



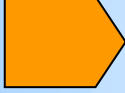
FY2024 Q3 Financial Results

IRISO ELECTRONICS CO.,LTD.

Stock Code: 6908
(Feb 4, 2025)

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



-  **I . FY2024 Q1-Q3 Financial Summary**
- II . Structural Reforms**
- III . FY2024 Earnings Forecast**
- IV . Topics**

FY2024 Q1-Q3 Results

- Net sales of ¥42.1 billion, +2.5% YoY, and operating profit of ¥3.8 billion, –19.0% YoY
- Net sales increased, helped by growing sales in China powertrain market as part of the mobility market, as well as an increase in sales of high-speed transmission floating BtoB connector, despite continued downturn in the Japanese, European and US markets.
- On the profit side, profit loss due to decreased capacity utilization rate was minimized because soaring material costs, energy prices and shipping costs were offset by fixed-cost control, cost reduction and product line optimization. As a result, operating profit ratio remained more than 11% during FY2024 Q2 and Q3.
- Operating cash flow margin increased to 24.1%, remaining more than 20%.

FY2024 Earnings Forecast

- Upward revisions made to sales, operating profit and ordinary profit, considering the upward trend in sales and currency situations.
- Carrying out structural reforms to boost plant productivity by reviewing the roles and functions of the group plants, and streamlining indirect labor costs by using the ERP system. Net profit has been revised downward due to the recorded structural reform cost.

2. Result Summary

Unit: Yen in Millions

	FY2023 Q1-Q3	FY2024				FY 2024 Q1-Q3 YoY			
		Q1	Q2	Q3	Q1-Q3	Change	Change %	Currency Impact	Currency Impact Excluded
Net Sales	41,140	12,534	14,624	15,009	42,168	+1,028	+2.5%	+2,215	39,953
Operating Profit	4,792	190	1,929	1,762	3,881	(910)	(19.0)%	+100	3,981
Operating Profit Margin	11.6%	1.5%	13.2%	11.7%	9.2%		(2.4)pts		10.0%
EBITDA	9,466	1,972	3,645	3,595	9,213	(253)	(2.7)%	+100	9,313
EBITDA %	23.0%	15.7%	24.9%	24.0%	21.8%		(1.2)pts		22.1%
USD/JPY	142.76	156.53	148.37	154.16	152.87	+10.11	+7.1%		

【FYI】 The impact of sales brought forward, driven by the company's ERP system change, excluded Unit: Yen in Millions

	FY2023 Q1-Q3	F2024				FY2024 Q1-Q3 YoY			
		Q1	Q2	Q3	Q1-Q3	Change	Change %	Currency Impact	Currency Impact Excluded
Net Sales	41,140	13,234	14,624	15,009	42,868	+1,728	+4.2%	+2,215	40,653
Operating Profit	4,792	519	1,929	1,762	4,210	(581)	(12.1)%	+100	4,310
Operating Profit Margin	11.6%	3.9%	13.2%	11.7%	9.8%		(1.8)pts		10.6%
EBITDA	9,466	2,300	3,645	3,595	9,541	+75	(0.8)%	+100	9,641
EBITDA %	23.0%	17.4%	24.9%	24.0%	22.3%		(0.7)pts		23.7%

