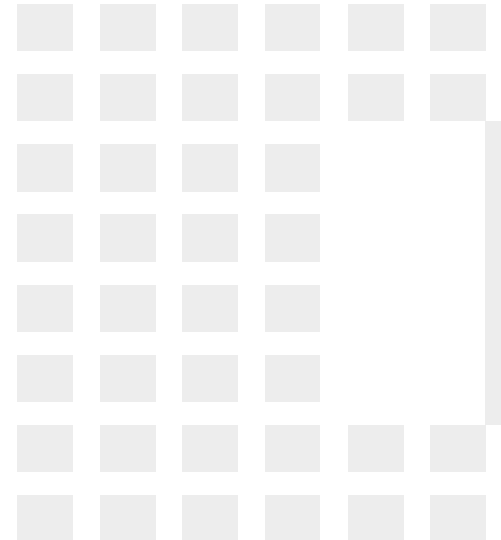




Think Automation and beyond...

Financial Results for the Third Quarter FY2024 (April 1, 2023 to December 31, 2023)

February 2, 2024
IDEC CORPORATION
Securities code : 6652



Net Sales

- Net Sales **JPY 54.3 billion** (YoY-15.2%)
 - EMEA sales increased due to the impact of yen depreciation and strong sales of control switches.
 - Japan decreased due to customers' sluggish export demand and the impact of inventories.
 - Decreased in the Americas and Asia-Pacific due to economic slowdown and distribution inventory adjustments.

Income

- Operating Income **JPY 4.7 billion** (YoY-59.3%)
- Ordinary Income **JPY 5.1 billion** (YoY-56.6%)
- Net Income **JPY 3.4 billion** (YoY-57.0%)
 - Income decreased due to the impact of lower sales and lower capacity utilization.

