




# FY2022 Financial Results

**IRISO ELECTRONICS CO.,LTD.**

*Stock Code: 6908*  
*(May 9, 2023)*



-  **I . FY2022 Financial Summary**
- II . FY2023 Forecast and Mid-Term Plan Progress**
- III . Brand Purpose and CSR Policy**
- IV . Topics**

# 1. FY2022 Financial Highlights

- New all-time high of ¥52.9bn in net sales, representing +20.6% YoY, driven by strong sales in the powertrain and consumer markets
- Rise of operating profit to ¥6.9bn again, representing 53.5% YoY and 13.1% operating profit margin, thanks to sales boost and the profit structure improvement strategies that were effective in offsetting the soaring costs of raw materials and others. FY2022 Net profit hit a new record-high.

Unit: JPY in Millions

	FY2021	FY2022	YoY	VS. Initial plan	VS. Revised plan
Net Sales	43,863	52,903	+9,040 +20.6%	+1,403 +2.7%	△1,096 △2.0%
Operating Profit	4,520	6,940	+2,419 +53.5%	+780 +12.7%	+186 +2.8%
Operating Profit Margin	10.3%	13.1%	+2.8pts	+1.1pts	+0.6pts

## 2. FY2022 Financial Summary



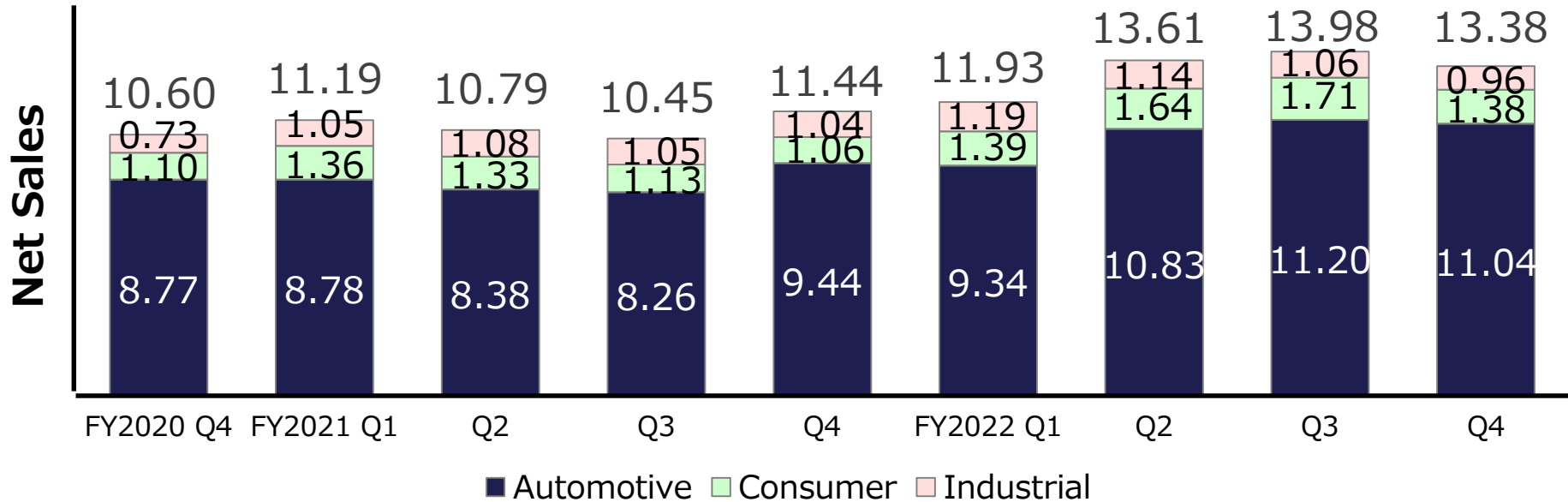
Unit: JPY in Millions

	FY2021	FY2022	Change	YoY	vs. revised plan
Net Sales	43,863	52,903	+9,040	+20.6%	(1,096)
Automotive	34,756	42,409	+7,653	+22.0%	(1,290)
Consumer	4,884	6,141	+1,257	+25.7%	+341
Industrial	4,223	4,352	+129	+3.1%	(147)
Cost of Sales	29,520	35,578	+2,981	+20.5%	
Sales Margin	67.3%	67.3%		+0.0pts	
SG & A	9,822	10,384	+561	+5.7%	
SG & A Margin	22.4%	19.6%		(2.8)pts	
Operating Profit	4,520	6,940	+2,419	+53.5%	+190
Operating Profit Margin	10.3%	13.1%		+2.8pts	
Ordinary Income	4,570	7,034	+2,463	+53.9%	+134
Net Income	3,913	5,541	+1,628	+41.6%	+41
EPS	166.22JPY	235.58JPY			
Capital Expenditure	6,172	8,427	+2,254	+36.5%	(1,572)
Depreciation	5,356	6,168	+812	+15.2%	(831)
Average Exchange Rate for each FY	USD : 112.86JPY EURO : 131.01JPY CNY : 17.59JPY	134.95JPY 141.24JPY 19.68JPY	+22.09JPY +10.23JPY +2.09JPY	+19.6% +7.8% +11.9%	(3.83)JPY (0.42)JPY (0.22)JPY

