




# FY2023 Financial Results

**IRISO ELECTRONICS CO.,LTD.**

*Stock Code: 6908*  
*(May 8, 2024)*

**Together, surpassing expectations by empowering connections  
to enrich society and delight people.**



-  **I . FY2023 Financial Summary**
- II . FY2024 Financial Forecasts**
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# 1. FY2023 Financial Highlights

- Full-year net sales remained at **¥55.2 billion**, representing **+4.5% YoY** because sales growth in the automotive market slumped from FY2023 H2 and customers' manufacturing slowdown in the consumer and industrial markets continued.

Note: 4Q sales include an increase in sales resulting from some customers' buildup of safety stocks in preparation for the system downtime during the new ERP system launch.

- Operating profit of **¥5,940 million**, representing **-14.5% YoY**  
Although the impact of exchange rate swings and soaring raw material costs were offset through executing the strategies to improve profitability, the planned sales target was not met because of an increase in fixed costs such as upfront investments for the launches of new ERP system and Akita plant, etc.

Unit: JPY in Millions

	FY2022	FY2023	YoY	VS Target
Net Sales	52,903	55,271	+2,367 +4.5%	+771 +1.4%
Operating Profit	6,940	5,936	(1,004) (14.5)%	(613) (9.4)%
Operating Profit Margin	13.1%	10.7%	(2.4)pts	(1.3)pts

