

【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】 November 14, 2022
【Fiscal Period】 2nd quarter of 76th term (from July 1, 2022 to September 30, 2022)
【Company name】 HIROSE ELECTRIC CO., LTD.
【Title and name of representative】 Kazunori Ishii, President
【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)

	75 th Fiscal Term Consolidated First Half	76 th Fiscal Term Consolidated First Half	75 th Fiscal Term
Fiscal period	From April 1, 2021 to September 30, 2021	From April 1, 2022 to September 30, 2022	From April 1, 2021 to March 31, 2022
Revenue (Second quarter from July 1 to Sep 30)	79,188 (40,745)	94,704 (48,130)	163,671
Quarterly profit before tax or profit before tax	20,384	29,247	43,081
Quarterly profit attributable to owners of parent (Second quarter from July 1 to Sep 30)	14,797 (8,111)	20,636 (10,584)	31,437
Quarterly comprehensive income attributable to owners of parent	14,132	28,409	40,390
Equity attributable to owners of parent	321,338	344,789	342,069
Total Assets	365,731	401,282	394,783
Quarterly earnings per share -basic (Yen) (Second quarter from July 1 to Sep 30)	414.96 (229.48)	594.23 (307.49)	885.39
Quarterly earnings per share -diluted (Yen)	414.85	594.12	885.16
Ratio of total equity attributable to owners of parent (%)	87.9	85.9	86.6
Cash flows from operating activities	20,116	24,793	44,323
Cash flows from investing activities	13,649	4,725	(10,875)
Cash flows from financing activities	(19,277)	(26,210)	(25,249)
Balance of cash and cash equivalents at end of the quarter	72,415	74,318	68,394

(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).

2. Description of Business

There were no significant changes in our business during the first half of the fiscal year ending March 31, 2023.

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 six months ended September 30, 2022.

There were no material events.

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

Forward-looking statements below were determined as of September 30, 2022.

(1) Overview of Operating Results

Regarding Japanese economy in the first half of the fiscal year ending March 31, 2023, even though capital investment and export remained strong, domestic demand has been stagnant due to the spread of COVID-19 occurred in this summer and the increase in material cost affected by resource price increase and weak yen. As a result, the business sentiment has been polarized further depends on the industry.

In overseas market, the business conditions of American and European countries have been on a declining trend because of the concerns about inflation and economic restraint. In China, zero-COVID policy has been continued and export decreased due to the economic slowdown in America and Europe. Slowdown of the world economy has been deepening.

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, the sales for mainly industrial, automotive and consumer electronics has been grown, and the revenue in the first half increased by 19.6% to JPY 94,704 million compared to the same period of the previous fiscal year. Operating profit increased by 37.3% to JPY 27,170 million, and quarterly profit attributable to owners of parent increased by 39.5% to JPY 20,636 million as compared with the first half of fiscal 2021.

The business results by reportable 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 half of the fiscal year ending March 31, 2023 increased by 20.6% to JPY 85,668 million, operating profit increased by 37.2% to JPY 25,142 million compared with the first half of the fiscal 2021.

[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 of Wi-Fi and Bluetooth for smartphone and PC, GPS antenna connection for automobile and high-frequency signal connection for wireless communication device and electronic measuring instruments. Optical fiber connectors and coaxial switches are also included in this segment. Segment sales for the first half of the fiscal 2022 increased by 7.7% to JPY 6,100 million. Operating profit increased by 20.2% to JPY 1,719 million.

[Other products]

This segment includes micro switches and instruments for connectors. Segment sales for the first half of the fiscal 2022 increased by 18.1% to JPY 2,936 million, operating profit increased by 619.1% to JPY 309 million.

(2) Overview of Cash Flows

Cash and cash equivalents at the first half of the fiscal year ending March 31, 2023 increased by JPY 5,924 million to JPY 74,318 million compared to the end of the fiscal year ended March 31, 2022.

a. Cash flows from operating activities

Cash flows from operating activities increased by JPY 24,793 million. (In the fiscal 2021.1H, it increased by JPY 20,116 million.) This increase was mainly due to a rise in capital by appropriating quarterly profit before tax, JPY 29,247 million, and depreciation and amortization, JPY 8,344 million.

b. Cash flows from investing activities

Cash flows from investing activities increased by JPY 4,725 million. (In the fiscal 2021.1H, it increased by JPY 13,649 million.) This is mainly due to proceeds from net decrease in time deposit, JPY 11,555 million and proceeds from sale and redemption of investments, JPY 8,773 million.

c. Cash flows from financing activities

Cash flows from financing activities decreased by JPY 26,210 million. (In the fiscal 2021.1H, it decreased by JPY 19,277 million.) This is because of decrease in capital by payment for share buy-back, JPY 15,890 million and dividends paid, JPY 9,900 million.

