



72nd Fiscal Term Annual Report
From April 1, 2018 to March 31, 2019



HRS

**HIROSE
ELECTRIC
CO.,LTD.**

HIROSE ELECTRIC CO.,LTD.



Kazunori Ishii

President and Representative Director

We are pleased to report the results of operations for fiscal 2018, the year ended March 31, 2019 (the 72nd fiscal term, from April 1, 2018 to March 31, 2019).

Business Overview

During the fiscal year ended March 31, 2019, the Japanese economy followed a moderate recovery trend until the end of the first half of the year with favorable employment conditions, strong exports and capital investment, but became somewhat sluggish in the second half of the year due to a decrease in demand and inventory adjustment on the back of a slowdown in the Chinese economy.

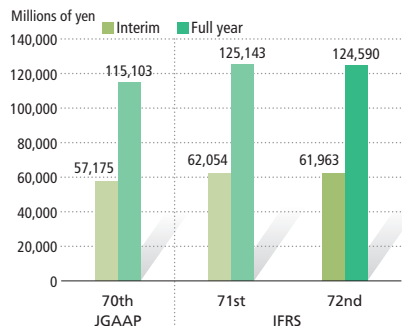
Even overseas, while the U.S. economy remains strong, the Chinese economy shows a slowing trend, and the outlook is uncertain due to the lingering trade friction between the U.S. and China.

Under such conditions, the Hirose Electric Group, while expanding the business globally, chiefly for the smartphone, automobile, and industrial machinery/equipment markets, proceeded with efforts to reinforce our development, sales and production systems for new high-value-added products in the pursuit of swifter responses to increasingly sophisticated market needs. However, business for the smartphone market has slowed down since the third quarter.

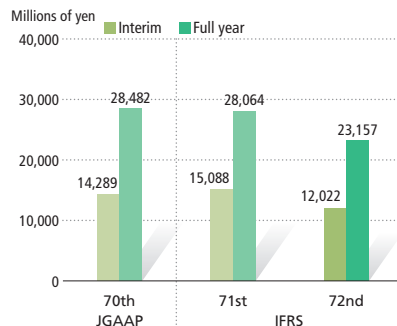
As a result, consolidated sales for the year under review amounted to ¥124,590 million, a decrease of 0.4% year on year. Operating profit decreased 17.5% year on year to ¥23,157 million, profit before

Financial Highlights

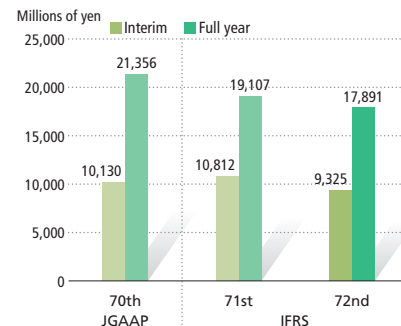
Sales



Operating profit



Profit attributable to owners of parent



*The Group adopted International Financial Reporting Standards (IFRS) from the 71st fiscal term.

tax decreased 11.9% year on year to ¥24,671 million and profit attributable to owners of parent decreased 6.4% year on year to ¥17,891 million.

With regard to the management environment in which the Group operates, the Japanese economy will see greater labor-saving investments due to labor shortages, but not a meaningful increase in exports and capital investment, and conditions are expected to be uncertain on account of exchange rate fluctuations and rising raw material prices, etc.

Overseas, although the U.S. economy remains strong, it is expected that the future prospect will remain uncertain due partly to increasing sense of cautions for various geopolitical risks and a slowdown in the Chinese economy due to trade friction between the U.S. and China.

The Group will focus on maintaining our mass production businesses for smartphones, etc., and further sales growth in the automobile field along with an expansion in automotive electronics, and the growth of the industrial machinery/equipment and communications equipment fields.

