Vegetable oil ink was used in the printing of this report in consideration of the environment.

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IDEC Report 2017

Think Automation and beyond...
Think Automation and beyond...

We make the point of contact, where people interface with machines, easy, safe and secure.
We create new possibilities.

One of our corporate principles is to conduct business with consideration for social contribution. Since its founding, IDEC has developed and introduced the world to numerous products and services centered on its control technology. Today, our products are used not only in factories, but in a wide range of settings in people’s everyday lives where customers desire safety, ease of use, reliability and a smaller environmental footprint.

Having celebrated its 70th anniversary in March of 2017, the IDEC Group will continue to brighten the future of manufacturing and people’s lives as it moves into the centennial of its existence and beyond.
Performance for the year ended March 31, 2017

Advancements in robotics helped to increase sales of safety-related products, including enabling switches. Furthermore, explosion-proof products showed steady growth. As a result, our sales in Japan were ¥27,939 million (up 1.3% from the previous year). Despite strong safety-related products sales in the Asia Pacific region centering on China and the North America region, our overseas sales were ¥15,486 million (down 2.5% from the previous year) as the strong yen impacted currency conversion.

Taking into consideration each of these factors, consolidated sales and operating income were ¥43,426 million (down 0.1% from the previous year) and ¥3,547 million (up 11.7% from the previous year), respectively, while the operating income margin was 8.2%. The total per-share cash dividend payment for the year was ¥40, including the regular dividend of ¥36 and the special dividend of ¥4, and the DOE (dividends on equity) was 3.7%.

Business strategies for future growth

The IDEC Group has identified sales of ¥100 billion and an operating income margin of 15% as two key long-term goals. To achieve these goals, we continue to build strategic corporate partnerships through various initiatives including mergers and acquisitions. In March 2017, we acquired APEM Group a French company. While continuing our efforts to strengthen core business segments, we are expanding new businesses in response to social challenges and needs, such as labor shortages caused by declining populations, by providing solutions to automated agriculture plants and collaborative robot systems.

We will continue to increase the value of our company by implementing our corporate mission of “making contributions to a social economy through business growth,” so everyone can benefit from our success.

We appreciate your support and encouragement as we carry out our endeavors.

Toshi K. Funaki
Chairman and
Chief Executive Officer
As a part of efforts to support the future of manufacturing and daily life, IDEC creates value through products that provide safety. At the same time, the Company undertakes a wide range of activities in a bid to resolve societal challenges.

**Top Message**

**Value Creation Process**

**Core Competencies**

- **Safety Technology and Products**
  - Leveraging our longstanding knowledge to ensure a high level of safety

- **High Quality**
  - Reliable quality backed by our technical capabilities

- **Automation**
  - Products and solutions that enable automation and labor savings

- **HMI Solutions**
  - Providing optimal solutions tailored to customer needs

**Output**

- ~ Creating value for society ~
  - Development and increased use of safe products
  - Providing collaborative robot systems
  - Developing IoT-compatible products
  - Designing environmentally-friendly products
  - Helping industrialize agriculture

**Outcome**

- ~ Resolving societal challenges ~
  - Increasing productivity and efficiency
  - Realizing safety
  - Ensuring a smaller environmental footprint

**Societal Challenges**

- Growing shortage of labor
- Further aging of society
- Frequent occurrence of industrial accidents
- Onset of global warming
- Decline in food self-sufficiency ratio
## Product Groups

### Top Message

In addition to the FA industry, IDEC covers a broad market following its acquisition of APEM.

### HMI (Human-Machine Interface) Solutions
- Control switches
- Emergency stop pushbutton switches
- Pilot lights

### Safety / Explosion-proof Solutions
- Interlock switches
- Safety laser scanners
- Control boxes
- Explosion-proof equipment

### Automation Solutions
- Programmable controllers
- Operator interfaces
- Photoelectric switches
- Auto-ID devices

### Panel Solutions
- Control relays / Terminal blocks / Switching power supplies and other control panel equipment
- Industrial LED illumination units

### Others
- Power conditioners
- Fine bubble generators
- Collaborative robot systems
- Mega-solar projects

### APEM’s Products
- Material handling, Elevator markets
- Special vehicle, Security, Defense/Aerospace markets
Global Business

Global Network

Europe and Others
Sales bases: 9
Manufacturing bases: 7
No. of employees: 1,013
- APEM SAS (France)
- APEM Components Ltd (UK)
- MEC A/S (Denmark)
- APEM Italia Srl (Italy)
- IDEC Elektrotechnik GmbH (Germany)
- APEM GmbH (Germany)
- APEM AB (Sweden)
- APEM Benelux (Belgium)
- APEM BV (The Netherlands)
- SACEMA (Tunisia) Two other bases

Greater China
Sales bases: 9
Manufacturing bases: 6
No. of employees: 1,501
- IDEC (SHANGHAI) CORPORATION (PRC)
- IDEC (SHENZHEN) CORPORATION (PRC)
- IDEC (BEIJING) CORPORATION (PRC)
- IDEC TAIWAN CORPORATION (Taiwan)
- IDEC IZUMI (H.K.) CO., LTD. (Hong Kong)
- APEM Wujin Electronics Co. Ltd (PRC)
- APEM Ltd (PRC)
- TAIANG CÔNET ELECTRONICS CO., LTD. (PRC)
- CONET TAIWAN CO., LTD. (Taiwan)
- IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION (PRC)
- IDEC IZUMI SUZHOU CO., LTD. (PRC)
- IDEC IZUMI TAIWAN CORPORATION (Taiwan)

Japan
Sales bases: 4
Manufacturing bases: 3
No. of employees: 972
- IDEC CORPORATION
- IDEC FACTORY SOLUTIONS CORPORATION
- IDEC SYSTEMS & CONTROLS CORPORATION
- IDEC AUTO-ID SOLUTIONS CORPORATION
- IDEC LOGISTICS SERVICE CORPORATION

