

Hirose Electric Business Results for the First Quarter of FY2022

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August 2, 2022

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.

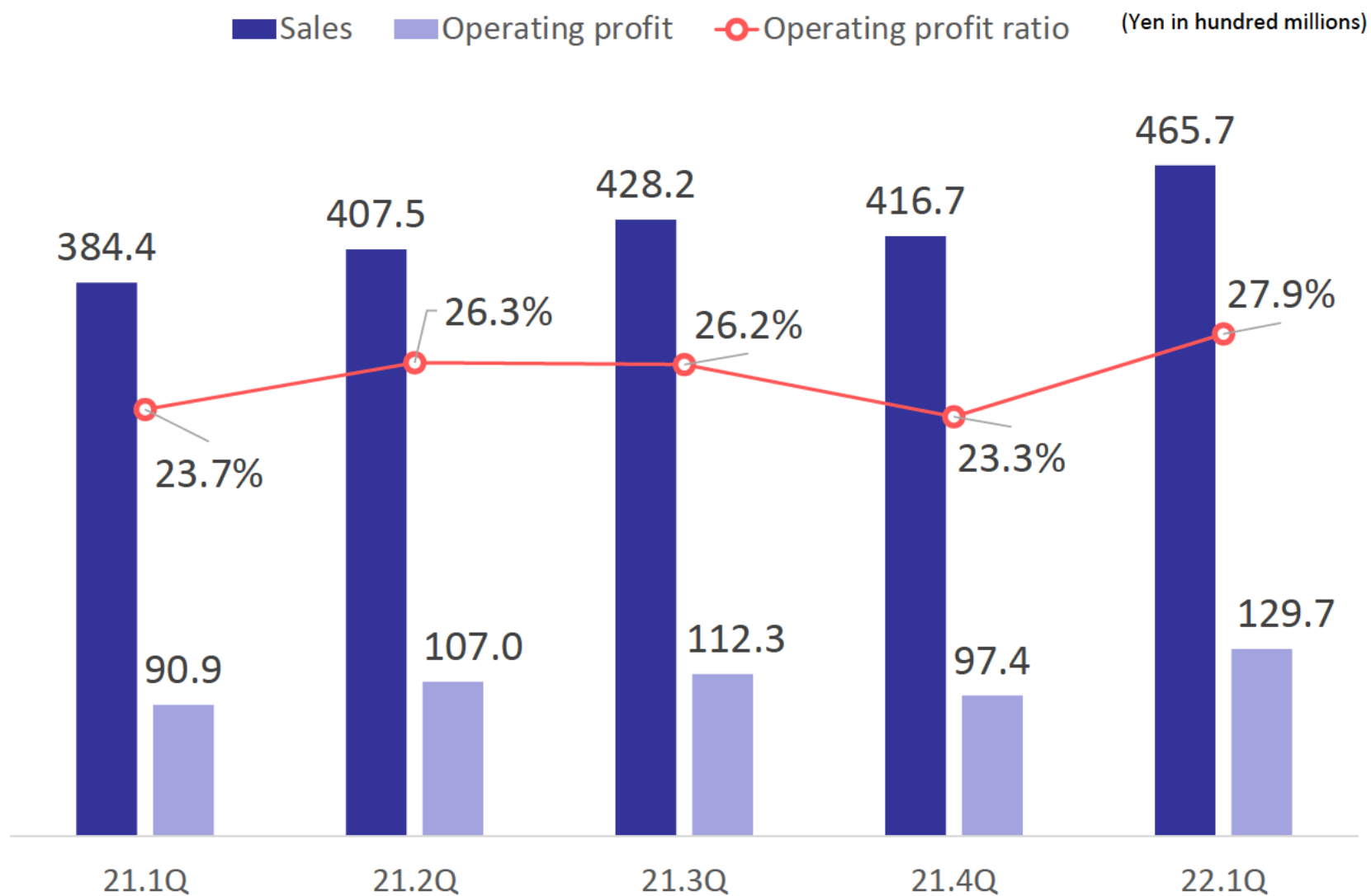
Summary of the business results (FY2022.1Q From April, 2022 to June, 2022)

- In the first quarter of FY2022, the sales for general industrial, automotive, consumer and mobile equipment increased. As a result, **quarterly sales and operating profit of FY2022.1Q were record high**. Sales increased by 21.2% compared with the same period of the previous fiscal year, operating profit plus 42.6% and operating profit ratio was 27.9%.

(Yen in hundred millions)

	FY2021.1Q 2021. Apr-Jun	FY2021.4Q 2022. Jan-Mar	FY2022.1Q 2022. Apr-Jun	YoY (2022.1Q/2021.1Q)	QoQ (2022.1Q/2021.4Q)
Orders	498.4	450.8	488.2	-2.0%	+8.3%
Sales	384.4	416.7	465.7	+21.2%	+11.8%
Operating profit	90.9	97.4	129.7	+42.6%	+33.1%
Operating profit ratio	23.7%	23.4%	27.9%	+4.2pt	+4.4pt

Changes in sales and operating profit (FY2021.1Q-FY2022.1Q / Consolidated basis)



