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To Whom It May Concern

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Announcement of Structural Reform Plan, Recording of Special Loss, and Revision to Full-Year 2024 Earnings Forecast

At the Board meeting held on February 4, 2025, the board has decided to carry out structural reforms as outlined below to achieve the goals set out in the mid-term management plan. Accordingly, the reform costs have been recorded as a special loss in the financial statements, and the full-year earnings forecast for the fiscal year ending March 2025, which was announced on November 5, 2024, has been revised. The details are as follows.

1. Reasons Why Structural Reforms are Needed

(1) Background and Purpose

The "2026 Mid-Term Management Plan" announced on May 8, 2024 includes key focus strategies for solidifying the company's business foundation, such as launching the new ERP system successfully, ensuring that business processes and operations are standardized across the company, and achieving streamlined management, as well as reorganizing manufacturing operations and optimizing productivity by redefining the roles and functions of the group plants, ahead of the new Akita plant launch in 2025.

The new ERP system started in April 2024. Although the business was initially running at a loss during FY2024 Q1, the system is now fully operational. Likewise, the Akita plant was completed in October 2024, and it will start operation in April 2025 as scheduled.

Through putting these strategies into practice, the structural reforms will be carried out for streamlining production and indirect labor costs, increasing profitability, as well as improving the human resources system to attract and retain talent.

(2) Structural Reform Plan

A. Reviewing the role and function of the Ibaraki plant

- Improving production efficiency by transferring mass - production products to the Akita plant.
- Redeveloping the plant to make it serve as an engineering center for prototyping and sample production, as well as a parts supply hub.

B. Optimizing workforce at the headquarters and Ibaraki plant

Optimizing personnel structure by offering a voluntary retirement incentive scheme

How to Recruit Retirees

[Details of the Voluntary Retirement Incentive Scheme]

Eligibility: Employees aged 50 and above as of June 30, 2025.

Number of recruits: Approximately 50 employees.

Application period: March 3, 2025, to March 21, 2025.

Retirement date: June 30, 2025.

Incentives: Special retirement allowances will be paid along with regular retirement benefits. In addition, outplacement supports will be offered to those who request it.

(3) Impacts and Benefits of the Structural Reforms?

By implementing the structural reforms, annual profits are expected to improve by approximately 0.7 billion yen.

2. Special Loss

To implement the reforms as explained above, expenses that will be incurred over this fiscal year, such as an asset disposal, impairment loss on fixed assets, special retirement allowances, and outplacement support costs, will be recorded as structural reform expenses, which are estimated at approximately 2.45 billion yen.

3. Revisions to the earnings forecast for the fiscal year ending March 2025 (from April 1, 2024 to March 31, 2025)

	Net Sales	Operating Profit	Ordinary Profit	Net Profit Attributable to Owners of the Parent	Earnings per Share
	¥ in Millions	¥ in Millions	¥ in Millions	¥ in Millions	¥.Sen
Previous Earnings Forecast (A)	54,000	4,300	4,300	2,750	120.71
Revised Earnings Forecast (B)	55,000	4,700	4,700	1,350	59.55
Change (B – A)	1,000	400	400	(1,400)	
Percentage Change (%)	1.9	9.3	9.3	(50.9)	
(Ref.) Previous Year Results (A Year Ended March 2024)	55,271	5,936	7,189	5,593	237.75

4. Reasons Why the Earnings Forecast Has Been Revised

Net sales, operating profit and ordinary profit are expected to surpass the initial forecast, helped by actual Q1-Q3 results showing an upward trend and the impact of exchange rate swings. On the other hand, net profit attributable to owners of the parent are expected to fall below the initial forecast because the special loss created by the structural reform efforts has been recorded as mentioned earlier.

Note: The revised forecast is based on the best information available as of the announcement date. However, actual results could differ from the forecast because of unpredictable future events or changes in circumstances.