

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

The 78th Annual General Meeting of Shareholders Other Matters Concerning Measures for Provision by Electronic Means (Items omitted from delivered documents)

■ Matters Concerning Stock Acquisition Rights of the Company	...	1
■ Matters Concerning Accounting Auditors	...	2
■ Matters Concerning Establishment of Systems to Ensure the Appropriateness of Business Operations and the Operational Status of Such Systems	...	3
■ Basic Policies on Company Control	...	9
■ Policy for Determining the Dividends of Surplus, etc.	...	9
■ Consolidated Statements of Changes in Shareholders' Equity	...	10
■ Consolidated Notes	...	11
■ Non-consolidated Statements of Changes in Shareholders' Equity	...	21
■ Non-consolidated Notes	...	22
■ Audit Report by the Audit and Supervisory Committee	...	28

IDEC CORPORATION

In accordance with laws and regulations and the provisions of the Articles of Incorporation of the Company, the matters mentioned above are omitted from the documents delivered to shareholders who have requested for the delivery of the documents (documents containing the matters concerning measures for provision by electronic means).

Matters Concerning Stock Acquisition Rights of the Company

Stock acquisition rights granted during the fiscal year under review

Date of resolution for issuance	June 14, 2024
Number of the stock acquisition rights	2,885 (Note 3)
Type of shares subject to the stock acquisition rights	Common shares
Number of shares subject to the stock acquisition rights	288,500 (Note 3)
Amount of cash to be paid when exercising the stock acquisition rights	3,061 yen
Issue price of the stock acquisition rights	Free
Exercise period of the stock acquisition rights	From July 1, 2026 to June 30, 2028
Issue price of shares and amount to be incorporated into capital in the event of issuance of shares upon exercise of stock acquisition rights	Issue price 3,061 yen Amount to be incorporated into capital 1,531 yen
Conditions for exercise of stock acquisition rights	(Note 1) (Note 2)
Status of granting to employees of the Company	101 employees 2,055 rights (205,500 shares)
Status of granting to officers and employees of the subsidiary of the Company	38 officers and employees 830 rights (83,000 shares)

- (Notes) 1. At the time of exercise of the right, the stock acquisition right holder must be a Director, Executive Officer or employee of the Company or its subsidiary. However, a right holder may exercise his or her stock acquisition right if he or she has retired due to the expiration of his or her term of office, or if he or she has reached the mandatory retirement age, or has any other valid reason.
2. Other conditions shall be set forth in the “22th Stock Acquisition Rights Allocation Agreement” between the Company and the person to whom the stock acquisition rights have been allocated.
3. Since the issuance date, the number of the stock acquisition rights decreased by 135, and the number of shares subject to the stock acquisition rights fell by 13,500 due to forfeiture of the rights of 6 person.

Matters Concerning Accounting Auditors

1 Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

2 Amount of Remuneration, etc. Paid to the Accounting Auditor

Category	Details	Amount
1	Amount of remuneration, etc. to be paid by the Company (amount of remuneration, etc. for the services under Article 2, Paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948))	46 million yen
2	Total amount of cash and other property benefits to be paid by the Company and its consolidated subsidiaries	46 million yen

- (Notes) 1. In the audit agreement between the Company and the Accounting Auditor, the amount of audit fees, etc. based on the Companies Act and that based on the Financial Instruments and Exchange Act are not separated, nor can they be substantially separated. Therefore, the amount in 1 above is stated as the sum of these amounts.
2. The Audit and Supervisory Committee, after carrying out the necessary verification as to whether the contents of the audit plan of the Accounting Auditor, the status of performance of accounting audit duties, and the basis for calculation of the estimated remuneration, etc. are appropriate, has given consent regarding the amount of remuneration, etc. for the Accounting Auditor as set forth in Article 399, Paragraph 1 of the Companies Act.
3. Of the major subsidiaries of the Company, foreign subsidiaries are audited by certified public accountants or auditing firms (including those with qualifications equivalent to these qualifications in foreign countries) other than the Company's Accounting Auditor.

3 Non-audit Work

Not applicable.

4 Policy for Determining the Dismissal or Non-reappointment of the Accounting Auditor

The Audit and Supervisory Committee shall decide on the content of the agenda regarding dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders, in the event where appropriate implementation of an audit is deemed to be difficult, or a change of the Accounting Auditor is appropriate in order to further improve the appropriateness and reliability of audits due to an event that impairs the eligibility and independence of the Accounting Auditor. In the event any of the reasons stipulated in Article 340, Paragraph 1 of the Companies Act becomes applicable to the Accounting Auditor, the Audit and Supervisory Committee shall dismiss the Accounting Auditor based on the unanimous agreement of the Directors who are Audit and Supervisory Committee Members.

Matters Concerning Establishment of Systems to Ensure the Appropriateness of Business Operations and the Operational Status of Such Systems

(1) Systems to ensure that the execution of duties by Directors and employees of the Company and the Group companies complies with laws and regulations and the Articles of Incorporation

Corporate Governance	<p>1 The Company shall actively appoint Outside Directors to strengthen the supervisory function of the Board of Directors with regard to the execution of duties by Directors.</p> <p>2 In order to realize the enhancement of corporate value based on corporate goals and management philosophy, the Company shall establish the “IDEC Corporate Governance Policy” and promote the strengthening of corporate governance accordingly.</p>
Compliance	<p>1 The Company shall establish the “IDEC Group Code of Conduct,” which sets forth the Company’s basic stance on corporate ethics and compliance, and shall make it known to all Directors and employees so that they will comply with the Code.</p> <p>2 The Company shall establish corporate ethics consultation desks and internal reporting desks inside and outside the Company, and widely accept requests for consultation and reports from employees concerning violations of laws and regulations, violations of internal regulations, violations of corporate ethics, and harassment in the workplace. The contents of consultations and reports shall be deliberated on by the “Risk Management Committee” under the “Sustainability Committee” chaired by the President of the Company, and measures shall be taken to resolve the issues in accordance with laws and regulations, the Articles of Incorporation, and corporate ethics.</p> <p>3 The legal department shall provide information on compliance and laws and regulations to Directors and employees on a regular basis, and education and enlightenment activities on compliance shall also be conducted on a regular basis.</p> <p>4 In addition to the above, the Company shall periodically review and improve internal regulations and their operations concerning systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation.</p>

(2) Systems for the storage and management of information related to the execution of duties by Directors

Information Storage and Management Systems	<p>The following documents shall be stored and managed in accordance with internal regulations such as the Document Management Regulations, Approval Regulations, Confidential Information Management Regulations, and Information Security Policy Basic Regulations: documents related to the General Shareholders Meeting, documents related to the Board of Directors and other important meetings, approval requests, contracts, and other documents (including electromagnetic records; the same shall apply hereinafter) containing information related to the execution of duties by Directors.</p>
---	--

(3) Regulations and other systems for managing the risk of loss of the Company and the Group companies

Risk Management Systems	1 The Company shall establish and operate the “Risk Management Regulations” for the purpose of avoiding crises at the Company and the Group companies in advance and minimizing damage if a crisis should materialize.
	2 In accordance with the Risk Management Regulations, the “Risk Management Committee” shall be established under the “Sustainability Committee” chaired by the President of the Company with the approval of the Board of Directors to manage risks at the Company and the Group companies during normal times and to respond when a crisis materializes.
	3 In addition to responding to crises, the Risk Management Committee identifies and evaluates risks for the entire IDEC Group during normal times, and implements measures to reduce risks. In addition, the “Compliance Subcommittee,” established within the Committee, shall handle internal reporting and implement measures to strengthen compliance. The details of these efforts are reported to the “Sustainability Committee” that meets periodically, and the Committee reports to the Board of Directors.
Safety Confirmation and Recovery Systems	In preparation for the occurrence of a disaster, etc., the Company shall establish a system for securing the safety of life and confirming the safety of employees, and shall also promote the establishment of a system to ensure the continuation of important operations and early recovery in the event of business interruption.

