



Think Automation and beyond...

Financial Results for the First Half FY2025 (April 1, 2024 to September 30, 2024)

November 1, 2024
IDEC CORPORATION
Securities code : 6652



Net Sales

■ Net Sales JPY33.1 billion (YoY -12.5%)

- Sales decreased due to the impact of distribution inventory adjustment in Japan.
- Sales decreased due to the dropped demands of major industries in EMEA and the impact of economic slowdown in the Chinese economy, respectively.

Profit

■ Operating Profit JPY1.6 billion (YoY -61.7%)

■ Ordinary Profit JPY1.5 billion (YoY -67.7%)

■ Net Profit* JPY1.3 billion (YoY -59.6%)

*Profit attributable to owners of parent

- Profits also declined due to factors such as a decline in sales.

Dividend

■ Interim Dividend JPY65 (same as the 1H of last year)

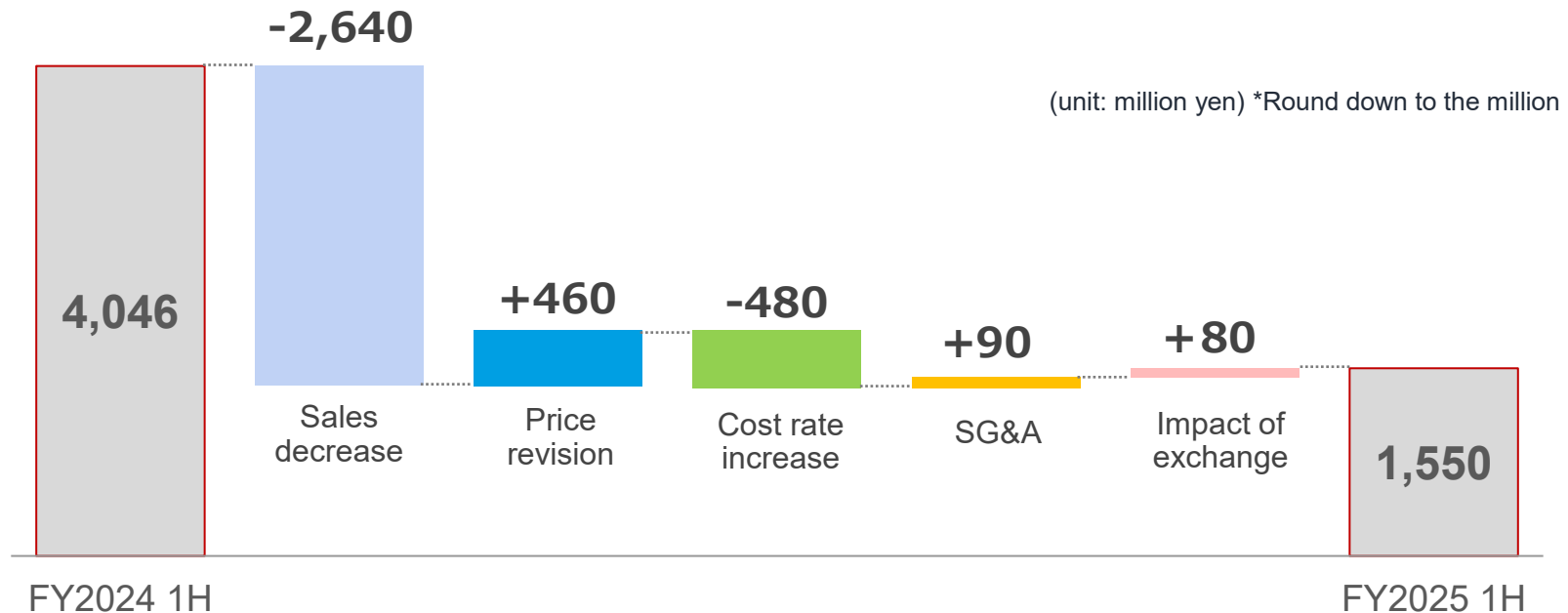
Consolidated performance [Consolidated statement of income] -1



(Unit: million yen) *Round down to the millions	FY2024 1H		FY2025 1H		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	37,800	100.0%	33,088	100.0%	-12.5%
Gross profit	16,454	43.5%	14,387	43.5%	-12.6%
SG&A	12,407	32.8%	12,837	38.8%	+3.5%
Operating profit	4,046	10.7%	1,550	4.7%	-61.7%
Ordinary profit	4,530	12.0%	1,463	4.4%	-67.7%
Profit attributable to owners of parent	3,174	8.4%	1,281	3.9%	-59.6%
Basic earnings per share (JPY)	108.30	—	43.50	—	-64.80
Average exchange rate for USD	141.06		152.77		+11.71
Average exchange rate for EUR	153.45		166.05		+12.60
Average exchange rate for CNY	19.75		21.16		+1.41

Changing factors of consolidated operating profit

- Despite positive effects of price revisions, operating profit **decreased by approx. 2.5 billion yen** YoY due to the decrease in high-profitable sales of Japan and the impact of the increase in cost rate.



Consolidated performance [Consolidated income statement] -2



- As high-profitable sales of Japan recovered, operating profit margin improved compared to the 1Q.

(Unit: million yen) ※Round down to the millions	FY024						FY2025				
	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	19,620	100.0%	16,540	100.0%	18,370	100.0%	15,962	100.0%	17,126	100.0%	-12.7%
Gross profit	8,553	43.6%	6,848	41.4%	7,716	42.0%	6,861	43.0%	7,526	43.9%	-12.0%
SG&A	6,172	31.5%	6,244	37.8%	6,090	33.2%	6,589	41.3%	6,248	36.5%	+1.2%
Operating profit	2,381	12.1%	603	3.6%	1,625	8.9%	272	1.7%	1,278	7.5%	-46.3%
Ordinary profit	2,507	12.8%	532	3.2%	1,858	10.1%	494	3.1%	969	5.7%	-61.3%
Profit attributable to owners of parent	1,706	8.7%	263	1.6%	969	5.3%	300	1.9%	980	5.7%	-42.6%
Basic earnings per share (JPY)	58.14	—	8.86	—	32.94	—	10.21	—	33.29	—	-24.85

Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2024 1H	FY2025 1H	YoY
Japan	14,272 (37.8%)	11,138 (33.7%)	-22.0%
Overseas	23,528 (62.2%)	21,950 (66.3%)	-6.7%
Americas	7,331 (19.4%)	7,100 (21.5%)	-3.1%
EMEA (Europe, Middle East, Africa)	7,689 (20.3%)	7,568 (22.9%)	-1.6%
Asia Pacific	8,507 (22.5%)	7,281 (22.0%)	-14.4%
Total	37,800 (100.0%)	33,088 (100.0%)	-12.5%

