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Phone: +81-6-6398-2500
http://www.idec.com/
Think Automation and beyond...

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

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 pro/f_its, which provides the means to fu/l/f_ill 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 make the point of contact, where people interface with machines, easy, safe and secure.

The welfare of society is our top priority. We strive to provide superior products and services with pride and appreciation for others.
IDEC continues to take on the challenges of contributing toward a safe and sustainable society while striving to become a truly global company.

In pursuit of the corporate mission of making social contributions as part of all its endeavors since its founding, IDEC has been dedicated to providing a wide range of products and services centering on control and safety technologies.

Having celebrated its 70th anniversary in March 2017, IDEC added the APEM Group headquartered in France to the IDEC Group, changing the geographic revenue structure and transitioning into a global business. Now, more than 50% of its Group-wide revenue is generated outside of Japan. To pursue sustainable growth on a global scale, we are advancing toward our 100th anniversary and beyond with the spirit of taking on challenges, being a team player, and encouraging self-development while striving for constant improvement. This is essential because we believe that no company can enjoy success in the future if it remains satisfied with what it does in the present.

As part of our transformation strategy, we established the CSR (Corporate Social Responsibility) Committee in April 2018. To further promote our CSR activities as a participant in the United Nations Global Compact, we have adopted Sustainable Development Goals (SDGs). To achieve these SDGs, the CSR Committee is now leading our efforts to solve social issues through our business activities. We believe that by doing so we will increase corporate value.

The IDEC Group is committed to taking an active part in building a safe and sustainable society.

Create Social Value through IDEC’s Business Activities

We contribute to achieving the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015. The SDGs are comprised of 17 goals to be achieved by 2030 and 169 targets to be met for the purpose of achieving these goals.

We promote CSR activities in the focused fields of the environment (E), social (S), and governance (G), adding to them safety (Sa) and quality (Q), which are our strengths.

IDEC Report 2018
Increase Corporate Value and Ensure Sustainable Growth through Innovations and Challenges

Performance for the fiscal year ended in March 2018

In Japan, increased capital spending boosted sales of our core products, including safety devices and Human-Machine Interface (HMI) solutions, which is a category that includes control switches. Outside Japan, APEM sales revenues, especially in Europe, made a significant contribution to IDEC’s overall HMI solution product sales after its acquisition in 2017. In China and the Asia Pacific region, rising demand for manufacturing automation brought a steady sales increase in panel solution products and safety devices. Sales growth for automation solution products, including operator interface sales, was especially strong in the Americas. As a result, consolidated year-end world-wide sales, operating income, and operating income margin were $562 million (up 45.3% from previous year), $57 million (up 81.9% from previous year), and 10.2%, respectively. Both consolidated sales and income set a new record. We issued an annual cash dividend of $0.47 per share. Dividends on equity (DOE) was 4.0%.

Business Development

Our long-term objective is to achieve $1 billion in sales and 15% or higher in operating income margin. APEM Group joined the IDEC Group in March and Welcat Inc., an automatic identification device manufacturer, joined in August of 2017. Throughout fiscal year 2019, we will be focusing on uniting and creating worldwide synergies with APEM Group and Welcat Inc. to build a solid foundation and reach these performance goals. Our plan for the fiscal year includes advancing our core business segments by accelerating growth of our safety-related business. We have been paying close attention to our new businesses, including renewable energy, next-generation agriculture solutions, and collaborative safety robot systems, to support social and environmental causes. Our work in these areas will continue.

IDEC is committed to increasing corporate value and ensuring sustainable business growth through innovations and challenges. To our shareholders, customers, business associates, employees, and local and global communities, we sincerely thank all of our stakeholders for your support.

Financial Highlights

<table>
<thead>
<tr>
<th>(Millions of U.S. dollars)</th>
<th>562</th>
<th>+45.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>562</td>
<td>+45.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ratio of overseas sales</th>
<th>52.9%</th>
<th>+17.2 point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income margin</td>
<td>10.2%</td>
<td>+2.0 point</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROE</th>
<th>13.5%</th>
<th>+6.0 point</th>
</tr>
</thead>
</table>

1 Amounts in U.S. dollars are calculated at the prevailing exchange as of March 31 in every fiscal year. Exchange rate (1 U.S. dollar): FY2014 (¥102.92), FY2015 (¥120.27), FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27).
Value Creation Process

Leveraging the core technologies cultivated through the manufacture of products that deliver safety and peace of mind, IDEC supports the creation of an optimal environment for people and machines. At the same time, we contribute to labor savings and efficiency improvements through automation, and the reduction of environmental impact from manufacturing sites to daily-life scenes around the world.

IDEC’s social mission

Create an optimal environment for people and machines

Realize safety and peace of mind

Improve automation, labor savings, and efficiency

Reduce environmental impact

Business Overview

Value Creation Process

Social issues

- Rising labor cost
- Shortage of agricultural labor
- Accelerated medical needs
- Further aging of society
- Industrial accidents
- Rapid increase in logistics volume
- Global warming
- Increase in traffic volume
- Social responsibility that forms the foundation of our business

IDEC’s social mission

Social issues

- Manufacturing site
- Daily-life scenes

Business category / Major products

Social value of products / businesses

Main relevant SDGs

Net sales / Year-on-year

<table>
<thead>
<tr>
<th>Business category / Major products</th>
<th>Social value of products / businesses</th>
<th>Main relevant SDGs</th>
<th>Net sales / Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMI Solutions</td>
<td>Creating an optimal environment</td>
<td>Pursuing safety</td>
<td>265 Millions of U.S.</td>
</tr>
<tr>
<td></td>
<td>for people and machines</td>
<td>and ease of use</td>
<td>dollars</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality assurance</td>
<td>+131.2%</td>
</tr>
<tr>
<td>Panel Solutions</td>
<td>Reducing consumed energy</td>
<td>Providing optimal</td>
<td>106 Millions of U.S.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>light for various</td>
<td>dollars</td>
</tr>
<tr>
<td></td>
<td></td>
<td>applications</td>
<td>+12.7%</td>
</tr>
<tr>
<td>Automation Solutions</td>
<td>Solutions to shortage of workers</td>
<td></td>
<td>77 Millions of U.S.</td>
</tr>
<tr>
<td></td>
<td>Achieving sophisticated management</td>
<td></td>
<td>dollars</td>
</tr>
<tr>
<td></td>
<td>control in medical institutions</td>
<td></td>
<td>+42.0%</td>
</tr>
<tr>
<td></td>
<td>Solutions for achieving automation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>in cases of increased in logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Solutions for factory automation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>in diverse manufacturing industries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety and Explosion Protection</td>
<td>Eliminating industrial accidents</td>
<td></td>
<td>59 Millions of U.S.</td>
</tr>
<tr>
<td>Solutions</td>
<td>Promoting international standardization</td>
<td></td>
<td>dollars</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+27.9%</td>
</tr>
<tr>
<td>Systems</td>
<td>Constructing optimal systems by</td>
<td></td>
<td>27 Millions of U.S.</td>
</tr>
<tr>
<td></td>
<td>combining control devices and</td>
<td></td>
<td>dollars</td>
</tr>
<tr>
<td></td>
<td>technologies</td>
<td></td>
<td>+10.4%</td>
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<tr>
<td>New Businesses</td>
<td>Utilizing natural energy</td>
<td></td>
<td>26 Millions of U.S.</td>
</tr>
<tr>
<td></td>
<td>Promoting the use of renewable</td>
<td></td>
<td>dollars</td>
</tr>
<tr>
<td></td>
<td>energy</td>
<td></td>
<td>-49.6%</td>
</tr>
<tr>
<td></td>
<td>Promoting the healthy growth of</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>legislation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Creating a safe and comfortable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>environment in global society</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Business Overview

