

Quarterly Financial Report

Third Quarter of 74th Fiscal Term
From October 1, 2020 to December 31, 2020

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【Document to be filed】 Quarterly Financial Report
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【Date of filing】 February 12, 2021
【Fiscal Period】 3rd quarter of 74th term (from October 1, 2020 to December 31, 2020)
【Company name】 HIROSE ELECTRIC CO., LTD.
【Title and name of representative】 Kazunori Ishii, President and Representative Director
【Location of head office】 2-6-3 Nakagawa Chuoh, Tsuzuki-Ku, Yokohama, Kanagawa, Japan
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【Place where the document to be filed is available for public inspection】 Tokyo Stock Exchange, Inc.
(2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo, Japan)

【Company Information】

1. Overview of the Company

1. Changes in major management indicators

(Yen in millions)

	73rd Fiscal Term Consolidated Cumulative Third Quarter	74th Fiscal Term Consolidated Cumulative Third Quarter	73rd Fiscal Term
Fiscal period	From April 1, 2019 to December 31, 2019	From April 1, 2020 to December 31, 2020	From April 1, 2019 to March 31, 2020
Sales (third quarter from Oct 1 to Dec 31)	91,525 (31,260)	98,479 (37,443)	121,765
Income before income taxes	16,920	20,814	21,205
Quarterly profit attributable to owners of the parent (third quarter from Oct 1 to Dec 31)	11,976 (3,402)	14,982 (5,644)	15,305
Quarterly comprehensive income attributable to owners of the parent	11,300	18,842	10,291
Equity attributable to owners of the parent	307,151	316,368	306,141
Total Assets	344,191	356,493	342,644
Quarterly earnings per share -basic (Yen) (third quarter from Oct 1 to Dec 31)	328.53 (93.39)	413.09 (155.61)	420.39
Quarterly earnings per share -diluted (Yen)	328.52	413.07	420.37
Ratio of total equity attributable to owners of the parent (%)	89.2	88.7	89.3
Net cash provided by operating activities	20,628	24,002	28,584
Net cash used in investing activities	(13,809)	(14,748)	(17,164)
Net cash used in financing activities	(11,999)	(9,153)	(12,205)
Balance of cash and cash equivalents at end of the period	46,672	50,921	50,561

(Notes) 1. We prepare the condensed quarterly consolidated financial statements, and the transition of the major management indicators are not included.

2. "Sales" do not include consumption taxes.

3. The financial data above are based on the condensed quarterly consolidated financial statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

2. Description of Business

There were no significant changes in our business during the consolidated cumulative third quarter of the fiscal year ending March 31, 2021.

There were also no changes in major subsidiaries.

2. Business Overview

1. Risk Factors

Regarding the business and financial situation stated in this report, there were no matters that may have significant impact on the investment decision and no significant changes in the risk factors stated in the annual securities report for the previous fiscal year during the nine months ended December 31, 2020.

There were no material events.

2. Management Analysis of Financial Position, Operating Results and Cash Flows

Forward-looking statements below were determined as of December 31, 2020.

(1) Overview of Operating Results

In the third quarter of the fiscal year ending March 31, 2021, the consumption spending has been sluggish and corporate profits deteriorated affected by the impact of COVID-19 and Japanese economy has been in extremely difficult situation.

In overseas market, Europe and the United States have been affected by COVID-19. In China, the production activity has been returning to normal level quickly and there are some signs of recovery of demands.

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, business for consumer electronics and general industrial has remained strong, and sales revenue in the consolidated cumulative 3Q increased by 7.6% to 98,479 million yen compared to the same period of the previous fiscal year. Operating profit increased by 31.1% to 21,242 million yen, and quarterly income attributable to owners of the parent company increased by 25.1% to 14,982 million yen as compared with 3Q of the fiscal 2019.

The business results by 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, tablet PC, 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 this 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 cumulative 3Q of the fiscal year ending March 31, 2021 increased by 8.8% to 88,121 million yen, operating profit increased by 31.1% to 20,032 million yen compared with the same period of the fiscal 2019.

