

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 5, 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 to file Quarterly Securities Report: November 5, 2019
 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, 2019 (from April 1, 2019 to September 30, 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	%
Six months ended September 30, 2019	20,064	(7.8)	2,381	(35.2)	2,359	(41.5)	1,670	(43.7)
Six months ended September 30, 2018	21,765	5.2	3,674	(6.5)	4,035	4.4	2,966	3.6

(Note) Comprehensive income: Six months ended September 30, 2019: ¥(170) million [(104.8)%]
 Six months ended September 30, 2018: ¥3,572 million [(0.7)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	70.88		-	
Six months ended September 30, 2018	125.48		-	

(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, 2019	58,760		49,739		84.1		2,097.29	
As of March 31, 2019	61,471		51,329		83.0		2,164.68	

(Reference) Equity: As of September 30, 2019: ¥49,426 million
 As of March 31, 2019: ¥51,014 million

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, 2019	-	0.00	-	60.00	60.00
Year ending March 31, 2020	-	0.00			
Year ending March 31, 2020 (Forecast)			-	70.00	70.00

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

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
Full year	40,500	(5.4)	6,100	0.3	6,000	(5.1)	4,400	18.2	186.70

(Note) Revision to the forecast for dividends announced most recently: Yes

* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(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: No
- (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: Yes
- 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, 2019	24,583,698 shares	As of March 31, 2019	24,583,698 shares
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Number of treasury shares at the end of the period:

As of September 30, 2019	1,017,001 shares	As of March 31, 2019	1,017,025 shares
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Average number of shares during the period:

Six months ended September 30, 2019	23,566,671 shares	Six months ended September 30, 2018	23,642,224 shares
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(Note) 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, 2019: 106,940 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, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	15,456	12,933
Notes and accounts receivable - trade	10,382	9,724
Merchandise and finished goods	5,056	4,595
Work in process	44	36
Raw materials and supplies	2,633	2,444
Other	1,546	1,585
Allowance for doubtful accounts	(15)	(43)
Total current assets	35,103	31,277
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,874	7,465
Accumulated depreciation	(2,674)	(2,813)
Buildings and structures, net	4,199	4,651
Machinery, equipment and vehicles	24,414	24,724
Accumulated depreciation	(12,497)	(12,881)
Machinery, equipment and vehicles, net	11,917	11,843
Tools, furniture and fixtures	14,356	14,430
Accumulated depreciation	(10,808)	(10,987)
Tools, furniture and fixtures, net	3,547	3,442
Land	1,268	1,754
Construction in progress	3,292	4,043
Total property, plant and equipment	24,225	25,735
Intangible assets		
Software	209	202
Other	322	47
Total intangible assets	532	250
Investments and other assets		
Investment securities	628	615
Deferred tax assets	682	510
Other	354	428
Allowance for doubtful accounts	(55)	(58)
Total investments and other assets	1,610	1,496
Total non-current assets	26,368	27,482
Total assets	61,471	58,760

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,686	3,143
Short-term borrowings	373	354
Current portion of long-term borrowings	61	56
Income taxes payable	2,007	562
Provision for bonuses	456	549
Other	2,855	3,224
Total current liabilities	9,442	7,890
Non-current liabilities		
Long-term borrowings	66	37
Retirement benefit liability	371	390
Provision for share-based remuneration for directors (and other officers)	8	9
Other	253	693
Total non-current liabilities	699	1,130
Total liabilities	10,141	9,020
Net assets		
Shareholders' equity		
Share capital	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	35,962	36,212
Treasury shares	(995)	(995)
Total shareholders' equity	49,351	49,601
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23	18
Foreign currency translation adjustment	1,538	(288)
Remeasurements of defined benefit plans	102	95
Total accumulated other comprehensive income	1,663	(174)
Non-controlling interests	315	312
Total net assets	51,329	49,739
Total liabilities and net assets	61,471	58,760

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, 2018	Six months ended September 30, 2019
Net sales	21,765	20,064
Cost of sales	13,670	13,411
Gross profit	8,094	6,652
Selling, general and administrative expenses	4,419	4,271
Operating profit	3,674	2,381
Non-operating income		
Interest income	21	32
Dividend income	2	1
Foreign exchange gains	352	-
Gain on sales of investment securities	-	12
Other	14	14
Total non-operating income	390	61
Non-operating expenses		
Interest expenses	10	12
Foreign exchange losses	-	57
Other	19	13
Total non-operating expenses	29	83
Ordinary profit	4,035	2,359
Extraordinary losses		
Loss on retirement of non-current assets	87	31
Total extraordinary losses	87	31
Profit before income taxes	3,948	2,328
Income taxes - current	883	491
Income taxes - deferred	95	172
Total income taxes	978	664
Profit	2,969	1,664
Profit (loss) attributable to non-controlling interests	3	(6)
Profit attributable to owners of parent	2,966	1,670

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	2,969	1,664
Other comprehensive income		
Valuation difference on available-for-sale securities	10	(4)
Foreign currency translation adjustment	582	(1,823)
Remeasurements of defined benefit plans, net of tax	9	(6)
Total other comprehensive income	602	(1,834)
Comprehensive income	3,572	(170)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,561	(167)
Comprehensive income attributable to non-controlling interests	11	(2)

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	3,948	2,328
Depreciation	1,943	2,084
Increase (decrease) in allowance for doubtful accounts	(3)	31
Increase (decrease) in provision for bonuses	3	101
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(167)	-
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	29	0
Increase (decrease) in retirement benefit liability	17	13
Interest and dividend income	(23)	(34)
Interest expenses	10	12
Foreign exchange losses (gains)	(47)	(17)
Loss on retirement of non-current assets	87	31
Loss (gain) on sales of investment securities	-	(12)
Decrease (increase) in trade receivables	(259)	19
Decrease (increase) in inventories	(886)	321
Increase (decrease) in trade payables	(949)	(23)
Other, net	(185)	(229)
Subtotal	3,516	4,627
Interest and dividends received	25	35
Interest paid	(5)	(11)
Income taxes paid	(1,032)	(1,904)
Net cash provided by (used in) operating activities	2,503	2,747
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,196)	(3,342)
Purchase of intangible assets	(17)	(47)
Other, net	(21)	(1)
Net cash provided by (used in) investing activities	(3,235)	(3,391)
Cash flows from financing activities		
Repayments of long-term borrowings	(28)	(33)
Purchase of treasury shares	(669)	(0)
Dividends paid	(1,182)	(1,419)
Repayments of lease obligations	(20)	(87)
Net cash provided by (used in) financing activities	(1,901)	(1,539)
Effect of exchange rate change on cash and cash equivalents	194	(339)
Net increase (decrease) in cash and cash equivalents	(2,439)	(2,523)
Cash and cash equivalents at beginning of period	17,352	15,456
Cash and cash equivalents at end of period	14,913	12,933