HIROSE ELECTRIC CO.,LTD.

Integrated Report

2021

HIROSE ELECTRIC CO.,LTD.

Hirose Electric Co., Ltd.

Connecting the World, Connecting the Future

Connectors are small and inconspicuous parts of electronic devices.
They might not stand out, but they are still an essential component of the device.
By performing their connecting function within electronic components and devices, they make it possible to greatly enhance the functionality and convenience of sets and applications.
We believe that we can realize a more prosperous future and connected world through Hirose's connectors.
The Hirose Group continues to propose solutions to various issues by creating "NEW" connectors that have been realized through the collective wisdom of the Group and the world at large.

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Editorial Policy

This report has been compiled to allow all stakeholders to gain a well-balanced understanding of the various aspects of the Group including not only financial information such as business performance and strategies, but also non-financial information concerning the Group's policies toward the environment, society and corporate governance. When editing this report, the Company referenced the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).
In addition to this report, the Company prepares an Annual Securities Report, and a Newsletter to Shareholders (both in Japanese only) along with various other communication tools.
Please visit the Group's website to peruse the detailed information we post there.

* Note that in this report, the terms the Hirose Electric Group, the Hirose Group, the Group, and HIROSE refer to the entire HIROSE ELECTRIC Group, while Hirose Electric is used to refer to Hirose Electric Co., Ltd. on a non-consolidated basis.

This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated version and the Japanese original, the original shall prevail.

Applicable Period

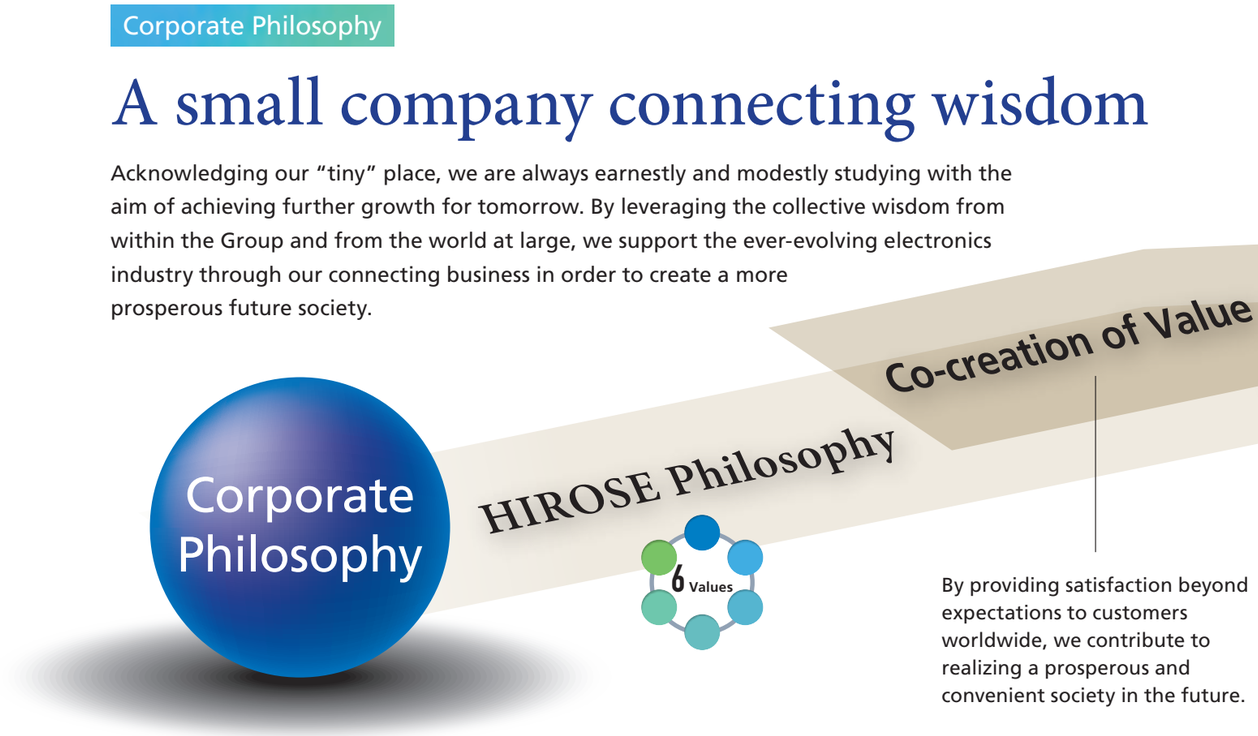
The applicable period of this report is from April 1, 2020 to March 31, 2021.
(Portions of this report contain information about activities and initiatives from April 1, 2021 onward.)

Philosophy and Raison d'Etre of the Hirose Group

Corporate Philosophy

A small company connecting wisdom

Acknowledging our "tiny" place, we are always earnestly and modestly studying with the aim of achieving further growth for tomorrow. By leveraging the collective wisdom from within the Group and from the world at large, we support the ever-evolving electronics industry through our connecting business in order to create a more prosperous future society.



By providing satisfaction beyond expectations to customers worldwide, we contribute to realizing a prosperous and convenient society in the future.



Connect all stakeholders with a common wisdom to co-create value



Customers
- Be a solution-solving partner
- Reliably provide high-value-added products, proposals and services
- Deliver satisfaction beyond expectations

Employees
- Environment where each employee can demonstrate their fullest capabilities and take on challenges while experiencing growth and fulfillment in work
- Building a workplace where employees and the Company can grow together
- Respect for diversity

Partners
- Growing together while connecting wisdom and sharing technology
- Improving corporate value through robust supply chains
- Cooperating to launch production of new products and establish mass production

Communities
- Realizing sustainable growth of Hirose and society surrounding it as a member of the society
- Addressing social issues through business activities
- Promoting eco-friendly business activities

Shareholders
- Medium- to long-term growth of corporate value
- Providing stable shareholder returns through highly profitable business and improved capital efficiency
- Ensuring business transparency through a solid corporate governance structure

Passing down the "fulcrum for reasoning" and the "fulcrum for action"

HIROSE Philosophy

The HIROSE Philosophy consists of six values that construct our vision for the future, give shape to our corporate philosophy, and lead us to action. The HIROSE Philosophy serves as a "fulcrum for reasoning" and a "fulcrum for action" for all employees and supports the management of the entire Hirose Group. Hideki Sakai, the de facto founder of Hirose Electric, built the foundations required for a manufacturer specializing in connectors, and guided the Company's growth into a global corporation. Because of the smallness of the Company, Sakai devised various schemes, collecting and connecting wisdom. It is Sakai's management philosophy that has been systematized into the HIROSE Philosophy to provide the common values for the Hirose Group. Discussions, judgments and communication are all carried out based on the HIROSE Philosophy. All employees of the Hirose Group partake in shared activities designed to practice and perpetuate these values. The HIROSE Philosophy serves as a unifying force for this age of globalization, diversification and change. It exists as a grounding "compass" for the Hirose Group to guide it toward the right path amid change.



Implementation of the corporate philosophy

Co-creation

"Co-creation" is a foundational principle for putting into practice the Hirose Group's unchanging philosophy of being a "small company connecting wisdom." Through developing new technologies and products by integrating in-house and external wisdoms, we will contribute to the realization of a more prosperous, more convenient society. The Hirose Group considers corporate value to be tied to the realization of a sustainable company and society through not only reaping benefits for our own company but also raising social value as well. Going forward, the Group aims to increase corporate value by deepening co-creation with all stakeholders.

HIROSE Philosophy —6 Values—

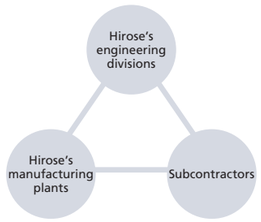


Connecting wisdom

Constantly learning from in-house and external knowledge, absorbing wisdom and generating new value through co-creation by connecting our knowledge and know-how.

"There are two types of smart people in the world:
our customers and our competitors."
In order to produce excellent original products and services, we must continue to actively seek knowledge, know-how, and wisdom from inside and outside the Company.

Hirose's Production System



HIROSE Philosophy 1

Hirose develops its core production and manufacturing technologies in-house, and works jointly with manufacturing plants and subcontractors to incorporate manufacturing expertise from outside the Company. We bring together these various wisdoms to pursue manufacturing excellence.

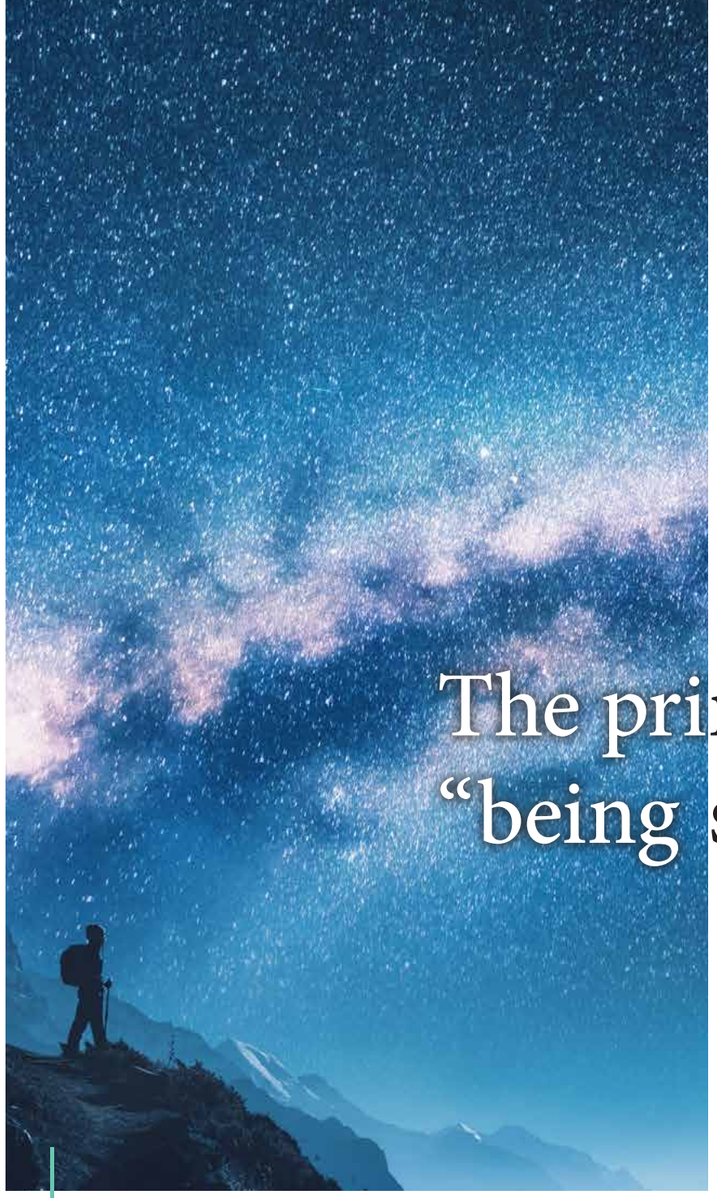
High added value

HIROSE Philosophy 2

By identifying the needs of our customers and the markets, the Group harnesses wisdom and pursues high added value recognized by our customers.

The "pursuit of high added value" is a core concept of the Hirose Group.
Earning recognition from our customers for the added value in our products will lead to high profitability.
Constantly considering how to differentiate ourselves, we dedicate our full effort to adding higher value to our work.
With high-value-added products, proposals and services, as a partner of our customers, we strive for the co-creation of value.



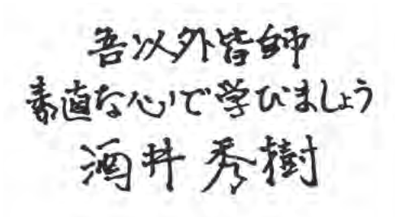


HIROSE Philosophy 3

The principle of "being small"

Recognizing our smallness, we are always earnestly and modestly studying with the spirit of getting bigger tomorrow than today, with the aim of achieving unlimited growth.

By acknowledging our "tiny" place, we are able to continue to earnestly and modestly learn from outside experts.
Moreover, as the possibilities for the future are boundless, our opportunities for growth are limitless.
Through ongoing learning, we pursue valuable and continual growth.



The de facto founder of Hirose Electric, Hideki Sakai, gave great credence to these words.
Through its constant journey of growth that has brought it from a small urban workshop to a listed company, and to further growth in the future, Hirose has been, and will continue to be, always modestly learning.
With a spirit to learn and a spirit to improve, Hirose will continue to evolve together with its employees.



Always taking the lead, pursuing the cutting edge and achieving differentiation

HIROSE Philosophy 4

By making the first step or even first half step forward to take the lead, the Group is developing new technology in the pursuit of original products.

The Hirose Group puts a high value on the development of original products.
Deeply committed to unearthing unrealized needs of customers and the markets, the Group provides high value to customers through products that lead at the forefront of the age.
As electronics products evolve, the possibilities are endless regarding the needs for connectors, and the Group is constantly called on to further push the limits.
The Hirose Group continues to promote the future advancement of society through the world's first and world's most cutting-edge products.



* New product period: By the Hirose Group's standards

New product ratio is an important management indicator for the Group.
In our new product development, we preempt our customers' needs, and the desire to take the lead and pursue the cutting edge also works as a driving force for maintaining our technological capabilities.

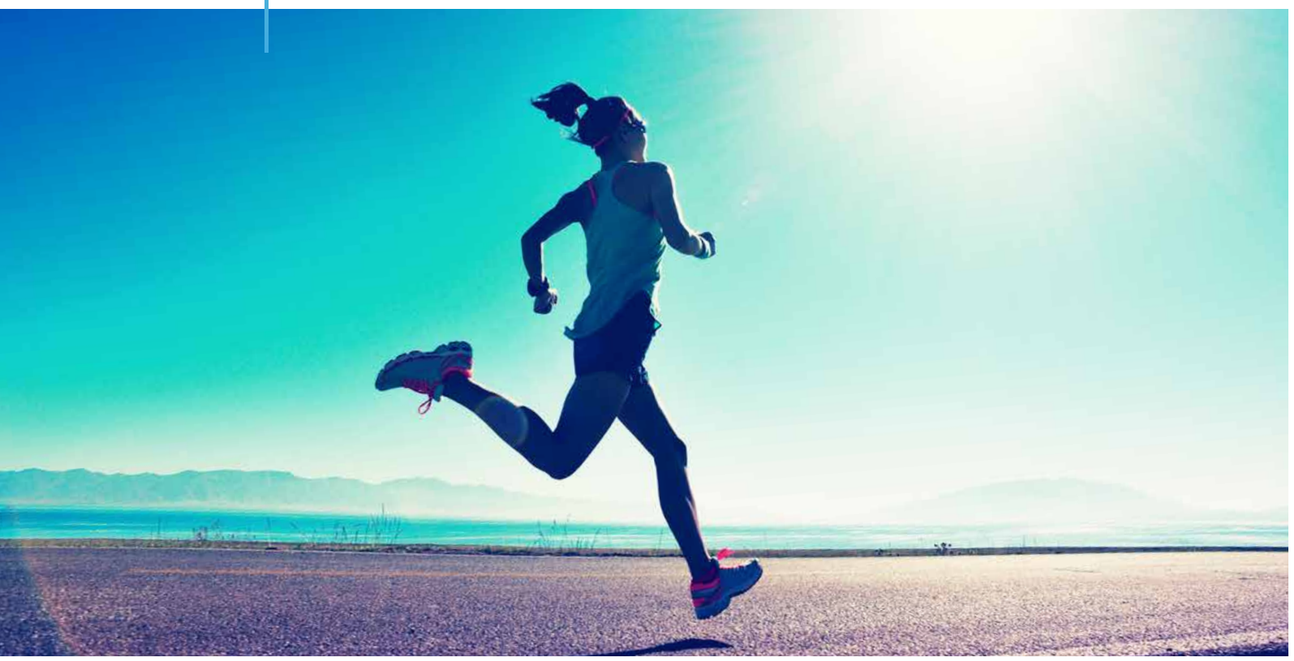
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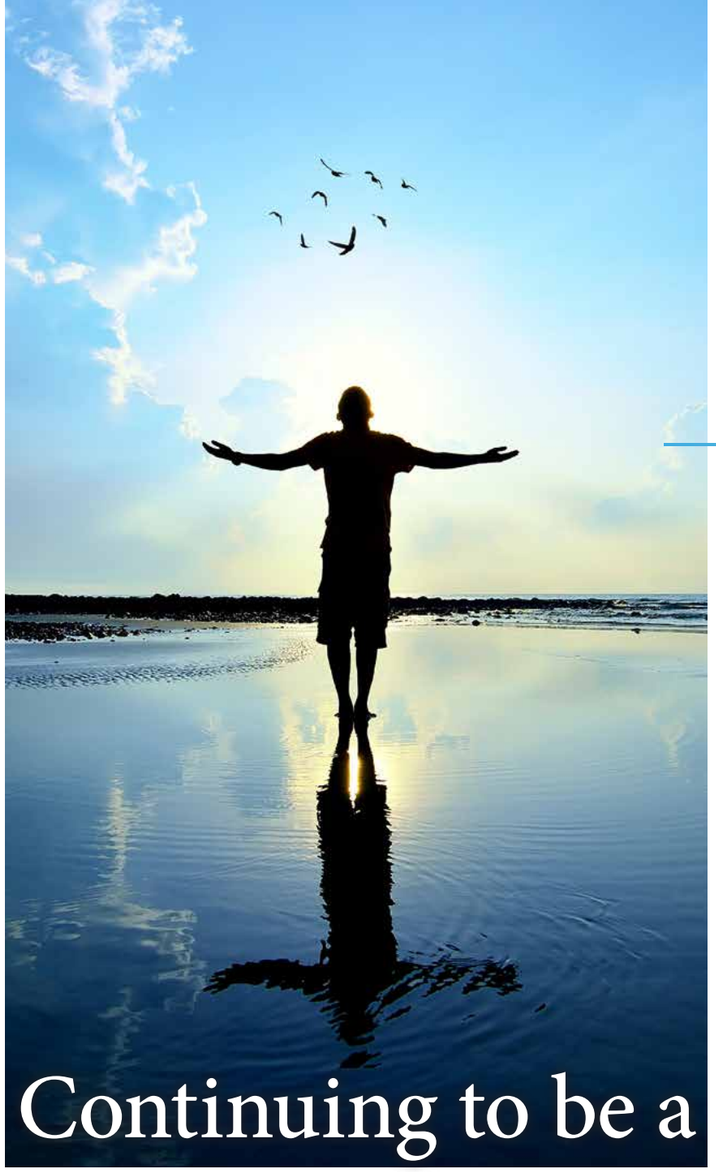
HIROSE Philosophy

A small company of smart people

Each individual attains a sense of achievement and growth through accomplishing their “own work” with a mindset of achieving maximum results.

They also attain growth and job satisfaction by improving productivity and maximizing results.
If each individual is able to treat their work as their “own,” we too can grow tremendously as a company.
We will continue as a company that expects each and every employee to display their strengths to the utmost and provides opportunities.





6

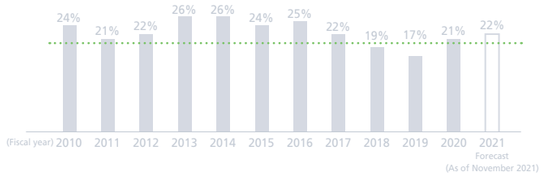
HIROSE Philosophy

Continuing to be a “high flier”

Each individual sets high goals and continues to take on new challenges with tenacity and drive. One strong sense of purpose of HIROSE is to continue to be a “high flier.”

To be a high flier is a management concept of Hirose that “a corporation must continue to soar high.” Through each individual continually taking on challenges, we earn the recognition that our products and services have added value, enabling us to achieve high profitability.
The Hirose Group has constantly taken on the challenge of achieving differentiation in its products and maintaining high profitability.
In order to maintain high profitability, we must create a corporate climate that allows challenges to be taken, which will lead to the pursuit of profits for all stakeholders.

Operating margin
20%
or more



History of the Hirose Group's Challenges

Evolving our business while responding to the expectations of society with technological capabilities

From 1937

Hirose Group's Foundation

The challenge to develop original connectors

"The source of value creation lies in new products." This idea formed the basis for our dedication to developing high-value-added original products. At the time when it was normal practice to be emulating overseas products, we were the first in Japan to be developing original products. Hirose Group's foundation can be seen as the "pursuit of the original," and we continue to carry on this spirit today.

From 1970

To become a small company connecting wisdom

Pursuing technology

"Even as a small company, we can compete in the global market if we use our ingenuity." With this in mind, we established the "Hirose's Production System," under which we outsource production and focus our company's resources on marketing and new product development. By playing our role as product engineers through connecting with the wisdom of exceptionally skilled subcontractors, we have grown our sales based on the strategies of a small company developing original products.

