



Think Automation and beyond...

Financial Results for the Fiscal Year 2022

Medium-Term Management Plan

May 13, 2022

IDEC CORPORATION

Securities code : 6652



Financial Results for the Fiscal Year 2022

Both net sales and profit made a record high.
Operating income margin of 13.7%, annual dividend of JPY100 with the addition of anniversary dividend of JPY20.

Net Sales

- Net sales **JPY 70.8 billion** (YoY 1.3 times)
 - As the demand for capital investment of manufacturing industry transferred in a too exceeded and high level, sales of all regions and all product segments moved strongly.

Income

- Operating income **JPY 9.7 billion** (YoY 2.4 times)
- Ordinary income **JPY 10.4 billion** (YoY 2.5 times)
- Net income **JPY 7.9 billion** (YoY 2.8 times)
 - Profit improved significantly YoY due to sales improvement and cost rate decrease.

Dividends

- Annual dividend of **JPY100** with the addition of anniversary dividend of JPY20. (Dividends payout ratio is **37.9%**)

Consolidated performance [Consolidated statement of income] -1

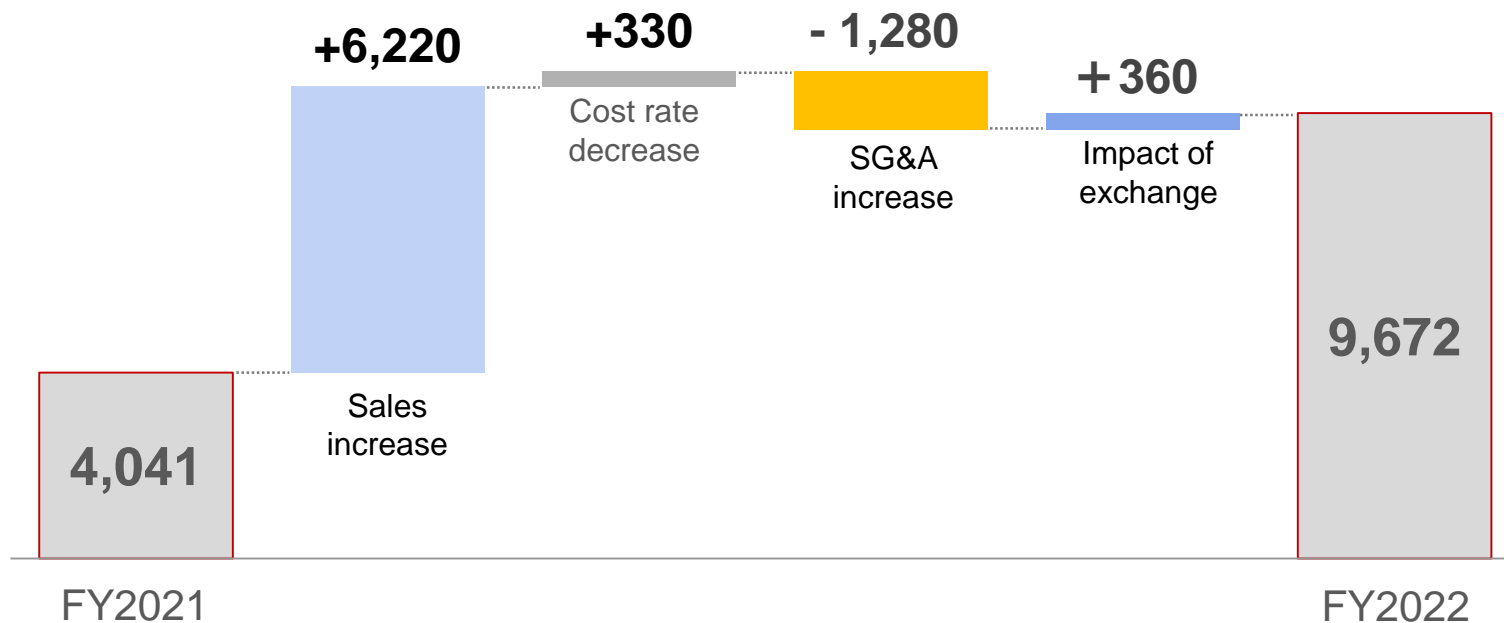


(Unit: million yen) ※Round down to the millions	FY2021		FY2022				
	Actual	Sales ratio	Plan	Sales ratio	Actual	Sales ratio	YoY
Net sales	53,983	100.0%	69,000	100.0%	70,789	100.0%	+ 31.1%
Gross operating income	22,783	42.2%	29,500	42.8%	30,310	42.8%	+ 33.0%
SG&A	18,742	34.7%	20,300	29.4%	20,638	29.2%	+ 10.1%
Operating income	4,041	7.5%	9,200	13.3%	9,672	13.7%	+139.3%
Ordinary income	4,104	7.6%	9,200	13.3%	10,398	14.7%	+153.4%
Net income attributable to shareholders of parent company	2,803	5.2%	6,900	10.0%	7,896	11.2%	+181.7%
Earnings per share(EPS) (before diluting) (JPY)	92.83	—	230.04	—	246.12	—	+ 171.29
USD-yen rate (JPY)	106.10		108.00		112.40		+6.30
EUR-yen rate (JPY)	121.88		128.00		129.91		+8.03

Changing factors of consolidated operating income

Operating income increased by **approximately 5.6 billion yen** YoY due to sales increase, cost rate decrease and impact of exchange, etc.

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



- Recorded the gain of approximately 0.9 billion on sale of idle assets in Japan.

(Unit: million yen)*Round down to the millions		FY2021	FY2022
Ordinary profit		4,104	10,398
Extraordinary income	Gain on sale of non-current assets	7	911
	Gain on sale of investment securities	430	-
	Others	3	22
	Subtotal	440	933
Extraordinary losses	Loss on liquidation of business	214	-
	Others	79	61
	Subtotal	293	61
Profit before income taxes		4,251	11,270
Net income attributable to shareholders of parent company		2,803	7,896

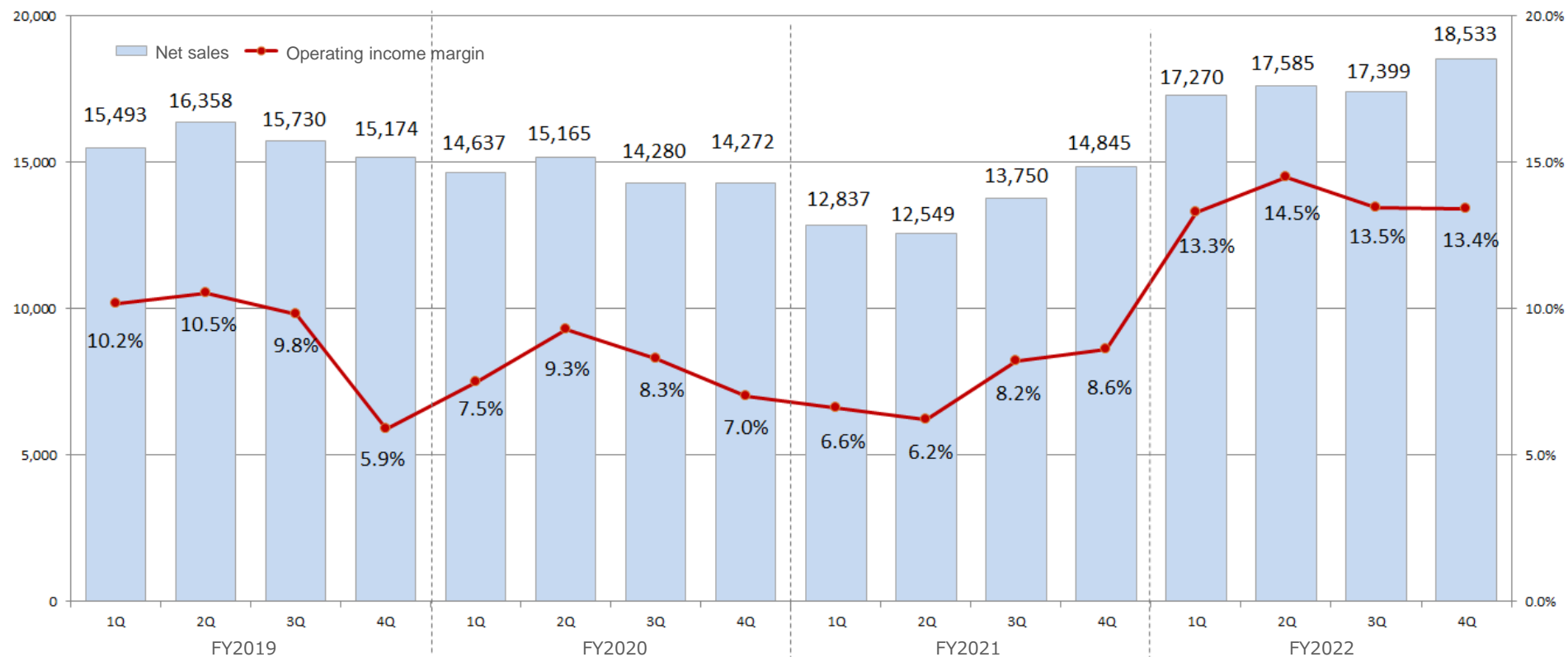
Consolidated performance [Consolidated statement of income] -2



