



*Think Automation and beyond...*



**IDEC CORPORATION**

2-6-64 Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004

Phone: +81-6-6398-2500

<http://www.idec.com/>

IDEC Report **2018**



Vegetable oil in k was used in the printing of this report in consideration of the environment.



# Think Automation and beyond...

We make the point of contact,  
where people interface with machines, easy, safe and secure.  
We create new possibilities.

## Corporate Philosophy

### Corporate Mission

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

### Management Philosophy

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

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

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

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

The welfare of society is our top priority.

We strive to provide superior products and services with pride and appreciation for others.

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**Toshi K. Funaki**  
Chairman and Chief Executive Officer

## IDEC continues to take on the challenges of contributing toward a safe and sustainable society while striving to become a truly global company

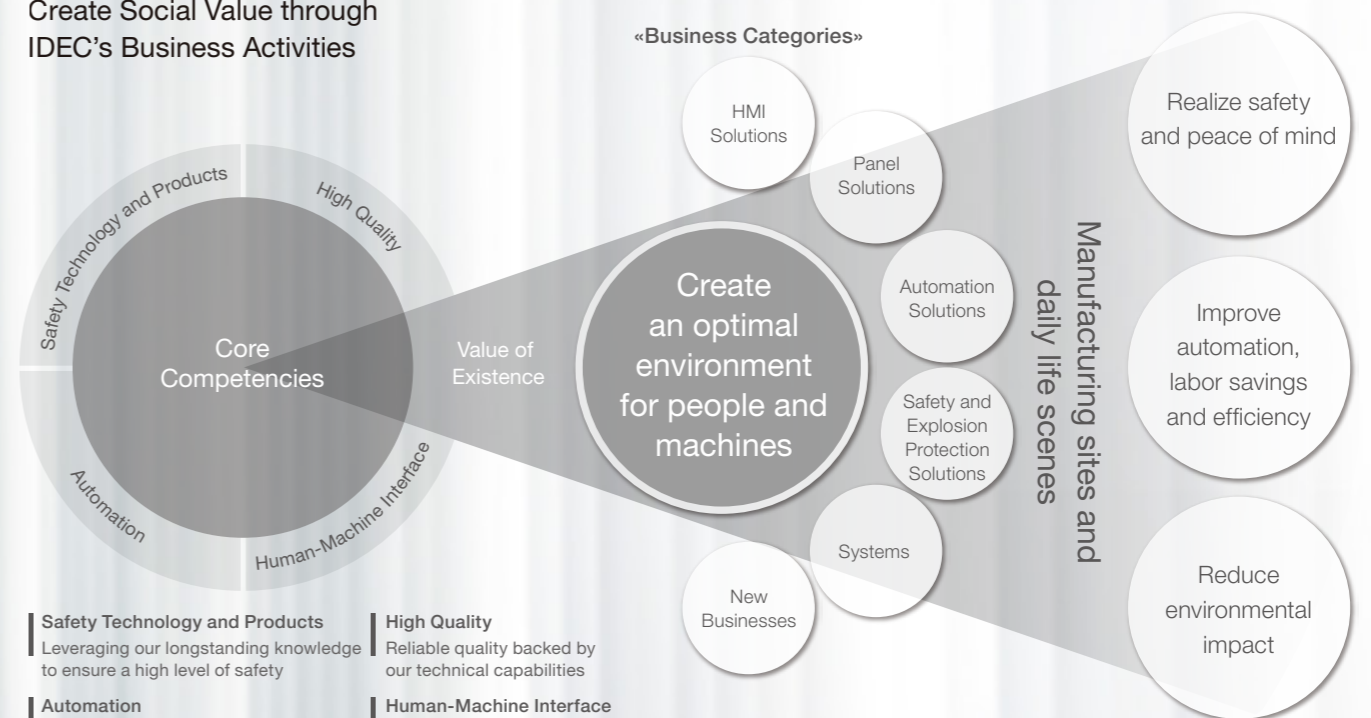
In pursuit of the corporate mission of making social contributions as part of all its endeavors since its founding, IDEC has been dedicated to providing a wide range of products and services centering on control and safety technologies.

Having celebrated its 70th anniversary in March 2017, IDEC added the APEM Group headquartered in France to the IDEC Group, changing the geographic revenue structure and transitioning into a global business. Now, more than 50% of its Group-wide revenue is generated outside of Japan. To pursue sustainable growth on a global scale, we are advancing toward our 100th anniversary and beyond with the spirit of taking on challenges, being a team player, and encouraging self-development while striving for constant improvement. This is essential because we believe that no company can enjoy success in the future if it remains satisfied with what it does in the present.

As part of our transformation strategy, we established the CSR (Corporate Social Responsibility) Committee in April 2018. To further promote our CSR activities as a participant in the United Nations Global Compact, we have adopted Sustainable Development Goals (SDGs). To achieve these SDGs, the CSR Committee is now leading our efforts to solve social issues through our business activities. We believe that by doing so we will increase corporate value.

The IDEC Group is committed to taking an active part in building a safe and sustainable society.

### Create Social Value through IDEC's Business Activities



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

We promote CSR activities in the focused fields of the environment (E), social (S), and governance (G), adding to them safety (Sa) and quality (Q), which are our strengths.



We contribute to achieving the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015. The SDGs are comprised of 17 goals to be achieved by 2030 and 169 targets to be met for the purpose of achieving these goals.



## Increase Corporate Value and Ensure Sustainable Growth through Innovations and Challenges

### Performance for the fiscal year ended in March 2018

In Japan, increased capital spending boosted sales of our core products, including safety devices and Human-Machine Interface (HMI) solutions, which is a category that includes control switches.

Outside Japan, APEM sales revenues, especially in Europe, made a significant contribution to IDEC's overall HMI solution product sales after its acquisition in 2017. In China and the Asia Pacific region, rising demand for manufacturing automation brought a steady sales increase in panel solution products and safety devices. Sales growth for automation solution products, including operator interface sales, was especially strong in the Americas.

As a result, consolidated fiscal year-end world-wide sales, operating income, and operating income margin were \$ 562 million (up 45.3% from previous year), \$ 57 million (up 81.9% from previous year), and 10.2%, respectively. Both consolidated sales and income set a new record.

We issued an annual cash dividend of \$0.47 per share. Dividends on equity (DOE) was 4.0%.

### Business Development

Our long-term objective is to achieve \$1 billion in sales and 15% or higher in operating income margin. APEM Group joined the IDEC Group in March and Welcat Inc., an automatic identification device manufacturer, joined in August of 2017. Throughout fiscal year 2019, we will be focusing on uniting and creating worldwide synergies with APEM Group and Welcat Inc. to build a solid foundation and reach these performance goals. Our plan for the fiscal year includes advancing our core business segments by accelerating growth of our safety-related business.

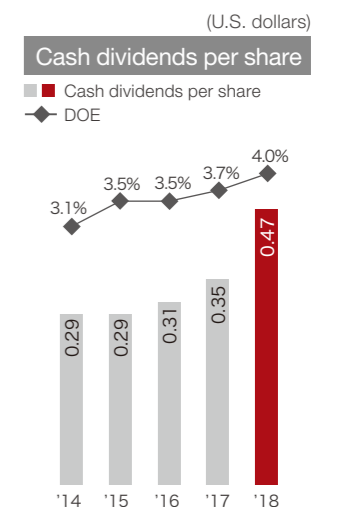
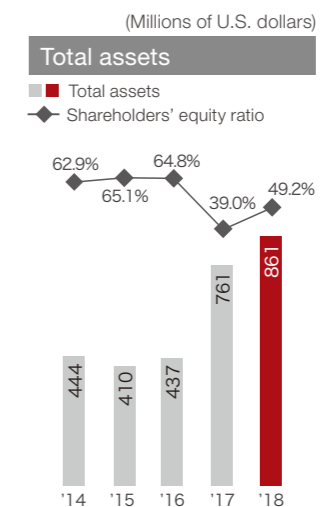
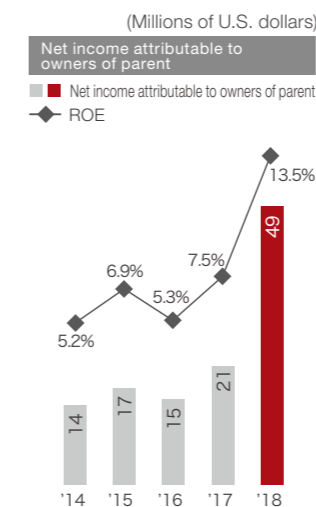
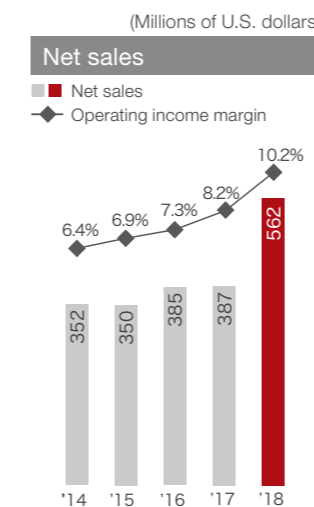
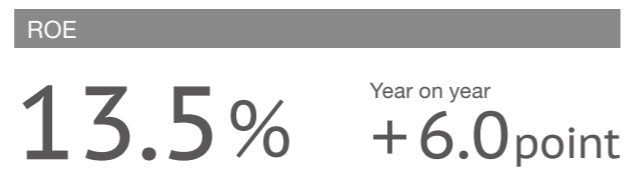
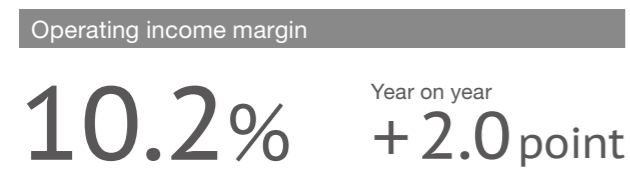
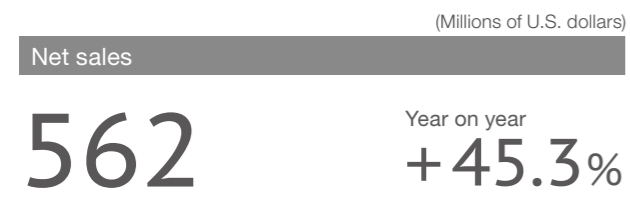
We have been paying close attention to our new businesses, including renewable energy, next-generation agriculture solutions, and collaborative safety robot systems, to support social and environmental causes. Our work in these areas will continue.

