



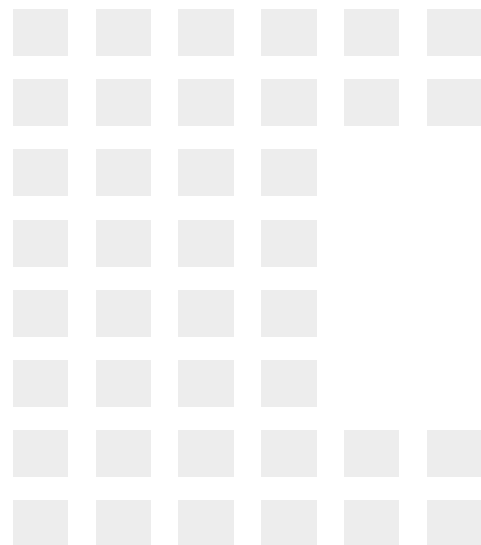
Think Automation and beyond...

Financial Results for the First Half FY2023 (April 1, 2022 to September 30, 2022)

November 4, 2022

IDEC CORPORATION

Securities code : 6652



**Net sales and profit made a new record high in half period,
and operating income margin of 17.5% was achieved!**

The dividends also increased by JPY15 from the initial forecast, and upwardly revised to JPY65.

Net Sales

- Net Sales JPY43.2 billion (YoY +23.9%)
 - Sales including switches and safety/explosion protection businesses mainly increased in Japan and overseas

Income

- Operating Income JPY7.6 billion (YoY + 55.8%)
- Ordinary Income JPY8.1 billion (YoY +62.1%)
- Net Income JPY5.7 billion (YoY +61.4%)
 - In addition to the effect of increased income, proper sales prices absorbed the impact of rising prices of raw materials. Achieved significant increased income by the contribution of the effect of weak yen and improved gross margin ratio.

Dividend

- Interim Dividend JPY65 (YoY +JPY25)

Consolidated performance [Consolidated income statement] -1

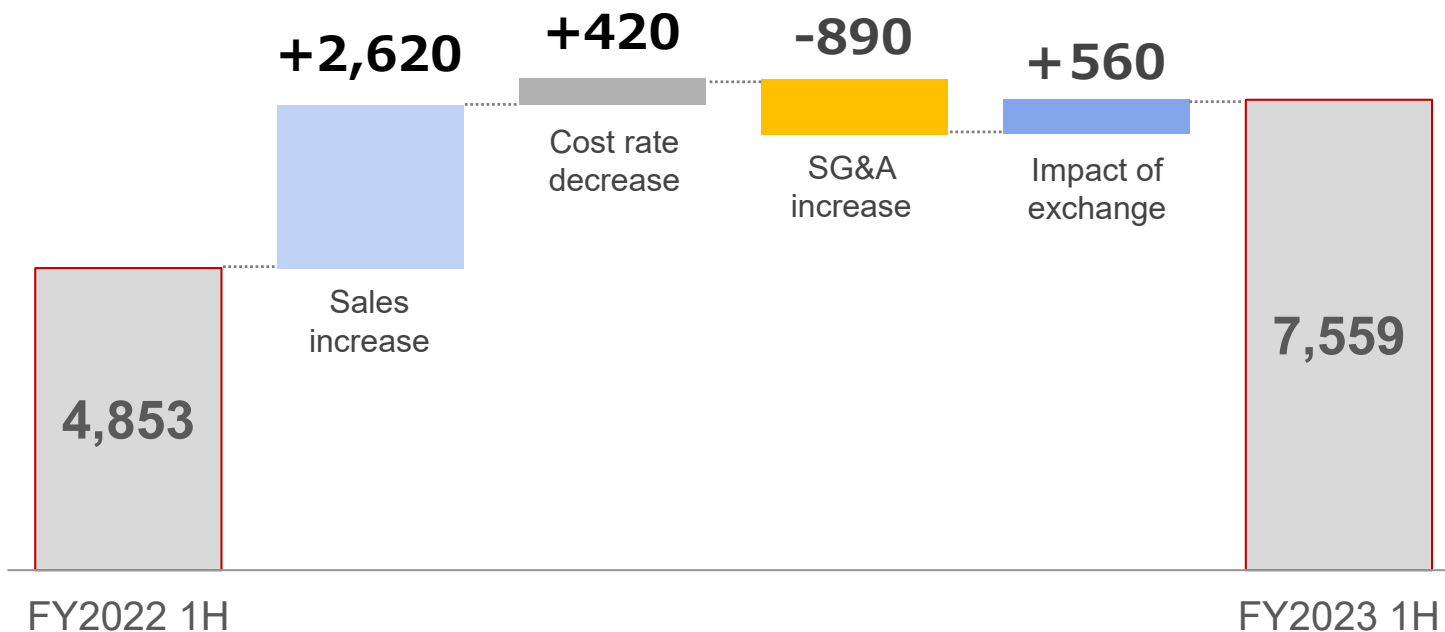


(Unit: million yen) ※Round down to the millions	FY2022 1H		FY2023 1H		
	Actual	Sales Ratio	Actual	Sales Ratio	YoY
Net sales	34,856	100.0%	43,180	100.0%	+23.9%
Gross income	14,919	42.8%	19,006	44.0%	+27.4%
SG&A	10,066	28.9%	11,446	26.5%	+13.7%
Operating income	4,853	13.9%	7,559	17.5%	+55.8%
Ordinary Income	5,022	14.4%	8,140	18.9%	+62.1%
Net income attributable to owners of parent company	3,526	10.1%	5,694	13.2%	+61.4%
Earnings per share(EPS) (before diluting) (JPY)	117.58	—	196.01	—	+78.43
USD-yen rate (JPY)	109.81		134.04		+24.23
EUR-yen rate (JPY)	129.88		134.39		+4.51
CNY-yen rate (JPY)	16.99		19.89		+2.90

Changing factors of consolidated operating income

Operating income **increased by approximately 2.7 billion yen** due to the effect of increased sales, proper sales prices and impact of weak yen, etc.

