Financial Statements Summary for the Year Ended March 31, 2020 [IFRS] (Consolidated)

Company name: HIROSE ELECTRIC CO., LTD.
URL: https://www.hirose.com/corporate/en/
Stock listing: Tokyo Stock Exchange – First Section
Code: 6806
Representative: Kazunori Ishii, President and Representative Director
Information on contact: Keiji Hara, General Manager of Accounting Department, Administration Group
Department Tel: +81-45-620-7410

Scheduled date of Regular General Meeting of Shareholders: June 26, 2020
Scheduled date of filing of Japanese annual securities report: June 26, 2020
Scheduled date of dividend payable: June 29, 2020
Supplemental materials: Yes
Earnings presentation held: Yes (For institutional investors and analysts)

(Amount Unit: Yen in Millions)
(Amounts are rounded to nearest million yen)

1. Consolidated Financial Results for the Year Ended March 31, 2020

(1) Consolidated Operating Results (Percentage represents year-on-year changes)

<table>
<thead>
<tr>
<th></th>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Profit before income taxes</th>
<th>Net income</th>
<th>Profit attributable to owners of the parent</th>
<th>Comprehensive income for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>121,765</td>
<td>(2.3)</td>
<td>20,358 (12.1)</td>
<td>15,305 (14.5)</td>
<td>(14,5)</td>
<td>10,291 (39.1)</td>
</tr>
<tr>
<td>FY2018</td>
<td>124,590</td>
<td>(0.4)</td>
<td>23,157 (17.5)</td>
<td>17,891 (6.4)</td>
<td>(6.4)</td>
<td>16,910 (11.1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Basic earnings per share</th>
<th>Diluted earnings per share</th>
<th>Profit ratio to equity attributable to owners of the parent</th>
<th>The ratio of profit before tax to total assets</th>
<th>Operating profit ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>420.39</td>
<td>420.37</td>
<td>5.0</td>
<td>6.2</td>
<td>16.7</td>
</tr>
<tr>
<td>FY2018</td>
<td>489.46</td>
<td>489.45</td>
<td>5.8</td>
<td>7.2</td>
<td>18.6</td>
</tr>
</tbody>
</table>

(Reference) Share of profit (loss) of investments accounted for using the equity method:

Fiscal year ended March 31, 2020: —
Fiscal year ended March 31, 2019: —
(2) Consolidated financial position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total equity</th>
<th>Total equity attributable to owners of the parent</th>
<th>Ratio of total equity attributable to owners of the parent (%)</th>
<th>Total equity attributable to owners of the parent per share (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>342,644</td>
<td>306,141</td>
<td>306,141</td>
<td>89.3</td>
<td>8,436.41</td>
</tr>
<tr>
<td>FY2018</td>
<td>341,435</td>
<td>307,330</td>
<td>307,330</td>
<td>90.0</td>
<td>8,428.61</td>
</tr>
</tbody>
</table>

(3) Consolidated Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Net cash provided by operating activities</th>
<th>Net cash used in investing activities</th>
<th>Net cash used in financing activities</th>
<th>Cash and cash equivalents at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>28,584</td>
<td>(17,164)</td>
<td>(12,205)</td>
<td>50,561</td>
</tr>
<tr>
<td>FY2018</td>
<td>28,182</td>
<td>(31,154)</td>
<td>(14,298)</td>
<td>52,322</td>
</tr>
</tbody>
</table>

2. Dividends

<table>
<thead>
<tr>
<th></th>
<th>Annual dividend per share (Yen)</th>
<th>Dividends for the year (Total) (Yen)</th>
<th>Dividend payout ratio (consolidated) (%)</th>
<th>Ratio of total dividends to total equity attributable to owners of the parent (consolidated) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td>—</td>
<td>120.00</td>
<td>8,766</td>
<td>49.0</td>
</tr>
<tr>
<td>FY2019</td>
<td>—</td>
<td>120.00</td>
<td>8,728</td>
<td>57.1</td>
</tr>
<tr>
<td>FY2020 (Forecast)</td>
<td>—</td>
<td>120.00</td>
<td>240.00</td>
<td>67.0</td>
</tr>
</tbody>
</table>

