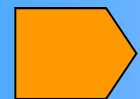




**Consolidated Financial Results  
Briefing Materials  
For  
Fiscal Year Ended March 31, 2017**

**IRISO ELECTRONICS CO., LTD.  
*Stock Code: 6908*  
(May 9, 2017)**



 **I . Summary of the consolidated financial results for FY ended March 31, 2017**

**II . Forecasts for FY ending March 31, 2018**



# 1. Summary of Business Performance



## Impact of exchange rate

**Net sales: approx. minus 9%, Operating income: approx. minus 10%**

- Sales amount decreased due to the negative impact of exchange rates.  
Sales volume increased by about 10%. Therefore, when using the same rate as the previous year, sales increased compared to the previous year.
- Sales were lower than the initial forecast, partly due to a demand decline of vehicles equipped with our products in China, Taiwan & South Korea in the 1st half as well as due to a sales decline caused by the earthquake in Kumamoto, but the sales partly recovered in the 2nd half.
- The operating income ratio was 17.7%, increasing by 0.5% year on year as a result of cost reduction efforts.

### 【By market】

- Automotive segment: declined due to the stronger yen. However, the sales volume showed a steady increase mainly in products for safety applications including cameras and radars and also for powertrain using the floating B to B connector “Z-Move™”, which has a function to make movements to three directions. Consequently, despite the strong yen, the sales of car electronics segment increased to a record high, exceeding 15 billion yen for the first time.
- Consumer segment: declined due mainly to the stronger yen, a decrease in sales for game consoles, and also weak sales for digital cameras because of the earthquake in Kumamoto.

### 【By area】

- Japan: increased mainly for new vehicles and radars, and in the industrial segment.
- USA: decreased partly due to strong yen and production adjustments caused by the earthquake in Kumamoto
- China, Taiwan & South Korea : decreased due to the yen’s appreciation and a decline in consumer segment.
- EU: increased owing to favorable sales in some markets including the safety-related market, which covered the negative impact of the yen’s appreciation

2. Consolidated Results for Fiscal Year Ending March 31,  
2017 (YoY Change)



Unit: Millions of yen

	Year Ended March 31, 2016	Year Ended March 31, 2017	YoY change
Net sales	38,209	37,547	(662) (1.7)%
Operating income	6,568	6,661	93 1.4%
Ordinary income	6,602	6,750	148 2.3%
Net income	4,045	4,875	830 20.5%
EPS	353.46 yen	414.32 yen	
Average exchange rate during the period	USD 120.00 yen EURO 132.19 yen	109.03 yen 119.37 yen	(10.97) yen (12.82) yen



### 3. Breakdown of Net Sales (by Market)



Unit: Millions of yen

		Year Ending March 31, 2017	YoY change	Sales ratio	Factors for increase/decrease
<b>Automotive</b> (car-mounted products)		<b>31,767</b>	<b>(1.5)%</b>	<b>84.6%</b>	<ul style="list-style-type: none"> <li>• Down approx. 8.5% due to strong yen</li> <li>• Car electronics segment increased to a record high, exceeding 15 billion yen for the first time.</li> <li>• Safety-related products (car-mounted cameras and radars) continued strong and increased by 35% year-on-year.</li> </ul>
<b>Category</b>	<b>AVN</b> (Car audio, visual, navigation systems, etc.)	<b>16,463</b>	<b>(6.2)%</b>	<b>43.8%</b>	
	<b>Electronics</b> (Other electric components)	<b>15,304</b>	<b>4.0%</b>	<b>40.8%</b>	
<b>Consumer</b> (Digital cameras, cellular telephones, televisions, OA, game consoles, etc.)		<b>4,139</b>	<b>(11.8)%</b>	<b>11.0%</b>	<ul style="list-style-type: none"> <li>• Down approx. 9% due to the strong yen</li> <li>• Declined for game consoles</li> <li>• Declined for digital cameras due to the earthquake in Kumamoto</li> </ul>
<b>Industrial</b> (Industrial equipment, etc.)		<b>1,641</b>	<b>30.3%</b>	<b>4.4%</b>	<ul style="list-style-type: none"> <li>• Increased for smart meters, PLC, etc.</li> </ul>
<b>Total</b>		<b>37,547</b>	<b>(1.7)%</b>	<b>100.0%</b>	<ul style="list-style-type: none"> <li>• Down approx. 9% due to the strong yen</li> <li>• Overseas ratio was 78.6%.</li> </ul>

