




# FY2023 Q1 Financial Results

**IRISO ELECTRONICS CO.,LTD.**

*Stock Code: 6908*  
*(Aug 2, 2023)*

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



-  **I . FY2023 Q1 Financial Summary**
- II . FY2023 Forecast**
- III . Topics**

# 1. FY2023 Q1 Financial Highlights & 1st Half Plan

- ¥12.5 billion in net sales, representing +4.8% YoY as sales growth in the automotive market offset a decrease in the consumer and industrial markets due to inventory adjustments.
- ¥0.97 billion in operating profit, representing -30.8% YoY and 7.7% operating profit margin, due to rise in expenses including new ERP system launch costs.
- FY2023 1st half plan to increase to ¥27 billion in net sales, representing more than 11% in operating profit margin, as a result of sales growth mainly in the automotive market, cost cutting and temporary expense reduction.

Unit: JPY in Millions

	FY2022 Q1	FY2023 Q1	YoY	FY2022 1st Half	FY2023 1st Half Plan	YoY
Net Sales	11,929	12,496	+567 +4.8%	25,543	27,000	+1,456 +5.7%
Operating Profit	1,398	967	(430) (30.8)%	3,063	3,000	(63) (2.1)%
Operating Profit Margin	11.7%	7.7%	(4.0)pts	12.0%	11.1%	(0.9)pts

