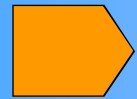




Consolidated Financial Results Briefing Materials For 1st Quarter Of FY 2019

IRISO ELECTRONICS CO., LTD.
Stock Code: 6908
(Aug 2, 2019)



-  **I . Summary of the consolidated
Financial Results for 1Q of FY 2019**
- II . Forecasts for FY 2019**



The market situation has been worsening since late in the first half of the year.
Both sales and profit show YoY decrease.

- Sales : The conditions of the automotive and industrial markets have declined since the latter half of FY2018 due to the U.S-China Trade conflict. Thus, revenue has decreased due to the continuation of dropping car sales volume and withholding from capital.
- Profit : Although profit has been decreasing due to the dropping sales, additional activities for product cost cut and expense reduction will be implemented to minimise profit shrinkage rate.
When it comes to quarterly trends, the worsening trend of operating profit ratio has been improved.

【Topics】

- Increase by 20% or less in sales for safety applications (camera, radar) due to ADAS development.
Increase by 60% or less in sales for the powertrains of electric cars including sales of the 3-Directional Floating BtoB connector “Z-Move[®]” . The ratio of sales in these two areas makes up more than approx. 20% of the total sales.
 - Sales in our 2 key focus areas, ADAS and powertrains, have continuously increased while the car sales volume in the major areas such as China, U.S. and EU have been dropping.
We will make effort to improve our performance in product development and sales activities to win purchase orders in the future as well.
- A customer from the TV market has decided to adopt our BtoB connector for automating their production line.
 - We will propose our solution for automated assembly to various customers by offering connectors suitable for robotic assembly such as the ”Floating BtoB connector”, “Auto-Lock connector” and “Two-Point Contact connector”.



2. Consolidated Results for 1Q of FY 2019 (YoY Change)



Unit: Millions of yen

	1Q FY 2018	1Q FY 2019	YoY change
Net sales	10,886	10,040	(845) (7.8)%
Operating income	1,918 17.6%	1,398 13.9%	(520) (27.1)%
Ordinary income	2,074 19.1%	1,347 13.4%	(726) (35.0)%
Net income	1,589 14.6%	909 9.1%	(679) (42.8)%
EPS	67.13 yen	38.60 yen	
Average exchange rate during the period	USD 108.71 yen EURO 129.39 yen	109.98 yen 123.28 yen	1.27 yen (6.11) yen



3. Breakdown of Net Sales (by Market)



Unit: Millions of yen

		1Q FY 2019	YoY change	Sales ratio	Factors causing revenue growth/ decline
Automotive (car-mounted products)		8,575	(7.6)%	85.4%	<ul style="list-style-type: none"> Slump of car sales in major areas. Remaining flat in the car electronics area owing to increase by 20 % or less in sales for safety applications (camera, radar) due to ADAS development and to increase by 60% or less in sales for the powertrains of electric cars
Category	AVN (Car audio, visual, navigation systems, etc.)	3,651	(16.7)%	36.4%	
	Electronics (Safety applications, electric components, powertrains etc.)	4,924	0.6%	49.0%	
Consumer (OA, game consoles, digital cameras, cellular phones, televisions, etc.)		970	(2.7)%	9.7%	<ul style="list-style-type: none"> Decrease in sales mainly for game consoles and digital camera.
Industrial (Industrial equipment, etc.)		495	(18.8)%	4.9%	<ul style="list-style-type: none"> Decrease due to withholding from capital expenditure cause by the U.S-China trade conflict,
Total		10,040	(7.8)%	100.0%	<ul style="list-style-type: none"> 80.2% overseas ratio