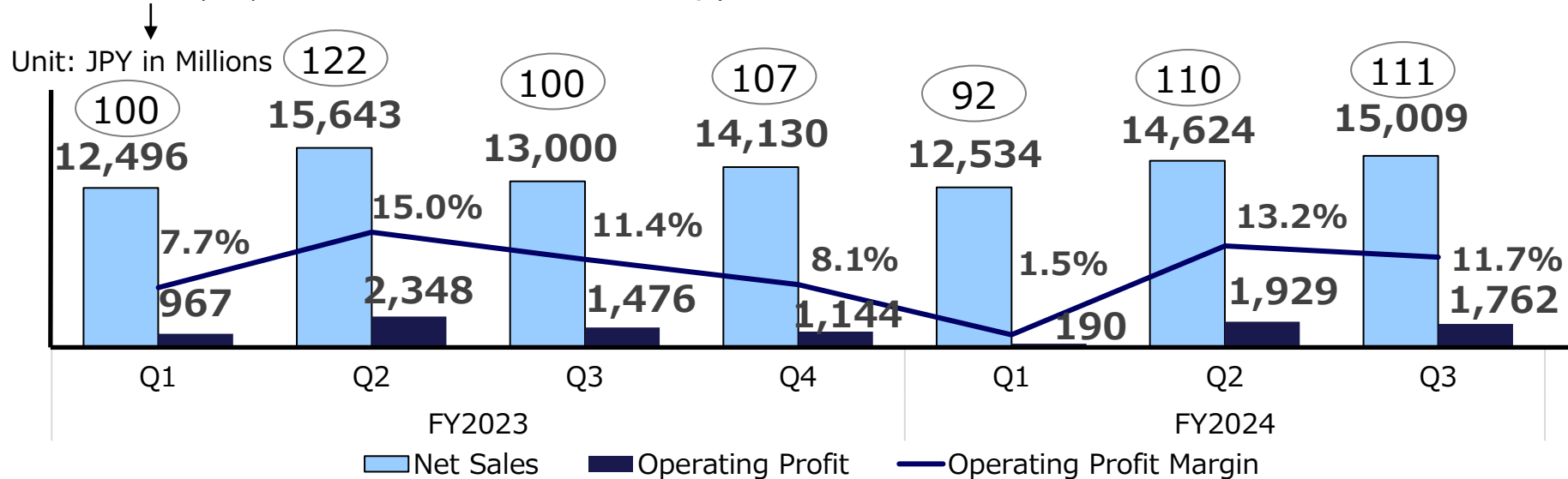
■ +4.2% increase in net sales, with the impact of ERP system change excluded, and a decrease of ¥(480) million, with currency impact excluded. A decrease of ¥580 million in operating profit due to soaring material costs and declining capacity utilization rate

※EBITDA : Operating profit + Depreciation

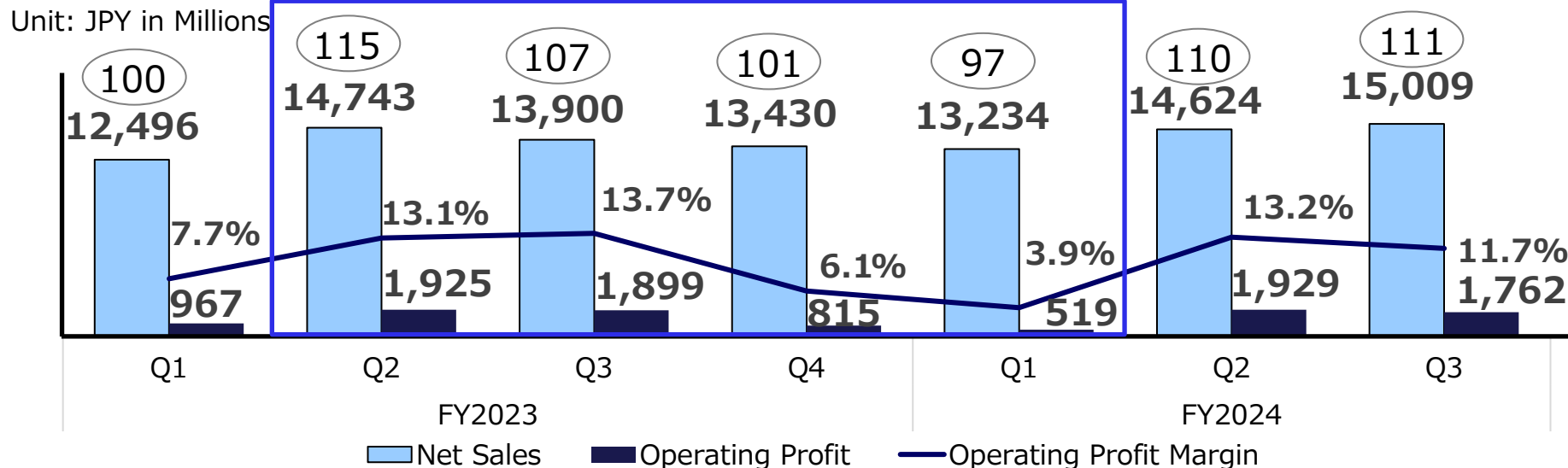
3. QoQ Changes in Net Sales and Operating Profit

Interconnect with Reliable Solution >>>

Currency impact excluded. Index:100 in FY2023 Q1)



[FYI] The impact of sales brought forward, driven by the company's ERP system change, excluded (FY2023 Q2←Q3 and FY2023 Q4←FY2024 Q1)



