



HIROSE ELECTRIC CO., LTD.

Q3 Financial Results Briefing for the Fiscal Year Ending March 2026

February 4, 2026

Event Summary

[Company Name]	HIROSE ELECTRIC CO., LTD.	
[Company ID]	6806-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q3 Financial Results Briefing for the Fiscal Year Ending March 2026	
[Fiscal Period]	FY2025 Q3	
[Date]	February 4, 2026	
[Time]	10:30 – 11:46 (Total: 76 minutes, Presentation: 29 minutes, Q&A: 47 minutes)	
[Venue]	Webcast	
[Number of Speakers]	4	
	Shin Kamagata	President and Representative Director
	Kosei Matsunaga	Director, Group President, Administration Group
	Rie Yamada	Manager, Corporate Communication & Investor Relations Office
	Hideaki Shimizu	Corporate Communication & Investor Relations Office

Presentation

Yamada: It is time to begin the financial results briefing of HIROSE ELECTRIC CO., LTD.

Thank you very much for joining the briefing today. Attendees from our side are Mr. Kamagata, President; Mr. Matsunaga, Director, Group President, Administration Group; and I, Yamada, and Mr. Shimizu from Corporate Communication & Investor Relations Office. And I will be facilitating the briefing. Please note that this event will again be held online.

Let me begin by explaining about today's briefing. Please download the PDF file of today's financial results briefing from the link on the screen of your device and view it at your hand. Also, there is a link to the financial results that were recently disclosed on the TSE on February 3. Other disclosure materials, such as the notice of revision of full-year earnings forecasts, can be viewed by going to the IR page of our website. We will provide you with the page numbers when we explain, so please turn the pages on your own.

Next, the question-and-answer session will be conducted in an interactive manner similar to a face-to-face session, with participants speaking via telephone line and our company responding to their questions. If you have any questions, please connect to the phone number provided in the email invitation for questions during the question-and-answer session that will follow. Please cooperate with us by speaking in order, as we will be informed in the order in which they are received.

First, I will explain the financial results for Q3 of the fiscal year ending March 31, 2026 based on the materials. Mr. Kamagata, President, will explain about the revision of the earnings forecast for the latter half of the material. We will take your questions in the remaining time, and Mr. Kamagata and Mr. Matsunaga will answer them as they arise. The briefing is scheduled to end at 11:30 AM.

Summary of the business results (FY2025.1Q-3Q From Apr 2025 to Dec 2025)

Overall sales remained solid; however, rising material costs—particularly for metals—continued to be a burden from the second quarter, ultimately putting pressure on profits. For the general industrial market, recovered to near historical peak levels, excluding the period of excess demand in FY2022, exceeding our plan. While the smartphone segment was weak, the consumer and mobile segment continued to be stable as expected, and the automotive-related segment continued to be strong. Cumulative sales were +8.4% year-on-year, operating profit was -5.0%, and operating profit margin was 20.8%. Orders received in the third quarter totaled 161.74 billion yen, +11.6% year-on-year.

(Yen in hundred millions)

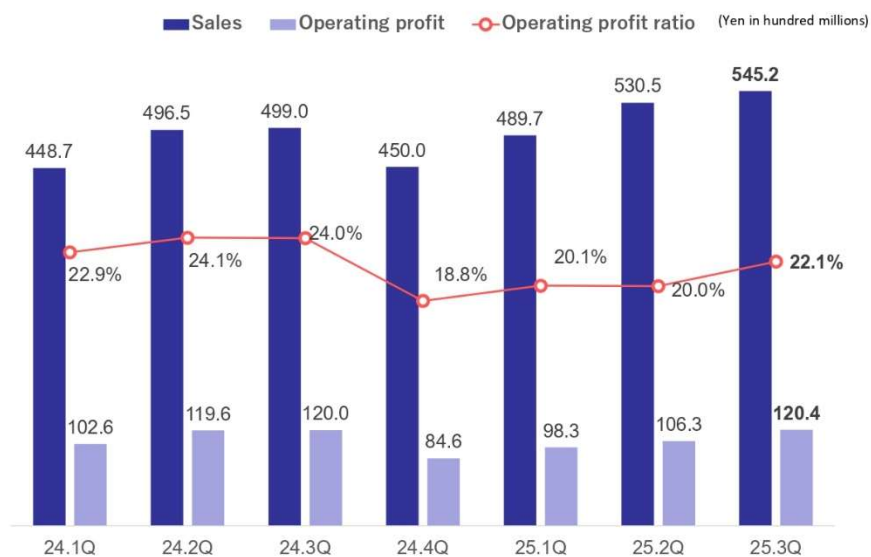
	FY2024			FY2025			YoY
	1H (24.4-9)	3Q (24.10-12)	1Q-3Q (24.4-12)	1H (25.4-9)	3Q (25.10-12)	1Q-3Q (25.4-12)	2025.1Q-3Q / 2024.1Q-3Q
Orders	975.9	473.3	1,449.2	1,061.5	555.9	1,617.4	+11.6%
Sales	945.2	499.0	1,444.2	1,020.2	545.2	1,565.5	+8.4%
Operating Profit	222.2	120.0	342.1	204.6	120.4	325.0	-5.0%
Operating Profit ratio	23.5%	24.0%	23.7%	20.1%	22.1%	20.8%	-2.9pt