Business Results for FY2022.1Q

(Yen in hundred millions)	FY2021.1Q (FY ended Jun 30, 2021)	FY2022.1Q (FY ended Jun 30, 2022)	Increase / Decrease (YoY)	Increase / Decrease Ratio (YoY)
Sales	384.4	465.7	+81.3	21.2%
COGS Ratio	55.1%	51.0%	-4.1	
SGA Ratio	21.4%	21.4%	0.0	
Operating Profit	90.9	129.7	+38.8	42.6%
(%)	23.7%	27.9%	+4.2	
Profit before tax	94.4	145.1	+50.7	53.6%
(%)	24.6%	31.1%	+6.5	
Net profit	66.9	100.5	+33.6	50.3%
(%)	17.4%	21.6%	+4.2	
Total Assets	3,570.4	3,889.4		
Shareholder's Equity Ratio	87.9%	85.8%		
Earnings Per Share	185.84 yen	286.89 yen		

	FY2021.1Q	FY2022.1Q
1US\$	109.49 yen	129.57 yen
1€	131.96 yen	138.12 yen
100 won	9.77 yen	10.29 yen

FY2022.1Q Major Changes

(Yen in hundred millions)

Sales

81.3 hundred million yen **Increased**
(384.4 → 465.7)

Non consolidated Hirose: +73.5
Subsidiaries: + 7.8

COGS Ratio

4.1pt Improved
(55.1% → 51.0%)

Variable Expense Ratio: 39.2% → **37.6%**
Depreciation Ratio: 8.7% → **7.1%**
Labor-cost Ratio: 6.6% → **6.6%**

SGA Ratio

± 0pt
(21.4% → 21.4%)

82.1 → 99.5 (Increased by 17.4)

Financial income / costs

11.9 hundred million yen **Improved**
(+3.5 → +15.4)

Exchange Gain or Loss: 0.0 → +12.9

FY2022.1Q YoY Variation Analysis

(Yen in hundred millions)

	Sales	Operating Profit	(%)	Profit before tax	(%)
FY2021.1Q Actual	384.4	90.9	23.7%	94.4	24.6%
Exchange rate	38.5	20.3		33.3	
Labor cost increase		-13.6		-13.6	
Depreciation cost decrease		0.9		0.9	
Increase in freightage and packing expenses		-6.0		-6.0	
Increase in the product	42.8	37.2		36.1	
Total amount of changes	81.3	38.8		50.7	
FY2022.1Q Actual	465.7	129.7	27.9%	145.1	31.1%

Consolidated Balance Sheet

(Yen in hundred millions)

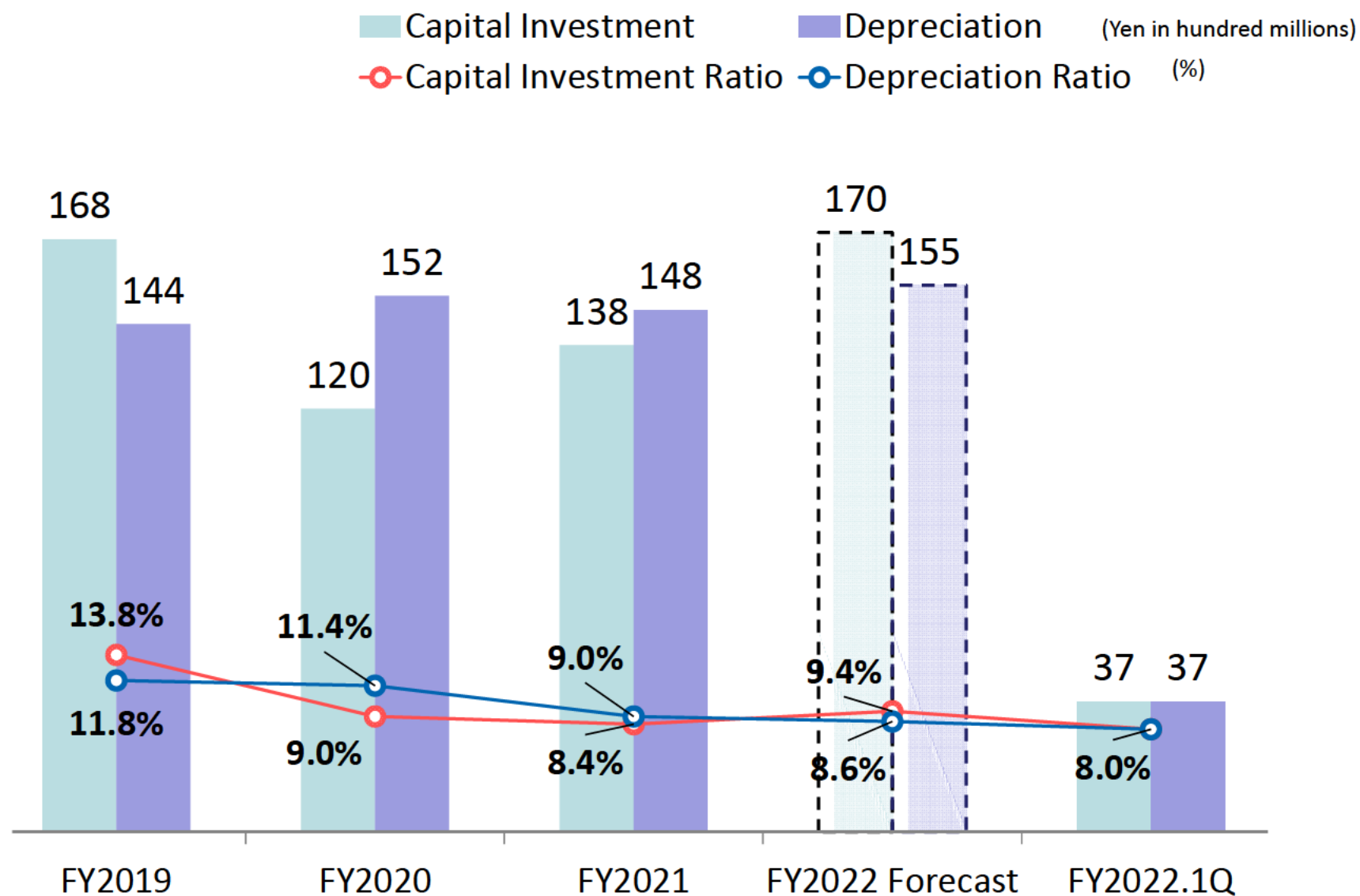
	Account	Mar 31, 2022	Jun 30, 2022	Increase / Decrease	Remark
Assets	Cash and cash equivalents	683.9	727.9	+44.0	Transfer from time deposit +163 Consumption tax refund +41 Currency exchange fluctuation +50 Purchase of treasury shares △159 Dividend paid △99
	Trade and other receivables	434.3	478.1	+43.8	Accounts receivable rose due to the sales increase
	Inventories	216.9	263.7	+46.8	Products and raw materials increased to prepare for the rises in orders
	Other financial assets	1,794.2	1,610.5	-183.7	Decrease in time deposit △163 Acquisition and Redemption of investment securities △29
	Property, plant and equipment	611.5	625.8	+14.3	
	Right-of-use asset	49.1	55.3	+6.2	
	Others	157.9	138.1	-19.8	
	Total Assets	3,947.8	3,899.4	-48.4	
	Total of cash in bank	1,967.6	1,848.9	-118.7	