4. FY2024 H1 Financial Summary

Unit: JPY in Millions

	FY2023 Q1-Q3	Breakdown	FY2024 Q1-Q3	Breakdown	Change	Change %
Net Sales	41,140	100.0%	42,168	100.0%	+1,028	+2.5%
Mobility	35,429	86.1%	36,369	86.2%	+939	+2.7%
Consumer	3,272	8.0%	3,588	8.5%	+316	+9.7%
Industrial	2,438	5.9%	2,210	5.2%	(227)	(9.3)%
Cost of Sales	28,076	68.2%	28,986	68.7%	+910	+3.2%
SG & A	8,271	20.1%	9,300	22.1%	+1,028	+12.4%
Operating Profit	4,792	11.6%	3,881	9.2%	(910)	(19.0)%
Pretax Profit	5,316	12.9%	3,960	9.4%	(1,356)	(25.5)%
Quarterly Net Income	4,294	10.4%	2,917	6.9%	(1,376)	(32.1)%
EPS	182.56 JPY		127.64 JPY			
Exchange Rate	USD : 142.76JPY		152.87JPY		+10.11JPY	+7.1%
FY Average	EUR : 155.19JPY		164.91JPY		+9.72JPY	+6.3%
	CNY : 19.96JPY		21.21JPY		+1.25JPY	+6.3%

【FYI】 Impact of sales brought forward, driven by the company's ERP system change, excluded

Net Sales	41,140	100.0%	42,868	100.0%	+1,728	+4.2%
Mobility	35,429	86.1%	37,069	86.5%	+1,639	+4.6%
Operating Profit	4,792	11.6%	4,210	9.8%	(581)	(12.1)%

5. Change Factor: Sales and Operating Profit (VS. FY2023 Q1-Q3)

Unit: JPY in Millions

	Net Sales	Operating Profit	Operating Margin	Change Factor
FY2023 Q1-Q3 Results	41,140	4,792	11.6%	
ERP System Change Impact	(700)	(330)		Impact of FY2023 Q4 sales ahead of FY2024 Q1: ¥0.7B
Currency Impact	+2,215	+100		USD: 142.76JPY→152.87JPY, 107% EUR: 153.19JPY→164.91JPY, 106% CNY: 19.96JPY→ 21.21JPY, 106%
Decrease in Sales Volume	(486)	(230)		
Increase in Material Cost		(830)		Soaring raw material prices
Increase in Fixed Cost		(335)		Employment and spending adjustment according to capacity utilization rate to manage increased employment cost, soaring energy cost, and increased spendings in new ERP system launch and Akita plant construction
Cost Reduction, etc.		+915		Cost reduction by profitability improvement strategy, selling price down, etc.
Total Change Factors	+1,728	(580)		
FY2024 Q1-Q3 Results	42,168	3,881	9.2%	

