



*Think Automation and beyond...*

# Financial Results for the FY2023

(April 1, 2022 to March 31, 2023)

May 12, 2023

IDEC CORPORATION

Securities code: 6652



# Financial Results for the FY2023

**Sales and income increased, and full-year results made a new record high.  
Operating income margin was 16.8%.**

## Net Sales

■ Net Sales JPY83.9 billion (YoY + 18.5%)

- Sales including HMI and safety/explosion protection businesses mainly increased in Japan and overseas.

## Income

■ Operating Income JPY14.1 billion (YoY + 45.4%)

■ Ordinary Income JPY14.4 billion (YoY + 38.5%)

■ Net Income JPY10.1 billion (YoY + 28.5%)

- In addition to the effect of increased income, proper sales prices and the effect of weak yen contributed to improved gross margin ratio, which led a significant increased income.

## Dividends

■ Annual dividends JPY130 (Dividends payout ratio 37.3%)

# Consolidated performance [Consolidated statement of income] -1

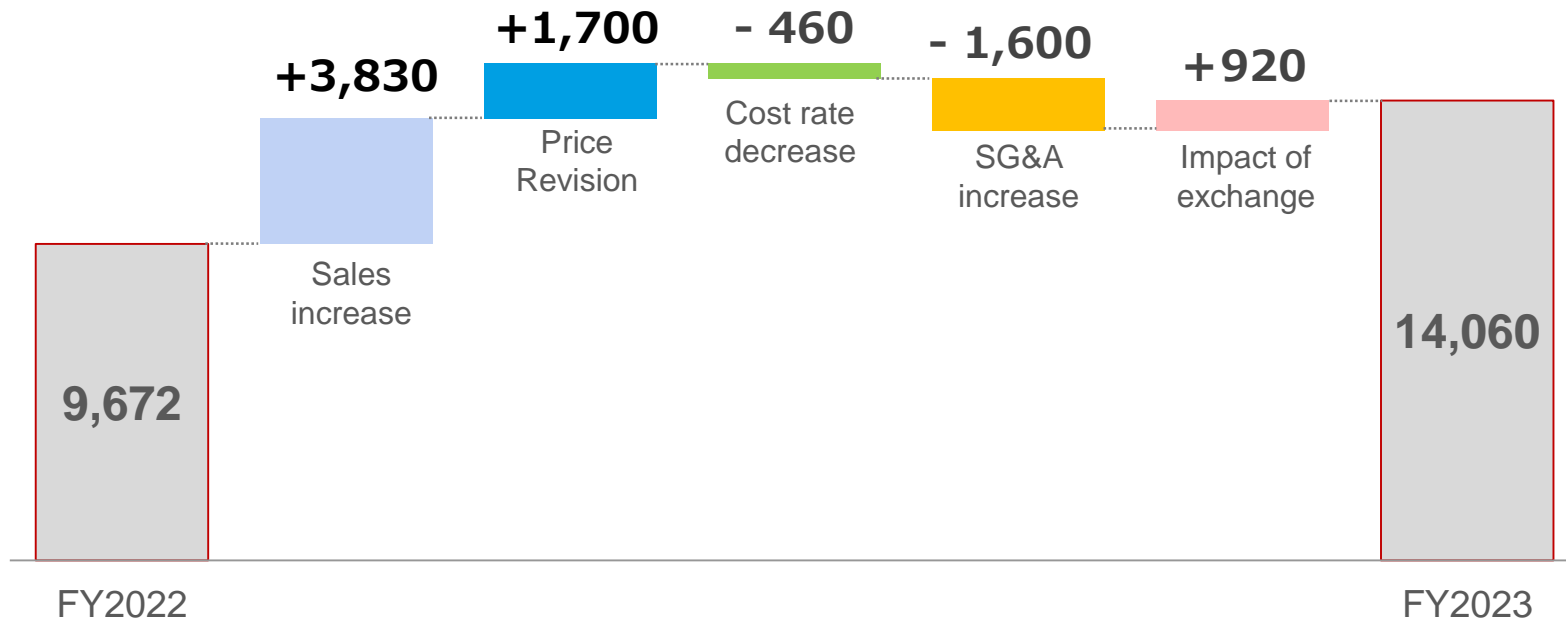


(Unit: million yen) ※Round down to the millions	FY2022		FY2023				
	Actual	Sales ratio	Plan	Sales ratio	Actual	Sales ratio	YoY
Net sales	70,789	100.0%	83,500	100.0%	83,869	100.0%	+18.5%
Gross operating income	30,310	42.8%	36,150	43.3%	37,376	44.6%	+23.3%
SG&A	20,638	29.2%	22,750	27.2%	23,315	27.8%	+13.0%
Operating income	9,672	13.7%	13,400	16.0%	14,060	16.8%	+45.4%
Ordinary income	10,398	14.7%	14,000	16.8%	14,403	17.2%	+38.5%
Net income attributable to shareholders of parent company	7,896	11.2%	9,400	11.3%	10,144	12.1%	+28.5%
Earnings per share(EPS) (before diluting) (JPY)	264.12	—	323.77	—	348.37	—	+84.25
USD-yen rate (JPY)	112.40		134		135.51		+23.11
EUR-yen rate (JPY)	129.91		135		138.15		+ 8.24
CNY-yen rate (JPY)	17.51		19.5		19.75		+ 2.24

# Changing factors of consolidated operating income

Operating income **increased by approximately 4.4 billion yen** YoY due to the effect of increased sales, proper sales prices and impact of weak yen, etc.

