English translation

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (IFRS)

February 3, 2025

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 Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentage represents year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total amount of comprehensive income	
Nine months ended		%		%		%		%		%		%
December 31, 2024	144,422	15.4	34,215	25.6	37,468	22.3	27,583	33.2	27,583	33.2	27,209	(11.3)
December 31, 2023	125,162	(12.0)	27,231	(31.4)	30,634	(25.3)	20,714	(29.1)	20,714	(29.1)	30,689	(13.2)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	815.25	815.25
December 31, 2023	602.04	601.99

(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
As of				%
December 31, 2024	422,293	375,891	375,891	89.0
March 31, 2024	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
Year ended March 31, 2024	—	220.00	—	220.00	440.00
Year ending March 31, 2025	—	245.00			
Year ending March 31, 2025 (Forecast)			—	245.00	490.00

(Note) Revision of previously announced dividend forecast: None

3. Consolidated Financial Forecasts for the Year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Yen in millions)
(Percentage represents year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
Year ending		%		%		%		%	Yen
March 31, 2025	190,000	14.8	42,000	23.5	45,000	16.1	32,000	20.8	945.79

(Note) Revision of previously announced business forecast: Yes

*Notes

(1) Significant changes in the scope of consolidation during the period : 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 December 31, 2024: 35,693,969 As of March 31, 2024: 36,250,438

2. Number of treasuries at the end of the period:
As of December 31, 2024: 1,858,459 As of March 31, 2024: 2,419,652

3. Weighted-average number of shares outstanding during the period (quarterly cumulative):
Nine months ended December 31, 2024: 33,833,750
Nine months ended December 31, 2023: 34,405,938

*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 forecasts of business performance, stated in this document are based on information currently possessed by Hirose or certain assumption that Hirose has deemed 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 because of various factors. For the assumptions used and other notes, please refer to “1. Overview of Operating Results and Financial Condition (4) Future Outlook” 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 Tuesday, February 4, 2025, 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 Ending 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 Operating Results

During the nine months ended December 31, 2024, the Japanese economy remains on a recovery track due to strong inbound demand and progress in price shifting. On the other hand, in the manufacturing sector, external demand continues to be on a recovery trend, but some inventory adjustments and other factors have resulted in a back-and-forth business climate.

In overseas market, in the U.S., the income environment was firm and personal consumption was solid, but manufacturing business conditions deteriorated due to sluggish capital investment, and in Europe, the weak German economy, a mainstay of the region, weighed on recovery. In China, domestic demand, including the real estate market, remained sluggish, and the economic outlook became even more unpredictable.

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. Indeed, the Tohoku Advanced Technology Center (Morioka City, Iwate Prefecture), the New Koriyama Factory (Koriyama City, Fukushima Prefecture) and Hirose Korea's Precision Center were completed and started operation in March, June and December respectively.

Although business for the industrial equipment market has not fully recovered, business for the smartphone market, consumer equipment market, and automotive equipment market remained strong. As a result, the revenue in the nine months of fiscal 2024 increased by 15.4% to JPY 144,422 million compared to the same period of the previous fiscal year. Operating profit increased by 25.6% to JPY 34,215million and profit attributable to owners of parent increased by 33.2% to JPY 27,583 million as compared with the nine months 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. These types 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 demand for these connectors will grow associated with the progress of advanced information and telecommunications network society, and energy saving society considering environment in the future. Segment sales for the nine months of fiscal 2024 increased by 16.7% to JPY 130,611million, operating profit increased by 32.3% to JPY 31,741 million compared with the nine months of fiscal 2023.

[Coaxial connectors]

Coaxial connectors are a special type of high-performance connectors 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 automobiles 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 nine months of fiscal 2024 increased by 10.8% to JPY 9,988 million. Operating profit decreased by 9.3% to JPY 2,350 million.

[Other products]

This segment includes micro switches and instruments for connectors. Segment sales for the nine months of fiscal 2024 decreased by 9.9% to JPY 3,823 million, operating profit decreased by 80.9% to JPY 124 million.

(2) Overview of Financial Condition

Total assets for the nine months of fiscal 2024 increased by JPY 18,843 million to JPY 422,293 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 7,125 million to JPY 46,402 million because of the increase in corporate tax payable and other current liabilities. Total shareholders' equity increased by JPY 11,718million to JPY 375,891 million, mainly due to the recognition of quarterly income. As a result, the ratio of total equity attributable to owners of parent resulted in 89.0%, decreased by 1.3 points compared with the previous consolidated fiscal year end.

