Vegetable oil ink was used in the printing of this report in consideration of the environment.
We make the point of contact, where people interface with machines, easy, safe and secure. We create new possibilities.

One of our corporate principles is to conduct business with consideration for social contribution. Since its founding, IDEC has developed and introduced the world to numerous products and services centered on its control technology. Today, our products are used not only in factories, but in a wide range of settings in people’s everyday lives where customers desire safety, ease of use, reliability and a smaller environmental footprint.

Having celebrated its 70th anniversary in March of 2017, the IDEC Group will continue to brighten the future of manufacturing and people’s lives as it moves into the centennial of its existence and beyond.
Message from the C.E.O.

The IDEC Group responds to increasingly diverse social needs with technology-backed solutions

Performance for the year ended March 31, 2017

Advancements in robotics helped to increase sales of safety-related products, including enabling switches. Furthermore, explosion-proof products showed steady growth. As a result, our sales in Japan were ¥27,939 million (up 1.3% from the previous year). Despite strong safety-related products sales in the Asia Pacific region centered on China and the North America region, our overseas sales were ¥15,486 million (down 2.5% from the previous year), as the strong Yen impacted currency conversion.

Taking into consideration each of these factors, consolidated sales and operating income were ¥43,426 million (down 0.1% from the previous year) and ¥3,547 million (up 11.7% from the previous year), respectively, while the operating income margin was 8.2%. The total per-share cash dividend payment for the year was ¥40, including the regular dividend of ¥36 and the special dividend of ¥4, and the DOE (dividends on equity) was 3.7%.

Business strategies for future growth

The IDEC Group has identified sales of ¥100 billion and an operating income margin of 15% as two key long-term goals. To achieve these goals, we continue to build strategic corporate partnerships through various initiatives including mergers and acquisitions. In March 2017, we acquired APEM Group a French company. While continuing our efforts to strengthen core business segments, we are expanding new businesses in response to social challenges and needs, such as labor shortages caused by declining populations, by providing solutions to automated agriculture plants and collaborative robot systems.

We will continue to increase the value of our company by implementing our corporate mission of “making contributions to a social economy through business growth,” so everyone can benefit from our success. We appreciate your support and encouragement as we carry out our endeavors.

Toshi K. Funaki
Chairman and
Chief Executive Officer

Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>Year on year</th>
<th>Year on year</th>
<th>Year on year</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>43,426 m yen</td>
<td>3,547 m yen</td>
<td>27,939 m yen</td>
<td>15,486 m yen</td>
</tr>
<tr>
<td>Domestic net sales</td>
<td>Down 0.1%</td>
<td>UP 11.7%</td>
<td>UP 1.3%</td>
<td>Down 2.5%</td>
</tr>
<tr>
<td>Overseas net sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net sales
- Net sales (Millions of yen)
- Operating income margin (%)
As a part of efforts to support the future of manufacturing and daily life, IDEC creates value through products that provide safety. At the same time, the Company undertakes a wide range of activities in a bid to resolve societal challenges.

**Top Message**

**Value Creation Process**

As a part of efforts to support the future of manufacturing and daily life, IDEC creates value through products that provide safety. At the same time, the Company undertakes a wide range of activities in a bid to resolve societal challenges.

**Core Competencies**

- **Safety Technology and Products**: Leveraging our longstanding knowledge to ensure a high level of safety
- **High Quality**: Reliable quality backed by our technical capabilities
- **Automation**: Products and solutions that enable automation and labor savings
- **HMI Solutions**: Providing optimal solutions tailored to customer needs

**Our Value in Action**

**Output**

- **Creating value for society**
  - Development and increased use of safe products
  - Providing collaborative robot systems
  - Developing IoT-compatible products
  - Designing environmentally-friendly products
  - Helping industrialize agriculture

**Outcome**

- **Resolving societal challenges**
  - Increasing productivity and efficiency
  - Realizing safety
  - Ensuring a smaller environmental footprint

**Societal Challenges**

- Growing shortage of labor
- Further aging of society
- Frequent occurrence of industrial accidents
- Onset of global warming
- Decline in food self-sufficiency ratio

**Value Creation Process**

- Research & Development
- Procurement
- Manufacturing
- Sales
Product Groups

HMI (Human-Machine Interface) Solutions
- Control switches
- Emergency stop pushbutton switches
- Pilot lights

In addition to the FA industry, IDEC covers a broad market following its acquisition of APEM.

APEM’s Products
- Material handling, Elevator markets
- Special vehicle, Security, Defense/Aerospace markets

Safety / Explosion-proof Solutions
- Interlock switches
- Safety laser scanners
- Control boxes
- Explosion-proof equipment

Automation Solutions
- Programmable controllers
- Operator interfaces
- Photoelectric switches
- Auto-ID devices

Panel Solutions
- Control relays / Terminal blocks / Switching power supplies and other control panel equipment
- Industrial LED illumination units

Others
- Power conditioners
- Fine bubble generators
- Collaborative robot systems
- Mega-solar projects
Global Network

Greater China
- Sales bases: 9
- Manufacturing bases: 6
- No. of employees: 1,501

- IDEC (SHANGHAI) CORPORATION (PRC)
- IDEC (SHENZHEN) CORPORATION (PRC)
- IDEC (BEIJING) CORPORATION (PRC)
- IDEC TAIWAN CORPORATION (Taiwan)
- IDEC IZUMI (H.K.) CO., LTD. (Hong Kong)
- APEM Wujin Electronics Co. Ltd (PRC)
- APEM Ltd (PRC)
- TAIYANG CONET ELECTRONICS CO., LTD. (PRC)
- CONET TAIWAN CO., LTD. (Taiwan)
- IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION (PRC)
- IDEC IZUMI SUZHOU CO., LTD. (PRC)
- IDEC IZUMI TAIWAN CORPORATION (Taiwan)

Europe and Others
- Sales bases: 9
- Manufacturing bases: 7
- No. of employees: 1,013