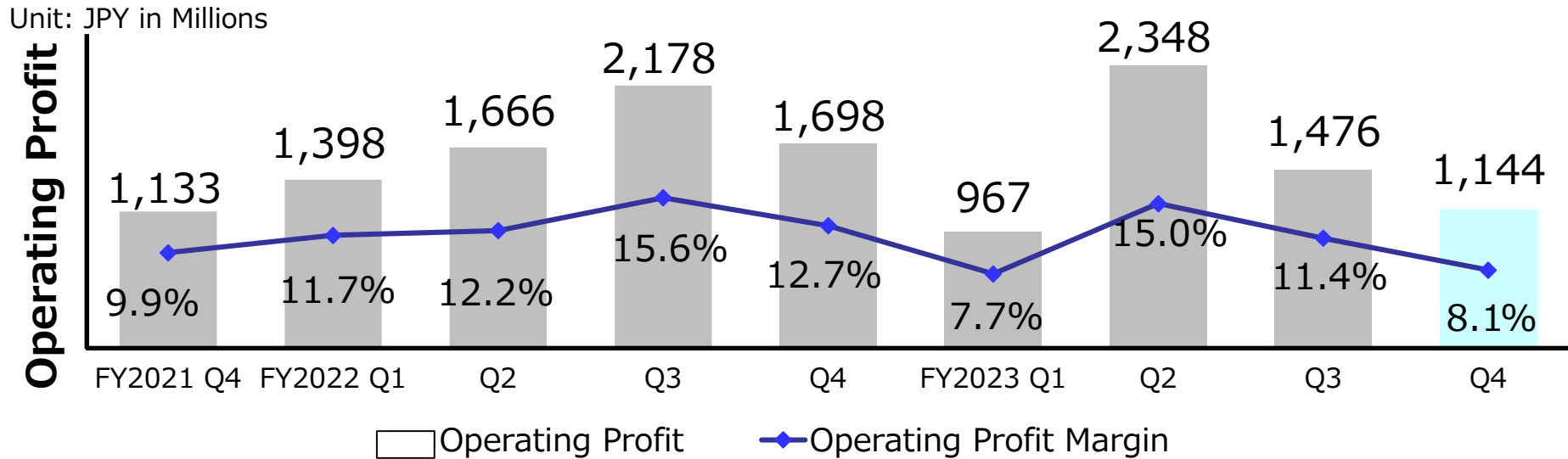
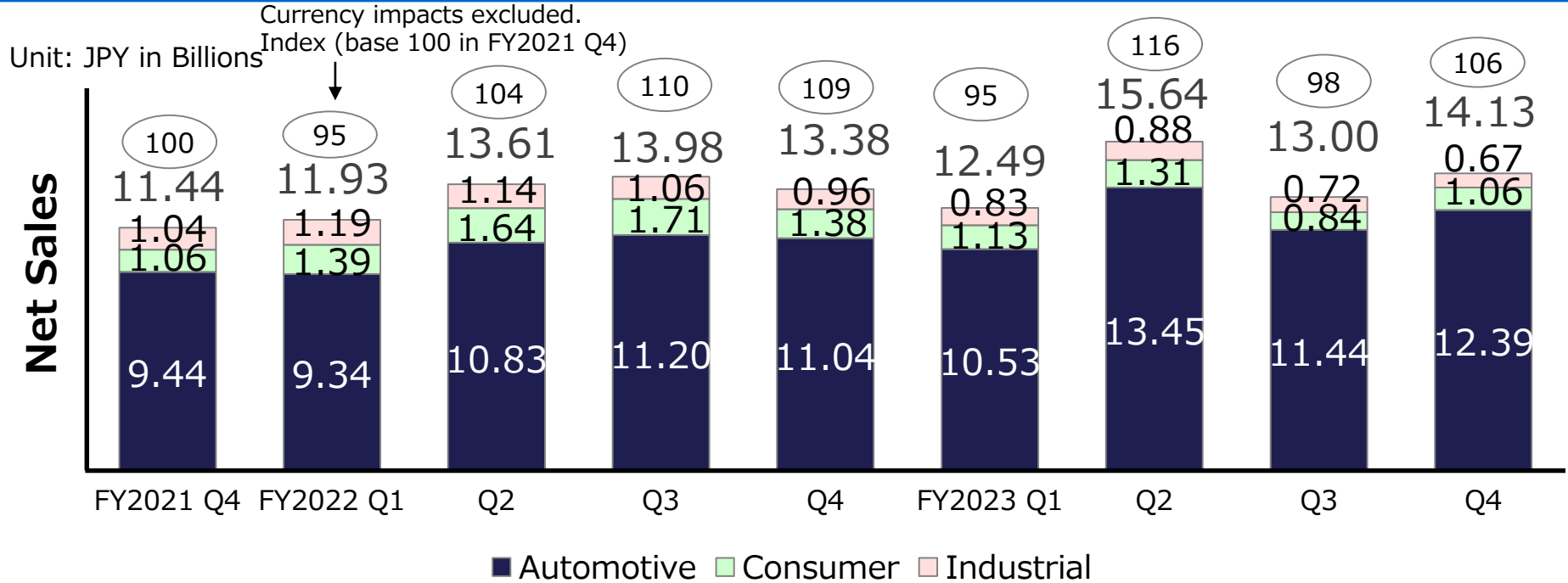
## 2. FY2023 Financial Summary

Unit: JPY in Millions

	FY2022	FY2023	Change	YoY	vs. Target
Net Sales	52,903	55,271	+2,367	+4.5%	+771
Automotive	42,409	47,823	+5,413	+12.8%	+523
Consumer	6,141	4,338	(1,802)	(29.4)%	+338
Industrial	4,352	3,109	(1,243)	(28.6)%	(90)
Cost of Sales	35,578	38,133	+2,555	+7.2%	
Sales Margin	67.3%	69.0%		+1.7pts	
SG & A	10,384	11,200	+816	+7.9%	
SG & A Margin	19.6%	20.3%		+0.6pts	
Operating Profit	6,940	5,936	(1,004)	(14.5)%	(613)
Operating Profit Margin	13.1%	10.7%		(2.4)pts	
Net Income Before Income Taxes	7,034	6,869	(164)	(2.3)%	+69
Net Income	5,541	5,593	+51	+0.9%	+293
EPS	235.58JPY	237.75JPY			
Capital Expenditure	8,427	9,049	+622	+7.4%	(750)
Depreciation	6,168	6,326	+157	+2.6%	(173)
Average Exchange Rate for each FY	USD: 134.95JPY EUR: 141.24JPY RMB: 19.68JPY	144.40JPY 156.80JPY 20.14JPY	+9.45JPY +15.56JPY +0.46JPY	+7.0% +11.0% +2.3%	(2.28)JPY +1.66JPY +0.17JPY

