

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 9, 2023

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 of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	%
Year ended March 31, 2023	52,903	20.6	6,940	53.5	7,661	58.3	5,541	41.6
Year ended March 31, 2022	43,863	20.1	4,520	55.9	4,838	62.9	3,913	82.7

(Note) Comprehensive income: Year ended March 31, 2023: ¥7,656 million [(9.7)%]
 Year ended March 31, 2022: ¥8,475 million [92.9%]

	Earnings per share	Diluted earnings per share	Net income/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	235.58	-	8.6	9.8	13.1
Year ended March 31, 2022	166.22	-	6.8	7.1	10.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	82,491	68,019	81.7	2,865.97
As of March 31, 2022	73,153	61,776	83.8	2,607.59

(Reference) Equity: As of March 31, 2023: ¥67,418 million
 As of March 31, 2022: ¥61,337 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	11,613	(8,179)	516	18,640
Year ended March 31, 2022	6,691	(6,248)	(1,611)	14,066

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	-	0.00	-	60.00	60.00	1,420	36.1	2.4
Year ended March 31, 2023	-	0.00	-	80.00	80.00	1,893	34.0	2.9
Year ending March 31, 2024 (Forecast)	-	-	-	90.00	90.00		36.9	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	55,000	4.0	7,700	10.9	7,550	(1.4)	5,700	2.9	244.00

* Notes:

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	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 March 31, 2023	1,059,896 shares	As of March 31, 2022	1,060,993 shares
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Average number of shares during the period:

Year ended March 31, 2023	23,523,360 shares	Year ended March 31, 2022	23,542,031 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 March 31, 2023: 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 consolidated financial results are outside the scope of audit 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.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	14,066	18,640
Notes and accounts receivable - trade, and contract assets	12,889	13,956
Merchandise and finished goods	7,951	8,362
Work in process	48	92
Raw materials and supplies	3,592	3,612
Other	1,922	1,567
Allowance for doubtful accounts	(34)	(37)
Total current assets	40,436	46,194
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,955	5,353
Machinery, equipment and vehicles, net	15,260	15,206
Tools, furniture and fixtures, net	4,094	4,010
Land	1,765	2,153
Construction in progress	3,304	5,387
Total property, plant and equipment	29,380	32,111
Intangible assets		
Software	323	283
Software in progress	707	1,987
Goodwill	-	121
Other	0	1
Total intangible assets	1,030	2,393
Investments and other assets		
Investment securities	617	130
Deferred tax assets	1,070	974
Other	672	742
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	2,305	1,792
Total non-current assets	32,716	36,297
Total assets	73,153	82,491

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,504	4,364
Short-term borrowings	410	731
Current portion of long-term borrowings	-	285
Income taxes payable	754	903
Provision for bonuses	568	602
Other	3,652	4,405
Total current liabilities	9,889	11,292
Non-current liabilities		
Long-term borrowings	-	1,476
Retirement benefit liability	485	500
Provision for share awards for directors (and other officers)	57	126
Other	944	1,076
Total non-current liabilities	1,486	3,179
Total liabilities	11,376	14,472
Net assets		
Shareholders' equity		
Share capital	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	41,461	45,582
Treasury shares	(1,185)	(1,179)
Total shareholders' equity	54,660	58,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26	36
Foreign currency translation adjustment	6,607	8,574
Remeasurements of defined benefit plans	43	20
Total accumulated other comprehensive income	6,677	8,630
Non-controlling interests	439	600
Total net assets	61,776	68,019
Total liabilities and net assets	73,153	82,491

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	43,863	52,903
Cost of sales	29,520	35,578
Gross profit	14,343	17,325
Selling, general and administrative expenses	9,822	10,384
Operating profit	4,520	6,940
Non-operating income		
Interest income	47	112
Dividend income	3	4
Foreign exchange gains	282	604
Subsidy income	12	13
Other	32	115
Total non-operating income	378	849
Non-operating expenses		
Interest expenses	36	63
Compensation expenses	3	-
Loss on valuation of derivatives	-	41
Other	21	24
Total non-operating expenses	60	129
Ordinary profit	4,838	7,661
Extraordinary income		
Gain on sale of non-current assets	-	121
Total extraordinary income	-	121
Extraordinary losses		
Loss on retirement of non-current assets	113	173
Impairment losses	155	209
Loss related COVID-19	-	364
Total extraordinary losses	268	748
Profit before income taxes	4,570	7,034
Income taxes - current	942	1,281
Income taxes - deferred	(324)	80
Total income taxes	618	1,361
Profit	3,952	5,672
Profit attributable to non-controlling interests	38	131
Profit attributable to owners of parent	3,913	5,541

