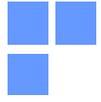
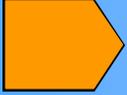


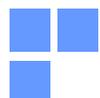


# **Consolidated Financial Results Briefing Materials for FY 2020**

**IRISO ELECTRONICS CO., LTD.**  
***Stock Code: 6908***  
**(May 10, 2021)**



-  **I . Summary of the consolidated  
Financial Results for FY 2020**
- II . FY2021 Financial Forecast**



# 1. Summary of FY2020 Business Results



Recovery trend after bottoming out in Q1 despite a YoY decrease due to the COVID-19 pandemic effects. Revised target operating income was not achieved due to a month-long shutdown of Vietnam Plant during Q4 which was caused by the COVID-19 lockdown in the area where the plant is located.

Unit: Millions of Yen

Business Results:	FY2019 Results	FY2020 Results	Difference	Revised Plan a/o 2 Feb	Difference
Sales	39,614	36,520	(3,094)	36,000	+520
Operating Income	4,628	2,900	(1,728)	3,250	(350)

■ **Sales:** Decrease in sales in the automotive market because the global production suspended and sales were stagnant because of the worldwide COVID-19 downturn during Q1 FY2020. Also, a YoY decrease due to the effect of strong JPY against USD, yet the rate of decrease dropped to 92.2% compared to FY2019 as sales had recovered since Q2.

	Q1	Q2	Q3	Q4	Full Year
FY2019	10,040	10,023	9,938	9,612	39,614
FY2020	5,836	9,232	10,851	10,599	36,520
YoY Change	58.1%	92.1%	109.2%	110.3%	92.2%

■ **Operating Income:** Recovery resulting from cost cutting activities and strict expenditure reduction strategy despite the impact of shrinking operation caused by dropping sales, the rise of gold prices and shipping cost due to the COVID-19 pandemic.

※ **Temporary effects of Vietnam Plant shutdown caused by the COVID-19 lockdown**

Operation halt at Vietnam Plant from 3 to 28 February

→ Decrease in sales by approx. 0.3 billion yen and in operating income by approx. 0.5 billion yen.



## 2. FY2020 Business Summary



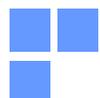
### ■ For Each Market

- Automotive market: 15% YoY decrease in 2020 global new car sales due to the COVID-19 impact  
YoY decrease in the global markets except the powertrain market.  
**Huge growth in the powertrain market, an approx. 70% YoY growth because purchase subsidies for new energy vehicles (NEV) are raised and extended in Europe and China.**  
26.6% increase with a 3.6 percentage-point YoY growth in the sales breakdown of safety application and powertrain markets as our key business areas.
- Consumer market: Robust sales for game console and TV resulting from consumer demands boosted by the prevailing home-nesting lifestyle.
- Industrial market: Robust sales for FA equipment for selling in China and record-breaking sales.  
Shipping of products for 5G base station started.

### ■ Major New Products:

Device Application	Product Type	Solution Service
Powertrain	“Z-Move <sup>®</sup> ” Socket	Reliability improvement, Automated assembly
	“Z-Move <sup>®</sup> ” flow profile & space-saving floating BtoB	Reliability improvement, Miniaturization
	“Z-Move <sup>®</sup> ” floating BtoB with narrow pitches	Reliability improvement, Miniaturization
5G base station, server	FPC connectors for 25Gbps transmission	High speed transmission Automated assembly
Automotive, Telecommunications, FA equipment	Floating BtoB with power supply terminal for 25Gbps transmission (Ethernet)	High speed transmission, Miniaturization
Automotive, FA equipment, etc.	Floating BtoB with one of the largest floating ranges in the industry	Automated assembly





### 3. Consolidated Results for FY 2020 (YoY Change)



Unit: Millions of yen

	FY 2019	FY 2020	YoY change
Net sales	39,614	36,520	(3,094) (7.8)%
Operating income	4,628 11.7%	2,900 7.9%	(1,728) (37.3)%
Ordinary income	4,668 11.8%	2,970 8.1%	(1,697) (36.4)%
Net income	3,287 8.3%	2,141 5.9%	(1,145) (34.8)%
EPS	139.49yen	90.89yen	
Average exchange rate during the period	USD109.10yen EURO121.13yen RMB 15.66yen	USD106.17yen EURO123.73yen RMB 15.63yen	(2.93)yen 2.60yen (0.03)yen