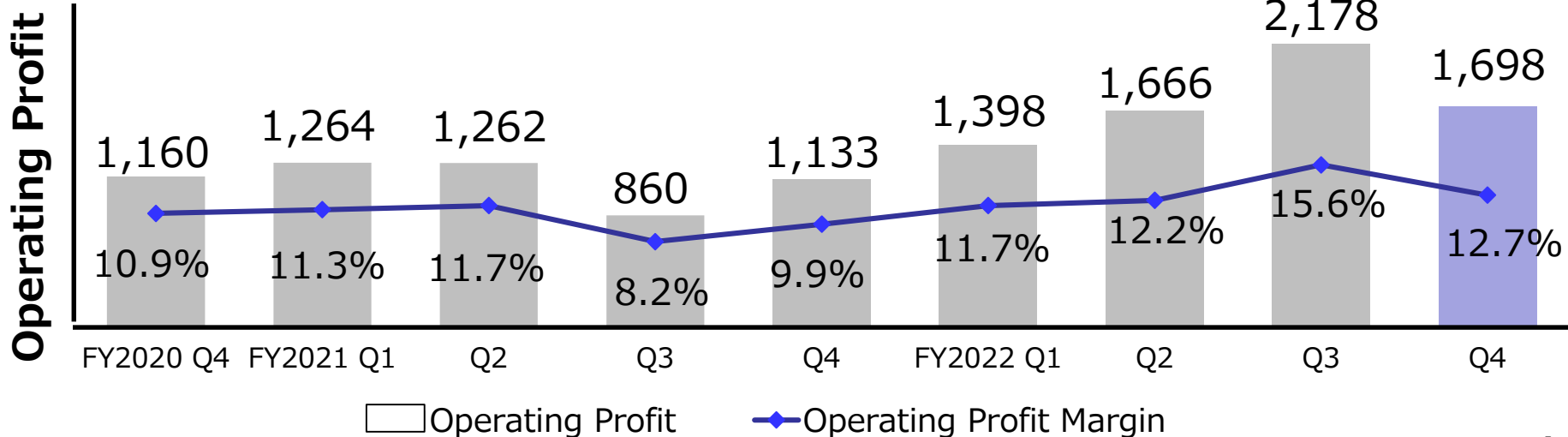
# 3. Changes in Net Sales and Operating Profit (QOQ)



Unit: JPY in Billions



Unit: JPY in Millions



## 4. Net Sales by Region and Product

### ■ By Region

Unit: JPY in Millions

	FY2021		FY2022		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
Japan	10,833	24.7%	10,035	19.0%	(798)
Greater China & South Korea	14,583	33.2%	21,294	40.3%	+6,711
USA	5,465	12.5%	6,304	11.9%	+839
EUROPE	7,179	16.4%	8,377	15.8%	+1,198
ASEAN	5,801	13.2%	6,891	13.0%	+1,089
<b>Total</b>	<b>43,863</b>	<b>100.0%</b>	<b>52,903</b>	<b>100.0%</b>	<b>+9,040</b>
Overseas Ratio:		75.3%		81.0%	

#### Japan

- Decrease in sales because the automakers and industrial equipment manufacturers scaled back their productions

#### Greater China & South Korea

- Continuous sales boost in the powertrain market

#### EU

- Shift to sales growth, excluding the impact of currency fluctuations

### ■ By Product

Unit: JPY in Millions

	FY2021		FY2022		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
BtoB	19,524	44.5%	21,598	40.8%	+2,073
FPC	9,164	20.9%	11,710	22.1%	+2,545
Auto IF	11,109	25.3%	15,415	29.1%	+4,305
Pin Header	1,765	4.0%	2,222	4.2%	+457
Other	2,298	5.2%	1,957	3.7%	(341)
<b>Total</b>	<b>43,863</b>	<b>100.0%</b>	<b>52,903</b>	<b>100.0%</b>	<b>+9,040</b>

#### BtoB

- Strong sales of "Z-Move®"
- Delivery start of new products for high-speed transmission

