HIROSE ELECTRIC CO.,LTD.

Integrated Report 2023



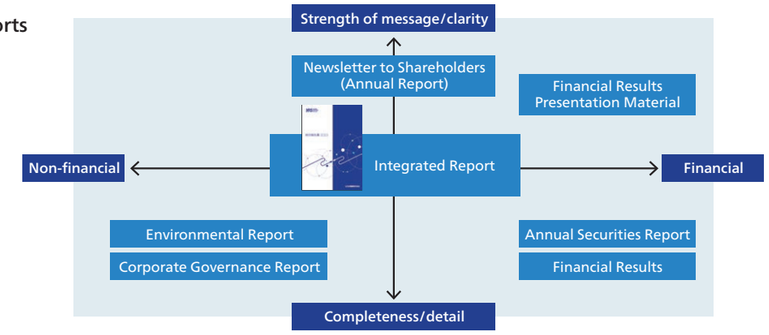
HIROSE ELECTRIC CO.,LTD.

Hirose Electric Co., Ltd.

Connecting the World, Connecting the Future

Connectors are small and inconspicuous electronic components.
They might not stand out, but they are still an essential component of the device.
By performing their connecting function, they make it possible to greatly enhance the functionality and convenience of electronic devices.
We believe that we can realize a more prosperous future and connected world through 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.

Purpose of Various Reports



How to Access the Reports

Integrated Report
https://www.hirose.com/corporate/en/ir/integrated_report/

Annual Securities Report / Quarterly Financial Report
https://www.hirose.com/corporate/en/ir/fr/

Financial Results Presentation Material
https://www.hirose.com/corporate/en/ir/frp/

Financial Results
https://www.hirose.com/corporate/en/ir/fs/

Newsletter to Shareholders (Annual Report)
https://www.hirose.com/corporate/en/ir/annual_report/

Environmental Report
https://www.hirose.com/corporate/en/csr/er/

Corporate Governance Report
https://www.hirose.com/corporate/en/csr/management/

Website Guidance

For Retail Investors
https://www.hirose.com/product/jp/pr/individual/ (in Japanese)

Governance
https://www.hirose.com/corporate/en/csr/management/

Social Responsibilities
https://www.hirose.com/corporate/en/csr/sr/

Environmental Responsibilities
https://www.hirose.com/corporate/en/csr/er/

Contents

Introduction 01

Growth Strategy for Sustainable Value Co-creation
Inseparable Principles 03
Contribution of Connectors 05
History of Value Contribution 07
A Message from the President 09
Co-creation with Our Stakeholders 13

Growth Strategy for Sustainable Value Co-creation
Value Co-creation Model 15
Mechanisms for Value Co-creation 1 17
Mechanisms for Value Co-creation 2 19
A Conversation Developing Products and Expanding Their Variations 21

Practice of Value Co-creation
Risks / Opportunities 25
Medium-Term Business Plan Review and Outline 27
Medium-Term Business Plan Business Strategy by Industry Segment 29
Medium-Term Business Plan Investment for Strengthening the Foundation 31
Medium-Term Business Plan Capital Policy 32
Global Network 33
Interview with the Top Management of HIROSE KOREA 35

Our Initiatives for Sustainability That Support Our Value Chain
Sustainability 39
Human Capital 1 Development and Growth of Human Capital 41
Human Capital 2 HIROSE Philosophy 43
Human Capital 3 Diversity 44
Occupational Health and Safety 45
Hirose Foundation 46
Climate Change 47
Environment 49
Human Rights 51
BCP 53
Responsible Procurement 54

Corporate Governance
Approach / Structure 55
Directors 57
Composition / Affiliation of Directors 59
Remuneration Structure 62
Messages From Newly Elected Outside Directors 63
Risk Management 65
Compliance 66

Data
Financial and Non-financial Summary Data 67
Network 69
Stock Information / Corporate Data 71

Editorial Policy

This report has been compiled to allow all stakeholders to gain a well-balanced understanding of the various aspects of the Hirose 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 (in Japanese only), and a Newsletter to Shareholders along with various other communication tools.

Please visit the Hirose 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

From April 1, 2022 to March 31, 2023 (Portions of this report contain information about activities and initiatives from April 1, 2023 onward.)

Inseparable Principles

Inseparable Principles

A Small Company Connecting Wisdom

Acknowledging ourselves as “small,” we are always earnestly and modestly studying to achieve further growth for tomorrow. By leveraging the collective wisdom within the Group and from the world at large, we will evolve through our connecting business. This is the unchanging philosophy at the core of the Hirose Group.

The Ultimate Standard of Thought and Behavior

HIROSE Philosophy

The HIROSE Philosophy, which drives the continuous growth of the Hirose Group, consists of six values that embody the Inseparable Principles.
Every activity of ours is based on The Ultimate Standard of Thought and Behavior.

Ideal Vision

Co-creating Our Future Society with the “Power to Connect”

We aspire to achieve this vision through the practice of the Inseparable Principles and the HIROSE Philosophy. By expanding the circle of co-creation partners globally and providing new technologies and products to society we will contribute to the creation of a future society in which everybody can live comfortably.

Origin of the Inseparable Principles

“A Small Company Connecting Wisdom” was born from the actual experiences of Hideki Sakai, our de facto founder. Joining the Company in 1952, Sakai was made responsible for engineering as the only person in the department. Learning from customers, subcontractors and sometimes competitors, he succeeded in developing Japan’s first entirely domestic connector in 1957. In the 1960s, Sakai had the opportunity to visit a connector manufacturer overseas. Upon seeing this rival with its overwhelmingly large presence both in scale and sales, Sakai came up with the fabless strategy of “conduct development in-house, and outsource manufacturing.” Japan is home to a group of excellent specialist companies that support this strategy, which led to the Company choosing to work in cooperation with such partners rather than aiming for self-sufficiency.

At the heart of the Hirose Group is the Inseparable Principles of always remembering that, irrespective of the changing times, “we are the smallest one” and of remaining earnest and humble while seeking to grow along with our partners.



Hideki Sakai



Continuing to Be a “High Flier”
To achieve continuous growth, each of us must look upward, set goals, and continue to take on new challenges.

High Added Value
To gain a high level of satisfaction and trust by grasping needs of our customers and the market and providing products and services with value unique to the Hirose Group.

The Principle of “Being Small”
We must see ourselves as “small,” learn with honesty and humbleness, and aim for limitless growth for a tomorrow greater than today.

Always Taking the Lead, Pursuing the Cutting Edge, Achieving Differentiation
Create differentiating concepts that serve customers and deliver value ahead of the competition, at the exact timing the customers desire.

A Small Company of Smart People
Each employee will improve by working as if the company were their own business while bearing an awareness of achieving the best results. A team of “strong individuals” will aim to maximize productivity.

Connecting Wisdom
We will take a broad view of the world, actively connect internal and external wisdom, and create new value through communication and team work.

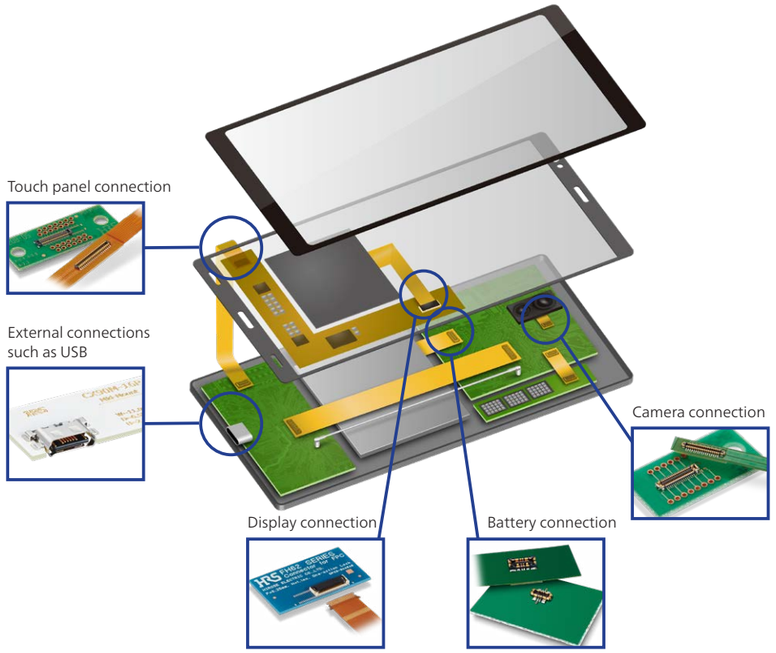
Contribution of Connectors

Connectors are an indispensable part of every kind of electronic device and equipment, and the digitalization of society has led to a broadening of the area in which they are used.

The connector is a component whose primary purpose is to connect and disconnect electricity. A familiar example of this is the connector with a cable, and a socket is also a kind of connector. In fact, large numbers of connectors are also used inside items of equipment, out of the sight of the consumer, and the digitalization of society and the development of electronic control have led to even higher growth in demand for connectors.

The roles and uses of connectors

Smartphones and other electronic devices are built from combinations of functional parts called "modules." The role of connectors is to provide electrical and mechanical links between these modules. When new functions are added to such devices, the number of modules generally increases, and this results in a need for new connectors. Through the use of connectors, the equipment manufacturers that are our customers can connect modules together to assemble their devices, or change the combination of modules used to easily increase the number of variations in their lineups.



Modules embedded in smartphones

- Display
- Camera
- Battery
- Antenna
- Touch panel
- Fingerprint sensor
- Speaker
- Microphone
- Side key
- External interfaces

etc.

The function of a connector is simple, but if a malfunction occurs in this connecting part, the module stops functioning.

We of the Hirose Group place great importance on reliability, and our goal is to create differentiated products that meet or exceed customer expectations.

Contribution to People

Contributing to work safety

Improving productivity (speeding up and simplifying work)

Connectors are components designed to be mated and unmated easily, without the use of tools. Of course these contribute to automation in factories, but they also play an important role in areas where manual tasks are required in infrastructure, housing and other industries. Work on construction sites may include dangerous tasks involving the handling of high currents and voltages or high levels of skill, such as modulating the force with which screws are tightened. However, against the background of the aging of the population and declining birthrates, the widespread deterioration of infrastructure, and other factors that have emerged in recent years, the shortage of workers who can deal with such front-line tasks is becoming an increasingly serious issue. Operability of connectors is being improved by developing new technology continually from the standpoint of them being operated by workers. The use of connectors can provide some merits including simplified operation and safety measures for electric shock by way of a lock mechanism. There are expectations that connectors will contribute to resolving the problem of labor shortages, and to enhancing the ease with which work can be performed, and the components are playing an increasingly important part in the shift of people towards higher value-added work.

Contribution to Technology

Development of the division of labor

Utilization of existing technologies and physical assets

Many of the digital devices that make our societies better are assembled from a variety of modules joined by connectors. Being able to assemble these devices using connectors eliminates the need to concentrate production in one place, which enables module production to be allocated over multiple regions worldwide, and to multiple manufacturers. This has permitted countries and manufacturers to drive innovation by concentrating their resources in areas where they are competitive.

Furthermore, using connectors to attach additional modules enables functionality to be extended while leveraging accumulated design concepts and existing assets. The recent spread of vehicles equipped with automatic braking is a good example of this. Automatic braking functions were realized by adding new modules, such as sensors, cameras, and control units, to existing functionality for driving, turning, and stopping. We will close in on our goal of achieving autonomous driving by continuing a process of evolution whereby we leverage the structure of existing vehicles and extend it with new functionality. By enabling such combinations of equipment and modules, connectors play a mediating role in technological innovation.

Contribution to The Environment

Effective use of resources (reduced waste, longer life)

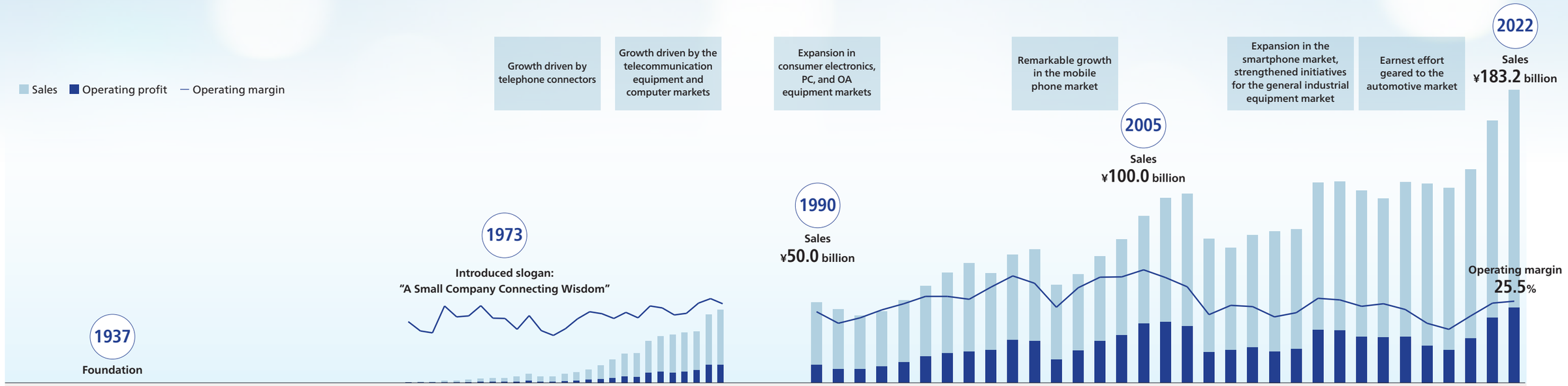
Promotion of energy transition (from fossil fuels to electricity)

Two of the major environmental issues that the world currently faces are achieving a sustainable society and addressing climate change. The connect/disconnect function of connectors enables the replacement of only certain modules. Because this function enables reuse it by enhancing device repairability and maintainability, it leads to reductions in waste and longer equipment lives. A good way to illustrate the benefit is to see it as being akin to replacing a battery in an electronic device in daily life.

Connectors are also connecting parts that serve as the pathway for electric signals. The energy transition from fossil fuels that emit large amounts of CO_2 to electricity is an important initiative for addressing climate change. In line with progress being made in the electrification of vehicles, exemplified by EVs, the structures of devices and equipment are also undergoing electrification and incorporating digital technology, resulting in high demand for electrical connecting parts. These significant social changes are bringing about changes in devices and equipment for various markets, and connectors continue to evolve as a supporting component.

We Contribute to the Realization of a Sustainable Society

History of Value Contribution



Vacuum tube era

Vacuum tubes consume large amounts of electricity, which required components capable of withstanding high levels of heat and voltage, and this led to large cable connectors becoming mainstream.

Spread of ICs (integrated circuits)

The shift to low-voltage ICs and the development of printed circuit boards led to the birth of small board connectors. Electronic equipment was also downsized.

Spread of surface-mount technology

Connectors are downsized and increasingly use narrower pitches. Devices gain functionality and become suitable for mass production as a result of surface-mount automation and increases in the number of modules used.

Development of high-speed, high-frequency technology

Board frequencies exceed the GHz band, and connectors evolve with high-speed, high-frequency characteristics. The speeding-up of electronic equipment accelerates further.

















1937 to 1950s

Responding to social needs

- Technology gap between Western countries and Japan
- Post-war reconstruction in Japan

Our contribution

We respond constructively to the Defense Agency's policy of domestic production of wireless equipment, for which Japan had previously been using items disposed of by the United States. Although our efforts were regarded as a reckless attempt by a small company, we succeeded in developing the first domestically manufactured connector, and contributed to the securing of domestic technology.

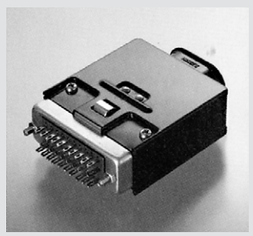


Machining-processed coaxial connector BNC series

By forging ahead with our ideas despite material shortages and insufficient facilities, we used this opportunity to help the major shift in policy from copies to original products.

1960s to 1980s

- High economic growth results in major rollout of communications infrastructure, leading to labor shortages



Rectangular interface connector
1300 series (Minicon V)

The rapid diffusion of telephones led to the efficient installation of telephone equipment becoming a pressing issue. As a result of proposing the use of connectors to create connections between equipment, our products were adopted as the standard by Nippon Telegraph and Telephone Public Corporation (now NTT).

This resulted in enhanced operability and reduced the time required to find faults, which supported the development of the telephone network as a lifeline.

1990s to 2000s

- Progressive international division of labor driven by the development of communications networks
- Expansion of global market leads to mass-production/consumption society

The spread of mobile phones led to the era of an electronic device for every person, and has required levels of mass-production that are an order of magnitude higher.



Pressed micro coaxial connector FL series

We achieved mass-production for antenna connectors by successfully shifting from small-lot manufacturing using machining processing to production by stamping with press facilities. By implementing significant product downsizing and cost reductions, the antenna connector acquired position of de facto standards and we contributed to the later development of wireless industry.

By facilitating the development of real-time communication, we simultaneously played a role in supporting international division of labor.

2010s onward

- Society in which everything is connected
- Electrification/digitalization expands in all markets

With the rise in the number of applications for electronic components, although there is a trend towards common technologies that cut across different segments, there is also a requirement for specifications to be tailored to the usage environment.

- Responding to requirement for heat and vibration resistance in automotive applications
- Design optimized for automated assembly by robots



Floating board-to-board connector
FX26 series



One action FPC connector
FH72 series

Our strategy of focusing on the three pillars of consumer equipment, automotive, and general industrial equipment, has led to the acquisition of knowledge in a wide range of markets, and we have contributed to the development of society by creating new connectors that are the first of their kind.

A Message from the President

We will connect the “knowledge” of our customers, subcontractors, and other stakeholders, and continue to create products that differentiate themselves, and meet and exceed the expectations of our shareholders.

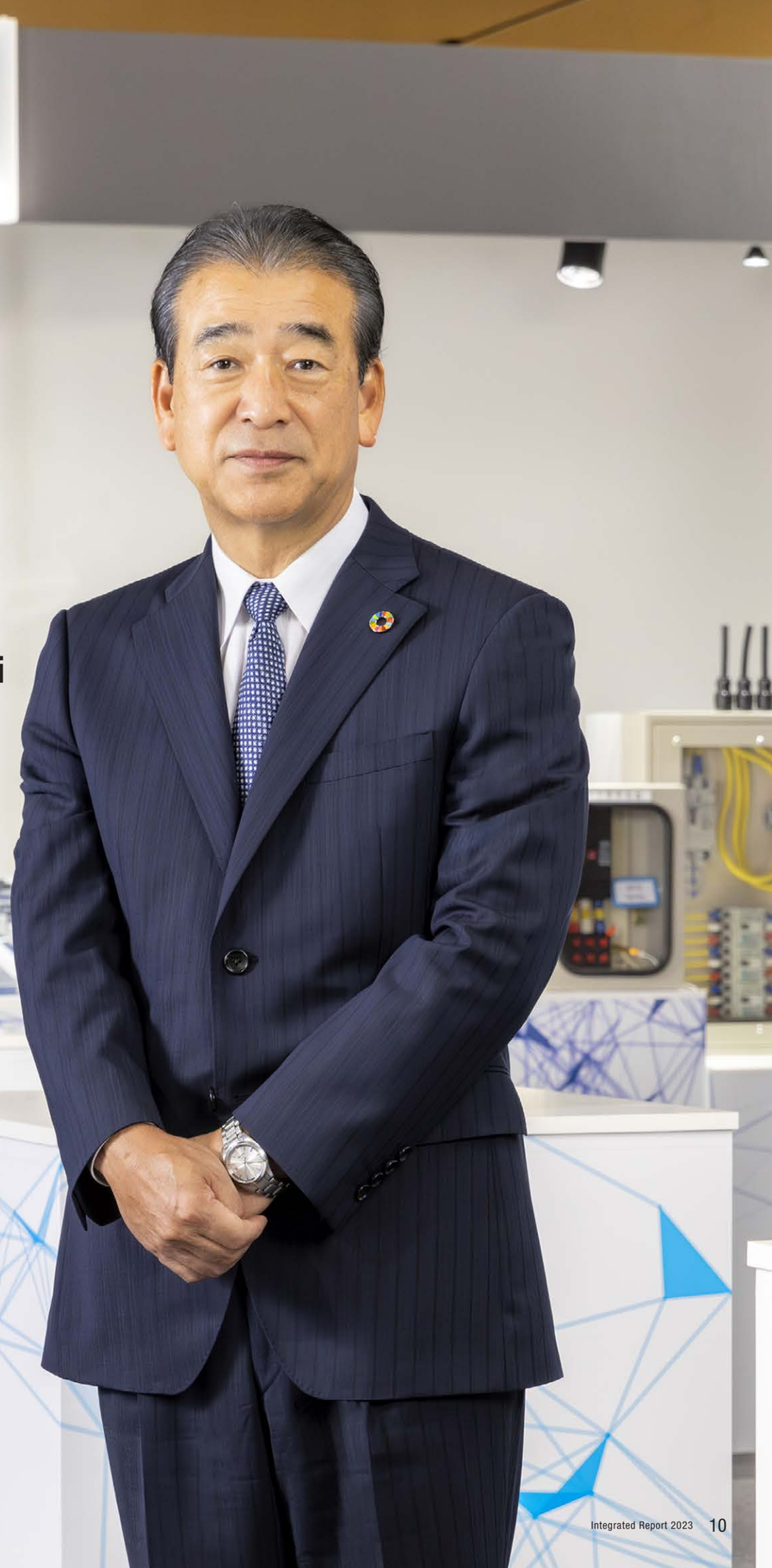
Fiscal 2022 review and mid-term initiatives

In fiscal year 2022, the Hirose Group achieved sales of ¥183.2 billion and an operating margin of 25.5%, which has replaced the past highest record. While sales were 1.5 times larger than the ¥121.8 billion in fiscal 2019, when the shortage of materials due to COVID-19 pandemic emerged, we received customer complaints for not supplying enough connectors. That was a period that made us keenly aware of how important a stable supply was. Connectors that we supply are electronic components that include not only standard products but also products requiring a huge variety of variations to suit the customer’s equipment. It is critical to have a flexible production system and the organizational ability to adapt to changes in demand, since connectors frequently face supply shortages during chaos in the supply chain or when industry is rapidly growing.

Against this backdrop, we are working on our key medium-term initiatives, which include the construction of a new factory in Koriyama and the expansion of the Hirose Korea Precision Connector Center and factory, in order to strengthen production technology for [Automotive], [Industrial equipment] and [Consumer/Mobile] products. Although we are experiencing a decline in orders due to inventory adjustments, we believe that demand for connectors will increase in the medium term and our investment in the future will continue unabated. To promote the standardization of equipment to improve investment efficiency, the Tohoku Advanced Technology Center will be established to serve as a core for the development and manufacture of automated machinery. We will focus on strengthening production technology capabilities and training engineers as a driving force for developing new products. At the same time, to improve our ability to respond to change, we have medium-term infrastructure plans to renew our SCM system, which should help us to strengthen the foundations of our business by increasing our speed of delivery and our ability to respond to fluctuations.