- IDEC IZUMI ASIA PTE LTD. (Singapore)
- IDEC Australia Pty. Ltd. (Australia)
- IDEC ASIA (THAILAND) CO., LTD. (Thailand)
- IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION (PRC)
- IDEC IZUMI IZUMI SUZHOU CO., LTD. (PRC)
- IDEC IZUMI TAIWAN CORPORATION (Taiwan)
- IDEC IZUMI ASIA PTE LTD. (Singapore)
- IDEC IZUMI IZUMI SUZHOU CO., LTD. (PRC)
- IDEC IZUMI TAIWAN CORPORATION (Taiwan)

Americas
- Sales bases: 2
- Manufacturing base: 1
- No. of employees: 223

- IDEC CORPORATION (USA)
- APEM Inc (USA)
- APEM SAS (France)
- APEM Components Ltd (UK)
- MEC A/S (Denmark)
- APEM Italia Srl (Italy)
- IDEC Elektrotechnik GmbH (Germany)
- APEM GmbH (Germany)
- APEM AB (Sweden)
- APEM Benelux (Belgium)
- APEM BV (The Netherlands)
- SACEMA (Tunisia) Two other bases

Asia Pacific
- Sales bases: 3
- Manufacturing base: 1
- No. of employees: 193

- IDEC IZUMI ASIA PTE LTD. (Singapore)
- IDEC Australia Pty. Ltd. (Australia)
- IDEC ASIA (THAILAND) CO., LTD. (Thailand)

- IDEC CORPORATION
- IDEC FACTORY SOLUTIONS CORPORATION
- IDEC SYSTEMS & CONTROLS CORPORATION
- IDEC AUTO-ID SOLUTIONS CORPORATION
- IDEC LOGISTICS SERVICE CORPORATION

- Sales
- Development
- Manufacturing
In recent years, the expansion of shale gas and oil production in the United States has increased capital investment in this industry, presenting exciting opportunities for our programmable controllers, explosion-proof products and more.

An increase in United States domestic spending will create demand for a broad range of control products in other industries. We are aiming to strengthen our sales force to increase revenues in a wide range of industries.

IDEC aims to establish a dominant global position by supplying optimal products and solutions that match market needs.

Regional Overview

IDEC Corporation (USA) was established in California to develop business in the North American region as a sales subsidiary. For the last four decades, IDEC (USA) has built strong relationships based on trust with numerous customers. Our field sales engineers located across the country provide detailed support to customers, ranging from product selection to the building of systems.

Responding to increasing demand driven by the energy revolution

For the last four decades, IDEC (USA) has built strong relationships based on trust with numerous customers. Our field sales engineers located across the country provide detailed support to customers, ranging from product selection to the building of systems.

More than 40 years of success

Despite concerns about the impact of policy changes by the new administration, business conditions have been improving and the manufacturing sector is gaining strength in the United States.

In the field of industrial automation, IDEC provides optimized products, solutions and services tailored to its customers’ needs. The company aims to expand sales of safety products and programmable controllers in key industries, including automotive, oil & gas and material handling.
Industry 4.0 and the Internet of Things (IoT) are propelling full-scale manufacturing automation and demand for safety products for robotic systems. The increased use of automated guided vehicles (AGV) for transporting materials in factories and warehouses has expanded the need for emergency-stop pushbutton switches and safety laser scanners that effectively protect workers and objects. IDEC is actively taking steps to add value and customer satisfaction by offering customized safety products for automated manufacturing systems.

One of the key industries IDEC serves is the elevator sector, and the world’s largest elevator market is China, where business opportunities have grown. Early on, we developed a maintenance switch box in compliance with international standards for elevators used in China. This switch box, to which IDEC applied its proprietary system engineering technology, received high praise for safety, durability, slim profile and ease of use.

IDEC also launched an illuminated buzzer in compliance with the latest safety standard, which combines a buzzer and pilot light in one to both visually and audibly alert workers.

The Chinese government has been promoting its “Made in China 2025” initiative to boost innovation in manufacturing and to revamp the country’s industry by applying information technology to industrialization. To meet growing demand effectively under this initiative, IDEC is improving its development and manufacturing systems while paying attention to China’s varied needs, such as automating factories and conserving energy.

In March 2017, IDEC acquired the APEM Group, which is headquartered in France. With a history that spans more than 65 years of history, APEM manufactures and markets Human Machine Interface (HMI) products worldwide, with its strongest sales in Europe. Sales are centered on industrial switches.

The addition of APEM Group with its 10 sales and 14 manufacturing bases, will greatly enhance the IDEC Group’s global sales capabilities. Benefiting from diversities in cultures, backgrounds, product mixes and regional strengths of the two companies, IDEC and APEM aim to maximize synergies together.

Increasing sales capacities in Europe
In an effort to meet market needs quickly, we have streamlined the process of development, manufacturing and distribution. For this purpose, we opened a software development base in Shanghai, and relocated and consolidated manufacturing and distribution in Suzhou.

To distinguish IDEC from its competitors, we train safety professionals, such as accredited safety assessors who are capable of providing safety consulting, and promote safety understanding through tradeshow exhibits.

Products uniquely fit for the world’s largest elevator market
One of the key industries IDEC serves is the elevator sector, and the world’s largest elevator market is China, where business opportunities have grown. Early on, we developed a maintenance switch box in compliance with international standards for elevators used in China. This switch box, to which IDEC applied its proprietary system engineering technology, received high praise for safety, durability, slim profile and ease of use.

IDEC also launched an illuminated buzzer in compliance with the latest safety standard, which combines a buzzer and pilot light in one to both visually and audibly alert workers.
As the economy grew in Southeast Asia, interest in workplace safety increased. Japanese manufacturers operating in this region began installing safety devices in their manufacturing plants. We continue to promote safety awareness and increase sales of safety products such as controllers, interlock switches and laser scanners, mainly to Japanese automakers. Our intention is to broaden our customer base beyond Japanese manufacturers in the near future.

Miniaturization of equipment is preferred by the semiconductor industry. Accordingly, manufacturers want various devices installed in equipment to take up less space and less time to install. IDEC’s interlock switches, the world’s smallest in their class, as well as other popular IDEC safety products, meet these requirements.