3. Forecast of Consolidated Business Performance for the Year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(Percentage represents year-on-year changes)

<table>
<thead>
<tr>
<th></th>
<th>Sales revenue</th>
<th>Operating profit</th>
<th>Profit before income taxes</th>
<th>Profit attributable to owners of the parent</th>
<th>Basic earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd quarter end</td>
<td>50,000</td>
<td>(17.0)</td>
<td>8,500 (26.3)</td>
<td>9,000 (25.5)</td>
<td>6,000 (30.0)</td>
</tr>
<tr>
<td>(cumulative total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal year end</td>
<td>115,000</td>
<td>(5.6)</td>
<td>17,200 (15.5)</td>
<td>18,000 (15.1)</td>
<td>13,000 (15.1)</td>
</tr>
</tbody>
</table>
*Notes

(1) Changes in Significant Subsidiaries during This Period
   (changes in specified subsidiaries resulting in the change in scope of consolidation) : None

(2) Changes in Accounting Policies and Changes in Accounting Estimates:
   1. Changes in accounting policies required by IFRS : Yes
   2. Changes in accounting policies due to other reasons : None
   3. Changes in accounting estimates : None

(3) Number of Shares Issued (Ordinary Shares)
   1. Number of shares issued at the end of the period (including treasury stock)
      As of March 31, 2020: 38,381,820  As of March 31, 2019: 38,513,152
   2. Number of treasury stock at the end of the period:
      As of March 31, 2020: 2,114,675  As of March 31, 2019: 2,050,423
   3. Weighted-average number of shares outstanding during the period:
      Year ended March 31, 2020: 36,407,123  Year ended March 31, 2019: 36,551,523

*This consolidated report is not subject to audit by certified public accountants or audit firms.

*Explanation for appropriate use of forecast and other notes
(Cautionary statements with respect to forward-looking statements)
Forward-looking statements, such as forecast of business performance, stated in this document are based on information currently possessed by Hirose or certain assumption that Hirose has deemed as rational. We cannot make any assurances that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance could be significantly different from our expectations as a result of various factors. For the assumptions used and other notes, please refer to “1. Overview of Operating Results and Financial Condition (4) Future Outlook” on page 6.

*Method of obtaining supplementary materials on the financial results*
We are planning to hold a financial results briefing for institutional investors and analysts on Friday, May 29, 2020. The presentation materials distributed in this briefing will be published on our website soon after the briefing.

(English translation)
This is the statement translated into English from the Japanese original of "Consolidated Financial Results for the Year Ended March 31, 2020." In the event of any discrepancy between this English translation and the Japanese original, the later shall prevail.
Table of Contents of Attachment

1. Overview of Operating Results and Financial Condition ................................................................. 5
   (1) Overview of Operating Results ................................................................................................. 5
   (2) Overview of Financial Condition .......................................................................................... 6
   (3) Overview of Cash Flows ......................................................................................................... 6
   (4) Future Outlook ....................................................................................................................... 6
   (5) Important events related to going concern assumption ....................................................... 7
2. Basic Approach to the Selection of Accounting Standards .............................................................. 7
3. Consolidated Financial Statements and Primary Notes ...................................................................... 8
   (1) Consolidated Statement of Financial Position ........................................................................ 8
   (2) Consolidated Statement of Profit or Loss and Comprehensive Income ................................ 10
   (3) Consolidated Statement of Changes in Equity ........................................................................ 12
   (4) Consolidated Statement of Cash Flows ..................................................................................... 13
   (5) Notes on Consolidated Financial Statements ........................................................................ 14
       (Segment information) ............................................................................................................. 14
1. Overview of Operating Results and Financial Condition
   
   (1) Overview of Operating Results for the year ended March, 2020

   In the fiscal year ended March 31, 2020, employment situation in Japan remained strong. On the other hand, exports decreased associated with slowdown of overseas economy, and consumer spending dropped affected by consumption tax increase and large typhoon, and COVID-19 has expanded after the beginning of CY2020. As a result, Japanese economy is facing difficult situation. In overseas market, both of the U.S. and Chinese economy has stagnated because of the U.S-China trade friction and the future is getting more unclear due to the impact on world economy by the spread of COVID-19.

