



HOSIDEN REPORT 2024

Fiscal year ended March 31, 2024



Electro-Mechanical Components

📖 P.15



Acoustic Components

📖 P.16

Right Beside You, No Matter Where You Are



Display Components

📖 P.17

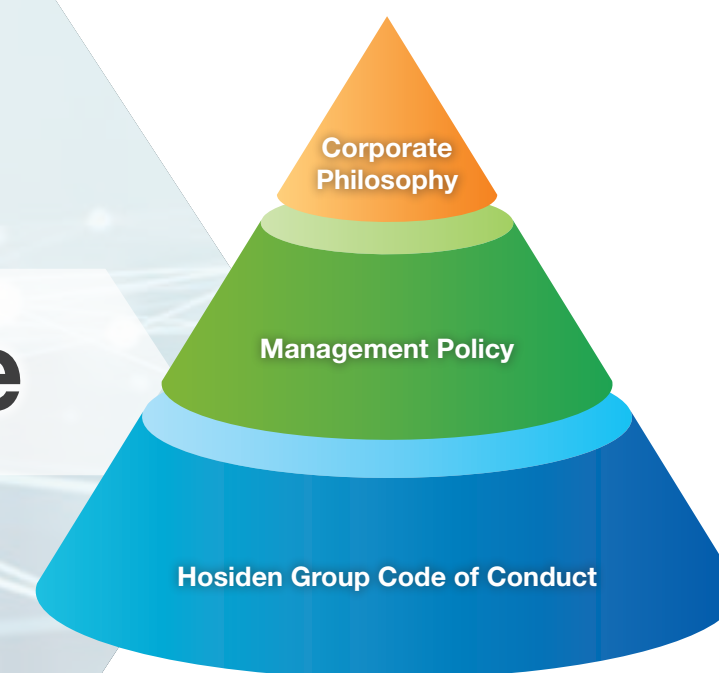


Applied Equipment and Other

📖 P.18

Corporate Philosophy

Supporting the evolution of world's technology with our exceptional technical strengths and contributing to the development of sustainable society.



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Reporting period

From April 1, 2023 to March 31, 2024

Organizational scope of this report

Hosiden Group (Hosiden Corporation and 21 related companies in Japan and overseas)

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Future forecasts and predictions

This report does not merely cover the past and present of the Hosiden Group, but also contains future forecasts and predictions. These forecasts and predictions are hypotheses or judgments based on the information available at the time of their writing (May), and contain elements of uncertainty. Therefore, the results of future business activities and other future situations may differ from the forecasts and predictions indicated in this report.

Message from the President

We will supply highly-competitive electronic components in the electronics field —where growth continues— and also strive to develop new products for new markets, leading to the realization of steady growth.

President and CEO

Kenji Furuhashi

Leveraging our accumulated technological capabilities to continually cultivate new markets

Since its establishment in 1950, the Group has contributed to the development of society and industry as a comprehensive electronic component manufacturer. The Group began in the field of acoustic components, then broadened its market to include liquid crystal displays (LCDs) for AV equipment and personal computer manufacturers, and on to components for mobile communication in Japan and overseas, gaming console-related components, and in recent years, automotive equipment components. In each case, we got where we are today as a result of having continued to promote R&D that was always one step ahead, creating the next products that the market would demand, in addition to responding appropriately to the requirements of the times.

During this time, our group has accumulated core technologies in a broad range of fields, spanning electro-mechanical, acoustic, wireless, optical, power supply, and analytical. As a result, we are one of the top electronic component manufacturers in the world boasting an extensive portfolio of technologies, and offering a host of electronic components on a global scale.

One of our achievements is the supply of automotive-related products—specifically automotive equipment components, which we were among the first to deploy in the European automotive market. The Group, positioned as a Tier 1 manufacturer in the automotive industry supply chain, directly supplies parts to finished vehicle manufacturers. We have carved out a reputation as a reliable manufacturer by leveraging our proximity to our customers to pick up information regarding new developments early and continue to supply components that anticipate future demand in a timely manner.

One example of this would be offering modularized devices such as acoustic products and chargers to enhance in-vehicle comfort based on us having precisely ascertained diversifying customer needs. For the automotive industry, which is entering the CASE (Connected, Autonomous, Sharing, and Electricity) era, we also provide high-speed transmission connectors and cables, which are indispensable in conveying information. Incidentally, the automotive equipment components we provide are necessary regardless of engine type—this includes electric vehicles (EVs) and plug-in hybrid vehicles (PHVs), as well as gasoline-powered vehicles.

Based on the belief that “devices that are one step ahead of the times will bring the market with them,” we will further focus on the on the development of next-generation technologies to cultivate new customers in new markets.

Declining global demand for electronic components impacted FY2023 results

With regard to FY2023 performance, orders in the amusement-related business surpassed expectations in the first half of the fiscal year. In the second half, however, orders fell short of expectations owing to a decline in customers’ production volume. In the automotive-related business, there were some manufacturers that did not meet the annual sales forecasts they announced in the spring of 2023. Although this resulted in a decrease in sales related to electro-mechanical and display components, sales of acoustic and applied equipment components rose. This led to a slight year-on-year boost in overall automotive-related sales. As for our mobile communications-related business, sales were up 5.5% year on year owing to robust sales to key customers. Moreover, sales in the other sector, though small in scale at this point, are growing steadily year on year.

As a result, net sales decreased by 21% year on year to 218,900 million yen. Operating profit was down 17.9% to 12,900 million yen, and ordinary profit decreased 4.3% to 18,100 million yen. The reasons operating profit dropped only slightly despite the year-on-year decline in sales were the growth in sales of highly profitable projects, in addition to the positive impact of the depreciated yen. The operating profit margin, 5.2% in the first half of the fiscal year, rose to 6.8% in the second half. This was attributable to our efforts to cultivate new markets in the second half having succeeded, and the increase in the rate of profitability owing to new products for new customers.

Strengthening corporate structure by improving balance sheet soundness through thorough inventory control, raising equity-to-asset ratio, etc.

In FY2023, through comprehensive inventory control, we reduced inventories by 8.7 billion yen year on year. Many of Hosiden’s products are custom-made, which precludes us from reselling excess inventory to other companies. Given this, we are always conscious of the need to reduce inventory as much as possible. To optimize inventory, it is imperative that we acquire information concerning our customers’ production as quickly and accurately as possible. We achieved a reduction in inventories through thorough management by objectives based on the information we gathered.

We slimmed down our balance sheet and achieved a healthier financial standing by cutting our inventories. Net assets were up by approximately 8.1 billion yen, and the equity-to-asset ratio rose

Value Creation Story

6.7 percentage points to 77.1% from the end of the previous period. We will allocate the funds secured by increasing total assets while reducing inventories to repurchase our own shares, maintain the current dividend payout ratio, and undertake aggressive capital investment with an eye toward further growth.

Regarding capital investment, the first key topic is economic security, which is based on discussions at the Japan Electronics and Information Technology Industries Association (JEITA) Components Subcommittee. In concrete terms, the subject is fortifying production capacity outside of China while considering U.S. tariff measures. The Group once operated six plants in China, but has scaled back to three. We will continue promoting manufacturing outside of China and construct a new plant in Vietnam to augment production capacity. The new plant will expand the existing floor area of over 50,000 m²—including warehouse space—by 24,000 m², or approximately 50%.

The plant in Malaysia, at which medical equipment is assembled and electro-mechanical and acoustic components for automobiles are produced, will also be expanded. A series of improvements to the production system will result in part of the production for the U.S. market—currently being produced in China—being transferred to the plants in Vietnam and Malaysia.

Promoting the Medium-Term Management Plan with an Eye Toward the Next Areas of Growth

Formulating a company-wide Medium-Term Management Plan has been extremely difficult for the Group as its mainstay sales to amusement operators depend greatly on customer demand. This is why

we have prepared a management plan internally, but until now have refrained from disclosing it publicly. For the first time, in 2023, we have shared a three-year plan through FY2025 for our focus markets in fields excluding amusement in line with requests for information disclosure. The plan covers the mobile communication-related market, automotive-related market, the medical and health device market, and the IoT/IoE-enabled device market, and includes our main components.

In the mobile communication-related market, we made progress during FY2023, the first year of the plan, to the extent that we have already achieved our targets for FY2025. While the current situation in the automotive-related market is such that it will be difficult to achieve our targets for FY2025, we do expect significant growth. If we develop devices for use in next-generation automobiles and proceed with proposing modules that finished vehicle manufacturers find easy to use, we expect to approach the achievement of our goal, though there will be a small delay.

For other markets such as medical and health devices and IoT/IoE-enabled devices supporting smart factories, we expect to maintain the growth rate of 5% and forecast that sales will reach 20.0 billion yen as planned. Although sales to these markets still only account for 10% of the Group's total sales, we see both sales and the growth rate increasing. Our focus will be on developing other markets with growth potential and attracting even more new customers.

Amusement, the mainstay of sales, is an indispensable item in enriching people's lives. Given this, we believe that its stability and growth potential will remain unchanged. Although sales of new hardware for successor models are not included in our current sales forecast, we will maintain steady growth by working to secure orders and constantly be ready to respond immediately to customer requests.

Promoting initiatives for decarbonization, as environmental friendliness is also a key issue

Environmental friendliness was also an important issue within the aforementioned discussions at JEITA. As an enterprise involved in the manufacturing industry, we must work toward decarbonization. We have been working on continuous improvement of our environmental management system to reduce environmental burdens. These improvements include the acquisition of ISO 14001 certification at all production bases; earth-friendly product design and production activities; green procurement; measures for environmental controlled substances according

to the RoHS Directive, REACH regulation, and others; resource and energy saving activities; waste reduction; and recycling.

As one of our carbon neutral initiatives, we installed solar panels at our subsidiary in the United Kingdom in FY2023 in two stages, achieving a reduction in CO₂ emissions of approximately 20%. In FY2024, we plan to reduce emissions by 29% through the installation of solar panels at the Tokyo Office and a 10% cut by installing panels at Head Office Building V. Moreover, we will install solar panels at the new factory in Vietnam, where our goal is to lower CO₂ emissions by 700 tons annually.

We will continue to undertake detailed initiatives, including transitioning to LED lighting at our offices and production facilities, and purchasing electricity generated using renewable energy sources. Society demands carbon neutrality. It is an issue that needs to be addressed from a medium- to long-term perspective. We intend to clarify the path toward carbon neutrality as a Group, led by our Global Warming Prevention Committee.

With regard to the CDP climate change score, we enacted a series of successful measures, and exceeded our target of B-minus for FY2023, earning a B-plus. We will continue our initiatives and aim for an A score. With regard to mitigating CO₂ emissions, we aim for 20% reduction in intensity by the end of FY2025 compared to FY2013 as a medium-term target, and 46% reduction by the end of FY2030 compared to FY2013 levels.

Promoting corporate governance and securing human resources to reinforce corporate power

With respect to strengthening the management foundations that contribute to sustainable growth over the medium- to long-term, we are first focusing on promoting corporate governance. In promoting governance, we have worked to increase corporate value by attempting to enhance our compliance system, CSR system, internal control system, information security management system, and risk management system. Going forward, we will continue to strengthen our management foundations based on compliance with Japan's Corporate Governance Code.

With regard to human resources, the Group has for some time been implementing comprehensive measures that are substantially equivalent to human capital management, as it is referred to these days. Not only have we continued regular pay raises and base increases, but we have maintained bonuses at a level that is high within the industry. In addition to focusing on recruitment activities, we have also worked to enhance the education and training

structure in an attempt to foster an environment in which new employees are able to fully demonstrate their capabilities. A series of measures has resulted in younger employees with unique visions steadily improving their abilities. For details, please refer to page 25, "Future Envisioned by Hosiden: Vision of Young Employees."

We are also putting considerable effort into recruitment activities, and have newly introduced the recruitment of alumni (retirees) in addition to our existing recruitment of new graduates and mid-career personnel. While the alumni had to leave their positions for various reasons, they are still valuable employees who are ready to contribute, and who boast work experience at our company. After having established a structure that welcomes a broad range of personnel, we will accept each and every one of them as valuable human capital and strive to ensure they can maximize their value.

Moving forward to continue enhancing our corporate value

With regard to the FY2024 business environment, our view is that our customers completed their inventory adjustments for amusement applications in the previous fiscal year. As such, we anticipate that, in FY2024, sales will remain on par with FY2023. These figures do not factor in sales for new hardware, which are expected to be released within this fiscal year. Looking at mobile communications, we do not anticipate significant year-on-year growth, as performance last year was very strong. We expect a year-on-year increase in growth in the automotive-related business. And we have high expectations for other categories in which we are focusing on cultivating new markets. While the scale of sales is presently rather small, we will aggressively engage in preparations for markets where we anticipate growth.

With respect to shareholder returns, the Company will repurchase no less than 10.0 billion yen in treasury shares over the three years from April 1, 2023 through March 31, 2026, while sustaining a consolidated dividend payout ratio of 30%. Going forward, the Group will continue to pursue the improvement of its corporate value through dialogue with investors. Therefore, we would like to ask for the continued support of all of our stakeholders.



Growth Strategy

Direction of Growth

As a manufacturer of electronic components, the Hosiden Group contributes to the development of the electronics market by constantly supplying high-quality products backed by advanced technology and a complete quality management system that are demanded by the market in a timely manner. We intend to continue to develop our growth strategy by leveraging the technical strengths we have accumulated over the years. In addition, we will continue to pursue further growth as a Group by supporting our customers' corporate strategies through highly original technologies and high-value-added products in an increasingly sophisticated and diverse market driven by the rapid development of cloud-based AI and ADAS (Advanced Driver Assistance Systems) technologies.

