HIROSE ELECTRIC CO., LTD.

Financial Results Briefing for the Fiscal Year Ended March 2024

May 8, 2024

Event Summary

[Company Name]	HIROSE ELECTRIC CO., LTD.
[Company ID]	6806-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2024
[Fiscal Period]	FY2024 Annual
[Date]	May 8, 2024
[Venue]	Webcast
[Number of Speakers]	4

Kazunori Ishii	President and Representative Director
Shin Kamagata	Corporate Board Director, Group President, Administration Group
Rie Yamada	Manager, Corporate Communication & Investor Relations Office
Satoshi Ashida	Corporate Communication & Investor Relations Office

Presentation

Yamada: Welcome everyone to the financial results briefing of HIROSE ELECTRIC CO., LTD. Thank you very much for joining us today. With me today, Mr. Ishii, President, and Mr. Kamagata, Corporate Board Director, Group President of Administration Group are attending the event. And I, Yamada, as well as Mr. Ashida with the Public Relations & Investor Relations Office, will be the facilitators. This is an online meeting and I would appreciate everyone's attention.

First of all, let me begin by listing the agenda. To see today's financial results presentation handouts, please download the PDF file from the link provided on your screen. Please keep them handy for your reference. Similarly, you can also find a link to the financial reports disclosed on the TSE yesterday, May 7. For other disclosure materials, such as the notice of changes in the shareholder return policy, please go to the IR page of our website to view them. Throughout the presentation, we will provide you with the page numbers when we discuss the information, so please take the time to go through the pages yourself.

When the question-and-answer session begins, all meeting participants can initiate questions over the phone and our presenters will provide answers. This is quite similar to the face-to-face conversation style. It will be a first-come-first-served format. Please wait for your turn to speak up, thank you very much.

First, I would like to discuss the financial results for FY2023, the earnings forecast for FY2024, and the planned personnel changes of directors and executive officers. After that, Mr. Ishii and Kamagata will respectively give a presentation of the updated mid- to long-term growth strategy for FY2024. In the time remaining, we will take your questions.

The meeting is scheduled to close at 11:30 AM, but if questions continue to come in, we can extend the meeting for up to 45 minutes to address all of the questions. We appreciate the cooperation of all participants.

Summary of the Business Results (FY2023 from April to March, 2024)

- Automotive and smartphone business showed steady growth in FY2023. On the other hand, the business for industrial and consumer market continued to be challenging, and the results throughout the fiscal year ended in minus growth compared to the previous fiscal year; Orders -4.8%, Sales -9.7%, Operation profit -27.2%. Operating profit ratio was 20.6%

(Yen in hundred millions)

	FY2022			FY2023			YoY
	1H 2022 Apr-Sep	2H 2022.Oct-2023 Mar	FY2022 2022 Apr - 2023 Mar	1H 2023 Apr–Sep	2H 2023 Oct to 2024 Mar	FY2023 2023 Apr to 2024 Mar	FY2023 / FY2022
Orders	915.2	685.0	**1,600.2**	754.4	769.6	**1,524.0**	-4.8%
Sales	947.0	885.2	**1,832.2**	829.1	826.0	**1,655.1**	-9.7%
Operating profit	271.7	195.8	**467.5**	171.9	168.3	**340.2**	-27.2%
Operating profit ratio	28.7%	22.1%	**25.5%**	20.7%	20.4%	**20.6%**	-4.9pt

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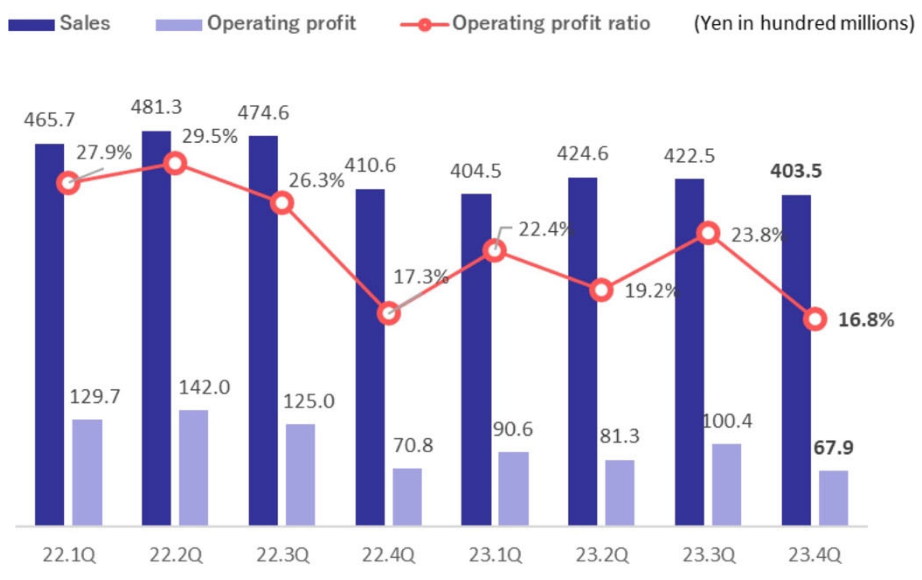
Let us begin. Please see page three. Performance forecast summary. In FY2023, sales for the automotive and smartphone markets grew steadily while the general industrial machinery and consumer markets continued to face difficult market conditions, resulting in an overall decrease compared to the previous year. Sales were negative by 9.7%, operating profit was also negative by 27.2%, and operating margin came at 20.6%. Orders increased compared to Q3 but were down by 4.8% compared to the same period last year.

Changes in Sales and Operating Profit (FY2022.1Q～FY2023.4Q / Consolidated basis)



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Page four shows a graph of quarterly sales and profits. In Q4 of FY2023, sales were JPY40.35 billion, operating profit was JPY6.79 billion, and operating margin was 16.8%, which is low by our standards.

HRS

Business Results for FY2023

(Yen in hundred millions)	FY2022 (FY ended Mar 31, 2023)	FY2023 (FY ended Mar 31, 2024)	Increase/Decrease (YoY)	Increase/Decrease ratio (YoY)
Sales	**1,832.2**	**1,655.1**	**-177.1**	**-9.7%**
COGS Ratio	51.9%	56.2%	+4.3pt	
SGA Ratio	22.3%	22.5%	+0.2pt	
Operating Profit	**467.5**	**340.2**	**-127.3**	**-27.2%**
(%)	25.5%	20.6%	-4.9pt	
Profit before tax	**485.9**	**387.6**	**-98.3**	**-20.2%**
(%)	26.5%	23.4%	-3.1pt	
Net Profit	**346.5**	**264.8**	**-81.7**	**-23.6%**
(%)	18.9%	16.0%	-2.9pt	
Total Assets	**4,013.6**	**4,034.5**		
Shareholder's Equity Ratio	**87.2%**	**90.3%**		
Earnings Per Share	**1,002.04 yen**	**772.38 yen**		

	FY2022	FY2023
1US$	135.47 yen	**144.62 yen**
1 €	140.97 yen	**156.80 yen**
100 won	10.37 yen	**10.97 yen**

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Next, page five. This is a summary of the financial results. Sales for FY2023 were JPY165.51 billion, down 9.7% from the previous year; operating profit was JPY34.02 billion, down 27.2% from the previous year; operating margin was 20.6%; income before income taxes was JPY38.76 billion; net income was JPY26.48 billion; total assets were JPY403.45 billion; equity ratio was 90.3%; and earnings per share were JPY772.38.

Foreign exchange results are located on the lower right. The results were JPY144.62 for the US dollar, JPY156.8 for the euro, and JPY10.97 for 100 won.

FY2022 to FY2023 Major Changes

Sales

177.1 hundred millions yen **Decreased**
(1,832.2 → 1,655.1)

General Industrial : -186
Consumer / Mobile Equipment : -47

COGS Ratio

4.3 pt Deteriorated
(51.9% → 56.2%)

Variable Expense Ratio : 38.1% → 39.4%
Depreciation Ratio : 7.3% → 8.2%
Labor Cost Ratio : 6.7% → 7.8%

SGA Ratio

0.2 pt Deteriorated
(22.3% → 22.5%)

409.2 → 372.4
(Decreased by 36.8 hundred millions yen)

Financial income / cost

29.0 hundred millions yen **Improved**
(+18.4 → +47.4)

Exchange Gain or Loss : -1.0 → +9.1
Interest received and others : +16.5 → +26.3

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Page six summarizes the major changes compared to the previous fiscal year. Of the JPY17.71 billion decrease in sales, negative JPY18.6 billion came from the general industrial machinery and negative JPY4.7 billion from the consumer and mobile equipment market.

The cost-of-sales ratio was 56.2%, down 4.3 percentage points from 51.9% last year. The variable cost ratio worsened, rising 1.3 percentage points, due in part to cost increases resulting from various price hikes and a decline in capacity utilization due to lower production.

On the fixed cost side, depreciation was flat in value but up 0.9 points in rate, and labor costs also increased slightly, up 1.1 points, a deteriorating factor. SG&A expenses decreased significantly by JPY3.68 billion, mainly due to a decrease in distribution costs, but the ratio worsened by 0.2 percentage points, resulting in a SG&A to sales ratio of 22.5%.

