



Think Automation and beyond...

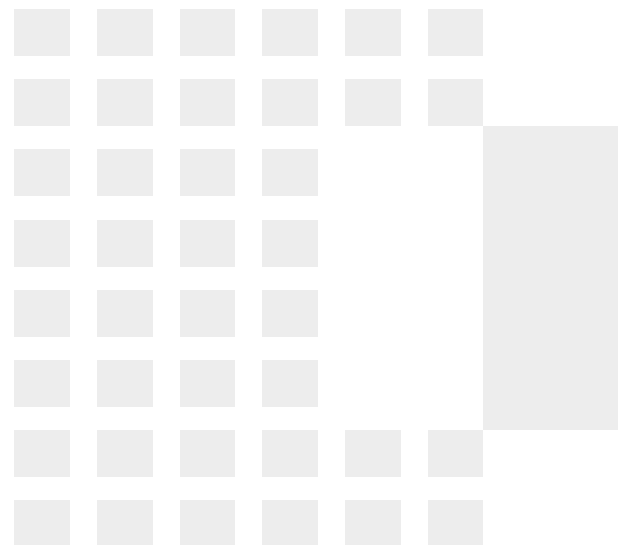
Financial Results for the First Quarter FY2022

(April 1, 2021 to June 30, 2021)

August 4, 2021

IDEC CORPORATION

Securities code : 6652



- **Best results as the quarter:** net sales of 17.3 billion yen, operating income of 2.3 billion yen (YoY 2.7 times), operating income margin of 13.3%, net income of 1.8 billion yen (YoY 3 times), net income ratio of 10.4%

(The maximum in the past was net sales of 16.4 billion yen and operating income of 1.7 billion yen at the 2Q FY2019.)

Net Sales

- Net Sales JPY17.3 billion (YoY 1.3 times)

- As the demand for capital investment of manufacturing industry transferred in a high level, sales of all regions and all products moved strongly.

Income

- Operating Income JPY2.3 billion yen (YoY 2.7 times)

- Ordinary Income JPY2.4 billion yen (YoY 3 times)

- Net Income* JPY1.8 billion yen (YoY 3 times)

*Net income attributable to shareholders of parent company

- Profit improved significantly YoY due to sales improvement and cost rate decrease

