



English translation

**Financial Results for the Year Ended March 31, 2022 [IFRS] (Consolidated)**

May 6, 2022

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 Accounting Department, Administration Group  
 Department Tel: +81-45-620-7410

Scheduled date of Regular General Meeting of Shareholders: June 23, 2022  
 Scheduled date of filing of Japanese annual securities report: June 23, 2022  
 Scheduled date of dividend payable: June 24, 2022  
 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 Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(Percentage represents year-on-year changes)

	Revenue		Operating profit		Profit before tax		Net profit		Profit attributable to owners of parent		Comprehensive income for the year	
		%		%		%		%		%		%
FY2021	163,671	22.6	40,765	46.2	43,081	52.1	31,437	57.8	31,437	57.8	40,390	42.1
FY2020	133,538	9.7	27,885	37.0	28,332	33.6	19,916	30.1	19,916	30.1	28,431	176.3

	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of parent	The ratio of profit before tax to total assets	Operating profit ratio
	Yen	Yen	%	%	%
FY2021	885.39	885.16	9.4	11.3	24.9
FY2020	549.10	549.04	6.3	7.9	20.9

(Reference) Share of profit (loss) of investments accounted for using the equity method:

Fiscal year ended March 31, 2022: —

Fiscal year ended March 31, 2021: —

(Yen in millions)

## (2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of total equity attributable to owners of parent	Total equity attributable to owners of parent per share
				%	Yen
FY2021	394,783	342,069	342,069	86.6	9,675.08
FY2020	370,504	326,092	326,092	88.0	8,987.05

(Yen in millions)

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
FY2021	44,323	(10,875)	(25,249)	68,394
FY2020	35,818	(20,702)	(9,278)	57,837

## 2. Dividends

	Annual dividends					Dividends for the year (Total)	Dividend payout ratio (consolidated)	Ratio of total dividends to total equity attributable to owners of parent (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen in millions	%	%
FY2020	—	120.00	—	120.00	240.00	8,706	43.7	2.8
FY2021	—	160.00	—	280.00	440.00	15,560	49.7	4.7
FY2022 (Forecast)	—	220.00	—	220.00	440.00		47.1	

## 3. Forecast of Consolidated Business Performance for the Year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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)	88,000	11.1	21,500	8.6	21,500	5.5	15,500	4.8	438.40
Fiscal year end	180,000	10.0	44,000	7.9	45,000	4.5	33,000	5.0	933.37

\*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 March 31, 2022: 38,175,942 As of March 31, 2021: 38,175,942

2. Number of treasury shares at the end of the period:

As of March 31, 2022: 2,820,207 As of March 31, 2021: 1,891,247

3. Weighted-average number of shares outstanding during the period:

Year ended March 31, 2022: 35,505,928

Year ended March 31, 2021: 36,269,861

\*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" 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 Monday, May 9, 2022 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, 2022." 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

In the fiscal year ended March 31, 2022, the consumption spending has been sluggish and economic activity has been remaining stagnant affected by the spread of COVID-19, and Japanese economy has been in extremely difficult situation.

In overseas market, American and European countries are moving toward the living with COVID-19 and the economic activity has been restarted. As a result, the economic situation has been doing well. In China, although we could see the signs of recovery in the last autumn, the situation of export and consumption spending has been stagnant because of the concerns about the spread of COVID-19.

Under this situation, Hirose group has been expanding global business mainly for smartphone market, automotive market and industrial market, and promoting reinforcement of development, sales and production system for new products with highly added value to respond advanced market needs quickly.

As a result, the sales for mainly consumer electronics and industrial business has been strong, and the revenue in the fiscal 2021 increased by 22.6% to JPY 163,671 million compared to the previous fiscal year. Operating profit increased by 46.2% to JPY 40,765 million, profit before tax increased by 52.1% to JPY 43,081 million and profit attributable to owners of parent increased by 57.8% to JPY 31,437 million as compared with the fiscal 2020.

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 kind 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 fiscal year ended March 31, 2022 increased by 23.1% to JPY 147,451 million, operating profit increased by 43.7% to JPY 37,778 million compared with the fiscal 2020.

#### [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 fiscal 2021 increased by 20.5% to JPY 11,434 million. Operating profit increased by 98.7% to JPY 2,805 million.

