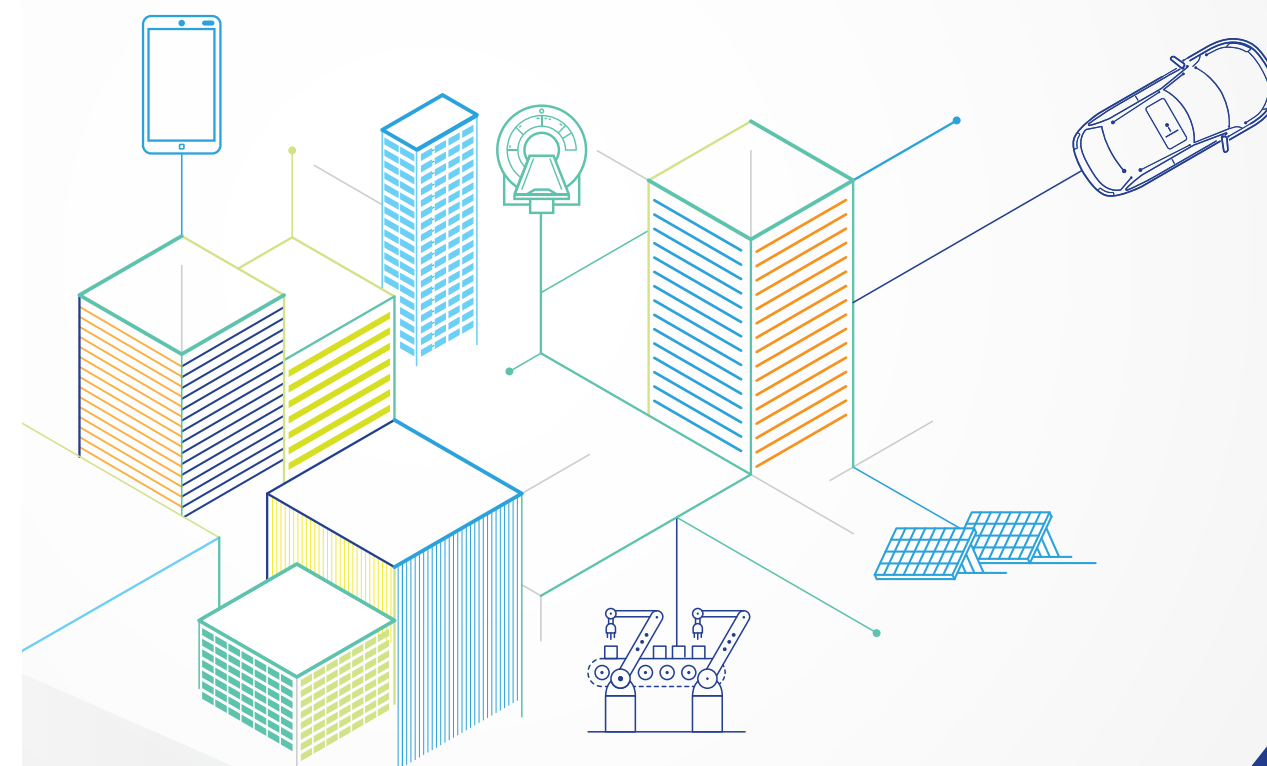


# Integrated Report 2022





# Connecting the World, Connecting the Future

Connectors are small and inconspicuous parts of electronic devices.

They might not stand out, but they are still an essential component of the device.

By performing their connecting function, they make it possible to greatly enhance the functionality and convenience of electronic devices.

We believe that we can realize a more prosperous future and connected world through Hirose's connectors.

The Hirose Group continues to propose solutions to various issues by creating "NEW" connectors that have been realized through the collective wisdom of the Group and the world at large.

## Editorial Policy

This report has been compiled to allow all stakeholders to gain a well-balanced understanding of the various aspects of the Hirose Group including not only financial information such as business performance and strategies, but also non-financial information concerning the Group's policies toward the environment, society and corporate governance. When editing this report, the Company referenced the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).

In addition to this report, the Company prepares an Annual Securities Report, and a Newsletter to Shareholders (both in Japanese only) along with various other communication tools.

Please visit the Hirose Group's website to peruse the detailed information we post there.

\* Note that in this report, the terms the Hirose Electric Group, the Hirose Group, the Group, and HIROSE refer to the entire HIROSE ELECTRIC Group, while Hirose Electric is used to refer to Hirose Electric Co., Ltd. on a non-consolidated basis.

This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated version and the Japanese original, the original shall prevail.

## Applicable Period

The applicable period of this report is from April 1, 2021 to March 31, 2022.

(Portions of this report contain information about activities and initiatives from April 1, 2022 onward.)

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## Corporate Philosophy

## A small company connecting wisdom

## Corporate Philosophy

## A small company connecting wisdom

Acknowledging our “tiny” place, we are always earnestly and modestly studying with the aim of achieving further growth for tomorrow. By leveraging the collective wisdom from within the Group and from the world at large, we will evolve through our connecting business. By supporting the electronics industry, we are helping to create a more prosperous future society.

Our corporate philosophy of being a “small company connecting wisdom” is a philosophy born from the actual experiences of our de facto founder, Hideki Sakai, as a specialist connector manufacturer, and has been passed down to employees of the Hirose Group. This philosophy, which aims for unlimited growth with an earnest and humble attitude, is an unchanging philosophy that serves as a core concept of Hirose no matter how times change.

## HIROSE Philosophy

The HIROSE Philosophy consists of six values that clarify the guidelines of conduct that will lead to growth of the Hirose Group based on our unchanging philosophy of being a “small company connecting wisdom.” They are the values that form the basis of corporate activities and serve as a “fulcrum for reasoning” and a “fulcrum for action” for employees. The HIROSE Philosophy serves as a unifying force for this age of change and a grounding “compass” to guide us toward the right path. By implementing the HIROSE Philosophy, we will achieve our vision to “co-create the society of the future with the power of connection.”

## Co-creation of Value

## Our Vision

Co-creating the society of the future with the power of “connection”

## Our Vision

“Co-create the society of the future with the power of connection” is the medium- to long-term vision for Hirose that we aim to become through implementation of the HIROSE Philosophy. Connectors demonstrate their value by connecting electronic components and electronic devices. In the same way, Hirose has evolved the “power of connection” by connecting the wisdom from within the Company and from the world at large. The “power of connection” means the connecting function of connectors, the power of connecting wisdom, and, through high-value-added products born from this, the power of connecting the world’s cutting-edge technology. On the other hand, “co-creation” is also the creation of new value through cooperation with a diverse range of partners both inside and outside the Company and a concept that is similar to “connecting wisdom.” Going forward, we aim to contribute to realizing a convenient society of the future that is full of vitality by creating a new value co-creation model based on the HIROSE Philosophy and co-creation and taking on challenges together with a diverse range of partners. To help create a society in which everyone can live comfortably, we will expand the circle of co-creation partners globally and realize our vision.

## Co-creation

Co-creation is putting into practice the unchanging philosophy of being a “small company connecting wisdom.” Hirose absorbs wisdom from within and outside the Company, and generates new value by connecting that wisdom to our know-how and knowledge. In order to realize a sustainable company and society, the Group is engaged in efforts to create value through cooperation with a diverse range of partners both inside and outside the Company based on our belief that deepening co-creation is important.

