Think Automation and beyond...

IDEC REPORT 2026

Integrated Report

Evolution Toward a "New IDEC"

Transformation for the Future

Under the new medium-term management plan that commenced in FY2026, the IDEC Group has taken its first steps toward a "New IDEC" in pursuit of realizing its vision for 2050.

In response to significant fluctuations in business performance caused by post-COVID supply chain disruptions and rapid changes in the market environment, we are promoting fundamental reforms to shift our business model to a customer-centric structure and enhance our ability to respond to market changes.

We believe that the realization of a "Truly Global Company" beyond these efforts represents the vision that "New IDEC" aims to achieve.

In this Integrated Report, we present the results achieved over the past year as we embarked on our journey toward "New IDEC," together with our aspirations and initiatives for the future.

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 a more sustainable world, bringing happiness and ANSHIN* for all.

* ANSHIN denotes a sense of trust and assurance without any fear or stress.

Vision for 2030

By providing products and services that integrate safety and HMI, IDEC will lead HMI-X (Human-Machine Interface Transformation) and contribute to the realization of well-being for our diverse stakeholders.

Medium-Term Management Plan

FY2026-2028

New IDEC

"Truly Global Company"

The IDEC Way

Vision

Pioneer the new norm for
a safer and sustainable world.

Mission

To create the optimum environment
for humans and machines.

Purpose

Create the optimum environment
for humans and machines,
and achieve safety, ANSHIN,
and well-being for
people around the world.

Contents

Section **01.**

Introduction

Section **02.**

Messages from Management

Top Management Leading the Transformation

Section **03.**

Value Creation Story

Beyond Transformation

Section **04.**

Strategy & Business

Strategies and Business Activities Driving Transformation

Section **05.**

Sustainability & Governance

Foundations Supporting Transformation

Section **06.**

Data

Data and Company Overview

Editorial Policy

The IDEC Group published the integrated report "IDEC Report 2026," referring to the "International Integrated Reporting Framework" of the IFRS Foundation and the "Guidance for Collaborative Value Creation" of the Ministry of Economy, Trade and Industry.

In addition to financial information such as business performance and management strategy, this report also presents non-financial information. These "invisible" assets, including ESG, have been compiled in a systematic manner so that our stakeholders can understand our process of improving corporate value and our initiatives and efforts to realize a sustainable society.

Period covered

Fiscal Year 2026 (April 1, 2025 - March 31, 2026)

* Note: This section includes certain activities and other information related to the period from April 2026 onward.

Organizations covered

IDEC CORPORATION and IDEC Group companies (26 consolidated subsidiaries)

Publication date

August 2026

Cautionary statement regarding forward-looking statements

The information in this report, including plans, estimates, and strategies, is based on information available at the time of publication and contains risks and uncertainties.

Actual results may differ from those stated in this report, due to factors such as future economic conditions and business environment.

The Foundation of a "New IDEC"

IDEC's Solutions

Provide diverse products and solutions as a leading company in the field of Human-Machine Interface (HMI), connecting humans and machines.

Various machine devices in factory facilities and manufacturing lines

Applications Integration into machine tools, semiconductor manufacturing equipment, and control of production lines

Safety commander | Industrial switch | Interlock switch

Logistics warehouse

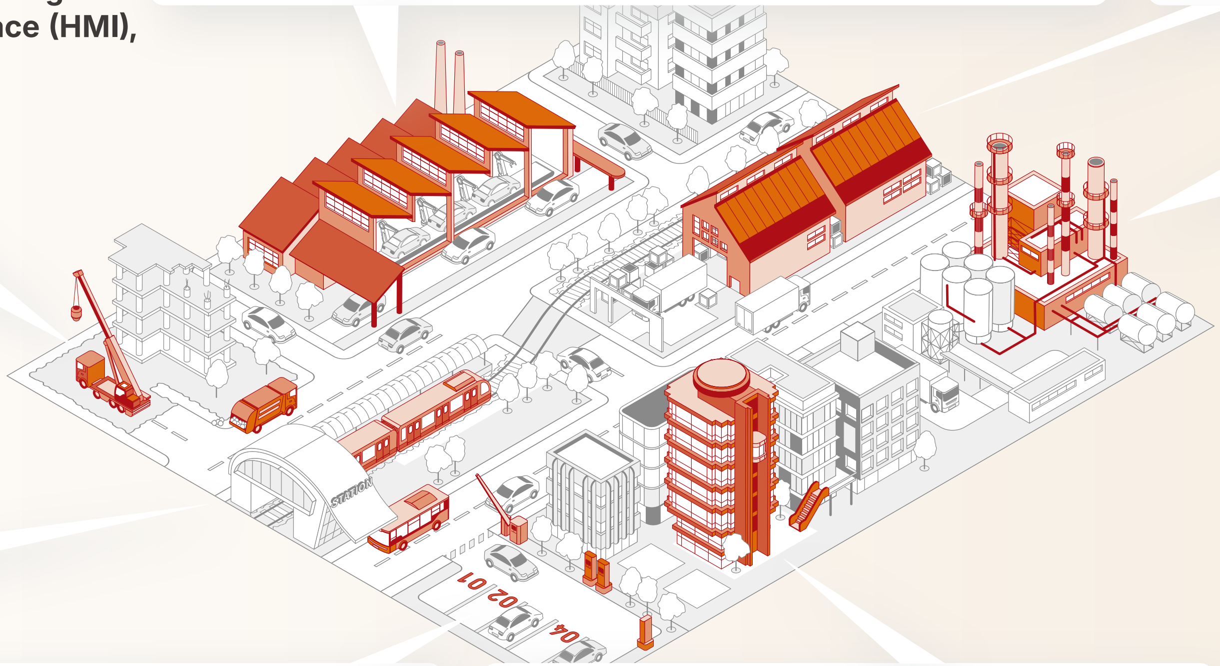
Applications Automated material handling and goods sorting

Autonomous Mobile Robot (AMR) solutions | Sensing equipment

Petrochemical and chemical plants

Applications Prevention of serious industrial accidents, including explosions, in hazardous areas where flammable substances are present

Explosion protection wireless vibration sensor | Explosion protection photoelectric sensor



Special vehicles

Applications Control components for construction machinery etc.

Miniature switch | Locker switch | Joystick

Public transport

Applications Emergency train stopping and prevention of passengers being caught in platform safety gates etc.

Edge switch

Emergency-stop switch

Parking lot

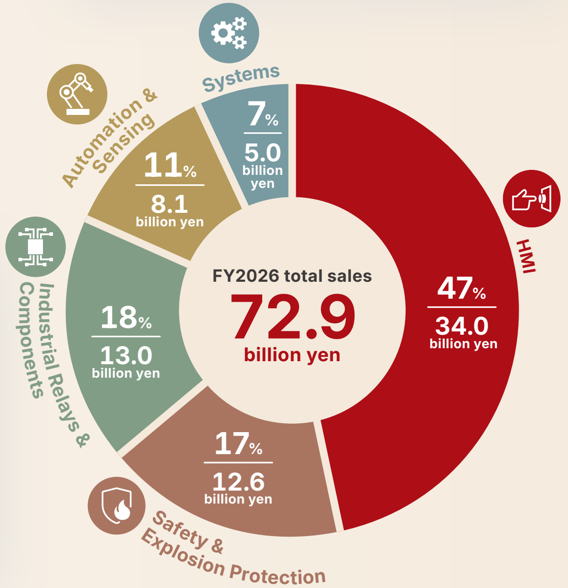
Applications Vehicle entry and exit management, and human detection

Controller with operator interface | Multi-use mmWave radar sensor | Smart RFID reader

Office buildings

Applications Control systems for building management, surveillance systems, and elevators etc.

Operator interface | Switching power supply | Timer



Global Network

Driving Globalization

We have actively promoted and continue to drive global business expansion through overseas business development and M&A.

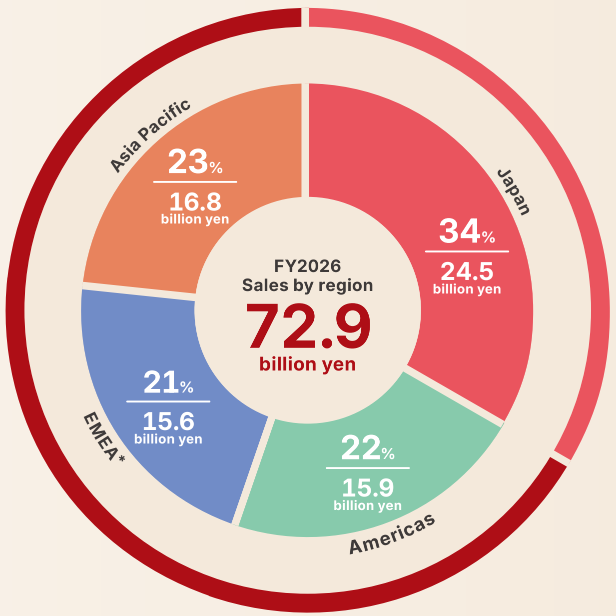
Global Network

● Sales ■ Development ▲ Manufacturing

* As of August 1, 2026

Japan

Company	Sales	Development	Manufacturing
IDEC CORPORATION	●	■	▲
IDEC FACTORY SOLUTIONS CORPORATION	●	■	▲
IDEC ALPS Technologies CORPORATION* * Joint venture with ALPS ALPINE CO., LTD.	●	■	▲
IDEC AUTO-ID SOLUTIONS CORPORATION	●	■	
IDEC SALES SUPPORT CORPORATION	●		
IDEC LOGISTICS SERVICE CORPORATION			▲



* EMEA: Europe, Middle East, and Africa

Americas

Company	Sales	Development	Manufacturing
IDEC CORPORATION (USA)	●	■	▲
IDEC MANUFACTURING MEXICO (Mexico*)			▲

* Manufacturing site operated under a shelter program; not a consolidated company of the IDEC Group.

EMEA

Company	Sales	Development	Manufacturing
APEM SAS (France)	●	■	▲
APEM Components Ltd (UK)	●	■	▲
APEM Italia Srl (Italy)	●		
APEM GmbH (Germany)	●		
APEM AB (Sweden)	●		
APEM Benelux (Belgium)	●		
MEC ApS (Denmark)		■	▲
SACEMA SARL (Tunisia)			▲
SAMELEC SARL (Tunisia)			▲

Greater China

Company	Sales	Development	Manufacturing
IDEC (SHANGHAI) CORPORATION	●		
IDEC TAIWAN CORPORATION	●		
IDEC IZUMI (H.K.) CO., LTD.	●		
IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION		■	
IDEC IZUMI SUZHOU CO., LTD.			▲
IDEC IZUMI TAIWAN CORPORATION			▲

Ratio of overseas sales

66%

Countries and regions of operation

17

Asia Pacific

Company	Sales	Development	Manufacturing
IDEC IZUMI ASIA PTE LTD. (Singapore)	●		
IDEC CONTROLS INDIA PRIVATE LIMITED (India)	●		
IDEC ASIA (THAILAND) CO., LTD. (Thailand)	●		▲

At a Glance

Products that Boast the Top Share in Japan and Overseas

* FY2026 results (according to in-house research)

No.1 both Japan and globally

Three-position enabling switch

90%

No.1 in Japan

Emergency-stop switch

70%

No.1 in Japan

Industrial switch

50%

We have a lineup of over 100,000 models of a wide range of control equipment, and have earned a large market share for our various products thanks to recognition of the reliability we have built-up over many years.

Stable Dividends

We are working continuously to improve profitability and pay stable dividends while actively investing in areas necessary for corporate growth.

Dividend Yield

4.4%

* FY2026 result

Cash flows from operating activities

7.4 billion yen

* FY2026 result

Safety DNA

80th anniversary since foundation

Since its founding in 1945, IDEC has been providing high-quality products globally, by manufacturing products that protect human lives.

International Standardization Activities

Over 20 years

Since the 1990s, IDEC has actively participated in the development and promotion of international safety standards and played a key role in related rule-making.

Diverse Human Resources

* As of the end of March 2026

Number of employees (consolidated)

3,006

IDEC promotes Diversity, Equity & Inclusion (DE&I), and recruits and trains a diverse range of human resources regardless of gender or nationality, while also working to create an environment in which people can work globally.

We also aim to develop human resources who can propose Safety, ANSHIN and well-being to society, such as by encouraging employees to obtain safety qualifications such as the Safety Assessor qualification.

Ratio of female managers (consolidated)

23.0%

Ratio of overseas employees (consolidated)

74.0%

Qualifications*1 attesting to the level of safety knowledge and designing competency for technical staff

510

*1 Safety Assessor, Safety Basic Assessor, Robot Safety Assessor

Qualifications*2 of knowledge and competence in occupational safety management for administrative staff

125

*2 Safety Officer

Environmental Management

We consider the conservation of the global environment to be the most importantchallenge in all aspects of our business activities.

Reduction ratio of CO_2 emissions

29.5%

* (Scope1&2, vs. FY2020)

Sales of enhanced eco-friendly products

3.5 billion yen

Index
Introduction
Messages from Management
Value Creation Story
Strategy & Business
Sustainability & Governance
Data

The Journey of Solving Challenges

1945

Founded in 1945

The history of the IDEC Group begins in Osaka in 1945, with the founding as Izumi Shokai, initially manufacturing and selling electrical appliances. The name Izumi (written in Japanese using kanji characters meaning "harmony" and "spring") expresses the wish to become a company that continues to grow, by gathering the strengths of its people in harmony, and constantly generating fantastic ideas like water from a never-ending spring.

Tsuneo Funaki, Founder

1950-

Contributing to Japanese manufacturing while responding to the changing times based on our "Safety DNA"

Recognizing a shortage of switch boxes that were essential for machinery and equipment, the company developed high-quality switch boxes in 1950.

These switch boxes incorporated a dual interlock mechanism to protect workers from the risk of electric shock by ensuring that the power cannot be switched on unless the lid is closed, and that the lid cannot be opened while the power is on. These long-selling switch boxes, along with our explosion protection products widely used in petrochemical complexes, helped boost Japan's post-war reconstruction efforts.

Top: Factory at the time of founding
Left: Manufacturing site at that time
Right: SB metallic switch box

1960-

Contributing to automation and mechanization as a comprehensive control equipment manufacturer

In response to growing demand for measurement and control technologies, IDEC supported Japan's economic development as a comprehensive control equipment manufacturer.

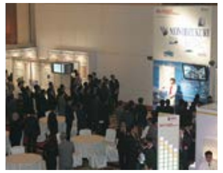
From the 1970s onward, the company proactively pursued global expansion, establishing manufacturing and sales sites both in Japan and overseas. In the 1980s, IDEC released the first control unit to comply with IEC standards, and it became one of the best-selling products that continues to sell well to this day.

The company's business continued to expand, and in 1982 it was listed on the stock exchange.

Top: IDEC CORPORATION (USA)
Left: First overseas manufacturing site established in Taiwan
Right: Hannover Messe in Germany, where Izumi exhibited

1990-

Creating the "optimum environment for humans and machines"



In manufacturing, environments in which humans and machines coexist became the norm. In response to this, IDEC developed Japan's first interlock switches and enabling switches to meet the needs of safety and productivity-conscious facilities. In addition, we implemented automation and labour-saving at its main factories.

In 2005, IDEC celebrated its 60th anniversary, and changed its name to IDEC to better reflect its global orientation.

Top: Suzhou factory established in China
Left: A robot control cell production system at Takino factory
Right: IDEC Beyond Forum, held to commemorate IDEC's 60th anniversary in Japan

2010-

Expansion of global business

IDEC continues to expand its global business through M&A and partnerships both in Japan and overseas, such as the acquisition of APEM in 2017 and ez-Wheel in 2023.

Going forward, we will work to propose products and solutions that contribute to solving social challenges, and will continue transforming to become a "New IDEC," and tackling challenges to attain sustainable growth.

Top: APEM head office (France)
Left: ez-Wheel office (France)
Right: IDEC head office (Japan)

2026

Towards a "New IDEC"

Towards a "New IDEC"

"Truly Global Company"

Transition to a customer-centric business structure and enhanced responsiveness to market changes

Under the medium-term management plan launched in FY2026, the IDEC Group has set forth a transformation toward a "New IDEC." Through initiatives to enhance profitability and growth potential and to reduce the cost of capital, we aim to increase corporate value over the medium- to long-term.

Corporate Value
We will promote initiatives aimed at realizing a "New IDEC" on a global basis and sustainably enhance corporate value.

Profitability
By driving structural reforms, we will enhance profits generated from our businesses.

Cost of Capital
Through initiatives such as strengthening our governance framework and addressing human rights issues, we will reduce the cost of capital and build a foundation for sustainable growth.

Growth Potential
By making proactive investments aimed at medium- to long-term growth, we will strengthen our corporate foundation.

Corporate Value ↑ =

Profitability ↑ p.14

Customer-centric business structure | **Realize "One IDEC"**

- Establish a global matrix management structure
- Transform sales operations
- Transform R&D structure and processes
- Optimize manufacturing globally
- Optimize supply chain management globally

—

Cost of Capital ↓

- Strengthen governance structures and risk management p.50
- Improve financial efficiency p.22
- Strengthen human rights initiatives p.44
- Reduce environmental impact p.37

—

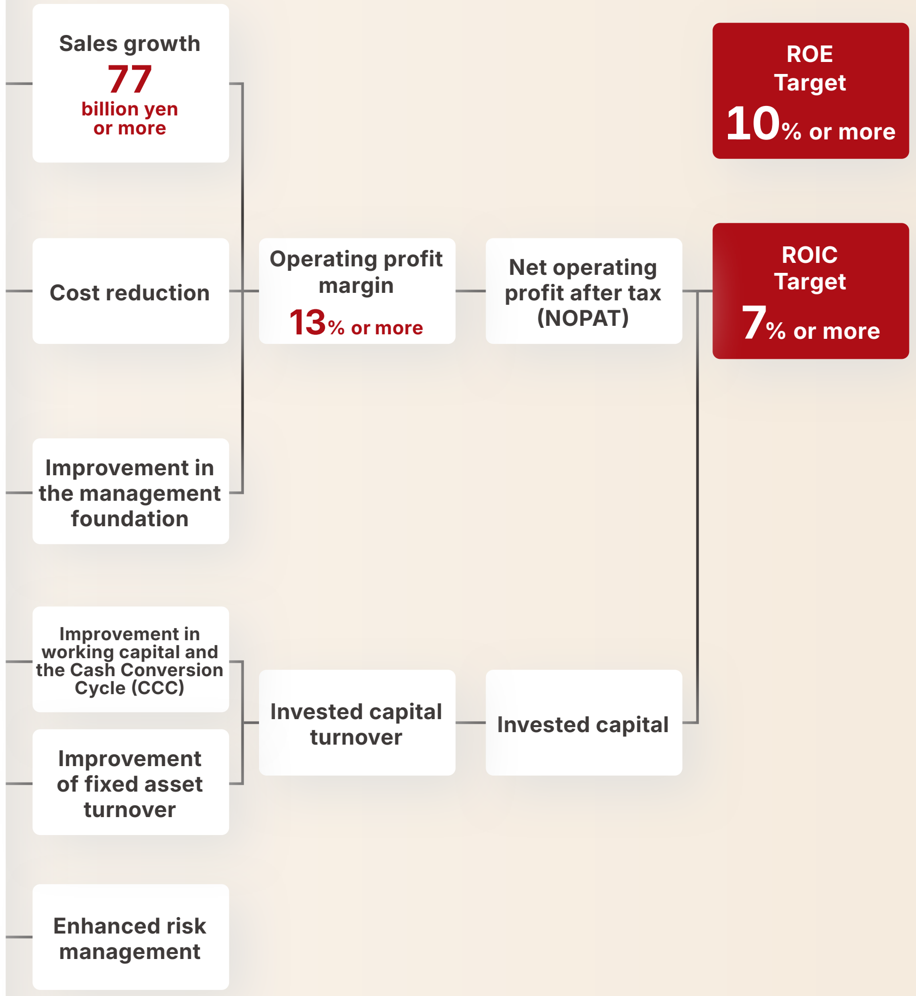
Growth Potential ↑

- Human resource development and resource management p.41
- Promote digital transformation p.16
- Transform R&D structure and processes p.32
- Strengthen intellectual capital p.46

KPIs for Achieving a "New IDEC"

	KPI (FY2028)		Key Initiatives
Profitability ⬆	New product contribution ratio	13%	•Conduct reviews aimed at achieving the medium-term management plan through regular information sharing and progress monitoring at the GOC (Global Operations Committee), as well as revising plans as necessary in response to changing circumstances. •Contribute to customer success by understanding customer needs and future challenges and providing solutions that leverage our strengths. •Standardize key sales processes through sales transformation initiatives.
	Solution sales ratio	15% or more	
	Safety business sales (vs. FY2025)	1.5x or more	
Profitability ⬆	Cost of sales ratio		•Optimize manufacturing sites on a global basis. •Achieve cost reductions through global procurement and manufacturing. •Enhance profitability through a review of the business and product portfolio. •Improve efficiency and accuracy through the establishment of globally standardized processes and systems.
	SG&A ratio		
	Cost reductions from production and site restructuring	1.2 billion yen	
	Cost reductions from procurement and product development	0.7 billion yen	
Growth Potential ⬆	Ratio of female managers (IDEC unconsolidated)	12% or more	•Promote the recruitment, development, and optimal placement of appropriate talent through global talent management. •Enhance employee satisfaction. •Advance digital transformation on a global basis. •Transform global R&D structures and processes. •Strengthen international competitiveness through the enhancement of intellectual capital.
	Average training costs per person (IDEC unconsolidated)	70 thousand yen or more	
Profitability ⬆	Reduce and optimize inventory days		•Enhance efficiency and accuracy through globally standardized processes and systems. •Reduce lead time through supply chain optimization. •Optimize delivery performance and inventory levels through supply chain management. •Allocate capital with due consideration for asset efficiency.
	Improve on-time delivery (OTD)		
	Cumulative free cash flow	9.4 billion yen or more	
Profitability ⬆			•Implement efficient capital expenditures. •Create synergies through M&A and strategic alliances.
Cost of Capital ⬇	Number of improvement items identified through Board effectiveness evaluations (YoY)	20% or more	•Strengthen governance and risk management structure. •Identify and address human rights risks. •Reduce environmental impact. •Promote supply chain management practices that support sustainable procurement.
	Human rights and compliance training attendance rate (Japan)	100%	
	Reduction ratio of CO_2 emissions (vs. FY2020)	35%	
	Sustainability engagement ratio with suppliers	100%*	

* SAQ response ratio



Section 02.

Messages from Management

Top Management Leading the Transformation

Toshi K. Funaki

Representative Director,
Chairman and CEO

CEO Message

Advancing customer-centric structural reforms towards a truly global company. Accelerating transformation to realize a "New IDEC".

A Company is its people Evolving from a single culture to a multicultural organization

What does a "New IDEC" mean? If I were to express it in a single phrase, I would say it is becoming a truly global company.

However, a truly global company does not simply mean one with high overseas sales or numerous overseas sites. Rather, it is a company where diverse talent from different countries comes together, the entire group shares the same direction, and the organization can respond flexibly to changes in customers and markets. I believe IDEC must transform itself into such a company.

I assumed the position of President in 1997, and over the past 29 years I have pursued various reforms. There were periods when we achieved temporarily high operating profit margins. However, when I ask myself whether we have succeeded in building the management foundation necessary to generate sustainable results, I must honestly admit that we have achieved only about one-third of the reforms I originally envisioned.

Through this experience, I have once again come to strongly realize that "a company is its people." Unless people themselves have the will to change, a company cannot change.

IDEC has an 80-year history. As a result, our organization has tended to be characterized by a strong single-culture orientation. Even when we welcomed individuals with experience in new fields from outside the Company, there were cases where we ultimately failed to fully integrate them. This is precisely why I believe a "New IDEC" must be built upon a multicultural organization.

I have worked in the United States for many years, and one of the United States' strengths lies in the way outstanding talent flows in from outside, with diverse cultures intersecting to generate new capabilities. The same is true for companies. Unless we become an organization in which people with experience at various companies come together to build businesses collectively, we will ultimately be unable to truly become a strong company.

Strategic focus and prioritization guided by a ten-year vision

Another key element in shaping a "New IDEC" is the selection and focus of our businesses. As we have grown into a leading company in the field of control equipment, we have expanded the scope of products.

However, this alone is no longer sufficient for sustainable growth. What is most important is to clearly define what kind of company we aim to become ten years from now.

That said, our vision ten years ahead is not something fixed. As markets and customer needs continue to evolve, we will steadily execute our medium-term management plan while reviewing and revising it every three years. By continuously updating our vision for where we aim to be ten years from now, the entire group can move toward its ideal state, thereby realizing the fundamental philosophy of a "New IDEC."

Based on my own experience, which includes not only successes but also many failures, I believe it is far more important to narrow down our target markets, and the value we provide—rather than spreading ourselves too thin—and to ensure that all employees move in the same direction. By doing so, we can concentrate on our management resources and further strengthen our competitive position in the market.

The post-COVID realization: The limits of continuing on the same path

I believe that the inventory issues we faced after the COVID-19 pandemic were the direct result of continuing manufacturing practices that were merely extensions of the past. This experience made me acutely aware once again that the ways we have been as an 80 year old company operating cannot remain effective in an era of rapid change.

So, what must we change in order to be reborn as a "New IDEC"? I intend to restructure the way we conduct our business through two stages of evolution.

The first is to continue being a leading company in our industry through the HMI and safety businesses, where IDEC has cultivated unique strengths over many years.

The second is to engage in work that enables our customers to realize their "dreams." We will clearly define the markets we target, consider what we should offer in each market, and demonstrate value as close to our customers as possible.

With a customer-centric approach, we will develop products based on the technological and product strengths that IDEC possesses and deliver higher-level value that includes solutions. When these two evolutions begin to function together, I am confident that the resulting synergy will make the Company even stronger.

To maximize this synergy, the organizational concept of "One IDEC" is indispensable. Until now, each group company, including APEM, has operated independently. Going forward, we must unify our foundations globally and build on that base to achieve number-one positions. Rather than having each part of the Group move in different directions, we need to create a structure that enables us to move forward together toward a single goal. Unless we change this, I do not believe we can truly become a "New IDEC."

The first year of transformation: Building the foundation for One IDEC

FY2026 marked the first year of our new medium-term management plan and a year in which we took concrete steps toward becoming a "New IDEC." In particular, the establishment of the Global Operations Committee (GOC) has begun to create the foundation for One IDEC. Of course, I would like to see results emerge more quickly.

However, transformation cannot be completed in a single year. Our plan is to bring the reforms to a certain level over a three-year period. As the first year of that journey, I believe it was a meaningful start. It was also a year in which we continuously adjusted, modified, and advanced our initiatives while remaining in motion. By laying the foundation for One IDEC, we will further accelerate our transformation in the second year.

At the same time, challenges remain in our organizational culture and employee behavior. I believe we need to place greater emphasis on education. While there are individuals who engage in self-directed learning, we must ensure that we properly provide the training required to move in the direction we are pursuing.

What I most want to transform is our organization into one where individuals think and act independently. This is not merely a matter of personnel systems; it is a fundamental philosophy for developing talent capable of taking responsibility for business on a global scale. What this "New IDEC" requires is not simply people who can speak English, but people who can make decisions and act in a global context. To achieve this, we must provide more opportunities for people to move, gain experience, and learn.

Passing on resolve and execution capability to the next generation of leaders

When considering succession planning, the prerequisite is that the Company itself must change. In recent years, we have not adhered to uniform mass hiring of new graduates. Rather than developing people solely within a single culture, we have been hiring people who have refined their expertise in graduate school or accumulated experience at other companies and have a clear sense of what they want to accomplish.

We also welcome former employees who wish to return. By incorporating external knowledge and diverse experiences, our corporate culture itself will continue to evolve. In fact, at our overseas sites, local talent is already responsible for management. If we are truly aiming to become a global company, the next top leader should not be selected just based on lineage, but rather on whether they possess the resolve and practical execution capability required for a "New IDEC."

What I ask of the leaders to whom we entrust the future is, first and foremost, that they understand the front lines. I have the experience of starting a company from scratch in the United States, and that experience forms the foundation of who I am today.

At that time, I did everything myself—from cleaning and sales to product assembly, payroll calculations, and hiring. Because I had those experiences, I can understand what is happening on the front lines and make appropriate decisions.

In addition, flexibility—rather than rigidity—is essential. Above all, it is important to have a clear vision of who you want to be. People demonstrate their greatest capabilities when their own aspirations align with the Company's direction.

For this reason, I believe that the development of next-generation management talent should not focus on a single individual, but should be advanced by providing diverse experiences and learning opportunities to a broad range of candidates, including executive candidates and mid-career employees.

I grew up watching my father, the founder of IDEC, and experienced firsthand the hardships and atmosphere of the business. Such a sense of ownership and resolve can be a powerful force in management.

However, that alone should not become a condition for succession. As a listed company, we must take an objective view and select individuals who can lead IDEC into its next stage. In this regard, I believe it is important to establish a robust system for developing and selecting the next generation under the Nominating Committee, which is composed of Outside Directors.

What I want to pass on to the next generation is the importance of thinking continuously and independently. Leaders are constantly thinking about the Company, whether at home or elsewhere. The founder taught me that "to be considered competent, you must work twice as hard as others," and I have lived by that principle. Above all, I want to convey that level of passion to the next generation. Ultimately, management comes down to personal resolve.

Supporting our customers and contributing to society

In enhancing corporate value as a "New IDEC," the most important focus, in my view, is on our customers. We must think about what we can do to help our customers succeed in their businesses, and then execute accordingly. That is the company we aspire to be.

At the same time, we must also fulfill our corporate social responsibilities, including environmental initiatives. I believe that enhancing both customer value and social responsibility will lead to increased corporate value in the future.

At the core of IDEC's distinctive values are HMI and safety. Going forward, we must further strengthen our base of standard products and technologies, while providing new products and services that originate from customer challenges. These two elements must function as a pair.

When our technological foundation becomes stronger, our solutions grow stronger, and through those solutions, our technology is further refined. This cycle is critically important. I believe that once this virtuous cycle begins to gain momentum, IDEC will become an even stronger company.

Looking ahead to five years, ten years, and even to 2050, what matters most is continuing to move forward while reviewing our target every three years.

What customers seek will change with each era. It is important to clearly define our goals as One IDEC and to continuously move forward.

From a business and technology perspective, HMI and safety will remain our core. From a human resources and organizational perspective, we will continue to pursue a multicultural organization in which diverse talent intersects. These are principles we will not compromise on.

While this "New IDEC" is still a work in progress, the direction we should take is clear. To our shareholders and investors, I ask that you watch over our transformation into a customer-oriented, highly

profitable company.

We have always been deeply mindful of our shareholders, and we will continue to invest in growth while linking the results of those investments to stable shareholder returns.

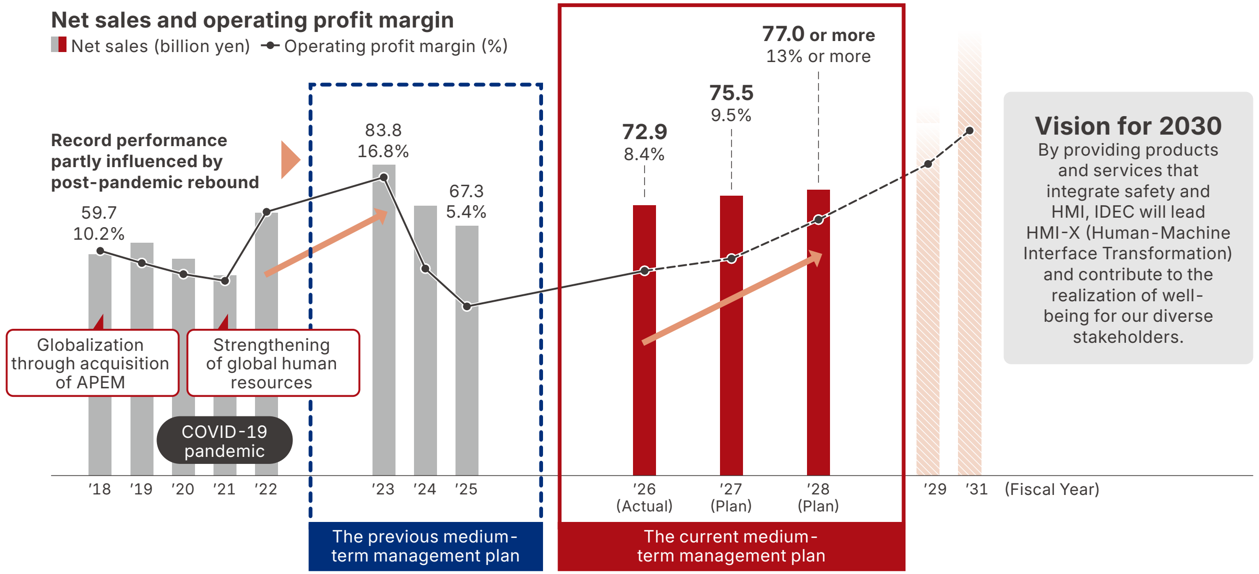
To our customers and business partners, I hope you will continue to see us as a partner in achieving business success. And to our employees, I hope you will stay healthy and continue taking on this transformation journey together with us. Only with a foundation of physical and mental well-being can we fully focus on our work. On that foundation, I hope we can continue to build this "New IDEC" together.

Message from Director

Accelerating global structural reform to build a "New IDEC" and deliver on our medium-term management plan.