#### [Other products]

This segment includes micro switches and instruments for connectors. Segment sales for the fiscal 2021 increased by 11.5% to JPY 4,786 million, operating profit increased by 2.3% to JPY 182 million.

### (2) Overview of Financial Condition

Total assets of FY2021 increased by JPY 24,279 million to JPY 394,783 million compared to the end of the previous fiscal year mainly because cash and cash equivalent, trade and other receivables increased. Total liabilities increased by JPY 8,302 million to JPY 52,714 million because of the increase in trade and other payables, and accrued tax payable. Due to the increase in capital surplus and exchange differences on translation of foreign operations, total equity increased by JPY 15,977 million to JPY 342,069 million. The ratio of total equity attributable to owners of parent resulted 86.6%, decreased by 1.4% compared with the previous consolidated fiscal year end.

### (3) Overview of Cash Flows

Cash and cash equivalents at the fiscal year under review increased by JPY 10,557 million to JPY 68,394 million compared to the fiscal year ended March 31, 2021.

a. Cash flows from operating activities

Cash flows from operating activities for fiscal 2021 increased by JPY 44,323 million. (In fiscal 2020, it increased by JPY 35,818 million) This increase was mainly due to a rise in capital by appropriating profit before tax, JPY 43,081 million and depreciation and amortization, JPY 16,407 million. On the other hand, there were decrease in capital because the amount of trade and other receivables increased by JPY 4,997 million, the amount of inventories increased by JPY 3,818 million and income taxes paid, JPY 9,743 million was incurred.

b. Cash flows from investing activities

Cash flows from investing activities for fiscal 2021 decreased by JPY 10,875 million. (In fiscal 2020, it decreased by JPY 20,702 million.) This is mainly due to decrease in capital by payments for purchase of property, plant and equipment, JPY 13,855 million.

c. Cash flows from financing activities

Cash flows from financing activities for fiscal 2021 decreased by JPY 25,249 million. (In fiscal 2020, it decreased by JPY 9,278 million.) This is because of decrease in capital by purchase of treasury shares, JPY 14,581 million and dividends paid, JPY 10,010 million.

(4) Future Outlook

Regarding the outlook for the year ending March 31, 2023, it is expected that Japanese economy will be unclear because COVID-19 still has an impact on Japanese economic activities.

In overseas market, geopolitical risks including the zero-COVID strategy in China and the situation of Ukraine will affect our business significantly, and it is expected that we will be under unpredictable situation for the future.

Under this circumstances, it is expected to have an impact to electronics industry which we belong. However, the demand for electronic components in consumer and general industrial market has been still strong. We do not include the expected damages to global economic activities, our production activities, raw material procurement and supply chain by further expansion of COVID-19. Based on the premise mentioned above, our forecast for the consolidated financial results in the fiscal 2022 is that revenue: JPY 180,000 million (increased by 10.0% over the fiscal 2021), operating profit: JPY 44,000 million (increased by 7.9%), profit before tax: JPY 45,000 million (increased by 4.5%), profit attributable to owners of parent: JPY 33,000 million (increased by 5.0%) as of March 31, 2022.

Assumed exchange rates for fiscal 2022 are JPY 120 to the U.S. dollar, JPY 130 to the Euro, and JPY 0.0981 to the Korean won.

(5) Basic Profit Distribution Policy and Dividends for fiscal 2021 and for fiscal 2022

Regarding profit distribution, we believe that profit distribution should be carried out by comprehensively taking business results and business environment into consideration. To realize this, we reinforce our management base, establish the route to growth and enhance our financial structure further based on basic management policy. We also keep the stable dividend to be a company which can give a sense of securities and expectations.

Based on this policy, capital policy was resolved at the board of directors held on May 6, 2022.

1. Return on equity (ROE)

We aim to achieve more than 10% ROE by FY2025, as well as we realize the goal of 25% operating profit ratio by FY2025 which is one of our target of medium term business plan. We will also carry out the acquisition of treasury shares appropriately.

## 2. Dividend

In FY2021, we announced the basic policy of dividend that we maintain 50% of dividend payout ratio in four years from FY2021 to FY2024. We aim to realize the target of 50% dividend payout ratio in the next four years from FY2022 to FY2025 continuously.