(Unit: million yen) ※Round down to the million	FY2021		FY2022								
	4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	14,845	100.0%	17,270	100.0%	17,585	100.0%	17,399	100.0%	18,533	100.0%	+24.8%
Gross operating income	6,263	42.2%	7,300	42.3%	7,619	43.3%	7,514	43.2%	7,876	42.5%	+25.8%
SG&A	4,981	33.6%	4,999	28.9%	5,066	28.8%	5,173	29.7%	5,398	29.1%	+ 8.4%
Operating income	1,281	8.6%	2,300	13.3%	2,552	14.5%	2,340	13.5%	2,477	13.4%	+93.4%
Ordinary income	1,454	9.8%	2,436	14.1%	2,586	14.7%	2,468	14.2%	2,906	15.7%	+99.8%
Net income attributable to shareholders of parent company	1,213	8.2%	1,799	10.4%	1,727	9.8%	1,776	10.2%	2,592	14.0%	+113.6%
Earnings per share(EPS) (before diluting) (JPY)	40.47		60.01		57.58		59.22		89.37		

Net sales and operating income margin (per quarter)

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



Sales by region

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2021	FY2022	YoY
Japan	24,638 (45.6%)	30,904 (43.7%)	+25.4%
Overseas	29,344 (54.4%)	39,885 (56.3%)	+35.9%
Americas	8,509 (15.8%)	11,532 (16.3%)	+35.5%
EMEA (Europe, Middle East, Africa)	8,869 (16.4%)	11,747 (16.6%)	+32.4%
Asia Pacific	11,965 (22.2%)	16,604 (23.4%)	+38.8%
Total	53,983 (100.0%)	70,789 (100.0%)	+31.1%

Japan YoY **+25.4%**

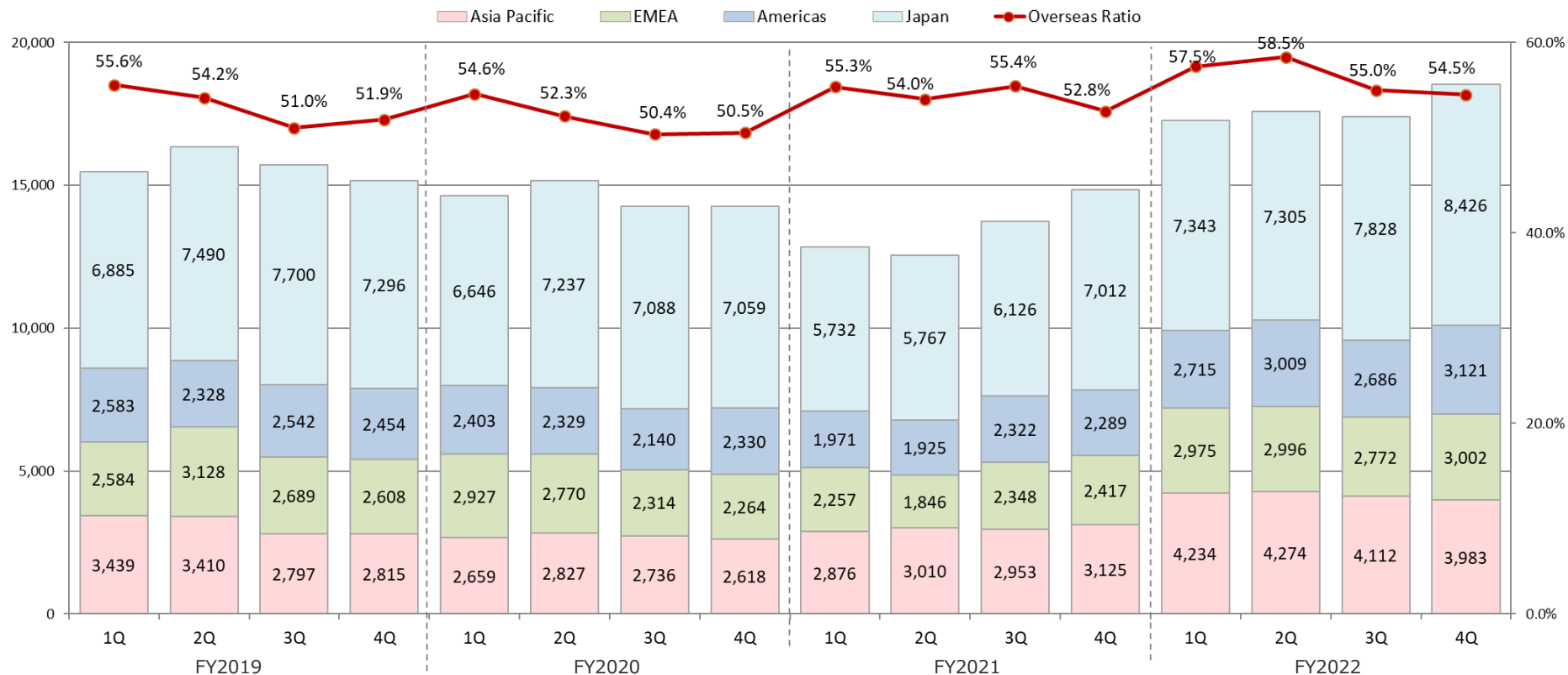
- As the demand of semiconductor-related, automobile-related, machine tool, and robot industries, etc. has recovered significantly and expanded rapidly, received order of main industrial switches increased at the too exceeded level, and the sales expanded.

Overseas YoY **+35.9%**

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

Sales by region (per quarter)

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



Sales by products



(Unit: million yen) *Round down to the millions(Sales ratio)	FY2021	FY2022	YoY
Industrial Switches	25,054 (46.4%)	33,191 (46.9%)	+32.5%
Industrial Relays & Components	9,803 (18.2%)	13,625 (19.2%)	+39.0%
Automation & Sensing	8,203 (15.2%)	9,958 (14.1%)	+21.4%
Safety & Explosion Protection	6,513 (12.1%)	8,908 (12.6%)	+36.8%
Systems	3,516 (6.5%)	3,742 (5.3%)	+ 6.4%
Others	891 (1.6%)	1,363 (1.9%)	+53.0%
Total	53,983 (100.0%)	70,789 (100.0%)	+31.1%

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

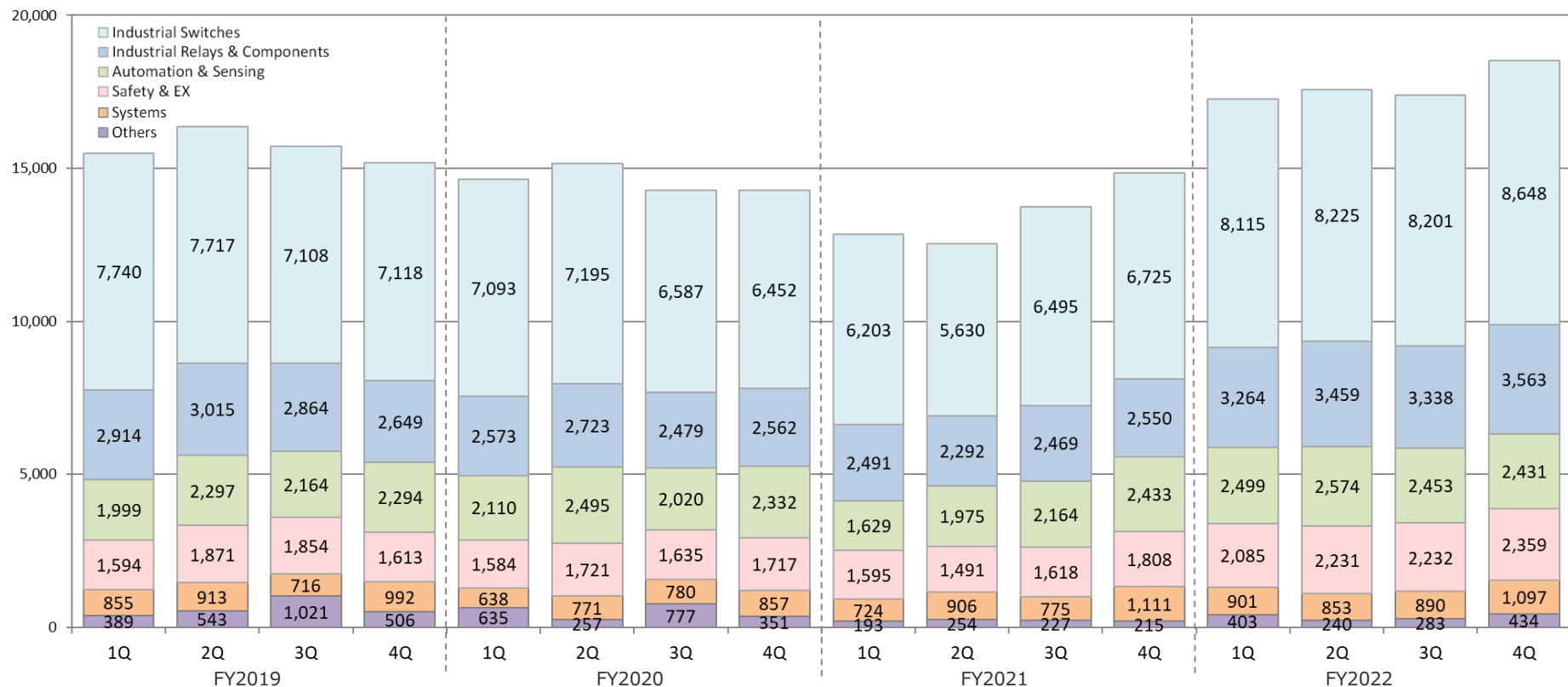
Sales of control panels for semiconductor and liquid crystal manufacturing equipment increased in Japan.

