



# FY2022 Q3 Financial Results

**IRISO ELECTRONICS CO.,LTD.**

*Stock Code: 6908*  
*(Feb 3, 2023)*



# I . FY2022 Q1-Q3 Financial Summary

## II . FY2022 Forecast

## III . Topics

# 1. FY2022 Q1-Q3 Financial Highlights



- **Net Sales:** +21.9% year over year as a result of sales growth in the powertrain market and weakening yen.  
New all-time high in FY2022 Q1-Q3 sales
- **Operating Profit:** • +54.8% year over year because the soaring costs of raw materials and Shanghai's lockdown impacts during FY2022 Q1 were offset by profit improvement strategies, such as sales increase and shipping costs reduction

Unit: JPY in Millions

	FY2021 Q1-Q3	FY2022 Q1-Q3	YoY
Net Sales	32,424	39,519	+7,094 +21.9%
Operating Profit	3,387	5,242	+1,855 +54.8%
Operating Profit Margin	10.4%	13.3%	+2.8pts

## 2. FY2022 Q1-Q3 Financial Summary



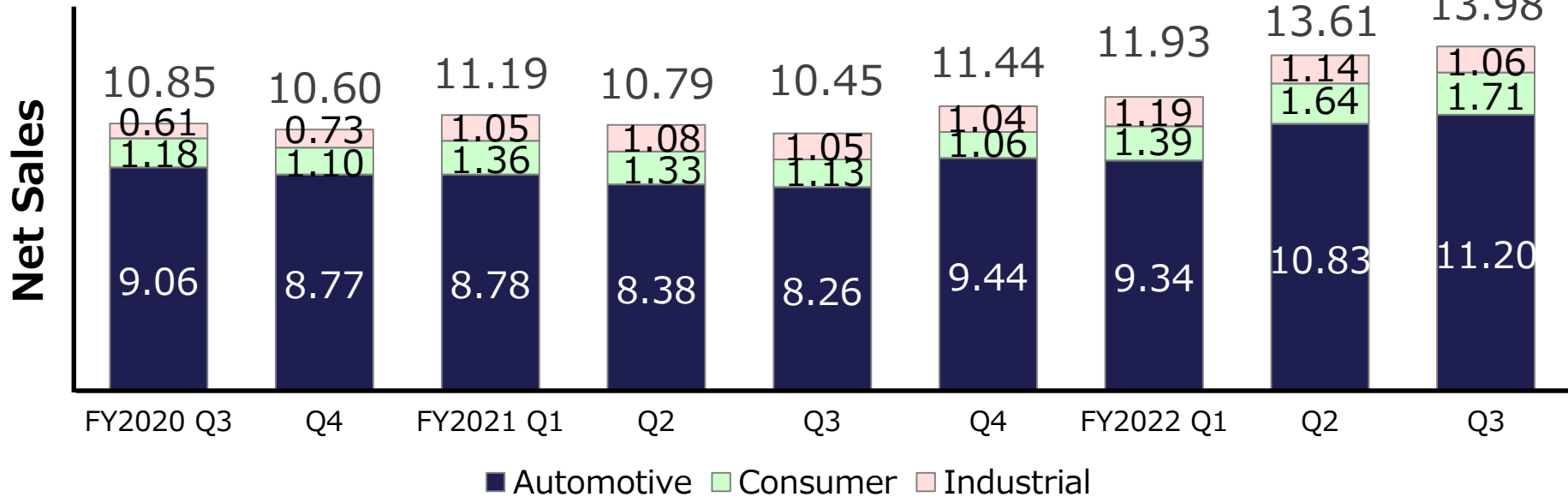
Unit: JPY in Millions

	FY2021 Q1-Q3	FY2022 Q1-Q3	Change	YoY
Net Sales	32,424	39,519	+7,094	+21.9%
Automotive	25,417	31,369	+5,952	+23.4%
Consumer	3,823	4,756	+932	+24.4%
Industrial	3,183	3,392	+208	+6.6%
Cost of Sales	21,585	26,347	+4,762	+22.1%
