



Think Automation and beyond...

Medium-Term Management Plan

(Fiscal year ending March 2026 to fiscal year ending March 2028)

May 15, 2025

IDEC CORPORATION

Securities code : 6652



Reborn into a new company that is both customer-centric and highly profitable!



New IDEC

Transition to a customer-centric business structure and enhance responsiveness to market changes.

Customer-centric Business Structure

- Strengthen solutions to address customer challenges
- Establish global structure to meet customer demands

Realizing One IDEC

- Optimize operations and manufacturing bases globally
- Establish SCM system that leverages digital technology and enhances customer satisfaction and efficiency
- Establish organization that reinforces “One IDEC”

FY2028 Target

Net Sales 77 billion yen
OP Margin 13% or more / ROIC 7% or more



Structural Reform Initiatives

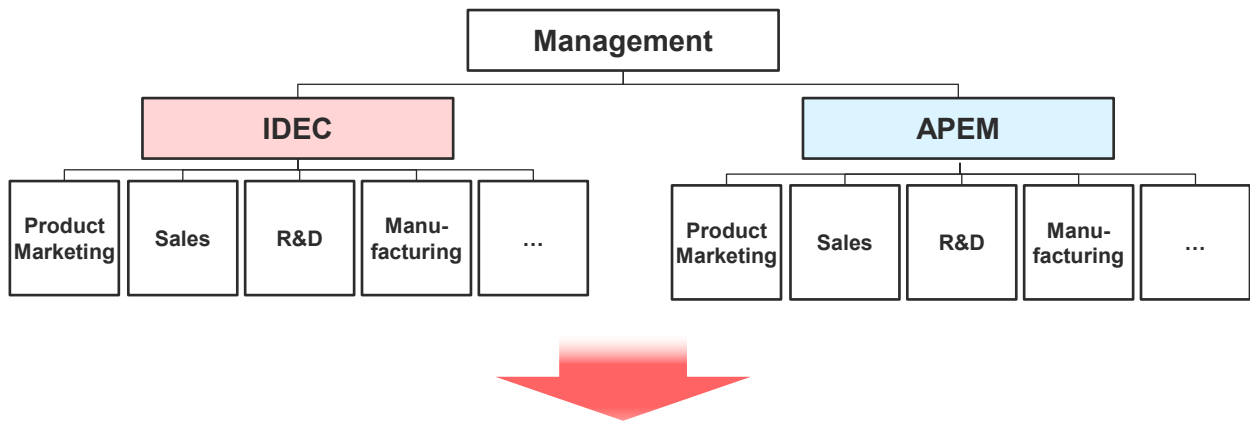


Summary of structural reform initiatives to be implemented over the next three years

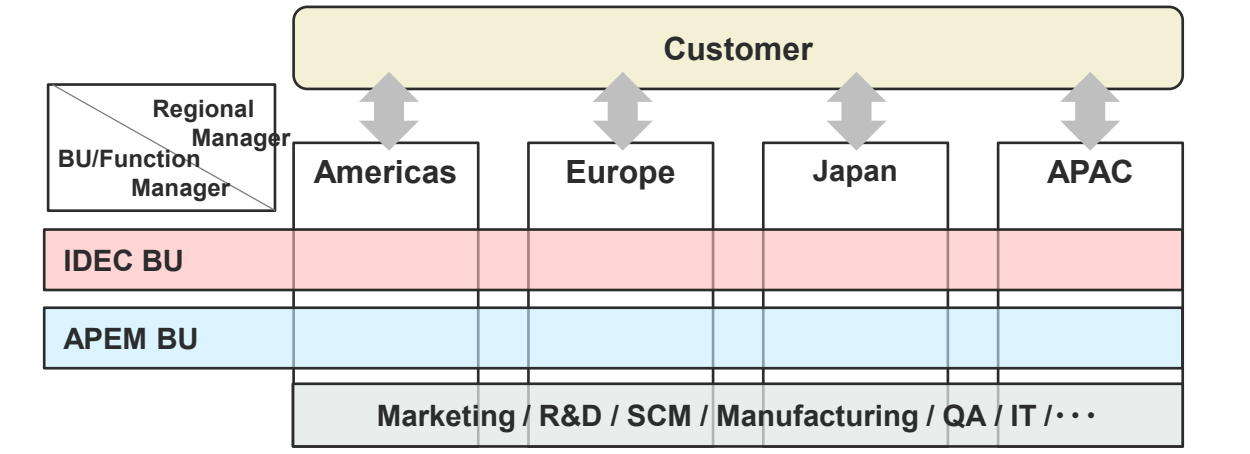


Customer-centric Business Structure	Solution	<ul style="list-style-type: none">Establish system to promote solution businesses such as ez-Wheel and IDEC ALPS Technologies
	Global Management Structure	<ul style="list-style-type: none">Establish a global organizational structureRenew product planning and development processes that is based on industry and customer insights
Business and site strategies	Reorganization of sites	<ul style="list-style-type: none">Establish a global R&D structure centered around three main hubs: Japan, USA, and FranceConsolidate Japanese manufacturing sites with the consideration of utilizing external resourcesConsolidate Taiwan factories as an electronics manufacturing siteLaunch new site in the US, establish a factory in Mexico, and consolidate and transfer European sites
	SCM / Purchasing	<ul style="list-style-type: none">Promote global purchasing, including IDEC and APEM, and reduce lead times by optimizing the supply chain
	Products / Business	<ul style="list-style-type: none">Consolidate and eliminate unprofitable products while optimizing pricesTransfer and restructure businesses, including the transfer of the fine bubble and solar power generation businesses
Digital Innovation Strategy	Optimization of SCM	<ul style="list-style-type: none">Optimize delivery times and inventory by centralizing supply and demand information and inventory management using SCP
	Global IT Systems	<ul style="list-style-type: none">Implement global ERP, SCP, PLM, and other systems, and strengthen security managementDevelop global talent management infrastructure
Capital Strategy	Personnel optimization	<ul style="list-style-type: none">Optimize Japan's human resources by expanding second career support systems and enhance global talent
	Resource Management	<ul style="list-style-type: none">Allocate Cash based on capital efficiency