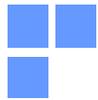


## 4. Breakdown of Net Sales (by Market)



Unit: Millions of yen

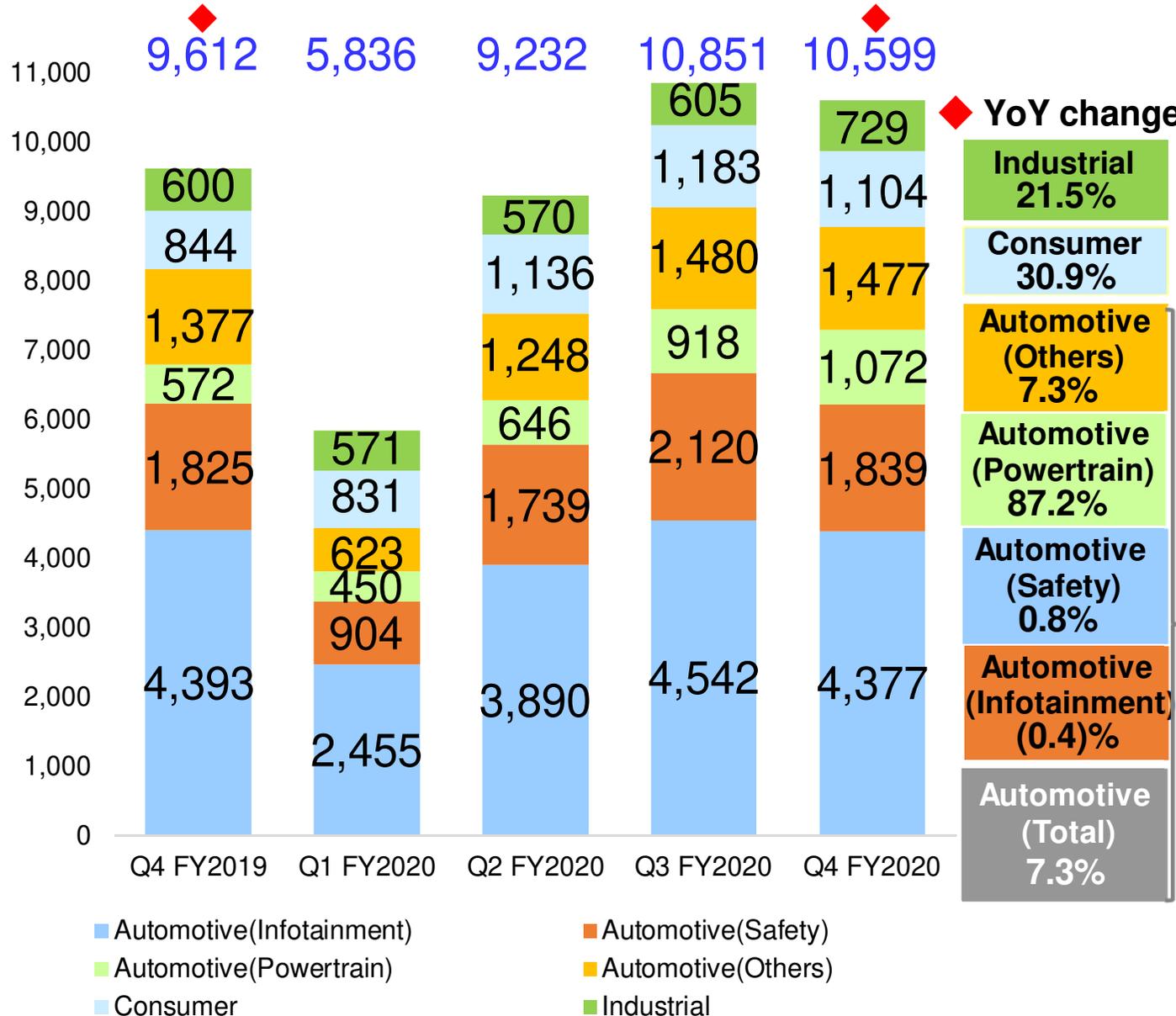
		FY 2020 Full Year	YoY Change	Breakdown	Change Factors
<b>Automotive</b> (automotive applications)		29,786	(11.7)%	81.6%	<ul style="list-style-type: none"> <li>YoY decrease due to slump in car production and sales mainly in Europe and US caused by the COVID-19 pandemic during ¥Q1</li> <li>Despite the decrease, in the powertrain market, growing demands for products for selling in Europe and China. Record-breaking sales thanks to approx.70% increase</li> </ul>
<b>Area</b>	<b>Infotainment</b>	15,265	(19.1)%	41.8%	
	<b>Safety</b>	6,603	(9.9)%	18.1%	
	<b>Powertrain</b>	3,087	71.5%	8.5%	
	<b>Others</b>	4,830	(15.6)%	13.2%	
<b>Consumer</b> (OA, game consoles, digital cameras, cellular phones, televisions, etc.)		4,256	14.7%	11.6%	<ul style="list-style-type: none"> <li>Increase in sales for game console and TV due to growing demands boosted by the prevailing "home-nesting" lifestyle during the COVID-19 pandemic</li> </ul>
<b>Industrial</b> (Industrial equipment, etc.)		2,477	13.7%	6.8%	<ul style="list-style-type: none"> <li>Increase due to growing demands for FA equipment for selling in China</li> </ul>
<b>Total</b>		36,520	(7.8)%	100.0%	<ul style="list-style-type: none"> <li>76.8% overseas ratio</li> </ul>



# 5. Net Sales by Market (Quarterly Trends)



Unit: Millions of yen



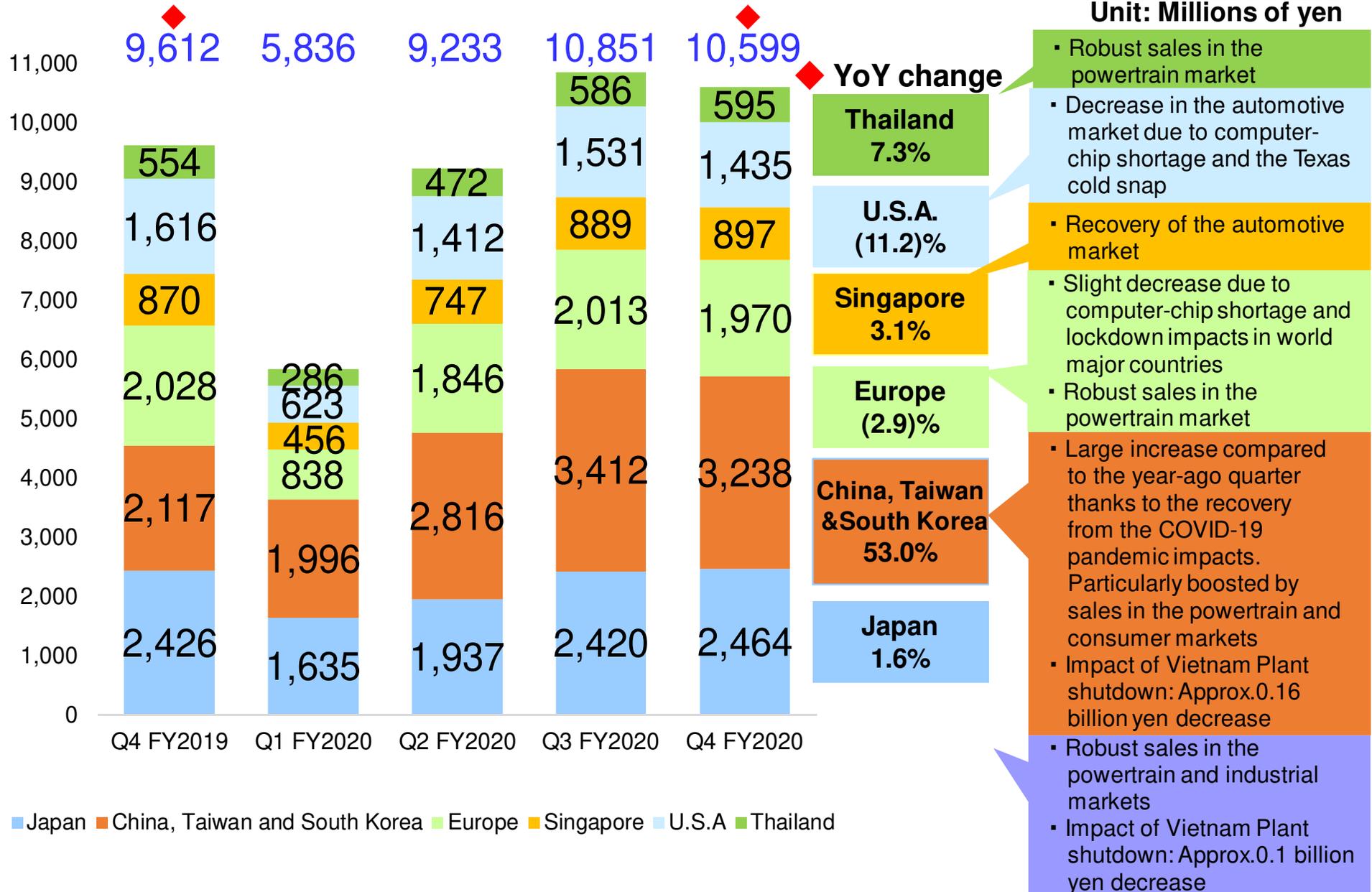
- Increase thanks to growing demands for FA equipment resulting from the recovery of the Chinese market. Also, increase partially thanks to the sales for 5G base station
- YoY increase in sales for game console
- Compared to Q4 FY2019: Sales increase boosted by the recovery of the Chinese market that was affected by the COVID-19 crisis during FY2020
- Compared to Q3 FY2020: slight decrease due to computer-chip shortage and Vietnam Plant shutdown
- Robust sales in the powertrain market, our key business area, and record-breaking Q4 sales Boosted by sales for battery application and inverter for external power supply thanks to growing demands for NEV