The financial account balance improved by JPY2.9 billion, mainly due to foreign exchange gains from the weaker yen and higher interest profit from higher global interest rates.

FY2023 YoY Variation Analysis

(Yen in hundred millions)

	Sales	Operating Profit	(%)	Profit before tax	(%)
FY2022 Actual	**1,832.2**	**467.5**	**25.5%**	**485.9**	**26.5%**
Exchange rate	91.6	48.7		59.6	
Labor cost decrease		10.9		10.9	
Decrease in freightage and packing expenses		19.8		19.8	
Increase in Loss on retirement of fixed assets		-5.1		-5.1	
Deterioration of Cost rate		-40.4		-40.4	
Decrease in the product	-268.7	-161.2		-143.1	
Total amount of changes	**-177.1**	**-127.3**		**-98.3**	
FY2023 Actual	**1,655.1**	**340.2**	**20.6%**	**387.6**	**23.4%**

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Please continue to page seven. This will be an analysis of year over year changes. The impact of foreign currency exchange amounted to JPY9.16 billion in sales and JPY4.87 billion in operating profit. The decrease in labor costs added JPY1.09 billion, and the decrease in freight and packing costs improved by JPY1.98 billion. Loss on disposal of fixed assets increased by JPY0.51 billion. Operating profit is estimated to be negative JPY16.12 billion due to a JPY4.04 billion deterioration in the cost of sales ratio and a decrease in the volume of goods sold.

Consolidated Balance Sheet (1)

(Yen in hundred millions)

	Account	Mar 31, 2023	Mar 31, 2024	Increase/ Decrease	Remarks
Asset	Cash and cash equivalents	**880.3**	**903.4**	+23.1	Transfer from time deposit +187, Dividends paid -172, Buyback -100 Shortening terms of payment in Japan -91
	Trade and other receivables	**419.3**	**394.2**	-25.1	Sales decreased especially in Japan
	Inventories	**277.3**	**243.6**	-33.7	Actual inventory -48, Influence of weaker yen +14
	Other financial assets	**1,546.8**	**1,422.0**	-124.8	Investment for Koriyama new factory
	Property, plant and equipment	**638.0**	**809.5**	+171.5	Koriyama new factory +64, TAT center+11, Hirose Korea factory expansion +29
	Right-of-use asset	**52.8**	**56.3**	+3.5	
	Others	**199.1**	**205.5**	+6.4	Intangible assets increased +8
	Total	**4,013.6**	**4,034.5**	+20.9	
	Total of cash in bank	**1,854.0**	**1,726.3**	**-127.7**	

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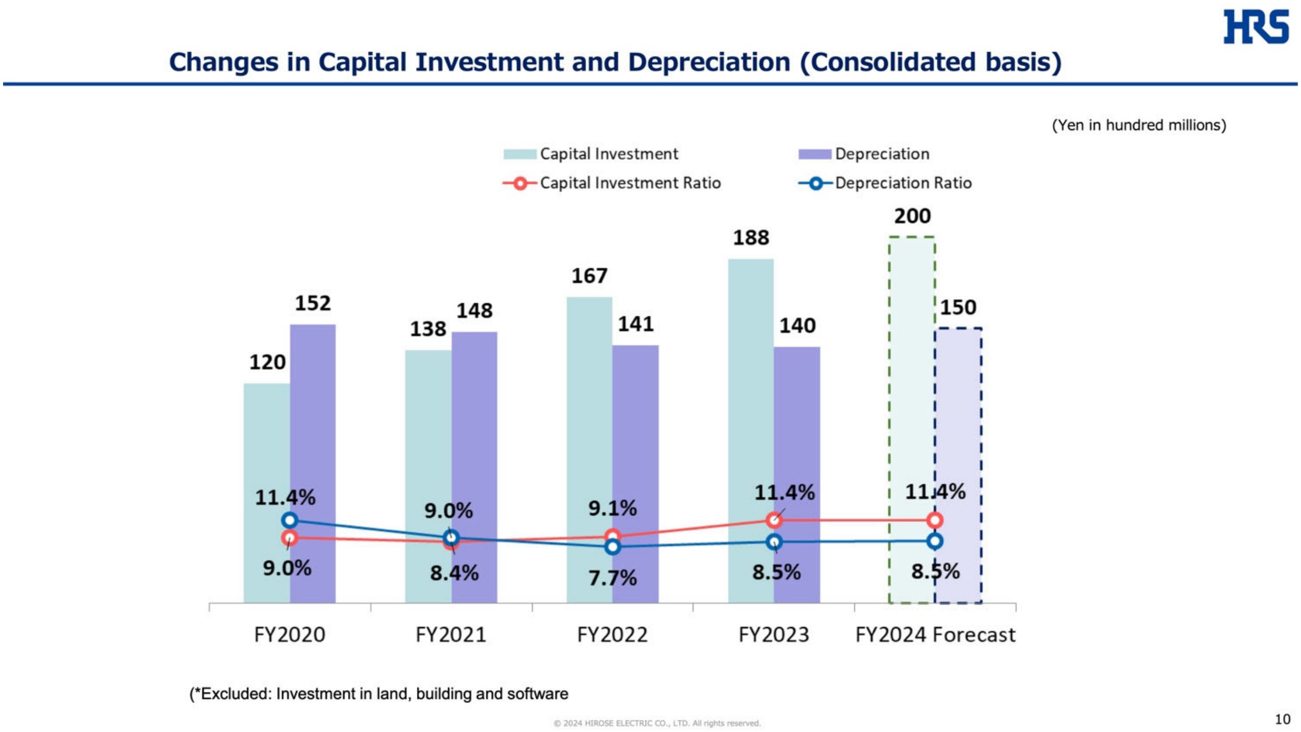
Continued on page eight is the balance sheet assets section. Cash is positive JPY18.7 billion due to transfers from time deposits and negative JPY17.2 billion due to dividends and share buybacks, etc., but the total is positive JPY2.31 billion. Inventories resulted in a negative JPY3.37 billion. The impact of the yen depreciation added JPY1.4 billion. It brought the total net decrease to negative JPY4.8 billion. Tangible fixed assets increased due to building investments in the new Koriyama plant, Tohoku Advanced Technology Center, and Hirose Korea.

Consolidated Balance Sheet (2)

(Yen in hundred millions)

	Account	Mar 31, 2023	Mar 31, 2024	Increase/ Decrease	Remarks
Liabilities	Payable and other debt	**208.0**	**117.3**	-90.7	Shortening terms of payment in Japan
	Lease liabilities	**54.8**	**59.3**	+4.5	
	Income Taxes Payable	**82.1**	**25.0**	-57.1	Profit decreased in Japan
	Others	**170.1**	**191.2**	+21.1	Deferred tax liability+32
	Total	**515.0**	**392.8**	-122.2	
Shareholder's equity	Capital stock and Capital surplus	**206.0**	**205.9**	-0.1	
	Retained Earnings	**3,452.0**	**3,408.1**	-43.9	Net profit +265, Dividends paid -172 Cancellation of treasury shares -139
	Treasury Shares	**- 398.4**	**-358.1**	+40.3	Cancellation of treasury shares +139 Buyback -100
	Others	**239.0**	**385.8**	+146.8	Foreign currency translation adjustment +137
	Total	**3,498.5**	**3,641.7**	+143.1	
	Total Liabilities and Shareholder's Equity	**4,013.6**	**4,034.5**	+20.9	

Page nine shows liabilities and net assets. Payables and other debt are affected by the shortening of domestic payment terms. Net assets include share repurchases and the cancellation of treasury stock acquired in the previous period. In addition, the other category includes a foreign currency translation adjustment of JPY13.7 billion due to the impact of the depreciation of the yen.

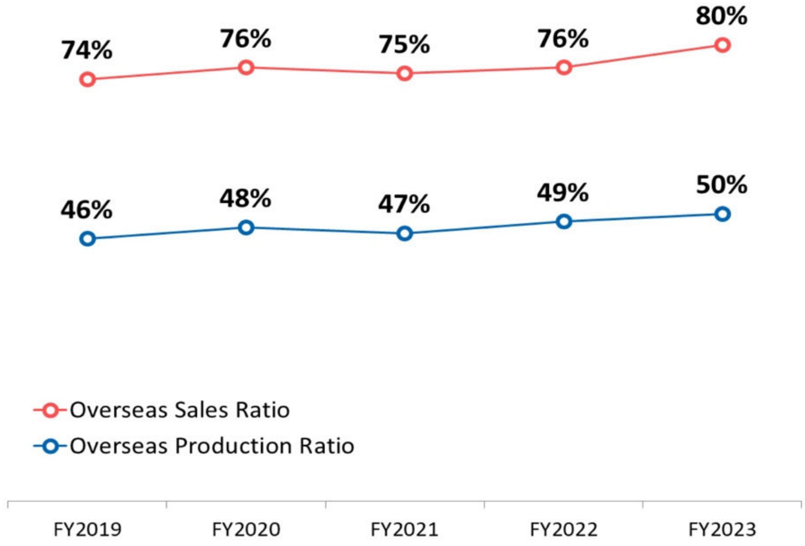


Continued on page 10, capital expenditures and depreciation. Capital expenditures for FY2023 totaled JPY18.8 billion, with amortization of JPY14 billion. In our Q3 forecast, we had increased capital investment from JPY18 billion to JPY19 billion in order to strengthen production preparations for the future, but the results fell slightly short of our original forecast.