(4) Systems to ensure the efficient execution of duties by Directors of the Company and the Group companies

Separation of Execution and Supervision	The Company shall achieve separation of business execution and supervision by having the Board of Directors make decisions and supervise the execution of business by Directors (excluding Directors who are members of the Audit and Supervisory Committee) and executive officers. In addition, the Company shall establish a Management Committee chaired by the President of the Company to conduct preliminary deliberations and make decisions within the scope of authority delegated by the Board of Directors, thereby strengthening the functions of the Board of Directors and improving management efficiency.
Administrative Authority and Audits	The Company shall establish the “Administrative Authority Regulations” and the “Affiliated Company Management Regulations” which stipulate the duties, responsibilities and authority of each position and the division of duties in each organizational unit for the Directors and employees of the Company and the Group companies to ensure efficient management, and shall periodically audit whether the business is being conducted in accordance with the stipulated system of duties and responsibilities.

(5) Systems to ensure the appropriateness of operations in our corporate group

Group Company Management and Reporting Systems	1 The Company shall establish and implement the “Affiliated Company Management Regulations” which stipulate the matters necessary for the mutual cooperation and prosperity of the Company and the Group companies, as well as the basic matters for the management, guidance and development of the affiliated companies.
	2 In accordance with the Affiliated Company Management Regulations, the Company shall have the Group companies report to the Company on a regular and continual basis on the status of their business performance and financial results.
	3 In order to ensure that officers and employees of our overseas Group companies understand our basic stance on compliance, the Company shall disseminate the philosophy of the “IDEC Group Code of Conduct” on a global basis by translating it into major languages.
Group Company Audits	The Company shall maintain appropriate business operations at the Group companies by strengthening monitoring and auditing of them by having the Company’s Internal Auditing Department and other related departments monitor and audit them in addition to monitoring and auditing within each company.

(6) Systems to ensure the reliability of financial reporting

Reliability of Financial Reporting	In order to ensure the reliability of the Group's financial reporting, the Company shall develop related regulations and establish an appropriate system in accordance with the standards for evaluating internal control over financial reporting. For the Group-wide development and enhancement of the internal control system for financial reporting, the Company shall establish the "Policy for Internal Control over Financial Reporting", clarify the Group-level promotion system, and establish a framework that allows each division and Group company to conduct self-assessments and the Internal Auditing Department to conduct independent monitoring on a continual basis.
---	---

(7) Matters related to employees who are requested by the Audit and Supervisory Committee to assist in its duties, and matters related to ensuring the independence of such employees from Directors (excluding Directors who are members of the Audit and Supervisory Committee) and the effectiveness of instructions to such employees

Audit and Supervisory Committee Staff	If it becomes necessary to assign employees to assist the Audit and Supervisory Committee in its duties, or if the Audit and Supervisory Committee so requests, the Company shall, upon consultation with the Audit and Supervisory Committee, assign employees who either work full-time for the Committee or serve other departments concurrently, as Audit and Supervisory Committee staff. Such employees shall be placed under the administrative authority of the Audit and Supervisory Committee with regard to the duties of the Audit and Supervisory Committee staff. In addition, the personnel affairs of such employees, including issues such as appointments, transfers, evaluations, and wages, shall be decided upon after prior consultation with and consent of the Audit and Supervisory Committee to ensure their independence from the executive departments.
--	---

(8) Systems for reporting to the Audit and Supervisory Committee by Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees, systems for reporting to the Audit and Supervisory Committee otherwise, and other systems for ensuring effective audits by the Audit and Supervisory Committee

Reporting Systems	<ol style="list-style-type: none">1 Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies shall periodically report to the Audit and Supervisory Committee on the status of execution of their duties, and shall report as needed on important corporate matters in particular. In addition, the Audit and Supervisory Committee may request reports from the Directors (excluding Directors who are members of the Audit and Supervisory Committee), employees, or the Internal Control Departments of the Company and the Group companies as necessary, and the Company shall improve the cooperation system of related departments so that audits can be conducted more effectively in the future.2 The Company shall not give any disadvantageous treatment to Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies who have reported to the Audit and Supervisory Committee in accordance with the preceding item.3 Executive Directors shall establish an environment in which Directors who are members of the Audit and Supervisory Committee can periodically exchange opinions with Directors (excluding Directors who are members of the Audit and Supervisory Committee) of the Company and the Group companies and can attend important meetings such as Management Committee meetings.
Cooperation with Internal Auditing Department	The Audit and Supervisory Committee shall strengthen the cooperation with the Internal Auditing Department and may request the Internal Auditing Department to report and exchange information on a regular basis, and the Company shall secure such opportunities. In addition, the Audit and Supervisory Committee shall have the administrative authority to direct and order the Internal Auditing Department.
Expenses, etc.	The Company shall budget a certain amount of money each year to cover expenses, etc. incurred in the execution of duties by the Audit and Supervisory Committee.

(9) Basic views on eliminating anti-social forces and systems for development of measures

Measures to Eliminate Anti-Social Forces	<p>The Company has a basic policy to eliminate all involvement, including business relationships, with anti-social forces and groups that threaten the order and safety of civil society when fulfilling its social responsibility in corporate activities, and declares in the “IDEC Group Code of Conduct” that it shall strive to continue as a law-abiding and fair company.</p> <p>In addition, the Company has clearly defined anti-social forces as a “crisis” in its “Crisis Management Regulations” to prevent crises from occurring and to respond promptly when they occur, as well as gather information on a daily basis to prepare for unreasonable demands in cooperation with police authorities, lawyers, etc..</p>
---	--

The Group is developing and operating an internal control system, and the operation status for the consolidated fiscal year under review is as follows.

