



Think Automation and beyond...

Financial Results for the FY2024

(April 1, 2023 to March 31, 2024)

May 10, 2024
IDEC CORPORATION
Securities code : 6652



Net Sales

- Net Sales JPY72.7 billion (YoY -13.3%)
 - 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 JPY6.3 billion (YoY -55.4%)
- Ordinary Income JPY6.9 billion (YoY -51.9%)
- Net Income JPY4.4 billion (YoY -56.6%)
 - Income decreased due to the impact of lower sales and lower capacity utilization.

Dividends

- Annual dividends JYP130 (Dividends payout ratio 86.6%)

Consolidated performance [Consolidated income statement] -1

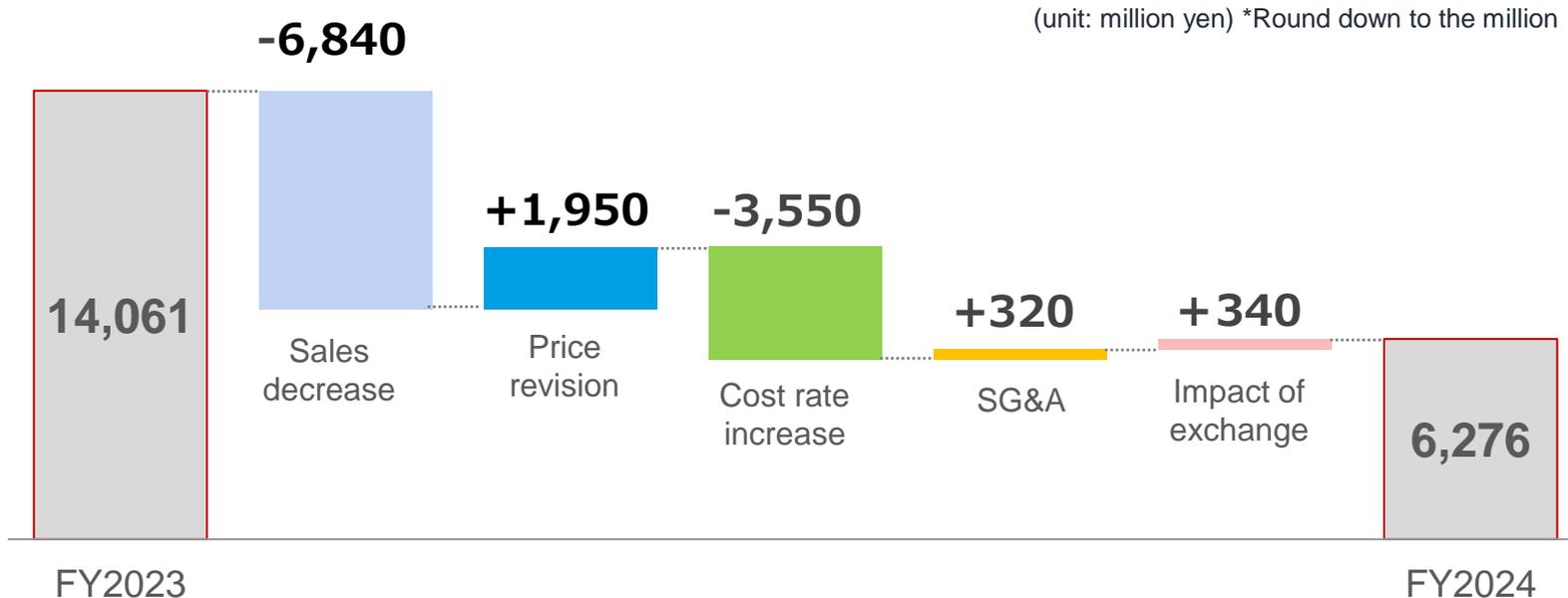


(Unit: million yen) *Round down to the millions	FY2023		FY2024		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	83,869	100.0%	72,711	100.0%	-13.3%
Gross income	37,376	44.6%	31,019	42.7%	-17.0%
SG&A	23,315	27.8%	24,743	34.0%	+ 6.1%
Operating income	14,060	16.8%	6,276	8.6%	-55.4%
Ordinary Income	14,403	17.2%	6,920	9.5%	-51.9%
Net income attributable to owners of parent company	10,144	12.1%	4,407	6.1%	-56.6%
Earnings per share(EPS) (before diluting) (JPY)	348.37	—	150.10	—	-198.27
USD-yen rate (JPY)	135.51		144.59		+ 9.08
EUR-yen rate (JPY)	138.15		156.74		+18.59
CNY-yen rate (JPY)	19.75		20.13		+ 0.38

*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

- Operating income **declined approx. 7.8 billion yen** YoY due to the significant impact of lower sale, decline in highly profitable domestic sales and safety-related products sales, and worsening cost of sales ratio by lower capacity utilization and other factors.



Consolidated performance [Consolidated income statement] -2



- Due to the seasonable factor of the FY end and the impact of exchange rate, both sales and income of 4Q showed an improving tendency compared to 3Q.