Sales Margin	66.6%	66.7%		+0.1pts
SG & A	7,452	7,929	+477	+6.4%
SG & A Margin	23.0%	20.1%		(2.9)pts
Operating Profit	3,387	5,242	+1,855	+54.8%
Operating Profit Margin	10.4%	13.3%		+2.8pts
Ordinary Income	3,260	5,435	+2,174	+66.7%
Net Income	2,953	4,350	+1,396	+47.3%
EPS	125.44JPY	184.95JPY		
Capital Expenditure	4,643	6,504	+1,861	+40.1%
Depreciation	3,905	4,655	+749	+19.2%
Average Exchange Rate for each FY	USD : 111.38JPY EURO : 130.85JPY CNY : 17.30JPY	135.40JPY 140.42JPY 19.75JPY	+24.02JPY +9.57JPY +2.45JPY	+21.6% +7.3% +14.2%

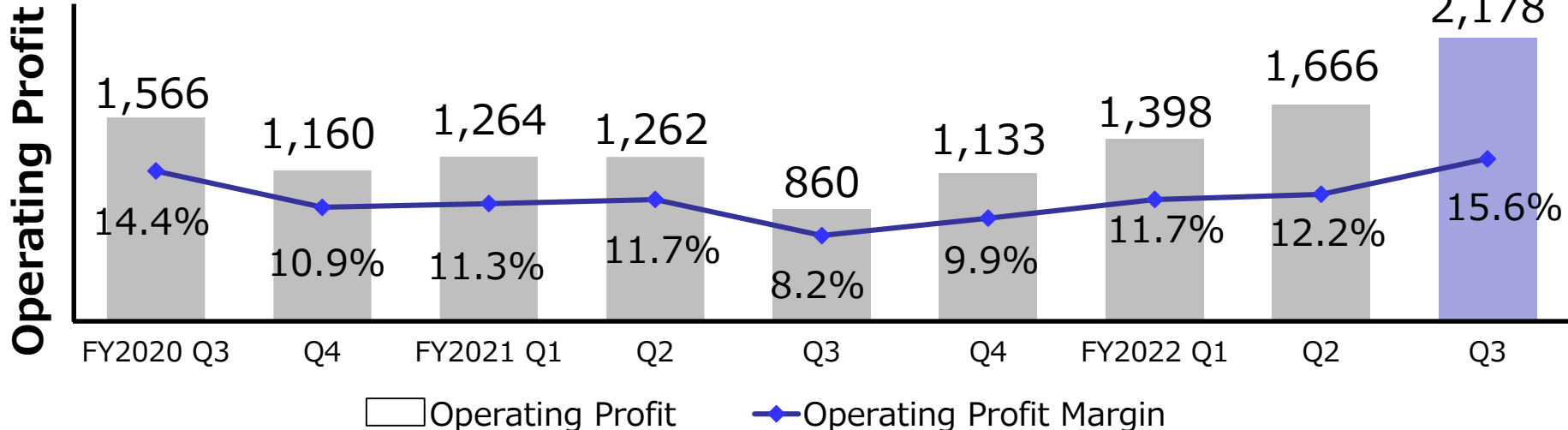
# 3. Changes in Net Sales and Operating Profit (QOQ)



Unit: JPY in Billions



Unit: JPY in Millions



## 4. Net Sales by Region and Product

### ■ By Region

Unit: JPY in Millions

	FY2021 Q1-Q3		FY2022 Q1-Q3		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
Japan	8,063	24.9%	7,577	19.2%	(485)
Greater China & South Korea	10,971	33.8%	16,121	40.8%	+5,150
USA	4,004	12.4%	4,788	12.1%	+783
EUROPE	5,196	16.0%	6,027	15.2%	+830
ASEAN	4,188	12.9%	5,004	12.7%	+815
<b>Total</b>	<b>32,424</b>	<b>100.0%</b>	<b>39,519</b>	<b>100.0%</b>	<b>+7,094</b>
Overseas Ratio:		75.1%		80.8%	