Global Network

Sales ratio by region
* Region classification has been changed from the fiscal year ended in March 2018.
* Exchange rate (1 U.S. dollar) : FY2018 (¥106.27)

- Americas: 15.5% 87 Millions of U.S. dollars
- EMEA: 16.7% 94 Millions of U.S. dollars
- Greater China and Asia Pacific: 20.7% 116 Millions of U.S. dollars
- Japan: 52.9% 264 Millions of U.S. dollars

Total: 562 Millions of U.S. dollars

Americas

Sales bases: 4
Distributors: 200
Manufacturing bases: 1
No. of employees: 203

EMEA (Europe, Middle East, Africa)

Sales bases: 9
Distributors: 80
Manufacturing bases: 9
No. of employees: 1,160

Asia Pacific

Sales bases: 3
Distributors: 120
Manufacturing bases: 40
No. of employees: 200

Greater China

Sales bases: 21
Distributors: 120
Manufacturing bases: 5
No. of employees: 1,224

Japan

Sales bases: 33
Distributors: 100
Manufacturing bases: 7
No. of employees: 1,086

Sales ratio by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales ratio</th>
<th>No. of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>15.5%</td>
<td>203</td>
</tr>
<tr>
<td>EMEA</td>
<td>16.7%</td>
<td>1,160</td>
</tr>
<tr>
<td>Greater China and Asia Pacific</td>
<td>20.7%</td>
<td>1,224</td>
</tr>
<tr>
<td>Japan</td>
<td>52.9%</td>
<td>1,086</td>
</tr>
</tbody>
</table>

Business Overview

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (Millions of U.S. dollars)</th>
<th>No. of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>87</td>
<td>203</td>
</tr>
<tr>
<td>EMEA</td>
<td>94</td>
<td>1,160</td>
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<td>116</td>
<td>1,224</td>
</tr>
<tr>
<td>Japan</td>
<td>264</td>
<td>1,086</td>
</tr>
</tbody>
</table>

Ratio of overseas sales
52.9%

Ratio of overseas employees
72.0%

IDEC Corporation (Head Office)

IDEC Corporation
IDEC Factory Solutions Corporation
Welcat Inc.
IDEC Systems & Controls Corporation
IDEC Auto-ID Solutions Corporation
IDEC Logistics Service Corporation

IDEC Corporation (U.S.)
APEM Inc (U.S.)
APEM SAS (France)
APEM Components Ltd (UK)
M.E.C. A/S (Denmark)
APEM Italia Srl (Italy)
APEM GmbH (Germany)
APEM AB (Sweden)
APEM B.V. (The Netherlands)
SACEM (Tunisia) Two other bases

IDEC IZUMI TAIWAN CORPORATION

IDEC (SHANGHAI) CORPORATION (PRC)
IDEC (SHENZHEN) CORPORATION (PRC)
IDEC (BEIJING) CORPORATION (PRC)
IDEC TAIWAN CORPORATION (Taiwan)
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APEM Ltd. (PRC)
TAICANG CONET ELECTRONICS CO., LTD. (PRC)
CONET TAIWAN CO., LTD. (Taiwan)
APEM Wujin Electronics Co. Ltd (PRC)
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IDEC IZUMI SUZHOU CO., LTD. (PRC)
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IDEC IZUMI TAIWAN CORPORATION (Taiwan)
Product Groups

Providing optimal products and solutions that meet the needs of the times

To respond to diverse and changing customer needs over time, IDEC provides a broad range of products and solutions centered on its control technology. We are committed to supporting the future of manufacturing and daily life by continuously providing new value through the use of core technologies we have innovated over many years.

HMI Solutions

- Control switches
- Emergency-stop switches
- Joysticks

Automation Solutions

- Programmable logic controllers
- Operator interfaces
- Sensors

Panel Solutions

- Relays
- Terminal blocks
- Switching power supplies

Safety and Explosion Protection Solutions

- Explosion protection devices
- Safety-related devices

New Businesses

- Collaborative safety robot systems
- Operation of collaborative safety robot website
- Provision of application packages

Sales ratio by product group

- HMI Solutions: 265 millions of U.S. dollars (47.2%)
- Panel Solutions: 106 millions of U.S. dollars (19.0%)
- Automation Solutions: 77 millions of U.S. dollars (13.7%)
- Safety and Explosion Protection Solutions: 59 millions of U.S. dollars (10.6%)
- Systems: 27 millions of U.S. dollars (4.9%)
- New Businesses: 26 millions of U.S. dollars (4.6%)

Total: 562 millions of U.S. dollars

* Product classification has been changed from the fiscal year ended in March 2018.
* Exchange rate (1 U.S. dollar) : FY2018 (¥106.27)
Creating an optimal environment for people and machines by leveraging control technologies accumulated since our founding

As a leading company in the field of Human-Machine Interface (HMI)—the point of contact between people and machines—IDEC contributes to realizing a safe and secure society by providing innovative solutions globally, not only for the factory automation (FA) industry but also in familiar daily-life situations.

**HMI Solutions**

In 2017, the French manufacturer of industrial switches APEM Group joined the IDEC Group. By broadening our product lineups and expanding into new markets, we can offer a wider variety of products to customers in a more diverse range of industries.

**HMI Solutions Lineup**
- Control switches
- Emergency-stop switches
- Buzzers
- Pilot lights

**APEM’s Products**
- Industrial switches
- Joysticks
- Keyboards
- LED indicators

**TOPICS**
- Globally standardizing contact blocks for our mainstay control switches

The new universal contact block* features enhanced safety and ease of use, and contributes to the optimization of efficient inventory management. Furthermore, the global standardization of contact blocks works towards the strengthening of IDEC’s competitiveness, by allowing the use of common components and materials for production, and ensuring greater manufacturing automation.

