English translation

Financial Results for the First Quarter of the Year Ending March 31, 2025 [IFRS] (Consolidated)

August 1, 2024

Company name:	HIROSE ELECTRIC CO., LTD.
URL:	https://www.hirose.com/corporate/en/
Stock listing:	Tokyo Stock Exchange – Prime Market
Code:	6806
Representative:	Kazunori Ishii, President and Representative Director
Information on contact:	Keiji Hara, General Manager of Finance Department
	Department Tel: +81-45-620-7410
Scheduled date of dividend payable:	—
Supplemental materials:	Yes
Earnings presentation held:	Yes (For institutional investors and analysts)

(Amount Unit: Yen in Millions)
(Amounts are rounded to nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Year Ended March 31, 2025 (From April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (Cumulative) (Percentage represents year-on-year changes)

	Revenue		Operating profit		Profit before tax		Quarterly profit		Quarterly profit attributable to owners of parent		Total amount of quarterly comprehensive income	
		%		%		%		%		%		%
FY2024 1Q	44,871	10.9	10,261	13.3	11,842	11.2	8,404	39.6	8,404	39.6	15,200	(7.1)
FY2023 1Q	40,455	(13.1)	9,057	(30.2)	10,652	(26.6)	6,021	(40.1)	6,021	(40.1)	16,368	(11.0)

	Basic quarterly earnings per share	Diluted quarterly earnings per share
	Yen	Yen
FY2024.1Q	248.41	248.40
FY2023.1Q	174.89	174.87

(Yen in millions)

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
				%
FY2024.1Q	415,704	372,029	372,029	89.5
FY2023	403,450	364,173	364,173	90.3

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	220.00	—	220.00	440.00
FY2024	—				
FY2024 (Forecast)		245.00	—	245.00	490.00

(Note) Revision of previously announced dividend forecast: None.

3. Forecast of Consolidated Business Performance for the Year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Yen in millions)

(Percentage represents year-on-year changes in full year, quarter to quarter changes in quarter period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
2nd quarter end (cumulative total)	83,000	0.1	16,000	(6.9)	17,000	(13.6)	12,000	(4.7)	354.71
Fiscal year end	176,000	6.3	36,000	5.8	39,000	0.6	28,000	5.7	827.65

(Note) Revision of previously announced business forecast: None

*Notes

(1) Changes in Significant Subsidiaries during This Period
(Changes in specified subsidiaries resulting in the change in scope of consolidation) : None

(2) Changes in Accounting Policies and Changes in Accounting Estimates:
1. Changes in accounting policies required by IFRS : None
2. Changes in accounting policies due to other reasons : None
3. Changes in accounting estimates : None

(3) Number of Shares Issued (Ordinary Shares)
1. Number of shares issued at the end of the period (including treasury shares)
As of June 30, 2024: 35,693,969 As of March 31, 2024: 36,250,438

2. Number of treasury shares at the end of the period:
As of June 30, 2024: 1,860,220 As of March 31, 2024: 2,419,652

3. Weighted-average number of shares outstanding during the period(quarterly cumulative):
For the three months ended June 30, 2024: 33,831,643
For the three months ended June 30, 2023: 34,429,048

*This financial results report is not subject to audit by certified public accountants or audit firms.

*Explanation for appropriate use of forecast and other notes

(Cautionary statements with respect to forward-looking statements)

Forward-looking statements, such as forecast of business performance, stated in this document are based on information currently possessed by Hirose or certain assumption that Hirose has deemed as rational. We cannot make any assurances that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance could be significantly different from our expectations as a result of various factors. For the assumptions used and other notes, please refer to "1. Overview of Operating Results and Financial Condition (4) Future Outlook including consolidated business forecast" on page 6.

(Method of obtaining supplementary materials on the financial results)

We are planning to hold a financial results briefing for institutional investors and analysts on Friday, August 2, 2024 online. The presentation materials distributed in this briefing will be published on our website on the day.

(English translation)

This is the statement translated into English from the Japanese original of "Financial Results for Year Ended March 31, 2025." In the event of any discrepancy between this English translation and the Japanese original, the later shall prevail.

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1. Overview of Operating Results and Financial Condition

(1) Overview of Quarterly Operating Results

In the first quarter of the fiscal year ending March 31, 2025, the Japanese economy was on a recovery track due to the normalization of economic activities and strong inbound demand. However, the outlook remained uncertain due to soaring energy and raw material prices resulting from the further depreciation of the yen, the slowdown of the Chinese economy, and the impact of intensifying conflicts overseas.

