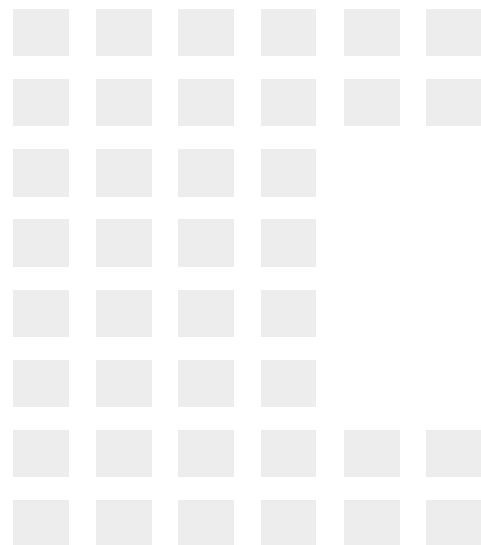




*Think Automation and beyond...*

# Financial Results for the First Half FY2024 (April 1, 2023 to September 30, 2023)

November 2, 2023  
IDEC CORPORATION  
Securities code : 6652



## Net Sales

■ Net Sales JPY37.8 billion (YoY -12.5%)

- In EMEA, sales increased due to the impact of yen depreciation and strong sales of industrial switches.
- Sales in the Americas and Japan declined due to distribution inventory adjustments and other factors.
- In Asia-Pacific, sales decreased due to the economic slowdown mainly in the Chinese market.

## Income

■ Operating Income JPY4.0 billion (YoY -46.5%)

■ Ordinary Income JPY4.5 billion (YoY -44.3%)

■ Net Income JPY3.2 billion (YoY -44.2%)

- Income also decreased due to the decreased sales.

## Dividend

■ Interim Dividend JPY65 (YoY JPY65)

\*The figures are from the Initial Plan ⇒ Revised Plan

## Net Sales

### ■ Net Sales Initial plan JPY81 billion ⇒ Revised to JPY75 billion

(Compared to initial plan -7.4%, YoY-10.6%)

- Full-year forecasts were revised downward due to the impact of inventory adjustments in each region.
- Exchange rate : (USD) JPY130 ⇒ JPY143.16 / (EUR) JPY140 ⇒ JPY154.23
- Japanese sales : JPY33.0 billion ⇒ Revised to JPY28.1 billion
- Overseas sales : JPY 47.7 billion ⇒ Revised to JPY46.9 billion

## Income

### ■ Operating Income JPY13.8 billion ⇒ JPY8.65 billion

(Compared to initial plan -37.3%, YoY -38.5%)

### ■ Ordinary Income JPY13.8 billion ⇒ JPY9.15 billion

(Compared to initial plan -33.7%, YoY -36.5%)

### ■ Net Income JPY 9.5 billion ⇒ JPY 6.35 billion

(Compared to initial plan -33.2%, YoY -37.4%)

