

Hirose Electric Business Results for the Second Quarter of FY2021

Business Results for the Second Quarter of FY2021

November 2, 2021

Hirose Electric Co., Ltd.

[6806]

Cautionary Statement

In this material, there are descriptions based on current estimation by Hirose Electric.

Hirose cautions you that a number of important risks, uncertainties and others could cause actual results to differ materially from those discussed in the *forward-looking statements. Thank you for your understanding.

*Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “may” or “might” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. These statements are based on management’s assumptions and beliefs in light of the information currently available to it.

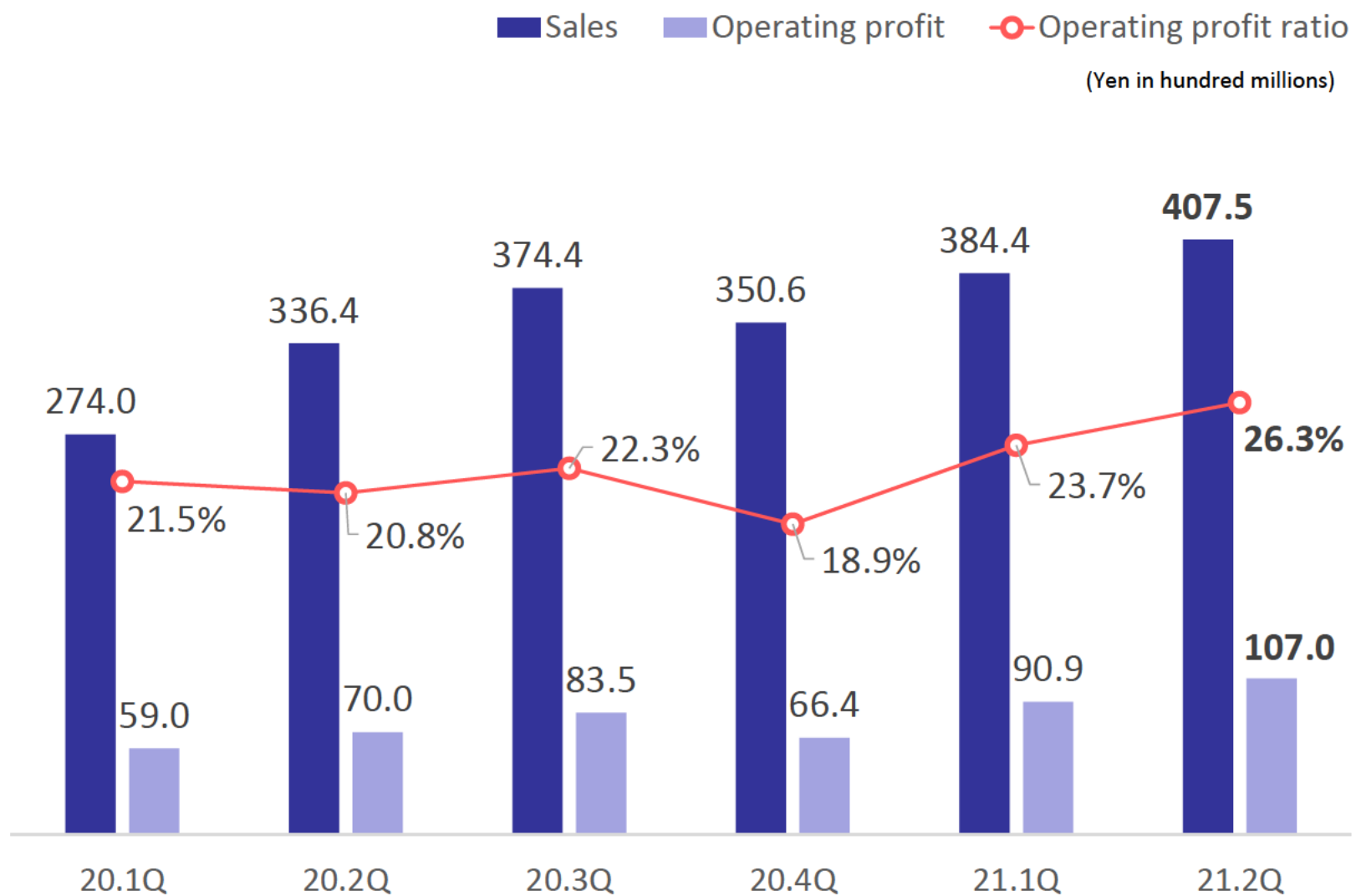
Summary of the business results (FY2021.1H From April, 2021 to September, 2021)

- In the first half of FY2021, the sales for general industrial, consumer and automotive grew. As a result, the sales of 1H increased by 29.7%, operating profit increased by 53.5% compared with the previous 1H and operating profit ratio resulted 25.0%.

(Yen in hundred millions)

	FY2020			FY2021			YoY
	1Q 2020. Apr-Jun	2Q 2020. Jul-Sep	1H 2020. Apr-Sep	1Q 2021. Apr-Jun	2Q 2021. Jul-Sep	1H 2021. Apr-Sep	FY2021.1H / FY2020.1H
Order	277.4	369.4	646.8	498.4	534.9	1,033.3	+59.8%
Sales	274.0	336.4	610.4	384.4	407.5	791.9	+29.7%
Operating profit	59.0	70.0	128.9	90.9	107.0	197.9	+53.5%
Operating profit ratio	21.5%	20.8%	21.1%	23.7%	26.3%	25.0%	+3.9pt

Changes in sales and operating profit (FY2020.1Q-FY2021.2Q / Consolidated basis)



