



# FY2022 Q1 Financial Results

**IRISO ELECTRONICS CO.,LTD.**

*Stock Code: 6908*  
*(Aug 2, 2022)*



**I . FY2022 Q1 Financial Summary**

**II . FY2022 Forecast**

**III . Topics**

# 1. FY2022 Q1 Financial Highlights



- **Net Sales:** •The automotive market has not return to normal yet due to Shanghai's lockdown impact and delayed recovery from the global shortage in components such as semiconductors.  
•Nevertheless, +6.6% year over year as a result of steady sales growth in the powertrain and industrial markets, as well as the weakening yen.
- **Operating Profit:** +10.6% year over year because the soaring costs of raw materials and shipping, as well as Shanghai's lockdown impacts, were fully offset by profit improvement and cost reduction efforts.

Unit: JPY in Millions

	FY2021 Q1	FY2022 Q1	YoY
Net Sales	11,186	11,929	+742 +6.6%
Operating Profit	1,264	1,398	+134 +10.6%
Operating Profit Margin	11.3%	11.7%	+0.4pts

## 2. FY2022 Q1 Financial Summary



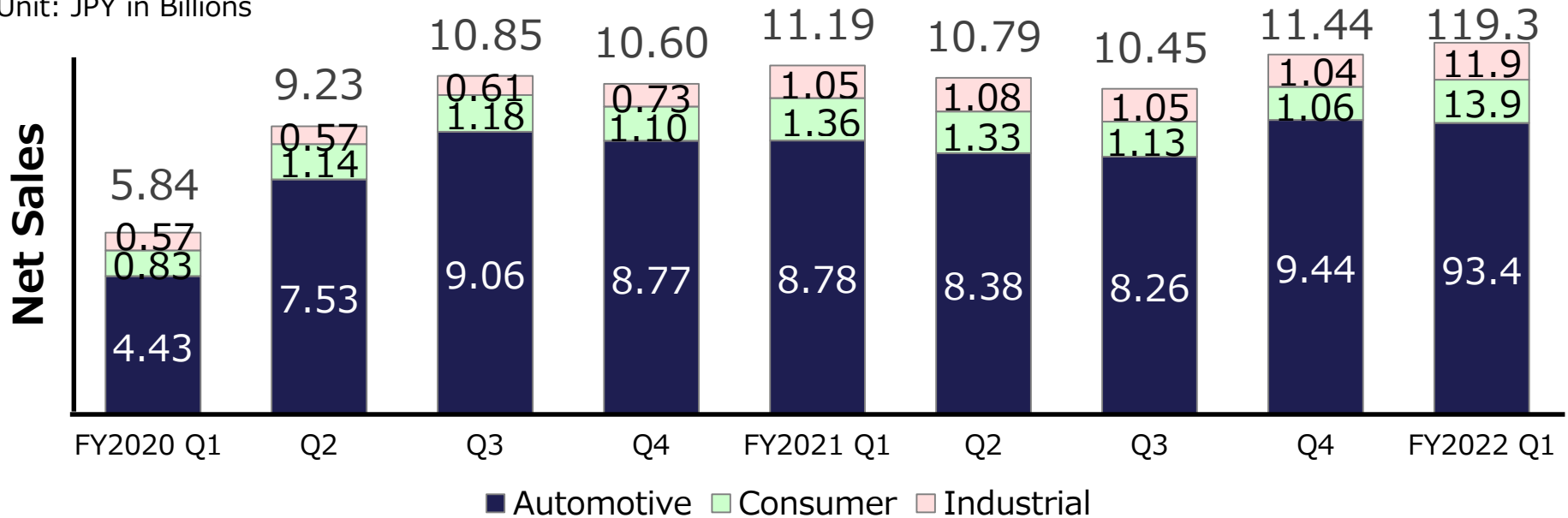
Unit: JPY in Millions

	FY2021 Q1	FY2022 Q1	Change	YoY
Net Sales	11,186	11,929	+742	+6.6%
Automotive	8,778	9,337	+558	+6.4%
Consumer	1,361	1,398	+37	+2.7%
Industrial	1,047	1,193	+146	+14.0%
Cost of Sales	7,371	7,926	+555	+7.5%
Sales Margin	65.9%	66.4%		+0.5pts
SG & A	2,551	2,604	+53	+2.1%
SG & A Margin	22.8%	21.8%		-1.0pts
Operating Profit	1,264	1,398	+133	+10.6%
Operating Profit Margin	11.3%	11.7%		+0.4pts
Ordinary Income	1,171	1,700	+528	+45.1%
Net Income	1,052	1,436	+383	+36.5%
EPS	44.64JPY	61.06JPY		
Capital Expenditure	1,190	2,114	+923	+77.5%
Depreciation	1,225	1,556	+331	+27.1%
Average Exchange Rate for each FY	USD : 110.00JPY EUR : 131.78JPY RMB : 17.01JPY	129.04JPY 138.24JPY 19.60JPY	+19.04JPY +6.46JPY +2.59JPY	+17.3% +4.9% +15.2%

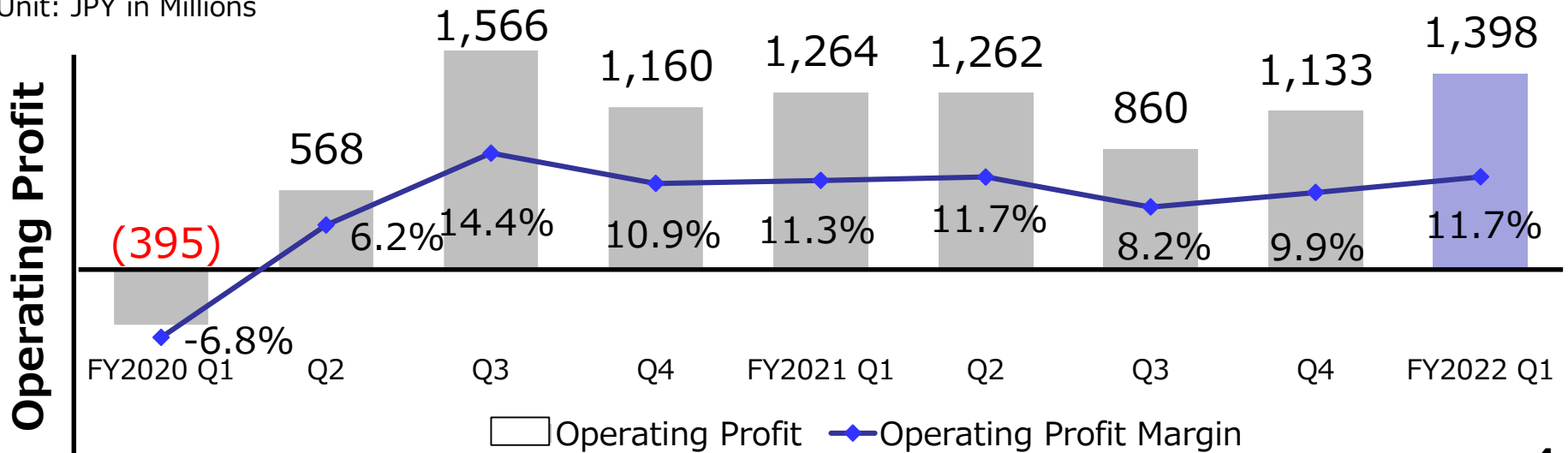
# 3. Changes in Net Sales and Operating Profit (QOQ)



