



I-PEX Inc.

Integrated Report **2024**

January 1, 2023 to December 31, 2023



Innovative Product development & Engineering solutions eXpert

This is what we aim for.
With our keen sensitivity, it is the sharpest tip that opens the way to the next generation in order to create a brighter future.
We bring surprise, joy and excitement to the world by creating new values that reflect society, reflect tomorrow, and stay one step ahead of the needs of the times.

Corporate Identity (CI)



Contents

01 Overview

01 Corporate Identity

02 At a Glance

03 Growth History

05 I-PEX Products Contributing to the Digital Society

07 The I-PEX Group Network Connecting the World

09 Message from the President

13 Materiality-Driven Value Creation

13 Value Creation Process

15 Overview and Progress of the Medium- to Long-Term Management Strategy: I-PEX Vision 2030

17 Building Stronger Capitals

19 Build an Optimal Manufacturing System and Promote Capital Cost and Cash Flow Management

21 Contribute to a Comfortable and Safe Digital Society Supported by Innovation

23 Transform the Business Structure and Expand Our Field of Business

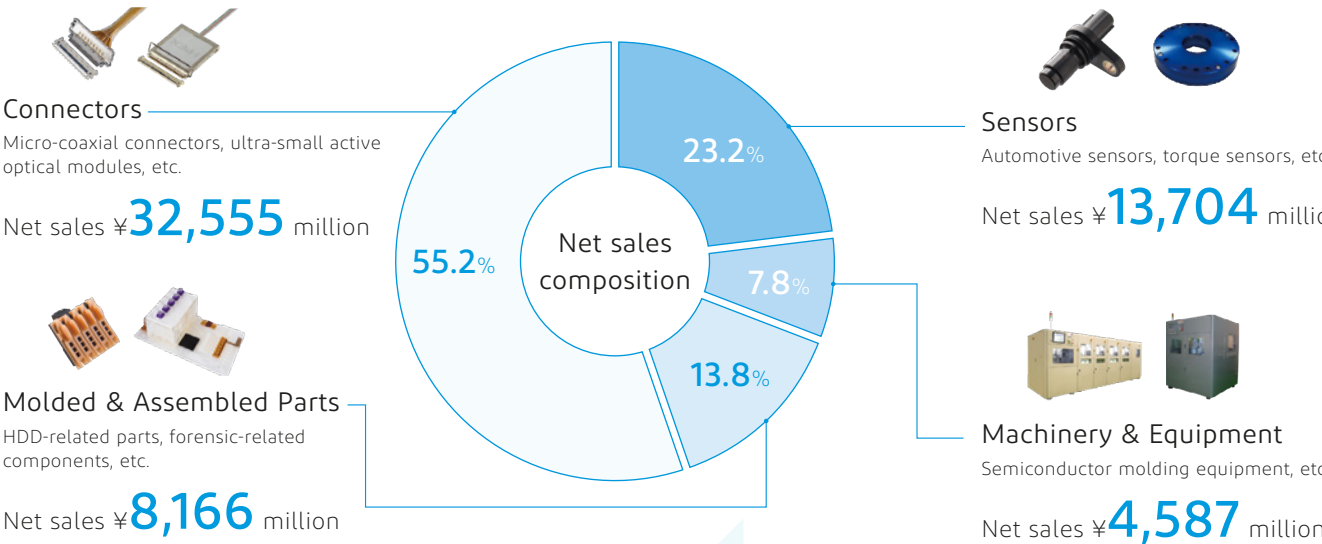
26 Tackle Climate Change and Contribute to a Recycling-Based Society

29 Strengthen Human Resource Management

At a Glance *As of December 2023

Net sales	Ordinary income	Overseas sales ratio
¥59,014 million	¥-555 million	66.4%
Number of countries and regions	Number of sites	Number of employees
12	39	5,007
Total assets	Net assets	Shareholders' equity ratio
¥91,603 million	¥58,387 million	63.6%

Net Sales by Segment



Scope: I-PEX Inc. and 21 companies in the I-PEX Group (20 of which are consolidated subsidiaries)

Period: Fiscal year 2023 (January 1, 2023 to December 31, 2023)
This report also contains information from other periods in order to provide the latest information and make comparisons with past fiscal years.

Publication: June 2024

Disclaimer: This report contains forward-looking statements such as the plans and strategies of I-PEX Inc. and its consolidated subsidiaries. Such statements are based on judgments derived from information available at the time, and actual results may differ significantly for a variety of reasons.

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Growth History

The I-PEX Group, with roots in precision molding technology, has been at the “sharpest tip” of manufacturing throughout its history. Today, our mainstay business is connectors; we also develop products such as sensors with a view to IoT and a society in which people and robots collaborate.

Going forward, we will continue to take on the challenge of new business fields and actively pursue further growth.



1963.07
Dai-ichi Seiko Co., Ltd.

1963–1975

Established as a High Precision Mold Manufacturer

- **1963** Dai-ichi Seiko Co., Ltd. was established in Kyoto to exclusively produce high-precision molds by using module systems for manufacturing molds (full-split structures/complete heat treatment hardening/shift to complete precision machining after full quenching), which were developed in 1960.
- **1964** Made extensions to the plant and established the Jig Dept., which takes advantage of precision processing technology cultivated through mold manufacturing.
- **1968** Started to export molds for precision plastics to U.S.A., Canada, Mexico, and Singapore.
- **1971** Opened a representative office in Singapore.
- **1972** Opened Tokyo Office in Shinagawa, Tokyo, Japan.
- **1973** Received orders for mass production of molded connectors, and started commissioned production of precision plastic components.



1963
Molds at the time of the company's founding



1973
Precision plastic components on which mass production commenced



1976.10
Eikosha Co., Ltd., our first company for mass production



1979.01
Singapore Dai-ichi Pte. Ltd.



1982.01
Ogori Plant

1976–1987

Business Expansion and Breakthrough in Commissioned Production

- **1976** Established our first subsidiary in Chikushino, Fukuoka, Japan.
Established our first company for mass production in Fuchu, Tokyo, Japan.
- **1979** Established Singapore Dai-ichi Pte. Ltd. (now I-PEX Singapore Pte. Ltd.) in Singapore.
- **1980** Released GP-SYSTEM: MARK-I, the world's first fully automatic semiconductor molding equipment.
- **1982** Started operations at Ogori Plant in Ogori, Fukuoka, Japan.
- **1986** Established Yamanashi Plant in Yamanashi, Japan.



1980
Automatic semiconductor molding equipment GP-SYSTEM MARK-I



Sealing resin molds for semiconductors



1988.11
Philippine, D-I Inc.



1991.04
Shanghai Dai-ichi Mould & Plastics Co., Ltd.

1988–2003

Building Systems for Production in Optimal Global Locations

- **1988** Started commissioned production of automobile components.
Established Philippine, D-I Inc. in the Philippines.
- **1989** Established MDI Sdn. Bhd. in Johor Bahru, Malaysia.
- **1991** Established Shanghai Dai-ichi Mould & Plastics Co., Ltd. (now I-PEX Precision Mold & Plastics (Shanghai) Co., Ltd.) in Shanghai, China.
- **1993** Completed the construction of and started operations at the new plant of Singapore Dai-ichi Pte. Ltd. in Yishun, Singapore.
- **1994** Established Dai-ichi Seiko America, Inc. (now I-PEX USA Components Inc.) in San Jose, California, U.S.A.
Established Laguna Dai-ichi, Inc. (now I-PEX Philippines Inc.) in Laguna, the Philippines.
- **1997** Started the world's first mass production of Ramps, an important component used in hard disk drives (HDDs).
- **2000** Established Thai Dai-ichi Seiko Co., Ltd. (now I-PEX (Thailand) Co., Ltd.) in Chonburi, Thailand.
Established Touchstone Precision, Inc. (now I-PEX USA Manufacturing Inc.) in Auburn, Alabama, U.S.A.
Established PT. Pertama Precision Bintan (now PT IPEX Indonesia Inc) in Bintan, Indonesia.



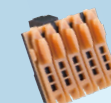
1993.10
Singapore Dai-ichi Pte. Ltd.



2000.12
Touchstone Precision, Inc.



2000.12
PT. Pertama Precision Bintan



HDD Ramp



Wheel Speed Sensor



Angle Sensor



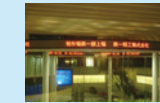
Water Meter



Smart Entry Key



2005.03
Dong Guan Dai-ichi Seiko Mold & Plastics Co., Ltd.



2011.03
Listed on the 1st Section of the Tokyo Stock Exchange.



2006.06
Vietnam Dai-ichi Seiko Co., Ltd.



2017.08
Daiichi Seiko (M) Sdn. Bhd.



2006.11
Listed on the JASDAQ Securities Exchange.



2020.01
Okinawa Plant



2007.05
Matsue Dai-ichi Seiko Co., Ltd.

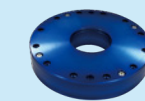


2021.12
Tech Forest

2004–

Business Field Expansion and Becoming a Listed Company

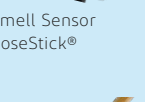
- **2004** Acquired I-PEX Co., Ltd., an innovator of high-speed, wide-area transmission connectors, as a subsidiary.
- **2005** Established Dong Guan Dai-ichi Seiko Mold & Plastics Co., Ltd. (now I-PEX Precision Mold & Plastics (Dongguan) Co., Ltd.) in Dongguan, China.
- **2006** Established Vietnam Dai-ichi Seiko Co. Ltd. (now I-PEX Viet Nam Co., Ltd.) in Ho Chi Minh, Vietnam.
Listed on the JASDAQ Securities Exchange.
- **2007** Established Matsue Dai-ichi Seiko Co., Ltd. (now I-PEX Shimane Inc.) in Matsue, Japan.
- **2011** Listed on the 1st Section of the Tokyo Stock Exchange.
- **2015** Opened Detroit Office of Dai-ichi Seiko America, Inc. (now I-PEX USA Components Inc.) in Detroit, Michigan, U.S.A.
- **2017** Established Daiichi Seiko (M) Sdn. Bhd. (now IPEX Global Manufacturing (M) Sdn. Bhd.) in Johor Bahru, Malaysia.
- **2019** Established I-PEX Global Operations, Inc. in Tomigusuku, Okinawa, Japan.
- **2020** Established Okinawa Plant in Uruma, Okinawa, Japan.
Opened I-PEX Campus in Ogori, Fukuoka, Japan.
Changed the company name to I-PEX Inc.
- **2021** Opened new Tech Forest building on I-PEX Campus.
- **2022** Stock listing transferred to the Tokyo Stock Exchange's Prime Market.
Made subsidiaries of KRYSTAL, Inc. and its affiliates.
Opened the Okinawa Innovation Center in Uruma, Okinawa, Japan.
- **2023** Merged KRYSTAL, Inc. and its affiliates and changed the company name to I-PEX Piezo Solutions Inc.
60th Founding Anniversary



ESTORQ® Electrostatic Capacitance Torque Sensor



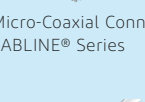
Electric hand ES-Hand®



Smell Sensor noseStick®



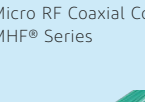
Smell Sensor nose@MEMS®



Micro-Coaxial Connectors CABLINE® Series



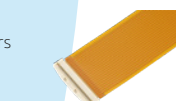
Board-to-Board Connectors NOVASTACK® Series



Micro RF Coaxial Connectors MHF® Series



Power Connectors ISH® Series



FPC/FFC Connectors MINIFLEX® Series

A company with technical capabilities to implement digital manufacturing

I-PEX

I-PEX Products Contributing to the Digital Society

The I-PEX Group’s products help bring convenience and comfort to many facets of everyday life. Based on the manufacturing DNA we have cultivated, we will support changing lifestyles in the digital society by serving as an “Innovative Product development & Engineering solutions eXpert” that creates new value one step ahead of the needs of the times.

Life

01 Micro-Coaxial Connectors
Used to connect panels in notebook computers; I-PEX has the world’s top share.

02 Micro RF Coaxial Connectors
Support various communication standards; used to connect antennas, etc. in diverse electronic devices.

03 Board-to-Board (FPC) Connectors
Support high-speed communication and high-frequency standards with unique noise control technology.

04 Forensic-related Components
Microfluid analysis chips used in DNA analyzers.

Digital Infrastructure

05 Ramps for Hard Disk Drives
Supply of various hard disk drive components, including Ramps, which I-PEX was the first in the world to mass produce.

06 Ultra-Small Active Optical Module
Active optical modules for next-generation optical interconnection.

Mobility

07 Power Connectors
Resistant to high heat and vibration; utilized in automobile headlights, etc.

08 Angle Sensors
Detect the rotation angle and speed of engine cranks and cams.

09 Smart Entry Keys
Smart keys for automobiles featuring high flex resistance and water resistance.

10 Turbine Shrouds
We supply aircraft engine components using metal processing technology.

Industry

11 Semiconductor Molding Equipment
Resin cover for semiconductor integrated circuits; we were first in the world to fully automate these devices.

12 Electrostatic Capacitance Torque Sensors
Detect, control torque generated by the rotation of robots and other equipment.

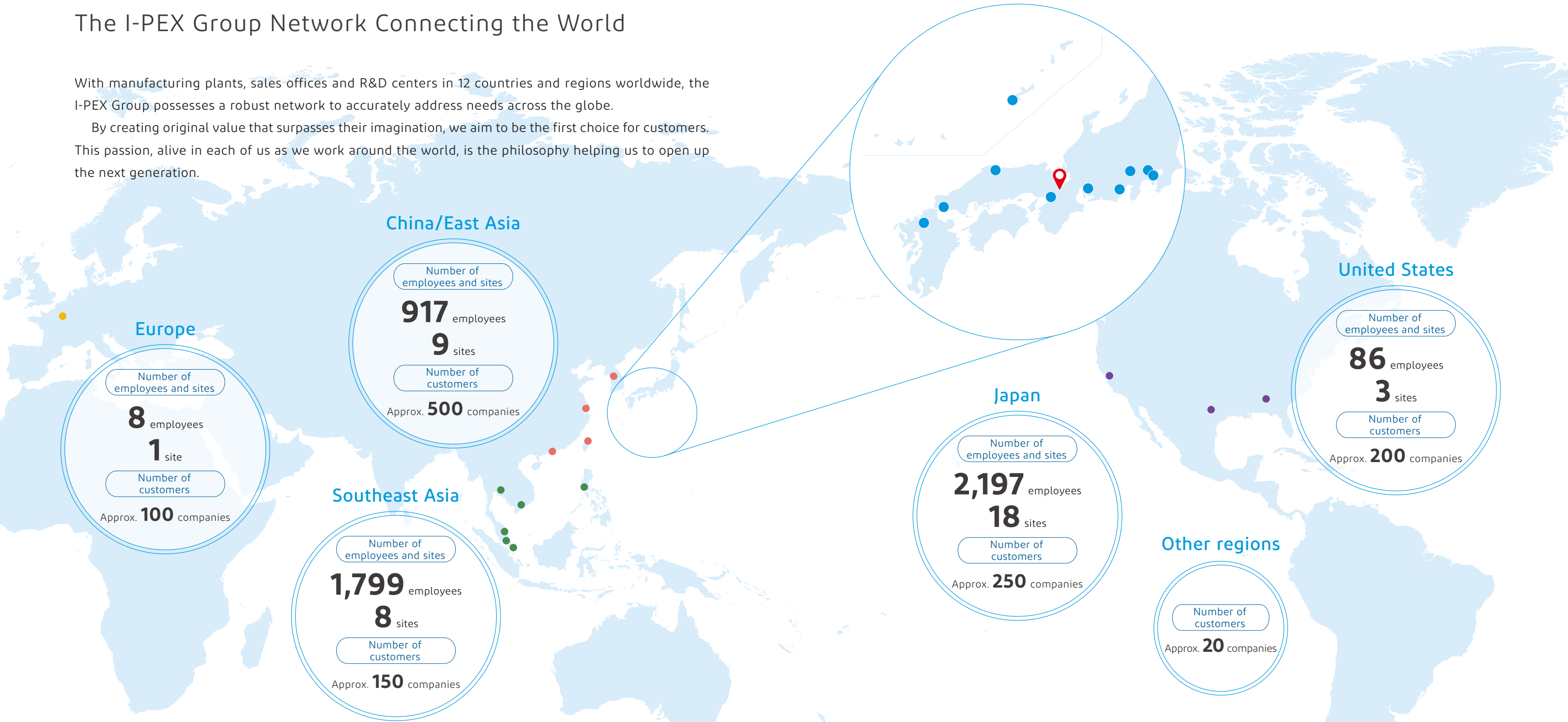
13 Piezoelectric MEMS Foundry
Provides superior single-crystal piezoelectric deposition and MEMS processing technologies.

14 Smell Sensors
Utilize MEMS technology; various potential applications, including quality assurance for agricultural crops.

The I-PEX Group Network Connecting the World

With manufacturing plants, sales offices and R&D centers in 12 countries and regions worldwide, the I-PEX Group possesses a robust network to accurately address needs across the globe.

By creating original value that surpasses their imagination, we aim to be the first choice for customers. This passion, alive in each of us as we work around the world, is the philosophy helping us to open up the next generation.



- Europe

Sales Office

● France
- Southeast Asia

Production Bases

● Singapore (2)
● Malaysia
● Indonesia
● Philippines
● Thailand
● Vietnam
- Sales Office

● Singapore

- China/East Asia

Production Bases

● Shanghai (3)
● Guangdong
- Sales Offices

● Shanghai
● Guangdong
● Hong Kong
● Taiwan
● Korea

- Japan

Production and R&D Bases

● Kyoto [Headquarters]
● Tokyo
● Yamanashi
● Shizuoka (2)
● Shimane
● Yamaguchi
● Fukuoka (5)
● Okinawa (2)
- Sales Offices

● Kanagawa
● Aichi
● Osaka
● Okinawa

- North America

Production Base

● Alabama
- Sales Offices

● Texas
● California

* Number of sites within the same regions are written in brackets.

Please refer to this link for details about our network.

https://corp.i-pex.com/en/company/business_jp

Message from the President

We will establish a business foundation to ensure robust capital efficiency and profitability while pursuing change and growth to become a forward-thinking organization, seeking to achieve the medium- to long-term management strategy, I-PEX Vision 2030

Takaharu
Tsuchiyama
President,
Representative Director



Overview and Progress since Becoming President

Fostering a forward-thinking corporate culture by raising awareness of our Corporate Identity (CI)

When I envision the future of the I-PEX Group, my desire is for all our employees to continue moving forward with a shared outlook, grounded in the company motto that expresses our founding spirit. To this end, since becoming president, I have sought to share a new philosophy and code of conduct across the Group to lead us into the next stage of growth, focusing on actions to raise awareness of our CI to foster a sense of unity. I have created opportunities to speak directly with employees from the various business divisions, working to share our CI and convey a determination both to change and grow and to take initiative as individuals to tackle issues.