From 1998

The pursuit of 100% non-defective products

Further advancement through production technology

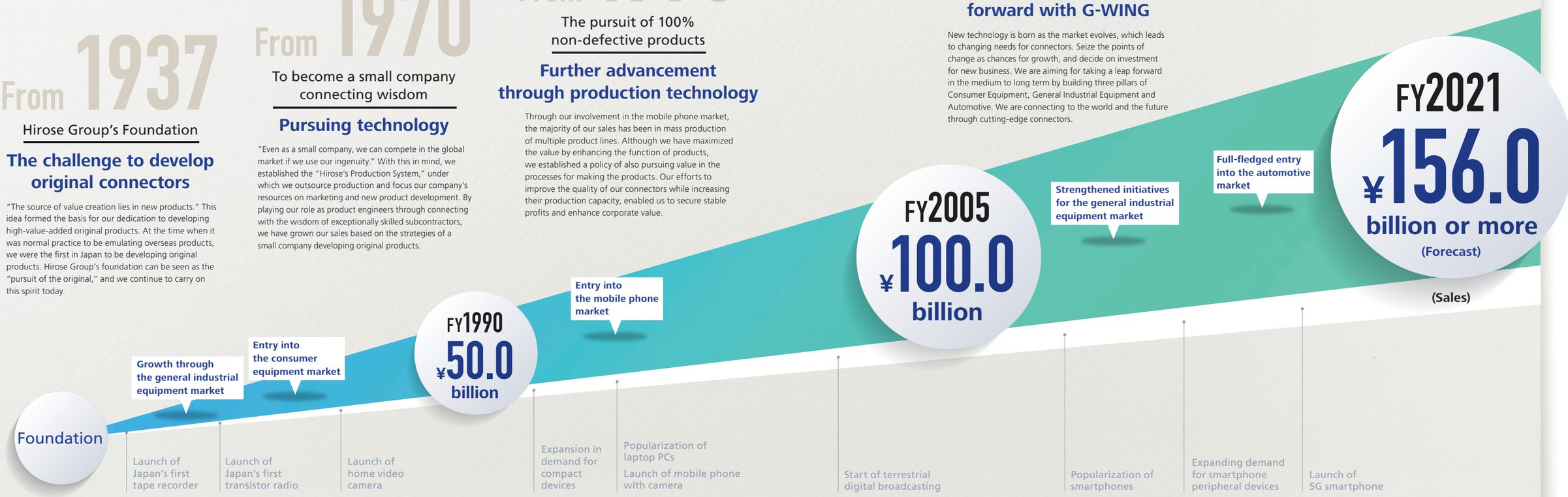
Through our involvement in the mobile phone market, the majority of our sales has been in mass production of multiple product lines. Although we have maximized the value by enhancing the function of products, we established a policy of also pursuing value in the processes for making the products. Our efforts to improve the quality of our connectors while increasing their production capacity, enabled us to secure stable profits and enhance corporate value.

From 2009

Connecting the world, connecting the future

Aiming for taking a leap forward with G-WING

New technology is born as the market evolves, which leads to changing needs for connectors. Seize the points of change as chances for growth, and decide on investment for new business. We are aiming for taking a leap forward in the medium to long term by building three pillars of Consumer Equipment, General Industrial Equipment and Automotive. We are connecting to the world and the future through cutting-edge connectors.



1962



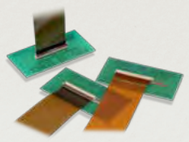
Developed Japan's first domestically manufactured connectors: Rectangular 1300 (Minicon V) series / Coaxial MSS (Mamicon) series / Circular RM (Ramicon) series. Ramicon became the international standard connector for VTR connection because it was half the size of its overseas competitors.

1977



Developed high-performance, small circular connector "HR10" Series. It was adopted in surveillance cameras of a major manufacturer, becoming the de facto standard and a best-selling product.

1994



Developed "FH12" Series, flip-lock connectors for connecting FPC/FFC. Developed and proposed a flip-lock design and improved on-site operability. This simple and reliable connection method has become an industry-standard design.

1997



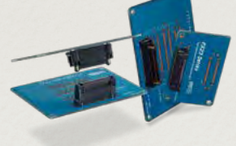
Developed lightweight micro SMT coaxial connectors U.FL series. Both miniaturization and cost reduction of the large, high-priced coaxial connector for antennas were achieved. It has been continually widely adopted as a connector for mobile phone antennas.

2005



The Micro-USB connectors "ZX" Series become widely used as an I/O connector worldwide. By unifying the various I/O connectors existing at the time, Hirose's proposal forms the basis for an international standard.

2013



Developed floating board-to-board connectors for high-speed transmission "FX23" Series. It grew into a major series among board-to-board connectors for general industrial equipment and automotive use.

2017



Developed the ix Industrial™, miniaturized Ethernet connectors for general industrial equipment that conform to IEC standards. While having a robust construction suitable for the operation environment of general industrial equipment, the size has been miniaturized.

Top Message

In an age of dramatic change, the Hirose Electric Group will grow and develop its “connecting business” towards the future through co-creation.

From fiscal 2021, the Hirose Electric Group has produced an integrated report as a new communication tool for drawing even more support from all of its stakeholders.
Through this report, the Hirose Electric Group hopes to promote even deeper understanding of its corporate philosophy, strengths, growth direction, and other aspects.
The Group aims to become a company that meets and exceeds everyone’s expectations.
Lastly, through this report, we aim to give shape to our vision for the Company as we strive to evolve and realize it.

Kazunori Ishii, President

The Unchanging Philosophy of the Hirose Group: a “Small Company Connecting Wisdom”

The Hirose Group is founded on its corporate philosophy of being a “small company connecting wisdom.” By “wisdom,” we refer to knowledge and teaching both inside and outside the Company, while “connecting“ means linking what we learn to what we know and making it our strength. By “small company,” we express our goal of being a company that can learn with an honest and humble attitude, with a view to taking a leap toward tomorrow. This philosophy encapsulates the ideas of our de facto founder, Hideki Sakai, and it is the unchanging philosophy of the Hirose Group. I joined the Company in 1982, and my strong desire to work here was also inspired by a deep empathy with this corporate philosophy. Furthermore, the Hirose Group’s most fundamental values have been simplified into six values and systematized to form what we refer to as the HIROSE Philosophy. These six values are “connecting wisdom,” “high added value,” “the principle of being small,” “always taking the lead, pursuing the cutting edge and achieving differentiation,” “a small company of smart people,” and “continuing to be a high flier.” They will underpin our approach for the future and our actions. Corporate culture is said to be more influential than any strategy, and to provide the driving power for success. The Hirose Group aims to realize a state where employees subconsciously practice this corporate philosophy and the HIROSE Philosophy, operating together with a sense of unity.

Connectors can do nothing on their own as components, it is only when they connect electronic components and devices that they have a purpose. In the same way, the Hirose Group has always created new value by connecting customers, subcontractors, different industries, and our in-house wisdom, and implementing the corporate philosophy. Looking ahead, as global-scale competition intensifies, it is clear that we are approaching a period of low growth and selection. To maintain growth in such times, I think it is important for us to return to the HIROSE Philosophy and the model of value creation based on co-creation. I would like us to share these fundamental values throughout the entire Group and move forward as “team HIROSE,” accepting our diverse differences, to develop into a company that embodies our vision, to “co-create the society of the future with the power of connection.”

It Is the Ability to Consolidate Knowledge as a Team That Drives the Growth of the Hirose Group

Looking ahead to the society and environment of the next generation, IoT is advancing, connecting all things and services. In addition, various fields are incorporating digital technology and ICT at an accelerating pace. Given this backdrop, the number of new change points for the “connecting business” of connectors and electronic components is increasing, and the marketing potential is expanding. The greatest strength of the Hirose Group is in co-creation carried out by a team. In addition, cross-field activities are our specialty and our strength. By gathering wisdom from inside and outside the Company and



New technology presents opportunities for the connector and connecting business to grow and develop.
Our mission for the global market is to observe changes and propose products that meet the needs of the next generation.

leveraging synergies across various fields, we will solve the issues facing markets and customers, meet societal needs, and in this way, I hope that we can position change as a major opportunity.

Furthermore, how will the Hirose Group win out amid increasing competition? In our business, the factor that continues to be important is “trust.” In the age to come, we expect the world to become even more turbulent, and for this reason, the foundation of “trust” upon which business is built is certain to become the key to succeeding in competition. I feel that it will be important to continue to be recognized for understanding the needs of customers and the market, drawing on our wisdom to create products and services of consistent quality in order to provide high value. Through this approach, the Hirose Group aims to achieve sustainable growth. “Trust” should also be the core offering of the Hirose Group.

Identifying Customer Needs From the 3C + 1C Perspectives With a View to Future Sustainable Growth

Given changes in lifestyles and values, future high-value-added products will be required to offer not only performance and quality, but also to address social issues and adapt to changes. Based on the Medium-Term Business Plan: G-Wing, the Hirose Group is working to establish a global corporate structure for sustainable growth and taking steps to continue being a “high-performance & high flier.” To implement this, an important role is to be played by marketing activities that are responsive to the needs identified from the “3C” (Customer, Company, Competitor) and “1C” (Co-operator) perspectives. Among these, it is “co-operator” that holds the key to a big leap forward by strengthening relationships with subcontractors and other industries. We aim to be a partner developing products that solve customers’ problems and exceed their expectations, by drawing together wisdom from inside and outside the Company, leveraging our high-level proposal capabilities as a specialist connector manufacturer.

Strengthening Our Sensitivity and Responsiveness to Realize Full-Scale Growth From Fiscal 2021 Onward

From smartphones to social infrastructure, the market is expanding, not only for connectors, but as a market where a “connecting business” can play an active role. New technologies are born every day around the world. The ability to discern the technologies that will drive the next generation is extremely important. The Hirose Group has identified “sensitivity and responsiveness” as key attributes in its management direction for fiscal 2021. Specifically, we will strengthen “technology development capabilities,” the engine that supports the Hirose Group’s competitive advantage, and respond swiftly to customers’ expectations. We must strengthen and put into practice our “manufacturing expertise“ based on on-site adaptivity, the ability to improve, and thorough implementation capabilities that we use to compete globally. Moreover, we must promote systematic human capital development and increase our organizational ability. In fiscal 2021, there have been changes in market conditions, and we are continuing to receive more orders than we had projected. We will firmly grasp this opportunity for real growth and work together as a united group to address it.

The Hirose Group is stepping up its initiatives for SDGs and ESG as it aims to achieve sustainable corporate growth. Through approaches such as downsizing, space-saving, improved operability, as well as resource-saving by product development that considers the product lifecycle, we will respond to demands for environmental consideration from customers and society. All of us at the Hirose Group will march forward to make the Hirose Electric Group a corporate group we can be even more proud of.

Value Co-creation Model of the Hirose Group

Connecting business as our customers' partners

Connecting Co-creation

Social needs (demands)

Market (customer) issues

Strengths of Hirose Group

- Technological Capabilities
- Manufacturing Expertise
- Sales and Marketing

Medium-Term Business Plan "G-WING"

High added value
- Product
- Proposal
- Service

- Customers
- Employees
- Partners
- Communities
- Shareholders

Profitable growth

Contribution to sustainable society

Realization of our vision

Enhancement of corporate value

Co-create value with all stakeholders

Corporate Philosophy

A small company connecting wisdom

HIROSE Philosophy

Unwavering philosophy

Fulcrum for action

Source for achieving the value co-creation model

- ☑ Broad customer base
- ☑ Strong relationship with stakeholders
- ☑ Spirit to develop original products
- ☑ Wide variety of products
- ☑ Knowledge as a specialist connector manufacturer
- ☑ Teamwork
- ☑ Highly profitable business model with robust financial fundamentals

Platform supporting the value co-creation model

- ☑ Environment
- ☑ Human capital
- ☑ Corporate governance

Obtaining further business opportunities and strengthening framework for supporting the value co-creation model by gaining trust from our customers, market and society

Competitive Advantages 1 Technological Capabilities

Source of technological capabilities

The value of the Hirose Group has been recognized as it has constantly provided products that take the lead, pursue the cutting edge, and achieve differentiation to customers. Hirose has achieved this through our strengths in advanced technological capabilities. Technological capabilities are a priority to Hirose. That source has remained in our philosophy since its founding: "Pursue the original." Having developed the first original connector as a Japanese company in 1962, Hirose's high-value-added original products have been recognized. Since then, engineers have passed down part of the HIROSE Philosophy of "always taking the lead, pursuing the cutting edge and achieving differentiation" as well as a mindset of constantly developing new products. We believe that the added value in our products will increase by developing new and unique products before anyone else. The motto of Hirose's engineers is to "create that which doesn't exist in the world yet." By thinking from a customer perspective and proposing products that are a step (or even half a step) ahead of others, we aim to deliver satisfaction beyond customer expectations. A company culture that pursues originality is connected with high technological capabilities that realize a 30% new product ratio.

"Hirose Technology Exhibition" - Collective creativity designing the future

The Hirose Group periodically holds technology exhibitions. At these exhibitions, the Group not only displays products, but also focuses on concept exhibitions for future needs. We exhibit products at the concept stage that give shape to future connector needs. Here, connector engineers listen to the real voices of customers and develop them into future products. Customers have highly rated these technology exhibitions that show our initiatives for the future. We have held such exhibitions since 1979, and they are the source of the Hirose Group's technological capabilities.



Downsizing Capabilities

Challenge for downsizing

As a result of pursuing the development of leading and cutting-edge products, Hirose has realized downsizing of connectors to prepare for the downsizing of telecommunication equipment. Micro-connectors used in familiar wearable devices are extremely small, yet maintain high performance and quality. Downsizing is a major theme for the Hirose Group. Each day, we strive for smaller manufacturing. Demand for small-sized and lightweight connectors has risen in various fields. There are many opportunities for the Hirose Group's small connectors to play an important role. As long as the needs for downsizing exist, we will continue to take on this challenge.



Technology that supports downsizing

Integral molding

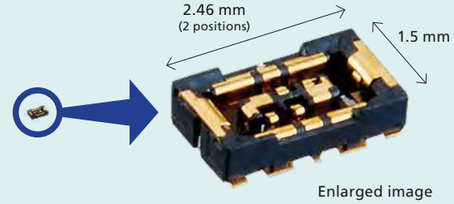
Connectors are assembled by inserting metal terminals into plastic component parts. For micro-connectors, mechanical stress is applied by inserting terminals into small cavities in the plastic component parts. Therefore, this can deteriorate the precision of the connector. Integral molding is manufactured by placing the terminals into the molding die and injecting resin into it in order to form the product. Therefore, the quality of the product is determined by the precision of the molding die. Integral molding is a highly difficult method of manufacturing. However, Hirose has steadily compiled technology and has realized manufacturing for micro-connectors with integral molding ahead of other suppliers. Integral molding is the Hirose Group's technology for realizing precision small connectors that can maintain a stable quality even with the small size.

Precision molding dies

Micro-connectors consist of extremely small plastic component parts and metal terminals. These precision parts are formed using molding dies. It is important to manufacture component parts according to the drawings with high precision molding dies. High precision is required for micro-connector molding dies. The Hirose Group continues to pursue design, development, and processing technology of precision molding dies and possesses high precision technology. We are proceeding with research and development to create even more precise molding dies, including processing of a few microns and measurement devices that measure even smaller units than microns. The Hirose Group aims to stabilize quality by precision molding dies. By further pursuing precision molding die technology, we support the evolution of downsizing in the future.

"BM29" Series, the smallest connector in the world

In 2015, Hirose developed the BM29 connector, the smallest board-to-board connector in the world. At an extremely small size of 2.46 mm in width (2 positions) and 1.5 mm in depth, the precision of this connector is on the micro level that humans cannot see. The small-sized manufacturing that the Hirose Group strove for realized this achievement of both small size and high quality. The BM29 connector is used in small devices, including wearable devices. These needs are growing.

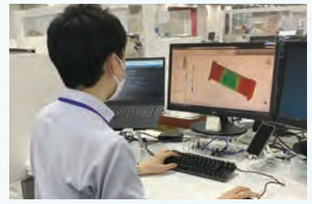


Enlarged image

Analysis/simulation technology that supports downsizing

Before manufacturing connector assembly equipment and molding dies, analysis enables us to solve underlying issues at the design stage and improve the design quality through various simulations, such as contact reliability and mechanical strength. In particular, using simulations to visualize manufacturing processes and product characteristics that cannot be seen by the human eye, such as plastic component part injection molding and temperature rise tests, is an important step in increasing the reliability of the structural designs. Small connectors are very precise components where even a difference of 0.01 mm can alter performance. By repeating analyses and fine-tuning the design, we are able to create products with high precision and quality. Analysis is an important technology that supports small connectors.

The need for the downsizing of connectors is continuing to grow. However, you cannot make a small connector available simply by making a regular connector smaller. We optimize the product design to form a structure that can maintain small size and quality through 3D model simulations. Design verification through analysis prevents backtracking in product design and realizes significant reduction in development lead time. As the product life cycle gets shorter, raising analysis precision and accelerating development speed greatly improve competitiveness.

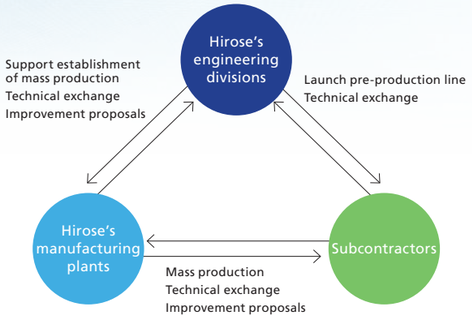


Competitive Advantages 2 Manufacturing Expertise

Co-creation manufacturing

Hirose's Production System is Hirose's unique manufacturing system in which products are designed in engineering divisions up to the production equipment and mass production is performed in the manufacturing plants and subcontractors of the Hirose Group. Since the engineering divisions and manufacturing plants work together so closely, it is possible to strengthen production capabilities that support advanced new product development. We are also performing improvement activities and efficient production by collaborating and sharing information with subcontractors that have knowledge. Feedback from mass production is given to the engineering divisions and utilized in new product development. The engineering divisions, manufacturing plants, and subcontractors link together and polish their approach to manufacturing.

Hirose's Production System



Hirose's engineering divisions
The engineering divisions do everything from product design to development of production equipment and quality assurance. By working with the manufacturing plants and sharing issues during mass production, engineering divisions aim for design that achieves simple manufacturing from the product design stage. New manufacturing know-how is amassed in the company. The engineering divisions work with the manufacturing plants and subcontractors to improve mass production.

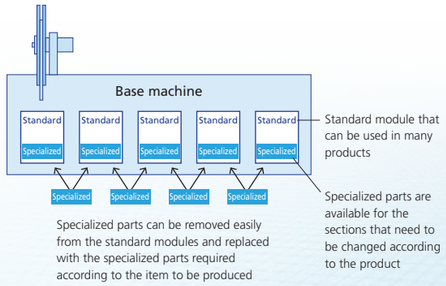
Hirose's manufacturing plants
Issues and improvements from the mass production plants are shared with the engineering divisions. Not only does each side check on the status during production, but they also accumulate examples to realize a co-existence of easier manufacturing and advanced performance while also shortening development lead time. Subcontractors also align with this framework to share insights.

Subcontractors
Mass production is performed through working with the subcontractors around our manufacturing plants in and outside Japan. Both sides improve each other's technology as subcontractors share the knowledge, technology, and know-how that Hirose lacks. By creating an opportunity to share quality and improvement examples, we are constructing a network with engineering divisions and manufacturing plants of the Hirose Group.

Modularization of production equipment

We are proceeding with the modularization of production equipment in order to shorten lead times in manufacturing. We have developed modules that can be applied as a common part even if the connector specifications are different. By splitting components that must be changed by product into specialized parts, we were able to attach and detach them with one touch. By doing this, Hirose aims to significantly reduce parts switching times for products, flexibly and quickly respond to multi-product small-lot production, and improve investment efficiency. Also, by keeping a base machine at each production base, convenience improves even if mass production is moved between plants. We are balancing optimization and universalization of production, strengthening new product development capabilities, and realizing manufacturing that fits an era that demands speed.

Image of modularization



Molding technology that realizes high quality and stable mass production systems

Molding dies are used to shape the component parts that comprise connectors. The manufacturing of connectors begins from the design of the molding dies. Connectors are extremely precise components. Even the slightest size difference makes a great impact on the quality. It is important to create components with a high degree of precision in order to improve the quality of the connector. Therefore, precision molding dies are an essential technology. The Hirose Group has divisions for the design, engineering, and manufacturing of molding dies within the company. By developing cutting-edge molding technology that supports precise connectors, we maintain quality and realize stable mass production.



Competitive Advantages 3 Sales and Marketing

Advanced marketing that takes the lead and pursues the cutting edge

All of the products of the Hirose Group are born from a development policy of "marketing and technological innovation." Hirose's marketing strategy inspects unrealized needs, forecasts set changes, and quickly proposes products with new concepts. By forecasting future needs, we are able to bring the most cutting-edge connectors for various fields into the world. Hirose possesses a strength in thinking from a customer perspective and making proposals.

Forecasting the future

The Hirose Group forecasts future products of customers, market trends, and the key electronic devices and develops connectors that respond to future needs before others. Sales staff and engineers visit customers together and search for not only current needs, but unrealized needs, in order to pursue connectors customers really want.

Forecasting newly born markets

The demand for connectors has risen with the emergence of new electronic devices from technological advancements. As such, we are focused not only on existing customers, but also strengthening marketing activities for our customers' future and startup companies. We are refining our senses to discover growth markets while staying aware of the cutting edge. We are actively forecasting new markets.

Connector consulting

Utilizing strengths and knowledge as a manufacturer specializing in connectors, the Hirose Group provides consulting proposals. The Hirose Group develops connectors in wide-ranging markets and possesses an expansive product lineup of 50,000 products. Not only do we flexibly and promptly respond to customer needs, we can also propose better solutions to customer issues based on our achievements in other markets. Utilizing our expertise, we also provide in-depth follow-up. As a connector expert, Hirose supports product development for customers.

Proposals connected to solving customers' issues

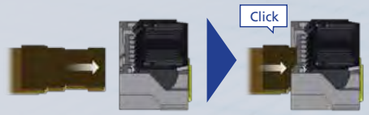
We propose products that solve the issues of our customers by utilizing the high technological capabilities of the Hirose Group. We constantly think of customers' processes, develop connectors that improve work efficiency in the assembly process and prevent mating mistakes, and improve added value of products. The sales side discovers issues and problems related to connectors and shares them with the engineering side to improve the quality of connectors. We must not only provide products, but also make proposals that address customers' future problems. We are doing this by utilizing both our high sales capabilities and technological capabilities.