In recent years, 2D (two-dimensional) codes have gained popularity in parts traceability applications. Following this trend, IDEC has developed a new compact and high-performance 2D code scanner ideal for not only factory automation but also the medical field.

As the time has come for people and robots to work collaboratively while sharing the same space. Looking beyond traditional notions regarding safety, where machines equipped with specific features operate independently to ensure worker safety, IDEC has embraced Safety2.0, a next-generation concept that ensures a higher level of personal well-being.

IDEC is initiating a new business of building flexible, safe and productive production systems while providing consulting services on collaborative robot system safety.
Medium- to Long-Term Plan

Entering into a new chapter as a global company

As part of the growth and globalization strategy, IDEC acquired the APEM Group in March 2017. This acquisition enables us to expand our key product lineups of control devices, including industrial switches, and to expedite penetration into global markets. After strengthening our major product lines through acquisition integration, we will focus on developing products and solutions that meet a broad range of customer requirements as our industry undergoes radical changes with the advancement of IoT and robot technologies.

Our marketing strategies include aiming at selective industries where we already have an advantage and which we believe offer potential growth. Such focused effort will strengthen our established business segments and improve profitability. Also our firm commitment to addressing social challenges with our agriculture solutions and safety technology-embedded collaborative robot systems will lead to growth in new business sectors.

In the fiscal year 2018, with APEM joining the IDEC Group, we begin our march toward achieving our long-term sales goal of ¥100 billion and operating income margin of 15%.

Mikio Funaki
Senior Executive Vice President

Medium- to Long-Term Targets

<table>
<thead>
<tr>
<th>Fiscal Year 2017</th>
<th>Plan for Fiscal Year 2018</th>
<th>Longer-Term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥ 43.4 billion</td>
<td>¥ 55.5 billion</td>
</tr>
<tr>
<td>EBITDA (Note 1)</td>
<td>11.0%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Operating income margin (Note 2)</td>
<td>8.2%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Overseas sales ratio</td>
<td>35.7%</td>
<td>50.5%</td>
</tr>
</tbody>
</table>

(Note 1) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): Operating income + Depreciation + Goodwill amortization
(Note 2) Operating income margin: Operating income margin before goodwill amortization owing to the arbitrary application of International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2020.

1. Improvements in core business sectors

- Select and focus on target industries

<table>
<thead>
<tr>
<th>Automotive</th>
<th>Machine Tools</th>
<th>Semiconductor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Packaging</td>
<td>Material Handling</td>
<td>Elevators</td>
</tr>
<tr>
<td>Robot Systems</td>
<td>Special Vehicles</td>
<td>Transportation &amp; Logistics</td>
</tr>
</tbody>
</table>

Creation of dedicated teams
Use global marketing resources efficiently

Development of good customer relations
Develop value-added and competitive solutions

- Promote a collaborative robot systems integration business
- Expand IoT-platform product lineups
- Global business expansion

2. New businesses in high gear

- Turn fine bubble generation technology into a full-scale business venture
- Offer next-generation plant factories to lead agricultural industrialization

3. Reinforcement of operational foundation

- Develop human resources fit for global business to sustain growth
- Promote workplace diversity where individuals can make the most of their different talents and experiences
- Improve quality of management by CSR activities

Company Quality

- Quality Control (QC)
- Cost & Delivery (CD)
- Environmental CSR
- Social Responsibility (SR)

Improving both PQ and QOM as two sides of the same coin
Synergy with APEM leads the IDEC Group to a new future

1. APEM Highlights

<table>
<thead>
<tr>
<th>Year founded</th>
<th>Location of headquarters</th>
<th>President</th>
<th>Capital (Year ended December 31, 2016)</th>
<th>Sales (Year ended December 31, 2016)</th>
<th>Business activities</th>
<th>Company strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>France</td>
<td>Grégory Sachnine</td>
<td>10.2 million euros</td>
<td>101.3 million euros</td>
<td>Design, manufacture and sale of industrial switches, joysticks, keyboards and other products</td>
<td>Operating production and sales bases in 10 countries, APEM leverages its network of more than 130 agents in supplying products to the global market</td>
</tr>
</tbody>
</table>

Arnaud Mondi
Senior Executive Officer
Sales & Marketing

Acquiring APEM helps IDEC accelerate its growth

To accelerate our growth overseas, we have adjusted our organization and created regional headquarters for Europe, Americas, Asia Pacific and Greater China. In each region, we have mutualized back-office functions and strengthened our marketing and sales teams, allowing us to respond better and faster to local customers’ needs. This new organization will make it easier to rotate people in the regions and eventually fill management positions with locally hired people.

The APEM acquisition enabled IDEC to become one of the world’s top companies in the HMI market. IDEC and APEM complement each other in products, geographic strengths and business models, creating many opportunities to grow IDEC Group’s overall sales and profit.

2. Anticipated synergy with APEM and IDEC

- Global expansion of business
  In Europe, we will leverage APEM’s extensive sales network to drastically increase sales of IDEC products while in North America, both sales organizations will cooperate to maximize sales through different channels and to existing customers.
  In Asia, IDEC sales teams will add APEM products to their portfolio and accelerate the growth of APEM in the region.

- Entry into new markets
  While IDEC’s main markets center on factory automation, APEM sells HMI components to a wider range of markets, including agriculture/construction special vehicles and defense/aerospace in which IDEC has little experience. Thus, APEM provides an opportunity for IDEC to enter into these new markets and more than double its market size, in addition to broadening its product lineups. This in turn leads to expanding the global market share of IDEC switches.

<table>
<thead>
<tr>
<th>Before APEM Acquisition</th>
<th>After APEM Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of Overseas Sales</td>
<td>35.7%</td>
</tr>
<tr>
<td></td>
<td>50.5% (Plan for fiscal year 2018)</td>
</tr>
<tr>
<td>Number of Global Sales Bases (Countries/Regions)</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Number of Employees (Overseas Ratio)</td>
<td>2,222 (56%)</td>
</tr>
<tr>
<td></td>
<td>3,911 (75%)</td>
</tr>
</tbody>
</table>
Safety

Contributing to safety at manufacturing sites

IDEC creates and proposes world-class robotic systems through the integration of collaborative robots and its strengths in safety-related products and technologies.