Differentiating products that serve as the core of our business

Customer demand for new connectors is increasing as technological innovation accelerates. Consumer electronics has become a lifeline for each and every one of us, while the automotive industry is at a once-in-a-century turning point called CASE. Industrial equipment is not only affected by these trends but is also evolving into equipment that adapts to the shift to DX, GX, and



Kazunori Ishii
President and
Representative Director

SX technologies. With the advance of digitization, electrification, and networking in all industries, there are increasing expectations for connectors, which are components that connect signals and power. Our mission is to create new products that differentiate themselves, and meet and exceed such expectations.

In November-December 2022, the Hirose Group held the Hirose Technology Exhibition for four days. This technology exhibition is a closed invitation-only event, featuring "displays of new products and future concept items," and "all-engineer exhibition guides." For the Hirose Group, which seeks to offer high added value through differentiated products, this exhibition provides valuable opportunities for our customers and our engineers to exchange ideas about future devices. At the venue, we showcased a diverse range of exhibits displaying actual products such as wearable devices as well as automotive and industrial equipment. This generated ample feedback from customers who drew new inspiration from the design philosophies of different industries. Held every three years, this year's 15th exhibition attracted a total of around 7,700 domestic and international visitors. Organizing such a large exhibition requires a great deal of energy, but it is well worth the effort as it provides unique and valuable opportunities for engineers to listen to feedback directly from thousands of customers. For connectors, which are the connecting components, the "knowledge" of the developers of the equipment in which they are mounted is indispensable, and we are working on various ways of coming into close contact with our customers to "know our customers."

Inseparable Principles and the HIROSE Philosophy

The Hirose Group has its corporate philosophy of being "A small company connecting wisdom." As I mentioned earlier, the "knowledge" of our customers is indispensable for the development of products that differentiate themselves. One of our strengths is the broad market base realized by our three-pillar strategy encompassing Consumer/Mobile equipment, Automotive, and General industrial equipment. This allows us to take inspiration from equipment design in different fields and provide customers with optimal solutions. Furthermore, the basic technology for such solutions is created through co-creation with our subcontractors having such technologies as pressing, molding, plating, and assembly. New manufacturing methods are created by combining each other's specialized technologies and "knowledge" from industries other than connectors. The Hirose Group's growth cannot be achieved on its own, and it is required of Hirose people to always acknowledge themselves to "be small" and to connect internal and external wisdom with an honest and humble attitude. Based on this recognition, Hirose Group engineers not only design but also actively visit customers with sales staff, who in turn gain knowledge outside their area of responsibility to broaden the range of their proposals to customers. It is our strength as a team in connecting wisdom that is our strength and source of competitiveness.

The HIROSE Philosophy is the verbalization of this corporate culture. In these times of rapid change, and moreover, because connectors are components that are influenced by the latest trends in customers' equipment, it is necessary for each and every employee to be highly sensitive and to work autonomously. The HIROSE Philosophy serves as "The Ultimate Standard of Thought and Behavior" for such actions by employees. The strength as a team built around the fulcrum of the HIROSE Philosophy is the very source of our competitiveness, but with the advent of the New Normal triggered by the COVID-19 pandemic and the shift in our business strategy from a consumer electronics to the three pillars, I feel the need to update our understanding and the way in which the HIROSE Philosophy is infused. As such, for fiscal 2023, we have planned to resume the activities to Connect and Evolve with the HIROSE Philosophy. The Philosophy Committee will play a central role in the Connect and Evolve activities, and I myself will also travel to each of the sites worldwide to pass down the philosophy through dialogue with the local leadership. I believe that corporate culture is a greater driver of success than any other strategy, and putting it into practice is what the Hirose Group is striving for.

Future challenges

The other day I asked a customer of a world-class manufacturer straight out why they had chosen the Hirose Group, a Japanese manufacturer, over many other connector manufacturers. In response, they replied, "You are the only manufacturer that excels in technology and manufacturing, keeps its promises, and shares our values." Offering valuable products to customers and earning their trust is what the Hirose Group is all about, and I was pleased that we were able to share our values beyond national borders. It is owing to our practice of respecting this trust, that we have been able to weave a history of more than 80 years.

For fiscal 2023, we have set a medium-term business target of "continued sales growth and a highly profitable structure with an operating margin of more than 25%." The continued pursuit of such a high operating profit margin represents the Hirose Group's will to continue creating new products that meet and exceed customers' expectations and earn their trust. We are committed to contributing to our customers and society as a company that creates new value, with the Inseparable Principles and the HIROSE Philosophy serving as the fulcrum.



Co-creation with Our Stakeholders

**"Co-creation" is to put into practice the Hirose Group's unchanging philosophy of being "A small company connecting wisdom."
We aim to enhance corporate value by listening to our stakeholders and co-creating new value by connecting our own and external wisdom.**



Aim to increase our medium- to long-term corporate value through dialogue with capital markets regarding the Hirose Group's financial and non-financial information

Grow together by respecting each technology while connecting wisdom of our subcontractors and the Hirose Group

- Share the Group's procurement policy
- Organize the QC Circles
- Share operational improvement examples



Organizing QC Circles

The Hirose Group promotes QC Circle activities involving not only each plant but also our subcontractors, and each site holds a meeting to present the results of activities and regularly follows up on the status of activities. The company-wide QC Circle Convention, which brings together the best teams from each manufacturing site, was first held in fiscal 2008 and celebrated its 16th anniversary in August 2023. Through improvement activities promoted by the cooperation and collective wisdom of all members, we aim for the growth of each individual, including those at subcontractors, and raising awareness of quality, thereby revitalizing the workplace and achieving sustainable growth for the Company.

Create workplaces where employees are motivated to leverage their full capabilities and where both the employees and the Company can grow together

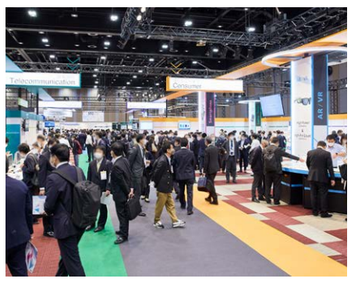
- Promote the health and productivity management
- Employee-led "Iki-Iki" Project
- Connect and Evolve with the HIROSE Philosophy


Events for employees hosted by the "Iki-Iki" Project

The "Iki-Iki" Project is primarily intended to promote communication across organizational boundaries and to enhance the work-life balance of employees. We are engaged in voluntary activities primarily driven by young employees. Organized on the initiative of the project members, the "Find your base color meeting" provided a unique opportunity for the participating employees to interact with other employees who do not have daily contact with, around the theme of the color that suits them, as diagnosed by a professional curator. Through such activities as these, we cultivate a corporate culture in which employees find it comfortable to work in.

Achieve a convenient and sustainable future with our customers by proposing solutions that leverage our expertise as a connector manufacturer

- Holding Hirose Technology Exhibition
- Holding technology interactions events
- Joint development


Holding of Hirose Technology Exhibition in FY2022

The Hirose Technology Expo, held every three years, was held in Yokohama and Osaka in fiscal 2022 under the theme of "Create the Future, Connect Today." Personnel giving explanations were all engineers from the Hirose Group, and there were exchanges of opinions between the engineers from Hirose and those from the invited customers here and there. The event was well received by participants for the hands-on experience in different fields and new ideas it offered, and attracted 7,686 visitors, an increase of approximately 15% compared to 2019, when the event was held before the COVID-19 pandemic.

As a member of the local community, achieve sustainable growth of the Hirose Group and society

- Hosting workshops for children
- Donation of our products for students' cultural activities
- Support for local sports teams


Holding of the workshop for children

In cooperation with the community, we also participate in educational events for families living in the neighborhood. We organized a workshop to build motor-driven miniature cars using recycled parts, which provided us with the opportunity to assemble them with children. We hope that by connecting the parts of miniature cars with connectors, children will develop an interest in making things, and that we, a manufacturer, and the local community will grow together.

Value Co-creation Model

Ideal Vision

Co-creating
Our Future Society with
the “Power to Connect”

Foundation of our values

Global customer base
Number of customers: more than **3,000**

Global network
Plants and offices:
55 locations in **15** countries/regions
Subcontractors: more than **800**

Technological development-oriented
R&D expenses: approx. ¥**12** billion/year

Human capital who share HIROSE Philosophy
Number of employees: approx. **5,000**

Stable financial condition
Operating margin (for 30 years): **26.1**% (Avg.)

Natural capital
CO_2 emission: approx. **46** thousand t-CO_2

Business activities

Key word: “Power to Connect”

Create the *New.*

Original and differentiated products

Hypothesis verification cycle

Close relationships with leading companies

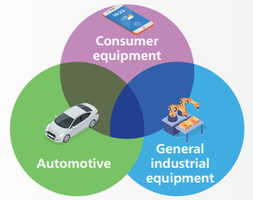
key technology
High-speed
High-frequency
High-power
Downsizing

3C+1C perspective
+1C (Co-operator) collaboration
Semiconductor/cable/PCB manufacturers, etc.

Broad development for new usage

Feedback knowledge and insight

Three-pillar market foundation



Flexible production framework

Dissemination of the principle of manufacturing

Manufacturing with compact standard equipment

Subcontractors network

Verification at manufacturing sites/feedback

A corporate culture of challenge

Mindset to aim for high profitability

Culture of teamwork

Extensive expansion of solution proposals (number of products: 50,000)

Build the relationship of trust with customers

Expand global supply structure

Development of global human capital

Achieve the stable and high profitability

Contribution to society

Evolution of electronic devices

Contribution to labor saving by reducing man-hours

Promote the electrification of energy

Improved ability to repair and maintain electronic devices

Contribution to energy conservation by downsizing

Inseparable Principles

A Small Company Connecting Wisdom

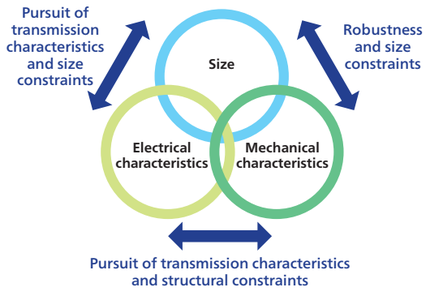
HIROSE Philosophy

The Six Values

- 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
- Continuing to Be a “High Flier”

Mechanisms for Value Co-creation 1

Connector markets



A wide variety of market and customer requirements depending on the applications on which the connectors are mounted

❶ **Product characteristics**
Huge variety of products are existing to meet a wide variety of requirements

❷ **Competitive environment**
Competitors focus on target markets to increase their expertise

Characteristics of the Hirose Group

Management

Pursue high added value rather than expansion of scale
- Focus on markets where technological change is occurring; do not just to pursue sales scale pointlessly
- Management engages in pricing and keeps to check evaluation from customers and markets at each product

Marketing and R&D

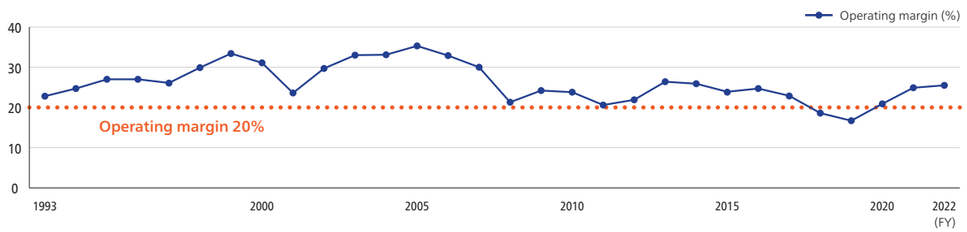
Prioritize original and differentiated products
- Rationalize and align with HIROSE Philosophy
- Engineering divisions are to be organized according to product, pursuing technical specialization
- Build the mechanism in which numerous customer needs are aggregated around three-pillar business and hypotheses are verified (e.g., Hirose Technology Exhibition every three years)
- Sufficient R&D expenditure and a stable financial foundation

Manufacturing

A structure that is resilient to demand fluctuations
- Network of subcontractors
- Flexible production mix realized by compact standard equipment

Integration of Hirose technology and knowledge of subcontractors
- Creation of the Hirose Group's unique manufacturing philosophy and its development through verification at the production lines
- Joint R&D with the introduction of knowledge of subcontractors

Operating margins in past 30 years



Development of products and expansion of solutions

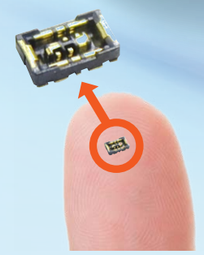
Expansion of product lineup

Expertise shared with cutting-edge customers and record of adoptions

Propose our differentiated connectors to manufacturers with cutting-edge technologies
Proposing new value

Entry into other markets through development for new usage and feedback on product features
Connecting the knowledge of customers

Supply capability with a product range that meets a wide range of customer needs
Provision of abundant solutions



Example: Propose the world's smallest advanced connector for increasingly downsized consumer devices





Product development	Original and differentiated products	Development of product variations	Sales expansion of existing products
Sales channels	Emphasis on direct sales		Emphasis on sales through distributors
Manufacturing	In-house manufacturing		Outsourced manufacturing

Mechanisms for Value Co-creation 2

Marketing and R&D

Hypothesis verification through Hirose Technology Exhibition (private exhibition)

The exhibition is a place where hypotheses about the connectors required for future devices are introduced to customers through exhibits of new products and conceptual products, and where we can discover potential new needs.



Characteristics of Hirose Technology Exhibition

▶ Future-oriented technology exhibition

Most of the products on display are new products, products under development and conceptual products, which helps customers to conceive of future products.

▶ Abundant exhibition of adoption examples (actual equipment)

We exhibit applications that have adopted our products through cooperation with customers in various segments in consumer equipment, general industrial equipment, and automotive (some are displayed in their disassembled form).

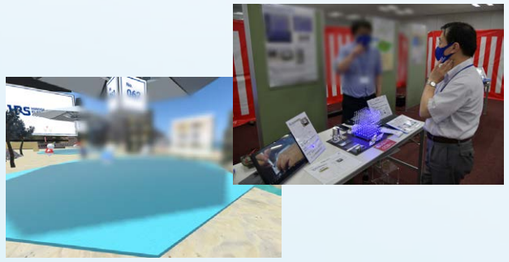
▶ Engineers with competent expertise explain the exhibits

All explainers are development engineers, so visitors can gather expert information by exchanging views between engineers.

Zero One Festival (fiscal 2021)

An in-house event where ideas are freely expressed and showcased to foster a corporate culture of challenge

- **In-house exhibitions organized by engineers (organizing committee members are mainly young engineers)**
- **Free participation, with no restrictions on exhibitor eligibility based on age, position or division**
- **Exhibits are not limited to connectors; software and ideas are also accepted**
- **The winner is decided by a vote by the participants and awarded**



*The FY2021 event was held in a hybrid format of real and VR exhibitions, in order to prevent COVID-19 infections

The 15th Hirose Technology Exhibition for fiscal 2022 was held

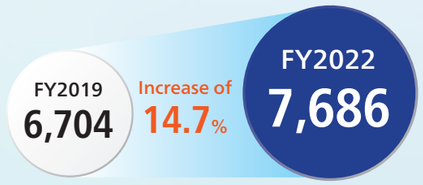


- **Yokohama**
  Period: November 10 (Thu) – 11 (Fri), 2022
  Venue: North hall, PACIFICO Yokohama
- **Osaka**
  Period: December 8 (Thu) – 9 (Fri), 2022
  Venue: Osaka International Convention Center





Number of visitors

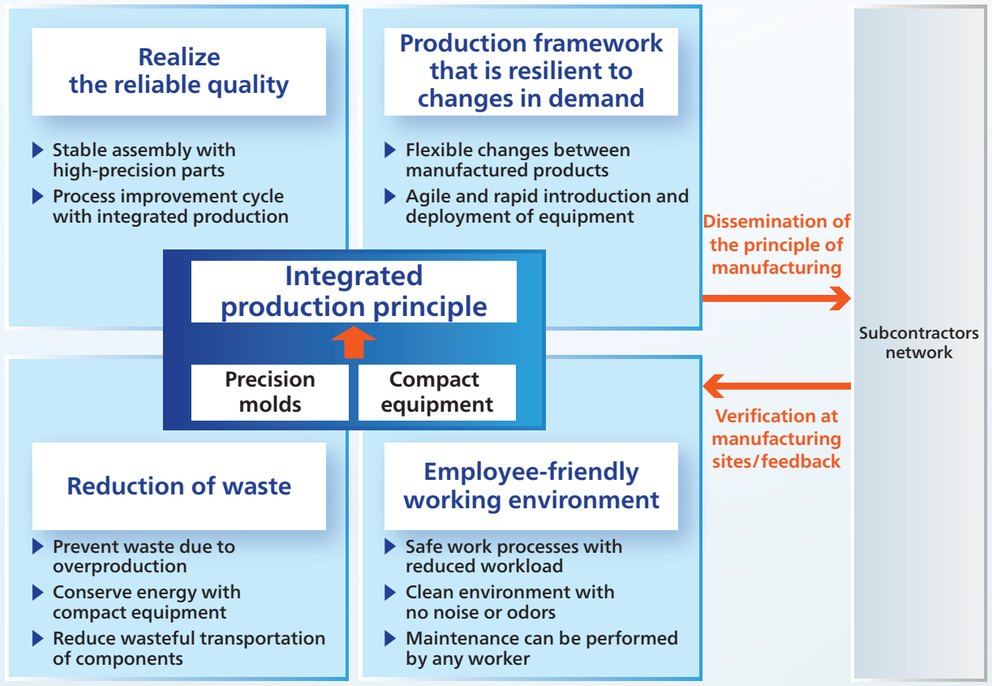


*Exclusive to invitees only

Manufacturing

The Hirose Group's three-pillar strategy requires the ability to produce variable types of products in variable quantities in order to provide a wide variety of products to markets with different characteristics, which are consumer equipment, automotive, and general industrial equipment markets. At the core of this is the principle of manufacturing using compact equipment and precision molding dies.

This principle originated from the belief that "if you stick to principles and eliminate waste, you can make things smaller," which was told to us by a subcontractor that specializes in small precision molding dies. We have pursued downsizing of assembly equipment and molding dies based on the idea that everything other than the equipment parts used to form the connector shape is waste. In order to perform efficient processing with the minimum energy to make connectors, the equipment parts have a high degree of precision and are created from well-thought-out designs. The Hirose Group's unique strength lies in its pursuit of downsizing its equipment, as opposed to the idea that mass production with large equipment is more efficient. Our downsizing enables the flexible introduction and deployment of equipment and the switching of production types by changing components and settings, which is an important factor in supporting the ability to produce variable types of products in variable quantities.



In addition, the pursuit of small size resulted in the principle of "integrated production," which consolidates all processes up to assembly, and has become the core of Hirose Group's high quality. The integrated production aligns the production line within sight, making it possible to grasp the issues at each process at a glance and to quickly go through the manufacturing improvement cycle. The Hirose Group's compact equipment doesn't need major improvements that large equipment needs, such as separating the production line from the vibration effects of such equipment and using a crane to transport molding dies. Through the use of equipment that any employee can operate, we are able to adhere to the manufacturing principle of "if there is any problem, stop the production line and make improvements," which is the basis for the quality trusted by the world's leading manufacturers.

A Conversation

Developing Products and Expanding Their Variations



W.F.
General Manager of engineering department

Developing Products and Expanding Their Variations

The Hirose Group's business model has a strong relationship with the characteristics of connectors. To help you understand our business, here is a conversation between a former design engineer and a former sales representative, using the DF40 series, one of our main products, as a subject matter.



N.Y.
General Manager of sales department

To start with, will you briefly introduce the "DF40 series"?

W.F. The DF40 Series is a range of connectors that directly connect two printed circuit boards (including FPCs) within electronic devices. They allow boards to be split for layout, helping to minimize the size of the customer's electronic devices and providing greater flexibility in terms of its shape. The connectors themselves are small, about the size of a grain of rice, depending on the product.

They are long-selling products, with sales still growing 18 years after its development in 2005. They were first used in digital cameras, then in consumer products such as laptop PCs and smartphones. Now they are used in all kinds of applications, such as in-car cameras and general industrial equipment.

With technology advancing, why are they used in such a wide range of markets over a long period of time?

N.Y. It is because the DF40 is just in the right size to handle for customers. Connectors, which are the connecting components, are mounted on the board or mated with other connectors, so if the connectors are too small, they are difficult to handle. Although there are many connectors smaller than DF40 available today, the demand for connectors in the size of DF40 is high in a wide range of markets, as the size of a connector must be suitable for the internal space of electronic devices.

The other strength of the series is that it offers many product variations. Generally, in the development of electronic devices, the design process first focuses on semiconductors, and specifications for the connector are finalized at the final stage in consideration of available space left and ease of assembly of the device. It is quite common for connector specifications to change at the last minute from what was originally requested, and it is very convenient for the customer to have a wide range of variations available to accommodate the change in a timely manner.

You mentioned that one of the strengths of the series is its wide range of product variations; was the series designed with such variations in mind?

W.F. No, we did not plan to give it such variations at that time. Rather, it is fair to say that the series has eventually grown to this level. Hirose is a company that focuses on originality in development, so we did not have any customers in mind at the development stage and did not offer that many variations. The development started with a small-sized connector suitable for high-density board design, in line with the technological trends of the time. We then introduced them to visitors at the Hirose Technology Exhibition and received their feedback to see how they would be received. The foundation of the DF40 lineup has been built around numerous requests we received from our initial customers who liked the products and our response to those requests by offering a wide range of product variations. I really appreciate meeting with customers because it gives me inspiration for developing new products.

Tell me about what triggered the first adoption of the series.

N.Y. The first adoption was for digital still cameras. The DF40 is characterized by the fact that it is not only compact, but also has protrusions on both the plug (male) and receptacle (female) sides of the connector to absorb the impact of a drop. These features were appreciated and led to the adoption, as digital cameras are often dropped by users.

W.F. I know engineers at Hirose are constantly told to "always include one thing that differentiates itself from others when designing." We also include innovations that have little to do with technological trends.

N.Y. One other thing to note... we were quite quick to respond. Then, as now, the customer's specifications for connectors often changed at the last minute in the final stages of development, but we were able to help by being able to develop and deliver a variety of products at short notice. As new digital camera models are launched in spring and autumn, a variety of products with different connector heights and number of pins are required to match the models. At that time, we had a very short development cycle, starting with the production of molds and finishing with the start of mass production in just three months or so. This was only possible owing to the great support from engineering and manufacturing teams. Connectors are the final component to be selected, so Hirose's ability to respond quickly through cross-functional teamwork within a tight timeframe is certainly one of our strengths.

W.F. Indeed, speed was very important. Timely information gathering was essential for this, and every time I visited the customer, I was able to meet with key design personnel and felt that our sales team had built a strong relationship of trust with the customer. Thanks to the close exchange of information on how the connector would be affected by the customer's ongoing design, we were able to establish a system to achieve speedy responses.

