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(Stock Exchange Code 6652)

May 24, 2024

To Shareholders with Voting Rights:

2-6-64 Nishimiyahara, Yodogawa-ku, Osaka

**IDEC CORPORATION**

Toshiyuki Funaki

Chairman and Chief Executive Officer

## **NOTICE OF THE 77TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 77th 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 14 2024 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 77th Fiscal Year (April 1, 2023 - March 31, 2024) 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 77th Fiscal Year (April 1, 2023 - March 31, 2024)

### **Proposals to be resolved**

- |                    |  |
|--------------------|--|
| <b>Proposal 1:</b> | Election of Seven (7) Directors (Excl. Directors who are Audit and Supervisory Committee Members)  |
| <b>Proposal 2:</b> | Election of Three (3) Directors who are Audit and Supervisory Committee Members  |
| <b>Proposal 3:</b> | Election of One (1) Substitute Director who is Audit and Supervisory Committee Members   |
| <b>Proposal 4:</b> | 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 77th 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-IDEC/ir/shareholders-meeting2024>

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 System to Ensure the Appropriateness of Business Operations and the Operational Status of Such 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 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 13, 2024

#### **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 13, 2024

## CEO MESSAGE

### To Shareholders

**The IDEC Group aims to transform itself into a highly profitable organization by advancing fundamental reforms globally, and to provide products and solutions that contribute to solving societal challenges.**

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

In the fiscal year ended March 2023, both net sales and profit reached record highs due to strong demand for capital investment in the manufacturing industry. However, in the fiscal year ended March 2024, net sales and profit declined due to an increase in inventories on a global basis.

However, in times of crisis, it is an opportunity to promote reforms for the next leap forward. The IDEC Group is making concerted efforts to transform the Company into one with a high-profit structure by promoting fundamental reforms throughout the Company, with all employees sharing a “change mindset.”

Among them, we believe that the shift to global thinking is extremely important for the IDEC Group’s business expansion and development in the future, and we are accelerating organizational management and awareness change to become a truly global company.

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.

May 24, 2024

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.**

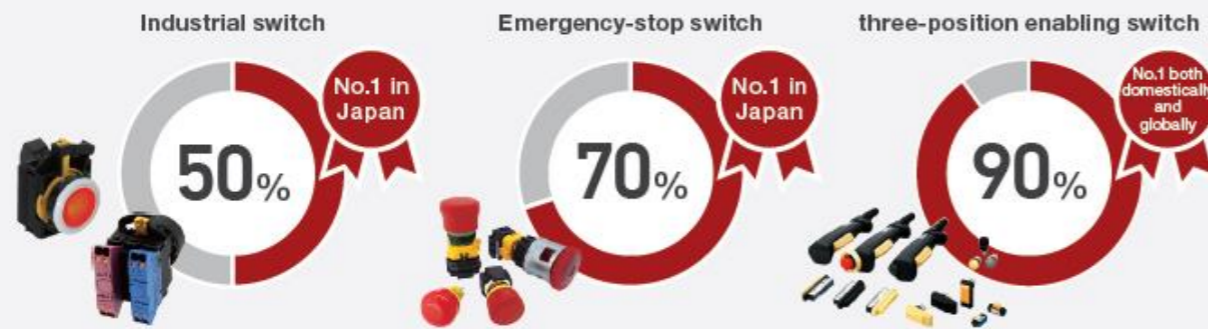
In line with its medium-term management plan, IDEC is **pursuing global expansion** by strengthening its presence in the Chinese and Indian markets, in which high growth is expected.

# Strengths

## 01 A diverse line-up of control device products

FY2024 achievements (according to in-house research)

IDEC offers more than 100,000 types of HMI products for a variety of industries and customer needs. As these products protect human life, they need to be compatible with international standard and standards in various countries and meet high-level quality and safety requirements. Our expertise, accumulated over many years, and our reputation for reliability have enabled our products to achieve a high market share.



## 02 Product development based on safety DNA

IDEC incorporated an interlock mechanism in the switch boxes developed in 1950, soon after the company was founded. This mechanism was designed to make sure lids and covers are closed before the power is switched on, protecting operators against the risk of electric shock. The resulting switch boxes have become enduring best-sellers.

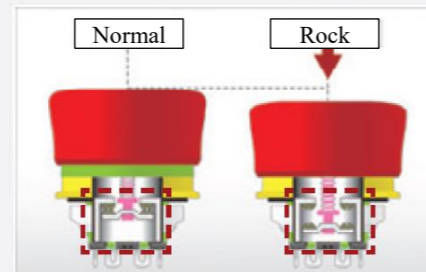
This commitment to safety is now part of our DNA and has served as the basis for product development since our founding, enabling us to provide high-quality products.

Emergency-stop switches are used to shut off machinery in an emergency, ensuring the safety of operators. As a major market player, IDEC offers a lineup of products that not only comply with international safety standards but are also equipped with IDEC's original "safety potential structure" ensuring the highest level of safety.

IDEC's emergency-stop switches use a unique structure so that they always default to the off position (a safe condition) even when damaged, preventing serious industrial accidents and keeping people safe.



SB metallic switch box



Safety potential structure

Switches always default to the off position (a safe condition) even when damaged

## 03

Left: Makoto Nagamine, Parliamentary Vice Minister of Economy, Trade and Industry  
Right: Toshihiro Fujita, Senior Executive Officer, IDEC CORPORATION



Industrial Standardization Project Award Ceremony



## Promotion of international standardization

IDEC not only manufactures products that are compliant with international standards but has also played an active part in shaping the rules, including actively participating in technical committees of the International Electrotechnical Commission (IEC) and the International Organization for Standardization (ISO) since the 1990s, and proposing and promoting the development of international safety standards for the development of new technology as part of the global community. The three-position enabling switch, for which IDEC led the creation of the international standard, has been adopted by major robot manufacturers worldwide and holds more than 90% of the global market share. With growing robot demand, the number of units shipped has substantially increased in recent years.

In 2022, Dr. Toshihiro Fujita, Senior Executive Officer, received the Prime Minister's Award of Industrial Standardization Project Award in recognition of his achievements in international standardization activities for over 20 years.

## 04

## Global business expansion through M&A and partnerships

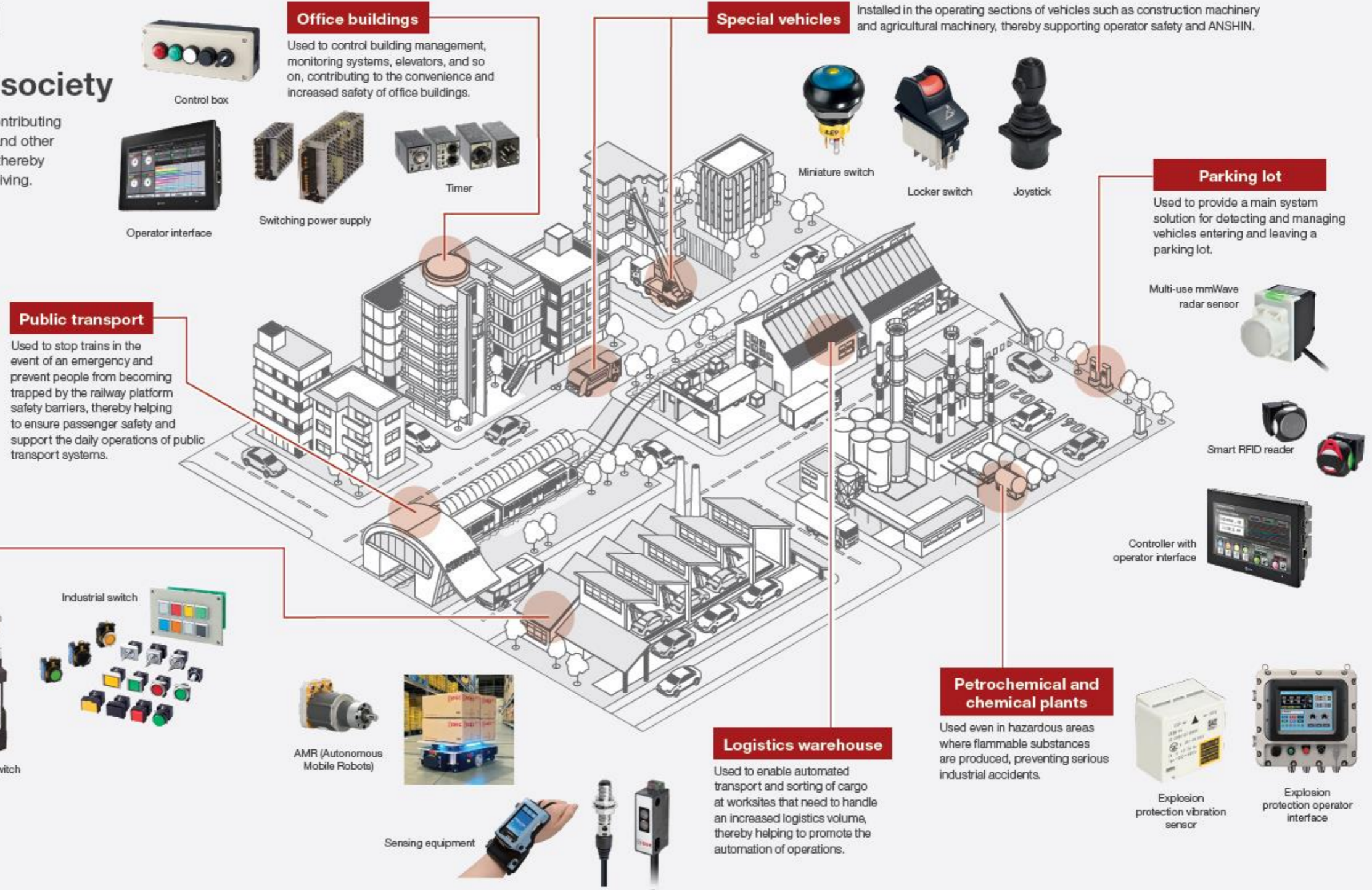
To expand our business globally, we are actively pursuing mergers and acquisitions (M&A) opportunities and partnership agreements with companies both in Japan and abroad that can be expected to provide synergy with our business activities. The addition of a French industrial switch manufacturer APEM to the IDEC Group in 2017 has been a major factor in increased business growth in recent years.