High levels of safety and productivity

Leveraging technologies accumulated since its founding, IDEC develops and manufactures safety-related products, including safety switches and emergency-stop pushbutton switches that reflect its commitment to safety, reliability and ease of use. Based on these safety products and systems, IDEC FACTORY SOLUTIONS CORPORATION provides collaborative robot systems that match the needs of its customers, contributing to improvements in quality and productivity by reducing the effects of labor shortages.

Automation

Releasing products that make IoT a reality

IDEC has been expanding its lineup of products, like programmable controllers that make IoT a reality in a variety of situations in our daily lives, in addition to manufacturing sites.

Responding to current needs

The proliferation of IoT has increased needs for operating and controlling devices remotely, and ascertaining their current status. At IDEC, we are ready to fulfill the requirements of our customers in the IoT era, having expanded our lineup of related products including programmable controllers and programmable displays with enhanced networking functionality, sensors that can identify physical objects and changes in conditions, and auto-ID systems that facilitate the traceability of items.
New Businesses
Helping solve social issues by creating new value

Fine Bubbles
Creating new industries
IDEC aims to create new industries with its world-leading fine bubble generation technology. This technology is being applied to a wide range of fields, including industrial cleansing applications and agricultural water.

Next-generation agricultural plants
IDEC offers complete support for next-generation agricultural plants that use solar power, ranging from engineering and construction to guidance on cultivating crops and developing distribution channels. IDEC’s control technologies are used to automatically control a variety of conditions for growing crops, including greenhouse temperatures, the amount of sunlight, CO₂ concentration and irrigation levels. These technologies help reduce labor and boost productivity, while also stabilizing and increasing harvest volumes with its fine bubble technologies.

Agriculture
Contributing to the industrialization of agriculture
IDEC provides a total suite of next-generation agricultural solution packages, combining its control technologies, fine bubble technologies and expertise accumulated in manufacturing, all offered in a single bundle. We encourage companies to enter the agricultural business by providing new models for profitable agricultural operations in order to make it a more compelling industry.

Taking the lead in creating international standards
Our GaLF series of fine bubble generation systems, which use a proprietary pressurized dissolution method, meet diverse needs with desktop systems for experimentation and large-flow systems for industrial use. As a leading company that creates markets for its fine bubble products, IDEC participates in the Fine Bubble Industries Association (FBIA), which promotes fine bubble international standards and industrialization, and received International Organization for Standardization (ISO) certification for its fine bubble technologies in 2017. The Company expects to broaden the applications for its fine bubble products in a wide range of fields in the years to come.
Functional safety stop
Deceleration

2016

Opened the Collaborative Safety Robot Technical Center
The center enables us to provide collaborative safety robots tailored to the needs of customers, while educating them on their use cases and how to build safe systems.

Annual General Meeting of Shareholders held
IDEC held its 69th Annual General Meeting of Shareholders at the company’s headquarters, and many shareholders participate in a social gathering after the end of the meeting.

Released SE2L safety laser scanners
We launched safety laser scanners to ensure the safety of people working near equipment and people who remain in hazardous areas.

2016

Released in intrinsically-safe/flame-proof galvanic isolator made by GM International in Italy

2016

Released the EC2B control box, to comply with global explosion-proof standards

2016

Renewal of φ30 switches
We updated the N Series/TWT Series of panel cut φ30 control units, a key product line, with new contact blocks to improve safety and reduce man-hours.

2016

Released the WB2F auto-ID device

2017

Released the HW1Z illuminated buzzer

2017

Received the Good Design Award
Our three-position enabling switches won the Chairman’s Award in the 7th Robot Awards sponsored by the Japan Machinery Federation for ensuring safe collaboration between people and robots.

2016

Acquires the APEM Group

2017
CSR Management

CSR Policy

Since its founding, the IDEC Group has engaged in Corporate Social Responsibility (CSR) activities guided by the corporate mission that each and every IDEC member contributes to society through business growth while respecting human rights and leading a meaningful life. With an emphasis on promoting safety and helping improve the global environment through its businesses, IDEC aims to realize sustainable growth through its business activities based on the Ten Principles of the United Nations Global Compact, as well as the IDEC Group Corporate Ethics and Code of Conduct. In April 2017, IDEC established the CSR Department and created IDEC Group CSR Charter to further strengthen these activities.

IDEC Group CSR Charter

| To Employees | IDEC Group is committed to creating safe, friendly and motivating workplaces for employees while building Group companies where they feel proud to work. |
| To Customers | IDEC Group assures that customers receive safe and reliable products of high quality and high performance backed by its development, production and sales capabilities. IDEC Group continues to increase public trust by providing excellent services and appropriate information disclosures. |
| To Shareholders and Investors | IDEC Group fulfills its global obligations by enforcing corporate accountability and having its records available regularly to shareholders through extensive investor relations (IR) activities. The Group also strives to maintain profits that meet shareholder expectation and to increase the value of the Group. |
| To Business Associates | IDEC Group is committed to building strong partnerships for mutual success, growth and trust with its business associates by establishing fair and rational trade standards. |
| To Global and Local Communities | IDEC Group aims to contribute to global and local communities by forging partnerships with deep understanding and respect for the culture and history of each local communities. We also aim to develop a green society and a green economy through environmental activities. |

The Ten Principles of the United Nations Global Compact

**Human Rights**
1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

**Labour**
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; and
4. the elimination of all forms of forced and compulsory labour; and
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

**Environment**
7. Businesses should support a precautionary approach to environmental challenges; and
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**
10. Businesses should work against corruption in all its forms, including extortion and bribery.

