Hirose Electric Business Results Briefing for FY2022

“2023” Medium and Long-term Growth Strategy

May 9, 2023

Hirose Electric Co., Ltd.
President
Kazunori Ishii

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.

Changes in Macro Environment

■ New Life Style

- Acceleration of DX, GX, SX
- IoT everywhere
- Diversification of Communication styles

■ New Values

- Increase in demand of “Quality”
- Conscious action to social issues and risks
- Speedy reactions

■ Assumed Risks

- Continuous cost increase in raw material and energy
- Labor shortage and wage increase
- Unexpected stagnant of distribution stock
- Risk in exchange fluctuations
- Risk in geopolitics
- Economic crisis by global inflation

HRS: Continuously and speedily create valuable products by connecting internal/outside wisdom

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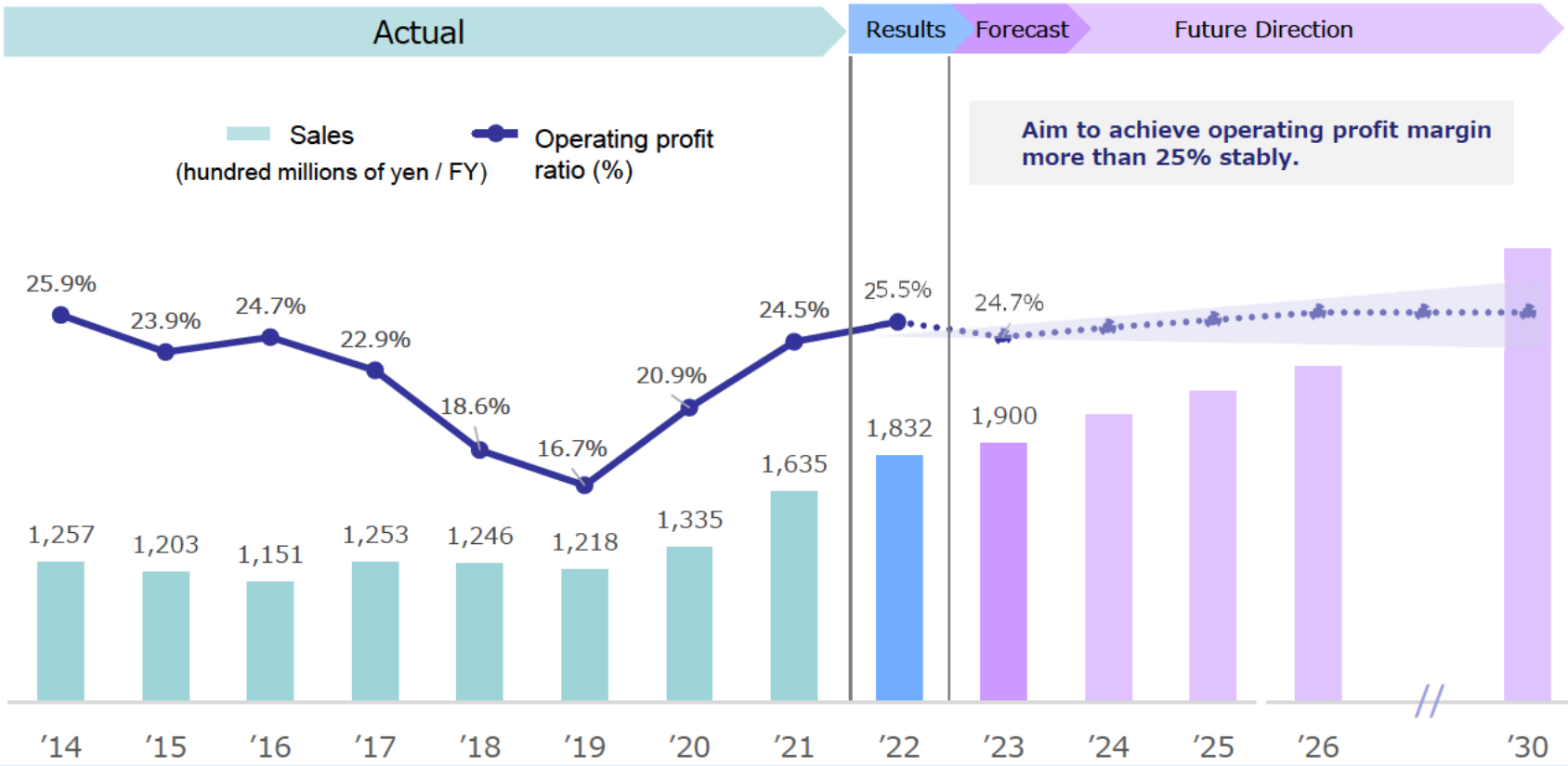
HRS: Growth Image