# 05

## Products and services that contribute to society

The IDEC Group's technology and products are contributing to resolve various societal challenges in factories and other manufacturing sites as well as in daily life scenes, thereby helping to secure the future of manufacturing and living.



Control box



Operator interface



Switching power supply



Timer

### Special vehicles



Miniature switch



Locker switch



Joystick

### Parking lot

Used to provide a main system solution for detecting and managing vehicles entering and leaving a parking lot.



Multi-use mmWave radar sensor



Smart RFID reader



Controller with operator interface

### Public transport

Used to stop trains in the event of an emergency and prevent people from becoming trapped by the railway platform safety barriers, thereby helping to ensure passenger safety and support the daily operations of public transport systems.



Edge switch

LED illumination unit

Emergency-stop switch

### Various machine devices in factory facilities and manufacturing lines

Installed on machine tools, semiconductor manufacturing equipment, and various other devices and used as operation and control units on manufacturing lines, thereby helping to improve productivity, efficiency, and safety.



Industrial switch



AMR (Autonomous Mobile Robots)



Sensing equipment

### Petrochemical and chemical plants

Used even in hazardous areas where flammable substances are produced, preventing serious industrial accidents.



Explosion protection vibration sensor



Explosion protection operator interface

### Logistics warehouse

Used to enable automated transport and sorting of cargo at worksites that need to handle an increased logistics volume, thereby helping to promote the automation of operations.



Safety commander



Interlock switch

**Proposal 1: Election of Seven (7) Directors (excl. Directors who are Audit and Supervisory Committee Members)**

The terms of office of all seven (7) Directors (excl. Directors who are Audit and Supervisory Committee Members; the same applies hereinafter), Messrs. Toshiyuki Funaki, Mikio Funaki, Takuji Yamamoto, Takao Funaki, Hiroshi Kobayashi, Hideyuki Ohkubo and Ms. Mariko Sugiyama, will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of seven (7) Directors, including three (3) Outside Directors.

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. Candidates for Directors, Mr. Hiroshi Kobayashi, Mr. Hideyuki Ohkubo, and Ms. Mariko Sugiyama, are candidates for Outside Directors.
  3. 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.
  4. 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 2024 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 Representative Director.
  5. 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 5 years, Mr. Hideyuki Ohkubo will have served 3 years, and Ms. Mariko Sugiyama will have served 2 years as Director at the conclusion of this Annual General Meeting of Shareholders.
  6. 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.
  7. 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: 209,339 shares**

**Attendance at the Board of Directors meeting (FY 2024): 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: 119,977 shares**

**Attendance at the Board of Directors meeting (FY 2024): 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: 8,943 shares****Attendance at the Board of Directors meeting (FY 2024): 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 has nominated him again as a candidate.

**Significant concurrent positions**

Not applicable.

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

April 1996 Joined IDEC CORPORATION (USA)  
June 2013 Joined the Company  
April 2015 Senior Manager of International Business Development Department  
Sales & Marketing HQ of the Company  
April 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  
June 2023 Director, Senior Executive Officer of Manufacturing, Procurement & SCM and US Business of the Company  
April 2024 Director, Senior Executive Officer of Manufacturing, SCM, & US Business of the Company (to present)

**Number of shares of the Company held: 44,954 shares****Attendance at the Board of Directors meeting (FY 2024): 100 % (6/6 times) (since appointment on June 16, 2023)****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 again as a candidate.

**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: 4,983 shares**

**Attendance at the Board of Directors meeting (FY 2024): 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: 3,494 shares**

**Attendance at the Board of Directors meeting (FY 2024): 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 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. 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)

January 2024         Representative Director of i-Learning Co., Ltd. (to present)

**Number of shares of the Company held: 1,043 shares**

**Attendance at the Board of Directors meeting (FY 2024): 100 % (7/7 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**

Representative Director of i-Learning Co., Ltd.

## **Proposal 2: Election of Three (3) Directors who are Audit and Supervisory Committee Members**

The terms of all three (3) Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himejiwa, Ms. Michiko Kanai and Ms. Eri Nakajima will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company propose the election of three (3) Directors who are Audit and Supervisory Committee Members (All are Outside Directors.).

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. The Audit and Supervisory Committee has already agreed to this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

(Notes)

1. There are no special interests between each candidate and the Company.
2. Candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himejiwa, Ms. Michiko Kanai, and Ms. Eri Nakajima, are candidates for Outside Directors.
3. Candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himejiwa, Ms. Michiko Kanai, and Ms. Eri Nakajima are designated as independent officers required by Tokyo Stock Exchange, Inc., as people who will not have conflicts of interests with general shareholders.
4. Candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himejiwa, Ms. Michiko Kanai, and Ms. Eri Nakajima, are currently Outside Directors of the Company and Mr. Yasuo Himejiwa will have served 4 years, Ms. Michiko Kanai will have served 8 years, and Ms. Eri Nakajima will have served 2 years as Directors at the conclusion of this Annual General Meeting of Shareholders.
5. The Company has entered into agreements with candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himejiwa, Ms. Michiko Kanai, and Ms. Eri Nakajima 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.
6. 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 insureds including the 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 as Director, each candidate will be insureds in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.

**Candidate No. 1**  Reappointment  Outside  Independent

**Name: Yasuo Himeiwa**

**Date of birth: November 5, 1953**

**Career summary** (positions and responsibilities)

August 1983      Joined Peat Marwick Mitchell Accountant Office (currently KPMG)  
August 1990      Certified Public Accountant registered  
August 1994      Director in charge of Europe of KPMG Project Japan  
January 1996      Associate Partner at Century Audit Corporation (currently Ernst & Young ShinNihon LLC)  
February 2001     Partner at Audit Corporation ShinNihon (currently Ernst & Young ShinNihon LLC)  
September 2003   Partner at KPMG AZSA & Co.  
July 2009        Head of Osaka Global Japanese Practice at KPMG AZSA & Co.  
May 2015        Chairman of General Partners' Meeting of KPMG AZSA LLC  
June 2016        General Manager at Himeiwa Certified Public Accountant Office (to present)  
June 2020        Director of the Company (Audit and Supervisory Committee Member)  
February 2021    Member of Nominating Committee of the Company (to present)  
June 2021        Board Member of the Company (Full-time Audit and Supervisory Committee Member)  
(to present)  
October 2022     Remuneration Committee Member of the Company (to present)

**Number of shares of the Company held: 1,782 shares**

**Attendance at the Board of Directors meeting (FY 2024): 100% (7/7 times)**

**Attendance at the Audit and Supervisory Committee (FY 2024): 100% (9/9 times)**

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

Mr. Yasuo Himeiwa has extensive knowledge and experience as a Certified Public Accountant, and he has contribute to reinforcing our company's auditing system from the viewpoint of finance and accounting, and given the Company his precise advice at the voluntary committees. Judging that he also has a fair and neutral standpoint in regards to audit independence, the Company has elected him again as a candidate for Director. After election, he is expected to continue fulfilling the above-mentioned roles.

