



Think Automation and beyond...

Financial Results for the Third Quarter FY2025 (April 1, 2024 to December 31, 2024)

February 4, 2025
IDEC CORPORATION
Securities code : 6652



Net Sales

■ Net Sales JPY49.5 billion (YoY -9.0%)

- 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.

Income

■ Operating Profit JPY2.3 billion (YoY -50.5%)

■ Ordinary Profit JPY2.4 billion (YoY -53.2%)

■ Net Profit* JPY1.6 billion (YoY -53.0%)

*Profit attributable to owners of parent

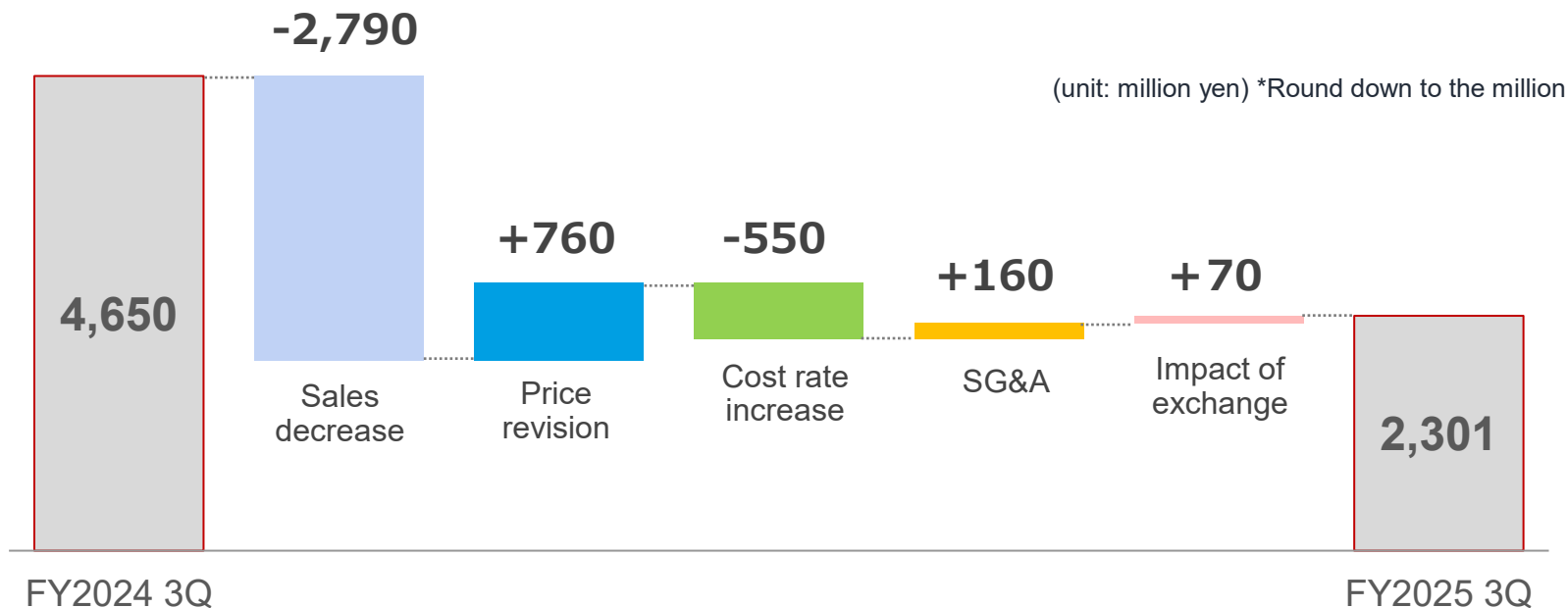
- Profits also declined due to factors such as a decline in sales.

Consolidated performance [Consolidated statement of income] -1



(Unit: million yen) *Round down to the millions	FY2024 Cumulative 3Q		FY2025 Cumulative 3Q		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	54,341	100.0%	49,470	100.0%	-9.0%
Gross profit	23,302	42.9%	21,396	43.3%	-8.2%
SG&A	18,652	34.3%	19,095	38.6%	+2.4%
Operating profit	4,650	8.6%	2,301	4.7%	-50.5%
Ordinary profit	5,062	9.3%	2,367	4.8%	-53.2%
Profit attributable to owners of parent	3,437	6.3%	1,616	3.3%	-53.0%
Basic earnings per share (JPY)	117.16	—	54.84	—	-62.32
Average exchange rate for USD	143.33円		152.64		+9.31
Average exchange rate for EUR	155.31円		164.88		+9.57
Average exchange rate for CNY	19.98円		21.16		+1.18

- Despite positive effects on price revisions, operating profit **decreased by approx. 2.3 billion yen** YoY due to the big impact of decrease in sales.



