

【Document to be filed】 Quarterly Financial Report
【Provisions to base upon】 Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act
【Filing to】 Director-General of the Kanto Local Finance Bureau
【Date of filing】 August 12, 2021
【Fiscal Period】 1st quarter of 75th term (from April 1, 2021 to June 30, 2021)
【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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【Telephone number】 +81-45-620-7410
【Contact person】 Keiji Hara, General Manager of Accounting Department
【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)

	74th Fiscal Term Consolidated cumulative first quarter	75th Fiscal Term Consolidated cumulative first quarter	74th Fiscal Term
Fiscal period	From April 1, 2020 to June 30, 2020	From April 1, 2021 to June 30, 2021	From April 1, 2020 to March 31, 2021
Sales	27,400	38,442	133,538
Quarterly profit before income taxes or profit before income taxes	6,092	9,443	28,332
Quarterly profit attributable to owners of the parent	4,417	6,686	19,916
Quarterly comprehensive income attributable to owners of the parent	5,462	6,827	28,431
Equity attributable to owners of the parent	307,251	314,005	326,092
Total Assets	343,636	357,045	370,504
Quarterly earnings per share -basic (Yen)	121.78	185.84	549.10
Quarterly earnings per share -diluted (Yen)	121.78	185.80	549.04
Ratio of total equity attributable to owners of the parent (%)	89.4	87.9	88.0
Net cash provided by operating activities	9,816	9,343	35,818
Net cash used in investing activities	(3,299)	14,690	(20,702)
Net cash used in financing activities	(4,556)	(19,107)	(9,278)
Balance of cash and cash equivalents at end of the quarter	52,543	62,725	57,837

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

2. 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).

3. “Diluted quarterly earnings per share” is listed at the same price as “Basic quarterly earnings per share”, because there were no potential shares with dilutive effect in the first quarter of the 74th fiscal term.

2. Description of Business

There were no significant changes in our business during the first quarter of the fiscal year ending March 31, 2022.

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 three months ended June 30, 2021.

There were no material events.

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

Forward-looking statements below were determined as of June 30, 2021.

(1) Overview of Operating Results

In the first quarter of the fiscal year ending March 31, 2022, the restriction of economic and social activity, and the stagnation of consumer spending has been prolonged due to repeated declaration of a state of emergency affected by the increased number of cases of COVID-19. On the other hand, exports recovered and business sentiment has been polarized depends on industry.

In overseas market, COVID-19 vaccination has been progressing. In Europe and the United States, the resume of economic activity is becoming remarkable. In China where the economic activity has recovered in advance, the activity level remained strong and the business condition is recovering clearly.

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. The sales for mainly consumer electronics, automotive and industrial business has grown. As a result, sales revenue in the first quarter increased by 40.3% to JPY 38,442 million compared to the same period of the previous fiscal year. Operating profit increased by 54.2% to JPY 9,094 million, and quarterly profit attributable to owners of the parent company increased by 51.4% to JPY 6,686 million as compared with the first quarter of fiscal 2020.

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 first quarter of the fiscal year ending March 31, 2022 increased by 41.6% to JPY 34,417 million, operating profit increased by 49.2% to JPY 8,426 million compared with the first quarter of the fiscal 2020.

[Coaxial connectors]

Coaxial connectors are a special type of high-performance connector used primarily for microwave and other high-frequency signals. This is used mainly for antenna connection for Wi-Fi and Bluetooth communication in smartphones and PCs, GPS antenna connection for automobiles and high frequency signal connection for wireless communication devices and electronic measuring instruments. Optical fiber connectors and coaxial switches are also included in this segment. Segment sales for the first quarter of the fiscal 2021 increased by 23.2% to JPY 2,748 million. Operating profit increased by 137.2% to JPY 623 million.

[Other products]

This segment includes micro switches and instruments for connectors. Segment sales for the first quarter of the fiscal 2021 increased by 49.4% to JPY 1,277 million, operating profit resulted JPY 45 million (FY2020.1Q: operating loss JPY 15 million.)

