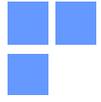
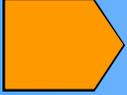




Consolidated Financial Results Briefing Materials For 2nd Quarter Of FY2021

IRISO ELECTRONICS CO., LTD.
Stock Code: 6908
(Nov 4, 2021)



-  **I . Summary of the Consolidated Financial Results for Q2 of FY 2021**
- II . FY2021 Financial Forecast**
- III . Topics**



1. Summary of Business Results for First Half FY2021



- Sales: Although the world auto production has been declining because of the global semiconductor supply shortage, sales in the powertrain, consumer and industrial markets are on track for robust growth. The Company's first-half sales have reached new all-time high.
- Operating Income: As a result of sales growth and cost reduction, operating income has recovered from the negative impact of the rising costs of raw materials and shipping, and has increased.

■ Net Sales: 21,978 million yen

(45.8% YoY increase, an increase of 1,478 million yen compared to the FY2021 initial target level)

Automotive	Consumer	Industrial	Total
17,115 million yen (43.5%)	2,692 million yen (36.8%)	2,130 million yen (86.5%)	21,978 million yen (45.8%)

1. Automotive market:

- Robust growth with a 140% YoY increase notably in the electric vehicle powertrain market
- Continuous decline in the global auto production during 2021 mainly due to the global semiconductor supply shortage, which resulted in negative 1.1 billion yen compared to the initial target level

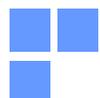
2. Consumer market: robust sales for game console and TV and recovery in sales for OA equipment

3. Industrial market: continuously on track for strong sales for FA equipment in China

■ Operating Income: 2,526 million yen, representing an operating income margin of 11.5%

(YoY increase of 2,353 million yen, negative 473 million yen versus the FY2021 initial target level)

1. Approx. negative 1.1 billion yen (operating income margin of approx. negative 5.1%) due to the impact of the rising costs of raw materials (gold, silver and resin) and shipping, approx. negative 0.7 billion yen compared to the FY2021 initial target level
2. Recovery achievement of approx. 0.2 billion yen as a result of further cost reduction efforts



2. Consolidated Results for FY2021 Q2 (YoY)



Unit: Millions of yen

	First Half FY2020	First Half FY2021	YoY Change
Net Sales	15,069	21,978	6,908 45.8%
Operating Income	173 1.2%	2,526 11.5%	2,353 1357.0%
Ordinary Income	76 0.5%	2,458 11.2%	2,381 3101.3%
Net Income	8 0.1%	2,168 9.9%	2,160 26541.2%
EPS	0.35yen	92.03yen	
Average exchange rate during the reporting period	USD106.68yen EURO121.36yen RMB 15.21yen	USD110.18yen EURO130.97yen RMB 17.04yen	3.50yen 9.61yen 1.83yen