# Summary of First Half Results

# Consolidated performance [Consolidated income statement] -1

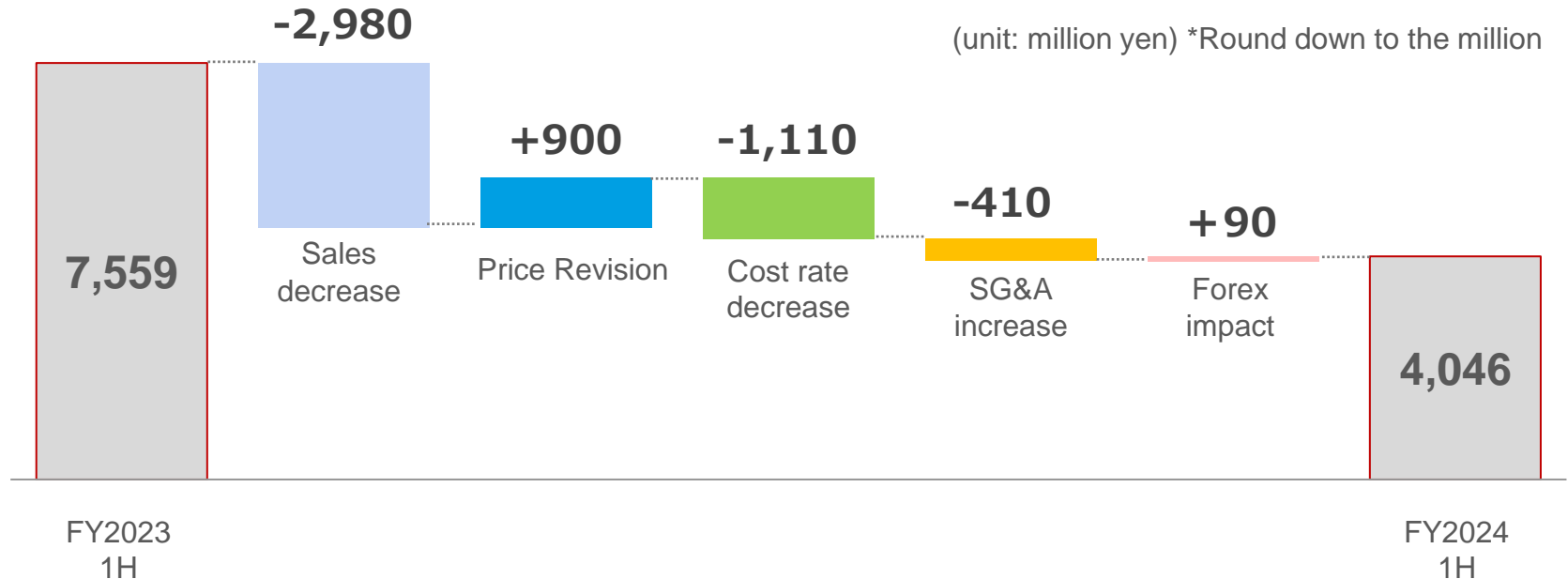


(Unit: million yen) ※Round down to the millions	FY2023 1H		FY2024 1H		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	43,180	100.0%	<b>37,800</b>	<b>100.0%</b>	<b>-12.5%</b>
Gross income	19,006	44.0%	<b>16,454</b>	<b>43.5%</b>	<b>-13.4%</b>
SG&A	11,446	26.5%	<b>12,407</b>	<b>32.8%</b>	<b>+8.4%</b>
Operating income	7,559	17.5%	<b>4,046</b>	<b>10.7%</b>	<b>-46.5%</b>
Ordinary Income	8,140	18.9%	<b>4,530</b>	<b>12.0%</b>	<b>-44.3%</b>
Net income attributable to owners of parent company	5,694	13.2%	<b>3,174</b>	<b>8.4%</b>	<b>-44.2%</b>
Earnings per share(EPS) (before diluting) (JPY)	196.01	—	<b>108.30</b>	—	<b>-87.71</b>
USD-yen rate (JPY)	134.04		<b>141.06</b>		<b>+7.02</b>
EUR-yen rate (JPY)	134.39		<b>153.45</b>		<b>+19.06</b>
CNY-yen rate (JPY)	19.89		<b>19.75</b>		<b>-0.14</b>

\*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 **decreased approximately 3.5 billion yen** YoY due to the significant impact of lower sales and higher SG&A expenses, including higher labor costs in Japan and overseas.



# Consolidated performance [Consolidated income statement] -2



**In 2Q, sales and income both improved as sales in all businesses increased from 1Q and sales in regions such as Japan and Asia-Pacific also increased.**

(Unit: million yen) ※Round down to the millions	FY2023						FY2024				
	2Q (Jul.to Sep.)		3Q (Oct.to Dec.)		4Q (Jan.to Mar.)		1Q (Apr.to Jun.)		2Q (Jul.to Sep.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	23,022	100.0%	20,927	100.0%	19,761	100.0%	18,180	100.0%	<b>19,620</b>	<b>100.0%</b>	<b>-14.8%</b>
Gross income	10,376	45.1%	9,750	46.6%	8,620	43.6%	7,900	43.5%	<b>8,553</b>	<b>43.6%</b>	<b>-17.6%</b>
SG&A	5,970	25.9%	5,878	28.1%	5,990	30.3%	6,235	34.3%	<b>6,172</b>	<b>31.5%</b>	<b>+3.4%</b>
Operating income	4,406	19.1%	3,871	18.5%	2,629	13.3%	1,665	9.2%	<b>2,381</b>	<b>12.1%</b>	<b>-45.9%</b>
Ordinary income	4,577	19.9%	3,523	16.8%	2,738	13.9%	2,022	11.1%	<b>2,507</b>	<b>12.8%</b>	<b>-45.2%</b>
Net income attributable to owners of parent company	3,138	13.6%	2,305	11.0%	2,145	10.9%	1,467	8.1%	<b>1,706</b>	<b>8.7%</b>	<b>-45.6%</b>
Earnings per share(EPS) (before diluting) (JPY)	107.94	—	79.03	—	73.31	—	50.16	—	<b>58.14</b>	—	<b>-49.80</b>

# Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2023 1H	FY2024 1H	YoY
<b>Japan</b>	<b>17,264</b> <b>(40.0%)</b>	<b>14,272</b> <b>(37.8%)</b>	-17.3%
<b>Overseas</b>	<b>25,916</b> <b>(60.0%)</b>	<b>23,528</b> <b>(62.2%)</b>	-9.2%
Americas	7,731 (17.9%)	7,331 (19.4%)	-5.2%
EMEA (Europe, Middle East, Africa)	6,929 (16.0%)	7,689 (20.3%)	+11.0%
Asia Pacific	11,255 (26.1%)	8,507 (22.5%)	-24.4%
Total	43,180 (100.0%)	37,800 (100.0%)	-12.5%

## Japan

YoY **-17.3%**

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

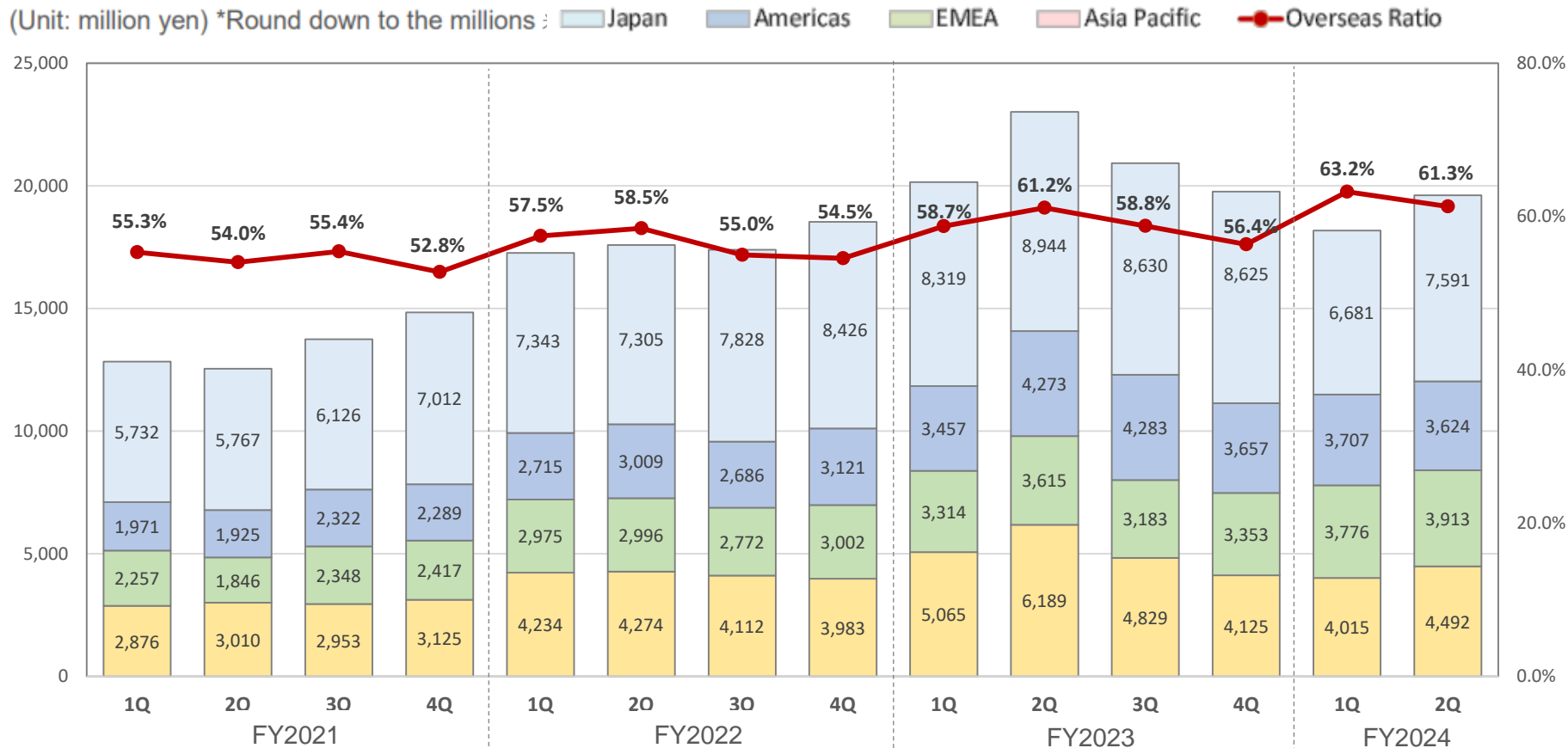
## Overseas

YoY **-9.2%**

- In the Americas, sales decreased due to the impact of distribution inventory adjustments for some products as the high level of demand settled down.
- In EMEA, sales continued to grow due to the impact of yen depreciation as well as strong sales in the mainstay HMI business.
- In Asia-Pacific, sales decreased due to economic slowdown in China and other countries.



# Sales by regions (per quarter transition)



(Unit: million yen) *Round down to the millions (Sales ratio)	FY2023 1H	FY2024 1H	YoY