Summary of the Third Quarter Financial Results

Consolidated performance [Consolidated income statement] -1

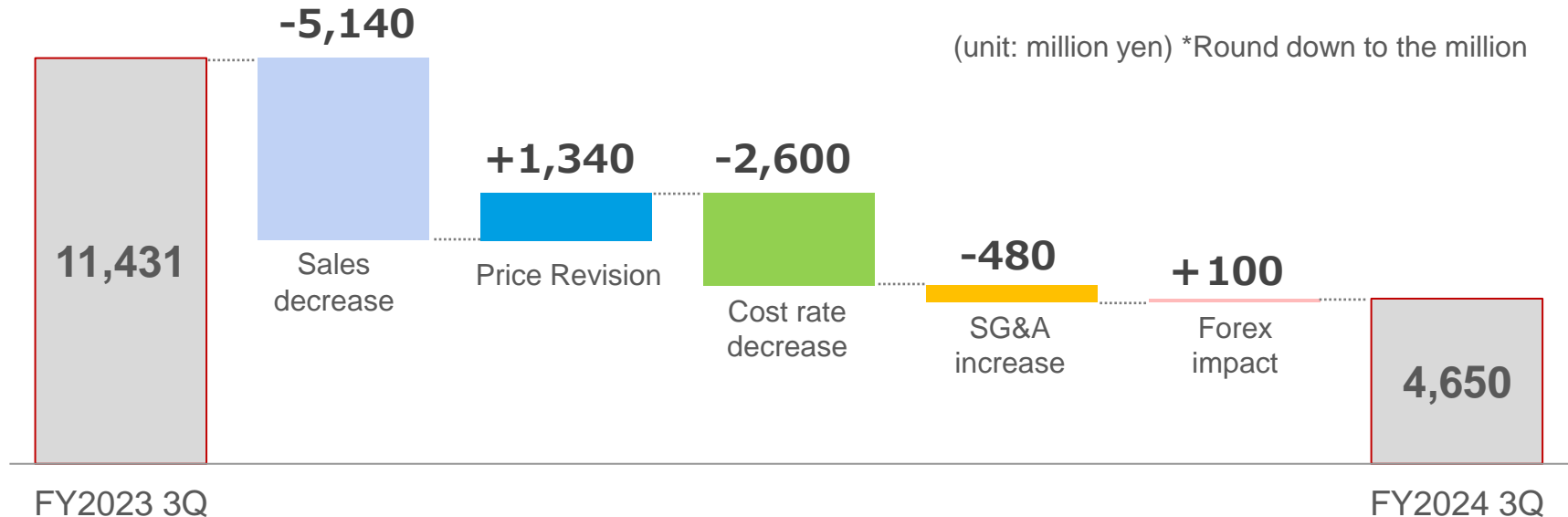


(Unit: million yen) *Round down to the millions	FY2023 Cumulative 3Q		FY2024 Cumulative 3Q		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	64,107	100.0%	54,341	100.0%	-15.2%
Gross income	28,756	44.9%	23,302	42.9%	-19.0%
SG&A	17,325	27.0%	18,652	34.3%	+ 7.7%
Operating income	11,431	17.8%	4,650	8.6%	-59.3%
Ordinary Income	11,664	18.2%	5,062	9.3%	-56.6%
Net income attributable to owners of parent company	7,999	12.5%	3,437	6.3%	-57.0%
Earnings per share(EPS) (before diluting) (JPY)	275.01	—	117.16	—	-157.85
USD-yen rate (JPY)	136.52		143.33		+ 6.81
EUR-yen rate (JPY)	136.05		155.31		+19.26
CNY-yen rate (JPY)	19.88		19.98		+ 0.10

*From this 1Q, APEM Group changed its fiscal year end from December 31 to March 31 for the preparation of consolidated financial statements.

Changing factors of consolidated operating income

Despite positive effects of price revisions, operating income declined **approx. 6.8 billion yen** YoY due to the significant impact of lower sales, a decline in high-margin Japanese sales, and a worsening cost of sales ratio due to lower capacity utilization and other factors.



Consolidated performance [Consolidated income statement] -2



Sales and income both fell sharply due to distribution inventory adjustments in each region and the impact of sluggish demand in key industries.

(Unit: million yen) *Round down to the millions	FY2023				FY2024						
	3Q (Oct.to Dec.)		4Q (Jan.to Mar.)		1Q (Apr.to Jun.)		2Q (Jul.to Sep.)		3Q (Oct.to Dec.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	20,927	100.0%	19,761	100.0%	18,180	100.0%	19,620	100.0%	16,540	100.0%	-21.0%
Gross income	9,750	46.6%	8,620	43.6%	7,900	43.5%	8,553	43.6%	6,848	41.4%	-29.8%
SG&A	5,878	28.1%	5,990	30.3%	6,235	34.3%	6,172	31.5%	6,244	37.8%	+ 6.2%
Operating income	3,871	18.5%	2,629	13.3%	1,665	9.2%	2,381	12.1%	603	3.6%	-84.4%
Ordinary income	3,523	16.8%	2,738	13.9%	2,022	11.1%	2,507	12.8%	532	3.2%	-84.9%
Net income attributable to owners of parent company	2,305	11.0%	2,145	10.9%	1,467	8.1%	1,706	8.7%	263	1.6%	-88.6%
Earnings per share(EPS) (before diluting) (JPY)	79.03	—	73.31	—	50.16	—	58.14	—	8.86	—	-70.17

Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2023 Cumulative 3Q	FY2024 Cumulative 3Q	YoY
Japan	25,894 (40.4%)	20,253 (37.3%)	-21.8%
Overseas	38,213 (59.6%)	34,087 (62.7%)	-10.8%
Americas	12,014 (18.7%)	10,490 (19.3%)	-12.7%
EMEA (Europe, Middle East, Africa)	10,113 (15.8%)	11,447 (21.1%)	+13.2%
Asia Pacific	16,085 (25.1%)	12,149 (22.3%)	-24.5%
Total	64,107 (100.0%)	54,341 (100.0%)	-15.2%

Japan

YoY **-21.8%**

- Sales decreased due to a standstill in major industries and the impact of an adjustment phase in distribution inventories.