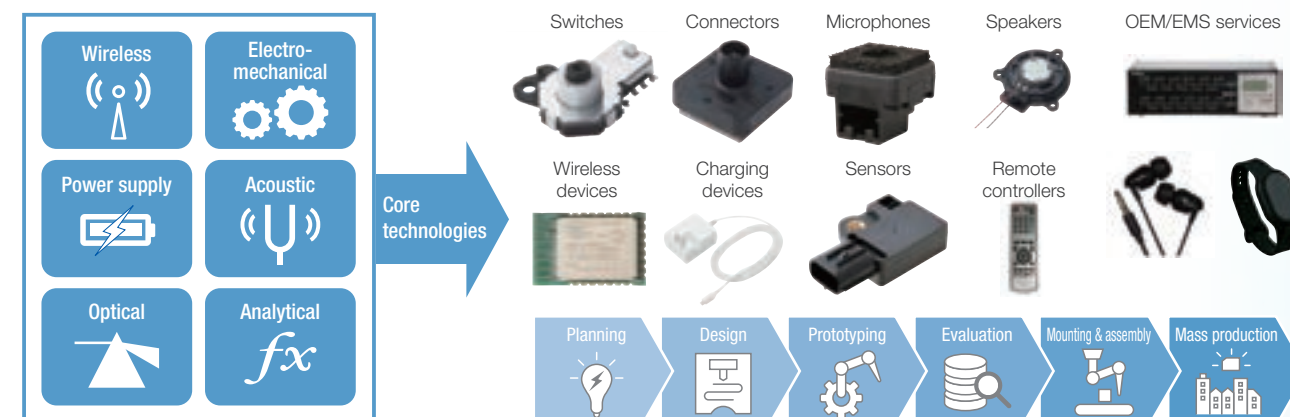
Going forward, we intend to further accelerate the development of products with the three pillars of automotive-, mobile communication-, and amusement-related businesses as our core. In addition, we will actively develop new fields such as medical/health-related and IoE-related (Internet of Everything: everything is connected to the Internet) businesses by leveraging the technological foundations we have developed in our three pillars.

- Expand our existing core technologies, promote further advancement, innovation, and expansion, enhance technologies of all kinds, and make every effort to develop new products that the future market will demand
- Increase the Company's technical capabilities and competitiveness by expanding the employment of engineers and upgrading the skills of current engineers
- Improve technological capabilities to expand the range of in-house products using cutting-edge technologies demanded by the market and increase market share, sales, and profits
- Start mass production of as many one-of-a-kind products as possible and aim to obtain patents first by increasing the speed of advanced development and product commercialization

Our Strengths

The core technologies in the Hosiden Group include electro-mechanical design technology, high-frequency design technology, acoustic design technology, optical design technology, circuit design technology, metal mold design technology, simulation technology, analytical technology, software development, EMC measurement design technology, and sensor development and application technology. Our strength lies in this wide accumulation of technologies and know-how. Going forward, together with advancing these technologies, we will promote Group-wide sharing to develop unique technological products that meet market needs.

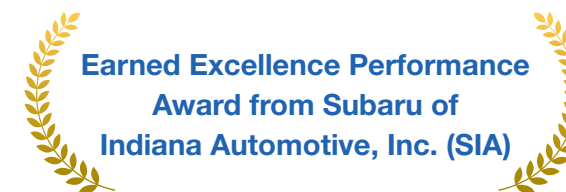
Meanwhile, in production, we intend to promote automation and labor saving by rapidly reducing costs and stabilizing quality through the use of industrial robots and other measures.



Areas of Focus

Focus markets that we are cultivating through our growth strategy include the automotive industry, which is becoming more sophisticated in pursuit of safety, security, and comfort; mobile communications; amusement; medical/health/cosmetics devices; equipment related to with/after COVID-19; 5G-related equipment; disaster prevention-related equipment; and IoE-related equipment. Going forward, we will have a global perspective to strengthen cooperation in technology development, production, and sales within the Group.

In addition, we will strengthen the technology and R&D systems of the Company and its Group companies. We will also actively work to speed up and improve the efficiency of development of new products with high added value that respond to technological trends such as higher performance, multifunctionality, high-speed transmission, wireless, high-frequency, digital, mobile, and power-saving features of electronic devices. As such, we will cultivate new markets and new customers.



On August 2, 2023, the company received the Excellence Performance Award in recognition of its place as the top performing supplier on the supplier scorecard. It has also earned the award for FY2024.

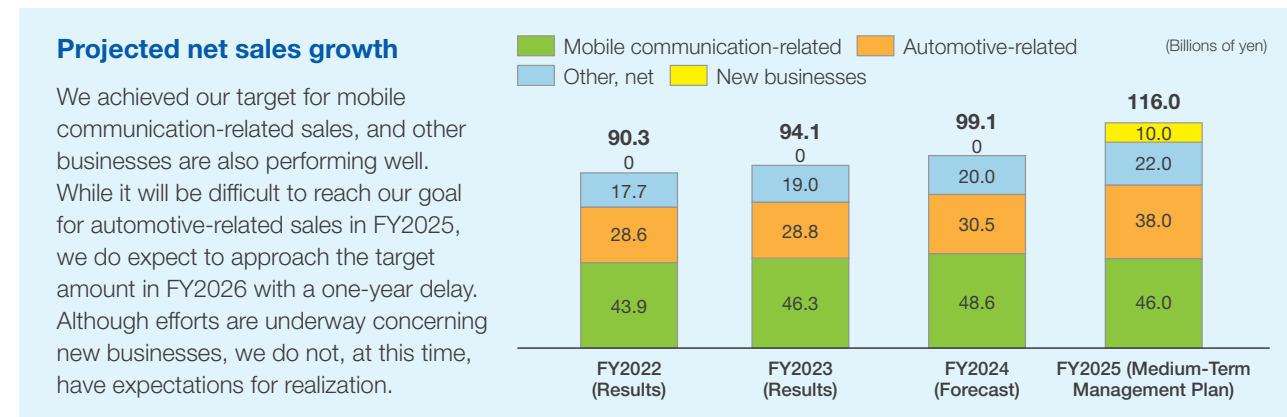


This award is given to supplier factories that satisfy GM's stringent quality performance standards at an excellent level. Our three main factories for General Motors earned the award. The company has also won the award for FY2024, marking the fifth consecutive year for this recognition.



Progress of the Medium-Term Management Plan

The progress of the three-year Medium-Term Management Plan ending in FY2025 is as follows. Please note that sales in the amusement-related business are strongly influenced by customer demand, making it extremely difficult for the Company to formulate a medium-term management plan for this field. Amusement-related sales are therefore excluded from the Medium-Term Management Plan.



Business Expansion into Growth Markets

Automotive-related

» FY2023 Results

In the display components segment, the termination of models in the middle of the previous fiscal year resulted in a significant decline in sales of touch panels to key customers. Moreover, in the electro-mechanical segment, sales did not proceed as originally planned for some automakers. Overall automotive-related sales, however, increased slightly by 0.5% year on year to 28.8 billion yen owing to higher sales in the acoustic components segment and applied equipment and other segment.

» High-speed transmission connectors to transmit information

For cars, the advent of the CASE (Connected, Autonomous, Sharing, and Electricity) era has led to advances in the electrification and multifunctionality of in-vehicle components. As a result, automotive equipment now increasingly incorporates high-speed digital interfaces. These interfaces are used mainly for video transmission, requiring all video-related automotive equipment to handle digital video signals and transmission at high speeds. Such video-related equipment focuses mainly on integrated ECUs and zone ECUs, and includes displays such as CIDs (Center Information Displays), HUDs (Head Up Displays), and meters; ADAS cameras; and other sensors. With sharper video images, more sophisticated image processing technology, and lower fuel consumption and costs resulting from fewer and lighter cables, the increasingly widespread use of high-speed digital interfaces offers substantial advantages for general consumers, automakers, and Tier 1 suppliers, as well as helping to reduce CO₂ emissions.

Hosiden will undertake all the process from development to commercialization of a connector and harness assembly for high-speed digital interfaces.

» Acoustic products to transmit audio

As the autonomous driving capability of cars advances, people will seek comfort and convenience inside their cars while traveling, in addition to safety and security. Hosiden will contribute to the development of autonomous driving technology through various applications enabled by acoustic products compatible with next-generation Automotive Audio Bus (A2B) technology. Such applications include not only hands-free phone communications, but also active noise control (ANC), in-car communication, voice guidance, and reproduction of warning tones.

A2B digital microphones with beamforming capability that enables accurate detection of a speaker's voice facilitate comfortable hands-free phone communications, while also possessing acoustic characteristics suitable for ANC use. When combined with A2B speakers, they enable smooth in-car communication between the front and back seats. Meanwhile, A2B acceleration sensors can be used for ANC that cancels out road noise by instantaneously emitting a counteracting noise in the opposite audio wave phase. We are also developing and commercializing products for use on vehicle exteriors, such as A2B array microphones that detect approaching emergency vehicles, and speakers that warn pedestrians when an electric vehicle, which emits no engine noise, is approaching.

» Charger-related products to transmit electric power

Now that everybody uses smartphones, demand for in-vehicle charging capacity is increasing. As a result, USB ports that can charge devices quickly are required not only for the driver's seat, as was the case previously, but for each individual seat. Hosiden is leveraging its accumulated know-how regarding AC adapters to enhance its provision of USB ports capable of delivering a stable power supply. We are also commercializing wireless chargers compatible with the Qi wireless charging standard.

Other

» FY2023 Results

In addition to increased sales of microphones used in audio devices, sales of medical/health-related products were also up. This resulted in overall other sales increasing 7% year on year to 19.0 billion yen.

» Connecting machines through IoT/IoE

We are bringing together the technologies we have cultivated in the wireless, electro-mechanical, power supply, and sensing domains to develop a large number of IoT/IoE-enabled units. With these units, we aim to use DX to save labor when undertaking inspections of equipment subject to regular inspections, such as plant equipment, utility installations, and infrastructure. One example is our vibration sensor, which will contribute to the rapid development of plant-related DX (i.e., labor saving and improvement of production efficiency, which have now become social issues). The sensor's configuration enables it to be supplied more cheaply than existing vibration measurement devices, whilst retaining the level of performance necessary to successfully detect abnormalities or predict mechanical failures.

» Saving lives through medicine

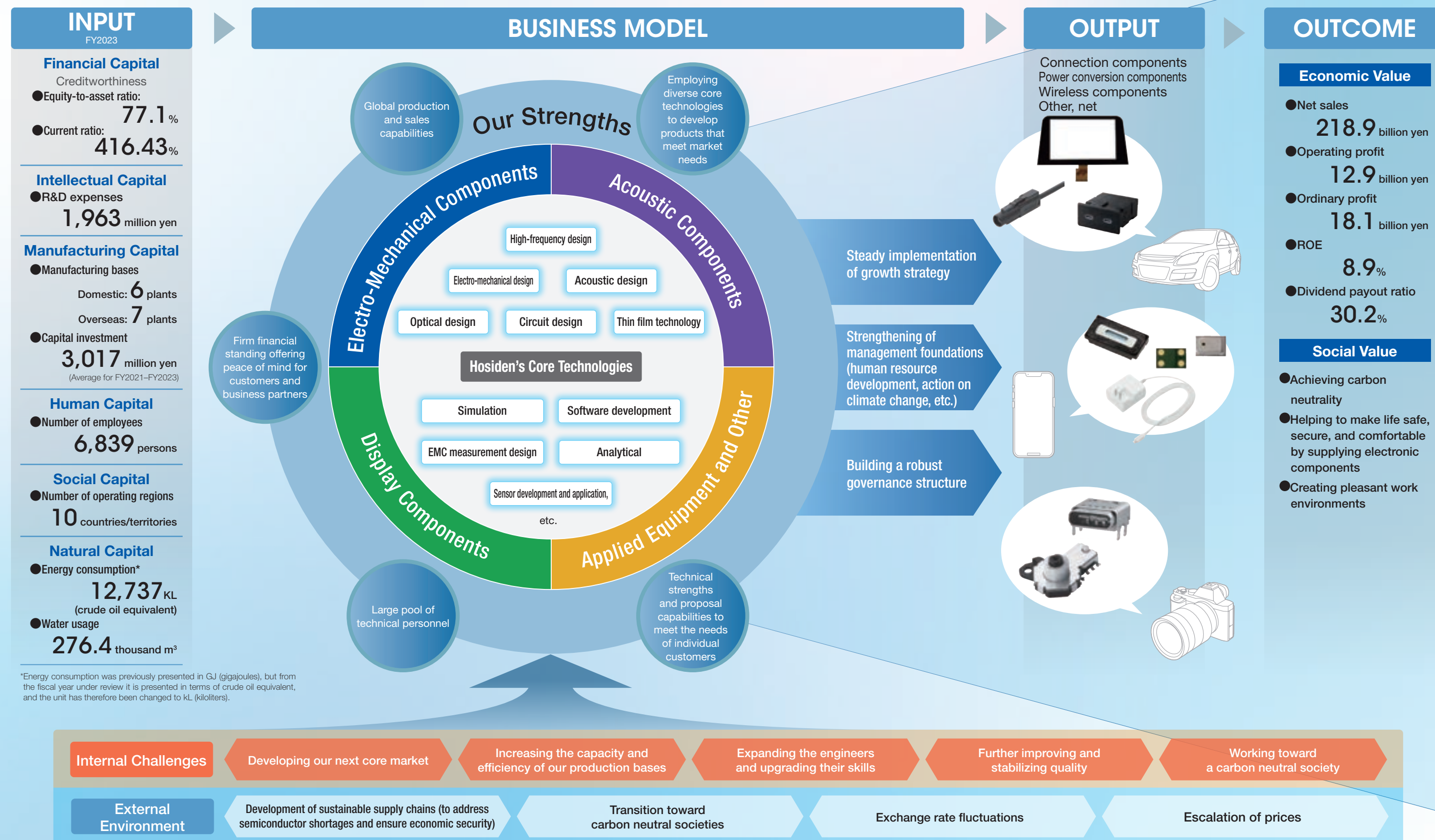
Hosiden has cultivated high-speed image transmission technology in its AV equipment-related business. With televisions offering 4K and 8K resolution already on the market, we commercialized a high-speed transmission connector for high-volume digital signals, which we are now supplying to customers. In the medical field too, endoscopes leveraging 4K and 8K technology are already in practical use. Use of an endoscope capable of obtaining high-resolution images inside the body enables more precise surgery, as even minuscule structures can be visually ascertained. Hosiden developed a connector for endoscopes that rapidly transmits high-volume image data, and is now supplying this connector to customers. We are also developing a product to meet the demand for lag-free transmission of high-resolution data to enable progress during surgery to be observed from another room.