HMI	20,007 (46.3%)	<b>17,434</b> <b>(46.1%)</b>	-5.1%
Industrial Relays & Components	8,521 (19.7%)	<b>6,165</b> <b>(16.3%)</b>	-27.7%
Automation & Sensing	6,244 (14.5%)	<b>5,337</b> <b>(14.2%)</b>	+2.3%
Safety & Explosion Protection	5,554 (12.9%)	<b>6,260</b> <b>(16.6%)</b>	-23.4%
Systems	2,163 (5.0%)	<b>1,969</b> <b>(5.2%)</b>	-9.0%
Others	688 (1.6%)	<b>593</b> <b>(1.6%)</b>	-13.9%
Total	43,180 (100.0%)	<b>37,800</b> <b>(100.0%)</b>	-12.5%

\*The classification by product partially changed from FY2023.

## HMI (Human-Machine Interface)

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

## Industrial Relays & Components

Sales of control relays decreased in main China.

## Automation & Sensing

Steady sales of programmable logic controllers for the Americas due to improved delivery of electronic components.

## Safety & Explosion Protection

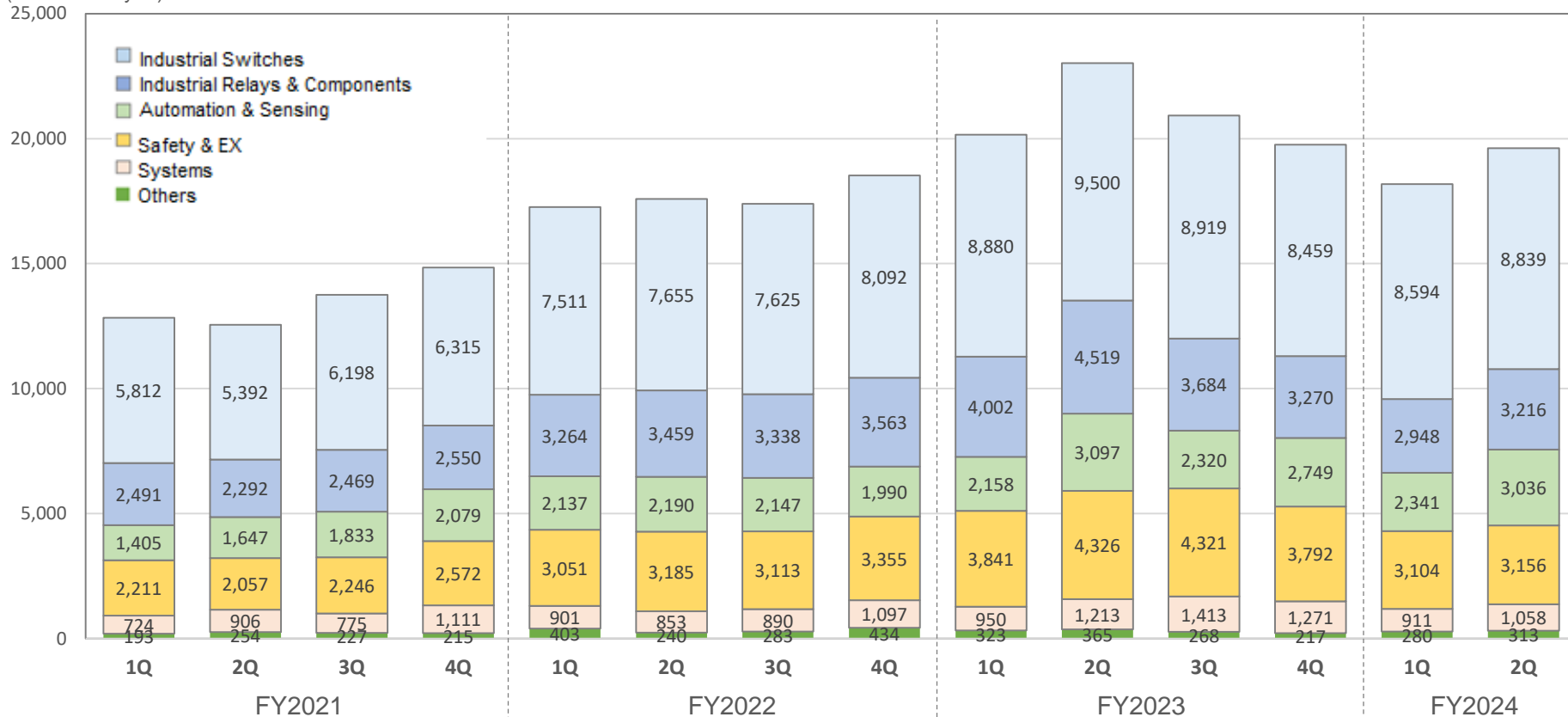
Decrease in safety-related equipment due to economic slowdown mainly in China and lower demand from semiconductor and machine tool industries.