Unit: JPY in Billions



Unit: JPY in Millions



## 4. Net Sales by Region and Product

### ■ By Region

Unit: JPY in Millions

	FY2021 Q1		FY2022 Q1		YoY
	Net Sales	Breakdown	Net Sales	Breakdown	
Japan	2,705	24.2%	2,524	21.2%	(180)
Greater China & South Korea	3,641	32.5%	4,488	37.6%	+847
USA	1,383	12.4%	1,562	13.1%	+178
EUROPE	1,934	17.3%	1,886	15.8%	(48)
ASEAN	1,521	13.6%	1,467	12.3%	(54)
<b>Total</b>	<b>11,186</b>	<b>100.0%</b>	<b>11,929</b>	<b>100.0%</b>	<b>742</b>
Overseas Ratio:		75.8%		78.8%	

#### Japan

- Decrease in sales because the automakers scaled back production, despite strong sales in the powertrain and industrial markets

#### Greater China & South Korea

- Increase in sales, driven by strong sales in the powertrain market and recovery from COVID-19 lockdowns

### ■ By Product

Unit: JPY in Millions

	FY2021 Q1		FY2022 Q1		YoY
	Net Sales	Breakdown	Net Sales	Breakdown	
BtoB	4,981	44.5%	5,032	42.2%	+50
FPC	2,478	22.2%	2,694	22.6%	+216
Auto IF	2,732	24.4%	3,204	26.9%	+471
Pin Header	442	4.0%	478	4.0%	+35
Other	551	4.9%	520	4.3%	(30)
<b>Total</b>	<b>11,186</b>	<b>100.0%</b>	<b>11,929</b>	<b>100.0%</b>	<b>742</b>

#### BtoB

- Increase in sales for game console and price optimization

#### Auto IF

- Increase driven by sales in the powertrain market

## 5. Changes in Sales and Operating Profit YoY

Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit Margin	Change Factor
FY2021 Q1 Results	11,186	1,264	11.3%	
Currency Effect	+1,092	(15)		
Change in Sales Volume	+190	+95		
Material Cost Increase		(290)		
Shipping Cost Increase		+180		Back to normal although Vietnam's lockdown had an impact on FY2021 Q1.
Fixed Cost Increase		+10		Depreciation offset by cost cutting, etc.
Shanghai's lockdown impact	(540)	(180)		Decrease in sales and increase in expenses associated with plant operation
Cost Reduction, etc.		+333		Cost reduction of ¥420M, etc.
Total Change Factor	+742	+133		
FY2022 Q1 Results	11,929	1,398	11.7%	