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



Consolidated performance [Consolidated income statement] -1

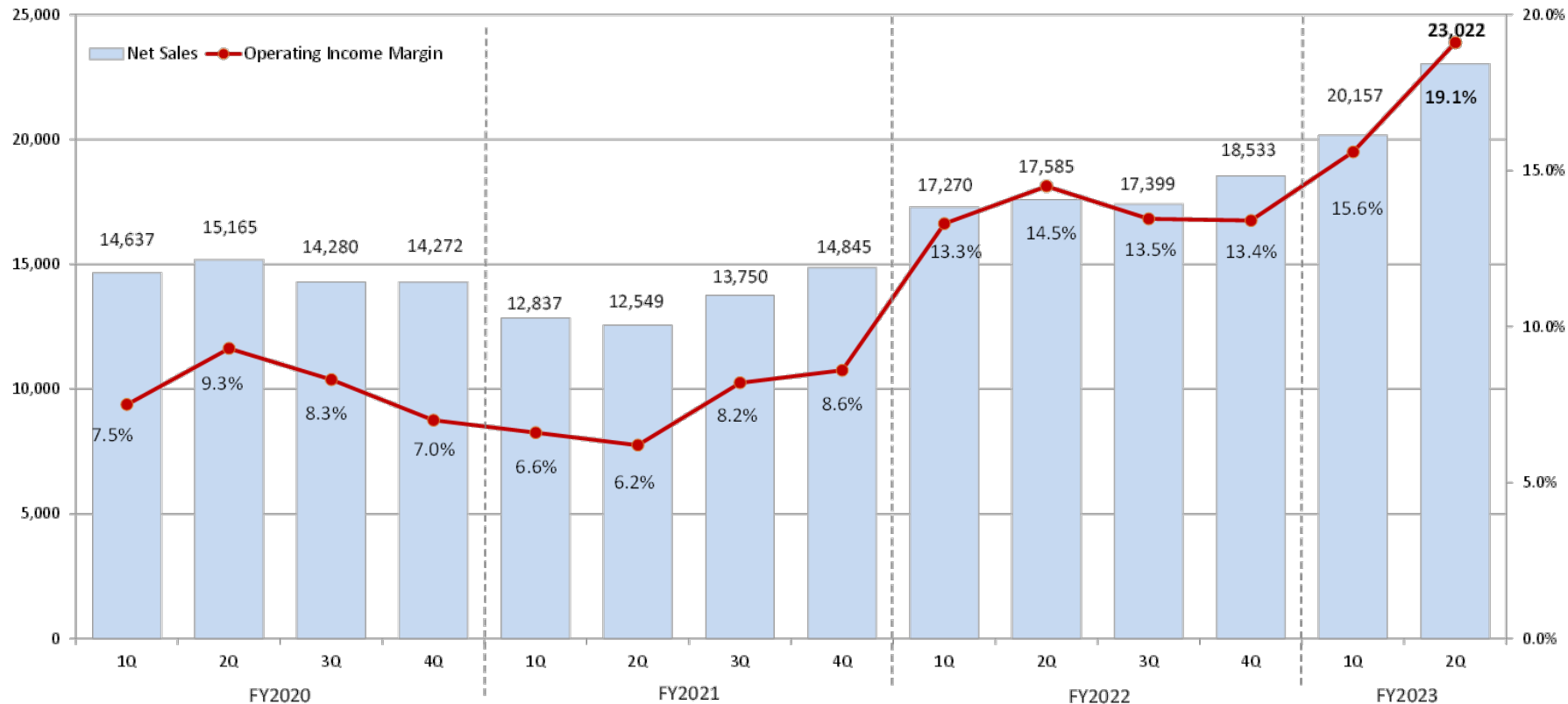


- Income ratio improved due to the revision of product prices for specific customers based on the increase of purchase prices for raw materials
- Record high sales and income on a quarterly basis**

(Unit: million yen) ※Round down to the millions	FY2022						FY2023					
	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	17,585	100.0%	17,399	100.0%	18,533	100.0%	20,157	100.0%	23,022	100.0%	+30.9%	
Gross income	7,619	43.3%	7,514	43.2%	7,876	42.5%	8,629	42.8%	10,376	45.1%	+36.2%	
SG&A	5,066	28.8%	5,173	29.7%	5,398	29.1%	5,476	27.2%	5,970	25.9%	+17.8%	
Operating income	2,552	14.5%	2,340	13.5%	2,477	13.4%	3,153	15.6%	4,406	19.1%	+72.6%	
Ordinary income	2,586	14.7%	2,468	14.2%	2,906	15.7%	3,562	17.7%	4,577	19.9%	+77.0%	
Net income attributable to owners of parent company	1,727	9.8%	1,776	10.2%	2,592	14.0%	2,555	12.7%	3,138	13.6%	+81.8%	
Earnings per share (EPS) (before diluting) (JPY)	57.58	—	59.22	—	89.37	—	88.09	—	107.92	—	+50.34	