Business Results for FY2021.1H

(Yen in hundred millions)	FY2020.1H (FY ended Sep 30, 2020)	FY2021.1H (FY ended Sep 30, 2021)	Increase / Decrease (YoY)	Increase / Decrease Ratio (YoY)	
Sales	610.4	791.9	+181.5	29.7%	
COGS Ratio	57.6%	54.7%	-2.9		
SGA Ratio	23.8%	20.3%	-3.5		
Operating Profit	128.9	197.9	+69.0	53.5%	
(%)	21.1%	25.0%	+3.9		
Profit before tax	128.9	203.8	+74.9	58.2%	
(%)	21.1%	25.7%	+4.6		
Net profit	93.4	148.0	+54.6	58.5%	
(%)	15.3%	18.7%	+3.4		
Total Assets	3,480.7	3,657.3			
Shareholder's Equity Ratio	89.6%	87.9%	1US\$	FY2020.2Q 106.92 yen	FY2021.2Q 109.80 yen
			1€	121.30 yen	130.90 yen
Earnings Per Share	257.48 yen	414.96 yen	100 won	8.89 yen	9.64 yen

Major Changes over 1H of FY2021

(Yen in hundred millions)

Sales

181.5 hundred million yen **Increased**
(610.4 → 791.9)

Non consolidated Hirose: +140.4
Subsidiaries: +41.1

COGS Ratio

2.9pt Improved
(57.6% → 54.7%)

Depreciation Ratio: 10.8% → **8.5%**
Labor-cost Ratio: 7.0% → **6.5%**

SGA Ratio

3.5pt Improved
(23.8% → 20.3%)

145.0 → 161.1 (Increased by 16.1)

Financial income and costs

6.0 hundred million yen **Improved**
(-0.1 → +5.9)

Foreign Exchange Gain/Loss: -4.3 → +1.0

FY2021.1H YoY Variation Analysis

(Yen in hundred millions)

	Sales	Operating Profit	(%)	Profit before tax	(%)
FY2020.1H Actual	610.4	128.9	21.1%	128.9	21.1%
Exchange rate	25.2	11.6		17.0	
Depreciation cost increase		-0.5		-0.5	
Personnel expenses increase		-19.0		-19.0	
Increase in Packing and transportation costs		-3.7		-3.7	
Increase in the product	156.3	95.5		96.1	
Insurance income		-15.0		-15.0	
Total amount of changes	181.5	69.0		74.9	
FY2021.1H Actual	791.9	197.9	25.0%	203.8	25.7%

Consolidated Balance Sheet

(Yen in hundred millions)

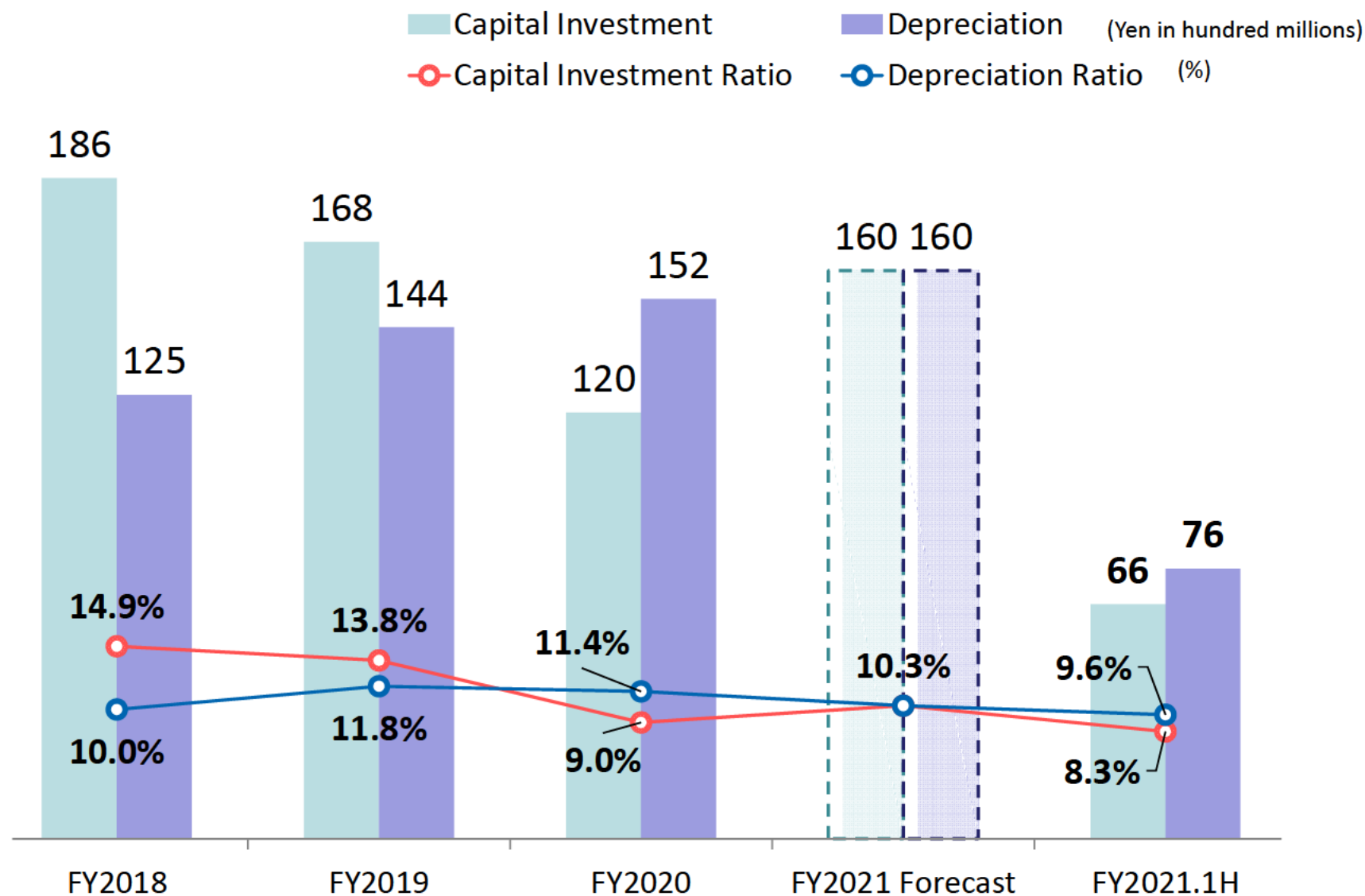
	Account	Mar 31, 2021	Sep 30, 2021	Increase / Decrease	Remark
Assets	Cash and cash equivalents	578.4	724.1	145.7	Transfer from time deposits +158 Redemption of investment securities +67 Off-auction own share repurchase △145
	Trade and other receivables	366.2	411.8	45.6	Accounts receivable increased due to sales increase
	Inventories	169.2	175.5	6.3	Increase in the amount of products and materials to respond growing order
	Other financial assets	1,801.9	1,588.5	-213.4	Cancellation of time deposit △158 Redemption of investment securities △67
	Property, plant and equipment	611.8	593.7	-18.1	
	Right-of-use assets	43.6	46.1	2.5	
	Others	134.0	117.6	-16.4	
	Total Assets	3,705.0	3,657.3	-47.7	
	Total of cash in bank	1,776.7	1,762.1	-14.6	

