



Think Automation and beyond...



IDEC CORPORATION

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Pioneer the new norm for a safer and sustainable world.

Since our founding in 1945, IDEC has been engaged in development of HMI (Human-Machine Interface).

Leveraging the core technologies created and enhanced through development of industrial switches and other control devices for machines, we want to make safer, more pleasant points of contact between humans and machines in manufacturing sites and daily life scenes. This is how we desire to contribute to society.

To thus contribute to the functioning and wellbeing of society, based on the premise that at times humans make mistakes and machines break down, we are inspired to pursue and realize consistently high levels of safety and ANSHIN*, and protect humans even in unforeseen circumstances.

We are determined to continue providing innovation and value as we enter a new era, sustaining our 75-year ceaseless commitment stated above, as we expand it on a global scale and stay on course toward our 100th anniversary.

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

The IDEC Way

As a step towards becoming a truly global company, the IDEC Group has adopted a new philosophy. "The IDEC Way" encompasses the following:



Vision

Pioneer the new norm for a safer and sustainable world.

Mission

To create the optimum environment for humans and machines.

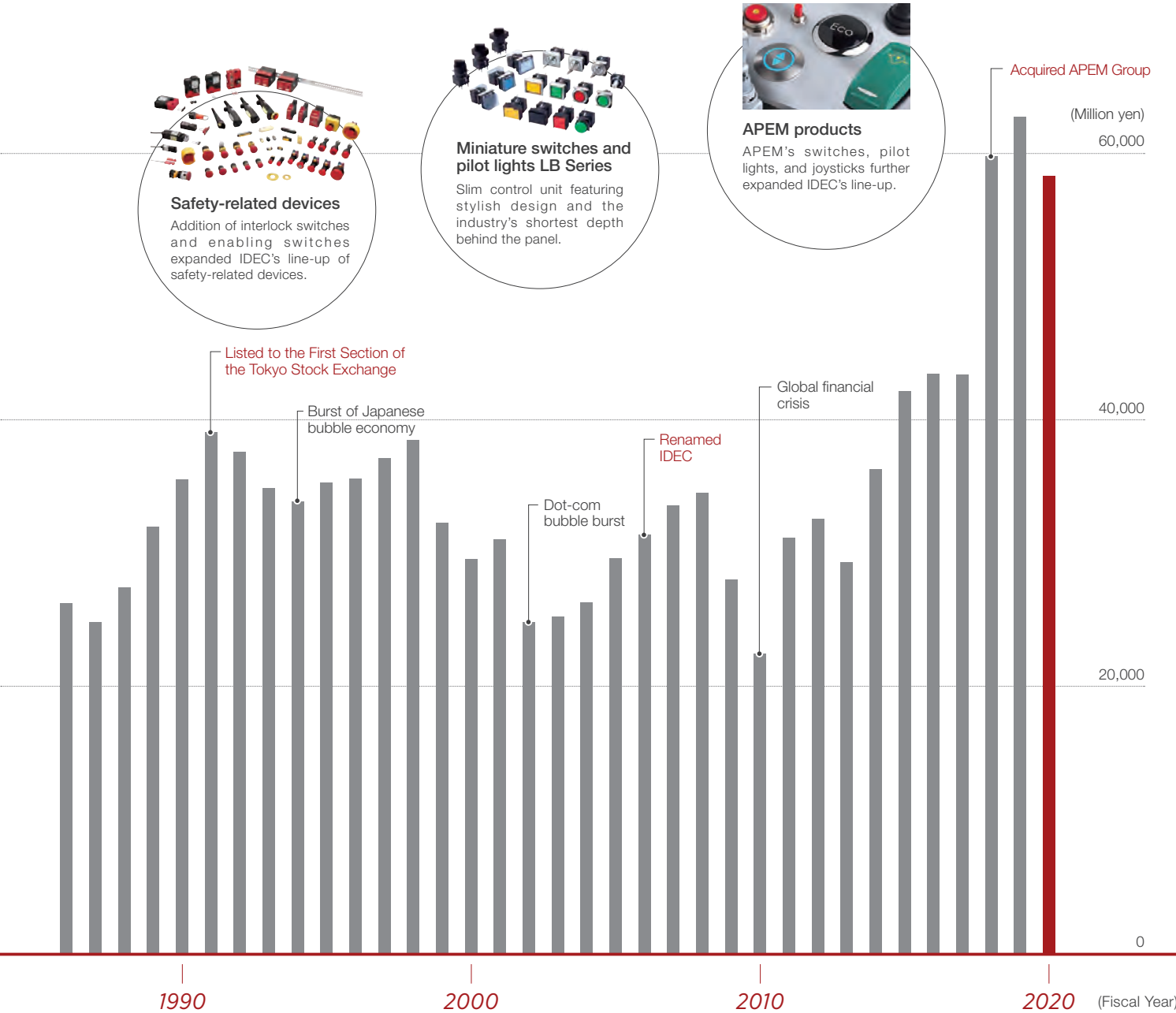
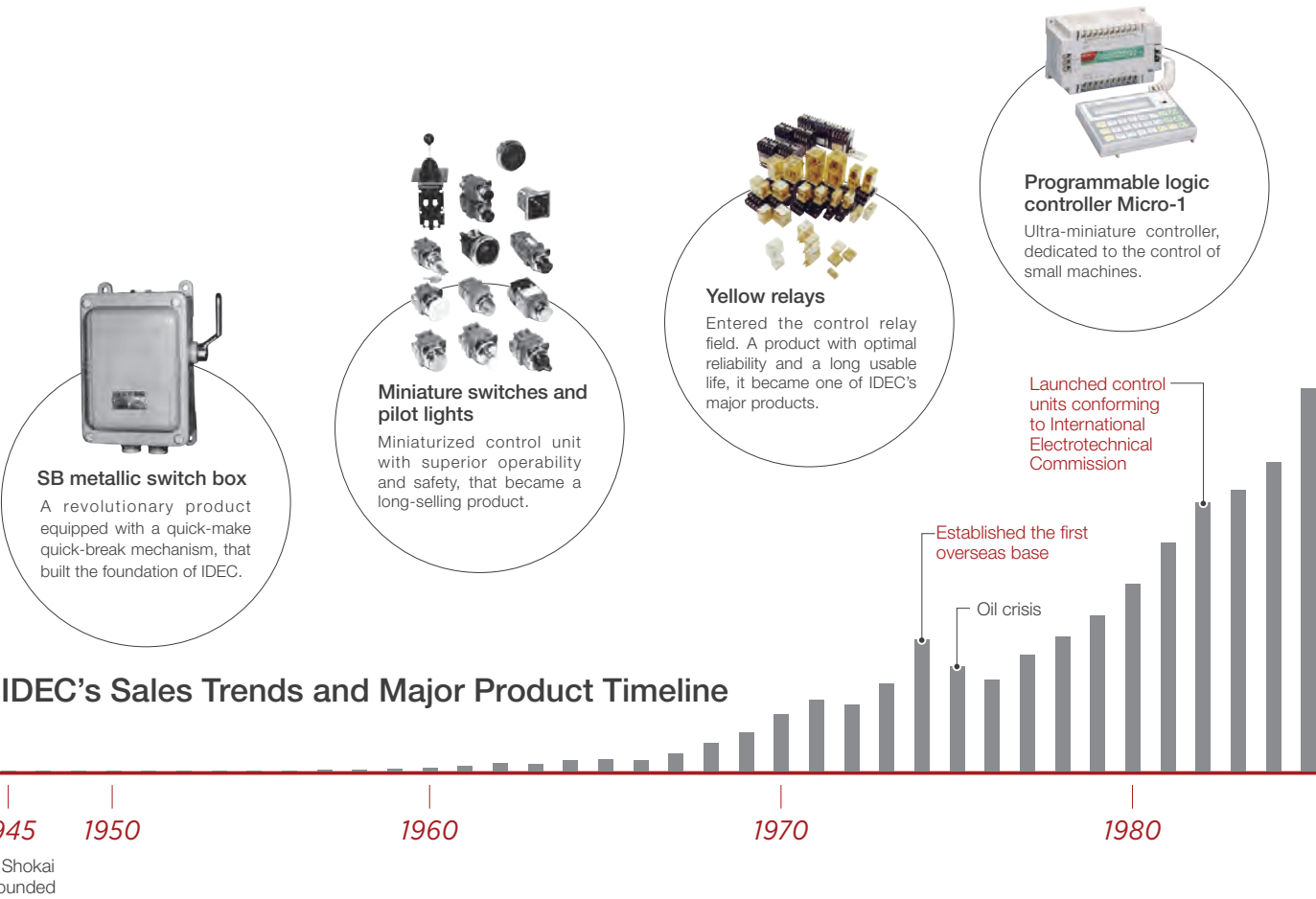
Core Values

[See details on page 36 ▶](#)



IDEC Group History

Taking up the challenge of global societal challenges; thinking of our 100th anniversary and beyond.



Supporting Japan's manufacturing in the postwar era

Contributing to automation and mechanization, as a comprehensive control device manufacturer

Creating an "optimum environment for humans and machines"

Challenging global societal challenges

IDEC was founded in 1945 as Izumi Shokai Co., Ltd. and was initially engaged in the sale of electric appliances, including retail sales. Recognizing the shortage of switch boxes, that were essential for many machines, IDEC began developing high-quality switch boxes. Being well received by manufacturers, the switch boxes became IDEC's long-selling products and helped support Japan's manufacturing in the postwar reconstruction period, along with explosion protection devices, which were widely used in textile/chemical plants and petrochemical complexes.

In response to the growing demand for measurement and control technology, and propelled by rapid economic growth in Japan, IDEC was transformed into a comprehensive control device manufacturer. In tandem with the advance of automation and mechanization of factory equipment, IDEC expanded into the field of electronics and system products. Starting in 1970, IDEC established overseas manufacturing and sales bases, pursuing corporate scale expansion and responding to the trend for greater mass production. Global business expansion led to further business growth and to a stock listing upgrade to the First Section of the Tokyo Stock Exchange in 1990.

Since 1990, more and more manufacturing sites have increased the need for humans and machines to coexist. Responding to the need for machines and equipment to reflect consideration of safety and productivity, IDEC developed a number of products, such as the industry's first interlock switches and enabling switches. In 2000, IDEC installed a robot-control cellular production system that enabled multi-variety variable production at its main Takino Factory, promoting automation and labor-saving in manufacturing sites.

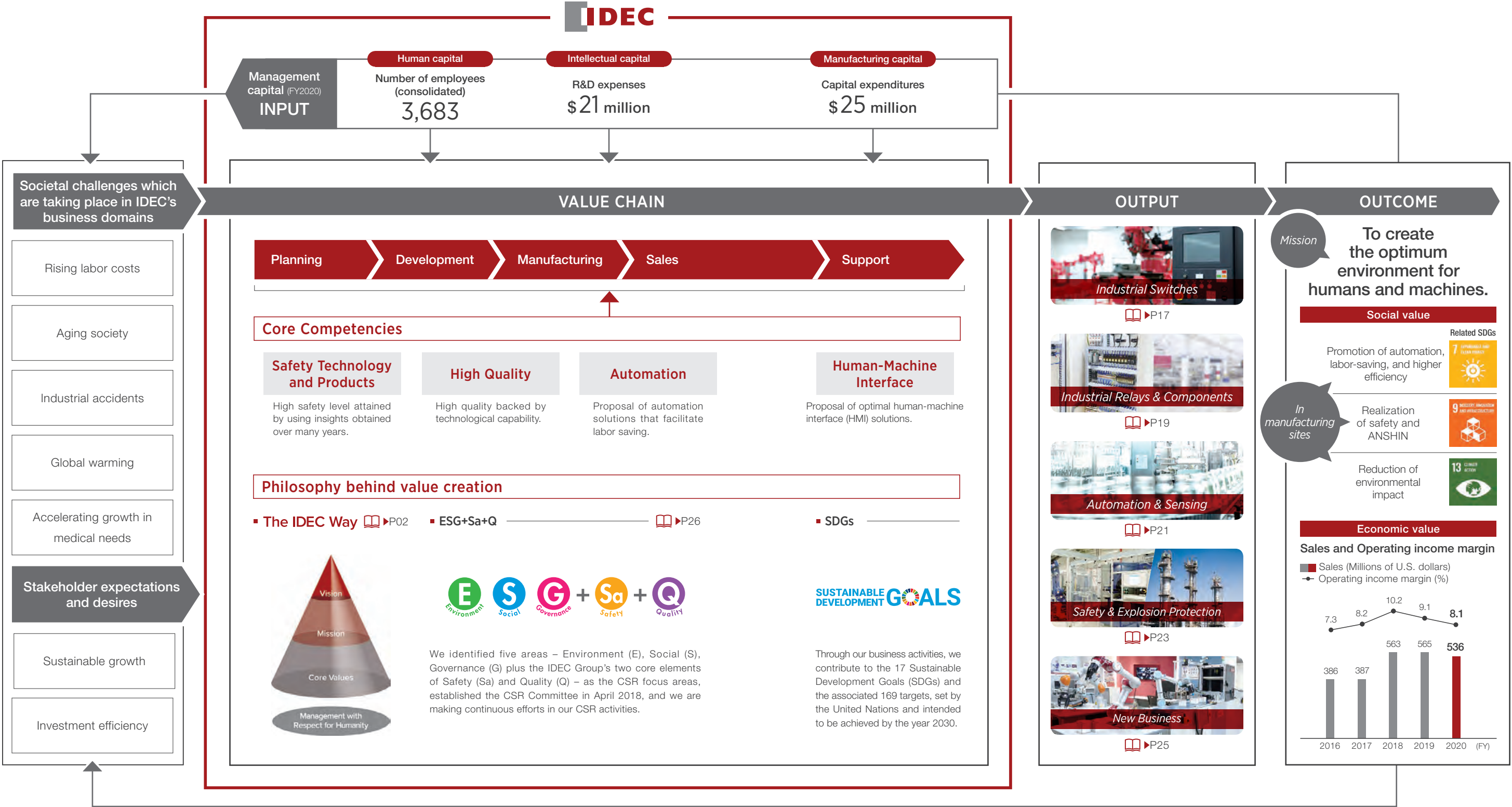
In its 60th anniversary year, 2005, the company changed its name to IDEC CORPORATION. In 2017, IDEC acquired APEM Group, as part of its global business expansion. IDEC also strives to develop new businesses that contribute to solving societal challenges. In 2019, a new philosophy "The IDEC Way" was adopted, clearly stating IDEC's commitment to sustainable growth by continuing innovation and facing the challenges of becoming a truly global company.

