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(Stock Exchange Code 6652)

May 26, 2023

To Shareholders with Voting Rights:

2-6-64 Nishimiyahara, Yodogawa-ku, Osaka
IDEC CORPORATION
Toshiyuki Funaki
Chairman and Chief Executive Officer

NOTICE OF THE 76TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

The 76th Annual General Meeting of Shareholders of IDEC CORPORATION (the “Company”) will be held for the purposes as described below.

- 1. Date and Time** Friday, June 16, 2023 at 10 a.m. Japan time
(The reception is scheduled to start at 9:00 a.m.)
- 2. Place** 2F Hall at the Head Office of the Company located at
2-6-64 Nishimiyahara, Yodogawa-ku, Osaka
- 3. Meeting Agenda**
Matters to be reported
 1. The Business Report, Consolidated Financial Statements for the Company’s 76th Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits by the Accounting Auditors and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 76th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved

- Proposal 1:** Election of Seven Directors (Excl. Directors Who Are Audit and Supervisory Committee Members)
- Proposal 2:** Revision of Remuneration of Directors (Excl. Directors Who Are Audit and Supervisory Committee Members) After the Revision of the Officer Remuneration System
- Proposal 3:** Determination of Remuneration for Granting Performance-linked Stock Compensation and Restricted Stock Unit to Directors (Excl. Directors Who Are Audit and Supervisory Committee Members and Outside Directors)
- Proposal 4:** Delegation of Determination of Subscription Requirements for Stock Acquisition Rights to Be Issued as Stock Options to the Board of Directors of the Company

For the purpose of convening this Annual General Meeting of Shareholders, we provide information contained in the Reference Documents for the General Meeting of Shareholders, etc. by electronic means (matters on measures for electronic provision), and post it as “Notice of the 76th Annual General Meeting of Shareholders” on the Company website as well as the website of the Tokyo Stock Exchange (TSE) below. Please access and review it.

The Company website:

<https://jp.idec.com/idec-jp/ja/JPY/about-IDEDEC/ir/shareholders-meeting2023>

The website of TSE:

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

*On the website of TSE, enter the stock name (IDEC) or stock code (6652), search for it, and select “Basic information” and “Public documents/PR information” to confirm them.

Of the matters pertaining to measures for electronic provision, the following matters are not included in the documents to be delivered to shareholders pursuant to laws and regulations and the provisions of the Articles of Incorporation of the Company. Accordingly, the documents delivered to shareholders shall be part of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor in preparing the Audit Report.

- 1 “Matters concerning stock acquisition rights of the Company,” “Matters concerning Accounting Auditors,” “Matters concerning establishment of the system to ensure the appropriateness of business operations, and the operational status of the said system,” “Basic Policies on Company Control,” and “Policy for Determining the Dividends of Surplus, etc.” in the Business Report
- 2 “Consolidated Statements of Changes in Shareholders’ Equity” and “Consolidated Notes” of the consolidated financial statements
- 3 “Non-consolidated Statements of Changes in Shareholders’ Equity” and “Non-consolidated Notes” of the non-consolidated financial statements
- 4 “Audit Report on the Consolidated Financial Statements by the Accounting Auditor,” “Audit Report by the Accounting Auditor,” and “Audit Report by the Audit and Supervisory Committee” of the audit reports

If any amendment is made to the matters pertaining to measures for electronic provision, we will post such fact and the matters before and after the amendment on the Company website and the TSE website on the left.

Information on Exercise of Voting Rights

Voting rights at the Annual General Meeting of Shareholders are an important right for shareholders to participate in the management of the Company. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights in one of the following three ways.

When attending in person

Please submit your Voting Form to the receptionist at the Meeting. Voting via the Internet, etc. or in writing (by mail) is not necessary.

When mailing the Voting Form

Please express whether you approve or disapprove of each proposal on the Voting Form and mail it to us. Exercise deadline: Should arrive by 5:15 p.m. on Thursday, June 15, 2023

When exercising voting rights via the Internet, etc.

Please enter whether you approve or disapprove of each proposal on the voting website on the next page. Exercise deadline: Should send by 5:15 p.m. on Thursday, June 15, 2023

To Shareholders

We aim to achieve safety, ANSHIN and well-being* for people all over the world by achieving sustainable global growth and contributing to the resolution of societal challenges.

We would hereby like to express our appreciation for your continued support and patronage.

The IDEC Group defines its purpose (meaning of existence) as “To create the optimum environment for humans and machines, and to achieve safety, ANSHIN and well-being for people around the world,” and under its management philosophy, “The IDEC Way,” the IDEC Group aims to achieve sustainable growth by contributing to the resolution of societal challenges through its business.

In the fiscal year ended March 2023, as a result of solid global demand for capital investment in the manufacturing industry and the contribution of initiatives aimed at improving profitability, we achieved new record highs in business results and successfully achieved the goals of the Medium-Term Management Plan in the first year. However, given the uncertain nature of the global economy, in order to respond to diverse changes and realize sustainable global growth and contributions to society, we envisioned our ideal for 2050 and backcast it into our vision for 2030.

The foundation of our long-term vision is “The IDEC Way.” Since our foundation in 1945, we have strived to create a society where everyone can live safely, healthily, happily and in a lively way by providing products and services that enable us to “protect human lives” even in the event of unforeseen circumstances and create the optimum environment for humans and machines. By creating new possibilities and becoming a pioneer of new standards, we will strive to create a safer and more sustainable society that brings happiness and ANSHIN to all.

* Well-being is the concept of being in a good physical, mental, and social condition where individual rights and self-realization are guaranteed.

May 26, 2023

Representative Director Chairman and President

Toshiyuki Funaki

At a Glance

Our Business

As a leading company in the field of Human-Machine Interface (HMI), the IDEC Group provides a wide range of products and solutions that contribute to safety, ANSHIN, and well-being

Basic Information

IDEC was founded in Osaka in 1945 as Izumi Shokai.

Shortly afterwards, the company began developing high-quality switch boxes, an indispensable component in machinery and equipment, and eventually became a **general manufacturer of control devices for machines.**

Through development of a diverse line-up of products that **contribute to automation and the efficiency and safety of factory equipment**, IDEC is working to create the optimum environment for both humans and machines.

Our Global Network

IDEC has established development, manufacturing, and sales centers around the world in order to provide ideal components and solutions that **match market and industry needs.**

In line with its medium-term management plan, IDEC is **pursuing global expansion** by strengthening its presence in the Chinese and Indian markets, in which high growth is expected.

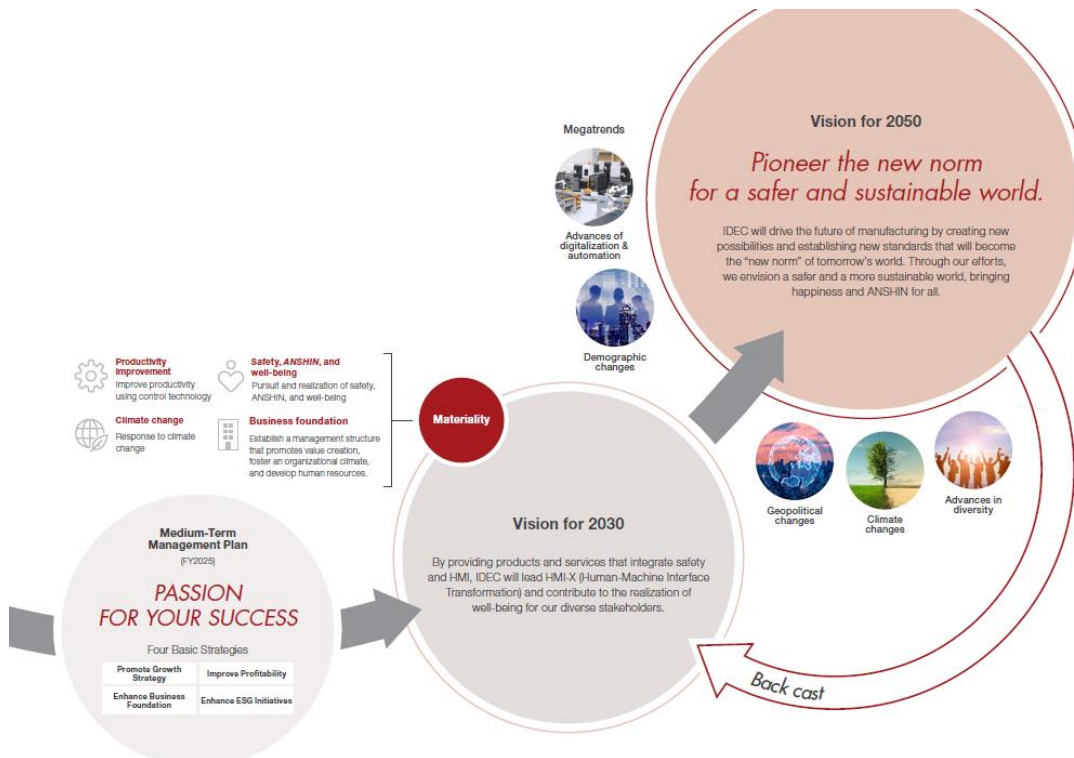
Business Report (Issues to be addressed)

Long-term Vision

The global corporations are called upon to address climate change and other challenges affecting the international community as they navigate the tremendous changes in the market landscape.

We aspire to tackle the challenges faced by society and serve the ever-evolving needs of our customers while achieving sustainable growth for our Group. To set the course for these endeavors, we have formulated a long-term vision for 2050, and backcast it to define our interim vision for 2030.

We are already taking action on sustainability challenges to help society become sustainable and to increase our corporate value. Going forward, we will also step up our efforts to make our Group carbon neutral by 2050 and to enhance our human capital in ways that support our global expansion.



Materiality

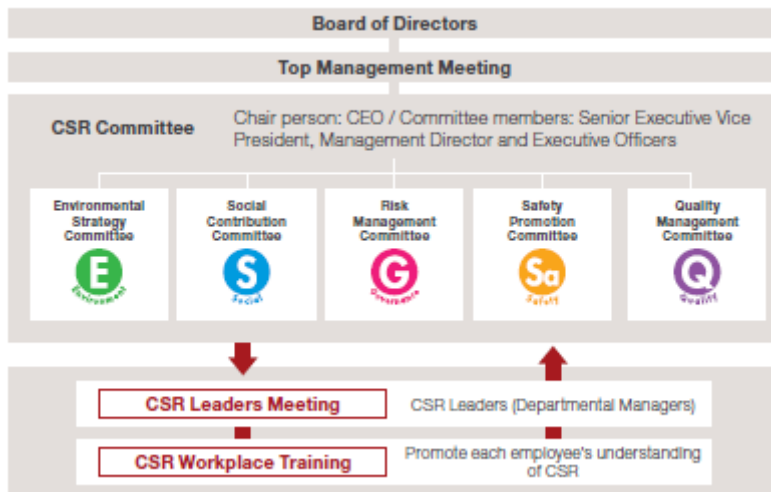
Along with formulating its long-term vision for 2050 and interim vision for 2030, IDEC has reviewed its policy toward materiality. A fourth item, “corporate platform,” has been added, and the company is working to devise climate change measures and further enhance its human capital and governance.

	Vision for 2030	Related SDGs
<p>1 Productivity improvement Improve productivity using control technology</p>	<ul style="list-style-type: none"> Contribute to improving own productivity and efficiency of own customers and society around the world by providing the IDEC Group's long-cultivated control technology, products and system solutions that have been developed ever since its foundation. 	
<p>2 Safety, ANSHIN, and well-being Pursuit and realization of safety, ANSHIN, and well-being</p>	<ul style="list-style-type: none"> Realizing the optimum environment for both humans and machines will resolve various social issues and make it possible to achieve healthy, happy, and vigorous lives. Improve safety, productivity, and well-being through technology development, human resource development, management, and rule-making. 	
<p>3 Climate change Response to climate change</p>	<ul style="list-style-type: none"> Contribute to the reduction of the environmental impact of customers and society through the use of the IDEC Group's technologies and products. Reduce CO₂ emissions through the in-house use of renewable energy. 	
<p>4 Business foundation Establish a management structure that promotes value creation, foster an organizational climate, and develop human resources.</p>	<ul style="list-style-type: none"> Ensure a thorough knowledge of “The IDEC Way” and stimulate the company by creating an attractive work environment that gives employees a sense of purpose. Promote decent work as well as diversity & inclusion to strengthen the company's human capital, in order to cultivate employees who will be able to innovate and create new value. Further strengthen governance and compliance to ensure that the company is trusted by society. 	

Sustainability Promotion System

The CSR Committee, chaired by the CEO, was established to develop our Group’s CSR action policy. Five specialist committees were established under it to focus on specific policy areas: Environment, Social, Governance, plus two for areas of our strengths, Safety and Quality.


Together referred to as “ESG+Sa+Q,” these specialist committees are each chaired by an executive officer and consist of knowledgeable, experienced members who develop measures pertaining to their respective themes. The CSR Committee meets twice a year, and important matters discussed are reported to and supervised by the Top Management Meeting and the Board of Directors as may be necessary.







Medium-Term Management Plan

We are pursuing four basic strategies under the current medium-term management plan for FY2023–FY2025: promote growth strategies, improve profitability, enhance the business foundation, and enhance ESG initiatives. Specific themes linked with our material issues have been defined for each strategy, and we are taking action on them to realize our slogan of “PASSION FOR YOUR SUCCESS.” Leveraging the control technologies we have cultivated over the years, we are striving to achieve advances in our core fields, including answering needs for automation, unmanned operation, and labor-saving, and increasing safety, ANSHIN, and well-being. In doing so, we seek to advance our new concept of HMI-X, help solve societal challenges, and achieve sustainable growth and customer success.