6. Financial Status

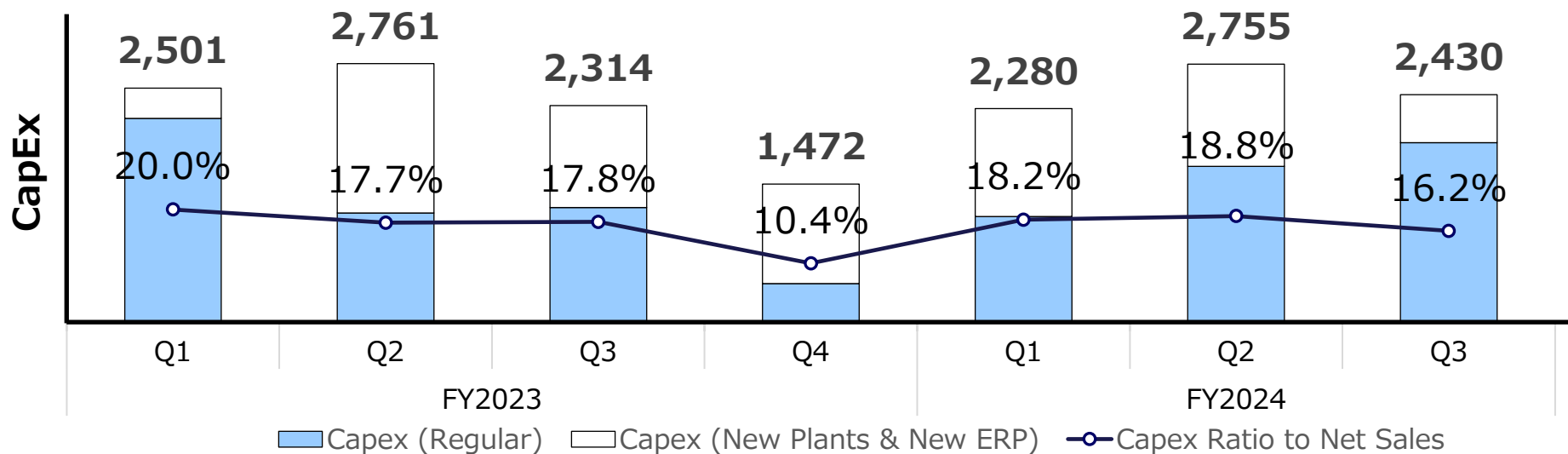
Unit: JPY in Millions

VS. Previous year-End

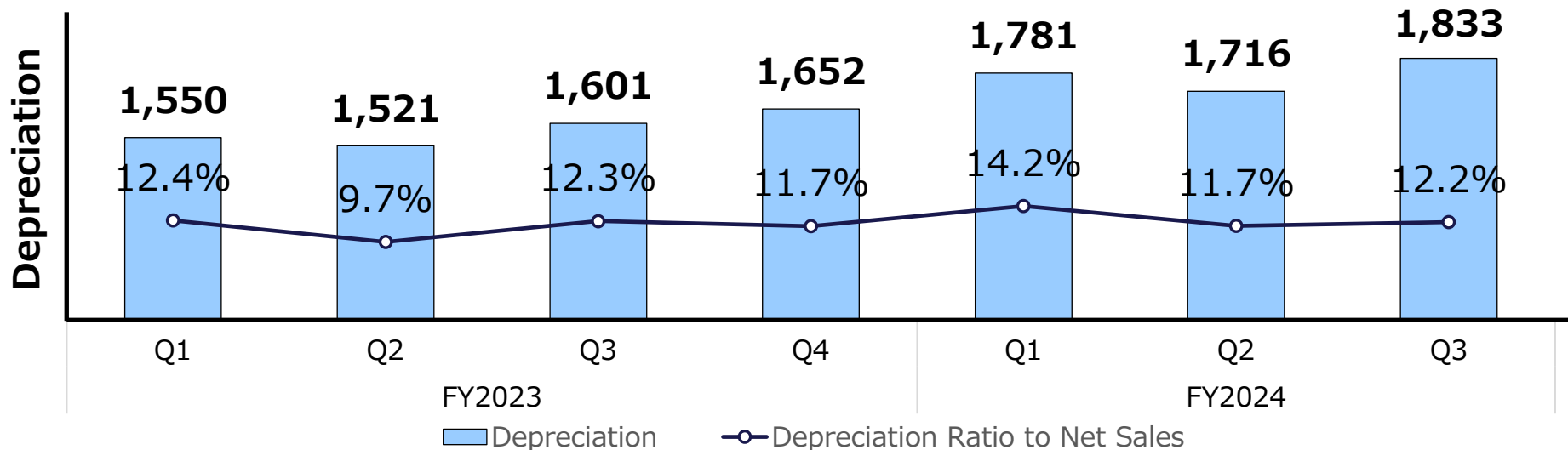
	FY2023	FY2024 Q3	VS. Previous year-End
Current Asset	56,093	56,291	+198
Cash & Deposit	26,692	26,347	(345)
Account Receivable	15,010	14,456	(554)
Inventory	12,616	13,343	+727
Noncurrent Asset	40,762	42,340	+1,578
Total Asset	96,856	98,632	+1,776
Total Liability	19,839	22,680	+2,841
Account Payable	5,466	6,348	+881
Debt	6,825	9,537	+2,711
Total Net Asset	77,016	75,952	(1,064)
Total Shareholders' Equity	62,498	59,124	(3,374)
Capital Adequacy Ratio	78.7%	76.2%	(2.5)pts