One Action FH™—One Action, Simple and Easy

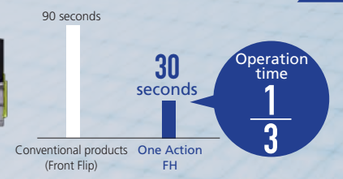
Customers' issues
One of the difficulties in assembling sets is to mate connectors by hand when connecting different components. The more the steps in a process, the higher potential for mistakes. There are also cases when the quality declines, such as if the connector breaks, if too much or little pressure is applied.

Solutions
It is possible to significantly reduce operation time and prevent damage by simply inserting, not touching a connector, when inserting an FPC. Also, the connector can be mated by robots, demonstrating a great potential for automation in the future.

Feature 1 Easy and simple connection just by inserting



Assembly time comparison*
* Time required for assembling 30 pieces



Feature 2 The connector can be mated by robots



Building Global Production Framework

The Hirose Group has established a system as a global supplier by expanding manufacturing plants overseas. Each manufacturing plant is strengthening engineering capabilities and constructing a production structure that utilizes characteristics of each plant. Our plants can guarantee high-level, stable quality while meeting customer demands for stable production and deliveries.

General Industrial Equipment



For general industrial equipment, there are many models and the production volume varies depending on the connector. We have built main factories globally suited for the optimized production method. Each factory pursues efficient production that presumes high quality.



Malaysian factory — Operating as a manufacturing plant of high-value-added products

The Malaysian factory was built in 1989 and began full operation from 1991. Celebrating its 30th anniversary this year, the factory primarily manufactures products with high added value. The “FX23” Series started production from 2014, is widely used for general industrial equipment, communication equipment, and automobiles, and has grown into a mainstay product. Also, high manufacturing technological capabilities and quality of the “IT8” and “IT9” Series have been widely acknowledged as high-speed transmission connectors. They are being used in various types of general industrial equipment.


Factory manager Ganes

Dongguan factory — Aiming for a factory with overwhelming QCD in the China region

The Dongguan factory was built in 2000. In recent years, it has shifted toward automated manufacturing to address rising labor expenses and strengthen on-site capabilities. We have strengthened on-site engineering capabilities and it has grown into a factory that can design and build production equipment locally. The China market is expected to continue to grow, so speed and flexible adaptability is demanded. We will continue to strive to further enhance the engineering capabilities of the Dongguan factory.


Factory manager Xiang

Indonesian factory — Aiming to be a core factory for manufacturing a wide variety of products

The Indonesian factory was built in 1995 and began operation in 1996, making its 25th anniversary this year. At first, it was simply an assembly factory. However, it has currently grown into a factory that can also process component parts by press working, molding, and plating. In the future, it will strengthen its quality capabilities and engineering capabilities and aim to become a core factory for manufacturing a wide variety of products for general industrial equipment.


Factory manager Chiba

Smartphone and Consumer Equipment



Many micro-connectors developed by small precision technology are used for smartphones and consumer equipment. For personal equipment, advancements have been made in making products more compact and higher performance as there have been new multi-function equipment, such as smart consumer electronics and AI consumer electronics. High quality and efficient production capabilities are in demand as we pursue high speed, high performance, and high quality.



HIROSE KOREA CO., LTD. — Expanding to the global market by strengthening speed capabilities for mass production and reliability

HIROSE KOREA CO., LTD. develops and manufactures micro-connectors for smartphones and consumer equipment as its main product. Based on an information sharing structure with the Miyako factory, it aims to build a world-class manufacturing line. It is strengthening technology development capabilities to expand sales of its pioneering and cutting-edge original products globally. It is proceeding with innovative and highly reliable product development so that not only can it address customer needs, but also propose even more advanced connectors. It will continue to strengthen adaptability with a sense of speediness and achieve medium- to long-term sustainable growth not only by improving productivity, but also by strengthening element technology.


President Lee

Automotive and Mobility



In the fields of automotive and mobility, there is a need to respond to new needs for autonomous driving and EVs. In particular, we need to work together to design, sell, and manufacture new products based on a quality assurance structure. In recent years, the level of demand for mass production sites has become higher and we have striven to improve our adaptability.



Suzhou factory — Aiming to be a main manufacturing plant for the automobile market in China

The Suzhou factory was built in 2007 and it is a relatively new manufacturing plant of the Hirose Group. In 2019 an addition was built and it began efforts to become a cutting-edge factory that utilizes IoT. The major products from the Suzhou factory are connectors for the automobile market in China. As a manufacturing plant of connectors that respond to customer needs for technical changes that correspond to the acceleration of electrification and advancements in autonomous driving, this factory strives to achieve high-level QCD, improve its engineering capabilities, and contribute to the growth of both the company and workers.


Factory manager Shiina

Feature 1

Technological Breakthroughs Through Skillful Talent

High-value-added connectors for E-Bikes made by connecting wisdom of each person

Hirose Group is founded on the concept of connecting wisdom.
Excellent products cannot be created alone.
It is only possible to deliver products customers will recognize by working together as a team of sales, engineering, and manufacturing assembling various knowledge and wisdom and forming synergies.
The hybrid waterproof connector “BH12” Series released in June 2021 is a recent example of this.



Introduction of this project



Born from responding to customer needs, the “BH12” Series captures the changes of the battery connection of E-Bikes (electrically assisted bicycles). Utilizing the many years of experience in E-Bikes, we developed a hybrid connector that achieved ultra-small size and light weight while supporting high current. We have achieved the capability to catch the needs of the expanding E-Bike market, such as improving the efficiency of wiring work through lever locks and creating high-level sealing in their assembled form. In the future, we expect these connectors to contribute to mobility robots, such as electric wheelchairs and AGVs.

Challenging development of “BH12”

1 See change as an opportunity

In recent years, the E-Bike market has sharply expanded. As various models have been announced, the method of connecting connectors has also changed. In particular, the method of connecting the drive unit has shifted from a method in which cables are taken out of the case and connected using an in-line connector to a method of connecting inside the set using a connector, which is easier to attach. Seeing this market change as an opportunity, based on the needs and information gathered by product engineers and sales staff from various customers, the Group aimed to develop a small, circular waterproof connector that supports high current and demonstrates high performance.

2 Equipment design

Because waterproof performance is needed for E-Bike connectors, it was designed with a sealing rubber O-ring in and outside the plastic component parts. Until now, inserting the sealing rubber ring inside was done manually. However, expecting mass production, we took on the challenge of developing an assembly jig to insert the sealing rubber ring inside the unit, a first for Hirose. It was not easy to insert the flexible and easily deformable rubber ring into the plastic component part without any gaps on a consistent basis using a jig. However, product engineers, equipment engineers, and factories worked together to complete the jig that recreates the same action as the manual work.

3 Molding die design

Medium-sized connectors like the BH12 Series that have a large amount of resin can easily malfunction, shrink, or become deformed because of the characteristics of the resin. Therefore, we must design precise molding dies by calculating and forecasting the degree of shrinkage. However, it was difficult to forecast the flow and shrinkage rate of the resin because this was the first time using this resin. In order to succeed in such difficult development, product engineers, die & mold engineers, development purchasing staff, and the Indonesian factory worked together, adjusted the design of molding dies while repeating prototypes, and overcame issues in design.

4 Establishment of production

Looking toward the expansion of the global E-Bike market, development purchasing staff deliberated with product engineers and the factory and decided to start production at the Indonesian factory. Since this production was started overseas, we held weekly meetings with the factory to confirm progress. They shared the intention behind the design and the background on the important parts of the design. As traveling to the site is not possible due to the COVID-19 pandemic, all parties discussed issues online, established an environment to mutually follow up in the case difficulties emerge, and proceeded with establishing production through careful communication.

5 Realize successes

Being able to realize the specifications and price that will make customers satisfied with the BH12 is thanks to the cooperation of all departments. From the beginning, sales staff and engineers discussed various market demands. Production Engineering took on the challenge of developing an automated assembly jig for mass production, and overcame the molding technology issues caused by new resin. Development purchasing staff decided to establish production at an overseas factory in order to reduce costs. This success was born of each department taking on new challenges and overcoming various difficulties while working together.

Source of co-creation

Hirose create products with an “All-Hirose” approach that includes engineering divisions, manufacturing divisions, sales, and overseas sales companies. All departments are working hard to provide better products to customers at a better price. The source of this is the teamwork born from a value of “connecting wisdom.” We will connect this asset to the future and continue to take on challenges to realize manufacturing that makes customers happy. By each employee taking on repeated challenges and connecting wisdom, the Hirose Group aims to realize development that only we can do.

Feature 1 Technological Breakthroughs Through Skillful Talent

Value of “co-creation” through cooperation that crosses departments is the driving force for success

BH12 project members

Shifts in E-Bikes towards assist units with a directly installed receptacle are a business chance for Hirose that connects to new connector needs. However, there were a mountain of issues until actually producing the product. This is an introduction of how Hirose took on challenges and how employees took efforts to develop the “BH12” Series.



Product Design — Engineering Group Industry Division — S.K

Realize the best design by concentrating knowledge from multiple angles

Because the BH12 Series had an unprecedented design, we concentrated the knowledge and know-how of other products and aimed for the best design. The Hirose Group develops connectors for a wide array of fields and specific technology for each product. From the early stages of design, we received advice from the engineers of other products and proceeded with design. In the design of the jig that would insert the sealing rubber ring inside the unit, we worked with the Ichinoseki factory, that wanted to take this one someday, and produced the design of the equipment. Pre-production tools were manufactured by the Indonesian factory. Once the general design was clear, we repeated deliberations with equipment engineers until the jig was completed. The BH12 is a product born of co-creation as many departments worked together on it.



Equipment Design — Engineering Group Equipment Engineering Department — M.A

Realize automation in fitting sealing rubber rings inside units and contribute to results

Equipment engineers support design of assembly equipment and the establishment of production. The BH12 is a product of reviewing equipment designs with the factory while including factory demands. We pursue the best equipment by collecting the opinions of those involved in product design and production. The hardest issue was automation of inserting the sealing rubber ring into the unit. This was a first attempt for Hirose, which was realized by compressing the rubber, inserting it into the plastic component part, and expanding it. This led to a significant reduction in cost and significantly impacted results. This development led to other orders to develop rubber insertion equipment on other products. We will continue to take on challenges and contribute to enhance our manufacturing expertise.



Molding die Development — Engineering Group Die & Mold Engineering Department — G.K

Struggles with molding technology issues caused by new resin overcome through teamwork

Molding dies are extremely important in creating high precision connectors. Because the development of small molding dies for cutting-edge products has been our focus, we did not have much experience with medium-sized connectors like the BH12. Furthermore, we faced many problems because we were using a resin that we had never handled before and lacked knowledge of. After molding die design, the manufactured molding die was sent to the Indonesian factory for mass production. However, the dimensions were not stable due to the changes in the resin flow depending on the materials lot. We worked together to test it many times at the factory and fine-tune the molding die. We regularly organized issues between Product Design and the factory to overcome these issues through teamwork. In the future, we will compile knowledge, experience, and data from various products to be used in molding die development.



Development Purchasing — Engineering Group Development Purchasing Department — T.F

Establish production remotely at overseas factory during COVID-19 pandemic

Development purchasing staff support the establishment of mass production to achieve smooth manufacturing. From before deciding the product concept of the BH12, the Production Group, product engineers, equipment engineers, and die & mold engineers exchanged opinions about manufacturing method and production area based on information such as manufacturing difficulty, assembly style, and suppliers. Together, we decided to produce the product at the Indonesian factory. At first, there were plans to support the establishment at the site, but this was changed to remote handling, including the trial manufacturing, due to the COVID-19 pandemic. Despite this, the facility was completed smoothly due to the close communication with the factory and the proactive response of factory members. In these efforts, we received much advice from many people in and outside the company. We will continue to connect the wisdom inside and outside the company and pursue the optimized means of production.



Sales — Sales & Marketing Group Industrial Equipment Sales Department — K.O

Resolve difficult issues by all departments working together

The work of sales is to properly understand the quality, price, and delivery that customers demand of Hirose connectors, and to move projects toward that realization while solving issues. In the case of the BH12, we could not directly visit customers due to the COVID-19 pandemic. However, we held meetings with overseas sales companies using online conferences in order to express the passion of engineers. We explain the specifications, price, and schedule logically to customers, and internally, we tell other employees about the demands of customers and that background. In order to balance many difficult demands, all departments didn’t give up, but instead came together and took on this challenge. We believe this approach will be helpful in future projects as well.

Medium-Term Business Plan

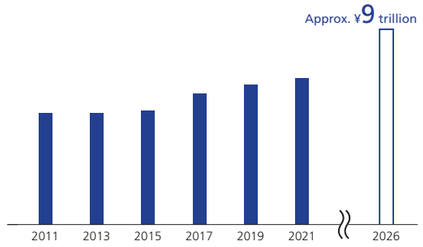
Concept of Hirose Group's Medium-Term Business Plan

The concept of the Hirose Group's Medium-Term Business Plan is that sustained growth is achieved through execution of initiatives that bring the Company closer to its vision rather than by simply focusing on numerical targets. Connectors are electronic components, not entire units on their own. Demand greatly fluctuates depending on the environment surrounding Hirose. As such, the Hirose Group does not focus on numbers, but rather aims for growth and quality by executing medium-term initiatives toward achieving its vision rather than simply seeking to scale. By updating the Medium-Term Business Plan every year, the Group can respond flexibly to the latest market conditions.

Recognize market environment

The electronic equipment market is at a major turning point. The number of new electronic devices continues to grow, from IT devices like smartphones and wearables, and smart consumer electronics to the adoption of ICT in social infrastructure, hospitals and factories. As a result, we are entering an era where all things are connected, and digitization has been accelerating with the evolution of technology, such as 5G and IoT. We expect that demand for connectors will rise as these new connections produce big opportunities for connectors.

Connector market scale (Company estimates)



Future outlook

We can create a more convenient and pleasant society through connecting more things and the developments in IoT. Connectors are needed when connecting electronic components like antennas inside for products with communication functions. We believe that connectors have a large role to play in the coming "era of connection." Seeing this change as an opportunity, the Group will contribute to downsizing and high-speed transmission to maintain a pleasant society and healthy development of industry.



Industrial

As labor shortages worsen, progress has been made in forming smart factories, such as automation of production lines and production management systems through AI, in order to increase productivity. Demand for connectors can also be expected to grow with the increase of robots and communication features.

Mobility

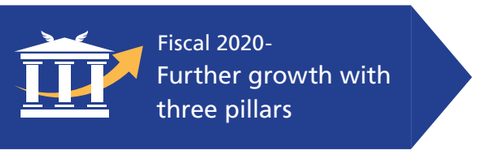
Major changes have come to mobility. A wide array of technology, including electrification and digitization, has been installed in automobiles. This is expected to significantly change our lifestyles. Corresponding to the development and expansion of mobility, the parts that are connected by connectors are also increasing.

Lifestyle

As our lifestyles change significantly, we enter an era when not only can we work from home, but also enjoy hobbies and recreation from our home networks. Electronic devices have increased in our day-to-day lives as communication functions are installed in many products and the demand for faster and higher capacity communications increases.

Medium-Term Business Plan roadmap

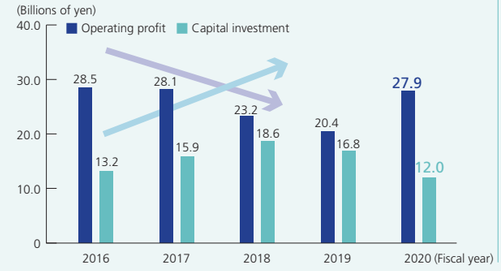




Initiative 1 Invest in automotive field

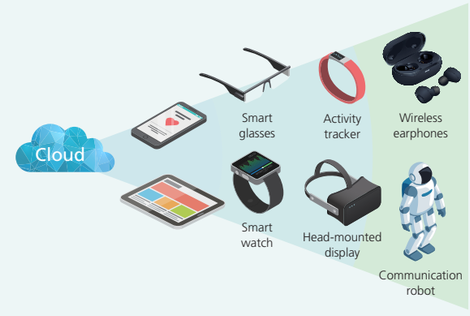
Looking toward major innovations, such as EVs and autonomous driving, the Group has proactively expanded into new product development that meets the needs of new automobile features. We have strengthened capital investment from fiscal 2016 and built a foundation for the automotive business, such as expanding testing centers and strengthening quality assurance structure to realize the plan to support continuous growth through the three pillars of consumer equipment, general industrial equipment, and automotive. This is a shift from the previous focus on the two strategic areas of consumer and general industrial equipment.

Capital investment and operating profit



Initiative 2 Expand business areas from smartphones to consumer market

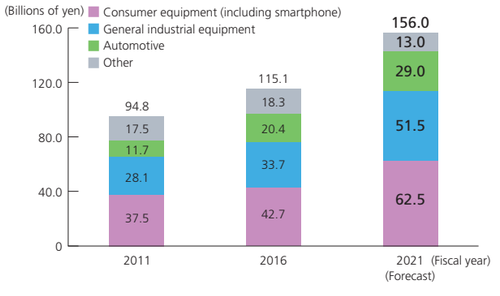
We tapped into the consumer market as a market with future growth where we can leverage our strength in small connectors and our lineup for smartphones as information terminals are becoming more diverse. Expecting that demand will rise for smaller, high capacity, high speed connectors, Hirose continued technical development. As a result, from fiscal 2019 the sales of consumer devices such as wearables and smart speakers increased significantly.



Establish three pillars

In fiscal 2011, the sales mix was unbalanced with a strong reliance on general industrial equipment and smartphones. Demand for electronic components such as connectors fluctuates significantly depending on the market. In particular, smartphones are easily impacted. In order to create a stable foundation for continuous future growth, we established three pillars of consumer equipment, general industrial equipment, and automotive through new product development that considers changes to automobiles as an opportunity as well as tapping into and expanding the consumer market. We are constructing a system that is resilient against the influence of a specific field through three steady businesses that support the Company. The Group expects growth in sales in each field in fiscal 2021.

Sales in major industry segments (as of November 2021)



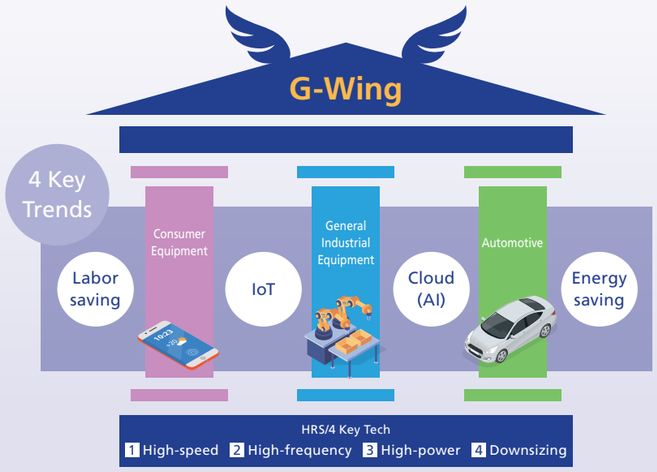
Medium-Term Business Plan roadmap



Basic policy Achieve further growth through G-Wing

G-Wing

G-Wing means to win globally by spreading our wings to the globe. In the basic policy of the Medium-Term Business Plan for future growth, the Group states a strategy of steadily supporting the Company using the three business pillars of consumer equipment, general industrial equipment, and automotive rather than focusing on a specific industry segment. Each market has their own characteristics. However, taking on business opportunities in technically advanced industry segments and strengthening the three pillars across areas will lead to future growth. The Group also considers "high-speed," "high-frequency," "high-power," and "downsizing" as the key technologies for growth.



Strengthen the foundation (Fiscal 2020-2022)

Reinforce Hirose's strengths
- Initiative 1: Strengthen new product development "Identify unrealized needs"
- Initiative 2: Strengthen manufacturing expertise "Pursue stable quality"
- Initiative 3: Develop human capital

Full growth (Fiscal 2020-)

Reinforce Hirose's strengths
- Initiative 1: Strengthen three pillars

Improve added value
- Initiative 2: Accelerate global responsiveness

Pursue satisfaction beyond customer expectations
- Initiative 3: New "co-creation"

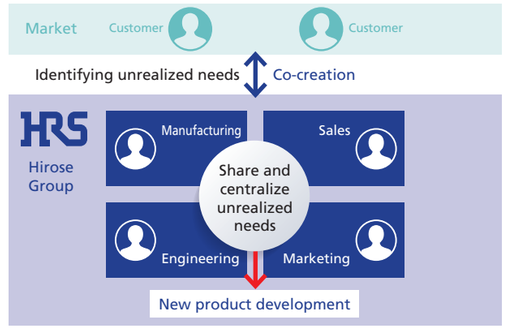
Strengthen the foundation (Fiscal 2020-2022)

Reinforce Hirose's strengths — Initiative 1

Strengthen new product development "Identify unrealized needs"

Hirose has striven to offer more added value to customers by providing leading and cutting-edge new products in developed equipment of customers. Entering an era of significant change, the importance of identifying new needs has grown even more. Engineers and sales staff in and outside of Japan are visiting customers, exploring their unrealized needs, and sharing information globally. The marketing division surveys market trends and captures new product concepts and themes. In order to explore optimization for customers, it is important to proactively make new proposals and improve added value of customer electronic devices. All employees in manufacturing, sales, and engineering are strengthening activities to identify needs as marketers.