## Systems

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

# Sales by products (per quarter transition)

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



(Unit: million yen) *Round down to the millions	FY2023 1H		FY2024 1H			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	19,581	17,940	<b>12,308</b>	-37.1%	<b>9,140</b>	-49.1%
Americas	9,390	6,635	<b>5,749</b>	-38.8%	<b>3,233</b>	-51.3%
EMEA (Europe, Middle East, Africa)	7,974	8,229	<b>7,402</b>	-7.2%	<b>9,340</b>	+13.5%
Asia Pacific	6,647	5,411	<b>5,003</b>	-24.7%	<b>3,005</b>	-44.5%
Total	43,593	38,218	<b>30,463</b>	-30.1%	<b>24,720</b>	-35.3%

# Orders received (per quarter transition)



- Japan orders decreased from 1Q due to the still significant impact of distribution inventories.
- Increase in the Americas compared to 1Q due to the effect of yen depreciation, despite the impact of distribution inventories.
- EMEA decreased due to seasonal factors, but is expected to recover in the second half of the year.
- In Asia-Pacific, orders in China improved in 2Q.

(Unit: million yen) *Round down to the millions	FY2023						FY2024			
	2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		1Q (Apr. to Jun.) 2		2Q (Jul. to Sep.)	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Japan	8,524	17,940	8,736	17,057	6,193	13,514	6,550	12,329	<b>5,757</b>	<b>9,140</b>
Americas	4,515	6,635	3,703	6,038	2,668	4,972	2,681	3,863	<b>3,067</b>	<b>3,233</b>
EMEA (Europe, Middle East, Africa)	4,418	8,229	3,457	8,531	3,683	8,975	4,164	9,947	<b>3,237</b>	<b>9,340</b>
Asia Pacific	2,901	5,411	2,588	4,211	2,924	4,085	2,257	3,392	<b>2,745</b>	<b>3,005</b>
Total	20,359	38,218	18,486	35,838	15,470	31,547	15,655	29,532	<b>14,808</b>	<b>24,720</b>

## Highlights of assets

- Total assets increased 4.89 billion yen from the end of the previous period, mainly due to increases in fixed assets, inventories, and notes and accounts receivable, despite a decrease in cash and deposits

## Highlights of liabilities

- Liabilities decreased by 1.5 billion yen from the end of the previous fiscal year, mainly due to a decrease in loans payable and trade notes and accounts payable.

## Highlights of net assets

- Net assets increased 6.38 billion yen from the end of the previous fiscal year, mainly due to an increase in foreign currency translation adjustments and retained earnings.

(Unit: million yen) *Round down to the millions	FY2023 (previous FY)	FY2024 (end of September)	YoY
Current assets	54,518	56,688	+ 2,170
Fixed assets	49,717	52,356	+ 2,639
Current liabilities	32,059	33,339	+ 1,280
Fixed liabilities	13,362	10,583	- 2,779
Net assets	58,813	65,121	+ 6,308
Total assets	104,235	109,044	+ 4,809
Shareholders' equity ratio	56.1%	59.4%	+ 3.3%

## Cash Flows by operation activities

- Approximately 2.4 billion yen due to payment of income taxes, decrease in notes and accounts payable, increase in inventories, etc.