We had lowered our forecast for amortization from JPY15.5 billion to JPY15 billion, but the final result was even lower, at JPY14 billion.

The forecast for FY2024 places capital investment at JPY20 billion and depreciation at JPY15 billion. Although not shown here, the actual R&D expenses were JPY11.4 billion. Our forecast for R&D expenses for FY2024 is JPY12 billion.

Overseas Production and Sales Ratio



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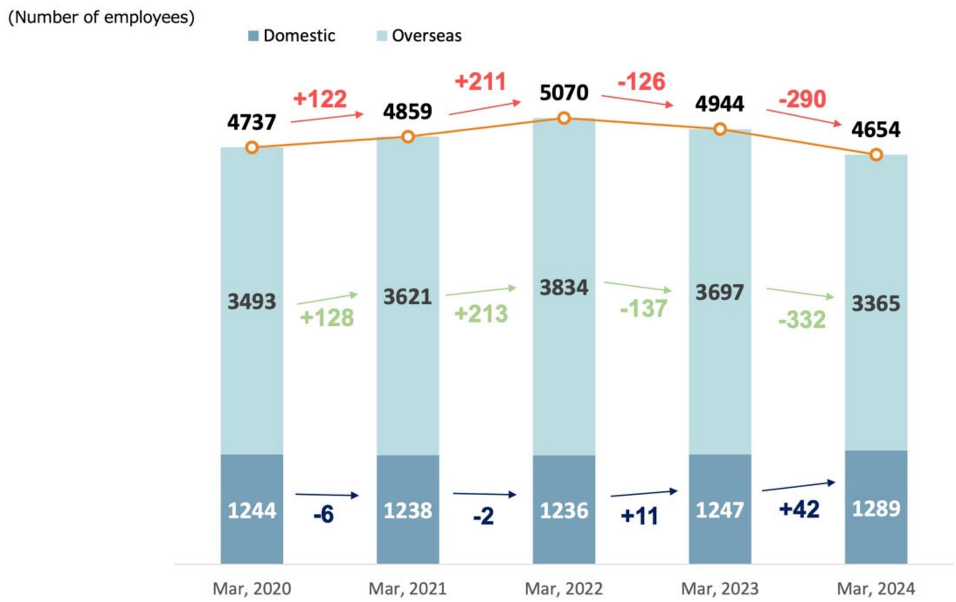
Please continue to page 11. This is the transition of the overseas sales ratio and overseas production ratio. Overseas sales ratio is 80%, and overseas production ratio is 50%. In FY2023, we expect this to be the result of an increase in the overseas ratio due to the slump in demand for domestic production equipment.

Number of Employees (Financial Report Basis)



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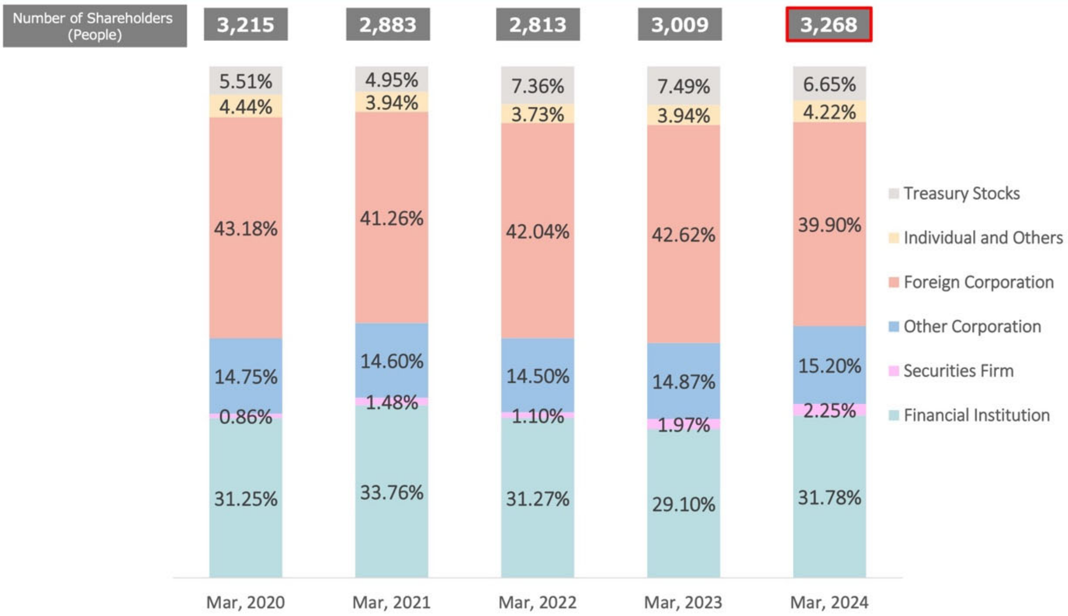
Page 12 shows the number of employees. In FY2023, the loss of 332 employees abroad brought the total headcount of employees to 4,654. Most of these overseas employees are working on the production lines of local factories, and their numbers decreased along with the decline in amount.

Distribution of Shareholders



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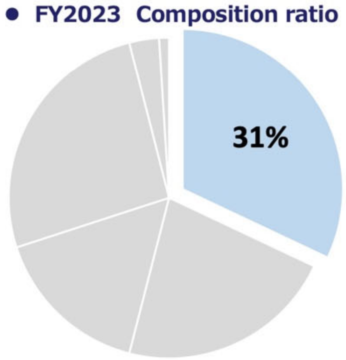
Page 13 shows the stock distribution. The result for FY2023 was an increase in the number of unit shareholders to 3,268. Compared to the previous year, the ratio of foreign corporations, shown in the third column from the top of the graph, has decreased slightly.

Sales by Application_General Industrial

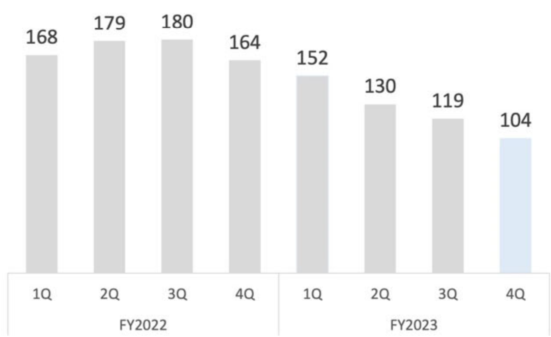
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	347	180	164	691	282	119	**104**	**505**	-27%

● **FY2023 Composition ratio**



● **Changes in quarterly sales**



■ Orders in 3Q hit the bottom, which was not reflected in the result for 4Q.

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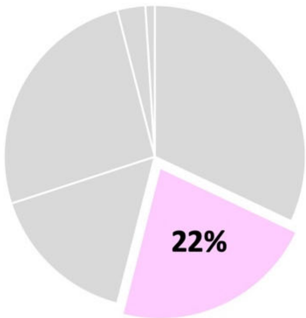
Please continue to page 14. Here are the results by sector. This first slide shows sales trends for the general industrial machinery. Sales for Q4 of FY2023 were JPY10.4 billion, for a cumulative total of JPY50.5 billion, or negative 27% of the previous year's total. As a percentage of the field composition, the Q3 was 33%, while Q3 was 31%, 2 percentage points lower. Although it can be said that Q3 was the bottom for orders, sales have not yet been reflected in the Q4 results.

Sales by Application_Smartphone

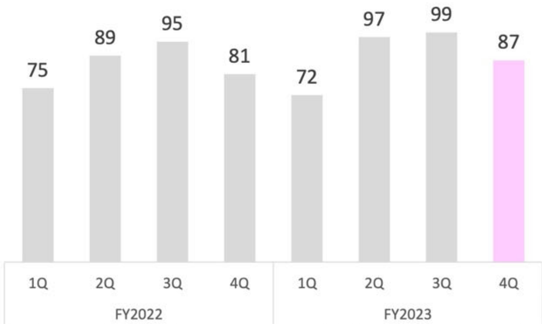
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	164	95	81	340	169	99	**87**	**355**	+4%

- **FY2023 Composition ratio**



- **Changes in quarterly sales**



■ Sales in 4Q decreased due to seasonality, but sales performance in FY23 was generally high along with China market recovery.

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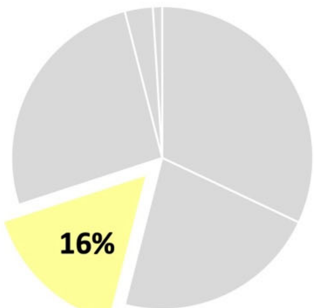
The next page 15 shows smartphones and mobile devices. Sales for FY2023 are JPY35.5 billion, an increase of 4% over the same period last year. Since this field is subject to seasonal fluctuations, Q4 was lower than Q3, but it was still positive compared to the same period of the previous year and remained high throughout the entire FY2023 period. This factor includes the recovery of the Chinese market.