Takao Funaki
Representative Director,
Senior Executive Vice President

Transformation into a highly profitable global company, responsive to customer needs



We exceeded targets for the first year of our medium-term management plan, supported by the positive impacts of structural reforms

FY2026 marked the first year of our medium-term management plan and an important milestone in IDEC's transformation. Supported by the structural reforms launched in FY2025, improving global demand and favorable foreign exchange movements, the Group achieved significant year-on-year growth in both net sales and operating profit. The operating profit margin rose to 8.4%, reflecting a meaningful improvement in profitability.

Under the previous medium-term management plan, we pursued growth initiatives, improved profitability and strengthened our management foundation. However, global supply chain disruptions following the COVID-19 pandemic triggered a sharp increase in orders, temporarily lifting net sales and profit in FY2023 above normalized levels. As market conditions subsequently shifted, the normalization of inventory throughout our distribution channels took longer than anticipated, resulting in two consecutive years of declining performance.

Drawing on the lessons from this period, our current medium-term management plan is designed to transform IDEC into a highly adaptable and agile company. We are also shifting toward a more customer-centric business model and strengthening our ability to respond swiftly to the market needs. These transformations would strengthen IDEC's operational competitiveness and increase our profit margins.

By FY2026, inventories held by distributors and end users were back at near normal levels globally, and demand across a range of industries had started to show signs of recovery. In particular, capital investments in the United States and China showed promise, supporting our overall performance. In the EMEA region, although demand in major industries declined due to the economic slowdown in Europe, order levels have been gradually recovering.

In Japan, we restructured non-core businesses as part of an FY2025 business portfolio review based on 'selection' and 'concentration.' This included divestment of all shares in a solar power generation-related business. In addition, as part of our human resources strategy we expanded the scope of our Second Career support system to optimize personnel allocations. The positive effects of these initiatives were first felt in FY2026, and will continue to become more evident.

Based on our operating results in FY2026, we reviewed our plan for FY2027 and revised our net sales forecast to 75.5 billion yen. In addition to the rising costs of raw materials, such as resin and copper, and logistics resulting from heightened geopolitical risks, SG&A expenses are expected to increase due to continued investments in human capital, depreciation associated with IT security enhancements and investments in various systems implemented since the previous fiscal year. Nevertheless, we will continue to pursue cost reduction initiatives and drive Group-wide structural reform, with the aim of enhancing profitability.

	FY2025	FY2026 (Planned)	FY2026 (Actual)	YoY	FY2027 (Initial plan)	FY2027 (Plan)	YoY
Net sales	67.3	68.7	72.9	+8.3%	72.0	75.5	+3.5%
Operating profit	3.6 (5.4%)	4.7 (6.9%)	6.1 (8.4%)	+67.5%	7.2 (10%)	7.2 (9.5%)	+17.7%
EPS	60.36 yen	117.06 yen	131.22 yen	+70.86 yen	—	203.25 yen	
ROE	2.8%	—	5.8%	+3.0%			

Driving global structural reform to transform into a “New IDEC”

In FY2027, we will focus on markets with high growth potential, consider and move forward with partnerships and M&A initiatives, and carry out proactive sales activities designed to identify latent customer needs. Additionally, we will improve profitability through further cost-cutting initiatives, and by tightly controlling SG&A expenses. To achieve these outcomes, we are promoting multiple transformation projects on a global scale.

Major Transformation Projects

1. Global matrix management organization
2. Sales transformation
3. Transformation of the R&D system and processes
4. Global supply chain management optimization
5. Global manufacturing optimization
6. Promoting Digital Transformation

1. Global matrix management organization

From April 2025, the IDEC Group fundamentally redesigned its organizational structure to a global matrix management organization with regional and business/functional axes. By shifting from a Japan-centered structure to one built around global business units and functions, we have made responsibility for business plans clearer and created a system that enables swift decision-making from strategy planning to execution and steering.

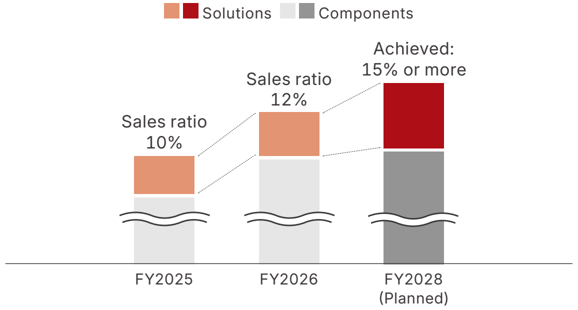
The Global Operations Committee (GOC), which is composed of the leaders of each region, business units, and functions, holds monthly web-based meetings. In addition, face-to-face meetings are conducted once per quarter, with representatives from each region attending to facilitate close communication. Through GOC discussions of various issues—which include reviews of recent developments and progress compared to plans—members can clearly identify priority matters requiring action, enabling faster and more effective decision-making. The GOC monitors and reviews progress against the medium-term management plan and steers the Group’s operations in line with the agreed direction. Matters requiring further management deliberation or approval are submitted to the Top Management Meeting and, where appropriate, to the Board of Directors.

2. Sales transformation

To build a global sales structure that responds effectively to customer needs, we are moving forward with a comprehensive sales reform project. Up to now, sales processes varied by location. To change that, we are building the architecture for both a standardized global sales process and a proactive, targeted sales approach. This new approach will move away from feature-based and price-based selling, instead making sure that all sales teams have a deeper understanding of customer needs and the ability to clearly communicate the value IDEC provides. In addition, by leveraging AI and collecting data on successful sales patterns, we are making internal knowledge and expertise integral to our systems. Standardizing this knowledge will further enhance the overall quality of our offerings. Through these initiatives, we aim not only to expand sales of components, but also to increase our solution-based sales ratio, which is one of our KPIs.

Furthermore, by feeding information we receive directly from customers back to the R&D division, we will make customer insights integral to the needs-based development of high value-added products.

Increase solution sales ratio to accelerate provision of value to customers



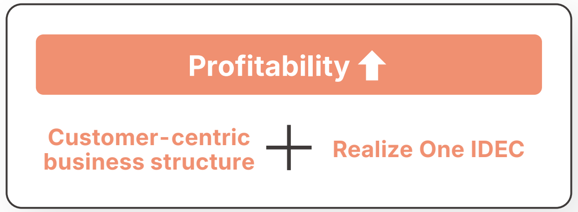
3. Transformation of the R&D system and processes

As part of our plans to build a customer-centric business structure, we have revamped our global R&D system and development processes. The Innovation Committee, established in FY2026, discusses technology strategies from a forward-thinking perspective, based on emerging technologies and evolving customer needs. From a customer-centric standpoint, the Committee identifies technological challenges that IDEC should address and explores potential solutions, selecting any themes that stand out as innovation initiatives.

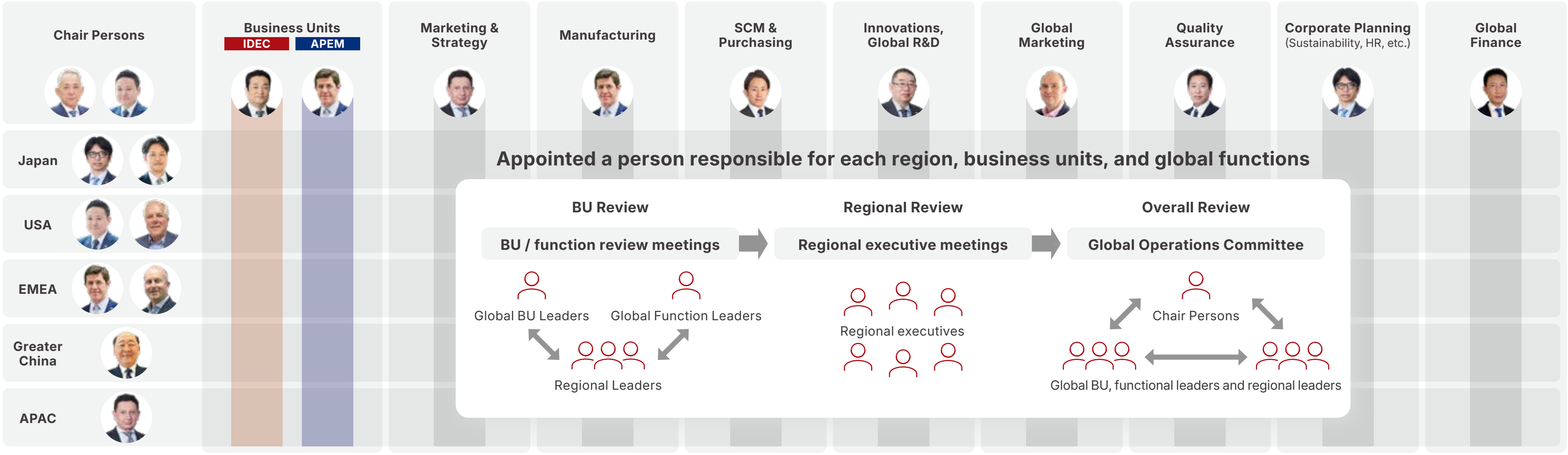
Previously, IDEC products were primarily developed in Japan, while APEM products were primarily developed in Europe and US. We now have a global R&D system with three core hubs—Japan, the US, and Europe—working in parallel. We aim to significantly shorten development lead times by leveraging each site’s strengths and establishing borderless collaboration.

Global R&D p.32

Profitability improvement initiatives



Global Matrix Management Structure



4. Global supply chain management optimization

As part of our supply chain management initiatives, we have been working to introduce a global Supply Chain Planning (SCP) system since the previous medium-term management plan. By connecting domestic and overseas sites through a single system, we are able to immediately collect and visualize information on production, orders, sales, and inventory across all manufacturing sites, sales subsidiaries, and distributors. This system has enabled us to centralize supply and demand processes and enhance our global supply chain planning. The entire IDEC Group will be able to create and manage coordinated plans while flexibly responding to global changes in supply and demand. We will quickly assess changing conditions and make optimal decisions in the face of demand–supply volatility. At the same time, we are reviewing and optimizing our logistics network. Through these initiatives, we aim to raise the level of our customer service by improving on-time delivery rates and shortening lead times. In addition, by consolidating our suppliers across IDEC and APEM, including suppliers of key raw materials such as resin and metals, we will further improve procurement efficiency, optimize our inventory levels Group-wide, reduce procurement and logistics costs, and ultimately enhance profitability.

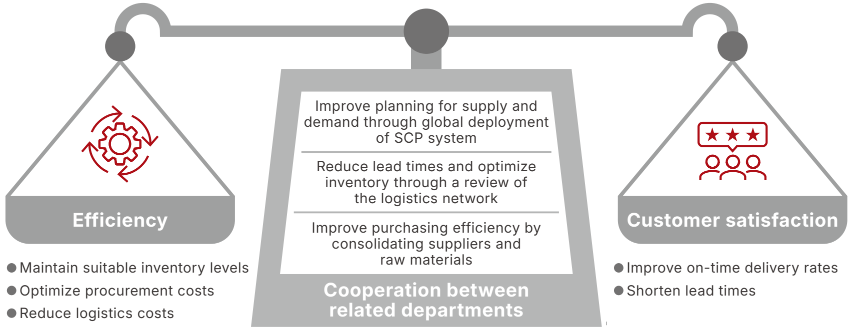
Due in part to the impact of geopolitical risks, our inventory levels at the end of FY2026 were slightly higher than initially anticipated. As such, while we continue to procure the necessary materials to ensure stable operations, we are also implementing ongoing initiatives to reduce inventory levels.

5. Global manufacturing optimization

As part of our global transformation efforts, we are reconfiguring our manufacturing footprint to create a more agile, efficient, and competitive production network. A key milestone was achieved in FY2026 with the integration of IDEC and APEM operations in the United States, our most profitable region and one of our most important growth markets. The new headquarters in San Diego was designed to bring our planning and development, manufacturing, and logistics functions together, and it has been fully operational since the start of FY2027, the facility strengthens our ability to serve customers more effectively while supporting future growth throughout the region. Beyond North America, we are pursuing a phased optimization of our manufacturing network across Europe, Japan, and Asia. This includes the consolidation and integration of existing facilities, the establishment of new manufacturing sites, and the strategic relocation of manufacturing activities to improve efficiency, flexibility, and long-term competitiveness.

Under our One IDEC strategy, we are also transforming how products are manufactured across the Group. Historically, IDEC and APEM products were produced independently within their respective manufacturing networks. Going forward, we will leverage our global production footprint more effectively, utilizing the strengths of each regional operation to build a more integrated manufacturing system. This approach supports our broader strategy of local production for local consumption, enabling greater responsiveness to regional demand while improving operational efficiency.

At the same time, we will continue to strengthen the core competencies that differentiate IDEC while selectively utilizing external manufacturing partners for products and processes that can be produced more effectively outside the Company. By optimizing the balance between internal production and strategic outsourcing, we expect to improve productivity, enhance profitability, and shorten lead times for our customers worldwide.



6. Accelerating Digital Transformation (DX)

Digital transformation remains a critical enabler of IDEC's long-term growth strategy. Since our previous medium-term management plan, we have continued to strengthen our digital foundation through the implementation of key enterprise systems, including ERP and supply chain planning platforms, while actively expanding the use of AI across the Group. By leveraging advanced digital platforms and AI technologies, we are creating a more connected and collaborative organization. These capabilities allow us to share product designs, engineering expertise, and institutional knowledge more effectively across the Group, accelerating innovation and enabling the development of higher-quality products with greater speed and efficiency.

Looking ahead, we will continue to identify and prioritize DX initiatives that deliver the greatest business impact. Through clearly defined roadmaps and disciplined execution, we will implement digital solutions that streamline internal processes, reduce manual workloads, improve decision-making, and enhance the value we provide to customers.

Our objective is not simply to digitize existing operations, but to transform how we work, collaborate, and create value. By combining digital technologies with the expertise of our people, we will strengthen our competitiveness and build a more agile, data-driven organization for the future.

Looking further ahead: to our 100th anniversary, and beyond

IDEC was founded in 1945 as Izumi Shokai, and celebrated its 80th anniversary in 2025. The "Izumi" company name was originally based on the concepts of "Collaboration" and "Innovation." While our founding philosophy lives on to this day, we have continued to respond and adapt to changes in the business environment over the past 80 years. As we look ahead on the road to future growth and our 100th anniversary, we find ourselves at a turning point that calls for fundamental transformation of our organizational foundation.

The IDEC Group has established a strong brand, underpinned by its strengths in industrial components, robust HMI products for specific markets, and extensive safety expertise and know-how. Looking beyond our 100th anniversary, we believe it is essential to leverage these strengths to achieve sustainable growth and become a truly global, customer-centric company.

By offering differentiated products and services with high added value, we will expand our market share and increase both the value we provide to customers and the trust they place in us. To achieve this, we will continue our global transformation as "One IDEC."

Our guiding principles for the IDEC Group's transformation into a "New IDEC"

- **Global mindset:** Always think with a global perspective.
- **Customer-centric approach:** Strive to understand customers and provide value that exceeds their expectations.
- **Think outside the box:** Always consider what is needed both now and in the future, without being tied to the past.
- **Enhance productivity:** Pursue efficiency in every area.
- **Become "One IDEC":** Work as one to maximize Group-wide synergy, collaboration, and unity.
- **Prioritize physical and mental well-being:** Promote personal growth, value people and their families, and nurture relationships built on mutual respect and support.

Section 03.

Value Creation Story

Beyond Transformation

Value Creation Process

Input | Business Activity | Outcome (Mid-term / Long-term)

Input

Sources of Value Creation

p.19

- Financial Capital
- Manufacturing Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital
- Natural Capital

Business Activity

Materiality

p.34

- Productivity Improvement
- Safety, ANSHIN, and Well-being
- Climate Change
- Business Foundation

Outcome (Mid-term)

Social Value

Vision for 2030

By providing products and services that integrate safety and HMI, IDEC will lead HMI-X [Transformation] and contribute to the realization of well-being for our diverse stakeholders.

Economic Value

Medium-Term Management Plan: FY2028 Targets

Net sales	77 billion yen or more
Operating profit margin	13% or more
ROIC	7% or more
ROE	10% or more

Outcome (Long-term)

Vision for 2050

Pioneer the new norm for a safer and sustainable world.

p.01

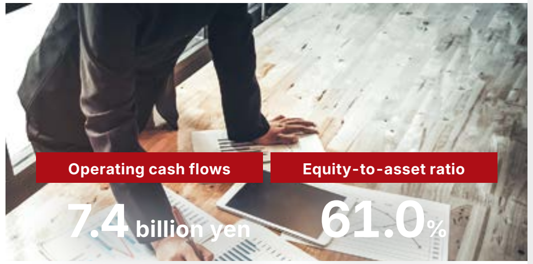
The Six Types of Capital

Financial Capital

p.22

The foundation for sustainable growth

We use the cash generated through our business activities for capital investment in equipment and facilities, research and development, investment in human resources, and shareholder returns—all with the aim of achieving sustainable growth.



Human Capital

p.41

New ideas created from the diversity in human resources

In keeping with the "Management with respect for humanity" principle, we are working to foster a corporate culture where employees with diverse personalities and values can fully demonstrate their abilities.

Manufacturing Capital

p.16

Further improvement of added value

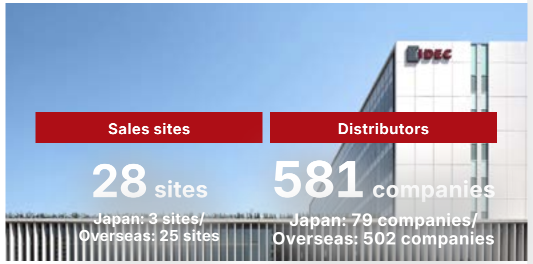
We also drive improvements in quality, production efficiency, and automation by planning and developing production equipment within our Manufacturing Technology Department. This enables us to provide highly reliable, high-quality products globally.

Social and Relationship Capital

p.20

Development of strong partnerships

All over the world, we are building relationships through which we will continue to develop and grow alongside a wide range of stakeholders.



Intellectual Capital

p.46

Active participation in international standardization activities

In addition to activities of international standards, we also engage in human resources development to enable us to provide safe manufacturing and consulting services in accordance with international safety standards.

Natural Capital

p.37

Realize a sustainable society

The IDEC Group's Environmental Policy is to make the conservation of the global environment a top priority in all aspects of its business activities, and to pass on a sustainable society to future generations.

(FY2026 results) *1 Number of employees with Safety Assessor, Safety Basic Assessor, Robot Safety Assessor, or Safety Officer qualifications *2 Scope1&2, vs. FY2020

Stakeholder Engagement

Basic approach

The IDEC Group places great value on engagement with a wide range of stakeholders in order to conduct business in line with the changing needs of society.
Through information disclosure and direct dialogue, we seek to deepen stakeholders' understanding of the IDEC Group, incorporate their views and expectations into our management, and leverage these insights to enhance our competitiveness. Going forward, while working together with our stakeholders to address social issues and create new value, we aspire to achieve sustainable corporate growth and establish a solid management foundation.

	Purpose of Engagement	Expectations of Stakeholders	Key Initiatives in FY2026 (Frequency)	Related Pages
Employees	•We aim to provide a safe, comfortable, and rewarding workplace, fostering an environment in which our employees can work with pride and a sense of purpose.	•Respect for human rights and elimination of discrimination •Human resources development and utilization •Promotion of diversity •Initiatives for Occupational Safety and Health •Promotion of Health and Productivity Management •Building sound labour-management relationships	•Internal Whistleblowing System "IDEC Hotline" (operated at all times) •Engagement surveys (conducted annually in Japan; introduced on a consolidated basis from FY2027) •Human Resources Development (Education and Training) (as needed) •Training programs to promote women's empowerment and develop DX talent (selective programs) •Ally Campaign (held every June) •Discussion with labour unions / Health and Productivity Management Projects / Safety and Health Committee (held regularly)	•Internal Whistleblowing System "IDEC Hotline" p.62 •Engagement Survey p.42 •Education and Training Systems p.41 •Promotion of Diversity p.42 •Occupational Safety and Health p.43 •Maintenance and promotion of Employee health (Health and Productivity Management) p.43 •Labor-Management Dialogue Related Pages
Customers	•We are committed to the development, manufacturing, and sales of high-quality, high-performance products that provide safety and ANSHIN. •In addition, we strive to deliver sincere and attentive services and to ensure appropriate disclosure of information, with the aim of becoming a corporate group that earns the trust of all stakeholders.	•Building trusting relationships •Proposing products that accurately address market and customer needs •Enhancement of services	•Responding to inquiries and complaints (as needed) •Appropriate disclosure of product and service information (as needed) •Dissemination of information via the website and social media (in a timely manner) •Participation in in-person exhibitions (a total of 7 events in Japan)	•Strengthening frameworks to link customer needs to product development p.25 •Provision of products and solutions that deliver safety, ANSHIN, and well-being p.30-31
Shareholders and Investors	•Through proactive and wide-ranging investor relations (IR) activities, we fulfill our accountability as a global company. •By creating value as a value-driven enterprise and securing appropriate profits, we aim to meet the expectations of our shareholders and investors.	•Enhancement of corporate value •Timely and appropriate disclosure of information •Return of profits to shareholders •Incorporation of shareholder and investor perspectives into management	•Annual General Meeting of Shareholders (held once a year) •Financial Results Briefings (held 4 times per year) •Small meetings with investors (a total of 2 meetings) •Annual Securities Report / Integrated Report (published once a year each)	•Dialogue with investors Related Pages •Financial Results Related Pages •Integrated Report Related Pages •Dividend Policy Related Pages
Business Partners	•We aim to build relationships of trust that enable mutual prosperity and sustained growth by establishing fair and reasonable transaction standards and fostering strong partnerships.	•Building a sustainable supply chain •Sustainable procurement •Transparent and fair transactions	•Introduction of a grievance mechanism •Supplier self-assessment (Japan: conducted once per year)	•Promotion of Sustainable procurement p.48 •Identification and remediation of human rights risks p.44
Global and Local Communities	•Through our business activities, we seek to deepen exchanges and foster goodwill, respect diverse cultures and histories, and engage in social contribution and support activities. In addition, we actively promote initiatives to conserve the global environment and aim to contribute to the realization of a green economy.	•Coexistence with local communities •Regional economic development •Environmental conservation	•Social contribution activities (total: 42 activities) •Building partnerships with local communities (total: 34 initiatives)	•Future Ocean Project Related Pages •Certification under the Social and Environmental Contribution Green Space Evaluation System Related Pages
Government Agencies / Industry Groups	•We will deepen collaboration and cooperation with national and local government bodies as well as industry associations, promote initiatives to address social issues, and contribute to their resolution.	•Compliance with laws and regulations •Revitalization of our industry through collaboration with relevant institutions and organizations •Social and economic development	•Liaison and dialogue with government agencies (as needed) •Participation in international standardization activities (multiple times per year) •Promotion of industry association activities (as needed)	•Endorsement of major external initiatives Related Pages •Participation in the United Nations Global Compact p.36

Section 04.

Strategy & Business

Strategies and Business Activities Driving Transformation

Financial Strategy

Providing the financial foundation for IDEC's transformation

Financial strategy is an integral part of IDEC's transformation into a New IDEC and supports our vision of becoming a truly global company. Finance serves as a strategic business partner, providing the financial insight, governance, and discipline needed to execute our medium-term management plan, strengthen One IDEC, and create sustainable long-term corporate value.

Our objective is to create sustainable long-term corporate value for our shareholders and all stakeholders.

■ Our financial strategy

Our financial strategy is to strengthen IDEC's long-term competitiveness by directing capital and financial resources toward the businesses, capabilities, and opportunities that create the greatest long-term value while continuously improving profitability, capital productivity, and financial resilience.

This strategy recognizes that creating sustainable corporate value requires disciplined financial decisions that balance investment for future growth with profitability, efficient capital utilization, and financial resilience. By directing capital toward the opportunities that strengthen IDEC's competitive advantage, we provide the financial foundation for executing our medium-term management plan and supporting IDEC's transformation into a New IDEC.

How financial strategy supports IDEC's transformation

■ Investing in future competitiveness

We invest with discipline in innovation, digital transformation, manufacturing capabilities, strategic acquisitions, and talent development to strengthen IDEC's competitive advantage and support the execution of our medium-term management plan.

■ Enhancing business performance

Finance partners closely with the business to improve profitability through disciplined performance management, pricing and portfolio optimization, productivity improvement, and better decision-making across the Group.

■ Improving capital productivity

We improve capital productivity by enhancing ROIC through disciplined investment evaluation, working capital optimization, asset utilization, and portfolio management, ensuring that all deployed capital creates greater long-term value.

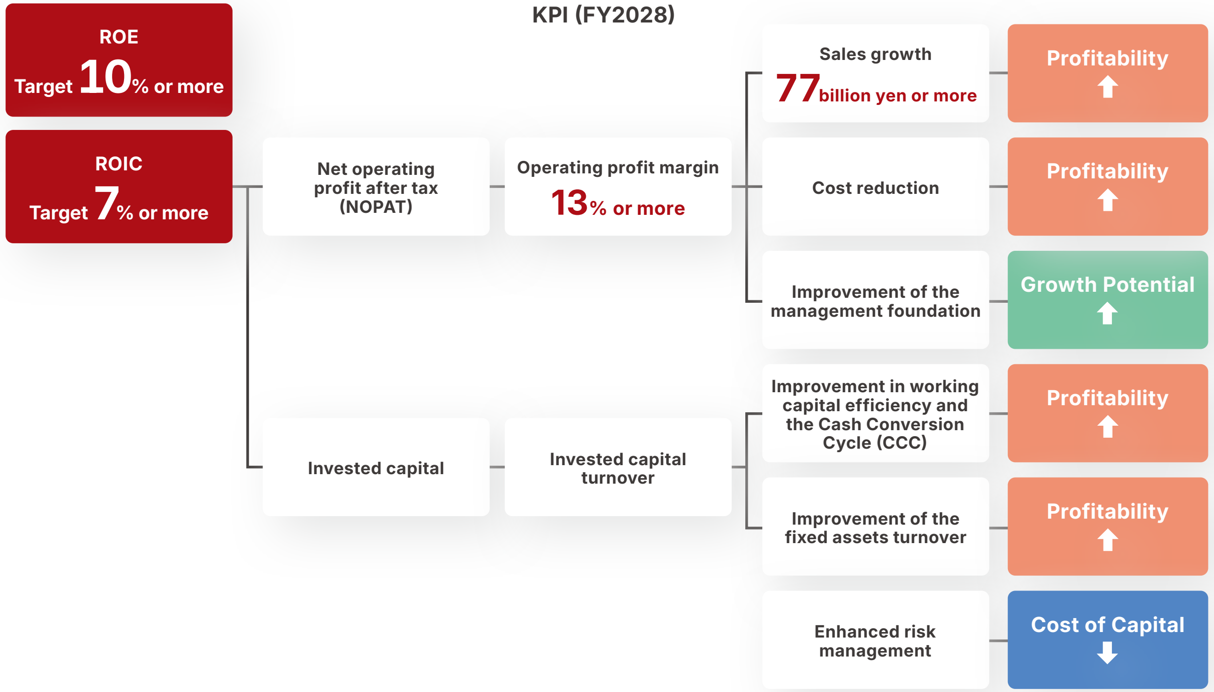
■ Maintaining financial strength and flexibility

Strong cash generation, a resilient balance sheet, and prudent financial management provide the financial flexibility to invest confidently throughout business cycles while maintaining sustainable shareholder returns.

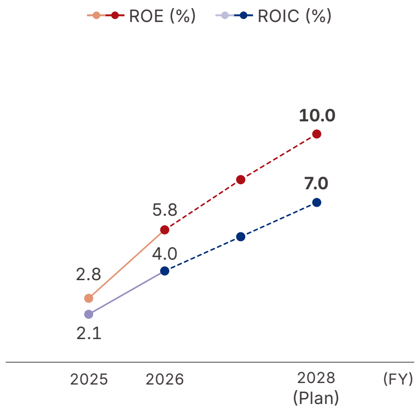
■ ROIC-driven financial management

ROIC is our primary financial management indicator because it measures both operating performance and the effectiveness of our capital allocation decisions. By incorporating our cost of capital into investment decisions, ROIC serves as the principal measure of whether our investments are creating value above our cost of capital. It promotes disciplined investment, improves capital productivity, and supports sustainable corporate value creation.

We target a ROIC of 7% or higher as our primary financial management target, reflecting our commitment to disciplined capital allocation and continuous improvement in capital productivity. We also target a ROE of 10% or higher as an important measure of shareholder returns. Together, these indicators help guide our financial strategy and measure our progress toward creating sustainable long-term corporate value.



ROE and ROIC



Lei Lu

Director,
Senior Executive Officer,
Global Finance

Financial strategy is about ensuring that every significant financial decision strengthens IDEC's long-term competitiveness while creating sustainable value for our shareholders and all stakeholders. By directing capital toward the opportunities that create the greatest long-term value, continuously improving profitability and capital productivity, and maintaining financial strength, finance helps enable IDEC's transformation into a New IDEC and a truly global company.

Translating financial strategy into action

Our financial strategy is executed through disciplined financial management across the Group. By continuously improving business performance and capital productivity, we generate the financial capacity to invest in future growth while maintaining financial strength and flexibility. This disciplined approach enables IDEC to execute its medium-term management plan and create sustainable long-term corporate value.

■ Enhancing business performance

To improve profitability, we will strengthen our HMI and Safety businesses, where we have competitive advantages and attractive margins, while continuing to optimize our business portfolio. In addition, we will accelerate sales transformation, expand into strategic markets, and grow solution-based revenues. These initiatives strengthen earnings quality, support sustainable profitable growth, and enhance IDEC's long-term competitiveness.

■ Improving capital productivity

Alongside improving business performance, we continue enhancing capital productivity through disciplined working capital management and global supply chain optimization. Key initiatives include the global deployment of our Supply Chain Planning (SCP) system, restructuring logistics networks, and improving procurement efficiency through the consolidation of key raw materials. These initiatives shorten lead times, optimize inventory levels, reduce procurement and logistics costs, improve ROIC, and strengthen our ability to generate sustainable long-term value.

■ Generating sustainable cash flow

Improved business performance and stronger capital productivity enhance our ability to generate sustainable cash flow.

In FY2026, operating cash flow totaled 7.4 billion yen, supported by higher profitability together with depreciation and amortization, despite the payment of income taxes and expenses related to business structural reforms. After capital expenditures, free cash flow amounted to 2.1 billion yen, providing the financial capacity to continue investing in IDEC's long-term growth while maintaining financial flexibility.

Looking ahead, we will continue strengthening cash generation through structural reforms, productivity improvements, and working capital optimization.

■ Disciplined capital allocation

The cash generated from our operations is allocated with discipline to investments that best support IDEC's long-term strategy and competitive advantage.

During FY2026, the Group invested approximately 5.2 billion yen in strategic initiatives, including digital transformation through Enterprise Resource Planning (ERP) and SCP systems, the establishment of a new U.S. headquarters, manufacturing capability enhancement, and other capital investments. Progress during the first year of the medium-term management plan was generally in line with plan.

Every major investment is evaluated based on three principles:

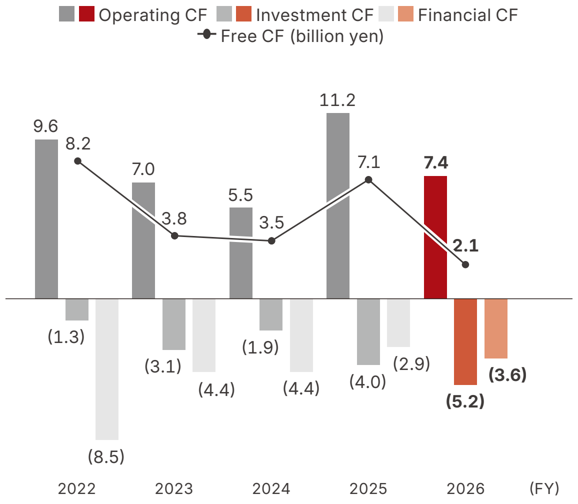
- Strategic alignment with the medium-term management plan
- Expected long-term financial returns relative to our cost of capital
- Contribution to IDEC's long-term competitiveness and sustainable corporate value

■ Creating sustainable corporate value

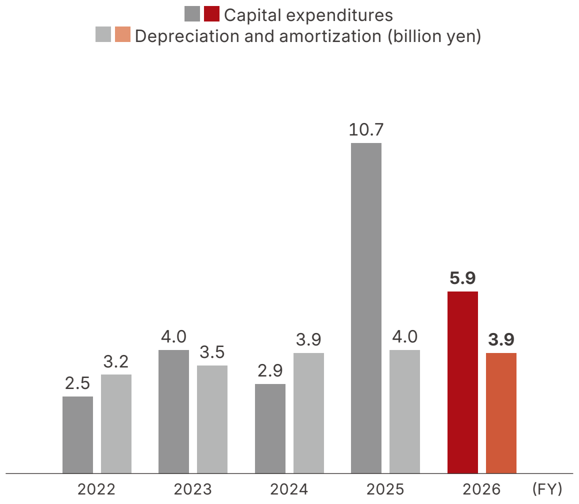
The disciplined execution of our financial strategy enables IDEC to continuously strengthen profitability, improve capital productivity, generate sustainable cash flow, and invest confidently in future growth while maintaining financial strength and flexibility.

Through these efforts, we believe IDEC is well positioned to execute our medium-term management plan, further strengthen our long-term competitiveness, and create sustainable corporate value for our shareholders and all stakeholders.

