



Think Automation and beyond...

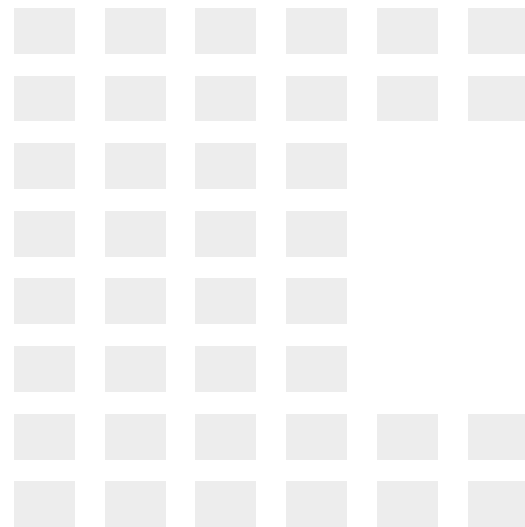
Financial Results for the Fiscal Year 2021

(ended March 31, 2021)

May 14, 2021

IDEC CORPORATION

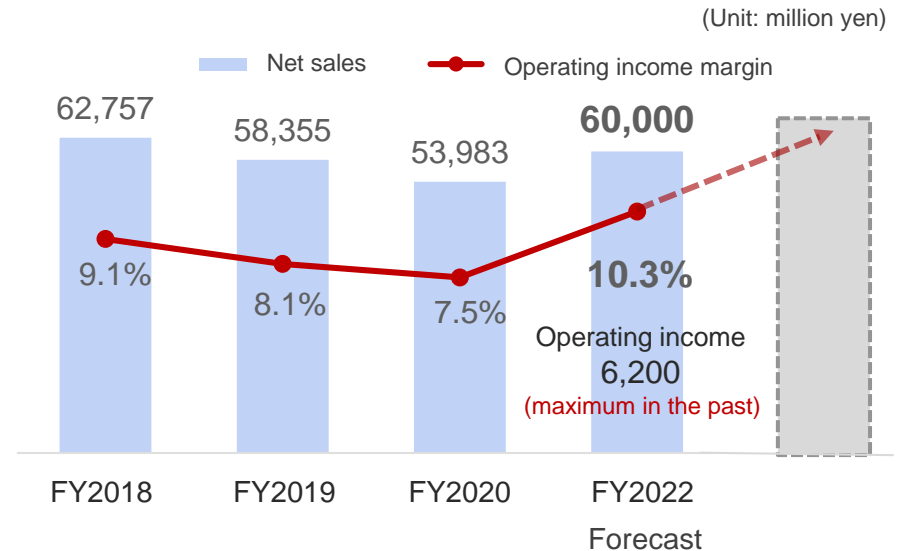
Securities code : 6652



Policies to implement in the medium-term

To enhance IDEC's corporate value by driving transformational changes to achieve sustainable growth, and to become a "Lean & smart" high-profit organization, while resolving social issues through our business activities.

- The medium-term management plan ended in FY2023 which was announced in 2017 (target net sales: 100 billion yen, operating income margin: 15%) was decided to be reviewed in accordance with changes in business environment.
- A new medium-term management plan which emphasizes improvement in profitability is developing, and will be announced within this FY.



FY2021 Overview

Overview of consolidated financial results



- A harsh condition has continued due to an impact of the global economic downturn caused by the spread of COVID-19. However, the market condition has recovered rapidly in all major regions. Especially in the fourth quarter, sales and order have been increased mainly in industrial switches business compared to YoY.

Net Sales

■ **Net sales** JPY54 billion (- 7.5% YoY)

- Decline in net sales in Japan and overseas except for China due to the spread of COVID-19.

Income

■ **Operating income** JPY4.0 billion (-14.1% YoY)

■ **Ordinary income** JPY4.1 billion (-11.0% YoY)

■ **Net income**^{*} JPY2.8 billion (- 6.7% YoY)

*Net income attributable to shareholders of parent company

- Decline in profit due to sales decline mainly

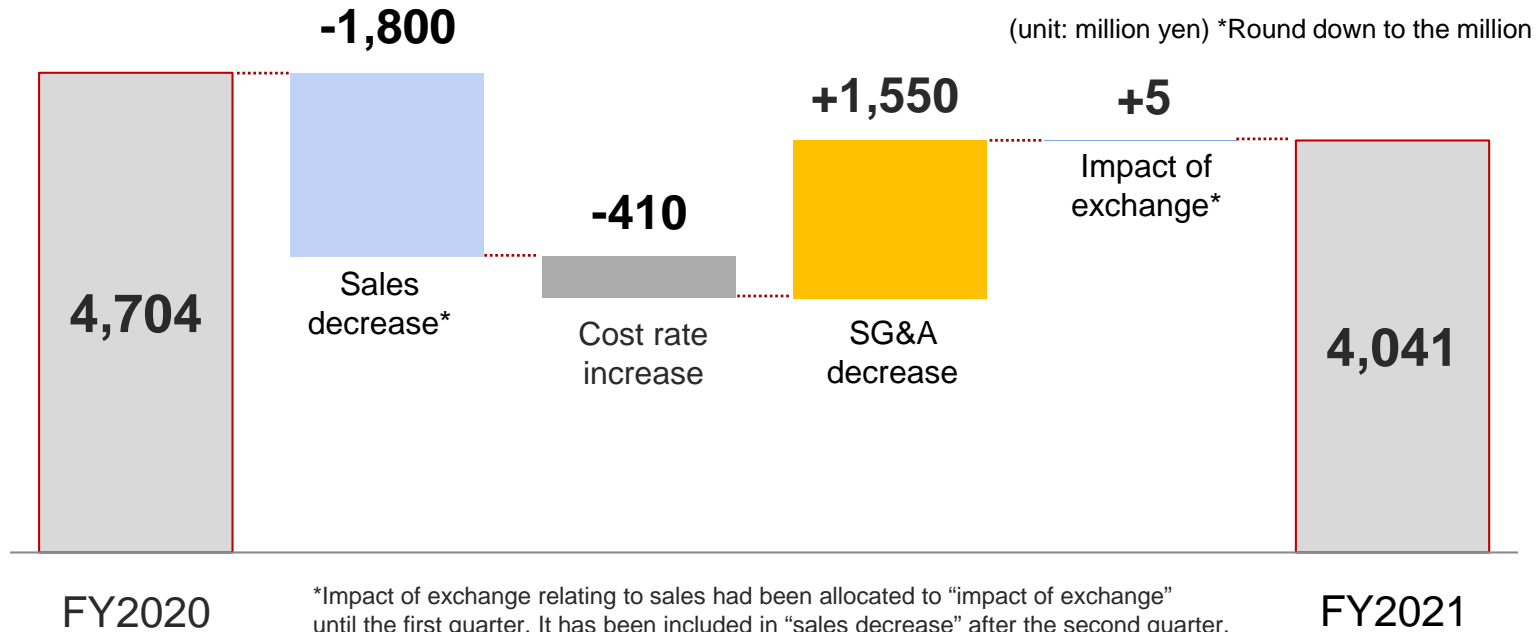
Consolidated performance [Consolidated income statement] -1