Consolidated performance [Consolidated income statement] -1

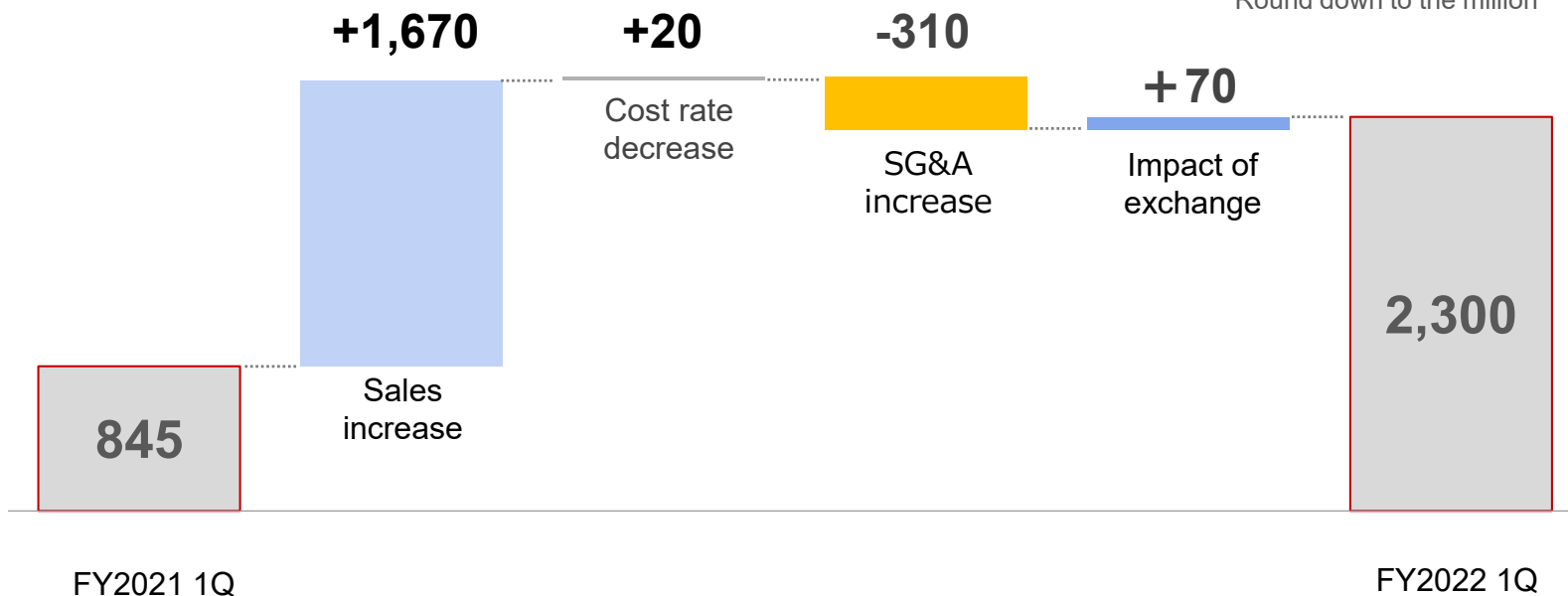


(Unit: million yen) ※Round down to the millions	FY2021 1Q		FY2022 1Q			
	Actual	Sales Ratio	Actual	Sales Ratio	YoY	Progression ratio for FY2022 plan
Net sales	12,837	100.0%	17,270	100.0%	+34.5%	28.8%
Gross operating income	5,407	42.1%	7,300	42.3%	+35.0%	28.2%
SG&A	4,561	35.5%	4,999	28.9%	+ 9.6%	25.4%
Operating income	845	6.6%	2,300	13.3%	+172.0%	37.1%
Ordinary Income	806	6.3%	2,436	14.1%	+202.0%	39.3%