Consolidated Balance Sheet

(Yen in hundred millions)

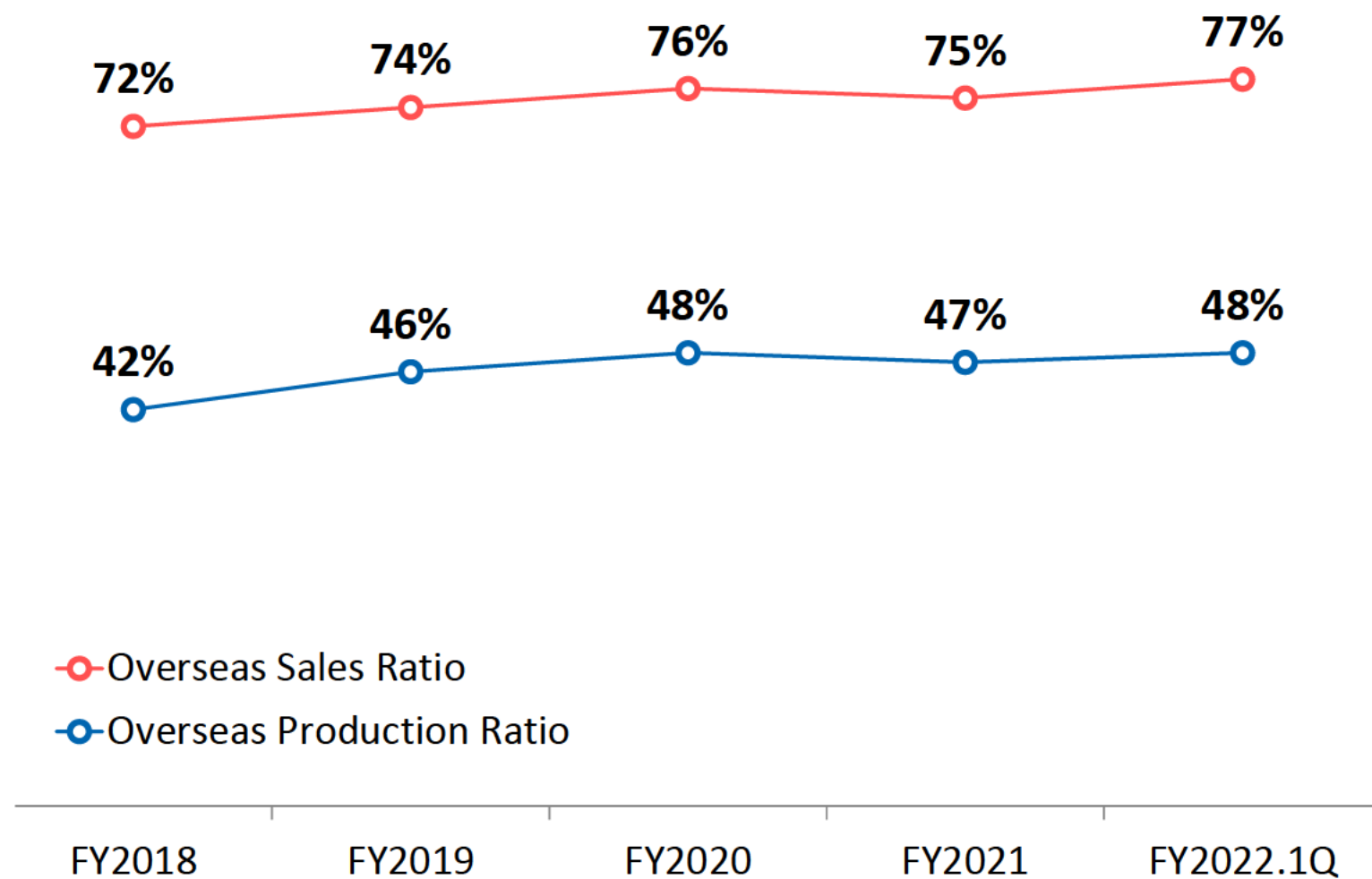
	Account	Mar 31, 2022	Jun 30, 2022	Increase / Decrease	Remark
Liabilities	Payables and other debt	238.1	281.3	+43.2	Purchasing increase
	Lease liabilities	49.7	55.6	+5.9	
	Income Taxes Payable	80.3	50.0	-30.3	Decreased because of corporate tax payment in Japan
	Others	159.0	166.2	+7.2	
	Total	527.1	553.1	+26.0	
Shareholder's Equity	Capital stock and Capital surplus	206.6	205.9	-0.7	
	Retained Earnings	3,388.2	3,268.2	-120.0	Net profit +100 Dividend △99 Cancellation of treasury shares △122
	Treasury Shares	-363.1	-399.5	-36.4	Purchase of treasury shares △159 Cancellation of treasury shares +122
	Others	189.0	272.4	+83.4	Translation adjustment +79
	Total	3,420.7	3,347.0	-73.7	
	Total Liabilities and Shareholder's Equity	3,947.8	3,899.4	-48.4	