(Unit: million yen) ※Round down to the millions	FY2020 full-year		FY2021 full-year		
	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	58,355	100.0%	53,983	100.0%	- 7.5%
Gross operating income	25,040	42.9%	22,783	42.2%	- 9.0%
SG&A	20,336	34.8%	18,742	34.7%	- 7.8%
Operating income	4,704	8.1%	4,041	7.5%	-14.1%
Ordinary income	4,613	7.9%	4,104	7.6%	-11.0%
Net income attributable to shareholders of parent company	3,006	5.2%	2,803	5.2%	- 6.7%
Earnings per share(EPS) (before diluting) (JPY)	95.19	—	92.83	—	-2.36
USD-yen rate (JPY)	108.72		106.10		-2.62
EUR-yen rate (JPY)	122.03		121.88		-0.15

Changing factors of consolidated operating income

Although sales administrative expenses were reduced, net sales of segments with high income margin such as industrial switches business decreased. Therefore, operating income decreased approx. 660 million yen YoY.



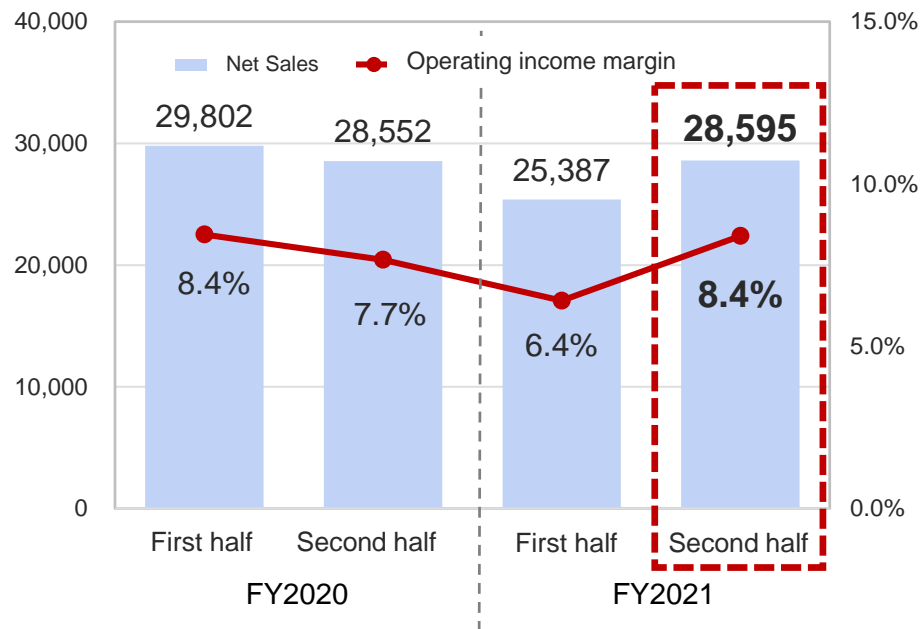
Net sales and operating income margin (transition of half year)



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

	FY2020		FY2021		
	Second half (Oct. to Mar.)		Second half (Oct. to Mar.)		
	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	28,552	100.0%	28,595	100.0%	+ 0.2%
Gross operating income	12,238	42.9%	12,004	42.0%	- 1.9%
SG&A	10,050	35.2%	9,589	33.5%	- 4.6%
Operating income	2,188	7.7%	2,415	8.4%	+10.4%
Ordinary income	2,165	7.6%	2,584	9.0%	+19.4%
Quarterly net income attributable to shareholders of parent company	1,156	4.1%	1,713	6.0%	+48.1%
Quarterly earnings per share (before diluting) (JPY)	36.92		57.12		

Second half shows increase in sales and income YoY



Consolidated performance [Consolidated income statement] -2



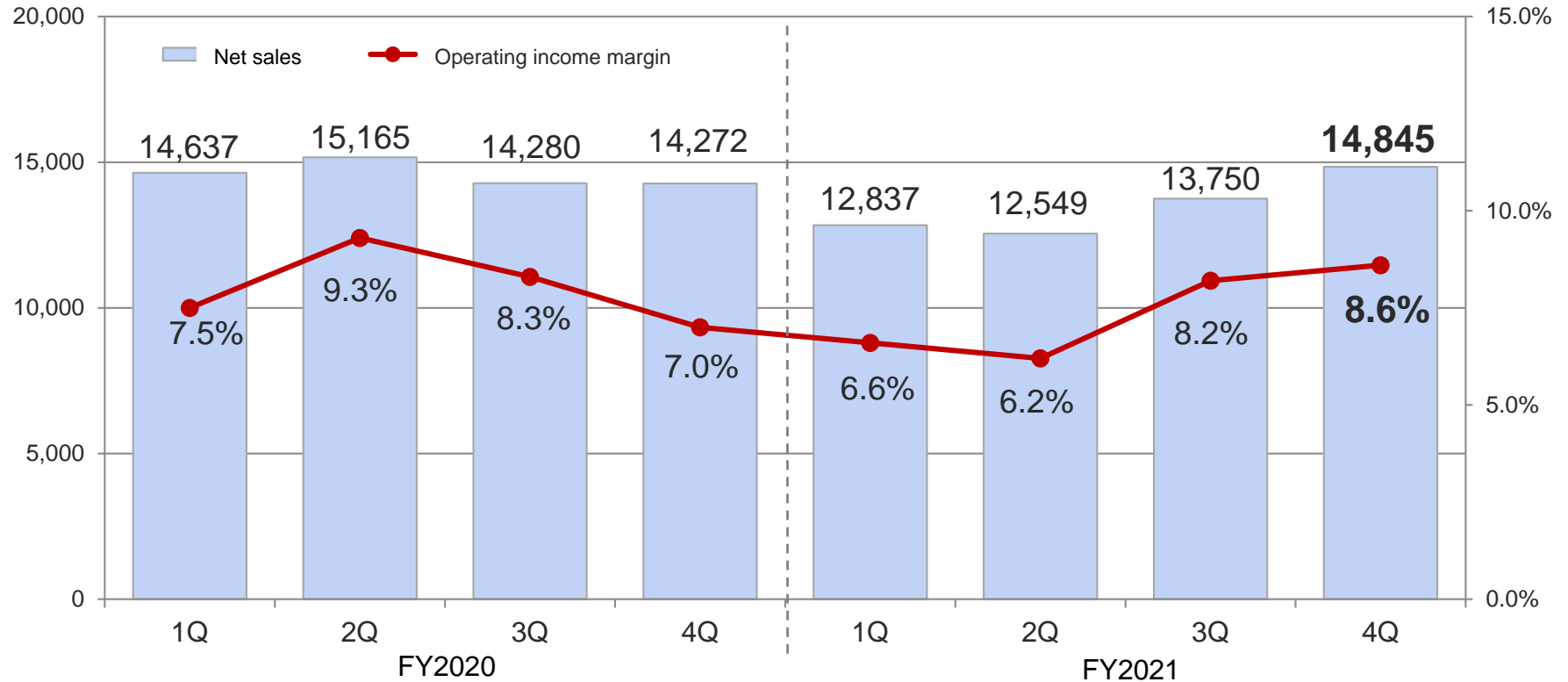
(Unit: million yen)
※Round down to the million

