage (CCUS), among other measures.

Environmental Strategies for Realizing a Sustainable Society

Promoting Resource Circulation

Resource Circulation Targets for FY2050

As a developer and manufacturer of electronic devices and mobility products, Alps Alpine has grown alongside the development of a society built on mass production and mass consumption. At the same time, as resource constraints and waste issues become increasingly apparent, we take seriously the considerable burden that this social structure has placed on the environment and regard promoting resource circulation as a key management priority.

We have formulated resource circulation targets for FY2050 with the aim of contributing to the realization of a circular society through our development and manufacturing capabilities.



Achieving these targets requires us to go beyond factory waste reduction initiatives, move away from conventional thinking based on mass consumption, and incorporate resource circulation from the product design stage.

Going forward, our design and production divisions will work together to transform all our products into eco-friendly products and achieve our resource circulation targets for FY2050.

Zero-Waste Challenge: The First Step Toward Resource Circulation, Starting at Our Factories

Achieving our resource circulation targets for FY2050 requires not only action at the design stage, but also an accurate understanding of how waste is generated at production sites, where resources are actually consumed, followed by continuous improvements. Based on this approach, the Zero-Waste Challenge is an initiative that seeks to establish production processes that do not assume the generation of waste, with FY2030 set as the target year.

Through this initiative, we will thoroughly reduce, reuse, and recycle waste generated within production processes and seek to establish production activities that do not rely on final landfill disposal. Through on-site improvement activities, we will also visualize which resources are used, how they are used, and in which processes, while steadily accumulating the resulting knowledge.

We will apply the knowledge and data obtained through the Zero-Waste Challenge to the next phases, Zero-Waste Design and Circular Material Design. Through this factory-led initiative, we will steadily build a foundation for circular manufacturing.

Focus Area	Key Initiatives
Reduction	· Reduce defects and losses · Prevent waste generation in upstream processes
Sorting and Recycling	· Ensure strict compliance with sorting rules · Establish recycling channels
In-Process Reuse	· Reuse offcuts and other materials
Visualization and Management	· Track waste generation · Monitor the effects of improvements

Promoting Product Design Based on Eco-Friendly Product Standards

To achieve our resource circulation targets for FY2050 and strengthen initiatives at the product design stage, we revised our Eco-Friendly Product Standards in January 2026. These standards serve as common guidelines for evaluating products' contributions to resource circulation and greenhouse gas emissions reductions.

Based on these standards, our design divisions are developing products that reduce environmental impact throughout the product lifecycle through measures such as reducing weight and energy consumption and using PIR and PCR materials and biomass plastics. These initiatives also contribute to Scope 3 reductions by lowering emissions at the raw material procurement and product use stages. By applying the revised Eco-Friendly Product Standards to the design of all products, we will promote resource circulation while reducing emissions, including Scope 3 emissions, thereby helping us achieve our FY2050 targets.

Category	Evaluation Item
Product	Weight reduction
	Energy efficiency
	Longer service life
	Use of PIR and PCR materials
	Use of biomass plastics
	Reduction of CO_2 emissions
	Hazardous and toxic properties

Category	Evaluation Item
Packaging Materials	Weight reduction
	Use of PIR and PCR materials
	Use of biomass plastics
	Hazardous and toxic properties

Environmental Strategies for Realizing a Sustainable Society

Responding to TCFD and TNFD

Alps Alpine recognizes that climate change and changes in natural capital, including biodiversity, are key management issues that affect its business activities and medium- to long-term corporate value. Our business activities depend on natural capital such as energy, raw materials, and water, while also affecting the environment through greenhouse gas emissions, resource use, and other activities. Based on this recognition, we use the TCFD and TNFD frameworks to systematically identify and assess risks and opportunities and incorporate them into our environmental strategies, with the aim of achieving sustainable growth and enhancing corporate value.

Key Points of the TCFD and TNFD

	Key Points of the TCFD	Key Points of the TNFD
Governance	· The Board of Directors oversee climate-related risks and opportunities · Implementation structure under the ultimate responsibility of the CEO · Deliberation by the Sustainability Committee	· The Board of Directors oversee nature-related risks and opportunities · Centralized management by the Sustainability Committee · Integrated promotion of climate change, resource circulation, and chemical substance management initiatives
Strategy	· Recognize climate change not as a future uncertainty, but as a change in the business environment that is already beginning to materialize · Revise the material issue from “contribution to decarbonization” to “climate change adaptation and mitigation” · Seek to ensure business continuity and competitiveness through strategic responses that emphasize adaptation in addition to mitigation	· Visualize dependencies and impacts on nature · Conduct business-specific analysis using ENCORE and other tools · Identify biodiversity risks at each site · Reflect the results in environmental strategies
Risk Management	· Conduct scenario analysis across multiple time horizons with reference to several scenarios based on IPCC AR6 · Identify and assess transition and physical risks · Organize the findings, including market opportunities, and integrate them into Companywide risk management	· Integrate nature-related risks into Companywide risk management · Cover the value chain, including upstream activities and the Company’s own sites · Assessment and management by the Environmental Strategy Promotion Project
Metrics and Targets	· Targets for FY2050 (compared with FY2021) Net-zero GHG emissions across the entire value chain · Targets for FY2040 (compared with FY2021) Net-zero Scope 1 + 2 emissions and a 50% reduction in Scope 3 emissions · Targets for FY2030 (compared with FY2021) A 90% reduction in Scope 1 + 2 emissions and a 25% reduction in Scope 3 emissions	· Long-term targets for FY2050 Zero use of virgin materials from non-renewable resources Zero final landfill waste Zero emissions of hazardous substances

Governance

Under the supervision of the Board of Directors, we have established an effective governance structure for sustainability issues, including climate change and nature-related issues. The CEO oversees all sustainability matters as the person with ultimate responsibility, while a director appointed by the CEO serves as chairperson of the Sustainability Committee and oversees all sustainability initiatives, including those related to the TCFD and TNFD. Since FY2025, we have operated the Sustainability Committee as a management-level body attended by all vice presidents, strengthening the link between its activities and management decisions. We have also incorporated ESG evaluation indicators into officer remuneration to enhance the execution of initiatives and establish a mechanism that holds senior management directly accountable for addressing these issues. Matters deliberated by the Sustainability Committee are reported quarterly to the Board of Directors, which continuously oversees progress and emerging issues.



Risk Management

Rather than treating climate change and nature-related risks as separate, extraordinary risks, we integrate them into our Companywide risk management framework.

In line with the TCFD and TNFD frameworks, we identify and assess risks and opportunities, including physical and transition risks, and evaluate them using the same criteria as other management risks. Risks determined to have a significant impact are reported to the Board of Directors after the Sustainability Committee considers the appropriate response policy, and the Board of Directors deliberates on them as necessary.

Through these processes, we visualize impacts on our businesses and work to maintain and enhance corporate value over the medium to long term.

Environmental Strategies for Realizing a Sustainable Society

TCFD: Strategy

In line with the TCFD recommendations, we conduct scenario analyses that consider future uncertainties with reference to multiple climate scenarios presented by the IPCC and other organizations. The analyses assume both a society in which decarbonization progresses and one in which the impacts of climate change materialize, and organize the potential effects on our businesses across different time horizons.

Risk Assessment

Category	Type	Item	Specific Impact	Time Horizon	Impact	Main Responses
Transition Risk	Policy and Regulation	Accelerated introduction of carbon pricing schemes	Higher business costs due to increased carbon costs	Long term	Small	· Promote reductions in direct emissions · Utilize internal carbon pricing
		Stricter energy-efficiency and GHG emissions regulations	Increased administrative workload and accelerated equipment upgrades	Long term	Small	· Implement systematic equipment upgrades · Establish a data management platform that includes suppliers
	Market	Growing demand for low-carbon products	Lower sales and higher costs due to delays in responding to demand	Long term	Medium	· Strengthen the development of low-carbon products and technologies · Collaborate with suppliers
		Tightening supply and demand for mineral resources	Higher procurement costs and supply instability	Medium term	Medium	· Explore alternative materials and reduced material use · Diversify procurement risks
		Growth in electricity demand	Higher electricity prices and supply instability	Medium term	Small	· Promote energy conservation · Diversify electricity procurement methods
Physical Risk	Acute	Increasing severity of floods, typhoons, and other disasters	Factory shutdowns and damage to equipment and inventory	Medium term	Small	· Implement disaster prevention and mitigation measures based on quantitative assessments
	Chronic	Rising temperatures	Lower labor productivity and higher energy costs	Long term	Small	· Strengthen workplace environment and health measures

Opportunity Assessment

Type	Item	Specific Impact	Time Horizon	Impact	Responses
Market	Growth of disaster prevention and adaptation markets	Growing demand for components used in disaster prevention and mitigation	Long term	Small	Treat disaster prevention and mitigation markets as medium- to long-term business opportunities and reflect them in research and development, investment, and business planning
Market	Growing IoT demand in the water resource and agricultural sectors	Growing demand for sensors and communication devices in water management and agriculture	Long term	Small	Develop products and expand opportunities for environmental data collection and remote monitoring applications

We incorporate the climate-related risks and opportunities identified through these analyses into our environmental strategies following deliberation by the Sustainability Committee.

TNFD: Strategy

We recognize as a key management issue that our business activities both depend on natural capital and have certain impacts on the natural environment and ecosystems. With reference to the LEAP approach advocated by the TNFD, we organized our business activities' dependencies and impacts on nature, as well as the resulting risks and opportunities. Our analyses cover the value chain from raw material procurement through production sites and assess impacts in light of natural capital degradation and regional characteristics.

Risk Assessment

Category	Type	Item	Specific Impact	Time Horizon	Impact	Main Responses
Transition Risk	Policy and Regulation	Stricter regulations on chemical substance use	Increased administrative workload and higher costs associated with adopting alternative materials	Medium term	Small	· Continuously monitor regulatory developments · Introduce alternative materials systematically
		Stricter waste discharge and treatment regulations	Higher treatment costs and an increased burden from hazardous waste management	Medium term	Small	· Reduce waste and improve waste sorting · Promote recycling
	Market	Increasingly stringent environmental requirements	Reduced competitiveness of conventional products	Long term	Medium	· Consider transitioning to eco-friendly products
	Technology	Delays in adopting alternative and recycled materials	Quality and reliability risks	Long term	Medium	· Consider transitioning to eco-friendly products
Physical Risk	Acute	Natural disasters such as floods	Factory shutdowns and damage to equipment and inventory	Medium term	Small	· Implement disaster prevention measures based on site-specific risk assessments
	Chronic	Increasing water stress	Operational constraints and higher water usage costs	Long term	Small	· Reduce water use and promote water reuse

Opportunity Assessment

Type	Item	Specific Impact	Time Horizon	Impact	Responses
Technology	Improved resource efficiency	Lower raw material and waste disposal costs	Long term	Small	· Review product and process design · Improve material yield rates and promote reuse

We will use these analysis results at the Sustainability Committee meeting to be held in October 2026 when considering the formulation of medium- to long-term nature-related targets and a roadmap. Through decision-making that considers our dependencies and impacts on natural capital, we aim to enhance business continuity and corporate value over the medium to long term.

Technology and Intellectual Property Strategy Supporting Value Creation



Yukimitsu Yamada
Associate Vice President
Chief Technical Officer (CTO)

Building on a foundation of technology that "extends your senses," promoting the achievement of our Vision 2035 and value creation through integration of AI with core technologies, and strategic use of IP

Policy and Strategy

Under our Corporate Vision of "Shaping a Future Where Technology Extends Your Senses," the mission of the Technology Division is to contribute to enhancing corporate value by connecting research results to business value. We have continued to create products and solutions that embody human sensibilities through integrated design and implementation of core technologies, devices, ICs, and software. Currently, we aim to transform these into multimodal sensing integrated with AI to deploy unique solutions built around HMI.

We are deploying these high-value-added, cutting-edge technologies in Digital Cabins, robotics and other growth areas, working with our business divisions to strengthen our competitive advantage and support sustainable profit growth. Furthermore, we are harnessing AI to maximize development efficiency and are enhancing our global development infrastructure to shorten lead times required in the process from technology creation to commercialization.

We will engage in comprehensive collaboration with universities to cultivate technologies with an eye toward the next 10 years, and through open innovation we will clarify our position and strengthen our innovation pipeline. At the same time, we position IP as a strategic asset—by constructing IP portfolios and analyzing our IP to visualize our technological edge, we aim to improve our capacity to implement technologies in the real world through alliances and application of existing technologies in new areas. And, based on our belief in "betting on people," we provide opportunities to take on the challenge of developing new technology and engage in collaborative creation that transcends organizational boundaries, working to develop human resources who will be the source of our competitive advantage in the future.

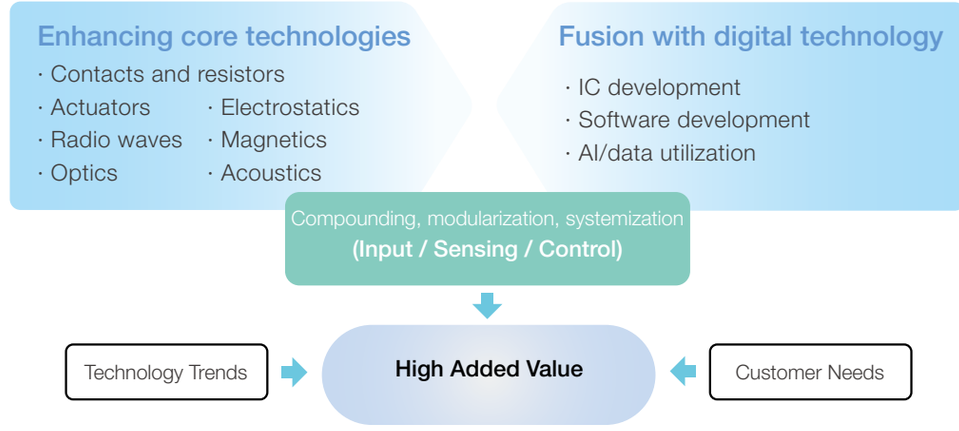
The Technology Division and CTO take the lead in these efforts, and by continuing to create new value through the power of technology, we work with strong determination to deliver results that exceed stakeholder expectation.

Alps Alpine Technical Architecture

A key feature of our technical architecture is the integrated design and implementation of input, sensing, and control, rather than treating these as separate functions. We build vertically integrated systems encompassing everything from devices and software to IC design that precisely detect user movement, intent, and state, interpret and assess this information, and deliver feedback through touch, sound, and movement. Such integrated design enables us to provide an intuitive and consistent experience regardless of the usage environment or differences between users, while also allowing us to flexibly accommodate and optimize for customer specifications.

Supporting this integrated design are our technology domains centered on technologies that "extend your senses." Over many years, we have accumulated a diverse range of core technologies spanning contacts and resistors, actuators, electrostatics, radio waves, magnetics, optics, and acoustics. By further developing and combining these individual technologies, we create value centered on HMI that enables us to deliver functions and performance that would be difficult to achieve through any single technology, increasing the added value of our products. Another of our strengths is multimodal design centered on touch, sight, and hearing. By integrating information from multiple sensors to gain a multifaceted picture of user sensory responses and states, we work to create experiential value that goes beyond simply providing functionality.

These technological foundations will also play an important role in Digital Cabins, robotics, human assistance and other growth areas. Building on the breadth of these technology domains and our ability to integrate them, we aim to move beyond the conventional role of a component supplier to establish a sustainable competitive advantage as a company that designs and delivers value built around technologies that "extend your senses."



Technology and Intellectual Property Strategy Supporting Value Creation

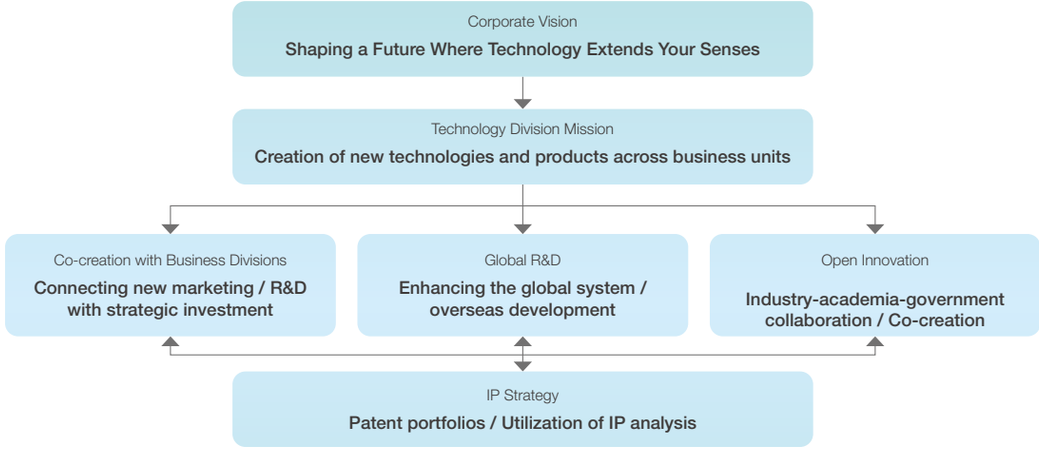
Technology Development System

Working to achieve Vision 2035, the mission of the Technology Division is to "identify the potential of a technology, innovate to create new technologies and products that extend across individual business units, and contribute to the enhancement of our competitive advantage and sustainable increase of corporate value." In order to achieve the Mid-Term Business Plan 2027, we formulated a technology roadmap that looks ahead to the next 10 years, promoting value creation Companywide by advancing and integrating core technologies.

For our new technology and product creation system, we are strengthening coordination between the market and technology sides from the initial planning stages through our marketing and R&D processes. By connecting strategic investment and priority technology domains to development themes, we help to further refine development themes and support more nimble business decision-making, contributing to stronger business competitiveness.

As part of our global R&D framework, we are strengthening the development capabilities of overseas subsidiaries (in the Americas, Europe, China, and ASEAN/India). We are consolidating and updating design standards and technical assets and using AI to enhance our design infrastructure, aiming to build an integrated development foundation across Japan and overseas and strengthen our overall development capabilities.

For open innovation, we draw on external expertise through industry-academia-government collaboration and engage in co-creation with strategic partners to accelerate the advancement of core technologies and the creation of new businesses. At the same time, we align these efforts with our IP strategy and build IP portfolios in key technology domains, using IP analysis to inform management and business decisions, helping establish our competitive advantage and strengthening the foundation for long-term growth.



Key Mid-Term Themes

To achieve Vision 2035 and the Mid-Term Business Plan 2027, our key medium-term themes are "creation of new technologies and products," "connecting marketing and strategic R&D investments," "enhancing the global R&D system and overseas development," "open innovation," and "utilization of IP portfolios and IP analysis."

By advancing core technologies and building elemental technologies, we assess the feasibility of new technologies and products, promoting the creation of technologies with commercialization potential. At the same time, we connect market-driven marketing to R&D to improve the quality and speed of decision-making, optimize R&D investments and improve value creation.

Furthermore, we make our global development system more sophisticated by enhancing overseas development functions in preparation for a regional HQ system and by deploying design standards and technology assets, while also promoting the creation of new technology themes and expanded collaboration through industry-academia-government collaboration and joint development with external partners such as universities and customers. By strengthening and utilizing our IP strategy, we will promote visualization of our technological edge, enabling us to solidify our competitive advantage.

In FY2025, we made progress in developing new technology themes, advancing collaboration, and utilizing IP analysis, although uneven progress across themes remained an issue. From FY2026 onward, we will strengthen coordination from the initial planning stages, make our evaluation processes more sophisticated, and pursue the integrated development of our global development infrastructure and utilization of IP to raise the level of our technology creation and commercialization capabilities.

Theme	Measures	Results	Value Created
Creation of new technologies and products	Further development of core technologies / development of elemental technologies	Assessment of technological / business feasibility	Increased product added value
Connecting marketing and R&D with strategic investment	Market-driven marketing / stronger strategic decision gates	Revised decision-making process	Enhanced medium- to long-term value creation capabilities
Enhancing the global R&D system / Overseas development	Enhancing development capabilities of overseas subsidiaries / deploying design standards and technology assets	Establishing the development system / visualizing technology assets	Global development competitiveness
Open innovation	Acquiring external expertise through industry-academia-government collaboration / joint R&D with universities and customers	Creating new technology themes / increasing joint research projects	Enhanced medium- to long-term competitive advantage and corporate value
Utilization of patent portfolios / IP analysis	Developing a patent portfolio strategy	Visualizing technological edge	Sustainable competitive advantage

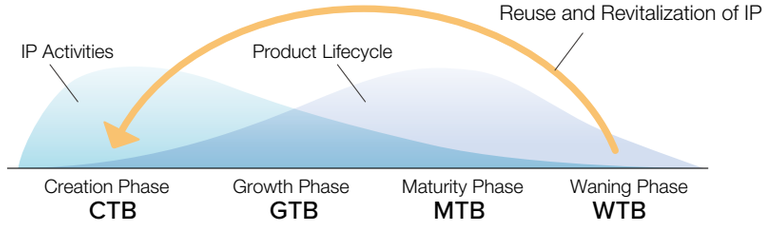
Intellectual Property Strategy Supporting Alps Alpine's Strengths

IP Department Mission

Our IP Department is a part of the Technology Division, but is responsible for IP-related activities Companywide, including those of the Technology Division, Electronic Devices Division and Mobility Division. IP is positioned as a key management resource that connects management, business and technology in our aim to achieve Vision 2035 under the mission: "Innovate Business and Technology through IP."

Building IP Portfolios Aligned with Product Lifecycles

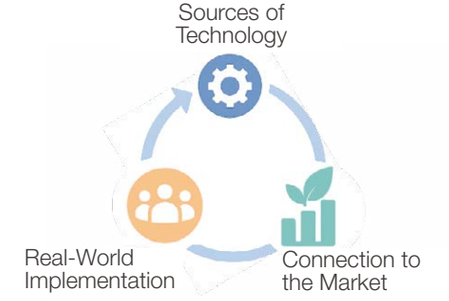
We divide the product lifecycle into four business stages: CTB, GTB, MTB and WTB,* setting guidelines for IP-related activities by stage and promoting business-integrated initiatives. CTB is the early stage of creation where we research prior technology and conduct industry analysis in order to create new businesses and technologies. Looking ahead, we identify areas to focus on in building our portfolio and recommend co-creation as needed. GTB is the growth stage, where we expand IP portfolios based on competitor trends with products and services already introduced to the market as a starting point, and work on initiatives to support business expansion. MTB is a maturation stage, where we manage portfolios with cost management in mind—shifting the focus to considerations of optimization such as utilizing existing technology in other businesses, as well as the sale and monetization of businesses. WTB is the final stage, where we aim to maximize value by focusing on utilization of both technology in next-generation businesses and IP. Through IP-related activities that align with product lifecycles, we promote the construction of IP portfolios suitable for business.



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

"Innovation Spiral-Up" for New Business Areas

As one of our key initiatives for new businesses, particularly those in the CTB stage, we work to create a cycle ("innovation spiral-up") that starts with our core technologies, explores opportunities for co-creation and open innovation, connects these technologies to the market, and ultimately brings them into real-world use. Specifically, our Technology Division and Sales Division work together to cycle through three processes: "identifying core technologies (sources of technology)," "marketing core technologies (connecting to the market)," and "market validation, demonstration, and introduction (real-world implementation)." By repeating these processes, we aim for ongoing improvement, further advancing existing core technologies and acquiring new ones. As part of this initiative, the IP Department is involved from a research and analysis perspective. For example, in the process of "identifying core technologies," the department helps organize and systematize our technologies and strengths, and assesses their positioning and competitive advantages. By adding objective IP data to this research and analysis, the department helps build a shared understanding of our strengths and identifies potential markets and partners, leading to the exploration of new business opportunities through co-creation and open innovation.



Supporting Global Markets and R&D

Protecting our IP in the global market is a key part of building IP portfolios. We register trademarks to protect our brands in major countries around the world and acquire rights in individual countries for inventions originating at our development locations in Japan, while also proceeding with the appropriate acquisition of rights in major countries for inventions created at our development locations worldwide. To promote these efforts throughout the Alps Alpine Group, we have revamped our IP database and business platform and are working to embed their use, enabling centralized global management and coordination of inventions and IP rights applications originating both in Japan and abroad.

Manufacturing Strategy Supporting Business and Local Communities



Hiroshi Yamagami
Senior Vice President
Head of Manufacturing Solutions Headquarters
(CPEO, CLO)
CPEO: Chief Production Engineering Officer
CLO: Chief Logistics Officer

We will transform manufacturing globally, starting from the resolution of social issues, to enhance corporate value and build locally rooted foundations for autonomous growth.

Policies and Strategies

The manufacturing environment is undergoing a complex series of changes, including rising geopolitical risks, growing demands for decarbonization and economic security, advances in digital technology, and labor shortages. Amid soaring raw material prices, fluctuating energy costs, rising wages, and tighter regulations governing domestic logistics and other areas, companies are under greater pressure than ever to improve productivity while maintaining stable supply.

Alps Alpine views manufacturing not simply as a production activity, but as an area for creating value, and is working to realize Vision 2035. By advancing and further refining process design and production technologies, we will build a production system that combines consistent quality with high efficiency while promoting flexible, resilient manufacturing that minimizes dependence on particular individuals or sites. Specifically, in addition to improving productivity by developing and introducing next-generation manufacturing, we will establish production processes that reduce environmental impact and make effective use of resources. To improve logistics efficiency, we will also digitally integrate procurement, production, and sales from end to end. By optimizing operations as a whole, including inventory, supply, and logistics, we will build a seamless supply chain with a focus on capital efficiency.

The Mid-Term Business Plan 2027 identifies stronger domestic manufacturing competitiveness as a key strategy. Of the ¥80 billion allocated to strategic investment, ¥40 billion will be focused on improving manufacturing competitiveness. We will increase operational efficiency by reorganizing production sites and strengthen cost competitiveness by developing highly versatile production equipment. Through these initiatives, we will advance domestic production capabilities while enhancing the competitiveness of our entire global production network.

Next-Generation Manufacturing Initiatives

As the business environment changes, conventional production systems that depend on individuals and optimize operations separately are making it increasingly difficult to secure business continuity and profitability. The next-generation manufacturing we are pursuing is a production model that ensures repeatability and scalability while continuously strengthening competitiveness.

To realize this model, we are systematically organizing production from the perspective of the 4Ms: people (manpower), machines, methods, and materials, while standardizing process design and equipment specifications in coordination with product design. This will enable us to build a production system that can reproduce the same levels of quality, productivity, and lead times globally. We will also centrally manage and visualize operating and quality data collected from production equipment and individual processes to advance data-driven production management. By detecting early signs of abnormalities and quickly implementing corrective and recurrence-prevention measures, we will eliminate dependence on individual expertise in frontline responses and establish a stable, continuous improvement cycle.

We are also building automated processes based on the principle that people should focus on work that only people can perform. These initiatives are intended not merely to reduce labor requirements, but to shift toward a system in which employees can concentrate on high-value-added work, technological innovation, and improvement activities. An automated model line is scheduled to begin operating at the Furukawa Plant 2 in Osaki, Miyagi Prefecture, in 2027. An automated model line is scheduled to begin operating at the Furukawa Plant 2 in Osaki, Miyagi Prefecture, in 2027. By rolling out the production platform established at this plant globally, we will further strengthen our manufacturing capabilities.

Vision for Transformation through Next-Generation Manufacturing

Process and Elemental Technology Development Framework	Automated and Labor-Saving Factories	Integrated Data-Based Monitoring System
		
Standardization of Manufacturing Methods and Processes	**Autonomous Operation and Automatic Recovery**	**Centralized Management of All Data**
Reduce issues during product launches	Minimize business losses and workloads on employees	Record and analyze all shop-floor data to drive continuous improvement

Manufacturing Strategy Supporting Business and Local Communities

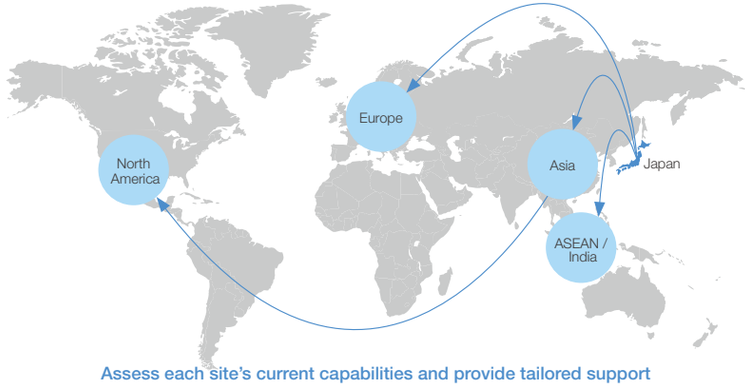
Production System and Site Strategy

We operate production sites in five regions worldwide (Japan, the Americas, Europe, China, and Asia) and are working to build an optimal production network tailored to the characteristics of our businesses and market needs. Our basic policy is to accurately assess changes in the external environment and to allocate management resources strategically and flexibly to the areas required for business operations.