[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 microwave communications devices, satellite communications equipment, electronic measuring instruments, smartphones, 4K and 8K broadcasting equipment, and other electronic equipment. Optical fiber connectors and coaxial switches are also included in this segment. Segment sales for the cumulative 3Q of the fiscal 2020 decreased by 5.2% to 7,131 million yen. Operating profit increased by 52.6% to 1,117 million yen.

[Other products]

This segment includes micro switches and instruments for connectors. Segment sales for the cumulative third quarter of the fiscal 2020 increased by 6.0% to 3,227 million yen, operating profit decreased by 50.6% to 93 million yen compared with the previous same period.

(2) Overview of Cash Flows

Cash and cash equivalents at the consolidated cumulative third quarter of the fiscal year ending March 31, 2021 increased by JPY 360 million to JPY 50,921 million compared to the end of the fiscal year ended March 31, 2020.

a. Cash flows from operating activities

Net cash provided by operating activities increased by JPY 24,002 million (In the cumulative third quarter of the fiscal 2019, it increased by JPY 20,628 million.) This increase was mainly due to appropriation of quarterly income before tax, JPY 20,814 million, and depreciation and amortization, JPY 12,491 million.

b. Cash flows from investing activities

Net cash used in investing activities decreased by JPY 14,748 million (In the cumulative third quarter of the fiscal 2019, it decreased by JPY 13,809 million.) This is mainly due to proceeds from sale and redemption of investment, JPY 8,613 million, payments for purchase of investment, JPY 9,799 million, and payments for purchase of tangible fixed assets, JPY 10,397 million.

c. Cash flows from financing activities

Net cash used in financing activities decreased by JPY 9,153 million (In the cumulative third quarter of the fiscal 2019, it decreased by JPY 11,999 million.) This is because of decrease in capital by the dividend payment, JPY 8,704 million.

(3) Analysis of financial condition

Total assets of FY2020.3Q increased by JPY 13,849 million to JPY 356,493 million compared to the end of the previous consolidated fiscal year because trade receivables, other receivables and other financial assets increased. Total liabilities increased by JPY 3,622 million to JPY 40,125 million due to the increase in trade payables and other payables. Additionally, retained earnings increased by recording quarterly profit attributable to owners of the parent and treasury stock was cancelled, and total equity increased by JPY 10,227 million to JPY 316,368 million. As a result, total equity attributable to owners of the parent decreased by 0.6% to 88.7% compared to the end of the previous fiscal year.

(4) Assumptions used for accounting estimates

There are no significant changes in the accounting estimated from “Management Analysis of Financial Position, Operating Results and Cash Flows” stated in the annual securities report of FY 2019 and assumptions used for the estimates.

(5) Research and development

Our research and development expenses for the nine months ended December 31, 2020 were JPY 5,383 million. As the achievement of research and development activities, fixed assets including tools appropriated to JPY 1,783 million. When these amount are added up, the total of R&D investment amount was JPY 7,166 million. There were no significant changes in research and development activities for the period.

3. Material Agreements, etc

There were no decision or conclusion of significant business agreement during the three months ended December 31, 2020.

3. Information on the Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

① Total Number of Shares

Class	Total number of shares authorized to be issued (Shares)
Ordinary share	80,000,000
Total	80,000,000

② Issued Shares

Class	Number of shares issued as of the end of the third quarter (Shares) (December 31, 2020)	Number of shares issued as of the filing date (Shares) (February 12, 2021)	Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered	Description
Ordinary share	38,175,942	38,175,942	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per unit of shares is 100 shares
Total	38,175,942	38,175,942	—	—

(Note) The number of shares issued as of the filing date do not include the share issued by share acquisition rights from February 1, 2021 to the filing date of this report.

(2) Information on the share acquisition rights, etc.

① Details of share option plans

Not applicable.

② Other information about share acquisition rights

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

(4) Changes in the total number of shares issued, common stock, etc.

Date	Change in the total number of issued shares (Thousand Shares)	Balance of the total number of issued shares (Thousand Shares)	Change in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Change in capital reserve (Yen in millions)	Balance of capital reserve (Yen in millions)
From October 1, 2020 to December 31, 2020	—	38,175	—	9,404	—	12,007

(5) Information on voting rights

We cannot identify the description of shareholders registry as of December 31, 2020, and stated the information based on the shareholders registry as of September 30, 2020.