(3) Analysis of financial condition

Total assets of FY2022.2Q increased by JPY 6,499 million to JPY 401,282 million compared to the end of the previous consolidated fiscal year mainly because cash and cash equivalents, and inventory increased. Total liabilities increased by JPY 3,780 million to JPY 56,493 million due to the increase in income taxes payables and other financial liabilities. Quarterly profit was recorded and other components of equity including translation adjustment increased. As a result, total equity increased by JPY 2,719 million to JPY 344,789 million. The ratio of total equity attributable to owners of parent resulted 85.9%, decreased by 0.7% compared with the previous consolidated fiscal year end.

(4) Assumptions used for accounting estimates

There are no significant changes in the accounting estimates from “Management Analysis of Financial Position, Operating Results and Cash Flows” stated in the annual securities report of FY2021 and assumptions used for the estimates.

(5) Research and development

Our research and development expenses for the six months ended September 30, 2022 were JPY 4,211 million. As the achievement of research and development activities, fixed assets including tools appropriated to JPY 1,214 million. When these amount are added up, the total of R&D investment amount was JPY 5,425 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 September 30, 2022.

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 second quarter (Shares) (September 30, 2022)	Number of shares issued as of the filing date (Shares) (November 14, 2022)	Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered	Description
Ordinary share	37,227,089	37,227,089	Tokyo Stock Exchange, Inc. (prime market)	The number of shares per unit of shares is 100 shares
Total	37,227,089	37,227,089	—	—

(Note) The number of shares issued as of the filing date do not include the share issued by share acquisition rights from November 1, 2022 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 July 1, 2022 to September 30, 2022	—	37,227,089	—	9,404	—	12,007

(5) Information on voting rights

① Issued shares

(As of September 30, 2022)

Classification	Number of shares (Shares)	Number of voting rights	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc)	–	–	–
Shares with restricted voting rights (others)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(treasury shares) Ordinary share 2,792,700	–	Standard stocks which there is no restriction on contents of the right of the stock
Shares with full voting rights (others)	Ordinary share 34,364,400	343,644	Same as above
Shares less than one unit	Ordinary share 69,989	–	Same as above
Number of issued shares	37,227,089	–	–
Total number of voting rights	–	343,644	–

(Notes) 1. The ordinary shares in “Shares with full voting rights (others)” includes 10,000 shares (the number of voting rights: 100) corresponding to the Company’s shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers.

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

3. The ordinary shares in “Shares less than one unit” includes 39 treasury shares held by HIROSE group.

② Treasury Shares and Others

(As of September 30, 2022)

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	2,792,700	–	2,792,700	7.50
Total	–	2,792,000	–	2,792,700	7.50

(Notes) 1. The above list does not include the Company’s shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers.

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, 2022	As of September 30, 2022
Assets			
Current assets			
Cash and cash equivalents	10	68,394	74,318
Trade and other receivables	10	43,427	47,376
Inventories		21,695	28,514
Other financial assets	10	140,918	128,532
Other current assets		6,389	5,772
Total current assets		280,823	284,512
Non-current assets			
Property, plant and equipment		61,148	62,709
Right-of-use assets		4,909	5,642
Intangible assets		3,704	4,001
Other financial assets	10	38,504	38,487
Deferred tax assets		2,769	3,018
Retirement benefit assets		2,514	2,545
Other non-current assets		412	368
Total non-current assets		113,960	116,770
Total assets		394,783	401,282

(Yen in millions)