## 6. Balance Sheet

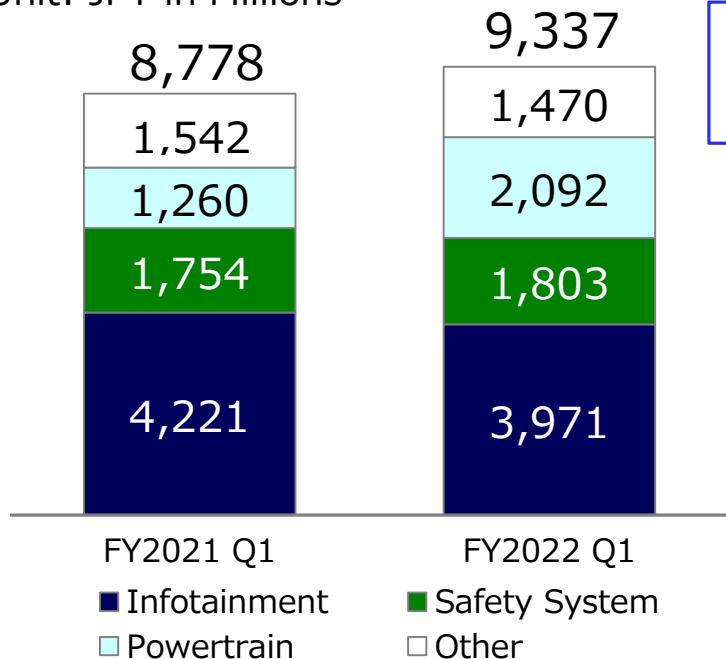
Unit: JPY in Millions

	FY2021	FY2022 Q1	VS. Previous year-End	Note
Current Asset	40,436	44,187	+3,751	
Cash & Deposit	14,066	16,029	+1,963	
Account Receivable	12,889	13,190	+301	
Inventory	11,592	12,618	+1,025	
Noncurrent Asset	32,716	34,806	+2,089	
Total Asset	73,153	78,993	+5,840	Currency impact: approx. + ¥ 7.0B
Total Liability	11,376	13,657	+2,280	
Account Payable	4,504	4,970	+466	
Debt	410	2,438	+2,028	Capital costs for new plant construction +¥2.0B
Total Net Asset	61,776	65,336	+3,559	
Total Shareholders' Equity	54,660	54,675	+15	
Capital Adequacy Ratio	83.8%	82.1%	-1.7pts	



## ■ +558 million yen (+6.4%) YoY

Unit: JPY in Millions



- Impact of Shanghai's COVID-19 lockdown: approx. -0.5 billion yen
- Steadily growing sales in the powertrain market because xEV production was on a growth track mainly in China

### Safety System

- Small decline because car models which are more likely to have safety systems tend to be produced despite the impacts of Shanghai's lockdown and global chip shortage

### Powertrain

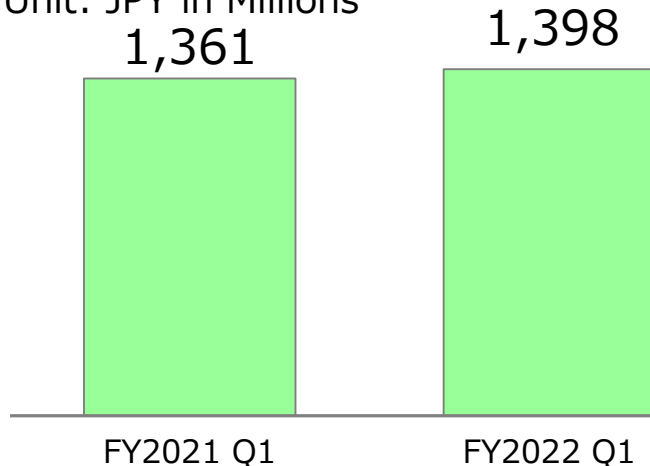
- +66% year over year as a result of the glowing global xEV market
- Increase driven by sales mainly for battery application
- Eight consecutive quarters of sales reaching new all-time highs

	FY2021				FY2022
	Q1	Q2	Q3	Q4	Q1
Infotainment	4,221	3,965	3,731	4,097	3,971
Safety System	1,754	1,590	1,690	1,954	1,803
Powertrain	1,260	1,343	1,516	1,727	2,092
Other	1,542	1,478	1,322	1,560	1,470
<b>Total</b>	<b>8,778</b>	<b>8,376</b>	<b>8,261</b>	<b>9,339</b>	<b>9,337</b>