**Significant concurrent positions**

Certified Public Accountant (General Manager at Himeiwa Certified Public Accountant Office)

Outside Company Auditor of TAKARA BIO INC.

Outside Director (Audit and Supervisory Committee Member) of Sharp Corporation

**Candidate No. 2**  Reappointment  Outside  Independent

**Name: Michiko Kanai**

**Date of birth: June 16, 1955**

**Career summary** (positions and responsibilities)

April 1990        Registered in Osaka Bar Association  
                      Joined Oh-Ebashi Law Offices (currently Oh-Ebashi LPC & Partners)  
April 1998        Partner at Oh-Ebashi Law Offices  
August 2002      Member at Oh-Ebashi LPC & Partners (to present)  
June 2016        Director of the Company  
June 2018        Director of the Company (Audit and Supervisory Committee Member) (to present)  
February 2021    Member of Nominating Committee of the Company (to present)  
October 2022     Remuneration Committee Member of the Company (to present)

**Number of shares of the Company held: 10,697 shares**

**Attendance at the Board of Directors meeting (FY 2024): 86 % (6/7 times)**

**Attendance at the Audit and Supervisory Committee (FY 2024): 100% (9/9 times)**

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

As a lawyer, Ms. Michiko Kanai has contributed to strengthening the Company's auditing system regarding legal affairs based on her high-degree of expertise and acumen in corporate legal affairs, and given the Company her precise advice at the voluntary committees. Judging that she also has a fair and neutral standpoint in regards to audit independence, the Company has elected her again as a candidate for Director. After election, she is expected to continue fulfilling the above-mentioned roles.

**Significant concurrent positions**

Lawyer (Member at Oh-Ebashi LPC & Partners)

Outside Director of KONDOTECH INC.

Outside Company Auditor (Audit and Supervisory Committee Member) of AS ONE CORPORATION

**Candidate No. 3** Reappointment Outside Independent

**Name:** Eri Nakajima

**Date of birth:** September 2, 1972

**Career summary** (positions and responsibilities)

April 1995            Joined the Environment Agency

April 2013           Policy Planning Division, Nature Conservation Bureau of the  
Environment Assistant Division Chief

April 2015           Deputy Governor of Nagano Prefecture

August 2020        Decarbonization Innovation Research Office, Global Environment Bureau of the  
Ministry of the Environment General Manager

December 2021     Specially Appointed Professor at Faculty of Economics and Law in Shinshu University

June 2022           Director of the Company (Audit and Supervisory Committee Member) (to present)

April 2023           Professor at Faculty of Policy Studies in Doshisha University (to present)

**Number of shares of the Company held:** 695 shares

**Attendance at the Board of Directors meeting (FY 2024):** 100% (7/7 times)

**Attendance at the Audit and Supervisory Committee (FY 2024):** 100% (9/9 times)

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

Ms. Eri Nakajima has been engaged in a wide range of fields in environmental administration such as global warming countermeasures and promotion of women's empowerment. Based on her abundant knowledge and experience, she has provided supervision and advice, etc. mainly for matters concerning environmental sustainability and diversity such as promotion of women's empowerment. Judging that she also has a fair and neutral standpoint in regards to audit independence, the Company has elected her again as a candidate for Director. After election, she is expected to continue fulfilling the above-mentioned roles.

**Significant concurrent positions**

Professor at Faculty of Policy Studies in Doshisha University

Outside Director of Core Concept Technologies Inc.

<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).

**Reference: Management system after the approval of Proposal 1 and Proposal 2(planned)**

Skills matrix expected of directors (○ indicates contributing areas/roles; ● indicates contributing areas with particularly high expectations)

		Name	Attendance (FY2023)			Corporate management Management strategy	International business	Industry knowledge	R&D Production	Sales Marketing	Financial Accounting	Legal affairs Risk management	Personnel affairs Development	IT DX	Sustainable ESG
			Board of Directors meeting	Remuneration Committee	Nominating Committee										
Director	Chairman and CEO	Toshiyuki Funaki	7/7 times (100%)	3/3 times (100%)	4/4 times (100%)	●	●	●	○	○	○			○	
	Senior Executive President, COO	Mikio Funaki	7/7 times (100%)			●	●	●	○	○			○		
	Managing Director	Takuji Yamamoto	7/7 times (100%)			●	●	●	○	○	○		○		
	Director, Senior Executive Officer	Takao Funaki	6/6 times (100%)				●	○	○	●			●	○	
	Outside Independent	Hiroshi Kobayashi	7/7 times (100%)	3/3 times (100%)	4/4 times (100%)	○	●			●			○		
	Outside Independent	Hideyuki Ohkubo	7/7 times (100%)		3/4 times (75%)	●		●	●				○		
	Outside Independent	Mariko Sugiyama	7/7 times (100%)				○			○			○	●	
Audit and Supervisory Committee	Outside Independent	Yasuo Himejiwa	7/7 times (100%)	3/3 times (100%)	4/4 times (100%)		○	○			●	○			
	Outside Independent	Michiko Kanai	6/7 times (86%)	3/3 times (100%)	4/4 times (100%)		○					●		○	
	Outside Independent	Eri Nakajima	7/7 times (100%)										○	●	

**Corporate management and management strategy**

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

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.

**R&D and production**

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

**Sales and marketing**

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

**Financial and 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.

**Legal affairs and 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 and development**

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

**IT and DX**

Has considerable knowledge in the IT and digital fields.

**Sustainable and ESG**

Has considerable knowledge of sustainability and ESG.

## 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.

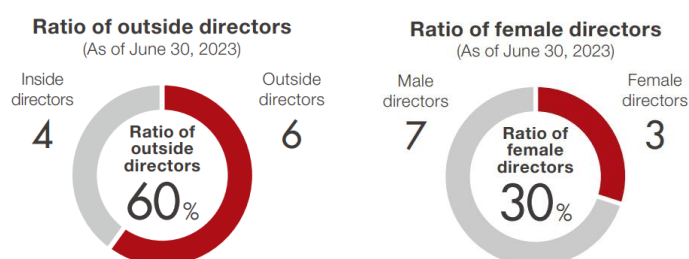
Related materialities

Business foundation

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

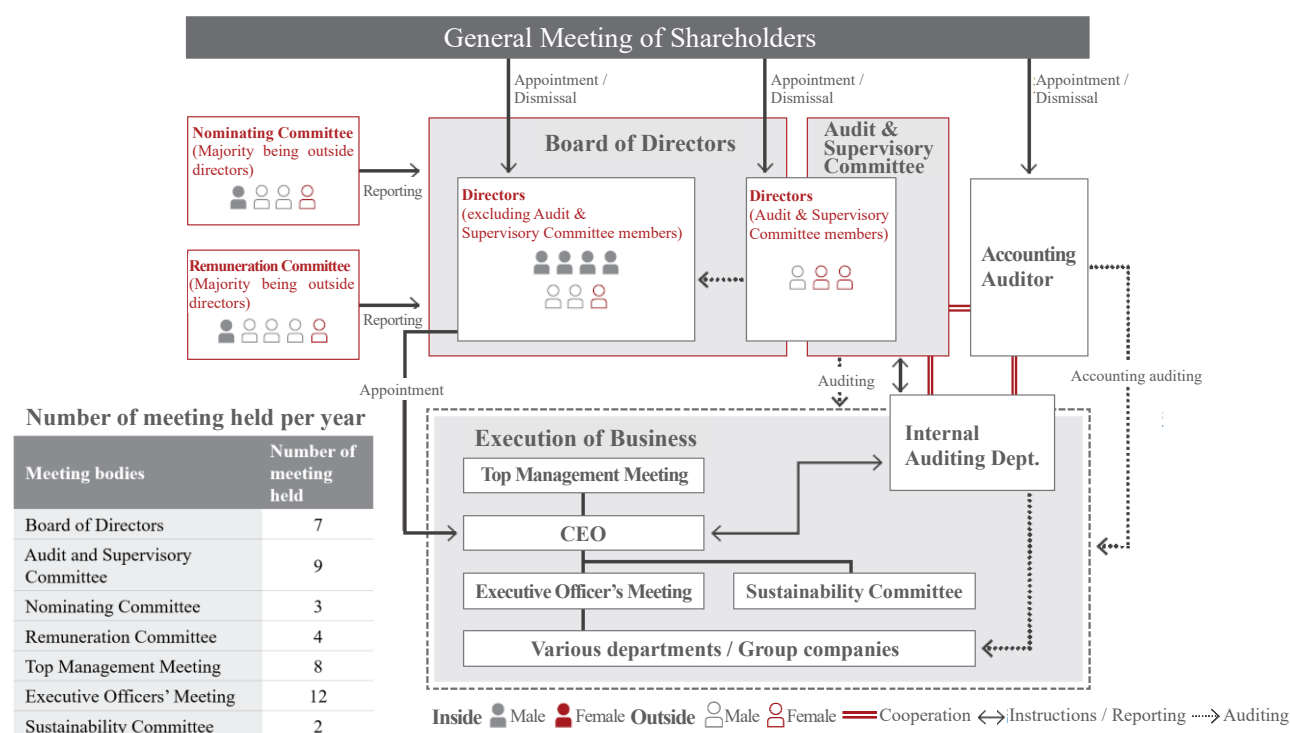
Features of IDEC’s governance

1. Outside directors represent more than half of all directors, and all of them are independent officers
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