(Unit: million yen) ※Round down to the millions	FY2023		FY2024								
	4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		
	Actual	Sales ratio	YoY								
Net sales	19,761	100.0%	18,180	100.0%	19,620	100.0%	16,540	100.0%	18,370	100.0%	-7.0%
Gross income	8,620	43.6%	7,900	43.5%	8,553	43.6%	6,848	41.4%	7,716	42.0%	-10.5%
SG&A	5,990	30.3%	6,235	34.3%	6,172	31.5%	6,244	37.8%	6,090	33.2%	+1.7%
Operating income	2,629	13.3%	1,665	9.2%	2,381	12.1%	603	3.6%	1,625	8.9%	-38.2%
Ordinary income	2,738	13.9%	2,022	11.1%	2,507	12.8%	532	3.2%	1,858	10.1%	-32.1%
Net income attributable to owners of parent company	2,145	10.9%	1,467	8.1%	1,706	8.7%	263	1.6%	969	5.3%	-54.8%
Earnings per share(EPS) (before diluting) (JPY)	73.31	—	50.16	—	58.14	—	8.86	—	32.94	—	-40.37

Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2023	FY2024	YoY
Japan	34,519 (41.2%)	26,907 (37.0%)	-22.1%
Overseas	49,349 (58.8%)	45,804 (63.0%)	-7.2%
Americas	15,672 (18.7%)	14,158 (19.5%)	-9.7%
EMEA (Europe, Middle East, Africa)	13,466 (16.0%)	15,589 (21.4%)	+15.8%
Asia Pacific	20,210 (24.1%)	16,056 (22.1%)	-20.6%
Total	83,869 (100.0%)	72,711 (100.0%)	-13.3%

Japan

YoY **-22.1%**

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

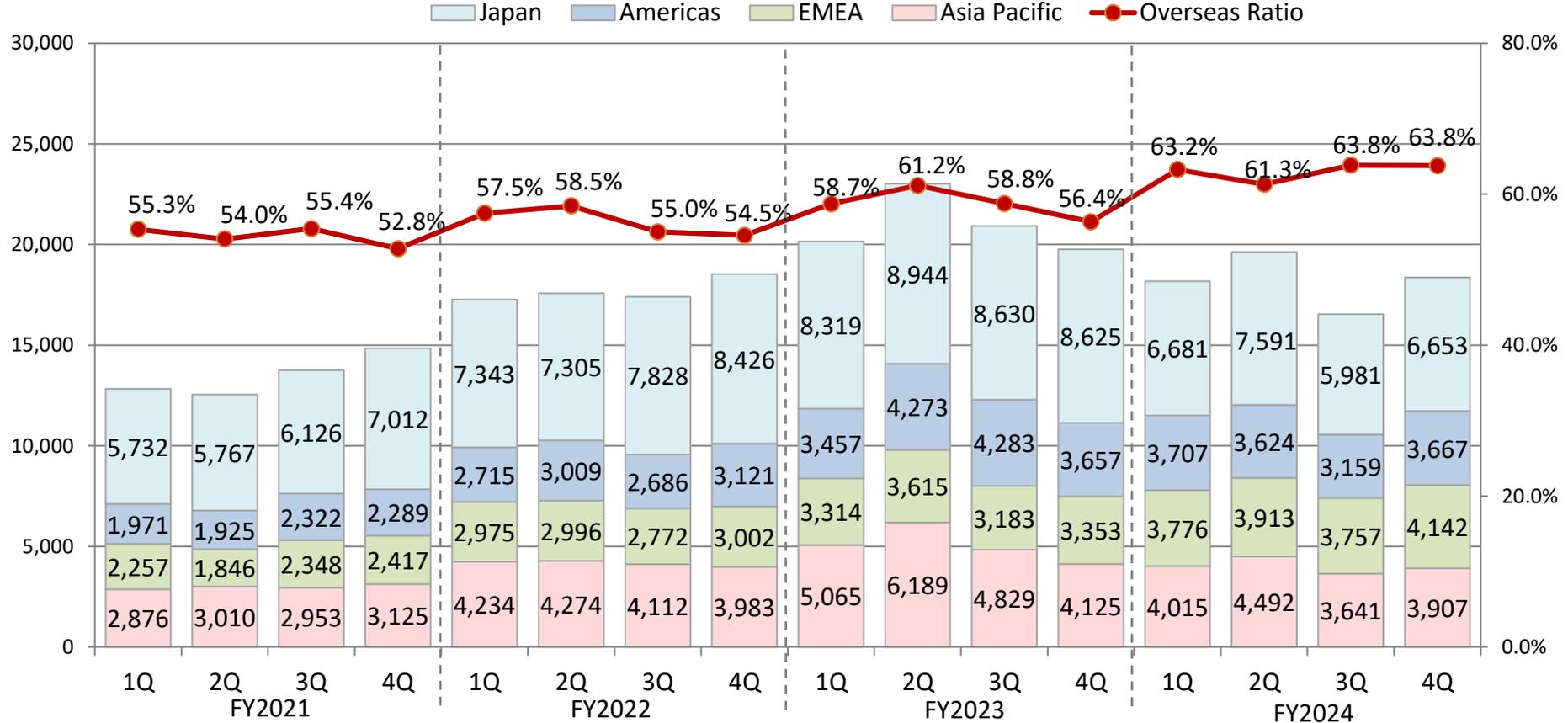
Overseas

YoY **-7.2%**

- 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	FY2024	YoY
Industrial Switches	35,760 (42.6%)	33,948 (46.7%)	-5.1%
Industrial Relays & Components	15,476 (18.5%)	11,629 (16.0%)	-24.9%
Automation & Sensing	10,327 (12.3%)	9,904 (13.6%)	-4.1%
Safety & Explosion Protection	16,282 (19.4%)	11,647 (16.0%)	-28.5%
Systems	4,848 (5.8%)	3,969 (5.5%)	-18.1%
Others	1,174 (1.4%)	1,612 (2.2%)	+37.3%
Total	83,869 (100.0%)	72,711 (100.0%)	-13.3%

HMI (Human-Machine Interface)

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

Sales decreased due to the impact of economic slowdown in China and the slowdown of programmable logic controllers for the Americas that moved steadily.