(2) Overview of Cash Flows

Cash and cash equivalents at the first quarter of the fiscal year ending March 31, 2022 increased by JPY 4,888 million to JPY 62,725 million compared to the end of the fiscal year ended March 31, 2021.

a. Cash flows from operating activities

Net cash provided by operating activities increased by JPY 9,343 million. (In the fiscal 2020.1Q, it increased by JPY 9,816 million.) This increase was mainly due to a rise in capital by appropriating quarterly income before tax, JPY 9,443 million, and depreciation and amortization, JPY 4,201 million.

b. Cash flows from investing activities

Net cash used in investing activities increased by JPY 14,690 million. (In the fiscal 2020.1Q, it decreased by JPY 3,299 million.) This is mainly due to income by net decrease in term deposit, JPY 18,158 million.

c. Cash flows from financing activities

Net cash used in financing activities decreased by JPY 19,107 million. (In the fiscal 2020.1Q, it decreased by JPY 4,556 million.) This is because of decrease in capital by payment for share buy-back, JPY 14,572 million and the dividend payment, JPY 4,354 million.

(3) Analysis of financial condition

Total assets of FY2021.1Q decreased by JPY 13,459 million to JPY 357,045 million compared to the end of the previous consolidated fiscal year mainly because other financial assets decreased. Total liabilities decreased by JPY 1,372 million to JPY 43,040 million due to the decrease in income tax payable. Although quarterly profit was recorded and other components of equity including foreign currency translation adjustment increased, treasury shares increased because of off-auction own share repurchase and retained earnings declined due to the dividend of surplus. As a result, total equity decreased by JPY 12,087 million to JPY 314,005 million. Total equity attributable to owners of the parent resulted 87.9%. (FY2021 88.0%)

(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 2020 and assumptions used for the estimates.

(5) Research and development

Our research and development expenses for the three months ended June 30, 2021 were JPY 1,990 million. As the achievement of research and development activities, fixed assets including tools appropriated to JPY 491 million. When these amount are added up, the total of R&D investment amount was JPY 2,481 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 June 30, 2021.

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 first quarter (Shares) (June 30, 2021)	Number of shares issued as of the filing date (Shares) (August 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 August 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 (Shares)	Balance of the total number of issued shares (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 April 1, 2021 to June 30, 2021	—	38,175,942	—	9,404	—	12,007

(5) Major Shareholders

Not applicable.

(6) Information on voting rights

We cannot identify the description of shareholders registry as of June 30, 2021, and stated the information based on the shareholders registry as of March 31, 2021.

① Issued shares

(As of March 31, 2021)

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 stocks) Ordinary share 1,891,200	-	Standard stocks which there is no restriction on contents of the right of the stock
Shares with full voting rights (others)	Ordinary share 36,211,000	362,110	Same as above
Shares less than one unit	Ordinary share 73,742	-	Same as above
Number of issued shares	38,175,942	-	-
Total number of voting rights	-	362,110	-

(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 47 treasury shares held by HIROSE group.

② Treasury Stock and Others

(As of March 31, 2021)

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	1,891,200	-	1,891,200	4.95
Total	-	1,891,200	-	1,891,200	4.95

Notes: 1. Following the resolution of director’s board meeting held on May 27, 2021, we acquired 940,000 treasury shares during three months ended June 30, 2021. As a result, the total number of treasury shares as of June 30, 2021 is 2,830,335 shares and 7.41% of total number of shares issued by summing up the shares less than one unit acquired in response to demand for purchase and decreased amount by exercise of stock acquisition right.

