



*Think Automation and beyond...*

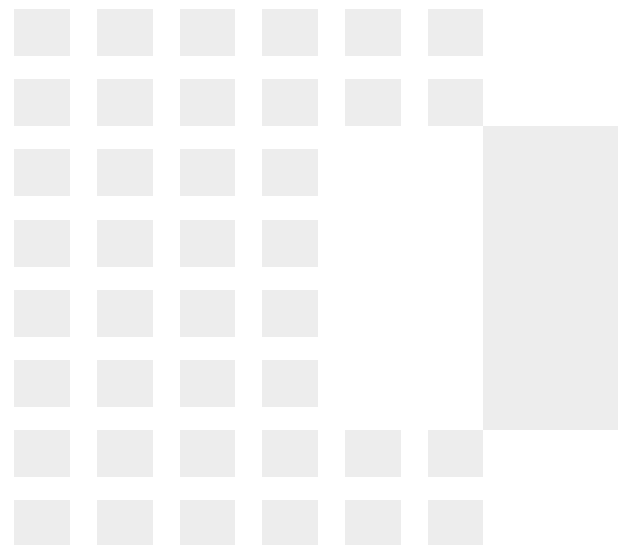
# Financial Results for the First Half FY2022

(April 1, 2021 to September 30, 2021)

November 2, 2021

IDEC CORPORATION

Securities code : 6652



The demand for the capital investment has recovered in Japan and overseas, and the performance of industries such as machine tools, semiconductors, and robotics on which IDEC has focused has significantly recovered.

## 【Industry trend】

### ■ Machine tools

- ✓ The amount of order received announced by Japan Machine Tool Builders' Association in September 2021 was YoY +72%, which was in the highest level for three years.

### ■ Semiconductor manufacturing equipment

- ✓ Semiconductor Equipment Association of Japan made a significant upward revision of the demand forecast of FY2022 YoY + 37%.

### ■ Robotics

- ✓ The amount of order received and production has continuously increased since the second half of FY2021.

Machine Tools



Semiconductor



Robotics



# Financial Results for the First Half



Net sales of 34.9 billion yen and operating income of 4.9 billion yen (**YoY 3.0 times**) are **the best results as the half period**. Operating income margin of **13.9%**.  
Net income of 3.5 billion yen (**YoY 3.2 times**) and net income margin of **10.1%**.

## Net Sales

■ Net Sales JPY 34.9 billion yen (YoY 1.4 times)

## Profit

■ Operating Income JPY 4.9 billion yen (YoY 3.0 times)

■ Ordinary Income JPY 5.0 billion yen (YoY 3.3 times)

■ Net Income\* JPY 3.5 billion yen (YoY 3.2 times)

\*Net income attributable to shareholders of parent company

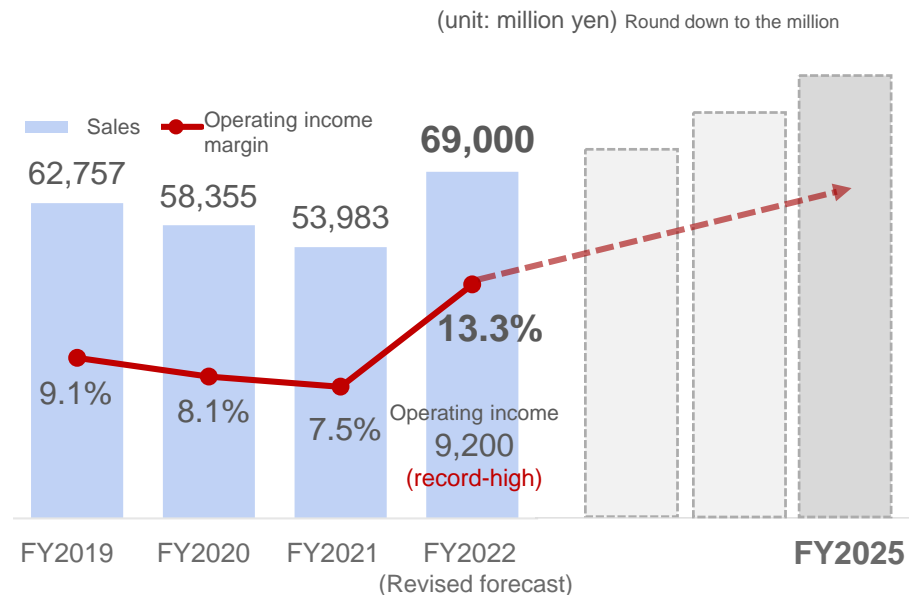
## Dividend

■ Interim dividend JPY 40  
(upwardly revised from JPY 25 of the beginning-of-year forecast)

## Initiative policy

To enhance IDEC's corporate value by driving transformational changes to achieve sustainable growth, and to become a "lean & smart" high-profit organization, while resolving social issues through our business activities.

- Based on the current status, **full-year forecast was upwardly revised.**
- Record-high net sales and profit will be expected.
- A new medium-term management plan emphasizing the improvement of profitability is developed, and will be announced within this FY.



