



**HIROSE ELECTRIC CO.,LTD.**



**Kazunori Ishii**

President and Representative Director

We are pleased to report the results of operations for fiscal 2016, the year ended March 31, 2017 (the 70th fiscal term, from April 1, 2016 to March 31, 2017).

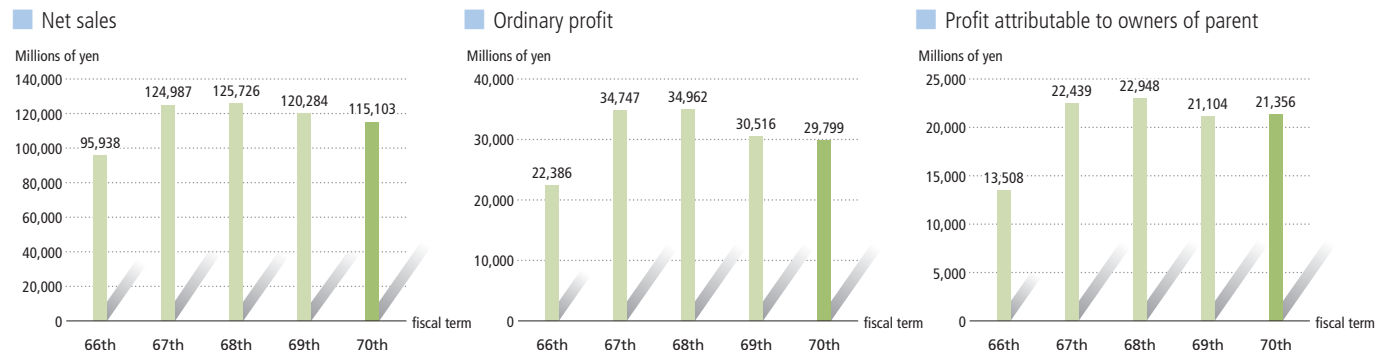
## Business Overview

During the fiscal year ended March 31, 2017, the Japanese economy remained on a moderate recovery trend thanks to such factors as the improved employment and income environments and monetary easing while earnings of exporting companies were significantly affected by the rapid appreciation of the yen started from the beginning of 2016.

Overseas, the future prospect has been uncertain due partly to economic growth slowdown in China and emerging economies and increasing sense of cautions for various geopolitical risks.

Under such conditions, the Hirose Electric Group, while expanding the business globally, chiefly for the smartphone, automobile, and industrial machinery/equipment markets, proceeded with efforts to reinforce our development, sales and production systems for new high-value-added products in the pursuit of swifter responses to increasingly sophisticated market needs. However, due to the impact of the strong yen, consolidated net sales for the year under review amounted to ¥115,103 million, a decrease of 4.3% year on year. Operating profit decreased 1.1% year on year to ¥28,482 million,

## Financial Highlights



ordinary profit decreased 2.3% year on year to ¥29,799 million and profit attributable to owners of parent increased 1.2% year on year to ¥21,356 million.

With regard to the management environment in which the Group operates, the Japanese economy remained on a moderate recovery trend thanks to such factors as the improved employment and income environments and monetary easing while earnings of exporting companies were significantly affected by the rapid appreciation of the yen started from the beginning of 2016.

Overseas, the future prospect has been uncertain due partly to economic growth slowdown in China and emerging economies and increasing sense of cautions for various geopolitical risks.

The Group will focus on further sales growth in the automobile field along with an expansion in automotive electronics, and the growth of the industrial machinery/equipment and communications equipment fields. We will also focus on maintaining and expanding our mass production businesses for smartphones, etc., where further price competition is expected to be driven by consumers' preferences for lower-priced products.

In this business environment, the Group intends to pursue leading-edge technologies, conduct more efficient distribution and concentration of resources and consistently carry out reforms and innovations. Such aggressive initiatives also include the reinforcement of high-value-added product development capabilities to meet market needs, the promotion of manufacturing efficiency and further improvement of product quality, all of which would serve to improve our cost competitiveness. At the same time, we will work to promote globalization with an eye to dispersing risk across production bases and growing and expanding our businesses going forward, develop domestic and overseas sales channels, and strengthen our management foundations toward profitable growth in an effort to improve our corporate value.