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, 2021	As of June 30, 2021
Assets			
Current assets			
Cash and cash equivalents	10	57,837	62,725
Trade and other receivables	10	36,620	38,688
Inventories		16,915	17,941
Other financial assets	10	131,274	118,227
Other current assets		5,401	2,876
Total current assets		248,047	240,457
Non-current assets			
Tangible fixed assets		61,182	60,810
Right of use assets		4,357	4,665
Intangible assets		3,295	3,219
Other financial assets	10	48,918	43,262
Deferred tax assets		2,515	2,500
Retirement benefit assets		1,780	1,726
Other non-current assets		410	406
Total non-current assets		122,457	116,588
Total assets		370,504	357,045

(Yen in millions)

	Note	As of March 31, 2021	As of June 30, 2021
Liabilities			
Current liabilities			
Trade and other payables	10	19,511	21,887
Lease liabilities		821	858
Other financial liabilities	10	102	122
Accrued tax payables		6,532	3,183
Other current liabilities		5,046	4,398
Total current liabilities		32,012	30,448
Non-current liabilities			
Lease liabilities		3,581	3,860
Other financial liabilities	10	134	87
Retirement benefit liabilities		320	320
Deferred tax liabilities		7,616	7,572
Other non-current liabilities		749	753
Total non-current liabilities		12,400	12,592
Total liabilities		44,412	43,040
Equity			
Common stock		9,404	9,404
Common surplus		11,230	11,230
Retained earnings		317,265	319,562
Treasury stocks	6	(21,874)	(36,434)
Other components of equity		10,067	10,243
Total equity attributable to owners of the parent		326,092	314,005
Total equity		326,092	314,005
Total liabilities and equity		370,504	357,045

(2) Condensed Quarterly Consolidated Statement of Profit or Loss
(For the three months ended June 30, 2020 and 2021)

(Yen in millions)

	Note	For the first quarter of the year ended March 31, 2021 (From April 1, 2020 to June 30, 2020)	For the first quarter of the year ending March 31, 2022 (From April 1, 2021 to June 30, 2021)
Sales revenue	8	27,400	38,442
Cost of sales		15,900	21,177
Gross profit		11,500	17,265
Selling, general and administrative expenses		7,128	8,213
Other income		1,590	86
Other expenses		66	44
Operating profit		5,896	9,094
Financial income		336	361
Financial expenses		140	12
Quarterly profit before income taxes		6,092	9,443
Corporate income tax expenses		1,675	2,757
Quarterly income		4,417	6,686
Quarterly income attributable to: Owners of the parent		4,417	6,686
Quarterly Earnings per share:			
Basic (yen)	9	121.78	185.84
Diluted (yen)	9	121.78	185.80

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income
(For three months ended June 30, 2020 and 2021)

(Yen in millions)

	Note	For the first quarter of the year ended March 31, 2021 (From April 1, 2020 to June 30, 2020)	For the first quarter of the year ending March 31, 2022 (From April 1, 2021 to June 30, 2021)
Quarterly income		4,417	6,686
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		—	(35)
Financial assets measured at fair value through other comprehensive income		479	(143)
Total items that will not be reclassified to profit or loss		479	(178)
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		554	305
Debt instruments measured at fair value through other comprehensive income		12	14
Total items that may be reclassified to profit or loss		566	319
Total other comprehensive income after tax		1,045	141
Total quarterly comprehensive income		5,462	6,827
Total amount of quarterly comprehensive income attributable to:			
Owners of the parent		5,462	6,827

(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, 2020		9,404	11,293	308,343	(24,456)	1,557	306,141	306,141
Quarterly income				4,417			4,417	4,417
Other comprehensive income						1,045	1,045	1,045
Total of quarterly comprehensive income		—	—	4,417	—	1,045	5,462	5,462
Dividend of surplus	7			(4,352)			(4,352)	(4,352)
Purchase of treasury stock			(0)		(0)		(0)	(0)
Cancellation of treasury stock			(2,381)		2,381		—	—
Transfer to retained earnings			2,376	(2,376)			—	—
Total transaction with owners		—	(5)	(6,728)	2,381	—	(4,352)	(4,352)
Balance as of June 30, 2020		9,404	11,288	306,032	(22,075)	2,602	307,251	307,251