   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. Business for smartphone and consumer market has remained strong, but the sales of industrial has been slow down. As a result, sales revenue in the fiscal 2019 decreased by 2.3% to 121,765 million yen. Operating profit decreased by 12.1% to 20,358 million yen, income before tax decreased by 14.0% to 21,205 million yen, net income decreased by 14.5% to 15,305 million yen in fiscal 2019 as compared with fiscal 2018.

   The business results by segment 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 used for FPCs (flexible printed circuits boards) and nylon connectors. This kind of connectors are used widely, such as for smartphones, 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 year ended March 31, 2020 increased by 0.5% to 108,014 million yen, operating profit decreased by 11.2% to 19,406 million yen compared with the fiscal year ended March 31, 2019.

   [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 microwave communications devices, satellite communications equipment, electronic measuring instruments, 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 by 20.5% to 9,784 million yen. Operating profit decreased by 30.7% to 837 million yen.

   [Other products]
   This segment includes micro switches and instruments for connectors. Segment sales for the fiscal year ended March 31, 2020 decreased by 17.6% to 3,967 million yen, operating profit increased by 13.0% to 115 million yen.
(2) Overview of Financial Condition for the Year ended March 31, 2020

Total assets increased by 1,209 million yen to 342,644 million yen compared to the consolidated fiscal year ended March 31, 2019 because inventories increased and we appropriated right of use asset by adopting IFRS16 “lease.” Although trade payables decreased, total liabilities increased by 2,398 million yen to 36,503 million yen because of appropriating lease liabilities adopted by IFRS16 “lease.” Regarding net assets, retained earnings increased, but dividend of surplus and foreign currency translation adjustment decreased, and net assets decreased by 1,189 million yen to 306,141 million yen. As a result, total equity attributable to owners of the parent decreased by 0.7% to 89.3% compared to the fiscal year ended March 31, 2019.

(3) Overview of Cash Flows

Cash and cash equivalents at the fiscal year under review decreased by 1,761 million yen to 50,561 million yen compared to the fiscal year ended March 31, 2019.

a. Cash flows from operating activities

Net cash provided by operating activities for fiscal 2019 increased by 28,584 million yen. (In the fiscal 2018, it increased by 28,182 million yen.) This increase was mainly due to a rise in capital by appropriating income before tax, 21,205 million yen, and depreciation and amortization, 15,819 million yen. On the other hand, there were decrease in capital because of the payment of corporate income tax, 6,035 million yen.

b. Cash flows from investing activities

Net cash used in investing activities for fiscal 2019 decreased by 17,164 million yen. (In the fiscal 2018, it decreased by 31,154 million yen.) This is mainly due to decrease in capital by payments for purchase of tangible fixed assets, 18,689 million yen.

c. Cash flows from financing activities

Net cash used in financing activities for fiscal 2019 decreased by 12,205 million yen. (In the fiscal 2018, it decreased by 14,298 million yen.) This is because of decrease in capital by the dividend payment, 8,751 million yen, and payments for purchase of treasury stock, 2,758 million yen.

(4) Future Outlook

Regarding the outlook of the year ending March 31, 2021, it is expected that Japanese economy will be unclear because economic activities are substantially restricted by state-of-emergency declaration to prevent COVID-19. Moreover, overseas situation will be unpredictable due to the U.S.-China economic friction, the growth of geopolitical risk, as well as the impact of COVID-19.

Under this circumstances, it is expected to have an impact to electronics industry which we belong. We predict that the production volume of automobile and smartphone will drop compared to the fiscal 2019, and are also concerned that demand for electronic components will decrease. However, at the moment, we expect that the demand will recover at some extent from the second half of the fiscal 2020. We do not include the expected damages to global economic activities, our production activities, raw material procurement and supply chain by the second wave of COVID-19.
Based on the premise mentioned above, our forecast for the consolidated financial results in the fiscal 2020 is that sales revenue: 115 billion yen (decreased by 5.6% over the fiscal 2019), operating profit: 17.2 billion yen (decreased by 15.5%), income before tax: 18 billion yen (decreased by 15.1%), profit attributable to owners of the parent company: 13 billion yen (decreased by 15.1%) as of March 31, 2020.

