

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 8, 2019

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 of ordinary general meeting of shareholders: June 25, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 26, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	42,834	1.4	6,084	(27.8)	6,325	(19.6)	3,722	(31.8)
Year ended March 31, 2018	42,248	12.5	8,426	26.5	7,872	16.6	5,456	11.9

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥3,900 million [(26.4)%]
 Fiscal year ended March 31, 2018: ¥5,302 million [30.0%]

	Earnings per share	Diluted earnings per share	Net income/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	157.70	-	7.4	10.4	14.2
Year ended March 31, 2018	230.47	-	11.7	14.0	19.9

(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, 2019	61,471	51,329	83.0	2,164.68
As of March 31, 2018	60,083	49,283	81.6	2,070.36

(Reference) Equity: As of March 31, 2019: ¥51,014 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.

(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, 2019	6,695	(6,687)	(1,950)	15,456
Year ended March 31, 2018	9,707	(6,727)	(777)	17,352

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, 2018	-	0.00	-	50.00	50.00	1,183	21.7	1.8
Year ended March 31, 2019	-	0.00	-	60.00	60.00	1,420	38.0	2.8
Year ending March 31, 2020 (Forecast)	-	0.00	-	70.00	70.00		27.0	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	21,500	(1.2)	3,400	(7.5)	3,400	(15.8)	2,600	(12.4)	110.33
Full year	45,000	5.1	8,100	33.1	8,100	28.1	6,100	63.9	258.84

* Notes:

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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, 2019	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 March 31, 2019	1,017,025 shares	As of March 31, 2018	909,970 shares
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Average number of shares during the period:

Year ended March 31, 2019	23,604,565 shares	Year ended March 31, 2018	23,673,828 shares
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(Notes) 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 March 31, 2019: 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.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	17,352	15,456
Notes and accounts receivable - trade	10,588	10,382
Merchandise and finished goods	4,411	5,056
Work in process	42	44
Raw materials and supplies	2,248	2,633
Other	1,235	1,546
Allowance for doubtful accounts	(20)	(15)
Total current assets	35,858	35,103
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,179	6,874
Accumulated depreciation	(2,520)	(2,674)
Buildings and structures, net	2,658	4,199
Machinery, equipment and vehicles	21,234	24,414
Accumulated depreciation	(11,299)	(12,497)
Machinery, equipment and vehicles, net	9,934	11,917
Tools, furniture and fixtures	13,110	14,356
Accumulated depreciation	(10,337)	(10,808)
Tools, furniture and fixtures, net	2,772	3,547
Land	1,273	1,268
Construction in progress	5,378	3,292
Total property, plant and equipment	22,018	24,225
Intangible assets		
Software	132	209
Other	384	322
Total intangible assets	517	532
Investments and other assets		
Investment securities	663	628
Deferred tax assets	700	682
Other	380	354
Allowance for doubtful accounts	(56)	(55)
Total investments and other assets	1,688	1,610
Total non-current assets	24,224	26,368
Total assets	60,083	61,471

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,331	3,686
Short-term loans payable	391	373
Current portion of long-term loans payable	61	61
Income taxes payable	1,451	2,007
Provision for bonuses	524	456
Other	3,285	2,855
Total current liabilities	10,046	9,442
Non-current liabilities		
Long-term loans payable	123	66
Provision for retirement benefits for directors (and other officers)	167	-
Retirement benefit liability	344	371
Provision for management board incentive plan trust	-	8
Other	118	253
Total non-current liabilities	753	699
Total liabilities	10,800	10,141
Net assets		
Shareholders' equity		
Capital stock	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	33,423	35,962
Treasury shares	(325)	(995)
Total shareholders' equity	47,482	49,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	23
Foreign currency translation adjustment	1,401	1,538
Remeasurements of defined benefit plans	99	102
Total accumulated other comprehensive income	1,530	1,663
Non-controlling interests	270	315
Total net assets	49,283	51,329
Total liabilities and net assets	60,083	61,471

