

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 4, 2021

Company name: IRISO ELECTRONICS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6908 URL <https://www.iriso.co.jp>
 Representative: President & Representative Director Hitoshi Suzuki
 Inquiries: Director & Senior Managing Executive Officer /
 General Manager of Administration Division Mitsuyoshi Toyoshima TEL 045-478-3111
 Scheduled date to file Quarterly Securities Report: November 8, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	21,978	45.8	2,526	-	2,458	-	2,168	-
Six months ended September 30, 2020	15,069	(24.9)	173	(92.7)	76	(96.7)	8	(99.5)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥2,803 million [-%]
 Six months ended September 30, 2020: ¥(88) million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	92.03		-	
Six months ended September 30, 2020	0.35		-	

(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, 2021	66,047	56,105	84.4	2,370.19
As of March 31, 2021	63,941	54,731	85.0	2,306.16

(Reference) Equity: As of September 30, 2021: ¥55,753 million
 As of March 31, 2021: ¥54,348 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended March 31, 2021	Yen -	Yen 0.00	Yen -	Yen 50.00	Yen 50.00
Year ending March 31, 2022	-	0.00			
Year ending March 31, 2022 (Forecast)			-	60.00	60.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	42,000	15.0	6,700	131.0	6,600	122.2	4,800	124.1	203.68

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(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: Yes
- (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, 2021	24,583,698 shares	As of March 31, 2021	24,583,698 shares
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Number of treasury shares at the end of the period:

As of September 30, 2021	1,060,947 shares	As of March 31, 2021	1,016,933 shares
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Average number of shares during the period:

Six months ended September 30, 2021	23,561,244 shares	Six months ended September 30, 2020	23,566,662 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, 2021: 157,052 shares, as of March 31, 2021: 106,738 shares). The Company's treasury 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, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	14,260	13,059
Notes and accounts receivable - trade	11,177	-
Notes and accounts receivable - trade, and contract assets	-	11,540
Merchandise and finished goods	5,069	6,734
Work in process	45	28
Raw materials and supplies	2,821	2,928
Other	1,886	1,881
Allowance for doubtful accounts	(50)	(27)
Total current assets	35,209	36,146
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,958	7,933
Accumulated depreciation	(3,470)	(3,592)
Buildings and structures, net	4,488	4,340
Machinery, equipment and vehicles	30,784	32,553
Accumulated depreciation	(16,871)	(18,260)
Machinery, equipment and vehicles, net	13,912	14,292
Tools, furniture and fixtures	16,387	17,330
Accumulated depreciation	(12,826)	(13,452)
Tools, furniture and fixtures, net	3,561	3,878
Land	1,787	1,766
Construction in progress	2,762	2,917
Total property, plant and equipment	26,512	27,196
Intangible assets		
Software	331	316
Other	1	292
Total intangible assets	333	609
Investments and other assets		
Investment securities	632	627
Deferred tax assets	728	949
Other	580	574
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	1,886	2,095
Total non-current assets	28,732	29,901
Total assets	63,941	66,047

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,675	3,951
Short-term borrowings	389	389
Current portion of long-term borrowings	9	-
Income taxes payable	493	516
Provision for bonuses	455	663
Other	2,933	3,279
Total current liabilities	7,956	8,800
Non-current liabilities		
Retirement benefit liability	445	442
Provision for share awards for directors (and other officers)	125	37
Other	683	661
Total non-current liabilities	1,254	1,141
Total liabilities	9,210	9,942
Net assets		
Shareholders' equity		
Share capital	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	38,787	39,716
Treasury shares	(994)	(1,185)
Total shareholders' equity	52,176	52,915
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33	30
Foreign currency translation adjustment	2,064	2,733
Remeasurements of defined benefit plans	74	73
Total accumulated other comprehensive income	2,171	2,837
Non-controlling interests	382	351
Total net assets	54,731	56,105
Total liabilities and net assets	63,941	66,047

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, 2020	Six months ended September 30, 2021
Net sales	15,069	21,978
Cost of sales	11,000	14,344
Gross profit	4,069	7,633
Selling, general and administrative expenses	3,895	5,107
Operating profit	173	2,526
Non-operating income		
Interest income	33	23
Dividend income	1	1
Subsidy income	30	6
Other	14	13
Total non-operating income	80	45
Non-operating expenses		
Interest expenses	10	12
Foreign exchange losses	120	88
Compensation expenses	34	3
Other	11	9
Total non-operating expenses	177	113
Ordinary profit	76	2,458
Extraordinary losses		
Loss on retirement of non-current assets	45	49
Impairment losses	-	42
Total extraordinary losses	45	92
Profit before income taxes	31	2,365
Income taxes - current	93	396
Income taxes - deferred	(90)	(194)
Total income taxes	3	202
Profit	28	2,163
Profit (loss) attributable to non-controlling interests	20	(4)
Profit attributable to owners of parent	8	2,168

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	28	2,163
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(2)
Foreign currency translation adjustment	(121)	643
Remeasurements of defined benefit plans, net of tax	(1)	(0)
Total other comprehensive income	(116)	640
Comprehensive income	(88)	2,803
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(108)	2,834
Comprehensive income attributable to non-controlling interests	20	(30)

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	31	2,365
Depreciation	2,245	2,518
Increase (decrease) in allowance for doubtful accounts	(2)	(23)
Increase (decrease) in provision for bonuses	49	203
Increase (decrease) in provision for share awards for directors (and other officers)	-	(88)
Increase (decrease) in retirement benefit liability	11	(3)
Interest and dividend income	(35)	(25)
Interest expenses	10	12
Foreign exchange losses (gains)	22	(6)
Loss on retirement of non-current assets	45	49
Impairment losses	-	42
Decrease (increase) in trade receivables	511	(174)
Decrease (increase) in inventories	340	(1,665)
Increase (decrease) in trade payables	(514)	140
Other, net	365	377
Subtotal	3,080	3,724
Interest and dividends received	37	27
Interest paid	(9)	(11)
Income taxes paid	(255)	(376)
Net cash provided by (used in) operating activities	2,852	3,363
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,670)	(2,717)
Purchase of intangible assets	(34)	(300)
Other, net	(14)	(17)
Net cash provided by (used in) investing activities	(2,720)	(3,035)
Cash flows from financing activities		
Repayments of long-term borrowings	(28)	(9)
Purchase of treasury shares	(0)	(316)
Dividends paid	(1,183)	(1,183)
Repayments of lease obligations	(83)	(66)
Net cash provided by (used in) financing activities	(1,295)	(1,576)
Effect of exchange rate change on cash and cash equivalents	(84)	48
Net increase (decrease) in cash and cash equivalents	(1,247)	(1,200)
Cash and cash equivalents at beginning of period	13,819	14,260
Cash and cash equivalents at end of period	12,571	13,059