Consolidated Balance Sheet

(Yen in hundred millions)

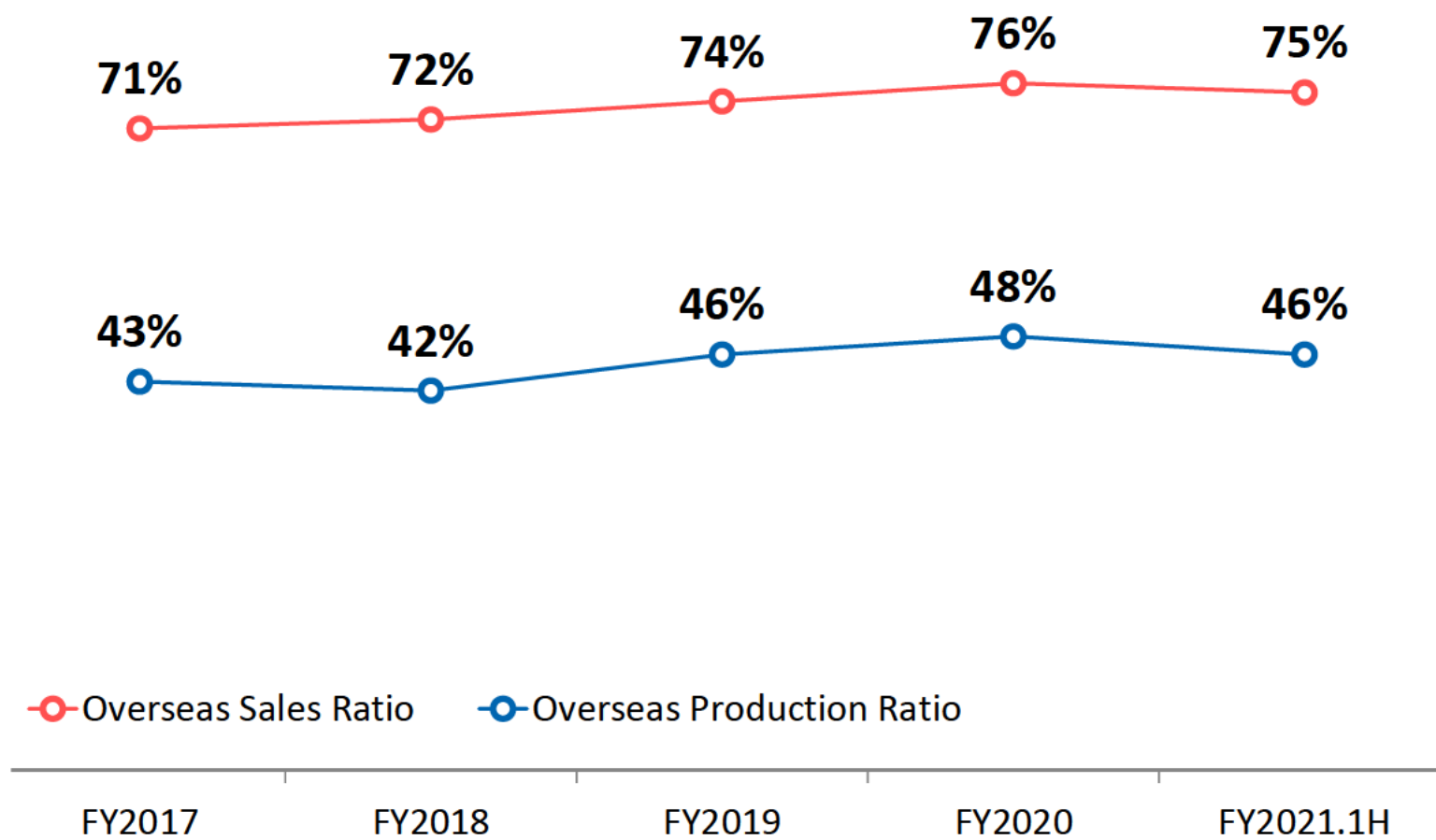
	Account	Mar 31, 2021	Sep 30, 2021	Increase / Decrease	Remark
Liabilities	Payables and other debt	195.1	198.4	3.3	
	Lease liabilities	44.0	46.7	2.7	
	Income Taxes Payable	65.3	52.3	-13.0	Decreased due to corporate tax payment in Japan
	Others	139.6	146.5	6.9	Increase in provisions for bonuses and deferred tax liabilities
	Total	444.1	443.9	-0.2	
Shareholder's Equity	Share capital and capital surplus	206.3	206.4	0.1	
	Retained Earnings	3,172.6	3,276.8	23.0	Net profit +148 Year-end dividend △44
	Treasury Shares	-218.7	-364.1	-145.4	Off-auction own share repurchase (ToSTNet-3) △145
	Others	100.7	94.4	-6.3	Translation adjustment △10
	Total	3,260.9	3,213.4	-47.5	
Total Liabilities and Shareholder's Equity		3,705.0	3,657.3	-47.7	

Changes in Capital Investment and Depreciation (Consolidated)