# 3. QOQ Changes in Net Sales and Operating Profit

Interconnect with Reliable Solution >>>



## 4. Net Sales by Region and Product

### ■ By Region

Unit: JPY in Millions

	FY2022		FY2023		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
Japan	10,035	19.0%	9,743	17.6%	(291)
Greater China & South Korea	21,294	40.3%	21,761	39.4%	+466
USA	6,304	11.9%	6,632	12.0%	+328
EUROPE	8,377	15.8%	9,652	17.5%	+1,274
ASEAN	6,891	13.0%	7,480	13.5%	+588
<b>Total</b>	<b>52,903</b>	<b>100.0%</b>	<b>55,271</b>	<b>100.0%</b>	<b>+2,367</b>
Overseas Ratio:		81.0%		82.4%	

#### Japan

- Continued customers' manufacturing slowdown in the consumer and industrial markets

#### Greater China & South Korea

- Sales slowdown in the consumer market, offset by sales growth in the automotive market, mainly driven the infotainment market
- China's manufacturing slowdown in the powertrain market in H2

#### EU

- Increase in sales, helped by the auto market recovery

### ■ By Product

Unit: JPY in Millions

	FY2022		FY2023		
	Net Sales	Breakdown	Net Sales	Breakdown	YoY
BtoB	21,598	40.8%	24,165	43.7%	+2,567
FPC	11,710	22.1%	11,078	20.0%	(631)
Auto IF	15,415	29.1%	16,076	29.1%	+661
Pin Header	2,222	4.2%	2,675	4.8%	+452
Other	1,957	3.7%	1,252	2.3%	(681)
<b>Total</b>	<b>52,903</b>	<b>100.0%</b>	<b>55,271</b>	<b>100.0%</b>	<b>+2,367</b>

#### BtoB

- Increase in sales, driven by auto market recovery
- Benefit from strong sales of "Z-Move" and new products for high-speed transmission

#### FPC

- Decrease in sales due to a slump in the consumer market

#### Auto IF

- Slowdown in the growth rate in H2 despite sales growth in the powertrain market

## 5. Change in Sales and Operating Profit YoY

Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit Margin	Factor
<b>FY2022 Results</b>	<b>52,903</b>	<b>6,940</b>	<b>13.1%</b>	
Expense returns from costs for April-May 2022	+540	+180		Decrease both in sales and expenses associated with lockdown response
Shanghai Lockdown response		(365)		Expense returns from non-operating fixed costs for lockdown response
Currency effect	+2,684	(200)		USD: 134.95JPY→144.4JPY, 107.0% EUR: 141.24JPY→156.8JPY, 111.0% CNY: 19.68JPY→20.14JPY, 102.3% → Operating profit is pushed down to (1.0)%
Increase in sales volume	(857)	(428)		
Material cost increase		(700)		Soaring costs of gold, resin material, etc.
Fixed cost increase		(1,050)		Increase in personnel costs and other expenses
Temporary cost		521		• Increase in expenses associated with new ERP system launch, asset disposal, debt waiver, etc. → operating profit is pushed down to (0.9)%
Cost reduction, etc.		+2,081		Cost reduction through profitability improvement, etc.
<b>Total change factor</b>	<b>+2,367</b>	<b>(1,004)</b>		
<b>FY2023 Results</b>	<b>55,271</b>	<b>5,936</b>	<b>10.7%</b>	

## 6. Balance Sheet

Unit: JPY in Millions

VS. Previous year-End

	FY2022	FY2023	
Current Asset	46,194	56,093	+9,899
Cash & Deposit	18,640	26,692	+8,051
Account Receivable	13,956	15,010	+1,054
Inventory	12,067	12,616	+549
Noncurrent Asset	36,297	40,762	+4,465
Total Asset	82,491	96,856	+14,364
Total Liability	14,472	19,839	+5,366
Account Payable	4,364	5,466	+1,102
Debt	2,493	6,825	+4,332
Total Net Asset	68,019	77,016	+8,997
Total Shareholders' Equity	58,787	62,498	+3,711
Capital Adequacy Ratio	81.7%	78.7%	(3.0)pts