Underlying these actions to raise CI awareness is my desire for I-PEX to change and grow into a company that actively proposes ideas while leveraging our corporate culture of responding diligently to customer demands. This desire is incorporated into our medium- to long-term management strategy, I-PEX Vision 2030. For example, one of our priority measures, the evolution of business models, entails expanding our field of business—rather than focusing solely on manufacturing, we are seeking to branch out into services that add value.

I have a strong sense that these efforts have borne fruit in terms of more forward-thinking words and actions, not least in meetings and conversations with employees. When analyzing the results of employee surveys, however, I feel we still need to spend more time on raising employee engagement.

Also, through dialogue with overseas sites, while we are naturally working to raise CI awareness globally, we are also working to set up management frameworks and put mechanisms firmly in place for information sharing and collaboration to support further growth as a global company.

FY2023 Results and Issues Going Forward

Urgent need to return to a growth trajectory

We saw ongoing declines in demand for our mainstay products in fiscal year 2023, including connectors, automotive components, and HDD-related parts. Although there were signs of a turnaround in the second half, the year overall was challenging.

I believe a major contributing factor lies in a business structure in which risks are not adequately diversified. Our pressing issue is to realign the business structure into a more robust form that does not depend on specific markets as we steadily boost earnings, in addition to moving forward with the launch of businesses that offer new sources of earnings.

To this end, our aim in fiscal year 2024 is to build a business foundation with robust capital efficiency and profitability, through the following three initiatives. This will allow us to achieve the targets set forth in I-PEX Vision 2030 of net sales of ¥100 billion and ROE of 8% or higher.

1. Raising awareness of ROIC

First, to ensure rigorous balance sheet management centered on the return on invested capital (ROIC), we will set clear performance indicators. The corporate division will take the lead in setting targets based on the mission of each business, including company-wide ROIC and business-specific ROIC targets, as well as drivers of improvement such as fixed asset turnover. Since characteristics vary from business to business, each business division will set its own performance indicators, such as personnel expense ratios or utilization rates. The corporate division and various business divisions will work closely together to instill greater awareness of ROIC across the Group.

In addition to further expanding sales, we will explore ways of tightening our strategic focus, including by reviewing and consolidating production sites. Our goal is to reduce fixed assets to less than half of total assets and achieve a fixed asset turnover of 2.0 or more. We will further ensure progress through regular evaluations that will be monitored in our Management Meeting.

2. Rebuilding an optimal manufacturing framework

Our second initiative is to update our medium- to long-term management strategy, I-PEX Vision 2030. In formulating the vision in 2021, we back casted from the world we foresaw in 2030, setting out certain business themes as priority businesses, such as digital infrastructure (photoelectric conversion) and hybrid/ electric vehicles, and focusing on the potential for development of these core technologies.

About three years have passed since we formulated the strategy. As the next phase of our efforts to get the MEMS business up and running as a new pillar of earnings, we are working to establish a stable supply framework, including financing measures.

Taking a fresh look at developments in the business environment, including in terms of technologies, products, and markets, we will update our priority business themes and reconfigure the business portfolio with a view toward 2030, the final year of I-PEX Vision 2030. This will guide our efforts to rebuild an optimal manufacturing framework.

3. Creation of new businesses

Our third initiative is the creation of new businesses. As a new candidate to follow the MEMS business, we are focusing on the environmental and energy solutions business, reflecting our positioning of tackling climate change and contributing to a recycling-based society as a point of materiality.

We are paying particular attention to the potential of reusing lithium-ion batteries used in electric vehicles as a way of reducing environmental impact, and are researching battery management systems suitable for reusable lithium-ion batteries. As a first step in this direction, we formed a capital alliance in January 2024 with L-B. Engineering Japan to collaborate on the development of a storage battery system equipped with reusable batteries. We expect this solution to be useful in ensuring power supply during disasters and to contribute to a circular economy.

Message from the President

Creation of New Value

Research and development with an awareness of return on investment

The I-PEX Group pursues research and development in two directions: research that aims to strengthen and expand our fundamental technologies from a longer-term perspective, and development that draws on the foundation of our core technologies to explore new applications. We undertook 15 R&D projects in fiscal year 2023, of which 14 carried over into fiscal year 2024.

In terms of research, for example, we are researching the reuse and recycling of vehicle batteries. Specifically, we are making headway with the development of a control system for entire storage batteries, including a battery management system and IoT technology, suitable for reusable lithium-ion batteries. We will contribute to a circular economy by providing solutions that utilize reused lithium-ion batteries.

Another focus is research into products that use hydrogen energy. Primarily through our Okinawa Innovation Center, we are currently developing product prototypes in cooperation with universities, research institutes, and companies inside and outside Okinawa Prefecture. We are also exploring the development of solutions that combine the research into battery management systems and hydrogen energy.

On the development front, we are making headway with several high-frequency, high-speed transmission technologies, including LIGHTPASS® Series active optical modules for photoelectric conversion, compact high-speed transmission connectors for the enterprise market, and the AP Series of board-to-board power terminals that are a core component in electric vehicles.

We are also working to reduce the power consumption of semiconductor molding equipment. We selected and tested equipment in fiscal year 2023 and plan to start in on full-scale verification in fiscal year 2024.

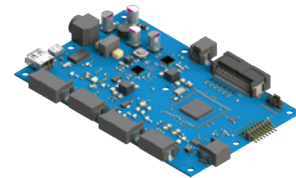
In terms of growth investments, we are laying the groundwork for a new R&D center in Machida, Tokyo, due to open in 2025. Featuring a 3m anechoic chamber, the center will offer more comprehensive resources for the design, measurement, and analysis of high-frequency, high-speed transmission and optical and wireless transmission. Going forward, we will continue to aim for sustainable business growth and achieve our management goals while determining the best allocation of research and development outlays, with an eye toward return on investment.

A Culture of Taking on Challenges to Create Innovation

The growth of people and the organization is the driving force behind enhanced corporate value

I consider human capital to be one of our most critical assets for realizing the Group CI and our vision. Our aim is for the growth of each employee to become a driving force that leads to the sustainable enhancement of corporate value. We will build a grand design for human resource management that allows personnel with diverse values, skills, and experience to flourish.

We have set forth several themes in particular, including strengthening human resource management from a company-wide perspective; performing global personnel evaluations and building career advancement programs; securing and developing personnel with high specialization and the potential to create



Battery management system suitable for reusable batteries, developed by I-PEX



Okinawa Innovation Center

future businesses; promoting diversity, equity, and inclusion; and enhancing employee engagement and motivation. We plan to develop human resources strategies based on these themes by comparing and organizing key elements of human resources management, such as recruitment, placement, evaluation and working conditions, training, and engagement.

Going forward as well, by securing diverse human resources and encouraging the growth of employees who are eager to continue to embrace challenges, we will generate innovation and expand our field of business.

In addition to human resources, the strength of our global organization will be indispensable to future growth. The I-PEX Group currently has sites in 12 countries and regions worldwide and employs roughly 5,000 people. Around 60% of our employees are located in countries other than Japan, and mid-career hires, with their wide range of experience, play an active role in Japan and overseas. We are currently working to formulate key regulations, reform boards of directors, and realign organizations to put a governance framework in place for our overseas affiliates.

We are also revisiting our performance management and monitoring mechanisms to ensure transparency. We are pursuing a number of measures in particular, including restructuring the management frameworks of local affiliates and finding better approaches to finances and income and capital management, establishing performance management and evaluation systems, revamping the nomination and compensation approaches of the management teams of local affiliates, and taking steps to prevent fraud.

These efforts will give our overseas affiliates a stronger framework from which to make swift decisions and expand our businesses in various countries and regions.

Message to Our Stakeholders

Pursuing corporate transformation seeking to achieve the medium- to long-term management strategy, I-PEX Vision 2030

2023 marked the 60th year since the founding of the I-PEX Group. We are proud of the major strength of our Group—precision and perfection in manufacturing excellence—which has enabled us to grow the business to date.

To achieve the medium- to long-term management strategy, I-PEX Vision 2030, will require capitalizing on the strengths in manufacturing we have cultivated over the years to address social needs and lay the groundwork for growth. This entails becoming an “Innovative Product development & Engineering solutions eXpert” that can propose services and ideas to address the concerns of client companies and in turn help address major social issues.

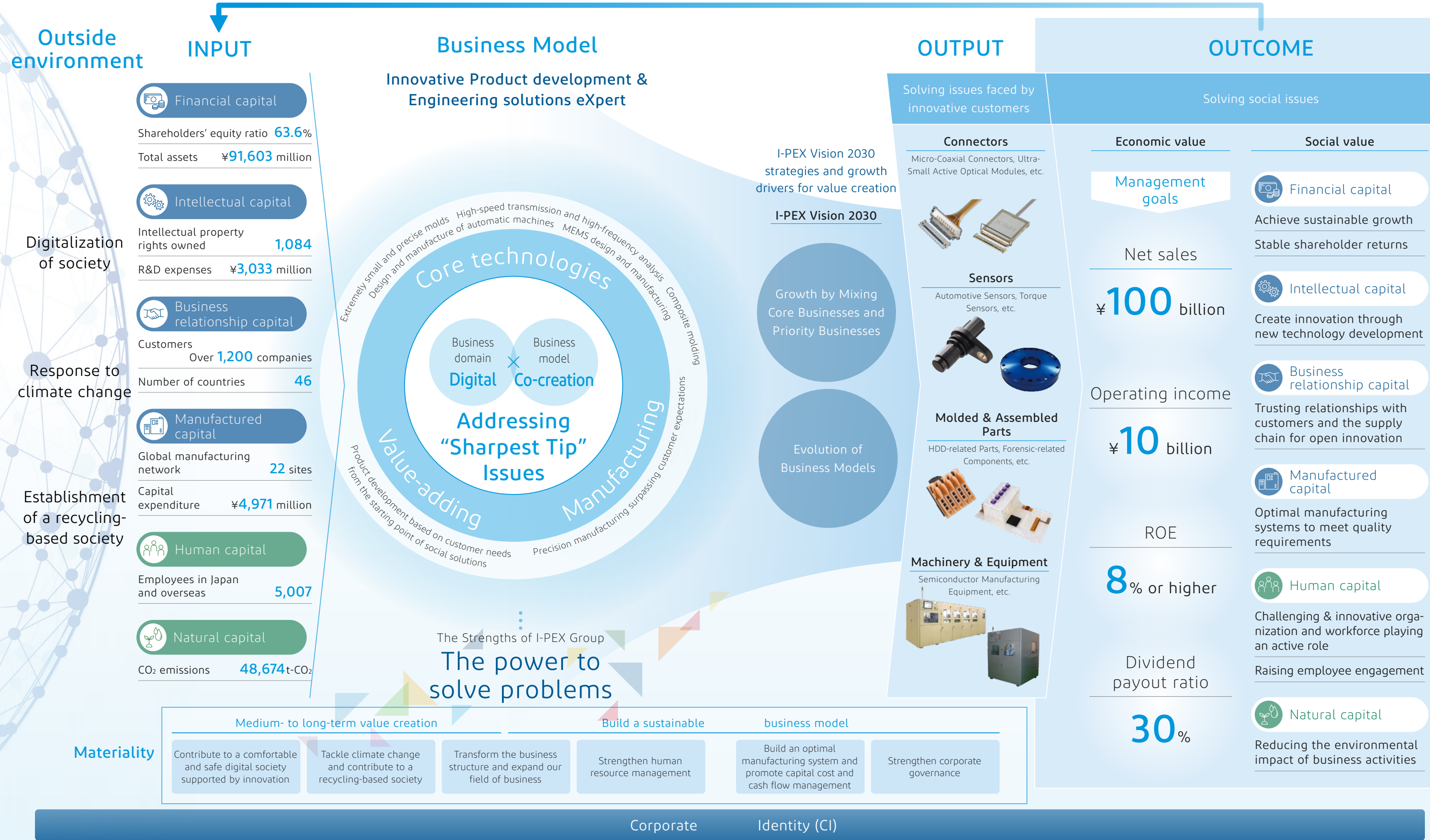
In fiscal year 2024, we will continue taking action to raise CI awareness and foster a forward-thinking corporate culture. At the same time, we will seek to further enhance corporate value and help address social issues through initiatives informed by our points of materiality, including strengthening the profitability of core businesses; rebuilding an optimal manufacturing framework; cultivating the MEMS business and creating other new markets; promoting management with an awareness of capital costs; and strengthening governance.

We regard dialogue with shareholders, investors, and other stakeholders as an important opportunity for the Group as we aim for sustainable increases in corporate value. Through this Integrated Report, we will continue to engage in constructive dialogue and co-create value with shareholders, investors, and a range of other stakeholders. We appreciate your ongoing support.

Takaharu Tsuchiyama
President, Representative Director

Value Creation Process

With strengths in core technologies, manufacturing, and value-adding, the I-PEX Group is working to solve problems in various fields, focusing particularly on digital arenas. Going forward, we will strive to create new value as an “Innovative Product development & Engineering solutions eXpert” with the technological abilities that will also enable us to put digital manufacturing into practice.



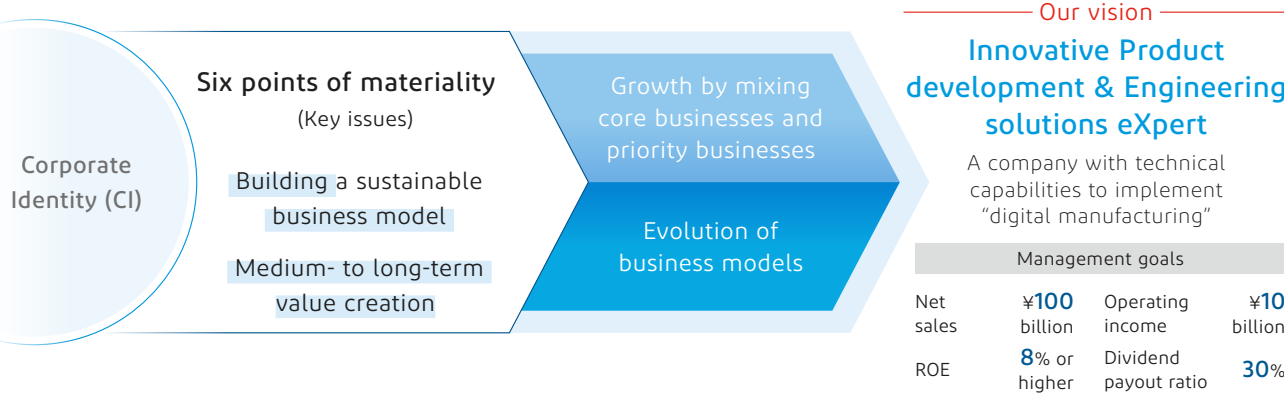
Overview and Progress of the Medium- to Long-Term Management Strategy: I-PEX Vision 2030

We are currently implementing I-PEX Vision 2030, the Group’s medium- to long-term management strategy. Through growth by mixing core businesses and priority businesses, expansion of our field of business, and evolution of business models, we will improve business profitability and capital efficiency and work to achieve, as our medium- to long-term goals, net sales of ¥100 billion, an operating income percentage of 10% and ROE of 8% or higher.

Vision Overview

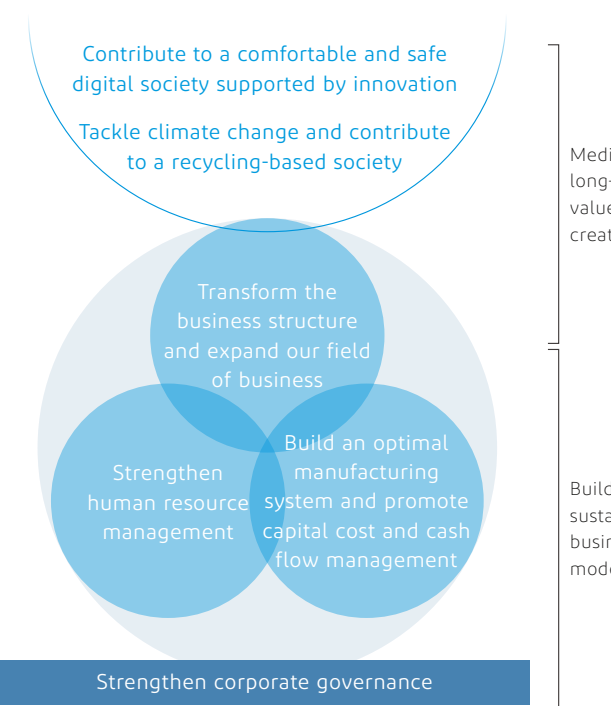
Our vision for 2030 is to be an Innovative Product development & Engineering solutions eXpert—a company with the technical capabilities to implement “digital manufacturing.” As we work towards achieving this corporate vision, we have identified six points of materiality as the key issues integral to the realization of a sustainable business model and medium- to long-term value creation.

In addition, in order to press ahead with the transformation of our corporate structure, we have embarked on the challenge of evolving our business model and achieving mixed growth of both core and priority businesses, ably supported by the corporate division. The Group will work together as one to comprehensively advance these initiatives. This is what the I-PEX Vision 2030 is all about.



Six Points of Materiality for Sustainable Value Creation

The I-PEX Group has designated “contribute to a comfortable and safe digital society supported by innovation” as its most important issue from a CSR perspective. To help bring about a comfortable and secure digital society, it is essential that we “tackle climate change and contribute to a recycling-based society.” To promote this effort, we will take a three-pronged approach: to “transform the business structure and expand our field of business,” “strengthen human resource management,” and “build an optimal manufacturing system and promote capital cost and cash flow management.” We will also work to “strengthen corporate governance” to serve as the foundation of our management. This will be our framework for building a sustainable business model. Through efforts to solve these issues, we will contribute to building a comfortable and safe digital society, and, by securing a medium- to long-term competitive advantage, we will seek to create new value.



