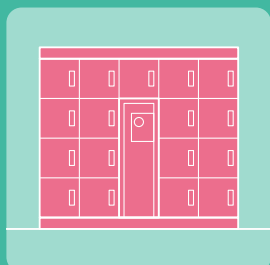


Looking ahead to our
100th anniversary



ANNUAL REPORT 2020

(Year ended March 31, 2020)



ALPHA Corporation

With the mind freshened every day, we will keep changing ourselves.

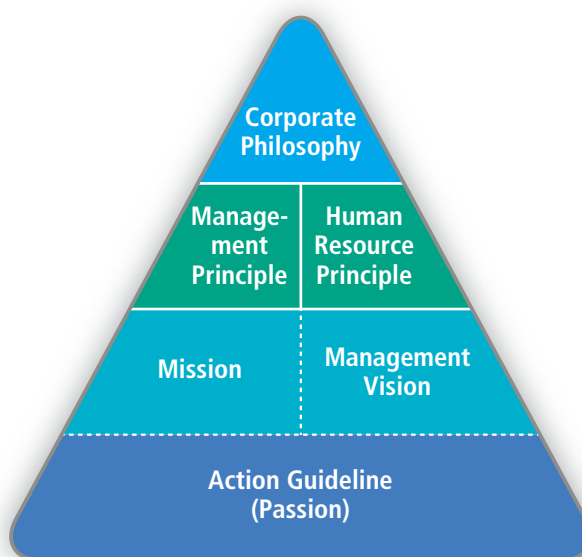
Guided by this philosophy, we are dedicated to succeeding as an organization that reflects our business environment by adapting to this environment.

Our operations are based on “continuity and change in life” (fueki-ryuko). Some things we should not change, notably things acquired over our long history and should retain with pride. There are also things that we should change because of dramatic shifts in our environment. By doing our jobs based on a sound understanding of what should and should not change, we are determined to earn even more trust from customers. We also have a commitment to fostering an even greater spirit of unity among the people of ALPHA.

ALPHA WAY

Looking ahead to our 100th anniversary

Organization of ALPHA WAY



ALPHA now promotes "Management by Principle." This refers to the activity in which Corporate Philosophy, Management Principle, Human Resources Principle, Management Vision, Mission and Action Guideline (Passion) are put in a statutory form and, through every employee's complete understanding of their contents that fosters "unification of values" within the ALPHA Group, management is carried out accordingly.

We named the starting point for practicing the Management by Principle "**ALPHA WAY**."

With all employees in the ALPHA Group working together in pursuit of the "**ALPHA WAY**," ALPHA aims to celebrate its centennial in success.

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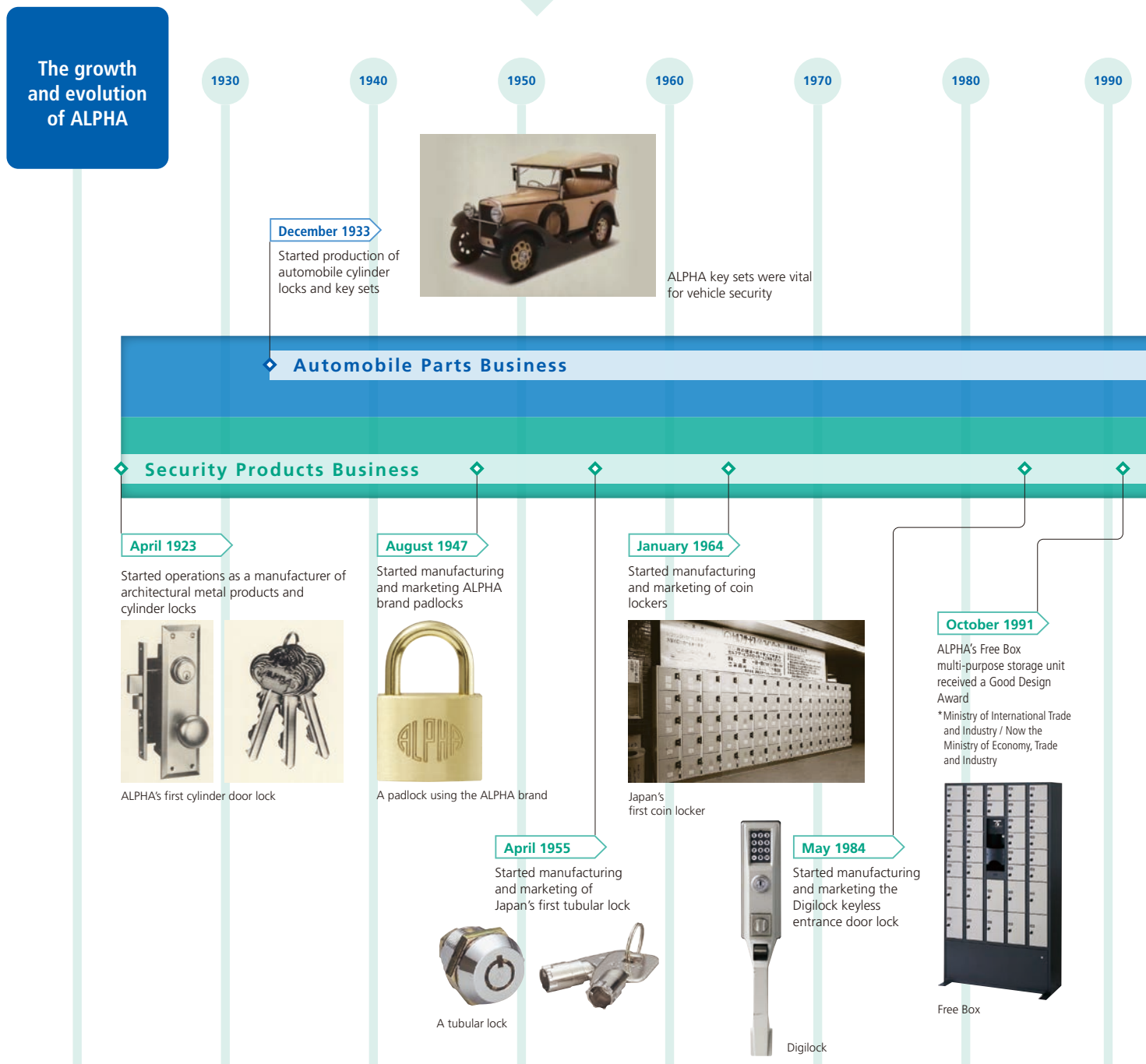
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ALPHA Business Model Evolution and Progress

Supplying many highly advanced products to help people enjoy safe and secure lives

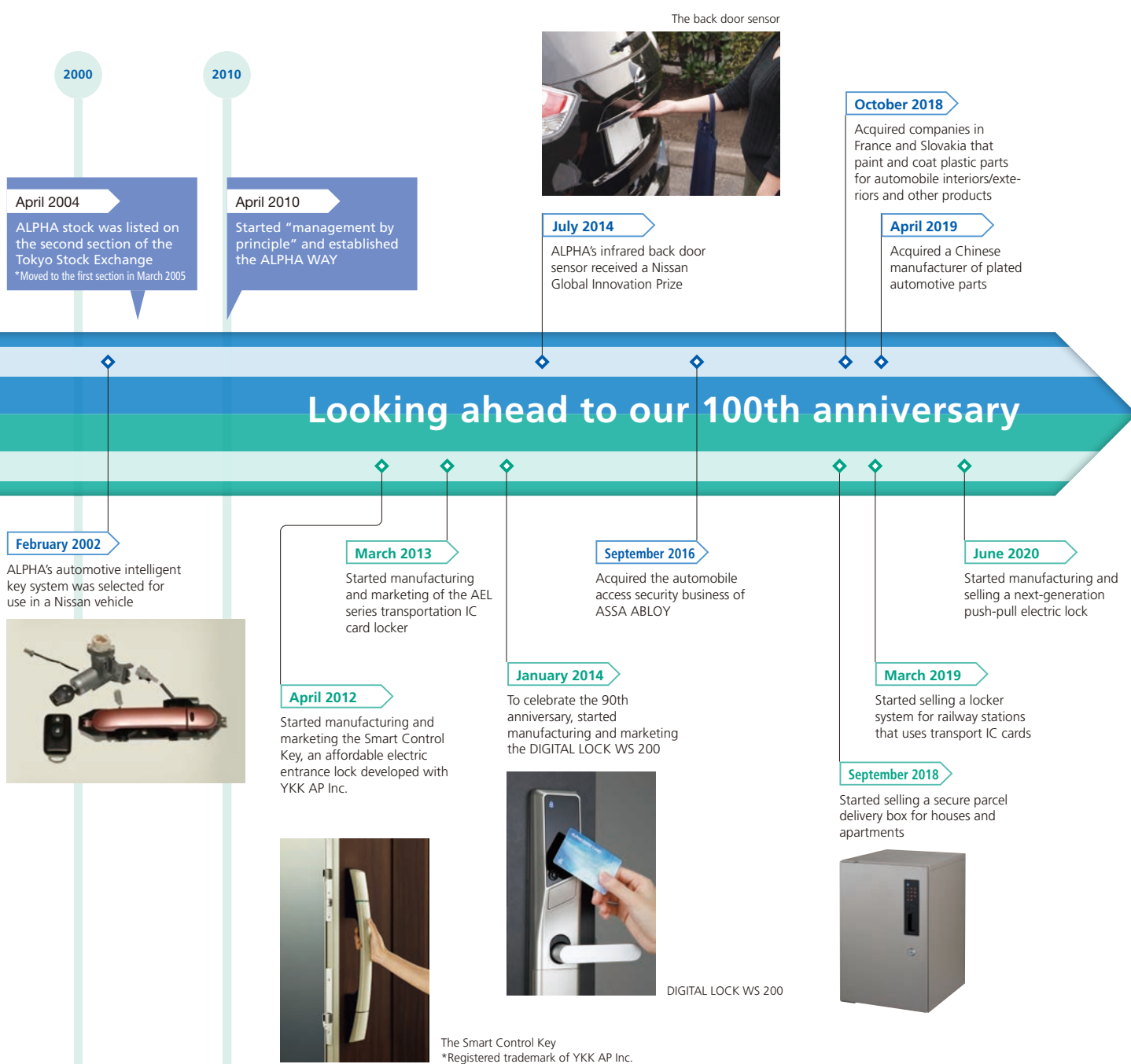
The components of our business model



ALPHA started as a small manufacturer of metal products.

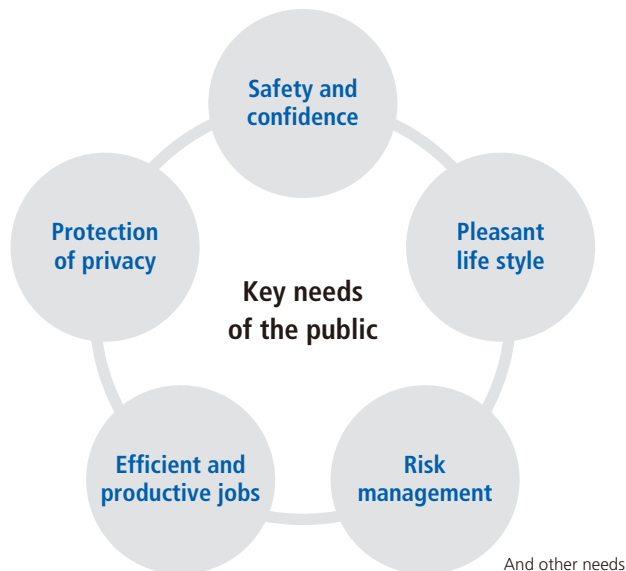
Today, the ALPHA Group is a diversified lock manufacturer that supplies housing products, automobile parts, coin lockers and other items.

We are dedicated to contributing to society as a source of outstanding products that are instrumental to the safety and security of the people who use them.



The ALPHA Value Creation Process

Dedicated to creating and supplying value that makes customers happy by retaining a relentless focus on the ALPHA WAY as we look ahead to our 100th anniversary



ALPHA's Management Principle

Increase the quality of all products and people in order to create and supply value that makes customers happy

**Dedicated to
the ALPHA WAY**



2023

Looking forward to celebrating our 100th anniversary



Solar power business

Measures to cut CO₂ emissions



More ISO 14001 programs

Policies for quality and environmental activities

Helping deal with social issues



Meet customers' diversifying needs by developing and using innovative technologies



Safe and secure places to live

New products for an aging society

The ALPHA Business Model

Two businesses based on distinctive strengths

Automobile Parts Business

ALPHA's Strengths

Development of technologies for a better future

Marketing skills for creating high-quality products

Manufacturing technologies to meet market needs

Security Equipment Business

[Housing products and coin lockers]



Message from the President

Representative Director
President**Yoshiyuki
Kawana**

Completion of medium-term challenges in order to

A disappointing performance in the new medium-term plan's first year

The ALPHA Group started the MP2022 four-year medium-term management plan in the fiscal year that ended in March 2020.

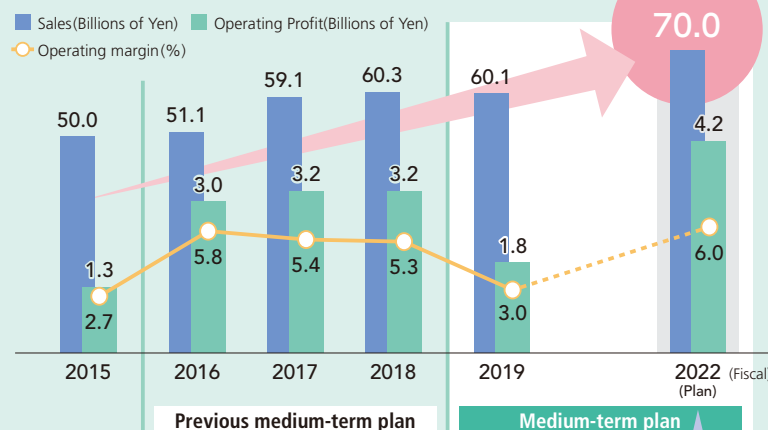
Sales in the fiscal year decreased 0.2% and operating profit was down 43.6%. Our original plan called for sales growth of 4.4% backed by a strong performance of our existing businesses and the first inclusion of the sales of Société de Peinture de Pièces Plastiques SAS (SPPP), a French holding company with automobile parts operations in France and Slovakia that we acquired in 2018: Our performance was generally as planned in the first half of the fiscal year. In the third quarter, carmakers that are major buyers of our products started reducing output. In the fourth quarter, the global COVID-19 outbreak impacted our automobile parts and security equipment businesses. The result was a rapid slowdown in our sales.

Our plan for operating profit was a 2.0% decrease because of our April 2019 acquisition of ADVANCON, an unprofitable automobile plated parts manufacturer in China. However, operating profit was far below our plan. One reason was the decline in sales. Furthermore, a problem involving a new product at SPPP had a negative impact on earnings. The issue at SPPP was

Medium-term plan (2019-2022)

* Targets for the fiscal year ending March 2023 are as of June 3, 2019, when the medium-term plan was announced. Actual performance may differ from these targets because of changes in market conditions and many other factors that affect results of operations.