## Cash Flows by investing activities

- While there were proceeds from refund of time deposits, acquisition of fixed assets and other expenditures amounted to approx. -0.2 billion yen.

## Cash Flows by financing activities

- It was -2.85 billion yen due to repayment of borrowings and expenses including dividends

(Unit: million yen) *Round down to the millions	FY2023 1H	FY2024 1H	YoY
CF from operating activities	3,432	2,401	-1,030
CF from investing activities	-1,482	-204	+1,277
Free cash flows (FCF)	1,950	2,197	+247
CF from financing activities	-2,301	-2,850	-548
Cash and cash equivalents at end of year	15,521	15,131	-389
Capital expenditure	1,880	1,442	-438
Depreciation and amortization expense	1,720	1,925	+205

# Revision of full-year earnings forecast for FY2024



## ■ Downward Revision of Earnings Forecast

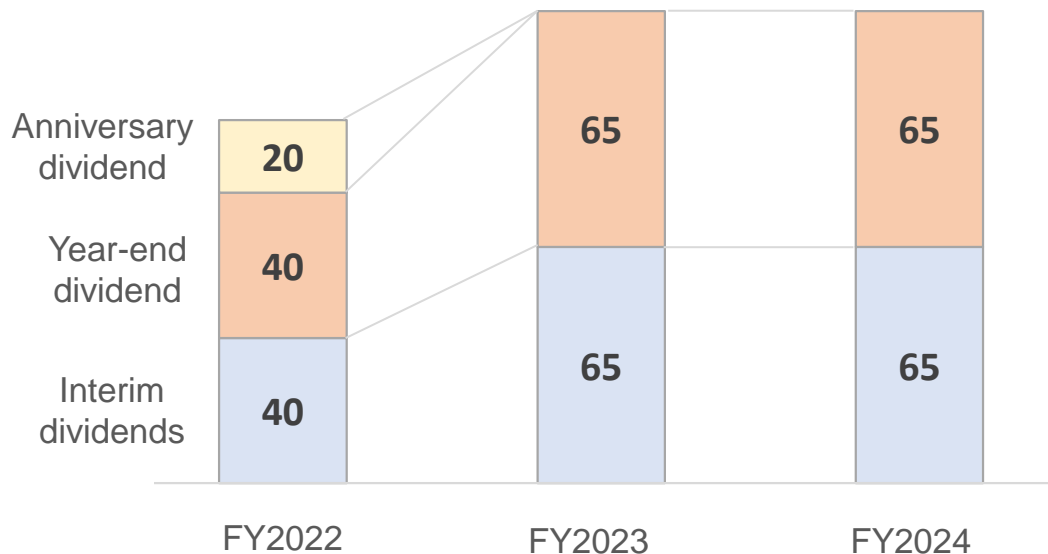
(Unit: million yen) ※Round down to the millions	FY2023		FY2024				
	Actual	Sales Ratio	Initial forecast	Sales Ratio	Revised Forecast	Sales Ratio	YoY
Net sales	83,869	100.0%	81,000	100.0%	<b>75,000</b>	<b>100.0%</b>	<b>-10.6%</b>
Gross income	37,376	44.6%	38,500	47.5%	<b>33,550</b>	<b>44.7%</b>	<b>-10.2%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

# Consolidated business forecast for FY2024

- Impact of distribution inventories in Japan, the Americas, and Asia-Pacific is expected to **continue in the second half of the year.**
- In addition to the effects of price increases, cost reduction efforts are **driving down the cost of sales ratio.**
- Gross profit margin and operating income margin are expected to improve in the second half compared to the first half due to an **increase in the sales composition of the Americas and other regions with high profitability** compared to the first half.

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

- Interim dividends JPY65
- Expected annual dividends JPY130  
(Expected annual dividends payout ratio is 60%)

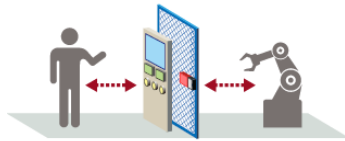


Currency	Exchange assumption	Effect by 1 yen change of exchange rate *For CNY, effect by 0.1 yen change	
		Net sales	Operating income
USD	JPY143.16	Approx. 70 mil. yen	Approx. 10 mil. yen
EUR	JPY154.23	Approx. 140 mil. yen	Approx. 10 mil. yen
CNY	JPY19.73	Approx. 40 mil. yen	Approx. 20 mil. yen

# Introduction of new product solutions

## 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 a environment where people and machines are isolated



Control in an environment where human and machine collaborate





- **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.