* A component for connecting a switch to various types of equipment
Panel Solutions

Resolving customers’ challenges with a full lineup of products for inside the panel

Due to increasing need for space-saving and cost-reduction devices, the miniaturization of control panels has received considerable attention. IDEC solves this problem by providing customers with a varied lineup of in-panel products that enable space saving and increase operational efficiency, including relays*1 and circuit protectors.*2

*1: A switching device used to switch an electrical circuit on and off with electric signals
*2: An overcurrent protection device

Panel Solutions Lineup

- Relays
- Sockets
- Timers
- Terminal blocks
- Switching power supplies
- Circuit protectors
- LED illumination units

TOPICS

- LED illumination units perfect for machine tools and industrial machines

LF1D/LF3D industrial LED illumination units can illuminate a broad area uniformly and brightly, contributing to increased operational efficiency. Offering a reduced reflection of the light source on the work area and significantly reduced multi-shadow effect, LF1D/LF3D LED illumination units are ideal for industrial machine applications.
Automation Solutions Lineup

Programmable logic controllers
- Teaching pendants
- IDEC SmartRelays

Operator interfaces

Fixed-type code scanners

Handheld code scanners

Handheld terminals

Wearable terminals

Communication devices

Sensors

TOPICS

Programmable logic controller (PLC) that easily enables IoT
IDEC released the FC6A Plus PLC, which can control large machines or an entire small-scale production line. The FC6A Plus delivers significantly improved basic performance compared to conventional PLCs. Also, using a dedicated application compatible with both iOS and Android OS, remote control from mobile terminals is possible.
To realize the harmonious coexistence of people and machines, IDEC provides safety-related devices, reflecting its firm commitment to safety, reliability and ease of use. We aim to become the number one company in the world that pursues and realizes safety, through the creation of new standards, such as the next-generation safety concept “Safety2.0”, and safety promotion activities including safety consulting services.

**Safety and Explosion Protection Solutions**

Providing solutions that enhance safety and productivity, as a leading company in safety products and technologies

To realize the harmonious coexistence of people and machines, IDEC provides safety-related devices, reflecting its firm commitment to safety, reliability and ease of use. We aim to become the number one company in the world that pursues and realizes safety, through the creation of new standards, such as the next-generation safety concept “Safety2.0”, and safety promotion activities including safety consulting services.

**Enabling switches**

**Safety laser scanners**

**Interlock switches**

**Emergency-stop control boxes**

**Safety consulting**

**Relay barriers**

**Control boxes**

**Frameproof LED**

**Operator interfaces**

**Network camera systems**

**TOPICS**

The safety concept in the HMI environment is shifting from a man-machine isolation approach, to a collaborative safety-oriented approach. In anticipation of the more widespread use of robots, driven by the robot revolution, information society characterized by IoT and the concept of Connected Industries, IDEC will continue its relentless quest to deliver safety and peace of mind to manufacturing sites.

**TOPICS**

Ideal for overseas plants

<Explosion protection control box EC2B>

The EC2B features a stainless steel box with high corrosion and environmental resistance, compliant with major global explosion protection standards.

* A device that limits the voltage and current that can reach a hazardous area under overcurrent conditions.

By promoting the acquisition of overseas explosion protection certifications including IECEx (International explosion protection product certification), ATEX (the European directive for explosion protection) and UL standards (North America), we are able to offer a wide variety of explosion protection products that respond to global market needs. We also provide explosion protection LED illumination units and cameras to ensure safety in explosion protection environments, such as oil plants and chemical plants, while achieving energy savings and reduced maintenance.

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1 Safety-related devices to be incorporated into teaching pendants for robots or machine tools, etc.
New Businesses

Offering optimal solutions to each customer by visualizing their problems

IDEC proposes system solutions uniquely tailored to individual customer needs, by combining optimal collaborative safety robots with safety-related devices and systems featuring its proprietary technologies. IDEC contributes to improving productivity and relieving labor shortages at industrial sites.

Creating new value by contributing to resolving social issues

Taking full advantage of the control, environmental and fine-bubble technologies it has cultivated over many years, IDEC vigorously promotes various new businesses including next-generation agricultural solutions and the renewable energy business. This contributes to the resolution of various social issues arising on a global scale, such as a decrease in the labor population and global warming.

New Business Lineup

- Collaborative safety robot systems
- Operation of collaborative safety robot website
- Provision of application packages
- Next-generation agricultural solutions
- Renewable energy business

TOPICS

Collaborative safety robot systems
IDEC has established Collaborative Safety Robot Technical Centers in Aichi Prefecture and Tokyo. The Centers provide optimal collaborative safety robot systems that best fit each customer's needs, while offering proposals on the uses of robots and how to build a safety system.

TOPICS

Next-generation agricultural solutions
IDEC aims to create new industries with its world-leading fine-bubble technology, while at the same time working to promote the creation of international standards for this technology. We are finding applications in a wide range of fields that benefit from bubble technology, including industrial cleaning and growth promotion in agriculture and fisheries.

TOPICS

Renewable energy business

IDEC bubble technology

Ultrafine bubble generator

Collaborative Safety Robot Technical Center (Aichi Prefecture)
Aiming for sustainable growth by transforming IDEC into a truly global company

The IDEC Group holds the long-term vision of contributing to global socioeconomic development through continued business growth attained by advancing control technologies we have developed over many decades. At the same time, we have taken on the challenge of inventing new technologies. To realise this vision, in 2017 we acquired APEM Group, a Human-Machine Interface (HMI) manufacturer based in France. This acquisition strengthened our position in the HMI field, which is one of our core businesses.

Adding APEM Group to the IDEC Group broadened our HMI product lineup, such as control switches, and has helped open up new markets. The move brought IDEC closer to the top position in the global HMI market. In the field of safety devices, where we excel, we continue to lead in setting new safety standards. This is based on our new generation concept, “Safety2.0” and our promotion of the use of safety devices. Our intention is for the IDEC brand to be recognized as “the world’s safest.”

Beyond improving on our strengths, we will focus on expanding new businesses by leveraging our wide collection of technologies in industrial controls, environmental conservation and fine-bubbles. We believe that growth in our new business ventures will support environmental, economic and social progress. By transforming IDEC into a truly global company, we strive to achieve ¥1 trillion in sales and 15% or higher in operating income margin.