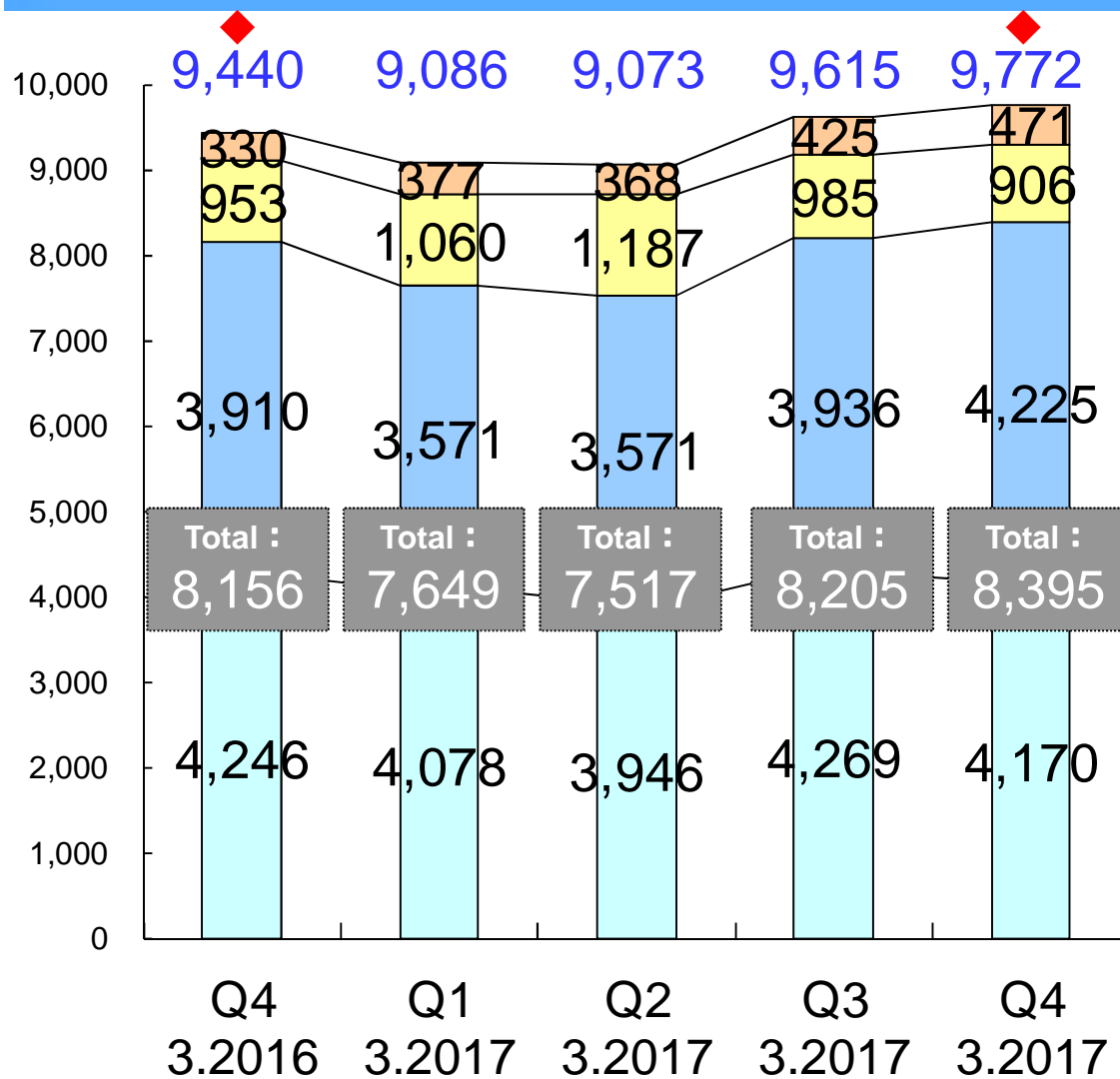
Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.



# 4. Net Sales by Market (Quarterly Trends)



Unit: Millions of yen



### YoY change

**Industrial**  
42.4%

**Consumer**  
(4.9)%

**Automobile (Electronics)**  
8.1%

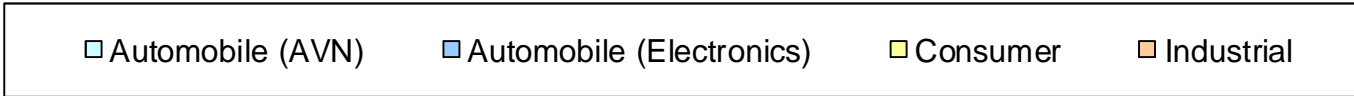
**Automobile (Total)**  
2.9%

**Automobile (AVN)**  
(1.8)%

- Increased for PLC, etc.
- Achieved the quarterly sales of over ¥400M for two consecutive quarters

- Decreased due to the strong yen and a decline mainly for digital cameras.

- Strong sales for safety related apps. drove results in car electronics segment, and powertrain-related sales also increased.
- Quarterly sales of car-electronics segment surpassed that of AVN segment for the first time.