Sales by Application_Consumer/Mobile Equipment

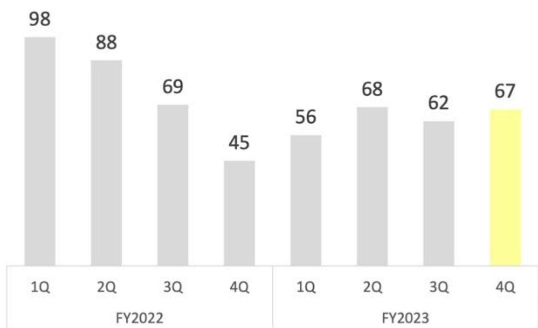
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	186	69	45	300	124	62	**67**	**253**	-16%

- **FY2023 Composition ratio**



- **Changes in quarterly sales**



■ Recovery pushed up the sales in 4Q, despite the segment with seasonality having usual recess in this period.

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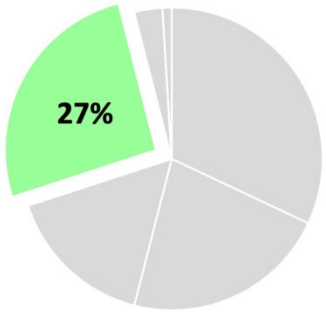
Continuing to page 16, this section is for the consumer and mobile devices. The result for FY2023 is JPY25.3 billion, or negative 16% YoY. While it is a normal trend for Q4 to be lower than Q3 due to seasonality, the opposite is true, and I believe that we are finally seeing a recovery in the sluggish market.

Sales by Application_Automotive/Mobility-related

(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Sales	174	96	90	360	195	115	**119**	**429**	+19%

- **FY2023 Composition ratio**



- **Changes in quarterly sales**

■ Sales increased continuously along with the customer expansion and product variations.

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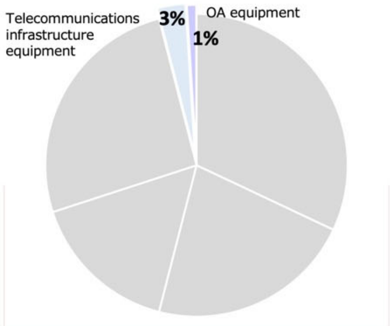
Page 17 is for automotive and mobility-related products. The number grew from JPY11.5 billion at the time of Q3 to JPY11.9 billion. The total amount of JPY42.9 billion, up 19% from the same period last year, continued toreplace the past highest record. As a percentage of total sales, the Q3 results were up 1 point to 27% from 26% in Q3.

Sales by Application_Telecommunications Infrastructure Equipment / OA Equipment

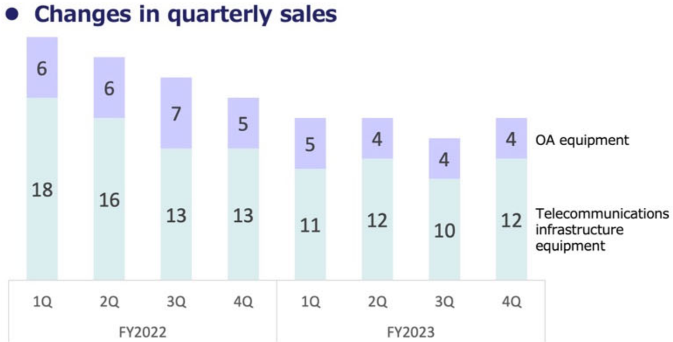
(Yen in hundred millions)

	FY2022				FY2023				YoY
	1H	3Q	4Q	FY22	1H	3Q	4Q	FY23	FY2023/ FY2022
Telecommunications infrastructure equipment	34	13	13	60	23	10	**12**	**45**	-25%
OA equipment	12	7	5	24	9	4	**4**	**17**	-29%

- **FY2023 Composition ratio**



- **Changes in quarterly sales**



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Page 18 shows sales trends for telecommunications infrastructure equipment and office equipment. No specific comments here.

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Business Forecast for the Year Ending March 31, 2025 (Consolidated)

	FY2023 Actual (FY ended March 31, 2024)		FY2024 Forecast (FY ending March 31, 2025)		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%
Sales	829.1	1,655.1	**830.0**	**1,760.0**	+0.9	+0.1%	+104.9	+6.3%
COGS Ratio	55.6%	56.2%	**56.3%**	**56.1%**				
Operating Profit	171.9	340.2	**160.0**	**360.0**	-11.9	-6.9%	+19.8	+5.8%
(%)	20.7%	20.6%	**19.3%**	**20.5%**				
Profit before tax	196.8	387.6	**170.0**	**390.0**	-26.8	-13.6%	+2.4	+0.6%
(%)	23.7%	23.4%	**20.5%**	**22.2%**				
Net Profit	126.0	264.8	**120.0**	**280.0**	-6.0	-4.7%	+15.2	+5.7%
(%)	15.2%	16.0%	**14.5%**	**15.9%**				
Earnings per share	—	772.38 yen	—	**827.65 yen**				
Dividend per share	220円	440 yen	**245 yen**	**490 yen**				
Consolidated Dividend Payout Ratio	—	57.0%	—	**59.2%**				

[Exchange rate]	FY2023 Actual	FY2024 Forecast
1US$	144.62 yen	**143.00 yen**
1 €	156.80 yen	**155.00 yen**
100 won	10.97 yen	**10.80 yen**

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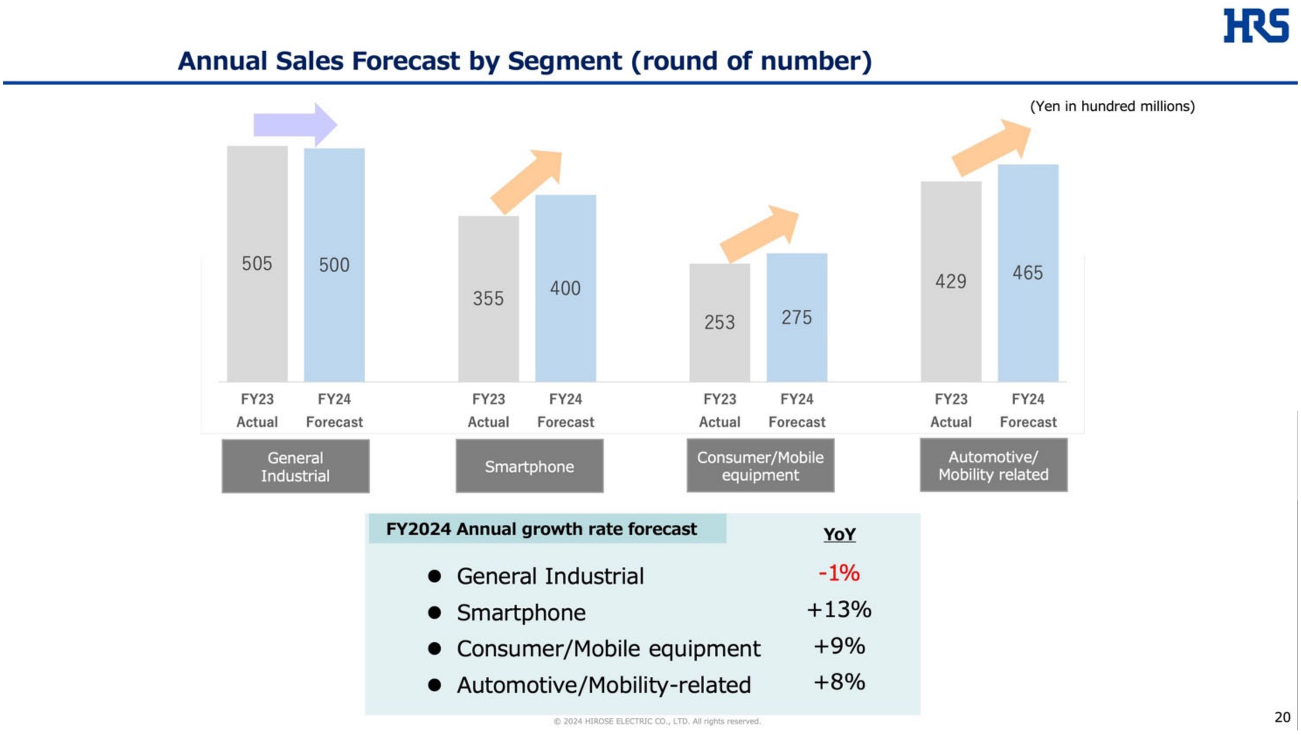
The next page 19 shows the forecast for FY2024. The exchange rate is assumed in the lower right-hand corner. Assuming JPY143 to USD1, JPY155 to EUR1, JPY10.8 to KRW100.

Sales are expected to reach JPY176 billion, an increase of 6.3% over FY2023. Operating profit is expected to be JPY36 billion, up 5.8% from the previous year. Operating margin is projected to be 20.5%. Income before income taxes is projected at JPY39 billion and net income at JPY28 billion.

The forecast for dividend per share is JPY490, and Mr. Kamagata will later discuss the new capital policy on which this will be based.



Page 20 visualizes our expectation for the annual sales forecast by sector. First, in the general industrial machinery, we don't expect a recovery in this sector in the early stages of the current fiscal year due to the lingering effects of market inventories. However, we do expect a turnaround in H2. We project a relatively flat performance at negative 1% or JPY50 billion at the end of the fiscal year.