N.Y. Engineers talk best with other engineers, so the sales representative should play the role of a coordinator. Obviously the key people in the design are important, but equally important is the ease with which the connectors can be worked on, for example in terms of mating and board mounting. So, I also visited our customers' manufacturing sites to promote our products extensively to key people working in their plants and quality control departments. So much so that at the time, some of the customers told me that they received more business cards from Hirose than from any other supplier. Connectors, a mechanical component, is a business that involves a variety of people, so it is essential for sales people to have a close relationship with customers.

A Conversation Developing Products and Expanding Their Variations



Our ability to form cross-functional teams that act quickly within tight timeframes is one of our strengths.

Did you face any manufacturing challenges?

W.F. One of the challenges was to manufacture connectors by plating after integral molding, which was the first attempt for connectors. Integral molding is a technique where resin is poured into a molding die fitted with terminals to form a single unit, achieving smaller sizes than with conventional manufacturing where the terminals are built into the case. This was a technology for which we had little experience at the time, and we were able to implement it with the knowledge of our subcontractors with extensive experience in integrated molding.

In addition to this, we have introduced the technology of gold plating after integral molding to achieve the reduction of the number of man-hours required for plating and to plate only the necessary areas cleanly. Again, we worked with a plating subcontractor to implement this technology and jointly acquired a patent for it. This technology has been increasingly important now that downsizing is progressing, and Hirose has received an overwhelming reputation for excellent quality in small-sized connectors in the size of a fingernail, which is a source of differentiation that no other company can replicate.



Other improvements included achieving efficiency by design by standardizing the plug (male) side of the connector, so that even if there were more variations with different connector heights, all that was needed was to change the receptacle (female) side.

Following digital still cameras, how did you explore other applications?

W.F. In general, consumer equipment leads the way in downsizing and other markets follow this trend, and the market expands this way. While product size follows this trend, each market has different requirements for connectors, so we are increasing the number of product variations to meet those requirements. The next application after digital cameras was laptop PCs for overseas markets. These markets required us to achieve high-speed performance and noise endurance for display connections. So we modified the terminal design to accommodate shield metal and high-speed characteristics. It was more challenging than developing connectors with different heights and pin counts, but we achieved it in close cooperation with the locally stationed designers and by having close communications with our customers. For this application, we anticipated from the very beginning that the demand for this product would be high.

On the other hand, the demand for in-vehicle cameras was completely out of our sight at the development stage. The recent development and increase in the volume of in-vehicle cameras have created a demand for smaller connectors than ever before, and demand is now growing in this area. As our connectors have improved in terms of quality, cost and delivery through fierce competition in the consumer market, automotive customers must have found this to be an advantage. Since heat resistance is a key element for automotive connectors, we developed a variation with different terminal materials and shapes. These products were not planned from the beginning of development and have been developed as the result of sales and marketing activities to a wide range of markets. The range of applications for DF40 is so vast that we have more customers than we can keep track of, including small-lot projects.

N.Y. One thing that is unique to connectors is that products in previous generations are still adopted. The DF40 is rather large by the standards of today's cutting-edge products, but if you have enough space for your equipment, the DF40 is easier to use. They come in a good size, and are sturdy and easy to assemble. The fact that older products are not always replaced by cutting-edge products is a feature unique to connectors, which are mechanical components. Products that have been in production for a long time have been repeatedly improved and are free of defects, which is another advantage.

What prospects do you have for the future, from your experiences with DF40?

N.Y. I think one of the strengths of Hirose is that it has and continues to have wide variations. The development of electronic devices does not necessarily progress in a one-way direction. With every new module that is developed with a new function, past connectors that are suitable for it could be rediscovered as relevant. Focusing only on a current best-selling product will not help its series grow into one like DF40. I believe that this kind of accumulating a series of products is important in order to offer products to our customers in a timely manner.



W.F. Connectors inside electronic devices are used in a variety of applications across fields, and DF40 has a large number of customers that even we cannot keep track of. In order to develop original products and make them widely accepted, it is important to gather a wide range of information about market needs, and we would like to gather customer feedback which I mentioned earlier to develop a new series of products that replicate the success of the DF40 series. I also value our culture in which people are not afraid to make mistakes, because many failures are likely to happen in the creation of new and original products.

To develop original products, gathering a wide range of information on market needs is essential.
We want to develop new products that replicate the success of the "DF40 Series."



Risks / Opportunities

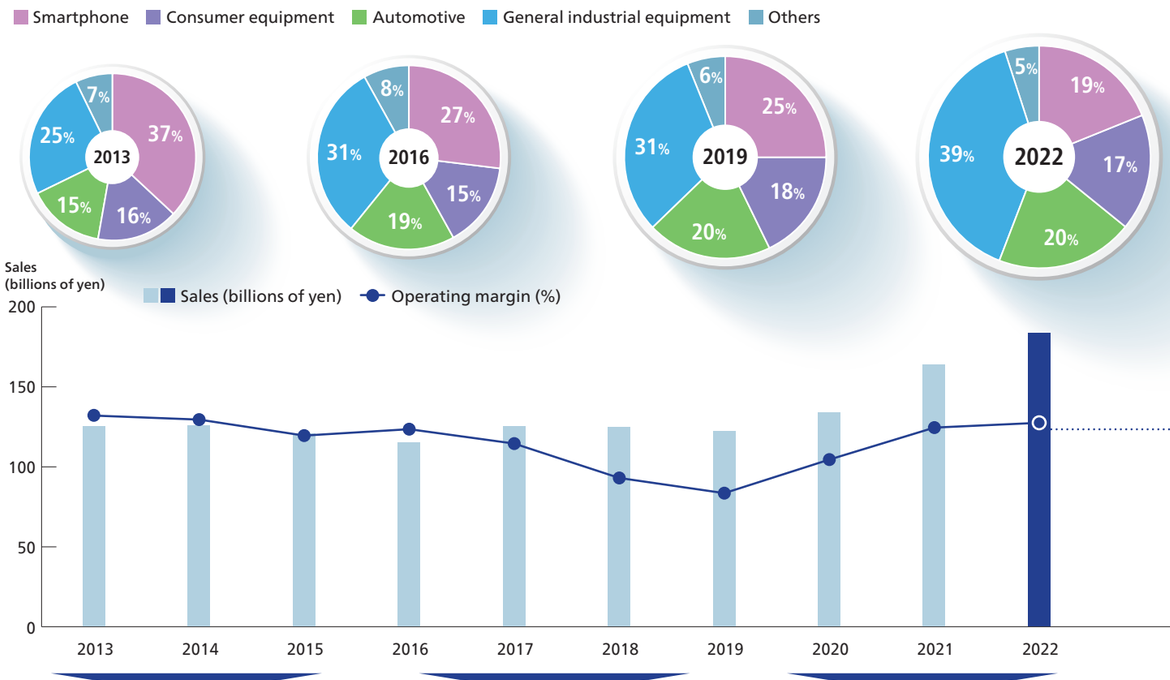
Megatrends	Characteristics of the Hirose Group and its connectors		Risks / Opportunities	Our initiatives
Demographic changes Population growth at global level and declining birthrates and aging populations, particularly in developed countries	▶ **The Hirose Group has R&D and head office functions in Japan, a country that is facing the challenges of an aging population and declining birth rate ahead of other countries, with nearly a half of its production capacity located in Japan.**	Risks	• Labor shortages due to a declining working population • Increasing labor costs due to the competition for talent • Shrinking market due to the declining consumer purchasing power	• Initiatives for deepening human capital development (reinforcing investment in human capital) • Strengthen the development of connectors for industrial equipment with a focus on changeover points in smart factory • Promote the production methods and standardization in response to variable-type, variable-volume production
		Opportunities	• Evolution of equipment and increased demand for connectors due to promotion of factory automation & unmanned operation • Market expansion due to progress in automation in areas other than factories (logistics, medical services, agriculture, etc.) • Emergence of new equipment to extend or replace functions performed by humans	
Climate change Realization of carbon-free society by implementing mitigation and adaptation measures against global climate change	▶ **Connectors are manufactured with electric power** ▶ **The Hirose Group has established its customer base with the world's leading companies.**	Risks	• Loss of customer trust due to our poor response • Impact on our sites by infectious diseases and floods resulting from climate change • Increased costs due to compliance with excessive regulations	• Develop the automotive sector into one of the three pillars, focusing on the changeover points to CASE • Proactive introduction of renewable energy to our sites and response to the initiatives • Relocation of Koriyama plant with high flood risk.
		Opportunities	• Increased use of connectors due to energy shift from fossil fuels to electricity (EVs are a typical example) • Increased demand for connectors due to the enhancement of power infrastructure such as batteries • Increased demand for sensors, IoT devices, etc. due to energy management and energy conservation	
Resource circularity The advent of a recycling-oriented society in response to the challenges of resource scarcity caused by global population growth and mass consumption.	▶ **Connectors are mainly made of plastic and metal parts (+ plating)**	Risks	• Insufficient response to recycling requests resulting in loss of customer trust • Environmental impact of wastewater and industrial waste from plants	• Enhance our downsizing capabilities • Water-saving technology for plating and wastewater management • Promote the use of regrind materials
		Opportunities	• Growing demand for high-quality products that do not cause defects • Resource conservation through pursuing downsizing technologies to make our products more appealing.	
Intermittent advancement of technology Development of various technologies such as AI, IoT, 5G and AR/VR for the advancement of digitalization and the resulting explosive increase in the volume of information	▶ **Connectors, as pathways of electricity and connecting components for functional modules, are expected to develop further along with the progress of electrification in various markets.** ▶ **The Hirose Group should develop its business focusing on four Key Technologies (high-speed, high-frequency, high-power, and downsizing) in a wide range of markets consisting of the three pillars (consumer electronics, automotive, and general industrial equipment).**	Risks	• Decline in existing advantage due to shift in market structure • Risks associated with the transfer of added value from hardware to software	• Establish a business portfolio based on the three-pillar strategy • Provide high-speed transmission solutions through analytical simulation (integration of software and hardware)
		Opportunities	• More variations of connectors due to diversification of applications • Development of expertise in the three-pillar fields due to cross-field development of technology • Explosive growth in information volume increases demand for high-speed technology in connectors	
The world becoming more divided Exclusion of other countries and/or increased restrictions due to political issues between nations. Disruption of production and/or logistics due to disputes, etc.	▶ **Hirose Group has 55 plants and sales offices in 15 countries and regions around the world, with international sales occupying approximately 80%.**	Risks	• Procurement risk due to disruptions in global supply chains • Decrease in value of global companies due to preferential treatment of domestic companies (localization)	• Strengthen collaboration with HIROSE KOREA CO., LTD. • Promote multi-country production and inventories and develop the next-generation SCM suitable for them
		Opportunities	• Earn customer trust by strengthening supply chain resilience • Growing expectations for global support for customers' supply chains	
Diversification of values and increased awareness of human rights Diversification of work lifestyles and personal preferences based on the premise of society becoming more diverse	▶ **In line with the HIROSE Philosophy, we will connect the wisdom of our diverse partners and focus on the development of original and differentiated products.** ▶ **Approximately 80% of the total of around 5,000 employees are from overseas locations, realizing a global workforce with diverse values.**	Risks	• Decreased ability to execute cross-segmentation and cross-functional activities due to decreased cohesiveness in the Group • Wrong predictions about product trends against a backdrop of diversifying needs • Damage to corporate value due to the occurrence of human rights issues	• Passing down of HIROSE Philosophy • Strengthen contact points with customers (e.g. Holding of Hirose Technology Exhibition) • Promotion of health and productivity management • Human rights risk assessment and governance through RBA Audits
		Opportunities	• Diversification of electronic devices and market expansion reflecting personal preferences • Advancement of innovation through the acquisition of talented human capital • Earn customer trust and increase employee loyalty through respect for human rights	

Medium-Term Business Plan

Review and Outline

The Hirose Group places importance on a stable, highly profitable business structure in order to continuously produce leading, cutting-edge, and differentiated products, which are the foundation of its business. To this end, we strive to stabilize and diversify our market portfolio and promote the establishment of three pillars, which are (1) Consumer/Mobile equipment (smartphones and consumer products), (2) Automotive/Mobility-related, and (3) General industrial equipment from a medium- to long-term perspective, aiming for continued growth across segments with our key technologies as the fulcrum.

Shift in the segment (market) portfolio



Shifted the target markets from commodities to specialty areas

With increasing dependence on the smartphone market, expand into other markets with long life cycles and formulate a plan to stabilize operations.

Business Fields

- Step up efforts on automotive and general industrial equipment markets.
- Explore global leading customers worldwide.

Organizations and functions

- Stepped up collaborations with HIROSE KOREA CO., LTD, which became a subsidiary in fiscal 2010
- Established overseas sales offices and R&D offices
  (Nuremberg, Hanover, Paris, Chicago, Shanghai)

Carried out large-scale investments from a medium-term perspective

Substantial expansion of facilities and human capital for the simultaneous launch of new products for general industrial equipment and automotive applications (→ operating margin will decline)

Business Fields

- For automotive, penetrate into the core market segment of "driving, turning, and stopping."

Organizations and functions

- Strengthened quality assurance, testing and evaluation capabilities
  - ▶ Reorganized the department for quality control into Quality Assurance Group
  - ▶ Installed anechoic chambers and shield rooms
  - ▶ Construction of Ichinoseki Testing Center
- Each plant successively acquired IATF 16949 certification, an automotive standard.

Disruptions caused by shortage of materials and strengthening foundation

Significant sales growth in the three pillars and strengthening of the supply system in response to market changes triggered by COVID-19 pandemic

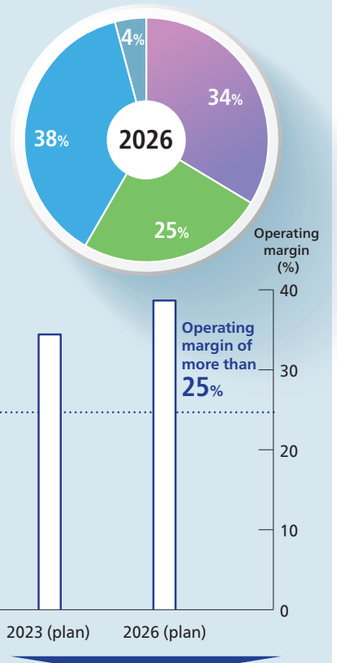
Business Fields

- Consumer equipment: Explosive increase in components for wearable devices
- Automotive and general industrial equipment: Begin contributing to the sales with new products introduced since 2016.

Organizations and functions

- Reorganized sales organization from area-based to market segment-based
- Established multiple production sites to strengthen supply chain
- Work style reforms evolving from the countermeasures against COVID-19 pandemic

Medium-Term Business Plan



Continuous growth supported by the three pillars

Expand the business structure to achieve the sales amount of over ¥200 billion and build a supply chain that focuses on responding to risks.

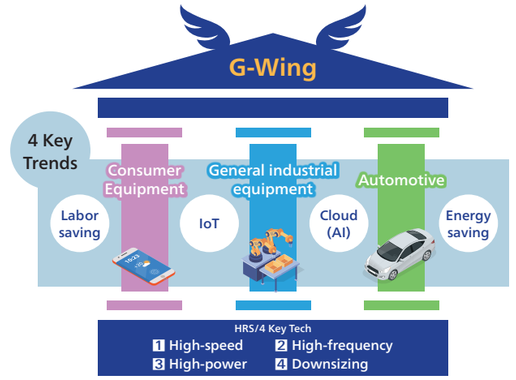
Business Fields

- General industrial equipment: With the smart factory becoming increasingly common, our product portfolio is shifting from older legacy products to more recently developed products. Build the production system centering on automated machinery.

Organizations and functions

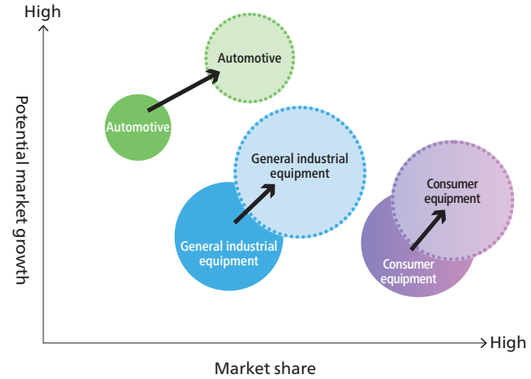
- Enhance capability for production engineering (new Koriyama factory and HIROSE KOREA CO., LTD.)
- Establish the TAT Center to strengthen development capabilities for automated machinery
- Build the next-generation SCM to adapt to resilient supply chains.

Basic policy Achieve further growth through G-Wing



G-Wing means to win globally by spreading our wings to the globe, which is the basic policy for the Medium-Term Business Plan.

With key technologies at the fulcrum, we will strengthen our three-pillar market base across sectors to achieve further growth.



The Hirose Group plans to grow in each of the three pillars, but expects the automotive sector, with its significant changeover points such as those to CASE, to drive the most growth. The sector accounts for around 20% of total sales, which we intend to increase significantly.

The connector market is expected to continue to grow with the advancement of electrification and computerization, and the Hirose Group aims to continue to outpace this growth.

Medium-Term Business Plan

Business Strategy by Industry Segment

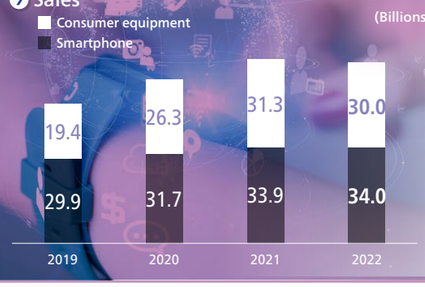
Hirose Group has incorporated, among other elements, segment-specific elements of consumer equipment, automotive and general industrial equipment to enhance its expertise, in accordance with different customer needs. All segments have certain technological trends in common, and by following core technological trends, we are able to develop and expand sales of products that incorporate needs across segments in advance.

Electronic devices are a combination of key modules. There is a common need for connectors.

High-speed | High-frequency | High-power | Downsizing

Consumer
(Smartphone and Consumer Equipment)

Sales



Market characteristics

- Overwhelming quantity
  (Nowadays, having more than one device is the norm)
- Frequent model changes and rapid technological change
- Need for pursuing downsizing

Product life cycle	Short	Medium	Long
Volume	Large	Medium	Small
Demand for custom-made products	Low	Medium	High

Changes in market environment

- Trend towards creating added value by linking with wearable devices, with smartphones reaching maturity
- Explosive increase in demand for wearable devices as people stay indoors due to COVID-19 pandemic

Hirose's policy

Defend our position as a top manufacturer in this market where key factors for success are continuous improvement in downsizing technology, cost competitiveness, and response time.

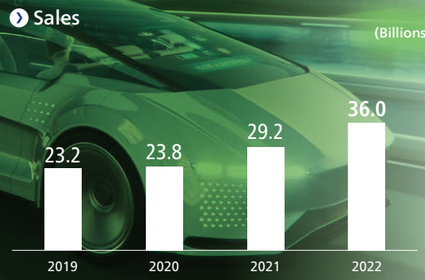
- Close customer relationships leveraging our customer base with leading global companies and our brand with excellent reputation
- Technological capabilities that have produced many of the world's smallest connectors
- For smartphones and wearables, increase efficiency through sharing development and manufacturing resources
- Expansion of global supply capacity to meet demand fluctuations through thoroughly standardized facilities

Applications that incorporate key modules



Automotive

Sales



Market characteristics

- Requirement for extremely high reliability for pursuing safety
- High entry barriers as customers value past performance

Product life cycle	Short	Medium	Long
Volume	Large	Medium	Small
Demand for custom-made products	Low	Medium	High

Changes in market environment

- Changes in technology due to CASE
  *CASE: Connected, Autonomous, Shared & Services, and Electrification
- Drastic changes in industrial structure
  (such as entry of players from other sectors)

Hirose's policy

It is the market undergoing the most significant change among the three-pillar markets. We will aggressively expand our market share as a driver for medium-term growth.

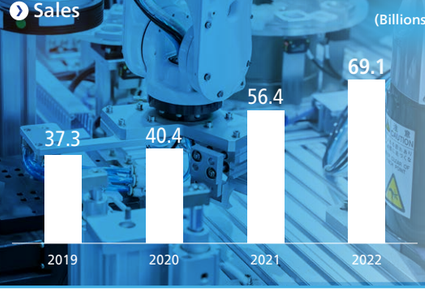
- Being a latecomer to the automotive connector market, resources will be concentrated on changeover points to CASE.
  (Power trains, batteries, sensing units such as ADAS and high-speed communication associated with electrification)
- Leverage our compact, heat- and vibration-endurance proprietary design technology.
- Leverage our expertise in the telecommunications market to enhance analysis and evaluation technologies and further strengthen the quality assurance system.





General Industrial Equipment

Sales



Market characteristics

- A huge range of applications exists, from factory automation equipment in factories and medical equipment to power equipment such as batteries.
- Requirement for long life and high durability as the basis of industry.

Product life cycle	Short	Medium	Long
Volume	Large	Medium	Small
Demand for custom-made products	Low	Medium	High

Changes in market environment

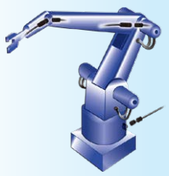
- Labor shortages caused by the COVID-19 pandemic and the need for automation now arising everywhere due to rising labor costs caused by inflation
- Increase in communication traffic due to each device becoming more autonomous

Hirose's policy

It has a long-lived market with broad applications, and we will build it into a stable earnings pillar by leveraging our accumulated product portfolio.

- Expansion of solution proposals utilizing product lineup accumulated over a long history
- Product development using high-speed and vibration-endurance technologies developed in other markets, as well as technologies for compactness and robustness
- Establish a production system that matches the strengths of our subcontractors

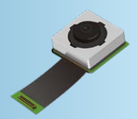




Key modules



[Display components]
Display/HMI



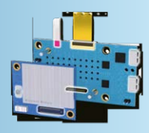
[Sensing]
Cameras and sensors



[Computing/control]
CPU/GPU



[Drivers]
Motors/batteries



[Communication]
Wireless modules

Medium-Term Business Plan

Investment for Strengthening the Foundation

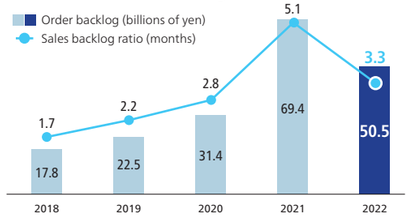
Construction of resilient supply chains

1 Strengthening of production capabilities

Affected by the supply chain disruption caused by the shortage of materials that began in fiscal 2020, our production output could not keep up with the surge in orders, and we struggled to meet delivery deadlines.

Although the disruption itself has abated as the COVID-19 pandemic has subsided, the potential demand for electronic components remains strong. To accommodate this demand, we plan to strengthen the capabilities of our production facilities in response to market dynamics.

Order backlog at the end of the fiscal year and the sales backlog ratio



Strengthen the production equipment development capabilities

In 2022, Hirose acquired 100% of the shares of A.D.D. Limited Liability Company, which has top-class control technology in Japan and has been involved in the development of state-of-the-art equipment for the Hirose Group. By acquiring hardware and software technology for production equipment, we endeavor to shorten manufacturing lead time and dramatically improve mass production technology.