#### Japan

- Decrease in sales because the automakers and industrial equipment manufacturers scaled back their productions

#### Greater China & South Korea

- Recovery from the COVID-led lockdown during FY2022 Q1 and continuing sales growth in the powertrain market

### ■ By Product

Unit: JPY in Millions

	FY2021 Q1-Q3		FY2022 Q1-Q3		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
BtoB	14,399	44.4%	16,188	41.0%	+1,788
FPC	6,970	21.5%	8,904	22.5%	+1,934
Auto IF	8,147	25.1%	11,278	28.5%	+3,131
Pin Header	1,303	4.0%	1,613	4.1%	+309
Other	1,603	4.9%	1,533	3.9%	(69)
<b>Total</b>	<b>32,424</b>	<b>100.0%</b>	<b>39,519</b>	<b>100.0%</b>	<b>+7,094</b>

#### BtoB

- Strong sales of "Z-Move®"
- Start of delivery of new products for high-speed transmission

#### Auto IF

- Driven by strong sales in the powertrain market

## 5. Changes in Sales and Operating Profit YoY



Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit Margin	Change Factor
FY2021 Q1-Q3 Results	32,424	3,387	10.4%	
Currency Effect	+4,197	(165)		USD: 111.38JPY → 135.40JPY, 122% EUR: 130.85JPY → 140.42JPY, 107% CNY: 17.30JPY → 19.75JPY, 114%
Change in Sales Volume	+3,437	+1,720		
Material Cost Increase		(550)		Q1 (290) , Q2 (190), Q3 (70)
Fixed Cost Increase		(375)		Increase in labor and depreciation expenses
Shanghai's lockdown impact	(540)	(180)		Decrease in sales Expense associated with plant operation
Cost Reduction, etc.		+1,405		Cost reduction, price optimization, etc.
Total Change Factor	+7,094	+1,855		
FY2022 Q1-Q3 Results	39,519	5,242	13.3%	

## 6. Balance Sheet



Unit: JPY in Millions

VS. Previous year-End

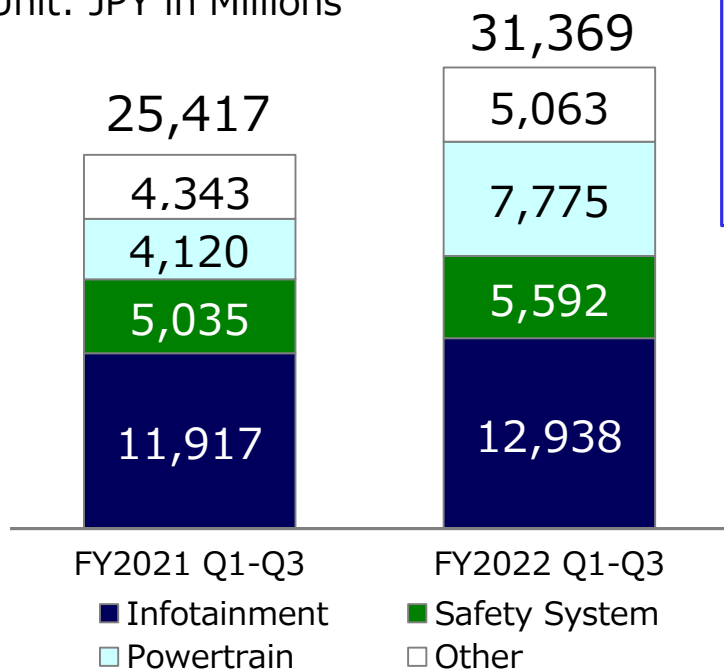
	FY2021	FY2022 Q1-Q3	VS. Previous year-End
Current Asset	40,436	45,044	+4,607
Cash & Deposit	14,066	16,237	+2,170
Account Receivable	12,889	14,323	+1,434
Inventory	11,592	12,782	+1,189
Noncurrent Asset	32,716	35,289	+2,572
Total Asset	73,153	80,333	+7,180
Total Liability	11,376	14,278	+2,902
Account Payable	4,504	5,078	+573
Debt	410	2,251	+1,841
Total Net Asset	61,776	66,055	+4,278
Total Shareholders' Equity	54,660	57,596	+2,936
Capital Adequacy Ratio	83.8%	81.5%	(2.3)pts