Assumed exchange rates for fiscal 2020 are 107 yen to the U.S. dollar, 117 yen to the Euro, and 0.088 yen to the Korean won.

(5) Basic Profit Distribution Policy and Dividends for fiscal 2019 and for fiscal 2020

Regarding profit distribution, we believe that profit distribution should be carried out by comprehensively taking business results and business environment into consideration. To realize this, we reinforce our management base, establish the route to growth and enhance our financial structure further based on basic management policy. We also keep the stable dividend to be a company which can gives a sense of securities and expectations.

Based on this policy, we firmly maintain that the dividends for the fiscal 2019 comprises year-ended dividend of ¥120 per share and annual dividend of ¥240 even though our business results are tough due to the impact of COVID-19. Our dividend forecast for the year ending March 31, 2021 is expected to be an interim and annual dividend of ¥120 per share, and as a result, annual dividends will be ¥240 per share.

We are planning to prepare retained earnings for research and development investment for the future technological innovation, capital investment associated with globalization and M&A to deal with changes in business environment.

2. Basic approach to the selection of accounting standards

Since the first quarter of the fiscal year ended March 31, 2019, Hirose group has adopted the International Financial Reporting Standards (“IFRS”) to improve international comparability of financial information in capital market and to promote global management by unifying the financial standards inside our group.
# 3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

(Yen in millions)

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2019</th>
<th>As of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>52,322</td>
<td>50,561</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>29,540</td>
<td>30,444</td>
</tr>
<tr>
<td>Inventories</td>
<td>13,935</td>
<td>14,512</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>134,295</td>
<td>120,541</td>
</tr>
<tr>
<td>Other current assets</td>
<td>4,996</td>
<td>4,614</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>235,088</strong></td>
<td><strong>220,672</strong></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>62,745</td>
<td>61,541</td>
</tr>
<tr>
<td>Right of use assets</td>
<td>—</td>
<td>4,478</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>2,623</td>
<td>2,519</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>38,596</td>
<td>50,141</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,987</td>
<td>2,272</td>
</tr>
<tr>
<td>Retirement benefit assets</td>
<td>—</td>
<td>563</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>396</td>
<td>458</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>106,347</strong></td>
<td><strong>121,972</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>341,435</strong></td>
<td><strong>342,644</strong></td>
</tr>
<tr>
<td></td>
<td>As of March 31, 2019</td>
<td>As of March 31, 2020</td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>19,307</td>
<td>16,747</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>—</td>
<td>728</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>17</td>
<td>25</td>
</tr>
<tr>
<td>Accrued tax payables</td>
<td>3,088</td>
<td>2,964</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>4,173</td>
<td>4,377</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>26,585</td>
<td>24,841</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>—</td>
<td>3,764</td>
</tr>
<tr>
<td>Retirement benefit liabilities</td>
<td>379</td>
<td>230</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>5,993</td>
<td>6,573</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>1,148</td>
<td>1,095</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>7,520</td>
<td>11,662</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>34,105</td>
<td>36,503</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>9,404</td>
<td>9,404</td>
</tr>
<tr>
<td>Common surplus</td>
<td>11,314</td>
<td>11,293</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>303,349</td>
<td>308,343</td>
</tr>
<tr>
<td>Treasury stocks</td>
<td>(23,213)</td>
<td>(24,456)</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>6,476</td>
<td>1,557</td>
</tr>
<tr>
<td><strong>Total equity attributable to owners to the parent</strong></td>
<td>307,330</td>
<td>306,141</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>307,330</td>
<td>306,141</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>341,435</td>
<td>342,644</td>
</tr>
<tr>
<td></td>
<td>For the year ended March 31, 2019</td>
<td>For the year ended March 31, 2020</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>124,590</td>
<td>121,765</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>69,972</td>
<td>70,383</td>
</tr>
<tr>
<td>Gross profit</td>
<td>54,618</td>
<td>51,382</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>30,914</td>
<td>30,468</td>
</tr>
<tr>
<td>Other income</td>
<td>496</td>
<td>1,305</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,043</td>
<td>1,861</td>
</tr>
<tr>
<td>Operating profit</td>
<td>23,157</td>
<td>20,358</td>
</tr>
<tr>
<td>Financial income</td>
<td>1,527</td>
<td>1,192</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>13</td>
<td>345</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>24,671</td>
<td>21,205</td>
</tr>
<tr>
<td>Corporate income tax expenses</td>
<td>6,780</td>
<td>5,900</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>17,891</td>
<td>15,305</td>
</tr>
<tr>
<td>Profit attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>17,891</td>
<td>15,305</td>
</tr>
<tr>
<td>Earnings per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic (yen)</td>
<td>489.46</td>
<td>420.39</td>
</tr>
<tr>
<td>Diluted (yen)</td>
<td>489.45</td>
<td>420.37</td>
</tr>
</tbody>
</table>