Japan

YoY **-22.0%**

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

Overseas

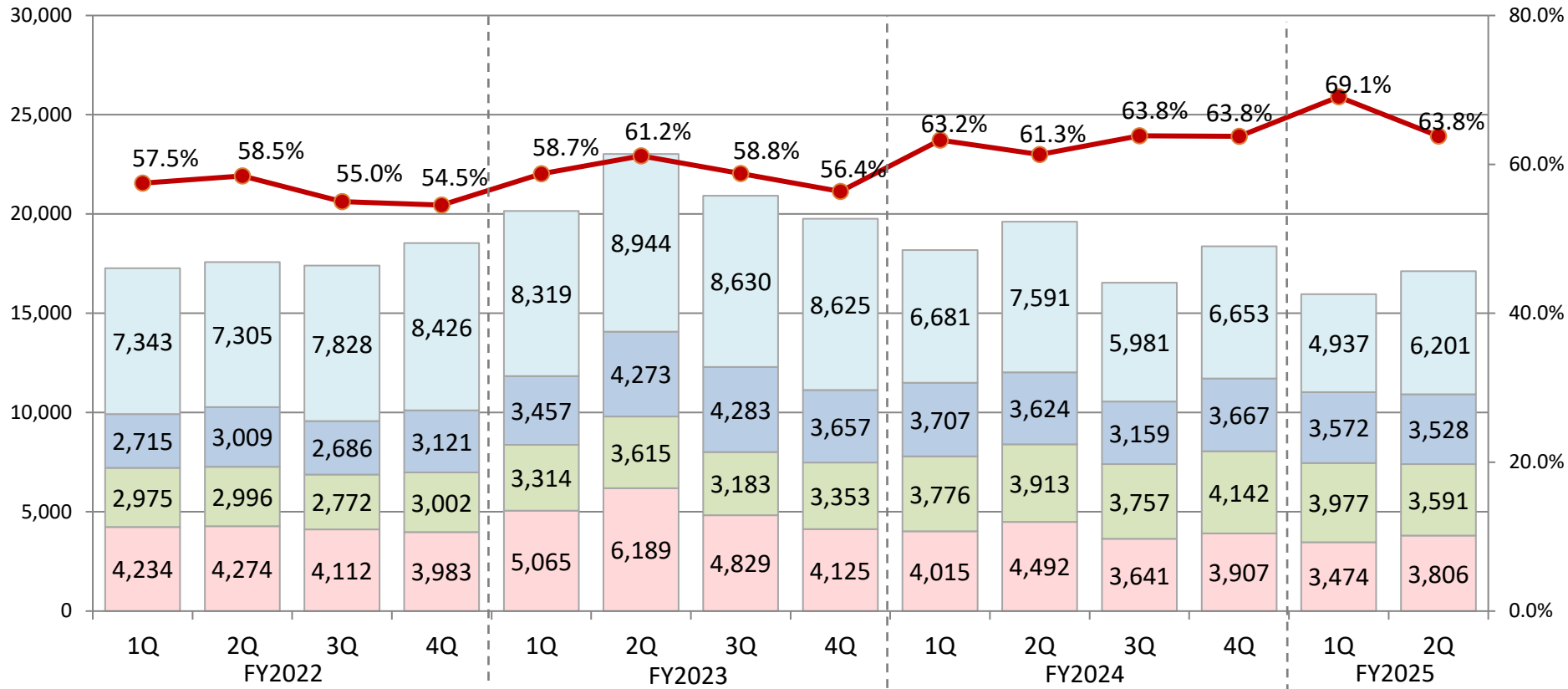
YoY **-6.7%**

- Although the distribution stock in Americas has become stable to a certain level, sales decreased YoY.
- In EMEA, demands of major industries dropped due to the impact of slow economy and geopolitical risks.
- In Asia Pacific, sales decreased due to the economic slowdown of Chinese economy.

Sales by regions (per quarter transition)

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

Asia Pacific EMEA Americas Japan Overseas Ratio



Sales by products

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2024 1H	FY2025 1H	YoY
HMI	17,434 (46.1%)	16,378 (49.5%)	-6.1%
Industrial Relays & Components	6,165 (16.3%)	5,487 (16.6%)	-11.0%
Automation & Sensing	5,337 (14.2%)	4,174 (12.6%)	-22.4%
Safety & Explosion Protection	6,260 (16.6%)	5,206 (15.7%)	-16.8%
Systems	1,969 (5.2%)	1,534 (4.6%)	-22.1%
Others	593 (1.6%)	308 (1.0%)	-48.0%
Total	37,800 (100.0%)	33,088 (100.0%)	-12.5%

HMI (Human-Machine Interface)

Sales of switches and operator interfaces decreased due to the continuous distribution inventory adjustment, especially in Japan.

Industrial Relays & Components

Sales of control relays decreased in main China.

Automation & Sensing

Sales of programmable logic controllers decreased mainly in Americas, and the overall sales also decreased.

Safety & Explosion Protection

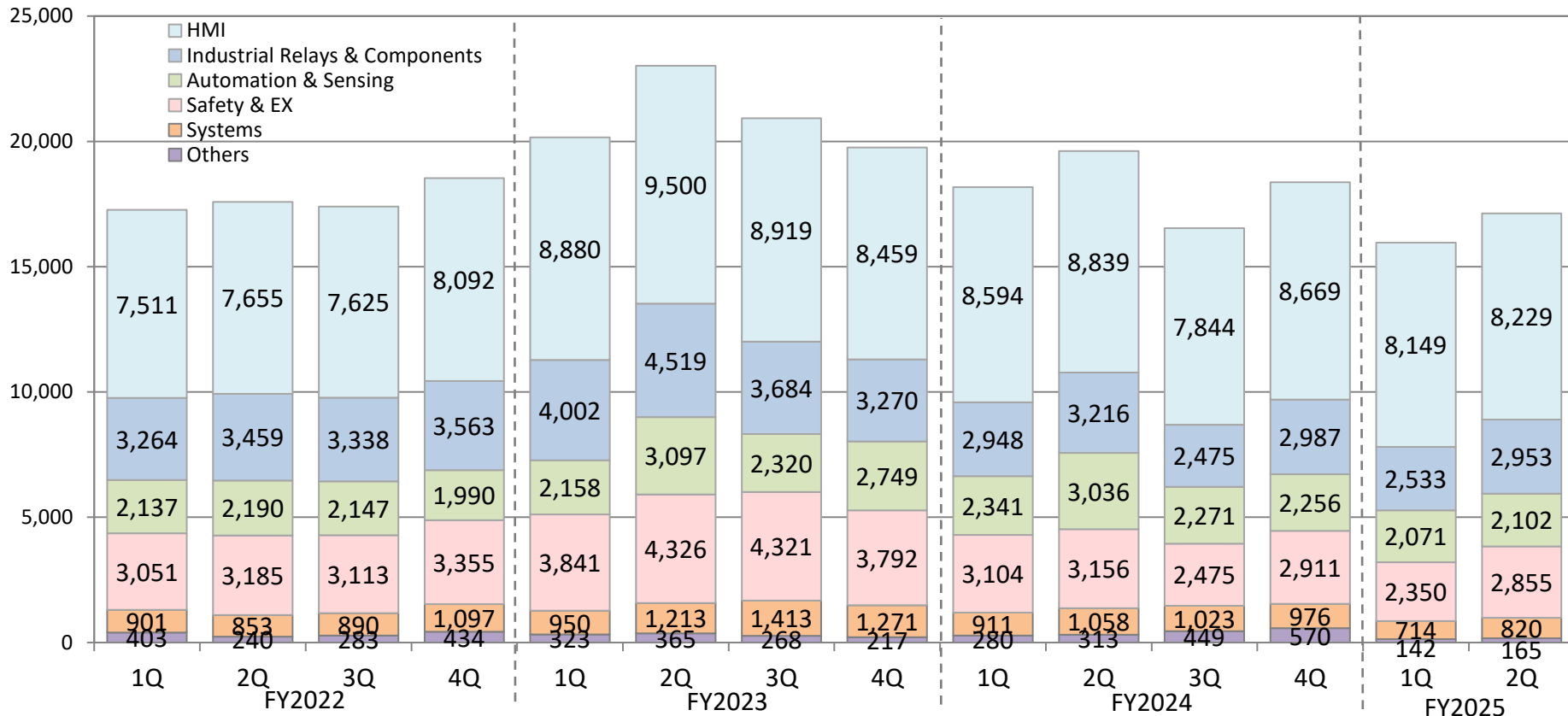
Sales of safety-related products decreased due to the distribution inventory adjustment mainly in Japanese and Chinese markets and lower demands from major industries including semiconductor and machine tool industries.