7. Capex and Depreciation Change

Unit: JPY in Millions



Unit: JPY in Millions



8. Net Sales by Region and Product

■ By Region

Unit: Yen in Millions

	FY2023		FY2024					Q1-Q3	YoY
	Q1-Q3	Breakdown	Q1	Q2	Q3	Q1-Q3	Breakdown	Change	Change
Japan	7,328	17.8%	1,810	2,336	2,426	6,573	15.6%	(756)	(10.3)%
Greater China and S.Korea	16,459	40.0%	5,105	6,275	7,649	18,850	44.7%	+2,391	+14.5%
USA	4,832	11.7%	1,598	1,612	1,188	4,399	10.4%	(432)	(9.0)%
Europe	7,065	17.2%	2,305	2,418	2,023	6,747	16.0%	(318)	(4.5)%
ASEAN	5,454	13.3%	1,714	1,981	1,901	5,597	13.3%	+143	+2.6%
Total	41,140	100.0%	12,534	14,624	15,009	42,168	100.0%	+1,028	+2.5%
【FYI】ERP Impact Excluded	41,140		13,234	14,624	15,009	42,868		+1,728	+4.2%

■ By Product

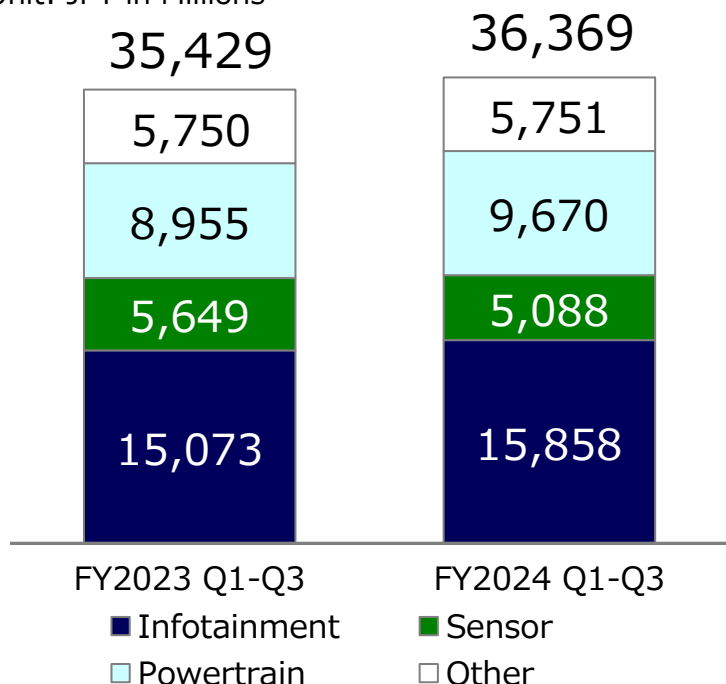
Unit: Yen in Millions

	FY2023		FY2024					Q1-Q3	YoY
	Q1-Q3	Breakdown	Q1	Q2	Q3	Q1-Q3	Breakdown	Change	Change
BtoB	17,940	43.6%	5,333	5,918	5,989	17,241	40.9%	(699)	(3.9)%
FPC	8,232	20.0%	2,649	3,186	3,032	8,868	21.0%	+636	+7.7%
Auto IF	11,979	29.1%	3,630	4,457	5,025	13,113	31.1%	+1,133	+9.5%
Pin Header	1,974	4.8%	553	575	558	1,687	4.0%	(286)	(14.5)%
Other	1,012	2.5%	367	486	404	1,257	3.0%	+245	+24.2%
Total	41,140	100.0%	12,534	14,624	15,009	42,168	100.0%	+1,028	+2.5%

9. Sales by Market: Mobility

■ ¥ +939 mm, +2.7% YoY

Unit: JPY in Millions



Infotainment

- Q1-Q3: +5.2% YoY
- On a steady growth track, helped by sales of high-speed transmission BtoB connectors for LCD panel and auto ECU.

Sensor

- Q1-Q3: (9.9)% YoY
- Decrease in sales for auto radar due to reduction in the number of vehicle models equipped with sensors, as well as structural changes in sensors made by some customers.
- Increase in sales for camera, helped by the growing number of customers.