IDEC is committed to increasing corporate value and ensuring sustainable business growth through innovations and challenges.

To our shareholders, customers, business associates, employees, and local and global communities, we sincerely thank all of our stakeholders for your support.



## Financial Highlights



\* Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.  
Exchange rate (1 U.S. dollar) : FY2014 (¥102.92), FY2015 (¥120.27), FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27)

# Value Creation Process

Leveraging the core technologies cultivated through the manufacture of products that deliver safety and peace of mind, IDEC supports the creation of an optimal environment for people and machines. At the same time, we contribute to labor-savings and efficiency improvements through automation, and the reduction of environmental impact from manufacturing sites to daily-life scenes around the world.

\* Exchange rate (1 U.S. dollar) : FY2018 (¥106.27)

## IDEC's social mission

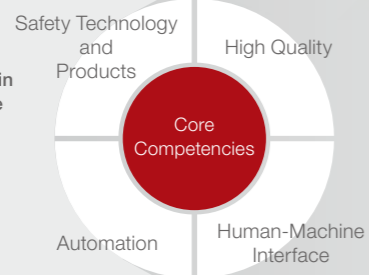
Manufacturing site



Realize safety and peace of mind

Improve automation, labor savings and efficiency

Reduce environmental impact



Create an optimal environment for people and machines

Social responsibility that forms the foundation of our business



Daily-life scenes

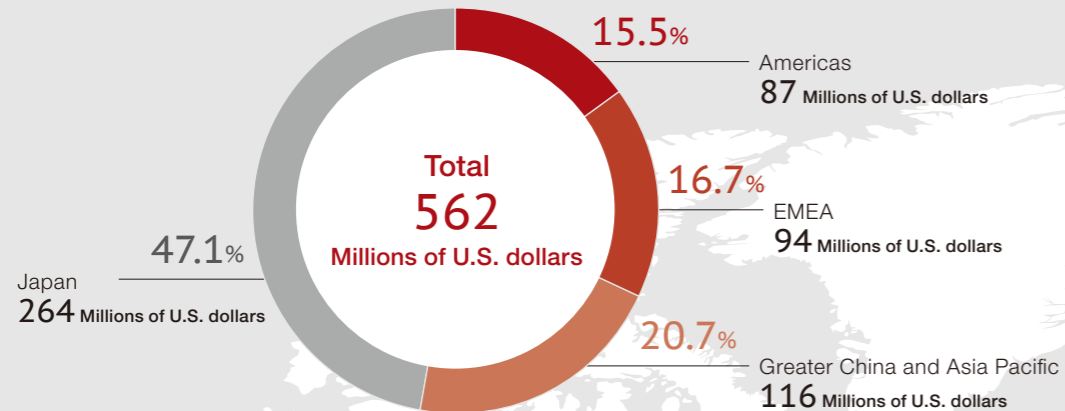
- Social issues
- Rising labor cost
  - Further aging of society
  - Industrial accidents
  - Rapid increase in logistics volume
  - Global warming
  - Increase in traffic volume
  - Shortage of agricultural labor
  - Accelerated medical needs

Business category / Major products	Social value of products / businesses	Main relevant SDGs	Net sales / Year-on-year
<b>HMI Solutions</b> <ul style="list-style-type: none"> <li>Control switches</li> <li>Emergency-stop switches</li> <li>Joysticks</li> <li>Buzzers</li> <li>Pilot lights</li> </ul>	<ul style="list-style-type: none"> <li>Pursuing safety and ease of use</li> <li>Quality assurance</li> </ul>		<p><b>265</b> Millions of U.S. dollars</p> <p><b>+131.2%</b> ↑</p>
<b>Panel Solutions</b> <ul style="list-style-type: none"> <li>Relays / Sockets</li> <li>Terminal blocks</li> <li>Switching power supplies</li> <li>Circuit protectors</li> <li>LED illumination units</li> </ul>	<ul style="list-style-type: none"> <li>Reducing consumed energy</li> <li>Providing optimal light for various applications</li> </ul>		<p><b>106</b> Millions of U.S. dollars</p> <p><b>+12.7%</b> ↑</p>
<b>Automation Solutions</b> <ul style="list-style-type: none"> <li>Programmable logic controllers</li> <li>Operator interfaces</li> <li>Sensors (Photoelectric switches / Proximity switches)</li> <li>Automatic-identification devices</li> </ul>	<ul style="list-style-type: none"> <li>Solutions to shortage of workers</li> <li>Achieving sophisticated management control in medical institutions</li> <li>Solutions for achieving automation in cases of increase in logistics</li> <li>Solutions for factory automation in diverse manufacturing industries</li> </ul>		<p><b>77</b> Millions of U.S. dollars</p> <p><b>+42.0%</b> ↑</p>
<b>Safety and Explosion Protection Solutions</b> <ul style="list-style-type: none"> <li>Safety-related devices</li> <li>Explosion protection devices</li> </ul>	<ul style="list-style-type: none"> <li>Eliminating industrial accidents</li> <li>Promoting international standardization</li> </ul>		<p><b>59</b> Millions of U.S. dollars</p> <p><b>+27.9%</b> ↑</p>
<b>Systems</b> <ul style="list-style-type: none"> <li>Security systems</li> <li>Various systems</li> </ul>	<ul style="list-style-type: none"> <li>Constructing optimal systems by combining control devices and technologies</li> </ul>		<p><b>27</b> Millions of U.S. dollars</p> <p><b>+10.4%</b> ↑</p>
<b>New Businesses</b> <ul style="list-style-type: none"> <li>Renewable energy business</li> <li>Next-generation agricultural solutions</li> <li>Collaborative safety robot systems</li> <li>Ultrafine bubble generators</li> </ul>	<ul style="list-style-type: none"> <li>Utilizing natural energy</li> <li>Promoting the use of renewable energy</li> <li>Promoting the healthy growth of vegetation</li> <li>Creating a safe and comfortable environment in global society</li> </ul>		<p><b>26</b> Millions of U.S. dollars</p> <p><b>-49.6%</b> ↓</p>

# Global Network

## Sales ratio by region

\* Region classification has been changed from the fiscal year ended in March 2018.  
\* Exchange rate (1 U.S. dollar) : FY2018 (¥106.27)



Ratio of overseas sales  
**52.9%**

Ratio of overseas employees  
**72.0%**

## Americas

Sales bases : 4  
Distributors : 200  
Manufacturing base : 1  
No. of employees : 203

- IDEC CORPORATION (U.S.)
- APEM Inc (U.S.)



IDEC CORPORATION

Sales ● Development ● Manufacturing ●

## EMEA (Europe, Middle East, Africa)

Sales bases : 9  
Distributors : 80  
Manufacturing bases : 9  
No. of employees : 1,160

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



APEM SAS

## Greater China

Sales bases : 21  
Distributors : 120  
Manufacturing bases : 5  
No. of employees : 1,224



IDEC IZUMI TAIWAN CORPORATION

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

## Japan

Sales bases : 33  
Distributors : 100  
Manufacturing bases : 7  
No. of employees : 1,086

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



IDEC CORPORATION (Head Office)

## Asia Pacific

Sales bases : 3  
Distributors : 40  
Manufacturing base : 1  
No. of employees : 200

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

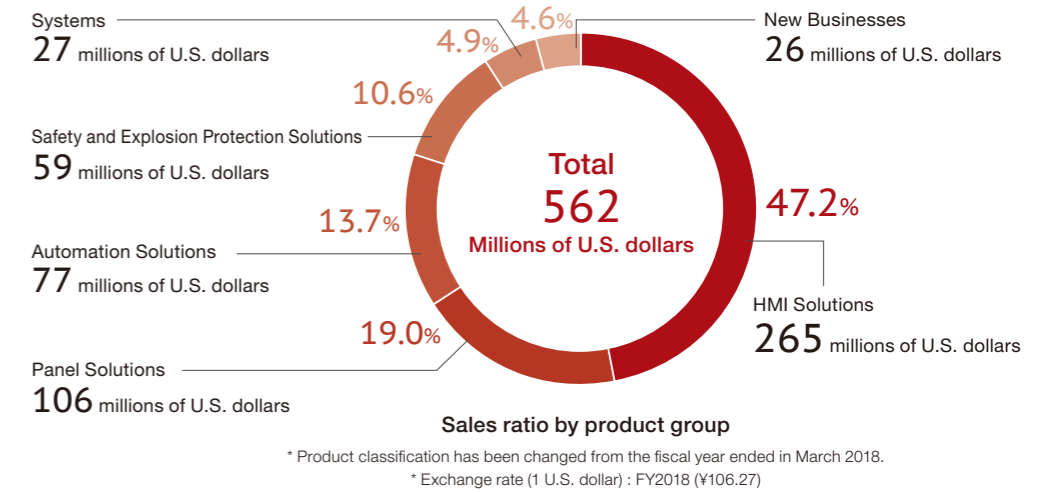


IDEC ASIA (THAILAND) CO., LTD.

# Product Groups

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

To respond to diverse and changing customer needs over time, 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.



## HMI Solutions



Control switches

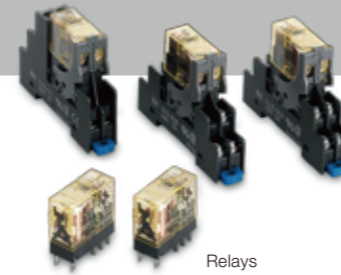


Emergency-stop switches

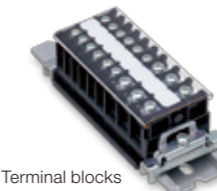


Joysticks

## Panel Solutions



Relays



Terminal blocks



Switching power supplies

## Automation Solutions



Programmable logic controllers



Operator interfaces



Sensors

## Safety and Explosion Protection Solutions



Explosion protection devices

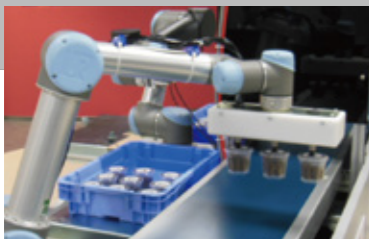


Safety-related devices



Safety-related devices

## New Businesses



Collaborative safety robot systems



Operation of collaborative safety robot website



Provision of application packages

## New Businesses



Renewable energy business



Next-generation agricultural solutions



Ultrafine bubble generators



# HMI Solutions

Creating an optimal environment for people and machines by leveraging control technologies accumulated since our founding

As a leading company in the field of Human-Machine Interface (HMI)—the point of contact between people and machines—IDEC contributes to realizing a safe and secure society by providing innovative solutions globally, not only for the factory automation (FA) industry but also in familiar daily-life situations.