(New) Koriyama factory



A new plant for cutting-edge manufacturing capabilities is under construction (relocated from the current location), with a focus on [automotive] and [industrial equipment]

(Land area: 47,720 m²/Total floor space: 27,757 m²)

March 2023: Groundbreaking ceremony for new factory, April-May 2024: Completion of new factory and full-scale operation

Acquisition of land and construction: ¥10 billion or slightly more

Hirose Korea Precision Connector Center (expansion)



Strengthen development and production capabilities for [microconnectors]

Floor space to be added: 19,881 m²/five floors (Current floor space: 35,389 m²/five floors) (Total floor space: 55,270 m²)

August 2023: Start of construction, October - November 2024: Completion of the expansion of Precision Connector Center - full-scale operation

Building expansion: ¥3 billion or slightly less

Tohoku Advanced Technology Center



"Tohoku Advanced Technology Center" (TAT Center), a site for developing production equipment, has been established and its building is now under construction.

<Land area: 6,982 m²/total floor space: 2,040 m²>

October 2022: Acquisition of the shares of ADD, December 2023 - March 2024: Completion of the new factory - full-scale operation

Initial investment: approximately ¥1.5 billion

2 Introduction of next-generation SCM

We are building a core system that will successfully carry out the medium-term management plan of the Hirose Group, strengthen our supply chain for sustainable and stable growth, and respond flexibly to customer requirements and changes in the external environment.

We are working on the "next-generation SCM," giving it two meanings, namely, to build the "next SCM" and to develop the "next generation."



Next-generation SCM system

Achieve a sustainable supply chain that is resilient to change and risk

In what is called the era of VUCA, we will continue to realize a sustainable supply chain.

We utilize such technologies as IoT and AI to connect customers, Hirose Group, and subcontractors, and to support global collaboration and collaboration with partner companies. We aim to promote improvement through the identification of abnormalities based on the premise that all information represents the actual situations correctly, to realize visualization of total consolidated earnings and lifetime cash flow by product series and product itself, and to upgrade the system with the ability and flexibility to respond to changes in response to life cycles and BCPs.

Develop the next generation of members who will continue reforms and further enhance organizational capacity

We aim to develop human capital that will lead Hirose Group in the future by allowing them to communicate with management, front-line workers, subcontractors, and customers, to understand the overall structure of the Group and end-to-end business processes, and to gain experience in data integration, maintenance, and system construction projects.

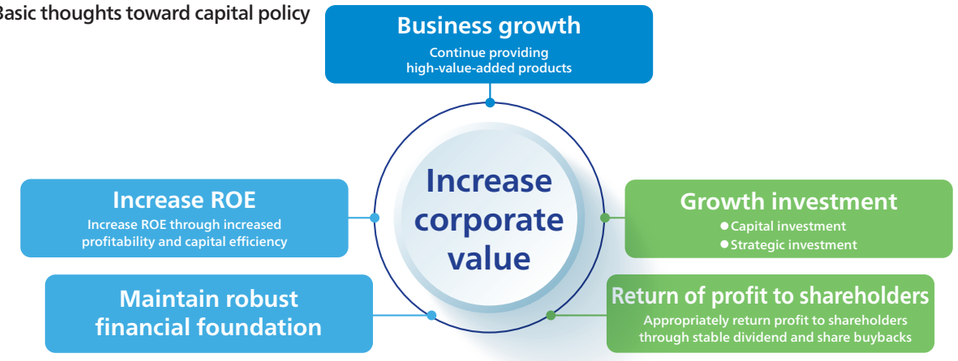
Medium-Term Business Plan

Capital Policy

Capital Policy

The robust financial foundation of the Hirose Group is one of the sources of practicing our value co-creation model and supports new product development and stable management. By balancing proactive investment for future growth and return of surplus to shareholders while maintaining financial health, the Group is committed to raising medium- to long-term corporate value and pursuing the interests of stakeholders.

Basic thoughts toward capital policy



Medium-term basic policy for fiscal 2022-2025

1 ROE10% *Increased from the previous target of 8% presented in fiscal 2020

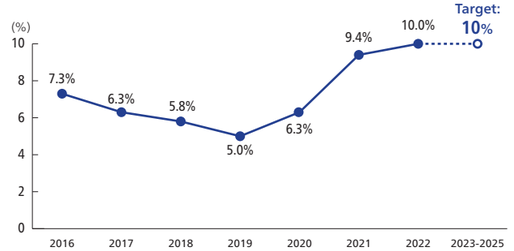
2 Dividend payout ratio: 50%

In seeking to provide differentiated products, Hirose Group ensures that even its employees are keenly aware of the importance of profit margins as added value, which is extensively instilled in our operational processes. As such, returning such outcomes to employees in the form of bonuses serves as the basis of our engagement, which similarly holds true when it comes to our shareholders.

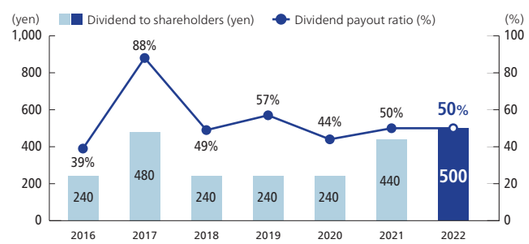
Since we began to aim for the establishment of three business pillars in earnest in fiscal 2016, we have been actively taking on investment that enlists a medium- to long-term perspective. We have consequently adopted an approach whereby ROE serves as a financial indicator for further enhancing capital efficiency, which is in addition to periodical profit and loss serving as a profitability indicator. The shareholder capital cost of the Hirose Group is estimated at 6 - 7% as of the end of March 2023, and we consider 10% ROE is a target that meets shareholder expectations. Meanwhile, we have also set a dividend payout ratio target of 50% under our shareholder return policy. Whereas Hirose has long maintained a high dividend payout ratio, it now seeks to demonstrate its commitment to continuing to provide consistent returns to shareholders. We will strive to increase corporate value as we keep promoting shareholder returns linked to business growth going forward.

*This policy may be revised under the following circumstances.
(1) In the event of sudden and unexpected changes in the business environment or earnings performance (2) In the event of a natural disaster or other such development prohibiting normal business operations (3) In the event that the need arises for substantial outlay of funds for M&A

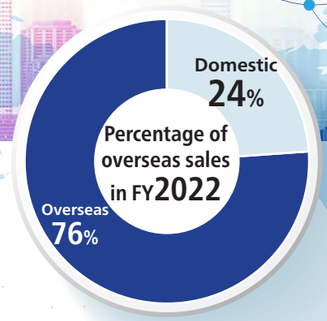
1 Trends in ROE



2 Trends in dividend payout ratio



Global Network



The Hirose Group has 55 locations in 15 countries and regions around the world. Because our business serves as connections between our customers' design and production facilities and module manufacturers, we have our sites in major industrial cities and work together with our customers on a global basis.

Message

Hirose Europe will make its organization robust and strive to be a well-respected partner to our customers



Bryan Cullis

President and COO,
HIROSE ELECTRIC EUROPE B.V.

The Financial Year 2022 was yet again a challenging year for us here in Europe. With the ever increasing demand for connectors, the Russian invasion of Ukraine, and a constant issue with COVID-19, we not only survived but substantially grew the business by almost 30%.

Our organization structure is a mirror image of our corporate identity of the three-pillar approach with our current customer base in the Industrial and Automotive sectors, with a scattered number of Consumer customers. Our very loyal Distribution Network was tested to the full working with us, daily managing the supply issues raised.

Here in Europe we are a company based on building relationships with our customer base, enabling us to penetrate and expand our business with them to the full. Trust and transparency allow us to become not just a supplier but a well-respected partner. Increasing our customer base is of course paramount to our future success and our strategy of direct project development by Hirose staff and the utilization of the four sales channels, direct, global, local and web is working pretty well.

New business segments are opening up and we are concentrating our efforts to address the types of connectors that can be used in their future plans. E-bike, Electric Vehicle, Battery Management systems for both Industrial and Automotive applications, to name just a few. We have an Engineering group in two different locations, Nuremberg and Paris made up of both local engineers and Japanese ex-pats. The contribution they make is becoming significant, understanding the requirements of the customer, and talking directly with the engineers from concept to design in activities.

In order to achieve our medium-term target, we need to make the organization robust, incorporating an infrastructure, optimizing our working procedures in the pursuit of being more efficient. We have to evolve and adapt to every situation placed in our path. Sustainability, CO_2 emissions, carbon footprint are all subjects we need to be able to overcome. This is exactly why we went for and subsequent got our ISO 9000 accreditation so our working processes are clearly defined as we grow. Particularly the option to suggest improvement from both customers and staff alike implementing them into our everyday life.

The Human resource department is increasing, to further the development of our employees with training and other aspects of the staff advancement. Staff retention and recruiting the right people are critical to increasing the individual's skill set and safeguarding job satisfaction. My role in this organization is to uphold the policies of our parent company by setting up a management structure that is capable of achieving the new and challenging growth targets for the coming years. Strengthening our resolve to achieve constant growth by being flexible and adaptable as well as providing an enjoyable environment to work in. I firmly believe that a happy workforce is a pleasant place to be, creating dependable, loyal individuals willing to work hard for the Company.





Message

We are "On the Move," and we aim to be the premier technology of interconnect solutions in the U.S. market



Mark Kojak

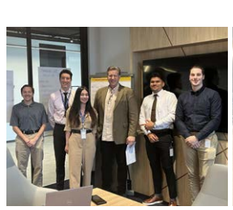
President and COO,
HIROSE ELECTRIC (U.S.A.), INC.

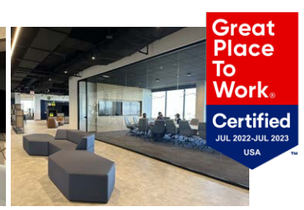
In fiscal 2022, Hirose Electric Americas was an organization, that by all definitions, was "On the Move." We invested in the organization here in the Americas by reorganizing and expanding our capabilities including creating a dedicated Product Management team and expanding our Engineering team. We have also invested in new process technologies. For example, we expanded our marketing team's capabilities to reach our core target audience of engineers across our focused technology segments. We also invested in our infrastructure, by opening a state-of-the-art, new Americas headquarters facility in the Chicagoland area. With these changes, we are focusing on our ability to drive long-term future growth as well as supporting Hirose Electric as a leading technology solutions provider to our current and future customers.

In fiscal 2023, our Americas team is laser focused on "Controlling What We Can Control," which is our engagement with our customers as well as our new customer expansion strategies. We are an organization "On the Move," and we are positioning Hirose Electric Americas to be the premier technology provider of interconnect solutions in the Americas.

We are also constantly evaluating how we can improve our sales channel with the expansion of our distribution network. As such, we added key partners Avnet and Newark, who are organizations with capabilities that will enable the growth of our customer base. We have also strengthened our presence in Latin America by aligning with local distributors with strategic relationships that will enable new customer acquisition. Hirose Electric Americas is well positioned to support Industry 5.0 and can provide the human-centric element that combines with automation advances in technology like AI (Artificial Intelligence), the evolution of the automotive industry, continued industrial automation growth, and a consumer electronics industry that will evolve and continue to grow at exponential rates. More importantly, we see the cross-over of these industries, and where an advancement in one area leads to innovative ideas in another. We are well positioned to provide those "connections" between industries.

Positioning the organization for future growth would not be possible without that "human-centric" element. At Hirose Electric Americas we have invested in our most important asset, our people. Our benefits and programs meet or exceed those of our industry competitors. Our employees are truly thriving by utilizing our hybrid work environment. Having the balance of returning to the office and gaining face-to-face interactions, combined with the flexibility to work remotely, is making Hirose an extremely attractive organization to be a part of. We are growing new talent within the organization through our annual college graduate program. Each year a new class is selected from colleges and universities across the United States. These graduates are then part of a four-month intensive program that integrates them into key positions within the organization and enables them for success. The investment in our talent has certainly been rewarded, as Hirose Electric Americas has been recognized as "A Great Place to Work" award recipient beside some of the largest global brands. Our company culture is a competitive advantage for us, as potential employees look to evaluate employers and discover all we have to offer.





Hirose Electric Americas is "On the Move," and we are well positioned to support our customers' growing demands not only for today, but into the future. Here in the Americas, we are not standing still, and are constantly challenging ourselves to think differently, constantly looking to improve our capabilities and pushing the bar higher as we look to change the industry in the most positive way possible.

Interview with the Top Management of HIROSE KOREA



Hirose Korea and Inter-group Collaborations

Sang-Yeob Lee
President and Representative Director of
HIROSE KOREA CO., LTD.

Established in 1985 with its main site in Siheung, Gyeonggi-do, Korea, HIROSE KOREA CO., LTD. (“Hirose Korea”) has grown along with the development of Korea’s electronics industry. It is one of the top-ranking connector manufacturers in Korea. Equipped with manufacturing, sales, and technology functions, it provides high-value-added products globally by collaborating with other organizations in the Hirose Group.

Tell us about the characteristics of the South Korean market on which Hirose Korea is based.

One of the characteristics of the Korean market is that it is largely dominated by Korean conglomerate groups, and it is fundamental to focus on and build relationships with them, who are successful in the global market. Connectors in particular are components that are selected in the latter half of the development process of electronic devices, so there is no room in the lead time between development and mass production. Achieving speed in everything is a condition for survival in the Korean connector market.

Also different is the role of Hirose Korea within the Group; whereas Hirose Electric offers a wide range of original products to a variety of customers, Hirose Korea is structured to offer customized products to meet specific customer needs.

What are the strengths of Hirose Korea under such market environment?

One of our strengths is the overwhelming speed in responding required in the Korean market, and the trust our customers place in us because of this. So much so that, despite being a company in a foreign group, we are recognized as a domestic company by our customers. There are two main factors that have made us successful.

One is that sales, engineering, manufacturing, quality, and administrative functions are all located on the same site.

Even among Korean companies, it is common for factories in particular to be located in Southeast Asia or China, so it is difficult to find companies that have all functions located domestically. It is the responsiveness that this structure brings that our customers trust.



HIROSE KOREA CO., LTD. (External view)

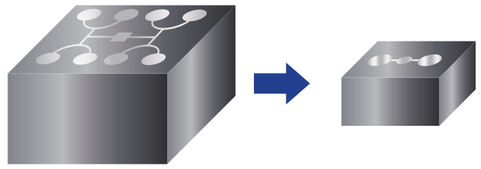
The other factor is the speed in making decisions. The headquarters of Hirose Electric delegates to us the authority of investment decisions, and we achieve a very short period of time from the identification of customer needs to the start of development, which is within three days in any case. Approval documents are no longer on paper, so decisions can be made wherever I am. It is rare for a corporate group to delegate so much authority to a local company, and we always feel that we have to live up to that trust.

How do you realize the Group’s common values of high added value?

We have two basic principles, which are two halves of a whole. One is to provide products that are recognized for their value and the other is manufacturing that achieves target costs. With regard to the former, we develop products in response to our customer’s needs with close attention to details, and the customers appreciate the added value. What is important here is the mindset of having close contact with customers. Of course, it is important to quickly identify customers’ needs, but the key point is that customers themselves do not actually have a full view of their needs. Our way of coming into close contact with customers is characterized by the fact that not only our sales staff but also product designers, production engineers, and others communicate directly with the customer’s specialized departments to understand their needs and make proposals in concrete terms. After all, engineers can have smooth communication when talking to engineer counterparts, so I instruct my engineers to adopt the mindset of being members of the sales staff.

In order to make these approaches work effectively, we have a very specific sales strategy in which we first identify the key persons at our customers through our customer database, and then we know to whom we should introduce products with new functions to get the best response. In addition, to come up with new proposals, we are consolidating, managing, and refining elemental technologies related to design and production.

The other half of the whole, the concept of manufacturing, is the “compact and integrated” production system introduced by Hirose Electric. This is a unique production system that focuses on waste in mass production. To explain the concept of “downsizing” by taking an example of molding dies, it appears that a large one producing 16 pieces (as shown below) is more cost-effective, at least from a mathematical viewpoint. It turns out, however, those 16 pieces will not be exactly the same and their dimensions will vary, affecting the assembly process. Furthermore, large molds cannot be lifted by hand for maintenance or replacement, and cooling alone takes two hours. Things actually occurring at manufacturing lines do not follow predictions given by drawings or calculations, so unexpected costs are incurred. The idea, then, is to solve all of these problems by reducing the number of produced pieces and making the molding die smaller.



Number of pieces produced from molding dies

“Integrated production” refers to the consolidation of component manufacturing processes such as pressing and molding with assembly

process, based on the downsizing. It is no secret that we have this method, but no one tries to copy it. It is because it makes no sense to copy only a part of the whole process. In the integrated production, a problem occurring in one process means that the entire line stops. Therefore, high-precision parts that do not cause defects are a prerequisite, and in fact we are processing mold dies at the nanometer level of precision. In order to make that processing possible, the factory building itself must also be reviewed. The building is designed to be airtight to avoid temperature changes, and the foundation of the building that houses the processing room is separated from that of the rest of the building and thickened to prevent vibration effects. Furthermore, the product design needs to be changed to the one suitable for downsized and integrated production. The accumulation of these changes and improvements is the source of our differentiation.

While you are developing Hirose Korea's strengths, how are you collaborating with other organizations in the Hirose Group?

There are three types of alignment, namely, (1) policy alignment, (2) technology alignment, and (3) production alignment.

(1) Policy alignment is extremely important for us, a Hirose Group company. The HIROSE Philosophy is thoroughly implemented also at Hirose Korea and is the foundation of our corporate activities. Although we are delegated with the authority to make investment decisions, we report back to the management of the Hirose Group on our medium- and long-term plans and policies for the current year, and recognize our role and mission. Through collaboration among divisions such as production engineering, analysis, and IT, as well as through collaboration meetings for each market, the Hirose Group and Hirose Korea also work to get into alignment for products to be developed.

(2) As for the technology alignment, we are actively promoting the exchange of engineering human capital. Since about 2010, we have sent more than 30 early- to mid-career employees to Japan to have them learn the technology over a period of several years. Upon their return, they began to act as leaders and now lead Hirose Korea's technology. This initiative was initially focused on the micro-connector field, but now we have broadened its scope and are interacting in the areas of automotive and industrial equipment technology and production technology. The passing down of the philosophy of manufacturing as mentioned earlier is also born out of this initiative.



HIROSE Philosophy on display

(3) In terms of the production alignment, we are working to produce the same products at Hirose Korea and Hirose Electric. This is mainly for BCP purposes, but it has been achieved by having a common manufacturing philosophy, and is highly appreciated by our customers.

Tell us about how you feel about the recent changes in the business environment.

We feel strongly that competition in the consumer equipment market is very fierce and that growth in the industrial equipment and automotive sectors is essential for our future growth. This means, at the same time, that we need to expand our business not only in the Korean market but also on a global scale. What is needed in global business is "product competitiveness," as President Ishii emphasizes. The key factor in developing original and differentiated products is to create new product concepts, but Hirose Korea's current product lineup and development approach are somewhat insufficient for this purpose. We have each technical team leader come up with potential product development projects that would enable us to compete globally, but we still need the global marketing network that Hirose Group has. It is a great weapon to be able to gather information about customer needs in a wide range of markets around the world, and we send our people to Hirose Electric's marketing team to learn.

We will maximize our own strengths and fulfill our role as a member of the group, based on the management principle of the harmonization of independence and alignment.



What about your initiatives for employee engagement and ESG?

Hirose Korea has a system like an employee suggestion box where employees can submit requests anonymously. We receive more than 300 comments per year, ranging from requests for improvements in personnel-related systems and the work environment to power harassment issues and dissatisfaction with the menu at our cafeteria. Those comments are read by directors as well and we fix what needs to be fixed. While not everything can be done, we have a 100% response rate to the requests. There is also another suggestion box addressed to me, the President, and comments that the sender does not want others to see will be delivered there. Of course, only I have the key to the suggestion box.

Although Hirose Korea is not a listed company, Hirose Electric is listed on the Tokyo Stock Exchange; so we, one of its wholly-owned subsidiaries, have the same mindset as a listed company and are committed to full compliance with ESG as our most important and fundamental obligation. We pay particular attention to governance in ESG because of the high risk it poses in the event of an incident. The suggestion box initiative is part of this effort. I believe it is critically important for strengthening governance to shine the light on even the smallest problems, resolve problems while they are still small, and instill these ideas in all employees. These are the cornerstones of maintaining the unity of labor and management in the operating of Hirose Korea.

Lastly, what are your thoughts on the future of Hirose Korea?

The management principle of Hirose Korea is the harmonization of independence and alignment. Independence means maximizing one's own strengths, and alignment means being aware of one's role as a member of the group. Based on these principles, we are conducting a management based on integrity, aiming to earn customers' trust and achieve sustainable growth through high-value-added products. This is a value commonly shared by the Hirose Group as a whole.

To this end, we give the highest priority to developing excellent human capital capable of adapting to diverse environmental changes. We will expand elemental technologies and activities to improve and reform our production lines to realize the world's No. 1 manufacturing capability.

In addition, Hirose Korea sells a high percentage of its products to a consumer-related market, and its customer and product mix is not well balanced. We will develop a strategy to sell into a wider range of markets for the stability of the business, while also increasing gross margin per employee.

Because we are members of society, we are committed to exceeding the ESG expectations of our customers in terms of environment, safety, and governance, and building trust so that we can contribute to customers' ESG management, local communities and countries, and humanity.

Sustainability

Our Initiatives for Sustainability That Support Our Value Chain

Approach to sustainability

The Hirose Group considers the recent increase in awareness about sustainability as an opportunity to take a fresh look at connectors and at itself. The function of "connecting and disconnecting" provided by connectors makes it possible to divide electronic devices into units. This has brought diverse benefits, including improved handling and workability, resource conservation and waste reduction through replacement by units, and division of labor through split production.

Among other things, the Hirose Group has created many new products, including the world's smallest connectors, with the spirit of taking the lead, pursuing the cutting edge and achieving differentiation as stated in the HIROSE Philosophy. The evolution of electronic devices is indispensable for technological innovation to realize a sustainable society, and the Hirose Group aims to solve social issues through its business activities.

Sustainability basic policy

Based on a corporate philosophy of being "A small company connecting wisdom," as a specialized connector manufacturer that connects products using amassed human wisdom, the Hirose Group believes that the mated/unmated 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.