(unit: million yen) \*Round down to the million



# Consolidated performance [Consolidated income statement] -1



- Sales increased YoY but decreased compared to 3Q due to the impact of channel inventory.
- Income decreased compared to 3Q due to the decreased sales and the changes of region and product mix.

(Unit: million yen) ※Round down to the millions	FY2022		FY2023								
	4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	18,533	100.0%	20,157	100.0%	23,022	100.0%	20,927	100.0%	19,761	100.0%	+ 6.6%
Gross income	7,876	42.5%	8,629	42.8%	10,376	45.1%	9,750	46.6%	8,620	43.6%	+ 9.4%
SG&A	5,398	29.1%	5,476	27.2%	5,970	25.9%	5,878	28.1%	5,990	30.3%	+11.0%
Operating income	2,477	13.4%	3,153	15.6%	4,406	19.1%	3,871	18.5%	2,629	13.3%	+ 6.1%
Ordinary income	2,906	15.7%	3,562	17.7%	4,577	19.9%	3,523	16.8%	2,738	13.9%	- 5.8%
Net income attributable to owners of parent company	2,592	14.0%	2,555	12.7%	3,138	13.6%	2,305	11.0%	2,145	10.9%	- 17.2%
Earnings per share(EPS) (before diluting) (JPY)	87.38	—	88.09	—	107.94	—	79.03	—	73.31	—	- 14.07

# Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2022	FY2023	YoY
<b>Japan</b>	30,904 (43.7%)	<b>34,519</b> <b>(41.2%)</b>	+11.7%
<b>Overseas</b>	39,885 (56.3%)	<b>49,349</b> <b>(58.8%)</b>	+23.7%
Americas	11,532 (16.3%)	<b>15,672</b> <b>(18.7%)</b>	+35.9%
EMEA (Europe, Middle East, Africa)	11,747 (16.6%)	<b>13,466</b> <b>(16.0%)</b>	+14.6%
Asia Pacific	16,604 (23.4%)	<b>20,210</b> <b>(24.1%)</b>	+21.7%
Total	70,789 (100.0%)	<b>83,869</b> <b>(100.0%)</b>	+18.5%

## Japan

YoY **+11.7%**

- As the demand of semiconductor, automotive, machine tools and robotics industries, etc. has moved firmly following previous quarter, and we have responded to the market demand exactly, the sales has increased.

