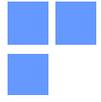
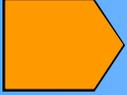


Consolidated Financial Results Briefing Materials For 1st Quarter Of FY 2020

IRISO ELECTRONICS CO., LTD.
Stock Code: 6908
(Aug 4, 2020)



-  **I . Summary of the consolidated
Financial Results for 1Q of FY 2020**
- II . Financial Forecast for FY 2020**



1. Summary of FY2020 1Q Business Results



YoY decrease in sales and operating income as production and sales have slumped due to COVID-19 impact.

- **Sales:** YoY sales mainly in the automotive market have significantly decreased as the global market has halted due to the worldwide spread of the COVID-19 infections.
 - ▪ **COVID-19 impact: approx.(YoY change) . -4 billion yen**
(By region) China and Asia : approx. -1.4 billion yen, Europe : approx. -1.1 billion yen
U.S : approx. -1 billion yen, Japan: -0.5 billion yen
- **Operating income:** Although operating income decreased as operation shrunk due to dropping sales and the rise of gold prices, it has recovered owing to cost reduction activities and strict management of budget spending.

【Topics】

- Provide strong "solutions for vibration resistance"
 - We have helped customers find problems with the vibration of their products from the early stage and suggest solutions by providing strong product lineup of a wide range of the "Z-Move®" connectors and vibration simulation services for vibration assessment of their products. Through our unique "solutions for vibration resistance", we have helped customers solve their problems. As a result, sales for powertrains including the three directional floating BtoB connector "Z-Move®" have increased by 25%.
Good trend in sales for battery applications and inverter for external power supply.
Solid performance while car production and sales have sharply dropped in key regions.



- YoY sales increase in the industrial market as Japanese companies have increased production due to the COVID-19 pandemic.



2. Consolidated Results for 1Q of FY 2020 (YoY Change)



Unit: Millions of yen

	1Q FY 2019	1Q FY 2020	YoY change
Net sales	10,040	5,836	(4,203) (41.9)%
Operating income	1,398 13.9%	(395) - %	(1,793) - %
Ordinary income	1,347 13.4%	(410) - %	(1,757) - %
Net income	909 9.1%	(432) - %	(1,341) - %
EPS	38.60 yen	(18.37) yen	
Average exchange rate during the period	USD 109.98 yen EURO 128.28 yen RMB 16.12 yen	107.74 yen 118.94 yen 15.16 yen	(2.24) yen (4.34) yen (0.96) yen

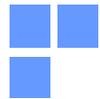


3. Breakdown of Net Sales (by Market)



Unit: Millions of yen

		1Q FY 2020	YoY Change	Sales Ratio	Factors of Change
Automotive (automotive applications)		4,433	(48.3)%	76.0%	<ul style="list-style-type: none"> • A large drop in sales in Europa, US and Asia as global production has halted and sales have slumped due to the COVID-19 outbreak • Decrease in sales for safety applications as production activity has been stopped in Europa and US • Increase in sales for powertrain as eco friendly cars have been becoming popular worldwide despite such bad business environment
Area	Infotainment	2,455	(51.7)%	42.1%	
	Safety	904	(49.3)%	15.5%	
	Powertrain	450	26.6%	7.7%	
	Others	623	(53.8)%	10.7%	
Consumer (OA, game consoles, digital cameras, cellular phones, televisions, etc.)		831	(14.3)%	14.2%	<ul style="list-style-type: none"> • Decrease in sales mainly for multi-function printer and game consoles • Increase in sales of a new product range for TV
Industrial (Industrial equipment, etc.)		571	15.5%	9.8%	<ul style="list-style-type: none"> • Increase as Japanese companies have increased production due to the COVID-19 pandemic
Total		5,836	(41.9)%	100.0%	<ul style="list-style-type: none"> • 72.0% overseas ratio