#### Auto IF

- Driven by strong sales in the powertrain market

## 5. Change in Sales and Operating Profit YoY

Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit Margin	Change Factor
FY2021 Results	43,863	4,520	10.3%	
Currency Effect	+5,138	(252)		USD: 112.86JPY → 134.95JPY, 120% EUR: 131.01JPY → 141.24JPY, 108% CNY: 17.59JPY → 19.68JPY, 112%
Change in Sales Volume	+4,442	+1,920		
Material Cost Increase		(650)		Q1 (290) , Q2 (190), Q3 (70), 4Q (100)
Fixed Cost Increase		(500)		Increase in personnel and depreciation expenses
Shanghai's lockdown impact	(540)	(180)		Decrease in sales Expense associated with plant operation
Cost Reduction, etc.		+2,081		Cost reduction, price optimization, etc.
Total Change Factor	+9,040	+2,419		
FY2022 Results	52,903	6,940	13.1%	

## 6. Balance Sheet



Unit: JPY in Millions

VS. Previous year-End

	FY2021	FY2022	
Current Asset	40,436	46,194	+5,758
Cash & Deposit	14,066	18,640	+4,574
Account Receivable	12,889	13,956	+1,067
Inventory	11,592	12,067	+474
Noncurrent Asset	32,716	36,297	+3,580
Total Asset	73,153	82,491	+9,338
Total Liability	11,376	14,472	+3,095
Account Payable	4,504	4,364	(140)
Debt	410	2,493	+2,083
Total Net Asset	61,776	68,019	+6,242
Total Shareholders' Equity	54,660	58,787	+4,127
Capital Adequacy Ratio	83.8%	81.7%	(2.1)pts



## 7. Statement of Cash Flows



Unit: JPY in Millions

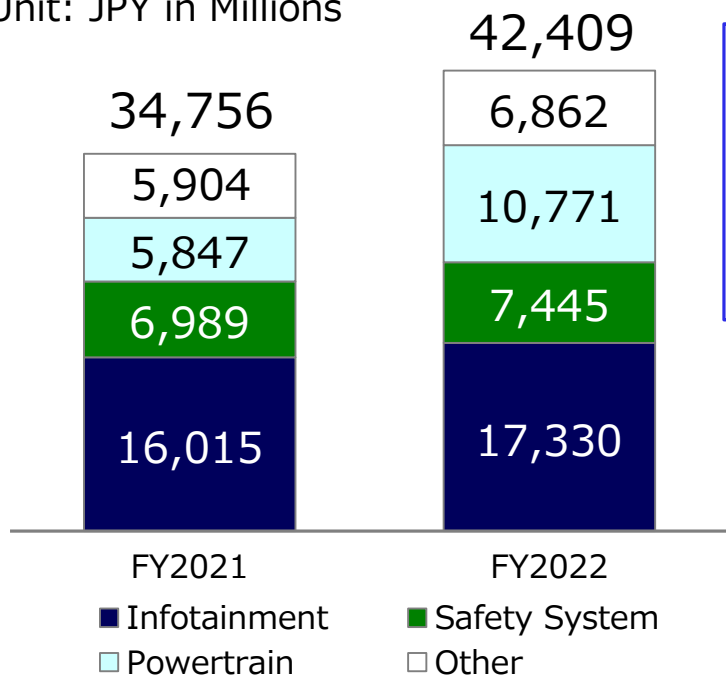
	FY2021	FY2022	YoY Change
Operating Cash Flow Margin	15.3%	22.0%	+6.7pt
Operating Cash Flow	6,691	11,613	+4,921
Net Income	4,570	7,034	+2,463
Depreciation and Amortization	5,356	6,168	+812
Changes in Operating Fund “( ) indicates increase”	(3,183)	(990)	+2,193
Cash Flow from Investing Activities	(6,248)	(8,179)	(1,930)
Tangible Noncurrent Asset	(5,438)	(7,105)	(1,666)
Free Cash Flow	442	3,433	+2,991
Cash Flow from Financing Activities	(1,611)	516	+2,127
Cash Dividend	(1,183)	(1,420)	(236)
Cash & Cash Equivalent Balance for the Fiscal-Year-End	14,066	18,640	+4,574

# 8. Sales by Market: Automotive



■ ¥+7,653 mm (+22.0%) YoY

Unit: JPY in Millions



- Global xEV production grew as planned, and our business expanded mainly in China and Europe although global auto production had not yet returned to normal due to chip shortage, etc.
- In part, adjustment in production and inventory in China during Q4

## Infotainment

- Delivery start of the “10143 series”, floating BtoB connector for high-speed transmission

## Powertrain

- On a steady growth track, representing +84% YoY as a result of the glowing global xEV market
- Increase in sales for battery applications, as well as for battery charger connectors