Growth by Mixing Core Businesses and Priority Businesses

Since our founding in 1963 as a producer of high-precision molds, we have expanded our field of business to become a commissioned component manufacturer and solutions provider, accumulating the core technologies that underpin I-PEX today, namely, automatic machine design and manufacturing, composite molding, high-speed transmission and high-frequency analysis. Based on these varied technologies, we will pursue the further evolution of core businesses that currently produce revenue in the consumer, automotive, and

industrial segments, and, moreover, we will position businesses with potential for development in these segments, businesses in the life science segment—a new area of challenge for us—and businesses like MEMS that cut across segments as medium- to long-term priority businesses and work for their creation and development. Through a growth strategy based on a mix of core and priority businesses that will each create innovative new products and technologies, we will continue to seek to achieve our management goals as quickly as possible.

Business Direction in Each Sector

	Consumer	Automotive	Industrial	Life Science
Priority businesses	• High-speed communication and high-frequency (connectors and composite devices)	• Hybrid/electric vehicles (battery solutions, connectors, smart devices)	• Digital infrastructure (photoelectric conversion devices, connectors, large-capacity HDDs)	• Wearables and analyzers (composite equipment and devices)
Core businesses	• Mobile devices and digital consumer electronics (connectors)	• Internal combustion, hybrid/electric vehicles (passive sensors and connectors)	• Industrial fields (torque sensors, robots, new equipment)	• Healthcare (nursing care and rehabilitation devices)

I-PEX core technology

Extremely small and precise molds

High-speed transmission and high-frequency analysis

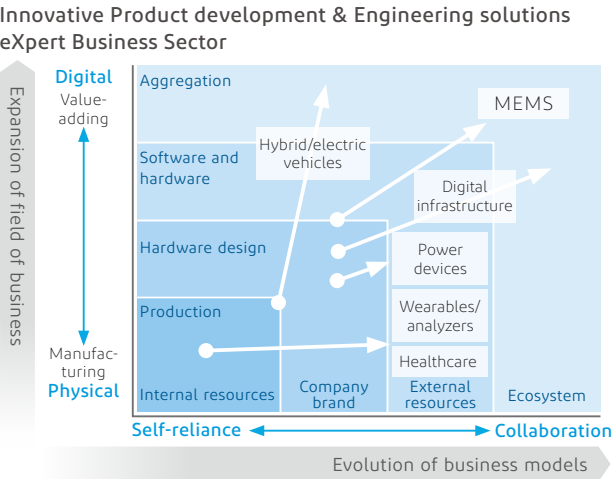
Composite molding

Design and manufacture of automatic machines

MEMS design and manufacturing

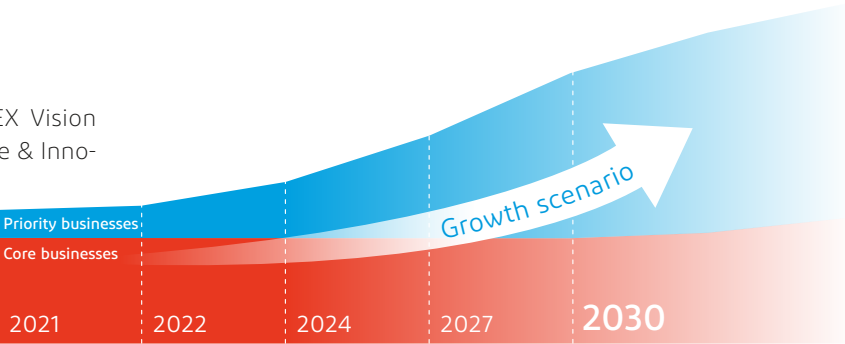
Evolution of Business Models

As indicated in the section on materiality, it is necessary for us to create economic value while simultaneously addressing the digitized society, tackling climate change, and helping to build a recycling-based society. By expanding our business into the digital sector (from manufacturing to value-adding) and facilitating the evolution of business models from self-reliance to collaboration, we will pursue models that further raise corporate value. At the intersection of the business fields we plan to augment in stages and the business models we will expand in phases, we will pursue the evolution of new product creation and existing products to add comprehensive capabilities that will enable us to respond flexibly in any business environment.









Roadmap to Achieving the Vision

As a milestone on the way to achieving I-PEX Vision 2030, we have adopted the slogan of “Challenge & Innovation” for our medium-term goals. We will look to prioritize highly profitable “development” and advance our “research” activities over the longer term in an effort to build a robust business structure. With these measures, we will most certainly achieve our vision.



Building Stronger Capitals

While addressing changes in the external environment, we will work to create longer-term value and build a sustainable business model. We will further hone our ability to solve problems, our strength as an “Innovative Product development & Engineering solutions eXpert,” thereby generating economic and social value and strengthening our six capitals.

Materiality	Contribute to a comfortable and safe digital society supported by innovation → P.21	Transform the business structure and expand our field of business → P.23	Build an optimal manufacturing system and promote capital cost and cash flow management → P.19	Tackle climate change and contribute to a recycling-based society → P.26	Strengthen human resource management → P.29	Strengthen corporate governance → P.32
Capital to be strengthened	 Intellectual capital  Business relationship capital	 Financial capital  Manufactured capital		 Natural capital	 Human capital	All capitals
Importance of capitals	To maintain a competitive advantage and achieve sustainable growth amid rapid advances in digitalization and changes in consumer lifestyles, we must further develop and refine the diverse technological capabilities we have accumulated over the years. We will make inroads into new business areas by pursuing joint development that brings together the technology, expertise, and ideas held by partner companies with the technology of the Group.	Since the markets for our major segments are heavily swayed by the short-term performance of customers, we must draw on our core technologies to build a stable earnings structure that does not depend on specific markets and create new businesses. We aim to expand our business into digital arenas and facilitate the evolution of our business model from self-reliance to collaboration, yielding a business model that can raise corporate value.	In creating value, it is vital to ensure that we can generate cash flow and strengthen our financial capital while optimizing our allocations to growth investments. A key challenge in the area of manufactured capital will be to pare down assets such as factories and production facilities to boost capital efficiency.	Businesses face a growing responsibility to address climate change. To do our part as a corporate citizen in helping to bring about a sustainable society, it is critical that we further strengthen and promote green manufacturing. Since plastic is one of the main materials used in the Group's business activities, we see the effective use of resources as a key task alongside curbing CO ₂ emissions.	Continuously driving innovation and expanding our business domains requires diverse and specialized human capital. Our challenge is to attract and cultivate outstanding talent, and create working environments in which every employee can demonstrate their full potential. We must put in place a framework that encourages employees to grow and to exercise their abilities, thereby strengthening our human resource management to ensure the sustainable growth of the business.	To enhance corporate value and build a robust organization, it is vital for the company and our employees to have a shared philosophy and a common vision. We also aim to create a robust organization from which we can generate greater profitability, expand markets, and acquire new customers. We will do this by enhancing our oversight functions for key management-related matters and by strengthening our framework both to enable appropriate business execution throughout the Group and to enhance corporate value.
Enhancing capital through the points of materiality	<ul style="list-style-type: none"> R&D expenses ¥3,033 million Customers over 1,200 companies Sales coverage 46 countries 	<ul style="list-style-type: none"> Intellectual property rights owned 1,084 Capital expenditure ¥4,971 million 	<ul style="list-style-type: none"> Shareholders' equity ratio 63.6% Total assets ¥91,063 million Global manufacturing network 22 sites 	<ul style="list-style-type: none"> CO₂ emissions 48,674 t-CO₂ 	<ul style="list-style-type: none"> Employees in Japan and overseas 5,007 	<ul style="list-style-type: none"> All items listed on the left lead to enhanced capital
Direction of initiatives	<ul style="list-style-type: none"> Contribute to the “Super Smart Society (Society 5.0)” through “sharpest tip” technologies Develop new technologies and applications through partnerships*1 and “market-in”*2 approach Utilize proprietary technologies at advanced levels through business synergies Raise awareness of innovation and change mindsets 	<ul style="list-style-type: none"> Consolidate and specialize in connection with existing products and narrow focus for new areas of development Convert to an earnings structure resistant to cyclical fluctuations and create new business pillars Allocate management resources to new and growth businesses from a company-wide perspective Shift from manufacturing to value-adding 	<ul style="list-style-type: none"> Build a speedy, flexible production system, consolidate production sites, and promote allocation (transfer) Promote an outsourcing policy based on profitability and added-value standards Promote capital cost management by introducing ROIC*4 and cash flow management by improving the CCC*5 	<ul style="list-style-type: none"> Raise energy efficiency in production and expand use of renewable energy Contribute to an energy-saving society through “sharpest tip” technologies Build new business models via circular economy*6 and upcycling*7 	<ul style="list-style-type: none"> Strengthen HR management from a company-wide perspective, perform global personnel evaluations and build career advancement programs Secure and develop personnel with high specialization and the potential to create future businesses Promote diversity, equity and inclusion*9 Enhance employee engagement and motivation 	<ul style="list-style-type: none"> Further raise awareness of the corporate philosophy Strengthen supervision of important matters related to management Strengthen global group governance
Results of main activities in FY2023	<ul style="list-style-type: none"> Held R&D meetings (12 times) Held MEMS working group (twice) Developed products for enterprise market and electrification applications 	<ul style="list-style-type: none"> Strengthened profitability of core businesses Followed up on priority businesses Continued globalization*3 activities 	<ul style="list-style-type: none"> Adopted top-down business planning approach starting from company-wide ROIC targets Developed method for setting business missions Developed method for setting ROIC targets for each business division 	<ul style="list-style-type: none"> Reduced electricity consumption Prepared to change carton size for in-house logistics Started purchases of renewable energy Installed solar power generation at Philippines plant Evaluated implementation of recycled materials in I-PEX products 	<ul style="list-style-type: none"> Designed system for introduction of career courses Implemented fundamental technology education Female employment ratio of 19.5% in Japan Implemented career support training Encouraged male employees to take childcare leave 	<ul style="list-style-type: none"> Discussed code of conduct based on CI Changed, implemented method for assessing effectiveness of Board of Directors Continued Group Governance Task Force activities Revised subsidiary management regulations
FY2024 goals	<ul style="list-style-type: none"> Establish working group for new value creation (company-wide) Create innovation plan utilizing proprietary technologies by continuing to engage in open innovation, etc. 	<ul style="list-style-type: none"> Set up business strategy meeting to pursue growth, profitability, and efficiency for each business Update I-PEX Vision 2030 based on discussions on portfolio transformation 	<ul style="list-style-type: none"> Implement ROIC, set targets and manage outcomes for each business division Refine investment criteria 	<ul style="list-style-type: none"> Continue activities to reduce electricity consumption and extend to other areas Install solar power generation facilities at Shanghai Plant 2 in China Reduce packaging and cushioning material waste in in-house logistics Complete development of recycled materials and use in I-PEX products 	<ul style="list-style-type: none"> Prepare for introduction of career course system and compensation system Develop unified company-wide education curriculum Provide ongoing career support for women Explore introduction of second career system Review engagement metrics 	<ul style="list-style-type: none"> Release code of conduct based on CI and communicate internally Make improvements in key issues based on evaluation of effectiveness of Board of Directors Strengthen Group risk management framework and review decision-making authority
FY2030 goals	<ul style="list-style-type: none"> Commercialize new businesses that contribute to the digital society 	<ul style="list-style-type: none"> Net sales of ¥100 billion or more and operating income of ¥10 billion or more Achieve mixed growth strategy and business model evolution as stated in I-PEX Vision 2030 	<ul style="list-style-type: none"> ROE of 8% Payout ratio of 30% 	<ul style="list-style-type: none"> Reduce CO₂ emissions by 40% (2021 as baseline year) Continuing initiatives aimed at carbon neutrality*8 by 2050 	<ul style="list-style-type: none"> Female manager ratio (Japan) of 10% 	<ul style="list-style-type: none"> Build corporate governance system with both rapid, decisive decision-making and supervision over management and execution

*1 Co-creation and collaboration with other companies and groups

*2 Listening to the feedback of customers and identifying their requests and concerns in order to launch new products that address them

*3 Think global, act local *4 Return on invested capital

*5 Cash conversion cycle

*6 Economic activities that generate added value while reducing resource inputs and consumption to utilize resources effectively

*7 Utilizing waste to generate new value

*8 Balancing greenhouse gas emissions and absorption amounts

*9 Working in an environment where diverse human resources are given fair opportunities and diversity is accepted

Build an Optimal Manufacturing System and Promote Capital Cost and Cash Flow Management

The I-PEX Group’s policy in targeting sustainable growth is to pursue management practices that emphasize the cost of capital and capital efficiency as well as sales and profit. In line with this policy, we have set ROIC targets for each business and reflected the elements of ROIC into a tree that extends all the way down to performance indicators for the manufacturing front line. Employees ranging from top management to front-line staff will take action to boost profits, working to build an optimal manufacturing system, generate cash flow, and streamline cash allocation.

Improving Cash Returns and Allocating Cash

We are aiming to maximize cash returns by investing in management resources that can generate added value while maintaining an optimal capital structure and appropriate levels of leveraging, thereby achieving our growth strategy. When allocating cash, we will strike a balance between growth investments and shareholder returns.

In terms of growth investments, our primary focus will be on the businesses and R&D that can generate greater value in line with the strategy outlined in I-PEX Vision 2030.

For example, in the connector business, we will harness the Group’s core technologies in high-frequency and high-speed transmissions to expand sales to the enterprise market, while also making investments to drive stronger sales of connectors to tap into demand arising from the ongoing electrification of vehicles.

Investments in the MEMS business will focus on solutions that capitalize on the Group’s strengths in single-crystal piezoelectric technology—the size of this market continues to grow year after year as a key technology underpinning the next generation in the manufacturing sector.

In terms of shareholder returns, we will maintain stable dividends as well as target a payout ratio of 30% over the medium term, while balancing the capital generated from improved profitability with growth investment opportunities, as mentioned above. While stressing the continuity and stability of dividends, we will consider the possibility of additional measures to offer shareholder returns, taking into account the internal reserves needed for growth investments, the Company’s financial situation, and an optimal capital structure.

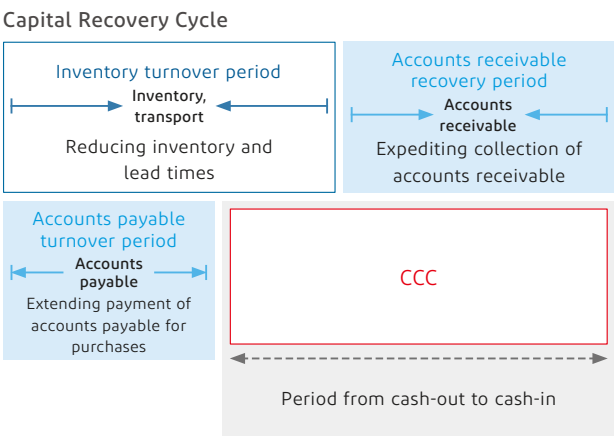
Optimization of Invested Capital, Improving the Cash Conversion Cycle*1

The I-PEX Group strives for ongoing improvement in the cash conversion cycle with the objective of efficiently investing capital and boosting profitability.

The finance and procurement divisions have spearheaded efforts since 2021 to improve the cash conversion cycle, starting with the key initiative of extending the turnover period for accounts payable. In particular, we negotiated and arranged new payment terms with our suppliers, proposing new settlement methods to replace the existing ones. This enabled us to extend the turnover period for accounts payable.

Another approach involved implementing vendor-managed inventory*2 to curb our excess inventory. Also, by using a bulk invoicing service, we have made effective improvements in cash flow by, for example, extending the payment terms for communications expenses. We will continue to negotiate payment terms with vendors in Japan and make use of vendor-managed

inventory. At the same time, we will take steps to consolidate procurement functions at trading companies and revise payment terms at our overseas sites.



Meanwhile, because the inventory turnover period and the accounts receivable turnover period—both elements of the cash conversion cycle—are closely related to ROIC, as with the aforementioned accounts payable turnover period, we are paring down inventory and shortening lead times in our manufacturing divisions and setting targets and implementing specific measures

in the sales division, such as the early collection of receivables.

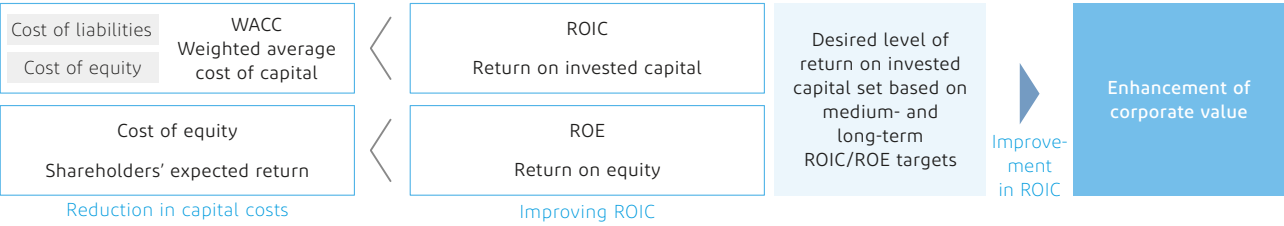
By moving ahead with these initiatives, we aim to achieve improvements in both ROIC and the cash conversion cycle, efficiently generate cash, and realize a virtuous cycle whereby we allocate the cash to investments in priority businesses, to create even higher added value.

*1 Cash conversion cycle (CCC): An indicator that shows the number of days from payment of accounts payable incurred when a company purchases products or raw materials, etc. to the time when it receives payment for accounts receivable generated by subsequent sales.
Cash conversion cycle = Inventory turnover period + Accounts receivable recovery period – Accounts payable turnover period

*2 Vendor-managed inventory describes an arrangement in which the supplier and customer agree in advance on inventory levels and an inventory management policy. The supplier flexibly and appropriately replenishes and manages inventory according to this arrangement.

