

Hirose Electric Business Results for FY2023

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May 8, 2024

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.

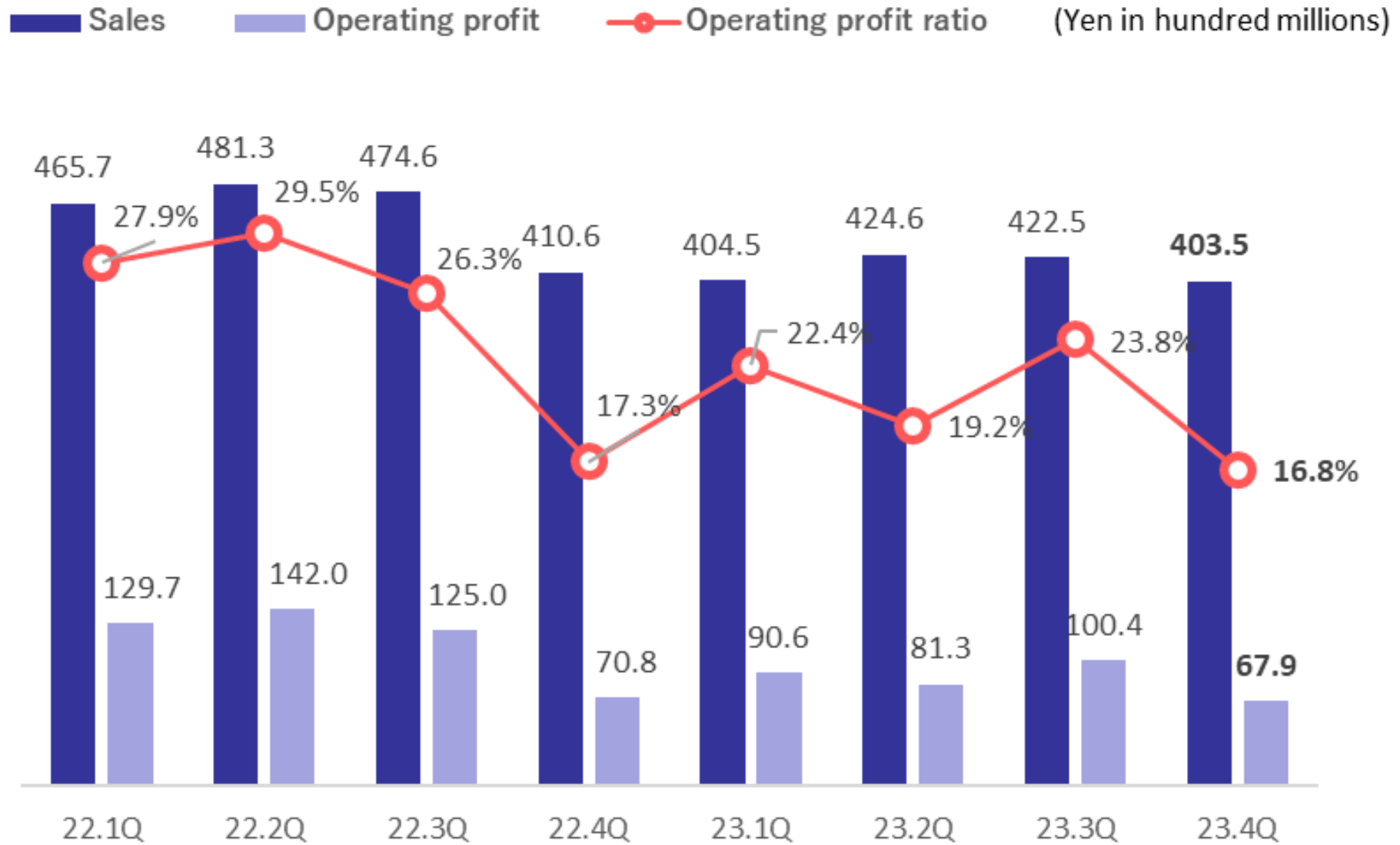
Summary of the Business Results (FY2023 from April to March, 2024)

- Automotive and smartphone business showed steady growth in FY2023. On the other hand, the business for industrial and consumer market continued to be challenging, and the results throughout the fiscal year ended in minus growth compared to the previous fiscal year; Orders -4.8%, Sales -9.7%, Operation profit -27.2%. Operating profit ratio was 20.6%

(Yen in hundred millions)

	FY2022			FY2023			YoY
	1H 2022 Apr-Sep	2H 2022.Oct- 2023 Mar	FY2022 2022 Apr - 2023 Mar	1H 2023 Apr-Sep	2H 2023 Oct to 2024 Mar	FY2023 2023 Apr to 2024 Mar	FY2023 / FY2022
Orders	915.2	685.0	1,600.2	754.4	769.6	1,524.0	-4.8%
Sales	947.0	885.2	1,832.2	829.1	826.0	1,655.1	-9.7%
Operating profit	271.7	195.8	467.5	171.9	168.3	340.2	-27.2%
Operating profit ratio	28.7%	22.1%	25.5%	20.7%	20.4%	20.6%	-4.9pt

Changes in Sales and Operating Profit (FY2022.1Q~FY2023.4Q / Consolidated basis)



Business Results for FY2023

(Yen in hundred millions)	FY2022 (FY ended Mar 31, 2023)	FY2023 (FY ended Mar 31, 2024)	Increase/Decrease (YoY)	Increase/Decrease ratio (YoY)
Sales	1,832.2	1,655.1	-177.1	-9.7%
COGS Ratio	51.9%	56.2%	+4.3pt	
SGA Ratio	22.3%	22.5%	+0.2pt	
Operating Profit	467.5	340.2	-127.3	-27.2%
(%)	25.5%	20.6%	-4.9pt	
Profit before tax	485.9	387.6	-98.3	-20.2%
(%)	26.5%	23.4%	-3.1pt	
Net Profit	346.5	264.8	-81.7	-23.6%
(%)	18.9%	16.0%	-2.9pt	
Total Assets	4,013.6	4,034.5		
Shareholder's Equity Ratio	87.2%	90.3%		
Earnings Per Share	1,002.04 yen	772.38 yen		

	FY2022	FY2023
1US\$	135.47 yen	144.62 yen
1 €	140.97 yen	156.80 yen
100 won	10.37 yen	10.97 yen

FY2022 to FY2023 Major Changes

Sales

177.1 hundred millions yen **Decreased**
(1,832.2 → 1,655.1)

General Industrial : -186
Consumer / Mobile Equipment : -47

COGS Ratio

4.3 pt Deteriorated
(51.9% → 56.2%)