① Issued shares

(As of September 30, 2020)

Classification	Number of shares (Shares)	Number of voting rights	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury stock, etc)	–	–	–
Shares with restricted voting rights (others)	–	–	–
Shares with full voting rights (treasury stock, etc.)	(treasury stock) Ordinary share 1,908,900	–	Standard stocks which there is no restriction on contents of the right of the stock
Shares with full voting rights (others)	Ordinary share 36,189,600	361,896	Same as above
Shares less than one unit	Ordinary share 77,442	–	Same as above
Number of issued shares	38,175,942	–	–
Total number of voting rights	–	361,896	–

(Notes) 1. The ordinary shares in “Shares less than one unit” includes 59 shares registered in the name of Japan Securities Depository Center.

2. The ordinary shares in “Shares less than one unit” includes 82 treasury shares held by HIROSE group.

② Treasury Stock and Others

(As of September 30, 2020)

Name of shareholder	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Ownership percentage to the total number of issued shares (%)
(Treasury shares) HIROSE ELECTRIC	2-6-3 Nakagawa Chuoh, Tsuzuki-Ku, Yokohama, Kanagawa	1,908,900	–	1,908,900	5.00
Total	–	1,908,900	–	1,908,900	5.00

2. Information of the board members

Not applicable.

4. Financial Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Yen in millions)

	Note	As of March 31, 2020	As of December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	10	50,561	50,921
Trade and other receivables	10	30,444	37,504
Inventories		14,512	15,560
Other financial assets	10	120,541	127,991
Other current assets		4,614	4,305
Total current assets		220,672	236,281
Non-current assets			
Tangible fixed assets		61,541	61,070
Right of use assets		4,478	4,298
Intangible assets		2,519	2,928
Other financial assets	10	50,141	48,511
Deferred tax assets		2,272	2,386
Retirement benefit assets		563	572
Other non-current assets		458	447
Total non-current assets		121,972	120,212
Total assets		342,644	356,493

(Yen in millions)

	Note	As of March 31, 2020	As of December 31, 2020
Liabilities			
Current liabilities			
Trade and other payables	10	16,747	19,240
Lease liabilities		728	727
Other financial liabilities	10	25	—
Accrued tax payables		2,964	4,059
Other current liabilities		4,377	4,113
Total current liabilities		24,841	28,139
Non-current liabilities			
Lease liabilities		3,764	3,608
Other financial liabilities	10	—	116
Retirement benefit liabilities		230	238
Deferred tax liabilities		6,573	7,281
Other non-current liabilities		1,095	743
Total non-current liabilities		11,662	11,986
Total liabilities		36,503	40,125
Equity			
Common stock		9,404	9,404
Common surplus		11,293	11,262
Retained earnings		308,343	312,277
Treasury stocks	6	(24,456)	(21,996)
Other components of equity		1,557	5,421
Total equity attributable to owners of the parent		306,141	316,368
Total equity		306,141	316,368
Total liabilities and equity		342,644	356,493

(2) Condensed Quarterly Consolidated Statement of Profit or Loss
(For the nine months ended December 31, 2019 and 2020)

(Yen in millions)

	Note	For the consolidated cumulative third quarter of the year ended March 31, 2020 <small>(From April 1, 2019 to December 31, 2019)</small>	For the consolidated cumulative third quarter of the year ending March 31, 2021 <small>(From April 1, 2020 to December 31, 2020)</small>
Sales revenue	8	91,525	98,479
Cost of sales		52,391	56,602
Gross profit		39,134	41,877
Selling, general and administrative expenses		22,755	22,112
Other income		1,129	1,835
Other expenses		1,303	358
Operating profit		16,205	21,242
Financial income		990	839
Financial expenses		275	1,267
Quarterly income before tax		16,920	20,814
Corporate income tax expenses		4,944	5,832
Quarterly income		11,976	14,982
Quarterly income attributable to: Owners of the parent		11,976	14,982
Quarterly Earnings per share:			
Basic (yen)	9	328.53	413.09
Diluted (yen)	9	328.52	413.07