(1) Systems for corporate governance

- The Company has actively appointed Outside Directors. As of the end of the consolidated fiscal year under review, the Company has appointed six Outside Directors out of ten Directors. Of those, the number of female Directors has been appointed three. These Outside Directors with diverse backgrounds and expertise supervise the management and actively provide advice at meetings of the Board of Directors, thereby enhancing the transparency of the Board of Directors and further strengthening the supervisory function.
- As an opportunity to enhance communication among Outside Directors, the Company has continuously held “Outside Directors’ Exchange Sessions.” During the fiscal year under review, the Company exchanged opinions under the keywords, “dialogue with shareholders and investors” and so forth.
- With the aim of further strengthening its corporate governance system, the Company continued to outsource the evaluation of the effectiveness of the Board of Directors to third-party organizations during the consolidated fiscal year under review, identifying issues from an objective perspective and developing improvement measures.
- The voluntary Nominating Committee, a majority of whose members are Outside Directors, met two times during the consolidated fiscal year under review. As the Nominating Committee, the Committee reviewed the status of training for the candidates for the next generation of executives and made recommendations to the Board of Directors on the selection of all candidates for Directors, including new ones.
- The voluntary Remuneration Committee, a majority of whose members are Outside Directors, met one times during the consolidated fiscal year under review and deliberated on remuneration under the new remuneration system for directors.
- Through close communication with each Group company and other means, we continued to strengthen corporate governance and realize synergies through integration throughout the Group.

(2) Systems for compliance

- In the Group, we held training sessions on compliance at each level, company-wide compliance training, and company-wide harassment-prevention training.
- In order to publicize the Group’s stance on corruption, including bribery and profiteering, both internally and externally, the Company has familiarized employees with the basics of corruption in compliance training programs.
- The Company has established the “Hotline” as a point of contact for consultation and reporting on violations of laws and regulations and internal rules, and on other inappropriate misconduct under normal social conventions. We have also been expanding the “Global Hotline” where our overseas Group companies can directly report to the point of contact at the head office.

(3) Systems for information storage and management

- We have set retention periods for the minutes of the General Meetings of Shareholders, the minutes of the Board of Directors' meetings, financial statements and others in accordance with laws and regulations and keep to them appropriately.
- The Company has established the "Information Security Subcommittee" within the Risk Management Committee, an expert committee under the Sustainability Committee, to implement various information security measures and review information security-related regulations.

(4) Systems for crisis management

- In order to avoid or minimize crises in the Group, the Company has established the "Risk Management Committee" as an expert committee under the Sustainability Committee to monitor the status of risk assessment and measures to address risks.
- The Company has developed the initial response flow and various manuals in case of a disaster and further promoted the measures to prevent or mitigate disasters with regard to the business continuity plan (BCP) developed for distribution centers and major production offices in Japan to confirm the safety of employees and their families, confirm the operating status of supply chains and business sites, and develop business continuity planning systems.
- The Company has established the "Risk Monitoring Subcommittee" within the "Risk Management Committee" to strengthen the systems for evaluating the risks surrounding the Group, identifying high-risk events, and monitoring efforts to reduce those risks, and continues to develop a risk map that assesses various risks to monitor the efforts of each department.

(5) Systems to ensure efficient performance of duties

- The Board of Directors held meetings seven times during the consolidated fiscal year under review, and actively exchanges opinions involving Outside Directors. We have strengthened cooperation with the Executive Officers Committee and the Top Management Meeting, and established a system that enables efficient discussion and decision-making according to each role.
- To realize effective and efficient decision-making, the Company has established the "Administrative Authority Regulations," the "Affiliated Company Management Regulations" and the "Ringi Approval Regulations" which stipulate the responsibilities, authority, etc. of Directors, executive officers, and employees of the Company and the Group companies.

(6) Systems to ensure the appropriateness of operations in our corporate group

- The Company has established the "Affiliated Company Management Regulations" for the mutual cooperation and prosperity of the Company and the Group companies, and the Group companies have reported on their performance, etc. to the Company based on the Regulations. In addition, the related departments including the Company's Internal Auditing Department, etc. monitored and audited the Group companies as appropriate.
- We have established a risk map that includes these Group companies in Japan and overseas, and are sequentially expanding the scope of the companies subject to risk monitoring activities in the Group.

(7) Systems to ensure the reliability of financial reporting

- In order to ensure the reliability of financial reporting, the Company assessed the operational status of internal controls.

(8) Systems to ensure an effective audit by Audit and Supervisory Committee

- The Company has established the Secretariat of the Audit and Supervisory Committee within the Internal Auditing Department, and has appointed the General Manager of the Internal Auditing Department as the chief of the Secretariat, with one office employee with expertise (concurrently serving as the internal auditor) serving as the Secretariat staff.
- The Company places the Internal Auditing Department under the administrative authority of the Representative Directors and the Audit and Supervisory Committee, and in particular, the Chairman of the Audit and Supervisory Committee gives independent and direct administrative orders to the Secretariat of the Audit and Supervisory Committee.

- The Chairman of the Audit and Supervisory Committee, who is an appointed Audit and Supervisory Committee Member, participates in important meetings other than the Board of Directors meetings such as the Top Management Meeting, etc. The chief of the Secretariat inspects minutes, etc. of the Board of Directors meetings and other important meetings, *ringi* approval materials for decision-making of business execution, and other important documents whenever necessary, and make necessary reports to the Audit and Supervisory Committee.
- The Audit and Supervisory Committee held nine meetings during the consolidated fiscal year under review, and Directors who are Audit and Supervisory Committee Members interviewed two Representative Directors at two of these meetings on management issues, etc. In addition, the Company requested Executive Officers, etc. of the Internal Control Departments, such as the Accounting Department, etc. and other business execution departments to attend the Committee meetings and conducted necessary interviews.
- During the consolidated fiscal year under review, directors who are Audit and Supervisory Committee Members conducted audits of manufacturing bases, and the Chairman of the Audit and Supervisory Committee conducted an audit of one Group company, having confirmed the status of the development and operation of the internal control system. In addition, the Audit and Supervisory Committee received detailed reports on all audits and investigations conducted by the Internal Auditing Department before and after the audits, etc. were conducted, and made the necessary requests, etc.
- The Audit and Supervisory Committee voted on the activity budget at the Audit and Supervisory Committee meeting held in July, notified it to the Representative Directors, and gave instructions to the Accounting Department regarding expenditure procedures. Although no such expenses were incurred during the consolidated fiscal year under review, the Company continues to ensure a system whereby the Chairman of the Audit and Supervisory Committee can independently allow *ringi* approval for unbudgeted expenses in the event of corporate scandals, etc.

(9) Systems to eliminate anti-social forces

- The Company has declared that it will continue to be a fair company and regularly informed its employees about this declaration through training sessions, etc.
- The entire company has collected information on the trends of anti-social forces on a daily basis and secured a system to prepare for unreasonable demands.

Basic Policies on Company Control

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

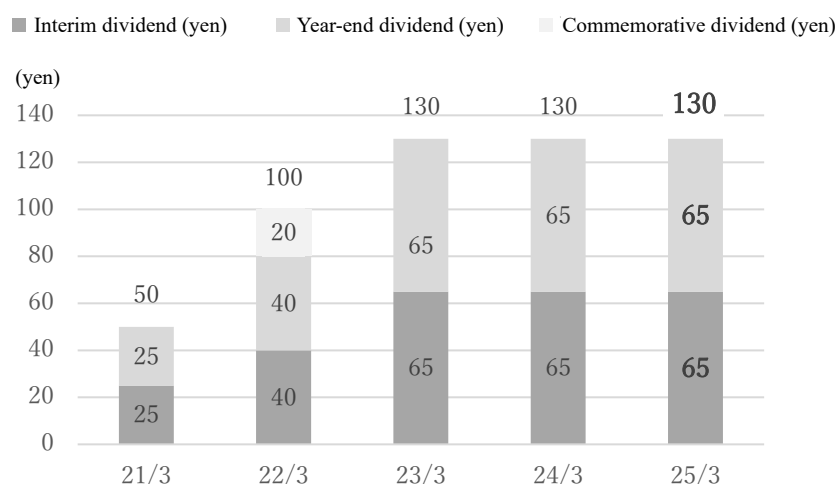
We will promptly notify our shareholders if we decide on specific basic policies for such matters.