Reducing Capital Costs

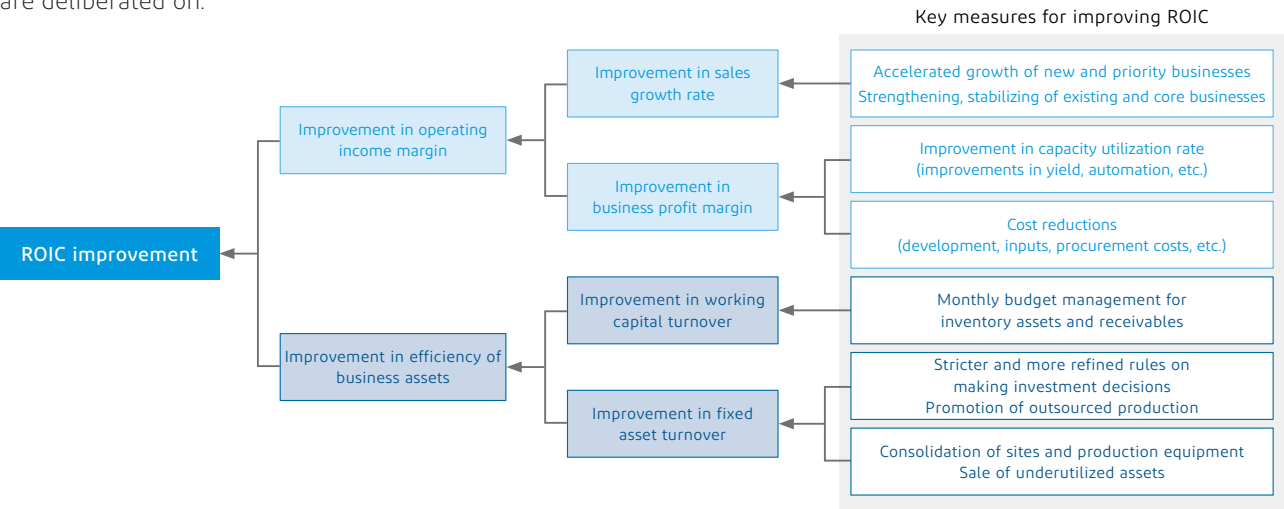
To sustainably enhance corporate value, we will seek to improve ROE by strengthening our earnings capabilities and continuing to deliver returns to shareholders. In this way, we look to boost growth expectations and streamline capital costs by engaging in further dialogue with the market.



Instilling ROIC Management and Paring Down Unprofitable Assets

For the purpose of entrenching ROIC management practices in each business division which will feed into the paring down of unprofitable assets, we have established key performance indicators and measures that reflect the characteristics of each business, with a particular focus on working capital, fixed assets, and business assets. The performance indicators and progress of each business are monitored and discussed at the monthly Management Meeting, and measures for improvement are deliberated on.

We will look to further refine the rules on investment decision-making for fixed assets not included in working capital. We will also execute an asset-light strategy, mainly by streamlining production equipment for low-margin products based on our standing policy of tightening our strategic focus, shifting from in-house production to outsourcing and otherwise optimizing production sites, and selling off underutilized assets.



Contribute to a Comfortable and Safe Digital Society Supported by Innovation

By capitalizing on its strengths in core technologies, manufacturing, and the proposal of value-adding services and ideas, the I-PEX Group aims to be an “Innovative Product development & Engineering solutions eXpert” capable of solving a range of issues for customers pioneering the next generation worldwide. Through partnerships and an approach driven by customer needs and concerns, we will look to spark innovation, hone the technical capabilities needed to implement digital manufacturing, achieve sustained growth, and contribute to a comfortable and safe digital society.

I-PEX Growth Investment Strategy for Accelerating Innovation

With the goal of addressing issues facing our customers and society in general, we are expanding our business fields from manufacturing to value-adding and investing heavily in ways to create and provide economic and social value through our products and services. This will facilitate the evolution of our business model away from self-reliance and towards co-creation and the use of external resources.

We will harness the results thus generated by innovation and manufacturing as we pursue new avenues of R&D, acquire intellectual property rights, and make capital investments, continuing to hone our capacity for solving

issues—a key strength of an “Innovative Product development & Engineering solutions eXpert.”

Growth Investments		
	2022	2023
R&D expenses	¥2,547 million	¥3,033 million
Capital expenditure	¥5,509 million	¥4,971 million
Intellectual property applications	74	51
Intellectual property rights owned	1,171	1,084

Framework for Creating Innovation

Research and Development

To share knowledge more widely within the Company, I-PEX holds an R&D meeting every other month as a forum for exchanging the latest information about R&D projects. Aside from in-house development activities, topics discussed in the meetings range from current technological trends and market developments to future challenges for society. Reports on technology that could be beneficial to the Group, information on new businesses, and marketing activities are also presented. The President and representatives of management from each business division attend the meetings, ensuring that new ideas for manufacturing or technology are put in place more quickly, facilitating faster, more efficient decision-making.

Framework for R&D Meetings	
Purpose	Sharing R&D topics between business divisions, creating opportunities to onboard ideas
Topics discussed	<ul style="list-style-type: none">• Deliberation on the R&D projects various business divisions want to pursue• Sharing of information and issues concerning various R&D projects• Presentations from experts concerning beneficial technology, expertise, and ideas
Frequency	Every other month

Partnerships

In addition to our own in-house R&D, we partner with universities, research institutes, and other companies in the joint development of new products and applications. By teaming up with partners that possess technology and expertise the I-PEX Group does not have, we can achieve even faster R&D results. For example, by collaborating with a leading company in the field of silicon photonics

fiber packaging, we are aiming to realize detachable optical connectivity for silicon photonics for data centers and other high-speed datacom and telecom applications.

Going forward, we intend to expand swiftly into new, untapped business fields by moving ahead with joint development efforts that capitalize on the technology, expertise, and ideas of our partners.

Intellectual Property Strategy

In acquiring intellectual property (IP) rights, we narrow our applications down to inventions we expect to find use in Group products and services as well as those that offer the potential for licensing agreements with other companies. In this way, we avoid the time and expense of filing applications for inventions with less potential, achieving a high level of cost effectiveness.

We leverage our IP rights to protect Group products and services, and actively enforce our rights against the

products of other companies suspected of using our IP without our permission. We thus seek to secure injunctions on the products of other companies and conclude licensing agreements.

We also respect the IP rights of other companies. We examine rights that may have affinity with the Group's business fields, comparing them against our own operations to avoid cases of unauthorized use.

Capital Expenditure Policy

Recognizing that capital investments are a key part of management decision-making, our policy when making investments is to comprehensively take into account market trends and developments among our competitors as well as our business strategy and the outlook for profitability.

In particular, at present we are investing aggressively in the commercialization and monetization of the MEMS business, photoelectric conversion devices, equipment for

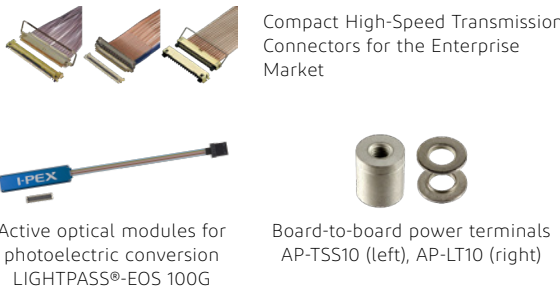
power semiconductors, and the other priority businesses outlined in I-PEX Vision 2030, the Group's medium- to long-term management strategy.

As for our core businesses that are currently generating earnings—including connectors, passive sensors, and general-purpose semiconductor equipment—we are outsourcing more production processes to expand margins while keeping investments within the scope of depreciation.

Major Progress in FY2023

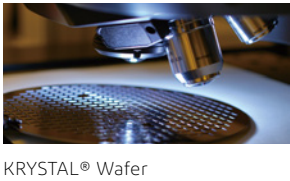
Development of Connectors That Contribute to a Comfortable and Safe Digital Society

Our high-speed transmission connectors for data centers and AI servers are now even smaller and offer greater density. For our LIGHTPASS® Series of photoelectric conversion modules, we announced new products that address the needs of particular markets, including healthcare and industrial machinery. To address mounting demand for electric vehicles, we are pressing ahead with the development of products to expand our lineup of AP Series of power terminals.



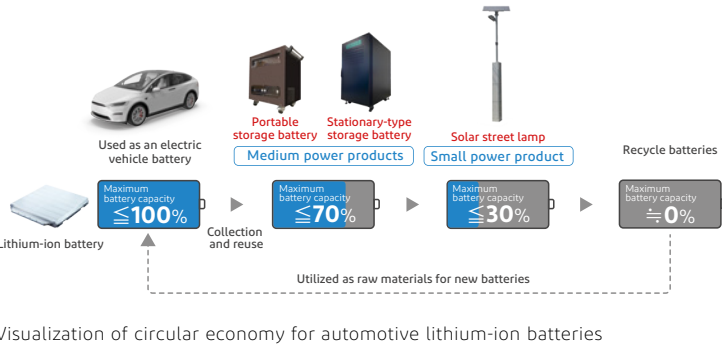
World-Class MEMS Foundry Boasting Piezoelectric Technology

We launched a piezoelectric MEMS foundry boasting high-performance single-crystal piezoelectric deposition technology and piezoelectric MEMS processing technology. Capable of handling the entire process from materials development to mass production, we are working to bring mass production at the foundry at the earliest possible date.



Environmental and Energy Solutions

We are currently developing a storage battery system drawing on used lithium-ion batteries from electric vehicles by combining IoT technology with the Group's proprietary battery management system. The system will serve as a business continuity measure during times of disaster, as well as help bring about a carbon neutral society by reducing waste.



Transform the Business Structure and Expand Our Field of Business

Given that the markets of our mainstay segments are heavily swayed by the near-term earnings of customers, it is imperative that we leverage our core technologies to create a stable earnings structure and new businesses that are not dependent on any specific market. To this end, in fiscal year 2023 we entered the environmental and energy solutions business and launched full-fledged operations at our piezoelectric MEMS foundry. We will continue to extend our business reach into the digital domain and evolve our business model away from self-sufficiency and towards co-creation, with the aim of further enhancing corporate value.

Connectors

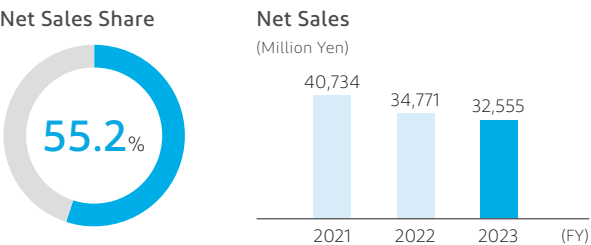
For more information on I-PEX's connectors:
<https://www.i-pex.com/>



2023 Business Environment and Results

Heightened concerns of a recession in 2022 continued into the first half of 2023, putting a damper on demand for digital products and ultimately leading to lower sales. Although sales of connectors for notebook computers started to recover after bottoming out in the first quarter, demand for parts used in large-capacity HDDs was sluggish amid constrained investments by IT companies in data centers. As for automotive connectors, sales of connectors for LED headlights were up on the back of a brisk automotive market, but sales of power terminals

used in EVs declined as a result of ongoing automaker production delays in the Chinese market.

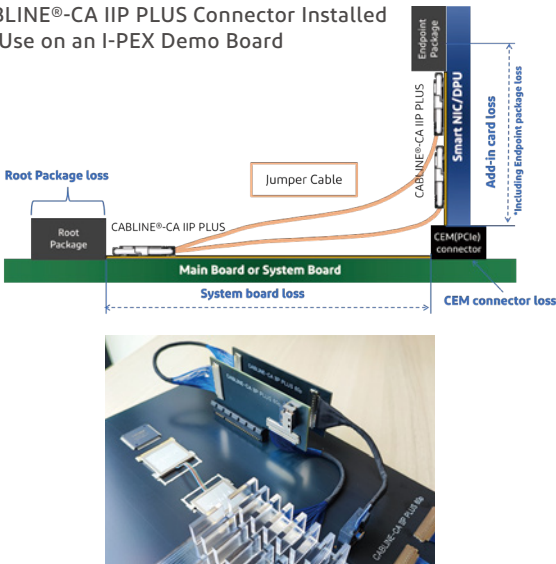


Outlook

To diversify the revenue structure, we will leverage our mainstay high-frequency, high-speed transmission technologies to enter the enterprise market, with a focus on expanding sales. As data transmission volumes continue to increase every year, we will focus in particular on the further development of CABLINE®-CA IIP PLUS and LIGHTPASS® Series products and other electrical and optical solutions, targeting AI servers and other data center applications. With respect to automotive connectors, in line

with increasing popularity of electric vehicles (EVs) following tighter regulations in response to environmental considerations worldwide, we project rising demand for high-current, high-temperature compact connectors to support the shift to EVs.

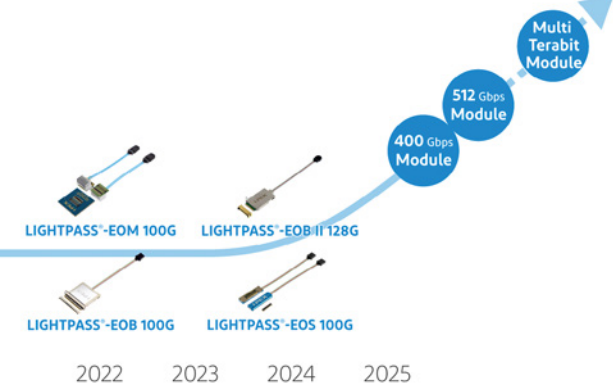
CABLINE®-CA IIP PLUS Connector Installed for Use on an I-PEX Demo Board



For details on the CABLINE®-CA IIP PLUS Connector:
<https://www.i-pex.com/library/article/smartnic-dpu-cable-jumper-solution>



LIGHTPASS® Series Development Roadmap



For details on the LIGHTPASS® Series:
<https://www.i-pex.com/library/video/lightpass>



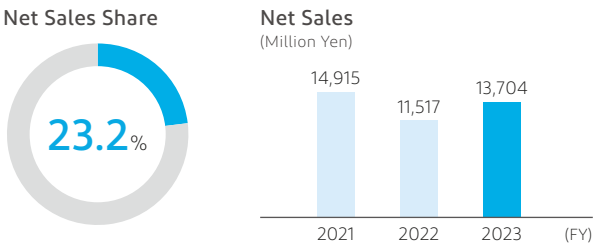
Sensors

For details on I-PEX's sensors:
<https://corp.i-pex.com/en/product/sensor>



2023 Business Environment and Results

As the COVID-19 pandemic receded and automotive semiconductor shortages eased, sales of sensors for airbags, brakes, and other safety systems increased on the back of recovery in production among automakers. Demand for automotive components increased owing to a brisk automotive market, which pushed up plant operating rates. Profit levels were also boosted by the effects of our ongoing measures to enhance profitability.

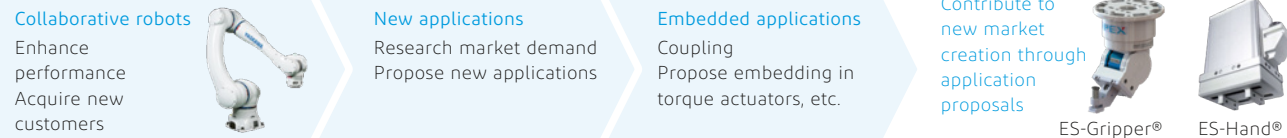


Outlook

Anticipating further improvements in the automotive market, we intend to focus on capturing greater orders for automotive components. Going forward, we expect to see further growth in sensors for airbags in particular, buoyed by mounting demand related to safe driving. To achieve even greater profitability, we will tighten our focus on strategic business areas as we move forward with steps to

optimize production sites, while working to tap into new business opportunities emerging in line with vehicle electrification and digitalization. For torque sensors used in the joint shafts of robots designed to work side-by-side with people, we will carry out activities aimed at acquiring new customers and expanding applications, drawing on our track record of sales to robot manufacturers in Japan.

ESTORQ® Development Strategy



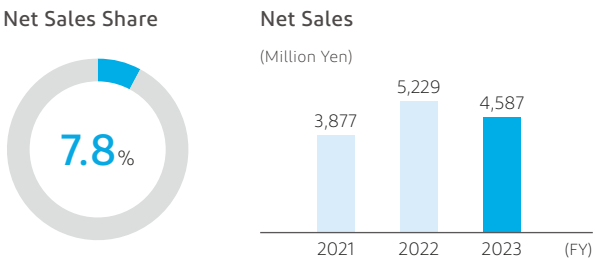
Machinery & Equipment

For details on I-PEX's machinery and equipment:
<https://corp.i-pex.com/en/product/semiconductor>



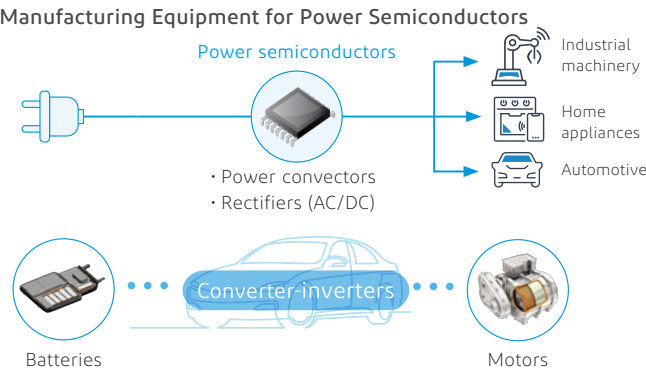
2023 Business Environment and Results

Sales of semiconductor molding equipment were down amid an ongoing downturn in the chip market in 2024 centering on general-purpose semiconductors, a market that had been trending at record-high levels through the first half of 2022. This was despite still-strong demand for molding equipment for automotive and power semiconductors, a sector the I-PEX Group specializes in.



Outlook

In the area of semiconductor manufacturing equipment, we expect ongoing brisk demand for sealing devices for power and automotive semiconductors, fueled by the push for carbon neutrality and the electrification of automobiles. Here, to capture more orders, we will draft customized proposals drawing on our distinctive technologies. Also, harnessing the thermosetting sealing techniques we cultivated in our semiconductor manufacturing equipment, we will work to strengthen the revenue base by expanding into manufacturing equipment for products other than semiconductors, such as electronic components.



Transform the Business Structure and Expand Our Field of Business

Molded & Assembled Parts

For more information on I-PEX's molded and assembled parts:
<https://corp.i-pex.com/en/product/cm>



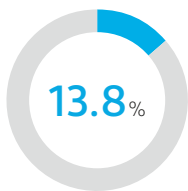
2023 Business Environment and Results

In terms of HDD-related parts, sales of large-capacity HDD parts were sluggish as IT companies scaled back their investments in data centers over concerns about an economic recession. Sales of forensic-related components weakened in the first half, mainly reflecting supply chain disruptions, but recovered in the second half. We are shifting production of molded and assembled parts to optimal sites and making adjustments to unprofitable businesses to stabilize the revenue structure.