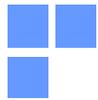


# 6. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen

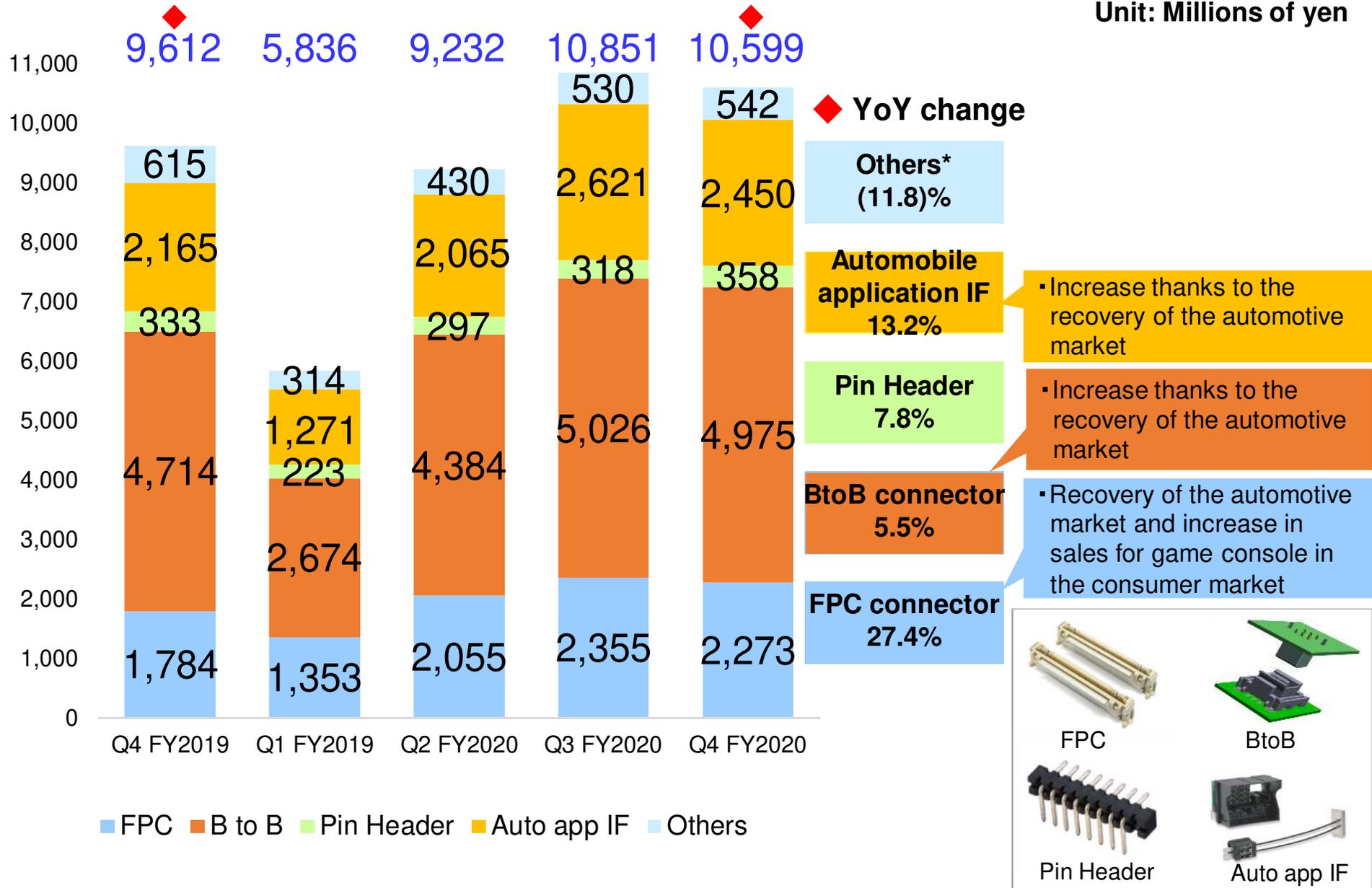




# 7. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen

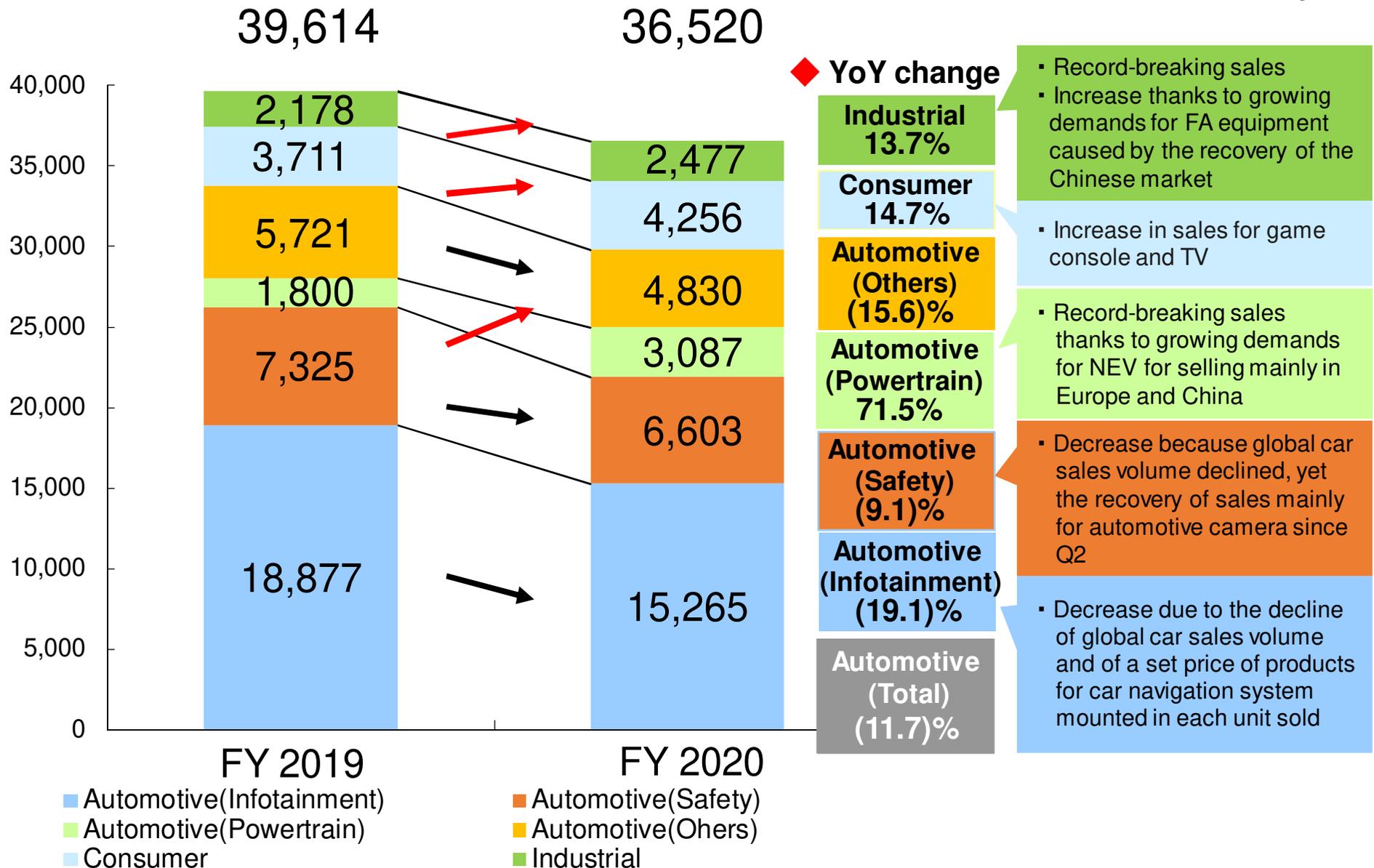


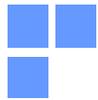


# 8. Net Sales by Market (Full Year)



Unit: Millions of yen

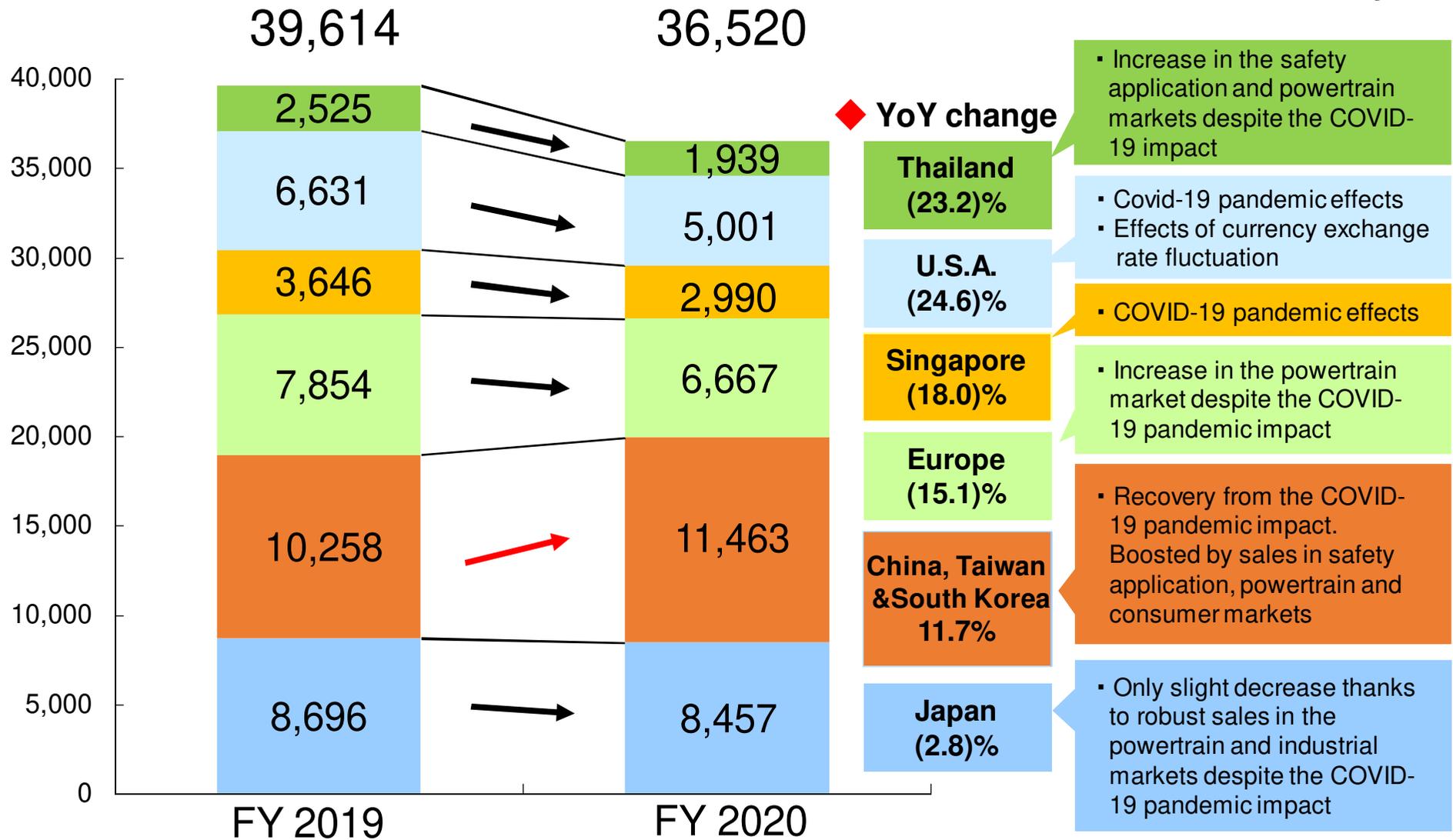




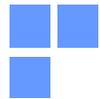
# 9. Net Sales by Area (Full Year)



Unit: Millions of yen



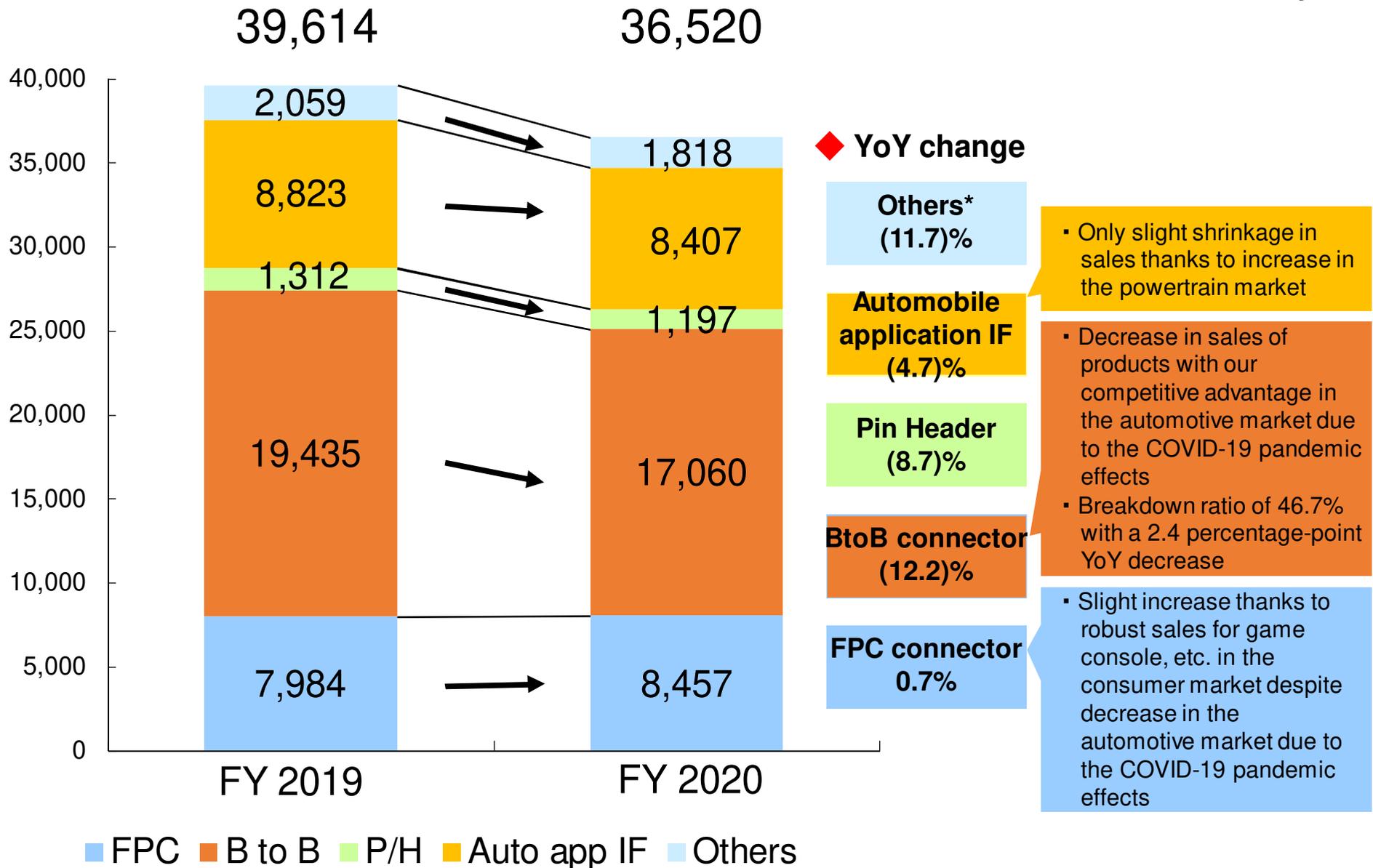