In overseas market, consumer spending remained strong in the West, but the economic outlook remained unpredictable due to continued monetary tightening caused by inflation. .

Under this situation, Hirose group has been expanding global business mainly for smartphone market, automotive market, and industrial market. And we have been promoting reinforcement of development, sales, and production system for new products with highly added value to respond advanced market needs quickly. The Tohoku Advanced Technology Center (Morioka City, Iwate Prefecture) was completed in March and the new Koriyama factory (Koriyama City, Fukushima Prefecture) was completed and started operation in June.

Although business for the industrial market remained sluggish, business for the consumer markets remained firm. As a result, the revenue in the first quarter increased by 10.9% to JPY 44,871 million compared to the same period of the previous fiscal year. Operating profit increased by 13.3% to JPY 10,261 million, and quarterly profit attributable to owners of parent increased by 39.6% to JPY 8,404 million as compared with the first quarter of fiscal 2023.

The business results by reportable segments are as stated below.

[Multi-pin connectors]

Our flagship multi-pin connectors include a variety of connector types such as circular connectors, rectangular connectors, connectors for ribbon cables, connectors for printed circuit boards, connectors used for FPCs (flexible printed circuits boards) and nylon connectors. This type of connectors are used widely, such as for smartphones, communication equipment, automotive electronics, measuring and control equipment, FA equipment, and medical electronics equipment, as well as other industrial equipment. We expect that demands for these connectors will grow associated with progress of advanced information and telecommunications network society, and energy saving society considering environment in the future. Segment sales for the first quarter of the fiscal 2024 increased by 12.0% to JPY 40,385 million, operating profit increased by 18.0% to JPY 9,491 million compared with the first quarter of the fiscal 2023.

[Coaxial connectors]

Coaxial connectors are a special type of high-performance connector used primarily for microwave and other high-frequency signals. This is used mainly for antenna connection of Wi-Fi and Bluetooth for smartphone and PC, GPS antenna connection for automobile and high-frequency signal connection for wireless communication device and electronic measuring instruments. Optical fiber connectors and coaxial switches are also included in this segment. Segment sales for the first quarter of the fiscal 2024 increased by 9.2% to JPY 3,054 million. Operating profit decreased by 12.3% to JPY 636 million.

[Other products]

This segment includes micro switches and instruments for connectors. Segment sales for the first quarter of the fiscal 2024 decreased by 10.1% to JPY 1,432 million, operating profit decreased by 53.3% to JPY 134 million.

(2) Overview of Quarterly Financial Condition

Total assets of the first quarter of the fiscal 2024 increased by JPY 12,254 million to JPY 415,704 million compared to the end of the previous consolidated fiscal year mainly because fixed assets and other financial assets increased. Total liabilities increased by JPY 4,398 million to JPY 43,675 million because of the increase in corporate tax payable and trade and other payables. The quarterly profit was recorded and other components of equity including translation adjustment increased. As a result, total equity increased by JPY 7,856 million to JPY 372,029 million. The ratio of total equity attributable to owners of parent resulted 89.5%, decreased by 0.8 points compared with the previous consolidated fiscal year end.

(3) Overview of Quarterly Cash Flows

Cash and cash equivalents (funds) on a consolidated basis for the first quarter of the fiscal 2024 decreased by JPY 8,235 million to JPY 82,106 million compared to the end of the previous consolidated fiscal year

a. Cash flows from operating activities

Cash flows from operating activities for the first quarter of the fiscal 2024 increased by JPY 16,614 million. (In the same period of the previous year, it increased by JPY 10,540 million.) This was mainly due to an increase in funds resulting from quarterly income before income taxes of JPY 11,842 million and depreciation and amortization of JPY4,467 million.

b. Cash flows from investing activities

Cash flows from investing activities for the first quarter of the fiscal 2024 decreased by JPY 18,865 million. (In the same period of the previous year, it decreased by JPY 7,155 million.) This was mainly due to a decrease in funds resulting from expenditures of JPY 8,642 million for the purchase of property, plant and equipment and JPY 5,713 million for the purchase of investments.

c. Cash flows from financing activities

Cash flows from financing activities for the first quarter of the fiscal 2024 decreased by JPY 7,684 million. (In the same period of the previous year, it decreased by JPY 9,837 million.) This is because of decrease in capital by dividends paid, JPY 7,443 million.