In 2017, the French manufacturer of industrial switches APEM Group joined the IDEC Group. By broadening our product lineups and expanding into new markets, we can offer a wider variety of products to customers in a more diverse range of industries.

## HMI Solutions Lineup

### Control switches



### Emergency-stop switches



### Buzzers



### Pilot lights

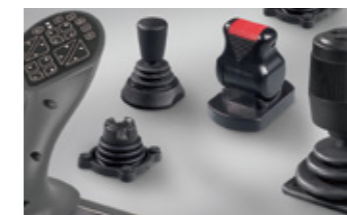


## APEM's Products

### Industrial switches



### Joysticks



### Keyboards



### LED indicators

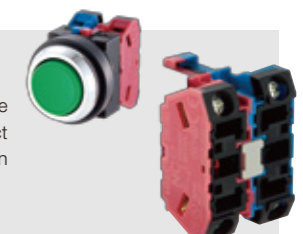


### TOPICS

#### Globally standardizing contact blocks for our mainstay control switches

The new universal contact block\* features enhanced safety and ease of use, and contributes to the optimization of efficient inventory management. Furthermore, the global standardization of contact blocks works towards the strengthening of IDEC's competitiveness, by allowing the use of common components and materials for production, and ensuring greater manufacturing automation.

\* A component for connecting a switch to various types of equipment







# Panel Solutions

## Resolving customers' challenges with a full lineup of products for inside the panel

Due to increasing need for space-saving and cost-reduction devices, the miniaturization of control panels has received considerable attention. IDEC solves this problem by providing customers with a varied lineup of in-panel products that enable space saving and increase operational efficiency, including relays\*1 and circuit protectors.\*2

\*1: A switching device used to switch an electrical circuit on and off with electric signals  
\*2: An overcurrent protection device



A control panel is a panel that contains multiple electric devices for controlling and operating machines or production lines. Control panels are used in a wide range of applications, not only at industrial sites, but also for building facilities and elevators.

### Panel Solutions Lineup

Relays



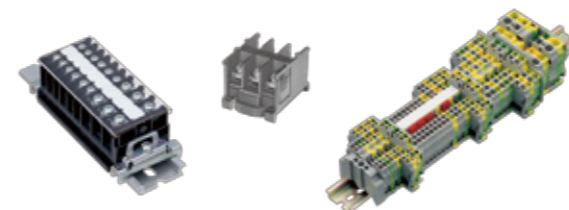
Sockets



Timers



Terminal blocks



Switching power supplies



Circuit protectors



LED illumination units



TOPICS

LED illumination units perfect for machine tools and industrial machines

LF1D/LF2D industrial LED illumination units can illuminate a broad area uniformly and brightly, contributing to increased operational efficiency. Offering a reduced reflection of the light source on the work area and significantly reduced multi-shadow effect, LF1D/LF2D LED illumination units are ideal for industrial machine applications.





# Automation Solutions

Offering a broad range of solutions to meet customer needs in the era of IoT and Industry4.0, while promoting Connected Industries

Responding to diversified customer needs, such as the need for remote monitoring and operation, IDEC contributes to greater production automation and efficiency by providing a variety of products and solutions. This includes : programmable logic controllers and operator interfaces with enhanced networking functionality, sensors that can identify physical objects and changes in conditions, and code scanners and RFID systems whose demand is expanding in traceability applications.



**Automatic identification system business**

In August 2017, Welcat Inc., which possesses strong technological strength in the automatic identification field, joined the IDEC Group. This has enabled IDEC to strengthen its product range and sales channels. We aim to maximize our synergy with Welcat, along with IDEC AUTO-ID SOLUTIONS CORPORATION.

## Automation Solutions Lineup

Programmable logic controllers



Operator interfaces



Fixed-type code scanners



Handheld code scanners



Handheld terminals



Wearable terminals



Teaching pendants\*



IDEC SmartRelays



Communication devices



Sensors



**TOPICS**

**Programmable logic controller (PLC) that easily enables IoT**

IDEC released the FC6A Plus PLC, which can control large machines or an entire small-scale production line. The FC6A Plus delivers significantly improved basic performance compared to conventional PLCs. Also, using a dedicated application compatible with both iOS and Android OS, remote control from mobile terminals is possible.





# Safety and Explosion Protection Solutions



Providing solutions that enhance safety and productivity, as a leading company in safety products and technologies

To realize the harmonious coexistence of people and machines, IDEC provides safety-related devices, reflecting its firm commitment to safety, reliability and ease of use.

We aim to become the number one company in the world that pursues and realizes safety, through the creation of new standards, such as the next-generation safety concept "Safety2.0", and safety promotion activities including safety consulting services.



Responding to global needs with international standards-compliant, cutting-edge, explosion protection technologies

By promoting the acquisition of overseas explosion protection certifications including IECEx (International explosion protection product certification), ATEX (the European directive for explosion protection) and UL standards (North America), we are able to offer a wide variety of explosion protection products that respond to global market needs. We also provide explosion protection LED illumination units and cameras to ensure safety in explosion protection environments, such as oil plants and chemical plants, while achieving energy savings and reduced maintenance.

## Safety Solutions Lineup

- Enabling switches\*
- Safety laser scanners
- Interlock switches
- Emergency-stop control boxes
- Safety consulting

### TOPICS

#### IDEC Safety Concept

The safety concept in the HMI environment is shifting from a man-machine isolation approach, to a collaborative safety-oriented approach. In anticipation of the more widespread use of robots, driven by the robot revolution, information society characterized by IoT and the concept of Connected Industries, IDEC will continue its relentless quest to deliver safety and peace of mind to manufacturing sites.



\* Safety-related devices to be incorporated into teaching pendants for robots or machine tools, etc.

## Explosion Protection Solutions Lineup

- Relay barriers\*
- Control boxes
- Frameproof LED
- Operator interfaces
- Network camera systems

### TOPICS

#### Ideal for overseas plants <Explosion protection control box EC2B>

The EC2B features a stainless steel box with high corrosion and environmental resistance, compliant with major global explosion protection standards.



\* A device that limits the voltage and current that can reach a hazardous area under overcurrent conditions



# New Businesses



Offering optimal solutions to each customer by visualizing their problems

IDEC proposes system solutions uniquely tailored to individual customer needs, by combining optimal collaborative safety robots with safety-related devices and systems featuring its proprietary technologies. IDEC contributes to improving productivity and relieving labor shortages at industrial sites.



Creating new value by contributing to resolving social issues

Taking full advantage of the control, environmental and fine-bubble technologies it has cultivated over many years, IDEC vigorously promotes various new businesses including next-generation agricultural solutions and the renewable energy business. This contributes to the resolution of various social issues arising on a global scale, such as a decrease in the labor population and global warming.

## New Business Lineup

Collaborative safety robot systems



Operation of collaborative safety robot website



Provision of application packages



Next-generation agricultural solutions



Renewable energy business



### TOPICS

#### Collaborative safety robot systems

IDEC has established Collaborative Safety Robot Technical Centers in Aichi Prefecture and Tokyo. The Centers provide optimal collaborative safety robot systems that best fit each customer's needs, while offering proposals on the uses of robots and how to build a safety system.



Collaborative Safety Robot Technical Center (Aichi Prefecture)

### TOPICS

#### Fine-bubble technology

IDEC aims to create new industries with its world-leading, fine-bubble technology, while at the same time working to promote the creation of international standards for this technology. We are finding applications in a wide range of fields that benefit from bubble technology, including industrial cleaning and growth promotion in agriculture and fisheries.



Ultrafine bubble generator  
ultrafine Galf

## Aiming for sustainable growth by transforming IDEC into a truly global company

The IDEC Group holds the long-term vision of contributing to global socioeconomic development through continued business growth attained by advancing control technologies we have developed over many decades. At the same time, we have taken on the challenge of inventing new technologies. To realise this vision, in 2017 we acquired APEM Group, a Human-Machine Interface (HMI) manufacturer based in France. This acquisition strengthened our position in the HMI field, which is one of our core businesses.

Adding APEM Group to the IDEC Group broadened our HMI product lineup, such as control switches, and has helped open up new markets. The move brought IDEC closer to the top position in the global HMI market. In the field of safety devices, where we excel, we continue to lead in setting new safety standards. This is based on our new generation concept, "Safety2.0" and our promotion of the use of safety devices. Our intention is for the IDEC brand to be recognized as "the world's safest."

Beyond improving on our strengths, we will focus on expanding new businesses by leveraging our wide collection of technologies in industrial controls, environmental conservation and fine-bubbles. We believe that growth in our new business ventures will support environmental, economic and social progress. By transforming IDEC into a truly global company, we strive to achieve \$1 billion in sales and 15% or higher in operating income margin.

**Mikio Funaki**

Senior Executive Vice President



## Our efforts to transform IDEC into a truly global company

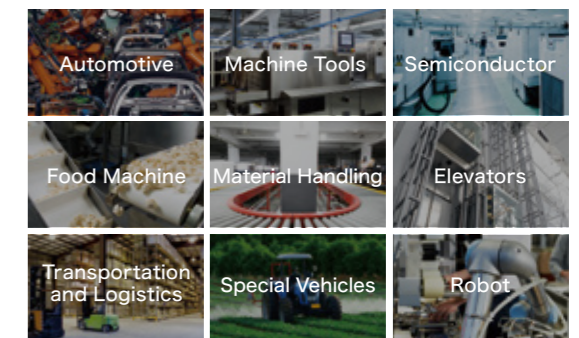
	Fiscal Year 2018	Fiscal Year 2019 (Plan)	Long-Term Objective
Net sales	562 <small>Millions of U.S. dollars</small>	595 <small>Millions of U.S. dollars</small>	1,000 <small>Millions of U.S. dollars</small>
EBITDA margin (Note)	15.8%	17.0%	20.0%
Operating income margin	10.2%	11.5%	15.0%
Overseas sales ratio	52.9%	52.8%	60.0%

(Note) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): Operating income + Depreciation + Goodwill amortization + interest expenses  
 \*Exchange rate (1 U.S. dollars): FY 2018 (¥106.27), FY 2019 (¥105.00), Long-term objective (¥100.00)

### 1. Boost core businesses

Focus on industries with high growth potential where IDEC excels

We have full-time teams assigned to different industries to offer flexible support to diverse social issues and customer needs. This is in response to factors such as growing IoT, advanced automation, stronger safety requirements. We provide value-added and competitive solutions worldwide by improving the efficiency of marketing resources and reinforcing our relationships with customers.