Net income attributable to shareholders of parent company	570	4.4%	1,799	10.4%	+215.5%	45.0%
Earnings per share(EPS) (before diluting) (JPY)	18.63円	—	60.01	—	+41.38	—
USD-yen rate (JPY)	107.63		109.52		+1.89	—
EUR-yen rate (JPY)	120.13		127.80		+7.67	—

Changing factors of consolidated operating income

Operating income increased by 1.45 billion yen YoY due to sales increase, cost rate decrease, and impact of exchange, etc.

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



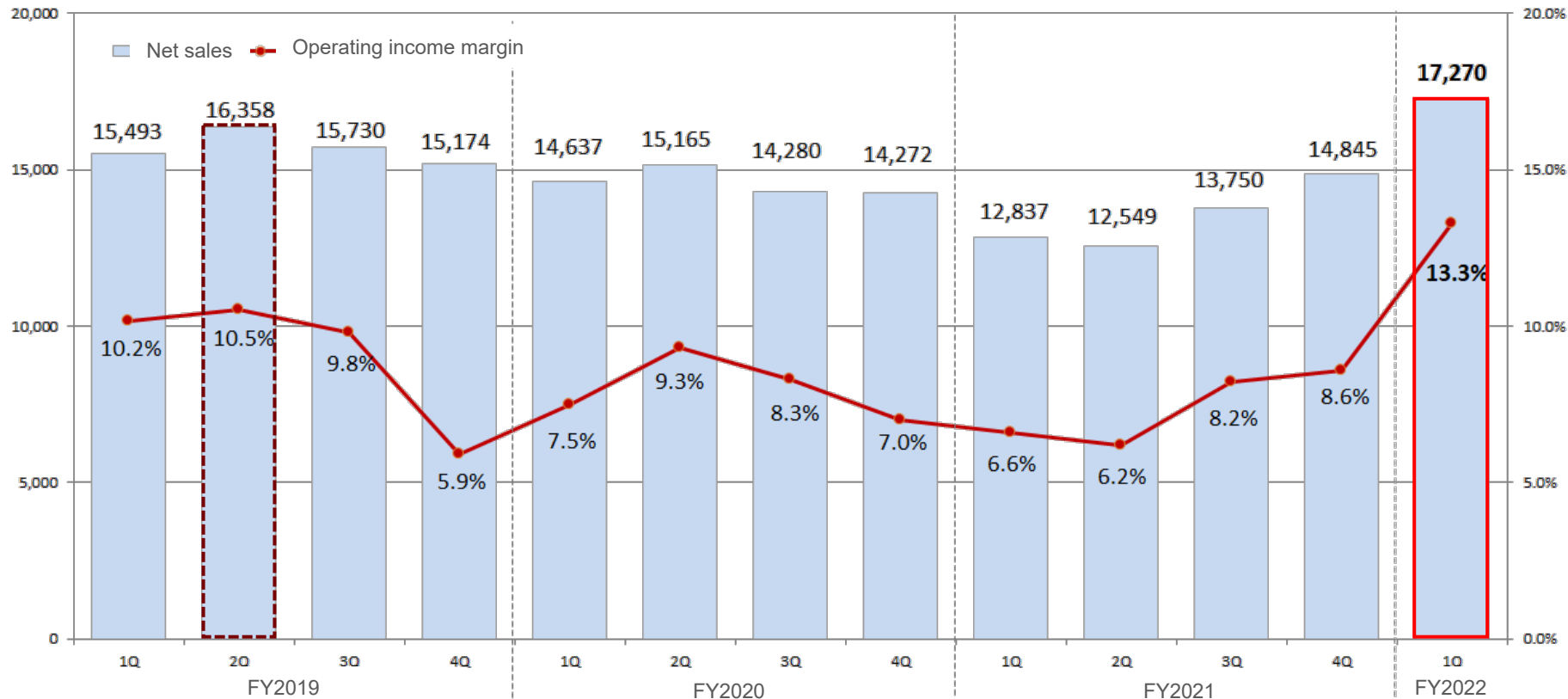
Consolidated performance [Consolidated income statement] -2



