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(Stock Exchange Code 6652)

# IDEC CORPORATION

## NOTICE OF THE 75TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

- 1. Date and Time:** Friday, June 17, 2022 at 10:00 a.m. Japan time  
(The reception is scheduled to start at 9:00 a.m.)
- 2. Place:** 2F Hall at the Head Office of the Company located at  
2-6-64 Nishimiyahara, Yodogawa-ku, Osaka
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 75th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditors and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 75th Fiscal Year (April 1, 2021 - March 31, 2022)

**Proposals to be resolved:**

- Proposal 1:** Partial Amendment to the Articles of Incorporation
- Proposal 2:** Election of Six (6) Directors (excluding those who are Audit and Supervisory Committee Members)
- Proposal 3:** Election of Three (3) Directors who are Audit and Supervisory Committee Members
- Proposal 4:** Delegation to the Board of Directors of the Company of Determination of Matters Regarding Subscription of Stock Acquisition Rights to be Issued as Stock Options

## To Shareholders

**We aim to realize safety, security, and well-being\* of people all over the world by creating the optimum environment for humans and machines.**

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

In 2019, IDEC established "The IDEC Way" as a new philosophy to become a truly global company and to achieve sustainable growth toward its 100th anniversary. "The IDEC Way" consists of the three elements of Vision, Mission and Core Values. As its most important foundation, we have positioned and inherited the founding philosophy of "Management with respect for humanity."

As COVID-19 continues to spread around the world, the pace of change in people's ways of working and lifestyles is accelerating. In terms of sustainability, we are also making progress in addressing climate change on a global scale, and solving social issues through our business activities has become an important management issue.

To create the optimum environment for humans and machines and realize safety, security, and well-being of people all over the world. This is our philosophy that has not changed since the foundation. IDEC promotes initiatives to create a society where everyone can live healthily, happily, and in a lively way.

May 27, 2022

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

### The IDEC Way

Vision ----- The future we are aiming for.

Pioneer the new norm for a safer and sustainable world.

Pioneer the new norm for a safer and sustainable world.

Mission ----- Our mission

To create the optimum environment for humans and machines.

To create the optimum environment for humans and machines.

Core Values ----- Values we should share

## **Aiming to improve the well-being of all people**

Corporate management has changed from an era when we worked to expand sales, profits, and scale to an era when we consider social responsibility, the environment, and the safety, health, and well-being of working people in order to realize a sustainable society.

The first step to improving well-being is ensuring the safety of employees. There are causes for all accidents such as injuries and illnesses in the workplace, and it is essential to build a preventive culture that prevents accidents from occurring by removing the causes.

Since its foundation, the IDEC Group has contributed to the creation of a safe and comfortable environment in a global society by providing products that protect people's lives and a variety of control instruments that enable efficient and rational innovation of work and realize safety and security in the workplace.

By creating the optimum environment for humans and machines, we will continue to promote initiatives aimed at improving the well-being of our employees as well as society as a whole.

Chairman and Chief Executive Officer: Toshiyuki Funaki

To Shareholders with Voting Rights:

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

**NOTICE OF  
THE 75TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 75th Annual General Meeting of Shareholders of IDEC CORPORATION (the “Company”) will be held for the purposes as described below.

**You may exercise your voting rights by document or via the Internet. Please examine the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights in accordance with the guidance on Page 5.**

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**□ Matters concerning Reference Documents for the General Meeting of Shareholders and the Appendix to the Convocation Notice:**

In accordance with the provisions of laws and Article 15 of the Company's Articles of Incorporation, the following items in the Appendix to this Convocation Notice are posted on the Company's website (<https://jp.idec.com>).

1. "Matters concerning stock acquisition rights of the Company", "Matters concerning Accounting Auditors", and "Matters concerning establishment of the system to ensure the appropriateness of business operations, and the operational status of the said system" of the Business Report.
2. "Consolidated statements of changes in shareholders' equity" and "Consolidated notes" of the consolidated financial statements.
3. "Non-consolidated statements of changes in shareholders' equity" and "Non-consolidated notes" of the non-consolidated financial statements.

The Business Report, the consolidated financial statements and the non-consolidated financial statements, which have been audited by Audit and Supervisory Committee and the accounting auditor when preparing the respective audit reports, include the above 1. to 3. in addition to the Appendix to this Convocation Notice.

If any revisions are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the consolidated financial statements, and the non-consolidated financial statements, such revisions will be posted on the Company's website as mentioned in the above.

## **Guidance on the Exercise of Voting Rights**

A voting right at the Annual General Meeting of Shareholders is an important right for shareholders to participate in the management of the Company. We would like you to exercise your voting right by using one of the following three methods after referring to the Reference Materials for the Annual Shareholders' Meeting.

- If you attend the meeting, you are not required to follow the procedures to exercise your voting rights by postal mail or via the Internet.
- If you have exercised your voting rights in duplicate by mail and via the Internet, the vote via the Internet will be treated as valid.
- If you have exercised your voting rights multiple times via the Internet, the last vote will be deemed valid.

### **1. In case of attending the Annual General Meeting of Shareholders**

Please submit the Voting Form to the receptionist at the meeting. You are also requested to bring this Convocation Notice with you.

#### **Date and time of the Annual General Meeting of Shareholders:**

10:00 a.m. on Friday, June 17, 2022

(The reception is scheduled to start at 9:00 a.m.)

### **2. In case of mailing by postal mail the Voting Form**

Please post the Voting Form indicating whether you are for or against each of the agenda items.

#### **Exercise deadline:**

Required to arrive by 5:15 p.m. on Thursday, June 16, 2022

### **3. In case of exercising voting rights via the Internet**

Please indicate whether you are for or against each of the agenda items on the Voting Rights Exercise Website (<https://www.web54.net>).

#### **Exercise deadline:**

Required to be submitted by 5:15 p.m. on Thursday, June 16, 2022

## **Initiatives for Sustainability**

### **Strengthening of sustainability measures to achieve a sustainable society and enhancement of corporate value**

Toward the realization of the Paris Agreement adopted in 2015, global efforts are underway to achieve carbon neutrality by 2050. In order for companies to achieve sustainable growth, we believe it important to contribute to society by solving social issues such as climate change through business.

Based on “The IDEC Way,” the IDEC Group has designated the IDEC Group Code of Conduct, the CSR Charter, and the Ten Principles of the UN Global Compact as important guidelines, and is working to achieve the Sustainable Development Goals (SDGs) by resolving social issues through its business activities. In addition, the CSR Committee, established in 2018, plays a central role in promoting sustainable activities.

In order to further strengthen our environmental measures, we established the Environment Promotion Office in 2021 and appointed the Senior Executive Officer as the officer in charge of the environment. We have also expressed our support for Task Force on Climate-related Financial Disclosures (TCFD). From the fiscal year ending March 2023, we conducted scenario analysis of climate-related risks and opportunities in line with the TCFD guidance, and now we have decided to disclose information based on the TCFD recommendations.

On the social front, we are actively promoting decent work. We are working to create a comfortable work environment where a wide variety of human resources can play an active role regardless of gender or nationality, and to prevent overwork. We are also focusing on the development of human resources. Based on the results of the employee awareness survey, we introduced a new personnel system in April 2022 to clarify our career plan, improve the job satisfaction and motivation of our employees, and develop human resources with expertise.

In terms of governance, we have revised the IDEC Corporate Governance Policy to further strengthen governance in order to meet higher governance standards expected in the Prime Market. In April 2021, we established the Nominating Committee as an advisory body to the Board of Directors, and established a system to determine with objectivity and independence the nomination of candidates for Directors and development plans for next-generation executive candidates. In addition, since 2022, we have placed importance on transparency and efficiency in our management at all times by having a third-party organization conduct effectiveness evaluations.

## **Systems for promoting sustainability**

We have established the CSR Committee as a body to formulate the IDEC Group's action policies. With the President as its chair, we are promoting CSR activities continuously under the umbrella of the CSR Committee by setting the five areas consisting of ESG plus safety and quality, the core of the IDEC Group as a manufacturer creating safety, as the CSR priority areas. The CSR Committee meets twice a year, and the important matters discussed are reported to the Management Committee and the Board of Directors as necessary and supervised.

IDEC has formulated a medium-term CSR plan for the period up to 2025, established SDGs to be targeted, and launched a five-year plan. Since the 8th CSR Committee meeting (October 2021), managers of major Group companies, including those overseas, have participated in the meetings to exchange information on the progress of important initiatives. In this committee, important matters related to CSR and CSV are decided, discussed and reported to the Board of Directors, and approved matters are communicated to each employee through the CSR Leaders (division heads) to link them to CSR promotion activities.

## Initiatives for Climate Change Based on TCFD Recommendations

Since its establishment in 1945, the IDEC Group has been conscious of environmental considerations through "Save all" and "Pursuit of saving." Since the establishment of "The IDEC Way" in 2019, we have been promoting corporate management that emphasizes reducing the environmental impact and environmental issues through the realization of safety, security and well-being. We position addressing climate change, which is currently a major global social issue, as one of the most important problems at IDEC, and we aim to realize a sustainable society by promoting various initiatives.

With such background, in May 2021 we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. With regard to the four requirements (Governance, Strategy, Risk Management, Metrics and Targets) based on the TCFD recommendations, we have been making preparations based on the scenario analysis steps presented by the Ministry of the Environment, and from the fiscal year ending March 2023, we have disclosed information related to our efforts to address climate change in accordance with the TCFD guidance. We will continue to improve the disclosure of information in order to realize a more environmentally conscious management and a sustainable society.

### ■ Governance

The Environmental Management Committee, an expert subcommittee of the CSR Committee chaired by the Chief Executive Officer, takes the lead in disclosing climate-related financial information. The Environmental Management Committee holds a monthly meeting under the Managing Executive Officer in charge of the environment. The Environmental Promotion Office, which was established in October 2021 to strengthen environmental initiatives, also participates in the Committee's activities.

Decisions made by the Committee are submitted to the Management Committee to determine policies, which are then reported to the Board of Directors.

### Governance system to address climate change

Name	Overview	Number of meetings held
Board of Directors	Oversight of key issues related to climate change	*More than 7 times a year
Management Committee	Decision of matters of importance related to climate change	*More than 8 times a year
CSR Committee	Decision of matters of importance related to climate change and submission of the matters to the Management Committee	Twice a year
Environment Management Committee	Management of climate-related opportunities	Once a month
Risk Management Committee	Management of climate-related risks	Twice a year
Officer in charge	Managing Executive Officer in charge of environment	
Department in charge	Corporate Strategy Planning Department, Environmental Promotion Office, Accounting Department, CSR Office, Personnel and General Affairs Department	

\*The CSR Committee decides and oversees matters to be submitted twice a year

### Process of disclosure of climate-related financial information

#### 1. Selection of scenario

Based on IDEC's current status and future objectives, adopt two scenarios respectively for transition risk and physical risk

#### 2. Identification of climate-related risks and opportunities

Analyze scenarios, identify and organize climate-related transition and physical risks, and opportunities

#### 3. Assessment of business impact and determination of importance

Analyze and assess the business impact of risks and opportunities, and determine their importance

#### 4. Consideration and reflection of countermeasures

Consider measures to address risks and opportunities according to importance, make recommendations to business plan, and reflect them in metrics and targets

### Strategy: Selection of scenario

In order to evaluate the impacts of climate-related risks and opportunities, we selected official scenarios for transition risk and physical risk based on the assumption that the average temperature rise in the 2030 society would be kept below 2°C compared with the pre-Industrial revolution and that the temperature rise would continue as global warming countermeasures would remain as an extension of the current measures.