### 2. Expand new businesses

Take advantage of our core technology to create new values

IDEC, known for its technologies in manufacturing, is revolutionizing agriculture by using solar power in next-generation plants. Our renewable energy business and other new businesses, which utilize our collaborative safety robot systems and fine-bubble technologies, are creating new value and making social contributions.

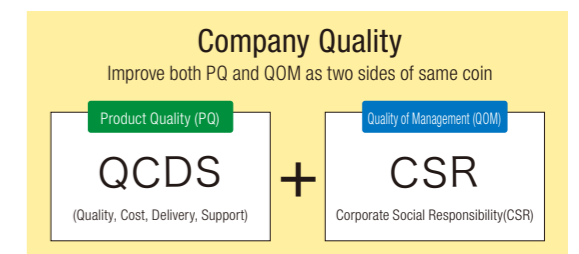


### 3. Reinforce our management base

Maximize corporate value

A corporation is evaluated not only by the quality of its products, but also by a wide spectrum of management attributes, including ecological and social contributions and corporate governance.

We are working tirelessly to maximize corporate value through Group-wide CSR activities, promotion of diversity, and global human resource development.



## Expand global business and accelerate growth

**Arnaud Mondy**

Senior Executive Officer  
Sales & Marketing



With the acquisition of APEM and its very complementary geographic coverage to IDEC's, we significantly increased our global presence. By leveraging the respective sales channels of each company and consolidating our sales, distribution and manufacturing locations, we will further increase efficiency and drive further growth.

We are building a system that enables us to provide products, solutions and services that are best suited to the various market needs in the key regions; each being managed by regional headquarters in Americas, Europe, Greater China and Singapore.

We will enhance digital marketing globally, and create an effective system to increase sales by providing timely information according to customer requirements, as well as enhancing marketing and sales activities based on data.

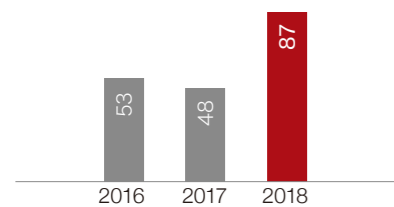


## Regional Strategies and Sales



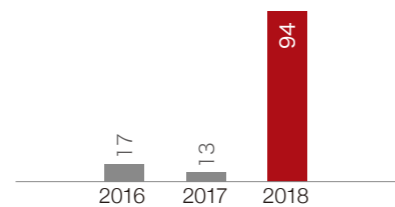
### Americas

- Expand automation and safety business through enhancement in technology and partnerships
- Leverage IDEC-APEM collaboration to expand HMI product solutions with a broadened customer base
- Maximize presence through focusing on selling solutions to key verticals
- Establish a foundation for environmental business



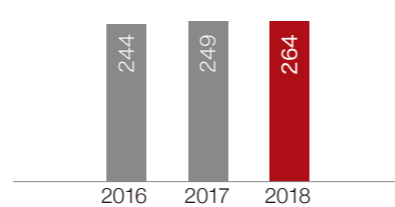
### EMEA

- Consolidate APEM and IDEC operations in Europe
- Leverage APEM extensive sales network to increase sales of IDEC products
- Increase IDEC brand awareness by launching new products and increased promotional activities
- Expand presence in EMEA region



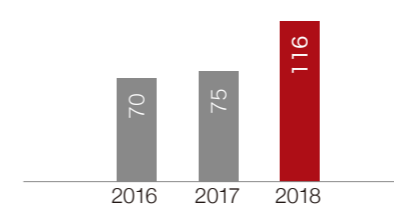
### Japan

- Leverage strong IDEC network to develop sales of APEM products and new offers
- Implement sales channel strategy focusing on HMI products
- Leverage IDEC Group strengths to further develop our Auto-ID business
- Focus our efforts on robust industries
- Drive international standards



### Asia Pacific

- Develop alliances with local partners in growing markets and industries
- Broaden our presence in India and other emerging countries
- Strengthen collaboration with channel partners to increase our coverage
- Focus on key industries segments



### Greater China

- Provide solutions to industries impacted by China Manufacturing 2025 initiative
- Introduce new products designed for the Chinese market
- Reorganize the sales network and enhance the collaboration with our sales partners
- Strengthen our organization to meet the growing demand for safety

Millions of U.S. dollars  
\* Exchange rate (1 U.S. dollar) : FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27)

# Promotion of Corporate Social Responsibility (CSR) activities integrated with management

We aim to maximize our corporate value through CSR activities integrated with human resources strategies

The IDEC Group is actively involved in CSR activities. This is due to the corporate mission established upon our founding, which requires: "for all employees to respect humanity as we contribute to society and economy through business growth." Most importantly, we keep "spreading safety" and "contributions to the global environment" through our business at the center of those activities. Based on the "IDEC Group Corporate Ethics and Code of Conduct" and the Ten Principles of the United Nations Global Compact, we aim for sustainable growth through our business activities.

In 2017, we established the "IDEC Group CSR Charter." Here, based on our corporate mission, "management with respect for humanity," we declare that we will maximize the happiness of all stakeholders surrounding the IDEC Group, including our customers, shareholders and investors, business associates, global and local communities.

What sets us apart is that, even among all our stakeholders, we hold our "employees" as our priority.

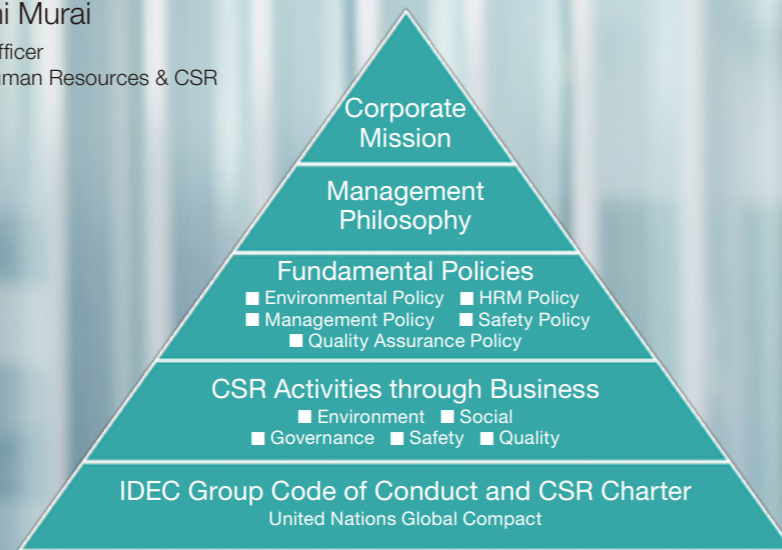
This is because we believe that for each and every employee, the agents of our business activities, being able to work vibrantly leads to the development of innovative products and services and high-quality manufacturing, which ultimately improves customer satisfaction and contributes to society.

To achieve this, we promote a corporate culture where it is "easy to work" and "rewarding to work," linking and integrating our CSR strategy with our human resources strategies.

In recent years, the quality of a company is no longer decided just on the "product quality" such as QCDS (Quality, Cost, Delivery, Support), but is evaluated comprehensively including the "quality of management," such as environmental factors, social factors, and corporate governance.

As a manufacturer, we aim to not only "improve our product quality," but also "improve our quality of management" through CSR activities based on our corporate mission, thereby maximizing our corporate value.

Toshifumi Murai  
Executive Officer  
Strategic Human Resources & CSR



Please refer to the following website for detailed information.  
<http://idec.com/csr/index.html>

## ■ IDEC Group CSR Charter

### To Employees

IDEC Group is committed to creating safe, friendly and motivating workplaces for employees while building Group companies where they feel proud to work.

### To Customers

IDEC Group assures that customers receive safe and reliable products of high quality and high performance backed by its development, production and sales capabilities. IDEC Group continues to increase public trust by providing excellent services and appropriate information disclosures.

### To Shareholders and Investors

IDEC Group fulfills its global obligations by enforcing corporate accountability and having its records available regularly to shareholders through extensive investor relations (IR) activities. The Group also strives to maintain profits that meet shareholder expectation and to increase the value of the Group.

### To Business Associates

IDEC Group is committed to building strong partnerships for mutual success, growth and trust with its business associates by establishing fair and rational trade standards.

### To Global and Local Communities

IDEC Group aims to contribute to global and local communities by forging partnerships with deep understanding and respect for the culture and history of each local communities. We also aim to develop a green society and a green economy through environmental activities.

## The Ten Principles of the United Nations Global Compact



### Human Rights

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

### Labour

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

### Environment

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

### Anti-Corruption

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

\* The United Nations Global Compact is an initiative for "enterprises voluntarily acting as good members of society by demonstrating responsible, creative leadership, and participating in a global framework to achieve sustainable growth."

## CSR Promotion System

### CSR Committee

Upholding "management with respect for humanity" as its corporate mission, the IDEC Group has promoted CSR activities focusing on "spreading safety" and "contributions to the global environment."

In April 2018, IDEC established the CSR Committee, which is chaired by the C.E.O. to fulfill its corporate social responsibility. Under the CSR Committee, five specialized committees were established, each in charge of a particular area of CSR, to discuss, develop and promote specific measures in their respective areas.



### IDEC's unique CSR activities focused on ESG, plus safety and quality

Recognizing the ever-increasing importance of social contribution, we vigorously pursue CSR activities in the five areas: Environment (E), Social (S) and Governance (G), plus Safety (Sa) and Quality (Q), which we are known for. By contributing to society through ESG+Sa+Q activities, we seek to enhance the quality of management, and thereby improve our corporate value and achieve sustainable growth. We regularly hold in-house CSR Innovation Seminars on the themes of ESG+Sa+Q, with executive officers serving as lecturers.

### Contribution to Sustainable Development Goals (SDGs)

In September 2015, the UN General Assembly adopted the new sustainable development agenda: "Transforming our world: the 2030 Agenda for Sustainable Development." The Agenda is a plan of action for people, the planet and prosperity. It consists of a declaration and the Sustainable Development Goals (SDGs), comprised of 17 goals and 169 targets.

