



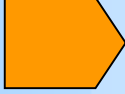
FY2023 Q3 Financial Results

IRISO ELECTRONICS CO.,LTD.

Stock Code: 6908
(Feb 2, 2024)

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



-  **I . FY2023 Q1-Q3 Financial Summary**
- II . FY2023 Forecast**
- III . Topics**

1. FY2023 Q1-Q3 Financial Highlights

- Q1-Q3 net sales remained at ¥41.1 billion, representing +4.1% YoY due to slowdown in sales growth in the automotive market and continued inventory adjustments in the consumer and industrial markets
- -7.0% YoY for Q3 sales, as sales fell due to a backlash from increase in Q2, a period when some customers secured inventory against shortage anticipated during our new ERP system launch, slowing auto market in China and EU, and continued slump in the consumer and industrial markets
- Operating profit of ¥4.8 billion, representing -8.6% YoY (+8.2% YoY for H1 dropped to -32.2% YoY for Q3) as the sales and operating rate did not meet the expectations in the plan.

Unit: JPY in Millions

	FY2022 Q1-Q3	FY2023 Q1-Q3	YoY
Net Sales	39,519	41,140	+1,621 +4.1%
Operating Profit	5,242	4,792	(449) (8.6)%
Operating Profit Margin	13.3%	11.6%	(1.6)pts

