

**Translation**

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 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: November 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 six months ended September 30, 2018 (from April 1, 2018 to September 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	%
Six months ended September 30, 2018	21,765	5.2	3,674	(6.5)	4,035	4.4	2,966	3.6
Six months ended September 30, 2017	20,687	13.9	3,930	38.1	3,867	46.6	2,862	49.6

(Note) Comprehensive income: Six months ended September 30, 2018: ¥3,572 million [(0.7)%]  
 Six months ended September 30, 2017: ¥3,598 million [- %]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	125.48	-
Six months ended September 30, 2017	120.91	-

(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 September 30, 2018	60,494	51,001	83.8	2,152.21
As of March 31, 2018	60,083	49,283	81.6	2,070.36

(Reference) Equity: As of September 30, 2018: ¥50,720 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	-	0.00	-	50.00	50.00
Year ending March 31, 2019 (Forecast)			-	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
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 six months ended September 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 September 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 September 30, 2018	1,016,970 shares	As of March 31, 2018	909,970 shares
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Average number of shares during the period:

Six months ended September 30, 2018	23,642,224 shares	Six months ended September 30, 2017	23,673,889 shares
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- (Note) 1. 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.
2. Number of treasury shares at the end of the period is presented including the Company's treasury shares held by the "Directors' compensation BIP (Board Incentive Plan) trust" (as of September 30, 2018: 107,000 shares). The Company's shares held by the "Directors' compensation BIP (Board Incentive Plan) trust" have been included in treasury shares deducted in calculation of the average number of shares during the period.

**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	17,352	14,913
Notes and accounts receivable - trade	10,588	11,101
Merchandise and finished goods	4,411	5,059
Work in process	42	64
Raw materials and supplies	2,248	2,654
Other	1,235	1,439
Allowance for doubtful accounts	(20)	(17)
Total current assets	35,858	35,215
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,179	6,837
Accumulated depreciation	(2,520)	(2,479)
Buildings and structures, net	2,658	4,358
Machinery, equipment and vehicles	21,234	22,679
Accumulated depreciation	(11,299)	(11,728)
Machinery, equipment and vehicles, net	9,934	10,950
Tools, furniture and fixtures	13,110	14,023
Accumulated depreciation	(10,337)	(10,656)
Tools, furniture and fixtures, net	2,772	3,366
Land	1,273	1,281
Construction in progress	5,378	3,199
Total property, plant and equipment	22,018	23,157
Intangible assets		
Software	132	183
Other	384	325
Total intangible assets	517	508
Investments and other assets		
Investment securities	663	677
Other	1,081	990
Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	1,688	1,612
Total non-current assets	24,224	25,278
Total assets	60,083	60,494

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,331	3,605
Short-term loans payable	391	396
Current portion of long-term loans payable	61	61
Income taxes payable	1,451	1,313
Provision for bonuses	524	529
Other	3,285	2,839
Total current liabilities	10,046	8,746
Non-current liabilities		
Long-term loans payable	123	94
Provision for directors' retirement benefits	167	-
Net defined benefit liability	344	355
Provision for management board incentive plan trust	-	29
Other	118	265
Total non-current liabilities	753	745
Total liabilities	10,800	9,492
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	33,423	35,206
Treasury shares	(325)	(995)
Total shareholders' equity	47,482	48,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	40
Foreign currency translation adjustment	1,401	1,975
Remeasurements of defined benefit plans	99	108
Total accumulated other comprehensive income	1,530	2,125
Non-controlling interests	270	281
Total net assets	49,283	51,001
Total liabilities and net assets	60,083	60,494

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

**Quarterly consolidated statements of income**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	20,687	21,765
Cost of sales	12,784	13,670
Gross profit	7,902	8,094
Selling, general and administrative expenses	3,972	4,419
Operating profit	3,930	3,674
Non-operating income		
Interest income	22	21
Dividend income	1	2
Foreign exchange gains	4	352
Other	8	14
Total non-operating income	37	390
Non-operating expenses		
Interest expenses	7	10
Business commencement expenses	78	0
Other	14	19
Total non-operating expenses	100	29
Ordinary profit	3,867	4,035
Extraordinary income		
Gain on sales of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	51	87
Total extraordinary losses	51	87
Profit before income taxes	3,817	3,948
Income taxes - current	1,056	883
Income taxes - deferred	(123)	95
Total income taxes	933	978
Profit	2,884	2,969
Profit attributable to non-controlling interests	21	3
Profit attributable to owners of parent	2,862	2,966

**Quarterly consolidated statements of comprehensive income**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	2,884	2,969
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	10
Foreign currency translation adjustment	714	582
Remeasurements of defined benefit plans, net of tax	0	9
Total other comprehensive income	714	602
Comprehensive income	3,598	3,572
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,567	3,561
Comprehensive income attributable to non-controlling interests	31	11

## Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,817	3,948
Depreciation	1,761	1,943
Increase (decrease) in allowance for doubtful accounts	3	(3)
Increase (decrease) in provision for bonuses	190	3
Increase (decrease) in provision for directors' retirement benefits	0	(167)
Increase (decrease) in provision for management board incentive plan trust	-	29
Increase (decrease) in net defined benefit liability	(1)	17
Interest and dividend income	(24)	(23)
Interest expenses	7	10
Foreign exchange losses (gains)	27	(47)
Loss on retirement of non-current assets	51	87
Decrease (increase) in notes and accounts receivable - trade	(723)	(259)
Decrease (increase) in inventories	(114)	(886)
Increase (decrease) in notes and accounts payable - trade	307	(949)
Other, net	45	(185)
Subtotal	5,348	3,516
Interest and dividend income received	24	25
Interest expenses paid	(7)	(5)
Income taxes paid	(929)	(1,032)
Net cash provided by (used in) operating activities	4,436	2,503
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,198)	(3,196)
Purchase of intangible assets	(50)	(17)
Other, net	(26)	(21)
Net cash provided by (used in) investing activities	(3,275)	(3,235)
Cash flows from financing activities		
Repayments of long-term loans payable	(23)	(28)
Purchase of treasury shares	(0)	(669)
Cash dividends paid	(709)	(1,182)
Repayments of lease obligations	(9)	(20)
Net cash provided by (used in) financing activities	(743)	(1,901)
Effect of exchange rate change on cash and cash equivalents	164	194
Net increase (decrease) in cash and cash equivalents	582	(2,439)
Cash and cash equivalents at beginning of period	15,242	17,352
Cash and cash equivalents at end of period	15,825	14,913