(2) Consolidated Statement of Profit or Loss and Comprehensive Income
(Consolidated Statement of Profit or Loss)

(Yen in millions)
(Consolidated Statement of Comprehensive Income)

<table>
<thead>
<tr>
<th></th>
<th>For the year ended March 31, 2019</th>
<th>For the year ended March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>17,891</td>
<td>15,305</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-measurement of defined benefit plans</td>
<td>(149)</td>
<td>(96)</td>
</tr>
<tr>
<td>Financial assets measured at fair value through other comprehensive income</td>
<td>(13)</td>
<td>1,198</td>
</tr>
<tr>
<td>Total items that will not be reclassified to profit or loss</td>
<td>(162)</td>
<td>1,102</td>
</tr>
<tr>
<td>Items that may be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>(842)</td>
<td>(6,057)</td>
</tr>
<tr>
<td>Debt instruments measured at fair value through other comprehensive income</td>
<td>23</td>
<td>(59)</td>
</tr>
<tr>
<td>Total items that may be reclassified to profit or loss</td>
<td>(819)</td>
<td>(6,116)</td>
</tr>
<tr>
<td>Total other comprehensive income after tax</td>
<td>(981)</td>
<td>(5,014)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>16,910</td>
<td>10,291</td>
</tr>
<tr>
<td>Total amount of comprehensive income attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>16,910</td>
<td>10,291</td>
</tr>
</tbody>
</table>
(3) Consolidated Statement of Changes in Equity

(Yen in millions)

<table>
<thead>
<tr>
<th></th>
<th>Common Stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Other components of equity</th>
<th>Total equity attributable to owners of the parent</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of April 1, 2018</td>
<td>9,404</td>
<td>11,674</td>
<td>334,505</td>
<td>(58,316)</td>
<td>7,452</td>
<td>304,719</td>
<td>304,719</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td>17,891</td>
<td></td>
<td></td>
<td>17,891</td>
<td>17,891</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td></td>
<td>17,891</td>
<td></td>
<td></td>
<td>16,910</td>
<td>16,910</td>
</tr>
<tr>
<td>Dividend of surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(12,754)</td>
<td>(12,754)</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,572)</td>
<td>(1,572)</td>
</tr>
<tr>
<td>Disposition of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19,671</td>
<td>27</td>
</tr>
<tr>
<td>Cancellation of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17,004</td>
<td></td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>36,288</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total transaction with owners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of March 31, 2019</td>
<td>9,404</td>
<td>11,314</td>
<td>303,349</td>
<td>(23,213)</td>
<td>6,476</td>
<td>307,330</td>
<td>307,330</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Common Stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Other components of equity</th>
<th>Total equity attributable to owners of the parent</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of April 1, 2019</td>
<td>9,404</td>
<td>11,314</td>
<td>303,349</td>
<td>(23,213)</td>
<td>6,476</td>
<td>307,330</td>
<td>307,330</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td>15,305</td>
<td></td>
<td></td>
<td>15,305</td>
<td>15,305</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td></td>
<td>15,305</td>
<td></td>
<td></td>
<td>10,291</td>
<td>10,291</td>
</tr>
<tr>
<td>Dividend of surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(8,751)</td>
<td>(8,751)</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,758)</td>
<td>(2,758)</td>
</tr>
<tr>
<td>Disposition of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>Cancellation of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,487</td>
<td></td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,464</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total transaction with owners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of March 31, 2020</td>
<td>9,404</td>
<td>11,293</td>
<td>308,343</td>
<td>(24,456)</td>
<td>1,557</td>
<td>306,141</td>
<td>306,141</td>
</tr>
</tbody>
</table>
## (4) Consolidated Statement of Cash Flows

