



FY2022 1H Financial Results

IRISO ELECTRONICS CO.,LTD.

Stock Code: 6908
(Nov 4, 2022)



I . FY2022 1H Financial Summary

II . FY2022 Forecast

III . Topics



1. FY2022 1H Financial Highlights



- **Net Sales:**
 - +16.2% year over year as a result of recovery from Shanghai’s COVID-led lockdown impacts during 1Q, sales growth in the powertrain market and weakening yen effects.
 - +1.5 billion yen compared to the initial target level
 - Hit a new all-time high.

- **Operating Profit:**
 - +21.3% year over year and +0.6 billion yen compared to the initial target level because the soaring costs of raw materials and Shanghai’s lockdown impacts were offset by sales expansion, shipping costs reduction, profit improvement efforts, and others.

Unit: JPY in Millions

	FY2021 1H	FY2022 1H	YoY
Net Sales	21,978	25,543	+3,565 +16.2%
Operating Profit	2,526	3,063	+537 +21.3%
Operating Profit Margin	11.5%	12.0%	+0.5pts



2. FY2022 1H Financial Summary



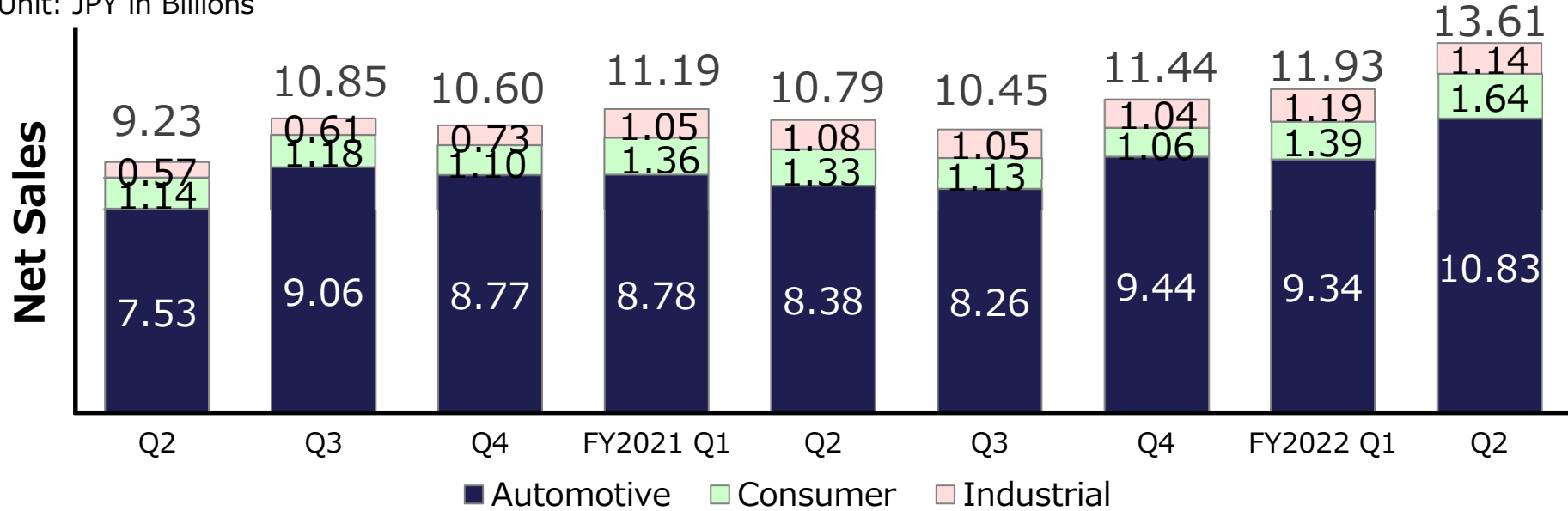
Unit: JPY in Millions

	FY2021 1H	FY2022 1H	Change	YoY	vs. Initial Target
Net Sales	21,978	25,543	+3,565	+16.2%	+1,543
Automotive	17,155	20,165	+3,010	+17.5%	
Consumer	2,692	3,046	+353	+13.1%	
Industrial	2,130	2,331	+201	+9.5%	
Cost of Sales	14,344	17,172	+2,827	+19.7%	
Sales Margin	65.3%	67.2%		+2.0pts	