Others

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

Sales by products (per quarter)

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



Order received

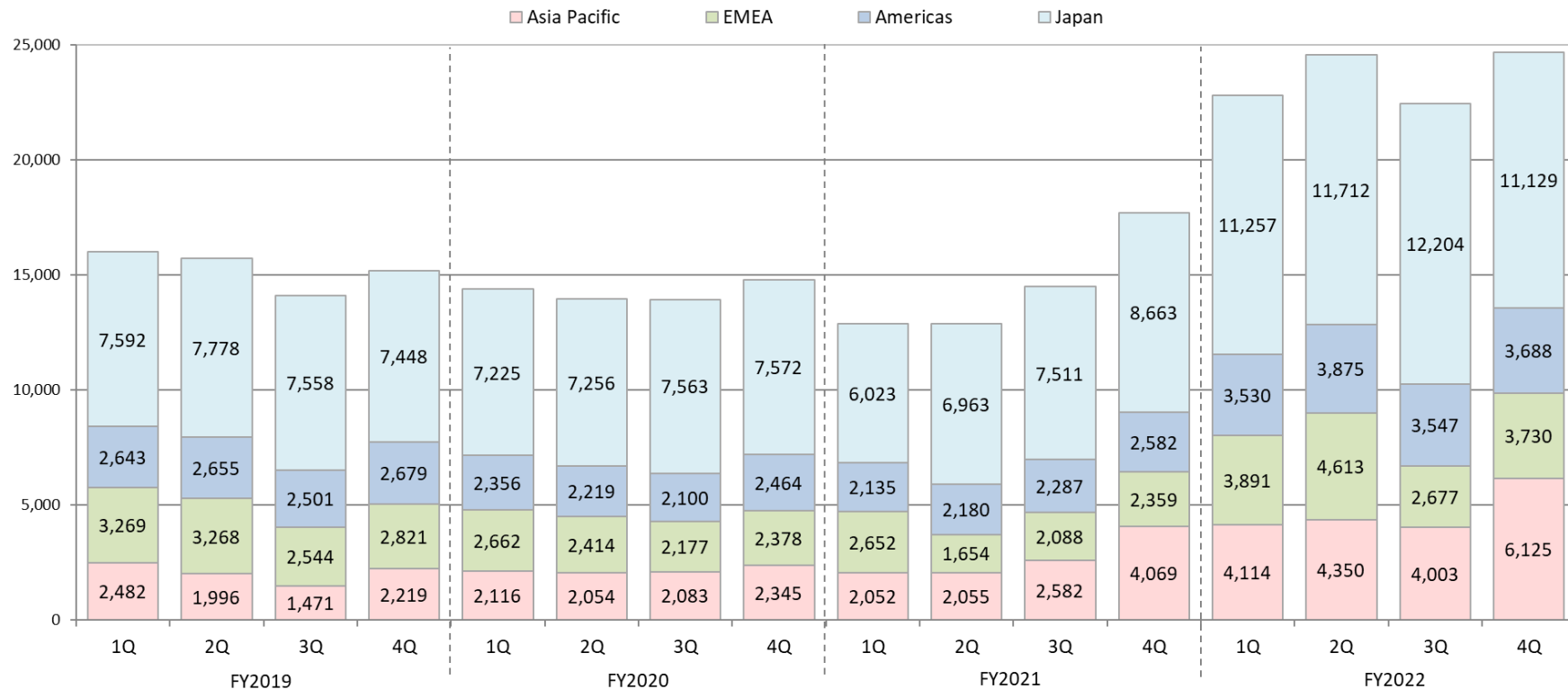
(Unit: million yen) *Round down to the millions	FY2021		FY2022			
	Amount of order received	Backlog	Amount of order received	YoY	Backlog	YoY
Japan	29,163	5,789	46,304	+58.8%	18,048	+211.7%
Americas	9,187	1,895	14,641	+59.4%	5,060	+167.0%
EMEA (Europe, Middle East, Africa)	8,754	3,150	14,912	+70.3%	6,708	+112.9%
Asia Pacific	10,759	3,368	18,594	+72.8%	8,048	+139.0%
Total	57,864	14,203	94,452	+63.2%	37,866	+166.6%

Order received (per quarter)

(Unit: million yen) *Round down to the millions	FY2021		FY2022							
	4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)	
	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog
Japan	8,663	5,789	11,257	8,941	11,712	12,448	12,204	16,069	11,129	18,048
Americas	2,582	1,895	3,530	2,537	3,875	3,520	3,547	4,459	3,688	5,060
EMEA (Europe, Middle East, Africa)	2,359	3,150	3,891	4,309	4,613	5,923	2,677	5,853	3,730	6,708
Asia Pacific	4,069	3,368	4,114	3,939	4,350	4,801	4,003	5,345	6,125	8,048
Total	17,675	14,203	22,795	19,728	24,551	26,694	22,432	31,727	24,673	37,866

Order received (per quarter)

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



Highlights of assets

- Intangible fixed assets decreased while inventory assets, trade receivables, cash, and deposits increased. So, total assets increased by 6.71 billion yen compared to the end of previous FY.

Highlights of liabilities

- Borrowing decreased while trade payables and income tax payable, etc. increased. So, total liabilities increased by 0.81 billion yen compared to the end of previous FY.

Highlights of net assets

- Due to the increased of earned surplus and foreign currency translation adjustment, net assets increased by 5.9 billion yen compared to the previous FY.

(Unit: million yen) *Round down to the millions	FY2021	FY2022	YoY
Current assets	39,815	47,171	+7,355
Fixed assets	48,436	47,789	- 647
Current liabilities	18,959	21,660	+2,700
Non-current liabilities	26,180	24,291	- 1,889
Net assets	43,111	49,008	+5,897
Total assets	88,252	94,960	+6,708
Shareholders' equity ratio	48.7%	51.2%	+ 2.5%

Consolidated cash flow statement



Cash Flows by operation activities

- It was 9.65 billion yen increased by approximately 2.21 billion yen YoY due to the payment of income tax, etc. and the posting of net income before tax.

Cash Flows by investing activities

- Due to the acquisition of fixed assets and the expenses for business transfer while the sales of fixed assets, etc., it was -1.39 billion yen decreased by approximately 1.76 billion yen of expenses.

Cash Flows by financing activities

- It was -8.58 billion yen due to repayment of borrowings and expenses including dividends.