■ Japan ■ China, Taiwan and South Korea ■ Europe ■ Singapore ■ U.S.A ■ Thailand

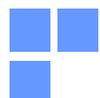


# 10. Net Sales by Product (Full Year)



Unit: Millions of yen





# 11. Consolidated Income Statement (YoY Change)



Unit: Millions of yen

	FY 2019		FY 2020		YoY change	
<b>Net sales</b>	39,614	100.0%	36,520	100.0%	(3,094)	(7.8)%
<b>Cost of sales</b>	26,626	67.2%	25,317	69.3%	(1,308)	(4.9)%
<b>Gross profit</b>	12,988	32.8%	11,202	30.7%	(1,785)	(13.7)%
<b>SG &amp; A</b>	8,359	21.1%	8,302	22.7%	(57)	(0.7)%
<b>Operating income</b>	4,628	11.7%	2,900	7.9%	(1,728)	(37.3)%
<b>Non-operating income</b>	139	0.4%	183	0.5%	43	31.6%
<b>Non-operating expenses</b>	99	0.3%	113	0.3%	13	13.8%
<b>Ordinary income</b>	4,668	11.8%	2,970	8.1%	(1,697)	(36.4)%
<b>Extraordinary income (loss)</b>	(328)	(0.8)%	(181)	(0.5)%	147	(44.8)%
<b>Pretax income</b>	4,339	11.0%	2,788	7.6%	(1,550)	(35.7)%
<b>Net income (for HQ stockholders)</b>	3,287	8.3%	2,141	5.9%	(1,145)	(34.8)%
<b>EPS</b>	139.49yen		90.89 yen		—	
<b>Exchange rate (USD/EURO/RMB)</b>	109.10 yen/ 121.13 yen/15.66 yen		106.17 yen/ 123.73 yen/15.63 yen		(2.93) yen/ 2.60 yen/(0.03)yen	