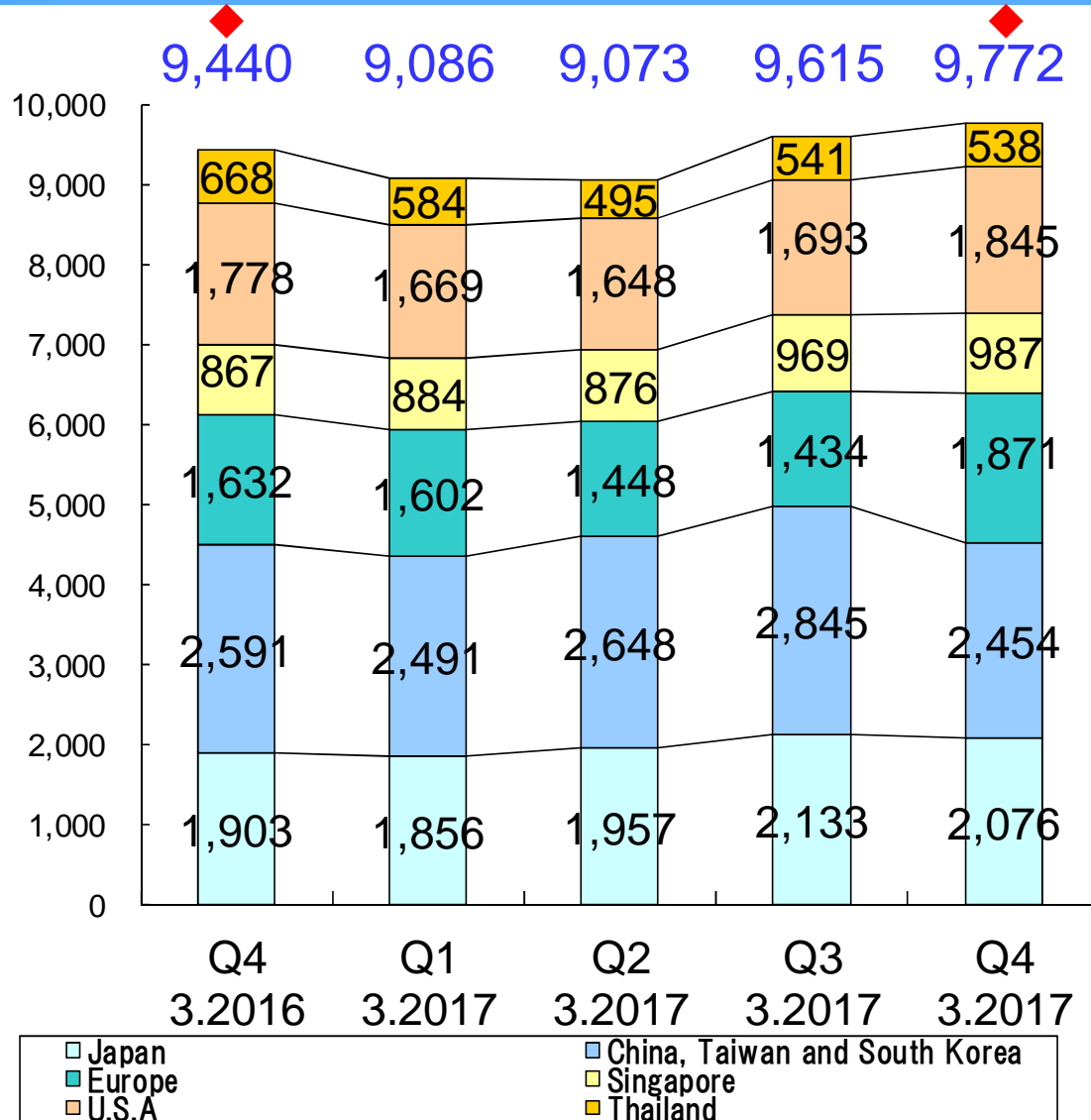




# 5. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen



## YoY change

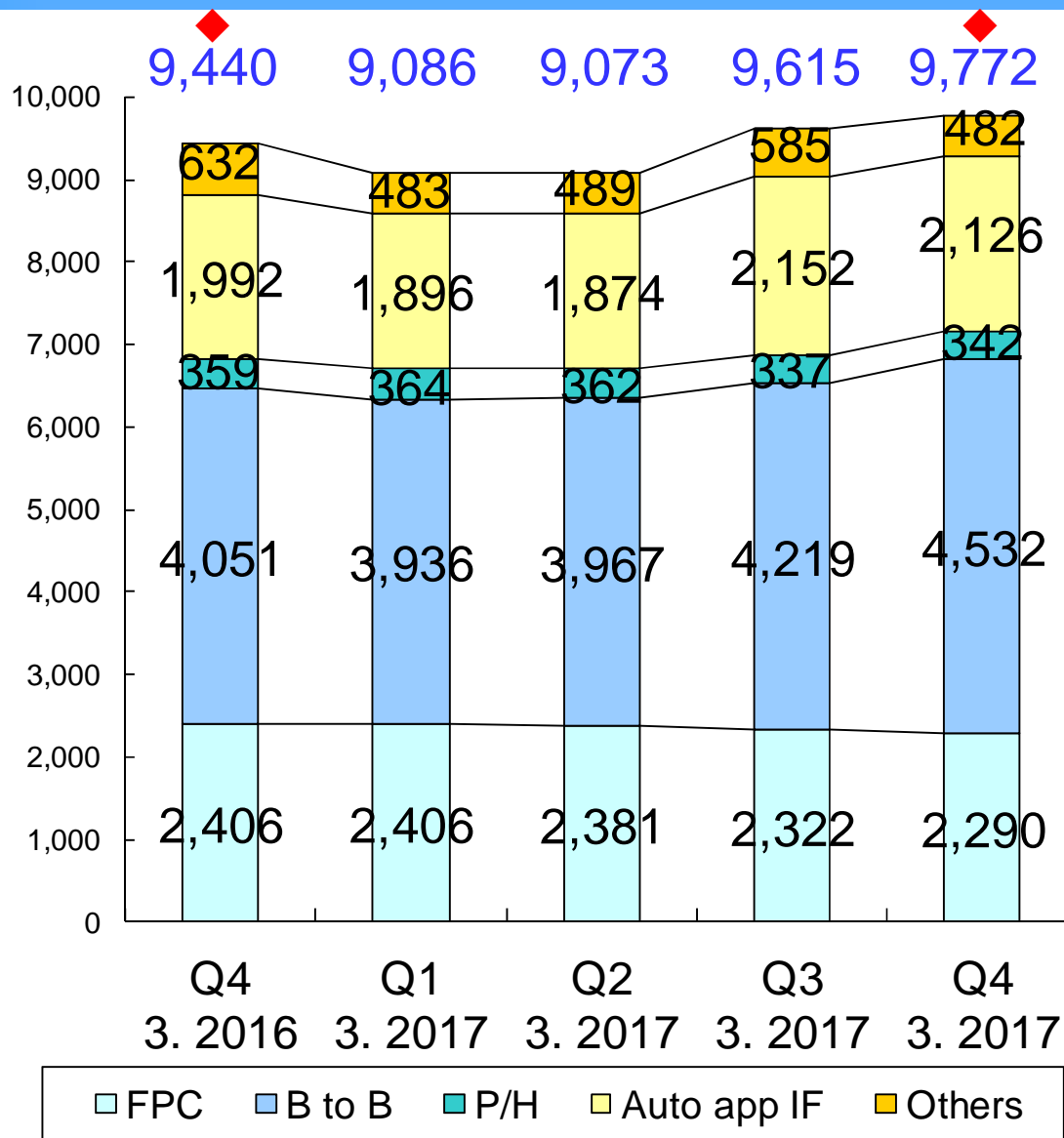
- Thailand (19.5%)**  
Decreased due to the strong yen and production transfer to Japan by some customers
- U.S.A. 3.8%**  
Sales for safety related apps. and AVN segment trended favorably.
- Singapore 13.8%**  
Safety related products trended favorably.
- Europe 14.6%**  
Safety related products trended favorably.
- China, Taiwan & South Korea (5.3%)**  
Decreased due to the strong yen  
Declined compared to the Q3 partly due to the seasonal factor
- Japan 9.1%**  
Increased for new vehicles and safety related apps., and in Industrial segment.