Safety & Explosion Protection

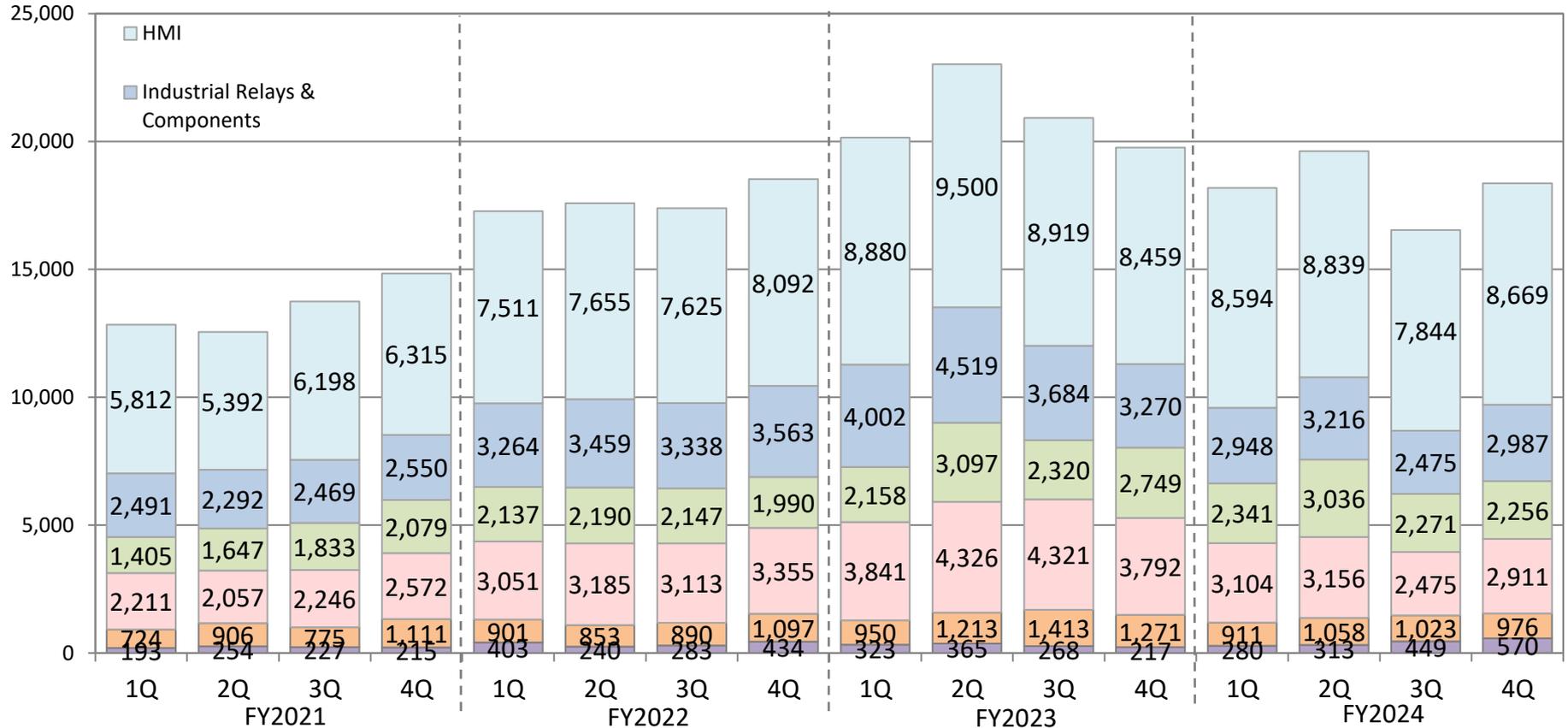
Decrease in safety-related equipment due to economic slowdown mainly in China and lower demand in semiconductor and machine tool industries.

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		FY2024			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	34,510	13,514	23,926	-30.7%	6,135	-54.6%
Americas	15,763	4,972	11,866	-24.7%	2,853	-42.6%
EMEA (Europe, Middle East, Africa)	15,114	8,975	14,265	-5.6%	7,993	-10.9%
Asia Pacific	12,161	4,085	10,567	-13.1%	2,988	-26.8%
Total	77,550	31,547	60,625	-21.8%	19,971	-36.7%

Orders received (per quarter transition)

- Due to the seasonal factor of the increasing tendency in orders received at the FY end, orders received of 4Q increased compared to 3Q at each region.
- On the other hand, the impact of distribution inventory adjustment has continued in Japan, Americas, Asia-Pacific, and the orders received environment is expected to remain tough in the first half of the FY2025.

(Unit: million yen) *Round down to the millions	FY2023		FY2024							
	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								
Japan	6,193	13,514	6,550	12,329	5,757	9,140	4,986	7,012	6,631	6,135
Americas	2,668	4,972	2,681	3,863	3,067	3,233	2,555	2,771	3,560	2,853
EMEA (Europe, Middle East, Africa)	3,683	8,975	4,164	9,947	3,237	9,340	3,245	8,641	3,617	7,993
Asia Pacific	2,924	4,085	2,257	3,392	2,745	3,005	2,516	3,058	3,046	2,988
Total	15,470	31,547	15,655	29,532	14,808	24,720	13,305	21,485	16,856	19,971

Highlights of assets

- Total assets increased by approx. 2.9 billion yen from the end of the previous period, mainly due to increases in fixed assets and inventory assets, despite a decrease in cash and deposits.