Financial Strategy

- Amusement-related sales are therefore excluded from our Medium-Term Management Plan. Sales in the amusement-related business fluctuate in the short term, but over the medium- to long term the business is a stable source of cash inflow. We are using this cash to fund new businesses, as well as growth in our businesses targeting the automotive-related market and other markets, which should be our third and fourth pillars next to the businesses targeting the amusement-related market and the mobile communication-related market.
- Our basic approach with regard to cash allocation during the Medium-Term Management Plan is to use 30% of the acquired profits (i.e., funds) for payment of dividends and around 30%-40% for purchase and cancellation of treasury shares, returning to shareholders. The remaining funds will be used primarily for investment in growth markets with a focus on the automotive-related market and other markets, as well as investment in new businesses, redemption of convertible bonds, initiatives contributing to carbon neutrality, and investment in human capital.
- Investment in growth markets includes new investments for R&D, market development, and promoting the employment of engineers, as well as plant construction and equipment installation in newly emergent markets and other growth markets.
- We are seeking to develop new businesses by pursuing M&A and technical alliances, prioritizing research into prospective acquisitions that could benefit from collaborative use of our technologies to help create products with high added value and expand our business. Our main target products are sensor devices for industrial equipment incorporating our technologies.
- As for sales other than those to the amusement-related market, the company targets 116 billion yen in FY2025, up approximately 25.7 billion yen (28.5%) against FY2022. Moreover, our FY2025 target for operating profit excluding the amusement-related business is around 3 billion yen higher than that achieved in FY2022. This reflects our efforts in developing and promoting the sale of high-value-added products for the automotive-related and other markets, as well as our proactive new business development initiatives. (The effect of exchange rates on operating profit has been excluded.)

Value Creation Process

Corporate Philosophy Using our exceptional technical strengths to support the evolution of the world's technologies and contribute to the development of a sustainable society

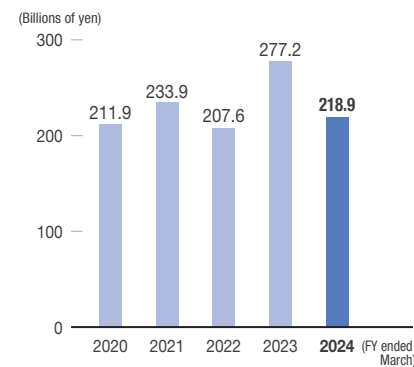


Financial/Non-Financial Highlights

Financial Data

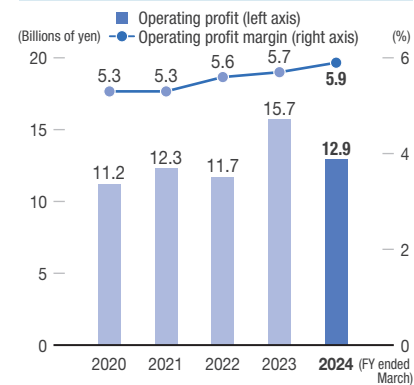
» Net sales

218.9 billion yen



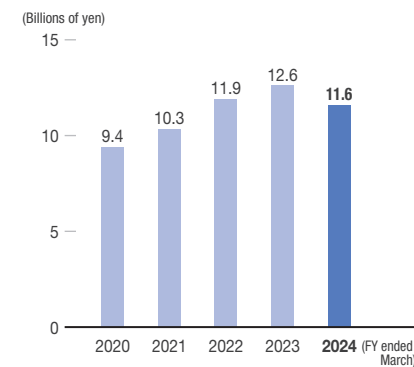
» Operating Profit/Operating Profit Margin

Operating profit 12.9 billion yen Operating profit margin 5.9%



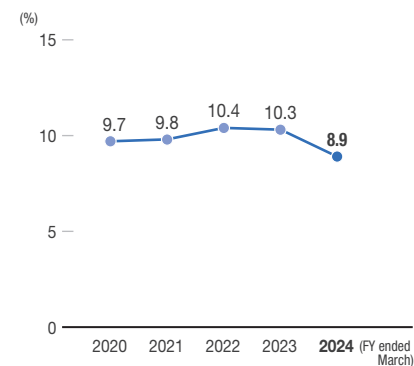
» Profit attributable to owners of parent

11.6 billion yen



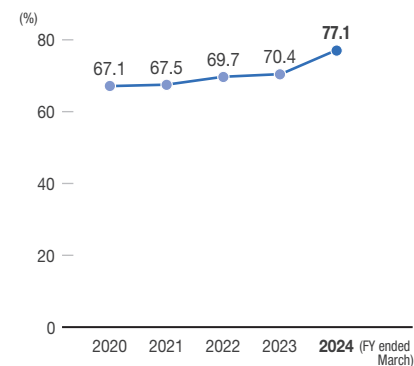
» Return on Equity (ROE)

8.9 %



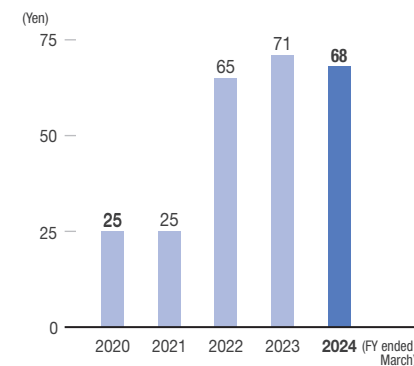
» Equity-to-Asset Ratio

77.1 %



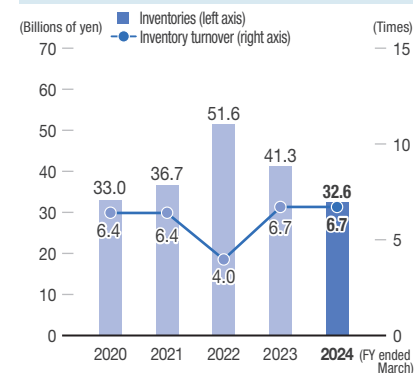
» Dividend per Share

68 yen



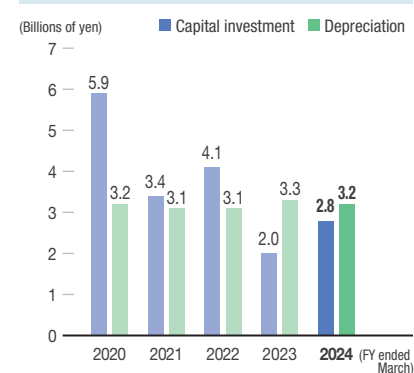
» Inventories/Inventory Turnover

Inventories 32.6 billion yen Inventory turnover 6.7 times



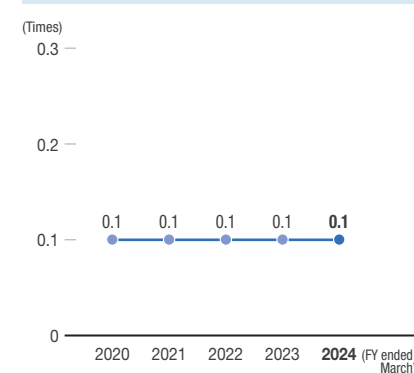
» Capital Investment/Depreciation

Capital investment 2.8 billion yen Depreciation 3.2 billion yen



» D/E Ratio

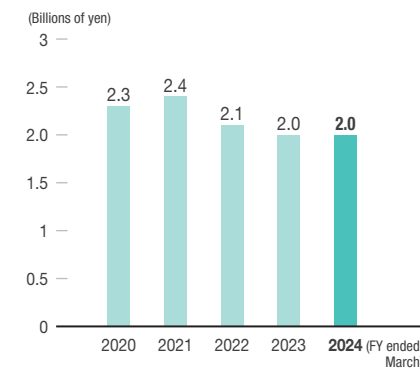
0.1 times



Non-Financial Data

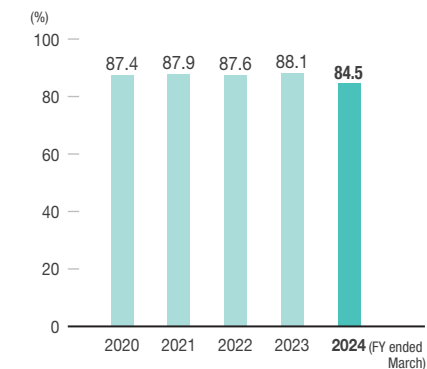
» R&D Expenses

2.0 billion yen



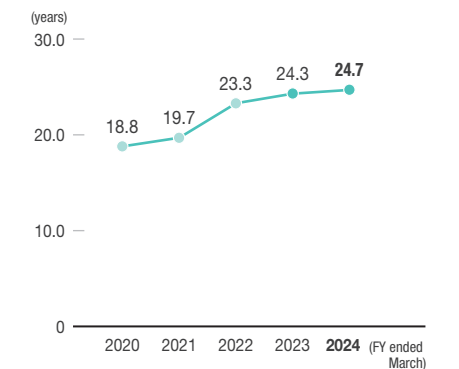
» Overseas Employee Ratio

84.5 %



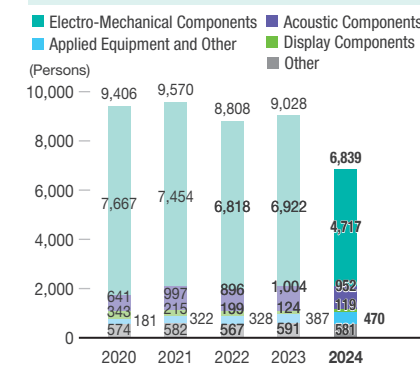
» Average Service Years

24.7 years



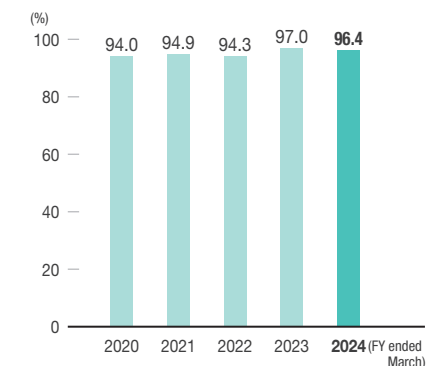
» Number of Employees by Segment

6,839 persons



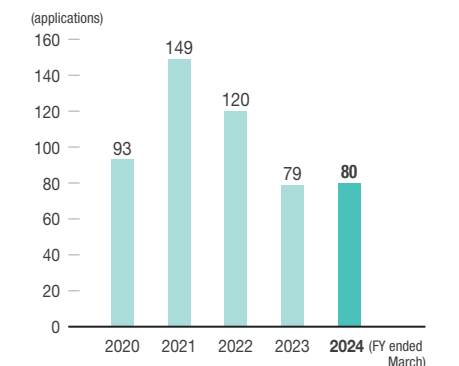
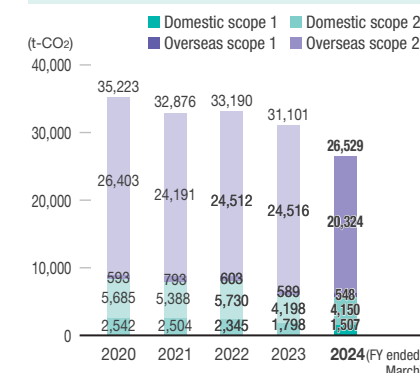
» Overseas Production Ratio (Estimated)

96.4 %

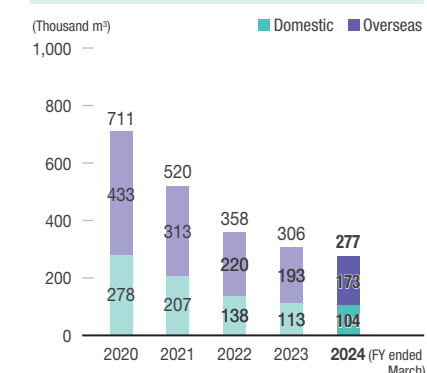


» Number of Patent Applications

80 applications

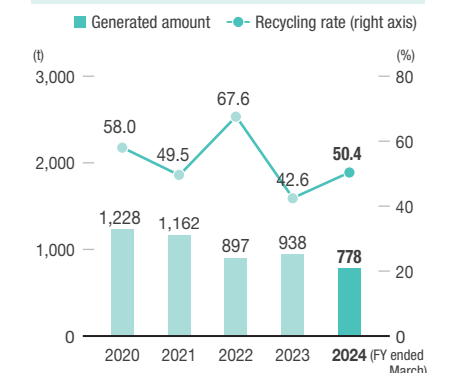
» CO₂ Emissions [Scope 1, Scope 2]*Domestic scope 1 1,507 t-CO₂ Domestic scope 2 4,150 t-CO₂ Overseas scope 1 548 t-CO₂ Overseas scope 2 20,324 t-CO₂

» Water Usage

Domestic 104 thousand m³ Overseas 173 thousand m³

» Waste Generated and Recycling Rate

Waste generated 778 t Recycling rate 50.4 %



* In the tabulation for FY 2023, the CO₂ emission factors of Japanese electric power companies were changed from "Basic Emission Factor" to "Adjusted Emission Factor," including past data.

Electro-Mechanical Components

Our main products

Connectors
Switches
Chargers,
etc.



Aiming to achieve long-term, stable growth by expanding and enhancing automotive-related electro-mechanical components

Medium- to long-term vision

The shift to electric vehicles and autonomous driving requires electrification and multifunctionality of in-vehicle components. Hosiden considers high-speed transmission, downsizing, and ease of installation when developing connectors.

To improve the usability of small mobile devices in vehicles, we are working on the commercialization of not only high-capacity USB chargers compatible with USB Type C PD (Power Delivery) standard used for charging these devices, but also wireless chargers compatible with the Qi wireless power supply standard.