## 2. FY2023 Q1 Financial Summary



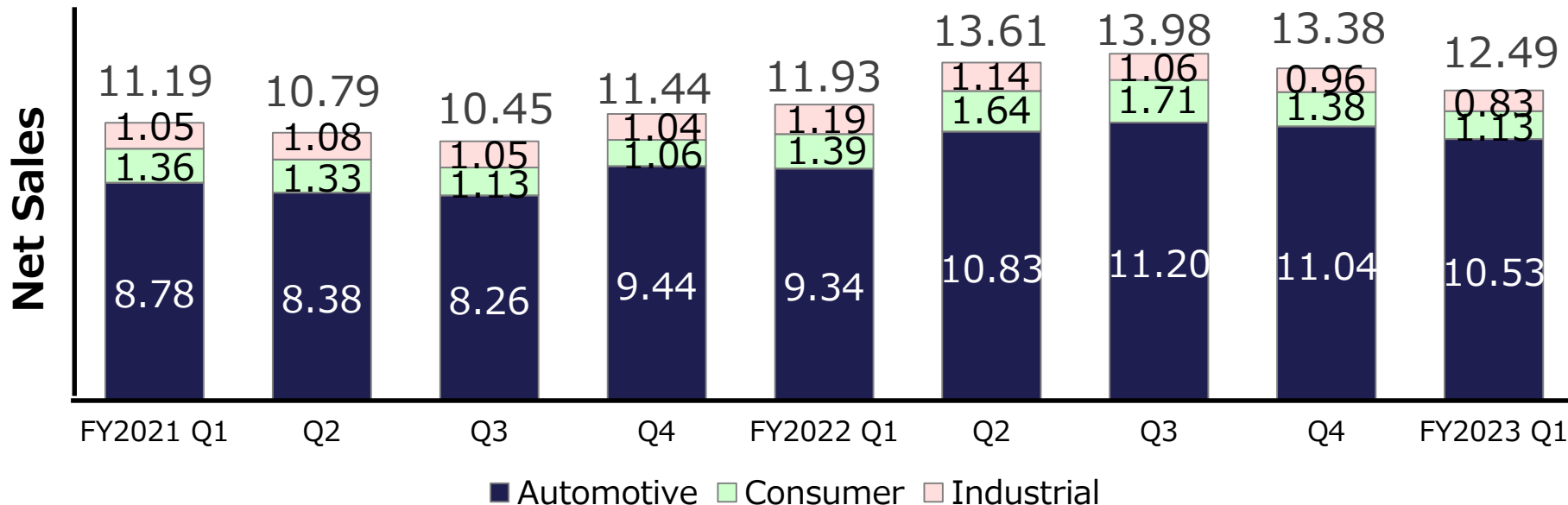
Unit: JPY in Millions

	FY2022 Q1	FY2023 Q1	Change	YoY
Net Sales	11,929	12,496	+567	+4.8%
Automotive	9,337	10,534	+1,197	+12.8%
Consumer	1,398	1,130	(268)	(19.2)%
Industrial	1,193	831	(362)	(30.3)%
Cost of Sales	7,926	8,646	+720	+9.1%
Sales Margin	66.4%	69.2%		+2.7pts
SG & A	2,604	2,882	+277	+10.7%
SG & A Margin	21.8%	23.1%		1.2pts
Operating Profit	1,398	967	(430)	(30.8)%
Operating Profit Margin	11.7%	7.7%		(4.0)pts
Ordinary Income	1,700	1,622	(78)	(4.6)%
Net Income	1,436	1,251	(184)	(12.9)%
EPS	61.06JPY	53.19JPY		
Capital Expenditure	2,114	2,501	+387	+18.3%
Depreciation	1,556	1,550	(5)	(0.4)%
Average Exchange Rate for each FY	USD : 129.04JPY EURO : 138.24JPY CNY : 19.60JPY	138.11JPY 150.35JPY 19.61JPY	+9.07JPY +12.11JPY +0.01JPY	+7.0% +8.8% +0.1%

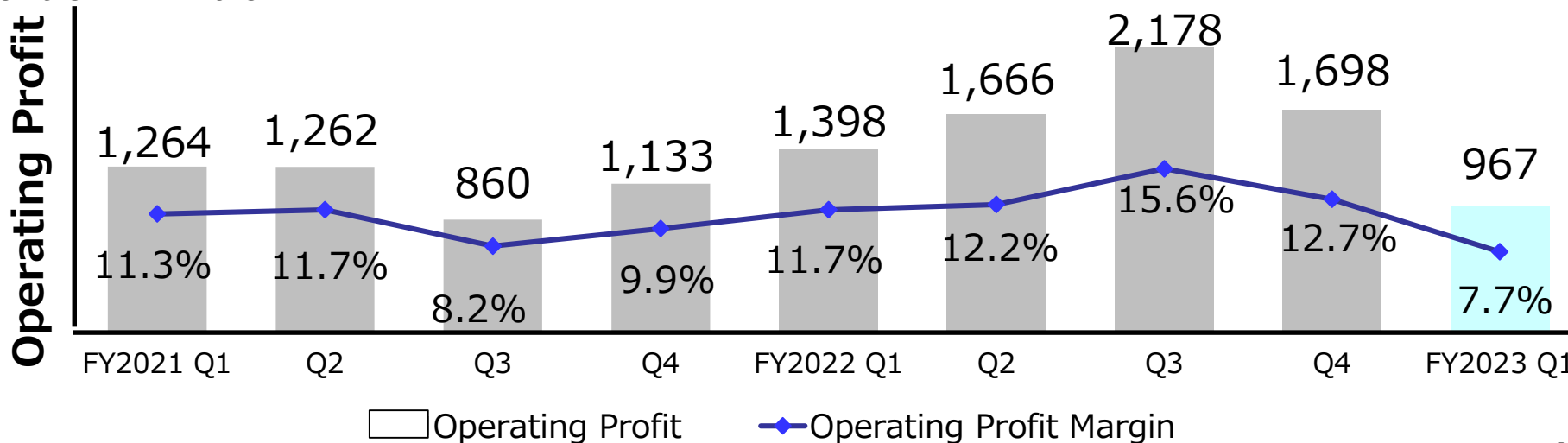
# 3. Changes in Net Sales and Operating Profit (QOQ)



Unit: JPY in Billions



Unit: JPY in Millions



## 4. Net Sales by Region and Product

### ■ By Region

Unit: JPY in Millions

	FY2022 Q1		FY2023 Q1		YoY
	Net Sales	Breakdown	Net Sales	Breakdown	
Japan	2,524	21.2%	2,325	18.6%	(198)
Greater China & South Korea	4,488	37.6%	4,312	34.5%	(175)
USA	1,562	13.1%	1,718	13.8%	+156
EUROPE	1,886	15.8%	2,373	19.0%	+487
ASEAN	1,467	12.3%	1,765	14.1%	+297
<b>Total</b>	<b>11,929</b>	<b>100.0%</b>	<b>12,496</b>	<b>100.0%</b>	<b>+567</b>
Overseas Ratio:		78.8%		81.4%	

#### Japan

- Despite an increase in the automotive market, decrease due to falling demand for industrial equipment

#### Greater China & South Korea

- Decrease due to inventory adjustment in the powertrain market

#### USA & EU

- Shift to sales growth, driven by the recovery of the automotive market

### ■ By Product

Unit: JPY in Millions

	FY2022 Q1		FY2023 Q1		YoY
	Net Sales	Breakdown	Net Sales	Breakdown	
BtoB	5,032	42.2%	5,588	44.7%	+556
FPC	2,694	22.6%	2,644	21.2%	(50)
Auto IF	3,204	26.9%	3,305	26.4%	+101
Pin Header	478	4.0%	635	5.1%	+156
Other	520	4.3%	323	2.6%	(196)
<b>Total</b>	<b>11,929</b>	<b>100.0%</b>	<b>12,496</b>	<b>100.0%</b>	<b>+567</b>