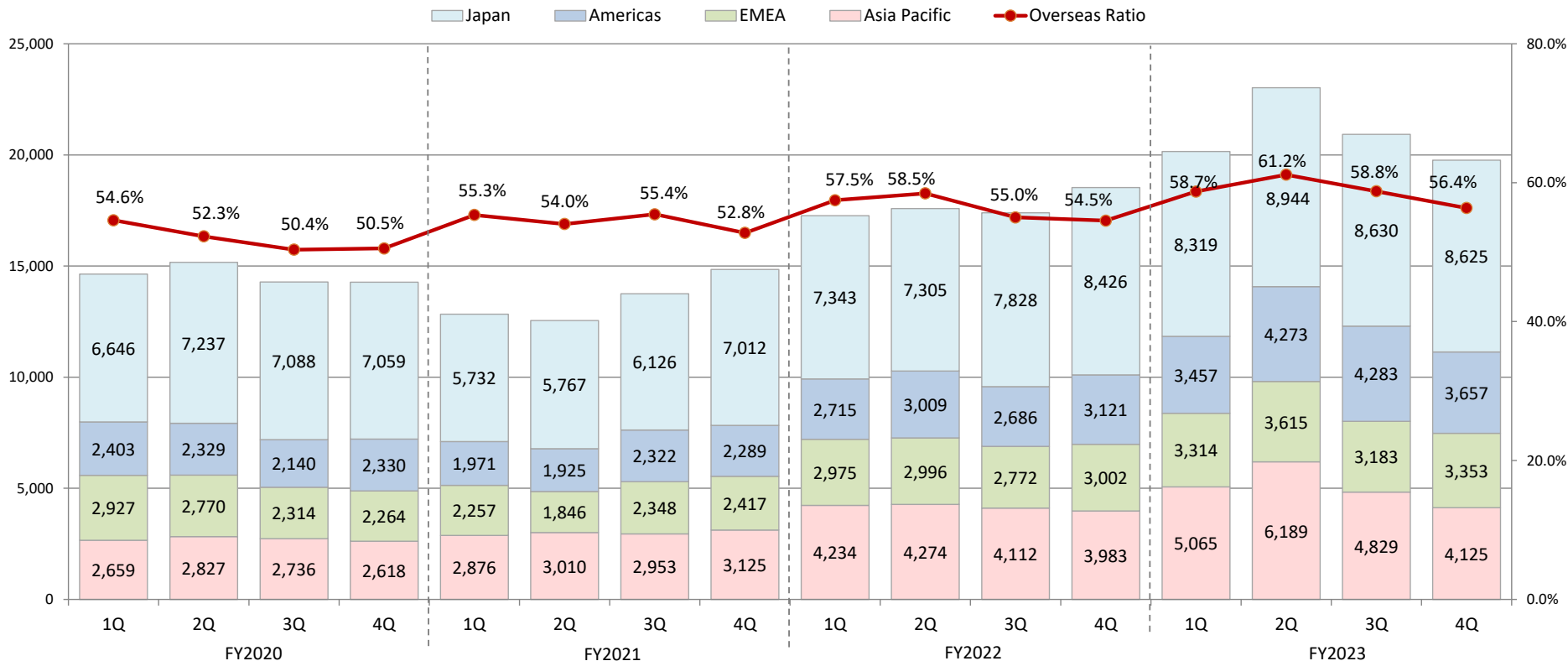
## Overseas

YoY **+23.0%**

- In Americas and EMEA, demand has continued in high level, and the sales increased with the effect of weak yen.
- The demand of other Asian regions in addition to China has moved firmly.

# 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)	FY2022	FY2023	YoY
HMI	30,885 (43.6%)	<b>35,760</b> <b>(42.6%)</b>	+15.8%
Industrial Relays & Components	13,625 (19.2%)	<b>15,476</b> <b>(18.5%)</b>	+13.6%
Automation & Sensing	8,465 (12.0%)	<b>10,327</b> <b>(12.3%)</b>	+22.0%
Safety & Explosion Protection	12,706 (18.0%)	<b>16,282</b> <b>(19.4%)</b>	+28.1%
Systems	3,742 (5.3%)	<b>4,848</b> <b>(5.8%)</b>	+29.5%
Others	1,363 (1.9%)	<b>1,174</b> <b>(1.4%)</b>	- 13.9%
Total	70,789 (100.0%)	<b>83,869</b> <b>(100.0%)</b>	+18.5%

\*The classification by product partially changed from FY2023. We also restated the past figures.

## HMI

Sales expanded in all global regions due to the rapid expansion of the demand for capital investment.

## Industrial Relays & Components

Sales of control relays increased in main Americas and China.

## Automation & Sensing

The demand for programmable logic controllers has still moved in Japan, Americas, and EMEA.

## Safety & Explosion Protection

The demand for safety-related devices significantly expanded in Japan and China mainly.