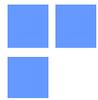


3. Breakdown of Net Sales (by Market)

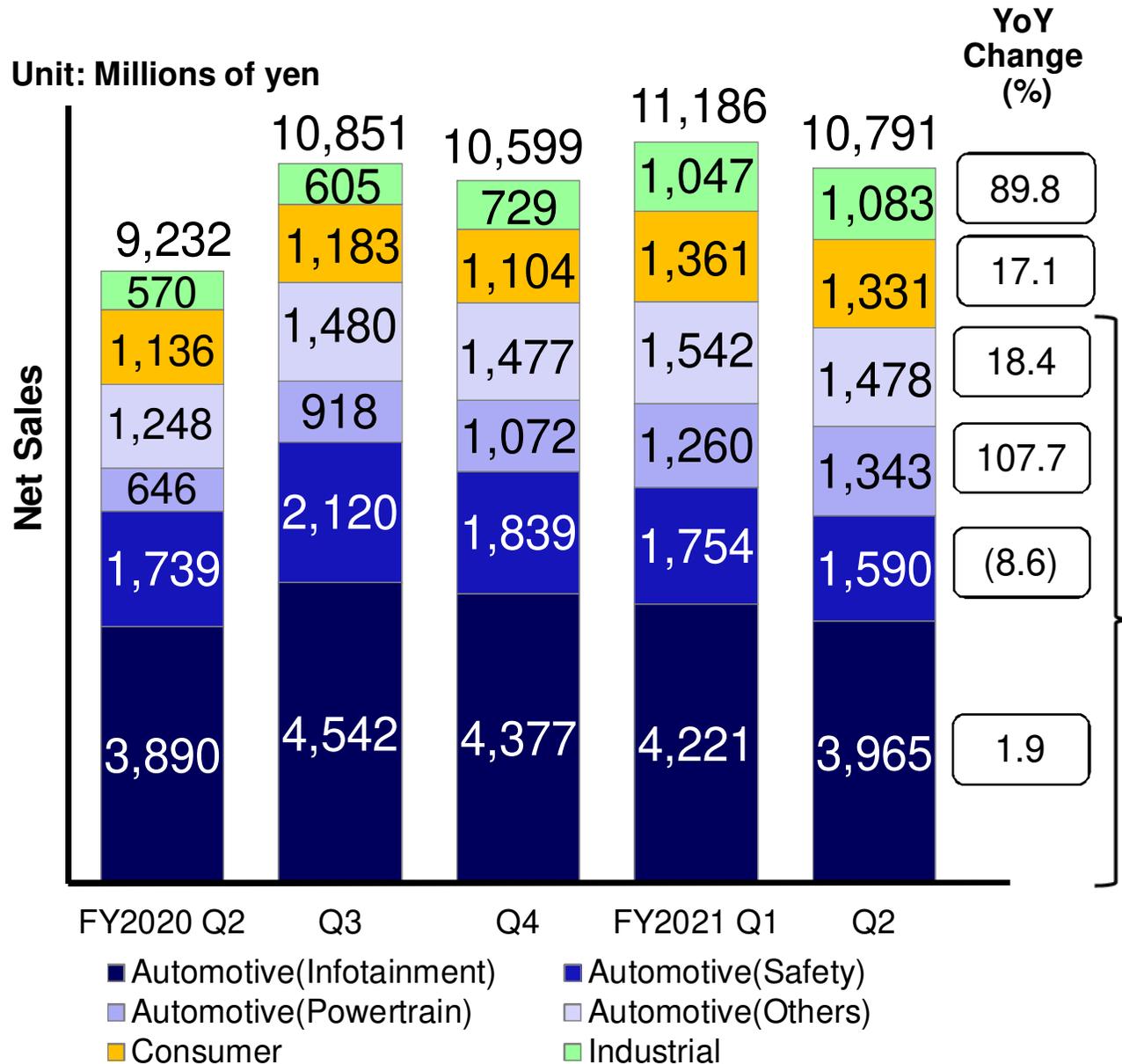


Unit: Millions of yen

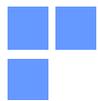
		First Half FY2021	YoY Change	Breakdown	Change Factors
Automotive (automotive applications)		17,155	43.5%	78.1%	<ul style="list-style-type: none"> Large-scale recovery from slump due to the COVID-19 impact during the previous fiscal year Strong sales in the powertrain market with a 140% YoY increase associated with a growing number for electric vehicles Despite the semiconductor supply shortfall, a 43.5% YoY increase mainly linked to sales increase in the powertrain market, which shows higher growth than a 5.5% YoY increase in the first-half global auto production
Market Segment	Infotainment	8,186	29.0%	37.3%	
	Safety	3,344	26.5%	15.2%	
	Powertrain	2,603	137.4%	11.9%	
	Others	3,021	61.4%	13.7%	
Consumer (OA, game consoles, digital cameras, cellular phones, televisions, etc.)		2,692	36.8%	12.2%	<ul style="list-style-type: none"> Strong sales for game console and TV because of growing demand boosted by the prevailing "home-nesting" lifestyle during the COVID-19 pandemic Recovery in sales also for OA equipment
Industrial (Industrial equipment, etc.)		2,130	86.5%	9.7%	<ul style="list-style-type: none"> Robust sales due to both growing demand for FA equipment in China and a new launch of a project for 5G base station
Total		21,978	45.8%	100.0%	<ul style="list-style-type: none"> 75.2% overseas ratio