# 7. Sales by Market: Automotive

## +5,952 million yen (+23.4%) YoY

Unit: JPY in Millions



- Impact of Shanghai's COVID-led lockdown during FY2022 Q1: approx.-0.5 billion yen
- Global auto production had not yet returned to normal due to chip shortage, etc.
- Global xEV production was getting on a growth track mainly in China and Europe

### Infotainment

- Start of delivery of the "10143 series," floating BtoB connector for high-speed transmission.

### Safety System

- Increase in sales because there was a tendency that auto makers produced car models that were more likely to have safety systems than other models, even though the impact of global chip shortage remained.

### Powertrain

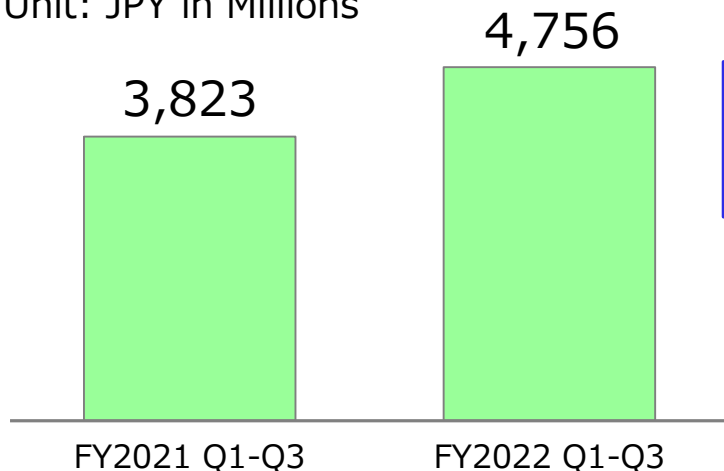
- On a steady growth track, representing +89% year over year as a result of the glowing global xEV market.
- Increase in sales for battery applications, as well as in sales volume of battery charger connectors from FY2022 Q3 onward, driven by the growing on-board charger market.
- New all-time highs for 10 consecutive quarters.

	FY20221				FY2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Infotainment	4,221	3,965	3,731	4,097	3,971	4,565	4,401
Safety System	1,754	1,590	1,690	1,954	1,803	1,946	1,843
Powertrain	1,260	1,343	1,516	1,727	2,092	2,496	3,186
Other	1,542	1,478	1,322	1,560	1,470	1,820	1,773
<b>Total</b>	<b>8,778</b>	<b>8,376</b>	<b>8,261</b>	<b>9,339</b>	<b>9,337</b>	<b>10,828</b>	<b>11,204</b>