(4) Future Outlook including consolidated business forecast

There is no revision of business forecasts for the first half and full year which was announced on May 7, 2024.
There is also no changes in the dividends forecast.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	90,341	82,106
Trade and other receivables	39,418	42,770
Inventories	24,359	25,235
Other financial assets	73,066	78,652
Other current assets	7,276	5,489
Total current assets	234,460	234,252
Non-current assets		
Property, plant and equipment	80,949	86,934
Right-of-use assets	5,633	5,819
Intangible assets	5,141	5,503
Other financial assets	69,133	74,845
Deferred tax assets	2,409	2,465
Retirement benefit asset	4,499	4,460
Other non-current assets	1,226	1,426
Total non-current assets	168,990	181,452
Total assets	403,450	415,704

(Yen in millions)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trade and other payables	11,729	14,083
Lease liabilities	1,107	1,176
Other financial liabilities	25	241
Income taxes payable	2,497	4,124
Other current liabilities	5,840	5,582
Total current liabilities	21,198	25,206
Non-current liabilities		
Lease liabilities	4,819	4,950
Other financial liabilities	105	-
Retirement benefit liability	310	317
Deferred tax liabilities	12,113	12,414
Other non-current liabilities	732	788
Total non-current liabilities	18,079	18,469
Total liabilities	39,277	43,675
Equity		
Share capital	9,404	9,404
Capital surplus	11,183	11,109
Retained earnings	340,806	333,623
Treasury shares	(35,807)	(27,490)
Other components of equity	38,587	45,383
Total equity attributable to owners of parent	364,173	372,029
Total equity	364,173	372,029
Total liabilities and equity	403,450	415,704

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Yen in millions)

	For the first quarter of the year ended March 31, 2024 (From Apr 1, 2023 to Jun 30, 2023)	For the first quarter of the year ended March 31, 2025 (From Apr 1, 2024 to Jun 30, 2024)
Revenue	40,455	44,871
Cost of sales	21,790	24,674
Gross profit	18,665	20,197
Selling, general and administrative expenses	9,456	10,007
Other income	98	102
Other expenses	250	31
Operating profit	9,057	10,261
Financial income	1,631	1,604
Finance costs	36	23
Profit before tax	10,652	11,842
Income tax expense	4,631	3,438
Net profit	6,021	8,404
Profit attributable to:		
Owners of parent	6,021	8,404
Earnings per share:		
Basic (yen)	174.89	248.41
Diluted (yen)	174.87	248.40

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Yen in millions)

	For the first quarter of the year ended March 31, 2024 (From Apr 1, 2023 to Jun 30, 2023)	For the first quarter of the year ended March 31, 2025 (From Apr 1, 2024 to Jun 30, 2024)
Quarterly profit	6,021	8,404
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	1,085	(610)
Total items that will not be reclassified to profit or loss	1,085	(610)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9,240	7,441
Financial assets measured at fair value through other comprehensive income	22	(35)
Total items that may be reclassified to profit or loss	9,262	7,406
Total other comprehensive income after tax	10,347	6,796
Total quarterly comprehensive income	16,368	15,200
Total amount of quarterly comprehensive income attributable to:		
Owners of parent	16,368	15,200

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Yen in millions)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance as of April 1, 2023	9,404	11,191	345,201	(39,840)	23,897	349,853	349,853
Quarterly profit			6,021			6,021	6,021
Other comprehensive income					10,347	10,347	10,347
Total of quarterly comprehensive income	—	—	6,021	—	10,347	16,368	16,368
Dividend of surplus			(9,640)			(9,640)	(9,640)
Purchase of treasury shares		(0)		(3)		(3)	(3)
Disposal of treasury shares		(6)		70		64	64
Cancellation of treasury shares		(13,905)		13,905		—	—
Share-based payment transactions		13				13	13
Transfer to retained earnings		13,896	(13,896)			—	—
Total transactions with owners	—	(2)	(23,536)	13,972	—	(9,566)	(9,566)
Balance as of June 30, 2023	9,404	11,189	327,686	(25,868)	34,244	356,655	356,655

(Yen in millions)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance as of April 1, 2024	9,404	11,183	340,806	(35,807)	38,587	364,173	364,173
Quarterly profit			8,404			8,404	8,404
Other comprehensive income					6,796	6,796	6,796
Total of quarterly comprehensive income	—	—	8,404	—	6,796	15,200	15,200
Dividend of surplus			(7,443)			(7,443)	(7,443)
Purchase of treasury shares				(4)		(4)	(4)
Disposal of treasury shares		(8)		47		39	39
Cancellation of treasury shares		(8,274)		8,274		—	—
Share-based payment transactions		64				64	64
Transfer to retained earnings		8,144	(8,144)			—	—
Total transactions with owners	—	(74)	(15,587)	8,317	—	(7,344)	(7,344)
Balance as of June 30, 2024	9,404	11,109	333,623	(27,490)	45,383	372,029	372,029