## 12. Consolidated Balance Sheet (YoY Change)



Unit: Millions of yen

	FY2019		FY2020		YoY Change	Change Factor
<b>Current assets</b>	<b>32,395</b>	53.4%	<b>35,209</b>	55.1%	<b>2,814</b>	Cash and deposits 440 Notes and accounts receivable 1,073 Goods and products 489 Raw materials and supplies 583
<b>Noncurrent assets</b>	<b>28,242</b>	46.6%	<b>28,732</b>	44.9%	<b>489</b>	Machinery and equipment 1,052 Construction in progress (918)
<b>Total assets</b>	<b>60,638</b>	100.0%	<b>63,941</b>	100.0%	<b>3,303</b>	
<b>Current liabilities</b>	<b>7,928</b>	13.1%	<b>7,956</b>	12.4%	<b>28</b>	Notes payable and accounts payable 429 Accounts payable (453)
<b>Noncurrent liabilities</b>	<b>1,190</b>	2.0%	<b>1,254</b>	2.0%	<b>63</b>	
<b>Total liabilities</b>	<b>9,118</b>	15.0%	<b>9,210</b>	14.4%	<b>92</b>	
<b>Shareholders' equity</b>	<b>51,217</b>	84.5%	<b>52,176</b>	81.6%	<b>958</b>	Net income 2,141 Dividend (1,183)
<b>Valuation/translation difference</b>	<b>(15)</b>	- %	<b>2,171</b>	3.4%	<b>2,187</b>	Foreign currency translation adjustments 2,086
<b>Minority interests</b>	<b>317</b>	0.5%	<b>382</b>	0.6%	<b>65</b>	
<b>Total net assets</b>	<b>51,519</b>	85.0%	<b>54,731</b>	85.6%	<b>3,211</b>	Net assets per share 2,306.16yen (previous period 2,172.66 yen)
<b>Total liabilities and net assets</b>	<b>60,638</b>	100.0%	<b>63,941</b>	100.0%	<b>3,303</b>	



## 13. Consolidated Cash Flow Statement (YoY Change)



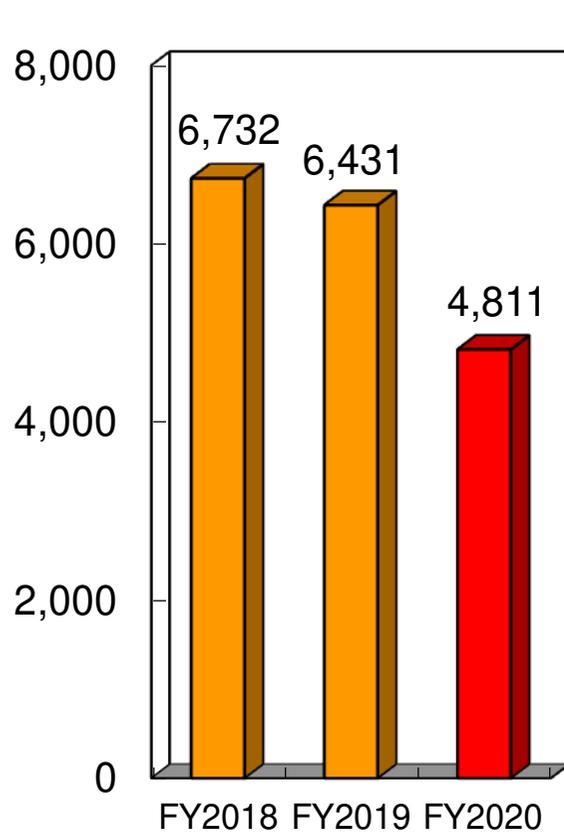
Unit: Millions of yen

	FY 2019	FY 2020	Increase /Decrease
<b>Cash flows from operating activities</b>	6,830	6,234	(596)
<b>Profit before income taxes</b>	4,339	2,788	(1,550)
<b>Decrease (increase) in notes and     accounts receivable - trade</b>	(240)	(284)	(44)
<b>Increase (decrease) in notes and     accounts payable - trade</b>	(7)	(166)	(159)
<b>Cash flows from investing activities</b>	(6,482)	(4,881)	1,600
<b>Purchase of property, plant and     equipment</b>	(6,355)	(4,760)	1,594
<b>Purchase of intangible assets</b>	(75)	(50)	25
<b>Cash flows from financing activities</b>	(1,664)	(1,379)	285
<b>Cash dividends paid</b>	(1,420)	(1,184)	236
<b>Purchase of treasury stock</b>	(0)	(0)	(0)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(321)	467	788
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,637)	440	2,078
<b>Cash and cash equivalents at beginning of period</b>	15,456	13,819	(1,637)
<b>Cash and cash equivalents at end of period</b>	13,819	14,260	440

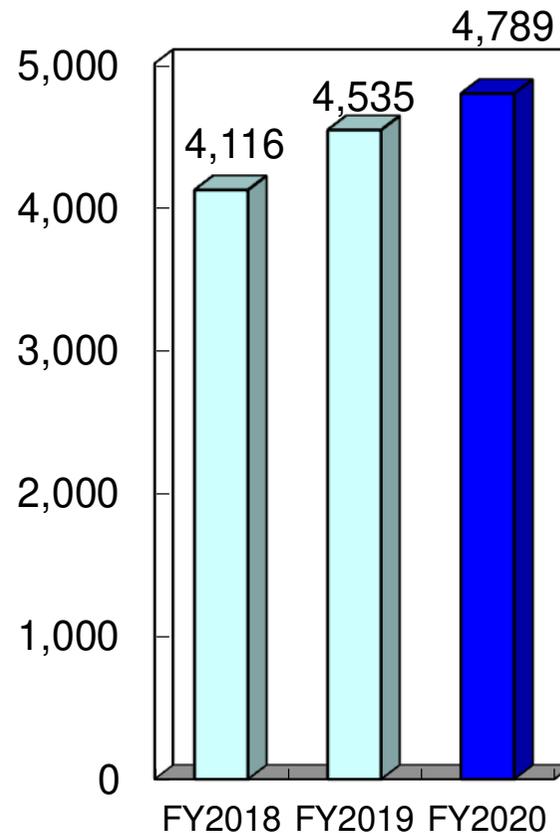
# 14. Capital Investment, Depreciation & Amortization, and Research & Development