Fiscal 2022 Goals



Basic policies

1 **Develop new businesses and products**

Growth

2 **Strengthen our profit base**

Stability

3 **Develop human resources**

Driving force for the first and second basic policies

Sales	Operating margin	New product sales ratio	Equity ratio	ROE
70.0 billion yen	6% or higher	25% or higher	50% or higher	8% or higher

term plan initiatives despite unprecedented aim for renewed growth

resolved in 2019 and this company has shown improvement in profitability since January 2020.

A basic policy for responding to the COVID-19 pandemic

COVID-19 is continuing to have an impact of an unprecedented magnitude on economies worldwide. To deal with this crisis, the ALPHA Group established a three-part basic policy at the end of January 2020. The highest priority of our group's global operations is the health and safety of our customers, residents of the areas where we operate, and our employees. We are also dedicated to following government instructions and other directives. The first policy is ensuring the safety of employees because this is our highest priority. The second policy is maintaining sufficient liquidity. The crisis is preventing economies from functioning normally, so we must aim for positive cash flows. Our first goal is maintaining a positive EBITDA and then we want to achieve bottom-line profitability as the next priority. The third policy is monitoring and responding to the production situations of our supply chains and customers, which is vital to our ability to continue business operations. Our supply chain and customers are

critical components of our business continuity plan. Constantly watching these items will allow us to act quickly in order to achieve a V-shaped recovery when the business climate improves. Currently, we are checking these situations and determining any necessary actions at least once every week. (See upper right of page 9 for more information.)

More progress with medium-term plan initiatives

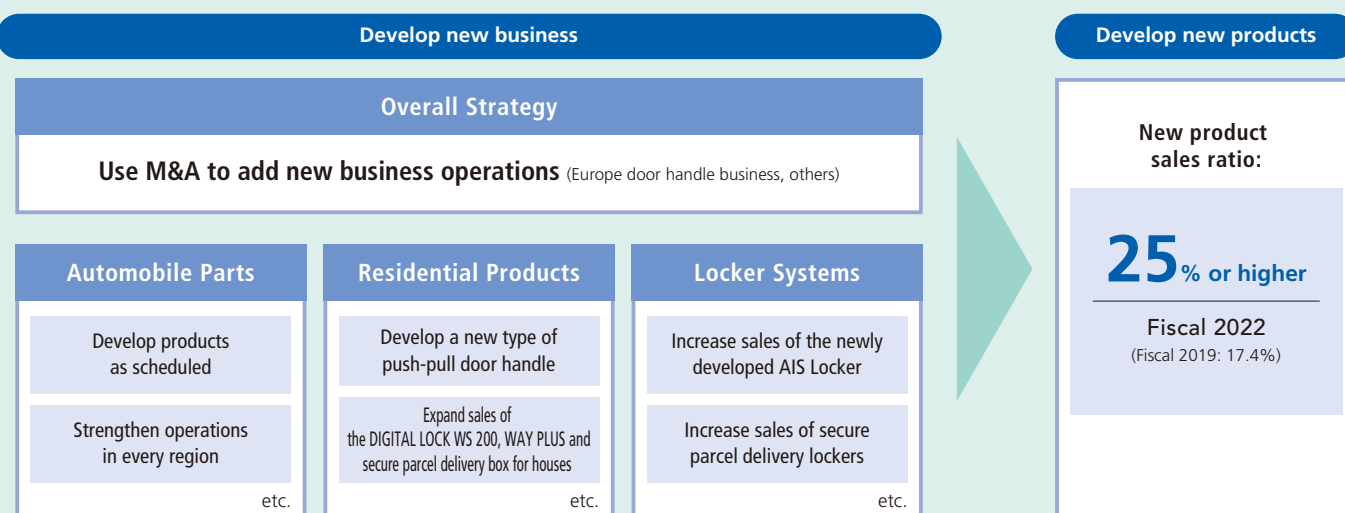
The fiscal year ending in March 2021 is the second year of the MP2022 medium-term plan. We had anticipated consistent growth during this plan. But COVID-19 and other developments make it impossible to determine a forecast for sales and earnings. This is why we did not announce a forecast for the March 2021 fiscal year with our results of operations for the past fiscal year.

Despite the current challenges, we are not making any changes at this time to the MP2022 final-year goals of sales of ¥70 billion and an operating margin of at least 6.0%. In the second half of this fiscal year, we plan to hold a medium-term plan study meeting at a time that takes into account any upcoming changes in market conditions. Our plan is to make a decision about whether

Basic policy 1

Develop new businesses and products

Create many new businesses and new products



Message from the President

or not to revise the medium-term plan's goals at that time.

During the first year of MP2022, we made progress with all three of the plan's basic policies. We remain committed to taking the actions needed to accomplish the goals of this plan.

For launching new businesses and products, we used lessons learned during the previous medium-term plan in order to take actions during the past fiscal year that remained mostly on schedule. In the automobile parts business, we developed and started mass production of a remote keyless entry and push-entry start system (RKPS) for truck manufacturers in China. In the security equipment business, we completed two development projects and started sales activities on schedule. One is a next-generation push-pull door handle electric lock (e-PPH) for apartment buildings. The other is a locker reservation service for East Japan Railway Company and the Toei Subway.

For building a more powerful profit structure, we did not make much progress in terms of numbers. For example, our earnings decreased and we did not achieve the inventory reduction target. Nevertheless, I think our ability to maintain normal operations in all regions during the COVID-19 crisis was a significant accomplishment. Restrictions on international travel and other effects of this crisis interrupted global supply chains. Our operations were largely shielded from these disruptions by the regional management framework that we started building about 10 years ago. We now have a global infrastructure consisting of five regions with a high degree of self-reliance. Each region has its own supply chains, which allowed our group to continue procurement,

manufacturing and customer deliveries with no delays. Overall, the crisis clearly demonstrated the value and resiliency of our regional management framework.

For developing human resources, we have worked on activities for giving people the skills to become the next generation of leaders. We have completed activities for individuals who will be candidates for becoming the next group of operating officers and directors of the ALPHA Group. Now we are focusing on training and education programs for people who can follow this group of candidates by conducting a management training program covering the three-year period ending in March 2021.

Using management by principle to build a base for the next 100 years

We are working on a number of key issues and goals as we continue to implement the MP2022 medium-term plan. In the automobile parts business, the COVID-19 pandemic has created the need for more actions concerning two aspects of our operations. First, we must take regional management to an even higher level. During the previous medium-term plan, the benefits of regional management played a central role in our ability to cut costs across the entire ALPHA Group. Unfortunately, our expenses increased in the past fiscal year because of COVID-19 and other reasons. We must base our plans on the outlook for a different size of the global automobile industry due to production cuts that will continue for some time. In this new environment, we must

Basic policy 2

Build a stronger profit structure

Use key initiatives to reinforce the profit structure

Key initiatives

Further upgrade regional management

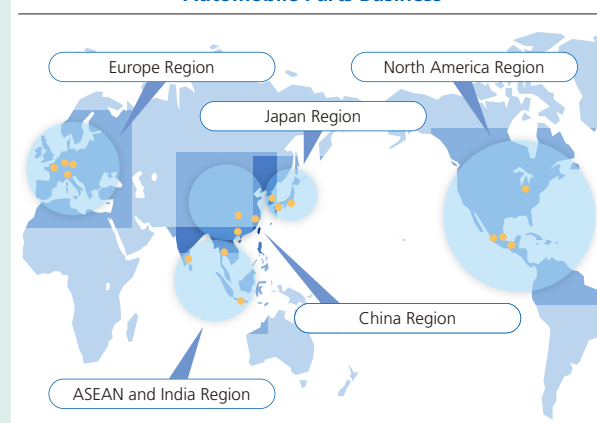
Better cash management by regions and business units

Use synergies among group companies to generate earnings

Cut costs by reinforcing global purchasing capabilities

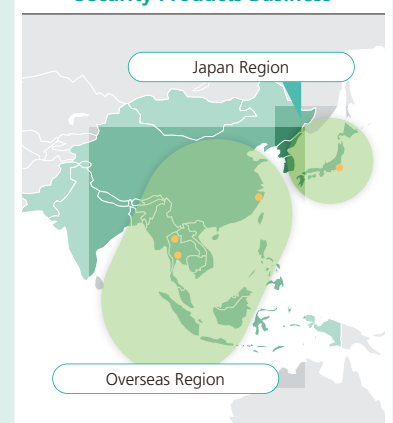
Overseas network

Automobile Parts Business



▶ Business location

Security Products Business



once again utilize regional management for improving the ALPHA Group's productivity and efficiency. Second, we must use strong and decisive actions to deal with the COVID-19 crisis. For example, we need to determine the timing of big cuts in our production to reflect current demand in each region where we operate caused by the temporary but dramatic declines in our markets. By concentrating on these two points, I believe we can establish a base for renewed growth as quickly as possible.

In the security equipment business, we need to develop products by incorporating the new viewpoint of changes in life styles due to COVID-19. But these new products will still be a relatively small part of this business. This why our strategy for security equipment growth remains as initially planned and we are determined to continue making progress in housing hardware and locker systems businesses in accordance with the plan.

MP2022 will end in March 2023, one month before we celebrate our 100th anniversary. As we look ahead to this milestone, we are rededicating ourselves to overcoming the unprecedented challenges created by COVID-19 by advancing steadily toward the goals of MP2022. At the same time, we must build a sound base for our next 100 years by conducting business operations in a manner that closely adheres to our management philosophy: With the mind freshened every day, we will keep changing ourselves. I ask for the support and understanding of our stakeholders as we deal with a difficult business climate and build a strong foundation for more growth.

Effects of the COVID-19 pandemic and the ALPHA Group's actions

The ALPHA Group has established a basic policy concerning the COVID-19 pandemic that places priority the health and safety of our customers, residents of the areas where we operate, and our employees. The policy also includes compliance with government instructions and other directives.

Basic Policy

- 1 Safety of employees
- 2 Maintain liquidity
- 3 Check supply chains and customers' production volume

Measures to prevent COVID-19 infections

The health and safety of employees and individuals at suppliers, customers and other companies that do business with the ALPHA Group are our highest priorities. We prohibit business trips to other countries, limit domestic business trips and meetings with customers, encourage teleworking and staggered working times, and are taking other actions to prevent the spread of COVID-19. All group factories are operating at a level that matches the output of customers while complying with government instructions and other directives.

Status of major factories as of June 2020

Japan	Operations were suspended for 13 days between the second half of March and May because customers stopped production. Factories will continue to operate at a level that matches the output of customers.
North America	Production stopped between early April and the end of May because of Mexico's declaration of a state of emergency. Operations resumed in June.
China	Production restarted on February 10 in Guangzhou and on March 13 in Xiangyang. Currently, both factories have mostly returned to normal operations.
Thailand	Production stopped in April and May for 21 days and resumed in June at a level that matches the output of customers.
India	Production stopped from March 25 to May 17 because of a nationwide lockdown. Some production activities resumed on May 18.
Europe	All factories in Europe completely or partially suspended operations in the second half of March and April due to suspensions or reductions of the operations of customers' factories. Currently, factories have restarted limited operations that matches the resumption of customers' operations.

Basic policy 3

Develop human resources

Reinforce recruiting and training programs to create a "CREATOR" workforce

Ideal employee concept

- C hallenge
- R ule
- E xpertise
- A dvice
- T ogether
- O pportunity
- R eputation

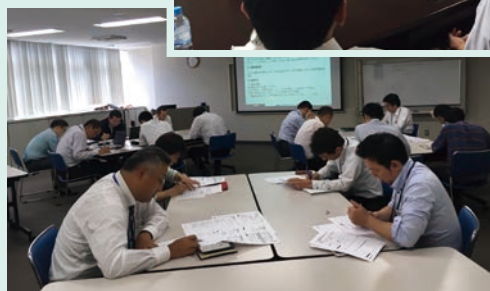
Key initiatives

Step up use of
CREATOR to strengthen
middle-management
skills

Always work on
developing the next
generation of
senior executives



President Kawana conveying his thoughts to participants



Training session

Message from the Chief Financial Officer

Rigorous cash flow management centered on sustained growth

Retaining the policy of placing importance on operating cash flows

Making consistent and substantial investments for growth has been a major element of the ALPHA Group's fundamental management policies for many years.

Several years ago, there was a big shift in the ALPHA Group's financial strategy. In the past, there were times when operating cash flows were low even when operating profit was climbing. The reason was increasing capital expenditures and other investments for growth outside Japan. Loans increased as one way to fund these investments. But now there is a risk of a decline in our financial soundness. This is why we have shifted our financial strategy to emphasizing operating cash flows in order to make everyone at the ALPHA Group aware of the importance of cash.

Due to this shift, our consolidated operating cash flows increased from ¥1 billion in the fiscal year that ended in March 2014 to ¥4.5 billion in the fiscal year that ended in March 2018. However, operating cash flows decreased to ¥3.4 billion in the past fiscal year mainly because of a ¥1.4 billion decline in operating profit caused by COVID-19 and other reasons.

We plan to maintain a high level of investments based on our policy of making substantial investments for growth. During the four-year period covered by MP2022, which ends in March 2023,

we plan to make investments totaling ¥11 billion. Subsequently, we decided to increase the share of these investments in the plan's first year in order to increase momentum for achieving the plan's goals. As a result, cash used in investing activities in the past fiscal year was ¥3.4 billion, which was approximately as planned.

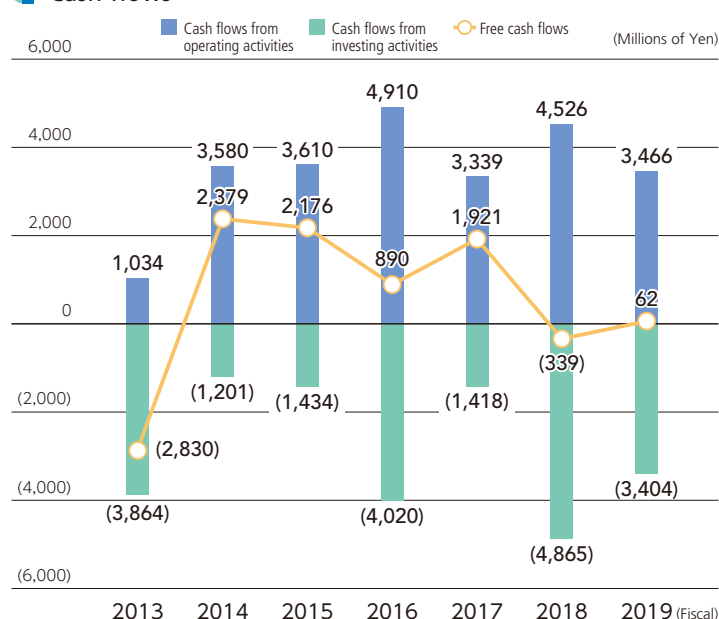
Due to these operating and investing cash flows, our free cash flows in the past fiscal year were only ¥62 million. Our medium to long-term goal is to establish a virtuous cycle in which we consistently generate operating cash flows, use this cash for investments, and then use the benefits of these investments for increasing operating cash flows.