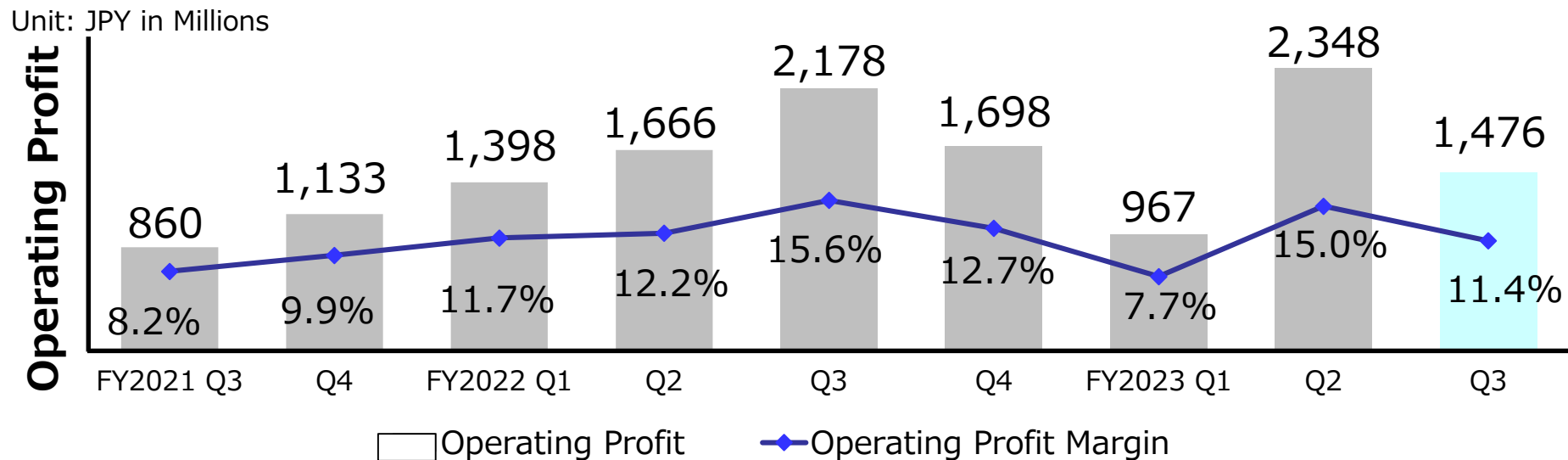
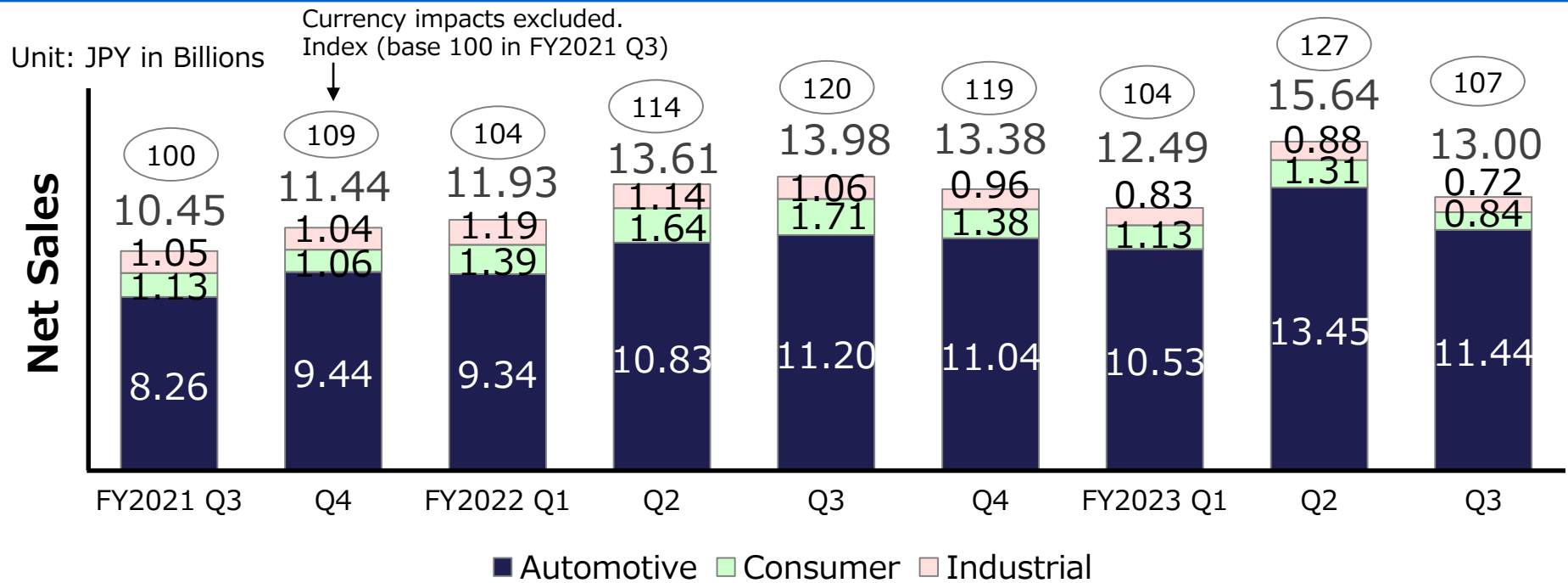
2. FY2023 Q1-Q3 Financial Summary



Unit: JPY in Millions

	FY2022 Q1-Q3	FY2023 Q1-Q3	Change	YoY
Net Sales	39,519	41,140	+1,621	+4.1%
Automotive	31,369	35,429	+4,059	+12.9%
Consumer	4,756	3,272	(1,483)	(31.2)%
Industrial	3,392	2,438	(954)	(28.1)%
Cost of Sales	26,347	28,076	+1,729	+6.6%
Sales Margin	66.7%	68.2%		+1.6pts
SG & A	7,929	8,271	+341	+4.3%
SG & A Margin	20.1%	20.1%		+0.0pts
Operating Profit	5,242	4,792	(449)	(8.6)%
Operating Profit Margin	13.3%	11.6%		(1.6)pts
Ordinary Income	5,435	5,316	(118)	(2.2)%
Net Income	4,350	4,294	(55)	(1.3)%
EPS	184.95JPY	182.56JPY		
Capital Expenditure	6,504	7,577	+1,072	+16.5%
Depreciation	4,655	4,674	+18	+0.4%
Average Exchange Rate for each FY	135.40JPY	142.76JPY	+7.36JPY	+5.4%
	140.42JPY	155.19JPY	+14.77JPY	+10.5%
	19.75JPY	19.96JPY	+0.21JPY	+1.1%