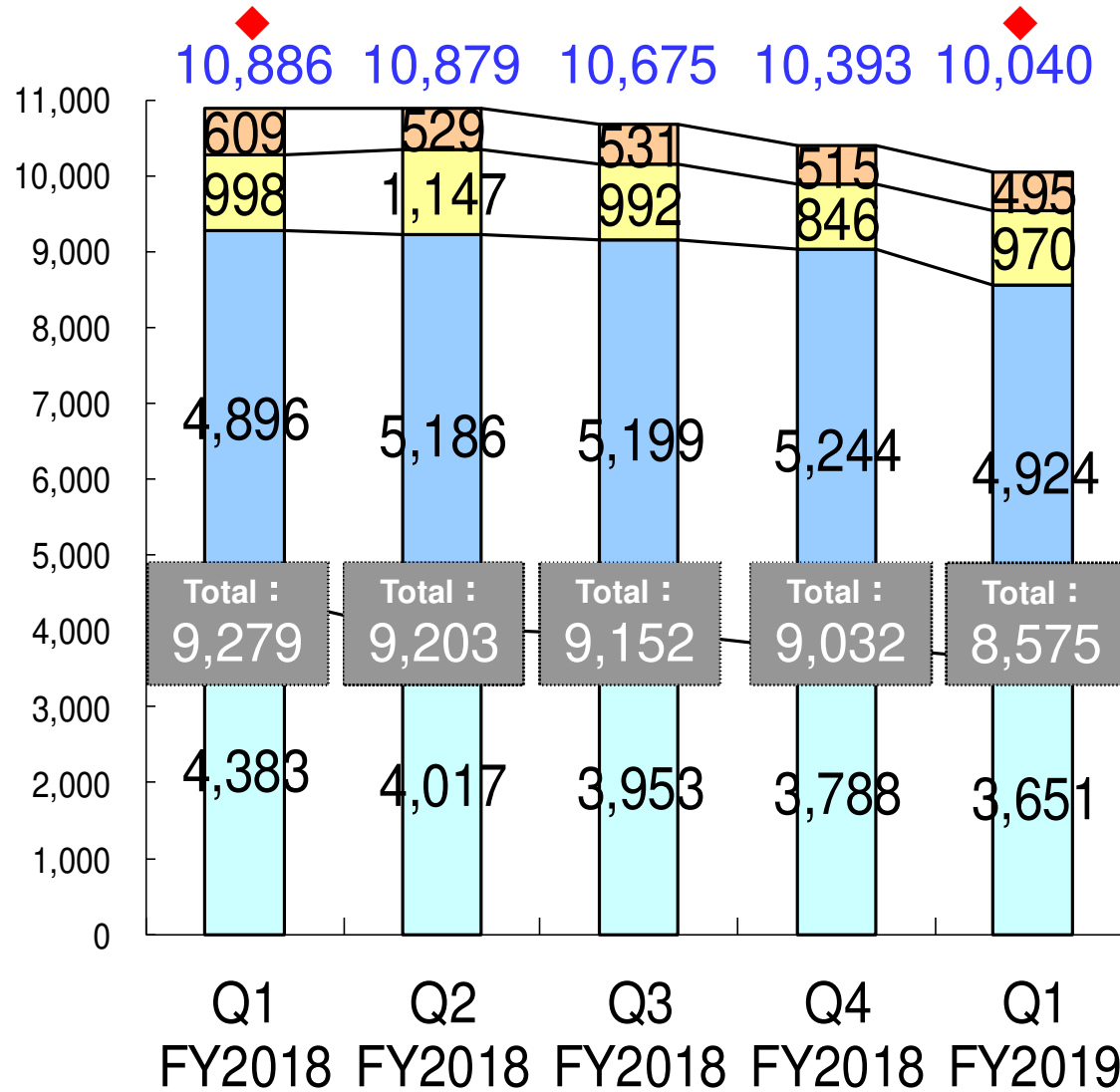
Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.