Unexpected challenges caused financial indicators to decline

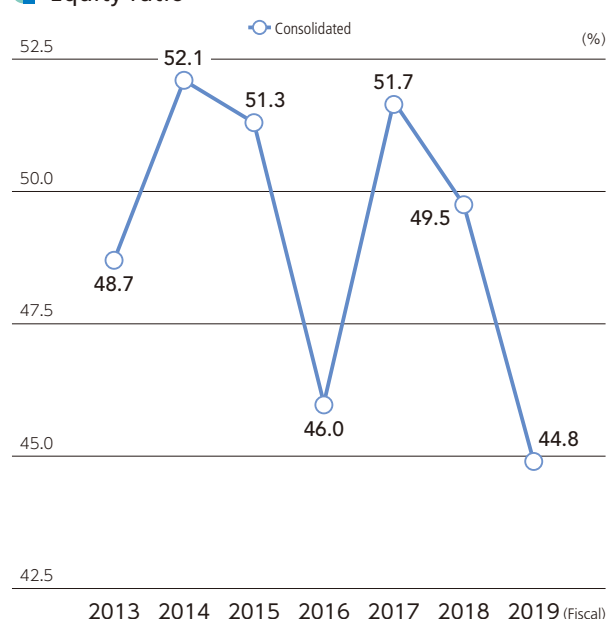
Consistently making investments for growth while maintaining financial soundness is one of the fundamental policies of the ALPHA Group. This is why MP2022 includes the goals of an equity ratio of at least 50% and an ROE of at least 8%.

In the past fiscal year, our equity ratio decreased 4.7 points to 44.8%. Two causes are valuation losses on stocks and an impairment loss in Japan in the automobile parts business. The equity ratio was also affected by the acquisition of ADVANCON, an automobile

Cash flows



Equity ratio



investments for

plated parts manufacturer in China that has a weak balance sheet. The ALPHA Group still has a relatively high equity ratio, so our plan is to take actions in the regions of the world where we operate that are aimed at increasing our financial soundness.

Our ROE decreased from 7.8% to negative 4.6%. The causes are the ¥1.2 billion loss attributable to owners of parent because of the impairment loss I just mentioned, the reversal of deferred tax assets and other items.

Considering the addition of ROIC as a financial indicator

Valuation changes and other non-operating items that do not use cash influence the ROE because this return is calculated by using profit attributable to owners of parent. The resulting volatility of the ROE, such as last year's negative return, can prevent this return from being an accurate indicator of corporate value. This is why we are considering the addition of the return on invested capital (ROIC*) as a key performance indicator. The ROE is a return from the standpoint of shareholders and other investors and the ROIC is an indicator from the standpoint of placing emphasis on operating cash flows. For earnings, ROIC uses operating profit after taxes, which does not include non-operating items. This profit is divided by invested capital, which is the sum of fixed assets and net working capital. Consequently, this return is a better indicator of the performance of our investments.

Our plan is to establish an ROIC target starting in the fiscal year ending in March 2022, and to follow and analyze our ROIC on a consolidated basis and for three business units: automobile parts, housing hardware and locker systems.

* ROIC = Operating profit after taxes / Invested capital (Fixed assets + Net working capital)
We use actual invested capital instead of interest-bearing debt and shareholders' equity.

More emphasis on regional management to overcome today's challenges

The regional management structure is a key characteristic that defines the ALPHA Group. This is also one of our greatest strengths. Managing and using within each region every category of the group's capital (human, physical and financial) facilitates speedy business operations by allowing individual regions to make investment decisions within certain limitations.



Director
Executive Operating Officer

Yuichi Saito

The COVID-19 pandemic has clearly demonstrated the effectiveness of regional management. When China locked down the city of Wuhan due to COVID-19, the factory in Xiangyang was unable to pay salaries because of the inability to conduct accounting procedures. ALPHA (GUANGZHOU) AUTOMOTIVE PARTS CO.,LTD., which performs regional management for China, was able to respond with speed and flexibility in order to pay these salaries directly to all Xiangyang factory employees.

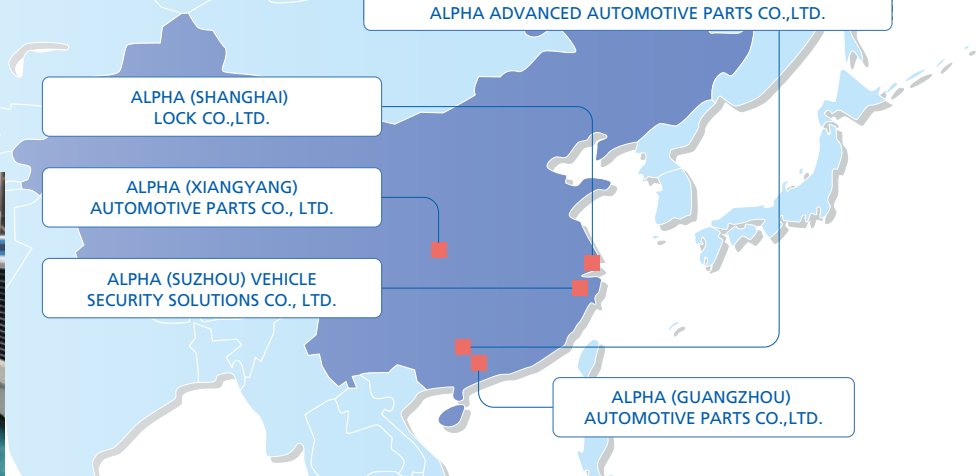
Some regions are experiencing issues concerning liquidity. To ensure that group companies have adequate liquidity, ALPHA Corporation carefully supervises and controls cash for the entire group. Profitable group companies transfer part of their earnings to us by paying dividends. We manage this group capital and use these funds as needed for loans to group companies and for strategic investments.

The operating environment for the ALPHA Group will be extremely challenging in the fiscal year ending in March 2021 because of the COVID-19 pandemic. To overcome these difficulties, we will use the strengths of regional management while continuing to make investments for growth as much as possible.

Major Actions in 2019-2020 for Faster Growth

Acquisition of an automobile plated parts company in China

In April 2019, ADVANCON, a manufacturer of automobile plated parts in China, became an ALPHA subsidiary when ALPHA (GUANGZHOU) AUTOMOTIVE PARTS CO., LTD. purchased newly issued ADVANCON stock sold through a third-party allotment. Established in April 2014, ADVANCON primarily molds, plates and assembles parts for automobile exteriors. For plating operations, the company has highly advanced equipment and environmental licenses that include the ability to increase capacity. ADVANCON sells its products mostly to Chinese manufacturers of automobile parts and finished vehicles.

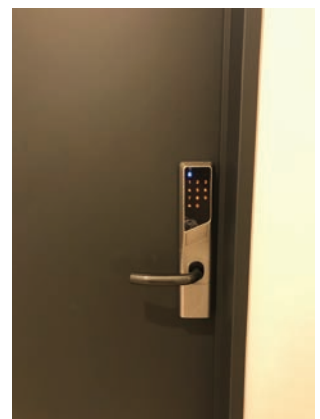
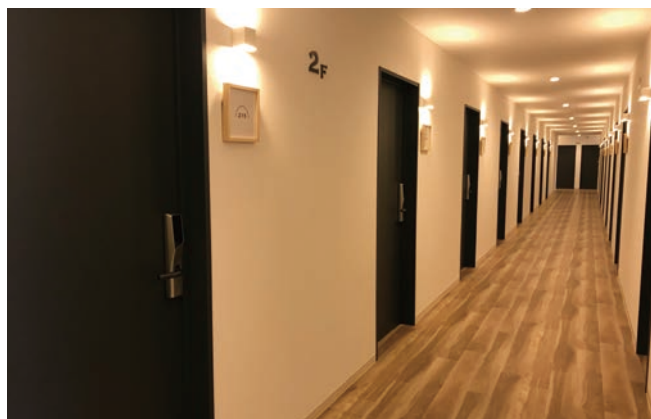


DIGITAL LOCK WS 200 electric lock selected for shared house

2

ALPHA's DIGITAL LOCK WS 200 electric lock secures the doors of the 110 residential units at the recently completed Social Residence Academia Osaka Amagasaki. The building was constructed by Kanden Realty & Development Co., Ltd. and is managed by Oakhouse Co., Ltd.

To enter an apartment, a resident simply enters a PIN in the lock. Using a number eliminates the need to carry a key. In addition to providing reliable security for residents, the DIGITAL LOCK WS 200 simplifies building management because empty units can be accessed by using a PIN and there is no need or associated expense for changing keys when a new resident moves in.



Sales Activities for the AIS Series of Lockers Start

The AIS Series of lockers combine the role of a coin-operated locker, which is the temporary storage of personal belongings, with a sophisticated user interface. For example, lockers recognize QR codes and display many languages for the convenience of visitors from other countries. More improvements are planned. Additional and more advanced software will upgrade this locker system's management and operational capabilities. Furthermore, the AIS Series can be used for new business activities that take advantage of its location in railway stations and airports. Activities include a variety of B-to-B and B-to-C services that utilize tie-ups with other companies.

What is the AIS Series?: This next-generation locker system for railway stations and airports uses keyless technology and accepts cash and e-money. A large touch screen displays information in many languages, including the locations of available lockers.



ASOBUILD (Yokhama, Kanagawa Pref.)



Fukuoka airport domestic flight terminal (Fukuoka, Fukuoka Pref.)

Solar power activities

ALPHA started operations at solar power plants in December 2016 in Yamanashi prefecture and Gunma prefecture. Power generated during the past fiscal year decreased mainly because of unfavorable summer weather. Electricity produced at these two locations is equivalent to about 35% of all electricity used by ALPHA.

Name	Minami-Alps Solar Power Plant	Gunma Solar Power Plant
Location	Minami-Alps, Yamanashi Pref.	Tatebayashi, Gunma Pref.
Power generated/year	2,292MWh	1,968MWh
Expected capacity/year	2,170MWh	1,741MWh

*January 2019 to December 2019



Gunma Solar Power Plant



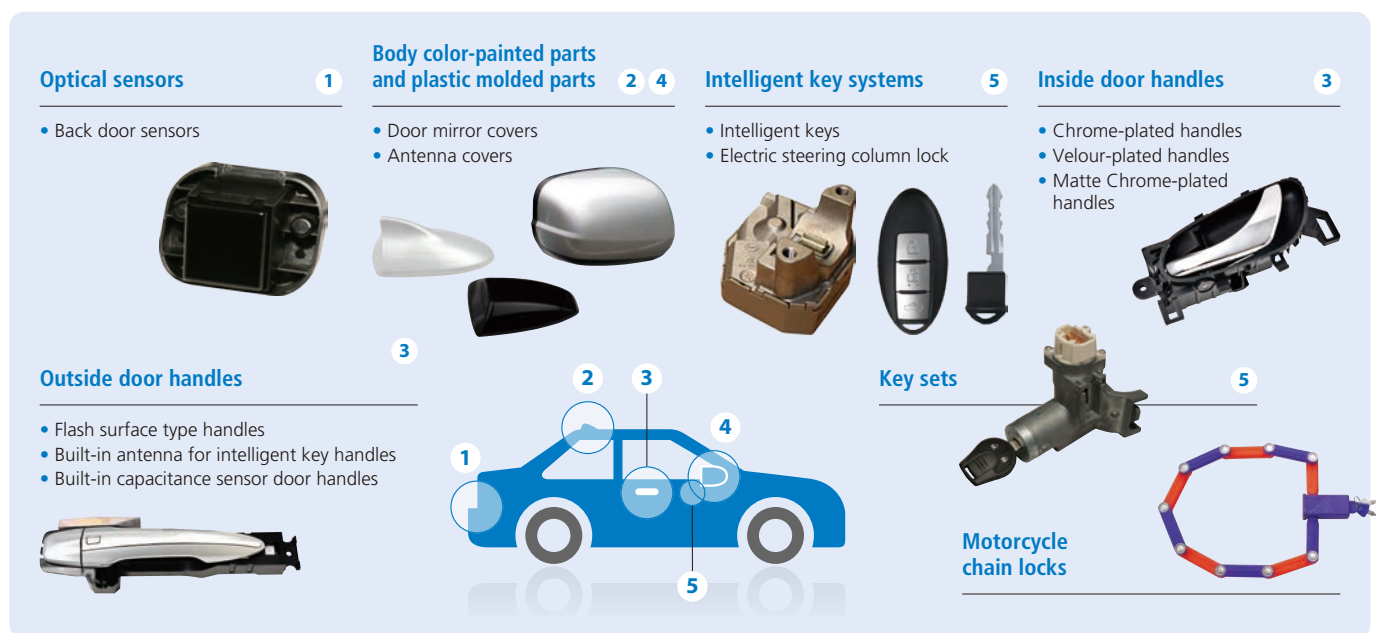
Minami-Alps Solar Power Plant

Business Segments

Automobile Parts Business



ALPHA's automobile parts



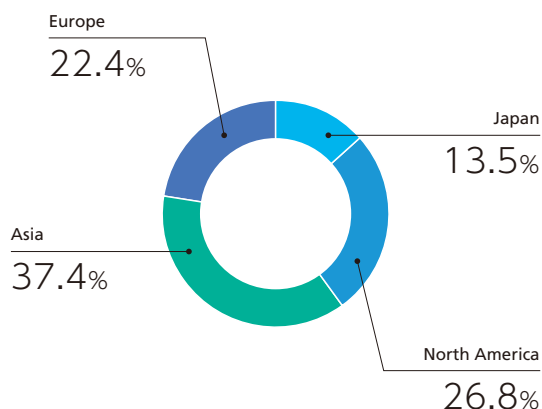
The ALPHA Group designs, develops and manufactures key sets, door handles and many other parts that are vital to the operation and security of automobiles. Our key system business started in 1933, ten years after our establishment, when we created the first made-in-Japan automobile key system, which was used in a Datsun vehicle. Today, we are a supplier of sophisticated automotive electronic keys and intelligent keys.

Technology has advanced to the point where a small electronic device in the driver's pocket allows unlocking doors and

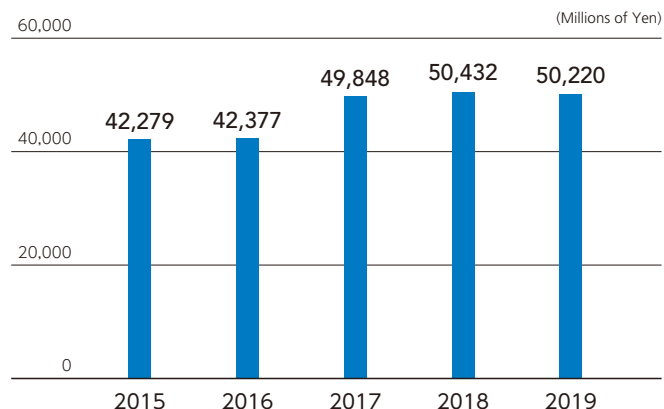
starting the engine without a key. Using this keyless system greatly improves both convenience and safety.