3. QOQ Changes in Net Sales and Operating Profit



4. Net Sales by Region and Product

■ By Region

Unit: JPY in Millions

	FY2022 Q1-Q3		FY2023 Q1-Q3		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
Japan	7,577	19.2%	7,328	17.8%	(248)
Greater China & South Korea	16,121	40.8%	16,459	40.0%	+337
USA	4,788	12.1%	4,832	11.7%	+44
EUROPE	6,027	15.2%	7,065	17.2%	+1,037
ASEAN	5,004	12.7%	5,454	13.3%	+450
Total	39,519	100.0%	41,140	100.0%	+1,621
Overseas Ratio:		80.8%		82.2%	

Japan

- Continued inventory adjustment in the consumer and industrial markets

Greater China & South Korea

- Steady sales in the automotive market, mainly in the infotainment market, despite a slump in the consumer market

USA

- Impact of the 2023 United Auto Workers strike

EU

- Slowdown in growth rate after Q3 despite the auto market recovery

■ By Product

Unit: JPY in Millions

	FY2022 Q1-Q3		FY2023 Q1-Q3		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
BtoB	16,188	41.0%	17,940	43.6%	+1,752
FPC	8,904	22.5%	8,232	20.0%	(672)
Auto IF	11,278	28.5%	11,979	29.1%	+700
Pin Header	1,613	4.1%	1,974	4.8%	+360
Other	1,533	3.9%	1,013	2.5%	(520)
Total	39,519	100.0%	41,140	100.0%	+1,621

BtoB

- Increase driven by auto market recovery
- Benefit from strong sales of “Z-Move®” and new products for high-speed transmission

FPC

- Decrease due to a slump in the consumer market

Auto IF

- Increase in the powertrain market, yet slowdown in growth rate from Q3

5. Change in Sales and Operating Profit YoY

Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit Margin	Factor
FY2022 Q1-Q3 Results	39,519	5,242	13.3%	
Expense returns from costs for April-May 2022 Shanghai Lockdown response	+540	+180		Decrease both in sales and expenses associated with lockdown response
		(365)		Expense returns from non-operating fixed costs for lockdown response
Currency effect	+1,635	0		USD: 135.40JPY→142.76JPY, 105.4% EUR: 140.42JPY→155.19JPY, 110.5% CNY: 19.75JPY→19.96JPY, 101.0% → Operating profit is pushed down to (0.5)%
Increase in sales volume	(554)	(275)		
Material cost increase		(450)		Soaring costs of gold, resin material, etc.
Fixed cost increase		(700)		Increase ini HR costs and other expenses
Temporary cost		(490)		•Increase in expenses associated with new ERP system launch, asset disposal, debt waiver, etc. → operating profit is pushed down to (1.3)%
Cost reduction, etc.		+1,650		Cost reduction through profit improvement project, etc.
Total change factor	+1,621	(449)		
FY2023 Q1-Q3 Results	41,140	4,792	11.6%	