# Financial Results for the First Half of FY2022

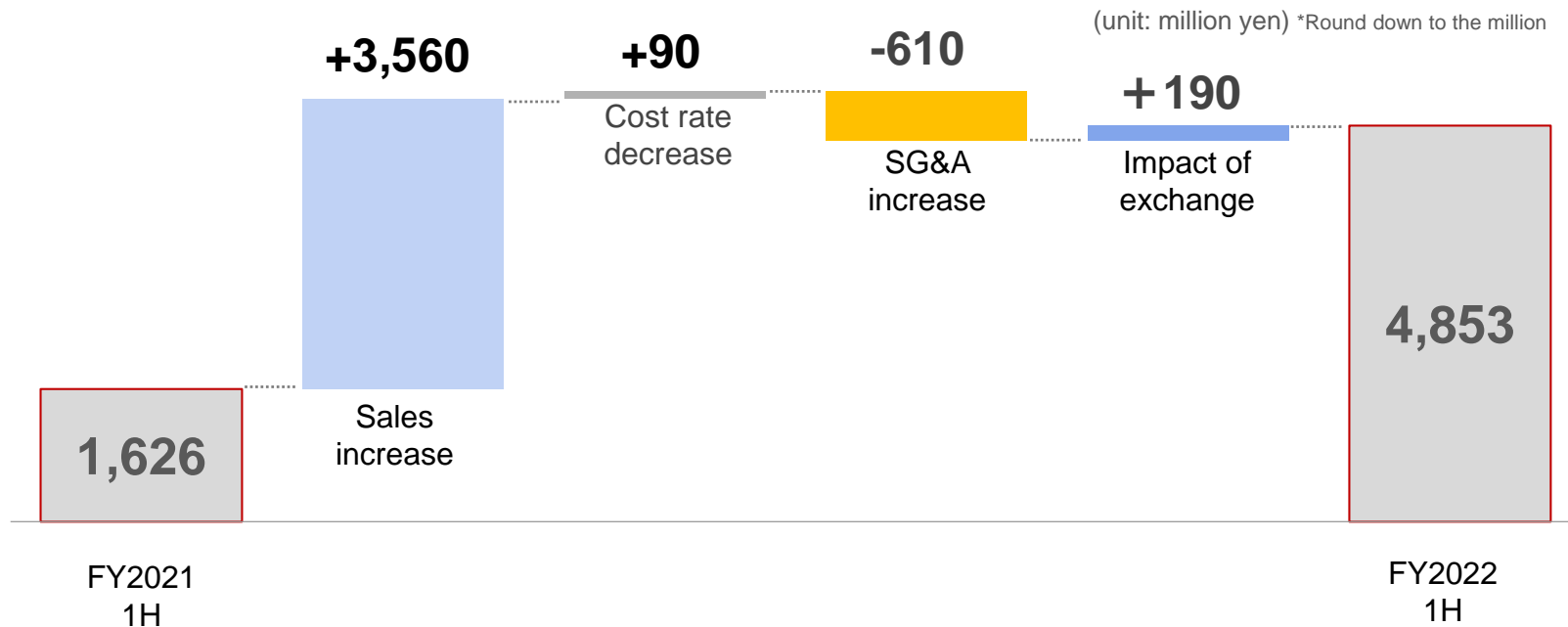
# Consolidated Performance [Consolidated Income Statement] -1



(Unit: million yen) *Round down to the millions	FY2021 1H		FY2022 1H		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	25,387	100.0%	34,856	100.0%	+ 37.3%
Gross operating income	10,779	42.5%	14,919	42.8%	+ 38.4%
SG&A	9,153	36.1%	10,066	28.9%	+ 10.0%
Operating income	1,626	6.4%	4,853	13.9%	+198.5%
Ordinary Income	1,519	6.0%	5,022	14.4%	+230.6%
Net income attributable to shareholders of parent company	1,090	4.3%	3,526	10.1%	+223.5%
Earnings per share(EPS) (before diluting) (JPY)	35.89	—	117.58	—	+ 81.69
USD-yen rate (JPY)	106.93		109.81		+ 2.88
EUR-yen rate (JPY)	119.34		129.88		+10.54

# Changing Factors of Consolidated Operating Income

Operating income increased by approximately 3.23 billion yen YoY due to sales increase and impact of exchange, etc.



# Consolidated Performance [Consolidated Income Statement] -1



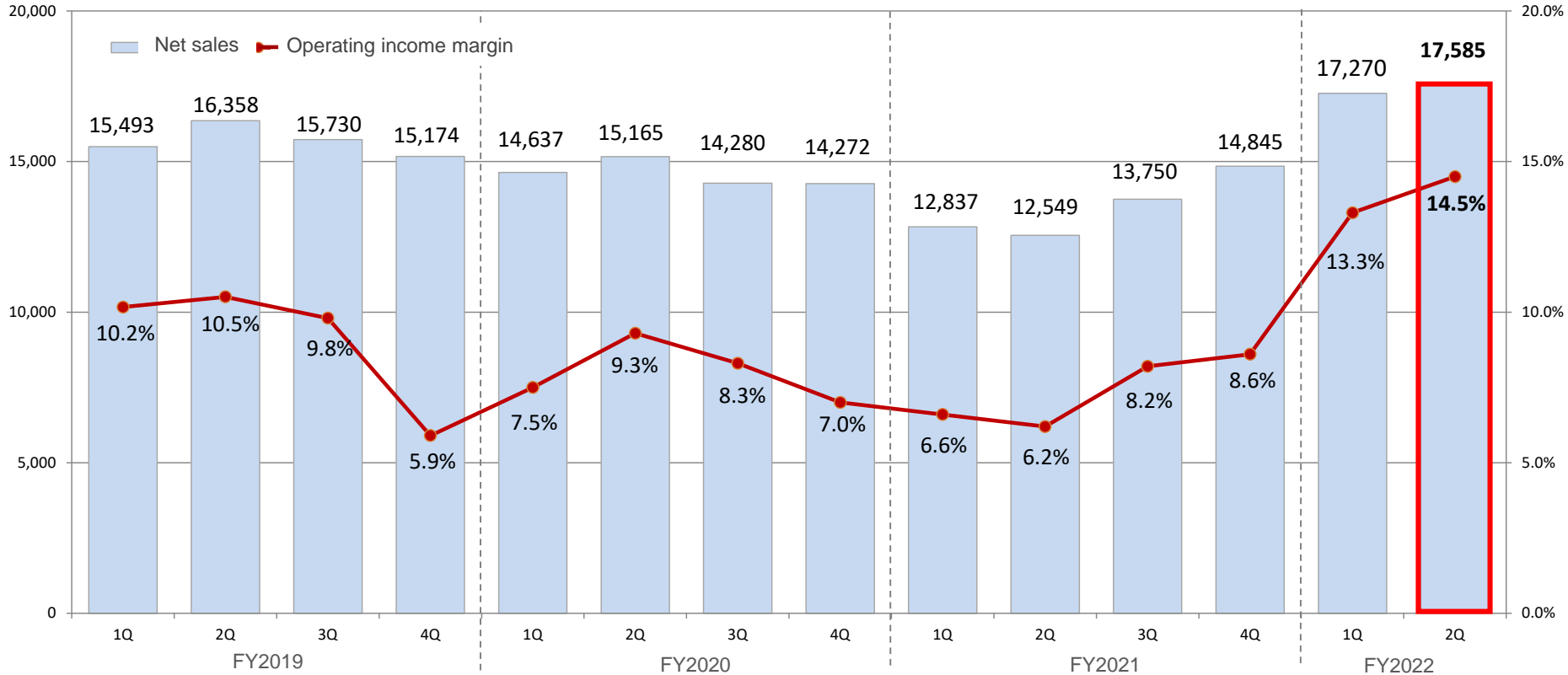
(Unit: million yen) *Round down to the millions	FY2021						FY2022				
	2Q (Jul.to Sep.)		3Q (Oct.to Dec.)		4Q (Jan.to Mar.)		1Q (Apr.to Jun.)		2Q (Jul.to Sep.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	12,549	100.0%	13,750	100.0%	14,845	100.0%	17,270	100.0%	17,585	100.0%	+40.1%
Gross operating income	5,372	42.8%	5,741	41.8%	6,263	42.2%	7,300	42.3%	7,619	43.3%	+41.8%
SG&A	4,592	36.6%	4,607	33.5%	4,981	33.6%	4,999	28.9%	5,066	28.8%	+10.3%
Operating income	780	6.2%	1,133	8.2%	1,281	8.6%	2,300	13.3%	2,552	14.5%	+227.2%
Ordinary income	712	5.7%	1,130	8.2%	1,454	9.8%	2,436	14.1%	2,586	14.7%	+263.2%
Net income attributable to shareholders of parent company	519	4.1%	499	3.6%	1,213	8.2%	1,799	10.4%	1,727	9.8%	+232.8%
Earnings per share(EPS) (before diluting) (JPY)	17.28		16.65		40.47		60.01		57.58		



