



Think Automation and beyond...

Financial Results for the FY2023

(April 1, 2022 to March 31, 2023)

May 12, 2023

IDEC CORPORATION

Securities code: 6652



Financial Results for the FY2023

**Sales and income increased, and full-year results made a new record high.
Operating income margin was 16.8%.**

Net Sales

■ Net Sales JPY83.9 billion (YoY + 18.5%)

- Sales including HMI and safety/explosion protection businesses mainly increased in Japan and overseas.

Income

■ Operating Income JPY14.1 billion (YoY + 45.4%)

■ Ordinary Income JPY14.4 billion (YoY + 38.5%)

■ Net Income JPY10.1 billion (YoY + 28.5%)

- In addition to the effect of increased income, proper sales prices and the effect of weak yen contributed to improved gross margin ratio, which led a significant increased income.

Dividends

■ Annual dividends JPY130 (Dividends payout ratio 37.3%)

Consolidated performance [Consolidated statement of income] -1

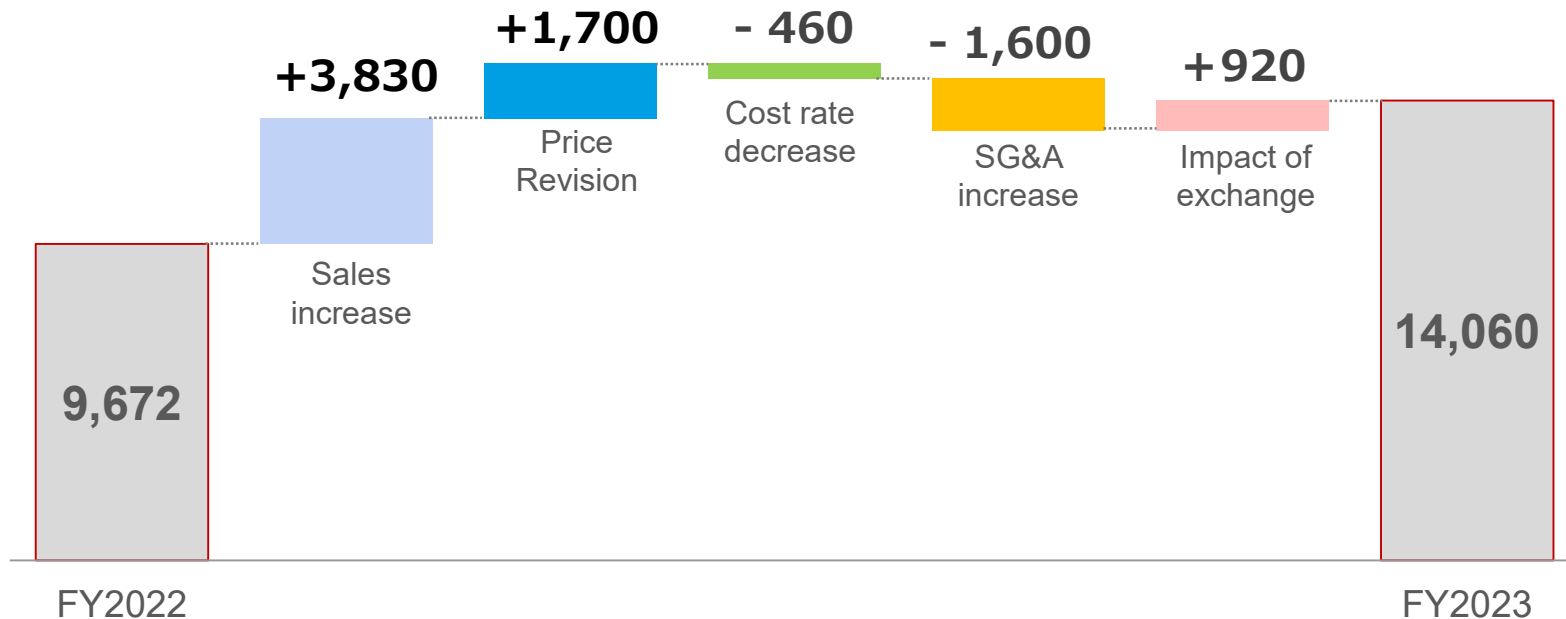


(Unit: million yen) ※Round down to the millions	FY2022		FY2023				
	Actual	Sales ratio	Plan	Sales ratio	Actual	Sales ratio	YoY
Net sales	70,789	100.0%	83,500	100.0%	83,869	100.0%	+18.5%
Gross operating income	30,310	42.8%	36,150	43.3%	37,376	44.6%	+23.3%
SG&A	20,638	29.2%	22,750	27.2%	23,315	27.8%	+13.0%
Operating income	9,672	13.7%	13,400	16.0%	14,060	16.8%	+45.4%
Ordinary income	10,398	14.7%	14,000	16.8%	14,403	17.2%	+38.5%
Net income attributable to shareholders of parent company	7,896	11.2%	9,400	11.3%	10,144	12.1%	+28.5%
Earnings per share(EPS) (before diluting) (JPY)	264.12	—	323.77	—	348.37	—	+84.25
USD-yen rate (JPY)	112.40		134		135.51		+23.11
EUR-yen rate (JPY)	129.91		135		138.15		+ 8.24
CNY-yen rate (JPY)	17.51		19.5		19.75		+ 2.24

Changing factors of consolidated operating income

Operating income **increased by approximately 4.4 billion yen** YoY due to the effect of increased sales, proper sales prices and impact of weak yen, etc.

(unit: million yen) *Round down to the million



Consolidated performance [Consolidated income statement] -1



- Sales increased YoY but decreased compared to 3Q due to the impact of channel inventory.
- Income decreased compared to 3Q due to the decreased sales and the changes of region and product mix.

(Unit: million yen) ※Round down to the millions	FY2022		FY2023								
	4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	18,533	100.0%	20,157	100.0%	23,022	100.0%	20,927	100.0%	19,761	100.0%	+ 6.6%
Gross income	7,876	42.5%	8,629	42.8%	10,376	45.1%	9,750	46.6%	8,620	43.6%	+ 9.4%
SG&A	5,398	29.1%	5,476	27.2%	5,970	25.9%	5,878	28.1%	5,990	30.3%	+11.0%
Operating income	2,477	13.4%	3,153	15.6%	4,406	19.1%	3,871	18.5%	2,629	13.3%	+ 6.1%
Ordinary income	2,906	15.7%	3,562	17.7%	4,577	19.9%	3,523	16.8%	2,738	13.9%	- 5.8%
Net income attributable to owners of parent company	2,592	14.0%	2,555	12.7%	3,138	13.6%	2,305	11.0%	2,145	10.9%	- 17.2%
Earnings per share(EPS) (before diluting) (JPY)	87.38	—	88.09	—	107.94	—	79.03	—	73.31	—	- 14.07

Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2022	FY2023	YoY
Japan	30,904 (43.7%)	34,519 (41.2%)	+11.7%
Overseas	39,885 (56.3%)	49,349 (58.8%)	+23.7%
Americas	11,532 (16.3%)	15,672 (18.7%)	+35.9%
EMEA (Europe, Middle East, Africa)	11,747 (16.6%)	13,466 (16.0%)	+14.6%
Asia Pacific	16,604 (23.4%)	20,210 (24.1%)	+21.7%
Total	70,789 (100.0%)	83,869 (100.0%)	+18.5%

Japan

YoY **+11.7%**

- As the demand of semiconductor, automotive, machine tools and robotics industries, etc. has moved firmly following previous quarter, and we have responded to the market demand exactly, the sales has increased.