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Moving on to the materials. Let us begin on page three, please. Here is the summary of the business results. As for results for Q3 of FY2025, overall sales totaled JPY156.55 billion, an increase of 8.4% YoY. On the other hand, the cost of materials, including metal materials, continues to rise, which continues to put pressure on profits. As a result, operating profit totaled JPY32.5 billion, down 5% YoY. Operating profit ratio is 20.8%.

Then, here is the situation by segment. Excluding FY2022, when special factors exceeded actual demand, sales to the general industrial equipment market recovered to the historical peak level of FY2021, exceeding the plan. On the other hand, results for the smartphone market were modest, even taking seasonality into account. Sales for consumer and mobile applications were generally in line with expectations, while sales for automotive and mobility-related applications remained stable. Orders received through Q3 totaled JPY161.74 billion, up 11.6% YoY.

Changes in sales and operating profit (FY2024.1Q - FY2025.3Q / Consolidated basis)



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Please see page four. The graph shows quarterly sales and profits. In Q3 of FY2025, sales were JPY54.52 billion, operating profit was JPY12.04 billion, and operating profit ratio was 22.1%, better than Q2.

Business Results for FY2025.1Q-3Q

(Yen in hundred millions)

	FY2024.3Q (Dec 31, 2024)	FY2025.3Q (Dec 31, 2025)	Increase/Decrease (YoY)	Increase/Decrease Ratio (YoY)
Sales	1,444.2	1,565.5	+121.3	+8.4%
COGS Ratio	54.4%	57.6%	+3.2	
SGA Ratio	21.9%	21.5%	-0.4	
Operating Profit	342.1	325.0	-17.1	-5.0%
(%)	23.7%	20.8%	-2.9	
Profit before tax	374.7	352.9	-21.7	-5.8%
(%)	25.9%	22.5%	-3.4	
Net profit	275.8	248.1	-27.7	-10.0%
(%)	19.1%	15.8%	-3.3	
Shareholder's Equity Ratio	89.0%	88.3%		
Earnings Per Share	815.25yen	738.35yen		

	FY2024.3Q	FY2025.3Q
1US\$	152.57yen	148.74yen
1 €	164.83yen	171.83yen
100won	11.11yen	10.55yen

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Moving on to page five, here is the business results. As mentioned earlier, cumulative sales for Q3 of FY2025 reached JPY156.55 billion, an increase of 8.4% YoY. Operating profit was JPY32.5 billion, down 5% YoY, and operating profit ratio was 20.8%. Profit before tax was JPY35.29 billion and net profit was JPY24.81 billion. Shareholder's equity ratio was 88.3% and earnings per share was JPY738.35. Actual exchange rates were JPY148.74 to the US dollar, JPY171.83 to the euro, and JPY10.55 to 100 won.

FY2025.1Q-3Q Major Changes

		(Yen in hundred millions)	
Sales 121.3 hundred million yen Increased (1,444.2 → 1,565.5)	General Industrial	:	+ 99
	Smartphone	:	- 21
	Automotive / Mobility-related	:	+ 30
	Telecommunications	:	+ 5
COGS Ratio 3.2 pt Decreased (54.4% → 57.6%)	Variable Cost Ratio	:	37.8% → 40.7%
	Depreciation Cost Ratio	:	7.7% → 7.7%
	Labor Cost Ratio	:	7.6% → 7.8%
SGA Ratio 0.4 pt Improved (21.9% → 21.5%)			316.4 → 336.0 (+19.6)
Financial income / costs 4.6 hundred million yen Decreased (+32.5 → +27.9)	Exchange Gain or Loss	:	-1.1 → +0.2
	Decrease in securities valuation gains	:	-5.8

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Next, on page six, here is the summary of the major changes compared to the previous year. Sales increased JPY12.13 billion from the previous year. The breakdown was as follows: sales for general industrial equipment were up JPY9.9 billion, sales for smartphones and mobile terminals were down JPY2.1 billion, sales for automobiles and mobility equipment were up JPY3 billion, and sales for telecommunications infrastructure equipment were up JPY0.5 billion.

Under these circumstances, COGS ratio worsened by 3.2 percentage points from 54.4% last year to 57.6%. As for the main reason, the variable cost ratio increased from 37.8% to 40.7%, continuing to be affected by increased material and procurement costs. The depreciation cost ratio was unchanged at 7.7%, while the labor cost ratio increased slightly from 7.6% to 7.8%.