(Unit: million yen) *Round down to the millions	FY2021	FY2022	YoY
CF from operation activities	7,443	9,652	+2,208
CF from investing activities	-3,147	-1,386	+1,761
Free cash flows (FCF)	4,295	8,265	+3,970
CF from financing activities	-3,672	-8,578	-4,905
Cash and cash equivalents at end of period	15,009	15,203	+ 194
Capital expenditures	3,567	2,503	-1,063
Depreciation and amortization	2,981	3,264	+ 283

Forecast for the Fiscal Year 2023

Consolidated business forecast for FY2023



(Unit: million yen) *Round down to the millions	FY2022		FY2023		
	Actual	Sales ratio	Forecast	Sales ratio	YoY
Net sales	70,789	100.0%	74,500	100.0%	+ 5.2%
Gross operating income	30,310	42.8%	32,500	43.6%	+ 7.2%
SG&A	20,638	29.2%	21,700	29.1%	+ 5.1%
Operating income	9,672	13.7%	10,800	14.5%	+11.7%
Ordinary income	10,398	14.7%	10,800	14.5%	+ 3.9%
Net income attributable to shareholders of the parent company	7,896	11.2%	7,500	10.1%	- 5.0%
Earnings per share(EPS) (before diluting) (JPY)	264.12	—	250.88	—	
USD-yen rate (JPY)	112.40		120		+7.60
EUR-yen rate (JPY)	129.91		130		+0.09

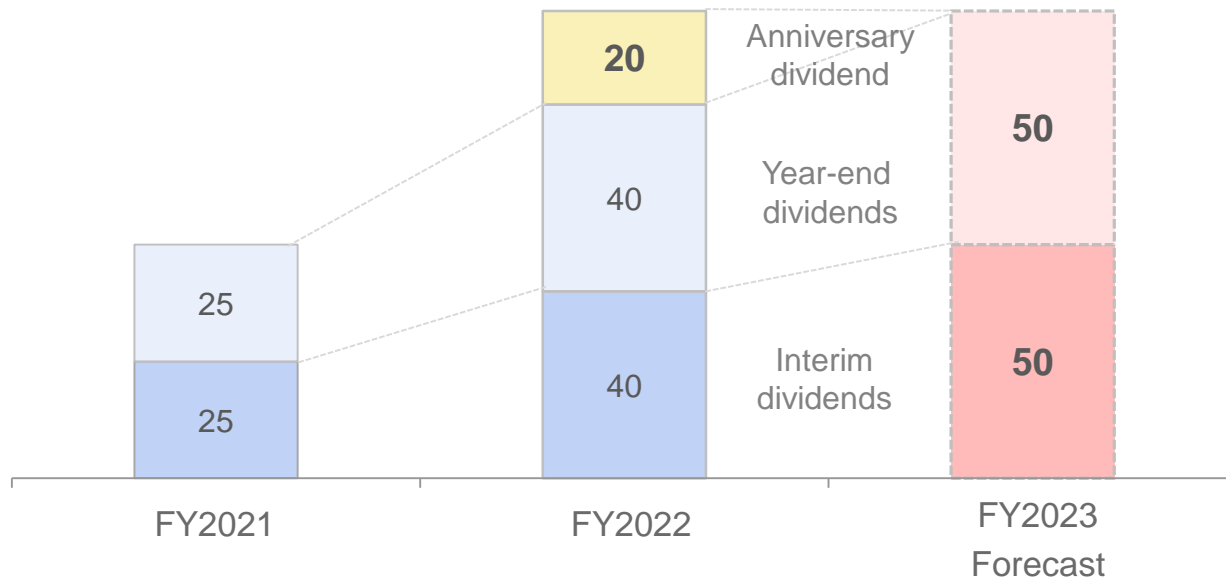
Consolidated business forecast for FY2023



(Unit: million yen) *Round down to the millions	FY2022	FY2023	
	Actual	Forecast	YoY
Industrial Switches	33,191	35,500	+ 7.0%
Industrial Relays & Components	13,625	14,500	+ 6.4%
Automation & Sensing	9,958	9,100	- 8.6%
Safety & Explosion Protection	8,908	9,800	+ 10.0%
Systems	3,742	4,500	+ 20.2%
Others	1,363	1,100	- 19.3%
Total	70,789	74,500	+ 5.2%
Domestic sales	30,904	32,000	+ 3.5%
Overseas sales	39,885	42,500	+ 6.6%
(Ratio of overseas sales)	56.3%	57.0%	

Expected dividends for FY2023

- FY2022 : Annual dividend of JPY100 with the addition of anniversary dividend of JPY20.
(Dividends payout ratio is 37.9%)
- FY2023 : Expected annual dividends is JPY100.
(Expected dividends payout ratio is 39.9%)



Outline of the New Medium-Term Management Plan (FY2023 to FY2025)



1. Review of the Former Medium-Term Management Plan
2. New Medium-Term Management Plan Initiatives
3. Target Industries
4. IDEC Group's New Concept "*HMI-X*"
5. Product Strategy
6. Regional Strategy
7. Initiatives for Improving profitability
8. Medium-Term Plan
9. Measures for Finance and Investment
10. ESG Initiatives

New Medium-Term Management Plan



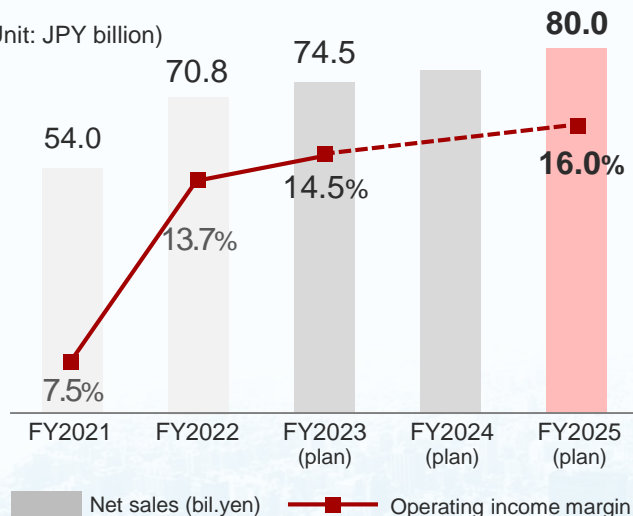
Slogan

PASSION FOR YOUR SUCCESS

~Toward Safety, ANSHIN and Well-being of the people around the world~

Net Sales and Operating Income Margin

(Unit: JPY billion)



Long-term goal is to achieve **operating profit margin of 20%**
Target for 3 years from now in FY2025 is to **achieve over 16% or more**

	FY2022 Results	FY2023 Plan	FY2025 Plan
Net sales	JPY70.8 billion	JPY74.5 billion	JPY80 billion or more (Growth ratio >5%/year)
Operating income	JPY9.7 billion	JPY10.8 billion	JPY13 billion or more
Operating income margin	13.7%	14.5%	16% or more
ROIC	9.4%	10.0%	10% or more
ROE	17.2%	14.5%	15% or more
EPS	JPY263	JPY250	JPY300 or more

1. Review of the Former Medium-Term Management Plan



Long-term vision

The revolution
to be a truly global company

Target for FY2023 (final FY)

Net sales	JPY10 billion
Ratio of overseas sales	60% or more
Operating income margin	15% or more