Changes in Capital Investment and Depreciation



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

Overseas production and sales ratio

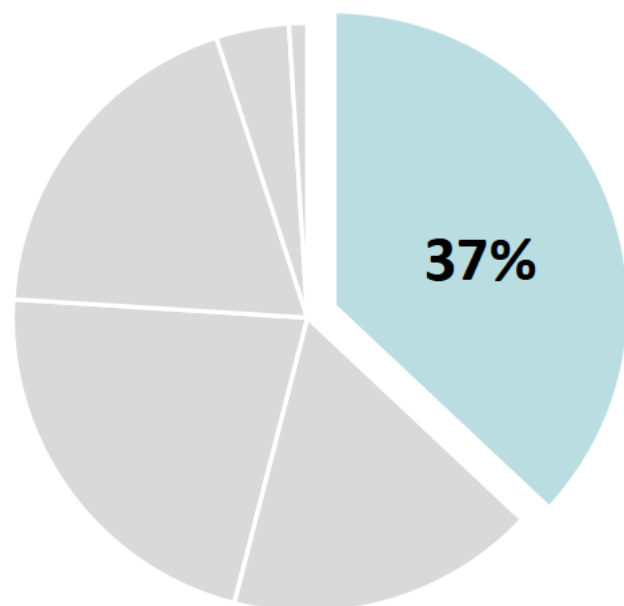


Sales by Application_General Industrial

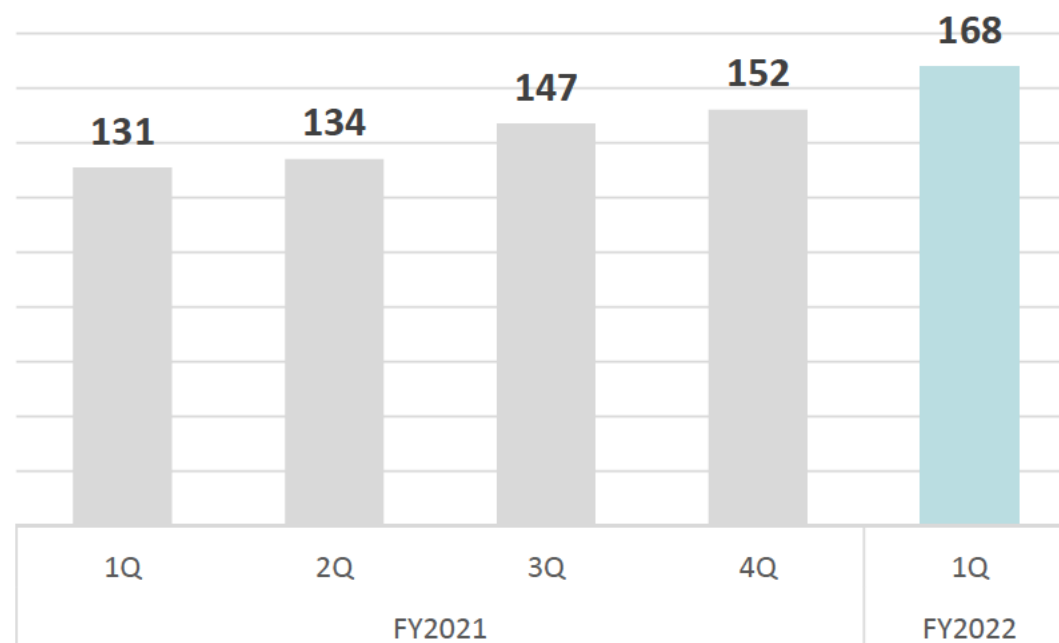
(Yen in hundred millions)