Mikio Funaki
Senior Executive Vice President

Our efforts to transform IDEC into a truly global company

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2018</th>
<th>Fiscal Year 2019 (Plan)</th>
<th>Long-Term Objective</th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥562 trillion</td>
<td>¥595 trillion</td>
<td>¥1,000 trillion</td>
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<tr>
<td>EBITDA margin (Retail)</td>
<td>15.8%</td>
<td>17.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>10.2%</td>
<td>11.5%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Overseas sales ratio</td>
<td>52.9%</td>
<td>52.8%</td>
<td>60.0%</td>
</tr>
</tbody>
</table>

(Note) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): Operating income + Depreciation + Goodwill amortization + interest expenses
*Exchange rate (1 U.S. dollars): FY 2018 (¥106.27), FY 2019 (¥105.00), Long-term objective (¥100.00)

1. Boost core businesses
Focus on industries with high growth potential where IDEC excels

We have full-time teams assigned to different industries to offer flexible support to diverse social issues and customer needs. This is in response to factors such as growing IoT, advanced automation, stronger safety requirements. We provide value-added and competitive solutions worldwide by improving the efficiency of marketing resources and reinforcing our relationships with customers.

2. Expand new businesses
Take advantage of our core technology to create new values

IDEC, known for its technologies in manufacturing, is revolutionizing agriculture by using solar power in next-generation plants. Our renewable energy business and other new businesses, which utilize our collaborative safety robot systems and fine-bubble technologies, are creating new value and making social contributions.

3. Reinforce our management base
Maximize corporate value

A corporation is evaluated not only by the quality of its products, but also by a wide spectrum of management attributes, including ecological and social contributions and corporate governance. We are working tirelessly to maximize corporate value through Group-wide CSR activities, promotion of diversity, and global human resource development.
With the acquisition of APEM and its very complementary geographic coverage to IDEC’s, we significantly increased our global presence. By leveraging the respective sales channels of each company and consolidating our sales, distribution and manufacturing locations, we will further increase efficiency and drive further growth.

We are building a system that enables us to provide products, solutions and services that are best suited to the various market needs in the key regions, each being managed by regional headquarters in Americas, Europe, Greater China and Singapore.

We will enhance digital marketing globally, and create an effective system to increase sales by providing timely information according to customer requirements, as well as enhancing marketing and sales activities based on data.

Expand global business and accelerate growth

Regional Strategies and Sales

**Americas**
- Expand automation and safety business through enhancement in technology and partnerships
- Leverage IDEC–APEM collaboration to expand HM product solutions with a broader customer base
- Maximize presence through focusing on selling solutions to key verticals
- Establish a foundation for environmental business

**EMEA**
- Consolidate APEM and IDEC operations in Europe
- Leverage APEM extensive sales network to increase sales of IDEC products
- Increase IDEC brand awareness by launching new products and increased promotional activities
- Expand presence in EMEA region

**Japan**
- Leverage strong IDEC network to develop sales of APEM products and new offers
- Implement sales channel strategy focusing on HM products
- Leverage IDEC Group strengths to further develop our Auto-ID business
- Focus our efforts on robust industries
- Drive international standards

**Asia Pacific**
- Develop alliance with local partners in growing markets and industries
- Broaden our presence in India and other emerging countries
- Strengthen collaboration with channel partners to increase our coverage
- Focus on key industries segments

**Greater China**
- Provide solutions to industries impacted by China Manufacturing 2025 initiative
- Introduce new products designed for the Chinese market
- Reorganize the sales network and enhance the collaboration with our sales partners
- Strengthen our organization to meet the growing demand for safety

<table>
<thead>
<tr>
<th>Americas</th>
<th>EMEA</th>
<th>Japan</th>
<th>Asia Pacific</th>
<th>Greater China</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td><strong>2017</strong></td>
<td><strong>2018</strong></td>
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<td>25</td>
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<td></td>
</tr>
<tr>
<td>32</td>
<td>37</td>
<td>36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Millions of U.S. dollars
* Exchange rate (1 U.S. dollar): FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27)
We aim to maximize our corporate value through CSR activities integrated with human resources strategies.

The IDEC Group is actively involved in CSR activities. This is due to the corporate mission established upon our founding, which requires: “for all employees to respect humanity as we contribute to society and economy through business growth.”

Most importantly, we keep “spreading safety” and “contributions to the global environment” through our business at the center of those activities. Based on the “IDEC Group Corporate Ethics and Code of Conduct” and the Ten Principles of the United Nations Global Compact, we aim for sustainable growth through our business activities.

In 2017, we established the “IDEC Group CSR Charter.” Here, based on our corporate mission, “management with respect for humanity,” we declare that we will maximize the happiness of all stakeholders.

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**Social**

To remain a company that is needed by society

**HRM Policy**

The IDEC Group is committed to respecting people and developing people. In line with the underlying spirit of respect for human rights, we implement a variety of personnel measures to create an environment where all employees can grow and thrive personally and professionally. We develop individuals who can fulfill their own missions and responsibilities by practicing and embodying the fundamental policies with full understanding of their aims and contents.

**Diversity**

We promote diversity in the workplace by hiring employees, based on qualifications, regardless of nationality, sexual orientation or disability. One of the Group companies, IDEC LOGISTICS SERVICE CORPORATION actively hires and works to retain people with disabilities. As of March 2018, the company employed 11 employees with disabilities (employment rate of persons with disabilities: 10.6%). We also accept foreign technical interns on a continuous basis and provide support to help them learn technical skills, as well as the Japanese language and culture.

**Support for disaster relief**

In order for us to provide support quickly to disaster-affected areas when a large-scale disaster occurs in Japan or abroad, we have established rules for disaster relief donations, in accordance with the way we donate relief funds. We have also adopted a matching gift system under which the company calls on employees to donate funds and then donates an amount equal to the amount donated by the employees.

Donations made in the fiscal year ended in March 2018

- Northern Kyushu Heavy Rainfall Disaster (donated to the Japanese Red Cross)
- U.S. Hurricanes Harvey and Irma (donated to the American Red Cross)

**Social contribution activities**

In 2017, IDEC was registered as a Blood Donation Supporter and has actively cooperated in blood donation activities of the Japanese Red Cross Society. As part of our activities for contributing to the local community, the IDEC Group welcomes visits by students conducting integrated study activities. As part of the Month of Giving in December 2017, we conducted a book donation program called “Arigato-Bon” to collect disused books and CDs from employees and distribute them to non-profit organizations (NPOs). A total of 107 books and CDs were collected.

**Commitment to Employees**

**Life-work balance**

The IDEC Group places the highest priority on employee wellbeing. Reflecting this attitude, we use the term “life-work balance,” instead of “work-life balance,” and have actively worked to create an employee-friendly work environment to help employees fulfill their potential at work and in their personal lives.

As part of such efforts, we offer a wide range of support programs (beyond legal requirements) for employees undertaking childcare or nursing care. In the fiscal year ended in March 2018, both the childcare leave-taking rate and the return-to-work rate among female employees were 100%.