## Systems

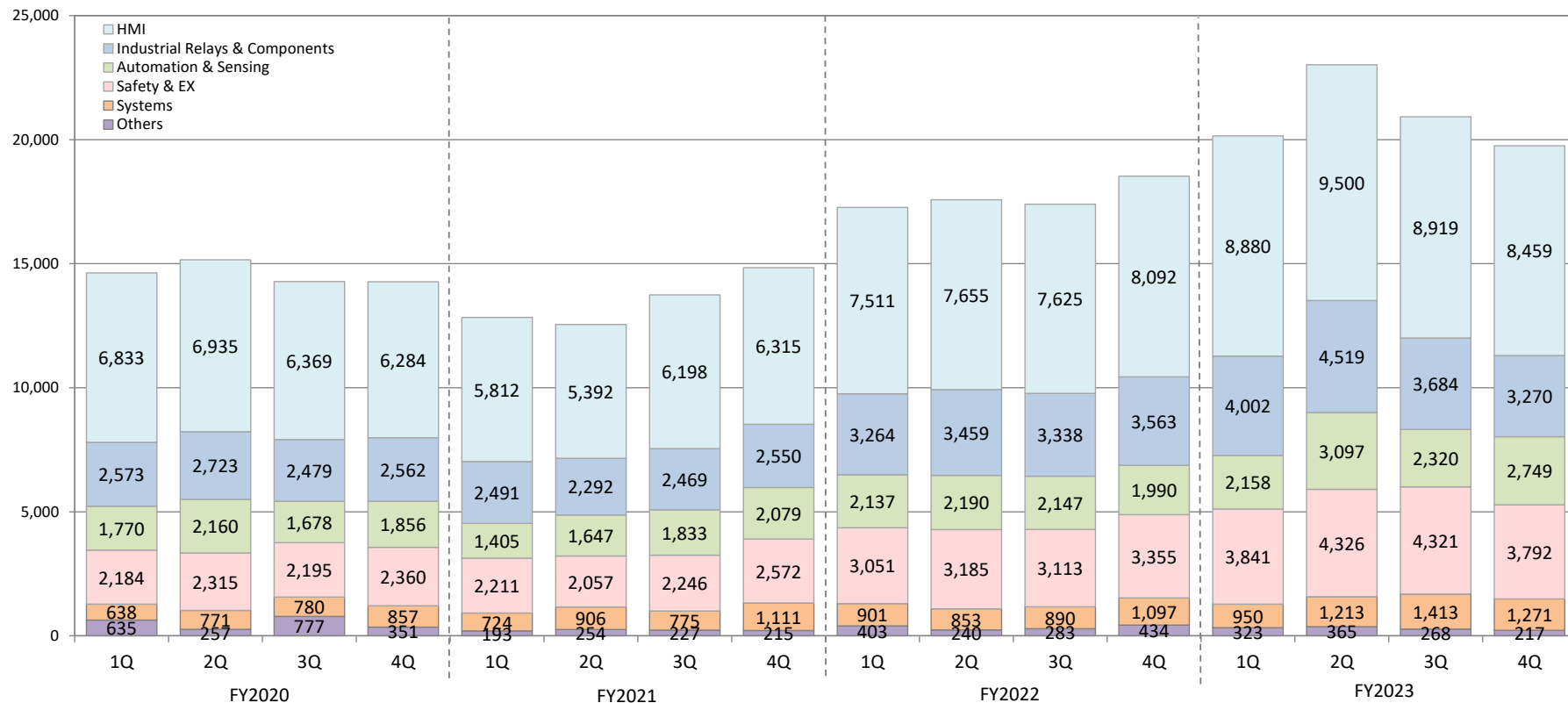
Sales of control panels for semiconductor and logistic-related equipment increased in Japan.

## Others

The system-related demand for the environmental energy business decreased in Japan.

# Sales by products (per quarter transition)

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



- The amount of orders received decreased due to the economic slowdown in China, calm advance order, and the impact of channel inventory.

(Unit: million yen) *Round down to the millions	FY2022		FY2023			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	46,304	18,048	<b>34,510</b>	-25.5%	<b>13,514</b>	- 25.1%
Americas	14,641	5,060	<b>15,763</b>	+ 7.7%	<b>4,972</b>	- 1.8%
EMEA (Europe, Middle East, Africa)	14,912	6,708	<b>15,114</b>	+ 1.4%	<b>8,975</b>	+33.8%
Asia Pacific	18,594	8,048	<b>12,161</b>	-34.6%	<b>4,085</b>	- 49.2%
Total	94,452	37,866	<b>77,550</b>	-17.9%	<b>31,547</b>	- 16.7%

# Order received (per quarter)



(Unit: million yen) *Round down to the millions	FY2022		FY2023							
	4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)	
	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog
Japan	11,129	18,048	11,057	19,875	8,524	17,940	8,736	17,057	<b>6,193</b>	<b>13,514</b>
Americas	3,688	5,060	4,874	6,405	4,515	6,635	3,703	6,038	<b>2,668</b>	<b>4,972</b>
EMEA (Europe, Middle East, Africa)	3,730	6,708	3,555	7,428	4,418	8,229	3,457	8,531	<b>3,683</b>	<b>8,975</b>
Asia Pacific	6,125	8,048	3,746	7,232	2,901	5,411	2,588	4,211	<b>2,924</b>	<b>4,085</b>
Total	24,673	37,866	23,233	40,942	20,359	38,218	18,486	35,838	<b>15,470</b>	<b>31,547</b>

## Highlights of assets

- As inventory assets, fixed assets, trade receivables, cash, and deposits increased, total assets increased by 9.27 billion yen compared to the end of previous FY.

## Highlights of liabilities

- While lease payables decreased, income tax payables, borrowings, and trade payables decreased. Therefore, liabilities increased by 0.53 billion yen compared to the end of previous FY.