## 7. Statement of Cash Flows

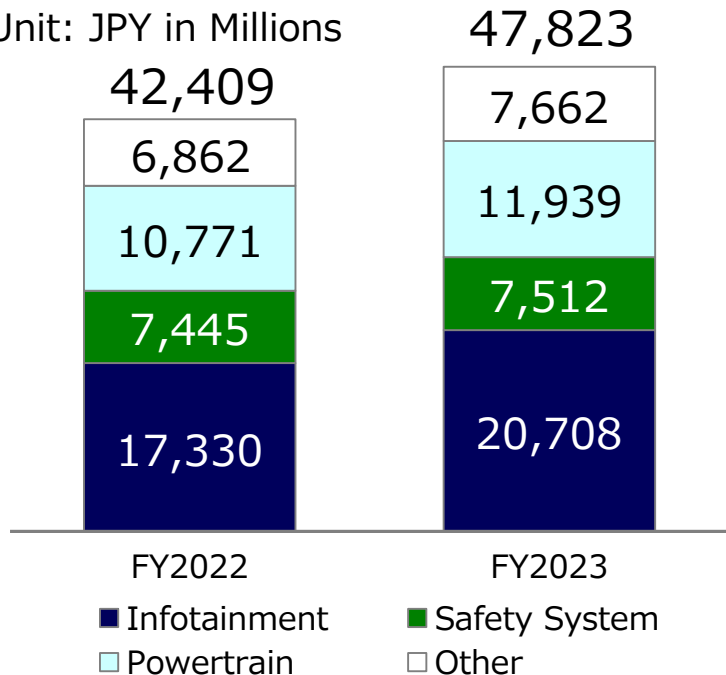
Unit: JPY in Millions

	FY2022	FY2023	YoY Change
Operating Cash Flow Margin	22.0%	23.4%	+1.5pts
Operating Cash Flow	11,613	12,934	+1,321
Net Income	7,034	6,869	(164)
Depreciation and Amortization	6,168	6,326	+157
Changes in Operating Fund “( ) indicates increase”	(990)	1,170	+2,160
Cash Flow from Investing Activities	(8,179)	(9,089)	(910)
Tangible Noncurrent Asset	(7,105)	(7,827)	(722)
Free Cash Flow	3,433	3,845	+411
Cash Flow from Financing Activities	516	2,313	+1,797
Cash Dividend	(1,420)	(1,893)	(472)
Cash & Cash Equivalent Balance for the Fiscal-Year-End	18,640	26,692	+8,051

# 8. Sales by Market: Automotive

■ ¥5,413 mm (+12.8%) YoY

Unit: JPY in Millions



- Full-year sales on a steady growth track, helped by global auto production recovery, but slowdown mainly in the Chinese market from Q3
- Remained in growth in the infotainment market, driven by increased global auto production and rising demand for the high-speed transmission BtoB connector

## Infotainment

- YoY: full year +20%, Q4 +28%
- Increase in sales for global customers, supported by increase in sales for LCD panel and IVI (In-Vehicle Infotainment) system, as well as in sales of existing products for navigation systems

## Powertrain

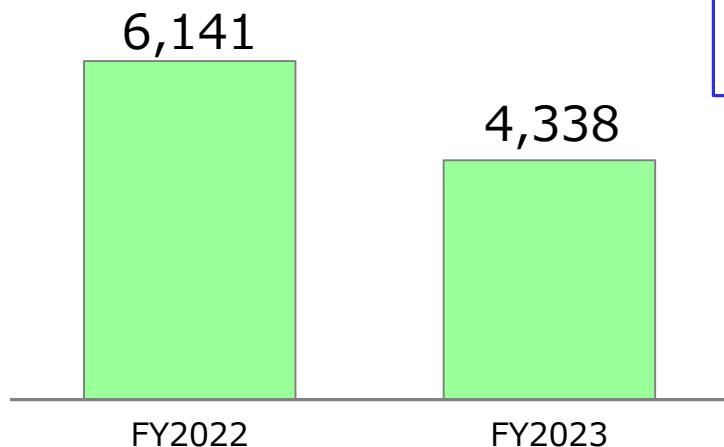
- YoY: full year +11%, Q4 -0.4%
- China's manufacturing slowdown continuing from Q3 to Q4
- Recovery projected after FY2024 Q2

