

HIROSE ELECTRIC CO., LTD

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

Q&A Summary

Q1 :

Please tell me how you view the second-half recovery for industrial machinery applications.

A1 :

We cannot see how demand will shift from the end of the year to the beginning of next year. We are starting to see signs of slight recovery, such as FA-related applications with end-users in China in this second quarter. However we think overall recovery will be moderate and we factored into the forecast.

Q2 :

Could you please tell me the third-quarter sales plan by application?

A2 :

We have not issued our sales forecast by application for each quarter. In terms of the trends for the second and third quarters, we expect automotive application sales to be up QoQ, because the automotive business is in recovery trend. We also expect to maintain a certain degree of volume for consumer and smartphone-related applications due to high level in 2Q.

Q3 :

We have an image that the new shareholder return policy is postponed for one year and will be announced in May 2021. Are there any changes to that? Will you reconsider anything due to the uncertainty in the business environment?

A3 :

As we explained before, we will generally determine the shareholder returns considering our cash holdings, based on the medium-term business plan. We hope to make preparations so that we can also announce our shareholder return plan in May of next year.

Q4 :

The plan assumes a decrease in consumer and industrial machinery-related sales in the second half. Are there already signs of a slowdown in the market?

A4 :

We expect a slight decrease due to seasonality in terms of industrial machinery, so we consider it to be a moderate recovery rather than a slowdown. Also, in terms of consumer-related sales, we expect seasonal adjustments in the fourth quarter.

Q5 :

Are there any changes to the medium-term growth strategy?

A5 :

I believe it would be tough to have a medium-term outlook on smartphone and automotive demand at this point. However there is no change in the direction and medium-term growth image. We have upwardly revised this time, and what we must first do is maintain the earnings of this fiscal year, strengthen our business structure for medium-term growth and enhance our functions. Also we must boost our technological development capabilities which is our starting point of our advantage, bolster our manufacturing capabilities and enhancing sales capabilities from the second half onwards. Some revision will likely be necessary taking the market conditions during the current fiscal year into consideration.

Q6 :

What is your sales outlook for telecommunications and infrastructure equipment applications?

A6 :

In terms of 5G infrastructure, I believe there are slight delays compared to what we anticipated in the fall of last year due to the impact of coronavirus. Although progress appears to have been made in terms of China's infrastructure, there were temporary adjustments in the first half. Meanwhile, we believe that 5G devices are being actively rolled out. However it is expected that infrastructure investment will be expanded in the future, and we will strive to answer the needs while being affected somewhat by the fluctuation in demand.

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.