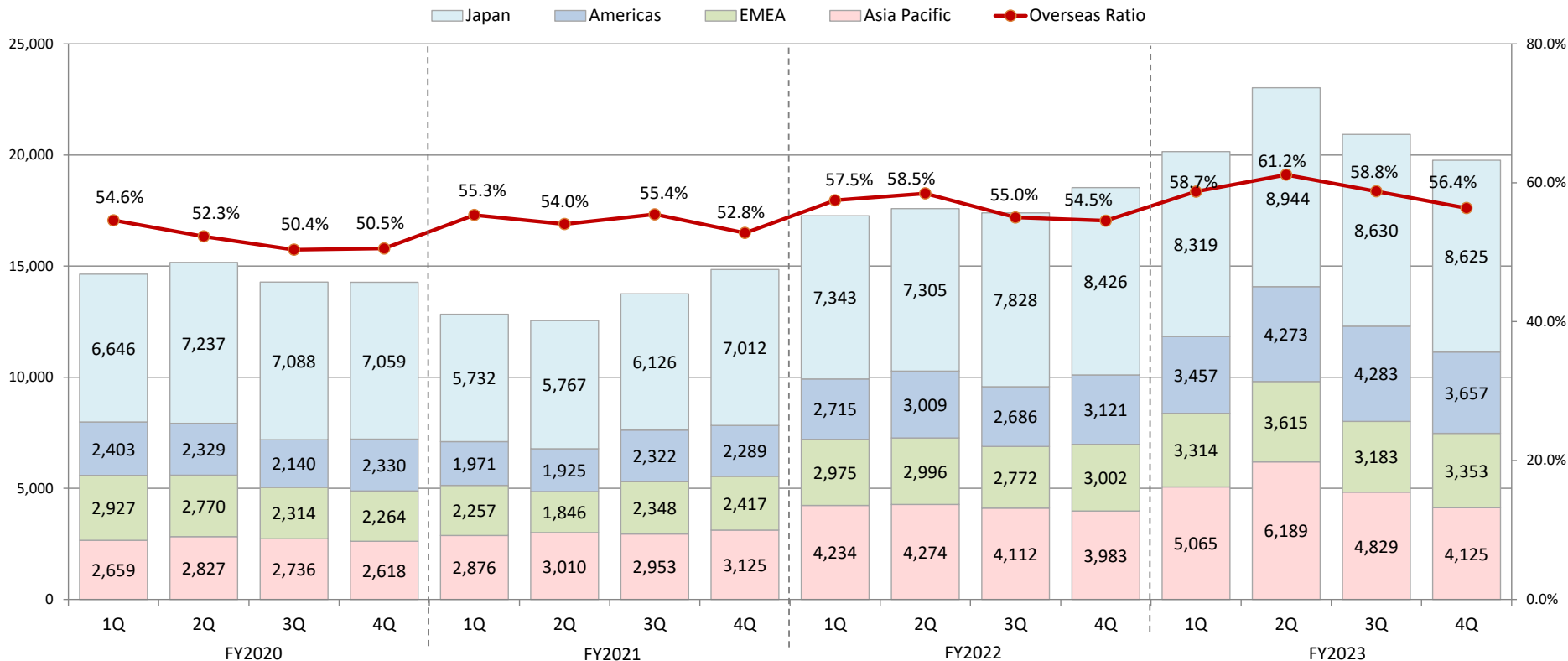
Overseas

YoY **+23.0%**

- In Americas and EMEA, demand has continued in high level, and the sales increased with the effect of weak yen.
- The demand of other Asian regions in addition to China has moved firmly.

Sales by regions (per quarter transition)

(Unit: million yen) *Round down to the millions



Sales by products

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2022	FY2023	YoY
HMI	30,885 (43.6%)	35,760 (42.6%)	+15.8%
Industrial Relays & Components	13,625 (19.2%)	15,476 (18.5%)	+13.6%
Automation & Sensing	8,465 (12.0%)	10,327 (12.3%)	+22.0%
Safety & Explosion Protection	12,706 (18.0%)	16,282 (19.4%)	+28.1%
Systems	3,742 (5.3%)	4,848 (5.8%)	+29.5%
Others	1,363 (1.9%)	1,174 (1.4%)	- 13.9%
Total	70,789 (100.0%)	83,869 (100.0%)	+18.5%

*The classification by product partially changed from FY2023. We also restated the past figures.

HMI

Sales expanded in all global regions due to the rapid expansion of the demand for capital investment.

Industrial Relays & Components

Sales of control relays increased in main Americas and China.

Automation & Sensing

The demand for programmable logic controllers has still moved in Japan, Americas, and EMEA.

Safety & Explosion Protection

The demand for safety-related devices significantly expanded in Japan and China mainly.

