



**Integrated Report**

**2024**

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

## In Issuing This Report

We have issued the first integrated report as IRISO ELECTRONICS CO., LTD. The purpose of this report is to communicate IRISO's sustainable value creation, business strategies, and initiatives in an easy-to-understand manner by introducing the company's history, business operations, desired future state, and the new Medium-Term Management Plan starting from this fiscal year (FY2024).

We will share our initiatives with not only our shareholders and investors, but also with all our stakeholders, including customers, local communities, and our employees and use this report as a tool for dialogue, while also working to achieve sustainable growth for both IRISO and society through dialogue.

## External Recognition

### Inclusion in ESG indices

- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index
- FTSE Blossom Japan Sector Relative Index



FTSE Russell confirms that IRISO Electronics, Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.



### Sustainability recognition

- KENKO Investment for Health Outstanding Organization
- Yokohama Health Management Certification
- Yokohama City "Companies Certified for Their Excellence in 3R Activities"

## Contents

### I Understanding IRISO ELECTRONICS

Origin of the Company Name	02
Management Philosophy	03
The History of IRISO ELECTRONICS	04
At a Glance	05
IRISO's Business	06
IRISO's Business Domains	07
The Strength of IRISO	08
IRISO's Solutions for Solving Social Issues	09

### II Value Creation Story

Top Message	10
Value Creation Process	15
Materiality	16
Medium-Term Management Plan	17
The IRISO Electronics Group's Growth Strategies	20
Technology/Manufacturing/Sales/Quality Assurance/Management	

## Editorial Policy

### Editorial policy

As this is IRISO's first integrated report, we aim to further enhance our corporate value by providing all of our stakeholders with a deeper understanding of our business and the new Medium-Term Management Plan starting this fiscal year, and facilitating dialogue based on this integrated report.

In editing this report, we referred to documents including the International <IR> Framework recommended by the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation issued by Ministry of Economy, Trade, and Industry.

### Period covered

FY2023 (From April 1, 2023 to March 31, 2024)

However, some disclosure items and business activities that began after April 2024 are also included.

### Organizations covered

IRISO ELECTRONICS CO., LTD. and its consolidated subsidiaries

### Reference guidelines

International <IR> Framework by the International Integrated Reporting Council (IIRC), Guidance for Collaborative Value Creation by Ministry of Economy, Trade, and Industry

### Notation in this document

The contents and figures in this report are specific to the IRISO ELECTRONICS Group, and the terms "IRISO," "the Company," and "we" are used to refer to the IRISO ELECTRONICS Group.

### Third-party verification of data

Third-party verification has been conducted by Socotec Certification Japan Co., Ltd. since FY2022 for data on greenhouse gas (GHG) emissions for Scope 1, Scope 2, and Scope 3 (Categories 1, 2, 3, 4, 5, 6, 7, 10, 11, and 12)

### Notes concerning forward-looking statements

The performance forecasts, plans, and strategies stated in this integrated report are based on currently available materials, and actual results may differ depending on various factors in the future.

### III Management Foundation

Environment	25
Social	34
Human Capital	37
Corporate Governance	40
Roundtable with Outside Directors	43

### IV Financials/Corporate Data

Key Financial Data Over 10 years	47
Non-financial data	48
Environment/Social/Governance	
Corporate Information	50

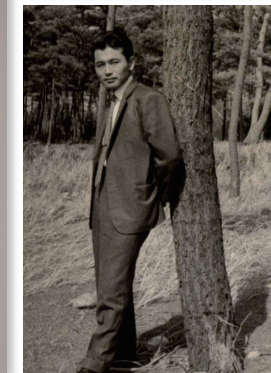


## Origin of the Company Name

# Remembering the Gratitude and Inspiration

IRISO ELECTRONICS was founded on December 16, 1966, in Kawasaki City, Kanagawa Prefecture.

In the early days of the company, we primarily focused on assembling printed circuit boards. Our very first customer was a company located in Iriso village (presently Sayama City) in Iruma-gun, Saitama Prefecture. We therefore decided to name our company after Iriso to remember the gratitude and inspiration we were filled with.





## Management Philosophy

– Bridging to a brighter tomorrow –

**We cherish individuality, cultivate values through innovation and creativity, and commit to a positive and smart future.**

We value our customers, investors, employees and all other people, keep delivering top-quality products that satisfy and impress our customers, and commit ourselves to increasing their happiness, trust, confidence and loyalty.

## Purpose (Our Role in Society)

To bring this philosophy into shape, we have set our purpose (what role IRISO should play in society), dream (what we envision making happen in the future world) and belief (what we value).

### Statement (Declaration of conduct)

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

### Purpose (What role we play in society)

**We connect over electric paths with our strong proposal ability to empower customers. We provide secure, safe and user-friendly connections.**

### Dream (What we envision making happen in society)

**We are deeply committed to the act of “connecting” and create a future world friendly to people and environment, where a wide array of features and functions are easily connected.**

- High quality: legal compliance, quality first and customer trust
- Manpower-saving: deep commitment to floating technology for assembly automation
- Resource saving: deep commitment to downsizing and composite technology for lightweight products

### Belief (What we value)

**Full of Gratitude and Inspiration for All Customers.**

The name “IRISO” is deeply rooted in our gratitude to customers. We turn our joy of working into unique technology and express our appreciation in the form of reliable and impressive products.

### Slogan

**Interconnect with Reliable Solution**

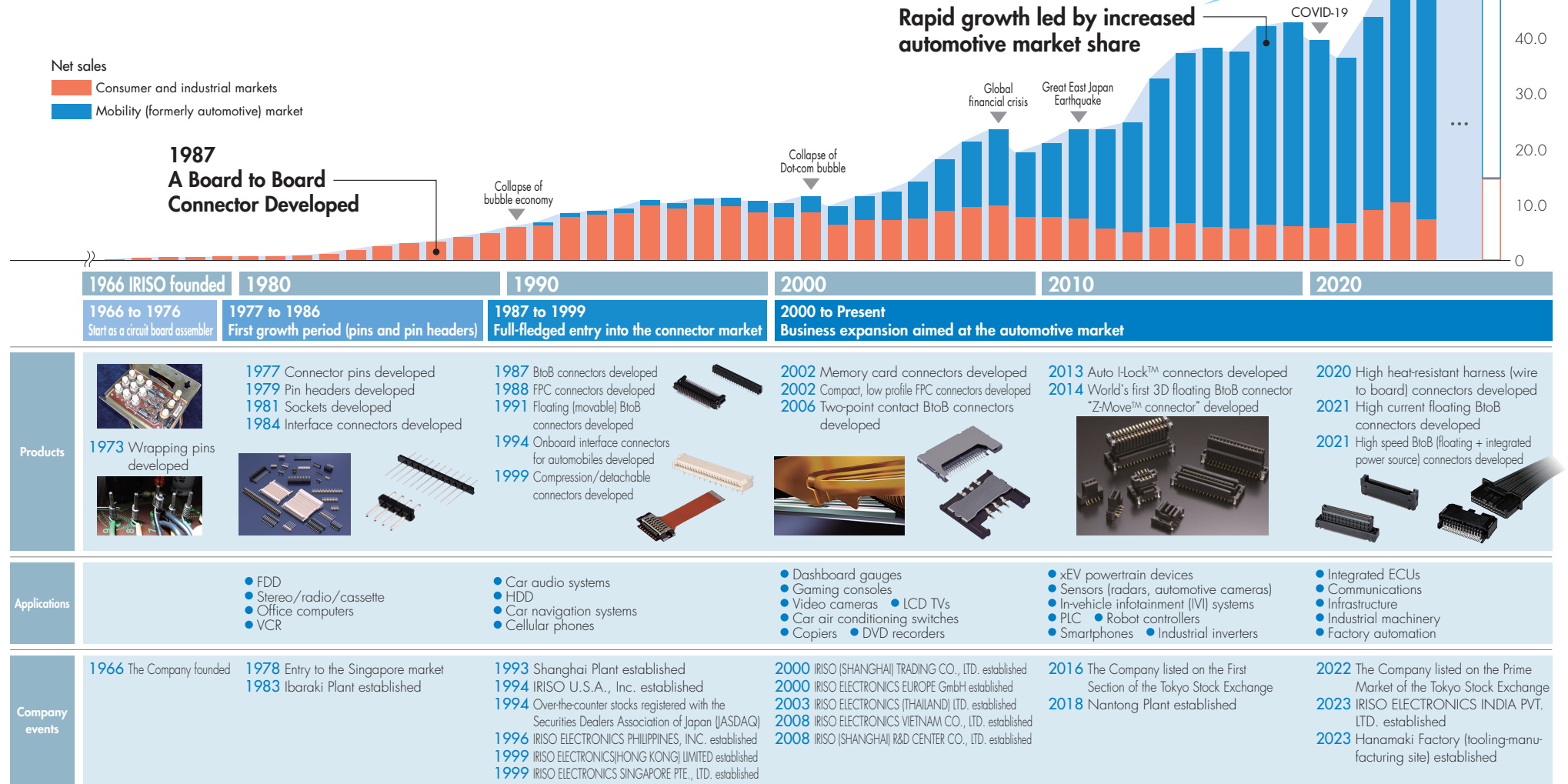
We suggest safe and secure connection solutions developed through our businesses with life-critical equipment manufacturers to our customers.



# History of IRISO ELECTRONICS

IRISO started as a circuit board assembly company, and began developing pins from the early 1970s. In the late 1970s, we developed pin headers and connector pins, expanded the range of potential connection patterns by combining these products with resin components, and entered the connector market.

We began supplying products for manufacturers in the automotive industry, one of our focus areas, in the late 1980s. The unique mechanisms of our newly developed BtoB™ (Board to Board) connectors, designed to absorb positioning variances during assembly, were highly recognized and adopted for use in car audio systems. Ever since then, our products have been used in many automotive devices, in step with advances in the automotive technology, such as electrification, automated driving, and motorization.



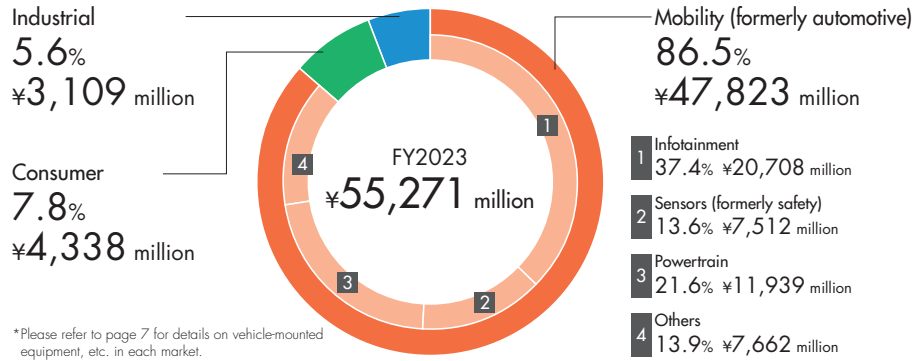


# At a Glance

## Business Description

IRISO develops and manufactures "connectors" that connect electricity or signals inside devices and sells them worldwide. The products are used in a wide range of industries, including automotive parts, industrial equipment, and consumer products, and as 80% or more of sales are from automotive applications, IRISO is known as "IRISO for future" in the industry.

### Sales Breakdown by market

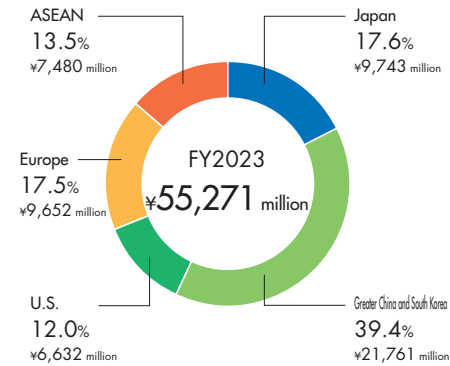


\*Please refer to page 7 for details on vehicle-mounted equipment, etc. in each market.

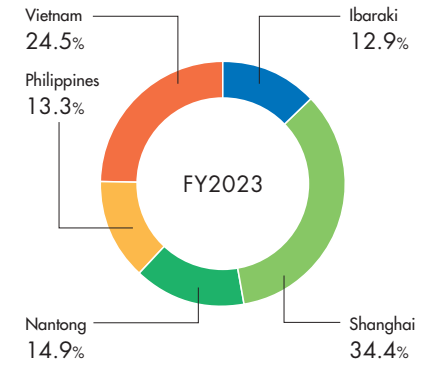
## Global Business Foundation

IRISO products are used widely not only in Japan, but also by the world's leading global companies. We expanded overseas at an early stage, and we are engaged in a worldwide business with at least 80% of sales and production being conducted overseas.

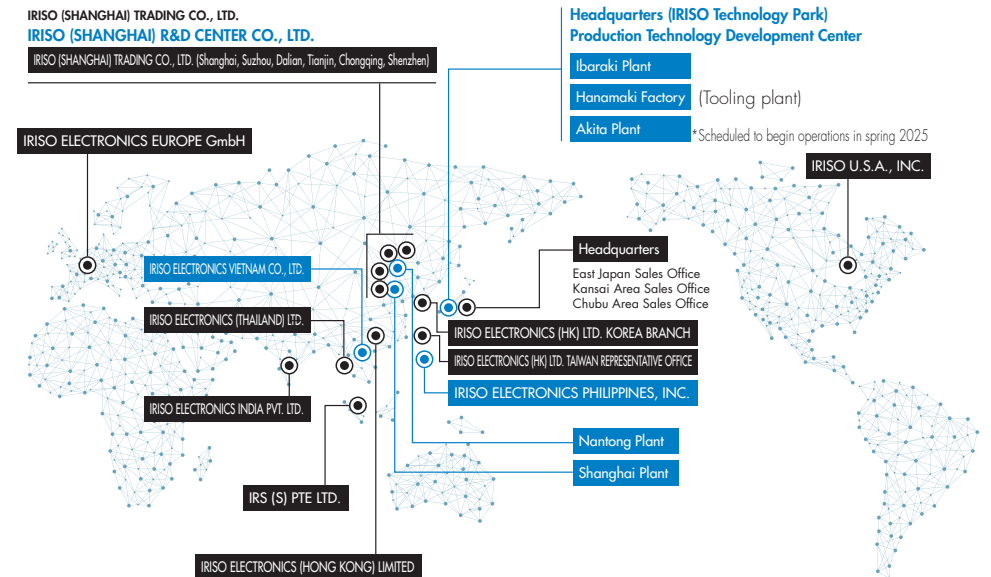
### Sales breakdown by region



### Production breakdown by region



## IRISO by the Numbers (FY2023)





## IRISO's Business

### The Roles and Benefits of Connectors

Connectors are important components used to transmit the added value created on circuit boards or devices without loss. Their history dates back to World War II. It is said that they were invented to meet the need for replacing only the broken components of devices. The invention of connectors made it possible to remove components that previously could not be removed because they were directly soldered on.

The increasingly widespread use of printed circuit boards and the invention of various electronic components produced synergistic benefits for connectors. Over time, their shapes changed significantly, but they remained valued for their ease of use, stable quality, contributions to size reduction, and ability to enable disassembly. Today, they are widely used in everything from the largest to the smallest devices.

### Connection Method Comparison

	Soldering	Welding	Harness and wire	Connector
Ease of use: Automatic assembly, process streamlining	○	×	×	◎
Quality stability: Uniformity, noise resistance	△	△	○	○
Size reduction	△	×	△	◎
Ease of disassembly: Repair, recycling	○	○	△	◎

### IRISO Products

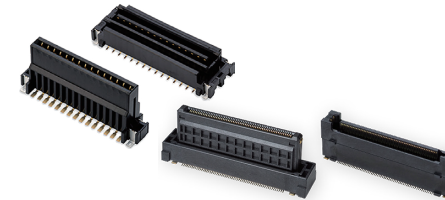
Today, we use all kinds of electronic devices, such as computers and smartphones. The number of electronic devices used in automobiles and factory machinery is also increasing, and their functions are becoming more advanced.

Printed circuit boards are the heart of electronic devices, with components performing a wide range of functions arranged on them, creating a landscape that resembles a cityscape. IRISO connectors help the components on these circuit boards to fulfill their roles by passing on signals and electricity. IRISO has a wide-ranging lineup of these connectors, which are used inside devices and thus seldom seen. Our lineup primarily consists of board to board (BtoB) connectors and connectors for flexible printed circuits (FPCs).

#### BtoB™ Connectors

Board to Board (BtoB) connectors are connectors developed for high-density installation for printed circuit boards. Floating connectors can move in all directions—forward, backward, left, and right. They are designed to absorb connection misalignments. The combination of sockets and plugs allows them to move along the X, Y, and Z axes in relation to a plane, making their design and structure highly effective at accommodating misalignment.

BtoB connectors are IRISO's primary products, and we are an industry leader, offering an overwhelming variety of these connectors.



📺 Watch a video introduction to our products (Japanese only)  
<https://youtu.be/rY4QWUrhDjk>

#### Wire to Board Connectors

These connectors are used to connect circuit boards to non-waterproof wire harnesses designed to meet automotive specifications. They are compact, low-profile, and high-density, capable of withstanding high temperatures and being surface-mounted, which allows for automatic mounting.

They are so reliable that they can be used even in harsh, high-temperature environments such as automobile engines and batteries.

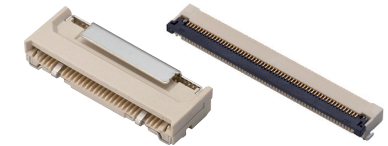
They are also designed to be more user-oriented, with a shape that makes them easy to hold when inserting cables. They also have functions for preventing connection errors.



#### FPC/FFC Connectors

FPC/FFC connectors were developed to connect separate circuit boards using flexible, laminated cables known as flexible printed circuits (FPCs) or flexible flat cables (FFCs).

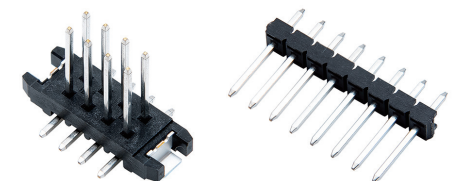
IRISO connectors include both zero insertion force (ZIF) connectors, which can lock FPCs/FFCs using almost no force, and NON-ZIF connectors which can be inserted using only a small amount of force. IRISO offers a wide variety of FPC/FFC connectors including Auto Lock™ connectors with highly dependable two-point contact designs, providing both ease of use and high reliability.



📺 Watch a video introduction to our products (Japanese only)  
<https://www.youtube.com/watch?v=BDkF4hlm8g>

#### Pin Headers

Our pin header connectors are essentially shaped like plugs, with a locking (resin insulator) that supports pins (non-ferrous electrical conductors) made from cut and processed wire material. They are used for internal connections between circuit boards in various technologies and devices. Seen from the side, they somewhat resemble kenzan, the spiked stands used in ikebana flower arrangements. IRISO started from pins. A wide range of variations is possible by changing pin length, pin diameter, and locking position.



## IRISO's Business Domains



## Mobility Market

IRISO connectors are installed in automobiles around the world, from gasoline-powered vehicles to electric vehicles, fulfilling the role of connecting.

Main installed equipment

## ■ Infotainment Market

Car navigation systems, car audio systems, cluster panels,IVI, etc.

## ■ Sensor Market

Millimeter wave radar, LiDAR, cameras

## ■ Powertrain Market

Converters, inverters, BMS (battery management system), chargers, etc.

## ■ Others

Switches, two-wheelers, etc.

Business opportunities

- Progress of electrification
- Progress of automation
- Factors such as the evolution of electrification and autonomous driving have increased the number of ECUs in vehicles and opportunities for internal connections on circuit boards
- By leveraging vibration and heat resistance, connection reliability, and high-speed transmission technologies developed through the automotive business, we will expand our business portfolio into mobility sectors such as agricultural machinery, construction machinery, and flying vehicles.

Sales for FY2023

¥47.8 billion (sales breakdown: 86.5%)

- Infotainment Market: ¥20.7 billion (sales breakdown: 37.4%)
- Sensor Market: ¥7.5 billion (sales breakdown: 13.6%)
- Powertrain Market: ¥11.9 billion (sales breakdown: 21.6%)
- Others: ¥7.7 billion (sales breakdown: 13.9%)



## Consumer Market

Recently, life has become more convenient thanks to smart technology. IRISO connectors are also widely used inside devices in our daily lives.

Main installed equipment

Printers, gaming consoles, digital cameras, LCD TVs, etc.

Business opportunities

- Increase in high-definition image processing
- Assembly automation through the use of connectors
- Size and weight reduction

Sales for FY2023

¥4.3 billion (sales breakdown: 7.9%)



## Industrial Market

Automation at production sites is advancing. The use of connectors in various devices used at production sites is also increasing. Our products are also installed in infrastructure supporting daily life, such as base stations for high-speed communications and smart meters.

Main installed equipment

FA-related equipment (PLCs, inverters, etc.), base stations, smart meters, etc.

Business opportunities

- Increased automation and use of robots at production sites in response to labor shortages
- Increased communication speed
- Expansion of semiconductor manufacturing equipment and energy management market

Sales for FY2023

¥3.1 billion (sales breakdown: 5.6%)

## IRISO's Strengths

IRISO's strengths lies in its pursuit of reliability. We use an integrated and consistent approach to development, design, manufacturing, and sales, building a solid track record in the automotive market, which demands high levels of quality. In automobiles, IRISO connectors are used in everything from the car navigation systems we rely on daily to powertrains, the heart of vehicles, which are essential for driving, turning, and stopping. This track record and the trust we have earned explain why IRISO has become a connector supplier of choice around the world, as well as why our customers can feel secure using our products.

### Strength 1 Customer Network in the Automotive Market

#### Changes in automobiles

Floating connectors offer high levels of connection reliability and ease of assembly. They began being used in car audio systems in the 1990s. With further advances in the electrification of automotive systems, such as the use of switches to open and close windows, demand for connectors, which relay electrical power and signals, has risen. From the late 2010s onward, there have been technical innovations in a new business sector, CASE, which stands for "Connected, Autonomous/Automated, Shared, Electric."

#### Proactive solution proposals

During this period, we expanded our network of sales sites worldwide, establishing a system that integrates technology and sales to deliver proposals directly to customers. We dedicated significant effort to developing proactive solutions that respond to market changes and meet customer needs. We helped reduce the size of devices by replacing harnesses and cables with our BioB and FPC connectors, and we contributed to the automation of assembly with our floating connectors.