Americas
Sales bases: 2
Manufacturing base: 1
No. of employees: 223
- IDEC CORPORATION (USA)
- APEM Inc (USA)

Asia Pacific
Sales bases: 3
Manufacturing base: 1
No. of employees: 193
- IDEC IZUMI ASIA PTE LTD. (Singapore)
- IDEC Australia Pty. Ltd. (Australia)
- IDEC ASIA (THAILAND) CO., LTD. (Thailand)

SACEMA (Tunisia) Two other bases
In recent years, the expansion of shale gas and oil production in the United States has increased capital investment in this industry, presenting exciting opportunities for our programmable controllers, explosion-proof products and more. An increase in United States domestic spending will create demand for a broad range of control products in other industries. We are aiming to strengthen our sales force to increase revenues in a wide range of industries.

IDEC aims to establish a dominant global position by supplying optimal products and solutions that match market needs.

Regional Overview

IDEC aims to establish a dominant global position by supplying optimal products and solutions that match market needs.

Responding to increasing demand driven by the energy revolution

Despite concerns about the impact of policy changes by the new administration, business conditions have been improving and the manufacturing sector is gaining strength in the United States. In the field of industrial automation, IDEC provides optimized products, solutions and services tailored to its customers’ needs. We aim to expand sales of safety products and programmable controllers in key industries, including automotive, oil & gas and material handling.

More than 40 years of success

In 1975, IDEC CORPORATION (USA) was established in California to develop business in the North American region as a sales subsidiary. For the last four decades, IDEC (USA) has built strong relationships based on trust with numerous customers. Our field sales engineers located across the country provide detailed support to customers, ranging from product selection to the building of systems.
Industry 4.0 and the Internet of Things (IoT) are propelling full-scale manufacturing automation and demand for safety products for robotic systems. The increased use of automated guided vehicles (AGV) for transporting materials in factories and warehouses has expanded the need for emergency-stop pushbutton switches and safety laser scanners that effectively protect workers and objects.

IDEC is actively taking steps to add value and customer satisfaction by offering customized safety products for automated manufacturing systems.

One of the key industries IDEC serves is the elevator sector, and the world’s largest elevator market is China, where business opportunities have grown.

Early on, we developed a maintenance switch box in compliance with international standards for elevators used in China. This switch box, to which IDEC applied its proprietary system engineering technology, received high praise for safety, durability, slim profile and ease of use.

IDEC also launched an illuminated buzzer in compliance with the latest safety standard, which combines a buzzer and pilot light in one to both visually and audibly alert workers.

In March 2017, IDEC acquired the APEM Group, which is headquartered in France. With a history that spans more than 65 years of history, APEM manufactures and markets Human Machine Interface (HMI) products worldwide, with its strongest sales in Europe. Sales are centered on industrial switches.

The addition of APEM Group with its 10 sales and 14 manufacturing bases, will greatly enhance the IDEC Group’s global sales capabilities. Benefiting from diversities in cultures, backgrounds, product mixes and regional strengths of the two companies, IDEC and APEM aim to maximize synergies together.

The Chinese government has been promoting its “Made in China 2025” initiative to boost innovation in manufacturing and to revamp the country’s industry by applying information technology to industrialization. To meet growing demand effectively under this initiative, IDEC is improving its development and manufacturing systems while paying attention to China’s varied needs, such as automating factories and conserving energy.

To distinguish IDEC from its competitors, we train safety professionals, such as accredited safety assessors who are capable of providing safety consulting, and promote safety understanding through tradeshow exhibits.

In an effort to meet market needs quickly, we have streamlined the process of development, manufacturing and distribution. For this purpose, we opened a software development base in Shanghai, and relocated and consolidated manufacturing and distribution in Suzhou.

Reinforcing the development, manufacturing, sales and service structure in Greater China
As the economy grew in Southeast Asia, interest in workplace safety increased. Japanese manufacturers operating in this region began installing safety devices in their manufacturing plants. We continue to promote safety awareness and increase sales of safety products such as controllers, interlock switches and laser scanners, mainly to Japanese automakers. Our intention is to broaden our customer base beyond Japanese manufacturers in the near future.

Miniaturization of equipment is preferred by the semiconductor industry. Accordingly, manufacturers want various devices installed in equipment to take up less space and less time to install. IDEC’s interlock switches, the world’s smallest in their class, as well as other popular IDEC safety products, meet these requirements.

In recent years, 2D (two-dimensional) codes have gained popularity in parts traceability applications. Following this trend, IDEC has developed a new compact and high-performance 2D code scanner ideal for not only factory automation but also the medical field.

Corporations from all over the world, including Japanese manufacturers, have entered into emerging countries in Asia. Continued growth in broad industries in these countries is expected. Following IDEC’s “local production for local consumption” policy, the company established a subsidiary in Thailand in 2013 to produce and sell products in Southeast Asia and India. We continue to offer products and services tailored to regional needs.

Long-term growth in Japan’s control equipment market is less likely due to a maturing economy and factories moving overseas. However, aging populations and labor shortages in Japan offer a unique opportunity to lead the world in automation used in manufacturing. Therefore, IDEC focuses on communications and providing value-added proposals tailored to each customer. Some of our sales employees are stationed at large distributors with a nationwide customer base.

The time has come for people and robots to work collaboratively while sharing the same space. Looking beyond traditional notions regarding safety, where machines equipped with specific features operate independently to ensure worker safety, IDEC has embraced Safety2.0, a next-generation concept that ensures a higher level of personal well-being. IDEC is initiating a new business of building flexible, safe and productive production systems while providing consulting services on collaborative robot system safety.