Product-out organizational model based on function

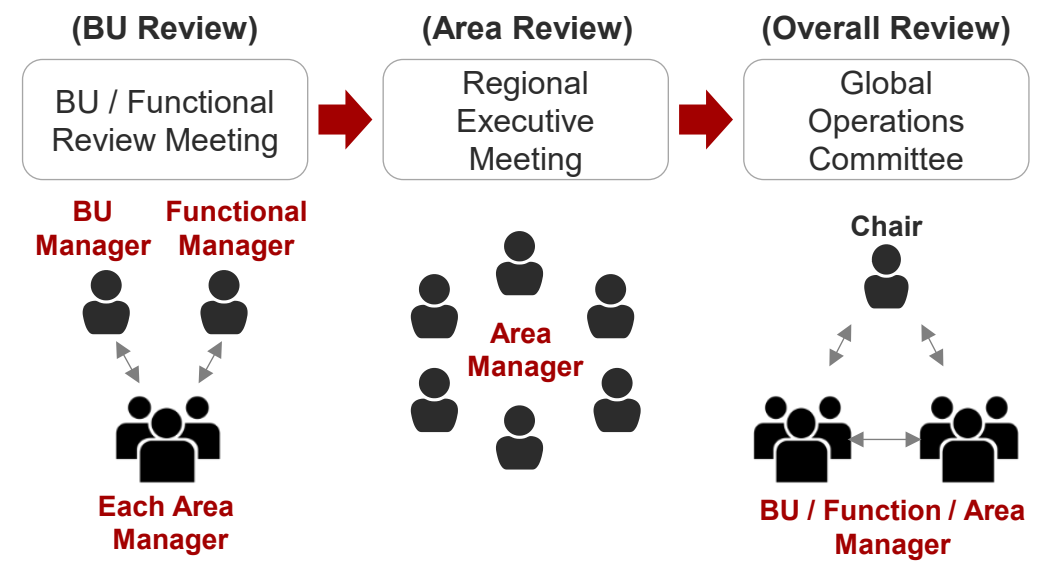


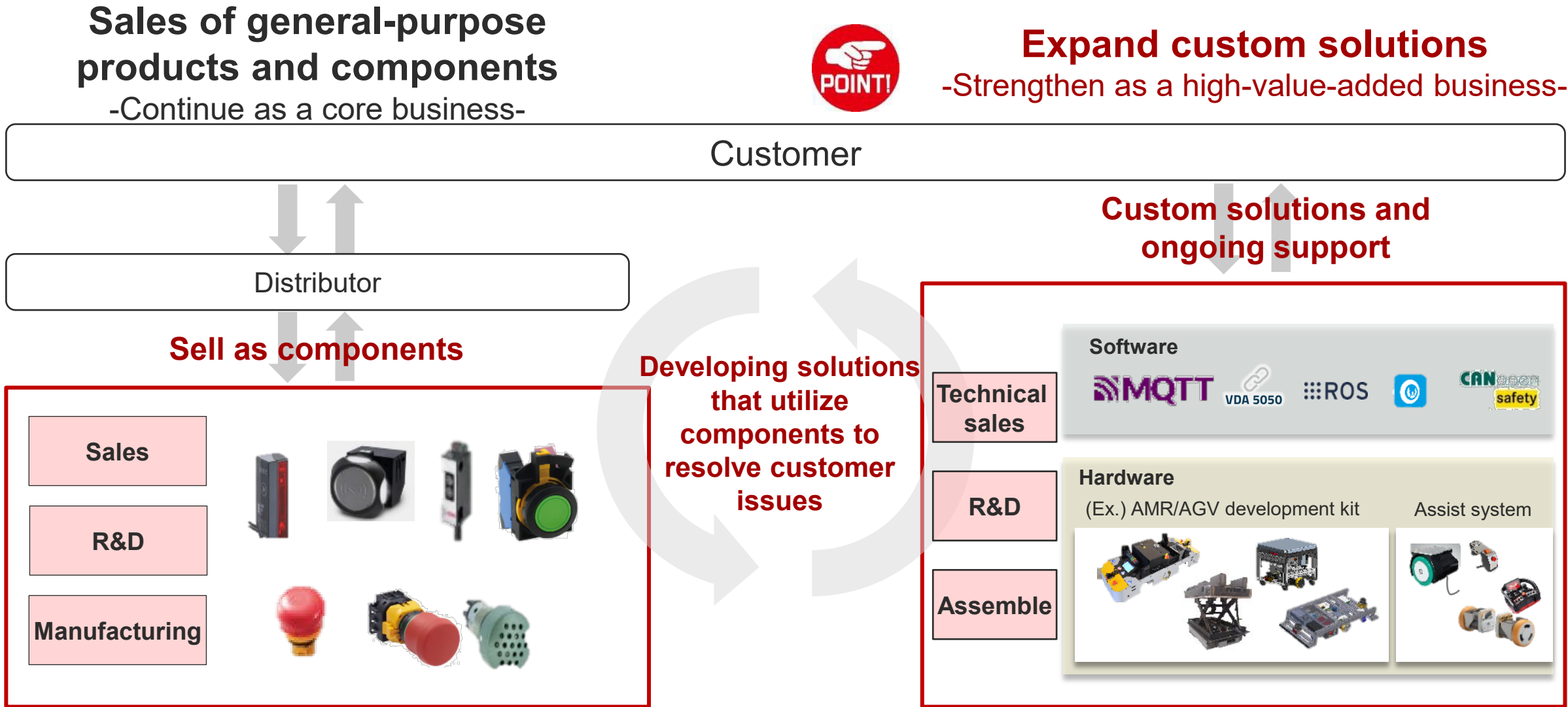
Customer-centric, market-driven organizational model



Establish a global management structure (starting in April 2025)

- Appoint person in charge for each region, business, and function to **clarify responsibility for business plans**
- **Align global business and regional strategies:**
 - ✓ Responding swiftly to local changes
 - ✓ Developing business strategies based on market demand
 - ✓ Determining mid- to long-term technology strategies and roadmaps
- Abolish the Executive Committee and **establish new Global Operations Committee**





■ Marketing

- Grasp the needs of customers globally by assigning individuals from different regions with diverse backgrounds.
- Understand Profit and loss of each product line and leverage in business operations.
- Strengthen Industry and application marketing functions within the Business Units. Analyze market trends and develop business in collaboration with market leaders

■ Technology Strategy












- Actively invest in technologies that will contribute to the IDEC Group's future business

■ R&D

- Clarify differentiation factors and allocate necessary technical resources to each brand globally for efficient product development
- Establish a 3 base R&D system in Japan, Asia, Americas, and Europe to stay close to customers