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

(Millions of yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net sales	42,248	42,834
Cost of sales	25,751	27,942
Gross profit	16,497	14,891
Selling, general and administrative expenses		
Haulage expenses	1,180	1,240
Remuneration for directors (and other officers)	127	136
Salaries and allowances	1,906	2,061
Provision for bonuses	265	239
Retirement benefit expenses	73	94
Provision for retirement benefits for directors (and other officers)	8	9
Provision for management board incentive plan trust	-	8
Welfare expenses	445	482
Traveling and transportation expenses	322	337
Communication expenses	112	151
Rent expenses	231	289
Supplies expenses	155	84
Research and development expenses	1,249	1,330
Other	1,990	2,341
Total selling, general and administrative expenses	8,070	8,807
Operating profit	8,426	6,084
Non-operating income		
Interest income	39	38
Dividend income	3	6
Foreign exchange gains	-	190
Other	42	59
Total non-operating income	85	295
Non-operating expenses		
Interest expenses	14	33
Foreign exchange losses	273	-
Business commencement expenses	241	1
Compensation expenses	75	-
Other	35	19
Total non-operating expenses	639	54
Ordinary profit	7,872	6,325
Extraordinary losses		
Loss on retirement of non-current assets	214	151
Impairment loss	145	-
Total extraordinary losses	360	151
Profit before income taxes	7,512	6,173
Income taxes - current	2,200	1,449
Income taxes for prior periods	-	938
Income taxes - deferred	(165)	26
Total income taxes	2,035	2,413
Profit	5,476	3,759
Profit attributable to non-controlling interests	20	37
Profit attributable to owners of parent	5,456	3,722

Consolidated statements of comprehensive income

	(Millions of yen)	
	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Profit	5,476	3,759
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	(6)
Foreign currency translation adjustment	(146)	144
Remeasurements of defined benefit plans, net of tax	(7)	2
Total other comprehensive income	(174)	140
Comprehensive income	5,302	3,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,271	3,855
Comprehensive income attributable to non-controlling interests	31	45

Consolidated statement of changes in net assets
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)
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)
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

Fiscal year ended March 31, 2019

(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	33,423	(325)	47,482
Changes of items during period					
Dividends of surplus			(1,183)		(1,183)
Profit attributable to owners of parent			3,722		3,722
Purchase of treasury shares				(670)	(670)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,538	(670)	1,868
Balance at end of current period	5,640	8,744	35,962	(995)	49,351

	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	29	1,401	99	1,530	270	49,283
Changes of items during period						
Dividends of surplus						(1,183)
Profit attributable to owners of parent						3,722
Purchase of treasury shares						(670)
Net changes of items other than shareholders' equity	(6)	136	2	132	45	178
Total changes of items during period	(6)	136	2	132	45	2,046
Balance at end of current period	23	1,538	102	1,663	315	51,329

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	7,512	6,173
Depreciation	3,721	4,116
Increase (decrease) in allowance for doubtful accounts	4	(4)
Increase (decrease) in provision for bonuses	152	(66)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	8	(167)
Increase (decrease) in provision for management board incentive plan trust	-	8
Increase (decrease) in retirement benefit liability	23	27
Interest and dividend income	(43)	(45)
Interest expenses	14	33
Foreign exchange losses (gains)	83	(40)
Loss on retirement of non-current assets	214	151
Impairment loss	145	-
Decrease (increase) in notes and accounts receivable - trade	(936)	241
Decrease (increase) in inventories	(897)	(1,028)
Increase (decrease) in notes and accounts payable - trade	1,310	(645)
Decrease (increase) in consumption taxes refund receivable	(324)	(346)
Other, net	450	71
Subtotal	11,438	8,478
Interest and dividend income received	43	49
Interest expenses paid	(14)	(25)
Income taxes paid	(1,819)	(1,806)
Proceeds from subsidy income	58	-
Net cash provided by (used in) operating activities	9,707	6,695
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,049)	(6,653)
Purchase of intangible assets	(73)	(78)
Purchase of investment securities	(523)	(1)
Other, net	(80)	46
Net cash provided by (used in) investing activities	(6,727)	(6,687)
Cash flows from financing activities		
Repayments of long-term loans payable	(52)	(56)
Purchase of treasury shares	(1)	(670)
Cash dividends paid	(710)	(1,182)
Repayments of lease obligations	(13)	(40)
Net cash provided by (used in) financing activities	(777)	(1,950)
Effect of exchange rate change on cash and cash equivalents	(93)	46
Net increase (decrease) in cash and cash equivalents	2,109	(1,895)
Cash and cash equivalents at beginning of period	15,242	17,352
Cash and cash equivalents at end of period	17,352	15,456