## Highlights of net assets

- Due to the increase of earned surplus and foreign currency translation adjustment, net assets increased by 9.8 billion yen compared to the end of previous period.

(Unit: million yen) *Round down to the millions	FY2022	FY2023	YoY
Current assets	47,171	54,518	+ 7,346
Fixed assets	47,789	49,717	+ 1,928
Current liabilities	21,660	32,059	+10,398
Fixed liabilities	24,291	13,362	- 10,928
Net assets	49,008	58,813	+ 9,804
Total assets	94,960	104,235	+ 9,274
Shareholders' equity ratio	51.2%	56.1%	+ 4.9%

# Consolidated cash flow statement



## Cash Flows by operation activities

■ It was approximately 7.01 billion yen due to the increased inventory assets and trade receivables in addition to the payment of income tax.

## Cash Flows by investing activities

■ Due to the acquisition of fixed assets, etc., it was -3.11 billion yen.

## Cash Flows by financing activities

■ It was -4.4 billion yen due to repayment of borrowings and expenses including dividends.

	FY2022	FY2023	YoY
CF from operation activities	9,652	7,009	- 2,642
CF from investing activities	- 1,386	- 3,110	- 1,723
Free cash flows (FCF)	8,265	3,899	- 4,366
CF from financing activities	- 8,578	- 4,403	+4,175
Cash and cash equivalents at end of period	15,203	15,070	- 133
Capital expenditures	2,503	4,088	+1,585
Depreciation and amortization	3,264	3,544	+ 279

- Capital investment amount increased YoY due to the recorded right-of-use assets including overseas office rental costs and leased assets in addition to the investment on manufacturing equipment and DX.

# Forecast for the FY2024

# Consolidated business forecast for the FY2024



- In consideration of the increased channel inventory and the impact of foreign currency, decrease in sales is expected. **Operating income margin is expected to increase to 17% YoY due to continued efforts to improve profitability.**

(Unit: million yen) ※Round down to the millions	FY2023		FY2024		
	Actual	Sales ratio	Forecast	Sales ratio	YoY
Net sales	83,869	100.0%	81,000	100.0%	- 3.4%
Gross operating income	37,376	44.6%	38,500	47.5%	+3.0%
SG&A	23,315	27.8%	24,700	30.5%	+5.9%
Operating income	14,060	16.8%	13,800	17.0%	- 1.9%
Ordinary income	14,403	17.2%	13,800	17.0%	- 4.2%
Net income attributable to shareholders of parent company	10,144	12.1%	9,500	11.7%	- 6.4%
Earnings per share(EPS) (before diluting) (JPY)	348.37	—	326.23	—	- 22.14
USD-yen rate (JPY)	135.51		130		- 5.51
EUR-yen rate (JPY)	138.15		140		- 1.85
CNY-yen rate (JPY)	19.75		18.50		- 1.25