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	FY2024 1H		FY2025 1H			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	12,308	9,140	13,104	+6.5%	6,757	-26.1%
Americas	5,749	3,233	6,772	+17.8%	2,611	-19.2%
EMEA (Europe, Middle East, Africa)	7,402	9,340	7,198	- 2.8%	7,370	-21.1%
Asia Pacific	5,003	3,005	5,367	+7.3%	2,585	-13.9%
Total	30,463	24,720	32,442	+6.5%	19,325	-21.8%

Orders received (per quarter transition)

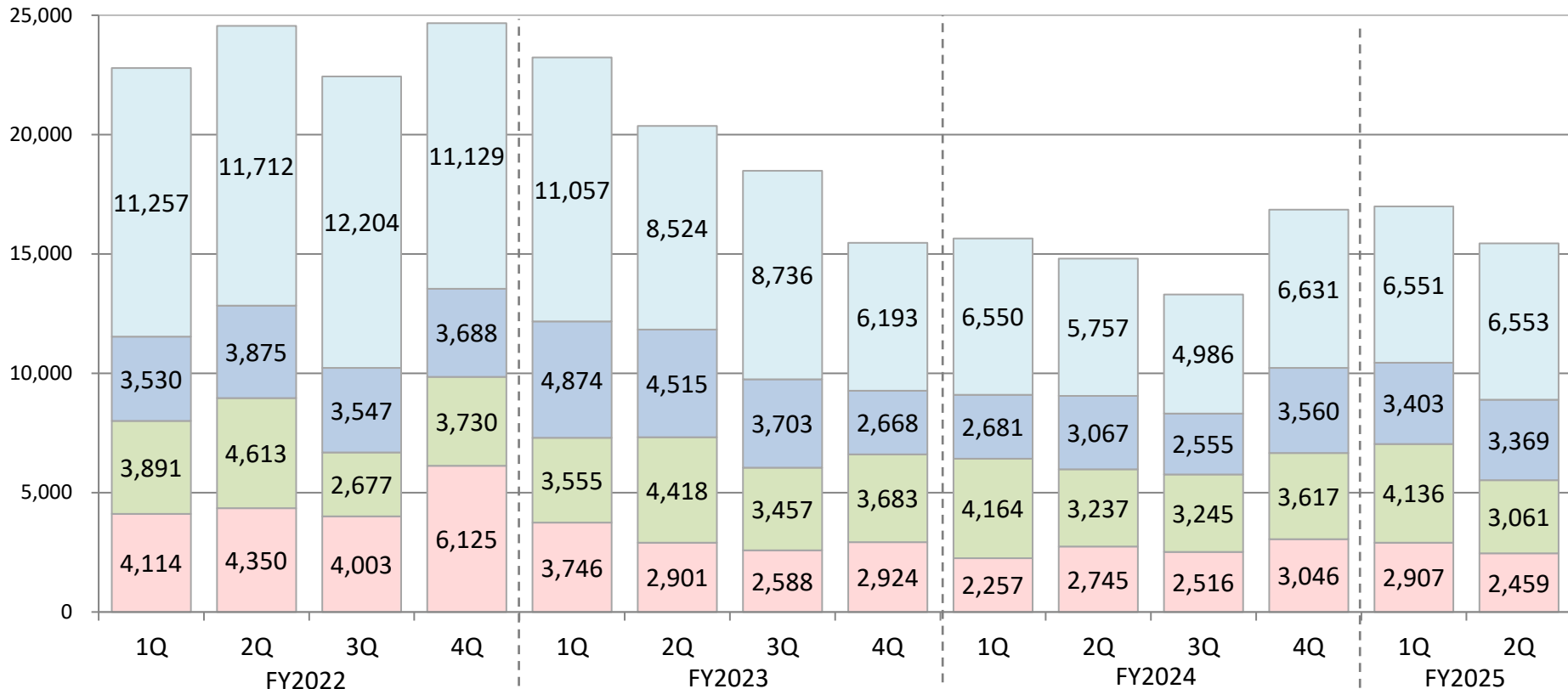
- EMEA has been impacted by the worsening market in Germany and France, and Asia Pacific has been affected by a decline in orders from OEMs. The order situation is more severe than initially expected.

(Unit: million yen) *Round down to the millions	FY2024						FY2025			
	2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		2Q (Jul. to Sep.)	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Japan	5,757	9,140	4,986	7,012	6,631	6,135	6,551	7,013	6,553	6,757
Americas	3,067	3,233	2,555	2,771	3,560	2,853	3,403	2,750	3,369	2,611
EMEA (Europe, Middle East, Africa)	3,237	9,340	3,245	8,641	3,617	7,993	4,136	8,038	3,061	7,370
Asia Pacific	2,745	3,005	2,516	3,058	3,046	2,988	2,907	3,205	2,459	2,585
Total	14,808	24,720	13,305	21,485	16,856	19,971	16,999	21,008	15,443	19,325

Orders received (per quarter transition)

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

Asia Pacific EMEA Americas Japan



Highlights of assets

- Total assets decreased by 4.89 billion yen from the end of the previous period due to increase in cash and deposits fixed assets, while trade receivables, fixed assets and inventory assets decreased.