## 8. Sales by Market: Consumer and Industrial

### ■ Consumer: +37 million yen (+2.7%) YoY

Unit: JPY in Millions

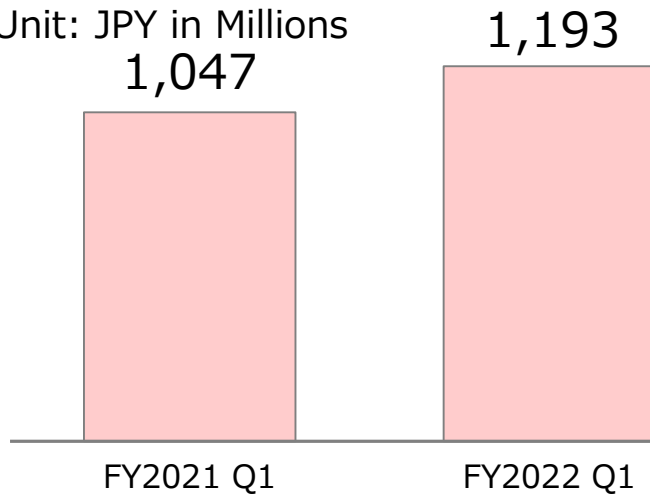


- Increase in sales for game console
- Benefits of price optimization

	FY2021				FY2022
	Q1	Q2	Q3	Q4	Q1
Consumer	1,361	1,331	1,131	1,060	1,398

### ■ Industrial: +146 million yen (+14.0%) YoY

Unit: JPY in Millions



- Increase in sales for FA equipment including PLC, driven by China's steady capital spending
- Steady sales growth, driven by sales for 5G base stations

	FY2021				FY2022
	Q1	Q2	Q3	Q4	Q1
Industrial	1,047	1,083	1,053	1,039	1,193



**I . FY2021 Q1 Financial Summary**

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# 1. FY2022 Earnings Forecast



## ■ Initial plan remains unchanged

Unit: JPY in Millions

	FY2021		FY2022		YoY	
	First Half	Full Year	First Half	Full Year	vs. First Half	vs. Full Year
Net Sales	21,978	43,863	24,000	51,500	+2,021 +9.2%	+7,636 +17.4%
Cost to Sales Revenue Ratio	65.3%	67.3%	68.5	67.0	+3.2pts	+0.3pts
Operating Profit	2,526	4,520	2,480	6,160	(46) -1.8pts	+1,639 +36.3pts
Operating Profit Margin	11.5%	10.3%	10.3%	12.0%	-1.2pts	+1.7pts
Pretax Profit	2,365	4,570	2,400	6,000	+34	+1,429
Net Income	2,168	3,913	1,800	4,500	(368)	+586
EPS	92.03JPY	166.22JPY	76.52JPY	191.30JPY		
Exchange Rate, Period Average	USD: 110.18JPY EUR: 130.97JPY RMB: 17.04JPY	112.86JPY 131.01JPY 17.59JPY	130.00JPY 135.00JPY 20.00JPY	130.00JPY 135.00JPY 20.00JPY	+19.82JPY +4.03JPY +2.96JPY	+17.14JPY +3.99JPY +2.41JPY
Capital Expenditure	-	6,172		9,000		+2,027
Depreciation & Amortization	-	5,356		6,300		+933

## 2. FY2022 Net Sales Plan by Market

■ Initial plan remains unchanged

Unit: JPY in Millions

	FY2021		FY2022			1Q Rate of Progress
	Net Sales	Breakdown	Net Sales	Breakdown	YoY	
Total Automotive	34,756	79.2%	41,600	80.8%	+19.7%	+22.4%
Infotainment	16,015	36.5%	17,700	34.4%	+10.5%	+22.4%
Safety System	7,850	15.9%	8,100	15.7%	+15.9%	+22.3%
Powertrain	5,847	13.3%	9,300	18.1%	+59.0%	+22.5%
Other	5,904	13.5%	6,500	12.6%	+10.1%	+22.6%
Consumer	4,884	11.1%	5,600	10.9%	+14.7%	+25.0%
Industrial	4,223	9.6%	4,300	8.3%	+1.8%	+27.8%
Total	43,863	100.0%	51,500	100.0%	+17.4%	23.2%