SG & A	5,107	5,307	+200	+3.9%	
SG & A Margin	23.2%	20.8%		(2.5)pts	
Operating Profit	2,526	3,063	+537	+21.3%	+583
Operating Profit Margin	11.5%	12.0%		+0.5pts	
Ordinary Income	2,365	3,639	+1,274	+53.9%	+1,239
Net Income	2,168	2,901	+732	+33.8%	+1,101
EPS	92.03JPY	123.33JPY			+46.81JPY
Capital Expenditure	3,018	3,747	+729	+24.2%	
Depreciation	2,518	3,086	+567	+22.5%	
Average Exchange Rate for each FY	USD : 110.18JPY EURO : 130.97JPY CNY : 17.04JPY	133.46JPY 138.79JPY 19.82JPY	+23.27JPY +7.83JPY +2.78JPY	+21.1% +6.0% +16.3%	+3.46JPY +3.79JPY (0.18)JPY

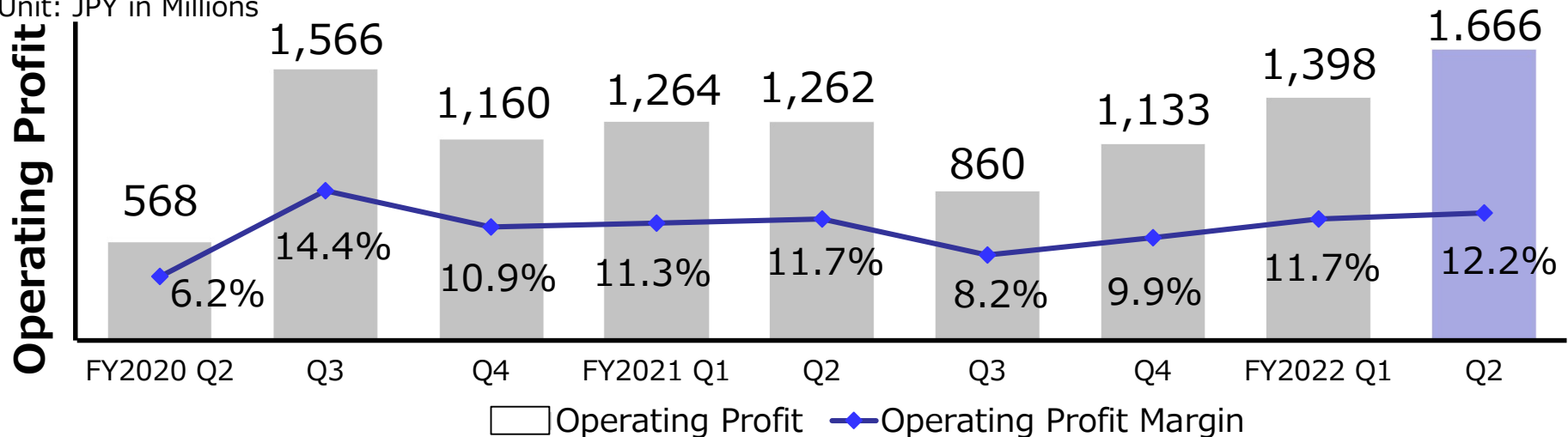
3. Changes in Net Sales and Operating Profit (QOQ)



Unit: JPY in Billions



Unit: JPY in Millions





4. Net Sales by Region and Product



■ By Region

Unit: JPY in Millions

	FY2021 1H		FY2022 1H		YoY
	Net Sales	Breakdown	Net Sales	Breakdown	
Japan	5,453	24.8%	5,063	19.8%	(389)
Greater China & South Korea	7,309	33.3%	10,123	39.6%	+2,814
USA	2,780	12.7%	3,240	12.7%	+459
EUROPE	3,571	16.2%	4,033	15.8%	+461
ASEAN	2,863	13.0%	3,082	12.0%	+218
Total	21,978	100.0%	25,543	100.0%	+3,565
Overseas Ratio:		75.2%		80.2%	

Japan

- Decrease in sales because the automakers scaled back production

Greater China & South Korea

- Recovery from the COVID-led lockdown and continuing sales growth in the powertrain market