In this business environment, the Group intends to pursue leading-

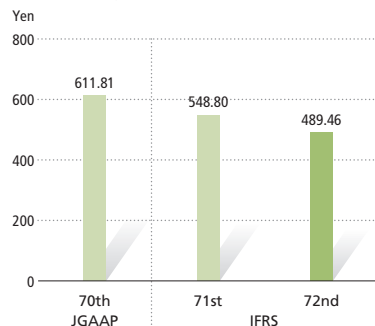
edge technologies, conduct more efficient distribution and concentration of resources and consistently carry out reforms and innovations. Such aggressive initiatives also include the reinforcement of high-value-added product development capabilities to meet market needs, the promotion of manufacturing efficiency and further improvement of product quality, all of which would serve to improve our cost competitiveness. At the same time, we will work to promote globalization with an eye to dispersing risk across production bases and growing and expanding our businesses going forward, develop domestic and overseas sales channels, and strengthen our management foundations toward profitable growth in an effort to improve our corporate value.

We look forward to your continued support and encouragement.

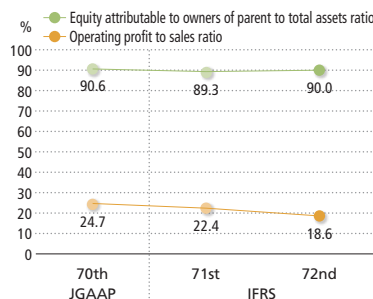
June 2019

Kazunori Ishii
President and Representative Director

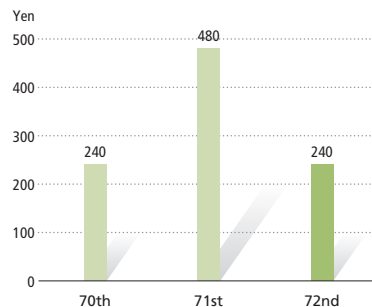
Basic earnings per share



Equity attributable to owners of parent to total assets ratio & Operating profit to sales ratio

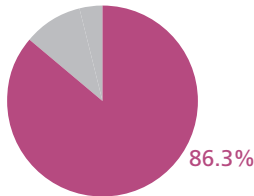


Dividends per share



Multi-Pin Connectors

Sales ratio

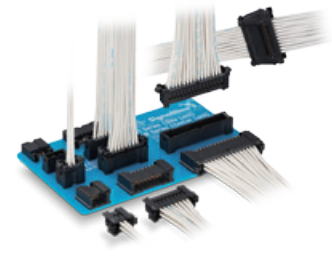
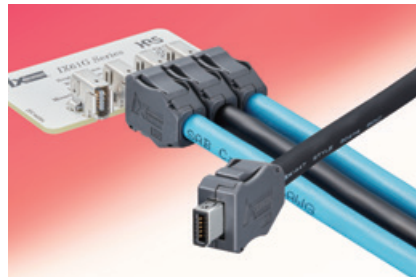
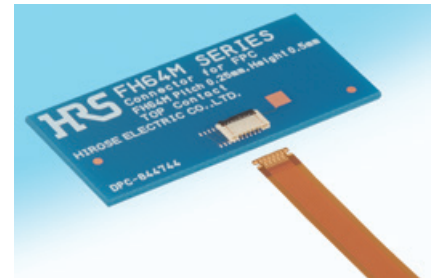
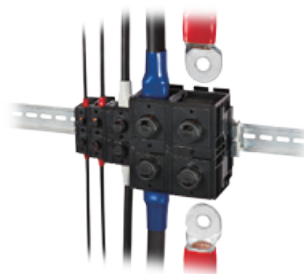
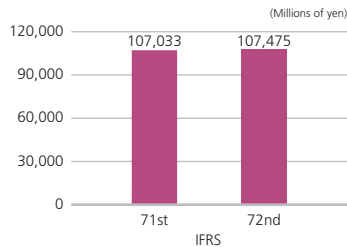


Our flagship multi-pin connectors include a variety of connector types such as circular and rectangular connectors, connectors for ribbon cables, connectors used for printed circuit boards including FPCs (flexible printed circuit boards) and nylon connectors.

The major applications of these connectors include a wide range of fields such as smartphones, communications equipment and automotive electronics, as well as industrial fields such as measuring and control equipment, FA equipment and medical electronics equipment. Further expansion in demand is expected along with the further development of a sophisticated information and communications networked society and an eco-friendly, energy conservation-oriented society.