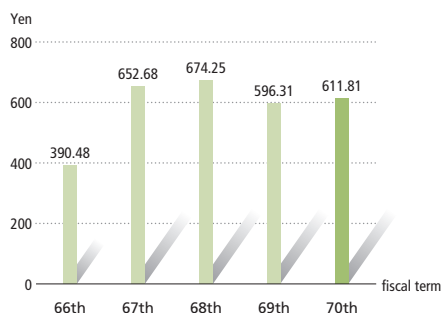
We look forward to your continued support and encouragement.

June 2017

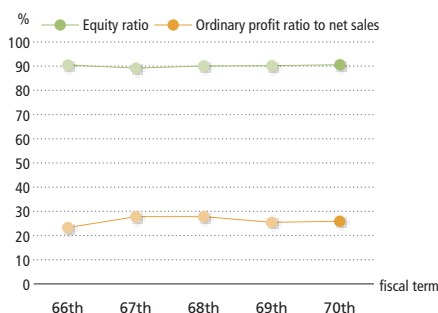
**Kazunori Ishii**

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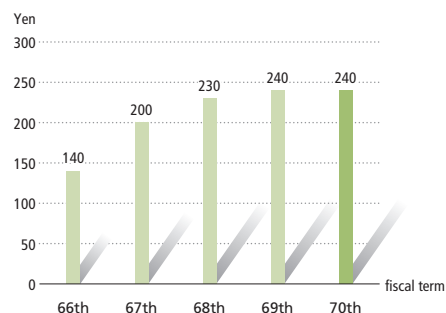
Basic earnings per share



Equity ratio & Ordinary profit ratio to net sales

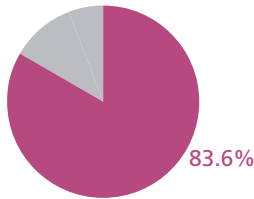


Dividends per share



Multi-Pin Connectors

Sales ratio

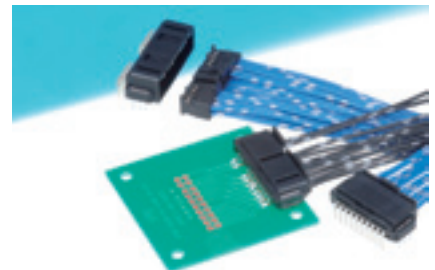
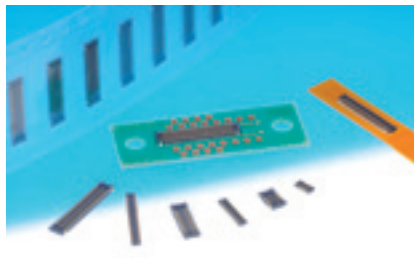
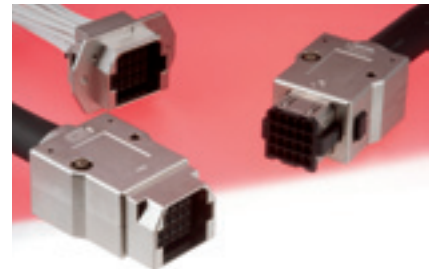
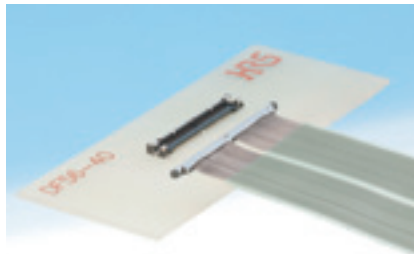
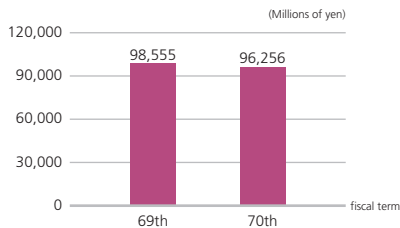


Our flagship multi-pin connectors include a variety of connector types such as circular and rectangular connectors, connectors for ribbon cables, connectors used for printed circuit boards including FPCs (flexible printed circuit boards) and nylon connectors.