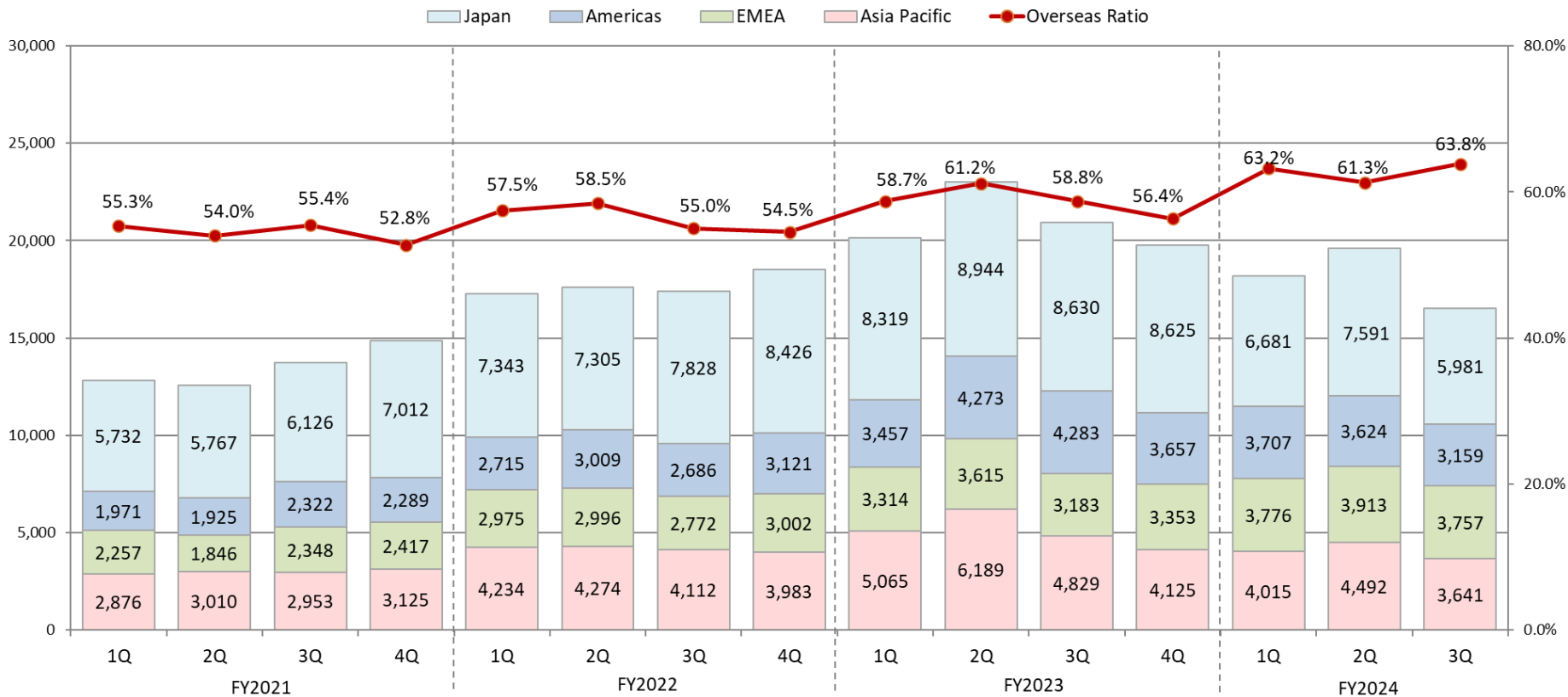
Overseas

YoY **-10.8%**

- In the Americas, sales decreased due to sluggish demand and the impact of distribution inventory adjustments.
- In EMEA, sales continued to grow due to the impact of yen depreciation as well as strong sales in the flagship HMI business.
- In Asia Pacific, sales decreased due to the impact of economic slowdown in China and Southeast Asia.