Policy for Determining the Dividends of Surplus, etc.

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

Based on the above policy, we have decided to pay a year-end dividend of 65 yen per share for the fiscal year under review. As a result, the annual dividend per share will be 130 yen, including the interim dividend of 65 yen. With regard to the future dividend policy, the Company will continue to steadily pay interim and year-end dividends, while placing emphasis on returning profits to shareholders, and will implement an agile dividend policy in response to changes in business results and the external environment.

Annual dividend per share: 130 yen



Consolidated Statements of Changes in Shareholders' Equity

From April 1, 2024
to March 31, 2025

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	10,056	9,571	41,077	(6,970)	53,735
Change in the fiscal year					
Dividends of surplus			(3,829)		(3,829)
Profit attributable to owners of parent			1,778		1,778
Acquisition of treasury shares				(0)	(0)
Disposal of treasury shares		48		100	148
(Net) change in items other than the shareholders' equity in the fiscal year					-
Total change in the fiscal year	-	48	(2,050)	99	(1,902)
Balance at end of the fiscal year	10,056	9,620	39,026	(6,870)	51,832

	Accumulated other comprehensive income				Stock acquisition rights	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the fiscal year	(16)	11,801	30	11,815	455	66,006
Change in the fiscal year						
Dividends of surplus				-		(3,829)
Profit attributable to owners of parent				-		1,778
Acquisition of treasury shares				-		(0)
Disposal of treasury shares				-		148
(Net) change in items other than the shareholders' equity in the fiscal year	(40)	(486)	(3)	(451)	157	(293)
Total change in the fiscal year	(40)	(486)	(3)	(451)	157	(2,196)
Balance at end of the fiscal year	(16)	11,315	27	11,364	612	63,810

Consolidated Notes

1. Note to the Significant Matters as the Basis for the Preparation of the Consolidated Financial Statements

(1) Scope of Consolidation

The number of consolidated subsidiaries is 27 as follows.

- ① IDEC LOGISTICS SERVICE CORPORATION
- ② IDEC AUTO-ID SOLUTIONS CORPORATION
- ③ IDEC FACTORY SOLUTIONS CORPORATION
- ④ IDEC SALES SUPPORT CORPORATION
- ⑤ IDEC ALPS Technologies Co., Ltd.
- ⑥ IDEC CORPORATION
- ⑦ IDEC IZUMI ASIA PTE LTD.
- ⑧ IDEC ASIA (THAILAND) CO., LTD.
- ⑨ IDEC CONTROLS INDIA PRIVATE LIMITED
- ⑩ IDEC IZUMI TAIWAN CORPORATION
- ⑪ IDEC TAIWAN CORPORATION
- ⑫ IDEC IZUMI SUZHOU Co., Ltd.
- ⑬ IDEC HONG KONG CO., LTD.
- ⑭ IDEC (SHANGHAI) CORPORATION
- ⑮ IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION
- ⑯ MMI Technologies SAS
- ⑰ APEM SAS
- ⑱ Contact Technologies UK Ltd
- ⑲ APEM Components Ltd
- ⑳ MEC ApS
- ㉑ APEM, Inc.
- ㉒ APEM AB
- ㉓ APEM GmbH
- ㉔ APEM Benelux N.V.
- ㉕ APEM ITALIA SRL
- ㉖ SACEMA SARL
- ㉗ SAMELEC SARL

Of the above, the shares of IDEC SYSTEMS & CONTROLS CORPORATION were sold, and IDEC Environmental Solutions LLC and 太倉科奈德電氣有限公司 were liquidated, and ez-Wheel SAS was merged into APEM SAS. These five were all consolidated subsidiaries in the previous consolidated fiscal year but are removed from the consolidated subsidiaries in the fiscal year under review.

(2) Matters Concerning Application of the Equity Method

The number of affiliates to which the equity method is applied is one as follows.

Sayo IDEC Limited Liability Partnership

(3) Matters Concerning Fiscal Years and Other Matters of Consolidated Subsidiaries

Of the consolidated subsidiaries, the balance sheet date of IDEC IZUMI SUZHOU Co., Ltd., IDEC (SHANGHAI) CORPORATION, and IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION is December 31. In preparing the consolidated financial statements, the Company uses non-consolidated financial statements based on the provisional closing performed as of the consolidated balance sheet date.

(4) Matters Concerning Accounting Policies

① Evaluation standards and methods for significant assets

(a) Securities

Other securities:

Securities other than shares, etc. without market price

Market value method (valuation difference is reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)

Shares, etc. without market price Stated at cost based on the moving-average method

(b) Derivative transactions

Market value method

(c) Inventories

Stated at cost based mainly on the periodic average method (calculated after book value is written down based on a decrease in profitability).

② Methods of depreciation and amortization for significant depreciable assets

(a) Property, plant and equipment (excluding leased assets and right-of-use assets)

Depreciation is calculated mainly by the straight-line method.

The useful lives are mainly as follows.

Buildings and structures 1 to 50 years

Machinery, equipment and vehicles 3 to 17 years

Tools, furniture and fixtures 1 to 20 years

(b) Intangible assets (excluding leased assets and right-of-use assets)

Depreciation is calculated by the straight-line method.

Trademark rights 10 years

Customer-related assets 12 to 20 years

Software for internal use 1 to 10 years

(c) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

Calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being zero.

(d) Right-of-use assets

Calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being zero.

③ Accounting standards for significant provisions

(a) Provision for doubtful accounts

To prepare for possible losses on accounts receivable, the Company sets aside an amount that is expected to be irrecoverable, after it considers the possibility of recoverability of (a) general accounts receivable, mainly by actual default ratio, and (b) specific accounts receivable where recoverability is in doubt, on a case-by-case basis.

(b) Provision for retirement benefits for officers

To prepare for the expenditure of retirement benefits for officers, the Company sets aside the amount necessary at the end of fiscal year based on the Rules for Retirement Benefits for Officers.

(c) Provision for product warranties

To provide for expenses associated with product warranties, the Company sets aside the estimated amount necessary for repairs in consideration of the possibility of occurrence.

④ Accounting standards for revenue and expenses

In accordance with the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), the Company recognizes revenue in the amount expected to be received in exchange for the promised goods or services upon transfer of control of the said goods or services to the customer.