	FY2020		FY2021								
	4Q(Jan. to Mar.)		1Q(Apr. to Jun.)		2Q(Jul. to Sep.)		3Q (Oct. to Dec.)		4Q(Jan. to Mar.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	14,272	100.0%	12,837	100.0%	12,549	100.0%	13,750	100.0%	14,845	100.0%	+ 4.0%
Gross operating income	6,108	42.8%	5,407	42.1%	5,372	42.8%	5,741	41.8%	6,263	42.2%	+ 2.5%
SG&A	5,111	35.8%	4,561	35.5%	4,592	36.6%	4,607	33.5%	4,982	33.6%	- 2.5%
Operating income	996	7.0%	845	6.6%	780	6.2%	1,133	8.2%	1,281	8.6%	+28.5%
Ordinary income	902	6.3%	806	6.3%	712	5.7%	1,130	8.2%	1,454	9.8%	+61.3%
Quarterly net income attributable to shareholders of parent company	369	2.6%	570	4.4%	519	4.1%	499	3.6%	1,213	8.2%	+228.8%
Earnings per share(EPS) (before diluting) (JPY)	11.78		18.63		17.28		16.65		40.47		

Net sales and operating income margin (per quarter)



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



Sales by region

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

	FY2020	FY2021	YoY
Japan	28,032 (48.0%)	24,638 (45.6%)	-12.1%
Overseas	30,322 (52.0%)	29,344 (54.4%)	- 3.2%
Americas	9,203 (15.8%)	8,509 (15.8%)	- 7.5%
EMEA (Europe, Middle East, Africa)	10,276 (17.6%)	8,869 (16.4%)	-13.7%
Asia Pacific	10,841 (18.6%)	11,965 (16.4%)	+10.4%
Total	58,355 (100.0%)	53,983 (100.0%)	- 7.5%

Japan

-12.1% YoY

- Although System-related products have been strong, and industries including automotive, machine tools, and robots have been on a recovery trend, sale decreased due to a big drop until the first half.

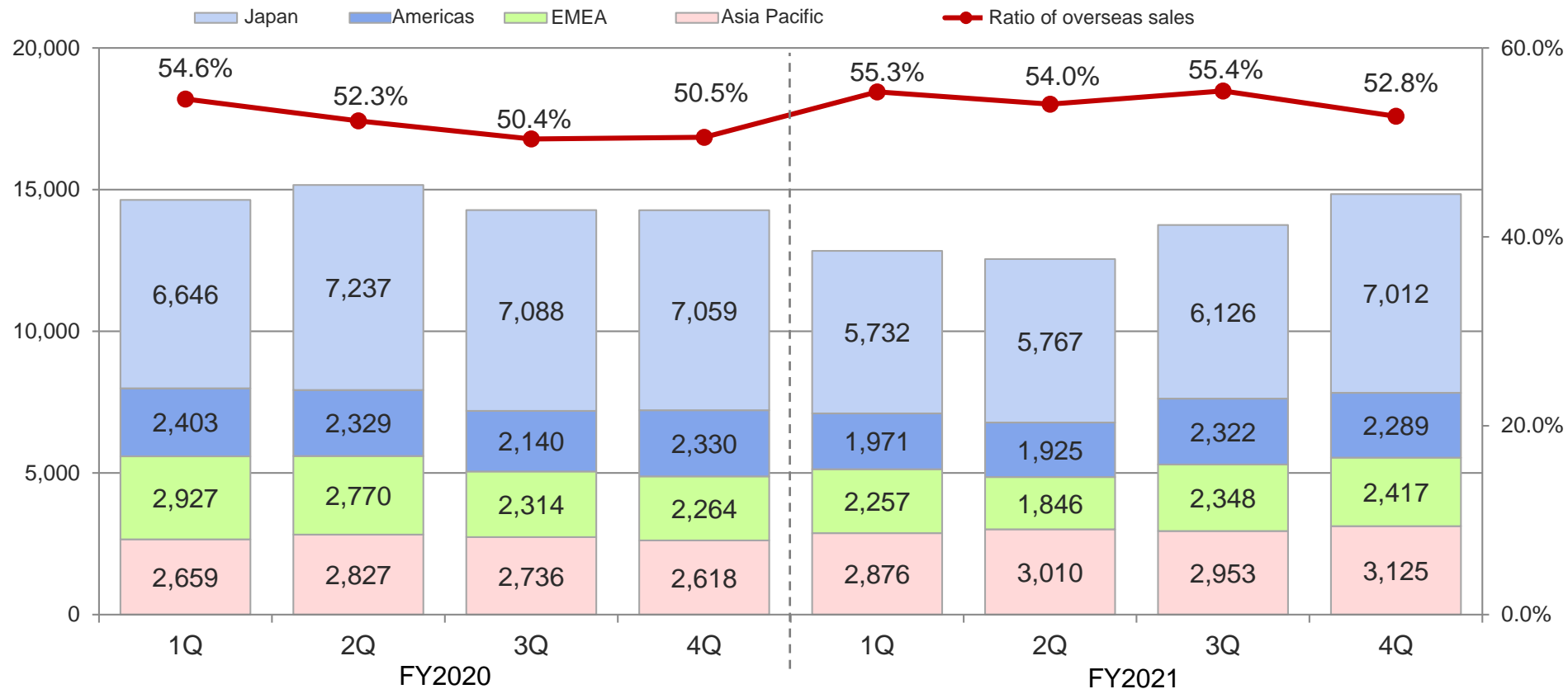
Overseas

- 3.2% YoY

- Although the impact of the economic downturn due to the spread of COVID-19 has still remained in Americas and EMEA, demand has recovered gradually.
- By the impact of recovery in demand in China, sales of industrial switches and industrial components business has extended.

Sales by region (per quarter)

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



Sales by products

(Unit: million yen)

*Round down to the millions

(Sales ratio)

	FY2020	FY2021	YoY
Industrial Switches	27,329 (46.8%)	25,054 (46.4%)	- 8.3%
Industrial Relays & Components	10,339 (17.7%)	9,803 (18.2%)	- 5.2%
Automation & Sensing	8,958 (15.4%)	8,203 (15.2%)	- 8.4%
Safety & Explosion Protection	6,657 (11.4%)	6,513 (12.1%)	- 2.2%
Systems	2,901 (5.0%)	3,244 (6.0%)	+11.8%
Others	2,169 (3.7%)	1,163 (2.1%)	-46.3%
Total	58,355 (100.0%)	53,983 (100.0%)	- 7.5%

Industrial Switches

Sales in China has been strong, and the demand in Japan, Americas, and EMEA has recovered after the third quarter. However, the annual sales decreased.

