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To whom it may concern,

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**Notice Regarding Material Weaknesses to Be Disclosed in Internal Control over Financial Reporting,
and Submission of Correction Reports for Internal Control Reports**

IRISO ELECTRONICS CO., LTD. ("the Company") hereby announces that, as announced today in the "Notice Regarding Submission of Corrections to Previously Filed Annual Securities Reports And Other Relevant Documents, and Revisions to Past Disclosures of Consolidated Financial Results and Other Relevant Documents," the Company has submitted correction reports for annual securities reports, etc. for prior fiscal years to the Kanto Regional Finance Bureau, and will also make corrections to financial results, etc. for prior fiscal years.

In connection with the above, today, the Company submitted to the Kanto Regional Finance Bureau correction reports for internal control reports for prior fiscal years pursuant to Article 24-4-5, Paragraph 1 of the Financial Instruments and Exchange Act, and an internal control report pursuant to Article 24-4-4, Paragraph 1 of the same Act.

As these reports state that there are material weaknesses to be disclosed in the Company's internal control over financial reporting, the Company hereby announces as follows.

1. Internal Control Reports Covered by This Notice

Correction Report for the Internal Control Report for the 56th fiscal year (from April 1, 2021 to March 31, 2022)

Correction Report for the Internal Control Report for the 57th fiscal year (from April 1, 2022 to March 31, 2023)

Correction Report for the Internal Control Report for the 58th fiscal year (from April 1, 2023 to March 31, 2024)

Correction Report for the Internal Control Report for the 59th fiscal year (from April 1, 2024 to March 31, 2025)

2. Details of Material Weaknesses to Be Disclosed

Due to suspicions of improper payments, etc. related to the handling of labor disputes at overseas subsidiaries, the Company established an investigation committee composed of external attorneys and certified public accountants as members on February 18, 2026 and proceeded with investigations. However, in the course of the digital forensic investigation by the investigation committee, circumstances suggesting the existence of compliance issues concerning accounting treatment and quality inspections, etc. were newly identified. Accordingly, on April 27, 2026, the Company established a third-party committee for the purpose of expanding the scope of the investigation and conducting an independent investigation, and proceeded with the investigation.

On September 28, 2026, the Company received an investigation report from the independent third-party committee and identified facts including improper payments at overseas subsidiaries, issues concerning quality control and quality assurance at the Company, the use of unfinalized financial figures in provisional closings at overseas subsidiaries, and early recognition of sales at overseas subsidiaries.

Furthermore, as a result of the investigation by the independent third-party committee and additional voluntary review by the Company, multiple accounting errors were identified concerning, among other matters, retirement

and impairment of fixed assets in the Company Group, valuation of inventories, and the Company's consolidated financial closing process.

Based on the above, the Company determined that it was necessary to correct the relevant accounting treatment retroactively for prior fiscal years with respect to improper payments and early recognition of sales at overseas subsidiaries, and other accounting errors, etc. in the Company Group. The Company also made corrections to items affected as a result of reflecting the events that gave rise to the corrections in the consolidated financial statements, as well as to matters that had not been corrected in prior fiscal years because they were not material, and submitted correction reports for the annual securities reports for the fiscal years ended March 31, 2022 through March 31, 2025, the quarterly reports for the second and third quarters of the fiscal year ended March 31, 2024, and the semiannual reports for the fiscal years ended March 31, 2025 and March 31, 2026.

Based on the results of the investigation by the independent third-party committee and the additional voluntary review by the Company, the Company reassessed its internal control over financial reporting. As a result, the Company determined that the following deficiencies existed in entity-level controls and the financial closing and reporting process at the Company and certain overseas subsidiaries, and the sales process at certain overseas subsidiaries.

(1) Deficiencies in Control Environment

The Company did not have sufficient initiatives to clearly position compliance and the reliability of financial reporting as top management priorities and to embed them in the conduct of officers and employees.

Furthermore, the Company did not have sufficient mechanisms for management to continuously secure and evaluate the knowledge and capabilities necessary to appropriately recognize, make judgments on, and respond to risks affecting compliance and financial reporting. The Company also did not have mechanisms that sufficiently ensured integrity, compliance awareness, risk management capabilities, and independent judgment in the appointment and evaluation of officers.