The Group’s main performance obligation is the sale of goods, for which revenue is recognized at the time of shipment when the period from the time of shipment to the time of transfer of control of the merchandise or products to the customer is the normal period for the domestic sale of merchandise or products, applying the alternative treatment set forth in Paragraph 98 of the Guidance on Application of the Accounting Standard for Revenue Recognition. For export sales, the Company recognizes revenue when the risk is transferred to the customer based mainly on the trade terms stipulated in Incoterms, etc. At foreign subsidiaries, revenue is recognized when the risk is transferred to the customer at the time of shipment or delivery under contract. For sale of goods, the Company measures revenue by deducting discounts, etc. from the amount expected to be received in exchange for goods or services.

In normal payment terms under these agreements, payments are due within a short time and do not include material financial factors.

⑤ Accounting procedures for retirement benefits

To prepare for the provision of retirement benefits for employees, the Company sets aside an estimated amount for retirement benefit obligations and pension assets as of the end of the consolidated fiscal year under review.

(a) Period attribution method for expected retirement benefit payments

In calculating retirement benefit obligations, the benefit formula basis is used for attributing the expected retirement benefit payments to the period up to the end of the consolidated fiscal year under review.

(b) Method of handling the cost of actuarial gains and losses

Actuarial gains and losses are recognized as expenses starting from the following consolidated fiscal year by the straight-line method over the average remaining service period of the employees on payroll in the period when such gains and losses arise (11 to 15 years).

⑥ Standards for translating significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary claims and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and the translation differences are accounted for as profit (loss).

Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date. Revenues and expenses are translated into Japanese yen at the average exchange rate during the period, and translation differences are included in foreign currency translation adjustments in the net assets.

⑦ Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over the estimated period when its effect manifests (10 to 20 years).

2. Notes on Revenue Recognition

(1) Revenue breakdown information

Net sales of 67,380 million yen recorded in the consolidated statement of income consist of revenues arising from contracts with customers and are primarily performance obligations satisfied at one time, but include some performance obligations that are satisfied over a certain period of time.

The amount recognized as the performance obligations to be satisfied over a certain period is immaterial.

(2) Underlying information to understand revenue

As the same information is provided in “④ Accounting standards for revenue and expenses,” in “(4) Matters Concerning Accounting Policies,” in “1. Note to the Significant Matters as the Basis for the Preparation of the Consolidated Financial Statements,” it is omitted.

(3) Information to understand the amounts for the consolidated fiscal year under review and the following consolidated fiscal year and thereafter

① Balance, etc. of claims arising from contracts with customers and contract liabilities

(Million yen)

	Consolidated fiscal year under review	
	Balance at beginning of the fiscal year	Balance at end of the fiscal year
Claims arising from contracts with customers	13,644	11,000
Contract liabilities	477	434

Contract liabilities are the amount of consideration received from customers before the Group sells goods to them, and it represents the balance for which performance obligations are not yet satisfied as of the end of the fiscal year.

The amount of revenue recognized in the consolidated fiscal year under review that was included in the beginning balance of contract liabilities was 327 million yen.

② Transaction prices allocated to remaining performance obligations

The Group applies a practical shortcut method to the note on the transaction prices allocated to remaining performance obligations and does not include in the note any contracts with an initial expected term of one year or less.

3. Changes in Presentation Method

(Consolidated Balance Sheet)

As the financial materiality of “Software in progress” presented in “Software” of non-current assets in the previous consolidated fiscal year (934 million yen in the previous consolidated fiscal year) has increased, it is separately presented in the consolidated fiscal year under review.

4. Notes on Accounting Estimates

Impairment of trademark rights, customer-related assets and goodwill for the APEM Group

(1) Amounts recorded in consolidated financial statements

Trademark rights	2,318 million yen
Customer-related assets	7,231 million yen
Goodwill	11,212 million yen (of that, goodwill for the APEM Group was 11,146 million yen)

(2) Other information that contributes to the understanding of the users of consolidated financial statements with regard to the content of the estimate

The Group records trademark rights, customer-related assets and goodwill in the consolidated financial statements in connection with its acquisition of shares in APEM Group, which is engaged in the industrial switch business and other businesses globally. The Group performs grouping of the above-mentioned trademark rights, customer-related assets and goodwill by reporting segment in Japan, the Americas, EMEA and Asia-Pacific.

During the consolidated fiscal year under review, some asset groups have yet to acquire the assumed cash flows. As a result of identifying signs of impairment and comparing the carrying value with the aggregate undiscounted future cash flows derived from the asset group over the remaining amortization period of goodwill, the Company determined that no impairment loss would be recognized as the aggregate undiscounted future cash flows exceed the carrying value.

The undiscounted future cash flows are estimated based on the following assumptions.

- For future plans for cash flows, the Company calculates future cash flows based on the business plan approved by management, after incorporating certain reasonable risks.
- For future cash flows for periods in excess of the business plan, the Company calculates them primarily by factoring in sales growth rates calculated based on economic growth rates and past sales results, and assuming a constant profit ratio.

For example, if assumptions need to be revised, such as those where expected synergies from the acquisition of the APEM Group cannot be fully realized, the Company may recognize an impairment loss in the following consolidated fiscal year, and this may have a material impact on the consolidated financial statements.

5. Notes to the Consolidated Balance Sheet

(1) The amounts of notes and accounts receivable–trade, contract assets, and electronically recorded receivables arising from contracts with customers are as follows.

Notes receivable–trade	293 million yen
Accounts receivable–trade	10,071 million yen
Electronically recorded monetary claims–operating	635 million yen

(2) Accumulated depreciation of property, plant and equipment 37,516 million yen

6. Notes to the Consolidated Statement of Income

Expenses for business restructuring

As expenses for business restructuring, the Company recorded extra retirement payments of 1,495 million yen related to the expansion of the second career support system and inventory disposal expenses of 1,016 million yen related to the business restructuring.

7. Notes to the Consolidated Statements of Changes in Shareholders' Equity

(1) Type and total number of shares outstanding at the end of the consolidated fiscal year under review

Common shares 33,224,485

(2) Number of treasury shares at the end of the consolidated fiscal year under review

Type of shares	Beginning of the consolidated fiscal year under review	Increase	Decrease	End of the consolidated fiscal year under review
Common shares (shares)	3,789,485	314	56,100	3,733,699

(Overview of the reasons for changes)

The breakdown of the increase is an increase of 314 shares due to purchase of shares less than one unit

The breakdown of the decrease is a decrease of 53,000 shares due to the exercise of stock options and a decrease of 3,100 shares due to disposal of treasury shares for restricted stock units.

(3) Matters concerning dividends

① Amounts paid as dividends

Resolution	Type of shares	Total amount of dividends (million yen)	Amount of dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on May 10, 2024	Common shares	1,913	65	March 31, 2024	May 27, 2024
Board of Directors meeting held on November 1, 2024	Common shares	1,916	65	September 30, 2024	November 25, 2024

② Dividends that have a record date in the consolidated fiscal year under review, but which come into effect in the next consolidated fiscal year

Resolution	Type of shares	Total amount of dividends (million yen)	Amount of dividend per share (yen)	Record date	Effective date
Board of Directors meeting to be held on May 15, 2025	Common shares	1,916	65	March 31, 2025	June 2, 2025

Dividend payments are planned to be funded by retained earnings.