Highlights of liabilities

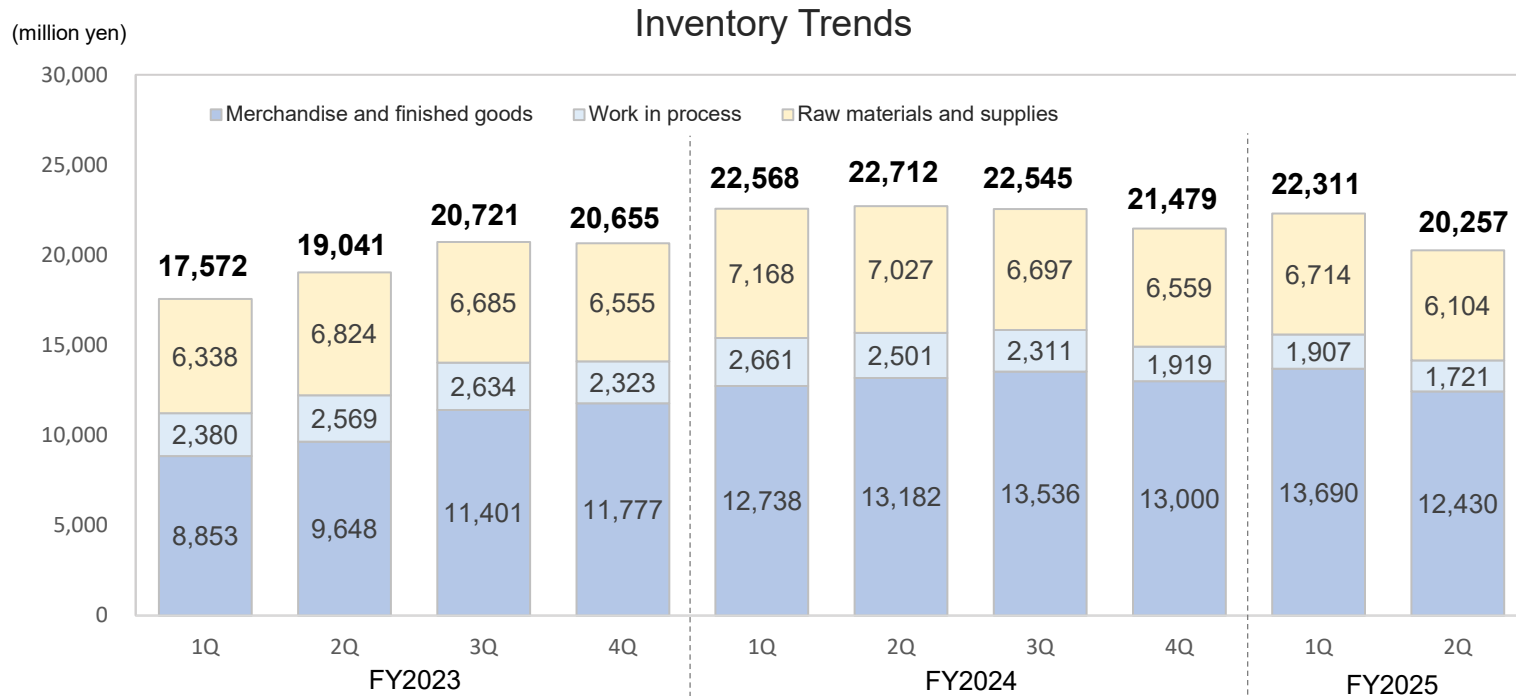
- Liabilities decreased by 3.13 billion yen from the end of previous period due to decrease in loans payable, deferred tax liability and trade payables.

Highlights of net assets

- Net assets decreased by 1.75 billion yen from the end of previous period due to decrease in foreign currency translation adjustment, etc.

(Unit: million yen) *Round down to the millions	FY2024 (previous FY)	FY2025 (end of September)	YoY
Current asset	54,921	51,816	-3,105
Non-current asset	52,217	50,436	-1,780
Current liabilities	23,830	20,650	-3,180
Non-current liabilities	17,301	17,348	+47
Total net assets	66,006	64,253	-1,753
Total liabilities and net assets	107,138	102,252	-4,886
Equity-to-asset ratio	61.2%	62.3%	+1.1%

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



Cash Flows by operation activities

- It was approx. 6.74 billion yen due to decrease in trade receivables and contract assets.

Cash Flows by investing activities

- It was approx. -1.08 billion yen due to acquisition of tangible fixed assets, etc.

Cash Flows by financing activities

- It was -4.25 billion yen due to repayment of borrowings and expenses including dividends.

(Unit: million yen) *Round down to the millions	FY2024 1H	FY2025 1H	YoY
CF from operation activities	2,401	6,741	+4,339
CF from investing activities	-204	-1,082	-878
Free cash flows (FCF)	2,197	5,658	+3,460
CF from financing activities	-2,850	-4,250	-1,399
Cash and cash equivalents at end of period	15,131	16,131	+999
Capital expenditures	1,442	1,980	+538
Depreciation and amortization	1,925	2,037	+111

Initiatives for Structural Reform
Revision of full-year earnings forecast
for FY2025

■ We will push our structural reforms to reborn a new IDEC, reflecting on the past

Former

- Disruptions to the global supply chain after COVID-19 and rapid changes in market trends caused distribution inventory and our own inventory to increase, adversely affecting business performance.

FY2025

(Structural reform period)

- Reform of the existing business structure and management base to advance the structural reform toward the "new IDEC."
- Reorganization of business to focus on core businesses, restructuring of sites to improve efficiency, and optimization of personnel and inventory.