(Unit: million yen) ※Round down to the millions	FY2021								FY2022		
	1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		1Q (Apr. to Jun.)		
	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	YoY
Net sales	12,837	100.0%	12,549	100.0%	13,750	100.0%	14,845	100.0%	17,270	100.0%	+34.5%
Gross operating income	5,407	42.1%	5,372	42.8%	5,741	41.8%	6,263	42.2%	7,300	42.3%	+35.0%
SG&A	4,561	35.5%	4,592	36.6%	4,607	33.5%	4,981	33.6%	4,999	28.9%	+ 9.6%
Operating income	845	6.6%	780	6.2%	1,133	8.2%	1,281	8.6%	2,300	13.3%	+172.0%
Ordinary income	806	6.3%	712	5.7%	1,130	8.2%	1,454	9.8%	2,436	14.1%	+202.0%
Net income attributable to shareholders of parent company	570	4.4%	519	4.1%	499	3.6%	1,213	8.2%	1,799	10.4%	+215.5%
Earnings per share(EPS) (before diluting) (JPY)	18.63		17.28		16.65		40.47		60.01		

Net sales and operating income margin (per quarter transition)

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



Sales by region

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

	FY2021 1Q	FY2022 1Q	YoY
Japan	5,732 (44.7%)	7,343 (42.5%)	+28.1%
Overseas	7,105 (55.3%)	9,926 (57.5%)	+39.7%
Americas	1,971 (15.4%)	2,715 (15.7%)	+37.8%
EMEA (Europe, Middle East, Africa)	2,257 (17.6%)	2,975 (17.3%)	+31.8%
Asia Pacific	2,876 (22.4%)	4,234 (24.5%)	+47.2%
Total	12,837 (100.0%)	17,270 (100.0%)	+34.5%

Japan YoY **+28.1%**

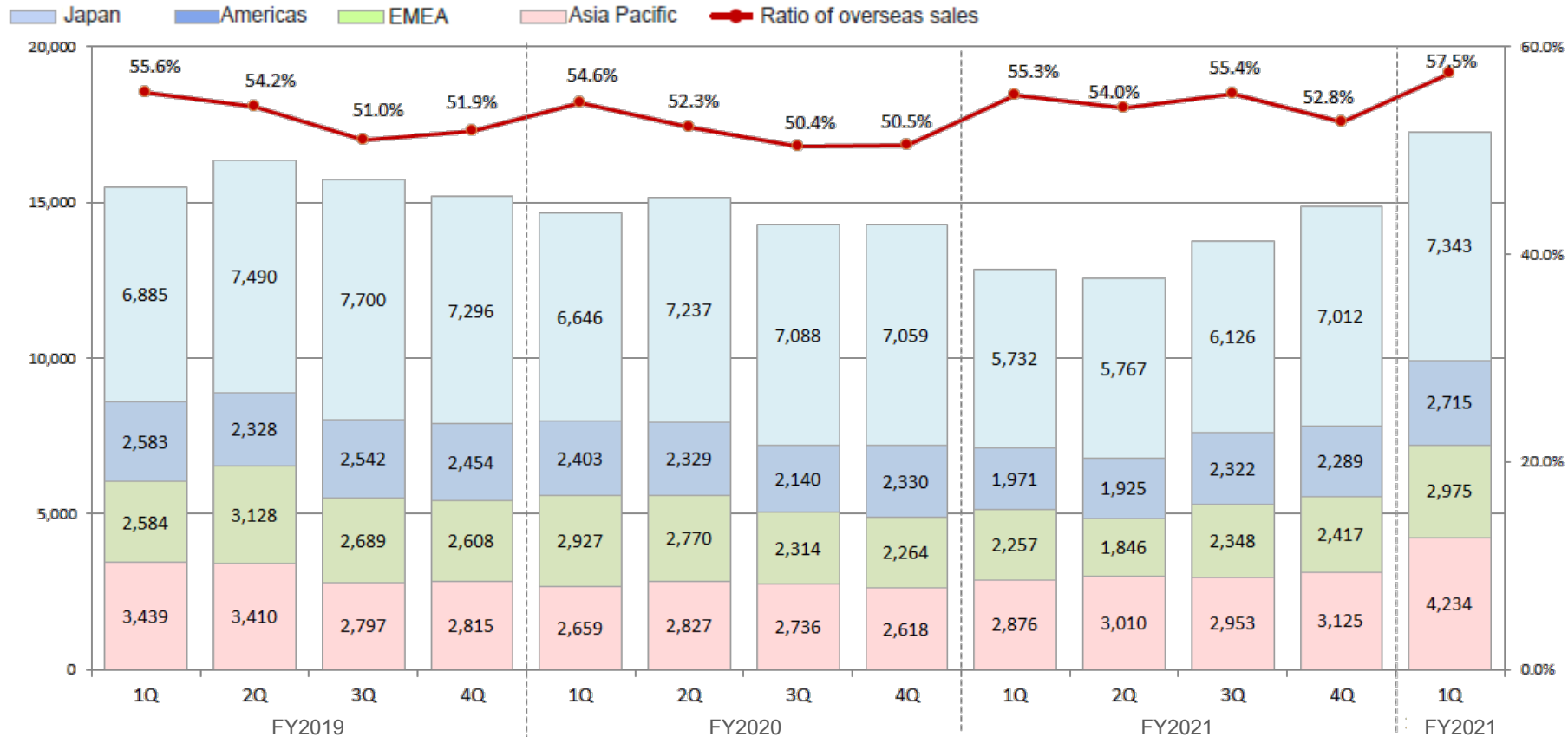
- As the demand of semiconductor-related, automobile-related, machine tool, and robot industries have recovered significantly and expanded rapidly, received order increased at the too exceeded level, and the sales expanded.