Consolidated performance [Consolidated income statement] -2



- Both sales and profit decreased compared to 2Q due to the impact of decreased sales in EMEA and China, but the status has progressed as the revised plan.
- Budgeted extraordinary losses for business structural reform cost in 3Q.

(Unit: million yen) ※Round down to the millions	FY2024				FY2025						
	3Q (Oct.to Dec.)		4Q (Jan.to Mar.)		1Q (Apr.to Jun.)		2Q (Jul.to Sep.)		3Q (Oct.to Dec.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	16,540	100.0%	18,370	100.0%	15,962	100.0%	17,126	100.0%	16,381	100.0%	-1.0%
Gross profit	6,848	41.4%	7,716	42.0%	6,861	43.0%	7,526	43.9%	7,008	42.8%	+2.3%
SG&A	6,244	37.8%	6,090	33.2%	6,589	41.3%	6,248	36.5%	6,258	38.2%	+0.2%
Operating profit	603	3.6%	1,625	8.9%	272	1.7%	1,278	7.5%	750	4.6%	+24.4%
Ordinary profit	532	3.2%	1,858	10.1%	494	3.1%	969	5.7%	903	5.5%	+69.8%
Profit attributable to owners of parent	263	1.6%	969	5.3%	300	1.9%	980	5.7%	334	2.0%	+27.0%
Basic earnings per share (JPY)	8.86	—	32.94	—	10.21	—	33.29	—	11.34	—	+2.48

Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2024 Cumulative 3Q	FY2025 Cumulative 3Q	YoY
Japan	20,253 (37.3%)	17,469 (35.3%)	-13.7%
Overseas	34,087 (62.7%)	32,000 (64.7%)	-6.1%
Americas	10,490 (19.3%)	10,588 (21.4%)	+0.9%
EMEA (Europe, Middle East, Africa)	11,447 (21.1%)	10,832 (21.9%)	-5.4%
Asia Pacific	12,149 (22.3%)	10,579 (21.4%)	-12.9%
Total	54,341 (100.0%)	49,470 (100.0%)	-9.0%