(For the three months ended December 31, 2019 and 2020)

(Yen in millions)

	Note	For the third quarter of the year ended March 31, 2020 (From October 1, 2019 to December 31, 2019)	For the third quarter of the year ending March 31, 2021 (From October 1, 2020 to December 31, 2020)
Sales revenue		31,260	37,443
Cost of sales		17,980	21,431
Gross profit		13,280	16,012
Selling, general and administrative expenses		7,683	7,612
Other income		99	103
Other expenses		1,025	154
Operating profit		4,671	8,349
Financial income		367	321
Financial expenses		205	743
Quarterly income before tax		4,833	7,927
Corporate income tax expenses		1,431	2,283
Quarterly income		3,402	5,644
Quarterly income attributable to: Owners of the parent		3,402	5,644
Quarterly Earnings per share:			
Basic (yen)	9	93.39	155.61
Diluted (yen)	9	93.39	155.60

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the nine months ended December 31, 2019 and 2020)

(Yen in millions)

	Note	For the consolidated cumulative third quarter of the year ended March 31, 2020 (From April 1, 2019 to December 31, 2019)	For the consolidated cumulative third quarter of the year ending March 31, 2021 (From April 1, 2020 to December 31, 2020)
Quarterly income		11,976	14,982
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		1,586	469
Total items that will not be reclassified to profit or loss		1,586	469
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(2,240)	3,358
Debt instruments measured at fair value through other comprehensive income		(22)	33
Total items that may be reclassified to profit or loss		(2,262)	3,391
Total other comprehensive income after tax		(676)	3,860
Total quarterly comprehensive income		11,300	18,842
Total amount of quarterly comprehensive income attributable to:			
Owners of the parent		11,300	18,842

(For the three months ended December 31, 2019 and 2020)

(Yen in millions)

	Note	For the third quarter of the year ended March 31, 2020 (From October 1, 2019 to December 31, 2019)	For the third quarter of the year ending March 31, 2021 (From October 1, 2020 to December 31, 2020)
Quarterly income		3,402	5,644
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		872	767
Total items that will not be reclassified to profit or loss		872	767
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		3,689	2,504
Debt instruments measured at fair value through other comprehensive income		(42)	9
Total items that may be reclassified to profit or loss		3,647	2,513
Total other comprehensive income after tax		4,519	3,280
Total quarterly comprehensive income		7,921	8,924
Total amount of quarterly comprehensive income attributable to:			
Owners of the parent		7,921	8,924

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

(Yen in millions)

	Note	Common Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Total equity
Balance as of April 1, 2019		9,404	11,314	303,349	(23,213)	6,476	307,330	307,330
Quarterly income				11,976			11,976	11,976
Other comprehensive income						(676)	(676)	(676)
Total of quarterly comprehensive income		—	—	11,976	—	(676)	11,300	11,300
Dividend of surplus	7			(8,751)			(8,751)	(8,751)
Purchase of treasury stock	6		(0)		(2,757)		(2,757)	(2,757)
Disposition of treasury stock			2		27		29	29
Cancellation of treasury stock	6		(1,487)		1,487		—	—
Transfer to retained earnings	6		1,473	(1,473)			—	—
Total transaction with owners		—	(12)	(10,224)	(1,243)	—	(11,479)	(11,479)
Balance as of December 31, 2019		9,404	11,302	305,101	(24,456)	5,800	307,151	307,151

	Note	Common Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Total equity
Balance as of April 1, 2020		9,404	11,293	308,343	(24,456)	1,557	306,141	306,141
Quarterly income				14,982			14,982	14,982
Other comprehensive income						3,860	3,860	3,860
Total of quarterly comprehensive income		—	—	14,982	—	3,860	18,842	18,842
Dividend of surplus	7			(8,704)			(8,704)	(8,704)
Purchase of treasury stock			(0)		(5)		(5)	(5)
Disposition of treasury stock			10		84		94	94
Cancellation of treasury stock	6		(2,381)		2,381		—	—
Transfer to retained earnings	6		2,340	(2,344)		4	—	—
Total transaction with owners		—	(31)	(11,048)	2,460	4	(8,615)	(8,615)
Balance as of December 31, 2020		9,404	11,262	312,277	(21,996)	5,421	316,368	316,368