(4) Type and number of shares to be issued upon exercise of stock acquisition rights (excluding stock acquisition rights for which the first day of the exercise period has not yet arrived) as of the end of the consolidated fiscal year under review

Common shares 471,600

8. Notes on Financial Instruments

(1) Matters concerning the status of financial instruments

The Group invests in highly secured financial instruments and procures funds by borrowing from financial institutions such as banks.

The Group mitigates customer credit risk concerning trade receivables such as notes and accounts receivable—trade and electronically recorded monetary claims—operating according to the Credit Management Regulations. Trade receivables denominated in foreign currencies are exposed to foreign exchange fluctuation risks, so the Group uses forward exchange contracts to avoid future foreign exchange fluctuation risks.

Investment securities mainly consist of shares for the purpose of strengthening relations with business partners, and the fair value of listed stocks is checked quarterly.

Trade payables such as notes and accounts payable—trade and electronically recorded obligations—operating are all due within one year. Trade payables denominated in foreign currencies are exposed to foreign exchange risks but are always within the scope of the same trade receivables denominated in foreign currencies.

For derivative transactions, the Group uses forward exchange contracts within the scope of ordinary transactions for the purpose of avoiding future foreign exchange fluctuation risks related to receivables and payables denominated in foreign currencies. In addition, since the Group's counterparties to forward exchange contracts, etc. are all domestic banks with high credit ratings, the Group recognizes that there is little risk of default by such counterparties. The Director in charge of accounting supervises derivative transactions in accordance with the policy determined by the Top Management Meeting, and the Accounting Department executes and manages the transactions. The status of implementation is reported to the President each time a transaction is executed.

(2) Fair value, etc. of financial instruments

Amounts recorded in the consolidated balance sheet, fair values and differences of the financial instruments as of March 31, 2025, are as follows. Please note that shares, etc. without market price and investments in partnerships, etc. are not included in the following table.

Notes are omitted as cash and deposits, notes and accounts receivable—trade, electronically recorded monetary claims—operating, notes and accounts payable—trade, electronically recorded obligations—operating, and short-term borrowings are settled in a short period of time and their fair values approximate their carrying values.

(Million yen)

	Amount recorded in the consolidated balance sheet (*1)	Fair value (*1)	Difference
Investment securities (*2)(*3)			
Other securities:	80	80	-
Total assets	80	80	-
Current portion of long-term borrowings and long-term borrowings	(13,556)	(13,416)	(139)
Total liabilities	(13,556)	(13,416)	(139)
Derivative transactions			
Currency swap	(156)	(156)	-
Total derivative transactions	(156)	(156)	-

(*1) Amounts recorded as liabilities are indicated in parentheses.

(*2) Shares, etc. without market price are not included in investment securities. The amount of the said financial instruments recorded in the consolidated balance sheet is 109 million yen.

(*3) Investments in partnerships, etc. are mainly limited liability partnerships. Investments in partnerships and other similar entities whose shares of other comprehensive income are recorded net on the consolidated balance sheet are not included. The amount of the said investments recorded in the consolidated balance sheet is 416 million yen.

(3) Matters concerning the breakdown, etc. of fair values of financial instruments by level

The Company categorizes fair values of financial instruments into the following three levels based on the observability and significance of the inputs used to calculate fair values.

Level 1 fair values: Fair values calculated based on the (unadjusted) quoted price of the same asset or liability in an active market

Level 2 fair values: Fair values calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair values calculated using significant unobservable inputs

If multiple inputs are used that have significant influence on the determination of fair values, the Company classifies fair values into the lowest level of priority in calculating fair values among the levels to which those inputs belong respectively.

① Financial assets and liabilities whose fair value shall be the amount recorded in the consolidated balance sheet

(Million yen)

	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities:				
Stocks	80	-	-	80
Total assets	80	-	-	80
Derivative transactions				
Currency swap	-	(156)	-	(156)
Total derivative transactions	-	(156)	-	(156)

② Financial assets and liabilities whose fair value shall not be the amount recorded in the consolidated balance sheet

(Million yen)

	Level 1	Level 2	Level 3	Total
Current portion of long-term borrowings and long-term borrowings	-	(13,416)	-	()
Total liabilities	-	(13,416)	-	()

(Note 1) Explanation of valuation techniques and inputs used to calculate fair values

Investment securities

Listed stocks are based on the price on the exchange. As listed stocks are traded in active markets, their fair values are classified as Level 1 fair values.

Current portion of long-term borrowings and long-term borrowings

Fair values of the current portion of long-term borrowings and long-term borrowings are calculated using the discounted present value method based on the total amount of principal and interest, the remaining term of the debts, the interest rate on government bonds, and credit risks. The fair values are classified as Level 2 fair values.

Derivative transactions

Fair values of currency swaps are calculated using the discounted present value method using observable inputs such as interest rates and exchange rates, and the fair values are classified as Level 2 fair values.

Derivative transactions not designated for hedge accounting

(Million yen)

Category	Type of transactions	Contract value, etc.	Contract value, etc. that exceeds one year	Fair value	Valuation gain (loss)
Non-market transactions	Currency swap	651	-	(156)	(156)

9. Notes on Per-share Information

(1) Net asset amount per share 2,142.95 yen

*The basis for calculating net assets per share is as follows.

Net assets in the consolidated balance sheet	63,810 million
Stock acquisition rights	612 million yen
Number of shares of common stock at the end of the period	29,490,786

(2) Profit per share 60.36 yen

*The basis for calculating profit per share is as follows.

Profit attributable to owners of parent in the consolidated	1,778 million
Amount not attributable to common shareholders	- million yen
Profit attributable to owners of parent for common shares	1,778 million
Average number of common shares outstanding during the	29,473,080

10. Notes on Significant Subsequent Events

(Absorption-type merger between consolidated subsidiaries)

On April 1, 2025, the Company executed an absorption-type merger with IDEC CORPORATION, a consolidated subsidiary of the Company, as the surviving company and APEM, Inc., another consolidated subsidiary, as the absorbed company.

(1) Overview of transaction

① Names of the companies involved and the details of business

Name of the surviving company IDEC CORPORATION

Details of business Sale of control equipment

Name of the absorbed company APEM, Inc.

Details of business Development, manufacture and sale of control equipment

② Date of business combination

April 1, 2025

③ Legal form of business combination

Absorption-type merger with IDEC CORPORATION as the surviving company and APEM, Inc. as the absorbed company

④ Name of the company after business combination

IDEC CORPORATION

⑤ Other matters relating to transaction

The purpose of the merger is to pursue further synergies in the U.S. business.

(2) Overview of accounting procedures performed

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, November 1, 2024), the merger is accounted for as a common control transaction.