- **IAT sensor**



- **Emergency-stop assist systems**

## HMI-X [Transformation]



- **Touchless switches** to meet contactless needs



- **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

## 【Assist wheel Drive (AWD)】

### Adoption example by a major construction machinery manufacturer

- Since the parts being produced were heavy, a major issue was to reduce the load on inter-process transfers.
- A person was moving a 900 kg cart, which was not only a physical burden, but also a problem for efficiency and safety.



- Constructed an assist wheel drive system that can transport up to 900 kg in weight, incorporating a hand controller with integrated IDEC and APEM switches, ez-Wheel assist wheel drive, and an external battery.
- **Significantly reduces worker workload and improves well-being.**





## 【Safety Wheel Drive (SWD)】

### Adoption example by a major automobile manufacturer

- AGVs and AMRs\* are used to transport the various parts that make up automobiles, but the man-hours and costs required to ensure safety and customize them for in-house use have become an issue.

\*AGV (Automatic Guided Vehicle), AMR (Autonomous Mobile Robot)



- Adoption of SWD allows building a car body in a simple configuration, **greatly reducing man-hours and costs.**
- Combination of SWD and safety laser scanner to achieve motion monitoring functionality and **meet in-house regulations in accordance with ISO.**
- **Flexible operations are possible** because the system can be customized to suit the process being employed.



**SWD**  
Safety Wheel Drive



Safety  
laser scanner

- Exhibiting at various trade shows in Japan and abroad.
- Promoted business expansion in Europe through sales training for APEM from ez-Wheel and sharing of best practices.



Booth image at the exhibition

## 【 Multi-use mmWave radar sensors “1A1M” 】 Adoption example by a brewing manufacturer

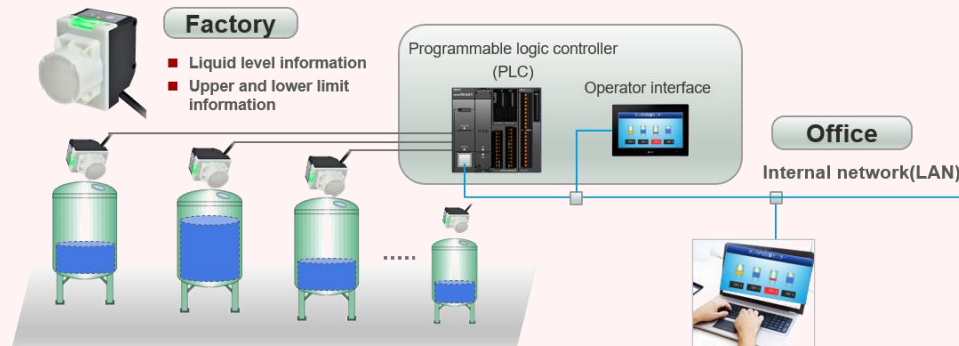
It is necessary to detect the liquid level in the tank.

They wanted performance that would not cause false detections due to steam or heat, and consideration for hygiene.



\*Image

- Since it is non-contact, it is not affected by steam and can be detected through a peephole.
- They can be monitoring and report extraction from the office by combining PLC and operator interface.



## 【Multi-use mmWave radar sensors “1A1M”】

### Adoption example by a railway car wash machine manufacturer

When washing railway cars, vehicle detection becomes unstable due to water spray.



- Stable detection even in rain, snow, direct sunlight, or splashing water, and can be set while viewing the detection status on a PC.