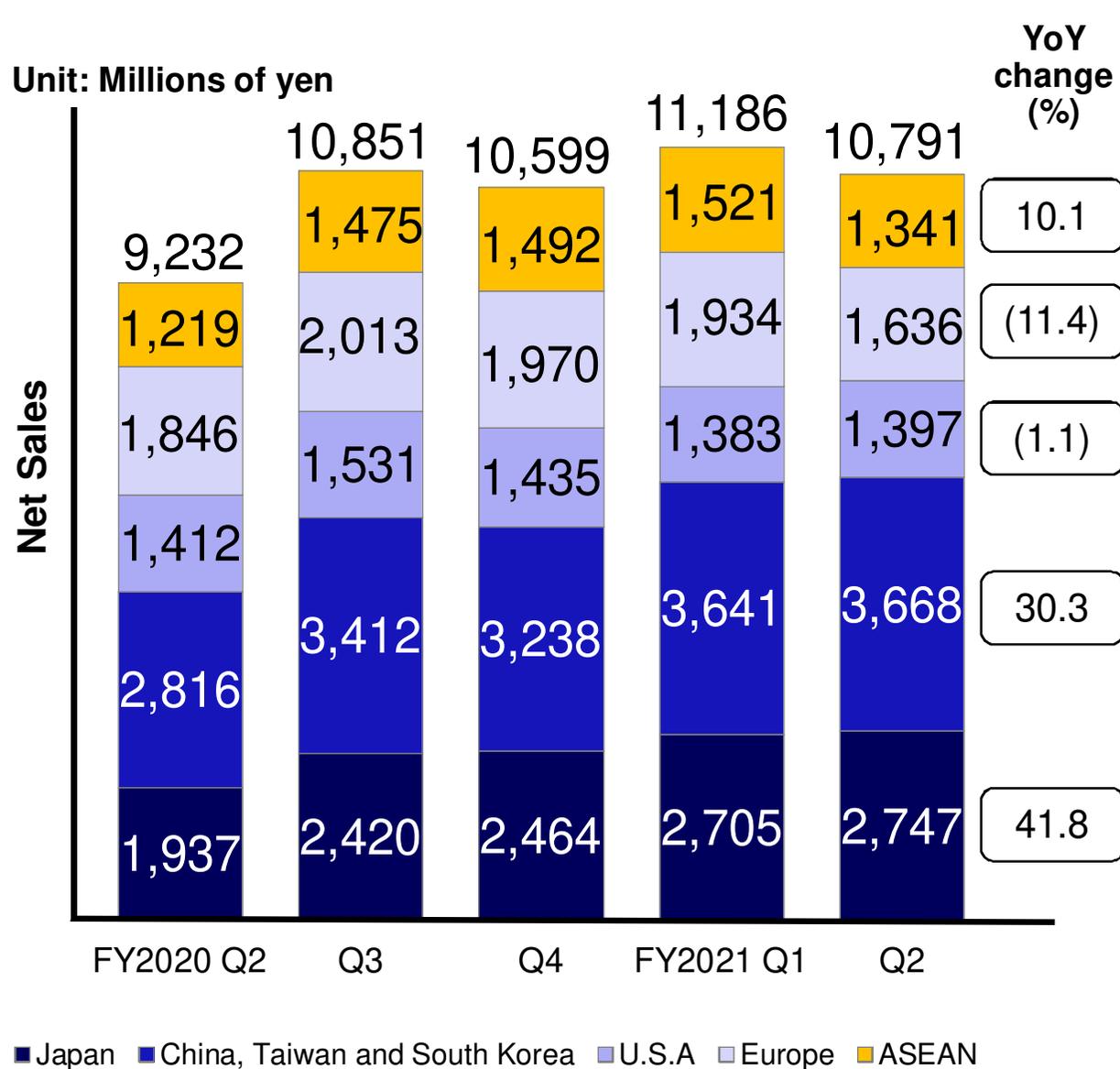
4. Net Sales by Market (Quarterly Change)



- Industrial**
- Continuously on track for strong sales for PLC and servo amplifier
 - Record of new all-time-high quarterly sales
- Consumer**
- Robust sales for game console
- Automotive** 11.3
- Compared to the FY2021 Q1 level: negative impact on the infotainment and safety markets as a result of the global semiconductor supply shortfall and parts supply shortage in the Southeast Asia due to the Covid-19 impact
 - On track for robust sales in the powertrain market because of the growth in the electric vehicle market and record of all-time high quarterly sales. Notably, remarkable growth driven by sales for battery application



5. Net Sales by Area (Quarterly Change)



ASEAN (Former Singapore and Thailand)

- Compared to the FY2021 Q1 level: decrease due to both the semiconductor supply shortfall and the COVID-19 impact

Europe

- Compared to the FY2021 Q1 level: decrease due to the global semiconductor supply shortfall

U.S.

