

HIROSE ELECTRIC CO., LTD

Financial Results Briefing for the First Quarter of the Fiscal Year Ended March 31 2023

Q&A Summary

Q1 :

I'm concerned about the increase in inventories. How do you see the future outlook? We would also appreciate it if you could tell us whether there was any operating gain from the increase in inventory?

A1 :

Our basic policy is to operate while keeping inventories to a minimum. For a special approach to deal with the current material shortages, we are trying to secure the inventories for a limited number of items. Production increase for smartphone is one of the factors, but we believe that the effects are temporary and are resolved from Q2 onward. Operating gain does not arise from outsourced manufacturing, but we can say that there were some operating gains from the products for smartphone and consumer segment whose in-house production ratio is relatively high.

Q2 :

Could you please tell us the future outlook by industry segments?

A2 :

As for consumer, we are looking at the future trend of orders with slightly of a bearish outlook. About industrial, there is no trend that the momentum will drop.

Q3 :

Regarding the landing of Q1 results. It seems that the actual was better than the forecast. Please tell us how much positive sales and profits you gained, as well as which product application groups did better than your initial forecast.

A3 :

The drivers of the Q1 results were the industrial equipment and consumer products sectors. Automotive were closer to our forecast. For smartphones, the decline in sales in the Chinese market had an impact on the downswing in sales in Q1. The actual didn't reach our forecast.

Q4 :

Is it correct to say that the profitability of the new products in industrial segment is equal to that of the conventional products?

A4 :

We consider that the profitability is equal to the conventional products.

Q5 :

Regarding the shareholder return policy, has your approach changed in any way and if so, could you share any updates? Are there any changes in your view on share cancellation?

A5 :

Our approach including share cancellation has not been changed from the previous one.

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.