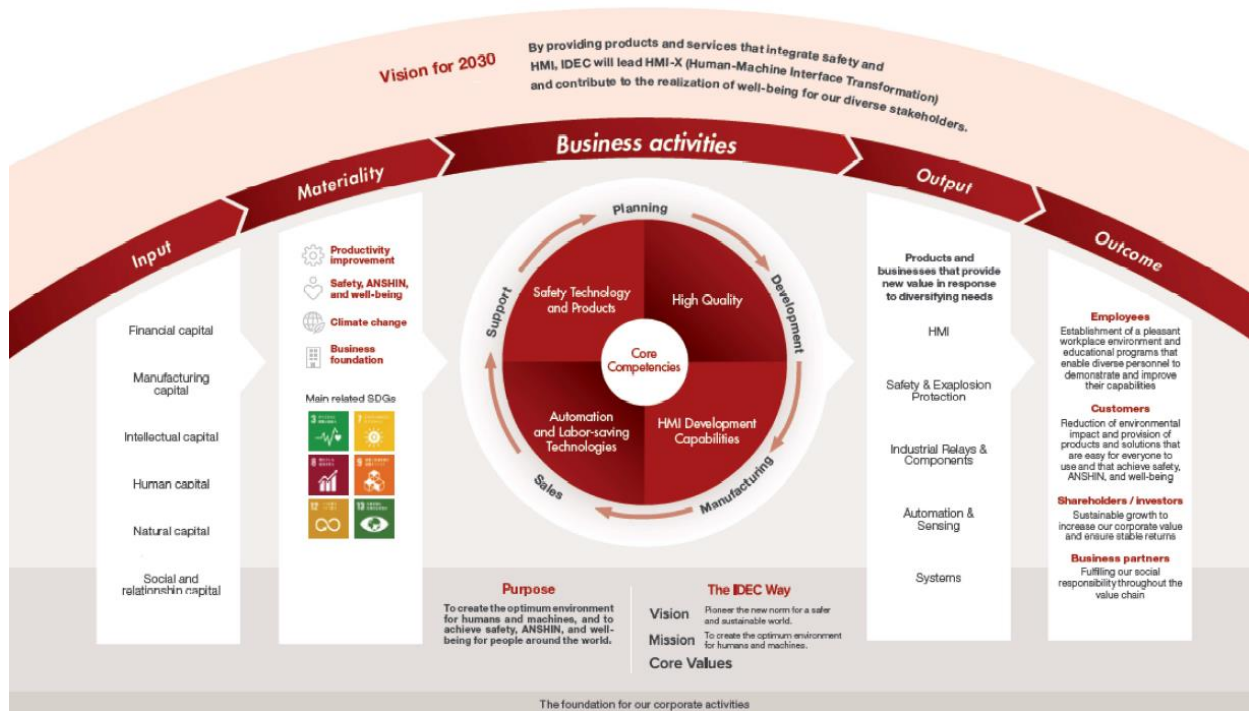
As we achieved the medium-term management plan’s original numerical targets in its first year, we announced an updated plan in May 2023. We are pursuing radical reforms under the current plan to realize an operating income margin of 20% or more in the medium term, with the aim of achieving greater profitability. We are also strengthening our business foundation to attain sustainable growth worldwide. These efforts include reducing our environmental impact toward the achievement of carbon neutrality, and improving employee engagement through increased investment in human capital, implementation of workstyle reforms, and other measures.

	FY2025 Plan (Initial Plan)		FY2025 Plan (Amendment Plan)
Net sales	JPY80 billion		JPY 85 billion
Operating income	JPY13 billion or more		JPY15.3 billion
Operating income margin	16% or more		18% or more
ROIC	10% or more		10% or more
ROE	15% or more		15% or more
EPS	JPY300 or more		JPY360 or more

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

Value Creation Process

We are committed to helping realize a sustainable society and increasing our corporate value while fulfilling our Purpose and the ideals of “The IDEC Way.” Specifically, we strive to meet the following materiality goals through our business activities: “Improve productivity using control technology,” “Pursuit and realization of safety, ANSHIN, and well-being,” “Response to climate change,” and “Establish a management structure that promotes value creation, foster an organizational climate, and develop human resources.”



Human capital

New ideas created from the diversity in human resources

We are committed to creating a pleasant workplace environment where diversity in gender, age, nationality, culture, lifestyle, and more is respected. In keeping with the “Management with respect for humanity” principle that we have subscribed to since our foundation, we are working to foster a corporate culture where employees with diverse personalities and values can fully demonstrate their abilities.

Related Materialities
■ Business foundation

- Ensure a thorough knowledge of “The IDEC Way” and stimulate the company by creating an attractive work environment that gives employees a sense of purpose
- Promote decent work as well as diversity & inclusion to strengthen the company’s human capital, in order to cultivate employees who will be able to innovate and create new value

Human resource strategies

IDEC has established “Business foundation: Establish a management structure that promotes value creation, foster an organizational climate and develop human resources” as one of its four materiality goals. Corporate revitalization and strengthening human capital will be indispensable in order to achieve sustainable growth and increase our corporate value. Accordingly, we are carrying out various initiatives to this end based on the vision we established for 2030, and in coordination with the policies in the medium-term management plan and the sustainability KPIs. We have conducted an employee engagement survey since 2019, and have made the resulting “Engagement score” one of our sustainability KPIs. We are working to improve engagement by determining the current situation and the issues to be resolved and then implementing measures centering on priority issues. In addition, initiatives to promote decent work as well as diversity & inclusion will be essential to further expand our business activities globally. We will focus our efforts on hiring global talent and increasing the proportion of female managers to ensure human resource diversity.

We have defined filling important positions and conducting leadership training as medium- to long-term human resource strategies. We will systematically select and train candidates to become the next generation of managers as part of our efforts to achieve sustainable growth for all Group companies.

Governance

In FY2023, a new Strategic Planning Division was established as an organization under the direct control of representative directors, to enable the Strategic Planning Department and the Human Resources and General Affairs Department to work together to draft management strategies and personnel strategies. The new division, working in coordination with related departments, leads the formulation of longterm visions, medium-term management plans, sustainability KPIs, management and personnel strategies, and the managing of our management resources. Critical matters are referred to the Top Management Meeting, whose policy decisions are reported to the Board of Directors.

In addition, a new Decent Work Promotion Subcommittee was established in 2022 as a specialist subcommittee of the Company-Wide Health & Safety Committee. The subcommittee works to create a rewarding workplace environment and increase employee satisfaction in order to achieve employee well-being.



Strategy

Human resource development policy In-house environment improvement policy

The IDEC Group has established the following as its main purpose: “Create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world.” This main purpose and the company’s vision (“Pioneer the new norm for a safer and sustainable world”) constitute “The IDEC Way.” The goal of The IDEC Way is “to realize a safer and more sustainable society that brings happiness and ANSHIN to all people.” To achieve the vision of the IDEC Group, we will further expand our activities on a global scale and strive to contribute to the resolution of various societal challenges through our business activities. To this end, we have made it a priority to hire and train personnel with diverse strengths who are able to manifest their capabilities and their passion and open the way to the future to become the leaders of the next generation. We will continue to actively promote diversity & inclusion and carry out a variety of human resource development policies. We will also protect the safety and mental and physical health of our employees, and will strive to ensure a healthy working environment that is free from discrimination.

Strengthening of human resource management systems

We have introduced a personnel system that is based on our human resource development policy and employee engagement surveys. We also conduct multifaceted evaluations and work to improve our training systems to strengthen human resource development. In addition, we created the Career Development Meeting as a mechanism for considering the development of each and every employee.

Promoting decent work

We have implemented various workstyle transformation initiatives, such as increasing work efficiency through DX, building an IT infrastructure that includes telephones, etc., introducing a revolutionary paid holiday program, and encouraging male employees to take childcare leave. To enable more flexible working styles, we have launched discretionary work and flex-time systems, and we are currently reassessing existing work-from-home programs and special leave systems.

IDEC diversity & inclusion

We carry out diversity & inclusion initiatives and strive to improve our support systems and create an environment in which diverse employees with different experiences, specialist knowledge, and expertise can be active while respecting one another’s humanity, without regard to gender, sexual orientation, gender identity, nationality, social status, family origin, religion, etc.

Maintaining employee health and establishing a culture of safety

Since keeping employees and their family members physically and mentally healthy is vital to the IDEC Group, we adopted the IDEC Group Health Declaration and carry out health initiatives. The first step for better well-being is to ensure the safety and health of employees. We are taking action to eliminate or prevent the causes of injuries, diseases, and other dangers in the workplace.

Risk Management

In materiality analysis, the risks and opportunities relating to human capital are mapped on the twin axes of stakeholder importance and business activity importance, and the risks associated with human capital as a “Business foundation” are integrated with the IDEC Group risk map and managed. Critical risk items are assessed and managed by the Risk Management Committee, and the risks and opportunities relating to human capital are reassessed annually at the Strategy Planning Division.

Metrics and Targets

We have established sustainability KPIs and we are implementing initiatives to achieve these goals.

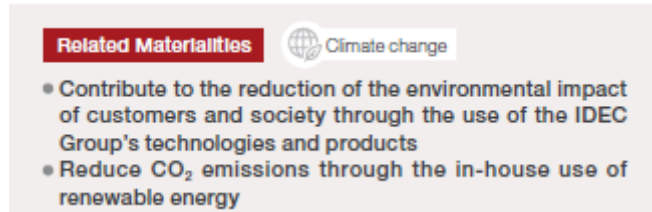
(Target of FY2025)


- Engagement score Improvement in the scores for 3 main issues (as compared to FY2023)* (Japan)
* Main issues: (1) human resource development, (2) strengthening of management abilities, and improvement of the acceptability of human resource systems
- Males taking childcare leave 90% (IDEC unconsolidated)
- Number of female managers 15 (IDEC unconsolidated)
- Average per capita training costs 70 thousand yen (IDEC unconsolidated)

Natural Capital

Realize a sustainable society

Regarding the relationship between the global environment and corporate management, the IDEC Group recognizes that all humans desire to exist in harmony with the planet, and therefore the company's basic environmental policy is to act to preserve the environment as the most important issue for all business activities, and to strive to achieve sustainable development.



Related Materialities  Climate change

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

The environmental management of the IDEC Group

The IDEC Group has formulated its long-term vision for 2050 and interim vision for 2030. As a global corporation, the Group aims to achieve sustainable growth while tackling social issues that include measures to deal with global warming and climate change.

Actions to ensure sustainability, in particular initiatives for climate change, are essential for companies from the standpoint of both responding to increased social needs and preserving the global environment. Moreover, in the effort to achieve sustainable growth, environmental strategies are an important part of the Group's business strategy, and therefore an environmental response is viewed as a transition opportunity. We will implement strategies for helping to achieve our Group's main purpose of ensuring safety, ANSHIN, and well-being for people all of the world, through the development of ecofriendly products, environmental energy business, and other activities.

Specifically, "Promotion of initiatives to reduce environmental impact" are included as one item in the basic strategy outlined in the medium-term management plan. We have established sustainability KPIs and are pursuing an action plan that reflects our transition opportunities toward the achievement of the goal. Beginning with what can be achieved right now, we are addressing to achieve carbon neutrality in order to realize our vision for 2050.

Information disclosure based on the TCFD recommendations

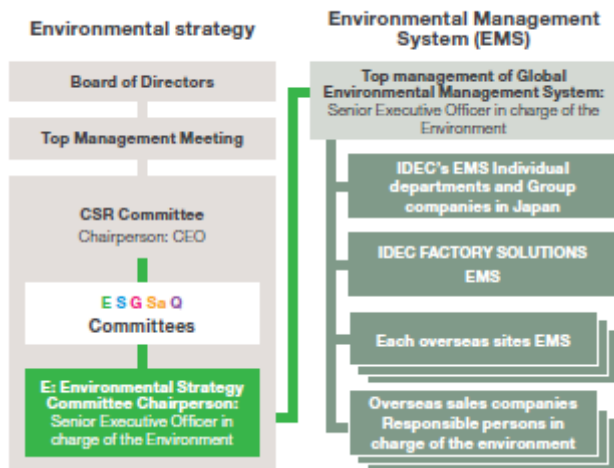
Governance

The Environmental Strategy Committee, which is a specialist committee of the CSR Committee chaired by the CEO, plays a key role in the effort to disclose climate-related financial information.

The Environmental Strategy Committee meets monthly under direction by the Senior Executive Officer in charge of the Environment. For striving activities further shifted to the environmental management, the Committee was changed its name from the Environment Management Committee to the Environmental Strategy Committee in December 2022 in order to incorporate responses to the environment into business plan strategically. Its activities include the audit of environmental items for eco-friendly products, calculation of product carbon footprint, encouragement of using internal carbon price, preparation for disclosing climate change-related information based on the TCFD recommendations, and planning and operation of the environmental events.

Decisions made by the Environmental Strategy Committee are determined through the CSR Committee or by the direct submission to the Top Management Meeting, where the policy is decided, and then reported to the Board of Directors.

Framework of the environmental governance



Strategy

Selection on scenarios

Since the pandemic of COVID-19 in 2020, and especially in 2022, energy supply issues have risen caused by the worldwide unstable status in Europe, etc. Not only the unstable framework of energy supply-demand has been visible, but the price increase and inflation have proceeded due to the price escalation of fuels. The amount of fossil fuel consumption including coal and oil has increased in EU, and the amount of CO₂ emissions has increased due to the economic recovery on a world scale, which was reported in WEO2022 that it would be difficult to accomplish the target of reducing CO₂ emissions defined at the Paris Agreement. Considering the above situations, we have selected two transition risk scenarios and two physical risk scenarios, respectively. One is a scenario to “hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels” as a long-term target of the Paris Agreement, and the other one is in accordance with the current world status.

Specifically, we have selected WEO2022’s STEPS (2.6°C scenario) and NZE (1.5°C scenario) as transition scenarios, and PCC Fifth Assessment Report’s RCP2.6 (2°C scenario) and RCP8.5 (4°C scenario) as physical risk scenarios.

Based on the recognition of the world image in accordance with each scenario, we have conducted analyses of IDEC Group’s risks and opportunities

Risks and opportunities

The Environmental Strategy Committee has picked up the assumed risks and opportunities of the IDEC Group by reference to the risk and opportunity items of the CDP Climate Change Questionnaires. Specifically, we have quantified potential financial impact figure, magnitude of potential impact, likelihood, timeframe, and selected prioritized risk and opportunity items in a quantitative manner. Subsequently, we have assumed the external environmental changes and the business impacts caused by them, considered responses by the IDEC Group as environmental strategies, and described them in the list and mapping of risks and opportunities.