## 8. Sales by Market: Consumer and Industrial

### ■ Consumer: +932 million yen (+24.4%) YoY

Unit: JPY in Millions

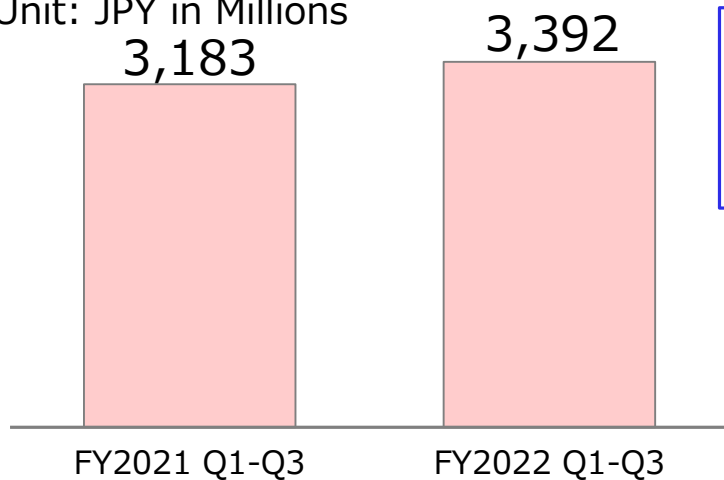


• On a steady growth track in sales for all-in-one printer and game console although the home-nesting spending had once cooled.

FY2021				FY2022		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
1,361	1,331	1,131	1,060	1,398	1,647	1,710

### ■ Industrial: +208 million yen (+6.6%) YoY

Unit: JPY in Millions



• Increase in sales for FA equipment including PLC and others, which was driven by China's surging capital spending, as well as for 5G base stations, during the first half of FY2022.  
• Shift to adjusting phase from FY2022 Q3 onward

FY2021				FY2022		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
1,047	1,083	1,053	1,039	1,193	1,138	1,060



**I . FY2021 Q1-Q3 Financial Summary**

 **II . FY2022 Forecast**

**III . Topics**

# 1. FY2022 Earnings Forecast



■ No changes to the plan revised last November. Aiming to achieve an operating profit margin of 12.5% and more despite the risks of changes in sales due to production quantity optimization and currency exchange rates. Unit: JPY in Millions

	FY2021	FY2022				YoY	vs. Initial Target
	Full Year	Full Year Initial Plan	1H Results	2H Plan	Full Year Plan	vs. Full Year	vs. Full Year
Net Sales	43,863	51,500	25,543	28,456	54,000	+10,136 +23.1%	+2,500 +4.9%
Operating Profit	4,520	6,160	3,063	3,686	6,750	+2,229 +49.3%	+590 +9.6%
Operating Profit Margin	10.3%	12.0%	12.0%	13.0%	12.5%	+2.1pts	+0.5pts
Pretax Profit	4,570	6,000	3,639	3,260	6,900	+2,329	+900
Net Income	3,913	4,500	2,901	2,598	5,500	+1,586	+1,000
EPS	166.22JPY	191.30JPY	123.33JPY	110.48JPY	233.81JPY	+67.59JPY	+42.51JPY
Exchange Rate, Period Average	USD:112.86JPY EURO:131.01JPY CNY:17.59JPY	130.00JPY 135.0JPY 20.00JPY	133.46JPY 138.79JPY 19.82JPY	145.00JPY 145.00JPY 20.00JPY	138.78JPY 141.66JPY 19.90JPY	+25.92JPY +10.65JPY +2.31JPY	+8.78JPY +6.66JPY (0.1)JPY
Capital Expenditure	6,172	9,000	3,747	6,252	10,000	+3,827	+1,000
Depreciation & Amortization	5,356	6,300	3,086	3,913	7,000	+1,643	+700

## 2. FY2022 Net Sales Target by Market

Unit: JPY in Millions

	FY2021		FY2022				Q1-Q3 Rate of Progress
	Net Sales	Breakdown	Initial Target	Plan	Breakdown	YoY	
Total Automotive	34,756	79.2%	41,600	43,700	80.9%	+25.7%	71.8%
Infotainment	16,015	36.5%	17,700	18,400	34.1%	+14.9%	70.3%
Safety System	6,989	15.9%	8,100	8,300	15.4%	+18.8%	67.4%
Powertrain	5,847	13.3%	9,300	10,000	18.5%	+71.0%	77.8%
Other	5,904	13.5%	6,500	7,000	13.0%	+18.6%	72.3%
Consumer	4,884	11.1%	5,600	5,800	10.7%	+18.7%	82.0%
Industrial	4,223	9.6%	4,300	4,500	8.3%	+6.6%	75.4%
<b>Total</b>	<b>43,863</b>	<b>100.0%</b>	<b>51,500</b>	<b>54,000</b>	<b>100.0%</b>	<b>+23.1%</b>	<b>73.2%</b>