## Corporate Philosophy

HIROSE Philosophy  
6 Values

## Origin of the Corporate Philosophy

A “small company connecting wisdom” was born from the actual experiences of Hideki Sakai. Sakai joined Hirose Merchandising and Manufacturing Company, the predecessor of Hirose Electric, in 1952. At that time, the Company mainly manufactured imitations of overseas products as it lacked sufficient engineering capabilities. As a graduate of an industrial high school, Sakai was responsible for engineering as the only person in the department and he studied diligently to learn from customers, subcontractors and sometimes competitors. As a result of his efforts, he succeeded in developing Japan’s first entirely domestic connector in 1957. This experience

would lead to the principle of “connecting wisdom.” In the 1960s, as the company embarked on its journey as a specialist connector manufacturer, Sakai had the opportunity to visit a connector manufacturer overseas. Upon seeing this rival with its ability to perform all processes in the manufacturing of connectors in-house and its overwhelmingly large presence both in scale and sales, Sakai came up with the fables strategy of “conduct development in-house, and outsource manufacturing.” Japan has a group of excellent specialist companies that support this strategy, enabling us to gain greater knowledge than if we tried to tackle all the issues

surrounding connectors on our own. The fables strategy, as a scheme of a small company, has significantly boosted Hirose’s growth. The Company’s shares were listed on the Second Section of the Tokyo Stock Exchange in 1972, and Sakai established a “small company connecting wisdom” as the Company’s slogan based on his actual experiences. By pursuing the potential for achieving greater growth tomorrow that small companies possess and placing importance on the closeness of communication, impetus and efficiency as a company that takes a leap forward toward tomorrow, we ensure that this “unchanging philosophy” exists as a core concept of Hirose.



Hideki Sakai



# Co-creation

## Approach to co-creation

“Co-creation” refers to the creation of new value through collaboration with various stakeholders in and outside the Company. It is the practical implementation of the Hirose Group’s unchanging philosophy of “a small company connecting wisdom.” “Connecting wisdom” is the corporate philosophy and also one of the values of the HIROSE Philosophy. It refers to learning from in-house and external knowledge, absorbing wisdom and generating new value by connecting the wisdom with our knowledge and know-how. “Co-creation” is a concept that is conversant with “connecting wisdom.” Originally a small company, Hirose has continually connected with customers and subcontractors who possess outstanding technologies throughout the world and incorporated their wisdom to develop leading, advanced products. In an era of rapid change in the business environment, we recognize that it is important to co-create with even more diverse partners. To create new value together, it is vital to have two-way communication. We will continue to co-create new value by listening to stakeholders, actively



connecting external wisdom with in-house wisdom while promoting activities to increase corporate value, and providing feedback on the results of these activities to our stakeholders.

	Co-created value	Communication activities	Initiatives to improve corporate value
Customers	Use knowledge as a specialist manufacturer of connectors to propose solutions to customers’ issues and realize a more convenient and sustainable future with customers	<ul style="list-style-type: none"> <li>Customer visits by sales representatives and engineers</li> <li>Holding of Hirose Technology Exhibition</li> <li>Holding of online product presentations</li> </ul>	<ul style="list-style-type: none"> <li>Reflect customer feedback into future products through dialogue at the Hirose Technology Exhibition and other events</li> <li>Pursue the convenience of connectors through collaboration with co-operators in conjunction with demand for modularization from customers</li> </ul>
Subcontractors	Grow together while connecting wisdom and sharing technology <ul style="list-style-type: none"> <li>Construction of a robust supply chain</li> <li>Strengthening of partnerships</li> <li>Conducting of fair trading</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of Group procurement policy</li> <li>Conducting a survey on CSR initiatives and performing on-site confirmation</li> <li>Conducting training seminars</li> <li>Sharing operational improvement examples</li> </ul>	<ul style="list-style-type: none"> <li>Fair procurement activities</li> <li>Formulation of BCP</li> </ul>
Employees	Realize workplaces where employees are motivated to leverage their full capabilities and where both the employees and the Company can grow together <ul style="list-style-type: none"> <li>Respect for diversity</li> <li>Preparation of workplace environment that promotes challenges</li> <li>Empathy with the HIROSE Philosophy</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings between supervisors and team members</li> <li>Conducting employee invigoration surveys</li> <li>HIROSE Philosophy workshops</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of a new personnel system</li> <li>“Iki-Iki” Project</li> <li>Passing down the HIROSE Philosophy</li> <li>Promotion of health and productivity management</li> <li>Establishment of internal report counter and promotion of their use</li> </ul>
Communities	As a member of the local community, realize sustainable growth of the Hirose Group and society <ul style="list-style-type: none"> <li>Promoting eco-friendly business activities</li> <li>Sustainable development of the international community</li> <li>Co-existence with the local community</li> </ul>	<ul style="list-style-type: none"> <li>Free provision of products for university projects</li> <li>Support for local sports clubs</li> <li>Participation in local community events</li> <li>Support for blood donation activities</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to local communities in cooperation with sponsor clubs</li> <li>Environmental activities</li> </ul>
Shareholders	Foster a greater understanding of the Hirose Group’s financial and non-financial information, and conduct appropriate shareholders returns, aiming to increase corporate value over the medium to long term <ul style="list-style-type: none"> <li>Increase in shareholder value</li> <li>Ensuring transparency through a solid corporate governance structure</li> </ul>	<ul style="list-style-type: none"> <li>Timely and appropriate information disclosure</li> <li>Earnings presentations on announcement of quarterly financial results</li> <li>Online presentations for individual investors</li> <li>General Meeting of Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of engagement through investor relations activities</li> <li>Reflection of opinions gained from dialogue throughout the Company</li> <li>Response to socially responsible investment</li> </ul>

# Co-creation with customers



Since connectors are connecting components, we develop our products with consideration for the characteristics and usage environment of the electrical components and devices in which the connectors are to be used. By connecting our customers’ cutting edge technologies with Hirose’s accumulated knowledge as a specialist connector manufacturer, we develop leading, cutting edge, differentiated connectors. We partner with our customers to propose solutions that will resolve their issues, moving forward in step with them to realize a more convenient society.

## “Connectorization” at the construction site

The ZERO SCREW™ Terminal Block EF2 Series is a spring terminal block that can connect cables to electrical equipment such as power distribution in buildings without using screws. Eliminating screws saves installation works and maintenance time. In addition, the EF2 prevents accidental fires triggered by the loosening of screws in electrical power applications. The EF2 was initially intended for use in distribution boards, but its benefits include a simple-to-operate locking mechanism and high contact reliability, which attracted interest from a customer in the construction industry who thought it could also be used in the junction connecting to the main electricity line on a construction site. Labor saving has been a focus at construction sites, where large scale construction projects are continuing, as there is a need to respond to issues such as difficulty in procuring workers due to the decrease in the working population. Since connections can be completed with the EF2 simply by plugging in, the customer believed that it would enable both quality assurance and on-site labor saving. Therefore, after ensuring safety by having Hirose’s data confirmed by on-site workers to gain their understanding, it was decided to adopt the EF2 for use on construction sites. As a result, the EF2 was highly rated for its contribution to work style reform on construction sites and for increasing work quality, and received the Honorable mention in Japan Electrical Construction Association Products Award.



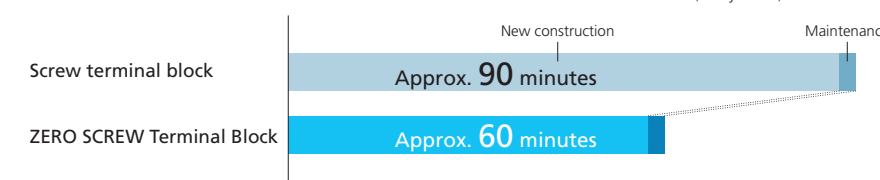
Connectorization could also be promoted in various connections in addition to the main electrical junction in order to prevent human errors and save labor at construction sites. Looking ahead, we will actively visit construction sites and view them with the eye of a specialist connector manufacturer to contribute to solving customers’ issues by proposing new solutions using Hirose’s connector technology. Through co-creation with new customers in the form of “connectorization” of the construction site, we aim to realize a better society with the power of connection of connectors.