Risk Management

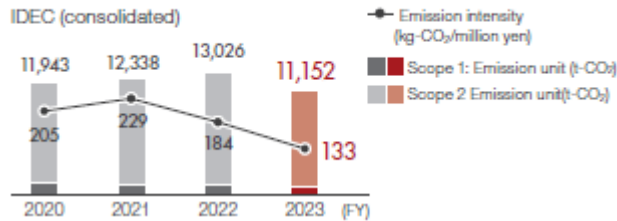
The identified results of risks and opportunities related to climate change, and risk items that have been assessed as important in our mapping and were considered at the Environmental Strategy Committee, are managed by referring to an integrated risk map of the IDEC Group. They are also reflected in the environment related risks and opportunities associated with the Materiality. Important items of risk and opportunity are evaluated by the Environmental Strategy Committee, taking into account both the likelihood and magnitude of impact.

Metrics and Targets

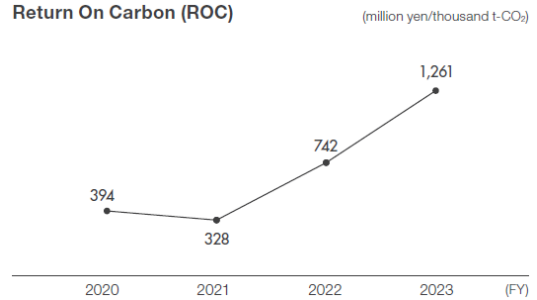
Our medium-term management plan sets the targets to reduce Scope1 and Scope2 CO2 emissions by 24% by FY2025, and by 50% by 2031 (compared to the levels in FY2020). From FY2024, we introduce the system that the progress level of achievement is reflected to executive compensation.

As for the CO2 emissions amount of FY2023, we have switched to a power company with a lower emissions factor, and additional self-consumption solar power generation equipment has started operation, which resulted in the decrease of Scope2 CO2 emissions amount compared to that of FY2022. A factory operation increased due to a strong increase in sales, which resulted in the increased tendency of in-house CO2 emissions amount compared to that of FY2020, but we could finally achieve the result of decreasing it slightly compared to that of FY2021. Each factory is working to increase the operation ratio, which resulted in the decreased intensity of carbon emissions steadily. Return On Carbon (ROC) has increased significantly.

CO₂ Emissions (Scope 1 & 2)



Return On Carbon (ROC)



The Six Types of Capital That IDEC Highly Values

The capital accumulated by the IDEC Group since its founding will be the source of the Group's future growth and increased corporate value.

While responding flexibly to changes in the environment, we are determined to realize sustainable growth by enhancing and making effective use of these six types of capital: human capital, natural capital, financial capital, manufacturing capital, intellectual capital, and social and relationship capital.

Financial Capital

The foundation for sustainable growth

The IDEC Group generates approximately 7 billion yen of cash through its operating activities. Cash created through global business activities is mainly used for investing in equipment/facilities, R&D, and human capital, and for providing returns to shareholders—all with the aim of achieving sustainable growth and increasing our corporate value.

Manufacturing Capital

Manufacturing technology organization leveraging insights and expertise accumulated over many years

We operate a Manufacturing Technology Department that designs and manufactures diverse production equipment used by Japan and overseas Group companies, including dies, jigs, and robot-supported automated assembly equipment. We constantly strive to improve our Group's production efficiency by leveraging manufacturing technology insights and expertise accumulated over more than 70 years.

Intellectual Capital

Active promotion of international standardization activities

In industrial fields where new technological developments such as ICT and collaborative robots are advancing in addition to market globalization, realizing a safe working environment that leaves no one left behind has become a pressing societal concern. We make positive impacts toward the realization of a safety, ANSHIN, well-being, and sustainable society by solving societal challenges through the formation of social rules, including the development of human resources to support safety and international standardization activities.

Social Relationship Capital

Growing together through dialogue with diverse stakeholders

Building good relationships with diverse stakeholders—employees, customers, subcontractors, suppliers, shareholders, investors, global and local communities, government agencies, industry groups, and others—is crucial for increasing our corporate value. IDEC employs various means of communication to respond to stakeholder's views, expectations, and needs in order to fulfill its corporate social responsibilities.

Governance

A commitment to effective governance

The IDEC Group is further enhancing its governance system to ensure management transparency and efficiency on behalf of its shareholders and other stakeholders.

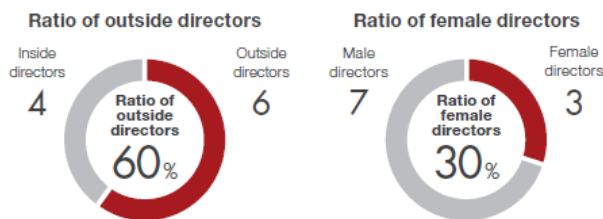
Related Materialities

Business foundation

- **Further strengthen governance and compliance to ensure that the company is trusted by society**

Features of IDEC's governance

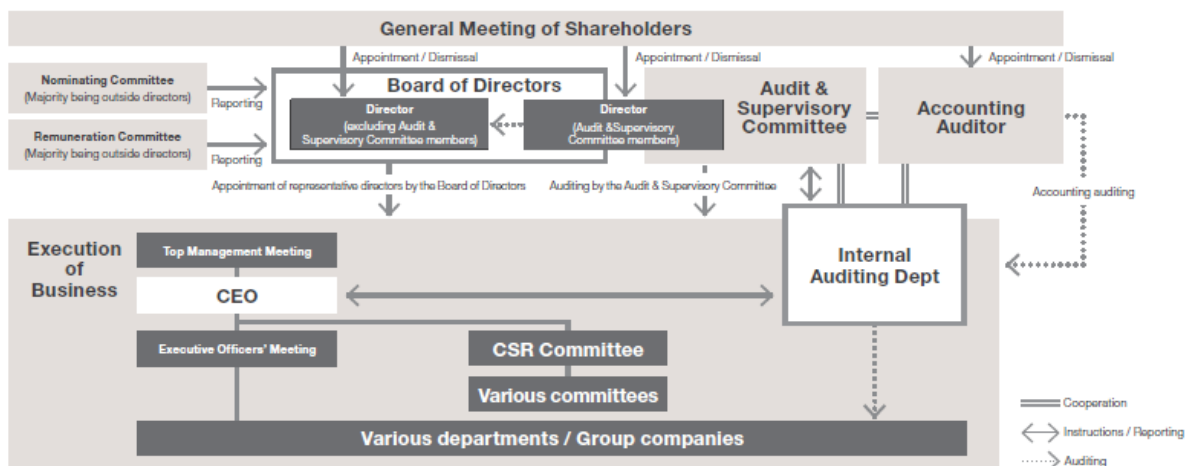
1. Outside directors represent more than half of all directors, and all of them are independent of-ficers
2. Women make up 30% of the Board of Directors
3. The effectiveness of the Board of Directors has been continuously evaluated since FY2016
4. Outside directors actively participate in outside directors' exchange sessions and other events



*Ratio after the approval of Proposal 1

Evolution of governance

The IDEC Group has separated the business executive function and the supervisory function of the management in order to realize efficient corporate management, and has proactively appointed outside directors since early on. In 2016, the IDEC Corporate Governance Policy was established to set forth and communicate our views on gov-ernance and our operating policy. In June 2018, we trans-formed into a Company with an Audit & Supervisory Committee. We established a voluntary Nominating Committee in 2021, and a Remuneration Committee in 2022. We have ensured that outside directors constitute the majority of all directors since 2016. Today, the Board of Di-rectors is a diverse body made up of men and women with different backgrounds and areas of expertise.



Efforts to evaluate effectiveness

In order to improve the effectiveness of the Board of Directors, an evaluation of all directors except the CEO has been conducted using a questionnaire method every year since FY2016. Since FY2022, a third-party organization has conducted the questionnaire survey and analyzed the responses. The results of their evaluation are reported to the Board of Directors, whose members share the issues identified and continuously strive to make improvements. The FY2023 evaluation found that the board's effectiveness had improved over the previous year with respect to discussion of the business portfolio, director involvement in remuneration system design and the successor training plan, and dialogue with shareholders, among other areas. On the whole, the board was judged to function effectively, but several issues were identified. The following actions are being taken to address the key issues

Issues identified in FY2023	Actions taken in FY2023	Challenges identified in FY2023 effectiveness evaluation	Actions to be taken
<p>Further enhancement of Board of Directors discussions</p> <p>Improvement of outside directors' performance</p>	<ul style="list-style-type: none"> Exchange of opinions on formulation of the medium-term management plan with respect to capital efficiency Holding of individual meetings with outside directors to share initiative updates and exchange opinions on ESG Semiannual reports on CSR Committee initiatives at the Board of Directors Holding of outside directors' exchange sessions and other opportunities for opinion exchange among the directors 	<ul style="list-style-type: none"> Discussion of business outlook with respect to capital efficiency Discussion of thinking on how to ensure diversity of core talent and policies for human resource development and internal environment development Discussion by the Board of Directors concerning basic policy on sustainability (ESG, SDGs, etc.), measures for improvement, and disclosures, and reflection of those discussions in management strategy 	<ul style="list-style-type: none"> Have progress updates on the medium-term management plan include analysis of capital efficiency and discussion of measures Continue holding individual meetings that tap into the specialized expertise of each outside director to share updates on initiatives, and include opportunities for discussion of management strategy Increase opportunities for ESG challenges to be reported to the Board of Directors, and create opportunities for exchange of opinions and information at outside directors' exchange sessions, etc., so as to increase the entire Board of Directors' awareness and invigorate discussion
<p>Improve the monitoring function of the Board of Directors</p>	<ul style="list-style-type: none"> Group-wide discussion and reporting on business updates, plans, outlooks, etc 	<ul style="list-style-type: none"> Development of internal control systems, and strengthening of monitoring of their operation 	<ul style="list-style-type: none"> Actively share information on the situation and challenges of Group companies, and respond through internal audits, the Audit & Supervisory Committee, and coordination by the Board of Directors
<p>Communication with shareholders and investors</p>	<ul style="list-style-type: none"> Timely sharing of questions raised at financial results briefing and investor/shareholder relations activities 	<ul style="list-style-type: none"> Enhancement of discussions based on dialogue with shareholders (investors) 	<ul style="list-style-type: none"> Carry out shareholder relations activities using the Integrated Report, and report to the Board of Directors regarding investors' comments on institutional investor briefings and other investor relations activities
<p>Formulation of succession plans and remuneration system</p>	<ul style="list-style-type: none"> Running of Nominating Committee and implementation of next-generation executive training plan Establishment of Remuneration Committee 	<ul style="list-style-type: none"> Ensuring of effectiveness with respect to adequate sharing of content of committee discussions with the Board of Directors 	<ul style="list-style-type: none"> Report committee activity updates and content of committee discussions to the entire Board of Directors Carry out successor training and firmly implant operation of remuneration systems

Activities of the Nominating Committee and Remuneration Committee (April 1, 2022 – March 31, 2023)

The voluntary Nominating Committee and succession planning

We established a voluntary Nominating Committee in 2021 as an advisory body to the Board of Directors for objective, independent decision-making on director nominations and plans for developing next-generation executive candidates. The committee is made up of a majority of outside directors and frankly communicates its objective opinions on candidate selection and training to the management. Our succession planning program seeks to continually cultivate talent who can help lead our sustainable growth worldwide. Candidates for representative director and other executive positions are provided with general management training tailored to their future duties, and with opportunities to participate in important meetings, including the Top Management Meeting and the Executive Officers' Meeting. The Nominating Committee receives reports on the progress of development of candidates, and expresses opinions on succession planning to the Board of Directors.

Establishment of voluntary Remuneration Committee

Assessments such as the survey on the effectiveness of the Board of Directors made it clear that we needed to redesign our systems of remuneration for directors, and to establish a committee for reviewing and deliberating on those systems. We launched a voluntary Remuneration Committee with a majority of outside directors for that purpose on October 1, 2022. Since then, the committee has been examining our remuneration systems. Through this committee, we are working to increase objectivity and transparency in not only next-generation executive training and selection, but also the remuneration decision making process. In FY2023, the committee reviewed and discussed our officer remuneration system with the input of outside experts. Using the insights gained, the committee develops a new grand design for remuneration.

Nominating Committee members

<Chairman>

Toshiyuki Funaki: Representative Director Chairman

<Member>

Hiroshi Kobayashi: Outside Director

Yasuo Himejiwa: Outside Director, Certified Accountant

Michiko Kanai: Outside Director, Lawyer

Remuneration Committee members

<Chairman>

Toshiyuki Funaki: Representative Director Chairman

<Member>

Hiroshi Kobayashi: Outside Director

Hideyuki Ohkubo: Outside Director

Yasuo Himejiwa: Outside Director, Certified Accountant

Michiko Kanai: Outside Director, Lawyer

Nominating Committee Activities








Date	Meeting	Main focuses	Participants
Sept. 14, 2022	Training Report Meeting	Training reports by next-generation executive candidates	3 members
Nov. 2, 2022	Preliminary Briefing	Briefing and preliminary questions on Nominating Committee discussions, training reports by next-generation executive candidates	3 members
Nov. 8, 2022	1st Meeting of the Nominating Committee	Scheduling of skills matrix-based recommendation of candidates for new director appointments for next fiscal year	All members
Dec. 7, 2022	2nd Meeting of the Nominating Committee	Confirmation of director candidates for next fiscal year and scheduling of future nominations	All members
Mar. 23, 2023	3rd Meeting of the Nominating Committee	Decision on content of report to director candidates	All members

Remuneration Committee Activities

Date	Meeting	Main focuses	Participants
Nov. 2, 2022	1st Meeting of the Remuneration Committee	Briefing and preliminary questions on Remuneration Committee discussions and grand design for remuneration	4 members
Nov. 8, 2022	2nd Meeting of the Remuneration Committee	General discussion of grand design for executive remuneration	All members
Dec. 7, 2022	3rd Meeting of the Remuneration Committee	Discussion of grand design for remuneration systems, and system details	All members
Mar. 23, 2023		Decision on remuneration systems to be applied in the next fiscal year	All members

Reference: Management system after the approval of Proposal 1 (planned)

(○indicates contributing areas/roles; ●indicates contributing areas with particularly high expectations)

Skills matrix expected of directors	Candidates for director (excl. Audit and Supervisory Committee Members) to be appointed at the General Meeting of Shareholders						
	 Toshiyuki Funaki Reappointment	 Mikio Funaki Reappointment	 Takuji Yamamoto Reappointment	 Takao Funaki New	 Hiroshi Kobayashi Reappointment Outside Independent	 Hideyuki Ohkubo Reappointment Outside Independent	 Mariko Sugiyama Reappointment Outside Independent
Corporate Management/ Management Strategy	●	●	●		○	●	
Legal Affairs/Risk Management	○	○					
Personnel Affairs/HR Development	○	○	○		○	○	○
Financial Affairs/ Accounting	○	○					
R&D/Production	○	○	○	○		●	
Sales	○	○	○	●	●	○	○
International Business	●	●	●	●	●	○	○
Industry Expertise	●	●	●			●	
IT Strategy	○	○		●			●
Environmental Measures	○	○					

Corporate Management/Management Strategy

Has experience in corporate management at companies in the position of a (representative) director, executive officer, etc., and has considerable knowledge.