In determining the structure of our global production sites, we avoid focusing solely on short-term cost efficiency and instead emphasize medium- to long-term considerations, including supply stability, resilience through geographic diversification, and the ability to respond to future growth opportunities. Based on this approach, we continually review the roles and positioning of each site and are building a production system capable of adapting flexibly to change.

As market conditions become increasingly complex, we believe that manufacturing that makes maximum use of the distinctive strengths of each region and plant will help ensure business continuity and enhance competitiveness. As part of this effort, we conduct surveys that enable our global production sites to be compared and analyzed using common evaluation criteria, thereby visualizing the competitive advantages and structural issues of each site. Based on the survey results, we are developing a framework that selectively reinforces strengths while enabling sites to complement and support one another in addressing challenges.

Through these initiatives, we will give each site greater autonomy and encourage faster decision-making and execution. At the same time, we will expand regional originated products (ROPs), which are products and services planned and developed locally in response to regional markets and customer needs. By transitioning to a system in which local sites take the lead in creating value, we aim to secure sustainable competitiveness in an era of change.



Assess each site's current capabilities and provide tailored support

Medium-Term Priority Theme

Our sustained growth over many years has been underpinned by a solid foundation comprising the precision component-processing technologies we have refined since our founding and the in-house mold-making system that supports them. As products become increasingly sophisticated, ultra-precision processing requiring accuracy from the micron down to the nanometer level has become a core element of our competitive advantage. We have established a globally integrated system for precision processing and molds, the source of our added value, under which every process from design through fabrication is completed in-house. This enables us to launch high-precision, high-quality products rapidly while maintaining strong cost competitiveness.

To maximize this competitiveness worldwide, our mold-making sites in each region share expertise and advance their capabilities by complementing one another technologically. This allows us to maintain world-class technological standards while responding flexibly to rapidly changing market needs, optimizing production globally, and strengthening the resilience of the entire supply chain.

Mold fabrication, however, requires advanced skills and tends to depend heavily on the experience of skilled personnel. We therefore recognize the transfer of technical expertise as an important management issue. To address it, we are advancing digital transformation (DX)-based initiatives, including using simulations to clearly document the rationale behind designs and establishing a knowledge-sharing platform by accumulating and analyzing mold-production data and past problem cases. In addition to developing younger talent, we are focusing on training instructors who can systematically articulate and pass on the tacit knowledge of experienced personnel. Through these comprehensive activities, we will pass the spirit of manufacturing inherited since our founding to the next generation while driving further technological advancement and sustained enhancement of corporate value.

Theme	Measures	Outcomes	Value Created
Development of high-precision processing technologies	Advance nano- and micron-level processing technologies	Establish technological superiority	Creation of high-value-added products
	Explore digital feedback control for processing errors		
Development of advanced elemental technologies	Integrated development of materials × processing × design (strengthening DFM*)	Stronger development capabilities	Greater competitiveness in future markets
	R&D through industry-academia-government collaboration		
Strengthening the global mold supply system	Stabilize the global supply of molds, jigs, and tools	Stronger global supply capabilities	Greater customer trust and business continuity
Sustainable production	Reduce waste generated by production activities	Reduced environmental impact	Contribution to a sustainable society
	Reduce electricity consumption at production sites		
Strengthening human resources	Skills certification system	Transfer skills to the next generation	Sustained improvement in organizational planning capabilities
	Develop multiskilled workers	Stronger shop-floor responsiveness	

*DFM: Design for manufacturing

Overview of Business Operations / Component Segment



Yuji Suda
Vice President
Components Business & Production

Segment Strengths

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

* Quality, Cost, Delivery

Progress on the Mid-Term Business Plan 2027

The launch of new products for the highly profitable automotive and amusement markets is progressing as planned. Accordingly, new products are expected to increase from 8% of net sales in FY2024 to 15% in FY2027, in line with the plan. Our locally integrated operations in China are also growing steadily as a medium- to long-term growth driver, supported by stronger local customer responsiveness and cost competitiveness. In addition, our efforts to reassess domestic production costs have produced benefits exceeding the initial plan. We will continue making improvements in response to changes in the external environment.

Operating Environment of the Component Segment

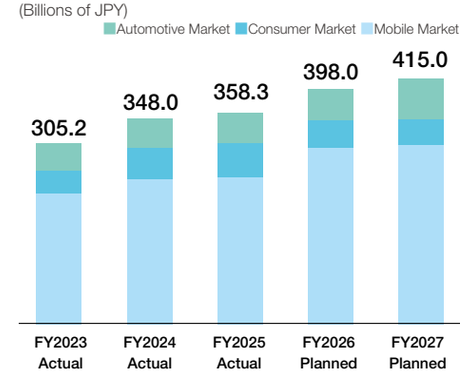
In the automotive market, demand for switches temporarily declined as touchscreens became more widely used for vehicle controls. In recent years, however, the shift back to physical controls has driven a recovery in demand. Demand for premium features, previously concentrated in Japan, Europe, and North America, is also expanding in China and India, increasing requirements for consistent tactile feel and quality across in-cabin controls. We have generated numerous inquiries by applying sensitivity engineering, one of our core technologies, to meet customer needs for a consistent tactile feel across multiple switches.

In the mobile market, demand remains strong, while increasingly advanced, higher-value cameras are driving greater demand for actuator products. To meet this demand, we have been making upfront investments in these products since FY2025, strengthening the foundation for capturing future demand and improving profitability.

Recent Performance and Future Plans

Net sales for this segment increased by ¥10.3 billion to ¥358.3 billion in FY2025, supported by firm demand across the automotive, mobile, and consumer markets. In FY2026, we expect growth from the mandatory adoption of automotive safety-function switches, tighter regulations, and new product launches. In the mobile market, higher unit prices resulting from greater added value and an expansion in production scale are also expected to contribute. We therefore plan a substantial increase in net sales to ¥398.0 billion. In the consumer market, however, we expect lower sales due to declining amusement-related demand.

Net Sales Levels and Plans



As we move toward FY2027, we plan to launch new products and expand market share in response to the return to physical controls and growing demand for premium features in the automotive market, raising net sales to ¥415.0 billion. Operating income is expected to decline temporarily due to higher depreciation associated with upfront investments to be made in FY2026, but is planned to recover to ¥35.0 billion in FY2027. Specifically, we expect an increase of approximately ¥2.2 billion from discontinuing unprofitable products and replacing them with new products, approximately ¥3.0 billion from fixed-cost reductions achieved by improving investment efficiency in the actuator business, approximately ¥1.8 billion from sales growth driven by new product launches and market share expansion in the automotive market, and approximately ¥2.0 billion from reducing losses and improving variable costs.

Although we expect foreign exchange fluctuations to reduce operating income by approximately ¥2.0 billion, we believe these structural reform measures will be sufficient to offset the impact. Going forward, we will further improve our earnings structure while expanding sales, shift away from a profit structure highly dependent on sales volume, and establish a sustainable trend of profit growth.

Growth Strategies

- Establish an integrated development, production, and sales framework within China
- Launch new products for automotive applications
- Expand automotive products into the Indian market
- Strengthen actuator development, production, and quality management systems
- Turn new product development projects combining core technologies and open innovation into tangible results

Focused Products (New)

- Passive devices developed within China for the automotive market
- Physical switches for automotive control panels (pursuing optimal tactile feel based on sensitivity engineering)
- Multifunctional input devices for amusement applications
- Lens actuators for smartphones
- Products applying actuator technologies (sensitivity engineering, SMA, etc.)

Overview of Business Operations / Component Segment

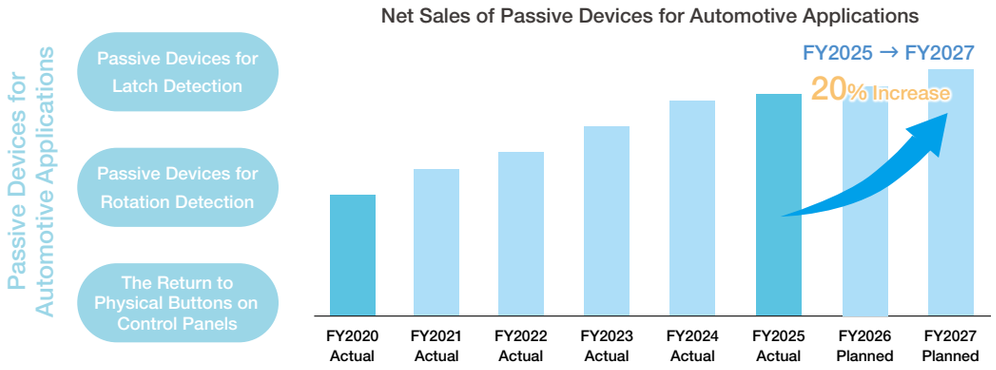
Priority Measures and Focus Areas

We have positioned passive devices for automotive applications as a growth driver and are targeting a 20% increase in net sales from FY2025 to FY2027. We aim to deliver this growth by steadily advancing initiatives centered on devices for latch and rotation detection, and by accurately capturing the shift back to physical buttons on control panels.

Latch detection devices are used to detect the opening and closing of vehicle doors and trunks and the operation of electronic shifters. Demand is expanding as vehicle mechanisms become increasingly electronic and requirements for more advanced functionality and higher quality grow, while safety and reliability standards are also becoming more stringent. By responding to expanding demand in Asian markets, as well as in Greater China, we plan to increase our market share from approximately 55% in FY2025 to 70% in FY2027.

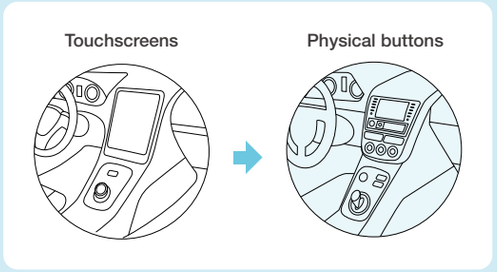
In the rotation detection field, automotive applications are expanding beyond air-conditioning systems (HVAC mode detection) and angle detection for headlights and door mirrors to include charging-port lids and grille shutters for EVs. We are also expanding into non-automotive fields such as robot joints and residential equipment, broadening the base of demand. In addition, growing requirements for greater precision and higher quality are prompting customers to shift from in-house production to external procurement, creating more opportunities for our products to be adopted.

By responding to these market changes and expanding applications in both the automotive and consumer fields, we will broaden our business domains and strengthen our earnings base.



PRODUCT REVIEW

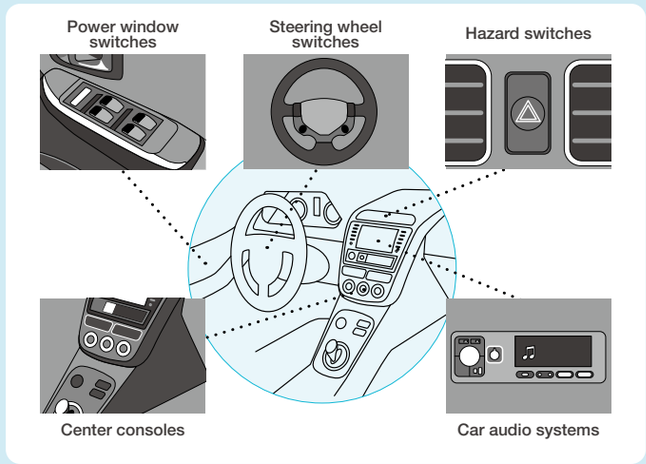
The Return to Physical Buttons on Control Panels



In recent years, automotive interfaces have been shifting from touch-panel-centered control systems back to physical buttons that place greater emphasis on safety and operability. Safety assessment organizations such as Euro NCAP are calling for reduced eye movement and cognitive load while driving, leading to renewed recognition of the effectiveness of interfaces that enable intuitive tactile operation compared with touch controls that require drivers to look at a screen.

Against this backdrop, the adoption of physical switches and dials that can be operated without looking and which provide clear feedback is once again expanding. Our component products are widely used in key in-cabin control areas, including center consoles, power windows, steering wheels, and hazard switches, and demand is growing steadily.

Building on the contact, mechanical structure, and resistor technologies we have cultivated over many years, our strengths lie in the consistent quality and stable supply enabled by our advanced production technologies. We also respond to increasingly diverse customer needs through our extensive product lineup and custom design capabilities. In addition, we apply our expertise in sensitivity engineering to provide added value by optimizing operating feel and tactile feedback, helping to improve the in-cabin operating experience while ensuring safety. Going forward, we will continue monitoring changes in markets and safety standards, developing products that leverage our proprietary technologies, and pursuing sustainable growth and the creation of social value.



Overview of Business Operations / Sensor and Communication Segment



Masaaki Tanaka
Vice President
Sensor & Communication Business and Production

Segment Strengths

- ▶ Leveraging our core technologies, we can provide one-stop edge processing that spans everything from feature extraction using multiple sensors to software-based data processing, decision-making, and prediction
- ▶ A business model that delivers solutions in a wide range of formats, from sensor devices to modules, according to market needs

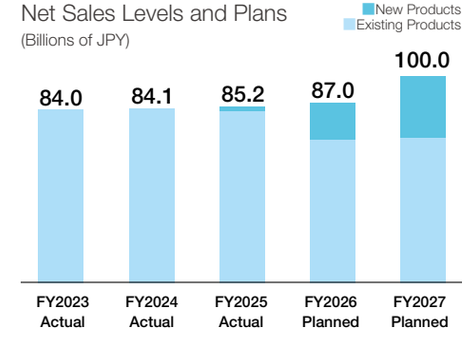
Progress on the Mid-Term Business Plan 2027

Under the Mid-Term Business Plan 2027, this segment is transforming its portfolio by shifting from a business structure centered on existing products to one focused on new products. Although market trends have delayed the launch of new products, development has been completed, and the products have entered the mass-production stage, meaning that steady progress is being made in establishing a foundation for business growth. To achieve further growth, we are also promoting open innovation through collaboration with other companies, in addition to making strategic investments. Through these efforts, we are creating new products and building new value chains to turn our next growth drivers into concrete businesses. The segment is steadily advancing initiatives towards its FY2027 targets of ¥100.0 billion in net sales, new products accounting for 30% of net sales, and an operating income margin of 4.0%.

Operating Environment of the Sensor and Communication Segment

As mobility becomes more sophisticated and society increasingly automated and smart, sensing technology is evolving beyond a foundation for safety and security into a core technology that creates value from data. In the automotive security and access field, the shift from analog keyless systems to digital keys is progressing, with market launches scheduled to begin in FY2026. We also expect to deploy this technology in non-automotive markets. Furthermore, growing safety needs are driving demand for millimeter-wave sensors that monitor vehicle interiors and detect obstacles, providing a foundation for the segment's business. Meanwhile, increasing demand for data processing as AI and robotics become more widespread is expanding the optical communications market for data centers. The markets surrounding this segment are therefore expected to continue achieving strong growth.

Recent Performance and Future Plans



In FY2025, this segment was in an investment and preparation phase for transforming its business structure, recording net sales of ¥85.2 billion. Net sales are planned to increase by approximately 2% to ¥87.0 billion in FY2026. This limited growth reflects delays in the launch of certain new products following automakers' reassessment of their strategies for shifting to battery electric vehicles (BEVs). Meanwhile, the continued supply of existing products will maintain a stable level of sales, while the development and rollout of new products are also progressing. As a result, new products are expected to increase from 5% of net sales in FY2025 on an actual basis to 20% in FY2026.

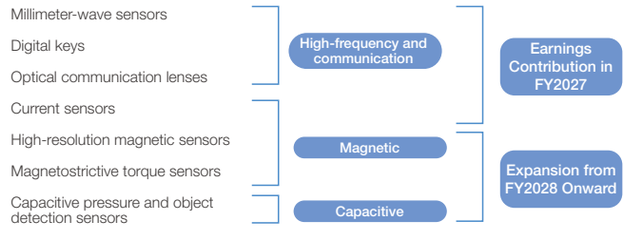
In addition to the traditional automotive market, this segment is pursuing medium- to long-term growth in new fields such as AI servers, industrial equipment, and consumer products, laying the groundwork for expanding its future earnings base. Orders have already been secured for approximately 90% of the new products scheduled for launch in FY2027, providing a high degree of certainty regarding sales growth. These products are concentrated in high-value-added fields and are expected to improve profitability while expanding sales.

In terms of earnings, the segment expects to return to profitability in FY2026, followed by full-scale profit growth in FY2027 as new products begin contributing. Going forward, we will improve profitability and strengthen the business foundation by changing the sales mix, including through expansion in non-automotive fields.

Growth Strategies

- Build new value chains through open innovation and enter and expand business in growth markets
  - · AI servers
  - · Robotics
  - · Industrial equipment (construction machinery, semiconductor manufacturing equipment, inspection equipment, etc.)
- Accelerate the shift away from an automotive-centered business by expanding business in the mobile, industrial equipment, and consumer markets

Focused Products (New)

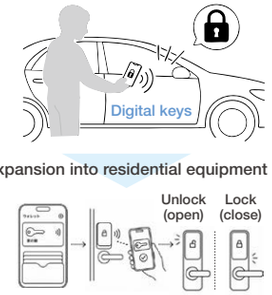


Overview of Business Operations / Sensor and Communication Segment

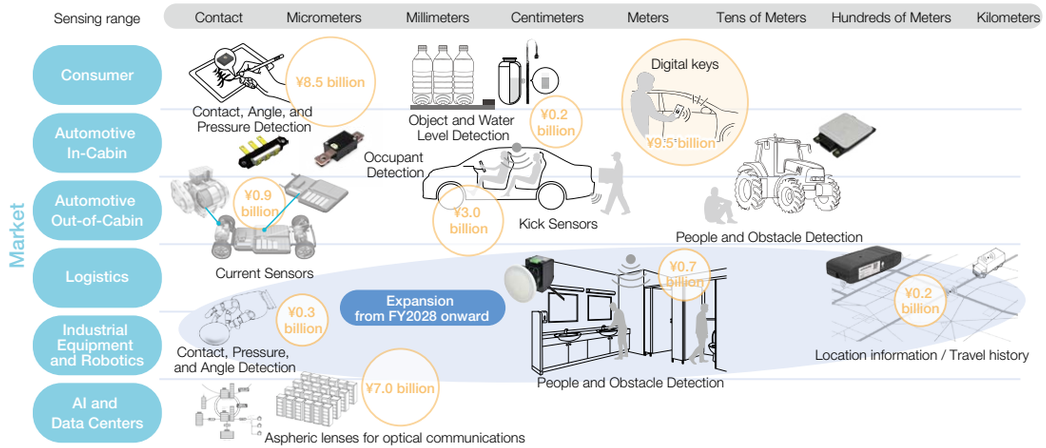
Priority Measures and Focus Areas

We are focusing on digital keys as a key driver of growth for this segment. Digital keys combine sensing and communication technologies to provide more sophisticated vehicle access capabilities while creating new user experiences through cloud-based data integration. Compared with conventional physical keys and analog keyless systems, digital keys offer greater safety and convenience, while also enabling ongoing feature enhancements and services through over-the-air (OTA) updates. Mass production has begun, primarily for automakers.

We provide the entire ecosystem, including servers responsible for issuing, authenticating, and managing keys. The server platform functions as a hub for user data and service integration, making it a critical layer that determines the value of the overall system. By providing this ecosystem as a one-stop solution, we are strengthening collaboration with manufacturers and partner companies and expanding into diverse fields such as motorcycles and residential equipment. At the same time, we are building recurring revenue models and establishing a competitive advantage.



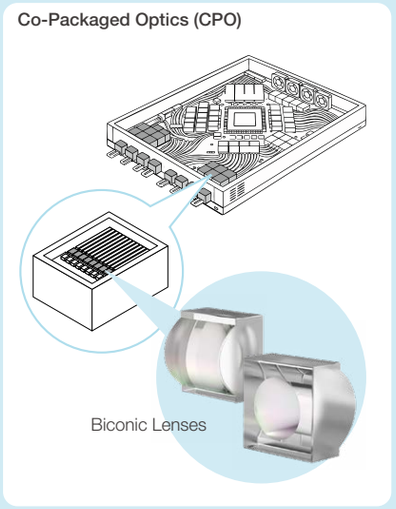
We are also expanding our lineup of products that utilize sensing technologies. As we broaden our sensing range to cover everything from contact to long distances, we are combining these technologies with millimeter-wave sensors, high-resolution magnetic sensors, optical communication lenses, and other products to create new data value that connects people, objects, and spaces and to expand their applications.



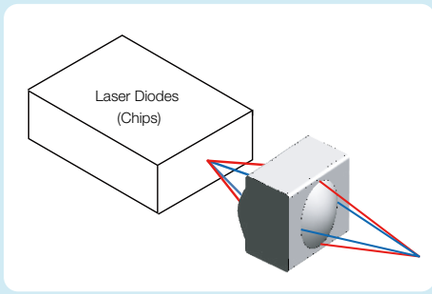
PRODUCT REVIEW

Biconic Lenses: Optical Technology Supporting High-Density Communications in the AI Era

In recent years, the spread of AI and the expansion of cloud services have driven a rapid increase in data center communications traffic. As a result, optical transceivers must deliver not only higher speeds and greater capacity but also lower power consumption, making advances in optical communication technologies essential. Laser light sources are consequently becoming more powerful, making efficient optical coupling and low-loss transmission critical challenges for both data center performance and power consumption.



Our biconic lens is an optical component developed to meet these needs. It features different curvatures in the horizontal and vertical directions, allowing it to control asymmetric optical beams. With high-power light sources, the divergence angle varies substantially by direction, making adequate correction difficult with conventional rotationally symmetric aspheric lenses. By combining the curvature in each direction, however, our lens effectively controls asymmetric divergence and achieves high optical coupling efficiency. This helps reduce optical transmission loss, decrease the number of lenses required, and lower power consumption throughout the system.



Advances in photonic-electronic convergence technologies are expected to drive even greater demand for high-density, high-speed communications infrastructure. Improving data center power efficiency and packaging density is also becoming increasingly important. As a key device that responds to these market changes, our biconic lens will help improve the performance of next-generation optical communications through its outstanding optical coupling performance.

Overview of Business Operations / Mobility Segment



Yoshikatsu Watanabe
Senior Vice President
Mobility Business

Segment Strengths

- ▶ High in-house software development ratio
  + Extensive track record in large-scale software development
  + High-speed integration technology essential for SDVs
- ▶ Input and output element technologies that engage the five senses (sensing, audio, and visual technologies)
- ▶ Sound technology unmatched by competitors in the in-vehicle electronics field

Progress on the Mid-Term Business Plan 2027

In FY2025, the first year of the Mid-Term Business Plan 2027, vehicle sales exceeded expectations. Together with the benefits of yen depreciation and an improved product mix (fewer unprofitable products and more high-value-added products), this resulted in net sales of ¥555.0 billion, up 3.3% year on year, and operating income of ¥14.1 billion, up 152.6% year on year. From FY2026 onward, we will steadily advance cost structure reforms alongside further improvements to the product mix to strengthen our underlying profitability. We will pursue sustainable growth while working to achieve an operating income margin of 5% in FY2027, the final year of the Mid-Term Business Plan 2027.

Operating Environment of the Mobility Segment

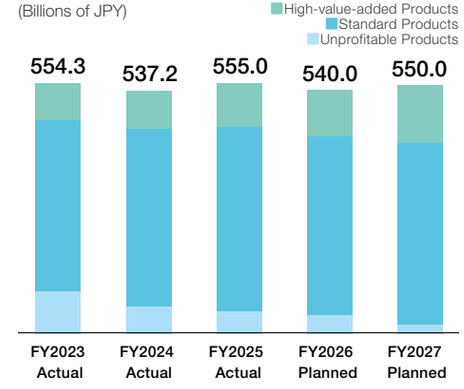
EVs had been expected to become more widespread as environmental awareness increased, but policy revisions in various countries have slowed their adoption. The automotive industry is consequently restructuring its vehicle development and sales strategies, increasing uncertainty in the composition of demand. Higher tariffs and stricter regulations are also raising costs, while development structures are becoming more complex, memory supplies are tightening, prices are soaring, and energy-related supply chain risks are emerging. Ensuring stable supply has therefore become a critical priority.

Meanwhile, advances in autonomous driving technologies are increasing demand for greater in-cabin convenience and comfort, while requirements for safety and peace of mind are becoming increasingly sophisticated. As software-defined vehicles (SDVs) become more prevalent, electronic control units are being consolidated, and the source of added value is shifting from hardware to software and system integration. We view these structural changes in the industry as growth opportunities and will pursue initiatives to reform our business structure and create added value.

Recent Performance and Future Plans

We have been transforming the segment's earnings structure by reducing unprofitable products, shifting toward high-value-added products to improve the product mix, lowering costs, and reducing fixed costs. Meanwhile, uncertainty in the mobility market is increasing due to revisions to development and sales strategies prompted by slowing EV adoption, as well as geopolitical risks, higher tariffs, and rising costs. We will respond to the fundamental implications of these changes and pursue sustainable growth by executing our growth strategies.

Net Sales Levels and Plans



The Digital Cabin domain will be the core driver of growth in this segment. Centered on the Cabin Domain Controller (CDC), we will provide integrated solutions combining sensing and software technologies to enhance the value of the in-cabin experience. As the source of added value shifts from hardware to software, we will establish a competitive advantage in high-value-added fields while transforming our business model as one of the pillars supporting our growth strategy. In addition to supplying components as a traditional Tier 1 supplier, we will evolve toward creating value by participating from the planning stage. We will also create new earnings opportunities by building recurring revenue models through software updates and expanding circular businesses, including those involving used vehicles.

Through these initiatives, we will achieve an operating income margin of 5% in FY2027 and transition to the next phase of growth. Over the medium to long term, we will seek to improve capital efficiency while achieving sustainable growth and maximizing corporate value.

Growth Strategies

- Drive growth through the CDC-centered Digital Cabin
- Propose solutions that enhance the value of in-cabin space by combining our integration technologies with the strengths of our collaborative partners
- Secure package business by participating from the planning stage and creating sensing products
- Expand circular businesses
  (enhance the value of used vehicles through new exteriors and added functionality)

Focused Products (New)

- CDC at the core of the Digital Cabin
- CDC-related input and sensing products
  (e.g., cabin monitoring systems)
- Products and new services leveraging software and sensing technologies that enhance the value of in-cabin space

Overview of Business Operations / Mobility Segment

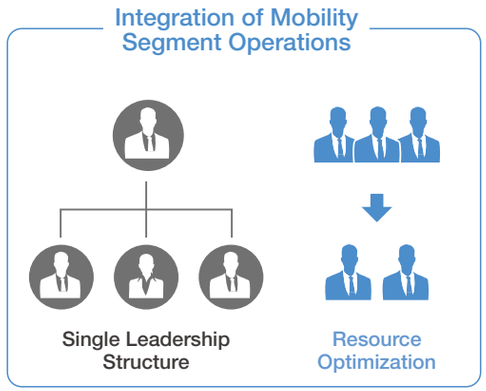
Priority Measures and Focus Areas

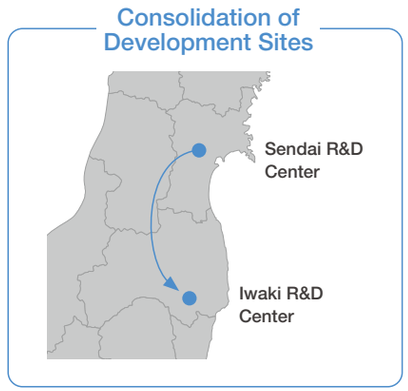
The segment operates in a business environment where the effects of external factors, including customers' revisions to development plans, geopolitical risks, and laws and regulations, make it difficult to secure stable earnings by continuing with conventional approaches. In response, we are reforming our business structure around the optimization of fixed costs to improve profitability.