Japan

YoY

-13.7%

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

Overseas

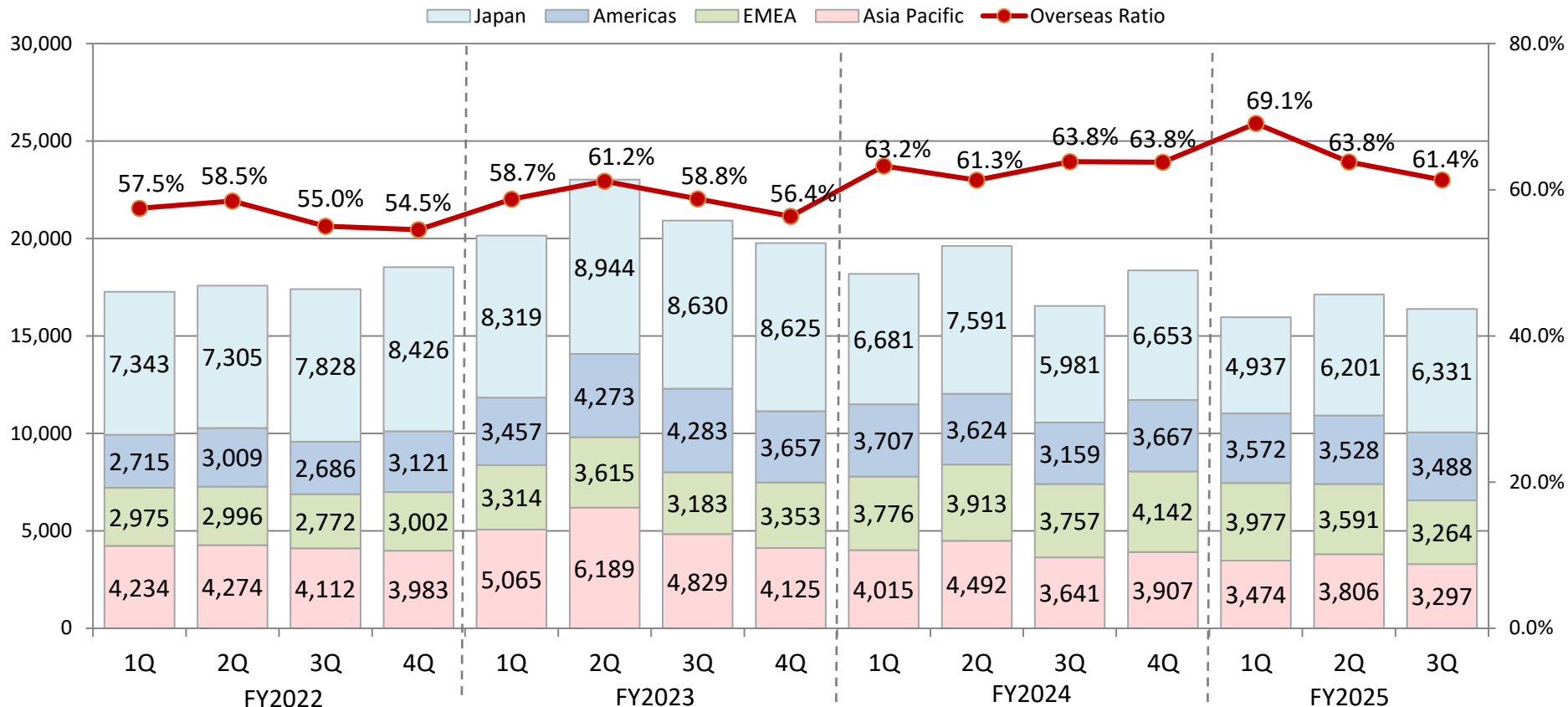
YoY

-6.1%

- The distribution stock in Americas has become stable to a certain level, and sales slightly increased YoY due to the impact of foreign exchange, etc.
- 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



Sales by products



(Unit: million yen) *Round down to the millions (Sales ratio)	FY2024 Cumulative 3Q	FY2025 Cumulative 3Q	YoY
HMI	25,279 (46.5%)	23,902 (48.3%)	-5.4%
Industrial Relays & Components	8,641 (15.9%)	8,258 (16.7%)	-4.4%
Automation & Sensing	7,648 (14.1%)	6,288 (12.7%)	-17.8%
Safety & Explosion Protection	8,735 (16.1%)	7,959 (16.1%)	-8.9%
Systems	2,993 (5.5%)	2,425 (4.9%)	-19.0%
Others	1,042 (1.9%)	635 (1.3%)	-39.1%
Total	54,341 (100.0%)	49,470 (100.0%)	-9.0%

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 Japan and Americas, and the overall sales also decreased.

Safety & Explosion Protection

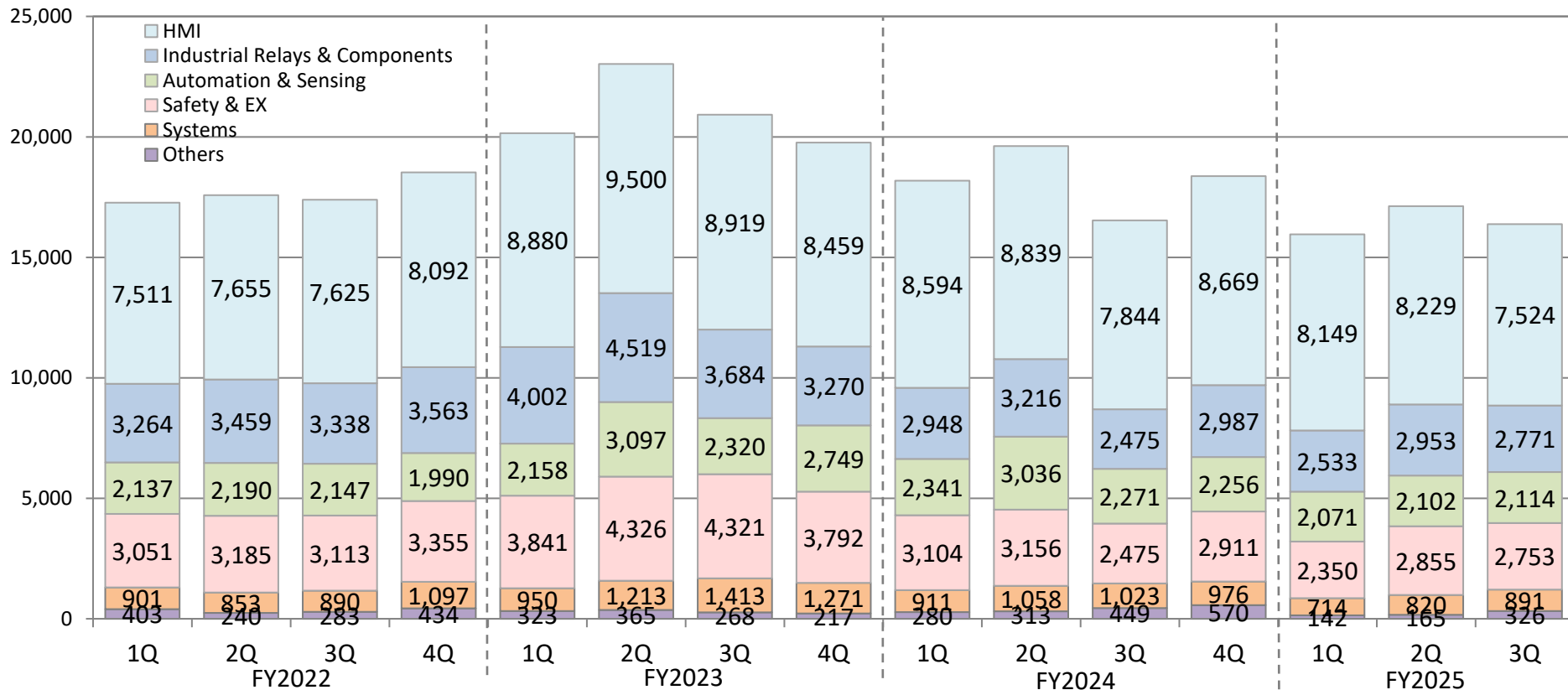
Sales of safety-related products decreased due to the distribution inventory adjustment mainly in Japanese and Chinese markets and lower demands from major industries including semiconductor and robotics industries.