	Note	As of March 31, 2022	As of September 30, 2022
Liabilities			
Current liabilities			
Trade and other payables	10	23,811	24,026
Lease liabilities		867	1,088
Other financial liabilities	10	142	789
Income taxes payable		8,029	8,793
Other current liabilities		6,091	7,283
Total current liabilities		38,940	41,979
Non-current liabilities			
Lease liabilities		4,101	4,584
Other financial liabilities	10	166	152
Retirement benefit liability		227	358
Deferred tax liabilities		8,513	8,643
Other non-current liabilities		767	777
Total non-current liabilities		13,774	14,514
Total liabilities		52,714	56,493
Equity			
Share capital		9,404	9,404
Capital surplus		11,250	11,168
Retained earnings		338,818	338,290
Treasury shares	6	(36,306)	(39,891)
Other components of equity		18,903	25,818
Total equity attributable to owners of parent		342,069	344,789
Total equity		342,069	344,789
Total liabilities and equity		394,783	401,282

(2) Condensed Quarterly Consolidated Statement of Profit or Loss
(For the six months ended September 30, 2021 and 2022)

(Yen in millions)

	Note	For the first half of the year ended March 31, 2022 (From Apr 1, 2021 to Sep 30, 2021)	For the first half of the year ending March 31, 2023 (From Apr 1, 2022 to Sep 30, 2022)
Revenue	8	79,188	94,704
Cost of sales		43,343	47,900
Gross profit		35,845	46,804
Selling, general and administrative expenses		16,113	19,783
Other income		153	221
Other expenses		93	72
Operating profit		19,792	27,170
Financial income		628	2,113
Financial costs		36	36
Quarterly profit before tax		20,384	29,247
Income tax expense		5,587	8,611
Quarterly profit		14,797	20,636
Quarterly profit attributable to: Owners of parent		14,797	20,636
Quarterly Earnings per share:			
Basic (yen)	9	414.96	594.23
Diluted (yen)	9	414.85	594.12

(For the three months ended September 30, 2021 and 2022)

(Yen in millions)

	Note	For the second quarter of the year ended March 31, 2022 (From Jul 1, 2021 to Sep 30, 2021)	For the second quarter of the year ending March 31, 2023 (From Jul 1, 2022 to Sep 30, 2022)
Revenue		40,745	48,130
Cost of sales		22,165	24,167
Gross profit		18,580	23,963
Selling, general and administrative expenses		7,900	9,832
Other income		67	118
Other expenses		49	51
Operating profit		10,698	14,198
Financial income		270	570
Financial costs		28	28
Quarterly profit before tax		10,940	14,740
Income tax expense		2,829	4,156
Quarterly profit		8,111	10,584
Quarterly profit attributable to: Owners of parent		8,111	10,584
Quarterly Earnings per share:			
Basic (yen)	9	229.48	307.49
Diluted (yen)	9	229.42	307.43

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the six months ended September 30, 2021 and 2022)

(Yen in millions)

	Note	For the first half of the year ended March 31, 2022 (From Apr 1, 2021 to Sep 30, 2021)	For the first half of the year ending March 31, 2023 (From Apr 1, 2022 to Sep 30, 2022)
Quarterly profit		14,797	20,636
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(35)	—
Equity instruments measured at fair value through other comprehensive income		381	671
Total items that will not be reclassified to profit or loss		346	671
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,024)	7,120
Debt instruments measured at fair value through other comprehensive income		13	(18)
Total items that may be reclassified to profit or loss		(1,011)	7,102
Total other comprehensive income after tax		(665)	7,773
Total quarterly comprehensive income		14,132	28,409
Total amount of quarterly comprehensive income attributable to:			
Owners of parent		14,132	28,409

(For the three months ended September 30, 2021 and 2022)

(Yen in millions)

	Note	For the second quarter of the year ended March 31, 2022 (From Jul 1, 2021 to Sep 30, 2021)	For the second quarter of the year ending March 31, 2023 (From Jul 1, 2022 to Sep 30, 2022)
Quarterly profit		8,111	10,584
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity instruments measured at fair value through other comprehensive income		524	225
Total items that will not be reclassified to profit or loss		524	225
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,330)	(772)
Debt instruments measured at fair value through other comprehensive income		(0)	(13)
Total items that may be reclassified to profit or loss		(1,331)	(785)
Total other comprehensive income after tax		(807)	(560)
Total quarterly comprehensive income		7,304	10,024
Total amount of quarterly comprehensive income attributable to:			
Owners of parent		7,304	10,024