Transition risk scenario

- Sustainable Development Scenario (SDS)
- Stated Policies Scenario (STEPS)

\*Both are IEO/WEO

Physical risk scenario

- ICPP RCP2.6 (2°C Scenario)
- ICPP RCP8.5 (4°C Scenario)

### ■ Strategy: Risks and Opportunities

Based on the assumed scenarios, the Environmental Management Committee examined the risks and opportunities of climate change. The Committee categorized and identified transition risk, physical risk, and transition opportunities, analyzed their business impacts and durations, evaluated critical items, and mapped the results of the analysis.

At present and in the short term, these risks do not have a material impact on our business. However, we will aim to become a more resilient company and reflect transition opportunities in our business strategies by systematically implementing medium- to long-term measures to address risks.

Medium-term goals (by the fiscal year ending March 2025)		
Reduction of CO <sub>2</sub> emissions Down 24%	Reduction of industrial waste Down 24%	Cumulative ratio of environmentally friendly products to new products Up 60% or more

Compared with the fiscal year ended March 2020

### ■ Risk Management

The results of identification of climate change risks and opportunities and the risk items that are evaluated as important in the mapping are integrated and managed in the IDEC Group's risk map. In addition, they are reflected in the risks and opportunities for the materiality environment. The Environmental Management Committee evaluates important items of risks and opportunities in consideration of both the likelihood and degree of impact.

In particular, the Environmental Promotion Office develops risk management items related to the environment in the annual risk management table, establishes performance indicators, and reports the achievement status to the Risk Monitoring Subcommittee.

### ■ Metrics and Targets

Under the medium-term management plan, we aim to reduce CO<sub>2</sub> emissions by 24% in Scope 1 and Scope 2 by the fiscal year ending March 2025 and by 50% by the fiscal year ending March 2031 (compared with the fiscal year ended March 2020).

For Scope 3, we began calculating upstream (Category 1–7) emissions in Japan in the fiscal year ended March 2021. We will expand the scope of calculation to Scope 3 downstream (Category 8–15) by the fiscal year ending March 2024, and are now preparing for disclosure in 2024. At the same time, we are sequentially expanding the disclosure on a global basis.

We are scheduled to disclose CO<sub>2</sub> emissions for the fiscal year ended March 2022 in the fiscal year ending March 2023. We aim to reduce industrial waste by 24% by the fiscal year ending March 2025 (compared with the fiscal year ended March 2020).

Other metrics we would like to work on by setting targets include the introduction of renewable energy, the ratio of environmentally friendly products to new product launches, ISO 14001 compliance at all global sites, internal carbon pricing, and consideration of international disclosure standards.

## **Environment** Toward sustainable measures for climate change

All production sites, including those overseas, have acquired ISO 14001 certification and begun environmental management for the entire IDEC Group. We have set environmental targets to reduce CO<sub>2</sub> emissions by 24% in Fiscal 2025, 50% in Fiscal 2031, and 100% in Fiscal 2051 (compared with Fiscal 2020) as part of our efforts to address climate change. We are increasing the number of solar power generation facilities and expanding the scope of calculation for greenhouse gas emissions (Scope 3).

### **Even more environmentally friendly products**

We have established an even more environmentally friendly product certification system to certify products with reduced environmental impact. We have set development and sales targets to promote the spread of conforming products by putting environmental labels on products that meet our standards.

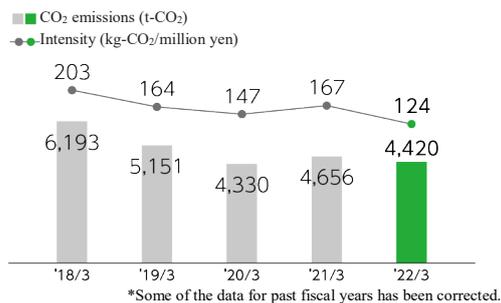
### **Measures to reduce CO<sub>2</sub> emissions**

We plan to install solar power generation facilities on the premises of all domestic plants by Fiscal 2025. We will ensure 10% of the electricity used comes from in-house power generation, and introduce CO<sub>2</sub>-free electricity to reduce the use of electricity using petrochemical fuels.

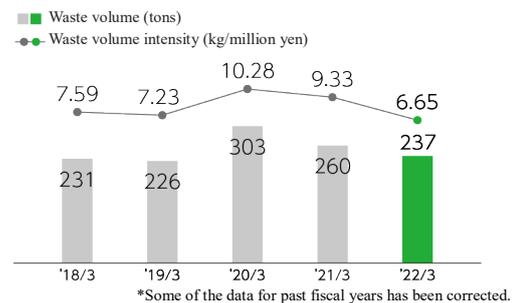
### **Reduction of industrial waste**

We are focusing on reducing waste plastics. We are implementing measures such as converting waste to valuable materials, expanding the number of parts subject to in-house recycling, and minimizing parts in the design phase, etc.

**Environment** CO<sub>2</sub> emissions (IDEC only)  
4,420 t-CO<sub>2</sub> Down 236 t-CO<sub>2</sub> compared with the previous period



**Environment** Waste volume (IDEC only)  
237 t Down 23 t compared with the previous period



**Society** To solve social issues and make a comfortable workplace for employees

In response to the COVID-19 pandemic, we are promoting a variety of workstyles, including working from home, staggered commuting, and direct commuting, with the aim of realizing decent work that makes it easy to balance work and family. We are also promoting CSR procurement (responsible procurement activities with consideration for sustainability) in cooperation with suppliers in response to social demands.

**Promotion of diversity**

We are working to create opportunities and environments where diverse human resources can demonstrate their individuality and abilities regardless of gender, age, nationality or values. We provide training to promote understanding of LGBT and hold seminars to promote the active participation of women in the workplace for officers and executives.

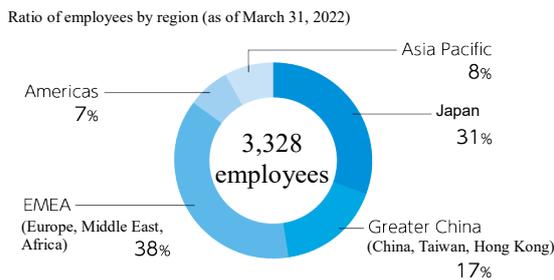
**Promoting employees' well-being**

We have established a system to maintain and promote the safety and health of our employees and have created a safe and healthy working environment. In Fiscal 2022, we will set up a clinic in our head office to further promote well-being.

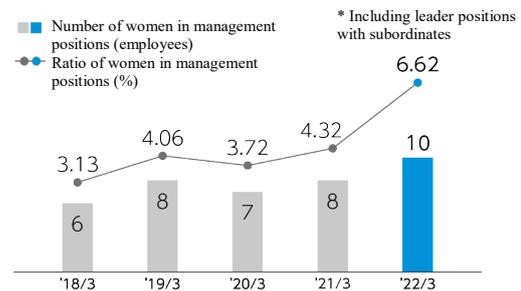
**Procurement activities undertaken with suppliers**

We have established the IDEC Group “CSR Procurement Guidelines” and “Green Procurement Guidelines,” and are working with our suppliers on procurement activities that take into account social responsibilities such as human rights, the working environment, and the global environment.

**Society** Ratio of overseas employees  
69% Down 3 % compared with the previous period



**Society** Number and ratio of women in management positions (IDEC only)  
6.62% Up 2.30% compared with the previous period



**Governance** Aiming to further strengthen the governance system

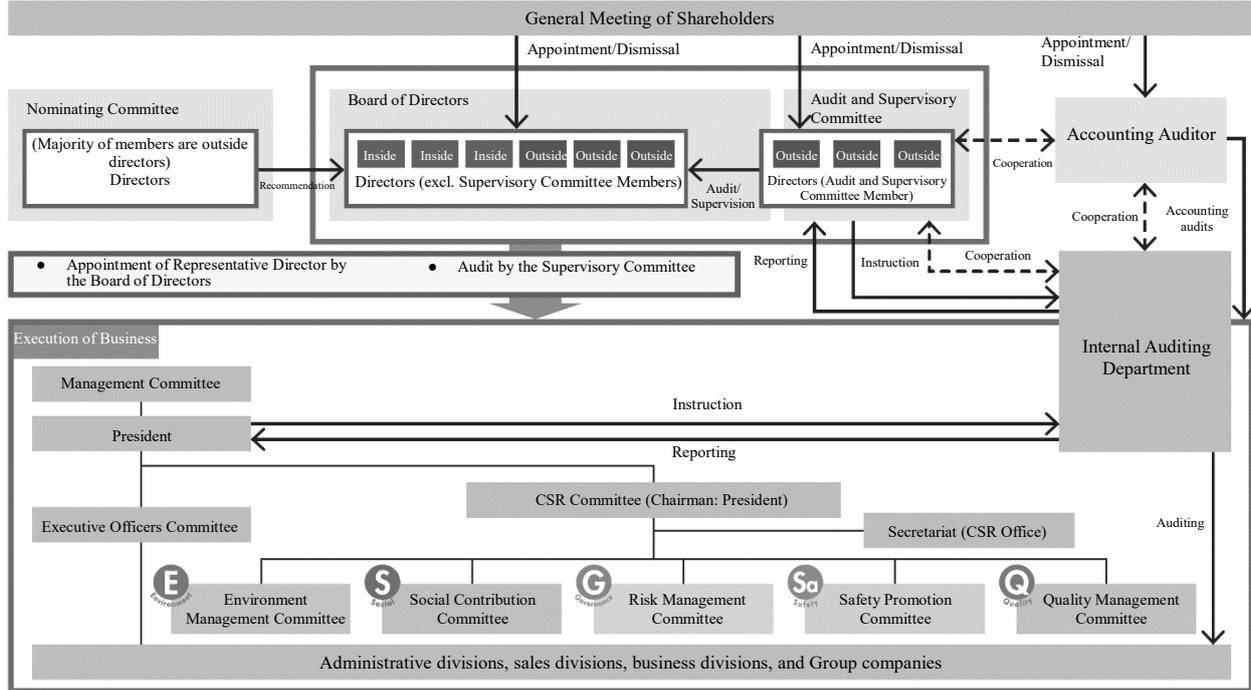
We are promoting the strengthening of our governance system to ensure the transparency and efficiency of management for our stakeholders, including our shareholders. We have started establishing a "Global Hotline" that allows our Group companies to report directly to the point of contact for reporting at the head office, and are introducing it in each region. We have also established the Nominating Committee to select candidates for next-generation executives and to promote development plans.

**Evaluation of the effectiveness of the Board of Directors**

In order to improve the effectiveness of the Board of Directors, we have been conducting evaluations of all directors except the President using a questionnaire every year since the 69th period. Since the 75th period, we have also conducted a questionnaire survey by a third party and analyzed the results, reported the results to the Board of Directors, shared issues, and continued efforts to make improvements.