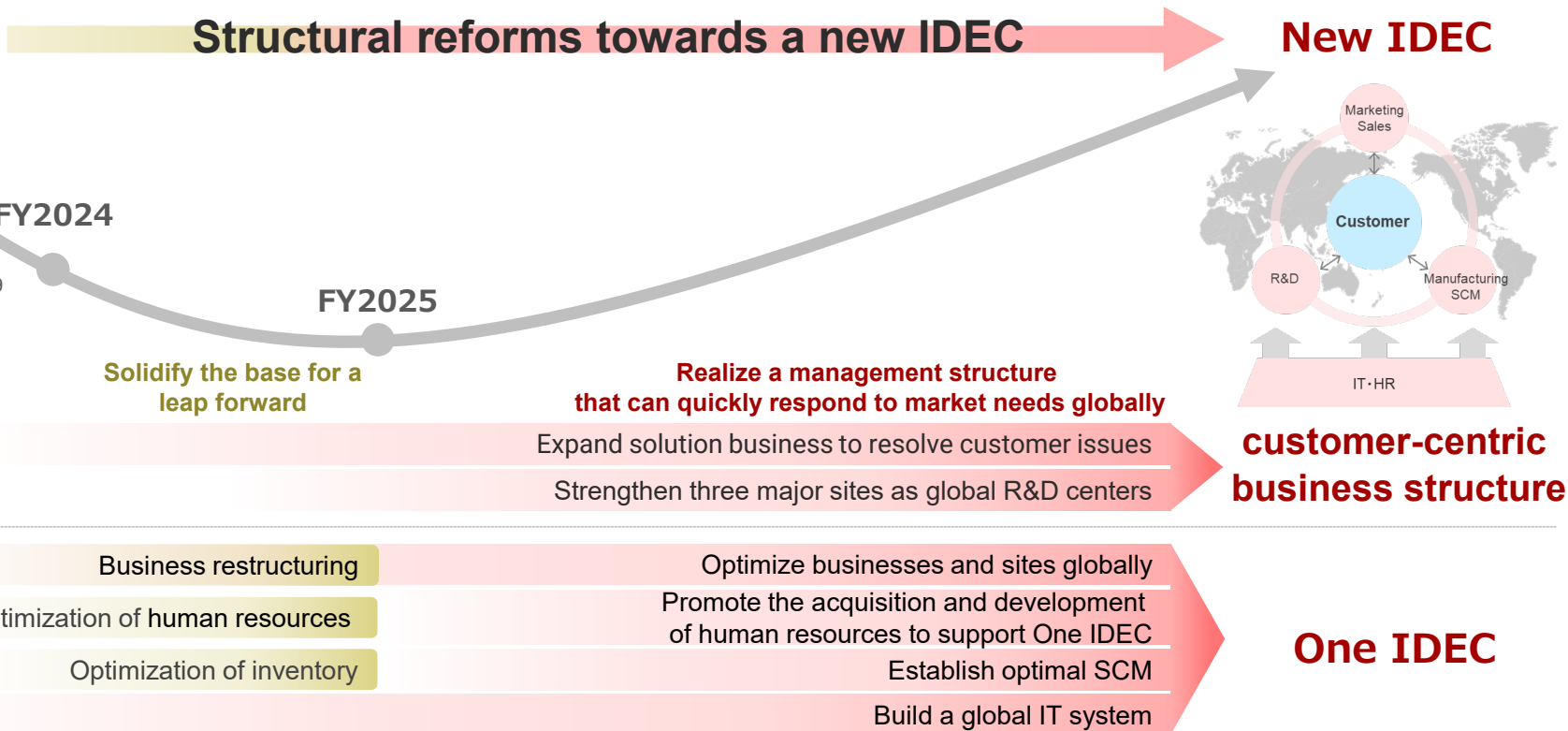
New IDEC

- Improve response capacity to market changes by **shifting to a customer-centric business structure.**
- **Build a management base to achieve One IDEC** and allocate the right management resources to the right positions.

Roadmap to achieve a new IDEC



■ Implement company-wide structural reforms to achieve a new IDEC



■ Become a true solution provider that solves customer issues



1 Strengthen our focus industries and application teams

- Promote marketing activities to build a solution model that can be deployed horizontally for specific industries and applications.
- Build a cross-functional team structure to handle global and local expansion.

2 Strengthen the product marketing team

- Promote commercialization of key components to realize solutions that resolve customer issues.
- Improve product profitability and strengthen product differentiation.

3 Strengthen a solution business

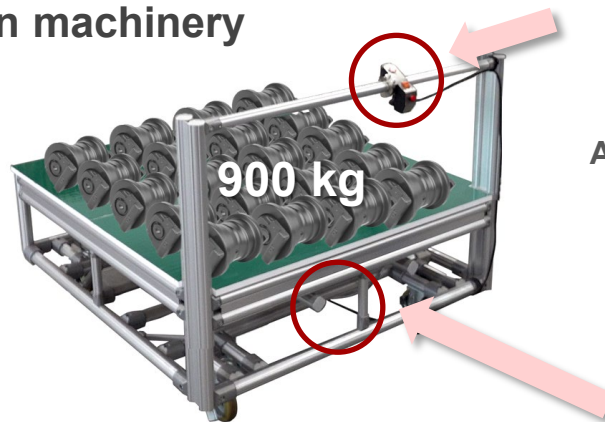
- Capture industrial markets through a selection project structure centered on ez-Wheel products and radar sensors etc. that have a competitive advantage and can provide added value such as reducing development costs and time.
- Realize speedy customer responses by integrating sales, technology, and marketing.

4 Create a consulting services business

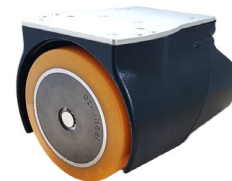


■ Manufacturing lines of construction machinery

The process of assembling parts



Assist Wheel Drive Controller



Assist Wheel Drive (AWD)

【Issues】

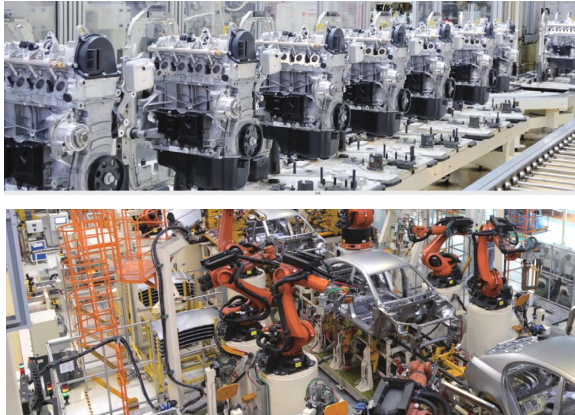
- Cart + Parts = Total weight 900 kg
- 18-hour operation per day
- The harsh working conditions including manually transporting a 900kg cart day and night, leading to workers quitting and unstable operations.



【Solution that resolved issues】

- The adoption of AWD with all-in-one functions enabled the cart motorized easily, significantly reducing the burden on workers and stabilizing employment.
- We proposed the optimal system configuration to maximize operation rate, which realized the maximum efficiency with the minimum system.

■ Production lines for manufacturing automobiles: A process of transporting parts



【Issues】

- Mandatory compliance with international safety standards to avoid traffic jams with multiple AGVs/AMRs.
- The customization for specific carts specialized for transporting automotive parts are required.

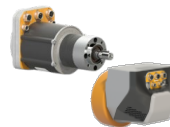
【Solution that resolved issues】

- The adoption of the IDEC's original navigation software "ez-way" improved operational efficiency. The safety system, that centered on SWD is complied with the international safety standards.
- Creation on the assumption of in-process transport on production lines shorten man-hour for development significantly. Simple system configurations realized optimized customizations for applications.

■ We go for a true solution provider that resolves customer issues

The need for in-house development of AGVs and AMRs

ez-Wheel's safe wheel drive



The need for detect invisible things
IDEC ALPS Technologies sensor



The need for entrance and exit management, authorization authentication
RFID reader



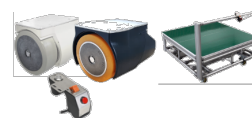
Needs for contactless
Touchless switch



HMI-X [Transformation]