■ Development Process

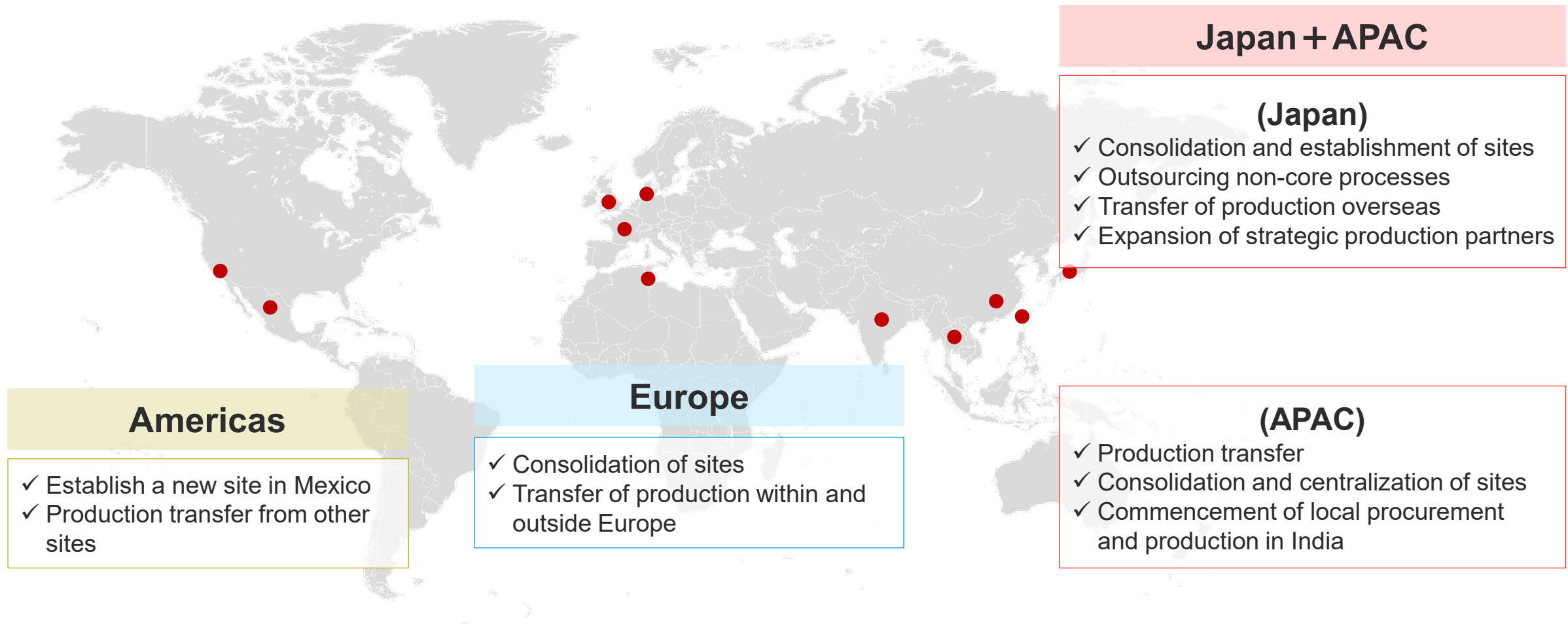
- Establish new process to understand customer issues in each area
- Introduce group-wide development process to enhance speed and adaptability to changes

	Japan・APAC	Americas	Europe
M A R K E T I N G	 		 
	HMI & Safety	HMI	HMI & Safety
	Automation	Automation	Mobility & Service
	Industrial Panel	Industrial Panel	
R & D	  		 
	HMI & Safety	Joysticks	HMI
	Automation		Indicators, Keypads Joysticks
	Wireless & Sensing		
	Common Technology Resource Pool		





- Promote improvements in production efficiency, profitability, and lead time reduction through the establishment of new sites, integration and consolidation of existing sites, and further utilizing outsourcing.



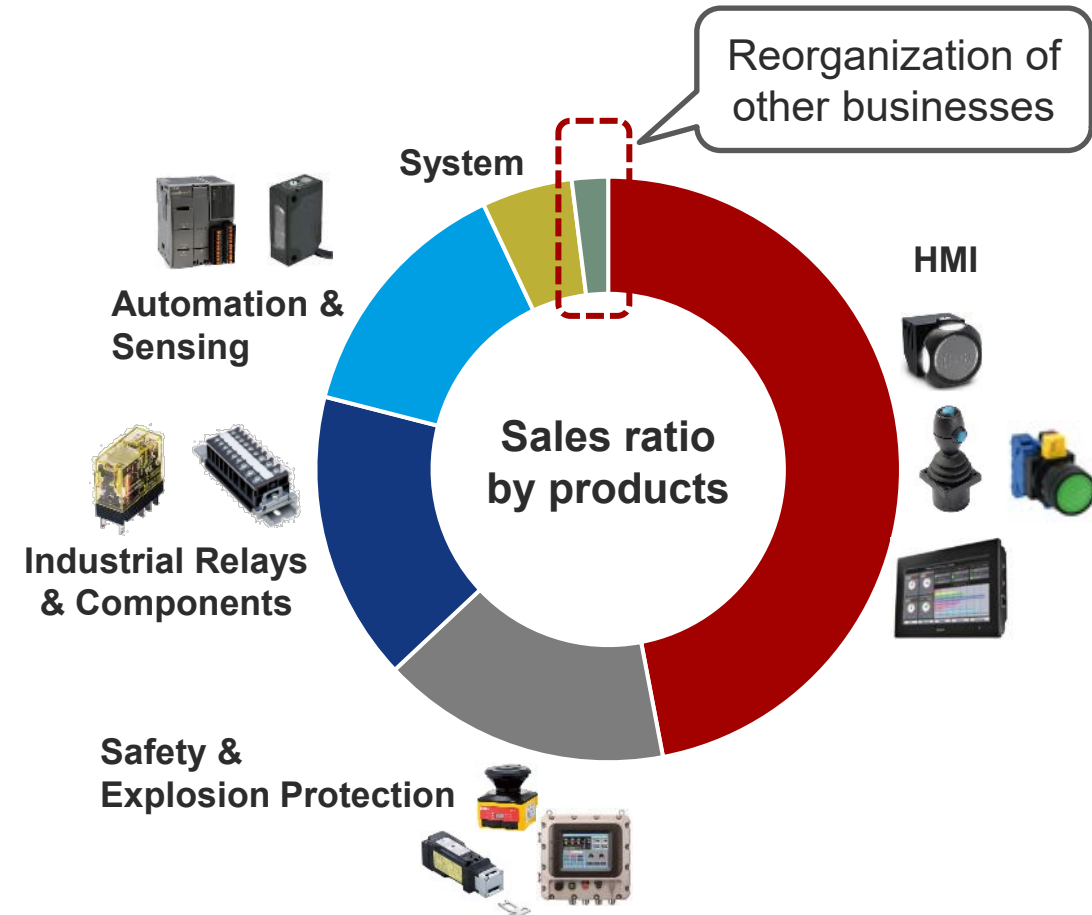
- As part of the review of the business portfolio based on selection and concentration, **non-core businesses were reorganized**