The field of smartphones and mobile terminals is projected to grow this fiscal year to JPY40 billion, a positive 13%. This includes expectations due to market share gains backed by product strength in small products.

Consumer mobile equipment is projected at JPY25.7 billion versus JPY25.3 billion in FY2023, a positive 9%. The forecast for the automotive and mobility-related business is JPY46.5 billion, positive 8%, and is expected to grow steadily.

This concludes my review of our business performance.

Changes in Board Members (On and After Jun. 21, 2024)

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Directors (excluding directors who are audit and supervisory committee members)		
President		Kazunori Ishii (Reappointed)
Senior Managing Director	Group President, Administration Group	Shin Kamagata (Promoted)
Director	Group President, Sales & Marketing Group	Hiroshi Satoh (Reappointed)
Director	Group President, Engineering Group	Shu Obara (Reappointed)
Director	Group President, Production Group	Yoshihiro Gunji (Newly appointed)
Director	President, Hirose Korea Co., Ltd.	Sang-Yeob LEE (Reappointed)
Outside Director		Kensuke Hotta (Reappointed)
Outside Director		Tetsuji Motonaga (Reappointed)
Outside Director		Masanori Nishimatsu (Reappointed)
Outside Director		Seiji Sakata (Reappointed)

Directors who are audit and supervisory committee members	
Director (Full-time audit and supervisory committee member)	Masatoshi Ueda
Outside Director (Audit and supervisory committee member)	Kentaro Miura
Outside Director (Audit and supervisory committee member)	Yukiko Araki
Outside Director (Audit and supervisory committee member)	Kenji Takashima

※ Director, Yukio Kiriya will leave from the board member 〔Ratio of outside directors: 50%〕

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Using the last page of the slide, I would like to introduce the appointments of directors and executive officers, which will be approved at the general shareholders' meeting on June 21. Please turn to the next page.

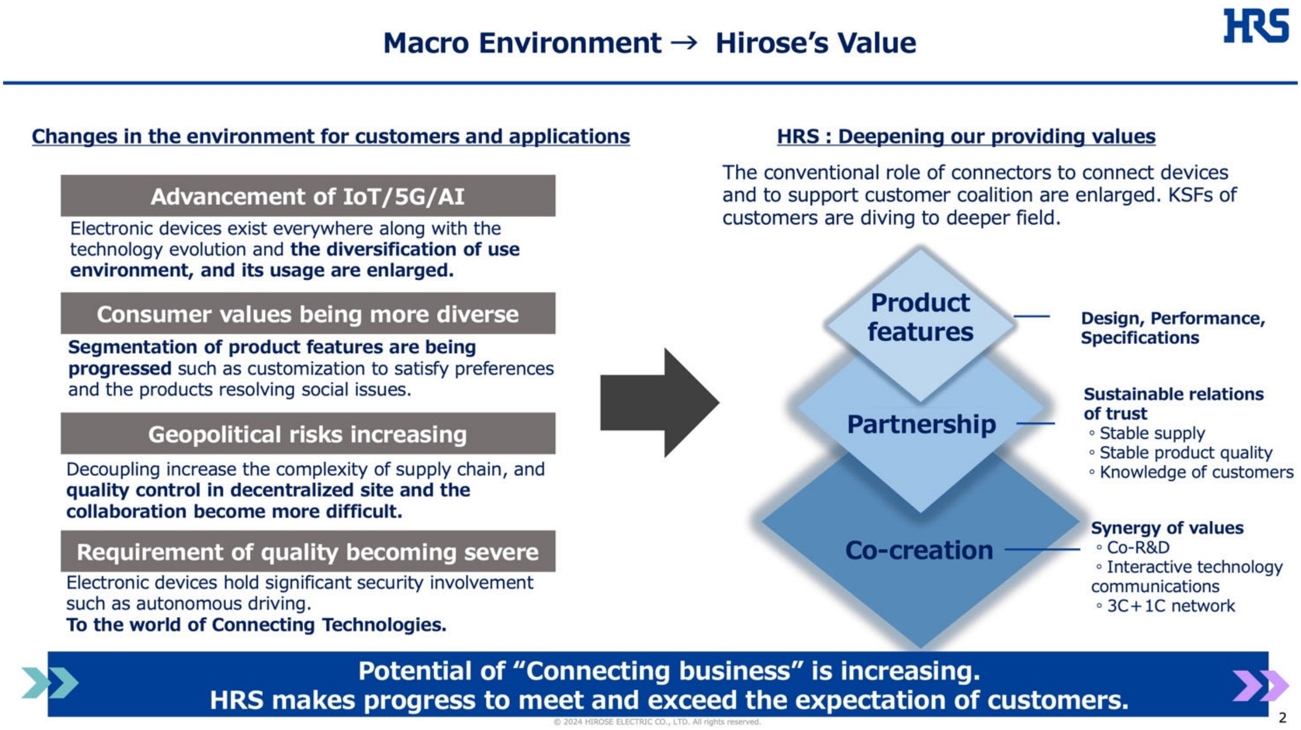
The changes are highlighted in yellow. Mr. Kamagata will continue to serve as the Group President of the Administration Group but will be promoted from Director to Senior Managing Director. Mr. Kiritani, Director and the Group President of the Production Group, will step down from his position. Mr. Gunji, Executive Officer of the Production Group, will assume the new position of Director. That's all from me.

Next, President Ishii, and Director Kamagata will present the medium- to long-term growth strategy for 2024. President Ishii, please go ahead.

Ishii: Good morning, everyone. This is Ishii of Hirose Electric. Thank you for your continued support and guidance to Hirose business.

Although the performance report was not completely satisfied, we feel that we are clearly making progress in strengthening our initiatives and response capabilities for what lies ahead. Therefore, we believe that FY2024 is a critical time for growth in FY2025 and beyond. In this regard, I would like to enhance the content of my presentation through communication with all of you.

I will now discuss the FY2024 version of the mid-term strategy according to the slides.



The first one is on page two of the slide. The first slide summarizes the macro environment and changing values surrounding Hirose.

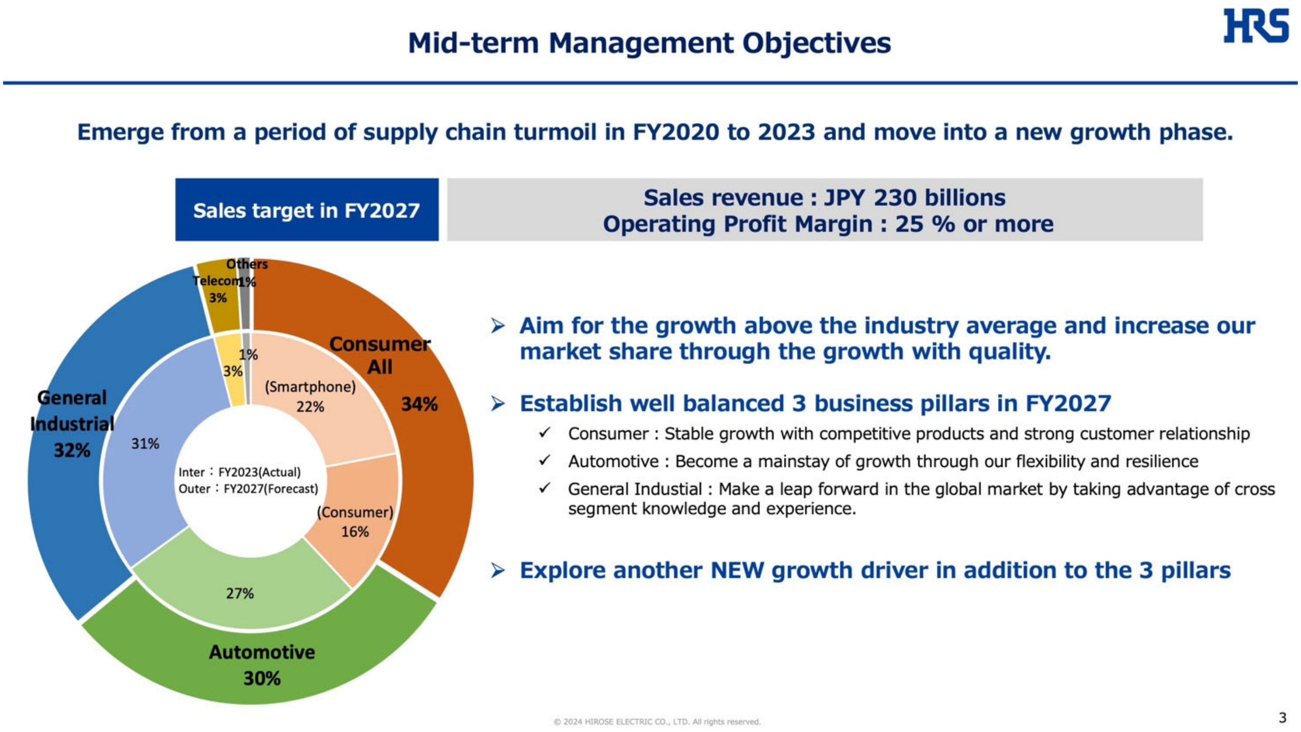
On the left side is the list of an evolving environment with the customer and applications. At the top of the list is the development of IoT/5G/AI. In particular, it is the emergence and progress of AI. We are aware that the diversity of use environments and applications of our electronic equipment is expanding in every state as a result. Currently, our customers are intensifying their efforts in developing new AI products such as AI smartphones, AI notebooks, AI servers, etc.