	FY2022				FY2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Infotainment	3,971	4,565	4,401	4,392	4,668	5,606	4,797	5,635
Safety System	1,803	1,946	1,843	1,852	1,825	2,069	1,753	1,862
Powertrain	2,092	2,496	3,186	2,996	2,190	3,674	3,091	2,983
Other	1,470	1,820	1,773	1,799	1,849	2,101	1,800	1,911
<b>Total</b>	<b>9,337</b>	<b>10,828</b>	<b>11,204</b>	<b>11,039</b>	<b>10,534</b>	<b>13,452</b>	<b>11,442</b>	<b>12,393</b>

# 9. Sales by Market: Consumer and Industrial

## ■ Consumer: ¥ (1,802) mm (29.4%) YoY

Unit: JPY in Millions

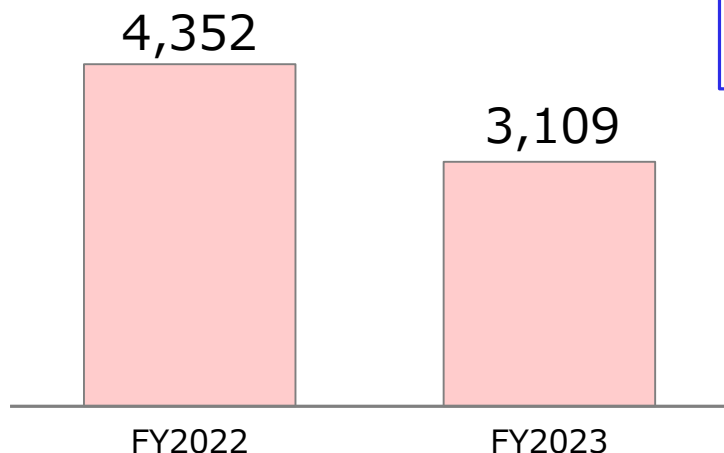


• Decrease due to decline in demand for game console and OA equipment

FY2022				FY2023			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1,398	1,647	1,710	1,385	1,130	1,307	835	1,065

## ■ Industrial: ¥(1,243) mm (28.6%) YoY

Unit: JPY in Millions



• Decrease due to China's capital spending slowdown and continued decrease in sales for 5G stations

FY2022				FY2023			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1,193	1,138	1,060	960	831	884	722	671



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# 1. FY2024 Earnings Forecasts

Unit: JPY in Millions

	FY2023	FY2024	YoY
Net Sales	55,271	58,000	+2,728 +4.9%
Cost to Sales Revenue Ratio	69.0%	67.0%	(0.2)pts
Operating Profit	5,936	7,000	+1,063 +17.9%
Operating Profit Margin	10.7%	12.1%	+1.3pts
Pretax Profit	6,869	6,500	(369) (5.4)%
Net Income	5,593	5,200	(393) (7.0)%
EPS	237.75yen	226.82円	
Exchange Rate Period Average	USD: 144.40yen EUR: 156.80yen RMB: 20.14yen	145.00円 160.00円 20.00円	+0.60yen +3.20yen (0.14)yen
Capital Expenditure	8,804	8,000	(804)
Depreciation & Amortization	6,326	6,900	+573
Dividend	90yen	100yen	+10yen