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



(Unit: million yen) *Round down to the millions	FY2024 Cumulative 3Q		FY2025 Cumulative 3Q			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	17,295	7,012	20,100	+16.2%	6,831	-2.6%
Americas	8,305	2,771	10,001	+20.4%	2,453	-11.5%
EMEA (Europe, Middle East, Africa)	10,647	8,641	10,649	+ 0.0%	7,500	-13.2%
Asia Pacific	7,520	3,058	8,275	+10.0%	2,742	-10.3%
Total	43,768	21,485	49,027	+12.0%	19,528	-9.1%

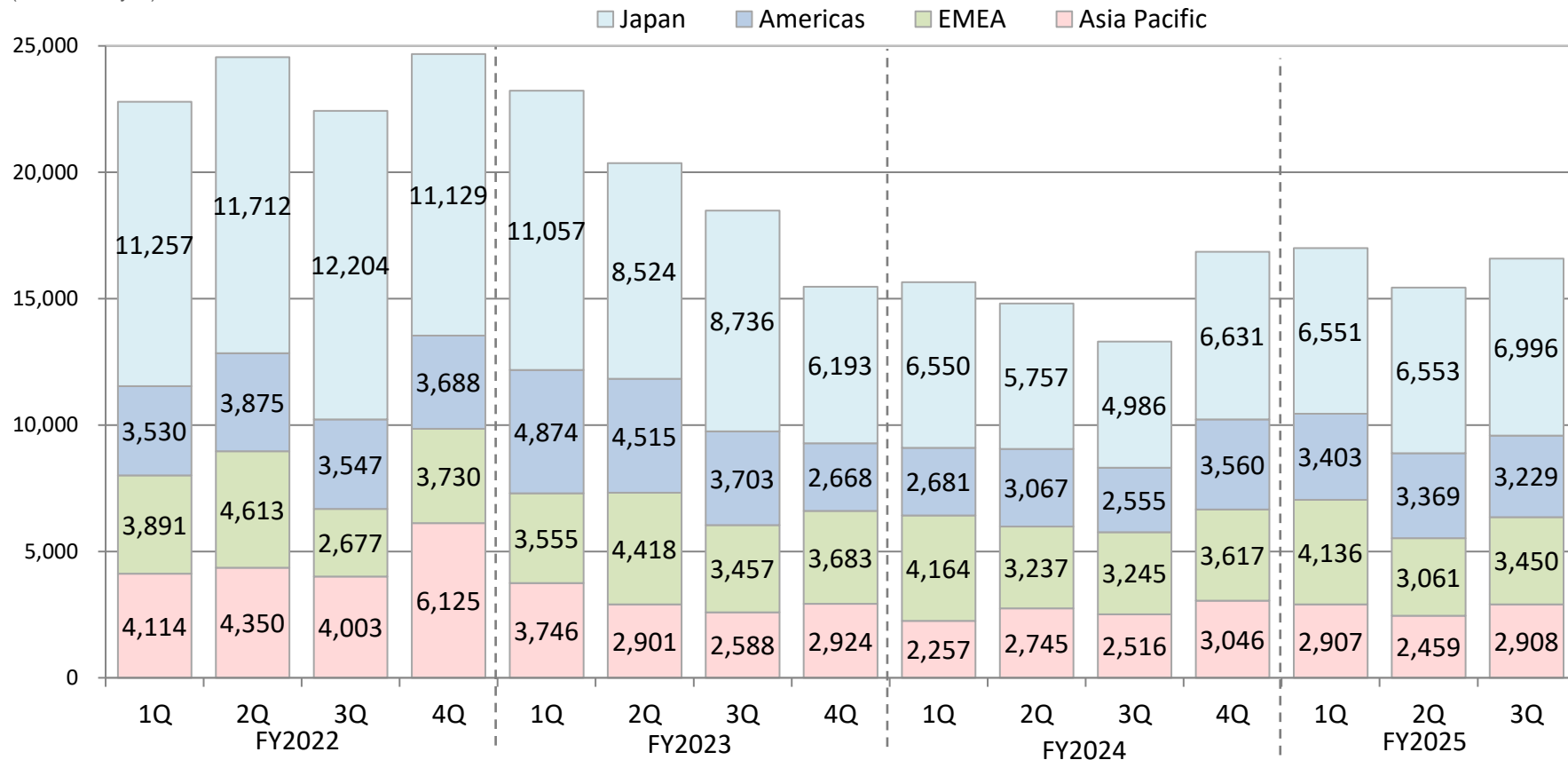
Orders received (per quarter transition)

