



English translation

**Financial Results for the Third Quarter of Year Ending March 31, 2021 [IFRS] (Consolidated)**

February 3, 2021

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  
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Scheduled date of filing of Japanese quarterly securities report: February 12, 2021

Scheduled date of dividend payable: —

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 third quarter of the Year Ending March 31, 2021 (From April 1, 2020 to December 31, 2020)

(1) Consolidated Operating Results (Cumulative)

(Percentage represents year-on-year changes)

	Sales revenue		Operating profit		Income before tax		Quarterly income		Quarterly income attributable to owners of the parent company		Total amount of quarterly comprehensive income	
		%		%		%		%		%		%
FY2020 3Q	98,479	7.6	21,242	31.1	20,814	23.0	14,982	25.1	14,982	25.1	18,842	66.7
FY2019 3Q	91,525	(4.6)	16,205	(18.9)	16,920	(20.3)	11,976	(21.3)	11,976	(21.3)	11,300	(23.9)

	Basic quarterly earnings per share	Diluted quarterly earnings per share
	Yen	Yen
FY2020.3Q	413.09	413.07
FY2019.3Q	328.53	328.52

(Yen in millions)

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of total equity attributable to owners of the parent
				%
FY2020.3Q	356,493	316,368	316,368	88.7
FY2019	342,644	306,141	306,141	89.3

## 2. Dividends

	Annual dividend per share (Yen)				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	—	120.00	—	120.00	240.00
FY2020	—	120.00	—		
FY2020 (Forecast)				120.00	240.00

(Note) Revision of previously announced dividend targets during this reporting period: None

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

(Yen in millions)  
(Percentage represents year-on-year changes)

	Sales revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal year end	130,000	6.8	26,000	27.7	26,000	22.6	18,000	17.6	496.29

(Note) Revision of previously announced business forecast during this reporting period: Yes

### \*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 : None
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 December 31, 2020: 38,175,942                      As of March 31, 2020: 38,381,820

##### 2. Number of treasury stock at the end of the period:

As of December 31, 2020: 1,901,913                      As of March 31, 2020: 2,114,675

##### 3. Weighted-average number of shares outstanding during the period (quarterly cumulative) :

For the nine months ended December 31, 2020: 36,267,399                      For the nine months ended December 31, 2019: 36,451,996

\*This financial results 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 (3) 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 Wednesday, February 3, 2021 online. 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 "Financial Results for the Third Quarter of the Year Ending March 31, 2021." In the event of any discrepancy between this English translation and the Japanese original, the later shall prevail.

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## 1. Overview of Operating Results and Financial Condition

### (1) Overview of Operating Results

In the third quarter of the fiscal year ending March 31, 2021, the consumption spending has been sluggish and corporate profits deteriorated affected by the impact of COVID-19 and Japanese economy has been in extremely difficult situation.

In overseas market, Europe and the United States have been affected by COVID-19. In China, the production activity has been returning to normal level quickly and there are some signs of recovery of demands.

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 consumer electronics and general industrial has remained strong. As a result, sales revenue in the consolidated cumulative 3Q increased by 7.6% to 98,479 million yen compared to the same period of the previous fiscal year. Operating profit increased by 31.1% to 21,242 million yen, and quarterly income attributable to owners of the parent company increased by 25.1% to 14,982 million yen as compared with 3Q of the fiscal 2019.

The business results by segments are as stated below.

#### [Multi-pin connectors]

Our flagship multi-pin connectors include a variety of connector types such as circular connectors, rectangular connectors, connectors for ribbon cables, connectors for printed circuit boards, connectors used for FPCs (flexible printed circuits boards) and nylon connectors. This kind of connectors are used widely, such as for smartphones, tablet PC, communication equipment, automotive electronics, measuring and control equipment, FA equipment, and medical electronics equipment, as well as other industrial equipment. We expect that demands for this connectors will grow associated with progress of advanced information and telecommunications network society, and energy saving society considering environment in the future. Segment sales for the cumulative 3Q of the fiscal year ending March 31, 2021 increased by 8.8% to 88,121 million yen, operating profit increased by 31.1% to 20,032 million yen compared with the same period of the fiscal 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, 4K and 8K broadcasting equipment, and other electronic equipment. Optical fiber connectors and coaxial switches are also included in this segment. Segment sales for the cumulative 3Q of the fiscal 2020 decreased by 5.2% to 7,131 million yen. Operating profit increased by 52.6% to 1,117 million yen.