Specifically, we are consolidating development and production sites to eliminate overlapping functions and improve operational efficiency. Reorganizing our domestic and overseas sites has reduced administrative costs while accelerating decision-making and streamlining organizational management. We are also consolidating development functions at the Iwaki R&D Center and transitioning from a decentralized to a centralized structure. This allows us to improve productivity and reduce costs by optimally deploying development resources.

As part of our efforts to reduce development workloads and accelerate development, we are standardizing and systematizing development processes. By shifting away from development that relies on individually tailored responses and improving efficiency, we aim to control fixed costs while increasing development speed. We are also optimally allocating resources to reduce overall fixed costs, including those in indirect functions, and are transitioning to a cost structure that is less susceptible to fluctuations in sales volume.

We will continue optimizing fixed costs and improving efficiency to build an earnings base resilient to changes in the external environment and sustainably enhance our earnings capabilities.





PRODUCT REVIEW

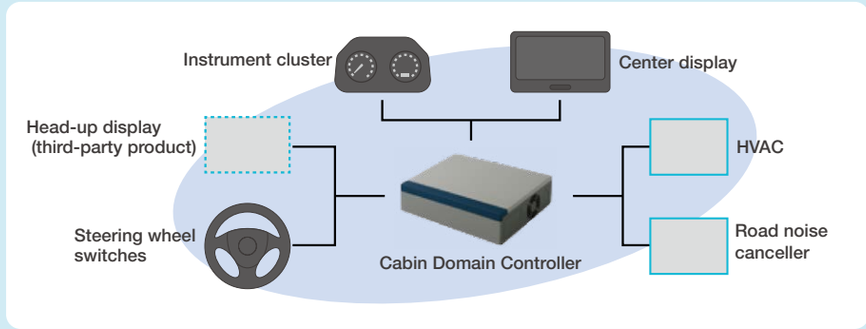
Cabin Domain Controller Integrating In-Cabin Value


Cabin Domain Controller

As autonomous driving and vehicle electrification advance, the mobility market is placing greater importance on the quality of time spent inside vehicles, raising expectations for technologies that shape the user experience. Meanwhile, as technological advances widen disparities in access to information, known as the digital divide, and demographic changes increase the number of vulnerable people, including older adults, creating mobility environments that everyone can use safely and confidently has become an important social issue.

With the Digital Cabin domain at the core of our efforts to create value in in-cabin spaces, we aim to realize a world in which people and spaces are seamlessly connected. The CDC is the central product supporting this vision.

In conventional vehicles, functions such as infotainment, instrument clusters, head-up displays, HVAC (heating, ventilation, and air conditioning), and cameras operate through separate ECUs (electronic control units), limiting optimization and scalability across the overall system. By integrating these functions, the CDC transforms the system architecture and enables unified software-based control. In addition to simplifying hardware and reducing costs, it supports the ongoing addition of features and further system enhancements through software updates. It also combines our strengths in sensing and acoustic technologies, linking recognition by cameras and sensors with the optimal presentation of information through displays and sound systems. In this way, it helps improve the mobility experience by delivering both safety and comfort.





DIALOGUE

Accelerating Corporate Transformation and Value Creation Through DX and AI

How will DX promotion and AI utilization support Alps Alpine's growth and achievement of Vision 2035? The two people responsible for both DX promotion and information system infrastructure discuss their current positions and future prospects.



From DX Enhancement to AI for Transformation

Iizawa: The term “DX” has been in widespread use for some time now, and our digitization has progressed gradually and steadily—replacing paper- and Excel-based processes with systems and databases. While some aspects of work have become more efficient, there were few instances of major change. We achieved some results, but my honest impression was that they were limited to optimization of individual sites, and were more of an improvement than a transformation. However, efforts are now beginning to emerge that will fundamentally change our entire business process, with about 70% of employees now using generative AI, and its application expanding into software development as well. We believe that how well we utilize this technology will have a major impact on future growth.

Yamatoya: Previous initiatives focused on IT for the purpose of improving operational efficiency and individual optimization, but did not reach the point of changing decision-making in management and operations. We handle a variety of types of data, but there are many instances where even the same type may be defined differently or collected for different purposes, often requiring considerable time to reconcile figures in the absence of a shared language. For example, even key management indicators such as “demand” and “inventory” differ across departments in how they are defined and what data they include, so discussions often have to begin by establishing a shared understanding of what the figures mean. However, advances in AI are paving the way to automated integration and organization, and even being able to harness this data to predict business conditions.

We believe that building a foundation in this way to make faster, more accurate decisions and respond swiftly to a changing business environment is key to unlocking our growth potential.

Transformation Expanding Across Both Operations and Management

Yamatoya: We promote Companywide digitalization through two core organizations: the DX Promotion Office and the Information Systems Department. The DX Promotion Office, which I head, serves as a Companywide control tower, leading management transformation through DX. Specifically, we design DX themes based on management issues, and work with operational departments and the Information Systems Department to prioritize measures and integration from the perspective of overall optimization.

The DX Promotion Office prioritizes building a system that allows for continuous and autonomous change, as opposed to simply completing individual measures. To this end, we are developing talent, systems, and processes that embed these changes. By designing changes in organizations, operations, and people in an

integrated manner and providing support extending to changes in actual work practices, we aim for DX that leads to sustainable increases in corporate value.

Iizawa: The Information Systems Department's mission is to build a robust IT infrastructure that supports the enhancement of corporate value. IT departments are often seen as cost centers, but we aim to transform our department into a driver of value creation. As part of this effort, we are working to broaden the base of AI utilization. For example, since last year we have been holding Companywide Copilot contests, with all employees participating in judging entries, which are then published on the portal site—creating opportunities for them to learn about the creative ways their colleagues are using Copilot. As a result, the number of Copilot users has increased by more than 1,000, with more employees across age groups and job types experiencing success, building momentum to transform business operations through AI.

Working to Achieve Data-Driven Management

Yamatoya: Our current goal is to expand initiatives like this beyond individual sites to operations and management broadly. Data-driven management, which we have identified as a materiality, can transform decision-making from the three perspectives of explanation, prediction, and control. In other words, it means being able to accurately explain the current state of management through data, predict the future, and further verify and control the results of decision-making using data. This will enable management to select more reliable scenarios, business departments to make decisions based on KPIs, and operational departments to make daily decisions based on real-time data. Our goal is to improve the quality and speed of decision-making at all levels, transforming us into a stronger organization.

Iizawa: To enhance the sophistication of decision-making throughout the Company, it is essential to provide an environment where everyone can use AI with confidence. Looking ahead, as AI agents become more widespread, we also expect AI to be incorporated into products and services and to be used to make decisions in the development process. It is difficult for the Information Systems Department alone to foresee and address these issues, so we established a cross-functional team to strengthen AI governance with participation from related departments, including Legal, Technology, and Production, as well as the Governance Promotion Office. The issue we are currently considering is how to establish policies for proactive use in addition to our existing risk-mitigation policies. Rather than excessively restricting use to avoid risks, we believe that establishing guardrails that allow users to focus on using AI with confidence will enable us to promote use while also appropriately managing risks.

Embodying Our Corporate Vision Through the Transformation of Business Activities

Iizawa: Looking at the effects of DX and AI in three layers: strengthening management resources, transforming business activities, and enhancing products and solutions, we believe that the biggest impact will be on the transformation of business activities. This is because this area has the greatest potential to move beyond the simple improvement of the past and shift into transformation, with the results spreading to the enhancement of products and solutions and the creation of business processes that generate profit. However, the key players are our people. Simply replacing existing operations with AI is essentially the same as replacing paper and Excel with systems and databases. As we engage with AI, I believe it is essential that we continue to think about what only humans can do if we are to achieve fundamental change.

Yamatoya: The Corporate Vision is: "Shaping a Future Where Technology Extends Your Senses," and we believe that DX is a core means of achieving this. This way of thinking applies to our products and services, as well as our business activities themselves. Ultimately, the driving force behind reviewing existing business processes and creating unprecedented added value is the sensibilities of each and every employee. With the spread of AI, the role required of employees will shift from "what to analyze" to "what questions to pursue and what decisions to make." For this reason, AI is not a replacement for humans, but a partner that enhances the quality of judgment. We believe that becoming a company that integrates technology with human sensibilities and continues to adapt flexibly to change will lead to sustainable improvement in corporate value.

Iizawa: In our value creation process, we have placed bridging the digital divide at the starting point of our business activities. While technological evolution brings convenience, it can also create new disparities between those who are able to use it and those who are not. I believe that the phrase "Extends Your Senses" embodies our desire to deliver technology that is so natural that you won't even notice that you are using it, yet provides genuine convenience and leaves no one behind. This is an issue we are addressing externally, but it also exists internally. Companywide DX promotion and AI utilization are directly connected to our vision of providing technology without societal disparity. In order to achieve Vision 2035, we aim to become a company where working alongside AI is commonplace.

03

SECTION

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Corporate Governance

The Alps Alpine Group's Corporate Governance

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

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

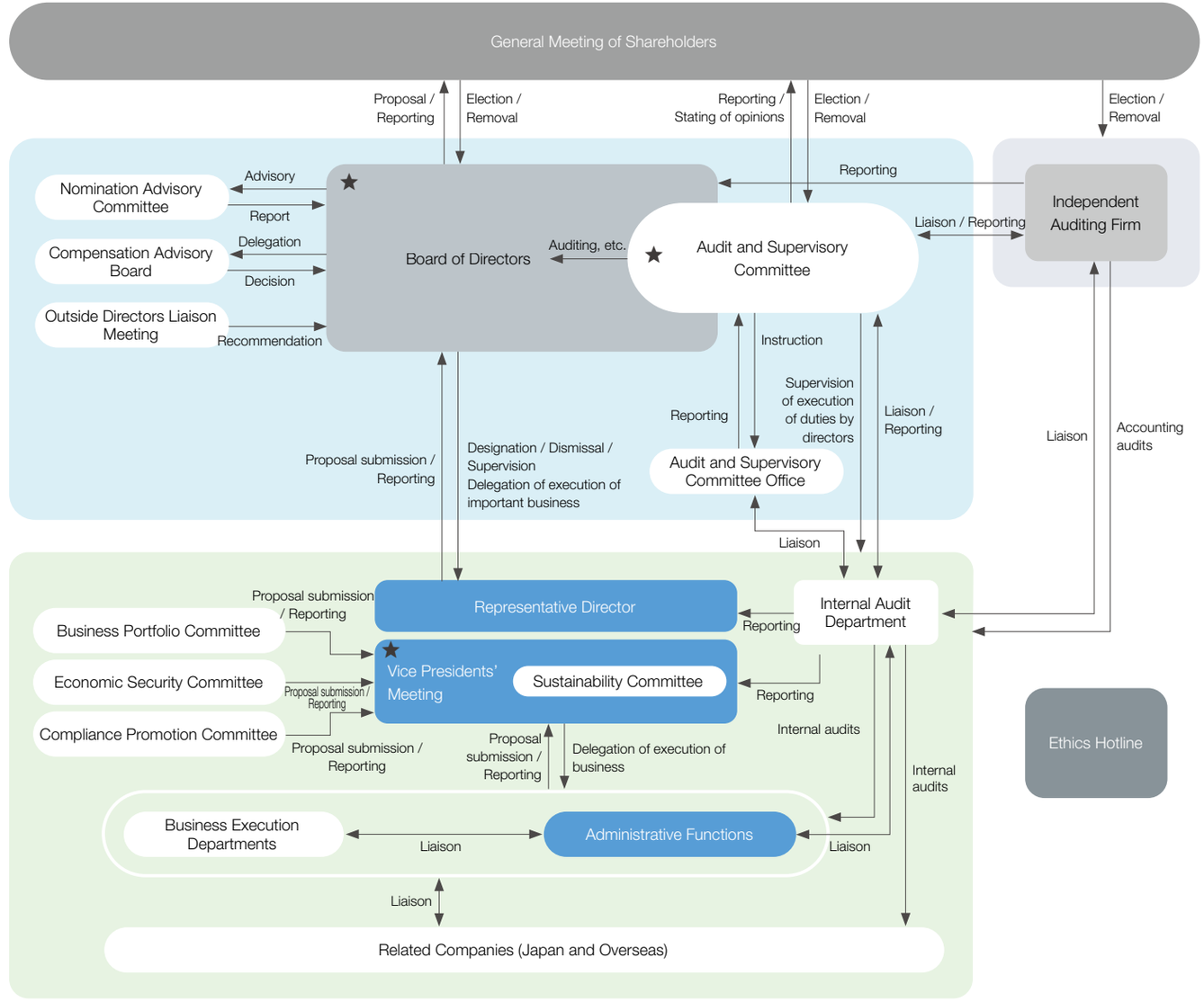
In addition, to fulfill our responsibilities to stakeholders and realize effective corporate governance, we have established the Alps Alpine Co., Ltd., Corporate Governance Policies and disclose them on our corporate website.

Alps Alpine Co., Ltd., Corporate Governance Policies

Corporate Governance Structure

Alps Alpine has adopted a company structure with an audit and supervisory committee system as its organizational design, and the Audit and Supervisory Committee, which is independent from executive officers, audits and supervises the activities of the Board of Directors in close cooperation with accounting auditors and the Internal Audit Department. In addition, the Nomination Advisory Committee and the Compensation Advisory Board, the majority of which consist of outside directors, have been established as advisory bodies to the Board of Directors. Through these measures, we will continue to enhance our corporate governance and realize fair, transparent, and highly effective management.

Corporate Governance at Alps Alpine (As of August 2026)



Explanatory notes: Monitoring Operation Accounting audits ★ Where Ethics Hotline reports go to

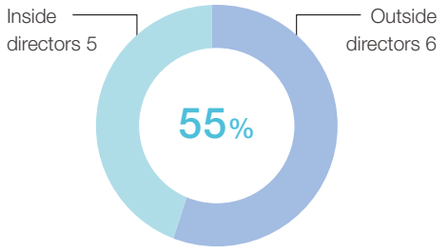
Corporate Governance

Board of Directors

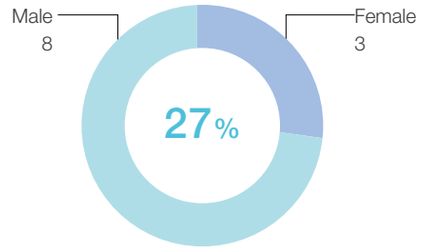
We position the Board of Directors as an entity responsible for auditing and supervising business execution, striving to strengthen its monitoring functions. The Board of Directors deliberates and decides on key management matters, including basic management policies and the Mid-Term Business Plan, while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

In FY2025, the Board of Directors actively discussed the progress of initiatives to achieve the Mid-Term Business Plan 2027, reviews of the business portfolio and material issues, and progress against the annual plan for sustainability activities. In FY2026, the Board of Directors plans to advance discussions on further corporate governance reforms based on the evaluation of the Board's effectiveness, as well as business scenarios for realizing Vision 2035 and measures to achieve the Mid-Term Business Plan 2027.

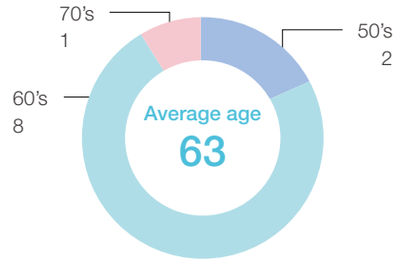
Ratio of Outside Directors



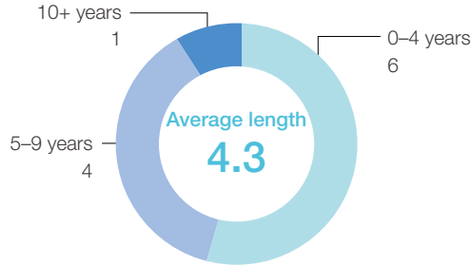
Ratio of Female Directors



Age



Length of Term as a Director*



* Indicates the total term of office of directors as of July 2026, including at the former Alps Electric and the former Alpine Electronics (other data is calculated based on the term of office of directors at Alps Alpine).

Vice Presidents' Meeting

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

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

Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of four members, two men and two women. It comprises three outside Audit and Supervisory Committee members, each with extensive experience as lawyers, certified public accountants, and business managers, and one inside Audit and Supervisory Committee members with in-depth knowledge of our business. The committee is chaired by an outside Audit and Supervisory Committee member to ensure that, as an independent organization, the transparency of our business activities and the effectiveness of our governance remains at a high level. Through attendance at important meetings, review of important documents, and interviews with the representative directors, other directors, vice presidents, and employees, the Audit and Supervisory Committee members audit the execution of duties by directors from an objective standpoint, independent of that of the Board of Directors. Through close cooperation with the Internal Audit Department and accounting auditors, the Audit and Supervisory Committee endeavors to share its views at the Board of Directors' meetings and other important meetings.

The Company has selected a full-time Audit and Supervisory Committee member to strengthen the monitoring function of the Audit and Supervisory Committee by exchanging information with directors and employees daily and by attending essential meetings to obtain information necessary for their activities as an Audit and Supervisory Committee member. The full-time Audit and Supervisory Committee member shares this information with other Audit and Supervisory Committee members and exchanges opinions at Audit and Supervisory Committee meetings, focusing on priority audit items to form audit opinions. Outside Audit and Supervisory Committee members also serve on the Nomination Advisory Committee and Compensation Advisory Board, where they participate in discussions and provide advice.

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

Corporate Governance

Nomination Advisory Committee and Compensation Advisory Board

The Nomination Advisory Committee and the Compensation Advisory Board have been established as advisory bodies to the Board of Directors to enhance objectivity and transparency regarding matters related to the nomination and dismissal of directors, the selection and dismissal of vice presidents, and the compensation of directors (excluding those who are Audit and Supervisory Committee Members) and vice presidents, as well as to improve corporate governance. Both committees are chaired by outside directors, and outside directors comprise the majority of each committee. To ensure coordination between the two committees, outside directors and others who have not been appointed as committee members also participate as observers, creating a highly effective deliberation framework.

Considerations by the Nomination Advisory Committee and the Compensation Advisory Board

Classification	Details of the Consideration
Nomination Advisory Committee	· Consideration of the officer structure and composition from FY2026 onward, including directors, vice presidents, and executive managers · Confirmation of officers scheduled to retire in the following fiscal year, including outside directors, and review of the selection of outside director candidates · Review of the status of discussions on the FY2026 management structure and deliberation on a proposed structure in preparation for submitting a recommendation to the Board of Directors · Clarification of vice presidents' roles and areas of responsibility · Exchange of views on succession plans for the CEO, COO, etc. · Clarification of the triggers for deliberations on the reappointment of the CEO and COO · Clarification of development policies for management talent candidates and the requirements expected of management talent · Analysis of the characteristics of management talent through talent assessments, identification of development challenges, and sharing of development measures, including stretch assignments, education, and coaching · Report on the results of a survey of important concurrent positions held by directors and vice presidents
Compensation Advisory Board	· Determination of the payout ratio and individual payment amounts for performance-linked officer bonuses for FY2024, and confirmation of individual officer evaluations · Consideration of revisions to compensation standards based on external benchmarking of officer compensation levels and an analysis of compensation trends · Review of the formula for calculating the payout ratio for short-term performance-linked bonuses and revision of the standard amounts for FY2026 officer compensation · Clarification of the roles, responsibilities, and evaluation items for the CEO and other officers, and discussion of how the CEO and COO should be evaluated, including non-financial evaluation items based on the basic policies of the Mid-Term Business Plan 2027 · Confirmation of the results of officer evaluations for FY2025 · Deliberation on the adjustment rate for the ESG-linked portion of restricted share compensation · Confirmation of the implementation status of the clawback system and clarification of the current state of disclosure regarding officer compensation, related issues, and the policy for expanding disclosure going forward

Outside Directors Liaison Meetings

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

Outside Directors Liaison Meeting Activities

Date	Key Topics
June 2025	Audit and Supervisory Committee: Report on on-site audit in China
July 2025	Report on visits to domestic sites
August 2025	Report on visits to domestic sites
September 2025	Enhancing the effectiveness of the Board of Directors
October 2025	Direction of the North American business
November 2025	Approach to the cost of capital

Date	Key Topics
December 2025	FY2026 Risk Map
January 2026	Approach to accounting treatment
February 2026	Strengthening manufacturing capabilities
March 2026	Strengthening governance functions
April 2026	Results of the evaluation of the effectiveness of the Board of Directors

Sustainability Committee

As the body responsible for managing sustainability activities, we have established the Sustainability Committee, which comprises all vice presidents (Chair: Satoshi Kodaira, Executive Vice President and COO). Sustainability issues are incorporated into the Mid-Term Business Plan and short-term business plans, and are addressed by each division. The Committee meets quarterly to monitor and evaluate the progress of initiatives and to deliberate on individual measures. It also reports regularly to the Board of Directors four times a year.

Business Portfolio Committee

To pursue the sustained improvement in returns on capital that ROIC-based management is intended to achieve, we established the Business Portfolio Committee (Chair: Satoshi Kodaira, Executive Vice President and CFO), which began operations in August 2026. The committee deliberates policies on business selection and concentration, and the allocation of management resources to growth areas, promoting business portfolio optimization from a Companywide perspective, including business restructuring and exits. The committee meets quarterly, with its deliberations submitted to and reported at the Vice Presidents' Meeting.

Corporate Governance

Compliance Promotion Committee

As the body responsible for promoting compliance activities, we have established the Compliance Promotion Committee (Chair: Satoshi Kodaira, Executive Vice President and COO). The Committee works to establish and operate a Companywide compliance promotion framework, foster compliance awareness by promoting education and awareness-raising, and encourage adherence to rules and processes by conducting effective periodic inspections and sharing incident information and recurrence prevention measures across the organization. The Committee meets quarterly and submits matters for deliberation and reports to the Vice Presidents' Meeting.

Economic Security Committee

Against a backdrop of increasingly complex international affairs and growing uncertainty in the business environment, we have established the Economic Security Committee (Chair: Mayumi Kiriu, Vice President) to minimize the impact on the Group of mounting economic security and geopolitical risks. The Committee considers and implements any necessary responses based on information it gathers about economic security. The Committee meets quarterly and submits matters for deliberation and reports to the Vice Presidents' Meeting as necessary.

Evaluation of the Effectiveness of the Board of Directors

Overview of FY2025 Evaluation Results

Purpose and Objective
We conduct evaluations of the Board of Directors' effectiveness with the aim of strengthening corporate governance and further enhancing the Board's functions.

Frequency Once per year

1. Evaluation Process

1. Reported the evaluation method and schedule for Board effectiveness at the February 2026 Board of Directors meeting
2. In March 2026, conducted a signed Board effectiveness evaluation survey of all 11 directors
3. Held an exchange of opinions on Board effectiveness at the April 2026 Management Committee Meeting
4. Conducted a discussion on Board effectiveness at the April 2026 meeting with outside directors
5. At the April 2026 Board of Directors meeting, discussed the opinions from items 3 and 4, and finalized the FY2025 evaluation

2. Survey Items

The main categories of the FY2025 survey are shown in the box on the right. To enable continuous year-to-year measurement, certain questions in the Board effectiveness evaluation survey are carried over each year, while other items are revised annually to improve the quality of the evaluation. For FY2025, the same survey items as in FY2024 were used in order to assess progress on resolving issues related to previously low-rated areas. Additionally, open-ended questions were included to allow for a wide range of opinions and suggestions beyond the set survey items.

Survey items
1. Board of Directors size and composition
2. Board of Directors operations
3. Topics discussed by the Board of Directors
4. Communication among directors
5. Support system for the Board of Directors
6. Operation of the Nomination Advisory Committee and Compensation Advisory Board

3. FY2025 Initiatives to Improve Effectiveness

Based on the results of the Board effectiveness evaluation in FY2024, we addressed four priority issues in FY2025. Our FY2025 results and evaluation findings, together with our FY2026 policies and measures, are shown in the table below.

Priority Issues	FY2025		FY2026	
	Results	Evaluation Findings	Policies	Measures
Securing and enriching time for discussion on key themes related to enhancing corporate value	· Preparation of an annual agenda for corporate value enhancement themes and allocation of time based on their importance · Review of the criteria for submitting matters to the Board of Directors to allocate more time to deliberations and discussions on key management issues (effective April 2026) · Review of the frequency of Vice Presidents' Meetings to support Board discussions and appropriate decision-making (effective April 2026)	· Advance scheduling of discussion time has proved effective · Discussions on growth scenarios beyond the Mid-Term Business Plan 2027 need to be accelerated · Non-financial areas, including compliance and risk management, also need to be strengthened	· Secure time to discuss growth scenarios and high-priority non-financial areas	· Develop an annual agenda focused on specific themes, including growth scenarios and compliance
Continued improvement in the preparation of materials for management meetings	· Advance review of materials by administrative functions · Training on preparing meeting materials · Provision of a format specifying the information required for deliberation · Preparation of summary papers and differentiation between core documents and appendices	· Advance reviews have fostered greater attention to the preparation of meeting materials · Issues remain with the review process leading up to agenda submission and with excessive information obscuring the key points	· Improve the agenda submission process · Clarify key discussion points through concise, clear materials	· Review processes, including the establishment of meeting structures in each division · Ensure consistent use of summary papers and a clear distinction between core documents and appendices (continued from the previous fiscal year)

Corporate Governance

Priority Issues	FY2025		FY2026	
	Results	Evaluation Findings	Policies	Measures
Providing further training opportunities for directors and vice presidents	· Regular training for directors and vice presidents focused on ROIC management · Individual training for vice presidents using external training providers	· Expertise in finance and governance needs to be strengthened	· Discussions on future sustainable growth need to be more substantive	· Select training topics for directors and vice presidents that address key management issues and contribute to sustainable growth · Provide individual training for vice presidents (continued from the previous fiscal year)
Improving communication among officers	· Meetings between outside directors and vice presidents	· Communication among directors remains strong · Communication between outside directors and vice presidents needs to be further strengthened	· Increase the frequency and depth of communication between outside directors and vice presidents	· Meetings between outside directors and vice presidents (continued from the previous fiscal year) · Participation by outside directors in Vice Presidents' Meetings

4. Overview of FY2025 Board Effectiveness Evaluation Results

Taking into account the initiatives undertaken in FY2025 and the results of the FY2025 effectiveness evaluation survey, exchanges of views at the Management Committee and Outside Directors Liaison Meetings, and discussions by the Board of Directors, we concluded that the Board's effectiveness was appropriately maintained in FY2025.

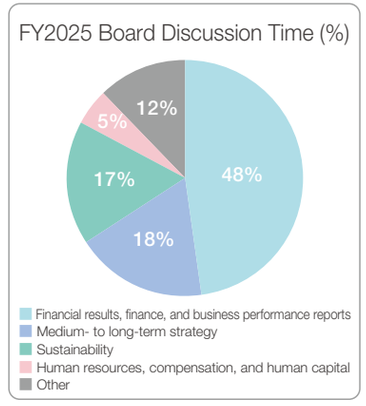
Compared with the previous fiscal year, improvements were particularly evident in more open and vigorous discussions among directors, feedback to the Board on dialogue with institutional investors, and increased time for discussion on the Company's direction and management strategy.

At the same time, there was broad agreement that continued improvement is needed in areas including further refinement of the material preparation process, improving the quality of discussions on key themes that contribute to enhancing corporate value, and strengthening the expertise of directors and vice presidents.

Based on these results, in FY2026, we will focus on the following priority themes to further enhance the effectiveness of the Board of Directors.

- Continued improvement of material preparation and deliberation processes for Management Meetings
- Securing and enriching time for discussions on key themes related to enhancing corporate value
- Expanded training opportunities for directors and vice presidents that address management issues and support sustainable growth
- Further enhancement of information sharing and dialogue between outside directors and vice presidents

The Board of Directors will continue using effectiveness evaluations as part of its PDCA cycle, further strengthen its oversight of management, and work to achieve sustainable enhancement of corporate value.



Evaluation of the Effectiveness of the Audit and Supervisory Committee

Overview of Audit and Supervisory Committee Effectiveness Evaluation

The Audit and Supervisory Committee conducts an annual effectiveness evaluation to enhance its effectiveness by reviewing its activities for the year under review and reflecting the findings in the audit policy and plan for the following fiscal year. By assessing and analyzing whether it is functioning appropriately in monitoring and supervising the Board of Directors' execution of duties, the Committee also establishes a basis for the effectiveness evaluation. Furthermore, integrating the two evaluations and related discussions clarifies the measures needed to achieve the Company's governance improvement goals and helps inform future management.