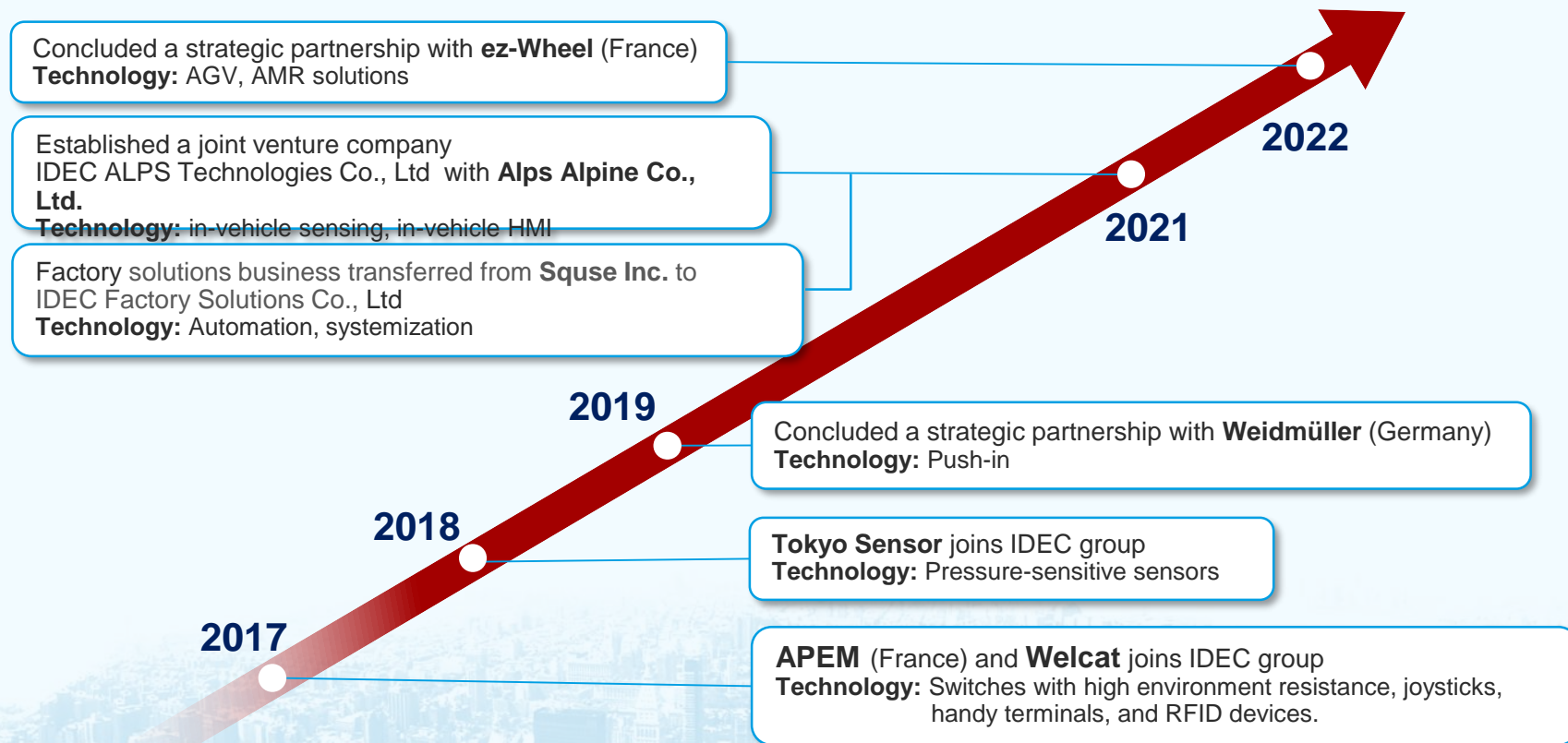
Review

Due to trade friction between the U.S. and China, and the impact of COVID 19, sales did not reach the target level, but profitability is expected to remain at the target level.

	Major results	Challenges
Growth Strategies	<ul style="list-style-type: none">■ Expanded business by APEM and Welcat, etc. joining the IDEC group■ Expanded to India market■ Alliance with other companies, established IDEC ALPS Technologies	<ul style="list-style-type: none">■ Pursuit of the group synergy■ Expand business in China and India markets, and capture target industries■ Reorganize the technical sales organization
Improved Profitability	<ul style="list-style-type: none">■ Price revision■ Restructured production sites (transfer and closure)■ Consolidated the number of part items	<ul style="list-style-type: none">■ Review unprofitable products and integrate products and parts■ Supply parts that meet the need of global markets■ Build a global logistic system
Human resource strategy	<ul style="list-style-type: none">■ Introduced a new personnel system■ Established “The IDEC Way”■ Conducted the engagement survey	<ul style="list-style-type: none">■ Personnel system reform based on the engagement survey■ Reform the company culture, and disseminate “The IDEC Way”

1. Review of the Former Medium-Term Management Plan — IDEC's approach to technology —

(FY2018 to FY2023)

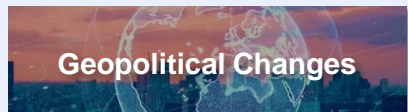
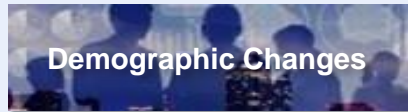


Framework for the New Medium-Term Management Plan

- Take into account megatrends and identify and leverage key technological and market changes rather than an extension of the current business.
- Differentiate from competitors by providing applications that leverage IDEC's strengths to **target industries** and work towards achieving **customer success**.
- Develop **solution business** that brings more value to our customers in addition to our **component business**.
- Develop business with the focus on **HMI and Safety**, which are IDEC's strengths.

The IDEC's role in consideration of mega trends

Megatrends



Societal challenges

- Rapid sharing of information
- Rapid technology innovation
- Aging population
- Rise of the middle class
- Unstable political condition
- Geopolitical power shifts
- Increase in pandemic risk
- Climate change
- Scarcity of natural resources
- Gender and age diversifications
- Emerging Generation Z

IDEC's role

- Enhance digitization with IoT devices.
- Enhance productivity by **automation technology** and **solution**.
- Establish a **safe workplace** for all by developing innovative **safety solutions**.
- Create products and solutions for rapidly evolving markets such as mobility.
- Design energy-efficient products that reduce carbon footprint.
- Develop new **HMI interface solutions** that promote **ANSHIN and well-being**.
- Respond to diverse needs through customization.

2. New Medium-Term Management Plan Initiatives

Vision

Pioneer the new norm for a safer and sustainable world.

Mission

To create the optimum environment for humans and machines.

Slogan

PASSION FOR YOUR SUCCESS

~Toward Safety, ANSHIN and Well-being of the people around the world ~

Four Basic Strategies

Promote Growth Strategy

- **Strengthen sales based on technical problem-solving**
- Accelerate product development and launch based on regional and industry needs
- Expand business in China, India and other focus markets, and by M&A and alliances






Enhance Management Base

- Promote decent work
- Strengthen business structure by promoting PMI and rigorous management of key projects
- Promote digital marketing at global level

Improve Profitability

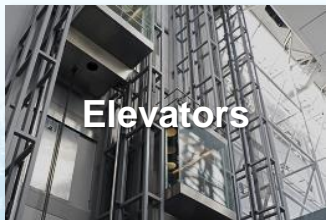
- **Optimize production structure and processes to reduce cost, inventory and improve lead time**
- Review and optimize SG&A cost
- Select and concentrate unprofitable products and businesses

Enhance ESG initiatives

-  Promote initiatives to reduce environmental impact
-  Promote diversity
-  Improve management transparency and efficiency
-  Create Well-being through Safety and ANSHIN technology
-  Improve high product quality and manufacturing capabilities

3. Target Industries

- Among target industries, our focus is on **Machine tools and Automotive industries** in addition to **AGV, AMR, and Robots** with high growth potential
- Enhance solutions to end users and system integrators as well as installation of equipment
- **Strengthen competitiveness by providing solutions** proactively to various industries

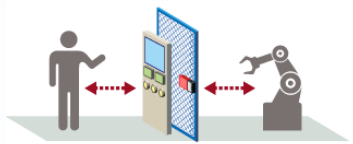


4. IDEC Group's New Concept "HMI-X"

HMI-X [Transformation]

- The business domain is changing from interfaces to more interactive control in an environment where humans and machines collaborate.
- In the future, demand will increase for optimized environments, including spaces where people and machines coexist, to achieve safety, ANSHIN, and well-being for people.

By utilizing our Safety DNA and further evolving the conventional HMI, we will promote the new concept HMI-X, which centers around people



Control in a environment where people and machines are isolated.



Control in an environment where human and machine collaborate.



4. IDEC Group's New Concept "HMI-X"

Solution examples of the new concept "HMI-X"

Components

Provide information on product specification



Solutions

- Offer solutions as a package by providing the optimal product based on knowledge of safety and application types.
- Packages with improved hardware & software for specific applications
- Full setup of users' systems



Ex. Robotics, vehicles



Ex. Transportation applications, etc.

IDEC's Solutions

Leverage IDEC's core technology to explore potential demand and create new value.



Implement software for specific applications

Gather on-site information from remote areas



Software

IoT-Connected



HMI

ANSHIN & SAFETY



Realize market-specific NEW HMI

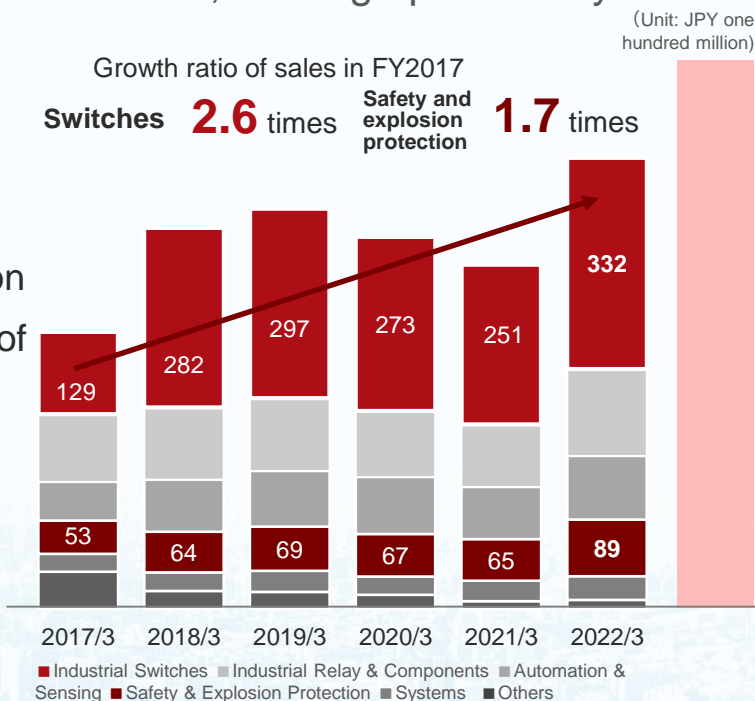
Provide a friendly environment where people and machines work in harmony



5. Product Strategy

Focus on providing solutions for **HMI and Safety / ANSHIN products** with high growth ratio of sales, high market share, and high profitability

- Estimate **CAGR of 5 to 7%** for HMI and safety-related products
- Create a new market through HMI Innovation
- Deploy products to maximize the strengths of IDEC and APEM
- Expand the safety portfolio
- Provide solutions for HMI, safety, software, and IoT Connected



■ **HMI** Create a new market through HMI Innovation

- Develop and deploy new products and NEW HMI products that are highly required by target industries

New HMI: Touchless switches to ensure safety functions of tablets for non-contact applications

HMI for target industries: Handy controllers for AGV, AMR, and robotics, etc.