SG&A expenses increased by JPY1.96 billion, mainly due to an increase in distribution costs, but the ratio improved slightly to 21.5%, partly due to the effect of increased sales. Financial income and costs decreased by JPY460 million from JPY3.25 billion to JPY2.79 billion.

FY2025.1Q-3Q YoY Variation Analysis

(Yen in hundred millions)

	Sales	Operating Profit	(%)	Profit before tax	(%)
FY2024.1Q-3Q Actual	1,444.2	342.2	23.7%	374.7	25.9%
Exchange rate	-26.9	-17.0		-16.9	
Labor cost increase		-26.2		-26.2	
Depreciation cost increase		-10.5		-10.5	
Increase in the product and others	148.2	36.5		31.8	
Total amount of changes	121.3	-17.2		-21.8	
FY2025.1Q-3Q Actual	1,565.5	325.0	20.8%	352.9	22.5%

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Continuing on, please see page seven. This is the variation analysis for YoY and cumulative Q3 results. First of all, the impact of foreign exchange rates was negative JPY2.69 billion on sales and negative JPY1.7 billion on operating profit. A JPY2.62 billion increase in labor cost and a JPY1.05 billion increase in depreciation cost were the main reasons for the decrease in profit. On the other hand, there was an increase in profit of JPY3.65 billion due to an increase in the volume of goods, etc. However, after subtracting these factors, operating profit decreased by JPY1.72 billion.

Comparing the exchange rate between Q2 and Q3, the yen depreciated JPY6.67 against US dollar, which was a major factor in the improvement in QoQ profitability.

Consolidated Balance Sheet (1)

(Yen in hundred millions)

Account	Mar 31, 2025	Dec 31, 2025	Increase/ Decrease	Remarks	
Asset	Cash and Cash Equivalents	856.7	863.4	+6.7	Profit before tax +248, Share buybacks -150, Capital investment (including buildings, etc.) -165, Dividend payment -165, Securities and time deposit maturity redemption +275
	Trade and other Receivables	403.9	501.6	+97.7	Increased sales
	Inventories	250.9	278.9	+28.0	
	Other Financial Assets	1,513.7	1,436.8	-76.9	Securities +60, Time deposits decrease -137
	Property, Plant and Equipment	863.8	908.7	+44.9	Increase in production facilities
	Right-of-use Asset	49.4	57.8	+8.4	
	Others	230.2	231.1	+0.9	Consumption tax refund receivable
	Total	4,168.7	4,278.3	+109.6	
Total of cash in bank	1,604.5	1,458.0	-146.5		

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Continuing on to page eight, here is the asset section of the balance sheet. As for the cash, despite a decrease due to stock repurchases and capital expenditures, the redemption of marketable securities and the transfer of time deposits from other financial assets resulted in a slight overall increase of JPY670 million. In addition, trade receivables increased due to higher sales in the current period, resulting in total assets of JPY427.83 billion.

Consolidated Balance Sheet (2)

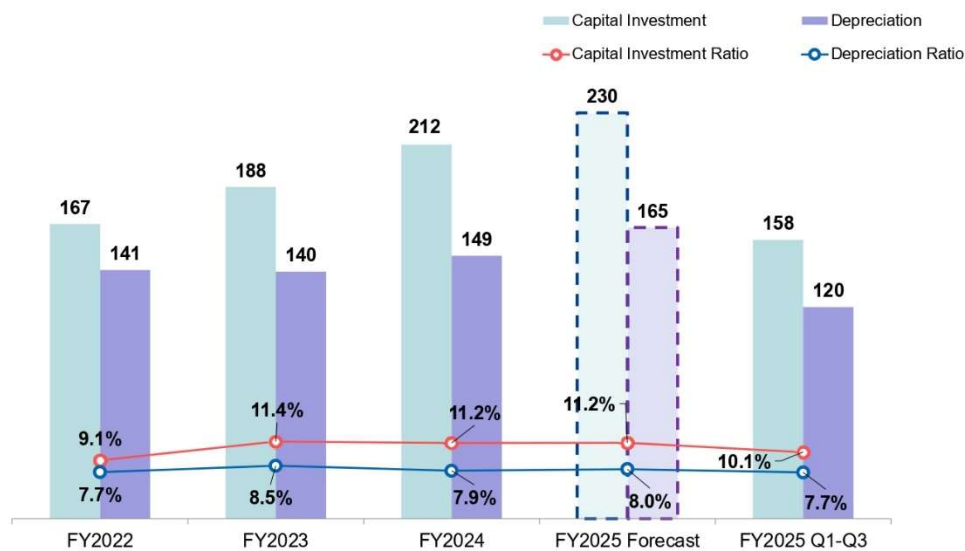
(Yen in hundred millions)