Construct global marketing

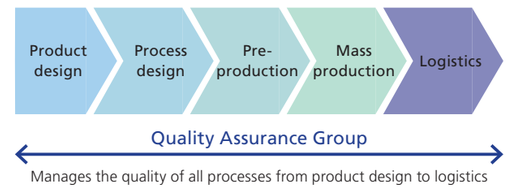


Reinforce Hirose's strengths — Initiative 2

Strengthen manufacturing expertise "Pursue stable quality"

The Hirose Group maintains a philosophy that "cost falls as quality improves." The quality division, which had been in the Production Group, became independent as the Quality Assurance Group. This Group manages the quality of all processes, not just manufacturing, from product design to logistics. It discovers quality issues beforehand, mitigates risks, and takes efforts for quality improvement. The foundation for strengthening manufacturing expertise is established by pursuing stable quality.

Quality assurance structure



Reinforce Hirose's strengths — Initiative 3

Develop human capital

As the environment surrounding the Group never stops changing, it is essential to adapt to changes in order to realize continuous global growth. The source of the connecting business lies in "people" and their groups. We take efforts to foster a company culture that feels fulfilling and review the HR system so that each employee can take on innovation in their work and generate organizational energy. We will realize "individual skill improvement" and become "a company that competes through teamwork."

Human capital strategy of Hirose Group

The Group is focusing efforts on creating the structures to develop employees, foster an organization that is satisfying, and support such initiatives in order to achieve the continuous growth of employees. We are accelerating the execution of our business strategy through growth and invigoration of employees.

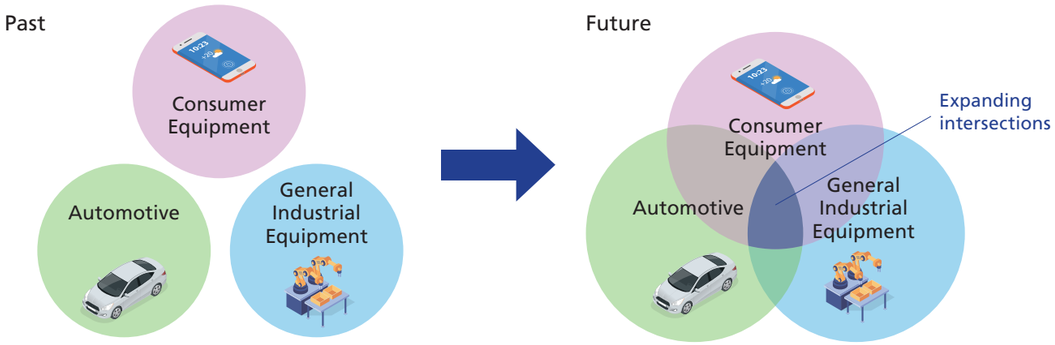


Full growth (Fiscal 2020-)

Reinforce Hirose's strengths

Initiative 1 Strengthen three pillars

We believe that the strengthening of the three pillars of consumer equipment, general industrial equipment, and automotive will lead to continuous future growth. Various products are incorporating digital technology and more and more fields are overlapping. For example, demand for small connectors is growing due to advancements to produce lighter weight automobiles. Micro-connector technology for smartphones can be utilized in automobiles. There are different characteristics to technology and manufacturing depending on the industry segment. By mastering each segment, we will be able to respond and expand to other segments in the future. We will continue to take on challenges of cutting-edge technology, regardless of the industry segment, and strengthen cross-field proposal capabilities.



Improve added value

Initiative 2 Accelerate global responsiveness

For the Hirose Group, globalization means expanding business globally by utilizing the strengths of the Hirose Group that are applicable worldwide. Many solutions demanded of connectors are shared globally. We are deploying the core strengths the Hirose Group has developed globally. Each base is further polishing these strengths and deploying them. These are then once again concentrated and deployed. Through this upward spiral structure, the Group can come together to improve itself. This approach to business is the vision of the Hirose Group. The Group considers it important to strengthen adaptability to local areas in order to satisfy customers.

Expanding the strengths of Hirose worldwide <HIROSE KOREA CO., LTD.>

In Korea, which has a vibrant consumer market, HIROSE KOREA has further enhanced the speed capabilities of the Hirose Group and maintains a strength in overwhelming speed capability. Based on this strength and a company culture that pursues originality, HIROSE KOREA supports the axis of the Group through cutting-edge product development that reflects market trends. HIROSE KOREA achieved the vision of the Hirose Group to "compete together and evolve together." While the companies are cooperating, they also continue to enhance their technology through competing with each other.



Strengthening local adaptability <Europe>

In Europe, the Hirose Group hired more local engineers and can now demonstrate its power more than before on a global scale. Many local engineers join sales when engaging with customers on a daily basis. Strengthening local adaptability and building a relationship of trust by contributing to customers is beginning to lead to new businesses. The Group is expanding these success cases to each base and developing a system to speedily and closely respond to global customer demands.



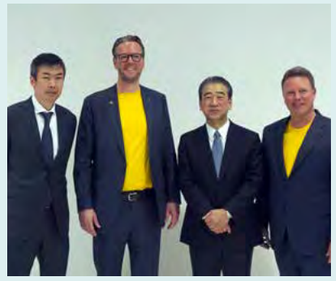
Pursue satisfaction beyond customer expectations

Initiative 3 New "co-creation"

Customer needs for comprehensive solutions are increasing. More and more, professional proposals as a connector manufacturer are being demanded. The Hirose Group prioritizes co-creation that contributes to improved earnings of customers. We are proceeding with co-creation with electronic component manufacturers and connector manufacturers in order to provide "connecting solutions" with even higher added value. By constructing strong relations with external parties through various forms, including alliances and partnerships, and connecting wisdom, the Group aims to generate new value, increase proposal capabilities, and expand the business. We constantly consider the merits of selecting the Hirose Group from the customer perspective and strengthen proposal capabilities.

Example 1 <Co-creation with connector manufacturer>

The Hirose Group participated in the joint development of the ix Industrial™ with the German connector manufacturer HARTING Technology Group. As improvements to efficiency of production plants proceed through the use of ICT technology, there are more communication lines connected through Ethernet. The IX Series has a sturdy structure fitting the general industrial equipment usage environment while also cutting space by around 75% compared to previous products. It also supports high-speed transmission and greatly contributes to the advancement of equipment and implementation of smart technology in manufacturing plants. Utilizing not only its technology, but also the customer base in Europe of HARTING, we provide more convenient connectors to many customers.



Example 2 <Co-creation of new products with new customers>

At first, the EF2 Series was developed to replace the terminal block inside the distribution boards. We worked with a construction company to explore new usages. Finding a use for this product in the joint portion connecting main lines, this new connecting solution has been recognized as exceeding electronic components. This spring terminal block can connect cables to electronic equipment by just inserting without using screws. This realizes a significant cut in man-hours at construction sites. We also participate in activities toward the standardization of screw-less terminal blocks. With just this one new option, all of the issues related to fire prevention, safety of electronic equipment, work quality, and work times could be resolved.



Business Strategy by Industry Segment

1 General Industrial Equipment

General Industrial Equipment



Overview

The general industrial equipment market is a wide market that includes FA equipment used in factories, medical equipment, and communication infrastructure. In the general industrial equipment market, there is much equipment that is used for a long time, such as manufacturing equipment and inspection equipment. Connectors need to be able to be easily attached and removed and sturdy against vibrations. The connectors for general industrial equipment of the Hirose Group are sufficiently sturdy and easy to use while also pursuing downsizing.

Major uses

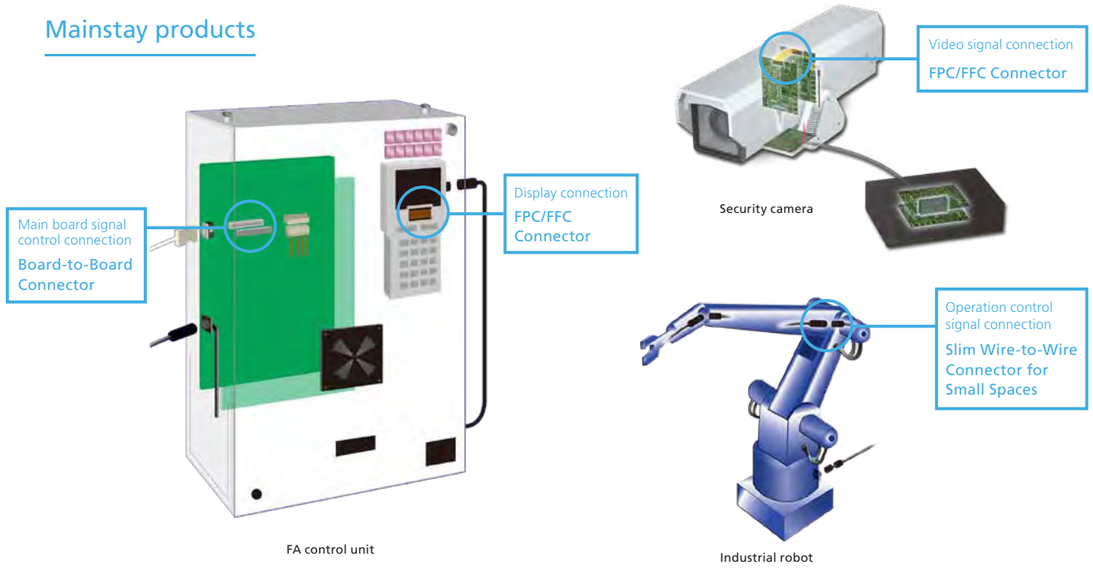
FA equipment, control equipment, medical equipment, communication servers, etc.

Market needs
- Downsizing
- Enhance speed
- Enhance capacity

Opportunities
- Increased demand for robots through labor shortage
- Enhance speed and capacity of communication infrastructure
- Improve efficiency of manufacturing sites utilizing ICT technology, such as Industry 4.0, etc.
- Enhance performance of medical equipment

Strengths that can be utilized
- Respond to all general industrial equipment with rich series lineup
- Downsizing technology developed through micro-connectors
- Support long-term supply optimized for general industrial equipment
- Multiple high-quality products that have continued to be chosen by customers for a long time

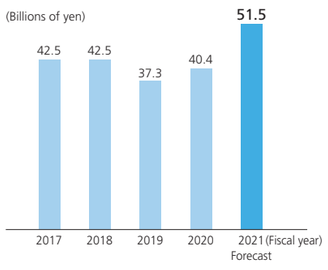
Mainstay products



Results trends and outlook

In fiscal 2020, sales for general industrial equipment showed a significant increase of 8% compared with fiscal 2019. At first, sales were trending roughly even year-over-year, primarily those related to domestic FA equipment. However, from the second half of fiscal 2020, sales in Japan increased significantly as primarily sales and orders for domestic FA manufacturers and distributors increased. Production of set manufacturers has also increased. We assume orders are accumulating not only for the materials needed to increase production, but also for inventories that look toward the future. While there are some concerns about a future pullback, current performance is on track to exceed fiscal 2020 levels. The Group is also forecasting stable growth in fiscal 2021.

Sales (as of November 2021)



Future risks and response

Connectors for general industrial equipment are used for a wide array of electronic devices and there are many types of connectors. Therefore, production for general industrial equipment tends to be many type, small lot, which takes a long time to recover the investment. Therefore, the Group is making progress in the modularization of manufacturing. Manufacturing is split into the base machine and modules that can be freely attached when components need to be changed depending on the product. The Group aims to quickly switch production, optimize production, and improve investment efficiency. For general industrial equipment, many items have long product lifespans so the business is stable. In the future, production sites and lifestyle will change due to IoT, AI, and the digital revolution. We are focusing on expanding the industrial network on these points of change. The Group is reorganizing the internal structure for each industry segment. Manufacturing, sales, and engineering of general industrial equipment come together for activities to improve production efficiency and tap into new markets.

Topic Future of expanding general industrial equipment market

The scope of the general industrial equipment market is very wide. Various electronic devices, including industrial robots, household robots, and drones are categorized as general industrial equipment. As applications of connectors vary depending on the electronic device, we provide various types of connectors for the general industrial equipment market. In fiscal 2020, the sales of general industrial equipment consist of around 80% of products among all connector models which were sold in fiscal 2020. While the demand for FA-related products remained strong as sales of long-selling products rose, new products that respond to new needs also saw steady growth. New needs continue to grow in the general industrial equipment market. For example, there are needs corresponding with the expansion of the DX (digital transformation). More and more daily tasks are being done electronically, including automatic payment at convenience stores, e-tickets for events, electronic tags, facial recognition, etc. Everyone feels the rising needs for touchless services to combat infectious disease. Automation of tasks has also increased due to labor shortages. At factories and warehouses, logistics robots are already playing a big role. We expect that electronic devices that contribute to solving these social issues will continue to increase in the future. Through connectors, Hirose believes that we can support these trends. Hirose's strengths lie in our wide product variation and development track record in many fields. We aim to develop new products that respond to customers' new needs and deploy them worldwide.



2 Smartphone and Consumer Equipment

Smartphone and Consumer Equipment



Overview

Many connectors that are small-sized, high-performance, and high-density are used for smartphones and consumer equipment. In this market, models change quickly and the development span for connectors is short. Responding to the changes quickly is the key to success in this field. By developing cutting-edge products that pursued small-size, low profile, and high-density ahead of other suppliers, Hirose connectors have been adopted by customers across the globe, in particular in the smartphone market. We are developing and proposing new products backed by unique technology to suit a market that changes daily.

Major uses

Smartphones, PCs, tablets, AI speakers, wearables (watches, earphones), etc.

Market needs

- Improve space-saving
- High capacity
- High-speed communication

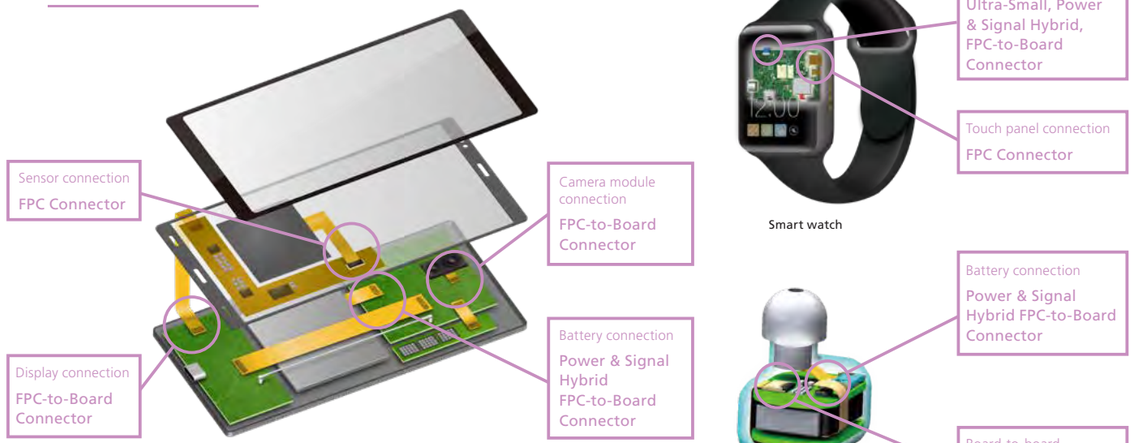
Opportunities

- Further improvements to performance of smartphones (evolve along with 5G)
- Expansion of small devices, such as wearables, through the spread of IoT
- Appearance of new consumer devices
- Pursuit of real-time performance for various items to be connected to the Internet and expansion of data transmission capacity

Strengths that can be utilized

- Downsizing/high-density technology developed through smartphones
- Reliability of Hirose micro-connectors gained through smartphones
- Global top share in micro-connector field
- Cooperation with HIROSE KOREA
- High-speed transmission technology

Mainstay products



Smartphone

Smart watch

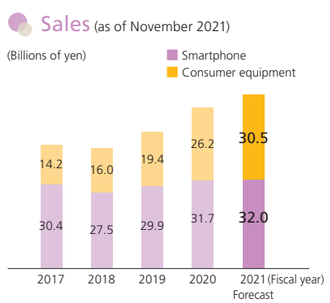
Wireless earphones

Results trends and outlook

In fiscal 2020, sales for smartphones trended higher in the second and third quarters due to seasonal reasons same as the previous years. Needs rose for cutting-edge connectors as smartphone performance increased, including the release of new models supporting 5G. Yearly sales rose 6% compared with fiscal 2019. The Group forecasts that fiscal 2021 sales will be mostly unchanged with a 1% year-over-year increase.

In fiscal 2020, sales for consumer equipment increased significantly at 36% higher than the level of fiscal 2019 as demand for PCs and tablets continued to be strong due to the increase in remote work demand. Demand also grew for wearable devices such as wireless earphones and smart watches. Fiscal 2021 sales are expected to grow to an even higher level.

Sales (as of November 2021)



Future risks and response

In recent years, it is said that the smartphone market is reaching a state of maturity. It is possible that the growth of connectors will slow due to this. However, Hirose views the smartphone business as one part of the consumer market. We are horizontally deploying the micro-connectors with high technological capabilities and quality developed through smartphones into the consumer market. As new, small wearable devices continue to appear, there will be growing IT digital needs. The need for small connectors is strong and Hirose's technology can be very competitive. Cutting-edge features are installed on cutting-edge smartphones. We have to pursue cutting-edge technology to develop the connectors for such devices. This technology can be used in other fields as well. Although small connectors have already achieved a size of just a few millimeters, we will further enhance small-sized manufacturing technology and respond to demands for even smaller connectors.

Topic Aiming to be the world's No. 1 manufacturer of micro-connectors

New micro-connectors for the smartphone and consumer market are developed with HIROSE KOREA. HIROSE KOREA has the R&D structure, including the production equipment development and mass production structures for molding dies and processing equipment. It has high-level technology for cutting-edge micro-connectors. Group companies of Hirose will work together to strengthen development capabilities and manufacturing expertise to develop products that respond to needs for leading and cutting-edge technology. Every month, the companies hold a meeting to exchange information about marketing, development, and manufacturing, as well as discuss the way forward for micro-connector development.

Trainees are dispatched from HIROSE KOREA to Japan, where they learn design skills through their training. After returning, they play a central role in the development of cutting-edge original products in HIROSE KOREA. Not only young employees, but also mid-career administrative employees are sent as part of this proactive exchange.

A strength of HIROSE KOREA is its speed to adapting. It has the ability to respond to customer needs, from development to mass production, in a short span. By working together, we reinforce each other's strengths and achieve greater customer satisfaction.

By taking further efforts to learn and grow together within the Group, we will continue to take on the challenge of becoming the world's No. 1 manufacturer of micro-connectors.





Business Strategy by Industry Segment 3

Automotive and Mobility

Automotive and Mobility



Overview

In order to secure safety and security of connectors for the automotive field, we are maintaining a high level of resistance to vibration and resistance to heat through the adoption of a proprietary structure and high-performance materials. By repeating rigorous verification and testing internally, we provide products that customers can use with peace of mind. We are also using simulations, such as analysis technology, from the design stage, and putting effort in reducing the product development lead time. Electrification of automobiles is proceeding with the spread of autonomous driving and electric vehicles. As such, the role played by on-board electronic components, including connectors, is growing more important.

Major uses

Automobiles (infotainment, autonomous driving, power train-related equipment)

Market needs

- High reliability
- Downsizing
- Lower weight
- High-speed transmission
- High frequency
- High current

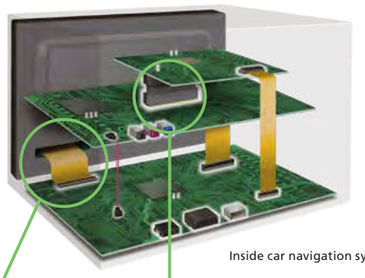
Opportunities

- Enhanced electrification and high performance of automobiles corresponding with spread of electric vehicles, connected cars, and autonomous driving technology, said to be once a century changes

Strengths that can be utilized

- Downsizing technology developed in consumer market
- Analysis simulation technology
- Rich delivery track record
- Guarantee quality through the Group's proprietary evaluation standards

Mainstay products



Inside car navigation system

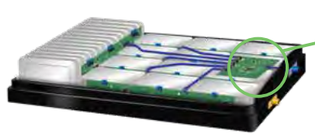
Display connection
FPC/FFC Connector

Main board signal control connection
Board-to-Board Connector



Inverter

Motor control connection
Board-to-Board, Board-to-Wire Connectors



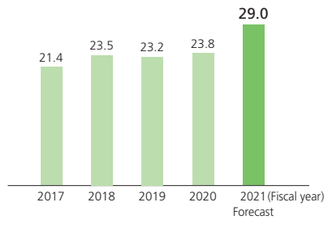
Battery pack

BMS connection
Board-to-Wire Connector

Results trends and outlook

In fiscal 2020, sales for automotive exceeded those in fiscal 2019 as performance recovered from the second quarter and the number of electric vehicles increased, despite the significant decrease due to reduced production of automobile manufacturers in the first quarter. Sales in the segment comprised 18% of total Group sales. For fiscal 2021, the Group forecasts 22% growth compared to fiscal 2020 as the number of electric vehicles continues to increase, despite the impact of semiconductor shortages across the entire automotive industry.

Sales (as of November 2021)



Future risks and response

In the future, while wiring inside vehicles will become integrated and simplified, there will be an increase in sensors and computers installed related to electronic components and autonomous driving, such as inverters and converters related to the electrification of the drive system. As a result of this trend, there will be fewer connectors connected to main harnesses, which have been used widely in the past, and instead, more connectors for electric connections, which have never existed before. Hirose maintains a high share of connections in the areas of antennas and infotainment. The Group forecasts that demand in these areas will also grow. We will provide products with new concepts by collecting Hirose's technological capabilities as a comprehensive connector manufacturer in order to respond to changes such as electrification and autonomous driving. Also, we are taking efforts to pursue higher quality through renovations to the Ichinoseki Testing Center and enhancement to the Hirose Electric Head Office test room.