4. Net Sales by Market (Quarterly Trends)



Unit: Millions of yen



◆ YoY change

Industrial
(18.8)%

Consumer
(2.7)%

Automotive
(Electronics)
0.6%

Automotive
(Total)
(7.6)%

Automotive
(AVN)
(16.7)%

- Slowing demand for FA devices due to capital investment control caused by the U.S-China trade conflict

- Decrease mainly in sales for all-in-one printers and digital cameras
- Increase in sales for game comparing to the previous quarter right before the present

- Decrease in sales for the car navigation, cluster and switch systems which have been mounted in cars due to the downturn of new vehicle sales particularly in China, and US and EU as well
- Effect of decreasing sales price per car due to the lowering number of connectors used for one car in the AVN area
- Stable trend in sales for newly car-mounted safety applications and powertrains

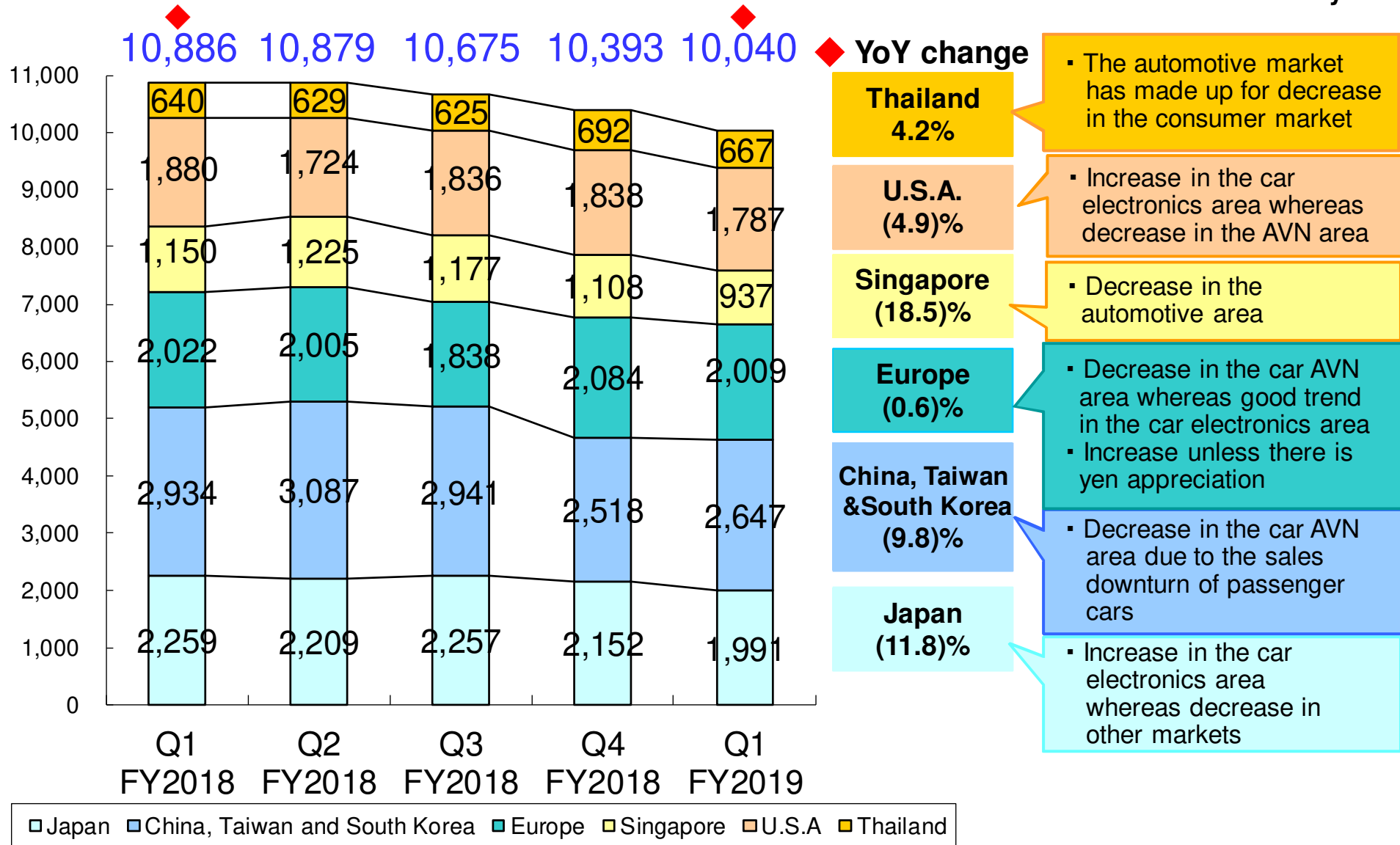
□ Automobile (AVN) □ Automobile (Electronics) □ Consumer □ Industrial



5. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen

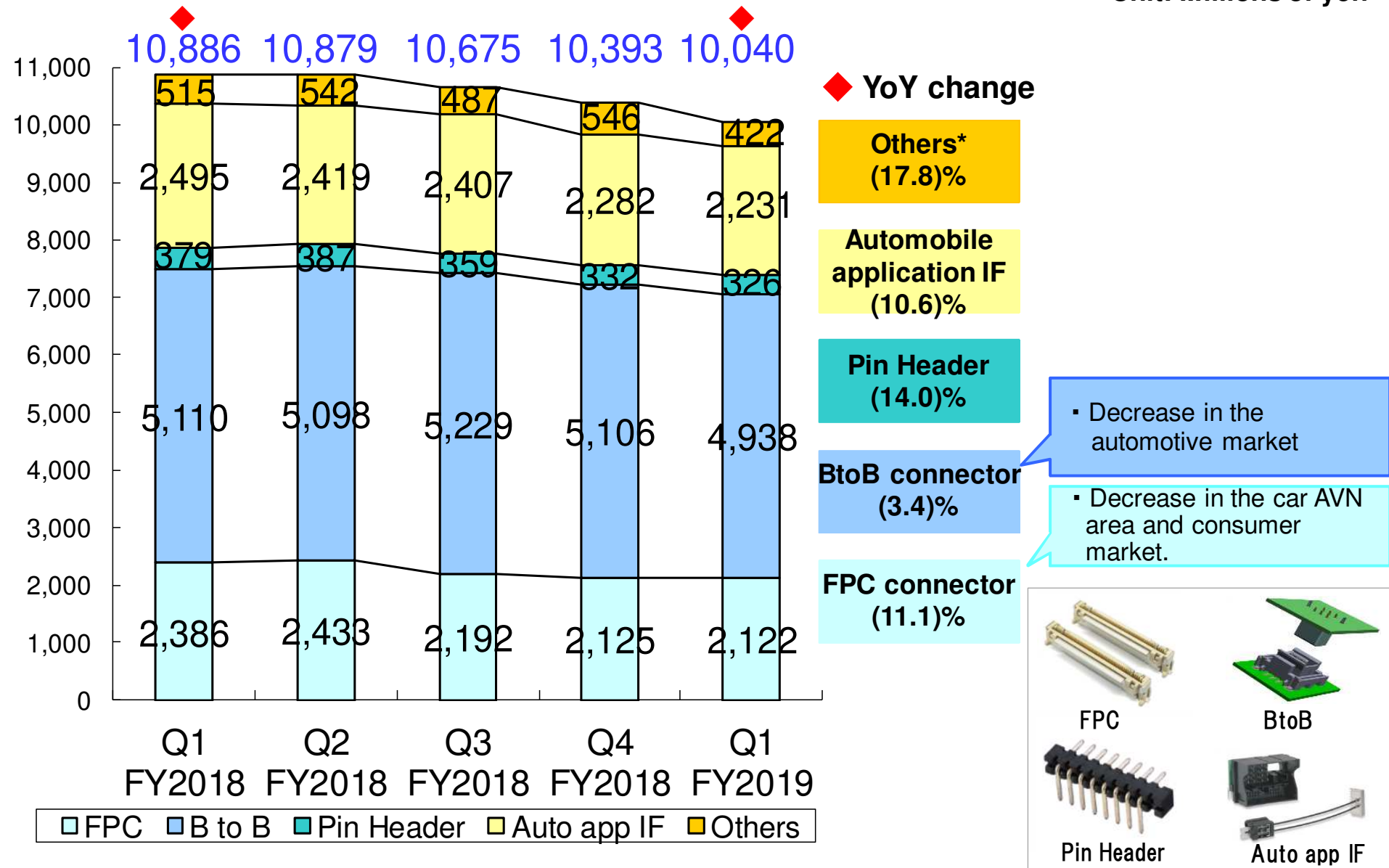




6. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen



7. Consolidated Statements of Income (Cumulative) (YoY Change)



Unit: Millions of yen

	1Q FY 2018		1Q FY 2019		YoY change	
Net sales	10,886	100.0%	10,040	100.0%	(845)	(7.8)%
Cost of sales	6,797	62.4%	6,533	65.1%	(263)	(3.9)%
Gross profit	4,089	37.6%	3,506	34.9%	(582)	(14.2)%
SG & A	2,171	19.9%	2,108	21.0%	(62)	(2.9)%
Operating income	1,918	17.6%	1,398	13.9%	(520)	(27.1)%
Non-operating income	173	1.6%	35	0.3%	(137)	(79.2)%
Non-operating expenses	16	0.1%	86	0.9%	69	408.6%
Ordinary income	2,074	19.1%	1,347	13.4%	(726)	(35.0)%
Extraordinary income (loss)	(15)	(0.1)%	(22)	(0.2)%	(6)	41.1%
Pretax income	2,058	18.9%	1,325	13.2%	(733)	(35.6)%
Net income (for HQ stockholders)	1,589	14.6%	909	9.1%	(679)	(42.8)%
EPS	67.13		38.60		—	
Exchange rate (USD/EURO)	108.71 Yen/		109.98 Yen/		1.27 Yen/	
	129.39Yen		123.28 Yen		(6.11) Yen	