Net sales and operating income margin (per quarter transition)

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



Sales by regions

(Unit: million yen) *Round down to the millions (Sales ratio)	FY2022 1H	FY2023 1H	YoY
Japan	14,649 (42.0%)	17,264 (40.0%)	+17.8%
Overseas	20,206 (58.0%)	25,916 (60.0%)	+28.3%
Americas	5,725 (16.4%)	7,731 (17.9%)	+35.0%
EMEA (Europe, Middle East, Africa)	5,972 (17.1%)	6,929 (16.0%)	+16.0%
Asia Pacific	8,509 (24.4%)	11,255 (26.1%)	+32.3%
Total	34,856 (100.0%)	43,180 (100.0%)	+23.9%

Japan YoY **+17.8%**

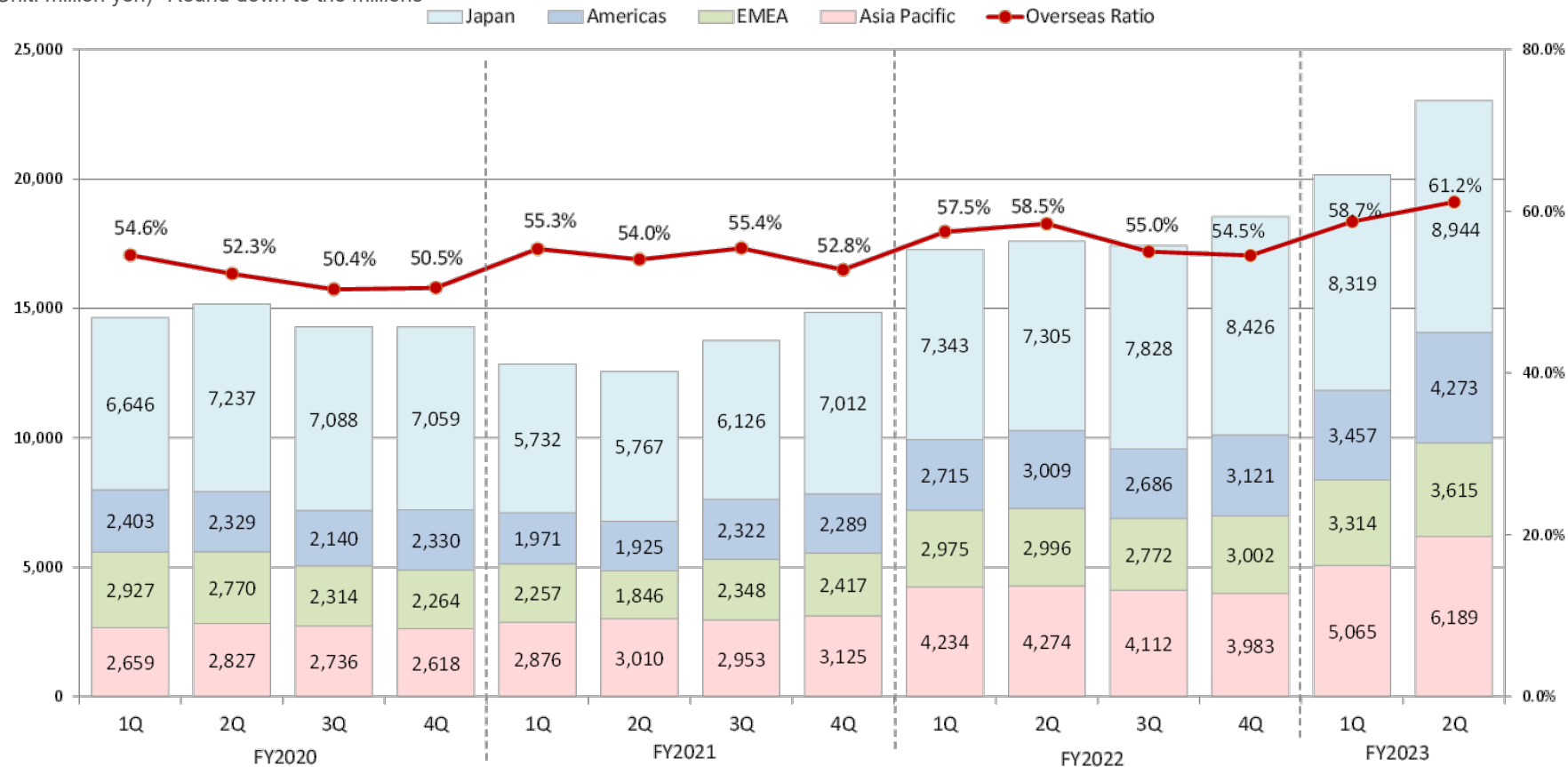
- The demand of semiconductor-related, automobile-related, machine tools and robotics industries, etc. has moved firmly following previous quarter, and the sales increased.

