

Summary of Financial Results (Japan GAAP) [Consolidated] For the Second Quarter of Fiscal Year Ending March 31, 2024

November 2, 2023

Company name: IDEC CORPORATION URL <http://jp.idec.com/>
 Stock exchange listing: Tokyo Stock Exchange – Prime Market
 Stock code: 6652
 Representative: Toshiyuki Funaki, Chairman and Chief Executive Officer
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 Scheduled date for filing of securities report: November 10, 2023
 Scheduled date for dividend payment: November 27, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts)

(Amounts less than one million yen are omitted.)

1. Consolidated financial results for the six months ended September 30, 2023

(From April 1 to September 30, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	37,800	(12.5)	4,046	(46.5)	4,530	(44.3)	3,174	(44.2)
September 30, 2022	43,180	23.9	7,559	55.8	8,140	62.1	5,694	61.4

(Note) Comprehensive income: Six months ended September 30, 2023 7,822 million yen (20.7%)
 Six months ended September 30, 2022 9,868 million yen 107.9%

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	108.30	107.77
September 30, 2022	196.01	195.14

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	109,044	65,121	59.4
March 31, 2023	104,235	58,813	56.1

(Reference) Shareholders' equity: As of September 30, 2023 64,757 million yen
 As of March 31, 2023 58,465 million yen

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Annual (Total)
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	65.00	–	65.00	130.00
Fiscal year ended March 31, 2024	–	65.00			
Fiscal year ending March 31, 2024 (Forecast)			–	65.00	130.00

(Note) Changes in the forecasted cash dividends in this quarter: None

3. Forecast of consolidated results for the fiscal year ending March 31, 2024
(From April 1, 2023 to March 31, 2024)

(Percentages indicate changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	75,000	(10.6)	8,650	(38.5)	9,150	(36.5)	6,350	(37.4)	216.62

(Note) Revisions of the forecast most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in the change in scope of consolidation): None

New: - company (company name) Excluded: - company (company name)

(2) Applying of specific accounting of the consolidated quarterly financial statements: Yes

(3) Changes in accounting policies, accounting estimates and retrospective restatements

(a) Changes in accounting policies based on revisions of accounting standards: None

(b) Changes in accounting policies other than ones based on revisions of accounting standards: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(4) Number of issued and outstanding shares (common shares)

(a) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	33,224,485 shares	As of March 31, 2023	33,224,485 shares
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(b) Number of treasury shares at the end of the period

As of September 30, 2023	3,819,024 shares	As of March 31, 2023	3,966,734 shares
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(c) Average number of shares during the period

Six months ended September 30, 2023	29,314,625 shares	Six months ended September 30, 2022	29,049,046 shares
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* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts included in this documents are based on the information that the Company has obtained at the time of disclosure.

Actual results may differ significantly from the forecast due to a various factors in the future.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

During the second quarter under review, the Japanese economy gradually returned to a state of normalcy as COVID-19 was downgraded to Category 5 under the infectious diseases control law and inbound tourism recovered as border controls for people entering Japan were lifted. On the one hand, export growth has been sluggish against the backdrop of weak global demand due to downward pressure on the economy caused by monetary tightening policies and other factors, and the Japanese economy is still showing signs of weakness even as it continues to recover moderately. The global economy remained uncertain as a slowdown in global demand resulting from the end of consumer spending on stay-at-home orders as well as monetary tightening policies made the market environment more difficult in Europe and the U.S. Even in China, which had been recovering rapidly following the lifting of the zero-COVID policy, market conditions worsened.

The IDEC Group has worked to further strengthen the solutions it offers by utilizing new products, etc. and implemented reforms aimed at optimizing production activities across the globe with an eye to achieving the targets set in its medium-term management plan, which was in its second year during the fiscal year under review.

Working against this backdrop, the Group saw domestic net sales decrease by 2,991 million yen year on year to hit 14,272 million yen (down 17.3% year on year), mainly due to sluggish export demand for customers. Overseas net sales declined 2,388 million yen year on year to reach 23,528 million yen (down 9.2% year on year) as a result of a decrease in sales. This drop occurred mainly in the Industrial Relays & Components business and the Safety & Explosion Protection business due to the economic slowdown, specifically in the Chinese market. Net sales in the European market, however, increased thanks to the strong performance of the Group's mainstay HMI products, including control switches, as well as the yen's depreciation. As a result, consolidated net sales for the second quarter under review totaled 37,800 million yen (down 12.5% year on year).