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



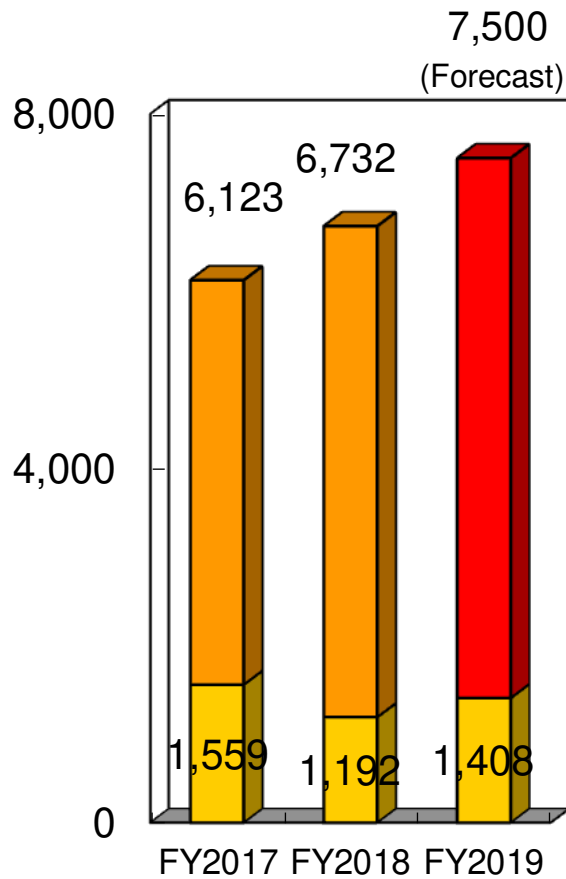
Unit: Millions of yen

	As of March 31, 2019		As of June 30, 2019		Increase /Decrease	Factors for increase/decrease
Current assets	35,103	57.1%	32,290	54.5%	(2,813)	Cash and deposits (2,497) Notes and accounts receivable(125)
Noncurrent assets	26,368	42.9%	26,959	45.5%	590	Property, plant and equipment 1,047
Total assets	61,471	100.0%	59,249	100.0%	(2,222)	
Current liabilities	9,442	15.4%	8,510	14.4%	(931)	Accounts payable 525 Income taxes payable(1,346) Notes payable and accounts payable(213)
Noncurrent liabilities	699	1.1%	1,191	2.0%	491	
Total liabilities	10,141	16.5%	9,701	16.4%	(439)	
Shareholders' equity	49,351	80.3%	48,840	82.4%	(510)	Retained earnings(510)
Valuation/translation difference	1,663	2.7%	387	0.7%	(1,275)	Foreign currency translation adjustment(1,260)
Minority interests	315	0.5%	320	0.5%	4	
Total net assets	51,329	83.5%	49,547	83.6%	(1,782)	Net assets per share 2,088.86yen (previous period 2,164.68 yen)
Total liabilities and net assets	61,471	100.0%	59,249	100.0%	(2,222)	

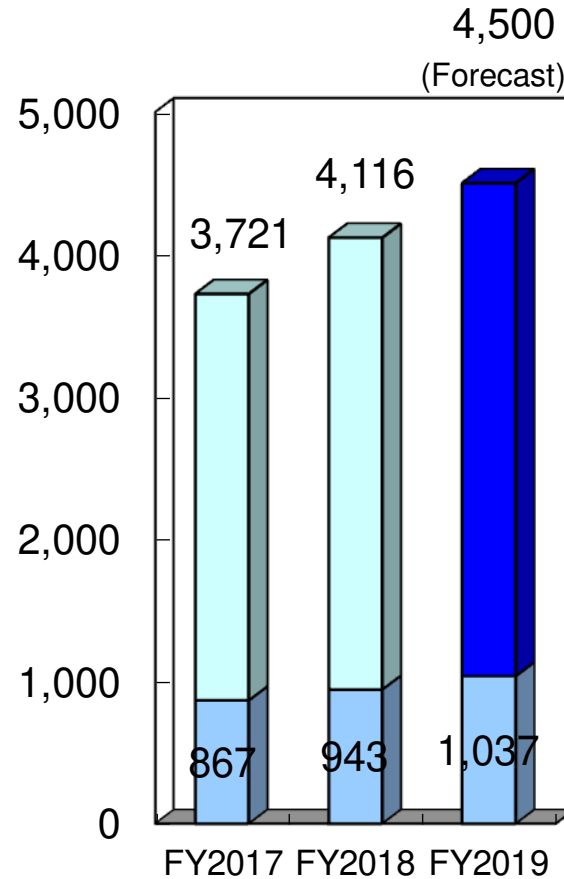
9. Capital Investment, Depreciation & Amortization, and Research & Development