# Net Sales and Operating Income Margin (per quarter transition)



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



# Sales by Region

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

	FY2021 1H	FY2022 1H	YoY
<b>Japan</b>	11,499 (45.3%)	<b>14,649</b> <b>(42.0%)</b>	+27.4%
<b>Overseas</b>	13,887 (54.7%)	<b>20,206</b> <b>(58.0%)</b>	+45.5%
Americas	3,897 (15.4%)	<b>5,725</b> <b>(16.4%)</b>	+46.9%
EMEA (Europe, Middle East, Africa)	4,103 (16.2%)	<b>5,972</b> <b>(17.1%)</b>	+45.5%
Asia Pacific	5,887 (23.2%)	<b>8,509</b> <b>(24.4%)</b>	+44.5%
<b>Total</b>	25,387 (100.0%)	<b>34,856</b> <b>(100.0%)</b>	+37.3%

## Japan

YoY **+27.4%**

- As the demand of semiconductor, automobile, machine tool, and robot industries has recovered significantly and expanded rapidly, received order of main industrial switches increased at the too exceeded level, and the sales expanded.

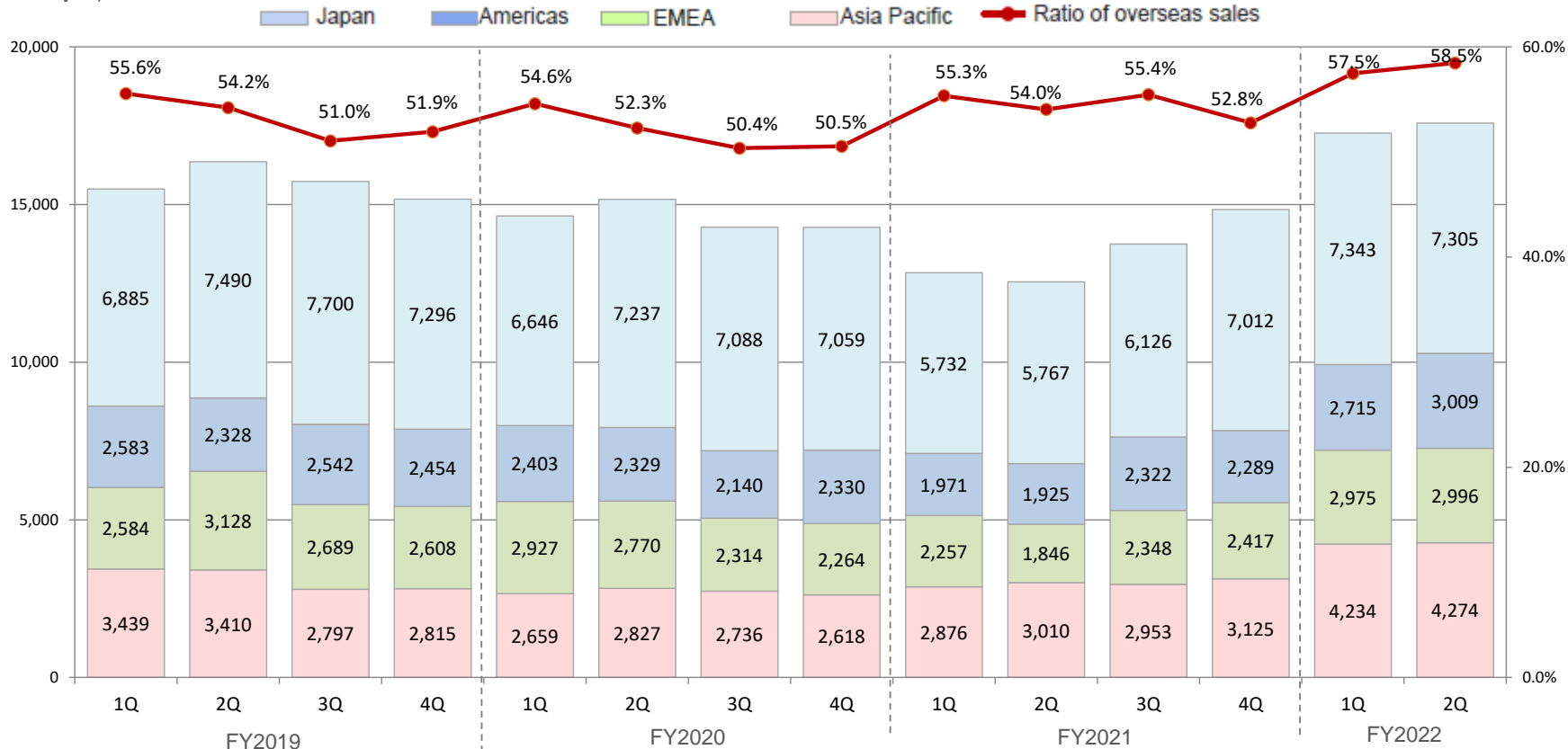
## Overseas

YoY **+45.5%**

- As the recovery of demand has progressed in China-centered Asia Pacific, Americas and Europe, sales of each product segment increased.