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the consolidated cumulative third quarter of the FY2019 (From April 1, 2019 to December 31, 2019)	For the consolidated cumulative third quarter of the FY2020 (From April 1, 2020 to December 31, 2020)
Cash flows from operating activities:			
Quarterly income before tax		16,920	20,814
Depreciation and amortization		11,706	12,491
Financial income		(990)	(839)
Financial expenses		275	1,267
(Increase) decrease in trade and other receivables		(2,425)	(6,828)
(Increase) decrease in inventories		(771)	(803)
Increase (decrease) in trade and other payables		(479)	2,506
Others		932	(2,853)
Subtotal		25,168	25,755
Insurance income		—	1,496
Interests received		704	466
Dividends received		321	350
Income taxes paid		(5,564)	(4,065)
Net cash provided by operating activities		20,628	(24,002)
Cash flows from investing activities			
(Increase) decrease in term deposit		1,806	(2,355)
Proceeds from sales and redemption of investment		12,348	8,613
Payments for purchase of investment		(13,076)	(9,799)
Payments for purchase of tangible fixed assets		(14,836)	(10,397)
Others		(51)	(810)
Net cash used in investing activities		(13,809)	(14,748)
Cash flows from financing activities			
Purchase of treasury stock		(2,757)	(5)
Dividends paid		(8,751)	(8,704)
Payments of lease liabilities		(520)	(538)
Others		29	94
Net cash used in financing activities		(11,999)	(9,153)
Effect of exchange rate changes on cash and cash equivalents		(470)	259
Increase (decrease) in cash and cash equivalents		(5,650)	360
Cash and cash equivalents at the beginning of the year		52,322	50,561
Cash and cash equivalents at the end of the period		46,672	50,921

【Notes to Condensed Quarterly Consolidated Financial Statements】

1. Reporting Entity

HIROSE ELECTORIC is a corporation located in Japan. Our subsidiaries and we manufacture and sell mainly multi-pin connectors, coaxial connectors and other electronic components.

2. The Basis for preparation of the statements

(1) Compliance with IFRS

Our condensed quarterly consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting” pursuant to the provision of Article 93 of the Regulations for Quarterly Consolidated Financial Statements, as the company meets the criteria of a “Designated IFRS Specified Company” defined in Article 1-2 of the Regulations.

The condensed quarterly consolidated financial statements do not include all the information that must be disclosed in the annual consolidated financial statements, and therefore should be used in conjunction with the consolidated financial statements for the year ended March 31, 2020.

Condensed quarterly consolidated financial statements of the company were authorized by our president and representative director, Kazunori Ishii, on February 3, 2021.

(2) Basis of measurement

The condensed quarterly consolidated financial statements have been prepared based on acquisition cost, except for financial instruments measured at fair value, and liabilities and assets for retirement benefits.

(3) Functional currency and presentation currency

The condensed quarterly consolidated financial statements of the company are presented in Japanese yen, which is the functional currency of us, and the amounts are described in unites of JPY 1 million. The amounts are also rounded to the nearest million yen.

3. Significant Accounting Policies

Significant accounting policies applied in the condensed quarterly consolidated financial statements is the same as the policies applied in the consolidated financial statements for the year ended March 31, 2020. Corporate income tax expenses for the nine months ended December 31, 2020 was calculated based on estimated annual effective tax rate.

4. Significant accounting estimates and judgements

In preparing condensed quarterly consolidated financial statements, adoption of accounting policies, judgement affects the reporting amount of assets, liabilities, income and expenses, accounting quotation and assumptions are used. The company collects past experiences and available information and considered various factors thought as rational at the closing date, and these estimates and assumptions are based on the best judgement of executive. However, the figures based on these estimation and assumptions might be different from the actual result judging from the nature.

We maintain the revision of estimates and the assumptions which could be the basis. We recognize the impact by this revision in the period for revised the estimates and future period.

(1) Significant judgement in application of accounting policies

- Revenue recognition

(2) Issues could be factors of uncertainty of estimates

The assumptions about the future having remarkable risks which may be a factor of significant revision on book value of assets and liabilities after the three months ended December 31, 2020, and the main information regarding uncertainty of other estimates as of the end of the period are included into the following note.