## 2. Changes in Sales and Operating Profit YoY

Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Profit Margin	Factor
FY2023 Result	55,271	5,936	10.7%	
Currenty Impact	+500	0		
Change in product volume	+2,228	+1,050		
Change in Material cost		(400)		Impact on gold prices
Change in Fixed Cost		(780)		Temporary cost decrease by +¥521M in FY2023, an increase in depreciation expense for new ERP system launch and in capex for starting Akita plant operations
Cost Reduction, etc.		+1,193		Cost reduction, selling price drop, etc.
Total Change Factor	+2,728	+1,063		
FY2024 Plan	58,000	7,000	12.1%	

- Although customers' manufacturing slowdown in the consumer and industrial markets continues, sales in the automotive (future mobility) market, mainly driven by growing sales for infotainment systems that allow high-speed transmission, Net Sales are expected to grow by 4.9% YoY.
- Although an increase in fixed costs, such as upfront investments for the launches of new ERP system and the Akita plant, is expected to remain through FY2024 to 2025, cost recovery is aimed through increasing production.

### 3. FY2024 Net Sales Target by Market

Unit: JPY in Millions

	FY2022		FY2023		FY2024		
	Net Sales	Breakdown	Net Sales	Breakdown	Net Sales	Breakdown	YoY
Total Mobility	42,409	80.2%	47,820	86.5%	51,000	87.9%	+6.6%
Infotainment	17,330	32.8%	20,708	37.4%	22,600	39.0%	+9.1%
Sensor	7,445	14.1%	7,512	13.6%	7,500	12.9%	(0.2)%
Powertrain	10,771	20.4%	11,939	21.6%	12,900	22.2%	+8.0%
Other	6,862	13.0%	7,662	13.9%	8,000	13.8%	+4.4%
Consumer	6,141	11.6%	4,338	7.8%	4,000	6.9%	(7.8)%
Industrial	4,352	8.2%	3,109	5.6%	3,000	5.2%	(3.5)%
<b>Total</b>	<b>52,903</b>	<b>100.0%</b>	<b>55,271</b>	<b>100.0%</b>	<b>58,000</b>	<b>100.0%</b>	<b>+4.9%</b>

Notes: The company is aiming to expand into the future mobility market, which includes not only cars and two-wheeled vehicles, but also agricultural machinery, construction machinery, eVTOLs (electric Vertical Takeoff and Landing aircraft), and others. For this reason, some of the market and sector terminology have been changed by renaming "automotive" to "future mobility", and "safety" to "sensor".

- The company has eight focus strategies for FY2024, as the first year of our mid-term management plan.

### Strategies

#### **【Management Strategies】**

- 1. Increasing sales of the products that meet necessary standards set by Europe and the US in the powertrain market as part of the future mobility market**
- 2. Expanding a product line of the high-speed transmission connector and developing connectors for automotive centralized control ECU**
- 3. Reviewing sales channels and approaches in the industrial market and winning new global customers**
- 4. Proposing connector solutions to customers in the future mobility market, as well as to the automotive market, by bringing the vibrant and heat resistant, reliable and high-speed transmission connector, which we have developed through automotive business, to the future mobility market, and identifying customer needs**

#### **【Business Foundation】**

- 5. Ensuring a smooth launch of the new ERP system operation, standardized work processes and improved work operations**
- 6. Improving the cost competitiveness of the major product lines**
- 7. Improving capex efficiency and reducing fixed costs through standardizing equipment in the group plants and bolstering in-house tooling production**
- 8. Optimizing group manufacturing plant operations and developing productivity improvement strategies through reviewing the role of each group plant, ahead of Akita plant launch in 2025**





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## ■ Objective

To improve capital efficiency, including ROE and ROIC, and to enhance shareholder returns.

## ■ Total number of outstanding shares

120 million shares (upper limit)

5.07% of issued shares

## ■ Total amount of buybacks

¥3.6 billion (upper limit)

## ■ Buyback scheduled

From May 15, 2024 to November 29, 2024



<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>3,037 (as of March 31, 2024)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2024)</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 (Hanamaki Factory), and Shanghai R&amp;D Center</b>
<b>Manufacturing Plants</b>	<b>Japan (Ibaraki), China (Shanghai, Nantong), Philippines (Manila), and Vietnam (Hai Duong)</b>