

**Translation**

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## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 5, 2024

Company name: IRISO ELECTRONICS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 6908 URL <https://www.irisoele.com/jp/>  
 Representative: President & Representative Director Hitoshi Suzuki  
 Inquiries: Executive Vice President & Director /  
 General Manager of Administration Division Mitsuyoshi Toyoshima TEL 045-478-3111  
 Scheduled date to file semi-annual securities report: November 7, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

#### (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, 2024	27,159	(3.5)	2,119	(36.1)	1,820	(55.8)	1,089	(65.6)
Six months ended September 30, 2023	28,140	10.2	3,315	8.2	4,124	1.9	3,167	9.2

(Note) Comprehensive income: Six months ended September 30, 2024: ¥(679) million [-%]  
 Six months ended September 30, 2023: ¥7,417 million [(3.6)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	47.10		—	
Six months ended September 30, 2023	134.66		—	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2024	95,538		70,975		73.5	
As of March 31, 2024	96,856		77,016		78.7	

(Reference) Equity: As of September 30, 2024: ¥70,207 million  
 As of March 31, 2024: ¥76,233 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, 2024	Yen —	Yen 0.00	Yen —	Yen 90.00	Yen 90.00
Year ending March 31, 2025	—	0.00			
Year ending March 31, 2025 (Forecast)			—	100.00	100.00

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

## 3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	54,000	(2.3)	4,300	(27.6)	4,300	(40.2)	2,750	(50.8)	120.71

(Note) Revision to the financial results forecast announced most recently: Yes

Based on the resolution of the board of directors held on May 8, 2024, the company has bought back 1,200,000 shares of its own stock. The impact of this acquisition was taken into account when the projected earnings per share for FY2024 was calculated.

### \* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2024  
(Changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of interim consolidated financial statements: Yes  
(Note) For details, please refer to the attached document “2. (4) Notes to Interim Consolidated Financial Statements (Application of Accounting Procedures Specific to Preparation of Interim Consolidated Financial Statements)” on page 8.
- (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: No  
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, 2024	24,583,698 shares	As of March 31, 2024	24,583,698 shares
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Number of treasury shares at the end of the period:

As of September 30, 2024	2,233,193 shares	As of March 31, 2024	1,057,800 shares
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Average number of shares during the period:

Six months ended September 30, 2024	23,125,692 shares	Six months ended September 30, 2023	23,524,114 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, 2024: 122,819 shares, as of March 31, 2024: 147,426 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.

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company, and actual results may vary significantly due to various factors.

(How to obtain supplementary financial results materials)

Supplementary materials for quarterly financial results will be uploaded to the Company's website.

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## **1. Qualitative Information on Quarterly Financial Results**

### **(1) Explanation of Results of Operations**

Looking at the world economy during the interim reporting period of FY2024 H1, the US economy showed signs of positive expectations for future performance as it remained on a steady growth track, helped mainly by strong consumer spending. On the other hand, the Chinese economy showed signs of continued strain due to weak domestic demand, including property market downturn.

The automotive market, the company's key focus area, have shown signs of slowing auto production due to tepid EV sales in China, EU and America since the latter half of FY2023, as well as Japanese automakers' certification fraud scandal.

Given such business environments, the mobility market saw a drop in sales because of a reversion to a rise in sales during FY2023 Q4, a period when some customers secured safe inventory against shortage anticipated during the company's whole system change to a new ERP from April 1, 2024. It was also affected by market slowdown due to sales slump in the powertrain market for xEV (EV, FCHV, PHV, HEV) of the main sectors and the safety test scandal in Japan. Besides, demand in the consumer market continued to decline, while a downturn in sales for FA equipment in the industrial market continued. As a result, the company's sales were ¥27,159 million, down 3.5% YoY.

When it comes to profit, an operating profit decreased to ¥2,119 million, down 36.1% YoY, ordinary profit to ¥1,820 million, down 55.8% YoY, whereas profit attributable to owners of the parent increased to ¥1,089 million, down 65.6% YoY, due to stagnant sales, soaring raw material costs, etc.

### **(2) Explanation of Financial Position**

Total assets at the end of the current six months decreased ¥1,317 million from the end of the previous fiscal year (March 31, 2024) to ¥95,538 million, mainly due to a decrease of ¥2,487 million in notes and accounts receivable and inventories.

Total liabilities increased ¥4,723 million to ¥24,562 million due to an increase in borrowings to fund the construction of Akita plant.

Net assets decreased ¥6,041 million to ¥70,975 million, mainly due to an increase of ¥1,089 million in profit attributable to owners of parent, a decrease of ¥2,130 million due to dividends, and an increase of ¥3,230 million in treasury shares.

### **(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information**

Regarding earnings forecasts, we have revised the full-year earnings forecasts announced on May 8, 2024.

For specific details, please refer to the "Notice Regarding Differences from the previous year's Actual Results for the Second Quarter (Interim period) of the Fiscal Year Ending March 31, 2025, and Revision of Forecast of Consolidated Financial Results for the Year Ending March 31, 2025." announced today (November 5, 2024).