Magnesium die-cast steering column lock and grip door handles, made with our hollow and solid molding technologies, help make automobiles lighter while meeting various design requirements. For more progress, ALPHA has a large R&D program for the development of color electroplating, corrosion-resistant chrome plating and many other technologies.

Sales by region



Sales



Security Equipment Business

ALPHA's security products

Residential Products

Electronic locks



Many other types of locks



Customized padlocks

FB Lock

Residential door handles

Entry using no-hands authentication or RF-ID authentication



The Smart Control Key*

*Registered trademark of YKK AP Inc.

Locker systems



Keyless lockers that accept e-money and cash payment

Residential Products

In the Residential Products, since the establishment of the company, ALPHA Corporation has been producing and marketing broad range of products including house door locks, industrial locks for automatic vending machine, ATM and game machine, as well as padlocks. It has provided customers with products designed for high security and convenience.

► Electric locks

Communication and authentication technologies such as IC cards, touch panels and smart entry systems are now widely used. ALPHA is using these technologies to increase the convenience and security of entrances at houses and apartment buildings. The result is a diverse lineup of electric locks that include passive (keyless entry) keys, IC card keys, touch panel locks and other sophisticated products.

► Parcel delivery boxes for houses

In addition to conventional boxes, we have developed secure parcel delivery boxes for houses and apartment buildings and started selling these boxes in July 2018. These boxes help lower CO₂ emissions by greatly reducing the need for second delivery attempts.

► Commercial locks

We manufacture and sell highly secure key and lock products for a broad range of commercial and industrial applications. Examples include high-end key systems, variable key systems, products that can withstand drilling and other destructive actions, and other products that match the crime prevention and supervision needs of each user.

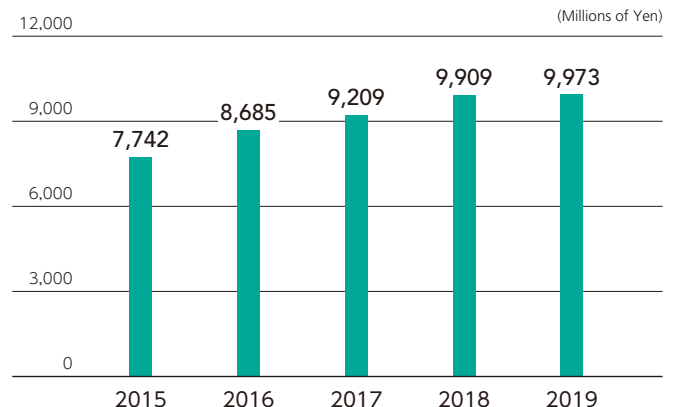
Locker Systems Division

Coin Locker, which ALPHA Corporation provided first in Japan in 1964, is now a common noun and used at stations and leisure facilities all over Japan every day.

FreeBox, that followed, is also increasingly used at many places, from golf clubs to offices.

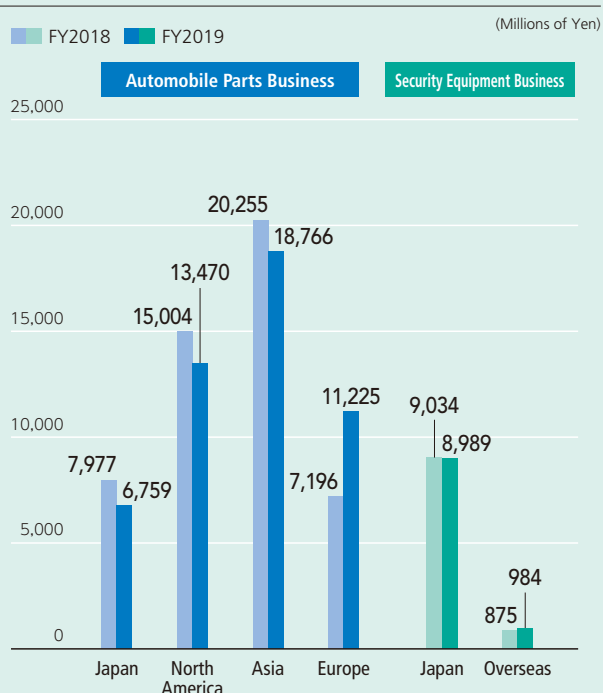
These locker products have now become not merely the equipment for storage, but one of the important equipment of facility security control systems.

Sales

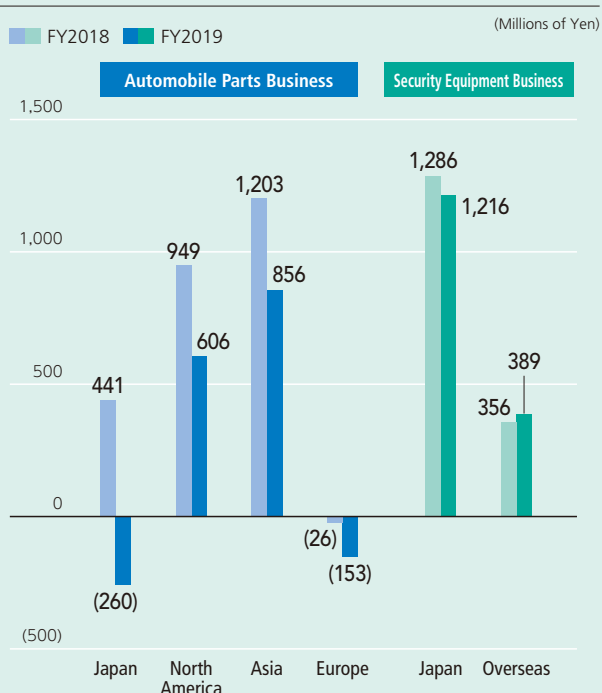


Business Segment Information

Net Sales by Segment



Operating Profit (Loss) by Segment



Automobile Parts Business

[Japan]

Sales decreased 15.3% because of weakening market conditions and a decline in the output of major customers. There was an operating loss of ¥260 million compared with a ¥441 million profit one year earlier.

[North America]

Sales decreased 10.2% mostly because of lower production volume at major customers. The higher cost of raw materials and an increase in fixed expenses were the main reasons for a 36.1% decrease in operating profit.

[Asia]

Sales decreased 7.4% and operating profit was down 28.8% as sales were unchanged in the ASEAN region but lower in China.

[Europe]

Sales were up 56.0% primarily because of the first full-year contribution to sales of a company that was acquired in the previous fiscal year. The operating loss increased from ¥26 million to ¥153 million mainly because of goodwill amortization and expenses for the launch of new products.

Security Equipment Business

[Japan]

Sales decreased 0.5% and operating profit decreased 5.4% chiefly because of lower sales involving coin lockers caused by the decline in traveling and other outings as people stayed home due to the COVID-19 outbreak late in the fiscal year.

[Overseas]

Sales increased 12.5% and operating profit increased 9.5%.

*Operating profit is used for the earnings of reportable business segments.

Core Technologies and Production Processes

ALPHA Corporation, which produces highly functional products such as electronic key systems for automobile and housing, precision mechanical keys and coin-operated lockers, possesses a variety of manufacturing technologies such as computer-aided die design, plastic injection molding and die-casting, surface treatment technology such as plating and painting, automatic trimming and precision machining technologies, and automated assembly technology. ALPHA Corporation also features integrated operation of all manufacturing related processes in house.

Furthermore, through the use of network systems that manage processes from receipt of order to shipping totally and rationally, we respond swiftly to customers' diverse needs and provide security of the highest quality.



11-Year Summary

		2009	2010	2011	2012
Consolidated total	Net sales	¥ 39,021	¥ 47,337	¥ 47,674	¥ 46,749
	Gross profit	5,801	7,358	7,360	7,156
	Operating profit	1,437	2,460	2,160	1,705
	Ordinary profit	1,154	1,939	1,837	2,788
	Net income (loss)	544	1,519	1,072	1,709
Automotive Parts Business	Sales	¥ 33,800	¥ 42,074	¥ 42,324	¥ 40,446
	Operating profit	1,065	2,120	1,919	1,422
Security Equipment Business	Sales	¥ 5,413	¥ 5,261	¥ 5,350	¥ 6,303
	Operating profit	307	273	217	527
ALPHA Co.	Payout ratio (%)	26.7%	20.8%	26.7%	16.8%
	Closing market price (Yen)	¥ 920	¥ 905	¥ 1,152	¥ 1,032

Events at ALPHA

- Started production of custom padlocks

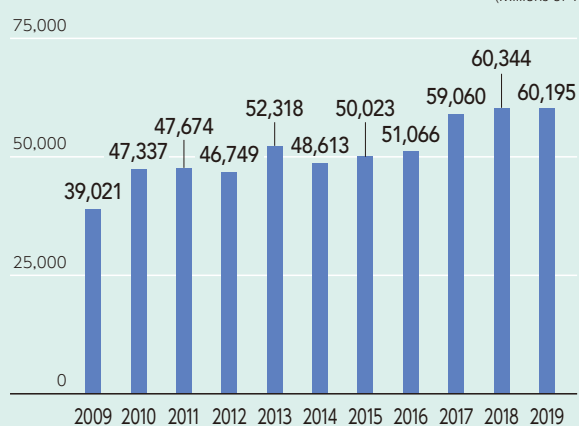
- Announced the ALPHA WAY
- Established ALPHA (GUANGZHOU) AUTOMOTIVE PARTS CO., LTD.

- Established Alpha Security Instruments (India) Private Limited
- Established Alpha Industry Jalisco, S.A. DE C.V.

- Moved U.S. manufacturing operations to Mexico
- Established PT. ALPHA AUTOMOTIVE INDONESIA
- Established ALPHA (XIANGYANG) AUTOMOTIVE PARTS CO., LTD.
- Started manufacturing and marketing the Smart Control Key electric lock

Net Sales

(Millions of Yen)



Operating Profit

(Millions of Yen)



(Millions of Yen / %)

	2013	2014	2015	2016	2017	2018	2019
¥	52,318	¥ 48,613	¥ 50,023	¥ 51,066	¥ 59,060	¥ 60,344	¥ 60,195
	7,636	8,125	7,656	9,606	11,101	10,939	9,352
	1,811	1,651	1,334	2,950	3,212	3,215	1,811
	2,778	2,517	96	2,053	3,118	3,291	1,700
	857	2,000	(397)	313	2,024	2,139	(1,210)
¥	45,245	¥ 41,250	¥ 42,279	¥ 42,377	¥ 49,848	¥ 50,432	¥ 50,220
	1,160	1,018	599	1,875	2,026	1,970	1,049
¥	7,072	¥ 7,361	¥ 7,742	¥ 8,685	¥ 9,209	¥ 9,909	¥ 9,973
	538	428	659	1,078	1,151	1,332	1,605
	33.4%	14.3%	—	91.3%	18.9%	17.9%	—
¥	995	¥ 1,350	¥ 1,096	¥ 2,000	¥ 1,727	¥ 1,324	¥ 912

90th Anniversary

- Established ALPHA HOUSING HARDWARE (THAILAND) CO., LTD.
- Started manufacturing and marketing the DIGITAL LOCK WS 200 electric lock

- Minami-Alps Solar Power Plant started operating
- 10th anniversary of ALPHA (GUANGZHOU) AUTOMOTIVE PARTS CO., LTD.

- Established ALPHA (SHANGHAI) LOCK CO., LTD.

- Purchased the car access security business of ASSA ABLOY AB
- ALPHA INDUSTRY (THAILAND) CO., LTD. received Ford Q1 quality certification
- Gunma Solar Power Plant started operating

- Thailand design and development center started operating
- 30th anniversary of ALPHA TECHNOLOGY CORPORATION
- 20th anniversary of ALPHA INDUSTRY (THAILAND) CO., LTD.

95th Anniversary

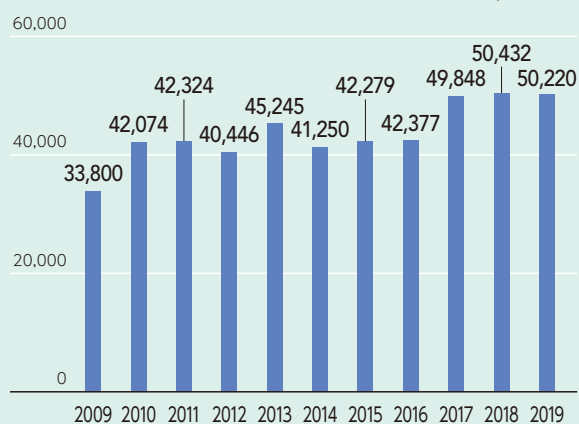
- Acquired automobile exterior/interior painted plastic component companies in France and the Slovak Republic

- Started producing and selling the AIS Series of railway station and airport lockers
- Acquired a Chinese company that assembles and coats parts for automobile exteriors
- Started solar power operations in Ayutthaya, Thailand

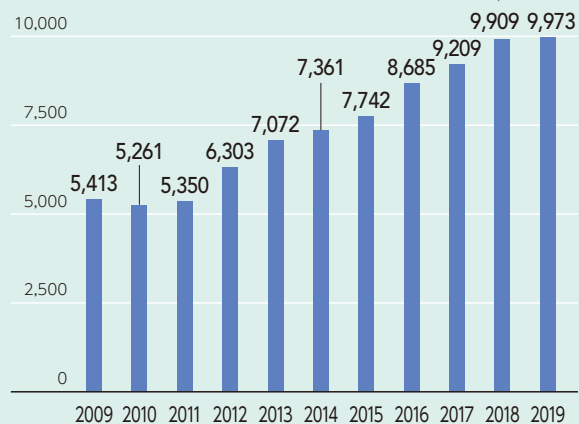
*Corporate expenses are excluded from segment profit from FY3/2020.

