



May 9, 2024

To All

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(Code No.:6770 TSE Prime Market)
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Notice Regarding Partial Sale of Stake in ALPS LOGISTICS CO., LTD.,
an Equity Method Affiliate Company

ALPS ALPINE CO., LTD. (“Company”), through the resolution of the Board of Directors on May 9, has approved and signed a basic transaction agreement (“Basic Transaction Agreement”) with LOGISTEED, Ltd. (“LOGISTEED”) and LDEC, Ltd. (“Tender Offeror”) whose outstanding shares are wholly owned by LOGISTEED, as well as a capital and business alliance agreement (“Capital and Business Alliance Agreement”) between the Company, LOGISTEED and ALPS LOGISTICS CO., LTD. (TSE Prime Market Code: 9055, “ALPS LOGISTICS”), regarding the operation of ALPS LOGISTICS after the Transactions (as defined below). The series of Transactions involve (i) Tender Offeror will carry out a tender offer for common shares of ALPS LOGISTICS, an equity method affiliate of the Company (“Tender Offer”), when the Company will not tender any shares of ALPS LOGISTICS it owns and will not allow ALPINE ELECTRONICS, INC. (“ALPINE”), whose outstanding shares are wholly owned by the Company, to tender any shares of ALPS LOGISTICS owned by ALPINE; (ii) After the completion of the Tender Offer, ALPINE will transfer all common shares of ALPS LOGISTICS it owns to the Company through an absorption-type company split, and then carry out a share consolidation to make both the Company and the Tender Offeror the only shareholders of ALPS LOGISTICS; (iii) Subject to a share consolidation taking effect as condition precedent, the Company will sell all of the ALPS LOGISTICS common shares it owns in response to the share repurchase implemented by ALPS LOGISTICS (“Share Repurchase”); (iv) Prior to the Share Repurchase, the Company will make a partial in-kind contribution for the payment right related to the Share Repurchase to the Tender Offeror, thereby acquiring the Tender Offeror's shares (Voting rights ratio: 20%, the transactions from (i) to (iv) collectively referred to as the “Transactions”). Incidentally, ALPS LOGISTICS is expected to continue to be an equity method affiliate of the Company.

1. Purpose and Background of the Transactions

ALPS LOGISTICS was established under the name of Watakoma Co., Ltd. in July 1964 in Kohoku-ku, Yokohama, engaging in the transport, storage and sales of packaging material for the products of the Company (Former Alps Electric Co., Ltd, “Alps Electric”). Alps Electric acquired its stake in June 1967. In April 1987, it succeeded to take over the business of the Import & Export Business Division from ALPS TRAVEL SERVICE CO., LTD., and changed its name to Alps Transportation Systems Corp. In April 1988, the Company inherited the business of the Product Management Division from Alps Electric. Its Shares were listed on the Second Section at the Tokyo Stock Exchange in September 1995, merged with TDK Logistics Corp. in October 2004, and moved to the First Section at the Tokyo Stock Exchange in January 2021. In accordance with the review of the market classification of the Tokyo Stock Exchange, it moved from the First Section at the Tokyo Stock Exchange to the Prime Market in April 2022. Subsequently, in order to enhance corporate governance, a majority of independent outside directors were appointed to its board and it was shifted from a consolidated subsidiary to an equity method affiliate of the Company in June 2022. ALPS LOGISTICS, which mainly engages in electronic components related business, 25 subsidiaries in and outside Japan and Ryutsu Service Co., Ltd., which is a domestic subsidiary mainly engages in consumer products logistics, pursue “optimal logistics”

for each customer, which is the corporate philosophy of its group, while aiming to contribute to solving social challenges through logistics, and endeavor to expand its business on a global scale under the basic policy of “Friendly to Earth and society, pursuing and evolving optimal logistics”.

On the other hand, the Company have been focusing on business portfolio reform, improving the quality of our business structure, concentrating investments in growth areas, and enhancing the profit structure of key businesses in the context of the target as operating margin of 8% / ROE 10% in the second medium-term management plan announced in April 2022 (from April 2022 to March 2025), also of the "ITC101", mid-term target by 2027, with both operating margin and ROE of 10% and an operating profit of 100 billion Japanese yen. Also the Company has been working towards implementing cost structure reforms, including reassessing non-core businesses, in order to achieve management that is conscious of capital costs and stock prices, and to enhance the corporate value of the entire group.

As part of these efforts, the Company has reconsidered the capital relationship with ALPS LOGISTICS, which has been playing a central role in the group's supply chain for a long time while also pursuing customer development outside of our group with an emphasis on maintaining an independent management structure, in a way that could enhance the corporate value on both sides. In consequence, the Company has decided to sell all common shares of ALPS LOGISTICS held by the Company to a third party, make it private and pursue for further growth and advancement with a new partner who can achieve growth through synergy creation with ALPS LOGISTICS.

Based on these reasons, in early October 2023, the Company notified ALPS LOGISTICS that it is actively considering capital ownership change regarding the shares of ALPS LOGISTICS held by the Company, and initiated discussions towards conducting an auction process for maximizing the economic interest of the Company and enhancing the corporate value of ALPS LOGISTICS. From mid-December 2023, the Company and ALPS LOGISTICS proceeded with the auction process involving potential candidates, and in mid-April 2024, selected LOGISTEED as the final candidate, then reached the agreement on signing a Basic Transaction Agreement and a Capital and Business Alliance Agreement.