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 governance and our operating policy. In June 2018, we transformed 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 Directors 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 FY2024 evaluation found that In terms of items such as strengthening ESG initiatives, the remuneration system, and succession planning, evaluations improved since FY2023. The overall evaluation was generally positive, and the Board of Directors was evaluated as functioning effectively., but several issues were identified. The following actions are being taken to address the key issues

FY2024	
Issues identified	Initiative (planned)
Set period for provision of documents and secure time for deliberations	<ul style="list-style-type: none"> <li>• Provide materials at an early stage, set agenda items to secure time for deliberation, and implement effective time management of the Board of Directors</li> </ul>
Revise business portfolio based on capital efficiency	<ul style="list-style-type: none"> <li>• Set up opportunities for discussions on analysis and response relating to capital efficiency in the progress report for the medium-term management plan</li> </ul>
Promoting diversity Strengthening and involvement in ESG initiatives	<ul style="list-style-type: none"> <li>• Continue diversity and ESG initiatives</li> <li>• Establish opportunities for discussion by the Board of Directors</li> </ul>
Discuss the shift to DX	<ul style="list-style-type: none"> <li>• Set up opportunities to discuss strategies based on DX, such as the introduction of ERP systems</li> </ul>
Discussions based on dialogues with shareholders and investors	<ul style="list-style-type: none"> <li>• Financial results briefings, reporting SR and IR activities to the Board of Directors</li> <li>• Set up opportunities for discussion by the Board of Directors</li> </ul>
Establishing operation of the new remuneration system	<ul style="list-style-type: none"> <li>• Establish operation of new remuneration system through the Remuneration Committee</li> </ul>
Operation of successor planning	<ul style="list-style-type: none"> <li>• Update top-management succession plan</li> <li>• Implement a HR development program</li> </ul>
Committee operation	<ul style="list-style-type: none"> <li>• Report on the materials and state of implementation / progress of each committee to the Board of Directors.</li> </ul>

### **Proposal 3: Election of One (1) Substitute Director who is Audit and Supervisory Committee Members**

The Company proposes the election of one (1) substitute director who is Audit and Supervisory Committee Members in preparation for the event that the number of directors who are Audit and Supervisory Committee Members falls below the required number stipulated by laws and regulations.

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. The Audit and Supervisory Committee has already agreed to this proposal.

The candidates for Substitute Directors who are Audit and Supervisory Committee Members are as follows.

**Candidate**  Outside  Independent

**Name:** Motoharu Iyomasa

**Date of birth:** November 17, 1958

**Career summary** (positions and responsibilities)

August 1985	Joined Peat Marwick Mitchell Accountant Office (currently KPMG)
August 1993	Certified Public Accountant registered
May 2009	Partner at KPMG AZSA & Co. (currently KPMG AZSA LLC)
July 2021	General Manager at Iyomasa Certified Public Accountant Office (to present)
March 2022	Outside Director (Audit and Supervisory Committee Member) of FUJI MEDICAL INSTRUMENTS MFG. CO., LTD.

**Number of shares of the Company held:** 0 shares

**Reasons for Nomination and Outline of Expected Roles**

Mr. Motoharu Iyomasa has extensive knowledge and experience built up over the years as a Certified Public Accountant, and the Company believes that he would contribute to reinforcing our company's auditing system from the viewpoint of finance and accounting. Judging that he also has a fair and neutral standpoint in regards to audit independence, the Company has elected him again as a candidate. If he takes office as Director who is an Audit and Supervisory Committee Member, he is expected to fulfill these roles.

**Significant concurrent positions**

Certified Public Accountant (General Manager at Iyomasa Certified Public Accountant Office)

1. There are no special interests between Mr. Motoharu Iyomasa and the Company.
2. Mr. Motoharu Iyomasa is a candidate for Substitute Outside Director.
3. The Company has judged that Mr. Motoharu Iyomasa is not likely to cause any conflicts of interest with general stockholders and that he is independent, therefore, in the event that he assumes office as a director who is Audit and Supervisory Committee Members, the Company will designate him as independent officers required by Tokyo Stock Exchange, Inc..
4. In the event that Mr. Motoharu Iyomasa assumes office as a director who is Audit and Supervisory Committee Members, the Company will enter into an agreement with him, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, limiting her liabilities for damages. Based on this agreement, the maximum amount of liabilities for damages shall be an amount provided by laws and regulations.
5. 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 insureds including the directors of the Company in the event that they are held liable for damages in the performance of their duties. In the event that Mr. Motoharu Iyomasa assumes office as a director who is Audit and Supervisory Committee Members, he will be insureds in the said insurance agreement.

**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.

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

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, 2026 to June 30, 2028
- (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

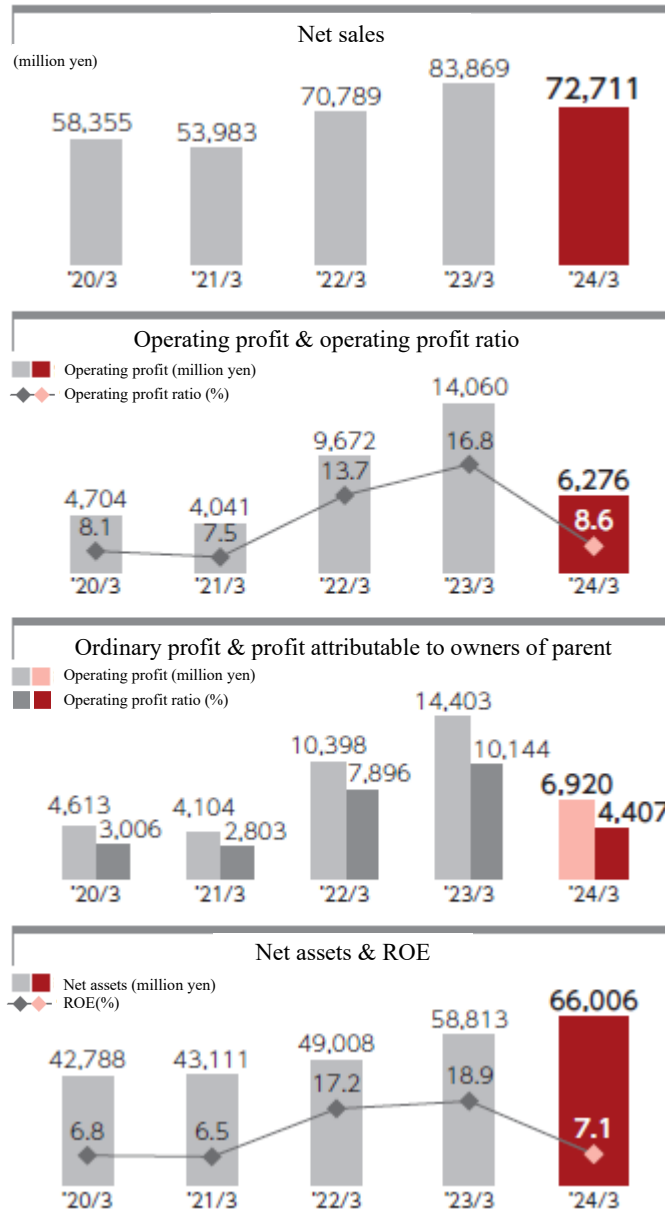
### [Appendix]

Business Report for the 77th Period (From April 1, 2023 to March 31, 2024)

(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

72,711 million yen

Year-on-year: Down 13.3%

### Operating profit

6,276 million yen

Year-on-year: Down 55.4%

### Ordinary profit

6,920 million yen

Year-on-year: Down 51.9%

### Profit attributable to owners of parent

4,407 million yen

Year-on-year: Down 56.6%

During the consolidated fiscal year under review, exports in Japan were sluggish marked by weak global demand, and the market remained weak even as a moderate recovery continued. In Europe and the United States, the environment for orders became more severe due to a slowdown in global demand following the end of stay-at-home spending and tight monetary policies, and the environment for orders deteriorated in China as well. As such, the situation remained uncertain. In order to achieve the goals set forth in the Medium-Term Management Plan, the IDEC Group has worked to further strengthen the development of solutions utilizing new products and to implement reforms to optimize global production activities.