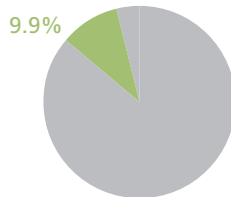
Segment sales for the year under review increased 0.4% year on year to ¥107,475 million and operating profit decreased 16.1% year on year to ¥21,848 million.

Sales



Coaxial Connectors

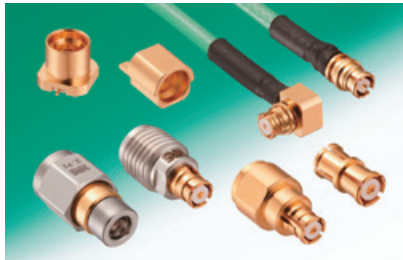
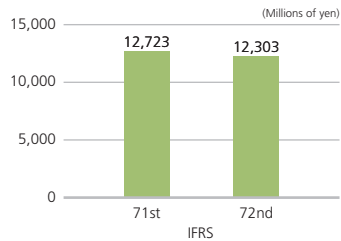
Sales ratio



Coaxial connectors are a special type of high-performance connector used primarily for microwave and other high-frequency signals. Their applications include microwave communications devices, satellite communications equipment, electronic measuring instruments, or smartphones, switching and transmission equipment and other electronic equipment. Optical fiber connectors and coaxial switches are also included in this segment.

Segment sales for the year under review decreased 3.3% year on year to ¥12,303 million and operating profit decreased 36.8% year on year to ¥1,207 million.

Sales

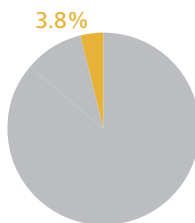


Other Products

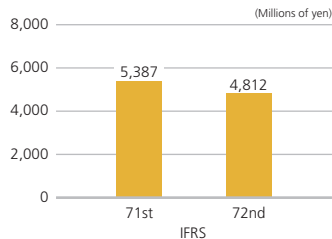
The other products segment includes micro switches and instruments for connectors.

Segment sales for the year under review decreased 10.7% year on year to ¥4,812 million and operating profit decreased 10.5% year on year to ¥102 million.

Sales ratio



Sales



Consolidated Financial Statements

Consolidated Statements of Financial Position (Millions of yen)

Account item	Current fiscal year As of March 31, 2019	Previous fiscal year As of March 31, 2018
Assets		
Current assets	235,088	247,716
Non-current assets	106,347	93,462
Total assets	341,435	341,178
Liabilities		
Current liabilities	26,585	28,564
Non-current liabilities	7,520	7,895
Total liabilities	34,105	36,459
Equity		
Share capital	9,404	9,404
Capital surplus	11,314	11,674
Retained earnings	303,349	334,505
Treasury shares	△23,213	△58,316
Other components of equity	6,476	7,452
Total equity attributable to owners of parent	307,330	304,719
Total equity	307,330	304,719
Total liabilities and equity	341,435	341,178

Note: Amounts less than ¥1 million are rounded to the nearest million yen.

Consolidated Statements of Income (Millions of yen)

Account item	Current fiscal year From April 1, 2018 to March 31, 2019	Previous fiscal year From April 1, 2017 to March 31, 2018
Sales	124,590	125,143
Cost of sales	69,972	67,357
Gross profit	54,618	57,786
Selling, general and administrative expenses	30,914	29,214
Other income	496	494
Other expenses	1,043	1,002
Operating profit	23,157	28,064
Finance income	1,527	905
Finance costs	13	954
Profit before tax	24,671	28,015
Income tax expense	6,780	8,908
Profit attributable to owners of parent	17,891	19,107

Note: Amounts less than ¥1 million are rounded to the nearest million yen.