# References

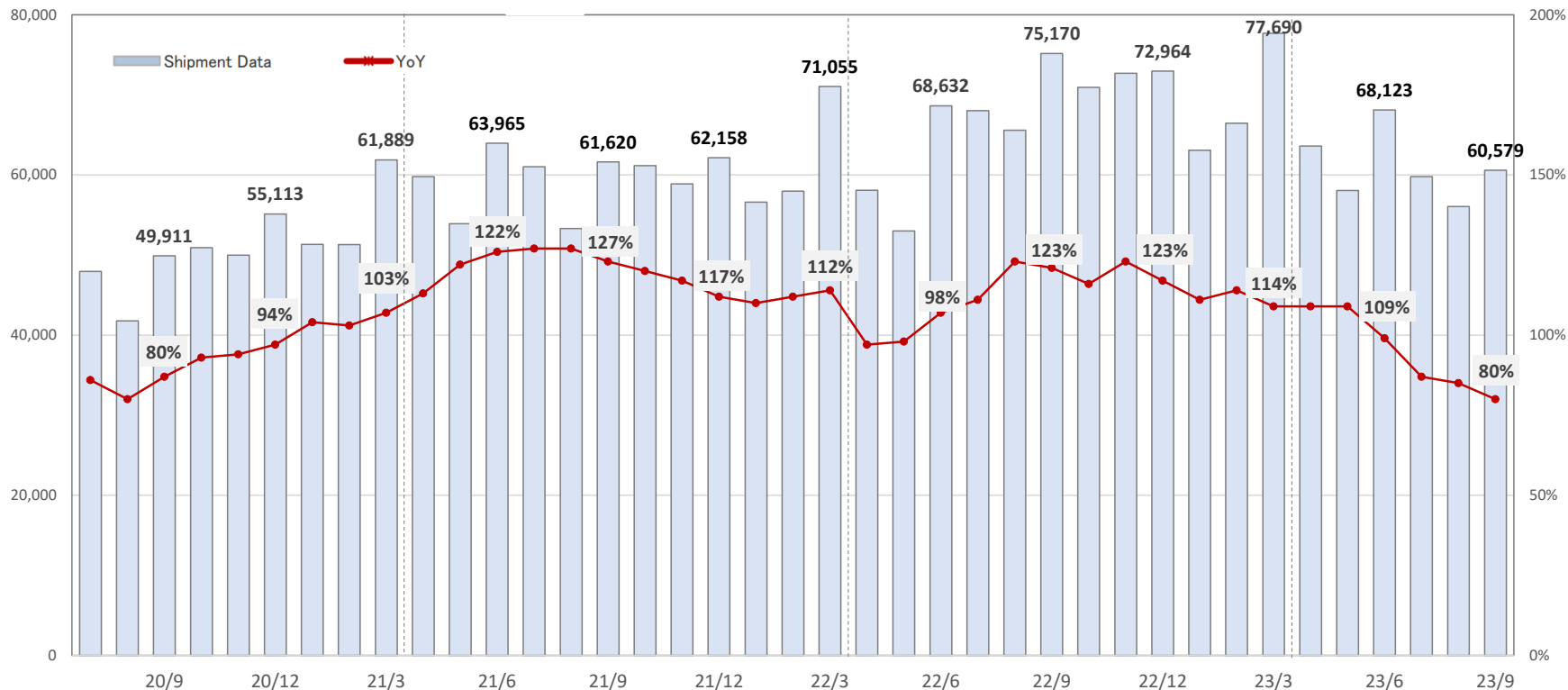
# Industry Trend (Transition of shipment data of NECA\*)

\*Nippon Electric Control Equipment Industries Association



## Transition of the industrial shipment and YoY status (between June 2020 and September 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"> <li>• Industrial switches</li> <li>• Joysticks</li> <li>• Pilot lights</li> <li>• Operator interfaces</li> </ul>  <div data-bbox="61 609 324 642" style="background-color: red; color: white; padding: 2px; text-align: center;">APEM products</div>	<ul style="list-style-type: none"> <li>• Switching power supplies</li> <li>• Terminal blocks</li> <li>• Industrial relays/sockets</li> <li>• Circuit protectors</li> <li>• LED illumination units</li> </ul> 	<ul style="list-style-type: none"> <li>• Programmable logic controllers</li> <li>• Sensors</li> <li>• Automatic identification devices</li> </ul> 	<ul style="list-style-type: none"> <li>• Safety-related products</li> <li>• Explosion protection products</li> </ul> 	<ul style="list-style-type: none"> <li>• Collaborative robot systems</li> <li>• Interface complex systems</li> <li>• Security systems</li> <li>• Other various systems</li> </ul> 	<ul style="list-style-type: none"> <li>• Environmental energy-related business</li> <li>• Next generation agricultural solutions</li> </ul> 

- Selected for FTSE indexes for the second consecutive year following 2022.
- In addition to the S&P/JPX Carbon Efficient Index, we were selected as a constituent of the Sampo Sustainability Index for two consecutive years from 2021 to 2023.



**FTSE Blossom  
Japan Index**



**FTSE Blossom  
Japan Sector  
Relative Index**





This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of November 2, 2023.

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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