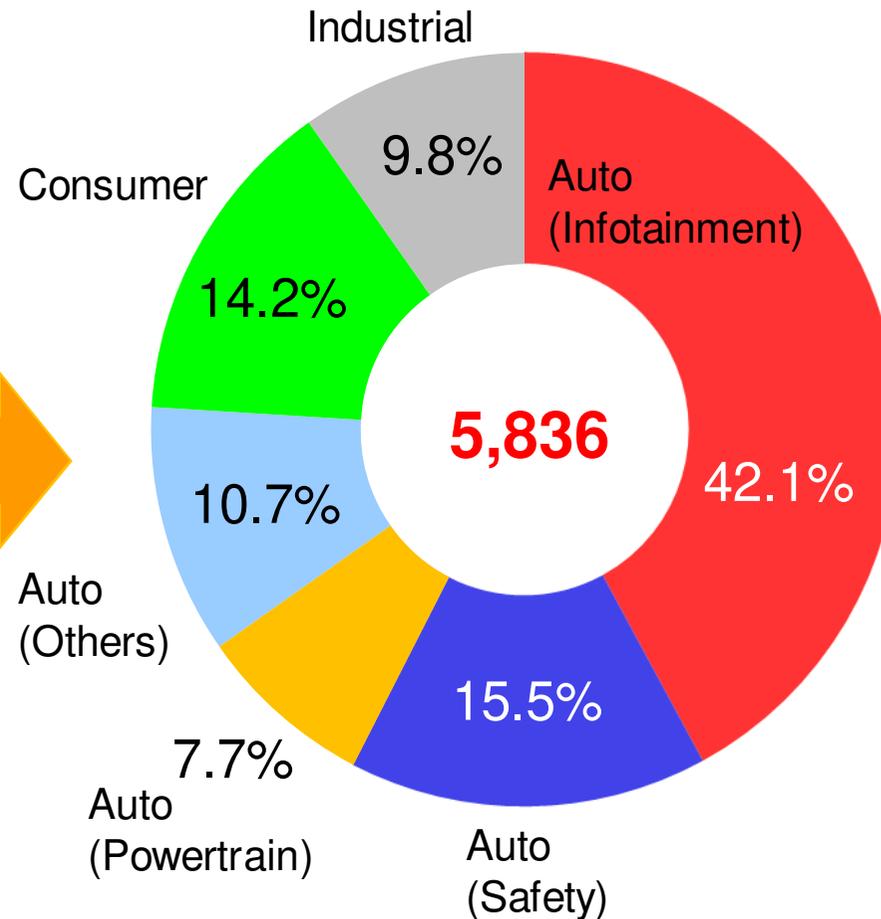
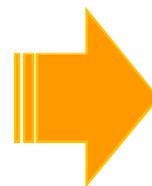
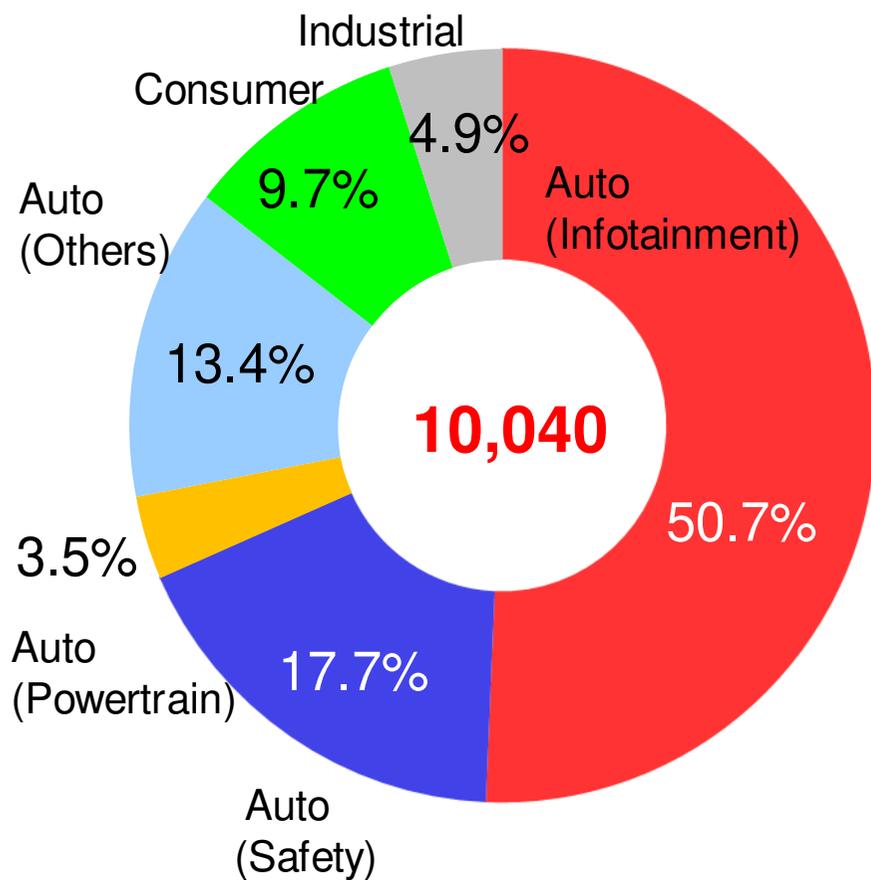
4. Net Sales Breakdown by Market (YoY)