Overseas YoY **+28.3%**

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

Sales by regions (per quarter transition)

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



Sales by products



(Unit: million yen) *Round down to the millions (Sales ratio)	FY2022 1H	FY2023 1H	YoY
Industrial Switches	16,340 (46.9%)	20,007 (46.3%)	+22.4%
Industrial Relays & Components	6,724 (19.3%)	8,521 (19.7%)	+26.7%
Automation & Sensing	5,074 (14.6%)	6,244 (14.5%)	+23.0%
Safety & Explosion Protection	4,316 (12.4%)	5,554 (12.9%)	+28.7%
Systems	1,755 (5.0%)	2,163 (5.0%)	+23.3%
Others	644 (1.8%)	688 (1.6%)	+ 6.8%
Total	34,856 (100.0%)	43,180 (100.0%)	+23.9%

Industrial Switches

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

Industrial Relays & Components

Sales of control relays increased in main Americas and China.

Automation & Sensing

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

Safety & Explosion Protection

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

Systems

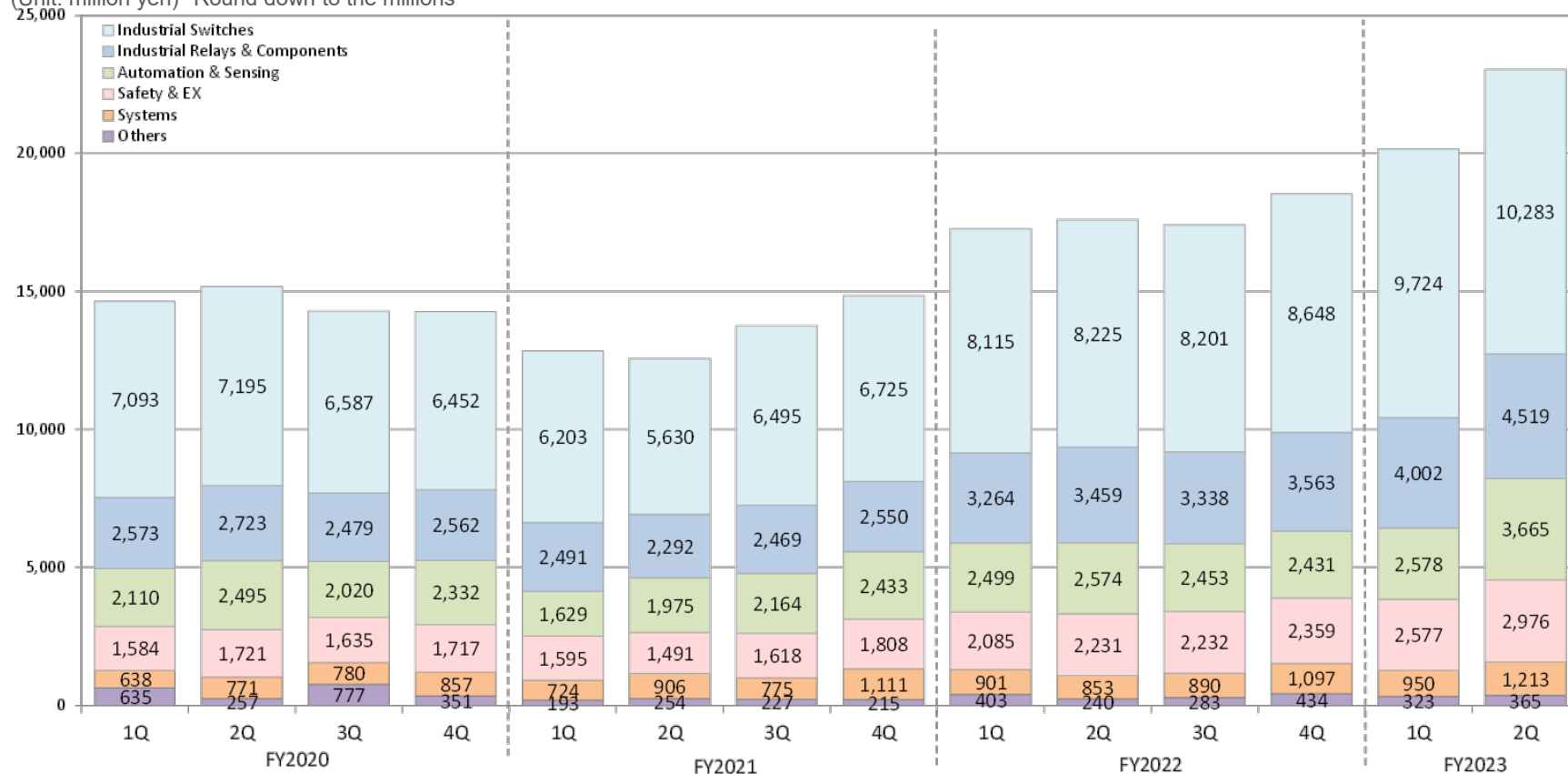
Sales of control panels for semiconductor and logistic-related equipment increased in Japan.