**Human resources development**

The IDEC Group values “take on challenges,” “team player,” and “engage in self-improvement activities,” and strives to develop globally competent individuals who demonstrate these traits.

In fiscal year 2016, we implemented a drastic reform of our employee training system and introduced new in-house training programs, including a program for fostering next-generation executive candidates, in which outside directors with rich management experience serve as lecturers. In this way, we actively promote human resources development activities.

**Toward using English as an official corporate language**

Aiming to become a truly global company, we plan to use English as an official corporate language from 2020. In line with this plan, we provide various English education programs, including an overseas trainee program for mid-career and young employees, and make the TOEIC® test mandatory for all group company employees in Japan. In addition, the English Café Club is held, where interested employees gather to learn English through free conversation, watching films and other fun activities.

**Highly ranked in human resource utilization**


**Acquisition of Kurumin Mark**

In accordance with the Act on the Advancement of Measures for Support of the Raising of Next-Generation Children, IDEC has developed and implemented a voluntary action plan for childcare support. In recognition of our childcare support efforts, in July 2017 we received the Kurumin Mark certification from the Minister of Health, Labour and Welfare of Japan.

Our childcare support programs include providing partial pay during childcare leave, and reducing non-scheduled working hours. We also plan and implement awareness-raising activities to promote the taking of paid annual leave.

**IDEC’s human resource development programs**

- Hierarchical training
  - Global training
  - Internal training
  - External training
  - Evaluation and counseling

- Mid-career employees
  - Fifth year training
  - Fourth year training
  - Third year training
  - New employee training

- Young employees
  - First year training
  - Second year training

- New employee training
  - Independent training
  - Group training
  - External training
  - Evaluation and counseling
IDEC, based on its policy 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 global society.

Safety Policy

The IDEC Group believes that contributing to eliminating industrial accidents is its major social responsibility. Under this belief, the Group provides a variety of safety and explosion protection products and services. IDEC has long been known for its superior safety technologies. The SB metallic switch box, developed in 1950, shortly after it was founded, incorporated an interlocking mechanism to ensure worker safety. Since then, safety has been part of the IDEC Group’s DNA. We will continue striving to improve safety at manufacturing sites and in daily-life scenes, through the implementation of the Vision Zero initiative, which advocates zero accidents.

IDEC promotes the acquisition of safety assessor certification, as part of development of certiﬁed safety assessors*

Promotion of Safety2.0 (collaborative safety) and safety awareness activities

The IDEC Group aims to further promote Robot Innovation and Connected Industries through the pursuit of the next-generation safety concept “Safety2.0” (collaborative safety), which seeks to achieve safety and productivity through the collaboration of humans and machines.

As part of efforts to eliminate industrial accidents, we hold manufacturing safety seminars and explosion protection safety seminars throughout Japan. As of March 31, 2018, we have held a total of 1,570 sessions, with a total of 57,115 attendees.

IDEC aims to achieve both safety and productivity in accordance with the hierarchical training curriculum in order to raise the level of quality throughout the company, including in manufacturing and development. We encourage our employees to take quality control certification examinations (QC certification) recognized by the Japanese Society for Quality Control, to assess and improve their competency in quality improvement. We also encourage them to apply the quality management concepts and statistical methods learned through various quality education programs in their daily work and QC circle activities. This ensures the continuous improvement of product quality and processes.

Quality Assurance Policy

Ease of use is the IDEC Group’s top priority in terms of quality. To deliver high-quality products that customers can purchase and use with peace of mind and satisfaction, and to secure technologies that allow such products to be produced at the lowest cost possible, we have established a quality assurance system in which all employees play a part in ensuring the quality of IDEC products.

Quality assurance policy and quality assurance guidelines

Excellence in quality is the core value of our product—we have steadfastly adhered to this policy since our founding. Based on this quality assurance policy, we have established the Quality Assurance Guidelines, which articulate the actions to be executed systematically at each stage to provide reliable products that can be used with satisfaction by users over the required period of time.

IDEC has established and implemented a quality management system to provide products and services that meet the quality requirements of customers and markets. We have already obtained third-party certificates in accordance with ISO 9001, the International Standard for Quality Management System.

Development of certiﬁed safety assessors*

IDEC promotes the acquisition of safety assessor certification, as part of efforts to develop employees who have a good understanding of international safety standards and to create safer manufacturing environments through the development of sale products and by providing safety education and consulting services for users.

As of March 31, 2018, a total of 406 IDEC Group employees were certiﬁed around the world, including in Japan, China and Thailand.

Quality education

Quality management training is provided continuously and systematically in accordance with the hierarchical training curriculum in order to raise the level of quality throughout the company, including in manufacturing and development. We encourage our employees to take quality control certification examinations (QC certification) recognized by the Japanese Society for Quality Control, to assess and improve their competency in quality improvement. We also encourage them to apply the quality management concepts and statistical methods learned through various quality education programs in their daily work and QC circle activities. This ensures the continuous improvement of product quality and processes.
Environmental Policy
Recognizing harmonious existence with the earth as a desire shared by all humankind, the IDEC Group makes environmental protection a top priority in all aspects of its business activities, thereby aiming to achieve sustainable growth.

Businesses contributing to protecting the global environment
Taking advantage of its control and environmental technologies cultivated over many years, the IDEC Group is undertaking various environment-related businesses, including the mega solar business, the development of agricultural plants that incorporate fine bubble technology, and cleaning-related businesses, including the mega solar business, the development of agricultural plants that incorporate fine bubble technology, and cleaning

Environmental impact reduction based on ISO 14001
Based on the ISO 14001 Environmental Management System, we set annual targets and make company-wide efforts to reduce electricity, water and paper consumption, the amount of general waste, and CO₂ emissions to meet the set targets.

Environmentally-friendly products
The IDEC Group established its basic policy for product development in 1981. Since then, we have striven to achieve optimal control of the product development process based on the principle of “saving.” Energy saving, space saving, maintenance saving and resource saving—the principle of “saving” remains the same to this day. We continue to develop environmentally friendly products that meet our own set of strict design criteria.

Corporate Governance Policy
Under the belief that ensuring the transparency and efficiency of management for stakeholders is a fundamental element of corporate governance, the IDEC Group strives to continuously strengthen its corporate governance to enhance its corporate value.

Audit & Supervisory Committee
With the resolution adopted at the General Meeting of Shareholders held in June 2018, the IDEC Group will shift to a Company with an Audit and Supervisory Committee. Through this transition, we, as a global company, have established a system that enables speedy decision-making, by delegating the whole or part of important business execution decisions to the executive directors. Under the current system, all directors, including Audit and Supervisory Committee members, have voting rights, facilitating more active discussions among the directors from their respective roles—business execution, audit and supervision—thereby strengthening the auditing and supervisory functions of management.