As part of the evaluation, all four Audit and Supervisory Committee members conducted self-evaluations incorporating their individual observations regarding the Committee's composition and operations, audit activities, accounting audits, and coordination among the three audit functions. In FY2025, to gain a more objective view of the Committee's effectiveness, the evaluation also incorporated assessments and opinions from directors who are not Committee members, in addition to the self-evaluations traditionally conducted by its members.

The evaluation confirmed that the Committee's basic structure and audit functions were generally operating appropriately. At the same time, it was recognized that further consideration is needed to strengthen the approach to risk-based audit policies and plans, the overall roles of and coordination among the three audit functions, and visibility into governance across the Group. The evaluation results and the policy for future initiatives have been reported and shared with the Board of Directors. We will continue working in coordination with the Board to enhance the effectiveness of the Audit and Supervisory Committee and the Company's corporate governance.

Director Nomination and Compensation

Nomination Policy

We have established criteria for appointing directors and vice presidents to ensure that those selected as directors have the necessary capabilities and qualities, and our policy is to nominate and appoint directors and senior executives who possess exceptional management decision-making capabilities, foresight, and insight, as well as a law-abiding spirit and high ethical standards.

Corporate Governance

Policy for Determining Remuneration

To ensure objectivity and transparency in officer remuneration, the Board of Directors has established the policy for determining remuneration and related matters, following deliberation by the Compensation Advisory Board.

We regard officer remuneration as a key element of the management foundation supporting the realization of Vision 2035, “Shaping a Future Where Technology Extends Your Senses,” and the Mid-Term Business Plan 2027. Our basic policy is for the officer remuneration system to serve as an incentive not only to achieve short-term performance targets, but also to enhance corporate value over the medium to long term, improve capital efficiency, and promote value sharing with shareholders. Specifically, we design the remuneration structure based on the following principles.

- Emphasize linkage with short-, medium-, and long-term performance
- Encourage officers to take action to sustainably improve earning power, capital efficiency, and shareholder value
- Provide sound incentives that curb excessive short-termism and contribute to sustainable enhancement of corporate value across the Group

The same remuneration structure applies to vice presidents who do not concurrently serve as directors, in line with this policy.

Process for Determining Directors’ Remuneration, etc.

Officer remuneration is determined within the total amount approved by the General Meeting of Shareholders.

To enhance objectivity and transparency, the Board of Directors delegates full authority to determine the remuneration of directors (excluding directors who are Audit and Supervisory Committee members) to the Compensation Advisory Board. Under this delegation, the Compensation Advisory Board deliberates on and determines the details of the remuneration system and the remuneration of each individual.

The remuneration of directors who are Audit and Supervisory Committee members is determined by the Audit and Supervisory Committee within the limits approved by the General Meeting of Shareholders.

Types of Remuneration

The remuneration of the Company’s executive directors comprises (a) basic remuneration, (b) bonuses, and (c) restricted share compensation. In principle, the composition is designed so that the proportion of variable remuneration reflects each director’s position.

Remuneration for outside directors and directors who are Audit and Supervisory Committee members consists solely of basic remuneration, reflecting their role in overseeing management. In both cases, they are paid a fixed remuneration on a monthly basis.

Director Remuneration System

Type of Remuneration		Eligible Recipients		
		Inside		Outside
		Directors excluding Audit and Supervisory Committee Members	Audit and Supervisory Committee Members	
Fixed remuneration	Monthly remuneration	●	●	●
Performance-linked remuneration	Short-term performance-linked remuneration (bonus)	●		
	Medium- to long-term performance-linked remuneration (restricted shares*)	●		

* The number of restricted shares allocated is calculated using the closing price of the Company’s shares on the business day preceding the date of the Board of Directors’ resolution and an amount determined by the Board of Directors so as not to favor the eligible officers.

Classification	Basic Remuneration	Bonus	Restricted Share Compensation
	Fixed Monetary Remuneration	Variable Monetary Remuneration	Variable Non-Monetary Remuneration
President	52%	29%	19%

1 Policy on Basic Remuneration (Monthly remuneration)

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

2 Policy on Short-term Performance-Linked Remuneration (Bonus)

(1) Bonuses emphasize linkage with the achievement of annual management targets and are determined according to Companywide performance and individual evaluations for the fiscal year under review. Each bonus is calculated by applying Companywide performance (50% weighting) and the individual evaluation (50% weighting) to the standard payment amount established for each position. The payout rate for Companywide performance ranges from 0% to 300%, while that for the individual evaluation ranges from 0% to 200%. These are multipliers for the respective evaluations, and the final bonus amount is determined by taking their weighted average according to the applicable weightings.

The Companywide performance component is based on the performance of the reportable segments (Component Segment, Sensor and Communication Segment, and Mobility Segment) and is intended to support achievement of the Mid-Term Business Plan 2027. Its performance measures are three key indicators under the Plan: operating income margin, profit (loss) attributable to owners of parent, and ROE. Each performance measure is evaluated on a four-level scale according to the achievement rate against the target set in line with the Mid-Term Business Plan 2027, and the

Corporate Governance

payout rate is determined from the total score after applying the weighting assigned to each measure. If either the operating income margin or profit (loss) attributable to owners of parent is negative, the payout rate for Companywide performance is set at 0%.

(2) Individual evaluations are designed to provide individualized incentives, with the payout rate determined on a five-level scale based on individual performance and management contribution, each assessed separately. Individual performance is assessed based on medium- to long-term initiatives and performance by business segment, among other factors, that cannot be captured by Companywide performance alone. To further strengthen the management execution framework, we also revised the assessment of management contribution, which had been weighted too heavily toward short-term and financial indicators, by increasing the weight of non-financial indicators such as human capital, sustainability, and governance, and by adding perspectives such as expectations, missions, and role behaviors, with the final assessment determined after peer evaluations by inside directors (excluding directors who are Audit and Supervisory Committee members) and vice presidents.

Remuneration Composition (Median of System Design)

Performance Indicator		Weight		Range	Calculation Method
Companywide Performance	Current-term operating income margin	50	25	0–300%	The achievement rate for each performance indicator is scored on a four-level scale against targets set in line with the Mid-Term Business Plan, and the payout rate is determined from the total weighted score.
	Profit attributable to owners of parent		15		
	ROE		10		
Individual Evaluation	Individual performance	50	25	0–200%	The evaluations of individual performance and management contribution are combined using their respective weights and rates on a five-level scale.

(Note) The final bonus amount is calculated as the weighted average of the payout rates for Companywide performance (50% weighting) and the individual evaluation (50% weighting).

3 Policy on Medium- to long-term performance-linked remuneration (restricted shares)

Restricted share compensation is calculated based on a standard amount established for each position, with the aim of promoting alignment of interests with shareholders and achieving sustainable enhancement of corporate value. A specified portion (20%) of this standard amount is adjusted in stages according to the performance indicator evaluation results, and the total compensation amount is designed to range from 80% to 120% of the standard amount.

We use ESG evaluation scores as the performance indicators because they enable objective assessment of our initiatives to address material issues and encourage improvement in company performance and corporate value over the medium to long term. Specifically, the three-year average scores from FTSE Russell ESG Ratings and MSCI, two leading third-party rating agencies, are each converted into points using five predefined bands, after which the scores for both indicators are totaled, and the prescribed coefficient corresponding to the resulting score range is applied to calculate the compensation amount.

Design of Restricted Shares Compensation System

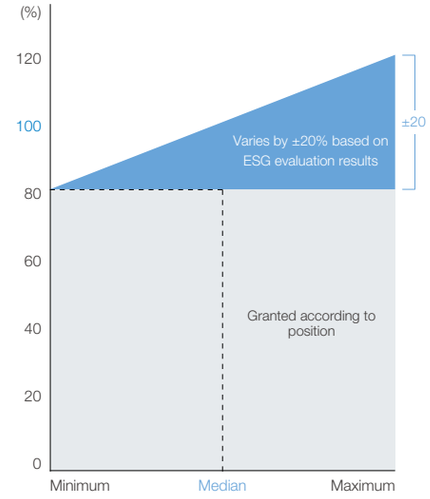
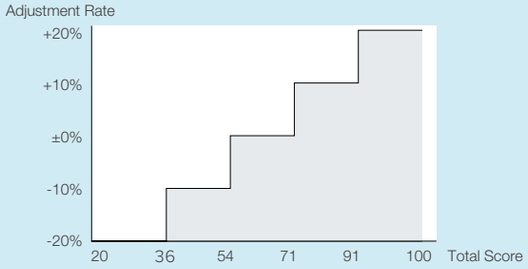


Illustration of Total Score and Adjustment Rate



Performance Indicator Evaluation Table

Score	FTSE Russell ESG Ratings	MSCI
50	4.0 or Higher	AAA
40	3.7–3.9	AA
30	3.3–3.6	A
20	3.0–3.2	BBB
10	Below 3.0	BB or Lower

Restricted Share Compensation Details		Performance-Linkage Details				
Restriction Period	Allocation Method	Performance Indicator		Weight	Range	Calculation Method
40 Years (Effectively until leaving office)	The number of restricted shares allocated is calculated using the closing price of the Company's shares on the business day preceding the date of the Board of Directors resolution on their issuance or disposal and an amount determined by the Board of Directors within a range that is not favorable to the eligible officers.	ESG evaluation	FTSE Russell ESG Ratings	50	±20%	Evaluated on a five-level scale using the three-year average scores
			MSCI	50		

FY2025 Director Remuneration

(Millions of JPY)

Classification		Number of Applicable Officers	Total Value of Remuneration	Total Remuneration by Type		
				Fixed Remuneration	Performance-Linked Bonuses	Restricted Shares Compensation
Directors	Excluding Audit and Supervisory Committee members	4	263	147	71	44
	Audit and Supervisory Committee members	1	26	26	–	–
Outside directors		6	86	86	–	–
Total		11	375	259	71	44

Directors and Vice Presidents

Directors (As of August 31, 2026)



Hideo Izumi
Representative Director, President
CEO



Satoshi Kodaira
Representative Director, Executive Vice President
COO, CFO



Yoshikatsu Watanabe
Director
Senior Vice President
Mobility Segment



Masami Aihara
Director
Senior Vice President
Electronic Devices Segment



Naofumi Fujie
Director (Outside)



Noriko Oki
Director (Outside)



Hidefumi Date
Director (Outside)



Yasuo Sasao
Director, Audit and Supervisory Committee Member



Yuko Gomi
Director, Audit and Supervisory Committee Member (Outside)



Hiroshi Nomura
Director, Audit and Supervisory Committee Member (Outside)



Emi Machida
Director, Audit and Supervisory Committee Member (Outside)

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

Independent outside director

Position and Name	FY2026 Structure												Attendance in FY2025			
				Knowledge and Expertise with Expected Demonstration of Particular Skills												
	Audit and Supervisory Committee	Nomination Advisory Committee	Compensation Advisory Board	Corporate management	Technology / R&D	Manufacturing / Quality	Sales / Marketing	Financial accounting / Finance	Legal / Risk management	DX / IT	ESG / Sustainability	Global experience	Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Compensation Advisory Board
Representative Director, President Hideo Izumi		●	●	●	●					●		●	12 / 12 (100%)	–	6 / 6 (100%)	6 / 6 (100%)
Representative Director, Executive Vice President Satoshi Kodaira		●	●	●		●		●	●		●		12 / 12 (100%)	–	6 / 6 (100%)	6 / 6 (100%)
Director, Senior Vice President Yoshikatsu Watanabe					●							●	–	–	–	–
Director, Senior Vice President Masami Aihara					●		●					●	–	–	–	–
Director Naofumi Fujie		● Chairperson	Observer	●	●								12 / 12 (100%)		6 / 6 (100%)	
Director Noriko Oki		●	●					●					12 / 12 (100%)		6 / 6 (100%)	
Director Hidefumi Date		●	● Chairperson	●				●				●	12 / 12 (100%)			6 / 6 (100%)
Director, Audit and Supervisory Committee Member Yasuo Sasao	●	Observer	Observer		●		●			●		●	12 / 12 (100%)	13 / 13 (100%)	–	–
Director, Audit and Supervisory Committee Member Yuko Gomi	●	●	Observer						●		●		12 / 12 (100%)	13 / 13 (100%)		6 / 6 (100%)
Director, Audit and Supervisory Committee Member Hiroshi Nomura	●	●	●	●			●	●				●	–	–	–	–
Director, Audit and Supervisory Committee Member Emi Machida	●	Observer	●					●	●		●		–	–	–	–

* Kazuya Nakaya and Yoko Toyoshi, who were members of the Audit and Supervisory Committee in FY2025, attended all 13 Committee meetings (100%).
* Kazuya Nakaya and Yoko Toyoshi, who were members of the Nomination Advisory Committee in FY2025, attended all six Committee meetings (100%).
* Kazuya Nakaya and Yoko Toyoshi, who were members of the Compensation Advisory Board in FY2025, attended all six meetings (100%).

Directors and Vice Presidents

Expected Knowledge and Expertise

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

Appointment of Outside Directors

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

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

Name	Reason for Appointment	Main Concurrently Held Positions
Naofumi Fujie	He has a wealth of knowledge in product development and management experience in the automotive industry.	
Noriko Oki	She is well versed in corporate analysis based on her many years of experience in the financial industry.	Outside Director, DISCO Corporation
Hidefumi Date	He possesses experience and knowledge in corporate planning, accounting, finance, and taxation, as well as experience in managing companies.	Outside Director, Sumitomo Mitsui Trust Bank, Ltd. (Audit and Supervisory Committee Member)
Yuko Gomi	She has a wealth of specialist knowledge and experience as an attorney, and has accumulated a wide breadth of knowledge through her experience as a member of expert committees for government agencies.	Outside Director, KOKUYO Co., Ltd.
Hiroshi Nomura	He has extensive corporate management experience and considerable expertise across a broad range of fields, including business strategy, management control, human resources, accounting, and finance.	
Emi Machida	She has many years of specialist knowledge and experience in finance and accounting as a certified public accountant, as well as broad insight.	Outside Audit & Supervisory Board Member, Yakult Honsha Co., Ltd.

Vice Presidents (Excluding vice presidents who serve concurrently as directors. As of August 31, 2026)



Hiroshi Yamagami
Senior Vice President
CPEO, CLO
Manufacturing Solutions



Hiroaki Kiba
Vice President
CSO
Sales



Takahiro Oguma
Vice President
Electronic Components
Sales & Marketing



Tadashi Kasai
Vice President
CPO
Procurement



Robert Hill
Vice President
Americas Business



Masaaki Tanaka
Vice President
Sensor & Communication
Business & Production



Kiyoshi Hashimoto
Vice President
Mobility Business,
Mobility Production



Mayumi Kiriu
Vice President
ESG and Legal



Yasushi Fukutomi
Vice President
China Business



Hiroshi Yoneyama
Vice President
Digital Cabin 2 &
Module Business



Yuji Suda
Vice President
Components Business &
Production

Compliance

Basic Policy

Alps Alpine Group Code of Conduct (PDF)

We have established the Group Code of Conduct to define our fundamental approach to compliance in accordance with our corporate philosophy and management approach. To ensure fair management, we believe it is essential for everyone to act with sound judgment and a sense of responsibility at all times, and to take the initiative in putting the right course of action into practice. Our compliance activities aim to create an organization in which every employee understands the purpose and content of the rules, acts appropriately, and accurately identifies and responds to the expectations of society. The Code of Conduct is available on our website.

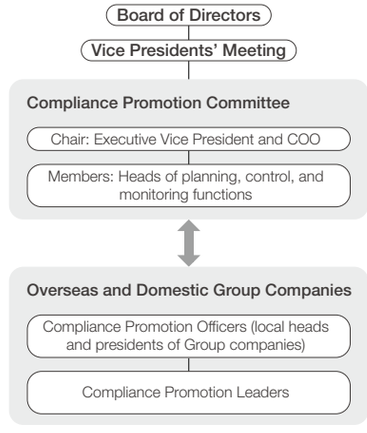
Key Initiative	KPI under the Mid-Term Business Plan 2027
• Enhance compliance education	• Introduce compliance training tailored to each organizational level

FY2025 Result	Conducted compliance training for officers and managers

System for Promoting Compliance

We position compliance as a key management issue and incorporate it into our management strategy. In FY2025, we established the Compliance Promotion Committee to strengthen Companywide coordination of compliance activities that had previously been undertaken separately by individual headquarters and Group companies. Chaired by the Executive Vice President and COO, the committee comprises the heads of the planning, control, and monitoring functions within each functional headquarters and meets quarterly. It primarily discusses key themes such as identifying internal control risks common to the Company and the Group, determining policies for major compliance measures, preventing the recurrence of incidents, and strengthening education. Its discussions are reported regularly to the Vice Presidents' Meeting. We have also appointed compliance promotion officers and leaders at Group companies in Japan and overseas, and are advancing Groupwide initiatives through information sharing and the rollout of various measures.

Diagram of System for Promoting Compliance



Compliance Program Framework

To advance compliance as a key management issue, we are systematically developing a compliance program covering the entire Group.

Establishing Fundamental Internal Rules and Regulations

We are restructuring the Companywide framework and reviewing the content of policies, internal rules, and operating manuals for each area of business to make them easy to understand, follow, and apply. As part of this initiative, we consolidated the principles on preventing bribery and corruption previously set out in the Group Code of Conduct and other documents and established the Alps Alpine Group Anti-Bribery Policy in FY2025. We have rolled out this policy across the Group and are promoting understanding and awareness through training and educational activities.

Initiatives to Prevent Recurrence

When an incident occurs, the relevant departments take the lead in analyzing its causes and implementing corrective and recurrence-prevention measures. For structural issues shared across multiple cases, the Compliance Promotion Committee works with the relevant departments to review systems and rules, report the findings to the Vice Presidents' Meeting, and roll out the resulting measures across the Group. The committee monitors the implementation and effectiveness of recurrence-prevention measures.

Compliance Training and Awareness-Raising Activities

In addition to annual training on the Group Code of Conduct for all employees worldwide, including officers, contract employees, and temporary employees, in FY2025, we launched compliance-focused training for officers and managers to build a fundamental understanding of compliance. Managers also provide training within their respective workplaces. We will continue expanding awareness initiatives tailored to different employee levels and functions to further deepen understanding throughout the Group.

Whistleblowing System

We established the Ethics Hotline as an internal reporting channel to prevent misconduct and violations of laws or internal rules and to ensure their early detection and correction. The hotline is available to a broad range of individuals, including officers and employees, temporary and contract employees, contractors, outsourced service providers, and those who left the Company within the past year. Anonymous reports are also accepted. Similar systems have been established at major Group companies in Japan and overseas. Reports may be submitted by telephone, email, or in writing. In accordance with the Whistleblower Protection Act, we strictly protect the anonymity of whistleblowers and prohibit any disadvantageous treatment against them.

We also joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER*) in April 2023 as a mechanism for receiving grievances from external stakeholders.

We publicize the reporting channels through workplace notices and the internal portal site. In FY2025, 26 reports were received. The number and general nature of reports are regularly presented to the Board of Directors and the Audit and Supervisory Committee in a manner that does not identify the whistleblowers.

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

Risk Management

Basic Approach

At Alps Alpine, we view risk management as the basis for a style of management and business operation that enables sustainable business growth and enhanced corporate value over the medium to long term—in other words, a foundation for growth-oriented management. We will work to eliminate or minimize future potential risks and the damage that may be incurred due to the diversifying number of risks associated with the globalization of our business and to the increasing complexity of our supply chain.

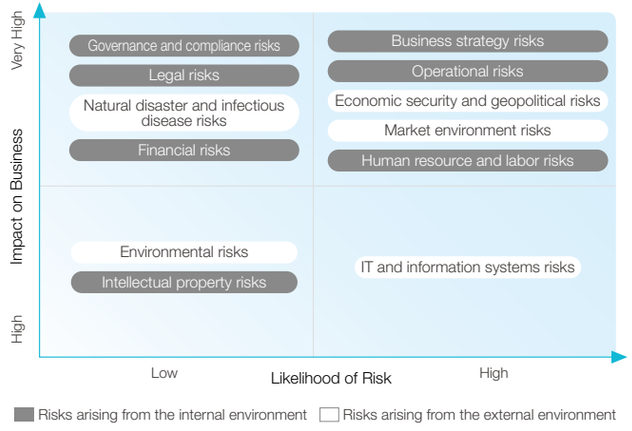
Risk Management Activity Cycle

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



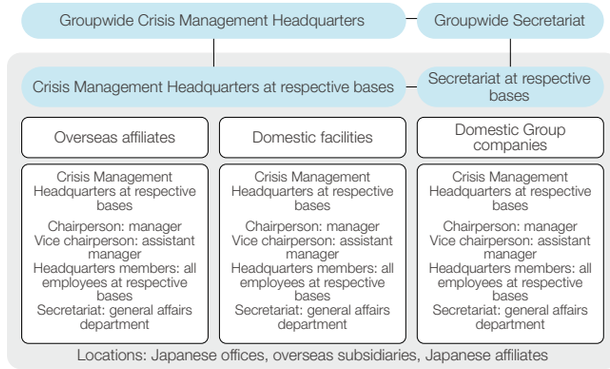
Development of a Risk Map

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



Crisis Management System

As part of our routine preparedness, we have established risk management manuals and information-sharing mechanisms in anticipation of events that could have a major impact on business operations or the supply chain. We also conduct comprehensive disaster preparedness drills annually at each site, along with regular safety confirmation drills for employees of the Company and Group companies. If an emergency occurs at a site or in the surrounding area that causes, or may cause, business operations to be suspended, we promptly set up the appropriate emergency response headquarters based on the level of impact and share information among the relevant departments. Based on reports from those departments, the emergency response headquarters formulates Companywide response policies, measures, and plans, and promptly reports the extent of damage and the impact on business operations to stakeholders. If the Head Office is affected by a disaster, a secondary Companywide Emergency Response Headquarters will be established at the Sendai R&D Center (Furukawa).



Strengthening Cybersecurity Measures

As business becomes increasingly digitalized, we regard information security, including cybersecurity, as a key issue that can affect business management. To address the growing threats posed by increasingly sophisticated cyberattacks across our business domains, including factories and business partners, as well as changes in the operating environment such as the use of cloud services and AI, we have designated strengthening cybersecurity measures as a material issue. Through operational audits of relevant departments, including factories and business partners, we are optimizing the operation, maintenance, and incident response of information security and security systems, including production equipment in the factory automation and operational technology domains. In doing so, we are establishing mechanisms to prevent the alteration or leakage of information and support stable business operations. We also continuously conduct incident response drills involving management and global sites based on scenarios such as cyberattacks, thereby strengthening our response capabilities.

The Group has also established an Information Management Committee, which develops rules in accordance with ISO/IEC 27001, rolls out measures to strengthen information security, and promotes employee education. Working in coordination with the information management officers in each department, the committee is pursuing secure and reliable information management across the Group globally.

04

SECTION

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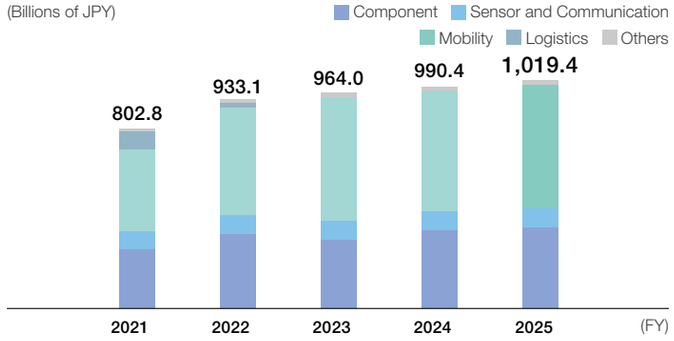
Financial Highlights

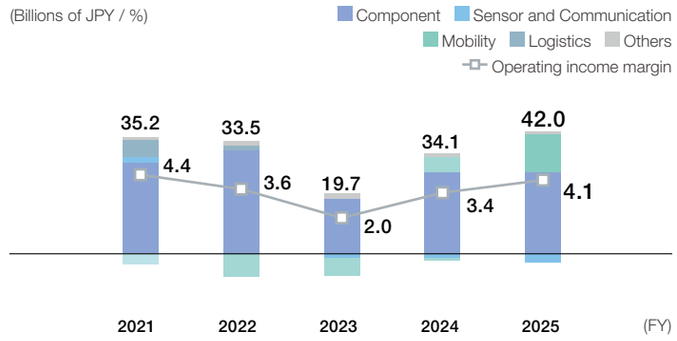
*The Module and System Segment was renamed the Mobility Segment beginning in FY2025.

Net Sales



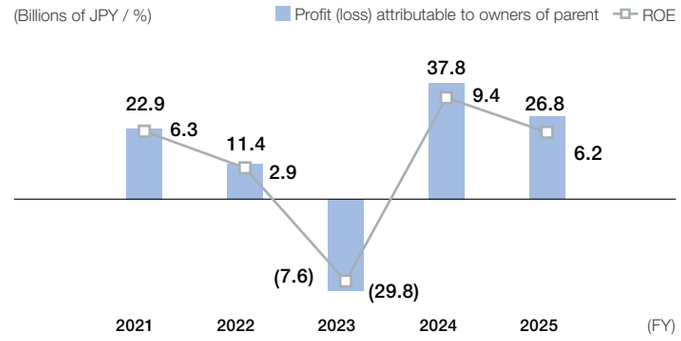
In the Component Segment, sales of products for the mobile, consumer electronics, and automotive markets all increased. In the Sensor and Communication Segment, automotive product sales were affected by a transitional period as existing products were replaced with new models, but overall sales increased due to growth in compact photo printers for the mobile market. Sales in the Mobility Segment increased in part due to the launch of new products.

Operating Income (Loss) / Operating Income Margin



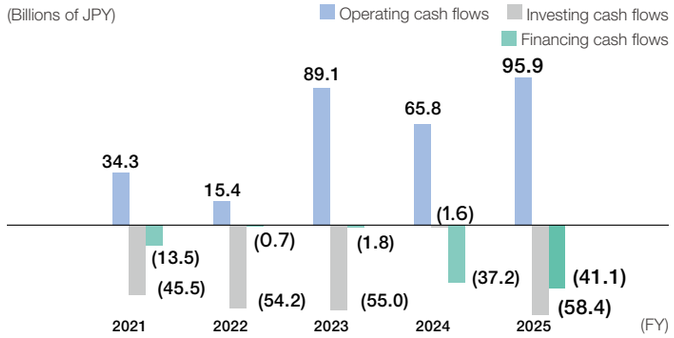
Operating income in the Component Segment decreased year on year, reflecting changes in the product mix and higher material prices. Operating income in the Sensor and Communication Segment also decreased year on year due to lower sales following the transfer of the power inductor business and a higher variable cost ratio. Operating income in the Mobility Segment increased year on year, supported by higher sales from a recovery in demand and new product sales, the scaling back of unprofitable products, and the absence of the capacity utilization variance caused by demand fluctuations in the previous fiscal year.

Profit (Loss) Attributable to Owners of Parent / ROE



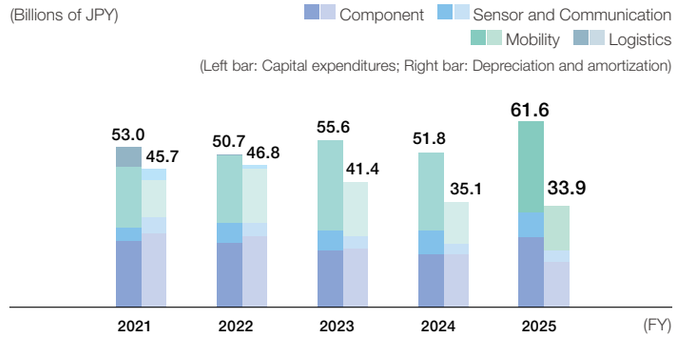
In FY2025, operating income and ordinary income increased year on year. However, impairment losses were recorded as extraordinary losses on business assets related to sound products in the Mobility Segment and on assets held for disposal that were no longer expected to be used. As a result, profit attributable to owners of parent was ¥26.8 billion, down 29.0% year on year, and ROE was 6.2%, down 3.2 percentage points year on year.