Business Model and Value Creation Process

Value Creation Process

From its beginning, the IDEC Group has provided products and services to society by integrating with control and safety technology in products vital to society.

Contributions to the resolution of societal challenges through our business activities include, in particular, (1) promotion of automation, labor-saving, and higher efficiency; (2) realization of safety and ANSHIN; and (3) reduction of environmental impact in manufacturing sites as well as people’s lives around the world. We aim to create an optimum environment for humans and machines, as stated in our Mission, and to help build a sustainable society.



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
Note: Exchange rate (1 U.S. dollar): FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020 (¥108.83)

Creating an optimum environment for humans and machines in order to raise corporate value and contribute to solving societal challenges.

Toshi K. Funaki

Chairman and Chief Executive Officer



Our intent behind “The IDEC Way”

IDEC is celebrating its 75th anniversary in November 2020. Since our founding in 1945, we have provided a wide range of products and services, centered around control and safety technology to our society. As we move forward, our continued business expansion globally has come with a new set of challenges. To strengthen our foundational global culture across IDEC Group companies and support sustainable growth as we approached our 100th anniversary, we evolved our company philosophy into “The IDEC Way”. “The IDEC Way” is comprised of three elements – Vision, Mission, and Core Values – and is based on our most important founding philosophy “Management with respect for humanity”.

Our envisioned ideal, “Pioneer the new norm for a safer and sustainable world”, incorporates our determination to become a pioneer of tomorrow’s new standards by our role in helping shape the future of manufacturing and its new potential, and to aim at realizing a safer, sustainable society that brings happiness and ANSHIN for all.

Each and every IDEC Group employee is committed to “The IDEC Way.” We encourage them to take on challenges and find new ways to innovate, for all group employees across the world to share the same values globally as one cohesive unit. We are dedicated to taking each step with passion and integrity towards achieving our corporate mission.

Our vision on sustainability: “ESG+Sa+Q”

As part of our ongoing effort to realize sustainable growth, we are promoting initiatives that contribute to the United Nations’ Sustainable Development Goals (SDGs), making sure our business activities will help achieve a better and more sustainable future. We joined the United Nations Global Compact in 2009 and started undertaking activities based on its Ten Principles. We also established a CSR Committee, in April 2018, focusing not only on the areas of Environment (E), Social (S) and Governance (G), but also IDEC Group’s two core elements – Safety (Sa) and Quality (Q). We are making continuous efforts in our CSR activities, in particular those leveraging our safety-oriented DNA, which we have cherished since our founding.

In January 2018, IDEC became the first company in Japan to register with Vision Zero, a global campaign launched by the International Social Security Association under the auspices of the United Nations International Labour Organization. Vision Zero, spearheaded by top management, is described as an approach to pursue corporate safety, health, and wellbeing, including investment in the workforce. For many years, IDEC has made efforts to ensure its engineers and system integrators acquire safety knowledge and skills. Our number of certified Safety Assessors and Robot Safety Assessors reached approximately 530 in total as of April 2020.

As part of our Vision Zero promotional activities, one of our major factories, the Takino Factory in Hyogo Prefecture, became the first in the Japanese electrical industry to obtain an occupational safety and health management system ISO 45001 certification from the Japan Industrial Safety and Health Association in March 2019. Our continual efforts to establish a safe, pleasant work environment also led to the ISO 45001 acquisition by the Fukusaki Factory and the Amagasaki Factory in Hyogo prefecture in February 2020.



A Company of

VISION ZERO

Safety.Health.Wellbeing.

Business overview in FY2020

FY2020 began with challenging business climates in Japan, Greater China, the Americas, and Europe mainly due to U.S.-China trade friction. In the fourth quarter, the COVID-19 pandemic further impacted our customer base.

Orders from our main customer industries – machine tools, semiconductors, robotics, automotive, etc. – declined due to sluggish demand and postponement in capital expenditures.

In FY2020 (April 2019 - March 2020), we recorded consolidated sales of \$536 million (down 5.2% from the previous year) mainly due to the global deteriorating business environment. Negative impacts from a decline in sales of industrial switches and other major product groups resulted to record operating income of \$43 million (down 16.2% from the previous year) and operating income margin of 8.1%.

Despite a challenging business climate in FY2020, we accelerated measures to enhance profitability, including reorganizing manufacturing bases in Japan and overseas.

As part of initiatives to generate more synergies with APEM Group, we consolidated the sales, marketing, and distribution capabilities of IDEC and APEM in Greater China and Europe, in order to accelerate the sales growth of both brands. In terms of product innovations, in FY2020, we launched a range of products with push-in terminal connectors. The push-in terminals improve reliability and reduce maintenance work, providing added value during a time when many manufacturing sites are experiencing labor shortages. We plan to continue expanding the push-in terminal option for other product lines as well. Our goal is to offer innovative platforms not only in products, but also on the manufacturing floor by providing simple, safe, and smart wiring options across all product lines.

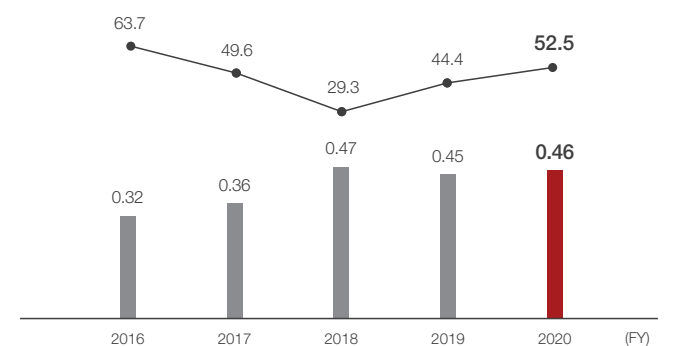
Return to shareholders

Stable dividend payment and appropriate return of profit to shareholders are our main priority, along with the enhancement of financial position and operational base. We paid an annual dividend of \$0.46 per share in FY2020.

We are committed to emphasize return of profit to shareholders and deploy a flexible dividend policy, consistent with changes in performance and the external environment.

Cash dividends per share and dividend payout ratio

■ Cash dividends per share (U.S. dollars) ◆ Dividend payout ratio (%)



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CEO Message

Long-term targets

- Become a global leader in HMI (Human-Machine Interface).
- Become the world’s No.1 safety and ANSHIN* provider.
- Promote new businesses that respond to societal challenges.

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

Measures towards achieving long-term targets

For many years, IDEC has provided various kinds of industrial components to factory automation (FA) and other manufacturing sites. In order to achieve our long-term targets and sustainable growth, however, we also need to expand business domains. That is why we are aggressive in M&A activities and operational alliances as a means to innovate and become a truly global company.

In 2017, we acquired APEM Group, a French company with a global sales network centered in Europe. This also expanded the IDEC Group’s business domain to on-vehicle equipment and special vehicles (construction vehicles, agricultural vehicles, etc.), in addition to the FA industry. We strive to further generate synergies with APEM, building the foundation to become the global leader in the Human-Machine Interface field.

Welcat Inc., which joined the IDEC Group in 2017, was integrated to IDEC AUTO-ID SOLUTIONS CORPORATION, a fully-owned subsidiary of IDEC, in April 2020, another example of expansion but in the automatic identification device business targeted to various industries, including logistics and retailing.

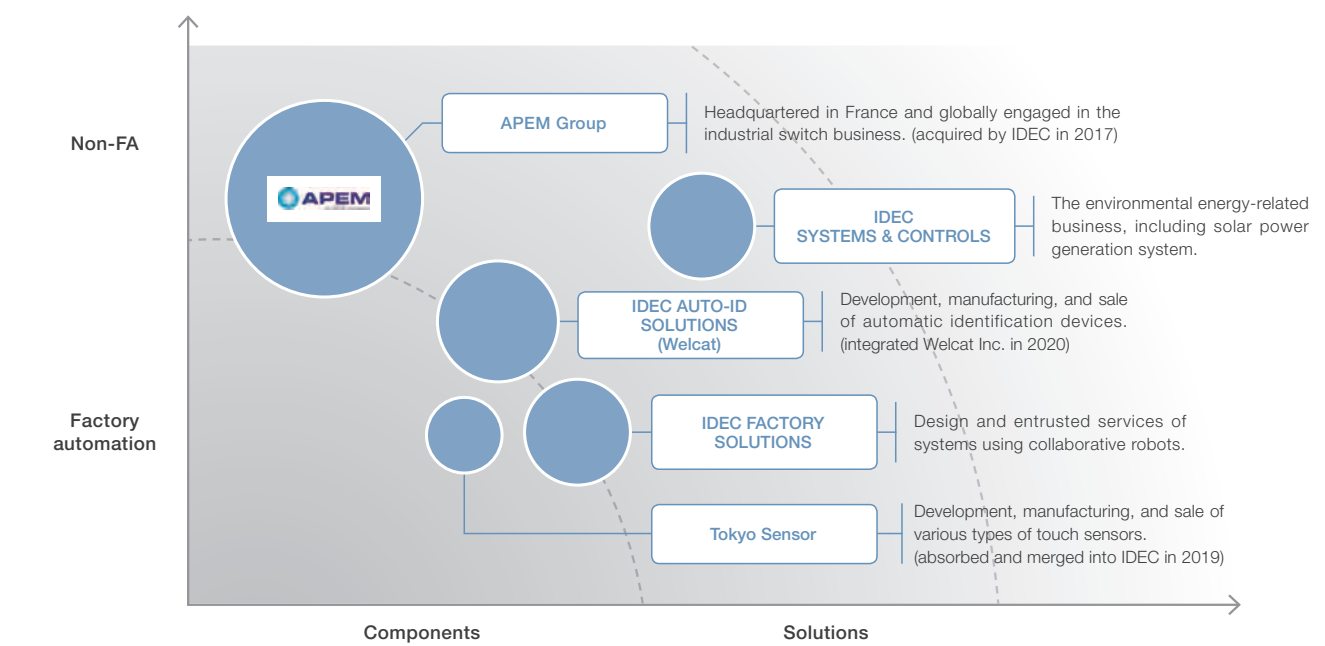
Tokyo Sensor Co., Ltd., which has strength in providing a variety of touch sensors, was also acquired in 2018 and was absorbed and merged into IDEC in 2019. This is a part of initiatives to enhance our product line-up that provides safety and ANSHIN and to create new markets.

IDEC SYSTEMS & CONTROLS CORPORATION, a fully-owned subsidiary of IDEC, is engaged in solar power generation systems and self-consumption solar power generation, providing one-stop solutions related to energy management.

Another fully-owned subsidiary, IDEC FACTORY SOLUTIONS CORPORATION, offers various systems that fulfill customer needs by combining collaborative robots that can work in the same manufacturing site with human, with no separation by a safety fence, with various components.

In addition to enhancing our existing businesses, we intend to use control technology for expansion of new businesses, such as environmental energy-related business and collaborative safety robot system business. This is how we contribute to solving diverse societal challenges, with the aim of realizing a sustainable society.

IDEC Group’s expansion of business domains



Policies to implement in FY2021

- Strive to raise corporate value by helping solve societal challenges through our business activities, achieving sustainable growth and positioning ourselves to be highly profitable.
- Advance our corporate culture and aim at becoming “One IDEC” on a global basis.

Measures to take in FY2021

We are taking specific measures in line with our three basic strategies: promotion of growth strategy; improvement in profitability; and enhancement of management base. As for promoting growth strategy, we aim to further expand business in safety and ANSHIN that conform to societal challenges. As one of the measures, we make customer application proposals for various types of safety-related devices, based on a next-generation safety philosophy “Collaborative Safety / Safety2.0”.

In 2019, the IDEC Group’s system that combines safety know-how, technology, and products was adopted by a major general construction contractor in Japan. This system enabled the company to achieve both improved safety and higher productivity on construction sites. The system was certified by the Safety2.0 Qualification and Registration System, created by the Institute of Global Safety Promotion, with the objective of promoting it from the perspective of preventing work-related and other accidents.