Net Sales (Automobile Parts Business)

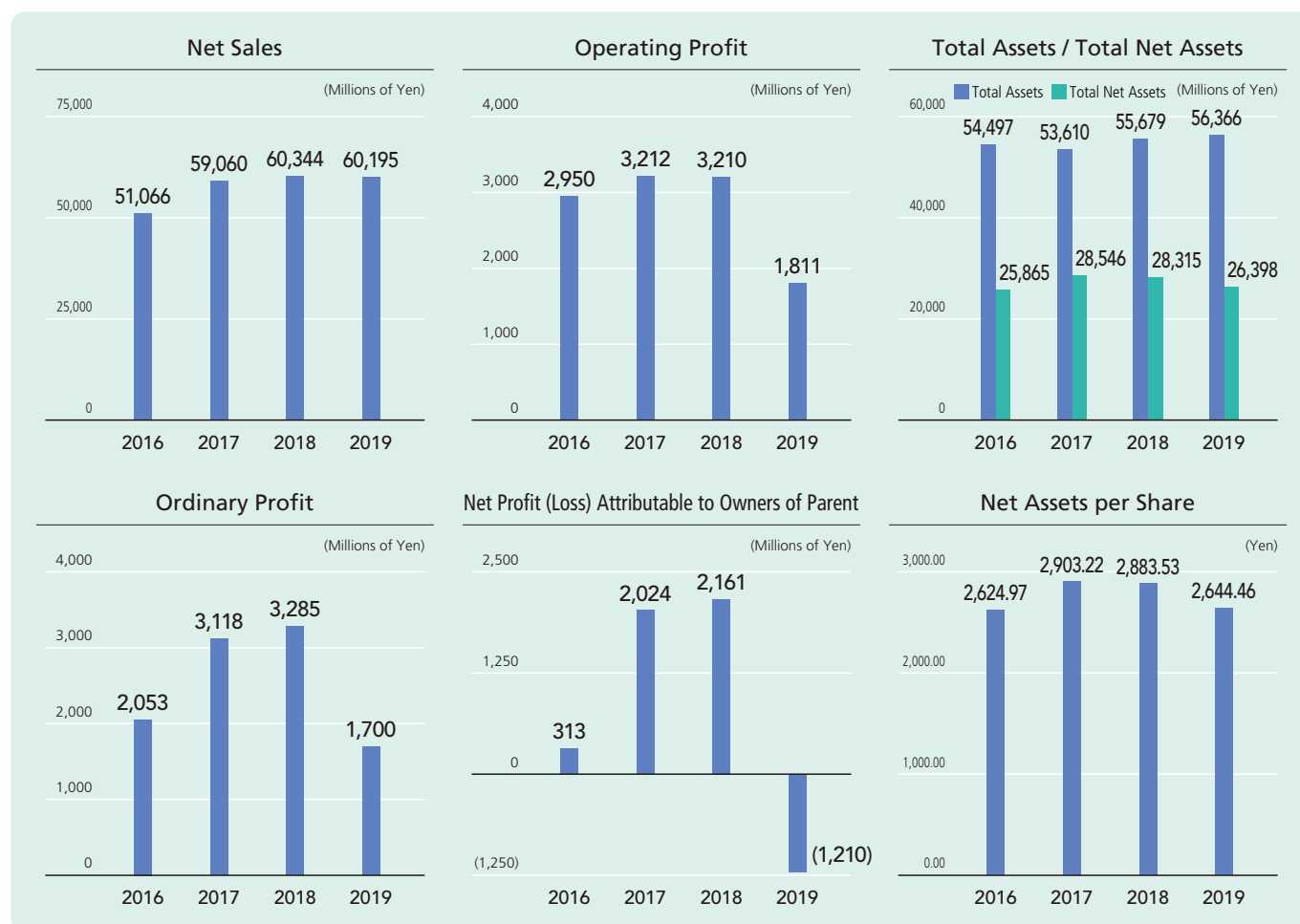
(Millions of Yen)

**Net Sales (Security Equipment Business)**

(Millions of Yen)



Financial Highlights

**[Overview of the fiscal year]**

In the fiscal year that ended in March 2020, there was strong consumer spending in the United States, declining earnings in Europe, mainly in the manufacturing sector, and a large volume of infrastructure investments in China. Overall, growth of the global economy continued to slow because of decreasing consumer spending and other effects of U.S.-China trade friction and other events. Late in the fiscal year, the COVID-19 outbreak caused sharp declines in jobs and investments. In Japan, the economy continued to recover slowly but the outlook remained unclear due to many sources of instability worldwide. The outlook for economic activity in Japan and other countries has become even more uncertain because of the worldwide COVID-19 pandemic.

In the automobile market, sales in Japan were down significantly and the pace of sales weakened in major overseas markets because of U.S.-China trade friction and other reasons. As a result, global automobile production and sales were lower than in the previous fiscal year. In the home construction market, the primary source of demand for products of the security equipment business, residential starts in Japan decreased more than 7% (about 69,000 houses) in the fiscal year that ended in March 2020. Construction starts for single-family houses were about the same as in the previous fiscal year, declining only slightly. Sales of the locker system operations business decreased.

[Results of operations]

In the automobile parts business, sales decreased because of slower sales of vehicles in Japan, North America and China and lower production of major customers. Security

equipment business sales increased as locker system sales were lower as COVID-19 reduced the number of tourists in Japan and kept people home but production of security products increased outside Japan. Consolidated earnings decreased mainly because of the lower marginal profit due to the decline in sales. As a result, both sales and earnings were lower than in the previous fiscal year.

[Net assets and equity ratio]

Net assets decreased ¥1,916 million to ¥26,398 million mainly because of a ¥1,593 million decrease in retained earnings, a ¥698 million decrease in the valuation difference on available-for-sale securities and a ¥7 million increase in the foreign currency translation adjustment. As a result, the equity ratio decreased 4.7 points from 49.5% to 44.8%.

[Cash flows]

Cash and cash equivalents were ¥8,130 million at the end of March 2020, an increase of ¥533 million (7.0%) from one year earlier. Free cash flow, which is the difference between operating and investing cash flows, was ¥61 million compared with negative ¥338 million one year earlier.

[Capital expenditures]

Capital expenditures were ¥4,016 million. Major expenditures for manufacturing equipment were for expanding, streamlining and updating production operations. There were also expenditures for upgrading and strengthening R&D facilities and for other purposes.

Risk Factors

This section explains risk factors that may have an effect on the ALPHA Group regarding its performance, financial condition or in other ways. From the standpoint of providing investors with all relevant information, this section also includes items that may not necessarily be risk factors but are believed to be significant with respect to reaching investment decisions. The ALPHA Group is aware of these risks and is doing everything possible to prevent these problems and respond properly in the event a problem occurs. Risk factors concerning future events are based on the judgments of the ALPHA Group as of the end of March 2020.

(1) ALPHA Group Business Risk Factors

The ALPHA Group operates on a global scale as a diversified manufacturer of locks. The group's two business segments are vulnerable to the following risk factors.

1) Automobile Parts Business (Japan, North America, Asia, Europe)

a. Major purchaser of ALPHA Group products

The automobile parts business was 83.6% of sales in the fiscal year that ended in March 2019 and 83.4% of sales in the fiscal year that ended in March 2020. In addition, the Nissan Motor Group accounted for 49.5% and 41.8% of sales in these two fiscal years, respectively. The ALPHA Group plans to increase sales to automakers other than members of the Nissan Motor Group and to increase sales in business sectors other than automobile parts. Changes in production at the Nissan Motor Group and other automakers, the ratio of ALPHA Group products used in vehicles, the prices of ALPHA Group products, and other factors may have an effect on consolidated sales and earnings.

b. Quality of automobile parts

Although the ALPHA Group has many activities to prevent problems concerning its products, a serious defect or other problem that requires a recall, servicing or other activity may have an effect on consolidated sales and earnings.

2) Security Equipment Business (Japan, Overseas)

a. Effect of housing starts on the residential business

Changes in the number of construction starts for new houses may have an effect on the residential lock business and consolidated sales and earnings. The ALPHA Group monitors changes in these construction starts and the Board of Directors and other decision-making units perform timely studies concerning revisions to production and sales plans and other aspects of operations.

b. Market trends in the lock systems business

The lock systems business may affect consolidated sales and earnings due to changes in railway station and airport use associated with increases and decreases in the number of foreign and Japanese travelers, the number of new hotels and other recreational facilities, the strength of the tourism market, and other factors. The ALPHA Group monitors these changes and the Board of Directors and other decision-making units perform timely studies concerning revisions to production and sales plans and other aspects of operations.

(2) ALPHA Group Corporate Risk Factors

1) Sudden changes in the global economy

The performance of the ALPHA Group is highly vulnerable to changes in the global economy because the core automobile parts business supplies products to customers worldwide. A rapid economic downturn or decline in demand that exceeds forecasts in one of the group's major markets (Japan, Asia, North America, Europe, etc.) could have a significant negative impact on consolidated sales and earnings and financial soundness. The ALPHA Group monitors changes in the global economy as well as economic trends occurring only in specific regions of the world. In addition, the group monitors changes in the structure and other characteristics of industries caused by rapid technological progress and other events. The aim is to determine how these changes will affect the group's business model and future performance and financial soundness. The Board of Directors and other decision-making units perform studies based on information received through these monitoring activities.

2) Foreign exchange rate and interest rate volatility

Sales outside Japan were 71.8% and 73.8% of consolidated sales in the fiscal years that ended in March 2019 and 2020, respectively. Consequently, the performance of the ALPHA Group is vulnerable to changes in foreign exchange rates. Specifically, the group is exposed to foreign exchange rate volatility in the form of foreign currency conversion risk and foreign currency transaction risk because the group's consolidated financial statements use the yen. The ALPHA Group has been increasing procurement and manufacturing activities in other countries in order to reduce exposure to changes in foreign exchange rates and interest rates. In addition, the group uses yen-denominated contracts whenever possible and uses timely forward contracts and other methods for hedging foreign exchange volatility risk.

3) Higher cost of raw materials

The ALPHA Group purchases raw materials, parts and other items from external suppliers. A significant increase in the cost of raw materials caused by changes in the associated markets would raise the cost of items purchased and therefore the cost of manufacturing products. If the higher cost cannot be passed on by raising prices of the group's products or if suppliers cannot sufficiently absorb the higher expenses themselves, there may be a negative impact on the group's future profitability. The ALPHA Group is monitoring changes in various markets and the Board of Directors and other decision-making units are checking the effects of these changes in a timely manner.

4) Risk concerning overseas operations

The ALPHA Group's global operations are exposed to many types of country risk. Risk factors include infrastructure disruptions caused by natural disasters, accidents or other events, wars and terrorism, labor strikes, suspensions of business operations, and other potential problems. If any of these problems affects the procurement of materials, parts and other items required for the group's manufacturing activities or affects major markets where the group's products are manufactured, distributed and sold, there may be disruptions or delays involving business operations. The result could be a negative impact on consolidated sales and earnings and financial soundness. The ALPHA Group has a framework for receiving and monitoring information from all business sites concerning events worldwide and taking actions as needed.

5) Regulatory environment and litigation

The ALPHA Group conducts business operations in compliance with the laws and regulations of the countries where these activities are located. Although all members of the group have a firm commitment to compliance with laws and regulations, new laws or regulations or an unexpected revision could restrict business operations, raise expenses or have some other detrimental effect on consolidated sales and earnings. If a member of the ALPHA Group is found to be in violation of a law or regulation, the resulting fine or other administrative or criminal penalty, litigation or other event could damage the group's reputation and negatively impact consolidated sales and earnings.

6) Intellectual property

Intellectual property is one of the ALPHA Group's most valuable assets. There are measures to prevent an infringement by the group on the intellectual property of a third party and to protect the group's intellectual property. However, due to a difference of opinion or other reason, a group company may become the target of a lawsuit by a third party demanding the termination of a business activity, payment of damages or some other action because of an alleged patent infringement or other act of the group company. If this happens, the infringement of a third party on the ALPHA Group's intellectual property may damage the group's ability to compete and negatively impact consolidated sales and earnings.

7) Environmental regulations

The global operations of the ALPHA Group must comply with many types of environmental laws and regulations involving air pollution, water quality and pollution, soil and groundwater pollution, the treatment of waste materials, energy conservation, measures to combat global warming, and other environmental issues. If new environmental regulations are enacted or existing regulations tightened, a judgment by a regulatory agency that a group company has violated these regulations or other requirement may negatively impact consolidated sales and earnings.

8) The COVID-19 pandemic

The ALPHA Group has established the following basic policy concerning responses to the COVID-19 pandemic and is taking numerous actions to prevent the spread of COVID-19. Preventive measures include prohibiting meetings of more than 10 people in a single room, prohibiting business trips in Japan and to other countries, prohibiting almost all special events, using teleworking and staggered working hours, and implementing other safety measures. In other countries, members of the ALPHA Group are allowing people to work from home and taking other actions in accordance with the directives and guidelines of the countries where they are located.

1. Ensure the safety of employees

2. Maintain sufficient liquidity

3. Monitor supply chains and customers

9) Risk of non-current asset impairment losses

Property, plant and equipment, goodwill and other intangible assets, and other non-current assets of the ALPHA Group are vulnerable to the risk of an impairment. At this time, impairment and other actions have been taken as needed and there is timely and proper oversight of the performance of all group members as well as guidance and advice concerning their management. In the future, there may be a decline in the economic value of non-current assets caused by worsening market conditions, a decline in demand, a revision to a product development plan or some other reason. Any of these events may require the further impairment of non-current assets that may have a significant negative impact on the ALPHA Group's consolidated sales and earnings and financial soundness.

Consolidated Financial Statements

Consolidated Balance Sheet

	(Millions of Yen)			(Millions of Yen)	
	Fiscal 2018	Fiscal 2019		Fiscal 2018	Fiscal 2019
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	7,744	8,375	Notes and accounts payable—trade	7,498	6,089
Notes and accounts receivable—trade	12,641	11,429	Short-term loans payable	2,999	3,986
Securities	88	—	Current portion of long-term loans payable	2,814	3,152
Merchandise and finished goods	2,295	2,002	Current portion of bonds	370	450
Work in process	873	1,001	Lease obligations	917	843
Raw materials and supplies	4,360	4,538	Accounts payable—other	1,035	1,221
Other	2,074	2,114	Accrued expenses	1,285	1,182
Allowance for doubtful accounts	(68)	(183)	Income taxes payable	450	304
Total current assets	30,010	29,276	Provision for bonuses	609	461
			Provision for product warranties	380	341
Non-current assets			Other	782	613
Property, plant and equipment			Total current liabilities	19,143	18,647
Buildings and structures, net	4,592	4,560	Non-current liabilities		
Machinery, equipment and vehicles, net	6,362	6,845	Bonds payable	1,095	1,005
Tools, furniture and fixtures, net	1,922	2,510	Long-term loans payable	5,107	6,231
Land	1,590	1,635	Lease obligations	933	2,377
Leased assets, net	1,705	3,045	Deferred tax liabilities	401	1,016
Construction in progress	1,411	1,318	Net defined benefit liability	168	188
Total property, plant and equipment	17,584	19,915	Asset retirement obligations	42	42
Intangible assets			Long-term accounts payable—other	429	350
Software	208	229	Other	42	109
Leased assets	49	15	Total non-current liabilities	8,220	11,320
Goodwill	1,855	1,757	Total liabilities	27,364	29,968
Other	1,227	1,574	Net assets		
Total intangible assets	3,342	3,577	Shareholders' equity		
Investments and other assets			Capital stock	2,760	2,760
Investment securities	3,674	2,912	Capital surplus	2,952	2,952
Long-term loans receivable	2	1	Retained earnings	19,541	17,948
Deferred tax assets	180	119	Treasury shares	(578)	(578)
Other	866	545	Total shareholders' equity	24,675	23,082
Total investments and other assets	4,723	3,579	Accumulated other comprehensive income		
Total non-current assets	25,650	27,073	Valuation difference on available-for-sale securities	2,062	1,364
			Foreign currency translation adjustment	806	814
Deferred assets			Total accumulated other comprehensive income	2,869	2,178
Bond issuance cost	18	16	Non-controlling interests	770	1,137
Total deferred assets	18	16	Total net assets	28,315	26,398
Total assets	55,679	56,366	Total liabilities and net assets	55,679	56,366