- **Transfer of Fine bubble business:**
July 2024

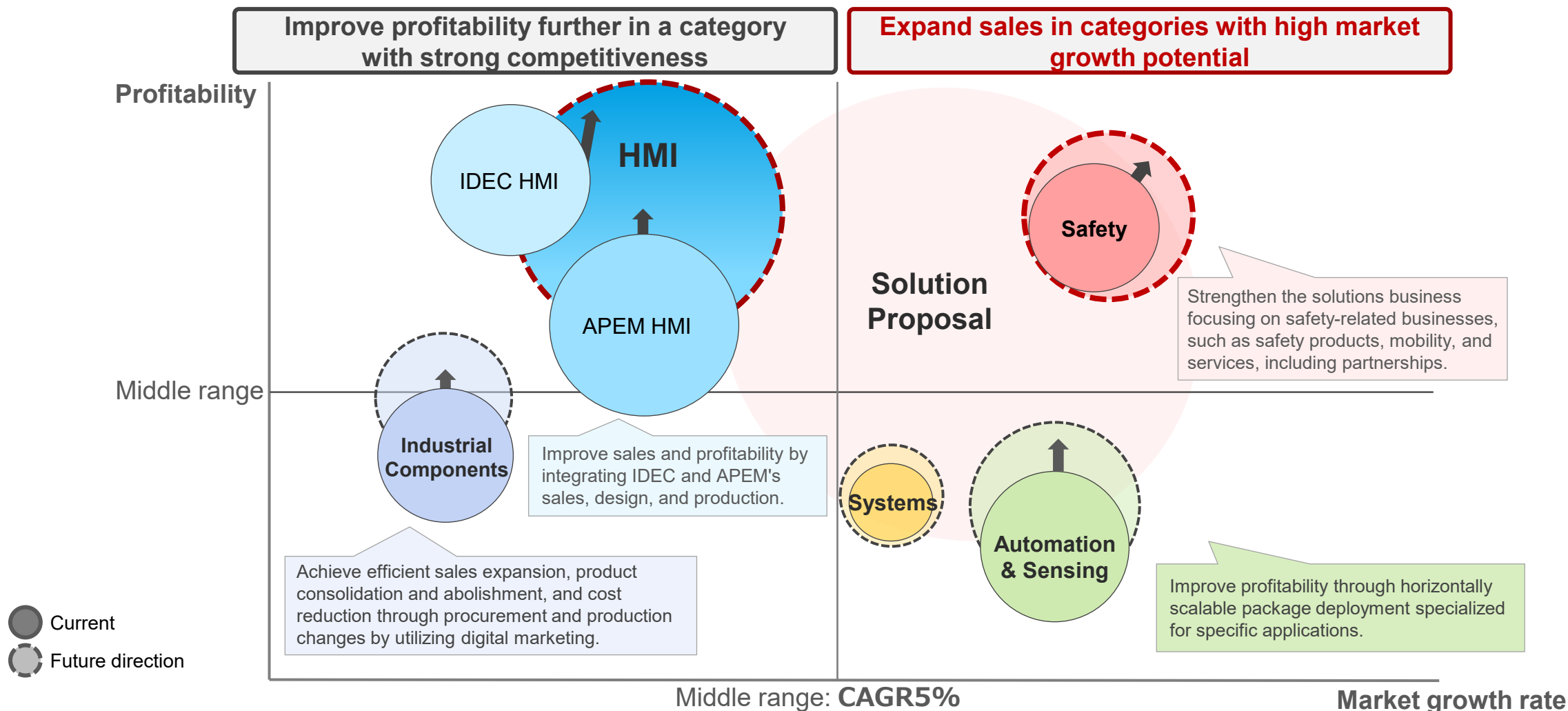
- ✓ The fine bubble business was difficult to commercialize, and we could not expect synergies with our main business. Therefore, the business was transferred to IFB Technologies Co., Ltd.

- **Transfer of solar power generation business:** **March 31, 2025**

- ✓ Solar power generation business was transferred to Tokyo Gas Engineering Solutions Corporation, to focus on businesses where we can better leverage our strengths
- ✓ An extraordinary profit of approx. 1.2 billion yen was recorded



- Enhance the profitability of our strong businesses and build solutions in categories with high market growth.





Achieve improved customer satisfaction and operational efficiency

Improve supply and demand planning through the global expansion of SCM

- ✓ Collect and centrally manage supply and demand information for each area.
- ✓ Obtain actual demand information through S&OP to improve the accuracy of future market trend forecasts

Reduce lead time and inventory optimization through restructuring of the logistics network

- ✓ Reduce lead time through revision of the logistics network
- ✓ Centrally Manage inventory quantity and arrangement at each logistics center globally in a unified manner

Improve the efficiency of purchasing by consolidating suppliers and raw materials

- ✓ Reduce cost through VAVE of main materials (resin, metal, electronics), and consolidation of material manufacturers
- ✓ Strategic selection and aggregation of outsourced assemblies



■ Background of expansion of second career support program

- Employees' work styles and attitudes have rapidly evolved, and we are strongly promoting further globalization and digital transformation to create a “New IDEC” rather than an extension of the past.
- **To support our employees' diverse career aspirations and life plans, and to optimize our organizational personnel, we expanded the scope of our second career support program and enhanced preferential treatment for a set period.**

Outline of the system

(Summary): In addition to the usual retirement allowance, we added a special increment to the existing second career support system.

For those who wish, the company will also fully cover the cost of re-employment support.

(Eligible for the system): Japanese employees who meet the set conditions

(Application period): between December 2024 and the end of March 2025 (Retirement in March and June 2025)

(Results): **136 people**

(Expenses): **Extraordinary losses of approx. 1.4 billion yen**

Promote recruitment and the placement of personnel in the right positions through the introduction of talent management.

- ✓ Establish and expand systems and information infrastructure to support talent development and performance, promoting cross-regional deployment and selective training.
- ✓ Strengthen recruitment of global marketing professionals, software engineers, production technology specialists, and IT talent.



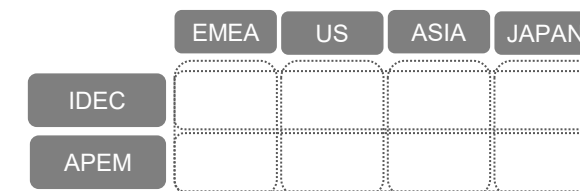
Promote further globalization of the organization

- ✓ Appoint the global function leaders not only in Japan but also overseas for planning and executing global strategies
- ✓ Strengthen the recruitment of global personnel at the new USA headquarters



Development of a Global Business Operations Structure

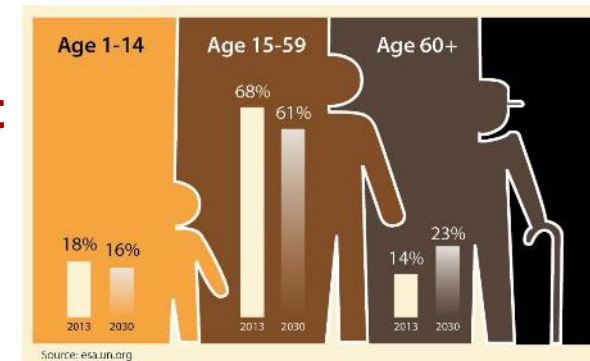
- ✓ Establish a global matrix management organization clarifying IDEC and APEM business units