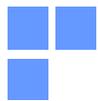


Unit: Millions of yen

1Q FY2019

1Q FY2020

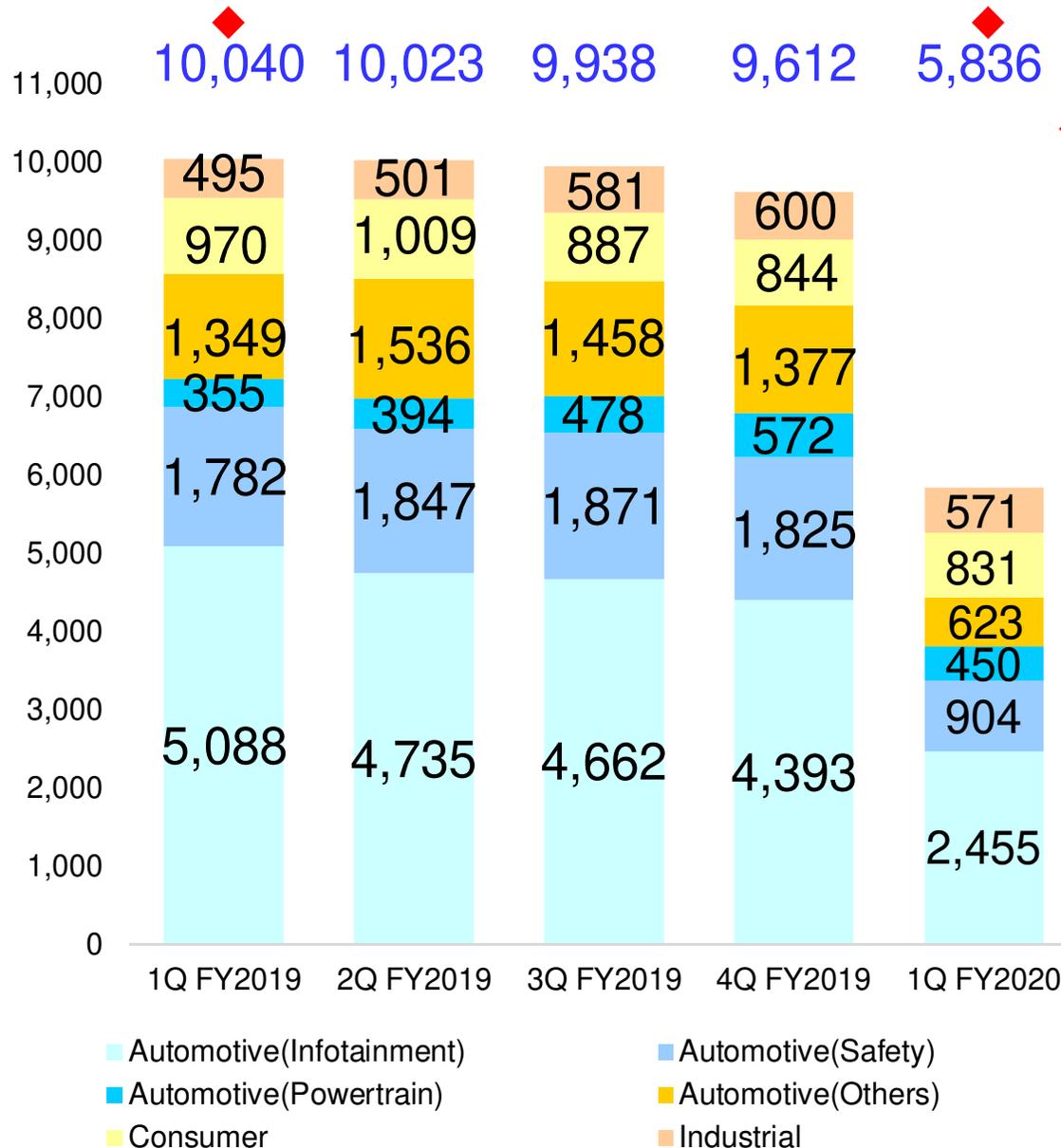




5. Net Sales by Market (Quarterly Trends)



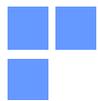
Unit: Millions of yen



YoY change

- Industrial 15.5%
- Consumer (14.3%)
- Automotive (Others) (53.8%)
- Automotive (Powertrain) 26.6%
- Automotive (Safety) (49.3%)
- Automotive (Infotainment) (51.7%)
- Automotive (Total) (48.3%)