# Sales by Regions (per quarter transition)

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



# Sales by Products



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

	FY2021 1H	FY2022 1H	YoY
Industrial Switches	11,834 (46.6%)	<b>16,340</b> <b>(46.9%)</b>	+38.1%
Industrial Relays & Components	4,783 (18.8%)	<b>6,724</b> <b>(19.3%)</b>	+40.6%
Automation & Sensing	3,604 (14.2%)	<b>5,074</b> <b>(14.6%)</b>	+40.8%
Safety & Explosion Protection	3,086 (12.2%)	<b>4,316</b> <b>(12.4%)</b>	+39.9%
Systems	1,630 (6.4%)	<b>1,755</b> <b>(5.0%)</b>	+ 7.7%
Others	448 (1.8%)	<b>644</b> <b>(1.8%)</b>	+43.9%
Total	25,387 (100.0%)	<b>34,856</b> <b>(100.0%)</b>	+37.3%

\*The product classification has been partially changed since FY2022, and the past values have also been converted for comparison.

## Industrial Switches

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

## Industrial Relays & Components

Sales of control relays have moved strongly in main Americas and China.

## Automation & Sensing

The demand for programmable logic controllers and operator interfaces has recovered rapidly in Japan, Americas, and EMEA.

## Safety & Explosion Protection

The demand for capital investment has recovered steadily, and sales of Japan and overseas increased.

## Systems

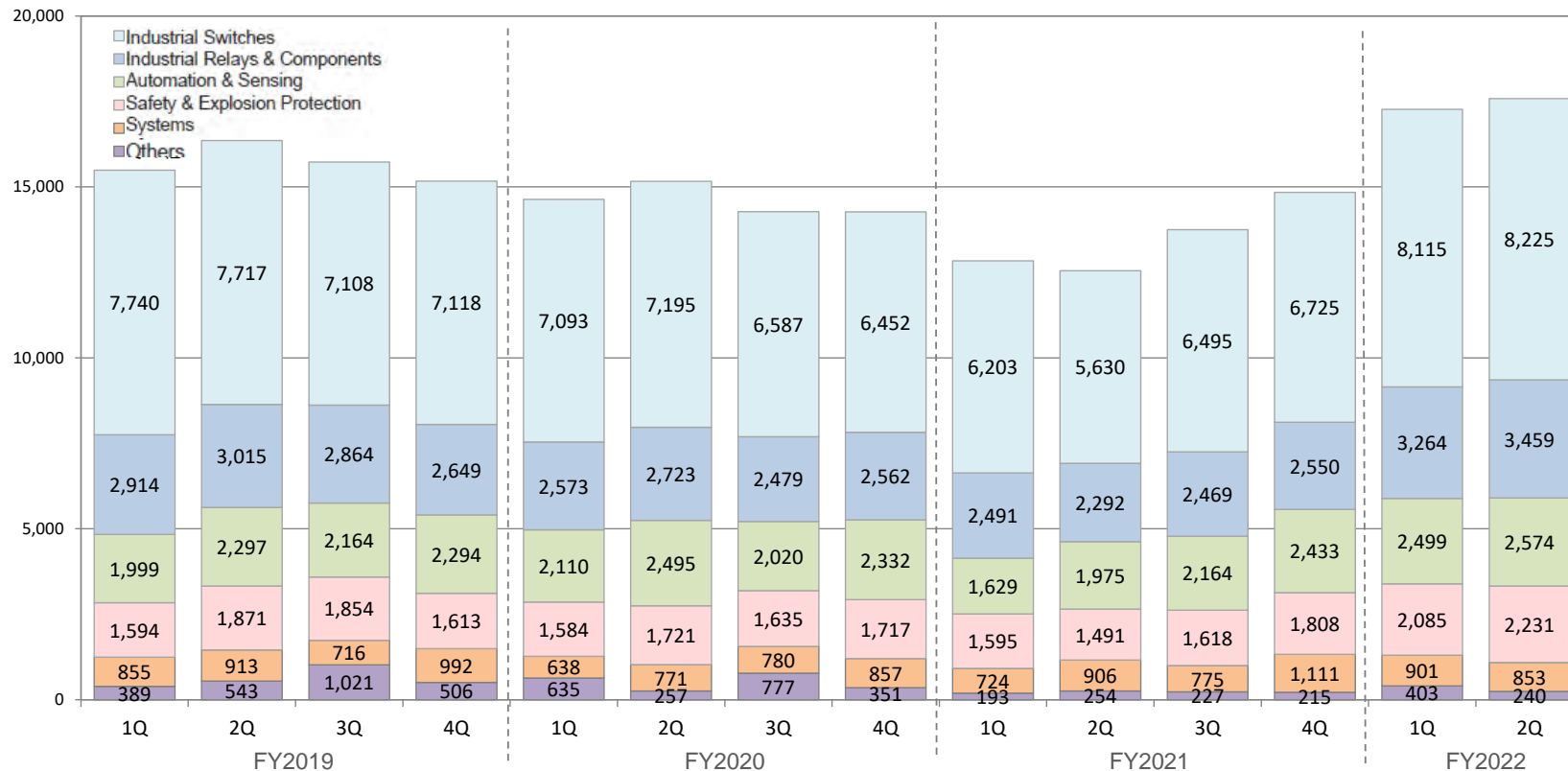
Sales of control panels increased in digital equipment and semiconductor industries in Japan.