Medium-term strategy

Changes in the social environment

- **Increased need for automation and productivity enhancement** due to labor shortages and aging population
- **Increased awareness for worker safety and well-being**



Specific customer issues and IDEC's initiatives

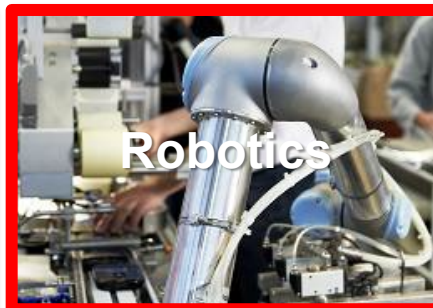
- **[Automation and labor saving]** Address labor shortage and adapt to demographic changes
- **[Introduction of new technology]** Rapid response to ever-changing environments due to robot introduction and advancement of new technologies
- **[Acquisition and utilization of AI Technology]** New possibilities of AI enhancing human abilities and increasing efficiency
- **[Promotion of collaborative safety]** Provide a flexible environment where humans and machines coexist



HMI-X [Transformation]

- **AGVs, AMRs, and robots** that meet the demands for creating a smart and safe workplace
- **The automotive industry** that leads innovation
- **Construction machinery and material handling machinery industries** where the operational environment of HMI is changing

Proactively propose solutions to various industries and enhance competitiveness by approaching not only the installation of devices but also end-users and system integrators.



Consistently provide products, solutions, and services to solve customer issues



■ Fuse safety and HMI technology in various scenarios

- Propose solutions to our customers' on-site issues by integrating IDEC's "Safety DNA," "HMI Technology," and new "Sensing Technology."
- Provide value that not only solves issues but also directly enhances the customer's competitiveness

■ Provide solution proposals compliant with safety standards

- Package the indispensable "collaborative safety" essential for the introduction of AGV, AMR, and collaborative robots
- Provide solutions to challenges such as high regulatory barriers while ensuring safety on site

■ Further expand the support with service offerings

- Address strict regulatory standards in global markets (especially Europe and China)
- Extend our support beyond the customers' challenges through IDEC group's safety consulting services



Example of products solving customer issues

Solve the issue by detecting previously undetectable objects with new technology, which our customers have been unable to resolve until now



Example of solution proposal

Offer a mobile package with safety features ideal for your worksite



Example of service

Support from on-site risk assessment to the creation of safety standards documentation for clients.

Expand solutions conceived from customer perspectives in pursuit of realizing HMI-X

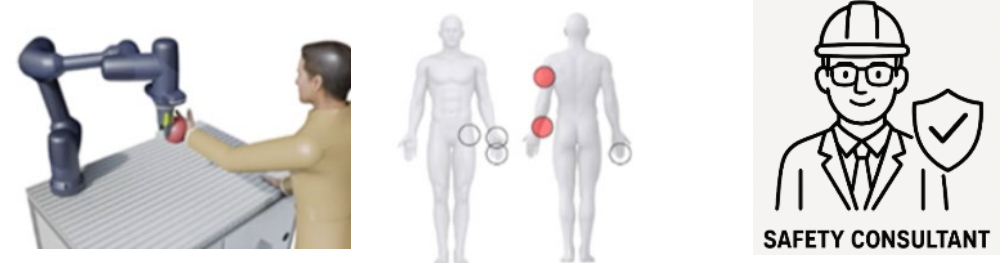
■ Single-product solutions

- New HMI / Custom Joystick / Keyboard
- Collaborative safety AI vision camera / radar sensor



■ Service solutions

- Robot risk assessment support software
- Safety Assessment



■ Application-specific, horizontally deployable packages

- AMR packages/industry-specific controllers
- Data collation management standard system



■ Fully customized solutions

- Transfer machine / Custom AMR for customers / One-board panel
- Custom system / Control panel / Library system, etc.



3 Key Strategic Indicators Driven by Customer-Centric Evolution

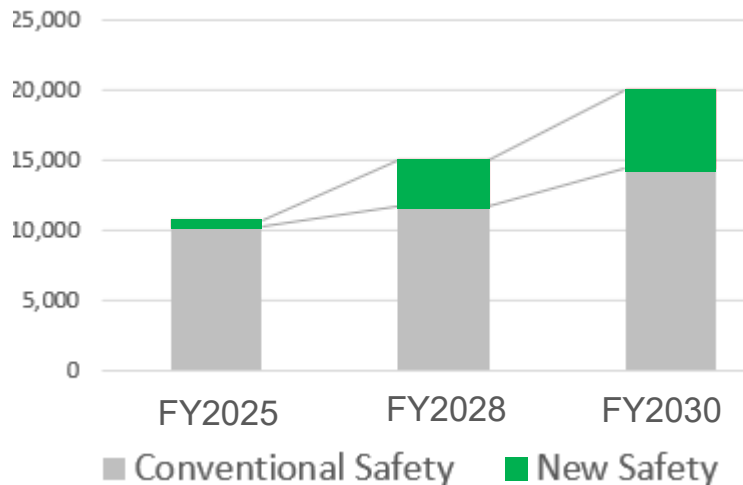
Development of products and services that respond to the latent needs of customers, centered around **"HMI, safety, and ANSHIN"**, to achieve sustainable business growth * ANSHIN denotes a sense of trust & security without any fear or stress

■ Expand safety business through safety and ANSHIN component solutions



Achieve growth of **more than 1.5 times** driven by new business initiatives

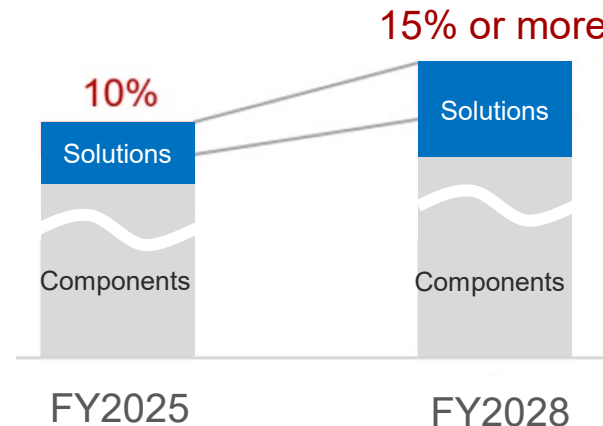
IDEC Safety



■ Accelerate value delivery to customers, improve the sales ratio of solutions



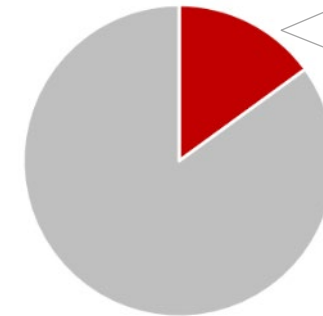
Achieve **more than 15%** focusing on "HMI" and "Safety," and aim **for 20% in the long term**



■ Provide new products directly linked to "enhance of customer value"



Achieve a **contribution ratio of 15% or more** for new products



Main new products

- ✓ Radar sensors
- ✓ Safety products
- ✓ Mobility products
- ✓ Service
- ✓ New controller etc.