#### BtoB

- Increase driven by the recovery of the automotive market
- Strong sales of "Z-Move®" and new products for high-speed transmission

## 5. Change in Sales and Operating Profit YoY

Unit: JPY in Millions

FY2022 Q1 Results	11,929	1,398	11.7%	
Expense returns from costs for April-May 2022 Shanghai Lockdown response	+540	+180		Decrease both in sales and in expenses associated with lockdown response
		(365)		Expense returns from non-operating fixed costs for lockdown response
Currency effect	+520	0		USD: 129.04JPY→138.11JPY, 107% EUR: 138.24JPY→150.35JPY, 109% CNY: 19.60JPY→19.61JPY, 100% → Operating profit is pushed down to (0.4)%
Change in sales volume	(492)	(245)		
Material cost increase		(100)		
Fixed cost increase		(210)		HR costs and increase in expenses
Temporary cost		(370)		•Increase in expenses associated with new ERP system launch, asset disposal, debt waiver, etc. → operating profit is pushed down to (3.0)%
Cost reduction, etc.		+680		Cost reduction, price optimization, etc.
Total change factor	+567	(430)		
FY2023 Q1 results	12,496	967	7.7%	

## 6. Balance Sheet



Unit: JPY in Millions

VS. Previous year-End

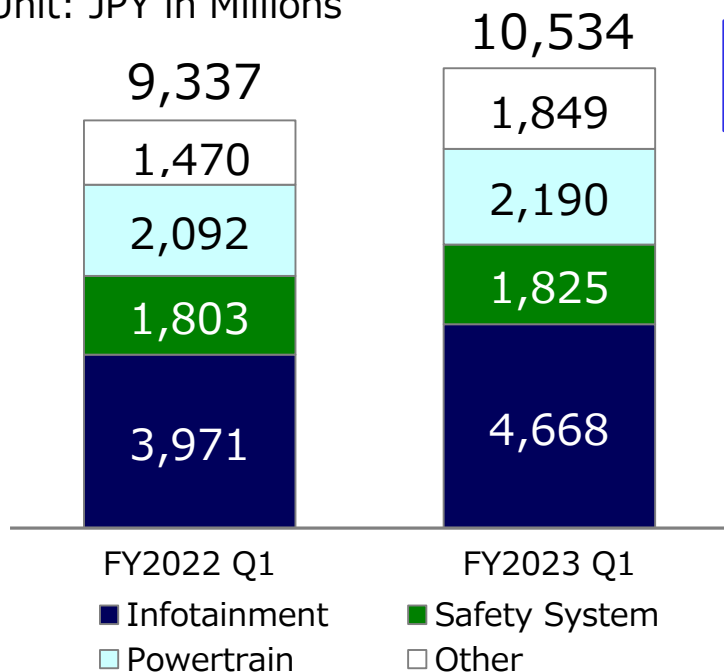
	FY2022	FY2023 Q1	
Current Asset	46,194	48,614	+2,419
Cash & Deposit	18,640	20,419	+1,778
Account Receivable	13,956	14,070	+114
Inventory	12,067	12,594	+527
Noncurrent Asset	36,297	37,521	+1,224
Total Asset	82,491	86,135	+3,644
Total Liability	14,472	15,991	+1,519
Account Payable	4,364	4,360	(3)
Debt	2,493	5,221	+2,728
Total Net Asset	68,019	70,144	+2,124
Total Shareholders' Equity	58,787	58,145	(642)
Capital Adequacy Ratio	81.7%	80.7%	(1.0)pts



# 7. Sales by Market: Automotive

■ ¥+1,197 mm (+12.8%) YoY

Unit: JPY in Millions



• Sales recovery mainly in the infotainment market although production was scaled down in the powertrain market,

## Infotainment

- Increase in sales for non-Japanese customers
- Driven by increase in sales for LCD panel and IVI (in-vehicle infotainment) system, as well as in sales of existing products for navigation systems