#### Business with global automotive component manufacturers

As a result of these efforts, we are doing business with many global component manufacturers in the automotive industry, an industry with high barriers to entry. Another distinctive feature of IRISO is that we are not part of any automotive group, allowing us to do business with a wide range of companies.

In recent years, we have also been doing more business with new Asian companies making automobile battery devices, an area that is growing as the electrification of vehicles accelerates.

#### 2023 Topics

IRISO was the world's only connector manufacturer to receive the Bosch Global Supplier Award 2023 from the Bosch Group, one of the world's leading technology and service suppliers.



### Strength 2 Floating Technologies

#### What are floating connectors?

Floating connectors reduce the stress placed on soldered areas when they are connected. Springs in connector terminals reduce the load placed on soldered components and absorb misalignment when assembling devices, helping prevent soldered components from being damaged.

- Improved connection reliability  
Connectors can move while maintaining their connections, allowing multiple connectors to simultaneously be connected on the same circuit board
- Improved ease of assembly



[Watch the video introduction to our products](https://youtu.be/QiJUnDr0THE)  
<https://youtu.be/QiJUnDr0THE>

#### Varieties of floating connectors and sales track record

Since developing our first floating connector in 1991, our floating connectors have been used not only in the automotive market but also in the industrial market in recent years.

Currently, we offer roughly 100 series, 400 types, and 1,400 possible combinations of connectors with floating functions alone.

We have sold over 5 billion of these products, and we have an extensive track record in the automotive market, which is known for its focus on reliability and its high barrier to entry.

#### Delivering added value through floating technologies at our core

We meet the demands of our customers by adding new value to our floating technologies, one of IRISO's strengths.

#### Examples of functions providing additional value

- **3D movement (Z-Move™):**  
These connectors offer an enhanced level of vibration resistance through their floating structure, which can move not only in the X and Y directions but also in the Z direction, all the while maintaining connectivity.  
[Watch the video introduction to our products](https://youtu.be/oIGFcYXRuM) <https://youtu.be/oIGFcYXRuM>
- **High speed transmission:**  
Our connectors not only handle high transmission speeds of 25 Gbps, but also have movement ranges that exceed pitch widths. They have power terminals, and the overall sizes of connectors are minimized.
- **Two-point contact:**  
These connectors have a high degree of reliability, preventing poor contact and keeping out foreign substances when connecting components.  
[Watch the video introduction to our products](https://youtu.be/3YObuu5rF4Y) <https://youtu.be/3YObuu5rF4Y>



## IRISO Solutions to Social Issues

### Business Opportunities in the Electrification Market and IRISO's Contribution

Vehicle electrification is important for a decarbonized society. IRISO connectors are used in xEVs (electrified vehicles) such as EVs, FCHVs, PHVs, and HEVs.

Unlike gasoline-powered vehicles with internal combustion engines, xEVs run on a rotating motor that uses electrical energy stored in a battery. Power systems for electric vehicles consist mainly of an onboard charger, battery management system, DC-DC converter, and inverter, which are referred to as the powertrain equipment of electric vehicles. IRISO connectors are installed in these powertrain devices. We have customers all over the world and play a part in the acceleration of car electrification worldwide.

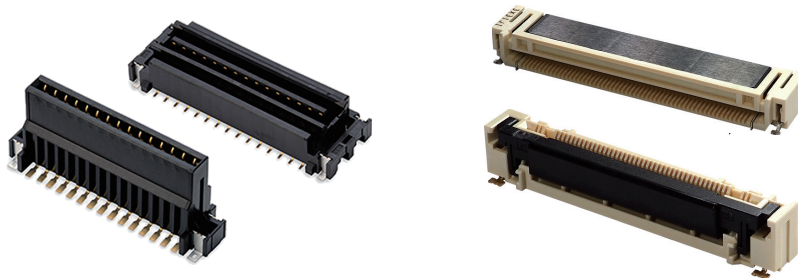
### Technologies and Advantages in the Electrification Market

#### Vibration Resistance Solution Service: Z-Move™ + Vibration Simulation

- The world's first three-dimensional floating BtoB connector "Z-Move™" lineup, which was developed for use in harsh vibration environments, such as xEV powertrain equipment.
- The vibration resistance of customers' equipment can be evaluated by vibration analysis with unique simulations that IRISO has developed, as well as by using Z-Move™. IRISO's unique "Vibration Resistance Solution Service" helps customers improve design reliability at the design phase and shorten their development time.

#### Helping Customer Assembly

- For batteries: Small wire-to-board connectors  
→ Contributing to downsizing and weight reduction of equipment
- For inverters and converters:  
3D floating BtoB connector (Z-Move™) + high heat-resistant FPC connector (Auto i-Lock™)  
→ Enabling harness-less and solder-less connections  
· Contributing to downsizing, weight reduction and the automatic assembly of equipment



### Business Opportunities and Contributions in the Autonomous Driving Vehicle Market

The global adoption of autonomous driving and advanced driver assistance systems (ADAS) for assisting drivers is expected to have a significant effect on reducing traffic accidents caused by drivers.

Autonomous driving and ADAS require various sensors, such as onboard cameras and radar, that gather information from the outside world, and ECUs and other devices, that identify useful information in the data collected by the sensors and make decisions on vehicle control.

Our connectors are used for these devices and play a key role in improving the levels of autonomy in vehicles and ADAS development.

### Technologies and Core Competency in the Automated Driving and ADAS Markets

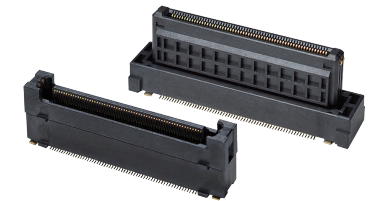
#### Onboard Coaxial Camera Solution

- We offer the "Absorb 6G CAM," a solution for onboard coaxial cable camera, in line with the concept of "total connector solutions for camera-inside system through connecting cables, not just a connector itself as a single product."
- The connector is designed to meet diverse needs, such as streamlining the production process by assisting automated assembly, as well as increasing the image resolutions and miniaturizing the system of cameras by using our connectors suitable for high-speed transmission and product downsizing.

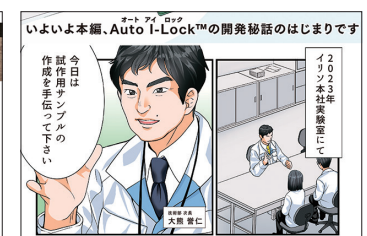
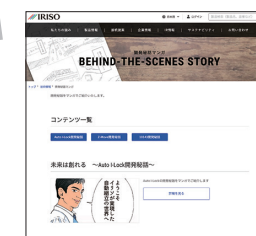


#### High-Speed Transmission Connector

- Internal connections in Engine Control Unit (ECU) for autonomous driving, which controls a large number of onboard cameras, need high-speed transmission
- The 10143 series, which is capable of 25-Gbps high-speed transmission, the highest speed ever among all floating BtoB connectors, can meet such needs for higher speeds.



We created a manga that tells the story of our product development (with partial Japanese)



<https://www.irisoee.com/en/technology/comic/>



## Top Message

# “Connecting”: Delivering Values to More People

To return to a growth trajectory, we, at IRISO Electronics, have embarked on a new Medium-Term Management Plan with a management strategy centered on sowing the seeds for achieving breakthrough growth and further strengthening our management foundation. In the next three years, we aim to transition from “IRISO for automotive” to “IRISO for future mobility,” while promoting the expansion of the industrial market, which we position as our second pillar.

In this message, I would like to explain to you our shared management philosophy and our initiatives to contribute to society through our business, as well as share with you the long-term vision we are aiming for and the challenges we are taking to realize it.

**Hitoshi Suzuki** Representative Director and President

The IRISO logo, featuring three slanted parallel lines to the left of the word "IRISO" in a bold, sans-serif font.

IRISO TECHNOLOGY PARK

イリス電子工業株式会社



## The thoughts behind our management philosophy structure, and the values and mission our Group shares

At IRISO Electronics, we conduct business in line with our management philosophy: Bridging to a brighter tomorrow – We cherish individuality, cultivate values through innovation and creativity, and commit to a positive and smart future. In April 2023, to bring further shape to our management philosophy, we defined what we value in conducting our business as our “Statement (Declaration of conduct),” “Purpose (What role we play in society),” and “Dream (What we envision making happen in society).” We have communicated these values both inside and outside the Company and are working to share and instill them throughout the Group. This management philosophy structure embodies our desire to exceed the expectations of society and our customers by realizing safe, secure, and comfortable “connections,” and to create a prosperous future that is kind to people and the environment by deepening these “connections.”

Connectors, the Group’s main product, play an important role in transmitting electrical signals and maintaining functionality inside a wide range of devices and components, including automotive and industrial equipment. The stable operation of automotive and industrial equipment, which can at times be a matter of life and death, requires an extremely high level of

reliability from the connectors that support them. At IRISO Electronics, we have always taken every possible measure to maintain the quality of “reliable connections,” and have been enhancing our technological capabilities to realize a green society that society and our customers desire, such as by making products more compact and lightweight, enabling higher transmission speeds, and supporting automated production.

Such initiatives by our Group will contribute to the value of our customers’ products and also to enhancing production efficiency through process automation. The joy of our customers who use IRISO connectors is our joy. As such, we will continue to realize “connections” that exceed the expectations of society and our customers.

## Five materiality goals for the company that grows together with society

To put sustainable management into practice at our Group, we have set the following five items as materiality goals (important issues) and will strive to coexist with society while driving corporate growth.

1. Addressing social issues and growing the company’s business
2. Unlocking the power of manufacturing to support value creation
3. Working towards secure, safe and livable society that supports people and the environment
4. Fostering workplace diversity and inclusion
5. Improving the management foundation

At the IRISO Electronics Group, we recognize that the declining working population caused by low birthrates and an aging population, as well as climate change and environmental destruction, are urgent global issues that require attention. Through connector products that have a floating structure with movable connectors to absorb errors and misalignments during mating, our Group is supporting

customers to manufacture products using robots for automatic assembly, thereby providing value by contributing to labor- and manpower-saving at production sites. We will continue to strive to create product value that improves workability and reduces work time, and in doing so, contribute to overcoming the decline in the working populations.

In terms of climate change and environmental destruction, by downsizing connectors and developing connector products with improved transmission speeds, we have achieved compact, lightweight, and high-performance products that contribute to demonstrating energy-saving effects. The automotive industry, which is a major customer of ours, has long been working to reduce its environmental impact, and is currently in the midst of a once-in-a-century transformational period, shifting from gasoline-powered vehicles to various types of electric vehicles (xEVs). The connectors we manufacture are used in the on-board equipment of xEVs, which use more connectors for battery control and other purposes than gasoline-powered vehicles. Looking ahead, we will look to proactively respond to the need for more compact and lightweight products, and promote reduction of CO<sub>2</sub> emissions and resource conservation in our business activities.

To build a management foundation for sustainable business growth, it is essential that we promote improvements in human resource capabilities and engagement, as well as the diversification of talent. We are committed to advancing the careers of our employees and creating a corporate culture that is “inspiring” for our employees and all stakeholders.

## Corporate culture that embraces change and grows day by day

Today, the IRISO Electronics Group conducts business in Japan, Asia, Europe, and the United States. Our products are sold to customers in more than 30 countries worldwide and we have increased our overseas sales ratio to over 80%. In the automotive industry, through transactions with almost all





## II Value Creation Story

Tier 1 suppliers (suppliers that deliver components directly to finished vehicle manufacturers), IRISO connectors are installed in cars of manufacturers from around the world.

The IRISO Electronics Group was founded in 1966 as a circuit board assembly and manufacturer, and later began manufacturing pins that connect wiring on printed circuit boards. It was in the mid-1970s that we entered the connector market. At the time, however, we were the last in the industry to enter the market, and it took a long time for us to gain recognition as a connector manufacturer. Subsequently, through the development of board-to-board connectors that connect circuit boards, floating connectors and other products, we received wide acclaim for our product and technological capabilities, and, to cater to our customers' global expansions, we expanded our own production and sales network overseas, and gradually established the position we have in the industry today. However, at present, we have only gained a certain level of recognition in the automotive industry, and have not yet become a brand that is widely recognized as "IRISO, a connector company." As such, we first aim to achieve 100.0 billion yen in net sales before expanding our businesses to build our position among the world's top 10 manufacturers.

I want to achieve this target by providing exciting and enjoyable work for our employees. If more people from around the world get to know IRISO as a "connector company" as a result, I have no doubt that employees will feel great pride and find even more joy in their work. This is the dream that I want to share with all our Group employees.

### IRISO's strengths and growth opportunities

Through our businesses, we provide connectors to three markets: the mobility market, our main market, centered on the automotive industry, such as automotive devices; the industrial market, including industrial and communications equipment;

and the consumer market, including digital home appliances, office automation equipment, and game consoles.

In the mobility market, we focus on three key areas: the infotainment market for the cockpit system, including meters, car audio, and car navigation; the sensor market, which supports safe driving, such as cameras, sensing devices, and monitoring systems; and the powertrain market, which is related to the electric drive components. Whether it is vibration resistance solutions or other advanced technologies, we have increased product sales while responding to customers' needs.

The electrification of vehicles, which has progressed rapidly particularly in China and Europe since 2020, has presented the IRISO Electronics Group with a major growth opportunity. As automation progresses in the mobility sector, the number of associated safety equipment will increase, further increasing the demand for connectors. Naturally, competition in the industry will also intensify, so it will be essential for us to reinforce our technological and manufacturing capabilities to stay ahead of the rest.

We have been working to expand sales in the industrial market since 2015 to grow it into our second pillar of business after the mobility market, but our efforts are still ongoing. In recent years, we have focused on developing new products that meet new market needs such as 5G and IoT, while also promoting customer base expansion globally.

Our strength lies in our ability to leverage our unique lineup of distinctive connector products developed for the mobility market, including floating connectors and Two-point contact connectors that ensure reliable connections, to expand into the industrial market, and we have already seen positive results in domestic industrial and communications equipment. We intend to further expand this initiative and provide products in our fields of expertise to as many customers as possible.

The consumer market has seen periods of increased sales for TVs and game consoles due to a rise in stay-at-home demand caused by the COVID-19 pandemic, but overall, it continues to be a struggling business area.

That said, it is also an important market that has led to the creation of synergistic effects, such as leveraging the technological capabilities cultivated in the consumer market and applying them to product development in the mobility and industrial markets. Going forward, in the consumer market, we will continue to focus on markets that anticipate the connector functions required in the mobility and industrial markets, and promote customer development.

### Further reinforcement of our global business structure

The Group currently has production sites in five locations, including Ibaraki in Japan, Shanghai and Nantong in China, the Philippines, and Vietnam, with our overseas plants accounting for approximately 90% of our total production. Moreover, we are currently constructing the Akita Plant in Japan, which is scheduled to begin operations in the spring of 2025. In addition, our network also includes the Hanamaki Factory, which is responsible for tooling design and manufacturing essential to improving the quality and value of our connectors, and the Shanghai R&D Center, which oversees the strengthening of solutions for our Chinese customers.

At all six group plants, including the Akita Plant currently under construction, we are able to produce for the mobility, industrial and consumer markets, and for our main products, have built a production system across multiple sites to ensure a smooth response to our customers' global business expansion. Furthermore, from a BCP (Business Continuity Planning) standpoint, we are creating a production system that can maintain supplies in the event of an emergency, such as geopolitical risks or the occurrence of a natural disaster. Understanding that business risks will only increase in the future, by enhancing our production capacity through the start of operations at our new Akita Plant, we aim to further reduce these risks, strive to ensure stable product supply, and earn the trust of our customers.

## Summary of the previous Medium-Term Management Plan

The previous Medium-Term Management Plan for FY2021–FY2023 was formulated as a three-year period to return to a growth trajectory by capturing the quick recovery of the automobile market and the accelerating shift to xEVs, as well as to solidify the foundation for realizing our long-term vision of “100.0 billion yen in net sales.” We set numerical targets of “52.0 billion yen in net sales” and “operating profit margin of 20%” for FY2023, the final year of the plan. However, our final figures fell far short of these targets at 55,271 million yen in net sales (81% of the plan target, based on exchange rates at the time the plan was formulated) and an operating profit margin of 10.7%. As President and a representative of the company, I deeply regret that we were not able to meet the expectations of our shareholders, employees, and many other stakeholders.

In response to changes in the environment due to the COVID-19 pandemic that were beyond our control, such as the disruption of SCM, the soaring costs of raw materials, transportation, and energy, and the economic stagnation in China and other countries, we implemented additional countermeasures to improve our income and expenditures, such as reviewing our pricing policy, reducing the amount of raw materials used, and improving production efficiency and logistics costs, but ultimately, this was not enough to offset the aggravating factors.

Upon serious reflection, I believe that the root cause behind the deterioration in business performance was the lack of our management efforts to develop new products, cultivate new customers, etc. that would have outweighed these aggravating factors.

We take this situation seriously, and moving forward, our Group will enhance our technological capabilities and expand our product lineup to further capture needs for autonomous driving and electrification in the mobility market, our

mainstay. At the same time, we will develop new products and acquire a global customer base to expand our businesses in the industrial market, which will be our second pillar, thereby realizing our goal of becoming a company that can achieve breakthrough growth.

## Start of a new Medium-Term Management Plan Net sales of 65.0 billion yen and operating profit margin of more than 15%

We have formulated and launched the “2026 Medium-Term Management Plan,” covering the three-year period between FY2024 and FY2026. The plan is based on market forecasts that expect the ratio of xEVs to rise rapidly from 26% to 43% as global car production will gradually increase from the current 90 million to 95 million. Based on this plan, we will achieve annual sales growth of more than 5% and aim to achieve “65.0 billion yen in net sales” and “operating profit of 10.0 billion yen (operating profit ratio of 15.4%)” in the final year of the plan. At the same time, to meet the expectations of our stakeholders, we will promote improvements in capital efficiency with the targets of an “ROE of 10%” and an “ROIC of 10%.”

Our top priority measure to achieve the plan targets is to build the foundation to transform from “IRISO for automotive” to “IRISO for future mobility.” We will leverage the technologies we have cultivated in the automotive market to capture new needs in the mobility market and expand sales by rolling out our products into a wide range of areas including autonomous driving, remote operation of construction machinery, and eVTOL, which is gaining attention as the “flying car.” In the infotainment market, further development is expected in integrated electronic control units (ECUs), which bring together various functions into one, and as such, we aim to capture the demand for new connector products that will arise from this development. Our goal is to establish the No. 1 position in

the connector industry for the integrated ECU and powertrain markets. For the sensor market, we will lay the groundwork for the next stage of growth.

Our second priority measure is to reinforce our global operations to grow the industrial market into the second pillar of our business. In addition to the worldwide expansion of products for control equipment, we will enhance our product lineup for robot and AI-related applications, and enter the semiconductor manufacturing equipment and energy management markets. At the same time, we will transform our sales methods, such as by using Field Application Engineers hired in Europe, to further accelerate our existing activities and link them to results.

The third priority measure is to improve our production site systems. We aim to improve the cost of sales ratio from the current 69% to 65% in three years’ time. To achieve this goal, we will review the systems and roles of all our domestic and overseas production sites, and improve productivity and investment efficiency to strengthen our manufacturing capabilities. We aim for the smooth launch of the Akita Plant, which is scheduled to begin operations in spring 2025, and alongside the highly competitive Vietnam Plant and Nantong Plant in





## II Value Creation Story

China, we will work to improve production efficiency by developing each of these plants to take advantage of their respective characteristics.

In our current Medium-Term Management Plan spanning FY2024 to FY2026, we will work to achieve results by implementing the priority measures listed above over the three-year period during which we will overcome major management issues and set the groundwork for returning to a growth trajectory.

### Enhancing shareholder returns and improving capital efficiency Management with an awareness of cost of capital and stock prices

Under the 2026 Medium-Term Management Plan, we will secure cumulative net sales of more than 180.0 billion yen over three years and generate cumulative operating cash flows of 40.0 billion to 50.0 billion yen by maintaining an operating cash flow margin of more than 20%. Of this, we will allocate approximately 70% to growth investments, and utilize the remaining 30%, or 10.0 billion to 15.0 billion yen, for shareholder returns. Specifically, we will maintain stable dividends with a target payout ratio of more than 40% or a dividend-on-equity ratio (DOE) of 5%, and work to enhance shareholder returns, including through the purchase of treasury stock.

In a time when management is expected to be conscious of costs of capital and stock prices, our current PBR (price-to-book ratio) hovering around 1 is a serious issue. Thus, we are also targeting an ROE of 10% and an ROIC of 10% in the final year of the plan to improve capital efficiency.

The year-end dividend for FY2024 is planned to be 100 yen per share, but we are aiming to increase this to 150 yen per share by FY2026, the final year of the plan.

### Diverse talent and inspiration at work are the driving force for corporate value enhancement

As mentioned in the section on the five materiality goals, one of our materiality goals is “fostering workplace diversity and inclusion.” The phrase “a company is its people” is one that many business owners use, but there is no doubt that the driving force behind growth is, indeed, talent.

The IRISO Electronics Group boasts approximately 3,000 employees worldwide, of which around 600 are in Japan, with around 80%, or 2,400, of our workforce being foreign nationals working at our overseas subsidiaries. Based on our belief that leveraging the diversity of our Group employees and encouraging individuals to thrive and grow will lead to the creation of new value, moving forward, we will promote collaboration and personnel exchanges across our different locations more proactively than ever before. In addition, while in some regions, management of our overseas subsidiaries is headed by local talent, we plan to expand this to all our subsidiaries in the future.

Meanwhile, while overseas subsidiaries are well ahead in promoting women’s active involvement in the workforce, with a large number of female executives and managers, in Japan, only a small number of women have been promoted to such positions. We are currently actively hiring women, both as new graduates and mid-career hires, to expand our female leadership ranks and promote the creation of a diverse organization.

Within our materiality goal of “fostering workplace diversity and inclusion,” we have set a target of increasing the diversity ratio (non-Japanese, female, and mid-career hires) in management positions from the current 84% to 90% by FY2030. At the same time, we aim to improve our employee engagement score, which shows the strength of the connection between employees and the company, from the current 48 points to 53 points by FY2030, and become an inspiring company for our employees and stakeholders.