- Strengthen relationships with customers by leveraging new processes and tools globally
- Assign dedicated resources to focused areas and strengthen the approach for industries and applications

Americas

- **Establish a local R&D organization to provide services to both the IDEC and APEM brands**
- Maximize synergies such as cross-selling and economy of scale effects through the business integration of IDEC and APEM
- Focus on key industries such as oil and gas, HVAC, and green energy in addition to focusing on global industries
- **Expand and develop business in South America**

EMEA

- Strengthen proposals for focus industries through the sales network in Europe and the USA
- **Expand distribution in uncharted areas**
- **Build relationships with end-users through the provision of safety, AGV, and consulting services**
- Establish a functional safety organization in France, including R&D

Japan

- Enhance proposals for applications that meet potential market needs
- **Strengthen relationships with key end users (such as automotive, construction, etc.)**
- Collaborate with distributors to improve sales accuracy and customer service
- **Enhance inside sales/technical sales to improve sales efficiency**

Greater China

- **Enhance local marketing, R&D, and manufacturing capabilities, and promote the "China for China" initiative**
- Strengthen relationships with key end-users
- **Build partnerships with local manufacturers and accelerate growth**
- Focus on the safety business with a target of achieving 30% of total sales

Asia Pacific

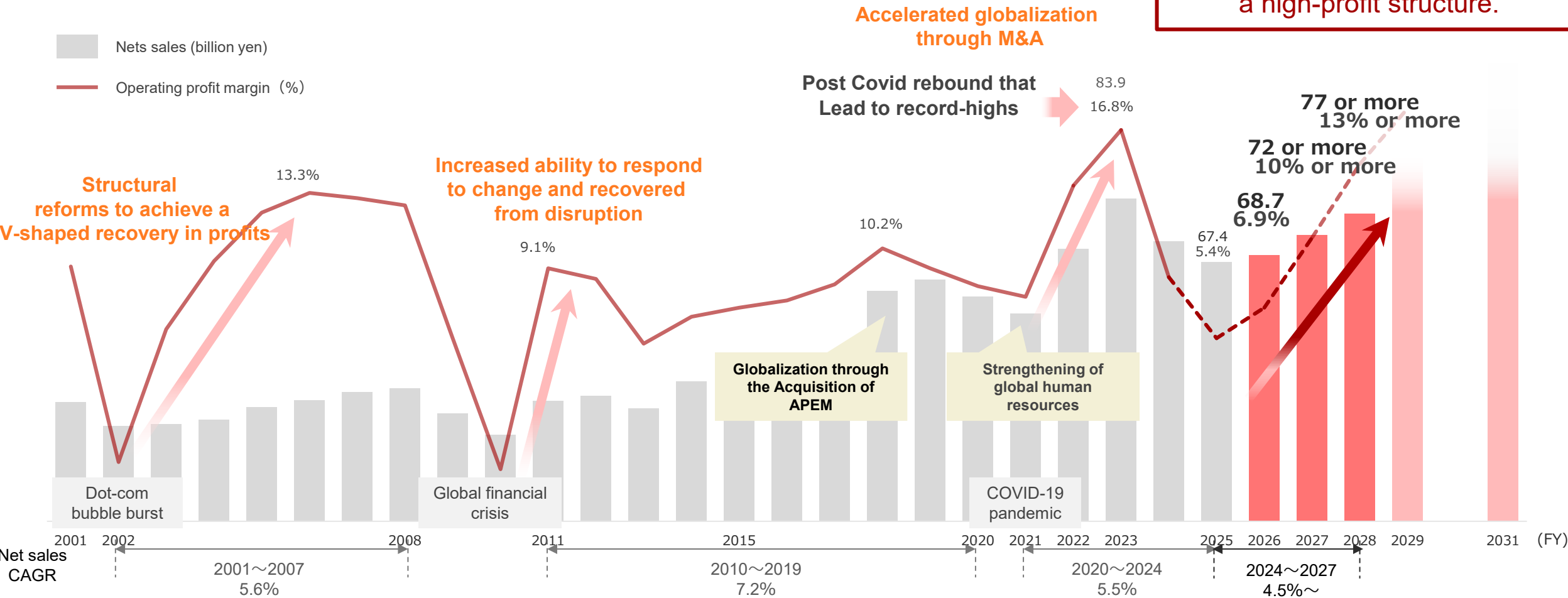
- Expand India market (sales, sales offices, distributors)
- Promote local assembly and production of main products
- **Establish partnerships locally and accelerate growth by localizing the assembly of key products**
- **Establish engineering and software support centers in India**