Systems

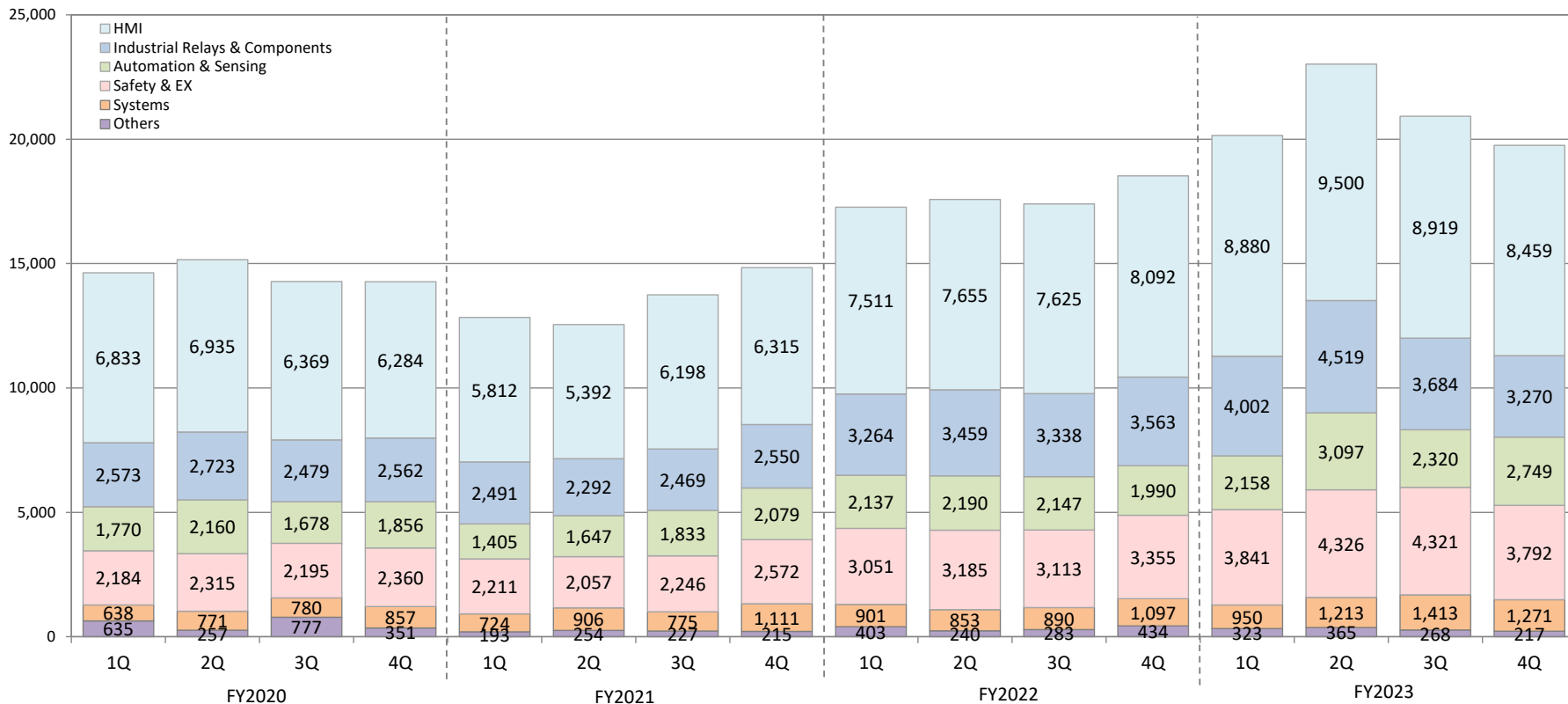
Sales of control panels for semiconductor and logistic-related equipment increased in Japan.

Others

The system-related demand for the environmental energy business decreased in Japan.

Sales by products (per quarter transition)

(Unit: million yen) *Round down to the millions



- The amount of orders received decreased due to the economic slowdown in China, calm advance order, and the impact of channel inventory.

(Unit: million yen) *Round down to the millions	FY2022		FY2023			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	46,304	18,048	34,510	-25.5%	13,514	- 25.1%
Americas	14,641	5,060	15,763	+ 7.7%	4,972	- 1.8%
EMEA (Europe, Middle East, Africa)	14,912	6,708	15,114	+ 1.4%	8,975	+33.8%
Asia Pacific	18,594	8,048	12,161	-34.6%	4,085	- 49.2%
Total	94,452	37,866	77,550	-17.9%	31,547	- 16.7%

Order received (per quarter)



(Unit: million yen) *Round down to the millions	FY2022		FY2023							
	4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)	
	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog
Japan	11,129	18,048	11,057	19,875	8,524	17,940	8,736	17,057	6,193	13,514
Americas	3,688	5,060	4,874	6,405	4,515	6,635	3,703	6,038	2,668	4,972
EMEA (Europe, Middle East, Africa)	3,730	6,708	3,555	7,428	4,418	8,229	3,457	8,531	3,683	8,975
Asia Pacific	6,125	8,048	3,746	7,232	2,901	5,411	2,588	4,211	2,924	4,085
Total	24,673	37,866	23,233	40,942	20,359	38,218	18,486	35,838	15,470	31,547

Highlights of assets

- As inventory assets, fixed assets, trade receivables, cash, and deposits increased, total assets increased by 9.27 billion yen compared to the end of previous FY.

Highlights of liabilities

- While lease payables decreased, income tax payables, borrowings, and trade payables decreased. Therefore, liabilities increased by 0.53 billion yen compared to the end of previous FY.

Highlights of net assets

- Due to the increase of earned surplus and foreign currency translation adjustment, net assets increased by 9.8 billion yen compared to the end of previous period.

(Unit: million yen) *Round down to the millions	FY2022	FY2023	YoY
Current assets	47,171	54,518	+ 7,346
Fixed assets	47,789	49,717	+ 1,928
Current liabilities	21,660	32,059	+10,398
Fixed liabilities	24,291	13,362	- 10,928
Net assets	49,008	58,813	+ 9,804
Total assets	94,960	104,235	+ 9,274
Shareholders' equity ratio	51.2%	56.1%	+ 4.9%

Consolidated cash flow statement



Cash Flows by operation activities

- It was approximately 7.01 billion yen due to the increased inventory assets and trade receivables in addition to the payment of income tax.

Cash Flows by investing activities

- Due to the acquisition of fixed assets, etc., it was -3.11 billion yen.

Cash Flows by financing activities

- It was -4.4 billion yen due to repayment of borrowings and expenses including dividends.

	FY2022	FY2023	YoY
CF from operation activities	9,652	7,009	- 2,642
CF from investing activities	- 1,386	- 3,110	- 1,723
Free cash flows (FCF)	8,265	3,899	- 4,366
CF from financing activities	- 8,578	- 4,403	+4,175
Cash and cash equivalents at end of period	15,203	15,070	- 133
Capital expenditures	2,503	4,088	+1,585
Depreciation and amortization	3,264	3,544	+ 279

- Capital investment amount increased YoY due to the recorded right-of-use assets including overseas office rental costs and leased assets in addition to the investment on manufacturing equipment and DX.

Forecast for the FY2024

Consolidated business forecast for the FY2024

- In consideration of the increased channel inventory and the impact of foreign currency, decrease in sales is expected. **Operating income margin is expected to increase to 17% YoY** due to continued efforts to improve profitability.