- Matters relating to financial instruments (Notes: 10. Fair values of financial instruments).

5. Business Segment

(1) Overview of reporting segment

In the reporting segment 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 reporting segment is “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 reporting segment

The revenue stated in reporting segment is operating profit basis.

For the consolidated cumulative third quarter of the fiscal year ended March 31, 2020

(from April 1, 2019 to December 31, 2019)

(Yen in millions)

	Reporting segments			Others*	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Sales revenue					
Sales revenue from external customers	80,958	7,523	88,481	3,044	91,525
Total revenue	80,958	7,523	88,481	3,044	91,525
Operating profit	15,286	732	16,018	187	16,205
Financial income	—	—	—	—	990
Financial expenses	—	—	—	—	275
Quarterly income before tax	—	—	—	—	16,920

**Others” category is not included into reporting segments. “Others” includes micro switches and instruments for connectors.

For the consolidated cumulative third quarter of the fiscal year ending March 31, 2021

(from April 1, 2020 to December 31, 2020)

(Yen in millions)

	Reporting segments			Others *	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Sales revenue					
Sales revenue from external customers	88,121	7,131	95,252	3,227	98,479
Total revenue	88,121	7,131	95,252	3,227	98,479
Operating profit	20,032	1,117	21,149	93	21,242
Financial income	—	—	—	—	839
Financial expenses	—	—	—	—	1,267
Quarterly income before tax	—	—	—	—	20,814

**Others” category is not included into reporting segments. “Others” includes micro switches and instruments for connectors.

6. Paid-in capital and other equity

Following the resolution of director's board meeting held on May 8, 2019, we cancelled 131,000 treasury shares as of May 31, 2019, and following the resolution of director's board meeting held on December 16, 2019, we purchased 197,000 treasury shares as of December 17, 2019.

Moreover, following the resolution of director's board meeting held on May 28, 2020, we cancelled 205,000 treasury shares as of June 2, 2020. The amount of the cancellation was reduced from other capital surplus in "Capital surplus", but the amount exceeding other capital surplus was reduced from "Retained earnings".

7. Dividends

(1) Dividends paid

For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

	Total amount of dividends (Yen in millions)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
The resolution of the Ordinary General Meeting of Shareholders held on June 27, 2019	4,376	Retained earnings	120.00	March 31, 2019	June 28, 2019
The resolution of director's board meeting held on November 1, 2019	4,376	Retained earnings	120.00	September 30, 2019	December 2, 2019

For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)

	Total amount of dividends (Yen in millions)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
The resolution of the Ordinary General Meeting of Shareholders held on June 26, 2020	4,352	Retained earnings	120.00	March 31, 2020	June 29, 2020
The resolution of director's board meeting held on November 2, 2020	4,352	Retained earnings	120.00	September 30, 2020	December 1, 2020

(2) The dividend whose record date falls in the nine months ended December 31, 2020 and the effective date falls in the next period

For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

Not applicable.

For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)

Not applicable.

8. Breakdown of Revenue

The organization of our group is composed based on the types of connectors and the location of our customers. Based on these classification, the board of directors decides the allocation of resources and evaluate business performance.

The relationship between the sales revenue analyzed by the customer's location and the sales revenue in each reporting segments is as below.

For the consolidated cumulative third quarter of the fiscal year ended March 31, 2020

(from April 1, 2019 to December 31, 2019)

(Yen in millions)

		Reporting Segment		Others	Total
		Multi-pin connectors	Coaxial connectors		
Customer location	Japan	21,559	1,573	542	23,674
	China	29,509	2,562	441	32,512
	South Korea	11,539	682	1,909	14,130
	Others	18,351	2,706	152	21,209
Total		80,958	7,523	3,044	91,525

For the consolidated cumulative third quarter of the fiscal year ending March 31, 2021

(from April 1, 2020 to December 31, 2020)

(Yen in millions)

		Reporting Segment		Others	Total
		Multi-pin connectors	Coaxial connectors		
Customer location	Japan	21,171	1,495	436	23,102
	China	35,340	2,052	274	37,666
	South Korea	10,945	703	2,332	13,980
	Others	20,665	2,881	185	23,731
Total		88,121	7,131	3,227	98,479

In Japan, we sell circular and rectangular connectors, connectors for printed circuit boards and connectors for automotive, and major customers are in mainly general industrial and automotive market.