Variable Expense Ratio : 38.1% → 39.4%
Depreciation Ratio : 7.3% → 8.2%
Labor Cost Ratio : 6.7% → 7.8%

SGA Ratio

0.2 pt Deteriorated
(22.3% → 22.5%)

409.2 → 372.4
(Decreased by 36.8 hundred millions yen)

Financial income / cost

29.0 hundred millions yen **Improved**
(+18.4 → +47.4)

Exchange Gain or Loss : -1.0 → +9.1
Interest received and others : +16.5 → +26.3

FY2023 YoY Variation Analysis

(Yen in hundred millions)

	Sales	Operating Profit	(%)	Profit before tax	(%)
FY2022 Actual	1,832.2	467.5	25.5%	485.9	26.5%
Exchange rate	91.6	48.7		59.6	
Labor cost decrease		10.9		10.9	
Decrease in freightage and packing expenses		19.8		19.8	
Increase in Loss on retirement of fixed assets		-5.1		-5.1	
Deterioration of Cost rate		-40.4		-40.4	
Decrease in the product	-268.7	-161.2		-143.1	
Total amount of changes	-177.1	-127.3		-98.3	
FY2023 Actual	1,655.1	340.2	20.6%	387.6	23.4%

Consolidated Balance Sheet (1)

(Yen in hundred millions)

Asset

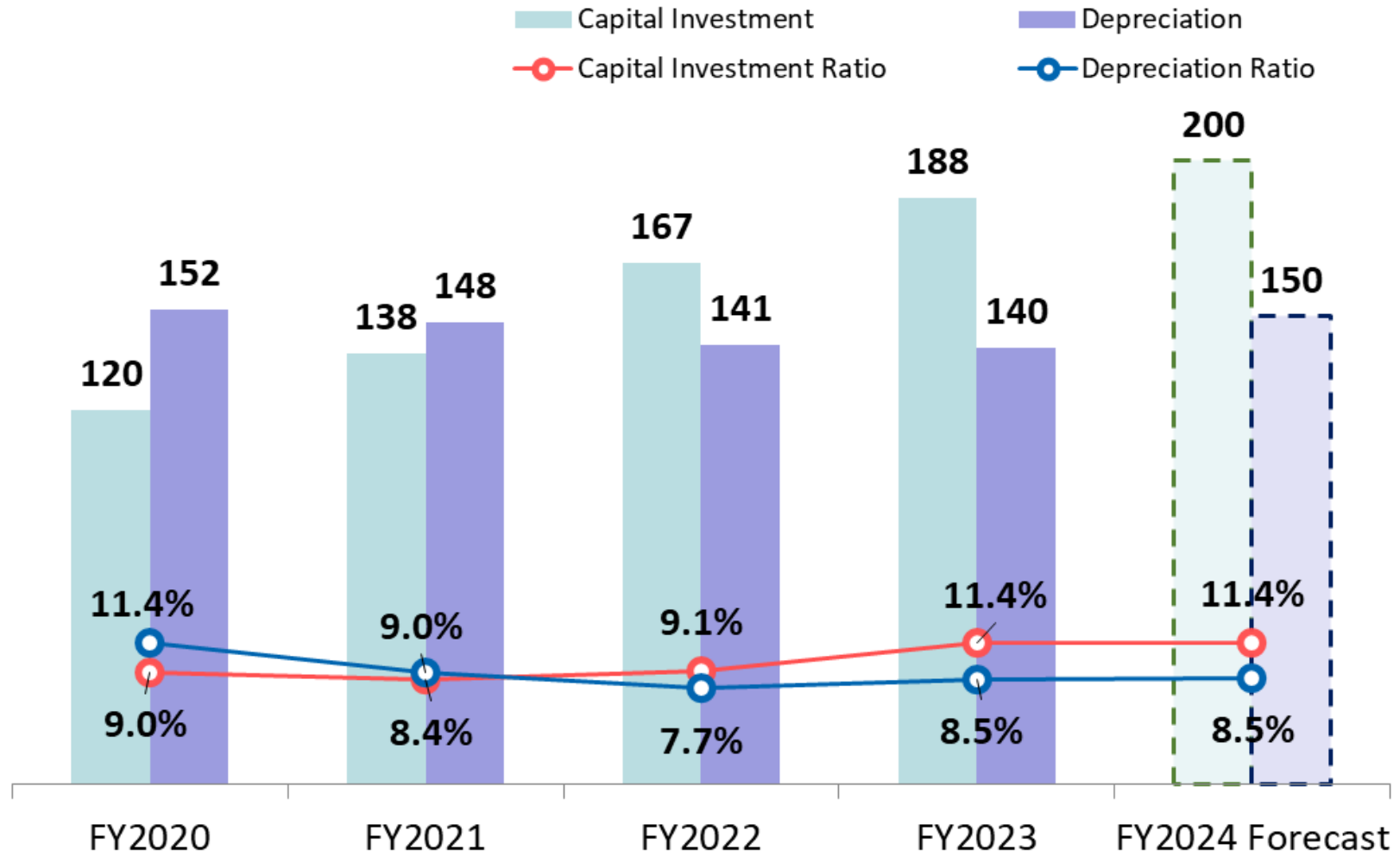
Account	Mar 31, 2023	Mar 31, 2024	Increase/ Decrease	Remarks
Cash and cash equivalents	880.3	903.4	+23.1	Transfer from time deposit +187, Dividends paid -172, Buyback -100 Shortening terms of payment in Japan -91
Trade and other receivables	419.3	394.2	-25.1	Sales decreased especially in Japan
Inventories	277.3	243.6	-33.7	Actual inventory -48, Influence of weaker yen +14
Other financial assets	1,546.8	1,422.0	-124.8	Investment for Koriyama new factory
Property, plant and equipment	638.0	809.5	+171.5	Koriyama new factory +64, TAT center+11, Hirose Korea factory expansion +29
Right-of-use asset	52.8	56.3	+3.5	
Others	199.1	205.5	+6.4	Intangible assets increased +8
Total	4,013.6	4,034.5	+20.9	
Total of cash in bank	1,854.0	1,726.3	-127.7	

Consolidated Balance Sheet (2)

