

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 11, 2020

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 23, 2020
 Scheduled date to file Securities Report: June 24, 2020
 Scheduled date to commence dividend payments: June 24, 2020
 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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	39,614	(7.5)	4,628	(23.9)	4,668	(26.2)	3,287	(11.7)
Year ended March 31, 2019	42,834	1.4	6,084	(27.8)	6,325	(19.6)	3,722	(31.8)

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥1,610 million [(58.7)%]
 Fiscal year ended March 31, 2019: ¥3,900 million [(26.4)%]

	Earnings per share	Diluted earnings per share	Net income/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	139.49	-	6.4	7.6	11.7
Year ended March 31, 2019	157.70	-	7.4	10.4	14.2

(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, 2020	60,638	51,519	84.4	2,172.66
As of March 31, 2019	61,471	51,329	83.0	2,164.68

(Reference) Equity: As of March 31, 2020: ¥51,202 million
 As of March 31, 2019: ¥51,014 million

(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, 2020	6,830	(6,482)	(1,664)	13,819
Year ended March 31, 2019	6,695	(6,687)	(1,950)	15,456

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, 2019	-	0.00	-	60.00	60.00	1,420	38.0	2.8
Year ended March 31, 2020	-	0.00	-	50.00	50.00	1,183	35.8	2.3
Year ending March 31, 2021 (Forecast)	-	0.00	-	40.00	40.00		85.7	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	34,000	(14.2)	1,400	(69.8)	1,400	(70.0)	1,100	(66.5)	46.68

* Notes:

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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: Yes

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, 2020	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 March 31, 2020	1,017,024 shares	As of March 31, 2019	1,017,025 shares
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Average number of shares during the period:

Year ended March 31, 2020	23,566,674 shares	Year ended March 31, 2019	23,604,565 shares
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(Notes) 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, 2020: 106,940 shares, 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	15,456	13,819
Notes and accounts receivable - trade	10,382	10,104
Merchandise and finished goods	5,056	4,579
Work in process	44	27
Raw materials and supplies	2,633	2,237
Other	1,546	1,674
Allowance for doubtful accounts	(15)	(47)
Total current assets	35,103	32,395
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,874	7,571
Accumulated depreciation	(2,674)	(3,028)
Buildings and structures, net	4,199	4,543
Machinery, equipment and vehicles	24,414	26,782
Accumulated depreciation	(12,497)	(13,922)
Machinery, equipment and vehicles, net	11,917	12,859
Tools, furniture and fixtures	14,356	15,005
Accumulated depreciation	(10,808)	(11,610)
Tools, furniture and fixtures, net	3,547	3,395
Land	1,268	1,732
Construction in progress	3,292	3,680
Total property, plant and equipment	24,225	26,211
Intangible assets		
Software	209	272
Other	322	22
Total intangible assets	532	295
Investments and other assets		
Investment securities	628	595
Deferred tax assets	682	702
Other	354	496
Allowance for doubtful accounts	(55)	(58)
Total investments and other assets	1,610	1,735
Total non-current assets	26,368	28,242
Total assets	61,471	60,638

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,686	3,245
Short-term borrowings	373	358
Current portion of long-term borrowings	61	56
Income taxes payable	2,007	355
Provision for bonuses	456	467
Other	2,855	3,444
Total current liabilities	9,442	7,928
Non-current liabilities		
Long-term borrowings	66	9
Retirement benefit liability	371	529
Provision for share-based remuneration for directors (and other officers)	8	8
Other	253	643
Total non-current liabilities	699	1,190
Total liabilities	10,141	9,118
Net assets		
Shareholders' equity		
Share capital	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	35,962	37,829
Treasury shares	(995)	(995)
Total shareholders' equity	49,351	51,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23	4
Foreign currency translation adjustment	1,538	(21)
Remeasurements of defined benefit plans	102	1
Total accumulated other comprehensive income	1,663	(15)
Non-controlling interests	315	317
Total net assets	51,329	51,519
Total liabilities and net assets	61,471	60,638