## Others

Sales of environment and energy-relating business have recovered in Japan.

# Sales by Products (per quarter transition)

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



# Order Received

	FY2021 1H		FY2022 1H			
	Amount of order received	Backlog	Amount of order received	YoY	Backlog	YoY
(Unit: million yen) *Round down to the millions						
Japan	12,987	4,079	<b>22,970</b>	+ 76.9%	<b>12,448</b>	+205.2%
Americas	4,316	1,689	<b>7,405</b>	+ 71.6%	<b>3,520</b>	+108.3%
EMEA (Europe, Middle East, Africa)	4,306	3,246	<b>8,505</b>	+ 97.5%	<b>5,923</b>	+ 82.5%
Asia Pacific	4,107	1,637	<b>8,465</b>	+106.1%	<b>4,801</b>	+193.2%
Total	25,718	10,653	<b>47,347</b>	+ 84.1%	<b>26,694</b>	+150.6%

# Order Received (per quarter transition)

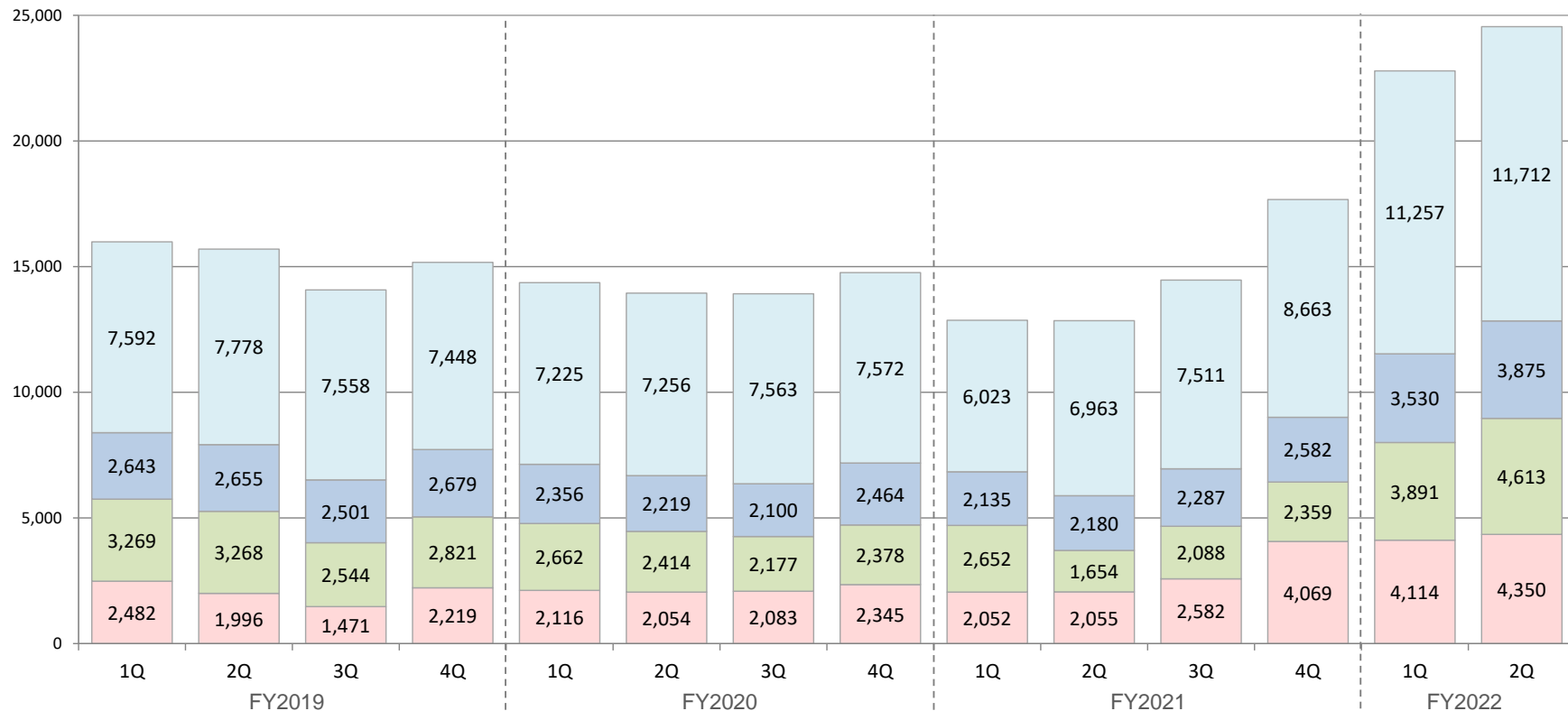


	FY2021						FY2022			
	2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)	
	Order received	Backlog	Order received	Backlog	Order received	Backlog	Order received	Backlog	Order received	Backlog
(Unit: million yen) *Round down to the millions										
Japan	6,963	4,079	7,511	4,732	8,663	5,789	11,257	8,941	11,712	12,448
Americas	2,180	1,689	2,287	1,615	2,582	1,895	3,530	2,537	3,875	3,520
EMEA (Europe, Middle East, Africa)	1,654	3,246	2,088	3,106	2,359	3,150	3,891	4,309	4,613	5,923
Asia Pacific	2,055	1,637	2,582	1,918	4,069	3,368	4,114	3,939	4,350	4,801
Total	12,854	10,653	14,470	11,372	17,675	14,203	22,795	19,728	24,551	26,694

# Order Received (per quarter transition)

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

Japan Americas EMEA Asia Pacific





## Highlights of assets

- Due to the increase of cash, deposit, trade receivables, and inventory assets, total assets increased by 4.21 billion yen compared to the end of the previous FY.

## Highlights of liabilities

- Borrowing decreased while trade payables increased. So, total liabilities was almost flat compared to the end of the previous FY.

## Highlights of net assets

- Due to the increased of retained earnings and foreign currency translation adjustment, net assets increased by 4.20 billion yen compared to the previous FY.

