

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 2, 2018

Company name: IRISO ELECTRONICS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6908 URL <http://www.iriso.co.jp>
 Representative: President & CEO Ikuo Yuki
 Inquiries: Director & Executive Officer / General Manager of Administration Division Kenichi Ooe TEL 045-478-3111
 Scheduled date to file Quarterly Securities Report: February 2, 2018
 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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	31,641	13.9	6,196	38.3	6,087	29.8	4,424	30.7
Nine months ended December 31, 2016	27,775	(3.5)	4,479	(7.1)	4,687	(6.6)	3,383	(6.8)

(Note) Comprehensive income: Nine months ended December 31, 2017: ¥5,490 million [63.6%]
 Nine months ended December 31, 2016: ¥3,356 million [9.3%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	186.87	-
Nine months ended December 31, 2016	144.07	-

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2017	59,229	49,479	83.1	2,078.27
As of March 31, 2017	52,363	44,692	84.9	1,877.72

(Reference) Equity: As of December 31, 2017: ¥49,200 million
 As of March 31, 2017: ¥44,452 million

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	20.00	-	60.00	80.00
Year ending March 31, 2018	-	0.00	-		
Year ending March 31, 2018 (Forecast)				45.00	45.00

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

(Note) Details of the dividends for the second quarter ended September 30, 2016: Commemorative dividend ¥20.00
(Dividend commemorating the change of market and the 50th founding anniversary)

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Figures for the year ended March 31, 2017 presented above are the actual amounts of the dividends before the said stock split.

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	41,500	10.5	7,900	18.6	7,800	15.5	5,800	19.0	245.00

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

(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Notes:

- Changes in significant subsidiaries during the nine months ended December 31, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- 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
- Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares):

As of December 31, 2017	24,583,698 shares	As of March 31, 2017	24,583,698 shares
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Number of treasury shares at the end of the period:

As of December 31, 2017	909,970 shares	As of March 31, 2017	909,776 shares
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Average number of shares during the period:

Nine months ended December 31, 2017	23,673,861 shares	Nine months ended December 31, 2016	23,487,358 shares
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(Note) The Company conducted a stock split at a ratio of two for one common share on September 1, 2017. Accordingly, the number of issued shares (common shares) is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	15,242	16,895
Notes and accounts receivable - trade	9,620	11,078
Merchandise and finished goods	4,103	4,441
Work in process	48	41
Raw materials and supplies	1,634	2,133
Deferred tax assets	420	515
Other	774	1,204
Allowance for doubtful accounts	(15)	(20)
Total current assets	31,828	36,290
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,044	5,313
Accumulated depreciation	(2,342)	(2,502)
Buildings and structures, net	2,701	2,810
Machinery, equipment and vehicles	20,359	22,209
Accumulated depreciation	(10,424)	(11,686)
Machinery, equipment and vehicles, net	9,934	10,522
Tools, furniture and fixtures	12,975	13,562
Accumulated depreciation	(10,004)	(10,538)
Tools, furniture and fixtures, net	2,970	3,024
Land	1,274	1,268
Construction in progress	2,701	4,215
Total property, plant and equipment	19,583	21,841
Intangible assets		
Software	104	119
Other	327	399
Total intangible assets	432	518
Investments and other assets		
Investment securities	169	176
Other	404	458
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	517	578
Total non-current assets	20,534	22,939
Total assets	52,363	59,229

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,953	4,236
Short-term loans payable	359	404
Current portion of long-term loans payable	56	61
Income taxes payable	1,070	1,016
Provision for bonuses	370	393
Other	2,190	2,941
Total current liabilities	7,000	9,055
Non-current liabilities		
Long-term loans payable	179	137
Provision for directors' retirement benefits	159	163
Net defined benefit liability	314	328
Other	16	65
Total non-current liabilities	669	694
Total liabilities	7,670	9,749
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	28,677	32,399
Treasury shares	(324)	(325)
Total shareholders' equity	42,737	46,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49	53
Foreign currency translation adjustment	1,558	2,583
Remeasurements of defined benefit plans	107	105
Total accumulated other comprehensive income	1,715	2,742
Non-controlling interests	239	278
Total net assets	44,692	49,479
Total liabilities and net assets	52,363	59,229

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	27,775	31,641
Cost of sales	17,976	19,490
Gross profit	9,798	12,150
Selling, general and administrative expenses	5,319	5,953
Operating income	4,479	6,196
Non-operating income		
Interest income	20	30
Dividend income	4	3
Foreign exchange gains	177	14
Reversal of allowance for doubtful accounts	13	-
Other	14	26
Total non-operating income	228	74
Non-operating expenses		
Interest expenses	3	9
Business commencement expenses	-	141
Other	16	33
Total non-operating expenses	20	184
Ordinary income	4,687	6,087
Extraordinary income		
Gain on sales of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	15	116
Other	0	-
Total extraordinary losses	15	116
Profit before income taxes	4,673	5,972
Income taxes - current	1,238	1,596
Income taxes - deferred	(8)	(73)
Total income taxes	1,230	1,523
Profit	3,442	4,448
Profit attributable to non-controlling interests	58	24
Profit attributable to owners of parent	3,383	4,424

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	3,442	4,448
Other comprehensive income		
Valuation difference on available-for-sale securities	10	4
Foreign currency translation adjustment	(95)	1,039
Remeasurements of defined benefit plans, net of tax	(0)	(2)
Total other comprehensive income	(85)	1,041
Comprehensive income	3,356	5,490
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,292	5,450
Comprehensive income attributable to non-controlling interests	64	39