		(Yen in hundred millions)			
	Account	Mar 31, 2023	Mar 31, 2024	Increase/ Decrease	Remarks
Liabilities	Payable and other debt	208.0	117.3	-90.7	Shortening terms of payment in Japan
	Lease liabilities	54.8	59.3	+4.5	
	Income Taxes Payable	82.1	25.0	-57.1	Profit decreased in Japan
	Others	170.1	191.2	+21.1	Deferred tax liability+32
	Total	515.0	392.8	-122.2	
Shareholder's equity	Capital stock and Capital surplus	206.0	205.9	-0.1	
	Retained Earnings	3,452.0	3,408.1	-43.9	Net profit + 265, Dividends paid -172 Cancellation of treasury shares -139
	Treasury Shares	- 398.4	-358.1	+40.3	Cancellation of treasury shares +139 Buyback -100
	Others	239.0	385.8	+146.8	Foreign currency translation adjustment +137
	Total	3,498.5	3,641.7	+143.1	
Total Liabilities and Shareholder's Equity		4,013.6	4,034.5	+20.9	

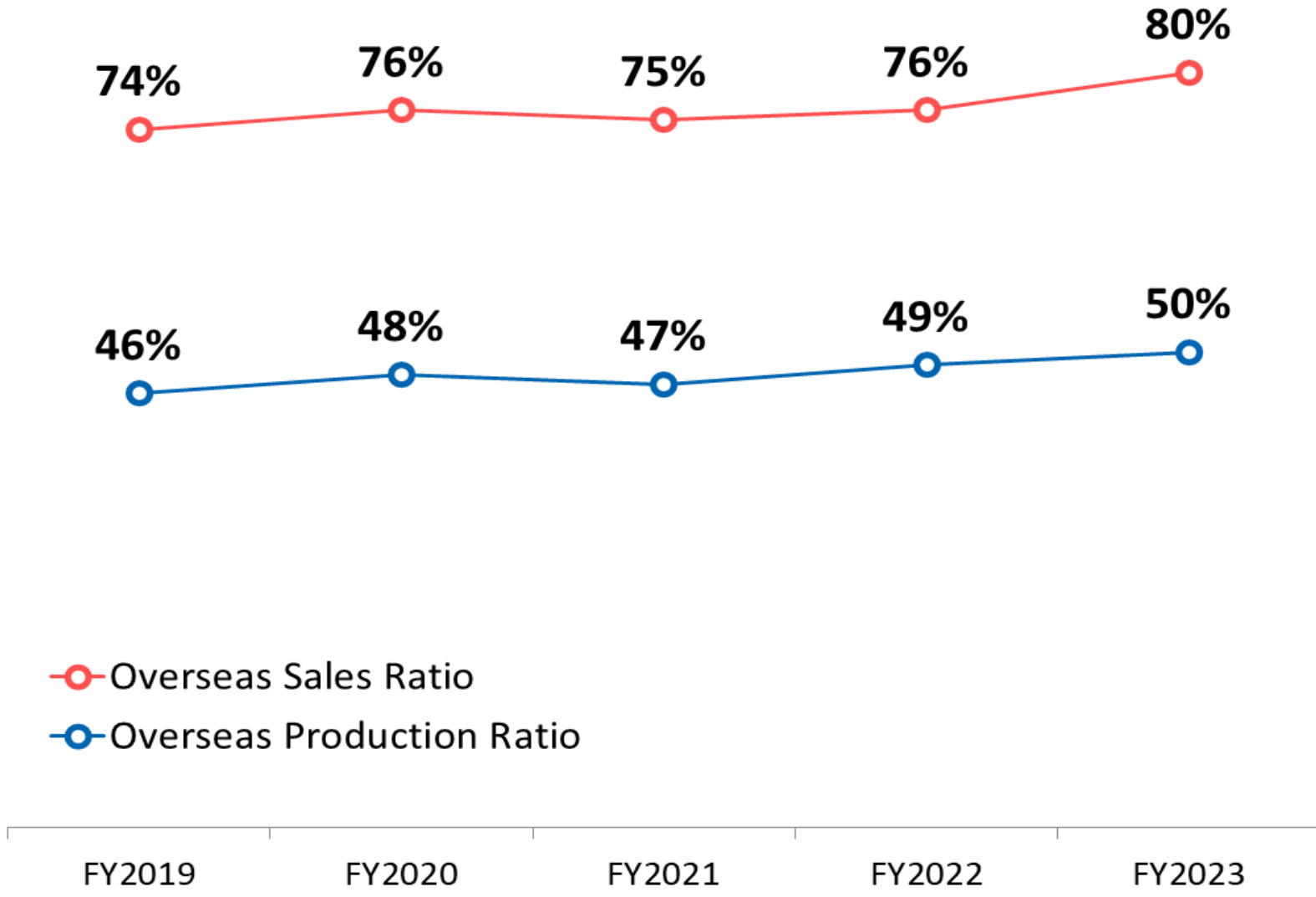
Changes in Capital Investment and Depreciation (Consolidated basis)

(Yen in hundred millions)