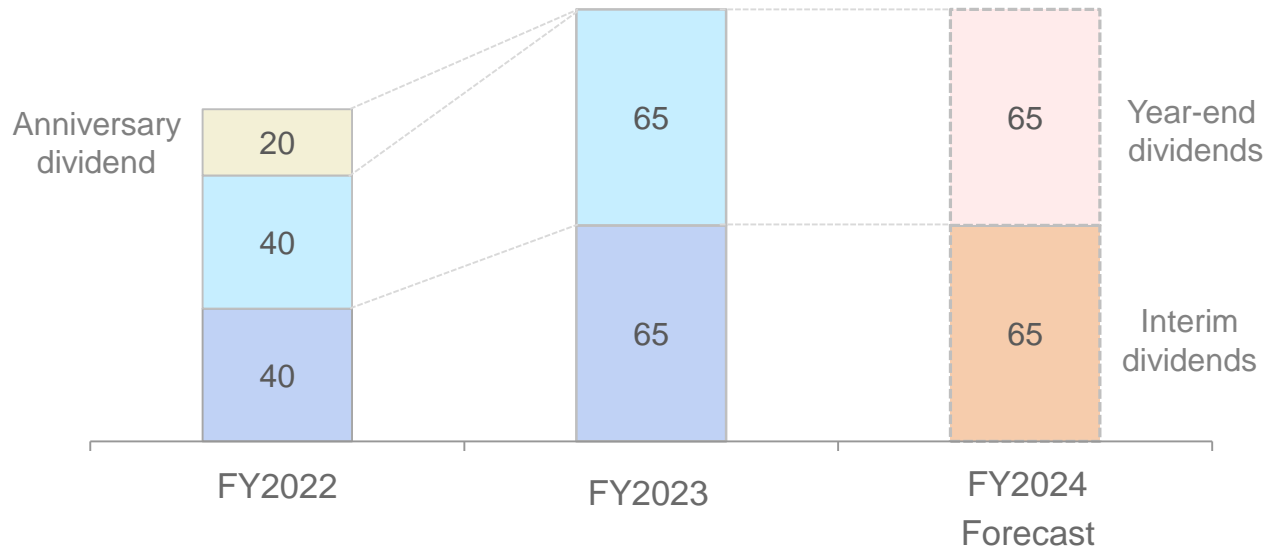


# Consolidated business forecast for the FY2024

(Unit: million yen) *Round down to the millions	FY2023	FY2024	
	Actual	Forecast	YoY
HMI	35,760	36,200	+ 1.2%
Industrial Relays & Components	15,476	13,900	-10.2%
Automation & Sensing	10,327	10,200	- 1.2%
Safety & Explosion Protection	16,282	15,700	- 3.6%
Systems	4,848	4,000	-17.5%
Others	1,174	1,000	-14.8%
Total	83,869	81,000	- 3.4%
Domestic sales	34,519	33,300	- 3.5%
Overseas sales	49,349	47,700	- 3.3%
(Ratio of overseas sales)	(58.8%)	(58.9%)	

# Expected dividends for the FY2024

- FY2023 : Annual dividends 130 yen (Dividends payout ratio 37.3%)
- FY2024 : Expected annual dividends 130 yen (Expected dividends payout ratio 39.8%)



Currency	Exchange assumption	Effect by 1 yen change of exchange rate *For CNY, effect by 0.1 yen change	
		Net sales	Operating income
USD	JPY130	Approx. 80 mil. yen	Approx. 20 mil. yen
EUR	JPY140	Approx. 140 mil. yen	Approx. 10 mil. yen
CNY	JPY18.5	Approx. 60 mil. yen	Approx. 15 mil. yen

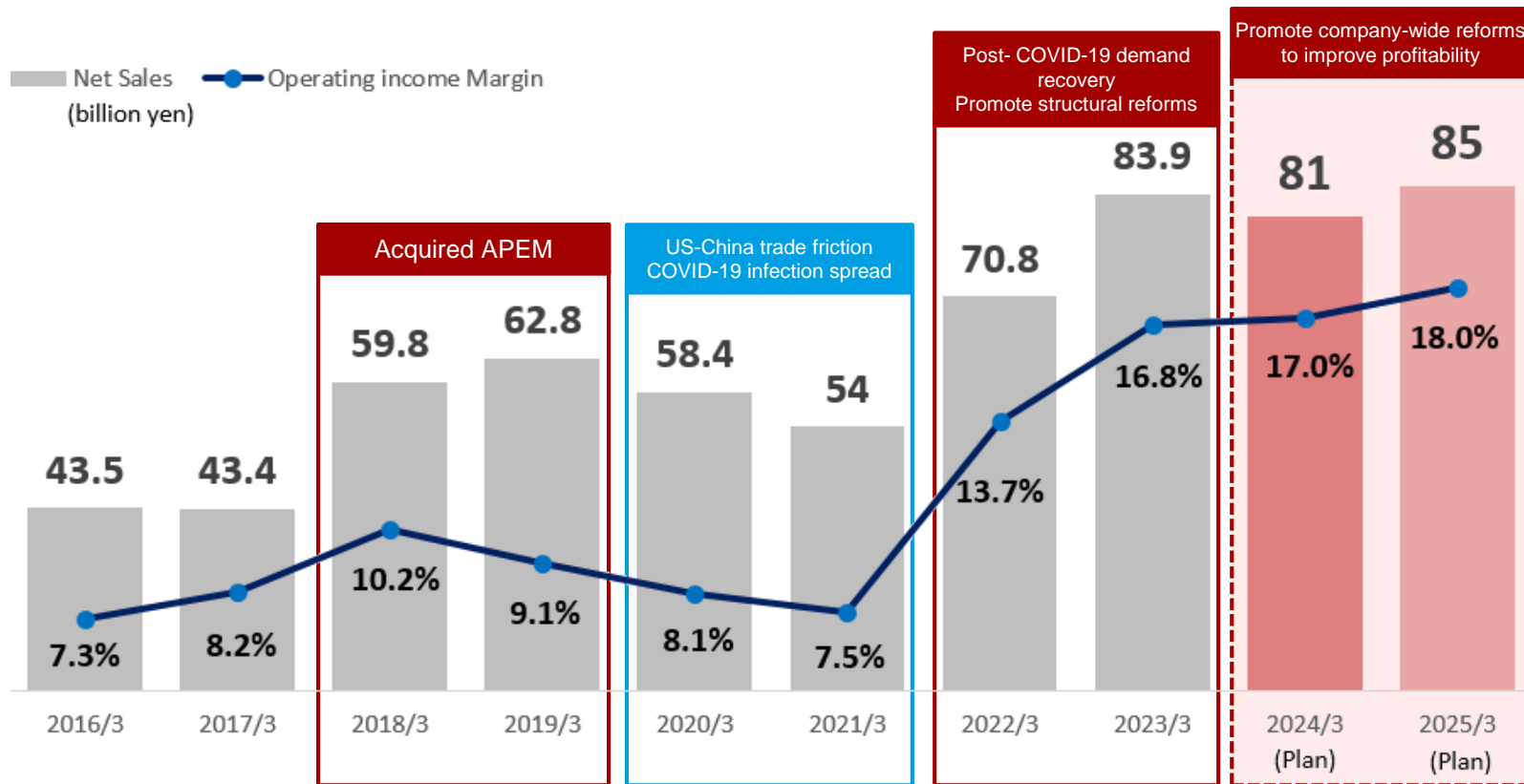
# Medium-Term Management Plan (FY2023 to FY2025)