	FY2021.1Q	FY2021.4Q	FY2022.1Q	YoY	QoQ
Sales	131	152	168	+28%	+11%

● FY2022.1Q Composition ratio



● Changes in quarterly sales



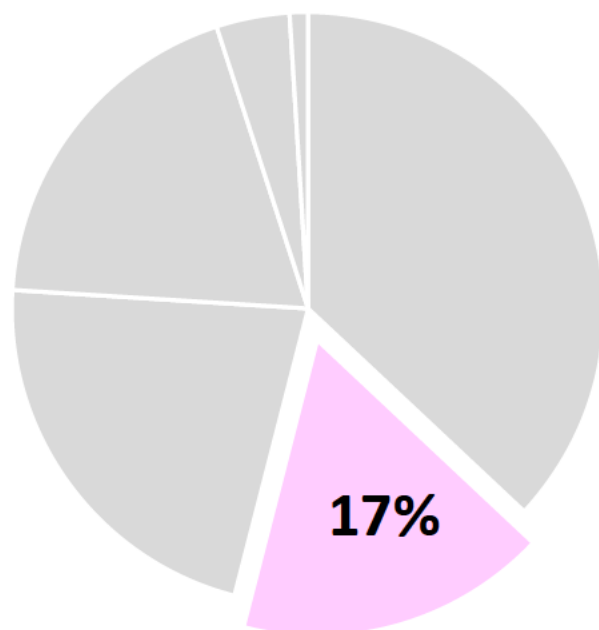
- We strengthen our production capacity in Japan and overseas countries, and the sales of general industrial keep growing.

Sales by Application_Smartphone

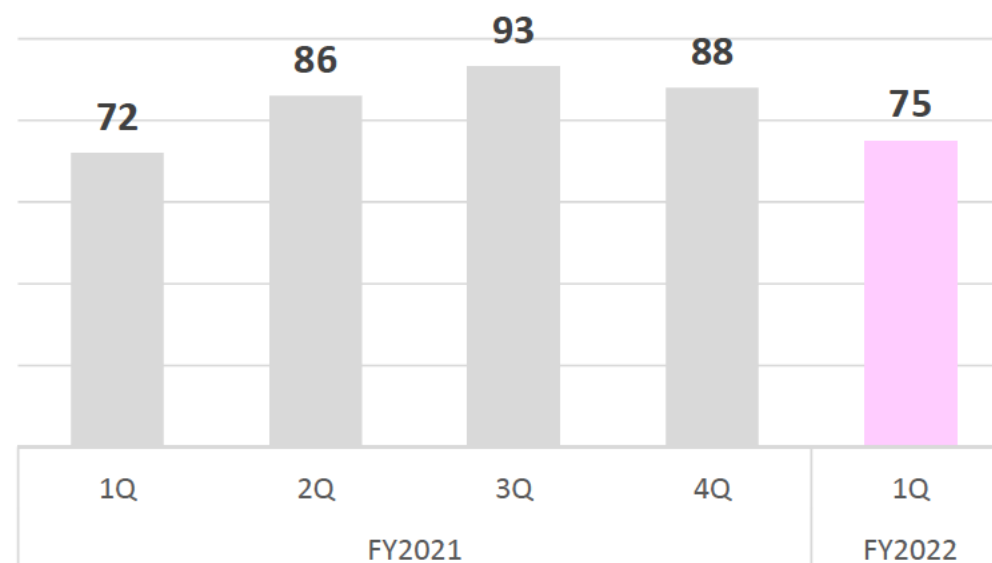
(Yen in hundred millions)

	FY2021.1Q	FY2021.4Q	FY2022.1Q	YoY	QoQ
Sales	72	88	75	+4%	-15%

● FY2022.1Q Composition ratio



● Changes in quarterly sales



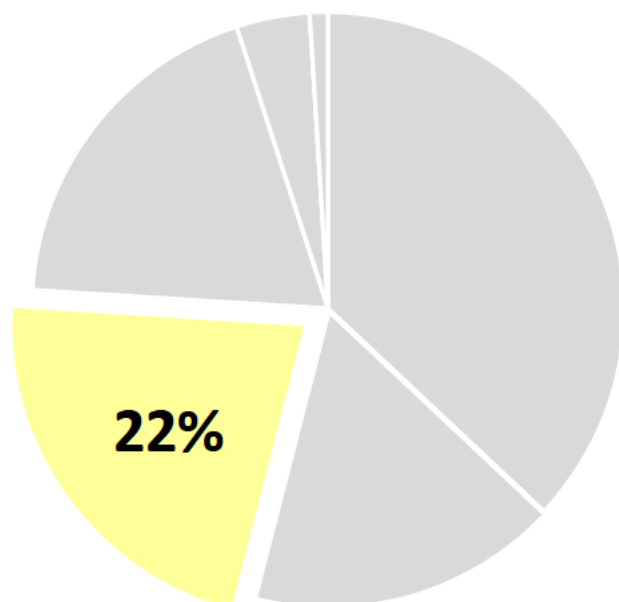
- The sales for smartphone decreased compared to the sales in FY2021.4Q because of seasonal adjustment.