We aim to become a company that pursues and realizes world-class safety and ANSHIN by accurately identifying market characteristics and customer needs and providing optimal solutions.

In addition to achieving more growth with a complete line-up of push-in style products, sales expansion of IoT solutions, and growth of our collaborative safety robot systems and other new businesses, we plan to review our manufacturing and logistics system, shorten the time from order receipt to delivery, and conduct the selection and concentration of businesses in order to improve profitability.

Concerning the enhancement of management base, we actively promote workstyle innovation. We plan to start adopting a global IT infrastructure in FY2021, enabling all IDEC Group companies to use the same tool and facilitating more active communication with each other. Moreover, we will accelerate adoption of Robotic Process Automation (RPA) to further improve operating efficiency.

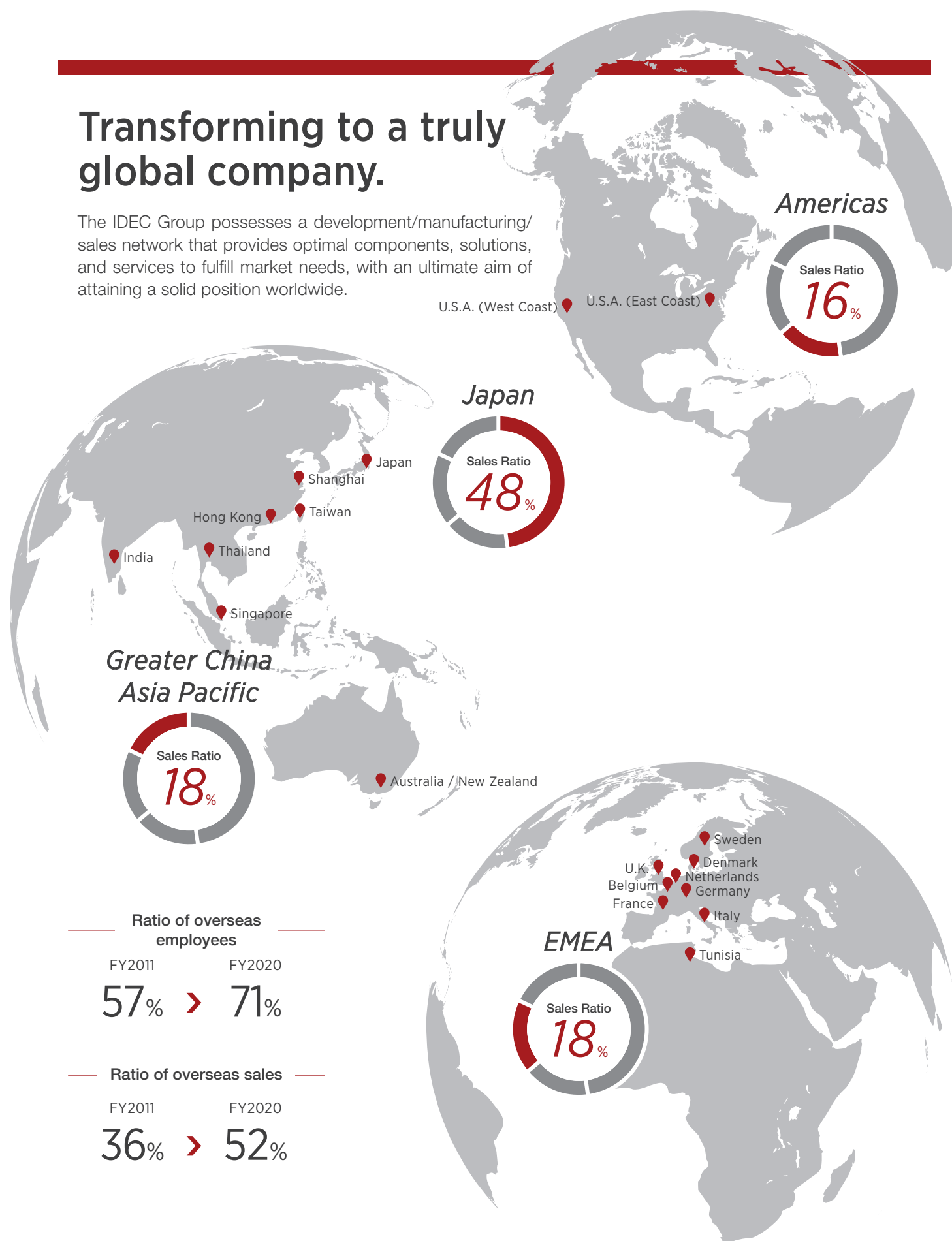
Present and future approaches to the basic strategy

Basic strategy	What we achieved in FY2020	What we will do in FY2021
<p>Promotion of growth strategy</p> <ul style="list-style-type: none">• Launch new products which are linked to growth potential• Expand new businesses• Expand business by region and by industry• Establish strategic partnership by M&A, alliance, etc.	<ul style="list-style-type: none">• Launched push-in style products, sensors, and safety-related devices• Established a sales subsidiary in India• Exchanged a sales agency contract in Japan with a leading autonomous mobile robots (AMR) company Mobile Industrial Robots A/S (MIR)	<ul style="list-style-type: none">• Expand the line-up of push-in style products• Launch products that materialize Safety2.0 and make them known in the market• Grow sales of IoT solutions• Expand business in Asia Pacific• Accelerate sales of collaborative safety robot systems
<p>Improvement in profitability</p> <ul style="list-style-type: none">• Consolidate materials and products, and reduce SKUs• Review the manufacturing system and shorten the time from order receipt to delivery• Accelerate cost reduction• Improve work productivity• Select and concentrate businesses	<ul style="list-style-type: none">• Reduced SKUs and improved productivity• Consolidated manufacturing/sales bases in Japan and Greater China• Established an assembly center in Japan	<ul style="list-style-type: none">• Optimize a global logistics network• Automate production• Review and raise efficiency in work process• Structurally reform unprofitable businesses
<p>Enhancement of management base</p> <ul style="list-style-type: none">• Clearly identify future direction• Enhance personnel management system• Promote workstyle innovation by digitalization• Facilitate active communication	<ul style="list-style-type: none">• Developed “The IDEC Way”• Re-established and expanded the training program• Conducted an employee engagement survey and identified issues• Started establishing a flexible work system• Deployed RPA	<ul style="list-style-type: none">• Further disseminate “The IDEC Way”• Review the business strategy• Promote a HR management system reform, given the results of the employee engagement survey, etc.• Secure human resources needed in the management environment and enhance HRs development• Adopt a global IT infrastructure and raise efficiency

Regional Strategy

Transforming to a truly global company.

The IDEC Group possesses a development/manufacturing/sales network that provides optimal components, solutions, and services to fulfill market needs, with an ultimate aim of attaining a solid position worldwide.



Major eight industry sectors

The IDEC Group focuses on eight industry sectors where its long-cultivated factory automation (FA) knowledge and know-how can be used and growth potential is high. While we provide a wide range of solutions aimed at flexibly responding to societal challenges and customer needs, such as dissemination of IoT, advance in automation, and ensuring safety in manufacturing sites, a focused approach to selected industry sectors by each region lies behind our expansion of global business.



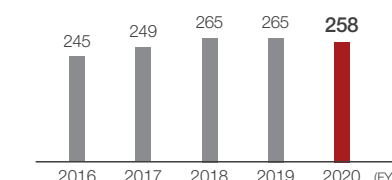
Japan

| Manufacturing bases **6** | Sales bases **28** | Distributors **90** | Employees **1,080** | Sales ratio **48%** |

Business overview

Sales of automation devices such as automatic identification devices were favorable but sales of industrial switches and other products declined in FY2020 due to a deteriorating market environment for major customer industries, including machine tools. We reorganized manufacturing base, made progress in adopting automation, and raised operational efficiency.

Sales trends (Millions of U.S. dollars)



Product features

The IDEC Group's product mix in Japan is diverse with industrial switches representing the largest sales portion, followed by safety & explosion protection devices, industrial components, automation devices, and new businesses.

Customer industry features

The customer industry base is wide, with relatively higher sales to machine tools, robotics, semiconductors, and automotive.

TOPIC

In May 2019, we opened a new Assembly Center in which product assembly functions of various locations were consolidated. An assembly support system using RFID cards, wearable terminals, and tablets was introduced and we intend to prevent shipment mistakes and raise efficiency and productivity.



Regional Strategy

Americas

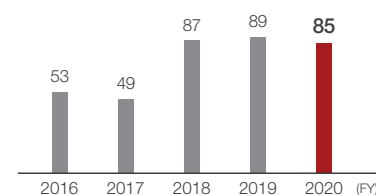
| Manufacturing base **1** | Sales bases **4** | Distributors **190** | Employees **211** | Sales ratio **16%** |

Business overview

Sales of automation devices increased in FY2020 but sales of industrial switches and industrial components, decreased.

Business in the Americas was affected by the appreciation of the yen against the U.S. dollar but we promoted sales and marketing of automation devices and safety-related devices with a focus on oil and gas, and food machine industries.

Sales trends (Millions of U.S. dollars)



Product features

The main products we supply to the Americas are industrial components, our area of strength since we established a U.S. sales company, as well as automation devices and industrial switches.

Customer industry features

Our main targets include the oil and gas, food machines, and semiconductor industries.

TOPIC

IDEC and APEM intend to use each other's sales channels and also develop new channels for generating synergies. The marketing function for automation devices is being enhanced to further expand business.



EMEA (Europe, Middle East, Africa)

| Manufacturing bases **7** | Sales bases **8** | Distributors **110** | Employees **1,076** | Sales ratio **18%** |

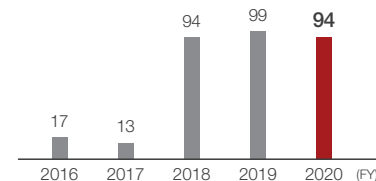
Business overview

Sales of industrial switches of APEM were strong up to the first half of FY2020 but weakened in Europe in the second half, due to the weakening business sentiment and the impact of the stronger yen.

Efforts have been made to generate synergies of APEM and IDEC.

As an example, APEM's sales channels are used to expand sales of IDEC products in Europe.

Sales trends (Millions of U.S. dollars)



Product features

Sales of industrial switches and safety-related devices of IDEC increased thanks to use of APEM's sales channels.

Customer industry features

Sales to special vehicles and other industries, other than the FA industry, represent a large portion. They are sold in a broader region, including France, the U.K., and Germany.

TOPIC

Using IDEC's manufacturing technology, APEM began introducing new automatic assembly machines at a manufacturing base in Denmark from 2019. In addition, we are raising productivity and efficiency by the reorganization of APEM's bases.



Greater China

| Manufacturing bases **4** | Sales bases **11** | Distributors **140** | Employees **1,114** |

Business overview

Sales of our mainstay industrial relays and other industrial components, and industrial switches, decreased in FY2020 being affected by the U.S.-China trade friction and the COVID-19.

In addition to the enhancement of a governance system in Greater China, we pushed forward to establish a sales system in Taiwan in order to expand system solution business.

Product features

Industrial switches and industrial components are the main business. We also focus on sales expansion of safety-related devices which demand is increasing.

Customer industry features

Our strong industry segments are machine tools, elevators, semiconductors, and special vehicles.

TOPIC

We consolidated sales companies of IDEC and APEM in Shanghai and moved the office to the same building as our development base, IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION. We intend to use strengths of both companies and establish a new system as "One IDEC" in order to expand business opportunities.



Asia Pacific

| Manufacturing base **1** | Sales bases **4** | Distributors **50** | Employees **202** | Sales ratio **18%*** |

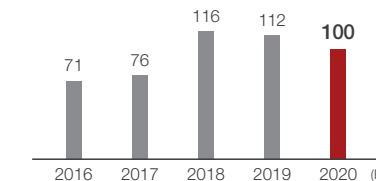
* Including Greater China

Business overview

Sales of industrial switches, safety-related devices, and industrial components decreased in FY2020.

We intend to establish a stronger base by expanding sales channels.

Sales trends* (Millions of U.S. dollars)



Product features

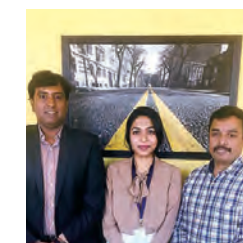
Our main business in Asia Pacific is industrial switches and industrial components. We also intend to promote sales of touch sensors (Tokyo sensor products) in order to offer greater safety and ANSHIN.

Customer industry features

We established a regional headquarters in Singapore to focus more on the automotive industry and public spending-related projects. We also established a sales subsidiary in India, aiming for business expansion in India's growth market.

TOPIC

A sales subsidiary was established in India, where steady, stable growth is anticipated. With a particular focus on the automotive industry, we will propose solutions using our various products for promoting business expansion.