Promotion of qualification

IDEC is a strong promoter of accredited safety assessors* who can make decisions in designing safety products and recommending safety measures. Not limited to Japan, IDEC employees in overseas manufacturing locations, such as Thailand and China, are being certified. As of March 31, 2017, a total of 388 IDEC Group employees were certified.

Safety DNA

Believing that working to eliminate industrial accidents is a core aspect of its social responsibility, the IDEC Group provides a variety of safety and explosion-proof products to a broad range of industries. IDEC has a long history of prioritizing safety, deploying an interlocking mechanism to SB metallic switch box developed in 1950, shortly after it was founded, in order to keep workers safe. Since then, safety has been a part of the IDEC Group’s DNA.

Safety and compatibility with productivity

Safety Principle

IDEC, based on its principles of management with respect for fellow humans and its contribution to society through business activities, is constantly seeking to provide safer and more pleasant environments not only within the IDEC Group but in the global society.

Certifying

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDEC Report 2017</td>
<td>35,245 people</td>
</tr>
</tbody>
</table>

Promotion of qualification

* A safety assessor certification is offered jointly by Japan Certification Corp., Nippon Electric Control Equipment Industries Assoc. (NECA), the Society of Safety Technology and Application, Japan (SOSTAP), and TÜV Rhineland Japan.

Holding safety seminars

We held 61 seminars throughout Japan and a total of 1,050 people attended in the fiscal year 2017, achieving the cumulative total of 35,245 attendees.

Cumulative number of attendees

<table>
<thead>
<tr>
<th>Year</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>30,274</td>
</tr>
<tr>
<td>14</td>
<td>31,506</td>
</tr>
<tr>
<td>15</td>
<td>32,892</td>
</tr>
<tr>
<td>16</td>
<td>34,195</td>
</tr>
<tr>
<td>17</td>
<td>35,245</td>
</tr>
</tbody>
</table>

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Environment

Through business, contribute to environmental impact reduction

Policy

Environmental Principle
Recognizing the goal of a harmonious existence with the earth that we all share, we make environmental safety and quality a top priority in all aspects of our business while pursuing sustainable business growth.

Global environmental protection
Aiming for a sustainable society, the IDEC Group is actively involved in the promotion of renewable energy through the supply and management of industrial-scale, solar power systems. Moreover, we contribute to energy conservation through the development and sale of industrial LED lighting with long service lives and high luminous efficiency.

Save All
Since setting our principles for product development in 1978, the IDEC Group has focused on ways to save energy, space, maintenance and materials during the product planning and development process. This principle remains today. We continue to develop environmentally-friendly products, meeting our own set of strict design criteria.

Environment Management System
ISO14001
Guided by the ISO14001 Environmental Management System, everyone at IDEC is making his or her best effort to reduce electricity, water, paper, waste and CO2 emissions to meet the set company-wide yearly goals.

Quality

Quality is the basis of all corporate activities

Policy

Quality Assurance Principles
With “ease of use” as a primary goal of our products, all of us participate in planning and building a quality assurance system that creates excellent products customers will purchase and use with confidence in the most economical ways.

Quality assurance system
We have a comprehensive quality assurance system in place.

QA Principles (Corporate philosophy on QA)
QA Guidelines (Quality by design)
QA Policies (QA structure)
QA Procedures (Step-by-step work manual)

Quality assurance guidelines
We adopted early on and have been adhering to the fundamental principle that product quality is the core of product value. To provide products that can be used for a required time to the complete satisfaction of users, we establish QA action guidelines for each stage.

Quality education
Quality assurance training is conducted continuously and systematically in accordance with established curriculums in order to elevate the level of quality throughout the company, including in manufacturing and development. IDEC employees are encouraged to take and pass certification examinations (QC certification examinations) offered by a public standards institution. Furthermore, they are encouraged to improve product and operational quality by implementing learned concepts and techniques through QC circle activities and present results within each business unit and at company-wide conferences.

IDEC Quality Assurance Center

Production QA Group
Product return support

QA Implementation Group
Maintaining and improving IDEC Group-wide QA systems; providing quality training

Standards Management Group
Product standard certification management and standard compliance support

Reliability Evaluation Group
Product performance evaluation through reliability testing

Quality assurance system

* Specified unit of consumption represents the consumption/production of product change per annual sales.
* Data collected from research factories, Tsuruga, Nagoya, Osaka, Taiji, Tsuruga, Totsuka and Tatsuno Distribution Center.
* More information can be viewed on our website.

Changes in electricity consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption (Thousands of kWh)</th>
<th>Specific consumption (kWh/Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>11,075</td>
<td>256</td>
</tr>
<tr>
<td>14</td>
<td>12,206</td>
<td>336</td>
</tr>
<tr>
<td>15</td>
<td>28,207</td>
<td>292</td>
</tr>
<tr>
<td>16</td>
<td>26,192</td>
<td>274</td>
</tr>
<tr>
<td>17</td>
<td>10,483</td>
<td>252</td>
</tr>
</tbody>
</table>

Number of participants in fiscal year 2017: 387 people
(Participants from IDEC and IDEC LOGISTICS SERVICE)
Employees

Making IDEC a rewarding place to work and fulfill one’s life

HRM Principle
HR policies are developed with the spirit of respect for humanity as the underlying principle and for the purpose of creating work environments in which people thrive. The development of human resources is to allow employees to fulfill their own missions and responsibilities by understanding the intent and the meaning of IDEC’s corporate missions and principles, realizing them and embodying them.

Human resource development
Seeking three important traits, "take on challenges" “team player” and “engage in self-improvement activities” in each employee, the IDEC Group offers training and opportunities to employees who take ownership of their jobs with an eye on the present and the future.

For human resources development, we have put in place structured internal and external training systems as well as a career advancement support system, while expanding foreign language education with the aim of nurturing personnel capable of acting globally. Every single Group employee in Japan takes the TOEIC exam, and their scores are used to guide their English education.

Life-work balance
So that all IDEC employees can work without worry, the company is enhancing support for employees caring for young children or family members suffering from illnesses. For fiscal year 2017, 100% of female employees who took childcare leave returned to work.