Challenges in the 75th period	<ul style="list-style-type: none"> <li>▶ Development of next-generation executive candidates</li> <li>▶ Increase of opportunities to review medium- to long-term management strategies</li> <li>▶ Strengthening of transparency, efficiency, and monitoring capabilities in management</li> <li>▶ Understanding of the details of communication with shareholders and investors</li> </ul>
Initiatives in the 75th period	<ul style="list-style-type: none"> <li>▶ Establishment of the Nominating Committee and submission of opinions to the next-generation development plan, increase of opportunities for contact, such as interviews with executive candidates</li> <li>▶ Discussion and exchange of opinions on medium- to long-term strategies at exchange meetings for outside officers</li> <li>▶ Selection of highly specialized candidates for Directors for the next fiscal year in order to strengthen monitoring capabilities</li> <li>▶ Enhancement of feedback to the Board of Directors regarding communication with shareholders and investors, including briefing sessions</li> </ul>
Results of third-party evaluations in the 75th period	<p>The evaluation of the composition and discussions of the Board of Directors, including the diversity of its members and the free and constructive exchange of opinions during the meetings, exceeded the average of other companies. The overall evaluation was generally positive, and we have concluded that the effectiveness of the Board of Directors was secured.</p> <p>Meanwhile, future issues for further improvement of effectiveness were identified, such as operation of the Nominating Committee established last year, activation of ESG-related discussions, and discussions based on dialogue with shareholders and investors.</p>
Future issues based on the evaluation results for the 75th period	<ul style="list-style-type: none"> <li>▶ Further enhancement of discussions at the Board of Directors, such as reviewing initiatives on ESG issues and business portfolios, conducting active discussions on the design of remuneration systems, and conducting discussions based on dialogue with shareholders and investors</li> <li>▶ Formulation and implementation of succession plans, including appropriate nomination processes based on skill matrices and sufficient deliberation to develop selection criteria</li> <li>▶ Enhancement of the performance of outside directors by further facilitating the exercise of the supervisory function of outside directors and encouraging communication between outside directors and inside directors</li> </ul>

**Organizational chart for corporate governance** (Organizational chart after the approval of Proposal 2 and Proposal 3)



**Activities of voluntarily established organizations**

Nominating Committee	As an advisory body to the Board of Directors, the majority of whose members are outside directors, the Nominating Committee enhances corporate governance by strengthening objectivity and independence in the nomination of candidates for Directors and development of next-generation executive candidates.
CSR Committee	An organization consisting of five expert committees chaired by the President and engaged in formulation of CSR activity policies. The CSR Committee determines important matters related to CSR and CSV, discusses and reports such matters to the Board of Directors, and communicates approved matters to each employee.
Environment Management Committee	With environmental conservation as the top priority, the Environment Management Committee is working to realize a low-carbon, recycling-oriented society by facilitating environmental activities, promoting the development of even more environmentally friendly products, and actively disclosing environmental information to stakeholders, etc. in the IDEC Group.
Social Contribution Committee	By supporting social contribution activities (CSV) through business and promoting voluntary social contribution activities by employees, the Social Contribution Committee continuously implements activities that address social issues and strives to build good relationships with society.
Risk Management Committee	The Risk Management Committee strengthens the IDEC Group's overall risk management system and whistleblowing system and develops BCPs, ensuring management transparency and efficiency and promoting a governance system.
Safety Promotion Committee	Aiming to become a company that pursues and realizes the world's highest level of safety, security, and well-being, the Safety Promotion Committee develops and disseminates advanced safety equipment, safety systems, and safety standards, and promotes overall safety and health activities of the IDEC Group, etc.
Quality Management Committee	By promoting quality management in the IDEC Group, the Quality Management Committee aims to provide high-quality products to society and realize a safe and secure society.

**Safety Realization and pursuit of safety, security and well-being**

As a company that develops and provides products that protect people's lives, we are promoting initiatives to improve the safety, security, and well-being of all people in order to promote the creation of a safe and comfortable environment on a global basis.

**Creating well-being for workplaces around the world**

We provide a variety of control instruments to realize safety and security in the workplace and promote the creation of a safe and comfortable environment on a global basis.

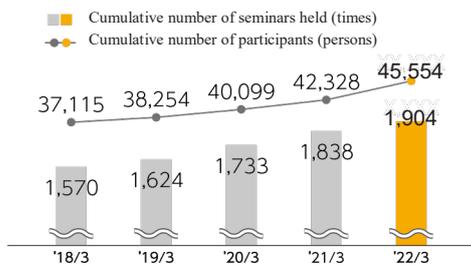
**Establishment and expansion of occupational health and safety management systems**

We were one of the first to acquire ISO 45001 certification, the international standard for occupational health and safety management systems, and have acquired certification at five business sites in Japan.

**Influencing the world through international standardization and rule-making**

We participate in international safety standardization activities and make industry-leading proposals. We are also working to develop new personnel certification standards and standards for coordinated safety, etc.

**Safety** Cumulative number of safety and explosion-proof seminars held (IDEC only)  
1,904 times Up 66 times compared with the previous period



We hold safety seminars (online) free of charge so that customers can use safety and explosion-proof equipment correctly.

**Safety** Qualifications to measure level of knowledge about safety and ability to design technical systems  
Number of qualified safety assessors, safety basic assessors, and robotic safety assessors  
(As of April 2022)  
**547**

Qualification to measure knowledge of and ability to practice occupational safety management for management systems  
Number of qualified safety officers  
(As of April 2022)  
**105**

## **Quality** Continuing to be IDEC that is known for high quality

The IDEC Group carries various types of products and services. In order to provide these products and services to our customers in a safe and secure manner, we are engaged in manufacturing based on a quality assurance system in cooperation with Group companies operating globally, and are promoting continuous improvements to enhance quality.

### **Establishment of the IDEC Quality Standard**

All IDEC Group members have unified the Group's approach to product and service quality in order to fulfill their responsibility and mission to quality.

### **Holding of monthly company-wide quality meetings**

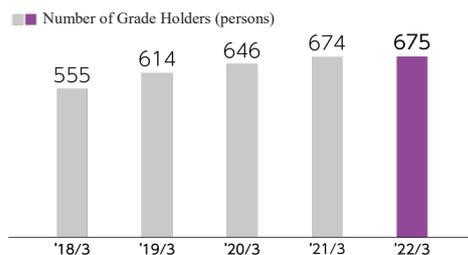
We hold monthly company-wide quality meetings to strengthen quality assurance and quality improvement activities at each production site, including overseas, on a global level.

### **Holding of annual QC circle presentation meetings**

In November 2021, we held an online QC circle presentation meeting attended by eight representative circles from Japan, China and Taiwan, and shared the results of our activities with the entire IDEC Group.

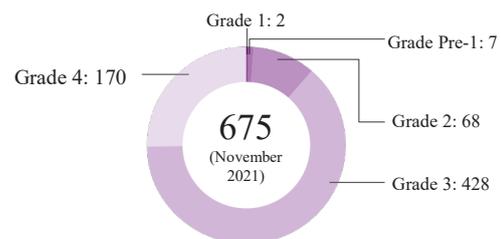
## **Quality** Number of Grade Holders of Quality Management and Quality Control Examination (QC Exam)

675 Up 1 compared with the previous period



\* In Fiscal 2021, the number of Grade 4 or 3 holders decreased, but by continuing QC circle activities and quality control training, the number of Grade 2 holders, people who can resolve and improve quality problems by themselves, increased by 6.

## **Quality** Breakdown of Grade Holders of Quality Management and Quality Control Examination (QC Exam)



## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Partial Amendment to the Articles of Incorporation

#### 1. Reasons for proposal

With the amendment provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "Act for Partial Revision of the Companies Act" (Act No. 70 of 2019) coming into effect on September 1, 2022, the electronic provision system for materials for the Annual General Meetings of Shareholders will be introduced. Thus, we shall change the Articles of Incorporation as follows.

- (1) We shall newly establish Paragraph 1, Article 15 (Measures for Provision by Electronic Means, Etc.) of the proposed amendment as the Company is required to stipulate in the Articles of Incorporation that it will take measures for provision by electronic means with respect to information contained in the Reference Documents for the General Meeting of Shareholders, etc.
- (2) We shall newly establish Paragraph 2, Article 15 (Measures for Provision by Electronic Means, Etc.) of the proposed amendment so that we can limit the scope of matters to be described in the documents to be delivered to the shareholders who made the request for delivery of written documents to within the scope prescribed by the Ministry of Justice Ordinance, from among the matters to be provided electronically with respect to information contained in the Reference Documents for the General Meeting of Shareholders, etc.
- (3) We shall delete the provision of Article 15 of the current Articles of Incorporation (Online Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) as it will no longer become necessary once the electronic provision system for materials for annual general meetings of shareholders is introduced.
- (4) We will set out supplementary provisions relating to the force and effect of the newly established and deleted provisions above. These supplementary provisions shall be deleted after the expiration date.

#### 2. Details of amendment

The details of amendment to the Articles of Incorporation are as follows.

(Parts to be amended are underlined.)

Current Articles of Incorporation	Proposed amendment
<p><u>Article 15 (Online Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u>  <u>When convening an annual general meeting of shareholders, the Company may deem that information pertaining to matters to be stated or indicated in Reference Documents for the General Meeting of Shareholders, business report, non-consolidated financial statements and consolidated financial statements has been provided to shareholders by disclosing it through the Internet in accordance with the Ministry of Justice Ordinance.</u>                      (Newly established)</p> <p>Supplementary provisions                      (Article omitted)                      (Newly established)</p>	<p style="text-align: center;">(Deleted)</p> <p><u>Article 15 (Measures for Provision by Electronic Means, Etc.)</u>                      The Company shall take measures to provide electronically the information contained in the Reference Documents for the General Meeting of Shareholders when calling an Annual General Meeting of Shareholders.  <del>2</del> The Company shall not be required to describe all or part of the matters to be electronically provided that are prescribed by the Ministry of Justice Ordinance in the document to be delivered to the shareholders who made the request for delivery of written documents by the record date for voting rights.</p> <p>Supplementary provisions  <u>Article 1</u> (As is)  <u>Article 2</u> The deletion of Article 15 of the Articles of Incorporation (Online Disclosure and Deemed Provision of Reference Documents for the General Meeting of</p>

Current Articles of Incorporation	Proposed amendment
	<p>Shareholders, Etc.) and the new establishment of Article 15 of the Articles of Incorporation (Measures for Provision by Electronic Means, Etc.) shall come into effect on September 1, 2022.</p> <p>2 Notwithstanding the provisions of the preceding Paragraph, Article 15 of the Articles of Incorporation (Online Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain in effect with respect to an Annual General Meeting of Shareholders which is scheduled to be held on a day within six months from September 1, 2022.</p> <p>3 The provisions of this Article shall be deleted on the day on which six months have elapsed from September 1, 2022, or on the day on which three months have elapsed from the date of the Annual General Meeting of Shareholders set forth in the preceding Paragraph, whichever comes later.</p>

**Reference: Management system after the approval of Proposal 2 and Proposal 3 (planned)**

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

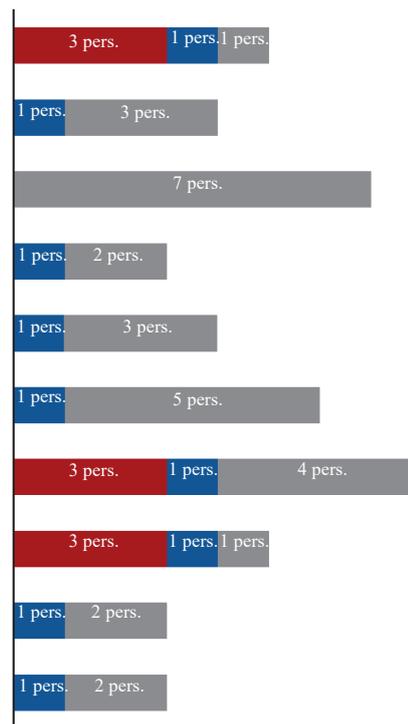
Skills matrix expected of directors	Candidates for directors (Audit and Supervisory Committee Members) to be appointed at the General Meeting of Shareholders		
	 Yasuo Himeiwa Reappointment Outside Independent	 Michiko Kanai Reappointment Outside Independent	 Eri Nakajima New Outside Independent
Corporate Management/ Management Strategy			
Legal Affairs/ Risk Management	●	●	
Personnel Affairs/ HR Development			●
Financial Affairs/ Accounting	●		
R&D/Production			
Sales			
International Business	●	●	
Industry Expertise	●		
IT Strategy			
Environmental Measures			●

\* ● indicates areas of particular expectation.

### Board of Directors Composition

Outside ratio: 67%  
 Inside Directors: 3 pers.  
 Outside Directors: 6 pers.

Female ratio: 33%  
 Female Directors: 3 pers.  
 Male directors: 6 pers.