## EF2 reduces labor hours and shortens construction period

### Comparison of labor time with screw terminal block

\* The graph shows an example of labor time.

New construction + maintenance = 1 block of labor time × 3 blocks × distribution boards (15 systems)



Construction site issue	Solution provided by EF2	Value co-created with customer
<ul style="list-style-type: none"> <li>Labor shortage</li> <li>Maintenance operations take labor time</li> <li>Requires experienced technician</li> <li>Fire risk due to incorrect screw torque, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Significant reduction in work hours for installation and maintenance</li> <li>Elimination of fire risk due to loose screws</li> <li>Simplification of electrical construction process</li> <li>Stable work quality can be ensured even by workers who are in the qualification skills development stage</li> <li>Good workability even in poorly lit sites</li> </ul>	<ul style="list-style-type: none"> <li>Protection of building user safety</li> <li>Increase in customers’ reliability</li> <li>Development of the next generation of workers</li> <li>Creation of easy working environments</li> <li>Promotion of the use of screw-less terminal blocks for the entire industry</li> </ul>



# Co-creation with subcontractors

The Hirose Group conducts product planning, production equipment development, and quality design in its engineering divisions, and mass produces at its manufacturing sites and at subcontractors. We carry out manufacturing using this proprietary method, “Hirose’s Production System.” We built a robust network linking subcontractors and Hirose, and co-create new value by sharing our respective wisdom, technologies, and know-how to improve one another’s technologies and cooperating on improvement activities for mass production sites, and so forth.



## On-site improvement activities with subcontractors

As an initiative to strengthen our manufacturing, we are promoting mass production site improvement activities in collaboration with our subcontractors. Hirose has built a structure and mechanism for interviewing its subcontractors regularly about issues they are struggling with, and then working together with them to promote improvements. We implement measures and countermeasures for on-site issues immediately, and incorporate these into standard operations to prevent the same issue from recurring. The improvement examples are shared throughout Hirose and with subcontractors.

### “My Quality Assurance”

The Hirose Group invites the submission of essays on the theme of “My Quality Assurance” from Hirose Group companies and subcontractors in and outside of Japan, giving everyone an opportunity to think about quality in their own work and operations. The calling for “My Quality Assurance” essays began in 1994, and we now receive upward of 5,000 submissions a year from in and outside of Japan. Some of the essays are shared with Hirose and its subcontractors, who draw lessons and observations from the various quality assurance initiatives. In addition, by providing an opportunity for people to examine themselves regarding quality, this initiative helps to strengthen individual awareness of quality. This initiative originally started with plants and subcontractors, but we now ask for essays on operation quality as well as product quality, and receive submissions from a wide range of departments, including administration and sales divisions. We work with subcontractors to continue to practice “quality first.”

### Quality control activities

Hirose’s plants and those of its subcontractors have quality control teams, or “QC circles,” to work together on voluntary activities for improving operations and increasing quality. The principles of quality control activities are “leverage people’s abilities to draw out their unlimited potential,” “respect people’s humanity and create bright, fulfilling workplaces,” and “contribute to improving and advancing the corporate structure.” As part of quality control activities, employees organize small teams and take action, working to raise their own and each other’s awareness, cultivate active workplaces, and generate synergies for the sustainable growth of Hirose and the subcontractors. Each team conducts an analysis of various quality control-related themes, such as quality issues, and conducts improvement activities. The quality control activities by teams started in 1992, and have since been expanded in each plant. Today, there are approximately 280 teams carrying out quality control activities. Every year, we select some teams who conducted outstanding improvement activities at each plant, and hold the Company’s QC Circle Convention where delegates from each plant present their results. Influenced and stimulated by the activity reports of the teams, we work in friendly competition with subcontractors to implement various quality improvement activities.



## Pursuing technology through mutual cooperation

To strengthen our manufacturing and engineering, we collaborate with subcontractors who excel in each field or particular technology to pursue technological gains. We exchange opinions with the top management of various subcontractors regarding each other’s ideas on manufacturing, strengths, and future direction, and conduct technology exchanges. Through practice and observation, we learn about the approaches used by specialist subcontractors, and use these to improve Hirose’s manufacturing sites and operations, and to pursue distinctive technologies. In addition to asking for wisdom from outside the Company, we also share the technologies acquired at Hirose with subcontractors to ensure manufacturing with the same level of precision. We will continue to deepen our relationships with partners, pursuing technology through mutual cooperation and aiming to grow globally.

# Co-creation with employees

To realize the Hirose Group’s continued growth, it is essential that our individual employees with their various knowledge, abilities, and experience make full use of their capabilities. We strive to prepare various human capital development measures and workplace environments to support employees’ growth. However, in recognition that it is necessary for employees to think and act for themselves and get involved in their environment to grow, we started the employee-led “Iki-Iki” Project activities for creating workplaces that are easy to work in.

## “Iki-Iki” Project

The “Iki-Iki” Project was launched in fiscal 2018 with the idea of realizing a Company where each employee can actively work, guided by the slogan, “creating a workplace where yourself and your coworkers are happy,” and aiming for continuous global growth. Project teams are formed in each business group and plant to promote initiatives as necessary to enable everyone to actively work. The leaders and members of each team are elected from among the young and middle-tier employees. The teams are accelerating their activities using a bottom-up approach. The initiatives considered by each team are shared and discussed across groups to promote work style reforms throughout the Company. The goal of the project is to have employees think for themselves, submit a proposal, and execute it. To date, various work style reforms have been implemented based on employee proposals. Through the “Iki-Iki” Project, we will create easy working environments through collaboration between employees and the Company.

## Introduction of casual day based on an employee proposal

Hirose Electric has introduced casual days twice a week from 2022. On casual days, employees are not required to wear a suit to the office, and can wear casual clothing while being mindful of safety, workability, and cleanliness, and remaining aware of time, place, and occasion (TPO). The aim of casual days is to “increase work efficiency in relaxed attire,” “promote communication,” and “enable free ideas” by allowing employees to work in their preferred attire. The idea was proposed by a member of the “Iki-Iki” Project in the Administration Group of the Company with a trial launched inside the Administration Group in March 2021. The initiative was launched as a part of an effort to help employees to feel more comfortable and motivated in their work during the COVID-19 pandemic, when they felt a little dour. After receiving positive evaluations in terms of both functionality and environment, the scope of the trial was gradually expanded in cooperation with the “Iki-Iki” Project members in other groups. After the trial was complete, a survey was taken to gather opinions across a wide area, including groups that had not implemented the casual day, and we responded to issues one by one. The effects of casual attire included serving as an opening for communication, relieving commute stress, and so forth.

We implemented a trial for all of Hirose Electric, which led to full-scale introduction of the system. Employees said, for example, that the casual attire helped them to refresh their minds and promote new ideas, that it changed the workplace atmosphere and increased opportunities for communication, and that it reduced maintenance such as dry cleaning and ironing. Having employees think for themselves and actively work led to the realization of a free and easy workplace.





## Co-creation with communities



As a member of the local community, the Hirose Group aims to communicate proactively with the community and to contribute to solutions to social issues and community development. The Hirose Group has locations throughout the world. We conduct various social contribution activities to enable the Group and the local community to develop together, while respecting the culture and practices of each community.

### Contribution to promoting sports through sponsorship activities

The Hirose Group believes that enjoying sports leads to the development of a healthy mind and body, and we are committed to promoting sports culture. Through support for local sports teams, we aim to contribute to enriching the lifestyles of local people. In one of our sponsorship activities for sports teams, we support the Yokohama B-Corsairs, a professional B. LEAGUE basketball team based in Tsuzuki-ku, Yokohama City, where Hirose Electric is headquartered. The Yokohama B-Corsairs activity philosophy is to be a club that is close to the daily lives of local city dwellers. As well as supporting them as a sponsor, we also engage in community contribution projects together with them, aiming to be closely community orientated as a club and as a company, respectively.