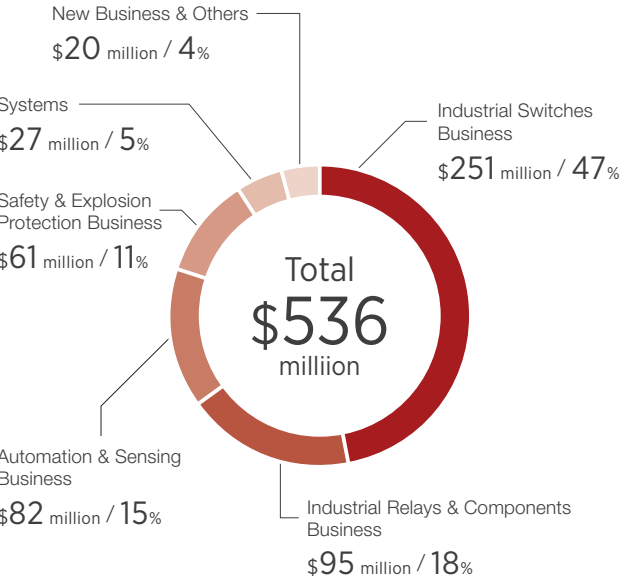
Our Products

Our Products

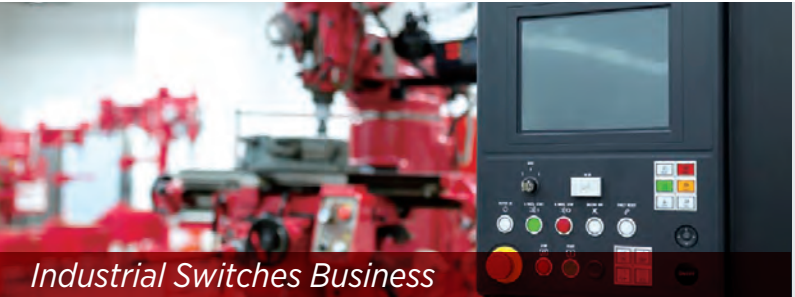
Providing optimal products and solutions that meet the needs of the times.

To respond to diverse and changing customer needs, IDEC provides a broad range of products and solutions centered on its control technology. We are committed to supporting the future of manufacturing and daily life by continuously providing new value through the use of core technologies we have innovated over many years.

FY2020 Sales ratio



* Names of product group have been changed since FY2020.
Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 2020.
Note: Exchange rate (1 U.S. dollar): FY2020 (¥108.83)



Industrial Switches Business



Industrial Relays & Components Business



Automation & Sensing Business



Safety & Explosion Protection Business



New Business

Industrial Switches Business P17



Industrial switches

Emergency-stop switches



Industrial switches

Joysticks

Industrial Relays & Components Business P19



Industrial relays



Terminal blocks



Circuit protectors



Switching power supplies



LED illumination units

Automation Business P21



Programmable logic controllers



Teaching pendants



Operator interfaces

Sensing Business P21



Sensors



Safety & Explosion Protection Business P23



Safety laser scanners



Interlock switches



Enabling switches



Explosion protection operator interfaces



Explosion protection control boxes



Explosion protection network camera systems

New Business P25



Collaborative safety robot systems



Environmental energy-related business



Next-generation agricultural solutions

Our Business

Industrial Switches Business

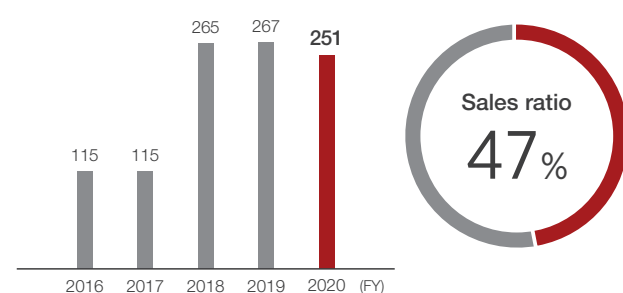
Creating an optimum environment for humans and machines as a leading company of industrial switches.

Leveraging control technologies developed and applied since its founding, the IDEC Group contributes to realizing a safer and more ANSHIN society by providing innovative solutions worldwide, not only for the factory automation (FA) industry but also in familiar daily-life situations.

With the aim of becoming the number one global company in industrial switches, the IDEC Group provides diverse solutions that bring together humans and machines. We do this through dedicated pursuit of quality, durability, and safety in our products, and through offering a product line-up that boasts versatility in design and ease of use.

Sales trends

(Millions of U.S. dollars)



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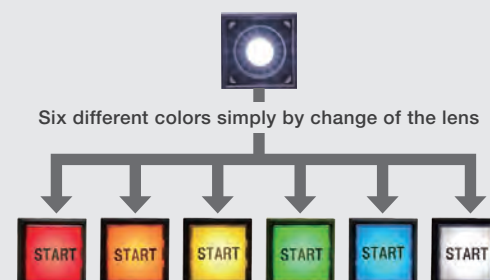
Business overview for FY2020

Sales to major industries, including products such as machine tools and robotics, generally decreased from the previous year. Sales in regions, principally the Americas, Europe, and Asia Pacific, also decreased partly because changes in foreign exchange rates and the market environment led to a slowdown in sales by APEM, which had recorded favorable sales up to the previous fiscal year.

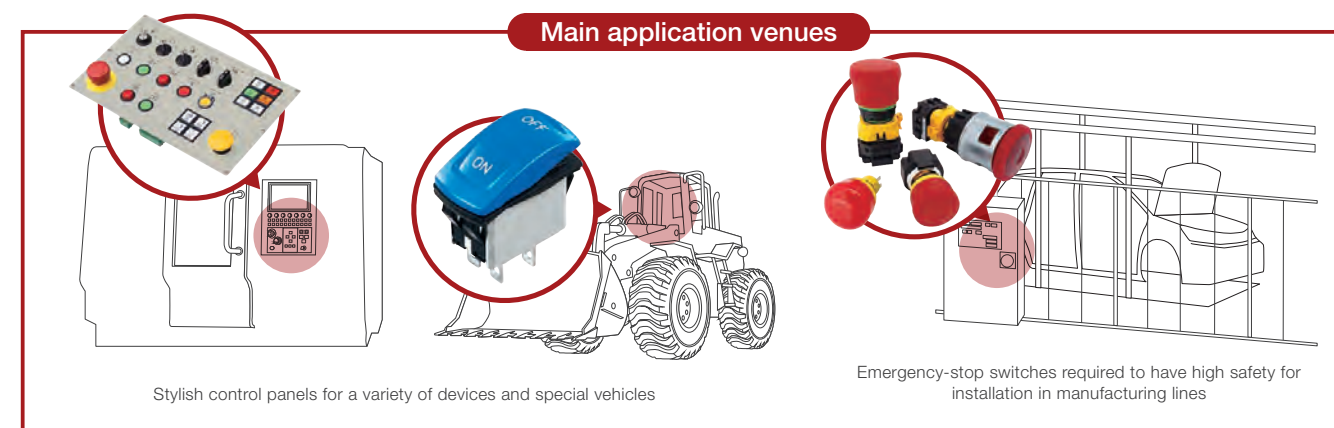
TOPIC

Industrial switches incorporating the industry's first six-color LED bulb

We have developed an LED bulb that can emit six different colors and have installed it in industrial switches and pilot lights. This was the first such instance in the industry. The LED bulb adopted in the $\phi 22$ HW/CW control unit displays any of six different colors simply by change of the lens. Until now it was necessary to have six bulbs and lens for six colors. The new bulb enables reduction of operator work time needed for color change and inventory control. This is but one way whereby we contribute solutions to problems in manufacturing sites by our technology-rich product line-up.



Main application venues

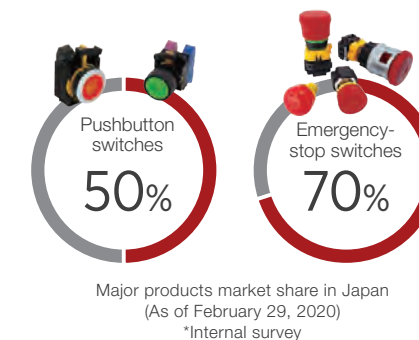


Business strategy

IDEC's main products have a dominant market share in Japan

Since 1958 when we began sales of industrial switches, we have developed diverse product line-up and continuously carried out design reviews and quality improvement. Customers' reactions to such efforts have enabled us to acquire high market shares in Japan.

Going forward, we will continue to develop products needed for the times, so as to differentiate ourselves from peers and enhance our competitiveness.



Advancing as a global leader in industrial switches

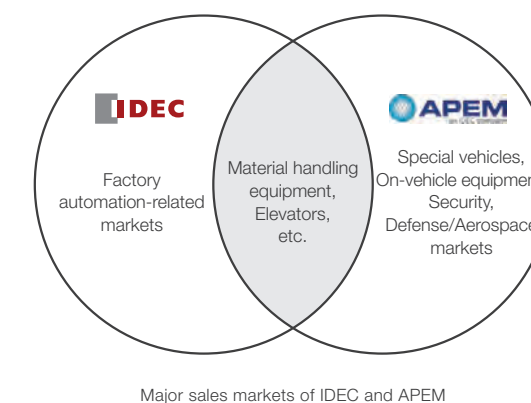
In recent years, increased diversity of work sites, together with changes in the specific requirements of work by operators, have resulted in more stringent demand for technologically-advanced methods of assuring a safe, simple, and smart. Responding to this requirement, IDEC continues development of products that enable greater safety. IDEC is also engaged in enhancing a line-up of products that feature a push-in connection style – a wiring method that requires less wiring, less space, and provides greater reliability.



Products improved by use of the push-in connection style

In 2017, APEM Group of France, a well-known company with high market shares in Europe, joined the IDEC Group, which has strength in Asia. This has led us to achieve a more optimal geographical portfolio: We use APEM's broad-based sales network in Europe to expand sales of IDEC products, while strengthening APEM's product line-up in order to enter into new markets in the Americas and Japan. In addition, as APEM's major sales markets differ from those of IDEC, the companies are able to complement each other in terms of respective products having market strengths and an established geographical presence. We therefore intend to create global synergies and promote business expansion.

As a leading company in industrial switches, the IDEC Group is determined to create new products and solutions that respond to the needs of society and innovate the HMI (Human-Machine Interface) environment for improvement in productivity of customers.



Our Business



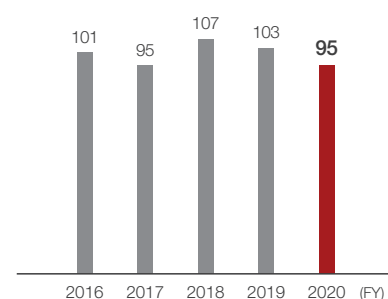
Industrial Relays & Components Business

Using a full line-up of products to help customers overcome challenges.

Industrial relays and components is a collective term for various electronic devices incorporated inside control panels and control boxes that are used in the operation and control of machinery and manufacturing lines. They are in use in a wide variety of settings, such as manufacturing sites, elevator controls and other equipment control of systems in buildings, automated warehouses, industrial machinery, and semiconductor manufacturing equipment. Responding to ever-growing needs for “smarter” facilities and equipment, space-savings, and quality stabilization, IDEC adds new technologies to various devices installed inside control panels, thereby providing more-efficient, highly-convenient, operator-friendly production environments, and assisting customers which finding solutions to various challenges.

Sales trends

(Millions of U.S. dollars)



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
 Note: Exchange rate (1 U.S. dollar): FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020 (¥108.83)



Business overview for FY2020

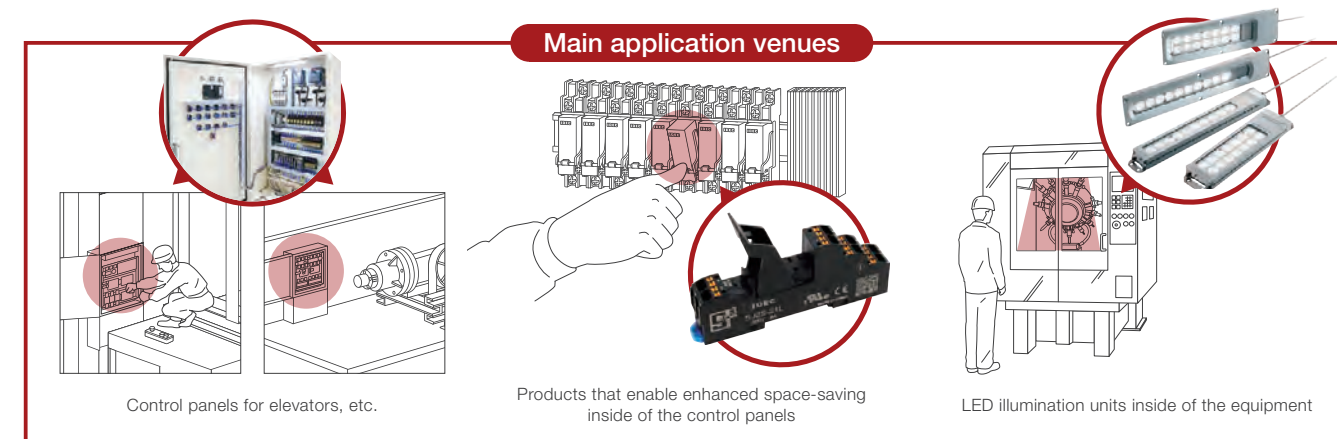
Due to a decline in capital expenditures, being affected by the U.S.-China trade friction and the impact of the COVID-19 pandemic, sales of industrial relays, terminal blocks, and other products decreased in Japan, Asia Pacific including China, and the Americas.