The Company is going to acquire shares equivalent to 20% of the voting ratio of the Tender Offeror that will become the sole parent company of ALPS LOGISTICS through capital recontribution even after the Transactions. By making Tender Offeror Company's equity method affiliate and execute Capital and Business Alliance Agreement, the Company will continue to support ALPS LOGISTICS as a collaborative partner for the sustainable growth and enhancing competitiveness. In particular, the electronic component logistics business that ALPS LOGISTICS has high expertise and has been providing to our group, the Company is convinced that it will be able to offer a wider range and higher value-added logistics solutions through the Capital and Business Alliance with LOGISTEED, which aims to become a “Global 3PL Leading Company” affiliated with Kohlberg Kravis Roberts & Co. L.P. This is expected to realize for further development of a sustainable supply chain and enable the Company to provide additional value to its customers by building optimal supply chains.

In the Transactions, in light of the fact that the provisions of the exclusion of deemed dividends from gross profits under the Corporation Tax Act is expected to apply to Share Repurchase, the price at which Share Repurchase is carried out (“Share Repurchase Price”) is set at an amount equivalent to the amount of after-tax proceeds if the Company were to tender in the Tender Offer at the Tender Offer Price (5,774 Japanese yen, “Tender Offer Price”) and the amount of after-tax proceeds that it would receive by accepting the Share Repurchase. Such pricing will fairly and appropriately realize the interests of the Company and the general shareholders of ALPS LOGISTICS, as well as enhance the fairness and certainty of execution of the Transactions and contribute to the interests of the Company and its shareholders

At the third quarter performance briefing for the fiscal year ending March 31, 2024, the Company explained that it would discontinue the second mid-term management plan and designate the current period (fiscal year ending March 31, 2025) as a period for building and executing fundamental reforms in management structure. On the other hand, the Company has been working on the Transactions as part of the initiatives in the second mid-term management plan. Cash obtained from the Transactions will be allocated towards effective cash allocation that contributes to enhancing enterprise value while maintaining a balance between growth investment, financial soundness, and shareholder returns as outlined in basic principles of the capital policies.

2. Outline of ALPS LOGISTICS (as of March 31, 2024)

(1)	Name	ALPS LOGISTICS CO., LTD.		
(2)	Address	1756 Nippacho Kohoku-ku, Yokohama-shi, Kanagawa		
(3)	Name and Title of Representative	Masaru Usui, Representative Director, President		
(4)	Description of Business	Electronic component and Consumer products logistics, and Material sales		
(5)	Capital Amount	2,353 million Japanese yen		
(6)	Date of Incorporation	July 2, 1964		
(7)	Large Shareholders and Shareholding Ratio	ALPS ALPINE CO., LTD.	46.61%	
		ALPINE ELECTRONICS, INC.	2.23%	
(8)	Relationship between the Company and ALPS LOGISTICS	Capital Relationship	The Company owns 46.61% of ALPS LOGISTICS's total number of shares outstanding (excluding treasury stocks).	
		Personnel Relationship	3 directors of the ALPS LOGISTICS came from the Company.	
		Transactional Relationship	The Company entrusts ALPS LOGISTICS with the import and export, and storage of products and components.	
(9)	Consolidated financial position and consolidated operating results for the most recent 3 years (Unit: "Million of yen" except information of per share, %)			
	Fiscal year	Ended March 2022	Ended March 2023	Ended March 2024
	Net assets	59,709	62,257	65,506
	Total assets	92,020	97,283	102,521
	Net assets per share (yen)	1,500.21	1,618.10	1,710.41
	Net sales	113,814	121,165	118,844
	Operating income	6,021	8,043	5,578
	Ordinary income	6,166	8,790	6,019
	Current net income belonging to shareholders of the parent company	3,598	5,032	3,570
	Current net income per share (yen)	101.66	142.08	100.71
	Dividend per share (yen)	30.00	44.00	44.00

3. Outline of Tender Offeror (as of March 31, 2024)

(1)	Name	LDEC, LTD.		
(2)	Address	2-9-2 Kyobashi, Chuo-ku, Tokyo		
(3)	Name and Title of Representative	Kazuhiro Nishikawa, Representative Director		
(4)	Description of Business	Any and all business related to commerce and its associated activities		
(5)	Capital Amount	5,000 Japanese yen		
(6)	Date of Incorporation	April 30, 2024		
(7)	Large Shareholders and Shareholding Ratio	LOGISTEED, Ltd.	100.00%	
(8)	Relationship between the Company and Tender Offeror	Capital Relationship	N/A	
		Personnel Relationship	N/A	
		Transactional Relationship	N/A	
		Applicability to related parties	N/A	

4. Schedule of Transactions

The Tender Offeror intends to promptly commence the Tender Offer upon the completion of necessary procedures and responses (or waived by the Tender Offeror) based on competition laws and other applicable laws and regulations in various countries (Japan, China, EU, South Korea, and Vietnam), which will require a certain period of time for completion, and the conditions precedent related to the completion of such procedures and responses are satisfied. At present, the Tender Offeror is aiming to commence the Tender Offer around mid-August 2024, but since it is difficult to precisely predict the period that will be required for procedures especially in foreign competition authorities, the Tender Offeror will notice of the details of the Tender Offer schedule as soon as it is confirmed.

5. The Company's Consolidated Earnings Forecast as a Result of Transactions

If Transactions are completed by the end of the fiscal year ending March 31, 2025, the Company expects to record approximately 30 billion Japanese yen as extraordinary profit in the consolidated financial results for the fiscal year ending March 31, 2025.

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