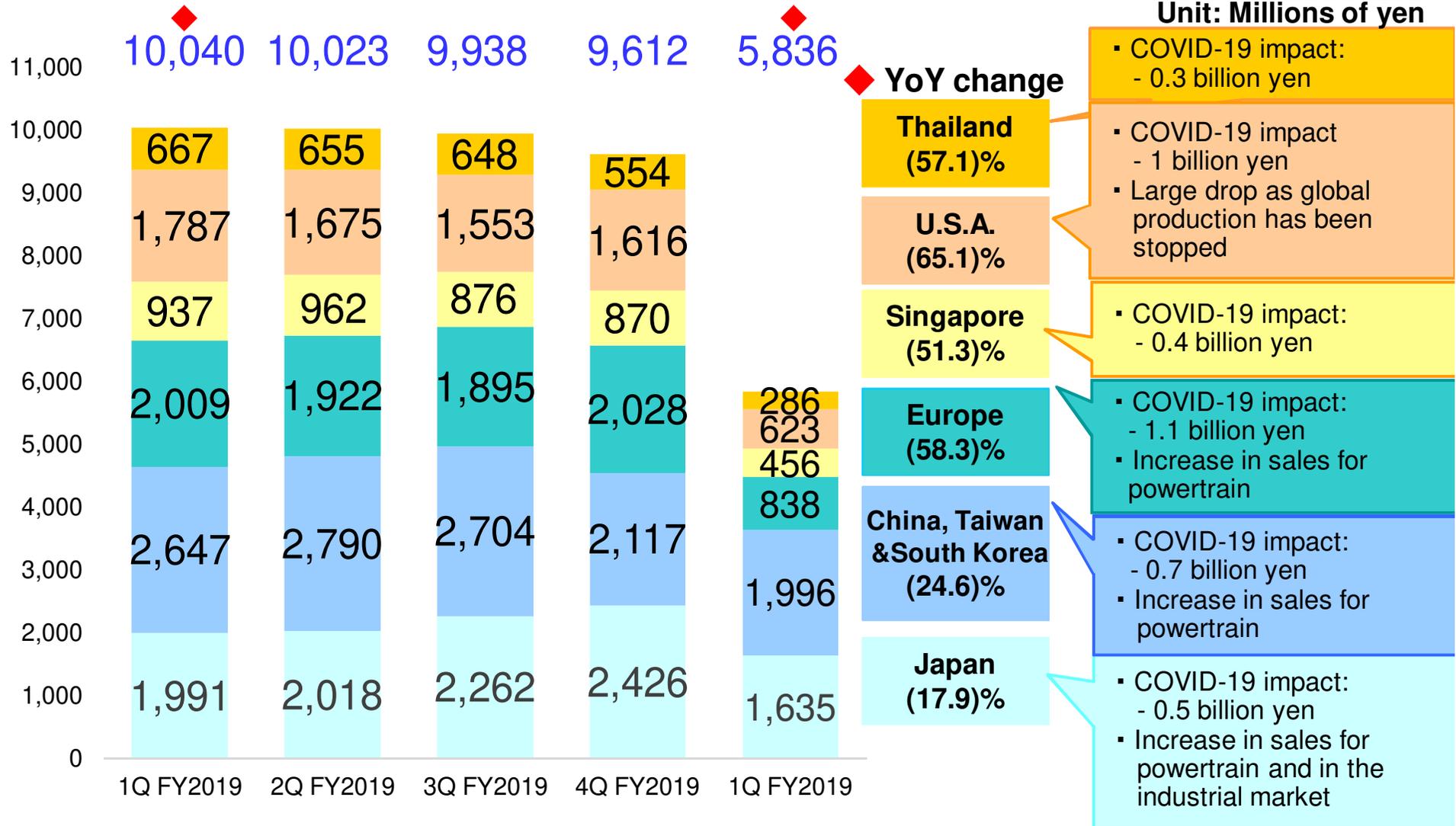
- Increase as Japanese companies have increased production due to the COVID-19 pandemic
- Increase in sales of a new product range for TV in spite of decrease mainly in sales for multi-function printers and game consoles
- A large drop in sales in Europa, US and Asia as global car production has halted and sales have slumped due to the novel COVID-19 outbreak
- Increase in sales for powertrains, such as battery applications and inverter for external power supply as eco-friendly cars are becoming popular
- Recovery trend since sales hit the lowest level in May (to be mentioned later)



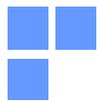
6. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen



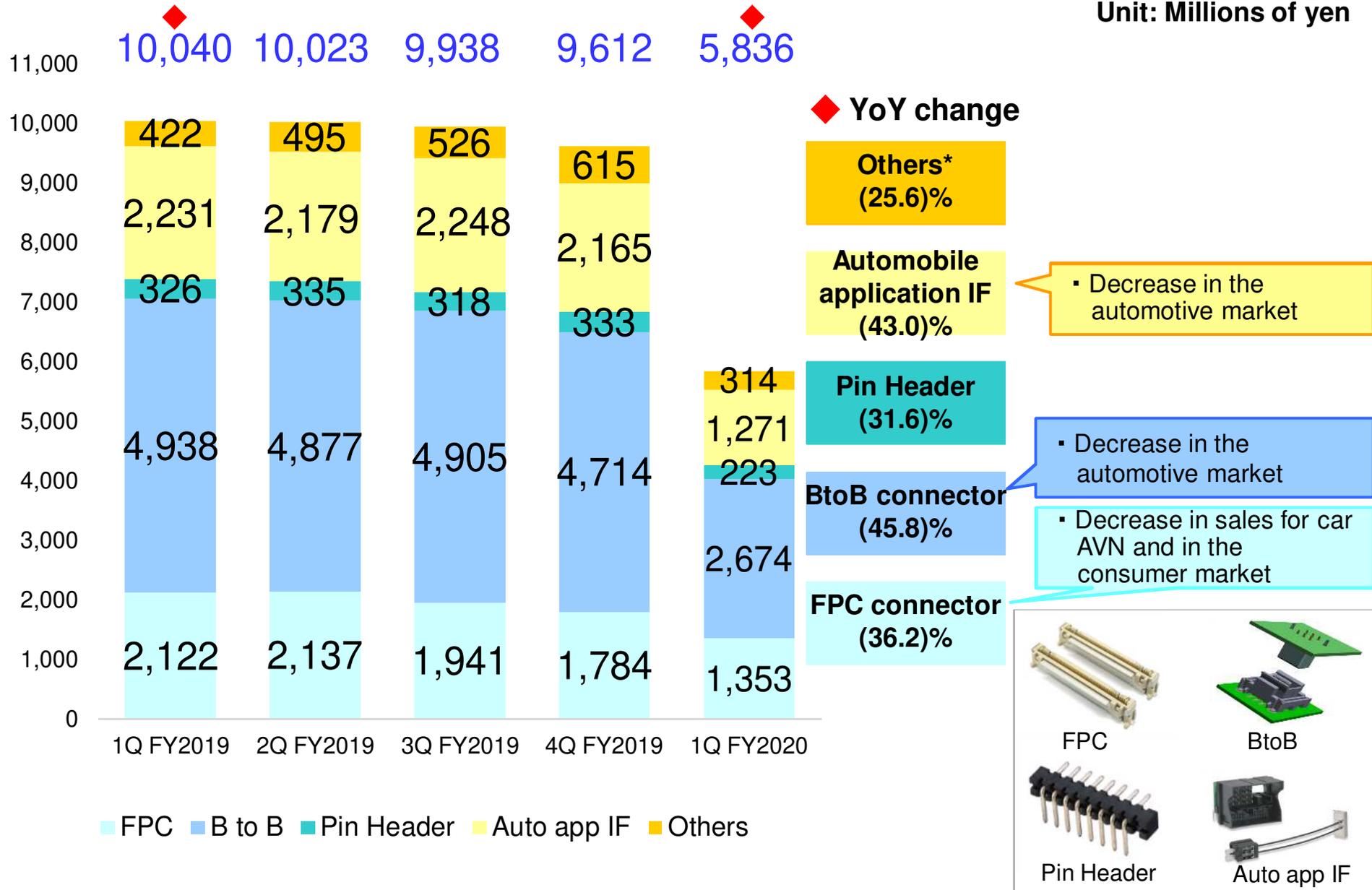
■ Japan ■ China, Taiwan and South Korea ■ Europe ■ Singapore ■ U.S.A ■ Thailand



7. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen





8. Sales Trend by Market / Region (Monthly Change)

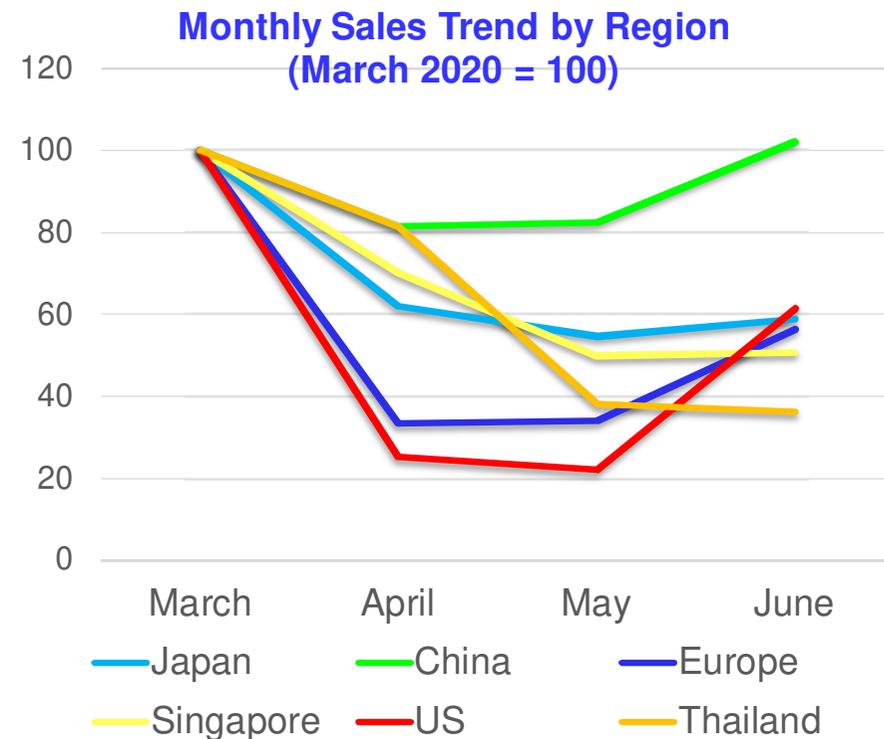
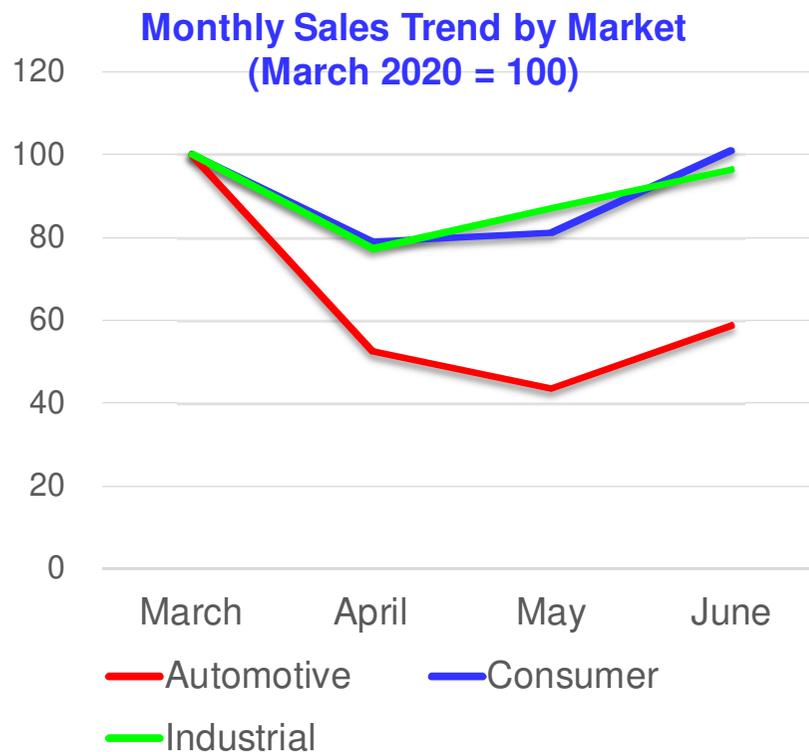