Powertrain

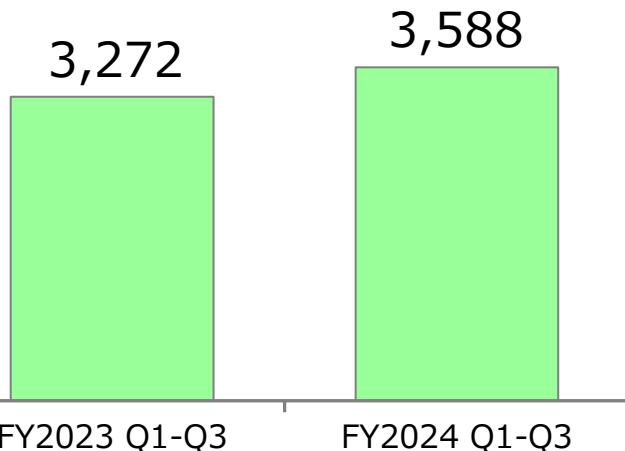
- Q1-Q3: +8.0% YoY
- On a steady growth track, helped by sales for BMS (Battery Management system) and inverter.

	FY2023				FY2024			YoY	QoQ
	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Infotainment	4,668	5,606	4,797	5,635	4,909	5,583	5,366	+11.9%	(3.9)%
Sensor	1,825	2,069	1,753	1,862	1,659	1,672	1,755	+0.1%	+5.0%
Powertrain	2,190	3,674	3,091	2,983	2,656	3,288	3,275	+20.5%	+13.3%
Other	1,849	2,101	1,800	1,911	1,719	2,088	1,943	+8.0%	(6.9)%
Total	10,534	13,452	11,442	12,393	10,944	12,632	12,791	+11.8%	+1.3%
【FYI】ERP Impact Excluded	10,534	12,552	12,342	11,693	11,644	12,632	12,791	+3.6%	+1.3%

10. Sales by Market: Consumer and Industrial

■ Consumer: ¥ +316) mm, +9.7% YoY

Unit: JPY in Millions

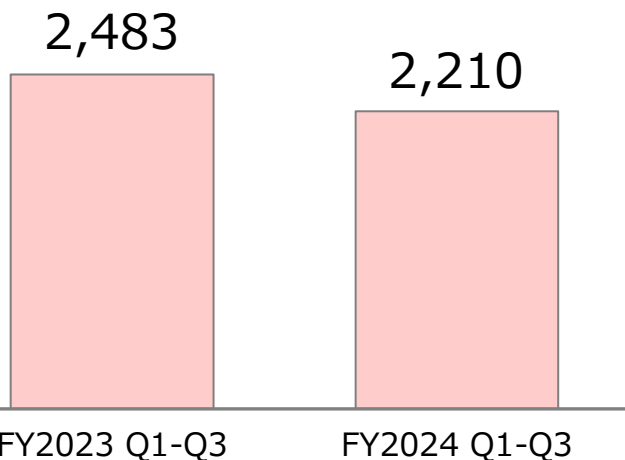


- Q1-Q3: Increase in sales for printer and digital camera, whereas a downward trend in sales for game console.
- Q3: Decrease in sales for game console, compared to FY2024 Q2, due to seasonal demand fluctuation.

FY2023				FY2024			YoY	QoQ
Q1	Q2	Q3	Q4	Q1	Q2	Q3		
1,130	1,307	835	1,065	1,042	1,319	1,227	+46.9%	(7.9)%

■ Industrial: ¥(227) mm, (9.3%) YoY

Unit: JPY in Millions



- Q1-Q3: Continued downturn in sales for FA equipment. Increase in sales in the energy management system market.
- Q3: Intensified efforts to win more business with Chinese customers due to the rising demand for ESS (Energy Storage System) in China.

FY2023				FY2024			YoY	QoQ
Q1	Q2	Q3	Q4	Q1	Q2	Q3		
831	884	722	671	547	673	990	+37.2%	+47.1%



I . FY2024 Q1-Q3 Financial Summary

 **II . Structural Reforms**

III . FY2024 Earnings Forecast

IV . Topics



■ Progress of 2 key focus strategies out of 8 planned in FY2024

Key Focus Strategy	Progress
<ul style="list-style-type: none"> Reorganizing manufacturing operations and optimizing productivity by redefining the roles and functions of the group plants, ahead of the new Akita plant launch 	Akita Plant <ul style="list-style-type: none"> End of October 2024: Completed April 2025 : Operation start
<ul style="list-style-type: none"> Launching the new ERP system successfully, ensuring that business processes and operations are standardized across the company, and achieving streamlined management 	<ul style="list-style-type: none"> April 2024 : New ERP system launch Approx. July 2024 : Full operation

■ Depending on the progress status, structural reforms will be carried out to improve production efficiency by reviewing the roles and functions of the group plants, as well as to streamline operations by using the new ERP system, while the cost structure will be improved.