Cash Flows



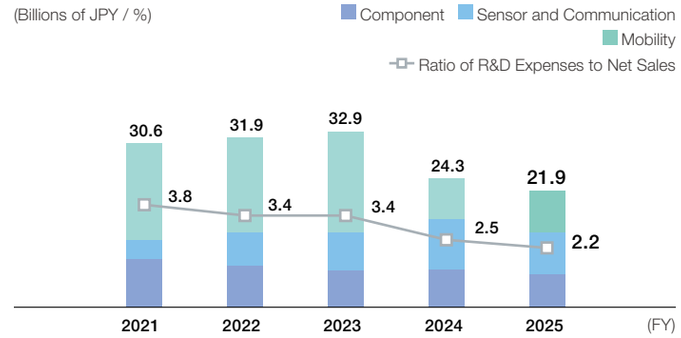
Operating cash flows increased year on year in FY2025, as cash inflows from profit before income taxes and depreciation and amortization, among other factors, more than offset cash outflows related to the share of profit or loss of investments accounted for using the equity method. Investing cash flows decreased year on year, mainly due to purchases of property, plant and equipment and intangible assets. Financing cash flows decreased year on year due to cash outflows for repayments of long-term borrowings, purchases of treasury shares, and dividend payments.

Capital Expenditures / Depreciation and Amortization



Capital expenditures totaled ¥61.6 billion in FY2025. In the Component Segment, investments were made in the development and manufacturing equipment for electronic components such as switches, actuators, and haptic reactors. In the Sensor and Communication Segment, investments focused on sensor technologies for the development of next-generation products. In the Mobility Segment, investments were made in the development and manufacturing equipment for products including automotive modules, information and communication equipment such as infotainment systems and displays, and sound products.

R&D Expenses / Ratio of R&D Expenses to Net Sales

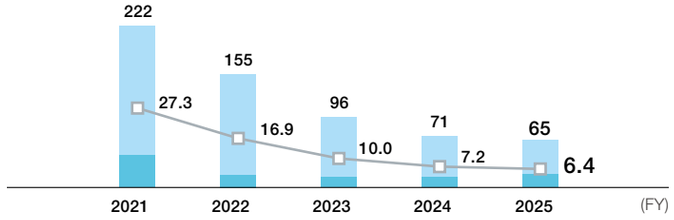


Research and development expenses decreased year on year to ¥21.9 billion in FY2025. The Component Segment is strengthening its global development structure for the automotive market and advancing development of next-generation devices for the amusement market and actuators for the mobile market. The Sensor and Communication Segment is pursuing R&D in sensor technologies, while the Mobility Segment is developing Digital Cabin solutions.

Non-Financial Highlights

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

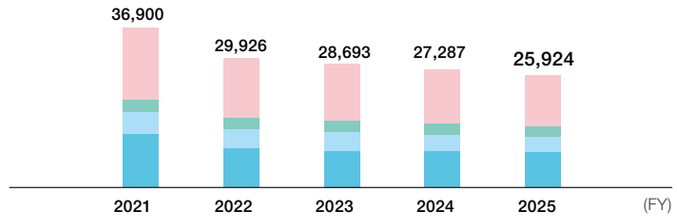
(Thousand t-CO_2 / t-CO_2/100 millions of JPY) Scope 1 Scope 2 GHG emissions per unit of production



In FY2025, renewable energy use was approximately 1.1 times the FY2024 level. GHG emissions decreased as the renewable energy adoption rate rose and energy-saving measures helped curb energy consumption, resulting in an approximately 10% improvement in GHG emissions intensity.

Number of Employees (Consolidated)

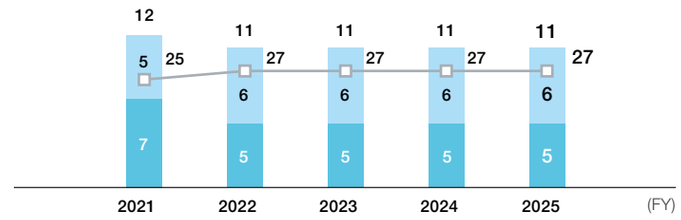
(People) Japan United States Europe Asia



The global workforce decreased slightly year on year in FY2025. In light of business conditions, including ongoing geopolitical risks and inflation, we are reviewing our production structure and improving operational efficiency.

Number of Directors (Non-consolidated)

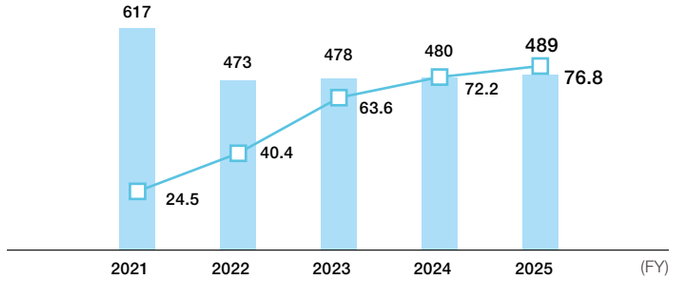
(People / %) Inside directors Outside directors Ratio of female directors



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

Energy Use / Renewable Energy Adoption (Consolidated)

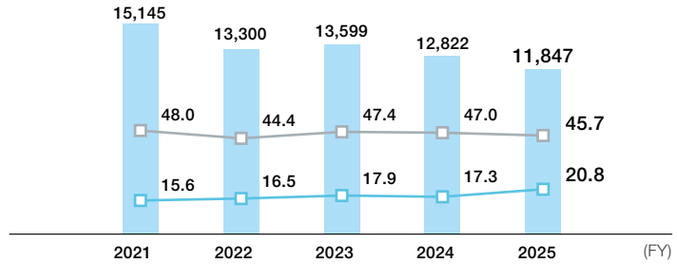
(Thousand MWh / %) Energy use Renewable energy adoption



In FY2025, energy use rose slightly as production increased, although energy-saving measures helped curb consumption. The renewable energy adoption rate increased by approximately 4% to 76.8% through the installation of solar power generation systems, expanded external procurement of electricity from renewable sources, and the use of certificates.

Number and Ratio of Female Employees / Percentage of Women in Management Positions (Consolidated)

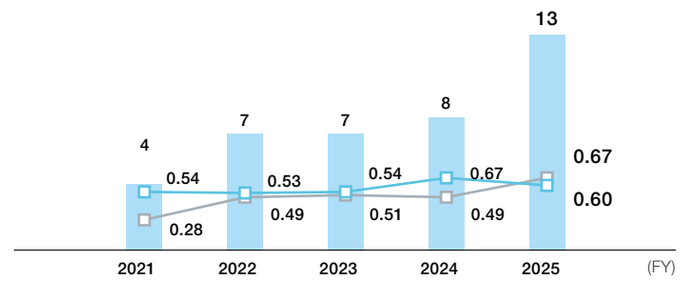
(People / %) Number of female employees Percentage of female employees Percentage of women in management positions



The percentage of female employees decreased slightly year on year in FY2025. Meanwhile, the proportion of women in management increased from the previous fiscal year to more than 20%. We believe this reflects the results of our efforts to support women's career advancement at every stage, from recruitment and retention to development. We will continue promoting opportunities for diverse talent and increasing diversity among decision-makers.

Workplace Accidents (Non-consolidated)

(Accidents / %) Number of workplace accidents Lost time injury frequency rate* Manufacturing industry average lost time injury frequency rate (Electrical Machinery and Equipment Manufacturing)



No fatal accidents or serious occupational accidents resulting in permanent disability occurred in FY2025. To prevent occupational accidents, we will strengthen measures to raise safety awareness by conducting inspections aimed at preventing unsafe behavior that can lead to slips and falls, which account for a large proportion of accidents, and by reaffirming work standards.

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

Summary of Key Management Indicators

Consolidated Fiscal Years Started April 1

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
For the Fiscal Year: [Millions of JPY]											
Net sales	774,038	753,262	858,317	851,332	810,570	718,013	802,854	933,114	964,090	990,407	1,019,459
Cost of sales	621,754	601,711	669,721	689,337	670,700	603,524	664,054	765,587	798,017	815,238	837,600
Gross profit	152,284	151,551	188,596	161,995	139,870	114,488	138,800	167,527	166,072	175,169	181,858
Selling, general and administrative expenses	99,956	107,177	116,688	112,353	113,074	101,378	103,592	133,931	146,360	141,062	139,814
Operating income	52,327	44,373	71,907	49,641	26,795	13,109	35,208	33,595	19,711	34,106	42,043
Operating income margin: [%]	6.8	5.9	8.4	5.8	3.3	1.8	4.4	3.6	2.0	3.4	4.1
Ordinary income	50,038	42,725	66,717	43,605	18,646	13,227	40,286	34,940	24,809	30,521	49,141
Profit (loss) attributable to owners of parent	39,034	34,920	47,390	22,114	(4,009)	(3,837)	22,960	11,470	(29,814)	37,837	26,879
Depreciation and amortization	30,725	33,076	36,004	44,188	46,057	41,336	45,705	46,836	41,464	35,143	33,973
R&D expenses	33,336	32,279	29,799	32,886	37,667	31,085	30,688	31,910	32,959	24,346	21,927
Capital expenditures	41,190	47,657	76,154	52,928	42,362	40,354	53,010	50,774	55,665	51,886	61,653
Operating cash flows	53,958	41,603	70,387	72,671	87,210	42,636	34,304	15,413	89,173	65,817	95,926
Investing cash flows	(30,383)	(37,981)	(66,722)	(67,405)	(42,419)	(41,165)	(45,507)	(54,205)	(55,095)	(1,683)	(58,402)
Financing cash flows	(36,340)	(309)	(2,957)	(6,910)	(31,601)	14,515	(13,539)	(742)	(1,808)	(37,299)	(41,131)
Cash and cash equivalents at fiscal year-end	116,843	117,991	120,778	118,318	128,217	151,748	138,489	82,893	122,298	147,464	153,390
Simplified free cash flow*1	23,574	3,621	3,665	5,266	44,791	1,471	(11,202)	(38,791)	34,077	64,134	37,523
At Fiscal Year-End: [Millions of JPY]											
Total assets	562,856	602,961	669,874	675,717	625,542	694,285	743,520	736,997	753,989	740,715	783,152
Equity	228,496	254,501	301,176	365,346	324,464	344,923	389,426	398,111	391,108	413,994	447,531
Interest-bearing debt	54,335	63,272	70,420	108,816	99,870	117,936	113,272	121,937	129,301	100,788	92,276
Per Share Data: [JPY]											
Earnings per share (EPS)	206.64	178.25	241.91	110.19	(19.53)	(18.72)	110.82	55.77	(145.04)	184.00	134.77
Diluted EPS	197.73	178.20	241.82	110.14	–	–	110.79	55.76	–	184.00	134.77
Book value per share (BPS)	1,166.41	1,299.11	1,537.37	1,731.36	1,587.06	1,665.29	1,879.42	1,937.47	1,902.43	2,013.07	2,293.69
Dividends per share (DPS)	25.00	30.00	37.00	50.00	30.00	20.00	20.00	40.00	30.00	60.00	62.00

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

Summary of Key Management Indicators

Consolidated Fiscal Years Started April 1

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Major Indicators: [%]											
Equity ratio	40.6	42.2	45.0	54.1	51.9	49.7	52.4	54.0	51.9	55.9	57.1
Debt-to-equity ratio*2	23.8	24.9	23.4	29.8	30.8	34.2	29.1	30.6	33.1	24.3	20.6
Interest coverage ratio*3: [Times]	50.4	81.6	91.2	58.7	66.4	56.2	46.9	12.6	78.1	63.7	97.0
Return on assets (ROA)*4	6.9	6.0	7.4	3.3	(0.6)	(0.6)	3.2	1.5	(4.0)	5.1	3.5
Return on equity (ROE)*5	19.1	14.5	17.1	6.6	(1.2)	(1.1)	6.3	2.9	(7.6)	9.4	6.2
Average exchange rates											
USD / JPY: [JPY]	120.14	108.38	110.85	110.91	108.74	106.06	112.37	135.47	144.62	152.58	150.77
EUR / JPY: [JPY]	132.58	118.79	129.70	128.41	120.82	123.70	130.56	140.97	156.80	163.75	174.79
Other											
Total number of issued shares*6: [Thousand shares]	198,208	198,208	198,208	219,281	219,281	219,281	219,281	219,281	219,281	219,281	208,103

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

Performance by Business Segment

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
For the Fiscal Year: [Millions of JPY]											
Net Sales											
Component	–	–	–	–	–	–	262,275	329,040	305,281	348,013	358,365
Sensor and Communication	–	–	–	–	–	–	79,986	85,525	84,086	84,199	85,260
Mobility*7	–	–	–	–	–	–	368,624	481,384	554,389	537,202	555,054
Electronic Components	434,072	437,676	514,031	468,605	424,709	396,042	–	–	–	–	–
Automotive Infotainment	267,541	242,306	267,638	303,593	306,299	240,616	–	–	–	–	–
Logistics*8	60,251	61,150	64,666	66,888	66,872	69,213	78,908	–	–	–	–
Others	12,173	12,128	11,981	12,244	12,688	12,140	13,060	37,162	20,332	20,992	20,778
Operating Income (loss)											
Component	–	–	–	–	–	–	33,645	38,322	20,474	30,397	30,168
Sensor and Communication	–	–	–	–	–	–	2,374	(1,588)	(1,498)	(3,360)	(3,538)
Mobility*7	–	–	–	–	–	–	(8,300)	(6,619)	(1,131)	5,606	14,162
Electronic Components	40,780	32,803	52,929	29,607	16,124	11,408	–	–	–	–	–
Automotive Infotainment	5,434	5,623	13,735	13,921	5,655	(3,947)	–	–	–	–	–
Logistics*8	4,857	5,083	4,932	4,722	4,118	4,725	6,021	–	–	–	–
Others	1,233	884	1,701	1,430	1,202	1,041	1,583	3,603	2,037	1,516	1,310

*7 From FY2025, the Module and System Segment was merged into the Mobility Segment *8 Not disclosed from FY2022

ESG Data

Environment

Greenhouse Gas Emissions*

		Unit	FY2023	FY2024	FY2025	Scope
Total of Scope 1, Scope 2, and Scope 3		t-CO_2	3,349,551	3,498,679	3,685,716	Consolidated
	Scope 1	t-CO_2	13,617	14,151	17,549	
	Scope 2	t-CO_2	82,719	57,047	47,414	
	Scope 1 + Scope 2	t-CO_2	96,337	71,198	64,963	
	Scope 3	t-CO_2	3,253,214	3,427,481	3,620,753	
	1. Purchased goods and services	t-CO_2	2,439,156	2,749,845	2,910,397	
	2. Capital goods	t-CO_2	133,650	123,749	146,683	
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	t-CO_2	31,061	30,991	31,291	
	4. Transportation and distribution (upstream, Japan only)	t-CO_2	108,379	102,736	112,221	
	5. Waste generated in operations	t-CO_2	8,082	7,247	7,517	
	6. Business travel	t-CO_2	4,836	4,714	4,531	
	7. Employee commuting	t-CO_2	15,824	15,414	14,807	
	8. Leased assets (upstream)	N/A	Included in Scope 1 and Scope 2			
	9. Transportation and distribution (downstream)	Excluded	Excluded because Alps Alpine manufactures intermediate products and therefore it is impossible to rationally calculate emissions volumes			
	10. Processing of sold products	Excluded	Intermediate products sold are processed into a wide variety of finished products, and emissions cannot be reasonably calculated, so they are not included.			
	11. Use of sold products	t-CO_2	496,020	387,137	389,466	Consolidated
	12. End-of-life treatment of sold products	Excluded	Excluded because intermediate products sold are processed into a large variety of finished products, making it difficult to ascertain emissions and therefore impossible to rationally estimate emissions volumes			
	13. Leased assets (downstream)	N/A	Not applicable because there are no corresponding business activities			
	14. Franchises	N/A	Not applicable because there are no corresponding business activities			
	15. Investments	t-CO_2	16,205	5,649	3,840	Consolidated

* The calculated GHG emissions (Scopes 1, 2, and 3) for FY2023 and 2024 were third-party-assured by SOCOTEC Certification Japan Co., Ltd. Some of the FY2024 GHG emission figures have also been recalculated.

Energy

		Unit	FY2023	FY2024	FY2025	Scope
Total energy consumption		MWh	477,641	480,135	489,002	Consolidated
	Non-renewable energy: Electricity	MWh	158,020	120,822	102,920	
	Non-renewable energy: Fuel	MWh	43,401	45,366	44,749	
	Renewable energy: Electricity	MWh	276,220	313,947	341,333	

Waste Emissions

		Unit	FY2023	FY2024	FY2025	Scope
Total waste emissions		t	25,219	25,215	25,672	Consolidated
	Recycled	t	–	23,999	24,591	
	Final disposal	t	–	1,216	1,081	
Volume of hazardous waste generated		t	–	2,807	2,764	
	Recycled	t	–	2,744	2,689	
	Final disposal	t	–	64	75	
Volume of non-hazardous waste generated		t	–	22,408	22,909	
	Recycled	t	–	21,255	21,903	
	Final disposal	t	–	1,153	1,006	

Chemical Substance Management

		Unit	FY2023	FY2024	FY2025	Scope
Volatile organic compounds	Volume handled	t	104.9	109.9	109.5	Non-consolidated
	Emissions	t	67.0	74.8	72.6	
	Percentage released into atmosphere	%	63.9	68.1	66.3	
Air pollutant emissions	NOx emissions	t	2.3	1.3	2.3	
	SOx emissions	t	1.0	1.6	1.2	

Water Resource Management

	Unit	FY2023	FY2024	FY2025	Scope
Water withdrawal	m^3	1,489,792	1,370,016	1,359,859	Consolidated
Water discharge	m^3	1,280,576	1,145,374	1,125,579	
Volume recycled	m^3	58,035	52,787	39,276	

Environmental Violations

	Unit	FY2023	FY2024	FY2025	Scope
Violations	Cases	0	0	0	Consolidated
Fines	US$	0	0	0	
Serious legal or regulatory breaches and accidents	Cases	0	0	0	

ISO 14001 Certification

	Unit	FY2023	FY2024	FY2025	Scope
Certification rate (Scope: Headquarters and production bases)	%	100	100	100	Consolidated

ESG Data

Social

Employee Information

		Unit	FY2023	FY2024	FY2025	Scope
Number of employees (consolidated)		People	28,693	27,287	25,924	Consolidated
	Men	People	15,094	14,465	14,077	
	Women	People	13,599	12,822	11,847	
	Ratio of female employees	%	47.4	47.0	45.7	
Number of employees (by region)	Japan (includes affiliates and subsidiaries)	People	8,437	8,257	8,097	
	United States	People	4,234	3,962	3,724	
	Europe	People	2,676	2,573	2,351	
	Asia	People	13,346	12,495	11,752	
Number of employees (non-consolidated)		People	6,538	6,339	6,260	Non-consolidated
	Men	People	5,020	4,852	4,794	
	Women	People	1,518	1,487	1,466	
	Ratio of female employees	%	23.2	23.5	23.4	
	Percentage of experienced employees among all employees	%	23.0	23.0	24.1	
	Percentage of foreign nationals among all employees	%	1.1	1.1	1.1	
Average length of service		Years	17.7	17.3	16.7	
	Men	Years	18.1	17.6	17.0	
	Women	Years	16.6	16.1	15.8	
Average age		Years	42.7	42.4	42.1	
	Men	Years	43.2	42.8	42.5	
	Women	Years	41.1	40.8	40.8	
Number of departures*1 *2		People	170	203	370	
	Number of departures for personal reasons	People	122	163	264	
	Ratio of departures for personal reasons*3	%	1.9	2.6	5.2	

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

Human Resource Development

	Unit	FY2023	FY2024	FY2025	Scope
Investment in human resource development (per employee)	JPY	23,124	24,199	45,241	Non-consolidated
Average training hours per employee	Hours	28.0	27.7	30.5	
Average training days per employee	Days	3.5	3.5	3.9	

Diversity, Equity and Inclusion / Nurturing of Human Resources

		Unit	FY2023	FY2024	FY2025	Scope
Number of new-graduate hires*4 *5		People	251	207	194	Non-consolidated
	Ratio of women (management and general track)	%	21.5	20.8	24.2	
Number of experienced hires*5		People	83	84	110	
	Ratio of women	%	18.1	23.8	24.5	
	Ratio of experienced hires	%	24.9	28.9	36.1	
Number of non-Japanese (IAP) hires*4 *6		People	3	4	7	
Ratio of employees with disabilities*7		%	2.6	2.7	2.6	
Number of managers		People	489	502	485	
	Women	People	17	20	19	
	Ratio of women in management positions	%	3.5	4.0	3.9	
	Ratio of women in management positions	%	17.9	17.3	20.8	Consolidated
	Ratio of experienced hires in management positions	%	19.2	20.1	19.2	Non-consolidated
	Ratio of non-Japanese employees in management positions	%	1.6	1.2	1.4	
Number of parental leave takers		People	103	82	111	
	Women	People	40	33	41	
	Men	People	63	49	70	
	Ratio of male employees taking childcare leave*8	%	53.7	66.2	72.9	
Ratio of parental leave takers who return to work		%	100	100	100	
Number of caregiver leave takers		People	1	3	1	
Average ratio of annual paid leave taken		%	78.9	78.7	79.1	
Average overtime per employee		Hours/Month	12.6	13.0	14.6	
Average wages (Annual salary)*9		Thousands of JPY	6,239	6,412	6,914	
	Men	Thousands of JPY	6,860	7,025	7,522	
	Women	Thousands of JPY	4,164	4,415	4,928	
	Wage differentials between men and women*10	%	61.7	62.9	66.3	

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

Occupational Health and Safety

	Unit	FY2023	FY2024	FY2025	Scope
Number of work-related accidents*11	Cases	70	78	80	Consolidated
		7	8	13	Non-consolidated
Lost time injury frequency rate*12	–	0.51	0.49	0.67	
Manufacturing industry average lost time injury frequency rate (Electrical Machinery and Equipment Manufacturing)	–	0.54	0.67	0.60	Japan
Severity rate	–	0.005	0.001	0.004	Non-consolidated
Number of serious accidents	Cases	0	0	0	Consolidated

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

ESG Data

Governance

Director Composition

(as of July)

		Item	Unit	2024	2025	2026
Directors		Number of members	People	11	11	11
		Outside directors	People	6	6	6
		Inside directors	People	5	5	5
		Ratio of outside directors	%	54.5	54.5	54.5
		Female directors	People	3	3	3
		Ratio of female directors	%	27.3	27.3	27.3
	Audit and Supervisory Committee Members	Number of members	People	4	4	4
		Outside audit and supervisory committee members	People	3	3	3
		Ratio of outside audit and supervisory committee members	%	75.0	75.0	75.0
Vice Presidents		Number of members (excluding those who also serve as directors)	People	10	11	11
		Non-Japanese members	People	2	1	1
		Female executive officers	People	0	1	1

Committee Membership

(as of July)

	Item	Unit	2024	2025	2026
Audit and Supervisory Committee	Number of members	People	4	4	4
	Ratio of outside directors	%	75.0	75.0	75.0
	Affiliation of committee chair	–	Outside	Outside	Outside
Nomination Advisory Committee (Board of Directors Advisory Board)	Number of members	People	5	6	6
	Ratio of outside directors	%	60.0	66.7	66.7
	Affiliation of committee chair	–	Outside	Outside	Outside
Compensation Advisory Board (Board of Directors Advisory Board)	Number of members	People	5	6	6
	Ratio of outside directors	%	60.0	66.7	66.7
	Affiliation of committee chair	–	Outside	Outside	Outside

Board of Directors' and Other Committee Meetings

(as of March 31)

	Item	Unit	2023	2024	2025
Board of Directors	Number of meetings held	No. of times a year	15	21	12
	Average attendance rate of directors	%	100	100	100
	Average attendance rate of outside directors	%	100	100	100
Audit and Supervisory Committee	Number of meetings held	No. of times a year	13	14	13
	Average attendance rate of directors	%	100	100	100
	Average attendance rate of outside directors	%	100	100	100
Nomination Advisory Committee	Number of meetings held	No. of times a year	5	4	6
	Average attendance rate of directors	%	96.0	100	100
	Average attendance rate of outside directors	%	93.3	100	100
Compensation Advisory Board	Number of meetings held	No. of times a year	2	5	6
	Average attendance rate of directors	%	100	100	100
	Average attendance rate of outside directors	%	100	100	100

Compliance

(as of March 31)

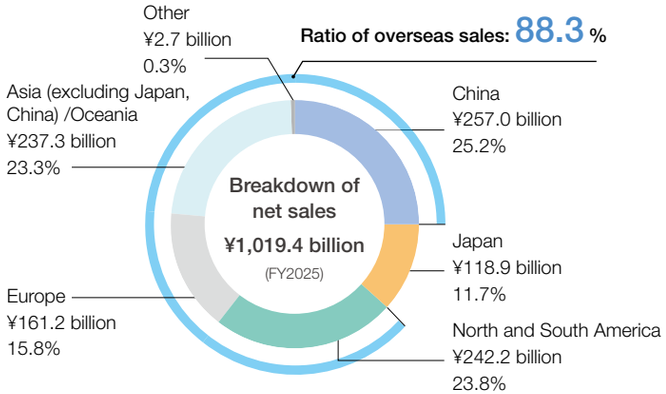
	Item	Unit	2023	2024	2025
Anti-corruption	Group Code of Conduct education programs Target: All employees globally (including corporate officers, temporary employees, and contract employees)	No. of times a year	1	1	1
	Participation rate of Group Code of Conduct education programs (e-learning)	%	98.0	98.1	99.1
Political donations	Amount of political donations	JPY	0	0	0

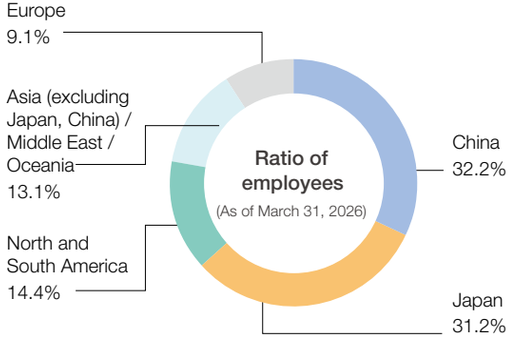
Corporate Data / Stock Information

Corporate Data (As of March 31, 2026)

Company Name	Alps Alpine Co., Ltd.
Established	November 1, 1948
Capital Stock	¥38.73 billion
Headquarters	1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo 145-8501, Japan
Employees	Consolidated: 25,924 (global)
Consolidated subsidiaries	14 domestic, 41 overseas
Sales locations	24 domestic, 50 overseas (19 countries)
Production locations	10 domestic, 16 overseas (9 countries)
R&D locations	15 domestic, 13 overseas (8 countries)

*Locations with multiple functions are counted in each applicable category

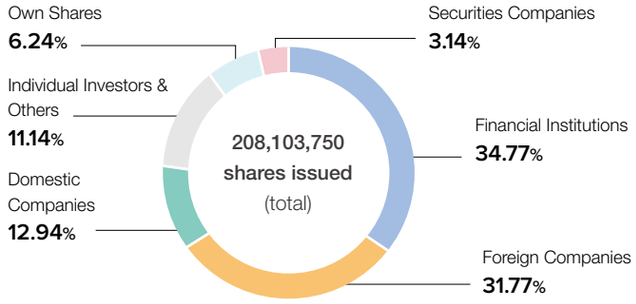




Stock Information (As of March 31, 2026)

No. of Authorized Shares	500,000,000
No. of Issued Shares	208,103,750
No. of Shareholders	29,578
Stock Listing	Tokyo Stock Exchange Prime Market (Code: 6770)
Share Registrar	Mitsubishi UFJ Trust and Banking Corporation

Breakdown of Shareholders



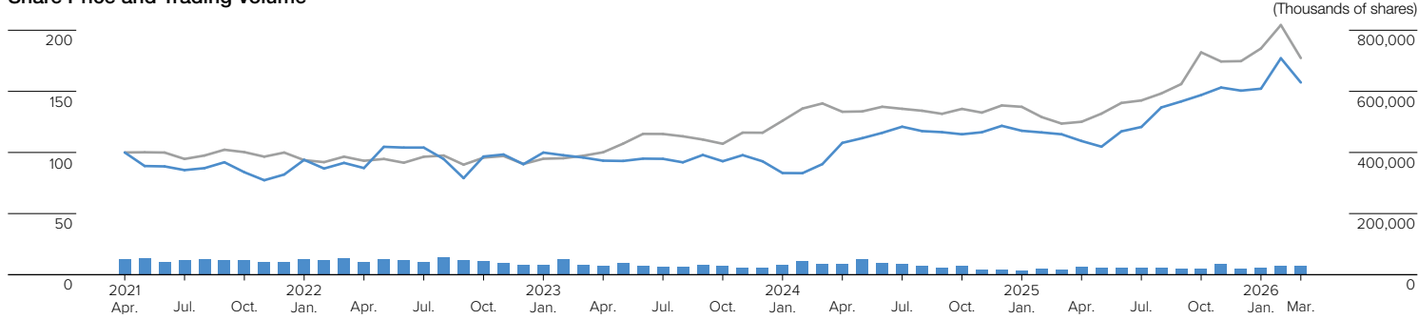
Note: "Individual Investors & Others" refers to shares held by Alps Alpine Co., Ltd., employees, other individuals, unclaimed shares stored by the Japan Securities Depository Center, Inc., Government / Local government.