To promote reforms in work styles, IDEC plans to introduce a one-fourth paid vacation system and a work-from-home system. Also, we continue our efforts to make it easier for employees to maintain a good balance between work and personal life.

Childcare-Related Programs
- Pregnancy: Leave to look after a sick child and family member
- Childbirth: Leave to look after a sick child and family member
- Pregnancy leave: Leave for antenatal hospital checkup
- Flextime for childcare
- Short working hours for childcare
- Exclude from non-scheduled work hours (Until child completes third grade in elementary school)
- Childcare leave and returned to work

Female employees who took childcare leave and returned to work 100%

Diversity
We recruit top-quality personnel regardless of nationality, sexual orientation or disability. The IDEC Group promotes diversity in its workforce, and welcomes foreign workers on a large scale. We recruit top-quality personnel regardless of nationality, sexual orientation or disability.

We recruit top-quality personnel regardless of nationality, sexual orientation or disability. The IDEC Group promotes diversity in its workforce, and welcomes foreign workers on a large scale. We recruit top-quality personnel regardless of nationality, sexual orientation or disability.

Governance

More transparency, more efficiency to remain a trusted company

Corporate Governance Policy
We believe that transparency and management efficiency are fundamental elements of corporate governance. We will keep improving corporate governance in order to increase corporate value.

Goverance system
Since a corporate officer system was installed to manage the corporation efficiently, we have maintained two separate bodies of “operation performing” and of “auditing.” IDEC has proactively appointed outsiders, with four of the seven members of the Board of Directors being outside directors, and three outside auditors on the Board of Corporate Auditors. This constitutes a highly-effective supervisory and auditing system for business execution.

The Global Advisory Board, composed of experts was established to bring in diverse opinions and advice related to corporate management.

Compliance / Risk management
A booklet titled “IDEC Group Corporate Ethics and Code of Conduct,” describing our fundamental principles and action guidelines in conducting business activities, has been distributed to all employees in Japan and overseas. Training programs are offered on a regular basis to management and employees in accordance with their areas of responsibilities, rank and the number of years worked for IDEC. Moreover, IDEC has formulated and implemented Risk Management Rules with the objective of avoiding risks and minimizing damage in the event one were to materialize. The Risk Management Committee, chaired by the President, has been established to manage risk during normal operations at IDEC and Group companies, as well as to take action when risks emerge.

Audit system
Our auditors independently and fairly evaluate the process and performance of various business activities for legality and effectiveness while helping the company achieve its goals. Main auditing activities include risk management and control, evaluating the validity of the corporate governance process and recommending improvements. Completely independent from business operations, auditors also monitor and evaluate the effectiveness of each IDEC Group company’s internal control processes that affect the reliability of financial reports.
Corporate Directors & Officers

Maintaining sound, transparent and efficient management is a high priority
Financial Report

### Financial Highlights

#### Profit and Loss Status (Years ended March 31)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>¥43,426</td>
<td>¥43,468</td>
<td>¥42,173</td>
</tr>
<tr>
<td>Gross profit</td>
<td>18,027</td>
<td>18,017</td>
<td>17,117</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>14,479</td>
<td>14,841</td>
<td>14,207</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,547</td>
<td>3,176</td>
<td>2,910</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>3,357</td>
<td>3,182</td>
<td>3,160</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>2,440</td>
<td>1,708</td>
<td>2,096</td>
</tr>
</tbody>
</table>

#### Cash Flow Status (Years ended March 31)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>2,644</td>
<td>5,690</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(21,190)</td>
<td>(18)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>(18,545)</td>
<td>5,671</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>19,929</td>
<td>(2,611)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,141</td>
<td>1,519</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>2,103</td>
<td>1,500</td>
</tr>
</tbody>
</table>

#### Financial Status (As of March 31)

<table>
<thead>
<tr>
<th>Category</th>
<th>2017 Millions of yen</th>
<th>2016 Millions of yen</th>
<th>2015 Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>74,080</td>
<td>69,139</td>
<td>70,637</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>83,080</td>
<td>76,703</td>
<td>84,050</td>
</tr>
<tr>
<td>Net assets</td>
<td>49,457</td>
<td>43,180</td>
<td>39,373</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>49,457</td>
<td>43,180</td>
<td>39,373</td>
</tr>
</tbody>
</table>

#### Notes:
1. This Annual Report omits the consolidated statement of changes in net assets and all notes on financial statements. For a detailed explanation of financial statements, please refer to the company’s Financial Report that was submitted to the Financial Services Agency’s EDINET Electronic Disclosure for Investors/TX/34 system.
2. Amounts in the consolidated financial statements on pages 38 to 39 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2017 (US $1 = JP ¥107.35) for the convenience of readers abroad.
### Consolidated Statements of Income