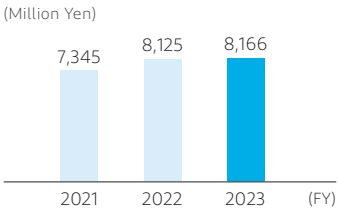
Outlook

In HDD-related parts, we expect a turnaround in demand for large-capacity HDDs for data centers (nearline storage). To address technology trends associated with these larger capacities, we will lay the groundwork for the mass production of related parts that involve a high level of difficulty. In forensic-related components, we

Net Sales Share



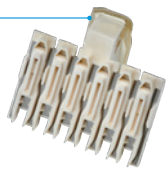
Net Sales



HDD



HDD-related parts (Ramp)



DNA Analyzer



Outlook for MEMS Business

Targeting Earlier-Than-Planned Mass Production in 2024

The I-PEX Group made KRYSTAL, Inc. (now I-PEX Piezo Solutions Inc.) a subsidiary in June 2022. This is the world's first company to succeed in creating a single-crystal version of lead zirconate titanate, or PZT, which is a material used in MEMS. The addition of this company gives us a framework for carrying out all processes of the MEMS business in-house, from materials development to mass production. By leveraging this framework to shorten the lead time from development to mass production, we are working to achieve mass production in 2024, earlier than our initial target of 2025. Our aim going forward is to develop this business to the extent that it contributes to the longer-term growth of the I-PEX Group as we focus on achieving the I-PEX Vision 2030 formulated in 2022.

For more information on I-PEX Piezo Solutions Inc.:
<https://www.i-pex.com/ips/about-us/company>



Examples of MEMS Devices



Gyro sensor



Speakers



RF filters



Ultrasonic sensors

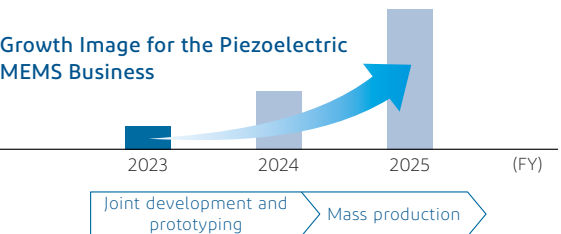


Ink-jet printer heads



Smell sensors

Growth Image for the Piezoelectric MEMS Business



Tackle Climate Change and Contribute to a Recycling-Based Society

For the Group to grow sustainably as environmental issues such as climate change are intensifying, we recognize the need to integrate our business activities with environmental initiatives, promoting a mutually reinforcing cycle between social value and economic value.

The Group has set a long-term goal of achieving carbon neutrality by 2050. To reach this goal, we will further strengthen and promote green manufacturing as well as product development that uses "sharpest tip" technologies to help address environmental issues.

Responding to the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)

We evaluate climate-related risks and opportunities in our business activities, working daily to tackle climate change—one of our points of materiality. Recognizing that proper disclosure of our climate change initiatives is vital for sustainable growth, we disclose such initiatives in accordance with the recommendations of the TCFD.

Governance: Role of Board of Directors and Oversight Framework

We established a Sustainability Committee in August 2022 to serve as an organization for overseeing the execution of business related to sustainability. Reporting to the Board of Directors, the committee is chaired by one of the company's Managing Executive Officers and made up mainly of Executive Officers from each business division. The committee chooses themes based on their level of importance either in terms of our points of materiality, which are

necessary for enhancing corporate value (ROE, etc.), or of other issues calling for discussion from a global perspective. As a rule, the committee meets once a month. Receiving regular reports on matters discussed and decided by the Sustainability Committee, the Board of Directors further reinforces our sustainability initiatives through its own deliberations, decision-making, and oversight.

Strategy

We conducted a qualitative analysis of climate change risks that could affect our business activities. Referring to scenarios from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), we examined the 1.5°C and 2°C scenario in terms of risks and opportunities in the transition toward carbon neutrality, and the 4°C scenario in terms of physical risks and opportunities arising from the advance of climate change.

Scenario		Reference data
Transition risks	1.5/2°C scenario	Sustainable Development Scenario (SDS)*1 Net Zero Emissions by 2050 Scenario (NZE)*1
Opportunities	4°C scenario	Stated Policies Scenario (STEPS)*1
Physical risks	1.5/2°C, 4°C scenario	Representative Concentration Pathways (RCPs)*2 Shared Socioeconomic Pathways (SSP1/5)*2

*1 Source: IEA "World Energy Outlook (WEO) 2021"

*2 Source: IPCC Sixth Assessment Report

Risks and Opportunities

After categorizing the main climate change risks and opportunities affecting the Group's business based on external information, we analyzed and discussed risks and opportunities associated with the transition to a carbon neutral society as well as physical risks arising from the advance of climate change. We then identified the major

risks and opportunities that could have an impact by 2050 on our business activities. We will continue to periodically analyze and evaluate risks and opportunities based on changes in external developments, calculating their financial impacts, developing specific response measures, and working to actively disclose information on our initiatives.

Tackle Climate Change and Contribute to a Recycling-Based Society

Major Risks and Opportunities

Risk, opportunity categories		Factors		Impact	
Risks	Transition	Policies, regulations	Stricter plastic regulations	Suspension of sales of existing plastic products due to non-compliance with regulations	
			Stricter regulations on greenhouse gas emissions	Increased costs of materials, logistics, and electricity due to introduction of carbon tax	
		Technology	Advances in environmental technologies	Increased R&D costs of responding to environmental technologies	
		Markets, customers	Changes in evaluation criteria of investors, customers	Loss of investments, business opportunities	
	Physical	Temperature rise	Increased air conditioning load	Increased energy costs	
		Rising sea levels	Coastal flooding	Suspension of operations due to flooding of production, logistics sites	
Opportunities	Transition	Policies, regulations	Energy conservation, greater production efficiency	Lower electricity costs from energy-saving initiatives	
		Markets, customers, technology	Advances in environmental technologies	Expanding business opportunities by addressing environmental technology needs	
		Markets, customers	Responding to investors, customer demands	Capturing investment, business opportunities	

Risk Management

Recognizing that addressing climate-related issues is a key management issue not only in terms of mitigating risks but also in terms of new earnings opportunities, we have set up working groups tied to each of our points of materiality. Led by the Sustainability Committee, these working groups are working to put strategies in place to address each issue.

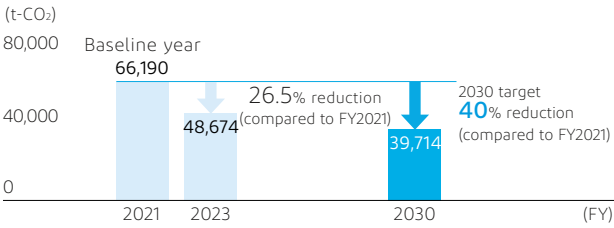
Each working group manages the progress of actions aimed at resolving issues related to the points of materiality. After deliberation and approval by the Sustainability Committee, their findings are regularly reported to the Board of Directors. In this way, we are working to strengthen our risk management and create business opportunities.

Metrics and Targets

We have set a medium- to long-term goal for the Group of reducing Scope 1*1 and Scope 2*2 CO₂ emissions (for production and equivalent business sites) by 40% by 2030 (compared to fiscal year 2021 levels), aiming to achieve carbon neutrality by 2050.

*1 Scope 1: GHG emissions directly released from the company
*2 Scope 2: Indirect GHG emissions released from the energy purchased by the company

CO₂ Emissions Results and Targets (Scope 1+2)



* The data covers production and equivalent business sites.

Tackling Climate Change

The factor in the I-PEX Group's operations that has the greatest impact on climate change linked to global warming is the CO₂ associated with the purchased electricity the Group uses. We are therefore pursuing initiatives such as saving energy in production and expanding our use of renewable energy.

Energy-Saving Initiatives in Production

In fiscal year 2023, we educated all of our employees on the importance of saving energy. In our ISO 14001 certification activities, we promoted action to address energy saving as a common issue for the Group by tasking each site with targets for reducing electricity usage and new action items. We have positioned the Ogori Plant, a production site that brings together all of our business divisions, as a model plant to spearhead an initiative to review the operation of production facilities and identify wasteful energy use. We are implementing improvements and

measures targeting a 10% year-on-year reduction in electricity consumption at our production sites. This initiative ran until March 2024, and we are now deploying the results across all of our sites as we work to further reduce the energy used in production.



Kickoff of activities

Reducing CO₂ by Streamlining Logistics

We are reducing environmental impact by shortening transport distances for various products generated during the production process. One example of this involved products that were previously delivered to certain group factories in Japan where they underwent inspection and

packaging on the premises before being shipped internationally. We changed the logistics route, carrying out these steps at a logistics facility near the airport instead, before shipping internationally. The truck transport distance was halved as a result, reducing CO₂ emissions.

Increasing Use of Renewable Energy in Production

To further reduce CO₂ emissions, alongside efforts to conserve energy in production, in fiscal year 2023 we also began to transition to renewable energy for electricity used at production sites in Japan. Specifically, we purchased renewable energy for some of the electricity

used at the Ogori Plant, Tachiarai Plant, and Shimane Plant. Also, in 2024, we will begin generating solar power at our plant in the Philippines, and also plan to install solar power generation equipment at the China Shanghai Plant 2.

Installation date	Plant	Panel area	Installation location	Electricity generated (daily)	2023 results	Percentage of electricity consumed
January 2022	China Shanghai	2,000 m ²	Rooftop	650 kWh	250,000 kWh	2%
March 2022	Malaysia	6,865 m ²	Rooftop	4,600 kWh	1,706,000 kWh	16%
August 2022	Singapore	880 m ²	Rooftop	600 kWh	231,000 kWh	2%
February 2024	Philippines	1,129 m ²	Rooftop	1,130 kWh	—	—
2024	China Shanghai	Solar power generation facilities to be installed				



Solar power equipment at the Philippines Plant

Contributing to an Energy-Saving Society through “Sharpest Tip” Technologies

The I-PEX Group develops new technologies and products that contribute to an energy efficient, recycling-based society, improves existing products, and pursues energy saving in product manufacturing processes. Specific initiatives include the development of semiconductor molding equipment that consumes less power compared to the high volume of electricity used

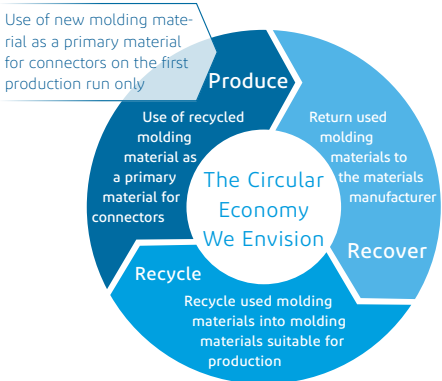
in typical equipment. We are also developing the LIGHTPASS® Series of active optical module products that help reduce transmission loss and save energy, also anticipating use based on the IOWN* concept, as well as battery management systems suitable for reusing used lithium-ion batteries of electric vehicles that will contribute to a recycling-based society.

*Innovative Optical and Wireless Network (IOWN) is a next-generation backbone network structure being promoted by the NTT Group that uses photoelectric fusion and optical communication technologies. I-PEX Inc. is taking part in the IOWN Global Forum as a General Member.

Building New Business Models via Circular Economy and Upcycling

We are working to reduce our environmental impact to help bring about a recycling-based society. This includes reducing waste materials by boosting production efficiency, using recycled materials, recycling waste materials, and reusing water from plating processes. In fiscal year 2023, we looked at how to reduce the size of cardboard boxes used in our internal logistics and change the packaging specifications, laying the groundwork for implementation. Meanwhile, we are developing a solution that combines used automotive lithium-ion batteries with a battery management system. Furthermore, since plastic is one of the core materials in the Group's business activities, we are working to realize a circular economy centered around molding materials. Specifically, we are jointly developing recyclable materials with a molding material manufacturer, aiming for molding materials that have a

sustainable lifecycle and targeting implementation in fiscal year 2024.



Strengthen Human Resource Management

To create economic and social value and grow sustainably, continually generating innovation and expanding our field of business is crucial. Driving this are diverse personnel who can put into practice our corporate identity (CI), the principles that shape us as a company. By securing talent with wide-ranging knowledge, experience, and values, and building a framework that allows them to grow and thrive, we aim to continue growing together with our employees.

► Evaluation ► Placement ► Compensation

Strengthening HR Management, Performing Global Personnel Evaluations and Building Career Advancement Programs

Human Resource Management

The I-PEX Group’s policy on human resource management is to secure diverse personnel and support the growth of individuals striving to continue to take on challenges. This policy guides our efforts to build and operate a grand design for human resource management aligned to our CI, creating an organization in which employees and the company grow together. To stay one

step ahead of the needs of the times and continue creating new value, we will implement a framework where the growth of each employee feeds into the sustainable growth of the company. By designing systems to develop human resources and reform the corporate culture, we will cultivate an environment in which diverse personnel can put their unique strengths to use.

Creating a Framework That Allows Employees and the Company to Continue Growing Together

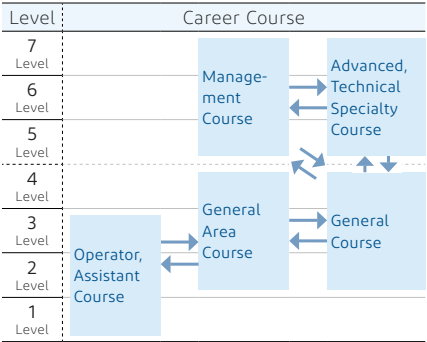
1. Create systems that enable diverse personnel to play an active role in various business fields based on their aptitudes
2. Raise the human capital value of each employee and link this to business expansion and growth
3. Energize the organization to boost its ability to generate innovation

Categories to be reinforced	Details
Organizational culture	We respect the rights and individuality of every employee, and are creating a safe and comfortable work environment where employees can demonstrate their full potential. We will realize an organization of people who think and learn together, engaging with one another and actively taking on challenges that transcend organizational barriers.
Hiring	We hire people who share our corporate philosophy and can contribute to the growth of our businesses.
Placement	Our staffing aims to maximize employee growth and organizational performance.
Evaluation, working conditions	We evaluate and treat employees in a way that is fair, transparent, and appropriate for individual circumstances so that they feel highly motivated in their work.
Development	We provide employees with opportunities to hone their skills through learning and hands-on application, tapping into their potential and desire to grow. In this way, we develop talent who can help carry out our management strategy.

Offering Career Courses and Succession Plan Training

We are implementing an HR management system in Japan ranging from a general course to multi-track career courses. This framework will allow us to tailor recruitment, placement, development, and working conditions based on roles, level of contribution, work styles, and other factors. We are also establishing new advanced and technical specialty courses aiming to support the active contributions of highly specialized personnel as well as personnel in management positions. This will aid our efforts to secure, deploy, and motivate a diverse workforce. Our succession plan offers a framework for systematically educating and training managerial employees to lead our business in the next and following generations. By identifying candidates and conducting necessary training and job rotations, we are aiming to ensure stable job succession.

Career Courses (plan)



Designing a Career Course Compensation System

We are working to raise compensation levels to be competitive in the market. This entails revising the wage curve to levels that are dynamically aligned with the career courses, targeting a market level that is benchmarked against our competitors as well as an appropriate balance in the differences between job grades.

We will also eliminate any elements of seniority-based work conditions that may exist under our current system, transitioning the compensation structure to one that is based on career course, responsibilities, roles, and work styles, thereby increasing employee motivation.

► Hiring ► Development

Securing and Developing Personnel with High Specialization and the Potential to Create Future Businesses

What We Expect of Our People

As an “Innovative Product development & Engineering solutions eXpert,” the I-PEX Group seeks to provide the global market with the values of inspiration and surprise. To create such value, we look for people who share our five values—“Challenge, Pursue, Connect, Advance, Pioneer”—and who can give shape to new concepts.

New Learning through Training in Fundamental Technologies

We educate employees in our fundamental technologies, aiming to equip them with greater expertise with which they can generate new ideas and realize further innovation. We carry out such education mainly through cooperation with universities and research institutes. Our focus in fiscal year 2023 was on mass production technologies. We offered education about molding technology to

broaden employees’ knowledge of resin materials and highlighted AI technologies that can find application in image inspection.

Through such education, we aim to hone the skills and abilities of employees. As employees make use of the skills and knowledge they have learned, both they and the company will continue to grow together.

► Development

Promoting Diversity, Equity and Inclusion

Diversity, Equity and Inclusion (DE&I) to Generate Innovation

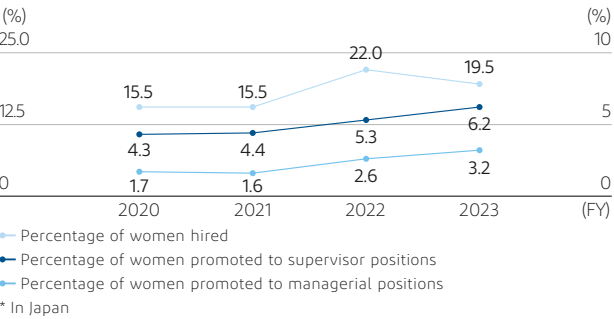
The I-PEX Group has continued to grow while expanding its business domains and now has sites in 12 countries and regions worldwide. We promote diversity, equity and inclusion in the Group, believing that it is critical in terms of growing sustainably going forward to respect the diverse knowledge, experience, and values of our approximately 5,000 employees and to ensure an organization

where everyone can voice their opinions equally. We carried out education on unconscious bias in fiscal year 2023 in Japan. We encouraged the creation of workplace environments where diverse personnel can work comfortably and where all employees show acceptance and understanding to people in different contexts.

Promoting Women’s Participation and Advancement

Our overseas sites employ a high proportion of women in managerial positions and encourage women’s participation. In Japan, however, although the percentage of women in supervisor and managerial positions has increased, it remains relatively low. To overcome this, we have set a target of raising the percentage of women in managerial positions to 10% in Japan by 2030 as we work to promote women’s participation.

Hiring of Women and Promotion of Women to Executive Positions in Japan



Strengthen Human Resource Management

To achieve this goal, we are working to hire more women and create workplaces where women can work comfortably and continue to pursue a career. In fiscal year 2023, we offered career design and leadership training to help female supervisors develop their careers. Training participants took classes with external lecturers and did group work, giving them opportunities

Mid-Career Hiring

The experience of mid-career hires is an important element in shaping organizational diversity. We aim to generate innovation by bringing in diverse personnel to the organization. Mid-career hires accounted for around half of all employees hired on average over the past five years, and accounted for the same percentage of managers as well. These employees play an active role in the organization by drawing on their previous careers and experience. Moving forward, we plan to continue mid-career hiring efforts.

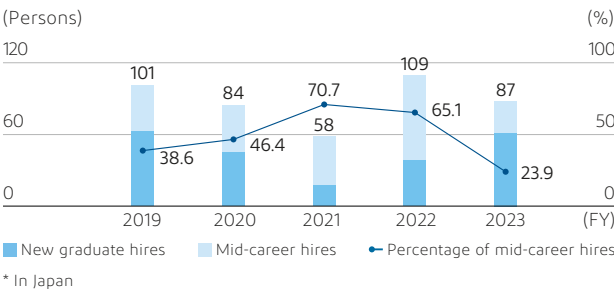
Engagement

Enhancing Employee Engagement and Motivation

With the goal of maintaining comfortable, engaging workplace environments for employees and increasing job fulfillment, we conduct a survey to gauge employee satisfaction and expectations. Our efforts to improve the workplace have involved introducing a framework that allows employees to choose from among various work styles as well as projects for taking onboard employee

to consider how they can play an active role in leadership and explore future career options. The program also included dialogue between participants and supervisors. By offering the support these employees need to make their career vision a reality, we are seeking to make our workplace one where women can play an active role.