Top 10 Shareholders

Name	No. of shares (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	40,055	20.52
S-GRANT. CO., LTD.	17,232	8.83
Custody Bank of Japan, Ltd. (Trust account)	16,990	8.70
STATE STREET BANK AND TRUST COMPANY 505223	6,295	3.22
STATE STREET BANK AND TRUST COMPANY 505103	5,693	2.91
STATE STREET BANK AND TRUST COMPANY 505001	5,557	2.84
TAIJU LIFE INSURANCE COMPANY, LTD.	3,591	1.84
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	3,502	1.79
JPMorgan Securities Japan Co., Ltd.	3,094	1.58
NIPPON LIFE INSURANCE COMPANY	2,750	1.40

Notes 1: The Company holds 12,989,139 shares of treasury stock but is excluded from the above list of major shareholders
2. Shareholding ratio is calculated excluding treasury stock

Share Price and Trading Volume



Note: The closing price on April 30, 2021 equals 100.

(JPY)	FY2021	FY2022	FY2023	FY2024	FY2025
High	1,510	1,540	1,329	1,716	2,395
Low	980	1,028	1,000	1,182	1,195
Price at fiscal year-end	1,211	1,269	1,198	1,521	2,082

Consolidated Financial Statements

Consolidated Balance Sheet

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
ASSETS			
Current assets:			
Cash and deposits (Notes 19 and 20)	**¥ 153,614**	¥ 147,941	**$ 960,808**
Notes and accounts receivable - trade (Note 20):			
Unconsolidated subsidiaries and affiliated companies	**1,374**	2,910	**8,594**
Other	**167,002**	161,902	**1,044,546**
Electronically recorded monetary claims - operating	**982**	2,028	**6,142**
Allowance for doubtful accounts	**(961)**	(1,926)	**(6,011)**
Inventories (Note 5)	**138,314**	138,636	**865,111**
Other	**40,393**	43,453	**252,646**
Total current assets	**500,720**	494,946	**3,131,849**
Non-current assets:			
Property, plant and equipment			
Land (Note 10)	**16,247**	16,335	**101,620**
Buildings and structures	**133,103**	126,484	**832,518**
Machinery and equipment	**531,528**	500,409	**3,324,543**
Construction in progress	**35,041**	20,108	**219,171**
Subtotal	**715,921**	663,338	**4,477,865**
Accumulated depreciation and impairment	**(557,933)**	(526,665)	**(3,489,699)**
Total property, plant and equipment	**157,988**	136,673	**988,166**
Intangible assets	**30,597**	22,031	**191,375**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliated companies (Notes 4 and 20)	**18,512**	11,611	**115,787**
Investment securities (Notes 4 and 20)	**49,142**	48,422	**307,368**
Deferred tax assets (Note 18)	**13,847**	15,234	**86,609**
Retirement benefit asset (Note 7)	**430**	364	**2,690**
Other	**11,913**	11,431	**74,512**
Total investments and other assets	**93,846**	87,064	**586,978**
Total non-current assets	**282,432**	245,769	**1,766,525**
Total assets	**¥ 783,152**	¥ 740,715	**$ 4,898,374**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Notes 6 and 20)	**¥ 21,817**	¥ 21,100	**$ 136,459**
Current portion of long-term borrowings (Notes 6 and 20)	**15,251**	23,188	**95,390**
Notes and accounts payable - trade (Note 20)			
Unconsolidated subsidiaries and affiliated companies	**2,641**	3,069	**16,519**
Other	**90,526**	87,312	**566,212**
Income taxes payable	**7,013**	7,350	**43,864**
Accrued expenses	**38,262**	35,731	**239,317**
Other (Notes 20 and 21)	**65,208**	49,109	**407,856**
Total current liabilities	**240,720**	226,861	**1,505,629**
Non-current liabilities:			
Long-term borrowings (Notes 6 and 20)	**55,208**	56,499	**345,309**
Retirement benefit liability (Note 7)	**7,388**	13,194	**46,210**
Liabilities from application of equity method	**622**	2,009	**3,890**
Deferred tax liabilities (Note 18)	**26,475**	23,717	**165,593**
Other	**3,336**	2,918	**20,866**
Total non-current liabilities	**93,030**	98,338	**581,874**
Total liabilities	**333,750**	325,200	**2,087,503**
Contingent liabilities (Note 8)			
Net assets (Note 9)			
Shareholders' equity:			
Share capital:			
Authorized - 500,000,000 shares			
Issued – 208,103,750 shares in 2026 and 219,281,450 shares in 2025	**38,730**	38,730	**242,244**
Capital surplus	**122,506**	123,872	**766,237**
Retained earnings	**207,804**	213,942	**1,299,750**
Treasury shares – 12,989,139 shares in 2026 and 13,628,814 shares in 2025	**(25,253)**	(28,254)	**(157,950)**
Total shareholders' equity	**343,787**	348,289	**2,150,281**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	**23,337**	23,154	**145,966**
Revaluation reserve for land (Note 10)	**(389)**	(476)	**(2,433)**
Foreign currency translation adjustment	**80,587**	48,699	**504,047**
Remeasurements of defined benefit plans	**208**	(5,672)	**1,301**
Total accumulated other comprehensive income	**103,744**	65,704	**648,887**
Share acquisition rights (Note 25)	**2**	5	**13**
Non-controlling interests	**1,867**	1,515	**11,678**
Total net assets	**449,401**	415,515	**2,810,864**
Total liabilities and net assets	**¥ 783,152**	¥ 740,715	**$ 4,898,374**

	Yen		U.S. dollars (Note 1)
	2026	2025	2026
Amounts per share of common stock:			
Net assets (Note 27)	**¥ 2,293.69**	¥ 2,013.07	**$ 14.35**

See accompanying notes.

Consolidated Statement of Income and Comprehensive Income

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net sales	**¥ 1,019,459**	¥ 990,407	**$ 6,376,401**
Costs and expenses:			
Cost of sales (Note 5)	**837,600**	815,238	**5,238,929**
Selling, general and administrative expenses (Notes 11 and 12)	**139,814**	141,062	**874,493**
	977,415	956,301	**6,113,429**
Operating profit	**42,043**	34,106	**262,966**
Other income (expenses):			
Interest and dividend income	**3,337**	3,399	**20,872**
Share of profit of entities accounted for using equity method	**7,957**	—	**49,769**
Subsidy income	**1,020**	1,217	**6,380**
Interest expenses	**(987)**	(1,040)	**(6,173)**
Foreign exchange gains (losses)	**(2,747)**	(3,377)	**(17,182)**
Share of loss of entities accounted for using equity method	**—**	(1,958)	**—**
Commission expenses	**(777)**	(274)	**(4,860)**
Gain on sale of shares of subsidiaries and associates (Note 14)	**—**	27,074	**—**
Gain on sale of businesses (Note 15)	**—**	6,424	**—**
Impairment losses (Note 16)	**(4,201)**	(4,541)	**(26,276)**
Extra retirement payments (Note 17)	**—**	(298)	**—**
Other (Note 13)	**(1,699)**	(2,858)	**(10,627)**
	1,901	23,765	**11,890**
Profit before income taxes	**43,944**	57,872	**274,856**
Income taxes (Note 18):			
Income taxes - current	**11,089**	11,928	**69,358**
Income taxes - deferred	**5,560**	7,860	**34,776**
	16,650	19,788	**104,141**
Profit	**27,294**	38,083	**170,716**
Loss attributable to non-controlling interests	**(414)**	(246)	**(2,589)**
Profit attributable to owners of parent	**26,879**	37,837	**168,120**
Profit attributable to non-controlling interests	**414**	246	**2,589**
Profit	**27,294**	38,083	**170,716**
Other comprehensive income (Note 24)			
Valuation difference on available-for-sale securities	**193**	(1,243)	**1,207**
Foreign currency translation adjustment	**31,781**	(5,961)	**198,780**
Remeasurements of defined benefit plans, net of tax	**5,792**	587	**36,227**
Share of other comprehensive income of entities accounted for using equity method	**343**	24	**2,145**
Total other comprehensive income	**38,111**	(6,593)	**238,373**
Total comprehensive income	**¥ 65,405**	¥ 31,490	**$ 409,088**
Comprehensive income attributable to:			
Owners of parent	**¥ 64,832**	¥ 31,267	**$ 405,504**
Non-controlling interests	**572**	223	**3,578**

	Yen		U.S. dollars (Note 1)
	2026	2025	2026
Amounts per share of common stock:			
Basic earnings per share (Note 27)	**¥ 134.77**	¥ 184.00	**$ 0.84**
Diluted earnings per share (Note 27)	**134.77**	184.00	**0.84**
Cash dividends applicable to the year	**62.00**	60.00	**0.39**

Consolidated Statement of Changes in Net Assets

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2026 and 2025

Millions of yen

		Shareholders' equity			
	Number of shares of common stock	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2024	219,281,450	¥ 38,730	¥ 124,138	¥ 184,350	¥ (28,365)
Dividends of surplus				(8,225)	
Profit attributable to owners of parent				37,837	
Purchase of treasury shares					(2)
Disposal of treasury shares			(15)		113
Cancellation of treasury shares					
Transfer from retained earnings to capital surplus					
Additional purchase of shares of consolidated subsidiaries			(251)		
Reversal of revaluation reserve for land				(20)	
Net changes in items other than shareholders' equity					
Balance at March 31, 2025	219,281,450	¥ 38,730	¥ 123,872	¥ 213,942	¥ (28,254)
Dividends of surplus				**(12,207)**	
Profit attributable to owners of parent				**26,879**	
Purchase of treasury shares					**(20,003)**
Disposal of treasury shares			**(337)**		**1,252**
Cancellation of treasury shares	**(11,177,700)**		**(21,751)**		**21,751**
Transfer from retained earnings to capital surplus			**20,722**	**(20,722)**	
Additional purchase of shares of consolidated subsidiaries					
Reversal of revaluation reserve for land				**(86)**	
Net changes in items other than shareholders' equity					
Balance at March 31, 2026	**208,103,750**	**¥ 38,730**	**¥ 122,506**	**¥ 207,804**	**¥ (25,253)**

Millions of yen

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Share acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2024	¥ 24,393	¥ (496)	¥ 54,599	¥ (6,242)	¥ 67	¥ 1,648	¥ 392,824
Dividends of surplus							(8,225)
Profit attributable to owners of parent							37,837
Purchase of treasury shares							(2)
Disposal of treasury shares							98
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Additional purchase of shares of consolidated subsidiaries							(251)
Reversal of revaluation reserve for land							(20)
Net changes in items other than shareholders' equity	(1,239)	20	(5,900)	569	(61)	(133)	(6,745)
Balance at March 31, 2025	¥ 23,154	¥ (476)	¥ 48,699	¥ (5,672)	¥ 5	¥ 1,515	¥ 415,515
Dividends of surplus							**(12,207)**
Profit attributable to owners of parent							**26,879**
Purchase of treasury shares							**(20,003)**
Disposal of treasury shares							**915**
Cancellation of treasury shares							**—**
Transfer from retained earnings to capital surplus							**—**
Additional purchase of shares of consolidated subsidiaries							**—**
Reversal of revaluation reserve for land							**(86)**
Net changes in items other than shareholders' equity	**183**	**86**	**31,888**	**5,881**	**(2)**	**351**	**38,389**
Balance at March 31, 2026	**¥ 23,337**	**¥ (389)**	**¥ 80,587**	**¥ 208**	**¥ 2**	**¥ 1,867**	**¥ 449,401**

Consolidated Statement of Changes in Net Assets

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2026 and 2025

Thousands of U.S. dollars (Note 1)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at March 31, 2025	$ 242,244	$ 774,781	$ 1,338,141	$ (176,720)
Dividends of surplus			**(76,351)**	
Profit attributable to owners of parent			**168,120**	
Purchase of treasury shares				**(125,113)**
Disposal of treasury shares		**(2,108)**		**7,831**
Cancellation of treasury shares		**(136,046)**		**136,046**
Transfer from retained earnings to capital surplus		**129,610**	**(129,610)**	
Additional purchase of shares of consolidated subsidiaries				
Reversal of revaluation reserve for land			**(538)**	
Net changes in items other than shareholders' equity				
Balance at March 31, 2026	**$ 242,244**	**$ 766,237**	**$ 1,299,750**	**$ (157,950)**

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Share acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2025	$ 144,821	$ (2,977)	$ 304,597	$ (35,477)	$ 31	$ 9,476	$ 2,598,918
Dividends of surplus							**(76,351)**
Profit attributable to owners of parent							**168,120**
Purchase of treasury shares							**(125,113)**
Disposal of treasury shares							**5,723**
Cancellation of treasury shares							**—**
Transfer from retained earnings to capital surplus							**—**
Additional purchase of shares of consolidated subsidiaries							**—**
Reversal of revaluation reserve for land							**(538)**
Net changes in items other than shareholders' equity	**1,145**	**538**	**199,450**	**36,784**	**(13)**	**2,195**	**240,111**
Balance at March 31, 2026	**$ 145,966**	**$ (2,433)**	**$ 504,047**	**$ 1,301**	**$ 13**	**$ 11,678**	**$ 2,810,864**

See accompanying notes.

Consolidated Statement of Cash Flows

Alps Alpine Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from operating activities:			
Profit before income taxes	**¥ 43,944**	¥ 57,872	**$ 274,856**
Depreciation	**33,973**	35,143	**212,491**
Impairment losses	**4,201**	4,541	**26,276**
Increase (decrease) in allowance for doubtful accounts	**(997)**	3,849	**(6,236)**
Interest and dividend income	**(3,337)**	(3,399)	**(20,872)**
Interest expenses	**987**	1,040	**6,173**
Share of loss (profit) of entities accounted for using equity method	**(7,957)**	1,958	**(49,769)**
Loss (gain) on sale and retirement of non-current assets	**934**	1,182	**5,842**
Decrease (increase) in trade receivables	**9,729**	(11,429)	**60,852**
Decrease (increase) in inventories	**11,238**	23,729	**70,290**
Increase (decrease) in trade payables	**(5,004)**	(3,253)	**(31,298)**
Increase (decrease) in provision for bonuses	**454**	749	**2,840**
Loss (gain) on sale of shares of subsidiaries and associates	**—**	(27,074)	**—**
Loss (gain) on sale of businesses	**—**	(6,424)	**—**
Decrease (increase) in accounts receivable - other	**7,010**	(1,322)	**43,845**
Increase (decrease) in accounts payable - other	**7,942**	(6,032)	**49,675**
Increase (decrease) in accrued expenses	**538**	(3,768)	**3,365**
Increase (decrease) in retirement benefit liability	**(894)**	(768)	**(5,592)**
Other	**3,668**	7,932	**22,942**
Subtotal	**106,432**	74,526	**665,699**
Interest and dividends received	**3,357**	3,790	**20,997**
Interest paid	**(988)**	(1,032)	**(6,180)**
Income taxes paid	**(12,874)**	(11,466)	**(80,523)**
Net cash provided by (used in) operating activities	**95,926**	65,817	**599,987**
Cash flows from investing activities:			
Payment into time deposits	**(1,259)**	(1,511)	**(7,875)**
Proceeds from withdrawal of time deposits	**1,515**	1,400	**9,476**
Purchase of property, plant and equipment	**(43,610)**	(43,036)	**(272,767)**
Purchase of intangible assets	**(16,342)**	(7,582)	**(102,214)**
Proceeds from sale of property, plant and equipment	**690**	2,286	**4,316**
Proceeds from sale of shares of subsidiaries and associates	**—**	37,018	**—**
Proceeds from sale of businesses	**—**	8,552	**—**
Other	**603**	1,189	**3,772**
Net cash provided by (used in) investing activities	**(58,402)**	(1,683)	**(365,286)**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	**427**	(19,790)	**2,671**
Proceeds from long-term borrowings	**13,943**	879	**87,209**
Repayment of long-term borrowings	**(23,911)**	(9,623)	**(149,556)**
Dividends paid	**(12,207)**	(8,225)	**(76,351)**
Purchase of treasury shares	**(20,003)**	(2)	**(125,113)**
Proceeds from disposal of treasury shares	**811**	0	**5,073**
Other	**(191)**	(537)	**(1,195)**
Net cash provided by (used in) financing activities	**(41,131)**	(37,299)	**(257,262)**
Effect of exchange rate change on cash and cash equivalents	**9,534**	(1,669)	**59,632**
Net increase (decrease) in cash and cash equivalents	**5,926**	25,166	**37,065**
Cash and cash equivalents at the beginning of the year	**147,464**	122,298	**922,342**
Cash and cash equivalents at the end of the year (Note 19)	**¥ 153,390**	¥ 147,464	**$ 959,407**

See accompanying notes.

Notes to Consolidated Financial Statements

Alps Alpine Co., Ltd. and Consolidated Subsidiaries

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The accompanying consolidated financial statements are stated in Japanese yen. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside of Japan at the prevailing exchange rate as of March 31, 2026, which was ¥159.88 to U.S. $1.00.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation

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

(2) Equity method

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

(3) Cash equivalents

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

(4) Investment securities

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

(5) Allowance for doubtful accounts

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

(6) Inventories

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

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

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

Major useful lives are as follows.

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

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

Intangible assets consist of software. Software for internal use is amortized using the straight-line method over its estimated useful lives ranging from 2 to 10 years. Software for sale to the market is amortized at the greater of either the amount based on sales in the year, as a proportion of total estimated sales, or the amount calculated on a straight-line basis over the remaining salable period.

(9) Leased assets

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

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

(10) Foreign currency translation
Foreign currency transactions
All financial assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the consolidated balance sheet date.

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

(11) Provision for bonuses
The provision for bonuses at the consolidated balance sheet date is based on an estimate of the amounts to be paid as bonuses for services rendered by employees up to that date.

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

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

(14) Retirement benefits
The provision for retirement benefits at the consolidated balance sheet date is stated based on the projected retirement benefit obligation deducted by pension assets.

The retirement benefit obligation is attributed to each period using the benefit formula method.

Actuarial gain or loss is amortized using the straight-line method over a period within the average remaining years of service of the eligible employees (mainly from 11 to 15 years) from the fiscal year following the respective fiscal year of recognition. Prior service cost is amortized using the straight-line method over a period within the average remaining years of service of the eligible employees (mainly 1 year).

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

(15) Provision for retirement benefits for directors (and other officers)
Certain domestic consolidated subsidiaries provide accrued directors' severance cost based on their internal corporate policies.

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

(17) Revenue recognition criteria for major businesses
The Company and its consolidated subsidiaries recognize revenue at the amount expected to be entitled in exchange for goods or services when the control of the promised goods or services is passed on to a customer.

For detail of revenue arising from contracts with customers, performance obligation of primary business, and ordinary time taken to satisfy such performance obligation for revenue recognition, please refer to Note "26. REVENUE RECOGNITION (2) Basic information on revenue recognized arising from contracts with customers."

(18) Basis for revenue recognition on finance leases
The Company, as a lessor, recognizes sales at the amount of lease income and cost of sales at the amount of lease income less interest upon receipt of lease fee payment.

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

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

Net assets per share are computed based on the net assets excluding share subscription rights and non-controlling interests and the number of shares of common stock outstanding at the year end.
Cash dividends per share of common stock reflect the actual amounts declared for each fiscal year.

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

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

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

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

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

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

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

[Accounting Standard for Subsequent Events]
• Accounting Standard for Subsequent Events (ASBJ Statement No. 41, issued on January 9, 2026)
• Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Implementation Guidance No. 35, issued on January 9, 2026)

(a) Overview
The ASBJ issued new standards that provide a comprehensive framework covering the definition, accounting treatment, and disclosure of subsequent events. The standards also include refinements to the wording and clarification of the period for subsequent events, and introduce additional disclosure requirements, including disclosures regarding the authorization of financial statements.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

(1) Impairment of fixed assets
(a) Amounts related to significant accounting estimates for the years ended March 31, 2026 and 2025
Sound of the Mobility business

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Impairment loss	**¥ 3,531**	¥ —	**$ 22,085**
Fixed assets	**4,162**	6,478	**26,032**

Information communicating equipment of the Mobility business

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Impairment loss	**¥ —**	¥ —	**$ —**
Fixed assets	**26,621**	21,601	**166,506**

(b) Key information of significant accounting estimates

1) Calculation method

In the fiscal year ended March 31, 2026, we determined that there were indications of impairment for the sound-related assets of the Mobility business, as the profit or loss arising from operating activities continued to be negative. Since the undiscounted future cash flows expected to be generated from the asset group were lower than its carrying amount, we reduced the carrying amount to the recoverable amount and an impairment loss was recognized. The recoverable amount was measured using value in use.

With respect to the information communicating equipment of the Mobility business, we concluded that there were no indications of impairment. This determination was based on the facts that the profit or loss from operating activities has not continued to be negative, that no changes have been identified in the scope or manner of use of the asset group that would significantly reduce its recoverable amount, and that, after considering business plans and changes in the operating environment, no signs of impairment were observed.

The business plans used to estimate future cash flows for these asset groups are primarily prepared based on order forecasts compiled by customer and product, expected contribution margins, and fixed costs. In addition, we take into account changes in sales volume and product mix resulting from revisions to the sales strategies of our major customers—automobile manufacturers in Japan, North America, and Europe—as well as the progress of cost-reduction initiatives under business conditions such as prolonged increases in component prices and ongoing inflation.

2) Significant assumptions

Significant assumptions used in estimates and judgments of undiscounted future cash flows are based on future order forecasts from customers and the marginal profit ratio.

The future order forecasts are based on the current status of negotiations with customers and the stage of product development. The Group also utilizes forecasts of global automotive sales from external research companies. The marginal profit ratio is determined based on actual historical trends. In addition, the discount rate used in measuring value in use was the weighted average cost of capital.

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

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

4. INVESTMENT SECURITIES

(1) Securities classified as other securities at March 31, 2026 and 2025 are summarized as follows.

	Millions of yen			Thousands of U.S. dollars		
	2026			2026		
	Fair value	Cost	Unrealized gains (losses)	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:						
Equity securities	**¥ 48,878**	**¥ 10,657**	**¥ 38,221**	**$ 305,717**	**$ 66,656**	**$ 239,061**
Securities for which cost exceeds fair value:						
Equity securities	**5**	**6**	**(0)**	**31**	**38**	**(0)**
Total	**¥ 48,884**	**¥ 10,663**	**¥ 38,220**	**$ 305,754**	**$ 66,694**	**$ 239,054**

	Millions of yen		
	2025		
	Fair value	Cost	Unrealized gains (losses)
Securities for which fair value exceeds cost:			
Equity securities	¥ 48,055	¥ 10,621	¥ 37,434
Securities for which cost exceeds fair value:			
Equity securities	41	42	(0)
Total	¥ 48,097	¥ 10,663	¥ 37,433

Note: Non-marketable securities and other at March 31, 2026 and 2025 in the amounts of ¥258 million ($1,614 thousand) and ¥324 million, respectively, have been excluded from the above table as they do not have any market prices.

(2) Proceeds from sales of securities classified as other securities for the years ended March 31, 2026 and 2025 were ¥1 million ($6 thousand) and ¥277 million, respectively.

Gross realized gains and losses for the year ended March 31, 2026 were both ¥0 million ($0 thousand). Gross realized gains and losses for the year ended March 31, 2025 were ¥218 million and nil, respectively.

(3) The impairment losses of ¥56 million ($350 thousand) and ¥190 million on securities for the years ended March 31, 2026 and 2025 were recorded for non-marketable equity securities at ¥56 million ($350 thousand) and nil, for affiliated companies at nil and ¥97 million, for foreign marketable equity securities at nil and ¥92 million, respectively.

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

5. INVENTORIES

Inventories at March 31, 2026 and 2025 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Merchandise and finished goods	**¥ 66,548**	¥ 69,331	**$ 416,237**
Work in process	**18,641**	18,841	**116,594**
Raw materials and supplies	**53,125**	50,462	**332,280**
	¥ 138,314	¥ 138,636	**$ 865,111**

The following (gain) loss on valuation of inventories is included in the cost of sales for the years ended March 31, 2026 and 2025, respectively:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
(Gain) loss on valuation of inventories	**¥ (1,961)**	¥ (197)	**$ (12,265)**

6. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS

Average interest rates for short-term borrowings, consisting primarily of overdrafts with banks, were 2.99% and 1.92% at March 31, 2026 and 2025, respectively.

Long-term borrowings at March 31, 2026 and 2025 are summarized as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Loans principally from banks and insurance companies due over 1 year at average interest rates of 1.19% and 0.73% at March 31, 2026 and 2025, respectively	**¥ 55,208**	¥ 56,499	**$ 345,309**
Loans principally from banks and insurance companies due within 1 year at average interest rates of 0.47% and 0.75% at March 31, 2026 and 2025, respectively	**15,251**	23,188	**95,390**
	¥ 70,459	¥ 79,688	**$ 440,699**

The aggregate annual maturities of long-term borrowings subsequent to March 31, 2026 and 2025 are summarized as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2026	2026
2027	**¥ 15,251**	**$ 95,390**
2028	**2,554**	**15,974**
2029	**30,895**	**193,239**
2030	**1,598**	**9,995**
2031	**20,160**	**126,095**
2032 and thereafter	**—**	**—**
Total	**¥ 70,459**	**$ 440,699**

Year ending March 31	Millions of yen
	2025
2026	¥ 23,188
2027	14,946
2028	2,247
2029	29,130
2030	374
2031 and thereafter	9,800
Total	¥ 79,688

7. RETIREMENT BENEFITS

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

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

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

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

(1) Defined benefit plans

(a) The changes in the defined benefit liabilities for the years ended March 31, 2026 and 2025 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Defined benefit liabilities, beginning balance	¥ 54,849	¥ 58,992	$ 343,064
Service cost	1,975	2,195	12,353
Interest cost	990	748	6,192
Actuarial (gain) or loss	(3,059)	(1,897)	(19,133)
Retirement benefits paid	(4,561)	(4,633)	(28,528)
Other	404	(556)	2,527
Defined benefit liabilities, ending balance	¥ 50,599	¥ 54,849	$ 316,481

(b) The changes in plan assets for the years ended March 31, 2026 and 2025 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Plan assets, beginning balance	¥ 42,019	¥ 45,290	$ 262,816
Expected return on plan assets	1,304	1,421	8,156
Actuarial gain or (loss)	1,873	(2,284)	11,715
Employer contributions	2,398	2,141	14,999
Retirement benefits paid	(4,174)	(4,199)	(26,107)
Other	219	(350)	1,370
Plan assets, ending balance	¥ 43,641	¥ 42,019	$ 272,961

(c) The defined benefit assets and liabilities recognized in the consolidated balance sheet as of March 31, 2026 and 2025 consist of:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded defined benefit liabilities	¥ 49,724	¥ 54,261	$ 311,008
Plan assets at fair value	(43,641)	(42,019)	(272,961)
Funded status	6,083	12,241	38,047
Unfunded defined benefit liabilities	874	588	5,467
Liability in the balance sheet, net	6,957	12,829	43,514
Defined benefit liabilities	7,388	13,194	46,210
Asset for retirement benefit	(430)	(364)	(2,690)
Liability in the balance sheet, net	¥ 6,957	¥ 12,829	$ 43,514

(d) The cost of defined benefits plan recognized in the consolidated statement of income and comprehensive income for the years ended March 31, 2026 and 2025 consist of:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥ 1,975	¥ 2,195	$12,353
Interest cost	990	748	6,192
Expected return on plan assets	(1,304)	(1,421)	(8,156)
Amortization of actuarial loss	827	974	5,173
Amortization of prior service cost	26	—	163
Other	—	65	—
Periodic pension cost for defined benefit plan	¥ 2,515	¥ 2,561	$15,731

(e) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2026 and 2025 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Prior service cost	¥ (32)	¥ —	$ (200)
Actuarial gain and loss	(5,760)	(587)	(36,027)
Total	¥ (5,792)	¥ (587)	$ (36,227)

(f) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2026 and 2025 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized prior service cost	¥ 31	¥ 63	$ 194
Unrecognized actuarial losses	(239)	5,609	(1,495)
Total	¥ (208)	¥ 5,672	$ (1,301)

(g) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2026 and 2025 comprised the following:

	2026	2025
Bonds	**23.7%**	27.4%
Stocks	**33.9%**	29.8%
Insurance	**17.8%**	21.6%
Cash and cash equivalents	**17.1%**	17.0%
Alternative*	**7.5%**	4.2%
Total	**100.0%**	100.0%

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

(h) The principal actuarial assumptions used in accounting for the defined benefit plans for the years ended March 31, 2026 and 2025 are as follows.