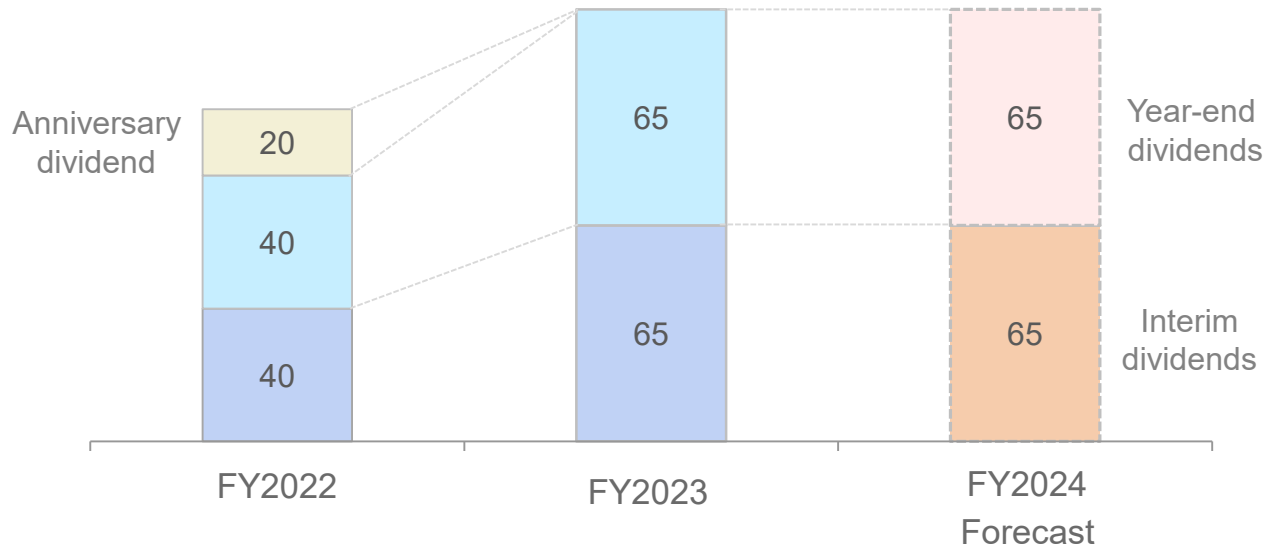
(Unit: million yen) ※Round down to the millions	FY2023		FY2024		
	Actual	Sales ratio	Forecast	Sales ratio	YoY
Net sales	83,869	100.0%	81,000	100.0%	- 3.4%
Gross operating income	37,376	44.6%	38,500	47.5%	+3.0%
SG&A	23,315	27.8%	24,700	30.5%	+5.9%
Operating income	14,060	16.8%	13,800	17.0%	- 1.9%
Ordinary income	14,403	17.2%	13,800	17.0%	- 4.2%
Net income attributable to shareholders of parent company	10,144	12.1%	9,500	11.7%	- 6.4%
Earnings per share(EPS) (before diluting) (JPY)	348.37	—	326.23	—	- 22.14
USD-yen rate (JPY)	135.51		130		- 5.51
EUR-yen rate (JPY)	138.15		140		+1.85
CNY-yen rate (JPY)	19.75		18.50		- 1.25

Consolidated business forecast for the FY2024

(Unit: million yen) *Round down to the millions	FY2023	FY2024	
	Actual	Forecast	YoY
HMI	35,760	36,200	+ 1.2%
Industrial Relays & Components	15,476	13,900	-10.2%
Automation & Sensing	10,327	10,200	- 1.2%
Safety & Explosion Protection	16,282	15,700	- 3.6%
Systems	4,848	4,000	-17.5%
Others	1,174	1,000	-14.8%
Total	83,869	81,000	- 3.4%
Domestic sales	34,519	33,300	- 3.5%
Overseas sales	49,349	47,700	- 3.3%
(Ratio of overseas sales)	(58.8%)	(58.9%)	

Expected dividends for the FY2024

- FY2023 : Annual dividends 130 yen (Dividends payout ratio 37.3%)
- FY2024 : Expected annual dividends 130 yen (Expected dividends payout ratio 39.8%)



Currency	Exchange assumption	Effect by 1 yen change of exchange rate *For CNY, effect by 0.1 yen change	
		Net sales	Operating income
USD	JPY130	Approx. 80 mil. yen	Approx. 20 mil. yen
EUR	JPY140	Approx. 140 mil. yen	Approx. 10 mil. yen
CNY	JPY18.5	Approx. 60 mil. yen	Approx. 15 mil. yen

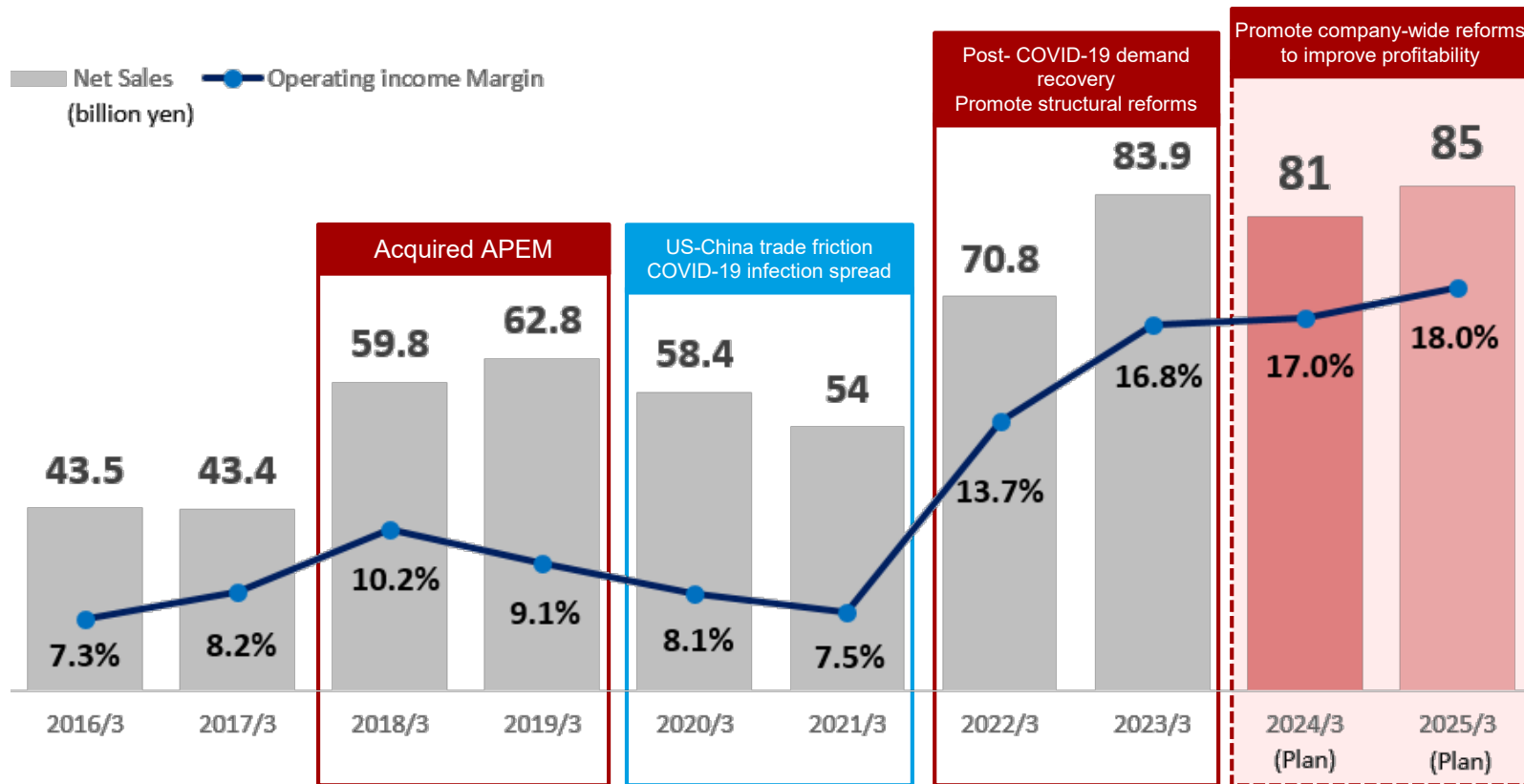
Medium-Term Management Plan (FY2023 to FY2025)