(3) Overview of Cash Flows

Cash and cash equivalents (funds) on a consolidated basis for the nine months of fiscal 2024 decreased by JPY 9,431 million to JPY 80,910 million compared to the end of the previous consolidated fiscal year

a. Cash flows from operating activities

Cash flows from operating activities for the nine months of fiscal 2024 increased by JPY 41,100 million. (In the same period of the previous year, it increased by JPY 28,518 million.) This was mainly due to an increase in funds resulting from quarterly income before income taxes of JPY 37,468 million and depreciation and amortization of JPY13,502 million.

b. Cash flows from investing activities

Cash flows from investing activities for the nine months of fiscal 2024 decreased by JPY 34,699 million. (In the same period of the previous year, it decreased by JPY 18,445 million.) This was mainly due to a decrease in funds resulting from expenditure of JPY 21,315 million for the purchase of property, plant and equipment.

c. Cash flows from financing activities

Cash flows from financing activities for the nine months of fiscal 2024 decreased by JPY 16,515 million. (In the same period of the previous year, it decreased by JPY 24,475 million.) This is because of the decrease in capital by dividends paid, JPY 15,732 million.

(4) Future Outlook

We have revised the consolidated earnings forecast for the full year announced on November 1, 2024, because of the foreign exchange trend and the expectation that the business for the smartphone market and consumer products will exceed the previous forecast.

Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 2025

(Yen in millions)

	Revenue	Operating Profit	Profit before tax	Profit attributable to owners of the parent	Basic earnings per share
Previous Forecast (A) (November 1, 2024)	182,000	38,000	41,000	30,000	886.68 yen
Revised Forecast (B)	**190,000**	**42,000**	**45,000**	**32,000**	**945.79 yen**
Change (B-A)	8,000	4,000	4,000	2,000	-
Rate of change (%)	4.4	10.5	9.8	6.7	-
(Ref.) Results for the fiscal year ended Mar, 2024	165,509	34,017	38,761	26,480	772.38 yen

Exchange rates for the full year are assumed to be 1US$ = JPY 153.00, 1€ = JPY163.00, and 1 South Korean won = JPY0.1100, respectively.

There are 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 December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	90,341	80,910
Trade and other receivables	39,418	46,739
Inventories	24,359	24,606
Other financial assets	73,066	84,176
Other current assets	7,276	8,490
Total current assets	234,460	244,921
Non-current assets		
Property, plant and equipment	80,949	88,291
Right-of-use assets	5,633	5,505
Intangible assets	5,141	6,488
Other financial assets	69,133	69,541
Deferred tax assets	2,409	2,354
Retirement benefit asset	4,499	4,182
Other non-current assets	1,226	1,011
Total non-current assets	168,990	177,372
Total assets	403,450	422,293

(Yen in millions)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Trade and other payables	11,729	13,053
Lease liabilities	1,107	1,184
Other financial liabilities	25	290
Income taxes payable	2,497	5,418
Other current liabilities	5,840	7,320
Total current liabilities	21,198	27,265
Non-current liabilities		
Lease liabilities	4,819	4,614
Other financial liabilities	105	52
Retirement benefit liability	310	300
Deferred tax liabilities	12,113	13,197
Other non-current liabilities	732	974
Total non-current liabilities	18,079	19,137
Total liabilities	39,277	46,402
Equity		
Share capital	9,404	9,404
Capital surplus	11,183	11,201
Retained earnings	340,806	344,537
Treasury shares	(35,807)	(27,464)
Other components of equity	38,587	38,213
Total equity attributable to owners of parent	364,173	375,891
Total equity	364,173	375,891
Total liabilities and equity	403,450	422,293

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

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Yen in millions)

	Nine months ended December 31, 2023 (From Apr 1, 2023 to Dec 31, 2023)	Nine months ended December 31, 2024 (From Apr 1, 2024 to Dec 31, 2024)
Revenue	125,162	144,422
Cost of sales	69,624	78,516
Gross profit	55,538	65,906
Selling, general and administrative expenses	27,627	31,638
Other income	289	391
Other expenses	969	444
Operating profit	27,231	34,215
Financial income	3,472	3,432
Finance costs	69	179
Profit before tax	30,634	37,468
Income tax expense	9,920	9,885
Net profit	20,714	27,583
Profit attributable to:		
Owners of parent	20,714	27,583
Earnings per share:		
Basic (yen)	602.04	815.25
Diluted (yen)	601.99	815.25

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Yen in millions)

	Nine months ended December 31, 2023 (From Apr 1, 2023 to Dec 31, 2023)	Nine months ended December 31, 2024 (From Apr 1, 2024 to Dec 31, 2024)
Profit for the period	20,714	27,583
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	1,164	784
Total items that will not be reclassified to profit or loss	1,164	784
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,791	(1,081)
Financial assets measured at fair value through other comprehensive income	20	(77)
Total items that may be reclassified to profit or loss	8,811	(1,158)
Total other comprehensive income after tax	9,975	(374)
Total comprehensive income for the period	30,689	27,209
Total amount of comprehensive income attributable to:		
Owners of parent	30,689	27,209