Consolidated Statements of Cash Flows (Millions of yen)

Account item	Current fiscal year From April 1, 2018 to March 31, 2019	Previous fiscal year From April 1, 2017 to March 31, 2018
Operating activities	28,182	30,561
Investing activities	△31,154	△31,425
Financing activities	△14,298	△11,839
Cash and cash equivalents, end of the year	52,322	69,396

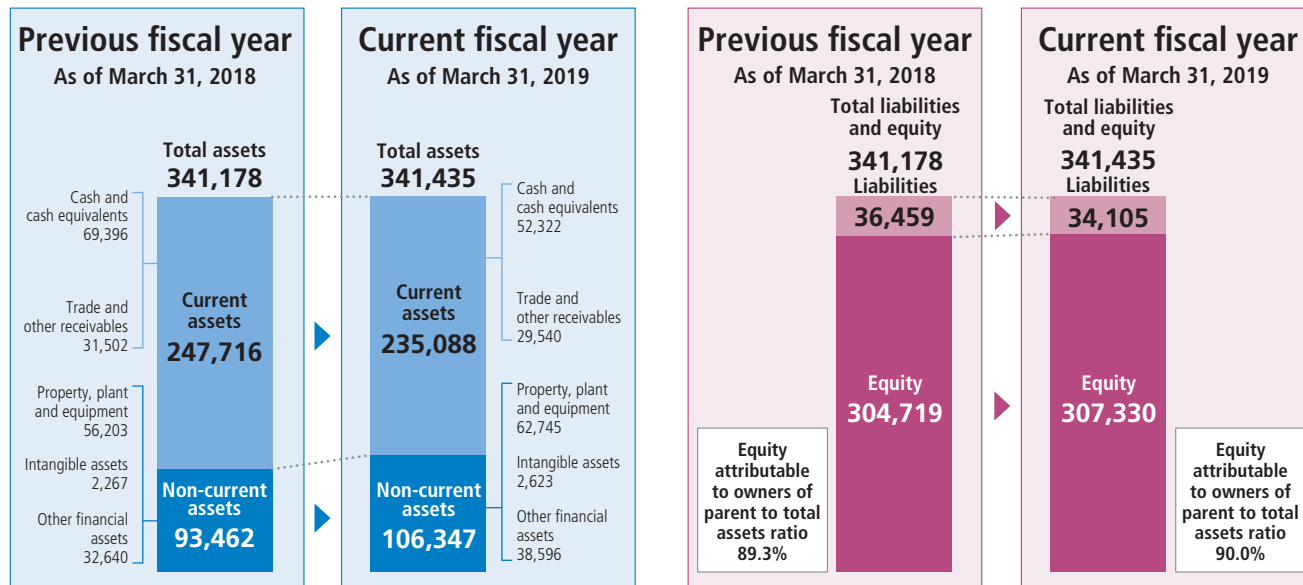
Note: Amounts less than ¥1 million are rounded to the nearest million yen.

Transition to the International Financial Reporting Standards (IFRS)

The Group adopted the International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2019. "Sales" under IFRS is equivalent to "Net income" under Japanese GAAP. Items other than finance income/expenses that had been presented in "Non-operating income/expenses" and "Extraordinary income/losses" under Japanese GAAP are now presented in "Other income/expenses" and included in operating profit or loss under IFRS. As a result, the scope of operating profit is different between Japanese GAAP and IFRS.