- EMEA has been impacted by the worsening market in Germany and others, but its orders received increased compared to 2Q.
- In Asia and Pacific, orders from China increased compared to 2Q.

(Unit: million yen) *Round down to the millions	FY2024				FY2025					
	3Q (Oct.to Dec.)		4Q (Jan.to Mar.)		1Q (Apr.to Jun.)		2Q (Jul.to Sep.)		3Q (Oct.to Dec.)	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Japan	4,986	7,012	6,631	6,135	6,551	7,013	6,553	6,757	6,996	6,831
Americas	2,555	2,771	3,560	2,853	3,403	2,750	3,369	2,611	3,229	2,453
EMEA (Europe, Middle East, Africa)	3,245	8,641	3,617	7,993	4,136	8,038	3,061	7,370	3,450	7,500
Asia Pacific	2,516	3,058	3,046	2,988	2,907	3,205	2,459	2,585	2,908	2,742
Total	13,305	21,485	16,856	19,971	16,999	21,008	15,443	19,325	16,584	19,528

Orders received (per quarter transition)

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



Highlights of assets

- Total assets increased by 0.82 billion yen from the end of the previous period due to increase in fixed assets by obtaining buildings and land for new office toward enhancing business in Americas in spite of decrease in trade receivables, cash and deposits.

Highlights of liabilities

- Liabilities increased by 1.39 billion yen from the end of the previous period due to increase in loan payables, etc.

Highlights of net assets

- Net assets decreased by 0.57 billion yen from the end of the previous period due to decrease in earned surplus, etc.

(Unit: million yen) *Round down to the millions	FY2024 (previous FY)	FY2025 (end of December)	YoY
Current asset	54,921	49,307	-5,613
Non-current asset	52,217	58,649	+6,432
Current liabilities	23,830	26,058	+2,228
Non-current liabilities	17,301	16,459	-841
Total net assets	66,006	65,438	-568
Total liabilities and net assets	107,138	107,957	+818
Equity-to-asset ratio	61.2%	60.1%	-1.1%

Consolidated performance [Consolidated cash flow statement]



Cash Flows by operation activities

- It was approx. 9.67 billion yen due to decrease in trade receivables, etc.

Cash Flows by investing activities

- It was approx. -6.4 billion yen due to acquisitions of tangible fixed assets in the USA, etc.

Cash Flows by financing activities

- It was approx. -2.65 billion yen due to expenses of dividends, etc.

(Unit: million yen) *Round down to the millions	FY2024 Cumulative 3Q	FY2025 Cumulative 3Q	YoY
CF from operation activities	2,186	9,665	+7,478
CF from investing activities	-1,162	-6,400	-5,237
Free cash flows (FCF)	1,023	3,265	+2,241
CF from financing activities	-1,429	-2,650	-1,221
Cash and cash equivalents at end of period	15,167	16,031	+864
Capital expenditures	2,233	9,719	+7,485
Depreciation and amortization	2,918	3,059	+141

Full-year earnings forecast for FY2025

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%)	

Initiatives for Structural Reform

Strengthen Americas Business

Structural reforms to reborn a new IDEC



■ 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.