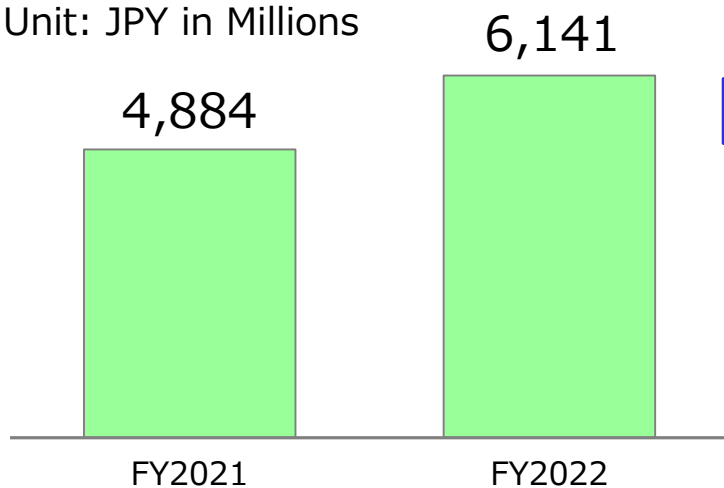
	FY2021				FY2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Infotainment	4,221	3,965	3,731	4,097	3,971	4,565	4,401	4,392
Safety System	1,754	1,590	1,690	1,954	1,803	1,946	1,843	1,852
Powertrain	1,260	1,343	1,516	1,727	2,092	2,496	3,186	2,996
Other	1,542	1,478	1,322	1,560	1,470	1,820	1,773	1,799
<b>Total</b>	<b>8,778</b>	<b>8,376</b>	<b>8,261</b>	<b>9,339</b>	<b>9,337</b>	<b>10,828</b>	<b>11,204</b>	<b>11,039</b>

# 9. Sales by Market: Consumer and Industrial



## ■ Consumer: ¥+1,257 mm (+25.7%) YoY

Unit: JPY in Millions

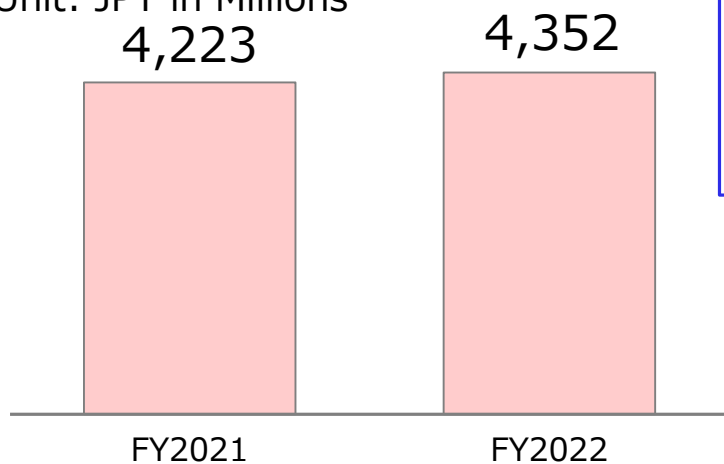


• Increase in sales for all-in-one printer and game console

FY2021				FY2022			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1,361	1,331	1,131	1,060	1,398	1,647	1,710	1,385

## ■ Industrial: ¥+129 mm (+3.1%) YoY

Unit: JPY in Millions



• Increase in sales for FA equipment including PLC and others, driven by China's surging capital spending, as well as for 5G base stations, during the first half of FY2022.  
 • Shift to an adjustment phase from FY2022 Q3

FY2021				FY2022			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1,047	1,083	1,053	1,039	1,193	1,138	1,060	960



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 **II . FY2023 Forecast and Mid-Term Plan Progress**