<The policy regarding the independence of an Outside Director>

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

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

**Proposal 2: Election of Six (6) Directors (excluding those who are Audit and Supervisory Committee Members)**

The terms of all five (5) Directors (excluding those who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this Proposal), Toshiyuki Funaki, Mikio Funaki, Takuji Yamamoto, Hiroshi Kobayashi and Hideyuki Ohkubo will expire at the conclusion of this Annual General Meeting of Shareholders. The Company, aiming to improve the Board of Directors' transparency and further enhance its supervisory functions, would like to add one (1) Outside Director.

Accordingly, you are requested to elect six (6) Directors (including three (3) Outside Directors). As for this Proposal, the Audit and Supervisory Committee has judged that all the candidates for Directors are eligible.

The candidates for Directors are as follows.

(Notes)

1. There are no special interests between each candidate and the Company.
2. Ms. Mariko Sugiyama is a candidate for a new Director.
3. Candidates for Directors, Mr. Hiroshi Kobayashi, Mr. Hideyuki Ohkubo, and Ms. Mariko Sugiyama, are candidates for Outside Director.
4. Candidates for Directors, Mr. Hiroshi Kobayashi and Mr. Hideyuki Ohkubo, are designated as independent officer required by Tokyo Stock Exchange, Inc., as people who will not have conflicts of interests with general shareholders. The Company has judged that Ms. Mariko Sugiyama, a candidate for Director, is not likely to cause any conflicts of interest with general stockholders and that she is independent; therefore, the Company plans to nominate her as such independent officer.
5. The Company does not have transactional relationships with Honda Motor Co., Ltd., where candidate for Director, Mr. Hiroshi Kobayashi served as Director, so there is no problem with regards to their independence. The Company has transactional relationships with Mitsubishi Electric Corporation, where Mr. Hideyuki Ohkubo served as executive officer, and with Salesforce Japan Co., Ltd., where Ms. Mariko Sugiyama serves as executive officer. However, the Company's transactions with the companies in fiscal 2021 accounted for less than 1% of consolidated net sales, so there is no problem with regards to their independence.
6. Candidates for Directors, Mr. Hiroshi Kobayashi and Mr. Hideyuki Ohkubo, are currently Outside Directors of the Company and Mr. Hiroshi Kobayashi will have served 3 years and Mr. Hideyuki Ohkubo will have served 1 year at the conclusion of this Annual General Meeting of Shareholders.
7. The Company has entered into agreements with candidates for Director, Mr. Hiroshi Kobayashi and Mr. Hideyuki Ohkubo, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, limiting their liabilities for damages. Based on these agreements, the maximum amount of liabilities for damages shall be an amount provided by laws and regulations. Upon election of candidates as proposed, the Company intends to continue this agreement.
8. If candidate for Director, Ms. Mariko Sugiyama, is elected as originally planned, the Company will enter into an agreement with her, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, limiting her liabilities for damages. Based on this agreement, the maximum amount of liabilities for damages shall be an amount provided by laws and regulations.
9. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds including the directors of the Company in the event that they are held liable for damages in the performance of their duties. If each candidate is elected as Director, each candidate will be insureds in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.

**Candidate No. 1** Reappointment

**Name:** Toshiyuki Funaki

**Date of birth:** August 30, 1947

**Career summary** (positions and responsibilities)

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

**Number of shares of the Company held: 210,040 shares**

**Attendance at the Board of Directors meeting (FY 2021): 100 % (7/7 times)**

**Reasons for Nomination of the Candidate for Director**

Mr. Toshiyuki Funaki has served as the Chairman and Chief Executive Officer of the Company, and to strive for the sustained growth as a continuing Company based on his abundant experience and achievements, the Company has elected him as a candidate for Director as in the previous year in the belief that he would be best suited to continue in his current position.

**Significant concurrent positions**

Chairman, CEO, IDEC CORPORATION (USA)

**Candidate No. 2** Reappointment

**Name:** Mikio Funaki

**Date of birth:** January 17, 1953

**Career summary** (positions and responsibilities)

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

**Number of shares of the Company held: 161,143 shares**

**Attendance at the Board of Directors meeting (FY 2021): 100 % (7/7 times)**

**Reasons for Nomination of the Candidate for Director**

Mr. Mikio Funaki has been engaged in the management of the Company and its Group companies for many years and has abundant experience and achievements mainly in overseas businesses. The Company has elected him as a candidate for Director as in the previous year in the belief that his abundant experience and achievements would link to the sustained growth of the Company.

**Significant concurrent positions**

President, COO, IDEC CORPORATION (USA)

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

September 1995 Vice President of OMRON MANAGEMENT CENTER OF EUROPE  
June 2001 Executive Officer of OMRON CORPORATION  
April 2003 Division General Manager in charge of Industrial Products of OMRON CORPORATION  
June 2005 Senior Executive Officer of OMRON CORPORATION  
April 2009 CEO of OMRON MANAGEMENT CENTER OF AMERICA, INC.  
June 2015 Director of the Company  
October 2019 Managing Director of the Company  
in charge of Strategy of Management and Business (to present)

**Number of shares of the Company held: 7,092 shares****Attendance at the Board of Directors meeting (FY 2021): 100 % (7/7 times)****Reasons for Nomination of the Candidate for Director**

Mr. Takuji Yamamoto has been engaged mainly in starting up overseas businesses, planning and implementing business strategies for many years in the control instrument business and is highly regarded for his abundant knowledge and experience. The Company has elected him as a candidate for Director as in previous year in the belief that his abundant experience and achievements would link to the sustained growth of the Company.

**Significant concurrent positions**

Not applicable.

**Candidate No. 4**  Reappointment  Outside  Independent**Name:** Hiroshi Kobayashi**Date of birth:** November 12, 1954**Career summary** (positions and responsibilities)

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

**Number of shares of the Company held: 3,341 shares****Attendance at the Board of Directors meeting (FY 2021): 100 % (7/7 times)****Reasons for Nomination of the Candidate for Outside Director and Outline of Expected Roles**

Mr. Hiroshi Kobayashi has been engaged mainly in corporate management and in Japan and overseas businesses for many years in the automobile business as director and officer, and based on his abundant knowledge and experience, has supervised the Company and given the Company his precise and productive advice from an independent perspective with no special interests. Accordingly, the Company has elected him as a candidate for Director as in previous year. After election, he is expected to continue fulfilling the above mentioned roles.

**Significant concurrent positions**

Not applicable.

**Candidate No. 5**  Reappointment  Outside  Independent

**Name:** Hideyuki Ohkubo

**Date of birth:** October 29, 1954

**Career summary** (positions and responsibilities)

April 2010 Deputy Group General Manager in charge of Factory Automation Systems Group of Mitsubishi Electric Corporation

April 2012 Executive Officer in charge of charge of Factory Automation Systems of Mitsubishi Electric Corporation

April 2014 Representative Executive Officers, Senior Vice President, in charge of Export Control and Factory Automation Systems of Mitsubishi Electric Corporation

April 2015 Representative Executive Officers, Senior Vice President, in charge of Export Control and Total Productivity Management of Mitsubishi Electric Corporation

April 2016 Representative Executive Officers, Executive Vice President, in charge of Export Control and Total Productivity Management of Mitsubishi Electric Corporation

April 2017 Permanent Advisor of Mitsubishi Electric Corporation

June 2018 Senior Advisor of Mitsubishi Electric Corporation

June 2021 Director of the Company (to present)

**Number of shares of the Company held: 740 shares**

**Attendance at the Board of Directors meeting (FY 2021): 100 % (6/6 times)**

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

Mr. Hideyuki Ohkubo has been engaged mainly in corporate management and Factory Automation business in the electrical industry for many years and is highly regarded for his abundant knowledge and experience. Accordingly, the Company has elected him as a candidate for Director in the belief that he will supervise the Company and give the Company his precise and productive advice from an independent perspective with no special interests. After election, he is expected to continue fulfilling the above mentioned roles.

**Significant concurrent positions**

Not applicable.

**Candidate No. 6**  New  Outside  Independent

**Name:** Mariko Sugiyama

**Date of birth:** May 28, 1964

**Career summary** (positions and responsibilities)

April 1987 Joined IBM Japan, Ltd.

March 1994 Joined Oracle Corporation Japan

July 2010 Joined SAS Institute Japan

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

August 2018 Executive Officer of Salesforce.com, Co., Ltd. (to present)

February 2022 Representative Director of Erawan, Inc. (to present)

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

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

Ms. Mariko Sugiyama has been engaged in a wide variety of businesses in the IT industry for a long time and is highly regarded for her abundant knowledge and experience. The Company has elected her as a candidate for new Director in the belief that she will supervise the Company and give the Company her precise and productive advice from an independent perspective with no special interests, especially on the IT strategy and DX strategy of the Company. After election, she is expected to continue fulfilling the above-mentioned roles.

**Significant concurrent positions**

Representative Director of Erawan, Inc.

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

The terms of all four (4) Directors who are Audit and Supervisory Committee Members, Yasuo Himeiwa, Masataka Kawahito, Michiko Kanai and Nobuo Hatta will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, you are requested to elect three (3) Directors who are Audit and Supervisory Committee Members (including three (3) Outside Directors).

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

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

(Notes)

1. There are no special interests between each candidate and the Company.
2. Ms. Eri Nakajima is a candidate for a new Director who is Audit and Supervisory Committee Member.
3. Candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himeiwa, Ms. Michiko Kanai, and Ms. Eri Nakajima, are candidates for Outside Directors.
4. Candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himeiwa and Ms. Michiko Kanai, are designated as independent officers required by Tokyo Stock Exchange, Inc., as people who will not have conflicts of interests with general shareholders. The Company has judged that Ms. Eri Nakajima, a candidate for Director who is an Audit and Supervisory Committee Member, is not likely to cause any conflicts of interest with general stockholders and that she is independent; therefore, the Company plans to nominate her as such independent officer.
5. Candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himeiwa and Ms. Michiko Kanai, are currently Outside Directors of the Company and Mr. Yasuo Himeiwa will have served 2 years and Ms. Michiko Kanai will have served 6 years as Directors at the conclusion of this Annual General Meeting of Shareholders.
6. The Company has entered into agreements with candidates for Directors who are Audit and Supervisory Committee Members, Mr. Yasuo Himeiwa and Ms. Michiko Kanai, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, limiting their liabilities for damages. Based on these agreements, the maximum amount of liabilities for damages shall be an amount provided by laws and regulations. Upon election of candidates as proposed, the Company intends to continue this agreement.
7. If Ms. Eri Nakajima, a candidate for Director who is an Audit and Supervisory Committee Member, is elected as originally planned, the Company will enter into an agreement with her, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, limiting her liabilities for damages. Based on this agreement, the maximum amount of liabilities for damages shall be an amount provided by laws and regulations.
8. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds including the directors of the Company in the event that they are held liable for damages in the performance of their duties. If each candidate is elected as Director, each candidate will be insureds in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.

**Candidate No. 1**  Reappointment  Outside  Independent

**Name: Yasuo Himeiwa**

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

**Career summary** (positions and responsibilities)

August 1983 Joined Peat Marwick Mitchell Accountant Office (currently KPMG)

August 1990 Certified Public Accountant registered

August 1994 Director in charge of Europe of KPMG Project Japan

January 1996 Associate Partner at Century Audit Corporation (currently Ernst & Young ShinNihon LLC)

February 2001 Partner at Audit Corporation ShinNihon (currently Ernst & Young ShinNihon LLC)

September 2003 Partner at KPMG AZSA & Co.

July 2009 Head of Osaka Global Japanese Practice at KPMG AZSA & Co.