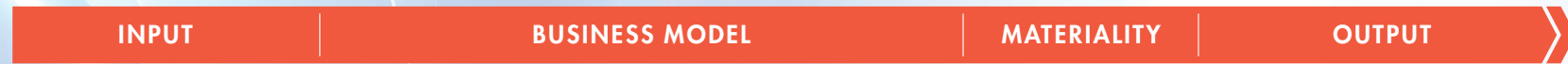
### Expanding our business into areas with strong sales growth potential, as well as those that create more sustainable value for society and people

The connectors that the IRISO Electronics Group manufactures and supplies are often used inside equipment and are rarely seen, but they are essential for the operation of various electrical equipment and components, and play a key role in supporting people’s lives and the development of industry. Society is expected to change at an ever-increasing pace in the future, with innovations in transportation such as flying cars, the automation of various products and equipment, increasing sophistication of information, and countermeasures to global warming, among other factors. In such a business environment, I believe there will be demand for our connectors in more markets and sectors than ever before.

Rather than being front and center, connectors play a key role from behind the scenes. IRISO Electronics Group connectors facilitate the safe operation of vehicles, ensure the normal operation of production equipment in factories, and fulfill other key roles and responsibilities to ensure a prosperous, safe, and comfortable society. By making sure that employees take pride in this fact, we will aim to develop the IRISO Electronics Group through unique product development and connections that exceed customer expectations, and generate excitement and joy in the process.

To our stakeholders, I hope that you will take note of the great potential of our connectors and continue to give us your long-term support for our Group’s businesses.

## Value Creation Process



Foundation of business activities

### Financial capital

Operating cash flow margin: **over 20%** (FY2023)

### Manufacturing capital

Production sites: **5 sites in 4 countries**

### Intellectual capital

Number of patents: **approximately 300**

R&D expenditures as a percentage of sales: **3.5%** (Medium-Term Management Plan target)

### Human capital

Number of employees: **approximately 3,000**

Female: **approximately 55%**

Non-Japanese: **approximately 85%** (FY2023)

### Social capital

Locations: **12 countries**

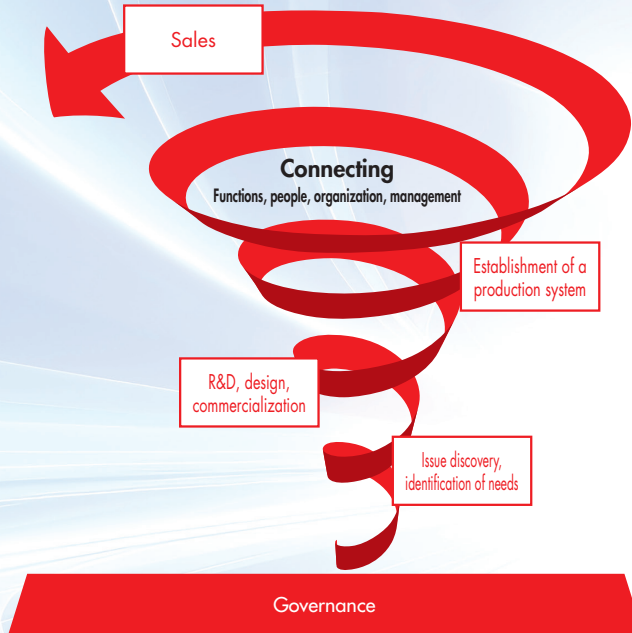
Customers: **at least 30 countries**

### Natural capital

Energy consumption: **approximately 210 thousand GJ**

Water consumption: **approximately 150,000 tons** (FY2023)

Development, manufacturing, and sales of connectors



- IRISO's business model is to create a spiral for new growth by identifying customer issues; delving into them deeply; develop, design, and mass produce; and create value with them as one-of-a-kind, competitive products.
- The core of our business model is management that focuses on "connecting," including customers, business partners, employees, and internal organizations
- As the foundation for continued business growth, IRISO is deepening its governance system by achieving a balance between employee growth, customer and partner growth, and social responsibility, including environmental responsibility

### MATERIALITY

#### MATERIALITY 1

Addressing social issues and growing the company's business

#### MATERIALITY 2

Unlocking the power of manufacturing to support value creation

#### MATERIALITY 3

Working towards secure, safe and livable society that supports people and the environment

#### MATERIALITY 4

Fostering workplace diversity and inclusion

#### MATERIALITY 5

Improving the management foundation

### OUTPUT

#### Major KPIs

#### FY2030

- Ratio of net sales from products that support automation and electrification for future mobility innovation
- Ratio of net sales from new products

● **40%**

● **30%**

- Improving cost of sales ratio by 7%

● **62%**

- Net zero CO<sub>2</sub> emissions from electricity (2025)
- Reducing GHG emissions by 20% (2030, vs. 2021)
- Improving electricity intensity by 30% (2030, vs. 2021)

● **Net 0**

● **167kt**

● **0.95MWh/¥M**

- Diversity ratio of management employees
- Employee engagement score

● **90%**

● **53pt**

- ROE
- ROIC

● **10% or higher**

● **10% or higher**

### OUTCOME

#### Value creation

#### Vision

A company that aims to be ranked among the world's top 10 connector companies by creating values through providing connector solutions to social issues (market expansion, high profit structure)

A company that, as one of the top 10 leaders in its industry, consistently showcases its ability to produce high-quality products

A company that actively supports the achievement of a sustainable society

A company that fosters an inclusive work environment where employees from diverse backgrounds can feel a sense of fulfillment in their work

A company that has a robust and reliable management structure, making it suitable to be recognized as one of the world's top 10 companies in its industry

## Materiality (Important Sustainability Issues)

### What We Envision

We ensure “our company will continue to grow through surpassing social and customer expectations by empowering connections,” as well as “committing to sustainable society, environment and quality through making our employees and stakeholders inspired.”

In 2022, we formulated a CSR policy of “Lean Process for the Earth.” This policy is based on the recognition that the business activities of IRISO themselves contribute to society and help solve environmental and social issues.

For example, by using IRISO connectors, customers can improve work efficiency, reduce work hours, minimize the size and weight of equipment, and automate production through the use of robots, which in turn contributes to resource conservation, energy efficiency, and addressing the challenges of a declining workforce. We have redefined IRISO’s CSR as “coexisting with and contributing to society through our business activities,” and we aim to become a sustainable company through the achievement of this CSR policy.

In 2023, along with the formulation of the new purpose of “We connect over electric paths with our strong proposal ability to empower customers. We provide secure, safe and user-friendly connections,” we set a vision for 2035, approximately 10 years into the future.

Based on these activities, along with an analysis of future industry megatrends and numerous social issues, we have evaluated the importance for stakeholders, identified key items for our continuous growth, held discussions with external experts, and determined five materiality issues necessary for IRISO’s sustainable growth.

### Materiality Identification Process

Management Philosophy/Purpose	Materiality	Our goals	Vision	Major KPIs	FY2023	FY2030	Opportunities	Risks
Making a list of potential ESG issues identified through reviewing future megatrends including GRI Standards, SASB Standards, etc.	1. Addressing social issues and growing the company's business	IRISO will achieve business growth while providing “connections” that exceed the expectations of customers and society and contributing to solving social issues, including decarbonization, labor saving, and resource conservation	A company that aims to be ranked among the world's top 10 connector companies by creating values through providing connector solutions to social issues (market expansion, high profit structure)	<ul style="list-style-type: none"> <li>Ratio of net sales from products that support automation and electrification for future mobility innovation</li> <li>Ratio of net sales from new products</li> </ul>	<ul style="list-style-type: none"> <li>35%</li> <li>23%</li> </ul>	<ul style="list-style-type: none"> <li>40%</li> <li>30%</li> </ul>	<ul style="list-style-type: none"> <li>Growing demands for connectors used in electronic components as a result of an increasing number of circuit boards, helped by advanced automation and electrification in the future mobility market</li> </ul>	<ul style="list-style-type: none"> <li>Decreased competitiveness due to delays in product development that meet market needs</li> </ul>
Analyzing both potential risks and opportunities associated with each listed issue	2. Unlocking the power of manufacturing to support value creation	IRISO will continuously deliver value that exceeds the expectations of customers and society on a global level through relentless transformation of its manufacturing capabilities	A company that, as one of the top 10 leaders in its industry, consistently showcases its ability to produce high-quality products	<ul style="list-style-type: none"> <li>Improving the cost of sales ratio by 7%</li> </ul>	<ul style="list-style-type: none"> <li>69%</li> </ul>	<ul style="list-style-type: none"> <li>62%</li> </ul>	<ul style="list-style-type: none"> <li>Improving profitability through productivity increase</li> <li>Earning customers' and social trusts</li> </ul>	<ul style="list-style-type: none"> <li>Risks of accidents, lawsuits due to product defects, recalls, and damage to brand value</li> </ul>
Evaluating the significance and impacts of the listed issues and mapping the results	3. Working towards secure, safe and livable society that supports people and the environment	IRISO commits to creating a safe, secure, and comfortable society that is friendly to both people and the environment by steadily pursuing initiatives focused on decarbonization, resource conservation, and recycling, aimed at forming a decarbonized and recycling-oriented society	A company that actively supports the achievement of a sustainable society	<ul style="list-style-type: none"> <li>Net zero CO<sub>2</sub> emissions from electricity (2025)</li> <li>Reducing GHG emissions by 20% (2030, vs. 2021)</li> <li>Improving electricity intensity by 30% (2030, vs. 2021)</li> </ul>	<ul style="list-style-type: none"> <li>34kt</li> <li>274kt</li> <li>1.08MWh/¥M</li> </ul>	<ul style="list-style-type: none"> <li>Net 0</li> <li>167kt</li> <li>0.95MWh/¥M</li> </ul>	<ul style="list-style-type: none"> <li>Committing to a decarbonized society and circular economy</li> <li>Raising more funding from ESG investors</li> </ul>	<ul style="list-style-type: none"> <li>Business stagnation due to intensified climate change and disasters</li> <li>Increased costs to meet more stringent legal requirements</li> </ul>
Extracting likely candidates for materiality in business	4. Fostering workplace diversity and inclusion	IRISO will maximize the abilities and skills of diverse human resources and provide an environment where they can play an active role in order to support manufacturing capabilities on a global level	A company that fosters an inclusive work environment where employees from diverse backgrounds can feel a sense of fulfillment in their work	<ul style="list-style-type: none"> <li>Diversity (foreigners, females and mid-career hires) ratio of management employees</li> <li>Employee engagement score</li> </ul>	<ul style="list-style-type: none"> <li>84%</li> <li>48pt</li> </ul>	<ul style="list-style-type: none"> <li>90%</li> <li>53pt</li> </ul>	<ul style="list-style-type: none"> <li>Hiring diverse and talented human resources</li> <li>Generating further innovation through diversity</li> </ul>	<ul style="list-style-type: none"> <li>Failure to retain diverse and skilled talent</li> <li>Innovation stagnation</li> </ul>
Specifying potential materiality in business	5. Improving the management foundation	IRISO will strengthen its global management foundation (corporate governance, financial base, supply chain management, etc.) as a sustainable company that contributes to solving social issues	A company that has a robust and reliable management structure, making it suitable to be recognized as one of the world's top 10 companies in its industry	<ul style="list-style-type: none"> <li>ROE</li> <li>ROIC</li> </ul>	<ul style="list-style-type: none"> <li>7.8%</li> <li>7.3%</li> </ul>	<ul style="list-style-type: none"> <li>Over 10%</li> <li>Over 10%</li> </ul>	<ul style="list-style-type: none"> <li>Improving trust in society and boosting company value</li> </ul>	<ul style="list-style-type: none"> <li>Decline in social trust and a decrease in business value</li> <li>Business growth slowdown and increased risks of business continuity</li> </ul>
Identifying the company's materiality goals through discussions among management								

### Organizational Structure

The company’s sustainability initiatives are overseen and handled mainly by the Management Strategy Meeting, which consists of executive officers, led by the Director and General Manager of the Administration Division, as well as the Sustainability Promotion Office, under the direction of the Board of Directors.

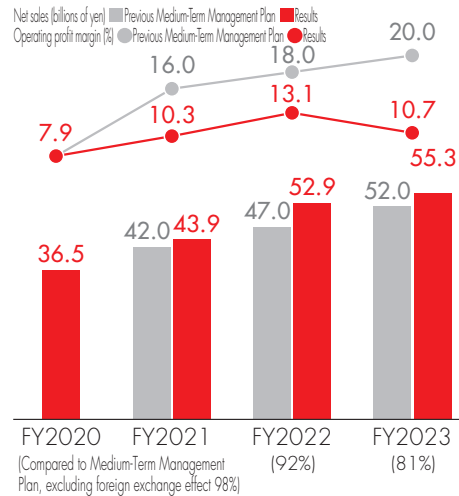
#### Visions for 2035

- Becoming a company that will continue to grow through surpassing social and customer expectations by empowering connections
- Committing to sustainable society, environment and quality through making our employees and stakeholders inspired

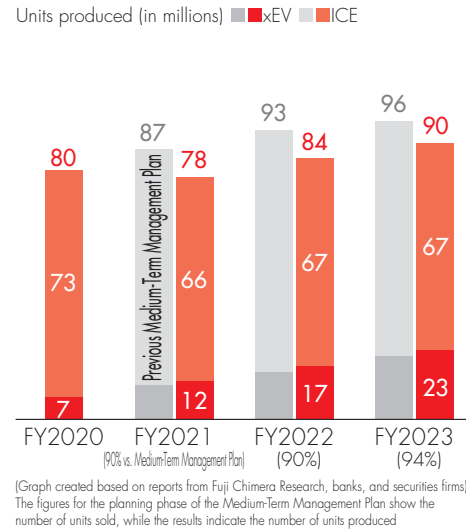
## Review of the Previous Medium-Term Management Plan

The previous Medium-Term Management Plan was positioned as a plan to “get back on a growth track and prepare for meeting the 100.0 billion yen sales goal set out as the long-term vision by taking advantage of the quick recovery of the car market and acceleration of the xEV shift.” However, due to the slow recovery of the automobile market, the inability to sufficiently counter the slowdown in the Chinese economy, and the impact of the weak yen, and although we achieved our sales plan, the FY2023 results were only 81% of the Medium-Term Management Plan excluding the impact of exchange rates, and the operating profit margin fell significantly short of the target. Although we have made progress with our priority measures, some issues remain. We will work to address them under the Medium-Term Management Plan.

### Net sales, operating profit margin



### Global car production



Focus Strategies	Results	Priority Issues
<b>Bolstering our Position in the Auto Market</b>	<ul style="list-style-type: none"> <li>A dominant position in the xEV powertrain connectors market in China achieved</li> <li>Our product line of the high-vibration resistant “ZMove™” connector expanded</li> <li>A product line of the high-speed transmission BtoB connector for automotive centralized control electronic control unit (ECU) market, that expected to grow as our core business in the future, built</li> </ul>	<ul style="list-style-type: none"> <li>Increasing our camera market share</li> <li>Bolstering and expanding our global sales of products for auto powertrain components</li> </ul>
<b>Making Second Pillar Business Grow Faster (Industrial)</b>	<ul style="list-style-type: none"> <li>The 25Gbps transmission FFC connector for 5G base stations brought to the market</li> <li>A new product line of the multi-pole, floating, and high-speed transmission connector for control equipment built</li> </ul>	<ul style="list-style-type: none"> <li>Identifying our target markets</li> <li>Increasing our global market shares</li> </ul>
<b>Improving Productivity, and Cost and Quality Competitiveness</b>	<ul style="list-style-type: none"> <li>A multi-site production system for manufacturing standardized products built</li> <li>Costs cut by promoting a profitability improvement project</li> <li>The Hanamaki Factory construction completed to bolster in-house tooling manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Improving investment efficiency and capacity utilization</li> <li>Continuing to promote local production for local consumption to mitigate political risks and reduce lead times in manufacturing</li> </ul>
<b>Improving Infrastructure in Management</b>	<ul style="list-style-type: none"> <li>A range of data organized to meet our ESG commitments, developed our improvement strategies and fully disclosed information on our business activities to company employees and public</li> <li>Full operation of the new ERP system launched out across the company in April 2024</li> </ul>	<ul style="list-style-type: none"> <li>Meeting carbon reduction commitments, developing diverse talent management and improving employee engagement</li> </ul>

## Start of New Medium-Term Management Plan 2024 to 2026

The Company has positioned the Medium-Term Management Plan period of FY2024 to FY2026 (fiscal year ending March 31, 2025 to fiscal year ending March 31, 2027) as three years for laying the foundation for overcoming issues and getting back on a growth track, and it has formulated a plan that aims to achieve net sales of 65.0 billion yen and an operating profit margin exceeding 15% in FY2026.

	FY2023 Results	FY2026 Target
Net sales	¥55.3 billion	¥65.0 billion
Operating profit	¥5.9 billion	¥10.0 billion
Operating profit margin	10.7%	15.4%
Profit attributable to owners of parent	¥5.6 billion	¥7.5 billion
EPS	¥238	¥330
ROE	7.8%	10.0%
ROIC	7.3%	10.0%
R&D/Net sales	2.4%	3.5%
Budget exchange rate	USD 144.40JPY EUR 156.80JPY RMB 20.14JPY	USD 140JPY EUR 155JPY RMB 20JPY

Sales growth	Operating profit margin	ROE	ROIC
CAGR 5% or more	FY2023 10.7%▼ FY2026 15% or more	FY2023 7.8%▼ FY2026 10% or more	FY2023 7.3%▼ FY2026 10% or more



### Priorities Set out in the New Medium-Term Management Plan

- 1 Preparing the ground for shifting from “IRISO for automotive” to “IRISO for future mobility”
- 2 Increasing our global presence in the industrial market—Building a foundation to grow the second pillar
- 3 Strengthening our global production system, promoting equipment and tooling standardization to improve productivity and capital efficiency
- 4 Strengthening value-based management with a focus on the cost of capital and stock price
- 5 Continuing to develop our sustainable management system



## II Value Creation Story

### 1 Preparing the ground for shifting from “IRISO for automotive” to “IRISO for future mobility”

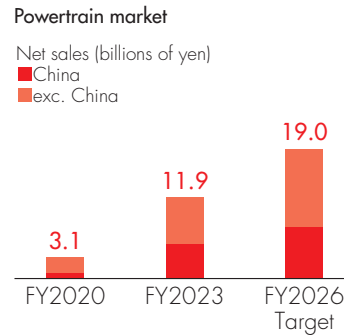
Although we have focused on the automotive market up until now, we are now focusing our activities on the mobility market in order to expand our automotive technologies to moving objects in the air, sea, and space. In the mobility market, we will focus on the following three markets: (1) the powertrain market, (2) the automotive centralized control ECU market, which is expected to grow dramatically in the infotainment field, and (3) the sensor market, which is essential for autonomous driving. We will also leverage the automotive technologies we have developed to expand into agricultural machinery, construction machinery, and even the air market, including eVTOL.

#### 1. Powertrain market

During the period of the previous Medium-Term Management Plan, we gained a high share of the Chinese xEV market with our extensive lineup of small wire to board connectors. In addition, we expanded the lineup of Z-Move™ connectors, which have excellent vibration resistance, increased sales of connectors for inverters and converters, and also achieved growth in connectors for in-vehicle chargers and AC inverters, backed by our product lineup.

During the period of the new Medium-Term Management Plan, we will build on these results to expand sales of products compliant with standards in regions such as Europe and the Americas, promote further global market expansion, and continue technological development for higher current capacity, improved vibration resistance, and enhanced heat resistance, all while shortening development times.

Through these activities, we aim to achieve sales of 19.0 billion yen in FY2026, while reducing the ratio of sales in China.

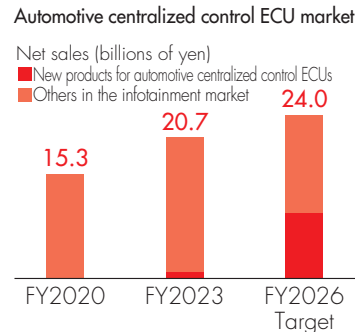


#### 2. Automotive centralized control ECU market

During the period of the previous Medium-Term Management Plan, in anticipation of the need for connectors to support high-speed transmission due to the increased functionality of automotive devices and the increased volume of data, we developed and established a mass production system for high-speed transmission BtoB connectors, which integrates our strengths in floating technology.

Going forward, as automotive devices handle increasing amounts of data and with more vehicle models already having over 100 ECUs installed per vehicle, we anticipate the integration of ECUs to secure installation space. As a result, we have established the product concept of scalable connectors with expansion capabilities.

During the period of the new Medium-Term Management Plan, we will pursue further technological innovation in high-speed transmission BtoB connectors, expand our product lineup, and increase our market share as we aim to introduce scalable connectors.



## I

Understanding IRISO ELECTRONICS

## II

Value Creation Story

## III

Management Foundation

## IV

Financials/Corporate Data

### 3. Sensor market

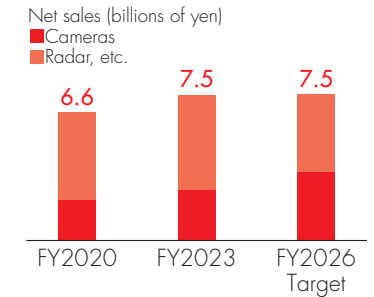
In line with the expansion to “IRISO for future mobility,” we have shifted this business from the safety market, where it was previously managed, to the sensors market.

During the period of the previous Medium-Term Management Plan, although we made progress in strengthening development and sales in the radar and LiDAR markets, we misjudged the needs of the camera market, faced development delays due to technical challenges, and failed to increase sales as a result.

During the period of the new Medium-Term Management Plan, we will address the challenges in the camera business by expanding our product lineup and sales, strengthening the development of high-performance products, and actively pursuing alliances with other companies, including joint development. Through these efforts, we aim to develop new customers and expand market share.

However, considering the time required from development to market launch, we do not expect significant growth in sales, and we will instead position these three years as laying the foundation for significant growth in the next Medium-Term Management Plan.

#### Sensor market



### 2 Increasing our global presence in the industrial market

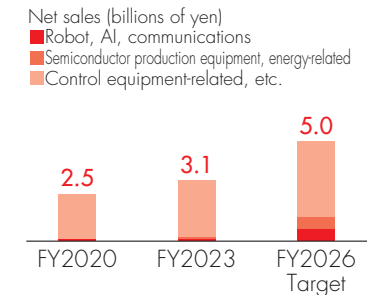
During the period of the previous Medium-Term Management Plan, driven by the expansion of sales for control devices by Japanese companies and the introduction of 25Gbps transmission-compatible FFC connectors for 5G communication base stations, we achieved an average sales growth of 173% in FY2021 and FY2022 compared to FY2020, despite struggling with production adjustments in FY2023.