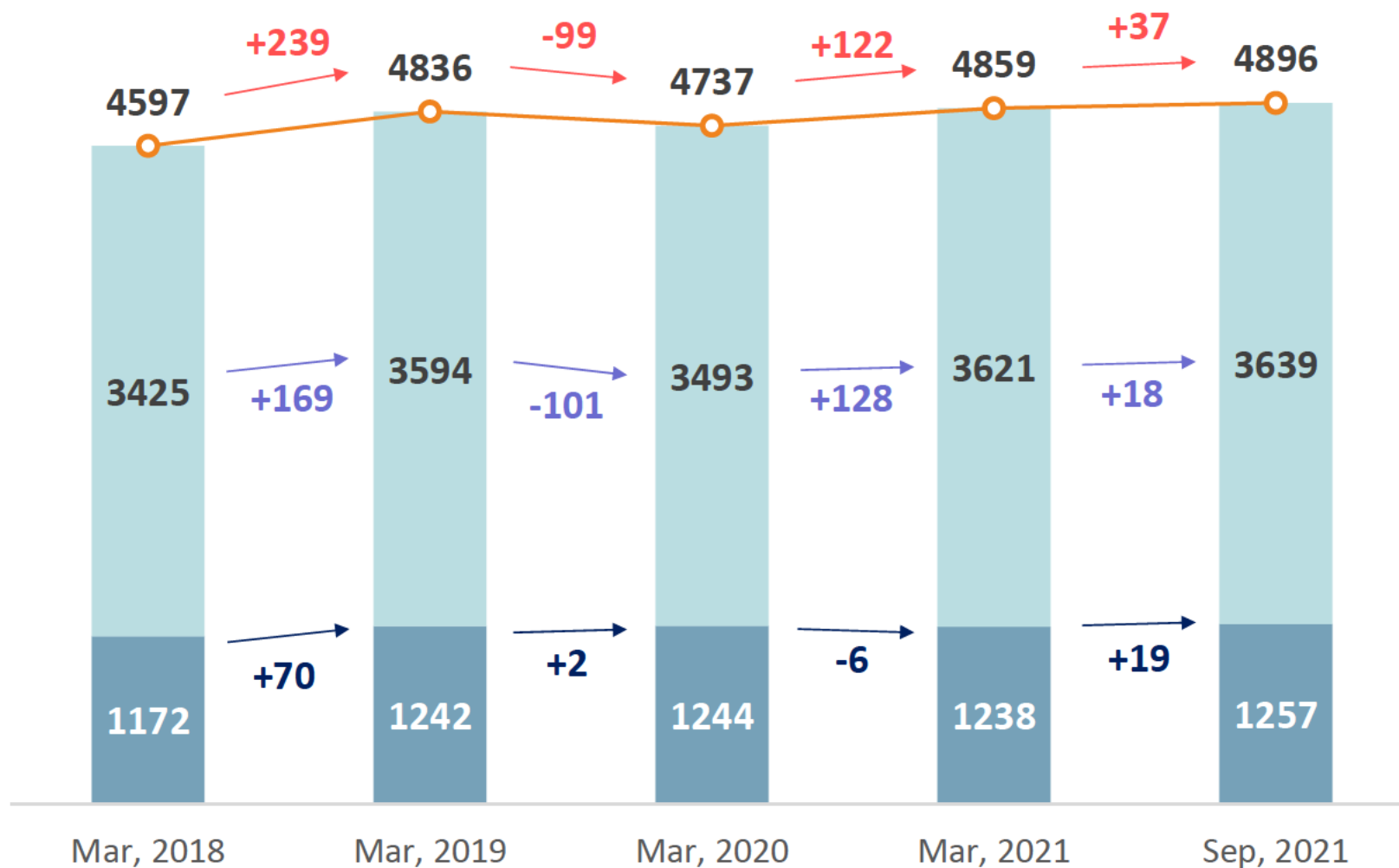
(*Excluded: Investment in land, building, software)