# 6. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen



◆ YoY change

- Others\* (23.8%)
- Automobile application IF 6.7%
- P/H (4.8%)
- BtoB 11.9%
- FPC (4.8%)

Automotive segment trended favorably.

- Decreased due to the strong yen and a decline in consumer segment

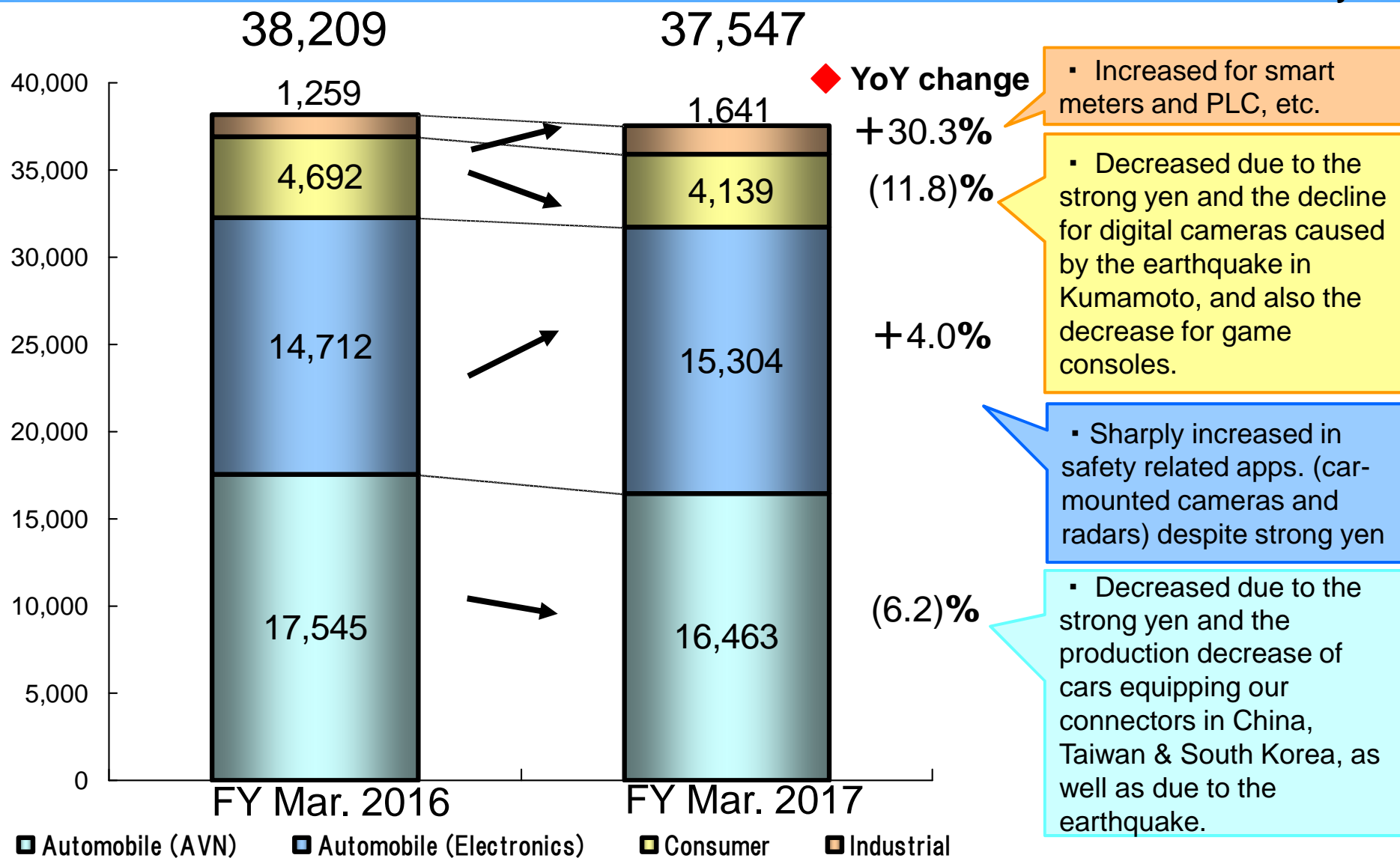




# 7. Net Sales by Market (Full Year)



Unit: Millions of yen

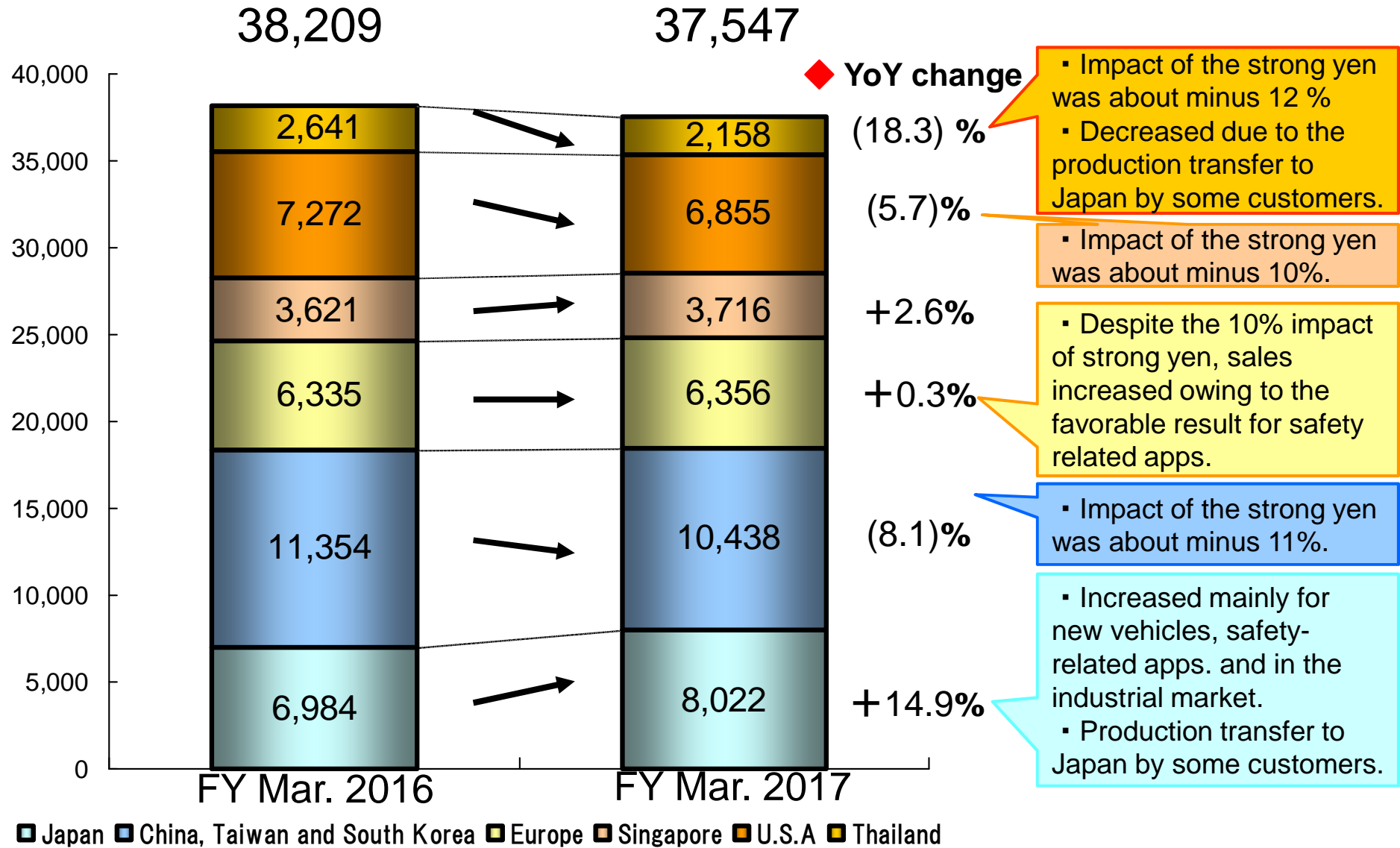




# 8. Net Sales by Area (Full Year)



Unit: Millions of yen

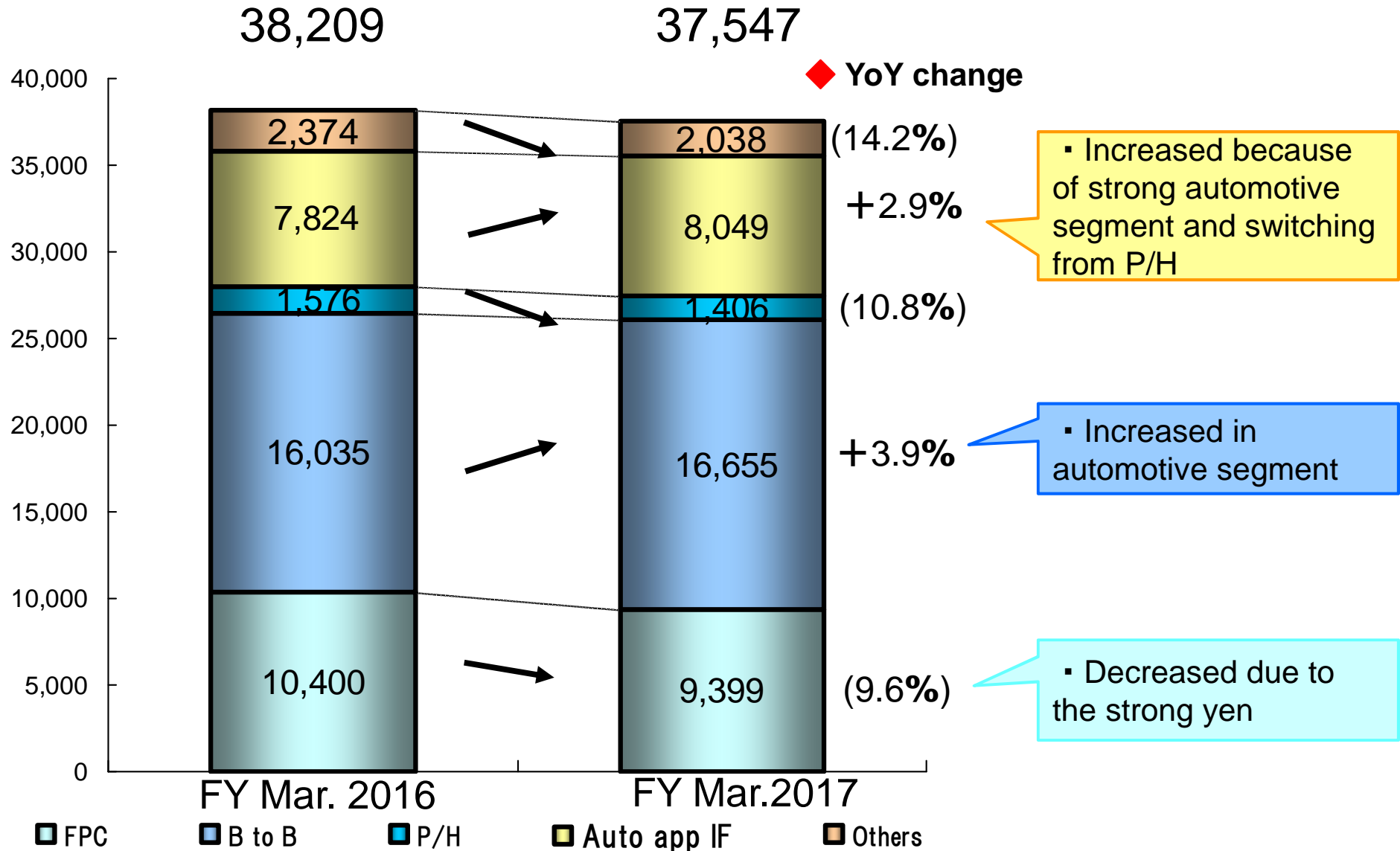




# 9. Net Sales by Product (Full Year)



Unit: Millions of yen



## 10. Consolidated Statements of Income (Cumulative) (YoY Change)



Unit: Millions of yen

	Year Ended March 31, 2016		Year Ended March 31, 2017		YoY change	