Non-consolidated Statements of Changes in Shareholders' Equity

From April 1, 2024
to March 31, 2025

(Million yen)

	Shareholders' equity								
	Share capital	Legal capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for tax-purpose reduction entry of non-current assets	Retained earnings brought forward			
Balance at beginning of the fiscal year	10,056	5,000	4,474	9,474	316	24,045	24,361	(6,970)	36,923
Change in the fiscal year									
Dividends of surplus				-		(3,829)	(3,829)		(3,829)
Profit (loss)				-		4,356	4,356		4,356
Acquisition of treasury shares				-			-	(0)	(0)
Disposal of treasury shares			48	48			-	100	148
(Net) change in items other than the shareholders' equity in the fiscal year				-			-		-
Total change in the fiscal year	-	-	48	48	-	526	526	99	674
Balance at end of the fiscal year	10,056	5,000	4,523	9,523	316	24,572	24,888	(6,870)	37,597

	Stock acquisition rights	Total net assets
Balance at beginning of the fiscal year	455	37,378
Change in the fiscal year		
Dividends of surplus		(3,829)
Profit (loss)		4,356
Acquisition of treasury shares		(0)
Disposal of treasury shares		148
(Net) change in items other than the shareholders' equity in the fiscal year	157	157
Total change in the fiscal year	157	832
Balance at end of the fiscal year	612	38,210

Non-Consolidated Notes

1. Notes to Matters Concerning Significant Accounting Policies

(1) Evaluation standards and methods for securities

① Shares of subsidiaries and affiliates

Stated at cost based on the moving-average method

② Other securities

Securities other than shares, etc. without market price Market value method (all valuation differences are reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)

Shares, etc. without market price

Stated at cost based on the moving-average method

(2) Evaluation method for derivative transactions

Market value method

(3) Evaluation standards and method for inventories

Stated at cost based mainly on the periodic average method (calculated after book value is written down based on a decrease in profitability).

(4) Methods of depreciation and amortization for non-current assets

① Property, plant and equipment (excluding leased assets)

Depreciation is calculated by the straight-line method.

The useful lives are mainly as follows.

Buildings 6 to 47 years

Structures 7 to 32 years

Machinery and equipment 7 to 12 years

Vehicles 4 to 6 years

Tools, furniture and fixtures 2 to 17 years

② Intangible assets (excluding leased assets)

Depreciation is calculated by the straight-line method.

Depreciation of software for internal use is calculated by the straight-line method based on the internally estimated useful lives (5 years).

③ Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

Calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being zero.

(5) Accounting standards for provisions

① Provision for doubtful accounts

To prepare for possible losses on accounts receivable, the Company sets aside an amount that is expected to be irrecoverable, after it considers the possibility of recoverability of (a) general accounts receivable, by actual default ratio, and (b) specific accounts receivable where recoverability is in doubt, on a case-by-case basis.

② Provision for retirement benefits

To prepare for the provision of retirement benefits for employees, the Company sets aside an estimated amount for retirement benefit obligations and pension assets as of the end of fiscal year under review.

(a) Period attribution method for expected retirement benefit payments

In calculating retirement benefit obligations, the benefit formula basis is used for attributing the expected retirement benefit payments to the period up to the end of the fiscal year.

(b) Method of handling the cost of actuarial gains and losses

Actuarial gains and losses are recognized as expenses starting from the following fiscal year by the straight-line method over the average remaining service period of the employees on payroll in the period when such gains and losses arise (11 to 15 years).

(6) Accounting standards for revenue and expenses

In accordance with the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), the Company recognizes revenue in the amount expected to be received in exchange for the promised goods or services upon transfer of control of the said goods or services to the customer.

The Company’s main performance obligation is the sale of goods, for which revenue is recognized at the time of shipment when the period from the time of shipment to the time of transfer of control of the merchandise or products to the customer is the normal period for the domestic sale of merchandise or products, applying the alternative treatment set forth in Paragraph 98 of the Guidance on Application of the Accounting Standard for Revenue Recognition. For export sales, the Company recognizes revenue when the risk is transferred to the customer based mainly on the trade terms stipulated in Incoterms, etc. For sale of goods, the Company measures revenue by deducting discounts, etc. from the amount expected to be received in exchange for goods or services. Please note that other parties are involved in some sales. As the nature of this involvement is considered mainly as an agent, revenue is recognized in the amount of the consideration received from customers less payments to suppliers. With respect to supply-for-a-fee transactions, the Company does not recognize the extinction of supplied materials as we have an obligation to repurchase such materials.

In normal payment terms under these agreements, payments are due within a short time and do not include material financial factors.

(7) Standards for translating significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary claims and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the balance sheet date, and the translation differences are accounted for as profit (loss).

(8) Accounting procedures for retirement benefits

Accounting procedures adopted for unrecognized actuarial gains and losses associated with retirement benefits are different from those in the consolidated financial statements.

2. Notes on Revenue Recognition

Underlying information to understand revenue

As the same information is provided in “(6) Accounting standards for revenue and expenses” in “1. Notes to Matters Concerning Significant Accounting Policies,” it is omitted.

3. Changes in Presentation Method

(Non-Consolidated Balance Sheet)

As the financial materiality of “Software in progress” presented in “Software” of non-current assets in the previous fiscal year (829 million yen in the previous consolidated fiscal year) has increased, it is separately presented in the fiscal year under review.

4. Notes on Accounting Estimates

Valuation of shares of MMI Technologies SAS (subsidiary)

(1) Amount recorded in non-consolidated financial statements

Shares of subsidiaries and affiliates: 26,022 million yen (of those, MMI Technologies SAS shares were 22,156 million yen)

(2) Other information that contributes to the understanding of the users of non-consolidated financial statements with regard to the content of the estimate

The Company has acquired shares in MMI Technologies SAS, a holding company of the APEM Group engaged in the industrial switch business and other businesses globally, and has recorded shares of subsidiaries and affiliates in the non-consolidated financial statements.

In view of the complementarity of the APEM Group in terms of regional characteristics, business model and market strategy, the Company believes that making the APEM Group a subsidiary will generate synergies for the Group, and has acquired shares of MMI Technologies SAS at a price that is expected to generate excess earning capacity. As such, the acquisition price of MMI Technologies SAS shares includes a portion that values the excess earning capacity.

During the fiscal year under review, the Company assessed MMI Technologies SAS shares by comparing the carrying value with the real value reflecting the excess earning power. As a result, no damage was found to the excess earning power. Therefore, the Company has determined that there will be no significant decrease in the real value. For example, if assumptions need to be revised, such as those where expected synergies from the acquisition of the APEM Group cannot be fully realized, the Company may recognize a loss on valuation of shares of subsidiaries and associates in the following fiscal year, and this may have a material impact on the non-consolidated financial statements.

5. Notes to the Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	18,590 million yen
(2) Monetary claims and liabilities to affiliated companies (excluding those presented by category)	
Short-term monetary claims	3,236 million yen
Long-term monetary claims	22 million yen
Short-term monetary obligations	1,365 million yen
Long-term monetary obligations	- million yen
(3) Guarantee obligations	
IDEC Factory Solutions Corporation	500 million yen

6. Notes to the Non-Consolidated Statement of Income

(1) Amounts of transactions with affiliates	
Operating transactions	
Net sales	7,320 million yen
Purchase	3,572 million yen
Other	2,404 million yen
Non-operating transactions	3,396 million yen

(2) Expenses for business restructuring

As expenses for business restructuring, the Company recorded extra retirement payments of 1,431 million yen related to the expansion of the second career support system and inventory disposal expenses of 520 million yen related to the business restructuring.