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Net sales</td>
<td>43,426</td>
<td>25,399</td>
</tr>
<tr>
<td>Cost of sales</td>
<td></td>
<td>218,373</td>
</tr>
<tr>
<td>Gross profit</td>
<td>18,027</td>
<td>18,017</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>16,479</td>
<td>19,841</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,547</td>
<td>3,176</td>
</tr>
<tr>
<td>Non-operating income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>51</td>
<td>32</td>
</tr>
<tr>
<td>Dividends income</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>44</td>
<td>69</td>
</tr>
<tr>
<td>Rent income</td>
<td>89</td>
<td>110</td>
</tr>
<tr>
<td>Others</td>
<td>89</td>
<td>96</td>
</tr>
<tr>
<td>Total non-operating income</td>
<td>297</td>
<td>339</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expenses</td>
<td>34</td>
<td>42</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>237</td>
<td>86</td>
</tr>
<tr>
<td>Depreciation</td>
<td>71</td>
<td>78</td>
</tr>
<tr>
<td>Others</td>
<td>143</td>
<td>115</td>
</tr>
<tr>
<td>Total non-operating expenses</td>
<td>487</td>
<td>322</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>3,537</td>
<td>3,152</td>
</tr>
<tr>
<td>Extraordinary income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sales of non-current assets</td>
<td>475</td>
<td>255</td>
</tr>
<tr>
<td>Gain on reversal of subscription rights to shares</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Total extraordinary income</td>
<td>476</td>
<td>255</td>
</tr>
<tr>
<td>Extraordinary loss</td>
<td>80</td>
<td>71</td>
</tr>
<tr>
<td>Loss on sales of non-current assets</td>
<td>80</td>
<td>41</td>
</tr>
<tr>
<td>Impairment loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on abandonment of non-current assets</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Loss on sales of investment securities</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Loss on valuation of investment securities</td>
<td>7</td>
<td>87</td>
</tr>
<tr>
<td>Loss on sales of stocks of subsidiaries and affiliates</td>
<td>8</td>
<td>74</td>
</tr>
<tr>
<td>Restructuring loss</td>
<td>120</td>
<td>79</td>
</tr>
<tr>
<td>Total extraordinary loss</td>
<td>224</td>
<td>51</td>
</tr>
<tr>
<td>Income before income taxes and other adjustments</td>
<td>3,610</td>
<td>2,829</td>
</tr>
<tr>
<td>Income taxes current</td>
<td>1,037</td>
<td>897</td>
</tr>
<tr>
<td>Income taxes deferred</td>
<td>102</td>
<td>731</td>
</tr>
<tr>
<td>Total income taxes</td>
<td>1,140</td>
<td>938</td>
</tr>
<tr>
<td>Net income</td>
<td>2,469</td>
<td>2,192</td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>2,480</td>
<td>1,708</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Cash Flow

<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in income taxes and other adjustments</td>
<td>3,610</td>
<td>2,620</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,141</td>
<td>1,519</td>
</tr>
<tr>
<td>Impairment loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for doubtful accounts</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Interest and dividends income</td>
<td>(74)</td>
<td>(52)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>34</td>
<td>42</td>
</tr>
<tr>
<td>Foreign exchange (losses)</td>
<td>130</td>
<td>(17)</td>
</tr>
<tr>
<td>Share of profit (loss) of entities accounted for using equity method</td>
<td>(44)</td>
<td>(69)</td>
</tr>
<tr>
<td>Decrease (increase) in notes and accounts receivable-trade</td>
<td>(1,660)</td>
<td>628</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>(497)</td>
<td>998</td>
</tr>
<tr>
<td>Increase (decrease) in notes and accounts payable-trade</td>
<td>1,438</td>
<td>1,091</td>
</tr>
<tr>
<td>Increase (decrease) in provision for product warranties</td>
<td>(145)</td>
<td>220</td>
</tr>
<tr>
<td>Increase (decrease) in net defined benefit liability</td>
<td>29</td>
<td>(53)</td>
</tr>
<tr>
<td>Loss (gain) on sales of non-current assets</td>
<td>(394)</td>
<td>(255)</td>
</tr>
<tr>
<td>Loss (gain) on valuation of investment securities</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Loss (gain) on abandonment of non-current assets</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Loss (gain) on sales of investment securities</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Loss (gain) on sales of stocks of subsidiaries and affiliates</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Loss (gain) on liquidation of subsidiaries</td>
<td>8</td>
<td>74</td>
</tr>
<tr>
<td>Loss on business restructuring</td>
<td>120</td>
<td>322</td>
</tr>
<tr>
<td>Increase (decrease) in advances received</td>
<td>(886)</td>
<td>888</td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable-other</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>160</td>
<td>(123)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued expenses</td>
<td>(60)</td>
<td>(59)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued consumption taxes</td>
<td>(170)</td>
<td>172</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable balances</td>
<td>44</td>
<td>77</td>
</tr>
<tr>
<td>Increase (decrease) in deposits received</td>
<td>(9)</td>
<td>(4)</td>
</tr>
<tr>
<td>Increase (decrease) in long-term accounts payable-other</td>
<td>-</td>
<td>42</td>
</tr>
<tr>
<td>Others</td>
<td>191</td>
<td>137</td>
</tr>
<tr>
<td>Subtotal</td>
<td>3,637</td>
<td>6,898</td>
</tr>
<tr>
<td>Interest and dividends income received</td>
<td>74</td>
<td>51</td>
</tr>
<tr>
<td>Interest expenses paid</td>
<td>(35)</td>
<td>(43)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(1,031)</td>
<td>(1,215)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>2,644</td>
<td>5,690</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of securities</td>
<td>(216)</td>
<td>(240)</td>
</tr>
<tr>
<td>Proceeds from sales of securities</td>
<td>220</td>
<td>120</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(2,373)</td>
<td>(2,994)</td>
</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>2,175</td>
<td>1,451</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(79)</td>
<td>(93)</td>
</tr>
<tr>
<td>Purchase of investment securities</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>Proceeds from sales of investment securities</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Collection of long-term loans receivable</td>
<td>61</td>
<td>62</td>
</tr>
<tr>
<td>Purchase of investments in subsidiaries resulting in change in scope of consolidation</td>
<td>(21,079)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation</td>
<td>39</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>(6)</td>
<td>(24)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(21,190)</td>
<td>(188,864)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in short-term loans payable</td>
<td>18,152</td>
<td>(1,170)</td>
</tr>
<tr>
<td>Proceeds from long-term loans payable</td>
<td>3,000</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of long-term loans payable</td>
<td>(41)</td>
<td>(192)</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(10)</td>
<td>(4)</td>
</tr>
<tr>
<td>Proceeds from exercise of share options</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(1,085)</td>
<td>(1,143)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Repayments of lease obligations</td>
<td>(111)</td>
<td>(114)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>15,929</td>
<td>(2,613)</td>
</tr>
<tr>
<td>Change in exchange rate of cash and cash equivalents</td>
<td>190</td>
<td>(133)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>1,134</td>
<td>2,747</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>20,742</td>
<td>7,995</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>11,877</td>
<td>10,743</td>
</tr>
</tbody>
</table>

Notes: 1. Amounts in the consolidated financial statements on pages 36 to 38 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2017 (US $1 = JP ¥112.20) for the convenience of readers abroad.
Manufacture and sale of high-quality control devices began in an era of postwar reconstruction. Having become a comprehensive control device manufacturer, steps taken to expand global business. Product development to create an “optimal environment for people and machines.” Aiming for new growth.