Custom HMI: Customized products for special customers, etc.

■ **Safety, ANSHIN** Become a global safety company

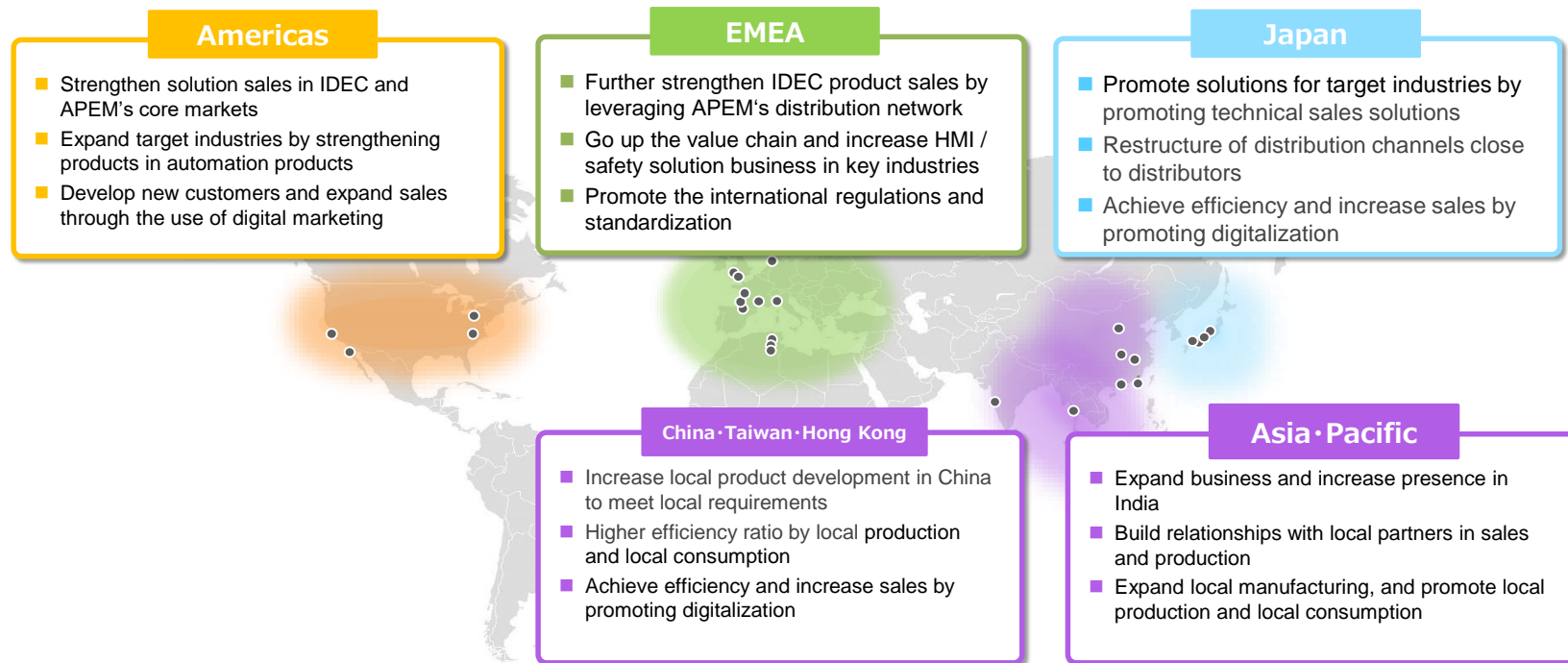
- Expand product portfolio to deploy total solutions to target industries
- Increase safety product variations (Safety2.0) to support collaborative safety environment
- Develop and deploy new products to realize safety and ANSHIN by IDEC ALPS Technologies

■ **IoT-Connected** Realize solutions by leveraging IDEC's (unique) strengths

- Promoting "Compact IoT" proposed by IDEC. MQTT, LTE, and remote IO systems, etc.

6. Regional Strategy

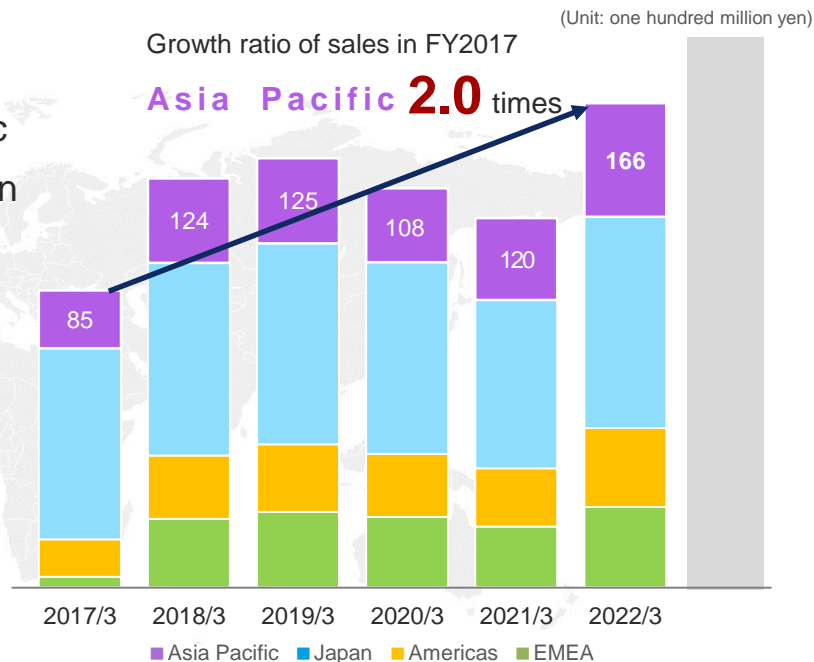
- Increase presence and expand business in emerging markets
- Strengthen safety and problem-solving solutions in mature markets



6. Regional Strategy

Strengthen initiatives in China and India markets with large market levels, where increase of sales is expected.

- Target **CAGR of over 7%** in Asia and Pacific
- Promote local development and production in China
- Strengthen sales channel through strategic partnerships, etc. in India



Strategy in China

[Initiative Policy]

Develop an autonomous business structure,
including development, logistics, and sales, based on local needs

Promote Growth Strategies

- Establish highly efficient sales structure and reinforcement of solution sales
- Accelerate product development based on local needs and strength product variations by collaboration with partners
- Improve customer service levels, including strengthening sales support and technical system

Improve Profitability

- Improve competitiveness through the promotion of a drastic cost reduction
- Shorten delivery LT and reduce cost through local manufacturing of key products

Strengthen Management Base

- Expand sales territories, strengthen management structure, and reinforce and educate human resources.
- Strengthen digital infrastructure, including use of digital marketing and promotion of E-Commerce

Strategy in India

[Initiative Policy]

Increase awareness as a HMI and safety manufacturer
and expand major products' share

Promote Growth Strategies

- Restructure distributor network (expansion of sales channels in untapped areas)
- Increase awareness as a safety manufacturer through seminars/events
- Recruit local staff with expertise and building an organization

Improve Profitability

- Improve efficiency by establishing on-site warehouse
- Cost reduction promotion by local procurement and manufacturing.