Created the regional headquarter

In 2017, IDEC designated its Singapore subsidiary, IDEC IZUMI ASIA PTE LTD, as an Asia Pacific regional headquarter, developing and implementing sales strategies for the entire region, centering on Southeast Asia. This regional headquarter centrally controls the sales policies of previously independent IDEC subsidiaries in Singapore, Thailand and Australia, thus reducing duplications and improving efficiency. This new system will accelerate our efforts to respond quickly and flexibly to regional market needs and expand business to India, Myanmar and other emerging markets.
Strategy

Medium- to Long-Term Plan

Entering into a new chapter as a global company

As part of the growth and globalization strategy, IDEC acquired the APEM Group in March 2017. This acquisition enables us to expand our key product lineups of control devices, including industrial switches, and to expedite penetration into global markets. After strengthening our major product lines through acquisition integration, we will focus on developing products and solutions that meet a broad range of customer requirements as our industry undergoes radical changes with the advancement of IoT and robot technologies.

Our marketing strategies include aiming at selective industries where we already have an advantage and which we believe offer potential growth. Such focused effort will strengthen our established business segments and improve profitability. Also our firm commitment to addressing social challenges with our agriculture solutions and safety technology-embedded collaborative robot systems will lead to growth in new business sectors.

In the fiscal year 2018, with APEM joining the IDEC Group, we begin our march toward achieving our long-term sales goal of ¥100 billion and operating income margin of 15%.

Mikio Funaki
Senior Executive Vice President

Medium- to Long-Term Targets

<table>
<thead>
<tr>
<th>Fiscal Year 2017</th>
<th>Plan for Fiscal Year 2018</th>
<th>Long-Term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥43.4 billion</td>
<td>¥55.5 billion</td>
</tr>
<tr>
<td>EBITDA (Note 1)</td>
<td>11.0%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Operating income margin (Note 2)</td>
<td></td>
<td>8.2%</td>
</tr>
<tr>
<td>Overseas sales ratio</td>
<td>35.7%</td>
<td>50.5%</td>
</tr>
</tbody>
</table>

(Note 1) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): Operating income + Depreciation + Goodwill amortization
(Note 2) Operating income margin: Operating income margin before goodwill amortization owing to the arbitrary application of International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2020.

1. Improvements in core business sectors

- Select and focus on target industries

<table>
<thead>
<tr>
<th>Automotive</th>
<th>Machine Tools</th>
<th>Semiconductor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Packaging</td>
<td>Material Handling</td>
<td>Transportation &amp; Logistics</td>
</tr>
<tr>
<td>Robot Systems</td>
<td>Special Vehicles</td>
<td>Elevators</td>
</tr>
</tbody>
</table>

- Promote a collaborative robot systems integration business
- Expand IoT-platform product lineups
- Global business expansion

2. New businesses in high gear

- Turn fine bubble generation technology into a full-scale business venture
- Offer next-generation plant factories to lead agricultural industrialization

3. Reinforcement of operational foundation

- Develop human resources fit for global business to sustain growth
- Promote workplace diversity where individuals can make the most of their different talents and experiences
- Improve quality of management by CSR activities

Company Quality

Product Quality (PQ) + Development + Social Responsibility (CSR)

To improve both PQ and CSR as two sides of the same coin

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Mikio Funaki
Senior Executive Vice President
Acquiring APEM helps IDEC accelerate its growth

To accelerate our growth overseas, we have adjusted our organization and created regional headquarters for Europe, Americas, Asia Pacific and Greater China. In each region, we have mutualized back-office functions and strengthened our marketing and sales teams, allowing us to respond better and faster to local customers’ needs. This new organization will make it easier to rotate people in the regions and eventually, fill management positions with locally hired people.

The APEM acquisition enabled IDEC to become one of the world’s top companies in the HMI market. IDEC and APEM complement each other in products, geographic strengths and business models, creating many opportunities to grow IDEC Group’s overall sales and profit.

Synergy with APEM leads the IDEC Group to a new future

1. APEM Highlights

| APEM Highlights | Year founded 1952 | Location of headquarters France | President Grégory Sachnine | Capital 10.2 million euros | Sales 101.3 million euros (Year ended December 31, 2016) | Business activities Design, manufacture and sale of industrial switches, joysticks, keyboards and other products | Company strength Operating production and sales bases in 10 countries, APEM leverages its network of more than 130 agents in supplying products to the global market |

Arnaud Mondi
Senior Executive Officer
Sales & Marketing

2. Anticipated synergy with APEM and IDEC

- Global expansion of business

In Europe, we will leverage APEM’s extensive sales network to drastically increase sales of IDEC products while in North America, both sales organizations will cooperate to maximize sales through their different channels and to existing customers. In Asia, IDEC sales teams will add APEM products to their portfolio and accelerate the growth of APEM in the region.

- Entry into new markets

While IDEC’s main markets center on factory automation, APEM sells HMI components to a wider range of markets, including agriculture/construction special vehicles and defense/aerospace in which IDEC has little experience. Thus, APEM provides an opportunity for IDEC to enter into these new markets and more than double its market size, in addition to broadening its product lineups. This in turn leads to expanding the global market share of IDEC switches.

<table>
<thead>
<tr>
<th>Ratio of Overseas Sales</th>
<th>Before APEM Acquisition 35.7%</th>
<th>After APEM Acquisition 50.5% (Plan for fiscal year 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Global Sales Bases (Countries/Regions)</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>Number of Employees (Overseas Ratio)</td>
<td>2,222 (56%)</td>
<td>3,911 (75%)</td>
</tr>
</tbody>
</table>
Core Businesses
Providing optimal products and solutions that address prevailing needs

Safety
Contributing to safety at manufacturing sites
IDEC creates and proposes world-class robotic systems through the integration of collaborative robots and its strengths in safety-related products and technologies.