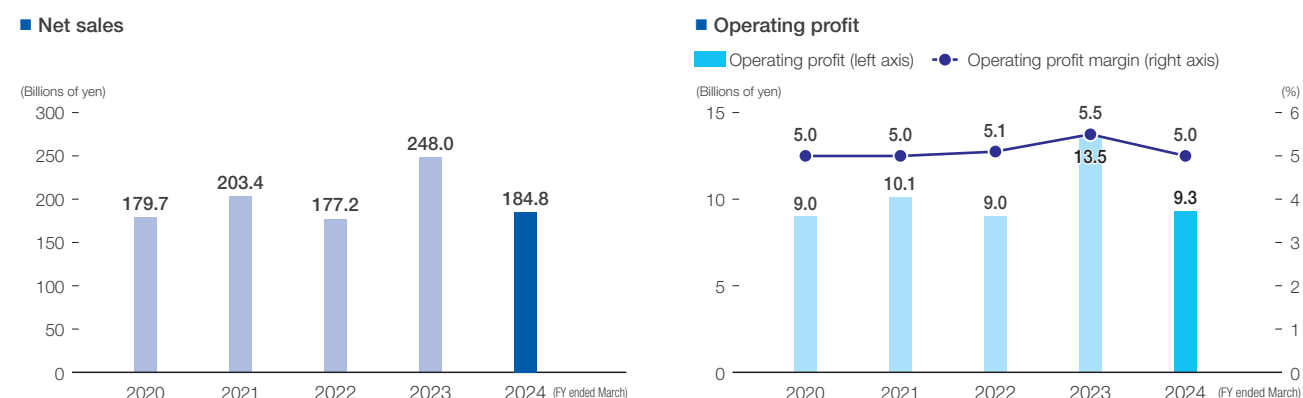
Overview of the fiscal year ended March 31, 2024

The mobile communication-related business saw strong sales to major customers, while in the amusement-related business, sales declined due to a decline in customer demand. As a result, the Group posted net sales of 184,800 million yen and operating profit of 9,300 million yen.

Initiatives

With regard to automotive-related products, we are commercializing and expanding sales of high speed connectors, multi-connectors, USB chargers, wireless chargers, and other products to meet demands not only for ADAS, but also for components necessary for the electrification of vehicles and the shift to EVs. In addition to automotive-related business, we are also developing, commercializing, and expanding sales of electro-mechanical components, primarily connectors, needed as a result of the increasing sophistication of medical, health, hygiene, and industrial devices.

Net sales and operating profit



TOPICS

In-Vehicle Co-axial + 2-Pin Connectors

Hosiden has developed a coaxial + 2-pin connector integrating a high-speed signal transmission connector (coaxial) and twin power line connector (2-pin), for in-vehicle applications. These connectors are expected to find application in near-infrared cameras to be used in Driver Monitoring Systems (DMS), in which in-vehicle cameras are used to monitor the driver's condition.

Its features include (i) support for high-speed signal transmission of 6 Gbps, with excellent high frequency and EMC performance characteristics, (ii) a compact design of the board receptacles and plug cables, which contributes to the miniaturization design goals of the camera, and (iii) the high durability required for an in-vehicle product.



Acoustic Components

Our main products

Microphones
Headphones
Headsets
Speakers
Receivers,
etc.



Aiming to improve profit margins by expanding and enhancing automotive-related acoustic products.

Medium- to long-term vision

The development of autonomous driving technology has turned a car into a “moving room,” and people are seeking comfort and convenience in their cars in addition to safety and security. To improve the quality of phone communication and quietness in vehicles, cars will be increasingly outfitted with A2B (Automotive Audio Bus) compatible acoustic products such as A2B digital microphones, A2B speakers, and A2B acceleration sensors. A2B array microphones are now in demand not only for in-vehicle use but also for the exterior (surface) of vehicles to detect approaching emergency vehicles. Hosiden is developing in-vehicle A2B products to meet these market needs.

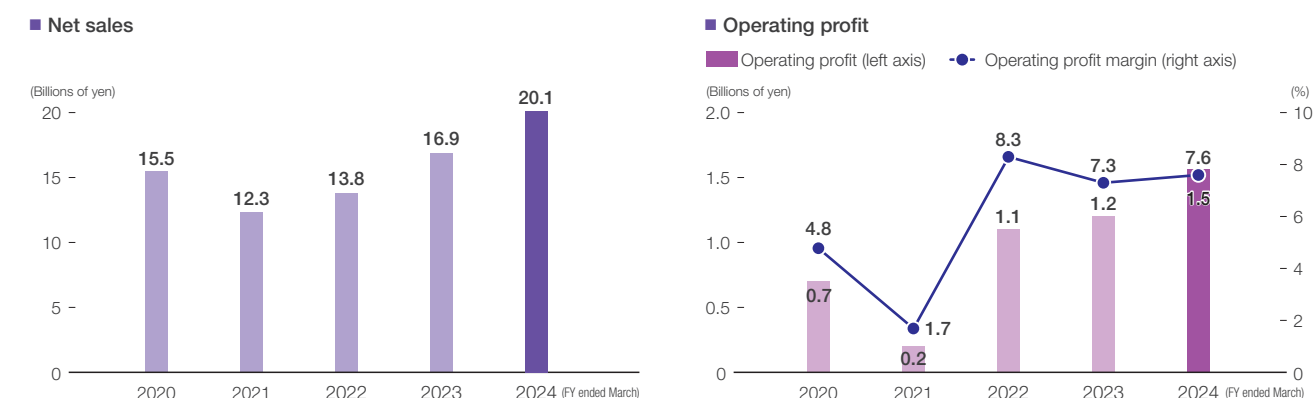
Overview of the fiscal year ended March 31, 2024

The automotive-related business grew with the gradual recovery of production at automakers. Sales of AV equipment-related products also increased. As a result, the Group posted net sales of 20,100 million yen and operating profit of 1,500 million yen.

Initiatives

Vehicles are expected to be increasingly outfitted with ultra-wideband directional microphones, A2B microphones and A2B speakers for active noise control (ANC), all of which are for in-vehicle use in hands-free phone communications and voice recognition, and A2B array microphones on the exterior (surface) of vehicles for detecting approaching emergency vehicles. We are developing, commercializing, and expanding sales of these automotive-related acoustic products with higher potential demand.

Net sales and operating profit



TOPICS

Vibration Sensor for Anomaly Detection

Plant facilities and equipment often emit abnormal noises and vibrations that are inaudible to the human ear before failure. Hosiden has developed a vibration sensor that detects these abnormal noises using its high-performance microphone. It provides the necessary and sufficient detection performance at a lower cost than expensive high-specification vibration measuring instruments. In addition, installation is easy as the sensor can be retrofitted to the target equipment using a magnet or adhesive.



Display Components

Our main products

Capacitive touch panels



Aiming to achieve long-term, stable growth by newly developing display lamination business, transparent heaters, etc. for the automotive market and cultivating new business fields such as perovskite solar cells.

Medium- to long-term vision

Hosiden will make a full-scale operation of the display lamination business for large-sized displays in the automotive market.

The new lamination technology prevents light reflection between the cover glass and LCDs (liquid crystal displays), enabling clear display. We introduced large lamination equipment in FY2023 and have been evaluating with our customers to ensure in-vehicle reliability for mass production. Full mass production will begin in FY2025.

Leveraging our base material handling and wiring technologies, we will also start mass production of transparent heaters designed to prevent light blockage caused by snow and frost covering the LED lights. These heaters generate heat using a wiring technology that embeds finely coated conductors in a film-based substrate.

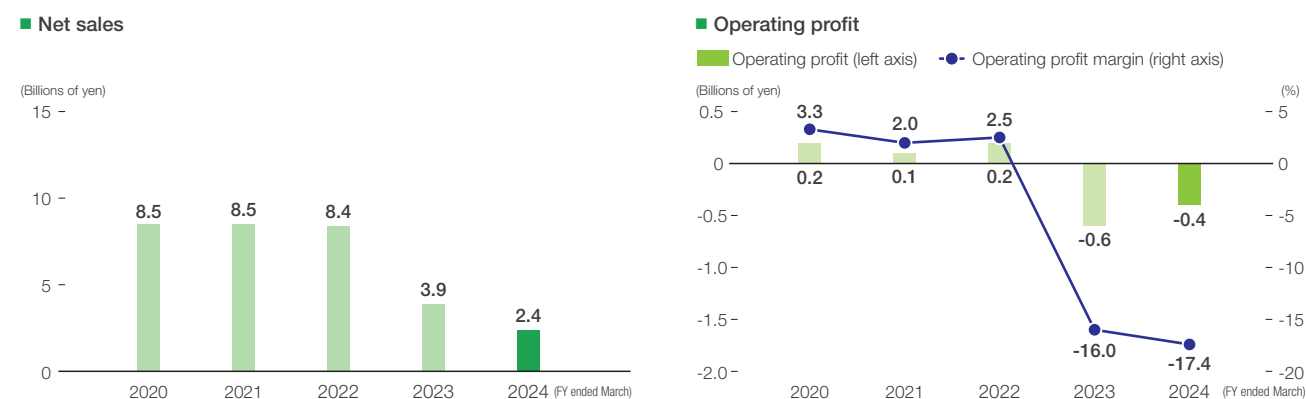
Overview of the fiscal year ended March 31, 2024

Sales of touch panels significantly decreased as a product for one of our automotive-related customers reached the end of its life cycle. As a result, the Group posted net sales of 2,400 million yen and operating loss of 400 million yen.

Initiatives

We began supplying electronic mirrors for automotive use by applying lamination technology to the LCD modules we developed for shutters. In the future, we will also rapidly develop and commercialize heater products using wire drawing technology that can prevent a decrease in false recognition caused by freezing of millimeter-wave radar and other sensors, as well as non-contact haptic touch interfaces, and will expand sales of these products.

Net sales and operating profit



TOPICS

Electronic Mirror

Electronic mirrors have become practical for use in vehicles, and there is a growing need to improve visibility at night and in adverse weather conditions, as well as to eliminate the blind spots of conventional rearview mirrors. The electronic mirrors for which we supply LCD modules for shutters have the following features: (i) the ability to switch between mirror mode and image display mode, (ii) clear image display on the LCD screen, and (iii) an additional anti-glare function in mirror mode at night.

Our new electronic mirrors will enhance safety and security by improving the field of vision and visibility around the vehicle.



Applied Equipment and Other

Our main products

Wireless devices
IoT devices
(sensor modules, sensor units)



Differentiating our products from the competitors' by utilizing wireless technology, thereby making them competitive

Medium- to long-term vision

We have developed and commercialized several IoT devices, including the retrofit explosion-proof IoT meter-reading sensor for which we recently issued a press release, making steady progress in developing new markets. We aim to bring to the market as many products as possible that help solve social issues such as recent labor shortages, rising labor costs, and CO₂ reduction.

Overview of the fiscal year ended March 31, 2024

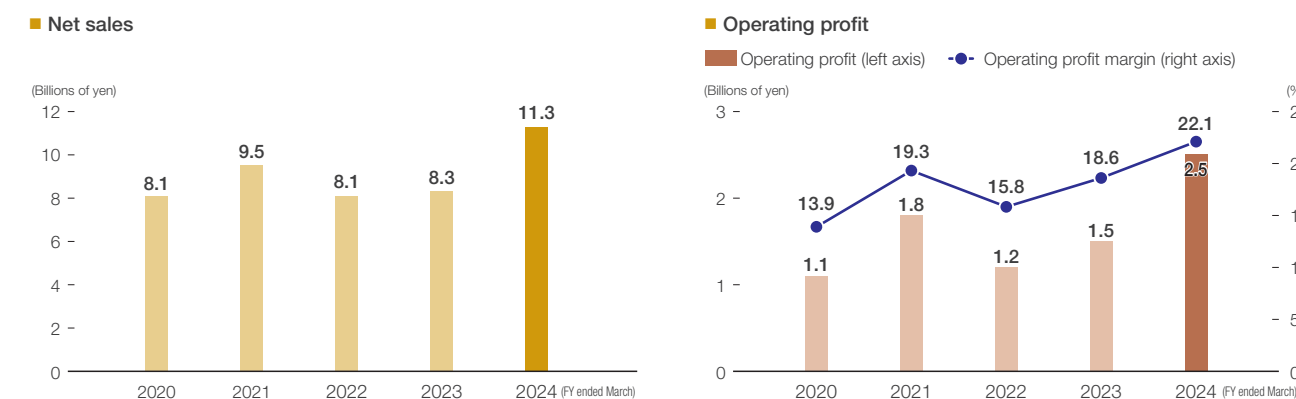
The Group posted net sales of 11,300 million yen and operating profit of 2,500 million yen due to increased sales of wireless module-related products.

Initiatives

We are currently mass-producing wireless charging devices for medical device-related business as well as for automotive use, aiming at expanding our product lineup of wireless charging devices. In response to the recent growing demand for larger battery capacity and high-speed charging of mobile and wearable devices, we will further develop and commercialize high-capacity chargers.

Leveraging its electro-mechanical, wireless, acoustic, and other sensor technologies, Hosiden is also committed to developing IoT-related products such as vibration sensor units and IoT ranging sensor units.

Net sales and operating profit



TOPICS

Retrofit Explosion-Proof IoT Meter-Reading Sensor

As the workforce population decreases in size and labor costs soar, the trend for digital transformation of manufacturing processes is underway. Labor-saving methods are especially in demand for equipment inspection works in hazardous locations (where there is a danger of explosion and fire and therefore require much manpower) such as at oil and chemical plants as well as in painting process lines. Hosiden has developed a world first retrofit type of explosion-proof IoT meter-reading sensor. This is in technical cooperation with a long-established manufacturer of measuring instruments in Taisho Ward, Osaka, Kobata Gauge MFG. Co., Ltd. The sensor is intended for reading analog measuring instruments used within explosion-proof area. Its main features are: (i) easily retrofittable to analog measuring instruments (dial-indication instruments) in explosion-proof areas, (ii) the world's smallest class that does not obscure visual meter reading of analog measuring instruments, and (iii) integrating a meter-reading sensor, wireless module, and replaceable battery unit.



Retrofit explosion-proof IoT meter-reading sensor

Image of the sensor attached to the instrument

Environment

Environment

Related
SDGs

Basic Approach

In the 21st century—the “Environment century,” we are preparing not only for the establishment of a recycling-based society system that recycles wastes to effectively use the earth’s limited resources, but also for the management of substances contained in products to prevent environmental pollution. In addition, companies are required to work toward a carbon neutral society, as global warming has come to be viewed as a social issue.