#### [Other products]

This segment includes micro switches and instruments for connectors. Segment sales for the cumulative third quarter of the fiscal 2020 increased by 6.0% to 3,227 million yen, operating profit decreased by 50.6% to 93 million yen compared with the previous same period.

### (2) Overview of Financial Condition

Total assets of FY2020.3Q increased by 13,849 million yen to 356,493 million yen compared to the end of the previous consolidated fiscal year because trade receivables, other receivables and other financial assets increased. Total liabilities increased by 3,622 million yen to 40,125 million yen due to the increase in trade payables and other payables. Additionally, retained earnings increased by recording quarterly profit and treasury stock was acquired, and total equity increased by 10,227 million yen to 316,368 million yen. As a result, total equity attributable to owners of the parent decreased by 0.6% to 88.7% compared to the end of the previous fiscal year.

### (3) Future Outlook

The business for consumer electronics, general industrial and automotive is expected to exceed our initial estimates, and we revise our business forecast as follows.

(Revision of business forecast of FY2020)

(Yen in millions)

	Sales revenue	Operating profit	Income before tax	Profit attributable to owners of the parent	Basic earnings per share
Forecast previously announced (A)	120,000	21,500	22,000	16,000	441.17 yen
<b>Revised forecast (B)</b>	<b>130,000</b>	<b>26,000</b>	<b>26,000</b>	<b>18,000</b>	<b>496.29 yen</b>
Change (B-A)	10,000	4,500	4,000	2,000	—
Rate of change (%)	8.3	20.9	18.2	12.5	—
(Ref.) Results for the fiscal year ended Mar 31, 2020	121,765	20,358	21,205	15,305	420.39 yen

Premise for full year exchange rate: 1US\$ = 105.46 yen, 1€ = 123.28 yen, 1 South Korean won = 0.0914 yen.

There is no revision of dividend forecast.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	50,561	50,921
Trade and other receivables	30,444	37,504
Inventories	14,512	15,560
Other financial assets	120,541	127,991
Other current assets	4,614	4,305
Total current assets	220,672	236,281
Non-current assets		
Tangible fixed assets	61,541	61,070
Right of use assets	4,478	4,298
Intangible assets	2,519	2,928
Other financial assets	50,141	48,511
Deferred tax assets	2,272	2,386
Retirement benefit assets	563	572
Other non-current assets	458	447
Total non-current assets	121,972	120,212
Total assets	342,644	356,493

(Yen in millions)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trade and other payables	16,747	19,240
Lease liabilities	728	727
Other financial liabilities	25	—
Accrued tax payables	2,964	4,059
Other current liabilities	4,377	4,113
Total current liabilities	24,841	28,139
Non-current liabilities		
Lease liabilities	3,764	3,608
Other financial debt	—	116
Retirement benefit liabilities	230	238
Deferred tax liabilities	6,573	7,281
Other non-current liabilities	1,095	743
Total non-current liabilities	11,662	11,986
Total liabilities	36,503	40,125
Equity		
Common stock	9,404	9,404
Common surplus	11,293	11,262
Retained earnings	308,343	312,277
Treasury stocks	(24,456)	(21,996)
Other components of equity	1,557	5,421
Total equity attributable to owners of the parent	306,141	316,368
Total equity	306,141	316,368
Total liabilities and equity	342,644	356,493



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

## (Quarterly Consolidated Statement of Profit or Loss)

(Yen in millions)

	For the consolidated cumulative third quarter of the year ended March 31, 2020 (From April 1, 2019 to December 31, 2019)	For the consolidated cumulative third quarter of the year ending March 31, 2021 (From April 1, 2020 to December 31, 2020)
Sales revenue	91,525	98,479
Cost of sales	52,391	56,602
Gross profit	39,134	41,877
Selling, general and administrative expenses	22,755	22,112
Other income	1,129	1,835
Other expenses	1,303	358
Operating profit	16,205	21,242
Financial income	990	839
Financial expenses	275	1,267
Profit before income taxes	16,920	20,814
Corporate income tax expenses	4,944	5,832
Quarterly income	11,976	14,982
Quarterly income attributable to:		
Owners of the parent	11,976	14,982
Quarterly Earnings per share:		
Basic (yen)	328.53	413.09
Diluted (yen)	328.52	413.07