High levels of safety and productivity
Leveraging technologies accumulated since its founding, IDEC develops and manufactures safety-related products, including safety switches and emergency-stop pushbutton switches that reflect its commitment to safety, reliability and ease of use. Based on these safety products and systems, IDEC FACTORY SOLUTIONS CORPORATION provides collaborative robot systems that match the needs of its customers, contributing to improvements in quality and productivity by reducing the effects of labor shortages.

Automation
Releasing products that make IoT a reality
IDEC has been expanding its lineup of products, like programmable controllers that make IoT a reality in a variety of situations in our daily lives, in addition to manufacturing sites.

Responding to current needs
The proliferation of IoT has increased needs for operating and controlling devices remotely, and ascertaining their current status. At IDEC, we are ready to fulfill the requirements of our customers in the IoT era, having expanded our lineup of related products including programmable controllers and programmable displays with enhanced networking functionality, sensors that can identify physical objects and changes in conditions, and auto-ID systems that facilitate the traceability of items.
New Businesses
Helping solve social issues by creating new value

Fine Bubbles
Creating new industries
IDEC aims to create new industries with its world-leading fine bubble generation technology. This technology is being applied to a wide range of fields, including industrial cleansing applications and agricultural water.

Agriculture
Contributing to the industrialization of agriculture
IDEC provides a total suite of next-generation agricultural solution packages, combining its control technologies, fine bubble technologies and expertise accumulated in manufacturing, all offered in a single bundle. We encourage companies to enter the agricultural business by providing new models for profitable agricultural operations in order to make it a more compelling industry.

Taking the lead in creating international standards
Our GaLF series of fine bubble generation systems, which use a proprietary pressurized dissolution method, meet diverse needs with desktop systems for experimentation and large-flow systems for industrial use.

As a leading company that creates markets for its fine bubble products, IDEC participates in the Fine Bubble Industries Association (FBIA), which promotes fine bubble international standards and industrialization, and received International Organization for Standardization (ISO) certification for its fine bubble technologies in 2017. The Company expects to broaden the applications for its fine bubble products in a wide range of fields in the years to come.

Next-generation agricultural plants
IDEC offers complete support for next-generation agricultural plants that use solar power, ranging from engineering and construction to guidance on cultivating crops and developing distribution channels.

IDEC’s control technologies are used to automatically control a variety of conditions for growing crops, including greenhouse temperatures, the amount of sunlight, CO₂ concentration and irrigation levels. These technologies help reduce labor and boost productivity, while also stabilizing and increasing harvest volumes with its fine bubble technologies.

Providing value as a total solutions partner
Next-generation agricultural plant Sayori Manabiya Farm
Functional safety stop
Deceleration

Released SE2L safety laser scanners
We launched safety laser scanners to ensure the safety of people working near equipment and people who remain in hazardous areas.

Released the EC2B control box, to comply with global explosion-proof standards

Renewal of φ30 switches
We updated the N Series/TWT Series of panel cut φ30 control units, a key product line, with new contact blocks to improve safety and reduce man-hours.

Released the WB2F auto-ID device

Released the HW1Z illuminated buzzer

Annual General Meeting of Shareholders held
IDEC held its 69th Annual General Meeting of Shareholders at the company’s headquarters, and many shareholders participate in a social gathering after the end of the meeting.

Opened the Collaborative Safety Robot Technical Center
The center enables us to provide collaborative safety robots tailored to the needs of customers, who are considering the introduction of robots, while educating them on their use cases and how to build safe systems.

Received Robot award
Our three-position enabling switches won the Chairman’s Award in the 7th Robot Awards sponsored by the Japan Machinery Federation for ensuring safe collaboration between people and robots.

Received the Good Design Award for the FC6A programmable controller

Acquires the APEM Group

2016
5
12
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11
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2017
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10

Strategy

Topics
# CSR Management

## CSR Policy

Since its founding, the IDEC Group has engaged in Corporate Social Responsibility (CSR) activities guided by the corporate mission that each and every IDEC member contributes to society through business growth while respecting human rights and leading a meaningful life.

With an emphasis on promoting safety and helping improve the global environment through its businesses, IDEC aims to realize sustainable growth through its business activities based on the Ten Principles of the United Nations Global Compact, as well as the IDEC Group Corporate Ethics and Code of Conduct.

In April 2017, IDEC established the CSR Department and created IDEC Group CSR Charter to further strengthen these activities.

### IDEC Group CSR Charter

| To Employees | IDEC Group is committed to creating safe, friendly and motivating workplaces for employees while building Group companies where they feel proud to work. |
| To Customers | IDEC Group assures that customers receive safe and reliable products of high quality and high performance backed by its development, production and sales capabilities. IDEC Group continues to increase public trust by providing excellent services and appropriate information disclosures. |
| To Shareholders and Investors | IDEC Group fulfills its global obligations by enforcing corporate accountability and having its records available regularly to shareholders through extensive investor relations (IR) activities. The Group also strives to maintain profits that meet shareholder expectation and to increase the value of the Group. |
| To Business Associates | IDEC Group is committed to building strong partnerships for mutual success, growth and trust with its business associates by establishing fair and rational trade standards. |
| To Global and Local Communities | IDEC Group aims to contribute to global and local communities by forging partnerships with deep understanding and respect for the culture and history of each local communities. We also aim to develop a green society and a green economy through environmental activities. |

### The Ten Principles of the United Nations Global Compact

| Human Rights | Businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses. |
| Environment | Businesses should adopt a proactive approach to environmental challenges. |
| Labour | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; and the elimination of discrimination in respect of employment and occupation. |
| Anti-Corruption | Businesses should work against corruption in all its forms, including extortion and bribery. |

### Safety

#### Safety and compatibility with productivity

**Safety Principle**

IDEC, based on its principles of management with respect for fellow humans and its contribution to society through business activities, is constantly seeking to provide safer and more pleasant environments not only within the IDEC Group but in the global society.