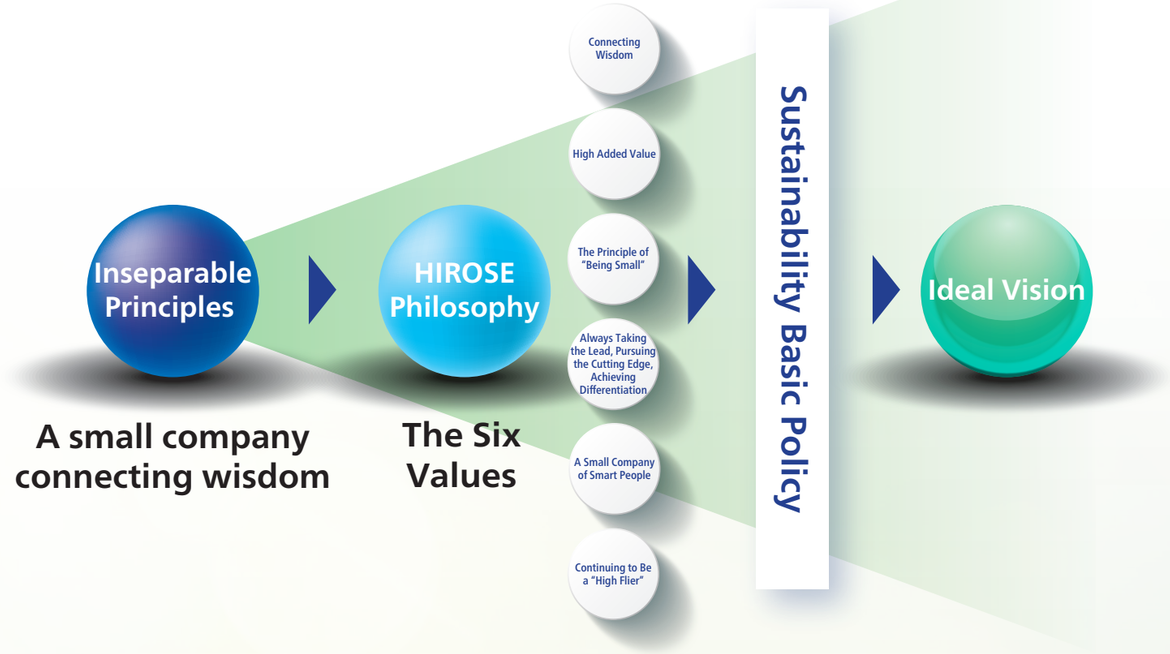
- Contribute to the realization of a prosperous society with products that customers are satisfied with, by forward-looking development that responds to changes in the times and market.
- Comply with laws and regulations of countries and regions, international rules, and internal rules while faithfully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

Sustainability promotion system

Management decision-making is mainly conducted by the Group Presidents' Meeting, which consists of the President and the persons responsible for the execution of each functional group, and the Board of Directors, which receives planning proposals from the Group Presidents' Meeting and makes resolutions on them. The decisions are made in coordination with the Environmental Management Committee and the CSR & Risk Management Committee depending on the theme. Moreover, in fiscal 2021, we started a project to promote understanding of sustainability inside the Company. Comprising mid-level employees who will carry the Company forward into the future, as well as the Director responsible for the Administration Group who participates as an observer, this project promotes sustainability in cooperation with the Board of Directors.

Participation in the UN Global Compact

The "UN Global Compact" is a voluntary initiative in which each company provides creative and responsible leadership, acts as good corporate citizens, and participates in a global framework development for realizing sustainable growth. "UN Global Compact" signature companies expand activities towards the realization on the basis of the company's chief executive's commitment which consents to ten items of essential principles of CSR related to protection of human rights, exclusion of unjust labor, correspondence to environment, and anti-corruption. Hirose Group, as a global company, will further promote CSR activities with an aim of realizing the sustainable society by participating in the "UN Global Compact."



Theme	Pages to refer to	Our initiatives
Active participation of diverse human capital	P41 - P44	• Introduction of new human capital management system • Connect and Evolve with the HIROSE Philosophy • Initiatives for diverse way of working
Occupational health and safety	P45	• Promotion of health and productivity management
Response to climate change	P47 - P48	• Set the reduction targets for Scope 1 and 2 • Initiatives to 100% use of renewable energy • Disclosures in line with TCFD
Initiatives toward environment	P49 - P50	• Treatment of substances with environmental load • Reduction of water consumption • Reduction of waste disposal and recycling
Respect human rights	P51 - P52	• Development of human rights policy • Conduct the RBA VAP audit • Complaint handling mechanism
Actions for the BCP	P53	• Establishment and renewal of the Business Continuity Plan
Promotion of responsible procurement	P54	• Green procurement activities • Our actions for responsible procurement of minerals
Corporate Governance	P55 - P66	• Establishment of governance system with high transparency • Risk management • Compliance

Human Capital 1 Development and Growth of Human Capital

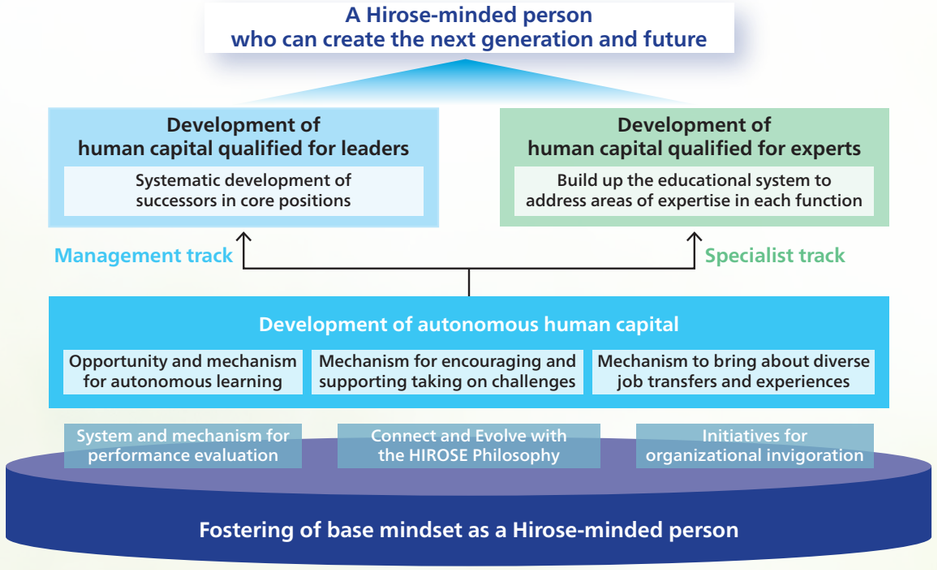
Our Initiatives for Sustainability That Support Our Value Chain

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 "working diligently and energetically." Connecting the wisdom of each employee and pursuing original products 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 let our diverse and excellent employees maximize their abilities 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.

Total picture of the mechanism for developing human capital

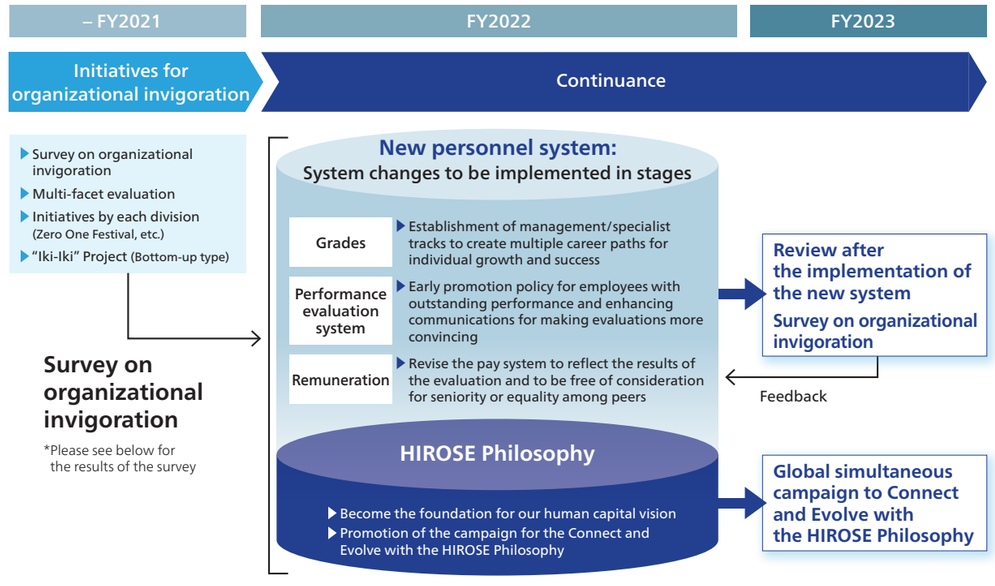
In order to realize "growth and invigoration of people," we will implement measures for human capital development from the perspectives of "fostering a base mindset as a Hirose-minded person," "developing autonomous human capital," "developing human capital qualified for leaders," and "developing human capital qualified for experts."



Human capital vision of Hirose Group

1. Persons who connect wisdom from inside and outside the company and produce new value
2. Persons who focus on teamwork and maximize the performance 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

Initiatives for organizational invigoration and system reform



*The personnel system described here is applied in Japan. Global application in fiscal 2024 or later will be studied.

Results of the survey on organizational invigoration

Items with high scores

- Contribution of our services to society
- Opportunities to utilize diverse abilities and skills
- Learning from colleagues in the workplace
- Responding to each other's requests with sincerity

Items with low scores

- Visibility of work achievements
- Convincing evaluations
- Clarity of roles and responsibilities of each division
- Sense of burden for things that cannot be dealt with conventional knowledge or experience

In a belief that organizational capability and strength as a team are important to continue evolving, the Hirose Group conducted the survey on organizational invigoration to identify current issues in the company and organization. The results of the survey confirm that we have a high level of trust in the members which is originating from the strength as a team, one of the Hirose Group's strengths, and the psychological safety. On the other hand, focusing on each employee as an individual being, which is also the flip side of the above, the results show that issues remain regarding their own performance, evaluation by the company given to it, and their own personal growth.

Believing that corporate growth and individual growth are one and the same, the Hirose Group renewed its personnel system in fiscal 2022 under the management policy of "Year one for more focused development and growth of human capital." The new system emphasizes the human capital development perspectives of "talent selection, nurturing, retention, succession + improve organizational capabilities," and aims to achieve remuneration that is proportionate to the performance and contribution as well as convincing and fair for the growth and invigoration of both employees and the organization. At the same time, we are stepping up our efforts for the campaign to Connect and Evolve with the HIROSE Philosophy toward the unconscious practice of the HIROSE Philosophy, which is the foundation for these initiatives.

We plan to conduct another engagement survey in fiscal 2023, taking into account the situations after the personnel system was revamped in fiscal 2022. We will invigorate communication as an organization and realize corporate growth through the development of a Hirose-minded person.

Human Capital 2 HIROSE Philosophy

Our Initiatives for Sustainability That Support Our Value Chain

The Hirose Group's common values — HIROSE Philosophy

Throughout its history, the Hirose Group has created various values based on its unchanging corporate philosophy, "A small company connecting wisdom," and has grown by passing these down and practicing them. The HIROSE Philosophy is a system that represents six of these values that we have selected by carefully examining them to determine which of them is the most fundamental.

The HIROSE Philosophy is the common value of the globally expanding Hirose Group, and will serve as the Group's "Ultimate Standard of Thought and Behavior" going into the future. To continuing growing in an era of change marked by continuing globalization and diversification, the Group needs a unifying force that will inform all of its decisions and strategies. A corporate culture is a driving force for growth that is superior to any strategy, and the Hirose Group will achieve growth by sharing and practicing these values globally.



Key points in the campaign to Connect and Evolve with the HIROSE Philosophy

1 Renewal of activity structures and materials

In response to the recent increase in mid-career hires and global human capital, the Philosophy Committee was established as the main body responsible for the activities to pass down and further develop the philosophy until it is firmly rooted. As a result of the discussions by the committee, the materials for passing down have been renewed.

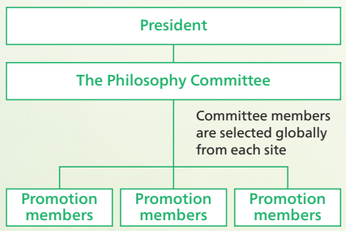
2 More focus on interactive dialogue among employees, moving away from top-down communication

The Philosophy Committee includes members elected by each site, and now holds regular meetings with the promotion members from each site to ensure that employees' voices are heard. It also organizes dialogue sessions between the management and employees.

3 Global simultaneous campaign to Connect and Evolve with the HIROSE Philosophy

HIROSE Philosophy booklets, posters and videos are produced in seven languages (Japanese, English, Chinese (traditional and simplified), Korean, Malay and Indonesian) and the content has been unified. The President also traveled to each of the global sites to hold dialogue meetings with employees.

Organizational structure



[Each site]

A dialogue meeting hosted by the President



A dialogue meeting at Hirose Electric Americas

Materials for passing down



Human Capital 3 Diversity

Encouraging diverse employees to play active roles

The Hirose Group, "A small company connecting wisdom," believes that when the human capital with diverse backgrounds and ways of thinking plays an active role, that will lead to the creation of new value. We aim to be a company where diverse human capital, regardless of gender, nationality, age, or race, can demonstrate their individuality and abilities and feel fulfilled in their work.

1 Engaging mid-career hires

With an eye on continued global growth, we are actively promoting mid-career recruitment focused on expertise.

Percentage of mid-career hires

- 33% of the Board of Directors *Excluding Outside Directors (as of June 30, 2023)
- 32% of managers and above *Excluding subsidiaries (as of March 31, 2023)

In recent years, more and more employees who once chose to resign from Hirose Electric are rejoining the company. Hirose Electric, which places great importance on empathy with the HIROSE Philosophy, aims to create an environment in which employees from diverse backgrounds, regardless of their origins, can play an active role.

2 Track change system to expand career options

Recruitment practices at Hirose Electric segregated the employees into career-track and non-career-track positions, and the duties after joining the Company were also divided, making it difficult for them to change their career path during employment. However, we are now actively encouraging our employees to change tracks, in light of the adoption of a new personnel system that rewards performance and Hirose's corporate culture that provides opportunities to those who are willing to take on challenges. As a result, an increasing number of employees are now taking up the challenge of changing tracks.

This system also aims to increase the number of future female leadership candidates as the percentage of women in the non-career-track hires was disproportionately high.

(number of persons)

	2020	2021	2022
Number of employees wishing to change career path	32	33	**61**
Number of female employees in career-track positions	43	53	**64**

3 Respecting diverse workstyles and lifestyles

In order for our employees to make full use of their individual abilities, we have introduced flexible work styles to suit our diverse human capital. This initiative is being promoted through not only a top-down personnel system but also employee-driven bottom-up activities through the "Iki-Iki" Project organized in 2019.

Hirose Electric has set a goal of increasing the percentage of female new graduates in total new hires to 40% and above. To ensure that women continue to play an active role long after they join us, we are also making efforts to support a balance between their careers and childcare. We are striving to create an employee-friendly working environment for those who need to raise children by expanding the application of shorter and flexible work hours to employees with a child of up to third grade in an elementary school. To provide these options, future leadership candidates can work comfortably for a long time and participate in childcare.

Initiatives in support of diverse workstyles

FY2019	Campaign for calling people by their name
FY2020	Working-from-home Program for paid leaves by hours
FY2021	Hot desking
FY2022	Casual Dress Day Additional paid leaves granted

Initiatives in support of diverse workstyles

Target: The percentage of female new graduates in total new hires to be 40% and above

*March 2023 results: 47%
(percentage of female employees in career-track positions: 20%)

	2020	2021	2022
Percentage of male employees who took childcare leaves	13%	15%	**27%**
Percentage of female employees who resumed working after childcare leaves	100%	100%	**91%**

Occupational Health and Safety

Our Initiatives for Sustainability That Support Our Value Chain

Occupational health and safety initiatives

We recognize that protecting the safety and health of employees is an important management issue for ensuring that each and every employee of the Hirose Group can engage actively in their work. Based on this, we have formulated the HRS Group Safety and Health Policy and are working together as a Group to create safe and comfortable work environments. We believe that to foster safe and comfortable work environments that enable each employee to fully demonstrate their abilities, it is important that all employees participate in occupational health and safety activities and for the Company and employees to work together. We ensure that employees understand the importance of occupational health and safety and practice it in their work by carrying out awareness-raising activities, including regularly sharing occupational health and safety-related news and holding Safety Month and Occupational Health Promotion Month campaigns.

Occupational health and safety promotion framework

We established the Occupational Health and Safety and Fire Prevention Team as a subordinate organization of the CSR and Risk Committee. It has been tasked with implementing occupational health and safety activities, including employee education and health management guidance. Safety promotion framework is promoted by members primarily from manufacturing divisions, including plants. Its activities include formulating and reviewing activity plans and enhancing equipment safety.

Health and productivity management

The Hirose Group believes that people are the key to growth, so we are working to realize workplace environments where each employee can continue to participate actively while demonstrating their full potential. One way we are working to achieve this is by advancing activities for maintaining and enhancing employee health and raising health consciousness. We expect our investment in employee health to yield organizational invigoration, including increases in employee engagement and productivity, and to ultimately enhance business performance and corporate value.

In March 2023, Hirose Electric's efforts were recognized by the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program, and we were certified as one of the "2023 Certified Health & Productivity Management Outstanding Organizations (large enterprise category)." In organizing the "Health Management Promotion Committee" to discuss mid- to long-term issues, the Hirose Group set goals to prevent the three major health risks among employees (cancer, heart disease, and cerebrovascular disease) by improving diet and exercise habits to combat obesity, improving lifestyle such as smoking cessation, and reducing health risks including mental illness by limiting long working hours.



Key initiatives

1. **Reduce the number of obese employees judged by BMI (25 and above)**
2. **No smoking during working hours and on entire company premises**
3. **Reduce the time spent in company premises outside of working hours**

Declaration of health and productivity management

At the Hirose Electric Group, we believe that all of our employees being healthy in body and mind and energetically approaching their work leads to the continued growth and development of the company. We pledge that the employees, company, and health insurance association will come together to promote activities to maintain and improve health.

Kazunori Ishii President and Representative Director

Hirose Foundation

Establishment of Hirose Foundation

The year 2023 marks the 28th anniversary of the Hirose Foundation. The establishment of the "Hirose International Scholarship Foundation" was authorized by the Government on January 30, 1995, using the contribution of shares in the Company and donation by Shizue Hirose, wife of the Company's founder, Keizo Hirose (the founder), as founding assets. It started operations with Hideki Sakai, the President at the time, and others being the founding representatives, and Hideki Sakai as the first Executive Director and Shingo Ogawa as the Managing Director (current position). In 2020, on the occasion of its 25th anniversary, the name was changed to "Hirose Foundation." Its current Executive Director is Kazunori Ishii, President and Representative Director of Hirose Electric.

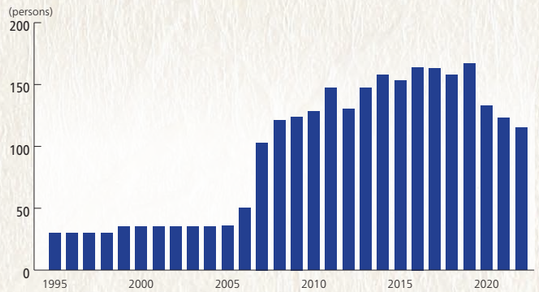
Activities of Hirose Foundation

1 Scholarship program

Hirose Foundation provides scholarships to foreign students from Asian countries studying at Japanese universities who are diligent and with strong ambitions and excellent academic abilities, but who are unable to continue their studies due to financial difficulties, as well as to promising Japanese students who aspire to become researchers in the field of information, electrical and electronic engineering.

It also holds regular social events and conducts an annual study tour.

Number of students receiving scholarship





[Study tour to Tateyama and Kurobe for students under scholarship]

2 Research grant program

We have been providing research grants to foreign students in Japan who remain in a research position at a Japanese university or research institution after completing their study. From 2023, we are expanding the scope of this program to include young researchers who are engaged in research at a Japanese university or research institution, regardless of whether they are foreign students.

3 Award program

To commemorate the 25th anniversary of the foundation's establishment, the Hirose Award was introduced in 2020. The Hirose Award is an award program for Japanese researchers who have made outstanding achievements in information, communication, electrical or electronic engineering-related fields. Each year, a certificate, a medal, and an additional prize of ¥30 million are awarded to each awardee after a rigorous selection process.

The 3rd Hirose Award was awarded to Professor Kohei Onishi, Project Professor of Keio University's Shin-Kawasaki Frontier Research & Education Collaborative Square, and a presentation ceremony and commemorative lecture were given in March 2023.



At the award presentation ceremony, (from left) Kazunori Ishii, Executive Director of the Hirose Foundation; Kohei Onishi, Project Professor; and Yasuharu Suematsu, Chairman of the Selection Committee (former President of Tokyo Institute of Technology)

Climate Change

Our Initiatives for Sustainability That Support Our Value Chain

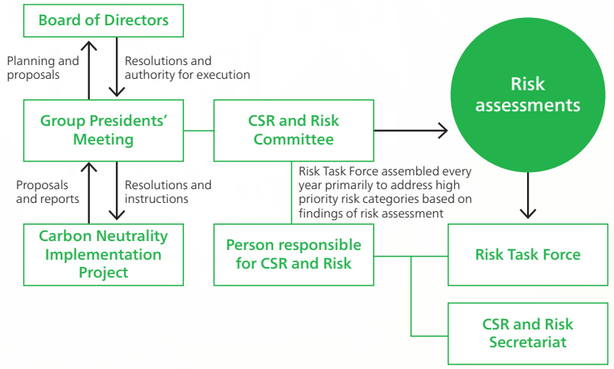
Response to climate change

Aiming at the realization of a vision to "Co-creating Our Future Society with the Power to Connect," the Hirose Group has been addressing various social issues. Electrification of energy is a key word in decarbonization, which is particularly important in the fight against climate change. Connectors, as connecting components, will play an increasingly important role in the process of electrification of transportation and industry.

As a connector manufacturer that serves a wide range of markets including consumer equipment, automotive, and general industrial equipment, the Hirose Group not only creates products that contribute to the electrification of automobiles and smart factories but also is committed to decarbonizing itself.

Governance and risk management

The Hirose Group's management decisions regarding issues of climate change are made by its Group Presidents' Meeting, which consists of the President and the persons responsible for the execution of each functional group, and its Board of Directors, which receives planning proposals from the Group Presidents' Meeting to make resolutions. In fiscal 2023, the Carbon Neutrality Implementation Project, a cross-functional organization, was formed to make resolutions and give instructions on proposals and reports on CO_2 reduction and responses to various initiatives.



Scenario analysis: risks and opportunities

We have assessed the impact of global warming on the Hirose Group's operations, upon having identified its risks and opportunities with respect to climate change under 2°C and 4°C global warming scenarios.

2°C scenario	Society strengthens various regulations seeking carbon neutrality and business partners have responded accordingly. Taking action with respect to renewable energy and energy conservation becomes an imperative.
4°C scenario	Society holds to the status quo. Physical risk mounts amid a lack of effort to promote a shift to lower-carbon and decarbonization.