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

(Yen in millions)								
	Note	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance as of April 1, 2021		9,404	11,230	317,265	(21,874)	10,067	326,092	326,092
Quarterly profit				14,797			14,797	14,797
Other comprehensive income						(665)	(665)	(665)
Total of quarterly comprehensive income		—	—	14,797	—	(665)	14,132	14,132
Dividend of surplus	7			(4,354)			(4,354)	(4,354)
Purchase of treasury shares	6		(2)		(14,573)		(14,575)	(14,575)
Disposal of treasury shares			0		34		34	34
Share-based payment transactions			9				9	9
Transfer to retained earnings			(6)	(29)		35	—	—
Total transactions with owners		—	1	(4,383)	(14,539)	35	(18,886)	(18,886)
Balance as of September 30, 2021		9,404	11,231	327,679	(36,412)	9,436	321,338	321,338

	Note	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance as of April 1, 2022		9,404	11,250	338,818	(36,306)	18,903	342,069	342,069
Quarterly profit				20,636			20,636	20,636
Other comprehensive income						7,773	7,773	7,773
Total of quarterly comprehensive income		—	—	20,636	—	7,773	28,409	28,409
Dividend of surplus	7			(9,900)			(9,900)	(9,900)
Purchase of treasury shares	6		(1)		(15,890)		(15,890)	(15,890)
Disposal of treasury shares			(4)		77		73	73
Cancellation of treasury shares	6		(12,228)		12,228		—	—
Share-based payment transactions			27				27	27
Transfer to retained earnings	6		12,123	(11,265)		(858)	—	—
Total transactions with owners		—	(82)	(21,164)	(3,585)	(858)	(25,690)	(25,690)
Balance as of September 30, 2022		9,404	11,168	338,290	(39,891)	25,818	344,789	344,789

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the first half of the FY2021 (From April 1, 2021 to September 30, 2021)	For the first half of the FY2022 (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities:			
Quarterly profit before tax		20,384	29,247
Depreciation and amortization		8,292	8,344
Financial income		(628)	(2,113)
Financial costs		36	36
Decrease (increase) in trade and other receivables		(4,450)	(1,534)
Decrease (increase) in inventories		(661)	(5,712)
Increase (decrease) in trade and other payables		817	(276)
Others		2,404	4,297
Subtotal		26,194	32,289
Interest received		128	253
Dividends received		185	200
Income taxes paid		(6,391)	(7,949)
Net cash provided by operating activities		20,116	24,793
Cash flows from investing activities			
Net decrease (increase) in time deposits		15,778	11,555
Proceeds from sale and redemption of investments		8,325	8,773
Purchase of investments		(2,856)	(6,525)
Purchase of property, plant and equipment		(6,973)	(8,426)
Others		(625)	(652)
Net cash used in investing activities		13,649	4,725
Cash flows from financing activities			
Purchase of treasury shares		(14,575)	(15,890)
Dividends paid		(4,354)	(9,900)
Repayments of lease liabilities		(391)	(493)
Others		43	73
Net cash used in financing activities		(19,277)	(26,210)
Effect of exchange rate changes on cash and cash equivalents		90	2,616
Increase (decrease) in cash and cash equivalents		14,578	5,924
Cash and cash equivalents at the beginning of the year		57,837	68,394
Cash and cash equivalents at the end of the quarter		72,415	74,318

【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, 2022.

Condensed quarterly consolidated financial statements of the company were authorized by our president, Kazunori Ishii, on November 2, 2022.

(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, 2022. Income tax expense for the six months ended September 30, 2022 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 September 30, 2022, 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 incur.

5. Business Segment

(1) Overview of reportable segments

In the reportable segments 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 reportable segments

The revenue stated in reportable segments is operating profit basis.

For the first half of the fiscal year ended March 31, 2022 (from April 1, 2021 to September 30, 2021)

(Yen in millions)

	Reportable segments			Others*	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	71,038	5,663	76,701	2,487	79,188
Total revenue	71,038	5,663	76,701	2,487	79,188
Operating profit	18,320	1,430	19,750	42	19,792
Financial income	—	—	—	—	628
Financial costs	—	—	—	—	36
Quarterly profit before tax	—	—	—	—	20,384

**"Others" category is not included into reportable segments. "Others" includes micro switches and instruments for connectors.