Overseas production and sales ratio

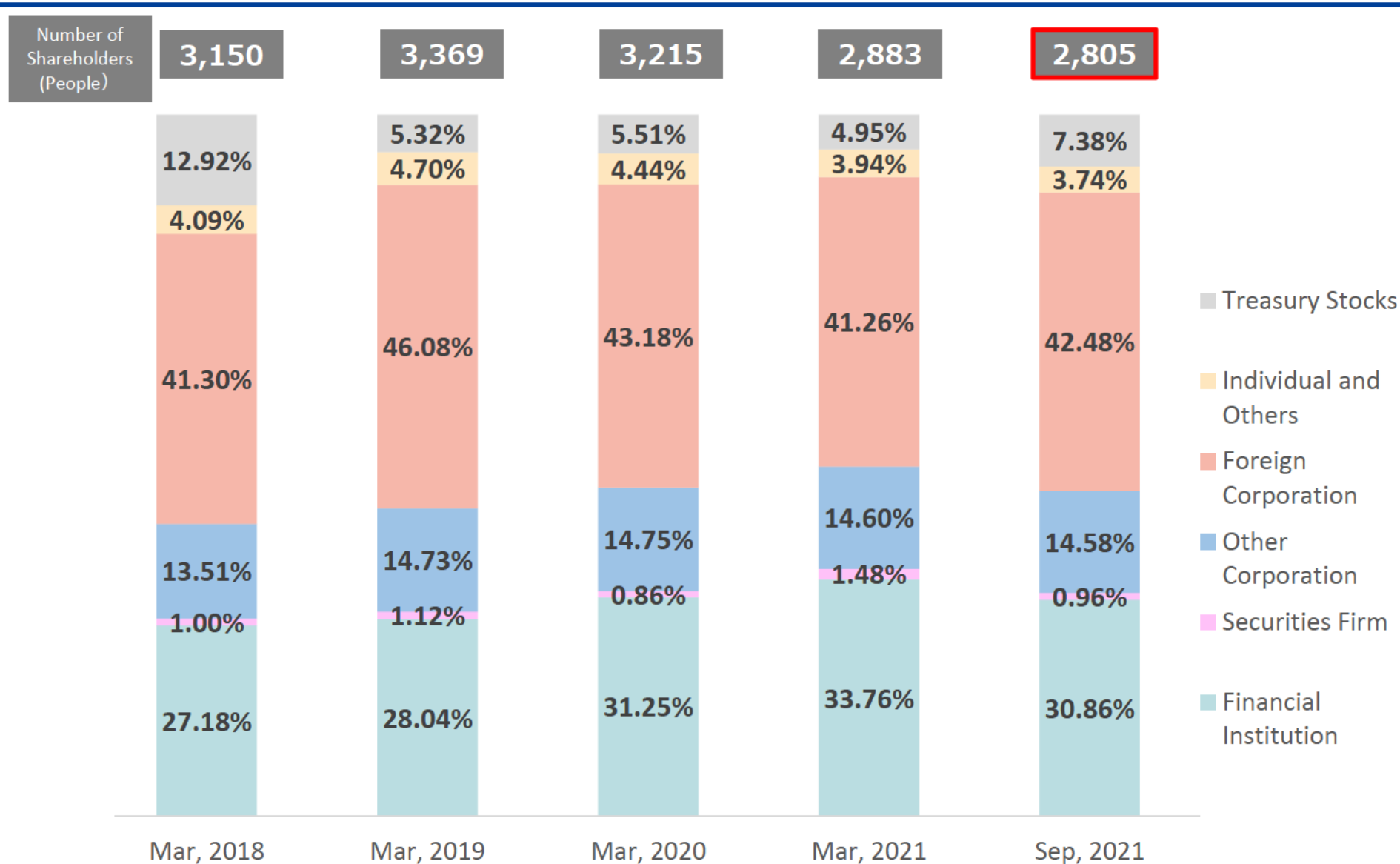


Number of Employees (Financial Report Basis)

(Number of employees) ■ Overseas ■ Domestic



Distribution of Shareholders

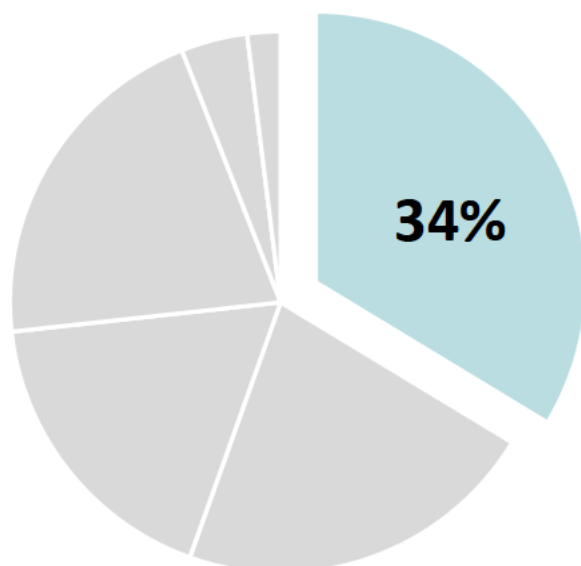


Sales by Application_General Industrial

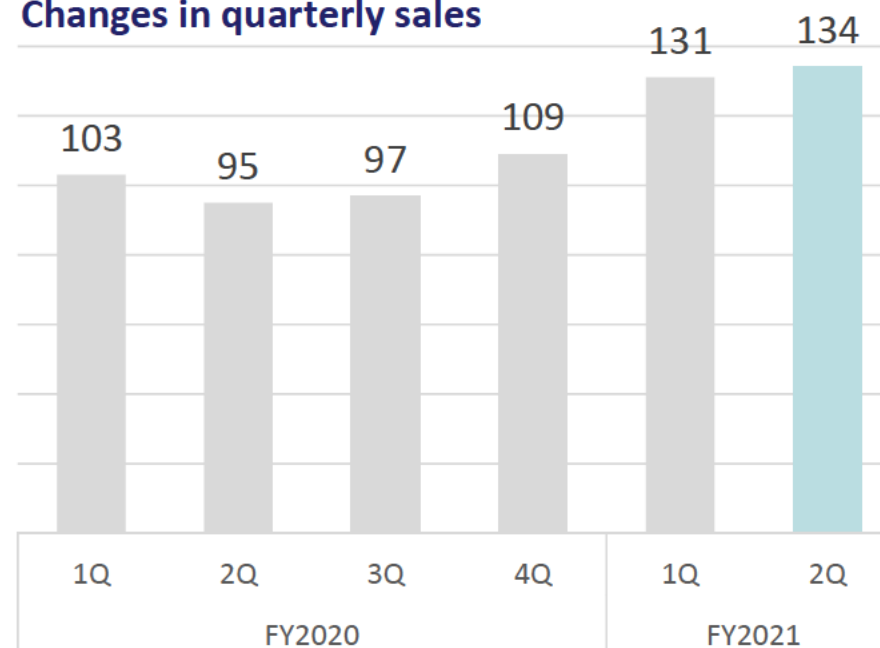
(Yen in hundred millions)

	FY2020			FY2021			YoY
	1Q	2Q	1H	1Q	2Q	1H	FY2021.1H / FY2020.1H
Sales	103	95	198	131	134	265	+34%

● FY2021.1H Composition ratio



● Changes in quarterly sales



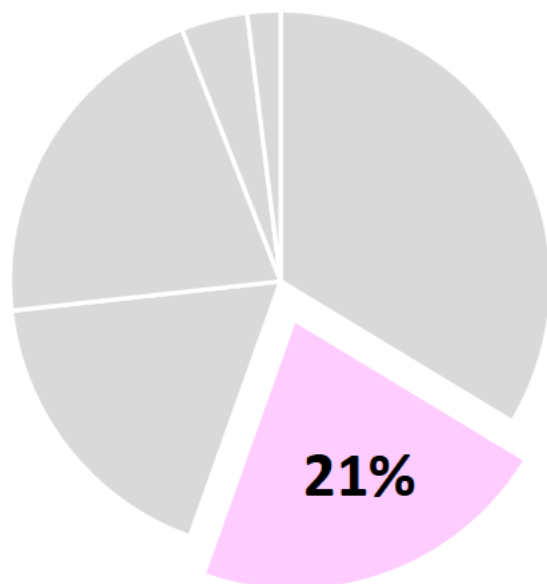
- Overall sales for general industrial have been strong because of the increase in demand for FA related and inventory due to lack of components.