■ By Product

Unit: JPY in Millions

	FY2021 1H		FY2022 1H		YoY
	Net Sales	Breakdown	Net Sales	Breakdown	
BtoB	9,658	43.9%	10,536	41.2%	+874
FPC	4,816	21.9%	5,798	22.7%	+978
Auto IF	5,492	25.0%	7,157	28.0%	+1,658
Pin Header	891	4.1%	994	3.9%	+102
Other	1,119	5.1%	1,070	4.2%	(49)
Total	21,978	100.0%	25,543	100.0%	+3,565

BtoB

- Strong sales of "Z-Move[®]", floating BtoB connector
- Start delivering new products for high-speed transmission

Auto IF

- Increase in sales, driven by strong 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 1H Results	21,978	2,526	11.5%	
Currency Effect	+2,720	(37)		USD: 110.18JPY → 133.46JPY, 121% EUR: 130.97JPY → 138.79JPY, 106% CNY: 17.04JPY → 19.82JPY, 116%
Change in Sales Volume	+1,385	+690		
Material Cost Increase		(480)		1Q (290) , 2Q (190)
Fixed Cost Increase		(250)		Increase in depreciation expense
Shanghai's lockdown impact	(540)	(180)		Decrease in sales Expense associated with plant operation
Cost Reduction, etc.		+794		Cost reduction, price optimization, etc.
Total Change Factor	+3,565	+537		
FY2022 1H Results	25,543	3,063	12.0%	



6. Balance Sheet



Unit: JPY in Millions

VS. Previous year-End

	FY2021	FY2022 1H	VS. Previous year-End
Current Asset	40,436	46,476	+6,040
Cash & Deposit	14,066	17,408	+3,341
Account Receivable	12,889	14,311	+1,422
Inventory	11,592	13,018	+1,425
Noncurrent Asset	32,716	35,624	+2,907
Total Asset	73,153	82,100	+8,947
Total Liability	11,376	14,045	+2,668
Account Payable	4,504	4,999	+494
Debt	410	2,318	+1,908
Total Net Asset	61,776	68,055	+6,278
Total Shareholders' Equity	54,660	56,147	+1,487
Capital Adequacy Ratio	83.8%	82.3%	-1.5pts



7. Statement of Cash Flows



Unit: JPY in Millions

	FY2021 1H	FY2022 1H	YoY Change
Operating Cash Flow Margin	15.3%	21.3%	+6.0pts
Operating Cash Flow	3,363	5,444	+2,081
Net Income	2,365	3,639	+1,274
Depreciation and Amortization Cost	2,518	3,086	+567
Increase/Decrease in Operating Fund () indicates increase)	(1,698)	(854)	+844
Cash Flow from Investing Activities	(3,035)	(3,864)	(829)
Tangible Noncurrent Asset	(2,717)	(3,257)	(540)
Free Cash Flow	327	1,579	+1,252
Cash Flow from Financing Activities	(1,576)	361	+1,937
Cash Dividend	(1,183)	(1,420)	(236)
Cash & Cash Equivalent Balance for the Fiscal-Year-End	13,059	17,408	+4,348