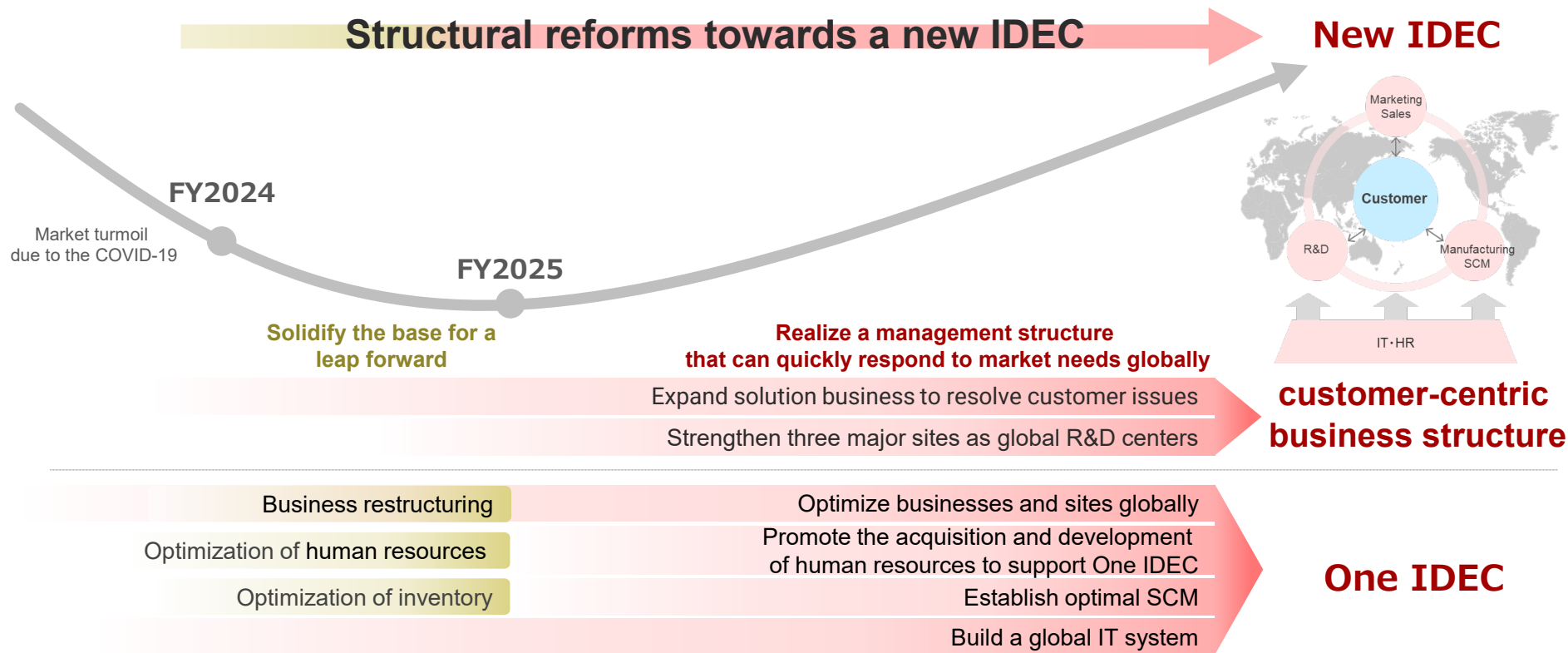
New IDEC

- 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



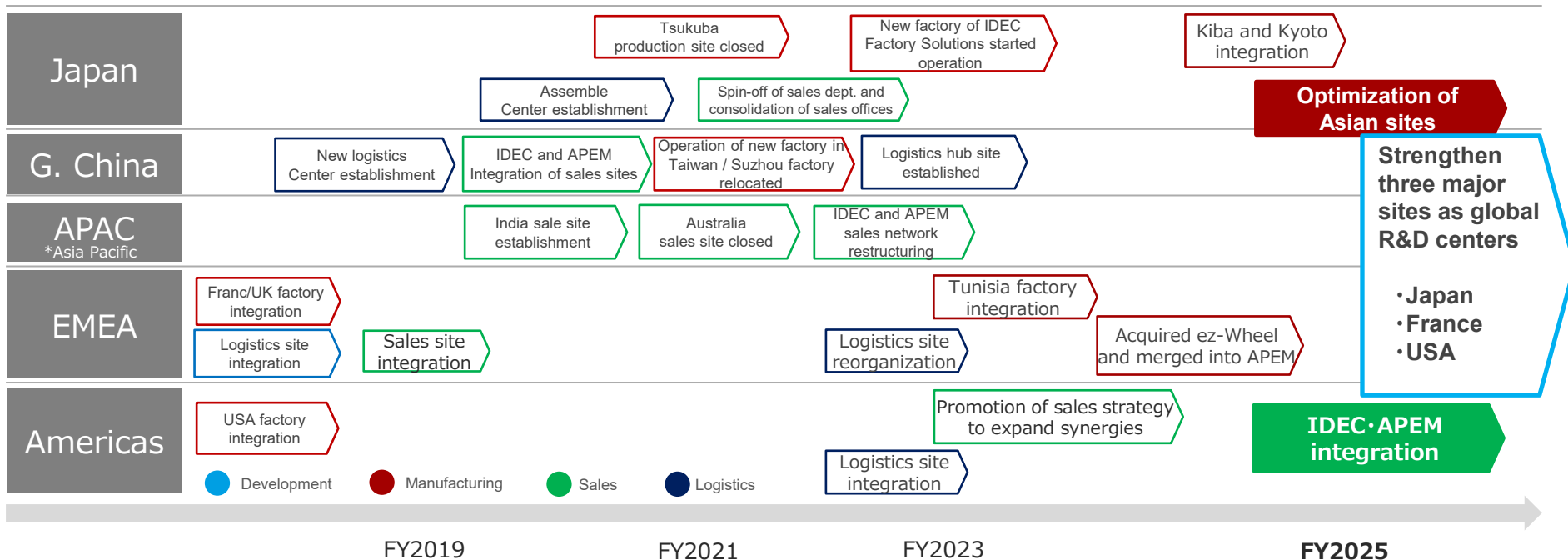
■ Implement company-wide structural reforms to achieve a new IDEC



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 USA businesses to pursue further synergies with IDEC and APEM (fiscal year ending March 31, 2026)



[Current Issues]

- IDEC and APEM have separate USA sites, and each site's functions are overlapped.

[Sites as of February 2025]

- ✓ **IDEC** : HQ, logistics function and assembly factory (Sunnyvale, California)
Sales function (Chicago, Illinois)
- ✓ **APEM** : Sales and SCM functions (Andover, Massachusetts)
HQ, manufacturing and logistics functions (Vista, California)
- IDEC sites do not have R&D or manufacturing functions, and we import and sell products developed in Japan.
- **We have not been able to expand products** such as HMI products that have the largest control device market globally and **meet US customers' needs.**

[After integration of sites]

- Scheduled to be integrated the IDEC's and APEM's sites into IDEC CORPORATION (USA) in April 2025 to maximize synergy effects of both companies and further strengthen businesses in the Americas.
 - ✓ APEM will be integrated into IDEC and the its name will continue as a brand.
 - ✓ The both companies' back-office functions such as HR and finance will be integrated.
- We purchased land and building in San Diego, California in December 2024 from the viewpoint of convenience in logistics and the availability of securing talented personnel.