	Account	Mar 31, 2025	Dec 31, 2025	Increase/ Decrease	Remarks
Liabilities	Payables and other Debt	129.0	154.4	+25.4	Accounts payable increase due to increased purchases +20
	Lease Liabilities	52.0	60.7	+8.7	
	Income Taxes Payable	81.4	39.1	-42.3	Domestic corporate tax payment
	Others	204.8	247.7	+42.9	Increase in deferred tax liabilities
	Total	467.2	502.0	+34.8	
Shareholder's Equity	Capital stock and capital surplus	206.3	207.8	+1.5	
	Retained earnings	3,489.7	3,572.9	+83.2	Net income +248, dividend payment -165
	Treasury shares	- 274.6	- 424.5	-149.8	Share Acquisition -150
	Others	280.1	420.1	+140.0	Exchange Conversion Adjustment (due to appreciation of KRW etc.) +120
	Total	3,701.5	3,776.3	+74.8	
	Total Liabilities and Shareholder's Equity	4,168.7	4,278.3	+109.6	

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Next, page nine shows liabilities and shareholder's equity. In liabilities, payables increased, but this was due to an increase in accounts payable due to increased purchases. Treasury shares increased in shareholder's equity. This one began acquisition in August and was completed in November at a cost of approximately JPY15 billion.

Business Expenditure and Amortization Expense (Consolidated Basis) (Yen in hundred millions)



(*Excluding land, building, and software investment)

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Continuing on to page 10, here are business expenditure and amortization expense. Capital expenditures in Q3 totaled JPY15.8 billion, and depreciation was JPY12.0 billion. The full-year forecasts for FY2025 are unchanged from the previous forecasts, which call for capital investment of JPY23 billion and depreciation of JPY16.5 billion. Although not shown in the materials, R&D expenses for the cumulative Q3 totaled JPY9.9 billion. There is also no revision to the forecast of JPY14 billion in R&D expenses for the full year of FY2025.

Distribution of Shareholders



Next, on page 11, is a slide showing distribution of shareholders. The increase in treasury stocks from 4.97% to 7.23% is due to the acquisition of treasury stocks. The amount held by securities firms has also decreased.

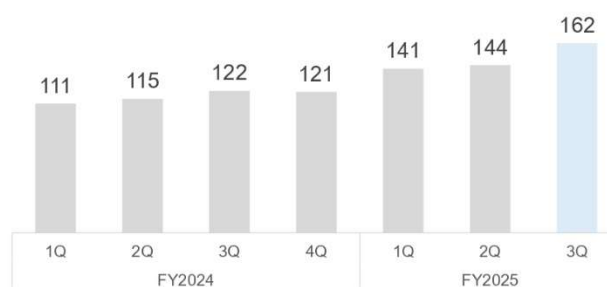
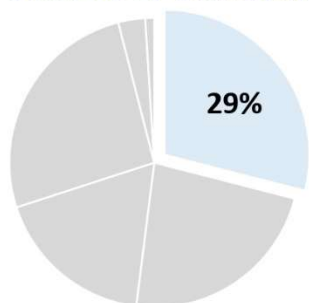
Sales by Application _ General Industrial

(Yen in hundred millions)

	FY2024			FY2025			YoY
	1H	3Q	1Q-3Q	1H	3Q	1Q-3Q	FY2025.1Q-3Q / FY2024.1Q-3Q
Sales	226	122	348	285	162	447	+28%

● FY2025 1Q-3Q Composition ratio

● Changes in quarterly sales



- Sales have rebounded to levels higher than FY21, before the COVID-19-related demand spike.

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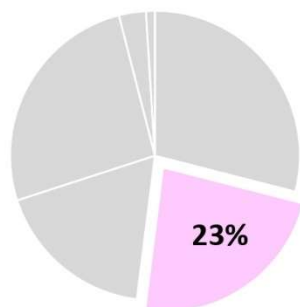
Continuing on page 12, I will now explain the results by application. First, here are sales trends for general industrial. Sales for Q3 of FY2025 were JPY16.2 billion. Cumulatively, the total amounted to JPY44.7 billion, a significant increase of 28% YoY. Sales exceeded actual demand in FY2022 due to a shortage of parts and materials, but subsequently slumped in FY2023 and FY2024 due to inventory adjustments. The impact of that inventory has largely dissipated and has recovered to above the level of FY2021, the year before the special demand. We therefore believe that this application has exited the inventory adjustment phase and has once again returned to the growth phase.

Sales by Application _ Smartphone

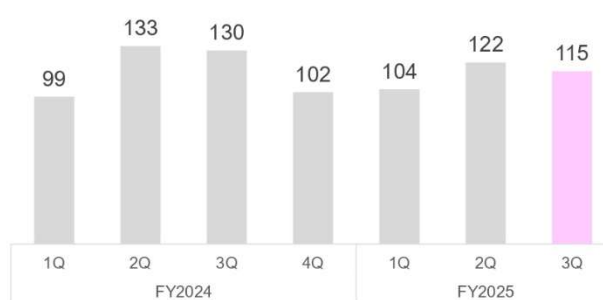
(Yen in hundred millions)

	FY2024			FY2025			YoY
	1H	3Q	1Q-3Q	1H	3Q	1Q-3Q	FY2025.1Q-3Q/ FY2024.1Q-3Q
Sales	232	130	362	226	115	341	-6%

- FY2025 1Q-3Q Composition ratio



- Changes in quarterly sales



■ While performance varied by region, results were soft overall.