Legal Affairs/Risk Management

Has experience in corporate legal affairs and risk management as a lawyer or in the legal division of companies, and has considerable knowledge.

Personnel Affairs/HR Development




Has experience in human resource functions such as organizational development and human resource development at companies, and has considerable knowledge.

Financial Affairs/Accounting

Has experience in finance and accounting as a certified public accountant, tax accountant or in the accounting and finance division of companies, and has considerable knowledge.

R&D/Production

Has experience in development and production in the development and production division of companies, and has considerable knowledge.

Skills matrix expected of directors	Director (Audit and Supervisory Committee Member)		
	 Yasuo Himeywa Outside Independent	 Michiko Kanai Outside Independent	 Eri Nakajima Outside Independent
Corporate Management/ Management Strategy			
Legal Affairs/ Risk Management	○	●	
Personnel Affairs/ HR Development			○
Financial Affairs/ Accounting	●		
R&D/Production			
Sales			
International Business	○	○	
Industry Expertise	○		
IT Strategy			
Environmental Measures			●

Sales

Has experience in marketing and sales in the sales division of companies, and has considerable knowledge.

International Business

Has experience in international business at companies or in cases related to international business as a lawyer, certified public accountant, etc., and has considerable knowledge.

Industry Expertise

Has considerable knowledge in the industries the IDEC Group is involved in, such as the control instrument industry, the industrial equipment industry, and the FA industry.

IT Strategy

Has considerable knowledge in the IT and digital fields.

Environmental Measures

Has considerable knowledge of sustainability and ESG, mainly in the environmental and energy fields.

<The policy regarding the independence of an Outside Director>

The Company has positively elected Outside Directors for their high levels of professional knowledge, extensive experience, and views on management and the execution of business. Furthermore, if an outside officer falls under all of the following items, we consider that he or she is independent:

- (1) He or she is not an executive officer of our company (including group companies. The same shall apply hereinafter.).
- (2) He or she is not an executive officer of a company that has material transactions with our company.
- (3) He or she is not an executive officer of a major customer of our company.
- (4) He or she is not a consultant or an accounting expert or a legal expert employed by the company who receives a material sum of money or other assets, with the exception of executive compensation (if it is a group or a party such as a corporation or a partnership, he or she is not a member of such a group or a party).
- (5) He or she does not receive material donations or subsidies from our company.
- (6) He or she is not a major holder of our company's shares or an (a major holder) executive officer of the company.
- (7) He or she has not fallen under any of the above (1) – (6) for the five years prior to being nominated as a Director.
- (8) He or she is not a spouse or a relative within the second degree of kinship of any person who falls under any of the above (1) – (6).

Proposal 1: Election of Seven Directors (excl. Directors who are Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors (excl. Directors who are Audit and Supervisory Committee Members; the same applies hereinafter), Messrs. Toshiyuki Funaki, Mikio Funaki, Takuji Yamamoto, Hiroshi Kobayashi, Hideyuki Ohkubo and Ms. Mariko Sugiyama, will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, in order to strengthen the management structure and business execution functions, the Company proposes the election of seven (7) Directors, including three (3) Outside Directors, by increasing the number of Directors by one (1).

This Proposal has been deliberated by the voluntary Nominating Committee, a majority of whose members are outside directors, and it has been determined to be appropriate. It was also examined in the Audit and Supervisory Committee, and no objections were raised.

The candidates for Directors are as follows.

- (Notes)
1. There are no special interests between any of the candidates for Directors and the Company.
 2. Mr. Takao Funaki is a candidate for a new Director.
 3. Candidates for Directors, Mr. Hiroshi Kobayashi, Mr. Hideyuki Ohkubo, and Ms. Mariko Sugiyama, are candidates for Outside Directors.
 4. Candidates for Directors, Mr. Hiroshi Kobayashi, Mr. Hideyuki Ohkubo, and Ms. Mariko Sugiyama, are designated as independent officers required by Tokyo Stock Exchange, Inc., as people who will not have conflicts of interests with general shareholders.
 5. There are business relationships between the Company and Mitsubishi Electric Corporation for which Mr. Hideyuki Ohkubo, the candidate for Director, served as Executive Officer, and Salesforce Japan for which Ms. Mariko Sugiyama, the candidate for Director, served as Executive Officer. However, the size of their business in fiscal 2022 was less than 1% of consolidated net sales, and there are no issues with their independence. There are no business relationships between the Company and Honda Motor Co., Ltd. for which Mr. Hiroshi Kobayashi, the candidate for Director, served as Director, and i-Learning Co., Ltd. for which Ms. Mariko Sugiyama, the candidate for Director, serves as Director.
 6. Candidates for Directors, Mr. Hiroshi Kobayashi, Mr. Hideyuki Ohkubo, and Ms. Mariko Sugiyama, are currently Outside Directors of the Company. Mr. Hiroshi Kobayashi will have served 4 years, Mr. Hideyuki Ohkubo will have served 2 years, and Ms. Mariko Sugiyama will have served 1 year as Director at the conclusion of this Annual General Meeting of Shareholders.
 7. The Company has entered into agreements with candidates for Directors, Mr. Hiroshi Kobayashi, Mr. Hideyuki Ohkubo, and Ms. Mariko Sugiyama, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, limiting their liabilities for damages. Based on these agreements, the maximum amount of liabilities for damages shall be an amount provided by laws and regulations. Upon election of candidates as proposed, the Company intends to continue this agreement.
 8. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insured including Directors of the Company in the event that they are held liable for damages in the performance of their duties. If each candidate is elected, he or she will be the insured of the said insurance agreement. We plan to renew the agreement with the same level of compensation at the time of next renewal.

Candidate No. 1 Reappointment**Name:** Toshiyuki Funaki**Date of birth:** August 30, 1947**Career summary** (positions and responsibilities)

October 1975 Executive Vice President of IDEC CORPORATION (USA)
July 1985 Director of the Company
December 1990 Management Director of the Company
June 1994 Senior Executive Director of the Company
June 1997 Chief Executive Officer of the Company
April 2000 Representative Executive Officer of the Company (to present)
April 2002 Chairman, CEO of IDEC CORPORATION (USA) (to present)
June 2006 Representative Director Chairman and President of the Company (to present)
February 2021 Chairman of Nominating Committee of the Company (to present)
October 2022 Chairman of Remuneration Committee of the Company (to present)

Number of shares of the Company held: 210,165 shares**Attendance at the Board of Directors meeting (FY 2023): 100 % (7/7 times)****Reasons for Nomination of the Candidate for Director**

Mr. Toshiyuki Funaki has served as Representative Director Chairman and President, and with his wealth of experience and achievements, the Company has judged that it would be best for him to assume his current role of driving the sustainable growth of the Group, and we have nominated him again as a candidate.

Significant concurrent positions

Chairman, CEO, of IDEC CORPORATION (USA)

Candidate No. 2 Reappointment**Name:** Mikio Funaki**Date of birth:** January 17, 1953**Career summary** (positions and responsibilities)

June 1979 Joined IDEC CORPORATION (USA)
June 1991 Vice President of IDEC CORPORATION (USA)
April 1993 Joined the Company
June 1997 Director of the Company
April 1999 Executive Officer in charge of IT of the Company
April 2002 President, COO of IDEC CORPORATION (USA) (to present)
May 2003 Senior Executive Director of the Company
May 2003 Senior Managing Executive Officer of the Company (to present)
June 2006 Senior Executive Vice President of the Company (to present)

Number of shares of the Company held: 117,522 shares**Attendance at the Board of Directors meeting (FY 2023): 100 % (7/7 times)****Reasons for Nomination of the Candidate for Director**

Mr. Mikio Funaki has been engaged in management of the Group in Japan and overseas for years, and has abundant experience and achievements. The Company has judged that his knowledge will lead to sustainable growth of the Group, and we have nominated him again as a candidate.

Significant concurrent positions

President, COO, of IDEC CORPORATION (USA)

Candidate No. 3 Reappointment**Name:** Takuji Yamamoto**Date of birth:** November 26, 1949**Career summary** (positions and responsibilities)

September 1995 Vice President of OMRON MANAGEMENT CENTER OF EUROPE

June 2001 Executive Officer of OMRON CORPORATION

April 2003 Division General Manager in charge of Industrial Products of OMRON CORPORATION

June 2005 Senior Executive Officer of OMRON CORPORATION

April 2009 CEO of OMRON MANAGEMENT CENTER OF AMERICA, INC.

June 2015 Director of the Company

October 2019 Managing Director of the Company in charge of Strategy of Management and Business

April 2023 Managing Director of the Company in charge of Corporate Management (to present)

Number of shares of the Company held: 7,960 shares**Attendance at the Board of Directors meeting (FY 2023): 100 % (7/7 times)****Reasons for Nomination of the Candidate for Director**

Mr. Takuji Yamamoto has been mainly engaged in the launch of overseas businesses and planning/execution of business strategies in the control instrument business for years, and has abundant experience and achievements. The Company has judged that his knowledge will lead to sustainable growth of the Company, and we have nominated him again as a candidate.

Significant concurrent positions

Not applicable.

Candidate No. 4 New**Name:** Takao Funaki**Date of birth:** October 19, 1975**Career summary** (positions and responsibilities)

September 1995 Joined IDEC CORPORATION (USA)

June 2013 Joined the Company

April 2015 Senior Manager of International Business Development Department
Sales & Marketing HQ of the CompanyApril 2016 Senior Manager of Global Business Strategy Department
Sales & Marketing HQ of the Company
Chairman of IDEC Elektrotechnik GmbH

April 2017 Director of IDEC CORPORATION (USA) (to present)

July 2022 President of APEM, Inc. (to present)

April 2022 Executive Officer in charge of US Business of the Company

April 2023 Senior Executive Officer of Manufacturing & US Business of the Company (to present)

Number of shares of the Company held: 44,452 shares**Reasons for Nomination of the Candidate for Director**

Mr. Takao Funaki has been engaged in the promotion of digital marketing development based on the Group's global marketing strategy and planning/execution of regional business strategies mainly overseas, and has abundant experience and achievements. The Company has judged that his knowledge will lead to further business expansion of the Group, and has nominated him as a candidate for new Director.

Significant concurrent positions

Director of IDEC CORPORATION (USA)

President of APEM, Inc.

Candidate No. 5 Reappointment Outside Independent

Name: Hiroshi Kobayashi

Date of birth: November 12, 1954

Career summary (positions and responsibilities)

April 2003 Vice President of Honda Motor Europe Ltd.
June 2003 Director of Honda Motor Co., Ltd.
April 2004 President of Honda Canada Inc.
June 2005 Executive Officer of Honda Motor Co., Ltd.
June 2009 Director of Honda Motor Co., Ltd.
April 2011 Senior Executive Officer, Division General Manager in charge of Regional Operations (Asia & Oceania) of Honda Motor Co., Ltd.
President of Asian Honda Motor Co., Ltd.
President of Honda Automobile (Thailand) Co., Ltd.
June 2019 Director of the Company (to present)
February 2021 Nominating Committee Member of the Company (to present)
October 2022 Remuneration Committee Member of the Company (to present)

Number of shares of the Company held: 4,173 shares

Attendance at the Board of Directors meeting (FY 2023): 100 % (7/7 times)

Reasons for Nomination of the Candidate for Outside Director and Outline of Expected Roles

Mr. Hiroshi Kobayashi has been engaged in corporate management and automobile businesses in Japan and overseas for years, and based on his wealth of knowledge and experience, he has supervised the Company and given the Company his precise advice at the voluntary committees from an independent perspective with no special interests. That is why the Company has nominated him again as a candidate. After election, he is expected to continue fulfilling the above-mentioned roles.

Significant concurrent positions

Not applicable.

Candidate No. 6 Reappointment Outside Independent

Name: Hideyuki Ohkubo

Date of birth: October 29, 1954

Career summary (positions and responsibilities)

April 2010 Deputy Group General Manager in charge of Factory Automation Systems Group of Mitsubishi Electric Corporation
April 2012 Executive Officer in charge of charge of Factory Automation Systems of Mitsubishi Electric Corporation
April 2014 Representative Executive Officers, Senior Vice President, in charge of Export Control and Factory Automation Systems of Mitsubishi Electric Corporation
April 2015 Representative Executive Officers, Senior Vice President, in charge of Export Control and Total Productivity Management of Mitsubishi Electric Corporation
April 2016 Representative Executive Officers, Executive Vice President, in charge of Export Control and Total Productivity Management of Mitsubishi Electric Corporation
April 2017 Permanent Advisor of Mitsubishi Electric Corporation
June 2018 Senior Advisor of Mitsubishi Electric Corporation
June 2021 Director of the Company (to present)
October 2022 Remuneration Committee Member of the Company (to present)

Number of shares of the Company held: 2,153 shares

Attendance at the Board of Directors meeting (FY 2023): 100 % (7/7 times)

Reasons for Nomination of the Candidate for Outside Director and Outline of Expected Roles

Mr. Hideyuki Ohkubo has been engaged in corporate management and factory automation businesses for years, and based on his wealth of knowledge and experience, he has supervised the Company and given the Company his productive advice at the voluntary committees from an independent perspective with no special interests. That is why the Company has nominated him again as a candidate. After election, he is expected to continue fulfilling the above-mentioned roles.

Significant concurrent positions

Not applicable.

Candidate No. 7 Reappointment Outside Independent

Name: Mariko Sugiyama

Date of birth: May 28, 1964

Career summary (positions and responsibilities)

April 1987 Joined IBM Japan, Ltd.