- Scheduled to newly locate a new HQ with a first R&D function of IDEC products for USA market in addition to all the functions of existing sites.
(Three sites of Japan, USA, and France are the R&D bases.)
- The total capital investment including the new HQ facilities will be approx. 10 billion yen.
- The new HQ is scheduled to be completed by December 2025, and each function will be relocated in stages.

- HQ, development, manufacturing, and logistics functions to be consolidated at the new HQ in San Diego.
- The existing sites will retain as satellite offices for customer facing and securing talented personnel.



[The new HQ in USA] San Diego, California

- Total floor area: Approx. 21,500 m²
- Building: two-story
- Investment amount: Approx. 10 billion yen
- Functions: HQ, R&D, manufacturing, sales, logistics



Place USA as the most important market to enhance USA sites

- Conventional planning for IDEC's products has been centered on the market and customers in Japan.
- By locating a new USA HQ with all the functions, we can realize local production and consumption from planning and development to manufacturing and sales.
- By reforming the sales model, customers' needs can be explored, and products and solutions with designs and features suitable for the USA market can be expanded.
- As the series of initiatives for improving profitability by enhancing Americas business and restructuring manufacturing sites, we are considering the establishment of a new manufacturing site in Mexico, which is close to the new USA HQ and has a high level of human resources.