	2026	2025
Discount rate	**Mainly 2.5%**	Mainly 1.7%
Expected rate of return on plan assets	**Mainly 3.0%**	Mainly 3.0%

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

(2) Multi-employer plans

One of the Company's domestic consolidated subsidiaries participates in a multi-employer defined benefit pension plan and recognizes the related required contributions for the period as net pension cost. Information regarding the multi-employer pension plan for the years ended March 31, 2026 and 2025 is summarized as follows.

(a) Funded status

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Pension assets	**¥ 6,972**	¥ 6,976	**$ 43,608**
Pension liabilities	**4,945**	5,069	**30,929**
Funded status	**¥ 2,027**	¥ 1,906	**$12,678**

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

2026	2025
1.45%	1.49%

(3) Defined contribution plans

The amounts paid to the defined contribution plans for the years ended March 31, 2026 and 2025 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Defined contribution plan payment	**¥ 939**	¥ 876	**$ 5,873**

8. CONTINGENT LIABILITIES

The Company and certain of its consolidated subsidiaries have entered into loan commitment agreements amounting to ¥40,000 million ($250,188 thousand as of March 31, 2026) with financial institutions at March 31, 2026 and 2025, respectively. The outstanding loans payable amounted to nil at March 31, 2026 and 2025. The unused balances amounted to ¥40,000 million ($250,188 thousand as of March 31, 2026) at March 31, 2026 and 2025, respectively.

9. NET ASSETS

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

(1) Number of issued shares and treasury shares

The total number and periodic changes in the number of shares issued and the total number and periodic changes in the number of shares of treasury stock for the years ended March 31, 2026 and 2025 are summarized as follows.

	Issued Common Stock (Thousands)	**Treasury Stock** (Thousands)
Number of shares as of March 31, 2024	219,281	13,698
Increase in number of shares	—	1
Decrease in number of shares	—	71
Number of shares at March 31, 2025	219,281	13,628
Increase in number of shares	**—**	**11,179**
Decrease in number of shares	**11,177**	**11,819**
Number of shares as of March 31, 2026	**208,103**	**12,989**

During the year ended March 31, 2026, the decrease of 11,177 thousand shares of issued common stock is attributable to the cancellation of treasury stock.

The increase of 11,179 thousand shares of treasury stock consists of the purchase of 11,177 thousand shares and the purchase of 1 thousand shares of odd-lot shares.

The decrease of 11,819 thousand shares of treasury stock consists of the cancellation of 11,177 thousand shares, the disposal of 569 thousand shares for share grants through the employee stock ownership plan, and the disposal of 71 thousand shares for the grant of restricted stock compensation, among others.

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

The decrease of 71 thousand shares of treasury stock consists of the disposal of 45 thousand shares for the grant of restricted stock compensation and the exercise of stock option rights of 25 thousand shares, among others.

(2) Stock subscription rights

The total number and periodic changes in the number of stock subscription rights for the year ended March 31, 2026, are summarized as follows.

Stock subscription rights of stock options

Company name	ALPS ALPINE CO., LTD.
Class of stock	—
Number of shares as of March 31, 2025	—
Increase in number of shares	**—**
Decrease in number of shares	**—**
Number of shares as of March 31, 2026	**—**
Ending balance as of March 31, 2026 (Millions of yen)	**¥ 2**

(3) Dividends

(a) The following appropriations of cash dividends, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2026, was approved at the ordinary general meeting of shareholders on June 25, 2026 and will go into effect on June 26, 2026:

	Millions of yen	Thousands of U.S. dollars
Cash dividends to be approved on June 25, 2026 (¥32.00 = $0.20 per share)	**¥ 6,243**	**$ 39,048**

(b) The following appropriations of cash dividends to shareholders of common stock were approved at the ordinary general meeting of shareholders held on June 25, 2025 and at the meeting of the Board of Directors held on October 31, 2025 and were paid to shareholders of record as of March 31, 2025 and September 30, 2025, respectively, during the year ended March 31, 2026:

	Millions of yen
Cash dividends approved on June 25, 2025 (¥30.00 per share)	¥ 6,169
Cash dividends approved on October 31, 2025 (¥30.00 per share)	¥ 6,038

10. REVALUATION OF LAND

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

The excesses of the carrying value of this land after the revaluation over its fair value as of March 31, 2026 and 2025 were ¥744 million ($4,653 thousand) and ¥754 million, respectively.

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major items included in selling, general and administrative expenses for the years ended March 31, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Salaries	**¥ 44,352**	¥ 41,844	**$ 277,408**
Research and development expenses	**21,927**	24,346	**137,147**
Commission expenses	**17,444**	16,797	**109,107**
Employees' bonuses	**6,360**	5,566	**39,780**
Retirement benefit expenses	**1,720**	1,503	**10,758**
Provision for doubtful accounts	**(941)**	3,556	**(5,886)**

12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in cost of sales and general and administrative expenses were ¥21,927 million ($137,147 thousand) and ¥24,346 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Gain on sale of non-current assets	**¥ 221**	¥ 65	**$ 1,382**
Gain on sale of investment securities	**—**	218	**—**
Loss on sales and retirement of non-current assets	**(1,155)**	(1,248)	**(7,224)**
Foreign withholding tax	**(712)**	(834)	**(4,453)**
Depreciation of inactive non-current assets	**(290)**	(419)	**(1,814)**
Other	**236**	641	**1,476**
	¥ (1,699)	¥ (2,858)	**$(10,627)**

14. GAIN ON SALE OF SHARES OF SUBSIDIARIES AND ASSOCIATES

For the fiscal year ended March 31, 2025, based on a resolution of the Board of Directors held on May 9, 2024, the Company entered into an agreement with LDEC, Ltd. (hereinafter referred to as "Tender Offeror"), which is fully owned by LOGISTEED, Ltd. (hereinafter referred to as "LOGISTEED"), for the sale of common shares of ALPS LOGISTICS CO., LTD. (hereinafter referred to as "ALPS LOGISTICS"), an equity method affiliate of the Company (hereinafter, the series of transactions specified in the Basic Transaction Agreement shall be referred to as the "Transaction"). In addition, the Transaction was completed on January 30, 2025.

An outline of the Transaction is as follows.

(a) The Tender Offeror conducted a tender offer for the shares of ALPS LOGISTICS (hereinafter referred to as "Tender Offer"). The Company and its wholly-owned subsidiary, ALPINE ELECTRONICS, INC., did not tender any of the ALPS LOGISTICS shares owned in response to the Tender Offer.

(b) Upon completion of the Tender Offer, ALPINE ELECTRONICS, INC. transferred all shares of ALPS LOGISTICS it owns to the Company through an absorption-type split. This was followed by a share consolidation, resulting in ALPS LOGISTICS having only the Company and the Tender Offeror as its shareholders.

(c) Subject to the stock consolidation taking effect, the Company sold all of its shares in ALPS LOGISTICS for ¥70,721 million in response to a share buyback conducted by ALPS LOGISTICS (hereinafter referred to as "Share Buyback").

(d) Prior to the Purchase of Treasury Shares, the Company made an in-kind contribution to the Tender Offeror of a portion of the right to claim payment related to the Share Buyback and acquire the shares of the Tender Offeror (including 20% of voting rights) for ¥30,702 million.

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

As a result, ALPS LOGISTICS and 26 other subsidiaries have been included in the scope of equity method through Tender Offeror. Gain on sale of shares of subsidiaries and associates in the amount of ¥27,074 million was recorded as extraordinary income.

For the fiscal year ended March 31, 2026, there was no "Gain on sale of shares of subsidiaries and associates" recognized.

15. GAIN ON SALE OF BUSINESSES

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

For the fiscal year ended March 31, 2026, there was no "Gain on sale of businesses" recognized.

16. IMPAIRMENT LOSSES ON FIXED ASSETS

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

The Company recognized impairment losses on the following asset groups during the year ended March 31, 2026.

			Millions of yen	Thousands of U.S. dollars
Location	Use	Asset type	2026	2026
Japan	Assets for sound business	Intangible assets etc.	**¥ 716**	**$ 4,478**
	Assets for energy storage system, IoT business	Machinery and equipment etc.	**1**	**6**
	Scheduled disposal assets	Land etc.	**535**	**3,346**
United States	Assets for sound business	Machinery and equipment etc.	**1,187**	**7,424**
China	Assets for sound business	Machinery and equipment etc.	**807**	**5,048**
	Assets for automotive module business	Machinery and equipment etc.	**121**	**757**
	Scheduled disposal assets	Machinery and equipment etc.	**10**	**63**
Hungary	Assets for sound business	Buildings and structures etc.	**515**	**3,221**
Mexico	Assets for sound business	Buildings and structures etc.	**304**	**1,901**
Total			**¥ 4,201**	**$ 26,276**

Due to the present value of future cash flows related to sound included in the Mobility Segment being lower than the book value of the business fixed assets held by the group, we have reduced the book value of the business fixed assets to their recoverable amount, recorded the decreased amount ¥3,531 million ($22,085 thousand) as an impairment loss under extraordinary losses. In addition, we have recorded the same for other businesses, recording extraordinary loss on impairment for ¥123 million ($769 thousand) reducing the book value of the fixed assets to their recoverable amount. The details of write-downs in these business assets are machinery and equipment for ¥1,267 million ($7,925 thousand), construction in progress for ¥754 million ($4,716 thousand), tools, furniture, fixtures and molds for ¥658 million ($4,116 thousand), buildings and structures for ¥552 million ($3,453 thousand), intangible assets for ¥286 million ($1,789 thousand), and others for ¥135 million ($844 thousand).

Further, the recoverable amount of business assets is based on value in use, and a discount rate of 7.65% is applied in calculating the value in use.

For scheduled disposal assets that were not expected to be used in the future, the book value was written down to its recoverable amount and impairment losses for ¥545 million ($3,409 thousand) were recognized as extraordinary losses. The scheduled disposal assets include land for ¥324 million ($2,027 thousand), intangible assets for ¥89 million ($557 thousand), machinery and equipment for ¥67 million ($419 thousand), construction in progress for ¥64 million ($400 thousand), and others for ¥0 million ($0 thousand).

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

The Company recognized impairment losses on the following asset groups during the year ended March 31, 2025.

			Millions of yen
Location	Use	Asset type	2025
Japan	Assets for communication devices business	Machinery and equipment etc.	¥ 1,253
	Assets for steering module business	Tools, furniture, fixtures and molds etc.	23
	Assets for capacitive touch panel business	Construction in progress etc.	92
	Scheduled disposal assets	Land etc.	2,365
China	Assets for communication devices business	Machinery and equipment etc.	123
	Assets for steering module business	Machinery and equipment etc.	553
	Scheduled disposal assets	Machinery and equipment etc.	20
Czechia	Assets for steering module business	Machinery and equipment etc.	49
Ireland	Assets for communication devices business	Machinery and equipment etc.	25
South Korea	Assets for communication devices business	Machinery and equipment etc.	17
United States	Assets for communication devices business	Construction in progress etc.	16
Total			¥ 4,541

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

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

For scheduled disposal assets that were not expected to be used in the future, the book value was written down to its recoverable amount and impairment losses for ¥2,386 million were recognized as extraordinary losses. The scheduled disposal assets include land for ¥1,588 million, buildings and structures for ¥496 million, construction in progress for ¥195 million, machinery and equipment for ¥98 million, and others for ¥6 million.

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

17. EXTRA RETIREMENT PAYMENTS

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

There were no “Extra retirement payments” recognized for the year ended March 31, 2026.

18. INCOME TAXES

The Company is subject to various taxes in Japan based on income, which, in the aggregate, resulted in a statutory tax rate of approximately 30.4% for the years ended March 31, 2026 and 2025, respectively.

(1) The following table summarizes the reconciliations between the statutory tax rates and the Company’s effective tax rates reflected in the accompanying consolidated statement of income and comprehensive income for the years ended March 31, 2026 and 2025:

	2026	2025
Statutory tax rates	**30.4%**	30.4%
Change in valuation allowance	**1.8**	21.5
Retained profit of overseas subsidiaries	**8.4**	8.2
Difference of tax rates for foreign subsidiaries	**(8.6)**	(7.1)
Exclusion of dividends received from gross profits	**(51.1)**	(62.9)
Elimination of dividends received from consolidated subsidiaries	**55.6**	29.7
Prior-year tax adjustments	**1.0**	0.2
Share of (profit) loss of entities accounted for using equity method	**(1.8)**	4.2
Expiration of losses carried forward	**0.6**	4.1
Consolidated adjustment of gain on sale of shares of subsidiaries and associates	**—**	7.8
Other	**1.6**	(1.9)
Effective tax rates	**37.9%**	34.2%

(2) The significant components of deferred tax assets and liabilities at March 31, 2026 and 2025 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Provision for bonuses	**¥ 2,753**	¥ 2,541	**$ 17,219**
Provision for product warranties	**2,131**	1,807	**13,329**
Allowance for doubtful accounts	**311**	518	**1,945**
Accrued income taxes	**241**	163	**1,507**
Accrued expenses	**2,390**	2,725	**14,949**
Retirement benefit liability	**2,412**	2,377	**15,086**
Depreciation	**14,237**	18,549	**89,048**
Impairment losses for land etc.	**2,828**	3,384	**17,688**
Intercompany profit	**2,645**	3,013	**16,544**
Loss on valuation of investment securities	**1,268**	1,367	**7,931**
Loss on valuation of inventories	**3,827**	4,369	**23,937**
Investment book value adjustment	**9,430**	9,148	**58,982**
Tax loss carryforwards	**36,244**	34,745	**226,695**
Other	**5,343**	4,245	**33,419**
Gross deferred tax assets	**86,066**	88,958	**538,316**
Valuation allowance for tax loss carryforwards	**(36,077)**	(34,562)	**(225,650)**
Valuation allowance for deductible temporary differences	**(32,603)**	(34,550)	**(203,922)**
Total valuation allowance*	**(68,680)**	(69,113)	**(429,572)**
Less deferred tax liabilities in the same tax jurisdiction	**(3,539)**	(4,610)	**(22,135)**
Total deferred tax assets	**13,847**	15,234	**86,609**
Deferred tax liabilities:			
Unrealized gain on investment securities	**(9,377)**	(9,247)	**(58,650)**
Undistributed retained earnings of foreign subsidiaries	**(17,723)**	(15,418)	**(110,852)**
Accelerated depreciation of property, plant and equipment	**(2,426)**	(2,820)	**(15,174)**
Other	**(487)**	(841)	**(3,046)**
Gross deferred tax liabilities	**(30,014)**	(28,328)	**(187,728)**
Less deferred tax assets in the same tax jurisdiction	**3,539**	4,610	**22,135**
Total deferred tax liabilities	**(26,475)**	(23,717)	**(165,593)**
Net deferred tax liabilities	**¥ (12,628)**	¥ (8,482)	**$ (78,984)**

* Valuation allowance decreased by ¥432 million ($2,702 thousand). The main reason of this decrease is due to the decrease in the valuation allowance for deductible temporary differences of the parent company.

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

	Millions of yen						
	2026						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards*1	**¥ 72**	**¥—**	**¥ 1,040**	**¥ 7,453**	**¥ 8,402**	**¥ 19,275**	**¥ 36,244**
Valuation allowance	**(31)**	**—**	**(981)**	**(7,428)**	**(8,399)**	**(19,235)**	**(36,077)**
Deferred tax assets	**¥ 41**	**¥—**	**¥ 59**	**¥ 24**	**¥ 2**	**¥ 39**	**¥ 167** *2

	Millions of yen						
	2025						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards*1	¥ 335	¥ 56	¥—	¥1,064	¥ 7,450	¥ 25,838	¥ 34,745
Valuation allowance	(279)	(56)	—	(981)	(7,428)	(25,816)	(34,562)
Deferred tax assets	¥ 56	¥ —	¥—	¥ 83	¥ 21	¥ 22	¥ 182

	Thousands of U.S. dollars						
	2026						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards*1	**$ 450**	**$—**	**$ 6,505**	**$ 46,616**	**$ 52,552**	**$ 120,559**	**$ 226,695**
Valuation allowance	**(194)**	**—**	**(6,136)**	**(46,460)**	**(52,533)**	**(120,309)**	**(225,650)**
Deferred tax assets	**$ 256**	**$—**	**$ 369**	**$ 150**	**$ 13**	**$ 244**	**$ 1,045** *2

*1 The amount is determined by multiplying the corresponding tax loss carryforwards by the effective statutory tax rate.
*2 Deferred tax assets of ¥167 million ($1,045 thousand) were recorded for tax loss carryforwards of ¥36,244 million ($226,695 thousand). Deferred tax assets associated with tax loss carryforwards are considered to be recoverable based on estimated future taxable income.

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

19. CASH AND CASH EQUIVALENTS

(1) A reconciliation between cash and deposits in the accompanying consolidated balance sheets, and cash and cash equivalents in the accompanying statements of cash flows as of March 31, 2026 and 2025 is as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and deposits	**¥ 153,614**	¥ 147,941	**$ 960,808**
Less:			
Time deposits with a maturity of more than three months when purchased	**¥ (223)**	¥ (477)	**$ (1,395)**
Cash and cash equivalents	**¥ 153,390**	¥ 147,464	**$ 959,407**

(2) Supplemental Disclosure of Non-Cash Transactions
The Company recorded assets and corresponding obligations for finance lease transactions amounting to ¥8 million ($50 thousand) and ¥97 million for the years ended March 31, 2026 and 2025, respectively.

20. FINANCIAL INSTRUMENTS

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

(b) Types of financial instruments and related risk
Trade receivables - notes and accounts receivable - trade and electronically recorded monetary claims - operating - are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies. In principle, the foreign currency exchange risks deriving from the trade receivables denominated in foreign currencies, net of trade payables denominated in the same currencies are hedged by forward foreign exchange contracts and currency options.

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

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

Short-term borrowings and long-term borrowings are taken out principally for the purpose of making capital investments, funding working capital, and research and development.

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

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

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

(c) Risk management for financial instruments

1) Management of credit risk (the risk that customers or counterparties may default)

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

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

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

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

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

In conducting derivative transactions, the Financial Department follows the internal policies, which set forth delegation of authority and maximum upper limit on positions.

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

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

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

Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value. In addition, the notional amounts of derivatives in Note 21. DERIVATIVE FINANCIAL INSTRUMENTS are not necessarily indicative of the actual market risk involved in derivative transactions.

(2) Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2026 and 2025, their estimated fair value and unrealized gains are shown in the following table.

	Millions of yen			Thousands of U.S. dollars		
	2026			2026		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Assets:						
Investment securities*1	**¥ 48,884**	**¥ 48,884**	**¥ —**	**$ 305,754**	**$ 305,754**	**$ —**
Total assets	**¥ 48,884**	**¥ 48,884**	**¥ —**	**$ 305,754**	**$ 305,754**	**$ —**
Liabilities:						
Long-term borrowings	**¥ 55,208**	**¥ 54,636**	**¥ (572)**	**$ 345,309**	**$ 341,731**	**$ (3,578)**
Total liabilities	**¥ 55,208**	**¥ 54,636**	**¥ (572)**	**$ 345,309**	**$ 341,731**	**$ (3,578)**
Derivatives*2	**¥ (226)**	**¥ (226)**	**¥ —**	**$ (1,414)**	**$ (1,414)**	**$ —**

	Millions of yen		
	2025		
	Carrying value	Estimated fair value	Difference
Assets:			
Investment securities*1	¥ 48,097	¥ 48,097	¥ —
Total assets	¥ 48,097	¥ 48,097	¥ —
Liabilities:			
Long-term borrowings	¥ 56,499	¥ 56,134	¥ (364)
Total liabilities	¥ 56,499	¥ 56,134	¥ (364)
Derivatives*2	¥ (24)	¥ (24)	¥ —

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

*1 Non-marketable available-for-sale securities at March 31, 2026 and 2025 are not included in “Investment securities”. The amount recorded in the consolidated balance sheet is as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
	Carrying value	Carrying value	Carrying value
Investment in unlisted stocks, unconsolidated subsidiaries and affiliated companies	**¥ 18,771**	¥ 11,935	**$ 117,407**

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

Redemption schedule for receivables and marketable securities with maturities at March 31, 2026 and 2025

		Millions of yen		Thousands of U.S. dollars
		2026	2025	2026
Due in one year or less	Cash and deposits	**¥ 153,592**	¥ 147,941	**$ 960,671**
	Notes and accounts receivable - trade	**168,376**	164,813	**1,053,140**
	Electronically recorded monetary claims - operating	**982**	2,028	**6,142**
Total		**¥ 322,951**	¥ 314,783	**$ 2,019,959**

The redemption schedule for long-term borrowings is disclosed in Note 6. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS. The aggregate annual maturities of finance lease obligations subsequent to March 31, 2026 and 2025 are summarized as follows.

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2026	2026
2027	**¥ 93**	**$ 582**
2028	**59**	**369**
2029	**31**	**194**
2030	**25**	**156**
2031	**0**	**0**
2032 and thereafter	**—**	**—**
Total	**¥ 210**	**$ 1,313**

	Millions of yen
Year ending March 31	2025
2026	¥ 108
2027	110
2028	69
2029	13
2030	0
2031 and thereafter	—
Total	¥ 302

(3) Matters related to the breakdown of the fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels according to the observability and importance of the input used for valuation:

Level 1: Fair value measured by quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measured by direct or indirect observable inputs other than Level 1

Level 3: Fair value measured by significant unobservable inputs

If several inputs that have a material impact on the fair value measurement are used, the fair value is classified into the level whose priority in fair value measurement is the lowest among the levels to which those inputs are attributable.

(a) Financial instruments recorded in the consolidated balance sheet at fair value at March 31, 2026 and 2025.

	Millions of yen				Thousands of U.S. dollars			
	2026				2026			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Investment securities								
Other securities								
Securities	**¥ 48,884**	**¥ —**	**¥ —**	**¥ 48,884**	**$ 305,754**	**$ —**	**$ —**	**$ 305,754**
Total assets	**¥ 48,884**	**¥ —**	**¥ —**	**¥ 48,884**	**$ 305,754**	**$ —**	**$ —**	**$ 305,754**
Liabilities:								
Derivatives								
Currencies	**¥ —**	**¥ 226**	**¥ —**	**¥ 226**	**$ —**	**$ 1,414**	**$ —**	**$ 1,414**
Total liabilities	**¥ —**	**¥ 226**	**¥ —**	**¥ 226**	**$ —**	**$ 1,414**	**$ —**	**$ 1,414**

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Other securities				
Securities	¥ 48,097	¥ —	¥ —	¥ 48,097
Total assets	¥ 48,097	¥ —	¥ —	¥ 48,097
Liabilities:				
Derivatives				
Currencies	¥ —	¥ 24	¥ —	¥ 24
Total liabilities	¥ —	¥ 24	¥ —	¥ 24

(b) Financial instruments other than those recorded in the consolidated balance sheet at the fair value at March 31, 2026 and 2025.

	Millions of yen				Thousands of U.S. dollars			
	2026				2026			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Long-term borrowings	**¥ —**	**¥ 54,636**	**¥ —**	**¥ 54,636**	**$ —**	**$ 341,731**	**$ —**	**$ 341,731**
Total liabilities	**¥ —**	**¥ 54,636**	**¥ —**	**¥ 54,636**	**$ —**	**$ 341,731**	**$ —**	**$ 341,731**

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Long-term borrowings	¥ —	¥ 56,134	¥ —	¥ 56,134
Total liabilities	¥ —	¥ 56,134	¥ —	¥ 56,134

Note: Explanations for valuation means used for fair value measurement and explanations on inputs related thereto
(1) Investment securities
Listed shares of stock are valuated using quoted prices. Listed shares of stock are traded on active markets and classified into the level 1 fair value.
(2) Derivatives
They are measured at the discounted present value of the total amount of principal using observable inputs such as exchange rates and classified into level 2 fair value.
(3) Long-term borrowings
They are measured at the discounted present value with observable input of the total amount of principal and interest discounted at a rate with expected remaining term and credit risk, and classified into level 2 fair value.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into forward foreign exchange contracts and currency options with banks to hedge transactions and balances denominated in foreign currencies.

These derivative transactions are utilized solely for hedging purposes under the Company's internal control rules and are subject to oversight by the Board of Directors. The Company does not anticipate any credit loss from nonperformance by the counterparties to the forward foreign exchange contracts.

(1) The notional amounts and estimated fair value of the derivative instruments outstanding at March 31, 2026 and 2025, to which hedge accounting has not been applied, are summarized as follows.

			Millions of yen			Thousands of U.S. dollars		
			2026			2026		
			Notional amounts	Estimated fair value	Unrealized gains (losses)	Notional amounts	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:	Sell:	U.S. dollars	**¥ 5,970**	**¥ (115)**	**¥ (115)**	**$ 37,341**	**$ (719)**	**$ (719)**
		Euro	**—**	**—**	**—**	**—**	**—**	**—**
Currency option:	Sell and Buy	U.S. dollars	**¥ 13,617**	**¥ (110)**	**¥ (110)**	**$ 85,170**	**$ (688)**	**$ (688)**
		Euro	**—**	**—**	**—**	**—**	**—**	**—**

			Millions of yen		
			2025		
			Notional amounts	Estimated fair value	Unrealized gains
Forward foreign exchange contracts:	Sell:	U.S. dollars	¥ 4,380	¥ (9)	¥ (9)
		Euro	428	(8)	(8)
Currency Option	Sell and Buy	U.S. dollars	¥ 8,470	¥ (3)	¥ (3)
		Euro	600	(3)	(3)

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

(2) There were no derivative transactions to which hedge accounting has been applied at March 31, 2026 and 2025.

(3) There were no derivative transactions regarding interest at March 31, 2026 and 2025.

22. LEASES

As lessee:

The Company's future minimum lease payments subsequent to March 31, 2026 and 2025 for non-cancelable operating leases are summarized as follows.

Year ending March 31	Millions of yen 2026	Thousands of U.S. dollars 2026
2027	**¥ 2,317**	**$ 14,492**
2028 and thereafter	**5,187**	**32,443**
	¥ 7,504	**$ 46,935**

Year ending March 31	Millions of yen 2025
2026	¥ 1,863
2027 and thereafter	4,555
	¥ 6,418

As lessor:

(1) Finance leases

(a) Investment in lease assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Lease receivables	**¥ 1,560**	¥ 797	**$ 9,757**
Interest portion of lease receivables	**(116)**	(43)	**(726)**
Investment in lease assets	**¥ 1,444**	¥ 754	**$ 9,032**

(b) The collection schedules of lease receivables at March 31, 2026 and 2025 are summarized as follows.

Year ending March 31	Millions of yen 2026	Thousands of U.S. dollars 2026
2027	**¥ 1,677**	**$ 10,489**
2028	**1,078**	**6,743**
2029	**596**	**3,728**
2030	**435**	**2,721**
2031	**314**	**1,964**
2032 and thereafter	**364**	**2,277**
	¥ 4,467	**$ 27,940**

Year ending March 31	Millions of yen 2025
2026	¥ 1,769
2027	1,046
2028	765
2029	270
2030	135
2031 and thereafter	29
	¥ 4,017

(2) Operating leases

The Company's future minimum lease receivables subsequent to March 31, 2026 and 2025 for non-cancelable operating leases are summarized as follows.