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

(Millions of yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	42,834	39,614
Cost of sales	27,942	26,626
Gross profit	14,891	12,988
Selling, general and administrative expenses		
Transportation costs	1,240	881
Remuneration for directors (and other officers)	136	147
Salaries and allowances	2,061	2,059
Provision for bonuses	239	211
Retirement benefit expenses	94	114
Provision for retirement benefits for directors (and other officers)	9	-
Provision for share-based remuneration for directors (and other officers)	8	-
Welfare expenses	482	470
Travel and transportation expenses	337	259
Communication expenses	151	152
Rent expenses	289	181
Supplies expenses	84	72
Research and development expenses	1,330	1,402
Other	2,341	2,405
Total selling, general and administrative expenses	8,807	8,359
Operating profit	6,084	4,628
Non-operating income		
Interest income	38	70
Dividend income	6	3
Foreign exchange gains	190	-
Other	59	65
Total non-operating income	295	139
Non-operating expenses		
Interest expenses	33	26
Foreign exchange losses	-	57
Other	21	15
Total non-operating expenses	54	99
Ordinary profit	6,325	4,668
Extraordinary losses		
Loss on retirement of non-current assets	151	172
Impairment loss	-	156
Total extraordinary losses	151	328
Profit before income taxes	6,173	4,339
Income taxes - current	1,449	1,014
Income taxes for prior periods	938	-
Income taxes - deferred	26	21
Total income taxes	2,413	1,036
Profit	3,759	3,303
Profit attributable to non-controlling interests	37	15
Profit attributable to owners of parent	3,722	3,287

Consolidated statements of comprehensive income

(Millions of yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Profit	3,759	3,303
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(18)
Foreign currency translation adjustment	144	(1,574)
Remeasurements of defined benefit plans, net of tax	2	(100)
Total other comprehensive income	140	(1,693)
Comprehensive income	3,900	1,610
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,855	1,608
Comprehensive income attributable to non-controlling interests	45	1

Consolidated statement of changes in net assets
Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,640	8,744	33,423	(325)	47,482
Changes 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)
Disposal of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,538	(670)	1,868
Balance at end of 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 period	29	1,401	99	1,530	270	49,283
Changes during period						
Dividends of surplus						(1,183)
Profit attributable to owners of parent						3,722
Purchase of treasury shares						(670)
Disposal of treasury shares						-
Net changes in items other than shareholders' equity	(6)	136	2	132	45	178
Total changes during period	(6)	136	2	132	45	2,046
Balance at end of period	23	1,538	102	1,663	315	51,329

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,640	8,744	35,962	(995)	49,351
Changes during period					
Dividends of surplus			(1,420)		(1,420)
Profit attributable to owners of parent			3,287		3,287
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,866	0	1,866
Balance at end of period	5,640	8,744	37,829	(995)	51,217

	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 period	23	1,538	102	1,663	315	51,329
Changes during period						
Dividends of surplus						(1,420)
Profit attributable to owners of parent						3,287
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(18)	(1,560)	(100)	(1,678)	1	(1,677)
Total changes during period	(18)	(1,560)	(100)	(1,678)	1	189
Balance at end of period	4	(21)	1	(15)	317	51,519

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	6,173	4,339
Depreciation	4,116	4,535
Increase (decrease) in allowance for doubtful accounts	(4)	35
Increase (decrease) in provision for bonuses	(66)	17
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)	8	(0)
Increase (decrease) in retirement benefit liability	27	58
Interest and dividend income	(45)	(74)
Interest expenses	33	26
Foreign exchange losses (gains)	(40)	(43)
Loss on retirement of non-current assets	151	172
Impairment loss	-	156
Decrease (increase) in trade receivables	241	(240)
Decrease (increase) in inventories	(1,028)	609
Increase (decrease) in trade payables	(645)	(7)
Decrease (increase) in consumption taxes refund receivable	(346)	(45)
Other, net	71	(125)
Subtotal	8,478	9,412
Interest and dividends received	49	78
Interest paid	(25)	(24)
Income taxes paid	(1,806)	(2,635)
Net cash provided by (used in) operating activities	6,695	6,830
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,653)	(6,355)
Purchase of intangible assets	(78)	(75)
Purchase of investment securities	(1)	(1)
Other, net	46	(49)
Net cash provided by (used in) investing activities	(6,687)	(6,482)
Cash flows from financing activities		
Repayments of long-term borrowings	(56)	(61)
Purchase of treasury shares	(670)	(0)
Proceeds from disposal of treasury shares	-	0
Dividends paid	(1,182)	(1,420)
Repayments of lease obligations	(40)	(182)
Net cash provided by (used in) financing activities	(1,950)	(1,664)
Effect of exchange rate change on cash and cash equivalents	46	(321)
Net increase (decrease) in cash and cash equivalents	(1,895)	(1,637)
Cash and cash equivalents at beginning of period	17,352	15,456
Cash and cash equivalents at end of period	15,456	13,819