### 3. Response to Environmental Change (Repeat)



Change	Detail	Additional Measures
Accelerating Market Expansion	Accelerating xEV adoption	<ul style="list-style-type: none"> <li>• Reaping what we sow while doing business with OEM and Tier1 manufacturers including newly emerging manufactures, as well as further exploring the battery and motor drive system markets</li> <li>• Increasing production capacity for sales in the powertrain market and new plant construction in Akita, Japan</li> </ul>
	Global surge in ADAS adoption	<ul style="list-style-type: none"> <li>• Increasing sales of high-speed transmission connectors (10143 series and products as solutions for automotive cameras)</li> </ul>
	Accelerating robot deployment and automation	<ul style="list-style-type: none"> <li>• Increasing global sales of automation connectors</li> </ul>
	5G distribution around the world	<ul style="list-style-type: none"> <li>• Increasing sales of high-speed transmission connectors (10143 series)</li> </ul>
<ul style="list-style-type: none"> <li>•Material Shortage</li> <li>•Soaring Price</li> <li>•Operation Halt</li> <li>•SC Disruption</li> </ul>	Staying cost competitive to overcome the soaring prices of raw materials and shipping	<p><b>1. Improving profitability</b></p> <ul style="list-style-type: none"> <li>• Increasing gross profit through a review of our pricing policy, the long-tail marketing strategy, etc.</li> <li>• Running projects to reduce the manufacturing costs of the flagship product lines</li> <li>• Raising productivity through capacity utilization improvement and in-process defect rate reduction, etc. making a logistics reform to reduce total storage and distribution costs, and building a centralized control system for manufacturing, warehousing and delivery of general purpose products</li> </ul>
	Improving supply chain management	<p><b>2. Improving production stability and enhancing local production for local consumption</b></p> <ul style="list-style-type: none"> <li>• Securing production quotas for major raw materials in preparation for production fluctuation</li> <li>• Building a multi-factory production system mainly for general purpose products</li> </ul> <p><b>3. Visualizing SCM practices through the ERP system reform</b></p>



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**II . FY2022 Forecast**

 **III . Topics**

- IRISO wins "Supplier of the Year 2021" Award from Continental
  - IRISO was selected as "Supplier of the Year 2021" among 7,000 suppliers by Continental, the world's leading manufacturer of automotive components.
  - It is the fourth time for Iriso to receive this award, following the 2008, 2015 and 2016 award. IRISO is the first-ever company in Continental's history that has won this award four times.



- Hosting online exhibitions (7/25-8/5)
 

This is our first attempt that we hold a wide variety of online exhibitions to introduce our new products, propose application-specific solutions, and provide on-demand seminars and virtual exhibition booths. All are presented online to appeal to customers.

## IRISO PRIVATE EXHIBITION

# イリソみらい展

**最新コネクタのオンライン技術展**

2022.7.25 MON - 8.5 FRI

#最新コネクタ紹介 #電池業界のビジネス動向セミナー  
 #ロボット組立導入セミナー #バーチャル3D展示ブース

- Comic book story behind product development Volume 2: " Z-Move" Series
 

The first episode of the series of our 3-directional floating BtoB connector "Z-Move", which proves our competitiveness, has just come out. It has been released as the second volume of the comic book story behind the development of the floating BtoB connector "10143 Series" with power supply terminals for industry-leading 25Gbps transmission, following the first volume released in 2021.

URL: <https://www.iriso.co.jp/jp/technology/comic/szmove/>

(Total of 3 episodes: the final episode will be released in September 2022)

Note: Available in Japanese only.





<b>Company Name</b>	<b>IRISO ELECTRONICS CO., LTD.</b>
<b>Business Description</b>	<b>Manufacture and sales of various types of connectors</b>
<b>Establishment</b>	<b>December 1966</b>
<b>Number of Employees</b>	<b>3,137 (as of March 31, 2022)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2022)</b>
<b>Headquarters</b>	<b>2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa</b>
<b>Operations</b>	
<b>Japan</b>	<b>Headquarters, Fukushima, Ibaraki, Aichi, and Osaka</b>
<b>Overseas</b>	<b>Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China(Shanghai, Dalian, Tianjin, Suzhou, Shenzhen, Chongqing), Malaysia, Taiwan, and India</b>
<b>Research &amp; Development</b>	<b>Headquarters(IRISO Technology Park), Kawasaki(Production Technology Development Center), Iwate(IRISO Engineering, Ltd), and Shanghai R&amp;D Center</b>
<b>Manufacturing Plants</b>	<b>Japan(Ibaraki), China(Shanghai, Nantong), Philippines(Manila), and Vietnam(Hai Duong)</b>