Industrial Relays & Components

Sales in Americas decreased. Meanwhile, sales of control relays in China increased.

Automation & Sensing

Sales of sensing products in Japan decreased. In Americas, sales of programmable logic controllers and operator interfaces decreased.

Safety & Explosion Protection

Demand has recovered in all the regions after the third quarter.

Systems

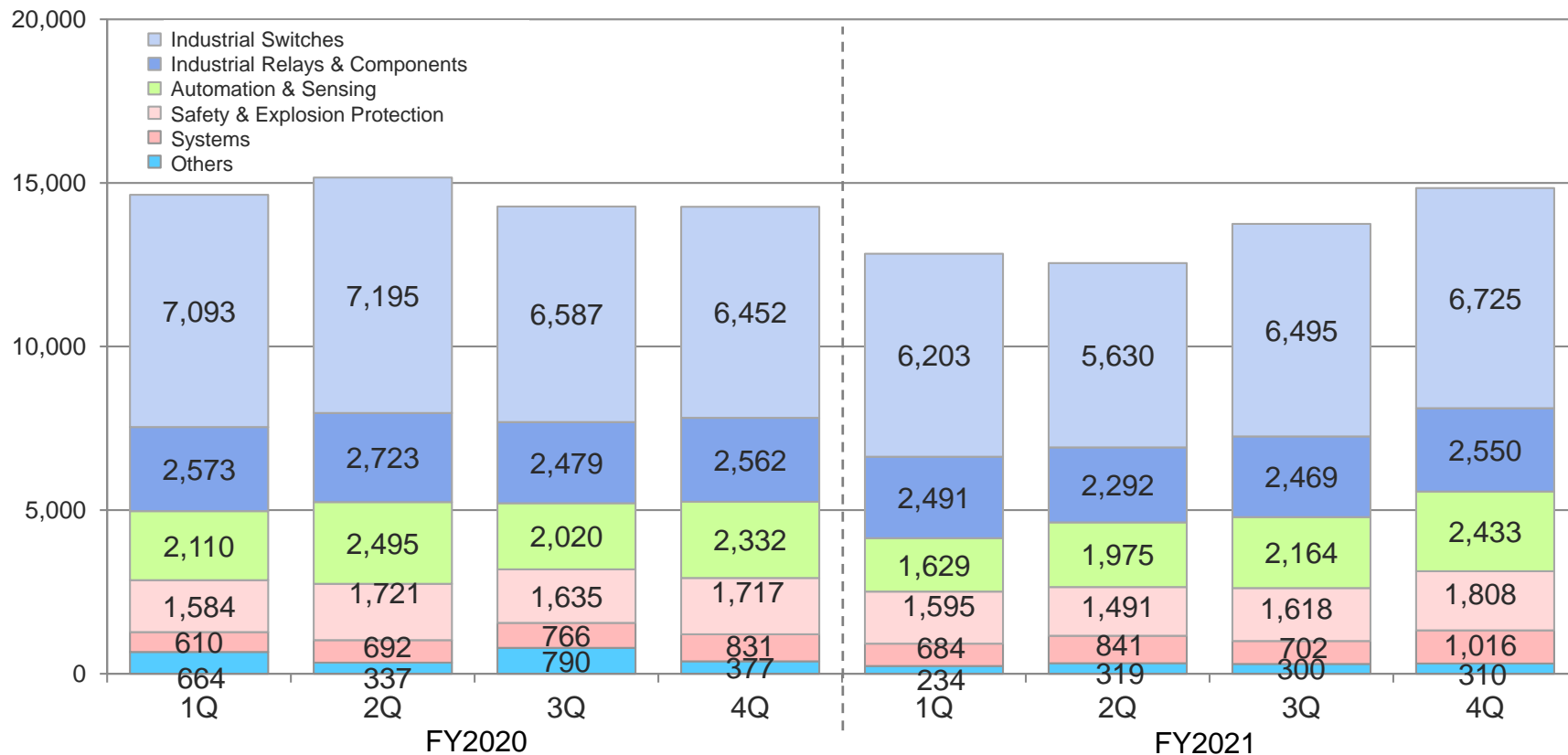
Sales of industrial relays such as digital devices and semiconductor industry increased.

Others

Sales of environment and energy-related business in Japan decreased.

Sales by products (per quarter)

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



Order received

	FY2020		FY2021			
	Amount of order received	Backlog	Amount of order received	YoY	Backlog	YoY
Japan	29,618	3,836	29,163	- 1.5%	5,789	+50.9%
Americas	9,140	1,275	9,187	+ 0.5%	1,895	+48.5%
EMEA (Europe, Middle East, Africa)	9,632	3,049	8,754	- 9.1%	3,150	+ 3.3%
Asia Pacific	8,598	2,160	10,759	+25.1%	3,368	+55.9%
Total	56,990	10,322	57,864	+ 1.5%	14,203	+37.6%