By maintaining high profitability business and make continuous growth in medium and long-term



FY2020~FY2022 : [Strengthen the foundation]
2023~ [Crucial period to full growth]

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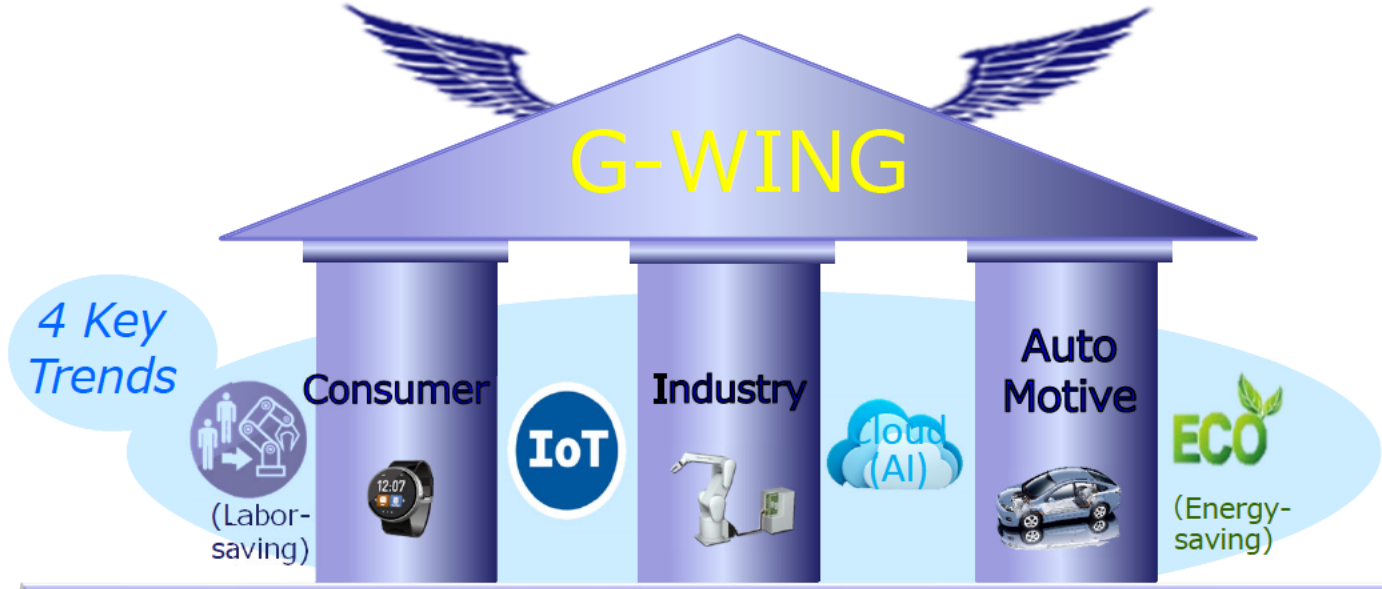
Med-term: Whole & Segment Strategy Images



EMC test room in Headquarters

Ichinoseki testing center

▼【 **Product Appeal** 】 HRS/4 Key Tech

① "High speed" ② "High-frequency" ③ "High-power" ④ "Smaller"

▼【**Manufacturing Expertise**】

① TAT Center

(Production Tech.)