On the other hand, there are still issues with global expansion, and we are implementing measures such as hiring global FAEs to address this.

In the new Medium-Term Management Plan, we will work to address the longstanding issues of global expansion and product expansion. We will develop EU customers through major Japanese companies and global FAEs, with a focus on high-speed transmission BtoB connectors, while also building businesses in the semiconductor manufacturing equipment and energy management markets. We will also actively review sales methods, such as expanding sales channels using major global trading companies and expanding our product lineup by utilizing externally sourced products.

Based on these efforts, we are targeting net sales of 5.0 billion yen during the new Medium-Term Management Plan. We will position these three years as a foundation for dramatic growth in the next Medium-Term Management Plan, similar to the approach in the sensor market, to establish a second pillar of growth after the mobility market.

#### Industrial market



**3 Strengthening our global production system, promoting equipment and tooling standardization to improve productivity and capital efficiency**

During the period of the previous Medium-Term Management Plan, we worked to establish a system for producing standard products at multiple locations, implemented cost reductions through a profit structure improvement project, and expanded in-house die manufacturing with the establishment of the Hanamaki Factory. However, there was an increase in upfront investment, and we still face challenges in improving equipment utilization rates and investment efficiency at our production locations.

The new Medium-Term Management Plan will focus on the following three key initiatives while taking these issues into account.

**1. Improving productivity and capital efficiency**

We will review the structure and roles of all production sites following the operation of the Akita Plant and further promote local production for local consumption. At the same time, we will improve equipment utilization and production efficiency through the company-wide deployment of MES (Manufacturing Execution System), which enables monitoring and visualization of manufacturing processes.

**2. Equipment and tooling standardization**

We will expand in-house tooling production at the Hanamaki Factory and work to reduce costs through the utilization of DX and standardization of equipment and tooling.

**3. Cutting down on material costs and applying value engineering (VE) in the design phase**

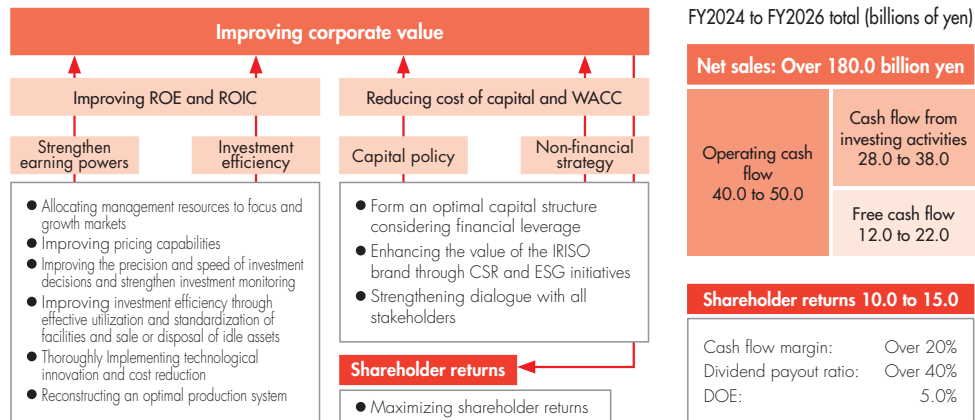
We will standardize materials, reduce the use of resins and plating, and promote local procurement and consolidated purchasing.

By pursuing these initiatives, we will work to reduce the cost of sales ratio to 65% and improve productivity and efficiency of invested capital during the period of the new Medium-Term Management Plan.

**4 Bolstering our value-based management with a focus on the cost of capital and stock price**

We will accomplish the growth strategies and profit structure reforms set forth in the new Medium-Term Management Plan, rebuild the management foundation, and pursue management that can maintain both an ROE and an ROIC of 10% or more.

In addition, we will achieve an optimal capital structure, conduct measures such as share buybacks with an aim for a dividend payout ratio exceeding 40% or a DOE of 5%, and enhance shareholder returns.



**5 Continuing to develop our sustainable management system**

In line with our materiality, we will mainly focus on implementing the following three initiatives, and we will thoroughly implement various measures to achieve sustainable management as an entire company.

**1. Sustainable management for people and the environment**

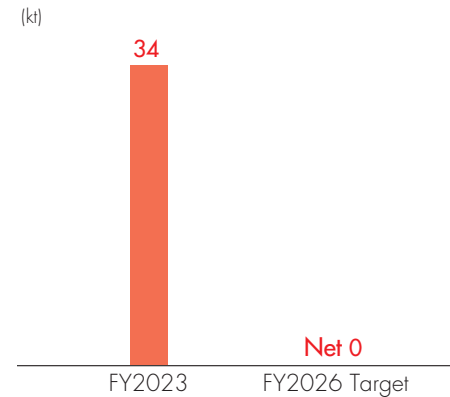
Promoting renewable energy for electricity, waste recycling and reuse

**2. Fostering workplace diversity and inclusion**

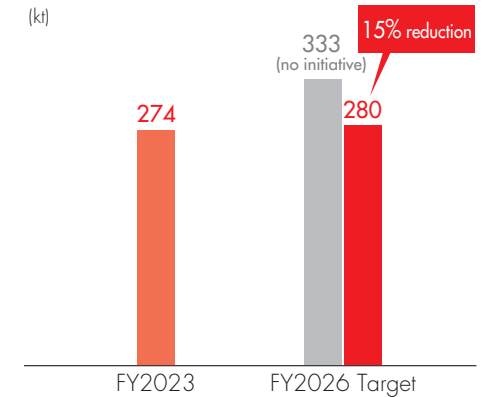
Diversifying board members and management employees, embracing diverse employee work styles and conditions to improve employee engagement

**3. Improving the management foundation**

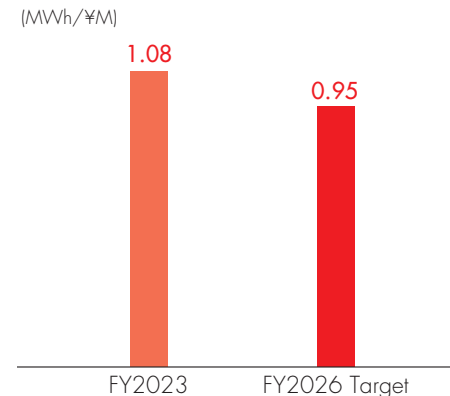
Reduction of CO<sub>2</sub> emissions from electricity



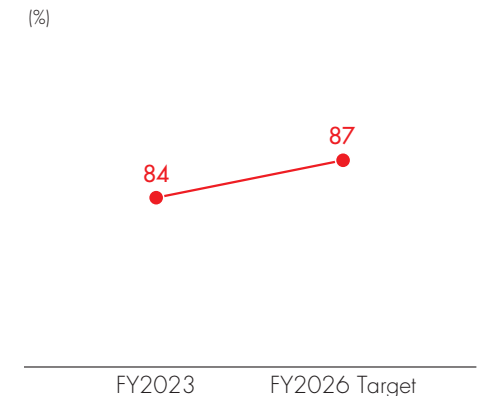
GHG emissions



Electricity energy intensity



Diverse manager rate



## IRISO Electronics Group's Growth Strategies



While accurately gauging market trends, we will leverage the quality of our automotive equipment to expand into other markets.

Shigeru Mitsuzuka,  
General Manager of the Engineering Division

### Technology Domain SWOT Analysis

#### Opportunities

- Japan's transition from Society 4.0 to 5.0
- Increasing worldwide movement toward smart societies

#### Strengths of the Group

- Our distinctive floating technology
- Products that contribute to automated assembly

#### Risks

- Shorter start-up times between development and mass-production, which is particularly apparent in the automotive equipment market

#### Value Created

- Further advancements in floating technology
  - In addition to absorbing misalignment, floating connectors can also absorb circuit board resonance caused by vibrations, suppressing plating abrasion caused by micro-sliding wear and improving quality

#### Current conditions and recognized issues, etc. in the "Technology" domain

#### Speeding up development to keep pace with customers' development phases

"Developing numerous new products that our customers require in a timely manner" is the primary mission of the Engineering Division. In the automotive equipment market, the flow of new product development is speeding up, with increasingly shorter start-up times between development and mass-production. As such, we are promoting faster development while maintaining the quality we have developed through automotive equipment, in accordance with our customers' development phases. To do this, however, we must review our development structure, and so we are reexamining our design processes, such as by developing products with new technologies that use existing components. We will also reduce unnecessary rework and shorten development periods through "implementing design standardization," "development utilizing DX," and "utilizing analysis software." Based on our track record of quality-first product development mainly for automotive equipment, we will continue to develop new value-added products with a focus on future market trends. Using this quality as our advantage, we will expand into other markets and increase sales.

#### With a focus on "moving things," promoting product development with the keywords "high-speed transmission" and "high-current"

Although to date we have increased sales mainly in the automotive equipment market, society is now transitioning from Society 4.0 to Society 5.0. Against this backdrop, rather than just vehicles, we will focus on all "moving things," and roll out products for agricultural machinery, construction machinery, eVTOL, and other areas in the mobility market. In addition, to develop the industrial market into our second pillar of business, we will focus on product development for communications, industrial equipment, and robots. What is common to both the mobility market and the industrial is that automation will pick up in the near future. With the smartification of industrial devices and advancements in assembly robots, autonomous driving, autonomous transport, etc., developments in communication and motive power will be essential. As such we will develop products with a focus on "high-speed transmissions" and "high-current."

#### Growth strategy based on the "2026 Medium-Term Management Plan"

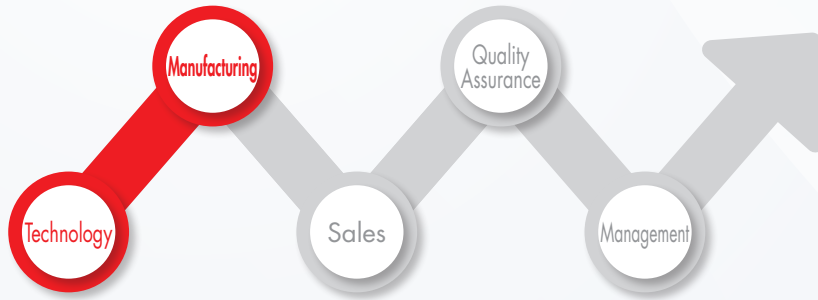
#### Keywords are "practical application of environmental resins," "use of recycled materials," and "weight reduction"

Our company is engaged in companywide efforts to reduce GHG emissions. At the Engineering Division, our focus is on "practical application of environmental resins," "use of recycled materials," and "weight reduction." With regard to environmental resins, we are considering the feasibility of using packaging materials that would otherwise be discarded, and are currently conducting verification. Moreover, as part of our initiatives to generate zero waste, we are working to make full use of recycled materials in line with the relevant laws and regulations.

#### Approach to materiality goals



## IRISO Electronics Group's Growth Strategies



**We will further evolve our “multi-site production system” and “local production for local consumption” to create an even more robust supply chain.**

**Takeshi Yoshikawa,**  
General Manager of the Production Management Division

### Manufacturing Domain SWOT Analysis

#### Opportunities

- Creation of a global system to respond to the needs of customers in various regions by positioning production locations in major economic blocs

#### Strengths of the Group

- “Multi-site production system” that allows production at multiple sites
- “Local production for local consumption” by producing in regions close to our customers

#### Risks

- Supply chain disruptions caused by pandemic risks, Russia-Ukraine conflict, risks of civil war in the Middle East, and US-China trade friction

#### Value Created

- Securing the supply chain
- Reduction of energy consumption by shortening transportation routes and reducing inventory points

#### Current conditions and recognized issues, etc. in the “Manufacturing” domain

#### A constant awareness of the conventional “QDC,” with the addition of “S,” in production activities

Currently, the Production Management Division is responsible for the manufacturing of end products at five domestic and overseas plants. As our products are delivered to customers through various means of transportation after leaving our plants, we are always conscious of “SQDC”—S: Safety, Q: Quality, D: Delivery, and C: Cost—which is an addition of “S” to the conventional “QDC” concept. Among these, with regard to safety, we recognize that it is important to consider not only the safety of our employees and customers, but also the safety of the entire environment related to the supply chain until the product is delivered to the customer. Based on this approach, we constantly review our production system to ensure compliance with corporate agreements, as well as rules and regulations in each country and region, as we carry out our day-to-day production activities.

#### Growth strategy based on the “2026 Medium-Term Management Plan”

#### Promoting a “multi-site production system” and “local production for local consumption”

One of the IRISO Electronics Group’s biggest strengths is its integrated production system at our plants. However, we must now create a production system that can respond to supply chain disruptions due to factors such as pandemic risks like those seen with the recent COVID-19 pandemic, the Russia-Ukraine conflict, risks of civil war in the Middle East, and US-China trade friction. In such an environment, the Production Management Division will focus more than ever before on “multi-site production systems” that allow production at multiple locations, and “local production for local consumption,” engaging in production activities close to our customers. Specifically, for the Japanese market we will focus on “production centered on the Ibaraki Plant and the new Akita Plant,” for the Chinese market, “production centered on the Shanghai Plant and Nantong Plant,” and for the US market, “production from plants outside of China: the Ibaraki Plant, the new Akita Plant, the Philippines Plant, and the Vietnam Plant.”

#### Approach to materiality goals

#### Reducing energy consumption by shortening transportation routes and reducing inventory points

As we are facing unavoidable headwinds such as the soaring costs of materials, utility, and labor, the Production Management Division must continue working to improve productivity.

The basic production flow of connectors is “molding of resin material” + “pressing and plating of metal material” ⇒ “product assembly.” Improving productivity is in line with both our materiality goals and our CSR policy of “Lean Process for the Earth.” As such, we will go back to the basics of reducing all losses such as setup time loss, machine operation rate, and process defect rate, and will reinforce everyday activities at all of our plants. Moreover, we will work to improve productivity not only in our plants but also from the supply chain side by shortening transportation routes and reducing inventory points through “multi-site production sites” and “local production for local consumption.”

## IRISO Electronics Group's Growth Strategies



The automotive industry is currently in the midst of a once-in-a-century change. We will take this transition as an opportunity to develop products that capture the greatest common denominator of customer demands all over the world.

Akihiko Ohira,  
General Manager of the Sales Headquarters

### Sales Domain SWOT Analysis

#### Opportunities

- An automotive industry in the midst of a once-in-a-century change
- The chance to take advantage of a once-in-a-century opportunity

#### Strengths of the Group

- Track record and ability, as proven by our BtoB connectors, in overcoming hurdles that were said to be impossible and releasing products to the world

#### Risks

- Loss of time for testing and verification
- Increasing importance of proactive and timely development and supply of products that reflect the opinions of customers around the world as much as possible

#### Value Created

- Pioneering the creation of products that reflect the greatest common denominator of our customers' needs at a time when environmental measures are of global importance

#### Current conditions and recognized issues, etc. in the "Sales" domain

#### Expanding sales activities globally as "IRISO for automotive"

We conduct sales activities on a global scale based on our Belief, "Full of Gratitude and Inspirations to All Customers," which is the origin of our company name. In the vast and wide-ranging industrial structure of automobiles, in which safety is paramount, we, as a Tier 2 supplier, have steadily built up a track record through the provision of highly reliable internal circuit board connectors. Moreover, due to the nature of automobile development, we have repeatedly interacted with our customers to develop and sell highly reliable products that are made to order. We take on board our customers' feedback and reflect them into new products in a timely manner, and have spread this approach not only in Japan but also in Europe, the Americas, and the Chinese region. Today, to the point that we are known as "IRISO for automotive," our automotive equipment sales account for more than 85% of our net sales, and we have increased the ratio of overseas customers to around 60%.

#### Redefining target markets for value improvement and sustainable growth

The rapid advancements in electrification and automation are relevant not only to vehicles but to the entire mobility industry. As such, we are expanding the target market for our sales activities to "all moving things" (= Mobility). Even if the market grows, the basic framework of the key devices and components that function within end products will remain unchanged. This is where we believe we can deploy the solution expertise we have cultivated in the automotive industry. Moreover, we consider manufacturing equipment and robots that work in the place of people as part of "all moving things," and would like to expand our sales activities globally for "things" that create mobility solutions. By targeting mobility solutions at the outer edge of the market and the equipment required to manufacture them (including networks) at the center, we believe that we can expand our market portfolio and achieve well-balanced management.

#### Growth strategy based on the "2026 Medium-Term Management Plan"

#### Collaboration with third parties to promote IRISO solutions worldwide

One example of our initiatives to provide IRISO's solutions on a global scale is collaborating with experts in teardown analysis of EVs. This is an objective yet risky approach, but we believe it will make our solutions more convincing as we work to gain acceptance from customers around the world. Another approach is to attempt to provide more valuable solutions by collaborating with other companies that have different core technology competencies from ours. With vehicle design such as SDV (Software Defined Vehicle), both safety and productivity can be verified in advance using software platforms. By providing peripheral solutions to our customers that go beyond connectors, we aim to provide solutions necessary for the design of new systems in advance. We believe doing so will enable us to share the same concerns as our customers from the same perspective, and work together to resolve social issues and increase value creation.

#### Approach to materiality goals

## II Value Creation Story

### IRISO Electronics Group's Growth Strategies



**Zero defects to ensure security, safety and trust through initiatives combining PDCA and SDCA.**

Ikuo Enomoto,  
General Manager of the Quality Assurance Division

Quality Assurance Domain SWOT Analysis

#### Opportunities

- Wide-ranging sales opportunities associated with market expansion, technological innovation, etc.
- Creating new opportunities by meeting quality demands (zero complaints)

#### Strengths of the Group

- Commercialization of high-performance connectors such as Z-Move™ and 2-point contact connectors
- Smooth progress in the development of next-generation connectors

#### Risks

- Connectors not performing as intended due to a lack of education on the correct usage environment and method

#### Value Created

- Solutions to various issues facing society and industry
- Direct link between connectors' functionality and performance and "creating value for our customers' products"

**Current conditions and recognized issues, etc. in the "Quality Assurance" domain**

**On-site patrols to ensure actual work is in line with instructions**

It goes without saying that quality is the foundation of trust with our stakeholders, including users of our products. When receiving quality-related inquiries, we thoroughly analyze the causes of the issues, why they were not detected before delivery, and the motivating factors. We then incorporate recurrence prevention measures into our regulations and other operational standards in a constant and flexible manner. As a result, we are seeing a steady decrease in the number of quality complaints. We will continue to provide repeated quality awareness re-education and patrol each factory to ensure there are no discrepancies between work instructions and actual work, so that solid manufacturing can continue in accordance with work instructions and with a high awareness of pursuing quality.

**Growth strategy based on the "2026 Medium-Term Management Plan"**

**Start of initiatives combining PDCA and SDCA**

While initiatives based on PDCA (Plan, Do, Check, Act) are a matter of course, in FY2024 we began initiatives that combine PDCA with SDCA –Standardize, Do, Check, Act. Through these initiatives, in addition to improving and enhancing quality awareness as mentioned above, we are aiming to create an organizational culture in which there is a natural and repeated cycle of work standardization and issue resolution.

**Approach to materiality goals**

**Formulation of a new quality policy incorporating the essence of the management policy**

As part of our approach to materiality goals through our efforts in quality assurance, we have formulated a new quality policy: "Zero complaints lead to security, safety and trust." This policy is an adaptation of the words that appear in our purpose, with the ultimate goal of "improving the management foundation" and connecting to the trust of our customers. We have also provided each employee with a "quality policy card" so that they can remind themselves of the difficulty and importance of maintaining quality on a daily basis. A single quality complaint can instantly destroy the trust of customers that we have built up over many years. Moving forward, we will continue to carry out our business with a high level of awareness of the importance of quality and a strong sense of urgency.



## IRISO Electronics Group's Growth Strategies



By making full use of our personnel, capital, and other management resources, we aim to create a Group that grows alongside society and its stakeholders through the achievement of materiality goals.

Mitsuyoshi Toyoshima,  
General Manager of the Administration Division

### Management Domain SWOT Analysis

#### Opportunities

- Once-in-a-century change in the automotive industry
- Floating technologies that meet equipment automation, resource-saving, and lightweight needs

#### Strengths of the Group

- Market-in sales and planning capabilities led by direct sales
- Timely decision-making and visualization of information through a worldwide, integrated manufacturing and sales ERP system

#### Risks

- Production and sales bias toward certain regions
- Talent development to reinforce advance development and proposal sales
- Further enhancement of information disclosure and reinforcement of communication

#### Value Created

- Optimization of talent and capital allocation
- Improvements in management foundation including engagement, CSR, and corporate governance
- Further improvement of the governance system for consolidated management

### Embracing two perspectives: the perspective of shareholders and investors and the Administration Division functions

At the Administration Division (comprised of the Management Planning Department, the Accounting Department, the Human Resources and General Affairs Department, and the Information Systems Department), we place importance on the perspective of shareholders and investors and the perspective of reinforcement of the Administrative Division functions. We believe that there is room for further improvement in our ability to communicate information, such as our vision, strategies, carbon neutrality initiatives, and shareholder returns policy, to shareholders and investors. Internally, the Administration Division is recognized as a division that controls the Company behind the scenes, so to speak, by strengthening the Group's management foundation through management strategies, reinforcing and allocating talent and financial resources, establishing the new ERP system introduced in April 2024, streamlining operations, etc., thereby enabling us to fully demonstrate our sales, planning, and manufacturing capabilities. Between FY2021 and FY2023 we reinforced the Administration Division's personnel, and in addition to having the Division support our business departments, we are working to develop it into a control department with governance functions in consolidated management.

#### Current conditions and recognized issues, etc. in the "Management" domain

### Focusing on talent development amid a once-in-a-century transition period

As the need for electrification of mobility, including automobiles, and autonomous driving continues to grow in the future, demand for our core competencies — board-to-board connectors (BtoB) and high-speed transmission connectors—is expected to continue to grow. As the Administration Division, we will strive to support our business departments as they cater to this rise in demand. Moreover, during this once-in-a-century transition, we will also work to develop the talent who will transform the way we think and act as the Administrative Division, in order to further improve our ability to propose solutions to customers first through advance development and proposal sales, in addition to our ability to cater to their needs.