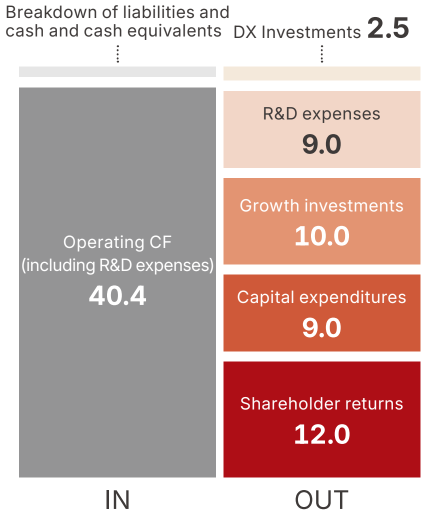
Cash flows



Capital expenditures, depreciation and amortization



Cash allocation FY2026–2028 (the medium-term management plan) (billion yen)

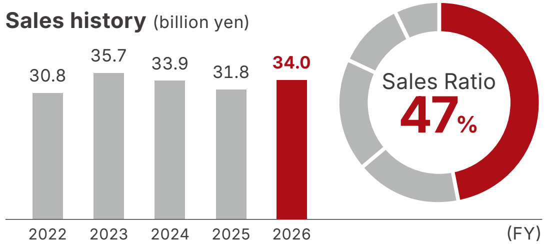


DX investments	• Investments in digital technology, including ERP, SCP, CRM, etc.
R&D	• Development of custom solutions to meet customer needs
Growth investments	• Investments for inorganic growth, including M&A and new sites
Capital expenditures	• Investments to improve efficiency • Investments to maintain efficiency of existing assets
Shareholder returns	• Stable dividends and timely treasury share buybacks

Business Segment Performance

HMI (Human-Machine Interface)

This product line includes products such as industrial switches, joysticks, LED indicators, operator interfaces, and other products that form the core of the human-machine interface. The IDEC brand is primarily used in the factory automation (FA) sector, while the APEM brand is used primarily in specialized vehicle applications.



IDEC


Industrial switch


Smart RFID reader


Safety commander


Operator interface

APEM
an IDEC company

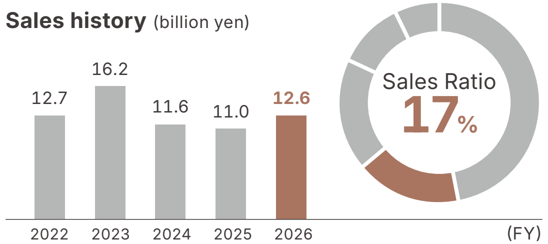

Panel solutions


Switch components


Joysticks

Safety & Explosion Protection

In addition to safety-related equipment such as emergency-stop switches, interlock switches, and enabling switches that help ensure safety at manufacturing sites, this product line also includes explosion protection products that prevent accidents at sites where explosive gases are present, such as petrochemical and chemical plants.




Emergency-stop switch

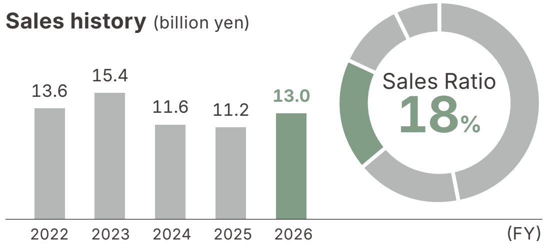

Safety laser scanner


Emergency-stop assist system

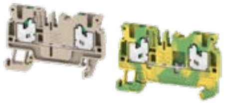

Explosion protection wireless vibration sensor

Industrial Relays & Components

This product line includes products such as switching power supplies, terminal blocks, industrial relays and sockets, and circuit protectors, which are incorporated into control panels to control and operate machines and production lines. These products are used as the basis for the control of machines and equipment.




Industrial relay

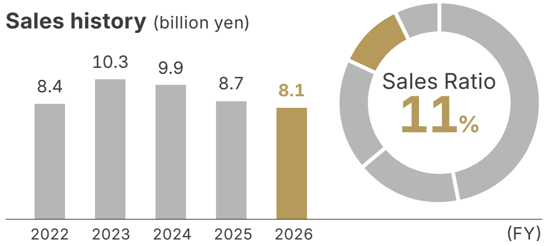

Terminal block


Switching power supply


LED illumination unit

Automation & Sensing

This product line consists of products that contribute to the automation of devices in various scenes, such as industrial facilities and daily life. It includes programmable logic controllers that serve as the brains of machines and other devices, automatic identification devices used in various fields such as retail and logistics, and sensors that detect changes in state and objects.




Programmable logic controller


Cloud-based data logger


Safety Wheel Drive


Sensor

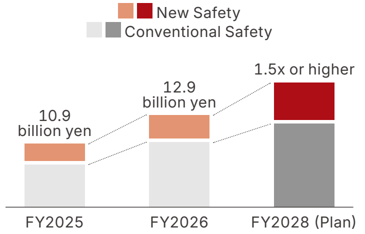
Business Strategy

Initiatives to achieve the medium-term management plan

Under the medium-term management plan, we have established three KPIs as key business pillars. By leveraging the Group's strengths in HMI and safety businesses, we are promoting initiatives to achieve each KPI. In FY2026, the first year of the plan, we delivered results that exceed FY2025 across all KPIs.

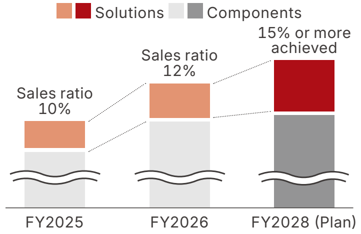
In the safety business, sales have grown steadily, supported by expanding demand in Japan and China, and are expected to accelerate further going forward.

Expand the safety business through safety and ANSHIN component solutions

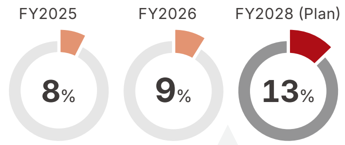


* Note: FY2025 results were revised following a review of safety-related products.

Increase solution sales ratio to accelerate provision of value to customers



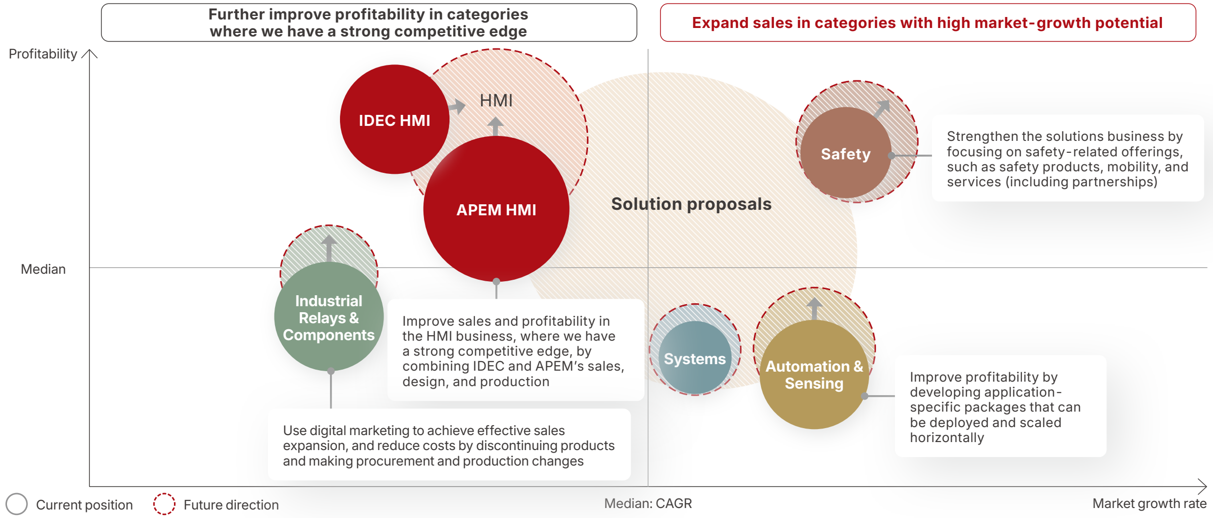
Provide new products that lead directly to improvements in added value for customers



Major new products	•Radar sensors •Safety equipment •Mobility products	•Services •New controllers etc.

* Note: Actual results and targets were revised following a review of the relevant definitions.

Core Business Portfolio Strategy



To expand our solution-based revenue, the IDEC Group will leverage its strengths by providing proposals that integrate sensing technologies with its HMI and safety technologies and expertise, as well as providing solutions that comply with safety standards. Through these initiatives, we aim to address our customers' challenges. Furthermore, by offering a range of solutions, from standalone product-based solutions to horizontally deployable, application-specific packages and fully customized solutions, we will address latent customer needs from diverse, customer-centric perspectives and enhance the value we provide.

With respect to the contribution ratio of new products, we have reviewed our R&D process starting in FY2026 and are advancing development based on plans that reflect customer needs, formulated through the collaboration between marketing and development functions from the pre-development stage. At each stage of the process, we conduct reviews as necessary and continuously incorporate the customer perspective into new product development.

In addition, by adopting a concurrent development structure in which multiple sites work in parallel, we will accelerate the speed from development to market launch. Through rapid new product development under this new framework, we aim to achieve our targets.

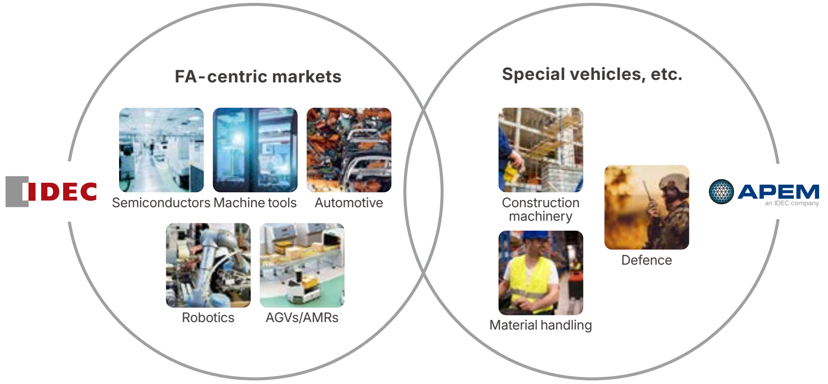
Functional Strategy: Global R&D p.32

Driving further expansion under "One IDEC"

The IDEC Group has established two business units—IDEC and APEM—to create an organizational structure that maximize the strengths and expertise of each brand. At the same time, by implementing common processes across marketing, product planning and development, production engineering, and quality assurance, we have built a framework that leverages the strengths of One IDEC, thereby promoting further global business expansion.

Our products and solutions are adopted by customers across a wide range of industries, and a key strength is that we are not dependent on any single specific industry. The IDEC brand is primarily focused on the factory automation (FA) industry, while the APEM brand is mainly focused in fields such as special vehicles.

Under the medium-term management plan, in addition to expanding sales in globally growing markets such as semiconductors, machine tools, robots, automated guided vehicles (AGVs), and autonomous mobile robots (AMRs), we will also pursue growth in new markets. By addressing emerging needs beyond those of our existing industries, we will accelerate the development and deployment of products and solutions that resolve a broad range of customer challenges.



IDEC Business Unit

Yasunori Kawanaka
Executive Officer

We operate globally across four business segments: HMI, Safety & Explosion Protection, Industrial Relays & Components, and Automation & Sensing.

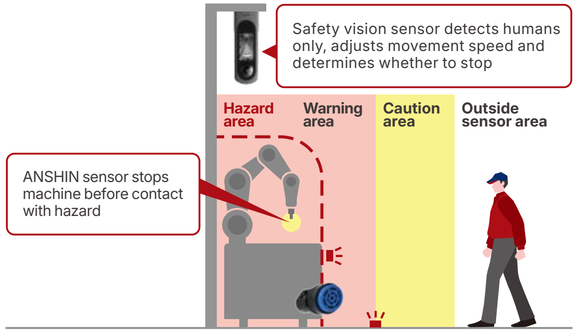
Japan currently accounts for the largest share of sales, followed by the Asia Pacific region, the Americas, and EMEA. At the same time, we are actively pursuing global sales expansion.

As automation continues to advance globally, new customer needs are emerging across a wide range of applications. Under the concept of HMI-X [Transformation], the IDEC Group is committed to resolving challenges arising in environments where humans and machines coexist, and to transforming customers' workplaces to become safer, and more efficient and more productive.

We are particularly focused on the HMI and Safety businesses.

The HMI business—which represents the IDEC Group's greatest strength and highest profitability—accounts for approximately 50% of consolidated net sales. While IDEC's control switches hold the No. 1 market share in Japan, we are strengthening initiatives to expand sales globally and to establish a structure that enables the rapid delivery of products tailored to local needs.

We are also strengthening our Safety business, which offers significant growth potential. While IDEC is recognized as a safety equipment manufacturer in Japan and China, global expansion remains an area for future growth. As demand increases for "collaborative safety," which aims to achieve both safety and productivity in environments where humans and machines work together, we are expanding our product lineup to address these needs. As there is not yet a clearly dominant global leader in this field, we will leverage the strengths of the IDEC Group to develop and deliver a diverse range of products and solutions, while advancing efforts to establish a strong global presence. With a view to expanding our business in Asia, including China, as well as in Europe, we are also considering M&A and strategic alliances. Through these initiatives, we are promoting the development of diverse products and solutions that contribute to the IDEC Group's purpose of "achieve safety, ANSHIN, and well-being."



Examples of solutions enabling collaborative safety

APEM Business Unit

Marc Enjalbert
Executive Officer

In the HMI business domain, we offer three product categories: components, joysticks, and panel solutions.

While Europe and North America remain our largest markets today, we continue to strengthen our presence in Asia to support future growth.

The APEM Business Unit focuses on four strategic industry segments— material handling, construction, defense ground equipment, and e-Transportation—where reliable and intuitive Human-Machine Interfaces are essential to equipment performance. In parallel, medical and energy represent two strategic focus markets with strong long-term development potential.



Components remain the largest product category within the portfolio and are used across a broad range of special vehicles. To maximize growth, we are streamlining the portfolio by concentrating investments on product families with the strongest market potential while maintaining our ability to develop highly customized solutions for specific customer requirements. Future developments will continue to address evolving industry expectations, particularly in functional safety, durability, and operator experience.

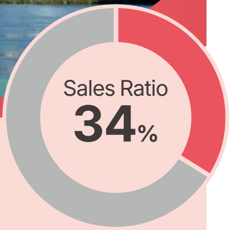
Our joystick portfolio combines standard platforms with extensive customization capabilities to address increasingly demanding applications. As equipment becomes more compact and sophisticated, miniaturization is emerging as a major market trend, driving the development of smaller, more integrated joystick solutions without compromising precision or robustness. At the same time, we continue to invest in next-generation technologies such as advanced haptic feedback, configurable operating characteristics, functional safety, and cybersecurity to support the future of smart vehicle control.

Panel solutions are built around close collaboration with customers. Most projects are fully customized and developed through a co-design approach, allowing us to create interfaces tailored to the specific needs of each machine and application. Alongside these custom developments, we continue to expand our portfolio of standard solutions, with the PK keypad range serving a wide variety of vehicle applications and the HC series addressing the growing demand for ruggedized gamepad-style controllers designed for harsh operating environments.

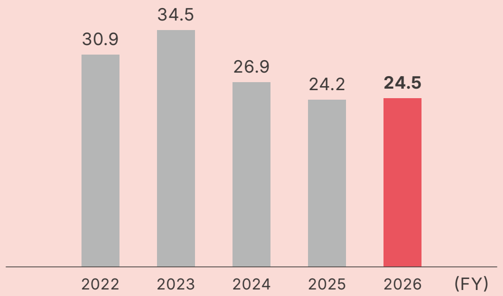
PK series

HC series

Japan



Sales Trend (billion yen)



Key Industries

Machine tools, semiconductor manufacturing equipment, robots, automotives, AGVs/AMRs, panel builders, among others.

Key Characteristics

Sales are relatively strong in HMI as well as Safety & Explosion Protection, followed by a broad portfolio spanning Automation & Sensing, Industrial Relays & Components, and Systems.

In Japan, sales activities are carried out by IDEC SALES SUPPORT CORPORATION (ISS), a group company. By working closely with distributors, components are sold primarily through these channels, enabling our wide range of products to reach customers across a broad range of industries. In addition, to expand the solution ratio identified as a KPI under the medium-term management plan, we are strengthening not only component sales but also solution-based proposals that address customers' challenges.

In recent years, demand for automation in material handling processes, particularly in the automotive industry, has been expanding. In response, a part of our solution offerings, products such as the "SWD™ Build KIT," a development kit for Automated Guided Vehicle (AGV) and Autonomous Mobile Robot (AMR), as well as the Assist Wheel Drive (AWD), which provides powered assistance for carts and trolleys, have been driving strong sales growth. By strengthening our solution proposals capable of addressing a wide range of customer challenges, we will further enhance the value we provide.

Solution p.30 ›

SWD Build KIT

Regarding industry trends, capital investment demand remains strong across a broad range of industries, particularly in machine tools and robotics. In addition, orders for semiconductor manufacturing equipment are expanding significantly, while demand related to control panels is also increasing in response to the construction of new data centers. As a result, we expect to achieve further sales growth across all business segments, including the HMI as well as the safety and explosion protection businesses.

As part of our initiatives to realize a customer-centric approach, ISS is also placing a strong emphasis on human resource development. Starting in FY2026, ISS launched a selective sales training program, the "NEXT Sales Academy," aimed at developing future sales leaders and fostering the next generation of talent.

In addition, IDEC FACTORY SOLUTIONS CORPORATION (IFS) is advancing its Systems Business, which includes proposals for FA systems, the design and manufacturing of various types of equipment—including control panels—and support for the introduction of collaborative robots and AMRs.

NEXT Sales Academy

As manufacturing environments continue to evolve, manufacturing sites are undergoing a major transition, from settings where humans and machines are separated, to a new stage where humans and robots work collaboratively, resulting in growing demand for collaborative robots and AMRs. As a system integrator and distributor of collaborative robots and peripheral equipment, IFS aims to further accelerate the expansion of its businesses related to collaborative robots and AMRs, in addition to its core control panel business, while working in close collaboration across the Group.

Satoshi Kanokozawa

President
IDEC SALES SUPPORT CORPORATION

In the Japanese market, amid ongoing changes in the business environment, the source of customer value is shifting from individual products to comprehensive capabilities that encompass solution-oriented delivery processes and the quality of customer responsiveness. As the entity responsible for sales functions in Japan, we are advancing the enhancement of human capital and the systematization of operations to establish an organizational structure that enables frontline teams to address customer challenges more strategically. By collaborating closely with partners and Group companies and promoting value creation through the integration of sales and engineering capabilities, we aim to strengthen a stable earnings base while achieving medium- to long-term growth, thereby contributing to the enhancement of the Group's overall competitiveness from the Japanese market.

Katsutoshi Fujiki

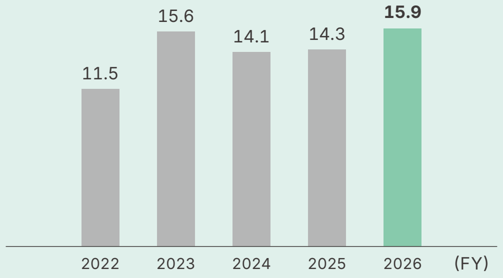
President
IDEC FACTORY SOLUTIONS CORPORATION

At IFS, we are promoting the Control Business and the Automation Business. Our operations are carried out through an integrated process encompassing order receipt, design, manufacturing, delivery, and after-sales service.

In Japan, where the population is rapidly declining, we will leverage IFS's strengths in control technologies and software to deploy automation systems centered on the FA market, utilizing collaborative robots and material handling robots. Through these initiatives, IFS aims to contribute to addressing challenges faced by small and medium-sized enterprises, such as business succession and labour shortages.

Americas

Sales Trend (billion yen)



Key Industries

Oil and gas, industrial machinery for manufacturing, special vehicles, food processing machinery.

Key Characteristics

The HMI business, operated under the IDEC and APEM brands, represents the largest share of our operations. Another key characteristic is the high proportion of Industrial Relays & Components as well as Automation & Sensing products—fields where we have demonstrated strong capabilities since the establishment of IDEC USA.

United States is one of the regions where we expect significant growth over the medium- to long-term. To date, products under the IDEC brand have been developed in Japan, manufactured in Asia, and sold in the United States. In addition, IDEC and APEM had each maintained separate operational bases, which posed challenges in terms of operational efficiency.

In April 2025, IDEC and APEM were integrated into a single company, and overlapping functions were reviewed and streamlined. In FY2027, a new head office—equipped with development, manufacturing, and logistics functions in addition to administrative departments—was completed and commenced operations. As a result, we are now able to rapidly develop, manufacture, and sell products locally that are more closely tailored to the needs of our U.S. customers. In addition, our Mexico plant began operations in FY2027, and by reviewing our supply chain structure, we are enhancing our supply capabilities in the North American market.

New U.S. headquarters San Diego, California

- Total floor area: approx. 21,500m²
- Floors: 2
- Functions: head office, development, manufacturing, sales, logistics

In the United States, demand in areas such as IoT, safety, and digital twins*1 is expanding, and we will further strengthen our initiatives in these domains.

In addition, from an industry perspective, demand related to onshoring*2 is increasing. As a result, IDEC brand products are expected to continue performing strongly, supported by capital investment demand in the manufacturing sector.

Furthermore, in the oil and gas sector, particularly for plant related applications, the U.S. market is expected to expand further, and we anticipate continued growth in demand.

Operator interface

Industrial relay

Regarding APEM brand HMI products, sales growth was sluggish in FY2026 due to weak demand for special purpose vehicles in the construction machinery and material handling industries. However, as demand has been gradually recovering, we expect growth in FY2027.

In addition to increasing sales to existing customers, we will drive the acquisition of new customers by capturing emerging needs, while also exploring M&A and strategic partnerships, thereby driving further growth in both revenue and profits.

*1 Digital twin: A technology that replicates physical objects, equipment, processes, and systems in the real world within a virtual environment.

*2 Onshoring: A business strategy in which production and service operations are relocated to a company's home country or nearby regions.

Erwin Wu

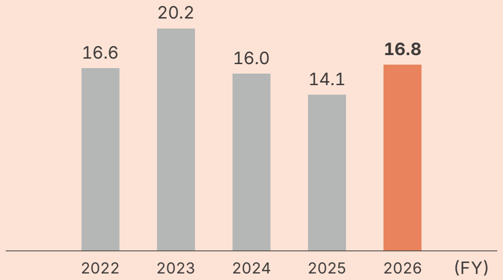
Director of Sales, IDEC CORPORATION (USA)

We're restructuring our sales organization to better serve our customers and position IDEC for the future. This includes creating dedicated vertical teams focused on Oil & Gas, Mobility, Safety, and Data Center Infrastructure allowing us to build deeper industry expertise, forge stronger partnerships, and eventually developing solutions that drive mutual growth with our customers.

Alongside this structural shift, we're embracing a cultural evolution: one rooted in ownership, innovation, and a relentless focus on growing the IDEC brand. Our initiatives aren't just a reorg; it's a reinvestment in how we show up for our customers and each other.

Asia Pacific

Sales Trend (billion yen)



Key Industries

Automotives; equipment manufacturers for smartphones, PCs, televisions, and other consumer electronics; EV battery–related industries; robotics; semiconductor manufacturing equipment; machine tools; and elevators.

Key Characteristics

Sales in China account for approximately 60–70% of total sales.
Across the Asia Pacific region, HMI, Safety, and Industrial Components represent the core business segments.

China is the primary driver of sales in the Asia Pacific region. In recent years, local manufacturers have been gradually gaining presence; however, as control equipment requires high levels of safety performance and quality, we will further strengthen products where IDEC can leverage its competitive advantages.

As one of our initiatives, we are promoting local production for local consumption, with a greater emphasis on product development that reflects the needs of local customers. In particular, by expanding the lineup of safety-related products in this growing market and increasing local production capacity, we aim to enhance our competitiveness. To address geopolitical risks, we are also advancing localization initiatives and will pursue business expansion while exploring M&A and strategic partnerships with local companies. In addition, by reorganizing and optimizing our manufacturing footprint going forward, we seek to achieve more efficient operations.

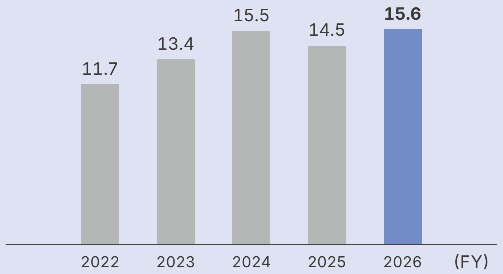
Examples of safety-related products sold in China

For the Asia Pacific markets excluding China, strategies are formulated and managed from our APAC headquarters in Singapore, with a primary focus on HMI and safety related products. We have sales offices and a manufacturing facility in Thailand, as well as a sales site in India. To expand sales in India, a market with significant growth potential, we are strengthening our workforce and distribution network, as well as reinforcing our HMI and safety businesses.

In addition, we are exploring M&A and strategic partnerships in India, and are also considering the establishment of a global support center. Through these initiatives, we aim to build a structure that contributes to improved operational efficiency as "One IDEC."

EMEA

Sales Trend (billion yen)



Key Industries

Special vehicles for material handling (such as forklifts), defense-related applications, and construction machinery.

Key Characteristics

APEM brand HMI products represent the core of the business.
Sales of IDEC brand HMI, Safety, and Automation products are also expanding.

In the EMEA region, HMI products under the APEM brand—including components, joysticks and panel solutions—constitute the core business, with a particular focus on special vehicles for key markets such as material handling, construction and defense.

APEM
an IDEC company

In FY2026, sales on a local currency basis were challenging due in the most part to the prevailing economic conditions in the major European markets such as Germany and France. However, we expect to achieve sales growth in FY2027.

Within APEM's HMI product portfolio, components account for the largest share of sales and we have set a goal of becoming the No. 1 supplier of HMI components for special vehicles. To achieve this objective, we will focus on product series with strong growth potential and strengthen the development of safety functions that are in high demand in Europe, thereby evolving our offerings into higher value-added products. For joysticks, we will strengthen product development tailored to the construction market in order to become one of the leading players in the construction industry.

For the IDEC brand, in addition to expanding sales of HMI and safety-related products, we are strengthening our sales efforts to increase revenue from mobility solutions.

IDEC Solutions for Addressing Social Challenges

Reducing workload in material handling process


Assist Wheel Drive System

Challenges

At manufacturing sites, materials are still often transported between processes by workers using carts. In many cases, operators handle loads weighing several hundred kilograms, placing a significant physical burden on them.

IDEC Solution

By introducing a solution that utilizes the Assist Wheel Drive (AWD), which can be easily attached to existing carts to provide electric power assistance, customers can significantly reduce operator workload at a low cost and with minimal implementation effort, thereby contributing to improved worker well-being.

In addition, deceleration and stopping can be controlled via a hand-operated switch, ensuring a high level of safety.

Improving safety and convenience in parking lots

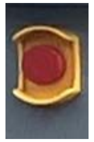

Pilot light

Challenges

In mechanical parking facilities, there is a risk of serious accidents if the system operates while a person remains inside the equipment.

IDEC Solution

As a safety measure, by introducing a solution that integrate a wide range of products—such as emergency-stop switches, pilot lights, sensors, and controllers—we help reduce the risk of accidents. These include incidents such as entrapment caused by operational errors or insufficient checks, as well as incidents involving crushing or falls.


Emergency-stop switch

RFID reader


Safety controller


mmWave radar sensor

Reducing development costs and engineering hours for material handling automation

Challenges

While the need to automate material handling processes continues to grow, developing AGVs/AMRs that are well suited to a company's specific processes and operational challenges requires substantial investment and development effort.

IDEC Solution

The "SWD Build KIT," a development kit for AGVs and AMRs that incorporates the Safety Wheel Drive (SWD) and software-packages a variety of IDEC HMIs and safety-related products, can be flexibly customized to meet customers' specific applications. This significantly reduces development costs and engineering effort.

In addition, we offer "ez-Way," navigation and control software that comprehensively supports the movement, localization, and task management of automated transport robots equipped with SWD. As it enables the monitoring and management of products from different manufacturers, the software contributes to system-wide integration and improved operational efficiency.

The SWD Build KIT enables the construction of AGVs/AMRs by combining seven modules.

Panel Solutions: co-designed interfaces for demanding applications

Challenges

In the construction, material handling, defense ground equipment and e-Transportation markets, every vehicle has unique operational, environmental, and ergonomic requirements that cannot be met by a one-size-fits-all solution.

IDEC Solution

APEM develops panel solutions through a close co-design and co-engineering approach with OEMs, creating control panels and remote controls tailored to each machine's technical, functional, and cost objectives. By combining our expertise in HMI design, electronics, mechanical integration, and ruggedization, we deliver complete plug-and-play solutions that simplify integration while ensuring long-term reliability in harsh operating environments.

While the majority of our projects are fully customized, we also continue to expand our portfolio of standard and semi-custom solutions. The PK keypad range provides a flexible platform suitable for a wide variety of vehicle applications, while the HC series addresses the growing demand for ruggedized gamepad-style controllers for demanding environments.

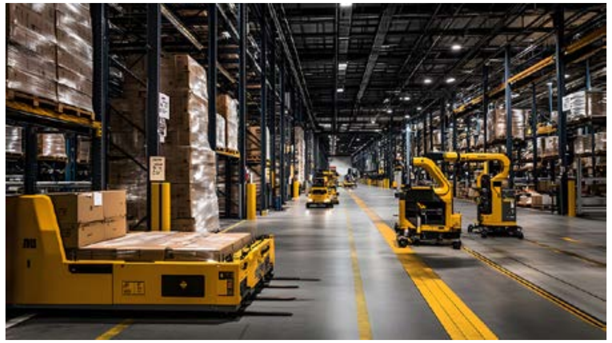
Customer-focused solution portfolio

Safety solutions supporting automation in factories and logistics centers

Challenges

As the use of Automated Guided Forklifts (AGFs) continues to expand in factories and logistics facilities, the need for enhanced safety measures is increasing.

IDEC Solution



mmWave radar sensor

Emergency-stop assist system

As a safety measure, we provide a solution that combines mmWave radar sensors from IDEC ALPS Technologies CORPORATION—a joint venture with ALPS ALPINE CO., LTD.—with IDEC's emergency-stop assist system and fusion cameras.

By leveraging mmWave radar sensors that provide excellent environmental resistance, the solution enables stable detection of people and obstacles without being affected by weather conditions or other environmental factors. In addition, even in unexpected situations, equipment can be remotely operated and stopped using the emergency-stop assist system, thereby ensuring a high level of safety while achieving both productivity and efficiency.

Control panel design, manufacturing, and consulting services for global markets

Challenges

When machinery and equipment manufacturers expand their operations globally, they are required to comply with standards and regulations in each country. However, in some cases, a lack of specialized expertise makes ensuring such compliance challenging.

IDEC Solution

IDEC FACTORY SOLUTIONS CORPORATION (IFS) is registered as a UL 508A–certified manufacturer in the United States, enabling it to support compliance with control panel standards, which represent one of the key barriers to entry in the North American market.

Acting as a system integrator, IFS provides end-to-end support to customers through a comprehensive framework that encompasses pre-design risk assessments, design, manufacturing, and shipment. Leveraging its extensive expertise in electrical design, IFS also offers consulting services on machinery safety in accordance with electrical standards established by the American National Standards Institute (ANSI), specifically ANSI/NFPA 79.

Functional Strategies

Global R&D

Tomonori Nishiki
Senior Executive Officer

Reforming the Global R&D structure and processes

As part of the structural reform of R&D, the IDEC Group has established a three-hub structure comprising Japan, the United States, and Europe. In September 2025, we also established an Innovation Committee consisting of nine representatives from marketing, planning, and development.

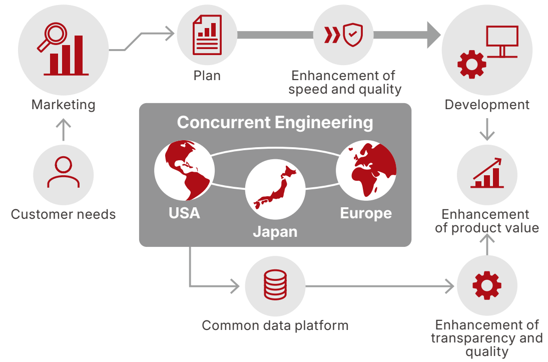
Within the Innovation Committee, we discuss technology strategies with a medium- to long-term perspective based on megatrends and carefully assess technology themes. Shifting from a manufacturer-centric perspective to a customer-centric business mindset, we address technological challenges and feasible technological solutions from a customer-oriented viewpoint. Based on this process, outstanding themes will be selected as innovation projects and advanced into technology development. By engaging in such innovative activities over the medium- to long-term, we will contribute to strengthening the IDEC Group's core technologies and expanding sales of new products.

From a human resources perspective, we are enhancing our development framework that leverages the strengths of each site. This is achieved by sharing a global resource pool that provides visibility into existing technologies, platforms, and engineers' skills, and by appropriately allocating these resources to global development projects. As a result, our ability to rapidly launch initiatives that create customer value and deliver innovative solutions continue to grow.

The reform of Global R&D processes has already been partially implemented and will be expanded further going forward. First, by promoting collaboration between marketing and development from the pre-development stage to formulate plans based on customer needs, we are reducing rework in downstream processes and improving development speed and quality. A framework is also in operation in which relevant departments share information from the earliest stages of the design process and reflect customer requirements early, thereby contributing to enhanced product value.