As a result, the IDEC Group recorded net sales in Japan of 26,907 million yen (down 22.1% year-on-year) mainly due to sluggish export demand of customers. Overseas net sales were 45,804 million yen (down 7.2% year-on-year), due to a decline in sales mainly in the Industrial Relays & Components and Safety & Explosion Protection businesses as a result of the effect of an economic slowdown, particularly in China, although sales increased thanks to the strong sales in our mainstay HMI business such as industrial switches in Europe and also to the weaker yen. As a result, consolidated net sales for the consolidated fiscal year under review came to 72,711 million yen (down 13.3% year-on-year).

In terms of profit, operating profit recorded 6,276 million yen (down 55.4% year-on-year) due to an increase in selling, general and administrative expenses caused by the weaker yen and a decline in profit as a result of the lower sales. Ordinary profit was 6,920 million yen (down 51.9% year-on-year) due to an increase in loss on valuation of derivatives despite the increase in foreign exchange gains due to the weaker yen, and profit attributable to owners of parent was 4,407 million yen (down 56.6% year-on-year).

### **HMI (Human-Machine Interface)**

These products include control operation switches, joysticks, indicator lights, and operator interface, which form the core of the human-machine interaction environment.

Percentage of net sales: 46.7%

Net sales 33,948 million yen

Year-on-year: Down 5.1%

Sales of mainstay switches decreased as a result of distributors' stock adjustments in Japan, the Americas, and Asia Pacific, and lower demand in key industries such as semiconductors and machine tools.

### **Industrial Relays & Components**

These products include switching power supplies, terminal blocks, control relays and sockets, and circuit protectors, which are incorporated into control panels for controlling and operating machinery and production lines, and are used as the basis for the control components of machinery and equipment.

Percentage of net sales: 16.0%

Net sales 11,629 million yen

Year-on-year: Down 24.9%

Sales decreased in Asia Pacific, our key market, as a result of a drop in sales of industrial relays due to the effect of an economic slowdown mainly in China.

### **Automation & Sensing**

In addition to products that contribute to the automation of equipment in various industrial and life situations, programmable controllers that serve as the brains of machines and equipment, these products include automatic recognition devices that are used in various fields such as retail and logistics.

Percentage of net sales: 13.6%

Net sales 9,904 million yen

Year-on-year: Down 4.1%

Sales decreased due to the effect of an economic slowdown in the China and sluggish sales of programmable logic controllers in the United States, which had been performing well.



### **Safety & Explosion Protection**

In addition to safety-related equipment such as emergency-stop switch, safety switches and enabling switches that protect the safety of industrial workplaces, these products include explosion-protection related devices that, for example, prevent accidents at sites where explosive gases exist such as petroleum and chemical plants.

Percentage of net sales: 16.0%

Net sales: 11,647 million yen

Year-on-year: Down 28.5%

Sales of safety-related products decreased as a result of lower demand in key industries such as semiconductors and machine tools due to the effect of an economic slowdown mainly in China.

### **Systems**

It is a product group consisting, among others, of (i) various systems that systematize IDEC products according to customer needs and (ii) solutions of collaborative robot systems that build optimal systems by combining safety-related equipment and safety technologies.

Percentage of net sales: 5.5%

Net sales: 3,969 million yen

Year-on-year: Down 18.1%

In Asia Pacific, sales of control panels for semiconductor manufacturing equipment and distribution facilities decreased.

### **Others**

It is a business and product group consisting, among others, of the renewable energy business, such as mega solar and power management systems for solar power generation, and ultra-fine bubble generators for which applied research is progressing in a wide range of fields.

Percentage of net sales: 2.2%

Net sales: 1,612 million yen

Year-on-year: Up 37.3%

Sales grew as a result of higher demand for other system-related products in Japan.

### 3 State of Main Offices of the Company and Major Subsidiaries

#### Japan

Percentage of net sales: 37.0%

Net sales: 26,907 million yen

Year-on-year: Down 22.1%

Sales decreased due to concerns about a downturn caused by rising prices and a slowdown in overseas economies, a sense of stagnation in key industries such as semiconductors and robots, and the effect of distributors' stock adjustments.

#### Main offices of the Company (as of March 31, 2024)

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: 19.5%

Net sales: 14,158 million yen

Year-on-year: Down 9.7%

Sales decreased due to the effect of stock adjustments at distributors and customers triggered by weak demand.

#### 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: 21.4%

Net sales: 15,589 million yen

Year-on-year: Up 15.8%

Despite the effect of rising prices and geopolitical risks, sales rose due to an increase in sales in our mainstay HMI business such as industrial switches and stronger sales converted into yen thanks to the depreciation of the yen.

**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: 22.1%

Net sales: 16,056million yen

Year-on-year: Down 20.6%

Sales decreased due to the effect of an economic slowdown in China and Southeast Asia.

**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 Issues to be addressed

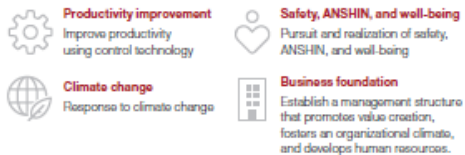
# Long-term Vision

Global corporations are called upon to address climate change and other challenges affecting the international community as they navigate 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.






















Advances in digitalization & automation



Backcasting

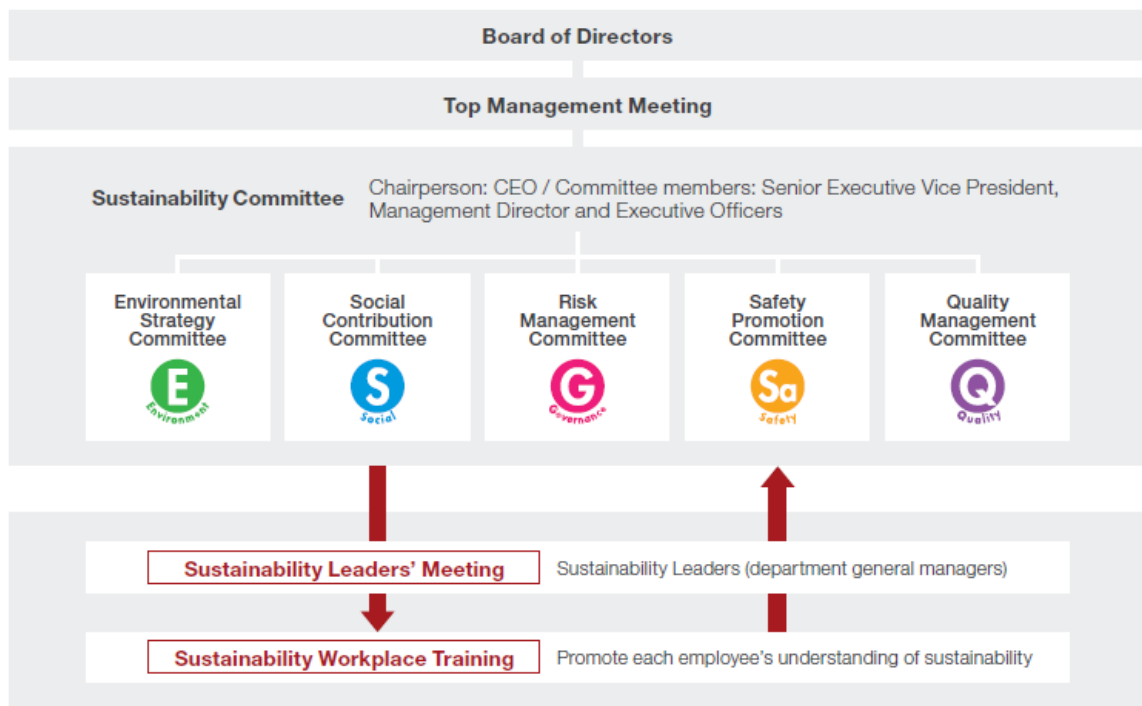
## Materiality

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.