New Graduates and Mid-Career Hires



Indicators for Raising Group Engagement Scores (items highly correlated with job fulfillment)

Items	Area	2021	2022	2023
Work here is fulfilling to me	Japan	3.23	3.30	3.24
	Overseas	4.05	4.01	3.98
I feel engaged in my work	Japan	3.24	3.27	3.24
	Overseas	4.02	3.97	3.97
I have a strong desire to achieve the targets I've been assigned	Japan	3.78	3.82	3.78
	Overseas	4.16	4.11	4.09

Note: Weighted average scores of 5, 4, 3, 2, 1 on a 5-point scale

Promoting Work Style Reforms

We are enhancing the HR system to maintain workplace environments in which diverse personnel can consistently perform with confidence, regardless of the diversity of their work styles or changing life stages. Specific measures in Japan include a remote work program, a system for choosing work schedules, a system for taking paid leave by the hour, a system for shortened working hours for childcare, and a system for shorter working

hours to fulfill nursing care responsibilities, and the establishment of contracted daycare centers. We also encourage male employees to take childcare leave—here, the leave-taking rate is 37.5% in Japan, higher than the national average. At our overseas sites, while there are variations between regions, we have put systems in place for working remotely and for choosing preferred working hours.

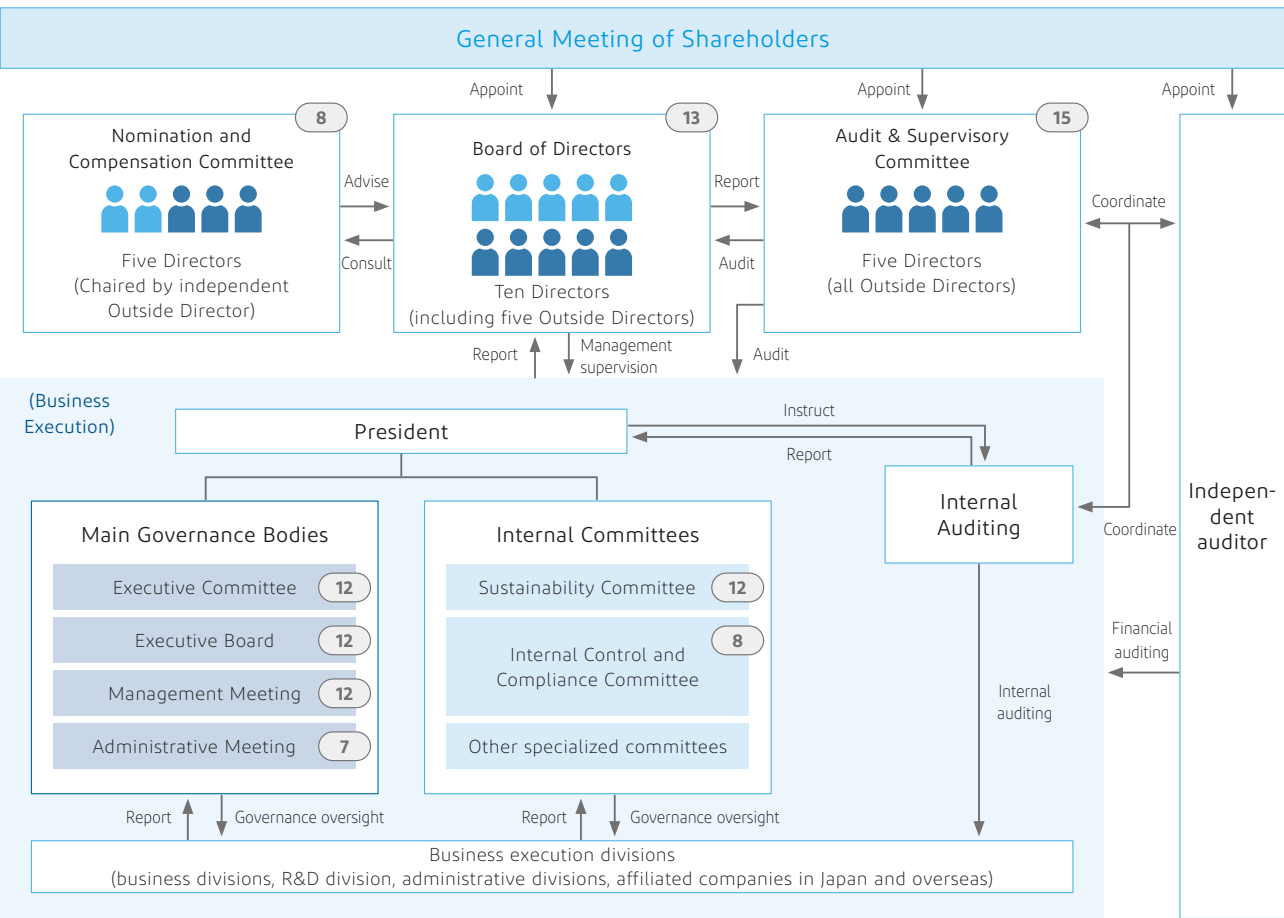
Strengthen Corporate Governance

Basic Approach

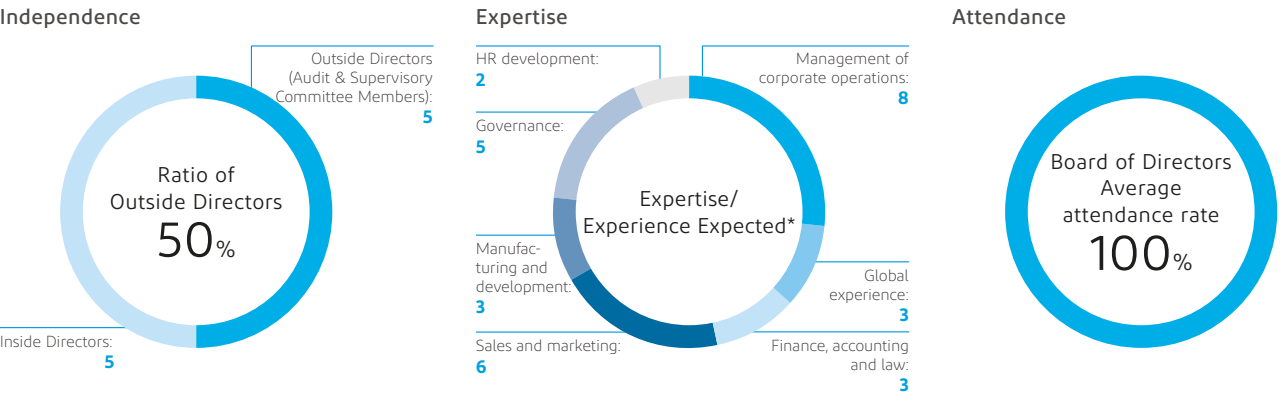
Our basic approach to the I-PEX Group's corporate governance is to build relationships of mutual trust with all stakeholders, including shareholders, customers, employees, suppliers and local communities, by working

to sustainably increase corporate value through increasing the transparency of corporate management and maintaining fairness and independence.

Corporate Governance System



Corporate Governance Highlights



Strengthen Corporate Governance

Corporate Governance System

The I-PEX Group’s corporate governance system primarily consists of the Board of Directors, Audit & Supervisory Committee and independent auditors.

Five Outside Directors who are Audit & Supervisory Committee Members attend meetings of the Board of Directors, the highest decision-making body of management, to ensure the objectivity and neutrality of management oversight. In addition, the Audit & Supervisory Committee coordinates internally with the Internal Auditing and externally with the independent auditors. Audits related to compliance with various laws, regulations and internal company rules are appropriately maintained, which is the reason this has been adopted as our current system of corporate governance.

Board of Directors

The Board of Directors is comprised of ten Directors (five of whom are Audit & Supervisory Committee Members) and five are appointed from outside the company (all five of whom are Audit & Supervisory Committee Members). The board, which meets once a month in principle, oversees business execution by the Representative Director and other Directors and makes decisions on important matters.

Audit & Supervisory Committee

The Audit & Supervisory Committee is made up of five members, all of whom are Outside Directors. Audit & Supervisory Committee Members attend meetings of the Board of Directors and other important committees, and they supervise and audit overall management as needed. The independent auditor is Deloitte Touche Tohmatsu LLC, which conducts audits based on Article 436.21 and Article 444.4 of the Companies Act and Article 193-2.1 and Article 193.2 of the Financial Instruments and Exchange Act.

Nomination and Compensation Committee (discretionary body)

We have established the Nomination and Compensation Committee, a discretionary consultative body of the Board of Directors, in order to further strengthen corporate governance by raising the objectivity and transparency of evaluation and decision-making processes related to officer nomination and compensation. The committee is consulted on the election and compensation of Directors and other officers, considers these matters, and reports back to the Board of Directors. The committee has five members, two Directors and three Outside Directors (including Audit & Supervisory Committee Members). The committee is chaired by Outside Director Junichi Hashiguchi.

Operation of the Board of Directors

The Board of Directors, which is chaired by the Representative Director and made up of ten Directors (five of whom are Outside Directors who are Audit & Supervisory Committee Members), met 13 times in fiscal year 2023. The board makes decisions on important matters such as investments and the next fiscal year’s plan and reviews business execution by Directors and other matters. The Management Meeting is convened apart from the Board of Directors, providing a venue for discussion and debate on various themes related to business administration.

Sample Agenda Items

Reporting	For Resolution	Important Matters for Deliberation
<div><ul style="list-style-type: none">• Matters related to investment• Matters related to equity investment• Reporting on IR activities and investor opinions• Evaluation of the effectiveness of the Board of Directors and reporting on it• Reporting on the activities of the Nomination and Compensation Committee• Reporting on the results of internal control effectiveness evaluations• Reporting on audits of the Audit & Supervisory Committee• Matters related to management• Sustainability Committee reports• Matters related to non-financial information• Matters related to risks</div>	<div><ul style="list-style-type: none">• Matters related to investment• Matters related to equity investment• Matters related to materiality• Matters related to capital policy• Annual business and financial plans• Matters related to the sale of assets• Matters related to reorganization</div>	<div><p>Policies and Progress of I-PEX Vision 2030</p><ul style="list-style-type: none">• Medium- to long-term management plan• Business portfolio• Progress of priority businesses<p>Policy and Progress of Six Points of Materiality</p><ul style="list-style-type: none">• Response to Governance Code• Strengthening of HR management• Group governance• ROIC target• TCFD-based disclosure<p>Policies and Progress Related to Shareholders’ Engagement</p><ul style="list-style-type: none">• Dialogue with shareholders and investors</div>

Evaluation of the Effectiveness of the Board of Directors

Questionnaires (self-evaluations) are administered to all Directors once each year for the purpose of maintaining an accurate understanding of the current state of the board and further raising its effectiveness. Based on the responses, the effectiveness of the board is analyzed and evaluated, and improvements are made to issues that have been identified. In this way, we are working to strengthen the functions of the Board of Directors.

Overview

Evaluation method	Questionnaire given to all Directors, including Audit & Supervisory Committee Members
Evaluation items	Board composition, administration, decision-making process, support system, level of involvement, supervisory function, risk management system, shareholder engagement, committee administration, and other matters related to management
Analysis/evaluation	<p>The questionnaire is analyzed by the administrative office for the Board of Directors so that issues can be identified. The chairpersons of the board and the Audit & Supervisory Committee are interviewed before more in-depth discussions and evaluations are undertaken by the board.</p> <p>Initiatives from the previous fiscal year are evaluated and improvement measures are considered for issues identified in the current fiscal year’s evaluation</p>

Results of Evaluation of Board of Directors in FY2023

In fiscal year 2023, all eight Directors, including Audit & Supervisory Committee Members, completed the questionnaire to evaluate the effectiveness of the Board of Directors. The results of the evaluation showed improvement in the score for allocating more discussion time in meetings, reflecting concrete measures we implemented. The evaluation also confirmed that, as a tangible result for the board’s effectiveness, there were more active deliberations on qualitative analysis and disclosure of climate change risks and opportunities in line with the TCFD’s recommendations and more robust discussions and measures regarding capital policy and the enhancement of corporate governance.

FY2022 evaluation	Issues identified	<ul style="list-style-type: none">• Allow for adequate discussion on important matters, hold discussions from diverse viewpoints and with a medium- to long-term time horizon, and continue efforts to enhance shareholder engagement, which were issues identified in fiscal year 2021• Strengthen the risk management system
	Results of initiatives (FY2023)	<ul style="list-style-type: none">• Increase administrative efficiency, select important agenda items, make an agenda schedule for the year, and discussions on agenda items that contribute to raising corporate value over the medium- to long-term <p>For the purpose of separating oversight and execution, Executive Officers no longer attended board meetings as observers. We strengthened the board’s oversight function by having the Sustainability Committee in the second section of the Executive Board meeting report to the board after discussing important topics that contribute to the longer-term enhancement of value. To facilitate great discussion regarding important matters, we held preliminary briefings ahead of board meetings for the benefit of Outside Directors. We also strengthened the PDCA cycle to improve the administration of the board by conducting a review immediately after board meetings.</p> <ul style="list-style-type: none">• Actively disclose information to shareholders and work for mutual understanding <p>Communicated information about the company’s basic policy on sustainability and initiatives to stakeholders through dialogue and the integrated report</p> <ul style="list-style-type: none">• Strengthen risk management by establishing a group governance system <p>Created opportunities to periodically share information with overseas subsidiaries and reviewed the makeup of the board</p>
FY2023 evaluation	Issues identified	<ul style="list-style-type: none">• Hold discussions from diverse viewpoints and with a medium- to long-term time horizon, strengthen the risk management system, and continue efforts to enhance shareholder engagement—issues that were identified in fiscal year 2022
	Initiatives planned (FY2024)	<ul style="list-style-type: none">• Continue discussions that contribute to improvements in longer-term corporate value, select priority agenda items, and draft an annual schedule• Continue to build up the group governance framework and strengthen risk management• Continue to proactively disclose information to stakeholders and deepen mutual understanding

Strengthen Corporate Governance

Support System for Outside Directors

While there is no dedicated organization that assists Outside Directors with their duties, there is a system in place in which all divisions provide assistance as needed, starting with the Corporate Planning Department. The administrative office sends the five Outside Directors (Audit & Supervisory Committee Members) the agenda items and materials to be submitted at upcoming board meetings to furnish explanations of critical agenda items. Opinions and questions received in response to these preliminary materials are reflected in the explanations given during board meetings, in an effort to stimulate and deepen discussions

from multiple points of view. Even outside of board meetings, information about business strategies and other topics is provided to Outside Directors. Specifically, the company's Executive Officers regularly provide explanations about the business environment, growth strategies, and the outlook. In addition, Outside Directors are provided opportunities to visit company sites in Japan and overseas so they can offer opinions about activities the company is undertaking with the aim of achieving the Group vision of becoming an "Innovative Product development & Engineering solutions eXpert."

Executive Compensation

Compensation for executive Directors consists of fixed monthly compensation, performance bonuses*, which are linked to annual business performance, and a performance share unit plan*, which is a stock compensation plan linked to medium-term performance. This compensation package is designed to promote the Group's sustainable growth, raise corporate value over the medium to long term, and share further value with shareholders. The previous retirement benefits program for officers has been eliminated.

Regarding performance bonuses, the total amount of funds available for bonuses is determined based on consolidated sales and consolidated profit, indicators that form the basis of business management activities. With this amount as the upper limit, points are calculated for each eligible Director based on both quantitative performance

indicators and qualitative evaluations. Next, the percentage of the total is calculated for each eligible Director's points, and the actual amount of bonuses paid to each is calculated based on these percentages.

The performance share unit plan sets a numerical target in advance for company performance (consolidated) during the period covered and calculates the number of I-PEX common shares to be granted and the monetary amount needed for tax payments based on the degree of achievement of the numerical target after the period ends.

Regarding executive compensation, compensation for Directors who are not Audit & Supervisory Committee Members is no more than ¥350 million annually and compensation for Directors who are Audit & Supervisory Committee Members is no more than ¥45 million.

*1 Compensation plan that is more clearly linked to performance for the fiscal year, making it a short-term incentive.
*2 Compensation plan that further enhances motivation to achieve medium-term performance targets and promotes the sharing of benefits and risks with shareholders.

Total Amount of Compensation for Each Officer Category, Total Amount of Compensation by Type, and Number of Eligible Officers*

Officer Category	Total amount of compensation (Million Yen)	Total amount of compensation by type (Million Yen)					Number of eligible officers
		Fixed compensation	Performance bonuses	Performance linked stock compensation	Retirement benefits	Non-monetary compensation (included in the amounts at left)	
Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors)	150	150	—	—	—	—	5
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	—	—	—	—	—	—	—
Outside Directors	21	21	—	—	—	—	3

* Does not include the two newly appointed Directors at the Annual General Meeting of Shareholders held on March 28, 2024

Succession Plan

Regarding the succession plan for the Representative Director and other officers, the discretionary Nomination and Compensation Committee (discretionary body), a consultative body to the Board of Directors, regularly deliberates on the plan and reports to the Board of

Directors, which makes decisions on it. The Nomination and Compensation Committee maintains independence by having Outside Directors as the majority and a chair chosen from among them. It functions to provide advice that is objective and effective.