Overseas YoY **+39.7%**

- As the recovery of demand has progressed in Americas and Europe in addition to China that has been strong since FY2021, sales of each product increased.

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)

	FY2021 1Q	FY2022 1Q	YoY
Industrial Switches	6,203 (48.3%)	8,115 (47.0%)	+30.8%
Industrial Relays & Components	2,491 (19.4%)	3,264 (18.9%)	+31.1%
Automation & Sensing	1,629 (12.7%)	2,499 (14.5%)	+53.4%
Safety & Explosion Protection	1,595 (12.4%)	2,085 (12.1%)	+30.7%
Systems	724 (5.6%)	901 (5.2%)	+24.4%
Others	193 (1.5%)	403 (2.3%)	+108.0%
Total	12,837 (100.0%)	17,270 (100.0%)	+34.5%

*The product classification has been partially changed since FY2022, and the past values have also been converted for comparison.

Industrial Switches

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

Industrial Relays & Components

Sales of control relays have moved strongly in main Americas and China.

Automation & Sensing

Demands for programmable logic controllers and operator interfaces have recovered rapidly in Japan, Americas, and EMEA.

Safety & Explosion Protection

The demand for capital investment has recovered steadily, and sales of Japan and overseas increased.

Systems

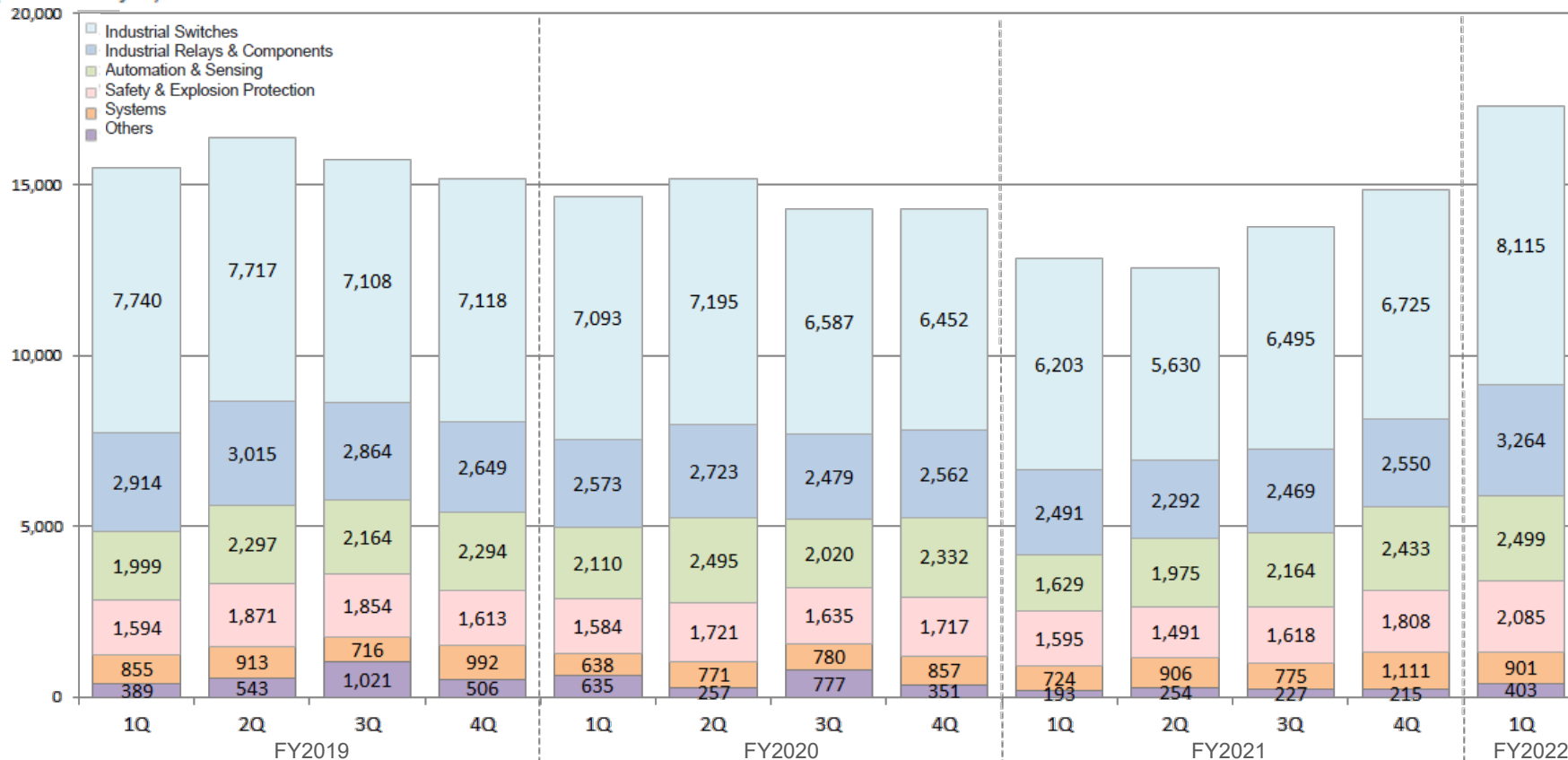
Sales of control panels increased in digital equipment and semiconductor industries in Japan.

Others

Sales of environment and energy-relating business have recovered in Japan.

Sales by products (per quarter transition)

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



Order Received

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

	FY2021 1Q		FY2022 1Q			
	Amount of order received	Backlog	Amount of order received	YoY	Backlog	YoY
Japan	6,023	3,528	11,257	+ 86.9%	8,941	+153.4%
Americas	2,135	1,466	3,530	+ 65.3%	2,537	+ 73.0%
EMEA (Europe, Middle East, Africa)	2,652	3,438	3,891	+ 46.8%	4,309	+ 25.3%
Asia Pacific	2,052	1,914	4,114	+100.5%	3,939	+105.8%
Total	12,863	10,348	22,795	+ 77.2%	19,728	+ 90.6%