The dividends per share for the fiscal 2021 comprises year-ended dividend of JPY280 per share and annual dividend of JPY440. Based on above policies, our dividend forecast for the year ending March 31, 2023 is expected to be an interim and year-end dividend of JPY220 per share, and as a result, annual dividend will be JPY440 per share.

Regarding the details about purchase of treasury shares in the Fiscal 2022, we will inform as soon as it is decided.

We are planning to prepare retained earnings for our research and development investment for the future technological innovation, capital investment associated with globalization and M&A to deal with changes in business environment from the medium and long term perspective.

## 2. Basic approach to the selection of accounting standards

Since the first quarter of the fiscal year ended March 31, 2019, Hirose group has adopted the International Financial Reporting Standards (“IFRS”) to improve international comparability of financial information in capital market and to promote global management by unifying the financial standards inside our group.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Statement of Financial Position

(Yen in millions)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	57,837	68,394
Trade and other receivables	36,620	43,427
Inventories	16,915	21,695
Other financial assets	131,274	140,918
Other current assets	5,401	6,389
Total current assets	248,047	280,823
Non-current assets		
Property, plant and equipment	61,182	61,148
Right-of-use assets	4,357	4,909
Intangible assets	3,295	3,704
Other financial assets	48,918	38,504
Deferred tax assets	2,515	2,769
Retirement benefit asset	1,780	2,514
Other non-current assets	410	412
Total non-current assets	122,457	113,960
Total assets	370,504	394,783



(Yen in millions)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	19,511	23,811
Lease liabilities	821	867
Other financial liabilities	102	142
Income taxes payable	6,532	8,029
Other current liabilities	5,046	6,091
<b>Total current liabilities</b>	<b>32,012</b>	<b>38,940</b>
<b>Non-current liabilities</b>		
Lease liabilities	3,581	4,101
Other financial liabilities	134	166
Retirement benefit liability	320	227
Deferred tax liabilities	7,616	8,513
Other non-current liabilities	749	767
<b>Total non-current liabilities</b>	<b>12,400</b>	<b>13,774</b>
<b>Total liabilities</b>	<b>44,412</b>	<b>52,714</b>
<b>Equity</b>		
Share capital	9,404	9,404
Capital surplus	11,230	11,250
Retained earnings	317,265	338,818
Treasury shares	(21,874)	(36,306)
Other components of equity	10,067	18,903
<b>Total equity attributable to owners of parent</b>	<b>326,092</b>	<b>342,069</b>
<b>Total equity</b>	<b>326,092</b>	<b>342,069</b>
<b>Total liabilities and equity</b>	<b>370,504</b>	<b>394,783</b>

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

## (Consolidated Statement of Profit or Loss)

(Yen in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Revenue	133,538	163,671
Cost of sales	76,869	88,728
Gross profit	56,669	74,943
Selling, general and administrative expenses	30,190	34,153
Other income	1,935	426
Other expenses	529	451
Operating profit	27,885	40,765
Financial income	1,051	2,393
Finance costs	604	77
Profit before tax	28,332	43,081
Income tax expense	8,416	11,644
Net profit	19,916	31,437
Profit attributable to:		
Owners of parent	19,916	31,437
Earnings per share:		
Basic (yen)	549.10	885.39
Diluted (yen)	549.04	885.16

## (Consolidated Statement of Comprehensive Income)

(Yen in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Net profit	19,916	31,437
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	10	117
Equity instruments measured at fair value through other comprehensive income	969	673
Total items that will not be reclassified to profit or loss	979	790
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,502	8,178
Debt instruments measured at fair value through other comprehensive income	34	(15)
Total items that may be reclassified to profit or loss	7,536	8,163
Total other comprehensive income after tax	8,515	8,953
Total comprehensive income	28,431	40,390
Total amount of comprehensive income attributable to:		
Owners of parent	28,431	40,390