Highlights of liabilities

- Liabilities decreased by approx. 4.29 billion yen from the end of the previous fiscal year due to decreases in borrowings such as trade payables and accrued corporate tax.

Highlights of net assets

- Net assets increased by approx. 7.19 billion yen from the end of the previous fiscal year, mainly due to an increase in foreign currency translation adjustments and earned surplus.

(Unit: million yen) *Round down to the millions	FY2023	FY2024	YoY
Current assets	54,518	54,921	+403
Fixed assets	49,717	52,217	+2,499
Current liabilities	32,059	23,830	-8,228
Fixed liabilities	13,362	17,301	+3,938
Net assets	58,813	66,006	+7,193
Total assets	104,235	107,138	+2,903
Equity ratio	56.1%	61.2%	+5.1%

- Although the trend continued to increase due to the effect of exchange rates, it has been gradually decreasing since peaking in the 2Q.



Cash Flows by operation activities

- It was 5.5 billion yen due to the payment of corporate taxes, etc., a decrease in trade payables, and increases in depreciation.

Cash Flows by investing activities

- While there was income from refund of time deposits, etc., acquisition of fixed assets and other expenditures amounted to approx. -1.92 billion yen.

Cash Flows by financing activities

- It was approx. -4.46 billion yen due to the payment of dividends and the repayment of lease obligations.

(Unit: million yen) *Round down to the millions	FY2023	FY2024	YoY
CF from operating activities	7,009	5,504	-1,505
CF from investing activities	-3,110	-1,922	+1,187
Free cash flows (FCF)	3,899	3,581	-317
CF from financing activities	-4,403	-4,462	-59
Cash and cash equivalents at end of year	15,070	15,040	-29
Capital expenditure	4,088	2,960	-1,128
Depreciation and amortization expense	3,544	3,917	+373

Revision of Medium-Term Management Plan Forecast for the FY2025 and Future Initiatives

- **Revising the medium-term management plan** from the FY2023 to the FY2025
- **Focusing on establishing foundations to become a highly profitable company**

Current Situation

- Due to disruptions in the global supply chain, distribution inventories, which were previously over-ordered from the market, remain at high levels.
- The FA market has not yet entered into a full recovery phase, and the state of the global economy is uncertain, with capital investment demand still not fully restored.

Future Initiatives

- Initiating efforts on a global scale towards transforming into a corporate structure capable of ensuring high profitability regardless of external influences.
- Planning to disclose more detailed initiatives within this fiscal year to establish foundations and aim for further growth.