Sales by regions (per quarter transition)

(Unit: million yen) *Round down to the millions



Sales by products

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2023 Cumulative 3Q	FY2024 Cumulative 3Q	YoY
Industrial Switches	27,300 (42.6%)	25,279 (46.5%)	- 7.4%
Industrial Relays & Components	12,206 (19.0%)	8,641 (15.9%)	-29.2%
Automation & Sensing	7,577 (11.8%)	7,648 (14.1%)	+ 0.9%
Safety & Explosion Protection	12,489 (19.5%)	8,735 (16.1%)	-30.1%
Systems	3,577 (5.6%)	2,993 (5.5%)	-16.3%
Others	957 (1.5%)	1,042 (1.9%)	+ 8.9%
Total	64,107 (100.0%)	54,341 (100.0%)	-15.2%

*The classification by product partially changed from FY2023.

HMI (Human-Machine Interface)

While operator interfaces expanded, sales of flagship switches decreased due to distribution inventory adjustments in Japan, the Americas and Asia-Pacific, and lower demand in semiconductors and machine tools industries.

Industrial Relays & Components

Sales of control relays decreased in main China.

Automation & Sensing

Instead of the impact of economic slowdown in China, steady sales of programmable logic controllers for the Americas due to improved delivery time of electronic components.

Safety & Explosion Protection

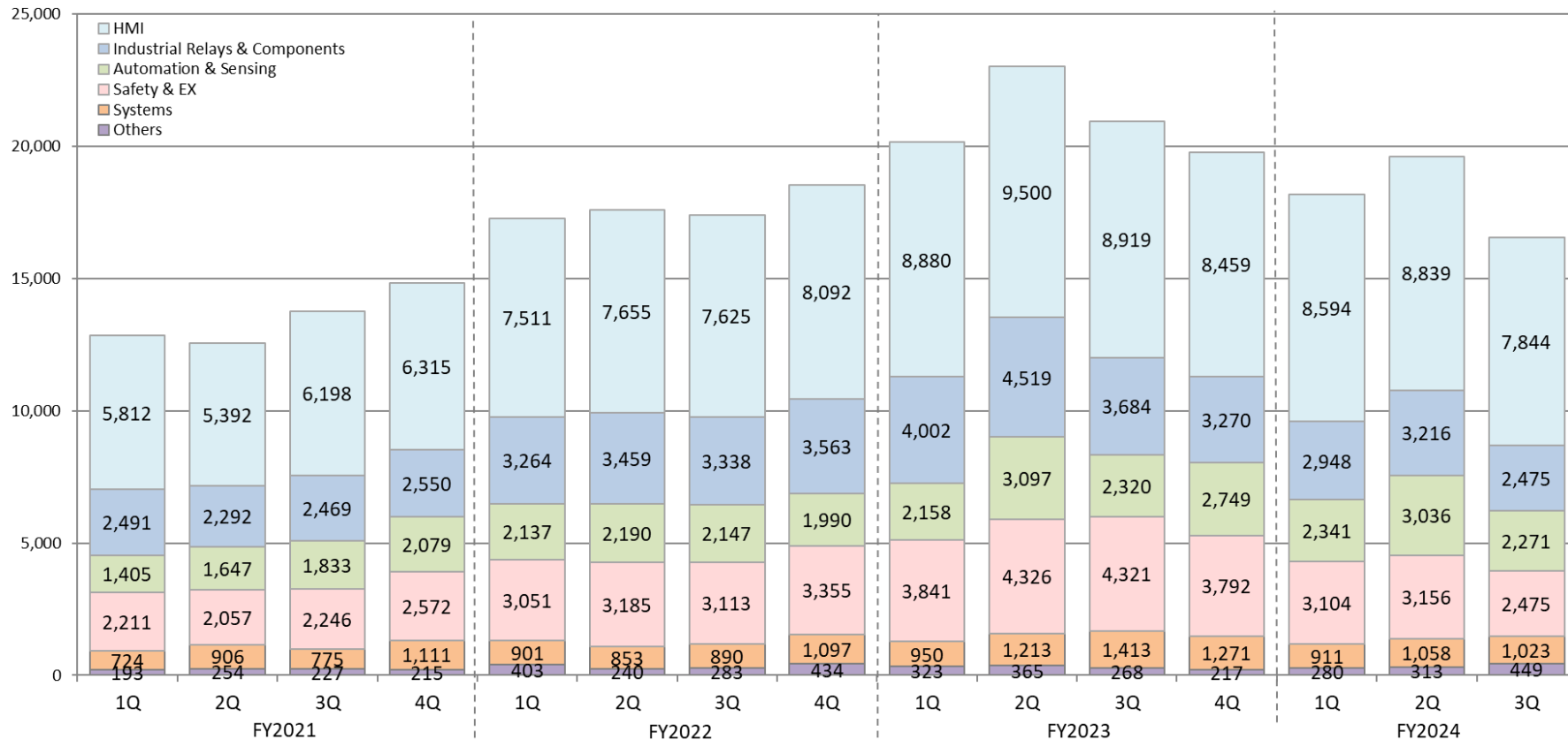
Decrease in safety-related equipment due to economic slowdown mainly in China and lower demand in semiconductor and machine tool industries.