As a corporate group operating globally, the IDEC Group aims to contribute to achieving the SDGs by promoting CSR activities from a long-term perspective.



# S Social

To remain a company that is needed by society

Main relevant SDGs



## HRM Policy

The IDEC Group is committed to respecting people and developing people. In line with the underlying spirit of respect for human rights, we implement a variety of personnel measures to create an environment where all employees can grow and thrive personally and professionally. We develop individuals who can fulfill their own missions and responsibilities by practicing and embodying the fundamental policies with full understanding of their aims and contents.



## Diversity

We promote diversity in the workplace by hiring employees, based on qualifications, regardless of nationality, sexual orientation or disability. One of the Group companies, IDEC LOGISTICS SERVICE CORPORATION actively hires and works to retain people with disabilities. As of March 2018, the company employed 17 employees with disabilities (employment rate of persons with disabilities: 10.6%). We also accept foreign technical interns on a continuous basis and provide support to help them learn technical skills, as well as the Japanese language and culture.



Foreign technical interns receiving training at the Fukusaki Plant

## Support for disaster relief

In order for us to provide support quickly to disaster-affected areas when a large-scale disaster occurs in Japan or abroad, we have established rules for disaster relief donations, in accordance with the way we donate relief funds. We have also adopted a matching-gift system under which the company calls on employees to donate funds and then donates an amount equal to the amount donated by the employees.

[Donations made in the fiscal year ended in March 2018]

- Northern Kyushu Heavy Rainfall Disaster (donated to the Japanese Red Cross)
- U.S. Hurricanes Harvey and Irma (donated to the American Red Cross)

## Social contribution activities

In 2017, IDEC was registered as a Blood Donation Supporter and has actively cooperated in blood donation activities of the Japanese Red Cross Society.

As part of our activities for contributing to the local community, the IDEC Group welcomes visits by students conducting integrated study activities. As part of the Month of Giving in December 2017, we conducted a book donation program called "Arigato-Bon" to collect disused books and CDs from employees and distribute them to non-profit organizations (NPOs). A total of 107 books and CDs were collected.



A Red Cross blood donation car visits the Head Office twice a year



Donated books collected by employees under the "Arigato-Bon" program

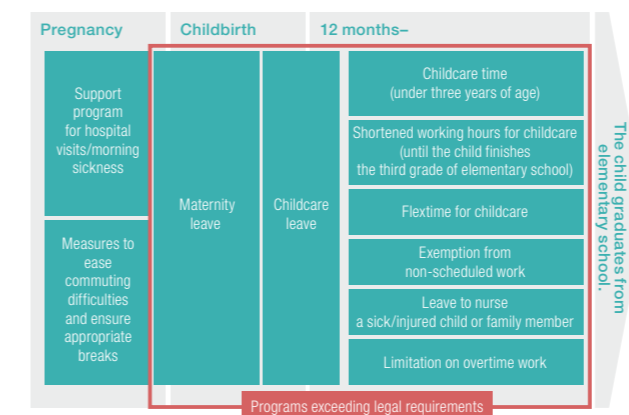
## Commitment to Employees

### Life-work balance

The IDEC Group places the highest priority on employee wellbeing. Reflecting this attitude, we use the term "life-work balance," instead of "work-life balance," and have actively worked to create an employee-friendly work environment to help employees fulfill their potential at work and in their personal lives.

As part of such efforts, we offer a wide range of support programs (beyond legal requirements) for employees undertaking childcare or nursing care. In the fiscal year ended in March 2018, both the childcare leave-taking rate and the return-to-work rate among female employees were 100%.

### Childbirth/Childcare-related Programs



### Highly ranked in human resource utilization

IDEC ranked 71st in the HR Utilization category in the 12th (2018) Toyo Keizai CSR Ranking, in recognition of its efforts to improve life-work balance and human resource development.

Toyo Keizai CSR Ranking (HR Utilization)

71st / 1,165 companies

### Acquisition of Kurumin Mark

In accordance with the Act on the Advancement of Measures to Support the Raising of Next-Generation Children, IDEC has developed and implemented a voluntary action plan for childcare support. In recognition of our childcare support efforts, in July 2017 we received the Kurumin Mark certification from the Minister of Health, Labour and Welfare of Japan.

Our childcare support programs include providing partial pay during childcare leave, and reducing non-scheduled working hours. We also plan and implement awareness-raising activities to promote the taking of paid annual leave.



### Toward using English as an official corporate language

Aiming to become a truly global company, we plan to use English as an official corporate language from 2020. In line with this plan, we provide various English education programs, including an overseas trainee program for mid-career and young employees, and make the TOEIC® test mandatory for all group company employees in Japan. In addition, the English Café Club is held, where interested employees gather to learn English through free conversation, watching films and other fun activities.

### Human resources development

The IDEC Group values "take on challenges," "team player," and "engage in self-improvement activities," and strives to develop globally competent individuals who demonstrate these traits.

In fiscal year 2016, we implemented a drastic reform of our employee training system and introduced new in-house training programs, including a program for fostering next-generation executive candidates, in which outside directors with rich management experience serve as lecturers. In this way, we actively promote human resource development activities.

### IDEC's human resource development programs

	Hierarchical training	Global training			
Managers	<ul style="list-style-type: none"> <li>[For selected employees] Executive Candidate Development Program</li> <li>[For selected employees] Next-Generation Executive Candidate Development Program</li> </ul>	Training prior to overseas assignment	In-house English conversation classes	Online language study courses	Correspondence education
	External Assessment Training				
Mid-career employees	<ul style="list-style-type: none"> <li>[For selected employees] Pre-Program for Next-Generation Executive Candidates</li> </ul>	Overseas trainee program			
	Fifth year training				
Young employees	<ul style="list-style-type: none"> <li>Third year training</li> <li>New employee training</li> </ul>				



# Sa Safety

To “create safety” in the new era

Main relevant SDGs



# Q Quality

To provide “IDEC quality”

Main relevant SDGs



## Safety Policy

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



## Quality Assurance Policy

Ease of use is the IDEC Group's top priority in terms of quality. To deliver high-quality products that customers can purchase and use with peace of mind and satisfaction, and to secure technologies that allow such products to be produced at the lowest cost possible, we have established a quality assurance system in which all employees play a part in ensuring the quality of IDEC products.



## Safety concept

The IDEC Group believes that contributing to eliminating industrial accidents is its major social responsibility. Under this belief, the Group provides a variety of safety and explosion protection products and services.

IDEC has long been known for its superior safety technologies. The SB metallic switch box, developed in 1950, shortly after it was founded, incorporated an interlocking mechanism to ensure worker safety. Since then, safety has been part of the IDEC Group's DNA.

We will continue striving to improve safety at manufacturing sites and in daily-life scenes, through the implementation of the Vision Zero initiative, which advocates zero accidents.



SB metallic switch box—pioneering safety equipment developed in 1950



Collaborative robot systems that achieve both safety and productivity, incorporating IDEC Group's proprietary safety technologies, safety components and control equipment

## Promotion of Safety2.0 (collaborative safety) and safety awareness activities

The IDEC Group aims to further promote Robot Innovation and Connected Industries through the pursuit of the next-generation safety concept “Safety2.0” (collaborative safety), which seeks to achieve safety and productivity through the collaboration of humans and machines.

As part of efforts to eliminate industrial accidents, we hold manufacturing safety seminars and explosion protection safety seminars throughout Japan. As of March 31, 2018, we have held a total of 1,570 sessions, with a total of 37,115 attendees.

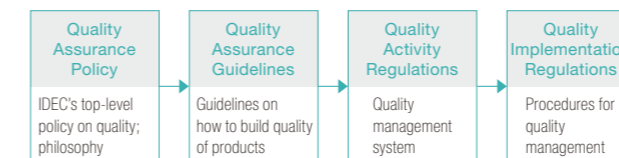


\*The Safety Assessor Certification System was developed by the Nippon Electric Control Equipment Industries Association (NECA) and implemented by the Japan Certification Corporation, under the standards and accreditation program of the Ministry of Economy, Trade and Industry (METI). The certification aims to develop globally-competent safety engineers and managers for machinery, and control and explosion protection equipment. This certification is widely accepted in many countries around the world. More than 13,000 people have been certified all over the world.

## Quality assurance policy and quality assurance guidelines

Excellence in quality is the core value of our product—we have steadfastly adhered to this policy since our founding. Based on this quality assurance policy, we have established the Quality Assurance Guidelines, which articulate the actions to be executed systematically at each stage to provide reliable products that can be used with satisfaction by users over the required period of time.

### Quality assurance policy system



## ISO 9001 certificate

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. We have already obtained third-party certificates in accordance with ISO 9001, the International Standard for Quality Management System.

**IDEC Group companies with ISO 9001 certificate**

- IDEC CORPORATION
- IDEC IZUMI TAIWAN CORPORATION
- IDEC IZUMI SUZHOU CO., LTD.
- IDEC ASIA (THAILAND) CO., LTD.
- IDEC FACTORY SOLUTIONS CORPORATION
- Welcat Inc.

## Quality education

Quality management training is provided continuously and systematically in accordance with the hierarchical training curriculum in order to raise the level of quality throughout the company, including in manufacturing and development. We encourage our employees to take quality control certification examinations (QC certification) recognized by the Japanese Society for Quality Control, to assess and improve their competency in quality improvement. We also encourage them to apply the quality management concepts and statistical methods learned through various quality education programs in their daily work and QC circle activities. This ensures the continuous improvement of product quality and processes.

No. of employees  
**555**

\* Number of employees holding QC/QM Exam Certificate at the IDEC Head Office and affiliates in Japan and abroad (As of October 2017)



Presentation by the winners of the IDEC QC Circle Conference

# E Environment

To contribute to the protection of the global environment through business activities

Main relevant SDGs



## Environmental Policy

Recognizing harmonious coexistence with the earth as a desire shared by all humankind, the IDEC Group makes environmental protection a top priority in all aspects of its business activities, thereby aiming to achieve sustainable growth.



# G Governance

To remain a trusted company

Main relevant SDGs



## Corporate Governance Policy

Under the belief that ensuring the transparency and efficiency of management for stakeholders is a fundamental element of corporate governance, the IDEC Group strives to continuously strengthen its corporate governance to enhance its corporate value.



## Businesses contributing to protecting the global environment

Taking advantage of its control and environmental technologies cultivated over many years, the IDEC Group is undertaking various environment-related businesses, including the mega solar business, the development of agricultural plants that incorporate fine bubble technology, and cleaning solutions that do not use surfactants.