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Next, page 13 is for smartphone. Sales for Q3 were JPY11.5 billion, a slight decrease from Q2 due to seasonality. The situation differs by region, with the Chinese market continuing to face a more difficult environment than in previous years.

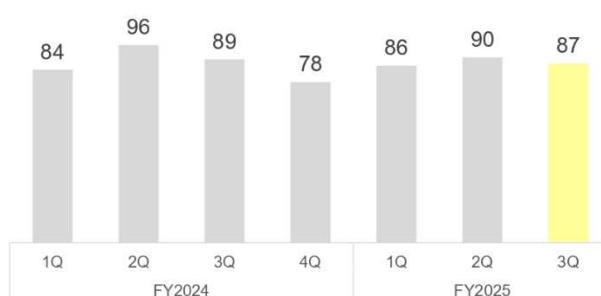
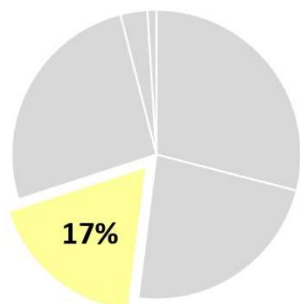
Sales by Application _ Consumer / Mobile Equipment

(Yen in hundred millions)

	FY2024			FY2025			YoY
	1H	3Q	1Q-3Q	1H	3Q	1Q-3Q	FY2025.1Q-3Q / FY2024.1Q-3Q
Sales	180	89	269	176	87	263	-2%

● FY2025 1Q-3Q Composition ratio

● Changes in quarterly sales



■ Declined from 2Q due to seasonality but remained resilient.

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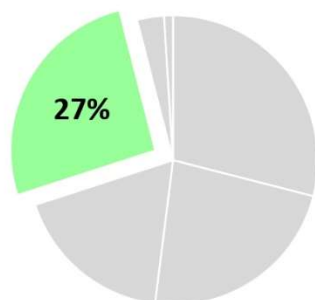
Continuing on to page 14, here are consumer and mobile equipment. Q3 result was JPY8.7 billion, down 2% YoY, and the cumulative total for FY2025 was JPY26.3 billion. Since this is also an application affected by seasonality, sales are slightly down compared to Q2, but we view sales as firm and within our expectations.

Sales by Application _ Automotive / Mobility-related

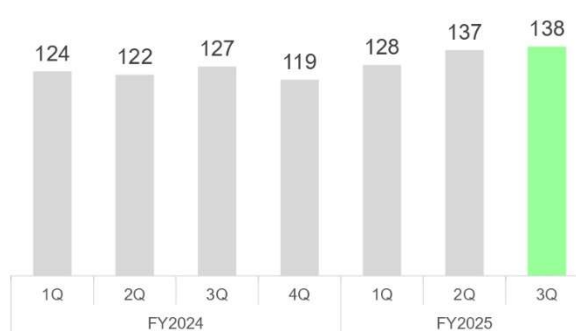
(Yen in hundred millions)

	FY2024			FY2025			YoY
	1H	3Q	1Q-3Q	1H	3Q	1Q-3Q	FY2025.1Q-3Q / FY2024.1Q-3Q
Sales	246	127	373	265	138	403	+8%

- FY2025 1Q-3Q Composition ratio



- Changes in quarterly sales



■ Performance remained solid, supported by a diverse customer base.

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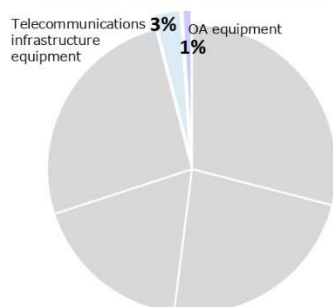
Next, on page 15, is for automotive and mobility-related products. Q3 sales totaled JPY13.8 billion, bringing the cumulative total to JPY40.3 billion, representing an 8% YoY increase. In addition to its expansion into a variety of applications, the Company's customer base is steadily growing, and the Company's business has remained strong without being significantly affected by short-term market fluctuations.

Sales by Application _ Telecommunications infrastructure equipment / OA equipment

(Yen in hundred millions)

	FY2024			FY2025			YoY
	1H	3Q	1Q-3Q	1H	3Q	1Q-3Q	FY2025.1Q-3Q / FY2024.1Q-3Q
Telecommunications infrastructure equipment	27	13	40	28	17	45	+13%
OA equipment	9	5	14	10	4	14	±0%

● FY2025 1Q-3Q Composition ratio



● Changes in quarterly sales



- Supported by a strong market, our demand continued to grow gradually.