As a global enterprise that has 10 production bases/sales bases in the world (in addition to Japan, the United States, the United Kingdom, Germany, Malaysia, Singapore, South Korea, China, Thailand, and Vietnam), and that has viewed the environmental reservation from a global standpoint, Hosiden has operated an environmental management system based on the international standard ISO 14001 in all production bases. Furthermore we have set one goal for the whole group, and are making company-wide efforts.

In each local production base, Hosiden is promoting environmental preservation by considering conditions of the region or country, and is working on continual activities by taking the requirements from local society and customers into account.

In addition, we are making efforts from our own point of view to decrease environmental impact starting from the design stage through the total lifecycles of products, which include the management of the substances contained in materials.

Hosiden, as a whole team, will continue to watch environment in all business activities, to aim at continuous improvement of the environment and to contribute to the creation of a more affluent society in the future.

ISO 14001 Environmental Policy

Hosiden Group is committed to upholding biodiversity and minimizing the impact on the global environment in every aspect of its business activities.

[Code of Conduct]

1. Working as a group to address global warming
2. Addressing the reducing burdens on the environment by measures preventing pollution and in compliance with environmental laws, regulation, and social requirements
3. Promoting to develop and design environmentally friendly products
4. Promoting all-hands environmental preservation activities and continually improving them

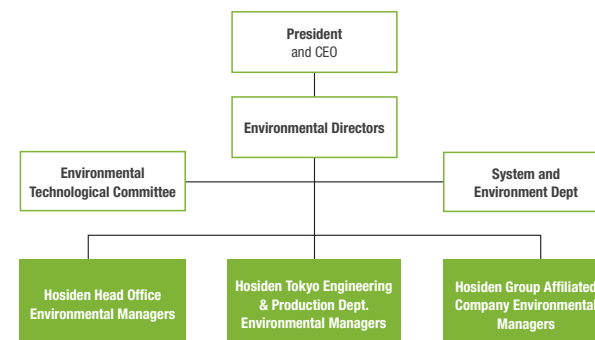
Hosiden Corporation
President and CEO, Kenji Furuhashi

Environmental Management Framework

The Hosiden Group’s Environmental Management Committee, an organization under the direct control of top management, deliberates and determines policies, targets, and measures related to environmental conservation activities. The details thereof are disseminated to each business site, and the Group as a whole engages in activities to reduce environmental burden based on our common environmental policy.

In addition, each business site in Japan and overseas appoints an environmental management officer and implements environmental conservation activities, incorporating issues specific to each business site based on environmental impact assessments.

Organization Chart of the Environmental Management



Environmental Management System

The Hosiden Group has established an environmental management system based on the international standard ISO 14001 at all domestic and overseas production bases. In addition, in 2019, the Hosiden Group in Japan with the exception of the Tokyo Office has obtained an integrated certification, and we are continuously working to strengthen governance.

Within the system, we create and implement an environmental management plan, which is checked by internal environmental audits to remedy any problems. Furthermore, the system is reviewed by management, and the contents of the improvement instructions are reflected in the next environmental management plan to ensure the PDCA (Plan-Do-Check-Action) cycle for continuous improvement.

Hosiden Group's ISO 14001 certification/registration status

Company name	Certification body	Certification date
Hosiden Electronics (Malaysia) Sdn.Bhd.	SIRIM	December 8, 2000
Korea Hosiden Electronics Co., Ltd., Hosiden Vietnam	DNV	July 14, 2001 *These factories acquired integrated certification in 2013
Hosiden Corp. Tokyo Engineering & Production Dept.	BV	October 28, 2001
Qingdao Hosiden Electronics Co., Ltd.	DNV	December 26, 2001
Hosiden Corporation Head Office, Tokyo Branch, Takayasu Bunshitsu of Hosiden Corp.	DNV	August 18, 2003 *These factories and offices acquired integrated certification in 2019
Hosiden Service Corp.		
Hosiden Kyushu Corp.		
Hosiden Seiko Corp.		
Hosiden Wakayama Corp.		
Hosiden Plastics Corp.		
Hosiden F. D. Corp.		
China Hosiden Co., Ltd.	DNV	March 20, 2007
Hosiden Technology (Qingdao) Co., Ltd.	DNV	June 24, 2008
Hosiden Besson Ltd.	BSI	August 23, 2010

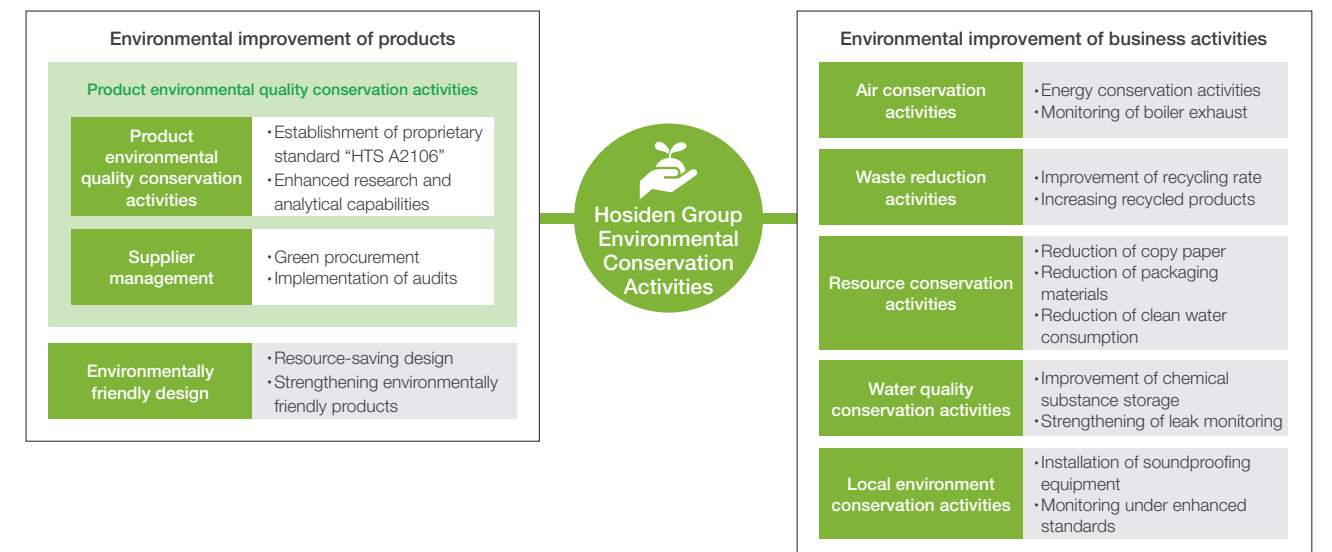
Regulatory Compliance

Compliance with laws and regulations is fundamental to the establishment of an environmental management system. For this reason, each Group company strives to comply with laws, regulations, and ordinances of the countries and regions where it is located, by keeping abreast of those laws and regulations that apply and any revisions made, and by taking necessary actions to comply with them. In addition, in order to prevent environmental pollution in advance, each Group company sets its own standards, which are stricter than those set by laws and regulations, and monitors them.

Group Initiatives

In the Hosiden Group, each Group company sets its own targets and takes action for the following environmental improvement activities. Moreover, the Hosiden Head Office takes the initiative in setting and managing target substances for the reduction and elimination of environmentally controlled substances contained in products.

Environmental improvement of products and business activities



Source of Value Creation

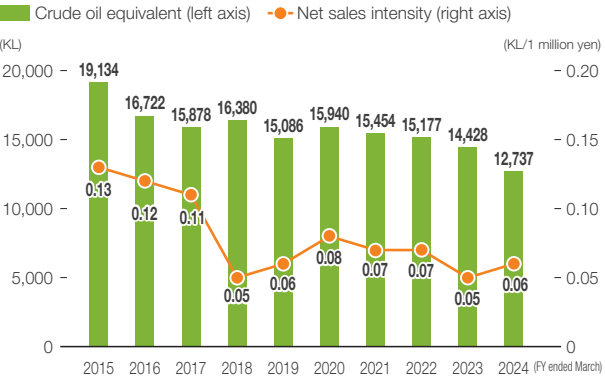
Climate Change Initiatives

The Hosiden Group has been participating in the Commitment to a Low Carbon Society in the electrical and electronics industry sector since FY2016 (the plan was renamed the Carbon Neutrality Action Plan in FY2021), and has been working to improve energy efficiency in its business activities in compliance with industry targets.

To be specific, the Group is promoting continuous efforts to improve energy intensity by an average of 1% or more per year, as well as to achieve the challenging goal of reducing CO₂ emissions (about 46% reduction from FY2013 levels by the end of FY2030).

We regard the reduction of CO₂ emissions as an activity in which all employees participate, and we are promoting energy conservation by substituting equipment to those with lower emissions. Furthermore, in more familiar areas, we are implementing appropriate air conditioning temperature control, switching to LED lighting, stopping unnecessary lighting and equipment, reducing the number of company-owned vehicles, and promoting “stop idling” measures for vehicles.

Energy consumption (KL) and net sales intensity



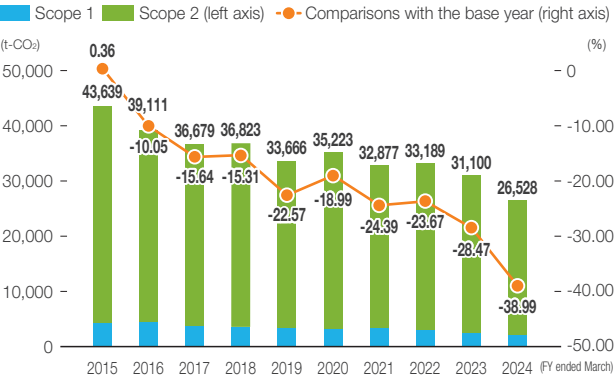
*The graph above shows the transition of the total energy consumption in heat equivalent converted from the amount of electricity and fuel used in the Hosiden Group.

Efforts to reduce CO₂ emissions by installing solar panels

Bases	Annual CO ₂ reduction	CO ₂ reduction rate	Operational period
Hosiden Wakayama Corp.	124 tons	25.2%	October 2022
Hosiden Kyushu Corp.	187 tons	17.4%	February 2023
Hosiden Besson Ltd. (UK)	15 tons	20.2%	April 2023 (Phase 1) September 2023 (Phase 2)
Hosiden Corporation Tokyo Engineering & Production Dept.	35 tons	29.0%	October 2024 (scheduled)
Hosiden Corporation, Head Office, Building V	100 tons	10.0%	In FY 2024 (scheduled)
Hosiden Vietnam (Bac Giang) Co., Ltd.	700 tons	5.9%	In FY 2025 (scheduled)

• In addition to the above, from April 2014, we began operating solar panels on the roof of Building III of Hosiden Corporation’s Head Office, switched to LED lighting in the office and the production building, and are also engaged in purchasing electricity using renewable energy.

Transition of total CO₂ emissions and comparisons with the base year



*Local standards were previously used for calculation of CO₂ emission factors of each base, but we started using CO₂ emissions factors published by the International Energy Agency (IEA) in FY2022.



Hosiden Wakayama (Started operation in October 2022)



Hosiden Kyushu (Started operation in February 2023)



Hosiden Besson Ltd. (UK), Phase 1 (Started operation in April 2023)



Hosiden Vietnam (Bac Giang) Co., Ltd. (To be operational in FY 2025)

CDP (Carbon Disclosure Project) Score

In FY 2023, we obtained B-plus (two levels up for the second consecutive year).

Changes in Hosiden’s CDP evaluation

Fiscal year	FY2019	FY2020	FY2021	FY2022	FY2023
CDP evaluation (climate change)	D–	D–	D+	C+	B+

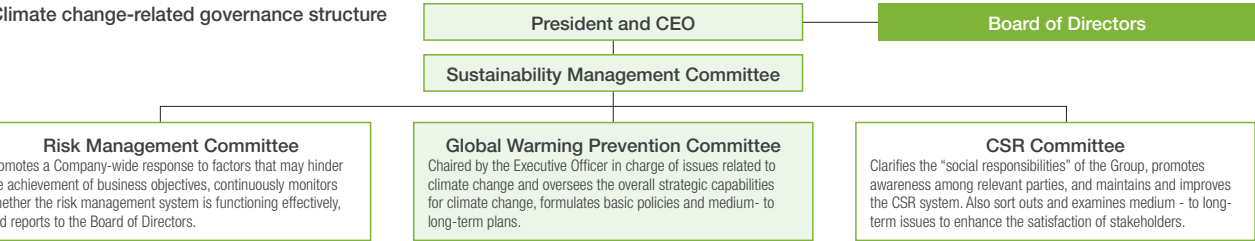
※ CDP (Carbon Disclosure Project)
A non-governmental organization (NGO) administered by a British charity that operates a global disclosure system to help investors, companies, nations, regions and cities manage their environmental impacts

Initiatives for TCFD Recommendations

Governance

With regard to the response to the risks and opportunities related to climate change, the Global Warming Prevention Committee, headed by the President and CEO, promotes the formulation of basic policies, medium- to long-term plans, and information disclosure based on the TCFD, as well as reporting regularly to the Board of Directors.

The Global Warming Prevention Committee is chaired by the Executive Officer in charge of issues related to climate change and consists of the heads of the Production Management Division, Management Planning Division, Environmental Management Division, Technology Management Division, and General Affairs Division. The Committee oversees Hosiden’s overall strategy on climate change and considers the setting of greenhouse gas emission reduction targets and the introduction of renewable energy. The results of discussions by the Global Warming Prevention Committee are reported to the President and the Board of Directors. Matters that require a resolution by the Board of Directors are determined upon approval by the Board of Directors.



Strategy

Hosiden conducted an analysis of the risks and opportunities in transitioning to a world below 1.5/2°C, and the physical risks in a world above 4°C (as is) to identify the risks and opportunities associated with climate change.