Topic Pursuing quality and safety in connectors

Connectors for automotive and general industrial equipment segments must be resistant to heat and vibration because they are used in harsh environments. Also, the lifetime travel distance and operational years of automobiles are trending up. In order for automobiles and machines to operate safely for a long term, reliable quality is required to prevent malfunctions in connectors, regardless of the situation. The Group enhanced connector testing facilities in order to pursue quality for such needs. The testing center at ICHINOSEKI HIROSE ELECTRIC conducts various tests and acquired certification for the international certification system ISO/IEC 17025 in 2004 for test centers/proofing institutions, the first for a specialist connector manufacturer in Japan. This certification verifies that the test center has the ability to generate accurate measurement results. If certified, the test data at the test center can be used globally. Performing tests internally that used to be outsourced has significantly reduced test periods. In 2018, the EMC laboratory at Hirose Electric Headquarters also acquired this certification. In the future, the Group will expand the certification scope and aim for improved quality of its testing and proofing functions. In the same year, the new wing of the Ichinoseki Testing Center began operation. The Group is not only enhancing testing facilities and technology, but also the reliability of test data. We pursue product performance, quality, and safety through accurate and speedy testing. We will contribute to the realization of a safer and more pleasant mobility society through high-quality automotive connectors.



Anechoic chamber of EMC laboratory at Hirose Electric Headquarters

Feature 2

New Fields

Expansion of automotive demand and Hirose Group's new pillar



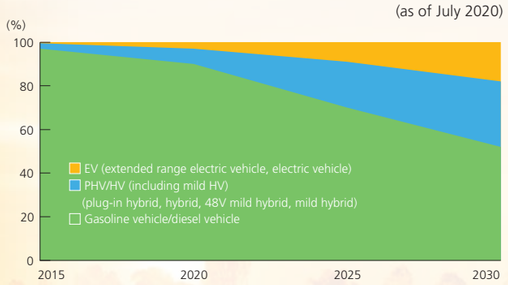
The automotive industry is in a period of revolution said to come once a century. Through the spread of new technology such as connected technology and autonomous driving, the number of electronic devices installed in vehicles is expected to increase. As a result, the needs for connectors will change significantly. The Hirose Group proactively introduces products that balance high reliability and performance and takes on new opportunities.

Trends of automotive market

The automotive industry, which is facing various changes, is experiencing a swift shift toward electric vehicles, an especially large change. As consumers become more aware of the environment, new energy vehicles, including EVs, are seeing rapid adoption. This trend is expected to accelerate in the future. Related electric battery manufacturers are also growing significantly.

Forecast of new energy vehicle composition ratio

(as of July 2020)



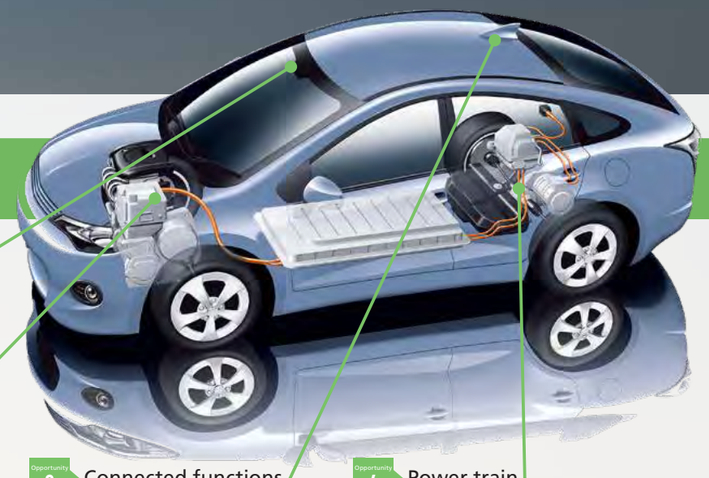
Connector demand in automotive market and value Hirose Group can provide

Demand

Although automobile drive systems are becoming more electrified, batteries installed for driving motors are heavy and expensive. Therefore, various electronic components need to be small and lightweight in order to improve fuel efficiency and reduce power costs.

Value of Hirose Group

Hirose can provide value to a changing automotive market in three areas: 1) strengths in making small products, 2) high reliability, and 3) know-how in other industry segments. We propose new products that make use of our strengths and address new market needs in order to take advantage of these opportunities.



Opportunity 1 **Camera/radar/LiDAR**

In addition to cameras and millimeter wave radars that are already popular, sensing devices such as LiDAR (laser sensor) are also being installed into vehicles in order to realize even more advanced autonomous driving.

Opportunity 2 **Infotainment**

Automotive infotainment products, such as car navigation and audio systems, continue to evolve while new devices, such as HUD (head-up display), are added.

Opportunity 3 **Connected functions**

Vehicles are more convenient and pleasant if they are "connected cars." Communication antennas become even more important devices as functions are added to connect to new networks such as 5G.

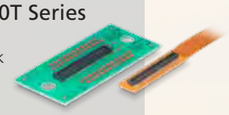
Opportunity 4 **Power train**

By switching from the internal combustion engine to the electric motor, many connectors are needed inside the power train. Extremely high quality is required in harsh environments, such as those with high temperatures and intense vibrations.

Opportunity 1 Camera/radar/LiDAR

Sensing devices used in autonomous driving include cameras, millimeter wave radar, and LiDAR. In order to realize advanced autonomous driving, these devices must be controlled together through a high-performance computer on-board. Many of Hirose's small connectors are adopted into these devices and are expected to see strong growth. Hirose develops and proposes automotive grade connectors using precision connector technology developed in the consumer market.

FPC-to-board connector DF40T Series



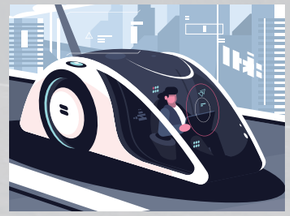
Based on the DF40 Series, which had a track record of rich core numbers and variations for the consumer equipment, these small connectors for automotive include specifications needed in automobiles, including heat resistance, etc. This product has a low profile at 1.5 mm, provides heat resistance up to 125°C, and combines both small size and high reliability.

Opportunity 2 Infotainment

Many connectors have been installed in infotainment devices, including car navigation and audio systems. In the future, in-vehicle spaces are going to become more pleasant through the adoption of large high-definition displays. Corresponding with this trend, there are increasing needs for connectors, including small size. Hirose responds to such expectations with a diverse lineup of products.

For a pleasant and exciting automobile

If high-level autonomous driving is achieved, the driver no longer needs to focus on driving. It is expected that the inside space of the vehicle will gain more importance. Automobiles will not simply be a means of transportation. Demand will grow for automobiles that have infotainment functions, such as high performance displays, personal audio systems, and AI robots. It is expected that the connector market will expand as this trend takes root.

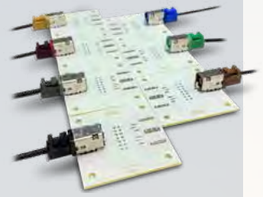


Feature 2 New Fields

Opportunity 3 Connected functions

In-vehicle antennas have been used for radios, telephones, and GNSS. RF coaxial cable connectors are used for those connections. As 5G communications have spread, antennas for 5G have also begun being installed in automobiles in recent years. Also, a popularization of the technology called V2X that connects automobiles to other automobiles, automobiles and transportation infrastructure, automobiles and people, and automobiles and networks is expected. By connecting with a network, convenient services can be used, such as OTA (Over the Air), which updates the vehicle software online. Connected technology also plays an extremely big role such as in creating a safe driving environment. Hirose maintains a large share of antenna connections and contributes to the advancement of technology by releasing products that address market trends.

Small antenna coaxial connector GT43 Series



In addition to traditional antenna connections, this next-generation coaxial connector maintains strengths in downsizing and easy assembly while also strengthening noise resistance for video transmission.
This product fulfills requirements of a harsh on-board environment that includes heat and vibration and maintains strength with a sturdy structure. Its small-sized and space-saving design also helps improve customer design freedom.

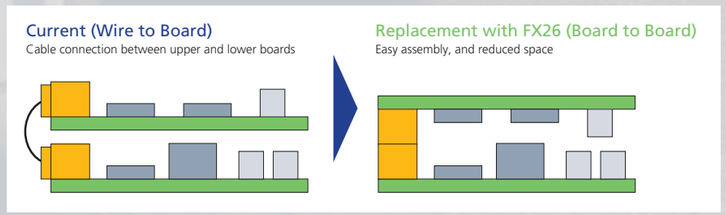
Opportunity 4 Power train

EVs are beginning to spread rapidly as countries adopt policies corresponding with rising environmental concerns. Unlike engine vehicles that use gasoline or diesel for fuel, electric vehicles use electricity as the driving force for operating the motor. As such, there are various devices installed in vehicles, including the battery that stores the electricity and the inverter that controls the motor. Power supply and signals for these devices are connected by connectors. The spread of electric vehicles is directly linked to increased demand for connectors. In the future, it is expected that "electricity expense" competition will heat up among electric vehicles. This would require further downsizing and lightweight improvements for connectors. On the other hand, these devices face harsh vibration and heat. High quality is demanded since they are directly linked with the basic function of vehicles, such as driving, turning, and stopping.

FX26 Series board-to-board connector with vibration resistant/floating structure

The FX26 Series is a high spec connector with 140°C heat resistance that was developed with the aim of providing specifications for usage in the engine room. When the FX26 connects boards, they can easily be connected simply by mating the connector, improving work efficiency and saving space. Its vibration resistant design also absorbs vibrations even in power train connections near the drive system where vibration is common. These functions have been highly recognized.





CES INNOVATION AWARDS 2020 HONOREE

The 16th JPCA Show Award

The future of automotive demands

As electric vehicles become increasingly common and functions such as crash prevention and autonomous driving are enhanced and continue to evolve, it is expected that the automobile society will undergo massive changes. Next-generation automobiles are also expected to play a role in decarbonization, a major recent environmental issue. We would now like to introduce initiatives of the Hirose Group to support the automotive business and respond to new medium- to long-term needs corresponding to the future expansion of the automotive market.



Interview



Shu Obara
Division General Manager,
Automotive Division,
Engineering Group

The Automotive Division takes efforts based on its business vision of becoming a global supplier that provides high added value and reliability in terms of "environment," "safety," and "comfort" through the adoption of electronics in automobiles. In the Medium-Term Business Plan, the Group aimed for the automotive field, as one of the three pillars, to comprise 30% of sales. The Group positions this business as a growth business that will drive the Hirose Group.

In the business environment of the automotive business, progress in EVs is accelerating swiftly, despite regional disparities, as carbon neutrality international initiatives are increasing. Efforts to achieve autonomous driving have also been advancing rapidly from a technical standpoint since it was first introduced. We are aware that we must establish a sustainable business structure based on environmental response and supply structure as an automotive market supplier.

From two to three years ago, our engineers stood on the front line and we promoted efforts to respond to these movements. These efforts are slowly paying off. In the future, we will further strengthen these initiatives and develop capabilities to respond to dramatic changes to the business environment and meet customer needs.

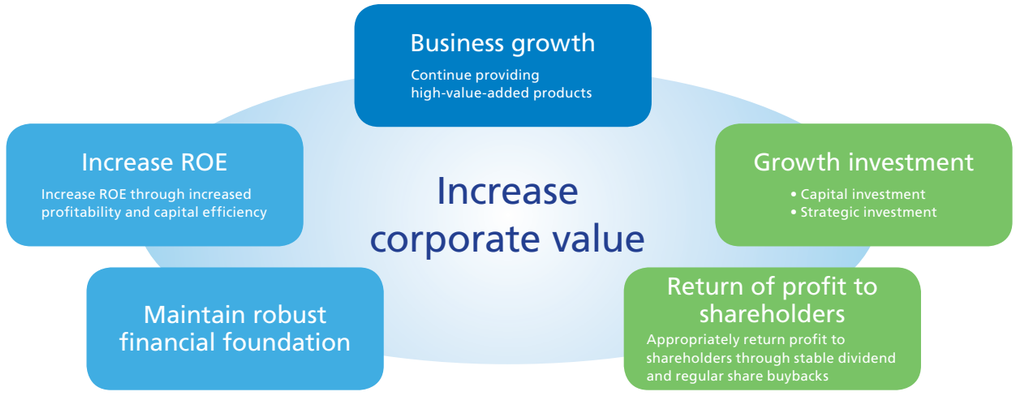
Meanwhile, as a shared foundation to support these activities, we are also taking efforts to improve quality by strengthening manufacturing expertise, including SCM, and analysis capabilities from prior simulations to correlation with measurement results. In particular, with regard to manufacturing expertise, we will further strengthen and accelerate our efforts centered on the new factory of KORIYAMA HIROSE ELECTRIC, which is planned to be completed in fiscal 2023.

The automotive industry is fully facing a once a century transformation. It is expected that everything from business models and industry structure to elemental technology will undergo dramatic change. We will undergo various initiatives to see this major transformation as an opportunity for further growth, aim for an automotive business that strengthens and grows continuously, and promote activities.

Capital Policy

The robust financial foundation of the Hirose Group is one of the sources of our value co-creation model and supports new product development and stable management. By utilizing capital while balancing proactive investment in future growth and sufficient return of surplus to shareholders, as well as maintaining financial health, the Group improves medium- to long-term corporate value and pursues a return of profits to stakeholders.

Basic thoughts toward capital policy



Initiatives to improve corporate value

1 Initiatives to strengthen profitability

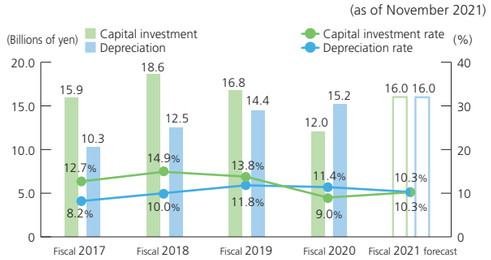
- Improving business profitability presumes increasing sales through marketing efforts. In addition, the Group is engaged in efforts to further strengthen the design, manufacturing, and sales structure, including continuous cost reduction measures and support mass production by strengthening manufacturing and new product development that meets customer needs.
- The Group realizes high profitability by providing high-value-added products that differentiate us from other companies.
- The Group is striving to improve corporate value while sufficiently proceeding with investments for future growth by improving profitability.

2 Growth investment

- The Group aims for growth corresponding with future business expansion and conducts proactive capital investment.
- In order to enhance profitability, it is important to continue to produce new products with high added value that suit market needs. The Group is also proactively making strategic growth investments, such as marketing exploration activities, new product development, and the acquisition of new technology.

Capital investment and depreciation

(as of November 2021)



3 Strengthening return of profit to shareholders

Dividend

Hirose Electric has maintained a stable dividend along with continuous growth. Furthermore, the Company is increasing dividends according to a change of the basic policy setting payout ratio at 50%.

Basic policy:

Payout ratio of 50% between fiscal 2021 and 2024
Fiscal 2021 interim dividend: 160 yen (fiscal 2020: 120 yen)
Fiscal 2021 annual dividend forecast: 320 yen (fiscal 2020: 240 yen)

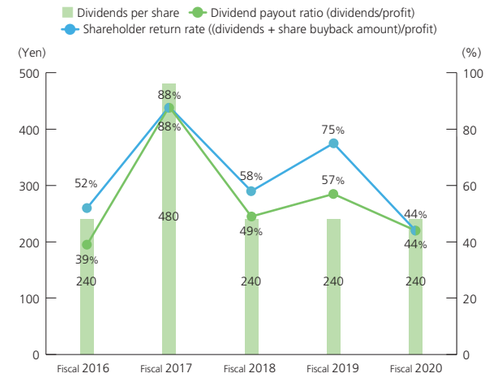
(as of November 2021)

Acquisition of treasury shares

Between fiscal 2021 and 2024, the Company will acquire treasury shares equal to up to 40 billion yen. Treasury shares that exceed 5% of total issued shares will be regularly disposed of.

* Acquired 940,000 shares of treasury shares on May 28, 2021

Yearly dividend trends

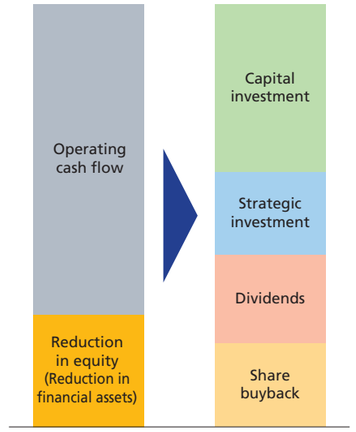


4 Capital cost and ROE

The Group aims to achieve a continuous 8% ROE in the medium term by increasing awareness of balance sheet management, increasing the free cash flow generation, and balancing business profitability and growth. Also, the Group will strive to enhance ROE further in the future. The shareholder capital cost of the Company is calculated as around 6% as of the end of March 2020. The target of 8% ROE is considered a management indicator that should be the minimum achieved to respond to shareholder expectations.

5 Financial health and capital efficiency

Uses of operating cash flow



The Group aims to stabilize management through healthy finances, balance growth investments and returning profit to shareholders, and improve capital efficiency.

- Equity ratio as of March 31, 2021 was 88% regarding financial health and capital efficiency. This is a comfort when considering investments for the future and risk management. The Group will continue further improvements to capital efficiency and will proceed with a reduction in equity in the medium term.
- The Group aims for improvements to capital efficiency by reducing financial assets through promotion of growth investments for continuous growth and strengthening of the policy for return of profit to shareholders.
- The Group considers improving capital efficiency, returning profit to shareholders, and operating the capital policy while considering financial health will lead to improved shareholder profits.

Hirose Group's Sustainability Initiatives

Sustainability Basic Policy

Based on a corporate philosophy of being a "small company connecting wisdom," as a specialist connector manufacturer that connects products using amassed human wisdom, the Hirose Group believes that the attach/detach function of the connectors itself can contribute to the reduction of environmental impact. By providing high-quality connectors, the Group aims to contribute to a sustainable society and achieve continuous growth.

- Contribute to the realization of a prosperous society with products customers enjoy through forward-looking development that responds to changes in the times and market.
- Comply with laws and regulations of countries and regions, international rules, and internal rules while faithfully operating in accordance with social codes and corporate ethics.
- Recognize the importance of global environment protection and promote corporate activities that consider conservation of biodiversity and environmental protection.

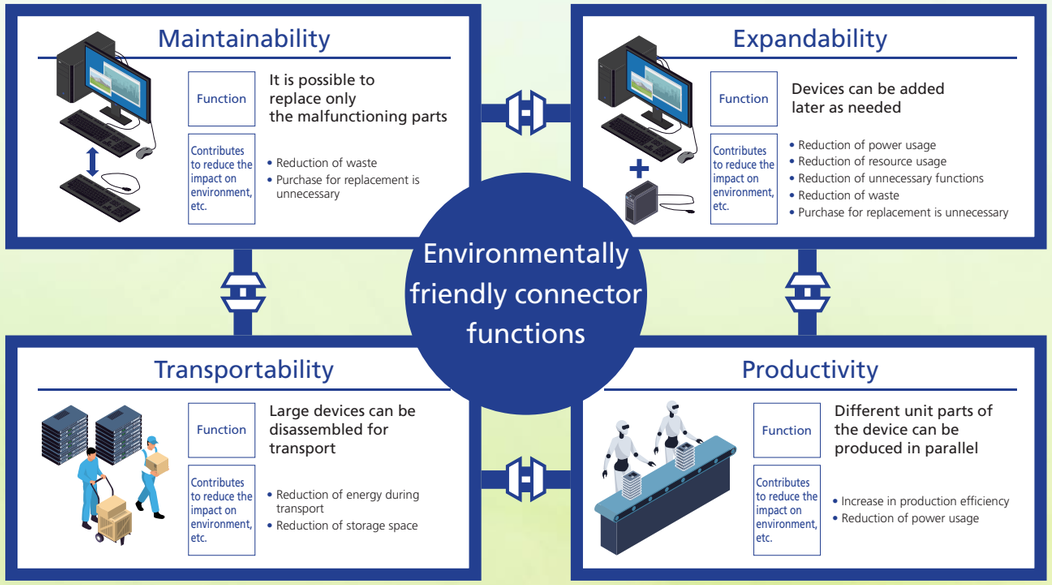
SUSTAINABLE DEVELOPMENT GOALS



We support sustainable development goals (SDGs).

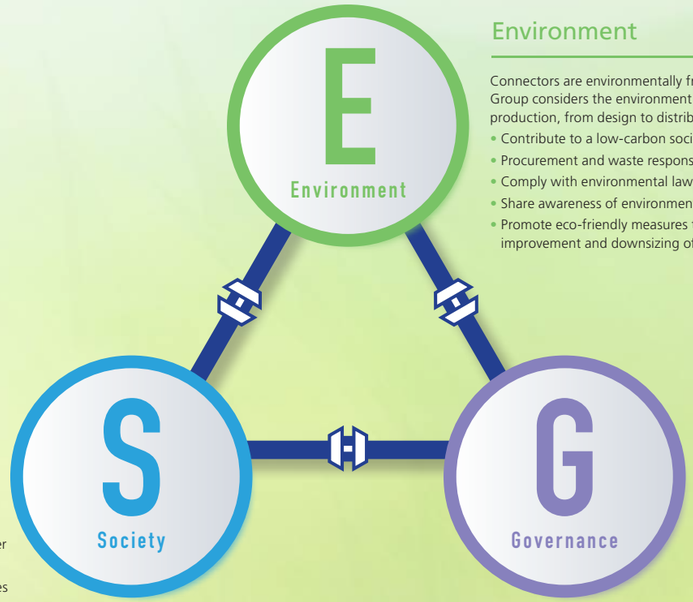
Pursuit of performance

The role of connectors is not just to "connect," but also be "detached simply." By simply connecting and detaching electronic components, our connectors contribute to improved convenience, energy saving, resource saving, and waste reduction for customers and users. They can be called electronic components that help realize a sustainable society. The Group aims to further contribute to society by improving the quality and performance of products.