May 2015 Chairman of General Partners' Meeting of KPMG AZSA LLC

June 2016 General Manager at Himeiwa Certified Public Accountant Office (to present)

June 2020 Director of the Company (Audit and Supervisory Committee Member)

February 2021 Member of Nominating Committee of the Company (to present)

June 2021 Board Member of the Company

(Full-time Audit and Supervisory Committee Member) to present)

**Number of shares of the Company held: 959 shares**

**Attendance at the Board of Directors meeting** (Fiscal 2021) 100% (7/7)

**Attendance at the Audit and Supervisory Committee** (Fiscal 2021) 100% (10/10)

**Reasons for election**

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

**Significant concurrent positions**

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

Outside Company Auditor of TAKARA BIO INC.

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

**Candidate No. 2**  Reappointment  Outside  Independent

**Name: Michiko Kanai**

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

**Career summary** (positions and responsibilities)

April 1990 Registered in Osaka Bar Association

Joined Oh-Ebashi Law Offices (currently Oh-Ebashi LPC & Partners)

April 1998 Partner at Oh-Ebashi Law Offices

August 2002 Member at Oh-Ebashi LPC & Partners (to present)

June 2016 Director of the Company

June 2018 Director of the Company (Audit and Supervisory Committee Member) (to present)

February 2021 Member of Nominating Committee of the Company (to present)

**Number of shares of the Company held: 8,399 shares**

**Attendance at the Board of Directors meeting (FY 2021): 86 % (6/7 times)**

**Attendance at the Audit and Supervisory Committee (FY 2021): 100% (10/10 times)**

**Reasons for election**

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

**Significant concurrent positions**

Lawyer (Member at Oh-Ebashi LPC & Partners)

Outside Director of KONDOTEC INC.

Outside Company Auditor of SANKYO SEIKO CO., LTD.

Outside Company Auditor of AS ONE CORPORATION

**Candidate No. 3** New Outside Independent

**Name: Eri Nakajima**

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

**Career summary** (positions and responsibilities)

April 1995	Joined the Environment Agency
April 2013	Policy Planning Division, Nature Conservation Bureau of the Ministry of the Environment Assistant Division Chief
April 2015	Deputy Governor of Nagano Prefecture
August 2020	Decarbonization Innovation Research Office, Global Environment Bureau of the Ministry of the Environment General Manager
December 2021	Faculty of Economics and Law at Shinshu University Specially Appointed Professor (to present)

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

**Reasons for election**

Ms. Eri Nakajima has been engaged in a wide range of fields in environmental administration such as global warming countermeasures and carbon neutral policies. Given her abundant knowledge and experience, we expect her to contribute to strengthening the Company's auditing system regarding environmental initiatives at the Company. Judging that she also has a fair and neutral standpoint in regards to audit independence, the Company has elected her as a candidate for new Director. After election, she is expected to continue fulfilling the above-mentioned roles.

**Significant concurrent positions**

Specially Appointed Professor at Faculty of Economics and Law, Shinshu University

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

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

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

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

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

3,000 units

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

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

**4. Details of the stock acquisition rights**

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

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

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

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

Number of shares after adjustment = Number of shares before adjustment × Ratio of split or consolidation

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

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

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

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

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

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

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

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

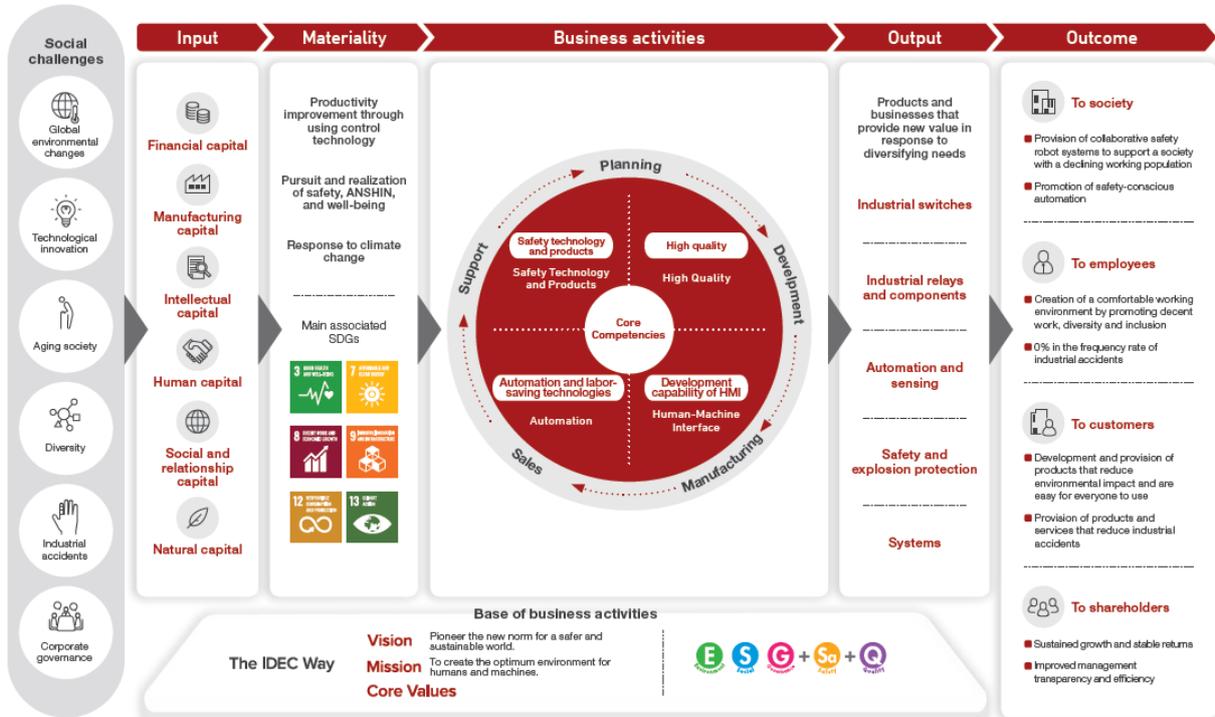
- (4) Exercise period of stock acquisition rights  
From July 1, 2024 to June 30, 2026
- (5) Conditions for exercise of stock acquisition rights
  - 1) At the time of exercise of the right, the stock acquisition right holder must be a Director, Executive Officer or employee of the Company or its subsidiary. However, right holder may exercise his or her stock acquisition right, if he or she has retired due to the expiration of his or her term of office, or if he or she has reached the mandatory retirement age, or has any other valid reason.
  - 2) Other conditions shall be set forth in the “Stock Acquisition Rights Allocation Agreement” between the Company and the person to whom the stock acquisition rights have been allocated pursuant to the resolution of the Board of Directors with regard to the issuance of the stock acquisition rights.
- (6) Matters concerning an increase in capital stock and capital surplus in the event of issuance of shares upon exercise of stock acquisition rights  
The increased amount in capital stock in the event of the issuance of shares upon the exercise of stock acquisition rights shall be equal to one half of the maximum increase in the amount of capital or the like calculated in accordance with Article 17, Paragraph 1 of the Company Calculation Rules. Any fractions of less than one yen resulting from the calculation shall be rounded up.  
Remaining amounts shall be incorporated into capital surplus.
- (7) Restrictions on acquiring stock acquisition rights by way of transfer  
Any acquisition of stock acquisition rights by way of transfer shall require the approval of the Board of Directors of the Company.
- (8) Reasons for acquiring stock acquisition rights
  - 1) In the event that a proposal for approval of a share exchange agreement or share transfer, in which the Company is to become a wholly-owned subsidiary, is approved at the Company’s General Meeting of Shareholders, the Company may acquire stock acquisition rights without consideration on a date separately determined at the Board of Directors.
  - 2) If any person to whom stock acquisition rights have been allocated is no longer eligible under the terms for the exercise of the stock acquisition rights, the Company may acquire the stock acquisition rights without consideration on a date separately determined at the Board of Directors.
- (9) Handling of stock acquisition rights upon restructuring  
In the event that the Company conducts a merger (limited to where the Company is dissolved as a result of the merger), an absorption-type demerger, an incorporation-type demerger, a share exchange or a stock transfer (hereinafter collectively referred to as “Restructuring”), stock acquisition rights of one of the companies listed in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act, as the case may be, (hereinafter referred to as “Restructured Company”), will be each delivered to the holders of the stock acquisition rights remaining at the time the Restructuring takes effect (hereinafter referred to as “Remaining Stock Acquisition Rights”), in accordance with the following conditions. However, the foregoing applies only where the delivery of the stock acquisition rights of the Restructured Company, in accordance with the following terms, is provided for in the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or stock transfer agreement.
  - 1) The type of shares of the Restructured Company subject to the stock acquisition rights  
The Restructured Company’s common stock
  - 2) The number of shares of the Restructured Company subject to the stock acquisition rights  
A decision will be made according to (2) above, upon considering the terms, etc., for the Restructuring.

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

End

**[Reference] Value Creation Process**

In order to realize “The IDEC Way”, the IDEC Group is committed to working through its business activities for the following Materiality: "productivity improvement using control technology," "pursuit and realization of safety, ANSHIN\*, and well-being," and "response to climate change." This is how we contribute to a sustainable society and increase corporate value.



## Business Report

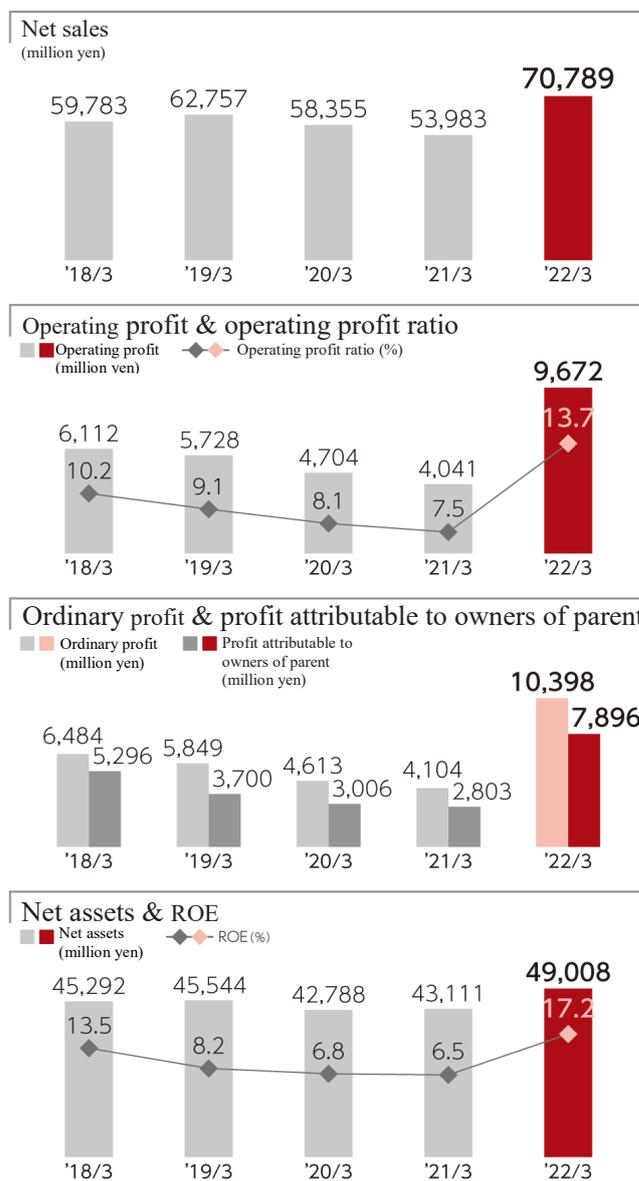
### [Appendix]

Business Report for the 75th Period (From April 1, 2021 to March 31, 2022)

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

### 1 Matters Concerning the State of Corporate Group

#### 1 Trends in Assets, Profits and Losses



## 2 Business Progress and Results

### **Net sales**

70,789 million yen  
Year-on-year: Up 31.1%

### **Operating profit**

9,672 million yen  
Year-on-year: Up 139.3%

### **Ordinary profit**

10,398 million yen  
Year-on-year: Up 153.4%

### **Profit attributable to owners of parent**

7,896 million yen  
Year-on-year: Up 181.7%

During the consolidated fiscal year under review, economic normalization from the pandemic took place rapidly worldwide, and capital investment demand in the manufacturing industry, one of the IDEC Group's major customers, remained much higher than expected.