Risk Analysis

Category	Type	Description	Impact	Countermeasures
Risk	Transition	Regulations/Laws	Medium	There is a risk that global warming countermeasures will add to the tax burden and the burden on production cost in the form of the strengthening of regulations in each country or new regulations such as carbon taxes and border adjustment mechanisms. Closely monitor trends in environment-related laws and regulations in each country, and consider strengthening initiatives for decarbonization to clear the regulations.
		Technology	Medium	Electrification due to the shift to renewable energy will increase demand for energy-saving designs and low-carbon materials, creating a risk of a decrease in orders due to technological capabilities failing to catch up. Establish a system to collect technology and material information related to decarbonization measures and strengthen development capabilities.
		Market	Medium	An increase in customer requests for reductions in CO ₂ emissions from product development, manufacturing processes, transportation, etc., will create risks such as a decrease in orders due to failure to meet the requests and excessive investment to respond to them. Establish targets for decarbonization at the level required by the market, make necessary environmental investments, and respond to customer requests for reductions.
		Reputation	Medium	Not being proactive in environmental initiatives will negatively impact the reputation of the corporate image and response capabilities among investors and customers, resulting in risks of stock price declines and a decrease in new orders. Disclose environmental initiatives and improve the evaluations by external evaluation organizations (e.g. CDP).
Opportunity	Transition	Technology	Medium	Having better technologies than other companies in the area of decarbonization will lead to opportunities such as business expansion in entering new markets and new businesses. Examine the use of low-carbon materials, and work on the development and commercialization of “perovskite solar cells” that contribute to the electrification of products.
		Market	Small	Satisfy customers’ requirements for environmental initiatives, and thus obtain opportunities such as receiving orders for new products and switching existing products. Integrate manufacturing, sales, and technology to establish a system to obtain information on customers’ environmental requirements with the view to acquiring new orders.
		Reputation	Small	Aggressive decarbonization efforts will improve the corporate image and increase the stock prices, creating opportunities for business investment. Have the Global Warming Prevention Committee established to strengthen decarbonization efforts.
Risk	Physical risk	Acute	Great	Wind and flood damage caused by abnormal weather will create a risk of disrupting business continuity by direct damage to production plants and indirect damage in the form of power outages. Analyze the disaster risks of the Group companies, and take measures to ensure business continuity, for example, shifting production and using private power generation facilities when risks occur.
		Chronic	Small	Rising temperatures due to global warming will worsen the efficiency of air conditioning in clean rooms and other facilities, creating a risk of rising energy costs associated with increased energy use. Implement or consider the introduction of equipment for saving energy and counteracting global warming at the time of purchase of new equipment.

Risk Management

In our risk management, we define risk as factors that may hinder Hosiden and its affiliates from achieving their business objectives. Our basic policy for risk management is to prevent any significant adverse impact on our customers, business partners, employees, surrounding areas, and other stakeholders related to the Group when risks materialize.

We identify, assess, and manage climate change-related risks with the Global Warming Prevention Committee and the Risk Management Committee. Identified risks are appropriately classified and evaluated based on their impact on the business and frequency of occurrence, and countermeasures are considered and implemented according to the magnitude of materiality. The Risk Management Committee continuously monitors the effectiveness of the risk management system and reports to the Board of Directors.

Indicators and Targets

Hosiden regards global warming as a major problem that affects the survival of the Company and believes it is necessary to engage in a Group-wide effort to prevent global warming. Therefore, we are committed to identifying Group-wide CO₂ emission volumes and setting reduction targets for reducing greenhouse gas emissions.

Specifically, we introduced state-of-the-art energy-saving equipment (air conditioning and power-receiving equipment) in our new office building, which was completed in August 2022, and switched to LED lighting and improved air conditioning efficiency by using Low-E glass. In addition, we installed solar power generation facilities for in-house consumption at Group companies such as Hosiden Wakayama, Hosiden Kyushu, and Hosiden Besson (U.K.) from 2022 to 2023, and the Group companies in the Kansai region in Japan began purchasing electricity including 20% renewable energy from April 2023, thus reducing CO₂ emissions. The Company will continue its efforts to install solar power generation facilities at the Head Office and Group companies in Japan and overseas in fiscal 2024 and beyond.

To achieve our medium- and long-term goals, we will promote energy decarbonization and energy-saving conservation activities through these measures to contribute to the realization of a sustainable society.

CO₂ emission reduction targets (Scopes 1, 2)

- **Medium-term target**
20% reduction in intensity from FY2013 by the end of FY2025
- **Long-term target**
46% reduction in total CO₂ emissions from FY2023 levels by the end of FY2030

Social

Social

Related
SDGs

» Basic Approach

In 2007, Hosiden Corporation formulated the Hosiden Group Code of Conduct for CSR (Corporate Social Responsibility) with regard to “fair trade and business ethics,” “human rights and labor conditions,” “operational health and safety,” “environmental protection,” etc., in an effort to realize sustainable social development, ongoing value creation, and enhance the competitiveness of the Hosiden Group (Hosiden Corporation and its affiliated companies). The Hosiden Group will fulfill its primary social responsibility of functioning as an enterprise dedicated to producing and supplying products required by customers and society, and will promote sound business operations in compliance with relevant laws and regulations, and with the Code of Conduct, in order to consistently earn trust.

» Fair Trade and Business Ethics

Basic Policy on Responsible Mineral Procurement

As part of matters related to fair trade and business ethics, the Hosiden Group promotes activities in line with the intent of the “Due Diligence Guidance Annex II for Responsible Supply Chains of Minerals from Conflict and High Risk Areas” of the Organization for Economic Co-operation and Development (OECD) in procuring mineral resources, which are important raw materials, from conflict areas and high risk areas (CAHRAs), including the Democratic Republic of the Congo (DRC) and its neighboring countries. The basic policy is not to use these minerals, which are sources of funds for organizations that cause human rights violations such as forced labor and child labor in mining, environmental destruction, money laundering and other conflicts and illegal acts in mining. The Hosiden Group will work with suppliers to improve transparency in the supply chain.

» Human Rights and Labor Conditions

Basic Approach

The Hosiden Group respects the human rights of all persons including external stakeholders and labor rights of its employees by complying with the following statements:

- We employ all employees at their own free will and do not force them to work. In addition, we do not employ any child laborers under the minimum working age.
- We respect the dignity and rights of all people and do not discriminate on the basis of race, ethnicity, nationality, gender, religion, etc. or engage in inhumane acts such as abuse or harassment.
- We guarantee the legal minimum wage in the country where the company is located, and properly manage the number of working days, hours, and holidays of employees in order to comply with working hours stipulated by laws and regulations.
- We respect the rights of workers to join labor unions and bargain collectively in accordance with laws and regulations.

» Operational Health and Safety

Basic Approach

In addition to complying with laws and regulations related to health and safety, we take various initiatives to create a work environment where employees can work safely and in good mental and physical health.

- Implementing health and safety patrols and risk assessment to identify and improve hazardous and unsanitary areas within the Company
- Making recommendations for use of health guidance in cooperation with health insurance associations
- Working hour management using PC log records, setting up simultaneous leaving times and no-overtime days to curb long working hours
- Making internal announcements in accordance with the time of year, such as winter driving precautions, influenza prevention, heat stroke precautions, and taking other unique initiatives.

We also have a system in place to help employees and their families stay healthy, such as subsidizing the cost of complete physical checkups taken by dependent spouses.

» Human Resources

Diversity

We respect the individuality of our diverse workforce and strive to create a work environment in which all employees can thrive.

- ① **Female active participation:** Through the establishment of various systems, such as an extra childbirth allowance, we have maintained a 100% return-to-work ratio after maternity or childcare leave, and 10% of all female employees have changed their career path from general to career/ business positions, thus creating a playing field in which female employees can be active over the long term. Currently, we are aiming to increase the number of female new graduates (over 10% of all hires).
- ② **Recruitment of foreign nationals:** We have established a quota for hiring foreign students and actively advertise job openings to universities.
- ③ **Senior employees’ active participation:** We are promoting the development of a post-retirement re-employment system suited to the abilities, preferences, and lifestyles of each employee and a training system targeting senior employees.

Human Resource Development

In order to realize our management philosophy, we aim to develop “strong employees” who are independent, self-reliant, and self-responsible, and can contribute to the Company’s management and business performance. To this end, we have divided our education system into the following categories according to purpose in our efforts to develop human resources.

- ① **Rank-based education:** We are working to foster the knowledge, skills, and mindset required by each intake year and position.
- ② **Function-specific training:** We encourage employees to improve their level of logical thinking, presentation, and other skills essential to becoming “strong employees.”
- ③ **Global human resources education:** We foster a global mindset and provide language education with a view to future success overseas.
- ④ **Support for participation in external education:** To help employees acquire the specialized knowledge and skills required for their work and to promote their self-development, we partially cover the course fees and support participation in external seminars and correspondence courses.

Efforts to Maintain and Promote Health

We are committed to creating a workplace where employees can work with peace of mind by keeping health of them and their families for many years to come.

- Partial coverage of basic course fees and optional fees for complete physical checkups (for the employee and spouse)
- As a measure to raise health awareness among employees and their spouses, we recommend individual employees to undergo reexamination and treatment at medical institutions and receive specific health guidance based on the results of complete physical checkups.
- Partial coverage of the cost of influenza vaccinations (for the employee, spouse, and children)
- Adoption of “Planned Annual Leave System (setting scheduled dates for taking annual paid leaves)” and “Flexible Holiday System (setting any working day as a holiday)” to realize a more balanced work style. The Human Resources Division checks the status of the planned annual leave on a monthly basis.
- In order to realize a work-life balance, we have implemented a number of initiatives to reduce overtime hours, including: (1) Introducing a flextime system, (2) turning off all lights and leaving the office at 8:00 p.m.; and (3) holding meetings between the Company and the labor union to reduce overtime hours.
- Promoting three-minute exercises before the start of the workday (“Exercises for Everyone” are broadcast throughout the building).
- The Company strives to promote physical and mental health by subsidizing the costs of in-house club activities.
- Provision of consecutive leave and incentives for employees who have worked for a certain period of time to give them the opportunity for a mental and physical rest.
- The Company strives to maintain and promote mental and physical health by having training rooms and shower rooms available in the Company.
- The Company has employee cafeterias to provide nutritionally balanced lunches and partially subsidize lunch costs.
- As a welfare association’s project, the Company has purchased a GLTD insurance (group long-term disability income protection insurance) and offers an extra injury and sickness allowance to prepare for incidents that may result in long-term difficulty in working.
- The Company offers health consultation, mental health counseling services, and sports gym facilities in collaboration with the health insurance association, insurance companies, and external welfare services providers.

» Interaction with Local Communities

The Hosiden Group believes that it is essential to build a good relationship and develop together with local communities, which are one of our important stakeholders. Hosiden clearly defines its contribution to local communities in the Hosiden Group Code of Conduct regarding Corporate Social Responsibility (CSR), and promotes activities at each group company.

Specifically, we cooperate to support communities by participating in environmental beautification and cleanup activities and resource collection activities in the community, and sponsoring events related to community revitalization.



Yamato River and Ishikawa River
Cleanup Campaign

» We Held Cherry Blossoms Viewing Party

We invited Hosiden employees and local residents to a weeping cherry blossoms viewing party on the premises of our Head Office. Although it was a two day event on Saturday and Sunday, more than 160 people joined our viewing party.



Round-
table
Discussion

Future Envisioned by Hosiden

Vision of Young Employees



PROFILE

Engineering Department 1,
Engineering Section 1

Hiroshi Okubo

Responsible for development (product design and evaluation) of high-speed transmission connectors for automotive Advanced Driver Assistance Systems (ADAS).

Engineering Department 1,
Engineering Section 2

Mahiro Hanni

Responsible for electrical circuit and printed circuit board layout design for wireless chargers and higher capacity wireless chargers for automobiles.

Engineering Department 1,
Engineering Section 3

Yuka Katayama

Responsible for hardware design (circuit and board design) and evaluation of remote controls, IoT sensor modules, wireless modules, etc.

Research and Development Department

Chen Jinyu

Responsible for IoT product development (software and circuit design)

One of the most important types of capital for a company's future is its human capital. What is the future vision of the younger employees who will lead Hosiden going forward? The participants discussed freely each of their near-future vision of Hosiden, including the situation regarding diversity at the company and their industry forecasts for a decade from now, as well as the challenges facing them in bringing such a future to fruition.

| Diversity fosters innovation

—Recognition of the importance of diversity has recently spread to various sectors of society. Why do you think diversity is important in the first place? What is your understanding of the current status of diversity at Hosiden?

Chen Originally from China, I joined the company in FY2022 and am a member of a key department, involved in R&D. In a way, I accept this situation itself as being symbolic of the company's diversity.

Hanni As a company that values diversity, we have set

quotas for the hiring of international students and actively engage in recruiting at universities. People from many countries will continue to join our company. Each will likely be able to play an active role, and we would like to prioritize creating such a place. The proportion of female employees has also risen to about 20%.

Okubo At one time, Japanese companies used to think that everything was about unity and that everyone had to work together to move forward with a single mindset. I have heard that this thinking was the mainstream. If there were only one way of thinking, however, it would be extremely challenging to keep pace with today's rapidly changing environment. I believe that the source of our

ability to pioneer the next generation is diversity in terms of ways of thinking.

Katayama In that sense, I have been able to accept very naturally that, even if a new employee is a little different from the others, we need a different way of thinking. It appears that a corporate culture which positively acknowledges diversity has somehow managed to take root.

Chen Speaking of people who are a bit different, I am probably the most unusual person at my current workplace. It is particularly evident during discussions—I struggle to speak in a so-called roundabout way as Japanese people do, and my voice is always in direct tone. That's what makes people around me think I'm weird (laughs).

Hanni It is true that Mr. Chen does always speak in a rather straightforward manner (laughs). But that doesn't mean he has left a bad impression. In fact, I find his attitude of clearly communicating both good and bad appealing.

Katayama There is a person in my office as well who never hesitates to speak their mind. But I happen to like it, because the content is very consistent.

Okubo Innovation is born from a situation in which members with a high degree of diversity are able to exchange their opinions straightforwardly, blending different ways of thinking. I believe that, here at Hosiden, an atmosphere in which everyone can speak frankly has already been fostered. Although the company is in the electrical and electronics field, it also recruits from chemistry and information science, among a wide range of other fields. Furthermore, among other diversity-conscious initiatives, it has a post-retirement re-employment system and a training system targeting senior employees.