Forecast for the FY2025

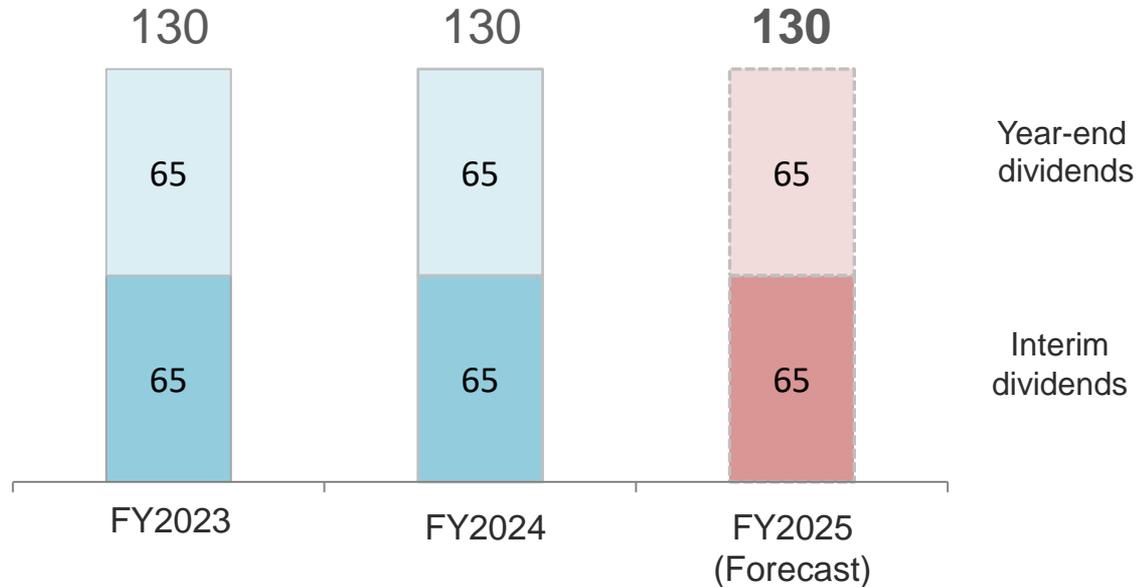


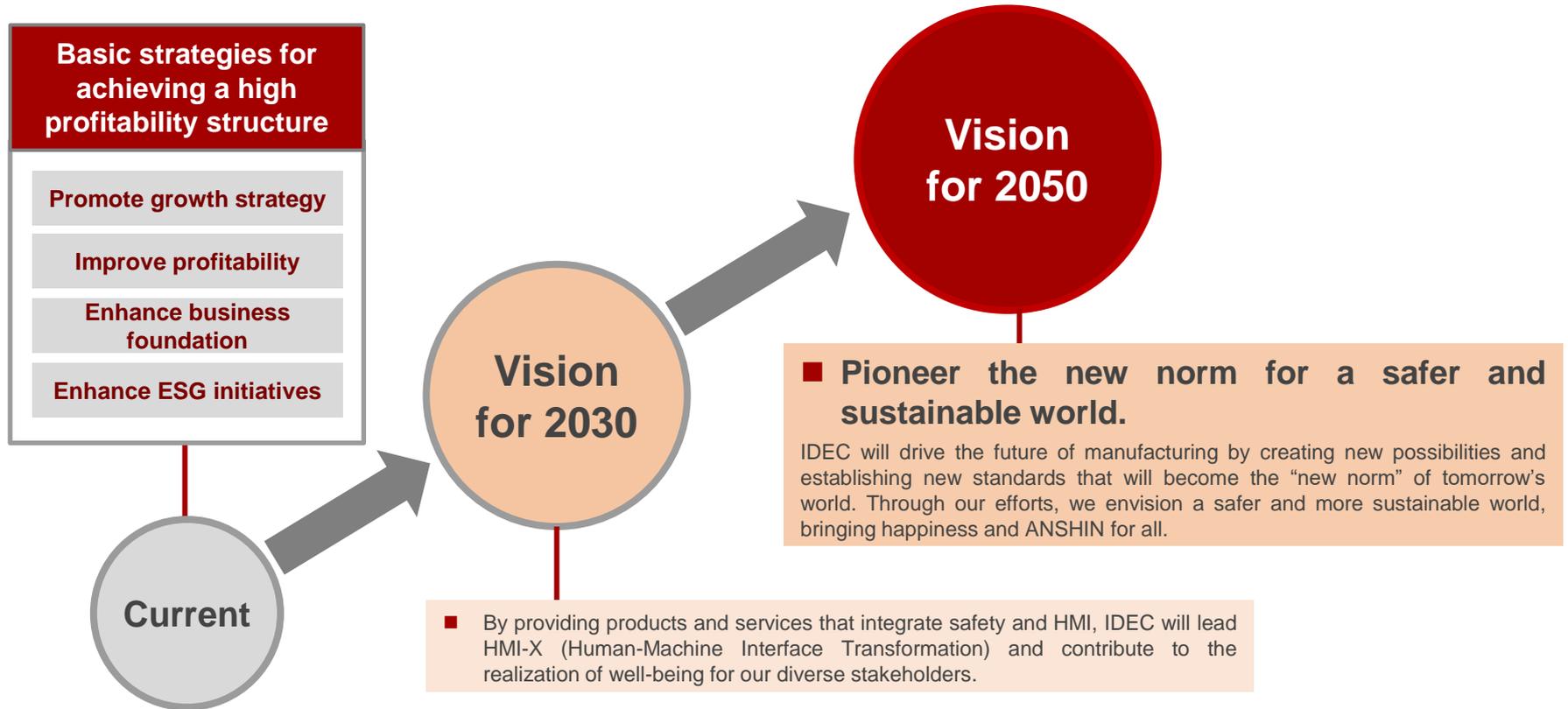
(Unit: million yen) *Round down to the millions	FY2024		FY2025		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	72,711	100.0%	71,700	100.0%	-1.4%
Gross income	31,019	42.7%	31,200	43.5%	+0.6%
SG&A	24,743	34.0%	26,000	36.3%	+5.1%
Operating income	6,276	8.6%	5,200	7.3%	-17.1%
Ordinary Income	6,920	9.5%	5,200	7.3%	-24.9%
Net income attributable to owners of parent company	4,407	6.1%	4,000	5.6%	-9.2%
Earnings per share(EPS) (before diluting) (JPY)	150.10	—	136.23	—	-13.87
USD-yen rate (JPY)	144.59		148.00		+ 3.41
EUR-yen rate (JPY)	156.74		160.00		+3.26
CNY-yen rate (JPY)	20.13		20.50		+ 0.37