Systems

Decrease in control panels for semiconductor manufacturing and logistic-related equipment in Asia Pacific.

Sales by products (per quarter transition)

(Unit: million yen) *Round down to the millions



Orders received

(Unit: million yen) *Round down to the millions	FY2023 Cumulative 3Q		FY2024 Cumulative 3Q			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	28,317	17,057	17,295	-38.9%	7,012	-58.9%
Americas	13,094	6,038	8,305	-36.6%	2,771	-54.1%
EMEA (Europe, Middle East, Africa)	11,431	8,531	10,647	- 6.9%	8,641	+ 1.3%
Asia Pacific	9,236	4,211	7,520	-18.6%	3,058	-27.4%
Total	62,079	35,838	43,768	-29.5%	21,485	-40.1%

Orders received (per quarter transition)

- Orders continue to decline in Japan, the Americas, and Asia Pacific, where the impact of distribution inventory adjustments continues.
- The distribution inventory has decreased in the Americas and orders are expected to increase slightly through 4Q in Asia Pacific.

(Unit: million yen) *Round down to the millions	FY2023				FY2024					
	3Q (Oct.to Dec.)		4Q (Jan.to Mar.)		1Q (Apr.to Jun.)		2Q (Jul.to Sep.)		3Q (Oct.to Dec.)	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Japan	8,736	17,057	6,193	13,514	6,550	12,329	5,757	9,140	4,986	7,012
Americas	3,703	6,038	2,668	4,972	2,681	3,863	3,067	3,233	2,555	2,771
EMEA (Europe, Middle East, Africa)	3,457	8,531	3,683	8,975	4,164	9,947	3,237	9,340	3,245	8,641
Asia Pacific	2,588	4,211	2,924	4,085	2,257	3,392	2,745	3,005	2,516	3,058
Total	18,486	35,838	15,470	31,547	15,655	29,532	14,808	24,720	13,305	21,485

Highlights of assets

- Total assets increased by approx. 3.1 billion yen from the end of the previous period, mainly due to increases in fixed assets, inventories, despite a decrease in cash and deposits.

Highlights of liabilities

- Liabilities decreased by approx. 0.8 billion yen from the end of the previous fiscal year, mainly due to decreases in trade payables and accrued corporate tax, despite an increase in loans payables.

Highlights of net assets

- Net assets increased by approx. 3.9 billion yen from the end of the previous fiscal year, mainly due to an increase in foreign currency translation adjustments.

(Unit: million yen) *Round down to the millions	FY2023 (previous FY)	FY2024 (end of December)	YoY
Current assets	54,518	56,106	+1,588
Fixed assets	49,717	51,273	+1,556
Current liabilities	32,059	31,533	- 525
Fixed liabilities	13,362	13,130	- 232
Net assets	58,813	62,716	+3,902
Total assets	104,235	107,380	+3,144
Equity ratio	56.1%	58.0%	+ 1.9%

Cash Flows by operation activities

- Approx. 2.2 billion yen due to payment of corporate taxes, decrease trade payables, increase in inventories, etc.

Cash Flows by investing activities

- While there was income from refund of time deposits, acquisition of fixed assets and other expenditures amounted to approx. -1.2 billion yen.