Consolidated Statement of Income

(Millions of Yen)

	Fiscal 2018	Fiscal 2019
Net sales	60,344	60,195
Cost of sales	49,405	50,842
Gross profit	10,939	9,352
Selling, general and administrative expenses	7,728	7,540
Operating profit	3,210	1,811
Non-operating income		
Interest income	70	75
Dividend income	102	92
Real estate rent	21	20
Gain on sales of scraps	70	81
Subsidy income	75	38
Other	50	116
Total non-operating income	391	425
Non-operating expenses		
Interest expenses	167	248
Loss on insurance cancellation	62	—
Commission fees	14	19
Foreign exchange losses	21	210
Other	49	58
Total non-operating expenses	315	537
Ordinary profit	3,285	1,700
Extraordinary income		
Gain on sales of non-current assets	23	31
Gain on sales of investment securities	313	—
Total extraordinary income	337	31
Extraordinary losses		
Loss on sales of non-current assets	0	1
Loss on retirement of non-current assets	52	19
Loss on valuation of investment securities	94	—
Litigation settlement	32	4
Provision for product warranties	303	—
Loss on impairment	—	1,570
Other	8	—
Total extraordinary losses	490	1,596
Profit before income taxes	3,132	134
Income taxes—current	868	681
Income taxes—deferred	4	680
Total income taxes	873	1,362
Profit (loss)	2,259	(1,227)
Profit (loss) attributable to non-controlling interests	98	(16)
Profit (loss) attributable to owners of parent	2,161	(1,210)

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Fiscal 2018	Fiscal 2019
Profit (loss)	2,259	(1,227)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,130)	(698)
Foreign currency translation adjustment	(901)	(6)
Total other comprehensive income	(2,032)	(704)
Comprehensive income	227	(1,932)
Comprehensive income attributable to:		
Owners of parent	196	(1,901)
Non-controlling interests	31	(30)

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(Millions of Yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
(April 1, 2018–March 31, 2019)					
Balance at beginning of current period	2,760	2,952	17,762	(578)	22,896
Changes of items during period					
Dividends of surplus			(382)		(382)
Profit (loss) attributable to owners of parent			2,161		2,161
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,779	(0)	1,779
Balance at end of current period	2,760	2,952	19,541	(578)	24,675

(Millions of Yen)

	Accumulated other comprehensive income				Total net asset
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Non-controlling interests	
Balance at beginning of current period	3,193	1,643	4,836	813	28,546
Changes of items during period					
Dividends of surplus					(382)
Profit (loss) attributable to owners of parent					2,161
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(1,130)	(836)	(1,967)	(42)	(2,009)
Total changes of items during period	(1,130)	(836)	(1,967)	(42)	(230)
Balance at end of current period	2,062	806	2,869	770	28,315

Consolidated Statement of Changes in Equity

(Millions of Yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
(April 1, 2019–March 31, 2020)					
Balance at beginning of current period	2,760	2,952	19,541	(578)	24,675
Changes of items during period					
Dividends of surplus			(382)		(382)
Profit (loss) attributable to owners of parent			(1,210)		(1,210)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(1,593)	—	(1,593)
Balance at end of current period	2,760	2,952	17,948	(578)	23,082

(Millions of Yen)

	Accumulated other comprehensive income				Total net asset
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Non-controlling interests	
Balance at beginning of current period	2,062	806	2,869	770	28,315
Changes of items during period					
Dividends of surplus					(382)
Profit (loss) attributable to owners of parent					(1,210)
Net changes of items other than shareholders' equity	(698)	7	(690)	367	(323)
Total changes of items during period	(698)	7	(690)	367	(1,916)
Balance at end of current period	1,364	814	2,178	1,137	26,398

Consolidated Statement of Cash Flows

(Millions of Yen)

	Fiscal 2018	Fiscal 2019
Cash flows from operating activities		
Profit before income taxes	3,132	134
Litigation settlement	32	4
Depreciation	2,487	2,800
Impairment loss	—	1,570
Increase (decrease) in allowance for doubtful accounts	19	(26)
Increase (decrease) in provision for bonuses	36	(146)
Increase (decrease) in net defined benefit liability	17	16
Interest and dividend income	(172)	(166)
Interest expenses	167	248
Loss (gain) on sales of property, plant and equipment	(23)	(31)
Loss (gain) on retirement of non-current assets	52	21
Loss (gain) on sales of investment securities	(313)	—
Loss (gain) on valuation of investment securities	94	—
Increase (decrease) in provision for product warranties	310	(38)
Decrease (increase) in notes and accounts receivable—trade	217	1,442
Decrease (increase) in inventories	(391)	187
Increase (decrease) in notes and accounts payable—trade	376	(1,698)
Increase (decrease) in long-term accounts payable—other	(69)	(79)
Decrease (increase) in other current assets	(256)	53
Increase (decrease) in other current liabilities	(27)	(106)
Other, net	415	290
Subtotal	6,103	4,476
Interest and dividend income received	172	166
Interest expenses paid	(166)	(240)
Payments for US antitrust laws-related losses	(332)	—
Litigation settlement paid	(309)	(97)
Income taxes (paid) refund	(940)	(839)
Net cash provided by (used in) operating activities	4,526	3,466
Cash flows from investing activities		
Payments into time deposits	(140)	(164)
Proceeds from withdrawal of time deposits	514	57
Purchase of property, plant and equipment	(3,706)	(4,016)
Proceeds from sales of property, plant and equipment	378	643
Purchase of intangible assets	(101)	(127)
Purchase of investment securities	(25)	(35)
Proceeds from sales of investment securities	420	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,595)	(183)
Proceeds from refund of guarantee deposits	—	457
Proceeds from cancellation of insurance funds	402	—
Other, net	(11)	(36)
Net cash provided by (used in) investing activities	(4,865)	(3,404)

(Millions of Yen)

	Fiscal 2018	Fiscal 2019
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	2,257	474
Proceeds from long-term loans payable	3,584	4,834
Repayments of long-term loans payable	(3,482)	(3,546)
Proceeds from issuance of bonds	296	395
Redemption of bonds	(340)	(410)
Repayments of lease obligations	(522)	(896)
Purchase of treasury shares	(0)	—
Cash dividends paid	(382)	(382)
Dividends paid to non-controlling interests	(93)	(56)
Net cash provided by (used in) financing activities	1,317	412
Effect of exchange rate change on cash and cash equivalents	(86)	59
Net increase (decrease) in cash and cash equivalents	892	533
Cash and cash equivalents at beginning of period	6,704	7,596
Cash and cash equivalents at end of period	7,596	8,130

Environmental Activities

The ALPHA Group conducts many activities based on its fundamental policy for the environment in order to comply with laws and regulations and help protect the global environment. One major initiative is constant measures to reduce the weight of automobile parts, which is the group's largest business, in order to help achieve a low-carbon society. For the productive use of ALPHA's assets, solar power generation operations started in December 2014 in Yamanashi prefecture, 2016 in Gunma prefecture and October 2019 in Ayutthaya, Thailand. As part of our commitment to our corporate slogan "Innovation for Access," we will continue to place priority on programs that help solve environmental problems as we look ahead to our 100th anniversary.

Environmental Charter

Towards an Earth-Friendly ALPHA

ALPHA Environmental Charter

Recognizing its solemn corporate responsibility to protect the global environment and promote the happiness of all mankind in the pursuit of its business activities, ALPHA hereby sets forth its basic policy and establishes specific measures as befitting an environment-friendly company and will strive to implement such measures.

Basic Environmental Policy

1. We will comply with all environmental laws and regulations, ordinances, agreements, and standards.
2. We will set environment-friendly voluntary standards for each of the product development, design, manufacturing, and shipping phases. Each organization within ALPHA is responsible for complying with such standards.
3. Recognizing that it is the Company's social responsibility to protect the environment, we will strive to raise the environmental consciousness of all ALPHA employees.

Environmental Policy

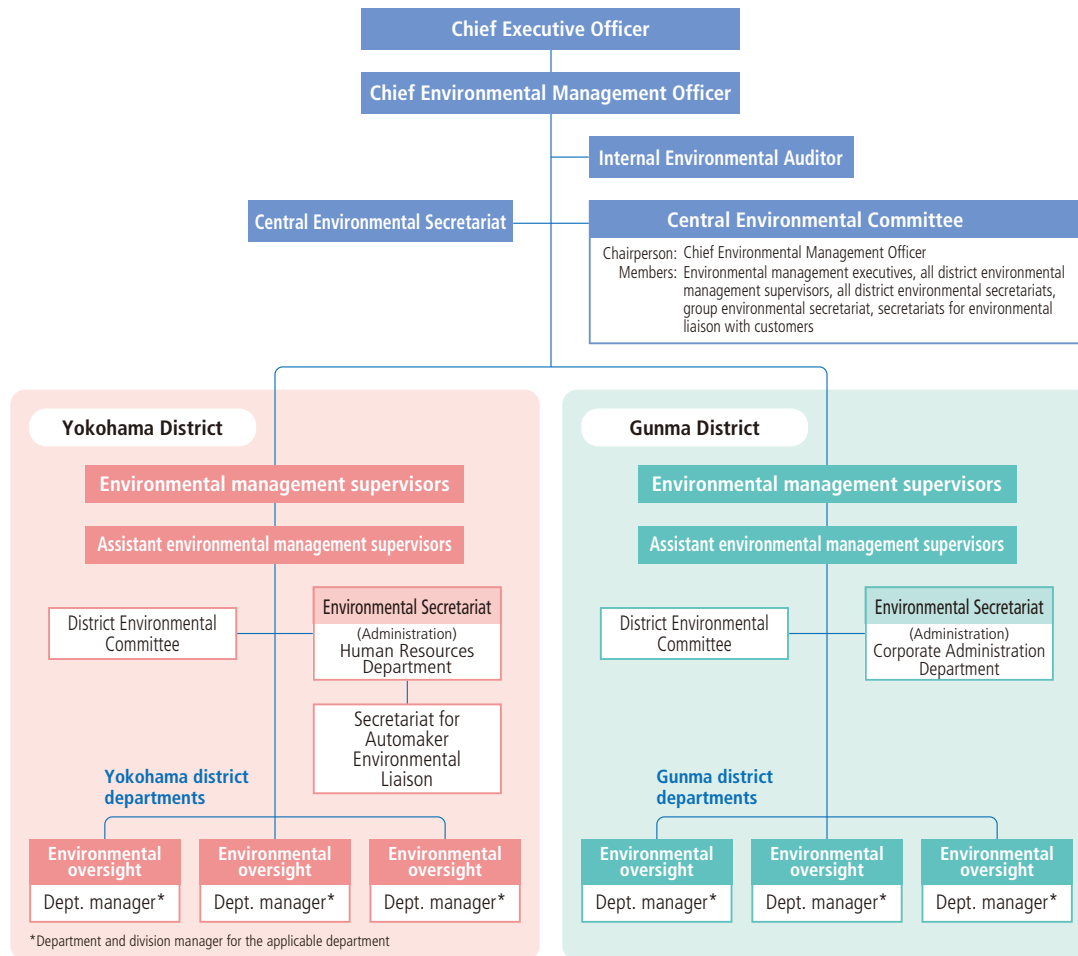
ALPHA Corporation recognize that an environmental concerns of the earth is a human common problem. We consider the influence that corporate activity gives in environment and perform activity to keep up the global environment. We will utilize renewable energy and achieve harmony with nature.

1. We understand exactly the influence that corporate activity gives in environment and perform activity to prevent of environmental pollution. We make continual improvement of environmental management system.
2. We will comply with environmental laws, and other requirements to which agreed.
3. We promote product assessment considering life cycle, from design and development phase in order for prevent of environmental pollution.
4. We establish environmental objectives, and promote activities with the participation of all persons. Specific activities are reduction of wastes and effectively utilization of natural resources and energy. We make a periodic review of environmental objectives.
5. We make well known the environmental policy to all persons, and foster a corporate culture that attach importance to the environment.
6. We make our environmental policy available to interested parties.

Environmental Management

The ALPHA Environmental Management Organization

The ALPHA Group uses the following organizational structure for environmental activities in Japan and other countries.



ALPHA Group Environmental Certifications

	Company	Certification	Version	Remarks
Japan	ALPHA (Alpha Locker System Co., Ltd. Alpha Enterprise, Inc.)	ISO14001	2015	Support organization Alpha Locker System Co., Ltd. Alpha Enterprise, Inc.
	Kyushu ALPHA	Eco-Action 21	—	
Overseas	ALPHA (GUANGZHOU) AUTOMOTIVE PARTS CO., LTD.	ISO14001	2015	Renewed in April 2020
	ALPHA INDUSTRY (THAILAND) CO., LTD.	ISO14001	2015	Renewed in August 2018
	Alpha Vehicle Security Solutions Czech s. r. o.	ISO14001	2015	Renewed in June 2019

Environmental Activities

Environmental Management Activities

ALPHA has established a highly effective cycle for environmental management. This cycle includes environmental education, monitoring and measurement programs, compliance with environmental laws, regulations and guidelines, environmental communications, corporate social responsibility, and other activities.

ISO Certification

Periodic Examination for ISO14001:2015

● June 18-19, 2020

ALPHA started using a unified environmental management system in October 2004 with all environmental improvement activities supervised by the Central Environmental Committee. In 2018, we passed an examination to switch to ISO14001:2015 certification and this environmental management system certification was renewed after the 2020 periodic examination, which was postponed from April to June because of COVID-19.

Processing waste plastics at the Gunma Factory



Environmental Education

Training for Internal Environmental Auditors

During the fiscal year that ended in March 2020, training sessions were held for the purposes of reinforcing awareness of ISO14001:2015 and upgrading the skills of ALPHA's internal environmental auditors. In addition, separate classes were held for individual departments in the Gunma district to improve these lessons.