7. Notes to the Non-Consolidated Statements of Changes in Shareholders' Equity

Number of treasury shares as of the end of the fiscal year under review	
Common shares	3,733,699

8. Notes to Tax-Effect Accounting

(1) Breakdown of main reasons for existence of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

Accrued enterprise tax	44 million yen
Inventories	77 million yen
Provision for doubtful accounts	7 million yen
Property, plant and equipment	22 million yen
Shares of subsidiaries and affiliates	63 million yen
Accrued expenses	419 million yen
Provision for retirement benefits	189 million yen
Other	160 million yen
Subtotal of deferred tax assets	984 million yen
Valuation reserve	(81 million yen)
Total deferred tax assets	903 million yen

(Deferred tax liabilities)

Reserve for tax-purpose reduction entry of non-current assets	143 million yen
Other	8 million yen
Total deferred tax liabilities	152 million yen

Balance: Net deferred tax assets 751 million yen

(2) Adjustments to the amounts of deferred tax assets and deferred tax liabilities due to a change in the income tax rate

Following the enactment of the “Act for Partial Revision of the Income Tax Act” (Act No. 13 of 2025) by the Diet on March 31, 2025, a Special Defense Corporate Tax will be imposed starting from the fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be reversed in and after the fiscal year beginning April 1, 2026, have been calculated by changing the effective statutory tax rate from 30.6% to 31.5%.

The impact of this tax rate change is immaterial.

9. Notes to Transactions with Related Parties

Subsidiaries and affiliates, etc.

(Million yen)

Type	Name	Share capital or investments in capital	Details of business	Percentage of voting rights	Relationship with related parties	Details of transaction	Transaction amount	Item	Balance at end of the fiscal year
Subsidiary	MMI Technologies SAS	3,970	Holding company	100.0%	Making of loans Concurrent service and dispatch of officers	Collection of loans ^{*1}	1,684	Short-term loans receivable from subsidiaries and affiliates	1,207
						Receipt of interest ^{*1}	63	Long-term loans receivable from subsidiaries and affiliates	648
Subsidiary	IDEC CORPORATION	733	Sale of control equipment	100.0%	Sale of the Company's products Making of loans Concurrent service and dispatch of officers	Sale of products ^{*2}	2,975	Accounts receivable-trade	1,281
						Making of loans ^{*1}	4,632	Short-term loans receivable from subsidiaries and affiliates	4,485
						Receipt of interest ^{*1}	85	-	-
Subsidiary	IDEC IZUMI TAIWAN CORPORATION	305	Manufacture of control equipment	100.0%	Manufacture of the Company's products Dispatch of officers	Purchase of merchandise ^{*3}	1,123	Accounts payable-trade	502
Subsidiary	IDEC (SHANGHAI) CORPORATION	40	Sale of control equipment	100.0%	Sale of the Company's products Dispatch of officers	Sale of products ^{*2}	1,555	Accounts receivable-trade	410
Subsidiary	IDEC AUTO-ID SOLUTIONS CORPORATION	300	Sale of automatic recognition devices	100.0%	Sale of the Company's products Dispatch of officers Making and borrowing of loans	Making and borrowing of loans ^{*4}	301	Short-term borrowings from subsidiaries and affiliates	455
						Payments of interest ^{*1}	0	-	-
Subsidiary	IDEC FACTORY SOLUTIONS CORPORATION	33	Manufacture and sale of control equipment	100.0%	Guarantee obligations Dispatch of officers	Guarantee obligations ^{*5}	500	-	-
Affiliate	Sayo IDEC Limited Liability Partnership	300	Solar power generation business and agricultural business	50.0%	Making of loans Dispatch of members	Collection of loans ^{*1}	46	Short-term loans receivable from subsidiaries and affiliates	-
						Receipt of interest ^{*1}	0	-	-

*1 The Company determines whether or not to make loans after considering market interest rates.

*2 The Company determines whether or not to sell products after considering market prices, etc.

*3 The Company determines whether or not to purchase merchandise after considering market prices, etc.

*4 The Company has entered into a cash management system (CMS) agreement, and determines the interest rate in a reasonable manner after considering market interest rates. The transaction amount is the average balance during the period.

*5 Guarantees are provided for borrowing from financial institutions.

10. Notes on Per-share Information

(1) Net asset amount per share 1,274.90 yen

*The basis for calculating net assets per share is as follows.

Net assets in the balance sheet 38,210 million yen

Stock acquisition rights 612 million yen

Number of shares of common stock at the end of the period
used for calculation of net assets per share 29,490,786

(2) Profit per share 147.81 yen

*The basis for calculating profit per share is as follows.

Profit in the statement of income 4,356 million yen

Amount not attributable to common shareholders - million yen

Profit for common shares 4,356 million yen

Average number of common shares outstanding during the
period 29,473,080

Audit Report of the Audit and Supervisory Committee

Audit Report

The Audit and Supervisory Committee conducted an audit on the execution of duties by directors for the 78th fiscal year from April 1, 2024 to March 31, 2025. We report the method and results as follows.

1. Audit Method and Details

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

- 1 The Audit and Supervisory Committee conformed to the auditing standards as decided by the Audit and Supervisory Committee, the auditing policies and the allocation of duties; attended important meetings; received reports from directors, employees and other staff on matters concerning the performance of their duties; sought explanations whenever necessary; inspected important written approvals and other documents; and examined the status of operations and assets at the Head Office and Major Office in cooperation with the Internal Audit Department and other departments responsible for internal control of the Company. In addition, the Audit and Supervisory Committee communicated and exchanged information with directors, auditors and other staff of subsidiaries, and received reports from subsidiaries whenever necessary.
- 2 The Audit and Supervisory Committee monitored and verified whether the accounting auditor maintained independence and implemented appropriate audits; received reports from the accounting auditor on performance of their duties, and sought explanations whenever necessary. Furthermore, the Audit and Supervisory Committee received notice from the accounting auditor that the “System for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Company Calculation Rules) is established in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council; November 16, 2021) and other standards, and sought explanations whenever necessary. The Audit and Supervisory Committee consulted with the accounting auditor regarding major audit considerations, received reports on the status of the audit, and sought explanations whenever necessary.

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

2. Audit Results

(1) Audit results of business report and others

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

(2) Audit results on the non-consolidated financial statements and the supporting schedules

The Audit and Supervisory Committee acknowledges that the audit method of Deloitte Touche Tohmatsu LLC, the accounting auditor of the Company, and the results thereof are appropriate.

(3) Audit results on the consolidated financial statements

The Audit and Supervisory Committee acknowledges that the audit method of Deloitte Touche Tohmatsu LLC, the accounting auditor of the Company, and the results thereof are appropriate.

May 14, 2025

Audit and Supervisory Committee, IDEC Corporation

Full-time Audit and Supervisory Committee Member	Yasuo Himejiwa	Seal
Audit and Supervisory Committee Member	Michiko Kanai	Seal
Audit and Supervisory Committee Member	Eri Nakajima	Seal

(Note) Audit and Supervisory Committee Members, Yasuo Himejiwa, Michiko Kanai, and Eri Nakajima are Outside Directors as stipulated in Item 15, Article 2 and Paragraph 6, Article 331 of the Companies Act.