

**Translation**

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 8, 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 of ordinary general meeting of shareholders: June 26, 2018  
 Scheduled date to file Securities Report: June 27, 2018  
 Scheduled date to commence dividend payments: June 27, 2018  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

#### (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	%
Year ended March 31, 2018	42,248	12.5	8,426	26.5	7,872	16.6	5,456	11.9
Year ended March 31, 2017	37,547	(1.7)	6,661	1.4	6,750	2.3	4,875	20.5

(Note) Comprehensive income: Fiscal year ended March 31, 2018: ¥5,302 million [30.0%]  
 Fiscal year ended March 31, 2017: ¥4,077million [105.3%]

	Earnings per share	Diluted earnings per share	Net income/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	230.47	-	11.7	14.0	19.9
Year ended March 31, 2017	207.16	-	11.7	13.5	17.7

(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 March 31, 2018	60,083	49,283	81.6	2,070.36
As of March 31, 2017	52,363	44,692	84.9	1,877.72

(Reference) Equity: As of March 31, 2018: ¥49,013 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, earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	9,707	(6,727)	(777)	17,352
Year ended March 31, 2017	6,604	(5,406)	1,260	15,242

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	-	20.00	-	60.00	80.00	946	19.3	2.2
Year ended March 31, 2018	-	0.00	-	50.00	50.00	1,183	21.7	1.8
Year ending March 31, 2019 (Forecast)	-	0.00	-	60.00	60.00		23.3	

(Note) Details of the dividends for the second quarter ended March 31, 2017: Commemorative dividend 20.00 yen  
(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, 2019 (from April 1, 2018 to March 31, 2019)

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
First half	21,800	5.4	4,050	3.0	4,000	3.4	2,900	1.3	122.50
Full year	45,500	7.7	8,900	5.6	8,700	10.5	6,100	11.8	257.67

### \* Notes:

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2018	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 March 31, 2018	909,970 shares	As of March 31, 2017	909,776 shares
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Average number of shares during the period:

Year ended March 31, 2018	23,673,828 shares	Year ended March 31, 2017	23,533,364 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.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	15,242	17,352
Notes and accounts receivable - trade	9,620	10,588
Merchandise and finished goods	4,103	4,411
Work in process	48	42
Raw materials and supplies	1,634	2,248
Deferred tax assets	420	563
Other	774	1,235
Allowance for doubtful accounts	(15)	(20)
<b>Total current assets</b>	<b>31,828</b>	<b>36,421</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	5,044	5,179
Accumulated depreciation	(2,342)	(2,520)
Buildings and structures, net	2,701	2,658
Machinery, equipment and vehicles	20,359	21,234
Accumulated depreciation	(10,424)	(11,299)
Machinery, equipment and vehicles, net	9,934	9,934
Tools, furniture and fixtures	12,975	13,110
Accumulated depreciation	(10,004)	(10,337)
Tools, furniture and fixtures, net	2,970	2,772
Land	1,274	1,273
Construction in progress	2,701	5,378
<b>Total property, plant and equipment</b>	<b>19,583</b>	<b>22,018</b>
<b>Intangible assets</b>		
Software	104	132
Other	327	384
<b>Total intangible assets</b>	<b>432</b>	<b>517</b>
<b>Investments and other assets</b>		
Investment securities	169	663
Other	404	518
Allowance for doubtful accounts	(55)	(56)
<b>Total investments and other assets</b>	<b>517</b>	<b>1,125</b>
<b>Total non-current assets</b>	<b>20,534</b>	<b>23,661</b>
<b>Total assets</b>	<b>52,363</b>	<b>60,083</b>

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,953	4,331
Short-term loans payable	359	391
Current portion of long-term loans payable	56	61
Income taxes payable	1,070	1,451
Provision for bonuses	370	524
Other	2,190	3,286
Total current liabilities	7,000	10,047
Non-current liabilities		
Long-term loans payable	179	123
Provision for directors' retirement benefits	159	167
Net defined benefit liability	314	344
Other	16	117
Total non-current liabilities	669	752
Total liabilities	7,670	10,800
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	28,677	33,423
Treasury shares	(324)	(325)
Total shareholders' equity	42,737	47,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49	29
Foreign currency translation adjustment	1,558	1,401
Remeasurements of defined benefit plans	107	99
Total accumulated other comprehensive income	1,715	1,530
Non-controlling interests	239	270
Total net assets	44,692	49,283
Total liabilities and net assets	52,363	60,083