<b>Net sales</b>	38,209	100.0%	37,547	100.0%	(662)	(1.7)%
<b>Cost of sales</b>	24,642	64.5%	23,758	63.3%	(884)	(3.6)%
<b>Gross profit</b>	13,566	35.5%	13,788	36.7%	222	1.6%
<b>SG &amp; A</b>	6,997	18.3%	7,127	19.0%	130	1.9%
<b>Operating income</b>	6,568	17.2%	6,661	17.7%	93	1.4%
<b>Non-operating income</b>	75	0.2%	152	0.4%	77	102.7%
<b>Non-operating expenses</b>	41	0.1%	63	0.2%	22	53.7%
<b>Ordinary income</b>	6,602	17.3%	6,750	18.0%	148	2.3%
<b>Extraordinary income (loss)</b>	(61)	(0.2)%	(45)	(0.1)%	16	—
<b>Pretax income</b>	6,541	17.1%	6,705	17.9%	164	2.5%
<b>Net income</b>	4,045	1206%	4,875	13.0%	830	20.5%
<b>EPS</b>	353.46		414.32		—	
<b>Exchange rate (USD/EURO)</b>	120.00 Yen/		109.03 Yen/		(10.97) Yen/	
	132.19 Yen		119.37 Yen		(12.82) Yen	