Training programs

Yokohama district : January 21, 2020

Gunma district : Sept. 23/Oct. 17, 2019 and Jan. 27/Feb. 6, 2020 (separate classes for individual departments)



Gunma district: Internal environmental auditor training
(held by the secretariat for individual departments)



Yokohama district: Internal environmental auditor training

Environmental Performance

1 FY2019 Performance and Assessments

○	100%+ of goal
△	90%-99% of goal
×	Under 90% of goal

Yokohama district

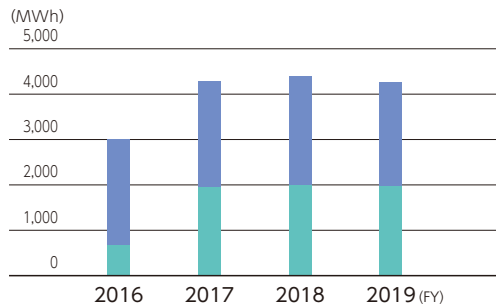
Theme	Environmental goal	Results	Assessment
Effective energy use	Annual electricity use under 240,000kWh	188,065 kWh/year	○
Effective resource use (I)	Copier paper purchase of under 1.29 million sheets	959,500 sheets	○
Effective resource use (II)	Ordinary waste materials under 660kg	593.0kg	○
Effective resource use (III)	Use of back sides of used paper of 8%+	7.9%	△
Cut cost of resolving customer complaints	Reduce cost to under 22.3 million yen	22.3 million yen	○

Gunma District

Theme	Environmental goal	Results	Assessment
Effective energy use (I) (Manufacturing)	Electricity use was the same as in the previous fiscal year at 3.940kWh/1,000 yen	4.306 kWh/1,000 yen	△
Effective energy use (II) (Other activities)	Reduce annual electricity use to less than 1.36 million kWh	1,191,906 kWh/year	○
Effective resource use (I)	Keep copier paper purchases at no more than 362,500 sheets	294,000 sheets	○
Effective resource use (II)	Keep the paper recycling ratio at 97%+	97.0%	○
Effective resource use (III)	Waste plastic recycling ratio of at least 80%	78.9%	△
Prevention of air and water pollution	Cut the defect ratio to less than 2.3% to reduce emissions of VOC for painting processes	2.1%	○
	Continue the record of no leaks involving electroplating fluids and effluent processing	No leaks occurred	○

2 Solar Power

Solar Power Production



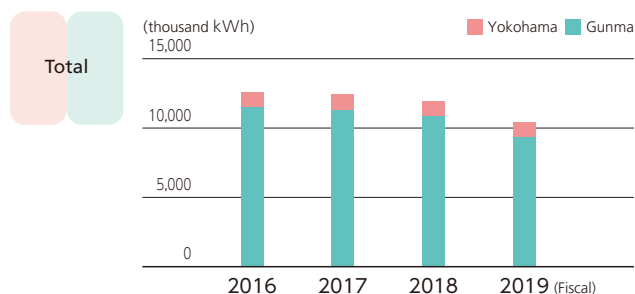
■ Gunma Solar Power Plant (since Nov. 2016)
■ Minami-Alps Solar Power Plant (since Dec. 2014)

Location	Output (MWh)			
	FY2016	FY2017	FY2018	FY2019
Gunma	677	1,961	2,016	1,967
Minami-Alps	2,325	2,319	2,374	2,292
Total	3,002	4,280	4,389	4,259

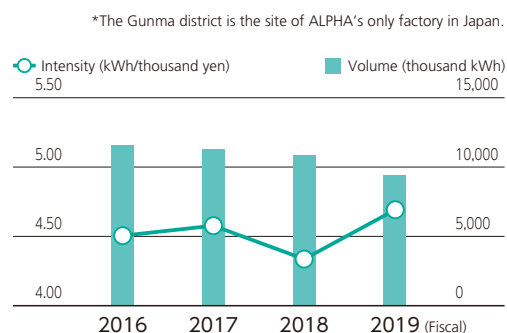
Environmental Activities

3 Use of Energy and Resources

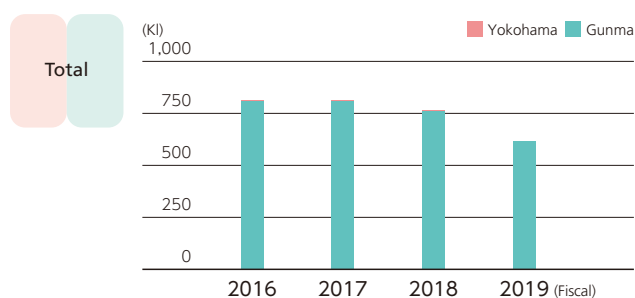
Electricity



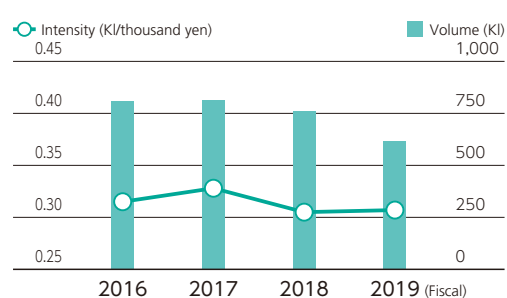
Gunma district*



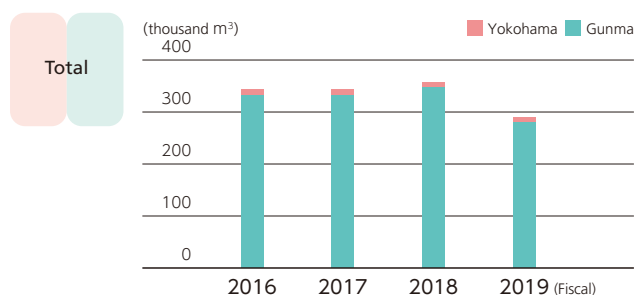
Fuel *crude oil equivalent



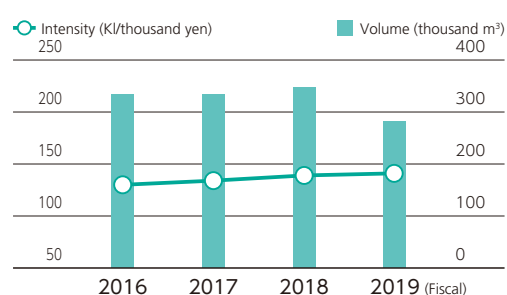
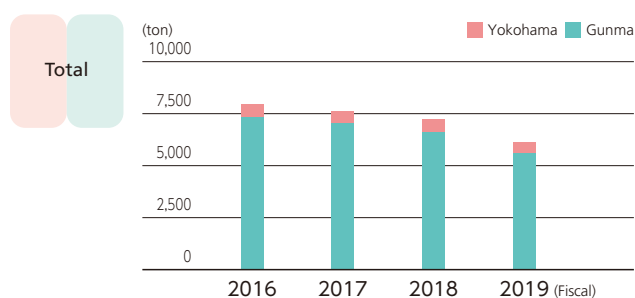
Gunma district*



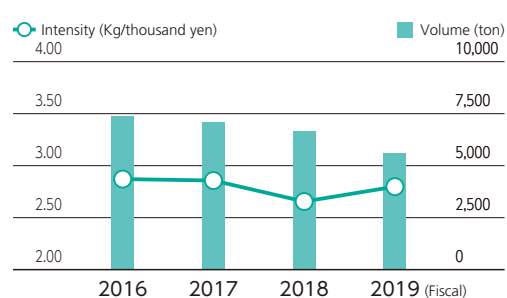
Water



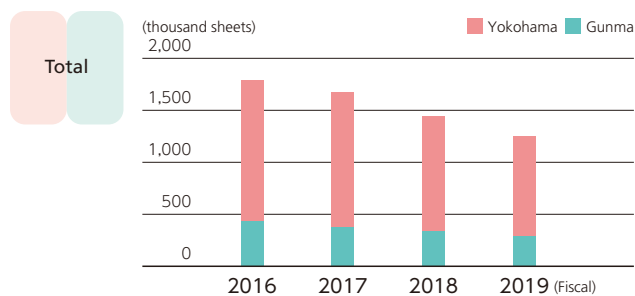
Gunma district*

CO₂ emissions

Gunma district*

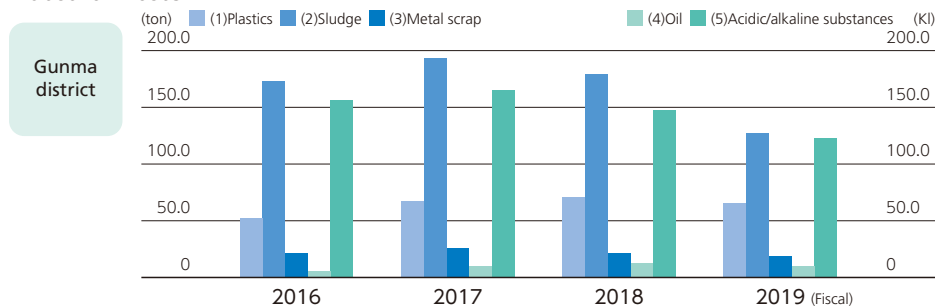


Copier paper



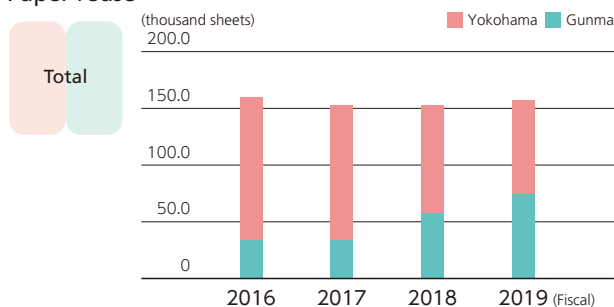
4 Waste materials

Industrial waste

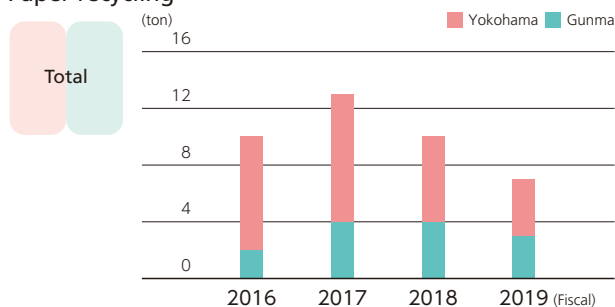


5 Recycling

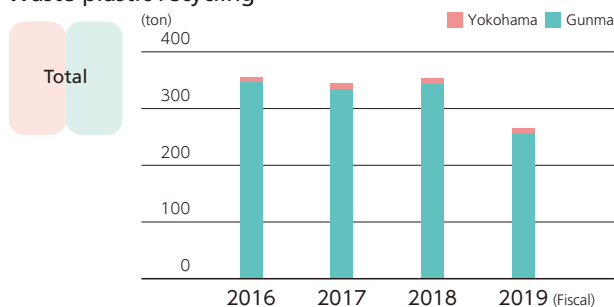
Paper reuse



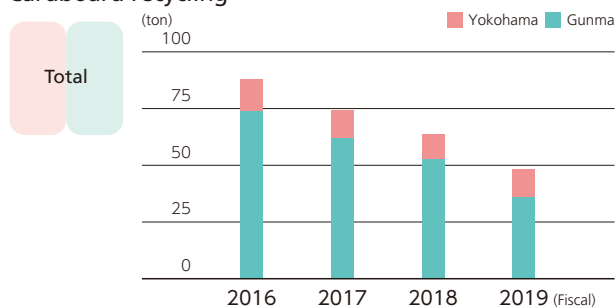
Paper recycling



Waste plastic recycling



Cardboard recycling



6 FY2019 Compilation of PRTR Substances

ALPHA monitors and compiles data concerning potentially hazardous substances with regard to the sources of these substances, how much is released into the environment and how much is contained in waste materials that are removed from ALPHA business sites.

No	Substance No.	Substance	Dis-trict	Annual volume handled	Amount released				Amount transferred	
					Air	Water	Soil	Landfill	Sewer lines	Off business site
1	53	Ethylbenzene	Gunma	2,678.2	2,200	0	0	0	0	9
2	71	Iron(II) chloride	Gunma	26,071.9	0	0	0	0	0	0
3	80	Xylene	Gunma	3,774.6	3,100	0	0	0	0	9
4	87	Chromium and trivalent chromium	Gunma	6,795.7	0	0	0	0	0	2,000
5	88	Hexavalent chromium compounds	Gunma	6,795.7	0	0	0	0	0	0
6	300	Toluene	Gunma	7,688.8	3,000	0	0	0	0	7
7	308	Nickel	Gunma	12,355.2	0	0	0	0	0	0
8	309	Nickel compounds	Gunma	7,421.1	0	0	0	0	0	2,800

Environmental Activities

Environmental Accounting

Cost category	Primary items	Capital expenditures and expenses (thousand yen)			Reason for FY2019 increase
		FY2017	FY2018	FY2019	
(Internal cost) Prevention of pollution	Cost of prevention of air pollution, water pollution, soil pollution, vibrations and noise, odors and land subsidence; waste water treatment cost; water purifying tank maintenance, inspections and auditing; cost of maintenance and repairs for facilities to contain oil leaks and prevent oil leaks from reaching groundwater; cost of maintenance and repairs for environmental protection facilities and equipment; cost of water and soot measurement instruments; and other items	57,277	51,868	45,868	
(Internal cost) Environmental protection	Cost of measures for energy conservation, fighting climate change and protecting the ozone layer; purchase, repairs and maintenance of energy conservation equipment; purchase of energy-efficient fluorescent lighting	13,010	8,659	9,590	• Yokohama district: Air and climate control system for the testing department and other projects
(Internal cost) Resource recycling	Cost of reduction of waste materials and reuse/recycling of materials; use of recycled water; cost of processing and disposal of waste materials and oils; cost of waste material compacters; cost of trash bins *Waste material processing	32,097	33,032	30,780	
Upstream/downstream expenses	Extra cost of green procurement activities; extra cost of using containers and packaging materials with low environmental impact; cost of collecting and recycling products; cost of assistance for environmental programs of companies used for outsourcing	—	—	—	
Administrative activities	Cost of maintaining ISO certification (examinations, systems, registrations); periodic examinations; oversight activities; training programs; PRTR and other activities; purchase and calibration of measurement instruments (illuminance, noise, weight, temperature and others); books and documents; miscellaneous equipment and supplies; signs; measurements of vibrations, noise, odors and other items	16,214	14,808	5,721	
R&D programs	R&D programs for environmentally responsible products and other items; R&D programs for lowering the environmental impact of distribution and sales activities	—	—	—	
Disclosure and CSR activities	Activities to preserve nature and plant trees and other vegetation; posters and other materials; environmental reports and other disclosure of environmental information; environmental advertisements	151	190	101	
Environmental damage (Cost of restoration)	Restoration of natural environments; payments for damage to the environment; other expenses involving environmental damage	—	—	—	
Grand total		118,749	108,557	92,060	

Major Environmental Activities

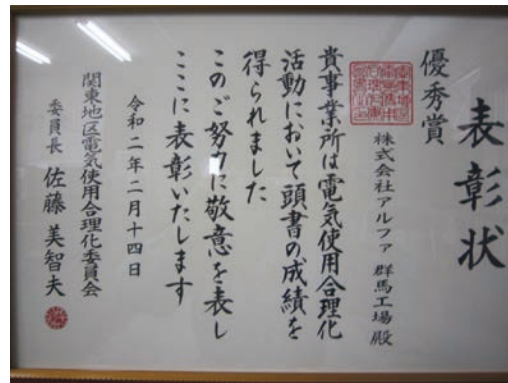
Japan/Gunma

Gunma Plant receives electricity efficiency excellence award

The Gunma Plant is a designated Specified Business Operator and Type 1 Designated Energy Management Factory because annual electricity, gas and fuel use is more than the equivalent of 3,000KL of crude oil. Electricity is 78% of the factory's energy consumption and there have been activities for many years to lower the use of electricity. Recent actions included the installation of high-efficiency compressors to reduce energy used by electrical equipment, a thermal insulation coating on the service factory roof to reduce HVAC expenses, and the replacement of heavily used mercury-vapor lamps with energy-efficient LED lights, and other measures. The Gunma Plant's commitment to energy efficiency earned the plant a FY2019 Kanto Region Monthly Energy Conservation Award from the Kanto Electricity Use Rationalization Committee.