Sales by Application_Smartphone

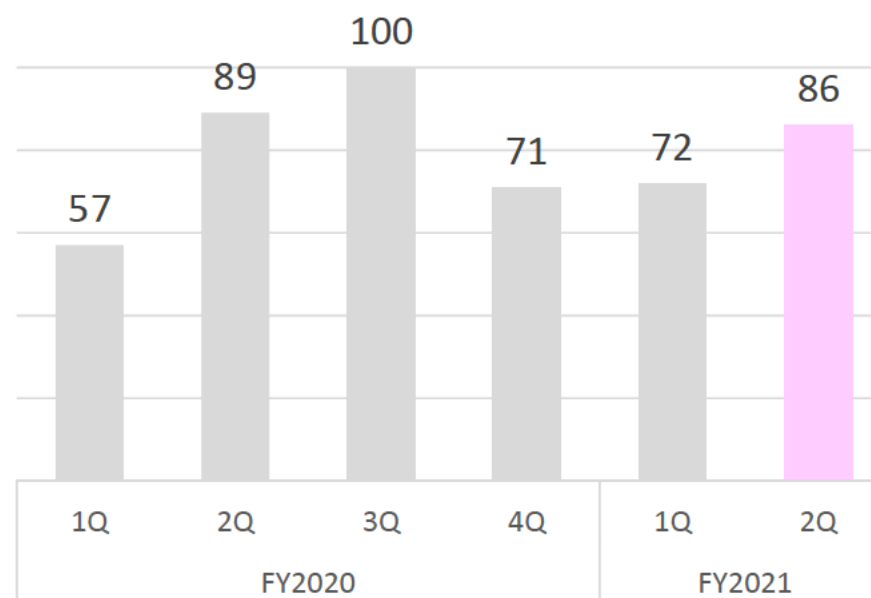
(Yen in hundred millions)

	FY2020			FY2021			YoY
	1Q	2Q	1H	1Q	2Q	1H	FY2021.1H / FY2020.1H
Sales	57	89	146	72	86	158	+8%

● FY2021.1H Composition ratio



● Changes in quarterly sales



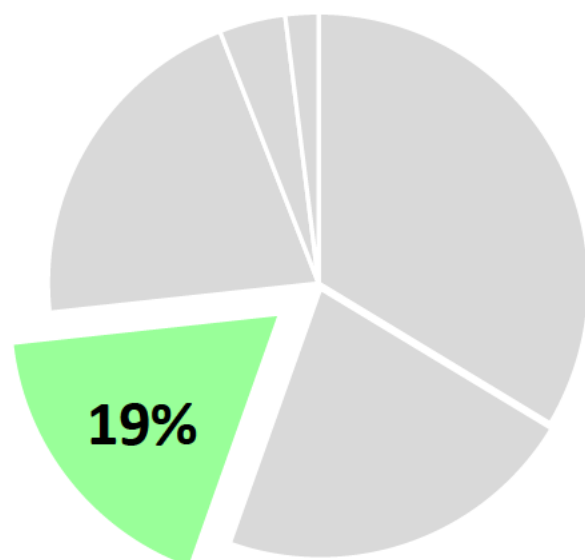
■ The sales for smartphone in Q2 have been strong due to seasonal demand as usual

Sales by Application_Automotive/Mobility-related

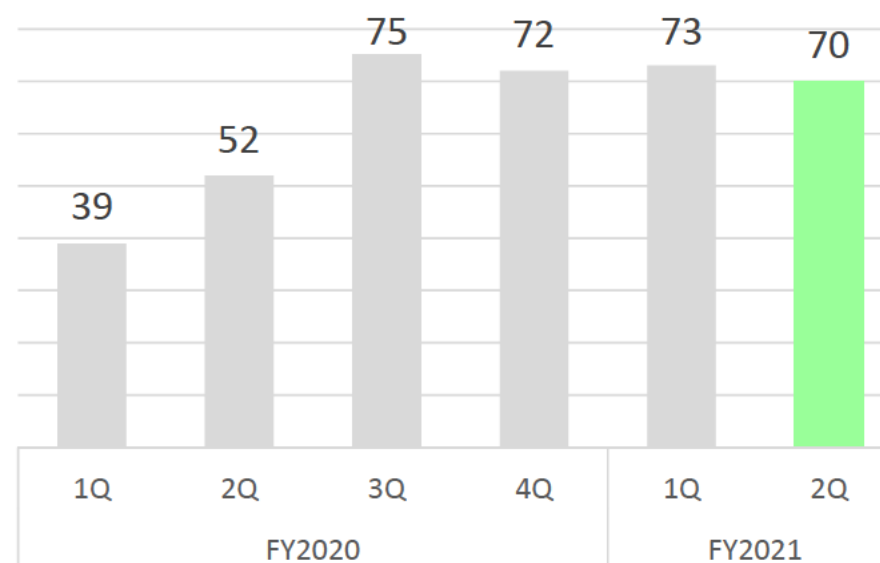
(Yen in hundred millions)

	FY2020			FY2021			YoY
	1Q	2Q	1H	1Q	2Q	1H	FY2021.1H / FY2020.1H
Sales	39	52	91	73	70	143	+57%