Promotion of sustainability management

Aiming at the realization of a vision to "co-create the society of the future with the power of connection" as stated by Hirose, the Group must not only achieve profit growth, but also contribute to the resolution of various issues in a global society. The Group will promote sustainability management, improve medium- to long-term corporate value, and achieve sustainable growth through the strengthening of initiatives and the setting of targets linked to SDGs.



Environment

Connectors are environmentally friendly products. The Group considers the environment in each stage of their production, from design to distribution.

- Contribute to a low-carbon society
- Procurement and waste responsibility as manufacturer
- Comply with environmental laws and regulations
- Share awareness of environment
- Promote eco-friendly measures through quality improvement and downsizing of connectors

Society

The Group respects human rights, seeks the mutual understanding of diverse values and cultures, realizes a workplace where employees can work energetically, and pursues happiness and growth of employees.

- Develop diverse human capital
- Work-life balance
- Maximize abilities as organization where each person can express power
- Respect human rights
- Secure safety and health of employees

Governance

The Group strengthens governance for the maintenance and improvement of long-term competitiveness as well as achievement of sustainable growth. The Group performs honest and responsible corporate activities through a sturdy governance structure and risk management.

- Strengthen and enhance corporate governance
- Risk management
- Compliance



Environment

Environmental goals of Hirose Group

- "Contribute to realization of a decarbonized society, environmental protection, and conservation of biodiversity through sales of connectors"
- "Reduce waste and operate efficiently"

Basic environmental policy

1. We will ensure that we understand the conditions surrounding the Group, the needs of our stakeholders, and the impact of the Group's activities and products on the environment. Based on these findings, we will identify what we must do to protect the environment, ensure that we meet our conformance obligations, and determine the risks and opportunities associated with undertaking such activities. We will promote environmental protection and prevention of pollution by planning and implementing our activities accordingly.
2. We will comply with environment-related laws, regulations, ordinances, and external requirements that we subscribe to.
3. We will promote the following activities as priorities in our business activities.
   - Design, production, and marketing of products that are environmentally friendly
   - Promotion of energy conservation through effective utilization of resources, streamlining of operations and reduction of waste
   - Promotion of reduction of industrial waste such as metal chips and waste plastic, and promotion of recycling and reuse through segregation
4. We will provide in-company training on preservation of the environment and conservation of biodiversity, and raise the awareness of, support, and ask for cooperation from our business partners and clients.
5. We will continuously improve our environment management system in order to enhance the results that our environmental preservation activities will deliver.

Environmental priorities

1 Comply with regulations

2 Raise awareness

3 Improve processes

1 Comply with environmental laws and regulations



The Hirose Group is strengthening its quality control by responding rapidly to revisions of laws governing chemicals contained in products and the resulting changes in customer requirements, both of which are becoming increasingly stringent, year on year. During product design, we select eco-friendly component parts and materials that comply with our Green Procurement Guideline. At every important stage in the development process, we ascertain that the product concerned both satisfies customer requirements and complies with relevant laws and regulations.

We started to bring our activities into line with the RoHS directive*1 in 2005. We completed the changes to main products in 2006, before the laws and regulations were enacted. On June 4, 2015, a revised directive with four prohibited substances added was promulgated, and we completed the build of a preparation and warranty system for substitute products by July 2018, which was one year before the enactment of the law.

Ever since a list of substances of high concern (SVHC) associated with the REACH regulation*2 was first released in November 2008, we have been meeting the compliance requirements for substances on the list, which is updated frequently, and publicly disclosing information regarding chemicals used in our products, in response to customer requests.

*1 RoHS directive: This was promulgated on February 13, 2003 and enforced on July 1, 2006 in the European Union (EU). This directive restricts the use of ten specified toxic substances in electric and electronic products: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB), polybrominated diphenyl ether (PBDE), and four kinds of phthalate esters (DEHP, BBP, DBP, DIBP).

*2 REACH regulation: Regulation concerning registration, evaluation, authorization and restriction of chemicals, promulgated on December 30, 2006 and enforced on June 12, 2007 in the European Union (EU). This regulation prohibits selling products that contain unregistered chemicals within the European Union. It also includes regulations governing the conduct of producers and importers, and the supplier's obligation to make relevant information public.

2 Raise awareness and think about the environment as entire Hirose Group

Status of acquiring ISO14001 certification

ICHINOSEKI HIROSE ELECTRIC acquired ISO14001 certification in 1999. The certification was extended to cover KORIYAMA HIROSE ELECTRIC and TOHOKU HIROSE ELECTRIC in 2000. In 2002, Hirose Electric and three domestic factories acquired an integrated certification. This demonstrates our commitment to environmental protection as the entire Group. We completed migration to the revised standard (ISO14001:2015) in 2016.

All of our overseas factories have acquired ISO14001 certification.

1999	ICHINOSEKI HIROSE ELECTRIC CO., LTD.
2000	KORIYAMA HIROSE ELECTRIC CO., LTD. TOHOKU HIROSE ELECTRIC CO., LTD.
2002	Hirose Electric (including three domestic factories) Expanded scope of certification and converted to an integrated certification.
2004	Malaysian factory Indonesian factory China Dongguan factory
2008	HIROSE KOREA CO., LTD.
2009	China Suzhou factory

Environmental education



The Hirose Group provides environmental education for all staff so that every employee understands the importance of environmental protection activities, and has a clear understanding of their responsibilities when engaging in these activities. Also, necessary competence at each base of operations is decided, and training is planned and carried out to acquire those capacities. In addition, we provide specialized education for those personnel who are involved in any work that could potentially cause an emergency or a significant environmental impact. Moreover, we raise awareness among employees of the importance of biodiversity by providing e-learning on the subject and exchanging information about biodiversity.

In this e-learning database, we share the biodiversity pledge, introduce activities of each employee, and share information about biodiversity. The Photography Club, as one of our club activities, carries out activities to spread information about biodiversity by taking pictures of beautiful nature scenes as well as aspects of living things. The Scuba Diving Club offers an opportunity to think about biodiversity through experiencing the beautiful ecosystem of the sea.

E Environment

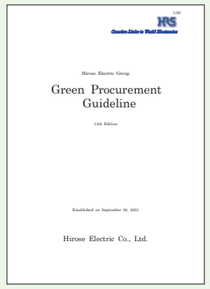
3 Reduction of environmental impact in business processes

The Hirose Group is engaged in activities to reduce the environmental impact in all business processes, from material procurement to delivering products to customers. We recognize the Hirose Group's responsibility as a manufacturer to start from the product design stage and end with the disposal from the end user. We are engaging in environmentally friendly business activities by selecting materials with minimal environmental impact as well as reducing waste material and energy usage through quality improvements, reducing of waste, and work efficiency enhancements.

Material procurement

Green Procurement Guideline

As part of its activities to preserve the environment and protect biodiversity, the Group has formulated the Hirose Electric Group Green Procurement Guideline in order to preferentially procure component parts, materials and raw materials that have a low impact on the environment, taking the lifecycle of each product into consideration. We are promoting the procurement of materials and supplies that do not include harmful substances.



Co-creation with suppliers

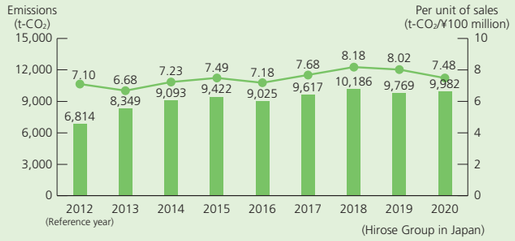
We build a strong partnership with suppliers to be able to work toward environmental conservation across the entire supply chain. We have distributed our Green Procurement Guideline to our suppliers and asked them to establish their own environment management systems, comply with laws and regulations, reinforce quality control of chemicals contained in products, and submit information about such chemicals. As needed, we visit companies and make regular checks on their compliance status. We also confirm the evidence about the environment that suppliers provide and take efforts to improve response levels.

Development and production

Management and targets of CO_2 emissions

The majority of the CO_2 emitted from the Group is indirect CO_2 emissions through electricity consumption. Each day, we are engaged in activities to raise awareness to achieve our medium- to long-term CO_2 reduction targets. We also control energy consumption and CO_2 emissions at our overseas sites and subcontractors, both within Japan and overseas.

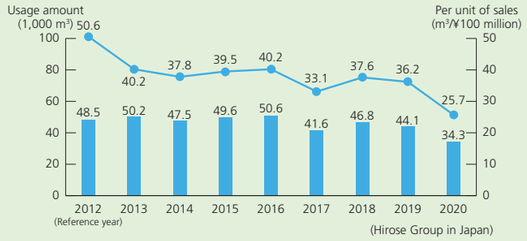
CO_2 emissions



Reduce water consumption

The Group is striving for production that maintains an awareness of water resources. In the plating lines of connector manufacturing, there is a water-washing process where the chemicals are flushed. A lot of water is used in the process. ICHINOSEKI HIROSE ELECTRIC has striven to reduce the water used in manufacturing by managing the washing water based on the line and operational status and recycling some of the water used in the plating process.

Water consumption



Shift to natural energy

As one initiative for reducing energy consumption, we are shifting toward natural energy. We have installed solar power generation equipment at TOHOKU HIROSE ELECTRIC and ICHINOSEKI HIROSE ELECTRIC. HIROSE KOREA has also proceeded with installing solar power generation equipment as part of our efforts to save energy globally.





Transportation

Measures to reduce greenhouse gas emissions from transportation

- Use returnable boxes for packaging material when shipping products.
- Locally procure trays that are used in overseas factories.
- Improve distribution routes.
- Change shuttle trucks between Hirose plants from 2-ton trucks to lightweight trucks.
- Replace conventional cars used at factories with hybrid cars and electric vehicles.

Improve export packaging material

We changed the design of packaging material to reduce consumption when exporting products. In the past, we placed products in boxes and put cushioning materials between them. However, many Hirose connectors are small and many shipments are small lot. Therefore, this caused wasteful space. We reviewed the design of the box, placed a fold in the middle, and improved it to make it easier to fold up. By folding boxes, it becomes possible to minimize the space inside the box. By reducing the transportation volume, we can contribute to the reduction of CO_2 while transporting. We were also able to reduce the consumption of cushioning materials.

Environmental targets (Reference year: Fiscal 2012, per unit of sales)

Item	Targets for fiscal 2020	Achievement for fiscal 2020	Initiatives toward reduction
Energy consumption	Reference year: Fiscal 2012 (Per unit of sales: 158 GJ/¥100 million) **Improved by 7.73% or more**	**Reduced by 8.28%** (Per unit of sales: 145 GJ/¥100 million)	Raise awareness and execute efforts to save electricity, such as turning off lights on a daily basis. Install solar power generation equipment and LED for lighting.
CO_2 emissions	Reference year: Fiscal 2012 (Per unit of sales: 7.10 t-CO_2/¥100 million) **Improved by 7.73% or more**	**Increased by 5.25%** (Per unit of sales: 7.48 t-CO_2/¥100 million)	Activities to reduce energy consumption. Reduce across supply chain, including reviewing logistics routes.
Water consumption	Reference year: Fiscal 2012 (Per unit of sales: 50.6 m³/¥100 million) **Improved by 7.73% or more**	**Reduced by 49.23%** (Per unit of sales: 25.7 m³/¥100 million)	Save everyday water usage. Manage water usage in plating line, and recycle the water used in plating line.
Paper consumption	Reference year: Fiscal 2012 (Per unit of sales: 0.038 t/¥100 million) **Improved by 7.73% or more**	**Reduced by 61.60%** (Per unit of sales: 0.015 t/¥100 million)	Education on printing rules, reduction of paper material distribution through digitalization, and digitalization of receipts and internal documents.
Amount of specially controlled industrial waste	Reference year: Fiscal 2012 (Per unit of sales: 0.50 t/¥100 million) **Improved by 7.73% or more**	**Reduced by 51.48%** (Per unit of sales: 0.24 t/¥100 million)	Reduce emissions by neutralizing acid and alkaline wastes.
Amount of general industrial waste	Reference year: Fiscal 2012 (Per unit of sales: 0.72 t/¥100 million) **Improved by 7.73% or more**	**Reduced by 39.94%** (Per unit of sales: 0.43 t/¥100 million)	Display and educate on trash separation, sell some as recycled goods and valuables, and utilize resources.

Mission as connector manufacturer

Connectors are in various electronic devices and are related to the daily lives of people across the world. Hirose Group will come together to take on the conservation of the global environment. We believe that this is our responsibility as we produce products that can go out into the world. We set environmental targets linked to SDGs and are taking on environmental and social issues. In fiscal 2021, we established an internal project to set targets and systematize efforts for future carbon neutrality. In terms of future sales growth, we aim to clearly and effectively execute PDCA for the environment management system and aim for the large target of carbon neutrality by 2050. We will further recognize our responsibility as a manufacturer and take efforts for environmental consideration across the supply chain in order for connector manufacturing and Hirose brand connectors themselves to contribute to resolving environmental issues.



S Society

Basic thoughts toward human capital strategy

The Hirose Group positions “growth and invigoration of people” as the key to corporate sustainable growth. We continue to aim to be a company that evolves by “taking on challenges” and “actively working as hard as possible.” Connecting the wisdom of each employee and pursuing originality are the source of our competitiveness and the pillar that supports the Hirose Group. In order to continue to produce innovation in a business environment with significant changes, we must maximize the skills of our diverse and excellent human capital and create an organization that supports employee innovation. Understanding that employee happiness and growth are essential for the medium- to long-term growth and increase in corporate value of the Hirose Group, we aim to become a company where employees can actively work.

Co-creation with employees

Corporate Philosophy

A small company connecting wisdom

Vision

Employees and the company continue to take on challenges and grow together

Even in periods of intense global competition and change, we aim to remain an “evolving” company where employees can actively work hard, and achieve high performance and be a high flier.



Co-creation with employees

The Group is focused on building the structure for the growth and invigoration of people and the organization to realize our goal, “employees and the company continue to take on challenges and grow together.” The Group will strengthen three activities: the training system that supports the growth of employees and the organization, creating a workplace that is fulfilling, and creating a system to work flexibly at diverse life stages. Sharing the common values at the base of the Hirose Group, we will realize the happiness and growth of employees.

Protection of human rights

We consider the protection of human rights to be at the foundation of global sustainable growth. At each stage of our corporate activities, the Group respects basic human rights and individual human rights, and declares a prohibition of discrimination and unethical treatment. The Group enacted the Basic Policy on Labor Management that established a code of conduct and is taking efforts to raise awareness of this code through training and improve employee awareness of human rights issues. We share the HRS Group Code of Conduct with the supply chain and are seeking its compliance.

E S G

Human capital vision of Hirose Group

1. Persons who connect wisdom in and outside company and produce new value
2. Persons who focus on teamwork and maximize the effects of organization
3. Persons who constantly learn with an earnest and humble attitude and continue to grow
4. Persons who take on challenges and set high targets with a sense of personal responsibility and speed
5. Persons who have strong thoughts and will to realize high profits, and have creativity and a sense of innovation and improvement

Perspective of developing human capital

Selection	**Securing human capital** • Secure human capital with talents, passion, and skills • New graduate hiring • Global hiring • Diverse human capital hiring
Training	**Human capital training/development** • Systematic improvement of skills through enhanced training system
Retention	**Invigorate organization/improve employee satisfaction** • Promote teamwork • Create culture that promotes challenges
Continuance	**Pass down knowledge/skills** • Develop succession candidates • Expand, share, and pass down knowledge and know-how
Improve organizational capabilities	**Suitable positioning that utilizes strengths**

Growth of individual and organization

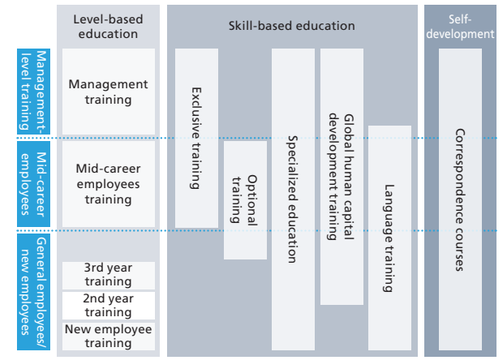
Selection Securing diverse human capital

We are proceeding with initiatives to secure diverse human capital to support the future of the Hirose Group in order to maintain growth. We are striving to acquire human capital who have passion and a spirit for challenges as well as empathize with the HIROSE Philosophy as human capital who realize innovation. In order for new graduates to understand the Hirose Group, we hold workshops and internships and prepare content to understand the company more. Utilizing online resources, we are strengthening tools so that a wide range of people can participate, whether by VR videos that introduce Hirose Electric Headquarters or online discussion sessions with employees. In recent years, we have hired diverse human capital by holding exhibits at overseas career forums.

Training Develop human capital to support the Hirose Group

Under the idea that growth of employees leads to growth of the organization and company, we established an educational training system and provide opportunities for growth. Each employee discovering diverse talents and working in a lively manner that maximizes their capabilities will lead to the growth of the Hirose Group. The Group provides wide opportunities for learning on three axes: level-based education for career development, skill-based education to respond to employee skills and career map, and self-development. After training, we perform a follow-up and aim to enhance the training. The principle of “being small,” one of the factors that construct the HIROSE Philosophy includes the idea that one should try to become “bigger tomorrow than today.” The Group supports growth so that employees can continue to tap into their potential through training.

Major educational training system



Education budget per employee: ¥55,000/person (Fiscal 2021)
* Target: Business sites of Hirose Electric

S Society

Training Global human capital development

For the Hirose Group, 76% of sales come from overseas, 48% of production is overseas, and over 70% of employees are overseas, demonstrating that globalization is proceeding. For ongoing global growth, we believe that it is important for employees across the globe to share the values and core strengths of the Hirose Group, respect each other's thoughts and culture, and work autonomously. We focus on developing human capital who can be successful from a global perspective, regardless of whether they are in or outside Japan. As such, we are performing training sessions about work styles and the mindset required of global human capital. We are also proceeding with constructing the overseas human capital development system and aim to construct a human capital development structure that combines the HIROSE Philosophy and the individual circumstances of the area. It is essential for the growth of the Hirose Group that employees with diverse traits and abilities connect wisdom and spur new innovation.

Major initiatives	Improve English abilities • Language exchange • Enhance English training	Build human capital development structure at overseas bases	Execute global human capital training	Exhibit at overseas career forums
Aim	Strengthen global responsiveness	Foster awareness of globalization in employees	Construct global human capital development system	Strengthen communication globally

Organizational invigoration

Retention Maximize capabilities of organization and employees

Organizational invigoration is an important initiative to foster a culture where employees can work lively and take on challenges. The Group aims to improve organizational capabilities through organizational invigoration surveys and proprietary initiatives. Hirose Electric started activities called the "Iki-Iki" Project from fiscal 2019. Based on the concept of "creating a workplace where yourself and your coworkers are happy," we conduct various initiatives for productivity, relationship quality, innovation, and diversity.

Execution and utilization of organizational invigoration surveys

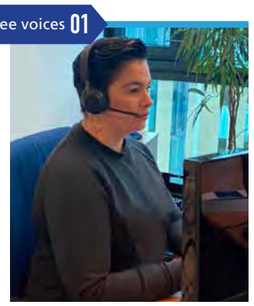
In order to maximize and invigorate the abilities of the company, organization, and employees, we perform organizational invigoration surveys for all members of Hirose Electric. By grasping the areas of satisfaction and burden employees hold for the organization and visualizing issues, we can reflect and utilize them in various initiatives on a cross-company and division level, including human capital initiatives and operational process improvements. We will continue to make improvements as we aim to be an organization where employees can maximize their abilities.

System-building

Retention Supporting diverse lifestyles

The Group has implemented a system for flexible workstyles in order to create a comfortable workplace that respects employee lifestyles. In fiscal 2020, the rate of taking and returning from childcare leave for women was 100%, a trend that has continued from fiscal 2019. For shortened work hours after childcare leave, the Group extended the applicable age limit to until the end of the first year of elementary school. Hearing that it was difficult to balance work when children were entering school, the Group extended the shortened hours system to support the balance of family time and work. We respond to diverse workstyles by making it possible to take annual paid leave on an hourly basis. Responding to social and environmental changes and listening to employee voices, we will continue to enhance these systems and make them easy to utilize as we create a workplace environment where all employees can work lively.

Employee voices 01



HIROSE EU Amsterdam
Manager HR & General Affairs
M.C

Hirose EU organized training for managers, while Hirose Japan has several training programs for senior managers conducted by an outside company. This initiative aims to develop core human capital globally by conducting training while being aware of the HIROSE Philosophy. The training was conducted online – due to the effects of COVID-19 – and it was divided into six sessions, spread out over two months. Managers of Hirose EU from different countries participated and were pleased with the program. In addition, a follow-up session is scheduled to be held in February. The participants are utilizing brushed-up skills that were acquired or reinforced during the training, such as critical thinking, Technovate strategy, and leadership. Hirose EU will continue to promote training aimed at developing global human capital in collaboration with Hirose Japan.