Group Governance

Strengthening global group governance is one concrete measure for reinforcing corporate governance, a point of materiality which must be addressed to achieve sustainable growth. We established a new Group Governance Task Force in fiscal year 2023 to focus on this measure. Specific efforts include steps to manage companies in the Group in accordance with the Group Company Management Rules. In light of the results of the evaluation of the effectiveness of the Board of Directors conducted in fiscal year 2022, we recognize that measures to reinforce group company governance functions are vital not only in terms of creating a more efficient, more reliable

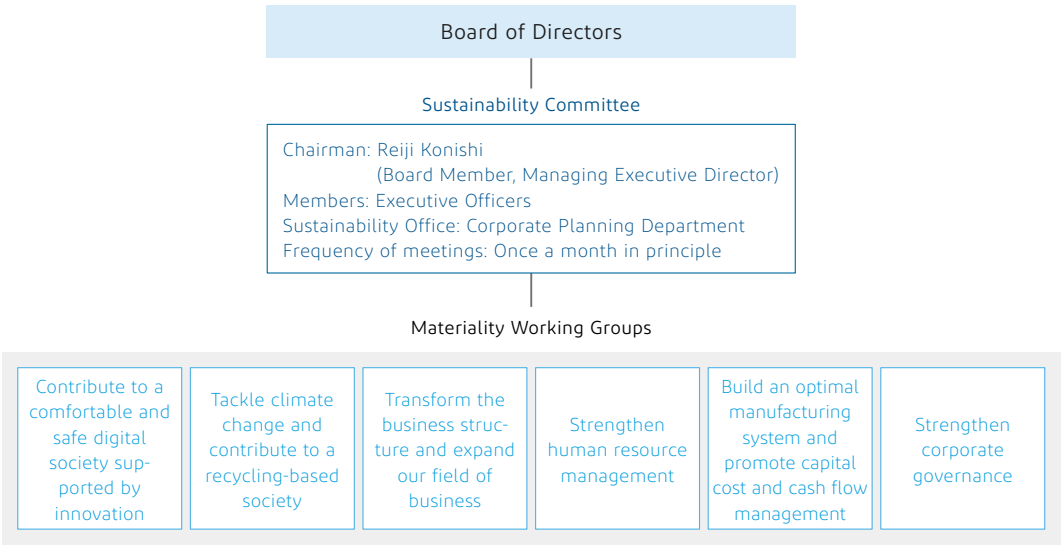
organization as a whole—they are also crucial for sustainable growth across the Group going forward. Measures include harnessing the collective strengths of the Group and ensuring transparency by sharing information and collaborating with group companies, as well as strengthening risk management and compliance frameworks. To this end, we have formed a dedicated unit to lay the groundwork for these measures. Through these activities, we will move discussions forward on the functions of local affiliates and the status of their boards from the standpoint of group governance and further strengthen systems for the Group overall.

Sustainability Governance

The I-PEX Group formulated a sustainability policy in 2022 with a view to sustainably enhancing corporate value and realizing a better world. We also established a Sustainability Committee to facilitate efforts by the Board of Directors to proactively address sustainability issues. The committee is made up mainly of Executive

Officers and chaired by one of the company's Managing Executive Officers. It meets, in principle, once a month to discuss topics considered most germane with respect to the points of materiality needed to enhance corporate value (ROE, etc.) and issues requiring discussion from a global perspective.

Sustainability Promotion Organization




Main Topics Discussed in the Sustainability Committee in Fiscal Year 2023

• Group governance	• Strengthening of HR management
• Dialogue with shareholders and investors	• Business structure reforms
• Medium-term management plan challenges and measures	• Progress of priority businesses
• Environmental initiatives	• ROIC


Directors, Audit & Supervisory Committee Members, and Executive Officers (as of March 28, 2024)

Directors




President, Representative Director

Takaharu Tsuchiyama




Board Member, Managing Executive Officer, Chief Technology Officer R&D Division Director

Kenji Ogata




Board Member, Managing Executive Officer, Electronics Components and Devices Division & Equipment Division

Akihiko Hara




Board Member, Managing Executive Officer, Corporate Planning Department & Intellectual Property and Legal Department

Reiji Konishi



Board Member, Executive Officer Sales Division


Atsushi Yasuoka



Outside Director (Audit & Supervisory Committee Member)

Junichi Hashiguchi


Independent Director



Outside Director (Audit & Supervisory Committee Member)

Shuji Niwano


Independent Director



Outside Director (Audit & Supervisory Committee Member)

Yoichi Wakasugi


Independent Director



Outside Director (Audit & Supervisory Committee Member)

Emiko Suda

Newly appointed Independent Director




Outside Director (Audit & Supervisory Committee Member)

Eiko Shiraume


Newly appointed Independent Director

Executive Officers (excluding those concurrently serving as Board Members)




Executive Officer Operation Director, Equipment Division

Yasumitsu Kikuchi




Executive Officer Operation Director, Mobility Components Division

Hiromichi Nakagawa




Executive Officer Supply Chain Director

Tatsuya Konishi



Executive Officer General Affairs Director

Koji Saito




Executive Officer Operation Director, MFG Solution Division

Tomohiro Nishiyama



Executive Officer Finance Director

Takeshi Shimazaki



Executive Officer Operation Director, Electronic Components and Devices Division

Gek Hong Tan

Composition and Skills Matrix of the Board of Directors

Name	Position and responsibility in the Company	Audit & Supervisory Committee meetings attendance rate	Expertise and experience particularly expected						
			Management of corporate operations	Global experience	Finance, accounting, and legal affairs	Sales and marketing	Manufacturing and development	Governance	HR development
Takaharu Tsuchiyama	President, Representative Director		○			○	○		
Kenji Ogata	Board Member, Managing Executive Officer, Chief Technology Officer R&D Division Director		○			○	○		
Akihiko Hara	Board Member, Managing Executive Officer, Electronics Components and Devices Division & Equipment Division		○				○		
Reiji Konishi	Board Member, Managing Executive Officer, Corporate Planning Department & Intellectual Property and Legal Department		○	○	○	○			
Atsushi Yasuoka	Board Member, Executive Officer Sales Division		○	○		○			
Junichi Hashiguchi	Outside Director (Audit & Supervisory Committee Member) Independent Director	100%	○	○		○		○	
Shuji Niwano	Outside Director (Audit & Supervisory Committee Member) Independent Director	100%	○		○			○	
Yoichi Wakasugi	Outside Director (Audit & Supervisory Committee Member) Independent Director	100%			○			○	
Emiko Suda	Outside Director (Audit & Supervisory Committee Member) Independent Director		○			○		○	○
Eiko Shiraume	Outside Director (Audit & Supervisory Committee Member) Independent Director							○	○

Note: The list above is not intended to show all expertise and experience of the Directors.
Note: Because Emiko Suda and Eiko Shiraume were newly appointed as Directors at the March 28, 2024 Ordinary General Meeting of Shareholders, their attendance for the fiscal year under review is not given.

Definition of Skills

Skill	Definition
Management of corporate operations	Experience in contributing to key decision-making as a business executive
Global experience	Experience working overseas or knowledge of international business contexts
Finance, accounting, and legal affairs	Knowledge or experience of finance, accounting, or legal affairs in managing corporate operations
Sales and marketing	Experience in planning and executing sales and marketing strategies
Manufacturing and development	Knowledge or experience of manufacturing and R&D in the manufacturing sector
Governance	Knowledge or experience concerning risk management and corporate ethics
HR development	Knowledge or experience concerning the training and development of human resources

Compliance and Risk Management

Strengthening Compliance System

We have established the Internal Control and Compliance Committee, which is chaired by a supervising manager appointed by the Representative Director and made up of the chairperson and other necessary personnel, and an administrative office for it directly under the chairperson. In addition, compliance managers are assigned to each division. Including Directors, the Committee has 13 members (ten men and three women), and there is a framework in place by which members and the administrative office discuss issues from multiple perspectives and carry out related activities. The Committee met eight times in fiscal year 2023 to discuss the progress of internal control.

We have also established the Code of Behavior for I-PEX Group Personnel, which is the foundation of our compliance system. A CSR handbook containing excerpts of the Code and of the Compliance Reporting Rules, and other related information is posted on an internal website and communicated to Directors and employees.

Coordination between Audits, Accounting Audits and Internal Audits

Outside Directors who are Audit & Supervisory Committee Members attend meetings of the Board of Directors and other bodies, receive briefings on the status of business execution, internal controls, and other matters, and supervise management. In addition, comprising the Audit & Supervisory Committee, they review internal audits and audits by the committee based on audit

Role of Internal Auditing

We have established Internal Auditing that is independent of divisions involved in business execution. The office audits the business processes of the divisions and works to discover and prevent non-compliance and to improve processes. Reporting directly to the Representative Director, the administrative division (internal control division) serves as our Internal Auditing, consisting of six permanent members and three other employees with concurrent duties (four Japanese and five non-Japanese). With the objective of undertaking audits from diverse perspectives, the team is a mix of professionals with management-level experience with varying career backgrounds in finance, production management, sales, business planning, and other fields, as well as personnel possessing specialist qualifications, including internal auditors certified by the Institute of Internal Auditors.

The internal control division conducts Group-wide checks concerning operational functions and provides day-to-day guidance. It also undertakes on-site inspections

Risk Management System

We created the Internal Manual for Crisis Management, the foundation of our risk management system, and are working to fully integrate it into all divisions. Risk management overall is overseen by the General Affairs Division, which monitors and addresses risks that it identifies in connection with business execution by the Group.

If a major accident, disaster, scandal or other such

CSR study sessions are also held as appropriate as a part of continuing efforts to raise compliance awareness. In fiscal year 2023, we held a study session on internal control for all the employees, and in this fiscal year we will continue activities to facilitate greater understanding of the importance of legal compliance.

In addition, Internal Auditing conducts compliance audits of the Group from an independent perspective and reports on any compliance-related problems at the internal audit reporting meeting. Moreover, as a part of our efforts to reinforce internal controls, we established a help line for whistleblowers and put in place a framework for receiving information related to compliance from inside and outside the company. We defined the items to be reported to the Board of Directors when there are important findings related to compliance. To protect whistleblowers, we stipulated in-company bylaws that ensure employees providing information will not be treated unfairly.

plans and the auditing system and methods of the independent auditors, and also receive reports on the audit findings of the independent auditors and Internal Auditing. The independent auditors and Internal Auditing also exchange information and opinions and work to further enhance audits.

and other internal audits and is responsible for implementing and operating the Group's audit system.

The results of audits are regularly reported to the Representative Director and are also directly reported to the Audit & Supervisory Committee Members and relevant directors.

In addition, the Audit & Supervisory Committee, Internal Auditing, and independent auditors coordinate with each other, reporting and exchanging information on audit schedules, auditing progress, the status of internal controls, and other matters. They also work to qualitatively improve the internal control division through audits of it and strengthen the Group's overall control and supervisory functions.

Also, in the fiscal year ended December 2023, each division began conducting a self-assessment of the effectiveness of controls in the organization to identify any issues. The control self-assessment, or CSA, is conducted using a questionnaire format.

event occurs, we establish a crisis management headquarters that is led by the Representative Director and made up of necessary personnel and takes measures in response to the crisis. Also, if it becomes necessary to address new risks that arise, we promptly assign responsibility for them to a Director.

Business Risks

The following items describe potential risk factors for business expansion by our Group. We have included matters that we do not necessarily consider as risks for our business, but that we consider important for investment decisions and for investors to understand our business activities, in order to actively disclose information to investors.

While we understand the possibility of these risks occurring and try to avoid them while taking action in the event of their occurrence, investors should deliberate over investment decisions concerning our shares by reading this page along with the other sections of this report.

Item	Main risks anticipated	Main measures taken to address risks
Risk regarding quality	Liability incurred or reputation damaged due to product non-conformance, defect or recall	Building and continuing to improve quality systems matched to products and customer requirements and carrying out activities to reduce quality non-conformance and strengthen quality governance
Risk of disasters or accidents	Business activities being impeded by a major natural disaster, an accident, or the spread of an infectious disease, etc. at the location of a production plant for a specified product	Creation of a business continuity plan (BCP), ensuring decentralized inventory, establishment of a response headquarters for pandemics, etc., and prevention of community transmission by establishing internal company rules
Country risks	Production activities impeded by the emergence of country risk or spread of an infectious disease, etc. at the location of an overseas plant	Creation of a BCP, regular exchange of information from multiple perspectives, starting with information on international affairs within the Group, and decentralization of production sites
Risks related to technologies possessed	Competitiveness diminished by greater-than anticipated technology innovations	Awareness-raising and the cultivation of a corporate culture to minimize risk, carrying out ongoing market environment surveys, and focused investment of management resources in priority R&D areas and themes
Risk related to intellectual property rights	Technology infringement resulting from an intentionally unpatented technology being leaked	Management of company know-how on the intranet, employee education related to the handling of internal expertise, surveys to reduce intellectual property infringement by I-PEX
Competition risks	Decline in the competitiveness of the Group's products and drop of sales prices, etc. due to greater competition	Continuing to provide high-value-added products through development that anticipates market needs and strengthening resiliency to price declines by working constantly to reduce costs and shorten lead times, etc.
Risks associated with large capital investment	Excess depreciation, disposal or impairment loss of used equipment due to failure of product demand to increase as anticipated	Approval screening at time of equipment roll-out, confirmation of trends in long-term stagnant projects, impairment decisions based on fixed standards and impairment accounting
Risks of price fluctuations of raw materials and purchased components	Purchase price increases for primary product materials or for mechanical or electrical components for machinery and equipment	Mitigating the risk of price increases by moving some material inventory off balance sheet, leveling purchase prices by purchasing rare metals in fixed quantities, and multiple sourcing for purchased components, etc.
Risks related to inventory	Valuation or disposal loss on surplus or stagnant inventory	Ongoing confirmation of trends in long-term stagnant inventory via an internal committee, impairment decisions based on fixed standards and impairment accounting
Regulatory risks	Changes in laws and regulations or the enactment of new regulations that cannot be complied with	Establishing rules related to compliance and addressing changes in legislation involving organizations specializing in legal risk and building process flows related to contracts, and monitoring IP infringement by other companies and taking appropriate measures
Foreign exchange risks	Sharp fluctuations in exchange rates	Forward exchange contracts to minimize risk, passing on increases to selling prices, etc.
Risks of dependence on specific buyers	Reduction in parts supply due to changes in the configuration of parts handled by a specific supplier or changes in policies for transactions with a partner company	Multifaceted business development, diversifying earnings through new expansion into medium- to long-term priority businesses, and activities to build stable business relationships with customers
Credit risks	Uncollectible debt due to rapid deterioration in customer business performance	Screening companies when entering into transactions and setting transaction terms based on ongoing considerations related to credit risk
Risks related to demand trends for I-PEX products	Deterioration of the economic environment progresses, slowdown in launch timings of new-model end-products or in the growth of end-products markets and resulting changes in purchase trends and parts procurement trends among customers	Diversifying risk through multifaceted business development, appropriate reallocation of production facilities, and reassignment of necessary personnel based on medium- to long-term demand forecasts
Risks related to goodwill and other intangible fixed assets	Impairment loss due to declining profitability as a result of business not progressing according to plan	Regularly verifying business profitability and risk and revising plans as necessary

Message from an Outside Director



Through ongoing dialogue with overseas sites, we will encourage organic collaboration across the Group to help enhance corporate value

Yoichi Wakasugi

Outside Director
(Audit & Supervisory
Committee Member)

Striving to make recommendations drawing on corporate legal expertise and bringing a governance perspective to risk management

I have been involved in numerous corporate legal projects over the years. Drawing on my accumulated experience and knowledge, I strive to make recommendations that can help the Group avoid legal risks and prevent disputes. In terms of the company's management, once I have correctly ascertained the facts underlying the assumptions involved, I focus on gauging whether a conclusion being reached is reasonable and whether it follows from proper procedures. I also pay attention to whether the outcome is verified and put to use in subsequent management activities. In addition, in helping to oversee the Company's management, I refer to the opinions that the various other Audit & Supervisory Committee Members offer based on their own expertise and knowledge.

I think the I-PEX Group is an organization with an open corporate culture that encourages people to speak their minds. Regarding the operation of the Board of Directors, agenda items and other matters are explained in advance, the meetings proceed efficiently, and issues are subsequently confirmed. We also hold individual discussions with Directors. In our deliberations, we incorporate feedback from dialogue with shareholders as appropriate, exchanging constructive opinions on a range of issues, including the formulation of the medium- to long-term management plan, the verification of its progress and response measures, and sustainability initiatives. I appreciate an environment in which our suggestions as Outside Directors are taken seriously and incorporated into discussions.

With the appointment of two new female Outside Directors in fiscal year 2024, I believe that bringing a greater diversity of opinions to bear on the Board of Directors will further enhance its effectiveness. By continuing to assess the Company's progress and discuss response measures, I want to help enhance corporate value.

I also find that, in terms of risk management, including the implementation of an internal control system, the

Company has made a certain degree of progress. For example, after listing up potential risks, the Company has formulated and disseminated manuals and put a compliance consultation desk in place. We have also received reports from Internal Auditing and held discussions with the executive side. We will continue to take steps to reinforce risk management.

Sustainable growth depends on stronger global group governance

Given that overseas sales account for around 70% of the I-PEX Group's business, to ensure sustainable growth going forward, it will be critical to strengthen global group governance. With this in mind, the Company newly set up a Group Governance Task Force in fiscal year 2023 and made other efforts to strengthen group governance, including at overseas sites. We expect the effective implementation of governance at various group companies to further foster organic collaboration across the Group. As Audit & Supervisory Committee Members, we will continue to pursue dialogue with overseas sites to help enhance corporate value.

2023 marked the 60th year since the founding of the I-PEX Group. Carrying the business forward beyond this important milestone will require the Group to achieve the six points of materiality it has set out toward achieving the goal of becoming an "Innovative Product development & Engineering solutions eXpert," as it works to continuously enhance corporate value and address social issues. We will continue to do all that we can to fulfill our duties as Audit & Supervisory Committee Members.



Audit & Supervisory
Committee meeting.
In fiscal year 2023,
the Committee held
discussions at 15
meetings.

Financial Information

Operating Results

In the consolidated fiscal year under review, the global economy experienced a moderate slowdown in the midst of numerous challenges, including ongoing high costs of raw materials and energy as a result of the prolonged situation in Ukraine, climbing inflation rates mainly in developed economies in Europe and the U.S. and declining demand due to accompanying monetary tightening, a slowdown in the Chinese economy stemming in part from issues in the real estate market, and mounting tensions in the Middle East.

In Japan, although prices of raw materials continued

to rise and the yen continued to weaken, capital investment and personal consumption picked up and the economy showed signs of a gradual recovery.

In this context, consolidated net sales were down 1.1% year on year to ¥59,014 million. Meanwhile, we recorded an operating loss of ¥759 million compared with operating income of ¥978 million a year earlier, an ordinary loss of ¥555 million compared with ordinary income of ¥2,120 million a year earlier, and a net loss attributable to owners of parent of ¥1,269 million compared to net income of ¥168 million a year earlier.

Financial Position

Total assets at the end of the consolidated fiscal year under review decreased ¥634 million from the end of the previous fiscal year to ¥91,603 million. The main decreases included work in process of ¥979 million, machinery, equipment and vehicles of ¥781 million and tools, furniture and fixtures of ¥592 million, and the main increases were notes and accounts receivable of ¥1,655 million.