Strengthen Management Base

- Build strategic partnerships and strengthen channels in local regions
- Shorten delivery time by building an optimal supply chain structure

7. Initiatives for Improving Profitability

1. Reduce inventory and delivery lead time by reviewing production system and processes

- Promote structural reform of production SCM through reorganization of production sites, reform of logistics and production-related operations and system renewal

2. Promote strategic cost down themes

- Reduce manufacturing cost by automation and labor-saving.
- Cost reduction by VA/VE
- Reduce fixed costs by promoting business reform

3. Consolidate unprofitable products and review transaction prices

- Improve efficiency by consolidating unprofitable products and businesses, and reviewing transactions
- Consolidate materials, parts and products with APEM

8. Medium-Term Management Plan

- Long-term goal is to achieve an **operating income margin of 20%, and over 16% level in FY2025**
- Target CAGR: 5% or more (overseas: 6% or more).

	FY2022 Results	FY2023 Plan	FY2025 Plan
Net sales	JPY70.8 billion	JPY74.5 billion	JPY80 billion or more (Growth ratio >5%/year)
Operating income	JPY9.7 billion	JPY10.8 billion	JPY13 billion or more
Operating income margin	13.7%	14.5%	16% or more
ROIC	9.4%	10.0%	10% or more
ROE	17.2% ※1	14.5%	15% or more
EPS	JPY264 ※2	JPY250	JPY300 or more

※1: ROE deducted the impact from the extraordinary income in FY2022, is approx. 15%.

※2: EPS deducted the impact from the extraordinary income in FY2022, is approx. JPY221.

※ ROE = net income ÷ equity

※ ROIC = NOPAT ÷ invested capital

9. Measures for Finance and Investment

Invest on growth values in medium-to-long term

	Former Medium-Term Plan	New Medium-Term Plan
Growth Investment	<ul style="list-style-type: none"> ■ Investment in M&A and alliances APEM (HMI), Welcat (Automation), Tokyo Sensor(Safety), and Sque (System) joined IDEC group ■ Investment in new products: Investment in the HMI/Safety/Automation field ■ Establishment of a new site: Established a new site in India ■ Establishment of a new company: Established IDEC ALPS Technologies 	<ul style="list-style-type: none"> ■ Investment in M&A and alliances <ul style="list-style-type: none"> • M&A and alliances for enhancing safety business, AGV industries, software, and engineering fields • Strengthen partnerships in China and India ■ Invest in new products: Invest in new HMI and safety proactively
Improve Efficiency Strengthen Management Base	<ul style="list-style-type: none"> ■ Sites and equipment: <ul style="list-style-type: none"> • Introduced automation and labor-saving systems • Restructured production sites and established new logistic sites in China, Taiwan and EU ■ Investment in human resources: Invested on the development of human resources ■ Investment in DX: Arranged digital marketing platform Introduced Teams to the entire company, renewed the personnel system ■ Investment in sustainability: Installed solar power (Hyogo, Aichi, Gifu, Taiwan, etc.) 	<ul style="list-style-type: none"> ■ Sites and equipment: <ul style="list-style-type: none"> • Increase production sites, introduce automation and labor-saving systems • Optimize sites ■ Investment in human resources: Invest on developing global human resources ■ Investment in DX: renew ERP, introduce supply chain planning system, arrange talent management system ■ Investment in sustainability: Install solar power, develop eco-friendly products
Shareholder Returns	<ul style="list-style-type: none"> ■ Measures for return: <ul style="list-style-type: none"> • Continuous dividend with dividend payout ratio between 30 and 50% • Acquisition of treasury stock in a timely manner according to the stock price level 	<ul style="list-style-type: none"> ■ Measures for return: <ul style="list-style-type: none"> • Continuous dividend with dividend payout ratio between 30 and 50% • Acquire treasury stock in a timely manner according to the stock price level

10. ESG Initiatives



Contribute to Realizing Low-Carbon and Circulating Society

- **Promote to initiatives responding to climate change as an important management issue**
- Established the Environment Enhancement Department and assigned the Senior Executive Officer in charge of the environment for further strengthening environmental efforts in 2021.
- Expressed our support for the TCFD in 2021, addressed the scenario analyses of climate-related risks opportunities based on the TCFD guidance between 2021 and 2022, and disclosed the information.

Governance System Addressing to Climate Change

Name	Overview	Number of mtg
Board of Directors	Supervision of important matters related to climate change	7 times or more per year*
Top Management Meeting	Decision making of important matters related to climate change	8 times or more per year*
CSR Committee	Review of important items related to climate change, and submission of these to the Top Management Meeting	Twice a year
Environmental Management Committee	Management of climate-related opportunities	Once a month
Risk Management Committee	Management of climate-related risks	Twice a year
Executive Officer in charge	Senior Executive Officer in charge of the environment	
Responsible departments	Corporate Strategy Planning, Environment Enhancement, Accounting, CSR Office, HR&GA	

*Decision making and supervision of the submitted items by the CSR committee are conducted twice a year.



Related SDGs

Medium-term targets by FY2025 (based on FY2020)

Reduction of CO ₂ emissions	24%	↓
Reduction of industrial wastes	24%	↓
Ratio of eco-friendly products in total new products (cumulative)	60%以上	↑

Vision for 2030 concerning climate change

- Contributing to the reduction of the environmental impact of customers and society through the use of the IDEC Group's technologies and products
- CO2 emissions reduction by the IDEC Group's use of renewable energy

10. ESG Initiatives



Further Enhancement of Human Capital



Related SDGs

- Promote efforts for challenges such as the enhancement of human management system, promotion of diversity and inclusion, and workstyle reform that were extracted from the results of engagement survey (employees' consciousness survey).
- Aim to appoint **fifteen or more female managers*** by FY2025 (including women in a leader's position with subordinates)

Issues	Major initiative taken until FY2022	Initiatives to be taken from FY2023 and beyond
Strengthening of human resource management systems	<ul style="list-style-type: none"> Planned and introduced new personnel systems based on issue analysis. 	<ul style="list-style-type: none"> Operate, maintain, and firmly establish new personnel systems, including a training course system and payroll system.
Promotion of diversity and inclusion	<ul style="list-style-type: none"> Conducted LGBTQ training and management training for empowerment of women. Established a system for recruiting global talent. 	<ul style="list-style-type: none"> Conduct career training for women on the main career track. Actively recruit global talent.
Strengthening of management and career development	<ul style="list-style-type: none"> Promoted workplace improvement programs. Conducted training for selected employees for the development of management talent. 	<ul style="list-style-type: none"> Give multi-faceted executive feedback. Develop management talent for candidates for directors and executive officers. Conduct career development training.
Communication activation	<ul style="list-style-type: none"> Revamped internal intranet. Placed an in-house studio. 	<ul style="list-style-type: none"> Enhance information transmission toward "One IDEC."
Workstyle reform	<ul style="list-style-type: none"> Deployed Microsoft 365 company-wide. Strengthened the IT and office infrastructure. 	<ul style="list-style-type: none"> Introduce and develop various systems based on flexible working styles. Continuously promote operational efficiency.

10. ESG Initiatives

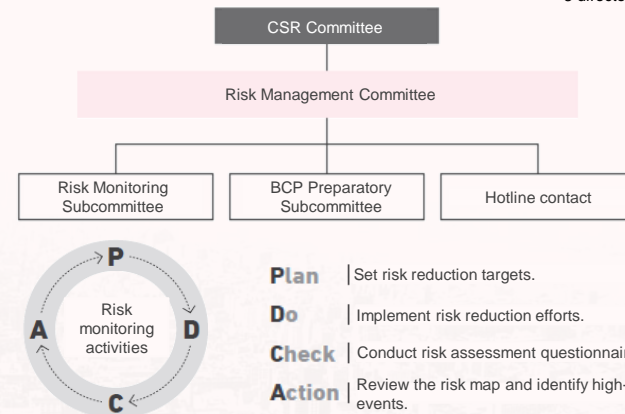
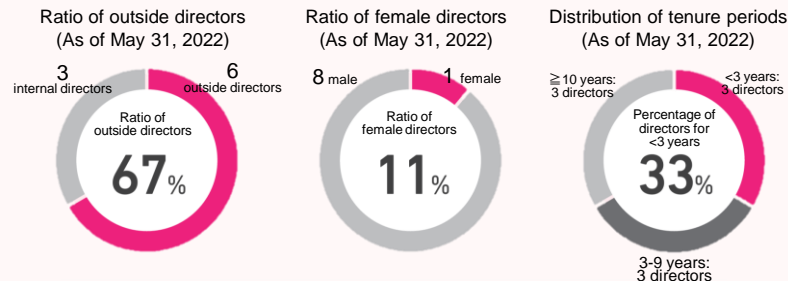


Further Enhancement of Governance

- Assign the majority of outside directors, and secure further diversity based on the skill matrix.
- Promote to improve a stable and long-term company's credibility and company value by continuing the initiatives for improving the directors' effectiveness based on the results of the evaluation of effectiveness.
- Identify high-risk events based on a risk map and operate risk monitoring activities which conduct monitoring risk reduction initiatives regularly.
- Identify "Nankai Trough earthquakes" as one of the high-risk events, and promote BCP formulation and raise internal awareness for disaster prevention in order to prepare for natural disasters.