In terms of profit, operating profit decreased 3,512 million yen year on year to total 4,046 million yen (down 46.5% year on year) due to an increase in selling, general and administrative expenses resulting from the weak yen as well as a decrease in profit resulting from a drop in revenue. Ordinary profit fell 3,610 million yen year on year to 4,530 million yen (down 44.3% year on year), and profit attributable to owners of the parent decreased 2,519 million yen year on year to hit 3,174 million yen (down 44.2% year on year), due to an increase in a loss on valuation of derivatives despite an increase in foreign exchange gains as a result of the yen's depreciation.

The above results for the second quarter under review are as shown below.

	Six months ended September 30, 2022	Six months ended September 30, 2023	increase/ decrease	Rate of change
Net sales (Millions of yen)	43,180	37,800	(5,379)	(12.5%)
Gross profit (Millions of yen)	19,006	16,454	(2,551)	(13.4%)
Gross income margin(%)	44.0	43.5	(0.5)	-
Operating profit (Millions of yen)	7,559	4,046	(3,512)	(46.5%)
Operating income margin(%)	17.5	10.7	(6.8)	-
Ordinary profit (Millions of yen)	8,140	4,530	(3,610)	(44.3%)
Profit attributable to owners of parent (Millions of yen)	5,694	3,174	(2,519)	(44.2%)

(Exchange Rate)

Average exchange rate for USD	134.04	141.06	+7.02	-
Average exchange rate for EUR	134.39	153.45	+19.06	-
Average exchange rate for CNY	19.89	19.75	(0.14)	-

Results by segment for the second quarter under review are as follows.

【Japan】

In Japan, net sales decreased 2,945 million yen year on year to hit 16,682 million yen (down 15.0% year on year), and operating profit was down 1,980 million yen year on year to total 1,778 million yen (down 52.7% year on year). This was due in part to concerns about an economic downturn caused by price increases and the sluggish overseas economy, a sense of stagnation in key industries such as semiconductors and robotics, and distributors' inventory adjustments.

【Americas】

The robust demand in North America that has continued from last year is subsiding, and distributors' inventory has entered into the adjustment phase for some products. As a result, net sales decreased 408 million yen year on year to reach 7,372 million yen (down 5.2% year on year). Operating profit decreased 393 million yen year on year to 944 million yen (down 29.4% year on year).

【Europe, Middle East and Africa(EMEA)】

Net sales in the European market increased 752 million yen year on year to total 7,661 million yen (up 10.9% year on year) thanks to an increase in sales of our mainstay HMI products, such as control switches, and an uptick in sales in yen terms due to the depreciation of the yen, despite the impact of price increases and geopolitical risks. Operating profit decreased 192 million yen year on year to 320 million yen (down 37.6% year on year).

【Asia Pacific】

In the Asia-Pacific region, net sales decreased 2,778 million yen year on year to total 6,083 million yen (down 31.4% year on year), and operating profit dropped 1,039 million yen year on year to hit 1,018 million yen (down 50.5% year on year) due to the impact of the economic slowdown in China and Southeast Asia.

Net sales by product category for the second quarter under review are as follows.

【HMI】

Net sales decreased 946 million yen year on year to reach 17,434 million yen (down 5.1% year on year) as a result of distributors' inventory adjustments as well as a decrease in demand for our mainstay switches in key industries such as semiconductors and machine tools in Japan, the Americas, and the Asia-Pacific region, although sales of programmable displays increased due to improved delivery times for electronic components.

*This product category includes control switches, joysticks, indicator lights, and programmable displays, which are key human-machine interfaces (HMIs).

【Industrial relays & components】

Net sales were down 2,356 million yen year on year to hit 6,165 million yen (down 27.7% year on year) as a result of a decrease in sales of control relays in the Asia-Pacific region, our key market, due to the economic slowdown particularly in the Chinese market.

*This product category includes switching power supplies, terminal blocks, control relays/sockets, and circuit protectors, which are built into control panels for controlling and operating machines and production lines and are used as the basis for control parts of machines and equipment.

【Automation & sensing】

Net sales increased 120 million yen year on year to reach 5,377 million yen (up 2.3% year on year) as a result of strong sales of programmable controllers, especially in the Americas, due to improved delivery times for electronic components.