The second thing I picked is the diversification of the consumer mindset. Third, we recognize that geopolitical risks continue and increase. The last thing I picked is the advancement of the required quality. In short, I presume that our connecting technology will eventually face circumstances where freeze is no longer acceptable.

These external changes listed on the left will go hand in hand with the changes illustrated on the right side, that represents the values of Hirose to deliver.

First and foremost, our foundation is product performance. We need to build upon trusting relationships with our customers. While I'm using the term of "customer", I'm talking about allies and partnering manufacturers in other industries. We will formulate relationships of trust with those involved. I believe a world of further co-creation will emerge from these relationships. This is a concept that bridges Hirose to the future.

In general, we feel that the potential of the business we are connecting is further increasing. As I always say, Hirose is committed to evolving into a company that meets and exceeds customer expectations.



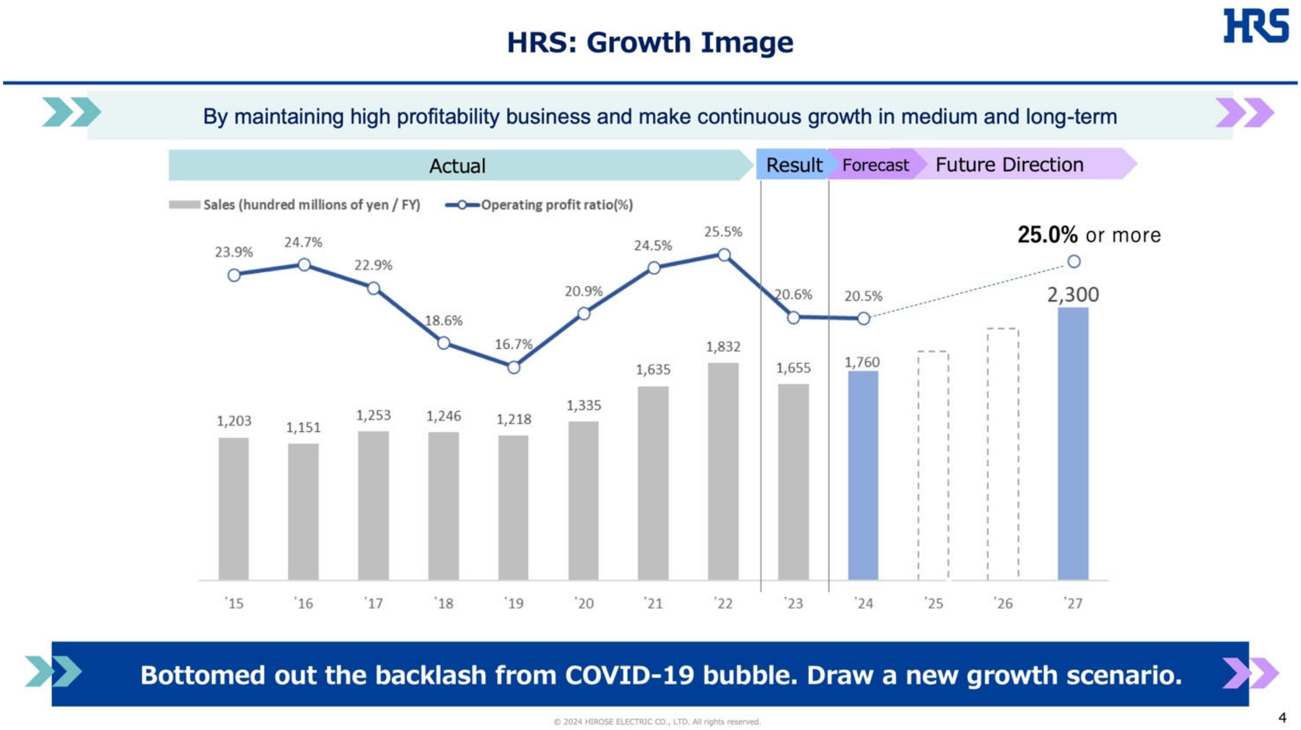
Next slide, page three. This is the usual pie chart of the business composition ratio. If you look at the outside of the pie chart, you can see the forecast for FY2027. We hope that we will finally be able to build the well-balanced portfolio by FY2027. In other words, the orange zone accounts for 34% of the consumer market, 30% of the automotive market, and 32% of the general industrial machinery market, and I think we are getting close to achieving the portfolio we have envisioned for FY2027.

I have included a short message in the middle of the slide regarding our current situation and future plans. As for the consumer market, we are fortunate to have good products and good customers, so I think we can build stable growth.

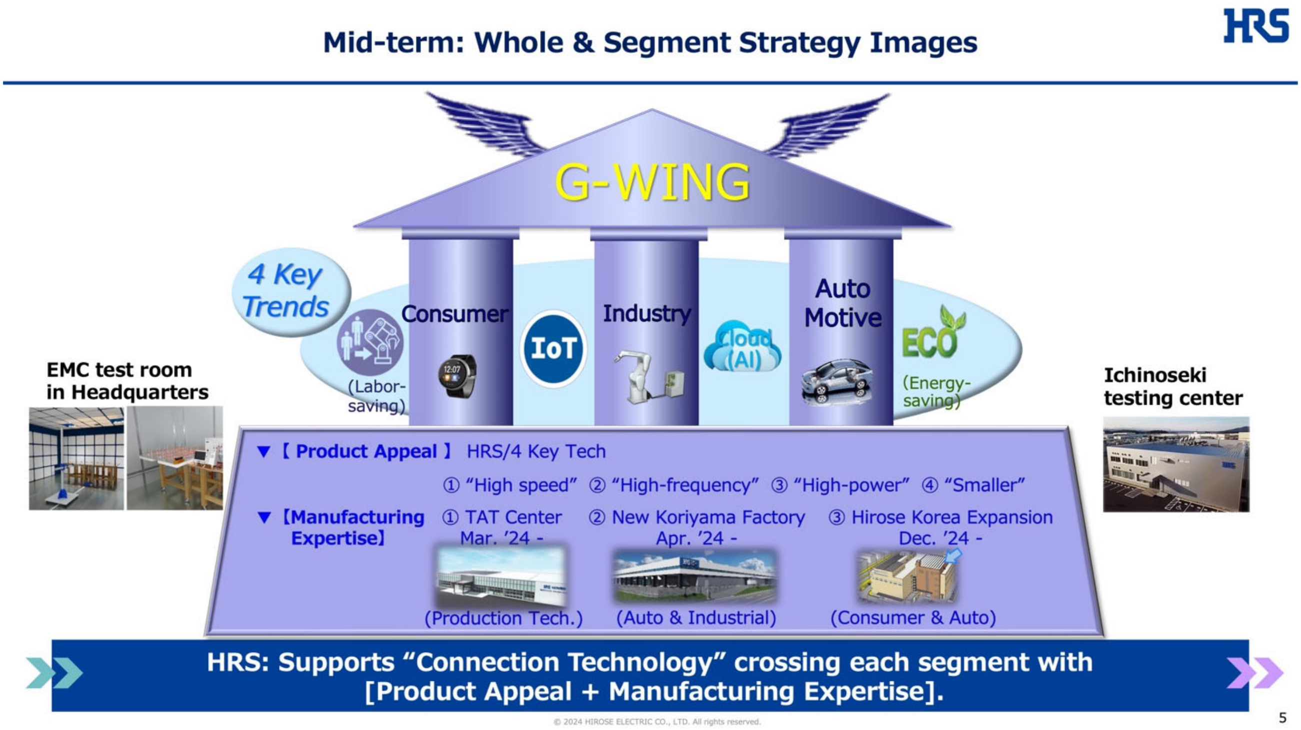
Next I would like to look at the automotive market. As this pie chart shows, we have a bit of catching up to do in terms of our ability to respond to change, which means that automotive market will completely become a mainstay of growth.

Regarding with the industry machinery market, we believe that we can further draw growth in the global market by taking advantage of our knowledge and experience across fields, which is one of our strengths.