	Risks / Opportunities		Scenario	Impact on our business	Evaluation
Risks	Physical risk	Greater frequency of extreme weather events	4°C	• Higher costs due to difficulty in obtaining raw materials amid supply chain disruptions • Lower sales due to factory shutdowns	Large
		Greater risk of infectious disease due to higher temperatures	4°C	• Prolonged discontinuation of production due to lockdowns	Large
	Transition risk	National policy	2°C	• Greater cost burdens due to introduction of carbon tax	Medium
			2°C	• Factory shutdowns due to power restrictions	Medium
		Customer requirement	2°C	• Loss of business opportunities due to delayed action to achieve decarbonization	Large
Opportunities	Spread of next-generation automobiles		2°C	• More sales opportunities due to progress in achieving size and weight reductions aiming to improve energy efficiency	Large
	Introduction of emission controls		2°C	• More opportunities for sales of connectors for storage batteries and energy-saving equipment amid rising demand for such equipment	Medium-large
	Regulations on recycling and plastics		2°C	• More connector sales opportunities and greater added value associated with more stringent regulations	Medium
	Expansion of right to repair		2°C	• Connectors essential for repairs achieve greater social standing	Medium

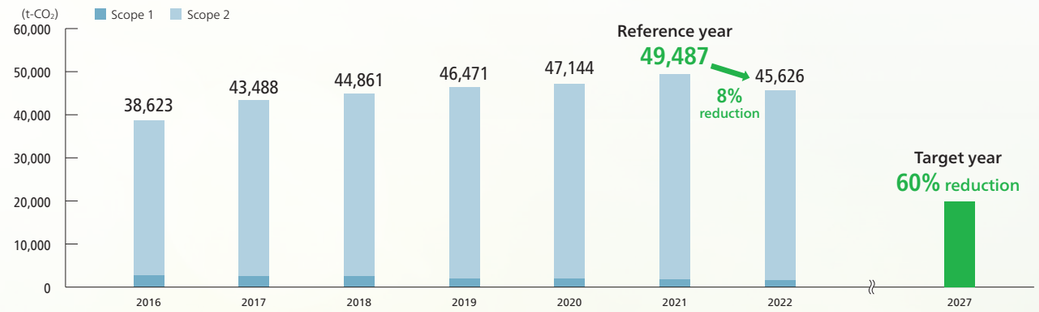
The Company's governance and business planning are to reflect the above risks and opportunities.

Index and target: Progress made towards the targets for reduction of CO_2 emissions (Scope 1 and 2)

- **60% reduction in CO_2 emissions by fiscal 2027** (relative to fiscal 2021)
- **Carbon neutrality by fiscal 2050**

Based on the results of the scenario analysis, the above target to limit climate change impact to 1.5°C or less was newly set as it was adopted by the Board of Directors in fiscal 2022. The Hirose Group's electrification efforts to date have succeeded in nearly limiting its CO_2 emissions to Scope 2 from electricity, and it is now promoting the introduction of renewable energy, mainly at production sites, as the most effective way to reduce emissions. Emissions in fiscal 2022 were 8% lower than the previous year, and we will continue to reduce emissions thereafter, making the emissions in fiscal 2021 its peak.

CO_2 emissions



*Procurement of renewable energy includes non-fossil certificate, I-REC, etc.

The Hirose Group has been promoting the introduction of electricity generated from renewable energy sources at its sites, and following the Ichinoseki Plant in fiscal 2022, 100% of the electricity used by the headquarters, Suzhou Plant, and Miyako Plant is from renewable energy in fiscal 2023.
Meanwhile, since the Hirose Group's business model is semi-fabless, initiatives related to Scope 3 are also important. Although this is an area in which the calculation is extremely difficult due to the vast network of subcontractors, we plan to complete the measurement by the end of fiscal 2023. Scope 3 calculations are of high importance in the assessment of financial impacts in accordance with the TCFD, and we will give priority to this effort.


Suzhou Plant (China)


Ichinoseki Plant (Japan)

	Before 2021	2022	2023	2024	Up to 2027
Reduction target	(Focused on the intensity target)	Period of absolute target: "60% reduction of total CO_2 emissions"			
Response to TCFD requirements	(Measurement of Scope 1 and 2)	Identification of risks and opportunities	Measurement of Scope 3	Measurement of financial impact	Rolling
Initiatives toward reduction	(Focused on energy saving)	100% procurement of electricity generated from renewable energy sources			
		Ichinoseki Plant	Headquarters Suzhou Plant Miyako Plant	Remaining five sites will switch over to 100% as they will become ready *Excluding those sites with minimal emissions	

Environment

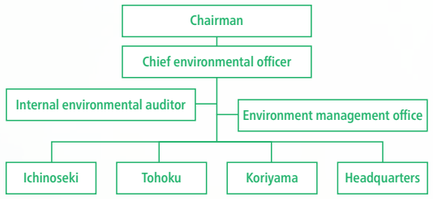
Our Initiatives for Sustainability That Support Our Value Chain

Having been incorporated into a myriad of electronics devices, connectors from Hirose have become an integral part of people's lives domestically and overseas. The Hirose Group considers preservation of the global environment to be one of the primary responsibilities of a corporation that manufactures products that are distributed worldwide. Aiming to realize a sustainable future society, we will contribute to solving environmental issues by connecting the wisdom of our customers, subcontractors, and other external parties.

Environmental management structure

The Hirose Group organized an Environmental Management Committee, chaired by the President of Hirose Electric, and built an environmental management system. The system spans several organizations: the groups within the Headquarters of Hirose Electric and the three plants of Ichinoseki, Tohoku, and Koriyama. We set environmental targets and engage in environmental management activities in accordance with the Hirose Electric Group's overall targets, which conform to our Basic Environmental Policy. Each month, we hold management review meeting upon sharing information on managing progress toward achieving the environmental targets across the entire Group, and furthermore report such findings to management on a quarterly basis and receive instruction from top management on how to make improvements.

Environmental Management Committee



Environmental audit

The Hirose Group carries out an internal environmental audit to make sure that its environmental management system is working effectively and being properly maintained in accordance with ISO 14001. To maintain and renew ISO 14001 certification, we undergo periodic external reviews.

ISO 14001 certifications

In fiscal 2002, the Hirose Group, including the three domestic plants, acquired an integrated certification. This demonstrates our commitment to environmental protection as the entire Group. All of our overseas plants have acquired ISO 14001 certification.

Initiatives No inclusion, no mixing and no production of environmentally hazardous substances

The Hirose Group promotes initiatives to ensure no inclusion, no mixing, and no production of environmentally hazardous substances with respect to its products. We accordingly promote green procurement activities upon having formulated the Hirose Electric Group Green Procurement Guideline aiming to preferentially procure parts and materials that have a low impact on the environment. Moreover, we have completed efforts that entailed shifting to substitutions involving our main products and building a warranty system in alignment with the RoHS directive*1 encompassing laws and regulations relating to chemical substances. We have also been meeting the compliance requirements on the list of substances of high concern (SVHC) associated with the REACH regulation*2, and publicly disclosing information regarding chemicals used in our products, in response to customer requests. We consistently strive to develop environmentally friendly products, which involves environment-related confirmed items applicable to the design and development process and accordingly checking chemical substances used in connectors at the design phase. We have also established a high-level quality control system with regard to hazardous materials contained in products, such as by installing X-ray fluorescence spectrometers in our plants.

*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 1, 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.

Topic Ichinoseki Plant: Management of hazardous substances in products

The Ichinoseki Plant has long been working to prevent harmful substance leakage to next process. In addition to the six substances previously regulated by the EU RoHS directive, we introduced new analytical equipment in fiscal 2018, allowing us to evaluate the four additional regulated phthalate esters in-house. Phthalate esters (phthalates) are difficult to determine if they are mixed with plastic, so we had to commission an organization that does analysis to evaluate them, but it took a very long time (about five days for the shortest delivery time). Therefore, in order to speed up the evaluation of new materials in new product development and the evaluation of alternative materials to existing products, we have established in-house phthalate ester analysis technology, which enables us to evaluate products in a short period of time.

Effective utilization of resources

We are committed to initiatives for recycling resources in production and logistics, making efficient use of water resources, promoting recycling, and reducing and reusing waste, premised on the notion that making efficient use of the Earth's finite resources constitutes a substantial corporate responsibility. Moreover, we have achieved downsizing of connectors in each field, which contributes to downsizing of customers' products and realization of fewer materials.

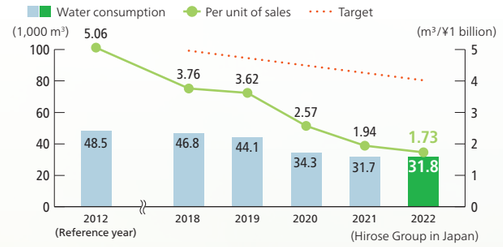
Water consumption

Reduction target: Intensity reduction target of 1% on average
(compared with that in 2012) **each year towards 2030**
Reduction target by fiscal 2022: 9.56%
➡ Result: Reduction of 65.7%

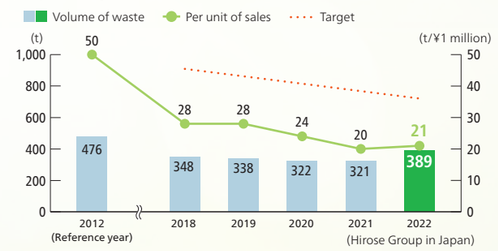
Waste

Reduction target: Intensity reduction target of 1% on average
(compared with that in 2012) **each year towards 2030**
Reduction target by fiscal 2022: 9.56%
➡ Results: Special waste 59.4% reduction General waste 57.5% reduction

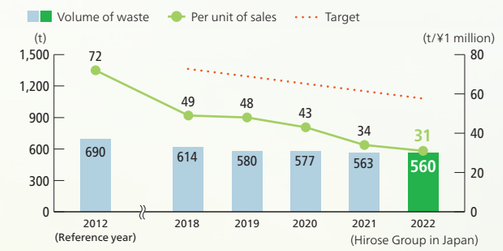
Water consumption



Specially controlled industrial waste



General industrial waste

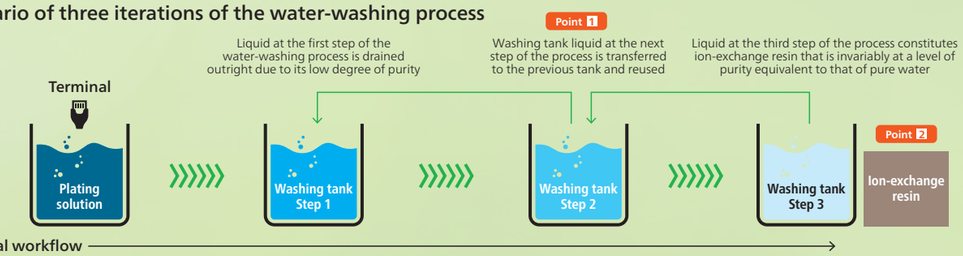


Effective use of water in the plating and water-washing process

The plating process calls for multiple water-washing cycles using multistage washing tanks to ensure that liquid chemicals and contaminants are not carried over into the next stage of the manufacturing process.

Whereas water is normally fed to such washing tanks on a continuous basis, this entails substantial use of water. As such, the Hirose Group has been taking steps to reduce water consumption through its own proprietary approach.

Scenario of three iterations of the water-washing process



*The purity level of the initial washing tank is the lowest and the purity level of the third tank is the highest.

Point 1 Multistage batch-type washing

Hirose employs a system that involves discharge of liquid solely from the first step of the process where the level of purity is the lowest, and for second and third steps, the liquid from each step is reused in the preceding step.
We have reduced wastewater volume as a result of lowering water consumption to one-third that of previous levels by reusing some water rather than replacing the full volume of water.

Point 2 Circulation processing using ion-exchange resin

Ion-exchange resin is placed in the final washing tank so that contaminants will be absorbed by the resin.
It is possible to effectively remove contaminants enlisting a process whereby washing tank liquid is managed and recurrently used such that the purity level of liquid in the final washing tank is that of the level of pure water.

Human Rights

Our Initiatives for Sustainability That Support Our Value Chain

Basic thoughts toward human rights

The Hirose Group believes that human rights are the foundation for achieving its objective of realizing environments in which diverse human capital can fully and actively work and for growing sustainably on a global scale. Based on this, we have made respect for human rights and individuals fundamental to every aspect of our business activities and we expressly forbid any discriminatory and inhumane behavior. In line with our corporate philosophy of "A small company connecting wisdom," the Hirose Group has created new value through co-creation with a wide range of stakeholders. In order to realize this corporate philosophy, we recognize that it is essential to respect the human rights of all stakeholders, including not only those within the Hirose Group but also our customers and subcontractors in Japan and overseas. In fiscal 2012, we expressed our support for the UN Global Compact and we actively and consistently advance CSR activities that ensure the rights of all people involved in our business activities are respected, contribute to the development of a sustainable society, and enhance corporate value.

Formulating the human rights policy

In order to instill the Hirose Group's basic principle about human rights, we reviewed the previous HRS Group Basic Policy on Labor Management, which was an annexed policy to the Hirose Electric Group Code of Conduct, and re-established it as the HRS Group Human Rights Policy in October 2023. The policy stipulates that we should (i) understand and uphold the principles of human rights as set forth in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, which are international norms, (ii) be committed to respecting human rights based on the UN Guiding Principles on Business and Human Rights, and (iii) uphold the Ten Principles of the UN Global Compact in our business activities as a signatory to the UN Global Compact. In addition to identifying priority issues, we will work with our business partners, such as subcontractors, in a spirit of co-creation to respect human rights, with the expectation that they will uphold and practice this policy.

Priority issues related to human rights

The Hirose Group recognizes that the following items related to business activities are priority issues concerning human rights, and is committed to putting the Human Rights Policy into practice.

- Prohibit of child labor
- Prohibit of forced labor
- Prohibit of discrimination
- Prohibit of inhumane treatment
- Due consideration to working hours
- Appropriate payment of wages and allowances
- Respect for freedom of association and the right to collective bargaining
- Ensure working safety and health of employees
- Protection of privacy
- Responsible procurement of minerals

Initiative for human rights

1 Conducting global seminars

The Hirose group is globally conducting education to instill its code of conduct and prevent harassment. Some overseas subsidiaries held group discussions during seminars for executives on creating a workplace where no harassment or other violations of the code of conduct occur, reaffirming the importance of respect for human rights and compliance with laws and regulations. We will hold these group discussions in other countries and regions.





2 Conducting RBA VAP audits

Factories of the Hirose Group believes that practicing the initiatives in accordance with the Code of Conduct set by the RBA*1 ensures the respect for the human rights of their employees and the creation of a better working environment, and they promote audits in accordance with the VAP (Validated Assessment Program)*2.

*1 RBA: Responsible Business Alliance, an alliance of companies and standards committed to improving labor conditions, health and safety, environmental protection, ethics and management in the electronics industry supply chain.

*2 VAP: A standard based on which an audit is carried out by an audit body accredited by the RBA, which assesses the state of development of the management system and compliance with applicable standards.

Improvements prompted by RBA VAP audits

Appropriate management of working hours and taking leave

Each month, working hours of the employees are managed to ensure compliance with not only applicable laws and regulations but also RBA standards. In addition, employees take leave according to RBA standards, which are stricter for the Company than legal standards (seven consecutive workdays are prohibited).



Setting up of nursing rooms

RBA VAP audits ensure that the Company provides a good working environment for employees providing childcare. As part of this initiative, our factory in Malaysia has set up nursing rooms to meet local needs. The nursing room has a refrigerator and chairs, and has been improved for privacy by separating the nursing booths with curtains. Breastfeeding employees can safely store pumped breast milk and take it home when they leave the office to give to their infants.



Improvements to the doors of emergency exits

To ensure that employees can evacuate the building safely and promptly in an emergency, RBA standards require that doors to evacuation routes and final exits can be opened with a single action. The standards also require that round doorknobs not be used, as they can be slippery when operated quickly and difficult to open for employees who have difficulty with gripping. Ichinoseki Plant had emergency doors with round door knobs or which could not be opened without unlocking them, so they were modified so that they can be opened from the inside only by operating a lever handle.

3 Mechanism for resolving complaints

We operate an internal whistle-blowing system that allows employees and subcontractors to report negative influences on human rights and protects whistleblowers from being treated unfairly. The system accepts anonymous reports, and if the whistleblower's name is required, the whistleblower is given the opportunity to specify the scope of the personnel handling the personal information before submitting the report.

BCP

Our Initiatives for Sustainability That Support Our Value Chain

Based on its policy of continuing or rapidly restoring its operations even after an unexpected interruption of its business, while putting the highest priority on the safety of human life, the Hirose Group has formulated a Business Continuity Plan (BCP). The BCP addresses risks such as a major earthquake or fire, or an infectious disease, and sets out concrete countermeasures.

Rolling out BCP across the entire supply chain

Based on our belief that it is important to conduct BCP in cooperation with companies in the supply chain, we check subcontractor systems for developing BCPs. We ask subcontractors to predict the effects of hypothetical events such as infectious diseases or major disasters, and to draw up countermeasures in advance, working to achieve business continuity across the entire supply chain. The floods that occurred in Koriyama, Fukushima pref. in fiscal 2019 inflicted damage on the Koriyama factory and many subcontractors. Based on this experience, we have prepared for various risks by checking flood countermeasures of subcontractors and strengthening emergency training.

BCP initiatives

Hirose Group's BCP initiatives

Fiscal 2009
- Established the Business Continuity Plan
- Worked to disseminate and educate internally

Fiscal 2011
- Lessons learned from earthquake resulted in revisions to BCP, countermeasures headquarter functions, and methods for confirming personal safety
- Fiscal 2012: introduced personal safety confirmation system

Fiscal 2014
- BCP drawn up for 4 overseas factories

Fiscal 2015
- Implemented first-response training at Japanese locations for major disasters

Fiscal 2017
- Set up Disaster Countermeasures Task Force at the Headquarters and implemented first-response training

Fiscal 2019
- Major revisions to BCP
- Fiscal 2019 onward: implemented training for measures aimed at product supply during emergencies

Fiscal 2021
- Drew up Policy on Product Supply During Emergencies

Putting BCP into practice

Mar. 2011
- Put BCP into practice in response to damage from Great East Japan Earthquake

Oct. 2019
- Put BCP into practice in response to flood damage at Koriyama factory

Feb. 2020 -
- COVID-19 countermeasures implemented

Joint initiatives with subcontractors

Fiscal 2013
- Implemented BCP questionnaire survey for subcontractors

Fiscal 2014
- Introduced personal safety confirmation system at subcontractors

Fiscal 2015
- Conducted briefings to support subcontractors developing BCPs
- Continued support for developing BCPs

Fiscal 2019
- Implemented first-response training at factories predicated on damage to subcontractors, which has been repeated every year since

Fiscal 2020
- Added flooding to checklist for subcontractors
- Fiscal 2020 onward: periodic checks on status of subcontractor initiatives

Business continuity management (BCM)

We hypothesize disasters and emergency situations that could impact the environment, and in the Basic Documents on Business Continuity Management we document countermeasures and procedures to address emerging risks. We also conduct regular first-response training for major disasters, as well as training in the use of the personal safety confirmation system. At factories, we strive to confirm the effectiveness of the procedures and raise awareness among those in positions of responsibility by implementing first-response training for emergency, as well as training based on simulations that assume damage to the factory and suspension of supply from subcontractors. In addition, based on the experience for COVID-19 countermeasures, we have drawn up a Policy on Product Supply During Emergencies, and are working on initiatives such as separating the place of production from the place where inventories are stored, and diversifying procurement of raw materials. We are promoting and strengthening BCM in order to fulfill our responsibility to supply in an environment where emergency situations are occurring more frequently.

Basic Documents on Business Continuity Management

The basic policy set out in these Documents is to (1) secure the safety of employees and their families, (2) maintain supply to customers, and (3) minimize damage by rapidly restoring operations.

Responsible Procurement

In order to build robust partnerships with subcontractors and perform corporate operations together, the Hirose Group has clarified its purchasing policy in the Purchase Management Rules, on which it bases the conduct of its purchasing activities. While building relationships of trust and cooperation with subcontractors, which are important partners, we are striving to achieve responsible and sustainable procurement.

Compliance in order to fulfill social responsibility across the entire supply chain

Subcontractors ..... Follow and ensure fair trade and ethics, human rights and labor, occupational safety, environmental protection, and information control.

Major subcontractors ..... Agreement to comply with the HRS Group Code of Conduct

The HRS Group Code of Conduct was created in conformity with the Responsible Business Alliance (RBA), and we also ask subcontractors to carry out their CSR activities in alignment with the RBA Code of Conduct.

CSR procurement initiatives

Communication with subcontractors

Partnerships with subcontractors are essential for the promotion of CSR procurement, and we implement regular CSR surveys as well as rolling out check sheets and implementing audits and confirmation visits as required. At the same time, to enable subcontractors to consult and report on compliance problems related to Hirose Group transactions, the Hirose Group notifies them of the existence of the Hirose Group's internal report system, and engages in regular activities to raise awareness and use of the system by subcontractors.

To address the increasingly complexity of the supply chain, we will further strengthen our cooperation with subcontractors and intensify our promotion of CSR procurement.

Green procurement activities

The Company has drawn up the Hirose Electric Group Green Procurement Guideline, in accordance with which it works to prioritize the procurement of parts, materials, and raw materials that have low environmental impacts. In order to comply with relevant laws and regulations, it is essential to manage chemical substances from raw materials to finished product and to cooperate with the entire supply chain. The Guideline clarifies the requirements for subcontractors, and summarizes prohibited and controlled substances. In addition to having been made available on our website, they have been distributed to subcontractors in all countries. We have asked our subcontractors to establish their own environmental management systems, comply with laws and regulations, reinforce quality control of chemical substances contained in products, and submit information including data on such chemicals, in accordance with the Guideline. The Hirose Group has set management of the most recent version of the Guideline as a CSR target for subcontractors, and has confirmed that more than 97% have updated to the most recent version. Going forward, we will continue to promote green procurement activities in cooperation with the entire supply chain.

Our actions for responsible procurement of minerals

As part of our efforts to fulfill social responsibilities in the supply chain, we are taking steps to procure minerals that do not contribute to conflicts or to human rights and labor problems, and have established the Responsible Minerals Procurement Policy. We have asked subcontractors to investigate the routes by which minerals are procured, and also to procure minerals from smelters that are certified under trustworthy international frameworks, such as the Responsible Minerals Initiative (RMI). While gaining understanding in relation to the Hirose Group initiatives, we are working on developing a grasp of the status of procurement across the entire supply chain, as well as on avoiding the use of conflict minerals.