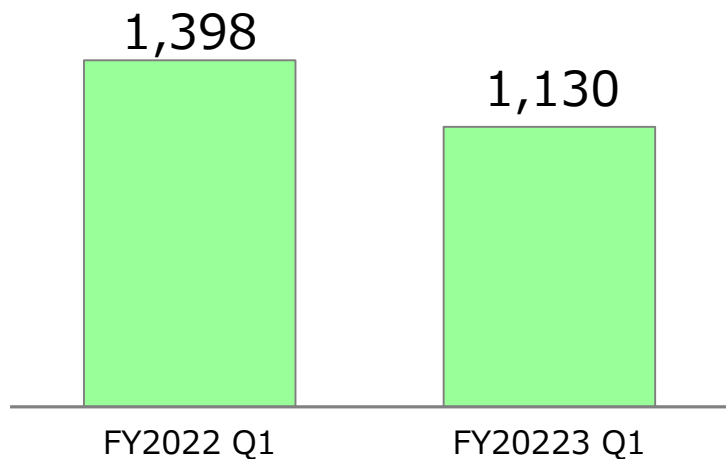
## Powertrain

- 73% compared to the FY2022 Q4 level due to inventory adjustment in China. Return to the normal level is expected after Q2.
- Sales for on-board charger on a steady growth track

	FY2022				FY2023
	Q1	Q2	Q3	Q4	Q1
Infotainment	3,971	4,565	4,401	4,392	4,668
Safety System	1,803	1,946	1,843	1,852	1,825
Powertrain	2,092	2,496	3,186	2,996	2,190
Other	1,470	1,820	1,773	1,799	1,849
<b>Total</b>	<b>9,337</b>	<b>10,828</b>	<b>11,204</b>	<b>11,039</b>	<b>10,534</b>

## ■ Consumer: (268) mm (19.2%) YoY

Unit: JPY in Millions

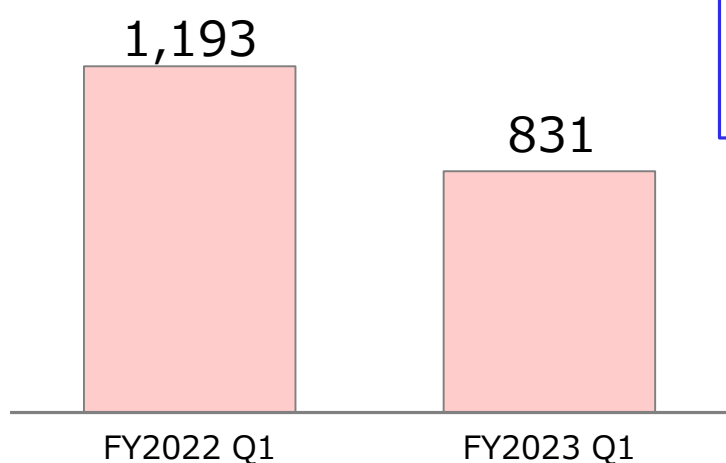


• Decrease in sales for TV and office automation appliances due to the end of stay-at-home demand

FY2022				FY2023
Q1	Q2	Q3	Q4	Q1
1,398	1,647	1,710	1,385	1,130

## ■ Industrial: ¥(362) mm (30.3%) YoY

Unit: JPY in Millions

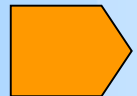


• Decrease both in sales due to China's capital spending slowdown and in sales for 5G stations due to inventory adjustment

FY2022				FY2023
Q1	Q2	Q3	Q4	Q1
1,193	1,138	1,060	960	831



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# 1. FY2023 Earnings Forecast



- FY2023 1st half plan has been disclosed with revised currency exchange rates applied to plans from Q2 onward, while changes have been made to the full-year plan.  
USD:130→140JPY、EUR: 140→155JPY、RMB: 19.5→20JPY

Unit: JPY in Millions

	FY2022		FY2023			YoY	
	1st Half	Full Year	1st Half Plan	Initial Full Year Plan	Revised Full Year Plan	Vs. 1st Half	Vs. Full Year
Net Sales	25,543	52,903	27,000	55,000	57,000	+1,456 +5.7%	+4,096 +7.7%
Cost to Sales Revenue Ratio	67.2%	67.3%	67.7%	67.0%	67.5%	+0.5pts	+0.2pts
Operating Profit	3,063	6,940	3,000	7,700	7,700	(63) (2.1)%	+759 +10.9%
Operating Profit Margin	12.0%	13.1%	11.1%	14.0%	13.5%	(0.9)pts	+0.4pts
Pretax Profit	3,639	7,034	3,500	7,350	8,000	(139)	+965
Net Income	2,901	5,541	2,700	5,700	6,200	(201)	+658
EPS	123.33JPY	235.58JPY	114.77JPY	244.40JPY	263.56JPY		
Exchange Rate Period Average	USD:133.46JPY EUR:138.79JPY RMB: 19.82JPY	134.95JPY 141.24JPY 19.68JPY	138.92JPY 152.34JPY 19.77JPY	130.00JPY 140.00JPY 19.50JPY	139.42JPY 153.57JPY 19.88JPY	+5.46JPY +13.55JPY (0.05)JPY	+4.47JPY +12.33JPY +0.20JPY
Capital Expenditure	-	8,427	-	10,000	10,200	-	+1,772
Depreciation & Amortization	-	6,168	-	6,500	6,700	-	+532