Sales by Application_Consumer/Mobile Equipment

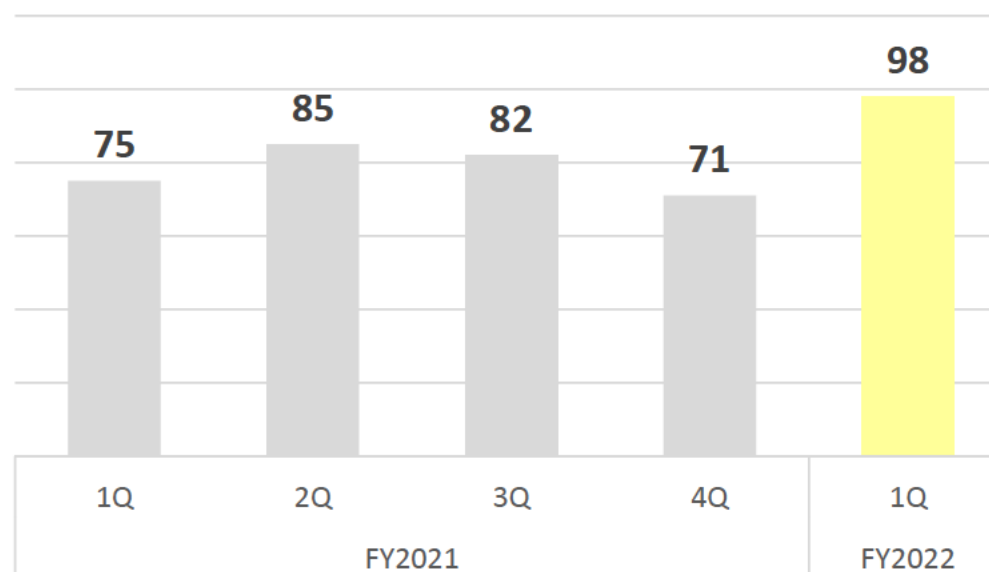
(Yen in hundred millions)

	FY2021.1Q	FY2021.4Q	FY2022.1Q	YoY	QoQ
Sales	75	71	98	+31%	+38%

● FY2022.1Q Composition ratio



● Changes in quarterly sales



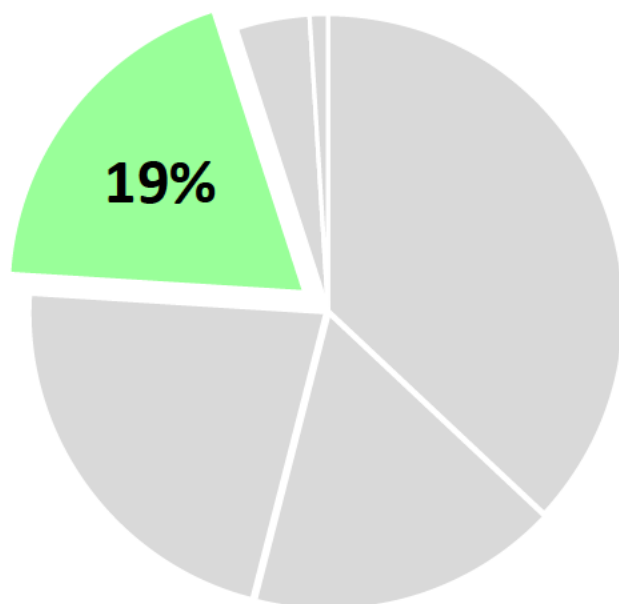
■ The sales for wearable devices and smart appliances keep growing.

Sales by Application_Automotive/Mobility-related

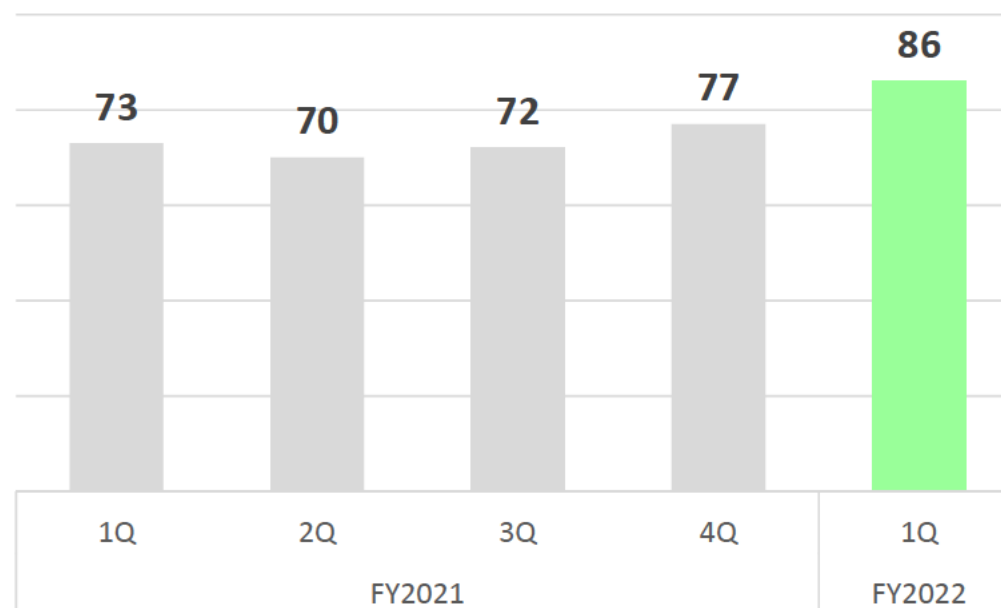
(Yen in hundred millions)