Others

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

Sales by products (per quarter transition)

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



- Reducing backlogs has been proceeded due to addressing the production reinforcement
- The amount of orders received in Americas has moved in a high level mainly in Oil & Gas industries and influenced by the weak yen

(Unit: million yen) *Round down to the millions	FY2022 1H		FY2023 1H			
	Amount of orders received	Backlog	Amount of orders received	YoY	Backlog	YoY
Japan	22,970	12,448	19,581	-14.8%	17,940	+44.1%
Americas	7,405	3,520	9,390	+26.8%	6,635	+88.5%
EMEA (Europe, Middle East, Africa)	8,505	5,923	7,974	-6.2%	8,229	+38.9%
Asia Pacific	8,465	4,801	6,647	-21.5%	5,411	+12.7%
Total	47,347	26,694	43,593	-7.9%	38,218	+43.2%

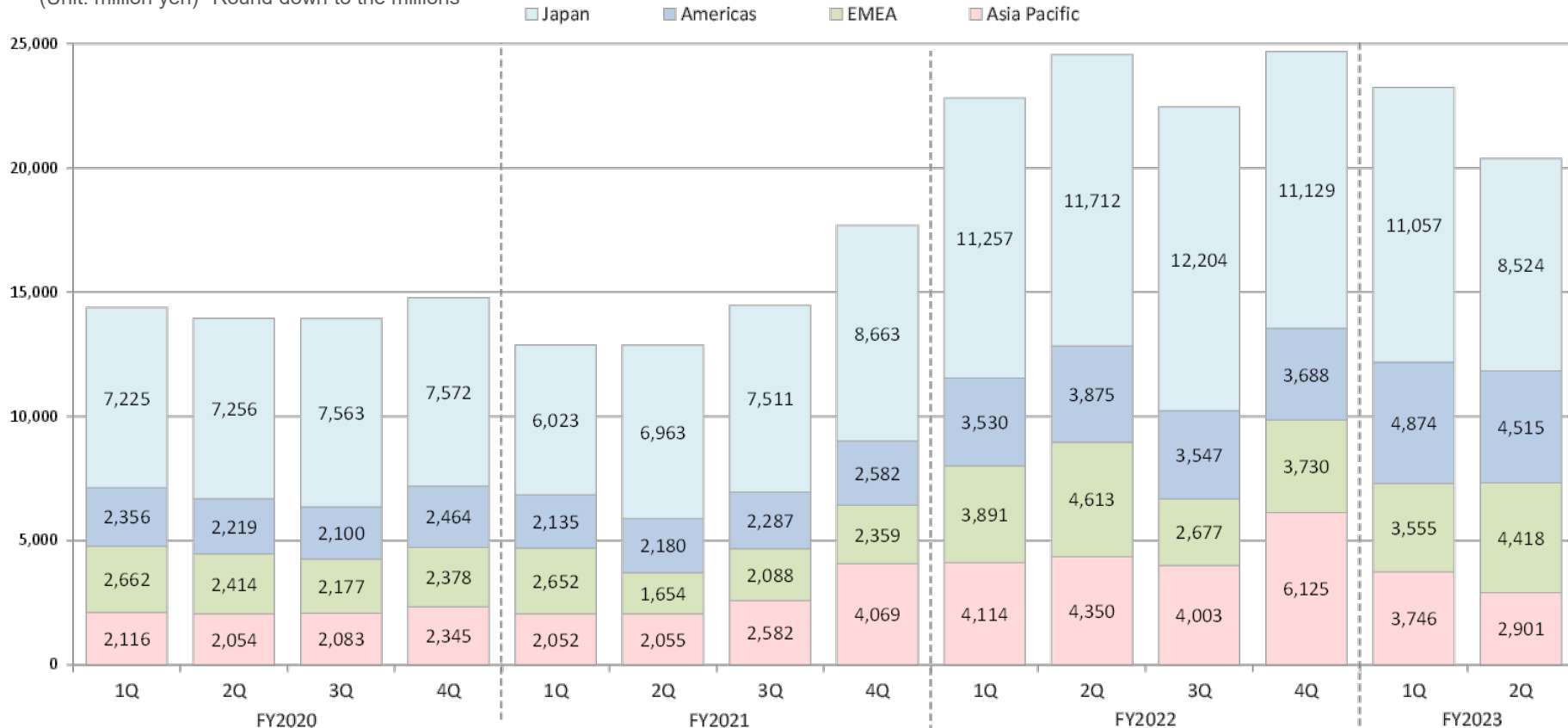
Orders received (per quarter transition)

- In Japan, it decreased in 2Q due to the impact of price revision from July (in recovery tendency in October)
- In EMEA, it increased compared to 1Q due to APEM's strong receiving orders

(Unit: million yen) *Round down to the millions	FY2022						FY2023			
	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	11,712	12,448	12,204	16,069	11,129	18,048	11,057	19,875	8,524	17,940
Americas	3,875	3,520	3,547	4,459	3,688	5,060	4,874	6,405	4,515	6,635
EMEA (Europe, Middle East, Africa)	4,613	5,923	2,677	5,853	3,730	6,708	3,555	7,428	4,418	8,229
Asia Pacific	4,350	4,801	4,003	5,345	6,125	8,048	3,746	7,232	2,901	5,411
Total	24,551	26,694	22,432	31,727	24,673	37,866	23,233	40,942	20,359	38,218

Orders received (per quarter transition)

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



Highlights of assets

- As inventory assets, trade receivables, fixed assets, cash and deposits increased, total assets increased by 9.84 billion yen

Highlights of liabilities

- While borrowings decreased, trade payables and lease obligations increased
Total liabilities increased by 1.38 billion yen

Highlights of net assets

- Due to the increase of foreign currency translation adjustment and earned surplus, net assets increased by 8.46 billion yen

(Unit: million yen) *Round down to the millions	FY2022 (previous FY)	FY2023 (end of September)	YoY
Current assets	47,171	54,453	+7,281
Fixed assets	47,789	50,355	+2,566
Current liabilities	21,660	23,130	+1,470
Fixed liabilities	24,291	24,205	-86
Net assets	49,008	57,472	+8,463
Total assets	94,960	104,808	+9,848
Shareholders' equity ratio	51.2%	54.5%	+3.3%