② New Koriyama Factory

(Auto & Industrial)

③ Hirose Korea Expansion

(Consumer & Auto)

HRS: Supports "Connection Technology" crossing each segment with [Product Appeal + Manufacturing Expertise].

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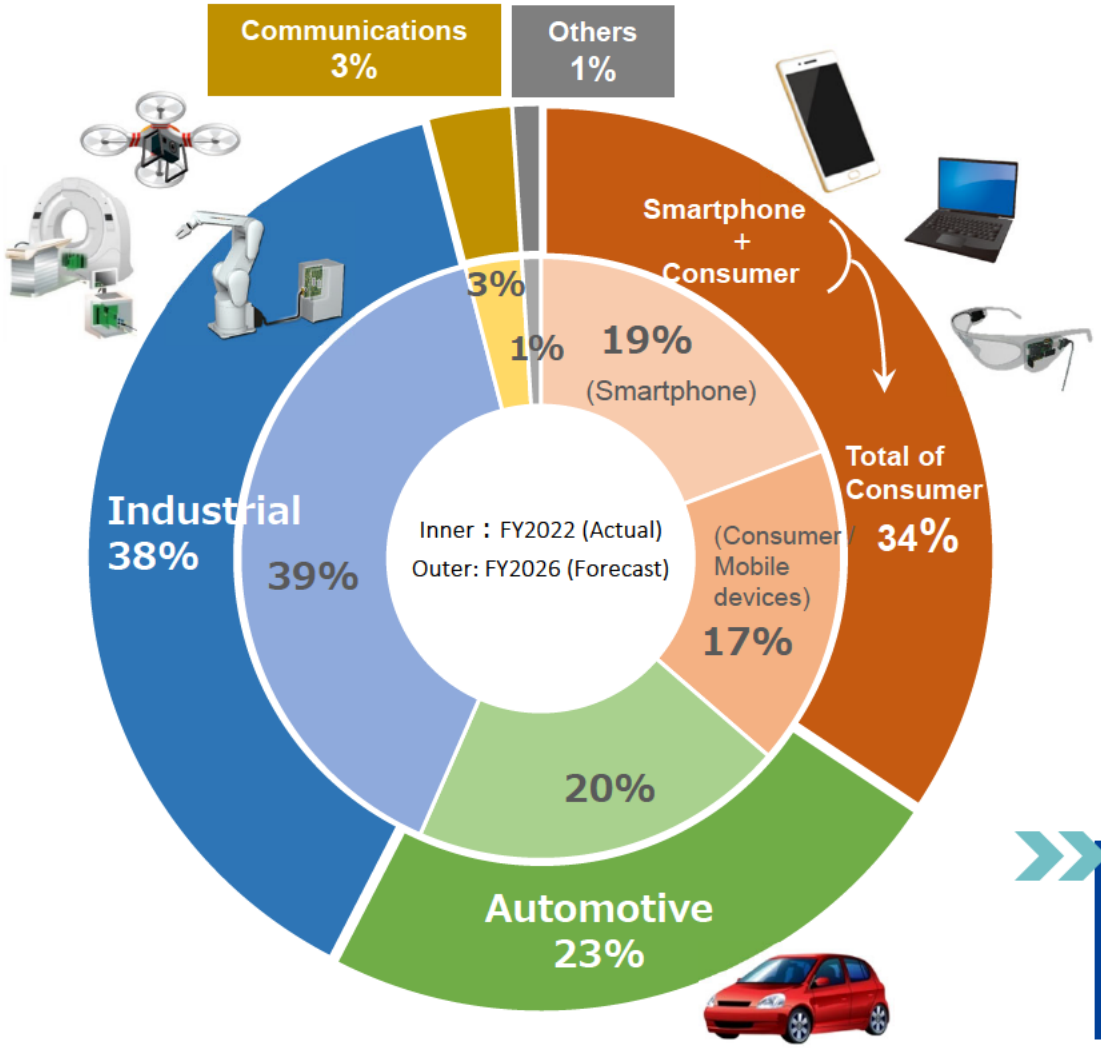
Medium-term: Segment Images