	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, 2021		9,404	11,230	317,265	(21,874)	10,067	326,092	326,092
Quarterly income				6,686			6,686	6,686
Other comprehensive income						141	141	141
Total of quarterly comprehensive income		—	—	6,686	—	141	6,827	6,827
Dividend of surplus	7			(4,354)			(4,354)	(4,354)
Purchase of treasury stock	6		(1)		(14,571)		(14,572)	(14,572)
Disposal of treasury stock			1		11		12	12
Transfer to retained earnings				(35)		35	—	—
Total transaction with owners		—	(0)	(4,389)	(14,560)	35	(18,914)	(18,914)
Balance as of June 30, 2021		9,404	11,230	319,562	(36,434)	10,243	314,005	314,005

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the first quarter of the FY2020 (From April 1, 2020 to June 30, 2020)	For the first quarter of the FY2021 (From April 1, 2021 to June 30, 2021)
Cash flows from operating activities:			
Quarterly income before tax		6,092	9,443
Depreciation and amortization		4,076	4,201
Financial income		(336)	(361)
Financial expenses		140	12
(Increase) decrease in trade and other receivables		981	(1,971)
(Increase) decrease in inventories		(1,750)	(990)
Increase (decrease) in trade and other payables		1,629	2,708
Others		(731)	1,701
Subtotal		10,101	14,743
Insurance income		1,496	—
Interests received		134	36
Dividends received		170	172
Income taxes paid		(2,085)	(5,608)
Net cash provided by operating activities		9,816	9,343
Cash flows from investing activities			
(Increase) decrease in term deposit		1,255	18,158
Proceeds from sales and redemption of investment		383	456
Payments for purchase of investment		(390)	—
Payments for purchase of tangible fixed assets		(4,446)	(3,790)
Others		(101)	(134)
Net cash used in investing activities		(3,299)	14,690
Cash flows from financing activities			
Purchase of treasury stock		(0)	(14,572)
Dividends paid		(4,352)	(4,354)
Payment of lease liabilities		(204)	(193)
Others		—	12
Net cash used in financing activities		(4,556)	(19,107)
Effect of exchange rate changes on cash and cash equivalents		21	(38)
Increase (decrease) in cash and cash equivalents		1,982	4,888
Cash and cash equivalents at the beginning of the year		50,561	57,837
Cash and cash equivalents at the end of the quarter		52,543	62,725

【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.

(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, 2021. Corporate income tax expenses for the three months ended June 30, 2021 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 June 30, 2021, 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).

Fair values of specific financial instruments are calculated by evaluation technique using unobservable inputs in the market. Unobservable inputs might be influenced by fluctuations in future uncertain economic conditions.

- Inventory Valuation

Inventory is measured by using cost or net realizable value (which is smaller.) When net realizable value drop because of the decrease in demand affected by the changes in market environment, a loss will be incurred.

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 first quarter of the fiscal year ended March 31, 2021 (from April 1, 2020 to June 30, 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	24,314	2,231	26,545	855	27,400
Total revenue	24,314	2,231	26,545	855	27,400
Operating profit or (loss)	5,648	263	5,911	(15)	5,896
Financial income	—	—	—	—	336
Financial expenses	—	—	—	—	140
Quarterly income before tax	—	—	—	—	6,092

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

For the first quarter of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30, 2021)

(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	34,417	2,748	37,165	1,277	38,442
Total revenue	34,417	2,748	37,165	1,277	38,442
Operating profit	8,426	623	9,049	45	9,094
Financial income	—	—	—	—	361
Financial expenses	—	—	—	—	12
Quarterly income before tax	—	—	—	—	9,443

**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 27, 2021, we acquired 940,000 treasury shares. As a result of acquisition by purchase demand for share less than one unit and exercise of stock acquisition rights, treasury shares increased by JPY 14,560 million through three months ended Jun 30, 2021 and treasury shares comes to JPY 36,434 million at the end of this first quarter.