Cash Flows by financing activities

- It was approx. -1.4 billion yen due to repayment of borrowings and expenses including dividends

	FY2023 Cumulative 3Q	FY2024 Cumulative 3Q	YoY
CF from operating activities	3,912	2,186	-1,725
CF from investing activities	-2,628	-1,162	+1,465
Free cash flows (FCF)	1,283	1,023	-259
CF from financing activities	-3,736	-1,429	+2,307
Cash and cash equivalents at end of year	13,019	15,167	+2,147
Capital expenditure	3,057	2,233	-823
Depreciation and amortization expense	2,621	2,918	+296

On October 31, 2023, unauthorized access by a third party was confirmed, and various measures were taken.

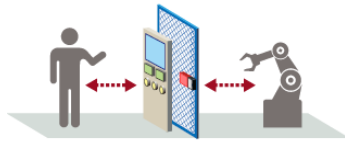
As a result of the breach investigation, it was confirmed that there was no information leakage.

- After confirming unauthorized access, servers that might be affected were stopped and the network was shut down.
Data was encrypted due to ransomware execution, which limited the use of the business system and we implemented recovery measures.
- Information security measures expenses of 62 million yen were recorded as an extraordinary loss in the third quarter due to the business system outage. In addition, there has been an impact on sales activities and sales orders (lost sales: approx. 1% of annual sales). It is assumed that insurance will be used to cover the cost in the future.
- Results of **breach investigation** by outside experts show no information leakage. We will promote measures to strengthen the information security environment in cooperation with outside experts.

Introduction of New Products

HMI-X [Transformation]

- HMI-X is defined as **a change in the optimal interface** accompanying changes in the relationship between people and machines
- **We will take the lead on HMI-X by providing society with products and services that combine the HMI and safety** that we have cultivated over the years, contributing to the realization of well-being for a diverse range of stakeholders



Control in an environment where people and machines are isolated



Control in an environment where human and machine collaborate





■ IAT sensor



■ Emergency-stop assist systems

- **RFID readers** that enable restrictions on the use of machines, on entry into control rooms and fences, on managing the operation history of devices, etc.

HMI-X [Transformation]



- **Touchless switches** to meet contactless needs



- **Controller with operator interface**



- **ez-Wheel safety wheel drive** for AGVs, AMRs, etc.



- **Compact IoT devices** for remote monitoring



- **ANSHIN sensor**

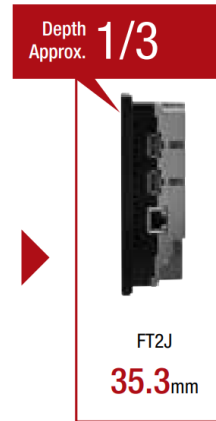
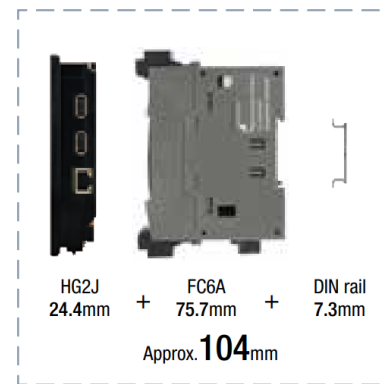


- **Safety commanders** that allow emergency-stop switches and enabling switches to easily be installed on commercial tablets

- Global launch of the FT2J, which integrates a 7.0-inch operator interface and programmable controller (PLC) to **achieve significant space savings**, in December 2023.
- Environmentally-friendly product design realized energy saving by approx. 40% compared to the use of PLC and operator interface simultaneously.



Controller with Operator Interface
“FT2J”



Requires only one-third the depth of a PLC and operator interface combined, making it suitable for use in tight spaces.

- A system that enables wireless remote control of emergency-stop switches on AGVs, AMRs, and other automated guided vehicle robots will go on sale in January 2024 (sales will gradually begin overseas from April).



“Emergency-stop assist system”
consisting of three devices, A, B, and C.

- **Strengthening the development of solutions for AGVs and AMRs** as the introduction of AGVs and AMRs is accelerating in the logistics and manufacturing industries.