(Unit: million yen) *Round down to the millions	FY2021 (previous FY)	FY2022 (end of September)	YoY
Current asset	39,815	43,604	+3,789
Fixed asset	48,436	48,856	+ 420
Current liabilities	18,959	20,032	+1,073
Non-current liabilities	26,180	25,121	-1,058
Net assets	43,111	47,306	+4,195
Total assets	88,252	92,461	+4,209
Shareholders' equity ratio	48.7%	50.8%	+2.1%

## Cash Flows by operation activities

- It was 5.25 billion yen increased by approximately 2.37 billion yen YoY due to the increase of trade receivables and the posting of net income before tax and depreciation and amortization.

## Cash Flows by investing activities

- Due to the acquisition of fixed assets and business transfer, etc., it was -1.67 billion yen increased by approximately 0.29 billion yen of expenses.

## Cash Flows by financing activities

- It was -2.6 billion yen due to repayment of borrowings and expenses including dividends.

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

	FY2021 1H	FY2022 1H	YoY
CF from operation activities	2,874	5,245	+2,370
CF from investing activities	-1,383	-1,673	-289
Free cash flows (FCF)	1,491	3,572	+2,081
CF from financing activities	-907	-2,601	-1,694
Cash and cash equivalents at end of period	14,557	16,135	+1,577
Capital expenditures	1,588	1,135	-452
Depreciation and amortization	1,477	1,617	+ 140

# Forecast for FY2022

# Consolidated Business Forecast for FY2022



As the amount of order received and backlog has maintained a high level, the full-year forecast was upwardly revised.

	FY2021		FY2022		FY2022		
	Actual	Sales ratio	Initial forecast	Sales ratio	Revised forecast	Sales ratio	YoY
(Unit: million yen) *Round down to the millions							
Net sales	53,983	100.0%	60,000	100.0%	69,000	100.0%	+ 27.8%
Gross operating income	22,783	42.2%	25,900	43.2%	29,500	42.8%	+ 29.5%
SG&A	18,742	34.7%	19,700	32.8%	20,300	29.4%	+ 8.3%
Operating income	4,041	7.5%	6,200	10.3%	9,200	13.3%	+127.6%
Ordinary income	4,104	7.6%	6,200	10.3%	9,200	13.3%	+124.2%
Net income attributable to shareholders of the parent company	2,803	5.2%	4,000	6.7%	6,900	10.0%	+146.1%
Earnings per share(EPS) (before diluting) (JPY)	92.83	—	133.36	—	230.04	—	+ 137.21
USD-yen rate (JPY)	106.10		106.00		108.00		+1.90
EUR-yen rate (JPY)	121.88		125.00		128.00		+6.12

# Consolidated Business Forecast for FY2022



	FY2022						
	1H (Actual)	Sales ratio	2H (Revised forecast)	Sales ratio	Full-year (Revised forecast)	Sales ratio	YoY
(Unit: million yen) *Round down to the millions							
Net sales	34,856	100.0%	34,144	100.0%	69,000	100.0%	+ 27.8%
Gross operating income	14,919	42.8%	14,581	42.7%	29,500	42.8%	+ 29.5%
SG&A	10,066	28.9%	10,234	30.0%	20,300	29.4%	+ 8.3%
Operating income	4,853	13.9%	4,347	12.7%	9,200	13.3%	+127.6%
Ordinary income	5,022	14.4%	4,178	12.2%	9,200	13.3%	+124.2%
Net income attributable to shareholders of the parent company	3,526	10.1%	3,374	9.9%	6,900	10.0%	+146.1%
Earnings per share(EPS) (before diluting) (JPY)	117.58	—	112.49	—	230.04	—	+ 137.21
USD-yen rate (JPY)	109.81		108.00		108.00		+1.90
EUR-yen rate (JPY)	129.88		128.00		128.00		+6.12

# Consolidated Business Forecast for FY2022



(Unit: million yen) *Round down to the millions	FY2021	FY2022	FY2022	
	Actual	Initial forecast	Revised forecast	YoY
Industrial Switches	25,054	28,300	32,400	+29.3%
Industrial Relays & Components	9,803	10,400	13,900	+41.8%
Automation & Sensing	8,203	9,100	9,200	+12.2%
Safety & Explosion Protection	6,513	7,300	8,500	+30.5%
Systems	3,516	4,000	4,000	+16.6%
Others	891	900	1,000	+13.8%
<b>Total</b>	<b>53,983</b>	<b>60,000</b>	<b>69,000</b>	<b>+27.8%</b>
Domestic sales	24,638	27,400	29,300	+18.9%
Overseas sales	29,344	32,600	39,700	+35.3%
(Overseas sales ratio)	54.4%	54.3%	57.5%	

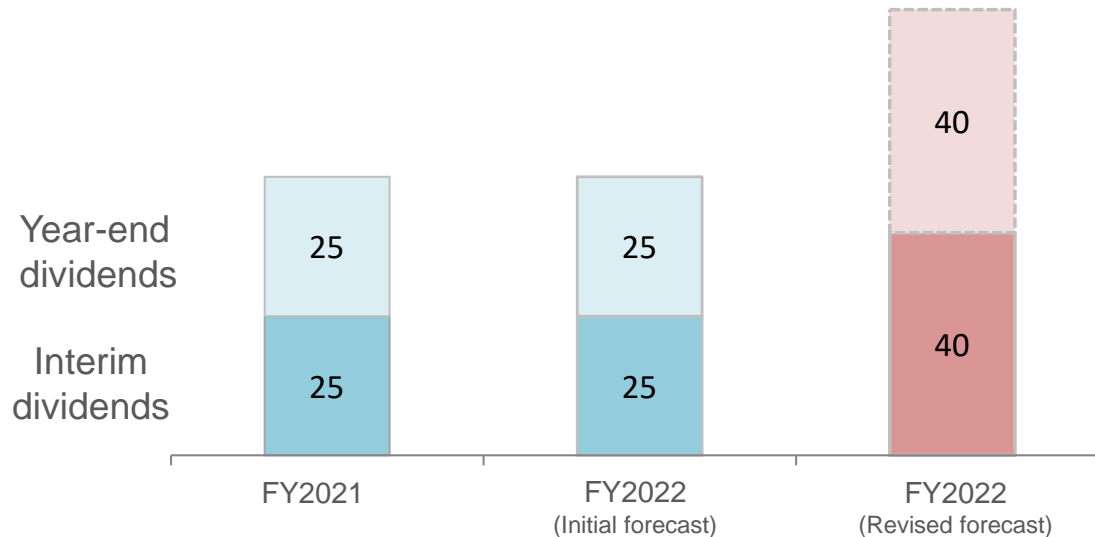
# Consolidated Business Forecast for FY2022