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

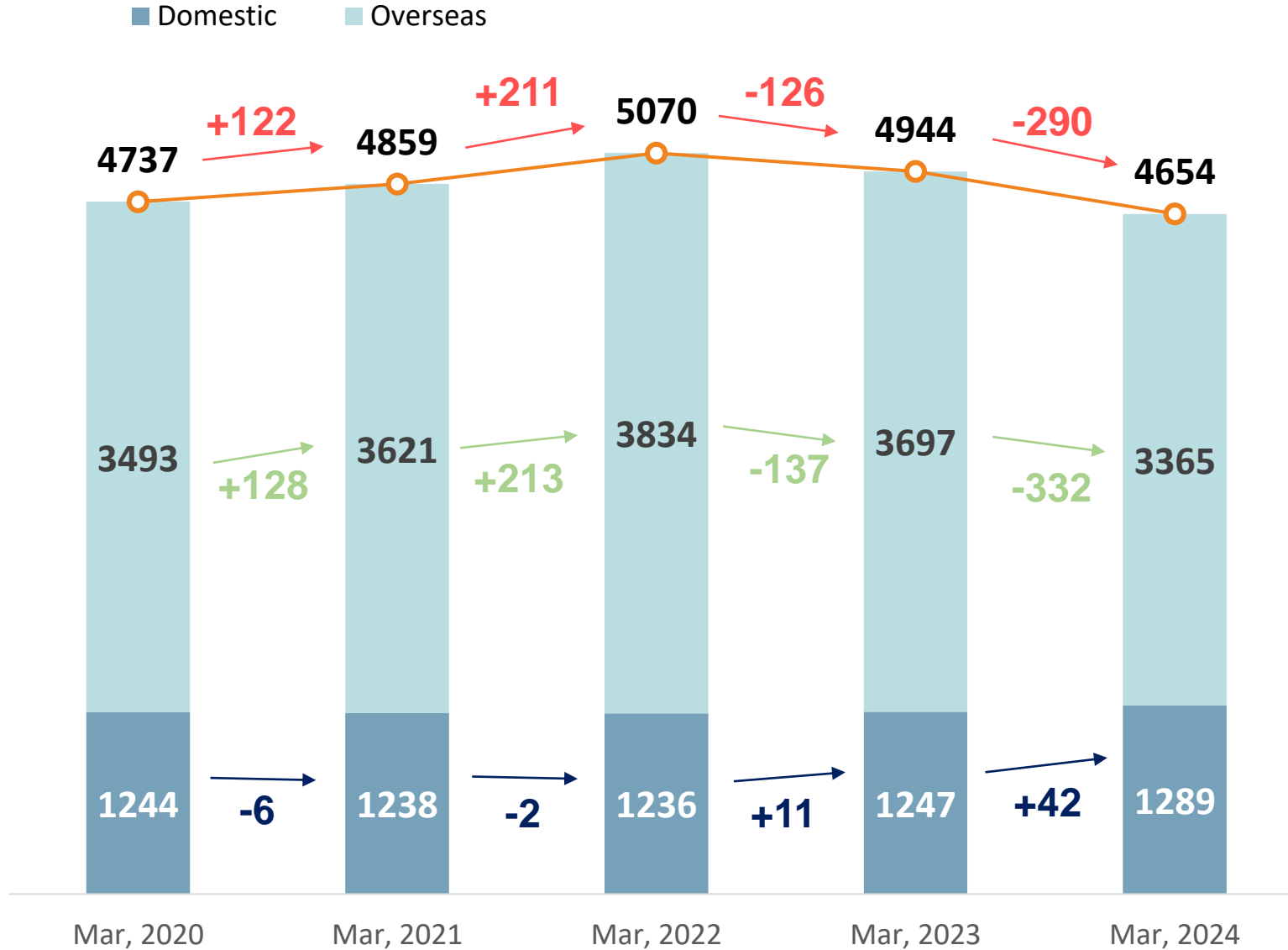
Overseas Production and Sales Ratio



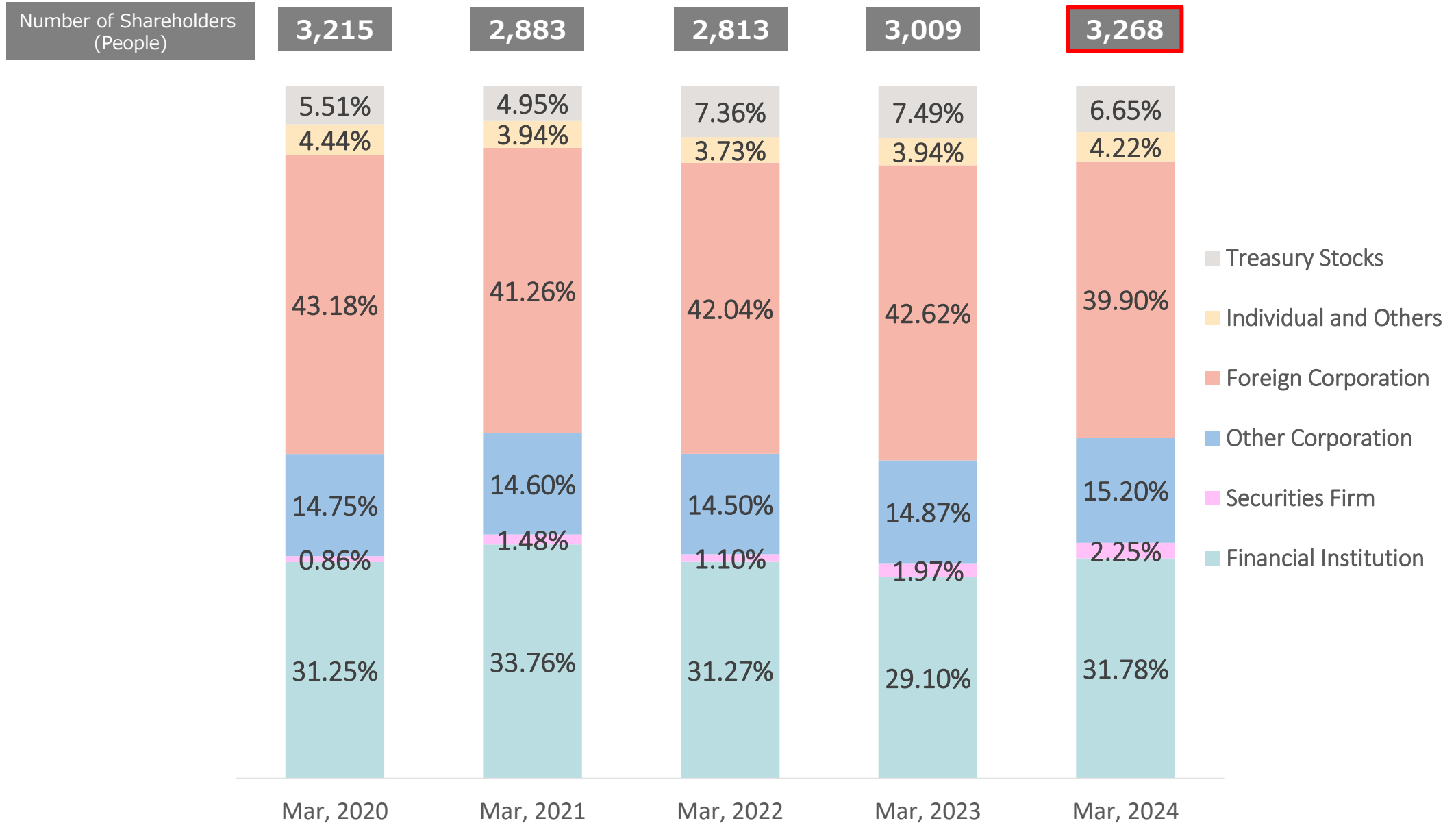
—○ Overseas Sales Ratio
—○ Overseas Production Ratio

Number of Employees (Financial Report Basis)

(Number of employees)