Touchless switches

Control switches



RFID readers



Illuminated buzzer



Emergency-stop assist system



Safety commanders



Controller with operator interfaces



LED indicator



Emergency stop switches



Safety laser scanners



Safety edge switches



Safety wheel drive

References

- Selected for FTSE indexes for the second consecutive year following 2022.
- In 2024, selected as a component of the Morningstar Japan ex-Reit Gender Diversity Tilt Index as "Group 1", the highest rating out of five levels.
- Selected for the S&P/JPX Carbon Efficient Index as well as the JPX Nikkei Small and Mid Cap Index.



**FTSE Blossom
Japan Index**

MORNINGSTAR GenDi J

Japan ex-REIT Gender Diversity
Tilt Index

TOP CONSTITUENT 2024

2023



Sompo Sustainability Index



JPX-NIKKEI Mid Small



**FTSE Blossom
Japan Sector
Relative Index**

**S&P/JPX
カーボン
エフィシエント
指数**

Forecast for the FY2024



(Unit: million yen) ※Round down to the millions	FY2023		FY2024				
	Actual	Sales Ratio	Initial forecast	Sales Ratio	Revised Forecast	Sales Ratio	YoY
Net sales	83,869	100.0%	81,000	100.0%	75,000	100.0%	-10.6%
Gross income	37,376	44.6%	38,500	47.5%	33,550	44.7%	-10.2%
SG&A	23,315	27.8%	24,700	30.5%	24,900	33.2%	+6.8%
Operating income	14,060	16.8%	13,800	17.0%	8,650	11.5%	-38.5%
Ordinary Income	14,403	17.2%	13,800	17.0%	9,150	12.2%	-36.5%
Net income attributable to owners of parent company	10,144	12.1%	9,500	11.7%	6,350	8.5%	-37.4%
Earnings per share(EPS) (before diluting) (JPY)	348.37	—	326.23	—	216.62	—	-131.75
USD-yen rate (JPY)	135.51		130		143.16		+7.65
EUR-yen rate (JPY)	138.15		140		154.23		+16.08
CNY-yen rate (JPY)	19.75		18.50		19.73		-0.2

Consolidated business forecast for FY2024



(Unit: million yen) *Round down to the millions	FY2023	FY2024		
	Actual	Initial Forecast	Revised forecast	YoY
HMI	35,760	36,200	34,800	-2.7%
Industrial Relays & Components	15,476	13,900	12,000	-22.5%
Automation & Sensing	10,327	10,200	10,900	+5.5%
Safety & Explosion Protection	16,282	15,700	12,500	-23.2%
Systems	4,848	4,000	3,600	-25.7%
Others	1,174	1,000	1,200	+2.2%
Total	83,869	81,000	75,000	-10.6%
Domestic sales	34,519	33,300	28,100	-18.6%
Overseas sales	49,349	47,700	46,900	-5.0%
(Ratio of overseas sales)	(58.8%)	(58.9%)	(62.5%)	

Currency	Exchange assumption	Effect by 1 yen change of exchange rate *For CNY, effect by 0.1 yen change	
		Net sales	Operating income
USD	JPY143.16	Approx. 70 mil. yen	Approx. 10 mil. yen
EUR	JPY154.23	Approx. 140 mil. yen	Approx. 10 mil. yen
CNY	JPY19.73	Approx. 40 mil. yen	Approx. 20 mil. yen