*This product category includes products designed to contribute to the automation of equipment used in a wide range of industrial and consumer applications, programmable controllers, which act as the brains of machines and equipment, and automatic identification devices, which are used in retail, logistics, and various other areas.

【Safety & explosion protection】

Net sales fell 1,907 million yen year on year to total 6,260 million yen (down 23.4% year on year) due to a downturn in sales of safety components as demand decreased in major industries such as semiconductors and machine tools caused by the economic slowdown, particularly in the Chinese market.

*This product category includes safety components, such as emergency stop pushbutton switches, safety switches, and enabling devices, which protect the safety of industrial sites, as well as explosion-protection devices that prevent accidents at sites where explosive gases exist, such as oil and chemical plants.

【Systems】

Net sales dropped 194 million yen year on year to reach 1,969 million yen (down 9.0% year on year) due to a decrease in sales of control panels for semiconductor manufacturing facilities, logistics facilities, etc. in the Asia-Pacific region.

*This product category includes various systems custom-made with IDEC products according to customer needs as well as collaborative robot system solutions that combine safety components and safety technologies to create optimal systems.

【Others】

Net sales fell 95 million yen year on year to total 593 million yen (down 13.9% year on year) as a result of a decrease in demand for other system-related products in Japan.

*This product category includes mega-solar and photovoltaic power generation power management systems (renewable energy business), next-generation agricultural solutions, which are total solutions for agricultural plants using solar power, and ultra fine bubble generators, which are being researched for application in a wide range of fields.

(2) Explanation of financial position

(Assets, liabilities, and net assets)

Total assets at the end of the second quarter under review came to 109,044 million yen, an increase of 4,809 million yen since the end of the previous fiscal year. This uptick was mainly due to an increase of 2,860 million yen in property, plant and equipment and intangible assets, an increase of 2,056 million yen in inventories, and an increase of 681 million yen in trade receivables, despite a decrease of 1,019 million yen in cash and deposits.

Liabilities decreased 1,499 million yen from the end of the previous fiscal year to total 43,922 million yen. This was mainly due to a decrease of 718 million yen in borrowings and a decrease of 577 million yen in trade payables.

Net assets increased 6,308 million yen from the end of the previous fiscal year to reach 65,121 million yen mainly due to an increase of 4,698 million yen in foreign currency translation adjustments and an increase of 1,223 million yen in retained earnings.

(Cash flows)

Cash and cash equivalents at the end of the second quarter under review came to 15,131 million yen, an increase of 61 million yen since the end of the previous fiscal year.

Cash flows and main reasons for the results for the second quarter under review are as follows.

Net cash provided by operating activities was 2,401 million yen compared with 3,432 million yen in the same period of the previous fiscal year. This was mainly due to the recording of 4,558 million yen of profit before income taxes and 1,925 million yen of depreciation, in spite of the payment of 2,096 million yen of income taxes, a decrease of 1,141 million yen in trade payables, and an increase of 663 million yen in inventories.

Net cash used in investing activities was 204 million yen compared with 1,482 million yen in the same period of the previous fiscal year. This was mainly due to the disbursement of 1,295 million yen for acquisition of non-current assets and 429 million yen for acquisition of shares of subsidiary involving a change in the scope of consolidation, in spite of the proceeds of 1,396 million yen from refunds of time deposits.

Net cash used in financing activities was 2,850 million yen, compared with 2,301 million yen in the same period of the previous fiscal year. This was mainly due to the disbursement of 920 million yen through the repayment of loans and 1,894 million yen through the payment of dividends.

(4) Explanation of future forecast information such as consolidated financial results forecasts

We have revised our consolidated financial results forecasts for the fiscal year ending March 2024.

For details, please refer to "Notice Concerning Revision of Financial Results Forecasts" announced today.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	18,408	17,388
Notes and accounts receivable - trade, and contract assets	12,987	13,535
Electronically recorded monetary claims - operating	1,022	1,156
Merchandise and finished goods	11,777	13,182
Work in process	2,323	2,501
Raw materials and supplies	6,555	7,027
Other	1,466	1,932
Allowance for doubtful accounts	(23)	(36)
Total current assets	54,518	56,688
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,843	9,718
Machinery, equipment and vehicles, net	3,513	3,847
Tools, furniture and fixtures, net	1,727	1,820
Land	5,848	5,944
Leased assets, net	190	181
Right-of-use assets, net	1,754	1,721
Construction in progress	887	839
Total property, plant and equipment	23,766	24,074
Intangible assets		
Trademark right	2,411	2,548
Customer-related intangible assets	7,634	8,034
Software	1,138	1,331
Goodwill	11,636	12,375
Other	63	1,147
Total intangible assets	22,885	25,437
Investments and other assets		
Investment securities	601	406
Long-term loans receivable	49	16
Retirement benefit asset	318	317
Deferred tax assets	1,490	1,480
Other	641	657
Allowance for doubtful accounts	(36)	(35)
Total investments and other assets	3,065	2,844
Total non-current assets	49,717	52,356
Total assets	104,235	109,044