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

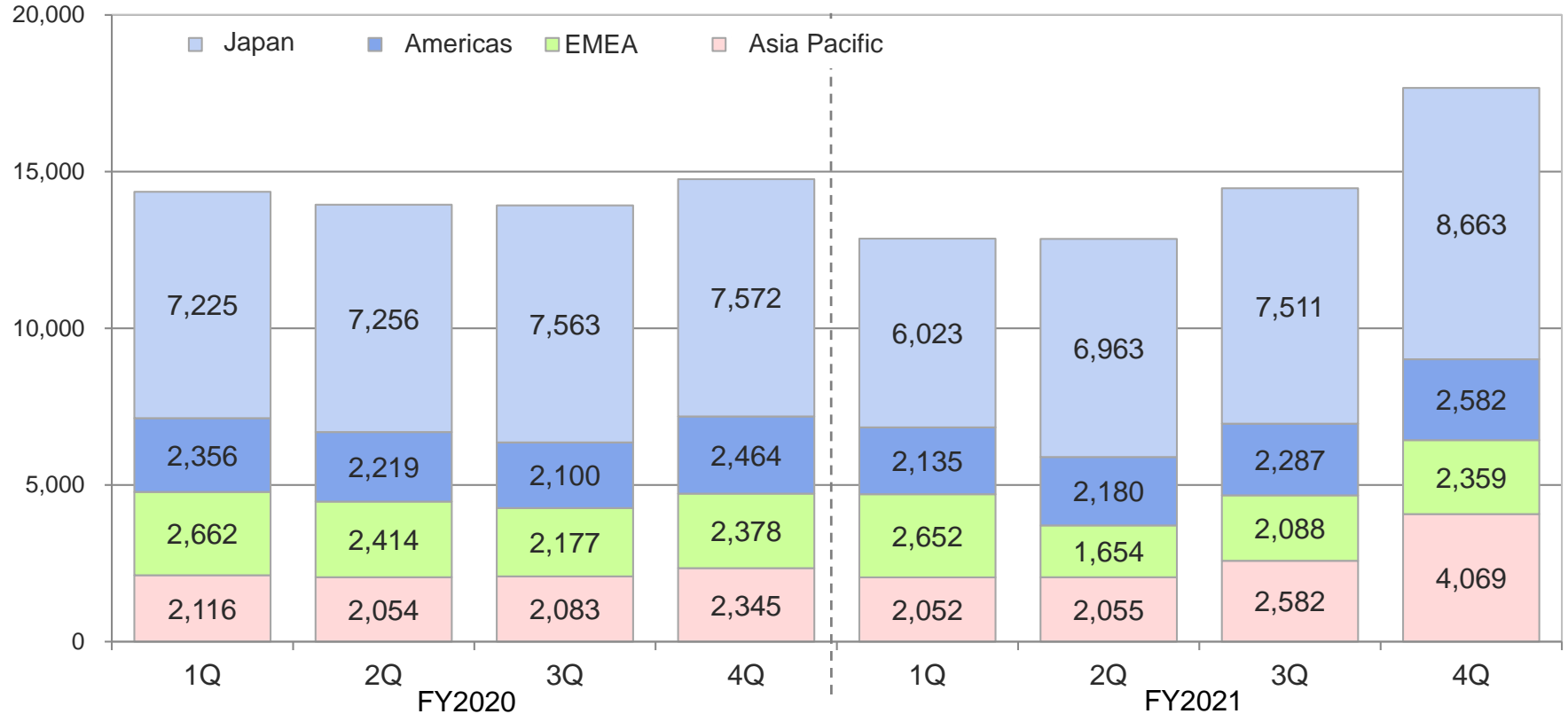
Order received (per quarter)



(Unit: million yen) *Round down to the millions	FY2020		FY2021							
	4Q(Jan. to Mar.)		1Q(Apr. to Jun.)		2Q(Jul. to Sep.)		3Q(Oct. to Dec.)		4Q(Jan. to Mar.)	
	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog	Amount of order received	Backlog
Japan	7,572	3,836	6,023	3,528	6,963	4,079	7,511	4,732	8,663	5,789
Americas	2,464	1,275	2,135	1,466	2,180	1,689	2,287	1,615	2,582	1,895
EMEA (Europe, Middle East, Africa)	2,378	3,049	2,652	3,438	1,654	3,246	2,088	3,106	2,359	3,150
Asia Pacific	2,345	2,160	2,052	1,914	2,055	1,637	2,582	1,918	4,069	3,368
Total	14,761	10,322	12,863	10,348	12,854	10,653	14,470	11,372	17,675	14,203

Order received (per quarter)

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



Highlights of assets

- Decreased by depreciation of intangible assets such as goodwill and increase of cash and deposits by borrowings. Total assets increased 1 bil. and 220 mil. yen YoY.

Highlights of liabilities

- Total liability increased 900 mil. yen YoY due to borrowing increased.

Highlights of net assets

- Net assets increased 320 mil. yen YoY due to the increase of foreign exchange account and retained earnings.

(Unit: million yen) *Round down to the millions	FY2020	FY2021	YoY
Current asset	38,193	39,815	+1,621
Fixed assets	48,831	48,436	- 395
Current liabilities	27,240	18,959	- 8,280
Non-current liabilities	16,996	26,180	+9,184
Net assets	42,788	43,111	+ 322
Total assets	87,025	88,252	+1,226
Shareholders' equity ratio	49.1%	48.7%	- 0.4%

Consolidated cash flow statement



Cash Flows by operation activities

- Due to net income before tax decreased, but inventory assets were compressed, 7 bil. and 440 mil. yen increased approx. 50 mil. yen YoY.

Cash Flows by investing activities

- Due to the construction of new factories in Suzhou, Taiwan, and IDEC FACTORY SOLUTIONS, -3 bil. and 140 mil. yen increased expenses of 1.1 bil. yen YoY.

Cash Flows by financing activities

- Due to income by borrowings, repayment of borrowings, share buyback, expenses including dividends, -3.bil.and 670 mil. yen.

(Unit: million yen) *Round down to the millions	FY2020	FY2021	YoY
CF from operation activities	6,928	7,443	+ 515
CF from investing activities	-2,037	-3,147	-1,109
Free cash flows (FCF)	4,890	4,295	- 594
CF from financing activities	-3,605	-3,672	- 67
Cash and cash equivalents at end of period	13,993	15,009	+1,016
Capital expenditures	2,673	3,567	+ 893
Depreciation and amortization	3,016	2,981	- 34

Forecast for FY2022

Consolidated for business forecast for FY2022



(Unit: million yen) *Round down to the millions	FY2021		FY2022		
	Actual	Sales ratio	Forecast	Sales ratio	YoY
Net sales	53,983	100.0%	60,000	100.0%	+11.1%
Gross operating income	22,783	42.2%	25,900	43.2%	+13.7%
SG&A	18,742	34.7%	19,700	32.8%	+ 5.1%
Operating income	4,041	7.5%	6,200	10.3%	+53.4%
Ordinary income	4,104	7.6%	6,200	10.3%	+51.1%
Net income attributable to shareholders of the parent company	2,803	5.2%	4,000	6.7%	+42.7%
Earnings per share(EPS) (before diluting) (JPY)	92.83	—	133.36	—	+ 40.53
USD-yen rate (JPY)	106.10		106.00		- 0.10
EUR-yen rate (JPY)	121.88		125.00		+ 3.12

Currency	Exchange assumption FY2022	Effect by 1 yen change of exchange rate	
		Net sales	Operating income
USD	JPY106	Approx. 50 mil. yen	Approx. 10 mil. yen
EUR	JPY125	Approx. 100 mil. yen	Approx. 15 mil. yen