TOPIC

Strategic partnership with Weidmüller Interface GmbH & Co. KG

In March 2019, IDEC entered into a strategic partnership with Weidmüller, a world leader in development, manufacturing, and sales of electrical connectivity devices and terminal blocks. IDEC acquired exclusive sales rights of Weidmüller's DIN rail terminal blocks in Japan and is advancing the strategic partnership in developing various products that use advanced push-in technology as well as promoting other joint development through use of the partner's technology.

Innovation by **IDEC** **Weidmüller**



Business strategy

Trend in control panels

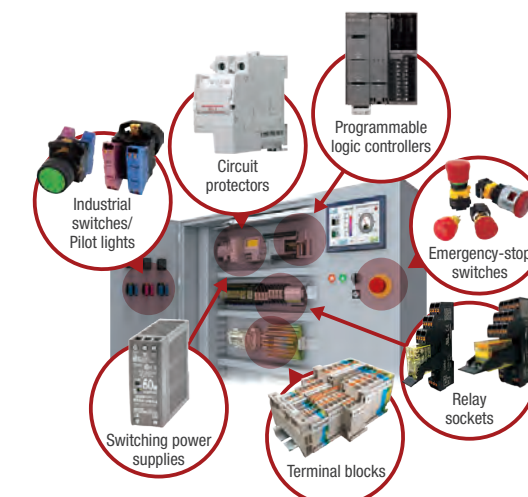
We are promoting the push-in wire connections to replace traditional screw terminal connections for diverse products. This is because the push-in style works well and is a high importance for manufacturing operations that are hampered by a labor shortage.

The push-in connection allows for various tasks to be executed efficiently, while maintaining a certain quality level, in case of installing many types of panels or conducting their regular maintenance. The connection style realizes significant reduction in man-hours needed for wiring and maintenance work and enables devices to be designed and made in reduced sizes. The push-in connection style is already common in Europe, and is now expected to be increasingly adopted in the U.S. and Japan.

IDEC's broad range of products compatible with the push-in connection and support services

As new products of the push-in connection style, IDEC launched industrial relay sockets of the SJ/SU Series. We plan to further expand products using the connection style.

In order to support adoption of products compatible with the push-in connection, we also provide sales, rental, and calibration of various machine tools needed for such adoption, such as automatic crimping machines that can crimp Ferrule terminals and wires with higher quality and in a shorter time than generally available using manual operation machines.



Thoughts focused on the same goal

Since the late 1970s, IDEC has continued to instill and pursue “Save and Safe”, as part of its corporate DNA. Along with the rapid advancement in machine intelligence and demand for environmental durability and high reliability in recent years, we need to face societal challenges such as Japan's shortage of workers. To solve these issues, we have set as our goals “Safe, Simple & Smart = S³ (S cube connect)”, with the aim of providing society with products and services that bring about greater innovation and lasting quality.



- Safe** Products anyone can use with safety and security ANSHIN, from a company pursuing world-class safety
- Simple** Products appreciated by all our customers for their ease of connection regardless of worker experience
- Smart** Products that make labor-saving and space-saving a reality

Our Business

Automation & Sensing Business

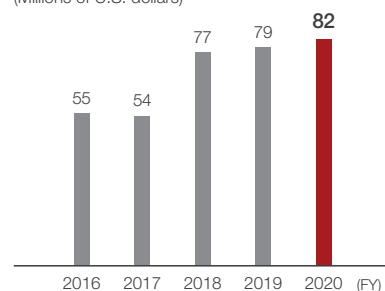
Offering optimal solutions matching the era of IoT and Industry 4.0.

Along with a decline in Japan's working population and permeation of IoT, we see an increase in need to support remote monitoring and operations, and an increase in demand for key devices that promote work efficiency and automation. We have a diverse product line-up precisely related to that need and demand.

IDEC solutions contribute to higher levels of automation and efficiency in manufacturing. These solutions include automation devices, such as programmable logic controllers that control machinery, equipment, and assembly lines as well as operator interfaces that create more comfortable operating environments; and sensing devices such as sensors that detect physical objects and changes in conditions, code readers and RFIDs with potential growth in demand for traceability application.

Sales trends

(Millions of U.S. dollars)



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
Note: Exchange rate (1 U.S. dollar): FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020 (¥108.83)

Business overview for FY2020

In Japan, sales of automatic identification devices such as barcode readers for retail were robust due to an increase in demand ahead of the consumption tax rate hike in October 2019.

In the meantime, sales of automation devices, such as programmable logic controllers and operator interfaces, and diverse sensors and other sensing devices decreased due to the deteriorating market environment.

TOPICS

Handy-type operator interface with improved ease of operation

A new handy operator interface, HG1P, was launched in May 2019. While having a surprisingly light-weight structure, the interface has a high-resolution 4.3-inch display and its ergonomics-based design makes the interface easy to use and frees operators for other productive work.

The HG1P is well suited for use as a teaching pendant for industrial robots due to its indication of ongoing actual operation and motion. It can also be used as a mobile monitor, replacing a conventional fixed control panel and leading to cutting the cost and space requirements of a control panel. Moreover, the HG1P is durable and well suited for diverse manufacturing sites: closer operation to the machine leads to more accuracy and stability of operation.

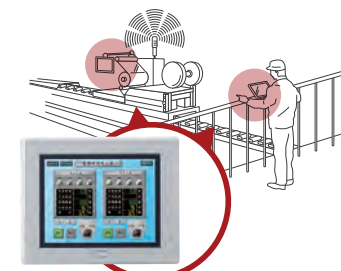


Handy-type operator interface
HG1P

Main application venues



Programmable logic controllers and operator interfaces that enable remote monitoring and operation



Wearable terminals that improve worker efficiency

Business strategy

Enhancing the automatic identification devices business

In 2017, IDEC acquired Welcat, Inc. as a wholly-owned subsidiary, a company with outstanding technology in the field of automatic identification devices, such as code readers, and expanded the product line-up and sales channels. Further in April 2020, we integrated Welcat, Inc., which has strength in RFID, handy terminals and other wearable terminals, and in software development, into IDEC AUTO-ID SOLUTIONS CORPORATION, which is noted for its strength in products for retail and logistics. The integration is expected to accelerate business expansion, using the combined strength of both companies.

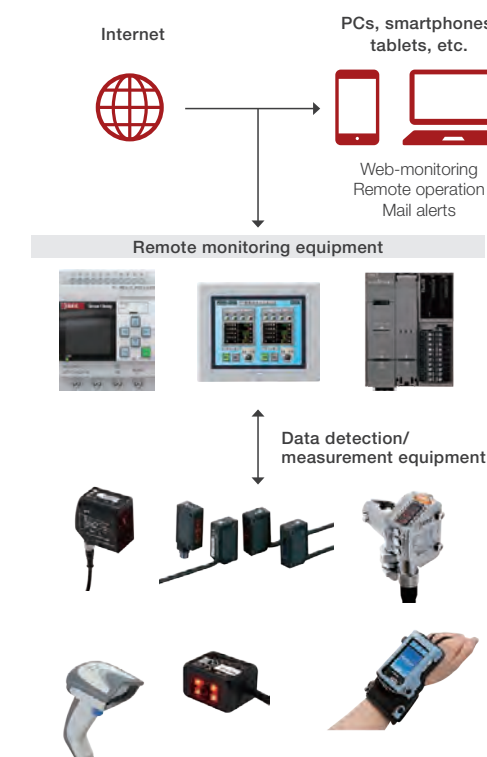


IDEC solutions that make IoT real

We are enhancing optimal functions that are so important in our new all-connected era, facilitating use of IoT for programmable logic controllers, operator interfaces, sensors, code readers, etc. This is another way our solutions contribute to solving diverse challenges that our customers face.

Concept of IDEC's remote monitoring and operation system

Store data	Detect/measure data in need at the scene.
Transmit data	Transmit data to a server over the Internet.
Display data	See the status of the site on a PC or tablet in a remote location.
Send e-mail	Send an alert message in case of trouble.
Operate from a remote location	Change the settings of the site from a remote location. Parameters of sensors with IO-Link function can be changed.



Our Business

Safety & Explosion Protection Business

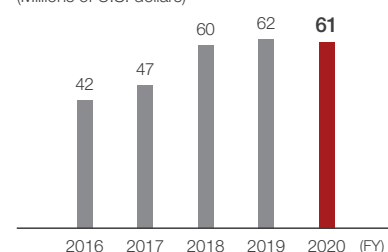
As a company that pursues and realizes world-class safety and ANSHIN*, IDEC provides solutions that enhance safety and productivity.

Since founded in 1945, we have focused on safe environments for humans in their interaction with machines, and to that end we have developed many kinds of safety-related devices and explosion protection devices that are dedicated to safety, reliability, and ease of use. We have also provided solutions that help customers to enhance safety and productivity. We have developed a next-generation safety philosophy, “Collaborative Safety / Safety2.0” aimed at coordinating safety between humans and machines. This philosophy goes beyond dealing with keeping humans out of harm’s way. We also provide cooperative safety equipment applications that allow the machines to sense any danger for humans and better control the safety environment. We also make efforts in promoting safety in other ways, such as to promoting standardize and doing consulting.

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

Sales trends

(Millions of U.S. dollars)



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
Note: Exchange rate (1 U.S. dollar): FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020 (¥108.83)



Business overview for FY2020

Sales of interlock switches, safety laser scanners, and other safety-related devices decreased primarily in overseas markets due to a global decline in capital expenditures. Sales of explosion protection devices also fell in Japan.

TOPIC

Explosion protection devices that contribute to realizing safer, ANSHIN manufacturing sites

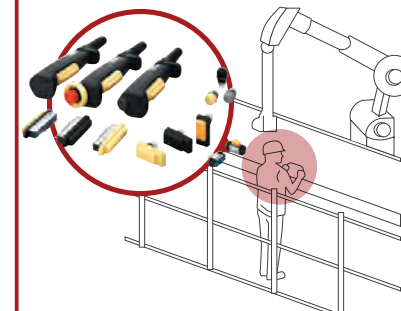
For over 70 years, we have been dedicated to research and development of explosion protection technology and have developed a wide variety of explosion protection devices that can be used at petroleum plants, chemical factories, and elsewhere, according to the need of the times.

In the sites where there is inflammable gas or liquid, ordinary control devices are not enough and explosion protection devices are indispensable for ensuring safety. In 2019 we began selling explosion protection mat switches that can detect intrusion and the presence of humans and objects. These switches, developed by integrating strengths and insights of the IDEC Group, have acquired the industry's first explosion protection certification awarded in Japan. We will continue development of products that prevent industrial accidents in a broad range of industries and contribute to the creation of safer, ANSHIN manufacturing sites.

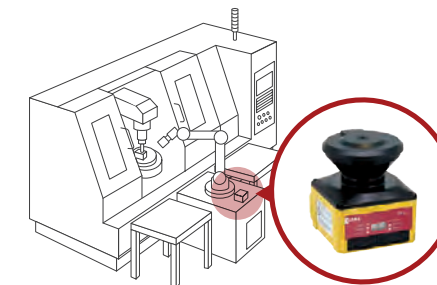
The industry's first explosion protection mat switches that merited Japan's explosion protection certification



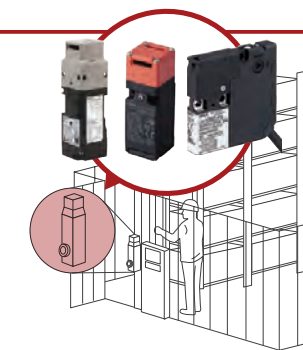
Main application venues



Enabling switches that ensure safety of production lines, etc.



Safety laser scanners that can detect the presence of humans and objects within an area



Interlock switches that can detect whether doors or safety fence gates are opened or closed

Business strategy

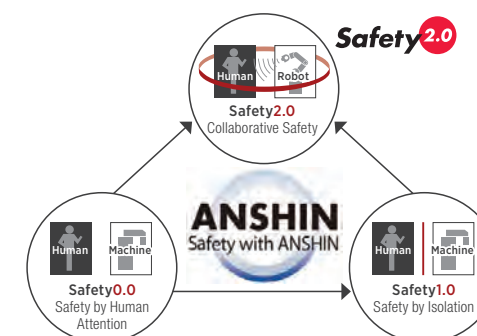
Focusing on becoming stronger in the safety and ANSHIN fields

Tokyo Sensor Co., Ltd., one of the major Japanese manufacturers of touch sensors, joined the IDEC Group in 2018, which allowed us to include tape switches and bumper switches, used for collision detection of automatic guided vehicles (AGVs) and other vehicles, broadening our product line-up, and improving our responsiveness to more diversified needs. In 2019 we executed an absorption-type of merger of Tokyo Sensor with the aim of raising efficiency by unified management of R&D, manufacturing, and sales and by promoting global sales expansion.



As a leading company in practicing “Collaborative Safety / Safety2.0”

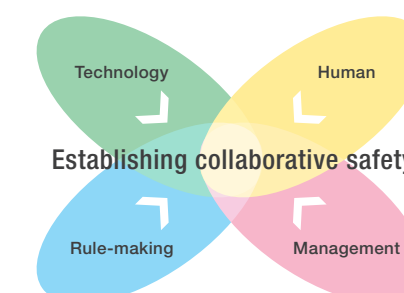
Our definition of underlying concept of safety began with Safety0.0 that ensured safety by attentiveness and judgment of humans. Subsequently, Safety1.0 focused on applying safety measures to machines and ensuring safety by separation and operation suspension of machines. More recently, a collaborative concept of humans and machines in realizing both safety and productivity, Safety2.0, is being defined. For pursuit and realization of the next-generation safety philosophy “Collaborative Safety / Safety2.0”, we are dedicated to development of products that help humans and machines work in a collaborative manner, with no separation by a barrier or safety fence, to improve both safety and productivity, by combining our safety technologies and knowhow with IoT and AI technologies. In 2019 we started using the Safety2.0 Qualification and Registration System, created by the Institute of Global Safety Promotion, in optimal product development and solution proposals in the Safety2.0 era. We are thus committed to helping realize a safer society.