**I . FY2021 Q1-Q3 Financial Summary**

**II . FY2022 Forecast**

 **III . Topics**

- Building a new factory for tooling manufacturing in Hanamaki city, Iwate prefecture  
Because glowing demand mainly for xEV equipment and in the industrial market is expected in the future, we aim to further promote in-house tooling manufacturing for:
  - Cost competitiveness improvement
  - Smooth launch of mass production by cutting a lead time for tooling manufacturing

### New Factory Profile

Name	Hanamaki Factory
Location	Hanamaki city, Iwate prefecture (In Hanamaki Second Industrial Park )
Site Area	Approx. 16,595m <sup>2</sup>
Total Floor Area	Approx. 1,800m <sup>2</sup>
Planned Expenditure	Approx. ¥1 billion
Planned Start Date	End of 2023

### Conceptual Drawing



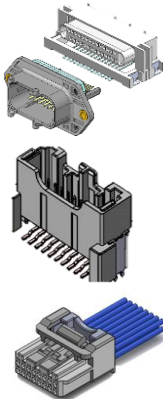
- Win 2022 Japan Industrial Advertising Award “Series Ad. Award”  
Iriso won the “Series Ad. Award Honorable Mention” of the Japan Industrial Advertising Award, which was sponsored by Nikkan Kogyo Shinbun, one of Japan’s daily newspapers.





- Extending product lines for strategic marketing
  - Advancing product lines, including those that have functions such as “high-speed transmission” and “assembling workability improvement”, for which growing demand is expected, those for xEV batteries applications, and others.
  - Proposing global customers to use these products, by exhibiting them at trade fairs/shows held in Japan and other countries.

Type	Function	Strategy	Used for
Floating BtoB Connector	High-transmission	Add vertical connector	ADAS, infotainment, telecom equipment, robot, etc.
3-Directional Floating Connector	Assembling workability improvement	Develop a product with functions of floating BtoB connector x junction IF connector	ADAS, infotainment, etc.
Interface Connector	High heat resistance	<ul style="list-style-type: none"> <li>• Add vertical connector</li> <li>• Add connector types meeting the EU automotive standards</li> </ul>	xEV battery, ADAS, infotainment, etc.



IRISO exhibited at “Electronica 2022” held in Munich, Germany on November 15-18, 2022







<b>Company Name</b>	<b>IRISO ELECTRONICS CO., LTD.</b>
<b>Business Description</b>	<b>Manufacture and sales of various types of connectors</b>
<b>Establishment</b>	<b>December 1966</b>
<b>Number of Employees</b>	<b>3,137 (as of March 31, 2022)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2022)</b>
<b>Headquarters</b>	<b>2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa</b>
<b>Operations</b>	
<b>Japan</b>	<b>Headquarters, Fukushima, Ibaraki, Aichi, and Osaka</b>
<b>Overseas</b>	<b>Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China(Shanghai, Dalian, Tianjin, Suzhou, Shenzhen, Chongqing), Malaysia, Taiwan, and India</b>
<b>Research &amp; Development</b>	<b>Headquarters(IRISO Technology Park), Kawasaki(Production Technology Development Center), Iwate(IRISO Engineering, Ltd), and Shanghai R&amp;D Center</b>
<b>Manufacturing Plants</b>	<b>Japan(Ibaraki), China(Shanghai, Nantong), Philippines(Manila), and Vietnam(Hai Duong)</b>