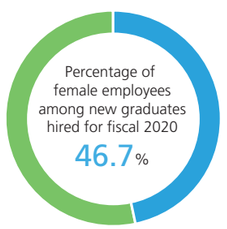
Employee voices 02



The "Iki-Iki" Project Leader
Sales & Marketing Group
K.W

We began the free address system in the Sales & Marketing Group as an activity of the "Iki-Iki" Project. Working environments have changed significantly due to the COVID-19 pandemic, changing the nature of offices. Environments have been developed where employees are not limited by place, such as online tools and paperless work. Considering the value from offices, we began the free address system. By securing spaces aligning with purpose, such as space to focus on work, space to hold meetings openly, and space to easily make presentations, we have prepared environments where each employee can think about their own work and act accordingly. We aim to provide new value and achieve further company and individual growth by breaking free of the limiting communication from fixed seating and instead connect wisdom through exchanges with divisions and people who employees haven't interacted with before, regardless of their affiliated department or job title. There are still many issues as this system has just been implemented. However, we will go through trial and error to improve the workplace so employees can work lively.

Human capital data * As of March 2021



* Hirose Electric results



* Fiscal 2019: 100%

Aiming to realize continuous global growth, the Hirose Group considers diverse thinking as the source that generates new value. Therefore, we aim to be a company where diverse human capital is successful. As one initiative, the Group is promoting the female employees' active participation and advancement in the workplace. We have enhanced the system to support workstyles that fit lifestyles. The rate of taking and returning from childcare leave for women is maintained at 100%. In recent years, the Group has increased the number of female new graduates hired as engineers and general employees. In fiscal 2020, the percentage of female new graduate hires was 46.7%, around half. In the future, we will continue to support the careers and growth of all employees, including women, and establish a comfortable working environment.



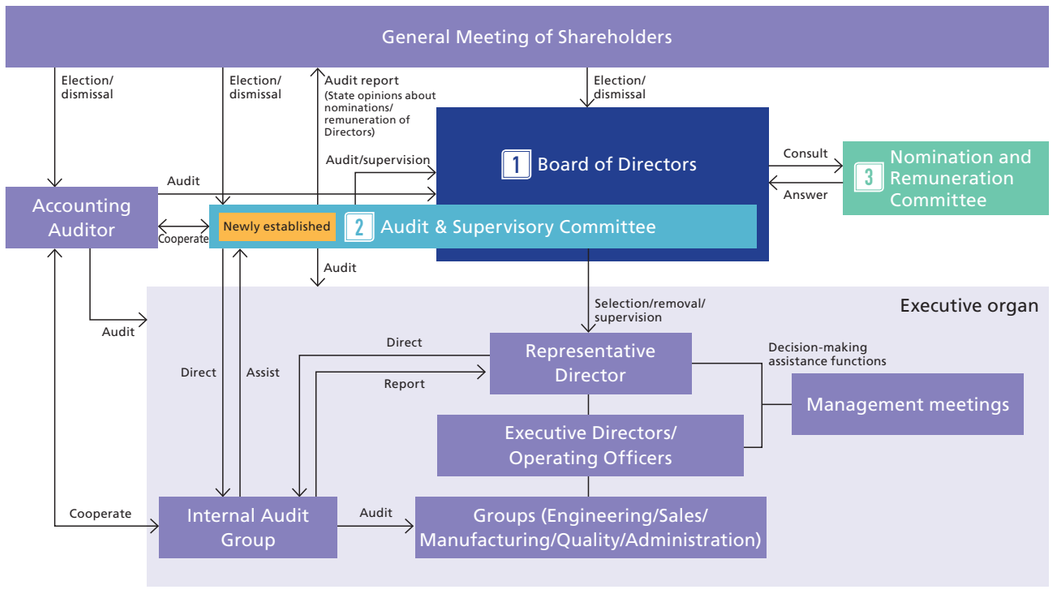
G Governance

Basic thinking toward corporate governance

We recognize the reinforcement and enhancement of corporate governance as our most important business challenge for the sake of the maintenance and improvement of our long-term competitive power in the global market. We will also promote efficient business administration as well as fulfill our social responsibilities toward stakeholders, and try to increase our corporate value in order to establish structures that are more profitable.
We take efforts toward this based on the following basic thinking.

(1) Respect the rights of shareholders and maintain equality.
(2) Strive for appropriate cooperation between all stakeholders, including shareholders, customers, suppliers, employees, and local society.
(3) Appropriately disclose company information and maintain transparency.
(4) Present the general direction of corporate strategy through Board of Directors meetings, establish an environment to support risk-taking by management officers, and perform effective supervision of business execution from an independent and objective perspective.
(5) Conduct constructive dialogues with shareholders in order to maintain sustainable growth and improve medium- to long-term corporate value.

Governance structure (approved in June 2021 General Meeting of Shareholders)



E S G

* Blue: Inside Directors; Green: Outside Directors

1 Board of Directors

Audit & Supervisory Committee Members

Ratio of Outside Directors 40%

Number of meetings held in FY2020 12 times

The Board of Directors is comprised of 13 Directors, an appropriate number to conduct swift decisions. Meetings are held at least once per month. The Board of Directors supervises the status of business execution by each Director and checks on management functions. The Board of Directors includes five Independent Outside Directors to execute management supervision from a more objective perspective. Outside Directors provide helpful advice from a multifaceted perspective with a diverse background as CPAs and managers of other companies. This secures the appropriateness of management decisions.

The Board of Directors not only shares internal information, but reports on the medium-term business plans of each department. Deliberations take place about medium- to long-term company initiatives while receiving advice from Outside Directors.

In nominating Director candidates, the Board of Directors takes efforts to secure the knowledge, experience, balance, and diversity of the entire organization. In addition to this, multifaceted perspectives based on various backgrounds are utilized in management decisions. The Articles of Incorporation establish the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) as ten or fewer persons. This size makes it possible to make swift decisions.

2 Audit & Supervisory Committee

Ratio of Outside Directors 66%

Number of Audit & Supervisory Board meetings held in FY2020 5 times

In fiscal 2021, the Group established the Audit & Supervisory Committee, a majority of which is comprised of Outside Directors. Comprised of one Inside Director (who is an Audit & Supervisory Committee Member) and two Outside Directors (who are Audit & Supervisory Committee Members), in principle the committee holds meetings once a month. Each Audit & Supervisory Committee Member grasps the status of operation of management execution, internal controls, compliance, internal audits, and internal regulations based on the audit policy and the audit plan, which were enacted by the Audit & Supervisory Committee at the beginning of the fiscal year. Members perform audits while focusing on the effectiveness of each mechanism. Audits are also performed in close cooperation with internal departments and the Accounting Auditor.

This further enhances corporate governance through the strengthening of the supervisory function of the Board of Directors and the strengthening of the audit and supervisory functions for the legality and appropriateness of business execution by granting voting rights in the Board of Directors to Directors who are Audit & Supervisory Committee Members. The Board of Directors strives for effective supervision through proactive opinion exchange and information sharing with Directors. Being aware of the perspective of supervision and auditing, we gather more information and survey to appropriately exercise voting rights.

3 Nomination and Remuneration Committee

Ratio of Outside Directors 60%

Number of meetings held in FY2020 6 times

In order to strengthen the fairness, transparency, and objectivity of procedures related to Director nomination and remuneration, the Company established the Nomination and Remuneration Committee as a voluntary advising body for the Board of Directors on April 1, 2020.

The members of the Nomination and Remuneration Committee are five persons selected by decision of the Board of Directors, including three Independent Outside Directors. The Board of Directors also selects an Independent Outside Director for Committee Chair.

G Governance

Directors (excluding Directors who are Audit & Supervisory Committee Members)



President
Kazunori Ishii
Attendance at Board of Directors meetings in FY2020 12/12

- April 1982: Joined the Company
- July 2007: Deputy Group President–Engineering of the Company
- November 2008: Deputy Group President–Sales & Marketing of the Company
- June 2009: Operating Officer of the Company
- November 2009: Acting Group President–Sales & Marketing of the Company
- June 2010: Director of the Company General Manager–Corporate Innovation Office
- June 2011: Senior Managing Director of the Company Group President–Sales & Marketing of the Company; concurrently General Manager–Corporate Innovation Office
- June 2012: President and Representative Director of the Company (current position)



Senior Managing Director
Mitsuo Nakamura
Attendance at Board of Directors meetings in FY2020 12/12

- April 1980: Joined the Company
- July 2007: Deputy Group President–Engineering of the Company
- June 2009: Operating Officer of the Company
- June 2010: Director of the Company Deputy Group President–Engineering of the Company
- June 2013: Group President–Engineering of the Company
- June 2015: Managing Director of the Company
- June 2016: Group President–Engineering of the Company; concurrently responsible for Production Group (current position)
- June 2019: Senior Managing Director of the Company (current position)



Director
Yukio Kiriya
Attendance at Board of Directors meetings in FY2020 12/12

- April 1982: Joined the Company
- April 2013: Deputy Group President–Production of the Company
- June 2015: Operating Officer of the Company
- November 2015: Acting Group President–Production of the Company
- April 2016: Acting Group President–Production of the Company; concurrently responsible for Quality Assurance Department
- June 2016: Director of the Company (current position) Group President–Production of the Company; concurrently responsible for Quality Assurance Department
- October 2017: Group President–Production of the Company (current position)



Director
Hiroshi Satoh
Attendance at Board of Directors meetings in FY2020 12/12

- April 1993: Joined MITSUI & CO., LTD.
- July 2001: Joined KEYENCE CORPORATION
- February 2017: Joined the Company
- April 2018: Division General Manager–International Business Division–Sales & Marketing of the Company
- June 2019: Director of the Company (current position) Group President–Sales & Marketing of the Company; concurrently Division General Manager–International Business Division
- April 2020: Group President–Sales & Marketing of the Company (current position)

Directors who are Audit & Supervisory Committee Members



Director (Standing Audit & Supervisory Committee Member)
Yoshikazu Chiba New election
Attendance at Board of Directors meetings in FY2020 12/12
Attendance at Audit & Supervisory Board meetings in FY2020 5/5

- April 1978: Joined the Company
- December 2006: General Manager–Secretary Office of the Company
- May 2014: Deputy Advisor to the President of the Company
- June 2014: (Standing) Audit & Supervisory Board Member of the Company
- June 2021: Director (Standing Audit & Supervisory Committee Member) of the Company (current position)

Audit & Supervisory Committee Member Comment

The Company has worked with the aim of performing audits that contribute to the improvement of the factory floor. By continuing this policy even after becoming a company with an Audit & Supervisory Committee, and working to establish and spread the HIROSE Philosophy, I believe that the Company will reward customers, employees, shareholders and local communities.



Director
Shin Kamagata New election
Attendance at Board of Directors meetings in FY2020 —

- April 1990: Joined NTT DATA Corporation
- February 2002: Joined the Company
- June 2002: Manager–Overall Business Innovation Office–Administration of the Company
- July 2008: Manager–IT General Administration Office–Administration of the Company
- February 2019: General Manager–Corporate Planning Department–Administration of the Company; concurrently General Manager–IT General Administration Department
- June 2019: Operating Officer of the Company
- June 2020: Deputy Group President–Administration of the Company; concurrently General Manager–Corporate Planning Department and General Manager–IT General Administration Department
- June 2021: Director of the Company (current position) Group President–Administration of the Company (current position)



Director
Jun Inasaka New election
Attendance at Board of Directors meetings in FY2020 —

- April 1985: Joined NEC Corporation
- April 2014: Chief Technology Manager of IT Platform Business Division Department of NEC Corporation
- February 2016: Joined the Company
- January 2017: Division General Manager–SB Division–Engineering of the Company
- June 2019: Operating Officer of the Company
- October 2020: Deputy Group President–Engineering of the Company; concurrently Division General Manager–SB Division
- June 2021: Director of the Company (current position) Deputy Group President–Engineering (in charge of SB business, production technique and development purchasing) of the Company; concurrently Division General Manager–SB Division (current position)



Director
Sang-Yeob Lee
Attendance at Board of Directors meetings in FY2020 11/12

- January 1984: Joined Hanwha Corporation / Explosives
- March 1989: Joined HIROSE KOREA CO., LTD.
- July 2007: Chairman of WEIHAI HIROSE KOREA ELECTRIC CO., LTD. (current position)
- August 2007: Representative Director, the Employee Welfare Fund of HIROSE KOREA CO., LTD. (current position)
- June 2010: Executive Vice President and Representative Director of HIROSE KOREA CO., LTD.
- November 2011: President and Representative Director of HIROSE KOREA CO., LTD. (current position)
- June 2018: Director of the Company (current position)



Director
Kensuke Hotta Outside Independent
Attendance at Board of Directors meetings in FY2020 12/12

- April 1962: Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
- June 1987: Director of The Sumitomo Bank, Limited
- June 1997: Representative Director and Executive Vice President of The Sumitomo Bank, Limited
- January 2001: Chairman of Morgan Stanley Japan Limited (currently Morgan Stanley MUFG Securities Co., Ltd.)
- October 2007: Chairman and Representative Director of Hotta Sogo Jimusho K.K. (current position)
- June 2011: Outside Director of the Company (current position)
- June 2018: Outside Director of SEIREN CO., LTD. (current position)



Director
Tetsuji Motonaga Outside Independent
Attendance at Board of Directors meetings in FY2020 12/12

- April 1985: Joined Nippon Yusen Kabushiki Kaisha (NYK LINE)
- January 1997: Joined Boston Consulting Group
- April 2003: Joined Jomon Associates Inc.
- August 2006: Established Ichthys Co., Ltd. Representative Director (current position)
- April 2015: Auditor of Keisei Medical Corporation (current position)
- October 2015: Board Chair of Japan Family Business Institute (current position)
- June 2017: Outside Director of the Company (current position)



Director
Masanori Nishimatsu Outside Independent
Attendance at Board of Directors meetings in FY2020 10/10

- April 1980: Joined Nomura Securities Co., Ltd.
- April 2003: Director of Nomura Securities Co., Ltd.
- June 2003: Executive Officer of Nomura Securities Co., Ltd.
- April 2007: Managing Executive Officer of Nomura Securities Co., Ltd.
- June 2010: Director of Nomura Holdings, Inc.
- June 2013: Director of Nomura Securities Co., Ltd.
- April 2015: Representative Director and President of Nomura Land and Building Co., Ltd.
- June 2020: Outside Director of the Company (current position)



Director (Audit & Supervisory Committee Member)
Terukazu Sugishima New election Outside Independent
Attendance at Board of Directors meetings in FY2020 12/12
Attendance at Audit & Supervisory Board meetings in FY2020 5/5

- March 1979: Registered as certified public accountant
- June 1979: Registered as tax accountant
- April 1985: Established Sugishima Certified Public Accountant Office (current position)
- June 2007: Outside Audit & Supervisory Board Member of Starzen Co., Ltd.
- June 2008: Outside Audit & Supervisory Board Member of the Company
- June 2015: Outside Audit & Supervisory Board Member of Chuetsu Pulp & Paper Co., Ltd.
- June 2016: Outside Director of Chuetsu Pulp & Paper Co., Ltd. (current position)
- June 2021: Outside Director (Audit & Supervisory Committee Member) of the Company (current position)

Audit & Supervisory Committee Member Comment

I believe that improvement of the supervisory function of the Board of Directors by giving Board of Director voting rights to Audit & Supervisory Committee members and carrying out organizational audits after transitioning to a "company with an Audit & Supervisory Committee" is being evaluated. In order to respond to the entrustment of stakeholders, I will aim for the best governance.



Director (Audit & Supervisory Committee Member)
Kentaro Miura New election Outside Independent
Attendance at Board of Directors meetings in FY2020 12/12
Attendance at Audit & Supervisory Board meetings in FY2020 5/5

- June 1995: Audit & Supervisory Board Member of T.P.S. Laboratory Co., Ltd. (current position)
- June 2014: Outside Audit & Supervisory Board Member of the Company
- June 2021: Outside Director (Audit & Supervisory Committee Member) of the Company (current position)

Audit & Supervisory Committee Member Comment

I will take on more responsibility as not only the usual illegality audits, but also validity audits, are necessary after transitioning to a company with an Audit & Supervisory Committee. The corporate environment is rapidly changing, and we who perform audits must work harder to respond to the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) generation.

G Governance

Remuneration for Officers

Basic policy

As an incentive to continuously improve corporate value, our remuneration system is linked with shareholder interests. Upon deciding each individual Director remuneration, we use a basic policy of setting an appropriate standard based on their individual responsibilities. Specifically, the remuneration for Directors who engage in the business of the Group is comprised of fixed basic remuneration and performance-linked remuneration. The remuneration for Outside Directors who serve a supervisory function is only the basic remuneration, depending on their duties.

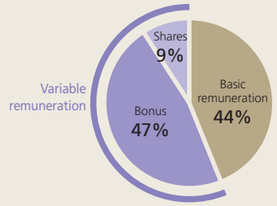
Amount of remuneration for Directors and Audit & Supervisory Board Members (Fiscal 2020)

Type	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by category (Millions of yen)		Number of applicable officers (Persons)
		Basic remuneration	Performance-linked remuneration	
Directors (of which, Outside Directors)	155 (30)	128 (30)	27 (—)	10 (3)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	29 (8)	23 (8)	5 (—)	3 (2)
Total (of which, Outside Officers)	183 (38)	151 (38)	32 (—)	13 (5)

* Remuneration amount for Directors does not include the portion of employee salaries of Directors concurrently serving as employees.

Revision of remuneration for Officers in fiscal 2021

In addition to the basic remuneration and performance-linked remuneration, the Group newly introduced a performance-linked and share-based remuneration plan for Officers' remuneration. By linking Officers' remuneration more clearly with the performance and share value, Directors shall share the profits and risk of share price movements with our shareholders, thereby increasing awareness of their contribution to the medium- to long-term improvement in the business performance and to the enhancement of corporate value. Through the introduction of this plan, remuneration is based on consolidated operating profit ratio and is generally the following breakdown: basic remuneration (44%), bonus (47%), and share-based remuneration (9%).



Evaluation of effectiveness

The Group performs an evaluation of effectiveness of the Board of Directors for all Directors for the purpose of improving the function and effectiveness of the Board of Directors. Conducted each year, future initiatives are based on the reflection and results of the evaluation. The Group discusses this in the Board of Directors and strives for more enhanced conversations. Major evaluation categories: Composition of the Board of Directors (number of persons, composition balance, etc.), operation of the Board of Directors (meeting frequency, prior delivery of materials, appropriateness of contents, etc.), topics of the Board of Directors (direction of corporate strategy, compliance, internal controls, etc.), and systems to support the Board of Directors (providing training opportunities, etc.)



Overview of results for fiscal 2020

In the evaluation of effectiveness held in fiscal 2020, the Board of Directors was judged to fulfill its responsibilities and function effectively based on the following criteria.

- Scope, composition, and operating status of the Board of Directors are appropriate
- The Board of Directors performs sufficient deliberation and decision-making, such as Independent Outside Directors actively exchanging their opinions
- The succession plan and remuneration determination are considered beforehand in the Nomination and Remuneration Committee and then sufficiently deliberated in the Board of Directors

Future issues

The following issues became clear from the evaluation results of fiscal 2020.

- Continue and strengthen the cooperation between the Internal Audit Division and the Outside Officers
- Need to further deepen discussion about major issues including the medium-term strategy

Clarify issues of the Company through an evaluation of effectiveness, discuss in the Board of Directors, including fiscal 2020 issues, and strive for further improvements to effectiveness.

Compliance

In order to realize the management policy, the Hirose Group deeply recognizes the importance of fulfilling the social mission and responsibility as a company in our corporate activities. In order to realize this in an ever-changing management environment, the HRS Group Code of Conduct clarifies the policy and standards for employee actions. Through diverse education and awareness-raising activities, the Group provides opportunities to deepen understanding in the Code of Conduct and compliance. The Group aims for each employee to decide to act appropriately according to the Code and fulfill the social responsibility as an organization.

HRS Group Code of Conduct

We must not only observe laws and regulations but also to apply our own high ethical standards of sincerity and social responsibility in conducting our corporate activities. Aware of our social responsibilities, the Group established the "HRS Group Code of Conduct" for the guidelines and standards of conduct in March 2004 and revised the content to make it globally consistent in 2007. This Code has been translated into English, Chinese, and other local languages and distributed to our overseas bases. The content of this Code is continuously reviewed and revised. Based on the Code of Conduct, each employee acts earnestly with a strong ethical perspective.

Compliance education

The Group executes compliance education so that employees can act with sincerity while also complying with laws and regulations. An example of this would be the yearly e-learning sessions for all employees on various themes. We provide opportunities for employees to measure their own understanding through this and various tests conducted at the same time about compliance.

In the regularly released compliance news, we clearly explain common themes and strive to improve employee awareness of compliance.

Internal report counter

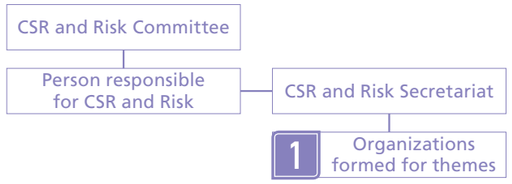
In order to swiftly address, resolve, and prevent compliance violations, we established the internal report system in 2008. We created diverse counters and proceeded with global compliance. Privacy of participants is strictly protected. We guarantee that whistleblowers will not receive any disadvantageous treatment. If a violation of laws and regulations is discovered, we enact and execute corrective actions and recurrence prevention measures.

Risk management

To address a variety of risks surrounding the Hirose Group, we enacted the Risk Management Standards, established a CSR and Risk Committee based on these standards and its subsidiary organizations, share risks in business execution, and perform risk management. We identify and recognize risks that may pose a significant impact on the financial status, operating results, and cash flows of the Group. We enacted a BCP, created a risk management system needed to regularly review it, and strive to maximize risk occurrence prevention and minimization of impact.

Risk management structure

We established the CSR and Risk Committee with the President as Chairperson. Committee meetings are held each quarter, where it deliberates and approves issues and reports related to CSR. Teams are formed under the committee for each theme, which perform policy development and risk response. Teams are reviewed every year and set based on urgent themes for each fiscal year. Finally, the CSR and Risk Committee evaluates legal risks and decides the response. We are taking efforts toward effective activities to control risk and constructing a risk management structure.