## 11. Consolidated Balance Sheets (compared to the end of the previous year)



Unit: Millions of yen

	As of March 31, 2016		As of March 31, 2017		Compared to the end of the previous year	Factors for increase/decrease
<b>Current assets</b>	28,439	59.8%	31,828	60.8%	3,389	Cash and deposits 2,191 Notes and accounts receivable-trade 527 Raw materials and supplies 356
<b>Noncurrent assets</b>	19,116	40.2%	20,534	39.2%	1,417	Machinery, equipment and vehicles 991 Land 247
<b>Total assets</b>	47,556	100.0%	52,363	100.0%	4,806	
<b>Current liabilities</b>	7,471	15.7%	7,000	13.4%	(470)	Note and accounts Payable-trade 471 Income taxes payable (622)
<b>Noncurrent liabilities</b>	788	1.7%	669	1.3%	(118)	Net defined benefit asset (79) Long-term loans payable (56)
<b>Total liabilities</b>	8,259	17.4%	7,670	14.6%	(588)	
<b>Shareholders' equity</b>	36,544	76.8%	42,737	81.6%	6,193	Capital surplus 1,962 Retained earnings 3,951 Treasury shares (278)
<b>Valuation/translation difference</b>	2,587	5.4%	1,715	3.2%	(872)	Foreign currency translation adjustment (906)
<b>Minority interests</b>	164	0.3%	239	0.5%	75	
<b>Total net assets</b>	39,296	82.6%	44,692	85.4%	5,395	Net assets per share 3,755.44 yen (previous period 3,418.96 yen)
<b>Total liabilities and net assets</b>	47,556	100.0%	52,363	100.0%	4,806	

## 12. Cash Flows



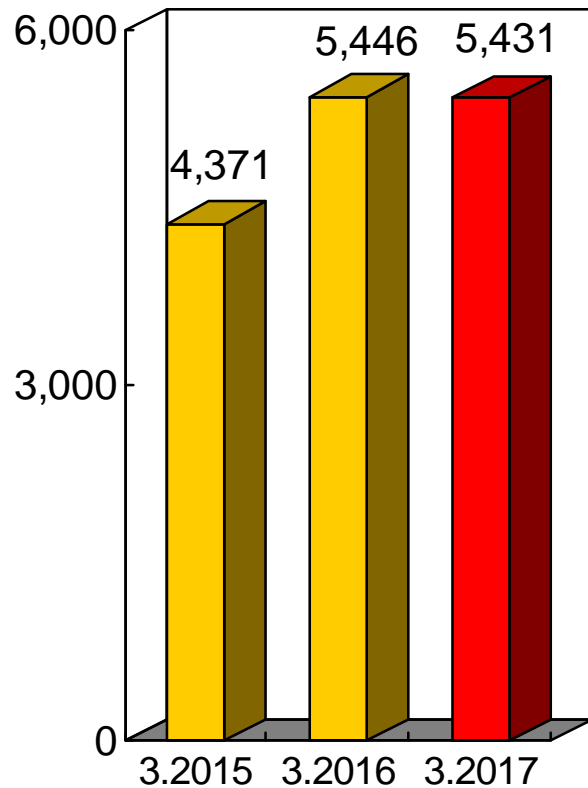
Unit: Millions of yen

	Year Ended March 31, 2016	Year Ended March 31, 2017	Increase /Decrease
Cash flows from operating activities	8,598	6,604	(1,994)
Decrease (increase) in notes and accounts receivable - trade	(323)	(924)	(601)
Increase (decrease) in notes and accounts payable - trade	173	743	570
Cash flows from investing activities	(5,370)	(5,406)	(36)
Purchase of property, plant and equipment	(5,444)	(5,182)	262
Purchase of intangible assets	(2)	(249)	(247)
Cash flows from financing activities	(744)	1,260	2,004
Net increase (decrease) in short-term loans payable	—	—	—
Purchase of treasury shares	—	0	0
Net increase (decrease) in cash and cash equivalents	1,961	2,191	230
Cash and cash equivalents at end of period	13,051	15,242	2,191

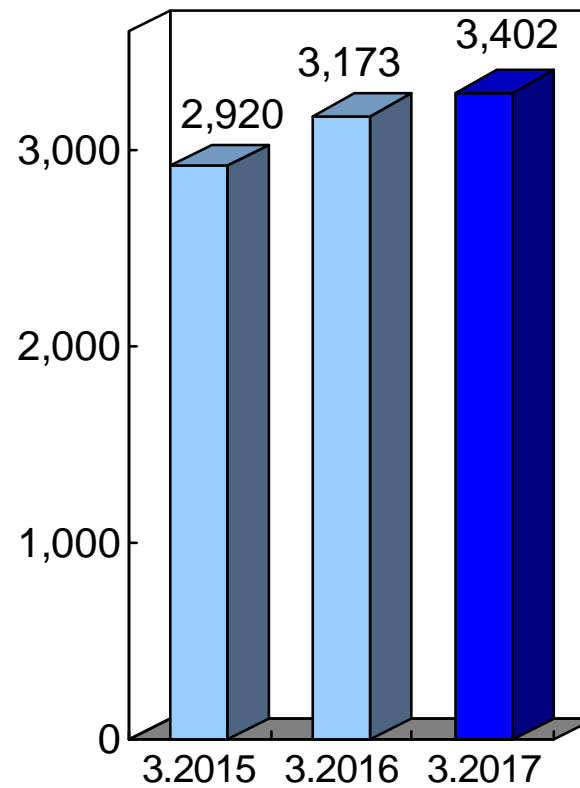
# 13. Capital Investment, Depreciation & Amortization, and Research & Development