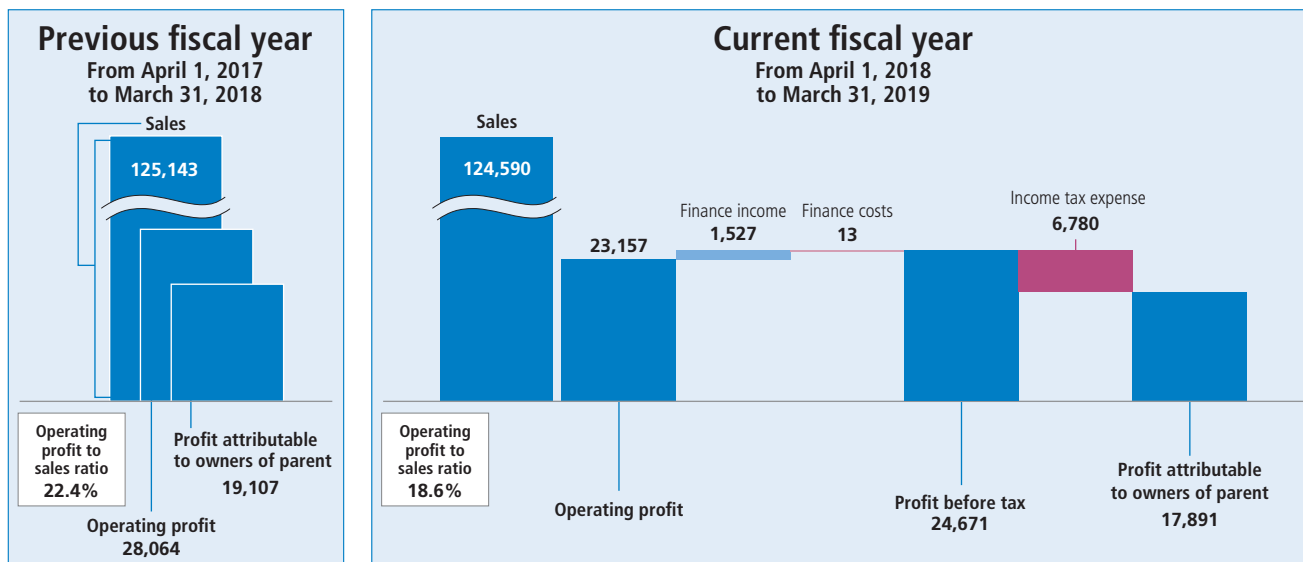
Overview of Consolidated Statements of Financial Position

(Millions of yen)



Overview of Consolidated Statements of Income

(Millions of yen)

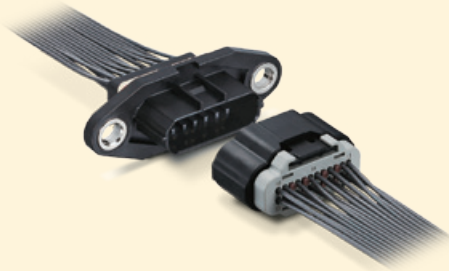


Introduction of Our New Products

The Company launches many new products every year into the market. The following product series are part of our recent introductions:

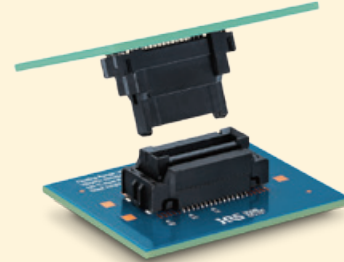
ZE064W Series

The ZE064W Series are connectors for waterproof interfaces that can be widely used for eco-friendly cars, such as hybrid and electric vehicles, the demand for which is increasing worldwide. Connectors for automotive applications must be of high quality, and withstand vibrations and high temperatures. The ZE064W Series are highly vibration proof connectors that can operate at high temperatures up to 125°C and can be adopted for devices that are used under particularly severe conditions, such as drive system devices. The ZE064W Series has also achieved the difficult goal of combining high quality with reduced size through structural optimization. These products have drawn high praise from the automotive industry, where demands for space and weight reduction are increasingly strict.



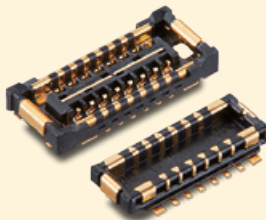
FX26 Series

The FX26 Series are board-to-board connectors that have been developed specially for the internal connections of drive system devices such as inverters and motor controllers, which are key components of hybrid and electric vehicles. Traditionally, board-to-cable connectors have been heavily used for internal connections inside drive system devices. However, as production volume increases, their difficult assembly and high cost have become an issue. The FX26 Series have adopted a structure that can realize high reliability with floating and vibration proof characteristics and thereby can replace board-to-cable connectors to provide easier assembly and lower cost. They are also notable for their space-saving design, with a 1 mm pitch, and heat resistance up to 140°C, making them also excellent products in terms of design freedom. As a result, many customers are using these products or inquiring about them.