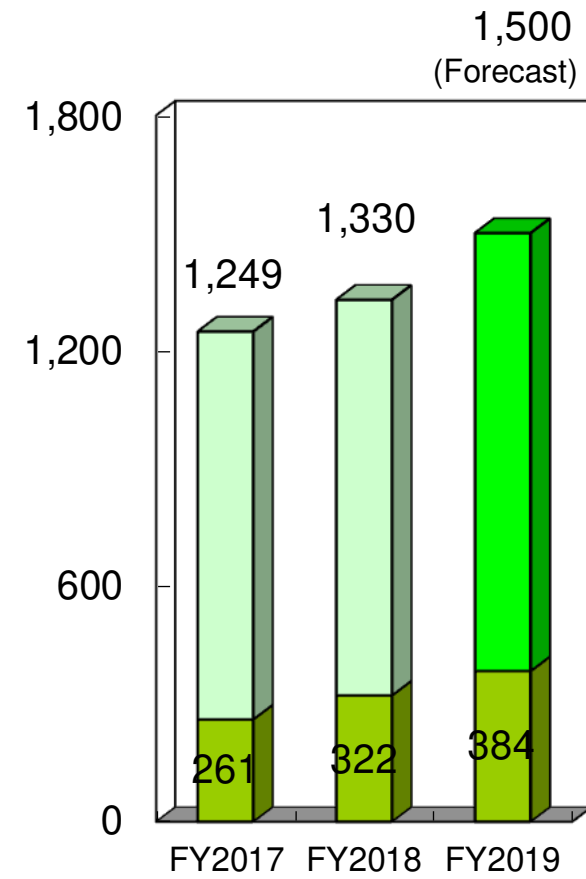
Unit: Millions of yen



Capital Expenditure



Depreciation & Amortization



Research & Development

Note: Each figure at the foot of bars shows the actual amount for the first quarter, and those at the top are for full year.



I . Summary of the consolidated Financial Results for 1Q of FY 2019

II . Forecasts for FY 2019



1. Full-Year Targets for FY 2019 (YoY Change)



Unit: Millions of yen

	Results of FY 2018	(1st half) (2nd half)	Full Year targets for FY 2019	(1st half) (2nd half)	YoY change
Net sales	42,834	(21,765) (21,068)	45,000	(21,500) (23,500)	2,165 5.1%
Operating income	6,084 (14.2%)	(3,674) (2,409)	8,100 (18.0%)	(3,400) (4,700)	2,015 33.1%
Ordinary income	6,325 (14.8%)	(4,035) (2,289)	8,100 (18.0%)	(3,400) (4,700)	1,774 28.1%
Net income	3,722 (8.7%)	(2,966) (755)	6,100 (13.6%)	(2,600) (3,500)	2,377 63.9%
EPS	157.70yen	—	258.84yen		
Average exchange rate during the period	USD110.69yen EURO128.43yen	—	USD110.00yen EURO125.00yen		