Compliance / Risk management
We have created a booklet titled “IDEC Group Corporate Ethics and Code of Conduct,” which sets forth the fundamental principles and action guidelines to be observed by all employees of the IDEC Group in carrying out their duties. The booklet is distributed to all IDEC Group employees in Japan and overseas, and training programs are offered on a regular basis to management and employees in accordance with their length of service and job responsibility/position. Furthermore, with the aim of avoiding risks and minimizing damage in the event of a crisis, we have established the Risk Management Rules. The Risk Management Committee has been set up under the CSR Committee to conduct risk assessments for the entire IDEC Group and respond effectively to a crisis should one occur. We have also established the IDEC Hotline to respond to consultations and whistle-blowing reports regarding corporate ethics violations. In addition to the internal reporting hotline, an external hotline has been set up for Group employees around the world who are hesitant to bring their concerns to an internal organization. We are making group-wide efforts to prevent and detect risks early.

For further information, please refer to “IDEC Group Corporate Ethics and Code of Conduct” in the IDEC Report 2018.
We pursue sound, transparent and efficient management

*With the resolution adopted at the General Meeting of Shareholders held in June 2018, the IDEC Group will shift to a Company with an Audit and Supervisory Committee.
Corporate Data
Financial Report

Consolidated Balance Sheets

As of March 31, 2018 and 2017

<table>
<thead>
<tr>
<th>Thousands of U.S. Dollars</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>105,860</td>
<td>116,129</td>
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<tr>
<td>Notes and accounts receivable-trade</td>
<td>86,691</td>
<td>114,200</td>
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<tr>
<td>Securities</td>
<td>8,000</td>
<td>10,000</td>
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<tr>
<td>Merchandise and finished goods</td>
<td>52,321</td>
<td>65,499</td>
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<tr>
<td>Work in process</td>
<td>13,521</td>
<td>14,886</td>
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<tr>
<td>Raw materials and supplies</td>
<td>33,472</td>
<td>41,050</td>
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<td>Deferred tax assets</td>
<td>8,870</td>
<td>9,670</td>
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<tr>
<td>Others</td>
<td>14,187</td>
<td>12,950</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>391,365</td>
<td>482,178</td>
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<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>68,096</td>
<td>73,718</td>
</tr>
<tr>
<td>Buildings and structures, net</td>
<td>24,505</td>
<td>29,173</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles, net</td>
<td>10,045</td>
<td>15,096</td>
</tr>
<tr>
<td>Tools, furniture, and fixtures, net</td>
<td>61,476</td>
<td>66,085</td>
</tr>
<tr>
<td>Land</td>
<td>1,444</td>
<td>1,915</td>
</tr>
<tr>
<td><strong>Construction in progress</strong></td>
<td>7,674</td>
<td>3,923</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>180,230</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>571,595</td>
<td>662,408</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable-trade</td>
<td>46,829</td>
<td>51,199</td>
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<tr>
<td>Electronically recorded obligations-operating</td>
<td>15,639</td>
<td>17,189</td>
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<tr>
<td>Short-term loans payable</td>
<td>384,363</td>
<td>114,803</td>
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<tr>
<td>Current portion of bonds</td>
<td>445</td>
<td>94</td>
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<tr>
<td>Current portion of long-term loans payable</td>
<td>940</td>
<td>6,114</td>
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<tr>
<td>Lease obligations</td>
<td>759</td>
<td>990</td>
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<tr>
<td>Accounts payable-other</td>
<td>7,854</td>
<td>8,412</td>
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<tr>
<td>Accrued expenses</td>
<td>21,716</td>
<td>27,100</td>
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<tr>
<td>Income taxes payable</td>
<td>7,427</td>
<td>13,347</td>
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<tr>
<td>Advances received</td>
<td>1,007</td>
<td>1,998</td>
</tr>
<tr>
<td>Deposits received</td>
<td>5,917</td>
<td>6,388</td>
</tr>
<tr>
<td>Provision for product warranties</td>
<td>917</td>
<td>579</td>
</tr>
<tr>
<td>Others</td>
<td>4,172</td>
<td>5,621</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>392,560</td>
<td>470,334</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>571,595</td>
<td>662,408</td>
</tr>
</tbody>
</table>

**Net assets**

<table>
<thead>
<tr>
<th>Thousands of U.S. Dollars</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity attributable to owners of the parent company</strong></td>
<td>441,323</td>
<td>476,344</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>571,595</td>
<td>662,408</td>
</tr>
</tbody>
</table>

**Notes:**
1. This Annual Report contains the consolidated statement of changes in net assets and notes on financial statements. For a detailed explanation of financial statements, please refer to the company’s Financial Report that was submitted to the Financial Services Agency’s EDINET (Electronic Disclosure for Investors’ Network) system.
2. Exchange rates (1 U.S. dollar) : ¥102.92 (FY2014), ¥120.27 (FY2015), ¥112.69 (FY2016), ¥112.20 (FY2017), ¥106.27 (FY2018)
### Consolidated Statements of Income