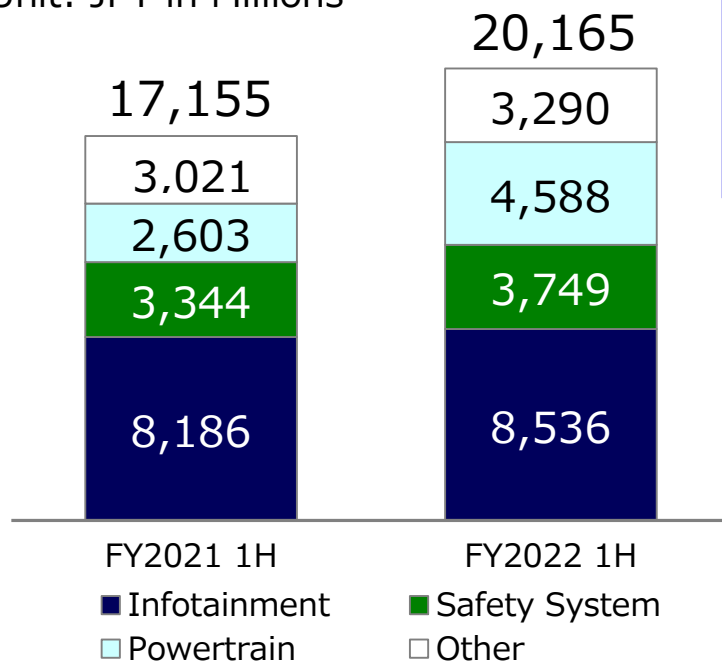


8. Sales by Market: Automotive



■ +3,010 million yen (+17.5%) YoY

Unit: JPY in Millions



- Impact of Shanghai's COVID-led lockdown during FY2022 Q1: approx. -0.5 billion yen
- Global xEV production was getting on a growth track mainly in China although global auto production had not returned to normal yet due to the global chip shortage and others.

Infotainment

- Start delivering the "10143 series," floating BtoB connector for high-speed transmission.

Safety System

- Increase in sales because there was a tendency that auto makers produced car models which are more likely to have safety systems than others, even though the impact of global chip shortage remained.

Powertrain

- On a steady growth track during FY2022 1H, representing +76% year over year as a result of the glowing global xEV market.
- Increase in sales, driven by sales mainly for battery application.
- Sales have reached new all-time highs for nine consecutive quarters.

	FY20221				FY2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Infotainment	4,221	3,965	3,731	4,097	3,971	4,565
Safety System	1,754	1,590	1,690	1,954	1,803	1,946
Powertrain	1,260	1,343	1,516	1,727	2,092	2,496
Other	1,542	1,478	1,322	1,560	1,470	1,820
Total	8,778	8,376	8,261	9,339	9,337	10,828

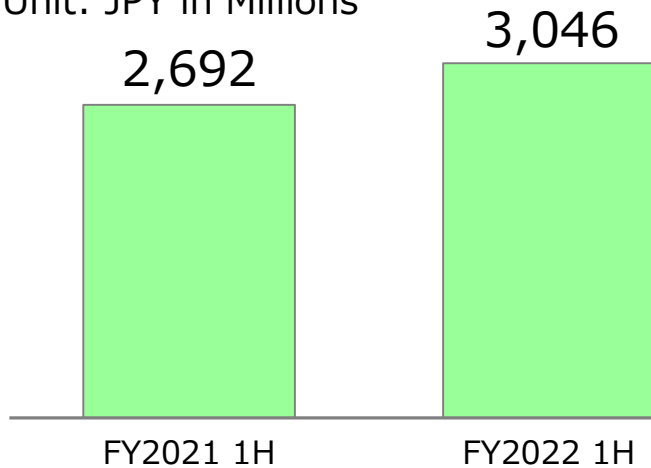


9. Sales by Market: Consumer and Industrial



■ Consumer: +353 million yen (+13.1%) YoY

Unit: JPY in Millions

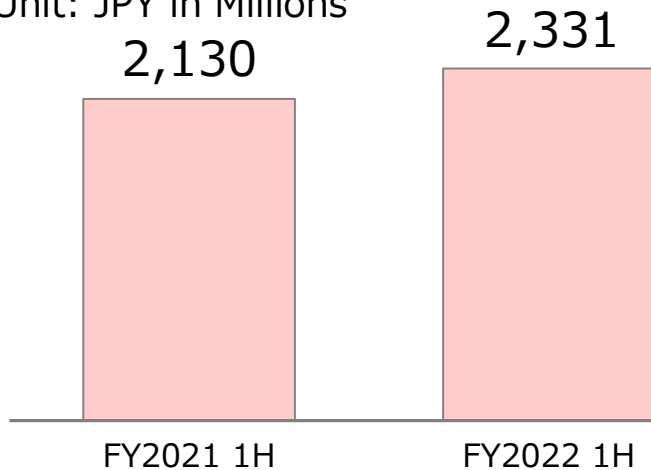


•On a steady growth track in sales for game console.