	FY2021.1Q	FY2021.4Q	FY2022.1Q	YoY	QoQ
Sales	73	77	86	+18%	+12%

● FY2022.1Q Composition ratio



● Changes in quarterly sales



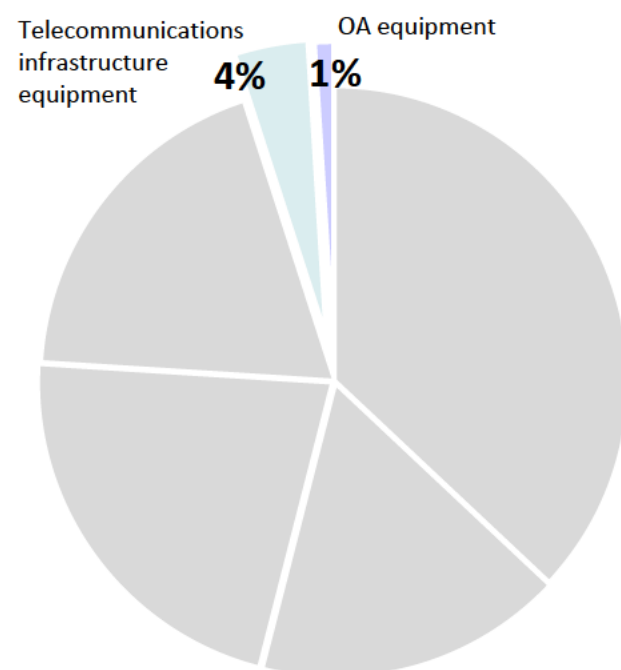
■ The sales for EV, ADAS and power train continues to be strong.

Sales by Application_Telecommunications infrastructure equipment / OA equipment

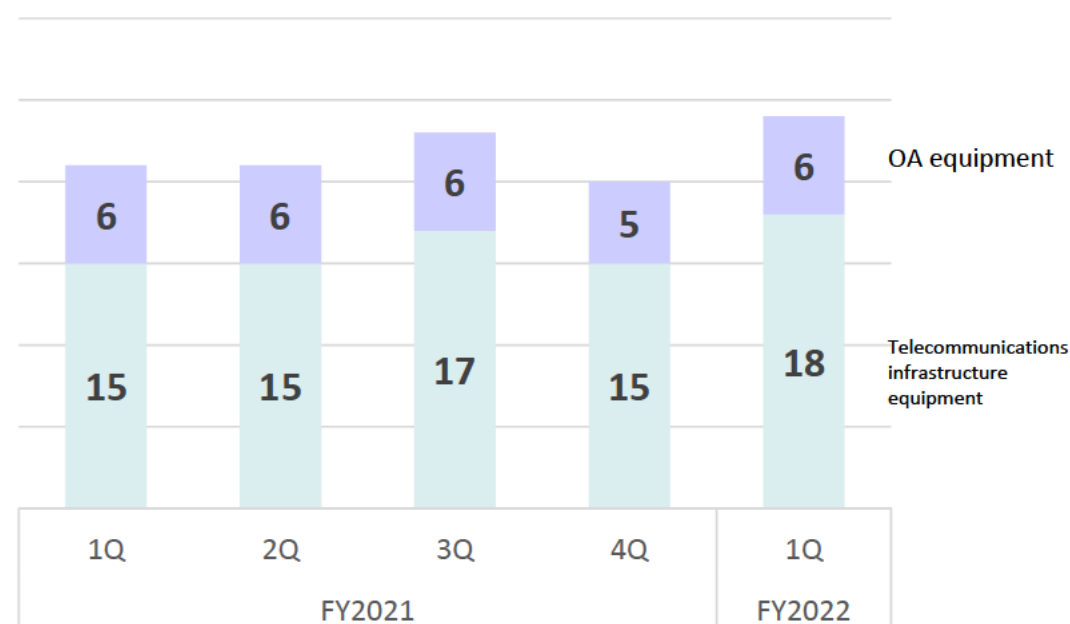
(Yen in hundred millions)

	FY2021.1Q	FY2021.4Q	FY2022.1Q	YoY	QoQ
Telecommunications infrastructure equipment	15	15	18	+20%	+20%
OA equipment	6	6	6	0%	0%