Distribution of Shareholders

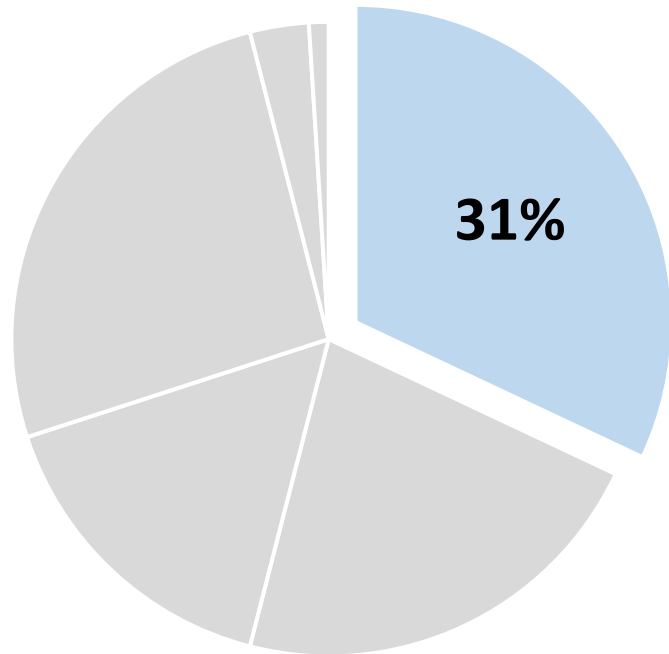


Sales by Application_General Industrial

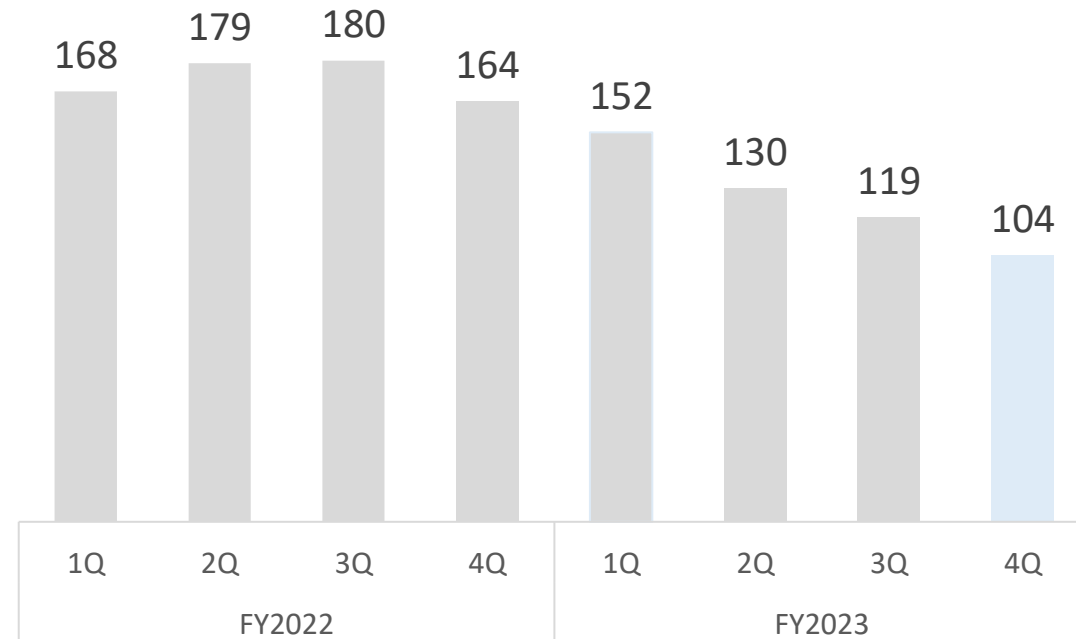
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	347	180	164	691	282	119	104	505	-27%

- **FY2023 Composition ratio**



- **Changes in quarterly sales**



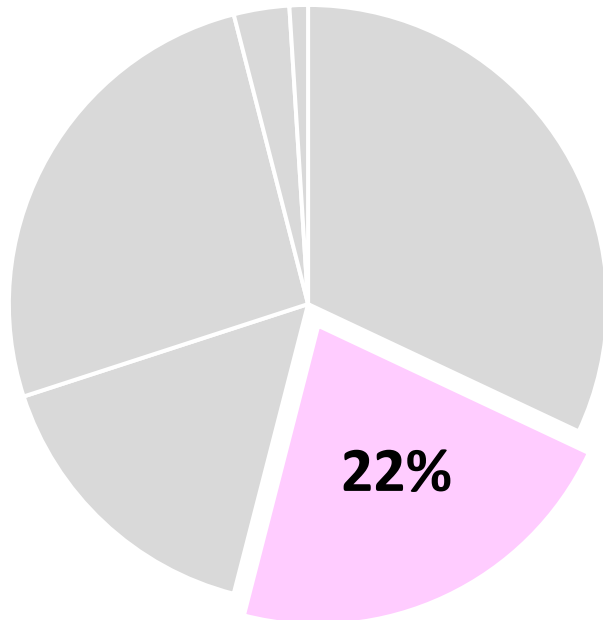
■ Orders in 3Q hit the bottom, which was not reflected in the result for 4Q.

Sales by Application_Smartphone

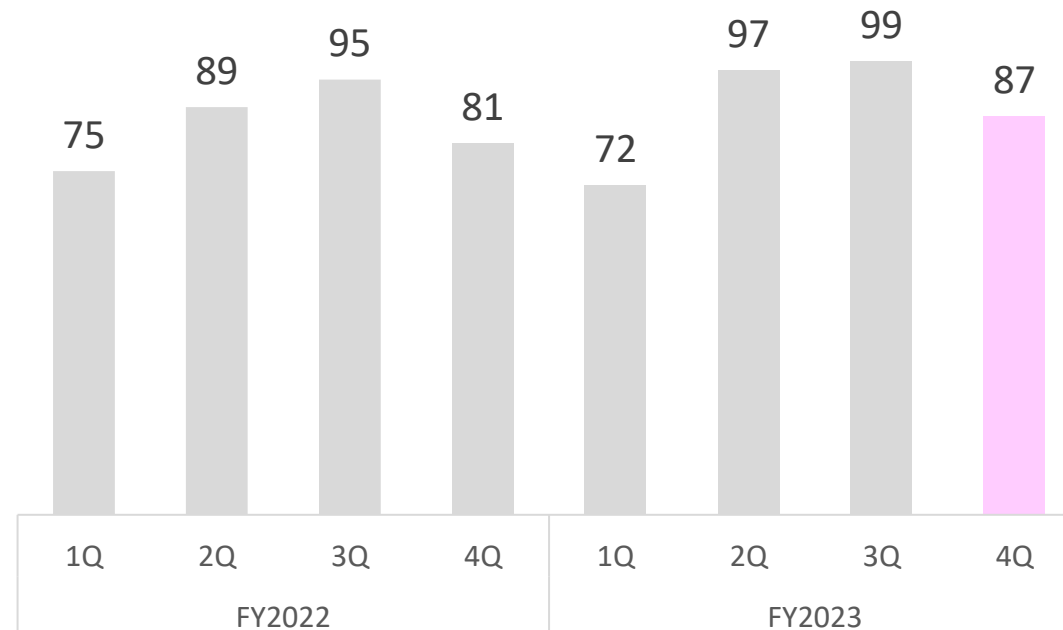
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	164	95	81	340	169	99	87	355	+4%