#### Growth strategy based on the "2026 Medium-Term Management Plan"

### Addressing materiality goals as the Administrative Division to create a driving force for business continuity and growth

Regarding "Working towards a secure, safe and livable society that supports people and the environment," we will use the PDCA cycle to steadily achieve the promotion items we have planned within the Company, such as increasing plant production efficiency and improving renewable energy usage rates. In terms of "Fostering workplace diversity and inclusion," the managerial diversity ratio for IRISO worldwide was at 84% in FY2023, which is quite high. In Japan, however, diversity ratio continues to be an issue, so we will work to improve the ratio of non-Japanese, female, and mid-career hires. "Improving the management foundation," meanwhile, will require two key measures: stronger worldwide governance and the visualization and sharing of information through the newly introduced ERP system. Moreover, we will also work to enhance our disclosure for stakeholders, and implement even greater shareholder returns with an awareness of capital cost.

#### Approach to materiality goals

## Sustainability 1

### Foundation of Sustainability and Management Philosophy

"Bridging to a brighter tomorrow, we cherish individuality, cultivate values through innovation and creativity, and commit to a positive and smart future" In line with this management philosophy, we believe that our business activities themselves are a form of social contribution.

The use of our connectors helps to realize the lightest, thinnest, and smallest connection points. Along with the reduction of raw materials used, including rare metals, weight reduction in the mobility domain leads to improved fuel efficiency, which contributes to resource and energy conservation.

In addition, the vibration resistance of our connectors, which can move in the Z-axis direction as one of our strengths, contributes to the reduction of the labor force by expanding the scope of automated assembly using robots.

We aim to strengthen IRISO's sustainability and become a 100-year company that creates customer value through a virtuous cycle in which our daily efforts contribute to solving social issues and at the same time lead to corporate growth.

### Lean Process for the Earth

To further contribute to solving social issues and at the same strengthen our sustainability, we formulated a CSR policy of "Lean Process for the Earth" in 2022.

Our concept of "mottainai," the term in Japanese which conveys the sense of regret over waste, is not limited to the 3Rs (reduce, reuse, and recycle). "Mottainai" exists everywhere throughout the world, including society, customers, and within the company, and exists in various forms, including human capital, time, and space.

Through our business activities, we actively identify "mottainai," find solutions by bringing together the Group's wisdom (technology) and passion, spread our products and services throughout the world to create change, and reduce and eliminate "mottainai." We believe that this is the CSR (corporate social responsibility) that IRISO should fulfill.

#### Foundation for Sustainability

We believe that we can conduct business activities that contribute to solving social issues only if we have a solid management foundation. We strive to enhance our sustainability based on a roadmap addressing E (Environment), S (Society), and G (Governance).

### Environmental Initiatives

Promoting environmental conservation and improvement activities in our environmental management system (based on ISO 14001)

- Preventing the contamination of products with hazardous chemicals
- Implementing measures throughout the supply chain to achieve zero CO<sub>2</sub> emissions that cause climate change
- Implementing measures to reduce CO<sub>2</sub> emissions at each site, recognizing that response to climate change is a top priority
- Setting renewable electricity procurement and energy conservation targets, and formulating, executing, and promoting measures
- Reducing wastewater through conservation of water resources, wastewater purification, and recycling of reclaimed water to preserve biodiversity

### Social Initiatives

- We have established our Human Rights Policy, and communicated and implemented the prohibition of forced labor, the prohibition of child labor, the prohibition of discrimination and inhumane treatment, fair wage settings and payments, and the appropriate management of working hours throughout the entire supply chain through our guidelines
- Our top priority is to prevent injuries and illnesses, and to provide safe, healthy working conditions for all employees, enabling them to lead prosperous, peaceful, and fulfilling lives.
- We conduct risk assessments on occupational safety at all workplaces, identify sources of hazards, and reduce risk
- In order to establish an environment for human capital development, we conduct training as appropriate, including training for mid-level employees, leaders, and newly appointed managers according to their level, training aimed at acquiring skills necessary for performing duties, and company-wide training for improving basic knowledge of respect for diversity and harassment prevention
- ISO 9001 quality management system certification (1996) acquired
- After acquiring QS certification, a standard for the American automotive industry, the international standard ISO/TS16949 (2007), which later updated to IATF16949 (2018), acquired

### Governance

- We have formulated the Code of Business Conduct and Ethics that declares our commitment to conducting fair and equitable business transactions, complying with domestic and international competition laws, adhering to contract conditions with suppliers, conducting business on equal terms, and not offering, demanding, or accepting bribes, money, or any other forms of benefits
- Conducting an evaluation of the effectiveness of the Board of Directors
- Establishment of a whistleblowing system and company-wide implementation of the system



## Sustainability 2

### Roadmap

Item	Outline and strategy	Goal	2023	2024	2025	2030	2050
E	<b>1. GHG emission reduction</b>						
	1. Net zero CO <sub>2</sub> emissions (from electricity) by 2025	2025			● 100% reduction		
	● 30% reduction of electricity consumption intensity by increasing manufacturing efficiency and standardizing products	2030				● 30% reduction	
	● Switching to green power contracts, certificates, etc.	From 2023 (to be continued)					
	2. GHG reduction efforts across supply chain						
	● Net zero emissions by 2050	2050					● Net zero
	● Scope 3 tracking and 20% reduction (vs. FY2021)	2030				● 20% reduction	
S	<b>2. Environmental impact reduction</b>						
	1. Support for sustainable material development						
	● Support for research and development	From 2023 (to be continued)					
	<b>1. Respect for diversity (female, foreign nationals, etc.)</b>						
	1. Workplace diversity disclosure	—	To be continued				
	2. Women's empowerment in the workplace						
	● Ratio of female managers/executives (in Japan): 5%	5% (2030)	2.6%				● 5% achieved
	● Ratio of female new graduate hires: 30%	30% (2025)	14.3%				● 30% achieved
	3. Foreign national executives (incl. executive officers)	10% (2025)	5.9%				● 10% achieved
	4. Mid-career experienced hires (managers/executives in Japan)	Achieved/To be continued	Ratio of mid-career hires: 50% and more achieved				
5. Development of employee skills	—	To be continued					
<b>2. Good education, wellbeing and welfare</b>							
1. Employee engagement improved by good training programs							
● Language program development	2022 (Completed)	To be continued					
● Career development support through in-house opportunity announcement system	—	To be continued					
2. Workplace health promotion (KENKO Investment for Health certification)	2023 (Completed)	Certified KENKO Investment for Health Outstanding Organization, Yokohama Health Management Class AA Certification					
3. Educational and social support							
● Scholarship foundation to support university students	—	Support to be continued					
● Social welfare support via UN, etc.	2022 (To be achieved)	▲ Support system design					
<b>3. Community involvement</b>							
1. Contribution to community by each site	—	Measures proposed by each site based on regional characteristics					
G	<b>1. Establishment of strong corporate foundation</b>						
	1. Response to market restructuring (TSE, CG code, etc.)						
	● Disclosures in accordance with TCFD recommendations	2022 (Completed)	To be continued				
<b>2. Risk management</b>							
1. Organizational resilience development							
● BCP development including supply chain management	—	To be continued					

## Environmental Initiatives 1

### Basic Approach

IRISO aims to continue to be a sustainable company that provides value that contributes to solving social issues, and it has set “working towards secure, safe and livable society that supports people and the environment” as a materiality. We aim to contribute to the formation of an environmentally friendly society and improve our corporate value through initiatives such as decarbonization, resource conservation, and recycling in accordance with the ISO 14001 environmental international standard.

### Environmental Policy

IRISO has established an environmental management system for business operations and products/service necessary to manufacture the Company's key products, connectors and pins, and promote environmental protection activities as follows.

1. We work towards environmental protection, including the prevention of environmental pollution, by using resources effectively through recycling activities as well as by reducing greenhouse gases, such as CO<sub>2</sub> generated by our production activities, and promoting energy saving for climate change mitigation and adaptation.
2. We define improvement activities in regular business operations as an environmental goal of the organization, monitor and review the implementation status, and continuously improve and maintain the environmental management system to enhance the Company's environmental performance.
3. We comply with environmental legal requirements and agreements that are applied to the Company's business.
4. We reduce harmful substances in the Company's products from the design stage and promote green procurement.
5. We educate all employees working at the Company about environmental protection activities to improve their understanding and awareness of environmental issues.

This environmental policy is made known to both employees and the public so that it is available to all stakeholders.

<https://www.irisoele.com/en/company/sustainability/environment/policy/>

### Environmental Conservation Activities

Our environmental policy was announced under the name of the company CEO both within and outside the company to declare that we are engaged in the following environmental conservation activities.

- Reduction of CO<sub>2</sub> and other greenhouse gas emissions (by promoting energy conservation)
- Effective use of recycled resources
- Running eco-friendly activities (compliance with environmental laws and regulations)

Details of our environmental conservation activities are given below.

#### Reduction of CO<sub>2</sub> and other greenhouse gas emissions (by promoting energy conservation)

Greenhouse gases that cause global warming mainly include carbon dioxide, methane, dinitrogen monoxide, hydrofluorocarbons, perfluorocarbons, and sulfur fluoride. We emit greenhouse gases through our production activities, including the use of automobiles. We are conducting the following activities to curb greenhouse gas in order to help prevent global warming.

Measure	Activities
Solar panel installation	As a means of reducing our electricity consumption, we are installing solar panels at three plants: the Ibaraki Plant, the Shanghai Plant, and the Nantong Plant. In FY2023, the solar panels generated 1,601 MWh of electricity, preventing the emission of 954 tons of CO <sub>2</sub> .
Air-conditioner upgrade	The air conditioners at the headquarters will be replaced between 2022 and 2025. In so doing, we expect to reduce annual electricity consumption at the headquarters by 135 MWh.
Reducing electricity consumption from new production equipment	In order to eliminate energy loss from the connections between compressors and production equipment, we install electric cylinders in new production equipment to create the necessary air on the spot and reduce electricity consumption.
Switching modes of transportation	We are working to reduce greenhouse gas emissions generated during transportation by switching from air transport to sea transport for product shipments from our plants in Japan, China, Vietnam, and the Philippines to the US and Europe.



## Environmental Initiatives 2

### Effective Use of Resources

We are promoting the 3Rs (Reuse, Reduce, Recycle) at each of our sites in Japan and overseas, and have achieved the following results.

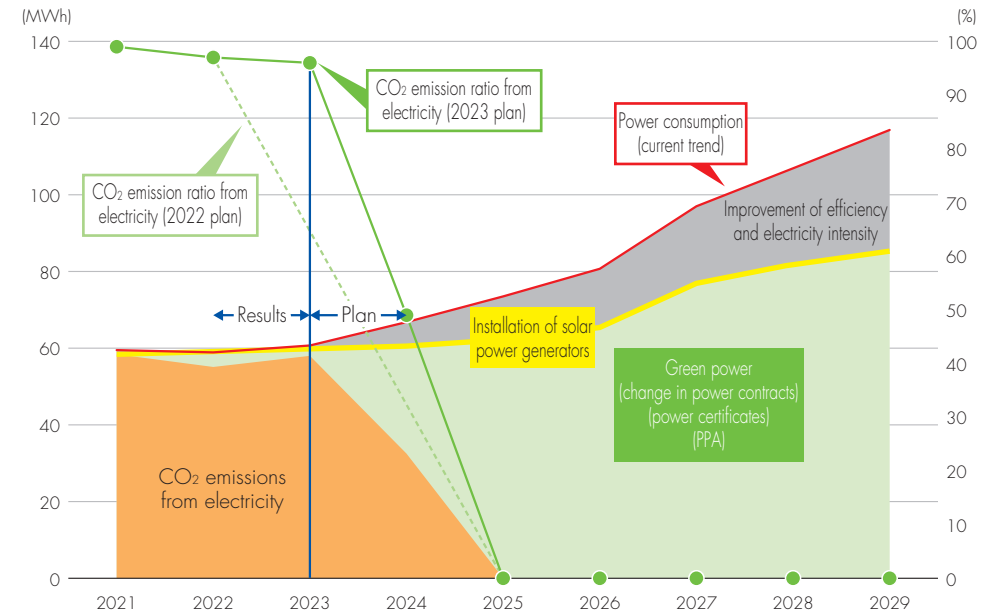
Measure	Activities
Cutting down on gold in connectors and using recycled materials	<ol style="list-style-type: none"> <li>We have reduced the amount of gold used by reviewing the specific gravity, film thickness, and processing area of the gold used to plate connector pins.</li> <li>By using recycled materials in the resin used for connector molds at a ratio that complies with laws and regulations, we have reduced plastic waste.</li> <li>We have increased the recycling rate of resin materials used in suction caps, which are used as a component to assist connector mounting, to 100% to reduce the amount of resin used.</li> </ol>
Separation of waste materials for reusing as valuable resources	<p>Instead of discarding copper scraps, gold plating, waste products, etc., generated at all our domestic and overseas sites, we turn them into valuable materials and put them to effective use. As a result, in FY2023, we effectively utilized 2,210 tons as recycled materials, which equates to a reduction of 50.8 tons of CO<sub>2</sub> when converted into CO<sub>2</sub> emissions.</p>
3Rs Activities	<p>The headquarters is fully engaged in daily 3Rs activities, the separation, reduction, reuse, and recycling of wastes. Since 2008, we have been recognized by the City of Yokohama as one of the Companies Certified for Their Excellence in 3R Activities for our outstanding waste management practices. We are continuously committed to our 3Rs activities.</p>
CSR Activities	<ol style="list-style-type: none"> <li><b>Neighborhood cleanup</b> To keep the roads around the company area clean, employees clean up the vicinity of the company on a daily basis.</li> <li><b>Donation of calendars we do not use</b> At the end of the year, we distribute calendars we receive from our business partners to employees who request them. Instead of disposing of any unused calendars, we donate them to nursing homes.</li> </ol>

As a future initiative, we are considering switching the resin used in packaging materials for products delivered to customers to plant-derived resin.

### Greenhouse Gas (GHG) Emission Reduction Targets

- Achieving net zero CO<sub>2</sub> emissions from electricity by FY2025.
- Improving production efficiency to reduce emissions intensity by 30% by FY2030 (vs. FY2021)
- Reducing total Scope 1, 2, and 3 CO<sub>2</sub> emissions by 20% by FY2030 (vs. FY2021)
- 2050 Carbon neutrality

Roadmap for reducing CO<sub>2</sub> emissions from electricity



## Environmental Initiatives 3

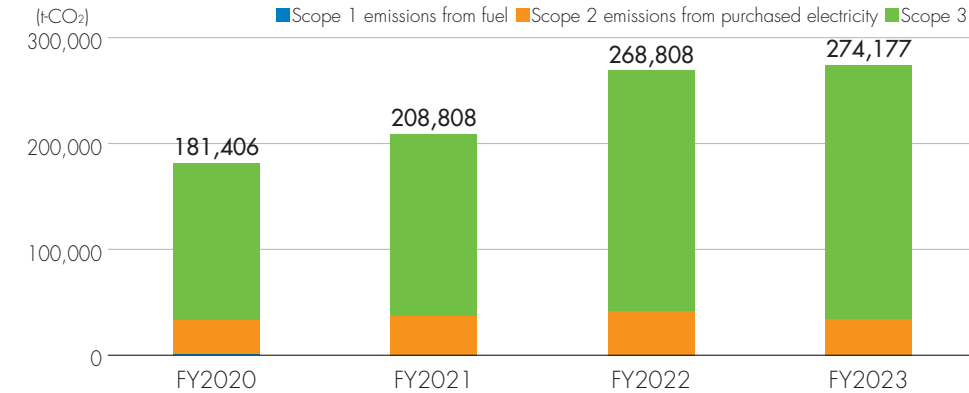
### Response to Climate Change

Under our management philosophy, “- Bridging to a brighter tomorrow - we cherish individuality, cultivate values through innovation and creativity, and commit to a positive and smart future,” we have continued to provide products that satisfy and excite our customers. We believe that having all members of IRISO deeply learn and implement the management philosophy leads to social contributions. Today’s global environment is significantly changing, and countries and companies all recognize the need to control global warming.

The Group is also working to contribute to society by implementing concrete measures to reduce greenhouse gas emissions.

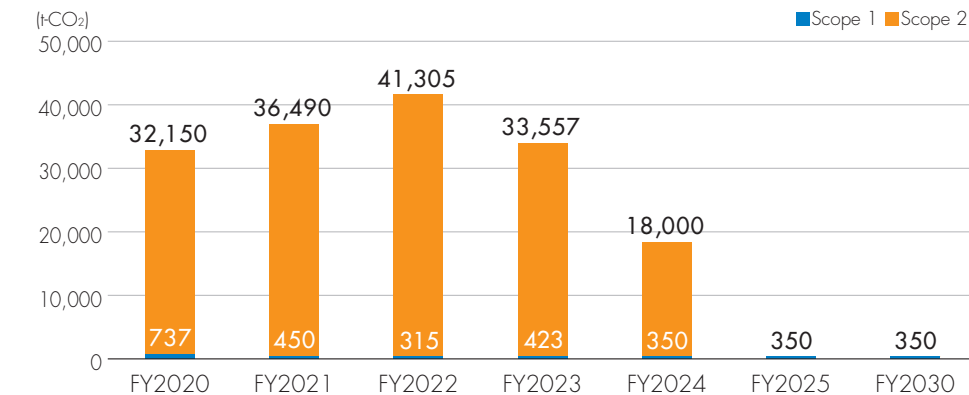
### Amount of CO<sub>2</sub> Emissions

Annual CO<sub>2</sub> emissions



### Scope 1 and 2 Reduction Plan

Scope 1 and 2 Reduction Plan



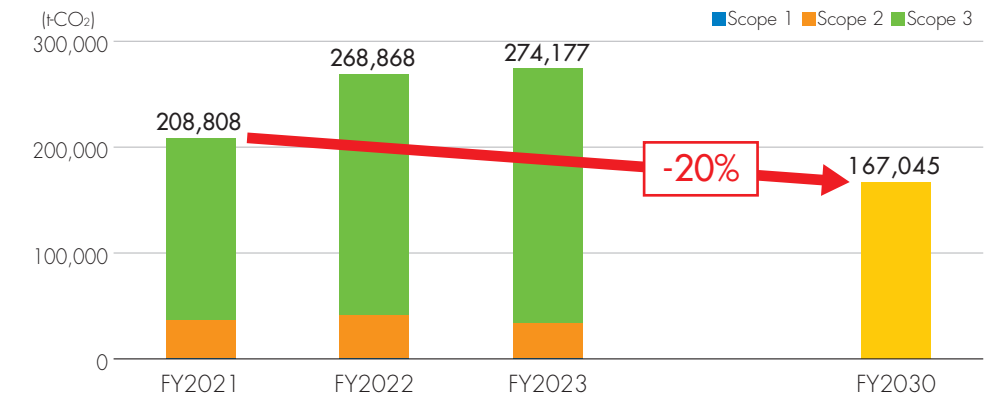
### Response to the Supply Chain

At IRISO, in an aim to prevent contamination of products with hazardous chemicals and minimize the impact on the global environment, we have formulated the Green Procurement Standards that define prohibited and controlled chemicals for the products, parts, and materials we procure, and we are working to reduce the use of hazardous chemicals throughout the supply chain by gaining the understanding and cooperation of our suppliers. We are calling for the reduction of greenhouse gas emissions in our supply chain, and we will continue our efforts to reduce greenhouse gas emissions with the cooperation of our supply chain.



### Scope 1, 2 and 3 Reduction Plan

Medium to long-term reduction targets







## Environmental Initiatives 4

### Status of Renewable Energy Use

IRISO has set a goal to reduce greenhouse gas emissions from purchased electricity to virtually zero by 2025, and it has installed solar panels on the roofs of its three Plants to use renewable energy. Going forward, we will further promote the use of renewable energy and work to achieve our targets.

### Installation Status of Solar Power Generators

Plant	Nantong Plant	Ibaraki Plant	Ibaraki Plant D Building	Shanghai Plant
Item				
Operations start	September 2021	August 2021	September 2022	September 2022
Panel capacity	1,118kW	108kW	60kW	300kW
CO <sub>2</sub> reduction/year t-CO <sub>2</sub>	703.1	41.9	25.7	190.1
Electricity consumption ratio	9.4%	1.3%	17.1%	2.4%
Installation location	Building roof	Building roof	Building roof	Building roof
Procurement method	Onsite PPA	Company-owned	Company-owned	Onsite PPA

As part of introducing renewable energy, we will work to reduce CO<sub>2</sub> emissions from purchased electricity to zero in FY2025 by receiving renewable energy from an offsite PPA owned by another company. This offsite PPA is scheduled to begin operation in the second half of FY2024.

### 3Rs Activities

The headquarters is fully engaged in daily 3Rs activities, the separation, reduction, reuse, and recycling of wastes.

Since 2008, we have been recognized by the City of Yokohama as one of the Companies Certified for their Excellence in 3R Activities for our outstanding waste management practices.

We are continuously committed to our 3R activities.

