

HIROSE ELECTRIC CO., LTD

Financial Results Briefing for the Third Quarter of the Fiscal Year Ending March 31 2021

Q&A Summary

Q1 :

I would like to ask whether the decline in QoQ sales and operating profit in the fourth quarter versus the third quarter is due to seasonality.

A1 :

We are factoring in the seasonality and some production adjustment. This is not to say that we are looking at the market environment negatively.

Q2 :

Regarding the update of the shareholder return policy, is it scheduled for the end of this fiscal year as planned?

A2 :

As you mentioned, we are planning to do something in May, and we are working.

Q3 :

About the reason for a large decline in sales in the fourth quarter compared to the third quarter, has order backlog been decreasing?

A3 :

The current orders are going smoothly and the order backlog has not declined.

Q4 :

Please tell us about the direction of automotive sales in the next fiscal year.

A4 :

Most of the sales contribution for this fiscal year came from existing products. We are aiming for sales growth by net increase in the next fiscal year. The sales in automotive was stagnant in this first half and somewhat delayed, but we are trying to realize future growth.

Q5 :

As for the increase in cost, how much was the cost of materials affected by the rise in price of gold?

A5 :

In this fiscal year, the price of gold has been rising affected by coronavirus, and the cost of materials has been also growing. We are trying to suppress the cost through cost-reduction activities including gold saving.

Q6 :

The movement of automotive is very strong, but are there any characteristics in terms of regions or items?

A6 :

We recognize that Chinese and Japanese OEM manufactures are returning. However, Europe and the US, for example, will come back in the future.

Q7 :

I would like to know about the third quarter orders, BB ratio, and the flow from October to December.

A7 :

In the third quarter, orders for smartphones have been dropping. On the other hand, orders for industrial and automotive have been increasing.

Q8 :

Regarding the production capacity, are there any areas that lack allowance by application?

A8 :

In this fiscal year, the rate of operation has been high because we increased the production for relatively many existing products in wide range of applications and varieties, but we have not had any problems due to a lack of production capacity.

Q9 :

Is there any update in terms of initiatives for vehicles that comply with environmental regulations?

A9 :

Our efforts are becoming more and more active in this area. This is a long term initiative, and we plan to work on this area, not just for one or two years.

Disclaimer

In this material, there are descriptions based on current estimation by Hirose Electric.

Hirose cautions you that a number of important risks, uncertainties and others could cause actual results to differ materially from those discussed in the *forward-looking statements. Thank you for your understanding.

*Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “may” or “might” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. These statements are based on management’s assumptions and beliefs in light of the information currently available to it.