Materiality issues	Vision for 2030	Related SDGs
 <b>Productivity improvement</b> Improvement of productivity using control technology	<ul style="list-style-type: none"> <li>Contribute to improving the productivity and efficiency of our customers and society around the world by providing the IDEC Group's long-cultivated control technology, products, and system solutions.</li> </ul>	 
 <b>Safety, ANSHIN, and well-being</b> Pursuit and realization of safety, ANSHIN, and well-being	<ul style="list-style-type: none"> <li>Realize the optimum environment for both humans and machines to resolve societal issues to create safe and comfortable environment and achieve healthy, happy, and vigorous lives.</li> <li>Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking.</li> </ul>	    
 <b>Climate change</b> Response to climate change	<ul style="list-style-type: none"> <li>Contribute to the reduction of the environmental impact of customers and society through the use of the IDEC Group's technologies and products.</li> <li>Reduce CO<sub>2</sub> emissions through the in-house use of renewable energy</li> </ul>	   
 <b>Business foundation</b> Establishment of a management structure that promotes value creation, respect for human rights, and development of an organizational climate and human resources	<ul style="list-style-type: none"> <li>Ensure a thorough understanding of “The IDEC Way” and stimulate the company by creating an attractive work, environment that gives employees a sense of purpose.</li> <li>Conduct business with the highest ethical standards, respect human rights both at our company and in the value chain, and further strengthen corporate governance and compliance.</li> <li>Strengthen human capital to cultivate employees who will be able to create new value and innovate.</li> </ul>	   

## 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.



## **Global Product Strategy**

### **Market strategy targeting focus industries**

While IDEC Group products are used in a wide range of industries, we have identified eight key industries as our focus industries. We are engaged in initiatives focusing on industries such as AGV/AMR and robotics, which are growing globally, and automotive and machine tools, which are also expected to expand steadily in the future.

### **Establishing an organizational structure and driving strategies for business expansion**

At present, approximately 60% of the IDEC Group's sales are generated overseas. A business strategy that focuses on the global market will become even more essential in the future, and we are reorganizing our bases and reviewing our organizational structure to strengthen our global management.

Since APEM joined our Group in 2017, we have integrated and reorganized our production, sales, and logistics bases and exchanged human resources, enabling us to take advantage of the strengths of both sides. Going forward, we will formulate and implement a global strategy for the entire IDEC Group, by establishing a more global organizational structure that transcends regional boundaries. We will create system that encompassing all processes, from planning and development of products that meet local needs—through local production for local consumption—to materials procurement, production, and sales.

In sales, we are reorganizing our existing sales network into a distributor network dedicated to transactions with distributors that are strongly committed to selling IDEC products on our behalf, and building new sales networks in each region.

In terms of region-specific initiatives, in order to expand business in Asia, where high growth is expected in the future, we are accelerating product development and local production based on local needs in China and strengthening sales channels in India to improve recognition of IDEC as an HMI and safety manufacturer and increase the share of our main products.

In mature markets such as Japan, the Americas, and EMEA, we are enhancing our solution proposals to further expand our presence.

### **Strengthening the highly profitable HMI and Safety businesses, which are expected to grow globally**

IDEC is a comprehensive control device manufacturer, with a diverse range of products. IDEC holds the top market share in Japan and one of the largest in the world for industrial switches, HMI products which account for around half of IDEC sales. We are also focusing on safety-related equipment, developing products based on the "safety DNA" we have inherited since our founding. To further expand sales and profits globally in the future, IDEC is working to strengthen its HMI and Safety businesses, which are two of its key strengths, and which have high profitability and growth potential.

In the HMI business, we are developing new products incorporating new functions, and enhancing our global standard products.

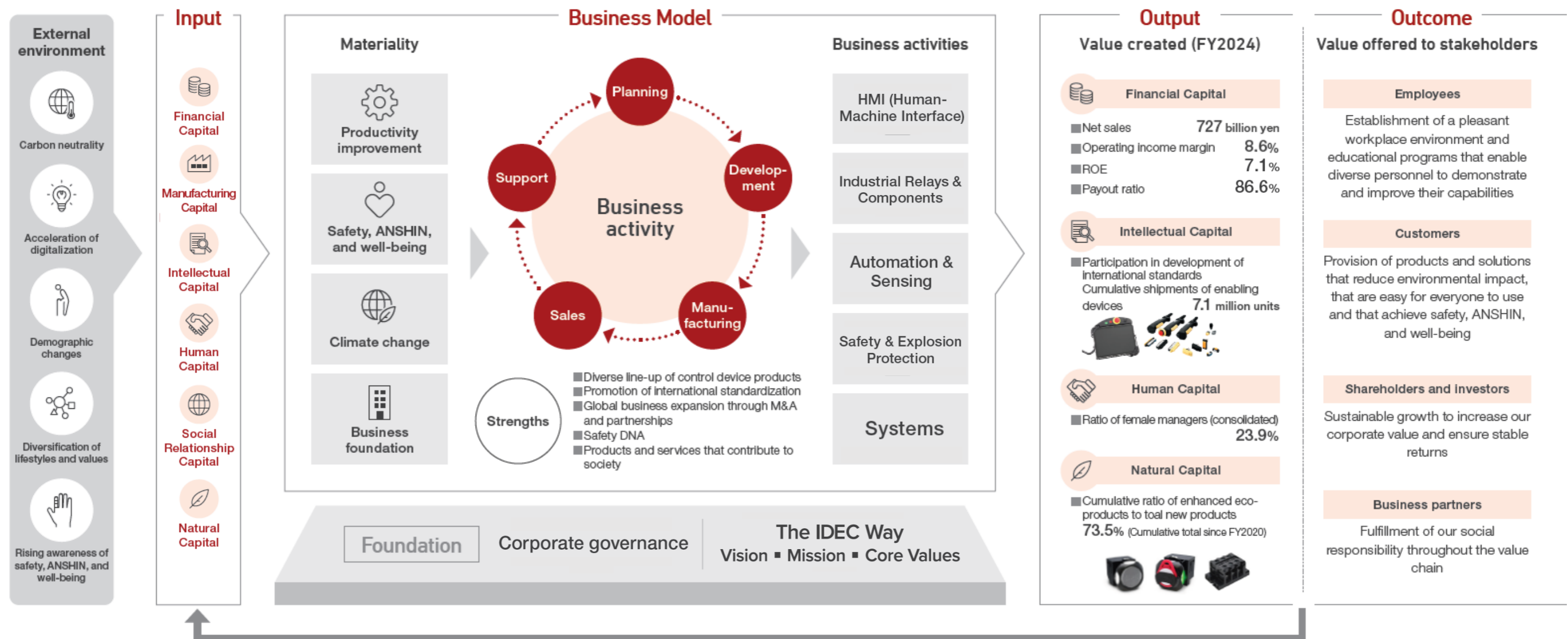
In the Safety business, we are accelerating our business operations overseas—where market expansion is expected—by expanding our product portfolio to meet regional needs. In addition to safety, we are also working to create innovative products that offer peace of mind (ANSHIN), and in January 2024 we launched the emergency-stop assist system.

# Value Creation Process

Long-term vision  
Vision for 2050

Pioneer the new norm for a safer and sustainable world.

IDEC will drive the future of manufacturing by creating new possibilities and establishing new standards that will become the "new norm" of tomorrow's world. Through our efforts, we envision a safer and more sustainable world, bringing happiness and ANSHIN for all.



## 5 State of Major Capital investment

Capital investment of the IDEC Group (IDEC and its consolidated subsidiaries) for the consolidated fiscal year under review totaled 2,960 million yen as a result of investments in production facilities and infrastructure development aimed at improving product quality and productivity as well as system investments aimed at improving business efficiency.

## 6 State of Major Fund Procurement

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

## 7 Status of Employees (As of March 31,2024)

### 1. Number of employees in the corporate group

Number of employees	Change from the end of the previous period
3,087	Down 99

### 2. Number of employees of the Company

Number of employees	Change from the end of the previous period
658	Up 21

## 8 Status of Major Creditors (As of March 31, 2024)

Creditor	Balance of borrowings
MUFG Bank, Ltd.	10,000 million yen
Sumitomo Mitsui Banking Corporation	5,800 million yen
Mizuho Bank, Ltd.	5,747 million yen
Syndicate loan	1,200 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, 2024)

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	11,719

### 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)	4,913	16.69
Custody Bank of Japan, Ltd. (account in trust)	3,024	10.28
JP MORGAN CHASE BANK 385632	1,392	4.73
Funaki Kosan Ltd.	1,041	3.54
THE BANK OF NEW YORK MELLON 140044	442	1.50
Kazutaka Fujita	408	1.39
Toshihiro Fujita	350	1.19
JP MORGAN CHASE BANK 385781	347	1.18
INTERACTIVE BROKERS LLC	338	1.15
STATE STREET BANK WEST CLIENT - TREATY 505234	326	1.11

(Note) The ratio of shareholding is calculated after deducting treasury stock (3,789 thousand shares).