Status of waste (unit: tons)

Type of waste	Disposal method	FY2021	FY2022	FY2023
General waste	Incineration	19.2	19.5	21.0
	Recycle	11.3	12.2	11.7
Industrial waste	Incineration	99.4	120.7	129.4
	Recycle	66.0	67.2	55.2

Domestic results (Headquarters, Kawasaki, Ibaraki, Hanamaki)

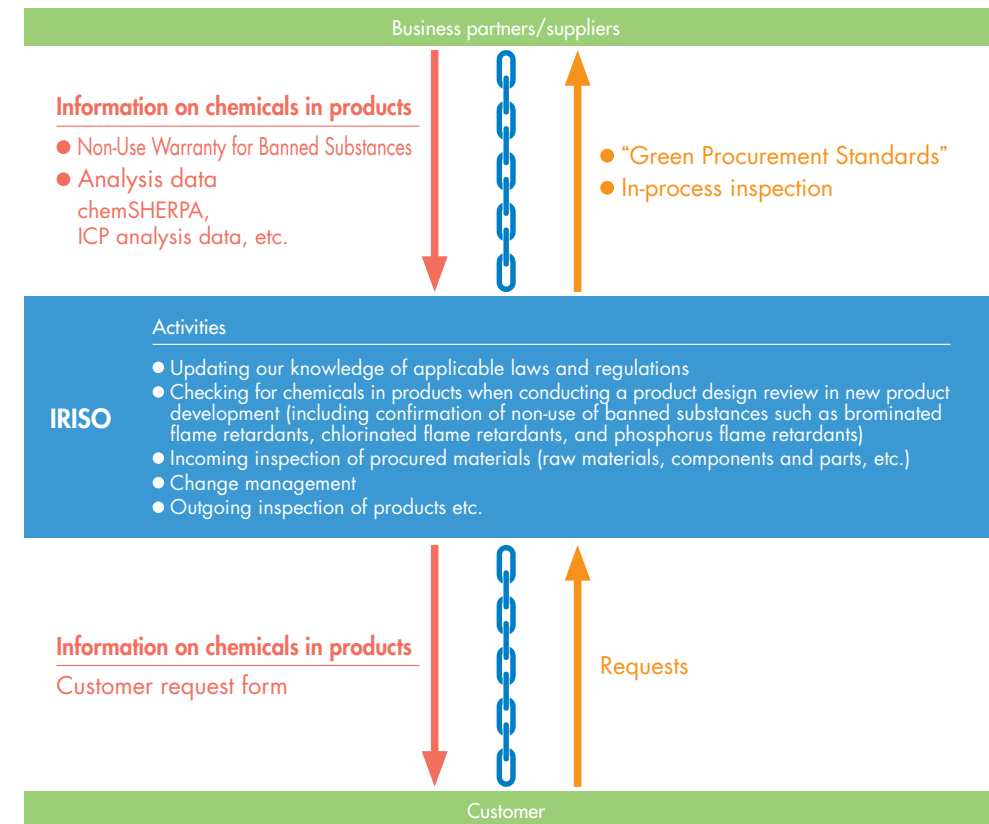
## Chemical Substance Initiatives

### Basic Approach

IRISO is committed to complying with the environmental laws and regulations of each country, such as the EU RoHS Directive and EU REACH Regulation, as well as to meeting the requirements of our customers. Our product chemicals management is based on practices at the supply chain level, and we have set up our "Green Procurement Standards" to ensure we and our suppliers play a part in sustainable supply chain management. We are dedicated to the production of eco-friendly products by managing the green process from purchasing raw materials, and components and parts through manufacturing and shipping products.

We have also installed an array of chemical analyzers and conducted periodic inspections to prevent the inflow and outflow of prohibited substances.

### System





## Environmental Initiatives 5

### Green Procurement

IRISO promotes green procurement, which specifies chemical substances that are prohibited from using, or managed in the use for procured products, components and parts, and materials, for the purpose of preventing hazardous chemical substances from coming into contact with products and minimizing their impact on the global environment.

To provide guidelines for actions on our sustainable procurement, we have introduced the “Green Procurement Standards” in 2024 and been committed to reducing hazardous chemical substances contained in our products at the supply chain level by asking suppliers for their understanding and cooperation.

### Initiatives

We are committed to reducing risks associated with using chemicals, in compliance with environmental laws and policies in countries around the world, such as the EU RoHS Directive and the EU REACH Regulation.

- **100% Ozone Depleting Chemical (ODC) Free Production**

We started reducing the ODC substances in 1990 and achieved 100% ODC-free production by 1993. Since then, we have not used any ozone depleting chemicals (ODC) in manufacturing processes or for materials used in manufacturing.

- **EU RoHS compliant**

Regarding our response to the EU RoHS Directive, we are already in compliance with RoHS, except for solder plating products, which some customers have requested. We have not had any products that use the four specific phthalates that became subject to RoHS regulations in 2019 since before the regulations came into effect.

- **EU REACH Compliance**

Since official REACH SVHC was published in November 2008, we have kept up to date with the latest REACH SVHC, which is updated once or twice a year. We also communicate information on chemicals in our products to customers on their request.

- **Transition to Lead-Free Products**

From 2000, we started manufacturing lead-free products in compliance with the RoHS directive, which specifies the maximum concentration value by weight for lead, 0.1wt% (1000ppm). We were already prepared to supply lead-free alternatives for existing products by 2003 and have gradually shifted to lead-free manufacturing since then. New products that have been developed since 2006 are lead-free, and all products delivered to our customers are also lead-free. (Excluding products as service parts requested by some of our customers. The sales volume of such products was 0.11% of the total sales in FY2022, and 0.03% in FY2023.)

### Chemicals Management in Manufacturing

There are no NO<sub>x</sub> (nitrogen compounds) and SO<sub>x</sub> (sulfur compounds) used or emitted in manufacturing.

We ensure that all chemicals included in the PRTR (Pollutant Release and Transfer Register) list are properly managed through identifying and aggregating them based on the PRTR system to estimate chemicals handlings, emissions, and transfers, etc. Among chemicals in the PRTR list, nickel compounds contained in nickel sludge and waste solutions, which are produced in the process of plating at the Ibaraki Plant, are subject to legal reporting.

Regarding VOCs (volatile organic compounds), the flux used to improve the solderability of terminals in some products produced at the Shanghai Plant contains isopropyl alcohol, a VOC. Although the number of affected products is small, at approximately 0.1% of the quantity delivered to customers in FY2023, we will consider reviewing our usage methods in the future.

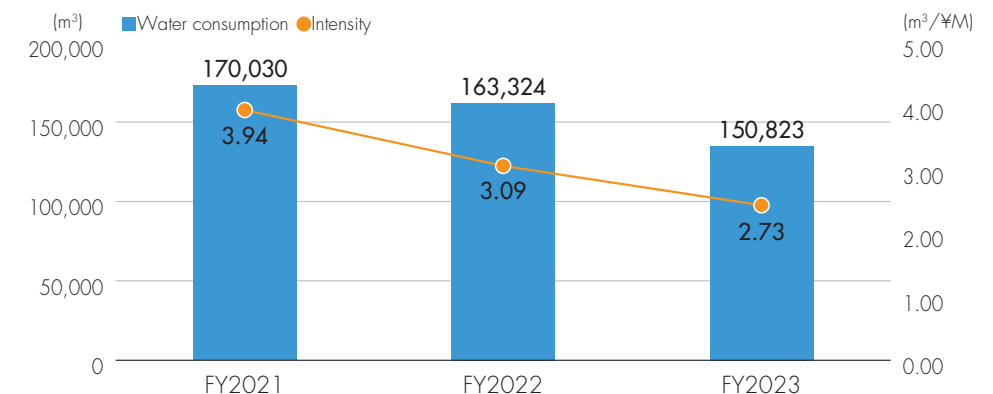
#### Estimated change in the transfers of PRTR chemicals subject to legal reporting

	Unit	FY2021	FY2022	FY2023
Nickel compounds	kg	667.2	796.6	<b>785.0</b>
VOC	kg	464.1	316.5	<b>256.7</b>

### Protection of the Natural Environment

IRISO defines its materiality as “working towards secure, safe and livable society that supports people and the environment” The global environment is changing rapidly, and we are working as a company to preserve the natural environment in order to achieve a safe, secure, and livable society. As part of these efforts, we recognize the importance of water resources and work to conserve them.

#### Actual water consumption/intensity



## Environmental Initiatives 6

### TCFD (Task Force on Climate-related Financial Disclosures) 1

We regard climate change as a management issue, and we disclose information in accordance with the four disclosure items recommended in the TCFD Framework.

#### Governance

- The Steering Committee is organized under the guidance and supervision of the Board of Directors. The Director and General Manager of the Administration Division serves as the Head of the Committee. The General Managers of the divisions have a key role in overseeing overall risk management policies.
- Four times a year, the General Managers of the divisions examine climate-related risks and opportunities for our business, which arise from mid- to long-term climate change impacts, and take necessary measures in cooperation with the departments involved in the risk management.
- The results are reported to the Steering Committee, and any issues that may have a significant impact are reported to and submitted for discussion at the Board of Directors twice a year.
- The Audit and Supervisory Committee provides advices to the Steering Committee as appropriate.

#### Strategy

Our strategy in response to climate change is based on the following steps.

##### 1. Evaluating the climate change risks and opportunities for our business

Risks and opportunities include transition risks and opportunities arising from changes in social requirements such as policies and regulations, as well as physical risks and opportunities resulting from the intensification of extreme weather events. We have identified both transition and physical risks and opportunities that could affect our profits.

##### 2. Setting assumptions

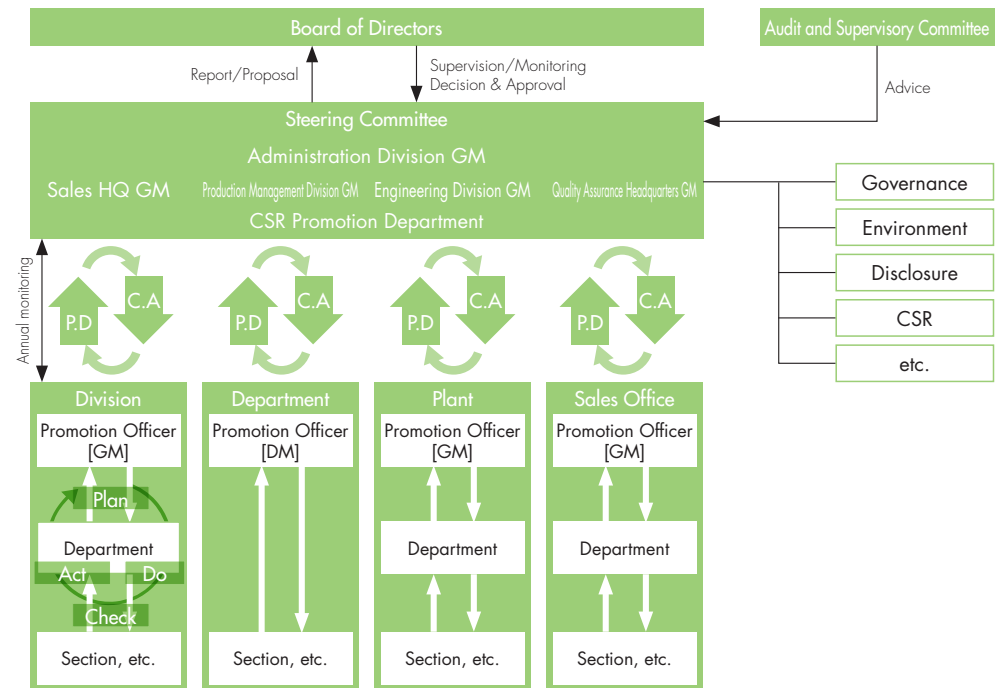
The assumptions for evaluating the impact on our profits are based on scientifically-based scenarios, such as those published by the International Energy Agency (IEA) as scenarios for climate change projections.

##### 3. Alignment of profit impact evaluation and business strategy

We evaluated the impact on profits of each risk and opportunity based on the scenario analysis, and it was found that scenarios that mitigate climate change resulted in greater positive impacts and smaller negative impacts.

To promote such positive impacts, we use business strategies such as focusing on xEV-related businesses that contribute to reducing CO<sub>2</sub> emission and improving transportation efficiency through local production for local consumption. In addition, in order to mitigate negative impacts and meet the Group's targets of achieving both net zero CO<sub>2</sub> emissions from electricity used by the Group by 2025 and carbon neutrality for the Group by 2050, we promote the replacement of production equipment with more energy-efficient equipment and reduce CO<sub>2</sub> emissions from our operations.

#### Governance and Risk Management Structure



## Environmental Initiatives 7

### TCFD (Task Force on Climate-related Financial Disclosures) 2

#### 4°C Scenario

The 4°C scenario assumes that, if any actions were not taken to respond to climate change, the average global temperature would increase by approximately 4°C by the end of the 21st century compared to the level of pre-industrial times. Whereas the level of physical climate risks such as worsening extreme weather events and sea level rise would increase, restrictions imposed on future business and consumption activities would be less stringent than they are today.

Looking at the business impact under the 4°C scenario, we assume that climate change, such as warmer temperatures, would lead to increased health risks for employees working in areas where we run our business, and then to higher response costs. Besides, supply-chain disruptions caused by extreme weather events could cause delays or suspension in material procurement, which would make it harder for us to continue our business.

#### 1.5°C Scenario

The 1.5°C scenario assumes that, if global efforts to reach carbon neutrality were accelerated, the average global temperature rise would be limited to about 1.5°C by the end of the 21st century compared to the level of pre-industrial times. While physical climate risks would not increase, restrictions on business and consumption activities would be more tightened by imposing taxation and legal regulations.

When it comes to the business impact under the 1.5°C scenario, we anticipate that additional costs would be generated by rising energy prices, implemented carbon taxes and the expansion of the emissions trading scheme if global activities are intensified to achieve carbon neutrality, as well as that global xEV sales growth would cause the sharp rise in metal prices. Meanwhile, business opportunities for our products would increase as a result of growing demand for low-carbon technologies, including renewable energy and xEVs to build a zero-carbon society.

(Unit: billions of yen)

	4°C Scenario	1.5°C Scenario
Impact on electricity prices	—	-0.2
Impact of gasoline-powered car market decline and xEV market expansion	—	65.5
Impact on raw material cost	—	-70.6
Loss due to worsened extreme weather events and changes in rainfall and weather patterns	-6.7	-3.8
Other	-0.2	-0.3
<b>Total</b>	<b>-6.9</b>	<b>-9.5</b>

Note: Impact on gross profit based on FY2020 as the baseline (FY2023 estimate)

#### Risk Management

- Our climate-related risks are identified, evaluated and managed at the Steering Committee.
- Based on the results of risk assessments conducted by each division, the need for measures and priorities are considered and reported to the Steering Committee.
- As a result of the risk assessments, cases and responses that may have a significant business impact are reported to the Board of Directors, which makes necessary decisions on them after receiving a request for decision.
- Each division creates and implements a risk mitigation plan under the instructions and guidance of the Board of Directors as well as the Steering Committee.
- The Company has also developed an environmental management system based on ISO 14001. The climate-related risk management includes the monitoring of risks such as compliance risk, which is based on the ISO management system.

#### Metrics and Targets

As the following targets are set for reducing greenhouse gas emissions, we are working on solar system installation, plant automation, energy-saving practices through production efficiency improvement by increasing the efficiency of plating lines, and switchover to renewable energy. In the future, we will also respond to carbon pricing.

📍 [See here for reduction targets](#)

Please refer to page 28.



## Social Initiatives 1

### Business Conduct Policy

#### Basic Approach

The business challenges companies face today are complex and widespread. To ensure long-term growth, it is crucial to consider both corporate sustainability and the resolution of social issues when making management judgments and business decisions.

In order to clarify what we need to do to continually create the value expected by our customers, investors, local communities, and other stakeholders in the future, we ensure that our Business Conduct Policy is ingrained in all employees and utilized as a basis for decision-making.

At the same time, we promote the adoption of these guidelines throughout our supply chain, build a sustainable and resilient supply chain, and continue to deliver satisfaction and excitement to our customers.

#### Business Conduct Policy

##### 1. We aim for sustainable economic growth and the resolution of social issues.

We conduct efficient production and management through the use of DX. We will reduce our environmental impact. We promote technological development, including collaboration with other companies through forms such as supporting the development of companies.

##### 2. We act based on fair business practices.

We engage in fair business in compliance with domestic and international laws and systems. We build fair and equal partnerships, and conduct procurement activities while taking into consideration human rights and labor issues.

##### 3. We implement fair information disclosure and constructive dialogue with stakeholders.

We encourage two-way communication with a wide range of stakeholders, including local communities. We strive for easy-to-understand information disclosure and promote cooperation and empathy by building relationships of trust. We manage important information with the utmost care and prevent insider trading.

##### 4. We respect human rights.

We declare our respect for human rights both internally and externally, and ensure that this respect extends throughout the supply chain. We assess risks of negative impacts and work to prevent such impacts.

##### 5. We value relationships of trust with our customers.

We provide superior quality products with the best technologies in anticipation of customer needs.

##### 6. We enhance the workplace environment to support diverse working styles.

We provide fair and equal employment opportunities, and eliminate discrimination. We will support the development of careers and skills. We create a comfortable workplace that values health and safety.

##### 7. Environmental Initiatives

We ensure proper management of chemicals contained in our products, and reduce the use of chemicals during manufacturing. We implement initiatives in response to environmental risks in order to build a low-carbon and circular society. We contribute to the preservation of biodiversity.

##### 8. We strive to actively participate in society.

As a company mainly serving the automotive industry, we actively support traffic safety and security. As a global company, we respect the cultures and customs of various regions around the world, and contribute to the development of local communities through social participation.

##### 9. We ensure thorough crisis management.

We prepare for risks including terrorism, crime, natural disasters, and cyberattacks, and establish a crisis management system for the organization as a whole.

### Procurement Initiatives

#### Basic Approach

IRISO takes the “conflict minerals” that may have risks of human rights abuses and environmental destruction, as well as of financing for bribery and corruption, and terrorism, as critical social issues for supply chain.

We build global partnerships for mutual development and conduct procurement based on fair and impartial evaluations with suppliers, who are indispensable partners in our business activities, while giving consideration to environmental and social responsibility initiatives, including legal compliance.

#### CSR Procurement

We revised the CSR Procurement Guidelines in 2023 to include initiatives for human rights and labor, health and safety, environment, fair trade and ethics, information security, and business continuity planning.

We requested each supplier to engage in CSR activities based on these guidelines, and confirmed compliance with the policies and standards in writing.

We are considering conducting CSR diagnoses and CSR audits on suppliers in the future.

#### Responsible Conflict Minerals Initiatives

IRISO uses gold and tin as raw materials for manufacturing plating connectors and terminals. Although the gold plating contains trace amount of cobalt, we do not use other conflict minerals such as tantalum, tungsten, and mica in our products.

Regarding conflict minerals, our CSR Procurement Guidelines clarify our policy that “we shall fulfill our obligations to prevent directly or indirectly supporting illegal armed conflict, human rights violations, environmental harm, or activities that pose hidden risks to health and safety, and shall take reasonable steps to use minerals of known provenance.” For this reason, we regularly conduct smelter/refinery surveys using the EMRT (Extended Minerals Reporting Template) in addition to the CMRT (Conflict Minerals Reporting Template) issued by the Responsible Minerals Initiative (RMI) going back through our supply chain.

##### ■ Survey results (FY2023)

Suppliers surveyed: 91 companies    Response rate: CMRT 100%, EMRT 100%  
Identified smelters: 224 companies (EMRT 68 companies, CMRT 156 companies)

There is no evidence of the use of conflict minerals that serve as a source of funding for armed groups.

#### Communication with Suppliers

Since 2017, we have been holding business plan briefing sessions for major suppliers every year in order to help them understand IRISO Electronics Group’s business policies and procurement policies, deepen relationships of trust with suppliers, and promote communication (some sessions have been canceled due to the impact of COVID-19).

In these briefings, we explain our approach to business continuity planning (BCP), CSR procurement guidelines, conflict minerals management, green procurement criteria, and climate change adaptation. We also ask our suppliers for their cooperation in such sustainability practices.



## Social Initiatives 2

### Quality Initiatives

#### Basic Approach

IRISO connectors are indispensable for operating various types of equipment. In particular, automobiles, which are the main application for our products, need to be able to run under both extreme heat and severe cold. For this reason, we emphasize quality with consideration for various use environments.

#### Quality Policy

##### ZERO defects to ensure security, safety and trust

Since our founding, we have been committed to producing quality products. We were also one of the first companies in the connector industry to focus on improving our testing facilities and to carry out tests by recreating a variety of usage environments. We continue to value our "commitment to quality" and work on quality assurance so that our customers can use safe products with peace of mind.

#### System



#### Initiatives for Certification and Accreditation

We acquired international standard ISO 9001 of the quality management system in 1996. Thereafter, acquired QS that is the standard of the American automotive industry and acquired ISO/TS16949 in 2007 which is an international unification standard, and updated to IATF16949 in 2018, conducting continuous effort for the quality in various markets. In addition, from 2000, we acquired the certification of environmental management system ISO 14001, conducting our operation in the viewpoint of environmental conservation.

We actively make efforts to save energy and resources, and also conduct recycling activities throughout our operations.

To provide further high satisfaction to customers, we want to be the company which contribute to the realization of recycling society from manufacturing and dedicate to our future.

### Industry-Academia Collaboration

IRISO aims to create new social value through joint research with universities.

#### Partner universities

University	Research themes
Keio University	Material technology
Shibaura Institute of Technology	Vibration resistance technology
Tokyo University of Science	Mounting technology
Nagoya Institute of Technology	Performance evaluation
Yokohama National University	Assembly processes

### Cooperation with Local Communities and Sports Support

#### Sponsorship of Yokohama F. Marinos

We have signed an official sponsorship agreement with the prestigious J. League club Yokohama F. Marinos since 2019. Based on the belief that a company should be a good corporate citizen as a member of the local community, IRISO places the utmost importance on connection with the local community, not only in terms of complying with laws and regulations, but also in terms of addressing global environmental issues and contributing to society. Yokohama F. Marinos has been committed to local community and social contribution activities for many years, with the aim of enriching its hometown, Yokohama, through sports. As a company headquartered in Yokohama, we strongly identify with this activity as a fellow corporate citizen and wish to contribute to society together. We have also signed a sustainable official sponsorship agreement with the General Incorporated Association F. Marinos Sports Club, and we are supporting electric wheelchair soccer tournaments and parent-child soccer classes as part of our social contribution activities.



#### Sponsorship of VfB Stuttgart

In Stuttgart, Germany, where IRISO's European distributor is located, we have been sponsoring the Bundesliga club VfB Stuttgart since 2018 as a contribution to the local community.



## Social Initiatives 3

### Workplace Safety

#### Basic Approach

IRISO has established a basic policy that prioritizes the safety of employees in order to continue to provide a safe and secure working environment for everyone who works for IRISO.

#### Workplace Safety Basic Policy

IRISO gives top priority to prevention of workplace injuries and illnesses and to protection of the safety and health of all people who work at the company so that they can live a more fulfilling, peaceful and cultural life.

We create a lively and pleasant work environment, where all people can work with enthusiasm and maximize their potential, through facilitating open discussions which allow everyone to freely express their thoughts and ideas.

#### Workplace Safety Activities

We are engaged in the following activities with an aim to achieve zero workplace accidents, zero traffic accidents, and zero fire accidents.

- We comply with workplace safety and health laws and regulations in each country and region, as well as internal standards.
- We conduct risk assessments on safety at all workplaces to identify sources of hazards and eliminate them in advance.
- We conduct a safety diagnosis on equipment during design, ordering, completion, and acceptance.
- We promote the formation of an open workplace culture that fosters positive communication.
- We regularly hold Workplace Safety and Health Committee meetings at each site.
- We regularly conduct fire equipment inspections, evacuation drills, first aid training, and traffic safety education

#### Status of Workplace Safety Activities

Contents	Status
Number of occupational accidents (FY2023)	5 resulting in time off work, 2 not resulting in time off work, 7 in total (including overseas plants)
Overall frequency rate	0.88
ISO 45001 certification status	Domestic sites at the headquarters, Ibaraki, and Kawasaki, and overseas production sites in Shanghai, Philippines, Vietnam, and Nantong have obtained ISO 45001 certification. The Hanamaki Factory is scheduled for certification in FY2024.