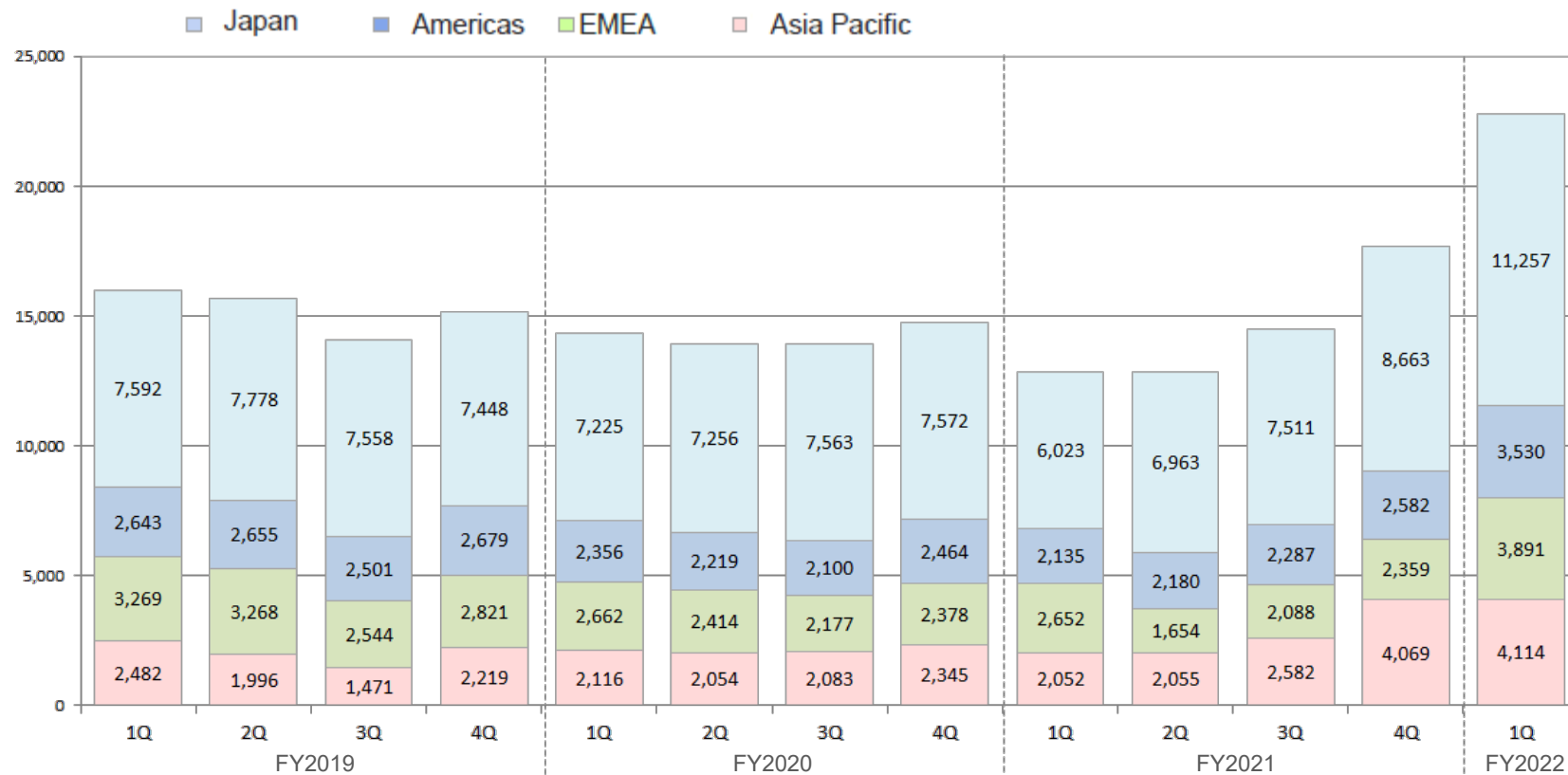
Order received (per quarter transition)



(Unit: million yen) *Round down to the millions	FY2021								FY2022	
	1Q (Apr. to Jun.)		2Q (Jul. to Sep.)		3Q (Oct. to Dec.)		4Q (Jan. to Mar.)		1Q (Apr. to Jun.)	
	Order received	Backlog	Order received	Backlog	Order received	Backlog	Order received	Backlog	Order received	Backlog
Japan	6,023	3,528	6,963	4,079	7,511	4,732	8,663	5,789	11,257	8,941
Americas	2,135	1,466	2,180	1,689	2,287	1,615	2,582	1,895	3,530	2,537
EMEA (Europe, Middle East, Africa)	2,652	3,438	1,654	3,246	2,088	3,106	2,359	3,150	3,891	4,309
Asia Pacific	2,052	1,914	2,055	1,637	2,582	1,918	4,069	3,368	4,114	3,939
Total	12,863	10,348	12,854	10,653	14,470	11,372	17,675	14,203	22,795	19,728

Order received (per quarter)

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



Highlights of assets

- Although cash and deposit decreased, trade receivables and fixed assets increased. So, total assets increased by 1.67 billion yen YoY.

Highlights of liabilities

- Trade payables increased while borrowing and accrued expenses decreased. So, total liabilities decrease by 90 million yen YoY.

Highlights of net assets

- Due to the increased of earned surplus, exchange account, and adjustment account, net assets increased by 1.76 billion yen YoY.

(Unit: million yen) *Round down to the millions	FY2021 (previous FY)	FY2022 (end of June)	YoY
Current asset	39,815	41,089	+1,273
Fixed asset	48,436	48,836	+ 400
Current liabilities	18,959	19,213	+ 254
Non-current liabilities	26,180	25,833	- 347
Net assets	43,111	44,879	+1,767
Total assets	88,252	89,926	+1,674
Shareholders' equity ratio	48.7%	49.7%	+ 1.0%

Cash Flows by operation activities

- It was 2.12 billion yen increased by 1.35 billion yen YoY due to the increase of payment obligation in addition to post net income before tax and depreciation and amortization.