In addition, we are promoting concurrent development across the three hubs in Japan, the United States, and Europe, enabling design, validation, and preparation for mass production to proceed in parallel, thereby accelerating development speed. Looking ahead, we will establish a platform to centrally manage design and quality data on a global basis, further promoting inter-site collaboration and driving greater development efficiency and transparency.

Reform of Global R&D processes



Quality Assurance

Masaki Tsuri
Executive Officer

Further advancing quality across the IDEC Group

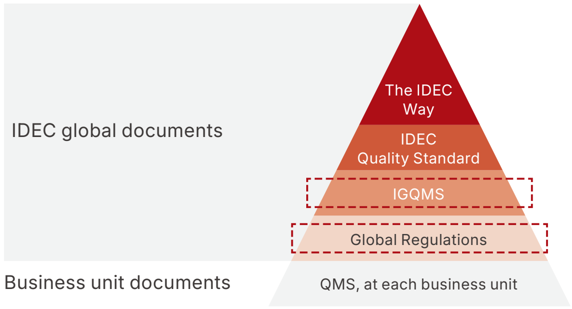
The IDEC Group has established the IDEC Group Quality Management System (IGQMS) to unify quality policies, standards, and decision-making criteria across the entire Group, enabling all sites to act based on a quality mindset that places the customer's perspective as the highest priority. Through this initiative, we will eliminate variations in quality and establish a consistent global quality assurance framework.

In addition, we will analyze global usage environments as well as customer and regional needs, and create mechanisms to reflect these insights from the initial stages of design. By embedding "customer-driven design" as a common standard, we aim to reduce rework and maximize development efficiency.

Through the formalization of rules and standards, mechanisms will be clearly defined to systematically embed quality into the development process and ensure both design quality and manufacturing quality. By establishing a common process from the entry to the exit of the design phase, variations in quality will be significantly reduced while achieving both quality improvement and maximized development efficiency. In addition, through the formulation of IGQMS and related standards and regulations, we will ensure consistency, compliance, and governance across all IDEC Group sites.

At the same time, we are developing structured education systems at each site, including basic quality education and specialized training, to develop skills according to individual roles. By linking quality education with improvement activities and revitalizing QC Circle activities and QRQC (Quick Response Quality Control) activities, we are fostering "Improvement Enablers" who lead continuous improvement through these initiatives. Through this approach, we aim to embed a culture of continuous improvement and further reinforce on-site capabilities.

Diagram of the IDEC Group's global quality framework



About Improvement Enablers

- Develop personnel capable of leading and promoting improvement activities from among experienced QC Circle members.
- Assign one to two Improvement Enablers at each site to establish a sustainable and autonomous culture of continuous improvement across the organization.

Suzhou won first place at the FY2026 IDEC QC Circle Conference

Section 05.

Sustainability & Governance

Foundations Supporting Transformation

Materiality

When formulating its long-term vision for 2050 and interim vision for 2030, IDEC also reviewed materiality, incorporating enhancement of its human capital and governance under the category “Business Foundation.” In 2024, IDEC again reviewed some of its materiality in light of the external environment and other factors. In addition to adding respect for human rights, we also changed our vision for 2030.

Process to select materiality

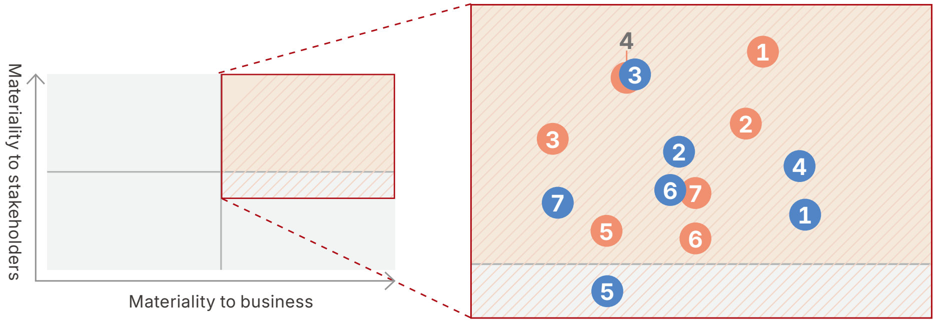
Identifying issues	• Engage in dialogue with stakeholders and assess trends in societal issues. • Understand international frameworks/guidelines and the criteria used by ESG rating agencies.
Analyzing and creating drafts	• Organize and reassess issues at relevant departments. • Ensure consistency with our long-term vision and the medium-term management plan.
Evaluating materiality	• Organize priorities by opportunities and risk themes.
Confirming validity	• Obtain approval from the Board of Directors following confirmation by the Top Management Meeting.

Conduct reviews as appropriate in response to changes in society and the business environment.

Identifying issues and evaluating materiality

Looking ahead to 2030, we evaluated various societal issues from the perspectives of opportunity and risk and mapped them on the two dimensions of materiality to stakeholders and materiality to the IDEC Group.

The themes that are especially significant for realization of a sustainable society in the context of our four materiality are as follows.



Materiality	Productivity Improvement	Safety, ANSHIN, and Well-being	Climate Change	Business Foundation
Opportunities	1 Improvement in customers’ productivity and efficiency by providing control technology and products 2 Improvement in customers’ productivity and efficiency by providing solutions	3 Creation of safe and healthy working environment by providing control and safety-related products and various systems 4 Reduction in labour accidents by providing safety-related products	5 Reduction of environmental impact and strengthening of competitiveness through promotion of development of eco-friendly products	6 Creation of a work environment that gives people a sense of purpose and promotion of the digital transformation to increase labour productivity, secure outstanding talent, and gain new business opportunities 7 Recruitment of people with diverse values and training and development of human resources to create innovation and strengthen competitiveness
Risks	1 Decline in competitiveness due to lack of response to technological innovation, environmental changes, and customer needs 2 Decline in customer satisfaction due to quality and delivery time problems	3 Personal and social hazards resulting from accidents related to products and services 4 Fraud and falsification of inspections, standards certifications, and permits	5 Cost and supply instability due to soaring energy prices and shortage of raw materials	6 Insufficient investment in human capital and a deficient working environment, reducing labour productivity and impeding employee retention 7 Decline in employee engagement and social credibility due to inaction of human rights issues or violations of legislation or standards

Materiality	**Productivity Improvement** Improvement of productivity using control technology	**Safety, ANSHIN, and Well-being** Pursuit and realization of safety, ANSHIN, and well-being	**Climate Change** Response to climate change	**Business Foundation** Establishment of a management structure that promotes value creation, respect for human rights, and development of a corporate culture and human resources
Vision for 2030	• 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.	• 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. • Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking.	• Contribute to reduction of the environmental impact of customers and society through the use of the IDEC Group’s technologies and products. • Reduce CO_2 emissions through the in-house use of renewable energy. • Environmental disclosure and collaborative engagement with stakeholders.	• 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. • Strengthen human capital to cultivate employees who will be able to create new value and innovate. • 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.
Related SDGs	8 Decent work and economic growth 9 Industry, innovation and infrastructure	3 Good health and well-being 5 Gender equality 8 Decent work and economic growth 9 Industry, innovation and infrastructure 11 Sustainable cities and communities	7 Affordable and clean energy 12 Responsible consumption and production 13 Climate action 17 Partnerships for the goals	4 Quality education 5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities

Materiality and Sustainability KPIs

Materiality	Vision for 2030	Sustainability KPIs	FY2025 results	FY2026 results	Targets achieved of FY2026	FY2026-2028 Targets (based on the new medium-term management plan)
Productivity Improvement	•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.	Solution sales ratio	10%	12%		15% or more
Safety, ANSHIN, and Well-being	•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. •Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking.	Safety business sales (vs. FY2025)	10.9 billion yen	12.9 billion yen		1.5x or more
		Frequency rate of industrial accidents*1	0.68	0	✓	0
Climate Change	•Contribute to reduction of the environmental impact of customers and society through the use of the IDEC Group's technologies and products.	Sales of enhanced eco-friendly products	2.1 billion yen	3.5 billion yen		8.2 billion yen
	•Reduce CO_2 emissions through the in-house use of renewable energy. •Environmental disclosure and collaborative engagement with stakeholders.	Reduction ratio of CO_2 emissions (Scope1&2, vs. FY2020)	28.4%	29.5%		35%
		Supplier engagement ratio	—	35%		80%
Business Foundation	•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. •Promoting Diversity, Equity & Inclusion (DE&I) and fostering talent that creates new value and innovation through increased investment in human capital.	Engagement score	—	—		Set KPI after the global engagement surveys in FY2027
		Ratio of males taking childcare leave*1	92.3%	100%	✓	100%
		Ratio of employees with disabilities (Japan)	3.1%	3.3%	✓	3% or more
		Ratio of female managers*1	9.7%	11.9%		12% or more
		Average training costs per person*1	55,000 yen	98,000 yen	✓	70,000 yen or more
	•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.	Human rights and compliance training attendance rate (Japan)	100%	100%	✓	100%
		Number of serious legal violations	0	0	✓	0
		Number of improvement items identified through Board effectiveness evaluations (YoY)*2	44% of items below industry average	41%	✓	20% or more
		Sustainability engagement ratio with suppliers*3	100%	100%	✓	100%
		Audit and follow-up rate for suppliers with low SAQ scores	—	100%	✓	100%

*1 IDEC unconsolidated *2 Definition has been revised from FY2026 *3 Sustainability engagement ratio: SAQ response ratio

Sustainability Management

Basic Sustainability Policy

The IDEC Group has adopted the IDEC GROUP Code of Conduct, the CSR Charter, and the Ten Principles of the United Nations Global Compact as key guiding principles based on "The IDEC Way."

The United Nations Global Compact is an international initiative that aims to realize a sustainable society by encouraging companies and organizations to demonstrate responsible and creative leadership based on Ten Principles in the four areas of Human Rights, Labour, Environment and Anti-Corruption.

The IDEC Group joined the United Nations Global Compact in 2009 and supports its Ten Principles.

WE SUPPORT

More information is available here.
https://www.idec.com/en/sustainability/external-initiatives

Promotion framework

The IDEC Group has established the Sustainability Committee as a body responsible for formulating policies for its sustainability initiatives. The Committee is chaired by the CEO, with participation from Directors, including Outside Directors, and conducts discussions and decision-making at the management level.

Under the Committee, we have established five specialized committees covering the key areas of Environment, Social, and Governance (ESG), plus two additional areas reflecting the Group's strengths—Safety and Quality— together referred to as "ESG+Sa+Q." Each of these specialized committees is chaired by an executive officer and comprises members with relevant expertise and experience.In addition to initiatives in these five areas, "Sustainable procurement," aimed at promoting responsible procurement activities, has been positioned as a priority theme from the perspective of emphasizing responsibility throughout the supply chain.

The Sustainability Committee meets twice a year. Important matters discussed by the Committee are reported to and overseen by the Top Management Meeting and the Board of Directors.

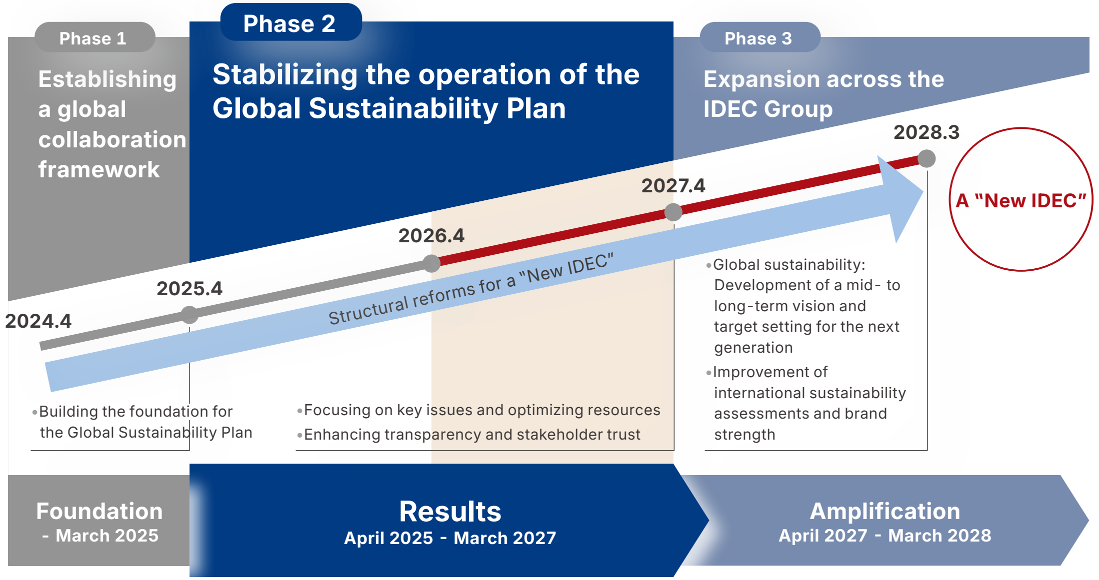
Departmental managers (Sustainability Leaders) ensure that matters discussed and resolved by the Sustainability Committee, as well as their implementation, are thoroughly communicated to all employees through the Sustainability Workplace Training sessions.

Commitment to sustainability

Guided by the CSR Committee established in 2018 (renamed the Sustainability Committee in 2024), we have been working to address social issues through our business activities. Specifically, we have been pursuing improvements in safety, health, and well-being of all stakeholders through our support and involvement in the Vision Zero campaign promoted by the International Social Security Association (ISSA) under the auspices of the International Labour Organization (ILO). In addition, we are addressing global environmental issues such as climate change and strengthening our corporate foundation by identifying and responding to risks and opportunities.

New Plan : The Global Sustainability Plan (FY2026-2028)

The IDEC Group has formulated new sustainability plan for the period from FY2026 through FY2028 to respond to rapid changes in the international community and increasingly diverse social issues, and to achieve both enhanced competitiveness and the fulfillment of social responsibility. Based on the global collaboration framework established in FY2025, and in accordance with this plan—aligned with the structural reforms toward a "New IDEC" and the medium-term management plan—each specialized committee proactively drives initiatives in its respective area, exercising leadership to achieve its KPIs.



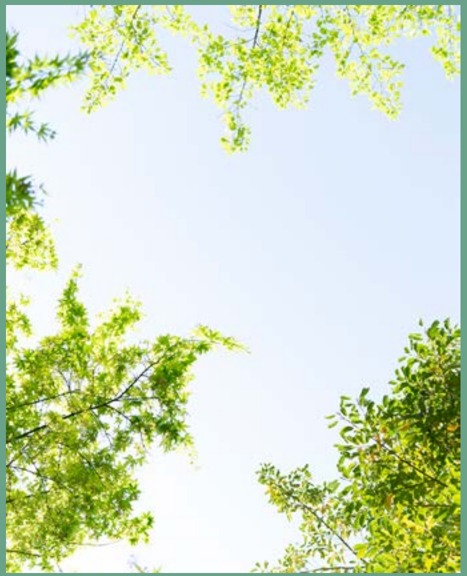
E
Environment

Related materiality

Climate Change

Key sustainability KPIs (FY2026-2028)

Sales of enhanced eco-friendly products:
8.2 billion yen
Reduction ratio of CO_2 emissions:
35% (Scope1&2, vs. FY2020)
Supplier engagement ratio:
80%



The environmental management of the IDEC Group

The IDEC Group aims to create an optimum environment for humans and machines, and to achieve safety, ANSHIN and well-being for people around the world. We regard the preservation of the global environment as the highest priority in all aspects of our business activities.

In 2024, we renewed our Environmental Policy as a set of guidelines for meeting social demands from various stakeholders and fulfilling corporate social responsibilities. In addition, we have held up the realization of carbon neutrality as our view for 2050 and incorporated it into one of our long-term visions.

In 2025, we established new sustainability KPIs aimed at linking our efforts to address environmental issues with contributions to our business activities, in conjunction with the renewal of medium-term management plan. The KPIs consist of three targets: (1) Sales of enhanced eco-friendly products: 8.2 billion yen, (2) Reduction ratio of CO_2 emissions: 35% (vs. FY2020), and (3) Supplier engagement ratio: 80% based on transaction value. For each KPI, we have established annual milestones and review progress on a quarterly basis, while working toward the achievement of these new KPIs across the entire IDEC Group.

Alongside our initiatives based on the new sustainability KPIs, we are advancing efforts to realize a circular society by reducing environmental impacts from our business activities, including waste reduction and the introduction of recycled materials, with a focus on our major global manufacturing sites.

Through these initiatives, we aim to achieve both conservation of the global environment and the sustainable growth in our business activities.

More information is available here.
https://www.idec.com/en/sustainability/environment/management

Environment-related sustainability KPIs

1. Sales of enhanced eco-friendly products: 8.2 billion yen

As an indicator for measuring the financial contribution generated by environmentally conscious initiatives in product development, we have set sales of enhanced eco-friendly products as a KPI. This target is based on estimated sales of enhanced eco-friendly products previously launched, as well as products scheduled to be introduced under the medium-term management plan that are expected to qualify as eco-friendly products. As of the end of FY2026, sales of enhanced eco-friendly products amounted to 3.5 billion yen, progressing in line with the plan.

Examples of the IDEC Group's enhanced eco-friendly product lineup

Top row from left: KW2D, CW4P, HG2J
Bottom row from left: SA2E-EX, XA1E, FS1B

2. Reduction ratio of CO_2 emissions: 35%(Scope1&2, vs. FY2020)

To achieve carbon neutrality by 2050, we have set the reduction ratio of CO_2 emissions as a KPI. In FY2026, CO_2 emissions amounted to 8,420t-CO_2, representing a reduction of 29.5% from the baseline year FY2020 level of 11,943 t-CO_2.

To achieve a 35% reduction by the end of FY2028, we plan to promote measures to lower emissions, including the increased adoption of hybrid company vehicles, the expanded use of green electricity, and the electrification of heat sources.

Reduction ratio of CO_2 emissions
(vs. FY2020)(Scope1&2)

	FY2026	FY2027 plan	FY2028 plan
Reduction ratio	30%	31%	35%
Result	29.5%*	-	-
Progress	△	-	-

* Estimated value. The finalized values will be disclosed on the website after September 2026.
https://www.idec.com/en/sustainability/environment/management

3. Supplier engagement ratio: 80% (based on transaction value)

In FY2026, we conducted questionnaires targeting key suppliers at our major global manufacturing sites to gain an understanding of the current status of their environmental initiatives and to initiate collaborative relationships with them.

In FY2027, based on an analysis of the survey results, we aim to achieve a supplier engagement ratio of 50% with key suppliers.

Supplier engagement ratio (Global)

	FY2026	FY2027 plan	FY2028 plan
Engagement ratio	25%	50%	80%
Result	35%	-	-
Progress	○	-	-

Development of eco-friendly products

Since our founding in 1945, the IDEC Group has been developing its business with consideration for the environment, under the "SAVE ALL" policy introduced in 1982, based on the concept of saving and reducing. In FY2023, we revised the Procedure Manual for the Development of Eco-Friendly Products and are working to develop products with a focus on environmental considerations from the first stage of the product development process.

The procedure manual evaluates the degree of environmental consideration based on IDEC's own criteria, such as resource conservation, energy saving improvement, and longevity. Based on these criteria, we develop products with the aim of achieving decarbonization. Products evaluated as having a high degree of contribution are certified as eco-friendly products and disclosed in catalogs and other media by affixing IDEC's own original eco mark, in accordance with ISO/JIS Q 14021 (Type II).

Evaluation items for eco-friendly products (excerpt)

Improvement of energy saving (high efficiency)	Energy-saving product design
Resource-saving (materials)	Reduction of materials used
Resource-saving (packages, packaging materials, etc.)	Reduction of packaging materials, paperless and label-less
Space-saving, weight reduction	Miniaturization and weight reduction compared to existing products
Reduction of man-hours	Improvement of production efficiency
Recycling	Adoption of recyclable materials
Adoption of eco-friendly materials (parts)	Application to components, packaging materials, and transportation materials
Ease of product disassembly	Design with no adhesive, screw reduction
Longer service life	Adoption of long-life parts, ease of maintenance

■Examples of eco-friendly products

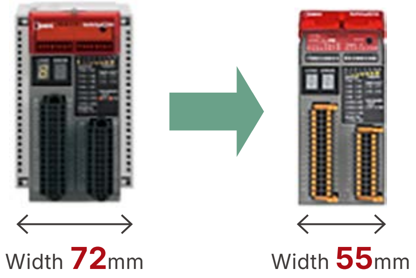
Safety controller "FS1B series"

The "FS1B series" safety controller comes preloaded with 24 circuit patterns that are frequently used in manufacturing environments and have already obtained safety certification (TÜV Rheinland). This enables customers to easily build safety systems and obtain safety certification without the need for complex programming.

■Eco-friendly points

1. Saving resources and space

By reviewing and optimizing internal circuitry, we reduced the number of electronic components used, resulting in a 15% reduction in product weight compared with conventional models. In addition, by reducing the product's width, we achieve space savings that also contribute to the downsizing of installed equipment.



2. Ease of disassembly

We design our products without the use of screws or adhesives so that customers can easily disassemble and dispose of components in consideration of recycling when the products are discarded.

Communication and information disclosure

■External environmental evaluations

In the "CDP Climate Change Report 2025" published by CDP in November 2025, we received a "B" score for the third consecutive year since 2023. While we achieved A or A– scores in many climate change categories—such as business strategy, initiatives to reduce CO_2 emissions, governance, dependencies and impacts, and processes for risks and opportunities—challenges remained in the areas of third-party verification and target setting.

For CDP Water 2025, we received a B– score, the same as in 2024, while the Supplier Engagement score improved significantly to B, up from D in 2024.

Climate CDP 2025 B | Water CDP 2025 B-

In EcoVadis 2026, we scored 78 points in the environmental category, an improvement of three points from 2025. Our overall score of the IDEC Group reached a record high of 66 points, earning a Bronze Medal for the second consecutive year.

BRONZE | Top 35% ecovadis Sustainability Rating FEB 2026

More information is available here. "EcoVadis awards page" https://recognition.ecovadis.com/32CioXRx10u3rTOpYPRdvA

Realization of a circular society

■Reduction of environmental impact

At IDEC Group manufacturing sites, we are making continued efforts to reduce plastic waste and make efficient use of resources. We regrind and recycle plastic waste generated in the molding processes in the initial stages of production by crushing/grinding and granulating and engage in paid collection of plastic of waste. In FY2026, a total of 8,341 kg of plastic materials were reused through regrinding, and approximately 40.8 tons of plastic waste were sold as raw materials for recycled resin and textile products, including shirts. We are also advancing initiatives such as considering the introduction of recycled plastics and biomass-blended plastics, as well as promoting the use of biomass-blended packaging materials for consumables other than products.

Since FY2026, the reduction of industrial waste has been addressed as a priority issue instead of a sustainability KPI, with initiatives continuing on a global basis. Reduction targets for both general and industrial waste are set at each manufacturing site, and a system has been introduced to report progress toward these targets on a quarterly basis. Data for the past three years are disclosed as non-financial information together with figures for water and electricity consumption and the ratio of renewable energy usage.

Non-Financial Data: Environment p.66

■Environmental training

Regarding the environmental training, we publish articles in the "Environment Words" series on our intranet in FY2026 as well. The environmental e-learning program, which has been implemented since 2022, has been expanded to include Simplified Chinese and Traditional Chinese versions. This expansion was made in response to requests from local sites in Suzhou and Taiwan, in addition to the existing Japanese and English versions.

Through these efforts, many employees are enhancing their awareness of environmental issues and actively engaging in self-development.

Training materials translated by members of the Global Environmental Management System Steering Committee from IDEC IZUMI SUZHOU (left) and IDEC IZUMI TAIWAN (right)

Index
Introduction
Messages from Management
Value Creation Story
Strategy & Business
Sustainability & Governance
Data

Task Force on nature-related financial disclosures (TNFD)

The IDEC Group's environmental-related disclosures have been aligned with IFRS S2 since 2024. However, stakeholder expectations are expanding beyond climate change to include nature-related issues, such as biodiversity based on the Taskforce on Nature-related Financial Disclosures (TNFD). In response, from FY2026 we have begun preparations to disclose information based on the TNFD framework and to identify and assess nature-related issues by using the LEAP approach (Locate, Evaluate, Assess, Prepare) for evaluating nature-related risks and opportunities. Utilizing the LEAP approach, we will disclose information in line with the four pillars of the TNFD framework: governance, strategy, risk and impact management, and metrics and targets.

■Governance

The Board of Directors oversees material sustainability matters, including climate change and TNFD-related issues.

More information is available here.
https://www.idec.com/en/sustainability/environment/disclosure

■Strategy

To clarify the relationship between our business activities and their dependencies and impacts on nature, we conducted a materiality assessment using the external tool ENCORE. While the dependency and impact items identified by ENCORE represent industry-wide, general items, some of them did not fully reflect the specific characteristics of our business activities. Accordingly, from the results of the materiality assessment, we identified water supply as a key dependency, and CO_2 emissions as well as the discharge of hazardous pollutants into water and soil as key impacts that are highly relevant to the IDEC Group's business activities. Based on ENCORE's analysis, we identified four types of natural capital on which the IDEC Group's business activities depend: water, soil, biodiversity, and minerals.

■Risk and impact management

In considering nature-related risks and opportunities, we conducted risk and opportunity workshops in Japan, China, Taiwan, and Thailand. During these workshops, we discussed the IDEC Group's dependencies on and impacts on natural capital, as well as related risks and opportunities associated with our business activities. For details of risks and opportunities by category, please refer to our website.

2026 Workshops: Japan (left) and Suzhou, China (right)

Major dependencies and impact by natural capital

Natural capital	Major Dependencies (●) / Impact (●)
Water resources	●Manufacturing water use (molding, cooling, cleaning, chemical processes, etc.) ●Impact on depletion due to resource use
Soil	●Land use for factories and offices ●Impact on ecosystems due to soil degradation and land-use change
Biodiversity	●Impacts on biodiversity from the use and disposal of timber materials and toxics ●Impact by the unintended use or disposal of toxics
Metal and mineral resources	●Supply chain dependence on metals and mineral resources ●Impact on depletion of metals due to component use
Atmosphere	●Use of sunlight for solar power generation
Land geology	●Petroleum consumption from plastic packaging use
Marine geology	●Supply chain marine transport, port use and seabed resource mining

More information is available here.
https://www.idec.com/en/sustainability/environment/disclosure

■Metrics and targets

As measurable indicators for our business activities, we selected four metrics from those defined by the TNFD. Going forward, we plan to proceed with setting target values and measuring performance for each of these indicators.

Metrics	Measurement metrics	Elements applicable to IDEC
GHG emissions	Refer to ISSB's IFRS-S2 Climate-related Disclosures Standard	CO_2 emissions
Water withdrawal and consumption	Water withdrawal and consumption (m^3) from areas of water scarcity, including identification of water source	Water consumption by site and overall

Category	Measurement metrics	Elements applicable to IDEC
Risk	Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts	Non-financial indicator
Opportunity	Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts	Sales of enhanced eco-friendly products

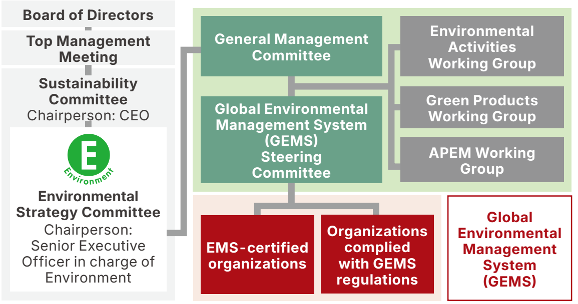
Information disclosure based on the IFRS-S2 Sustainability Disclosure Standards

■Governance

The Environmental Strategy Committee, a specialist committee of the Sustainability Committee chaired by the CEO, plays a key role in our efforts to disclose climate-related financial information. The Environmental Strategy Committee is composed of employees from various departments and meets every other month under direction by the Senior Executive Officer in charge of the Environment. Decisions made by the Environmental Strategy Committee are discussed by the Sustainability Committee, reported to the Top Management Meeting for approval, then reported to the Board of Directors for final approval. Progress on the goals set in the sustainability KPIs is reviewed every other month, and response measures are discussed if things are not progressing as planned.

As part of our global governance structure, in FY2025 we established and launched a Global Environmental Management System Steering Committee. The committee consists of members from IDEC head office, Japanese group companies, and bases in USA, Suzhou, Taiwan, Thailand, and each APEM site (France, UK, Tunisia), and holds quarterly Steering Committee meetings. The committee checks progress on environmental issues, shares information on topics such as waste, environmentally friendly materials, and the introduction of recycled plastics, and discusses environmental issues.

Framework on the environmental governance



■Strategy:Climate resilience

Although the Announced Pledges Scenario (APS) was removed from the key scenarios of the *World Energy Outlook 2025 (WEO 2025)* and the Current Policies Scenario (CPS) was reinstated—indicating a degree of stagnation in global climate change mitigation efforts—the IDEC Group's selected scenarios for FY2026 remain the same as in the previous year. For transition risks, we adopted the WEO 2025 Stated Policies Scenario (STEPS, 2.6°C scenario) and the Net Zero Emissions Scenario (NZE, 1.5°C scenario). For physical risks, we adopted RCP2.6 (2°C scenario) and RCP8.5 (4°C scenario). These scenarios were used as references in formulating the IDEC Group's world view.

■Strategy:Transition plan

More information is available here.
https://www.idec.com/en/sustainability/environment/management

■Strategy:Climate change risks and opportunities

Centered on the Environmental Strategy Committee, we identified climate-related risks and opportunities that are reasonably expected to affect the IDEC Group's outlook, with reference to the climate-related risk and opportunity items in the CDP questionnaire, one of the global standards for environmental disclosure. In doing so, we referenced and considered the applicability of the "Industry-based Guidance on implementing Climate-related Disclosures" (Electrical & Electronic Equipment) defined under the application guidance for IFRS-S2 Climate-related Disclosure Standard. Through this process, we identified transition risks and physical risks, assessed the impacts of climate-related risks and opportunities that are reasonably expected to occur over the short, medium, or long term, identified their potential financial impacts, and defined the relevant time horizons.

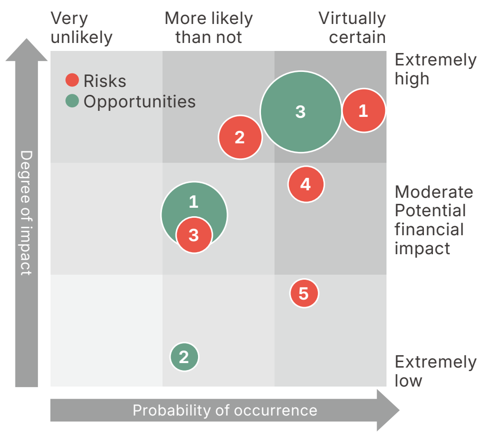
■Risk Management

For each of the climate-related risks and opportunities identified by the Environmental Strategy Committee, we considered the likelihood of occurrence, degree of impact, and amount of potential financial impact, and compiled them into a risk and opportunity map. Until now, we have identified climate-related risks and opportunities on an annual basis; going forward, we plan to identify climate-related risks and opportunities, nature-related risks and opportunities on an alternating, biennial basis.

The identified results and risk items that have been assessed as important in our mapping are managed by referring to an integrated risk map for the IDEC Group. They are also reflected in the risks and opportunities associated with natural capital, one of our materialities.

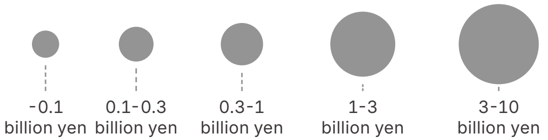
The Environment Promotion Department lists environmental risk management items on an annual risk management table, specifies performance indicators, and reports the state of achievement to the Risk Monitoring Subcommittee.

Mapping of climate-related risks and opportunities



* Numbers on the map correspond to the contents listed in right "Lists of major climate change risks/opportunities".

Potential financial impact



List of major climate change risks

Category		Item
Transition risks	Market	❶ Increase in raw material costs
		❷ Growing environmental awareness among customers and investors
	Technology	❸ Delay in relative to competitors in the transition of existing and new products to low-emission/low-carbon technologies
	Regulations	❹ Tendency of carbon pricing
Physical risks	Urgent / chronic	❺ Natural disasters (heavy rain, hail, snow/ice, cyclones, hurricanes, typhoons, floods, inundation, earthquakes) and temperature rise

List of major climate change opportunities

Category	Item
Resource efficiency	❶ Demand for low-emission products and a diverse variety of new products and services through R&D and technological innovation
	❷ Shift to alternative materials / diversification / new technologies
Products and services	❸ Transition to distributed energy generation and the creation of new markets

■Metrics and targets

The IDEC Group aims to achieve carbon neutrality by 2050. To reduce CO_2 emissions, in our sustainability KPIs we have set the targets of reducing Scope 1 and Scope 2 CO_2 emissions by 35% by FY2028 and 50% by FY2031 (both compared to FY2020). Regarding the internal carbon price (ICP), which was introduced in FY2023, we set the price at ¥14,000 per ton, unchanged from FY2026. While the impact of ICP on environmental investment decision-making is not yet sufficient, the Environmental Strategy Committee is working to raise awareness within the Group by introducing model cases of ICP utilization on the intranet.