## 2. Interim Consolidated Financial Statements and Principal Notes

### (1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	26,692	27,221
Notes and accounts receivable - trade, and contract assets	15,010	13,360
Merchandise and finished goods	8,215	7,488
Work in process	0	11
Raw materials and supplies	4,400	4,280
Other	1,837	2,369
Allowance for doubtful accounts	(64)	(54)
Total current assets	56,093	54,677
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,778	5,605
Machinery, equipment and vehicles, net	16,669	15,487
Tools, furniture and fixtures, net	4,569	4,442
Land	1,890	1,863
Construction in progress	6,422	8,283
Total property, plant and equipment	35,330	35,682
Intangible assets		
Software	217	3,010
Software in progress	3,159	77
Goodwill	91	75
Other	5	0
Total intangible assets	3,473	3,164
Investments and other assets		
Investment securities	239	231
Deferred tax assets	1,060	1,109
Other	713	727
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	1,957	2,013
Total non-current assets	40,762	40,860
Total assets	96,856	95,538

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,466	5,266
Short-term borrowings	1,261	6,609
Current portion of long-term borrowings	841	835
Income taxes payable	732	805
Provision for bonuses	724	899
Provision for directors' bonuses	—	42
Other	4,397	4,217
<b>Total current liabilities</b>	<b>13,423</b>	<b>18,674</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,722	4,304
Retirement benefit liability	507	506
Provision for share awards for directors (and other officers)	147	—
Other	1,038	1,076
<b>Total non-current liabilities</b>	<b>6,415</b>	<b>5,887</b>
<b>Total liabilities</b>	<b>19,839</b>	<b>24,562</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,640	5,640
Capital surplus	8,744	8,744
Retained earnings	49,281	48,240
Treasury shares	(1,167)	(4,398)
<b>Total shareholders' equity</b>	<b>62,498</b>	<b>58,226</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	72	65
Foreign currency translation adjustment	13,624	11,864
Remeasurements of defined benefit plans	37	51
<b>Total accumulated other comprehensive income</b>	<b>13,734</b>	<b>11,980</b>
<b>Non-controlling interests</b>	<b>783</b>	<b>768</b>
<b>Total net assets</b>	<b>77,016</b>	<b>70,975</b>
<b>Total liabilities and net assets</b>	<b>96,856</b>	<b>95,538</b>

**(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income**

Interim Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	28,140	27,159
Cost of sales	19,251	18,894
Gross profit	8,888	8,265
Selling, general and administrative expenses	5,572	6,145
Operating profit	3,315	2,119
Non-operating income		
Interest income	118	186
Dividend income	7	3
Foreign exchange gains	790	—
Gain on valuation of derivatives	—	4
Other	17	76
Total non-operating income	934	270
Non-operating expenses		
Interest expenses	59	79
Foreign exchange losses	—	473
Loss on valuation of derivatives	49	—
Other	16	16
Total non-operating expenses	126	569
Ordinary profit	4,124	1,820
Extraordinary income		
Gain on sale of non-current assets	11	0
Total extraordinary income	11	0
Extraordinary losses		
Loss on retirement of non-current assets	34	93
Impairment losses	—	199
Loss from money transfer scam at foreign subsidiary	—	35
Total extraordinary losses	34	329
Profit before income taxes	4,101	1,492
Income taxes - current	911	523
Income taxes - deferred	(52)	(59)
Total income taxes	858	463
Profit	3,243	1,028
Profit (loss) attributable to non-controlling interests	75	(60)
Profit attributable to owners of parent	3,167	1,089



## Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	3,243	1,028
Other comprehensive income		
Valuation difference on available-for-sale securities	17	(7)
Foreign currency translation adjustment	4,162	(1,715)
Remeasurements of defined benefit plans, net of tax	(6)	13
Total other comprehensive income	4,173	(1,708)
Comprehensive income	7,417	(679)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,313	(664)
Comprehensive income attributable to non-controlling interests	104	(15)

### (3) Interim Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	4,101	1,492
Depreciation	3,072	3,498
Amortization of goodwill	15	15
Increase (decrease) in allowance for doubtful accounts	53	(7)
Increase (decrease) in provision for bonuses	148	187
Increase (decrease) in provision for share awards for directors (and other officers)	6	(147)
Increase (decrease) in provision for bonuses for directors (and other officers)	—	42
Increase (decrease) in retirement benefit liability	7	17
Interest and dividend income	(126)	(189)
Interest expenses	59	79
Foreign exchange losses (gains)	(318)	122
Loss on retirement of non-current assets	34	93
Impairment losses	—	199
Decrease (increase) in trade receivables	(1,085)	1,204
Decrease (increase) in inventories	762	449
Increase (decrease) in trade payables	(605)	142
Other, net	(212)	62
Subtotal	5,913	7,263
Interest and dividends received	126	189
Interest paid	(63)	(80)
Income taxes paid	(688)	(430)
Net cash provided by (used in) operating activities	5,287	6,942
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,475)	(5,001)
Purchase of intangible assets	(787)	(35)
Purchase of investment securities	(54)	(4)
Other, net	(132)	(17)
Net cash provided by (used in) investing activities	(5,449)	(5,058)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	598	5,360
Proceeds from long-term borrowings	3,200	—
Repayments of long-term borrowings	(240)	(423)
Purchase of treasury shares	(0)	(3,371)
Dividends paid	(1,893)	(2,121)
Repayments of lease liabilities	(47)	(47)
Net cash provided by (used in) financing activities	1,617	(603)
Effect of exchange rate change on cash and cash equivalents	1,544	(751)
Net increase (decrease) in cash and cash equivalents	2,998	528
Cash and cash equivalents at beginning of period	18,640	26,692
Cash and cash equivalents at end of period	21,639	27,221