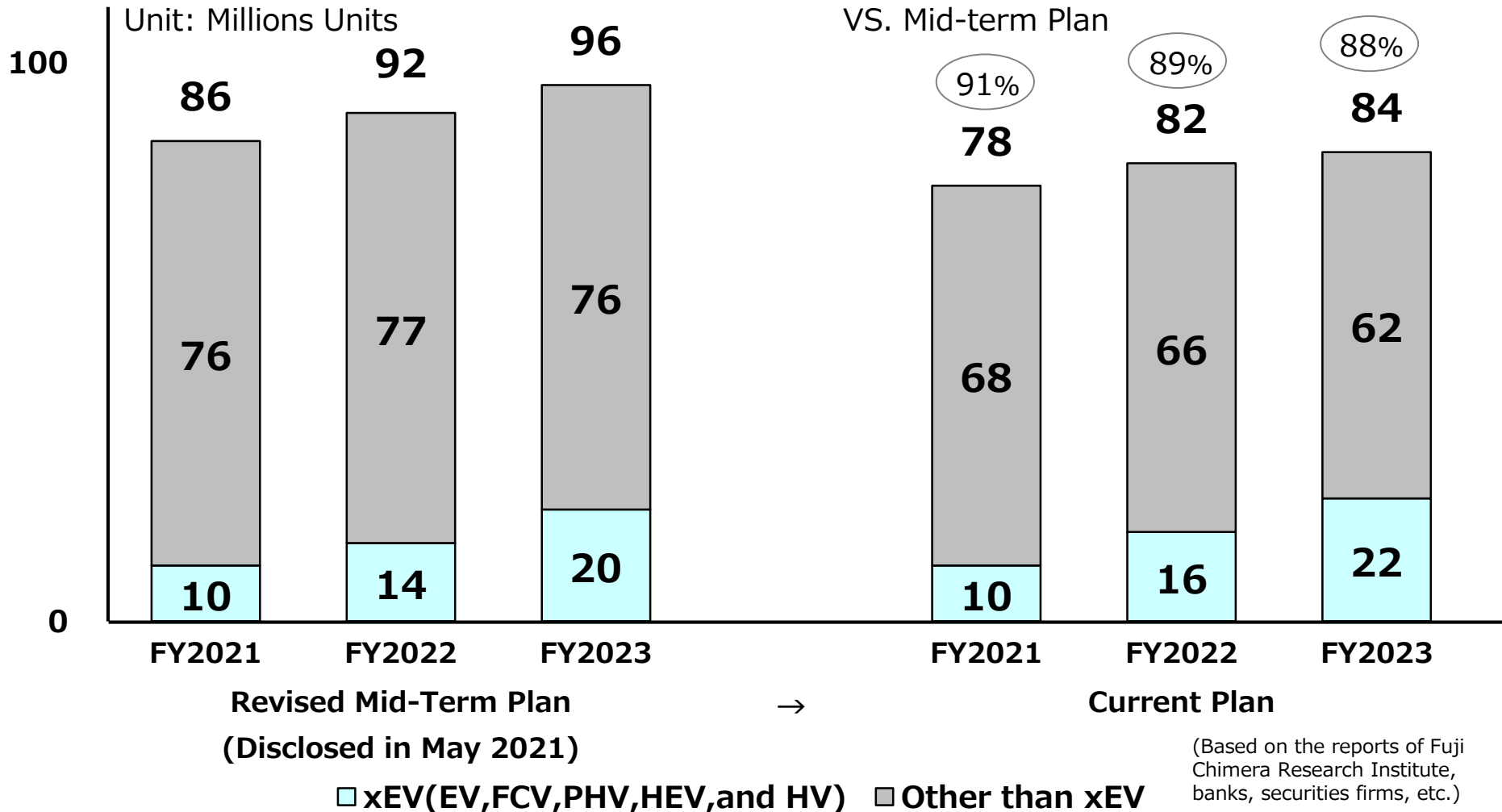
**III . Brand Purpose and CSR Policy**

**IV . Topics**

# 1. Revised Estimates for World Auto Production



- Global auto production is likely to slowly increase from 82mm units in FY2022 to 84mm units, representing a 2.4% YoY growth rate.
- xEV sales growth exceeded the expectations set in the mid-term plan, which was revised in FY2021, and is expected to surpass 25% of total world auto production in FY2023



(Based on the reports of Fuji Chimera Research Institute, banks, securities firms, etc.)

## 2. FY2023 Earnings Forecast

Unit: JPY in Millions

	FY2022	FY2023	YoY
Net Sales	52,903	55,000	+2,096 +4.0%
Cost to Sales Revenue Ratio	67.3%	67.0%	△0.3pts
Operating Profit	6,940	7,700	+759 +10.9%
Operating Profit Margin	13.1%	14.0%	+0.9pts
Pretax Profit	7,034	7,350	+315 +4.5%
Net Income	5,541	5,700	+158 +2.9%
EPS	235.58円	244.00円	
Exchange Rate	134.95円	130.00円	△4.95円
Period Average	141.24円	140.00円	△1.24円
	19.68円	19.50円	△0.18円
Capital Expenditure	8,427	10,000	+1,572
Depreciation & Amortization	6,168	6,500	+332

### 3. Changes in Sales and Operating Profit YoY

Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit	Factor
FY2022 Result	52,903	6,940	13.1%	
Currenty Impact	(1,000)	+0		USD: 134.95円→130.00円、96% EUR: 141.24円→140.00円、99% CNY: 19.68円→ 19.50円、99%
Change in product volume	+3,096	+1,250		
Change in Material cost		(400)		Impact on gold and copper prices
Change in Fixed Cost		(1,300)		Increase in expenses for personnel, depreciation and ERP launch
Cost Reduction, etc.		+1,209		Cost reduction, business risks, etc.
Total Change Factor	+2,096	+759		
FY2023 Plan	55,000	7,700	14.0%	