## (Quarterly Consolidated Statement of Comprehensive Income)

(Yen in millions)

	For the consolidated cumulative third quarter of the year ended March 31, 2020 (From April 1, 2019 to December 31, 2019)	For the consolidated cumulative third quarter of the year ending March 31, 2021 (From April 1, 2020 to December 31, 2020)
Quarterly income	11,976	14,982
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,586	469
Total items that will not be reclassified to profit or loss	1,586	469
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(2,240)	3,358
Debt instruments measured at fair value through other comprehensive income	(22)	33
Total items that may be reclassified to profit or loss	(2,262)	3,391
Total other comprehensive income after tax	(676)	3,860
Total quarterly comprehensive income	11,300	18,842
Total amount of quarterly comprehensive income attributable to:		
Owners of the parent	11,300	18,842

## (3) Quarterly Consolidated Statement of Changes in Equity

(Yen in millions)

	Common Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Total equity
Balance as of April 1, 2019	9,404	11,314	303,349	(23,213)	6,476	307,330	307,330
Quarterly income			11,976			11,976	11,976
Other comprehensive income					(676)	(676)	(676)
Total of quarterly comprehensive income	—	—	11,976	—	(676)	11,300	11,300
Dividend of surplus			(8,751)			(8,751)	(8,751)
Purchase of treasury stock		(0)		(2,757)		(2,757)	(2,757)
Disposition of treasury stock		2		27		29	29
Cancellation of treasury stock		(1,487)		1,487		—	—
Transfer to retained earnings		1,473	(1,473)			—	—
Total transaction with owners	—	(12)	(10,224)	(1,243)	—	(11,479)	(11,479)
Balance as of December 31, 2019	9,404	11,302	305,101	(24,456)	5,800	307,151	307,151

	Common Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Total equity
Balance as of April 1, 2020	9,404	11,293	308,343	(24,456)	1,557	306,141	306,141
Quarterly income			14,982			14,982	14,982
Other comprehensive income					3,860	3,860	3,860
Total of quarterly comprehensive income	—	—	14,982	—	3,860	18,842	18,842
Dividend of surplus			(8,704)			(8,704)	(8,704)
Purchase of treasury stock		(0)		(5)		(5)	(5)
Disposition of treasury stock		10		84		94	94
Cancellation of treasury stock		(2,381)		2,381		—	—
Transfer to retained earnings		2,340	(2,344)		4	—	—
Total transaction with owners	—	(31)	(11,048)	2,460	4	(8,615)	(8,615)
Balance as of December 31, 2020	9,404	11,262	312,277	(21,996)	5,421	316,368	316,368

#### (4) Notes on Quarterly 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 segments are “Multi-pin connectors” and “Coaxial connectors”.

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

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

##### (2) Information of reporting segment

For the consolidated cumulative third quarter of the fiscal year ended March 31, 2020 (from April 1, 2019 to December 31, 2019)

(Yen in millions)

	Reporting segments			Others*	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Sales revenue					
Sales revenue from external customers	80,958	7,523	88,481	3,044	91,525
Total revenue	80,958	7,523	88,481	3,044	91,525
Operating profit	15,286	732	16,018	187	16,205
Financial income	—	—	—	—	990
Financial expenses	—	—	—	—	275
Quarterly income before tax	—	—	—	—	16,920

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

##### 2. Geographic information

	Japan	China	Korea	Others	Total
Sales revenue	23,674	32,512	14,130	21,209	91,525
Percentage of consolidated sales revenue (%)	25.9	35.5	15.4	23.2	100.0

For the consolidated cumulative third quarter of the fiscal year ending March 31, 2021 (from April 1, 2020 to December 31, 2020)

(Yen in millions)

	Reporting segments			Others *	Amount of condensed quarterly consolidated financial statements
	Multi-pin connectors	Coaxial connectors	Total		
Sales revenue					
Sales revenue from external customers	88,121	7,131	95,252	3,227	98,479
Total revenue	88,121	7,131	95,252	3,227	98,479
Operating profit	20,032	1,117	21,149	93	21,242
Financial income	—	—	—	—	839
Financial expenses	—	—	—	—	1,267
Quarterly income before tax	—	—	—	—	20,814

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

## 2. Geographic information

	Japan	China	Korea	Others	Total
Sales revenue	23,102	37,666	13,980	23,731	98,479
Percentage of consolidated sales revenue (%)	23.5	38.2	14.2	24.1	100.0