Revised target value of the medium-term management plan

- Target figures for the medium-term management plan were achieved in the fiscal year ended March 2023, and the plan was revised
- Aiming for a long-term operating margin of 20%, we plan to increase the operating margin to **at least 18% in the fiscal year ending March 2025**

	FY2022	FY2023	FY2024 (Plan)	FY2025 (Initial Plan)	FY2025 (Revised Plan)
Net Sales	70.8 billion yen	83.9 billion yen	81 billion yen	80 billion yen or more	85 billion yen or more
Operating Income	9.7 billion yen	14.1 billion yen	13.8 billion yen	13 billion yen or more	15.3 billion yen or more
Operating Income Margin	13.7%	16.8%	17.0%	16% or higher	18% or higher
R O I C	9.2%	12.5%	10% or higher	10% or higher	10% or higher
R O E	17.2%	18.9%	15% or higher	15% or higher	15% or higher
E P S	264 yen	348 yen	326 yen	300 yen or more	360 yen or more

Net sales and operating income margin



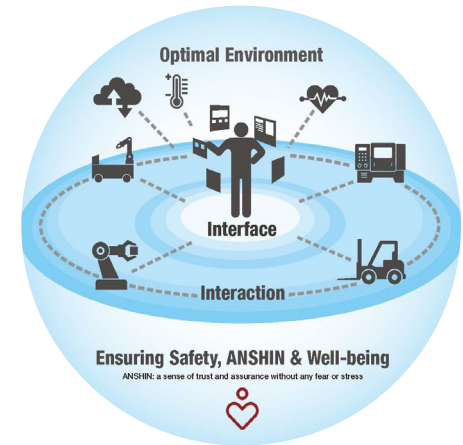
- Major organizational and personnel changes were made in April 2023, with the appointment of new Departmental Managers with experience both inside and outside the company

- ✓ We are promoting the mutual use of management resources of both IDEC and APEM, as well as effective use of EMS through reforms to realize optimal global production activities

- ✓ By making the Procurement & SCM Division an independent organization, we aim to reduce costs through optimal purchasing and build an optimal global supply chain

- IDEC ALPS Technologies (IAT) launches first product in May 2023
- Promoting further enhancement of solution development utilizing ez-Wheel and new IAT products

HMI-X [Transformation]



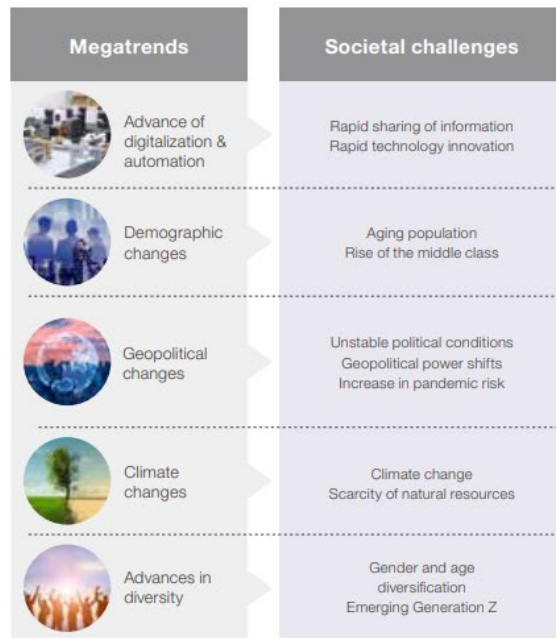
 **ez-wheel**
The Electric Wheel



 **ALPSALPINE**

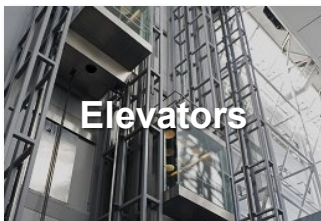
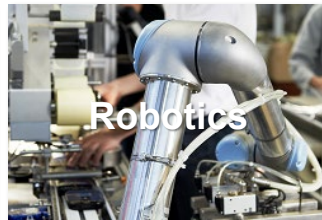
- Achieve further operational efficiency by promoting the adoption of ERP (Enterprise Resource Planning) systems globally
- Implemented systems such as digital marketing tools and SFA (Sales Force Automation) work together to enable efficient operations

- Set a theme for each strategy that is linked to the materialities and promote initiatives aimed at realizing the slogan **PASSION FOR YOUR SUCCESS**



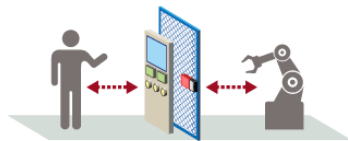
Four Basic Strategies	Action Themes	1 Productivity improvement	2 Safety, ANSHIN, and well-being	3 Climate change	4 Business foundation
 Promote Growth Strategy	• Strengthen sales based on technical problem-solving	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Accelerate product development and launch based on regional and industry needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Expand business in China, India and other focus markets.	<input type="radio"/>	<input type="radio"/>		
	• Build strategic partnerships through M&A and alliances	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>
 Improve Profitability	• Strengthen competitiveness through production reform	<input type="radio"/>			
	• Reduce manufacturing costs through Group-wide joint procurement, part standardization, etc.	<input type="radio"/>			
	• Review and consolidate low-profit and unprofitable products	<input type="radio"/>			
 Enhance Business Foundation	• Strengthen business structure by promoting PMI and rigorous management of key projects		<input type="radio"/>		<input type="radio"/>
	• Increase operational efficiency by promoting DX				<input type="radio"/>
 Enhance ESG Initiatives	• Promote initiatives to reduce environmental impacts			<input type="radio"/>	
	• Strengthen corporate platform by advancing decent work practices, promoting diversity, and increasing investment in human capital		<input type="radio"/>		<input type="radio"/>
	• Improve management transparency and effectiveness				<input type="radio"/>
	• Create well-being through safety and ANSHIN technology	<input type="radio"/>	<input type="radio"/>		
	• Improve product quality and manufacturing capabilities	<input type="radio"/>	<input type="radio"/>		

- Focus on **Machine tools and Automotive** industries as well as **AGV, AMR, and Robots** which have high growth potential
- Strengthen approach towards **end users** and **system integrators** in addition to machine manufacturers.
- **Improve competitiveness** by proactively **proposing solutions** to various industries

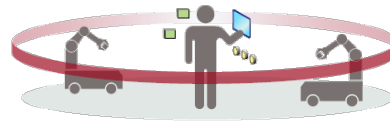


HMI-X [Transformation]

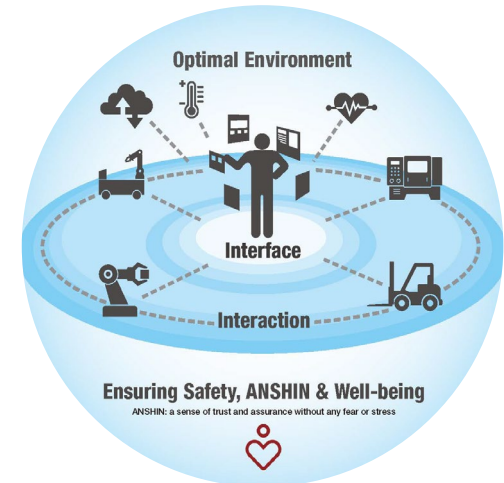
- HMI-X is defined as a **change in the optimal interface** accompanying changes in the relationship between people and machines
- **We will take the lead on HMI-X by providing society with products and services that combine the HMI and safety** that we have cultivated over the years, contributing to the realization of well-being for a diverse range of stakeholders



Control in a environment where people and machines are isolated



Control in an environment where human and machine collaborate





- **RFID readers** that enable restrictions on the use of machines, on entry into control rooms and fences, on managing the operation history of devices, etc.