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Page 16 shows sales results and trends for telecommunications infrastructure equipment and OA equipment. Although we have not provided any special comments on this issue, we have seen a change, albeit a slight increase, in the recent past. The booming market for AI servers and other telecommunications infrastructure has also increased demand for our products, and although it is still small as a percentage of total sales, the total sales for Q3 amounted to JPY4.5 billion, a 13% increase YoY.

These are the results by application. Mr. Kamagata, President, will now explain the remaining slides, including the revised financial results. Mr. President, please begin.

Business Forecast for the Year Ending March 31, 2026 (Consolidated)

We revise the forecast, as the general industrial business is expected to outperform the forecast announced in November 2025 .

(Yen in hundred millions)	FY2024 Actual (FY ended March 31, 2025)		FY2025 (FY ending March 31, 2026)			1Q-3Q over the previous actual amount		For the year over the previous actual amount	
	1Q-3Q	For the year	1Q-3Q Actual	2025.Nov forecast	Revised forecast	Amount change	%	Amount change	%
Sales	1,444.2	1,894.2	1,565.5	2,000.0	2,050.0	+121.3	+8.4%	+155.8	+8.2%
COGS ratio	54.4%	54.9%	57.6%	56.5%	57.6%				
Operating Profit	342.1	426.7	325.0	400.0	410.0	-17.1	-5.0%	-16.7	-3.9%
(%)	23.7%	22.5%	20.8%	20.0%	20.0%				
Profit before Tax	374.7	462.2	352.9	430.0	440.0	-21.7	-5.8%	-22.2	-4.8%
(%)	25.9%	24.4%	22.5%	21.5%	21.5%				
Net Profit	275.8	330.3	248.1	300.0	305.0	-27.7	-10.0%	-25.3	-7.7%
(%)	19.1%	17.4%	15.8%	15.0%	14.9%				
Earnings Per Share		976.33yen	738.35yen	891.76yen	911.47yen			FY2024 Actual	FY2025 Forecast (Revised)
Dividend Per Share	245yen	490yen	245yen	490yen	490yen	1US\$	152.58yen	150.00yen	
Consolidated Dividend Payout Ratio	—	50.2%	—	54.9%	53.8%	1 €	163.75yen	174.00yen	
						100won	10.97yen	10.50yen	

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Kamagata: I am President Kamagata. Thank you very much for your cooperation as always. Today, I would like to start from this page of the earnings forecast and provide my explanation.

I believe you have page 17 open, and we would like to make an upward revision at this time. The red box in the center of the table shows the published values for the current revision. To the left is the updated published value, which was issued in November.

At the top, in terms of sales, we revised the figure from JPY200 billion to JPY205 billion. The full-year forecast is up 8.2% YoY. The JPY205 billion figure is the amount accumulated at the current stage, and is a slightly conservative estimate. In fact, there are only a few months left, but at this stage, we are aware that the unforeseen portion may be coming up.

Next row, operating profit was revised from JPY40 billion to JPY41 billion. This is set under the assumption that the operation margin is kept at 20%. There were some opinions within the Company that the price could be raised a little more, but we still believe that there is a risk of gold's price rising further, exceeding JPY30,000, and that is one of the factors for consideration.

The other is progress in raising prices. We are now working on a company-wide project to raise prices within the HIROSE Group. With the understanding of our customers, especially in the automotive and industrial machinery applications, and with their comments of understanding, we are negotiating price increases mainly for products with a long market life that will be sold for a long time, especially those that are old and have thick gold plating. We have received multiple responses from customers that they understand and have agreed to the content that firmly reflects that.

However, depending on the timing, the price increase on some products can take effect from Q4, and some from FY2026, there will be variations. This aspect depends on the customer's order, so we have factored in a small amount of risk here as well.

However, the price increase project itself is not scheduled to end in one year, and we will continue to work on the second and third products in the future.

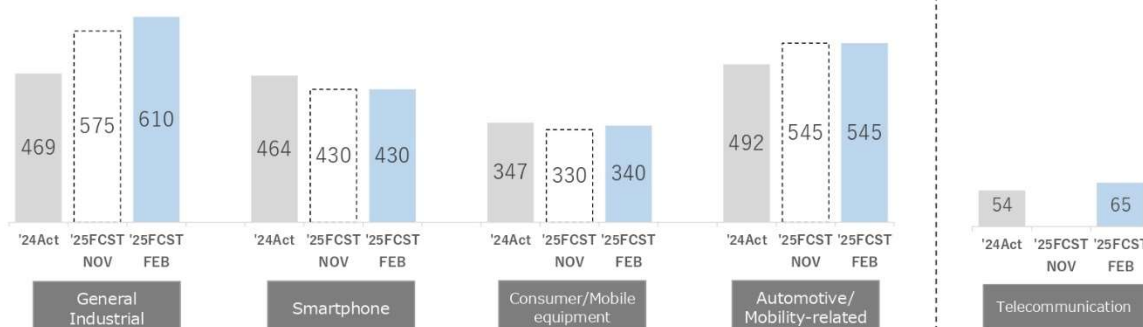
However, since HIROSE's original business model is to replace products with new products for those with short life cycles, mainly for consumer products, we would like to maintain a good balance between updating prices by replacing products with new products. Therefore, we believe it is important to balance our management resources toward marketing new products, rather than only adding management resources to existing products.