6. Balance Sheet



Unit: JPY in Millions

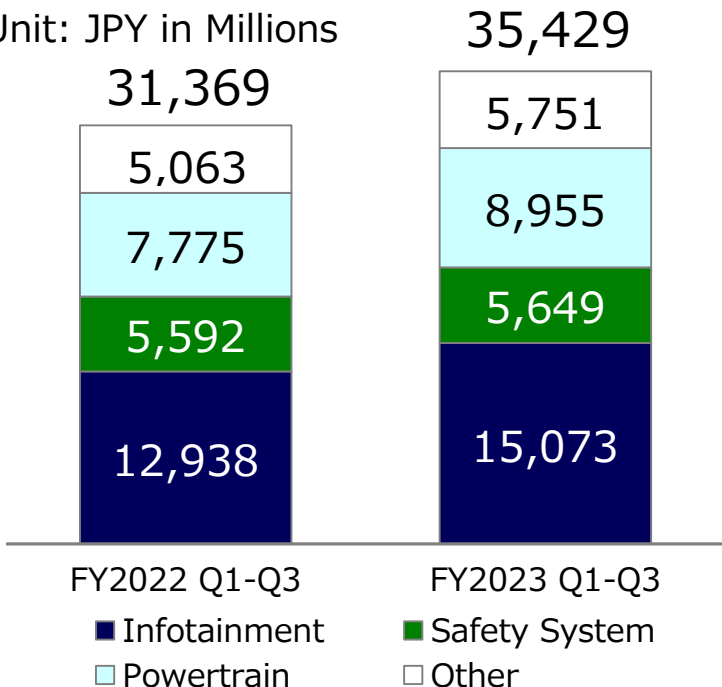
VS. Previous year-End

	FY2022	FY2023 Q3	
Current Asset	46,194	52,364	+6,169
Cash & Deposit	18,640	23,621	+4,980
Account Receivable	13,956	14,297	+340
Inventory	12,067	12,501	+433
Noncurrent Asset	36,297	39,081	+2,784
Total Asset	82,491	91,445	+8,953
Total Liability	14,472	18,694	+4,221
Account Payable	4,364	5,518	+1,154
Debt	2,493	6,498	+4,005
Total Net Asset	68,019	72,751	+4,732
Total Shareholders' Equity	58,787	61,200	+2,412
Capital Adequacy Ratio	81.7%	78.8%	(2.9)pts

7. Sales by Market: Automotive

■ ¥4,059 mm (+12.9%) YoY

Unit: JPY in Millions



- Despite Q1-Q3 sales on a steady growth track, mainly driven by global auto production recovery, slowdown in Chinese and EU markets from Q3
- Remained in growth in the infotainment market, driven by increased global auto production and market expansion beyond the navigation system market

Infotainment

- YoY: Q1-Q3 +17%, Q3 +9%
- 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

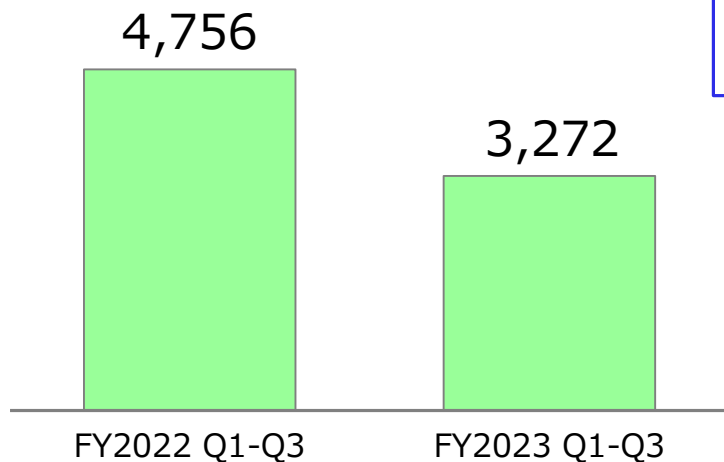
Powertrain

- YoY: Q1-Q3 +15%, Q3 -3%
- Continued high level sales, compared to the FY2023 Q2 level, despite decrease due to backlash from increase anticipated during our new ERP system launch
- By region, market uncertainty in China, as well as in EU which ended the e-vehicle subsidies

	FY2022				FY2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Infotainment	3,971	4,565	4,401	4,392	4,668	5,606	4,797
Safety System	1,803	1,946	1,843	1,852	1,825	2,069	1,753
Powertrain	2,092	2,496	3,186	2,996	2,190	3,674	3,091
Other	1,470	1,820	1,773	1,799	1,849	2,101	1,800
Total	9,337	10,828	11,204	11,039	10,534	13,452	11,442