Cash Flows by investing activities

- Due to the acquisition of fixed assets and business transfer, etc., expenses increased by 80 million yen, and it was -920 million yen.

Cash Flows by financing activities

- It was -1.45 billion yen due to repayment of borrowings and expenses including dividends.

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

	FY2021 1Q	FY2022 1Q	YoY
CF from operation activities	768	2,126	+1,357
CF from investing activities	-841	-924	-82
Free cash flows (FCF)	-73	1,201	+1,275
CF from financing activities	1,193	-1,451	-2,644
Cash and cash equivalents at end of period	15,103	14,826	-276
Capital expenditures	781	522	-259
Depreciation and amortization	736	800	+64

Forecast for FY2022

Consolidated for business forecast for FY2022



Currently, the backlog has greatly exceeded the maximum in the past, and 2Q is projected to continue to go strongly according to the backlog. On the other hand, it is necessary to determine the future circumstances of product supply such as long delivery date for several materials. Therefore, based on the impact by COVID-19 and others, FY2022 forecast as of now is estimated to be amended at the end of 2Q 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%
(Overseas sales ratio)	54.4%	54.3%	- 0.1%

Enter into Joint Venture Agreement
with Alps Alpine

<Background>

- Fusion of technologies
- A new business models unconstrained by industry boundaries

<Issues>

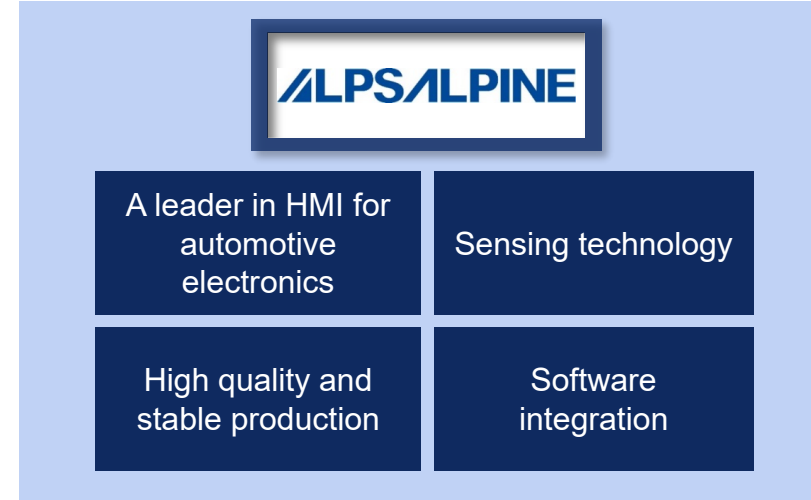
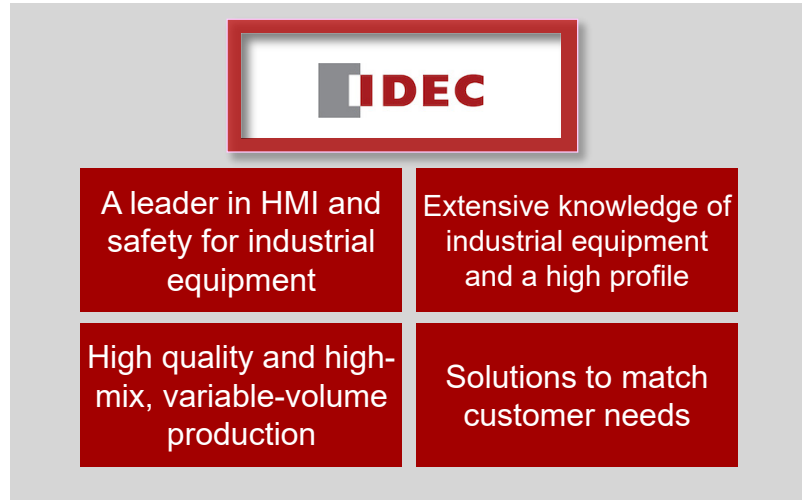
- A response to the rapidly changing business climate
- Collaboration with a business partner that will allow them to harness their respective expertise



**Convincing the partner that can build an effective relationship
for accomplishing each other's future vision**



Strategic Partnership



Common strengths as HMI leaders

+

Provision of optimal solutions drawing on their own respective expertise

**Formation of a joint venture company
with a view to establishing a highly profitable business**

Product development leveraging the respect strength

Promotion of opening markets and branding

- Joint development of high-value added HMI, safety, and sensing products, and provision of solution
- Promotion of expanding business and branding for mainly industrial equipment market

Delivery of products and solutions the industry needs



Think Automation and beyond...