2. Full-Year Targets for FY 2019 (Assumptions for the forecasts)



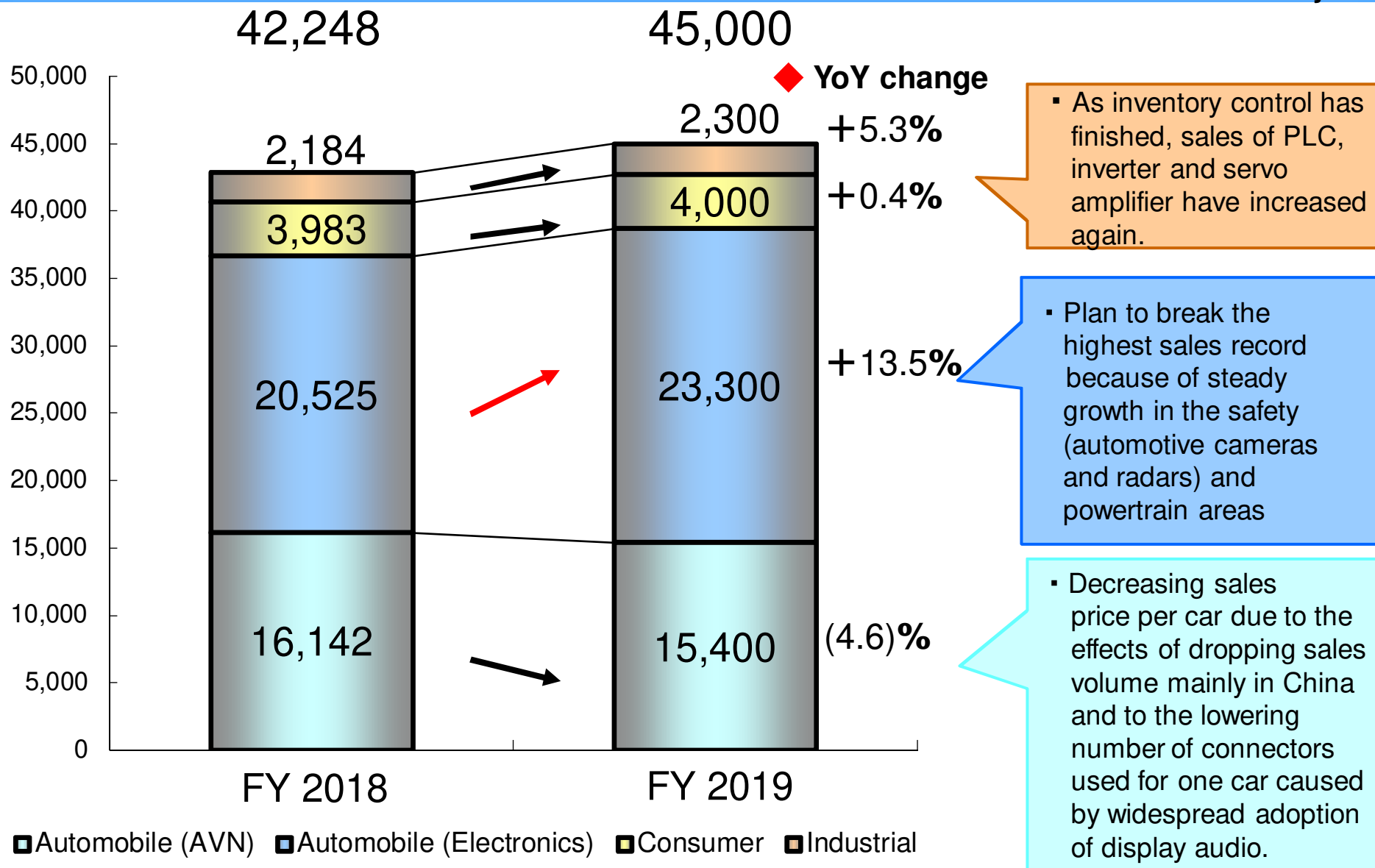
	Items	Assumptions
Exchange rate	USD	¥110.0 / \$
	EUR	¥125.0 / €
	RMB	¥16.5 / RMB
Capital investment		¥7,500M
Depreciation & Amortization		¥4,500M
Research & Development		¥1,500M



3. Full-Year Targets for FY 2019 (by Market)



Unit: Millions of yen



■Automobile (AVN) ■Automobile (Electronics) ■Consumer ■Industrial



4. Our Future and Contingency Plan



Although we will not make any change to our initial business plan that was announced at the beginning of FY2019, the future of external environment has yet to be foreseen and needs to be watched carefully.

Our current activities in the automotive market as our target area are carried out for car models to be launched 2-3 years later, and we will continue such activities to achieve the long-term target for 100 billion-yen sales.

Besides, we will consider our current situations and make sure to implement our contingency plan for surviving the worsening macroeconomic environment that was announced in May.

Contingency Plan (Recap)

	Activity	Target	Specified Action Plan
Contingency Plan	Implement further product cost reduction	approx. 0.5 billion yen	Start immediately and get the effect as quickly as possible.
	Make rigorous decisions on facility investment	approx. 0.8 billion yen	Clarify the effect of rationalised investment
	Cost reduction	approx. 0.5 billion yen	Make rigorous decisions on necessary expenses and ensure expense control
	Adjustment in a number of intaking personnel	approx. 0.7 billion yen	Pursue work efficiency



Company name	IRISO ELECTRONICS CO., LTD.
Business description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of employees	3,645 (as of March 31, 2019)
Capital	5,640 million yen (as of March 31, 2019)
Headquarters	2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa
Operations	
Domestic	Headquarters, Iwate, Ibaraki, Aichi, Osaka
Overseas	Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou), Malaysia, Taiwan, India
Research & development	Headquarters (IRISO Technology Park), Kawasaki(Production Technology Development Center),Shanghai R&D Center
Manufacturing plants	Japan(Ibaraki), China (Shanghai, Nantong), Philippines(Manila), Vietnam (Hai Duong)