(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
Profit for the period			20,714			20,714	20,714
Other comprehensive income					9,975	9,975	9,975
Total comprehensive income for the period	—	—	20,714	—	9,975	30,689	30,689
Dividend of surplus			(17,215)			(17,215)	(17,215)
Purchase of treasury shares		(0)		(6,556)		(6,557)	(6,557)
Disposal of treasury shares		(9)		97		89	89
Cancellation of treasury shares		(13,905)		13,905		—	—
Share-based payment transactions		14		20		34	34
Transfer to retained earnings		13,888	(13,888)			—	—
Total transactions with owners	—	(12)	(31,103)	7,466	—	(23,649)	(23,649)
Balance as of December 31, 2023	9,404	11,179	334,812	(32,374)	33,872	356,893	356,893

(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
Profit for the period			27,583			27,583	27,583
Other comprehensive income					(374)	(374)	(374)
Total comprehensive income for the period	—	—	27,583	—	(374)	27,209	27,209
Dividend of surplus			(15,732)			(15,732)	(15,732)
Purchase of treasury shares				(8)		(8)	(8)
Disposal of treasury shares		(11)		63		52	52
Cancellation of treasury shares		(8,274)		8,274		—	—
Share-based payment transactions		183		15		198	198
Transfer to retained earnings		8,120	(8,120)			—	—
Total transactions with owners	—	18	(23,852)	8,344	—	(15,490)	(15,490)
Balance as of December 31, 2024	9,404	11,201	344,537	(27,464)	38,213	375,891	375,891

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

	Nine months ended December 31, 2023 (From Apr 1, 2023 to Dec 31, 2023)	Nine months ended December 31, 2024 (From Apr 1, 2024 to Dec 31, 2024)
Cash flows from operating activities:		
Profit before tax	30,634	37,468
Depreciation and amortization	12,558	13,502
Financial income	(3,472)	(3,432)
Financial costs	69	179
Decrease (increase) in trade and other receivables	4.077	(6,773)
Decrease (increase) in inventories	3,701	(57)
Increase (decrease) in trade and other payables	(9,478)	1,448
Others	2,296	1,939
Subtotal	40,385	44,274
Interest received	1,414	2,144
Dividends received	402	395
Income taxes paid	(13,683)	(5,713)
Cash flows from operating activities	28,518	41,100
Cash flows from investing activities		
Net increase (decrease) in time deposits	7,755	2,071
Proceeds from sale and redemption of investments	8,202	4,879
Purchase of investments	(7,490)	(18,639)
Purchase of property, plant and equipment	(25,841)	(21,315)
Others	(1,071)	(1,695)
Cash flows from investing activities	(18,445)	(34,699)
Cash flows from financing activities		
Purchase of treasury shares	(6,556)	(8)
Dividends paid	(17,215)	(15,732)
Repayments of lease liabilities	(793)	(828)
Others	89	53
Cash flows from financing activities	(24,475)	(16,515)
Effect of exchange rate changes on cash and cash equivalents	1,717	683
Decrease (increase) in cash and cash equivalents	(12,685)	(9,431)
Cash and cash equivalents at the beginning of the year	88,029	90,341
Cash and cash equivalents at the end of the year	75,344	80,910

(5) Notes on Condensed Quarterly Consolidated Financial Statements

(Note regarding the 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 units of our group. It is also an object being examined on a regular basis to evaluate our decision regarding 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 on 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.

Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Yen in millions)

	Reportable segments			Others *	Consolidated
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	111,900	9,017	120,917	4,245	125,162
Total revenue	111,900	9,017	120,917	4,245	125,162
Operating profit	23,995	2,590	26,585	646	27,231
Financial income	—	—	—	—	3,472
Financial costs	—	—	—	—	69
Profit before tax	—	—	—	—	30,634

* “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	26,679	41,831	21,431	35,221	125,162
Percentage of consolidated revenue (%)	21.3	33.4	17.1	28.2	100.0

Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(Yen in millions)

	Reportable segments			Others *	Consolidated
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	130,611	9,988	140,599	3,823	144,422
Total revenue	130,611	9,988	140,599	3,823	144,422
Operating profit	31,741	2,350	34,091	124	34,215
Financial income	—	—	—	—	3,432
Financial costs	—	—	—	—	179
Profit before tax	—	—	—	—	37,468

* “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	22,230	58,758	25,078	38,356	144,422
Percentage of consolidated revenue (%)	15.4	40.7	17.4	26.5	100.0