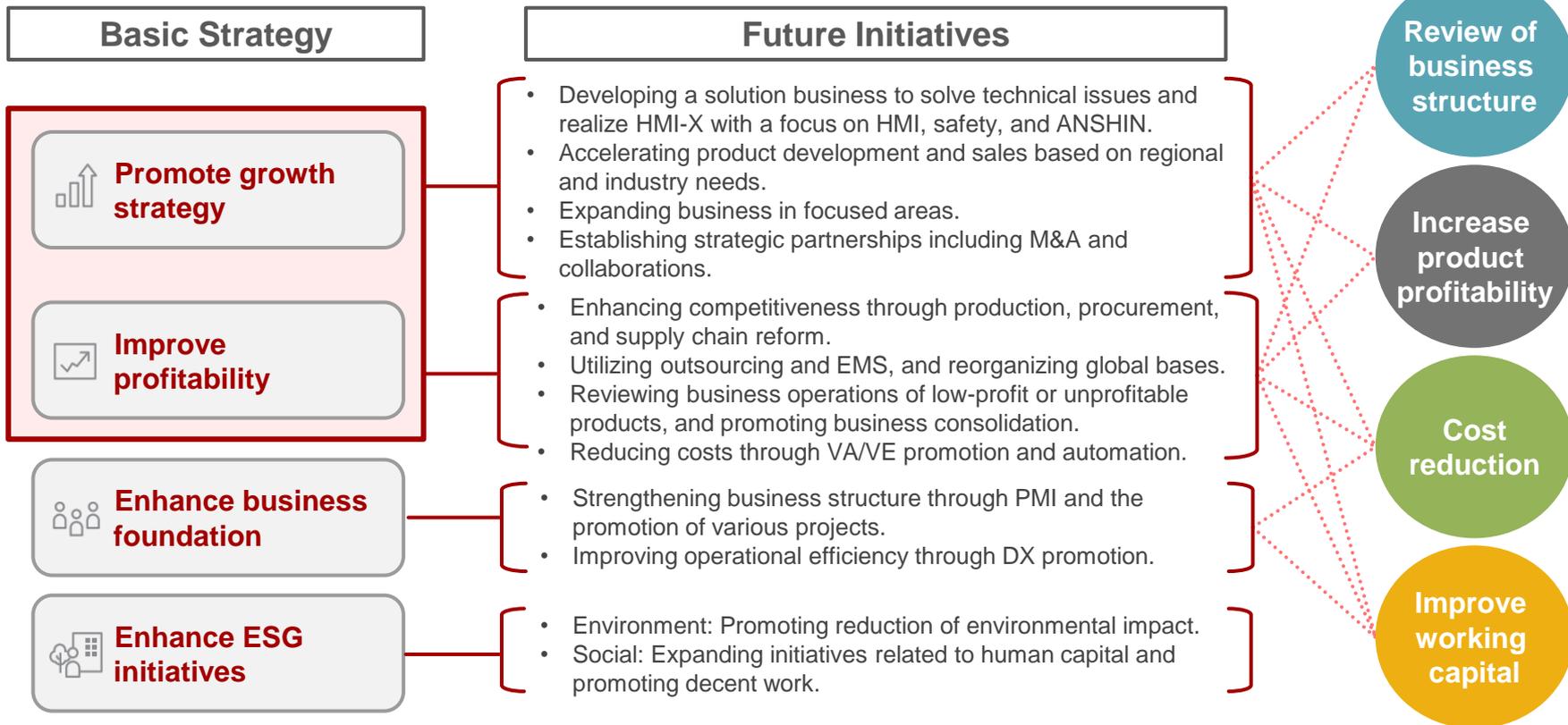
Forecast for the FY2025

(Unit: million yen) *Round down to the millions	FY2024	FY2025	
	Actual	Forecast	YoY
HMI	33,948	34,700	+2.2%
Industrial Relays & Components	11,629	11,000	-5.4%
Automation & Sensing	9,904	9,900	-0.0%
Safety & Explosion Protection	11,647	11,300	-3.0%
Systems	3,969	3,200	-19.4%
Others	1,612	1,600	-0.8%
Total	72,711	71,700	-1.4%
Domestic sales	26,907	25,200	-6.3%
Overseas sales	45,804	46,500	+1.5%
(Ratio of overseas sales)	(63.0%)	(64.9%)	-1.4%

- FY2024 : Annual dividends 130 yen (Dividends payout ratio 86.6%)
- FY2025 : Expected annual dividends 130 yen (Expected dividends payout ratio 95.4%)



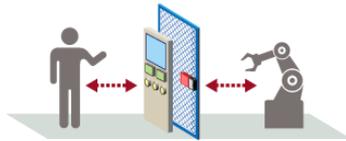




*ANSHIN denotes a sense of trust and assurance without any fear or stress.

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





■ **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



■ **ez-Wheel safety wheel drive** installed on AGVs, AMRs, etc.



■ **Controller with operator interface**



■ **Compact IoT devices** for realizing a remote monitoring



■ **ANSHIN sensor**



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



Review of
business
structure

Increase
product
profitability

Cost
reduction

Improve
working
capital

	Main initiatives	Details of the initiative
Business structure	Expanding the solution business	<ul style="list-style-type: none"> ● Developing diverse solutions to address customers' challenges by expanding new HMI, safety and ANSHIN products that promote collaborative safety (Safety 2.0), in which humans and machines work together to achieve both safety and productivity.
	Business restructuring	<ul style="list-style-type: none"> ● Promoting the reorganization of businesses with low synergy with main businesses or low profitability.
Product profitability	Launch of high-profitability products	<ul style="list-style-type: none"> ● Improving the proportion of new products through the introduction of high-profitability new products such as HMI, safety, and ANSHIN products.
	Discontinuation and integration of unprofitable products	<ul style="list-style-type: none"> ● Revising the product portfolio from the perspectives of growth and profit margin, and promoting global initiatives for product reduction.

Main initiatives	Details of the initiative
<p>Promoting cost reduction themes such as VA/VE, Global purchasing</p>	<ul style="list-style-type: none"> ● Advancing cost reduction through product design changes and the introduction of automated equipment. ● Reducing production costs through parts' standardization. ● Assigning dedicated personnel for each major component such as resin, metal, and electronic parts, to formulate procurement strategies and purchase materials on a global basis, thereby promoting efficiency and cost reduction.
<p>Reorganization of bases and utilization of outsourcing</p>	<ul style="list-style-type: none"> ● Sharing resources and improving operational efficiency through consolidation of bases. ● Reducing production costs through the utilization of EMS and outsourcing.
<p>Optimizing SG&A</p>	<ul style="list-style-type: none"> ● Reviewing personnel allocation through reorganization of bases. ● Reducing indirect costs through business reforms such as DX. ● Enhancing visibility of personnel and strengthening organizational capabilities through global talent management.
<p>Optimizing inventory</p>	<ul style="list-style-type: none"> ● Implementing global data linkage and centralized management through the introduction of a supply chain management system to achieve supply planning that adapts to changes in supply and demand.