**Safety DNA**

Believing that working to eliminate industrial accidents is a core aspect of its social responsibility, the IDEC Group provides a variety of safety and explosion-proof products to a broad range of industries. IDEC has a long history of prioritizing safety, deploying an interlocking mechanism to SB metallic switch box developed in 1950, shortly after it was founded, in order to keep workers safe. Since then, safety has been a part of the IDEC Group’s DNA.

**Promotion of qualification**

IDEC is a strong promoter of accredited safety assessors* who can make decisions in designing safety products and recommending safety measures. Not limited to Japan, IDEC employees in overseas manufacturing locations, such as Thailand and China, are being certified. As of March 31, 2017, a total of 388 IDEC Group employees were certified.

**Holding safety seminars**

We held 63 seminars throughout Japan and a total of 1,050 people attended in the fiscal year 2017, achieving the cumulative total of 35,245 attendees.

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* A safety assessor certification is offered jointly by Japan Certification Corp, Nippon Electric Control Equipment Industries Assoc (NECA), the Society of Safety Technology and Application, Japan (SOSTA), and TUV Rheinland Japan.
Environment

Through business, contribute to environmental impact reduction

Policy

Environmental Principle
Recognizing the goal of a harmonious existence with the earth that we all share, we make environmental safety and quality a top priority in all aspects of our business while pursuing sustainable business growth.

Global environmental protection
Aiming for a sustainable society, the IDEC Group is actively involved in the promotion of renewable energy through the supply and management of industrial scale, solar power systems. Moreover, we contribute to energy conservation through the development and sale of industrial LED lighting with long service lives and high luminous efficiency.

Save All
Since setting our principles for product development in 1978, the IDEC Group has focused on ways to save energy, space, maintenance and materials during the product planning and development process. This principle remains today. We continue to develop environmentally-friendly products, meeting our own set of strict design criteria.

Environment Management System
ISO14001
Guided by the ISO14001 Environmental Management System, everyone at IDEC is making his or her best effort to reduce electricity, water, paper, waste and CO2 emissions to meet the set company-wide yearly goals.

Quality

Quality is the basis of all corporate activities

Policy

Quality Assurance Principles
With “ease of use” as a primary goal of our products, all of us participate in planning and building a quality assurance system that creates excellent products customers will purchase and use with confidence in the most economical ways.

Quality assurance system
We have a comprehensive quality assurance system in place.

IDEC Quality Assurance Center
Production QA Group
Product refinement support
QA Implementation Group
Maintaining and improving IDEC Group-wide QA systems, providing quality training
Standards Management Group
Product standard certification management and standard compliance support
Reliability Evaluation Group
Product performance evaluation through reliability and testing

QA Principles
Corporate philosophy on QA
QA Guidelines
Quality by design
QA Policies
QA structure
QA Procedures
Step-by-step work manual

Quality assurance guidelines
We adopted early on and have been adhering to the fundamental principle that product quality is the core of product value. To provide products that can be used for a required time to the complete satisfaction of users, we establish QA action guidelines for each stage.

Quality education
Quality assurance training is conducted continuously and systematically in accordance with established curriculums in order to elevate the level of quality throughout the company, including in manufacturing and development. IDEC employees are encouraged to take and pass certification examinations (QC certification examinations) offered by a public standards institution. Furthermore, they are encouraged to improve product and operational quality by implementing learned concepts and techniques through QC circle activities and present results within each business unit and at company-wide conferences.

Environment

ISO14001
Changes in electricity consumption

- Specific unit of consumption economics: the consumption/evolution /change per annual basis.
- Data collected from headquarter, Tokyo, Nagoya, Osaka, Tokyo, Tottori facilities and Osaka Distribution Center.
- More information can be viewed on our website.

Quality

IDEC Report 2017
Employees

Making IDEC a rewarding place to work and fulfill one’s life

HRM Principle
Policy

HR policies are developed with the spirit of respect for humanity as the underlying principle and for the purpose of creating work environments in which people thrive. The development of human resources is to allow employees to fulfill their own missions and responsibilities by understanding the intent and the meaning of IDEC’s corporate missions and principles, realizing them and embodying them.

Human resource development

Seeking three important traits, “take on challenges” “team player” and “engage in self-improvement activities” in each employee, the IDEC Group offers training and opportunities to employees who take ownership of their jobs with an eye on the present and the future.

For human resources development, we have put in place structured internal and external training systems as well as a career advancement support system, while expanding foreign language education with the aim of nurturing personnel able to act globally. Every single Group employee in Japan takes the TOEIC® exam, and their scores are used to guide their English education.

Life-work balance

So that all IDEC employees can work without worry, the company is enhancing support for employees caring for young children or family members suffering from illnesses. For fiscal year 2017, 100% of female employees who took childcare leave returned to work.

To promote reforms in work styles, IDEC plans to introduce a one-fourth paid vacation system and a work-from-home system.

Also, we continue our efforts to make it easier for employees to maintain a good balance between work and personal life.

Childcare-Related Programs

Female employees who took childcare leave and returned to work 100%

Diversity

We recruit top-quality personnel regardless of nationality, sexual orientation or disability.

The IDEC Group promotes diversity in its workforce, and welcomes foreign workers on a structured internal and external training systems as well as a career advancement support system, while expanding foreign language education with the aim of nurturing personnel able to act globally. Every single Group employee in Japan takes the TOEIC® exam, and their scores are used to guide their English education.