## 2. FY2023 Q1-Q2 Changes in Sales and Operating Profit YoY



Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit Margin	Factor
FY2023 Q1 Results	12,496	967	7.7%	
Decrease due to temporary payment		+190		Decrease due to asset disposal, debt waiver, etc.
Currency effect	+130	0		
Change in sales volume	+1,876	+930		Increase mainly in the automotive market in China and Japan
Cost reduction		550		
Others		(605)		Business risks, including the new ERP system launch
Total change factor	+2,006	+1,065		
FY2023 Q2 plan	14,503	2,032	14.7%	
FY2023 first half plan	27,000	3,000	11.1%	

	FY2022				FY2023		FY2023 Q1-Q2 Plan	
	Q1	Q2	Q3	Q4	Q1	Q2 Plan	Change	Change
Automotive	9,337	10,828	11,204	11,039	10,534	12,315	+1,781	+16.9%
Consumer	1,398	1,647	1,710	1,385	1,130	1,319	+189	+16.7%
Industrial	1,193	1,138	1,060	960	831	868	+36	+4.4%
<b>Total</b>	<b>11,929</b>	<b>13,614</b>	<b>13,975</b>	<b>13,384</b>	<b>12,496</b>	<b>14,503</b>	<b>+2,006</b>	<b>+16.1%</b>

Strategy	Detail
<p><b>1. Reap the results of the profit structure improvement project</b></p>	<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> <li>• <b>Procurement strategy planning and cost reduction(added from April 2023)</b></li> </ul>
<p><b>2. Develop flagship product lines</b></p>	<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>
<p><b>3. Enhance sales force performance</b></p>	<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>
<p><b>4. Boost production capacity and improve BCP structure</b></p>	<ul style="list-style-type: none"> <li>• Hanamaki factory: operation launch scheduled in November 2023 → <b>Moved up to October 2023</b></li> <li>• Akita plant: run a project for operation launch in 2025</li> </ul>
<p><b>5. Launch new ERP System smoothly</b></p>	<ul style="list-style-type: none"> <li>• <b>Switch to new ERP system from 1 October 2023</b></li> </ul>





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## ■ Strategic Product Development

Series	Purpose of Product Development
<p data-bbox="34 272 490 308">Wire to Board Connector</p> <p data-bbox="46 429 229 536"><b>13146 Series</b></p> 	<p data-bbox="813 279 1812 362">Establishing strong positioning in the global market by increasing product lines for BMS</p> <ul data-bbox="813 415 1895 582" style="list-style-type: none"> <li>• Entering the market from the end of 2023 by introducing products meeting the automotive standard set by the EU, as well as the 13065 series, which have a high market share in China's xEV market</li> </ul> <p data-bbox="813 636 1779 762">※ BMS Market Outlook: More than 18.7% of CAGR from 2023 to 2028 (Information provided by Global Information, Inc.)</p>
<p data-bbox="34 793 484 829">Wire to Board Connector</p> <p data-bbox="46 965 363 1186"><b>13156 Series (Scalable Connector)</b></p> 	<p data-bbox="813 793 1866 1005">Developing connectors for vehicle integrated platform for ECUs (Electronic Control Units) and external device connections, for which a rapid market expansion is expected in the future, as well as creating a new market with these innovations</p> <ul data-bbox="813 1058 1866 1182" style="list-style-type: none"> <li>• Innovative interface connector that offers scalability to meet various customer needs, as well as for high-speed transmission.</li> </ul> <p data-bbox="813 1236 1866 1362">※ Integrated ECU market outlook: Growing to be 15.1 times larger than the 2021 level by 2035 (Survey of Fuji Chimera Research Institute, Inc.)</p>



### ■ IRISO Received Bosch Global Supplier Award 2023

- Bosch, a world-renowned automotive parts manufacturer, singled out 46 suppliers for an award from its roughly 35,000 suppliers.
- The Global Supplier Award is given to its suppliers from around the world, who have demonstrated outstanding performance in a range of criteria such as quality, cost, sustainability, and innovation. IRISO received the award in the “Raw Material and Components” category as the only connector manufacturer.





<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>