BM46 Series

For 5G mobile communication devices, space saving and smaller internal parts are crucial design concerns, not to mention the use of high-frequency bands that can realize high-speed communications. The Company has developed board-to-board connectors that can transmit multiple high-frequency RF signals (BM46 Series) for 5G mobile devices. This BM46 Series makes use of the design and manufacturing know-how the Company developed with coaxial and board-to-board connectors on the consumer market to create products usable with high-frequency bands that are still miniaturized enough for use in mobile devices. As a forerunner in the industry, the BM46 Series has already been slated for adoption in many 5G mobile devices. The Company also plans to expand the product lineup going forward to lead the growing 5G market.



SMP Series

The present evolution of wireless technology is promoting high-frequency applications that can secure a broader bandwidth and enable high-speed communications. In line with this technological trend, the Company has developed small-size SMP connectors that can be used up to 40GHz for millimeter-wave band (30GHz or more) applications. The SMP connectors are compliant with MIL-SPEC, the standards for U.S. military use. These connectors have adopted a push-on lock fitting method and are most suitable for high-density mounting due to the ease of fitting. Their applications include a wide range of fields such as high-speed transmission equipment, wireless equipment, and measuring equipment.



◎ Domestic bases

TOHOKU HIROSE ELECTRIC CO., LTD.



ICHINOSEKI HIROSE ELECTRIC CO., LTD.



KORIYAMA HIROSE ELECTRIC CO., LTD.



West Japan Sales Office

Kansai Branch

Chubu Sales Office

Kitakanto Sales Office

Head Office



Kikuna Office



Yokohama Center



◎ Overseas bases

HIROSE ELECTRIC EUROPE B.V.



HIROSE ELECTRIC (SUZHOU) CO., LTD.



Hirose Electric (China) Co., Ltd.



HIROSE ELECTRIC (DONGGUAN) CO., LTD.



HIROSE KOREA CO., LTD.



HIROSE ELECTRIC INDIA. PVT. LTD.



HIROSE ELECTRIC (U.S.A.), INC.



HIROSE ELECTRIC MALAYSIA SDN. BHD.



HIROSE ELECTRIC TAIWAN CO., LTD.



HIROSE ELECTRIC SINGAPORE PTE. LTD.



HIROSE ELECTRIC HONG KONG CO., LTD.
HIROSE ELECTRIC HONG KONG TRADING CO., LTD.



P.T. HIROSE ELECTRIC INDONESIA



Company Profile (As of March 31, 2019)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	Consolidated: 4,836 (excluding part-timers)
Capital stock	¥9,404,379,401

Directors and Audit & Supervisory Board Members (As of June 27, 2019)

President and Representative Director	Kazunori Ishii
Senior Managing Director	Mitsuo Nakamura
Director	Yukio Kiriya
Director	Hiroaki Okano
Director	Hiroshi Fukumoto
Director	Hiroshi Satoh
Director	Sang-Yeob Lee
Outside Director	Kensuke Hotta
Outside Director	Tetsuji Motonaga
(Standing) Audit & Supervisory Board Member	Yoshikazu Chiba
Outside Audit & Supervisory Board Member	Terukazu Sugishima
Outside Audit & Supervisory Board Member	Kentaro Miura

Notes:

- Directors Kensuke Hotta and Tetsuji Motonaga are outside directors as stipulated in Article 2, Item 15, of the Companies Act.
- Audit & Supervisory Board Members Terukazu Sugishima and Kentaro Miura are outside audit & supervisory board members as stipulated in Article 2, Item 16, of the Companies Act.

Accounting Auditor

KPMG AZSA LLC

Stock Information (As of March 31, 2019)

Total number of shares issued	36,462,729 shares
	(Excluding 2,050,423 shares of treasury shares)
Number of shareholders	4,128

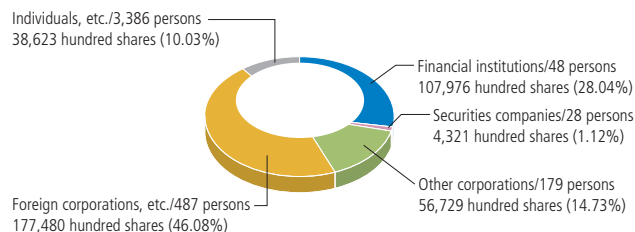
Major Shareholders (Top 10)