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,916	5,139
Electronically recorded obligations - operating	1,948	1,148
Short-term borrowings	5,000	5,000
Current portion of long-term borrowings	11,935	14,349
Lease liabilities	497	521
Accounts payable - other	1,040	598
Accrued expenses	2,969	2,939
Income taxes payable	1,911	1,291
Contract liabilities	686	735
Deposits received	156	166
Provision for product warranties	37	45
Other	959	1,402
Total current liabilities	32,059	33,339
Non-current liabilities		
Long-term borrowings	6,525	3,392
Lease liabilities	1,530	1,478
Deferred tax liabilities	3,007	2,986
Provision for retirement benefits for directors (and other officers)	50	54
Retirement benefit liability	1,557	1,523
Asset retirement obligations	120	122
Other	571	1,025
Total non-current liabilities	13,362	10,583
Total liabilities	45,422	43,922
Net assets		
Shareholders' equity		
Share capital	10,056	10,056
Capital surplus	9,397	9,543
Retained earnings	40,532	41,755
Treasury shares	(7,299)	(7,024)
Total shareholders' equity	52,687	54,331
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24	(25)
Foreign currency translation adjustment	5,787	10,485
Remeasurements of defined benefit plans	(33)	(34)
Total accumulated other comprehensive income	5,778	10,426
Share acquisition rights	347	364
Total net assets	58,813	65,121
Total liabilities and net assets	104,235	109,044

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	43,180	37,800
Cost of sales	24,173	21,345
Gross profit	19,006	16,454
Selling, general and administrative expenses	11,446	12,407
Operating profit	7,559	4,046
Non-operating income		
Interest and dividend income	31	70
Share of profit of entities accounted for using equity method	77	74
Foreign exchange gains	646	691
Other	134	170
Total non-operating income	889	1,006
Non-operating expenses		
Interest expenses	47	63
Derivative losses	80	155
Loss on valuation of derivatives	-	181
Other	179	122
Total non-operating expenses	307	523
Ordinary profit	8,140	4,530
Extraordinary income		
Gain on sale of non-current assets	4	10
Gain on sale of investment securities	-	62
Gain on reversal of share acquisition rights	30	3
Total extraordinary income	34	77
Extraordinary losses		
Loss on sale of non-current assets	4	2
Loss on abandonment of non-current assets	24	1
Loss on liquidation of business	-	45
Total extraordinary losses	28	49
Profit before income taxes	8,147	4,558
Income taxes - current	2,619	1,419
Income taxes - deferred	(128)	(35)
Total income taxes	2,490	1,383
Profit	5,656	3,174
Loss attributable to non-controlling interests	(37)	-
Profit attributable to owners of parent	5,694	3,174

(Consolidated Quarterly Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	5,656	3,174
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(50)
Foreign currency translation adjustment	4,221	4,698
Remeasurements of defined benefit plans, net of tax	(2)	(0)
Total other comprehensive income	4,211	4,647
Comprehensive income	9,868	7,822
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,905	7,822
Comprehensive income attributable to non-controlling interests	(37)	-