### Employee Health and Wellbeing

#### Basic Approach

We are committed to promoting all employees' health and wellbeing in the workplace. We ensure our wellbeing initiatives support employee's mental and physical health, even as they age.

#### Employee Health and Wellbeing Policy

Taking care of all employee's wellbeing leads to increased employee motivation and engagement in the workplace. Consequently, they are more productive and engaged, who have fewer workplace accidents. Therefore, we develop our strategies for managing workplace health and wellbeing, and create a supportive work environment to ensure all employees stay happy and healthy at work.

#### Employee Health and Wellbeing Activities

We started employee health and wellbeing activities in May 2021, with employee health as a top priority. We were certified as a KENKO Investment for Health Outstanding Organization in March 2024, as a result of collecting information, conducting surveys, and implementing various measures related to health management.

We also received Yokohama Health Management Class AA Certification from Yokohama City in recognition of these health management activities.

Without being content with just these recognitions, we will continue to conduct various activities to create an even more comfortable working environment and enhance employee engagement.

Through these activities, we aim to make employees happier in order to achieve continuous productivity improvement and zero occupational injuries, and to ensure that we maintain certification as a KENKO Investment for Health Outstanding Organization.





## Human Capital Management Initiatives 1

### Basic Approach

Based on our management philosophy, “- Bridging to a brighter tomorrow – we cherish individuality, cultivate values through innovation and creativity, and commit to a positive and smart future,” we are implementing three reforms: HR system reform, work style reform, and human capital development reform, to realize management with the participation of all employees while fostering an inclusive workplace environment that values the mutual human rights and dignity of all employees.

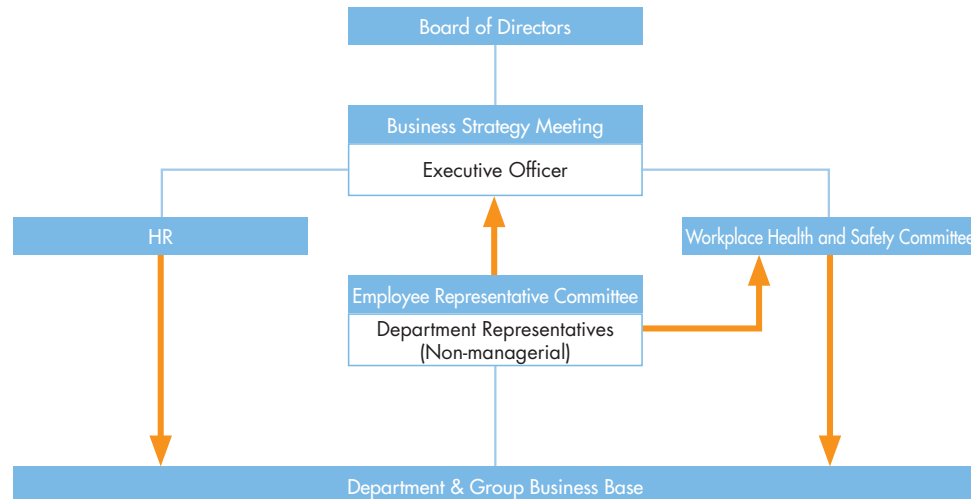
We foster innovation, improve employee satisfaction and work environment, and make a positive impact on talent acquisition and retention by encouraging diverse perspectives and experiences in the workplace.

### Implementation Structure

We promote human capital development and the improvement of our internal environment under the following structure.

- Human resources strategies for the sustainable growth of our business, such as organizational restructuring, key personnel appointments, the development of management executives and global human resources, diversity, are reviewed and deployed by management executives including executive officers at the Business Strategy Meeting.
- Besides, the Workplace Safety and Health Committee, which is made up of representatives from each department, plays a role in improving holistic employee engagement and promoting workplace health management.
- We review such personnel development efforts to ensure that they are actually effective, based on opinions and views raised at the “Employee Representative Committee,” which is operated by employees themselves, as well as on face-to-face conversations between staff members and management executives during their onsite visits to group business bases.

#### Governance and Risk Management Structure



## Human Capital Management Initiatives 2

### HR System Reform

In order to become a 100-year company that creates customer value as a sustainable company, our Medium-Term Management Plan calls for building a foundation for IRISO as a "IRISO for future mobility," laying the groundwork for the industrial market to become the second pillar of our business, and improving productivity and investment efficiency. We are also transitioning to a competitive wage structure, including base salary increases, and better motivating employees, while also strengthening the hiring of technical personnel with an aim to enhance our technical strength and organizational competitiveness.

In addition to securing the necessary personnel (recruitment, retention, and training), we also recognize the importance of creating an organizational structure and workplace environment where global human capital with diverse values can actively participate through diversity initiatives, while ensuring a safe and secure work environment. In order to eliminate the gender gap, we have abolished the general position classification that was primarily held by female employees to further promote the active participation of women and rectify the disparity in the wage system.

Wage gap between men and women, with men's wages set at 100%

Although there are minimal disparities within the same job classification, there are disparities among employees as a whole because of the uneven distribution of job types and positions between men and women. Such disparities are gradually shrinking due to initiatives such as base salary increases and the active promotion of female employees.

Employee category	FY2022	FY2023
All employees	60.8%	68.3%
Permanent employees	70.3%	71.1%
Managers	98.9%	93.6%
Non-managers	87.0%	89.4%
Non-permanent employees	53.6%	61.9%

### Human Capital Development Reform

We are encouraging employees' independent career development and fostering a positive work environment through following activities to ensure that those with various backgrounds and values, including women, foreigners, and experienced hires, as well as technical and administrative staff, etc., can achieve better outcomes and enhance performance through leveraging their individual strengths and characteristics.

- Running training programs tailored to the needs of employees in different career stages, mid-level employees, leaders, newly appointed managers, etc.
- Offering training opportunities for employees to develop necessary work skills to carry out their duties.
- Providing training opportunities to all employees for increasing their basic knowledge of diversity and inclusion, harassment prevention, and others.
- Strengthening the support system through the training of career counselors and the establishment of a Career Support Office.
- Visualizing career paths by creating job descriptions and skill maps.
- Introducing an LMS (learning management system) to increase opportunities for skill acquisition and maximize career potential.

We have also revised our evaluation system and promotion standards to actively promote younger employees.

#### Human Capital Development Indicators

	FY2022	FY2023	FY2026 Target
Annual training participation rate	23.1%	30.5%	35.0%
Annual education and training expenses	¥40,683/person	¥44,895/person	¥50,000/person

#### 2023 Topics

##### Measures to raise awareness among female science students

To develop female candidates for management positions, we are working to raise awareness among female science students seeking employment through company building tours and internships, in an aim to increase the ratio of female new graduates hires to 30% or more.



## Human Capital Management Initiatives 3

### Work Style Reform

By establishing support systems that allow employees to balance work with various life events such as childcare, nursing care, or illness, we are working to create a work environment in which all employees can continue to work comfortably. We believe that supporting the autonomous working styles of employees will contribute to improved productivity and engagement.

Measures	Description
Work-from-home scheme	Allows employees to work from home, which enables flexible and efficient working styles that accommodate family circumstances.
Flexible working hours scheme	Allows employees to set their own working hours and arrival and departure times, which ensures a work-life balance and allows flexibility in scheduling meetings with overseas business partners and adjusting to a fluctuating work schedule.
Staggered working hours system	Allows staggered work hours for childcare and nursing care purposes for employees working shifts at production sites.
Accumulated leave system	Unused annual paid leave can be accumulated as special leave for purposes such as childcare, nursing care, infertility treatment, and volunteer activities.
Provision of paid leave for child nursing care	By making child nursing care a paid leave, employees are allowed to take it on an hourly basis to encourage employees to acquire this leave.
Planned paid leave acquisition	Employees submit five planned days of annual paid leave in advance, and the workplaces support the use of the leave as planned.
Prevention of long overtime work	By renewing the attendance management system, overtime hours are visualized for employees and their subordinates.
Introduction of GLTD insurance	We enhance financial support for long-term leave due to personal injury or illness.

#### Work style reform indicators

	FY2022	FY2023	FY2026 Target
Average monthly overtime	23.5 hours	22.1 hours	20.0 hours
Annual paid leave acquisition rate	70.1%	72.9%	80.0%
Child nursing care leave acquisition rate	33.5%	58.2%	100.0%
Male childcare leave acquisition rate	40.0%	80.0%	100.0%

### 2023 Topics

#### Corporate Culture

We are committed to the fulfillment of the material and mental well-being of employees, and we hold events for the families who support the work of our employees on a daily basis.



Company family soccer event



Company family visit day (summer and winter)



# Corporate Governance 1

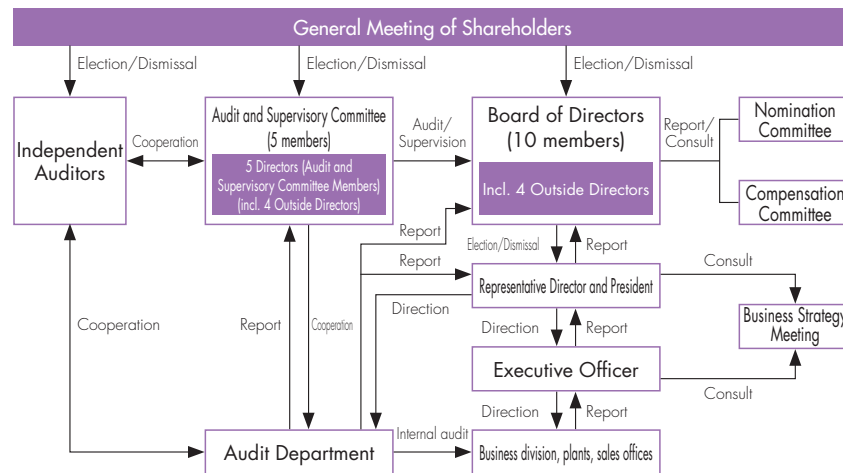
## Basic Approach

As a global corporation, IRISO secures its relevant profits, as well as being committed to sustainable development. IRISO also recognizes the importance of earning the trust of all stakeholders including investors, business partners, employees and local communities for aiming at the continuous growth of IRISO and increasing its business value. Based on this recognition, one of the key management issues of IRISO is to improve corporate governance for ensuring the transparency and accountability in management. IRISO aims to demonstrate social responsibility to all stakeholders.

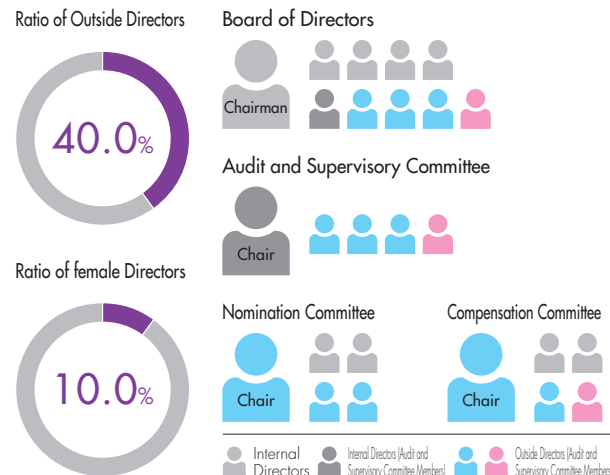
## Corporate Governance Initiatives

	2007	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Chairman of the Board of Directors	Representative Director and Chairman				From 2016, Representative Director and President							
President	To 2007, Sadao Sato	From 2007, Toshiyuki Imazu		From 2015, Ikuo Yuki			From 2021, Hitoshi Suzuki					
Organizational design	To 2018, Company with Board of Corporate Auditors					From 2018, Company with Audit and Supervisory Committee						
Separation of oversight and execution	From 2001, Introduction of executive officer system											
Outside Directors				From 2014, 1 Director		From 2017, 2 Directors		From 2018, 3 Directors			From 2022, 4 Directors	
Outside Auditors	1995 to 2018, 2 auditors											
Audit and Supervisory Committee Members							From 2018, 4 members				From 2022, 5 members	
Advisory committees	Audit and Supervisory Committee, Nomination Committee, Compensation Committee											

## Corporate Governance System



## Structure of the Board of Directors and each advisory committee



## Evaluation of the Effectiveness of the Board of Directors

### Implementation method

**Target:** All Directors  
**Response method:** Anonymous  
**Evaluation method:** Multiple-choice and free response column  
**Main evaluation items:** Structure, operation, agenda, and supporting system, etc., of the Board of Directors

### Results

The Board of Directors discussed the results of this questionnaire, and it was confirmed that the Board of Directors is effectively fulfilling its roles and responsibilities. On the other hand, it was confirmed that the Board of Directors needs further discussions of management policies and business strategies from a medium- and long-term perspective, and for promoting diversity among Directors.

## Corporate Governance 2

### Directors Compensation

#### Basic Approach

IRISO Directors Compensation Policy is a pay structure designed to further motivate directors to improve company performance and to enhance business value in the medium-and long-term, through emphasizing the link between pay and business performance, as well as ensuring high transparency and objectivity in deciding compensation. These policies are resolved by the Board of Directors after consultation with the Compensation Committee.

#### Compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

In addition to base compensation based on the position, we have introduced performance-linked compensation that aims to clarify the degree of contribution to the improvement of business performance by setting KPIs that lead to an improvement in corporate performance and corporate value and reflecting the performance evaluation of individuals and departments under management. The policy on determining payment ratio of fixed compensation and performance-linked compensation is designed to establish an optimal payment ratio, with the proportion of performance-linked compensation increasing for higher-ranking positions, in order to share the interests of shareholders and management and contribute to the sustainable enhancement of corporate value.

#### Total amount of compensation by officer category, total amount by type of compensation, and number of eligible officers (FY2023)

Officer category	Total amount (million yen)	Total amount by type (million yen)		Number of officers eligible
		Fixed compensation	Performance-linked compensation	
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	94	73	21	5
Audit and Supervisory Committee Members (excluding Outside Directors)	13	13	—	1
Outside officers	36	36	—	4

### Compliance

#### Basic Approach

To develop and improve the compliance system, we have established the Compliance Committee. At the Compliance Committee meetings, a compliance framework is developed as a compliance program and applied to general business activities (a compliance program). The Compliance Committee ensures the program is well understood and is run across the company, as well as following up on the program progress. Reports and recommendations are made to the Board of Directors, as necessary. A compliance officer is appointed in each department to ensure the compliance program is run effectively at the department level.

#### Response to Anti-social Forces and Groups

IRISO does not tolerate any relationship, including business partnerships, with antisocial forces or groups. Their unreasonable demands are rejected firmly and in accordance with applicable laws and regulations, as well as with the company rules and regulations.

#### Whistleblowing System

We have established the Whistleblower Protection Regulations as a whistleblowing system that is part of our compliance program.

This system is available to all executives and employees of IRISO (including temporary employees), as well as workers employed by business partners. If any violation of laws and regulations, harassment, leakage of confidential information, or any other act that may violate laws and regulations is discovered, an employee may report or receive advice from the point of contact within or outside the company, either by disclosing his or her real name or by remaining anonymous. The point of contact outside the company is a lawyer for whistleblowers in Japan and dedicated reporting desk (multilingual service, available 24 hours a day, 365 days a year) operated by an external company for whistleblowers outside Japan. These contact points and reporting/consultation procedures are posted on the intranet and on posters and so forth.

#### Internal Control

The Audit Department performs regular internal audit, reports the results to the management and the Audit and Supervisory Committee and provides feedback to the audited departments.

#### Risk Management

We assign risk owners throughout the company according to the inherent risks, and regularly identify, analyze, and evaluate these risks, while the Risk Management Office in the Administration Division selects major risks and reports them to the Business Strategy Meeting, where appropriate countermeasures are discussed and implemented.

## Corporate Governance 3

## List of Officers



## Directors

- 1 Sadao Sato**  
Chairman & Director  
Nomination Committee Member
- 2 Hitoshi Suzuki**  
President & Representative Director  
Nomination Committee Member  
Compensation Committee Member
- 3 Mitsuyoshi Toyoshima**  
Executive Vice President & Director  
Assistant to President, and General Manager of Administration Division  
Compensation Committee Member
- 4 Keiji Takeda**  
Director, Senior Managing Executive Officer, responsible for Production Management Division
- 5 Akihiko Ohira**  
Director, Managing Executive Officer, and General Manager of Sales Headquarters
- 6 Toshihiko Miyachi**  
Director  
Chair of Audit and Supervisory Committee
- 7 Koji Fujita**  
Outside Director  
Audit and Supervisory Committee Member  
Chair of Nomination Committee  
Compensation Committee Member
- 8 Noboru Sato**  
Outside Director  
Audit and Supervisory Committee Member  
Nomination Committee Member  
Chair of Compensation Committee
- 9 Masahisa Shibata**  
Outside Director  
Audit and Supervisory Committee Member  
Nomination Committee Member
- 10 Akemi Uchida**  
Outside Director  
Audit and Supervisory Committee Member  
Compensation Committee Member

## Skills Matrix

		Independent Outside Director	Nomination Committee	Compensation Committee	Concurrently serving as Executive Officer	Gender	Management in general	Industry experience	International experience	Sales/marketing	Manufacturing in general	Legal affairs/risk management	Finance/accounting
Directors	1 Sadao Sato		○			M	○	○	○	○			
	2 Hitoshi Suzuki (Chairman of the Board of Directors)		○	○	○	M	○	○	○	○	○		
	3 Mitsuyoshi Toyoshima			○	○	M	○	○	○	○		○	○
	4 Keiji Takeda				○	M	○	○	○		○		
	5 Akihiko Ohira				○	M	○	○	○	○			
Director (Audit and Supervisory Committee Member)	6 Toshihiko Miyachi (Chair of Audit and Supervisory Committee)					M	○	○	○				○
	7 Koji Fujita (Chair of Nomination Committee)	○	○	○		M						○	
	8 Noboru Sato (Chair of Compensation Committee)	○	○	○		M	○	○	○		○		
	9 Masahisa Shibata	○	○			M	○	○	○	○			
	10 Akemi Uchida	○		○		F	○						○



## Roundtable with Outside Directors

### Using outside perspectives to put the company back on a growth trajectory and foster further development

IRISO has launched its “2026 Medium-Term Management Plan” and is building a foundation of growth to achieve future success as it institutes future-oriented reforms. We invited our four Outside Directors, who monitor these initiatives from an outside perspective and assist in the execution of company plans, to engage in a wide-ranging discussion.



**Noboru Sato**

Outside Director  
Audit and Supervisory Committee Member

**Koji Fujita**

Outside Director  
Audit and Supervisory Committee Member

**Akemi Uchida**

Outside Director  
Audit and Supervisory Committee Member

**Masahisa Shibata**

Outside Director  
Audit and Supervisory Committee Member

### Changes and challenges facing IRISO ELECTRONICS from an outside perspective

—Director Fujita, this year is your eighth year as an Outside Director, and Director Sato, your fourth. How do you think IRISO ELECTRONICS has changed during your time with the company?

**Fujita** My first impression when I was first appointed Outside Director in 2017 was that the company was a truly energetic one. In addition to attending Board of Directors meetings, I also took part in the company’s internal golf competition and attended the 10th anniversary ceremony to of the Vietnam Plant, which took place just after I took office. I had many opportunities to interface directly with employees, and everyone felt so full of vigor.

However, perhaps as a result of the pandemic, I haven’t felt that same energy lately. Previously, systems like the company’s internal management system were still being developed, but over the past few years, they have been improved significantly. But, at the same time, I feel like there’s now less momentum in sales and in the field. It could be a sign that we’ve matured as a company, but, frankly, I’d like to see us get back that old vigor and really go for it.

**Sato** I was appointed Outside Director in 2021. Looking at our company from the standpoint of its business model, over the past 20 years, net sales have risen five-fold. From the year 2000 onward, we’ve rapidly expanded our market share in the automotive-related market, and the mobility market (previously the automotive device market) now accounts for 86.5% of our sales. Connectors are key devices in both the recent trend of automobile electrification and the coming technology of autonomous driving, so we’re truly keeping step with the times.

However, from the perspective of our business approach, I feel a need for more active marketing activities and sales



methods. One example is from my own first-hand experience. I accompanied an IRISO executive to a meeting at a major automobile manufacturer's R&D facility, and through the meeting, the manufacturer gained a renewed understanding of the importance of connectors. This led to business between us and the manufacturer's Tier 1 component supplier. The Tier 1 supplier was struggling with a problem in their development of a next-generation model, and they were finally able to solve it by using our connectors. The customer was overjoyed, and we were also surprised and happy. At the same time, it impressed on me that we need to take a much more active approach to showcasing our strengths and doing business that captures the hearts of our customers.

There are still a lot of major manufacturers that don't fully understand what kinds of products IRISO's connectors are, so I think we need to maintain a steadfast business approach of strongly emphasizing the functions and performance that only our products can offer.

—Directors Shibata and Uchida, you're new to IRISO ELECTRONICS. What is your impression of the company?

**Shibata** My impression of IRISO ELECTRONICS, before being appointed as a Director, was that it was a company with a large sales force of highly knowledgeable sales personnel actively engaging in B2B sales, and that it was working especially hard in its sales efforts, particularly to automobile manufacturers. Now that I am an Outside Director, I feel that we need to go one step further.



Compared to past momentum, net sales have now effectively plateaued and stagnated, and growth is sluggish. As an Outside Director, I want to stimulate the company to revitalize it from the inside. The domains we need to take on are getting both wider and deeper, so we have a plethora of opportunities. If we look not only to B2B but also to B2B2C and become a company with a sales style that allows us to make constant proposals to customers, I think we can reach our Medium-Term Management Plan target of 65.0 billion yen in net sales, and even go on to reach 100.0 billion yen in the future.

**Uchida** I agree. I think we're entering a critical period, but it feels like we're treading water right before the next stage of company growth. However, we need to make sure that in our efforts to stop treading water, we don't just take a short-sighted approach. We need to polish our technical strengths from a long-term perspective and prepare ourselves to enter the next stage of growth.