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>387,042</td>
<td>392,562</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>226,373</td>
<td>217,688</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>160,669</td>
<td>174,874</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>109,930</td>
<td>137,351</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>50,739</td>
<td>37,523</td>
</tr>
<tr>
<td><strong>Non-operating income</strong></td>
<td>7,522</td>
<td>10,682</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>463</td>
<td>465</td>
</tr>
<tr>
<td><strong>Dividends income</strong></td>
<td>198</td>
<td>193</td>
</tr>
<tr>
<td><strong>Equity in earnings of affiliates</strong></td>
<td>395</td>
<td>398</td>
</tr>
<tr>
<td><strong>Foreign exchange gains</strong></td>
<td>-</td>
<td>7,772</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1,595</td>
<td>1,719</td>
</tr>
<tr>
<td><strong>Total non-operating income</strong></td>
<td>7,697</td>
<td>10,682</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>311</td>
<td>1,535</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>2,118</td>
<td>-</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>638</td>
<td>292</td>
</tr>
<tr>
<td><strong>Derivative losses</strong></td>
<td>-</td>
<td>2,068</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1,275</td>
<td>2,262</td>
</tr>
<tr>
<td><strong>Total non-operating expenses</strong></td>
<td>4,343</td>
<td>6,589</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>29,926</td>
<td>61,033</td>
</tr>
<tr>
<td><strong>Extraordinary income</strong></td>
<td>4,234</td>
<td>211</td>
</tr>
<tr>
<td><strong>Gain on sales of non-current assets</strong></td>
<td>-</td>
<td>7,316</td>
</tr>
<tr>
<td><strong>Gain on sales of investments</strong></td>
<td>-</td>
<td>7,316</td>
</tr>
<tr>
<td><strong>Gain on reversal of subscription rights to shares</strong></td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total extraordinary income</strong></td>
<td>4,251</td>
<td>7,542</td>
</tr>
<tr>
<td><strong>Extraordinary loss</strong></td>
<td>721</td>
<td>113</td>
</tr>
<tr>
<td><strong>Loss on sales of non-current assets</strong></td>
<td>71</td>
<td>22</td>
</tr>
<tr>
<td><strong>Loss on sales of investments</strong></td>
<td>67</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss on liquidation of subsidiaries and affiliates</strong></td>
<td>74</td>
<td>-</td>
</tr>
<tr>
<td><strong>Restructuring loss</strong></td>
<td>1,059</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total extraordinary loss</strong></td>
<td>2,003</td>
<td>428</td>
</tr>
<tr>
<td><strong>Income before income taxes and other adjustments</strong></td>
<td>30,176</td>
<td>48,137</td>
</tr>
<tr>
<td><strong>Income tax credit</strong></td>
<td>9,244</td>
<td>9,033</td>
</tr>
<tr>
<td><strong>Income taxes-deferred</strong></td>
<td>916</td>
<td>(1,842)</td>
</tr>
<tr>
<td><strong>Total income taxes</strong></td>
<td>10,166</td>
<td>17,990</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>20,010</td>
<td>30,147</td>
</tr>
<tr>
<td><strong>Net income attributable to non-controlling interests</strong></td>
<td>254</td>
<td>309</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of parent</strong></td>
<td>19,756</td>
<td>29,838</td>
</tr>
</tbody>
</table>

*Note: Exchange rates (1 U.S. dollar): FY2017 ¥112.20, FY2018 ¥106.27*

### Consolidated Statements of Cash Flow

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Income before income taxes and other adjustments</strong></td>
<td>32,175</td>
<td>68,137</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>10,175</td>
<td>22,571</td>
</tr>
<tr>
<td><strong>Amortization of goodwill</strong></td>
<td>983</td>
<td>7,403</td>
</tr>
<tr>
<td><strong>Increase (decrease) in allowance for doubtful accounts</strong></td>
<td>38</td>
<td>13</td>
</tr>
<tr>
<td><strong>Decrease (increase) in net defined benefit asset and increase (decrease) in net defined benefit liability</strong></td>
<td>266</td>
<td>79</td>
</tr>
<tr>
<td><strong>Interest and dividends income</strong></td>
<td>691</td>
<td>629</td>
</tr>
<tr>
<td><strong>Interest expenses</strong></td>
<td>311</td>
<td>1,535</td>
</tr>
<tr>
<td><strong>Foreign exchange losses (gains)</strong></td>
<td>1,166</td>
<td>(9,360)</td>
</tr>
<tr>
<td><strong>Share of profit (loss) of entities accounted for using equity method</strong></td>
<td>395</td>
<td>(388)</td>
</tr>
<tr>
<td><strong>Loss (gain) on sales of stocks of subsidiaries and affiliates</strong></td>
<td>67</td>
<td>-</td>
</tr>
<tr>
<td><strong>Increase (decrease) in provision for product warranties</strong></td>
<td>(1,299)</td>
<td>(154)</td>
</tr>
<tr>
<td><strong>Loss (gain) of derivatives</strong></td>
<td>-</td>
<td>2,094</td>
</tr>
<tr>
<td><strong>Loss (gain) on sales of non-current assets</strong></td>
<td>(3,513)</td>
<td>(98)</td>
</tr>
<tr>
<td><strong>Loss on abandonment of non-current assets</strong></td>
<td>71</td>
<td>292</td>
</tr>
<tr>
<td><strong>Decrease (increase) in notes and accounts receivable-trade</strong></td>
<td>(10,340)</td>
<td>(17,002)</td>
</tr>
<tr>
<td><strong>Decrease (increase) in inventories</strong></td>
<td>(4,433)</td>
<td>(11,230)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in advances received</strong></td>
<td>(7,737)</td>
<td>932</td>
</tr>
<tr>
<td><strong>Decrease (increase) in accounts receivable-other</strong></td>
<td>67</td>
<td>(777)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in notes and accounts payable-trade</strong></td>
<td>12,502</td>
<td>(714)</td>
</tr>
<tr>
<td><strong>Loss (gain) on sales of investment securities</strong></td>
<td>-</td>
<td>(7,293)</td>
</tr>
<tr>
<td><strong>Loss (gain) on liquidation of subsidiaries</strong></td>
<td>74</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss on business restructuring</strong></td>
<td>1,069</td>
<td>-</td>
</tr>
<tr>
<td><strong>Increase (decrease) in accounts payable-other</strong></td>
<td>1,427</td>
<td>(567)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in accrued expenses</strong></td>
<td>530</td>
<td>1,369</td>
</tr>
<tr>
<td><strong>Increase (decrease) in accrued consumption taxes</strong></td>
<td>(1,047)</td>
<td>3,630</td>
</tr>
<tr>
<td><strong>Decrease (increase) in debt instruments</strong></td>
<td>(435)</td>
<td>(476)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in long-term accounts payable-other</strong></td>
<td>42</td>
<td>(67)</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>2,099</td>
<td>2,768</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>39,830</td>
<td>69,064</td>
</tr>
<tr>
<td><strong>Interest and dividends income received</strong></td>
<td>683</td>
<td>530</td>
</tr>
<tr>
<td><strong>Interest expenses paid</strong></td>
<td>(317)</td>
<td>(1,452)</td>
</tr>
<tr>
<td><strong>Income taxes paid</strong></td>
<td>(9,134)</td>
<td>(15,659)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(118,655)</td>
<td>(188,864)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>23,572</td>
<td>48,354</td>
</tr>
<tr>
<td><strong>Proceeds from sales of securities</strong></td>
<td>(1,931)</td>
<td>(2,088)</td>
</tr>
<tr>
<td><strong>Proceeds from sales of property, plant and equipment</strong></td>
<td>1,965</td>
<td>-</td>
</tr>
<tr>
<td><strong>Proceeds from sales of property, plant and equipment</strong></td>
<td>21,553</td>
<td>(17,428)</td>
</tr>
<tr>
<td><strong>Proceeds from sales of property, plant and equipment</strong></td>
<td>19,389</td>
<td>2,643</td>
</tr>
<tr>
<td><strong>Purchase of intangible assets</strong></td>
<td>(575)</td>
<td>(1,664)</td>
</tr>
<tr>
<td><strong>Purchase of investments</strong></td>
<td>(54)</td>
<td>(68)</td>
</tr>
<tr>
<td><strong>Proceeds from sales of investment securities</strong></td>
<td>-</td>
<td>11,451</td>
</tr>
<tr>
<td><strong>Purchase of investments in subsidiaries resulting in change in scope of consolidation</strong></td>
<td>(187,862)</td>
<td>(714)</td>
</tr>
<tr>
<td><strong>Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation</strong></td>
<td>265</td>
<td>-</td>
</tr>
<tr>
<td><strong>Collection of long-term loans receivable</strong></td>
<td>549</td>
<td>928</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>690</td>
<td>(721)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(188,664)</td>
<td>(188,664)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Increase in short-term loans payable</strong></td>
<td>280,445</td>
<td>107,179</td>
</tr>
<tr>
<td><strong>Decrease in short-term loans payable</strong></td>
<td>(15,655)</td>
<td>(206,091)</td>
</tr>
<tr>
<td><strong>Proceeds from long-term loans payable</strong></td>
<td>26,737</td>
<td>112,019</td>
</tr>
<tr>
<td><strong>Repayment of long-term loans payable</strong></td>
<td>(365)</td>
<td>(1,362)</td>
</tr>
<tr>
<td><strong>Redemption of bonds</strong></td>
<td>-</td>
<td>(517)</td>
</tr>
<tr>
<td><strong>Purchase of treasury stock</strong></td>
<td>(4)</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>Proceeds from exercise of stock options</strong></td>
<td>150</td>
<td>867</td>
</tr>
<tr>
<td><strong>Proceeds from disposal of treasury shares</strong></td>
<td>-</td>
<td>54,924</td>
</tr>
<tr>
<td><strong>Cash dividends paid</strong></td>
<td>(3,978)</td>
<td>(13,328)</td>
</tr>
<tr>
<td><strong>Dividends paid to non-controlling interests</strong></td>
<td>(23)</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Repayments of lease obligations</strong></td>
<td>(891)</td>
<td>(993)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>177,626</td>
<td>(26,948)</td>
</tr>
<tr>
<td><strong>Net effect of exchange rate change on cash and cash equivalents</strong></td>
<td>(2,330)</td>
<td>3,033</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>19,114</td>
<td>4,362</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of year</strong></td>
<td>95,845</td>
<td>111,797</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>105,960</td>
<td>116,162</td>
</tr>
</tbody>
</table>