In China, our main products are connectors for printed circuit boards and coaxial connectors, and the main customers are smartphone and consumer manufacturers.

In South Korea, our main products are connectors for printed circuit boards, rectangular connectors, connectors for automotive, coaxial connectors and other electronic equipment. The main customers are in smartphone, consumer and automotive market.

Regarding other area, we sell various connectors including connectors for printed circuit boards to the customers located in Europe, North America and other Asian countries.

9. Earnings per Share

	For the nine months ended December 31, 2019 <small>(From Apr 1, 2019 to Dec 31, 2019)</small>	For the nine months ended December 31, 2020 <small>(From Apr 1, 2020 to Dec 31, 2020)</small>
The basis of calculation for quarterly earnings per share -basic		
Quarterly profit attributable to owners of the parent	<small>(Yen in millions)</small> 11,976	<small>(Yen in millions)</small> 14,982
Quarterly profit used for calculation of basic quarterly earnings per share	<small>(Yen in millions)</small> 11,976	<small>(Yen in millions)</small> 14,982
Weighted average shares during the period	<small>(Thousand Shares)</small> 36,452	<small>(Thousand Shares)</small> 36,267
Quarterly earnings per share – basic	<small>(Yen)</small> 328.53	<small>(Yen)</small> 413.09
The basis of calculation for quarterly earnings per share -diluted		
Quarterly profit used for the calculation of basic quarterly earnings per share	<small>(Yen in millions)</small> 11,976	<small>(Yen in millions)</small> 14,982
Quarterly profit used for the calculation of diluted quarterly earnings per share	<small>(Yen in millions)</small> 11,976	<small>(Yen in millions)</small> 14,982
Weighted average shares during the period	<small>(Thousand Shares)</small> 36,452	<small>(Thousand Shares)</small> 36,267
Number of shares increased by stock acquisition right	<small>(Thousand Shares)</small> 1	<small>(Thousand Shares)</small> 2
Weighted average shares-Diluted	<small>(Thousand Shares)</small> 36,453	<small>(Thousand Shares)</small> 36,269
Diluted quarterly earnings per share	<small>(Yen)</small> 328.52	<small>(Yen)</small> 413.07

	For the three months ended December 31, 2019 (From Oct 1, 2019 to Dec 31, 2019)	For the three months ended December 31, 2020 (From Oct 1, 2020 to Dec 31, 2020)
The basis of calculation for quarterly earnings per share -basic		
Quarterly profit attributable to owners of the parent	(Yen in millions) 3,402	(Yen in millions) 5,644
Quarterly profit used for calculation of basic quarterly earnings per share	(Yen in millions) 3,402	(Yen in millions) 5,644
Weighted average shares during the period	(Thousand Shares) 36,431	(Thousand Shares) 36,268
Quarterly earnings per share – basic	(Yen) 93.39	(Yen) 155.61
The basis of calculation for quarterly earnings per share -diluted		
Quarterly profit used for the calculation of basic quarterly earnings per share	(Yen in millions) 3,402	(Yen in millions) 5,644
Quarterly profit used for the calculation of diluted quarterly earnings per share	(Yen in millions) 3,402	(Yen in millions) 5,644
Weighted average shares during the period	(Thousand Shares) 36,431	(Thousand Shares) 36,268
Number of shares increased by stock acquisition right	(Thousand Shares) 1	(Thousand Shares) 2
Weighted average shares-Diluted	(Thousand Shares) 36,432	(Thousand Shares) 36,270
Diluted quarterly earnings per share	(Yen) 93.39	(Yen) 155.60

10. Fair Values of Financial Instruments

(1) Method of measuring fair values

(Cash and cash equivalents, trade and other receivables, trade and other payables)

Since these subjects are settled in a short term, book value is rational approximate value of fair values.