## (3) 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, 2020	9,404	11,293	308,343	(24,456)	1,557	306,141	306,141
Net profit			19,916			19,916	19,916
Other comprehensive income					8,515	8,515	8,515
Total of comprehensive income	—	—	19,916	—	8,515	28,431	28,431
Dividend of surplus			(8,704)			(8,704)	(8,704)
Purchase of treasury shares		(0)		(8)		(8)	(8)
Disposal of treasury shares		23		209		232	232
Cancellation of treasury shares		(2,381)		2,381		—	—
Transfer to retained earnings		2,295	(2,290)		(5)	—	—
Total transactions with owners	—	(63)	(10,994)	2,582	(5)	(8,480)	(8,480)
Balance as of March 31, 2021	9,404	11,230	317,265	(21,874)	10,067	326,092	326,092

	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, 2021	9,404	11,230	317,265	(21,874)	10,067	326,092	326,092
Net profit			31,437			31,437	31,437
Other comprehensive income					8,953	8,953	8,953
Total of comprehensive income	—	—	31,437	—	8,953	40,390	40,390
Dividend of surplus			(10,010)			(10,010)	(10,010)
Purchase of treasury shares		(2)		(14,579)		(14,581)	(14,581)
Disposal of treasury shares		0		147		147	147
Share-based payment transactions		31				31	31
Transfer to retained earnings		(9)	126		(117)	—	—
Total transactions with owners	—	20	(9,884)	(14,432)	(117)	(24,413)	(24,413)
Balance as of March 31, 2022	9,404	11,250	338,818	(36,306)	18,903	342,069	342,069

## (4) Consolidated Statement of Cash Flows

(Yen in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Cash flows from operating activities:		
Profit before tax	28,332	43,081
Depreciation and amortization	16,769	16,407
Financial income	(1,051)	(2,393)
Financial costs	604	77
(Increase) decrease in trade and other receivables	(4,983)	(4,997)
(Increase) decrease in inventories	(1,717)	(3,818)
Increase (decrease) in trade and other payables	3,059	3,456
Others	(3,185)	1,427
Subtotal	37,828	53,240
Insurance received	1,496	—
Interest received	560	464
Dividends received	361	362
Income taxes paid	(4,427)	(9,743)
Cash flows from operating activities	35,818	44,323
Cash flows from investing activities		
Net (increase) decrease in time deposits	(1,622)	(6,549)
Proceeds from sale and redemption of investments	9,516	17,735
Purchase of investments	(13,309)	(7,120)
Purchase of property, plant and equipment	(13,895)	(13,855)
Others	(1,392)	(1,086)
Cash flows from investing activities	(20,702)	(10,875)
Cash flows from financing activities		
Purchase of treasury shares	(8)	(14,581)
Dividends paid	(8,704)	(10,010)
Repayments of lease liabilities	(798)	(836)
Others	232	178
Cash flows from financing activities	(9,278)	(25,249)
Effect of exchange rate changes on cash and cash equivalents	1,438	2,358
Increase (decrease) in cash and cash equivalents	7,276	10,557
Cash and cash equivalents at the beginning of the year	50,561	57,837
Cash and cash equivalents at the end of the year	57,837	68,394

## (5) Notes on Consolidated Financial Statements

### (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

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Yen in millions)

	Reportable segments			Others*	Amount of consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	119,752	9,492	129,244	4,294	133,538
Total revenue	119,752	9,492	129,244	4,294	133,538
Operating profit	26,295	1,412	27,707	178	27,885
Financial income	—	—	—	—	1,051
Financial costs	—	—	—	—	604
Profit before tax	—	—	—	—	28,332
Other items					
Depreciation and amortization	15,228	1,166	16,394	375	16,769

\*“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	31,933	49,760	19,110	32,735	133,538
Percentage of consolidated revenue (%)	23.9	37.3	14.3	24.5	100.0

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Yen in millions)

	Reportable segments			Others*	Amount of consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	147,451	11,434	158,885	4,786	163,671
Total revenue	147,451	11,434	158,885	4,786	163,671
Operating profit	37,778	2,805	40,583	182	40,765
Financial income	—	—	—	—	2,393
Financial costs	—	—	—	—	77
Profit before tax	—	—	—	—	43,081
Other items					
Depreciation and amortization	15,145	929	16,074	333	16,407

\*"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	40,467	58,404	21,476	43,324	163,671
Percentage of consolidated revenue (%)	24.7	35.7	13.1	26.5	100.0