Name of shareholder	Number of shares held	Ratio of shareholding
	Hundreds of shares	%
JPMorgan Chase Bank 380055	38,216	10.48
State Street Bank and Trust Company 505223	31,610	8.67
Hirose International Scholarship Foundation	31,476	8.63
Japan Trustee Services Bank, Ltd. (Trust Account No. 4)	20,857	5.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,757	4.32
Japan Trustee Services Bank, Ltd. (Trust Account)	12,997	3.56
HS Kikaku Co., Ltd.	12,215	3.35
Mizuho Trust & Banking Co., Ltd. Trust Account 0700065	8,707	2.39
Mizuho Trust & Banking Co., Ltd. Trust Account 0700066	8,652	2.37
Japan Trustee Services Bank, Ltd. (Trust Account No. 5)	5,650	1.55

Note: In addition to the 10 major shareholders above, the Company owns 20,504 hundred shares of treasury shares. The ratio of shareholding is calculated after excluding treasury shares.

Distribution of Shares

Distribution of Shares by Shareholder Type



Shareholder information

Fiscal term	From April 1 of a calendar year to March 31 of the next calendar year
Ordinary General Meeting of Shareholders	June every year
Record date	Ordinary General Meeting of Shareholders: March 31 every year Year-end dividend: March 31 every year Interim dividend: September 30 every year (As required, another record date may be decided with prior public notice.)

[Share-related notifications and inquiries regarding change of address, etc.]

Shareholders who have accounts at securities companies are requested to direct their notifications and inquiries regarding change of address, etc., to their respective securities companies where shareholders have their accounts. Shareholders who do not have accounts at securities companies are requested to call the telephone number as stated below.

Number of shares in one voting unit 100

Method of public notices The Company's Web site below shall be used for its public notices.
(<https://www.hirose.com/jp/ir/>)
If an electronic public notice should fail due to accident or any other unavoidable circumstances, the Company shall post a public notice in the Nihon Keizai Shimbun.

Shareholders' register manager and account management institution for special accounts Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Handling office of shareholders' registry administrator Securities Agency Department,
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(Mailing address) Securities Agency Department,
Sumitomo Mitsui Trust Bank, Limited
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

Phone: 0120-782-031 (Toll free, available only in Japan)

URL: <https://www.smtb.jp/personal/agency/index.html>

[Special accounts]

For shareholders who was yet to have used JASDEC (Japan Securities Depository Center, Inc.) by the share certificate dematerialization date, the Company opened a transfer account (hereinafter "special account") at Sumitomo Mitsui Trust Bank, Limited, as mentioned above, which serves as the shareholders' registry administrator. You are requested to use the above telephone number when making inquiries about the special account and notifications of matters such as change of address.

GLOBAL NEWS	All	IR	Items	Event	Others
2019/05/20	Others				Is Inductum™, a 100% standard compliant, compact and robust connector, installed in SEMINEX AC smart devices
2019/05/23	Others				Due to maintenance this website will be unavailable from June 4, 2019 2:00AM to 6:00AM JST. We apologize for any inconvenience.
2019/05/21	Items				iBCTC (iBCTC) has successfully developed a high-contrast, reliability connector with a 40 to 140°C operating temperature that maintains the highest performance in vibration environments, including on-board power systems.
2019/05/14	IR				Q&A Summary of Financial Results Briefing for the Fiscal Year Ending March 2019 (2018/03)
2019/05/14	IR				Transcript of Financial Results Briefing for the Fiscal Year Ending March 2019 (2018/03)
2019/05/13	Items				Fiber Networks Releases 80K CableAnalyzer Adaptor for Industrial Ethernet Connection
2019/05/09	IR				Full Year Financial Results Presentation ("2019" Midterm and long-term Growth Strategy) (2018/03)
2019/05/09	IR				Full Year Financial Results Presentation (Apr 2018 - Mar 2019) (2018/03)
2019/05/08	IR				Financial Result for FY2018 (Apr 2018 - Mar 2019) (2018/03)

The Company's Web site

<https://www.hirose.com/corporate/en/?lang=en>