March 1994 Joined Oracle Corporation Japan

July 2010 Joined SAS Institute Japan

February 2012 Joined Salesforce.com, Co., Ltd. (currently Salesforce Japan Co., Ltd.)

August 2018 Executive Officer of Salesforce.com, Co., Ltd.

February 2022 Representative Director of Erawan, Inc.

June 2022 Director of the Company (to present)

March 2023 Director of i-Learning Co., Ltd. (to present)

Number of shares of the Company held: 435 shares

Attendance at the Board of Directors meeting (FY 2023): 100 % (6/6 times)

Reasons for Nomination of the Candidate for Outside Director and Outline of Expected Roles

Ms. Mariko Sugiyama has been engaged in a wide variety of businesses in the IT industry for a long time and is highly regarded for her abundant knowledge and experience. Based on her knowledge, she has supervised the Company and given the Company her productive advice from an independent perspective with no special interests, especially on the IT strategy and DX strategy of the Company. That is why the Company has nominated her again as a candidate. After election, she is expected to continue fulfilling the above-mentioned roles.

Significant concurrent positions

Director of i-Learning Co., Ltd.

Reference: Outline of the officer remuneration system after the approval of Proposal 2 and Proposal 3 (planned)

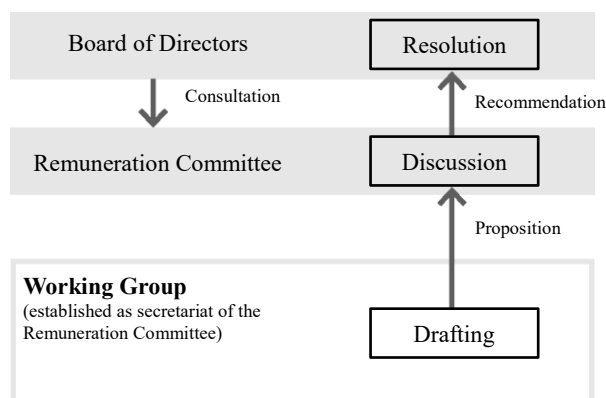
The Remuneration Committee and the Working Group established as its secretariat are designing a new officer remuneration system, and the following remuneration system is planned after Proposals 2 and 3 are approved.

Outline of the new remuneration system

Remuneration for directors (excl. outside directors and directors who are Audit and Supervisory Committee Members) consists of base remuneration as fixed remuneration according to their responsibilities, performance-linked remuneration (bonus) and non-monetary remuneration (stock-based remuneration), with the ratio of base remuneration, bonus, PSU and RS as 60:25:10:5.

Outside directors and directors who are Audit and Supervisory Committee Members receive only base remuneration as fixed remuneration because they are responsible for supervising the management of the Company from an independent perspective.

System for discussing the officer remuneration system



Framework of Remuneration

•Base remuneration

The base remuneration shall be fixed monthly remuneration, which is determined by comprehensively taking into account the position, responsibilities and business as well as financial results of the Company.

•Performance-linked remuneration (bonus)

The Company shall pay, together with monthly base remuneration, performance-linked cash remuneration based on the key performance indicators (KPI) in 12 equal monthly installments. The Company shall calculate bonus by multiplying the base amount for bonus calculation specified for each officer by the payment factor based on the annual performance (0% to 200%).

•Non-monetary remuneration (stock-based remuneration)

It consists of PSU as a medium-term incentive and RS as a long-term incentive.

As for PSU, the Company shall issue shares of common stock of the Company with transfer restrictions in accordance with the number of fixed share units, which is calculated by multiplying the share units granted for each position by the payment factor corresponding to the degree of achievement of financial indicators and non-financial indicators such as the CO₂ reduction rate, which are emphasized in the Medium-term Management Plan.

As for RS, the Company shall issue shares of common stock of the Company with transfer restrictions in a number equal to the base amount determined in light of the business results of the Company, the scope of responsibilities of each director and various circumstances. If a director is a non-resident of Japan at the time of granting stock-based remuneration, an equivalent amount of phantom stock shall be granted instead of PSU and RS.

In case a director has committed any serious misconduct or violation, based on the recommendation by the Remuneration Committee, the Company shall demand the forfeiture or return of all or part of the bonus and stock-based remuneration.

In determining remuneration for individual directors, the Remuneration Committee shall discuss and recommend the results to the Board of Directors, and decisions shall be left to the discretion of the CEO at the meeting of the Board of Directors, the majority of whose members are independent outside directors. The CEO shall make decisions on individual remuneration, etc., respecting the recommendations of the Remuneration Committee.

*PSU: Performance Share Unit, RS: Restricted Stock Unit

		Short-term remuneration Motivation: Achievement of the annual plan	Medium-term remuneration Motivation: Achievement of the Medium-term Management Plan	Long-term remuneration Motivation: Increase of corporate value	Target percentage
Performance-linked remuneration	Stock-based remuneration		For residents of Japan PSU 10% RS 5%		40%
	Cash remuneration	Bonus 25%	For non-residents of Japan Phantom stock		
Fixed remuneration	Cash remuneration	Base remuneration 60%			60%

Indicators linked with performance-linked remuneration

	Formula	Linked indicator	
		At the time of payment	At the time of vesting
Bonus	Basis for calculation × Company performance factor (including non-financial data) × Individual evaluation factor	Company performance & Individual evaluation *Operating profit ratio for the previous fiscal year	—
PSU	Total number of share units granted during the three-year period set for each position × Company performance factor (including non-financial data) × Individual evaluation factor	Company performance & Individual evaluation *Achievement rate for the final year of the Medium-term Management Plan (The number of units granted each year is fixed)	Stock price at vesting *Asset value changes
RS	Number of RS granted set for each position	— (The number of shares granted each year is fixed)	Stock price at vesting *Asset value changes

Proposal 2 Revision of Remuneration for Directors (Excl. Directors Who Are Audit and Supervisory Committee Members) after the Revision of the Officer Remuneration System

At the 71st Annual General Meeting of Shareholders held on June 15, 2018, it was approved that the maximum amount of remuneration for directors (excl. directors who are Audit and Supervisory Committee Members) would be 360 million yen per year (of that, up to 30 million yen per year for outside directors).

Recently, the Company has decided to review the remuneration structure for directors excluding directors who are Audit and Supervisory Committee Members and outside directors, with the aim of further promoting the enhancement of corporate value and the sharing of value with shareholders, and with the aim of ensuring that remuneration levels and incentives are sufficient to secure global talent, not only in Japan, from the perspective of strengthening the global management system. In addition, the Company has decided to review the remuneration for outside directors, excluding directors who are Audit and Supervisory Committee Members and directors, with the aim of establishing an effective remuneration level to secure talented people for outside directors, taking into account various factors such as the increasing roles expected of outside directors and the recent social situation. Therefore, the Company proposes to revise the total amount of monetary remuneration for directors (excl. directors who are Audit and Supervisory Committee Members) to no more than 700 million yen per year (of that, up to 50 million yen per year for outside directors). The Company proposes that the amount of remuneration for directors shall, as in the past, not include employee salaries for directors who concurrently serve as employees.

The amount of remuneration, etc. under this Proposal is to be paid in accordance with the policy to be revised for determining the remuneration, etc. for individual directors, and the Proposal has been deliberated by the Remuneration Committee, a majority of whose members are outside directors, and it has been determined to be appropriate. It was also examined in the Audit and Supervisory Committee, and no objections were raised.

The Company has six directors (excl. directors who are Audit and Supervisory Committee Members) (of those, three are outside directors). If Proposal 1, “Election of Seven Directors (Excl. Directors Who Are Audit and Supervisory Committee Members),” is approved as originally proposed, there will be seven directors (of those, three will be outside directors).

- (*) Since it is difficult to grant stock-based remuneration under Proposal 3 to directors who are non-residents of Japan, the Company shall grant stock-linked monetary remuneration (phantom stock) as an alternative. Phantom stock is different from stock-based remuneration in that it does not grant actual shares, but it is a monetary remuneration system in which the number of units deemed to have been granted is multiplied by the stock price at the time of future payment, giving an economic value equivalent to that of shares granted. The evaluation criteria, etc. for the granting shall be implemented in the same manner because it is an alternative system to the stock-based remuneration system related to Proposal 3, but shall be within the amount related to this Proposal because it is a monetary remuneration.

Proposal 3 Determination of Remuneration for Granting Performance-linked Stock Compensation and Restricted Stock Unit to Directors (Excl. Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

The Company wishes to further strengthen the sharing of interests with shareholders associated with the changes in the stock price and enhance more than ever the motivation of the directors of the Company (excl. directors who are Audit and Supervisory Committee Members and outside directors; hereinafter referred to as the “Eligible Directors”) to contribute to the improvement of corporate value as well as of medium- to long-term business performance. To this end, the Company would like to introduce, as a medium- to long-term performance share unit, a plan that grants shares of common stock of the Company in accordance with the level of achievement of medium- to long-term financial and non-financial indicators, such as business results (hereinafter referred to as the “PSU Plan”), and a plan that grants shares of common stock of the Company subject to a certain transfer restriction period (hereinafter referred to as the “RS Plan”). (The PSU Plan and the RS Plan are hereinafter collectively referred to as the “Plan”.)

The total amount of remuneration to be paid to the Eligible Directors pursuant to this Proposal shall be separate from the amount of remuneration to be paid to directors pursuant to Proposal 2. The total amount of monetary remuneration claims to be paid as remuneration under the PSU Plan shall not exceed 80 million yen for each fiscal year, and the total amount of monetary remuneration claims to be paid as remuneration under the RS Plan shall not exceed 20 million yen for each fiscal year. The Board of Directors shall determine the timing and allocation of payments to each Eligible Director.

If this Proposal is approved, the Company will abolish the stock option as remuneration introduced at the 64th Annual General Meeting of Shareholders held on June 17, 2011, which has not been issued to date.

The amount of remuneration, etc. under this Proposal is to be paid in accordance with the policy to be revised for determining the remuneration, etc. for individual directors, and the Proposal has been deliberated by the Remuneration Committee, a majority of whose members are outside directors, and it has been determined to be appropriate. It was also examined in the Audit and Supervisory Committee, and no objections were raised.

If Proposal 1, “Election of Seven Directors (Excl. Directors Who Are Audit and Supervisory Committee Members),” is approved as originally proposed, there will be four Eligible Directors excluding directors who are Audit and Supervisory Committee Members and outside directors.

[Details of the Plan]

Under the Plan, the Eligible Directors shall, pursuant to a resolution of the Board of Directors, pay in all of the monetary remuneration claims provided under the Plan as property contributed in kind, and be issued with shares of common stock of the Company or have such shares disposed of. The total number of shares of common stock of the Company to be issued or disposed of pursuant to such resolution shall be no more than 40,000 shares for each fiscal year within one or more fiscal years covered by the Company’s Medium-term Management Plan (hereinafter referred to as the “Applicable Period”) under the PSU Plan and no more than 10,000 shares for each fiscal year under the RS Plan. However, if there is a stock split, a gratis allotment of shares, or a stock consolidation of shares of common stock of the Company on or after the date of approval of this Proposal, and if any other event occurs that requires an adjustment of the total number of shares of common stock of the Company to be issued or disposed of under the Plan, the Company shall adjust such total number to the extent reasonable.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of shares of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors concerning the allotment of shares (or the closing price on the most recent trading day immediately preceding that date if no transactions have been made on that date; the same applies hereinafter) to the extent that the amount is not particularly favorable to the Eligible Directors who subscribe for such shares of common stock.

1. Outline of the PSU Plan

The PSU Plan is a performance-linked stock-based remuneration plan under which shares of common stock of the Company are granted to the Eligible Directors after the expiration of the Applicable Period. For the granting or provision of such shares, the Company shall calculate the number of fixed share units for each fiscal year by multiplying the share units granted for the position, etc. of each Eligible Director for each fiscal year by each payment factor corresponding to the degree of achievement of the financial indicators and non-financial indicators, which are focused on in the Medium-term Management Plan after the end of the Applicable Period. After the end of the last fiscal year of the Applicable Period, the Company shall pay monetary remuneration claims equivalent to the number of fixed share units to the Eligible Directors with one share unit as one share of common stock according to the number of fixed share units, and the Eligible Directors shall be issued with shares of common stock of the Company with transfer restrictions or have such shares disposed of by paying all such monetary remuneration claims as property contributed in kind. The following are the terms and conditions for the granting of shares of common stock of the Company with transfer restrictions to the Eligible Directors during the Applicable Period under the PSU Plan.

(1) Applicable Period

The first Applicable Period is the two fiscal years ending on March 31, 2025 and running from the fiscal year ending on March 31, 2024, which corresponds to the currently announced (May 13, 2022) Medium-term Management Plan, and thereafter, the PSU Plan may be implemented with the new Applicable Period being the fiscal year linked to the Medium-term Management Plan beginning with the fiscal year following the last fiscal year of the immediately preceding Applicable Period.

(2) Terms and conditions for the granting to the Eligible Directors

Upon expiration of the Applicable Period and upon satisfaction of the following requirements, the Company shall grant monetary remuneration claims and shares of common stock of the Company with transfer restrictions to each Eligible Director, subject to their consent to the contribution in kind, by having them pay all such monetary remuneration claims as property contributed in kind. The Eligible Directors to whom shares of common stock of the Company shall be granted and the number of shares to be granted shall be deliberated by the Remuneration Committee after the Applicable Period and determined by the Board of Directors.

- 1 The Eligible Directors continued to serve as directors, corporate auditors, executive officers or employees of the Company or its consolidated subsidiaries during the Applicable Period
- 2 There were no violations of laws and regulations or certain other acts of misconduct determined by the Board of Directors of the Company
- 3 Other requirements deemed necessary to achieve the purpose of the PSU Plan are fulfilled

However, if there is a director newly appointed, if there is a change in the position of a director, or if an Eligible Director resigns or retires for reasons deemed justifiable, shares of common stock of the Company reasonably adjusted according to the level of business results and the tenure of such director shall be issued or disposed of by resolution of the Board of Directors of the Company. In addition, if an Eligible Director resigns or retires from the above position due to death during the Applicable Period or by the date of the first Annual General Meeting of Shareholders after the Applicable Period, the Company shall pay money in place of shares of common stock of the Company. The amount of money to be paid to such Director shall be within the total amount pertaining to the above-mentioned monetary claims, and shall be an amount reasonably determined by the Board of Directors of the Company in accordance with the degree of achievement of business results and the tenure of such Director.