FY2022

- **Total of Consumer :**
  - ➢ Acceleration of the shift to IT digital space
  - ➢ Diversification of new devises
- **Automotive :** EV & Autonomous driving induces big change = Opportunity
- **Industrial :** More investment to infrastructure due to the acceleration of electrification and automation

＊Slowdown in latter half of FY22, but no change in the trend

FY2026

- Grow our business with three pillars “Consumer equipment” “Automotive” “Industrial and infrastructure”
- Increase more initiatives for the future (continuous growth)

We are going to establish well-balanced business structure and strong company who can respond to various changes

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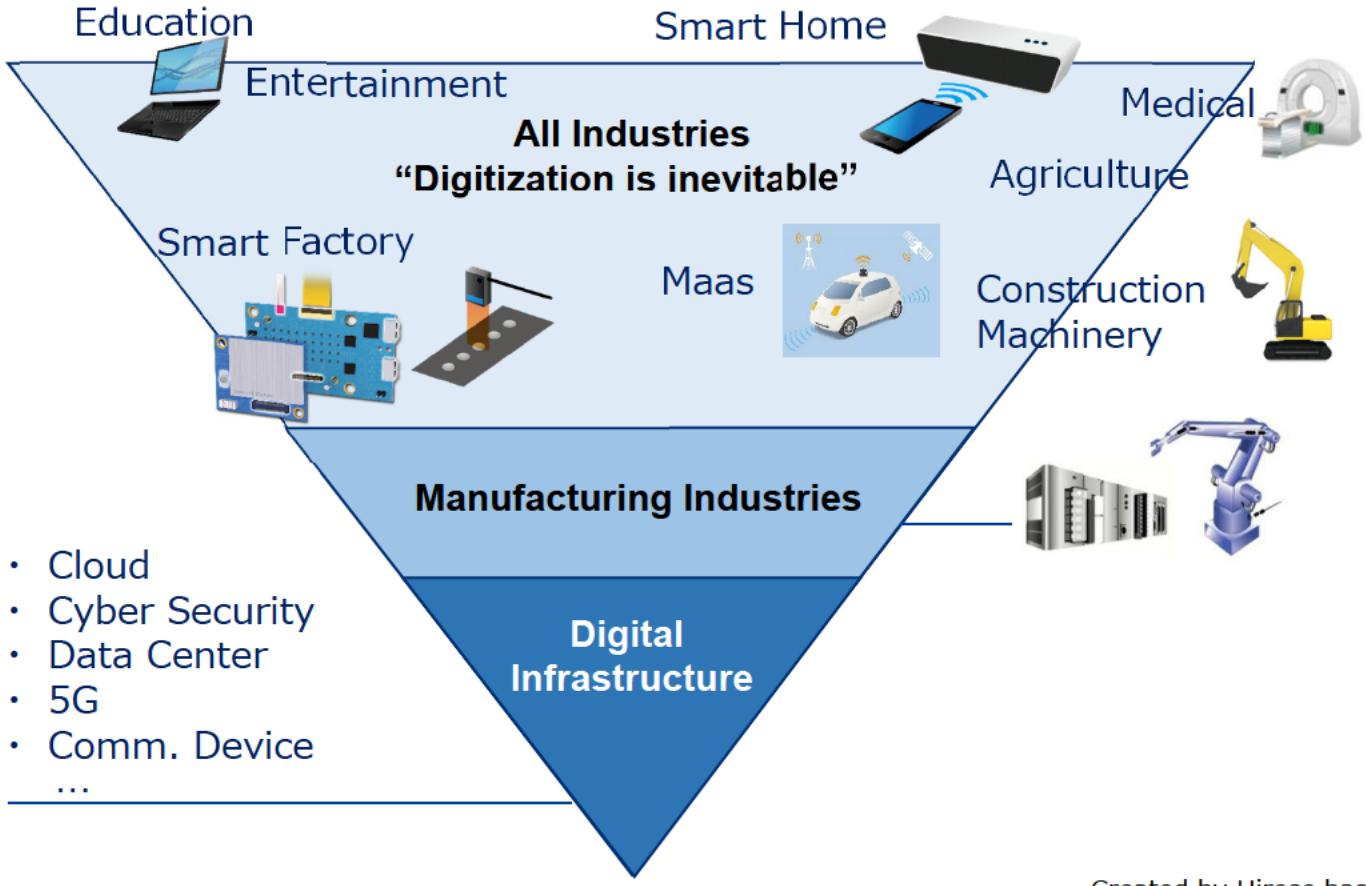
World that Everything is Connected