Labor-saving needs for cart
Emergency stop assist system



The need to stop collaborative robots before they come into conflict with people

ANSHIN sensor



The need for remote shutdown
Emergency stop assist system

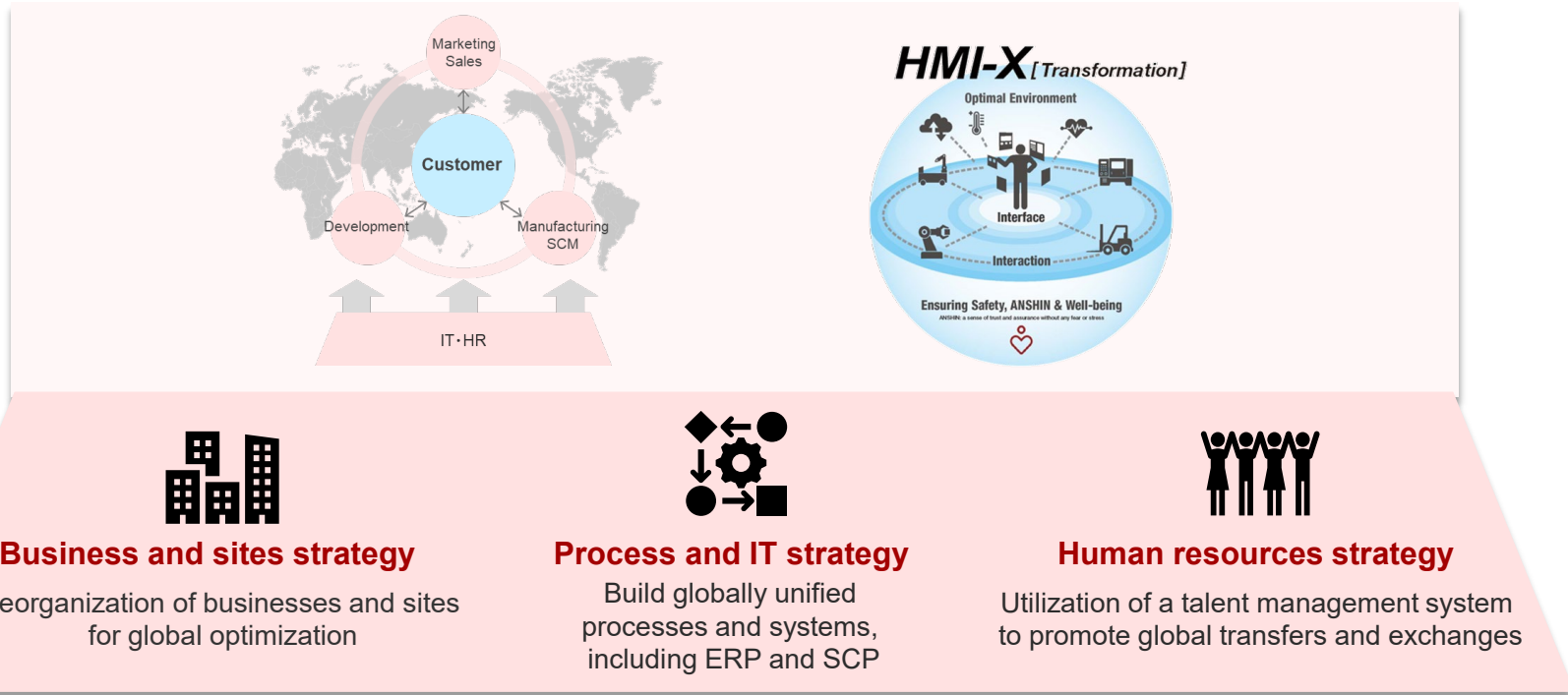


The need for safe tablets
Safety commander



Build a management base to realize One IDEC and allocate management resources in the right positions

- Accelerate business/sites, process/IT, and human resources strategies as One IDEC to support the “conversion to a customer-centric business structure”



■ Reorganization of non-core businesses of the IDEC Group

● Transfer of solar power generation business:

Scheduled to close on March 31, 2025 (contract signed in November 2024)

- ✓ From the perspective of synergy with our main business, we will transfer our solar power generation business (IDEC Systems & Controls Corporation) to Tokyo Gas Engineering Solutions Corporation and focus on businesses where we can better utilize our strengths.

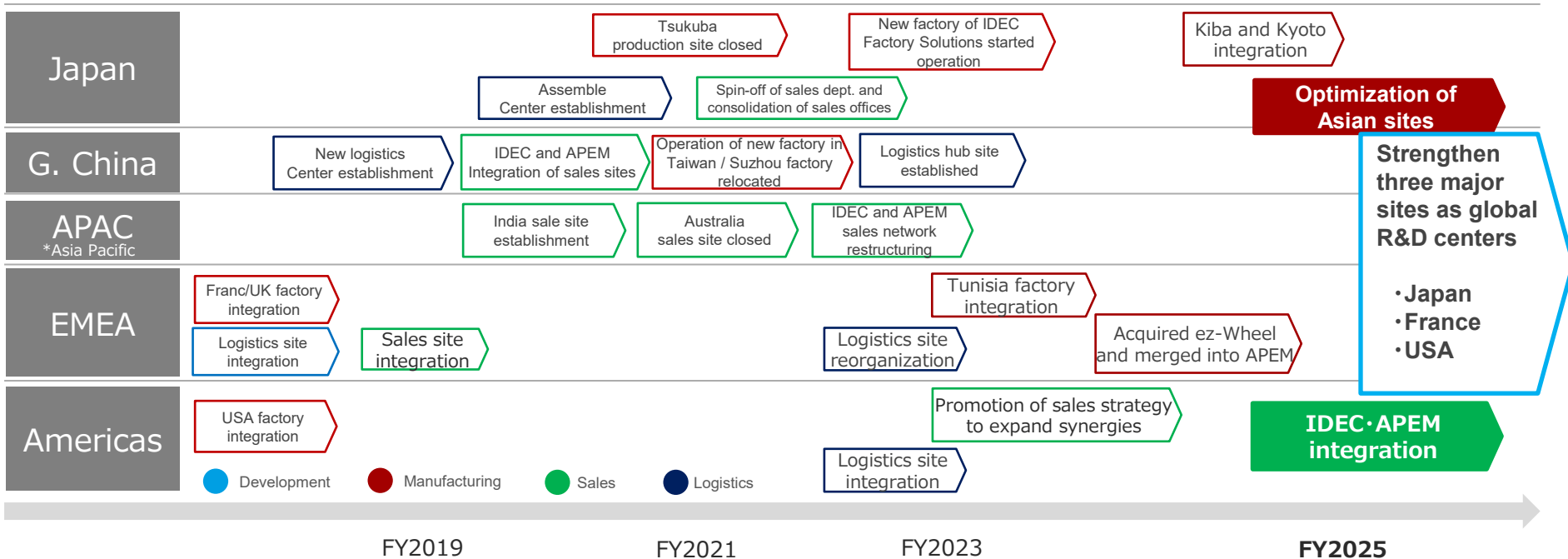
● Fine bubble business succession: July 2024

- ✓ The fine bubble business that we have been working on so far is difficult to commercialize, and we cannot expect synergies with our main business, so we have succeeded the business to IFB Technologies Co., Ltd. on the premise of business spin out.