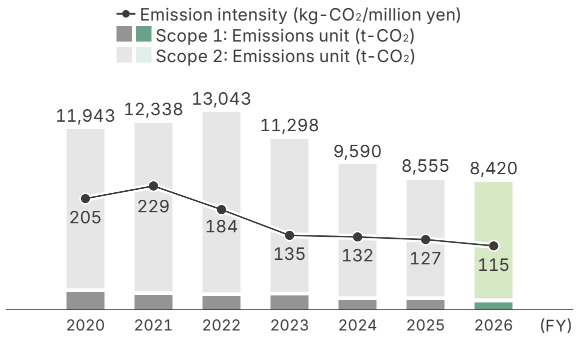
Our return on carbon (ROC) profit ratio, which indicates how much CO_2 was reduced and how efficiently profits were earned, has continued to decline in line with the decrease in operating profit since FY2024. However, in FY2026, ROC improved significantly, reflecting the increase in operating profit.

Although Scope 2 in FY2026 increased, reflecting the recovery in sales, CO_2 emission intensity, Scope 1 and Scope 3 decreased compared with FY2025. As an initiative in FY2026, on-site power generation facilities at the Tatsuno Distribution Center commenced operation, contributing to a reduction in CO_2 emissions.

Going forward, we will continue our efforts to achieve our new sustainability KPIs and further reduce CO_2 emissions by considering the global introduction of solar power generation facilities, switching to electricity with lower emission factors, and promoting higher operating rates at each factory.

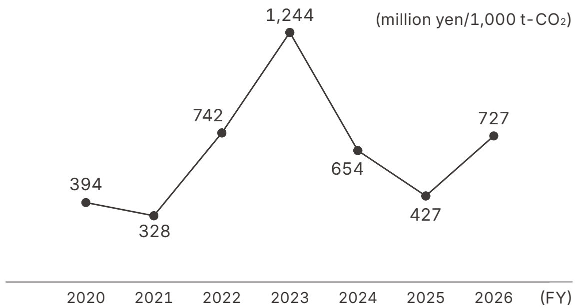
CO_2 emissions Scope 1 & 2

(IDEC consolidated)



Return On Carbon (ROC) ratio

(IDEC consolidated)



CO_2 emissions

(IDEC consolidated)

(t-CO_2)

	Scope 1	Scope 2	Scope 3 upstream	Scope 3 downstream
FY2020	1,152	10,791	-	-
FY2021	948	11,390	-	-
FY2022	897	12,146	-	-
FY2023	925	10,373	214,009	870,694
FY2024	624	8,966	184,687	634,324
FY2025	634	7,921	173,512	579,758
FY2026	486	7,934	171,093	557,396

S

Social

Human Capital

Related materiality

Business Foundation

Key sustainability KPIs (FY2026-2028)

Ratio of female managers (IDEC unconsolidated):
12% or more

Ratio of males taking childcare leave (IDEC unconsolidated):
100%

Average training costs per person (IDEC unconsolidated):
70,000 yen or more

Human resource strategy and promotion structure

Within the Strategic Planning Division—which oversees departments including the Strategic Planning Department and the Human Resources and General Affairs Department—we formulate management strategy and human resources strategy in an integrated manner. The Division is also responsible for developing the long-term vision, the medium-term management plan, and sustainability KPIs, as well as managing corporate resources.

Working in close collaboration with our sites in the United States and France, we formulate and promote human resources strategies on a global basis. Important matters are submitted to the Top Management Meeting for policy determination and subsequently reported to the Board of Directors.

Recently, we have been strengthening management capabilities among managerial personnel, who form the backbone of the organization, as well as enhancing language education programs to support further globalization.

Steps for promotion to managerial positions

Pre-training assessment
- Assessment of managerial perspective of candidates for section managers
- Evaluation of problem-solving capabilities
- Assessment of influence on surrounding team members

ILCP (pre-promotion training program for section manager)
- Lectures delivered by Outside Directors
- Future forecasting discussions

Assessment-based training
- Evaluation of decision-making capabilities
- Assessment of influence on team members

Internal promotion examination
- Assessment of problem-solving and decision-making capabilities
- Evaluation of English language proficiency
- Assessment of AI literacy

We have a careful and structured process for appointments to section manager positions. For many years, we have conducted a pre-promotion training program titled the ILCP (IDEC Leadership Challenge Program), designed for candidates prior to promotion to section manager. Through not only external training programs but also lectures delivered by Outside Directors and future forecasting discussions, this program provides opportunities to cultivate the broad perspective, mindset, and viewpoints required of section managers. In FY2026, we further introduced a "pre-training assessment," creating a new opportunity for candidates to deepen self-reflection on their managerial perspective, problem-solving capabilities, and influence on those around them as potential section managers.

In addition, we raised the mandatory English proficiency standards for the internal promotion examination and made AI literacy certification a requirement. Based on the medium-term management plan, we are reviewing the required skill set for section managers.

Furthermore, even after promotion, we provide opportunities every other year to receive feedback on organizational and people management from multiple perspectives, including supervisors, peers, and subordinates. By continuously offering opportunities for self-reflection, we are strengthening managerial capabilities across the organization.

Expansion of the language study abroad program

Starting in FY2026, we have fully launched a language study abroad program under which the Company covers approximately 60–70% of the costs for English coaching and overseas study. In the first year of the program, 11 employees were nominated, and 5 were selected to study abroad. All participants achieved the English proficiency level required for mandatory overseas assignments, with some participants improving their skills to near-native proficiency. By implementing language study abroad programs on an annual basis, we aim to build a robust pool of talent capable of conducting business effectively in English.

The Language study abroad program

Plan to introduce a talent management system

With the aim of expanding the visibility of talent information—currently limited to Japan—to a global scale, we are advancing plans to introduce a talent management system. In FY2026, the IT and HR departments jointly conducted system selection, and from FY2027, we will proceed with system implementation in collaboration with the HR departments of each group company. In FY2028, we plan to implement a global succession planning process utilizing the talent management system.

Engagement survey in Japan

The two engagement surveys conducted in Japan so far were carried out through FY2026, which marked the conclusion of the current survey cycle.

Engagement survey results in Japan

Item		FY 2020	FY 2023	FY 2026
Overall attractiveness of the company		**3.01**	**3.12**	**2.94**
Key Elements	•Attractiveness of management initiatives	3.11	3.21	3.06
	•Employee benefits	2.98	2.66	2.91
	•Human resources development	2.89	2.91	2.95
Overall attractiveness of the workplace		**3.12**	**3.16**	**3.10**
Key Elements	•Workplace vitality	3.06	3.18	3.22
	•Perceived workload	2.84	2.78	2.73
	•Workplace communication	3.10	3.15	3.21

■Initiatives in Japan since FY2020

Based on the results of the FY2020 engagement survey, we implemented initiatives such as the establishment of an in-house corporate clinic, enhancement of employee cafeterias, and promotion of flexible working styles. While scores related to employee benefits stagnated in FY2023 amid the COVID-19 pandemic, we were able to restore them by FY2026. In the area of human resources development, we worked to enhance self-development programs, expand the range of company-sponsored English language training, and strengthen selective training programs. As a result, steady improvements were achieved from FY2020 through FY2026.

These initiatives have also generated a virtuous cycle, leading to improved scores for "workplace vitality" and "workplace communication." On the other hand, influenced by the ongoing structural reforms and the promotion of globalization and DX, the score for "attractiveness of management initiatives" declined significantly in FY2026. In addition, the number of employees citing a high "perceived workload" has been increasing with each successive survey.

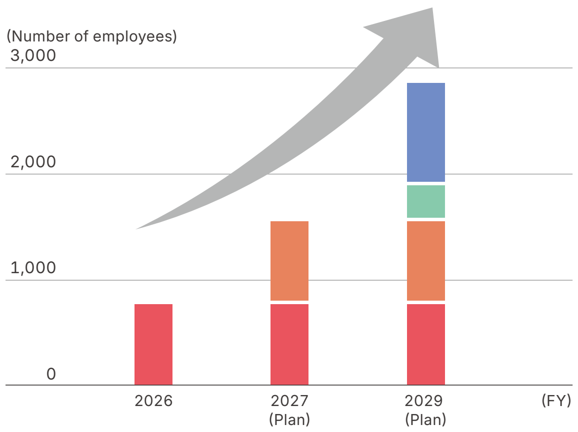
In response to these results, starting in spring 2026, we have been creating opportunities for direct dialogue between management and employees to further promote internal understanding of management initiatives. We are also strengthening evaluator training to enhance managers' ability to motivate their teams, while actively promoting the recruitment of external talent.

By strengthening human resources development, we are also contributing to the enhancement of workplace vitality

Global engagement survey

We have decided to conduct a global engagement survey in autumn 2026 and to utilize the results to inform global HR initiatives. The global engagement survey in FY2027 will be conducted in Japan and the Asia region. In FY2029, we plan to expand the survey to all regions, including the United States, and EMEA.

Global engagement survey: Future plans



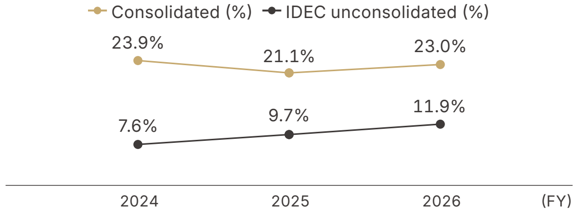
Initiatives to promote women's advancement

At IDEC on an unconsolidated basis, we have set a KPI of achieving a ratio of female managers of 12% or more by FY2028, and are implementing initiatives such as the delivery of selective training programs for women and the proactive recruitment of senior female management personnel.

In March 2026, we held a "Leadership Session" for female employees at the assistant manager level and above, welcoming an Outside Director as a guest speaker. This session was designed to provide participants with an opportunity to reflect on their own management styles while reconsidering the roles expected of them and their future career paths. Participants commented that the session enabled them to "reaffirm their personal strengths" and "aspire to demonstrate leadership while valuing their individuality."

Going forward, we will continue to foster a workplace culture in which leadership can be exercised regardless of gender, while simultaneously promoting capability development and proactive appointments. Through these efforts, we aim to build an organization capable of generating further innovation.

Ratio of female managers



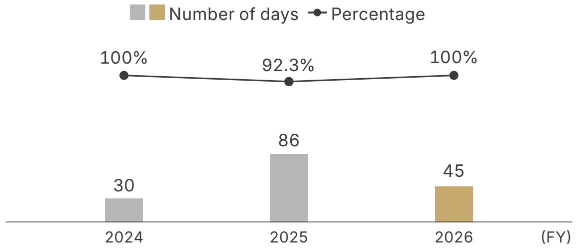
Leadership session for female employees

Ratio of males taking childcare leave

At IDEC on an unconsolidated basis, we have been improving the work environment to make it easier for employees to take parental and family care leave by introducing an allowance for employees who take over duties from those on leave, effective April 2026.

Number of days of childcare leave taken by male employees and percentage of employees taking leave

(IDEC unconsolidated)



Initiatives to promote the employment of people with disabilities

In Japan, we have established an administrative support team responsible for handling company-wide general administrative tasks, thereby contributing to improvements in overall organizational productivity.

For example, the team undertakes a wide range of tasks, including converting paper-based materials into PDF format, sorting and delivering internal mail, and cleaning company facilities. By organizing teams in line with the individual aptitudes of each member, the team contributes to operations across the entire organization.

Safety, Health, and Well-being

Related materiality

Business Foundation

Key sustainability KPIs (FY2026-2028)

Safety business sales: **1.5x or more (vs. FY2025)**

Frequency rate of industrial accidents (IDEC unconsolidated): **0**

S

Basic approach

Since its founding in 1945 as Izumi Shokai, the IDEC Group has been committed to "management with respect for humanity," which forms the foundation of IDEC's approach to well-being. Our management philosophy, "The IDEC Way," established in 2019, positions this principle as the foundation of our Vision, Mission, and Core Values. Based on this philosophy, we are engaged in a wide range of initiatives to enhance the well-being of our employees.

Under our purpose—"Create the optimum environment for humans and machines and achieve safety, ANSHIN, and well-being for people around the world"—we develop products that protect human life even under unforeseen circumstances. These efforts are based on the premise that people make mistakes and machines can fail.

Furthermore, we aim to realize a society in which everyone can live safely, healthily, and with happiness and vitality.

Occupational health and safety initiatives

As a company dedicated to creating safety, the IDEC Group positions workplace safety as its most important management foundation and promotes the acquisition and operation of certifications such as ISO 45001 at all manufacturing sites. By establishing a safety management system based on international standards, we clarify the roles and responsibilities of all employees and promote safety and health activities. At each manufacturing site, the factory manager conducts regular reviews to assess the effectiveness of these activities and identify areas for improvement. As of the end of FY2026, nine of the Group's 16 global manufacturing sites have obtained ISO 45001 certification, and we aim to achieve certification at all manufacturing sites (100%) by FY2028.

Through these initiatives, we aim not only to reduce the risk of accidents and disasters, but also to enhance business continuity and foster a sense of security and trust among employees, thereby increasing corporate value.

Collaborative safety initiatives with the international community

The IDEC Group is advancing initiatives aimed at realizing a society in which everyone can live safely, healthily, and with vitality, based on technological innovation, human resource development, international rulemaking, and strong commitment from top management. In addition, we have endorsed and joined the "Vision Zero" campaign promoted by the ISSA (International Social Security Association), a strategic partner of the ILO (International Labour Organization), and have been systematically promoting the prevention of occupational accidents, illnesses, and work related risks under the leadership of specialized departments. In July 2025, we participated in "the Gift for the Future Safety, Health, & Well-being for All," organized by the Global Initiative for Safety, Health & Well being (GISHW) at Expo 2025 Osaka, Kansai, where we communicated to the international community the value of "Collaborative Safety" advocated by the IDEC Group. Through broad participation in major programs—including a High-Level Summit, an international standardization forum, an international symposium, the ILO Youth Congress, and exhibitions—we demonstrated IDEC's capability to implement integrated solutions combining technology, rules, and human resource development.

Opening Speech by Dr. Toshihiro Fujita, Chief Safety, Health and Well-being Officer, at the High-Level Summit

Participants from 68 countries and regions, including international organizations such as the ILO and WHO, domestic institutions, G20 delegations, and companies and organizations, gathered to discuss policies, technologies, standardization, and other topics aimed at realizing a sustainable well being society.

Health and Productivity Management

■Basic policy

Under "the IDEC Group Health Declaration," the IDEC Group positions employee safety, ANSHIN, and well-being at the core of its human capital strategy. We regard employee health as an investment that serves as a driving force for sustainable growth and promote prevention, treatment, workplace support, and behavioral change in an integrated manner. Our health and productivity management promotion project team continuously operates the PDCA cycle and, in collaboration with relevant departments, regularly reports the progress of initiatives and related issues to the executive officer in charge, thereby advancing the development of a safe, healthy, and comfortable working environment, both physically and mentally.

In FY2026, through the initiatives outlined below, we worked to prevent health issues and address them at an early stage, while maintaining and improving productivity, strengthening employee engagement, and enhancing recruitment and retention, thereby contributing to the continuous enhancement of corporate value. Going forward, we will begin continuous monitoring of presenteeism indicators and advance the quantification of their impact on management.

More information is available here.
https://www.idec.com/en/sustainability/social/health

Key initiatives in FY2026

Priority measures	Details
Enhancing access to healthcare	• **Launched online medical consultations in Japan in March 2025** (Online consultations provided by the in-house corporate clinic located in the welfare building at the head office) Expanded coverage to include all employees in Japan outside the head office. • **Launched a smoking cessation outpatient program in January 2026** Expanded support for maintaining and promoting employee health by creating an environment that enables employees to easily access medical care.
Advancing mental health initiatives	• **Conducted stress checks at all sites in Japan, including those with fewer than 50 employees** Shared organizational analysis reports with department heads to identify workplace issues and promote improvements. • **Conducted one-on-one meetings between occupational physicians and all managers** Shared the significance of health promotion and discussed issues to enhance the quality of line care. • **Conducted mental health training for all employees in Japan (1,058 employees), achieving a 100% participation rate** • **Reorganized the Counseling Office in Japan** Strengthened coordination through collaboration among external advisors, in-house certified personnel, and the executive officer in charge. This enables early detection and response, contributing to the prevention of health issues and the improvement of organizational productivity.
Promoting behavioral change and social contribution	• **Held a Global Walking Challenge** Achieved a total of 52,322,921 steps (equivalent to approximately one full lap around the Earth) and made donations to international NGOs based on the number of steps recorded. • **This initiative contributed to both health promotion and social contribution, while also fostering a sense of unity across the global organization.**
Promoting women's health	• **Conducted a "Health Issues Survey" targeting full time employees (including men)** Identified and analyzed the factors related to (1) the adequacy and ease of use of systems, (2) literacy among men and the company wide educational environment, and (3) psychological safety. Going forward, we will formulate and implement measures to address these issues.

Human Rights

Related materiality

Business Foundation

Key sustainability KPI (FY2026-2028)

Human rights and compliance training attendance rate:
100% (Japan)

S

Our approach

Since its founding in 1945, the IDEC Group has promoted "Management with Respect for Humanity," which is also positioned as our corporate philosophy, "The IDEC Way". We respect humanity and strive to avoid discrimination in any form, including race, color, age, gender, sexual orientation, gender identity, sexual expression, ethnicity, nationality, disability, pregnancy, religion, political party affiliation, labour union affiliation, military experience, protected genetic information, and marital status.

As a company engaged in business globally, we embody international principles and norms, including the United Nations Guiding Principles on Business and Human Rights. We strive to respect human rights and recognize the need to mitigate or prevent any adverse impacts of our corporate activities have on the human rights of various stakeholders.

We have established a Human Rights Policy to ensure that all people involved with the IDEC Group have a strong awareness of human rights and contribute to the sustainable development of society. We formulated a new IDEC Human Rights Statement and revised our Human Rights Policy in 2023. We expect all business partners including suppliers, to understand and support this policy, and continuously encourage them to respect it.

Prohibition of forced and child labour

The IDEC Group's Human Rights Policy prohibits all forms of forced labour and child labour including slavery and human trafficking. This also applies to the supply chain. In the IDEC Group's Sustainable Procurement Guidelines, we prohibit forced labour, including slavery and human trafficking, and require our suppliers to comply with those stipulations.

International principles and codes of conduct endorsed by the IDEC Group

- The Ten Principles of the United Nations Global Compact
- United Nations Guiding Principles on Business and Human Rights
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, Children's Rights and Business Principles
- The Responsible Business Alliance (RBA) Code of Conduct

Implementation structure

In 2024, we established a Human Rights Subcommittee within the Risk Management Committee to lead our human rights initiatives. The Risk Management Committee is a specialized committee within the Sustainability Committee, which is chaired by the CEO. Activities of the Human Rights Subcommittee are also reported to the Board of Directors through the Sustainability Committee.

The Human Rights Subcommittee under Executive Officer in charge of Strategic Planning monitors the status of human rights initiatives and activities globally, clarifies action items, and implements them in coordination with related functions as appropriate.

Human rights issue response process

In FY2024, we clarified the processes for promoting human rights initiatives. In FY2025, we conducted human rights impact assessments, identified key human rights issues, and implemented supplier self-assessments. In FY2026, during the first half of the fiscal year, we conducted a survey at IDEC head office and Japanese manufacturing sites to assess the working environment and systems for minority employees. In the second half, we carried out a company-wide survey as part of our human rights due diligence and disclosed the results internally.

In addition, as part of our efforts to strengthen human rights grievance mechanisms, we continue to address issues through the existing IDEC Hotline. In FY2026, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) and are currently making preparations for external disclosure.

In FY2027, we will expand human rights due diligence for employees to include both Japan and overseas group companies.

Human rights issue response process

	Establishment of Policies	**FY2024** • Formulation of the IDEC Human Rights Statement and revision of the IDEC Human Rights Policy • Disclosure of the statement and policy on the website in Japanese, English and Chinese (simplified and traditional)	
Human Rights Due Diligence	Human rights impact assessment	**FY2025** • Assessment of impacts on human rights • Identification of high priority human rights issues • Enhancement of CSR self-assessment to suppliers, and implementation of internal human rights assessment in light of high priority human rights issues	**FY2026** • Assessment of CSR practices of high-priority overseas suppliers • Implementation of human rights due diligence for employees **FY2027 (Planned)** • Expansion of human rights due diligence for employees across Japan and overseas group companies
Human Rights Due Diligence	Preventive and corrective measures (plan)	• Promotion of specific efforts to implement preventive and corrective measures for identified high priority human rights issues	
Human Rights Due Diligence	Monitoring (plan)	• Survey of minority employees at IDEC head office and manufacturing sites in Japan	
Human Rights Due Diligence	Information disclosure (plan)	• Disclosure of initiatives on the IDEC website and in the integrated report (IDEC Report)	
	Establishment of a human rights remedy mechanism (plan)	**- FY2025** • Established IDEC Hotline as an internal reporting contact point within the company • Established the IDEC Group Partner Hotline as a point of contact for consultations and reports from suppliers	**FY2026** • Join the JaCER as a full member, to respond to complaints and consultations from a wide range of stakeholders **FY2027 (Planned)** • Public disclosure of an external reporting channel to the JaCER

Human rights impact assessment

The Risk Management Committee's Human Rights Subcommittee has identified and assessed potential negative impacts on human rights within our value chain that could be caused by the IDEC Group's business decisions and operations.

The human rights issues below are based on "Human Rights Issues of Importance to the IDEC Group" in the IDEC Human Rights Statement. For the human rights issues identified as high priority in our impact assessment, we conduct due diligence and self-assessment to understand the current situation and to formulate and implement preventive and corrective measures.

Human rights issues and stakeholders that may be negatively impacted

● Tier 1: High priority human rights issues
○ Tier 2: Risks that need addressing

Human rights items	Impacted stakeholders: Employees	Supply chains	Customers	Local communities and societies
Freedom of employment	○	●		
Prohibition of child labour and the protection of young workers		●		
Fair working hours	●	●		
Fair wages & benefits	○	●		
Elimination of discrimination/harassment	●	●		●
Freedom of association	○	●		
Occupational health & safety	●	●		
Protection of personal information & privacy	○	●	●	
Human rights issues related to technology and AI		○	○	○

Examples of high priority human rights issues (Tier 1) and possible negative impacts

● **Employees**

Fair working hours	Failure to provide employees with leave essential for safety, health problems due to long working hours, and work outside statutory working hours
Elimination of discrimination/harassment	Lack of consideration for minorities and diversity, and human rights violations due to various forms of harassment
Occupational health & safety	Accidents and adverse physical, mental or cognition impairment caused by working environment

● **Supply chain**

Freedom of employment	Forced labour, human trafficking, retention of foreign workers' passports to deprive them of freedom of movement, and the violation of freedom to change jobs
Prohibition of child labour and the protection of young workers	Failure to verify the age of young workers, damages to children's health and safety, and disruption of their growth and learning
Other issues related to the work environment in general	Health problems due to long working hours, accidents due to work environment, leaking of personal information

● **Customers**

Protection of personal information & privacy	Improper collection, leaking, and unconsented use of personal information

● **Local communities and societies**

Elimination of discrimination/harassment	Lack of consideration for minorities and diversity, and human rights violations due to various forms of harassment

Human rights due diligence for employees

In the first half of FY2026, we surveyed the experiences of minority employees at IDEC head office and manufacturing sites in Japan, who are considered to be at a high risk of suffering human rights violations.

In the second half of FY2026, we conducted the survey to all employees and disclosed the results internally. Going forward, we will promote continuous improvement initiatives and ongoing monitoring based on the survey results.

Supplier self-assessments

In FY2025, we conducted CSR self-assessments of 205 major Japanese suppliers in six categories, including human rights issues in accordance with the IDEC Group's Sustainable Procurement Guidelines. If the results of the self-assessment raise concerns that suppliers are at high risk, we will conduct detailed interviews and on-site surveys, etc., and encourage them to address human rights issues.

Establishment of a human rights remedy mechanism

The IDEC Hotline—which has been established as an internal whistleblowing hotline—accepts reports and consultations from all IDEC Group employees on a range of concerns and complaints, including human rights issues and compliance violations.

We have also established the IDEC Group Partner Hotline as a point of contact for suppliers to consult with or report on human rights and compliance issues.

In FY2026, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). JaCER provides a non-judicial grievance platform based on the United Nations "Guiding Principles on Business and Human Rights."

In FY2027, we will make the grievance mechanism available to external stakeholders through JaCER. We will also establish a framework to ensure access to appropriate remedies in the event of human rights violations.

Human rights education, training and awareness-raising

As part of position-based training for new graduates, mid-career hires and promoted employees, we conduct human rights training and workshops based on the UN "Guiding Principles on Business and Human Rights." In addition, we provide training on human rights from a broad perspective, incorporating human rights topics into training programs on harassment prevention, compliance, and occupational health and safety.

Since FY2022, we have continued to provide in-house training on LGBTQ+ issues to create a work environment in which everyone can do their job well. In FY2025, IDEC Group ran a group-wide LGBTQ+ Ally Campaign, registering employees who show support and understanding for LGBTQ+ people and recognizing employees with a certificate and a rainbow ribbon. We have established the "Guidelines for Creating an LGBTQ+ Friendly Workplace" in FY2026. In addition, we conducted training programs to promote understanding of LGBTQ+ issues and to prevent SOGI-based harassment for employees at IDEC's head office and its Japan Group companies, with a participation rate of 100%.

As a preventive measure, we have distributed the "IDEC Group Harassment Case Study Cards" to managers, thereby promoting a common and accurate understanding of harassment.

Intellectual Capital

Related materiality

Productivity Improvement　Safety, ANSHIN, and Well-being

S

Resolving social issues through social rulemaking

IDEC has been involved in the formation of social rules for many years, through active participation in international standardization activities. From the 1960s to the 1990s, IDEC expanded its market mainly by utilizing existing rules. Since the 1990s, IDEC has actively participated in technical committees of the International Electrotechnical Commission (IEC) and International Organization for Standardization (ISO), proposing and promoting international safety standards in response to new technological developments in the global society. IDEC has been active in shaping the rules by proposing and promoting the development of international safety standards.

Since 2017, we have focused on activities to create rules based on new ways of thinking, such as Vision Zero and well-being, to achieve our purpose: "Create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world."

Open & Close strategy

As part of our intellectual capital strategy, we are engaged in business activities based on the Open & Close strategy. In addition to international standardization, we operate a development promotion system in which R&D and intellectual property are integrated with international standardization as a trinity.

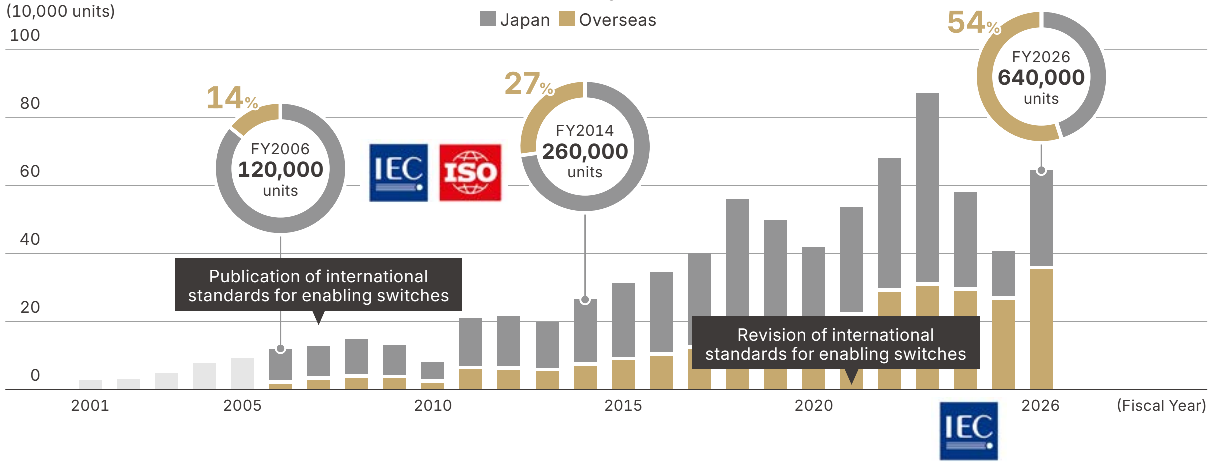
The Open & Close strategy essentially means keeping a closed area of the company's core technology that generates profits, while leaving other technologies in the open domain. Instead of competing in an area where many companies are competing, it is important to build barriers to entry through intellectual property (IP) and international standardization in areas where we can be a unique entity.

■Specific achievements

With respect to IDEC's safety products, the enabling switch has achieved not only the acquisition of patents for key technologies but also the promotion of international standardization. As a result, it has been widely adopted by numerous robot manufacturers and machinery manufacturers both in Japan and overseas, enabling IDEC to attain an overwhelming global market share of over 90% as well as high profitability.

In the area of emergency-stop switches, IDEC has likewise advanced the development of differentiated technologies and, through innovative technologies developed with standardization in mind, has secured a high market share. In recent years, as the fields in which robots are utilized have expanded rapidly on a global scale, there has been growing demand for technologies that enable equipment and robots located at remote sites to be stopped through remote operation in emergency situations. In response to these emerging needs, IDEC is actively promoting the widespread adoption of collaborative safety, which enables humans, machines, and the environment to work in harmony while achieving both safety and productivity.

Shipments of IDEC enabling switches (FY2001–2026)

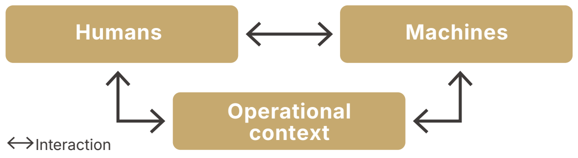


International standardization activities

■IEC standardization activities

To promote the adoption of collaborative safety, IDEC introduced the concept to the IEC Advisory Committee on Safety (IEC ACOS) in its role as the Japanese representative and proposed the need to develop an IEC Guide on collaborative safety. With IDEC taking the lead in these efforts, the development of the IEC Guide was approved in 2023, and it was published in February 2026 as IEC Guide 127.

With respect to emergency-stop switches, IDEC also led the formulation of the second edition of the revised IEC standard (IEC 60947-5-5:2026, Edition 2) as the project leader for the revision. This revision added test methods that more clearly verify the essential requirements of emergency-stop switches —namely, that they reliably stop operation and, once actuated, securely maintain the stopped condition. In addition, new requirements were established for supplementary functions enabled by emerging technologies, such as wireless operation and diagnostic capabilities. Furthermore, the standard explicitly specifies illuminated functions that indicate the effective status of the emergency stop function, as referenced in related ISO standards. The standard was revised to enable the safety and functionality of emergency-stop switches that address new needs to be verified accurately and clearly, while also accommodating future technological developments, and was issued in February 2026.



A collaborative safety model connecting humans, machines, and the environment through information

IEC Guide 127

Participants in the IEC international conference

■ISO standardization activities

IDEC participates in working group under the technical committee on robot safety, contributing to the development of the ISO 10218 series, which comprises international safety standards for various industrial robots, including collaborative robots, as well as their systems. In addition, an international meeting was held at IDEC's head office in May 2026.

We also participate in a working group under the technical committee addressing the safety of unmanned transport vehicles, such as automated guided vehicles (AGVs), autonomous mobile robots (AMRs), and automated guided forklifts (AGFs), whose numbers have been increasing in recent years, and contributes to the development of the international safety standard ISO 3691-4. This working group is planning to hold a meeting at our head office in September 2026.

Furthermore, we have made significant contributions to international standards development, including the standardization of three-position enabling switches and the revision of standards for emergency-stop switches.

Networking reception at the international conference held in May 2026

■Participation in the planning and operation of international events

In international standardization activities, two complementary elements are essential: fostering a community of stakeholders who develop international standards and building a community of stakeholders who use them. Based on this philosophy, IDEC participated as a co-organizer and played a central role in the planning and operation of the Global Initiative for Safety, Health and Well-being at EXPO 2025 and Beyond (GISHW), an event that brought together experts in safety, health, and well-being from 68 countries and regions around the world. The event was held from July 16 to 19, 2025, at Expo 2025 Osaka, Kansai venue and INTEX Osaka.

Under the theme "the Gift for the Future Safety, Health, & Well-being for All," the event convened representatives from United Nations agencies such as the ILO (International Labour Organization) and the WHO (World Health Organization), along with other international organizations, Japanese institutions, delegations from G20 countries, and leading global companies and organizations. Lively discussions were held on strategies and approaches to achieving both improved productivity and well-being for workers, as well as on the creation of new industries through emerging technologies. With significant support from Japan's Ministry of Economy, Trade and Industry and the Japanese Standards Association, the event became the first in Expo history to be attended by both the ISO President and the IEC President, making it a significant milestone also for international standardization.

The Gift for the Future "Safety, Health, & Well-being for All"

High-Level Summit

At the High-Level Summit held at the EXPO hall, Dr. Toshihiro Fujita, Chief Safety, Health and Well-being Officer, who has led international standardization activities at IDEC for many years, delivered the opening address. This was followed by keynote speeches by a senior official from Japan's Ministry of Economy, Trade and Industry, as well as the Presidents of ISO and IEC. In addition, numerous senior executives from leading global companies took the stage and engaged in discussions on safety, health, and well-being in the workplace.

In parallel, a wide range of other events were held. At the International Standardization Forum on Safety, Health, and Well-being and International Standardization, co-hosted by the Japanese Standards Association and GISHW, Masao Dohi, General Manager of the International Standardization and Collaborative Safety Department at IDEC, participated in a collaborative safety panel discussion together with representatives from NVIDIA Corporation and Toyota Motor Corporation. The panel discussed the future direction and importance of international standardization.