Cost reduction

Working capital

Future Initiatives

- Initiating efforts on a global scale towards transforming into a corporate structure capable of ensuring high profitability regardless of external influences.
- Planning to disclose more detailed initiatives within this fiscal year to establish foundations and aim for further growth.

- Continue to promote ESG initiatives to strengthen foundation.
- IDEC has been selected for ESG-related indexes for our ongoing efforts.



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index

MORNINGSTAR GenDi J

Japan ex-REIT Gender Diversity
Tilt Index

TOP CONSTITUENT 2024

2023



Sompo Sustainability Index



JPX-NIKKEI Mid Small





Realization of the carbon neutrality

- As a target of reduction in CO₂ emissions for achieving the carbon neutrality in 2050, **the target of reduction by 24% in FY2025 and by 50% in FY2031 was set, respectively.**
- **The Environmental policy was revised in 2024** that reflects new social issues such as responses to climate change.
- **ICP (internal carbon pricing) was introduced in 2022.** The price of 2023 is set as JPY8,000/t-CO₂, and we utilize for decision making of environmental investment.
- As an initiative for plastic wastes reduction and effective resources usage, **the regrinding that reuses plastic materials end by crushing and granulating, has started in two factories in Japan following overseas sites.**
- The environmental management will be promoted throughout design, development and manufacture of products, logistics, and package, placing **eco-friendly product development emphasizing reduction in environmental impact and environmental issues** at the core.

Medium-term targets by the end of FY2025

- Renewable energy utilization ratio **18% or more**
- Reduction in CO₂ emissions **24%** (vs. FY2020)
- Reduction in industrial wastes **24%** (vs. FY2020)
- Cumulative ratio of enhanced eco-friendly products to total new products **60% or more** (cumulative total since FY2020)



The example of enhanced eco-friendly products
Controller with operator interface “FT2J” type



Enhancement of business foundation by creating a pleasant workplace where diversity is respected

- The “Human Right Subcommittee” was established in the Risk Management Committee under the Sustainability Committee in 2024 for conducting business activities in consideration of human right.
- Human right due diligence is scheduled for promotion from here.
- In order for the IDEC Group to contribute to the sustainable development of society, the “IDEC Human Rights Statement” was established in 2023 and the IDEC Human Rights Policy was revised.
- Based on the results of the engagement surveys, we have been taking steps to make improvement of three major issues that scored lower.
- Introduction of a human resource development policy, a new personnel system based on the engagement surveys, conduct of multifaceted evaluation system, and promotion of fulfilling training programs for strengthening human resources.

Issues identified through engagement surveys and initiative plans

Issues	Major action plans implemented since FY2024
1 2 HR development Strengthening of management abilities	<ul style="list-style-type: none"> ■ Improving personnel training including managerial training, career design training, etc. ■ Implementing a career design program ■ Preparing to introduce a global talent management system ■ Expanding the operation of multi-faceted evaluations
3 Improvement of the acceptability of human resource systems	<ul style="list-style-type: none"> ■ Strengthening feedback provided on personnel evaluations ■ Conducting training for evaluators
Encouragement of communication	<ul style="list-style-type: none"> ■ Further enhancing information messaging aimed at achieving “One IDEC” ■ Disseminating and instilling the Medium-term Management Plan and corporate policies, etc.
Promoting work style reform and improving the welfare system	<ul style="list-style-type: none"> ■ Phased reinstatement of welfare services ■ Introducing flexible workstyles (discretionary work and flex-time) ■ Promoting working from home
Improving workplace culture	<ul style="list-style-type: none"> ■ Implementing action plans to resolve workplace issues in each department
Promoting diversity and inclusion	<ul style="list-style-type: none"> ■ Implementing policies to support families raising children

■ **We drive the implementation of work style reforms that enable flexible ways to work.**

■ As part of efforts to develop an environment and culture in which a diverse range of human resources can take on challenges, we have been pursuing initiatives enabling female employees to find success.

In FY2024, the percentage of managerial positions filled by women on a consolidated basis was 23.9%.



*Including assistant managers with subordinates

■ We have strengthened investments in human resources that are essential to support sustainable growth.

■ **we have also introduced selective training programs for the early development of next-generation management candidates who will drive the future of the IDEC Group.**

Next-generation management candidate development program

Program	Purpose	Details	Number of trainees
IDEC Top Management Program	Next-generation management candidate development program	<ul style="list-style-type: none"> ■ Outside manager development training ■ Lectures on specialist fields delivered by outside directors ■ Nominating Committee reporting session 	From FY2022 3
IDEC Advanced Management Program	Development of next-generation executive officer candidates	<ul style="list-style-type: none"> ■ MBA study (for executive tiers) ■ Assessment exercises ■ Training to overcome weaknesses based on assessment results 	From FY2022 17
IDEC General Management Program	Development of next-generation departmental manager candidates	<ul style="list-style-type: none"> ■ MBA study (for middle-management tiers) 	Scheduled to be implemented from FY2025
IDEC Leadership Challenge Program	Development of next-generation manager candidates	<ul style="list-style-type: none"> ■ Theme-based lectures delivered by directors (10 sessions in total) ■ Presentations on solutions to management issues (year-long Group consideration) ■ MBA study (basic) ■ English language learning 	FY2021 28
			FY2022 19
			FY2023 31
			FY2024 18



Reflection of an executive compensation scheme to the non-financial indicators

- Re-examination of the executive compensation scheme in 2023.
- The ratios of basic remuneration as fixed amount, performance-based remuneration (bonuses), and non-monetary (share-based) remuneration are as follows:

basic compensation : bonus : non-monetary remuneration = 60 : 25 : 15
- The KPIs used for calculating PSUs reflect the degree of attainment of targets of not only financial indicators, but also non-financial indicators.