- Compared to the FY2021 Q1 level: despite the negative impact of the global semiconductor supply shortage, sales in the infotainment market made up for the loss

Greater China and Korea

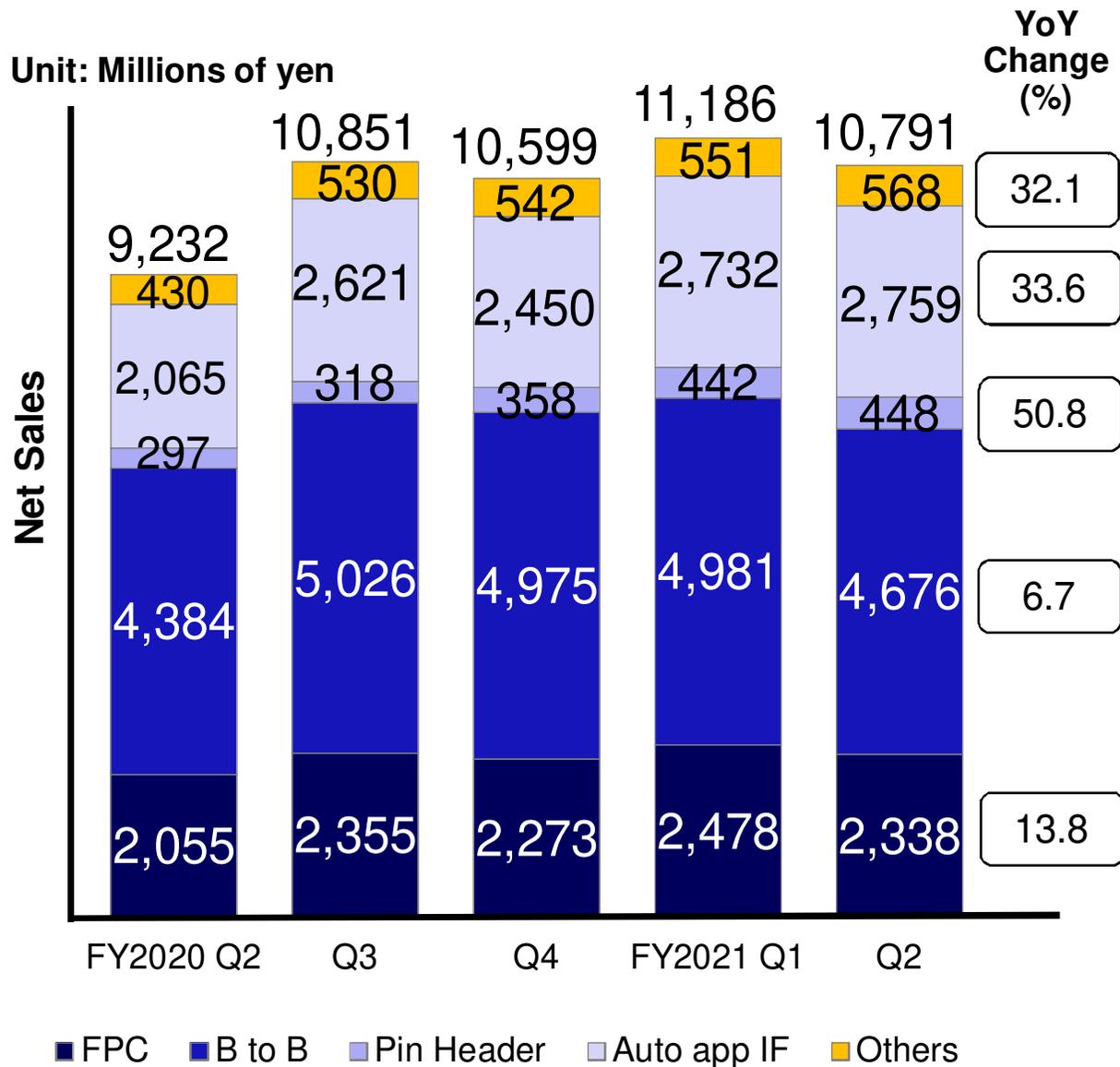
- Growth driven by sales in the powertrain market
- All-time-high sales record mainly because of the benefits of a weaker yen

Japan

- Strong sales in the industrial markets
- All-time-high sales record



6. Net Sales by Product (Quarterly Change)



Automotive Interface Connector

- Sales growth in the automotive and powertrain markets

BtoB Connector

- Compared to the FY2021 Q1 level: decline due to the negative impact of sales decrease in the safety market