Yokohama B-Corsairs players with Hirose Electric Basketball Club members

### HIROSE KOREA's local community contribution activities

HIROSE KOREA cherishes both corporate value and social value, under its commitment to "coexistence and sharing." By returning corporate profits to the society, the company aims to play its part as a corporate citizen. In 2012, HIROSE KOREA employees launched an autonomous volunteer work group, aiming to provide offer friendly partnership to the local community. Currently, the group is conducting various volunteer activities in the local community, and aims to contribute to its development by the culture of social contribution within the company and among employees.

#### Local community contribution activities through the autonomous volunteer work group

HIROSE KOREA has nominated three social welfare facilities in the local community and has been providing monthly physical aid and volunteer support continuously for 10 years. Currently, the company is avoiding volunteer activities involving direct visits due to the COVID-19 pandemic, and it is instead providing physical aid donations and thoughtful letters every quarter. Moreover, in 2022, HIROSE KOREA concluded a cooperation agreement with the Korean Red Cross to fulfill their social responsibility corresponding to the social aspect of ESG management. Every quarter, the autonomous volunteer group and employees participate in blood donations to help overcome difficulties in demand and supply for blood. Looking ahead, HIROSE KOREA will engage in a wide variety of social contribution activities in a continuing effort to be a model company for the local community.



2022 HIROSE KOREA blood donation activities

## Co-creation with shareholders



We believe that actively engaging in dialogue with shareholders and investors and reflecting their feedback in management will lead to the sustainable growth and increase in corporate value of the Hirose Group. As such, we have established a dedicated department to conduct various investor relations and shareholder relations activities. In addition to promoting timely, appropriate, and fair information disclosure, we strive to proactively disseminate information, including non-financial information, through earnings presentations, individual investor seminars, website enhancements, and the publication of our Integrated Report. We will reflect the views of the capital markets in our business management, and strive to increase our corporate value and to develop continuously, in order to meet the expectations of our shareholders and investors.

### Schedule of investor relations activities

1st quarter			2nd quarter			3rd quarter			4th quarter		
Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Earnings announcement for full year			1st quarter earnings announcement			2nd quarter earnings announcement			3rd quarter earnings announcement		
Dispatch of convocation notice			Holding General Meeting of Shareholders Start of dividend payments			Start of interim dividend payments					

### Dialogue with shareholders and investors

We hold quarterly earnings presentations for institutional investors and analysts. At our full-year and half-year earnings presentation, the top management explains the status of the Company's management and answers questions from investors. We engage in lively exchanges of opinion and proactive dialogue with institutional investors and analysts by holding meetings with them and by participating in conferences held by securities companies.

We also participate in company presentations and investor relations events for individual investors. Through our company website, we have found ways to communicate clearly about connectors and the Hirose Group's businesses, such as providing an investor relations page for individual investors and streaming an explanation video on our financial results.

We provide opinions received through dialogue with shareholders and investors as feedback inside the Company in an effort to reflect them in our business activities. We also use telephone conferencing systems and online meeting systems to conduct financial results presentations and investor meetings as we proactively engage in investor relations and shareholder relations activities.



### General Meeting of Shareholders

We recognize the General Meeting of Shareholders as a forum for dialogue with shareholders, and we send out convocation notices early to give shareholders ample time to consider the matters to be reported and resolved at the meeting. Shareholders can exercise their voting rights via the internet, and we also participate in electronic voting platforms for institutional investors in Japan and overseas, as part of our efforts to improve the environment for exercising voting rights. Matters for resolution are explained clearly using images and narration. Shareholders who do not attend the General Meeting of Shareholders also can see the meeting on the day by means of a video posted on the company website.



## A Message from the President



**Kazunori Ishii**  
President

### Looking back at fiscal 2021

In fiscal 2021, an unstable global situation continued due to not only the continual waves of COVID-19 but also Russia's invasion of Ukraine, among other matters. At the same time, we witnessed the appearance of new electronic devices and moves by companies to shore up capital investment, which was driven by the acceleration of DX/GX and people's demand for "connection (communication)." Against this backdrop of strong demand, Hirose achieved a 20% improvement year on year for sales, posting its highest ever recorded sales. At first, the fiscal 2020-2022 period was intended to be a period in which we were to strengthen our structural framework regarding work process quality in conjunction with our entry into new markets, but we decided to carry out initiatives concurrent to that to work on expansion such as efforts to strengthen production capacity in order to meet our customers' expectations. A crucial element that has helped us overcome the COVID-19 pandemic and material procurement hardship has been our focused efforts carried out on-site.

### My ten years as President

#### 1 Three pillars

I took the office of President in fiscal 2012, and this year marks my tenth year in this role. From that time, the challenge for management had been to create a better-balanced business composition, which had been overly weighted toward the smartphone market. As you know, the life cycle for smartphones is short, and with respect to connectors, the speed of downsizing is incredibly fast compared with other markets, which made it difficult for us to immediately broaden our sales into markets other than mobile terminals.

The key initiatives we brought to fruition was our establishment of a structure comprising three pillars, which involved adding the expansion of automotive,

and general industrial equipment. In the business world, there has been a trend toward "hardware + software + services," and we were convinced that changes would occur even in both the automotive and general industrial equipment markets, which had previously shown a trend of prudent adoption of products with proven track records. In particular, we deemed that demand for space-saving and technology for connecting devices and functions would come about through the increase of electronic devices, and we worked on development of new products using our strengths in downsizing in the smartphone market and high-speed and analysis technology acquired in the telecommunications market. As a result, while keeping sales to the smartphone market at a similar level, the percentage of overall sales attributable to that market, which at the time was in excess of 30%, became about 20% due to the increase in sales in other fields.

Moreover, in the automotive market, up until then, we had conducted proposal activities by focusing on areas in which we were able to provide our connectors developed for the consumer equipment market and the general industrial equipment market by linear extension. However, we entered fields related to "driving, turning, and stopping" and made a decision to take a more direct approach to the more stringent demands for quality. Since fiscal 2016, which was when we began prior investment, we have been continually met with periods of struggle, but as a result, our relationships with customers have clearly evolved and business has grown, centered on deep relationships with customers such as joint development. I believe that the essence of business is, after all, "trust," and that earning an ongoing recognition from our customers through providing high value through stable quality and manufacturing excellence is of paramount importance.

I rate our rapid growth in fiscal 2021, which we achieved in spite of increased demand arising from supply chain turmoil, as the result of our fundamental strength that has enabled us to adroitly manage changes from such external factors.



## A Message from the President

Changes in the world present opportunities for the connector and connecting business to grow. We believe our mission is to demonstrate “foresight, sensitivity and responsiveness,” and propose new products suited to changes to our customers.



### 2 HIROSE Philosophy

We owe our accomplishments in building our three pillars to the strength of our employees. As connectors are sold between countries all over the world, our market comprises the fields of consumer equipment, automotive, and general industrial equipment, which are each distinctly different, along with the entire global world. In this wide business circle, Hirose is providing support for the coordination with our customers' global business sites, our customers' supply chains, such as EMS\*, and the manufacturers of the units that are connected. It is no small fact that connectors truly are “connecting business,” which is not something an individual can do on their own. What is most asked of a connector manufacturer is “teamwork,” and that makes our “human capital,” who provide that teamwork, an essential element of our business.