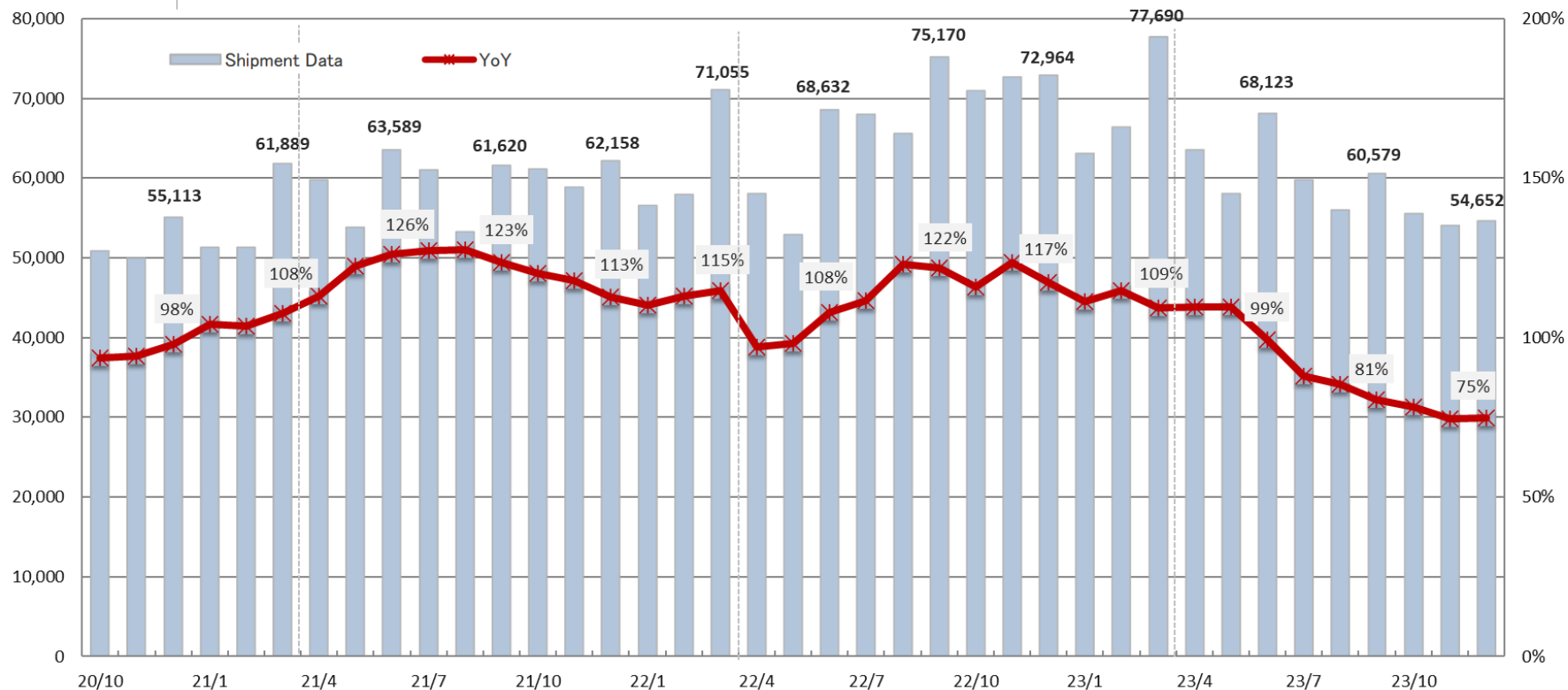
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association



Transition of the industrial shipment and YoY status (between October 2020 and December 2023)

(Unit: million yen)



Sales classification by segment

Industrial Switches	Industrial Relays & Components	Automation & Sensing	Safety & Explosion Protection	Systems	Others
<ul style="list-style-type: none"> • Industrial switches • Joysticks • Pilot lights • Operator interfaces  <div data-bbox="61 606 324 642" style="background-color: red; color: white; padding: 2px; text-align: center;"> APEM products </div>	<ul style="list-style-type: none"> • Switching power supplies • Terminal blocks • Industrial relays/sockets • Circuit protectors • LED illumination units 	<ul style="list-style-type: none"> • Programmable logic controllers • Sensors • Automatic identification devices 	<ul style="list-style-type: none"> • Safety-related products • Explosion protection products 	<ul style="list-style-type: none"> • Collaborative robot systems • Interface complex systems • Security systems • Other various systems 	<ul style="list-style-type: none"> • Environmental energy-related business 

This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of February 2, 2024.

Therefore, actual performances may vary from aforementioned plans and expected values due to unforeseeable events and factors. The original language is Japanese in financial results materials. The English version is translated into the original Japanese version. In the case of any discrepancy between the English translation and the Japanese original, the latter shall prevail.

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