For the first half of the fiscal year ending March 31, 2023 (from April 1, 2022 to September 30, 2022)

(Yen in millions)

	Reportable segments			Others *	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Revenue					
Revenue from external customers	85,668	6,100	91,768	2,936	94,704
Total revenue	85,668	6,100	91,768	2,936	94,704
Operating profit	25,142	1,719	26,861	309	27,170
Financial income	—	—	—	—	2,113
Financial costs	—	—	—	—	36
Quarterly profit before tax	—	—	—	—	29,247

**"Others" category is not included into reportable 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 purchased 940,000 treasury shares.

Following the resolution of director's board meeting held on May 6, 2022, we cancelled 948,853 treasury shares and following the resolution of director's board meeting held on May 26, 2022, we acquired 936,800 treasury shares. As a result, in the first half of FY2022, treasury shares increased by JPY 3,585 million and our treasury shares totaled JPY 39,891 million at the end of the consolidated second quarter of the fiscal year.

The amount of cancellation stated above reduced from other capital surplus in "capital surplus" and the amount exceeding other capital surplus reduced from "retained earnings".

7. Dividends

(1) Dividends paid

For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

	Total amount of dividends (Yen in millions)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
June 25, 2021 Ordinary General Meeting of Shareholders	4,354	Retained earnings	120.00	March 31, 2021	June 28, 2021

For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

	Total amount of dividends (Yen in millions)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
June 23, 2022 Ordinary General Meeting of Shareholders	9,902	Retained earnings	280.00	March 31, 2022	June 24, 2022

Notes: Total amount of dividends by the resolution of the board of directors held on June 23, 2022 includes dividends, JPY 3 million corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers.

(2) The dividend whose record date falls in six months ended September 30, 2022 and the effective date falls in the next period

For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

	Total amount of dividends (Yen in millions)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
November 1, 2021 Ordinary General Meeting of Shareholders	5,657	Retained earnings	160.00	September 30, 2021	December 1, 2021

Notes: Total amount of dividends by the resolution of the board of directors held on November 1, 2021 includes dividends, JPY 2 million corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers.

For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

	Total amount of dividends (Yen in millions)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
November 2, 2022 Ordinary General Meeting of Shareholders	7,576	Retained earnings	220.00	September 30, 2022	December 1, 2022

Notes: Total amount of dividends by the resolution of the board of directors held on November 2, 2022 includes dividends, JPY 2 million corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers.

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 reportable segments is as below.

For the first half of the fiscal year ended March 31, 2022 (from April 1, 2021 to September 30, 2021)

(Yen in millions)

		Reportable Segments		Others	Total
		Multi-pin connectors	Coaxial connectors		
Customer location	Japan	18,379	1,095	348	19,822
	China	26,835	1,454	235	28,524
	Korea	8,098	532	1,732	10,362
	Others	17,726	2,582	172	20,480
Total		71,038	5,663	2,487	79,188

For the first half of the fiscal year ending March 31, 2023 (from April 1, 2022 to September 30, 2022)

(Yen in millions)

		Reportable Segments		Others	Total
		Multi-pin connectors	Coaxial connectors		
Customer location	Japan	20,263	1,039	650	21,952
	China	31,517	1,658	245	33,420
	Korea	9,971	530	1,683	12,184
	Others	23,917	2,873	358	27,148
Total		85,668	6,100	2,936	94,704

In Japan, we sell circular and rectangular connectors, connectors for printed circuit boards and connectors for automotive, and major customers are mainly in 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 six months ended September 30, 2021 (From Apr 1, 2021 to Sep 30, 2021)	For the six months ended September 30, 2022 (From Apr 1, 2022 to Sep 30, 2022)
The basis of calculation for quarterly earnings per share -basic		
Quarterly profit attributable to owners of parent	(Yen in millions) 14,797	(Yen in millions) 20,636
Quarterly profit used for calculation of basic quarterly earnings per share	(Yen in millions) 14,797	(Yen in millions) 20,636
Weighted average shares during the period	(Thousand Shares) 35,659	(Thousand Shares) 34,728
Quarterly earnings per share – basic	(Yen) 414.96	(Yen) 594.23
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) 14,797	(Yen in millions) 20,636
Quarterly profit used for the calculation of diluted quarterly earnings per share	(Yen in millions) 14,797	(Yen in millions) 20,636
Weighted average shares during the period	(Thousand Shares) 35,659	(Thousand Shares) 34,728
Number of shares increased by stock acquisition right	(Thousand Shares) 9	(Thousand Shares) 7
Weighted average shares-Diluted	(Thousand Shares) 35,668	(Thousand Shares) 34,734
Diluted quarterly earnings per share	(Yen) 414.85	(Yen) 594.12