Cash Flows by operation activities

- It was +3.43 billion yen due to the increased payment of income tax involved with significant increased income in the previous year and the increased inventory assets and trade receivables

Cash Flows by investing activities

- Due to the acquisition of fixed assets, etc., it was -1.48 billion yen

Cash Flows by financing activities

- It was -2.3 billion yen due to repayment of borrowings and expenses including dividends

(Unit: million yen) *Round down to the millions	FY2022 1H	FY2023 1H	YoY
CF from operating activities	5,245	3,432	-1,813
CF from investing activities	-1,673	-1,482	+191
Free cash flows (FCF)	3,572	1,950	-1,622
CF from financing activities	-2,601	-2,301	+299
Cash and cash equivalents at end of year	16,135	15,521	-613
Capital expenditure	1,135	1,880	+745
Depreciation and amortization expense	1,617	1,720	+102

Forecast for FY2023

Consolidated business forecast for FY2023



■ Business forecast was upwardly revised on September 22, 2022

(Unit: million yen) *Round down to the millions	FY2022		FY2023				
	Actual	Sales ratio	Initial forecast	Sales ratio	Revised forecast	Sales ratio	YoY
Net sales	70,789	100.0%	74,500	100.0%	83,500	100.0%	+18.0%
Gross income	30,310	42.8%	32,500	43.6%	36,150	43.3%	+19.3%
SG&A	20,638	29.2%	21,700	29.1%	22,750	27.2%	+10.2%
Operating income	9,672	13.7%	10,800	14.5%	13,400	16.0%	+38.5%
Ordinary income	10,398	14.7%	10,800	14.5%	14,000	16.8%	+34.6%
Net income attributable to owners of parent company	7,896	11.2%	7,500	10.1%	9,400	11.3%	+19.0%
Earnings per share (before diluting) (JPY)	264.12	—	250.88	—	323.77	—	+59.65
USD-yen rate (JPY)	112.40		120		134		+21.60
EUR-yen rate (JPY)	129.91		130		135		+5.09
CNY-yen rate (JPY)	17.51		18.5		19.5		+1.99

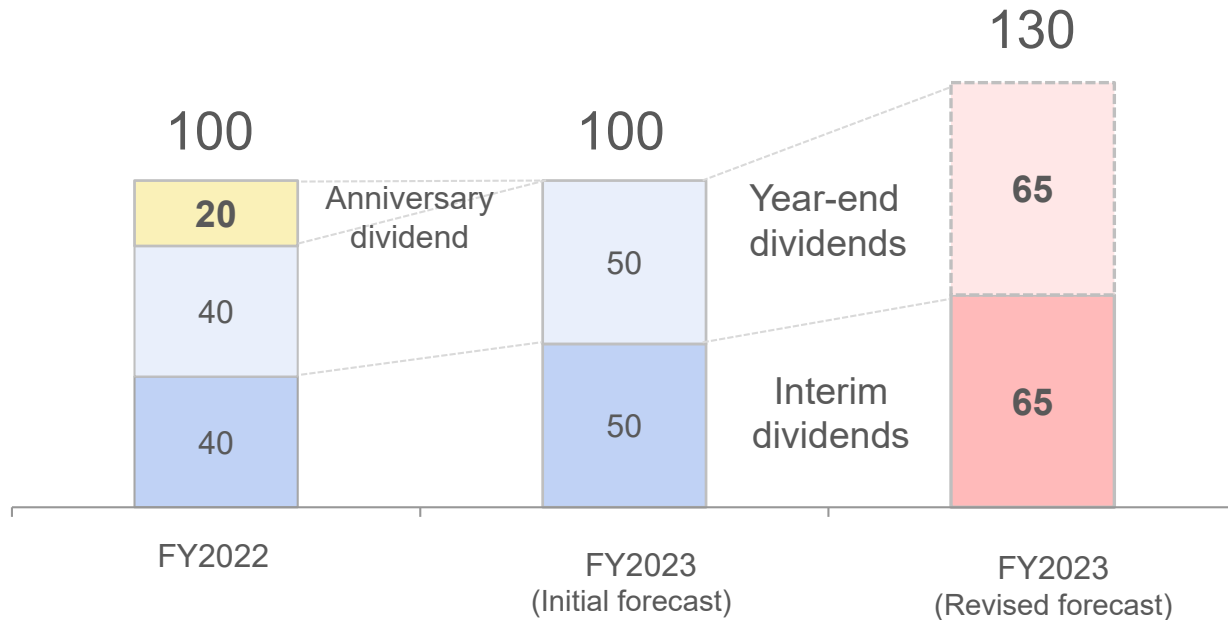
Consolidated business forecast for FY2023



(Unit: million yen) *Round down to the millions	FY2022	FY2023		
	Actual	Initial forecast	Revised forecast	YoY
Industrial Switches	33,191	35,500	39,400	+18.7%
Industrial Relays & Components	13,625	14,500	17,000	+24.8%
Automation & Sensing	9,958	9,100	10,600	+ 6.4%
Safety & Explosion Protection	8,908	9,800	10,900	+22.4%
Systems	3,742	4,500	4,500	+20.2%
Others	1,363	1,100	1,100	-19.3%
Total	70,789	74,500	83,500	+18.0%
Domestic sales	30,904	32,000	34,200	+10.7%
Overseas sales	39,885	42,500	49,300	+23.6%
(Ratio of overseas sales)	56.3%	57.0%	59.0%	