FPC Connector

- Strong sales and growth in the consumer market



7. Consolidated Income Statement (YoY)



Unit: Millions of yen

	First Half FY 2020		First Half FY 2021		YoY change	
Net sales	15,069	100.0%	21,978	100.0%	6,908	45.8%
Cost of sales	11,000	73.0%	14,344	65.3%	3,344	30.4%
Gross profit	4,069	27.0%	7,633	34.7%	3,564	87.6%
SG & A	3,895	25.9%	5,107	23.2%	1,211	31.1%
Operating income	173	1.2%	2,526	11.5%	2,353	1357.0%
Non-operating income	80	0.5%	45	0.2%	(35)	(43.9)%
Non-operating expenses	177	1.2%	113	0.5%	(63)	(36.0)%
Ordinary income	76	0.5%	2,458	11.2%	2,381	3101.3%
Extraordinary income (loss)	(45)	(0.3)%	(92)	(0.4)%	(47)	105.4%
Pretax income	31	0.2%	2,365	10.8%	2,334	7364.8%
Net income (for HQ stockholders)	8	0.1%	2,168	9.9%	2,160	26541.2%
EPS	0.35 yen		92.03 yen		—	
Exchange rate (USD/EURO/RMB)	106.68 yen/ 121.36 yen / 15.21 yen		110.18 yen/ 130.97 yen / 17.04 yen		3.50 yen/ 9.61 yen / 1.83 yen	

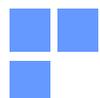


8. Consolidated Balance Sheet (YoY)



Unit: Millions of yen

	FY2020		FY2021 Q2		YoY	Change Factor
Current assets	35,209	55.1%	36,146	54.7%	937	Cash and deposits (1,200) Notes and accounts receivable 362 Goods and products 1,665
Noncurrent assets	28,732	44.9%	29,901	45.3%	1,168	Tangible fixed assets 683
Total assets	63,941	100.0%	66,047	100.0%	2,105	
Current liabilities	7,956	12.4%	8,800	13.3%	844	Notes payable and accounts payable 276 Accounts payable 295
Noncurrent liabilities	1,254	2.0%	1,141	1.7%	(112)	
Total liabilities	9,210	14.4%	9,942	15.1%	731	
Shareholders' equity	52,176	81.6%	52,915	80.1%	738	Net income 2,168 Dividend (1,183)
Valuation/translation difference	2,171	3.4%	2,837	4.3%	666	Foreign currency translation adjustments 669
Minority interests	382	0.6%	351	0.5%	(30)	
Total net assets	54,731	85.6%	56,105	84.9%	1,374	Net assets per share 2,370.19yen (previous period 2,306.16 yen)
Total liabilities and net assets	63,941	100.0%	66,047	100.0%	2,105	