	FY2022			
	1H (Actual)	2H (Revised forecast)	Full-year (Revised forecast)	YoY
(Unit: million yen) *Round down to the millions				
Industrial Switches	16,340	15,960	32,300	+28.9%
Industrial Relays & Components	6,724	7,176	13,900	+41.8%
Automation & Sensing	5,074	4,126	9,200	+12.2%
Safety & Explosion Protection	4,316	4,184	8,500	+30.5%
Systems	1,755	2,245	4,000	+16.6%
Others	644	356	1,000	+13.8%
<b>Total</b>	<b>34,856</b>	<b>34,144</b>	<b>69,000</b>	<b>+27.8%</b>
Domestic sales	14,649	14,651	29,300	+18.9%
Overseas sales	20,206	19,494	39,700	+35.3%
(Overseas sales ratio)	58.0%	57.1%	57.5%	

# Expected Dividends of FY2022

- Interim **dividends increased by JPY15** from JPY25 to JPY 40 on the basis of the results by the first half.
- The second half forecast also increased by JPY15, and the expected annual dividends is **JPY80**.
- **Expected** annual **dividends payout ratio is 34.8%**





# Initiatives of FY2022

## Initiative Policy

To enhance IDEC's corporate value by driving transformational changes to achieve sustainable growth, and to become a "lean & smart" high-profit organization, while resolving social issues through our business activities.

### Promotion of growth strategy

- Accelerate product development and launch based on the regional and industrial needs
- Expand business in China, and promote local production and local consumption
- Restructure sales channels, and strengthen sales that help solve customer's technical problems
- Establish strategic partnerships including M&A and collaboration

### Enhancement of management base

- Promote workstyle reform
- Strengthen foundation by promoting PMI
- Promote structural reform for a high-profit structure

### Improvement in profitability

- Promote product consolidation for group total optimization
- Reduce inventory and shorten delivery times by reviewing production system and processes
- Promote strategic cost down themes
- Select and concentrate unprofitable products and businesses.

### Enhancement of initiatives for ESG

- [E] Promote efforts to reduce environmental impacts
- [S] Promote diversity
- [G] Improve management transparency and efficiency

- **Build a technical sales structure** all together with IDEC group including SQUSE joined IDEC group this FY
- **Realize the customer success** by providing system solutions with our strongest **core elements of HMI and safety**
- Promote development of new products and expand sales network by **collaborating with leading companies** of various industries

## 【Japan】

- ✓ Increase efficiency and **reduce fixed costs** by consolidating sales offices
- ✓ **Strategic expansion of system solutions** with our core elements of HMI and safety

## 【Global】

- ✓ Develop new customers and promote sales expansion with the use of digital media
- ✓ **Prompt plan and develop products to meet local needs**
- ✓ **Promote supply chain reform and cost down**
- ✓ Realize the sales synergy of IDEC and APEM

## 【Strategic partnership】

- ✓ Strengthen the capacity for product development with the establishment of IDEC ALPS Technologies

- **Optimize product prices** for improving profitability
  - **Improve the new product ratio** that use new technologies and improve added value
- 
- ✓ **Improve gross margin** with the price revision on the basis of the increase of material prices and the revision of customer trades and product mix.
  - ✓ **Reduce fixed costs** with reorganization of business bases and structural reform
  - ✓ Promote the consolidation of products
  - ✓ Reorganize global production bases and supply chain
  - ✓ Increase efficiency with the introduction of new equipment and increase production capacity

- **Increase the efficiency of operations and streamline the management** with the **acceleration of the digitalization** of all group companies

## 【Digital marketing】

- ✓ **Promote DMT (Digital Marketing Transformation) project** globally, and increase the efficiency of developing new customers and sales processes
- ✓ Distribute webinars and IR briefings for Japan and overseas, and **increase digital contents**

## 【DX / operational reform】

- ✓ **Promote the efficiency and optimization of all group companies** with the reforms of sales support and personnel system
- ✓ Promote the review of operational reform and core system
- ✓ Establish LMS (Learning Management System), and utilize it to support and train agencies

## 【Workstyle reform】

- ✓ Promote remote work, and review the system on the premise of the flexible working style
- ✓ Establish the communication base with the use of Office365

# New Products and Examples of Adopted System

## Miniature Laser Photoelectric Switches (Built-in Amplifier) SA2E

- Enable to detect a series of fast conveyance of small objects by realizing **improved response time of 0.5ms**
- Lineups of four types with different sensing methods, sensing ranges, and detectable objects depending on different uses
- Operating temperature improved from -25 °C of conventional products to **-30 to +55 °C**, which can be installed on the equipment in the cold storage warehouse



## LED illumination units “HPLN” responding to gas/vapor/dusts explosion protection and usable at + 55 °C

- Mercury-vapor lamps and metal halide lamps for middle to high ceilings of existing facilities can be replaced to LED lightings, which will **reduce environmental burdens and maintenance cost**
- Responds to **gas/vapor/dusts explosion protection** of Zone1, Zone2, Zone21, and Zone22

explosion -protected structure	Usable hazardous places
Ex db eb mb op is IIC T4 Gb	gas and steam: Zone1, 2
Ex tb op is IIC T95°C Db	dust: Zone21,22

- Realizes the high environmental performance responding between **-30 °C and +55 °C**
- Realizes **AC/DC free**, and responds to emergency lighting with DC power supply input by UPS (un-interruptible power source)





## The wireless vibration sensor "ES3M" with intrinsically safe explosion protection structure, realizing the prediction maintenance of equipment and machines in explosion protection areas