Reinforcing technological strength with an eye to the coming decade

—For those people who have only been with the company for about 3 to 4 years, I would love to hear their views on what Hosiden will look like 10 years from now. What kind of growth will our company have achieved by then? What kind of human resources do you think will be necessary for the company to achieve the expected growth, including themselves?



Chen What I am realizing is the significant potential for growth in markets related to IoT. At least for the next decade or so, we should see expansion in such markets. This is because in promoting labor savings and automation at manufacturing sites—specifically factories—IoT technology is indispensable. In ten years' time, the Hosiden brand will be a staple in IoT-related markets. This is the ideal image that I envision.

Hanni I am involved in automotive-related products, such as wireless chargers which are actually contactless chargers for in-vehicle use. Since last year, orders for this have also begun increasing. As we live in an age where smartphone use is ubiquitous, every car seat in cars will likely have charging devices installed. I am convinced that updates for new standards for wireless power transmission will continue as electric vehicles (EVs) and other devices become increasingly widespread.

Okubo By the way, what will cars be like a decade from now?

Hanni While flying cars have appeared in the news, in 10 years' time I think they will not yet have become that popular. Although, with regard to EVs, European governments seem to be toning down their efforts, CO₂ reduction is a theme that we cannot overlook when considering global warming countermeasures. A decade or so from now, hybrid vehicles will probably be peoples' first choice. Ms. Katayama, you are involved in the hardware design of the same wireless module. In your view, what kind of human resources will be required?

Katayama This might surprise you to learn, but designing circuits and circuit boards for wireless devices requires knowledge of legal issues. If the device in question emits unwanted radio waves or malfunctions due to external electromagnetic waves, for instance, this affects reliability, so we must strictly adhere to regulations. Currently, the design staff checks these regulations during product development, but I hope that at some point a specialized department will be created to take responsibility for this kind of work related to certification.

Chen In addition to technology, you are also a professional in the legal realm, and if we look 10 years into the future, we need such personnel.

Source of Value Creation

OJT-based training plus autonomous learning

—Turning now to our company’s human resource development, how are you yourselves approach learning?

Okubo As a student, mechanical design was my major, so I have learned all the fundamentals. Having said this, the expertise required in the workplace must be upgraded significantly based on the fundamentals. Therefore, it is essential to learn through on-the-job training and actual work performance. Moreover, we have a well-developed learning system, including correspondence courses.

Hanni Since shortly after I was assigned to my position, I have been involved in product development and assessment. Given this, to be honest, there was quite a bit I didn’t initially understand. Through on-the-job training, I gained a thorough understanding of how to handle measurement equipment and methods of reliability testing. I read the manual carefully and actually performed setup together with a senior staff member. I became able to stand on my own by repeating this process. My seniors, however, do check in with me regularly.

Katayama In the department I’m assigned to, our first stop is the plant for new employee training. How are the products for which I was involved in development made at the production site? The series of manufacturing processes we experience firsthand are valuable learning opportunities in human resource development. Speaking of learning, Mr. Chen, you scored 930 on the TOEIC (Test of English for International Communication) test before joining the company and are exempt from English training for new employees. How did you learn English?

Chen I am completely self-taught, having studied using textbooks I purchased myself. And I maintain that self-teaching philosophy. In graduate school, I majored in controlling drones using image processing, which is not directly related to the work I am presently involved in. So the first thing I do is to read books to learn about software development. What I am most grateful for since joining Hosiden, however, is the presence of senior employees whom I can consult whenever I encounter something I don’t understand. While I have attended seminars and

TOPICS

Training to Cultivate Human Resources at Hosiden

Regarding human resource development, we basically provide comprehensive on-the-job training from early on. In certain cases, work may be delegated to a level that is a bit overwhelming for a newcomer, depending on the department and the person. Naturally, our accumulated know-how in assessing newcomers’ aptitudes drives this. Factory training—part of the newcomer training program—also plays a key role. Paying consideration to ease of production in the manufacturing process is essential in design and development-related work. What type of processing do the products we design actually go through in being assembled? By experiencing it for ourselves at the workplace, we learn firsthand how just a little care can greatly impact improvement in production efficiency and error prevention. As I work on product development, I try to remember that experience from time to time. I constantly ruminate over the design, asking myself, “Will I be able to work smoothly and mistake-free with this way of thinking?” This is reflected in Hosiden’s quality.

gained knowledge from them, I find learning from my seniors to be more practical and in-depth. More than anything else, I am glad that my elders understand me and are providing me with guidance that is suitable for me.

Hanni Mr. Okubo, what knowledge do you acquire through correspondence courses?

Okubo Naturally, the content is directly related to my work. Even if you are familiar with the fundamentals, the realm of application is very niche and, at the same time, quite profound. This is why I am grateful for the courses that are available to learn precisely what I need to know—even the most detailed content.

Hosiden’s Strengths and Future Potential, and How to Develop Them

—I would say that Hosiden’s strength lies in its technological capabilities. How do each of you perceive the technical capabilities of the department you are currently involved in, and the future potential?

Okubo I belong to an extremely technical department that also focuses on research. To promote state-of-the-art research, we try to hear directly from our clients as much as possible to keep up to date in terms of information.

Katayama Mr. Okubo, you are involved in high-speed transmission connectors for automotive applications, is that correct?

Okubo That is correct. It is an area of great promise. With respect to communication speed and data capacity, we are already looking beyond 5G to 6G. Assuming fully autonomous driving, expectations are high for telecommunication-related products.

Chen Ms. Hanni would likely have said that mastery of electrical circuit technology was the theme. How exactly do you approach learning?

Hanni Through so-called “reverse engineering.” I break down other companies’ products, analyze the structure and circuitry, and consider, for instance, how they differ from our own products. This is rather easy to say, but in reality it is quite difficult.

Katayama Ultimately, the goal is to apply the results of your analysis of other companies’ products as a reference to the development of our own products, is that right? That seems a pretty challenging theme for someone who hasn’t been with the company for very long.

Hanni If our goal were a perfect score of 100, I would say we were only about halfway to achieving it. I am also involved in circuit design, but more experienced employees aid me with things such as setting detailed resistance values. With the aim of commercialization in about three years’ time, we work out the development process in detail to that point, create a schedule, and move forward on our own. If we can make it to this point, I would say we earn a passing grade.

Okubo I think that is a pretty high hurdle to negotiate. Isn’t it painful?

Hanni Nevertheless, it is enjoyable because it is something I want to do more than anything else. It might rub some people the wrong way if I say that I enjoy my work. By the way, Ms. Katayama, what is your theme?

Katayama I am involved in circuit design, and am interested in things such as pattern design for circuit boards. Do you understand when I say something “clicks” with regard to a circuit? Even if the necessary parts are placed on the board, it is not good if the finish of the placement is not clean. When I say “clean,” I am referring to the feeling that each part “clicks” into place where it is supposed to fit. If we can achieve this condition, the wireless performance will actually be much better.

Chen My theme is software development to match the needs of customers. Even for products including IoT-related devices, we analyze customer needs and incorporate them into our definition of software requirements. To move forward with a series of processes, we must adopt a holistic perspective founded on needs. I would first like to master development based on a needs-oriented approach, and then work on seed-based thinking, which will lead to further innovation.

Openness Fosters Out-of-the-Box Ideas

—Since each of you belongs to a different department, I’m sure the atmosphere differs as well. How do each of you view the ease of working where you are?

Hanni It feels very open to me. In some cases, for instance, all members of the department—including the general manager—participate in important meetings concerning new products. Although the meetings are led by the general manager, everyone is free to express their opinions in a straightforward manner. There is an unspoken understanding behind this that everyone should be able to speak equally at meetings and that, firstly, views that have been expressed should be respected.



Katayama Regarding the ease of talking, everyone is very frank even outside of work. Sometimes I feel that our superiors may consciously be trying to speak in a friendly way. Given this, I myself try to speak casually to newcomers from that same standpoint.

Okubo I suppose our corporate culture is one in which people can directly share their opinions. While I also share my views more and more at meetings, there is no guarantee they will all be accepted. But I appreciate when people say, “I’m not sure that’s the best idea, and here’s why...,” and give me a sound explanation of their reasons for disagreeing. This makes it easy for me to express my next opinion without feeling deflated.

Chen We don’t just sit at meetings—we receive very direct pointers regarding the definition of requirements. Since we document requirements and submit them to the customer, they must be complete. I actually find it rather comforting that the distinction between the two is so clear.

—In such an environment, what do each of you want to be a decade from now?

Okubo I have people close to me that I can truly call role models. While their knowledge of the subject matter is broad and deep, they will initially leave it to me to handle. I can feel the care with which they try to support our growth while thinking together with us. I want to be that way for those who come after me.

Hanni I hope to work with other departments to broaden my base of knowledge. In addition, 10 years from now, we will have new people joining us, and I want to be able to mentor them the right way.

Chen Like the senior employees, I want to be capable in every area from software development and circuit design to mechanism design. The more experienced people here have very impressive capabilities. If possible, I would like to surpass them a decade from now and achieve a level where no one is able to imitate anything I do.

Katayama Put to a choice, I would prefer to be a force behind the scenes. Of course, as a senior employee, I would have to develop the ability to respond to any questions the people below me may have. Furthermore, I would ideally be able to put myself in the same position as younger employees.

Governance

Governance

Related
SDGs



Basic Approach

We regard corporate governance as an important issue, and our basic approach is to focus on the interests of all stakeholders who support our corporate activities, under the recognition that it is extremely important to maximize shareholder value.

[Basic Policy]

- (1) We will strive to ensure the rights and equality of shareholders.
- (2) We will strive to appropriately collaborate with stakeholders other than shareholders (customers, business partners, creditors, local communities, employees, etc.).
- (3) We will strive to ensure appropriate information disclosure and transparency.
- (4) We will strive to appropriately carry out the roles and responsibilities of the Board of Directors to ensure transparent, fair, prompt and decisive decision-making by the Board of Directors.
- (5) We will strive to engage in constructive dialogue with shareholders in order to contribute to sustainable growth and medium- to long-term enhancement of corporate value.

Corporate Governance Structure

In order to build a management system that soundly pushes the Company forward in the face of rising risks associated with globalization and to realize monitoring by Outside Directors, the Board of Directors includes Independent Outside Directors, and an executive officer system has been introduced to separate business decision-making and supervisory functions from business execution functions, thereby reinforcing the functions of both.

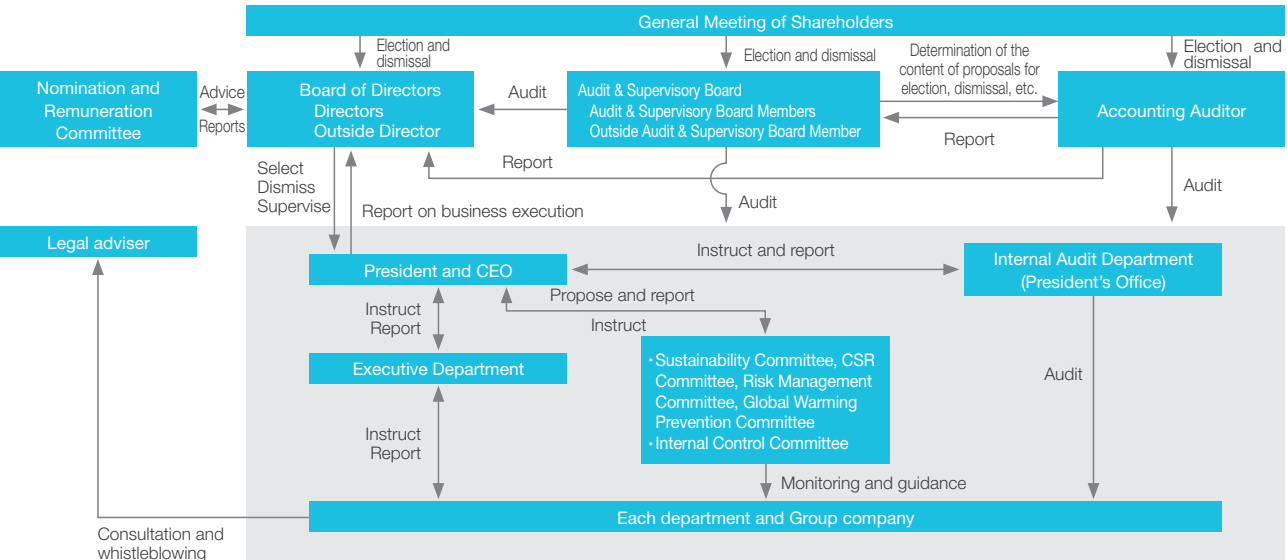
In addition, as the basis of the system for ensuring the efficient execution of duties by Directors, the Board of Directors meets once a month (regular meeting) and also holds extraordinary meetings as necessary.

With regard to the execution of duties by Directors, the Articles of Incorporation, Rules of the Board of Directors, Organization Rules, Rules on Segregation of Duties, and Rules on Administrative Authority stipulate the respective responsible persons and their responsibilities, as well as details of execution procedures, to ensure efficient execution of duties.

In addition, the Company has introduced an Audit & Supervisory Board system. Two of the three Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. In terms of the management monitoring function, the Company has adopted the current system because it provides a system to monitor the execution of duties by the Directors from an objective standpoint.

With regard to the current election of Outside Audit & Supervisory Board Members, we believe that the Outside Audit & Supervisory Board Members are fully fulfilling their objective of strengthening the auditing function by providing advice and suggestions to the Company's management from an independent standpoint through their attendance at important meetings, including Board of Directors meetings, based on their broad insight and wealth of experience cultivated through their careers.