7. Dividends

Dividends paid

For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 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

For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

	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 25, 2021	4,354	Retained earnings	120.00	March 31, 2021	June 28, 2021

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 first quarter of the fiscal year ended March 31, 2021 (from April 1, 2020 to June 30, 2020)

(Yen in millions)

		Reporting Segment		Others	Total
		Multi-pin connectors	Coaxial connectors		
Customer location	Japan	6,605	540	145	7,290
	China	9,013	704	72	9,789
	Korea	2,759	178	589	3,526
	Others	5,937	809	49	6,795
Total		24,314	2,231	855	27,400

For the first quarter of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30, 2021)

(Yen in millions)

		Reporting Segment		Others	Total
		Multi-pin connectors	Coaxial connectors		
Customer location	Japan	9,240	528	174	9,942
	China	12,720	665	113	13,498
	Korea	3,961	272	921	5,154
	Others	8,496	1,282	70	9,848
Total		34,417	2,748	1,277	38,442

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 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 three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
The basis of calculation for quarterly earnings per share -basic		
Quarterly profit attributable to owners of the parent (Yen in millions)	4,417	6,686
Quarterly profit used for calculation of basic quarterly earnings per share (Yen in millions)	4,417	6,686
Weighted average shares during the period (Thousand Shares)	36,267	35,975
Quarterly earnings per share – basic (Yen)	121.78	185.84
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)	4,417	6,686
Quarterly profit used for the calculation of diluted quarterly earnings per share (Yen in millions)	4,417	6,686
Weighted average shares during the period (Thousand Shares)	36,267	35,975
Number of ordinary shares increased by stock acquisition right (Thousand Shares)	—	9
Weighted average ordinary shares-Diluted (Thousand Shares)	36,267	35,984
Diluted quarterly earnings per share (Yen)	121.78	185.80

(Note) Diluted quarterly earnings per share for the three months ended June 30, 2020 is stated at the same amount as basic quarterly earnings per share, since there are no potential shares with dilutive effect.

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, 2021		As of June 30, 2021	
	Book Value	Fair Value	Book Value	Fair Value
Other Financial Assets				
Debt Instruments	10,594	10,594	10,179	10,179

(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 directory 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, 2021 (As of March 31, 2021)

(Yen in millions)

	Level1	Level2	Level3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	5,282	—	5,282
Financial assets measured at fair value through other comprehensive income				
Debt instruments	30,381	—	—	30,381
Equity instruments	13,933	—	167	14,100
Total of assets	44,314	5,282	167	49,763
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	236	—	236
Total of liabilities	—	236	—	236

For three months ended June 30, 2021 (As of June 30, 2021)

(Yen in millions)

	Level1	Level2	Level3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	5,273	—	5,273
Financial assets measured at fair value through other comprehensive income				
Debt instruments	30,401	—	—	30,401
Equity instruments	13,723	—	170	13,893
Total of assets	44,124	5,273	170	49,567
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	209	—	209
Total of liabilities	—	209	—	209

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, 2021 and for the three months ended June 30, 2021.

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 first quarter of the fiscal 2020 and 2021.

11. Additional information

The situation affected by COVID-19 has been quite unclear. Japan is going back and forth between declaring and lifting a state of emergency, so the direction of economic activity has not been determined yet. In overseas some countries, COVID-19 vaccination is progressing rapidly. On the other hand, the momentum of infection spread has not stopped yet in some areas. The situation is getting confused.

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, the demand for electronic components in automotive and industrial market continues to be strong.

We continue our corporate activities on the premise that there is no difficulty in world economic activities, production activities of our group and supply chain including raw material procurement affected by the further spread of COVID-19, because vaccination will be more promoted worldwide in the future.

Based on the forecast stated above, we conducted accounting estimation during the first quarter of the fiscal 2021. There may be a negative impact on our business continuously depends on the future trend of COVID-19, but we consider that the impact will not be significant influence to the consolidated financial statements.

(English translation)

This is the statement translated into English from the Japanese original of "Quarterly Financial Report for the First Quarter of the Year Ending March 31, 2022." In the event of any discrepancy between this English translation and the Japanese original, the later shall prevail.