9. Consolidated Cash Flow Statement (YoY)



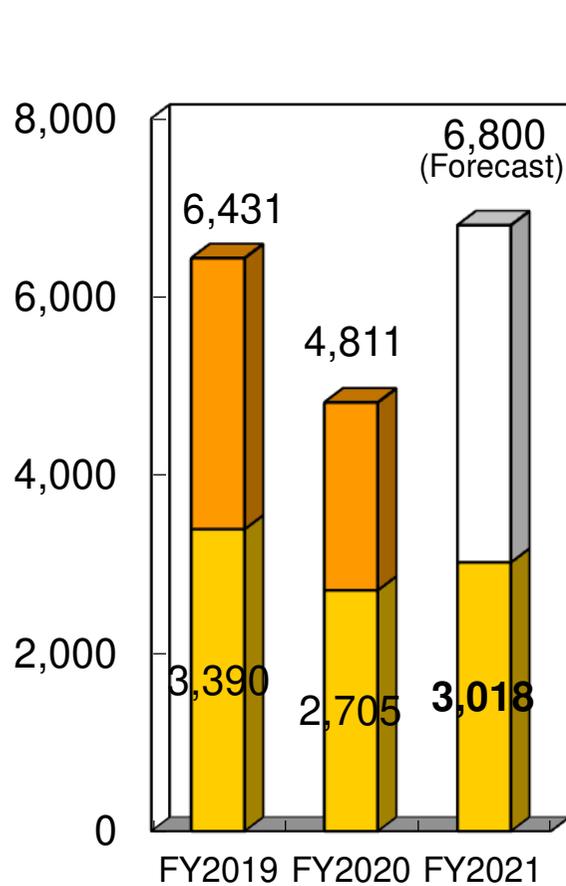
Unit: Millions of yen

	FY2020 Q2	FY2021 Q2	Increase/ Decrease
Cash Flows from Operating Activities	2,852	3,363	510
Net Income	31	2,365	2,334
Depreciation and Amortization Cost	2,245	2,518	272
Increase/ Decrease in Operating Funds (() indicates increase)	337	(1,698)	(2,036)
Cash Flows from Investing Activities	(2,720)	(3,035)	(315)
Tangible Fixed Assets	(2,670)	(2,717)	47
Free Cash Flows	132	327	195
Cash Flows from Financing Activities	(1,295)	(1,576)	(280)
Cash Dividends	(1,183)	(1,183)	0
Cash & Cash Equivalents Balances at the End of the Reporting Period	12,571	13,059	488

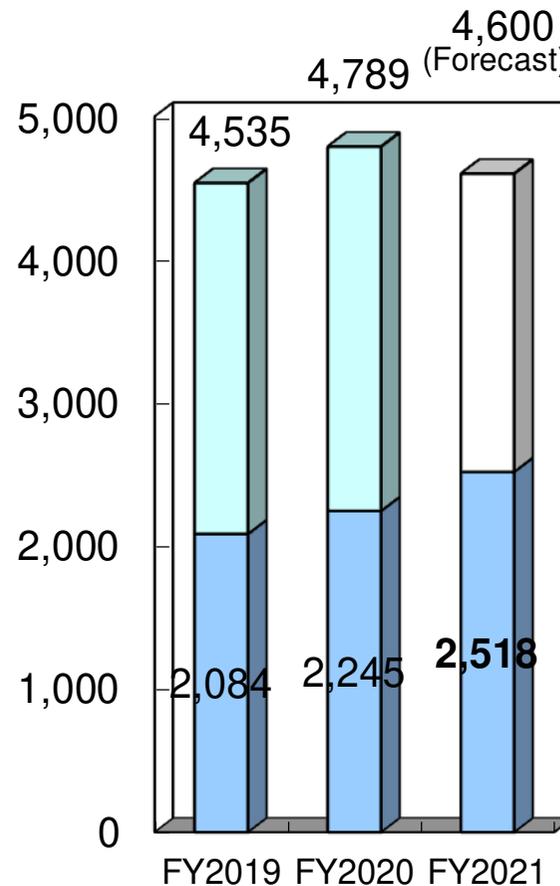
10. Capital Investment, Depreciation & Amortization, and Research & Development



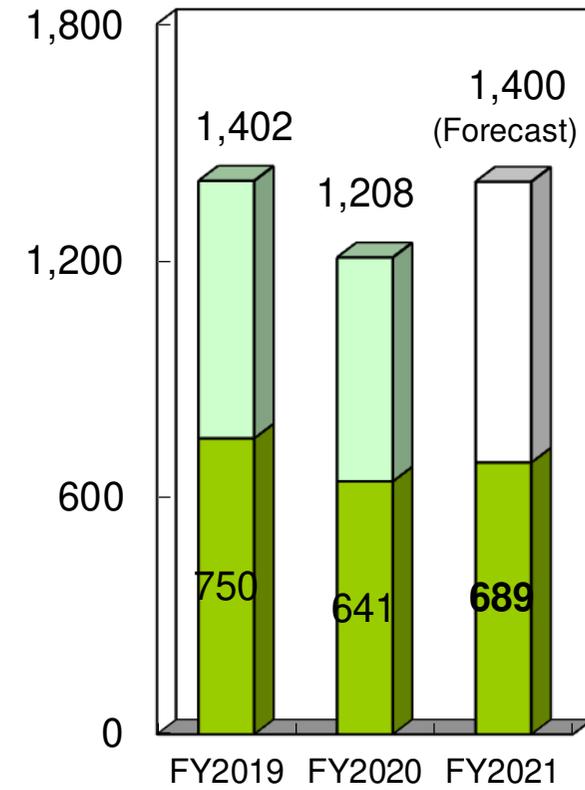
Unit: Millions of yen



Capital Expenditure



Depreciation & Amortization



Research & Development

Note: Figures at the lower row of the bars represent the Q2 results whereas those at the upper row the full year results (for FY2021, forecasts).



I . Summary of the Consolidated Financial Results for Q2 of FY 2021

II . FY2021 Financial Forecast

III . Topics



1. Full-Year Targets for FY2021 (YoY)



As for the full-year forecast, the FY2021 initial targets remain unchanged because there is uncertainty about the outlook for sales in the automotive market as a result of the global parts supply shortage.

