

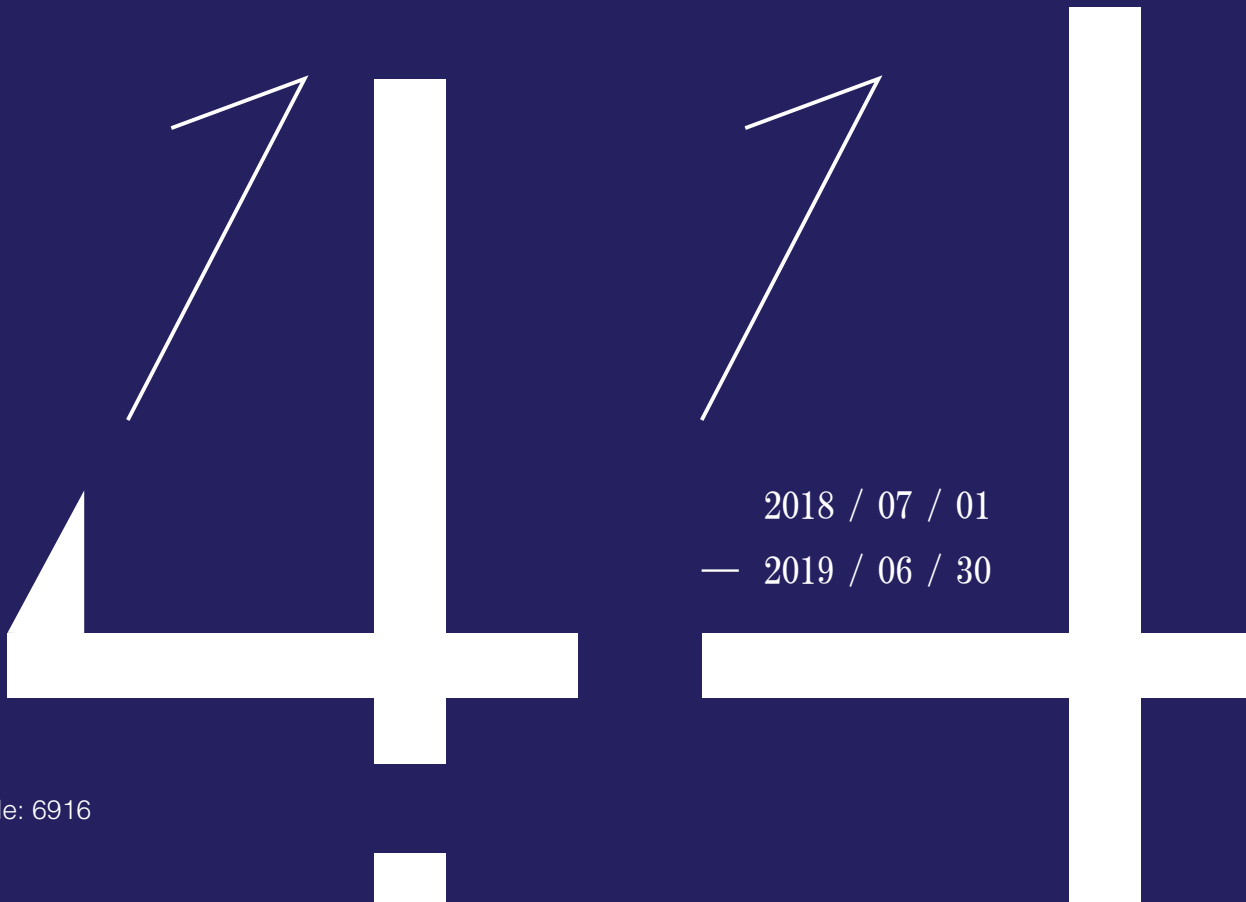
I-O DATA

The 44th term Annual Report

We would like to take this opportunity to express our utmost gratitude for your invaluable support.

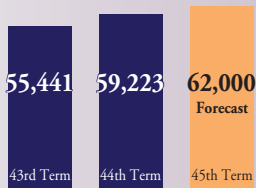
As of June 30, 2019, we completed our 44th fiscal year. Hence, we would like to hereby report an overview of our business performance and other relevant information.

We sincerely hope that your support for us will continue in the future as well.