Becoming a company that pursues and realizes world-class safety and ANSHIN

“Collaborative Safety / Safety2.0” is a comprehensive approach that intends to improve safety and productivity from four aspects: technology development; human resources development; management; and social rule-making.

Through collaborative technology development with other companies, development of Robot Safety Assessors and other professionals on safety, participation in the “Vision Zero” campaign to improve “Safety, Health, Wellbeing” at work, and promotion of international standardization initiatives, we are creating and globally expanding a new trend in safety and ANSHIN, overcoming barriers of different industries.



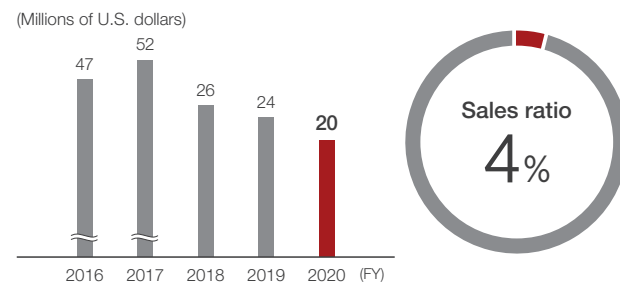


New Business

Contributing to resolving societal challenges through a variety of solutions utilizing control technologies.

The IDEC Group's new business segment is growing mainly by growth of two business lines: the collaborative safety robot system business led by IDEC FACTORY SOLUTIONS CORPORATION; and the environmental energy-related business led by IDEC SYSTEMS & CONTROLS CORPORATION. Through these we are making group-wide efforts to tackle societal challenges, such as a labor shortage for industrial sites and climate change.

Sales trends



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
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Business overview for FY2020

The environmental energy-related business recorded a decline in sales from FY2019, but achieved record-highs in operating income and operating income margin. Sales of the collaborative safety robot system business were robust, partly due to an increase in adoption of systems targeted at diverse companies, including medium-sized ones.

Business Strategy

Collaborative safety robot system business

Evolving from a base in safety-related devices and safety systems, which are among our strengths, we have created systems that combine various makers' collaborative robots, vision sensors, artificial intelligence (AI), and autonomous mobile robots (AMR), as well as diverse application packages, to satisfy customer needs.



Collaborative safety robot systems



Operation of the collaborative safety robot website

Environmental energy-related business

By leveraging our long-cultivated control technologies and environmental technologies, we contribute to resolving globally-ongoing diverse societal challenges. Specific examples include self-consumption solar power generation and other renewable energy; supply of electric power as part of business continuity plan (BCP) measures; next-generation agricultural solutions; and store solutions that have integrated some of these and may even encompass the entire supply chain from production to logistics and stores.



Renewable energy



Next-generation agricultural solutions

Corporate Social Responsibility (CSR) Activities Integrated with Management

The IDEC Group positions our founding principle, "Management with respect for humanity", as our most important base and are committed to maximizing the happiness of all stakeholders.

In order to promote this, we are engaged in CSR activities that are based on "The IDEC Way", the IDEC Group CSR Charter, and the Ten Principles of the United Nations Global Compact.

CSR activities are identified as one of our managerial priorities and the CSR management system has been established.

CSR Promotion System

In April 2018 the IDEC Group established the CSR Committee, chaired by the CEO, to fulfill its corporate social responsibility in realizing a sustainable society. Under the CSR Committee, "ESG+Sa+Q" five specialized committees – Environment, Social, Governance, plus two areas of our strengths, Safety and Quality – were established, each in charge of promoting a particular area of CSR activities. Each specialized committee, chaired by an executive officer, consists of individuals with expertise and experience, and tackles measures according to their respective themes.

The CSR Committee, meeting twice a year (April and October in FY2020), reviews and approves overall CSR activities and the initiatives of each specialized committee. These initiatives are disseminated to all employees via the CSR Leaders Meeting and the CSR Workshop Training.



CSR throughout the supply chain

The IDEC Group promotes CSR procurement in cooperation with suppliers, with the aim of contributing to the sustainable development of society.

At one of IDEC's major factories in Suzhou, China, the suppliers exchange meeting has been held each year since 2017 and a CSR Procurement Briefing was held in 2019. We presented the importance of CSR procurement throughout the supply chain, asking for suppliers' understanding and cooperation in the promotion of responsible procurement, according to the IDEC Group CSR Procurement Guidelines.



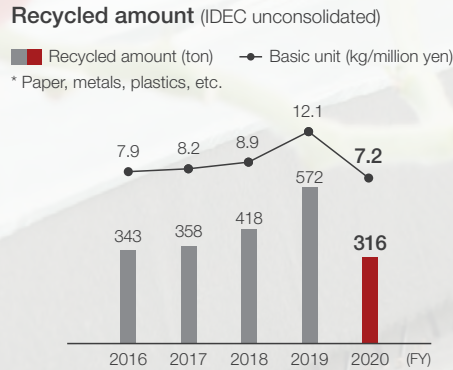
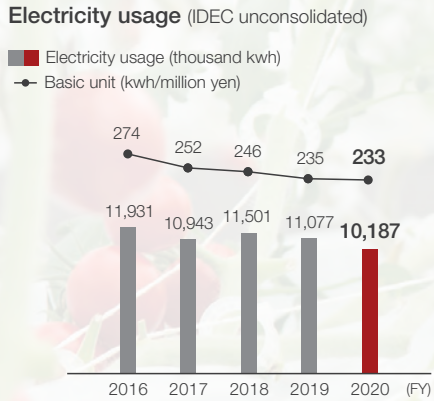
CSR Procurement Briefing held in Suzhou, China (November 18, 2019)

IDEC Group CSR Procurement Promotion Plan

FY2019	Drawing up of the IDEC Group CSR Procurement Guidelines CSR Procurement Briefing (Japan) Fact-finding survey questionnaire on CSR procurement
FY2020	Visits to suppliers and checking status CSR Procurement Briefing (Suzhou in China) Drawing up of the CSR audit plan
FY2021	CSR auditing of suppliers Establishment of a supply chain that helps realize manufacturing which is competitive in the global community



The IDEC Group makes environmental conservation a top priority in all aspects of its business activities, thereby aiming to achieve sustainable growth. The entire group promotes acquisition of ISO 14001, an international standard for environmental management systems.



No plastic bottle challenge

With the aim of reducing the negative impact of plastic bottles on the global environment, including marine contamination, IDEC's head office and major offices in Japan comply with the following "No plastic bottle challenge" measures.

Stop the sale of plastic bottled beverages and limit to sale of beverages to cans, glass bottles, and cartons from vending machines on company property.

Encourage employees to bring their own thermos bottle or cup with beverages from home.

Offer beverages, other than those in plastic bottles, to visitors and at meetings.

Internal initiatives

Based on the IDEC Group Green Procurement Guidelines, we make efforts at preferential procurement of materials, components and equipment with less environmental impact. In addition, we promote preferential purchasing of office supplies, consumables, equipment, and fixtures which have less environmental impact, based on the Green Purchasing Procedure Manual.

Posters for encouraging the use of staircases are displayed on walls. Desktop stands for encouraging energy-saving use of air conditioners are also displayed in the office.

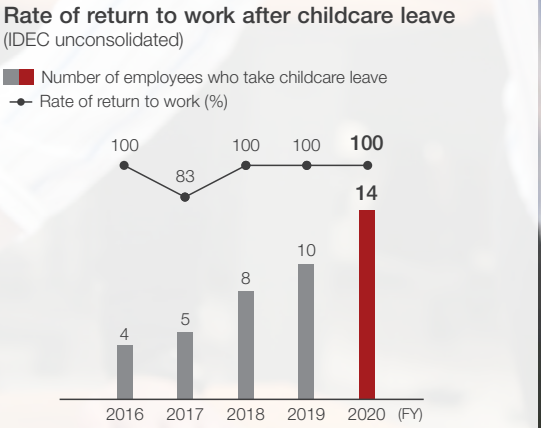
Top : A poster for encouraging use of staircase displayed near the elevator
Bottom: A desktop stand with the recommended temperature for heating in a meeting room

Eco-friendly product development

We identify issues for reducing environmental impact from the stage of product development and planning. We have our own standards for environmental considerations, such as for improved energy-saving, resource-saving, space-saving, and longer product life. Each product is evaluated according to the standards, and ranked as to the level of environmental consideration. We have also designed an environmental label as a symbol of eco-friendly products and services. This label is to be displayed on our website and in catalogs so that customers can easily identify the environmental friendliness of our products.



Based on our founding principle, "Management with respect for humanity", we continuously conduct activities that respond to societal challenges and build a good relationship with society, with the aim of realizing a safer and more sustainable world, bringing happiness and ANSHIN for all.



Respect for human rights

The IDEC Group respects humanity and promotes diversity with no discrimination in workplaces by race, gender, nationality, religion, or disability. With the aim of enhancing education on human rights, we began a training course on human rights and harassment in 2019 as a means to promote understanding of harassment and LGBT. In France, APEM participated in the French Government's "La France, une chance." movement to support employment of people who have a hard time finding jobs. APEM is involved in the movement, sharing information with others engaged.



Those engaged in the "La France, une chance." activities at APEM

Health initiatives

Since keeping employees and their family members healthy both physically and mentally is a vital part of the foundation for the IDEC Group. We adopted the IDEC Group Health Declaration and are practicing health-oriented management. Besides annual medical checkups for employees, we offer stress checks and meetings with a health nurse (staying full-time at the head office) or a doctor, as part of our efforts to understand and help improve the health condition of our employees.



Meeting with a health nurse at the IDEC Healthcare Center (head office)

IDEC was certified as an Excellent Enterprise of Health and Productivity Management Organization 2020 by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi., a health program promotion organization.

Life-work balance

In July and August 2019, we invited employees' children to the head office in Osaka, the Takino Factory in Hyogo Prefecture, and IDEC IZUMI SUZHOU CO., LTD. in China. Their visit to the workplace leads to a heightened sense of unity with the company, families, and colleagues, and a more pleasant work environment for employees. We received the Toyo Keizai Award of the 2nd Platinum Career Award. This award commends enterprises that promote human resource development and strive to provide their employees with opportunities to demonstrate their best performance in a society with substantially changing employment and work style. We intend to continue building pleasant work environments and helping employees realize a good life-work balance so that they can energetically work with ease of mind.

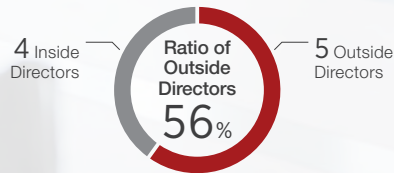


Children's visit day at the head office



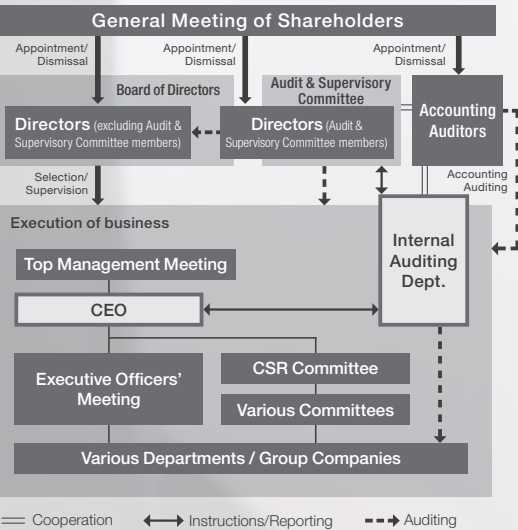
The IDEC Group is promoting further enhancement of its governance system to ensure management transparency and efficiency on behalf of its shareholders and other stakeholders.

Ratio of Outside Directors (As of June 2020)



The Board of Directors consists of nine Directors: four Directors (including one Outside Director) and five Directors who also serve as Audit & Supervisory Committee members (including four Outside Director). Appointment of many Outside Directors helps ensure management transparency.

Corporate Governance System



Outside Directors' Exchange session

Outside Directors' Exchange session is held as an event for Outside Directors to communicate more with each other apart from the Board of Directors meetings, with the aim of deepening their understanding on managerial topics and themes and of exchanging opinions. In FY2020, we held an exchange session on the theme on global management and it was also attended by six Executive Officers.



Compliance

Given the establishment of "The IDEC Way", we are reviewing our basic action guidelines for conducting our duties as the "IDEC Group Code of Conduct," and are preparing them as global code of conduct. We also include a compliance training session within the employees' training program separately held and organized in accordance with their length of service and job responsibility/position. We thereby strive to nurture consciousness of compliance so as to promote awareness of employees during work. Moreover, we have a system including the IDEC Hotline, a contact for internal whistle-blowing, to detect and handle suspected compliance violations early.