● **FY2023 Composition ratio**



● **Changes in quarterly sales**



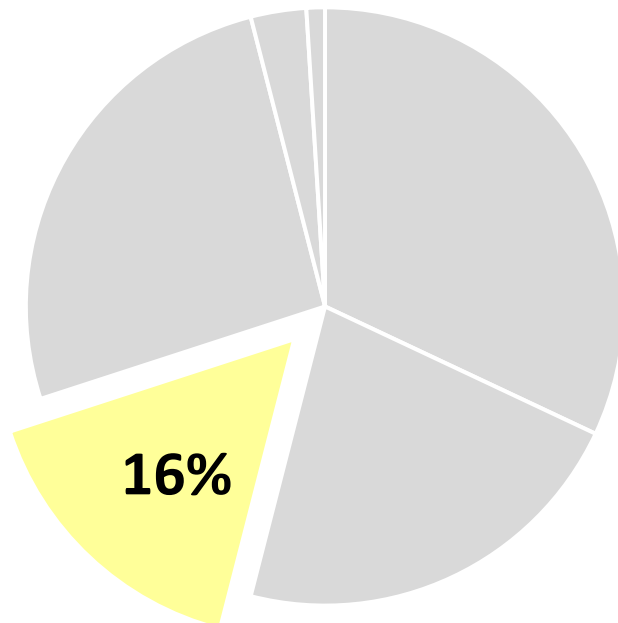
- Sales in 4Q decreased due to seasonality, but sales performance in FY23 was generally high along with China market recovery.

Sales by Application_Consumer/Mobile Equipment

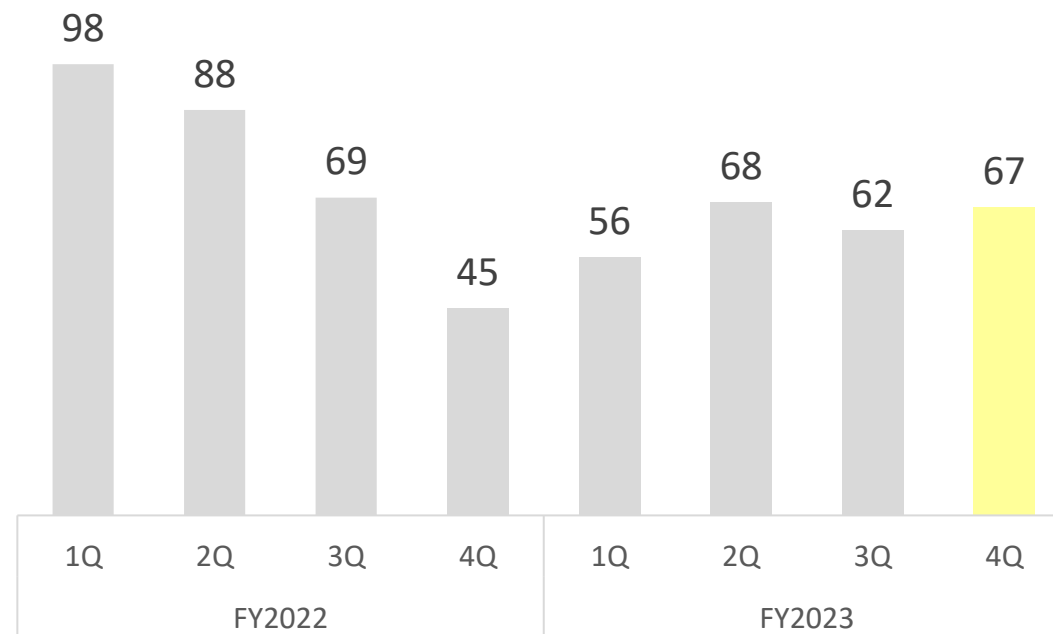
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	186	69	45	300	124	62	67	253	-16%

● **FY2023 Composition ratio**



● **Changes in quarterly sales**



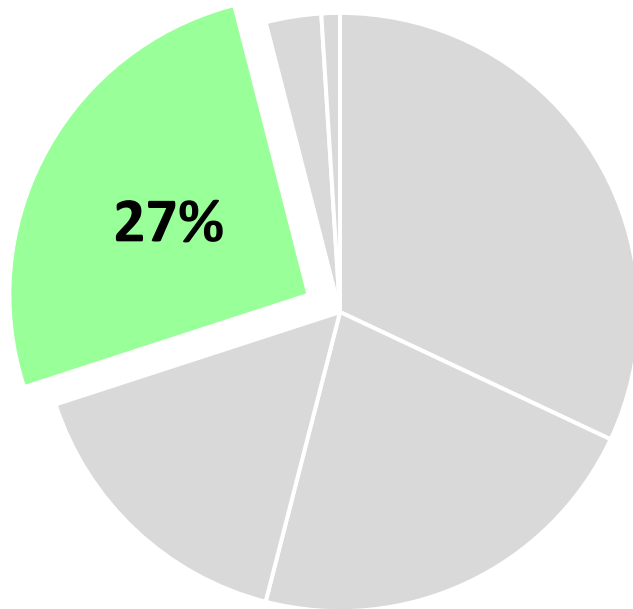
■ Recovery pushed up the sales in 4Q, despite the segment with seasonality having usual recess in this period.