Unit: Millions of yen

	FY2020 Full Year	FY2021 Full Year	YoY
Net sales	36,520	42,000	5,479 15.0%
Operating income	2,900 7.9%	6,700 16.0%	3,799 131.0%
Ordinary income	2,970 8.1%	6,600 15.7%	3,629 122.2%
Net income	2,141 5.9%	4,800 11.4%	2,658 124.1%
EPS	90.89yen	203.68yen	
Average exchange rate during the reporting period	USD106.17yen EURO123.73yen RMB 15.63yen	USD105.00yen EURO127.00yen RMB 16.00yen	(1.17)yen 3.27yen 0.37yen

Measure	Impact		
	First Half	Second Half	Full Year
① Improving production efficiency and cutting loss costs such as shipping cost	Approx. 0.2 billion Yen	Approx. 1.3 billion Yen	Approx. 1.5 billion Yen
② Promoting in-house manufacturing and preventing the rise of purchasing costs			
③ Cutting indirect costs, etc.			



2. Business Risk Management



Risk	Preventive Measure
1. Global car production restraints due to the global supply shortfalls of parts including semiconductor chips and rapid production restarts	1. Steady increase in both the group and customer inventories based on the strategy for safety stock optimization through BCP management that has been promoted since April 2021 (completed in the first half)
2. Shutdowns or lowering operating ratio of the group plants due to the Covid-19 impact	2. Building a multi-site production system (to be completed in this fiscal year)
3. Lowering operating ratio of the group plants due to the China's strategic power cut	3. Steady increase in sales in the consumer and industrial markets to prepare for a business risk of sales decline in the automotive market
4. Rising costs of raw materials (metals and resins)	1. Making a further effort for an increase of 1.5 billion yen in revenue as a short-term improvement measure <ul style="list-style-type: none"> ▪ Cutting loss costs and promoting in-house production ▪ Preventing the rise of purchasing costs, reducing indirect costs and others
5. Raw materials supply shortage (metals and resins)	2. Medium-term improvement measures <ul style="list-style-type: none"> ▪ Promoting both multiple sourcing and standardization of parts and materials employed for production ▪ Reducing wide-sense shipping costs including those of on-site material handling operations to absorb the rising shipping unit cost, contract warehouses and packing materials.
6. Rising shipping unit cost	3. Improving product mix by implementing the long-tail strategy and others