### [Distribution by owner]

Individuals and others	10,833 thousand shares (32.61%)
Financial institutions	8,875 thousand shares (26.71%)
Foreign corporations, etc.	7,113 thousand shares (21.41%)
Other corporations	2,185 thousand shares (6.58%)
Financial instruments business operators	427 thousand shares (1.29%)
Treasury shares	3,789 thousand shares (11.41%)

## 5 Shares Issued to Directors in Consideration of Execution of Duties in the Current Fiscal Year

Officer category	Number of Shares	Number of Recipients
Directors (Excl. Directors who are Audit and Supervisory Committee Members and Outside Directors)	470	1

### 3 Matters Concerning Company Officers

#### 1 Status of Directors (As of March 31, 2024)

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 Corporate Management
Director	Takao Funaki	Senior Executive Officer of Manufacturing, Procurement & SCM and US Business IDEC CORPORATION Director APEM, Inc. President
Director	Hiroshi Kobayashi	Nominating Committee Member Remuneration Committee Member
Director	Hideyuki Ohkubo	Remuneration Committee Member
Director	Mariko Sugiyama	Representative 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 (Manager, 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 Director (Audit and Supervisory Committee Member), AS ONE Corporation
Director (Audit and Supervisory Committee Member)	Eri Nakajima	Professor at Faculty of Policy Studies in Doshisha University Outside Director (Audit and Supervisory Committee Member), Core Concept Technologies Inc.

- (Notes)
- Changes in officers during the fiscal year under review  
Director Takao Funaki was newly elected and appointed at the 76th Annual General Meeting of Shareholders held on June 16, 2023.
  - 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.

The Company have passed a resolution, at the Board of Directors meeting held on May 12, 2023, on the policy for determining the details of remuneration, etc. of individual directors. Upon such resolution of the Board of Directors, the Company consulted with the Remuneration Committee on the contents to be resolved in advance and receive a report. The outline of the policy is as follows:

#### 1. Basic policy

In order to ensure that remuneration for the Company's directors (excl. outside directors and directors who are Audit and Supervisory Committee Members) functions sufficiently as an incentive for the sustainable improvement of corporate value, when determining the remuneration of each director, basic remuneration, performance-linked remuneration (bonus) and non-monetary remuneration (stock-based remuneration) shall be paid as fixed remuneration in accordance with their responsibilities in consideration of the scope and scale of management.

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.

#### 2. Policy for determining the amount of basic remuneration (monetary remuneration) for each individual (including policy for determining the timing and conditions for granting remuneration)

The basic remuneration for the Company's directors is fixed monthly remuneration, which is determined by comprehensively taking into account the position, responsibilities and financial situation of the Company.

#### 3. Policy for determining the details of performance-linked remuneration, etc., and non-monetary remuneration, as well as the number or calculation method (including policy for determining the timing and conditions for granting remuneration)

##### (1) Performance-linked remuneration (bonus)

In addition to the monthly basic remuneration, bonuses are paid monthly in 12 equal installments as performance-linked cash remuneration that reflects Key Performance Indicators (KPI), in order to raise awareness of improving performance each fiscal year and to clarify commitments to stakeholders on these matters. The Company shall calculate bonuses by multiplying the base amount for bonus calculation specified for each officer based on the Company performance payment factor (0% to 200%). The KPIs used for the calculation of bonuses shall be the consolidated operating profit ratio for each fiscal year and personnel evaluations related to performance, etc., for the departments they are in charge of (excl. executive directors).

##### (2) Non-monetary remuneration (stock-based remuneration)

###### (2)-1 Details of stock-based remuneration

Stock-based remuneration consists of performance share units (hereinafter, PSU) as a medium-term incentive and restricted stock (hereinafter, RS) as a long-term incentive. Share units and ordinary shares (with restrictions on transfer) calculated in accordance with the position shall be allotted annually at a fixed time.

If a director is a non-resident at the time of granting stock-based remuneration, an equivalent amount of phantom stock shall be granted instead of PSU and RS.

###### (2)-2 Policy for determining the calculation method for numbers

###### (2)-2-1 PSU

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, which are emphasized in the Medium-term Management Plan (1 share unit = 1 common share). The KPIs used to calculate PSU shall be the degree of achievement of the targets set forth in the Medium-term Management Plan as financial indicators, the degree of achievement of ESG-related targets as non-financial indicators, and personnel evaluations related to performance, etc., for the departments they are in charge of (excl. executive directors)

(2)-2-2 RS

As for RS, the Company shall allocate shares of common stock of the Company with transfer restrictions in a number equal to the base amount annually at a fixed time, determined in light of the business results of the Company, the scope of responsibilities of each director and various circumstances.

4. Policy for determining the ratio of monetary remuneration, performance-linked remuneration, etc., or non-monetary remuneration, etc., to the amount of remuneration, etc., for an individual director  
The ratio of each type of remuneration for the Company's directors (excl. outside directors and directors who are Audit and Supervisory Committee Members) shall be set at base remuneration, bonus, PSU and RS = 60:25:10:5, with reference to other companies in the same industry and of the same scale, and in consideration of the level of salaries, social conditions, etc., of the Company's employees (This shall be the standard that serves as a guideline for achieving 100% of the performance targets).  
The level of remuneration and the proportion of remuneration shall be reviewed based on a report from the Remuneration Committee, as appropriate, taking into consideration the Company's business environment, social conditions and other circumstances.
5. Matters concerning determining the details of remunerations, etc., for each director individually  
When determining individual remunerations, etc., the Remuneration Committee shall discuss, in addition to each position, the business performance for executive directors, the expertise and outside management experience for outside directors, etc., and report the details to the Board of Directors. Ultimately, the Board of Directors, the majority of which consists of independent outside directors, shall leave individual remuneration to the discretion of the Representative Director Chairman and President. The Representative Director Chairman and President shall make their decisions on individual remuneration, etc., respecting the recommendations of the Remuneration Committee.
6. Malus and clawback of remuneration, etc.  
In case a director of the Company 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.

## 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, etc.			
			Short-term incentive	Medium-term incentive	Long-term incentive	
Director (excl. Audit and Supervisory Committee Members) (of those, Outside Directors)	439 million yen (27 million yen)	266 million yen (27 million yen)	105 million yen (-)	42 million yen (-)	25 million yen (-)	7 (3)
Director (Audit and Supervisory Committee Member) (of those, Outside Directors)	25 million yen (25 million yen)	25 million yen (25 million yen)	-	-	-	3 (3)
Total (of those, Outside Directors)	464 million yen (52 million yen)	291 million yen (52 million yen)	105 million yen (-)	42 million yen (-)	25 million yen (-)	10 (6)

- (Notes)
- At the 76th Annual General Meeting of Shareholders held on June 16, 2023, it was resolved that the maximum amount of monetary remuneration for directors (excl. Audit and Supervisory Committee Members) would be 700 million yen per year (of that, up to 50 million yen per year for outside directors) (employee salaries for directors who concurrently serve as employees are not included). A resolution was passed at the said Annual General Meeting of Shareholders that, aside from monetary remuneration, 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. As of the conclusion of the said Annual General Meeting of Shareholders, the Company had seven directors (excl. Audit and Supervisory Committee Members) (of those, three are Outside Directors).
  - It was resolved at the 71st Annual General Meeting of Shareholders held on June 15, 2018, that the maximum amount of monetary remuneration for directors (Audit and Supervisory Committee Members) would be 80 million yen per year. As of the conclusion of the said Annual General Meeting of Shareholders, the Company had five directors (Audit and Supervisory Committee Members) (of those, four are Outside Directors).
  - 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, and also the personnel evaluation for performance, etc. of the departments they are in charge of (excl. executive directors). Medium-term incentive includes ROIC, CO<sub>2</sub> reduction rate, and external ESG assessment in addition to the operating profit ratio. 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 22.
  - Performance-linked remuneration, etc. includes non-monetary remuneration, etc. which consists of shares of the Company, and the terms for allotment are as described in "1. Policy for determining the details of officers' remuneration, etc." on page 35. The total non-monetary claims for the fiscal year under review are 7 million yen. For details on the status of granting during the fiscal year under review, see "5. Issued to Directors in Consideration of Execution of Duties in the Current Fiscal Year" on page 33.
  - 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 by the Remuneration Committee, the majority of whose members are Outside Directors, and reported to the Board of Directors, and further deliberated by the Board of Directors, the majority of whose members are Outside Directors, and resolved to leave the decision entirely up to the Representative Director Chairman and President, and determined by the Representative Director Chairman and President respecting the recommendations by the Remuneration Committee.
  - During the fiscal year under review, a resolution was passed at a meeting of the Board of Directors held on June 16, 2023 (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 this authority 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 resolution pertaining to the delegation is subject to discussions and reports of the Remuneration Committee, the majority of whose members are independent Outside Directors, and a resolution of the Board of Directors. Through these efforts, the Company also confirms the appropriateness of the exercise of such authority.