Our corporate philosophy that underpins our vision of what Hirose requires from its human capital is a “small company connecting wisdom.” Connectors can do nothing on their own as components, it is only when they connect electronic components and devices that they have a purpose. Therefore, it is necessary that we connect the wisdom of our customers, subcontractors, and different industries with our in-house wisdom.

Furthermore, by “small company,” we express our goal of being a company that can learn with an honest and humble attitude, with a view to taking a leap toward tomorrow. Corporate culture is said to be more influential than any strategy, and to provide the driving power for success, and we believe that the strength of Hirose is our employees, who conduct activities that lead to building even greater wisdom inside and outside the Group that transgresses business divisions and fields of application. The Hirose Group aims to realize a state where employees subconsciously practice this corporate philosophy and the HIROSE Philosophy, operating together with a sense of unity.

From the very beginning of my presidency, I have given much attention to activities that promote the handing down of our HIROSE Philosophy to the new generations of employees. In fiscal 2013, we established a clear structure for and documented the HIROSE Philosophy. Now, in recognition of rapid changes in both the markets in which we compete and the world, we decided it was necessary to make further updates. Therefore, from fiscal 2021, we have newly established the Philosophy Committee, which shall ramp up activities to perpetuate the values of the HIROSE Philosophy on a global level.

### Future challenges

Sales performed strongly in fiscal 2021, partly on the tailwinds of the external environment. Under our three-pillar structure, we have just begun to reap the fruits of our efforts, but we must continue to evolve going forward.

Amid a labor shortage that has arisen from COVID-19 and carbon neutral policies, we are expecting a broadening range of end-user applications, in such areas as medical equipment and food processing factories, and believe there is promise for even more new opportunities for our connecting business. While acknowledging our susceptibility to changes occurring around us, we are pursuing business activities from a medium- to long-term viewpoint under the management philosophy of “foresight, sensitivity and responsiveness.”

In fiscal 2022, we will hold the Hirose Technology Exhibition, which is held once every three years. This exhibition provides a place to exhibit concept products and new products, which have undergone steady development until now, and establishes a dialogue with customers. With the evolution of downsizing, high-density, high-speed transmission technologies, only slight modifications made to components can have an impact on the functionality of devices. As connectors are

“connecting” components, we are increasingly being asked to provide connections to our customers' devices and to other components. Through the Hirose Technology Exhibition, we aim to put on full display our intention to fulfill our role of “co-creation.” As this technology exhibition is the place and origin for “hypothesis verification” looking toward the future, we also display solutions to social problems that can be solved through our products.

Moreover, up until now, we have continued to proclaim our human capital to be a very important part of our business, and now we will provide concrete examples of this. In fiscal 2022, we are reforming our personnel system under the concept of “Year one for more focused development and growth of human capital.” I believe that “adaptiveness to change = thrive-ability.” If we consider something is for the purpose of thriving, then people are able to treat their work as their own, and it becomes possible to grow rapidly. My role in leading the management of the Hirose Group is to decide on the strategic positioning of our company, which is the three pillars, and to ensure that we have in place an initiative-taking environment geared toward growth, and that this organization is mirrored in our system for developing our human capital. Looking ahead, we aim to be a “more excellent company.”

\* EMS (Electronics Manufacturing Service): A company that makes electronic devices for other manufacturers' products.



## Value Co-creation Model

## Our Vision

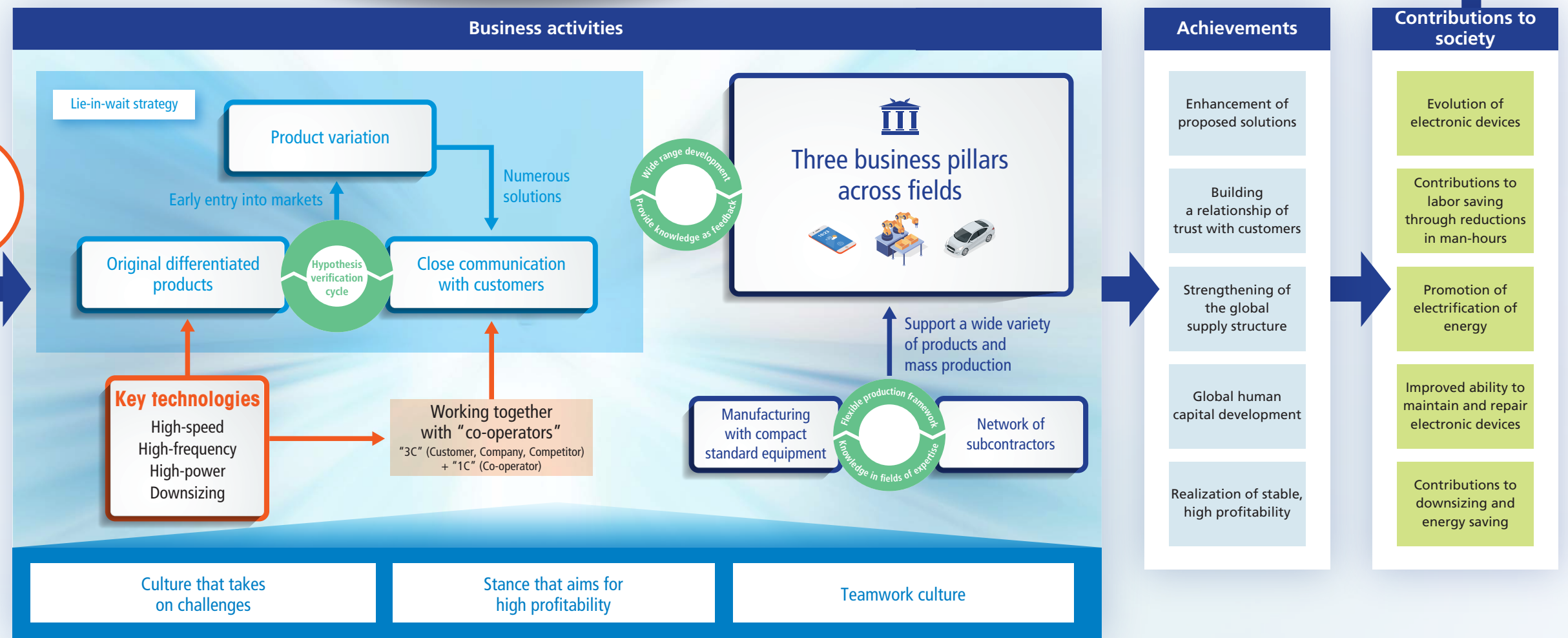
Co-creating the society  
of the future with  
the power of  
"connection"

Sustainability management

Foundation built up  
by putting the  
values into practice

- Number of customers  
**3,000**  
companies or more
- Number of products  
Around  
**50,000** items
- Subcontractors  
**800**  
companies or more
- Number of employees  
Around  
**5,000** employees

Broad-based  
connector  
business



Corporate  
Philosophy

A small company  
connecting wisdom

HIROSE  
Philosophy

6 Values

Connecting  
wisdom

High added value

The principle of  
"being small"

Always taking  
the lead, pursuing  
the cutting edge  
and achieving  
differentiation

A small company  
of smart people

Continuing to be  
a "high flier"



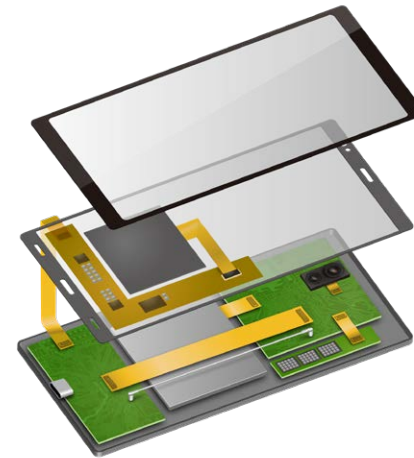
## Overview of business activities

Since connectors are a path on which electric signals travel, while at the same time, a connecting part, they are a part that is operated by the touch of a person's hand.