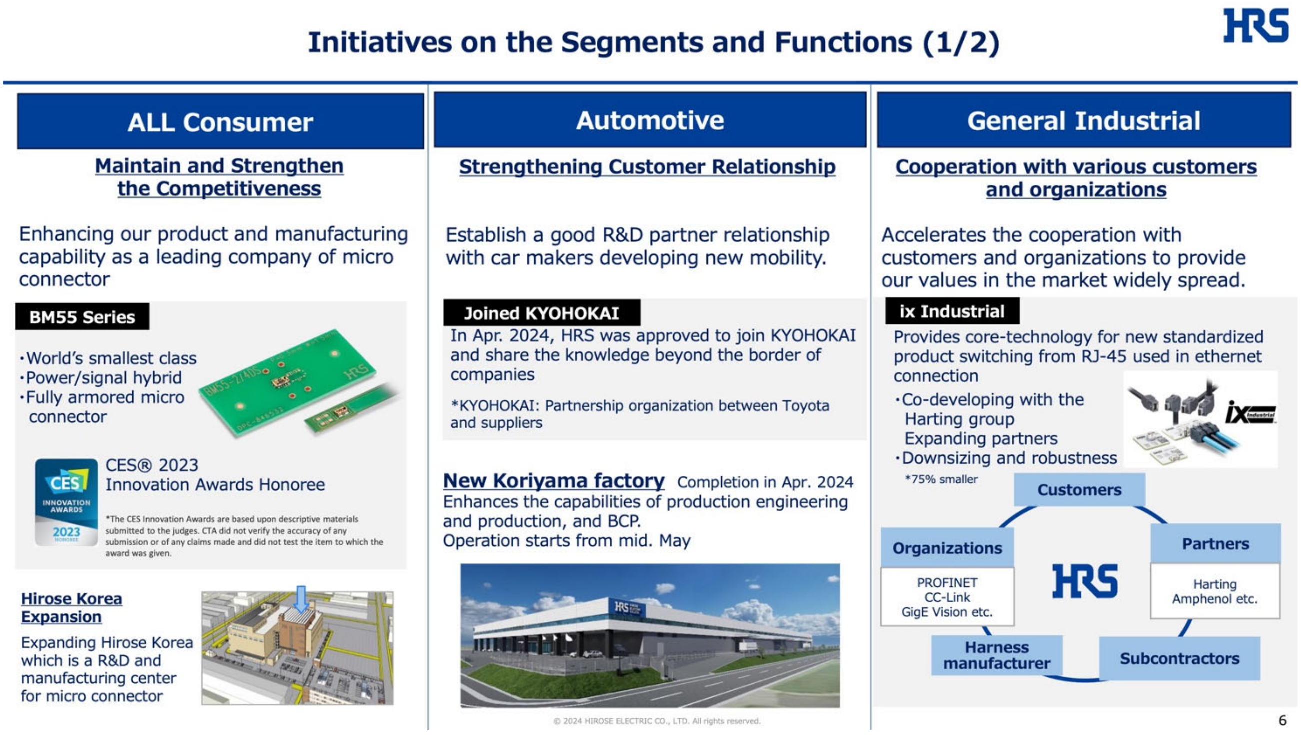
The pie chart on the left side is for existing businesses, and I think the key point of the Hirose medium-term business plan is to search for this pie chart plus new growth drivers.



Please move on to page four. This is a projected performance growth that we continue to hold up. In FY2023, as you can see in the bar in the middle, the numbers are completely insufficient. The figure for FY2024 is JPY176 billion, which is the figure Yamada mentioned earlier. The Company hit the bottom once here but will emerge from it, aiming for JPY230 billion and a profit margin of 25% in FY2027 in the medium term. Therefore, I think that the medium-term business plan will be based on the impression of a new growth scenario starting in FY2024.



Please move on to the next slide. Please see page five. This visualizes our business strategy encompassing overall and sector-specific plans in the medium-term business plan. There are no major updates from previous versions.



Please move on to the next slide. Page six. I would like to introduce our efforts in terms of product functions and business fields.

The left side is for the consumer market. Growth in this area leverages our strength. In addition, as a point of evaluation, Hirose Korea, at the bottom of the left side, the blue arrow is the discussion point. Scheduled for completion in December of this year, we are planning to further enhance the existing R&D center.

Now please move your attention to the center of the slide, automotive. One of the key points of the automotive business is to build a relationship of trust with the customers. The KYOHOKAI is Toyota Group cooperative association. Our membership in this group was approved this April. In this respect, we would like to contribute to the future of mobility in our unique way, while gradually transcending the border of many companies and bringing new knowledge from outside, and different industries, as well as those in the same industry.

Please move your gaze to the bottom center, to the new Koriyama Plant, which will finally have its completion ceremony this June. We plan to secure a space and capacity that is nearly three times larger than current plant. We are working to develop this new plant as a smart factory that can help to make a trusting relationship with our customers.

In addition, the general industrial machinery market has an extremely broad base, and we would like to progress to develop next-generation foundation while maintaining various relationships and collaborations with organizations.

Initiatives on the Segments and Functions (2/2)

Enhancing the production engineering capability

"Tohoku Advanced Technology Center" (TAT Center) started in operation at Morioka-city, Iwate-prefecture from March 2024.

Missions of TAT Center

1. Strengthen software engineering on production facilities
2. Facility development hub to target on shortening lead time
3. Provide training to be advanced production engineers and construct "Co-creation field" to learn technics with subcontractors

Building information
Site area : 6,983㎡
Building area : 2,092㎡
Building structure : Steel frame and one-story
Energy : Renewable energy 100%
(Private power generation with solar panels 40kW and purchasing)

Creates job opportunities for professionals and contributes to the development of engineering group to challenge to the global markets.

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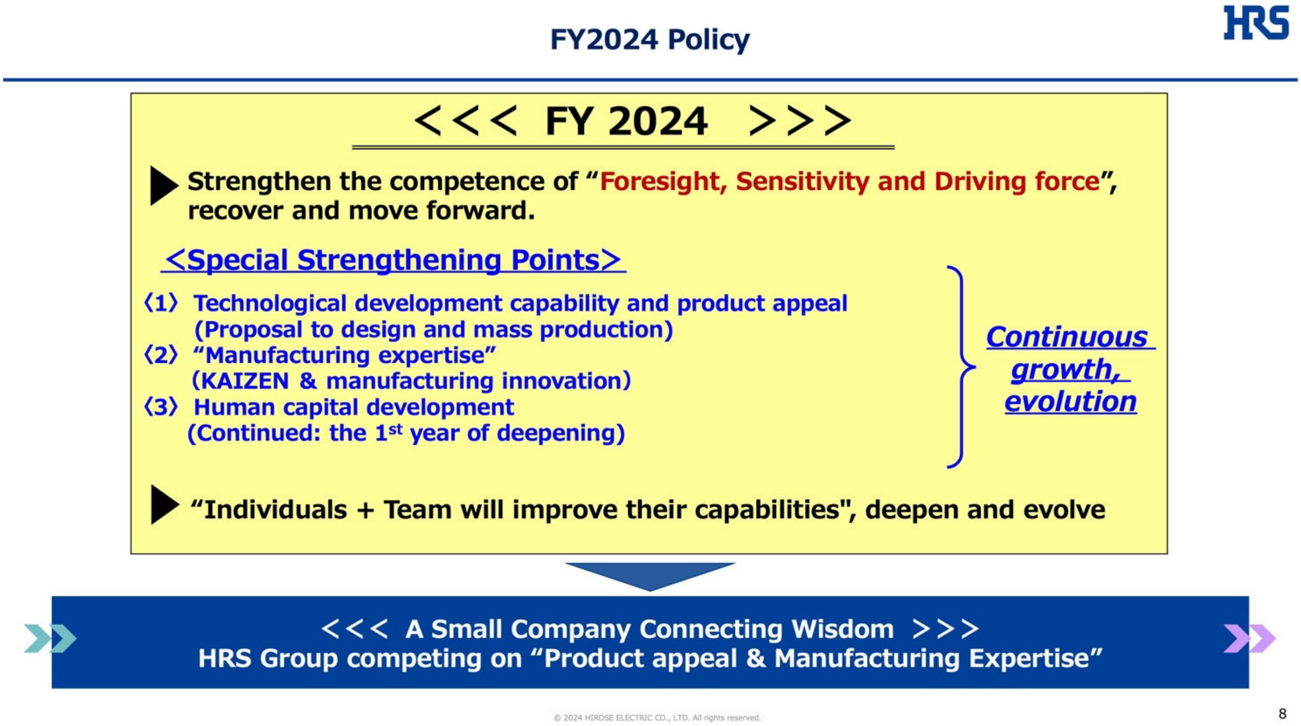
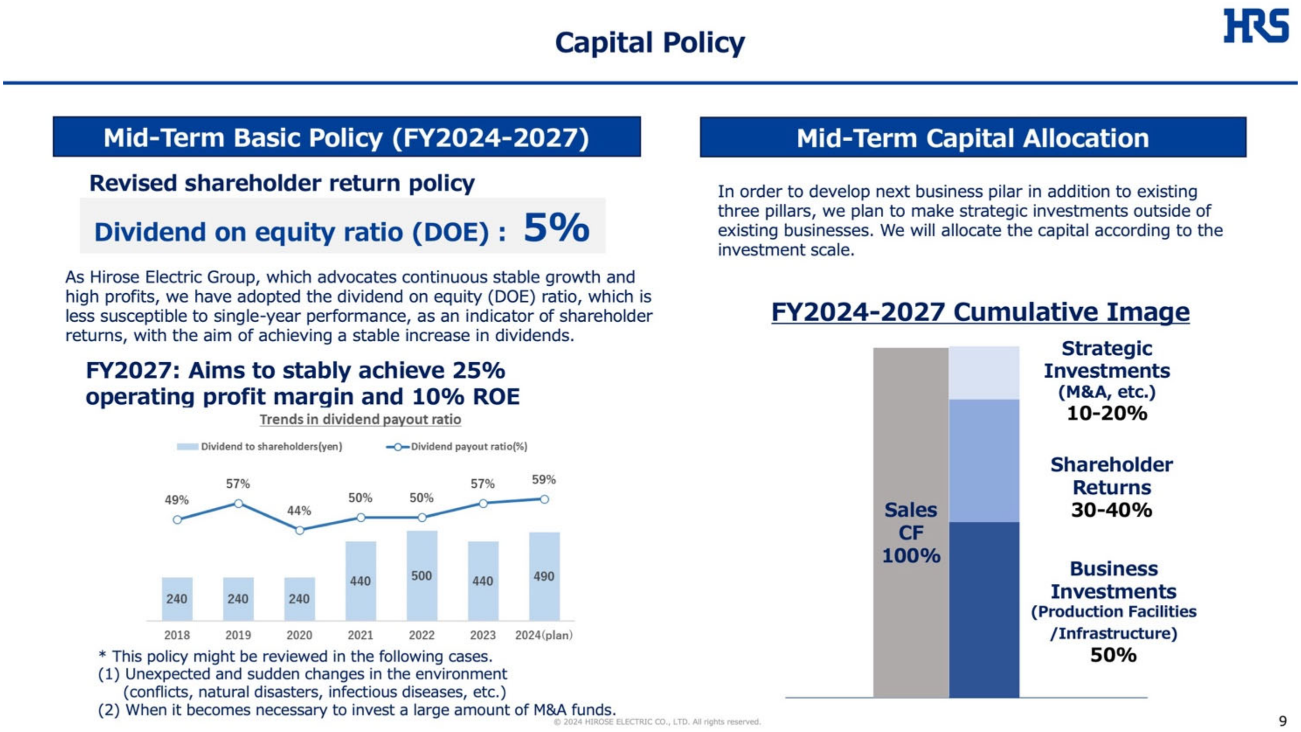
Please move on to the next slide. In addition, we are pleased to announce the completion of the Tohoku Advanced Technology Center in Morioka in March. As we have been telling you, this site is going to be the key of our manufacturing effort. We will focus on strengthening our production and manufacturing technology capabilities, including the development of human resources, by developing our production technology capabilities as a core function .