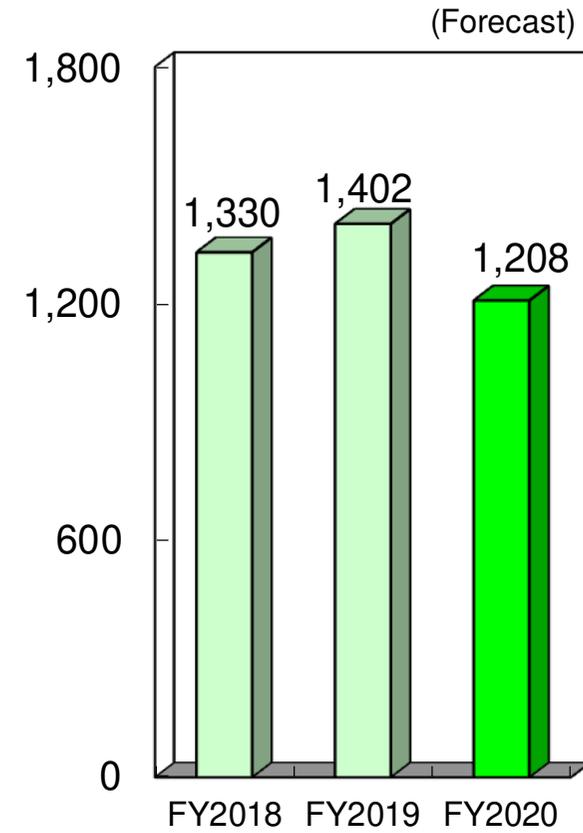
Unit: Millions of yen



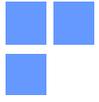
**Capital Expenditure**



**Depreciation & Amortization**

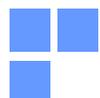


**Research & Development**



# I . Summary of the consolidated Financial Results for of FY 2020

## II . FY2021 Financial Forecast

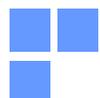


# 1. Full-Year Targets for FY2021 (YoY Change)



Unit: Millions of yen

	Results of FY 2020	Full Year targets for FY 2021	YoY change
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 period	USD106.17yen EURO123.73yen RMB 15.63yen	USD105.00yen EURO127.00yen RMB 16.00yen	(1.17)yen 3.27yen 0.37yen



## 2. Full-Year Targets for FY2021 (Precondition)



Item	Precondition
Capital Expenditure	¥6,800M
Depreciation & Amortization	¥4,600M
Research & Development	¥1,400M

※ Capital expenditure includes the followings except the regular “expenditure for new product development”, “expenditure for business rationalization” and “expenditure for facility extension and renewal”

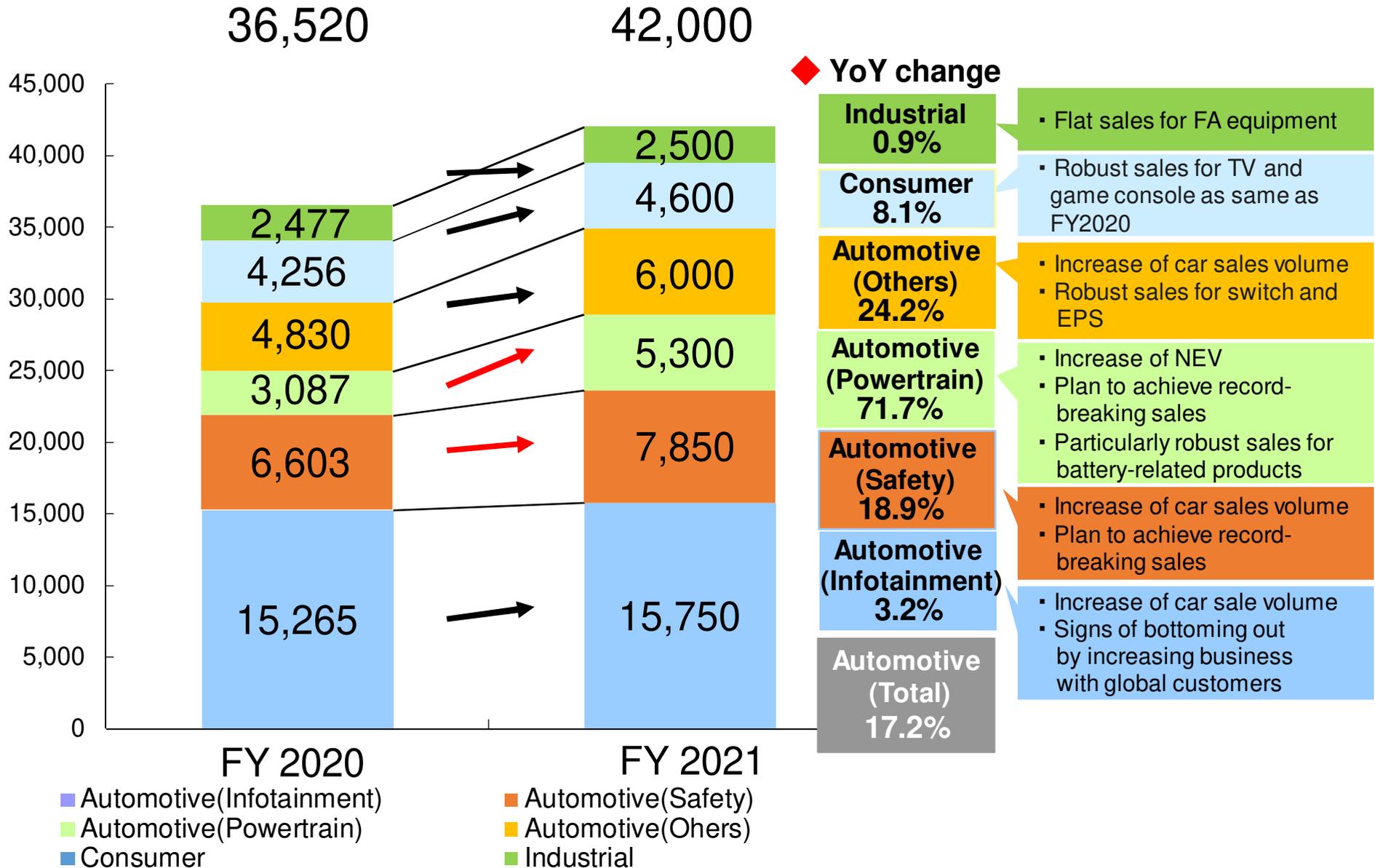
- Expenditure for new ERP system: approx. 900 million yen
- Expenditure for BCP responses: approx. 400 million yen