The major applications of these connectors include a wide range of fields such as smartphones, communications equipment and automotive electronics, as well as industrial fields such as measuring and control equipment, FA equipment and medical electronics equipment. Further expansion in demand is expected along with the further development of a sophisticated information and communications networked society and an eco-friendly, energy conservation-oriented society.

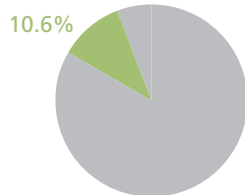
Consolidated segment net sales for the year under review decreased 2.3% year on year to ¥96,256 million and operating profit increased 1.2% year on year to ¥26,128 million due to the impact of the strong yen.

Net sales



## Coaxial Connectors

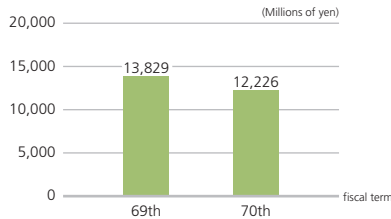
### Sales ratio



Coaxial connectors are a special type of high-performance connector used primarily for microwave and other high-frequency signals. Their applications include microwave communications devices, satellite communications equipment, electronic measuring instruments, or smartphones, mobile phones, switching and transmission equipment and other electronic equipment. Optical fiber connectors and coaxial switches are also included in this segment.

Consolidated segment net sales for the year under review decreased 11.6% year on year to ¥12,226 million and operating profit decreased 17.4% year on year to ¥2,087 million.

### Net sales

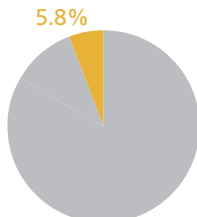


## Other Products

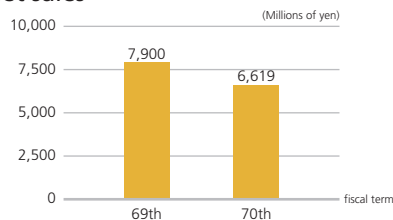
The other products segment includes medical electronics and health equipment such as interference wave EMSs, micro switches and instruments for connectors.

Consolidated segment net sales for the year under review decreased 16.2% year on year to ¥6,619 million and operating profit decreased 39.7% year on year to ¥266 million.

### Sales ratio



### Net sales



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

Account item	Current fiscal year As of March 31, 2017	Previous fiscal year As of March 31, 2016
<b>(Assets)</b>		
Current assets	252,709	235,308
Non-current assets	73,987	81,287
<b>Total assets</b>	<b>326,696</b>	<b>316,595</b>
<b>(Liabilities)</b>		
Current liabilities	23,471	23,467
Non-current liabilities	6,931	7,298
<b>Total liabilities</b>	<b>30,402</b>	<b>30,765</b>
<b>(Net assets)</b>		
Shareholders' equity	283,217	272,599
Capital stock	9,404	9,404
Capital surplus	11,223	11,116
Retained earnings	321,493	308,530
Treasury shares	△58,903	△56,450
Accumulated other comprehensive income	12,721	12,850
Subscription rights to shares	354	379
<b>Total net assets</b>	<b>296,293</b>	<b>285,830</b>
<b>Total liabilities and net assets</b>	<b>326,696</b>	<b>316,595</b>

Note: Amounts less than ¥1 million are truncated.

## Consolidated Statements of Income

(Millions of yen)

Account item	Current fiscal year From April 1, 2016 to March 31, 2017	Previous fiscal year From April 1, 2015 to March 31, 2016
Net sales	115,103	120,284
Cost of sales	61,097	65,839
Gross profit	54,005	54,444
Selling, general and administrative expenses	25,522	25,650
Operating profit	28,482	28,794
Ordinary profit	29,799	30,516
Profit before income taxes	29,336	30,527
Income taxes	7,980	9,423
Profit attributable to owners of parent	21,356	21,104

Note: Amounts less than ¥1 million are truncated.

