

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 2, 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 to file Quarterly Securities Report: November 7, 2023
 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, 2023 (from April 1, 2023 to September 30, 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	%
Six months ended September 30, 2023	28,140	10.2	3,315	8.2	4,124	1.9	3,167	9.2
Six months ended September 30, 2022	25,543	16.2	3,063	21.3	4,045	64.6	2,901	33.8

(Note) Comprehensive income: Six months ended September 30, 2023: ¥7,417 million [(3.6)%]
 Six months ended September 30, 2022: ¥7,697 million [174.5%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	134.66		-	
Six months ended September 30, 2022	123.33		-	

(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, 2023	91,313	73,554	79.8	3,096.58
As of March 31, 2023	82,491	68,019	81.7	2,865.97

(Reference) Equity: As of September 30, 2023: ¥72,849 million
 As of March 31, 2023: ¥67,418 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended March 31, 2023	Yen -	Yen 0.00	Yen -	Yen 80.00	Yen 80.00
Year ending March 31, 2024	-	0.00			
Year ending March 31, 2024 (Forecast)			-	90.00	90.00

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

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	57,000	7.7	7,700	10.9	8,200	7.0	6,200	11.9	263.56

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(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, 2023	24,583,698 shares	As of March 31, 2023	24,583,698 shares
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Number of treasury shares at the end of the period:

As of September 30, 2023	1,057,800 shares	As of March 31, 2023	1,059,896 shares
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Average number of shares during the period:

Six months ended September 30, 2023	23,524,114 shares	Six months ended September 30, 2022	23,522,889 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, 2023: 147,426 shares, as of March 31, 2023: 149,576 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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	18,640	21,639
Notes and accounts receivable - trade, and contract assets	13,956	16,474
Merchandise and finished goods	8,362	8,186
Work in process	92	0
Raw materials and supplies	3,612	4,016
Other	1,567	1,699
Allowance for doubtful accounts	(37)	(58)
Total current assets	46,194	51,957
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,353	5,846
Machinery, equipment and vehicles, net	15,206	16,531
Tools, furniture and fixtures, net	4,010	4,274
Land	2,153	2,234
Construction in progress	5,387	5,314
Total property, plant and equipment	32,111	34,202
Intangible assets		
Software	283	253
Software in progress	1,987	2,758
Goodwill	121	106
Other	1	2
Total intangible assets	2,393	3,120
Investments and other assets		
Investment securities	130	210
Deferred tax assets	974	1,036
Other	742	879
Allowance for doubtful accounts	(55)	(93)
Total investments and other assets	1,792	2,033
Total non-current assets	36,297	39,356
Total assets	82,491	91,313

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,364	4,688
Short-term borrowings	731	1,371
Current portion of long-term borrowings	285	721
Income taxes payable	903	1,183
Provision for bonuses	602	771
Other	4,405	3,293
Total current liabilities	11,292	12,029
Non-current liabilities		
Long-term borrowings	1,476	4,000
Retirement benefit liability	500	522
Provision for share awards for directors (and other officers)	126	132
Other	1,076	1,074
Total non-current liabilities	3,179	5,730
Total liabilities	14,472	17,759
Net assets		
Shareholders' equity		
Share capital	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	45,582	46,856
Treasury shares	(1,179)	(1,167)
Total shareholders' equity	58,787	60,073
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36	53
Foreign currency translation adjustment	8,574	12,708
Remeasurements of defined benefit plans	20	14
Total accumulated other comprehensive income	8,630	12,776
Non-controlling interests	600	704
Total net assets	68,019	73,554
Total liabilities and net assets	82,491	91,313

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, 2022	Six months ended September 30, 2023
Net sales	25,543	28,140
Cost of sales	17,172	19,251
Gross profit	8,371	8,888
Selling, general and administrative expenses	5,307	5,572
Operating profit	3,063	3,315
Non-operating income		
Interest income	44	118
Dividend income	2	7
Foreign exchange gains	987	790
Other	91	17
Total non-operating income	1,125	934
Non-operating expenses		
Interest expenses	38	59
Loss on valuation of derivatives	96	49
Other	9	16
Total non-operating expenses	143	126
Ordinary profit	4,045	4,124
Extraordinary income		
Gain on sale of non-current assets	-	11
Total extraordinary income	-	11
Extraordinary losses		
Loss on retirement of non-current assets	32	34
Impairment losses	6	-
Loss related COVID-19	367	-
Total extraordinary losses	405	34
Profit before income taxes	3,639	4,101
Income taxes - current	681	911
Income taxes - deferred	6	(52)
Total income taxes	688	858
Profit	2,951	3,243
Profit attributable to non-controlling interests	50	75
Profit attributable to owners of parent	2,901	3,167

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,951	3,243
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	17
Foreign currency translation adjustment	4,759	4,162
Remeasurements of defined benefit plans, net of tax	(9)	(6)
Total other comprehensive income	4,746	4,173
Comprehensive income	7,697	7,417
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,631	7,313
Comprehensive income attributable to non-controlling interests	66	104

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,639	4,101
Depreciation	3,086	3,072
Amortization of goodwill	15	15
Increase (decrease) in allowance for doubtful accounts	(3)	53
Increase (decrease) in provision for bonuses	118	148
Increase (decrease) in provision for share awards for directors (and other officers)	37	6
Increase (decrease) in retirement benefit liability	(5)	7
Interest and dividend income	(46)	(126)
Interest expenses	38	59
Foreign exchange losses (gains)	(269)	(318)
Loss on retirement of non-current assets	32	34
Impairment losses	6	-
Decrease (increase) in trade receivables	134	(1,085)
Decrease (increase) in inventories	(321)	762
Increase (decrease) in trade payables	(667)	(605)
Other, net	282	(212)
Subtotal	6,076	5,913
Interest and dividends received	49	126
Interest paid	(39)	(63)
Income taxes paid	(642)	(688)
Net cash provided by (used in) operating activities	5,444	5,287
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,257)	(4,475)
Purchase of intangible assets	(489)	(787)
Purchase of investment securities	(0)	(54)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(152)	-
Other, net	35	(132)
Net cash provided by (used in) investing activities	(3,864)	(5,449)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(3)	598
Proceeds from long-term borrowings	2,000	3,200
Repayments of long-term borrowings	(147)	(240)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,420)	(1,893)
Repayments of lease liabilities	(67)	(47)
Net cash provided by (used in) financing activities	361	1,617
Effect of exchange rate change on cash and cash equivalents	1,400	1,544
Net increase (decrease) in cash and cash equivalents	3,341	2,998
Cash and cash equivalents at beginning of period	14,066	18,640
Cash and cash equivalents at end of period	17,408	21,639