# Revised target value of the medium-term management plan

- As the target value of medium-term management plan had been achieved in the FY2023, the FY2025 plan was modified.
- To aim for the **20% level of operating income margin** in the long term, the target is planned **as 18% or higher in the FY2025**.

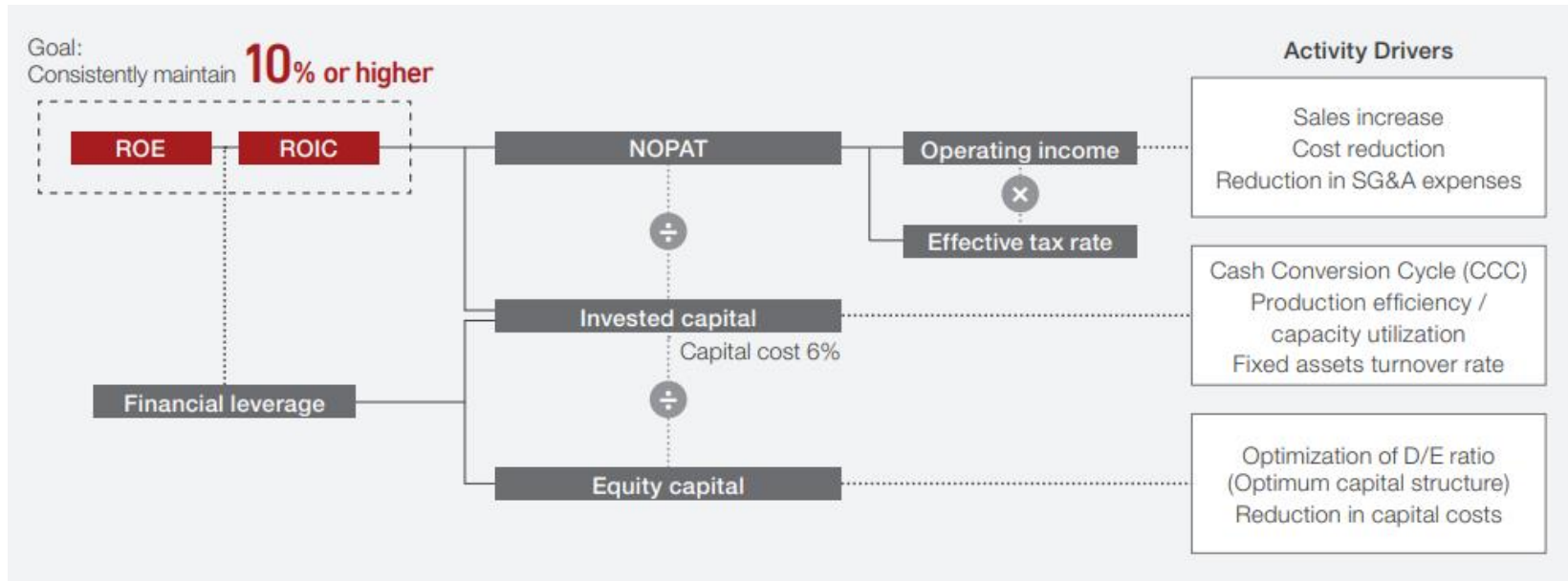
	FY2022	FY2023	FY2024 (Plan)	FY2025 (Initial Plan)	FY2025 (Revised Plan)
Net Sales	70.8 billion yen	83.9 billion yen	<b>81</b> billion yen	<b>80</b> billion yen or more	<b>85</b> billion yen or more
Operating Income	9.7 billion yen	14.1 billion yen	<b>13.8</b> billion yen	<b>13</b> billion yen or more	<b>15.3</b> billion yen or more
Operating Income Margin	13.7%	16.8%	<b>17.0%</b>	<b>16%</b> or higher	<b>18%</b> or higher
R O I C	9.2%	12.5%	<b>10%</b> or higher	<b>10%</b> or higher	<b>10%</b> or higher
R O E	17.2%	18.9%	<b>15%</b> or higher	<b>15%</b> or higher	<b>15%</b> or higher
E P S	264 yen	348 yen	<b>326</b> yen	<b>300</b> yen or more	<b>360</b> yen or more