● FY2021.1H Composition ratio



● Changes in quarterly sales



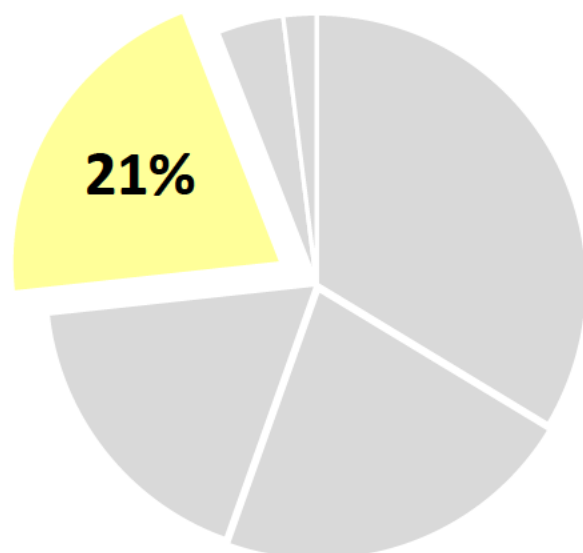
■ The sales for automotive remain at a high level steadily

Sales by Application_Consumer/Mobile Equipment

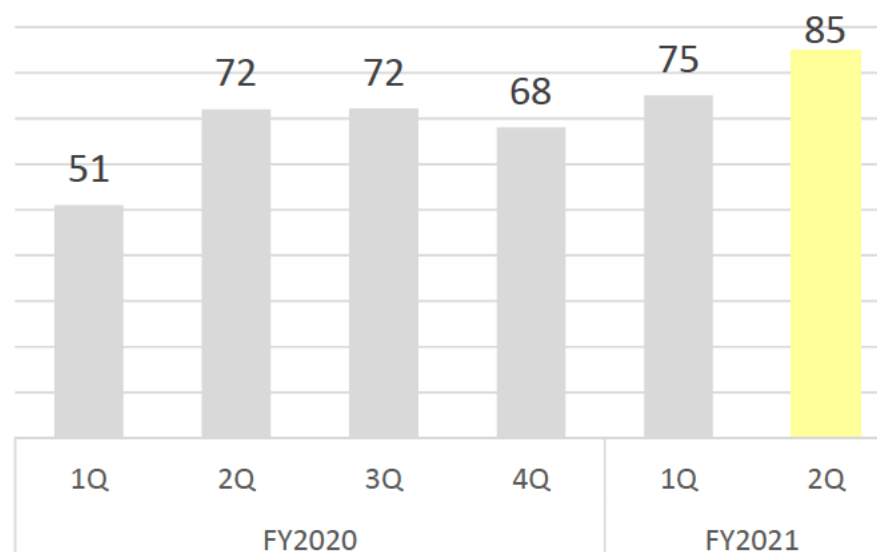
(Yen in hundred millions)

	FY2020			FY2021			YoY
	1Q	2Q	1H	1Q	2Q	1H	FY2021.1H / FY2020.1H
Sales	51	72	123	75	85	160	+30%

- FY2021.1H Composition ratio



- Changes in quarterly sales



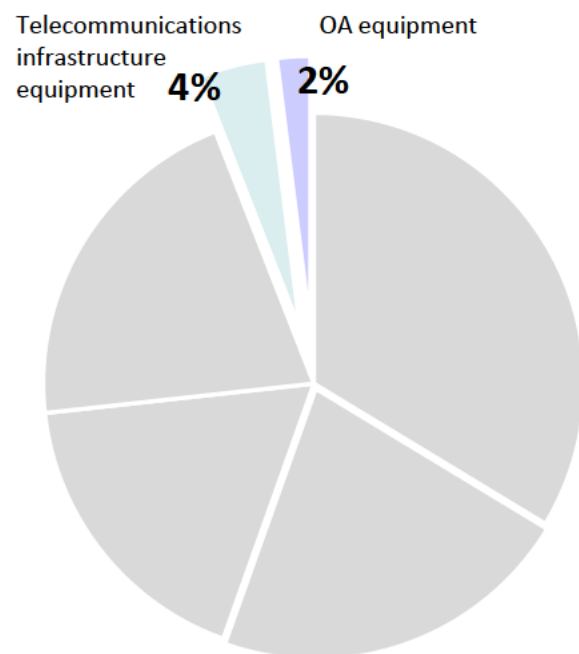
- The demand for personal and small consumer equipment continues

Sales by Application_Telecommunications infrastructure equipment / OA equipment

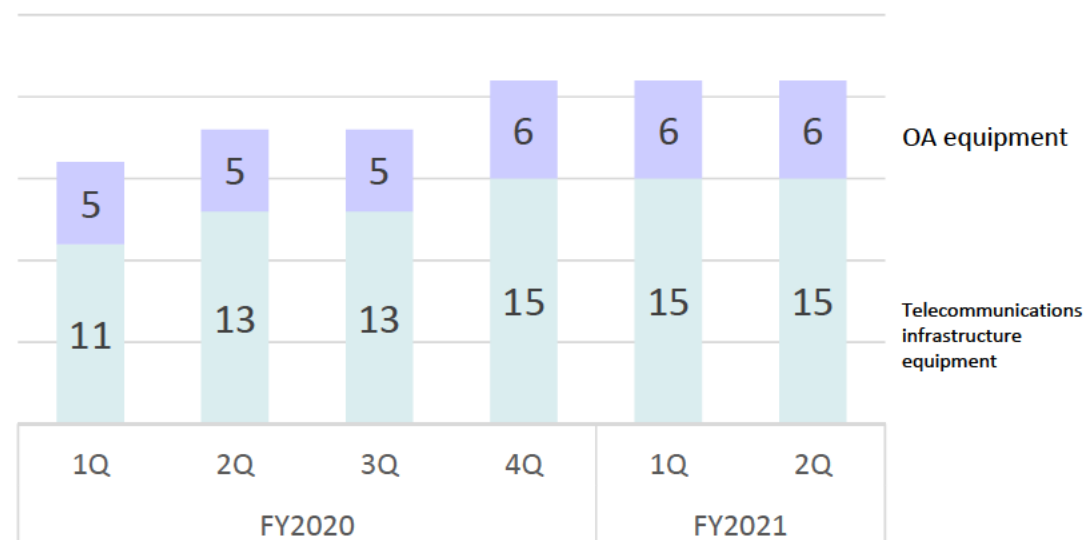
(Yen in hundred millions)