■ By Market

- Recovery trend since sales in the automotive market hit the lowest level in May whereas the consumer and industrial markets in April

■ By Region

- Quick recovery since June as production activity restarted in Europe and US where saw a large drop in sales
- Recovery in China. Increase in 1Q compared to 4Q



9. Consolidated Statements of Income (Cumulative) (YoY Change)



Unit: Millions of yen

	1Q FY 2019		1Q FY 2020		YoY change	
Net sales	10,040	100.0%	5,836	100.0%	(4,203)	(41.9)%
Cost of sales	6,533	65.1%	4,239	72.6%	(2,293)	(35.1)%
Gross profit	3,506	34.9%	1,596	27.3%	(1,910)	(54.5)%
SG & A	2,108	21.0%	1,992	34.1%	(116)	(5.5)%
Operating income	1,398	13.9%	(395)	(6.8)%	(1,793)	- %
Non-operating income	35	0.3%	34	0.6%	(1)	(4.1)%
Non-operating expenses	86	0.9%	49	0.9%	(36)	42.5%
Ordinary income	1,347	13.4%	(410)	(7.0)%	(1,758)	- %
Extraordinary income (loss)	(22)	(0.2)%	(38)	(0.7)%	(16)	73.6 %
Pretax income	1,325	13.2%	(449)	(7.7)%	(1,774)	- %
Net income (for HQ stockholders)	909	9.1%	(432)	(7.4)%	(1,342)	- %
EPS	38.60 yen		(18.37) yen		—	
Exchange rate (USD/EURO)	109.98 Yen/ 123.28 Yen		107.74 Yen/ 118.94 Yen		(2.24) Yen/ (4.34) Yen	