Although the numbers are a little conservative, the total BB ratio is about 1.12 for now, so it is still in double digits. In this sense, we feel that we have been able to slightly improve our forecast for the seasonality of the consumer market, and as Ms. Yamada mentioned earlier, we believe that the industrial machinery market is shifting from a recovery phase to re-growth, but there are still some differences among customers, so we will keep a close watch on this market. We are now in the process of formulating a management plan for Q4 of FY2026 and beyond, and we will be introducing our outlook for the next fiscal year.



Annual Sales Forecast Revision by Field (Approximate)

(Yen in hundred millions)



FY2025 Forecast for the previous year	2025 Nov. FCST	2025 Feb. FCST	
● General Industrial	+23%	+30%	Following pages
● Smartphone	-7%	-7%	
● Consumer/Mobile equipment	-5%	-2%	
● Automotive/Mobility-related	+11%	+11%	
● Telecommunication	-	+20%	Following pages

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Please turn to the next page. Page 18, we are making the upward revision a little bit for each of the application.

For general industrial, we have changed from a 23% increase to a 30% increase. This will be presented a little on the next page. As for the smartphone application, the numbers are holding steady, and consumer and mobile equipment also reflect the fact that seasonality has not fallen as much as expected, a little bit changed

from minus 5% to minus 2%. Automotive and mobility-related remained solidly strong, maintaining double-digit growth.

We have not given you much information on the future outlook for the telecommunication, which has been undergoing some changes, but we are now giving you some information. Let me tell you this time that it is growing at 20% YoY, and I will explain this a little on another page.

General Industrial: Shift toward growth by subsegment



Changes in the "General Industrial" Segment (FY20 vs FY25)

Overseas Sales Ratio



➤➤ In addition to the progress in inventory adjustments, the General Industrial segment grows steadily due to product development and market development. Expects as a continuous growth driver. ➤➤

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Please see the next page. This is a slightly special page. Here are the bubble charts, which show comparisons between FY2020 and FY2025, five years apart. As for general industrial, see legend at right. The report is organized into five main areas: FA & industrial equipment, medical devices, batteries & power devices, security equipment, and measuring instruments.

The vertical axis is the ratio of overseas sales. This axis mainly shows whether the customer base is expanding overseas. The horizontal axis shows the amount of business negotiations, which indicates whether the number of projects is increasing and whether the number of inquiries and future opportunities is increasing.

In general, we believe that not only has there been progress in inventory adjustment, but also that HIROSE's connectors fit well with each company's product development and market development, resulting in steady growth.

By the way, these bubble charts are easier to understand if you compare the size a little, but I would like to add a little more verbally. The five items in this legend, introduced from the top, are FA & industrial equipment, which is up roughly 20%; medical devices are up about 70%; batteries & power devices, and security equipment are each up about 50% in size; and measuring instruments are up about 40%.

In general, HIROSE believes that general equipment is generally shifting to the positive side overall, rather than growth by one particular product. However, there are some shades of gray depending on the customer, and we believe it is necessary to respond to this situation while carefully checking the trends of our customers.

This area is more of a story of the past five years, so it is primarily an area of upscaling existing products. I think we have explained to you in the past whether the customers have made a firm decision to adopt HIROSE's products in this field, and it depends on the revival of customer orders. We believe that these charts show that the market share of HIROSE's products is expanding as the customers are returning.

On the other hand, as for new products, we have received various requests for cooperation for new products for FY2027, FY2028, and FY2029, and we are feeling strong inquiries. We believe it is necessary to respond to such inquiries, especially in the area of robotics.

