

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 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 & Managing Executive Officer / General
 Manager of Administration Division Toshihiko Miyauchi TEL 045-478-3111
 Scheduled date to file Quarterly Securities Report: August 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 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	%
Three months ended June 30, 2018	10,886	6.5	1,918	4.5	2,074	16.2	1,589	13.8
Three months ended June 30, 2017	10,219	12.5	1,836	34.2	1,785	52.7	1,396	63.8

(Note) Comprehensive income: Three months ended June 30, 2018: ¥1,829 million [13.0%]
 Three months ended June 30, 2017: ¥1,618 million [- %]

	Earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended June 30, 2018	67.13	-	-	-
Three months ended June 30, 2017	58.97	-	-	-

(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 June 30, 2018	59,424	49,928	83.6	2,098.14
As of March 31, 2018	60,083	49,283	81.6	2,070.36

(Reference) Equity: As of June 30, 2018: ¥49,670 million
 As of March 31, 2018: ¥49,013 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
Year ended March 31, 2018	Yen -	Yen 0.00	Yen -	Yen 50.00	Yen 50.00
Year ending March 31, 2019 (Forecast)	-	0.00	-	60.00	60.00

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

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

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

* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2018	24,583,698 shares	As of March 31, 2018	24,583,698 shares
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Number of treasury shares at the end of the period:

As of June 30, 2018	909,970 shares	As of March 31, 2018	909,970 shares
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Average number of shares during the period:

Three months ended June 30, 2018	23,673,728 shares	Three months ended June 30, 2017	23,673,922 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, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	17,352	15,570
Notes and accounts receivable - trade	10,588	10,830
Merchandise and finished goods	4,411	4,545
Work in process	42	32
Raw materials and supplies	2,248	2,590
Other	1,235	1,344
Allowance for doubtful accounts	(20)	(16)
Total current assets	35,858	34,896
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,179	6,931
Accumulated depreciation	(2,520)	(2,598)
Buildings and structures, net	2,658	4,332
Machinery, equipment and vehicles	21,234	22,282
Accumulated depreciation	(11,299)	(11,609)
Machinery, equipment and vehicles, net	9,934	10,673
Tools, furniture and fixtures	13,110	13,549
Accumulated depreciation	(10,337)	(10,373)
Tools, furniture and fixtures, net	2,772	3,176
Land	1,273	1,263
Construction in progress	5,378	3,019
Total property, plant and equipment	22,018	22,464
Intangible assets		
Software	132	192
Other	384	323
Total intangible assets	517	516
Investments and other assets		
Investment securities	663	665
Other	1,081	938
Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	1,688	1,547
Total non-current assets	24,224	24,528
Total assets	60,083	59,424

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,331	4,027
Short-term loans payable	391	383
Current portion of long-term loans payable	61	61
Income taxes payable	1,451	869
Provision for bonuses	524	338
Other	3,285	3,074
Total current liabilities	10,046	8,753
Non-current liabilities		
Long-term loans payable	123	108
Provision for directors' retirement benefits	167	-
Net defined benefit liability	344	357
Other	118	276
Total non-current liabilities	753	742
Total liabilities	10,800	9,496
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	33,423	33,829
Treasury shares	(325)	(325)
Total shareholders' equity	47,482	47,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	31
Foreign currency translation adjustment	1,401	1,652
Remeasurements of defined benefit plans	99	98
Total accumulated other comprehensive income	1,530	1,782
Non-controlling interests	270	258
Total net assets	49,283	49,928
Total liabilities and net assets	60,083	59,424

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

Quarterly consolidated statements of income

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	10,219	10,886
Cost of sales	6,409	6,797
Gross profit	3,809	4,089
Selling, general and administrative expenses	1,973	2,171
Operating profit	1,836	1,918
Non-operating income		
Interest income	8	10
Dividend income	1	1
Foreign exchange gains	-	142
Other	2	19
Total non-operating income	13	173
Non-operating expenses		
Interest expenses	4	2
Foreign exchange losses	6	-
Business commencement expenses	31	0
Other	20	14
Total non-operating expenses	64	16
Ordinary profit	1,785	2,074
Extraordinary income		
Gain on sales of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	19	15
Total extraordinary losses	19	15
Profit before income taxes	1,766	2,058
Income taxes - current	313	321
Income taxes - deferred	43	154
Total income taxes	356	476
Profit	1,410	1,582
Profit (loss) attributable to non-controlling interests	14	(6)
Profit attributable to owners of parent	1,396	1,589

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	1,410	1,582
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	2
Foreign currency translation adjustment	210	245
Remeasurements of defined benefit plans, net of tax	0	(1)
Total other comprehensive income	208	246
Comprehensive income	1,618	1,829
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,602	1,841
Comprehensive income attributable to non-controlling interests	16	(12)