Mega solar business that provides one stop services ranging from system design to construction and maintenance



GaLF, a fine bubble generator various applications such as industrial cleaning and plant growth

## Environmentally-friendly products

The IDEC Group established its basic policy for product development in 1978. Since then, we have striven to achieve optimal control of the product development process based on the principle of "saving." Energy saving, space saving, maintenance saving and resource saving—the principle of "saving" remains the same to this day. We continue to develop environmentally friendly products that meet our own set of strict design criteria.

### Design review standards for environmentally-friendly products

Factors to be considered	Product design outcome
Reusability Recyclability	Ease of recycling
	Ease of disassembly
	Ease of disposal
Resource saving Energy saving	Reduction in volume and weight
	Reduction in electricity consumption
	Prolonged product life
Environmental safety	Zero use of regulated chemicals



The RV8H ultra-slim interface relays featuring space-saving design, suitable for high density mounting



PS5R-V Series switching power supplies, which save not only space and man-hours, but also energy through high-efficiency

## Audit & Supervisory Committee

With the resolution adopted at the General Meeting of Shareholders held in June 2018, the IDEC Group will shift to a Company with an Audit and Supervisory Committee. Through this transition, we, as a global company, have established a system that enables speedy decision-making, by delegating the whole or part of important business execution decisions to the executive directors.

Under the current system, all directors, including Audit and Supervisory Committee members, have voting rights, facilitating more active discussions among the directors from their respective roles—business execution, audit and supervision—thereby strengthening the auditing and supervisory functions of management.

The Board of Directors is comprised of ten(10) members. Five(5) are not Audit and Supervisory Committee members (including three(3) outside

directors) and five(5) are Audit and Supervisory Committee members (including four(4) outside directors). By appointing many outside directors, we ensure transparency of management.

The CSR Committee, established in April 2018, reports to the Board of Directors regarding not only risk management, but also CSR activities including environment, social, safety and quality efforts.

## Compliance / Risk management

We have created a booklet titled "IDEC Group Corporate Ethics and Code of Conduct," which sets forth the fundamental principles and action guidelines to be observed by all employees of the IDEC Group in carrying out their duties. The booklet is distributed to all IDEC Group employees in Japan and overseas, and training programs are offered on a regular basis to management and employees in accordance with their length of service and job responsibility/position. Furthermore, with the aim of avoiding risks and minimizing damage in the event of a crisis, we have established the Risk Management Rules. The Risk Management Committee has been set up under the CSR Committee to conduct risk assessments for the entire IDEC Group and respond effectively to a crisis should one occur.

We have also established the IDEC Hotline to respond to consultations and whistle-blowing reports regarding corporate ethics violations. In addition to the internal reporting hotline, an external hotline has been set up for Group employees around the world who are hesitant to bring their concerns to an internal organization. We are making group-wide efforts to prevent and detect risks early.

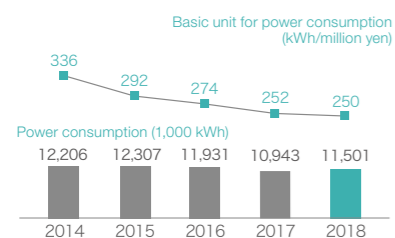


IDEC Group Corporate Ethics and Code of Conduct

## Environmental impact reduction based on ISO 14001

Based on the ISO 14001 Environmental Management System, we set annual targets and make company-wide efforts to reduce electricity, water and paper consumption, the amount of general waste, and CO<sub>2</sub> emissions to meet the set targets.

### Changes in electricity consumption



\* Basic unit for power consumption represents the power consumption per sales for each fiscal year  
\* Data collected from the Headquarters, Tsukuba, Amagasaki, Fukusaki and Takino Plants, and Tatsuno Distribution Center

We pursue sound, transparent and efficient management

\*With the resolution adopted at the General Meeting of Shareholders held in June 2018, the IDEC Group will shift to a Company with an Audit and Supervisory Committee.

Directors



Toshi K. Funaki  
Chairman and C.E.O.



Mikio Funaki  
Senior Executive  
Vice President

Director (Audit and Supervisory Committee Member)

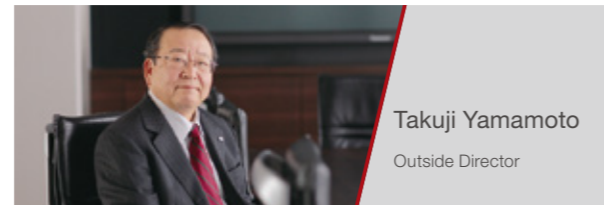


Keijiro Fujita  
Director  
(Audit and Supervisory  
Committee Member)

Outside Directors



Takeshi Nakagawa  
Outside Director

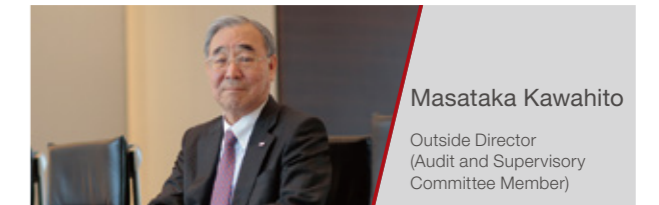


Takuji Yamamoto  
Outside Director

Outside Directors (Audit and Supervisory Committee Members)



Hirokazu Taniguchi  
Outside Director  
(Audit and Supervisory  
Committee Member)



Masataka Kawahito  
Outside Director  
(Audit and Supervisory  
Committee Member)



Nobuo Hatta  
Outside Director



Masanori Sakamoto  
Outside Director  
(Audit and Supervisory  
Committee Member)

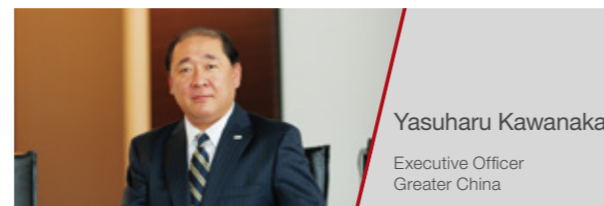


Michiko Kanai  
Outside Director  
(Audit and Supervisory  
Committee Member)

Executive Officers



Arnaud Mondy  
Senior Executive Officer  
Sales & Marketing



Yasuharu Kawanaka  
Executive Officer  
Greater China



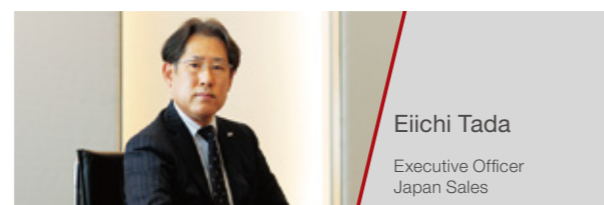
Toshifumi Murai  
Executive Officer  
Strategic Human Resources  
& CSR



Hirotsugu Harada  
Executive Officer  
New Business Development



Toshihiro Fujita  
Senior Executive Officer  
Chief Technology Officer



Eiichi Tada  
Executive Officer  
Japan Sales



Grégory Sachnne  
Executive Officer  
APEM



Tomonori Nishiki  
Executive Officer  
Research & Development



Yoshihiko Nishiyama  
Executive Officer  
Corporate Business Planning  
& Administration



Atsushi Matsumoto  
Executive Officer  
Quality Assurance

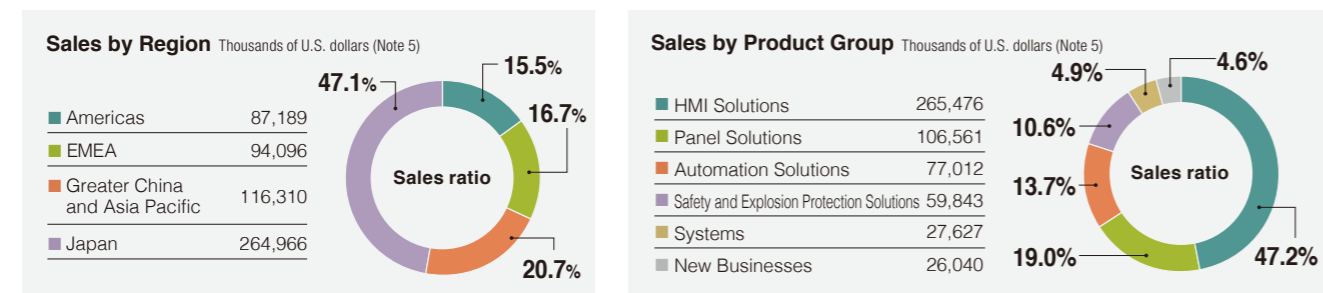


Koji Akamatsu  
Executive Officer  
Manufacturing & SCM

## Financial Highlights

	Thousands of U.S. dollars <sup>(Note 5)</sup>				
	2014	2015	2016	2017	2018
<b>Profit and Loss Status (Years ended March 31)</b>					
Net sales	352,894	350,660	385,731	387,042	<b>562,562</b>
Gross profit	149,690	142,327	159,888	160,669	<b>244,874</b>
Selling, general and administrative expenses	126,929	118,127	131,700	129,050	<b>187,351</b>
Operating income	22,761	24,200	28,187	31,618	<b>57,522</b>
Ordinary income	24,122	26,277	28,238	29,928	<b>61,023</b>
Net income attributable to owners of parent	14,154	17,429	15,158	21,754	<b>49,837</b>
<b>Cash Flow Status (Years ended March 31)</b>					
Net cash provided by(used in)operating activities	45,019	16,009	50,500	23,572	<b>46,354</b>
Net cash provided by(used in)investing activities	(24,228)	(9,722)	(168)	(188,864)	<b>(8,082)</b>
Free cash flow <sup>(Note 2)</sup>	20,790	6,286	50,331	(165,292)	<b>38,271</b>
Net cash provided by(used in)financing activities	(18,752)	(7,414)	(23,173)	177,626	<b>(36,948)</b>
Depreciation and amortization	16,514	13,945	13,316	10,175	<b>22,571</b>
Capital expenditures	22,126	14,642	13,486	18,751	<b>18,744</b>
<b>Financial Status (As of March 31)</b>					
Total assets	444,801	410,562	437,733	761,508	<b>861,523</b>
Total interest-bearing liabilities <sup>(Note 3)</sup>	58,359	55,793	47,459	311,471	<b>256,746</b>
Equity attributable to owners of the parent company	279,839	267,081	283,753	297,289	<b>423,504</b>
<b>Per Share Information(U.S. Dollars)</b>					
Earnings per share(EPS)on a diluted basis	0.47	0.57	0.50	0.71	<b>1.60</b>
Book value per share(BPS)	9.32	8.83	9.38	9.82	<b>12.89</b>
Cash dividends per share(annual)	0.29	0.29	0.31	0.35	<b>0.47</b>
<b>Financial Indicators</b>					
Return on equity(ROE)	5.2%	6.9%	5.3%	7.5%	<b>13.5%</b>
Shareholders' equity ratio	62.9%	65.1%	64.8%	39.0%	<b>49.2%</b>
Current ratio	159.0%	170.8%	176.9%	80.5%	<b>150.7%</b>
Dividends on equity(DOE) <sup>(Note 4)</sup>	3.1%	3.5%	3.5%	3.7%	<b>4.0%</b>