(3) Treatment for reorganization, etc.

There may be cases where a merger agreement under which the Company becomes an absorbed company, a share exchange agreement as well as a stock transfer agreement under which the Company becomes a wholly owned subsidiary, or other matters relating to the reorganization, etc. are approved by the Annual General Meeting of Shareholders of the Company (if the reorganization, etc. does not require the approval of the Annual General Meeting of Shareholders of the Company, the Board of Directors of the Company) during the Applicable Period. In such event, the Company shall, in lieu of shares of common stock of the Company, pay the amount of money reasonably determined by the Board of Directors of the Company within the scope of the total amount relating to the monetary claims based on the PSU Plan, in accordance with the period, etc., from the start date of the performance evaluation period to the date of approval of such reorganization, etc.

2. Outline of the RS Plan

The RS Plan shall provide monetary remuneration claims to the Eligible Directors each fiscal year in principle in order to allot restricted shares equivalent to the base amount. Such amount shall be determined by taking into account the business results of the Company, the scope of responsibilities of each Director and various circumstances. The Eligible Directors shall be issued with shares of common stock of the Company with transfer restrictions or have such shares disposed of by paying all such monetary remuneration claims as property contributed in kind. The details of the RS Plan are as follows, and a restricted shares allotment agreement (hereinafter referred to as the "Allotment Agreement") shall be concluded between the Company and the Eligible Directors, which includes the following details: The Company shall provide monetary remuneration claims on condition that the Eligible Directors agree to the above contribution in kind and have entered into the Allotment Agreement.

(1) Transfer Restriction Period

The Eligible Directors shall not transfer, encumber or otherwise dispose of shares of common stock of the Company (hereinafter referred to as "transfer restrictions") allotted to them under the Allotment Agreement (hereinafter referred to as the "Allotted Shares") during the period from the date of allotment under the Allotment Agreement until their resignation or retirement from any position as a director, corporate auditor, executive officer or employee of the Company or its consolidated subsidiaries (hereinafter referred to as the "Transfer Restriction Period").

(2) Treatment of gratis acquisitions

In the event that an Eligible Director resigns or retires from any position as a director, corporate auditor, executive officer or employee of the Company and its consolidated subsidiaries before the expiration of the Transfer Restriction Period, the Company shall naturally acquire the Allotted Shares without consideration, except upon expiration of the term of office, death or for any other reason deemed justifiable. In addition, if it is found that during the Transfer Restriction Period, an Eligible Director has committed an act in violation of laws and regulations or a certain other event stipulated in the Allotment Agreement has occurred, the Company shall acquire all or part of the Allotted Shares held by the Eligible Director without consideration.

(3) Lifting of transfer restrictions

Transfer restrictions shall be lifted for all of the Allotted Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Directors have been in any of the positions as a director, corporate auditor, executive officer or employee of the Company or its consolidated subsidiaries continuously during the Transfer Restriction Period.

(4) Treatment for reorganization, etc.

In the event that a merger agreement under which the Company becomes an absorbed company, a share exchange agreement as well as a stock transfer agreement under which the Company becomes a wholly owned subsidiary, or other matters relating to the reorganization, etc. is approved by the Annual General Meeting of Shareholders of the Company (if the reorganization, etc. does not require the approval of the Annual General Meeting of Shareholders of the Company, the Board of Directors of the Company) during the Transfer Restriction Period, the Company shall, by a resolution of the Board of Directors of the Company, lift transfer restrictions from the start date of the Transfer Restriction Period to the effective date of the reorganization, etc. In this case, the Company shall naturally acquire the Allotted Shares without consideration for which transfer restrictions have not been lifted immediately after the lifting of transfer restrictions according to the above.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Board of Directors of the Company.

If this Proposal is approved and passed as originally proposed, the Company will introduce a similar plan for executive officers and important employees of the Company.

Proposal 4: Delegation to the Board of Directors of the Company of Determination of Matters Regarding Subscription of Stock Acquisition Rights to Be Issued as Stock Options

Pursuant to Articles 236, 238 and 239 of the Companies Act, the Company seeks approval for delegating to the Board of Directors the determination of matters regarding subscription of stock acquisition rights to be issued as stock options to the Company's Employees and the Directors and Employees of the Company's subsidiaries (hereinafter referred to as "Employees").

1. Reason for soliciting from non-shareholders who will subscribe to stock acquisition rights under especially favorable terms

In order to boost the motivation and morale of Employees, and to contribute to the improvement of the Group's performance and the enhancement of its international competitiveness, the Company shall issue without consideration, stock acquisition rights without the need of payment of cash, in the following manner.

2. Maximum number of stock acquisition rights, for which the Board of Directors shall be entitled to determine the matters for subscription, based on the resolution at the General Meeting of Shareholders

3,000 units

3. Amount of cash to be paid for the stock acquisition rights

To be issued without consideration (The stock acquisition rights shall not require the payment of cash.)

4. Details of the stock acquisition rights

- (1) Persons to whom the stock acquisition rights shall be allocated

Employees

- (2) Type and number of shares subject to the stock acquisition rights

The total number of shares of the stock acquisition rights shall not exceed 300,000 shares of the Company's common stock, and the number of shares subject to one unit of the said stock acquisition rights shall be 100 shares.

In the event that the Company conducts a stock split or stock consolidation, the Company may adjust the number of shares subject to the stock acquisition rights in accordance with the following formula. However, such adjustments shall only be made with respect to the number of shares subject to the stock acquisition rights that have not been exercised at the time of adjustment of the said stock acquisition rights. Any fractions of less than one share resulting from the adjustment shall be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

- (3) Value of assets contributed upon exercise of the stock acquisition rights

The value of assets to be contributed upon exercise of each unit of stock acquisition right shall be calculated by multiplying the amount to be paid in per share as set below by the number of shares subject to each unit of stock acquisition right.

The amount to be paid in per share shall be calculated by multiplying the average of the daily closing prices of common stock of the Company in the regular transactions at the Tokyo Stock Exchange for trading days (excluding days on which there is no trading) during each day of the month prior to the month of the allocation date, by 1.05, and any fractions of less than one yen shall be rounded up to the nearest one yen.

However, if the foregoing amount is less than the closing price of the common stock of the Company on the date of allocation of the stock acquisition rights (if there is no trading on that day, then the closing price for the immediate preceding trading day), it shall be the closing price on the date of allocation of the stock acquisition rights.

In the event that the Company conducts a stock split or stock consolidation after the date of allocation of the stock acquisition rights, the amount to be paid in shall be adjusted according to the following formula, and any fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Amount to be paid in after adjustment} = \text{Amount to be paid in before adjustment} \times \frac{1}{\text{Rate of split or consolidation}}$$

Furthermore, in the event that the Company issues new shares or disposes its treasury stock at a price less than the market price, the amount to be paid in shall be adjusted according to the following formula, and any fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Amount to be paid in after adjustment} = \frac{\text{Amount to be paid in before adjustment} \times \left(\frac{\text{Number of previously issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid in per share}}{\text{Market price per share prior to new issue}}}{\text{Number of previously issued shares} + \text{Number of increased shares through new issue}} \right)}{1}$$

- (4) Exercise period of stock acquisition rights
From July 1, 2025 to June 30, 2027
- (5) Conditions for exercise of stock acquisition rights
 - 1) At the time of exercise of the right, the stock acquisition right holder must be a Director, Executive Officer or employee of the Company or its subsidiary. However, right holder may exercise his or her stock acquisition right, if he or she has retired due to the expiration of his or her term of office, or if he or she has reached the mandatory retirement age, or has any other valid reason.
 - 2) Other conditions shall be set forth in the “Stock Acquisition Rights Allocation Agreement” between the Company and the person to whom the stock acquisition rights have been allocated pursuant to the resolution of the Board of Directors with regard to the issuance of the stock acquisition rights.
- (6) Matters concerning an increase in capital stock and capital surplus in the event of issuance of shares upon exercise of stock acquisition rights
The increased amount in capital stock in the event of the issuance of shares upon the exercise of stock acquisition rights shall be equal to one half of the maximum increase in the amount of capital or the like calculated in accordance with Article 17, Paragraph 1 of the Company Calculation Rules. Any fractions of less than one yen resulting from the calculation shall be rounded up.
Remaining amounts shall be incorporated into capital surplus.
- (7) Restrictions on acquiring stock acquisition rights by way of transfer
Any acquisition of stock acquisition rights by way of transfer shall require the approval of the Board of Directors of the Company.
- (8) Reasons for acquiring stock acquisition rights
 - 1) In the event that a proposal for approval of a share exchange agreement or share transfer, in which the Company is to become a wholly-owned subsidiary, is approved at the Company’s General Meeting of Shareholders, the Company may acquire stock acquisition rights without consideration on a date separately determined at the Board of Directors.
 - 2) If any person to whom stock acquisition rights have been allocated is no longer eligible under the terms for the exercise of the stock acquisition rights, the Company may acquire the stock acquisition rights without consideration on a date separately determined at the Board of Directors.
- (9) Handling of stock acquisition rights upon restructuring
In the event that the Company conducts a merger (limited to where the Company is dissolved as a result of the merger), an absorption-type demerger, an incorporation-type demerger, a share exchange or a stock transfer (hereinafter collectively referred to as “Restructuring”), stock acquisition rights of one of the companies listed in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act, as the case may be, (hereinafter referred to as “Restructured Company”), will be each delivered to the holders of the stock acquisition rights remaining at the time the Restructuring takes effect (hereinafter referred to as “Remaining Stock Acquisition Rights”), in accordance with the following conditions. However, the foregoing applies only where the delivery of the stock acquisition rights of the Restructured Company, in accordance with the following terms, is provided for in the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or stock transfer agreement.
 - 1) The type of shares of the Restructured Company subject to the stock acquisition rights
The Restructured Company’s common stock
 - 2) The number of shares of the Restructured Company subject to the stock acquisition rights
A decision will be made according to (2) above, upon considering the terms, etc., for the Restructuring.

- 3) Value of assets contributed upon exercise of the stock acquisition rights
The amount calculated by multiplying the exercise price, which has been adjusted considering the terms, etc., for the Restructuring, by the number of shares determined in accordance with 2) above.
- 4) Exercise period of stock acquisition rights
The exercise period shall be the same as the exercise period of the Remaining Stock Acquisition Rights.
- 5) Restrictions on acquiring stock acquisition rights by way of transfer
Any acquisition of stock acquisition rights by way of transfer shall require the approval of the Restructured Company.
- 6) Other terms shall be determined subject to the terms of the Restructured Company.
- (10) Other details of the stock acquisition rights
Other details of the stock acquisition rights shall be determined, together with the other matters for the subscription of the stock acquisition rights, at the Board of Directors meeting to be held with regard to the issuance of stock acquisition rights for subscription.

End

Business Report

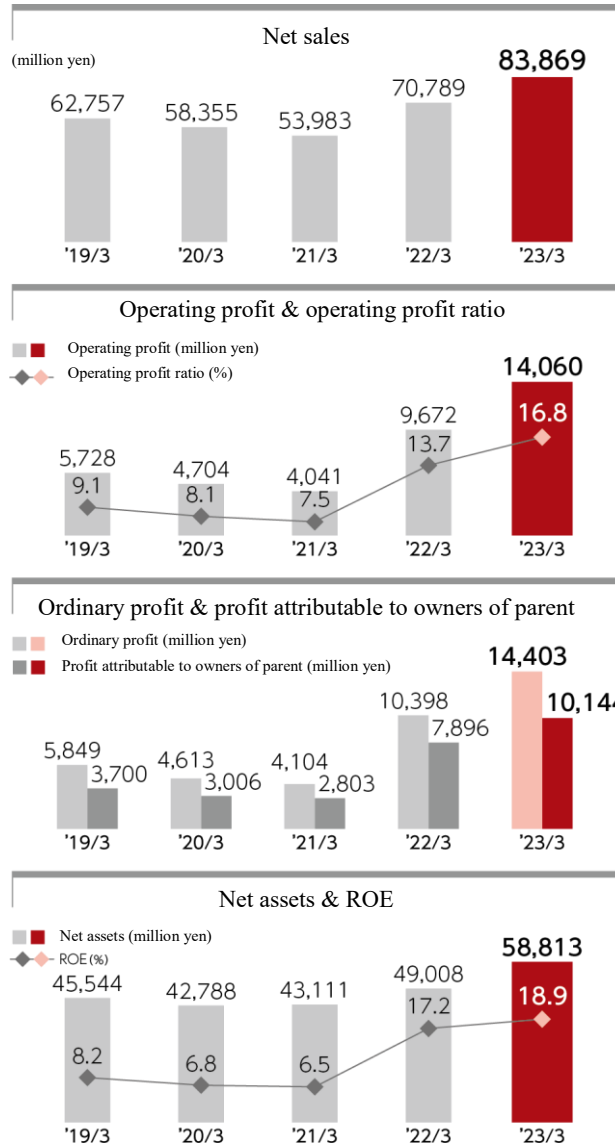
[Appendix]

Business Report for the 76th Period (From April 1, 2022 to March 31, 2023)

(Note) The listed amounts and numbers of shares in the business report do not show amounts less than the display unit, and for the percentages, fractions less than the display unit are rounded to the nearest unit.

1 Matters Concerning the State of Corporate Group

1 Trends in Assets, Profits and Losses



2 Business Progress and Results

Net sales

83,869 million yen
Year-on-year: Up 18.5%

Operating profit

14,060 million yen
Year-on-year: Up 45.4%

Ordinary profit

14,403 million yen
Year-on-year: Up 38.5%

Profit attributable to owners of parent

10,144 million yen
Year-on-year: Up 28.5%

During the consolidated fiscal year under review, capital investment demand in the manufacturing industry remained strong on a global basis, as it was in the previous fiscal year, despite causes for concern such as soaring raw material prices and tightening of parts procurement. Under these circumstances, at the Group we posted a significant increase in net sales and operating profit year-on-year due to higher sales in our mainstay HMI business and Safety & Explosion Protection business. This was achieved by further strengthening our capabilities to provide solutions and flexibly meeting demand and market requests that are growing further on a global basis, mainly in the digital-related, automotive-related, machine tool, and robot industries. Domestic net sales were 34,519 million yen (up 11.7% year-on-year), and overseas net sales reached 49,349 million yen (up 23.7% year-on-year), supported by a significant increase in sales in all areas and the depreciation of the yen. The impact of the lockdown in Shanghai remained only temporary. As a result, consolidated net sales for the consolidated fiscal year under review reached 83,869 million yen (up 18.5% year-on-year).