IDEC was founded under its original name of IZUMI Shokai Co., Ltd. in 1945, the year World War II ended. At first selling electric appliances, IDEC’s forerunner soon recognized the shortage of various switch boxes that were essential for machines and began developing high-quality switch boxes, which were later to be highly praised by the industry. Passing the strict requirements of the U.S. Military Forces stationed in Japan, the switch boxes became their specified products and remained the company’s longest-selling product line. Along with our explosion-proof products that were widely used in textile/chemical plants and petrochemical complexes, these switch boxes helped boost Japan’s postwar reconstruction efforts.

As the economic boom brought increasing demand for measurement/control technologies, IDEC began manufacturing and marketing control devices while itself making the switch to become a comprehensive control device manufacturer. From the 1970s onwards, IDEC proactively advanced the development of its global business, for example by establishing overseas subsidiaries, exhibiting at European trade fairs and collaborating with highly-rated overseas corporations.

At that time, IDEC launched control units that conformed to International Electrotechnical Commission (IEC) standards, the first standards of their kind.

As business grew, IDEC bid for a public stock listing was granted in 1982. From the 1990s onwards, the manufacturing environment of HMIs (Human Machine Interfaces), in which people and machines work together, became mainstream. In responding to the need for machines and systems providing higher productivity and safety, IDEC launched Japan’s first interlock switches and enabling switches.

In 2000, fully-automated robot control cellular production systems were installed in our main manufacturing site, the Takino Plant. These systems realized optimal multi-product production in varying volumes while promoting automation and saving labor and power.

In commemorating our 60th anniversary in 2005, the company name was changed from IZUMI to IDEC and a new company logo was created. In addition to making progress with the strengthening of our global business, and for example acquiring the APEM Group in 2017, we are also engaging in new businesses that will help resolve the challenges facing society. Capitalizing on technologies that the company has accumulated over the years, IDEC is inventing new possibilities largely by promoting the increased use of robot systems and measures aimed at industrializing agriculture while continuing to pursue growth to its centenary and beyond.
Company Information

Corporate Data

Corporate Name: IDEC CORPORATION
Established: March 26, 1947
Capital Stock: ¥10,056,605,173
No. of Employees: 3,911 (On a consolidated basis as of March 31, 2017; Excluding contract and temporary employees)
Stock Listing: First Section, Tokyo Stock Exchange
Head Office: 2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan
TEL.: +81-6-6398-2500 (Main number)
Tokyo Head Office: 2-15-1 Konan, Minato-ku, Tokyo 108-6014 Japan
TEL.: +81-3-5782-7690 (Main number)
Plants: Tsukuba, Amagasaki, Fukatsuki, Takino
Sales Branches: Sandai, Takasaki, Osma, Mitia, Tokyo, Tainai, Yaeaccham, Nagano, Niigata, Toyama, Kanazawa, Hamamatsu, Nagoya, Kyoto, Osaka, Nagaizumi, Fukuoka, Hiratsuka, Shikoku, Fukui
Distribution Center: Tatsuno

Organization Chart

General Meeting of Shareholders
Board of Directors
Board of Corporate Auditors
Top Management Meeting

IT Department
Quality Assurance Department
Corporate Social Responsibility Management Department
CSR Department
R&D Strategy HQ
Sales & Marketing HQ
AIDM
Sales Subsidiaries Overseas
Japan Sales Division
Products & Markets Strategy Division
Research & Development HQ
Manufacturing HQ
SCM HQ

Corporate Philosophy

Corporate Mission

IDEC’s ultimate mission is to make contributions to society through its business growth and ensure that each employee finds value in his or her everyday work.

Management Philosophy

IDEC is committed to the people who work for IDEC. Therefore, providing them with satisfying and meaningful employment is a top priority.

Corporate profits, which provides the means to fulfill the above, must be secured through continuous expansion of business and the success of the corporation.

Though our job responsibilities differ, we all work together to achieve common goals.

We stand firm on open management, foster mutual trust and share our success fairly.

The welfare of society is our top priority. We strive to provide superior products and services with pride and appreciation for others.

Shares of the Company

Number of shares authorized: 150,000,000
Number of shares issued: 38,224,485
Number of shareholders: 9,548

Note: Treasury stock held as of March 31, 2017 totaled 7,961,542 shares, representing changes in amounts in response to shareholders’ requests for sales or additional purchases.

Distribution of Shareholders

- Financial institutions: 8,151,022 (21.3%)
- Foreign corporations: 4,697,683 (12.2%)
- Individuals and others: 15,241,021 (39.9%)
- Securities companies: 314,274 (0.8%)
- Other corporations: 1,219,396 (3.2%)
- Share ownership: 12.2% (as of March 31, 2017)

Major Shareholders (Top 10)

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of shares (Thousands of shares)</th>
<th>Holdings (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>3,395</td>
<td>11.22</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
<td>1,452</td>
<td>4.81</td>
</tr>
<tr>
<td>Funaki Kosai Ltd.</td>
<td>1,401</td>
<td>3.44</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>812</td>
<td>2.69</td>
</tr>
<tr>
<td>Keijiro Fujita</td>
<td>760</td>
<td>2.58</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ Ltd.</td>
<td>624</td>
<td>2.06</td>
</tr>
<tr>
<td>CDBY-GOVERNMENT OF NORWAY</td>
<td>585</td>
<td>1.90</td>
</tr>
<tr>
<td>Taunso Funaki</td>
<td>575</td>
<td>1.90</td>
</tr>
<tr>
<td>Trust &amp; Custody Services Bank, Ltd.</td>
<td>534</td>
<td>1.77</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>514</td>
<td>1.70</td>
</tr>
</tbody>
</table>

Note: The description of major shareholders above conforms to the content disclosed in the Annual Securities Report.