Therefore, the optimal connector varies according to the customer's design concept and the assembly environment of the worker. It is necessary to meet our customers' demands for the shape, size, and connection method that are suitable for the limited space within a device, and it is important to hold discussions with customers to ensure that there are no differences in opinion.

However, since a completely customized connector would result in a high price and would not contribute to the widespread use of the device, Hirose is focusing its efforts on aggregating diverse customer needs and providing standard variations.

Hirose's goal of developing leading, cutting-edge, and differentiated products contributes to the aggregation of needs by anticipating and preparing connector concepts that our customers may require.



- 1 Prepare product concepts in advance that anticipate customers' future needs for devices
- 2 Gather information by listening to leading-edge customers who are pursuing the evolution of devices, and modify connector designs to match device structures
- 3 Offer a lineup of product variations based on the knowledge shared with leading-edge customers, and enhance solutions that can be proposed immediately to a wide range of customers

This is an important concept that forms the core of Hirose's business as the "lie-in-wait strategy."

As an environment in which we can receive feedback from a variety of customers is necessary in order to realize the lie-in-wait strategy, Hirose considers close communication with customers through its direct sales system to be the foundation.

Furthermore, given the trend toward high speed and high capacity in recent years, it is essential that we work together with manufacturers of semiconductors, boards and cables as well as connector manufacturers in order to achieve the transmission characteristics, and we are also focusing on the knowledge we obtain from these "co-operators." For Hirose, customers and co-operators act as mentors who can provide us with in-depth knowledge of devices while also serving as partners in creating products.

In addition, no matter how good a product a connector is, it will not be adopted if it does not match the customer's development schedule. Therefore, internal collaboration is extremely important. Even engineers visit customers in person and gather information, and salespeople make supply proposals based on their understanding of manufacturing as well. Based on the information gathered in this way, we are able to provide a supply of products in accordance with the customer's schedule through manufacturing using compact standard equipment and our network of subcontractors. Because the ability to move quickly is key in the connector business, Hirose places importance on a system and values that encourage employees to engage in cross-divisional and cross-field activities. At the same time, this system and values are Hirose's greatest strengths.

Strength

1

Synergies Across Fields

Value Co-creation Model

Since customer needs with regard to connectors vary from company to company, connector manufacturers have set their own fields of expertise.

Among these, Hirose is one of the few manufacturers that focus on the three pillars of consumer equipment, automotive, and general industrial equipment.

At first glance, this policy of capturing wide-ranging markets may seem inefficient. However, the knowledge accumulated and the product lineup built up over Hirose's long history of more than 80 years have made it an important element in creating synergies.

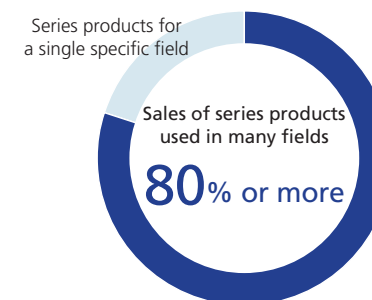
### 1 Expanding our own markets

Generally, a product is developed for a particular market and becomes obsolete as the technology in the market evolves. If we take a broad view of this seemingly one-way flow, we realize that there is a flow for each device in each field, resulting in myriad different flows. We focus on the "connection area" as a connector manufacturer. Connectors can overcome market barriers if they are small enough to fit in the space inside a device and satisfy the electrical and mechanical performance requirements. For example, it is common for connectors originally developed for televisions to be used in automotive devices and at factories. This is achieved by finding common needs for devices in terms of "monitor connection" and modifying the design to suit the market. Since these products were once mass-produced and supplied for use in a large number of devices, they can be provided to customers with stable quality, supply, and cost. Connectors are in a unique business where changing the target market of products can lead to renewed growth.

Hirose products are sold across different fields

Development of product variations to suit devices

#### ○ Hirose sales composition (by series)



### 2 Proposal capabilities utilizing knowledge in other fields

In the past, the consumer equipment, automotive, and general industrial equipment fields each developed independently, but in recent years, the areas of overlap have been increasing, making it important to share knowledge across these fields. The overlap between consumer equipment and automotive, as typified by "automobiles becoming more like smartphones," is well known, but another example is automated guided vehicles (AGVs). AGVs, which are used for transportation within factories and are categorized as part of the general industrial equipment segment, also require the vibration resistance and autonomous driving technology of automobiles.

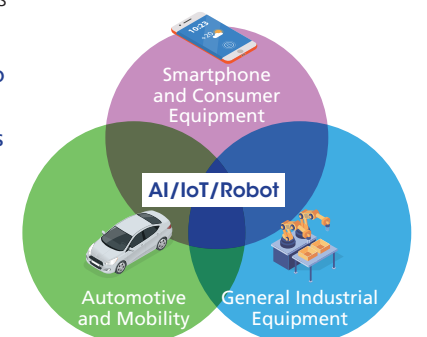
Within this movement, there is a major trend toward mounting sensors, etc. on various devices so that they can communicate with each other and operate autonomously.

Hirose proposes solutions across fields utilizing high-speed, high-frequency, high-power, and downsizing as key technologies.

In order to take advantage of such cross-field knowledge, it is important to have perspectives other than those centered on a particular field and to engage in activities across divisions.

- Organizational structure that analyzes markets based not only on the field but also on technology (products)
- Psychological safety through an evaluation system that values taking on challenges and accepts failure
- The HIROSE Philosophy that encourages employees to acknowledge ourselves to "be small," and earnestly and modestly seek to be taught

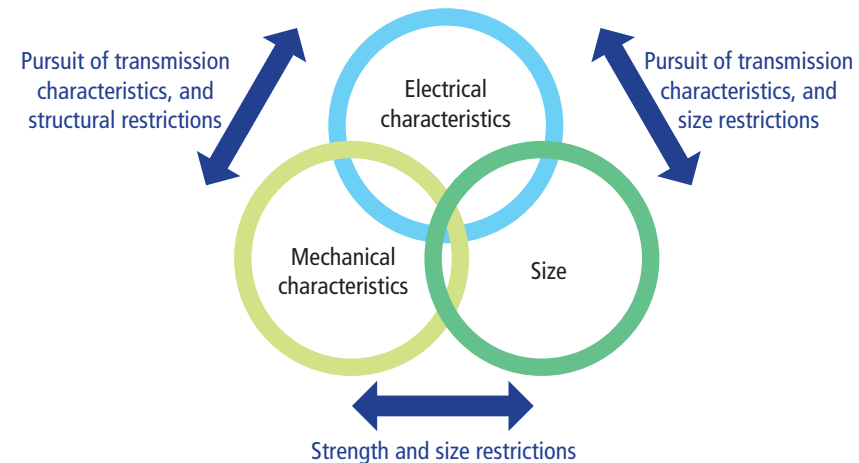
These items, along with the structures within the Group, have taken root in our corporate culture, and are a major strength of Hirose in the connector business, where the ability to move quickly is a must.





Connectors are electronic components that must not only provide a pathway for electricity, but must also fulfill the physical role of “connection” while pursuing a balance between electrical and mechanical characteristics within the constraint of limited space. In addition, many product variations are required because customers’ needs differ depending on their design concepts. Therefore, the evolution of connectors is following diverse paths, and a wide variety of product variations are also required in business to provide proposals suitable for the performance that customers value.

Hirose has achieved its current scale of sales by building up a product lineup that includes 50,000 items. Since we are not in a business that can rely on a single hit product, it is essential that we strive to continually produce hit products. Hirose developed Japan’s first original connector in the 1960s, and with this history as a foundation, we have placed great importance on systems that enable our engineers to demonstrate their original spirit and pursue differentiation.