As a result, the IDEC Group posted domestic net sales of 30,904 million yen (up 25.4% compared with the previous period) thanks to an increase in sales mainly in our key Switches & Indicators business. This was due to a sharp rise in demand not only in China, where demand has already expanded rapidly since the fiscal year ended March 2021, but also in the major regions of Japan, Europe and the United States, such as the semiconductor related, automotive related, machine tool, and robot industries.

Overseas, orders increased significantly from the previous period not only in China but also in the Americas and Europe, the Middle East and Africa (EMEA) due to economic normalization from the pandemic and rapid expansion of demand. As a result, overseas net sales reached 39,885 million yen (up 35.9% compared with the previous period).

In terms of profit, operating profit recorded 9,672 million yen (up 139.3% compared with the previous period) mainly due to a significant increase in net sales, and the operating profit ratio was 13.7%. Ordinary profit was 10,398 million yen (up 153.4% compared with the previous period), and profit attributable to owners of parent was 7,896 million yen (up 181.7% compared with the previous period).

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

### **Switches & Indicators**

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

Percentage of net sales: 46.9%

Net sales 33,191 million yen

Year-on-year: Up 32.5%

Sales increased mainly due to rapid growth in demand for capital investment in the Asia-Pacific region, primarily China, Japan, the Americas and EMEA.

### **Industrial Components**

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

Percentage of net sales: 19.2%

Net sales 13,625 million yen

Year-on-year: Up 39.0%

Sales of control relays increased in the core markets of the Americas and China.

### **Automation/Sensing**

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

Percentage of net sales: 14.1%

Net sales 9,958 million yen

Year-on-year: Up 21.4%

In addition to Japan and the Americas, sales increased in EMEA due to a rapid recovery in demand for programmable indicators and programmable controllers.

### **Safety & Explosion Protection**

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

Percentage of net sales: 12.6%

Net sales: 8,908 million yen

Year-on-year: Up 36.8%

Capital investment demand recovered steadily in Japan and overseas, and as a result sales increased.

### **Systems**

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

Percentage of net sales: 5.3%

Net sales: 3,742 million yen

Year-on-year: Up 6.4%

In Japan, sales of control panels for semiconductor and LCD production equipment continued to increase.

### **Others**

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

Percentage of net sales: 1.9%

Net sales: 1,363 million yen

Year-on-year: Up 53.0%

Sales of power management systems for mega solar and solar power generation recovered in Japan.

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

#### Japan

Percentage of net sales: 43.7%

Net sales: 30,904 million yen

Year-on-year: Up 25.4%

As demand in each industry recovered significantly and expanded rapidly, orders increased at a much higher level than expected, mainly in our mainstay Switches & Indicators business, and net sales also increased.

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

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

#### Major subsidiaries

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

#### Americas

Percentage of net sales: 16.3%

Net sales: 11,532 million yen

Year-on-year: Up 35.5%

Net sales increased in North America as a result of overall rapid growth in demand for capital investment.

#### Major subsidiaries

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

- (Note) 1. The figures in parentheses beside the ownership percentage indicate indirect ownership ratios (included numbers).  
 2. On September 1, 2021, we established IDEC ALPS Technologies Co., Ltd. as a joint venture with Alps Alpine Co., Ltd.

**EMEA (Europe, Middle East, Africa)**

Percentage of net sales: 16.6%

Net sales: 11,747 million yen

Year-on-year: Up 32.4%

As with Japan and the Americas, demand recovery from the pandemic progressed rapidly, leading to an increase in sales in our mainstay Switches & Indicators business.

**Major subsidiaries**

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

**Asia Pacific**

Percentage of net sales: 23.4%

Net sales: 16,604 million yen

Year-on-year: Up 38.8%

The rapid expansion of demand in China and the steady recovery of demand in other Asian regions led to significant increases in sales in the Switches & Indicators business and Industrial Components business.

**Major subsidiaries**

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

## 4 Issues to be addressed

### The New Medium-Term Management Plan (FY2023-2025)

#### Passion for Your Success

#### Aiming to improve safety, ANSHIN\*, and well-being for people around the world

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

Back in 2017, the IDEC Group announced a mid-term management plan. However, the outbreak of the COVID-19 infections and other factors significantly changed the business environment, and we reviewed the plan based on the current megatrends and societal challenges. Then in May 2022, we announced a new medium-term management plan which set FY2025 as the final year.

With [The IDEC Way] in mind and under a new slogan "Passion for Your Success: Aiming to improve safety, ANSHIN, and well-being for people around the world," we will promote initiatives that address key areas such as needs for automation, and unmanned and labor-saving operations, as well as the enhanced awareness of safety, ANSHIN, and well-being, based on the control technology we have cultivated over the years. We are thereby aiming to contribute to solving societal challenges and to achieve sustainable growth.

The new medium-term management plan's minimum targets are sales of over 80 billion yen, operating profit of over 13 billion yen, and an operating profit margin of over 16% in FY2025, with the aim of achieving an operating profit margin of 20% over the long term.

	FY2022 Results	FY2023 Plan	FY2025 Plan
Net sales	JPY70.8 billion	JPY74.5 billion	JPY80 billion or more (Growth ratio >5%/year)
Operating income	JPY9.7 billion	JPY10.8 billion	JPY13 billion or more
Operating income margin	13.7%	14.5%	16% or more
ROIC	9.2%	10.0%	10% or more
ROE	17.2%*1	14.5%	15% or more
EPS	JPY263*2	JPY250	JPY300 or more

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

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

### Four Basic Strategies

#### Promote Growth Strategy

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

#### Improve Profitability

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

#### Enhance Management Base

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

#### Enhance ESG initiatives

- [E] Promote initiatives to reduce environmental impact
- [S] Promote diversity
- [G] Improve management transparency and efficiency
- [Sa] Create Well-being through Safety and ANSHIN technology
- [Q] Improve high product quality and manufacturing capabilities

## **Expansion of business area: From "Interface" to "Interaction" and leading to “the Realization of Optimal Environment”**

As a leading company in Human-Machine Interface (HMI) business, IDEC has expanded over a wide geographic range. Together with changing times, IDEC’s business area has expanded from "Interface", which connects humans with machines in various aspects of manufacturing and living, such as industrial switches and operator interfaces, to "Interaction" where a network connects humans with machines, or a machine with another machine, increasingly **due to development of the Internet of Things (IoT)** and other changes in technology and society. The next step will be the “Optimal Environment” which includes the space in which humans and machines coexist, in addition to networked mechanical devices. In this context we anticipate growing demand for realizing safety, ANSHIN and well-being for people.

In light of this background, we are promoting human-centered "HMI-X [Transformation]" as a new concept for the IDEC Group, which further evolves the thinking of HMI by utilizing the safety DNA we have cultivated so far.

By promoting HMI-X, we aim to realize our Purpose—to create an optimal environment for humans and machines, and to achieve safety, ANSHIN, and well-being for people around the world.

### **Initiatives in the 75th period**

The IDEC Group promotes various initiatives to respond to further accelerating environmental changes. By promoting digital transformation (DX) and business reforms, we are reviewing the systems based on flexible working styles not constrained by location and time, such as the introduction of remote work and discretionary work, in line with changes in the working environment.

In the wake of the pandemic, keywords such as automation, labor-saving, contactless, and remote monitoring and operation are attracting attention, and there is increasing demand for improving the safety, security, and well-being of workers. We established the Technology Sales Department in April 2022 as an organization to promote the development of new products based on these needs and to strengthen solution proposals.

Sales to date have centered on various components such as control operation switches. In the future, while strengthening the components business by utilizing our existing sales network, we will focus on solution proposals centered on HMI and safety, which are the IDEC Group's greatest strength. By doing so, we will create a system that can solve customer issues and achieve customer success.

### **Four Fundamental Strategies to Pursue and Realize Safety, Security and Well-being**

To create the optimum environment for humans and machines and realize safety, security, and well-being of people all over the world, the IDEC Group promotes initiatives based on four fundamental strategies:

Promotion of growth strategy, Improvement of profitability, Strengthening of management foundation, and Strengthening of ESG initiatives.

### **Four Fundamental Strategies IDEC Group Works On**

Promote Growth Strategy

Improve Profitability

Enhance Management Base

Enhance ESG initiatives

### Promote Growth Strategy

As part of the growth strategy, we are collaborating with leading companies in various industries to develop new products and expand our sales network. In 2021, we established IDEC Alps Technologies, Co., Ltd as a joint venture with Alps Alpine Co., Ltd. We are promoting the development of one-of-a-kind products using the two companies' HMI/sensing technology and know-how, and these products are scheduled to be launched during the fiscal year ending March 2023. In 2022, we also signed a partnership agreement with ez-Wheel, a French manufacturer that developed the world's first electric assist wheels and safe autonomous driving wheels for automated guided vehicles (AGVs) and autonomous mobile robots (AMRs). Going forward, in addition to strengthening the sales of each component including these new products, we will strategically develop optimal system solutions that meet the diverse needs and challenges of each customer.

### Established a joint venture with Alps Alpine Co., Ltd. (IDEC Alps Technologies)

Strengths of two companies

	
Leader in industry HMI, safety; deep knowledge of industrial machinery; high level of recognition; high-quality, multi-product, variable production; solution proposals to meet customer needs	Leader in automotive and consumer HMI; sensing technology; high-quality and safe production software integration
Machine tools and robots    Semiconductor manufacturing equipment    Food machinery    Special vehicles	

### Improve Profitability

In addition to reorganizing our global bases and supply chains, we are consolidating and eliminating products, optimizing product prices, and improving the ratio of new products using new technologies. In response to rapidly expanding orders, we are increasing production capacity by installing new automated equipment at production sites in Japan and overseas to increase efficiency.

### Enhance Management Base

We are working to improve efficiency and optimize operations on a company-wide basis by expanding digital content through studios, reviewing core systems, and revamping sales support and personnel systems.

### Enhance ESG initiatives

We are focusing on strengthening our environmental measures and have disclosed information based on recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are also working to reduce CO<sub>2</sub> emissions by promoting the reduction of environmental impact and utilizing renewable energy within the Company.

On the social front, we are actively promoting decent work (work that respects the rights of people and workers). We are striving to create a comfortable work environment where a wide variety of human resources can play an active role regardless of gender or nationality, and to prevent overwork.

In terms of governance, we have revised the IDEC Corporate Governance Policy to further strengthen governance in order to meet higher governance standards expected in the Prime Market. As such, we focus on transparency and efficiency in our corporate management at all times.

## 5 State of Major Capital investment

Capital investment during the consolidated fiscal year under review amounted to 2,503 million yen. We mainly made capital investments to expand production facilities for the purpose of improving product quality and production capacity in Japan and the Asia-Pacific region, as well as to expand facilities for infrastructure development in line with business restructuring.

## 6 State of Major Fund Procurement

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

## 7 Status of Employees (As of March 31, 2022)

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

Number of employees	Change from the end of the previous period
3,328	Down 452

### 2. Number of employees of the Company

Number of employees	Change from the end of the previous period
630	Down 171

(Note) The decrease in the number of employees was mainly due to changes in the form of employment and contracts.