In terms of profits, as a result of the effects of higher sales and the rationalization of selling prices, we overcame the effects of soaring raw material prices to increase the gross profit margin from the previous fiscal year. In addition, as a result of the reduction in the ratio of selling, general and administrative expenses due to the rationalization of the level of such expenses, and the effect of an increase in profits due to the depreciation of the yen, operating profit increased to 14,060 million yen (up 45.4% year-on-year), and ordinary profit reached 14,403 million yen (up 38.5% year-on-year). Profit attributable to owners of parent reached 10,144 million yen (up 28.5% year-on-year).

* From the current consolidated fiscal year under review, the classification by product type has been partially changed, and figures for the previous fiscal year are revised ones.

HMI (Human-Machine Interface)

These products include industrial switches, joysticks, and operator interface.

Percentage of net sales: 43%

Net sales 35,760 million yen

Year-on-year: Up 15.8%

In all regions of the world, sales increased supported by the capital investment demand that has continued from the previous fiscal year.

Industrial Relay & Components

These products include switching power supplies, terminal blocks, industrial relays and sockets.

Percentage of net sales: 19%

Net sales 15,476 million yen

Year-on-year: Up 13.6%

Sales grew as a result of an increase in sales of industrial relays in the core markets of the Americas and China.

Automation & Sensing

These products include programmable logic controllers, and automated identification products.

Percentage of net sales: 12%

Net sales 10,327 million yen

Year-on-year: Up 22.0%

In Japan, the Americas, and Europe, the Middle East and Africa (EMEA), sales increased as the demand for programmable logic controllers remained solid.

Safety & Explosion Protection

These products include safety-related products, and explosion protection products.

Percentage of net sales: 19%

Net sales: 16,282 million yen

Year-on-year: Up 28.1%

Sales increased as a result of a significant increase in demand for safety-related products, particularly in Japan and China.

Systems

These products include various systems and solutions of collaborative robot systems.

Percentage of net sales: 6%

Net sales: 4,848 million yen

Year-on-year: Up 29.5%

In Japan, sales of control panels for semiconductor manufacturing equipment and distribution facilities continued to grow.

Others

These businesses and products include the renewable energy businesses and ultra-fine bubble generators.

Percentage of net sales: 1%

Net sales: 1,174 million yen

Year-on-year: Down 13.9%

Sales declined as a result of reduced demand for other system-related products in Japan.

3 State of Main Offices of the Company and Major Subsidiaries

Japan

Percentage of net sales: 41%

Net sales: 34,519 million yen

Year-on-year: Up 11.7%

As in the previous fiscal year, the demand remained strong in the semiconductor-related, automotive-related, machine tool and robot industries, and sales increased as a result of accurately responding to market demand, particularly for our mainstay products.

Main offices of the Company (as of March 31, 2022)

Location	Name
Osaka	Head Office, Technology Research Center
Tokyo	Kiba Office
Hyogo	Takino, Fukusaki and Amagasaki Offices (each plant), Tatsuno Distribution Center
Kyoto	Kyoto Office

Major subsidiaries

Company name	Location	Share capital	Ownership percentage	Main business
IDEC SALES SUPPORT CORPORATION	Osaka	100 million yen	100%	Sale of and sales support for control equipment
IDEC SYSTEMS & CONTROLS CORPORATION	Osaka	170 million yen	100%	Provision of solar power systems and energy solutions
IDEC AUTO-ID SOLUTIONS CORPORATION	Osaka	300 million yen	100%	Sale of automatic recognition devices
IDEC ALPS Technologies Co., Ltd.	Osaka	100 million yen	51%	Development, manufacture and sales of control equipment
IDEC LOGISTICS SERVICE CORPORATION	Hyogo	10 million yen	100%	Commissioned business for rigging assembly for control equipment and logistics operations
IDEC FACTORY SOLUTIONS CORPORATION	Aichi	33 million yen	100%	Manufacture and sales of control peripheral equipment and control-panel-related equipment

Americas

Percentage of net sales: 19%

Net sales: 15,672 million yen

Year-on-year: Up 35.9%

Sales increased due to continued high levels of demand, as well as the significant depreciation of the yen.

Major subsidiaries

Company name	Location	Share capital	Ownership percentage	Main business
IDEC CORPORATION	United States	4,800 thousand USD	100%	Sale of control equipment
APEM, Inc.	United States	22,800 thousand USD	100% (100%)	Development, manufacture and sale of control equipment

(Note) The figures in parentheses beside the ownership percentage indicate indirect ownership ratios (included numbers).

EMEA (Europe, Middle East, Africa)

Percentage of net sales: 16%

Net sales: 13,466 million yen

Year-on-year: Up 14.6%

As with Japan and the Americas, an increase in sales in our mainstay HMI business such as industrial switches led to growth in net sales.

Major subsidiaries

Company name	Location	Share capital	Ownership percentage	Main business
MMI Technologies SAS	France	41,110 thousand euros	100%	Holding company
APEM SAS	France	10,222 thousand euros	100% (100%)	Development, manufacture and sale of control equipment

Asia Pacific

Percentage of net sales: 24%

Net sales: 20,210 million yen

Year-on-year: Up 21.7%

The impact of the lockdown in Shanghai was limited, and the demand in other Asian regions remained robust. As a result, sales in our mainstay HMI business and Industrial Relays & Components business significantly increased.

Major subsidiaries

Company name	Location	Share capital	Ownership percentage	Main business
IDEC IZUMI SUZHOU Co., Ltd.	China	10,730 thousand USD	100% (14%)	Manufacture and sale of control equipment and parts
IDEC (SHANGHAI) CORPORATION	China	300 thousand USD	100% (100%)	Sale of control equipment
IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION	China	2,000 thousand RMB	100% (100%)	Design and development of software and circuits for electronic products
IDEC HONG KONG CO., LTD.	Hong Kong	5,000 thousand HKD	100%	Holding company
IDEC IZUMI (H.K.) CO., LTD.	Hong Kong	22,300 thousand HKD	100% (70%)	Sale of control equipment
IDEC IZUMI TAIWAN CORPORATION	Taiwan	60,000 thousand TWD	100%	Manufacture and sale of control equipment and parts
IDEC TAIWAN CORPORATION	Taiwan	15,000 thousand TWD	100%	Sale of control equipment
IDEC ASIA (THAILAND) CO., LTD.	Thailand	250,000 thousand baht	100%	Manufacture and sale of control equipment and parts
IDEC IZUMI ASIA PTE LTD.	Singapore	1,000 thousand SGD	100%	Sale of control equipment
IDEC CONTROLS INDIA PRIVATE LIMITED	India	15,000 thousand rupees	100% (75%)	Sale of control equipment

4 State of Major Capital investment

Capital investment for the consolidated fiscal year under review totaled 4,088 million yen as a result of investments in production facilities and infrastructure development aimed at improving product quality and productivity.

5 State of Major Fund Procurement

We did not conduct any major fund procurement during the consolidated fiscal year under review.

6 Status of Employees (As of March 31, 2022)

1. Number of employees in the corporate group

Number of employees	Change from the end of the previous period
3,186	Down 142

2. Number of employees of the Company

Number of employees	Change from the end of the previous period
637	Up 7

7 Status of Major Creditors (As of March 31, 2023)

Creditor	Balance of borrowings
MUFG Bank, Ltd.	13,125 million yen
Sumitomo Mitsui Banking Corporation	5,025 million yen
Mizuho Bank, Ltd.	3,360 million yen
Syndicate loan	1,500 million yen

- (Note)
1. The balance of borrowings of 1 billion yen or more is shown.
 2. The syndicate loan is co-financing by eight financial institutions with MUFG Bank, Ltd. as an arranger.

2 Matters Concerning Shares of the Company (As of March 31, 2023)

1	Total Number of Shares Authorized to Be Issued	150,000,000
2	Total Number of Shares Outstanding	33,224,485
3	Number of Shareholders	8,114

4 Major Shareholders (Top 10)

Name of shareholder	Number of shares owned thousand shares	Ratio of shareholding %
The Master Trust Bank of Japan, Ltd. (Account in trust)	4,795	16.39
Custody Bank of Japan, Ltd. (account in trust)	3,379	11.55
JP MORGAN CHASE BANK 385632	1,334	4.56
Funaki Kosan Ltd.	1,041	3.56
THE BANK OF NEW YORK MELLON 140044	589	2.02
Kazutaka Fujita	408	1.40
Toshihiro Fujita	348	1.19
STATE STREET BANK WEST CLIENT - TREATY 505234	335	1.15
JP MORGAN CHASE BANK 385781	329	1.13
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	325	1.11

(Note) The ratio of shareholding is calculated after deducting treasury stock (3,966 thousand shares).

[Distribution by owner]

Individuals and others	9,827 thousand shares (29.58%)
Financial institutions	9,268 thousand shares (27.90%)
Foreign corporations, etc.	7,721 thousand shares (23.24%)
Other corporations	2,125 thousand shares (6.40%)
Financial instruments business operators	314 thousand shares (0.95%)
Treasury shares	3,966 thousand shares (11.94%)

3 Matters Concerning Company Officers

1 Status of Directors (As of March 31, 2022)

Position	Name	Responsible operations and state of significant concurrent positions
Chairman and Chief Executive Officer	Toshiyuki Funaki	Chief Executive Officer Chairman of Nominating Committee Chairman of Remuneration Committee IDEC CORPORATION Chairman, CEO
Senior Executive Vice President	Mikio Funaki	Senior Executive Vice President IDEC CORPORATION President, COO
Management Director	Takuji Yamamoto	In charge of Strategy of Management and Business
Director	Hiroshi Kobayashi	Nominating Committee Member Remuneration Committee Member
Director	Hideyuki Ohkubo	Remuneration Committee Member
Director	Mariko Sugiyama	Director of i-Learning Co., Ltd.
Director (Full-time Audit and Supervisory Committee Member)	Yasuo Himeiwa	Nominating Committee Member Remuneration Committee Member Certified Public Accountant (Director, Himeiwa Certified Public Accountant Office) Outside Corporate Auditor, Takara Bio Inc. Outside Director (Audit and Supervisory Committee Member), Sharp Corporation
Director (Audit and Supervisory Committee Member)	Michiko Kanai	Nominating Committee Member Remuneration Committee Member Partner, OH-EBASHI LPC & PARTNERS Outside Director, KONDOTEC INC. Outside Corporate Auditor, SANKYO SEIKO CO., LTD. Outside Director, AS ONE Corporation
Director (Audit and Supervisory Committee Member)	Eri Nakajima	Faculty of Economics and Law at Shinshu University Specially Appointed Professor Outside Director (Audit and Supervisory Committee Member), Core Concept Technologies Inc.

- (Notes)
- Changes in officers during the fiscal year under review
 - Director Mariko Sugiyama was newly elected and appointed at the 75th Annual General Meeting of Shareholders held on June 17, 2022.
 - Director (Audit and Supervisory Committee Member) Eri Nakajima was newly elected and appointed at the 75th Annual General Meeting of Shareholders held on June 17, 2022.
 - Directors (Audit and Supervisory Committee Members) Masataka Kawahito and Nobuo Hatta retired at the conclusion of the 75th Annual General Meeting of Shareholders held on June 17, 2022.
 - Directors Hiroshi Kobayashi, Hideyuki Ohkubo, and Mariko Sugiyama, and Director (Full-time Audit and Supervisory Committee Member) Yasuo Himeiwa, and Directors (Audit and Supervisory Committee Members) Michiko Kanai and Eri Nakajima are Outside Directors and designated as independent officers required by Tokyo Stock Exchange, Inc., as people who will not have conflicts of interests with general shareholders.
 - Director (Full-time Audit and Supervisory Committee Member) Yasuo Himeiwa is a certified public accountant and has considerable knowledge about finance and accounting.
 - All Outside Directors have entered into an agreement with the Company to limit their liability for compensation in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, and the amount of liability based on this agreement is capped by the amount stipulated in laws and regulations.
 - In order to enhance the effectiveness of audits by the Audit and Supervisory Committee and strengthen its audit and supervisory functions, the Company has selected Yasuo Himeiwa as a full-time Audit and Supervisory Committee Member to enable him to grasp the status of business execution and identify issues early through the collection of information from directors and attendance at important internal meetings, as well as to ensure sufficient cooperation between the Internal Auditing Department and the Audit and Supervisory Committee.
 - The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insured in the event that they are held liable for damages in the performance of their duties. (However, those that constitute illegal remuneration, benefits or intentional acts are excluded.) Of the insurance premiums of such agreement, approximately 10% are borne by the directors and executive officers of the Company. The insured parties of such agreement are officers, executive officers, and employees in managerial and supervisory positions of the Company and its subsidiaries.

2 Remuneration, etc. of directors

1. Policy for determining the details of officers' remuneration, etc.

We have passed a resolution, at the Board of Directors meeting held on February 4, 2021, on the policy for determining the details of remuneration, etc. of individual directors so that it can function as an incentive to improve corporate value in a sustainable manner and be linked to shareholder interests. The outline of the policy is as follows:

- (1) The Company's remuneration system for directors consists of fixed remuneration according to their position and performance-linked remuneration based on the premise of contributions to the Officers' Shareholding Association. Outside directors receive only fixed remuneration because they are responsible for supervising the management of the Company from an independent perspective.
- (2) The basic remuneration for the Company's directors is fixed monthly remuneration, which is determined by comprehensively taking into account the position, responsibilities and business performance of the Company.
- (3) The performance-linked remuneration is a cash remuneration based on the premise of contribution to the Officers' Shareholding Association, and uses the consolidated operating income ratio for its calculation because the said ratio is a basic indicator of the Group's earnings status. Comprehensively taking into account the changes in the said indicator for each fiscal year, the total amount is determined, which is then divided by the grant ratio according to the position, resulting in performance-linked remuneration for each director. This performance-linked remuneration is divided into 12 equal parts and paid monthly.
- (4) The percentage of performance-linked remuneration is determined roughly within the range of 10% to 20% of the amount of remuneration for representative directors and 5% to 10% of the amount of remuneration for other executive directors.
- (5) As for the details of individual remuneration for directors (excluding directors who are members of the Supervisory Committee), the Supervisory Committee deliberates whether or not to express its opinion on the remuneration at the General Meeting of Shareholders in advance. Not just each director's position but also the Company's performance is considered for executive directors, while expertise and management experience in other companies is considered for outside directors. The Board of Directors, the majority of whose members are independent outside directors, makes a final decision to leave the matter to the Representative Director Chairman and President.