Following the success of the GISHW event held at Expo in 2025, the Kingdom of Saudi Arabia has decided to host a GISHW event at Riyadh Expo in 2030.

Furthermore, as part of the Expo legacy and with the aim of establishing a hub that connects with stakeholders around the world through GISHW, Osaka University established the GISHW Consortium in November 2025. As a key driver of this initiative, Toshihiro Fujita was appointed as a Visiting Professor at SANKEN (The Institute of Scientific and Industrial Research), Osaka University, in April 2026. Through these initiatives, IDEC will continue to promote the social implementation of safety, health, and well-being centered on international standardization, thereby contributing to the sustainable development of industry and society.

International standardization forum

■Awards related to international standardization activities

In recognition of his activities, Toshihiro Fujita received the Prime Minister's Commendation for Industrial Standardization from Ministry of Economy, Trade and Industry in 2022.

In 2025, Masao Dohi received the Minister of Economy, Trade and Industry Award (Standardization and Rulemaking Strategy Category) in 2025.

In addition, IDEC received the Achievement Award of the Ichimura Prize in Industry for Excellent Achievement Award, a prestigious and long-established award that recognizes engineers who have contributed to the advancement of science and technology and the development of industry in Japan, in April 2024.

Minister of Economy, Trade and Industry Award in 2025
(Standardization and Rulemaking Strategy Category)

Supply Chain Management

* "CSR Procurement" has been renamed "Sustainable procurement"

Related materiality

Business Foundation

Key sustainability KPIs (FY2026-2028)

Sustainability engagement rate with suppliers*: **100%**

Audit and follow-up rate for suppliers with low SAQ scores: **100%**

* Sustainability engagement rate: SAQ (self-assessment questionnaire) response rate

S

The IDEC Group's approach to Sustainable procurement

The IDEC Group aims to build a global supply chain that ensures the stable and sustainable procurement of raw materials and the supply of products. To achieve sustainable procurement, we believe it is essential to promote initiatives across the entire supply chain, including respect for human rights, improvement of working conditions, assurance of occupational health and safety, thorough compliance and environmental protection. To put this belief into practice, we have established a Purchasing Policy, a Responsible Minerals Sourcing Policy, and a Code of Conduct for Procurement Activities. In addition, we have issued Sustainable Procurement Guidelines and Green Procurement Guidelines, and request that our suppliers comply with them.

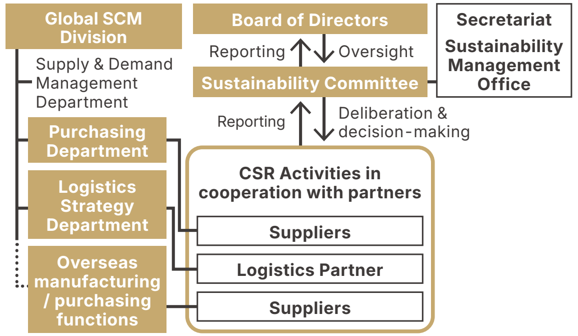
Furthermore, to ensure a stable supply and enhance customer satisfaction, we aim to build a safe and efficient logistics framework by introducing a global SCP system and promoting "white logistics" initiatives, a form of ethical logistics in Japan, in cooperation with logistics partners.

More information is available here.
https://www.idec.com/en/sustainability/supply-chain-management

Sustainable procurement promotion structure

The IDEC Group's Sustainable procurement is led by the Global SCM Division, which collaborates with Group companies and relevant departments to formulate plans and implement specific initiatives to address sustainability issues.

The progress of these plans and activities is reported twice a year to the Sustainability Committee, chaired by the CEO, for deliberation and decision-making. Matters discussed and decisions made by the Committee are overseen by the Board of Directors, thereby ensuring transparent governance.



Responsible minerals sourcing

The IDEC Group investigates into components containing 3TG (tantalum, tin, tungsten, and gold) and implements corrective actions when conflict minerals that serve as a source of funding for armed groups are identified.

In addition, we investigate components containing cobalt, natural mica, copper, and nickel and promote responsible procurement practices that do not contribute to environmental destruction or human rights violations.

Improving the RMI*-certified smelter and refiner rate remains a key challenge, and we will continue to implement corrective actions and drive ongoing improvements.

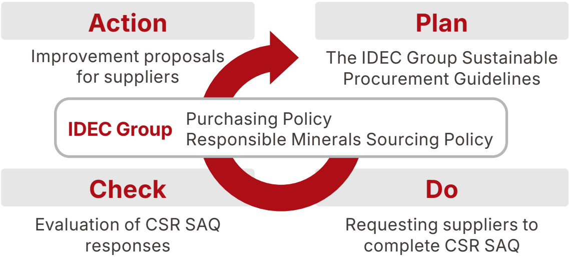
Implementation status	CMRT	EMRT
Target suppliers	321	329
Response received	301	308
Response rate	93%	93%
Identified smelters/refiners	350	218
RMI-certified smelters/refiners rate	61%	48%

*RMI: Responsible Minerals Initiative

Strengthening Sustainable procurement

The IDEC Group applies management based on the PDCA cycle to continuously enhance its Sustainable procurement practices.

PDCA cycle for Sustainable procurement



For each CSR SAQ, suppliers are requested to provide 5-point scale.

The initiative is also being rolled out to domestic group companies and has been implemented at IDEC FACTORY SOLUTIONS CORPORATION (IFS) and IDEC AUTO-ID SOLUTIONS CORPORATION (IAS). The results of the most recent CSR SAQ are shown in the table below.

CSR SAQ: Number of companies and average score (5-point scale)

Company	Number of companies	Category						Average
		Labour	Health and Safety	Environ-ment	Ethics	Product Safety	Manage-ment	
IDEC	35	4.3	4.0	4.2	4.0	4.2	3.8	4.1
IFS	79	3.6	3.4	3.5	3.5	3.3	3.0	3.4
IAS	41	3.8	3.4	3.6	3.7	3.8	3.2	3.6

Going forward, we will continue to conduct CSR SAQ of suppliers on a regular basis in response to growing social expectations regarding CSR, including respect for human rights, conflict minerals, and chemical substance regulations. Based on the results, we will provide improvement proposals to suppliers and follow up on the status of corrective actions.

In FY2026, we conducted three on site audits based on the FY2025 CSR SAQ results.

Dialogue and co-creation with suppliers

The IDEC Group emphasizes dialogue and collaboration with suppliers to build a sustainable supply chain. In the "Supplier Newsletter," published annually since 2018, we introduce topics such as supply chain CSR initiatives, business performance, CSR SAQ results, and updates to core EDI systems, and aim to deepen mutual understanding and strengthen cooperative relationships. In December 2025, we issued the eleventh edition and distributed it to approximately 350 suppliers.

In terms of disaster response, we have established a Supplier Safety Confirmation System with 123 companies in Japan (as of March 31, 2025). When an earthquake of seismic intensity 5 or higher occurs, or when an emergency warning is issued, safety confirmation emails are automatically sent based on information from the Japan Meteorological Agency, enabling rapid situational awareness.

We will introduce a new partnership evaluation framework for transactions with existing suppliers. In addition to conventional criteria such as quality, cost, and delivery, the framework incorporates the results of CSR SAQ and voluntary environmental evaluation questionnaires. Through this initiative, we aim to co-create social and environmental value with our suppliers from a broader perspective and build a sustainable supply chain. Evaluation results will be shared individually, and through two-way dialogue, we will identify opportunities for improvement together, thereby strengthening relationships of trust.

Introduction of a global SCP system

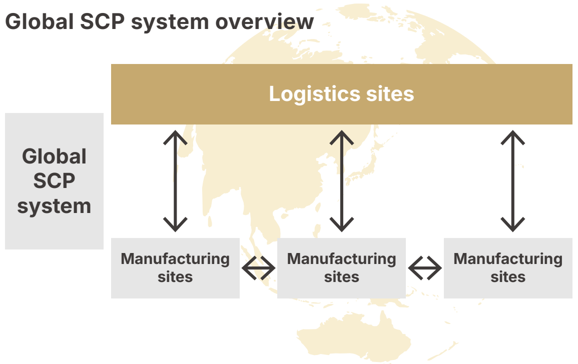
As part of its efforts to strengthen supply chain management, the IDEC Group is promoting the global rollout of an SCP (Supply Chain Planning) system.

Previously, different business systems were used at each site, resulting in fragmented demand planning, supply planning, and inventory management, which made it difficult to make rapid decisions from an overall optimization perspective.

The SCP system, which has been implemented as part of the previous medium-term management plan, enables the centralized management of demand, supply, and inventory planning, thereby facilitating the development of globally aligned production plans. This allows the Group to respond quickly to changes in supply and demand and make optimal production and procurement decisions.

In addition, by visualizing and sharing sales, inventory, and order information across all sites, the Group is enhancing information integration across the entire supply chain, leading to improved on time delivery performance, shorter lead times, and enhanced customer service.

Global SCP system overview



Meanwhile, with regard to core business systems (ERP), we are developing a platform that links and visualizes actual performance data—such as orders, sales, inventory, and accounting—while leveraging the systems in place at each site. The SCP system utilizes this ERP data to develop medium- to long-term supply and demand plans.

In addition, by strengthening collaboration with suppliers and promoting consolidated purchasing of raw materials, we aim to improve procurement efficiency and optimize inventory levels, thereby contributing to improved profitability through reductions in procurement and logistics costs.

Going forward, the Group will continue to strengthen initiatives to improve the accuracy of supply and demand adjustments and optimize inventory, with the aim of building a resilient global supply chain capable of responding flexibly to fluctuations in demand.

Internal training on the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (formerly the Subcontract Act)

In January 2026, the Subcontract Act was revised and came into effect under the new name, the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators.

With the aim of further ensuring fair transactions and facilitating appropriate price pass through, the IDEC Group has been working to promote employee understanding and awareness, thereby ensuring compliance with laws and regulation and proper business practices.

Following an announcement on the internal intranet in December 2025, training sessions were conducted in March 2026 for employees in relevant departments of the IDEC Group in Japan, with a total of 449 participants.

The training included viewing educational videos provided by the Japan Fair Trade Commission, as well as deepening understanding of practical measures based on the background and objectives of the legal revisions aimed at ensuring fair transactions.

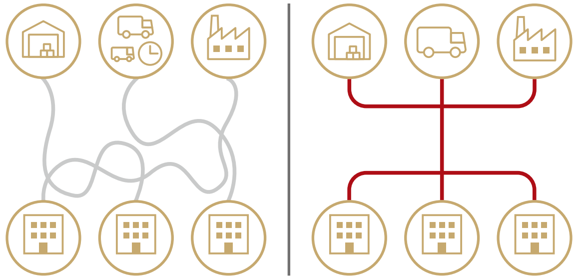
After the training, comprehension tests were conducted to assess its effectiveness. The IDEC Group remains committed to complying with the Transaction Optimization Act and other relevant laws and regulations, thoroughly fair and transparent business practices, and continuing efforts to ensure appropriate transaction terms and maintain sound partnerships.

Promotion of "White logistics"

IDEC Group has endorsed the "White Logistics" initiative, a Japanese initiative aimed at improving working conditions and logistics efficiency. This initiative is promoted by Japan's Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry, and Ministry of Agriculture, Forestry and Fisheries. The Group declared its voluntary action plan in September 2019. Since then, we have worked to ensure that our partner logistics companies comply with relevant laws and regulations, and have taken measures to clarify contract terms, improve the efficiency of cargo handling operations, and enhance safety.

Through initiatives such as improving transportation efficiency and enhancing logistics systems, we are working to improve logistics efficiency while reducing environmental impact.

Transportation efficiency overview

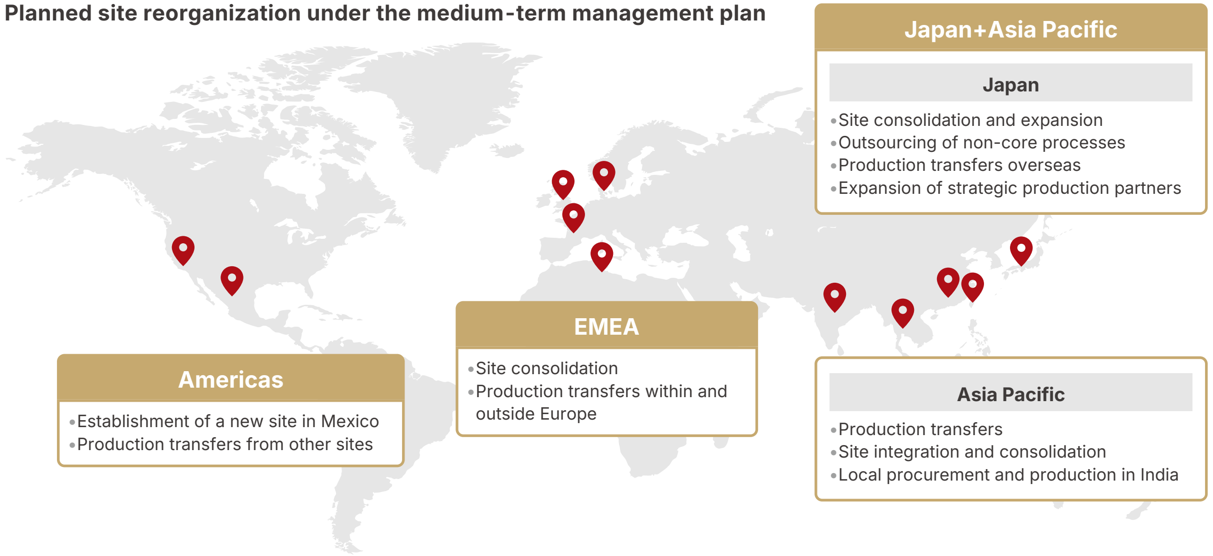


Stregthening the supply chain through site reorganization

Under the new medium-term management plan for FY2026 to FY2028, the IDEC Group aims to transform into a "New IDEC" that delivers customer oriented operations and high profitability. As part of the "One IDEC" initiative, we are advancing the global optimization of our business operations and manufacturing sites.

Specifically, through the reorganization of manufacturing sites, we are promoting initiatives such as expanding strategic production partners, transferring production, establishing a new factory in Mexico, and relocating production both within and outside Europe. Through these efforts, we aim to enhance productivity and profitability while shortening lead times.

Planned site reorganization under the medium-term management plan



G Governance

Related material

Business Foundation

Main sustainability KPIs (FY2026-2028)

Number of improvement items identified through Board effectiveness evaluations (YoY): **20% or more**

Number of serious legal violations: **0**

Approach to corporate governance

IDEC considers ensuring management transparency and efficiency to be fundamental to corporate governance for its shareholders and other stakeholders. To achieve this, we actively appoint independent outside directors and separate the supervisory and execution functions of management, thereby consistently emphasizing transparency and efficiency in our governance practices.

In addition, we have established and publicly disclosed the IDEC Corporate Governance Policy, which outlines our approach and operating policies with regard to corporate governance within the Group.

More information is available here.
https://www.idec.com/en/sustainability/governance

Initiatives to enhance corporate governance

We have continuously strengthened our corporate governance to achieve sustainable enhancement of corporate value. In FY2017, we established our corporate governance policy and advanced the development of our governance framework. In FY2019, we transitioned to a Company with an Audit and Supervisory Committee. Furthermore, we established a voluntary Nominating Committee in FY2022 and a voluntary Remuneration Committee in FY2023, thereby enhancing the transparency and objectivity of management.

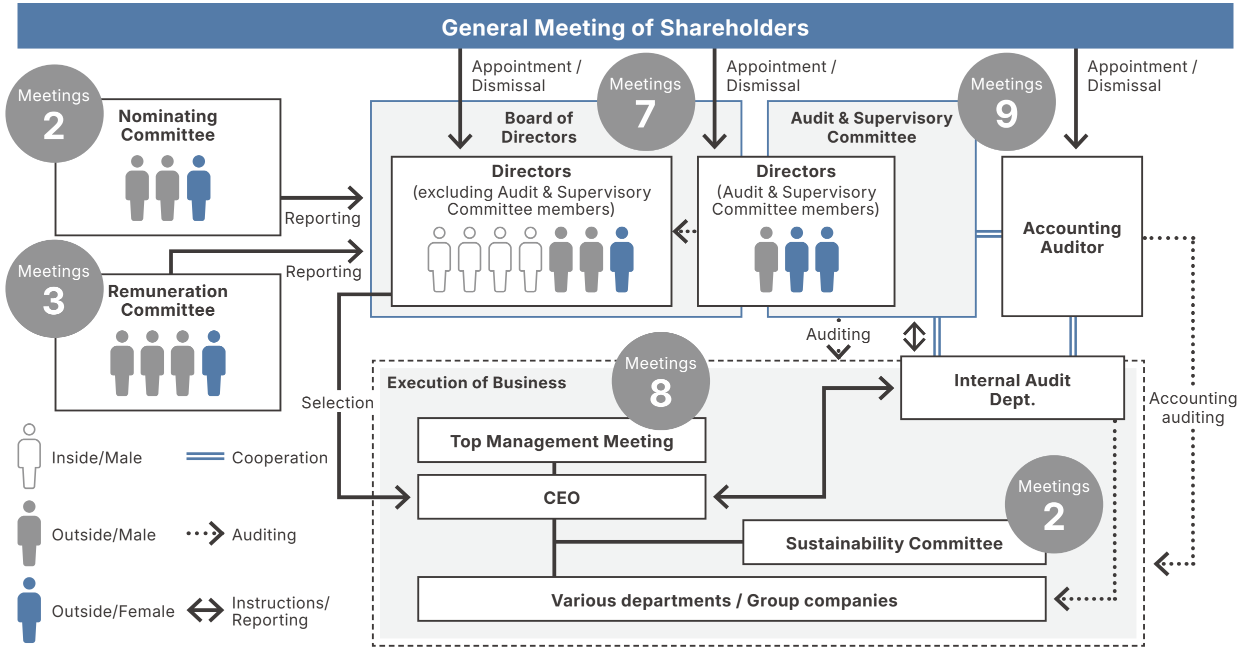
In addition, we have continuously conducted Board effectiveness evaluations since 2015 and operate a highly effective Board of Directors, reflecting the active engagement and contributions of our independent Outside Directors. Furthermore, we continue to enhance governance effectiveness through initiatives such as the revision of our executive compensation system in FY2024.

Key Features of Governance at IDEC

As of the end of June 2026, our Board of Directors consists of six independent outside directors and four internal directors, with outside directors accounting for 60% of the board, representing a majority. In addition, all outside directors are designated as independent directors, and female directors account for three members, representing 30% of the board. In this way, the ability of directors—both internal and external—with diverse expertise and backgrounds to engage in open and constructive discussions constitutes a key feature of our governance.

Furthermore, in 2025, we changed the chairpersons of the Nominating and Remuneration Committee and reconstituted the committee to consist solely of outside directors. Through this structure, the committees provide recommendations to the Board of Directors from an independent standpoint, thereby establishing a governance framework that ensures effective oversight.

Corporate governance system



* The number of events held is based on FY2026 results.

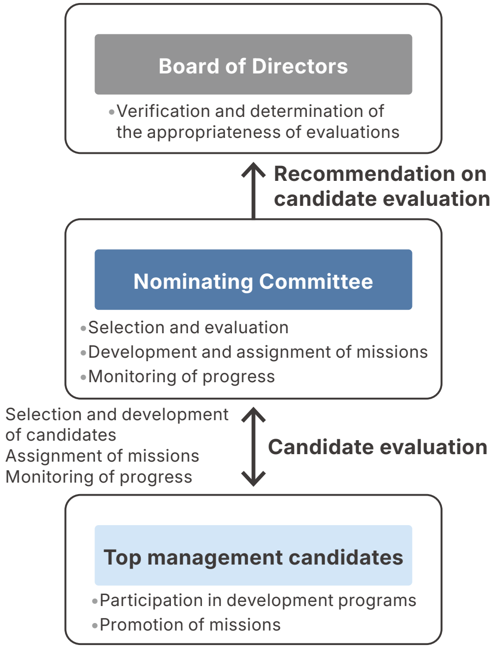
Numbers of directors and institutional design

(FY)	Features Institutional design	Ratio of outside directors	Ratio of female directors
2019	Transition to a Company with an Audit and Supervisory Committee	70%	10%
2022	Establishment of the Voluntary Nominating Committee	67%	11%
2023	Establishment of the Voluntary Remuneration Committee Increase in the number of female directors	67%	33%
2026	Appointment of outside directors as chairs of the Nominating and Remuneration committees	67%	33%
2027	Increase in the number of Internal Directors	60%	30%

Promotion and evaluation of Top Management

In FY2022, the Company established the Nominating Committee and launched a development plan aimed at facilitating the transition to the next generation of management. For selected candidates, we design tailored development programs based on their individual experience and skill sets, covering the acquisition of knowledge, mindset, and capabilities required for top management. In addition to promoting medium- to long-term development programs such as participation in external training and one-on-one action learning sessions with outside directors, we provide candidates with opportunities to gain firsthand exposure to management challenges and deepen their engagement with incumbent directors through participation in Top Management meetings and Board of Directors meetings.

Structure for the selection, evaluation, and monitoring of Top Management



With respect to promotion and evaluation following appointment as a director, we have established a set of criteria defining the "ideal profile of top management." Based on these criteria, the Nominating Committee evaluates and makes recommendations regarding the promotion of directors.

As part of this process, candidates report directly to the Board of Directors on the progress of their assigned objectives, enabling not only the Nominating Committee but the entire Board of Directors to directly assess the level of achievement, as well as the candidates' performance, mindset and capabilities.

Through this continuous assessment process, the Nominating Committee deliberates on the evaluation results of candidates and submits its recommendations. The Board of Directors then reviews the appropriateness of these recommendations and resolves on the promotion of directors and the appointment of top management.

Selection process for Top Management

The ideal profile of Top Management

Category	Definition	Evaluation criteria
Strategic thinking	Possesses the ability to make decisions that balance short-term performance with the enhancement of medium- to long-term corporate value by taking a global perspective, comprehensively assessing changes in the external environment and the business portfolio, and identifying the essence of issues even in complex and uncertain situations, thereby indicating the direction the organization should pursue.	Makes decisions based on maximizing the value of the Group as a whole, rather than optimizing individual regions or business units. Makes decisions with a focus on future competitiveness and sustainability, not solely short-term performance.
Execution capability	Demonstrates the ability to translate formulated strategies and policies into concrete action plans and KPIs, mobilize the entire organization, and deliver results. Possesses the speed and conviction required for decision-making, takes responsibility for achieving outcomes without postponing difficult reforms or structural transformations, and addresses gaps between plans and actual performance with integrity by making necessary adjustments to ultimately achieve results.	Translates strategies and corporate philosophies effectively into executable forms, including actions, KPIs, and evaluation systems. Makes necessary decisions without delay, even in situations involving uncertainty or opposing views.
Innovation	Demonstrates the ability to drive the evolution of the business and the organization through new ideas and mechanisms, rather than relying on past practices. Fosters a culture that encourages challenges and builds an environment where learning from failure is valued.	Reviews underlying assumptions without being constrained by past successes or precedents. Actively promotes a culture that encourages taking on challenges and learning from failure, led by the CEO.
Personal leadership	Demonstrates a strong personal foundation that earns trust from the frontline, without relying on position or authority, and possesses the ability to mobilize stakeholders, including employees, even in challenging situations.	Leads and influences people through trust rather than authority, creating an environment in which candid opinions can be freely expressed. Respects differences in nationality, experience and values, and leverages such diversity as a source of organizational strength effectively.
Integrity	Demonstrates a strong sense of ethics and integrity by consistently recognizing compliance with laws and regulations, social responsibility, and corporate ethics as the most critical foundations supporting the company's credibility and brand. Makes transparent decisions without being influenced by short-term interests or external pressure, and fulfills accountability.	Uses not only legal compliance but also the company's Core Values and Code of Conduct as guiding principles for decision-making. Ensures that personal conduct is consistent with the Code of Conduct and does not allow exceptions for oneself.

Executive compensation

In FY2024, we revised our executive compensation system and adopted the following director remuneration system, following a resolution at the General Meeting of Shareholders.

■Basic policies for director remunerations

To ensure that the remuneration of directors (other than outside directors and directors who are Audit & Supervisory Committee members) adequately functions as an incentive for directors to pursue the sustainable enhancement of corporate value, the individual remuneration of directors is paid as basic remuneration as a fixed amount based on position in light of the scope and size of responsibility for management, etc., performance based remuneration (bonuses) and non-monetary remuneration (share-based remuneration). Remuneration for outside directors and directors who are Audit & Supervisory Committee members is limited to fixed basic remuneration, in the interest of preserving the independence of their management oversight role.

■Policy for determining remuneration, etc. for individual directors

When determining the remuneration for each individual, the Remuneration Committee conducts deliberations that take into account their position, performance, expertise and other qualities and reports those details to the Board of Directors. The Board of Directors, which comprises a majority of independent outside directors, entrust the CEO with making the determinations. The CEO shall respect the reports made by the Remuneration Committee when determining the details of individual compensation.

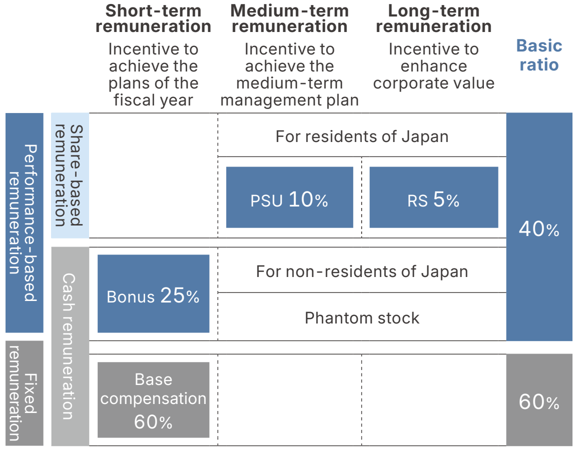
■Malus and clawback of remuneration

When serious misconduct or violations involving a director have occurred, based on a report from the Remuneration Committee the company may demand the forfeiture or return of all of part of bonuses and share-based remuneration.

Overview of the remuneration system

■Composition of remuneration

Remuneration comprises basic remuneration as a basic compensation, performance-based remuneration (bonuses) and non-monetary remuneration (share-based remuneration) at a ratio of 60:25:15.



Base remuneration

Basic remuneration is a fixed monthly payment and determined in a comprehensive manner in consideration of the position, responsibilities and IDEC's financial status.

Performance-based remuneration

■Bonus

To raise awareness of the need to improve business performance in each fiscal year and clarify the commitment to stakeholders with respect to such matters, performance-based monetary compensation reflecting key performance indicators (KPIs) is divided into 12 and paid monthly together with monthly basic remuneration.

Bonus amounts are calculated by multiplying a standard amount for a calculation basis for each officer by a payment coefficient corresponding to the business results for the fiscal year. The KPIs used for calculation are the consolidated operating profit margin in each fiscal year and human resource evaluations (excluding titled directors) concerning business results, etc. from the division for which the director is responsible.

Share-based remuneration (medium- to long-term incentive)

■PSU

PSUs are issued as shares in the common stock of the company with transfer restrictions, based on the number of share units issued for each position multiplied by a payment coefficient linked to the attainment rate of financial and non-financial indicators emphasized in the medium-term management plan.

The KPIs used for calculating PSUs are the degree of attainment of targets stated in the medium-term management plan as financial and non-financial indicators, and individual evaluations (excluding titled directors) regarding business performance in the division for which the director is responsible.

■RS

RS is issued as shares in the common stock of the company with transfer restrictions. The number of shares is determined based on a number equivalent to a base monetary amount determined in light of the company's business performance, the scope of responsibilities of each director and various circumstances.

Note that if a director is a non-resident of Japan when share-based remuneration is issued, they shall be granted phantom stock in lieu of PSU and RS.

■Medium-term KPIs and performance-based weighting

With the formulation of the new medium-term management plan, the following items regarding medium-term KPIs and their weighting in performance evaluation were newly established, taking into account the discussions and recommendations of the Compensation Committee.

Category	Medium-term KPI	Target	Weighting in Performance Evaluation
Capital efficiency	ROIC	7% or higher	40%
External evaluation	EcoVadis rating	Bronze or higher	30%
Relative TSR	Shareholder return	100% or higher	30%

Formula for calculation of performance-based remuneration and method of performance linking

When bonuses and PSUs are issued, the payment amounts and number of shares issued are determined in proportion to corporate performance and individual evaluations.

When PSU and RS-based shares vest, their assets values are linked to the share price.

Remuneration category	Performance-based remuneration		
	Cash remuneration	Share-based remuneration	
	Short-term incentives	Medium-term incentives	Long-term incentives
	Bonus	PSU*	RS*
Formula	Based calculated amount × operating profit margin × individual evaluation coefficient	Total number of issued share units over three years for each position × medium-term KPIs × individual evaluation coefficient	Number of RS-based shares to be issued as set for each position

* PSU: Performance Share Units * RS: Restricted Stock Units

Composition and activities of the Board of Directors

IDEC's Board of Directors consists of three inside directors and six outside directors, and seven board meetings were held in FY2026. Agenda items are reviewed in advance at Top Management Meetings, then submitted to the Board of Directors based on the resolutions and comments made at that meeting. Meetings of the Board of Directors are attended by all directors, and lively discussions are held at each meeting. The CEO (who acts as chairperson) and executive officers in charge of each area provide detailed responses to questions and opinions raised by outside directors, enabling substantive discussions to be held.

The Company also utilizes document-based resolutions when necessary to ensure flexible decision-making. In FY2026, we carried out two document-based resolutions by the Top Management Meeting.

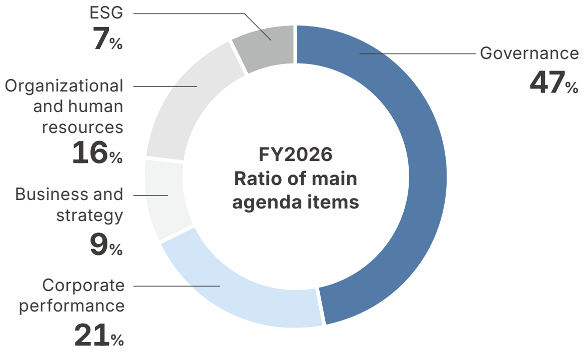
In FY2026, the Board of Directors deliberated on governance-related matters such as responses to the General Meeting of Shareholders, capital policy, executive compensation, internal controls, and effectiveness evaluation of the board, seeking to enhance the effectiveness of its supervisory function. In addition, the Board continuously reviewed performance and planning related matters, including year-end and quarterly financial results, dividends, earnings forecasts, and the medium-term management plan and annual plans, while also deepening business understanding and fostering constructive discussions through the review of the company's medium-term strategies and business operations. Furthermore, the board engaged in discussions on organizational and personnel matters including the appointment of Representative Directors and senior management. The board also deliberated on and received reports on ESG-related topics, such as the Integrated Report, the Sustainability Committee, and revisions to the Code of Conduct. For all agenda items, active exchanges of views and deliberations were carried out, drawing on the diverse expertise of each director.

Initiatives to enhance Board Discussions

The Board Secretariat function is carried out by the Strategic Planning Department, which also serves as the secretariat for the Top Management Meeting. Leveraging the department's role in formulating and monitoring the medium-term management plan, it plays a key role in linking business execution with oversight by the Board of Directors.

Specifically, by organizing agenda items at an early stage, providing materials in advance, and setting agendas and clarifying key discussion points from both managerial and legal perspectives, the Secretariat supports effective and constructive discussions at the Board of Directors meetings.

Main agenda items and reports in FY2026



Agenda items for deliberation	Number of reports
23	20

Status of Board of Directors Meetings

◎ Document-based meeting

Month	April	May	June	July	August	September	October	November	December	January	February	March	Total meetings for the year
Top Management Meeting		○	○	◎		○	○		○	○	◎○	○	8 2 document based
Board of Directors		○	○		○	○		○			○	○	7
Audit and Supervisory Committee		○	○	○	○		○	○	○		○	○	9

Governance	• Decision to convene an Annual General Meeting of Shareholders • Matters relating to remuneration for directors (and other officers) • Evaluation of internal control, and internal control measures for the next fiscal year • Governance report and revision of Governance policy • Reports on summaries of internal whistleblowing cases • Reports on Audit and Supervisory Committee audit plans • Notice of implementation of an effectiveness evaluation questionnaire and report on the results
Business performance and plans	• Deliberation on year-end and quarterly financial results • Deliberation on performance forecasts and revised plans • Proposals for appropriation of surplus • Inventory forecasts and optimal inventory levels

Business and strategy	• Reports on medium-term strategy and GOC (Global Operations Committee) • Reports on product market and application-related information
Relating to personnel	• Resolutions on the appointment of representative directors and specific directors • Executive personnel appointments and main organizational restructuring • Deliberations on the global matrix organization concept • Personnel optimization strategies
ESG and sustainability	• Reports on the Integrated Report • Sustainability Committee activity reports • IR / SR activity reports • Revision of the Code of Conduct

Index
Introduction
Messages from Management
Value Creation Story
Strategy & Business
Sustainability & Governance
Data

Outside director activities

The majority of IDEC directors are outside directors. Outside directors express their opinions based on their high-level expertise and management experience, and participate in the Board of Directors in an independent capacity.

They are also actively involved in the growth of our business by holding individual sessions with their relevant departments based on business issues and themes, and conducting lectures and face-to-face meetings in the curriculum for next-generation education. They play their roles as outside directors with expertise and independence.