## 8 Status of Major Creditors (As of March 31, 2022)

Creditor	Balance of borrowings
MUFG Bank, Ltd.	14,800 million yen
Mizuho Bank, Ltd.	3,940 million yen
Sumitomo Mitsui Banking Corporation	2,325 million yen
Syndicate loan	1,800 million yen

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

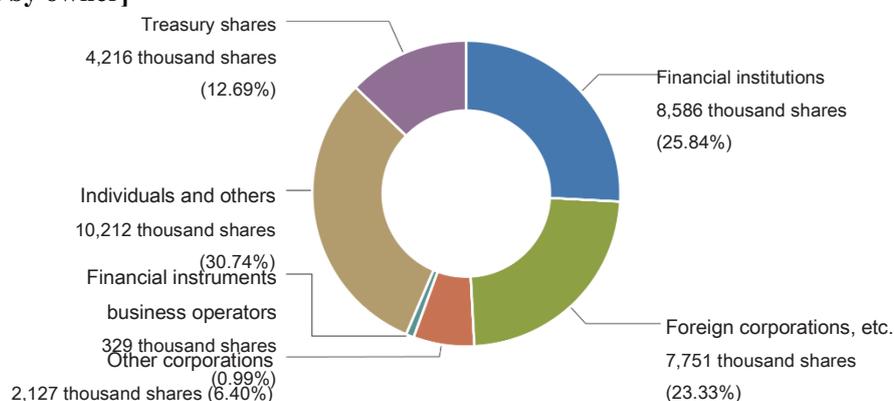
## 2 Matters Concerning Shares of the Company (As of March 31, 2022)

1	Total Number of Shares Authorized to Be Issued	150,000,000
2	Total Number of Shares Outstanding	33,224,485
3	Number of Shareholders	7,885
4	Major Shareholders (Top 10)	

Name of shareholder	Number of shares owned thousand shares	Ratio of shareholding %
The Master Trust Bank of Japan, Ltd. (Account in trust)	4,492	15.49
Custody Bank of Japan, Ltd. (account in trust)	2,852	9.83
JP MORGAN CHASE BANK 385632	1,351	4.66
Funaki Kosan Ltd.	1,041	3.59
THE BANK OF NEW YORK MELLON 140044	542	1.87
CLEARSTREAM BANKING S.A.	477	1.65
Kazutaka Fujita	408	1.41
Toshihiro Fujita	403	1.39
JP MORGAN CHASE BANK 385781	342	1.18
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	335	1.16

(Note) The ratio of shareholding is calculated after deducting treasury stock (4,216 thousand shares).

### [Distribution by owner]



### 3 Matters Concerning Company Officers

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

Position	Name	Responsible operations and state of significant concurrent positions
Chairman and Chief Executive Officer	Toshiyuki Funaki	Chief Executive Officer Nominating Committee Member IDEC CORPORATION Chairman, CEO
Senior Executive Vice President	Mikio Funaki	Senior Executive Vice President IDEC CORPORATION President, COO
Management Director	Takuji Yamamoto	In charge of Strategy of Management and Business
Director	Hiroshi Kobayashi	Nominating Committee Member
Director	Hideyuki Ohkubo	
Director (Full-time Audit and Supervisory Committee Member)	Yasuo Himeiwa	Nominating Committee Member Certified Public Accountant (Director, Himeiwa Certified Public Accountant Office) Outside Corporate Auditor, Takara Bio Inc. Outside Director (Audit and Supervisory Committee Member), Sharp Corporation
Director (Audit and Supervisory Committee Member)	Masataka Kawahito	Certified Tax Accountant (Director, Masataka Kawahito Tax Attorney's Office)
Director (Audit and Supervisory Committee Member)	Michiko Kanai	Nominating Committee Member Partner, OH-EBASHI LPC & PARTNERS Outside Director, KONDOTEC INC. Outside Corporate Auditor, SANKYO SEIKO CO., LTD. Outside Director, AS ONE Corporation
Director (Audit and Supervisory Committee Member)	Nobuo Hatta	Outside Corporate Auditor, Pharma Foods International Co., Ltd.

- (Note) 1. Changes in officers during the fiscal year under review
- Director (excluding Audit and Supervisory Committee Members) Hideyuki Ohkubo was newly elected and appointed at the 74th Annual General Meeting of Shareholders held of June 18, 2021.
2. Directors Hiroshi Kobayashi and Hideyuki Ohkubo, Director (Full-time Audit and Supervisory Committee Member) Yasuo Himeiwa, and Directors (Audit and Supervisory Committee Members) Masataka Kawahito, Michiko Kanai and Nobuo Hatta are Outside Directors and designated as independent officers required by Tokyo Stock Exchange, Inc., who will not have conflicts of interests with general shareholders.
3. Director (Full-time Audit and Supervisory Committee Member) Yasuo Himeiwa, and Directors (Audit and Supervisory Committee Members) Masataka Kawahito, Nobuo Hatta, have considerable knowledge about finance and accounting as follows.
- (1) Director (Full-time Audit and Supervisory Committee Member) Yasuo Himeiwa is qualified as a certified public accountant.
- (2) Director (Audit and Supervisory Committee Member) Masataka Kawahito is qualified as a certified tax accountant.
- (3) Director (Audit and Supervisory Committee Member) Nobuo Hatta has served as the general manager and officer of the Accounting/Finance and Administration Departments.
4. All Outside Directors have entered into an agreement with the Company to limit their liability for compensation in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, and the amount of liability based on this agreement is capped by the amount stipulated in laws and regulations.
5. In order to enhance the effectiveness of audits by the Audit and Supervisory Committee and strengthen its audit and supervisory functions, the Company has selected Yasuo Himeiwa as a full-time Audit and Supervisory Committee Member to enable him to grasp the status of business execution and identify issues early through the collection of information from directors and attendance at important internal meetings, as well as to ensure sufficient cooperation between the Internal Audit Department and the Audit and Supervisory Committee.
6. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insured in the event that they are held liable for damages in the performance of their duties. (However, those that constitute illegal remuneration, benefits or intentional acts are excluded.) Of the insurance premiums of such agreement, approximately 10% are borne by the directors and executive officers of the Company. The insured parties of such agreement are officers, executive officers, and employees in managerial and supervisory positions of the Company and its subsidiaries.

## 2 Remuneration, etc. of directors

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

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

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

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

Officer category	Total amount of remuneration and others	Total amount of remuneration and others by type			Number of eligible officers
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Director (excl. Audit and Supervisory Committee Members) (of those, Outside Directors)	316 million yen (14 million yen)	297 million yen (14 million yen)	18 million yen (-)	-	5 pers. (2 pers.)
Director (Audit and Supervisory Committee Member) (of those, Outside Directors)	25 million yen (22 million yen)	25 million yen (22 million yen)	-	-	5 pers. (4 pers.)
Total (of those, Outside Directors)	341 million yen (36 million yen)	322 million yen (36 million yen)	18 million yen (-)	-	10 pers. (6 pers.)

- (Note)
1. Remuneration paid to one director (Audit and Supervisory Committee Member) who retired during the fiscal year under review is included in the remuneration above.
  2. At the 71st Annual General Meeting of Shareholders held on June 15, 2018, the Company resolved that the maximum amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee Members) shall be 360 million yen per year (of that, up to 30 million yen per year for Outside Directors) (the Company does not include employee salaries for directors who concurrently serve as employees), and that the maximum amount of remuneration for directors who are Audit and Supervisory Committee Members shall be 80 million per year. As of the conclusion of the said Annual General Meeting of Shareholders, the Company had five directors (excluding directors who are Audit and Supervisory Committee Members) (of those, three are Outside Directors), and has five directors who are Audit and Supervisory Committee Members (of those, four are Outside Directors).
  3. The metric for performance-linked remuneration, etc. is the consolidated operating profit ratio as it is a basic indicator showing the profit status of the Group. The amount of performance-linked remuneration, etc. is calculated by first determining the total amount after comprehensively taking into account the changes in the said metric for each fiscal year, and then by dividing the total by the grant ratio according to the position. The changes in the consolidated operating profit ratio including the fiscal year under review are described in "1. Trends in Assets, Profits and Losses" on page 33.
  4. The Board of Directors has also determined that the content of the remuneration for each individual director (excluding directors who are Audit and Supervisory Committee Members) for the fiscal year under review is in accordance with the determined policy as the remuneration was deliberated and resolved by the Board of Directors, the majority of whose members are Outside Directors, and left entirely up to the Chairman and Chief Executive Officer.
  5. During the fiscal year under review, a resolution was passed at a meeting of the Board of Directors held on June 18, 2021 (the majority of whose members are comprised of independent Outside Directors) to delegate to Toshiyuki Funaki, the Chairman and Chief Executive Officer, the determination of the allocation method and amount of individual remuneration for directors (excluding directors who are Audit and Supervisory Committee Members). The reason for delegating these authorities is because it is suitable for the Chairman and Chief Executive Officer to conduct an evaluation while having a bird's-eye view of the overall business performance of the Group. The Audit and Supervisory Committee deliberates whether or not to state opinions at an Annual General Meeting of Shareholders on the remuneration of directors (excluding directors who are Audit and Supervisory Committee Members). The resolution pertaining to the delegation is subject to a resolution of the Board of Directors, the majority of whose members are independent Outside Directors. Through these efforts, the Company also confirms the appropriateness of the exercise of such authorities.

## 3 Status of Outside Officers

### 1. Significant concurrent positions and their relationships with the Company

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

## 2. Major activities during the fiscal year under review

Position	Name	Number of times of attendance		Overview of major activities and duties performed for expected roles
		Board of Directors	Audit and Supervisory Committee	
Outside Director	Hiroshi Kobayashi	7/7 (100%)	-	He has been engaged in corporate management mainly as a corporate officer and domestic and overseas business in the automobile industry. Based on his acumen built on such extensive experience, he has made necessary and active remarks at the Board of Directors meetings when appropriate, and provided supervision and advice, etc. based on such acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making. He also serves as a member of the Nominating Committee.
	Hideyuki Ohkubo	6/6 (100%)	-	He has been engaged in corporate management and the factory automation business for many years mainly in the electrical industry. Based on his acumen built on such extensive experience, he has made necessary and active remarks at the Board of Directors meetings when appropriate, and provided supervision and advice, etc. based on such acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making.
Outside Director (Audit and Supervisory Committee Member)	Yasuo Himeiwa	7/7 (100%)	10/10 (100%)	Based on his expertise and acumen for finance and accounting built on his extensive experience mainly as a certified public accountant, he has made necessary and active remarks at the meetings of the Board of Directors as well as the Audit and Supervisory Committee when appropriate, and provided supervision and advice, etc. mainly for financial and accounting matters based on such expertise and acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making, and contributes to the enhancement of the Company's audit system. He also serves as a member of the Nominating Committee.
	Masataka Kawahito	7/7 (100%)	10/10 (100%)	Based on his expertise and acumen for tax affairs built on his extensive experience mainly as a certified tax accountant, he has made necessary and active remarks at the meetings of the Board of Directors as well as the Audit and Supervisory Committee when appropriate, and provided supervision and advice, etc. mainly for accounting and tax matters based on such expertise and acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making, and contributes to the enhancement of the Company's audit system.
	Michiko Kanai	6/7 (86%)	10/10 (100%)	Based on her expertise and acumen for laws built on her extensive experience mainly as a lawyer, she has made necessary and active remarks at the meetings of the Board of Directors as well as the Audit and Supervisory Committee when appropriate, and provided supervision and advice, etc. mainly for legal matters based on such expertise and acumen and from an independent standpoint with no vested interest in the Company. As such, she plays a proper role to secure the adequacy and appropriateness of decision-making, and contributes to the enhancement of the Company's audit system. He also serves as a member of the Nominating Committee.
	Nobuo Hatta	7/7 (100%)	10/10 (100%)	He has been engaged in corporate management mainly as a corporate officer, and overseas business and business administration including accounting and finance in the semiconductor industry. Based on his acumen built on such extensive experience and knowledge, he has made necessary and active remarks at the meetings of the Board of Directors as well as the Audit and Supervisory Committee when appropriate, and provided supervision and advice, etc. based on such expertise and acumen and from an independent standpoint with no vested interest in the Company. As such, he plays a proper role to secure the adequacy and appropriateness of decision-making, and contributes to the enhancement of the Company's audit system.