Notes :  
1. In this Annual Report, amounts are given by dropping the decimal portion of the number whereas ratios are rounded to the nearest whole number.  
2. Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities  
3. Interest-bearing liabilities = Short-term loans payable + Long-term loans payable  
4. Dividends on equity (DOE) = Annual dividends ÷ Shareholders' equity × 100  
5. Exchange rate (1 U.S. dollar) : FY2014 (¥102.92), FY2015 (¥120.27), FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27)



## Consolidated Balance Sheets

		Thousands of U.S. dollars <sup>(Note 2)</sup>	
		2017	2018
<b>As of March 31, 2018 and 2017</b>			
<b>Assets</b>	<b>Current assets</b>		
	Cash and deposits	105,860	<b>116,129</b>
	Notes and accounts receivable-trade	86,691	<b>114,200</b>
	Securities	8,000	<b>10,000</b>
	Merchandise and finished goods	52,321	<b>65,499</b>
	Work in process	13,521	<b>14,886</b>
	Raw materials and supplies	33,472	<b>41,050</b>
	Deferred tax assets	6,670	<b>6,970</b>
	Others	14,187	<b>13,920</b>
	Allowance for doubtful accounts	(439)	<b>(480)</b>
	Total current assets	320,285	<b>382,178</b>
	<b>Non-current assets</b>		
	<b>Property, plant and equipment</b>		
	Buildings and structures, net	68,096	<b>73,718</b>
	Machinery, equipment and vehicles, net	24,505	<b>29,173</b>
	Tools, furniture and fixtures, net	10,040	<b>10,496</b>
	Land	61,476	<b>66,063</b>
	Lease assets, net	1,644	<b>1,915</b>
	Construction in progress	7,574	<b>3,923</b>
	Total property, plant and equipment	173,338	<b>185,290</b>
	<b>Intangible assets</b>		
	Trademark right	26,696	<b>29,378</b>
	Customer related intangible assets	86,499	<b>94,922</b>
	Software	4,159	<b>4,650</b>
	Lease assets	326	<b>258</b>
	Goodwill	125,280	<b>139,423</b>
	Others	917	<b>789</b>
	Total intangible assets	243,879	<b>269,423</b>
	<b>Investments and other assets</b>		
	Investment securities	13,730	<b>10,545</b>
	Long-term loans receivable	3,808	<b>3,439</b>
	Net defined benefit assets	-	<b>2,751</b>
	Deferred tax assets	1,152	<b>1,567</b>
	Others	5,647	<b>6,677</b>
	Allowance for doubtful accounts	(334)	<b>(349)</b>
	Total investments and other assets	24,005	<b>24,631</b>
	<b>Total non-current assets</b>	441,223	<b>479,344</b>
	<b>Total assets</b>	761,508	<b>861,523</b>
<b>Liabilities</b>	<b>Current liabilities</b>		
	Notes and accounts payable-trade	47,629	<b>51,199</b>
	Electronically recorded obligations-operating	15,639	<b>17,189</b>
	Short-term loans payable	284,363	<b>114,802</b>
	Current portion of bonds	445	<b>94</b>
	Current portion of long-term loans payable	370	<b>6,174</b>
	Lease obligations	759	<b>990</b>
	Accounts payable-other	7,954	<b>8,412</b>
	Accrued expenses	21,716	<b>27,100</b>
	Income taxes payable	7,427	<b>13,347</b>
	Advances received	1,007	<b>1,996</b>
	Deposits received	5,917	<b>6,358</b>
	Provision for product warranties	661	<b>543</b>
	Others	4,172	<b>5,421</b>
	Total current liabilities	398,065	<b>253,630</b>
	<b>Non-current liabilities</b>		
	Bonds payable	-	<b>329</b>
	Long-term loans payable	26,737	<b>135,770</b>
	Lease obligations	1,368	<b>1,373</b>
	Long-term accounts payable-other	101	<b>39</b>
	Deferred tax liabilities	21,908	<b>23,920</b>
	Provision for directors' retirement benefits	667	<b>754</b>
	Net defined benefit liability	11,808	<b>16,373</b>
	Asset retirement obligations	900	<b>579</b>
	Others	278	<b>2,551</b>
	Total non-current liabilities	63,772	<b>181,691</b>
	<b>Total liabilities</b>	461,837	<b>435,321</b>
<b>Net assets</b>	<b>Shareholders' equity</b>		
	Capital stock	89,631	<b>94,632</b>
	Capital surplus	86,685	<b>85,692</b>
	Retained earnings	173,782	<b>219,916</b>
	Treasury stock	(60,895)	<b>(3,018)</b>
	Total shareholders' equity	289,203	<b>397,222</b>
	<b>Accumulated other comprehensive income</b>		
	Valuation difference on available-for-sale securities	4,588	<b>4,571</b>
	Foreign currency translation adjustment	4,013	<b>22,356</b>
	Remeasurements of defined benefit plans	(516)	<b>(645)</b>
	Total accumulated other comprehensive income	8,085	<b>26,282</b>
	<b>Subscription rights to shares</b>	241	<b>181</b>
	<b>Non-controlling interests</b>	2,140	<b>2,515</b>
	<b>Total net assets</b>	299,671	<b>426,201</b>
	<b>Total liabilities and net assets</b>	761,508	<b>861,523</b>

Notes : 1. This Annual Report omits the consolidated statement of changes in net assets and all notes on financial statements. For a detailed explanation of financial statements, please refer to the company's Financial Report that was submitted to the Financial Services Agency's EDINET (Electronic Disclosure for Investors' NETwork) system.  
2. Exchange rate (1 U.S. dollar) : FY2017 (¥112.20), FY2018 (¥106.27)

## Consolidated Statements of Income

Years ended March 31	Thousands of U.S. dollars <sup>(Note)</sup>	
	2017	2018
<b>Net sales</b>	387,042	562,562
<b>Cost of sales</b>	226,373	317,688
<b>Gross profit</b>	160,669	244,874
<b>Selling, general and administrative expenses</b>	129,050	187,351
<b>Operating income</b>	31,618	57,522
<b>Non-operating income</b>		
Interest income	463	465
Dividends income	198	163
Equity in earnings of affiliates	395	368
Foreign exchange gains	-	7,772
Others	1,595	1,719
<b>Total non-operating income</b>	2,652	10,489
<b>Non-operating expenses</b>		
Interest expenses	311	1,535
Foreign exchange losses	2,118	-
Depreciation and amortization	638	292
Derivative losses	-	2,908
Others	1,275	2,252
<b>Total non-operating expenses</b>	4,343	6,989
<b>Ordinary income</b>	29,928	61,023
<b>Extraordinary income</b>		
Gain on sales of non-current assets	4,234	211
Gain on sales of investment securities	-	7,316
Gain on reversal of subscription rights to shares	16	14
<b>Total extraordinary income</b>	4,251	7,542
<b>Extraordinary loss</b>		
Loss on sales of non-current assets	721	113
Loss on abandonment of non-current assets	71	292
Loss on sales of investment securities	-	22
Loss on sales of stocks of subsidiaries and affiliates	67	-
Loss on liquidation of subsidiaries and affiliates	74	-
Restructuring loss	1,069	-
<b>Total extraordinary loss</b>	2,003	428
<b>Income before income taxes and other adjustments</b>	32,175	68,137
<b>Income taxes-current</b>	9,249	19,833
<b>Income taxes-deferred</b>	916	(1,842)
<b>Total income taxes</b>	10,166	17,990
<b>Net income</b>	22,009	50,146
<b>Net income attributable to non-controlling interests</b>	254	309
<b>Net income attributable to owners of parent</b>	21,754	49,837

Note : Exchange rate (1 U.S. dollar) : FY2017 (¥112.20), FY2018 (¥106.27)

## Consolidated Statements of Cash Flow

Years ended March 31	Thousands of U.S. dollars <sup>(Note)</sup>	
	2017	2018
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and other adjustments	32,175	68,137
Depreciation and amortization	10,175	22,571
Amortization of goodwill	593	7,421
Increase (decrease) in allowance for doubtful accounts	38	13
Decrease (increase) in net defined benefit asset and increase (decrease) in net defined benefit liability	266	79
Interest and dividends income	(661)	(629)
Interest expenses	311	1,535
Foreign exchange losses (gains)	1,166	(9,360)
Share of (profit) loss of entities accounted for using equity method	(395)	(368)
Loss (gain) on sales of stocks of subsidiaries and affiliates	67	-
Increase (decrease) in provision for product warranties	(1,299)	(154)
Loss (gain) of derivatives	-	2,908
Loss (gain) on sales of non-current assets	(3,513)	(98)
Loss on abandonment of non-current assets	71	292
Decrease (increase) in notes and accounts receivable-trade	(10,340)	(17,002)
Decrease (increase) in inventories	(4,433)	(11,230)
Increase (decrease) in advances received	(7,737)	932
Decrease (increase) in accounts receivable-other	67	(777)
Increase (decrease) in notes and accounts payable-trade	12,822	(714)
Loss (gain) on sales of investment securities	-	(7,293)
Loss (gain) on liquidation of subsidiaries	74	-
Loss on business restructuring	1,069	-
Increase (decrease) in accounts payable-other	1,427	(567)
Increase (decrease) in accrued expenses	(539)	1,369
Increase (decrease) in accrued consumption taxes	(1,047)	3,630
Increase (decrease) in deposits received	(80)	(426)
Increase (decrease) in long-term accounts payable-other	42	(67)
Others	2,099	2,766
<b>Subtotal</b>	32,420	62,966
Interest and dividends income received	663	630
Interest expenses paid	(317)	(1,432)
Income taxes paid	(9,194)	(15,809)
<b>Net cash provided by (used in) operating activities</b>	23,572	46,354
<b>Net cash provided by (used in) investing activities</b>		
Purchase of securities	(1,931)	(2,086)
Proceeds from sales of securities	1,966	-
Purchase of property, plant and equipment	(21,153)	(17,428)
Proceeds from sales of property, plant and equipment	19,389	2,263
Purchase of intangible assets	(705)	(1,684)
Purchase of investment securities	(54)	(66)
Proceeds from sales of investment securities	-	11,431
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(187,865)	(716)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	355	-
Collection of long-term loans receivable	549	926
Others	584	(721)
<b>Net cash provided by (used in) investing activities</b>	(188,864)	(8,082)
<b>Net cash provided by (used in) financing activities</b>		
Increase in short-term loans payable	280,445	107,179
Decrease in short-term loans payable	(118,655)	(296,091)
Proceeds from long-term loans payable	26,737	112,919
Repayment of long-term loans payable	(365)	(1,382)
Redemption of bonds	-	(517)
Purchase of treasury stock	(4)	(11)
Proceeds from exercise of share options	150	867
Proceeds from disposal of treasury shares	-	54,424
Cash dividends paid	(9,678)	(13,328)
Dividends paid to non-controlling interests	(12)	(15)
Repayments of lease obligations	(991)	(993)
<b>Net cash provided by (used in) financing activities</b>	177,626	(36,948)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(2,219)	3,039
<b>Net increase (decrease) in cash and cash equivalents</b>	10,114	4,362
<b>Cash and cash equivalents at beginning of year</b>	95,745	111,767
<b>Cash and cash equivalents at end of year</b>	105,860	116,129