### ① Awareness of value creation

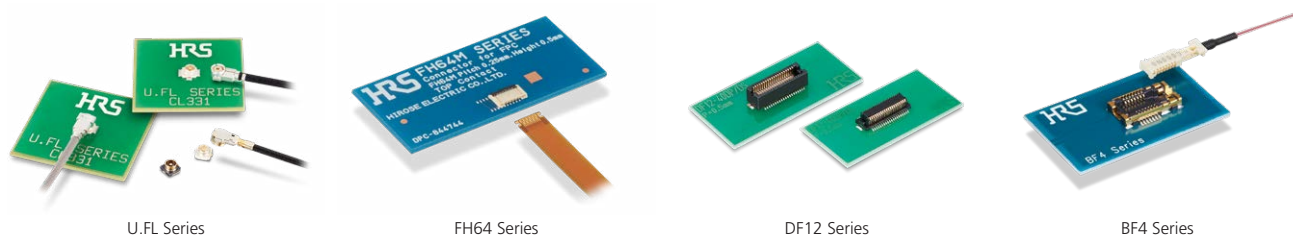
Hirose’s engineers are expected to be product managers. The engineers themselves engage in dialogue with customers to make hypotheses about their unrealized needs, and formulate investment profitability plans for product development, looking at the entire value chain. The high profitability as a company serves as a high hurdle for such engineers by which they can measure their own achievements. Since customers will not consider “average” products to have high added value, this serves as a driving force in our continuous pursuit of differentiated products.

### ② Hypothesis verification system

Hirose holds technology exhibitions (private exhibitions) every three years. At these large-scale, closed events to which customers are invited, we formulate hypotheses regarding the future of the customers’ devices and exhibit a number of new products and concept products. As engineers provide explanations at the technology exhibitions, and personally engage in dialogue with customers and listen to their opinions on our products, we have created this system for hypothesis verification to create new products on a medium- to long-term basis.

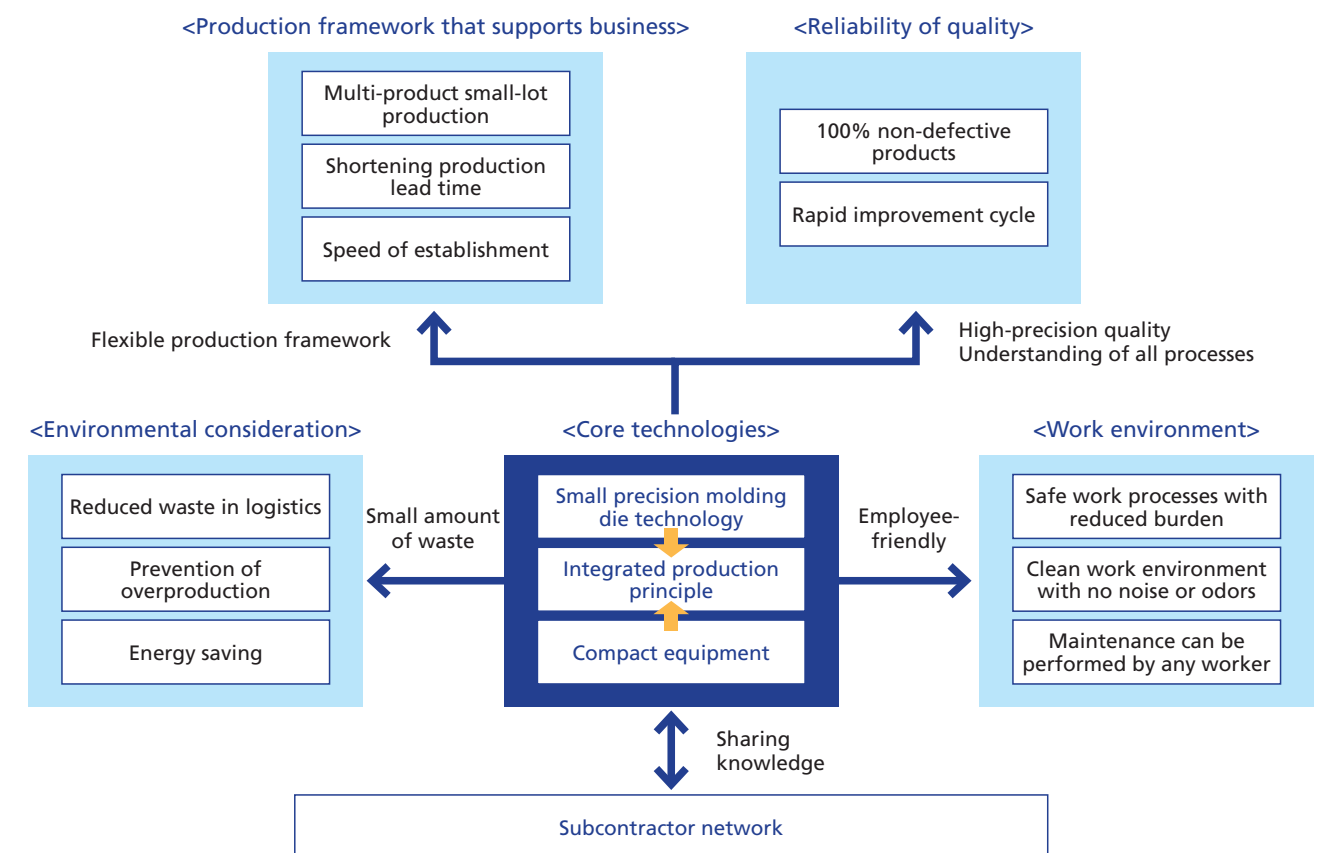
We also regularly hold a “Zero One Festival” in the Company where engineers can bring their ideas for future products. In order to value the enjoyment of moving from zero to one by creating something from scratch, ideas are freely exhibited, regardless of whether they should be commercialized or not, and engineers actively exchange opinions with each other as they visit the exhibition booths. This culture is the foundation upon which Hirose’s engineers continue to create differentiated products.

### ○ Products born from our spirit of differentiation



In order to maintain Hirose’s three pillars and product lineup, multi-product small-lot production is necessary. At the core of this is the principle of manufacturing using compact equipment and precision molding dies. This principle originated from the belief that “if you stick to principles and eliminate waste, you can make things smaller,” which was told to us by a subcontractor that specializes in small precision molding dies. We have pursued downsizing of assembly equipment and molding dies based on the idea that everything other than the equipment parts used to form the connector shape is waste. In order to perform efficient processing with the minimum energy to make connectors, the equipment parts have a high degree of precision and are created from well-thought-out designs.

While mass production using large equipment is usually considered more efficient, Hirose’s unique strength lies in its pursuit of small size. In addition to being compatible with small connectors, this enables us to flexibly change production types and easily introduce equipment to subcontractors, and is an important factor supporting Hirose’s three pillars and diverse product lineup.



In addition, the pursuit of small size resulted in the principle of “integrated production,” which consolidates all processes up to assembly, and has become the core of Hirose’s high quality. Integrated production places the production line within sight, making it possible to grasp the issues at each process at a glance and to quickly go through the manufacturing improvement cycle. While large equipment requires major improvements, such as separating the production line from the vibration effects of such equipment and using a crane to transport molding dies, this is not the case with Hirose’s compact equipment. Through the use of equipment that any employee can operate, we are able to adhere to the manufacturing principle of “if there is any problem, stop the line and make improvements,” which is the basis for the quality trusted by the world’s leading manufacturers.