Business site strategy: Global optimal placement of sites



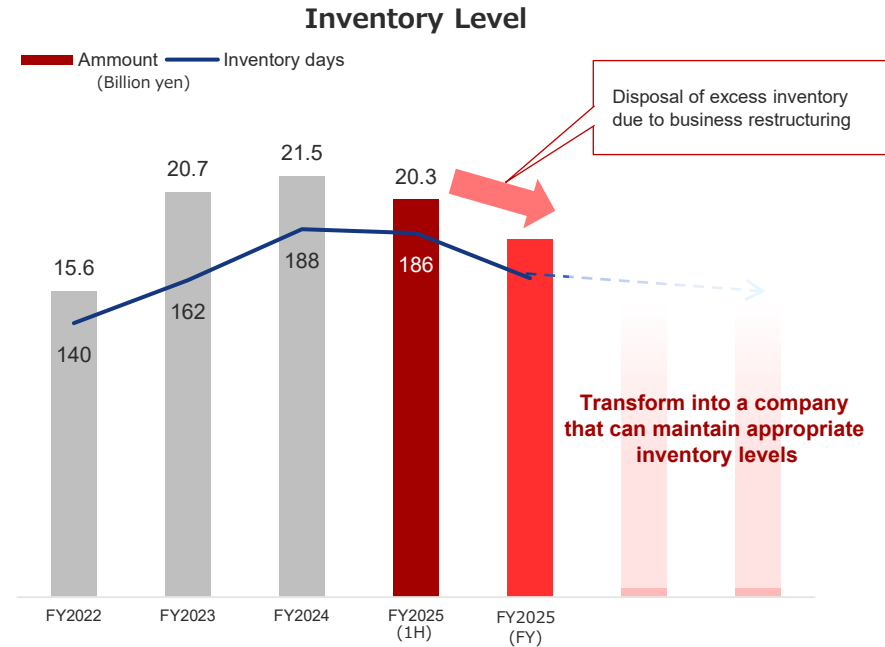
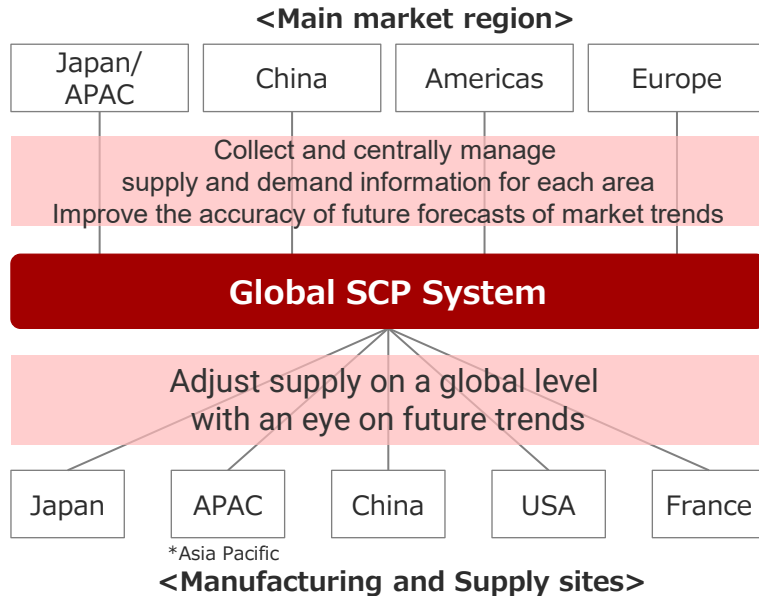
- **Reorganization of Japanese sites:** Closed Kyoto and Kiba sites to consolidate them into Amagasaki. (September 2024)
Promote reorganization of sites on the premise of expanding external utilization from the medium-term view.
- **Reorganization of overseas sites:** Promote integration of Americas businesses to pursue further synergies with IDEC and APEM (fiscal year ending March 31, 2026)



IT / Process strategy: Strengthen supply and demand management at a global level



- We will establish a system that can quickly adjust production and supply with an eye to future trends by utilizing the Global SCP System to grasp demand trends in each region.
- In line with drastic business structural reforms, we will discard excess inventory and shift to a structure that will continue at an appropriate level.



- We will continue to recruit and develop the human resources that will support a new IDEC's business and create an environment in which they can thrive globally.

Promote the deployment of the right people in the right positions through global talent management

- Develop and deploy systems and information infrastructure globally to develop human resources and support their success.
- Promote the deployment and development of employees across countries and regions.



Recruit and develop the human resources that support a newborn IDEC

- Shift away from conventional business thinking and processes, we recruit and develop global human resources that will powerfully drive the realization of a newborn IDEC.



■ Background of the system expansion

- Employees' work styles and consciousness of work are changing rapidly, and we are also strongly promoting further globalization and digital transformation. We promote the creation of a newborn IDEC instead of the extension of the past.
- In order to support the diversifying career views and life plans of our employees, and to optimize our organizational personnel, we expand the scope of second career support system and enhance preferential treatment for a certain period of time.

Outline of the system

(Summary): In addition to the regular retirement benefits, a special addition will be made to the existing second career support system.

For those who wish, the company will provide full support for finding a new job.

(Eligible for the system): Japanese employees who meet certain conditions

(Application period): between December 2024 and the end of March 2025

(Impact on profit and loss): A certain level of impact is scheduled to be factored into this fiscal year's extraordinary loss

- Due to the impact of distribution inventory adjustment and the economic downturn in Europe, the recovery in demand for our main products has been slower than expected.
- We revised our earnings forecast downwards.
- We will record extraordinary income and losses this fiscal year, which will arise from the structural reforms required to become a sustainably profitable company, and will aim to improve profitability from next fiscal year onwards.

	Main items
Extraordinary income	<ul style="list-style-type: none">● Closing or selling a business sites● Insurance claims for cyber attacks● Restructuring of non-core businesses, etc.
Extraordinary losses	<ul style="list-style-type: none">● Expansion of the second career system● Optimization of excess inventory, etc.

Forecast for the FY2025

(Unit: million yen) *Round down to the millions	FY2024		FY2025				
	Actual	Sales Ratio	Initial forecast	Sales Ratio	Revised Forecast	Sales Ratio	YoY
Net sales	72,711	100.0%	71,700	100.0%	66,900	100.0%	-8.0%
Gross profit	31,019	42.7%	31,200	43.5%	28,790	43.0%	-7.2%
SG&A	24,743	34.0%	26,000	36.3%	25,580	38.2%	-3.4%
Operating profit	6,276	8.6%	5,200	7.3%	3,210	4.8%	-48.9%
Ordinary profit	6,920	9.5%	5,200	7.3%	3,120	4.7%	-54.9%
Profit attributable to owners of parent	4,407	6.1%	4,000	5.6%	1,420	2.1%	-67.8%
Basic earnings per share (JPY)	150.10	—	136.23	—	48.20	—	-101.90
Average exchange rate for USD	144.59		148		150.12		+5.53
Average exchange rate for EUR	156.74		160		163.13		+6.39
Average exchange rate for CNY	20.13		20.50		20.83		+0.70