Target

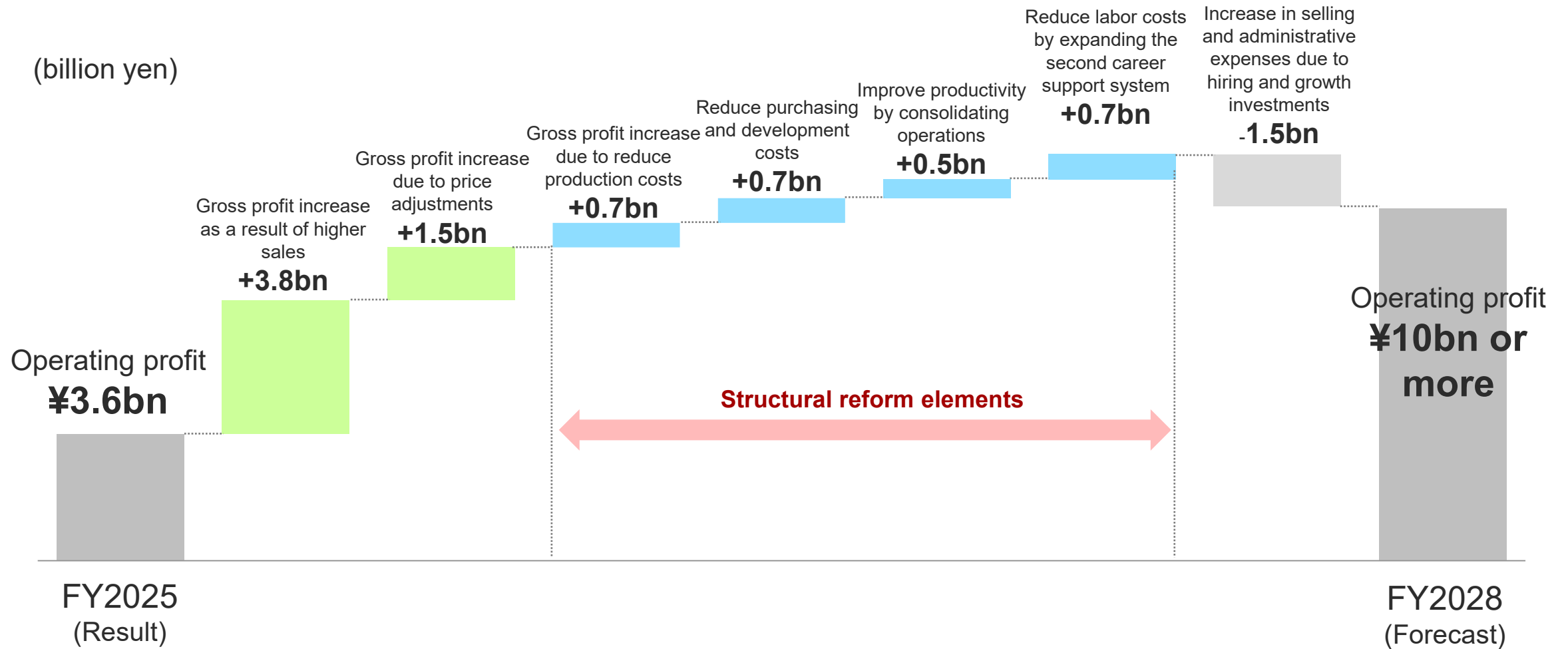
Transform into a global company through a discontinuous leap, not simply an extension of the past



Transform into a global company with the ability to respond to customer needs and has a high-profit structure.



Expected changes in profit from FY2025 to FY2028



Proposed cash allocation for FY2026 to FY2028



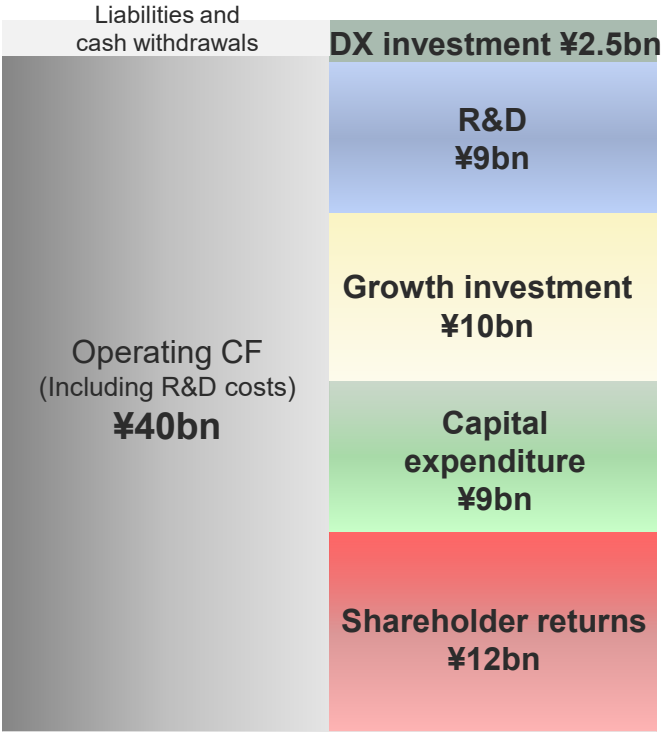
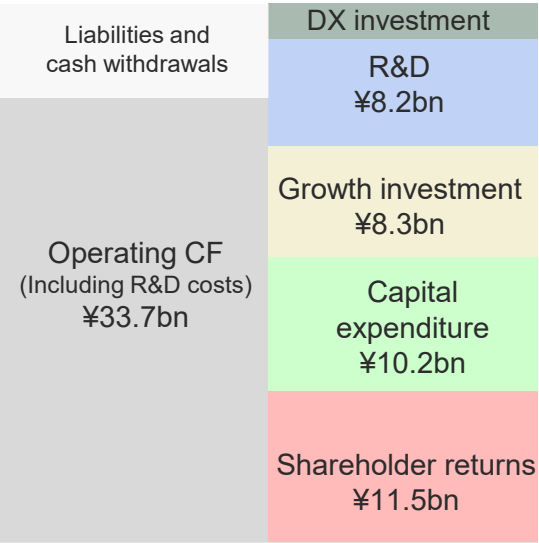
- Execute effective cash allocation to enhance capital efficiency while completing structural reforms and realizing and accelerating growth

New mid-term plan
(FY2026~FY2028)

(billion yen)

Previous mid-term plan
(FY2023~FY2025 results)

(billion yen)



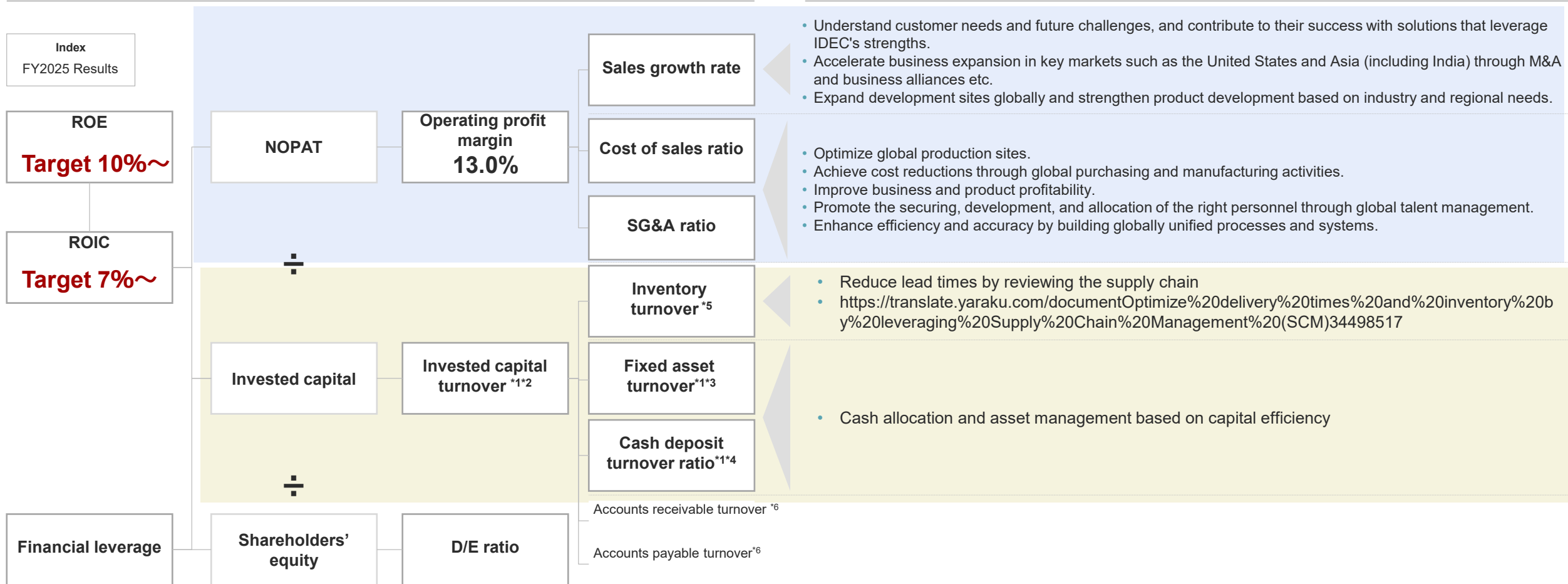
- DX - Digital investment including ERP, SCP, CRM, etc.
- R&D - Development of custom solutions to meet customer needs
- Growth - Investments for inorganic growth such as M&A and new sites
- Capital expenditure - Investment for efficiency
- Capital expenditure - Investment for maintaining the efficiency of existing assets
- Shareholder returns - Stable dividends and share buybacks in response to timing