## Consolidated Statements of Cash Flows

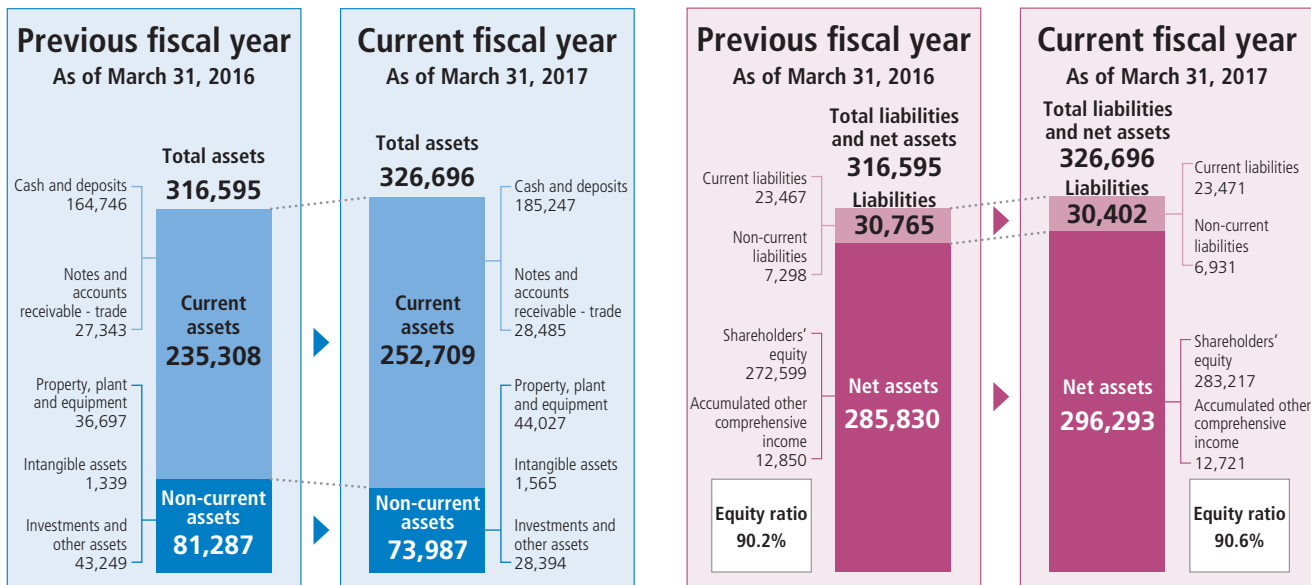
(Millions of yen)

Account item	Current fiscal year From April 1, 2016 to March 31, 2017	Previous fiscal year From April 1, 2015 to March 31, 2016
Operating activities	28,093	36,037
Investing activities	△10,585	2,623
Financing activities	△10,798	△17,917
Cash and cash equivalents, end of the year	81,884	75,392

Note: Amounts less than ¥1 million are truncated.