Please turn to page eight. This is a single slide that summarizes the direction for FY2024. As in the past, this means the ability to foresee, and the ability to sense with increased sensitivity. In FY2024, driving forceis newly listed here as Hirose's internal keyword.

We are planning various strategies. However, this is meaningless without the ability to carry it out, so I think the key to FY2024 will be the ability to carry it out. With these keywords, we hope to be a company that makes further progress.

Mr. Kamagata will provide his review on the next page.



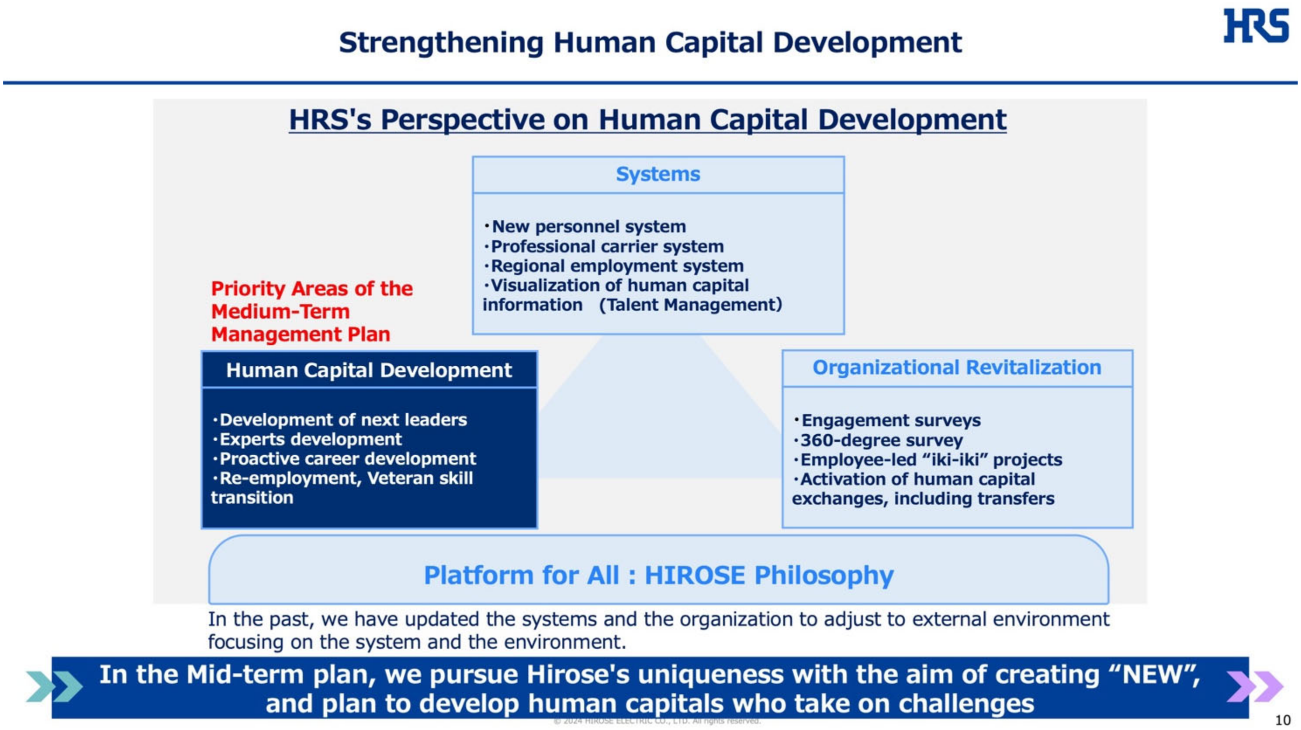
Kamagata: My name is Kamagata from Hirose Electric. On page nine, I would like to speak a little bit on capital policy. We have been committed to a dividend payout ratio of 50% until 2025, but we have updated this return one year ahead of schedule.

We would like to set a dividend on equity ratio of 5% from FY2024 to FY2027 and would like to make this our shareholder return policy. The reason for this is that the Hirose Electric Group, which is committed to continuous and stable growth and high profitability, aims to increase dividends in a stable manner.

However, we will continue to aim to achieve a stable operating profit of 25% and ROE of 10% in FY2027.

On the right, this is an impression of the cash flow allocation. We hope this can be viewed as a cumulative total from FY2024 to FY2027.

Basically, we want to use as much as possible to reinvest in future investments. We will invest about 50% in production facilities and various infrastructures, and 10% to 20% in strategic investments, such as M&A, as I have mentioned so far. We would like to use the remaining portion for shareholder returns.



Please turn to the next page. We will give our efforts in human resource training and development. We announced back in 2022, that Hirose Electric Group will focus on human resource development.

We have tried various measures in terms of central systems and mechanisms, as well as organizational revitalization mechanisms on the right side. From FY2024 onward, we would like to focus on human resource development in the medium term.

We would like to promote the development of Hirose minded people who pursue the Hirose style of creating new profits in the medium term and challenge human resources by focusing on next-generation leader development, specialist development, proactive career building, rehiring, and passing on skills of seasoned employees.

Progress of Carbon Neutrality Initiatives

HRS

Targets for FY2027 | **Scope1,2 Emissions reduced by 60% (FY2021 year-on-year)**

Even after the introduction of renewable energy, we will promote a shift to high-quality power sources with “additionality”. The Ichinoseki Plant installed the region's largest solar carport in March 2024. It also aims to reduce the burden of snow removal from employees' cars.

【Ichinoseki Plant (Iwate Prefecture)】

Promotes the introduction of renewable energy and plans to achieve targets during the period of this Mid-term plan

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Please turn to the next page. As for our efforts to achieve carbon neutral goal, we have set a target of a 60% reduction in total emissions for Scope 1 and Scope 2 in FY2027. As shown in the graph in the middle, we have been making steady reductions and have almost achieved the goal for FY2023. We will systematically proceed toward FY2027 beyond this point.

Enhance Employee Engagement

Hirose Electric has signed a sponsorship agreement with the Komazawa University Athletics Club in December 2023. While individual athletes "energetically connecting Tasuki" for the team in the Hakone Ekiden relay race, we also co-create our future society with the power of "connecting". As a company knows the importance of connecting and envisions the future by connecting, all of our employees will work together to support them.

Enhance Employee Engagement

・Holding events such as gathering with coaches and athletes

Promotion of Health Management

・Running sessions with athletes
・Holding sports wellness trainings

Recruitment Branding

・Increased visibility through media exposure

Achieves continued stable growth by strengthening human capital recruitment and revitalizes the organization

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Please refer to the next page. From the perspective of employee engagement, the Hirose Electric Group has signed a sponsorship agreement with the Komazawa University Athletics Club starting in December 2023. This means that the Hirose Group, as a company with a commitment to health management, wants to incorporate sports wellness, among other things, into its corporate management. The other is the attitude of "energetically passing on a Tasuki", a cloth sash baton, corresponds to our connecter business. These two impressions match.

As a BtoB supplier, we would like to increase our visibility through media exposure by signing a sponsorship contract with Komazawa University, which will lead to recruitment and corporate branding. In this regard, we would like to aim for stable growth of the Hirose Group by strengthening the recruitment of human resources and revitalizing the organization.

This is the end of my presentation.

Yamada: That concludes the prepared presentation.

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.