Structural Reform Plan	Cost	Annual Benefit
<ul style="list-style-type: none"> Reviewing the role and function of the Ibaraki plant <ul style="list-style-type: none"> 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. 	Approx. ¥1.89B	Approx. ¥0.26B
<ul style="list-style-type: none"> Optimizing workforce at the headquarters and Ibaraki plant <ul style="list-style-type: none"> Offering a voluntary retirement incentive scheme to recruit employees aged 50 or above (approx.10% of the total number of employees in Japan) 	Approx. ¥0.56B	Approx. ¥0.44B Note: Approx. ¥0.33B for FY2025



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1. FY2024 Earnings Forecast

■ Revision to the full-year plan, based on Q1-Q3 sales and the effects of the structural reforms.

No change to the share dividend

Q4 exchange rate: USD: 150JPY, EUR:160JPY, CNY:20.5JPY

Unit: Yen in Millions

	FY2023	FY2024		Revised Plan	
	Full Year	Full-Year Initial Plan	Full Year Revised Plan	YoY	VS. Initial Plan
Net Sales	55,271	54,000	55,000	(271) (0.5)%	+ 1,000 + 1.9%
Cost of Sales	69.0%	71.0%	70.0%	+ 1.0pts	(1.0)pts
Operating Profit	5,936	4,300	4,700	(1,236) (20.8)%	+ 400 + 9.3%
Operating Ratio	10.7%	8.0%	8.5%	(2.2)pts	+ 0.5pts
Pretax Profit	6,869	3,800	1,750	(5,119) (74.5)%	(2,050) (53.9)%
Net income	5,593	2,750	1,350	(4,243) (75.9)%	(1,400) (50.9)%
EPS	237.75JPY	120.71JPY	59.55JPY		
Exchange Rate FY Average	USD : 144.40JPY EUR : 156.80JPY CNY : 20.14JPY	148.93JPY 162.94JPY 20.62JPY	152.20JPY 163.78JPY 21.04JPY	+ 7.80JPY + 6.98JPY + 0.90JPY	+ 3.27JPY + 0.84JPY + 0.42JPY
CapEx	9,049	8,000	8,500	(549)	+ 500
Depreciation	6,326	6,900	6,900	+573	-
Dividend	90JPY	100JPY	100JPY	+10JPY	-

2. FY2024 Net Sales Plan By Market

Unit: JPY in Millions

	FY2023		FY2024				Revised Plan		1Q-3Q Progress Rate
	Results	Breakdown	Full-Year Previous Plan	Breakdown	Full-year Revised Plan	Breakdown	YoY	VS. Previous Plan	
Total Mobility	47,823	86.5%	47,300	87.6%	47,550	86.4%	(0.6)%	+0.5%	76.5%
Infotainment	20,708	37.4%	20,900	38.7%	20,450	37.2%	(0.2)%	(2.2)%	77.5%
Sensor	7,512	13.6%	6,450	11.9%	6,550	11.9%	(12.8)%	+1.6%	77.7%
Powertrain	11,939	21.6%	12,250	22.7%	13,100	23.8%	+9.7%	+6.9%	73.8%
Other	7,662	13.9%	7,700	14.3%	7,450	13.5%	(2.8)%	(3.2)%	77.2%
Consumer	4,338	7.8%	4,200	7.8%	4,550	8.3%	+4.9%	+8.3%	78.9%
Industrial	3,109	5.6%	2,500	4.6%	2,900	5.3%	(6.7)%	+16.0%	76.2%
Total	55,271	100.0%	54,000	100.0%	55,000	100.0%	(0.5)%	+1.9%	76.7%