**The forecast indicates that production adjustment is likely to continue over the first half of FY2023. Despite geopolitical and recession risks, we are committed to boosting sales and promoting structural reforms for profit improvement, and aim for further growth in operating profit margin**

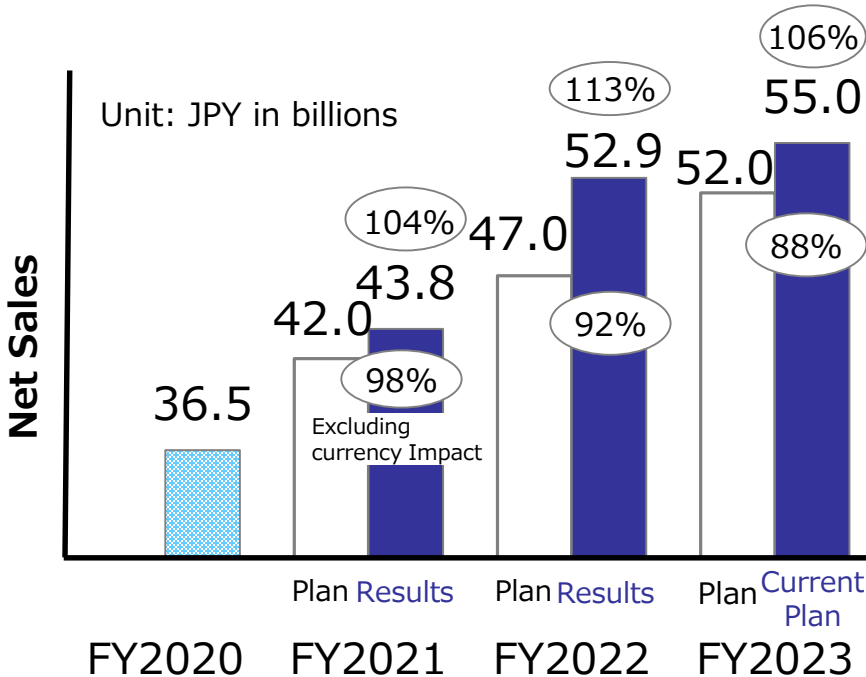
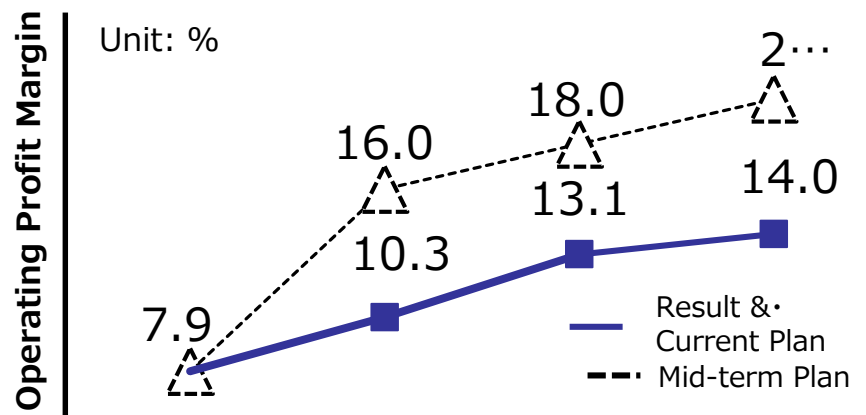
## 4. FY2023 Net Sales Target by Market

Unit: JPY in Millions

	FY2021		FY2022		FY2023		
	Net Sales	Breakdown	Net Sales	Breakdown	Net Sales	Breakdown	YoY
Total Automotive	34,756	79.2%	42,409	80.2%	45,700	83.1%	+7.8%
Infotainment	16,015	36.5%	17,330	32.8%	18,000	32.7%	+3.9%
Safety System	6,989	15.9%	7,445	14.1%	7,500	13.6%	+0.7%
Powertrain	5,847	13.3%	10,771	20.4%	13,200	24.0%	+22.5%
Other	5,904	13.5%	6,862	13.0%	7,000	12.7%	+2.0%
Consumer	4,884	11.1%	6,141	11.6%	5,300	9.6%	(13.7)%
Industrial	4,223	9.6%	4,352	8.2%	4,000	7.3%	(8.1)%
Total	43,863	100.0%	52,903	100.0%	55,000	100.0%	+4.0%