(Note) As Hideyuki Ohkubo was newly elected and appointed as Director (excluding Audit and Supervisory Committee Members) at the 74th Annual General Meeting of Shareholders held on June 18, 2021, attendance at meetings of the Board of Directors held on or after June 18, 2021 is shown.

#### **4 Basic policies on company control**

At present, there are no specific threats, etc. to the control of the Company, and we have not decided any specific basic policies for them. However, we have been conducting management activities based on the recognition that improving corporate value is the most important and effective countermeasure. Therefore, we will further deepen these activities and consider the best way to deal with emergencies without harming the interests of shareholders and all other stakeholders.

We will promptly notify our shareholders if we decide on specific basic policies for such matters.

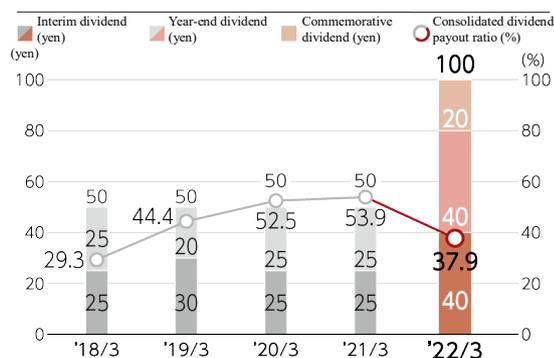
## 5 Policy for determining the dividends of surplus, etc.

At the Company, we have worked to strengthen our financial position and management foundation, while recognizing the maintenance of stable dividends and the appropriate return of profits to shareholders as one of our most important management measures, and we have endeavored to improve return on equity (ROE) and dividend on equity (DOE) from a medium- to long-term perspective. Meanwhile, taking into account business development, we are working to further strengthen our corporate structure and competitiveness by effectively utilizing internal reserves for investment in research and development, production streamlining, and information technology from a medium- to long-term perspective. In addition, Article 36 of the Company's Articles of Incorporation stipulates that the Company may pay dividends of surplus based on a resolution of the Board of Directors in order to ensure agility in returning profits.

Based on the above policy, we have decided to pay a year-end dividend of 40 yen per share for the fiscal year under review, and to add a commemorative dividend of 20 yen to show our appreciation to shareholders as we celebrate the 75th anniversary of the Company's establishment on March 26, 2022, making for a total of 60 yen per share. As a result, the annual dividend per share will be 100 yen, including the interim dividend of 40 yen. With regard to the future dividend policy, the Company will continue to steadily pay interim and year-end dividends, while placing emphasis on returning profits to shareholders, and will implement an agile dividend policy in response to changes in business results and the external environment.

[Trends in dividends]

Annual dividend per share: 100 yen



## Consolidated Financial Statements

Consolidated Balance Sheet  
As of March 31, 2022

(Unit: million yen)

Item	Amount	Item	Amount
<b><u>Assets</u></b>		<b><u>Liabilities</u></b>	
<b>Current assets</b>	<b>47,171</b>	<b>Current liabilities</b>	<b>21,660</b>
Cash and deposits	17,896	Notes and accounts receivable–trade	5,186
Notes and accounts receivable–trade	11,402	Electronically recorded obligations–operating	2,183
Electronically recorded monetary claims–operating	892	Short-term borrowings	3,800
Merchandise and finished goods	7,767	Current portion of long-term borrowings	2,105
Work in process	1,959	Lease liabilities	360
Raw materials and supplies	5,845	Accounts payable–other	809
Other	1,426	Accrued expenses	2,803
Provision for doubtful accounts	(19)	Income taxes payable	2,626
		Contract liabilities	584
<b>Non-current assets</b>	<b>47,789</b>	Deposits received	207
<b>Property, plant and equipment</b>	<b>22,227</b>	Provision for product warranties	40
Buildings and structures	9,652	Other	953
Machinery, equipment and vehicles	2,875		
Tools, furniture and fixtures	1,609	<b>Non-current liabilities</b>	<b>24,291</b>
Land	5,797	Long-term borrowings	18,260
Leased assets	211	Lease liabilities	962
Right-of-use asset	1,061	Deferred tax liabilities	2,799
		Provision for retirement benefits for directors (and other officers)	45
Construction in progress	1,018	Retirement benefit liability	1,577
		Asset retirement obligations	90
<b>Intangible assets</b>	<b>22,691</b>	Other	556
Trademark right	2,383		
Customer-related assets	7,587	<b>Total Liabilities</b>	<b>45,951</b>
Software	1,064		
Goodwill	11,593	<b><u>Net assets</u></b>	
Other	62	<b>Shareholders' equity</b>	<b>45,551</b>
<b>Investments and other assets</b>	<b>2,870</b>	Share capital	10,056
Investment securities	419	Legal capital surplus	9,231
Long-term loans receivable	114	Legal retained earnings	34,022
Retirement benefit asset	326	Treasury shares	(7,759)
Deferred tax assets	1,343		
Other	702	<b>Accumulated other comprehensive income</b>	<b>3,109</b>
Provision for doubtful accounts	(36)	Valuation difference on available-for-sale securities	42
		Foreign currency translation adjustment	3,061
		Remeasurements of defined benefit plans	6
		<b>Stock acquisition rights</b>	<b>311</b>
		<b>Non-controlling interests</b>	<b>37</b>
		<b>Total net assets</b>	<b>49,008</b>
<b>Total assets</b>	<b>94,960</b>	<b>Total liabilities and net assets</b>	<b>94,960</b>

Consolidated Statement of Income  
From April 1, 2021 to March 31, 2022

(Unit: million yen)

Item	Amount	
Net sales		70,789
Cost of sales		40,479
<b>Gross profit (loss)</b>		<b>30,310</b>
Selling, general and administrative expenses		20,638
<b>Operating profit (loss)</b>		<b>9,672</b>
Non-operating income		
Interest income and dividend income	38	
Share of profit of entities accounted for using equity method	96	
Foreign exchange gains	722	
Other	272	1,129
Non-operating expenses		
Interest expenses	131	
Loss on valuation of derivatives	105	
Other	165	403
<b>Ordinary profit (loss)</b>		<b>10,398</b>
Extraordinary income		
Gain on sale of non-current assets	911	
Gain on reversal of stock acquisition rights	22	933
Extraordinary losses		
Loss on sale of non-current assets	5	
Loss on abandonment of non-current assets	56	61
<b>Profit (loss) before income taxes</b>		<b>11,270</b>
Income taxes—current	3,603	
Income taxes—deferred	(168)	3,435
<b>Profit (loss)</b>		<b>7,835</b>
<b>Profit (loss) attributable to non-controlling interests</b>		<b>(60)</b>
<b>Profit (loss) attributable to owners of parent</b>		<b>7,896</b>



Non-Consolidated Statement of Income  
From April 1, 2021 to March 31, 2022

(Unit: million yen)

Item	Amount	
Net sales		33,189
Cost of sales		18,888
<b>Gross profit (loss)</b>		<b>14,300</b>
Selling, general and administrative expenses		10,174
<b>Operating profit (loss)</b>		<b>4,126</b>
Non-operating income		
Interest income and dividend income	2,318	
Foreign exchange gains	690	
Commission income	205	
Other	178	3,393
Non-operating expenses		
Interest expenses	91	
Derivative loss	30	
Loss on valuation of derivatives	105	
Other	14	241
<b>Ordinary profit (loss)</b>		<b>7,278</b>
Extraordinary income		
Gain on sale of non-current assets	896	
Gain on reversal of stock acquisition rights	22	919
Extraordinary losses		
Loss on sale of non-current assets	3	
Loss on abandonment of non-current assets	51	54
<b>Profit (loss) before income taxes</b>		<b>8,143</b>
Income taxes—current	1,913	
Income taxes—deferred	(118)	1,795
<b>Profit (loss)</b>		<b>6,347</b>

## Audit Report

### Copy of the Audit Report of the Audit and Supervisory Committee

#### Audit Report

The Audit and Supervisory Committee conducted an audit on the execution of duties by directors for the 75th fiscal year from April 1, 2021 to March 31, 2022. We report the method and results as follows.

#### 1. Audit Method and Details

The Audit and Supervisory Committee regularly received reports from directors, employees and other staff on the content of the resolutions of the Board of Directors concerning matters listed in (ii) and (iii) of Item 1, Paragraph 1, Article 399-13 of the Companies Act, and the status of establishment and operations of the system developed based on such resolutions (internal control system); sought explanations whenever necessary to express their opinions; and conducted an audit by the following method.

- 1 The Audit and Supervisory Committee conformed to the auditing standards as decided by the Audit and Supervisory Committee, the auditing policies and the allocation of duties; attended important meetings; received reports from directors, employees and other staff on matters concerning the performance of their duties; sought explanations whenever necessary; inspected important written approvals and other documents; and examined the status of operations and assets at the Head Office, by phone and other means via the Internet in cooperation with the Internal Audit Department and other departments responsible for internal control of the Company. In addition, the Audit and Supervisory Committee communicated and exchanged information with directors, auditors and other staff of subsidiaries, and received reports from subsidiaries whenever necessary.
- 2 The Audit and Supervisory Committee monitored and verified whether the accounting auditor maintained independence and implemented appropriate audits; received reports from the accounting auditor on performance of their duties, and sought explanations whenever necessary. Furthermore, the Audit and Supervisory Committee received notice from the accounting auditor that the “System for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Company Calculation Rules) is established in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council; October 28, 2005) and other standards, and sought explanations whenever necessary. The Audit and Supervisory Committee consulted with the accounting auditor regarding major audit considerations, received reports on the status of the audit, and sought explanations whenever necessary.

Based on the above method, the Audit and Supervisory Committee examined the business report and the supporting schedules, the non-consolidated financial statements (balance sheet, statement of income, non-consolidated statements of changes in shareholders’ equity, and non-consolidated notes), the supporting schedules, and the consolidated financial statements (balance sheet, statement of income, consolidated statements of changes in shareholders’ equity, and consolidated notes) for the fiscal year under review.

#### 2. Audit Results

##### (1) Audit results of business report and others

- 1 The Audit and Supervisory Committee acknowledges that the business report and the supporting schedules fairly present the Company’s conditions in accordance with laws, regulations and the Articles of Incorporation.
- 2 With regard to the performance of duties by directors, the Audit and Supervisory Committee finds no significant evidence of wrongful acts, nor violations of laws, regulations, or the Articles of Incorporation.
- 3 The Audit and Supervisory Committee acknowledges that the content of the resolution by the Board of Directors concerning the internal control system is appropriate. In addition, the Audit and Supervisory Committee finds no matters on which to remark with regard to the content of the

business report and the performance of duties by directors regarding the internal control system.

- (2) Audit results on the non-consolidated financial statements and the supporting schedules  
The Audit and Supervisory Committee acknowledges that the audit method of Deloitte Touche Tohmatsu LLC, the accounting auditor of the Company, and the results thereof are appropriate.
- (3) Audit results on the consolidated financial statements  
The Audit and Supervisory Committee acknowledges that the audit method of Deloitte Touche Tohmatsu LLC, the accounting auditor of the Company, and the results thereof are appropriate.

May 12, 2022

Audit and Supervisory Committee, IDEC Corporation

Full-time Audit and Supervisory Committee Member	Yasuo Himeiwa	Seal
Audit and Supervisory Committee Member	Masataka Kawahito	Seal
Audit and Supervisory Committee Member	Michiko Kanai	Seal
Audit and Supervisory Committee Member	Nobuo Hatta	Seal

(Note) Audit and Supervisory Committee Members, Yasuo Himeiwa, Masataka Kawahito, Michiko Kanai, and Nobuo Hatta are Outside Directors as stipulated in Item 15, Article 2 and Paragraph 6, Article 331 of the Companies Act.