		Short-term remuneration Incentive to achieve the fiscal year plan	Medium-term remuneration Incentive to achieve the medium-term management plan	Long-term remuneration Incentive to improve corporate value	Approx. weight
Performance-based remuneration	Share-based remuneration		Residents of Japan PSU 10%	RS 5%	40%
	Cash remuneration	Bonus 25%	Non-residents of Japan Phantom shares		
Fixed remuneration		Basic remuneration 60%			60%

*PSU: performance share units, RS: restricted stock

Medium-term KPIs and weighting reflected in evaluation

Category	Medium-term KPIs	Weighting
Corporate performance	Operating income margin	35%
	ROIC	35%
ESG	CO ₂ reduction rate	15%
	External ESG assessment	15%

References

Currency	Exchange assumption	Effect by 1 yen change of exchange rate *For CNY, effect by 0.1 yen change	
		Net sales	Operating income
USD	JPY144.59	Approx. 60 mil. yen	Approx. 10 mil. yen
EUR	JPY156.74	Approx. 140 mil. yen	Approx. 15 mil. yen
CNY	JPY20.13	Approx. 40 mil. yen	Approx. 15 mil. yen

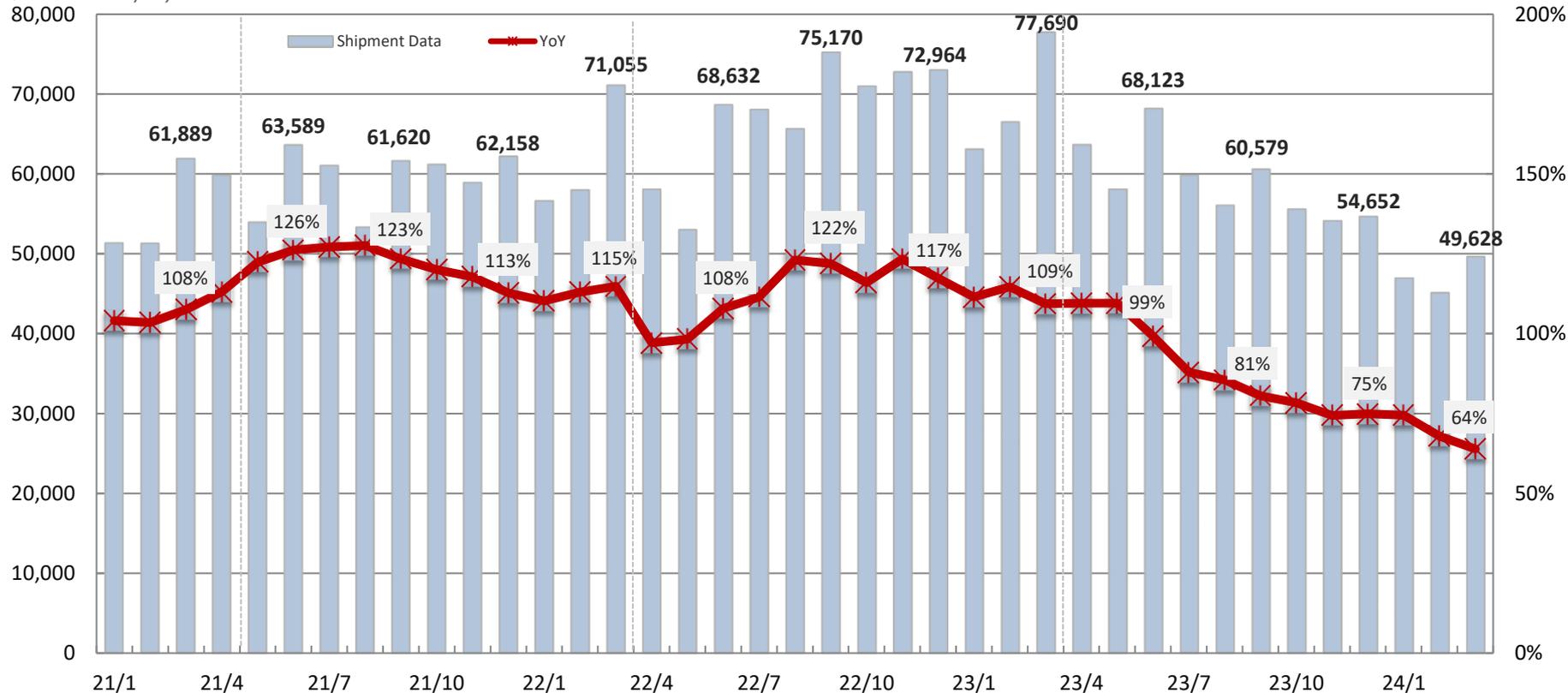
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association



Transition of the industrial shipment and YoY status (between Jan. 2021 to March 2024)

(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="61 609 324 642" 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 May 10, 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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