

# **HIROSE ELECTRIC CO., LTD.**

**Financial Results Briefing for the Fiscal Year Ended March 31 2024**

## **Q&A Summary**

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### **Q1:**

How was the result of each segment in 4Q of FY2023?

### **A1 :**

Orders for General Industrial increased comparing to 3Q. Sales in 4Q for smartphone decreased slightly compared to 3Q but sales performance was generally high throughout the year. In Consumer/Mobile market especially for wearable devices, there was a recovery trend. Sales for Automotive remained steady.

### **Q2 :**

The level of orders in FY2023 was low due to the inventory adjustment, but do you think that business for General Industrial will recover in FY2024 ? When will it recover?

### **A2:**

We see that it will recover from 2H in FY2024. And we assume that the sales in 1H will be lower than FY2023 but, it will recover in 2H and exceed the previous fiscal year. Finally, sales in FY2024 will be same level as FY2023.

### **Q3 :**

Why will sales growth ratio for Automotive be lower than FY2023 despite very high ratio in FY2023?

### **A3 :**

We see that sales growth ratio for Automotive will be 8%, including the possible impact that the market will be sluggish especially for EV and Chinese market in FY2024.

**Q4 :**

What is the factor of 13% sales growth for smartphone in FY2024 comparing to previous year?

**A4:**

Volume increase of smartphone shipment is projected to be a small, however, we are expecting to expand the market share by satisfying the customer's requirement for smaller and more precise connectors.

**Q5 :**

What is the driver for growth of Consumer/Mobile equipment business in FY2024?

**A5:**

We see that the sales for Wearable devices and PC will recover.

**Q6 :**

The overall guidance for FY2024 indicates an increase in both revenue and profit. However, the expected profit growth rate is lower compared to the revenue growth rate. I want to know the background behind this.

**A6:**

In terms of profitability for FY2024, we are seeing the impact of recent inflation leading to a deterioration in the cost of goods sold. Additionally, on the fixed cost side, we are factoring in increases in personnel expenses due to base pay raises, as well as an increase in depreciation expenses, all of which are expected to be included in the projected profit and loss statement.

**Q7 :**

In regard to the mid-term business investment through cash allocation in the mid-term plan and capital policy: what is the total amount earmarked for business investments? Additionally, in terms of shareholder returns, apart from dividends, are you also considering including buyback amounts for treasury stocks? As for the necessity of streamlining the balance sheet, do you have any thoughts?

**A7:**

Regarding cash allocation, the breakdown provided was based on the proportion of usage in operating cash flow as an illustrative image. For shareholder returns, dividends constitute the main component, while share buybacks are not included. As for improving the balance sheet, we plan to continue advancing in that direction. We will consider implementing share buybacks dynamically while monitoring metrics such as ROE and stock price.

**Q8 :**

I'd like to know the details of exploring growth drivers through new applications in the mid-term plan.

**A8:**

The new drivers are not included in the projected sales of 230 billion yen for FY2027 . We are exploring new business initiatives, including M&A and partnerships. We envision various future developments aimed at becoming a higher-quality company, and we intend to implement measures to pursue this goal.

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This document contains statements based on Hirose Electric's current forecasts. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which could cause actual results of the Company to differ from those of the Company. Please be aware of this.