Everyone on the Board of Directors vigorously proffers their opinions, and the Board's approach is extremely positive. Going forward, corporate management needs to adopt and skillfully combine a diversity of opinions to produce good results. If we can do that, I think our next growth stage will be extremely promising. I want us all to climb this mountain together.

## Perspectives on invigorating the Board of Directors and improving its effectiveness

—One of the issues raised in the evaluation of the effectiveness of the Board of Directors in FY2023 was “an even greater need for discussion of management policies and business strategies from a medium- and long-term perspective, and for promoting diversity among Directors.” Could you expand on this?

**Sato** I also pointed out the need for discussion of management policies and business strategies from a medium- and long-term perspective. Currently, the Board's discussions are focused primarily on the figures to be disclosed in financial statements, the scale of sales, profit margins, and the like. Of course, these kinds of discussions are necessary, but I don't

feel like there is enough discussion of business strategies or the growth strategies within them. Ideally, the Board of Directors should focus more on areas like these, and I'd also like to share my input on these topics.

**Fujita** With regard to promoting diversity among the Company's Directors, we four Outside Directors each have our own core beliefs, and, from a skill matrix perspective, I believe we have achieved some level of diversity. What I feel needs to be promoted is more lively discussions with inside Directors and Executive Officers. I find the atmosphere extremely welcoming for Outside Directors to speak up, so we're able to voice a lot of different opinions. However, I'd like for those within the Company to more strongly emphasize to Outside Directors how they perceive our opinions, the concepts shared as assumptions, and the like.

Also, as Mr. Sato said, at each Board meeting, recent figures are always pressing issues, and I don't feel like we're able to engage in enough discussions about medium- and long-term topics.

**Shibata** Ms. Uchida and I have still only attended two Board of Directors meetings, but I strive to say things that those within the company might be reluctant to say. I think it's important to be brutally honest. I could even go so far as to say that my position is to delve into whether our company is or isn't attractive from the vantage of our stakeholders.

In that sense, as Mr. Fujita said, the Board needs to further emphasize diversity. I plan to talk to the employees working in the field and gain a deeper understanding of IRISO ELECTRONICS, and then make various proposals for the Company.

**Uchida** While Outside Directors need to act in such a way as to protect the interests of general shareholders, as members of the Board of Directors, I think another of our major roles is to clearly point out things that those within the Company may not notice precisely because they are inside the company. The Board of Directors' atmosphere is one which encourages this, which I think is wonderful.

It's not uncommon for people in the field to have problems that management is unaware of. I hope I can bring those kinds of issues to their attention.

**Sato** What I've felt when attending the Board of Directors meetings is that there is an uneven distribution of people who provide opinions from within the company. Also, perhaps because it is a Board of Directors meeting, Executive Officers don't tend to speak up much. It would be better if everyone, Executive Officers included, were more active in providing input and engaging in discussions.

**Fujita** In previous Board of Directors meetings, very detailed figures were presented at each meeting. The content presented, such as detailed data for individual production sites, was often very technical, but gave us a chance to access real information from the field, though we did struggle to understand them at first. Recently, the information presented has been summarized considerably, and it's rare for highly detailed information to be discussed in Board of Directors meetings. While we don't need such detailed information in every Board meeting, I do think it would be good to have opportunities to receive that kind of raw data once every few months or so.

Of course, we have opportunities to access the detailed information we need in meetings other than Board of Directors meetings, by inviting officers to meetings by committees such as the Audit and Supervisory Committee, or the like. The company does make various accommodations, so I'd like to request for more of that raw data to be provided in the future.



## Involvement in and monitoring of the formulation of the Medium-Term Management Plan

—Directors Fujita and Sato, could you talk a bit about your involvement in the process of formulating the new Medium-Term Management Plan?

**Fujita** Just looking at the numbers, it would seem that we've reached our targets in recent years. However, if you look at effective numbers, excluding the impact of exchange rates, we've been failing to meet our targets. In formulating our new Medium-Term Management Plan, we first concluded that the new plan needed to contain a firm commitment to reaching our targets.

I relayed my requests regarding plan disclosure materials, and worked to have improvements made. There were lots of areas that may have been clear to people within the company but hard to understand for members of the general public, such as difficult explanations regarding connectors accompanying car diagrams, specialized jargon, or abbreviations. I pointed these out, and the disclosure materials that we ultimately released, I believe, turned out much easier to understand.

In the coming three years, I want to focus not only on business results, as we seek to reach our targets, but also on improving employee engagement.

**Sato** I think it's a good idea to set a long-term vision of achieving "100.0 billion yen in net sales" as an extension of our steady growth so far. However, recently, downward revisions before the announcement of our financial results have become more common. These are surely disappointing for our investors and shareholders, as they betray their expectations.

The Company's track record of breakthrough growth in the past has most likely led them to set high performance targets and strive to achieve them. However, when you think about it this way, it becomes apparent that various challenges stand in the way of achieving that long-term vision of "100.0 billion yen in net sales."

For a manufacturing company such as us, research and development is our lifeline and first priority. However, securing



and assigning talent, as well as marketing, necessary for R&D are also major challenges we need to address to achieve that "100.0 billion yen in net sales."

In our current Medium-Term Management Plan, we have set a goal of achieving an "operating profit margin of 15%" while making the above growth investments. Given the worsening cost environment in the future, we cannot look at this situation with rose-colored glasses. With electricity and resource prices soaring and labor costs rising, we discussed at the Board of Directors whether a pass-through of these costs might be necessary. Perhaps out of consideration for customers or reluctance, there hasn't been very extensive discussion about cost pass-through so far. However, we sell connectors with high added value, and I think if we showcase that to our customers, they'll understand the need to raise prices.

Naturally, cost pass-through carries the risk of customer attrition, so they must be implemented in a balanced manner with cost-cutting measures. The target of an "operating profit margin of 15%" would be difficult to achieve through cost-cutting alone.

—Directors Shibata and Uchida, what is your impression of the newly formulated Medium-Term Management Plan?

**Shibata** One of the priority measures in this plan is to build the foundation to transform from "IRISO for automotive" to "IRISO for future mobility." We're looking at a variety of areas to expand into, including autonomous driving, remote operation of construction and farming machinery, and eVTOL





(vertical take-off and landing), to capture new demand in the mobility market by leveraging the technologies we have developed in the automotive market. Personally, I have my sights set on the expansion into the motorcycle market.

Motorcycles and scooters are widely used as a means of household transportation in countries like Taiwan, Indonesia, and India. The market size is roughly 60 million vehicles in terms of units. At present, we're not approaching the motorcycle market, and we don't have any future plans to do so, either. In that sense, I think it's hard to truly say that the Medium-Term Management Plan was really well thought out from the perspective of "mobility" while taking into consideration the spread of various markets.

As an Outside Director, I plan to talk to other members about this, suggest taking on the motorcycle market, and check how our initiatives progress over the next three years.

**Uchida** The most important thing in achieving our Medium-Term Management Plan is, I think, to take on positive risks. Of course, we need to reduce our negative risks, but I think we can do that by simply diligently doing what needs to be done. That's what I'd like to focus on.

With relation to the execution of our plans, I'm concerned about the management structures of our overseas subsidiaries. For any company, there are many invisible aspects to overseas subsidiaries, and various problems are likely to arise, so I intend to keep a close eye on this.

**Sato** We need to engage in a lot more discussions about the overseas subsidiary issue you mentioned, Ms. Uchida,

especially overseas plants. Given the production suspensions of our overseas plants that occurred due to lockdowns during the COVID-19 pandemic, we decided to expand our domestic production system, and are now building a new plant in Yokote City, Akita Prefecture, which will go into full-fledged operation from April 2025. This is a major pillar of our Medium-Term Management Plan.

An important theme will be how to optimize the production system of the entire Group, including reviewing the roles of overseas plants with low operation rates which generate little profit and reforming our domestic plants into even more powerful production sites. These are discussions that we need to have urgently.

### The roles of Outside Directors in developing talent

—Lastly, could you share your thoughts about talent-related initiatives and implementing human capital management?

**Shibata** A company needs to make good use of external knowledge and skills to develop new growth potential. However, at the same time, I believe that the heart of human capital management lies in having more talent who will stay with the organization long-term and continue to contribute to the company's development. What's important is to balance these two in revitalizing the company from within. This is an extremely difficult task, but I plan to seek out advice from various corners and issue proposals as an Outside Director.

**Uchida** I think talent is the most important thing to maintaining a company. Like Mr. Shibata said, we need talent that work with us long-term, contributing through the years. Thinking, then, about what it takes to secure people like that, I don't think it's just about creating a company that's comfortable to work in. We also need to create a workplace where young people can achieve personal growth and work toward their ideal future. It's also important to link the growth of these talent to the sustainable growth of the company.

At the same time, to bring in people from the outside and integrate them with the company, I think it's vital that we

properly convey what kind of company we are and what makes us attractive.

Furthermore, I would like to see our company become a place where people are free to come and go, so that those who have at some point left the company are welcome to rejoin us. There are people in IRISO who become interested in other areas, so they leave our company and work in other companies, building new networks. If they then decide, "You know what? I prefer IRISO," then bringing them back to IRISO would be a tremendously positive thing for us, and would help us expand our growth areas.

**Fujita** In addition to recruiting new graduates, we've also recently been recruiting a lot of mid-career employees. If we become a company that is a joy to work at for diverse people, where everyone can feel pride in their work, people will feel an even stronger connection with our company. Building that kind of relationship will contribute to the happiness of everyone who works with us.

The other day, I had the opportunity to meet with several female employees to discuss and exchange opinions over lunch. They were all very energetic and each had high aspirations for themselves. If we provide female employees with opportunities and create a welcoming working environment, they'll be able to achieve tremendous success. As an Outside Director, I want to encourage changes like these.

**Sato** I completely agree. I've heard that our attrition rate is relatively low, but there will inevitably be a certain percentage of employees who choose to leave our company. I think the key is for employees to find us to be a company that is fun to work for, and to feel that their work is something to be proud of. We still have a lot to improve when it comes to matching talent with work. I hope we can develop into a company where employees can shine in their work, led by pride and conviction.

As Outside Directors who look at things from different perspectives than internal management, we will continue to promote problem-solving based on objective analyses and support the ongoing growth of the company.

## Key Financial Data Over 10 years

(Unit: millions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Business Performance</b>										
Net sales	37,214	38,209	37,547	42,248	42,834	39,614	36,520	43,863	52,903	55,271
Operating profit	6,872	6,568	6,661	8,426	6,084	4,628	2,900	4,520	6,940	5,936
Ordinary profit	6,909	6,602	6,750	7,872	6,325	4,668	2,970	4,838	7,661	7,189
Profit attributable to owners of parent	5,068	4,045	4,875	5,456	3,722	3,287	2,141	3,913	5,541	5,593
EBITDA*1	9,793	9,747	10,064	12,148	10,200	9,163	7,690	9,877	13,109	12,263
<b>Consolidated Balance Sheets</b>										
Total assets	45,684	47,556	52,363	60,083	61,471	60,638	63,941	73,153	82,491	96,856
Net assets	37,997	39,296	44,692	49,283	51,329	51,519	54,731	61,776	68,019	77,016
Equity	37,886	39,132	44,452	49,013	51,014	51,202	54,348	61,337	67,418	76,233
Interest bearing debt	741	676	596	576	501	424	398	410	2,493	6,825
<b>Consolidated Statements of Cash Flows</b>										
Cash flows from operating activities	7,726	8,598	6,604	9,707	6,695	6,830	6,234	6,691	11,613	12,934
Cash flows from investing activities	(4,287)	(5,370)	(5,406)	(6,727)	(6,687)	(6,482)	(4,881)	(6,248)	(8,179)	(9,089)
Cash flows from financing activities	(610)	(744)	1,260	(777)	(1,950)	(1,664)	(1,379)	(1,611)	516	2,313
Cash and cash equivalents at end of period	11,089	13,051	15,242	17,352	15,456	13,819	14,260	14,066	18,640	26,692
<b>Per Share Information</b>										
Net assets per share (yen)	1,655.03	1,709.48	1,877.72	2,070.36	2,164.68	2,172.66	2,306.16	2,607.59	2,865.97	3,240.40
Basic earnings per share (yen)	221.43	176.03	207.16	230.47	157.70	139.49	90.89	166.22	235.58	237.75
Dividend per share (yen)	60.00	60.00	80.00	50.00	60.00	50.00	50.00	60.00	80.00	90.00
<b>Financial Indicators</b>										
ROA (Return on assets) (%)	12.2	8.7	9.8	9.7	6.1	5.4	3.4	5.7	7.1	6.2
ROE (Return on equity) (%)	14.9	10.5	11.7	11.7	7.4	6.4	4.1	6.8	8.6	7.8
ROIC (Return on invested capital) (%)**2	14.6	10.3	11.4	11.5	7.3	6.3	4.0	6.6	8.3	7.3
Equity ratio (%)	82.9	82.3	84.9	81.6	83.0	84.4	85.0	83.8	81.7	78.7

\*1 EBITDA = Operating profit + depreciation \*2 ROIC = Profit after tax/invested capital x 100

## IV Financials/Corporate Data

I  
Understanding IRISO ELECTRONICS

II  
Value Creation Story

III  
Management Foundation

IV  
Financials/Corporate Data

### E (Environment)

		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Greenhouse gas (GHG) emissions status	CO <sub>2</sub> emissions	Tons	31,697	32,887	36,940	41,620	33,980
	Energy consumption	thousand GJ	196	191	217	213	210
	Electricity energy intensity	MWh/¥M	—	1.46	1.40	1.15	1.08
	Total GHG emissions	tons-CO <sub>2</sub>	—	181,406	208,808	268,868	274,177
	Scope1	tons-CO <sub>2</sub>	—	737	450	315	423
	Scope2	tons-CO <sub>2</sub>	—	32,150	36,490	41,305	33,557
	Scope3	tons-CO <sub>2</sub>	—	148,519	171,868	227,248	240,197
Water resource management	Water consumption	Tons	197,441	151,738	173,030	163,324	150,823
Waste management	Total emission	Tons	—	—	—	1,228	1,341
Chemical substance management	VOC (Volatile Organic Compounds) emissions	Tons	—	—	0.5	0.3	0.3
	NO <sub>x</sub> (Nitrogen oxides) emissions	Tons	—	—	0	0	0
	SO <sub>x</sub> (Sulphur oxides) emissions	Tons	—	—	0	0	0
ISO 14001 acquisition	Acquisition ratio	%	100	100	100	100	87.5

### S (Social)

		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Diversity & Inclusion	Number of employees	Person	3,370	3,277	3,137	3,104	3,037
	Share of women in total employment	%	—	60.2	58.7	56.7	51.8
	Share of non-Japanese employees in total employment	%	—	—	—	83.6	79.2
	Share of women in management	%	—	—	—	25.1	27.2
	Share of non-Japanese employees in management	%	—	—	—	52.1	53.9
	Share of local global key position	%	—	45.4	45.4	41.7	41.7
Human capital attraction and development	Annual education and training costs per employee	Yen	8,389	8,077	8,763	10,025	9,352
Workplace safety and health	Workplace accident frequency rate		2.14	0.98	0.81	0.53	0.88
	Number of serious accidents	Cases	0	0	0	0	0
	Number of workplace accidents resulting in lost workdays	Cases	14	6	5	3	5
	ISO 45001 certification acquisition ratio	%	40	40	60	100	87.5



## G (Governance)

		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Board of Directors	Chairman of the Board of Directors		Ikuo Yuki (Representative Director and President)	Ikuo Yuki (Representative Director and President)	Hitoshi Suzuki (Representative Director and President)	Hitoshi Suzuki (Representative Director and President)	Hitoshi Suzuki (Representative Director and President)
	Number of Directors	Person	9	9	11	10	10
	Number of Outside Directors	Person	3	3	4	4	4
	Number of Outside Directors designated as Independent Directors	Person	3	3	4	4	4
	Ratio of Outside Directors	%	33.3	33.3	36.4	40.0	40.0
	Number of female Directors	Person	1	1	1	1	1
	Ratio of female Directors	%	11.1	11.1	9.1	10.0	10.0
Audit and Supervisory Committee	Chair of Audit and Supervisory Committee		Kenichi Ooe (Director)	Kenichi Ooe (Director)	Kenichi Ooe (Director)	Toshihiko Miyauchi (Director)	Toshihiko Miyauchi (Director)
	Number of Audit and Supervisory Committee Members	Person	4	4	4	5	5
	Number of Outside Directors	Person	3	3	3	4	4
Nomination Committee	Chair of Nomination Committee		Makoto Ebata (Independent Outside Director)	Makoto Ebata (Independent Outside Director)	Makoto Ebata (Independent Outside Director)	Makoto Ebata (Independent Outside Director)	Makoto Ebata (Independent Outside Director)
	Number of Nomination Committee Members	Person	5	5	5	5	5
	Number of Outside Directors	Person	3	3	3	3	3
Compensation Committee	Chair of Compensation Committee		Shimako Yamamoto (Independent Outside Director)	Shimako Yamamoto (Independent Outside Director)	Shimako Yamamoto (Independent Outside Director)	Shimako Yamamoto (Independent Outside Director)	Shimako Yamamoto (Independent Outside Director)
	Number of Compensation Committee Members	Person	5	5	5	5	5
	Number of Outside Directors	Person	3	3	3	3	3

## Corporate Information (as of March 31, 2024)

### Company Profile

Corporate name	IRISO ELECTRONICS CO., LTD.
Headquarters	222-0033 2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa, Japan
Established	December 1966
Capital	5,640.05 million yen
Employees	Non-consolidated: 586 Consolidated: 3,037

Number of locations Japan: 4 Overseas: 14

Number of development and production sites Japan: 4 Overseas: 5

#### Domestic locations

Headquarters (IRISO Technology Park)  
East Japan Sales Office  
Kansai Area Sales Office  
Chubu Area Sales Office

#### Development and production sites in Japan

Headquarters (IRISO Technology Park)  
Production Technology Development Center  
Ibaraki Plant  
Hanamaki Factory

#### Overseas locations

##### [Asia]

IRIS (S) PTE LTD.  
IRISO ELECTRONICS INDIA PVT. LTD.  
IRISO ELECTRONICS (THAILAND) LTD.  
IRISO (SHANGHAI) TRADING CO., LTD.  
IRISO (SHANGHAI) TRADING CO., LTD. SUZHOU OFFICE  
IRISO (SHANGHAI) TRADING CO., LTD. DALIAN OFFICE  
IRISO (SHANGHAI) TRADING CO., LTD. TIANJIN OFFICE  
IRISO (SHANGHAI) TRADING CO., LTD. CHONGQING OFFICE  
IRISO (SHANGHAI) TRADING CO., LTD. SHENZHEN OFFICE  
IRISO ELECTRONICS (HONG KONG) LIMITED  
IRISO ELECTRONICS (HK) LTD. TAIWAN REPRESENTATIVE OFFICE  
IRISO ELECTRONICS (HK) LTD. KOREA BRANCH

##### [USA]

IRISO U.S.A., INC.

##### [EU]

IRISO ELECTRONICS EUROPE GmbH

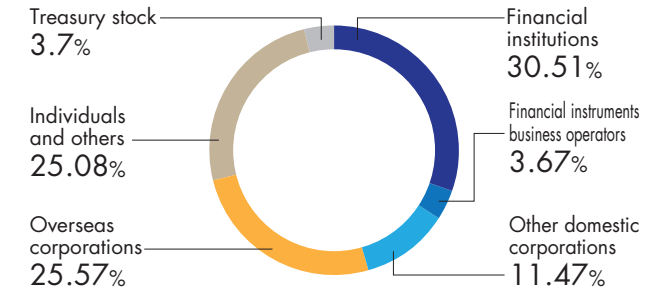
#### Development and production sites overseas

IRISO (SHANGHAI) R&D CENTER CO., LTD.  
IRISO ELECTRONICS PHILIPPINES, INC.  
IRISO ELECTRONICS VIETNAM CO., LTD.  
Shanghai Plant  
Nantong Plant

### Stock and Shareholder Information

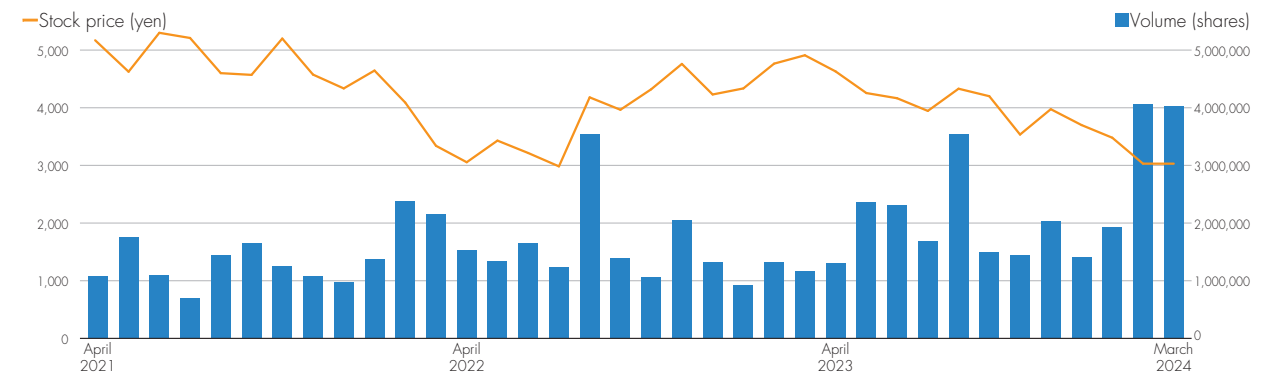
Details of shares to be issued	Common shares
Total number of authorized shares	70,000,000
Total number of issued shares	24,583,698
Number of shareholders	6,808

### Distribution of shares by shareholder



Name of shareholder	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	3,118,000	13.17%
Custody Bank of Japan, Ltd. (trust account)	2,724,000	11.51%
S.F.C. Co., Ltd.	2,379,000	10.05%
Sadao Sato	1,795,000	7.58%
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	681,000	2.88%
THE BANK OF NEW YORK 133652	318,000	1.35%
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15PCT TREATY ACCOUNT	280,000	1.18%
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	277,000	1.17%
JP MORGAN CHASE BANK 385781	275,000	1.16%
Morgan Stanley MUFG Securities Co., Ltd.	249,000	1.05%

### Stock price and trading volume



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**IRISO ELECTRONICS CO.,LTD.**

222-0033

2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa, Japan

<https://www.irisoele.com/en/>