■ **IAT sensor**

■ **Emergency-stop assist systems**

HMI-X [Transformation]



■ **Touchless switches** to meet contactless needs



■ **Compact IoT devices** for remote monitoring



■ **ez-Wheel safety wheel drive** for AGVs, AMRs, etc.



■ **ANSHIN sensor**



■ **Safety commanders** that allow emergency-stop switches and enabling switches to easily be installed on commercial tablets

- **Emergency-stop assist systems** that can stop devices from a safe location
- **ANSHIN sensors** that can be attached to mobile objects such as collaborative robots, AMRs, or AGVs to temporarily stop the operation of the robot by simply approaching it or lightly touching it
- **Catch prevention systems** that prevent serious industrial accidents that occur when workers are caught between a ceiling or building frame and an aerial work platform



ANSHIN sensor



Emergency-stop assist systems



Catch prevention systems that prevent serious industrial accidents

- Proposing solutions that combine ez-Wheel products with IDEC safety equipment
- Expanding sales of automatic identification devices to the material handling industry
- Since it is necessary to respond various needs that differ by customer and industry, we plan to establish a system that can respond to (1) through (4) in the future (We currently support up to (1) and (2))

1. Individual product sales
2. Solutions packaging optimal products
3. Packaged solutions customized for specific applications
4. Full system setup



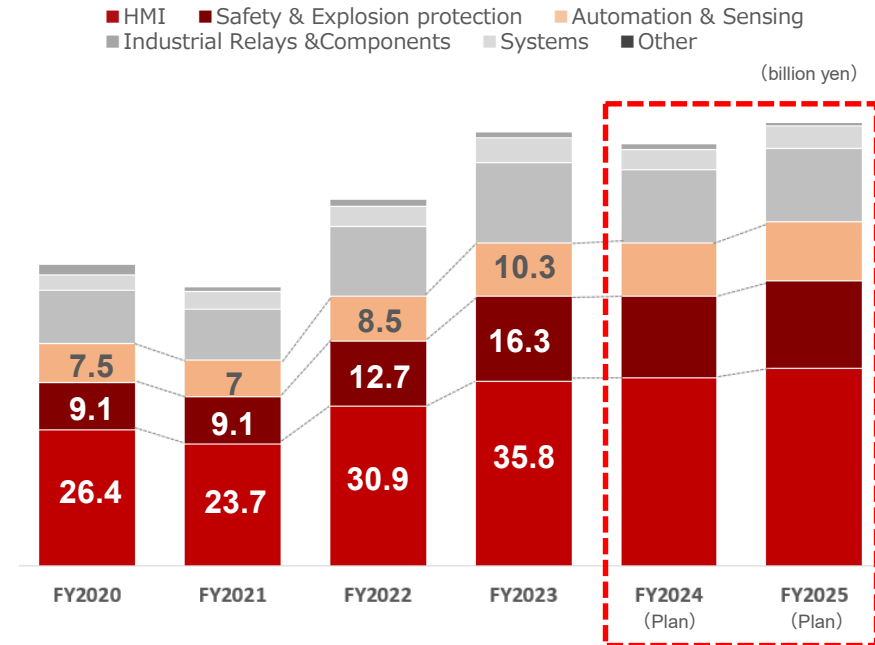
Safety wheel drives integrate all functions necessary for safe automated driving, including the safe motion functionality specified by ISO for operation in areas with people.

Electric power wheels are a simple solution for equipping industrial carts with electric assist, which facilitates transport of heavy objects that otherwise could not be easily moved by a single worker.

Automatic identification devices

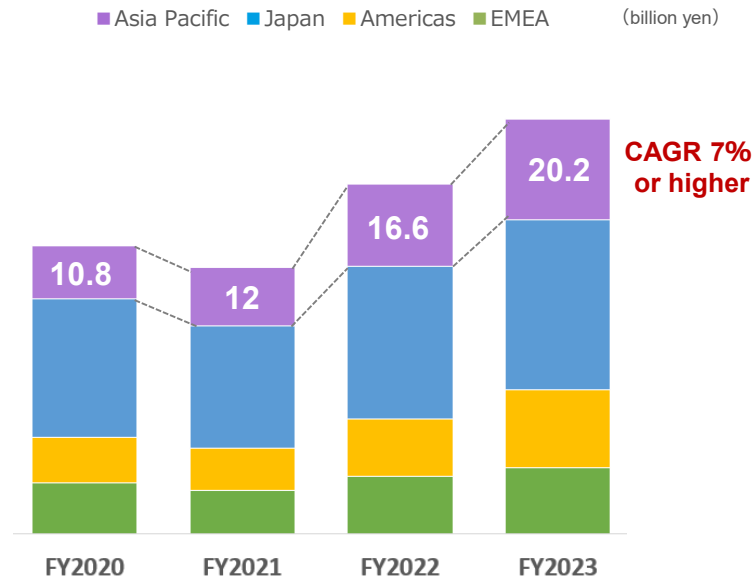
Focus on sales growth, market share, profitable **HMI, safety and ANSHIN products**, and **automation & sensing** which has high growth potential

- Aim to increase the ratio of solutions to sales from the current 10% level to 20% over the long term
- CAGR of 7% or higher expected for HMI, Safety, Automation & Sensing
- Create new markets with HMI Innovation products, including touchless switches, safety commanders, and RFID readers
- Promote global sales expansion of safety equipment to expand the safety portfolio
- Further expand automation & sensing products, including IAT products, ez-Wheel solutions, and more



Strengthen initiatives in China and India, large-scale markets where sales can be expected to grow

- **Target CAGR of over 7%** in the Asia Pacific region
- **Strengthen solution proposals** to further expand presence in mature markets such as Japan, the Americas, and EMEA
- Promote development based on local needs in China **and promote business based on an autonomous business structure**
- Increase awareness as a HMI and safety manufacturer and expand the market share of major products in India



1. Strengthen competitiveness through production reform

- From April 2023, strengthen branch design function in order to make design changes and improvements in line with actual manufacturing site conditions
- Improve quality and costs through a fundamental review of production systems and processes
- Promote strategic cost-reduction themes (introduction of automated lines, cost reduction through VAVE, etc.)
- Reduce costs on a global basis and build an optimal supply chain by promoting optimal purchasing activities from an objective standpoint to strengthen the global purchasing function