Activities for responsible procurement of minerals

1. **We establish management system of minerals procurement that complies with OECD Due Diligence Guidance.**
2. **We promote "Responsible Minerals Procurement" throughout the supply chain in collaboration.**
3. **We identify and evaluate supply-chain risks by using globally standardized programs such as the latest CMRT.**
4. **When problematic mineral procurement is found, we immediately take corrective action.**
5. **We disclose results of mineral procurement survey upon customers' request.**

Corporate Governance

Our basic idea of corporate governance

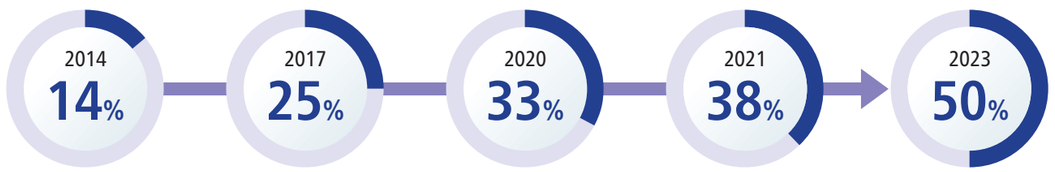
Based on the corporate philosophy of being "A small company connecting wisdom," the Hirose Group, which includes Hirose Electric itself, practices co-creation with stakeholders in order to promote greater management efficiency and achieve a highly profitable structure. In this way we aim to maintain long-term competitiveness in the global market, achieve sustainable growth, and increase corporate value over the medium to long term. To achieve this, the Hirose Group has designated enhancing corporate governance as a priority issue for management, and will implement initiatives in accordance with the following policies.

(1) We will respect the rights of shareholders and ensure their equality.
(2) We will strive for appropriate cooperation with all stakeholders, including shareholders, customers, suppliers, employees, and local communities.
(3) We will ensure transparency through appropriate disclosure of corporate information.
(4) The Board of Directors will provide major direction for corporate strategy, etc., create an environment that supports challenging culture by senior management, and provide highly effective supervision over business execution from an independent and objective standpoint.
(5) We will engage in constructive dialogue with shareholders in order to achieve sustainable growth and increase corporate value over the medium to long term.

Evolution of corporate governance structure



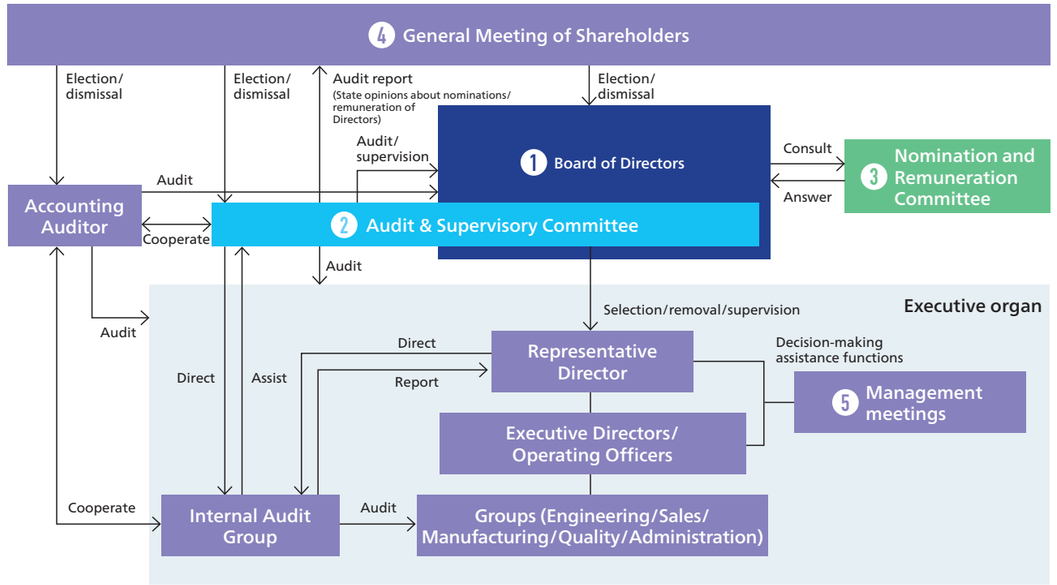
Changes in composition of Outside Directors



Number of officers (FY)	2004	2010	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total number of Directors	7	10	8	8	8	9	9	9	13	13	14
Outside Directors	1	1	1	1	2	2	2	3	5	5	7
Total number of Audit & Supervisory Board Members	3	4	4	4	4	4	3	3	–	–	–
Outside Audit & Supervisory Board Members	2	3	3	3	3	3	2	2	–	–	–

Corporate governance structure

Governance structure (as of June 23, 2023)



Name of meeting	Functions/content	Composition in FY2023	Number of meetings held in FY2022
(1) Board of Directors	The Board of Directors supervises the status of business execution by each Director and checks on management functions. The Board of Directors deliberates directions of management, and ensures the appropriateness of management decisions from a variety of perspectives. The Board of Directors 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.	Seven Outside Directors Seven Inside Directors	12 times
(2) Audit & Supervisory Committee	In principle, the Audit & Supervisory 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 legality and appropriateness of each mechanism.	Three Outside Directors One Inside Director	10 times
(3) Nomination and Remuneration Committee	We established the Nomination and Remuneration Committee, the majority of whose members are Independent Outside Directors, and appoint an Independent Outside Director as Committee Chair to further enhance its objectivity and transparency. Issues such as the involvement of the Board of Directors in succession planning for the CEO, and the approach to determining remuneration based on the remuneration policy are considered by the Committee in advance, so that sufficient discussions are conducted before the Board of Directors meets.	Four Outside Directors Two Inside Directors	5 times
(4) General Meeting of Shareholders	We regard the General Meeting of Shareholders as a valuable opportunity for dialogue with shareholders, and promote initiatives to invigorate shareholder meetings and to facilitate the exercise of voting rights. In addition to proposals and the matters to be reported, the Company strives to facilitate deeper understanding of the Hirose Group among shareholders by using video to explain the future outlook and related issues.		
(5) Management meetings	Management meetings are held for discussions and decision-making on our direction over the medium to long term, formulation and execution of business strategy, new businesses, and other matters. Attendance at such meetings consists mainly of Operating Officers and those of higher rank, with members engaging in wide-ranging discussions concerning the management of the Hirose Group, and it is based on these discussions that strategy is decided. The delegation of broad authority to management meetings is aimed at speeding up execution of business.		



Corporate Governance

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



President and Representative Director

Kazunori Ishii

- 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 of the Company
- 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)



Director

Yukio Kiriya

- 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

- 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)



Director

Shin Kamagata

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



Director

Shu Obara

- April 1989: Joined the Company
- September 2017: Division General Manager–Industrial Equipment Division–Engineering of the Company
- July 2018: Acting Division General Manager–Automotive Division–Engineering of the Company
- January 2020: Division General Manager–Automotive Division–Engineering of the Company
- June 2020: Operating Officer of the Company
- June 2022: Deputy Group President–Engineering of the Company; concurrently Division General Manager–Automotive Division
- June 2023: Director of the Company (current position)
  Group President–Engineering of the Company (current position)



Director

Sang-Yeob Lee

- 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

- 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

- April 1985: Joined Nippon Yusen Kabushiki Kaisha (NYK LINE)
- January 1997: Joined Boston Consulting Group
- September 2001: Joined Fuji Seal, Inc.
- 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

- 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.
  Representative Director and President of Nomura China Investment Corporation
  Representative Director and President of Saitama Kaihatsu Corporation
- June 2020: Outside Director of the Company (current position)



Director

Seiji Sakata

Outside Independent

- April 1981: Joined Ricoh Company, Ltd.
- April 2010: Corporate Vice President of Ricoh Company, Ltd.
- April 2012: Corporate Senior Vice President of Ricoh Company, Ltd.
- April 2018: Corporate Executive Vice President of Ricoh Company, Ltd.
- June 2018: Director of Ricoh Company, Ltd.
- April 2019: Chief Technology Officer (CTO) of Ricoh Company, Ltd.
- April 2021: Executive Corporate Officer of Ricoh Company, Ltd.
- June 2023: Outside Director of the Company (current position)

Directors who are Audit & Supervisory Committee Members



Director (Standing Audit & Supervisory Committee Member)

Masatoshi Ueda

- April 1982: Joined the Company
- August 2015: General Manager–Human Resources and General Affairs Department–Administration of the Company
- July 2021: Executive Manager–Human Resources and General Affairs Department–Administration of the Company
- June 2023: Director (Standing Audit & Supervisory Committee Member) of the Company (current position)



Director (Audit & Supervisory Committee Member)

Kentaro Miura

Outside Independent

- 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)



Director (Audit & Supervisory Committee Member)

Yukiko Araki

Outside Independent

- April 1983: Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)
- July 2008: Deputy Governor of Yamagata Prefecture
- December 2012: Joined Hitachi, Ltd.
- April 2018: Executive General Manager, Sustainability Promotion Division, Global External Relations Division of Hitachi, Ltd.
- December 2020: Outside Director of Fuji Pharma Co., Ltd. (current position)
- March 2021: Outside Director of NAKANISHI INC. (current position)
- March 2023: Outside Director of Toyo Tire Corporation (current position)
- June 2023: Outside Director (Audit & Supervisory Committee Member) of the Company (current position)



Director (Audit & Supervisory Committee Member)

Kenji Takashima

Outside Independent

- April 1987: Joined Aoyama PricewaterhouseCoopers
- October 1992: Established K.TAKASHIMA Certified Public Accountants Office (current position)
- September 2000: Established Naka Meguro Net Kaikei LLC (current position)
- June 2023: Outside Director (Audit & Supervisory Committee Member) of the Company (current position)

Skill Matrix

The expertise considered necessary to execute the management of the Hirose Group, and the expertise expected of individual Directors, are as follows.

Name	Corporate Management	Global Management	Technology Development/ Manufacturing/ Quality	Sales/ Marketing	Finance/ Accounting	Legal/ Compliance/ Risk	Organization/ Human Capital Management	Sustainability (ESG)
Kazunori Ishii	●	●	●	●		●	●	●
Yukio Kiriya		●	●					●
Hiroshi Satoh		●		●				
Shin Kamagata					●	●	●	●
Shu Obara		●	●					
Sang-Yeob Lee	●		●	●		●	●	●
Kensuke Hotta	●	●		●	●		●	
Tetsuji Motonaga	●	●		●			●	
Masanori Nishimatsu	●	●		●	●		●	
Seiji Sakata	●		●	●			●	
Masatoshi Ueda						●	●	
Kentaro Miura			●		●	●	●	●
Yukiko Araki		●				●		●
Kenji Takashima	●				●			



Corporate Governance

Composition / Affiliation of Directors

			Board of Directors	Audit & Supervisory Committee	Nomination and Remuneration Committee
Directors	President	Kazunori Ishii	100% (12/12)		100% (5/5)
	Director	Yukio Kiriya	100% (12/12)		
	Director	Hiroshi Satoh	100% (12/12)		
	Director	Shin Kamagata	100% (12/12)		
	Director	Shu Obara	(New election)		
	Director	Sang-Yeob Lee	92% (11/12)		
	Director Outside Independent	Kensuke Hotta	100% (12/12)		100% (5/5)
	Director Outside Independent	Tetsuji Motonaga	100% (12/12)		100% (5/5)
	Director Outside Independent	Masanori Nishimatsu	100% (12/12)		100% (5/5)
	Director Outside Independent	Seiji Sakata	(New election)		(New election)
Directors who are Audit & Supervisory Committee Members	Director	Masatoshi Ueda	(New election)	(New election)	(New election)
	Director Outside Independent	Kentaro Miura	100% (12/12)	100% (10/10)	
	Director Outside Independent	Yukiko Araki	(New election)	(New election)	
	Director Outside Independent	Kenji Takashima	(New election)	(New election)	

Ratio of Outside Directors

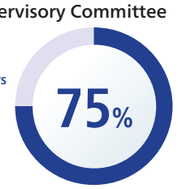
Board of Directors

Outside Directors 7
Inside Directors 7



Audit & Supervisory Committee

Outside Directors 3
Inside Director 1



Nomination and Remuneration Committee

Outside Directors 4
Inside Directors 2



The Board of Directors of Hirose Electric is comprised of 14 Directors, an appropriate number to conduct swift decision-making. Meetings are held at least once per month. The Articles of Incorporation limit the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) to 10 or fewer persons. Based on this, we strive to maintain an appropriate scale. In addition, the Board of Directors includes seven Independent Outside Directors to execute management supervision from an 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.

Main matters deliberated by the Board of Directors (Fiscal 2022)

• **Strengthening of corporate governance structure**	Implementation of evaluation of effectiveness of the Board of Directors, revisions to corporate governance, review of activities for the practice of the HRS Group Code of Conduct
• **Increasing shareholder value**	Disposal of treasury stock, changes to shareholder returns policy
• **Medium- and long-term growth strategy**	Medium-Term Business Plan, Sustainability Promotion Project, construction of new Koriyama factory, construction of Tohoku Advanced Technology Center, expansion of Hirose Korea Precision Connector Center, progress reports on research and development, carbon neutrality, Campaign for the Connect and Evolve with the HIROSE Philosophy

Evaluation of effectiveness of the Board of Directors

We perform an evaluation of effectiveness of the Board of Directors once a year for all Directors for the purpose of improving the function and effectiveness of the Board of Directors. The results of the evaluation are reviewed and future initiatives are discussed by the Board of Directors as part of efforts to raise the level of dialogue.

Survey

We conduct a questionnaire survey relating to an evaluation of effectiveness of the Board of Directors for all Directors.

Target persons: Directors (including Outside Directors)

Evaluation categories: Composition of the Board of Directors (number of persons, composition balance, etc.), operation of the Board of Directors (deliberation time, prior delivery of materials, appropriateness of contents, etc.), topics of the Board of Directors (direction of corporate strategy, internal controls, establishment and operation of Group-wide risk management system, etc.), and systems to support the Board of Directors (providing training opportunities, etc.)

Analysis

Evaluation and analysis of the collected results of the questionnaire survey

In the evaluation of effectiveness held in fiscal 2022, the Board of Directors of Hirose Electric was judged to fulfill its responsibilities and function effectively based on the following criteria.

- Ratio of Outside Directors and operating status of the Board of Directors are appropriate
- Materials are supplied to Directors in advance and sufficient time to consider them is provided
- The Board of Directors performs sufficient deliberation and decision-making
- The succession plan and remuneration determination are considered and sufficiently deliberated beforehand by the voluntary Nomination and Remuneration Committee

Deliberation

In addition to sharing results and issues related to the current evaluation with the Board of Directors, we contemplate issues to address going forward, and determine policies for them. The results of the evaluation of effectiveness for fiscal 2022 and subsequent discussions have clarified the issues for fiscal 2023.

- Deepen discussions on the medium-term management strategy in order to address the increasingly complex external environment
- Continue to consider the diversity of the Board of Directors
- Deepen discussions and initiatives associated with sustainability and allocation of management resources

Implementation

Improvements are implemented in accordance with the policies determined by the Board of Directors.

Policies to address the issues identified in fiscal 2022

- Increase opportunities to discuss medium-term management strategy, deepen discussions by leveraging insights from Outside Directors with a variety of experience
- With regard to sustainability and allocation of management resources, the activities of the Sustainability Promotion Project and the considerations by relevant departments on allocation of management resources will be reported, aiming to promote efforts.

Audit & Supervisory Committee

In fiscal 2021, Hirose Electric established the Audit & Supervisory Committee, a majority of which is comprised of Outside Directors. 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. By actively exchanging information between internal departments, the Accounting Auditor, and Directors, and remaining in close communication, the Audit & Supervisory Committee is working to provide effective supervision.

Nomination and Remuneration Committee

In order to strengthen the fairness, transparency, and objectivity of procedures related to Director nomination and remuneration, the Company has established the Nomination and Remuneration Committee as a voluntary advising body for the Board of Directors. Decisions pertaining to the selection, dismissal, and remuneration of Directors shall be deliberated and determined by the Board of Directors in accordance with standards and policies, after a draft proposal has been submitted to the Nomination and Remuneration Committee and its report has been received. The Committee investigates revisions to the Regulations for Remuneration of Directors and other matters, checks remuneration amounts, and reports its findings to the Board of Directors.



Sharing of information with Outside Directors

With the objective of enhancing discussions by the Board of Directors and the various committees, Hirose Electric strives to provide Outside Directors with appropriate materials and information. Furthermore, in order to promote the corporate philosophy, values, and understanding of the business, the Company has established informal opportunities outside meetings of the Board of Directors, and is putting in place a support structure for Outside Directors.

Examples of information-sharing

- Early distribution in advance of materials for meetings of the Board of Directors
- Regular business reports from Division General Managers
- Regular observational tours of factories and subcontractors
- Invitations to the triennial Hirose Technology Exhibition and Zero One Festival
- Observational factory tours when Outside Directors are first elected

Independence criteria and character requirements for Independent Outside Directors

Hirose Electric selects Independent Outside Directors who satisfy the requirements of Independent Officer as stipulated by financial instruments exchanges and possess track records and relevant knowledge in their respective fields. More specifically, if an Outside Director does not fall under any of the following cases, the Outside Director is determined as having independence.

- In the case where the Outside Director is currently serving, or has once served during the past ten years, as an executive of the Company or any of its subsidiaries
- In the case where the Outside Director is currently serving as an executive of a company with which the Hirose Group engages in transactions, and the amount of the transactions exceeds 2% of consolidated net sales of any fiscal year among the last three fiscal years
- In the case where the Outside Director receives, as a legal or accounting expert or consultant, remuneration (excluding remuneration paid as a Director of the Company and remuneration paid to the organization or firm to which the Outside Director belongs) exceeding the average annual amount of ¥10 million directly from the Company during the last three fiscal years
- In the case where the Outside Director belongs to an organization such as corporation (which includes law firm, audit corporation, tax accountant corporation and consulting firm) and association, and remuneration received from the Company exceeds the higher of either 2% or more of the average annual amount of gross sales of the said organization such as corporation or association in the last three fiscal years or ¥100 million or more
- In the case where the Outside Director is currently an employee, etc., of an audit corporation that is the Accounting Auditor of the Company or any of its subsidiaries
- In the case where the Outside Director has once engaged in auditing operations for the Company or any of its subsidiaries as an employee, etc., of an audit corporation that is the Accounting Auditor of the Company or any of its subsidiaries during the last three years
- In the case where a relative within the second degree of consanguinity of the Outside Director is currently serving, or has once served in the past, as an Executive of the Company or any of its subsidiaries

Remuneration structure linked to medium- to long-term corporate value

Basic policy

As an incentive to continuously improve corporate value, the remuneration system for full-time directors of Hirose Electric is linked with shareholder interests. When deciding remuneration for individual Directors, our basic policy is to set an appropriate standard based on their individual responsibilities. Specifically, remuneration for Executive Directors consists of monetary remuneration, which is a combination of basic remuneration that is fixed in accordance with the individual's position, and performance-linked remuneration based on the consolidated operating margin that varies in accordance with corporate results, and performance-linked share-based remuneration that is linked to improvements in performance and shareholder value over the medium to long term. Performance-linked share-based remuneration was introduced in fiscal 2021 to raise awareness of contributions to performance improvements and increases in corporate value over the medium to long term, with the aim of strengthening management by aligning management interests with those of shareholders to provide the same perspective of shareholders. The remuneration for Outside Directors who serve a supervisory function is only the basic remuneration, depending on their duties.

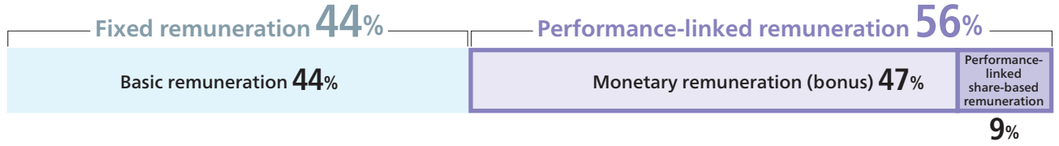
Determination process

The total of monetary remuneration and share-based remuneration is determined based on the following process. We take into account a range of factors such as corporate performance, social conditions, details of the individual's position and duties, and the level of remuneration awarded to officers of other companies, make draft proposals for remuneration of Directors who are not Audit & Supervisory Committee Members, submit it to the Nomination and Remuneration Committee, of which a majority of the members are Independent Outside Directors, receive the consent of the Audit & Supervisory Committee, send a report to the Board of Directors for deliberation, and leave the decision to the discretion of the President of the Company. This process ensures independence and objectivity.

Overview of remuneration

The composition ratio of remuneration varies according to performance. The ratio is set based on the guideline of "basic remuneration : bonuses : share-based remuneration" of 44:47:9, which was determined by the base indicator of consolidated operating margin decided at a Board of Directors meeting.

Composition of remuneration (excluding that of Outside Directors)



		Composition ratio	Policy
Fixed remuneration	Basic remuneration	**44%**	Basic remuneration for Directors of Hirose Electric is fixed monthly remuneration (cash), and it is determined in accordance with position, duties, and years of service, and also taking into account a comprehensive range of factors such as levels paid by other companies, the corporate performance of Hirose Electric, and the level of employee bonuses.
Performance-linked remuneration	Monetary remuneration (bonus)	**47%**	This is determined using the following method: Basic remuneration (monthly amount) × Profit coefficient (determined in accordance with the actual consolidated operating margin). In order to raise awareness of performance for each fiscal year, this consists of cash remuneration that reflects key performance indicators (KPIs), the amount being calculated in proportion to the degree to which the consolidated operating margin target is achieved for the 12-month period, and paid as a bonus at a certain time every year. The KPIs and other figures that provide the basis for this are revised as appropriate in accordance with changes in the environment, based on a Nomination and Remuneration Committee report. This involves increases in the share value and boosts to competitive advantage, and the operating margin has also been set as an important indicator that aims to improve management efficiency.
	Performance-linked share-based remuneration	**9%**	This is a scheme whereby a trust is established with cash contributed by the Company (hereinafter, "the Trust"), which then acquires the Company's shares, with the Company's shares delivered to each Executive Director through the Trust in an amount equivalent to the number of points (1 point = 1 share) granted by the Company to each Officer. In principle, Executive Directors receive their respective deliveries of such shares when they retire. When the consolidated operating margin for the fiscal year in question is at least 20%, the granted points are calculated by dividing the base amount of 10% of the combined basic remuneration and performance-linked remuneration, by the share price of the Company at the time the shares of the Company were acquired by the Trust.

Corporate Governance

Messages From Newly Elected Outside Directors

Three new Outside Directors were elected at the General Meeting of Shareholders held in June 2023. This resulted in Independent Outside Directors accounting for seven (50%) of the 14 Directors, in accordance with the goal of further strengthening the multifaceted and objective nature of management supervision functions.



Kenji Takashima
Outside Director

Yukiko Araki
Outside Director

Seiji Sakata
Outside Director

I will contribute to increasing corporate value through technology management that leverages my experience in manufacturing industry, and through advice and supervision in relation to the execution of management strategy



Seiji Sakata

Outside Director

- April 1981: Joined Ricoh Company, Ltd.
- April 2010: Corporate Vice President of Ricoh Company, Ltd.
- April 2012: Corporate Senior Vice President of Ricoh Company, Ltd.
- April 2018: Corporate Executive Vice President of Ricoh Company, Ltd.
- June 2018: Director of Ricoh Company, Ltd.
- April 2019: Chief Technology Officer (CTO) of Ricoh Company, Ltd.
- April 2021: Executive Corporate Officer of Ricoh Company, Ltd.