	For the three months ended September 30, 2021 (From Jul 1, 2021 to Sep 30, 2021)	For the three months ended September 30, 2022 (From Jul 1, 2022 to Sep 30, 2022)
The basis of calculation for quarterly earnings per share -basic		
Quarterly profit attributable to owners of parent	(Yen in millions) 8,111	(Yen in millions) 10,584
Quarterly profit used for calculation of basic quarterly earnings per share	(Yen in millions) 8,111	(Yen in millions) 10,584
Weighted average shares during the period	(Thousand Shares) 35,346	(Thousand Shares) 34,422
Quarterly earnings per share – basic	(Yen) 229.48	(Yen) 307.49
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) 8,111	(Yen in millions) 10,584
Quarterly profit used for the calculation of diluted quarterly earnings per share	(Yen in millions) 8,111	(Yen in millions) 10,584
Weighted average shares during the period	(Thousand Shares) 35,346	(Thousand Shares) 34,422
Number of shares increased by stock acquisition right	(Thousand Shares) 9	(Thousand Shares) 7
Weighted average shares-Diluted	(Thousand Shares) 35,355	(Thousand Shares) 34,428
Diluted quarterly earnings per share	(Yen) 229.42	(Yen) 307.43

(Note) At the calculation of basic quarterly earnings per share and diluted quarterly earnings per share, we process the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers as treasury shares and this kind of shares are deducted from weighted average shares during the period.

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, time deposits 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, 2022		As of September 30, 2022	
	Book Value	Fair Value	Book Value	Fair Value
Other Financial Assets				
Debt Instruments	1,625	1,625	2,829	2,829

(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, 2022 (As of March 31, 2022)

(Yen in millions)

	Level1	Level2	Level3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	4,378	—	4,378
Derivatives	—	27	—	27
Financial assets measured at fair value through other comprehensive income				
Debt instruments	29,957	—	—	29,957
Equity instruments	15,063	—	2	15,065
Total of assets	45,020	4,405	2	49,427
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	308	—	308
Total of liabilities	—	308	—	308

For three months ended September 30, 2022 (As of September 30, 2022)

(Yen in millions)

	Level1	Level2	Level3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	4,834	—	4,834
Financial assets measured at fair value through other comprehensive income				
Debt instruments	26,931	—	—	26,931
Equity instruments	14,644	—	2	14,646
Total of assets	41,575	4,834	2	46,411
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	941	—	941
Total of liabilities	—	941	—	941

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, 2022 and for the three months ended September 30, 2022.

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 half of the fiscal 2021 and 2022.

11. Events after the reporting period

Not applicable

12. Additional Information

The situation affected by COVID-19 has still been unclear. In Japan, COVID-19 vaccines are moving forward and the number of infected person is decreasing. In overseas, more and more area is returning to normal life we had before pandemic. On the other hand, China will continue to carry out zero-COVID policy, although China has lifted lock down policy. The future economic prospects are unpredictable.

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 electric components in automotive segment and general industrial segment has been strong.

We expect that the vaccination will spread more globally and we continue to carry out corporate activity based on the forecast that there will be no damages from the further spread of COVID-19 to the world economic activity, our production activity and supply chain including raw material procurement.

Based on the forecast stated above, we conducted accounting estimation during the first half of the fiscal 2022. There may be a negative impact on our business continuously depending on the trend of COVID-19, but we consider that the impact will not be significant influence to the consolidated financial statements.

2. Others

Interim dividend of the fiscal year ending March 2023 was resolved at the board of director's meeting held on November 2, 2022 as follows.

1. Total amount of dividends	JPY 7,576 million
2. Amount per share	JPY 220.00
3. Effective date of payment request and payment start date	December 1, 2022

(English translation)

This is the statement translated into English from the Japanese original of "Quarterly Financial Report for the Second Quarter of the Year Ending March 31, 2023." In the event of any discrepancy between this English translation and the Japanese original, the later shall prevail.