

IDEC CORPORATION
Financial Results Briefing for the third quarter FY2026 / Summary of Q&A
(Held on February 6, 2026)

Q. What is the order situation for the third and fourth quarters?

A. There is a recovery trend across all regions. In EMEA as well, demand has been gradually improving, and we expect to see a certain level of recovery going forward.

We are seeing some increases in raw material prices, which indicates a slight shift in supply and demand conditions. This may potentially affect future order trends.

Q. What is the current inventory situation?

A. Inventory levels are slightly above the appropriate range, so we will need to make planned supply adjustments to bring them back to proper levels. However, we do not expect to implement any significant production cutbacks.

Q. The full-year forecast has been left unchanged. Are you anticipating any risks in the second half of the year?

A. Performance is currently trending above the plan, and we are not anticipating any specific risk factors at this time. Our priority is to ensure the achievement of the full-year forecast.

Q. The company made significant capital investments in the previous fiscal year. How much will depreciation expenses increase going forward?

A. With the integration of our U.S. locations and the establishment of a new facility currently underway, depreciation expenses are expected to gradually increase once the new facility becomes operational.

In addition, we are progressing with the ERP implementation in Japan, which is scheduled to go live in the second half of the next fiscal year. As a result, we expect to incur several hundred million JPY in depreciation expenses next fiscal year.

Q. What is the impact of rising raw material prices?

A. As price increases for raw materials such as semiconductors and metals are expected, we will pursue cost-reduction measures while incorporating these assumptions into our forecasts for the next fiscal year. At the same time, we will implement planned adjustments to selling prices in order to absorb the cost increases.

Q. What are the impacts of tariffs and exchange rates on performance?

A. The impact of tariffs has been absorbed through increases in product selling prices. As for exchange rates, the euro has weakened against the JPY while the U.S. dollar has strengthened compared with the previous fiscal year, resulting in no significant overall impact.

Q. Will SG&A expenses increase in line with next fiscal year's sales growth?

A. We anticipate a certain level of increase due to inflationary pressures, as well as rising costs of raw materials and labor.

Q. What is the status of the new U.S. facility?

A. The construction of the new facility is scheduled to be completed with the factory and logistics center at the end of February 2026, and the office is expected to be completed in April.

Q. What is the progress toward expanding the North American business?

A. Excluding the impact of U.S. tariffs and foreign exchange rates, we expect to achieve our business plan for the current fiscal year. Looking ahead to the next fiscal year, we anticipate a comparatively aggressive plan for North America relative to other regions. Supported by increased domestic production and growth opportunities in areas where IDEC can contribute—such as AI and humanoid robotics—we expect steady performance in the coming year.

Q. What is the current demand situation for humanoid-related applications?

A. To contribute to this field with a focus on safety and ANSHIN, we will continue to gain a thorough understanding of customer needs and propose solutions that ensure operator safety.

Q. How is AI-related demand contributing to business performance, and what are the future demand prospects?

A. AI-related demand is largely driven by peripheral equipment such as air-conditioning and cooling systems, contributing to sales of products including relays and PLCs. As AI-related applications remain a key focus area for the next fiscal year, we expect this segment to continue making a meaningful contribution to our performance.

Q. Is there a possibility of increasing dividends if results exceed the plan for the current fiscal year?

A. Our current policy is to pay the annual dividend of JPY 130 as originally planned.