# 5. FY2021-2023 Mid-Term Plan Progress



- Slump in global auto production due to the COVID-19 impact and parts shortage  
FY2023: 96mm units set in the mid-term plan → 84mm units, representing 88%, compared to the expectation set in the mid-term plan
- Net sales on the high growth track, driven by sales rise in the powertrain market, mainly in the xEV market, as well as by weakening yen, despite the fall of the auto industry
- Operating profit margin comes in lower than expected due to negative factors such as dropping capacity utilization, and soaring raw material and shipping costs. The profit structure improvement project has been underway since FY2022

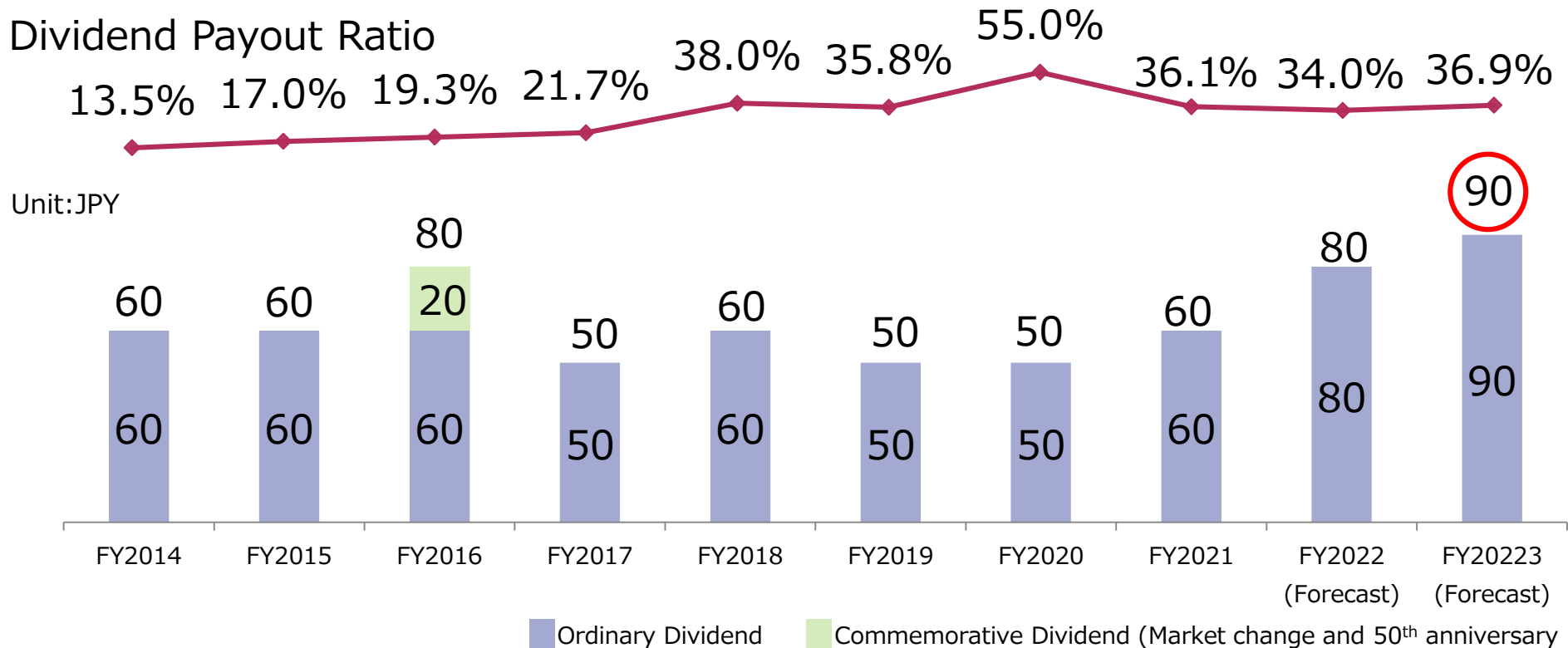
Exchange Rate Assumption	FY2020	Mid-Term Plan	FY2021 Results	FY2022 Results	FY2023 Plan
USD	106.17 JPY	105.00 JPY	112.86 JPY	134.95 JPY	130.00 JPY
EUR	123.73 JPY	127.00 JPY	131.01 JPY	141.24 JP	140.00 JP
RMB	15.63 JPY	16.00 JPY	17.59 JPY	19.68 JPY	19.50 JPY