(Other financial assets, other financial liabilities)

In other financial assets, fixed deposit which term exceeds three months are usually settled within a year, and the book value is rational approximate value of fair values.

When there is an active market, the equity instruments are measured using published market price. If there is no active market, it is mainly measured by Net Asset Approach.

Regarding debt instruments, if there is an active market, it is measured using published market price. If there is no active market, it is measured using observable postulate including credit rating or discount rate.

Derivatives are assessed based on forward exchange rate, etc.

(2) Financial instruments measured by amortized cost

Fair values of financial instruments measured by amortized cost are as below.

Financial instruments which book value is a rational approximate value of fair value are not included below table.

(Yen in millions)

	As of March 31, 2020		As of December 31, 2020	
	Book Value	Fair Value	Book Value	Fair Value
Other Financial Assets				
Debt Instruments	6,659	6,659	7,677	7,677

(3) Financial instruments measured at fair value

① The fair value hierarchy

Financial instruments measured at fair values are classified into 3 levels.

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets

Level 2: Fair values calculated using observable value directly or indirectly except for Level 1.

Level 3: Fair values calculated by measurement including unobservable inputs.

The levels of the fair value of financial instruments measured at fair value are as follows.

In the fiscal year ended March 31, 2020 (As of March 31, 2020)

(Yen in millions)

	Level1	Level2	Level3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	3,475	—	3,475
Financial assets measured at fair value through other comprehensive income				
Debt instruments	30,938	—	—	30,938
Equity instruments	12,535	—	180	12,715
Total of assets	43,473	3,475	180	47,128
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	25	—	25
Total of liabilities	—	25	—	25

For three months ended December 31, 2020 (As of December 31, 2020)

(Yen in millions)

	Level1	Level2	Level3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	5,137	—	5,137
Derivatives	—	14	—	14
Financial assets measured at fair value through other comprehensive income				
Debt instruments	30,279	—	—	30,279
Equity instruments	13,221	—	165	13,386
Total of assets	43,500	5,151	165	48,816
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	116	—	116
Total of liabilities	—	116	—	116

Transfer between levels of the fair value hierarchy are recognized on the day when the event or change in circumstances that the transfer occurred. There were no transfer between level 1 and level 2 for the year ended March 31, 2020 and for the three months ended December 31, 2020.

② Information on fair value measurement classified into level2 and level3

Debt instruments classified into level2 of the fair value hierarchy are measured using observable postulate including credit rating or discount rate in the market. Derivatives are assessed based on forward exchange rate.

Fair value of equity instruments classified into level3 are mainly assessed by Net Asset Approach. Fair values increase (decrease) along with the rise (decline) in net asset value. Significant changes in fair value are not expected when unobservable inputs are changed to reasonably possible alternative assumptions.

Financial instruments classified into Level3 is measured based on accounting policies of Hirose group and the result of the measurement is approved by a responsible person of administration group.

There are no significant changes in financial assets classified Level3 for the third quarter of the fiscal 2019 and 2020.

11. Subsequent events

Not applicable

12. Additional information

The situation affected by COVID-19 has been unclear. Coronavirus infection has been spreading, and some area in Japan and overseas restarted to tighten the movement restriction.

Under this situation, Hirose group are able to operate production and sales activities at almost normal level in each area of all Hirose group as of filing date of this report. Although the market situation will continue being unclear, it is expected that the impact of the infection will decrease gradually on the assumption that vaccines and remedies will be available to the public.

Based on the forecast stated above, we conducted accounting estimation during the consolidated cumulative third quarter of the fiscal 2020. In the fiscal 2020, there may be a negative impact on our business continuously, but we consider that the impact will not be significant influence to the consolidated financial statements.

2. Others

The interim dividend for the current period was resolved at the board of directors held on November 2, 2020 as follows.

(1) Total amount of dividends	JPY 4,352 million
(2) Amount per share	JPY 120.00
(3) Effective date of claim of payment and start date of payment	December 1, 2020

(English translation)

This is the statement translated into English from the Japanese original of "Quarterly Financial Report for the Third Quarter of the Year Ending March 31, 2021." In the event of any discrepancy between this English translation and the Japanese original, the later shall prevail.