In addition, the Board of Directors and the Audit and Supervisory Committee did not provide sufficient oversight of important decision-making, risks affecting financial reporting, and issues concerning internal control.

Under these circumstances, there was room for judgments that prioritized resolution of immediate issues, business operations, or achievement of business performance over compliance with laws and regulations, internal rules, and commitments to customers. The Company also had not sufficiently fostered a corporate culture in which officers and employees could candidly raise issues and concerns and the organization could share and remediate them in a timely manner.

(2) Deficiencies in Risk Assessment and Response

The Company did not have sufficient mechanisms to identify bribery risks and other compliance risks at overseas bases, as well as risks affecting financial reporting, on a group-wide basis, evaluate their significance and likelihood, and then determine appropriate response policies.

In particular, with respect to bribery risks involving foreign public officials, etc., the Company did not conduct specific risk assessments based on countries, regions, transaction types, contractors, etc. with high risk, and responses such as rules, reviews, approvals, and ongoing monitoring to prevent bribery were also insufficient.

Furthermore, for significant expenditures, transactions that differed from ordinary transaction conditions, and other transactions requiring accounting judgments, the Company did not have sufficient mechanisms to appropriately assess risks, including their impact on financial reporting, and involve the legal, accounting, and other specialized departments.

(3) Deficiencies in Monitoring

The Company did not sufficiently secure the personnel and expertise necessary to formulate internal audit plans according to risks across the Group and to conduct internal audits of overseas subsidiaries, and the frequency and scope of internal audits for overseas subsidiaries were insufficient.

In addition, when signs of fraud or inappropriate conduct were identified in internal audits, mechanisms to report the content to management and the Audit and Supervisory Committee in a timely and appropriate manner and lead to necessary remedial measures and follow-up were not functioning sufficiently.

(4) Deficiencies in Management System for Overseas Subsidiaries and Information and Communication

Although the Company dispatched officers and expatriates to overseas subsidiaries, its head office administrative divisions did not have sufficient systems to understand the status of the development and operation of internal controls concerning business operations, compliance, and financial reporting at overseas subsidiaries, and to provide necessary guidance and support.

Also, the matters to be reported, reporting lines, reporting deadlines, and escalation criteria between head office administrative divisions and overseas subsidiaries were not sufficiently clarified, and there were situations in which important issues and risks at overseas subsidiaries were not reported to the head office in a timely and appropriate manner.

Furthermore, although a global whistleblowing system had been introduced, its dissemination and operation were insufficient, and it did not function sufficiently as an information communication channel for the head office to identify issues at overseas subsidiaries at an early stage and lead to necessary corrective measures.

As a result, the head office did not provide timely and appropriate guidance, support, or remediation with respect to inappropriate practices or customs, issues in closing systems, and accounting treatment issues at overseas subsidiaries. In addition, matters affecting financial reporting, such as delays in closing procedures at overseas subsidiaries and audits by local auditors, were not sufficiently shared with related parties, including the Company's independent auditor.

(5) Deficiencies in Financial Closing and Reporting Process

At the Company and certain overseas subsidiaries, the development and operation of accounting policies, operating procedures, and confirmation procedures relating to provisional closing procedures, retirement and impairment of fixed assets, valuation of inventories, and consolidated financial closing were insufficient.

With respect to provisional closing procedures at overseas subsidiaries, finalization of receivables and payables and adjustment of accrued and deferred accounts as of the consolidated closing date were not conducted in a timely and appropriate manner, and confirmation and follow-up by the head office accounting department of the completion status and findings of audits by local auditors were insufficient.

With respect to fixed assets, the development and operation of procedures to determine idle assets, transfer construction in progress to fixed assets, conduct physical inventory including externally stored assets, and assess the necessity of retirement and impairment were insufficient.

With respect to inventories, policies and calculation procedures concerning valuation of slow-moving items, items expected to be disposed of, and inventories with selling prices below cost were not sufficiently clarified, and calculation of valuation amounts and the development and operation of procedures for confirmation thereof were not performed appropriately.

With respect to consolidated financial closing, analysis of causes of discrepancies in reconciliation of receivables, payables, and transaction amounts between group companies, confirmation of accounting policies and accounting treatment of subsidiaries, understanding of findings of local auditors, and consideration of necessary consolidation adjusting journal entries and the development and operation of procedures for confirmation thereof were insufficient.