2. Promote business review and integration of low-profit and unprofitable products

- Review unprofitable products and promote product integration and elimination
- Optimize product pricing, including profitability

- Expand growth investments, including investments in sustainability, human capital, etc.
- Accelerate DX investments, including introduction of ERP, SCP, etc.
- Implement continuous and stable shareholder returns

Growth investments	<ul style="list-style-type: none">■ Investment in M&A and alliances<ul style="list-style-type: none">✓ M&A and alliances for enhancing the safety business, AGV industries, software, and engineering field✓ Strengthen partnerships in China and India■ Investment in new products<ul style="list-style-type: none">✓ Proactively invest in the NEW HMI and safety businesses■ Investment in human resources<ul style="list-style-type: none">✓ Investment in expanded training spending and global talent development■ Investment in sustainability<ul style="list-style-type: none">✓ Consider installing solar generators, switching to energy-saving air conditioning equipment, developing eco-friendly products, and applied research of environmentally sound materials
Capex (incl. DX investments)	<ul style="list-style-type: none">■ Sites and equipment<ul style="list-style-type: none">✓ Increase manufacturing sites and introduce automation and labor-saving systems✓ Optimize sites■ Investment in DX<ul style="list-style-type: none">✓ Upgrade ERP, introduce global SCP system, and develop talent management system
Shareholder returns	<ul style="list-style-type: none">■ Measures for returns<ul style="list-style-type: none">✓ Proactively pay dividends at a dividend payout ratio of 30-50%.✓ Acquire treasury stock in a timely manner in view of the stock price level

Introducing new products of IDEC ALPS Technologies (IAT)

- Sensors that apply in-vehicle mmWave radar technology to industrial market applications
- Accurately detect distance, reflection intensity, and more in a 10-m range, depending on the application



- Hardware design that capitalizes on mmWave technology

ALPSALPINE

- Unique beamforming know-how enables beam to be kept in a range less prone to false detection
- The first sensors with anti-interference and radio wave emission control functions certified for use in Japan

- Algorithms supporting diverse applications

IDEC ALPSALPINE

- Built-in Bluetooth Low Energy

IDEC

- Various devices can be used to wirelessly monitor the sensor and modify its settings
- Simple and convenient setting/monitoring tools are available for laptops, smartphones, and tablets

Sustainability Initiatives



Toward the realization of carbon neutrality

- Recognizing the need to respond to climate change as an important management issue, **we are promoting initiatives to achieve carbon neutrality by 2050**
- **We introduced Internal Carbon Pricing (ICP) in 2022** and set at 6,000 yen. The price became 8,000 yen from April 2023 and will continue to be revised annually
- **Accelerate the installation of self-consumption solar power generation facilities** at offices and factories both in Japan and overseas to reduce our environmental impact by replacing electricity with renewable energy
- Promote environmental management through product design, development, manufacturing, distribution, and packaging, focusing on the **development of environmentally friendly products that emphasize reducing the environmental impact and addressing environmental issues**
- The IDEC head office's "Izumi no Mori" was certified as an Excellent Stage 2 green space under the Social and Environmental Green Evaluation System (SEGES) run by the Urban Greening Organization

Medium-term plan target for FY2025

- Renewable energy utilization ratio **18%**
- Reduction in CO₂ emissions **24% down** (Vs. FY2020)
- Reduction in industrial wastes **24% down** (Vs. FY2020)
- Cumulative ratio of eco-friendly products to total new products **60% or higher** (Vs. FY2020)

Vision for 2030 concerning climate change

- Contribute to the reduction of the environmental impact of customers and society through the use of IDEC Group technology and products.
- Reduce CO₂ emissions through the in-house use of renewable energy.





Enhance engagement and strengthen business foundation through increased investment in human capital, promotion of work-style reforms

- Implement measures to address issues based on the results of engagement surveys
- Introduce a personnel system based on human resource development policies and engagement surveys, conduct multifaceted assessments, and enhance the educational system to strengthen human resource development

Issues	Major initiatives to be taken from FY2024 and beyond
Improve human resource development systems	<ul style="list-style-type: none"> ● Improve personnel training through managerial training, career design training, etc. ● Implement a career design program ● Prepare to introduce a global talent management system
Strengthening of management	<ul style="list-style-type: none"> ● Further enhance information dissemination to achieve "One IDEC" ● Ensure full awareness and compliance with regard to the medium-term management plan, corporate policies, etc.
Promote workstyle transformation and improve benefit programs	<ul style="list-style-type: none"> ● Phase back in benefit management services ● Introduce flexible workstyles (discretionary work and flex-time) and promote working from home
Improve the work climate	<ul style="list-style-type: none"> ● Implement an action plan to resolve workplace issues in each department
Promotion of diversity and inclusion	<ul style="list-style-type: none"> ● Implement policies to support families raising small children

Nominating Committee / Remuneration Committee

- A voluntary Nominating Committee was established in 2021 in order to objectively and independently decide on the nominations of director candidates and the training plan for next-generation executive candidates
- Discuss the selection and training program for the next generation of executive candidates, and launch a training plan for replacement by the next generation of executives as a succession plan
- In FY2022, we promoted a training program for those selected to be the next generation of executive candidates, which included external training, 1-on-1 action learning by outside directors, and lectures in specialized fields

- A voluntary Remuneration Committee was established in 2022 to study and deliberate on compensation systems





Plan to revise executive remuneration system

(to be discussed at the General Meeting of Shareholders on June 16)