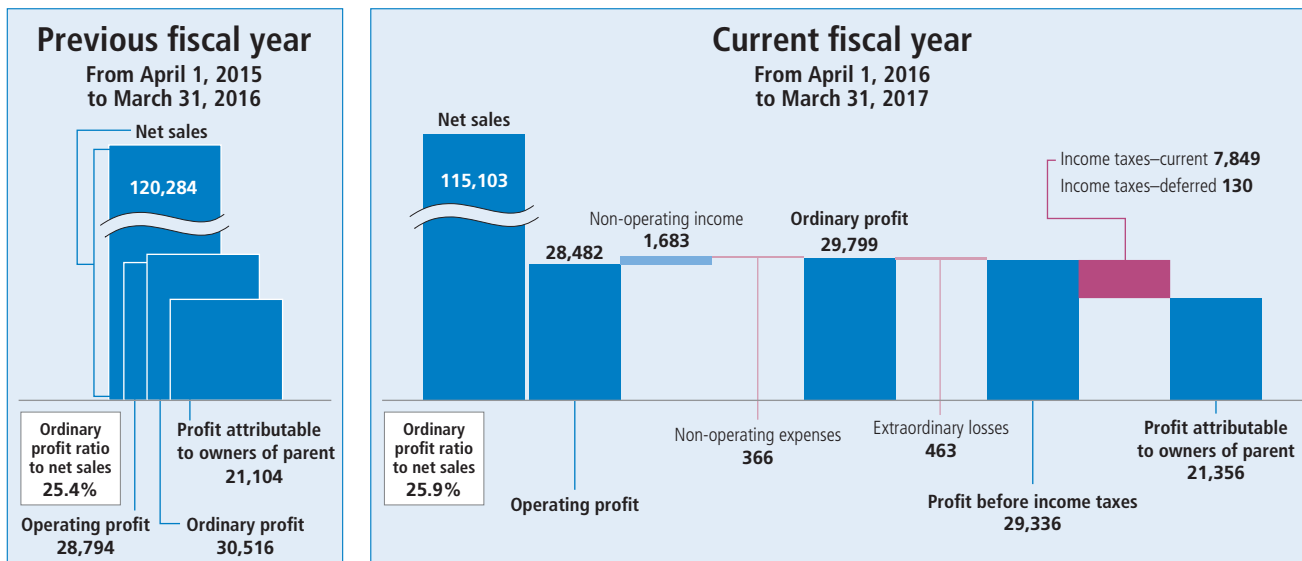
## Overview of Consolidated Balance Sheets

(Millions of yen)



## Overview of Consolidated Statements of Income

(Millions of yen)



## Introduction of Our New Products

The Company launches many new products every year into the market. The following product series are part of our recent introductions:

### EF2 Series

The EF2 series are power in-line spring-structured terminal blocks that use a new connection method which does not use screws. A spring structure and a single action positive lock structure are adopted for the connection. Because screws are not used, the number of processes required for screw tightening and additional tightening of loosened screws at the time of construction and maintenance is cut and the hours required for operations are reduced. In addition, torque management has become unnecessary and a certain degree of connection quality is secured irrespective of operators' skill levels. The number of work processes related to screws at the time of annual/monthly inspections of buildings, etc., such as additional tightening of them can be cut and thus the maintenance cost is expected to be reduced. Furthermore, it is possible to "prevent unforeseen fire accidents" caused by loosened screws. Currently, products that support three types of current capacity ((i) 94~175A, (ii) 310A and (iii) 400A) are placed on the market.



### FX27 Series

The FX27 series are board-to-board connectors developed mainly for use in base transmission stations and other communications equipment and industrial equipment. Generally, board-to-board connectors use two types of shape, namely male and female connectors, for connection. Boards for communications equipment and industrial equipment have had many different heights depending on the application, and so far, it has been necessary to have a product lineup with various heights.

The FX27 series have a structure with new concepts in which two connectors of the same kind are in-lined by a "joint board," which allows for the use of only one type of connector. The difference in heights can be easily dealt with by changing the "joint board." In addition, the connector has floating which absorbs the mounting tolerance of connectors and makes it possible to mount a multiple number of connectors on one board.

The structure with these new concepts makes the designing of boards and structures of equipment easier.



### FH64MA Series

More and more smartphones and wearable devices are becoming thinner, and the electronic components mounted on those devices are required to get even thinner. Displays in particular require the component products to have the height at the 0.5 mm level.

On the other hand, there is an issue of the worsened operability when electronic components get lower. On this front, the recently developed FH64MA series have achieved more smooth insertion of flexible printed circuit boards (FPCs) and the retention force for FPCs, although being space-saving and achieving the height at the lowest level in the world.



### ZE05 Series

Small connectors (0.5 sq.mm) for engine control units (ECUs) have been developed, which can be used for next generation automobiles like hybrid vehicles and electric vehicles (EVs).