Strategy	Detail
<b>1. Reap the results of the profit structure improvement project</b>	<ul style="list-style-type: none"> <li>• Review our pricing policy and long-tail marketing strategy</li> <li>• Run a project to reduce the manufacturing costs of the flagship product lines</li> <li>• Raise productivity, make a logistics reform to reduce total storage and distribution costs, etc.</li> </ul>
<b>2. Develop flagship product lines</b>	<ul style="list-style-type: none"> <li>• Further develop the product lines through the launch of new products for xEVs</li> <li>• Develop BtoB connectors for next generation high-speed transmission</li> <li>• Develop product lines for automotive camera</li> <li>• Develop connectors for integrated ECUs</li> </ul>
<b>3. Enhance sales force performance</b>	<ul style="list-style-type: none"> <li>• Promote sales in all markets of connectors for high-speed transmissions</li> <li>• Improve business resource management for increasing sales in the industrial market</li> <li>• Build a strong sales organization in India and South East Asia</li> </ul>
<b>4. Boost production capacity and improve BCP structure</b>	<ul style="list-style-type: none"> <li>• Hanamaki factory: operation launch in November 2023 → promote the shift to in-house tooling production</li> <li>• Akita plant: run a project for operation launch in 2025</li> </ul>
<b>5. Launch new ERP System smoothly</b>	

# 7. Shareholder Return

- Expected payouts: for FY2022, increase from initially expected 60 to 80JPY and for FY2023, 90JPY
- Target payout ratio: steady dividend payment and dividend ratio of 36% and higher
- To achieve our long-term goal of a ROE of 10% or higher, we focus our efforts on keeping the optimal balance between the dividend payout ratio and the ratio of profits retained for strategic investment in the company for its future growth, as well as on reviewing the capital policy, although investment funds will remain to be needed for expanding our future business.

Note) In September 2017, the share was split into 1:2.  
Share prices before FY2016 are those before the split





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# 1. Brand Purpose and Dream

**Management Philosophy: "Bridging to a brighter tomorrow, we cherish individuality, cultivate values through innovation and creativity, and commit to a positive and smart future."**



→ To bring this philosophy into shape, we have set our purpose (what role IRISO should play in society) and dream (what we envision making happen in the future world).

## **Statement:**

**Together, surpassing expectations by empowering connections to enrich society and delight people**

## **Purpose (What role we play in society) :**

**We connect over electric paths with our strong proposal ability to empower customers.**

## **Dream (What we envision making happen in society) :**

**We are deeply committed to the act of "connecting" and create a future world friendly to people and environment, where a wide array of features and functions are easily connected.**

- **High quality: legal compliance, quality first and customer trust**
- **Manpower-saving: deep commitment to floating technology for assembly automation**
- **Resource saving: deep commitment to downsizing and composite technology for lightweight products**

### CSR Policy: “Lean Process for the Earth”

“Mottainai,” the term in Japanese which conveys the sense of regret over waste, is not simply a concept to promote 3R waste management (Reduce, Reuse and Recycle).

IRISO CSR (Corporate Social Responsibility) practice is to avoid and reduce such “mottainai” in human resources, time, space and others through running our business. We proactively identify such “mottainai” in society, customers’ businesses and our business process to deliver superior social values by lean thinking and practice. Then, we figure out solutions for our customers, suggest them worldwide and drive social change through using the knowhows (technology) and enthusiasm of all IRISO employees.

- IRISO plays a part in making a better society and addressing environmental and social issues through operating its business.
  - Utilization of our connectors leads to improved work efficiency for customers, reduced working hours, compact and lightweight equipment and robotic automation, and we can make contributions to efforts aimed at resource saving, energy saving and tacking shrinking labor force.
- We have again set our CSR goal as “coexistence with society and social contribution”. We will take our CSR activities as our business driving force for future company growth and be dedicated to “sustainable business”.



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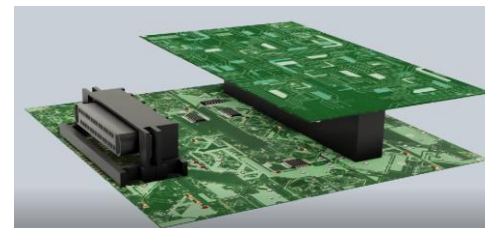
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## ■ Exhibit at "Automotive Engineering Exposition 2023 in YOKOHAMA"

- The "Automotive Engineering Exposition 2023 in YOKOHAMA" will be held at Pacifico Yokohama from May 24 (Wed) to May 26 (Fri). IRISO will exhibit for the first time at the event.
- We will showcase our new products that support xEV light-weighting and ADAS integration.

Automotive Engineering Exposition  
 人とくるまのテクノロジー展  
**YOKOHAMA 2023**



## ■ Billboard advertising at Shin-Yokohama Station

- Billboard ad at the north ticket gate of the station on the Sotetsu-Tokyu Shin-Yokohama Line which opened on March 18th.
- IRISO, a company based in Shin-Yokohama, expresses its dedication to supporting the growth of the city and people living there, as well as Yokohama F. Marinos, a local football team, as an official sponsor.







<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>3,104 (as of March 31, 2023)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2023)</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>