2. Total amount, etc. of remuneration and others for the fiscal year under review

Officer category	Total amount of remuneration and others	Total amount of remuneration and others by type			Number of eligible officers
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Director (excl. Audit and Supervisory Committee Members) (of those, Outside Directors)	350 million yen (24 million yen)	330 million yen (24 million yen)	20 million yen (-)	-	6 pers. (3 pers.)
Director (Audit and Supervisory Committee Member) (of those, Outside Directors)	24 million yen (24 million yen)	24 million yen (24 million yen)	-	-	5 pers. (5 pers.)
Total (of those, Outside Directors)	374 million yen (49 million yen)	354 million yen (49 million yen)	20 million yen (-)	-	11 pers. (8 pers.)

- (Notes)
1. Remuneration paid to two directors (Audit and Supervisory Committee Members) who retired during the fiscal year under review is included in the remuneration above.
 2. At the 71st Annual General Meeting of Shareholders held on June 15, 2018, the Company resolved that the maximum amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee Members) shall be 360 million yen per year (of that, up to 30 million yen per year for Outside Directors) (the Company does not include employee salaries for directors who concurrently serve as employees), and that the maximum amount of remuneration for directors who are Audit and Supervisory Committee Members shall be 80 million per year. As of the conclusion of the said Annual General Meeting of Shareholders, the Company had five directors (excluding directors who are Audit and Supervisory Committee Members) (of those, three are Outside Directors), and has five directors who are Audit and Supervisory Committee Members (of those, four are Outside Directors).
 3. The metric for performance-linked remuneration, etc. is the consolidated operating profit ratio as it is a basic indicator showing the profit status of the Group. The amount of performance-linked remuneration, etc. is calculated by first determining the total amount after comprehensively taking into account the changes in the said metric for each fiscal year, and then by dividing the total by the grant ratio according to the position. The changes in the consolidated operating profit ratio including the fiscal year under review are described in "1. Trends in Assets, Profits and Losses" on page 34.
 4. The Board of Directors has also determined that the content of the remuneration for each individual director (excluding directors who are Audit and Supervisory Committee Members) for the fiscal year under review is in accordance with the determined policy as the remuneration was deliberated and resolved by the Board of Directors, the majority of whose members are Outside Directors, and left entirely up to the Representative Director Chairman and President.
 5. During the fiscal year under review, a resolution was passed at a meeting of the Board of Directors held on June 17, 2022 (the majority of whose members are comprised of independent Outside Directors) to delegate to Toshiyuki Funaki, the Representative Director Chairman and President, the determination of the allocation method and amount of individual remuneration for directors (excluding directors who are Audit and Supervisory Committee Members). The reason for delegating these authorities is because it is suitable for the Representative Director Chairman and President to conduct an evaluation while having a bird's-eye view of the overall business performance of the Group. The Audit and Supervisory Committee deliberates whether or not to state opinions at an Annual General Meeting of Shareholders on the remuneration of directors (excluding directors who are Audit and Supervisory Committee Members). The resolution pertaining to the delegation is subject to a resolution of the Board of Directors, the majority of whose members are independent Outside Directors. Through these efforts, the Company also confirms the appropriateness of the exercise of such authorities.

3 Status of Outside Officers

1. Significant concurrent positions and their relationships with the Company

Concurrent positions are as described in "**1. Status of Directors**", and there are no material business relationships, etc. with the Company.

2. Major activities during the fiscal year under review

Position	Name	Number of times of attendance		Overview of major activities and duties performed for expected roles
		Board of Directors	Audit and Supervisory Committee	
Outside Director	Hiroshi Kobayashi	7/7 (100%)	-	He has been mainly engaged in corporate management and domestic and overseas business in the automobile industry. Based on his acumen built on such extensive experience, he has made necessary and active remarks at the Board of Directors meetings when appropriate, and provided supervision and advice, etc. based on such acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making. He also serves as a member of the Nominating Committee as well as of the Remuneration Committee.
	Hideyuki Ohkubo	7/7 (100%)	-	He has been mainly engaged in corporate management and the factory automation business for many years. Based on his acumen built on such extensive experience, he has made necessary and active remarks at the Board of Directors meetings when appropriate, and provided supervision and advice, etc. based on such acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making. He also serves as a member of the Remuneration Committee.
	Mariko Sugiyama	6/6 (100%)	-	She has been mainly engaged in a wide variety of businesses in the IT industry for many years. Based on her acumen built on such extensive experience, she has made necessary and active remarks at the Board of Directors meetings when appropriate, and provided supervision and advice, etc. based on such acumen and from an independent standpoint with no vested interest in the Company. As such, she plays a proper role to secure the adequacy and appropriateness of decision-making.
Outside Director (Audit and Supervisory Committee Member)	Yasuo Himeiwa	7/7 (100%)	9/9 (100%)	Based on his expertise and acumen for finance and accounting built on his extensive experience mainly as a certified public accountant, he has made necessary and active remarks at the meetings of the Board of Directors as well as the Audit and Supervisory Committee when appropriate, and provided supervision and advice, etc. mainly for financial and accounting matters based on such expertise and acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making, and contributes to the enhancement of the Company's audit system. He also serves as a member of the Nominating Committee as well as of the Remuneration Committee.
	Michiko Kanai	6/7 (86%)	9/9 (100%)	Based on her expertise and acumen for laws built on her extensive experience mainly as a lawyer, she has made necessary and active remarks at the meetings of the Board of Directors as well as the Audit and Supervisory Committee when appropriate, and provided supervision and advice, etc. mainly for legal matters based on such expertise and acumen and from an independent standpoint with no vested interest in the Company. As such, she plays a proper role to secure the adequacy and appropriateness of decision-making, and contributes to the enhancement of the Company's audit system. She also serves as a member of the Nominating Committee as well as of the Remuneration Committee.
	Eri Nakajima	6/6 (100%)	8/8 (100%)	She has been widely engaged in environmental administration, especially global warming, and promotion of women's empowerment. Based on her acumen built on such extensive experience, she has made necessary and active remarks at the meetings of the Board of Directors as well as the Audit and Supervisory Committee when appropriate, and provided supervision and advice, etc. mainly for matters concerning environmental sustainability and diversity such as promotion of women's empowerment based on such expertise and acumen and from an independent standpoint with no vested interest in the Company. As such, she plays a proper role to secure the adequacy and appropriateness of decision-making, and contributes to the enhancement of the Company's audit system.

- (Notes) 1. As Mariko Sugiyama was newly elected and appointed as Director (excluding Audit and Supervisory Committee Members) at the 75th Annual General Meeting of Shareholders held on June 17, 2022, attendance at meetings of the Board of Directors held on or after June 17, 2022 is shown.
2. As Eri Nakajima was newly elected and appointed as Director (Audit and Supervisory Committee Member) at the 75th Annual General Meeting of Shareholders held on June 17, 2022, attendance at meetings of the Board of Directors and the Audit and Supervisory Committee held on or after June 17, 2022 is shown.

Consolidated Balance Sheet
As of March 31, 2023

(Million yen)

Item	Amount	Item	Amount
<u>Assets</u>		<u>Liabilities</u>	
Current assets	54,518	Current liabilities	32,059
Cash and deposits	18,408	Notes and accounts payable–trade	4,916
Notes and accounts receivable–trade	12,987	Electronically recorded obligations–operating	1,948
Electronically recorded monetary claims–operating	1,022	Short-term borrowings	5,000
Merchandise and finished goods	11,777	Current portion of long-term borrowings	11,935
Work in process	2,323	Lease liabilities	497
Raw materials and supplies	6,555	Accounts payable–other	1,040
Other	1,466	Accrued expenses	2,969
Provision for doubtful accounts	(23)	Income taxes payable	1,911
		Contract liabilities	686
Non-current assets	49,717	Deposits received	156
Property, plant and equipment	23,766	Provision for product warranties	37
Buildings and structures	9,843	Other	959
Machinery, equipment and vehicles	3,513		
Tools, furniture and fixtures	1,727	Non-current liabilities	13,362
Land	5,848	Long-term borrowings	6,525
Leased assets	190	Lease liabilities	1,530
Right-of-use assets	1,754	Deferred tax liabilities	3,007
Construction in progress	887	Provision for retirement benefits for directors (and other officers)	50
		Retirement benefit liability	1,557
Intangible assets	22,885	Asset retirement obligations	120
Trademark right	2,411	Other	571
Customer-related assets	7,634		
Software	1,138	Total Liabilities	45,422
Goodwill	11,636		
Other	63	Net assets	
		Shareholders' equity	52,687
Investments and other assets	3,065	Share capital	10,056
Investment securities	601	Capital surplus	9,397
Long-term loans receivable	49	Retained earnings	40,532
Retirement benefit asset	318	Treasury shares	(7,299)
Deferred tax assets	1,490		
Other	641	Accumulated other comprehensive income	5,778
Provision for doubtful accounts	(36)	Valuation difference on available-for-sale securities	24
		Foreign currency translation adjustment	5,787
		Remeasurements of defined benefit plans	(33)
		Stock acquisition rights	347
		Total net assets	58,813
Total assets	104,235	Total liabilities and net assets	104,235

Consolidated Statement of Income
From April 1, 2022 to March 31, 2023

(Million yen)

Item	Amount	
Net sales		83,869
Cost of sales		46,492
Gross profit (loss)		37,376
Selling, general and administrative expenses		23,315
Operating profit (loss)		14,060
Non-operating income		
Interest income and dividend income	100	
Share of profit of entities accounted for using equity method	45	
Foreign exchange gains	467	
Other	326	938
Non-operating expenses		
Interest expenses	107	
Derivative loss	170	
Other	318	596
Ordinary profit (loss)		14,403
Extraordinary income		
Gain on sale of non-current assets	32	
Gain on sale of investment securities	119	
Gain on reversal of stock acquisition rights	31	183
Extraordinary losses		
Loss on sale of non-current assets	5	
Loss on abandonment of non-current assets	50	
Loss on reorganization of subsidiaries	129	185
Profit (loss) before income taxes		14,401
Income taxes—current	4,480	
Income taxes—deferred	(186)	4,293
Profit (loss)		10,107
Profit (loss) attributable to non-controlling interests		(37)
Profit (loss) attributable to owners of parent		10,144

Non-Consolidated Balance Sheet
As of March 31, 2023

(Million yen)

Item	Amount	Item	Amount
<u>Assets</u>		<u>Liabilities</u>	
Current assets	25,350	Current liabilities	24,995
Cash and deposits	5,438	Accounts payable–trade	3,680
Notes receivable–trade	0	Electronically recorded obligations–operating	1,948
Accounts receivable–trade	8,867	Short-term borrowings	4,000
Electronically recorded monetary claims–operating	514	Current portion of long-term borrowings	11,935
Merchandise	2,136	Lease liabilities	69
Finished goods	1,881	Accounts payable–other	1,173
Raw materials	1,982	Accrued expenses	843
Work in process	997	Income taxes payable	1,214
Supplies	146	Contract liabilities	4
Prepaid expenses	263	Deposits received	126
Short-term loans receivable from subsidiaries and affiliates	2,462		
Accounts receivable–other	555	Non-current liabilities	8,180
Accounts receivable for supplied materials	14	Long-term borrowings	6,325
Other	88	Long-term borrowings from subsidiaries and affiliates	116
		Lease liabilities	90
Non-current assets	43,660	Provision for retirement benefits	1,121
Property, plant and equipment	11,001	Asset retirement obligations	7
Buildings	4,778	Other	519
Structures	111		
Machinery and equipment	937	Total Liabilities	33,176
Vehicles	21	<u>Net assets</u>	
Tools, furniture and fixtures	445	Shareholders' equity	35,431
Land	4,090	Share capital	10,056
Leased assets	144	Capital surplus	9,300
Construction in progress	471	Legal capital surplus	5,000
		Other capital surplus	4,300
Intangible assets	983	Retained earnings	23,373
Software	976	Other retained earnings	23,373
Goodwill	5	Reserve for tax-purpose reduction entry of non-current assets	316
Other	0	Retained earnings brought forward	23,057
		Treasury shares	(7,299)
Investments and other assets	31,675	Valuation and translation adjustments	55
Investment securities	275	Valuation difference on available-for-sale securities	55
Shares of subsidiaries and affiliates	26,287		
Investments in capital of subsidiaries and associates	1,569	Stock acquisition rights	347
Long-term loans receivable from subsidiaries and affiliates	2,129		
Prepaid pension costs	281	Total net assets	35,834
Deferred tax assets	761	Total liabilities and net assets	69,010
Other	406		
Provision for doubtful accounts	(36)		
Total assets	69,010		

Non-Consolidated Statement of Income
From April 1, 2022 to March 31, 2023

(Million yen)

Item	Amount	
Net sales		38,561
Cost of sales		21,156
Gross profit (loss)		17,405
Selling, general and administrative expenses		11,165
Operating profit (loss)		6,240
Non-operating income		
Interest income and dividend income	2,349	
Foreign exchange gains	570	
Commission income	239	
Other	157	3,317
Non-operating expenses		
Interest expenses	38	
Derivative loss	170	
Other	68	277
Ordinary profit (loss)		9,280
Extraordinary income		
Gain on sale of non-current assets	18	
Gain on sale of investment securities	119	
Gain on reversal of stock acquisition rights	31	169
Extraordinary losses		
Loss on abandonment of non-current assets	8	8
Profit (loss) before income taxes		9,441
Income taxes—current	2,115	
Income taxes—deferred	(24)	2,091
Profit (loss)		7,350