(3) Consolidated Quarterly Statements of Cash flow

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	8,147	4,558
Depreciation	1,720	1,925
Loss on liquidation of business	-	45
Loss (gain) on sale of investment securities	-	(62)
Amortization of goodwill	432	484
Increase (decrease) in allowance for doubtful accounts	3	9
Increase (decrease) in net defined benefit asset and liability	(78)	(59)
Interest and dividend income	(31)	(70)
Interest expenses	47	63
Foreign exchange losses (gains)	(230)	(490)
Share of loss (profit) of entities accounted for using equity method	(77)	(74)
Increase (decrease) in provision for product warranties	(2)	3
Loss (gain) of derivatives	32	316
Loss (gain) on sale of non-current assets	(0)	(8)
Loss on abandonment of non-current assets	24	1
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(2,019)	433
Decrease (increase) in inventories	(2,468)	(663)
Increase (decrease) in Contract liabilities	7	7
Decrease (increase) in accounts receivable - other	88	(42)
Increase (decrease) in trade payables	903	(1,141)
Increase (decrease) in accounts payable - other	(122)	(293)
Increase (decrease) in accrued expenses	151	(30)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	75	(63)
Increase (decrease) in deposits received	1	9
Other, net	(271)	(384)
Subtotal	6,334	4,473
Interest and dividends received	56	89
Interest paid	(48)	(64)
Income taxes paid	(2,910)	(2,096)
Net cash provided by (used in) operating activities	3,432	2,401

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from investing activities		
Payments into time deposits	(2,546)	(1,425)
Proceeds from withdrawal of time deposits	2,278	2,821
Purchase of property, plant and equipment	(1,079)	(914)
Proceeds from sale of property, plant and equipment	12	26
Purchase of intangible assets	(109)	(380)
Purchase of investment securities	(140)	(57)
Proceeds from sale of investment securities	0	85
Proceeds from collection of long-term loans receivable	33	31
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(429)
Other, net	69	37
Net cash provided by (used in) investing activities	(1,482)	(204)
Cash flows from financing activities		
Proceeds from short-term borrowings	11,600	14,000
Repayments of short-term borrowings	(11,400)	(14,000)
Proceeds from long-term borrowings	200	200
Repayments of long-term borrowings	(990)	(1,120)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,734)	(1,894)
Repayments of lease liabilities	(226)	(315)
Other, net	249	279
Net cash provided by (used in) financing activities	(2,301)	(2,850)
Effect of exchange rate change on cash and cash equivalents	669	653
Net increase (decrease) in cash and cash equivalents	317	0
Cash and cash equivalents at beginning of period	15,203	15,070
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	-	61
Cash and cash equivalents at end of period	15,521	15,131

(4) Notes on the Consolidated Quarterly Financial Statements

[Notes - Uncertainties of entity's ability to continue as going concern]

No items to report

[Notes - When there are significant changes in amounts of equity]

No items to report

[Notes - Accounting treatments specific to quarterly financial statements]

(Calculation of Income tax expense)

Some consolidated subsidiaries, the effective tax rates (after applying tax effect accounting) expected to be imposed on their income before income taxes applicable to the tax year in which this second quarter is included were estimated based on reasonable assumptions. Tax expenses for this second quarter were then calculated by multiplying the income before income taxes of respective subsidiaries for the quarter by the estimated effective tax rates.

[Notes - Additional information]

(Change in items related to fiscal years of consolidated subsidiaries)

From the current first quarter consolidated accounting period, 13 APEM group companies have changed their closing date from December 31st to March 31st when preparing consolidated financial statements.

Due to this change in the settlement date, the profit and loss for the three months from January 1, 2023 to March 31, 2023 are adjusted and consolidated as an decrease of 49 million yen in retained earnings.

(Business Combinations)

Business combination through acquisition

1. Overview of the business combination

(1) Name of the acquired entity and the details of its businesses

Name of the acquired entity ez-Wheel SAS

Businesses Development, manufacture and sale of electric-assisted wheels and safety autonomous driving wheels

(2) Main reasons for the business combination

ez-Wheel SAS, a manufacturer of electric-assisted wheels and safety autonomous driving wheels, is an innovative technology company with "Developing simpler, safer ways to transport goods and people" as their mission. They developed the world's first self-propelled wheels in 2010 and the world's first safety autonomous driving wheels in 2021. Demand for robots is expanding in response to rapidly advancing automation and labor shortages and an aging workforce on a global scale, and the use of AGVs (Automated Guided Vehicle) and AMRs (Autonomous Mobile Robot) is expanding in various industries. Annual growth is expected to be 25% in the coming years. Under these circumstances, since the launch in Japan, they have received inquiries from a wide variety of customers, particularly major automobile manufacturers, and we have determined that their businesses will have a significant synergy effect for the expansion of solution sales, which we are currently promoting in the medium-term management plan.

(3) Date of the business combination

August 1, 2023

(4) Legal form of the business combination

Acquisition of shares for cash

(5) Name of the entity after the combination

No change.