The Gunma Plant manager receives the energy conservation award



Monthly Energy Conservation Award

Japan/Kanagawa

Paper vending machine cups at the Yokohama district



The paper cup coffee vending machine

A coffee vending machine at the Yokohama district has switched from plastic to paper cups as a step to reduce plastic waste materials that have contributed to the global problem of ocean pollution. The machine previously used about 7,200 cups every year.



Above: A plastic cup and the new paper cup

Environmental Activities

Japan/Kanagawa

Upgrades to substations in the Yokohama district

In May 2019, two of the three substations in the Yokohama district, which were more than 30 years old, were upgraded. As part of this project, the two outdated substations were combined and the new substation is located in a cubicle on the roof of a former factory building where there is no danger of damage from a tsunami or flooding.

The new substation is about 33% more energy efficient than the two substations it replaced. This is expected to reduce the cost of electricity by about ¥120 million every year. Furthermore, placing the substation on the roof of a former factory building protected it from the September 2019 flooding at the Yokohama district due to a major typhoon.

Before



The previous two substations

After



The new substation

Overseas/Thailand

Start of solar power generation at ALPHA HOUSING HARDWARE (THAILAND)



ALPHA HOUSING HARDWARE (THAILAND) CO., LTD. used a Board of Investment (BOI) tax reduction program* that started in March 2019 to begin operating a solar power plant. In Japan, the Yamanashi and Gunma solar power plants are on sites used solely for this purpose. In Thailand, the solar facility is on the roof of a factory. Trial power output started in July 2019 and full-scale output began in October. Annual output is 993MWh, which equates to an annual reduction of 312 tons of CO₂ emissions. When the solar panels are

generating power, this system will meet about 80% of the factory's electricity requirements.

* Corporate income tax is reduced over a three-year period by half of the amount of an investment approved by the BOI



The solar power system of ALPHA HOUSING HARDWARE (THAILAND)

June is Safe Manufacturing Activity Month in China. In 2019, China's Safety Committee decided to place emphasis on safety involving hazardous chemicals and announced three themes for activities in June: preventing risk, eliminating hidden dangers and minimizing accidents. Based on these themes, ALPHA (GUANGZHOU) AUTOMOTIVE PARTS CO., LTD. confirmed the internal management systems for hazardous substances and conducted an emergency response drill for containing a leak of electroplating effluents.

The drill used the premise of a large leak of electroplating effluents into a receiving tank due to the malfunction of a valve that controls these effluents. These effluents contain a large amount of metal ions. If the spill is not handled correctly, the result could be a serious impact on the environment of areas near the factory and even the need for the factory to suspend operations. This drill increased the ability of personnel at the factory to respond quickly and handle this type of emergency properly. This company will continue to conduct drills periodically in order to comply with China's strict environmental regulations.



A drill for responding to a hazardous chemical spill

Corporate Governance

Basic Approach to Corporate Governance

ALPHA views the enhancement of corporate governance as a priority issue for management, and believes that corporate governance contributes to the steady improvement of enterprise value over the long term while also increasing the transparency of management for shareholders and all other stakeholders, and enabling a prompt response to any changes in the business environment. ALPHA endeavors to realize highly transparent and open management by working to strengthen audit functions by auditors and to enhance deliberations by the Board of Directors.

Executive Officer System

ALPHA has introduced an executive officer system to separate business supervision and execution, accelerate decision-making and make operations more efficient. ALPHA has created councils composed of executive officers to discuss important matters pertaining to the entire Group and speed up decision-making and consensus-forming.

Board of Directors

At ALPHA, the primary functions of the Board of Directors are to make important management decisions (corporate philosophy, management policy, and business plans), supervise business execution based on these decisions and deliberate legal matters. In principle, all auditors including outside auditors, as well as all outside

directors, participate in meetings of the Board of Directors to provide timely advice on the company's business execution from their professional perspectives. As objective observers and advisors, these outside auditors and outside directors ensure the Board of Directors operates effectively.

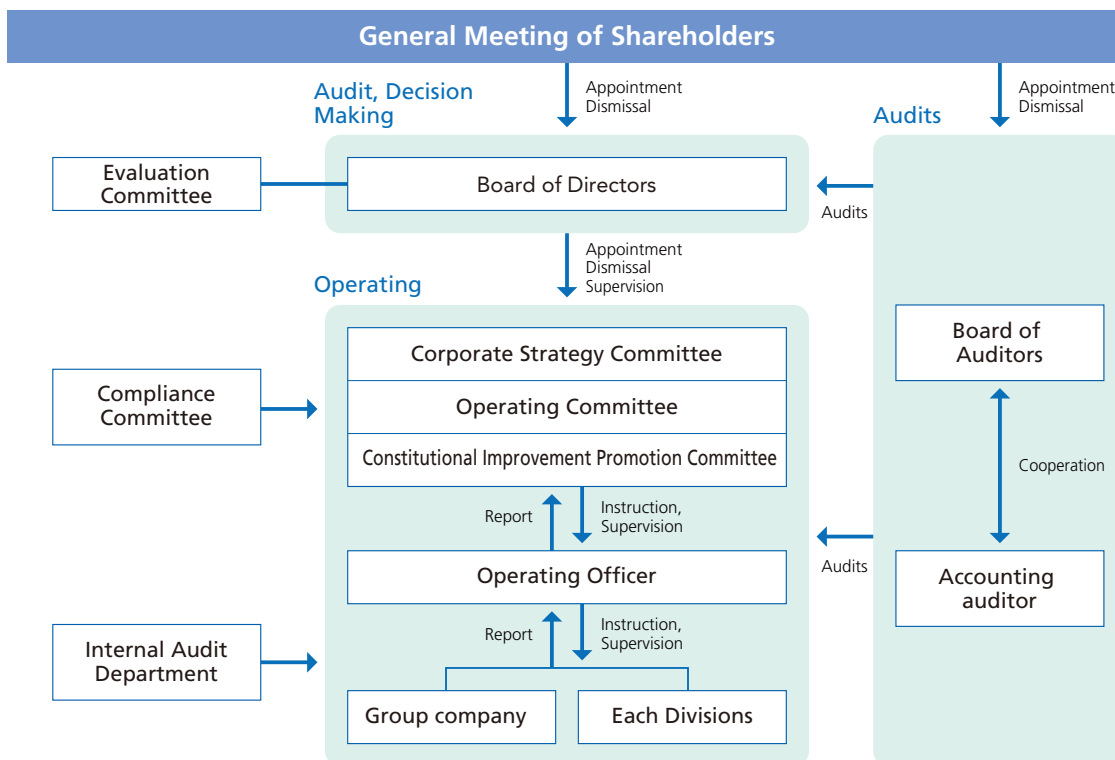
Analysis and Evaluation of the Effectiveness of the Board of Directors

ALPHA periodically evaluates the effectiveness of the Board of Directors. We analyze and assess the effectiveness of the Board of Directors by having members fill out surveys concerning the composition of the board, the matters it discusses, and how it operates. Any issues identified are addressed as necessary.

Compliance

To ensure compliance, with the Compliance Committee taking the lead, ALPHA has built systems for preventing problems before they happen and managing risk. Based on the Compliance Committee Rules, the committee meets every quarter in principle. The Compliance Committee is responsible for formulating and instilling a code of conduct for all ALPHA Group employees and periodically submitting compliance reports to the Board of Directors. This committee also oversees the ALPHA Group's compliance education programs and analyzes the performance of these programs every year and reports its conclusions to the Board of Directors.

Corporate Governance Structure



Executive Officers



- 1 Yoshiyuki Kawana
- 2 Yasuhiko Tsukuda
- 3 Yuichi Saito
- 4 Masaaki Yamamoto
- 5 Akira Irisawa
- 6 Kozue Uesaka
- 7 Kazutoshi Isogai
- 8 Nobuyuki Oi
- 9 Tomoki Suzuki
- 10 Shin Toma



Directors/Auditors

Representative Director Yoshiyuki Kawana	Director (outside) Kozue Uesaka
Director Yasuhiko Tsukuda	Director (outside) Kazutoshi Isogai
Director Yuichi Saito	Auditor (full-time) Nobuyuki Oi
Director Masaaki Yamamoto	Auditor (outside) Tomoki Suzuki
Director Akira Irisawa	Auditor (outside) Shin Toma

Operating Officers

President Yoshiyuki Kawana	Operating Officer Moritsune Nakata
Executive Operating Officer Yasuhiko Tsukuda	Operating Officer Kuniyasu Tsuzuki
Executive Operating Officer Yuichi Saito	Operating Officer Makoto Uchiyama
Executive Operating Officer Masaaki Yamamoto	Operating Officer Xubiao Chen
Executive Operating Officer Akira Irisawa	Operating Officer Tetsuyuki Tsukano
Executive Operating Officer Yoshiaki Sakamoto	Operating Officer Masamichi Sato
	Operating Officer Kenji Nomura
	Operating Officer Hidetoshi Sunahara

Corporate Data (as of March 31, 2020)

Company Overview

Company Name	ALPHA Corporation
Address	1-6-8 Fukuura, Kanazawa-ku, Yokohama City, Kanagawa 236-0004, Japan
Founded	April 1923
Established	April 1938
Capital	2,760 million yen
Number of Employees	Non-consolidated 422 Consolidated 4,516
Representative	Yoshiyuki Kawana President, Representative Director
Stock Exchange Listings	The First Section of the Tokyo Stock Exchange (Code: 3434) ISIN code: JP3126360001
Sales (Consolidated)	60,195 million yen (FY2019)
Line of Business	Development, manufacturing and sales centering around LOCK & KEY of automobile parts, housing hardware and coin-operated locker products

Number of Subsidiaries (Japan: 3, Overseas: 18)

Japan Region	3 (Non-consolidated subsidiaries:1)
North America Region	4
China Region	5 (Non-consolidated subsidiaries:1)
ASEAN and India Region	5
Europe Region	4

Stock Information

Total number of issuable shares	40,800,000
Total number of issued shares	10,200,000
Number of shareholders	9,244

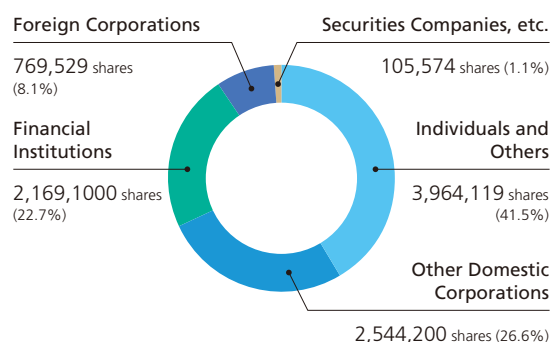
Major shareholder

Shareholder name	Number of shares held (thousands of shares)	Ownership ratio (%)
HI-LEX CORPORATION	1,710	17.90
NISSAN TOKYO SALES HOLDINGS CO., LTD.	379	3.96
The Master Trust Bank of Japan, Ltd. Security investment trust account	300	3.14
Sumitomo Mitsui Banking Corporation	277	2.90
ALPHA Employee share holding union	276	2.89
GOLDMAN SACHS INTERNATIONAL	270	2.82
Resona Bank, Ltd.	160	1.67
Mizuho Bank, Ltd.	160	1.67
Japan Trustee Services Bank, Ltd. Security investment trust account	153	1.60
MUFG Bank, Ltd.	150	1.57

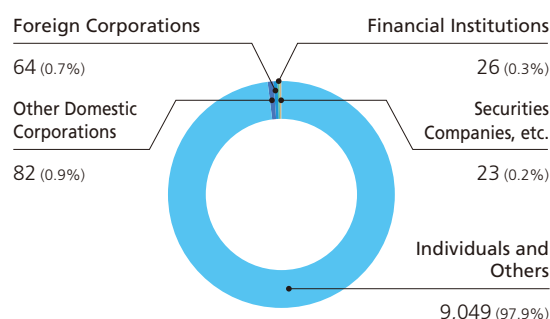
Note: While ALPHA Corporation holds 647,478 stocks as its Treasury Shares, it is excluded from the major 10 shareholders list shown above. The ratio of shareholding is calculated by subtracting those Treasury Shares.

Stock Distribution Status

By number of shares



By number of shareholders



Note: While ALPHA Corporation holds 647,478 stocks as its Treasury Shares, it is calculated by subtracting those Treasury Shares list shown above.

Corporate Stock Summary

Fiscal year-end	March 31
General Shareholders' Meeting	June of every year
Dividend payout confirmation date	March 31 * When interim dividends are declared, the dividend payout confirmation date is September 30.
Number of shares per unit	100 shares
Public notification method	Nikkei Inc.
Transfer agent	Mitsubishi UFJ Trust and Bank Limited
Contact point	Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department 1-1 Nikko-cho, Fuchu City, Tokyo Phone: 0120-232-711 (toll-free in Japan)

ALPHA's Technology on the Global Stage



Alpha Vehicle Security Solutions Czech s. r. o.



ALPHA INDUSTRY QUERETARO, S.A. DE C.V.



ALPHA INDUSTRY (THAILAND)
CO.,LTD.



ALPHA (GUANGZHOU)
AUTOMOTIVE PARTS CO.,LTD.

[Europe]

- 1 Alpha Vehicle Security Solutions Czech s. r. o.
- 2 ALT SAS
- 3 Société de Peinture de Pièces Plastiques SAS
- 4 SPPP Slovakia s.r.o
- 5 Paris office

[North America]

- 6 ALPHA TECHNOLOGY CORPORATION
- 7 ALPHA INDUSTRY QUERETARO, S.A. DE C.V.
- 8 Alpha Industry Jalisco, S.A. DE C.V.
- 9 ALPHA INDUSTRY PUEBLA, S.A. DE C.V.

[China]

- 10 ALPHA (GUANGZHOU) AUTOMOTIVE PARTS CO.,LTD.
- 11 ALPHA (XIANGYANG) AUTOMOTIVE PARTS CO., LTD.
- 12 ALPHA (SHANGHAI) LOCK CO.,LTD.
- 13 ALPHA (SUZHOU) VEHICLE SECURITY SOLUTIONS CO., LTD.
- 14 ALPHA ADVANCED AUTOMOTIVE PARTS CO.,LTD.

[Asia]

- 15 ALPHA INDUSTRY (THAILAND) CO.,LTD.
- 16 ALPHA HOUSING HARDWARE (THAILAND) CO.,LTD.
- 17 Bangkok Sales Office
- 18 Alpha Security Instruments (India) Private Limited
- 19 PT.ALPHA AUTOMOTIVE INDONESIA
- 20 ALPHA KOREA Co.,Ltd.