Governance

More transparency, more efficiency to remain a trusted company

Corporate Governance Policy

We believe that transparency and management efficiency are fundamental elements of corporate governance. We will keep improving corporate governance in order to increase corporate value.

Goverance system

Since a corporate officer system was installed to manage the corporation efficiently, we have maintained two separate bodies of “operation performing” and of “auditing.” IDEC has proactively appointed outsiders, with four of the seven members of the Board of Directors being outside directors, and three outside auditors on the Board of Corporate Auditors. This constitutes a highly-effective supervisory and auditing system for business execution.

The Global Advisory Board, composed of experts was established to bring in diverse opinions and advice related to corporate management.

Compliance / Risk management

A booklet titled “IDEC Group Corporate Ethics and Code of Conduct,” describing our fundamental principles and action guidelines in conducting business activities, has been distributed to all employees in Japan and overseas. Training programs are offered on a regular basis to management and employees in accordance with their areas of responsibilities, rank and the number of years worked for IDEC. Moreover, IDEC has formulated and implemented Risk Management Rules with the objective of avoiding risks and minimizing damage in the event one were to materialize. The Risk Management Committee, chaired by the President, has been established to manage risk during normal operations at IDEC and Group companies, as well as to take action when risks emerge.

Audit system

Our auditors independently and fairly evaluate the process and performance of various business activities for legality and effectiveness while helping the company achieve its goals. Main auditing activities include risk management and control, evaluating the validity of the corporate governance process and recommending improvements. Completely independent from business operations, auditors also monitor and evaluate the effectiveness of each IDEC Group company’s internal control processes that affect the reliability of financial reports.
Corporate Directors & Officers

Maintaining sound, transparent and efficient management is a high priority.
# Financial Report

## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit and Loss Status (Years ended March 31)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥43,426</td>
<td>$387,042</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>14,479</td>
<td>6,372</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>2,440</td>
<td>21,754</td>
</tr>
<tr>
<td>Sales by Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>3,629</td>
<td>28,903</td>
</tr>
<tr>
<td>Europe</td>
<td>1,331</td>
<td>10,569</td>
</tr>
<tr>
<td>Japan</td>
<td>27,939</td>
<td>220,458</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>4,847</td>
<td>38,767</td>
</tr>
<tr>
<td>Sales ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales by Product Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Components</td>
<td>23,975</td>
<td>188,644</td>
</tr>
<tr>
<td>Control Systems</td>
<td>6,372</td>
<td>50,583</td>
</tr>
<tr>
<td>Software</td>
<td>4,848</td>
<td>38,767</td>
</tr>
<tr>
<td>Other Components</td>
<td>6,479</td>
<td>50,583</td>
</tr>
<tr>
<td>Sales ratio</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Financial Status (As of March 31)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>18,027</td>
<td>18,017</td>
<td>16,069</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,547</td>
<td>3,176</td>
<td>3,168</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,547</td>
<td>3,176</td>
<td>3,168</td>
</tr>
<tr>
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<td>3,176</td>
<td>3,168</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>2,440</td>
<td>21,754</td>
<td></td>
</tr>
</tbody>
</table>

## Cash Flow Status (Years ended March 31)

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>(18,545)</td>
</tr>
<tr>
<td>Financial activities</td>
<td>5,671</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>6,905</td>
</tr>
<tr>
<td>Operating income</td>
<td>21,754</td>
</tr>
<tr>
<td>Sales by Region</td>
<td>23,572</td>
</tr>
</tbody>
</table>

## Per Share Information

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
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<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
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<td>3,168</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>2,440</td>
<td>21,754</td>
<td></td>
</tr>
</tbody>
</table>

## Financial Indicators

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity (ROE)</td>
<td>7.5%</td>
</tr>
<tr>
<td>Current shareholding</td>
<td>64.8%</td>
</tr>
<tr>
<td>Dividends on equity</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

## Consolidated Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>740,464</td>
<td>530,176</td>
<td>389,055</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>466,004</td>
<td>376,088</td>
<td>262,688</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>274,460</td>
<td>254,088</td>
<td>126,367</td>
</tr>
<tr>
<td>Note 1: The Annual Report contains the consolidated statements of change in net assets and notes on financial statements. In some cases, financial data is in yen. Please refer to the company's Financial Report that was submitted to the Financial Services Agency's EDINET Electronic Disclosure for Investors’ Network System. The notes in the financial statements are not converted to U.S. dollars. The prevailing exchange rates are as of March 31, 2017 ($1 = ¥112.20) for the convenience of readers abroad.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Consolidated Statements of Income

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>Million of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>43,426</td>
<td>387,042</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>25,999</td>
<td>210,372</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>17,427</td>
<td>160,669</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>14,479</td>
<td>129,050</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>3,947</td>
<td>31,618</td>
</tr>
</tbody>
</table>

#### Non-operating income

<table>
<thead>
<tr>
<th></th>
<th>Million of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>51</td>
<td>483</td>
</tr>
<tr>
<td>Dividends income</td>
<td>22</td>
<td>198</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>44</td>
<td>395</td>
</tr>
<tr>
<td>Rent income</td>
<td>89</td>
<td>797</td>
</tr>
<tr>
<td>Others</td>
<td>89</td>
<td>797</td>
</tr>
</tbody>
</table>

**Total non-operating income** | 297 | 2,652 |

#### Extraordinary income

<table>
<thead>
<tr>
<th></th>
<th>Million of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on sales of non-current assets</td>
<td>80</td>
<td>721</td>
</tr>
<tr>
<td>Impairment loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on abandonment of non-current assets</td>
<td>8</td>
<td>71</td>
</tr>
<tr>
<td>Loss on sales of investment securities</td>
<td>7</td>
<td>67</td>
</tr>
<tr>
<td>Loss on valuation of investment securities</td>
<td>8</td>
<td>74</td>
</tr>
<tr>
<td>Restructuring loss</td>
<td>120</td>
<td>1,099</td>
</tr>
</tbody>
</table>