# Net sales and operating income margin



# References

- Assuming a capital cost of around 6%
- Maximize return on invested capital through appropriate capital policy





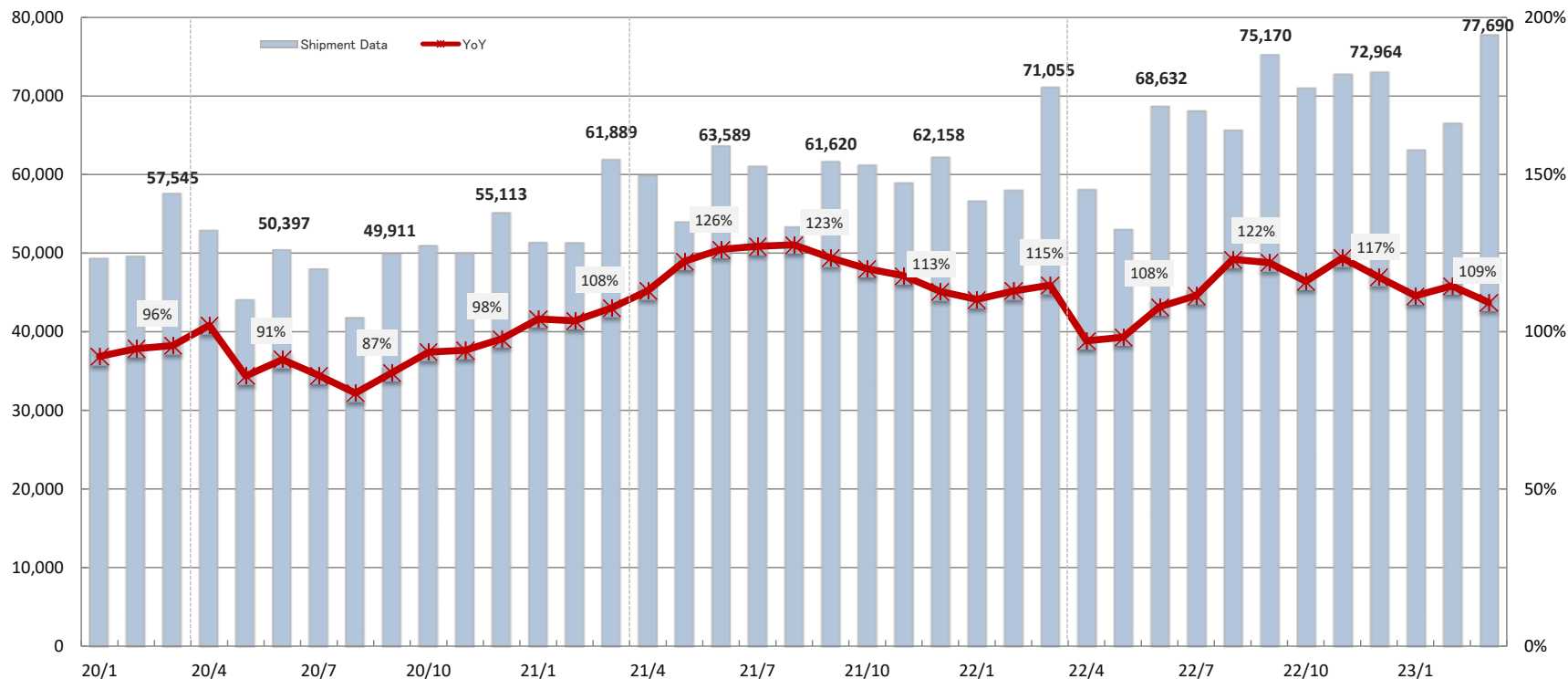
# Industry Trend (Transition of shipment data of NECA\*)

\*Nippon Electric Control Equipment Industries Association







## Transition of the industrial shipment and YoY status (between January, 2020 and March, 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>Photoelectric switches</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>  

This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of May 12, 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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