In FY2026, the IDEC Group held "Digital × Kaizen Exchange Sessions" with outside directors for employees who are engaged in, or highly motivated toward, digitalization, operational improvement, and the effective use of systems, as well as leadership sessions for female employees.

Through these initiatives, outside directors have gained a deeper understanding of IDEC's businesses and challenges, enabling more substantive and constructive discussions at the Board meetings. At the same time, these interactions with outside directors provide valuable growth opportunities for employees and contribute to the enhancement of the IDEC Group's corporate value.

Constructive dialogue with shareholders, investors, and analysts

To gain trust and fair evaluation of our management, the CEO, Managing Director and head of the Global Finance Division play active roles in IR and SR activities. This includes diligently responding to requests for interviews from shareholders and institutional investors. The information acquired from those interactions, including appraisals and opinions concerning markets, is regularly reported to the Board of Directors, and six such reports were made in FY2026.

By sharing the opinions received as feedback with the Board of Directors, we can take concrete action to address them. We also work to enhance investor relations tools such as website to better help shareholders and investors make informed investment decisions, and proactively disclose our financial results and management strategies, as well as sustainability information, news and other topics.

The Strategic Planning Division, which is responsible for these activities, coordinates with related departments to collect and analysis various management information. While ensuring thorough control over insider information, the division provides information internally and publicly in a timely and appropriate manner.

Main details of dialogue and matters of interest

- Business results and progress of the medium-term management plan
- Activities of the Nominating Committee and Remuneration Committee
- The new remuneration system
- Succession plans
- Status of action and initiatives to address climate change
- Response to human rights issues
- Diversity, Equity & Inclusion efforts
- Approach to shareholder returns

Policy for cross-shareholding

In the interest of maintaining its financial health, the IDEC Group does not, in principle, hold shares in other companies except when there is a rationale for doing so.

Such decisions must be based on a validation of the profitability of the cross-shareholding relationship that duly examines the risks, costs, and returns involved from a medium- to long-term perspective, and must comprehensively consider the intended aims, such as maintaining and strengthening a business relationship or establishing a capital or business alliance.

Furthermore, the company regularly validates the significance of existing cross-shareholdings in light of various criteria, including the purpose of holding those shares. If a particular case of cross-shareholding is determined to be inappropriate, the shares are sold off after taking into account diverse considerations such as the impact on the company and the market, and the issuer's financial strategy.

We do not engage in inappropriate practices with cross-shareholders such as continuing or reducing transactions, or impeding the sale of stocks based on the fact that we maintain those cross-shareholdings.

Moreover in the exercise of voting rights in relation to cross-shareholdings, the company makes comprehensive decisions to vote in favor or opposition, taking into account various factors including whether the company in question has established an appropriate governance structure and is making decisions leading to the medium- to long-term enhancement of corporate value, and whether a matter will contribute to the improved corporate value of the IDEC Group.

Internal control and group governance

To ensure the credibility of our Group's financial reporting, we have established the Internal Control Policy on Financial Reporting and clearly defined our Group-wide system for implementing that policy, in line with standards for assessing internal controls on financial reporting.

We have established a framework under which process owners and control owners are appointed in each division and Group company, enabling continuous self-auditing by divisions and Group companies and independent monitoring by the Internal Audit Department. Through these efforts, we continuously verify the effectiveness of our internal control and strive to enhance governance across the entire Group.

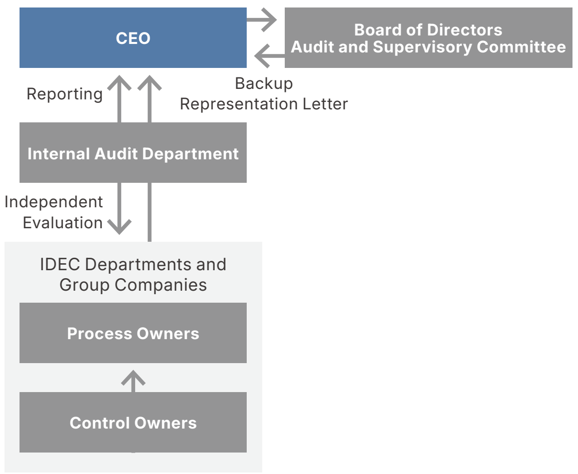
The results of our internal control evaluations based on these activities are reported annually to the Board of Directors. For FY2026, internal controls over financial reporting at IDEC and its group companies in FY2026 were assessed as effective.

With respect to group companies, management is conducted in accordance with the "Regulations for Management of Affiliated Companies," established by the Strategic Planning Division.

Certain matters of business execution are subject to prior approval by IDEC's Board of Directors or Top Management Meeting. In addition, IDEC's functional departments provide guidance and support to group companies as appropriate, establishing a solid management foundation, fostering the improvement and stabilization of operations.

Furthermore, the Global Finance Division appropriately monitors the management conditions of the Group companies on a monthly, quarterly, and annual basis and provides timely reports to management.

IDEC Group Internal Control Framework



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.

A third-party organization has conducted the questionnaire survey and analyzed the responses since FY2022. The results of their evaluation are reported to the Board of Directors, whose members share the issues identified and continuously strive to make improvements.

Outline of the effectiveness evaluation in FY2026

Target members	All directors except the CEO
Evaluation method	Anonymous 5-point questionnaire
Number of questions	40
Survey period	February 2026
Response status	All targets answered

Results of effectiveness evaluation

In the effectiveness evaluation conducted in February 2026, the performance of outside directors was highly rated in both peer comparisons and year-on-year comparisons, confirming that the Board is functioning effectively. The evaluation also noted improvements compared with the previous year in opportunities for discussions with a focus on profitability and capital efficiency.

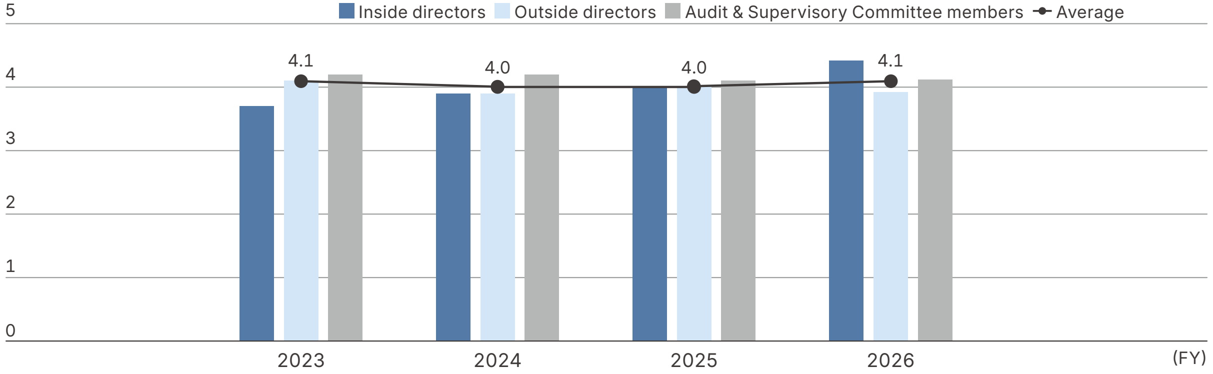
On the other hand, there were expectations for further enhancement of secretariat support and opportunities for dialogue among outside directors. Additionally, challenges were identified regarding the effectiveness of the Nominating and Remuneration Committee.

Results of effectiveness evaluation in FY2026

Number of items below the industry average	Items improved compared to FY2025
7 (22% of total)	13 (41% of total)

In response to these evaluation results, in FY2027 we will increase the number of meetings for exchanges among outside directors and work to enhance their content. In addition, alongside the early distribution of meeting materials, the secretariat will strengthen its support structure by providing supplementary information-sharing and briefing opportunities, thereby further enhancing the effectiveness of the Board of Directors.

Change in average effectiveness evaluation score



Major Issues and Initiatives for FY2026

Issues	Initiatives in FY2026
Exchange of views among outside directors	•Held informal gatherings outside of Board meetings •Revised the practice to hold outside Directors' exchange opportunities to twice a year
Timing of materials distribution	•Advance the timing of material distribution: Provide materials promptly following the conclusion of Top Management Meetings •Transition from email attachments to link sharing via access-controlled folders
Discussions on profitability and capital efficiency	•Discussed the structure of the new medium-term management plan and incorporated a focus on capital efficiency into the Plan
Activities of the Nominating and Remuneration Committees / Involvement in succession planning	•Changed the chairperson to an outside director •Confirmed progress on succession plans for Top Management through the Nominating Committee
Diversity of core human resources / Enhanced ESG initiatives and involvement	•Outside directors participated as instructors in the IDEC Leadership Challenge Program for developing future manager candidates •Reported on the status of initiatives undertaken by the Sustainability Committee
Dialogue with shareholders (investors)	•Conducted reports on SR/IR activities

Evaluation

- Opportunities for discussions with a focus on profitability and capital efficiency improved since 2025.
- The performance of outside directors was highly rated in both peer comparisons and year-on-year comparisons, confirming that they are functioning effectively.
- Continued expectations were expressed for further enhancement of Secretariat support and additional opportunities for exchanges of views among outside directors.
- There remains a need to further enhance the effectiveness of, and the sufficiency of deliberations at, the Nominating Committee and the Remuneration Committee.

Major Issues and Initiatives for FY2027

Issues	Initiatives in FY2027
Exchange of views among outside officers	•Hold outside Directors' exchange meetings twice a year •Create opportunities for information sharing, discussions, and interaction involving executive officers and younger employees, including discussion and Q&A sessions
Discussions on management strategy and the medium-term management plan	•Invite participation in company-wide policy briefings and establish opportunities for interaction with functional heads to deepen understanding and engagement
Support framework, including timing of materials distribution	•Set appropriate time allocations for meeting agendas and control the progress of discussions •Provide meeting materials at an earlier stage and offer supplementary explanations of information necessary for deliberations •Creates opportunities for sharing information outside Board of Directors meetings (policy briefings and exchange meetings) •Explain the positioning and role of the GOC and share updates on its activities
Operation of the Nominating and Remuneration Committees Involvement in succession planning Deliberations on remuneration	•Hold regular meetings to establish evaluation and decision-making criteria for successor selection and implement initiatives in line with the succession plan

Directors Interview

G

Takao Funaki, Representative Director, Senior Executive Vice President, served as the moderator, engaging in a discussion with Outside Directors Yasuo Himeiwa and Mariko Sugiyama on the steady advancement of transformation and the effectiveness of governance.

Progress of the Medium-Term Management Plan and Expectations for the Executive Team

Funaki I have been leading the current medium-term management plan, and one year has passed since its launch. From your perspectives as Outside Directors, how do you see the progress achieved to date and the organization's execution capabilities?

Himeiwa First, from a numerical standpoint, I can say that achieving both net sales and operating profit in FY2026 at levels exceeding the initial plan can be evaluated positively.

That said, looking ahead, I have high expectations for Funaki-san to demonstrate strong leadership and further accelerate globalization as the "New IDEC." Although overseas sales already account for approximately 70% of total revenue, Japan's demographic trends make it essential to capture further growth overseas. In this context, I believe the key will be the decision-making framework centered on the Global Operations Committee (GOC), together with the underlying global matrix organizational structure. Beyond steadily achieving the medium-term management plan targets for FY2028—net sales of 77 billion yen, operating profit of 10 billion yen, an operating profit margin of 13%, and ROIC of 7% or more—I would also encourage the company to aim for upside potential, ideally bringing the scale closer to 80 billion yen.

Sugiyama I also highly value the fact that both net sales and profits exceeded the original targets in the first year of the plan. What I consider even more important is not only the numerical results, but the fact that the approach to decision-making has begun to change. Under the current medium-term management plan, a framework has been established that effectively integrates top-down and bottom-up approach within a matrix structure. Observing the discussions at the Top Management Meeting, it is clear that a process is taking root whereby issues are discussed at the operational level and then brought to the GOC for deliberation and decision-making. I believe that the increasing clarity regarding who makes decisions and the criteria by which those decisions are made represents a significant step forward toward the "New IDEC."

At the same time, the challenges are also clear. Current performance is being driven primarily by China and the United States, while results in Japan and the EMEA region remain insufficient, making it difficult to say that tangible progress has been achieved. How the company sets its strategic direction in these areas, including APEM, and translates that direction into concrete results will depend on the execution measures implemented going forward.

Funaki I sincerely appreciate the objective assessment of our performance from your standpoint as external directors. However, I do not intend to summarize this past year simply as a success. While we achieved growth in the United States and China, as Sugiyama-san pointed out, there remain areas—particularly in Japan and the EMEA region—where we have yet to demonstrate sufficient results. As someone entrusted with management, I believe it is important to take this situation seriously and address it with full commitment.

On the other hand, the most significant achievement of this past year has been our ability to identify, based on facts rather than impressions, what has worked and what has not. Although our decision-making framework is gradually taking shape, whether it can be translated into tangible results will depend on the quality of execution going forward, and I believe the ultimate responsibility rests with me.

Moreover, in the first year of transformation, what truly matters is not merely single-year performance, but whether reproducible mechanisms are beginning to take shape. A company does not change simply by accumulating isolated successes. What matters is whether decision-making criteria, methods of information-sharing, cross-functional collaboration, and on-the-ground actions are gradually evolving, and whether these changes are creating a cycle that leads to subsequent results. I see this past year as the year to check it.

For FY2027, what I most want to advance is a company-wide shift in mindset to evolve into a customer-centric organization. To this end, we are simultaneously driving multiple transformation initiatives, among which the most critical is sales transformation. We must transform our sales approach from simply "selling products" to a proposal-driven model focused on solving our customers' issues. Without this shift, I believe it will be difficult to achieve sustainable growth in our performance and realize fundamental corporate transformation.

Governance in Practice and Board Discussions

Funaki At present, with only members of the founding family serving as internal directors, some investors may have concerns about whether governance is truly functioning effectively. From your candid perspective, how do you view the current effectiveness of the Board of Directors and the quality of its discussions?

Himeiwa From a structural perspective, in FY2026, the Board of Directors comprised nine members, of whom three were internal directors and six were independent Outside Directors, representing 67% of the Board. This composition more than satisfies the standards expected of a listed company. In addition, with female directors accounting for 33%, the Board is relatively advanced even among Prime Market

companies, and I view this as a progressive governance structure.

In addition, discussions at the Board are highly active. The Outside Directors each bring diverse industry backgrounds and hands-on management experience, and they offer advice and opinions from very concrete perspectives, including areas such as production and sales management methods, business planning, and approaches to achieving targets. In particular, on management issues such as inventory optimization, all Directors have a deep understanding of its importance, resulting in highly practical and substantive discussions.

That said, if I were to point out a challenge, it would be that current Board discussions tend to place greater emphasis on advising the executive team. The Board should also play a role in defining the company's future vision and long-term strategic direction, and I believe it would be desirable to allocate more time to such medium- to long-term discussions. Some of these observations may be uncomfortable for internal stakeholders to hear, but there is no doubt that they are beneficial for our company.

Sugiyama I do not believe that governance is not functioning. Even from my standpoint, without a background in manufacturing, the presence of Outside Directors with diverse knowledge and experience leads me to view the company as having a relatively high level of management transparency. That said, in terms of diversity on the executive side, I feel the company is still in a transitional phase. While the Board meets the target of 30% female representation, this level of diversity has not yet fully extended to the executive frontline and remains a work in progress. If the company is to become a truly global company, it is important to foster an environment in which people of diverse genders, nationalities, ages, and professional backgrounds can speak up more naturally. In this sense, I also feel that the company has not yet completely moved away from a seniority-based culture.

At the same time, I see efforts to recruit highly capable external talent into executive functions, and I also sense strong energy from Funaki-san in leading the transformation. For these reasons, I believe the company is currently still in a period of transition.

Funaki When it comes to governance, I do not believe it is appropriate for someone on the execution side, including myself, to assert that there are "no issues." On the contrary, because our internal directors are centered around the founding family, I am constantly mindful that an even higher level of discipline and a stronger sense of tension are required.

At Board meetings, I make a conscious effort to position myself not primarily as the one who makes decisions, but as the one who is being questioned. In practice, I frequently receive candid and sometimes uncomfortable feedback regarding speed, prioritization, and risk-taking. What matters, however, is how we absorb that feedback, make adjustments, and reflect them in subsequent decisions. I believe that continuing to build this kind of structure together with our Outside Directors is, in itself, the essence of supporting effective governance. The current Board provides an environment in which we can engage in active and open exchanges of views with Outside Directors who each bring different strengths. While preserving this environment, I would also like to further deepen discussions on medium- to long-term perspectives.

I see governance as a foundation for enhancing the clarity of management and improving the quality of decision-making. Especially for a company undergoing transformation, the execution side inevitably tends to focus on driving initiatives forward. Being challenged from an external perspective brings to light overlooked issues, shortcomings in accountability, and weaknesses in prioritization. It is precisely this sense of constructive tension that prevents transformation from becoming self-serving and ensures that it remains sustainable over the long term.

Current Status of the Nominating Committee and Remuneration Committee

Funaki Himeiwa-san, you serve as Chair of both the Nominating Committee and the Remuneration Committee. From your perspective, how do you assess the current functions and actual operations of these committees?

Himeiwa The Nominating Committee consists of three members, while the Remuneration Committee has four members. I have been serving as Chair of both committees since June 2025. Both committees are composed solely of independent Outside Directors, and I believe that this high level of transparency is one of the key strengths of IDEC's governance framework.

Within the Nominating Committee, we have established development programs to cultivate next-generation executives and future director candidates. We have established a multifaceted development framework that incorporates lectures and guidance from Outside Directors drawing on their practical experience, as well as external management training and executive coaching. Our most pressing priority at present is succession planning—namely, the selection of candidates for the next CEO. We have now entered a phase of refining our evaluations through multi-dimensional assessments that include not only the perspectives of executive officers and directors, but also those of middle management, combined with ongoing dialogue and a series of interviews regarding the Company's future management vision.

Within a limited timeframe, we aim to identify suitable candidates and submit our recommendations to the Board of Directors.

With respect to the Remuneration Committee, the compensation framework is designed with a mix of 60% fixed compensation and 40% performance-linked compensation. The performance-linked portion includes both bonuses and share-based compensation, thereby encouraging management to remain conscious of share price performance. While adjustments may be required in response to changes in the external environment, our priority is to ensure that the system functions effectively as a means of motivating senior management.

Funaki I consider the Nominating and the Remuneration

Committee to be the most important governance functions. In particular, succession is not discussed as a distant future issue, but rather as an ongoing and very real management challenge. I approach these discussions with the understanding that I am also subject to evaluation.

More important than whether one is evaluated favorably is that the process itself is clear and explainable. Unless there is a transparent mechanism that makes it clear who is being evaluated, from what perspectives, and why a particular conclusion has been reached, it is impossible to build a sense of understanding and trust, both within and outside the organization. The same applies to compensation. A framework that assesses not only short-term results but also the extent to which management has contributed to enhancing corporate value over the medium- to long-term serves as a powerful source of discipline for those of us on the execution side. What truly matters is not the mere existence of such systems, but whether they lead to improvements in the quality of management and the development of human capital.

Global Management and Human Resource Development

Funaki Based on your experience to date, Sugiyama-san, how do you assess IDEC's current global management structure and the state of its human resource development initiatives?

Sugiyama From my experience with global companies, my impression is that while the key goal indicators (KGIs) have been clearly defined, there is still work to be done

in terms of breaking them down into key performance indicators (KPIs) and ensuring alignment across regions. I believe initiatives are progressing within individual functions, but from an external perspective, it is not always clear whether these efforts are effectively connected horizontally or functioning as a shared global language.

Furthermore, it is not sufficient for connectivity to exist only at the top management level. It is essential that communication be flat and open across countries and organizations, extending to department heads, section managers, and each individual employee. When these connections are established, the organization becomes stronger, and I believe this also leads to greater positivity in dialogue and higher levels of engagement.

From the perspective of human resource development, if the company is to further expand its solutions business, capabilities such as logical thinking, empathy, and creativity will be indispensable. Drawing out customers' latent challenges and applying the company's value to address them requires all three of these abilities. The same applies to the use of generative AI: without human intent and judgment, people risk becoming those who are used by technology rather than those who use it. For this reason, I believe it is necessary to enhance logical thinking, empathy, and creativity not only within sales, but also across development and other functions.

When considering global human resource development, what matters is not merely the enhancement of job-related skills. In overseas contexts, programs are sometimes incorporated into kickoffs or training sessions that may not appear to be directly related to daily work, such as volunteer activities or interviews conducted in local communities to explore social issues. These experiences broaden individuals' perspectives, deepen their understanding of different values, and foster the ability to generate new ideas through empathy with others. In the years ahead, I sense that nurturing such visionary capabilities—alongside technical skills—will contribute to IDEC's continued growth.

Funaki I take Sugiyama-san's comments as highlighting a fundamental challenge that IDEC is currently facing. While our KGIs have been clearly defined, we are still midway in terms of breaking it down into KPIs and operating them as a shared global language. I believe that what is not visualized cannot be managed effectively.

At the same time, I view culture as something that is created through the accumulation of systems and routines. A culture that tolerates failure and learns from it does not take root simply by being articulated in words; it is only when such thinking is embedded in processes and evaluation frameworks that it becomes established as a true organizational culture. I also believe that creativity is not a trait reserved for a select few, but rather something that can be drawn out through organizational design. In an environment where failure is criticized, people tend to offer only safe answers, and when functions operate in isolation, ideas do not expand. That is why we need mechanisms that encourage cross-functional collaboration, idea sharing from a company-wide optimization perspective, and the evaluation of trial and error. With regard to cultural transformation, we are also looking ahead to where we want to be one year from now. When formulating the medium-term management plan, we spoke internally about "creating a movement together." What we aim for is not a situation in which only a small group is striving for change, but one in which all employees face the same direction and proactively drive positive change themselves. We hope to make this turning point visible during 2026 and to move closer, by 2027, to a state where we can clearly say that the Company's culture has changed.

I have long believed that each and every employee should possess a management mindset. Rather than simply inheriting the founding family's spirit, the key question is how to broaden a sense of ownership and responsibility for driving the Company forward. To achieve this, I feel it is essential to address human resource development, institutional design, and cultural reform not as separate initiatives, but as a single, integrated management challenge.

Expectations and Commitment Toward the Next Generation of Executives

Funaki Finally, as IDEC moves forward and continues to be led into the future, I would like to ask, from your perspective as independent Outside Directors, what expectations or requests you have for us as the executive management team.

Himeiwa IDEC marked its 80th anniversary in November 2025, and as the Company moves toward its 100th anniversary, I have strong expectations for Funaki-san to demonstrate leadership as a leader of the renewed IDEC. In particular, I would like to see steady progress in structural reforms of global production and sales aimed at realizing "One IDEC," including the integration with APEM. While IDEC has historically launched hit products in a timely manner, there have recently been some challenges in this area. I would therefore like the company to place even greater emphasis on new product development and the creation of hit products, and to deliver tangible results.

Furthermore, if I may offer a deliberately candid request, it would be the improvement of selling, general and administrative expenses and the optimization of inventory levels. The SG&A ratio stood at 35.9% for FY2026, and I would like to see this brought closer to 30% by the end of the medium-term management plan. Likewise, I hope the Company will continue efforts to further reduce inventory days. I expect the management team to respond to these concrete targets with clear results.

Sugiyama From my perspective, I would like to comment regarding DX and human resource development. What I would particularly like the management team to commit to is the serious establishment of an environment in which decisions can be made based on a Single Source of Truth, that is a single, reliable source of information. There is a natural tendency for teams to fall into local optimization because they are working hard at the operational level. However, under such conditions, it is difficult to achieve global optimization or deliver value that truly starts from the customer. It is essential to create an environment in which discussions and decisions can be made based on the same data, regardless of region or function.

In addition, strengthening direct sales and inside sales should not be viewed merely as a reform of sales channels, but as an initiative that also contributes to the growth of human capital. By increasing opportunities to engage directly with customers, both sales and development teams can enhance their proposal capabilities and solution-oriented thinking. In that sense, I believe the current direction of transformation is the right one. I therefore hope these initiatives will be translated into more concrete metrics and managed in a way that enables a robust PDCA cycle.

Funaki I take the expectations and candid comments from you both, not merely as targets, but as a renewed call for resolve on my part as a Leader. Challenges such as the creation of hit products, improvements in selling, general and administrative expenses, optimization of inventory levels, data integration, and customer-centric sales reform are no longer at the stage of discussing direction—they are now in a phase where we must deliver results.

I aspire to be a leader who continues to engage sincerely with the questions posed to me. Responding to those questions not with words, but with actions and results is, I believe, essential to elevating the "New IDEC" to the next stage.

Another point I am strongly conscious of is not treating the achievement of the medium-term management plan's numerical targets and fundamental corporate transformation as separate matters. Focusing solely on short-term numbers tends to push structural reform to the background, while speaking only of transformation without confronting the numbers undermines trust in management. Our responsibility as the current management team is to enhance both performance and substance—by increasing customer-centric, high value-added products and proposals, while simultaneously advancing efficiency improvements and inventory optimization.

Transforming IDEC into a truly customer-centric company is indispensable for future growth. With respect to the reform initiatives currently underway, I do not believe that everything planned will prove correct from the outset. However, I am confident that the overall direction is sound. For that reason, as a company, we are committed to completing what needs to be done within the next three years through repeated reviews, and to delivering tangible and reliable results.

Directors

Related materiality

Business Foundation

More information is available here.
https://www.idec.com/en/company/management

G

Toshi K. Funaki

Representative Director, Chairman and CEO

He has been the CEO since 1997. He has extensive experience and achievements as a business leader, including knowledge of international business and industry.

Mikio Funaki

Director, Vice Chairman

He was appointed Senior Executive Vice President in 2006. He has a wealth of experience gained mainly from overseas operations of IDEC CORPORATION and its Group companies.

Takao Funaki

Representative Director,
Senior Executive Vice President

After joining IDEC USA, he was also headed operations in Australia and Germany. He concurrently serves as CEO of IDEC USA and oversees the global execution of the Company's medium-term management plan worldwide.

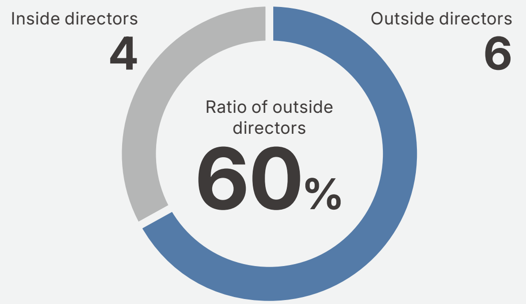
Lei Lu

Director, Senior Executive Officer

He possesses extensive expertise in financial strategy, mergers and acquisitions, accounting and taxation, and financial planning and analysis (FP&A) within global corporations, together with broad international business experience across multiple countries worldwide.

Composition of the Board of Directors

Outside directors represent more than **half of all directors**, and all outside directors are **independent directors**.



Hiroshi Kobayashi

Outside Director

Outside | Independent
Nominating | Remuneration

He has experience as Senior Executive Officer and Division General Manager in charge of Regional Operations (Asia & Oceania) for Honda Motor Co., Ltd. He has experience both in Japan and overseas, and knowledge of the automotive industry.

Hideyuki Ohkubo

Outside Director

Outside | Independent
Remuneration

He served as Representative Executive Officer and in other posts at Mitsubishi Electric Corporation, where he was responsible for FA Systems, Export Control, and Production Systems. He has in-depth knowledge and broad experience in the FA business.

Mariko Sugiyama

Outside Director

Outside | Independent

As an Outside Director for IDEC CORPORATION, she provides oversight and advice on IT and DX strategy, drawing upon her experience in the IT industry, which includes serving as an Executive Director for Salesforce Japan Co., Ltd.

Yasuo Himeiwa

Outside Director
Director Audit &
Supervisory Committee Member

Outside | Independent
Nominating | Remuneration

He is a Certified Public Accountant. He was appointed as an Outside Director and Audit and Supervisory Committee Member in 2020. He contributes to the strengthening of IDEC's auditing system from a finance and accounting perspective.

Michiko Kanai

Outside Director
Director Audit &
Supervisory Committee Member

Outside | Independent
Nominating | Remuneration

She is an attorney. She became an Outside Director for IDEC CORPORATION in 2016. She contributes to the strengthening of legal aspects of IDEC's auditing system with her high-level expertise as a lawyer.

Eri Nakajima

Outside Director
Director Audit &
Supervisory Committee Member

Outside | Independent

She was appointed as an Outside Director by IDEC CORPORATION in 2022 to draw upon her past experience as a Ministry of the Environment official and Deputy Governor of Nagano Prefecture. She contributes to the strengthening of IDEC's auditing system with regard to environmental measures.

Expected skills matrix of the Board of Directors

	Toshi K. Funaki Representative Director, Chairman and CEO	Mikio Funaki Director, Vice Chairman	Takao Funaki Representative Director, Senior Executive Vice President	Lei Lu Director, Senior Executive Officer	Hiroshi Kobayashi Outside Director Outside Independent	Hideyuki Ohkubo Outside Director Outside Independent	Mariko Sugiyama Outside Director Outside Independent	Yasuo Himeiwa Outside Director Director Audit & Supervisory Committee Member Outside Independent	Michiko Kanai Outside Director Director Audit & Supervisory Committee Member Outside Independent	Eri Nakajima Outside Director Director Audit & Supervisory Committee Member Outside Independent
Corporate management and management strategy	●	●		○	○	●				
International business	●	●	●	●	●		○	○	○	
Industry knowledge	●	●	○			●		○		
R&D and manufacturing	○	○	○			●				
Sales and marketing	○	○	●		●		○			
Financing and accounting				●				●		
Legal affairs and risk management	○							○	●	
Personnel affairs and development					○	○	○			○
IT and DX		○	●				●			
Sustainability and ESG	○		○						○	●

Expected skills matrix of the Board of Directors ○ indicates contributing areas/roles; ● indicates contributing areas/roles with particularly high expectations

	Corporate management and management strategy	International business	Industry knowledge	R&D and manufacturing	Sales and marketing	Financing and accounting	Legal affairs and risk management	Personnel affairs and development	IT and DX	Sustainability and ESG
Criteria	Have experience in corporate management as a (representative) director, executive officer, etc., and considerable knowledge in that area.	Have experience in international business at a company and considerable knowledge in that area.	Have considerable knowledge of industries in which the IDEC Group is involved, such as the control device industry, and the factory automation (FA) industry.	Have experience in product and technology development and manufacturing at a company, and considerable knowledge in that area.	Have experience in the sales department at a company, and considerable knowledge in that area.	Have experience as a certified public accountant, tax accountant, or in finance and accounting at a company, and considerable knowledge in that area.	Have experience in corporate legal affairs and risk management as an attorney, or in a corporate legal department, and considerable knowledge in that area.	Have experience in corporate human resources, such as organizational development and human resource development at a company, and considerable knowledge in that area.	Has considerable knowledge in the IT and digital business fields.	Have considerable knowledge of sustainability and ESG.
Reason	To appropriately oversee management's strategic decision-making with a view to enhancing corporate value over the medium- to long-term.	To assess the validity of business strategies designed to address global markets and international transactions.	To make strategic decisions based on industry trends and the competitive environment.	To assess the validity of strategies aimed at strengthening technological competitiveness and enhancing productivity in manufacturing and product supply.	To enhance the effectiveness of sales and marketing strategies that accurately capture market needs and contribute to improved profitability.	To ensure financial health and enhance capital efficiency, and to oversee the validity of investment decisions.	To ensure sound management through the establishment of a robust legal compliance framework and the mitigation of business risks.	To oversee the organizational foundation that supports sustainable growth by promoting human resource development and succession planning.	To promote business transformation leveraging digital technologies and the creation of new value, thereby strengthening competitiveness.	To integrate environmental, social, and governance issues into management in order to ensure sustainable enhancement of corporate value and trust from society.

Compliance

Related materiality

Business Foundation

Key sustainability KPI (FY2026-2028)

Human rights and compliance training attendance rate:
100% (Japan)

G

Compliance initiatives

The IDEC Group has established "The IDEC Way" as its guiding philosophy for becoming a truly global company, based on its purpose to "Create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world." To realize the Vision, Mission, and Core Values defined in "The IDEC Way," we have also established the IDEC GROUP Code of Conduct as a set of global behavioral guidelines that employees are required to uphold. The Code of Conduct has been translated into Japanese, English, Chinese, French, Thai, Vietnamese, and Khmer, and is published on the intranet, enabling employees from across the domestic and overseas Group companies to access it freely at any time.

The Code of Conduct and related policies are reviewed and revised as necessary in response to changes in society and evolving stakeholder expectations.

Overview of the IDEC GROUP Code of Conduct

- Human Rights and Labour
- Environmental Conservation
- Engagement with Stakeholders and Society
- Proper Use and Protection of Company Assets and Information
- Business Ethics and Fair Business Practices
- Internal Whistleblowing system

As part of our internal audits, we also conduct audits to check for compliance violations and appropriately recognize the risks associated with neglect or violations of compliance. Through our internal reporting (whistleblowing) system and risk monitoring activities, we have also established a system that enables us to detect prohibited acts, either before they occur, or as soon as possible after they occur.

Compliance training and audit

To promote respect for human rights, compliance with applicable laws and regulations, such as competition, trade-related, personal data protection laws, and the prevention of corruption including bribery, the IDEC Group regularly provides theme-based compliance training for all employees. These training programs aim to enhance employees' knowledge of human rights, information management, and other key compliance areas, while fostering a strong culture of compliance across the Group.