Risk Management

The Risk Management Committee has established a risk map by assuming potential risks in operation and estimating their impact and frequency of occurrence. Each year, a target risk is selected among these potential risks and the entire company, as well as each department, undertake measures to reduce the target risk.

Major target risks	Main countermeasures
Measures to take in case of earthquake and other disasters	Identified persons in charge and an emergency response system. Set the standard for coming to and leaving the office.
Prevention of product-related accident	Put in place QMS manuals and business forms.
Prevention of IT system trouble	24-hour monitoring and system trouble response. Planning of a cloud back-up system adopt.
Measures to prevent harassment	Conducted training sessions. Made known contacts for consultation.
Legal compliance	Conducted study meetings on relevant laws and regulations.

Directors and Executive Officers

Directors



Toshi K. Funaki
Chairman and CEO



Mikio Funaki
Senior Executive Vice President,
COO



Takuji Yamamoto
Managing Director



Hiroshi Kobayashi
Outside Director



Keiji Fujita
Director



Masataka Kawahito
Outside Director



Michiko Kanai
Outside Director

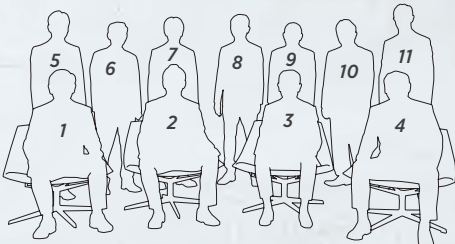


Nobuo Hatta
Outside Director



Yasuo Himeji
Newly-appointed Outside Director

Executive Officers



1 Koji Akamatsu
Senior Executive Officer
Manufacturing & SCM

2 Toshihiro Fujita
Senior Executive Officer
Chief Technology Officer

3 Arnaud Mondy
Senior Executive Officer
Marketing & Strategy

4 Yasuharu Kawanaka
Senior Executive Officer
Japan Sales & Greater China

5 Masaki Tsuru
Executive Officer
Quality Assurance

6 Yoshihiko Nishiyama
Executive Officer
Corporate Business Planning
& Administration

7 Shinichi Yoshimi
Executive Officer
Strategic Planning

8 Atsushi Matsumoto
Executive Officer
Research & Development

9 Tomonori Nishiki
Executive Officer
Technology Development

10 Hirotsugu Harada
Executive Officer
New Business Development

11 Marc Enjalbert
Executive Officer
APEM

Information disclosure on the website
https://us.idec.com/idec-us/en/USD/corporate_social_responsibility

The IDEC Group's CSR information in detail is available at its website.



The IDEC Group aims to become the number one company in the world that pursues and realizes world-class safety and ANSHIN by seeking to achieve higher-levels of safety in all of its activities for the creation of a safer, more pleasant environment in global society.

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

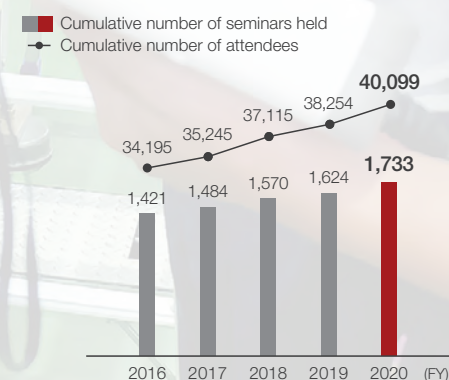
Number of employees holding Safety Officer/ Safety Assessor/Safety Basic Assessor Certificates (As of April 2020)

411 | Up 49
from April 2019

Number of employees certified as Robot Safety Assessor (As of April 2020)

118 | Up 22
from April 2019

Cumulative numbers of safety seminars and explosion protection seminars, and of attendees (IDEC unconsolidated)



Safety education

Safety seminars are conducted for all employees, with the aim of developing staff who can promote the concept of safety and ANSHIN for the benefit of society. As safety evangelists, employees with safety-related assignments serve as lecturers and explain the latest trends, including “Collaborative Safety / Safety2.0” topics, in addition to the IDEC Group's history and thoughts on safety and safety products.



Safety seminar

Development of certified safety assessors

The IDEC Group has encouraged employees to acquire Safety Assessor Certification since its system was founded, as part of efforts to create safer manufacturing environments and provide safety consulting services for customers, based on international safety standards. As a result, IDEC is Japan's top company in the number of employees who possess Safety Lead Assessor Certification, the highest level in this certification. We also encourage employees to acquire Robot Safety Assessor Certification that covers basic safety knowledge of the robot area (newly established in 2018) and to focus on strengthening the human resources in the robot safety area.

* The Safety Assessor Certification System was developed by the Nippon Electric Control Equipment Industries Association (NECA) and is implemented by the Japan Certification Corporation, under the standards and accreditation program of the Ministry of Economy, Trade and Industry (METI). The certification aims to develop globally-competent safety engineers and managers for machinery, and control and explosion protection device.

Publication of “Collaborative Safety / Safety2.0” guidebook

We have published a guidebook to introduce the latest trend in “Collaborative Safety / Safety2.0” – a concept to achieve safety and productivity through the collaboration of humans and machines – as well as the initiatives of the IDEC Group. As a company that pursues and realizes world-class safety and ANSHIN, we are engaged in safety awareness activities on “Collaborative Safety / Safety2.0” as an innovative safety concept.



The guidebook is utilized for awareness on collaborative safety in and outside the company

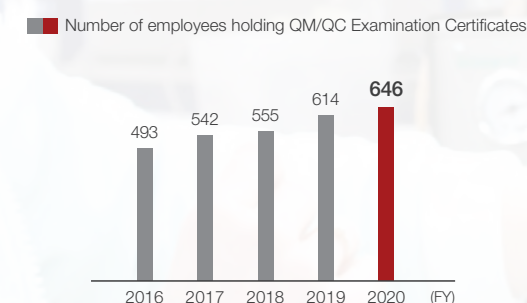
Acquisition of ISO 45001 certification

IDEC's three factories in Takino, Fukusaki, and Amagasaki, in Hyogo Prefecture have obtained ISO 45001, an international standard for occupational health and safety management system. The Tatsuno Distribution Center aims at obtaining ISO 45001 in FY2021.

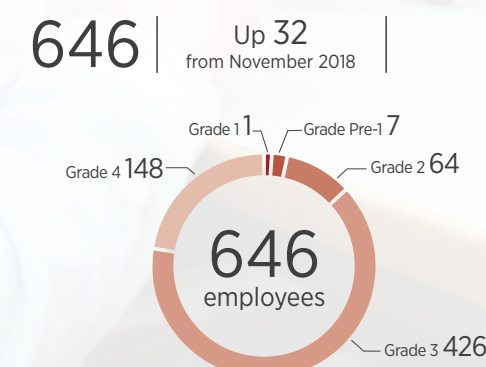


“Excellence in quality is the core value of our product” is a basic policy of the IDEC Group. We have steadfastly adhered to this policy while engaged in development, manufacturing, sales and service provision, so as to deliver secure, safe products and services to customers.

Number of employees holding QM/QC Examination Certificates (FY2016-2020)



Number of employees holding QM/QC Examination Certificates (As of November 2019)



Quality education

We encourage employees to take the Quality Management and Quality Control Examination (QM/QC Examination) to raise their knowledge and awareness of quality. In addition, quality management training is provided continuously.



The circle from China made concerted efforts to develop a measure for more stable operation and won prizes for the second year in a row.

In order to apply what they learned in their daily work, employees can join a local QC Circle, a voluntary improvement activity group, which makes proposals and efforts for quality improvement and work efficiency enhancement. In the Fifth QC Circle Presentation Conference in November 2019, 11 circles from Japan, China, Taiwan, and Thailand presented their activities.

Global Quality Conference

Since 2017 an annual global quality conference has been held: in China in 2017, in Taiwan in 2018, and in Thailand in 2019. The objective is to globally promote consciousness on quality, encourage cooperation among manufacturing bases, and improve quality management systems. Employees engaged in quality management in various countries gather to present their quality-related activities, have a discussion, hold a group workshop on related matters, and share their issues and know-how.



Third IDEC Global Quality Conference, held in Thailand (December 12-13, 2019)

Acquisition of ISO 9001 certification

The IDEC Group has established and implemented a quality management system to provide products and services that meet the quality requirements of customers and markets, and has obtained ISO 9001 certification, the International Standard for Quality Management System.



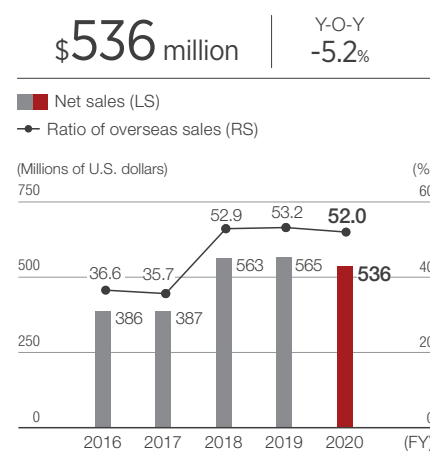
IDEC Group companies with ISO 9001 certificate

- | | |
|--------------------------------------|-----------------------------------|
| ■ IDEC CORPORATION | ■ APEM Components Ltd. |
| ■ IDEC FACTORY SOLUTIONS CORPORATION | ■ MEC Aps |
| ■ IDEC ASIA (THAILAND) CO., LTD. | ■ APEM Inc. |
| ■ IDEC TAIWAN CORPORATION | ■ SACEMA |
| ■ IDEC IZUMI SUZHOU CO., LTD. | ■ SAMELEC |
| ■ APEM SAS | ■ APEM Wujin Electronic Co., Ltd. |

Financial Data / Non-financial Data

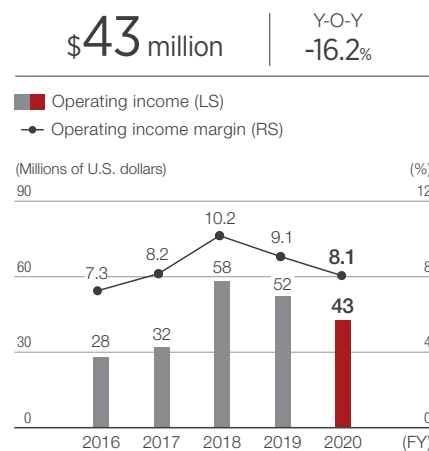
Financial Data Consolidated

Net sales



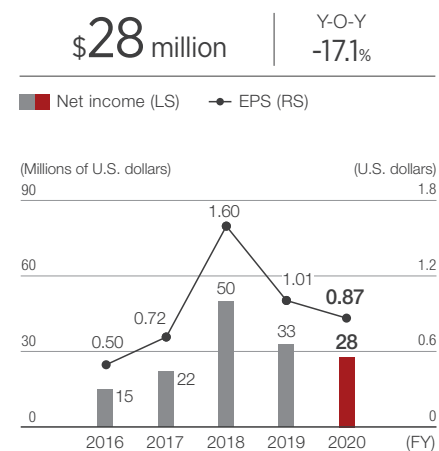
Sales of various products decreased in FY2020 due to the U.S.-China trade friction and other reasons. Partly due to the appreciation of the yen, the ratio of overseas sales declined from FY2019 to 52.0%.

Operating income



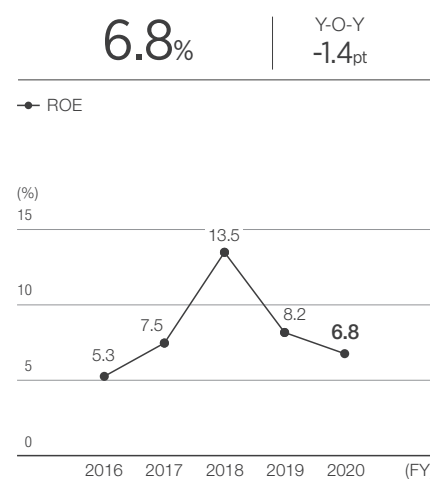
IDEC strived to enhance profitability by reorganizing manufacturing bases and reviewing profitability of products but operating income margin declined to 8.1% in FY2020 partly due to a drop in sales of industrial switches and other main products.

Net income attributable to shareholders of the parent company



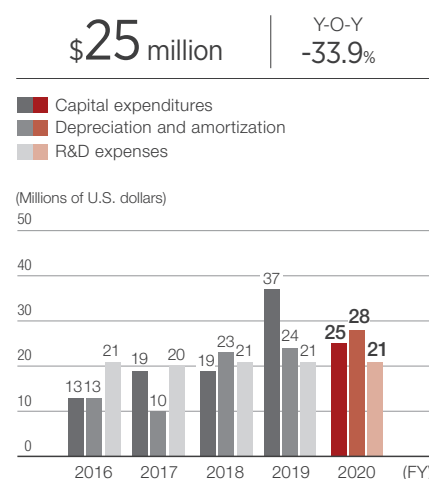
Gains from sale of investment securities and loss from subsidiary reorganization and from office relocation were recorded in FY2020, resulting in a decrease in net income from FY2019.