References

■ Aim to enhance ROE and ROIC by improving its operating profit margin and invested capital turnover rate

ROIC Tree

Overview of key strategy initiatives expected to impact ROIC



*1: Calculated using the ending balance of each balance sheet account / *2: Invested capital turnover = Sales / (Fixed assets + Accounts receivable + Inventory – Payables + Cash and deposits)

*3: Fixed asset turnover: Fixed asset turnover = Sales / Fixed assets / *4: Cash turnover = sales / cash and deposits / *5: Turnover is calculated using cost of sales.

Currency	Exchange Assumption	Effect by 1 yen change of exchange rate *For CNY, effect by 0.1 yen change	
		Net sales	Operating profit
USD	145	Approx. 100 million yen	Approx. 10 million yen
EUR	160	Approx. 110 million yen	Approx. 10 million yen
CNY	20.50	Approx. 40 million yen	Approx. 5 million yen

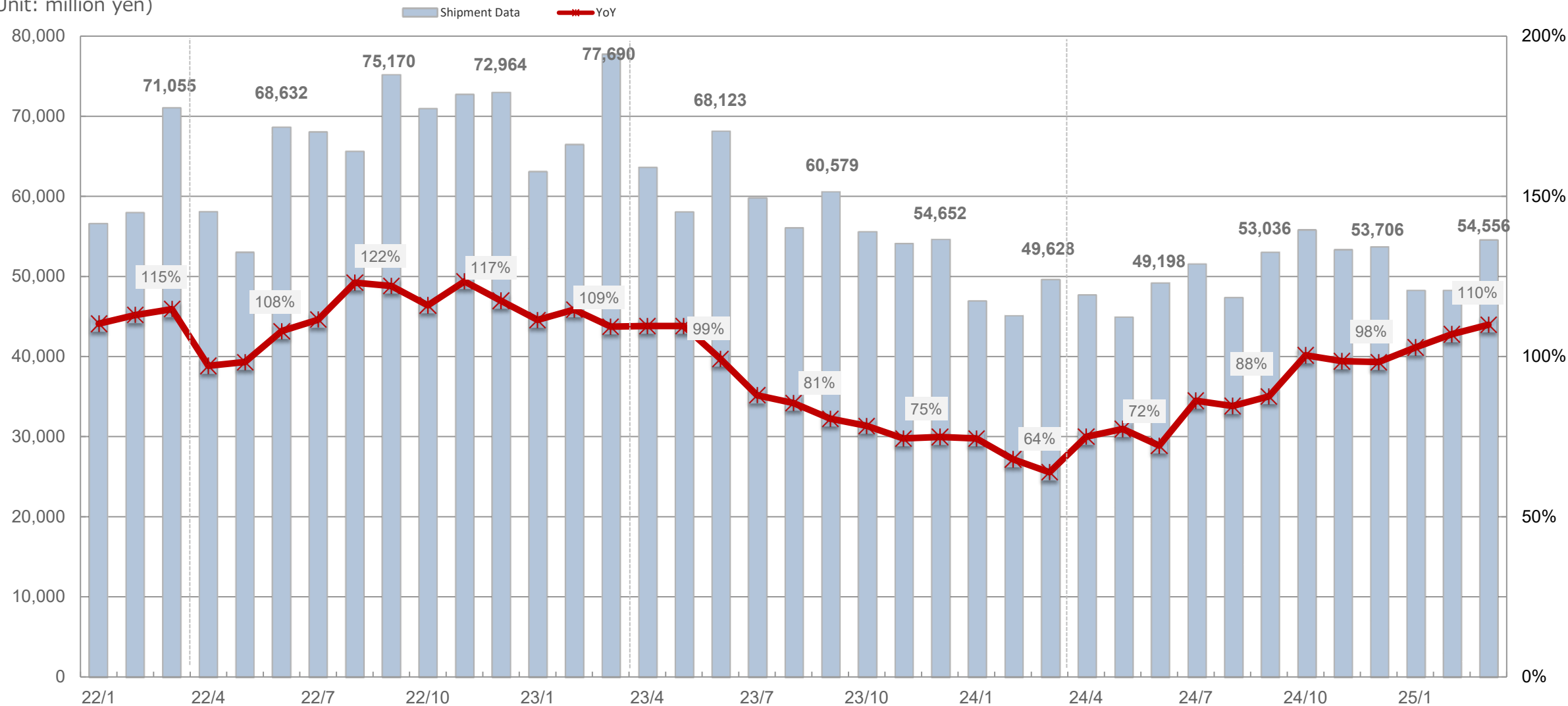
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association



Transition of the industrial shipment and YoY status (between Jan. 2022 to March 2025)

(Unit: million yen)



Sales classification by segment

Industrial Switches

- Industrial switches
- Joysticks
- Pilot lights
- Operator interfaces



APEM products



Industrial Relays & Components

- Switching power supplies
- Terminal blocks
- Industrial relays/sockets
- Circuit protectors
- LED illumination units



Automation & Sensing

- Programmable logic controllers
- Sensors
- Automatic identification devices



Safety & Explosion Protection

- Safety-related products
- Explosion protection products



Systems

- Collaborative robot systems
- Interface complex systems
- Security systems
- Other various systems



This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of May 15, 2025.

Therefore, actual performances may vary from aforementioned plans and expected values due to unforeseeable events and factors.

The original language is Japanese in financial results materials. The English version is translated into the original Japanese version. In the case of any discrepancy between the English translation and the Japanese original, the latter shall prevail.

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