- Installation on the equipment and machines in dangerous places (zone 2) at oil plants and chemical factories enables to collect vibration easily through wireless, and realizes "predictive maintenance" which **prevents malfunctions by the early detection**
- The product is small and battery-driven with low power consumption. It can be **installed** on various equipment **easily through a magnet**, and is **available instantly without power and network works**
- Installation the sensor gate way which lines up as an accessory at non dangerous places **enables remote watch from the separate places** and to collect data of dangerous places safely



## Contributes to realize safety, ANSHIN, and well-being in the different sites

- Introduction of IDEC's system using programmable logic controllers and sensors in addition to three-position enabling switches developed by IDEC based on human engineering **prevents serious industrial accidents which occur by a catch of workers body or neck between ceilings, structure frames and high elevation work vehicles**
- We changed this safety system for other companies rendering construction machines and plan to sell to them. **We aim for the introduction of 5,000 machines by FY2024**



A high elevation work vehicle (left) and the adopted IDEC's system (right)



Three-position enable switches and examples of mounted equipment

# ESG Initiatives

- IDEC was firstly selected to the **“SOMPO Sustainability Index”** which is a SRI (Socially Responsible Investment) fund for pension fund and institutional investors investing widely in the companies with high evaluation about ESG, operated by Sompo Asset.
- IDEC **received a bronze class of overall category for “SUSTAINA ESG AWARDS 2021”** that recognizes company promoting sustainability activities affirmatively (This award operated by Sustaina Japan Inc.)

2021



Sompo Sustainability Index



- Enhancement of governance on the premises of the Prime Market

## 【Environment】

- ✓ Established a senior executive officer (environment) and Environment Promotion Department
- ✓ Expressed the support for TCFD in May, 2021, and promote to address the disclosure
- ✓ Reduce CO2 emissions by 30% by FY2026 (compared to FY2020)

## 【Social】

- ✓ A new personnel system based on the results of the employee satisfaction survey, etc.
- ✓ Promote diversity and empowerment of women

## 【Governance】

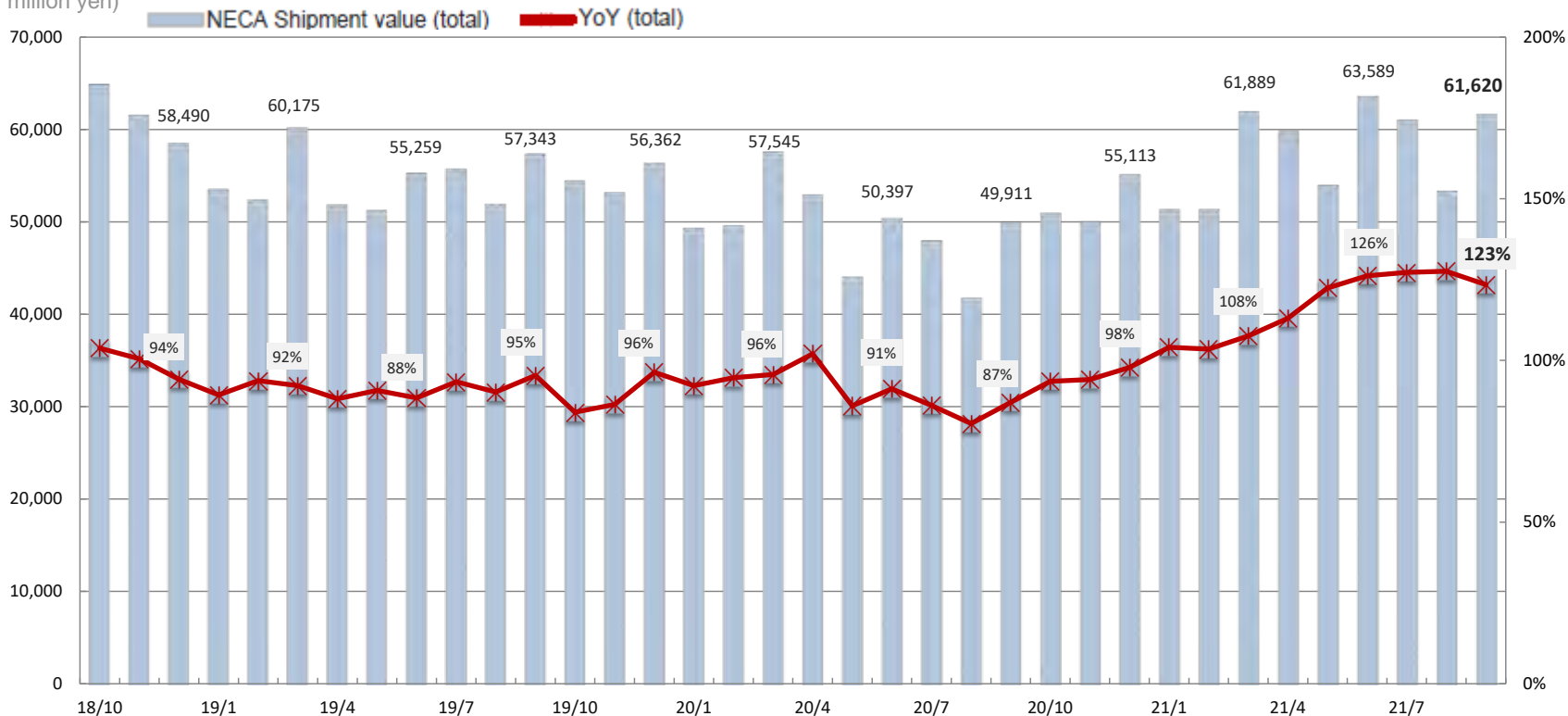
- ✓ Enhance governance to meet the Prime Market
- ✓ Establish the BCP policy, and develop the crisis management system
- ✓ Establish, operate, and develop a nominating committee

# References
























# Industry Trend (Transition of shipment data of Nippon Electric Control Equipment Industries Association (NECA))

## Transition of the industrial shipment and YoY status (between October, 2018 and September, 2021)

(Unit: million yen)



# Sales classification by segment

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



This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of November 2, 2021.

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

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

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