Expand business in the USA

[IDEC Brand]

- **Industry:** The sales ratio of general control panels was high so far, but from now on, we will increase sales for the focused market of Oil & Gas and the new markets such as AGVs and AMRs.
- **Products:** Currently, sales of HMI, industrial components and automation products are high, but we will expand sales of solutions that realize HMI-X.



[APEM Brand]

- **Industry:** Since we have strengths in products for special vehicles such as agricultural machinery, we will focus more on expanding into construction machinery and other areas in the future.
- **Products:** We will expand the joysticks among HMI products which are used in the operational parts of special vehicles, especially.



Initiatives for Structural Reform

Global Organization

- 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.



Promote globalization of organization from FY2025 for expanding our business globally.

- We will increase the number of responsible persons for global functions not only in Japan but also in the USA and Europe to plan and execute a global strategy.
- As California where we will locate a new HQ, has a large number of people with global mind, we will be actively recruiting and developing talented people.

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

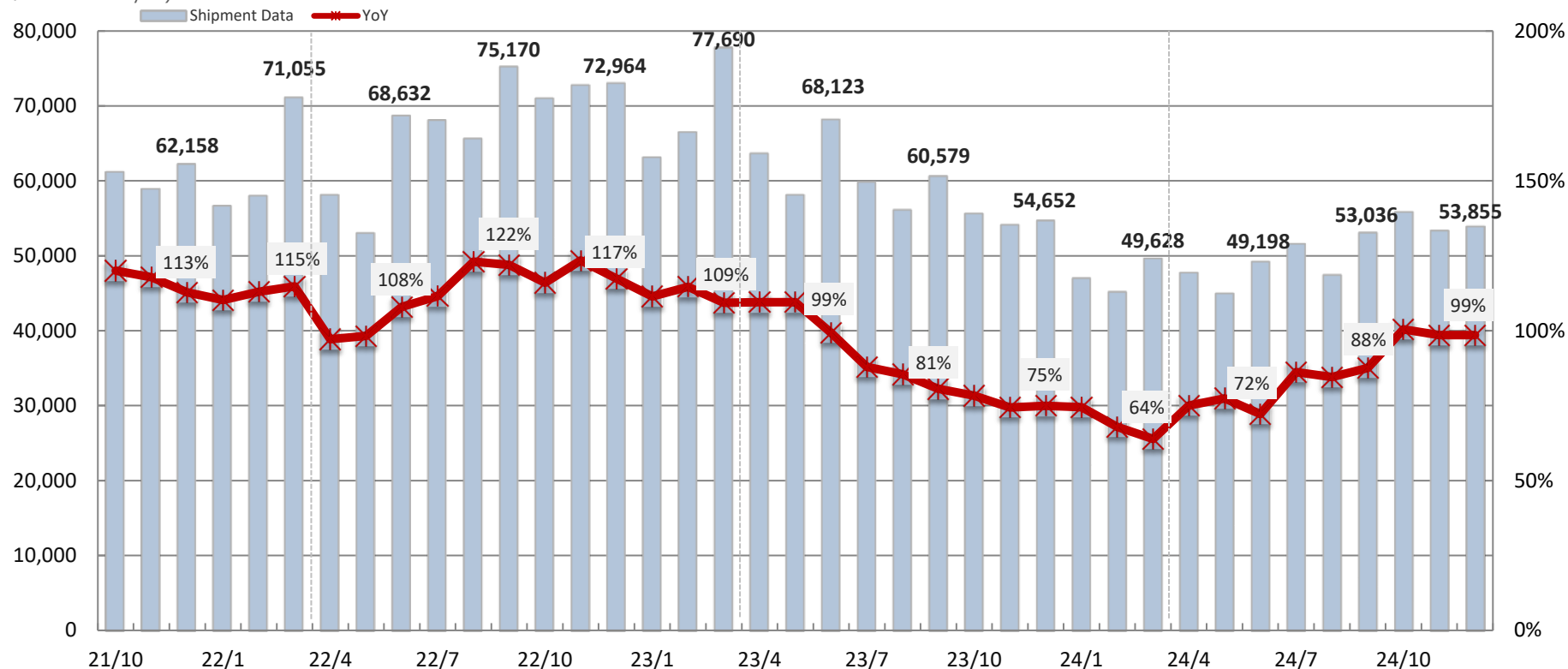
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association



Transition of the industrial shipment and YoY status (between October 2021 to December 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  <div>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 February 4, 2025.

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.

IDEC CORPORATION
Strategic Planning Division
TEL : +81-6-6398-2505
FAX : +81-6-6398-2587
E-mail : yasuyuki.ogawa@idec.com