■ Consumer: ¥ (1,483) mm (31.2%) YoY

Unit: JPY in Millions

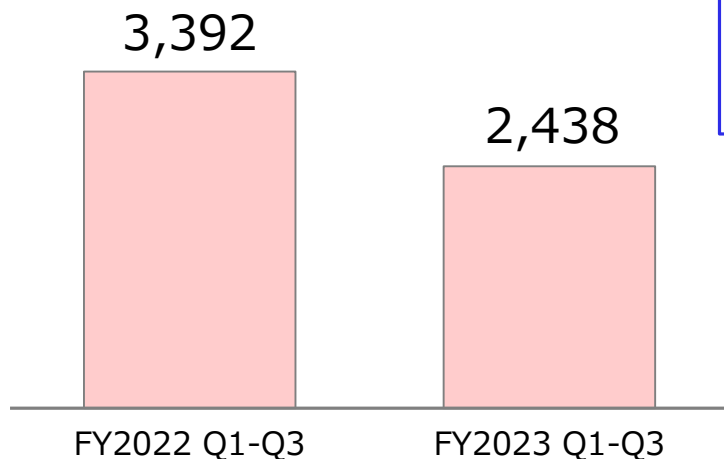


• Decrease due to dropping demand for TV and printer from H1 and decline in demand for game console in Q3

FY2022				FY2023		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
1,398	1,647	1,710	1,385	1,130	1,307	835

■ Industrial: ¥(954) mm (28.1%) YoY

Unit: JPY in Millions



• Decrease due to China's capital spending slowdown and remaining impacts from continued decrease in sales for 5G stations

FY2022				FY2023		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
1,193	1,138	1,060	960	831	884	722



I . FY2023 Q1-Q3 Financial Summary

 **II . FY2023 Forecast**

III . Topics

1. FY2023 Earnings Forecast



■ Revised full-year plan reflecting growth slowdown in specific sectors of the auto market, and a continuing slump in the consumer and industrial markets

Q4 currency rate: USD:140JPY, EUR:155JPY, CNY:20JPY

Unit: JPY in Millions

	FY2022	FY2023		YoY	VS. Initial Plan
	Full Year	Full Year Initial Plan	Full Year Revised Plan		
Net Sales	52,903	57,000	54,500	+1,596 +3.0%	+2,500 +4.4%
Cost to Sales	67.3%	67.5%	68.0%	+0.7pts	+0.5pts
Operating Profit	6,940	7,700	6,550	+390 +5.6%	+1,150 +14.9%
Operating Profit Margin	13.1%	13.5%	12.0%	+1.1pts	+1.5pts
Pretax Profit	7,034	8,000	6,800	+234	+1,200
Net Income	5,541	6,200	5,300	+241	+900
EPS	235.58JPY	263.56JPY	225.30JPY		
Exchange Rate	134.95JPY	140.71JPY	142.12円JPY	+7.17JPY	+1.41JPY
Period Average	141.24JPY	154.20JPY	155.14JPY	+13.90JPY	+0.94JPY
	19.68JPY	19.89JPY	19.97JPY	+0.29JPY	+0.08JPY
Capital Expenditure	8,427	10,200	9,800	+1,372	(400)
Depreciation & Amortization	6,168	6,700	6,500	+332	(200)

2. FY2023 Net Sales Plan by Market



Unit : Yen in Millions

	FY2022		FY2023				3Q Progress Rate
	Net Sales	Breakdown	Initial Plan	Revised Plan	Breakdown	YoY	
Auto Total	42,409	80.2%	48,600	47,300	86.8%	+11.5%	74.9%
Infotainment	17,330	32.8%	20,200	20,000	36.7%	+15.4%	75.4%
Safety System	7,445	14.1%	7,600	7,300	13.4%	(2.0)%	77.4%
Powertrain	10,771	20.4%	12,800	12,200	22.4%	+13.3%	73.4%
Other	6,862	13.0%	8,000	7,800	14.3%	+13.7%	73.7%
Consumer	6,141	11.6%	4,900	4,000	7.3%	(34.9)%	81.8%
Industrial	4,352	8.2%	3,500	3,200	5.9%	(26.5)%	76.2%
Total	52,903	100.0%	57,000	54,500	100.0%	+3.0%	75.5%

3. Revising Response Strategy as Market Changed

- We have advanced 5 leading business strategies including profit structure improvement, strategic product line extension, sales enablement, production capacity and BCP development, and the smooth launch of the new ERP system.