Expected Dividends of FY2023

- Expected annual dividends were upwardly revised from JPY100 to **JPY130** (interim dividends of JPY65 and year-end dividends of JPY65).
- Expected annual dividends payout ratio is **40.2%**



Currency	Exchange assumption	Effect by 1 yen change of exchange rate *For CNY, effect by 0.1 yen change	
		Net sales	Operating income
USD	JPY134	Approx. 80 mil. yen	Approx. 20 mil. yen
EUR	JPY135	Approx. 140 mil. yen	Approx. 10 mil. yen
CNY	JPY19.5	Approx. 60 mil. yen	Approx. 15 mil. yen

Medium-Term Management Plan

Slogan

PASSION FOR YOUR SUCCESS

In the long-term, we aim to achieve
a 20% operating income margin

FY2025 Plan			
Net sales	JPY80 billion or more (Growth ratio >5%/year)		
Operating income	JPY13 billion or more		
Operating income margin	16% or more		
R O I C	10% or more		
R O E	15% or more		
E P S	JPY300 or more		

In line with the upward revision of our business results for the FY2023, we have exceeded the targets of our medium-term management plan.

**We will revise the FY2025 plan.
(this will be announced again)**

Four Basic Strategies

Promote Growth Strategy

- Strengthen sales based on technical problem-solving
- Accelerate product development and launch products based on regional and industry needs
- Expand business in China, India and other focus markets, and by M&A and alliances






Enhance Business Foundation

- Promote decent work practices
- Strengthen the business structure by promoting PMI and rigorous management of key projects
- Promote digital marketing at global level

Improve Profitability

- Optimize production structure and processes to reduce cost, inventory and improve lead time
- Review and optimize SG&A costs
- Identify and consolidate unprofitable products and businesses

Enhance ESG Initiatives

-  Promote initiatives to reduce environmental impacts
-  Promote diversity
-  Improve management transparency and efficiency
-  Create well-being through Safety and ANSHIN technology
-  Improve product quality and manufacturing capabilities

Promote Growth Strategy

Improve Profitability

- In April 2021, we transformed the Japanese sales department into a sales company to promote various initiatives and improve operational efficiency
 - ✓ **Consolidation of sales offices** (consolidate to 2 sites in 2021)
 - ✓ **Reorganization of our distribution network** to focus on transactions with distributors who are actively engaged in sales
 - ✓ **Optimization of selling prices**
 - ✓ **Review of product mix**, including improvements to the ratio of new products with high profitability
 - ✓ **Building a new sales network** to expand product sales
(Example: Considering potential collaborations in each region, and partnering with trading companies and system integrators to expand sales of specific products such as APEM (special vehicles industry) and the ez-Wheel (AGV and AMR industries))
 - ✓ **Promotion of digital transformation (DX)**, including the utilization of Salesforce (SFDC) and E-commerce (EC) sites
- We established a Technical Solution Sales Department in April 2022 and strengthened its functions to **proactively develop solutions sales** that can solve customer problems

Improve Profitability

Global promotion of production capacity expansion

- We gradually expanded our production facilities mainly for products that maintain high profitability and high levels of global demand
- Investment in manufacturing facilities was approximately 1.6 times higher (compared to the FY2020)
- We expanded production lines, transferred production to overseas factories, installed automation equipment, etc.

- ✓ **Switches:** Expansion to two to three times the production capacity of compact and thin switches (compared to the FY2020)
- ✓ **Safety-related products:** Production capacity expansion of two to five times for some series (compared to the FY2020)



Introduction of New Products

The **HT4P Safety Commander**, which makes it easy to attach an emergency stop switch and enabling switch onto a tablet

- In January 2021, we launched the wireless LAN-type HT3P
- We launched the HT4P, which supports wired LAN connections

[Usage Examples]

- Robot teaching
- Operation control of large equipment and machines
- Control of automobile production lines and conveyor lines
- Control of semiconductor manufacturing equipment, food-processing machines, etc.
- Manual control of AVGs and AMRs, etc.



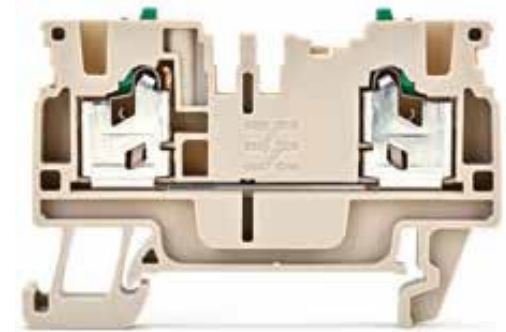
The **Weidmüller Klippon Connect AS Series terminal block**, which achieves safe and secure, simple wiring

Innovation by



- In 2019, we signed a strategic partnership agreement with Weidmüller (Germany) to promote the expansion of various products with a push-in connection method that enables wiring with a single push
- We launched the AS Series, which **uses SNAP-IN connection technology**, an evolved version of the push-in method

- **No tools or wire-end ferrules required** for wiring
- Achieves simple wiring



External Evaluation

- Toshihiro Fujita, Senior Executive Officer in charge of Management of Technology, received the 2022 METI Minister's Award **for Industrial Standardization**