Demand for smaller ECUs and mounting of inverters on engines is going to be the technological trend in the future and it is necessitated to achieve greater heat resistance and anti-vibration performance than before.

In order to meet the needs, the Company has newly developed its proprietary technology to counter vibrations and heat and launched the connectors that can withstand 125°C and 30 G (waterproof). The Company plans to increase the number of poles and variations so as to meet the market needs.





◎ Domestic bases

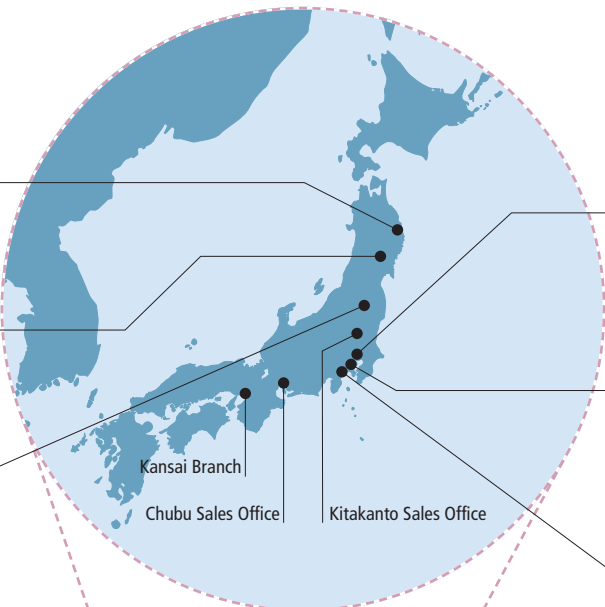
TOHOKU HIROSE ELECTRIC CO., LTD.



ICHINOSEKI HIROSE ELECTRIC CO., LTD.



KORIYAMA HIROSE ELECTRIC CO., LTD.



Head Office



Kikuna Office



Yokohama Center



◎ Overseas bases

HIROSE ELECTRIC EUROPE B.V.



HIROSE ELECTRIC (SUZHOU) CO., LTD.



HIROSE ELECTRIC (SHANGHAI) CO., LTD.



HIROSE KOREA CO., LTD.



HIROSE ELECTRIC (DONGGUAN) CO., LTD.



HIROSE ELECTRIC TECHNOLOGIES (SHENZHEN) CO., LTD.



HIROSE ELECTRIC (U.S.A.), INC.



HIROSE ELECTRIC MALAYSIA SDN. BHD.



HIROSE ELECTRIC TAIWAN CO., LTD.



HIROSE ELECTRIC SINGAPORE PTE. LTD.



HIROSE ELECTRIC HONG KONG CO., LTD.  
HIROSE ELECTRIC HONG KONG TRADING CO., LTD.



P.T. HIROSE ELECTRIC INDONESIA



## Company Profile (As of March 31, 2017)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	4,319 (excluding part-timers)
Capital stock	¥9,404,379,401

## Directors and Audit & Supervisory Board Members (As of June 27, 2017)

President and Representative Director	Kazunori Ishii
Managing Director	Mitsuo Nakamura
Managing Director	Makoto Kondo
Director	Kazuyuki Iizuka
Director	Hiroaki Okano
Director	Yukio Kiriya
Outside Director	Kensuke Hotta
Outside Director	Tetsuji Motonaga
(Standing) Audit & Supervisory Board Member	Yoshikazu Chiba
Outside Audit & Supervisory Board Member	Terukazu Sugishima
Outside Audit & Supervisory Board Member	Akira Seshimo
Outside Audit & Supervisory Board Member	Kentaro Miura

### Notes:

- Directors Kensuke Hotta and Tetsuji Motonaga are outside directors as stipulated in Article 2, Item 15, of the Companies Act.
- Audit & Supervisory Board Members Terukazu Sugishima, Akira Seshimo and Kentaro Miura are outside audit & supervisory board members as stipulated in Article 2, Item 16, of the Companies Act.