(Yen in millions)

<table>
<thead>
<tr>
<th></th>
<th>For the year ended March 31, 2019</th>
<th>For the year ended March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before tax</td>
<td>24,671</td>
<td>21,205</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,107</td>
<td>15,819</td>
</tr>
<tr>
<td>Financial income</td>
<td>(1,527)</td>
<td>(1,192)</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>13</td>
<td>345</td>
</tr>
<tr>
<td>(Increase) decrease in trade and other receivables</td>
<td>2,051</td>
<td>(1,535)</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(1,826)</td>
<td>(1,069)</td>
</tr>
<tr>
<td>Increase (decrease) in trade and other payables</td>
<td>(757)</td>
<td>(774)</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>654</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>35,738</td>
<td>33,453</td>
</tr>
<tr>
<td>Interests received</td>
<td>924</td>
<td>833</td>
</tr>
<tr>
<td>Dividends received</td>
<td>298</td>
<td>333</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(8,778)</td>
<td>(6,035)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28,182</td>
<td>28,584</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in term deposit</td>
<td>(3,368)</td>
<td>2,477</td>
</tr>
<tr>
<td>Proceeds from sales and redemption of investment</td>
<td>17,547</td>
<td>13,332</td>
</tr>
<tr>
<td>Payments for purchase of investment</td>
<td>(24,545)</td>
<td>(14,056)</td>
</tr>
<tr>
<td>Payments for purchase of tangible fixed assets</td>
<td>(20,340)</td>
<td>(18,689)</td>
</tr>
<tr>
<td>Others</td>
<td>(448)</td>
<td>(228)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(31,154)</td>
<td>(17,164)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(1,572)</td>
<td>(2,758)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(12,754)</td>
<td>(8,751)</td>
</tr>
<tr>
<td>Payment of lease liabilities</td>
<td>—</td>
<td>(725)</td>
</tr>
<tr>
<td>Others</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(14,298)</td>
<td>(12,205)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>196</td>
<td>(976)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents</strong></td>
<td>(17,074)</td>
<td>(1,761)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>69,396</td>
<td>52,322</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>52,322</td>
<td>50,561</td>
</tr>
</tbody>
</table>
(5) Notes on Consolidated Financial Statements

(Segment information)

1. Business segment

(1) Overview of reporting segment

In the reporting segment of Hirose group, it is possible to acquire isolated financial information among constituent unit of our group. It is also an object being examined on a regular basis to evaluate our decision of resource allocation and business results by the board of directors.

Our business is manufacturing and selling mainly connectors and other products, and we formulate a domestic and global comprehensive strategy for our products and service. Therefore, Hirose group consists of segments by products based on the shape of connectors. Our reporting segment is “Multi-pin connectors” and “Coaxial connectors”.

“Multi-pin connectors” include circular and rectangular connectors implemented to the outside of devices. They also include connectors implemented internal of the devices, such as connectors for ribbon cables, connectors used for FPCs (flexible printed circuit boards) and nylon connectors.

“Coaxial connectors” are a special type of high-performance connectors connecting high-frequency signals such as microwave, and this segment includes optical fiber connectors.

(2) Information of reporting segment

Accounting method for reporting business segment is the same as the statement in “important accounting policy”. The revenues stated in reporting segment is the figures based on operating profit.