	FY2021				FY2022	
	Q1	Q2	Q3	Q4	Q1	2Q
Consumer	1,361	1,331	1,131	1,060	1,398	1,647

■ Industrial: +201 million yen (+9.5%) YoY

Unit: JPY in Millions



•Increase in sales for FA equipment including PLC and others, which was driven by China's surging capital spending, as well as for 5G base stations.

	FY2021				FY2022	
	Q1	Q2	Q3	Q4	Q1	2Q
Industrial	1,047	1,083	1,053	1,039	1,193	1,138



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1. FY2022 Earnings Forecast



- Revised upward because of increase in sales in the automotive market, as well as of change in the foreign exchange market
→ Setting a new goal of achieving all-time high net sales and net income

Unit: JPY in Millions

	FY2021	FY2022				YoY	vs. Initial Target
	Full Year	Full Year Initial Plan	1H Results	2H Revised Plan	Full Year Revised Plan	vs. Full Year	vs. Full Year
Net Sales	43,863	51,500	25,543	28,456	54,000	+10,136 +23.1%	+2,500 +4.9%
Operating Profit	4,520	6,160	3,063	3,686	6,750	+2,229 +49.3%	+590 +9.6%
Operating Profit Margin	10.3%	12.0%	12.0%	13.0%	12.5%	+2.1pts	+0.5pts
Pretax Profit	4,570	6,000	3,639	3,260	6,900	+2,329	+900
Net Income	3,913	4,500	2,901	2,598	5,500	+1,586	+1,000
EPS	166.22JPY	191.30JPY	123.33JPY	110.48JPY	233.81JPY	+67.59JPY	+42.51JPY
Exchange Rate, Period Average	112.86JPY 131.01JPY 17.59JPY	130.00JPY 135.0JPY 20.00JPY	133.46JPY 138.79JPY 19.82JPY	145.00JPY 145.00JPY 20.00JPY	138.78JPY 141.66JPY 19.90JPY	+25.92JPY +10.65JPY +2.31JPY	+8.78JPY +6.66JPY (0.1)JPY
Capital Expenditure	6,172	9,000	3,747	6,252	10,000	+3,827	+1,000
Depreciation & Amortization	5,356	6,300	3,086	3,913	7,000	+1,643	+700



2. FY2022 Net Sales Target by Market



■ Revised upward the initial target

Unit: JPY in Millions

	FY2021		FY2022				1H Rate of Progress
	Net Sales	Breakdown	Initial Target	Revised Plan	Breakdown	YoY	
Total Automotive	34,756	79.2%	41,600	43,700	80.9%	+25.7%	46.1%
Infotainment	16,015	36.5%	17,700	18,400	34.1%	+14.9%	46.4%
Safety System	7,850	15.9%	8,100	8,300	15.4%	+18.8%	45.2%
Powertrain	5,847	13.3%	9,300	10,000	18.5%	+71.0%	45.9%
Other	5,904	13.5%	6,500	7,000	13.0%	+18.6%	47.0%
Consumer	4,884	11.1%	5,600	5,800	10.7%	+18.7%	52.5%
Industrial	4,223	9.6%	4,300	4,500	8.3%	+6.6%	51.8%
Total	43,863	100.0%	51,500	54,000	100.0%	+23.1%	47.3%



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■ Our strategies to increase production capacity

Location	Objective	Measure
China Shanghai & Nantong	<ul style="list-style-type: none"> • Promote local production for local consumption • Respond to growth in demand associated with accelerating xEV adoption and automation 	<ul style="list-style-type: none"> • Increase the number of production lines
Japan Akita		<ul style="list-style-type: none"> • Scheduling to acquire land to build the plant in November • Starting the operation of the plant as the second group plant in Japan in 2025
Japan Ibaraki	<ul style="list-style-type: none"> • Promote the inhouse manufacturing of resin molding for large connectors, for which demand is expected to grow in the future 	<ul style="list-style-type: none"> • Build a new building in September • Introduce a large 250-tonne injection molding machine
Japan Hanamaki	<ul style="list-style-type: none"> • Promote the inhouse manufacturing of tooling • Increase cost competitiveness • Cut lead-time for tooling manufacturing 	<ul style="list-style-type: none"> • Scheduling to build a new plant for developing a manufacturing site for injection mold tooling



Akita Plant Concept Drawing



Ibaraki Plant New Building



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