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Net sales	37,547	42,248
Cost of sales	23,758	25,751
Gross profit	13,788	16,497
Selling, general and administrative expenses		
Haulage expenses	1,108	1,180
Directors' compensations	112	127
Salaries and allowances	1,821	1,906
Provision for bonuses	166	431
Retirement benefit expenses	86	73
Provision for directors' retirement benefits	11	8
Welfare expenses	407	445
Traveling and transportation expenses	285	322
Communication expenses	106	112
Rent expenses	216	231
Supplies expenses	45	155
Research and development expenses	876	1,249
Other	1,881	1,824
Total selling, general and administrative expenses	7,127	8,070
Operating profit	6,661	8,426
Non-operating income		
Interest income	28	39
Dividend income	4	3
Foreign exchange gains	86	-
Other	33	42
Total non-operating income	152	85
Non-operating expenses		
Interest expenses	5	14
Foreign exchange losses	-	273
Business commencement expenses	35	241
Compensation expenses	-	75
Other	22	35
Total non-operating expenses	63	639
Ordinary profit	6,750	7,872
Extraordinary losses		
Loss on retirement of non-current assets	45	214
Impairment loss	-	145
Total extraordinary losses	45	360
Profit before income taxes	6,705	7,512
Income taxes - current	1,807	2,200
Income taxes - deferred	(44)	(165)
Total income taxes	1,762	2,035
Profit	4,942	5,476
Profit attributable to non-controlling interests	67	20
Profit attributable to owners of parent	4,875	5,456

## Consolidated statements of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31, 2017	For the fiscal year ended March 31, 2018
Profit	4,942	5,476
Other comprehensive income		
Valuation difference on available-for-sale securities	21	(20)
Foreign currency translation adjustment	(898)	(146)
Remeasurements of defined benefit plans, net of tax	12	(7)
Total other comprehensive income	(864)	(174)
Comprehensive income	4,077	5,302
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,003	5,271
Comprehensive income attributable to non-controlling interests	74	31

**Consolidated statement of changes in net assets**  
Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,640	6,781	24,726	(603)	36,544
Changes of items during period					
Dividends of surplus			(923)		(923)
Profit attributable to owners of parent			4,875		4,875
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1,962		279	2,241
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1,962	3,951	278	6,192
Balance at end of current period	5,640	8,744	28,677	(324)	42,737

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	28	2,464	94	2,587	164	39,296
Changes of items during period						
Dividends of surplus						(923)
Profit attributable to owners of parent						4,875
Purchase of treasury shares						(0)
Disposal of treasury shares						2,241
Net changes of items other than shareholders' equity	21	(905)	12	(871)	74	(797)
Total changes of items during period	21	(905)	12	(871)	74	5,395
Balance at end of current period	49	1,558	107	1,715	239	44,692

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,640	8,744	28,677	(324)	42,737
Changes of items during period					
Dividends of surplus			(710)		(710)
Profit attributable to owners of parent			5,456		5,456
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	4,745	(1)	4,744
Balance at end of current period	5,640	8,744	33,423	(325)	47,482

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	49	1,558	107	1,715	239	44,692
Changes of items during period						
Dividends of surplus						(710)
Profit attributable to owners of parent						5,456
Purchase of treasury shares						(1)
Disposal of treasury shares						-
Net changes of items other than shareholders' equity	(20)	(156)	(7)	(184)	31	(153)
Total changes of items during period	(20)	(156)	(7)	(184)	31	4,591
Balance at end of current period	29	1,401	99	1,530	270	49,283



## Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	6,705	7,512
Depreciation	3,402	3,721
Increase (decrease) in allowance for doubtful accounts	(15)	4
Increase (decrease) in provision for bonuses	(2)	152
Increase (decrease) in provision for directors' retirement benefits	11	8
Increase (decrease) in net defined benefit liability	(66)	23
Interest and dividend income	(32)	(43)
Interest expenses	5	14
Foreign exchange losses (gains)	(80)	83
Loss on retirement of non-current assets	45	214
Impairment loss	—	145
Decrease (increase) in notes and accounts receivable - trade	(924)	(936)
Decrease (increase) in inventories	(658)	(897)
Increase (decrease) in notes and accounts payable - trade	743	1,310
Decrease (increase) in consumption taxes refund receivable	(53)	(324)
Other, net	(93)	450
Subtotal	8,987	11,438
Interest and dividend income received	32	43
Interest expenses paid	(5)	(14)
Income taxes paid	(2,410)	(1,819)
Proceeds from subsidy income	—	58
Net cash provided by (used in) operating activities	6,604	9,707
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,182)	(6,049)
Purchase of intangible assets	(249)	(73)
Purchase of investment securities	(1)	(523)
Proceeds from sales of investment securities	26	—
Other, net	(0)	(80)
Net cash provided by (used in) investing activities	(5,406)	(6,727)
Cash flows from financing activities		
Repayments of long-term loans payable	(56)	(52)
Purchase of treasury shares	(0)	(1)
Proceeds from disposal of treasury shares	2,241	—
Cash dividends paid	(922)	(710)
Repayments of lease obligations	(0)	(13)
Net cash provided by (used in) financing activities	1,260	(777)
Effect of exchange rate change on cash and cash equivalents	(266)	(93)
Net increase (decrease) in cash and cash equivalents	2,191	2,109
Cash and cash equivalents at beginning of period	13,051	15,242
Cash and cash equivalents at end of period	15,242	17,352