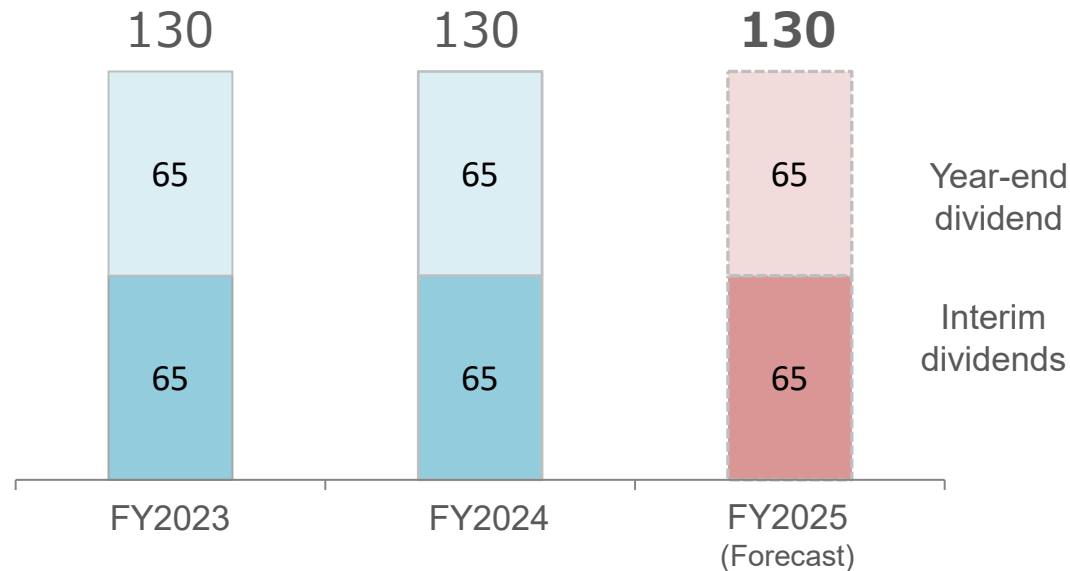
Forecast for the FY2025



(Unit: million yen) *Round down to the millions	FY2024	FY2025		
	Actual	Initial Forecast	Revised forecast	YoY
HMI	33,948	34,700	32,600	-4.0%
Industrial Relays & Components	11,629	11,000	11,000	-5.4%
Automation & Sensing	9,904	9,900	8,500	-14.2%
Safety & Explosion Protection	11,647	11,300	10,800	-7.3%
Systems	3,969	3,200	2,900	-26.9%
Others	1,612	1,600	1,100	-31.8%
Total	72,711	71,700	66,900	-8.0%
Domestic sales	26,907	25,200	23,800	-11.5%
Overseas sales	45,804	46,500	43,100	-5.9%
(Ratio of overseas sales)	(63.0%)	(64.9%)	(64.4%)	

Expected Dividends of FY2025

- FY2024: Annual dividends JPY130
(Annual dividends payout ratio:86.6%, DOE:6.2%)
- FY2025: Expected annual dividends JPY130
(Expected annual dividends payout ratio:269.7%, DOE:6.0%)



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	JPY150.12	Approx. 55 mil. yen	Approx. 7 mil. yen
EUR	JPY163.13	Approx. 135 mil. yen	Approx. 10 mil. yen
CNY	JPY20.83	Approx. 35 mil. yen	Approx. 3 mil. yen

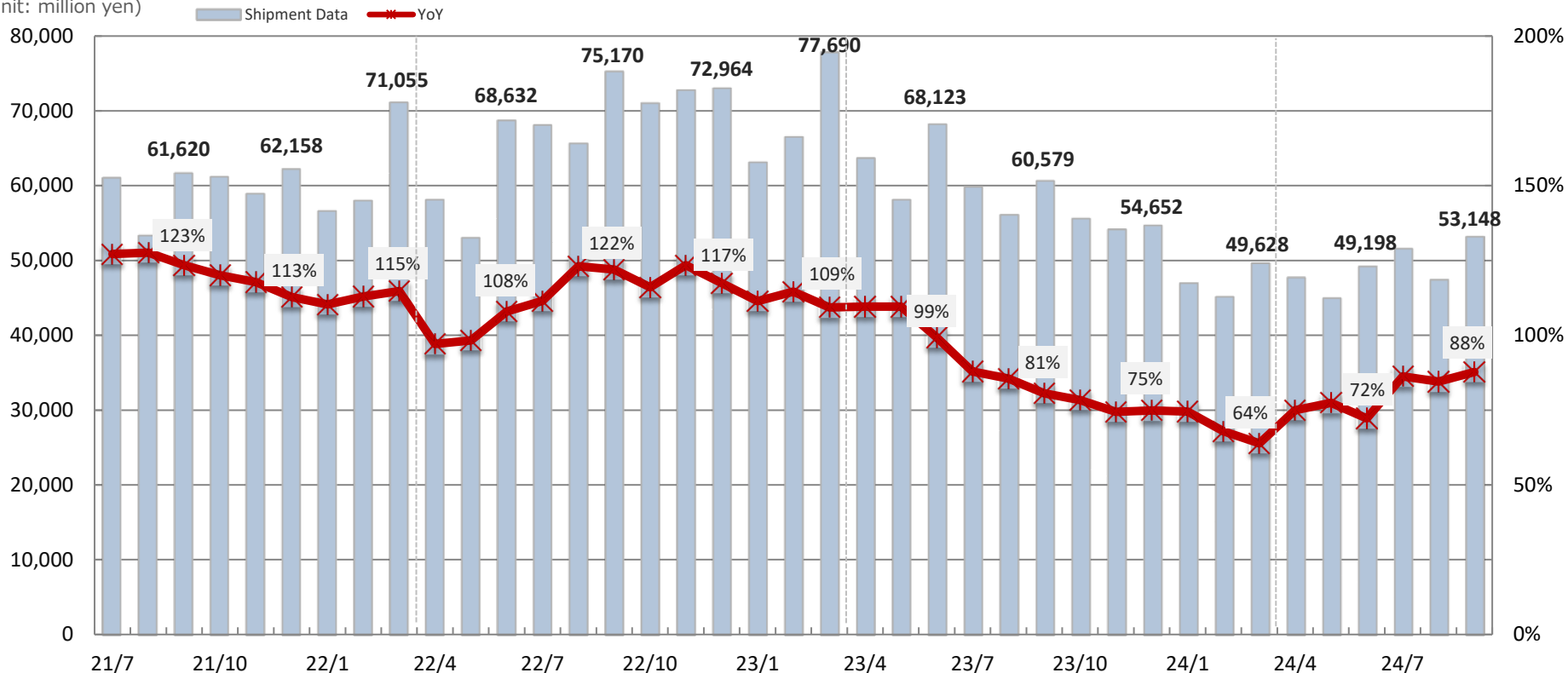
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association



Transition of the industrial shipment and YoY status (between July 2021 to September 2024)

(Unit: million yen)



Sales classification by segment

HMI	Industrial Relays & Components	Automation & Sensing	Safety & Explosion Protection	Systems	Others
<ul style="list-style-type: none"> • Industrial switches • Joysticks • Pilot lights • Operator interfaces  <p>APEM products</p> 	<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 November 1, 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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