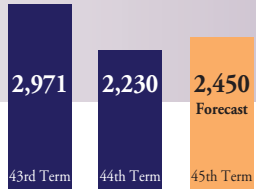


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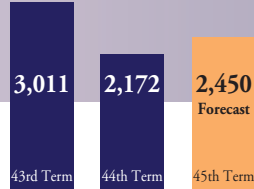
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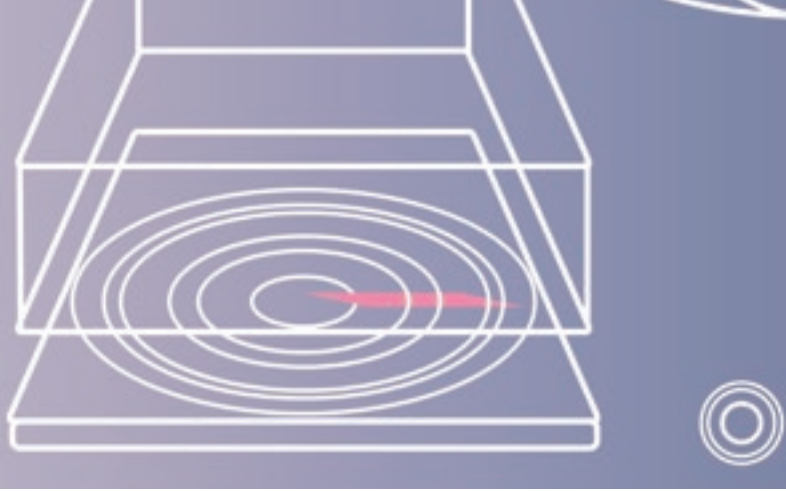
Net Sales (Millions of yen)



Operating Income (Millions of yen)



Ordinary Income (Millions of yen)



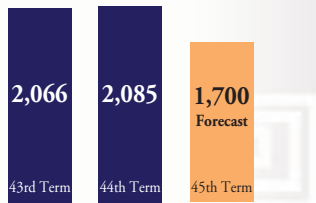
Overview of the Fiscal Year under Review

During the current consolidated fiscal year, the Japanese economy was on a moderate recovery track on the back of overall robust corporate performance and consumption trends. However, uncertainty about the outlook of the Japanese economy persisted due to concerns over the global situation. The domestic digital equipment market including PCs, consumer electronics, and smart devices, in which our group participates, remained robust, driven by a rise in corporate IT investment due to factors such as the promotion of working style reforms and renewal demand for PCs. Under these circumstances, we have been working to respond to the rising demand from corporate customers through the expansion of products and services and actively capture new growth opportunities such as those of new 4K satellite broadcasting which started in December 2018, and esports which is gaining attention. As a result, sales remained strong mainly for liquid crystal monitor and custom order products as well as the products division, and we posted group sales of 59,223 million yen (up 6.8% from the previous year). In terms of profit, gross profit struggled to grow due to price competition of hard disk drives and the recording of loss on valuation of inventories of 369 million yen for excess inventories of wireless LAN routers, which were previously determined to be carried in stock for the future in light of increased inquiries from customers at the beginning of the fiscal year and on the back of difficulties in procuring certain electronic parts at that time, but for which excess was incurred subsequently due to the outcome of orders. On the other hand, selling, general and administrative expenses increased due to factors such as increased logistics costs as a result of increased sales and active investment in research and development and facilities. As a result, we posted operating income of 2,230 million yen (down 24.9% from the previous year), and ordinary income of 2,172 million yen (down 27.9% from the previous year). Meanwhile, we posted net income attributable to owners of parent of 2,085 million yen (up 0.9% from the previous year) due to reduced income taxes owing to additional recording of deferred tax assets as a result of consideration of the recoverability of deferred tax assets based on the performance trends in recent years.

Outlook for the Next Fiscal Year

Looking at the future business environment, the economy is expected to continue in a moderate recovery trend, backed by improvements in the employment situation and steady domestic demand. However, the outlook is unpredictable due to the effects of the consumption tax rate hike, concerns over trends of the global situation and other factors. In the digital equipment market including PCs, consumer electronics, and smart devices, in which our group participates, growth of main units of PCs cannot be expected. However, day-to-day progress of society is promoted through corporate IT investment aimed at improving productivity, progress in the utilization of ICT in the education field, and the emergence of new services such as AI and IoT. Under these circumstances, we are aiming for steady growth that is less affected by the shipping trends of the main units of PCs through customer-oriented flexible proposition, keeping an eye on changes in the digitized society. In our efforts to achieve these goals, we will further enhance each of our product lineup as well as accelerate the development of attractive services and solutions through the fusion of our long accumulated technologies and a network of partnerships, aiming to provide value to a wide range of customers by striving to expand into advanced fields while maintaining declining fields. Through enhancing customer-based sales and marketing based on business, region and other market characteristics, as well as support structures, we will ensure a stable and long-term relationship with our customers. In terms of the consolidated business results forecast for the next fiscal year, we expect to achieve group sales of 62,000 million yen (up 4.7% from the previous year) in anticipation of growth in the esports-related market and a rise in demand for large monitors in companies and the education field. In terms of profit, we forecast gross profit of 11,500 million yen (up 6.6% from the previous year, with an increase of 0.3 percentage point in profit ratio) based on the assumption that the current market trends will continue, though significant changes in the market trends of main parts mainly for semiconductors and liquid crystal panels may occur, depending on the future development of trade conflicts. In addition, in anticipation of higher logistics costs due to increased sales, an increase in research and development costs and advertising expenses associated with the development of new markets, etc., we are planning selling, general and administrative expenses of 9,050 million yen (up 5.7% from the previous year). Consequently, we are forecasting operating income of 2,450 million yen (up 9.9% from the previous year). Taking into account other income and other expenses that are expected to occur on an ongoing basis in view of the historical levels of our business results, we are forecasting ordinary income of 2,450 million yen (up 12.8% from the previous year). As a result, net income attributable to owners of parent for the current consolidated fiscal year after the deduction of 750 million yen of tax expenses, is forecast at 1,700 million yen (down 18.5% from the previous year).