Year ending March 31	Millions of yen 2026	Thousands of U.S. dollars 2026
2027	**¥ 51**	**$ 319**
2028 and thereafter	**90**	**563**
	¥ 142	**$ 888**

Year ending March 31	Millions of yen 2025
2026	¥ 47
2027 and thereafter	80
	¥ 128

23. RELATED PARTY TRANSACTIONS

(1) Related-party transactions

The Company has related party transactions with directors. The corresponding balance as of March 31, 2026 and 2025, and the amounts of these transactions for the year then ended are summarized as follows.

Related Party	Transaction	Millions of yen		Thousands of U.S. dollars
		2026	2025	2026
Hideo Izumi	Disposal of treasury stock as restricted stock compensation	**¥ 21**	¥ 16	**$ 131**

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

(2) Notes on affiliates
Summarized consolidated financial information of significant affiliate is as follows.

ALPS LOGISTICS CO., LTD. is classified as a significant affiliated company for the year ended March 31, 2026. The affiliate's summarized financial information in its consolidated financial statements for the year ended March 31, 2026 are as follows.

Year ending March 31	Millions of yen 2026	Thousands of U.S. dollars 2026
Total current assets	**¥ 59,475**	**$ 371,998**
Total non-current assets	**41,708**	**260,871**
Total current liabilities	**18,770**	**117,401**
Total non-current liabilities	**14,480**	**90,568**
Total net assets	**67,932**	**424,894**
Net sales	**125,112**	**782,537**
Income before income taxes	**23,272**	**145,559**
Net income attributable to owners of parent	**¥ 23,947**	**$ 149,781**

ALPS LOGISTICS CO., LTD. is classified as a significant affiliated company for the year ended March 31, 2025. The affiliate's summarized financial information in its consolidated financial statements for the year ended March 31, 2025 are as follows.

	Millions of yen 2025
Total current assets	¥ 44,213
Total non-current assets	55,552
Total current liabilities	65,629
Total non-current liabilities	9,071
Total net assets	25,064
Net sales	121,692
Income before income taxes	4,546
Net income attributable to owners of parent	¥ 2,675

24. OTHER COMPREHENSIVE INCOME

The following table presents reclassification adjustments as amounts reclassified to profit for the years ended March 31, 2026 and 2025, which were recognized in other comprehensive income for the years ended March 31, 2026 and 2025, and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2026 and 2025.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Valuation difference on available-for-sale securities:			
Amount arising during the year	**¥ 424**	¥ (2,296)	**$ 2,652**
Reclassification adjustments	**57**	(105)	**357**
Valuation difference on available-for-sale securities before income taxes and tax effects	**482**	(2,402)	**3,015**
Income taxes and tax effects	**(288)**	1,158	**(1,801)**
Valuation difference on available-for-sale securities	**193**	(1,243)	**1,207**
Foreign currency translation adjustment:			
Amount arising during the year	**31,781**	(5,646)	**198,780**
Reclassification adjustments	**—**	(315)	**—**
Foreign currency translation adjustment before income taxes and tax effects	**31,781**	(5,961)	**198,780**
Income taxes and tax effects	**—**	—	**—**
Foreign currency translation adjustment	**31,781**	(5,961)	**198,780**
Remeasurements of defined benefit plans:			
Amount arising during the year	**5,015**	(191)	**31,367**
Reclassification adjustments	**777**	779	**4,860**
Remeasurements of defined benefit plans before income taxes and tax effects	**5,792**	587	**36,227**
Income taxes and tax effects	**—**	—	**—**
Remeasurements of defined benefit plans	**5,792**	587	**36,227**
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	**343**	24	**2,145**
Reclassification adjustments	**—**	—	**—**
Share of other comprehensive income of entities accounted for using equity method	**343**	24	**2,145**
Other comprehensive income	**¥ 38,111**	¥ (6,593)	**$ 238,373**

25. STOCK OPTIONS

(1) There were no stock option expenses for the years ended March 31, 2026 and 2025.

(2) Outline of stock options and changes

(a) Outline of stock options

	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights*1	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights*1
Grantees	Total 12 Directors of the Company (Excluding outside directors and audit and supervisory committee members)	Total 9 Directors of subsidiaries (Excluding outside directors, audit and supervisory committee members and non-executive directors)*2
Type and number of shares to be issued upon the exercise of the stock subscription rights	19,000 shares of common stock	10,880 shares of common stock*3
Grant date	July 25, 2018	January 1, 2019
Conditions for vesting	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 22, 2018	Stock option rights are vested after six months has elapsed from the date of the general meeting of shareholders on June 21, 2018
Required service period	None	None
Exercise period	From July 26, 2018 to July 25, 2058	From January 1, 2019 to July 23, 2058

*1 The number of shares is shown.
*2 The classification and number of persons eligible for the grant are as of the date of initial grant by Alpine Electronics, Inc.
*3 As a result of the share exchange between the Company and Alpine Electronics, Inc. on January 1, 2019, the Company allocated and issued new share acquisition rights based on the share exchange ratio to the Company's stock acquisition rights.

(b) Movements in stock options (in shares) for the year ended March 31, 2026 were as follows.

1) Number of stock options (in shares)

	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights
Non-vested		
As of March 31, 2025	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding as of March 31, 2026	—	—
Vested		
As of March 31, 2025	1,000	816
Vested	—	—
Exercised	—	816
Forfeited	—	—
Outstanding as of March 31, 2026	1,000	—

2) Price information

	ALPS ELECTRIC CO., LTD. Fifth Series of Stock Subscription Rights	ALPS ALPINE CO., LTD. Tenth Series of Stock Subscription Rights (*)
Exercise price	¥1 per share	¥1 per share
Average stock price upon exercise	—	¥ 1,445
Fair value at grant date	¥ 2,944	¥ 2,319

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

3) Estimated number of stock options actually forfeited is reflected because the number of stock options that will be forfeited in the future cannot be readily estimated.

26. REVENUE RECOGNITION

(1) Information on the revenue recognized arising from the contracts with customers
Information on the revenue recognized arising from the contracts with customers is mentioned in “28 SEGMENT INFORMATION”.

(2) Basic information on revenue recognized arising from contracts with customers
Regarding the contracts with customers, the Group recognizes revenue based on the following five step approach.

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

The basic information for understanding the revenue of the Group’s main business is as follows.

(a) Component business and Sensor and Communication business

In the Component business, the Group manufactures and sells electronic parts including but not limited to switches, actuators, and haptic reactors. In the Sensor and Communication business, the Group manufactures and sells electronic parts including but not limited to sensors and communication devices. Revenue is mainly recognized at the time of product delivery, since it is considered that control of the products is transferred to customers at the time of delivery and accordingly the performance obligations are satisfied.

The Group repairs and exchanges products when the Group is liable if a fault was found in the products sold. The Group does not recognize this type of warranty service as an independent performance obligation because this is not considered as additional warranty services, since it just provides a guarantee in accordance with the specification set in the contracts with customers. There are no other performance obligations in which the Company recognizes, such as returns or refunds that may have a material impact to revenue recognition.

Payment is mainly received within three months after the performance obligation is satisfied, and there are no significant financing components.

The transaction prices are calculated based on consideration in accordance with contracts with the customers. Furthermore, in case the transaction prices include a variable consideration, the transaction prices include those variable considerations only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In transactions with customers for electric devices and automotive components in which price negotiations are regularly concluded, there are some cases in which the price negotiations have not been settled even after the usual time of price revision, or the temporary prices were applied to the revenue recognition because the negotiations for the prices of new products were ongoing. In such case, sales prices after the usual time of price revision or release of new products may be retroactively adjusted when the price negotiation has been finalized. For these transactions whose price negotiation has not yet been finalized at the end of fiscal year, the Group adjusts the revenue amounts with estimated prices based on the most likely amount method considering the status of the negotiation at the end of fiscal year. The Group has no material variable considerations other than the above.

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

(b) Mobility business

1) Manufacturing and sales of mobility products

In the Mobility business, the Group mainly manufactures and sells products including but not limited to automotive module products, infotainment products, display products and automotive-audio products. Revenue is mainly recognized at the time of product delivery, since it is considered that control of the products is transferred to customers at the time of delivery and accordingly the performance obligations are satisfied.

The Group repairs and exchanges the products when the Group is liable if a fault was found in the products sold. The Group does not recognize this type of warranty service as independent performance obligations, except for the additional warranty services as described in “2) Providing concomitant services”, because this is not considered as any additional warranty services, since it just provides a guarantee in accordance with the specification set in the contracts with customers. The Group does not have any material obligation of sales reversal, cash back, or similar.

Payment is mainly received within three months after the performance obligation is satisfied, there are no significant financing components.

The transaction prices are calculated based on consideration in accordance with contracts with the customers. Furthermore, in case the transaction prices include a variable consideration, the transaction prices include those variable considerations only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In transactions with customers in which price negotiations are regularly concluded, there are some cases in which the price negotiations have not been settled even after the usual time of price revision, or the temporary prices were applied to the revenue recognition because the negotiations for the price of new products were not determined. In such case, sales prices after the usual time of price revision or release of new products may be retroactively adjusted when the price negotiation has been finalized. For these transactions whose price negotiation has not yet been finalized at the end of fiscal year, the Group adjusts the revenue amounts with estimated prices based on the most likely amount method considering the status of the negotiation at the end of fiscal year. The Group has no material variable considerations other than above.

Sales in the products of Mobility business consist of a single performance obligation, and accordingly, there is no allocation of transaction prices to any other performance obligation, except for the items mentioned in “2) Providing concomitant services”.

2) Providing concomitant services

For a part of the “Alpine” brand aftermarket business involving product sales transactions of the business, the Group provides a map updating service and additional warranty services to car navigation systems concomitantly with the product sales (Hereafter, “Concomitant services”). Concomitant services are treated as separate performance obligations than the product sales. Therefore, the Group recognizes the revenue arising from the Concomitant services over the provision period in accordance with the satisfaction of performance obligation, since the customers gain the benefits over the provision period of Concomitant services. In addition, the Group recognizes contract liabilities when a payment is received from the customer, and derecognizes them in accordance with the recognition of revenue over the provision period of Concomitant services.

The Group receives payments in advance corresponding to the future benefits relating to Concomitant services at the time of product sales. However, as there is no material difference between cash sales price and the actual price, it is considered that there are no significant financing components, accordingly.

The transaction prices are calculated based on consideration in accordance with contracts with the customers, and accordingly, there are no material variable considerations.

The transaction price of product sales and Concomitant services are allocated to each performance obligation based on the ratio of the independent sales price. The independent price of Concomitant services is estimated based on expenses incurred. The transaction price on each performance obligation is calculated by proportion between the independent price of Concomitant services and that of the product sales price.

(c) Other business

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

For providing system solutions or office services, the Group recognizes the revenue in these services over the provision period in accordance with the satisfaction of the performance obligation, since the customers gain the benefits over the provision period of these services. The Group recognizes contract liabilities when a payment is received from the customer and reverses them in accordance with the recognition of revenue over the provision period of services.

There is no material obligation of warranty, return, cash back or similar to provided services.

Payment is mainly received within two months after the performance obligation is satisfied. The Group may receive the payment in advance corresponding to the future benefits before providing services. There is no material difference between cash sales price and the actual price, and accordingly, it is considered that there are no significant financing components.

The transaction prices are calculated based on consideration in accordance with contracts with the customers, and accordingly, there is no material variable consideration.

Revenue in the other business consists of a single performance obligation, and accordingly, there is no allocation of transaction prices to any other performance obligation.

(3) Relationship between the fulfillment of performance obligations based on the contract and cash flow, and the information on the estimated revenue amounts and terms expected to be recognized after the next fiscal year related to the ending balance of contracts with customers

(a) Receivables from contracts with customers and contract liabilities

Receivables from contracts with customers and contract liabilities are as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Receivables from contracts with customers, beginning of fiscal year	**¥ 166,841**	¥ 158,584	**$ 1,043,539**
Notes receivable	**2,465**	4,622	**15,418**
Accounts receivable	**162,348**	152,943	**1,015,437**
Electronically recorded monetary claims - operating	**2,028**	1,018	**12,685**
Receivables from contracts with customers, end of fiscal year	**169,359**	166,841	**1,059,288**
Notes receivable	**2,182**	2,465	**13,648**
Accounts receivable	**166,194**	162,348	**1,039,492**
Electronically recorded monetary claims - operating	**982**	2,028	**6,142**
Contract liabilities, beginning of fiscal year	**3,482**	4,322	**21,779**
Contract liabilities, end of fiscal year	**¥ 4,837**	¥ 3,482	**$ 30,254**

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

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

The Group has no transactions for which contract assets exist.

The amounts included in the beginning balances of contract liabilities were ¥2,195 million ($13,729 thousand) and ¥2,238 million for the years ended March 31, 2026, and 2025, respectively.

(b) Transaction prices allocated to remaining performance obligations

For the fiscal years ended March 31, 2026, and 2025, total transaction prices allocated to other remaining performance obligations, and the expected period during which the revenue is recognized are as follows. The Group has applied a practical expedient and, accordingly, contracts with an original expected duration of one year or less are excluded from this disclosure.

Year ending March 31	Millions of yen 2026	Thousands of U.S. dollars 2026
2027	**¥ 2,139**	**$ 13,379**
2028	**1,115**	**6,974**
2029	**730**	**4,566**
2030 and thereafter	**852**	**5,329**
	¥ 4,837	**$ 30,254**

Year ending March 31	Millions of yen 2025
2026	¥ 2,124
2027	734
2028	402
2029 and thereafter	221
	¥ 3,482

27. PER SHARE INFORMATION

Per share information as of and for the years ended March 31, 2026 and 2025 is as follows.

	Yen		U.S. dollars
	2026	2025	2026
Net assets per share	**¥ 2,293.69**	¥ 2,013.07	**$ 14.35**
Net income (loss) attributable to owners of parent per share			
Basic	**134.77**	184.00	**0.84**
Diluted	**134.77**	184.00	**0.84**

The basis for calculating net assets per share is as follows.

	Millions of yen, except share data		Thousands of U.S. dollars, except share data
	2026	2025	2026
Total net assets	**¥ 449,401**	¥ 415,515	**$ 2,810,864**
Amounts deducted from total net assets:	**1,870**	1,521	**11,696**
Subscription rights	**2**	5	**13**
Non-controlling interests	**1,867**	1,515	**11,678**
Net assets attributable to common stock	**447,531**	413,994	**2,799,168**
Number of common stock used in calculation of net assets per share (Thousand)	**195,114**	205,652	**195,114**

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

	Millions of yen, except share data		Thousands of U.S. dollars, except share data
	2026	2025	2026
Earnings per share:			
Net income (loss) attributable to owners of parent	**¥ 26,879**	¥ 37,837	**$ 168,120**
Amounts not attributable to common shareholders	**—**	—	**—**
Net income (loss) attributable to owners of parent related to common stock	**26,879**	37,837	**168,120**
Average number of shares during the year (Thousand)	**199,452**	205,635	**199,452**
Diluted earnings per share:			
Adjustment to net income attributable to owners of parent	**—**	—	**—**
Increase in number of common stock (Thousand)	**0**	8	**0**
Subscription rights to shares	**0**	8	**0**
Summary of dilutive shares that were not included in the calculation of diluted earnings per share because they have no dilutive effect	**—**	—	**—**

28. SEGMENT INFORMATION

Business segments

(1) The Company's operating segments are components of its business for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of business resources and to evaluate financial performance.

The Company has group companies for each product and service, and the Company and each group company formulate comprehensive strategies for the products and services they handle and develop their business activities.

The Company consists of segments which are classified based on types of products and services and similarities of sales market. There are three reportable segments: Component Segment, Sensor and Communication Segment and Mobility Segment.

The Component Segment manufactures and sells electronic components such as switches, actuators, and haptic reactors. The Sensor and Communication Segment manufactures and sells electronic components for sensors and communication devices. The Mobility Segment manufactures and sells components and products for in-vehicle modules, infotainment, displays and sound.

Effective from the fiscal year ended March 31, 2026, the segment previously referred to as the "Module and System Segment" has been renamed the "Mobility Segment." The change in the name of the segment does not affect the segment information. Please note that the reportable segments for the fiscal year ended March 31, 2025, are also presented using the updated segment names.

(2) 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.

(3) Reportable segment information of the Company for the years ended March 31, 2026 and 2025 is summarized as follows.

	Millions of yen							
	Reportable segments							
Year ended March 31, 2026	Component segment	Sensor and Communication segment	Mobility segment	Total	Other[*1]	Total	Adjustments[*2]	Consolidated[*4]
Net sales								
External customers[*5]	**¥ 358,365**	**¥ 85,260**	**¥ 555,054**	**¥ 998,680**	**¥ 20,778**	**¥ 1,019,459**	**¥ —**	**¥ 1,019,459**
Inter-segment sales and transfers	**246**	**14**	**30**	**291**	**10,528**	**10,819**	**(10,819)**	**—**
Total	**358,611**	**85,275**	**555,084**	**998,971**	**31,307**	**1,030,278**	**(10,819)**	**1,019,459**
Segment profit (loss)	**30,168**	**(3,538)**	**14,162**	**40,792**	**1,310**	**42,102**	**(59)**	**42,043**
Segment assets	**147,833**	**48,846**	**268,877**	**465,558**	**45,707**	**511,265**	**271,887**	**783,152**
Other items								
Depreciation and amortization	**14,831**	**3,783**	**14,419**	**33,034**	**1,029**	**34,063**	**(89)**	**33,973**
Increase in tangible and intangible fixed assets	**22,841**	**7,918**	**29,595**	**60,355**	**1,454**	**61,809**	**(156)**	**61,653**

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

Year ended March 31, 2026	Thousands of U.S. dollars							
	Reportable segments							
	Component segment	Sensor and Communication segment	Mobility segment	Total	Other*1	Total	Adjustments*2	Consolidated*4
Net sales								
External customers*5	$ 2,241,462	$ 533,275	$ 3,471,691	$ 6,246,435	$ 129,960	$ 6,376,401	$ —	$ 6,376,401
Inter-segment sales and transfers	1,539	88	188	1,820	65,849	67,670	(67,670)	—
Total	2,243,001	533,369	3,471,879	6,248,255	195,816	6,444,071	(67,670)	6,376,401
Segment profit (loss)	188,692	(22,129)	88,579	255,141	8,194	263,335	(369)	262,966
Segment assets	924,650	305,517	1,681,743	2,911,921	285,883	3,197,805	1,700,569	4,898,374
Other items								
Depreciation and amortization	92,763	23,661	90,186	206,617	6,436	213,054	(557)	212,491
Increase in tangible and intangible fixed assets	142,863	49,525	185,108	377,502	9,094	386,596	(976)	385,620

*1 "Other" represents business segments not included in the reportable segments, and includes the development of systems, office services, financing and leasing businesses and so on.
*2 The adjustments are as follows.
(1) The adjustment of ¥(59) million ($(369) thousand) to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
(2) The adjustment of ¥271,887 million ($1,700,569 thousand) to segment assets consists of corporate assets of ¥292,393 million ($1,828,828 thousand) and elimination of inter-segment transactions of ¥(20,506) million ($(128,259) thousand). The main group assets are the Company's and certain group company's surplus investments funds (cash and deposits), long-term investments funds (investments securities), land and so on.
*3 The adjustments are as follows.
(1) The adjustment of ¥(52) million to segment profit (loss) represents reclassification adjustments upon consolidation and eliminations of inter-segment transactions.
(2) The adjustment of ¥254,093 million to segment assets consists of corporate assets of ¥280,628 million and elimination of inter-segment transactions of ¥(26,534) million. The main group assets are the Company's and certain group company's surplus investments funds (cash and deposits), long-term investments funds (investments securities), land and so on.
*4 Segment profit (loss) is reconciled to operating profit in the consolidated financial statements.
*5 Net sales to external customers include revenue recognized arising from contracts with customers and revenue recognized from other sources. In addition, the revenue recognized from other sources is mainly related to the financing and leasing business and its amount is not material.

Related information

1. Geographical information

(1) Net sales

Millions of yen

Year ended March 31, 2026					
China	United States	South Korea	Japan	Other	Total
¥ 206,261	¥ 185,411	¥ 152,204	¥ 118,960	¥ 356,620	¥ 1,019,459

Millions of yen

Year ended March 31, 2025					
China	United States	South Korea	Japan	Other	Total
¥ 218,625	¥ 177,797	¥ 122,355	¥ 111,295	¥ 360,334	¥ 990,407

Thousands of U.S. dollars

Year ended March 31, 2026					
China	United States	South Korea	Japan	Other	Total
$ 1,290,099	$ 1,159,689	$ 951,989	$ 744,058	$ 2,230,548	$ 6,376,401

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

(2) Property, plant and equipment

Millions of yen

As of March 31, 2026				
Japan	China	North America	Other	Total
¥ 85,590	¥ 38,769	¥ 16,050	¥ 17,578	¥ 157,988

Millions of yen

As of March 31, 2025				
Japan	China	North America	Other	Total
¥ 80,078	¥ 29,919	¥ 13,319	¥ 13,355	¥ 136,673

Thousands of U.S. dollars

As of March 31, 2026				
Japan	China	North America	Other	Total
$ 535,339	$ 242,488	$ 100,388	$ 109,945	$ 988,166

2. Information on major customers

Millions of yen

Year ended March 31, 2026		
Name of the customer	Net sales	Related segment
Apple Inc.	**¥ 236,625**	**Component segment**

Millions of yen

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

Thousands of U.S. dollars

Year ended March 31, 2026		
Name of the customer	Net sales	Related segment
Apple Inc.	**$ 1,480,016**	**Component segment**

Impairment loss on property, plant and equipment by reportable segment

Impairment loss on property, plant and equipment by reportable segment for the years ended March 31, 2026 and 2025 was summarized as follows.

Millions of yen

Year ended March 31, 2026					
Component Segment	Sensor and Communication Segment	Mobility Segment	Other	Corporate and Eliminations	Total
¥ 98	**¥ 115**	**¥ 3,663**	**¥ —**	**¥ 324**	**¥ 4,201**

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

Millions of yen

Year ended March 31, 2025					
Component Segment	Sensor and Communication Segment	Mobility Segment	Other	Corporate and Eliminations	Total
¥ 358	¥ 1,445	¥ 648	¥ —	¥ 2,089	¥ 4,541

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

Thousands of U.S. dollars

Year ended March 31, 2026					
Component Segment	Sensor and Communication Segment	Mobility Segment	Other	Corporate and Eliminations	Total
$ 613	**$ 719**	**$ 22,911**	**$ —**	**$ 2,027**	**$ 26,276**

Amortization of goodwill unamortized balance by reportable segment

1. Year ended March 31, 2026
   There are no items to report.
2. Year ended March 31, 2025
   As the amounts were immaterial, the related disclosure is omitted.

Gain on negative goodwill by reportable segment

There are no items to report for the years ended March 31, 2026 and 2025.

29. SUBSEQUENT EVENTS

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

The Company resolved, at a meeting of its Board of Directors held on July 31, 2026, the matters concerning the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 and the matters concerning the cancellation of treasury shares in accordance with Article 178 of the Companies Act.

(1) Reason for conducting acquisition and cancellation of treasury shares
As part of our shareholder return measures, the Company acquires and cancels its treasury shares for the purpose of improving efficiency of its capital structure.

(2) Details of the share acquisition
- (a) Class of shares to be purchased: Common shares
- (b) Total number of shares to be purchased: 20 million shares (maximum)
  (10.3% of total number of issued shares excluding treasury shares)
- (c) Total amount for share purchase: ¥30,000 million ($187,641 thousand) (maximum)
- (d) Purchase period: From August 3, 2026 to March 31, 2027
- (e) Method of purchase: Purchase on Tokyo Stock Exchange Market

(3) Details of matters relating to retirement
- (a) Class of shares to be retired: Common shares
- (b) Total number of shares to be retired: All of the treasury shares purchased as stated above in (2)
- (c) Scheduled date of retirement: March 31, 2027

Reference:
Total number of shares issued and number of treasury shares as of March 31, 2026
- (a) Total number of shares issued (excluding treasury shares): 195,114,611 shares
- (b) Number of treasury shares: 12,989,139 shares

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Independent Auditor's Report

The Board of Directors
ALPS ALPINE CO., LTD.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ALPS ALPINE CO., LTD. (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2026, and the consolidated statements of income and comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Mobility business	
Description of Key Audit Matter	**Auditor's Response**
As described in "3. SIGNIFICANT ACCOUNTING ESTIMATES" under Notes to Consolidated Financial Statements, the Company recorded fixed assets related to information and communication equipment in the Mobility business of ¥26,621 million as of the end of the fiscal year ended March 31, 2026. The Company determines that there are indications of impairment when the profit (loss) or cash flows generated from operating activities are negative for consecutive periods, when there are changes resulting in a significant reduction in the recoverable amounts of fixed assets with regard to the scope or method of their use, or when there has been a significant deterioration in the business environment. In the fiscal year ended March 31, 2026, despite the ongoing sluggish sales by major customers, including Japanese, North American, and European automobile manufacturers, in the Chinese market, the Company did not incur consecutive losses from operating activities due to factors such as the launch of new products. However, the business environment surrounding information and communication equipment in the Mobility business from the next fiscal year onward remains uncertain due to changes in sales volumes and product mix arising from revisions to the sales strategies of its major customers, namely Japanese, North American, and European automotive manufacturers. Therefore, in assessing indications of impairment of fixed assets, the Company comprehensively considers the achievability of the business plan and other factors. This assessment aims to determine if there has been a significant deterioration in the business environment that forms the basis of the business plan, or if such deterioration is likely to occur. It also assesses whether there have been any changes resulting in a significant reduction in the recoverable amounts of fixed assets with regard to the scope or method of their use. As a consequence, although there have been changes in the business environment, the Company does not expect a significant deterioration; therefore, the Company has determined that there are no indications of impairment. As described in "3. SIGNIFICANT ACCOUNTING ESTIMATES" under Notes to Consolidated Financial Statements, the significant	We mainly performed the following audit procedures to consider the reasonableness of management's determination that, in assessing indications of impairment loss on fixed assets related to information and communication equipment in the Mobility business, there has been no significant deterioration in the business environment or changes resulting in a significant reduction in the recoverable amounts of fixed assets with regard to the scope or method of their use. ・We compared the business plans projected in the prior year with actual results to evaluate the effectiveness of the estimation process that management uses in formulating business plans. ・We discussed order forecasts with management and compared the forecasts with production forecast reports for each vehicle model prepared by external organizations. Additionally, we discussed with management specific models of products and future actions relating to OEM products for major automobile manufacturers, and considered the consistency of order forecasts with what we discussed. Furthermore, we considered whether long-term order forecasts reflect progress made in achieving order targets projected in past order forecasts. ・We evaluated the marginal profit ratio by comparing sales prices with the latest actual sales prices, which include the effects of discounts. Furthermore, we divided the variable cost ratio into the material cost ratio, processing cost ratio, distribution cost ratio, and other variable cost ratios, and analyzed the trends in each cost ratio category based on actual results. ・We considered whether there were circumstances that indicate the existence of changes resulting in a significant reduction in recoverable amounts of fixed assets with regard to the scope or method of their use by holding discussions with management, inspecting minutes of board meetings and comparing order forecasts for prior years with actual orders received and with order forecasts used in formulating business plans.

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assumptions in the business plans used in the assessment of indications of impairment are order forecasts and the marginal profit ratio. Regarding order forecasts, since the order amount of each project tends to be large, the success of winning those orders and any deviation in sales amounts from planned sales at the time the orders are secured has a significant impact on future net sales. Additionally, with respect to the marginal profit ratio, fluctuations resulting from the extent to which the variable cost ratios assumed in the business plans are achieved have a significant effect on operating profit. Accordingly, given that these significant assumptions require management's judgment and there is a risk that impairment losses will not be properly recorded if indications of impairment are not adequately assessed, we have determined that this is a key audit matter.	

Other Information

The other information comprises the information included in the INTEGRATED REPORT that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of ALPS ALPINE CO., LTD. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2026 are 855 million yen and 138 million yen, respectively.

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Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 25, 2026

Ichiro Tajima
Designated Engagement Partner
Certified Public Accountant

Yuki Hashimoto
Designated Engagement Partner
Certified Public Accountant

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