*Note: Exchange rates (1 U.S. dollar): FY2017 ¥112.20, FY2018 ¥106.27*
Over 70 years of Innovation

The manufacture and sale of high-quality control devices commenced in the era of postwar reconstruction.

Growing into a comprehensive control device manufacturer, by riding a wave of rapid economic growth.

Developing a variety of products that create an optimal environment for people and machines.

Leaping forward as a global company, under the new company name IDEC.

IDEC Corporation (USA) established

Shop at the time of the company's founding

Tsuneo Funaki, (Company Founder)

SB metallic switch box

Miniature switches and pilot lights

Flame protection control box

Switches and pilot lights TW series

Operator interfaces HD series

Programmable logic controllers Micro-1

Safety-related devices

Miniature switches and pilot lights LB Series

Programmable logic controllers FG6A

A revolutionary product equipped with a quick-make quick-break mechanism, building the foundation of IDEC.

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Company Information

Corporate Data

Corporate Name: IDEC CORPORATION
Established: March 26, 1947
Capital Stock: ¥10,056,605,173
No. of Employees: 3,873 (On a consolidated basis as of March 31, 2018)
Including contract and temporary employees
Stock Listing: First Section, Tokyo Stock Exchange
Head Office: 2-6-84, Nishi-Miyahara, Yodogawa-ku, Osaka 533-0004 Japan
Phone: +81-6-6398-2500 (Main number)
Tokyo Head Office: 2-15-1 Konan, Minato-ku, Tokyo 105-8014 Japan
Phone: +81-3-5782-7000 (Main number)
Plants: Amagasaki, Takino, Takino
Sales Branches: Sendai, Takegawa, Omiya, Mito, Tokyo, Tama, Yokohama, Nagano, Nigata, Toyama, Kansai, Hamamatsu, Nagoya, Kyoto, Osaka, Okayama, Fukuoka, Hyogo, Shikoku, Fukuoka

Distribution of Shareholders

Shares of the Company
- Number of shares authorized: 150,000,000
- Number of shares issued: 33,224,485
- Number of shareholders: 11,575

Distribution of Shareholders

- Securities companies (2,276,219 shares (3.9%))
- Other corporations (2,073,326 shares (3.6%))
- Financial institutions (1,255,488 shares (2.1%))
- Individuals and others (12,770,066 shares (21.8%))

Organization Chart

IDEK

Major Shareholders (Top 10)

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of shares (Thousands of shares)</th>
<th>Holdings (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>3,848</td>
<td>11.72</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
<td>2,341</td>
<td>7.13</td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK</td>
<td>1,722</td>
<td>5.25</td>
</tr>
<tr>
<td>Fanale Fujisan Ltd.</td>
<td>1,041</td>
<td>3.17</td>
</tr>
<tr>
<td>Trust &amp; Custody Services Bank, Ltd.</td>
<td>900</td>
<td>3.02</td>
</tr>
<tr>
<td>Mitsui Bank, Ltd.</td>
<td>812</td>
<td>2.47</td>
</tr>
<tr>
<td>Kabuki Fujisan</td>
<td>730</td>
<td>2.22</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>624</td>
<td>1.90</td>
</tr>
<tr>
<td>Toyoji Fujisan</td>
<td>575</td>
<td>1.75</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>565</td>
<td>1.72</td>
</tr>
</tbody>
</table>

As of March 31, 2018

Note: The description of major shareholders above does not affect the content disclosed in the Annual Securities Report.

IDEC logo and corporate tagline

Think Automation and beyond...

Message embedded in the IDEC logo

The IDEC logo symbolizes: 1) Connection among people in various settings, support, and innovation. 2) Business expansion, future growth and being a leader in all things.

The blank white letter “I” adjacent to the special IDEC red “I” symbolizes connections among people: coworkers, business associates, and the rest of society. The white and red relationship also symbolizes behind-the-scenes support and innovation.

The color gray on the left conveys new opportunities, value creation, business expansion, progress, and IDEC always going one step ahead of the competition through collaborations and partnerships.

Corporate color

The IDEC red expresses dynamic action, energy, passion, and speed.

Corporate tagline

“One think and beyond...” We are creating the future of manufacturing.

We do not believe that advancement in automation is merely advancement in automation technology. The evolution of automation encompasses the evolution of people-friendly technology and other elements, such as safety features, ease of operation, reliability, and environmental considerations, which add value to the existing automation technology. By advancing all of these elements, we are constantly expanding the possibilities of automation into a new dimension.