10. Consolidated Balance Sheets (compared with the end of the previous year)



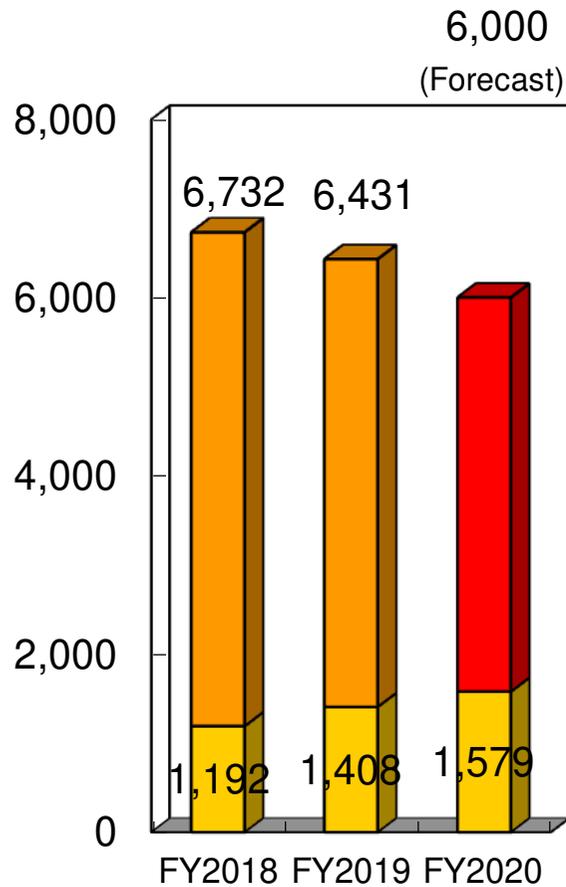
Unit: Millions of yen

	As of March 31, 2020		As of June 31, 2021		Increase /Decrease	Factors for increase/decrease
Current assets	32,395	53.4%	29,258	51.0%	(3,136)	Merchandise and finished goods ⁵⁴¹ Cash and deposits (916) Notes and accounts receivable(2,530)
Noncurrent assets	28,242	46.6%	28,119	49.0%	(123)	
Total assets	60,638	100.0%	57,377	100.0%	(3,260)	
Current liabilities	7,928	13.1%	6,481	11.3%	(1,446)	Notes payable and accounts payable(820) Accounts payable(495)
Noncurrent liabilities	1,190	1.7%	1,166	2.0%	(24)	
Total liabilities	9,118	15.0%	7,647	13.3%	(1,470)	
Shareholders' equity	51,217	84.5%	49,601	86.5%	(1,616)	Retained earnings(1,615) • Quarterly net loss(432) • Dividend(1,183)
Valuation/translation difference	(15)	- %	(204)	- %	(188)	
Minority interests	317	0.5%	332	0.6%	15	
Total net assets	51,519	85.0%	49,729	86.7%	(1,789)	Net assets per share 2,096.06yen (previous period 2,172.66 yen)
Total liabilities and net assets	60,638	100.0%	57,377	100.0%	(3,260)	

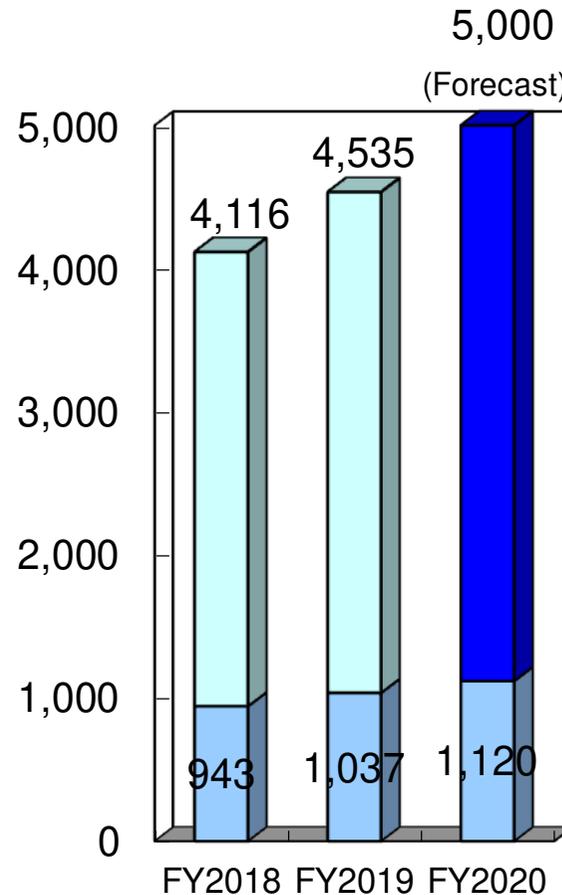
11. Capital Investment, Depreciation & Amortization, and Research & Development



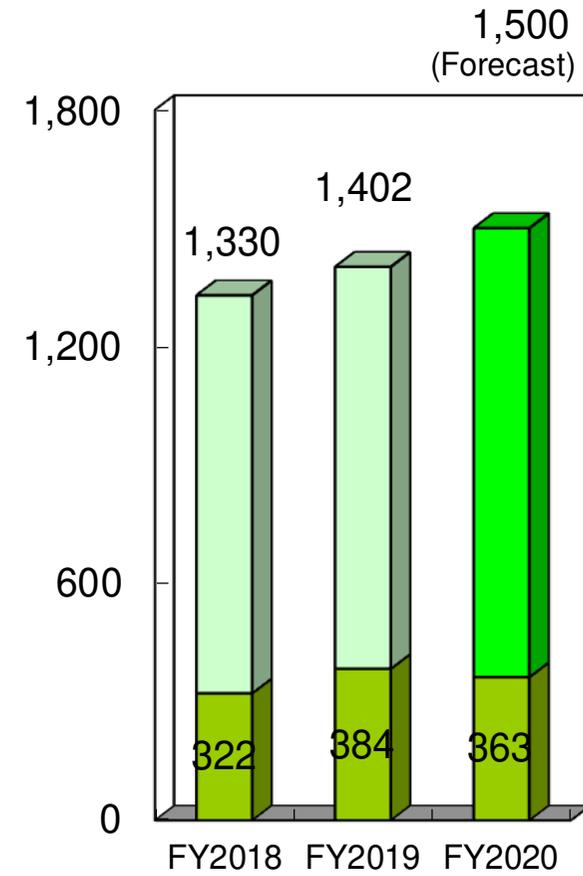
Unit: Millions of yen



Capital Expenditure



Depreciation & Amortization



Research & Development

Note: Each figure at the foot of bars shows the actual amount for the first quarter, and those at the top are for full year.