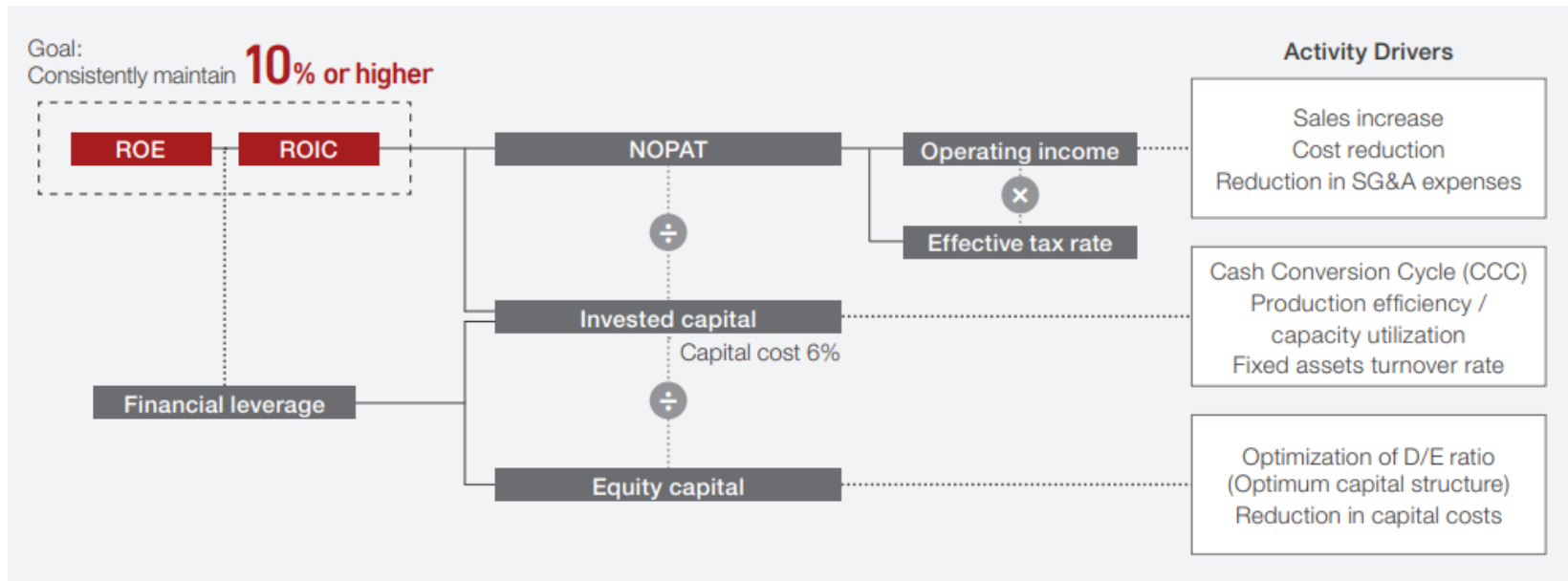
- Remuneration for directors (*) consists of a base salary as fixed compensation according to job responsibilities, a bonus as performance-linked compensation, and stock-based compensation

*Excludes outside directors and directors who are members of the Audit and Supervisory Committee

- Stock-based compensation consists of PSU as a medium-term incentive and RS as a long-term incentive, with PSU **calculated based on the achievement of non-financial indicators such as CO2 reduction rate** in addition to financial indicators

References

- Assuming a capital cost of around 6%
- Maximize return on invested capital through appropriate capital policy



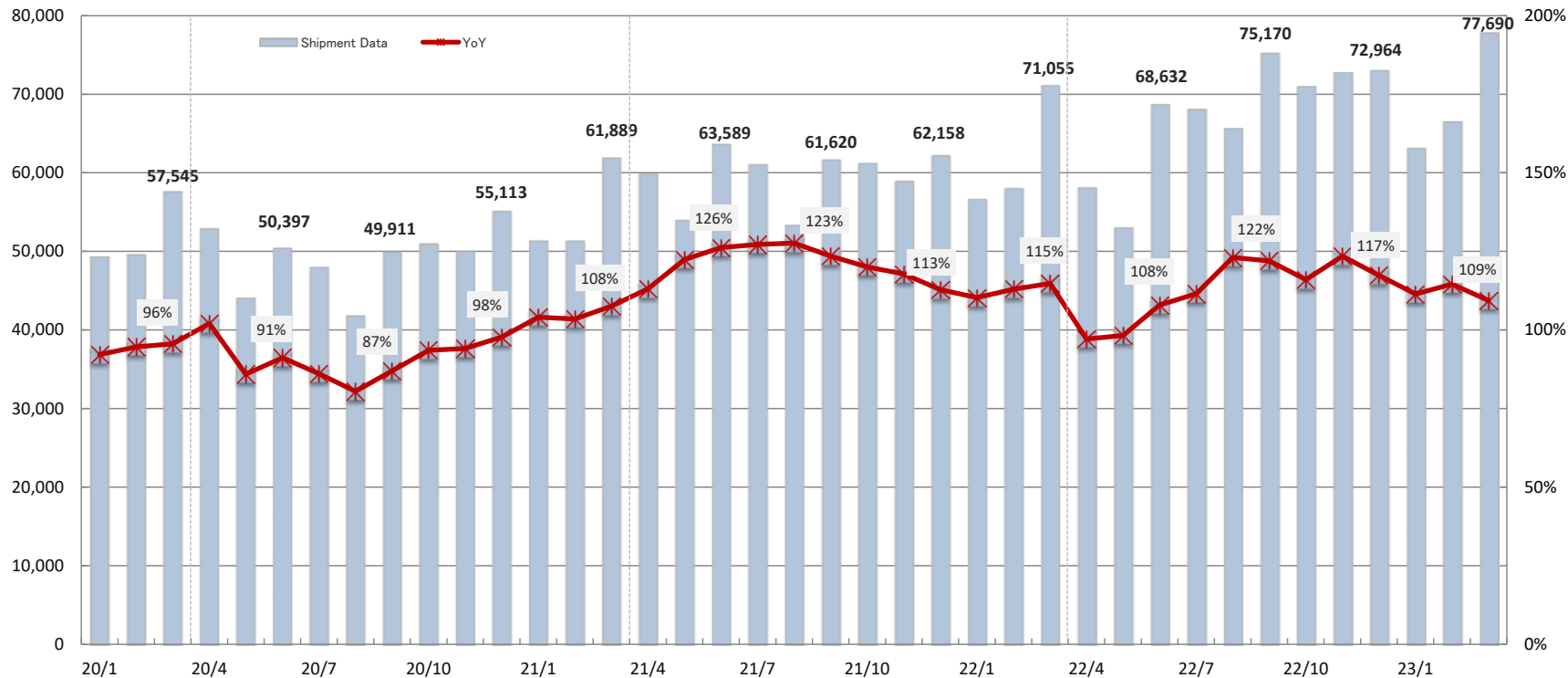
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association



Transition of the industrial shipment and YoY status (between January, 2020 and March, 2023)

(Unit: million yen)



Sales classification by segment

Industrial Switches	Industrial Relays & Components	Automation & Sensing	Safety & Explosion Protection	Systems	Others
<ul style="list-style-type: none"> • Industrial switches • Joysticks • Pilot lights • Operator interfaces  <div data-bbox="61 606 324 642" style="background-color: red; color: white; padding: 2px; text-align: center;"> APEM products </div> 	<ul style="list-style-type: none"> • Switching power supplies • Terminal blocks • Industrial relays/sockets • Circuit protectors • LED illumination units 	<ul style="list-style-type: none"> • Programmable logic controllers • Photoelectric switches • Automatic identification devices 	<ul style="list-style-type: none"> • Safety-related products • Explosion protection products 	<ul style="list-style-type: none"> • Collaborative robot systems • Interface complex systems • Security systems • Other various systems 	<ul style="list-style-type: none"> • Environmental energy-related business • Next generation agricultural solutions 

This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of May 12, 2023.

Therefore, actual performances may vary from aforementioned plans and expected values due to unforeseeable events and factors.

The original language is Japanese in financial results materials. The English version is translated into the original Japanese version. In the case of any discrepancy between the English translation and the Japanese original, the latter shall prevail.

IDEC CORPORATION
Strategic Planning Division
TEL : +81-6-6398-2505
FAX : +81-6-6398-2587
E-mail : yasuyuki.ogawa@idec.com