In FY2026, we conducted training programs on topics such as information security, the Antimonopoly Act, and LGBTQ+ awareness for employees at the headquarter and domestic group companies. In addition, Trade Compliance Training was provided to relevant employees to deepen their understanding of the obligations and prohibitions required in their day-to-day operations.

We also provide ongoing training at key milestones, such as onboarding and upon promotion, to deepen understanding of the IDEC GROUP Code of Conduct and deliver continuous, case-based learning on operational compliance. Furthermore, in January 2026, in light of the revision of the IDEC GROUP Code of Conduct, we conducted a global training to reinforce understanding and ensure consistent awareness across 24 IDEC Group companies (IDEC and 23 subsidiaries).

We will continue to provide training and education, and continue to communicate information to further instill compliance awareness.

Major compliance training programs (FY2026 results)

Ethics and legal compliance

Period	Topic	Participation Rate
October 2025	Antimonopoly Act / Anti-Corruption	100% (1,057 / 1,057 employees)
January–April 2026	Code of Conduct (Business Ethics etc.)	81.4% (2,278 / 2,798 employees) *Training completion status as of the end of April 2026, across 24 IDEC Group companies (IDEC and 23 subsidiaries)
February–March 2026	Trade Compliance	100% (450 / 450 employees)

Human rights and workplace environment

Period	Topic	Participation Rate
October 2025	Mental Health	100% (1,057 / 1,057 employees)
October 2025	LGBTQ+	100% (1,057 / 1,057 employees)

Information management and data protection

Period	Topic	Participation Rate
May–June 2025	Information management regulations	100% (1,076 / 1,076 employees)
July–August 2025	Internal IT equipment usage rules and security measures	100% (1,075 / 1,075 employees)
September–October 2025	Security updates	100% (1,091 / 1,091 employees)
November–December 2025	Software installation and screen lock	100% (1,057 / 1,057 employees)
January–February 2026	Threats from malicious use of AI (Deepfakes)	100% (1,076 / 1,076employees)

More information is available here.
https://www.idec.com/en/sustainability/governance/compliance

Internal reporting system

The IDEC Hotline has been established as a hotline that allows users to report compliance violations via either an internal or external contact point, and either anonymously or using real names. We have established internal reporting and operation rules to protect the confidentiality of consultation and reporting, and to prohibit unfavorable treatment of whistleblowers.

When a report is made, the Hotline Contact established within the Risk Management Committee promptly responds to the report, and works at resolving the problem and preventing recurrences. Reports are also promptly communicated to top-level management, and regularly reported to the Board of Directors to share risk information. In cases where management may be involved, a system exists to ensure independence and to liaise with an external law firm.

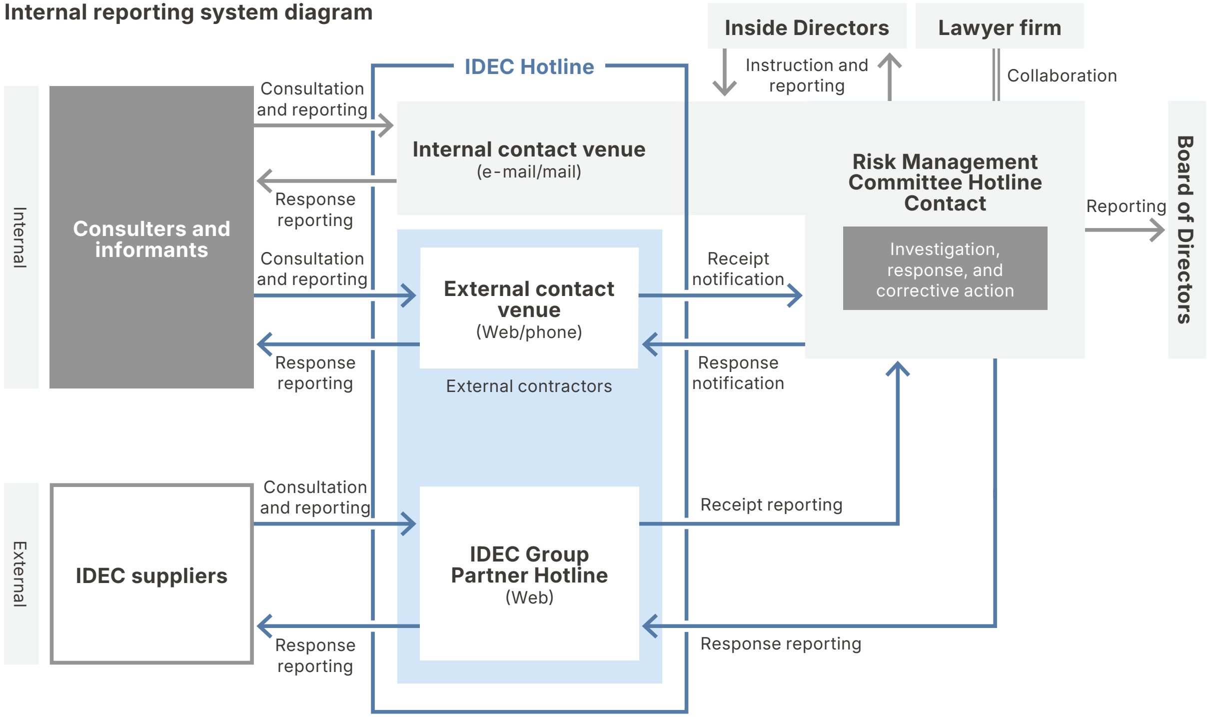
To enable the system to function globally, we have established a Global Hotline which enables overseas Group company employees to report directly to the head office contact.

In FY2025, the number of cases increased partly due to renewed awareness of the reporting channels. However, in FY2026, the number of cases decreased compared with FY2025, as the IDEC Group newly established a consultation office that accepts advance consultations for matters where employees may be uncertain whether to file a formal report.

Number of internal reports (consolidated)

FY2024	FY2025	FY2026
4	18	11

Internal reporting system diagram



Anti-corruption initiatives

The IDEC Group clearly states in the "IDEC GROUP Code of Conduct," that the Group shall not engage in bribery, improper benefits, misconduct or fraud, other corrupt practices, extortion, or embezzlement under any circumstances, and shall have no relationships whatsoever with anti-social forces, including through business transactions. In addition, the IDEC Group Anti-Corruption Policy sets out specific prohibited acts. These policies apply not only to IDEC Group employees but also require compliance from related business partners. Furthermore, we are advancing the development of locally optimized policies, internal rules, and guidelines in each region, and are promoting anti-corruption efforts across the entire Group.

Policies, internal regulations, and guidelines are formulated and reviewed on a regular basis with the approval of management, taking into account international standards and amendments to laws and regulations.

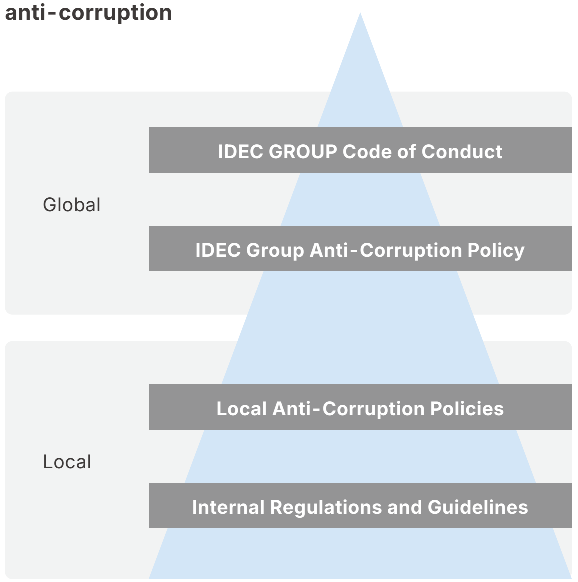
In addition, anti-corruption is addressed as an annual theme in compliance training programs. Through the use of concrete case studies, we promote awareness and understanding of our internal policies and work thoroughly to enhance corporate ethics and ensure compliance with laws and regulations.

Moreover, through our internal whistleblowing system and risk monitoring activities, we have established mechanisms to prevent the occurrence of prohibited acts such as bribery, or to detect them at an early stage.

FY2026 (consolidated)

Bribery-related fines, penalties, or settlements	0 yen
Political contributions	0 yen
Disciplinary dismissals for involvement in corrupt practices	0
Number of serious legal violations	0
Number of harassment reports and consultations	4

Policy and regulatory framework related to anti-corruption



Overview of the IDEC Group Anti-Corruption Policy

- Compliance with applicable laws and regulations
- Prohibition of involvement in corrupt practices
  - Bribery
  - Facilitation payments
  - Unauthorized or inappropriate political contributions
  - Inappropriate sponsorships or donations without verified legality and ethics
  - Unfair recruitment or selection practices for business advantage
  - Transactions involving conflicts of interest
- Risk avoidance
- Internal Whistleblowing
- Relationships with business partners
- Corruption risk assessment and Due Diligence
- Accurate accounting and record keeping
- Training and communication
- Disciplinary actions

Risk Management

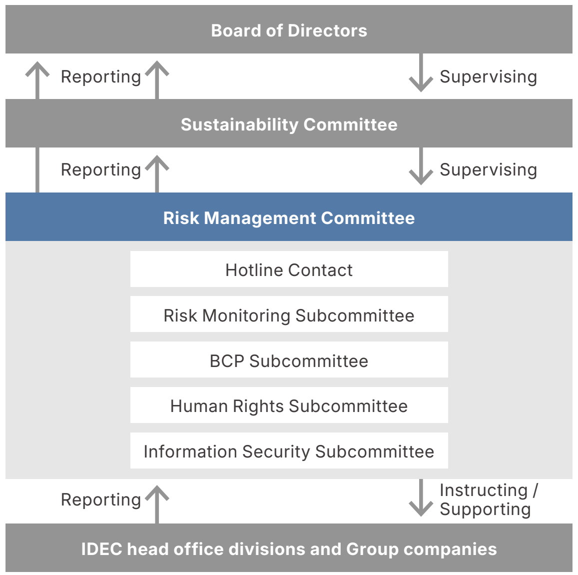
G

Risk management initiatives

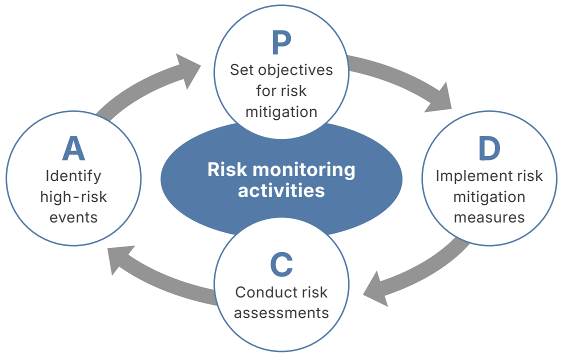
IDEC has established the Risk Management Committee as a specialized committee under the Sustainability Committee, chaired by the CEO, with the objective of avoiding, mitigating, and transferring risks to the IDEC Group in advance, and minimizing damage in the event of an emergency response event.

The Risk Management Committee is responsible for overseeing the Group's overall risk management during normal times and responding in the event of an emergency. In addition, the committee has established specialized subcommittees to address risks that require particular focused efforts. The Risk Management Committee's initiatives are reported to the Sustainability Committee, which meets twice a year, and the committee then reports to the Board of Directors. In addition, the Risk Management Committee is able to report directly to the Board of Directors on important events such as internal (whistleblowing) reports, ensuring that risk information is reported appropriately to management.

Risk Management System



Risk management process



Events that could negatively impact the IDEC Group's continued business expansion and corporate value enhancement are identified as "risk events." The Risk Monitoring Subcommittee conducts risk assessment and monitoring of countermeasures for these risk events.

Every year, for each risk event, a questionnaire survey is conducted using the "probability of occurrence," "magnitude of damage," and "impact" as indicators, across Group companies and business functions, and the results are used to assess risks on a relative basis. Among them, risk events that are evaluated as having a high probability of occurrence or high impact are selected as "high risk events," and the affected departments or group companies plan and implement countermeasures to reduce risk.

Risk categories for FY2026

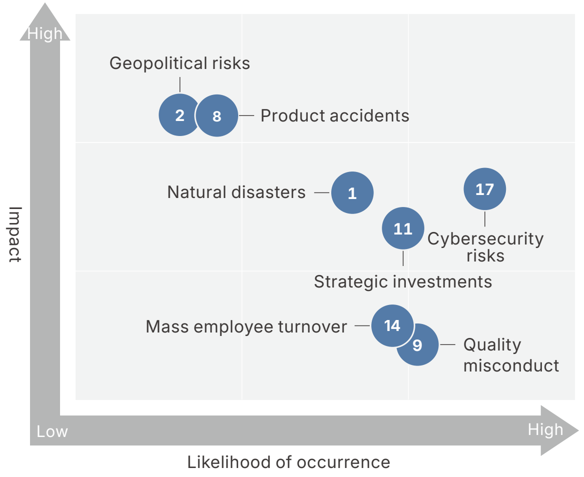
External risk factors		1 Natural disasters 2 Geopolitical risks 3 Infectious diseases 4 Supply chain risks
Internal risk factors	Business strategy risks	5 Dependence on specific customers 6 Excess inventory 7 Product defects 8 Product accidents 9 Quality misconduct 10 Restricted / Prohibited substances 11 Strategic investments
	Resource and infrastructure risks	12 Facility and equipment risks 13 Occupational accidents 14 Mass employee turnover 15 Key person risk 16 IT incidents 17 Cybersecurity risks
	Compliance risks	18 Intellectual property risks 19 Human rights risks 20 Harassment 21 Tax risks 22 Embezzlement, breach of trust, and bribery 23 Insider trading 24 Violations of competition laws 25 Information leakage 26 Deficiencies in licenses and permits
	Accounting and financial risks	27 Accounting and financial risks 28 Asset impairment

Results of risk assessment

Based on the results of the risk assessment conducted across the IDEC Group, the following risks have been identified as high-risk events.

Events	Description of potential risks
1 Natural disasters	Risks of operational suspension and damage resulting from natural disasters such as earthquakes, torrential rain, flooding, typhoons, and forest fires.
2 Geopolitical risks	Risks that safety and business continuity may be disrupted due to geopolitical factors such as conflicts, terrorism, and deterioration of public security.
8 Product accidents	Risks of serious product accidents that may have an impact on human life or physical safety.
9 Quality misconduct	Risks of quality misconduct arising from falsification of product performance or data.
11 Strategic investments	Strategic investment risks, including the impact on financial conditions resulting from strategic investments such as M&A and business alliances.
14 Mass employee turnover	Risks of labour shortages due to the mass resignation of employees.
17 Cybersecurity risks	Risks of prolonged network outages caused by cyber attacks.

High-risk events



More information is available here.
https://www.idec.com/en/sustainability/governance/risk-management

Information security management initiatives

In light of the business impact of cyberattacks, system down, and information leaks, the IDEC Group recognizes information security risks as risks directly related to management, and has established the "Information Security Basic Policy" to raise employee awareness and take measures against information security-related risks.

We have also established a management system for information security, and are working to ensure the effectiveness of information security and protect our information assets by continuously improving our basic policy, the various internal rules and procedures formulated based on it.

Information security promoting system

The Information Security Subcommittee was established within the Risk Management Committee, a specialized committee of the Sustainability Committee, to oversee information security management for the entire IDEC Group. The Information Security Subcommittee identifies the information assets of the entire IDEC Group and conducts risk assessment. Based on the results of these assessments, the subcommittee works with the various information security management organizations of each IDEC Group company and their supervisors on a global basis.

We are also working to raise security awareness through education and enlightenment activities for all employees, and have established a reporting system to ensure prompt response and damage minimization in the event of incidents such as cyberattacks and information leaks.

Protection of personal information

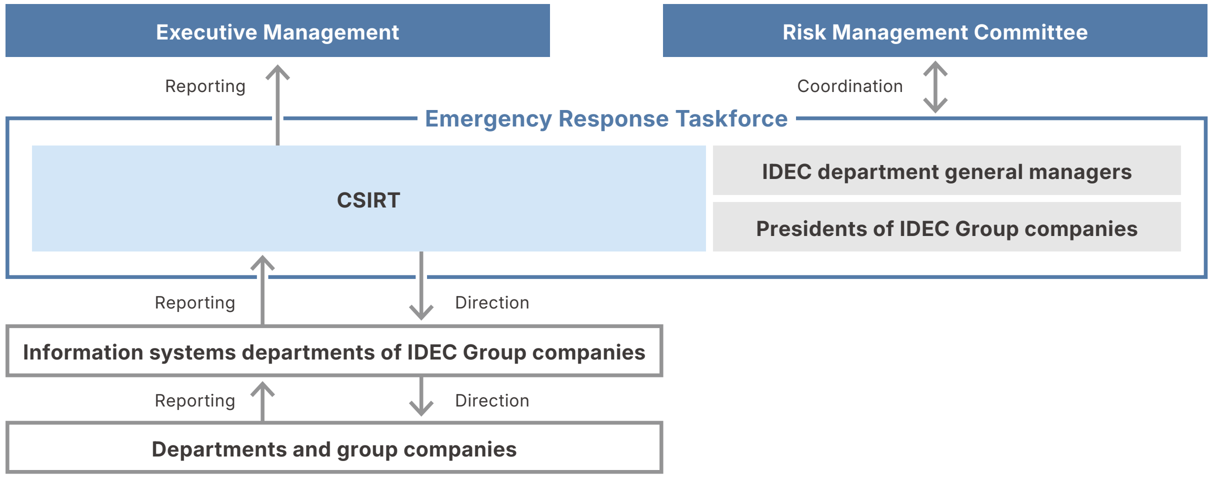
The IDEC Group recognizes that it is an important corporate social responsibility to appropriately protect and handle information that can identify specific individuals (such as names, addresses, and e-mail addresses of customers, suppliers, and business partners), and manages acquired information in accordance with its Personal Information Protection Policy.

Countermeasures against information security risks

To reduce information security-related risks, the IDEC Group works continuously to assess the internal and external environment in relation to information security, with an emphasis on strengthening countermeasures. We work to prevent information security incidents by ensuring that management and all employees understand the importance of information security, not only through technical measures, but also through organizational measures such as rule development, education, enlightenment, and training, etc.

When an information systems department of any IDEC Group company identifies a security incident, it implements initial response measures and simultaneously reports the incident to the CSIRT (Computer Security Incident Response Team), which is composed of IT leaders from each global region. Upon receiving the report, the CSIRT collects detailed information and provides instructions on additional countermeasures and measures to prevent recurrence. If, after considering the potential impact on business continuity as well as violations of laws or contractual obligations, the incident is determined to be major incident, it is promptly reported to management. At the same time, an Emergency Response taskforce will be established, consisting of relevant IDEC department heads and presidents of Group companies.Through this taskforce, response measures will be carried out in coordination with the Risk Management Committee and its subordinate body, the BCP Subcommittee, which serve as the secretariat. All measures related to security incidents will be determined and implemented with due consideration given not only to the IDEC Group's internal operations but also to their potential impact on stakeholders, including customers and business partners.

Cybersecurity incident response organizational structure



More information is available here.
https://www.idec.com/en/sustainability/governance/information-security

Initiatives for Business Continuity Planning (BCP)

Within the IDEC Group, the BCP Subcommittee of the Risk Management Committee promotes the formulation and enhancement of Business Continuity Plans (BCPs) in Japan and overseas in accordance with our basic policy on business continuity. These BCPs are based on an all-hazards approach, which assumes not only natural disasters such as large-scale earthquakes but also all other events that may affect business continuity.

IDEC Group basic policy for crisis response

- To place the highest priority on the safety of employees and their families
- To maintain quality and establish systems and frameworks that ensure the uninterrupted supply of products, enabling us to meet customer requirements by providing safe and ANSHIN products and services even in times of crisis
- To recognize the importance of daily preparedness and training, and to establish strategies and frameworks that incorporate effective crisis response

In addition, we conduct annual training programs for employees, and ensures the effectiveness of our BCPs by reviewing and improving them based on the results of these exercises. In March 2026, a simulation-based tabletop exercise assuming a large-scale earthquake was conducted for members of the BCP Subcommittee. The results of this exercise will be utilized to review the BCPs and will also be reflected in employee training programs from FY2027 onward, with the aim of implementing more effective training initiatives.

Section 06.

Data

Data and Company Overview

Non-Financial Data

* Some past fiscal year data has been corrected.

Environment

	Scope	FY2024	FY2025	FY2026
CO_2 emissions				
Scope1 (t-CO_2)	Consolidated	624	634	**486**
Scope2 (t-CO_2)		8,966	7,921	**7,934**
Scope3 (Category1)(t-CO_2)		156,523	127,836	**140,128**
Scope3 (Category2)(t-CO_2)		8,806	32,402	**17,195**
Scope3 (Category3)(t-CO_2)		13,222	7,406	**7,801**
Scope3 (Category4)(t-CO_2)		3,442	3,433	**3,682**
Scope3 (Category5)(t-CO_2)		267	241	**230**
Scope3 (Category6)(t-CO_2)		532	475	**450**
Scope3 (Category7)(t-CO_2)		1,895	1,719	**1,607**
Scope3 (Category8)(t-CO_2)		0	0	**0**
Scope3 (Category9)(t-CO_2)		488	274	**265**
Scope3 (Category10)(t-CO_2)		0	0	**0**
Scope3 (Category11)(t-CO_2)		615,919	562,443	**540,676**
Scope3 (Category12)(t-CO_2)		17,917	17,041	**16,455**
Scope3 (Category13)(t-CO_2)		0	0	**0**
Scope3 (Category14)(t-CO_2)		0	0	**0**
Scope3 (Category15)(t-CO_2)		0	0	**0**
In-house CO_2 emissions (t-CO_2)		9,590	8,555	**8,420**
Intensity (kg-CO_2/million yen)		132	127	**115**
Reduction ratio of CO_2 emissions (Scope1&2, vs. FY2020)		19.8%	28.4%	**29.5%**
ROC (million yen/1,000 t-CO_2)		654	427	**727**
Electric power				
Power consumption (1,000 kWh)	Consolidated	24,161	22,351	**21,870**
Solar power generated in-house: total (1,000 kWh)		20,464	23,851	**18,293**
Solar power generated in-house: portion self-consumed (1,000 kWh)		963	1,038	**1,088**
Renewable energy purchases (1,000 kWh)		2,534	2,425	**3,040**
Renewable energy ratio		14.5%	15.5%	**18.9%**
Waste generation & resource recycling				
General waste generated (t)/intensity (kg/million yen)	Consolidated	286/3.93	281/4.17	**240/3.29**
Industrial waste generated (t)/intensity (kg/million yen)		454/6.24	320/4.75	**309/4.24**
Material recycled (t)/intensity (kg/million yen)		790/10.86	640/9.50	**629/8.62**
Paper consumption (t)/intensity (kg/million yen)		17/0.23	17/0.26	**13/0.18**
Water use				
Water consumption (m^3)/intensity (m^3/million yen)	Consolidated	58,260/0.80	51,123/0.76	**44,212/0.61**
Industrial water consumption (m^3)		2,997	2,568	**2,177**
Groundwater consumption (m^3)		0	0	**0**

Social

	Scope	FY2024	FY2025	FY2026
Human resource development				
Average training costs per person (yen)	Unconsolidated	59,000	55,000	**98,000**
Average training hours per person (hours)		10.4	9.2	**9.5**
Diversity, Equity & Inclusion				
Number of employees	Consolidated	3,087	2,937	**3,006**
Male		1,751	1,673	**1,603**
Female		1,336	1,264	**1,403**
Ratio of female employees		43.3%	43.0%	**46.7%**
Ratio of female employees	Unconsolidated	19.2%	20.9%	**23.4%**
Number of managers	Consolidated	402	402	**387**
Male		306	317	**298**
Female		96	85	**89**
Ratio of female managers		23.9%	21.1%	**23.0%**
Ratio of female managers	Unconsolidated	7.6%	9.7%	**11.9%**
Ratio of employees with disabilities	Japan	3.0%	3.1%	**3.3%**
Gender pay gap (full-time employees)	Unconsolidated	76.6%	80.2%	**77.7%**
Average length of service (full-time employees)	Unconsolidated	16.1	15.7	**14.2**
Male (years)		17.1	16.7	**15.2**
Female (years)		12.0	12.3	**11.3**
Utilization of childcare leave (full-time employees)	Unconsolidated	100%	95.0%	**100%**
Male		100%	92.3%	**100%**
Female		100%	100%	**100%**
Number of days of childcare leave taken by male employees	Unconsolidated	30	86	**45**
Occupational health & safety				
Frequency rate of industrial accidents	Unconsolidated	0.65	0.68	**0**
Fatalities due to occupational accidents	Consolidated	0	0	**0**
Health				
Health checkup rate	Unconsolidated	100%	100%	**100%**
Stress check participation		81.5%	91.0%	**93.7%**
Supply Chain Management				
Sustainability engagement ratio with suppliers*	Unconsolidated	98.7%	100%	**100%**
Audit and follow-up rate for suppliers with low SAQ scores	Unconsolidated	—	—	**100%**

* The assessment applies to major suppliers with annual purchase amounts of over one million yen.

Governance

	Scope	FY2024	FY2025	FY2026
Board of Directors				
Number of directors	Unconsolidated	10	10	**9**
Number of outside directors		6	6	**6**
Ratio of outside directors		60%	60%	**67%**
Ratio of female directors		30%	30%	**33%**
Ratio with less than 3 years of service		30%	10%	**0%**
Number of meetings held		7	7	**7**
Attendance rate		99%	100%	**100%**
Outside director attendance rate		98%	100%	**100%**
Audit & Supervisory Committee				
Number of members	Unconsolidated	3	3	**3**
Ratio of outside directors		100%	100%	**100%**
Number of meetings held		9	9	**9**
Attendance rate		100%	100%	**100%**
Nominating Committee				
Number of members	Unconsolidated	4	4	**3**
Ratio of outside directors		75%	75%	**100%**
Number of meetings held		3	1	**2**
Attendance rate		100%	100%	**83%**
Remuneration Committee				
Number of members	Unconsolidated	5	5	**4**
Ratio of outside directors		80%	80%	**100%**
Number of meetings held		4	2	**3**
Attendance rate		95%	90%	**92%**
Corruption prevention				
Bribery-related fines / penalties / settlements (yen)	Consolidated	0	0	**0**
Political contributions (yen)		0	0	**0**
Disciplinary dismissals for involvement in corrupt practices		0	0	**0**
Compliance				
Number of serious legal violations	Consolidated	0	0	**0**
Number of internal reports		4	18	**11**
Number of harassment reports / consultations		4	4	**4**
Human rights and compliance training attendance rate	Japan	100%	100%	**100%**

11-Year Key Financial Data

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2026
Operating results											(Million yen)	(Thousands of U.S. dollars) 1US$=159.93 yen
Net sales	43,468	43,426	59,783	62,757	58,355	53,983	70,789	83,869	72,711	67,380	**72,967**	**456,243**
Gross profit	18,017	18,027	26,022	26,973	25,040	22,783	30,310	37,376	31,019	29,437	**32,349**	**202,270**
Selling, general and administrative expenses	14,841	14,479	19,909	21,244	20,336	18,742	20,638	23,315	24,743	25,784	**26,230**	**164,009**
Operating profit	3,176	3,547	6,112	5,728	4,704	4,041	9,672	14,060	6,276	3,652	**6,118**	**38,254**
Profit attributable to owners of parent	1,708	2,440	5,296	3,700	3,006	2,803	7,896	10,144	4,407	1,778	**3,873**	**24,217**
Cash flows												
Cash flows from operating activities	5,690	2,644	4,926	6,119	6,928	7,443	9,652	7,009	5,504	11,248	**7,442**	**46,533**
Cash flows from investing activities	(18)	(21,190)	(858)	(2,665)	(2,037)	(3,147)	(1,386)	(3,110)	(1,922)	(4,097)	**(5,296)**	**(33,114)**
Free cash flows	5,671	(18,545)	4,067	3,453	4,890	4,295	8,265	3,899	3,581	7,150	**2,145**	**13,412**
Cash flows from financing activities	(2,611)	19,929	(3,926)	(2,878)	(3,605)	(3,672)	(8,578)	(4,403)	(4,462)	(2,905)	**(3,690)**	**(23,073)**
Financial position												
Total assets	49,328	85,441	91,530	89,032	87,025	88,252	94,960	104,235	107,138	107,216	**113,572**	**710,136**
Shareholders' equity	31,976	33,355	45,005	45,509	42,725	42,963	48,660	58,465	65,551	63,197	**69,313**	**433,396**
Information per share											(Yen)	(U.S. dollars)
Earnings per share (EPS)	56.50	80.68	170.37	112.53	95.19	92.83	264.12	348.37	150.10	60.36	**131.22**	**0.82**
Book-value per share (BPS)	1,057.28	1,102.20	1,370.01	1,383.18	1,365.73	1,432.43	1,677.51	1,998.30	2,226.99	2,142.95	**2,345.80**	**14.67**
Annual cash dividends (yen)	36.00	40.00	50.00	50.00	50.00	50.00	100.00	130.00	130.00	130.00	**130.00**	**0.81**
Other financial data												
Operating profit margin	7.3%	8.2%	10.2%	9.1%	8.1%	7.5%	13.7%	16.8%	8.6%	5.4%	**8.4%**	
Return on equity (ROE)	5.3%	7.5%	13.5%	8.2%	6.8%	6.5%	17.2%	18.9%	7.1%	2.8%	**5.8%**	
Return on assets (ROA)	3.5%	3.6%	6.0%	4.1%	3.4%	3.2%	8.6%	14.5%	6.5%	3.2%	**6.0%**	
Equity-to-asset ratio	64.8%	39.0%	49.2%	51.1%	49.1%	48.7%	51.2%	56.1%	61.2%	58.9%	**61.0%**	
Capital expenditure	1,500	2,103	1,991	4,122	2,673	3,567	2,503	4,088	2,960	10,782	**5,937**	**37,122**
(portion spent on right-of-use assets etc.)	—	—	—	—	143	171	497	1,166	391	318	**559**	**3,495**
Depreciation and amortization expense	1,519	1,141	2,398	2,701	3,016	2,981	3,264	3,544	3,917	4,091	**3,997**	**24,992**
R&D expense	2,328	2,242	2,202	2,359	2,325	2,343	2,593	2,958	2,796	2,936	**2,945**	**18,414**

Company Overview

Corporate Data

Corporate Name	IDEC CORPORATION
Established	March 26, 1947
Capital Stock	JPY10,056,605,173
Number of Employees	3,006 (consolidated; as of March 31, 2026) * Excluding contract and temporary employees
Stock Listing	Prime Market, Tokyo Stock Exchange
Head Office	2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan Phone: +81-6-6398-2500 (Main number)
Tokyo Sales Branch	1-16-1, Kaigan, Minato-ku, Tokyo 105-0022 Japan Phone: +81-3-6625-5180 (Main number)
Factories	Amagasaki, Fukusaki, Takino
Sales Branches	Tokyo, Osaka

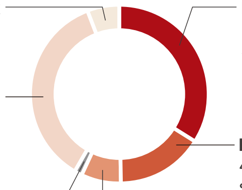
Shares of the Company

As of March 31, 2026

Number of shares authorized	150,000,000
Number of shares issued	31,374,485
Number of shareholders	20,191

Distribution of Shareholders

As of March 31, 2026



Major Shareholders (Top 10)

As of March 31, 2026

Shareholders	Number of shares (Thousands of shares)	Holdings (%)
The Master Trust Bank of Japan, Ltd. (Account in trust)	5,389	18.24
Custody Bank of Japan, Ltd. (Account in trust)	3,573	12.09
Custody Bank of Japan, Ltd. (Account in trust 4)	904	3.06
Namariya LLC	845	2.86
TKF LLC	732	2.48
THE BANK OF NEW YORK MELLON 140044	450	1.52
Kazutaka Fujita	400	1.35
JP MORGAN CHASE BANK 385781	370	1.26
Toshihiro Fujita	322	1.09
STATE STREET BANK AND TRUST COMPANY 505001	309	1.05

Note: The ratio of shareholding is calculated after deducting treasury stock (1,826 thousand shares).

Evaluation by Society

(Inclusion in Indices)

FTSE JPX Blossom Japan Index
FTSE JPX Blossom Japan Sector Relative Index
S&P/JPX Carbon Efficient Index
2026 Sompo Sustainability Index

Sustainability Evaluation

EcoVadis Recognition Page
https://recognition.ecovadis.com/32CioXRx10u3rTOpYPRdvA

CDP 2025
CDP 2025

Standard index (GRI / SASB)

More information is available here.
https://www.idec.com/en/sustainability/standard-index

Executive Officers As of July 1, 2026

Senior Executive Officers

Tomonori Nishiki
Senior Executive Officer
R&D & Environment

Shinichi Yoshimi
Senior Executive Officer
Strategic Planning

Arnaud Mondi
Senior Executive Officer
Marketing and Strategy

Executive Officers

Yasunori Kawanaka
Executive Officer
IDEC Business Unit, Products Strategy

Marc Enjalbert
Executive Officer
Manufacturing, APEM Business Unit

Masaki Tsuri
Executive Officer
Quality Assurance

Yoshihiko Nishiyama
Executive Officer
President's Office & Special Assignments

Sven Claus Muendler
Executive Officer
Strategy & Partnerships

Specialized Advisor

Toshihiro Fujita
Specialized Advisor
Chief Safety, Health and Well-being Officer