Consolidated statements of comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,952	5,672
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	9
Foreign currency translation adjustment	4,560	1,997
Remeasurements of defined benefit plans, net of tax	(30)	(23)
Total other comprehensive income	4,523	1,983
Comprehensive income	8,475	7,656
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,418	7,495
Comprehensive income attributable to non-controlling interests	56	161

Consolidated statement of changes in net assets
Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,640	8,744	38,787	(994)	52,176
Cumulative effects of changes in accounting policies			(55)		(55)
Restated balance	5,640	8,744	38,731	(994)	52,121
Changes during period					
Dividends of surplus			(1,183)		(1,183)
Profit attributable to owners of parent			3,913		3,913
Purchase of treasury shares				(316)	(316)
Disposal of treasury shares				126	126
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,729	(190)	2,539
Balance at end of period	5,640	8,744	41,461	(1,185)	54,660

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	33	2,064	74	2,171	382	54,731
Cumulative effects of changes in accounting policies						(55)
Restated balance	33	2,064	74	2,171	382	54,675
Changes during period						
Dividends of surplus						(1,183)
Profit attributable to owners of parent						3,913
Purchase of treasury shares						(316)
Disposal of treasury shares						126
Net changes in items other than shareholders' equity	(6)	4,543	(30)	4,505	56	4,562
Total changes during period	(6)	4,543	(30)	4,505	56	7,101
Balance at end of period	26	6,607	43	6,677	439	61,776

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,640	8,744	41,461	(1,185)	54,660
Changes during period					
Dividends of surplus			(1,420)		(1,420)
Profit attributable to owners of parent			5,541		5,541
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				6	6
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,121	6	4,127
Balance at end of period	5,640	8,744	45,582	(1,179)	58,787

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	26	6,607	43	6,677	439	61,776
Changes during period						
Dividends of surplus						(1,420)
Profit attributable to owners of parent						5,541
Purchase of treasury shares						(0)
Disposal of treasury shares						6
Net changes in items other than shareholders' equity	9	1,966	(23)	1,953	161	2,115
Total changes during period	9	1,966	(23)	1,953	161	6,242
Balance at end of period	36	8,574	20	8,630	600	68,019

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,570	7,034
Depreciation	5,356	6,168
Amortization of goodwill	-	30
Increase (decrease) in allowance for doubtful accounts	(18)	0
Increase (decrease) in provision for bonuses	97	25
Increase (decrease) in provision for share awards for directors (and other officers)	(68)	69
Increase (decrease) in retirement benefit liability	2	(13)
Interest and dividend income	(50)	(116)
Interest expenses	36	63
Foreign exchange losses (gains)	(131)	(163)
Loss on retirement of non-current assets	112	173
Impairment losses	155	209
Decrease (increase) in trade receivables	(221)	(349)
Decrease (increase) in inventories	(2,674)	101
Increase (decrease) in trade payables	(287)	(742)
Decrease (increase) in consumption taxes refund receivable	235	692
Other, net	265	(472)
Subtotal	7,378	12,710
Interest and dividends received	55	120
Interest paid	(36)	(64)
Income taxes paid	(706)	(1,153)
Net cash provided by (used in) operating activities	6,691	11,613
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,438)	(7,105)
Purchase of intangible assets	(734)	(1,322)
Purchase of investment securities	(1)	(1)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(152)
Proceeds from redemption of investment securities	-	500
Other, net	(74)	(98)
Net cash provided by (used in) investing activities	(6,248)	(8,179)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-	313
Proceeds from long-term borrowings	-	2,000
Repayments of long-term borrowings	(9)	(290)
Purchase of treasury shares	(316)	(0)
Dividends paid	(1,183)	(1,420)
Repayments of lease liabilities	(101)	(85)
Net cash provided by (used in) financing activities	(1,611)	516
Effect of exchange rate change on cash and cash equivalents	974	624
Net increase (decrease) in cash and cash equivalents	(193)	4,574
Cash and cash equivalents at beginning of period	14,260	14,066
Cash and cash equivalents at end of period	14,066	18,640