Sales by Application_Automotive/Mobility-related

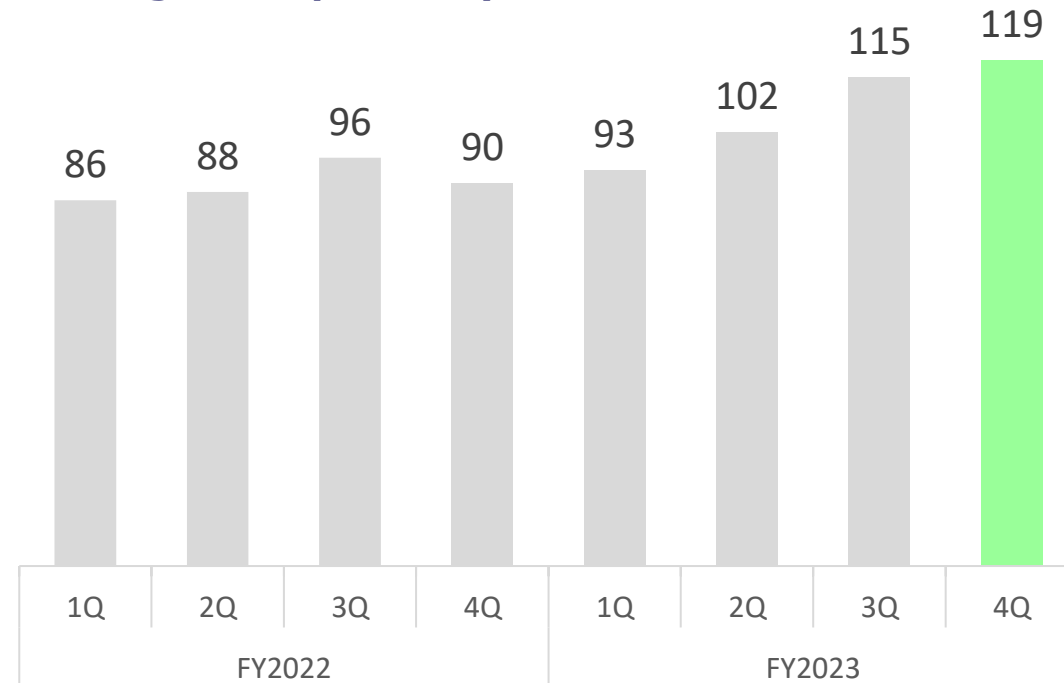
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	174	96	90	360	195	115	119	429	+19%

- **FY2023 Composition ratio**



- **Changes in quarterly sales**



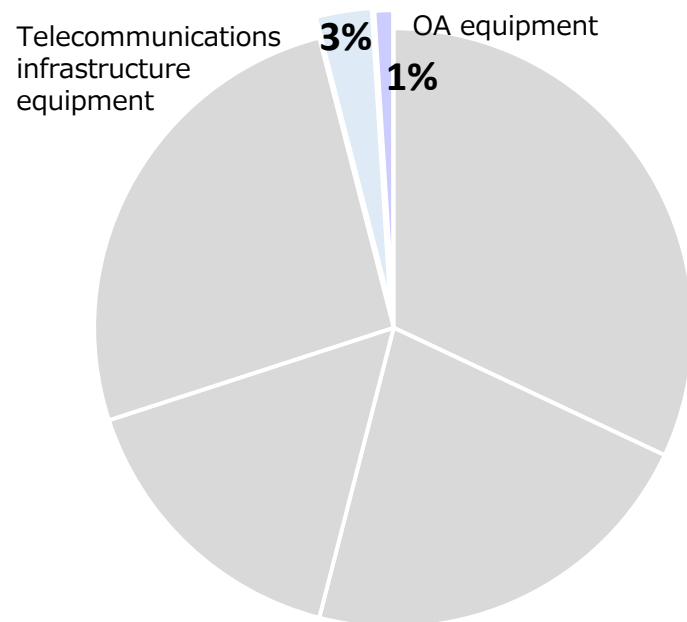
■ Sales increased continuously along with the customer expansion and product variations.

Sales by Application_Telecommunications Infrastructure Equipment / OA Equipment

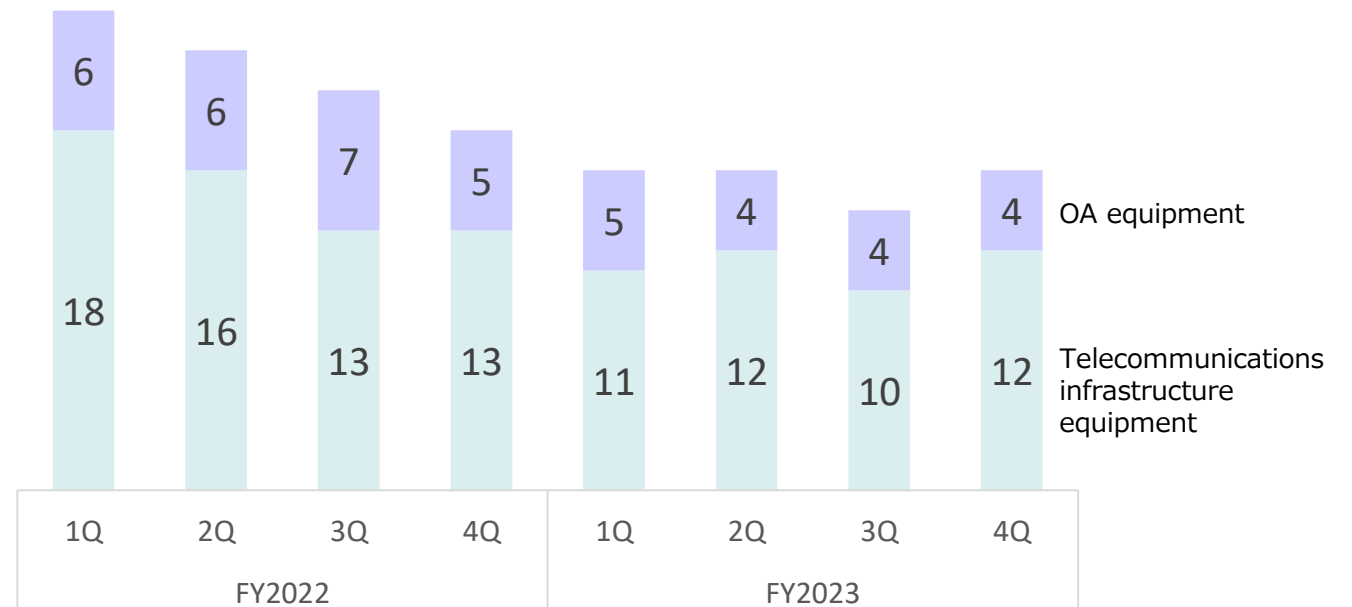
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Telecommunications infrastructure equipment	34	13	13	60	23	10	12	45	-25%
OA equipment	12	7	5	24	9	4	4	17	-29%

