

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 4, 2022

Company name: IRISO ELECTRONICS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6908 URL <https://www.irisoele.com/jp/>
 Representative: President & Representative Director Hitoshi Suzuki
 Inquiries: Director & Senior Managing Executive Officer /
 General Manager of Administration Division Mitsuyoshi Toyoshima TEL 045-478-3111
 Scheduled date to file Quarterly Securities Report: November 8, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	25,543	16.2	3,063	21.3	4,045	64.6	2,901	33.8
Six months ended September 30, 2021	21,978	45.8	2,526	-	2,458	-	2,168	-

(Note) Comprehensive income: Six months ended September 30, 2022: ¥7,697 million [174.5%]
 Six months ended September 30, 2021: ¥2,803 million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	123.33		-	
Six months ended September 30, 2021	92.03		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	82,100	68,055	82.3	2,871.56
As of March 31, 2022	73,153	61,776	83.8	2,607.59

(Reference) Equity: As of September 30, 2022: ¥67,550 million
 As of March 31, 2022: ¥61,337 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	-	0.00	-	60.00	60.00
Year ending March 31, 2023	-	0.00			
Year ending March 31, 2023 (Forecast)			-	60.00	60.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	54,000	23.1	6,750	49.3	7,100	46.7	5,500	40.5	233.81

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares):

As of September 30, 2022	24,583,698 shares	As of March 31, 2022	24,583,698 shares
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Number of treasury shares at the end of the period:

As of September 30, 2022	1,059,846 shares	As of March 31, 2022	1,060,993 shares
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Average number of shares during the period:

Six months ended September 30, 2022	23,522,889 shares	Six months ended September 30, 2021	23,561,244 shares
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(Note) Number of treasury shares at the end of the period is presented including the Company's treasury shares held by the "Directors' compensation BIP (Board Incentive Plan) trust" (as of September 30, 2022: 149,576 shares, as of March 31, 2022: 150,752 shares). The Company's treasury shares held by the "Directors' compensation BIP (Board Incentive Plan) trust" have been included in treasury shares deducted in calculation of the average number of shares during the period.

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company, and actual results may vary significantly due to various factors.

Quarterly consolidated financial statements

Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	14,066	17,408
Notes and accounts receivable - trade, and contract assets	12,889	14,311
Merchandise and finished goods	7,951	8,925
Work in process	48	72
Raw materials and supplies	3,592	4,020
Other	1,922	1,774
Allowance for doubtful accounts	(34)	(36)
Total current assets	40,436	46,476
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,955	5,199
Machinery, equipment and vehicles, net	15,260	16,558
Tools, furniture and fixtures, net	4,094	4,244
Land	1,765	1,855
Construction in progress	3,304	3,873
Total property, plant and equipment	29,380	31,731
Intangible assets		
Software	323	329
Software in progress	707	1,161
Goodwill	-	136
Other	0	0
Total intangible assets	1,030	1,628
Investments and other assets		
Investment securities	617	611
Deferred tax assets	1,070	1,074
Other	672	633
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	2,305	2,263
Total non-current assets	32,716	35,624
Total assets	73,153	82,100

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,504	4,999
Short-term borrowings	410	413
Current portion of long-term borrowings	-	285
Income taxes payable	754	823
Provision for bonuses	568	712
Other	3,652	3,583
Total current liabilities	9,889	10,817
Non-current liabilities		
Long-term borrowings	-	1,619
Retirement benefit liability	485	500
Provision for share awards for directors (and other officers)	57	95
Other	944	1,011
Total non-current liabilities	1,486	3,227
Total liabilities	11,376	14,045
Net assets		
Shareholders' equity		
Share capital	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	41,461	42,941
Treasury shares	(1,185)	(1,178)
Total shareholders' equity	54,660	56,147
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26	22
Foreign currency translation adjustment	6,607	11,345
Remeasurements of defined benefit plans	43	34
Total accumulated other comprehensive income	6,677	11,402
Non-controlling interests	439	505
Total net assets	61,776	68,055
Total liabilities and net assets	73,153	82,100

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	21,978	25,543
Cost of sales	14,344	17,172
Gross profit	7,633	8,371
Selling, general and administrative expenses	5,107	5,307
Operating profit	2,526	3,063
Non-operating income		
Interest income	23	44
Dividend income	1	2
Foreign exchange gains	-	987
Subsidy income	6	10
Other	13	80
Total non-operating income	45	1,125
Non-operating expenses		
Interest expenses	12	38
Foreign exchange losses	88	-
Compensation expenses	3	-
Loss on valuation of derivatives	-	96
Other	9	9
Total non-operating expenses	113	143
Ordinary profit	2,458	4,045
Extraordinary losses		
Loss on retirement of non-current assets	49	32
Impairment losses	42	6
Loss related COVID-19	-	367
Total extraordinary losses	92	405
Profit before income taxes	2,365	3,639
Income taxes - current	396	681
Income taxes - deferred	(194)	6
Total income taxes	202	688
Profit	2,163	2,951
Profit (loss) attributable to non-controlling interests	(4)	50
Profit attributable to owners of parent	2,168	2,901

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,163	2,951
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(3)
Foreign currency translation adjustment	643	4,759
Remeasurements of defined benefit plans, net of tax	(0)	(9)
Total other comprehensive income	640	4,746
Comprehensive income	2,803	7,697
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,834	7,631
Comprehensive income attributable to non-controlling interests	(30)	66

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,365	3,639
Depreciation	2,518	3,086
Amortization of goodwill	-	15
Increase (decrease) in allowance for doubtful accounts	(23)	(3)
Increase (decrease) in provision for bonuses	203	118
Increase (decrease) in provision for share awards for directors (and other officers)	(88)	37
Increase (decrease) in retirement benefit liability	(3)	(5)
Interest and dividend income	(25)	(46)
Interest expenses	12	38
Foreign exchange losses (gains)	(6)	(269)
Loss on retirement of non-current assets	49	32
Impairment losses	42	6
Decrease (increase) in trade receivables	(174)	134
Decrease (increase) in inventories	(1,665)	(321)
Increase (decrease) in trade payables	140	(667)
Other, net	377	282
Subtotal	3,724	6,076
Interest and dividends received	27	49
Interest paid	(11)	(39)
Income taxes paid	(376)	(642)
Net cash provided by (used in) operating activities	3,363	5,444
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,717)	(3,257)
Purchase of intangible assets	(300)	(489)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(152)
Other, net	(17)	35
Net cash provided by (used in) investing activities	(3,035)	(3,864)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-	(3)
Proceeds from long-term borrowings	-	2,000
Repayments of long-term borrowings	(9)	(147)
Purchase of treasury shares	(316)	(0)
Dividends paid	(1,183)	(1,420)
Repayments of lease obligations	(66)	(67)
Net cash provided by (used in) financing activities	(1,576)	361
Effect of exchange rate change on cash and cash equivalents	48	1,400
Net increase (decrease) in cash and cash equivalents	(1,200)	3,341
Cash and cash equivalents at beginning of period	14,260	14,066
Cash and cash equivalents at end of period	13,059	17,408