Furthermore, the personnel and expertise necessary to properly perform and confirm these closing and financial reporting operations were not sufficiently secured.

(6) Deficiencies in Sales Process

At certain overseas subsidiaries, procedures to confirm the actual shipment date and delivery status to customers prior to recording sales, and procedures to reconcile inventory movement records with sales recognition, were not sufficiently developed or operated. In addition, controls to prevent or detect discrepancies when shipping information in the system differed from actual shipping instructions to logistics providers were also insufficient. Furthermore, when transactions that differed from ordinary transaction conditions or exceptional events occurred,

criteria and procedures for identifying such transactions or events and reporting or consulting with relevant departments were not sufficiently clarified.

Based on the fact that the above deficiencies existed at the Company and multiple overseas subsidiaries and affected multiple financial reporting items, and that the Company was unable to prevent or detect in a timely manner early recognition of sales requiring corrections to prior-year financial statements and consolidated financial statements, as well as multiple accounting errors, the Company determined that these deficiencies were highly likely to have a significant impact on financial reporting.

Accordingly, the Company determined that these deficiencies constitute material weaknesses to be disclosed.

3. Measures Implemented to Remediate the Material Weaknesses to Be Disclosed and Status of Remediation

Because this series of material weaknesses to be disclosed was identified after the end of the current fiscal year, these weaknesses could not be remediated by the end of the current fiscal year.

The Company plans to establish and implement the following recurrence prevention measures and develop and operate appropriate internal controls going forward. However, as of the submission date of this document, these material weaknesses to be disclosed have not yet been remediated.

(Recurrence Prevention Measures)

- Specify in the management philosophy, management policies, corporate code of conduct that compliance is the top priority, and continuously communicate this policy, including the importance of financial reporting, from top management to officers and employees.
- Clearly incorporate requirements relating to integrity, compliance awareness, risk management capabilities, and independent judgment into officer appointment criteria and evaluation systems, and develop mechanisms to continuously evaluate the suitability of officers.
- To improve the effectiveness of decision-making and supervision of business execution by the Board of Directors, and audits and supervision by the Audit and Supervisory Committee, the Company will strengthen controls, checks, and monitoring systems relating to the decision-making process.
- Conduct group-wide risk assessments covering bribery and corruption, financial reporting, quality, import/export and customs, and other important compliance risks, taking into account the business activities, locations of operation, transaction forms, etc. of each overseas site, and take specific responses according to the results.
- Clarify matters to be reported, reporting destinations, reporting deadlines, and escalation criteria from overseas subsidiaries to the head office, and strengthen guidance, support, and monitoring by the head office administrative divisions.
- Disseminate the whistleblowing system and reporting channels to officers and employees, establish a reporting channel to the Audit and Supervisory Committee, and enhance the effectiveness of the whistleblowing system.
- Secure specialized personnel necessary for internal audits, review internal audit plans and key audit items in line with risks at each site, and continuously follow up on identified issues until improvements are completed.
- Redesign accounting policies, operating procedures, judgment criteria, and checklists for physical inventory of fixed assets, retirement and impairment, inventory valuation, revenue recognition, transactions between group companies, and consolidated financial closing, and disseminate them to group companies.
- Develop a system under which the head office accounting department timely grasps the closing progress at overseas subsidiaries, major accounting treatments, audit results and findings by local auditors, and provides necessary guidance, support, and review.
- Clarify practical judgment criteria concerning revenue recognition, develop procedures to confirm the actual shipment date, delivery status to customers, and inventory movement records prior to recording sales, and provide education to relevant personnel.

4. Impact on Consolidated Financial Statements and Financial Statements

The necessary corrections arising from the above material weaknesses to be disclosed have been reflected in the consolidated financial statements and financial statements in the correction reports for annual securities reports, etc. for prior fiscal years submitted today and in the corrections to financial results, etc. for prior fiscal years announced today.

5. Audit Opinions in Audit Reports on Consolidated Financial Statements and Financial Statements

With respect to the consolidated financial statements and financial statements for the consolidated fiscal years and fiscal years subject to correction, the audit opinions in the audit reports after correction are unqualified opinions.