■ Changes and Signs of our Target Markets

- In China, slump in sales of Japanese cars, slowdown in growth rate in the xEV market and intense price competition
- In EU, change in EV demand structure due to the end of EV subsidiaries and slowdown in economic growth rate
- Remaining in slump in the consumer and industrial markets, mainly in sales for Japanese customers



■ Revised Response Strategy

- Besides ongoing strategic product line extension and sales enablement, increase in sales by market anticipation and product variation creation, as well as increase in standard products and reviewing the roles of manufacturing sites for profit improvement
- Sales Strategy:
 - Solution development for integrated Electronic Control Units (ECUs) and the forwarding of the development schedule for business expansion in the infotainment market.
 - Business expansion for reaching more customers in Japan, Europe, US and South Korea in the powertrain market and increasing sales to them.
 - Creating product variation through using sourced items and original design manufacturing (ODM) effectively.
- Profit Improvement Strategy:
 - Improving both production and investment efficiencies by raising the breakdown ratio of standard products
 - Reviewing the roles of manufacturing sites worldwide as the new Akita plant will start operation, as well as cost competitiveness improvement





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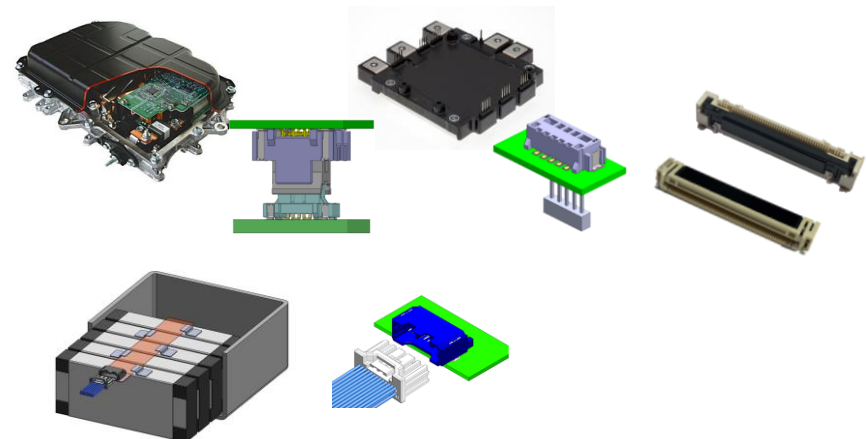
■ Product Line Extension for xEVs

- Starting mass production of two types of new products of FPC connectors for xEV inverters and converters in response to ongoing shift to electric vehicles

Series	Development Objective
11507 Series 	Resin lever, a two-point contact system and improved heat tolerance in the product have been added to the structure of our unique "Auto I-Lock", which is designed to make automated assembly by robot.
11607 Series 	

【Products for xEV Powertrain Systems】

1. PCU (inverter and converter) for motors:
 - Floating BtoB connector ("Z-Move[®]") + Heat Tolerance FPC connector (Auto I-Lock)
 - •Harnessless and solderless connections available
 - Enabling application downsizing and automated assembly
2. For battery: Small Wire To Board connector
 - Enabling application downsizing





Company Name	IRISO ELECTRONICS CO., LTD.
Business Description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of Employees	3,104 (as of March 31, 2023)
Capital	5,640 million yen (as of March 31, 2023)
Headquarters	2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa
Operations	
Japan	Headquarters, Fukushima, Ibaraki, Aichi, and Osaka
Overseas	Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou, Shenzhen, Chongqing), Malaysia, Taiwan, and India
Research & Development	Headquarters (IRISO Technology Park), Kawasaki (Production Technology Development Center), Iwate (Hanamaki Factory), and Shanghai R&D Center
Manufacturing Plants	Japan (Ibaraki), China (Shanghai, Nantong), Philippines (Manila), and Vietnam (Hai Duong)