#### **(4) Notes to Interim Consolidated Financial Statements**

(Notes on going concern assumption)

Not applicable.

(Notes regarding Significant Fluctuations to Shareholders' Equity)

Not applicable.

(Application of Accounting Procedures Specific to Preparation of Interim Consolidated Financial Statements)

(Calculating the tax expense)

The effective tax rate expected to be imposed on pretax profit (after tax effect accounting) applicable to the consolidated fiscal year in which the interim of the current consolidated fiscal year under review is included was estimated based on reasonable assumptions, and tax expenses for certain consolidated subsidiaries were calculated by multiplying the interim pretax profit by the estimated effective tax rate.

(Additional Information)

(Transactions Related to the BIP Trust for Directors' Remuneration)

The Company has introduced the "BIP Trust for Directors' Remuneration" as a performance-linked stock compensation plan for the Company's Directors (excluding Directors who are members of the Audit and Supervisory Committee, Outside Directors and domestic non-residents) and Executive Officers (excluding domestic non-residents) from the fiscal year ending March 2019. However, BIP Trust is terminated as of August 2024. Accounting treatment for trusts is in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Report No. 30, March 26, 2015).

Under this system, a trust (executive compensation BIP trust) established by the Company using money contributed by the Company as the source of funds acquires the Company's shares, and through the trust, the Company delivers and gives to directors and others the Company's shares equivalent to the points granted to them based on the degree of achievement of performance targets and position in the Company during each fiscal year and an amount equivalent to the cash proceeds from the conversion of the shares.

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value (excluding incidental expenses) in the trust. The book value and number of such treasury stock were ¥839 million and 147,426 shares for the previous fiscal year and ¥699 million and 122,819 shares for the current six months.

(Segment information, etc.)

[Segment information]

I For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on net sales and income by reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe	North America	Total		
Net sales							
(1) Sales to external customers	4,983	14,796	4,908	3,451	28,140	—	28,140
(2) Intersegment sales and transfer	15,722	13,324	0	—	29,047	(29,047)	—
Total	20,706	28,121	4,908	3,451	57,187	(29,047)	28,140
Segment income	1,897	2,796	262	85	5,042	(1,727)	3,315

Notes 1. The segment income adjustment of ¥(1,727) million consists of corporate expenses of ¥(1,341) million not allocated to each reportable segment and inventory adjustments, etc. of ¥(385) million. Corporate expenses mainly consist of general and administrative expenses and research and development expenses that do not belong to any reportable segment.

2. Segment income is adjusted to match operating profit in the consolidated statements of income.

II For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information on net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe	North America	Total		
Net sales							
(1) Sales to external customers	4,146	15,077	4,723	3,211	27,159	—	27,159
(2) Intersegment sales and transfer	15,910	10,421	—	—	26,332	(26,332)	—
Total	20,057	25,499	4,723	3,211	53,492	(26,332)	27,159
Segment income (loss)	2,957	917	(140)	79	3,813	(1,694)	2,119

Notes 1. The segment income (loss) adjustment of ¥(1,694) million consists of corporate expenses of ¥(1,718) million not allocated to each reportable segment and inventory adjustments, etc. of ¥23 million. Corporate expenses mainly consist of general and administrative expenses and research and development expenses that do not belong to any reportable segment.

2. Segment income (loss) is adjusted to match operating profit in the consolidated statements of income.

(Significant subsequent events)

(Acquisition of treasury share)

At the board of directors meeting held on November 5, 2024, the Group resolved to acquire treasury share based on the provisions of Article 156 of the Companies Act, as applied by replacing the provisions of Article 165, Paragraph 3 of the same Act.

(1) Reasons for acquiring treasury share

To improve capital efficiency, return more profits to shareholders, and increase shareholder value.

(2) Details of matters related to acquisition

- ① Type of shares to be acquired: common stock of the Company
- ② Number of shares to be acquired: 2,000,000 shares (upper limit)
- ③ Total acquisition price of shares: ¥6,000,000,000 (upper limit)
- ④ Treasury share acquisition period: From November 6, 2024 to October 31, 2025
- ⑤ Acquisition method: Market purchase on the Tokyo Stock Exchange