Net Income Attributable to
Owners of Parent (Millions of yen)



The forecast exchange rate is 108 yen per U.S. dollar.

Notice of Resolution of the 44th Ordinary General Meeting of Shareholders

Security Code: 6916
September 25, 2019

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

The following matters were resolved at the 44th Ordinary General Meeting of Shareholders of I-O DATA DEVICE, INC. (the “Company”).

- Matters reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 44th Fiscal Year (July 1, 2018 - June 30, 2019) and results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements
The contents of the above were reported.
 2. Non-consolidated Financial Statements for the Company’s 44th Fiscal Year (July 1, 2018 - June 30, 2019)
The contents of the above were reported.

Proposals resolved:

Proposal 1: Appropriation of Surplus

The proposal was approved and resolved as originally proposed. The year-end dividend was determined to be 30 yen per share.

Proposal 2: Election of 5 Directors

The proposal was approved and resolved as originally proposed. Messrs. Akio Hosono, Naonori Hamada, Hiroki Kato, Yoshihiro Nitta and Tsutomu Maruyama were reelected and assumed their respective offices.

Proposal 3: Election of 1 Statutory Auditor

The proposal was approved and resolved as originally proposed. Mr. Kazuya Nakamura was reelected and assumed his office.

Company Profile / Stock Information

(As of June 30, 2019)



I-O DATA DEVICE, INC.

Subsidiaries

Names	Capital stock	Percentage of shares held by I-O DATA DEVICE, INC.
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1 TAIWAN I-O DATA DEVICE, INC.	NT\$50,000,000	100.00%
2 I-O DATA Hong Kong Ltd.	HK\$2,550,000	100.00%
3 I-O DATA America, Inc.	US\$100,000	100.00%
4 ITG Marketing, Inc.	¥81,000,000	61.11%

Affiliates

Names	Capital stock	Percentage of shares held by I-O DATA DEVICE, INC.
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5 I-O & YT Pte. Ltd.	S\$1,585,000	43.33%
6 Creative Media K.K.	¥499,000,000	30.00%

Status of Shares (As of June 30, 2019)

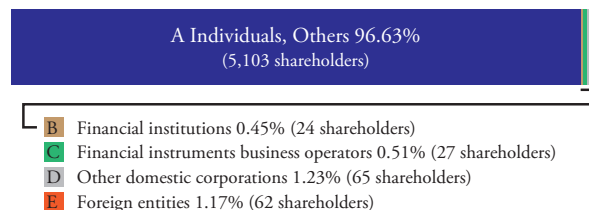
Total number of shares authorized to be issued	41,000,000
Total number of shares outstanding	14,839,349
Number of shares per unit	100
Number of shareholders at the term-end	5,281

Major Shareholders (As of June 30, 2019)

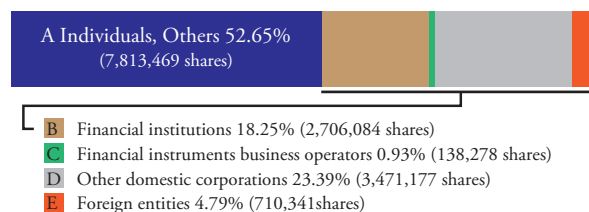
Names	Number of shares held	Shareholding percentage
Akio Hosono	2,514,643	16.94
I-O DATA Foundation	2,000,000	13.47
I-O DATA DEVICE, INC.	1,607,379	10.83
The Master Trust Bank of Japan, Ltd. (trust account)	794,200	5.35
Yukie Hosono	763,780	5.14
Maxell Holdings, Ltd.	740,000	4.98
Japan Trustee Services Bank, Ltd. (trust account)	733,200	4.94
The Hokkoku Bank, Ltd.	306,662	2.06
TRENT Ltd.	269,675	1.81
MITSUBISHI CHEMICAL MEDIA CO., LTD.	200,000	1.34

Distribution of Shares by Shareholder Type (As of June 30, 2019)

Number of Shareholders Total 5,281 shareholders



Number of Shares Held Total 14,839,349 shares



CSR Activities

Environmental Policy

Corporate philosophy of I-O DATA DEVICE, INC. is to meet customer's expectations and to contribute to society. Moreover, I-O DATA comprehends that the preservation and conservation of the global environment are major worldwide issues. To achieve a sustainable society, I-O DATA will make every effort to reduce environmental impacts through business activities and product life cycles.