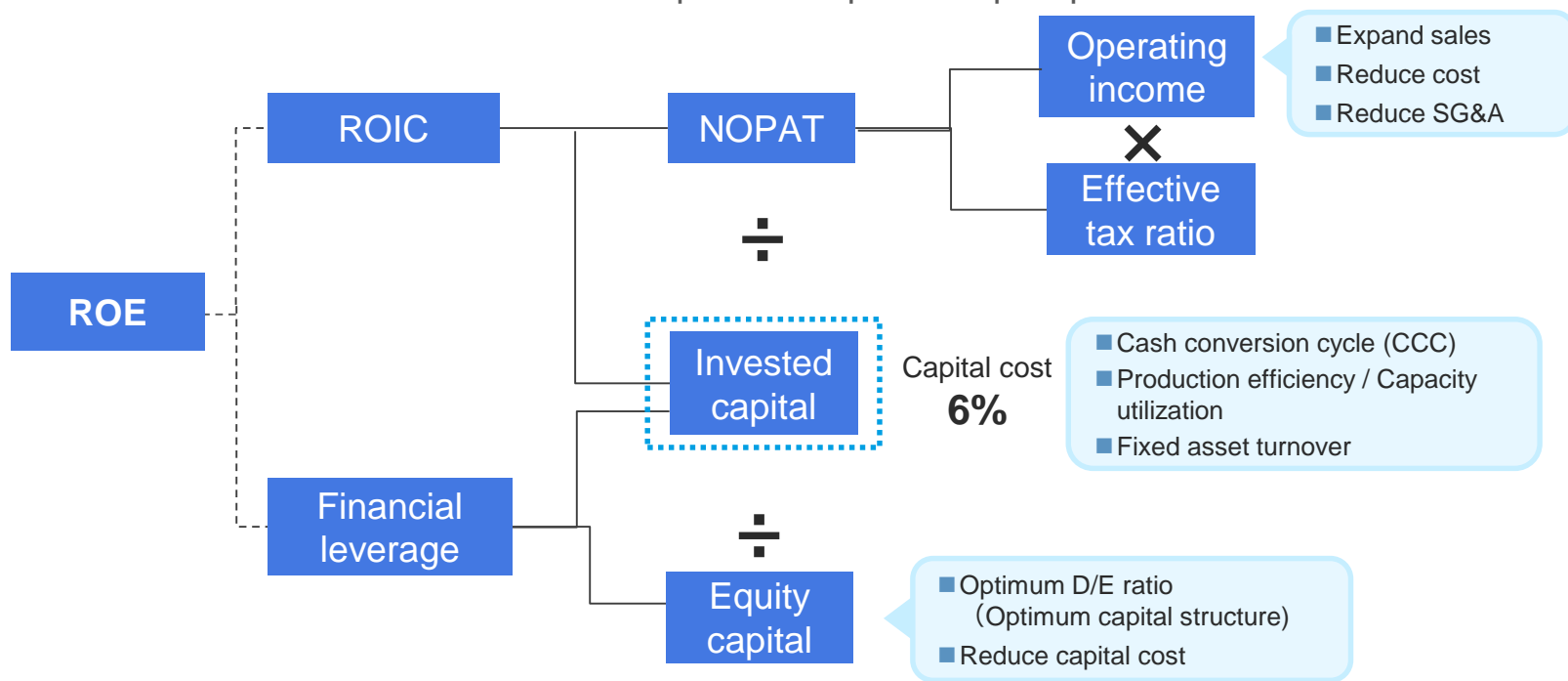


Related SDGs



References

- Assume capital cost as around 6%, and promote business operation based on the ROIC exceeding it.
- Realize the maximum returns for invested capital with optimal capital policies



- FTSE Blossom Japan Sector Relative Index
- SOMPO Sustainability Index (FY2022)
- S&P/JPX Carbon Efficient Index



**FTSE Blossom
Japan Sector
Relative Index**

2021



Sompo Sustainability Index



Promote worldwide activities to create well-being beyond safety

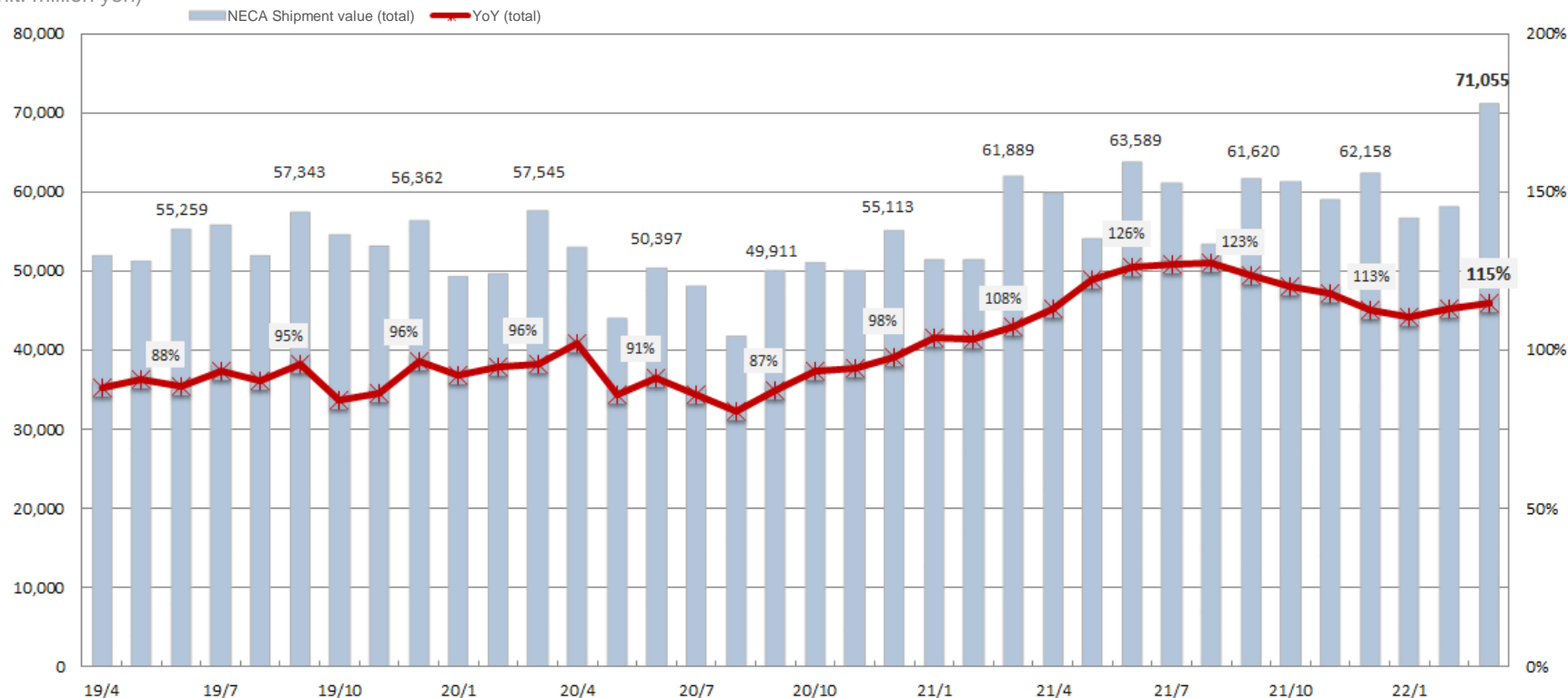
- Approved **the Global Coalition for Safety and Health at Work** established on the initiative of ILO (International Labor Organization), and participated in the activities of company promotion task group
- Approved and registered **the Vision Zero campaign*** of industrial health and safety, which ISSA under ILO promotes, for the first time in Japan
(*It is an approach to pursue company's "safety, health, and well-being" on the initiative of top management.)
- The second Vision Zero Summit was held in Japan in May 2022, where the IDEC's employees made presentations of IDEC-related cases. Seven presentations in total were provided.
- Transmitted messages that IDEC aims for pursuing and realizing the world's best safety, ANSHIN, and well-being through the collaborative safety technology that IDEC leads the world and our business.











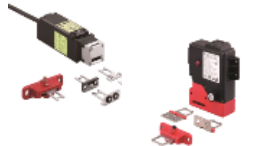









An example of presentation content at the Vision Zero Summit

Transition of the industrial shipment and YoY status (between April, 2019 and March, 2022)

(Unit: million yen)



Sales classification by segment

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

Disclaimer

This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of May 13, 2022.

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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