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



Unit: Millions of yen





## 4. FY2021 Financial Plan Summary

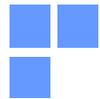


- **Sales Plan** 42,000 million yen ( YoY + 5,479 million yen)
  - Global car production and sales volume increase thanks to the market recovery from the COVID-19 pandemic effects during FY2020 although there is still some concern about supply of parts and materials such as shortage of computer-chips, metal materials and resin. Expected new car sales volume is 86,000,000 units for 2021 (79,000,000 units for 2020)
  - To boost total sales by continuous growth in the powertrain market
  - To maintain robust sales for TV and game console in the consumer market
  
- **Operating Income Plan** 6,700 million yen (YoY + 3,799 million yen)
  - Profit increase thanks to fixed-cost recovery by raising plant productions
  - Cost reduction activities by automation and rationalization:
    - Plan for profit increase by absorbing increase of shipping and raw material costs

Aim to achieve the target operating income of over 16% for the first time since FY2017



FY2021 is a milestone year for achieving the targets of “50 billion yen sales and 20% operating income margin” that serve as a stepping stone to the sales goal of 100 billion yen laid out in the long-term vision.  
Promote both product development and sales to prepare for future sales



### ■ What We Learn from the COVID-19 Pandemic Impact during FY2020

- Inventory shortages at the time of rapid demand recovery
- Plant operation halt caused by full lockdown (for 1 month at Vietnam Plant)



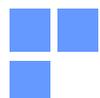
The importance of BCP is recognized again

### ■ Review of BCP Response Measures

- ① First stage: Review inventory system → increase inventory: Iriso and customer inventories lasting for 3 months
- ② Second stage: Review layout of manufacturing equipment for products currently in production line → Install spare equipment
  - Reduce manufacturing lead-time
- ③ Third stage: Change of production system for products currently in production line → Multi-production



After the third stage, aim to hold Iriso and customer inventories lasting for 2 months



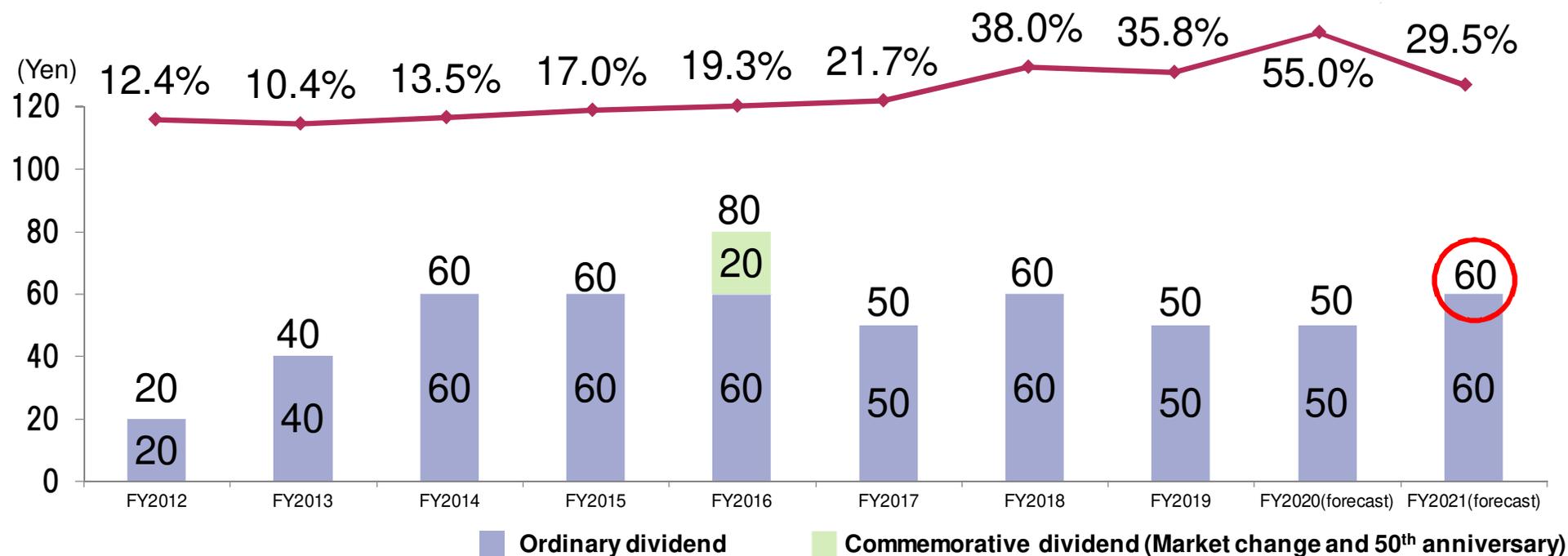
## 6. Shareholder Return



- Revise the forecast for FY2020 dividend that was initially 40 yen to 50 yen
- Forecast for FY2021 dividend is 60 yen
- Aim for steady dividend payment and **dividend ratio of 30% and more**

※In September 2017, the share was split into 1:2.  
Share prices before FY2016 are those before the split

### Dividend Ratio





<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>3,277 (as of March 31, 2021)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2021)</b>
<b>Headquarters</b>	<b>2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa</b>
<b>Operations</b>	
<b>Domestic</b>	<b>Headquarters, Fukushima, Ibaraki, Aichi, 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, India</b>
<b>Research &amp; development</b>	<b>Headquarters(IRISO Technology Park), Kawasaki(Production Technology Development Center),Shanghai R&amp;D Center</b>
<b>Manufacturing plants</b>	<b>Japan(Ibaraki), China(Shanghai, Nantong), Philippines(Manila), Vietnam(Hai Duong)</b>