● FY2023 Composition ratio



● Changes in quarterly sales

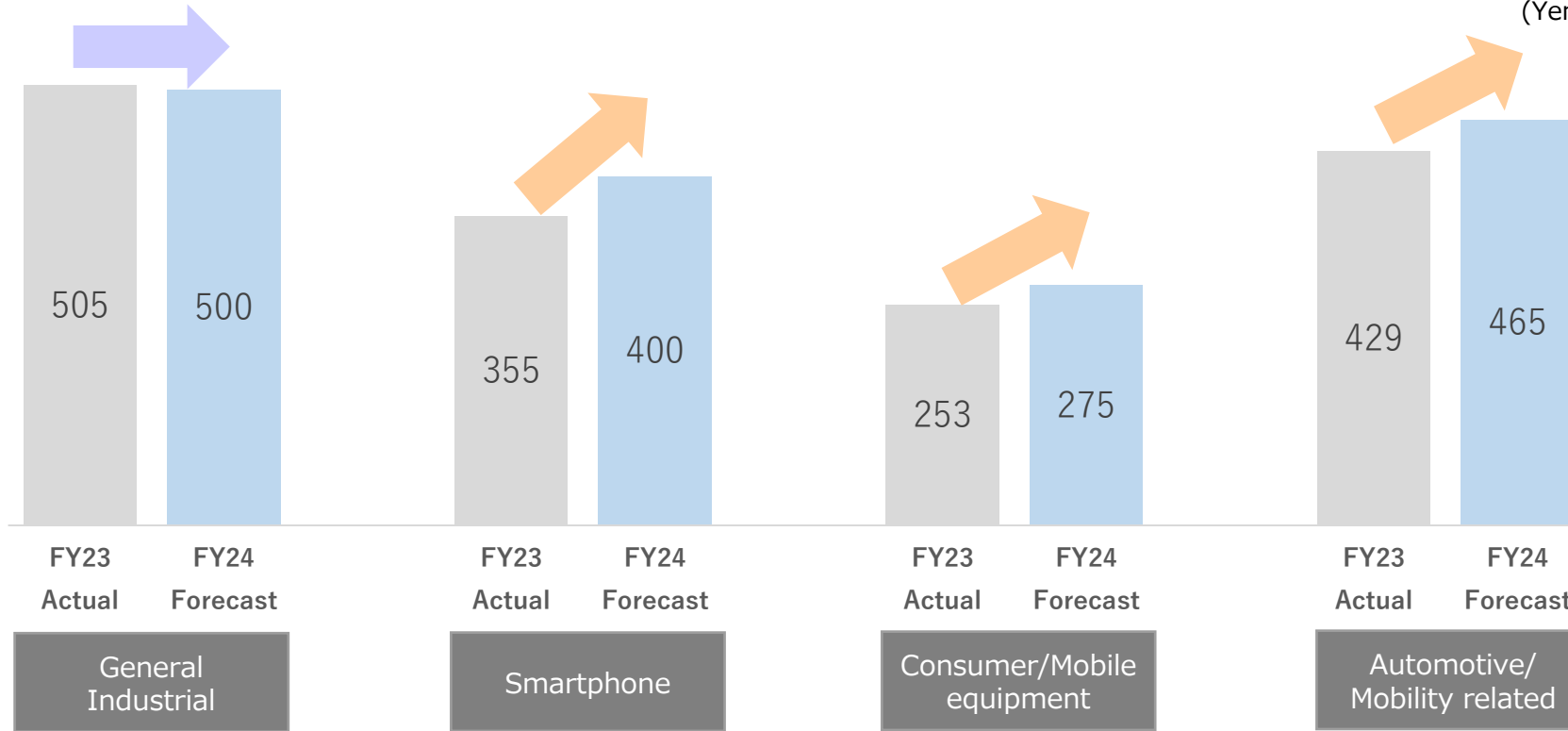


Business Forecast for the Year Ending March 31, 2025 (Consolidated)

	FY2023 Actual (FY ended March 31, 2024)		FY2024 Forecast (FY ending March 31, 2025)		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	829.1	1,655.1	830.0	1,760.0	+0.9	+0.1%	+104.9	+6.3%
COGS Ratio	55.6%	56.2%	56.3%	56.1%				
Operating Profit	171.9	340.2	160.0	360.0	-11.9	-6.9%	+19.8	+5.8%
(%)	20.7%	20.6%	19.3%	20.5%				
Profit before tax	196.8	387.6	170.0	390.0	-26.8	-13.6%	+2.4	+0.6%
(%)	23.7%	23.4%	20.5%	22.2%				
Net Profit	126.0	264.8	120.0	280.0	-6.0	-4.7%	+15.2	+5.7%
(%)	15.2%	16.0%	14.5%	15.9%				
Earnings per share	—	772.38 yen	—	827.65 yen	[Exchange rate]	FY2023 Actual	FY2024 Forecast	
Dividend per share	220円	440 yen	245 yen	490 yen	1US\$	144.62 yen	143.00 yen	
Consolidated Dividend Payout Ratio	—	57.0%	—	59.2%	1 €	156.80 yen	155.00 yen	
					100 won	10.97 yen	10.80 yen	

Annual Sales Forecast by Segment (round of number)

(Yen in hundred millions)



FY2024 Annual growth rate forecast	
	<u>YoY</u>
● General Industrial	-1%
● Smartphone	+13%
● Consumer/Mobile equipment	+9%
● Automotive/Mobility-related	+8%

Changes in Board Members (On and After Jun. 21, 2024)

Directors (excluding directors who are audit and supervisory committee members)

President		Kazunori Ishii (Reappointed)
Senior Managing Director	Group President, Administration Group	Shin Kamagata (Promoted)
Director	Group President, Sales & Marketing Group	Hiroshi Satoh (Reappointed)
Director	Group President, Engineering Group	Shu Obara (Reappointed)
Director	Group President, Production Group	Yoshihiro Gunji (Newly appointed)
Director	President, Hirose Korea Co., Ltd.	Sang-Yeob LEE (Reappointed)
Outside Director		Kensuke Hotta (Reappointed)
Outside Director		Tetsuji Motonaga (Reappointed)
Outside Director		Masanori Nishimatsu (Reappointed)
Outside Director		Seiji Sakata (Reappointed)

Directors who are audit and supervisory committee members

Director (Full-time audit and supervisory committee member)	Masatoshi Ueda
Outside Director (Audit and supervisory committee member)	Kentaro Miura
Outside Director (Audit and supervisory committee member)	Yukiko Araki
Outside Director (Audit and supervisory committee member)	Kenji Takashima

※ Director, Yukio Kiriya will leave from the board member

[Ratio of outside directors: 50%]

Appendix.

Sales by Industry Segments Round Number (Quarterly Basis)

(Yen in hundred millions)

	FY2022				FY2023				FY2023 Composition ratio
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
General Industrial	168	179	180	164	152	130	119	104	31%
Smartphone	75	89	95	81	72	97	99	87	22%
Consumer / Mobile equipment	98	88	69	45	56	68	62	67	16%
Automotive / Mobility-related	86	88	96	90	93	102	115	119	27%
Telecommunications Infrastructure equipment	18	16	13	13	11	12	10	12	3%
OA equipment	6	6	7	5	5	4	4	4	1%
Total of Connector Sales	451	467	460	398	389	413	408	392	100%
Others	15	14	15	13	16	12	14	11	
Total	466	481	475	411	405	425	423	403	

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