My name is Seiji Sakata, and I was elected as Outside Director at the 2023 General Meeting of Shareholders. For the past 40 years I have experienced technology development and management innovation in manufacturing industry, which is expanding globally at an accelerating rate. I feel that we are in an era in which QCD (quality, cost, delivery) is taken as read, and that in addition to generating customer value that avoids the need for price competition, companies cannot win the trust of stakeholders without also creating social value in the form of ESG, SDGs, and so on.

The Hirose Group's corporate philosophy of "A small company connecting wisdom" incorporates the sense of connecting wisdom both inside and outside the Company, and of the use of high value-added products to connect cutting-edge technology all over the world. This is in itself the basic approach to ESG and SDGs, and so that the Company continues to contribute to society and remains a corporate group that is considered essential by society, I will leverage my experience to provide advice and supervision from an objective and neutral standpoint on diversity, on technology management at a sustainable speed, and on the execution of management strategy, thus contributing to increases in corporate value.

I will contribute by promoting the doing of the right thing in the right way in order to put into practice the philosophy of "A small company connecting wisdom"



Yukiko Araki

Outside Director

- April 1983: Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)
- July 2008: Deputy Governor of Yamagata Prefecture
- December 2012: Joined Hitachi, Ltd.
- April 2018: Executive General Manager, Sustainability Promotion Division, Global External Relations Division of Hitachi, Ltd.
- December 2020: Outside Director of Fuji Pharma Co., Ltd. (current position)
- March 2021: Outside Director of NAKANISHI INC. (current position)
- March 2023: Outside Director of Toyo Tire Corporation (current position)

As I see it, the Hirose Group's corporate philosophy of "A small company connecting wisdom" is a clear example of using the "connecting" technology of connectors to contribute to the resolution of the various issues faced by society, and to make the world a better place. Even in a world of violent change and rising uncertainty, it clarifies the company's raison d'etre and indicates its basic approach to creating value together with a wide range of stakeholders, including customers, shareholders, investors, business partners, and local communities. The use of "a small company" is also a declaration to the effect that, in line with the corporate philosophy, rather than pursuing growth alone, the organization seeks to evolve its technological strengths to differentiate itself from competitors, and to create value that cannot be found anywhere else in the world.

For my part, I plan to contribute by ensuring that the various initiatives being implemented for the expansion of the Company's business as an embodiment of the corporate philosophy do not fall victim to siloization, and by doing the right thing in the right way.

It is important to take problems seriously while they are still small, and I will strive to enhance governance functions

My name is Kenji Takashima, I am a certified public accountant, and I was newly appointed as an Outside Director who is an Audit & Supervisory Committee Member. I have in the past performed statutory audits for large corporations, provided consulting on management systems for companies aiming to list their shares, conducted audits for court-appointed oversight committees under the Civil Rehabilitation Act, and engaged in consulting for small and medium-sized enterprises and on healthcare management. Particularly from the Civil Rehabilitation Act case, in which I audited many companies where minor issues that were neglected grew in due course to cause serious damage, I learned the importance of addressing problems while they are still small, rather than overlooking them. The other day I attended my first meeting of the Board of Directors, at which I sensed a corporate culture of taking small problems seriously, of perceiving themselves to be a "small" company as shown by Hirose Group's Inseparable Principles of "A Small Company Connecting Wisdom," and of humbly working to improve themselves. By leveraging the experience I have accumulated, I will strive to fulfill my role as an Outside Director who is an Audit & Supervisory Committee Member, and as one of those responsible for executing governance functions.



Kenji Takashima

Outside Director

- April 1987: Joined Aoyama PricewaterhouseCoopers
- October 1992: Established K.TAKASHIMA Certified Public Accountants Office (current position)
- September 2000: Established Naka Meguro Net Kaikei LLC (current position)

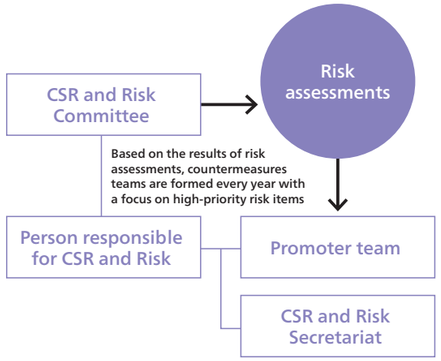
Risk Management

Basic thinking

To appropriately 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 along with related organizations operating under the committee, and under such system, we share risks in business execution, and perform risk management. By obtaining an understanding of risks that could have a material impact on the smooth business operation of the Hirose Group and devising effective and efficient measures for preventing them from materializing, or for dealing with them after they have come into being, we seek to minimize the negative impact on people, assets, and other management resources, as well as on our corporate image, win the trust of stakeholders, and work for the stable development of the Hirose Group.

Risk management structure

The Hirose Group established the CSR and Risk Committee with the President as Chairperson. The Committee conducts a risk assessment every year, identifies high-priority risk items, and determines targets to achieve and countermeasures to put in place. Action plans drawn up by persons responsible for CSR and risks are deliberated and approved by the Committee. For implementation, promoter teams are established for specific themes and engage in practical promotion of the action plans. The CSR and Risk Committee meets once every quarter to check on the progress of action plans, evaluate risks and determine responses, engage in risk control activities, and establish a risk management structure.



Major risks identified in fiscal 2022, and our response

	Risk identified	Response
Hazard risks	• Risk of continuation of business becoming difficult due to earthquake, flood, or other natural disaster • Risk of human injury caused by occupational accident • Risk of cyberattacks	• Ongoing simulated training of response to own buildings suffering damage • Strengthening of safety education and safety of facilities • Ongoing training aimed at responding to cyberattacks
Operational risks	• Risk of personal information leaks • Risk of supply from subcontractors being suspended • Risk of raw material shortages/soaring raw material prices • Risk of compliance infringements by employees • Risk of impaired physical or mental health of employees	• Building of a framework to organize and safely manage personal information • Follow up development of BCP at subcontractors • Obtaining of information regarding raw material shortages and related issues, clarifying criteria of reporting • Ongoing implementation of measures for compliance education/prevention of misconduct • Ongoing implementation of stress checks and mental health education
Strategic risks	• Risk of human injury and suspension of business due to the spread of infectious disease	Response to COVID-19 • Continued holding of COVID-19 Countermeasures Meeting • Implemented occupational vaccinations against COVID-19 • Encouraged remote working, depending on status of infections

Establishing a product supply system for use after a disaster has occurred

We are working to establish production and logistics systems that avoid interruptions in deliveries to customers even in the event of a disaster, such as a natural disaster. We have drawn up a Policy on Product Supply During Emergencies, and incorporated specific measures into the crisis management procedure manuals for each factory. We are also establishing alternative methods for delivery and distribution, diversifying sources of materials and places where inventory is stored, converting products to multiple lines, and taking other measures.

Compliance

Basic thinking

The Hirose Group is keenly aware not only of the need to observe laws and regulations but also of the importance of holding to our own high standards for ethics and sincerity, and of fulfilling our social mission and responsibilities in conducting corporate activities. In order to realize this in an ever-changing management environment, the HRS Group Code of Conduct clarifies the guidelines and standards for actions of each employee. This Code of Conduct has been translated into English, Chinese, and other languages and distributed to our overseas bases. Through education that uses case studies and other measures that draw on the spirit and meaning of the Code of Conduct, we provide support for employees to understand the Code of Conduct and to incorporate it into their own behavior. By ensuring that each employee holds to a high standard of ethics and acts with sincerity, the Group aims to fulfill its social responsibilities as an organization.

Compliance education

In addition to organizational structure, codes of conduct, and related regulations, which are centered on the previously mentioned CSR and Risk Committee, the compliance structures of the Hirose Group consist of continuous education, compliance checks, and the internal report system. Compliance education is implemented using e-learning and self-checks for all employees of the Hirose Group. We also distribute compliance newsletters at regular intervals, explaining compliance issues that have been identified through daily legal consultation and questionnaire surveys. By raising familiar themes related to operations, we work to raise employee awareness of compliance.

Internal report system

In order to swiftly address, resolve, and prevent compliance violations, we established the internal report system in 2008. To ensure compliance at the global level, we have established various counters that provide advice on a wide range of issues. To enable effective use of these counters, we have taken steps to lower the hurdle for internal reporting, and to raise awareness through the use of intranet posters. When a questionnaire survey on awareness within the Company of the internal reporting system revealed that employees were concerned about unfair treatment of people using the system to make reports, we used the compliance newsletter to explain our measures for addressing and preventing secondary harm, through regulations established to punish or provide correction to persons who have treated a reporting person unfairly. It is important for the maintenance of compliance that people use the internal reporting counter at the stage where their misgivings are still small, and by communicating in response to employee feedback we are working to foster a sense of security and trust towards the Company.

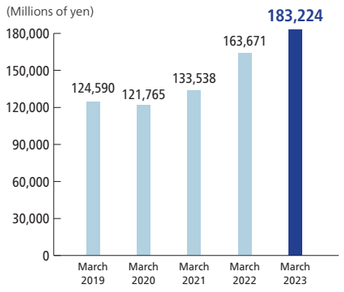
Internal control system

In order to execute operations appropriately in conformance with laws and regulations, and the Articles of Incorporation, across the entire Hirose Group, the Company has built and operates an internal control system, which is subject to continuous improvements. For domestic and overseas Group companies internal control audits are implemented, with auditing covering the implementation of the internal control system, operational processes, and IT operating rules. In internal audits, an independent member of the internal audit team directs members of an assessment committee to gather materials for the assessment of the internal control system, verifies the appropriateness and effectiveness of operations within the Internal Audit Division, and requests the submission of measures to resolve issues within said division and provides other instructions, while important matters are reported to the President. Additionally, by working with Directors who are Audit & Supervisory Committee Members, they listen to the status of installation and continuous improvements to the internal control system by relevant departments, and provide instructions, advice, or opinions as necessary, so that management supervision functions appropriately.

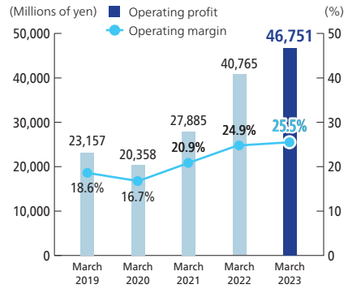
Financial and Non-financial Summary Data

Financial Highlights

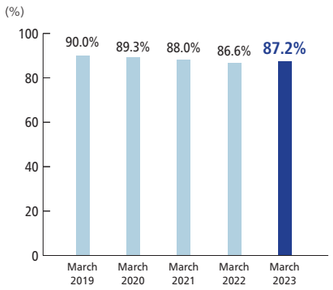
Sales



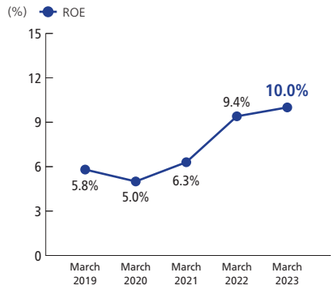
Operating profit / Operating margin



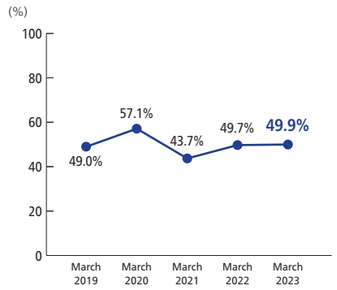
Equity ratio



ROE



Dividend payout ratio



Non-financial highlights * For only Hirose Electric (incl. certain Hirose Electric Group consolidated operations)

Non-financial data			Mar. 2021	Mar. 2022	Mar. 2023
Number of employees	Non-consolidated	(Persons)	935	917	913
	Consolidated	(Persons)	4,859	5,070	4,944
Number of employees by gender	Male	(Persons)	706	690	681
	Female	(Persons)	229	227	232
Number of employees (contract workers)		(Persons)	40	36	36
Female managers	Ratio	(%)	1.0	1.0	1.6
Women in leadership positions*	Ratio	(%)	2.9	3.4	4.9
Number of new graduates hired	Male	(Persons)	17	19	30
	Female	(Persons)	16	11	14
Attrition rate	Male	(%)	3.0	3.8	5.4
	Female	(%)	7.4	5.3	6.4
Average years of service		(Years)	12.4	13.1	13.7
Average number of paid leave days taken		(Days)	9.6	12.5	14.3
Average monthly overtime hours		(Hours)	15.6	15.5	18.8
Number of employees taking maternity leave		(Persons)	10	8	16
Number of employees taking childcare leave	Female	(Persons)	10	8	15
	Male	(Persons)	3	4	6
Percentage of employees returning to work after maternity/childcare leave		(%)	100	100	91
Number of participants in human capital development programs		(Total number of people)	628	1,045	1,141
Number of participants in global training		(Persons)	44	48	–
Percentage of employees undergoing routine physical examinations		(%)	97	100	100
Percentage of employees undergoing stress assessment		(%)	95.2	94.3	94.6
Occupational accident frequency rate		(Ratio)	0.0	0.5	0.0

* Assistant managerial level and above

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

Financial data		Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023
Sales	(Millions of yen)	95,938	124,987	125,726	120,284	115,103	125,143	124,590	121,765	133,538	163,671	183,224
Operating profit	(Millions of yen)	20,985	33,005	32,588	28,794	28,482	28,064	23,157	20,358	27,885	40,765	46,751
Operating margin	(%)	21.9	26.4	25.9	23.9	24.7	22.4	18.6	16.7	20.9	24.9	25.5
Ordinary profit	(Millions of yen)	22,386	34,747	34,962	30,516	29,799						
Profit before tax	(Millions of yen)						28,015	24,671	21,205	28,332	43,081	48,591
Profit	(Millions of yen)	13,508	22,439	22,948	21,104	21,356	19,107	17,891	15,305	19,916	31,437	34,648
Net assets	(Millions of yen)	252,066	269,164	288,302	285,830	296,293	304,719	307,330	306,141	326,092	342,069	349,853
Total assets	(Millions of yen)	277,881	300,751	319,667	316,595	326,696	341,178	341,435	342,644	370,504	394,783	401,357
Equity ratio	(%)	90.5	89.2	90.1	90.2	90.6	89.3	90.0	89.3	88.0	86.6	87.2
BPS (Book-value per share)	(Yen)	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	9,675.08	10,160.72
EPS (Earnings per share)	(Yen)	390.48	652.68	674.25	596.31	611.81	548.80	489.46	420.39	549.10	885.39	1,002.04
Dividends per share	(Yen)	140	200	230	240	240	480	240	240	240	440	500
Dividend payout ratio	(%)	35.9	30.6	34.2	40.2	39.2	87.5	49.0	57.1	43.7	49.7	49.9
ROE (Return on equity)	(%)	5.5	8.6	8.2	7.4	7.3	6.3	5.8	5.0	6.3	9.4	10.0
PER (Price-earnings ratio)	(Times)	32.5	21.7	23.0	20.8	25.2	26.6	23.8	26.6	31.0	20.2	17.2

Network

Europe
7 locations

Sales: 7
R&D: 1


HIROSE EUROPE

HIROSE ELECTRIC EUROPE B.V.
- EU Headquarters / Amsterdam Office
- UK Branch
- German Branch / Nuremberg Office
- Stuttgart Office (Germany)
- Hanover Office (Germany)
- Milan Office (Italy)
- Paris Office (France)

South Korea
1 location

Sales: 1
R&D: 1
Manufacturing: 1


HIROSE KOREA

HIROSE KOREA CO., LTD.

Greater China
21 locations

Sales: 19
R&D: 1
Manufacturing: 2


HIROSE CHINA


HIROSE HONG KONG


HIROSE TAIWAN


HIROSE DONGGUAN


HIROSE SUZHOU

HIROSE ELECTRIC (DONGGUAN) CO., LTD.

HIROSE ELECTRIC (SUZHOU) CO., LTD.

HIROSE ELECTRIC (CHINA) CO., LTD.
- China Headquarters / Shanghai Branch
- Shenzhen Branch
- Beijing Branch
- Guangzhou Branch
- Wuhan Office
- Hefei Office
- Hangzhou Office
- Changchun Office
- Dalian SOHO
- Tianjin SOHO
- Zhengzhou SOHO
- Qingdao SOHO
- Ningde SOHO
- Chongqing SOHO
- Xiamen SOHO
- Nanjing SOHO
- Ningbo SOHO

HIROSE ELECTRIC (TAIWAN) CO., LTD.

HIROSE ELECTRIC HONG KONG TRADING CO., LTD.

HIROSE ELECTRIC HONG KONG CO., LTD.

India
3 locations

Sales: 3


HIROSE INDIA

HIROSE ELECTRIC INDIA PVT. LTD.
- Delhi Office
- Bangalore Office
- Pune Office

Southeast Asia
5 locations

Sales: 3
Manufacturing: 2


HIROSE SINGAPORE


HIROSE MALAYSIA


HIROSE INDONESIA

PT. HIROSE ELECTRIC INDONESIA

HIROSE ELECTRIC MALAYSIA SDN.BHD.

HIROSE ELECTRIC SINGAPORE PTE. LTD.
- Singapore Office
- Bangkok Liaison Office

HIROSE ELECTRIC MARKETING (M) SDN.BHD. (Malaysia)

Japan
10 locations

Sales: 5
R&D: 2
Manufacturing: 3


Hirose Electric Headquarters

HIROSE ELECTRIC CO., LTD.
- Headquarters
- Gotanda Office
- Kikuna Office
- Hiroshima Sales Office
- Kansai Branch
- Kariya Sales Office
- Utsunomiya Sales Office

KORIYAMA HIROSE ELECTRIC CO., LTD.

ICHINOSEKI HIROSE ELECTRIC CO., LTD.

TOHOKU HIROSE ELECTRIC CO., LTD.


Gotanda Office


Kikuna Office


TOHOKU HIROSE ELECTRIC CO., LTD.


ICHINOSEKI HIROSE ELECTRIC CO., LTD.


KORIYAMA HIROSE ELECTRIC CO., LTD.

North America
8 locations

Sales: 8
R&D: 2


HIROSE U.S.A.

HIROSE ELECTRIC (U.S.A.), INC.
- Headquarters / Chicago Office
- Irvine Office
- San Jose Office
- Seattle Office
- Dallas Office
- Boston Office
- Tampa Office
- Detroit Office (Automotive)

Locations with multiple functions such as sales, R&D, and manufacturing, are still counted as a single location.

Stock Information

Stock Information (As of March 31, 2023)

Total number of shares issued	34,437,916 shares (excluding 2,789,173 shares of treasury shares)
Total number of shareholders	3,823

Note: The total number of shares issued decreased by 948,853 shares compared to the end of the previous fiscal year (March 31, 2022) due to the cancellation of treasury shares implemented on May 11, 2022.

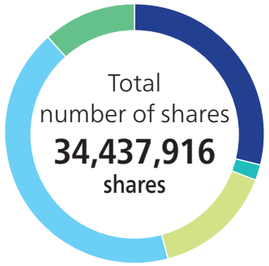
Major Shareholders (Top 10)

Name of shareholder	Number of shares held (Hundreds of shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	50,288
Hirose Foundation	31,476
State Street Bank and Trust Company 505223	27,018
JPMorgan Chase Bank 380055	20,207
Custody Bank of Japan, Ltd. (Trust Account)	16,543
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
State Street Bank West Client - Treaty 505234	8,213
National Mutual Insurance Federation of Agricultural Cooperatives	8,146

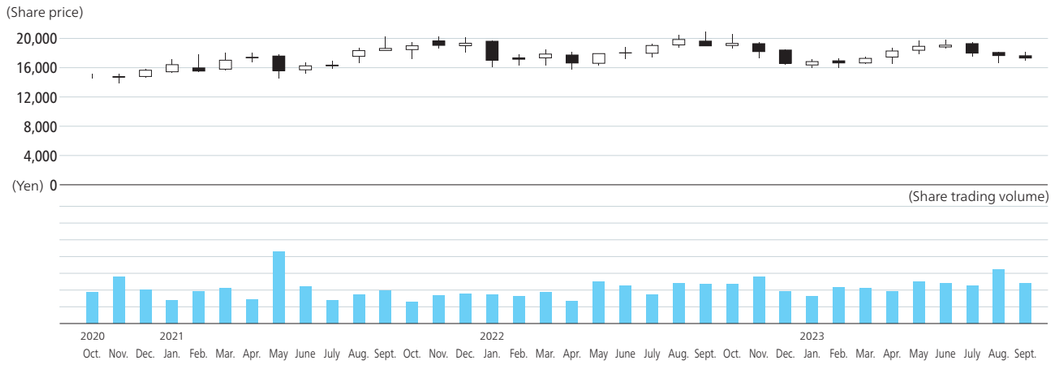
Note: In addition to the 10 major shareholders above, the Hirose Group owns 27,891 hundred shares of treasury shares.

Distribution of Shares by Shareholder Type

Type	Number of shareholders	Number of shares held	Ratio of shareholding
Financial institutions	38	108,336 hundred shares	29.10%
Securities companies	39	7,334 hundred shares	1.97%
Other corporations	169	55,372 hundred shares	14.87%
Foreign corporations, etc.	592	158,657 hundred shares	42.62%
Individuals and others	2,985	42,568 hundred shares	11.44%



Share Price and Trading Value



Corporate Data

Corporate Data (As of March 31, 2023)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	Consolidated: 4,944 (excluding part-timers)
Capital stock	¥9,404,379,401

Directors (As of June 23, 2023)

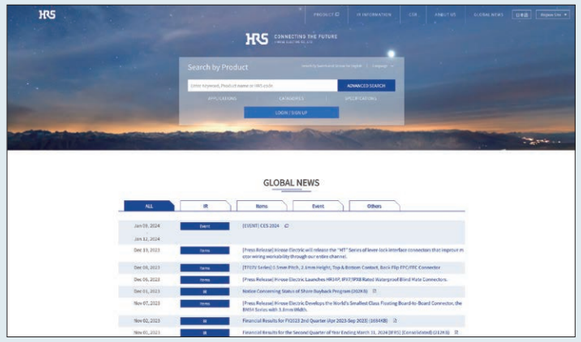
President and Representative Director	Kazunori Ishii
Director	Yukio Kiriya
Director	Hiroshi Satoh
Director	Shin Kamagata
Director	Shu Obara
Director	Sang-Yeob Lee

Outside Director	Kensuke Hotta
Outside Director	Tetsuji Motonaga
Outside Director	Masanori Nishimatsu
Outside Director	Seiji Sakata
Director (Standing Audit & Supervisory Committee Member)	Masatoshi Ueda
Outside Director (Audit & Supervisory Committee Member)	Kentaro Miura
Outside Director (Audit & Supervisory Committee Member)	Yukiko Araki
Outside Director (Audit & Supervisory Committee Member)	Kenji Takashima

Note: Outside Directors Kensuke Hotta, Tetsuji Motonaga, Masanori Nishimatsu, Seiji Sakata, Kentaro Miura, Yukiko Araki, and Kenji Takashima 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 Hirose Group's website.

Note This report includes matters based on the Hirose 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.