Note : Exchange rate (1 U.S. dollar) : FY2017 (¥112.20), FY2018 (¥106.27)

# Over 70 years of Innovation

The manufacture and sale of high-quality control devices commenced in the era of postwar reconstruction

Growing into a comprehensive control device manufacturer, by riding a wave of rapid economic growth

Developing a variety of products that create an optimal environment for people and machines

Leaping forward as a global company, under the new company name IDEC

IDEC was founded under its original name of IZUMI Shokai Co., Ltd. in 1945. Recognizing the shortage of switch boxes that were essential for machines, IDEC began developing high-quality switch boxes, which were highly praised by the industry. The switch boxes have remained IDEC's long-selling product line. Along with our explosion protection products that were widely used in petrochemical complexes and other industrial facilities, these switch boxes supported Japanese manufacturing in the postwar reconstruction period.



Shop at the time of the company's founding



The plant in those days



Tsuneo Funaki, (Company Founder)

In response to the increasing demand for measurement/control technologies resulting from rapid economic growth, IDEC converted into a comprehensive control device manufacturer. With the progress of automation and mechanization of plant equipment, IDEC expanded into the field of electronics and system products. Also, in response to the increased scale of operations and mass production, IDEC established production and sales bases overseas.



IDEC CORPORATION (USA) established



Exhibited at Hannover Messe in Germany



The Medium-term Management Plan announced by the new president in the policy presentation session

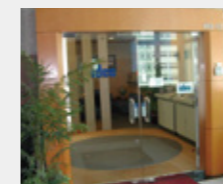
A manufacturing environment in which people and machines cooperate became mainstream. To respond to the increasing need for products to ensure safety when operating machines, IDEC launched the development of various safety-related devices, including Japan's first enabling switches. While expanding its operation bases in Japan and overseas, IDEC installed automated and labor saving equipment that realized multi-variety variable production at our main manufacturing site, the Takino Plant.



Robot control cellular production system at the Takino Plant



Listed on the first section of the Osaka and Tokyo Stock Exchanges



IDEC IZUMI ASIA PTE LTD. (Singapore) established



A wide range of control products displayed at the exhibit held in commemoration of the 40th anniversary of the company's founding

In commemorating its 60th anniversary in 2005, the company name was changed to IDEC. As part of its strategy to expand its global business, IDEC acquired the French manufacturer of industrial switches APEM Group in 2017. We are also working to expand new businesses that contribute to the resolution of social issues.

Aiming to achieve sustainable growth toward our centennial anniversary and beyond, we will strive to meet diversifying social needs by developing innovative solutions that leverage IDEC's proprietary technologies.



IDEC Head Office / Technology Research Center

1945

1960

1980

2000

2010



SB metallic switch box

A revolutionary product equipped with a quick-make quick-break mechanism, building the foundation of IDEC.



Miniature switches and pilot lights

Drastically miniaturized control units with superior operability, design and safety released, becoming long-selling products.



Flame protection control box

Sold to industries requiring explosion protection devices, such as industrial sites with explosion risks.



Switches and pilot lights TW series

IEC standards-compliant TW series released, becoming a long hit product that continues to sell today.



Operator interfaces HD series

The HD series featuring liquid crystal display devices released.



Programmable logic controllers Micro-1

Ultra-miniature controller developed, dedicated to the control of small-sized machines.



Safety-related devices

Lineup of safety related equipment expanded with the addition of safety switches and enabling devices.



Miniature switches and pilot lights LB Series

The LB series are slim control units featuring stylish design and the industry's shortest panel depth.



APEM products

APEM boasts a wide-ranging lineup, including switches, pilot lights and joysticks.



Programmable logic controllers FC6A

The FC6A programmable logic controllers are compatible with various IoT applications, including remote monitoring and operation.

# Company Information

## Corporate Data

<b>Corporate Name</b>	IDECC CORPORATION
<b>Established</b>	March 26, 1947
<b>Capital Stock</b>	¥10,056,605,173
<b>No. of Employees</b>	3,873 (On a consolidated basis as of March 31, 2018) Excluding contract and temporary employees
<b>Stock Listing</b>	First Section, Tokyo Stock Exchange
<b>Head Office</b>	2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan Phone: +81-6-6398-2500 (Main number)
<b>Tokyo Head Office</b>	2-15-1 Konan, Minato-ku, Tokyo 108-6014 Japan Phone: +81-3-5782-7690 (Main number)
<b>Plants</b>	Tsukuba, Amagasaki, Fukusaki, Takino
<b>Sales Branches</b>	Sendai, Takasaki, Omiya, Mito, Tokyo, Tama, Yokohama, Nagano, Niigata, Toyama, Kanazawa, Hamamatsu, Nagoya, Kyoto, Osaka, Okayama, Fukuyama, Hiroshima, Shikoku, Fukuoka
<b>Distribution Center</b>	Tatsuno



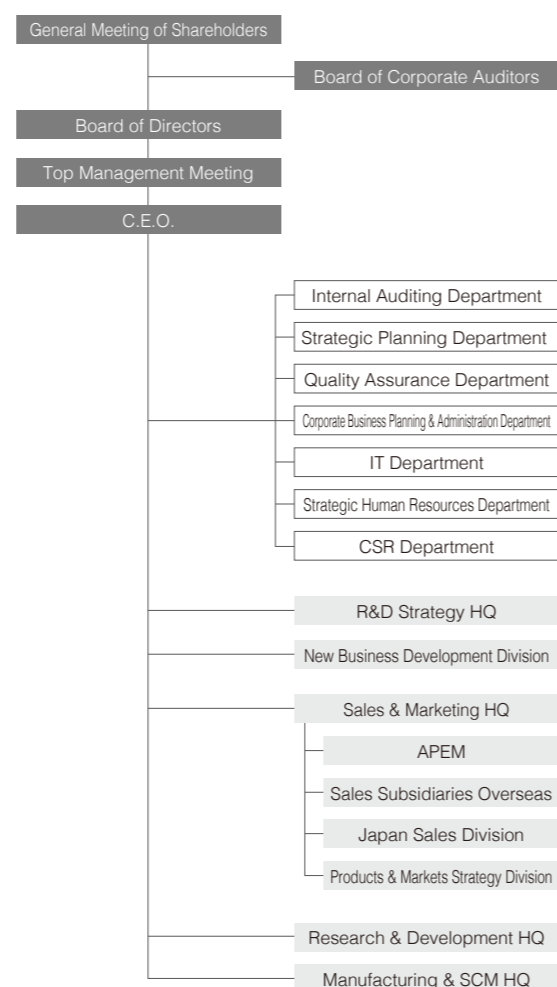
Head Office Tokyo Head Office



Amagasaki Plant Takino Plant

## Organization Chart

As of April 1, 2018



## IDECC logo and corporate tagline



### Message embedded in the IDECC logo

The IDECC logo symbolizes: 1) Connection among people in various settings, support, and innovation. 2) Business expansion, future growth and being a leader in all things.

The blank white letter "I" adjacent to the special IDECC 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 IDECC always going one step ahead of the competition through collaborations and partnerships.

### Corporate color

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

### Corporate tagline

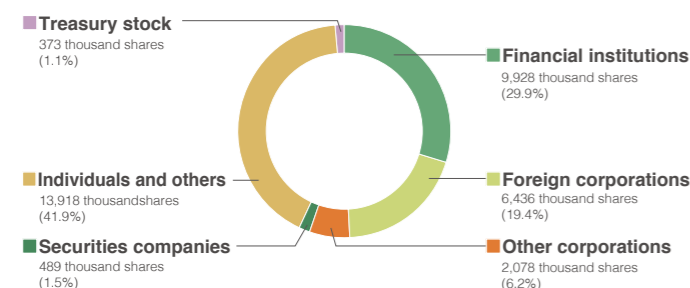
"Think Automation and beyond..." We are creating the future of manufacturing.

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.

## Shares of the Company

Number of shares authorized	<b>150,000,000</b>
Number of shares issued	<b>33,224,485</b>
Number of shareholders	<b>11,575</b>

## Distribution of Shareholders



## Major Shareholders (Top 10)

As of March 31, 2018

Shareholders	Number of shares (Thousands of shares)	Holdings (%)
Japan Trustee Services Bank, Ltd.	3,848	11.72
The Master Trust Bank of Japan, Ltd.	2,341	7.13
JP MORGAN CHASE BANK	1,722	5.25
Funaki Kosan Ltd.	1,041	3.17
Trust & Custody Services Bank, Ltd.	992	3.02
Mizuho Bank, Ltd.	812	2.47
Keijiro Fujita	730	2.22
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	624	1.90
Tsuneo Funaki	575	1.75
Nippon Life Insurance Company	565	1.72

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