For the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Reporting segments</th>
<th>Multi-pin connectors</th>
<th>Coaxial connectors</th>
<th>Total</th>
<th>Others *1,2</th>
<th>Amount of consolidated financial statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales revenue from external customers</td>
<td>107,475</td>
<td>12,303</td>
<td>119,778</td>
<td>4,812</td>
<td>124,590</td>
</tr>
<tr>
<td>Total revenue</td>
<td>107,475</td>
<td>12,303</td>
<td>119,778</td>
<td>4,812</td>
<td>124,590</td>
</tr>
<tr>
<td>Operating profit</td>
<td>21,848</td>
<td>1,207</td>
<td>23,055</td>
<td>102</td>
<td>23,157</td>
</tr>
<tr>
<td>Financial income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,527</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>13</td>
</tr>
<tr>
<td>Income before tax</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>24,671</td>
</tr>
<tr>
<td>Other items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>11,378</td>
<td>1,365</td>
<td>12,743</td>
<td>364</td>
<td>13,107</td>
</tr>
</tbody>
</table>
Notes: *1 "Others" category is not included into reporting segments. “Others” includes medical electronic devices such as interference wave EMS, micro switches and instruments for connectors.

*2 Business of medical electronic devices such as interference wave EMS included in “Others” category was transferred on January 31, 2019.

2. Geographic information

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>China</th>
<th>Korea</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>34,759</td>
<td>39,427</td>
<td>16,782</td>
<td>33,622</td>
<td>124,590</td>
</tr>
<tr>
<td>Percentage of consolidated sales revenue (%)</td>
<td>27.9</td>
<td>31.6</td>
<td>13.5</td>
<td>27.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

For the year ended March 31, 2020

(Yen in millions)

<table>
<thead>
<tr>
<th></th>
<th>Reporting segments</th>
<th>Others *</th>
<th>Amount of consolidated financial statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue from external customers</td>
<td>Multi-pin connectors 108,014</td>
<td>9,784</td>
<td>117,798</td>
</tr>
<tr>
<td></td>
<td>Coaxial connectors</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total revenue</td>
<td>108,014</td>
<td>9,784</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>19,406</td>
<td>837</td>
</tr>
<tr>
<td></td>
<td>Financial income</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Financial expenses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Income before tax</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Other items</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Depreciation and amortization</td>
<td>13,999</td>
<td>1,440</td>
</tr>
</tbody>
</table>

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

2. Geographic information

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>China</th>
<th>Korea</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>31,689</td>
<td>42,335</td>
<td>18,385</td>
<td>29,356</td>
<td>121,765</td>
</tr>
<tr>
<td>Percentage of consolidated sales revenue (%)</td>
<td>26.0</td>
<td>34.8</td>
<td>15.1</td>
<td>24.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>
(Significant subsequent events)

1. Land acquisition

KORIYAMA HIROSE ELECTRIC CO., LTD., our consolidated subsidiary, made a contract with Koriyama-shi Fukushima Prefecture, to acquire the land on April 30, 2020. The details of the land, reason for acquisition and future outlook are stated below.

- Property overview
  - Location: 16-1,19, 1-chome, Kamiizushima, Koriyama-Shi, Fukushima Prefecture
  - Area: 47,720.87 ㎡
  - Price: 735 million yen

- The reason for acquisition
  Taking the production results and continuous business development of Koriyama factory into consideration, we have decided to acquire this land to “progress and expand our ability to manufacture” for mid-and-long term, and “reinforce safety and convenience” including unexpected natural disasters.

- Future outlook
  The new building on the land is planning to be completed within FY2022. As soon as it’s completed, our factory will be moved there. The details of the plan has not been decided at the moment.

2. Receipt of an insurance claim

Due to Typhoon Hagibis formed in October, 2019, the Abukuma River was flooded. It caused flood damages to the factory of Koriyama Hirose, our consolidated subsidiary, and part of our inventories and tangible fixed assets were damaged. The receipt amount of the casualty insurance claim for this damages was finalized on April 20, 2020 as follows.

- The Amount of the insurance claim: 1,496 million yen

This insurance claim will be factored into “other income” of FY ending March, 2021. 1,329 million yen as the costs for disposal of these damaged assets and for restoration was recorded to consolidated profit and loss statement of the current fiscal year, ended March 2020.