■ Solution Service for Vibration Resistance: Z-Move® + Vibration resistance simulation

- Through our unique vibration simulation system and the “Z-Move®” lineup, we make vibration assessments of customers’ products.
- We help customers find problems with vibration resistance from the early stage of their development process and provide solutions to those problems.
- We provide customers with a great service by minimizing the problems arising at vibration experiments and reducing time and cost to develop their products.

→ IRISO’s unique “solution service for vibration resistance”

■ Stronger Z-Move® Lineup

Three series were newly added to the three directional floating connector “Z-Move®” which was developed for the use in harsh vibration environment such as vehicle powertrain applications used for electric cars. The new lineup comes to five series in total.

- 18021 Series → Bottom mating type for IGBT modules for automotive inverters
- 10127 Series → Low profile / miniaturized type (board mated height 8mm)
- 10128 Series → narrow pitch (0.8mm pitch)

→ These series are expected to improve product reliability in harsh vibration environment and to promote mechanical miniaturization.



(18021Series)



(10127Series)

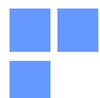


(10128 Series)



I . Summary of the consolidated Financial Results for 1Q of FY 2020

II . Financial Forecast for FY 2020



1. Full-Year Targets for FY 2020 (YoY Change)



Unit: Millions of yen

	Results of FY 2019	1st half 2nd half	Full Year targets for FY 2020	1st half 2nd half	YoY change
Net sales	39,614	20,064 19,550	34,000	14,000 20,000	(5,614) (14.2)%
Operating income	4,628 11.7%	2,381 2,246	1,400 4.1%	(500) 1,900	(3,228) (69.8)%
Ordinary income	4,668 11.8%	2,359 2,308	1,400 4.1%	(530) 1,930	(3,268) (70.0)%
Net income	3,287 8.3%	1,670 1,617	1,100 3.2%	(560) 1,660	(2,187) (66.5)%
EPS	139.49yen	—	46.68yen		
Average exchange rate during the period	USD109.10yen EURO121.13yen RMB 15.66yen	—	USD108.00yen EURO120.00yen RMB 15.80yen		

■ Automotive Market

- Decrease in sales of our products as car production has come to a halt in US, Europe, Asia and Japan.
- As business performance is expected to recover slowly after it reaches bottom during FY2020 1Q, **the plan is made on the assumption that global car sales will be 7.2 million units with a YoY decrease of approx. 20% during 2020.**

■ Markets Other Than the Automotive Market

Industrial market size will shrink because of the novel COVID-19 impact whereas the plan is made on the assumption of an increase in sales of connectors for automated assembly for game consoles and TV in the consumer market.



Business recovery to the same level as FY2019 is expected during the second half of FY2020 and then even more positive outcomes are anticipated for FY2021.



3. COVID-19 Impact and Response



■ Impact on IRISO Group Entities and Response

- As sales have declined, **temporary layoff has been conducted** at the overseas production plants.
- At the same time, **to make them strong as a manufacturing base during this period**, the following measures have been implemented to improve profitability after the COVID-19 pandemic.

【Plant Improvement Activity】

① Improve productivity

- ▪ ▪ 10% reduction of cycle time,
50% reduction of idle time , 50% reduction of debug

② Reduce production lead time ▪ ▪ ▪ target of 30% reduction

③ Promote facility maintenance (including infrastructures)

④ Improve process quality control

⑤ Safety Inspection (identify hazard potentials and take measures)

⑥ Talent management

■ Impact on our Financial Base and Response

- To enable flexible financial base management, extend the commitment line.



Company name	IRISO ELECTRONICS CO., LTD.
Business description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of employees	3,369 (as of March 31, 2020)
Capital	5,640 million yen (as of March 31, 2020)
Headquarters	2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa
Operations	
Domestic	Headquarters, Fukushima, Ibaraki, Aichi, Osaka
Overseas	Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou, Shenzhen, Chongqing), Malaysia, Taiwan, India
Research & development	Headquarters (IRISO Technology Park), Kawasaki(Production Technology Development Center),Shanghai R&D Center
Manufacturing plants	Japan(Ibaraki), China (Shanghai, Nantong), Philippines(Manila), Vietnam (Hai Duong)