[Major Achievements]

- Contributed to the improvement of safety in various fields, such as industrial robots, by issuing IEC standards for three-position enabling switches
- Promoted and globally disseminated the Japanese next-generation safety concept known as “Collaborative Safety (Safety2.0)”
- Established a certification system for machine safety personnel and promoted activities for international standardization
- Promoted the international standardization of Japanese fine bubble* technology

*Bubbles smaller than 100 μm (= 0.1 mm) in diameter



The Industrial Standardization Contribution award ceremony held in October 2022
(Left) Makoto Nagamine, Parliamentary Vice-Minister of Economy, Trade and Industry
(Right) Toshihiro Fujita, Senior Executive Officer in charge of Management of Technology

Awards for Occupational Safety and Health

- **We received the Award** from the Japan Industrial Safety and Health Association for our remarkable results
- **The acquisition of occupational safety and health management systems certifications** at all our Japanese manufacturing sites



Koji Akamatsu, Senior Executive Officer in charge of Manufacturing & SCM, receiving a certificate of commendation at the award ceremony held in October 2022

We were selected for inclusion in two FTSE Indexes for the first time in 2022

- In addition to the S&P/JPX Carbon Efficient Index, we were selected as a constituent of the Sompo Sustainability Index for two consecutive years in 2021 and 2022



**FTSE Blossom
Japan Index**



**FTSE Blossom
Japan Sector
Relative Index**



References

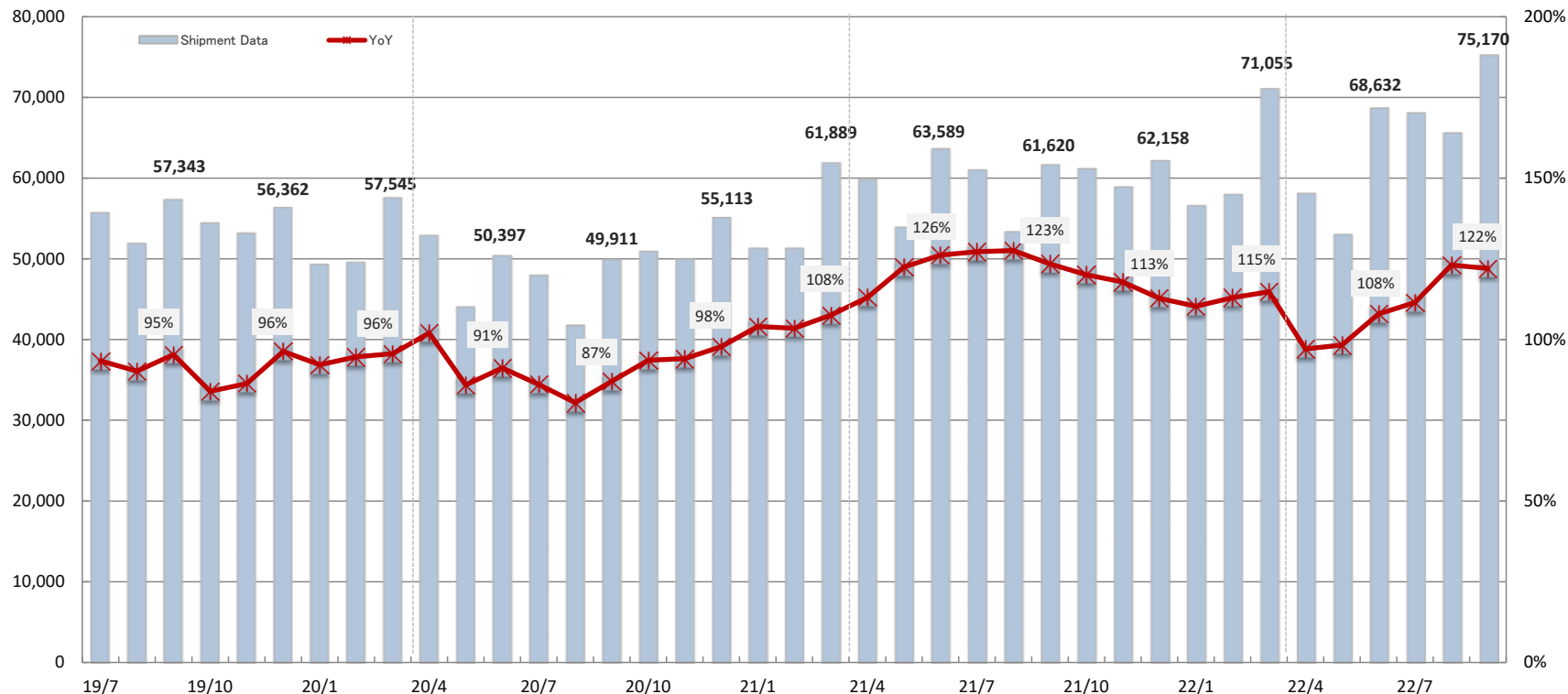
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association









Transition of the industrial shipment and YoY status (between July, 2019 and September, 2022)

(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  <p>AEM 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 Operator interfaces Photoelectric switches 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 Next generation agricultural solutions 

This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of November 4, 2022.

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 Head Quarter
TEL : +81-6-6398-2505
FAX : +81-6-6398-2587
E-mail : yasuyuki.ogawa@idec.com