	FY2020			FY2021			YoY
	1Q	2Q	1H	1Q	2Q	1H	FY2021.1H / FY2020.1H
Telecommunications infrastructure equipment	11	13	24	15	15	30	+25%
OA (Office Automation) equipment	5	5	10	6	6	12	+20%

FY2021.1H Composition ratio

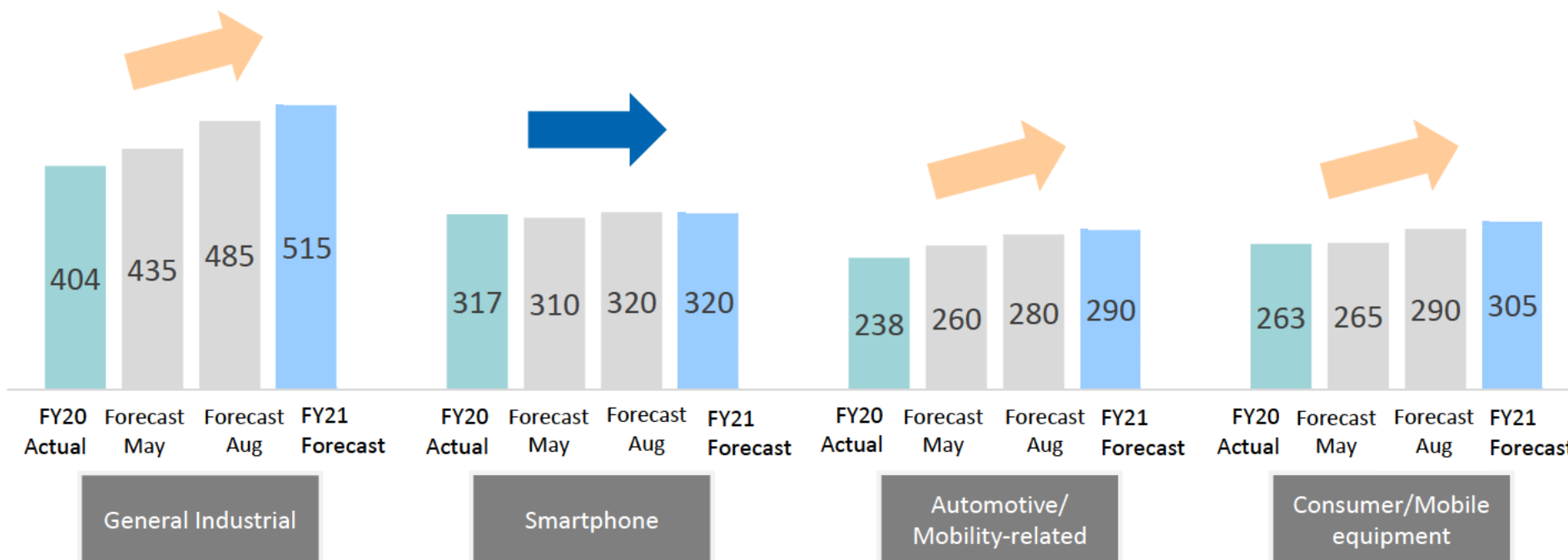


Changes in quarterly sales



Annual sales forecast by applications **[Updated]**

(Yen in hundred millions)



FY2021 Annual growth rate	Forecast as of Aug,2021	Updated forecast of growth rate
● General Industrial	+20%	+27%
● Smartphone	+1%	+1%
● Automotive / Mobility-related	+18%	+22%
● Consumer / Mobile equipment	+10%	+16%

Business Forecast for the Year Ending March 31, 2022 (Consolidated)

The business for general industrial, automotive and consumer is expected to exceed our previous estimates, and revise the forecast published on July, 2021.

(Yen in hundred millions)	FY2020 (FY ended March 31, 2021) Actual		FY2021 (FY ending March 31, 2022)			First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half Actual	Forecast as of July, 2021	Revised forecast	Amount Change	%	Amount Change	%
Sales	610.4	1,335.4	791.9	1,500.0	1,560.0	+181.5	29.7%	+224.6	16.8%
COGS Ratio	57.6%	57.6%	54.7%	55.9%	56.1%				
Operating Profit	128.9	278.9	197.9	330.0	350.0	+69.0	53.5%	+71.1	25.5%
(%)	21.1%	20.9%	25.0%	22.0%	22.4%				
Profit before tax	128.9	283.3	203.8	340.0	360.0	+74.9	58.2%	+76.7	27.1%
(%)	21.1%	21.2%	25.7%	22.7%	23.1%				
Net Profit	93.4	199.2	148.0	250.0	260.0	+54.6	58.5%	+60.8	30.5%
(%)	15.3%	14.9%	18.7%	16.7%	16.7%				
Earnings Per Share	—	549.10 yen	—	707.30 yen	732.32 yen	(Yen)	FY2020 Actual	FY2021 Forecast As of Nov, 2021	
						1US\$	106.06	109.90	
Dividends Per Share	120 yen	240 yen	160 yen	260 yen	320 yen	1€	123.70	129.95	
Consolidated Dividend Payout Ratio	—	43.7%	—	36.8%	43.7%	100won	9.17	9.57	

Appendix

Sales by Applications round number (quarterly basis)

(Yen in hundred millions)

	FY2020				FY2021		Composition ratio by application
	1Q	2Q	3Q	4Q	1Q	2Q	
General Industrial	103	95	97	109	131	134	34%
Smartphone	57	89	100	71	72	86	21%
Automotive / Mobility-related	39	52	75	72	73	70	19%
Consumer / Mobile Device	51	72	72	68	75	85	21%
Telecommunications Infrastructure Equipment	11	13	13	15	15	15	4%
OA Equipment	5	5	5	6	6	6	2%
Total of Connector Sales	265	326	362	341	372	395	100%
Others	9	10	13	10	13	12	
Total	274	336	374	351	384	407	