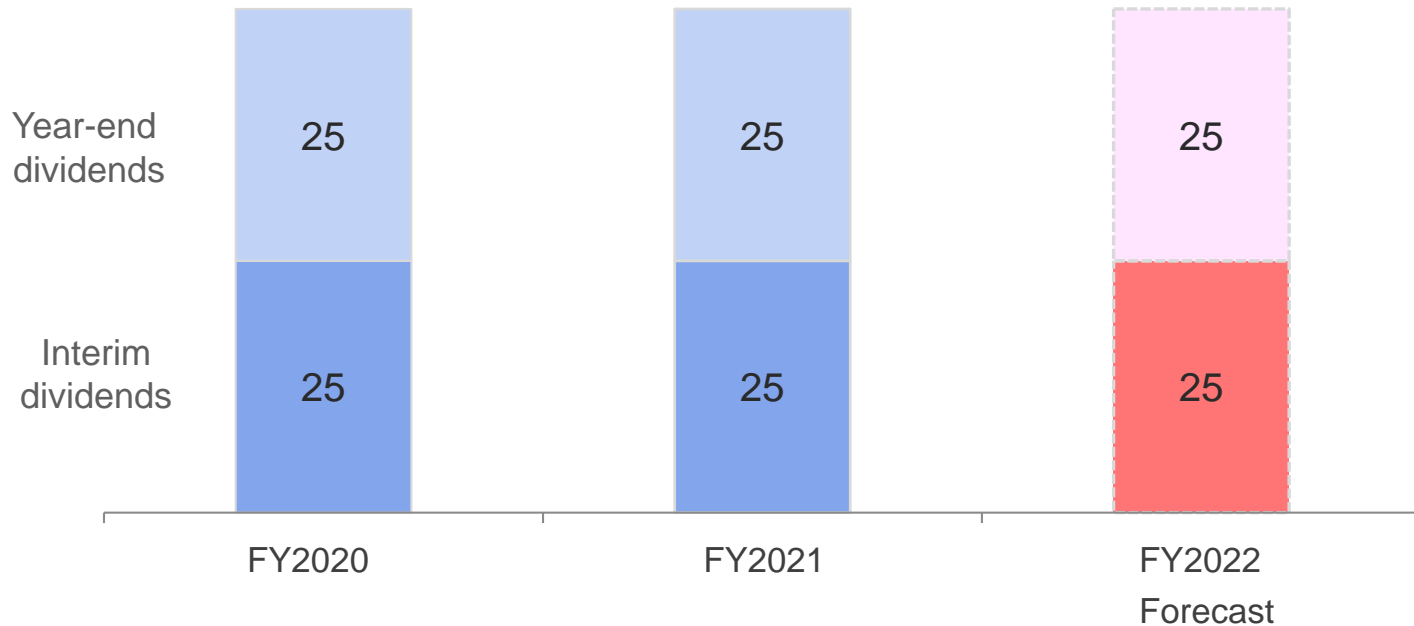
Consolidated Business Forecast for FY2022



(Unit: million yen) *Round down to the millions	FY2021 Actual	FY2022	
		Forecast	YoY
Industrial Switches	25,054	28,300	+13.0%
Industrial Relays & Components	9,803	10,400	+ 6.1%
Automation & Sensing	8,203	9,100	+10.9%
Safety & Explosion Protection	6,513	7,300	+12.1%
Systems	3,244	3,500	+ 7.9%
Others	1,163	1,400	+20.3%
Total	53,983	60,000	+11.1%
Domestic sales	24,638	27,400	+11.2%
Overseas sales	29,344	32,600	+11.1%
(Ratio of overseas sales)	54.4%	54.3%	- 0.1%

Expected dividends for FY2022

■ Expected annual dividends for FY2022 is JPY50.
(Expected dividends payout ratio is 37.5%).



Initiatives in FY2022

The global economy has been still in unclear situation by the impact of economic downturn due to the impact of COVID-19. However, business environment is expected to show a gradual recovery trend. In FY2022, we have promoted initiatives such as improving product profitability, cost reduction, and rationalization of business, and a substantial increase in sales and operating income margin of 10.3% are expected.

The IDEC Way

Vision: Pioneer the new norm for a safer and sustainable world.

Mission: To create the optimum environment for humans and machines.



Policies to implement

To enhance IDEC's corporate value by driving transformational changes to achieve sustainable growth, and to become a "Lean & smart" high-profit organization, while resolving social issues through our business activities.

Policies to Implement

To enhance IDEC's corporate value by driving transformational changes to achieve sustainable growth, and to become a "Lean & smart" high-profit organization, while resolving social issues through our business activities.

Promotion of our growth strategy

- Develop and launch products speedily that meet the needs of each region and industry.
- Expand business in China, and promote local production for local consumption.
- Restructure and strengthen Japanese sales channels, and strengthen sales that help solve customers' technical problems.
- Build strategic partnerships including M&A and alliance.

Improvement in profitability

- Promote product reorganization focused on group-wide optimization.
- Reduce inventories and shorten delivery times by reexamining production schemes and processes.
- Promote strategic cost-reduction initiatives.
- Identify and refocus unprofitable products and businesses.

Enhancement of management base

- Promote work-style reform.
- Strengthen management foundation through Post Merger Integration (PMI) process.
- Promote corporate restructuring for higher profitability.

Enhancement of initiatives for ESG

- **【E】** Promote initiatives for reducing environmental impact.
- **【S】** Promote diversity.
- **【G】** Improve management transparency and efficiency.

Promotion of our growth strategy

(Restructure and strengthen Japanese sales channels)



- Sales department was spun off, and has started business as IDEC SALES SUPPORT since April, 2021.
Sales offices were consolidated into two bases in Tokyo and Osaka.
- Evolve sales strategy based on products, market, and distributors' features and policies.
- Increase video contents.
- Build an efficient customer follow-up system by introducing such as meeting appointment system, chatbot, and AI text mining.
- Strengthen distributor support system by building web seminar training system and Learning Management System (LMS).



Promotion of our growth strategy

(Construct sales structure that helps solve customers' technical problems)



- By collaborating among our sales, marketing, R&D, and manufacturing technology department as well as group companies including SQUSE that has newly joined our group, we provide a variety of solutions that help to solve customer problems.
- We set targets in respective selected industry sectors, and propose solutions utilizing strength of IDEC group.
- By collaborating partner companies, we provide packaged system solutions corresponding to customer needs.



Promotion of our growth strategy

(Business transfer from SQUSE)



- On April 30, 2021, IDEC FACTORY SOLUTION was transferred business from SQUSE that had strengths in FA business such as system development aimed for automation of manufacturing processes in factories including food industry. Hereafter, IDEC group succeeds the transferred business and promotes expansion.
- The business is expected to expand to food industry with big demands for automation caused by shortage of labor. In addition, the total solution combined with products and solutions of IDEC groups can be proposed to SQUSE's existing customers.

革 新 技 術 工 場 c
SQUSE



FA systems targeted for food industry

Promotion of our growth strategy

(Expand business of system solutions)



- A new factory of IDEC FACTORY SOLUTIONS (IFS) has started operation in April 2021, and system solutions have been about double compared before.
- The automating transport of parts and finished products by autonomous mobile robot (AMR) was introduced, which improved productivity and efficiency.
- Solar power generation panels are installed, which covers 45 to 50% of electricity usage of the new factory by self-consumption.



The automating transport of parts and finished products



Solar power generation panels installed on the roof



A new factory of IFS started operation in April, 2021.



A new headquarter of IFS (to be completed in March, 2022)

- After completed a new headquarter building, Collaborative Safety Robot Technical Center will be transferred, and a collaborative safety robot system is scheduled to be expanded about triple.