1 Composition of the organization is reviewed each fiscal year as teams are formed for urgent themes

Major themes BCP/information security/COVID-19

Feature 3

Outside Directors in Roundtable Discussion



President
Kazunori Ishii

Outside Director
Kensuke Hotta

Outside Director
Tetsuji Motonaga

Outside Director
Masanori Nishimatsu

Initiatives to maintain sustainable growth and improve corporate value and the role of governance

A roundtable discussion was held to talk about the governance of the Hirose Group between President Ishii, Outside Director Hotta, Outside Director Motonaga, and Outside Director Nishimatsu.

Governance structure of the Hirose Group

Ishii The first principle of Hirose is to respect the rights of shareholders and maintain equality. Second, we strive for appropriate cooperation with all stakeholders. Third, we appropriately disclose information and maintain transparency. Fourth, we fulfill the role of the Board of Directors to establish an environment to support risk-taking and perform effective monitoring of business execution. Fifth, we strive to maintain sustainable growth and improve medium- to long-term corporate value. These are the basic ideas behind the Group's governance policy. The governance structure chart has been displayed in various places. Since Hirose's corporate philosophy is to be "a small company connecting wisdom," a core principle of the Group is to conduct corporate activities while collecting the opinions and knowledge of outside parties. The same thought process applies to governance.

Hotta It has been ten years since I assumed the position of Director in June 2011. Ten years ago, I was the only Outside Director in the Board of Directors made up of nine Directors. At the time, there were four Audit & Supervisory Board Members, three of which were outside Independent Officers. Of the 13 Officers in the Board of Directors, there were just four outside Independent Officers. As such, our "outside eyes" for monitoring were just around 30%. Now, five of the 13 Directors (including Audit & Supervisory Committee Members) are Independent Outside Directors. With that increase, it is around 40%. The number of eyes monitoring business execution has gradually grown. I expect that the governance structure in the Board of Directors will continue to evolve. In 2015, the Corporate Governance Code (hereinafter the "CGC") was implemented and the governance system of Hirose changed drastically. After implementing the CGC, the major change was that the meeting notes of the Board of Directors became more substantial than they were previously. I feel that the Board of Directors meeting notes of Hirose Electric have advanced significantly compared with other companies. Sometimes, I am asked to speak with foreign shareholders as one of the Outside Directors. I recommend that they exercise their shareholder request rights and read meeting notes so that they can understand how Hirose Electric has substantive discussions in the Board of Directors meetings and how governance is operating. Hirose is moving forward while adopting new functions. I expect the Group to address issues in the future that are currently lacking.

Ishii Now, we have become a company with an Audit & Supervisory Committee for the purpose of receiving more external and multifaceted supervision, auditing, guidance, and support. From before this change, two Outside Audit & Supervisory Board Members sat in the Board of Directors meetings of Hirose Electric and gave the same direction and support as Outside Directors. In this sense, this change was only to formalize a system that had already been operating.

Motonaga Outside Audit & Supervisory Board Members of Hirose Electric already participated in Board of Directors meetings. By changing systems in this way, we sought to clearly grant rights for members to cast votes in proposals and reinforce a sense of responsibility to speak up when necessary. I feel this enhanced their commitment. I also feel that Hirose Electric has made changes in a very effective way.

Nishimatsu The role previously demanded of Outside Directors was to contribute to sustainable growth of the Company and the increase in medium- to long-term corporate value. This core purpose has not changed with the shift of the company structure. By changing the role of Audit & Supervisory Board Members to Directors and granting them voting rights, the appropriateness of management decisions will need to be looked at even closer than ever. I feel that the themes required of management have changed in recent years. In the recent revision of the CGC, a response based on international standards is needed for various issues related to ESG, such as securing diversity among core human capital, diversity, climate change, and human rights issues. The role of Outside Directors is to maintain a strong awareness of these issues. As the business environment surrounding Hirose changes dramatically, we must check whether these themes are being addressed from a medium- to long-term perspective.

Feature 3 Outside Directors in Roundtable Discussion



Maintaining a strong will to focus on sustainability and carbon neutrality

Board of Directors discussions and effectiveness

Nishimatsu In the Board of Directors meetings of Hirose Electric, Outside Directors make proactive comments and lively discussions are held. One of the topics of the first Board of Directors meeting I attended last year was an analysis of the new product ratio. Outside Directors knew about the history of Hirose and asked pointed questions, each of which was carefully answered by Inside Directors. It felt like the Board of Directors was well managed in an environment that made it easy to ask questions.

Hotta Seeing the Board of Directors of various companies, I feel like the Board of Directors of Hirose Electric has gradually become more open. There are two reasons. One is that the percentage of Outside Officers has increased. The backgrounds of Outside Officers have also become more diverse. Another is that more people feel a sense of responsibility as a Director. In Hirose Electric, the President serves as the Chair of the Board of Directors. However, more people are able to speak their minds freely.

Motonaga Currently, the majority of the Board of Directors of Hirose Electric are people who started outside the Company so we have many people with outside perspectives. Even if not literally independent, adding persons with an external mind or background is a means of ensuring transparency and objectivity.

Ishii This is tied to the concept of "connecting wisdom." There are many mid-career hires. Outside Directors have deep knowledge in their specialty areas. They make comments from a multifaceted perspective. We do not need to draw these out from them. Instead, they naturally and proactively provide such information.

Hotta In terms of sharing information with Outside Directors to ensure the effectiveness and transparency of the Board of Directors, reports of each group and other important matters (quality control and new businesses) are distributed at least once a year in addition to the annual proposals of the Board of Directors. In addition, materials are shared beforehand for the annual business plan and the Medium-Term Business Plan. If a matter is unclear after one explanation, second and even third follow-up sessions can be requested to further deepen understanding by adding topics. Therefore, it is possible for us to sufficiently understand the status of each division and group and provide new advice. Unfortunately, due to the COVID-19 pandemic, we have not been able to visit plants in person recently. I look forward to doing this in the future.



Sustainability is only meaningful if each and every employee understands that completely, not simply the management



The majority of the Board of Directors have outside perspectives, increasing objectivity

Nishimatsu Materials for the Board of Directors meetings arrive a few days prior to the meeting. I clear my schedule two days before the Board of Directors meetings because I want sufficient time to look over the internal materials. I saw the Zero Ichi Festival the other day where young employees work freely on their own projects. By directly interacting with them, I can feel how young people are really passionate and enjoy these activities. I was able to understand more as they explained where connectors are used, what form they take, and how they function. I once again saw the importance of learning in manufacturing sites.

Motonaga It feels like the evaluation of the effectiveness of the Board of Directors is properly executed. Since there are many items in the questionnaire, it takes a lot of effort to fill in everything. The secretariat collects them and reports on what opinions were made on an anonymous basis. At the Board of Directors, time is allocated to discuss these findings. I like how each year Hirose addresses the issues that are uncovered. For example, we have been making progress on the issue of increasing the number of Outside Directors.

Future of the Hirose Group

Hotta Considering global trends and revisions to the CGC this year, I believe that topics discussed in the Board of Directors will evolve in the future. In other words, I expect more topics related to sustainability issues. These movements and ideas are only meaningful if each and every company officer and general employee understands them completely, not simply the management.

Nishimatsu We must enhance the system of education, such as through employee training, and spread Hirose's ideas and initiatives both within the Group and to business partners.

Motonaga I think it is necessary to present externally that Hirose is aware of sustainability issues and engaged in efforts using a systematic approach.

Ishii In the past, it was difficult to imagine what Hirose could do for sustainability and carbon neutrality. Recently, Hirose's customers have demanded sustainability and carbon neutrality. Customers may even refuse to do business with companies that do not address these issues. The stage has changed quickly. It feels like half-hearted efforts will not be enough. The Group has fully begun efforts behind sustainability and carbon neutrality projects. We have a strong will to focus on these efforts until they are completed. I believe that establishing this mindset hopefully begins from the officer class.

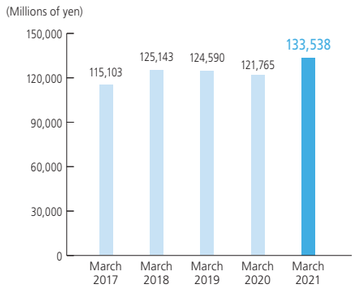
Outside Directors make proactive comments and lively discussions are held



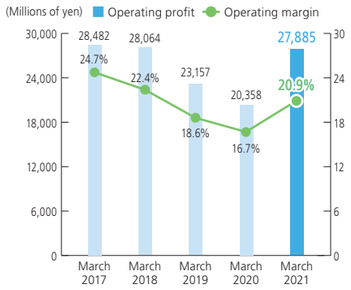
Financial and Non-financial Summary Data

Financial Highlights

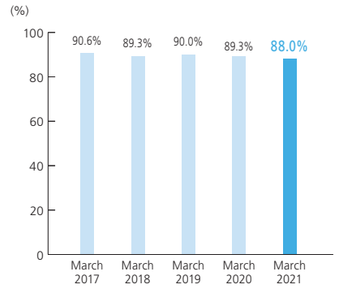
Sales



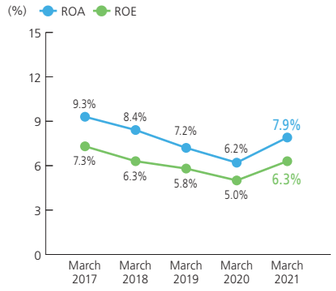
Operating profit/Operating margin



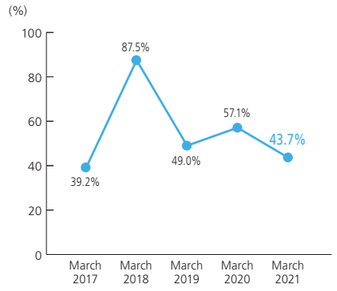
Equity ratio



ROE/ROA

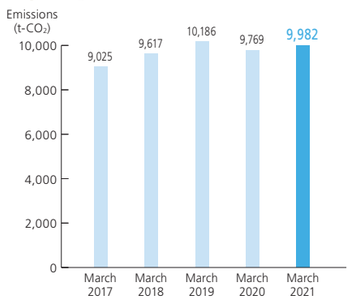


Dividend payout ratio

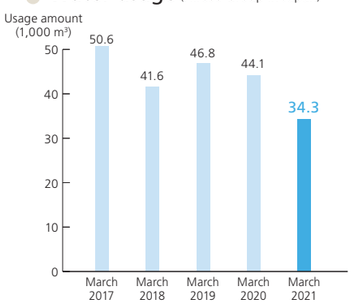


Non-financial Highlights

CO_2 emissions (Hirose Group in Japan)



Water usage (Hirose Group in Japan)



Average years of service
(For only Hirose Electric)

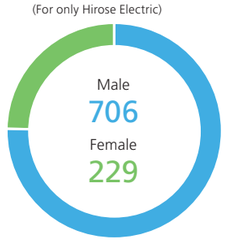
12.4 years

Average age
(For only Hirose Electric)

39.6

As of March 31, 2021

Male/female ratio of employees
(For only Hirose Electric)



Number of employees (consolidated)



Number of persons hired
(For only Hirose Electric)



Major financial indicators (Until fiscal year ended March 31, 2017: JGAAP, from fiscal year ended March 31, 2018 onward: IFRS)

Financial data		Mar. 2011	Mar. 2012	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021
Sales	(Millions of yen)	92,440	94,790	95,938	124,987	125,726	120,284	115,103	125,143	124,590	121,765	133,538
Operating profit	(Millions of yen)	22,026	19,554	20,985	33,005	32,588	28,794	28,482	28,064	23,157	20,358	27,885
Operating profit ratio	(%)	23.8	20.6	21.9	26.4	25.9	23.9	24.7	22.4	18.6	16.7	20.9
Ordinary profit	(Millions of yen)	22,739	20,919	22,386	34,747	34,962	30,516	29,799				
Profit before tax	(Millions of yen)								28,015	24,671	21,205	28,332
Profit	(Millions of yen)	11,714	12,824	13,508	22,439	22,948	21,104	21,356	19,107	17,891	15,305	19,916
Net assets	(Millions of yen)	237,562	239,601	252,066	269,164	288,302	285,830	296,293	304,719	307,330	306,141	326,092
Total assets	(Millions of yen)	260,136	261,486	277,881	300,751	319,667	316,595	326,696	341,178	341,435	342,644	370,504
Equity ratio	(%)	90.3	90.5	90.5	89.2	90.1	90.2	90.6	89.3	90.0	89.3	88.0
BPS (Book-value per share)	(Yen)	6,649.36	6,837.39	7,277.62	7,865.65	8,494.44	8,162.65	8,504.89	8,744.07	8,428.61	8,436.41	8,987.05
EPS (Earnings per share)	(Yen)	330.23	366.11	390.48	652.68	674.25	596.31	611.81	548.80	489.46	420.39	549.10
Dividends per share	(Yen)	150	130	140	200	230	240	240	480	240	240	240
Dividend payout ratio	(%)	45.4	35.5	35.9	30.6	34.2	40.2	39.2	87.5	49.0	57.1	43.7
ROE (Return on equity)	(%)	5.0	5.4	5.5	8.6	8.2	7.4	7.3	6.3	5.8	5.0	6.3
ROA (Return on assets)	(%)	8.9	8.0	8.3	12.0	11.3	9.6	9.3	8.4	7.2	6.2	7.9
PER (Price-earnings ratio)	(Times)	27.1	23.7	32.5	21.7	23.0	20.8	25.2	26.6	23.8	26.6	31.0
Number of employees	(Persons)	3,865	3,945	5,020	3,966	4,044	4,190	4,319	4,597	4,836	4,737	4,859

Network

Domestic


Headquarters


TOHOKU HIROSE ELECTRIC CO., LTD.


Gotanda Office


KORIYAMA HIROSE ELECTRIC CO., LTD.


Kikuna Office


ICHINOSEKI HIROSE ELECTRIC CO., LTD.



- Headquarters
  2-6-3 Nakagawa Chuoh, Tsuzuki-ku, Yokohama, Kanagawa 224-8540
- Gotanda Office
  5-5-23 Osaki, Shinagawa-ku, Tokyo 141-8587
- Kikuna Office
  7-3-13 Kikuna, Kohoku-ku, Yokohama, Kanagawa 222-8566
- Kansai Branch
  Shinosakaiida Bldg. 7F, 1-5-33 Nishimiyahara, Yodogawa-ku, Osaka 532-0004
- Chubu Sales Office
  Nomura Bldg. 4F, 2-7-12 Saiwaicho, Kariya, Aichi 448-0025
- Kitakanto Sales Office
  Chuoh-Utsunomiya Bldg. 5F, 3-1-1 Higashisyukugo, Utsunomiya, Tochigi 321-0953
- West Japan Sales Office
  Momiji-Hiroshima-Hikarimachi Bldg. 4F, 1-12-20 Hikarimachi, Higashi-ku, Hiroshima 732-0052
- TOHOKU HIROSE ELECTRIC CO., LTD. (Miyako, Iwate Pref.)
- KORIYAMA HIROSE ELECTRIC CO., LTD. (Koriyama, Fukushima Pref.)
- ICHINOSEKI HIROSE ELECTRIC CO., LTD. (Ichinoseki, Iwate Pref.)

Overseas


HIROSE KOREA


HIROSE CHINA


HIROSE ELECTRIC (DONGGUAN)


HIROSE U.S.A.


HIROSE SINGAPORE


HIROSE ELECTRIC (SUZHOU)


HIROSE EUROPE


HIROSE INDIA


HIROSE MALAYSIA


HIROSE HONG KONG


HIROSE TAIWAN


HIROSE INDONESIA

- HIROSE KOREA CO., LTD. (South Korea)
- HIROSE ELECTRIC (U.S.A.), INC.
- HIROSE ELECTRIC EUROPE B.V. (Netherlands)
- HIROSE ELECTRIC HONG KONG CO., LTD.
- HIROSE ELECTRIC HONG KONG TRADING CO., LTD.
- HIROSE ELECTRIC (CHINA) CO., LTD.
- HIROSE ELECTRIC SINGAPORE PTE. LTD.
- HIROSE ELECTRIC INDIA PVT. LTD.
- HIROSE ELECTRIC TAIWAN CO., LTD.
- HIROSE ELECTRIC (DONGGUAN) CO., LTD. (China)
- HIROSE ELECTRIC (SUZHOU) CO., LTD. (China)
- HIROSE ELECTRIC MALAYSIA SDN. BHD.
- P.T. HIROSE ELECTRIC INDONESIA

Stock Information

Stock Information (As of March 31, 2021)

Total number of shares issued	36,284,695 shares (excluding 1,891,247 shares of treasury shares)
Total number of shareholders	3,573

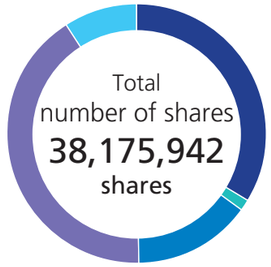
Major Shareholders (Top 10)

Name of shareholder	Number of shares held (Hundreds of shares)
Hirose Foundation	31,476
State Street Bank and Trust Company 505223	29,513
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,601
JPMorgan Chase Bank 380055	25,005
Custody Bank of Japan, Ltd. (Trust Account 4)	19,936
Custody Bank of Japan, Ltd. (Trust Account)	16,320
HS Kikaku Co., Ltd.	12,215
Mizuho Trust & Banking Co., Ltd. (Trust Account) 0700093	8,707
Mizuho Trust & Banking Co., Ltd. (Trust Account) 0700094	8,652
National Mutual Insurance Federation of Agricultural Cooperatives	8,146

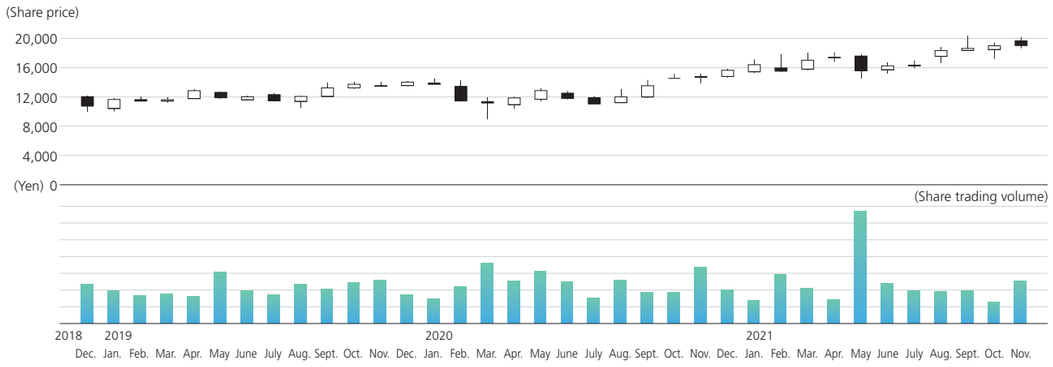
Note: In addition to the 10 major shareholders above, the Company owns 18,912 hundred shares of treasury shares.

Distribution of Shares by Shareholder Type

Type	Number of shareholders	Number of shares held	Ratio of shareholding
Financial institutions	43	128,899 hundred shares	33.76%
Securities companies	32	5,664 hundred shares	1.48%
Other corporations	167	55,725 hundred shares	14.60%
Foreign corporations, etc.	548	157,513 hundred shares	41.26%
Individuals and others	2,783	33,956 hundred shares	8.90%



Share Price and Trading Value



Corporate Data

Corporate Data (As of March 31, 2021)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	Consolidated: 4,859 (excluding part-timers)
Capital stock	¥9,404,379,401

Directors (As of June 25, 2021)

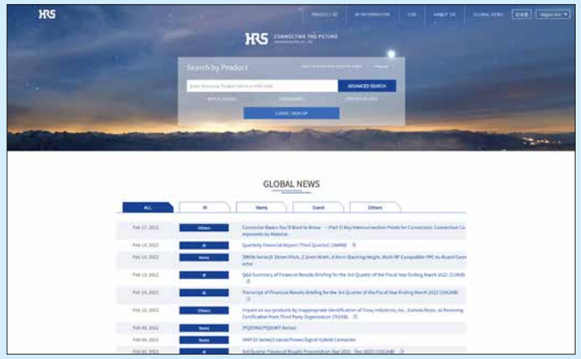
President and Representative Director	Kazunori Ishii
Senior Managing Director	Mitsuo Nakamura
Director	Yukio Kiriya
Director	Hiroshi Satoh
Director	Shin Kamagata
Director	Jun Inasaka
Director	Sang-Yeob Lee

Outside Director	Kensuke Hotta
Outside Director	Tetsuji Motonaga
Outside Director	Masanori Nishimatsu
Director (Standing Audit & Supervisory Committee Member)	Yoshikazu Chiba
Outside Director (Audit & Supervisory Committee Member)	Terukazu Sugishima
Outside Director (Audit & Supervisory Committee Member)	Kentaro Miura

Note: Outside Directors Kensuke Hotta, Tetsuji Motonaga, Masanori Nishimatsu, Terukazu Sugishima and Kentaro Miura are Independent Officers who are unlikely to have any conflicts of interest with general shareholders, and are required to be designated by the Tokyo Stock Exchange.

Website Guidance

https://www.hirose.com/corporate/en/



Further detailed investor information and sustainability-related information, and up-to-date information can be obtained on the Group's website.

Note | This report includes matters based on the Hirose Electric Group's current estimates. Forward-looking statements may differ from the Group's actual results due to known or unknown risks, uncertainties and other inherent factors. We ask for your understanding.