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	For the first quarter of the year ended March 31, 2024 (From Apr 1, 2023 to Jun 30, 2023)	For the first quarter of the year ended March 31, 2025 (From Apr 1, 2024 to Jun 30, 2024)
Cash flows from operating activities:		
Profit before tax	10,652	11,842
Depreciation and amortization	4,098	4,467
Financial income	(1,631)	(1,604)
Financial costs	36	23
(Increase) decrease in trade and other receivables	1,642	(1,991)
(Increase) decrease in inventories	(120)	(98)
Increase (decrease) in trade and other payables	(2,476)	2,375
Others	4,270	1,958
Subtotal	16,471	16,972
Interest received	234	530
Dividends received	193	192
Income taxes paid	(6,358)	(1,080)
Cash flows from operating activities	10,540	16,614
Cash flows from investing activities		
Net (increase) decrease in time deposits	2,430	(5,685)
Proceeds from sale and redemption of investments	2,679	1,700
Purchase of investments	(1,435)	(5,713)
Purchase of property, plant and equipment	(10,568)	(8,642)
Others	(261)	(525)
Cash flows from investing activities	(7,155)	(18,865)
Cash flows from financing activities		
Purchase of treasury shares	(3)	(4)
Dividends paid	(9,640)	(7,443)
Repayments of lease liabilities	(257)	(276)
Others	63	39
Cash flows from financing activities	(9,837)	(7,684)
Effect of exchange rate changes on cash and cash equivalents	1,917	1,700
Increase (decrease) in cash and cash equivalents	(4,535)	(8,235)
Cash and cash equivalents at the beginning of the year	88,029	90,341
Cash and cash equivalents at the end of the year	83,494	82,106

(5) Notes on Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Segment information)

1. Business segment

(1) Overview of reportable segments

In the reportable segments of Hirose group, it is possible to acquire isolated financial information among constituent unit of our group. It is also an object being examined on a regular basis to evaluate our decision of resource allocation and business results by the board of directors.

Our business is manufacturing and selling mainly connectors and other products, and we formulate a domestic and global comprehensive strategy for our products and service.

Therefore, Hirose group consists of segments by products based on the shape of connectors. Our reportable segments are "Multi-pin connectors" and "Coaxial connectors".

"Multi-pin connectors" include circular and rectangular connectors implemented to the outside of devices. They also include connectors implemented internal of the devices, such as connectors for ribbon cables, connectors for printed circuit boards, connectors used for FPCs (flexible printed circuit boards) and nylon connectors.

"Coaxial connectors" are a special type of high-performance connectors connecting high-frequency signals such as microwave, and this segment includes optical fiber connectors.

(2) Information of reportable segments

The accounting method for reported business segments is generally the same as that applied in the consolidated financial statements for the previous fiscal year. Profits of reportable segments are based on operating income.

For the first quarter of the fiscal year ended March 31, 2024 (from April 1, 2023 to June 30, 2023)

(Yen in millions)

	Reportable segments			Others *	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	36,067	2,796	38,863	1,592	40,455
Total revenue	36,067	2,796	38,863	1,592	40,455
Operating profit	8,044	725	8,769	288	9,057
Financial income	—	—	—	—	1,631
Financial costs	—	—	—	—	36
Quarterly profit before tax	—	—	—	—	10,652

*"Others" category is not included into reportable segments. "Others" includes micro switches and instruments for connectors.

2. Geographic information

	Japan	China	Korea	Others	Total
Revenue	10,106	12,248	6,620	11,481	40,455
Percentage of consolidated revenue (%)	25.0	30.3	16.4	28.3	100.0

For the first quarter of the fiscal year ending March 31, 2025 (from April 1, 2024 to June 30, 2024)

(Yen in millions)

	Reportable segments			Others *	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	40,385	3,054	43,439	1,432	44,871
Total revenue	40,385	3,054	43,439	1,432	44,871
Operating profit	9,491	636	10,127	134	10,261
Financial income	—	—	—	—	1,604
Financial costs	—	—	—	—	23
Quarterly profit before tax	—	—	—	—	11,842

*"Others" category is not included into reportable segments. "Others" includes micro switches and instruments for connectors.

2. Geographic information

	Japan	China	Korea	Others	Total
Revenue	7,246	17,095	8,586	11,944	44,871
Percentage of consolidated revenue (%)	16.1	38.1	19.1	26.7	100.0