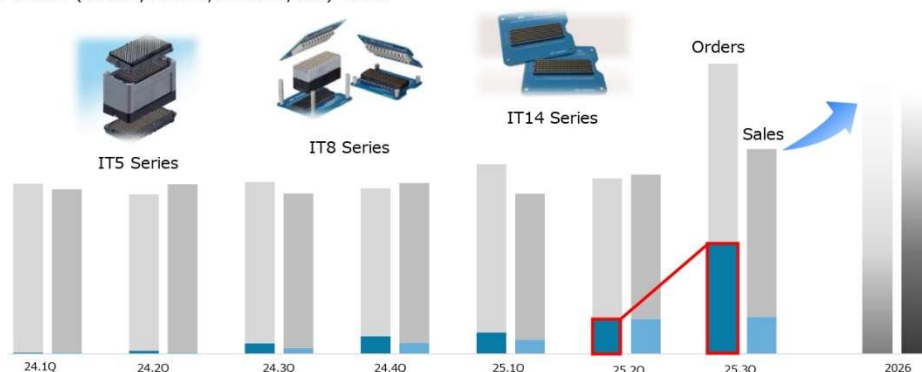
Returning to existing products, I mentioned earlier that there are different shades of customers, and this is based on whether the customer is a winner in the field or not, whether the customer is growing in AI-related fields or not, and whether there are inquiries for our connectors for other needs. The third is a mixture of shades of gray, which may be due to memory shortages in various semiconductors and other areas. In this sense, the HIROSE Group needs to continue to identify the best way forward, and we are now working to gather more in-depth information from our customers.

Telecommunications Infrastructure Equipment: AI Server-related Business



AI server-related orders and sales in the "Communication Infrastructure Equipment" segment

- AI server-related (servers, routers, switches, etc.) Orders
- AI server-related (servers, routers, switches, etc.) Sales



AI server-related orders increased in FY25.3Q. The segment BB ratio, which was previously around 1 times, has been expanded to 1.4 times. While receiving the tailwind of market growth, we would like to aim for further growth by adding our own initiatives.

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Please turn to the next page. Here is the telecommunications infrastructure equipment. I have talked about a little bit of movement that we are seeing, but here are bar charts with the contents organized as they relate to AI servers or not.

As you can see from the figures for Q3 of FY2025, orders have been coming in significantly higher than sales, and among them, orders related to AI servers have increased dramatically.

First of all, orders as a whole have expanded to a BB ratio of 1.4 times, and we have to see whether this will continue on its current trajectory or whether it is a transient phenomenon. However, we believe that this market, our competitors, and our customers' trends indicate that this is an area where we can expect further growth, and we intend to make our efforts to keep pace with this growth.

We are not clearly stating anything for now, since we are currently discussing internally how the figures should be viewed, and I hope to be able to report on this at the next financial results briefing.

Tohoku Advanced Technology Center Plans to Expand Functions ~Further Strengthening of Production Facility Development System~



Hirose Electric Co., Ltd. is pleased to announce the expansion of the Tohoku Advanced Technology Center, which has been in operation since March 2024 as a production facility development base in Mukai-Nakano, Morioka City, Iwate Prefecture, with the aim of expanding its functions. The completion of the extension is scheduled for the spring of 2027.



March 2024: Construction to strengthen assembly equipment development capabilities

Improvements to the control equipment software and the development of new heads boosted line productivity and contributed to reducing equipment manufacturing lead time.

From Spring 2027: Aiming to further strengthen manufacturing capabilities, in addition to the assembly process, we aim to strengthen and optimize equipment development capabilities in all processes, including the front and rear processes.

As productivity improvement efforts are paying off, additional investments are being made for further expansion and development.

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Please turn to the next page. It shows Tohoku Advanced Technology Center, which had been in operation since March 2024. This is where the team is working to improve the productivity of production facilities, mainly by using software to control production equipment, in terms of both mechanics and software.

Since 2024, although it has been less than two years, we are beginning to see improvements in productivity, and we would like to expand this function to pursue further benefits.

In the spring of 2027, which is a little ahead of schedule, we will expand the floor space of this building to further strengthen manufacturing, as well as our mission which has been targeting the assembly process, we now aim to enhance productivity across the entire production flow, encompassing both preceding and subsequent processes. By doing well in this area, we hope to provide more stable profitability or stable, high-volume, high-quality manufacturing.

Shareholder Return - Share Buyback

Announced in May 2025:

Decided to acquire treasury shares up to 60 billion yen over the four years from FY2025 to 2028.

- **From August 5, 2025 to November 14, 2025, acquisition completed**
806,500 shares, 15 billion yen
- **Announced on December 25, 2025, in progress**
We are currently executing Share Buyback to increase the level of shareholder returns and improve capital efficiency as well as to enable a flexible capital policy in response to changes in the business environment.

Class of shares	Common stock
Total number of shares to be repurchased	Up to 1,000,000 shares (3.03% of total shares outstanding, excluding treasury stock)
Total amount to be paid for repurchase	Up to 15,000,000,000 yen
Period of repurchase	From January 5, 2026 to July 31, 2026
Method of repurchase	Purchase on the Tokyo Stock Exchange

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Please turn to the next page. In H1 of this fiscal year, we repurchased JPY15 billion of our own shares, and we are adding to that amount. Although some of this may be continued in the next fiscal year, we would like to continue to add JPY15 billion for that period of time.

The following pages are the appendix, so that is all I have to explain at the outset.

Yamada: That is all for the explanation along with the slides.

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.