Environmental Activities Guideline

1. Promotion of environment-responsive product design and reduction of environmental impact.
2. Implementation of activities to conserve electricity, paraffin oil, and other energy sources used in the course of business activities.
3. Recycling and proper disposal of waste products generated by business activities.
4. Efficient use of production materials.
5. Disclosure of information on the Company's environmental efforts.

Regional and Social Contribution Activities

We are striving to establish and maintain better relationships with the local communities where our offices are located. As a member of the local community, we are making a variety of efforts to contribute to the development of the local communities and create a better environment.



Examples of Activities

- 1) Holding of programming workshops using our products
- 2) Seashore cleanup “Clean Beach Ishikawa”
- 3) Provision of our products to “Esports Championship”
- 4) Support for regional sports (Kanazawa Marathon, various sports organizations)
- 5) Support for information technology handicapped people, including people with disabilities, children and elderly people, through various organizations

Trend of Main Environmental Performance Indicators

	2016	2017	2018
Energy input (GJ)	20,300	20,963	20,871
CO ₂ emissions*1 (t-CO ₂)	1,275	1,317	1,390
Electric power consumption (including Offices) (1,000kwh)	1,560	1,584	↗① 1,679
Kerosene consumption (kl)	129	140	138
Waste materials (kg) Total	823,552	1,043,531	1,065,145
Municipal waste category (kg)	41,440	63,280	↘② 39,692
Industrial waste category (kg)	70,604	49,555	③ 64,389
Reuse category (kg)	602,958	842,559	↗④ 881,680
Valuable waste category (kg)	108,550	88,137	③ 79,384

*1: There are no greenhouse gas emissions required to be reported (CO₂ from non-energy sources, methane, N₂O, HFC, PFC, SF₆, NF₃).
Of CO₂ emissions, emission coefficients of electric power were reported based on the base emission coefficients for each power producer and supplier for the emission calculation of the reporting year.

- ① Due to new establishment and start of operation of the Nomi warehouse (which, on the other hand, contributed to reduction in the volume of fuel related to transportation outsourced to logistics companies).
- ② Due to reduced office paper usage.
- ③ Due to reduced collection as valuable waste owing to the effects of resource market prices, etc., valuable waste was treated as waste.
- ④ Reflecting increased demand and the large-scaling trend mainly of liquid crystal.

Information for Shareholders

Fiscal Year:	From July 1 to June 30	Stock Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation
Ordinary General Meeting of Shareholders:	Annually in September	Contact Information:	Mitsubishi UFJ Trust and Banking Corporation Osaka Stock Transfer Agency Department 3-6-3 Fushimi-machi, Chuo-ku, Osaka 541-8502
Record Date:	Ordinary General Meeting of Shareholders: June 30 Dividends: June 30 Interim Dividends: December 31 Other record dates shall be set up and announced in advance when necessary.	Account Management Institution for Special Accounts:	Sumitomo Mitsui Trust Bank, Limited
Media of Public Notice:	Announcements will be made electronically on our website (https://www.iodata.jp/). However, when electronic announcements are difficult due to circumstances beyond our control, we will place a notice in the Nihon Keizai Shimbun (Nikkei Newspaper).	Contact Information:	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
		Listed Stock Exchange:	Tokyo Stock Exchange, First Section
		Security Code:	6916

Notes:

■ Procedures such as change of address, and request for sale and purchase of shares of less than one unit

Procedures are in principle handled by the account management institution (securities firm, etc.) with which you have your securities account. Please contact the securities firm, etc. with which you have your securities account.
Procedures are not handled by the stock transfer agent (Mitsubishi UFJ Trust and Banking Corporation).

■ Procedures concerning shares recorded in special accounts

Please contact Sumitomo Mitsui Trust Bank, Limited, the account management institution.
Procedures are not handled by Mitsubishi UFJ Trust and Banking Corporation, the stock transfer agent.

■ Unpaid dividends

Dividends which have not been received by shareholders are paid at the head office or branch offices of Mitsubishi UFJ Trust and Banking Corporation, the stock transfer agent. Pursuant to the Articles of Incorporation of the Company, if dividends are not received within three years from the date of commencement of payment thereof, the Company is relieved of the obligation to make such payment. Please receive your dividends at your earliest convenience.

I-O DATA DEVICE, INC.

I-O DATA

3-10 Sakurada-machi, Kanazawa, Ishikawa, Japan

<https://www.iodata.jp/>