● FY2022.1Q Composition ratio



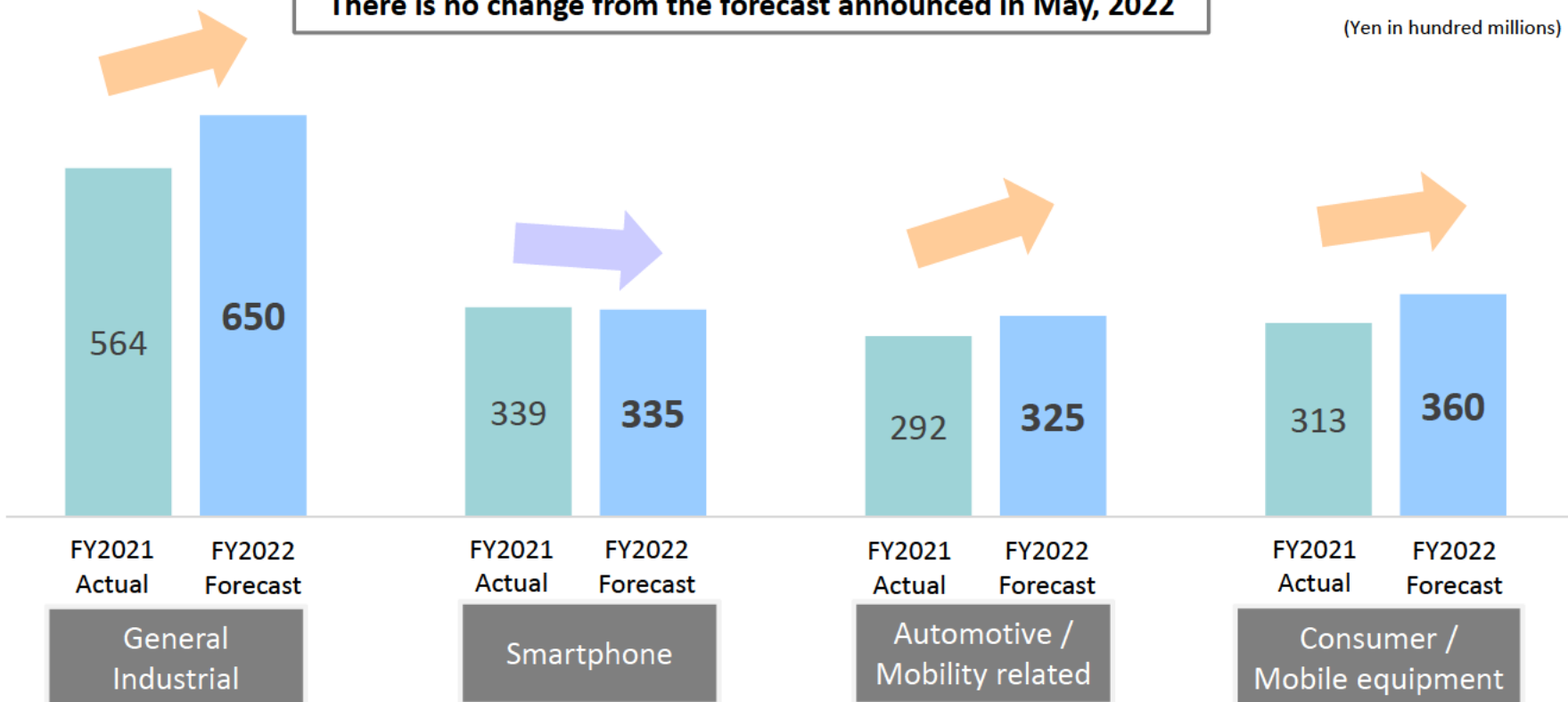
● Changes in quarterly sales



Annual sales forecast by applications (round number)

There is no change from the forecast announced in May, 2022

(Yen in hundred millions)



FY2022 Annual growth rate

- General Industrial +15%
- Smartphone -1%
- Automotive / Mobility-related +11%
- Consumer / Mobile equipment +15%

Business Forecast for the Year Ending March 31, 2023 (Consolidated)

There is no change from the forecast announced in May, 2022

(Yen in hundred millions)

	FY2021 (FY ended March 31, 2022) Actual		FY2022 (FY ending March 31, 2023) Forecast		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%
Sales	791.9	1,636.7	880.0	1,800.0	+88.1	+11.1%	+163.3	+10.0%
COGS Ratio	54.7%	54.2%	54.7%	54.6%				
Operating Profit	197.9	407.7	215.0	440.0	+17.1	+8.6%	+32.4	+7.9%
(%)	25.0%	24.9%	24.4%	24.4%				
Profit before tax	203.8	430.8	215.0	450.0	+11.2	+5.5%	+19.2	+4.5%
(%)	25.7%	26.3%	24.4%	25.0%				
Net Profit	148.0	314.4	155.0	330.0	+7.0	+4.8%	+15.6	+5.0%
(%)	18.7%	19.2%	17.6%	18.3%				
Earnings Per Share	—	885.39 yen	—	933.37yen	(Yen)	FY2021 Actual	FY2022 Forecast As of May, 2022	
					1US\$	112.38	120.00	
Dividend Per Share	160 yen	440 yen	220 yen	440 yen	1€	130.56	130.00	
					100won	9.64	9.81	
Consolidated Dividend Payout Ratio	—	49.7%	—	47.1%				

Appendix

Sales by Applications round number (quarterly basis)

(Yen in hundred millions)

	FY2021				FY2022	Composition ratio by applications
	1Q	2Q	3Q	4Q	1Q	
General Industrial	131	134	147	152	168	37%
Smartphone	72	86	93	88	75	17%
Automotive / Mobility-related	73	70	72	77	86	19%
Consumer / Mobile Device	75	85	82	71	98	22%
Telecommunications Infrastructure Equipment	15	15	17	15	18	4%
OA Equipment	6	6	6	5	6	1%
Total of Connector Sales	372	395	416	409	451	100%
Others	13	12	12	10	15	
Total	384	407	428	418	466	