**Total extraordinary loss** | 224 | 2,003 |

#### Income before income taxes and other adjustments

<table>
<thead>
<tr>
<th></th>
<th>Million of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes and other adjustments</td>
<td>3,610</td>
<td>29,175</td>
</tr>
<tr>
<td>Income taxes current</td>
<td>1,037</td>
<td>8,956</td>
</tr>
<tr>
<td>Income taxes deferred</td>
<td>102</td>
<td>916</td>
</tr>
</tbody>
</table>

**Total income taxes** | 1,140 | 10,866 |

#### Net income

<table>
<thead>
<tr>
<th></th>
<th>Million of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>2,469</td>
<td>22,009</td>
</tr>
</tbody>
</table>

Net income attributable to controlling interests | 18 | 184 |

Net income attributable to owners of parent | 2,440 | 21,754 |

#### Notes

1. Amounts in the consolidated financial statements on pages 36 to 38 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2017 (US $1 = JP ¥112.20) for the convenience of readers abroad.

### Consolidated Statements of Cash Flow

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>Million of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in income taxes and other adjustments</td>
<td>3,610</td>
<td>29,175</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,141</td>
<td>10,175</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>66</td>
<td>593</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for doubtful accounts</td>
<td>4</td>
<td>38</td>
</tr>
<tr>
<td>Interest and dividends income</td>
<td>74</td>
<td>661</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>34</td>
<td>311</td>
</tr>
<tr>
<td>Foreign exchange losses (gains)</td>
<td>130</td>
<td>1,166</td>
</tr>
<tr>
<td>Share of (profit) loss of entities accounted for using equity method</td>
<td>(44)</td>
<td>(395)</td>
</tr>
<tr>
<td>Decrease in notes and accounts receivable</td>
<td>(1,260)</td>
<td>(10,340)</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>(497)</td>
<td>(4,433)</td>
</tr>
<tr>
<td>Increase (decrease) in notes and accounts payable</td>
<td>1,438</td>
<td>12,822</td>
</tr>
<tr>
<td>Increase (decrease) in inventory for product warranty</td>
<td>(145)</td>
<td>(1,299)</td>
</tr>
<tr>
<td>Increase (decrease) in net defined benefit liability</td>
<td>20</td>
<td>266</td>
</tr>
<tr>
<td>Loss (gain) on sales of non-current assets</td>
<td>(394)</td>
<td>(3,513)</td>
</tr>
<tr>
<td>Loss (gain) on valuation of investment securities</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>Loss (gain) on sales of non-current assets</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>Loss (gain) on sales of investment securities</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Loss (gain) on sales of stocks of subsidiaries and affiliates</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loss on liquidation of subsidiaries</td>
<td>8</td>
<td>74</td>
</tr>
<tr>
<td>Loss on business restructuring</td>
<td>120</td>
<td>1,069</td>
</tr>
<tr>
<td>Increase (decrease) in inventories</td>
<td>(866)</td>
<td>(7,737)</td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>7</td>
<td>67</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>160</td>
<td>1,427</td>
</tr>
<tr>
<td>Increase (decrease) in accrued expenses</td>
<td>(60)</td>
<td>(559)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(117)</td>
<td>(1,047)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable balances</td>
<td>44</td>
<td>396</td>
</tr>
<tr>
<td>Increase (decrease) in cash from share purchases</td>
<td>9</td>
<td>80</td>
</tr>
<tr>
<td>Decrease (increase) in long term accounts payable</td>
<td>6</td>
<td>42</td>
</tr>
<tr>
<td>Others</td>
<td>191</td>
<td>1,703</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,637</td>
<td>32,420</td>
</tr>
</tbody>
</table>

**Net cash provided by (used in) investing activities** | 2,644 | 23,572 |

**Net cash provided by (used in) financing activities** | 2,490 | 21,153 |

**Net cash provided by (used in) operating activities** | 2,644 | 23,572 |

**Net cash provided by (used in) investing activities** | 2,490 | 21,153 |

**Net cash provided by (used in) financing activities** | 2,490 | 21,153 |

---

Notes:
- All amounts are expressed in yen.
- All amounts are expressed in yen.
- Yen to U.S. dollars conversion is based on the prevailing exchange rate as of March 31, 2017 (US $1 = JP ¥112.20) for the convenience of readers abroad.

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IDE Report 2017 38
History

Over 70 years of Innovation

Manufacture and sale of high-quality control devices began in an era of postwar reconstruction

Having become a comprehensive control device manufacturer, steps taken to expand global business

Product development to create an “optimal environment for people and machines”

Aiming for new growth

IDEC was founded under its original name of IZUMI Shokai Co., Ltd. in 1945, the year World War II ended. At first selling electric appliances, IDEC’s forerunner soon recognized the shortage of various switch boxes that were essential for machines and began developing high-quality switch boxes, which were later to be highly praised by the industry. Passing the strict requirements of the U.S. Military Forces stationed in Japan, the switch boxes became the specified products and remained the company’s longest-selling product line. Along with our explosion-proof products that were widely used in textile/chemical plants and petrochemical complexes, these switch boxes helped boost Japan’s postwar reconstruction efforts.

As the economic boom brought increasing demand for measurement/control technologies, IDEC began manufacturing and marketing control devices while itself making the switch to become a comprehensive control device manufacturer. From the 1970s onwards, IDEC proactively advanced the development of its global business, for example by establishing overseas subsidiaries, exhibiting at European trade fairs and collaborating with highly-rated overseas corporations.