3. Adapting to Change in Business Environment (Recap)

	Business Situation	How to Respond
Business Environment	<p>[Mobility Market]</p> <ul style="list-style-type: none"> •Automakers' sales slump in Japan, EU and US, as well as slowing EVs market. •Accelerating sales decline of navigation systems and audio products in the infotainment market, as well as existing millimeter-wave products in the sensor market •Tepid growth in the powertrain market •The rise of Chinese automakers and intensifying price competition 	<ul style="list-style-type: none"> •Expanding our business for automotive centralized control ECU by going beyond the initially set goals. <ul style="list-style-type: none"> →Focusing our efforts to develop the market for next- generation high-speed transmission connectors and scalable connectors, as well as current high-speed transmission connectors. •Growing to be the world's top company in the powertrain market. <ul style="list-style-type: none"> → Controlling selling price by improving price competitiveness and recapturing the company's market presence in China. → Increasing the "Z-Move" connector lines and expanding sales for battery products. → Developing lightweight and slim products, and those that meet EU and US standards, as well as starting mass production of some of these products. •Connectors for sensor: accelerating mass production of new products through joint development. •Expanding sales through digital transformation (DX) and equipment standardization.
	<p>[Industrial Market]</p> <ul style="list-style-type: none"> •Continuing decline in demand for industrial equipment 	<ul style="list-style-type: none"> •Promoting the expansion of our worldwide business for PLC and robot connectors. •Bringing in new wholesalers and making use of procured products to attract new customers and build revenue streams. •Exploring markets for AI, chip manufacturing equipment, communications, energy management, etc.
Cost Competitiveness	<ul style="list-style-type: none"> •Surging prices of raw materials such as gold and copper, and continued high shipping costs 	<ul style="list-style-type: none"> •Cost reduction through improving the capacity utilization rate of the group plants with equipment for streamlined plating operations. •Increasing the range of connectors using less gold in production, while working together with key vendors to explore the possibility of reducing the thickness of gold plating. •Reducing overhead costs and lead times through full-scale operation of the new ERP system. •Reassessing the roles and responsibilities of the group production sites, ahead of the new Akita plant launch.

Progress

Business Environment

[Future Mobility Market]

- Products for automotive centralized control ECU

Next-generation high-speed transmission products: under negotiation with customers, who has been conducting product evaluation.

- Powertrain Market

Shifting to mass production of weight reduced and downsized new products.

- Sensor Market

Intensifying efforts to expand sales to US and Chinese customers and finishing jointly-developed prototype to be scheduled in March 2025.

- Product development and equipment standardization by using Digital Transformation (DX).

Promoting standardization and reducing product development time by creating a database of drawings, 3D models, and standard values for contact and press-fitting.

Developing products by manufacturing standardized assembly equipment to reduce production lead time.

[Industrial Market]

- **Signing a distribution agreement with Arrow Electronics, the world's largest distributor of semiconductors and electronic components. Attracting new customers.**
- **Working to expand sales in the energy management market in China.**

Cost Competitiveness

- **New ERP system full launch, Akita plant completion**
→ **Reviewing the role and function of the Ibaraki plant, and carrying out structural reform plan.**



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■ **The Ibaraki plant achieves 100% renewable electricity supply**

- An offsite corporate PPA (Power Purchase Agreement) has been concluded with Tokyu Land Corporation Co., Ltd. and ReENE Co., Ltd. .
- From January 2025, renewable electricity generated at the ReENE Saitama Yorii Solar Power Plant, owned by Tokyu Land Corporation, will be supplied to our Ibaraki plant via ReENE Co., Ltd. .
- The Ibaraki plant has achieved 100% renewable electricity supply, helped by electricity generation from both ReENE Co., Ltd. and solar panels the company installed.

■ **Group Plant Action Plan for Reaching the Net Zero Emissions by 2025**

	Japan		China		Philippines	Vietnam
	Ibaraki	Akita	Shanghai	Nantong	Philippines	Vietnam
Plant						
By When	January 2025, done	April 2025	April 2025	April 2025	April 2025	April 2025
Supply Source	Onsite and offsite PPA/ Green energy contract	Renewable electricity menu	Renewable electricity menu	Renewable electricity menu	Renewable electricity certificate	Renewable electricity certificate



Company Name	IRISO ELECTRONICS CO., LTD.
Business Description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of Employees	3,037 (as of March 31, 2024)
Capital	5,640 million yen (as of March 31, 2024)
Headquarters	2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa
Operations	
Japan	Headquarters, Fukushima, Ibaraki, Aichi, and Osaka
Overseas	Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou, Shenzhen, Chongqing), Malaysia, Taiwan, and India
Research & Development	Headquarters (IRISO Technology Park), Kawasaki (Production Technology Development Center), Iwate (Hanamaki Factory), and Shanghai R&D Center
Manufacturing Plants	Japan (Ibaraki), China (Shanghai, Nantong), Philippines (Manila), and Vietnam (Hai Duong)