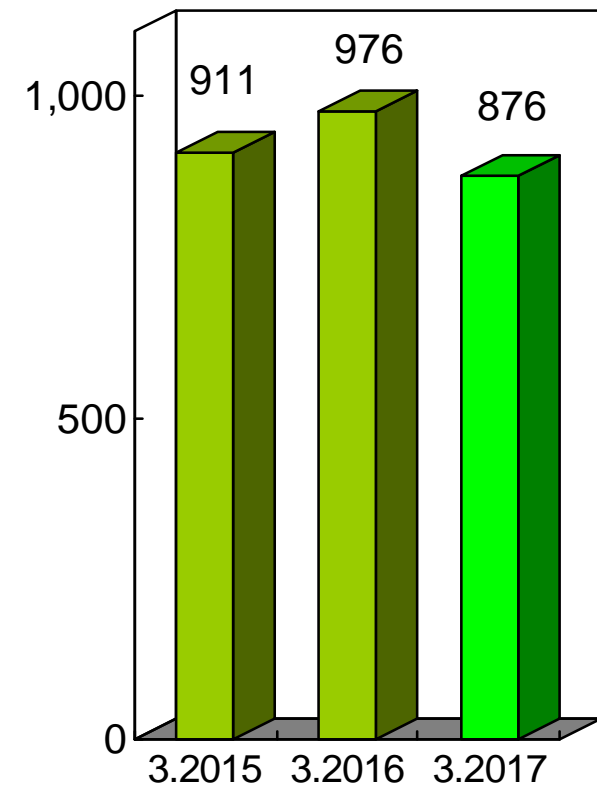
Unit: Millions of yen



**Capital Investment**



**Depreciation & Amortization**



**Research & Development**

\*We carried over the ADAS related trial production cost of about ¥140M to the following FY.



**I . Summary of the consolidated financial results for FY ended March 31,2017**

 **II . Forecasts for FY ending March 31, 2018**



1. Full-Year Targets for Fiscal Year Ending March 31, 2018  
(YoY Change)



Unit: Millions of yen

	Results of FY March 31, 2017	(1st half) (2nd half)	Full year targets for FY March 31, 2018	(1st half) (2nd half)	YoY change
Net sales	37,547	(18,159) (19,388)	40,000	(19,400) (20,600)	2,453 6.5%
Operating income	6,661 (17.7%)	(2,845) (3,816)	7,200 (18.0%)	(3,200) (4,000)	539 8.1%
Ordinary income	6,750 (18.0%)	(2,638) (4,112)	7,200 (18.0%)	(3,200) (4,000)	450 6.7%
Net income	4,875 (13.0%)	(1,913) (2,962)	5,200 (13.0%)	(2,200) (3,000)	325 6.7%
EPS	414.32yen	—	439.30yen		
Average exchange rate during the period	USD109.03yen EURO119.37yen	—	USD110.00yen EURO120.00yen		

2. Full-Year Targets for Fiscal Year Ending March 31, 2018  
 (Assumptions for the forecasts)



Items	Assumptions
Exchange rate	USD ¥110.0 / \$
	EUR ¥120.0 / €
	RMB ¥15.80 / RMB
Capital investment	¥7,500M
Depreciation & Amortization	¥4,100M
Research & Development	¥1,200M

(1) Sales forecast 40,000 million yen (+ ¥2,453M)

- We are planning to increase sales by more than 10% YoY mainly in car-electronics markets in USA and EU.
- Driven by strong sales of products for radars and car-mounted cameras, the annual sales of car electronics segment will grow and surpass that of car AVN segment for the first time.

(2) Operating income forecast 7,200 million yen (+ ¥539M)

- It is expected to increase by reducing cost through automation and rationalization efforts, and promoting in-house production of key processes to improve the cost rate.



We will make the following investments based on our Mid-term Management Plan

→ Capital investment of 7,500 million yen in FY ending Mar., 2018  
(+38.1% from the previous FY)

(1) Investment for new product development

- Sales and Engineering departments collaborate to accelerate development of new products that anticipate customers' needs in growing markets.

(2) Enhancement of cost competitiveness

- Investing in proactive rationalization mainly in the Shanghai Plant
- Increasing in-house production ratio in the key processes including molding, pressing, plating

(3) Preparation for production increase

- Reinforcing the production bases to increase sales  
(Establishing a new factory in Nantong, China)



<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>3,489 (as of March 31, 2017)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2017)</b>
<b>Headquarters</b>	<b>2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa</b>
<b>Operations</b>	
<b>Domestic</b>	<b>Headquarters, Iwate, Ibaraki, Aichi, Osaka</b>
<b>Overseas</b>	<b>Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou), Malaysia, Taiwan, India</b>
<b>Research &amp; development</b>	<b>Headquarters (IRISO Technology Park), Kawasaki(Production Technology Development Center),Shanghai R&amp;D Center</b>
<b>Manufacturing plants</b>	<b>Ibaraki, China (Shanghai), Philippines, Vietnam (Hanoi)</b>