At that time, IDEC launched control units that conformed to International Electrotechnical Commission (IEC) standards, the first standards of their kind.

As business grew, IDEC bid for a public stock listing was granted in 1982. From the 1990s onwards, the manufacturing environment of HMIs (Human Machine Interfaces), in which people and machines work together, became mainstream. In responding to the need for machines and systems providing higher productivity and safety, IDEC launched Japan’s first interlock switches and enabling switches.

In commemorating our 60th anniversary in 2005, the company name was changed from IZUMI to IDEC and a new company logo was created.

In addition to making progress with the strengthening of our global business, and for example acquiring the APEM Group in 2017, we are also engaging in new businesses that will help resolve the challenges facing society. Capitalizing on technologies that the company has accumulated over the years, IDEC is inventing new possibilities largely by promoting the increased use of robot systems and measures aimed at industrializing agriculture while continuing to pursue growth to its centenary and beyond.


Miniature switches and pilot lights

Flame-proof control box

Yellow relays

Operator interfaces

MICRO-1

GalF

LB Series miniature switches and pilot lights

FT1A SmartAXIS controllers

In 1945, IDEC entered the relay market for the first time. Known for reliability and long life, these yellow general-purpose relays became our bread-and-butter products.

As economic growth brought increasing demand for measurement/control technologies, IDEC began manufacturing and marketing control devices while itself making the switch to become a comprehensive control device manufacturer.

As business grew, IDEC bid for a public stock listing was granted in 1982. From the 1990s onwards, the manufacturing environment of HMIs (Human Machine Interfaces), in which people and machines work together, became mainstream. In responding to the need for machines and systems providing higher productivity and safety, IDEC launched Japan’s first interlock switches and enabling switches.

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As business grew, IDEC bid for a public stock listing was granted in 1982. From the 1990s onwards, the manufacturing environment of HMIs (Human Machine Interfaces), in which people and machines work together, became mainstream. In responding to the need for machines and systems providing higher productivity and safety, IDEC launched Japan’s first interlock switches and enabling switches.
Company Information

Corporate Data

Corporate Name: IDEC CORPORATION
Established: March 26, 1947
Capital Stock: ¥10,056,605,173
No. of Employees: 3,911 (On a consolidated basis as of March 31, 2017)
Excluding contract and temporary employees

Stock Listing: First Section, Tokyo Stock Exchange

Head Office: 2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan
TEL.: +81-6-6398-2500 (Main number)

Tokyo Head Office: 2-15-1 Konan, Minato-ku, Tokyo 108-6014 Japan
TEL.: +81-3-5782-7690 (Main number)

Plants: Tsukuba, Amagasaki, Fukusaki, Takino

Sales Branches: Sandai, Takasaki, Ono, Mit, Tokyo, Tama, Yachiyo, Nagano, Nigata, Toyama, Kanazawa, Hamamatsu, Nagoya, Kyoto, Osaka, Okayama, Fukuyma, Hiroshima, Shikoku, Fukuoka

Distribution Center: Tatsuno

Organization Chart

General Meeting of Shareholders
Board of Directors
Top Management Meeting
C.E.O.

Internal Auditing Department
Quality Assurance Department
Corporate Social Responsibility Management Department
IT Department
Strategic Human Resources Department
CSR Department

R&D Strategy HQ
Sales & Marketing HQ
APOM
Sales Subsidiaries Overseas
Japan Sales Division
Products & Markets Strategy Division

Research & Development HQ
Manufacturing HQ
SCM HQ

Board of Corporate Auditors

Corporate Philosophy

Corporate Mission

IDEC’s ultimate mission is to make contributions to society through its business growth and ensure that each employee finds value in his or her everyday work.

Management Philosophy

IDEC is committed to the people who work for IDEC. Therefore, providing them with satisfying and meaningful employment is a top priority.

Corporate profits, which provides the means to fulfill the above, must be secured through continuous expansion of business and the success of the corporation.

Though our job responsibilities differ, we all work together to achieve common goals.

We stand firm on open management, foster mutual trust and share our success fairly.

The welfare of society is our top priority. We strive to provide superior products and services with pride and appreciation for others.

Shares of the Company

Number of shares authorized: 150,000,000
Number of shares issued: 38,224,485
Number of shareholders: 9,548

Note: Treasury stock held as of March 31, 2017 totaled 7,651,542 shares, representing changes in amounts in response to shareholders’ requests for sales or additional purchases.

Distribution of Shareholders

- Treasury stock: 7,651,542 shares
- Financial institutions: 2,984,194 shares
- Foreign corporations: 4,591,164 shares
- Individuals and others: 5,711,843 shares
- Other corporations: 1,950,854 shares
- Securities companies: 3,044,507 shares

Note: The description of major shareholders above conforms to the content disclosed in the Annual Securities Report.

Major Shareholders (Top 10)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares (Thousands of shares)</th>
<th>Holdings (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>3,395</td>
<td>11.22</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
<td>1,452</td>
<td>4.81</td>
</tr>
<tr>
<td>Funaki Kosen Ltd.</td>
<td>1,041</td>
<td>3.44</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>812</td>
<td>2.69</td>
</tr>
<tr>
<td>Keijiro Fujita</td>
<td>780</td>
<td>2.58</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>624</td>
<td>2.06</td>
</tr>
<tr>
<td>JIBN GOVERNMENT OF NORWAY</td>
<td>585</td>
<td>1.93</td>
</tr>
<tr>
<td>Tsuru Funaki</td>
<td>575</td>
<td>1.90</td>
</tr>
<tr>
<td>Trust &amp; Custody Services Bank, Ltd.</td>
<td>534</td>
<td>1.77</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>514</td>
<td>1.70</td>
</tr>
</tbody>
</table>

Note: As of March 31, 2017