(6) Percentage of voting rights acquired

80%

(7) Main rationale for determining the acquiring entity

MMI Technologies SAS, a consolidated subsidiary of the Company, acquired shares in exchange for cash.

2. Period of financial results of the acquired entity included in the quarterly consolidated statement of income for the consolidated cumulative quarter

From August 1, 2023 to September 30, 2023

3. Breakdown of acquisition cost and consideration of acquired entity by type

Consideration for acquisition	Cash and deposits	2,832 thousand EUR
Acquisition cost		2,832

4. Amount, cause, amortization method, and amortization period of goodwill generated

(1) Amount of goodwill generated

778 thousand EUR

(2) Cause

It has been generated from future excess revenue expected from future business development.

(3) Amortization method and amortization period

Straight-line method over 10 years

[Notes - Segment information, etc.]

[Segment Information]

I Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

1. Disclosure of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments					Adjustments	Consolidated total
	Japan	Americas	EMEA	Asia Pacific	Total		
Net Sales							
Revenue from Contracts with Customers	19,627	7,781	6,909	8,862	43,180	-	43,180
Other income	-	-	-	-	-	-	-
Revenues from external customers	19,627	7,781	6,909	8,862	43,180		43,180
Transactions with other segments	5,716	278	1,149	5,360	12,504	(12,504)	-
Total	25,344	8,059	8,058	14,222	55,685	(12,504)	43,180
Segment profit	3,759	1,337	513	2,057	7,668	(108)	7,559

(Notes)1. Adjustments of segment profit (108) million yen represents intersegment transactions.

2. Segment profit has been adjusted to be consistent with the operating profit reported in the consolidated statements of income.

3. These are mainly performance obligations that are satisfied at a point in time, but some performance obligations are satisfied over a period of time.

The amounts recognized as performance obligations satisfied over time are insignificant.

II Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

1. Disclosure of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments					Adjustments	Consolidated total
	Japan	Americas	EMEA	Asia Pacific	Total		
Net Sales							
Revenue from Contracts with Customers	16,682	7,372	7,661	6,083	37,800	-	37,800
Other income	-	-	-	-	-	-	-
Revenues from external customers	16,682	7,372	7,661	6,083	37,800	-	37,800
Transactions with other segments	4,313	484	1,286	4,578	10,663	(10,663)	-
Total	20,995	7,857	8,948	10,662	48,464	(10,663)	37,800
Segment profit	1,778	944	320	1,018	4,062	(15)	4,046

(Notes)1. Adjustments of segment profit (15) million yen represents intersegment transactions.

2. Segment profit has been adjusted to be consistent with the operating profit reported in the consolidated statements of income.

3. These are mainly performance obligations that are satisfied at a point in time, but some performance obligations are satisfied over a period of time.

The amounts recognized as performance obligations satisfied over time are insignificant.

3. Supplementary Information

(1) Summary of consolidated performance

① Six months ended September 30, 2022 and September 30, 2023

(Millions of yen, %)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	Second quarter	YoY	Full year	YoY	Second quarter	YoY	Full year (Forecast)	YoY
Net sales	43,180	123.9	83,869	118.5	37,800	87.5	75,000	89.4
Operating profit	7,559	155.8	14,060	145.4	4,046	53.5	8,650	61.5
Ordinary profit	8,140	162.1	14,403	138.5	4,530	55.7	9,150	63.5
Profit attributable to owners of parent	5,694	161.4	10,144	128.5	3,174	55.8	6,350	62.6

② Quarterly trends

(Millions of yen)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Net sales	20,157	23,022	20,927	19,761	18,180	19,620	-	-
Operating profit	3,153	4,406	3,871	2,629	1,665	2,381	-	-
Ordinary profit	3,562	4,577	3,523	2,738	2,022	2,507	-	-
Profit attributable to owners of parent	2,555	3,138	2,305	2,145	1,467	1,706	-	-

(2) Net sales by products

① Six months ended September 30, 2022 and September 30, 2023

(Millions of yen, %)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	Second quarter	YoY	Full year	YoY	Second quarter	YoY	Full year (Forecast)	YoY
HMI	18,381	121.2	35,760	115.8	17,434	94.9	34,800	97.3
Industrial relays & components	8,521	126.7	15,476	113.6	6,165	72.3	12,000	77.5
Automation & sensing	5,256	121.5	10,327	122.0	5,377	102.3	10,900	105.5
Safety & explosion protection	8,168	131.0	16,282	128.1	6,260	76.6	12,500	76.8
Systems	2,163	123.3	4,848	129.5	1,969	91.0	3,600	74.3
Others	688	106.8	1,174	86.1	593	86.1	1,200	102.2
Total	43,180	123.9	83,869	118.5	37,800	87.5	75,000	89.4