## 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" on page 34, 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	7/7 (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	7/7 (100%)	9/9 (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.

## Consolidated Financial Statements

### Consolidated Balance Sheet

As of March 31, 2024

(Million yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>54,921</b>	<b>Current liabilities</b>	<b>23,830</b>
Cash and deposits	17,628	Notes and accounts payable–trade	3,792
Notes and accounts receivable–trade, and contract assets	12,716	Electronically recorded obligations–operating	537
Electronically recorded monetary claims–operating	928	Short-term borrowings	7,000
Merchandise and finished goods	13,000	Current portion of long-term borrowings	6,073
Work in process	1,919	Lease liabilities	566
Raw materials and supplies	6,559	Accounts payable–other	852
Other	2,203	Accrued expenses	2,430
Provision for doubtful accounts	(35)	Income taxes payable	505
		Contract liabilities	477
		Deposits received	165
		Provision for product warranties	40
		Other	1,388
<b>Non-current assets</b>	<b>52,217</b>	<b>Non-current liabilities</b>	<b>17,301</b>
<b>Property, plant and equipment</b>	<b>24,000</b>	Long-term borrowings	10,183
Buildings and structures	9,668	Lease liabilities	1,418
Machinery, equipment and vehicles	3,932	Deferred tax liabilities	3,026
Tools, furniture and fixtures	1,798	Provision for retirement benefits for directors (and other officers)	56
Land	5,958	Retirement benefit liability	1,485
Leased assets	142	Asset retirement obligations	116
Right-of-use assets	1,749	Other	1,014
Construction in progress	752		
<b>Intangible assets</b>	<b>25,511</b>	<b>Total liabilities</b>	<b>41,132</b>
Trademark rights	2,534	<b>Net assets</b>	
Customer-related assets	7,965	<b>Shareholders' equity</b>	<b>53,735</b>
Software	1,602	Share capital	10,056
Goodwill	12,284	Capital surplus	9,571
Other	1,123	Retained earnings	41,077
		Treasury shares	(6,970)
<b>Investments and other assets</b>	<b>2,704</b>	<b>Accumulated other comprehensive income</b>	<b>11,815</b>
Investment securities	489	Valuation difference on available-for-sale securities	(16)
Retirement benefit assets	399	Foreign currency translation adjustment	11,801
Deferred tax assets	1,201	Remeasurements of defined benefit plans	30
Other	646		
Provision for doubtful accounts	(31)	<b>Stock acquisition rights</b>	<b>455</b>
		<b>Total net assets</b>	<b>66,006</b>
<b>Total assets</b>	<b>107,138</b>	<b>Total liabilities and net assets</b>	<b>107,138</b>

## Consolidated Statement of Income

From April 1, 2023, to March 31, 2024

(Million yen)

Item	Amount	
Net sales		72,711
Cost of sales		41,692
<b>Gross profit (loss)</b>		<b>31,019</b>
Selling, general and administrative expenses		24,743
<b>Operating profit (loss)</b>		<b>6,276</b>
Non-operating income		
Interest income and dividend income	157	
Share of profit of entities accounted for using equity method	102	
Foreign exchange gains	917	
Other	336	1,514
Non-operating expenses		
Interest expenses	126	
Derivative loss	336	
Loss on valuation of derivatives	177	
Other	229	869
<b>Ordinary profit (loss)</b>		<b>6,920</b>
Extraordinary income		
Gain on sale of non-current assets	21	
Gain on sale of investment securities	62	
Gain on reversal of stock acquisition rights	6	90
Extraordinary losses		
Loss on sale of non-current assets	4	
Loss on abandonment of non-current assets	29	
Loss on liquidation of business	142	
Cost of information security measures	131	307
<b>Profit (loss) before income taxes</b>		<b>6,702</b>
Income taxes—current	2,133	
Income taxes—deferred	162	2,295
<b>Profit (loss)</b>		<b>4,407</b>
<b>Profit (loss) attributable to owners of parent</b>		<b>4,407</b>



## Non-consolidated Financial Statements

### Non-Consolidated Balance Sheet

As of March 31, 2024

(Million yen)

Item	Amount	Item	Amount
<b><u>Assets</u></b>		<b><u>Liabilities</u></b>	
<b>Current assets</b>	<b>22,684</b>	<b>Current liabilities</b>	<b>17,580</b>
Cash and deposits	4,266	Accounts payable–trade	1,993
Accounts receivable–trade	7,086	Electronically recorded obligations–operating	537
Electronically recorded monetary claims–operating	350	Short-term borrowings	6,000
Merchandise	2,782	Short-term borrowings from subsidiaries and affiliates	1,225
Finished goods	2,219	Current portion of long-term borrowings	6,033
Raw materials	1,750	Lease liabilities	54
Work in process	735	Accounts payable–other	984
Supplies	128	Accrued expenses	612
Prepaid expenses	330	Contract liabilities	4
Short-term loans receivable from subsidiaries and affiliates	2,105	Deposits received	135
Accounts receivable–other	390		
Accounts receivable for supplied materials	10	<b>Non-current liabilities</b>	<b>11,534</b>
Income taxes refund receivable	418	Long-term borrowings	9,714
Other	108	Lease liabilities	63
		Provision for retirement benefits	1,111
<b>Non-current assets</b>	<b>43,808</b>	Other	646
<b>Property, plant and equipment</b>	<b>11,139</b>		
Buildings	4,701	<b>Total liabilities</b>	<b>29,115</b>
Structures	97		
Machinery and equipment	929	<b><u>Net assets</u></b>	
Vehicles	46	<b>Shareholders' equity</b>	<b>36,923</b>
Tools, furniture and fixtures	448	Share capital	10,056
Land	4,314	Capital surplus	9,474
Leased assets	106	Legal capital surplus	5,000
Construction in progress	494	Other capital surplus	4,474
		Retained earnings	24,361
<b>Intangible assets</b>	<b>1,390</b>	Other retained earnings	24,361
Software	1,389	Reserve for tax-purpose reduction entry of non-current assets	316
Other	1	Retained earnings brought forward	24,045
		Treasury shares	(6,970)
<b>Investments and other assets</b>	<b>31,279</b>		
Investment securities	9	<b>Stock acquisition rights</b>	<b>455</b>
Shares of subsidiaries and affiliates	26,287		
Investments in capital of subsidiaries and associates	1,670		
Long-term loans receivable from subsidiaries and affiliates	2,032		
Prepaid pension costs	327		
Deferred tax assets	596		
Other	388		
Provision for doubtful accounts	(31)		
		<b>Total net assets</b>	<b>37,378</b>
<b>Total assets</b>	<b>66,493</b>	<b>Total liabilities and net assets</b>	<b>66,493</b>

## Non-Consolidated Statement of Income

From April 1, 2023, to March 31, 2024

(Million yen)

Item	Amount	
Net sales		28,412
Cost of sales		15,958
<b>Gross profit (loss)</b>		<b>12,454</b>
Selling, general and administrative expenses		10,319
<b>Operating profit (loss)</b>		<b>2,135</b>
Non-operating income		
Interest income and dividend income	2,891	
Foreign exchange gains	936	
Commission income	189	
Other	236	4,255
Non-operating expenses		
Interest expenses	35	
Derivative loss	349	
Loss on valuation of derivatives	176	
Other	18	579
<b>Ordinary profit (loss)</b>		<b>5,810</b>
Extraordinary income		
Gain on sale of non-current assets	6	
Gain on sale of investment securities	62	
Gain on reversal of stock acquisition rights	6	75
Extraordinary losses		
Loss on abandonment of non-current assets	16	
Loss on liquidation of business	142	
Cost of information security measures	131	290
<b>Profit (loss) before income taxes</b>		<b>5,594</b>
Income taxes—current	609	
Income taxes—deferred	184	793
<b>Profit (loss)</b>		<b>4,801</b>