Perfecting the Art of Electronics



IDEC ALPS Technologies (JV)

Machine tools & robotics



Semiconductor manufacturing equipment



Food & packaging



Special vehicles



- Company name: IDEC ALPS Technologies Co., Ltd.
- Head office: 2-6-64 Nishi-Miyahara, Yodogawa-ku, Osaka, Japan
- Representative: Tomonori Nishiki
(IDEC Corporation Senior Executive Officer, Technology Development and Environment)
- Establishment: September 1, 2021 (scheduled)
- Capital stock: 100 million yen
- Capital contributions: IDEC 51%, Alps Alpine 49%
- Business: Business and product planning, product development, manufacturing and sales of sensing products, HMI products, safety products and wireless/communication technology

Future timeline

- Launch the first new products to the market in the second half of FY2023
- Scheduled to book sales from FY2024, and launch new products sequentially

References

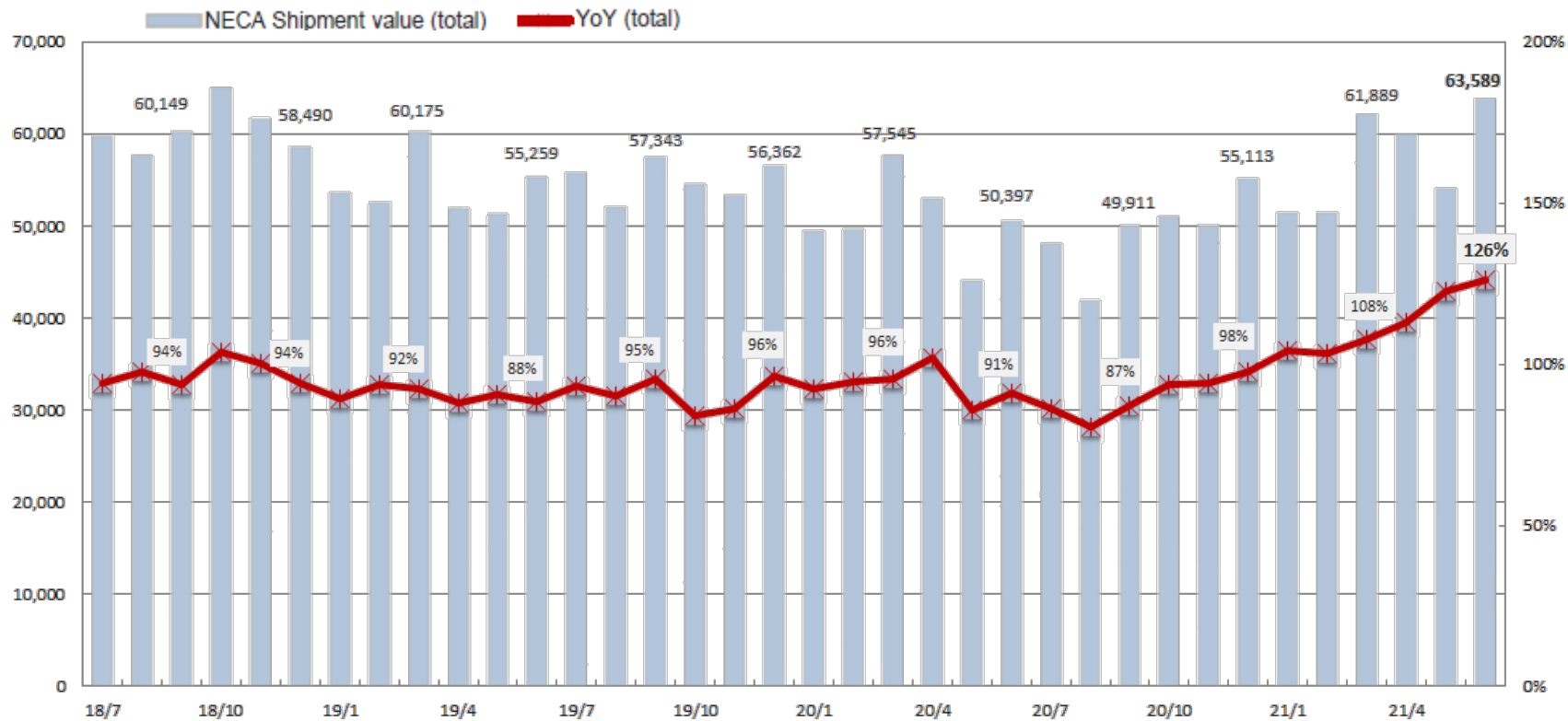
Industry Trend (Transition of shipment data of NECA*)

*Nippon Electric Control Equipment Industries Association









Transition of the industrial shipment and YoY status (between July, 2018 and June, 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>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 interface 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 August 4, 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.

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