Hirose outsources production to subcontractors based on its own quality standards and using assembly equipment of its own design. To achieve this, it is necessary to convey Hirose’s manufacturing principle and to provide the opinions of the subcontractors at the production sites regarding the equipment as feedback. Furthermore, since this manufacturing principle does not consist solely of equipment, we also value exchanges of human capital with the subcontractors. We aim to accept human capital so that we can set up production lines together and share our know-how, and we consider the idea of being both mentors and partners to each other to be important.



# Sustainability Management

## Sustainability

### Approach to sustainability management

The Hirose Group has co-created new value by connecting wisdom with various partners in and outside the Company, guided by its corporate philosophy of being a “small company connecting wisdom.” Hirose considers the recent increase in awareness about sustainability as an opportunity to take a fresh look at connectors and at itself. The function of “connecting and disconnecting” provided by connectors makes it possible to divide electronic devices into units. This enables individual units to be replaced, helping to save resources and energy, and to reduce waste. As it also allows units to be produced individually, it contributes significantly to the division of labor.

The spirit of leading, pursuing the cutting edge, and achieving differentiation incorporated in the HIROSE Philosophy encourages the pursuit of such technological innovation, and we believe that solving social issues through business activities is in fact the fulcrum of this philosophy. Based on this approach, we have identified two key themes.

#### ① Year one for more focused development and growth of human capital    ② Carbon neutrality

① We will focus on “human capital,” who are the foundation of our business activities. Since the connector business is an extremely wide-ranging business, there are limits to the results that can be achieved by just one innovative product. Our organizational capability to enable many employees to continuously create unique new products is being put to the test, and we will focus intensely on developing human capital who are suitable for the connector business.

② Realizing carbon neutrality requires new initiatives for calculating CO<sub>2</sub> emissions from overall corporate activities, including the supply chain. This is an important theme because it will enable initiatives that contribute to the environment, which were difficult to promote from the perspective of monetary value alone, while contributing to renewing the awareness of the Company overall.

By working to create value through these activities, we aim to conduct corporate management that will be trusted by all stakeholders, and to realize a richer and more sustainable future society.

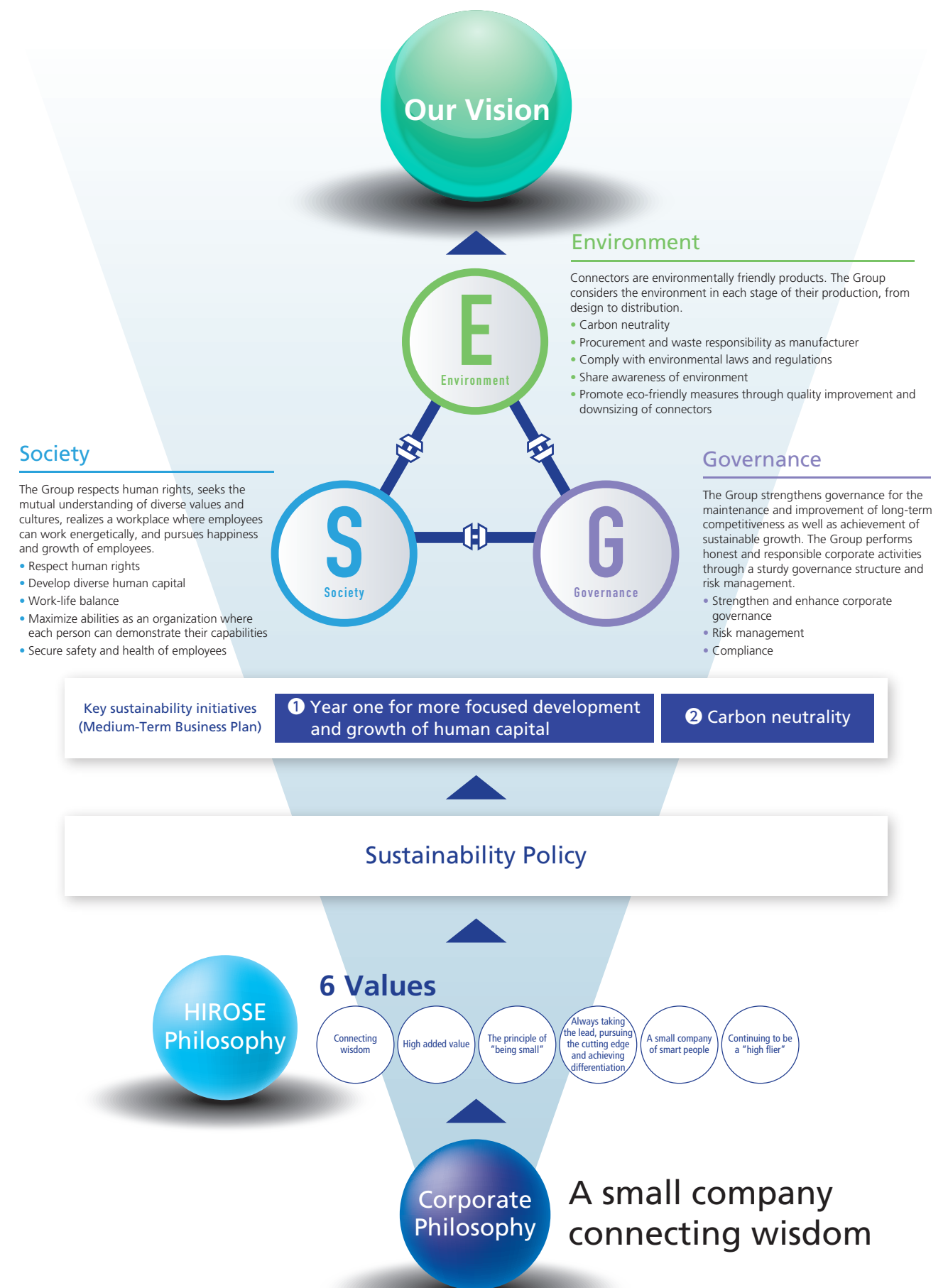
### Sustainability basic policy

Based on a corporate philosophy of being a “small company connecting wisdom,” as a specialist connector manufacturer that connects products using amassed human wisdom, the Hirose Group believes that the attach/detach function of the connectors itself can contribute to the reduction of environmental impact. By providing high-quality connectors, the Group aims to contribute to a sustainable society and achieve continuous growth.

- Contribute to the realization of a prosperous society with products that customers enjoy through forward-looking development that responds to changes in the times and market.
- Comply with laws and regulations of countries and regions, international rules, and internal rules while faithfully operating in accordance with social codes and corporate ethics.
- Recognize the importance of global environment protection and promote corporate activities that consider conservation of biodiversity and environmental protection.

### Sustainability promotion system

Management decision making is mainly conducted by the Group Presidents’ Meeting, which consists of the President and the persons responsible for execution of each functional group, and the Board of Directors, which receives planning proposals from the Group Presidents’ Meeting and makes resolutions on them. The decisions are made in coordination with the Environmental Management Committee and the CSR & Risk Management Committee depending on the theme. Moreover, in fiscal 2021, we started a project to promote understanding of sustainability inside the Company. Comprising mid-level employees who will carry the Company forward into the future, as well as the Director responsible for the Administration Group who participates as an observer, this project promotes sustainability in cooperation with the Board of Directors.



### Participation in the UN Global Compact

The “UN Global Compact” is a voluntary initiative which each company provides creative and responsible leadership, act as good corporate citizens and participate in a global framework development for realizing sustainable growth. “UN Global Compact” signature companies expand activities towards the realization on the basis of the company’s chief executive’s commitment which consents to ten items of essential principles of CSR relate to protection of human rights, exclusion of unjust labor, correspondence to environment, and anti-corruption. We will promote CSR activities more aggressively and continually for the sustainable social development as the global company by participation in the “UN Global Compact.”