Created by Hirose based on METI white paper

Hirose supports this transition with "Connection Technology".

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Strengthening Manufacturing Tech & Functions ＞ More investment

Tohoku Advanced Tech. Center

Established Tohoku Advanced Tech Center in Morioka, JPN and new factory is under construction.

<Land : 6,982㎡／Floor : 2,040㎡>

・Oct 22: M&A ADD
・Apr 23: Kick-off MTG
・Dec 23 to Mar 24: Construction completes and operation starts

Initial investment
Approx. 1.5 bil. yen

New Koriyama Factory

New factory with advanced manufacturing tech. for Auto and Industrial under construction (Relocation from present site)

<Land : 47,720㎡／ Floor : 27,757㎡>

・Mar 23: Construction starts
・Apr to May 24: Construction completes and operation starts

Land acquisition + construction
Approx. 10 bil. yen

Expansion of HRS Korea Precision Center

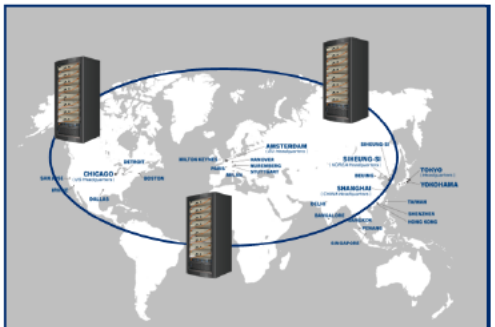
Strengthen dev. and manufacturing of “Micro connectors”

Additional floor : 19,881㎡ /5 floor
(Present : 35,389㎡ / 5 floor)
(Total : 55,270㎡)

・Aug 23: Construction starts
・Oct 24 to Nov: Construction completes and operation starts