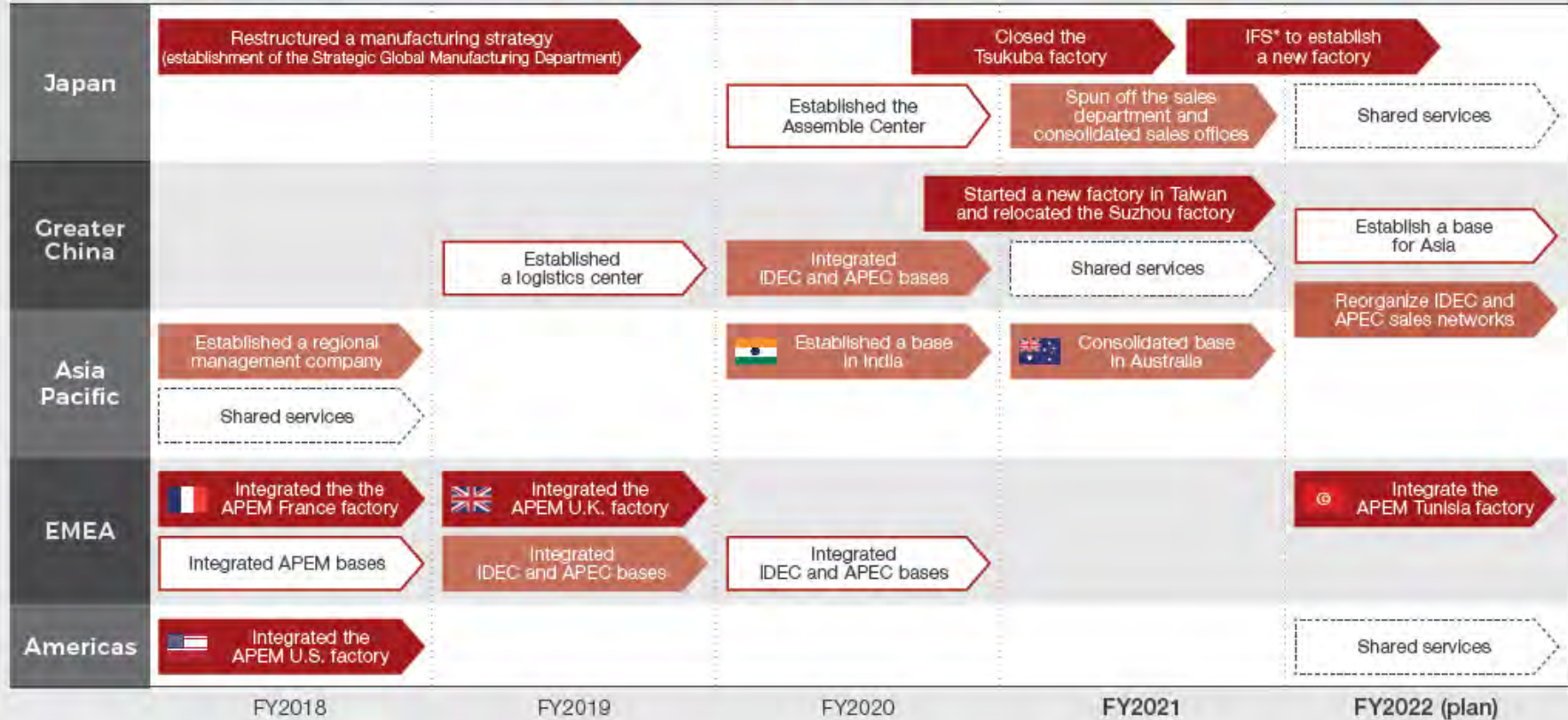
Improvement in profitability

(Roadmap for reorganizing business system and bases)



Reorganization Roadmap

➔ Manufacturing
 ➔ Sales
 ➔ Distribution



- A new factory in Kaohsiung, Taiwan has started operation since October, 2020.
 - ✓ A gross floor area of 2 factories in Taiwan has become 1.6 times larger by completing the new factory.
 - ✓ 1,200 sheets of solar power generation panels are installed on the roof with concept of eco-friendly.
- The Suzhou factory was transferred to respond to business expansion in China, and started operation in April, 2021.
 - ✓ We aim local production and local consumption, and enhance supply capacity to significantly increasing fields in China, especially safety-related products, which responds to China's market expansion.
 - ✓ A logistics base for Asia is scheduled to be transferred to Shanghai for the optimization of logistics network.



The new factory in Taiwan



The new Suzhou factory transferred



Safety-related products with expanding demand

Promote structure reform for transforming into high-profit structure

- Promote a personnel system reform based on the results of the employee engagement survey result.
- Management efficiency by operational reforms, digitalization, and IT and office infrastructures renewal.
- Describe an ideal state in the medium-term, and promote structural reform per function.
- Pursue synergies with whole IDEC group companies.



Introduction of New Products

Released a safety commander “HT3P” Easily attach safety devices to tablets of which use on the production sites is on the rise

- We can easily attach safety devices including an emergency-stop switch and an enabling switch that is required by safety standards to tablets.
- As products which can attach safety devices to tablets have not been common in the market, introduction of HT3P enables to use tablets to production sites, device control, and robot teaching, which contributes improvement of safety and convenience as well as cost reduction.



Newly released LED illumination unit “LF3D”

Robust, compact, slim, light and suitable for use in machine tools

- IDEC’s unique optical technology enables the light to reduce reflection from light source and eliminate the multi-shadow effects and allowing the operator to see scratches and unevenness on the workpiece, which improves machining efficiency.
- We improved design which enables more compact, slimmer, and lighter as well as more user-friendly compared to conventional products.
- By combining our optical design technology and by optimum LED arrangement, the brightness contrast difference is improved by 85%.



Newly released switching power supplies “PS3V” With compact and efficiency metal frame

- Acquired overseas safety standards including North America and Europe, and suitable for global use and various industries.
- Downsized volume by 32% maximally (100W type) compared to conventional types, which realizes compact size.
- Operates in a wide temperature range from -25 to +70 degrees. Suitable for use in a wide temperature range from cold to hot environment.



Complies with overseas safety standards

Installed automated temperature-measurement system to manufacturing and distribution bases in Japan

- For realization of a “factory that is resilient to infectious diseases”, We have built a contactless automated temperature-measurement system that combines IDEC’s products, such as KW2D smart RFID reader, with a commercial thermography camera, and installed them at all of our manufacturing and distribution bases in Japan.

【Automated temperature-measurement system】

Smart RFID reader “KW2D” (pictured left) reads company ID card.

Operator interface “HG1G” (pictured middle) certifies an individual.

Programmable logic controller “FC6A Plus” (pictured right) transmits data to cloud server.



Automated thermometry system

Initiatives for ESG



- A Senior Executive Officer was assigned in charge of environment since April, 2021 in order to address affirmatively climate change, a global big social issue.
- Reduce CO₂ emissions by actively using renewable energy.
- Promote development of eco-friendly products and consider eco-friendly materials.
- Expressed the approval for recommendation on Task Force on Climate-related Financial Disclosures (TCFD), and participated in TCFD Consortium in May, 2021.