Liabilities decreased ¥675 million to ¥33,215 million. The main decreases were long-term accrued expenses

of ¥1,098 million and accounts payable – other of ¥420 million, and the main increases included long-term borrowings of ¥983 million.

Net assets increased ¥41 million to ¥58,387 million as a result of a decrease in retained earnings of ¥2,011 million attributable to dividends from surplus and other items and increases in foreign currency translation adjustment of ¥1,780 million from the impact of foreign exchange rate fluctuations and in accumulated adjustment for retirement benefits of ¥275 million.

Cash Flows

Operating cash flow in the consolidated fiscal year under review increased ¥6,868 million year on year (¥9,669 million increase in the previous fiscal year). This was chiefly attributable to a loss before income taxes of ¥688 million, the recording of depreciation of ¥6,645 million, a decrease in inventories of ¥1,303 million, an increase in trade payables of ¥458 million, and an increase of ¥598 million in advances received, which offset an increase of ¥1,804 million in trade receivables.

Investing cash flow decreased ¥2,781 million (¥6,165 million decrease the previous fiscal year) from proceeds from sale of property, plant and equipment of ¥1,301 million being more than offset by the purchase of property, plant and equipment of ¥3,998 million, and

purchase of intangible assets of ¥86 million.

Financing cash flow decreased ¥3,066 million (¥3,690 million decrease the previous fiscal year) as a result of a net increase in proceeds from long-term borrowings of ¥5,200 million being more than offset by the net decrease in short-term borrowings of ¥1,080 million, repayments of long-term borrowings of ¥4,509 million, repayments of lease obligations of ¥588 million, repayments of long-term accounts payable – other of ¥1,344 million, and dividends paid of ¥742 million.

As a result, cash and cash equivalents at the end of the period increased ¥1,313 million from the end of the previous fiscal year to ¥15,582 million.

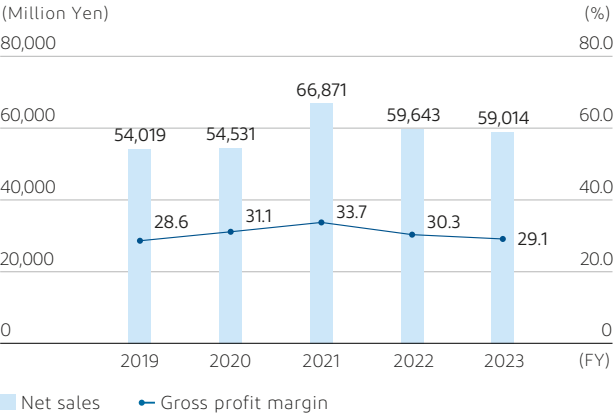
Capital Expenditure

Capital expenditure in the consolidated fiscal year under review totaled ¥4,971 million and was primarily for production facilities. In the electric/electronic components business, ¥2,422 million was invested in machinery and equipment, including molds and automatic machines, to augment production capacity. In the automotive components business, investments of ¥2,355

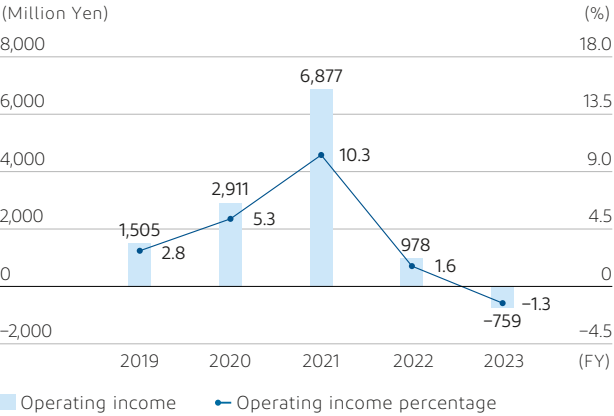
million were made in molds, automatic machines, and other machinery and equipment also for the purpose of augmenting production capacity. In the equipment business, investments of ¥84 million were made to maintain production capacity. Capital expenditures of ¥109 million were also made in administrative divisions.

Performance Highlights

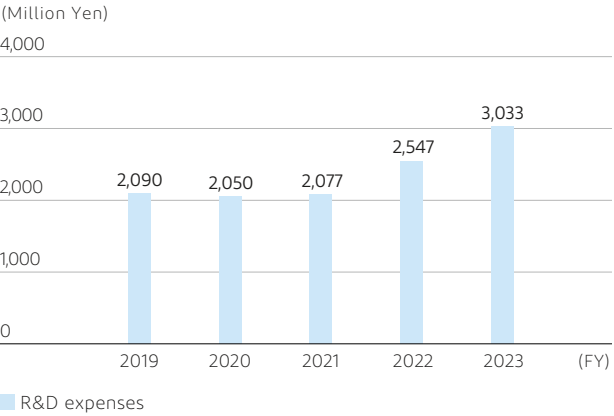
Net Sales



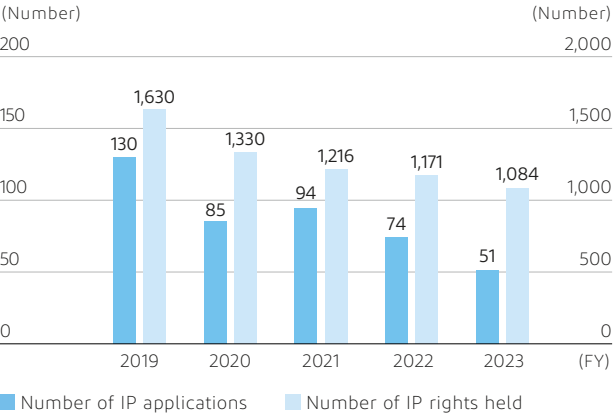
Operating Income



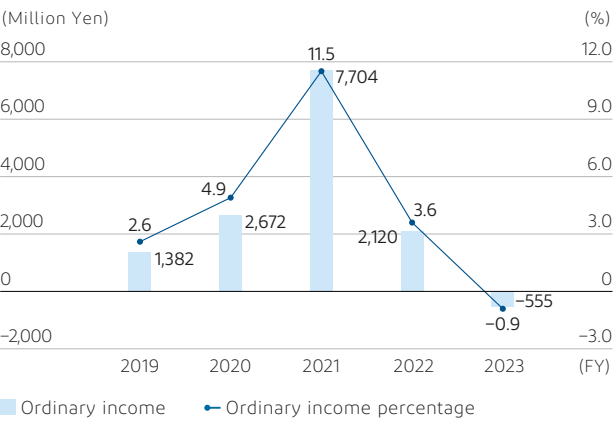
R&D Expenses



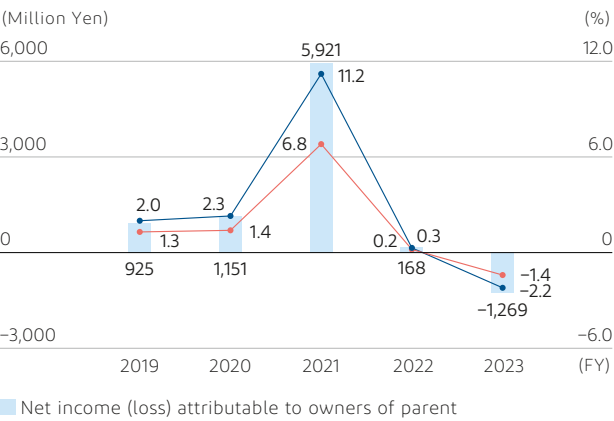
Number of IP Applications/Number of IP Rights Held



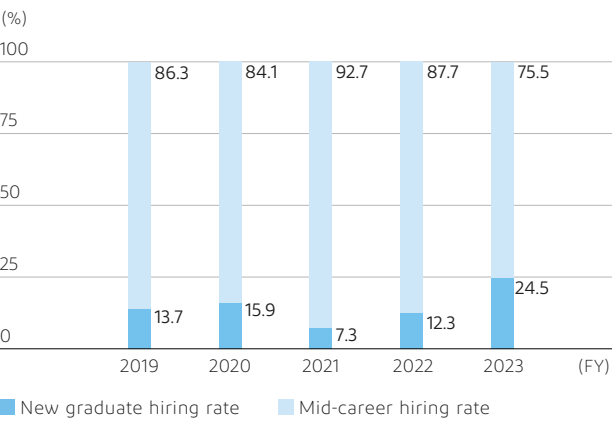
Ordinary Income



Net Income (Loss) Attributable to Owners of Parent/ROE/ROA



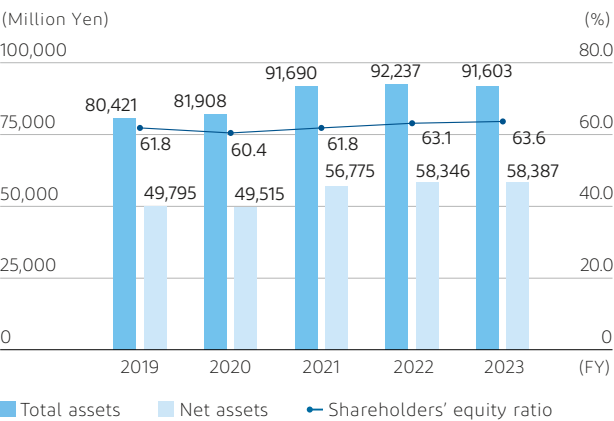
Hiring Rates for New Graduates and Mid-Career Personnel



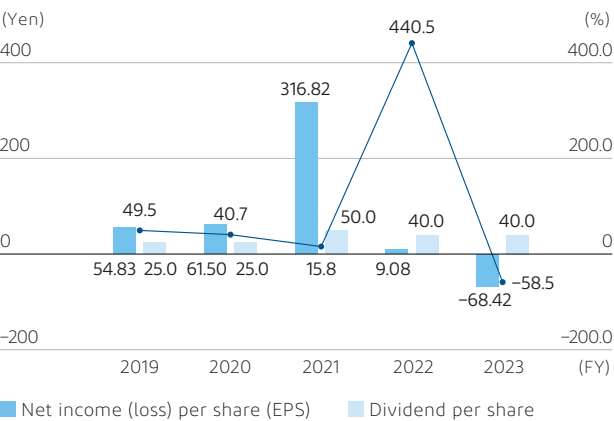
Women in Managerial Positions/Percentage of Women in Managerial Positions



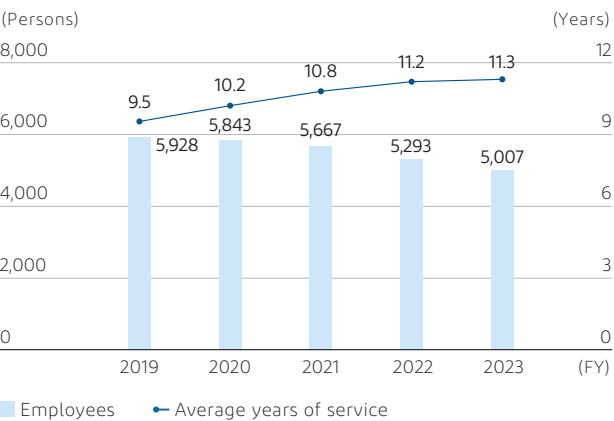
Total Assets/Net Assets/Shareholders' Equity Ratio



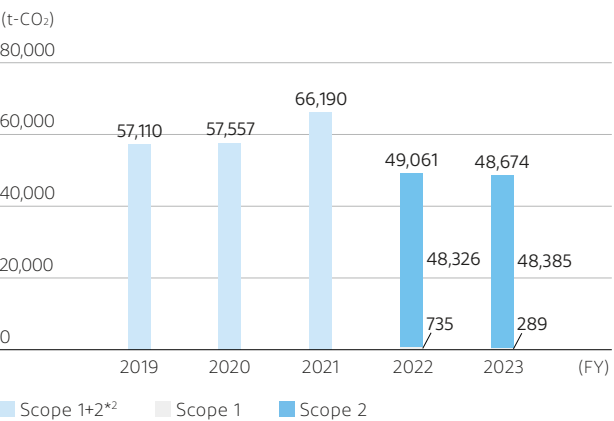
Net Income (Loss) Per Share/Dividend Per Share/Dividend Payout Ratio



Employees/Average Years of Service



CO₂ Emissions*1



*1 The data covers production and equivalent business sites.
*2 Scope 1: GHG emissions directly released from the company
Scope 2: Indirect GHG emissions released from the energy purchased by the company
Figures for fiscal years 2019 to 2021 are totals of Scope 1 and Scope 2.

Seven-Year Financial Summary

Consolidated fiscal year	55 th	56 th	57 th	58 th	59 th	60 th	61 st
Fiscal year-end	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023
Operating Performance (Million Yen)							
Net sales	51,925	52,674	54,019	54,531	66,871	59,643	59,014
Cost of sales	36,343	38,291	38,550	37,584	44,315	41,548	41,824
Gross profit	15,582	14,383	15,468	16,947	22,555	18,095	17,190
SG&A expense	12,978	13,664	13,962	14,036	15,678	17,116	17,949
Operating income	2,604	719	1,505	2,911	6,877	978	-759
Ordinary income	2,509	660	1,382	2,672	7,704	2,120	-555
Net income (loss) attributable to owners of parent	1,667	-1,882	925	1,151	5,921	168	-1,269
Capital expenditure	11,980	10,535	12,765	9,631	10,697	5,509	4,971
Depreciation	5,730	5,726	5,578	6,429	6,898	7,329	6,645
R&D expenses	2,234	2,530	2,090	2,050	2,077	2,547	3,033
Financial Position (Million Yen)							
Current assets	30,106	29,345	36,030	35,925	41,139	41,193	43,281
Total assets	64,929	66,820	80,421	81,908	91,690	92,237	91,603
Current liabilities	11,144	13,905	16,468	17,991	20,629	19,673	18,881
Interest-bearing debt	7,767	12,983	17,580	17,092	16,735	17,656	17,266
Net assets	46,877	43,845	49,795*	49,515	56,775	58,346	58,387
Cash Flows (Million Yen)							
Operating cash flow	6,805	4,370	5,994	9,195	12,809	9,669	6,868
Investing cash flow	-10,547	-9,296	-8,485	-6,632	-7,946	-6,165	-2,781
Financing cash flow	792	4,090	7,937	-2,558	-3,236	-3,690	-3,066
Cash and cash equivalents at end of period	7,905	6,872	12,182	11,719	13,797	14,269	15,582
Per Share Data (Yen)							
Net income (loss) attributable to owners of parent	99.73	-112.58	54.83	61.50	316.82	9.08	-68.42
Net assets per share	2,799.15	2,617.79	2,656.10	2,641.63	3,060.94	3,139.58	3,141.98
Dividend per share	25.00	20.00	25.00	25.00	50.00	40.00	40.00
Financial Indicators							
Gross profit margin (%)	30.0	27.3	28.6	31.1	33.7	30.3	29.1
Operating income percentage (%)	5.0	1.4	2.8	5.3	10.3	1.6	-1.3
Ordinary income percentage (%)	4.8	1.3	2.6	4.9	11.5	3.6	-0.9
ROE (%)	3.6	-4.2	2.0	2.3	11.2	0.3	-2.2
ROA (%)	2.7	-2.9	1.3	1.4	6.8	0.2	-1.4
Shareholders' equity ratio (%)	72.1	65.5	61.8	60.4	61.8	63.1	63.6
Dividend payout ratio (%)	25.1	-	49.5	40.7	15.8	440.5	-58.5

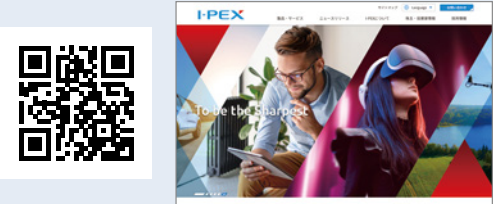
* The major change in net assets in the 57th fiscal year is the result of a capital increase through a public offering conducted in December 2019.

Corporate Overview/Stock Information (as of December 31, 2023)

Corporate Overview

Trade name	I-PEX Inc.
Head office	12-4 Negoro, Momoyama-cho, Fushimi-ku, Kyoto, JAPAN
Date of incorporation	July 10, 1963
Paid-in capital	10.968 billion yen
Head count	Non-Consolidated: 1,962 Consolidated: 5,007
Main banks	MUFG Bank, The Bank of Kyoto, Sumitomo Mitsui Banking Corporation, Mizuho Bank

Corporate Website
<https://corp.i-pex.com>



Stock Information

Stock exchange listing	Tokyo Stock Exchange, Prime Market
Stock code	6640
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Total number of issuable shares	35,000,000
Total number of issued shares	18,722,800
Number of shareholders	7,193

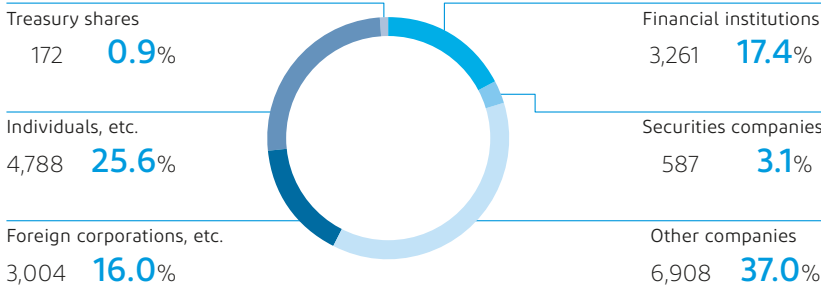
Major Shareholders (Top 10)

Shareholder name	Number of shares held	Shareholding ratio (%)
DMC Co., Ltd.	6,821,400	36.77
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,185,100	11.77
Custody Bank of Japan, Ltd. (Trust Account)	597,700	3.22
INTERACTIVE BROKERS LLC	573,700	3.09
Employees' Stockholding	553,980	2.98
Daiki Konishi	300,000	1.61
J.P.MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSF RE CLIENT ASSETS-SETT ACCT	224,366	1.20
JPMorgan Securities Japan Co., Ltd.	197,043	1.06
DFA INTL SMALL CAP VALUE PORTFOLIO	188,000	1.01
THE BANK OF NEW YORK MELLON 140040	155,500	0.83

* The Company owns 172,194 shares of treasury stock, but these have been excluded from the above table.
Treasury shares (172,194 shares) have been deducted from the shareholding ratio.

Share Distribution by Owner Category

(Unit: 1,000 Shares)





I-PEX Inc.

12-4 Negoro, Momoyama-cho, Fushimi-ku, Kyoto, JAPAN

Tel: (81) 75-611-7155

<https://corp.i-pex.com>