Expansion:
Approx. 3 bil. yen

IT



Next Gen.
SCM Systems

Dev. And Implementation
Approx. 8 to 9 bil. yen

Acquire “Trust of Customers” → Higher growth path

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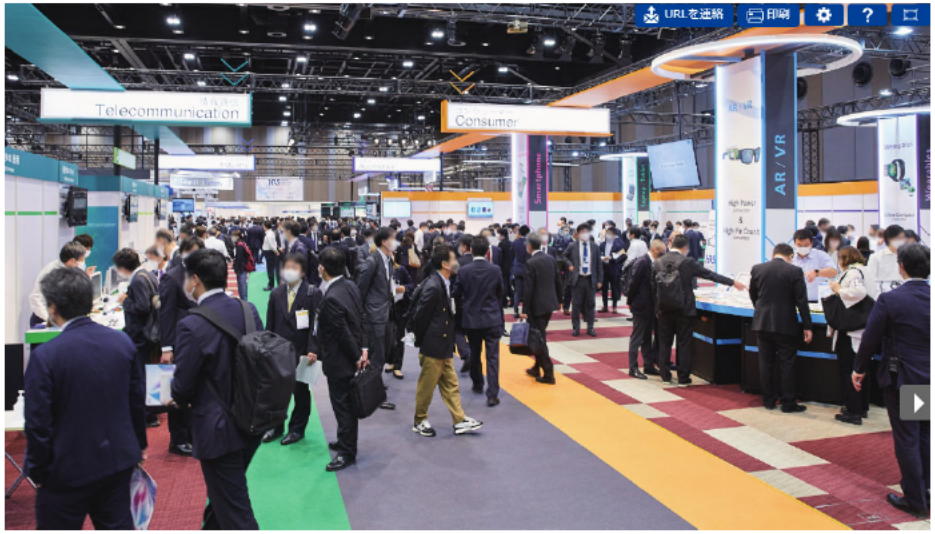
Hirose Technology Exhibition “CONNECTION2022”

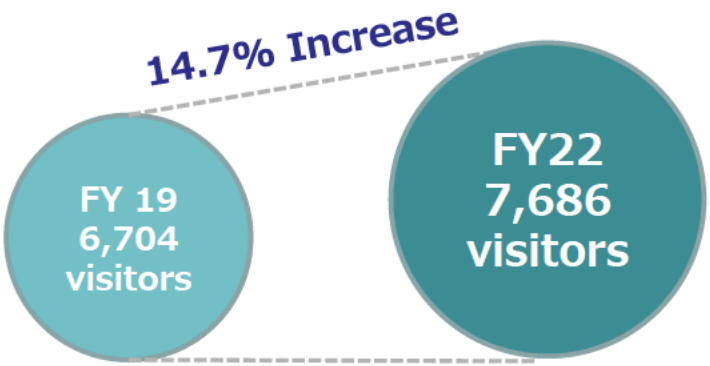
Technology Exhibition held every three year

“Connection” creates the future



- Nov. 10 to 11, 2022 at Pacifico Yokohama North
- Dec. 8 to 9, 2022 at Grandcube Osaka

Number of Visitors



Our engineers propose concepts (hypothesis) and directly receive customer voice (verify/advice) and bring them to our future product concepts.

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Changes in Board Members (On and After Jun. 23, 2023)

Directors (excluding directors who are audit and supervisory committee members)		
President		Kazunori Ishii (Reappointed)
Director	Group President, Production Group	Yukio Kiriya (Reappointed)
Director	Group President, Sales & Marketing Group	Hiroshi Satoh (Reappointed)
Director	Group President, Administration Group	Shin Kamagata (Reappointed)
Director	Group President, Engineering Group	Shu Obara (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 (Newly appointed)

Directors who are audit and supervisory committee members	
Director (Full-time audit and supervisory committee member)	Masatoshi Ueda (Newly appointed)
Outside Director (Audit and supervisory committee member)	Kentaro Miura (Reappointed)
Outside Director (Audit and supervisory committee member)	Yukiko Araki (Newly appointed)
Outside Director (Audit and supervisory committee member)	Kenji Takashima（Newly appointed)

※ Director, Jun Inasaka will be fellow

〔Ratio of outside directors: 50%〕

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The policy of FY2023

<<< FY 2023 >>>

- **Strengthen the competence of "Foresight, Sensitivity and think & act" and move forward.**

  <Special Strengthening Points>

  〈1〉 Technological development capability and product appeal (Proposal to design and mass production)
  〈2〉 "Manufacturing expertise" (site remediation & mid-term manufacturing strategy)
  〈3〉 Human capital development (Continued: the 1st year of deepening)

  Continuous growth, evolution

- **Follow up "HRS Tech. Exhibition (C-22)"** 〈New product, Proposal〉

<<< A Small Company Connecting Wisdom >>>
HRS Group competing on "Product appeal & Manufacturing Expertise"

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