Accounting Auditor

KPMG AZSA LLC

## Stock Information (As of March 31, 2017)

Total number of shares issued	34,796,302 shares
	(Excluding 5,224,434 shares of treasury shares)
Number of shareholders	3,519

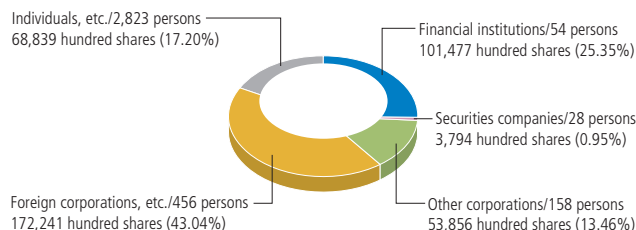
## Major Shareholders (Top 10)

Name of shareholder	Number of shares held	Ratio of shareholding
	Hundreds of shares	%
State Street Bank and Trust Company	37,336	10.73
Hirose International Scholarship Foundation	29,977	8.61
State Street Bank and Trust Company 505223	27,657	7.94
Japan Trustee Services Bank, Ltd. (Trust Account No. 4)	19,077	5.48
HS Kikaku Co., Ltd.	11,633	3.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,123	3.19
Japan Trustee Services Bank, Ltd. (Trust Account)	10,537	3.02
Mizuho Trust & Banking Co., Ltd. Trust Account 0700046	8,292	2.38
Mizuho Trust & Banking Co., Ltd. Trust Account 0700047	8,240	2.36
Japan Trustee Services Bank, Ltd. (Trust Account No. 5)	5,937	1.70

Note: In addition to the 10 major shareholders above, the Company owns 52,244 hundred shares of treasury shares. The ratio of shareholding is calculated after excluding treasury shares.

## Distribution of Shares

### Distribution of Shares by Shareholder Type



## Shareholder information

<b>Fiscal term</b>	From April 1 of a calendar year to March 31 of the next calendar year
<b>Ordinary General Meeting of Shareholders</b>	June every year
<b>Record date</b>	Ordinary General Meeting of Shareholders: March 31 every year Year-end dividend: March 31 every year Interim dividend: September 30 every year (As required, another record date may be decided with prior public notice.)

### [Share-related notifications and inquiries regarding change of address, etc.]

Shareholders who have accounts at securities companies are requested to direct their notifications and inquiries regarding change of address, etc., to their respective securities companies where shareholders have their accounts. Shareholders who do not have accounts at securities companies are requested to call the telephone number as stated below.

**Number of shares in one voting unit** 100

**Method of public notices** The Company's Web site below shall be used for its public notices.  
<<https://www.hirose.com/jp/ir/>>  
If an electronic public notice should fail due to accident or any other unavoidable circumstances, the Company shall post a public notice in the Nihon Keizai Shimbun.

**Shareholders' register manager and account management institution for special accounts** Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

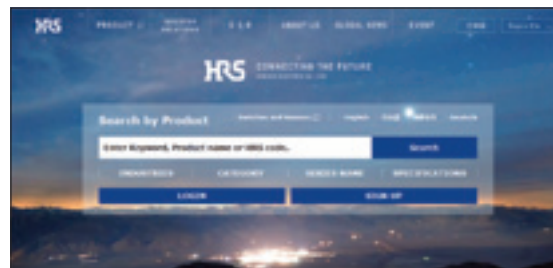
**Handling office of shareholders' registry administrator** Securities Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

**(Mailing address)** Securities Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063  
**Phone:** 0120-782-031 (Toll free, available only in Japan)

**URL:** <http://www.smtb.jp/personal/agency/index.html>

### [Special accounts]

For shareholders who was yet to have used JASDEC (Japan Securities Depository Center, Inc.) by the share certificate dematerialization date, the Company opened a transfer account (hereinafter "special account") at Sumitomo Mitsui Trust Bank, Limited, as mentioned above, which serves as the shareholders' registry administrator. You are requested to use the above telephone number when making inquiries about the special account and notifications of matters such as change of address.



The Company's Web site

<https://www.hirose.com/>