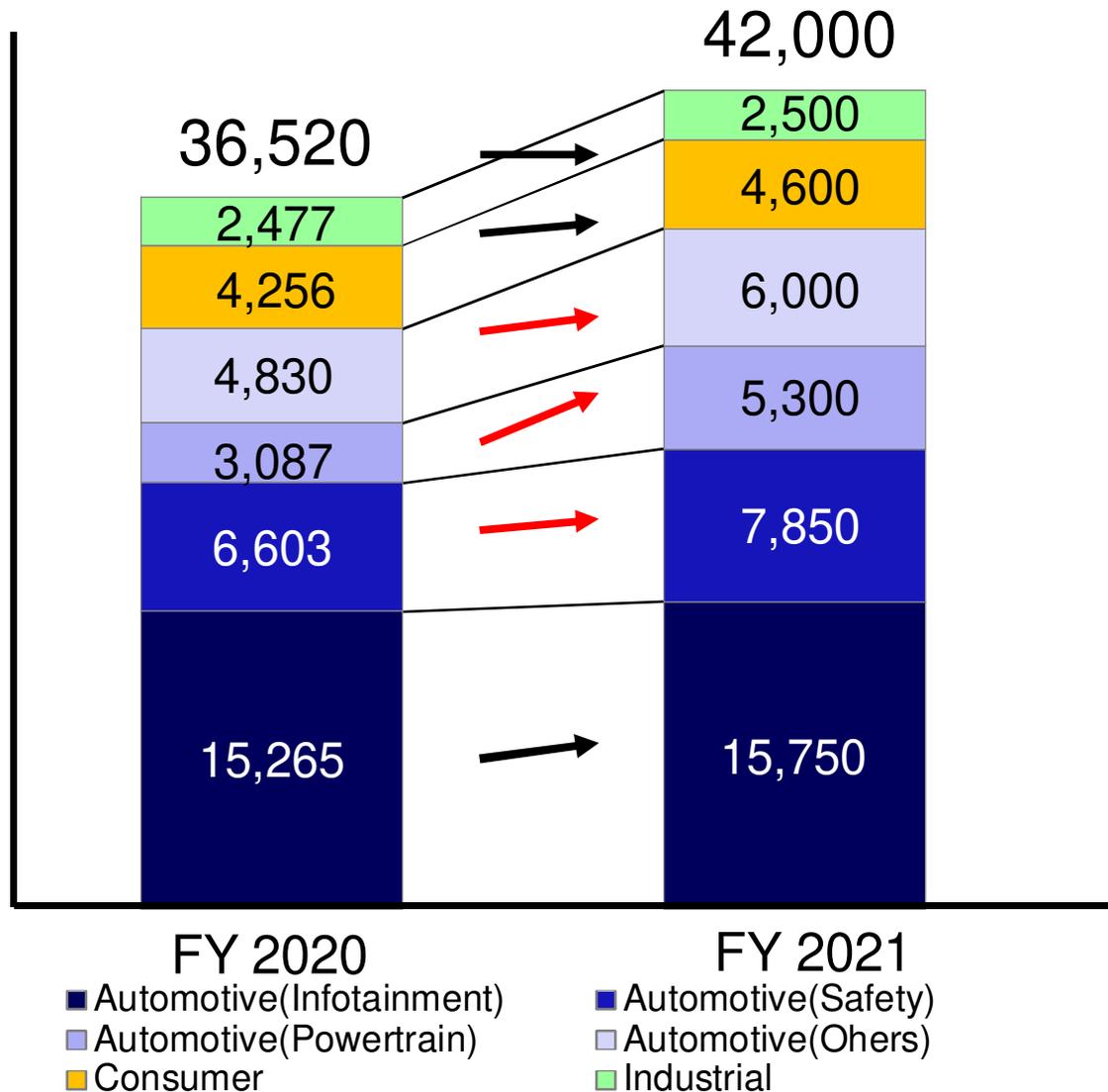


3. Full-Year Targets for FY 2021 (by Market)



Unit: Millions of yen

First-half performance progress rate compared to the FY2021 initial targets



Industrial
85.2%

Consumer
58.5%

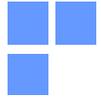
Automotive (Others)
50.4%

Automotive (Powertrain)
49.1%

Automotive (Safety)
42.6%

Automotive (Infotainment)
52.0%

Automotive (All)
49.2%



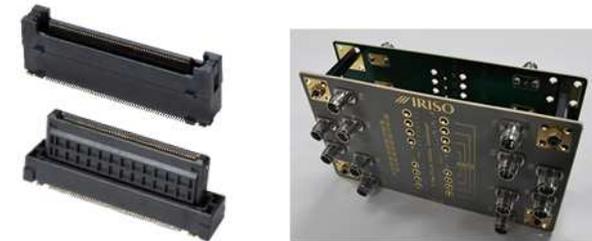
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■ “10143 Series” : World’s first floating BtoB connector with 25Gbps transmission speed

- The 10143 Series of the floating BtoB connector we developed for 16Gbps transmission last year are capable even of 25Gbps transmission in telecommunications, the fastest of all time in the history of floating BtoB connectors (when following the “OIF CEI-28G-SR” test standard)
- While we are preparing to start mass production by the end of 2022, we are also offering products to customers dealing with automotive equipment such as ECU for autonomous driving, industrial equipment and telecommunications.
- The real story behind the development of the 10143 Series is available at <https://www.iriso.co.jp/us/technology/comic/>



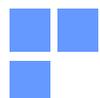
■ Start of offering “solutions for automotive camera”

- Since the ECU for autonomous driving to control many cameras mounted in vehicles also needs high-speed transmission for internal connections, our "10143 Series" for high-speed transmission can provide a good solution for ECU.
- By adding this new connector for high-speed transmission that is applicable to ECU to our lineup of the floating connectors for the main body of automotive cameras, we will offer one-stop customer service with Iriso to provide the “best solutions for automotive cameras”.



■ Reinforcing sales organization in Japan to expand sales in the NEV market in the middle/ long terms (Dec.16~)

- Building a team to focus on both exploring the demands and needs of key NEV customers and finding potential new customers



Company name	IRISO ELECTRONICS CO., LTD.
Business description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of employees	3,277 (as of March 31, 2021)
Capital	5,640 million yen (as of March 31, 2021)
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)