Strength responds to environment

contribute to sustainable Development Goals (SDGs)



- Reduce CO₂ emission Scope 1,2 30%
- Reduce industrial waste 30%

(compared to FY2020)

- Ratio of eco-friendly new products 60%
(accumulated ratio of new products sales after introducing new system in FY2020)

FY2026

(ended Mar.31, 2026)

FY2025

FY2024

FY2023

FY2022

(ended Mar.31, 2022)

- All the global manufacturing bases acquired ISO14001 certification.
- Approved TCFD (Task Force on Climate-related Financial Disclosures), and analyzed a scenario climate-related risk and opportunity

- All the global bases aim to comply with ISO14001 by internal audit system, etc.

- Disclosure based on TCFD recommendations
- Introduce additional renewable energies scheduled



- Trainings and programs including LGBT education have been planned and held. The ratio of female managers has been targeted to raise steadily.
- Measures for maintaining and enhancing health have been implemented by utilizing stress check, industrial doctor's patrolling and interviewing.
- Aim to achieve “decent work” that allows employees to balance their private life and work life by utilizing teleworking and staggered working hours.
- Obtained “Kurumin” mark certification from Japan's Ministry of Health, Labour and Welfare as a childcare supporting company. And we raise the rate of childcare leave and other various leaves taken to obtain “Eruboshi” mark certification in the future.



- *Kurumin: Companies where support child-rearing
- *Eruboshi :Companies where women are active

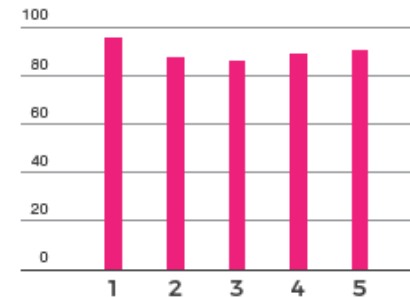


- With the aim of enhancing effectiveness of the Board of Directors (BoD), questionnaires have been distributed to Directors since FY2016. Issues have been discussed in order to continually work on making improvement.
- A voluntary nominating committee established in FY2021 has been utilized in order to decide next-generation executive candidates and promote succession plan.
- A risk map has been prepared by estimating priorities and undertaking measures to reduce the target risk. Operation of risk management which monitors the initiatives has been expanded to the entire IDEC group.
- A global hot line will be gradually introduced from prioritized regions so that those in group companies can directly make contact for internal whistle-blowing at the headquarters.

Questionnaire items and results

- 1 Composition of the BoD**
Headcount and diversity
- 2 Holding of the BoD meetings**
The number of meetings; duration; contents of discussion
- 3 Communication**
Discussion from the mid- to long-term viewpoints; communication among Directors
- 4 Risk management and compliance**
Appropriateness of reviews; internal control system
- 5 Information provision to Directors**
Information provision system; feedback from investors and shareholders

Evaluation results of FY2020



References

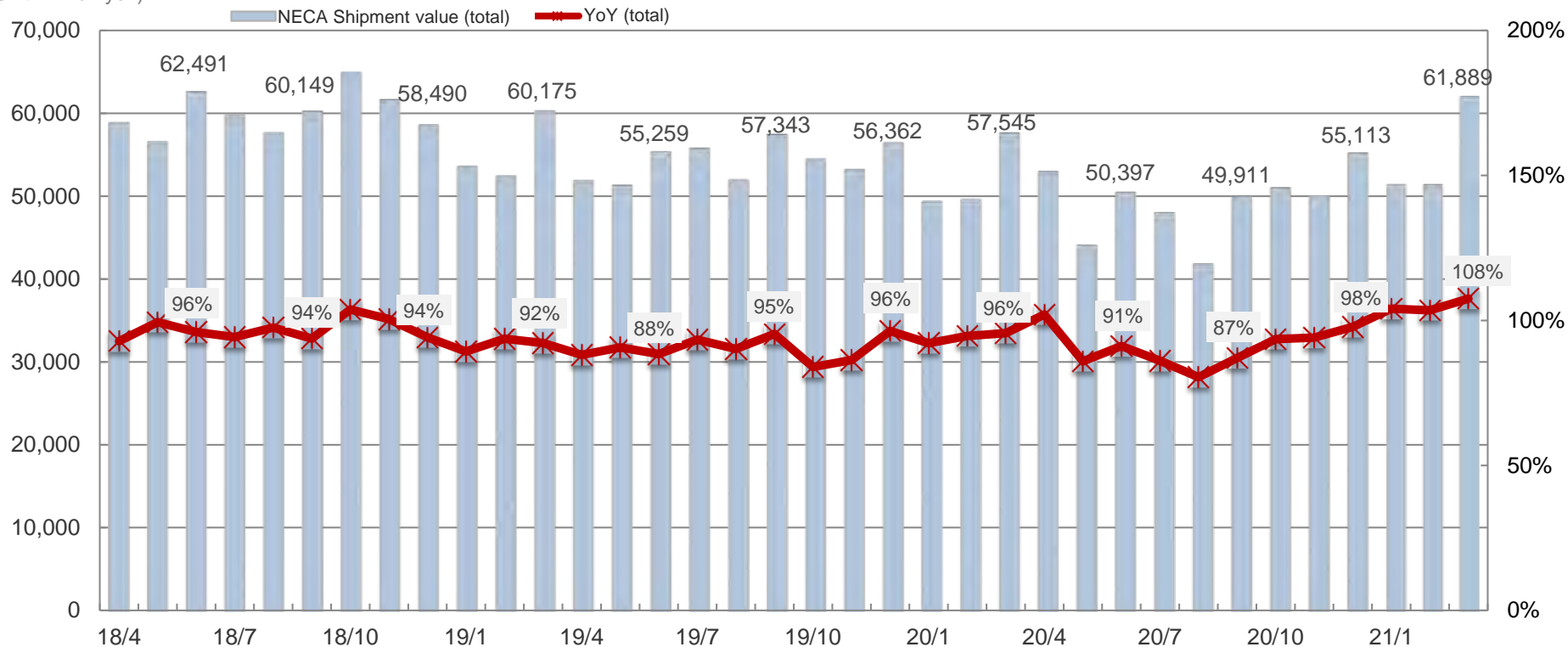
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association


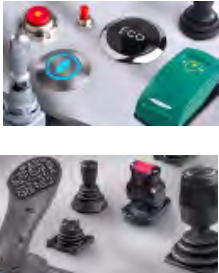


















Transition of the industrial shipment and YoY status (between April, 2018 and March, 2021)

(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>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 Operator interface Photoelectric switches Automatic identification devices    	<ul style="list-style-type: none"> Safety-related products Explosion protection products    	<ul style="list-style-type: none"> Interface complex systems Security systems Other various systems  	<ul style="list-style-type: none"> Environmental energy-related business Collaborative robot systems Next generation agricultural solutions   

Disclaimer

This material contains our plans and performance forecast, which we have planned and expected in accordance with available information as of May 14, 2021.

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