②Quarterly trends

(Millions of yen)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
HMI	8,880	9,500	8,919	8,459	8,594	8,839	-	-
Industrial relays & components	4,002	4,519	3,684	3,270	2,948	3,216	-	-
Automation & sensing	2,158	3,097	2,320	2,749	2,341	3,036	-	-
Safety & explosion protection	3,841	4,326	4,321	3,792	3,104	3,156	-	-
Systems	950	1,213	1,413	1,271	911	1,058	-	-
Others	323	365	268	217	280	313	-	-
Total	20,157	23,022	20,927	19,761	18,180	19,620	-	-

(3)Net sales by regions

①Six months ended September 30, 2022 and September 30, 2023

(Millions of yen, %)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	Second quarter	YoY	Full year	YoY	Second quarter	YoY	Full year (Forecast)	YoY
Japan	17,264	117.8	34,519	111.7	14,272	82.7	28,100	81.4
Overseas								
Americas	7,731	135.0	15,672	135.9	7,331	94.8	-	-
EMEA	6,929	116.0	13,466	114.6	7,689	111.0	-	-
Asia Pacific	11,255	132.3	20,210	121.7	8,507	75.6	-	-
Total Overseas	25,916	128.3	49,349	123.7	23,528	90.8	46,900	95.0
Total	43,180	123.9	83,869	118.5	37,800	87.5	75,000	89.4

②Quarterly trends

(Millions of yen)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Japan	8,319	8,944	8,630	8,625	6,681	7,591	-	-
Overseas								
Americas	3,457	4,273	4,283	3,657	3,707	3,624	-	-
EMEA	3,314	3,615	3,183	3,353	3,776	3,913	-	-
Asia Pacific	5,065	6,189	4,829	4,125	4,015	4,492	-	-
Total Overseas	11,837	14,078	12,296	11,136	11,498	12,029	-	-
Total	20,157	23,022	20,927	19,761	18,180	19,620	-	-

(4) Orders received and orders backlog

(Millions of yen, %)

	Second quarter of fiscal year ending March 31, 2023				Second quarter of fiscal year ending March 31, 2024			
	Orders received	YoY	Orders backlog	YoY	Orders received	YoY	Orders backlog	YoY
Japan	19,581	85.2	17,940	144.1	12,308	62.9	9,140	50.9
Americas	9,390	126.8	6,635	188.5	5,749	61.2	3,233	48.7
EMEA	7,974	93.8	8,229	138.9	7,402	92.8	9,340	113.5
Asia Pacific	6,647	78.5	5,411	112.7	5,003	75.3	3,005	55.5
Total	43,593	92.1	38,218	143.2	30,463	69.9	24,720	64.7

(5) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Cash flows from operating activities	(158)	3,590	479	3,097	(414)	2,816	-	-
Cash flows from investing activities	(602)	(879)	(1,146)	(481)	78	(282)	-	-
Cash flows from financing activities	(1,917)	(384)	(1,434)	(666)	(2,327)	(523)	-	-
Cash and cash equivalents	13,039	15,521	13,019	15,070	12,969	15,131	-	-

(6) Capital expenditure

(Millions of yen, %)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	Second quarter	YoY	Full year	YoY	Second quarter	YoY	Full year (Forecast)	YoY
Consolidated	1,880	165.7	4,088	163.3	1,442	76.7	4,200	102.7

(7) Depreciation and amortization expense

(Millions of yen, %)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	Second quarter	YoY	Full year	YoY	Second quarter	YoY	Full year (Forecast)	YoY
Consolidated	1,720	106.3	3,544	108.6	1,925	111.9	3,900	110.0

(8) R&D expense

(Millions of yen, %)

	Fiscal year ended March 31, 2023				Fiscal year ended March 31, 2024			
	Second quarter	Sales Ratio	Full year	Sales Ratio	Second quarter	Sales Ratio	Full year (Forecast)	Sales Ratio
Consolidated	1,448	3.4	2,958	3.5	1,399	3.7	3,100	4.1