ROE



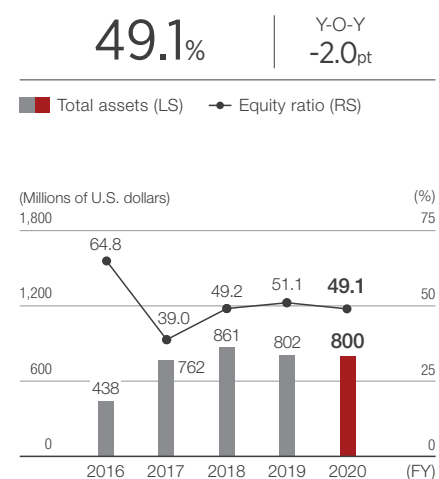
ROE declined from FY2019 to 6.8% mainly due to a decline in net income caused by the impact of a harsh business environment.

Capital expenditures



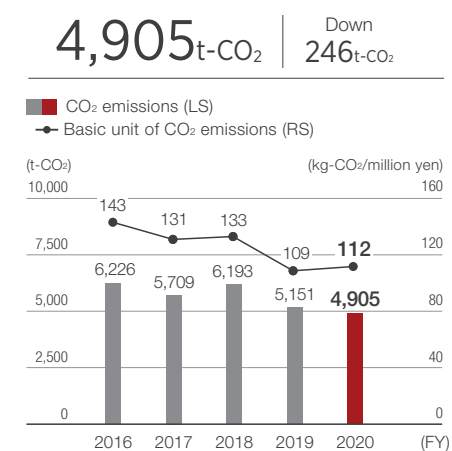
Capital expenditures increased in FY2019 due to reorganization of manufacturing bases in Japan and overseas but returned to the normal level in FY2020.

Equity ratio



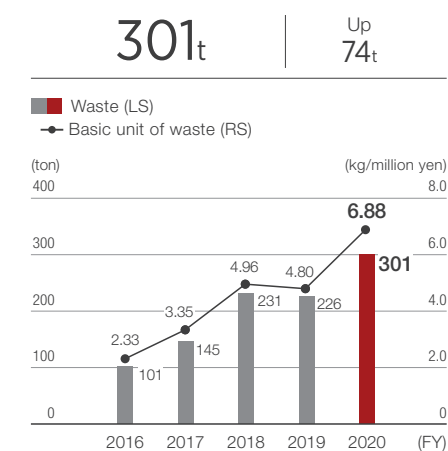
After dropping to less than 40% in FY2017 due to acquisition of APEM Group, the equity ratio has returned to around 50% since FY2018.

Non-financial Data IDEC unconsolidated

CO₂ emissions

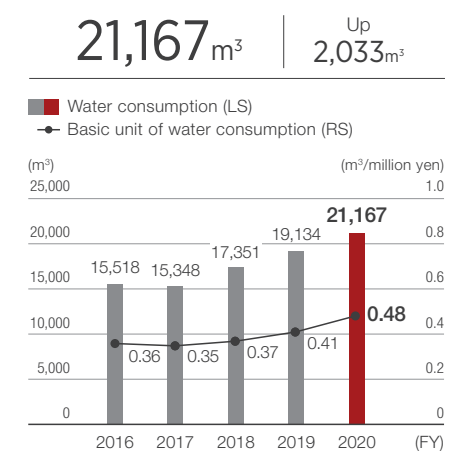
In addition to participating in Japan's Cool Biz (casual dressing) campaign, recommended use of staircases, replacement to LED lighting, and encouragement to turn lights off when not needed, IDEC established four solar power stations in the Kansai region for use of natural energy.

Waste



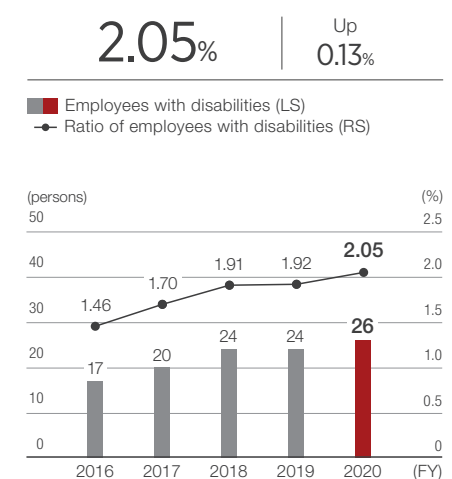
IDEC modified moulds to enable product manufacturing with less waste. We also reduced defect ratios and hence material waste loss. However, due to China's waste import regulations, the total amount of waste increased in FY2020.

Water consumption



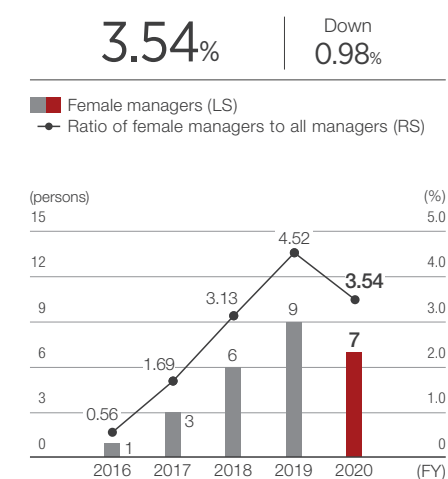
IDEC stores rainwater to sprinkle water in the courtyard and roof garden of the head office, conserving water by doing this. In FY2020, the total used amount increased from FY2019 due to the opening of the Kiba plant and the Assembly Center.

Employment ratio and number of people with disabilities



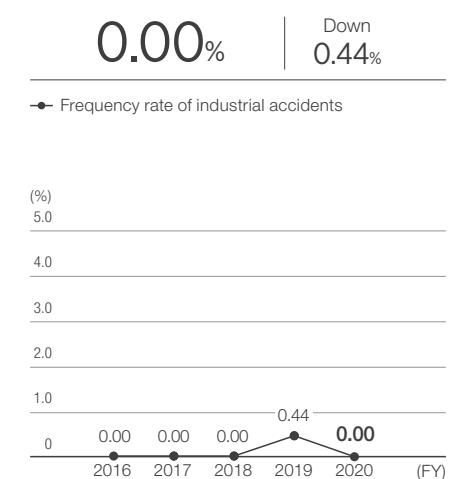
IDEC hosts company visits and briefings for people with disabilities. IDEC also holds trainings for employees of departments where people with disabilities are to be assigned, so as to facilitate the people with disabilities to smoothly fit in at their assigned workplaces. The Job Coach Support Project of the Ministry of Health, Labour and Welfare is also utilized.

Ratio and number of female managers



IDEC adopted an action plan for promoting women's empowerment, affirmatively selected women as next-generation executive candidates, and carried out development programs for them. The target is to reach 10% as the ratio of female managers to all managers by FY2023.

Frequency rate of industrial accidents



IDEC encourages its manufacturing employees to write "notice reports" concerning occupational health and safety environment, and responds to opinions raised among them. Emergency evacuation guidelines and safety policy and manuals for foreign technical interns are displayed and readily available in their mother languages at manufacturing bases.

Company Overview

Corporate Data

Corporate Name	IDEC CORPORATION
Established	March 26, 1947
Capital Stock	¥10,056,605,173
No. of Employees	3,683 (Consolidated basis as of March 31, 2020) Excluding contract and temporary employees
Stock Listing	First Section, Tokyo Stock Exchange
Head Office	2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan Phone: +81-6-6398-2500 (Main number)
Tokyo Head Office	2-15-1 Konan, Minato-ku, Tokyo 108-6014 Japan Phone: +81-3-5782-7690 (Main number)
Factories	Amagasaki, Fukusaki, Takino, Kiba
Sales Branches	Sendai, Takasaki, Omiya, Tsuchiura, Tokyo, Tama, Yokohama, Nagano, Niigata, Kanazawa, Hamamatsu, Nagoya, Kyoto, Osaka, Okayama, Hiroshima, Shikoku, Fukuoka
Distribution Center	Tatsuno



Head Office



Tokyo Head Office



Amagasaki Factory



Takino Factory

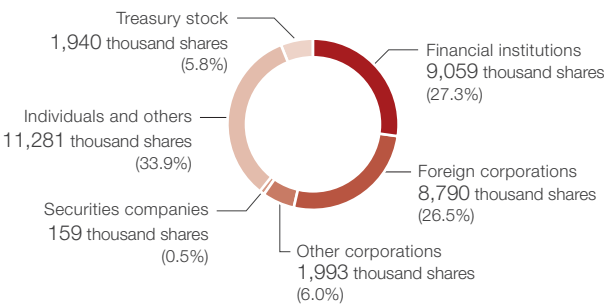
Shares of the Company

(As of March 31, 2020)

Number of shares authorized	150,000,000
Number of shares issued	33,224,485
Number of shareholders	8,890

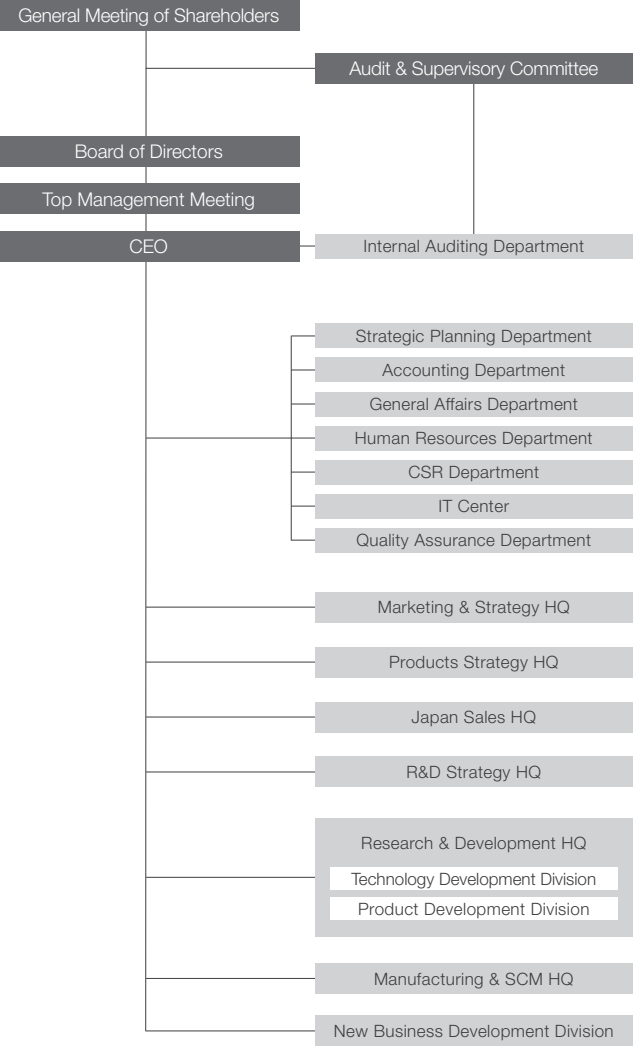
Distribution of Shareholders

(As of March 31, 2020)



Organization Chart

(As of April 2020)



Major Shareholders (Top 10)

(As of March 31, 2020)

Shareholders	Number of shares (Thousands of shares)	Holdings (%)
Japan Trustee Services Bank, Ltd.	4,666	14.92
JP MORGAN CHASE BANK	3,168	10.13
The Master Trust Bank of Japan, Ltd.	2,352	7.52
STATE STREET BANK AND TRUST COMPANY	1,680	5.37
Funaki Kosan Ltd.	1,041	3.33
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED	673	2.15
Keijiro Fujita	651	2.08
TRUST & CUSTODY SERVICES BANK, LTD.	491	1.57
BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF	479	1.53
DATALOGIC S.P.A	477	1.53

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

Corporate Symbol



The Message In The New Corporate Logo

The IDEC logo symbolizes: 1) Connection among people in various settings, support, and innovation, and 2) Business expansion, future growth and being a leader in all things. The blank white letter “I” adjacent to the special IDEC red “I” symbolizes connections among people: coworkers, business associates, and the rest of society. The white and red relationship also symbolizes behind-the-scenes support and innovation. The color gray on the left conveys new opportunities, value creation, business expansion, progress, and IDEC always going one step ahead of the competition through collaborations and partnerships.

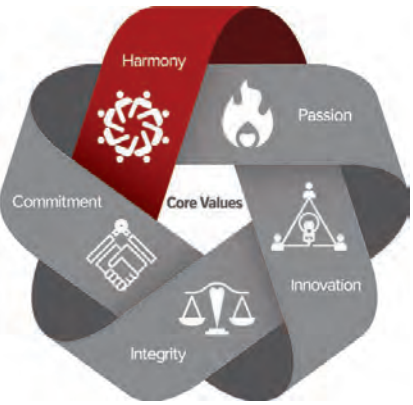
The Corporate Color

The IDEC red expresses dynamic action, energy, passion, and speed.

The Corporate Tagline

“Think Automation and beyond...” We are creating the future of manufacturing. We do not believe that advancement in automation is merely advancement in automation technology. The evolution of automation encompasses the evolution of people-friendly technology and other elements, such as safety features, ease of operation, reliability, and environmental considerations, which add value to the existing automation technology. By advancing all of these elements, we are constantly expanding the possibilities of automation into a new dimension.

Core Values



- Harmony**
In Harmony with our co-workers, our customers and society.
- Passion**
Joy in fulfilling our mission.
- Innovation**
Take on new challenges and embrace change.
- Integrity**
Exhibit honesty, fairness and respect at all times.
- Commitment**
Be the person everyone can count on.