Organization Chart



Policy for Election and Dismissal of Management Executives and Candidates for Directors and Audit & Supervisory Board Members

With regard to the policy for the election and dismissal of management executives and candidates for Directors and Audit & Supervisory Board Members, the Company comprehensively considers the suitable individual for the position, taking into account appropriate and prompt decision-making, sense of responsibility and leadership, necessary knowledge and experience, appropriate risk management, monitoring of business execution, and the ability to cover each function and each business unit in a balanced manner, while also considering reports from the Nomination and Remuneration Committee. Candidates for Audit & Supervisory Board Members are subject to the approval of the Audit & Supervisory Board. The Company evaluates its business performance, etc. and properly dismisses management executives, when it is deemed appropriate, such as in the case where the senior management is deemed to fail to perform its functions and in the case where a cause for disqualification arises.

Reasons for Election of Outside Directors and Outside Audit & Supervisory Board Members

Name	Reasons for Election
Outside Director Hiroshi Horie	Mr. Horie has considerable knowledge concerning finance and accounting due to his expertise as a certified tax accountant, as well as experience in serving in various positions including the head of a taxation bureau. He also has been performing activities and expressing views appropriately as an Outside Director since his election as an Outside Director in June 2017. Based on such extensive knowledge and experience, the Company expects Mr. Horie to continuously reinforce the Company's corporate governance by appropriately supervising the execution of business operations as an Outside Director. Furthermore, we have judged that Mr. Horie will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.
Outside Director Susumu Maruno	Mr. Maruno has expertise cultivated through years of corporate employment and has track records of social and educational activities based on his expertise. He has also been performing activities and expressing views appropriately as an Outside Audit & Supervisory Board Member during his tenure as an Outside Audit & Supervisory Board Member since June 2015 until resignation, and since his election as Outside Director in June 2020. Based on such extensive knowledge and experience, the Company expects Mr. Maruno to reinforce the Company's corporate governance by appropriately supervising the execution of business operations as an Outside Director. Mr. Maruno was an executing person (employee) of Panasonic (currently Panasonic Holdings Corporation), which is one of the Company's business partners. However, as the amount of transactions with said company represents less than 1% of the Company's consolidated net sales, we think the Company's decision-making will not be influenced by said company. Therefore, we have judged that Mr. Maruno will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.
Outside Director Yukari Konishi	Ms. Konishi has expert knowledge and experience in the electronic components industry to which the Company belongs, and experience as an Outside Audit & Supervisory Board Member at other companies Based on such extensive knowledge and experience, we have judged that Ms. Konishi will appropriately supervise the execution of business operations as an Outside Director of the Company and reinforce its corporate governance. Ms. Konishi was an executing person (employee) of Panasonic (currently Panasonic Holdings Corporation), which is one of the Company's business partners. However, as the amount of transactions with said company represents less than 1% of the Company's consolidated net sales, we think the Company's decision-making will not be influenced by said company. Therefore, we have judged that Ms. Konishi will be able to perform her duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.
Outside Audit & Supervisory Board Member Takayuki Tanemura	Mr. Tanemura has years of experience at a financial institution, and we believe that he will monitor the Directors' performance of their duties from an objective standpoint based on his extensive experience. Although he was an executing person (employee) of Mizuho Bank, Ltd., which is a major business partner of the Company, he is currently not in a position to be influenced by the Bank's intentions. Furthermore, no conflict of interest exists between the Company and Mizuho Bank, Ltd. In addition, the Company has transactions with several financial institutions in addition to Mizuho Bank, Ltd., and does not have a special business relationship only with Mizuho Bank, Ltd. Moreover, the ratio of loans from the bank to our total assets represent less than 1%, and we think the Company's decision-making will not be influenced by said bank. Therefore, we have judged that Mr. Maruno will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.
Outside Audit & Supervisory Board Member Masakatsu Maruyama	Due to his many years of corporate employment, the Company believes that Mr. Maruyama has extensive experience not only as an engineer, but also in the areas of strategy and management. Based on such extensive knowledge and experience, the Company expects him to monitor the Directors' performance of their duties from an objective standpoint as an Audit & Supervisory Board Member. Mr. Maruyama was an executing person (employee) of Panasonic (currently Panasonic Holdings Corporation), which is one of the Company's business partners. However, as the amount of transactions with said company represents less than 1% of the Company's consolidated net sales, we think the Company's decision-making will not be influenced by said company. Therefore, we have judged that Mr. Maruno will be able to fully perform his duties as an independent officer without the possibility of causing a conflict of interest with general shareholders.

Remuneration of Senior Management and Directors

The remuneration for Directors consists of "monthly remuneration," "bonuses for Directors," and "non-monetary remuneration." The maximum total amount of "monthly remuneration" is resolved at the General Meeting of Shareholders, and the monthly remuneration for each individual Director is determined by the President and CEO, as authorized by the Board of Directors, in accordance with consultation with the Nomination and Remuneration Committee, which is established voluntarily, based on a comprehensive assessment of the individual's responsibilities and business performance as well as the degree of risk involved. The timing of payment shall be once a month on a designated day.

"Bonuses for Directors" are not performance-linked remuneration that are calculated based on the performance indicators. However, the Company resolves the total amount at the General Meeting of Shareholders by comprehensively considering the business performance for the fiscal year and the actual past payment amount, as well as situation of peer companies in the same industry. The amount of individual bonuses is determined by the President and CEO, as authorized by the Board of Directors, in accordance with consultation with the Nomination and Remuneration Committee, which is established voluntarily, while taking into consideration the individual's sales performance and contribution. The timing of payment shall be once a year promptly after the approval of the total amount at the General Meeting of Shareholders. Outside Directors are not eligible for the payment of bonuses for Directors.

"Non-monetary remuneration" has been introduced as a restricted stock remuneration plan for Directors with the aim of providing them with an incentive to sustainably increase the Company's corporate value and to further share value with shareholders. Restricted stock will be granted within the limit of the amount of remuneration resolved at the General Meeting of Shareholders by way of in-kind contribution of monetary remuneration claims from Directors. The timing and allocation of payment to each individual will be determined by the President and CEO, as authorized by the Board of Directors, in accordance with consultation with the Nomination and Remuneration Committee, which is established voluntarily, while taking into consideration the individual's responsibilities and business performance as well as the degree of risk involved. The timing of payment shall be determined by resolution of the Board of Directors once a year. Outside Directors are not eligible for the payment of restricted stock remuneration.

Governance

Executive Remuneration

Classification of Officers	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)				Number of eligible officers (persons)
		Performance-linked remuneration	Non-monetary remuneration	Other remuneration		
				Monthly remuneration	Bonuses	
Director (of which, Outside Directors)	279 (12)	—	25 (—)	223 (12)	30 (—)	6 (2)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	20 (8)	—	—	20 (8)	—	3 (2)

(Notes) 1. The amount of remuneration for Directors does not include the amount of employee salaries of Directors who concurrently serve as employees.
2. The amount of remuneration for Directors includes 30 million yen for the provision for bonuses for directors in the proposal “Payment of Bonuses to Directors,” which was approved at the 74th Ordinary General Meeting of Shareholders held on June 26, 2024.
3. The maximum amount of remuneration for Directors as per the resolution of the General Meeting of Shareholders is 25 million yen per month. (However, bonuses for Directors and salaries and bonuses for employees of Directors who concurrently serve as employees shall not be included.)
4. As for the restricted stock remuneration, which is non-monetary remuneration, monetary remuneration claims of not more than 30 million yen per year shall be granted to eligible Directors separately from the conventional monetary remuneration for Directors as in-kind contributions for granting restricted stock; the total number of shares of the Company's common stock to be issued or disposed of under the plan shall be not more than 50,000 shares per year; and the transfer restriction period for the restricted stock shall be a period from the delivery of the restricted stock to the date on which the eligible Directors lose their position as the Company's Director.
5. The above includes two Directors who retired during the current fiscal year.
6. The maximum amount of remuneration for Audit & Supervisory Board Members as per the resolution of the General Meeting of Shareholders is 3 million yen per month.

Board of Directors

In order to realize sustainable enhancement of corporate value while emphasizing the diversity of the Board of Directors, the Company nominates candidates for Directors who possess the necessary knowledge, experience, ability, and internationality. We have elected three Independent Outside Directors out of five Directors to enhance transparency and objectivity in management, to supervise business execution, and to speed up decision-making by a small number of talented individuals. In addition, we have introduced an Executive Officer System and implemented a significant delegation of authority from Directors to Executive Officers to clarify the roles of management supervision and business execution functions, as well as to speed up the execution of business operations.

Assessment of Board Effectiveness

In order to improve the function of the Board of Directors, the Company has conducted a self-evaluation by each Director. Based on their results, the Board of Directors verified and evaluated the effectiveness of the Board of Directors as a whole, and confirmed that the Company's Board of Directors is functioning properly and its effectiveness is ensured.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two Independent Outside Directors and a Representative Director. Upon consultation from the Board of Directors, the Committee considers matters concerning the election and dismissal of Directors and Audit & Supervisory Board Members, the selection and dismissal of the Representative Director, the remuneration for Directors, and successor plans (including development of successors), and provides advice and recommendations to the Board of Directors.

[Members] Kenji Furuhashi (Chairperson), Hiroshi Horie, Susumu Maruno

Message from Outside Directors



Hiroshi Horie

Support the executive team in business operations and encourage them to take bold challenges

Amid the increasingly unstable international situation, including economic friction between the United States and China, Russia's invasion of Ukraine, and regional economic blocs resulting from conflicts such as the North-South issue, procurement of materials has become increasingly difficult, and risks associated with transactions including foreign exchange risks have increased. As is always the case in the semiconductor and AI-related businesses, the importance of proactively responding to risks such as extremely rapid technological innovations, sudden market changes, and disasters associated with climate change is expected to increase. Under these circumstances, Hosiden is streamlining its organizational structure to speed up information sharing, aggressively developing technologies to meet the diverse needs of customers, and providing meticulous services, with the view to expanding sales and profits. The Company is also proactively implementing CSR and ESG initiatives. We will continue to support the executive team in business operations and encourage them to take bold actions for sustainable growth of Hosiden and medium- to long-term improvement in corporate value.



Susumu Maruno

Contribute to the realization of an innovative proposal-based global company

Hosiden has been contributing to the development of society and industry by providing various products based on its advanced technological capabilities as a comprehensive electronic components manufacturer. The Company provides products in various fields, mainly in the amusement, mobile communication, and automotive fields. Its business activities are not limited to Japan, but include the global development of 7 manufacturing bases and 10 sales bases in Asia, Europe, and North America. There are serious discussions for the creation of new products and new businesses with the view to promoting sustainable growth in the future. As an Outside Director with a technological background, I discuss the technologies required for new fields, new products, their directions, what their development and commercialization should be like, and so on from a global perspective. No matter how excellent a technology may be, it is meaningless unless it is “useful to society” as a product. I believe that it is important to think how to create customer value. I would like to contribute however I can to the development of new products and businesses that will pioneer the new digital era, and to the realization of an innovative proposal-oriented global company that meets the needs of its customers.

New appointment Message from Outside Director



Yukari Konishi

Dedicated to promoting the diversification of human resources as the Company's first female officer

I assumed the position of Outside Director in June 2024. Since its establishment, Hosiden has continued to take on the challenge of “creating new value,” and is a comprehensive electronic components manufacturer that has carved out the frontiers of the times. It is a company that has contributed to the development of our lives, society, and industry in a wide range of areas. I have been involved in legal affairs, risk management, brand communication, and industry activities at Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation). I believe that my role is to contribute to strengthening the compliance system and the governance system, while utilizing the experience and skills I have accumulated over the years. At Hosiden, Executive Officers also participate in Board of Directors meetings to share information on matters such as management strategies and issues, and make prompt decisions. I would like to contribute to the sound development of the Company as an Outside Director through repeated discussions not only with the Board of Directors but also with internal and external officers. I would also like to make a small contribution to the Company's efforts to diversify its human resources as its first female officer.

Officers (As of June 26, 2024)

Directors					
	President and CEO Kenji Furuhashi	Director Shigemi Dochi	Outside Director Hiroshi Horie	Outside Director Susumu Maruno	Outside Director Yukari Konishi
Audit & Supervisory Board Members					
	Full-time Audit & Supervisory Board Member Shinji Hombo	Outside Audit & Supervisory Board Member Takayuki Tanemura	Outside Audit & Supervisory Board Member Masakatsu Maruyama		

Skills Matrix

In order to achieve medium- to long- term management strategy, expected areas of expertise are defined as 1) Corporate management/Management strategy, 2) Technology/R&D, 3 Sales/Marketing, 4) Manufacturing, 5) Internationalism, 6) Finance/ Accounting, and 7) Legal affairs/Risk management. Each Director is appropriately placed for each area as shown below.

Name		Areas of expertise						
		Corporate management/ Management strategy	Technology/ R&D	Sales/ Marketing	Manufacturing	Internationalism	Finance/ Accounting	Legal affairs/ Risk management
Director	Kenji Furuhashi	●	●	●	●	●		
	Shigemi Dochi			●		●		
	Hiroshi Horie	●				●	●	●
	Susumu Maruno		●			●		●
	Yukari Konishi					●		●
Audit & Supervisory Board Members	Shinji Hombo					●	●	●
	Takayuki Tanemura					●	●	●
	Masakatsu Maruyama		●			●		●

(Note) The above table does not reflect all of the experience and expertise possessed by each Director/Audit & Supervisory Board Member, but only presents those experience and expertise to be particularly expected to provide and considered to be important to achieve medium- to long- term management strategy.

Financial Summery

(Millions of yen)

Fiscal Year		70th	71st	72nd	73rd	74th
Year End		March 2020	March 2021	March 2022	March 2023	March 2024
Net sales	(Millions of yen)	211,912	233,934	207,608	277,244	218,910
Ordinary profit	(Millions of yen)	11,353	13,401	15,786	18,984	18,160
Profit attributable to owners of parent	(Millions of yen)	9,433	10,338	11,901	12,637	11,632
Comprehensive income	(Millions of yen)	8,178	11,932	13,469	14,477	14,702
Net assets	(Millions of yen)	100,767	109,250	119,533	126,753	134,870
Total assets	(Millions of yen)	150,161	161,894	171,525	179,993	175,008
Net assets per share	(Yen)	1,723.79	1,935.14	2,175.11	2,379.08	2,609.20
Basic earnings per share	(Yen)	161.37	178.70	211.57	232.88	224.23
Diluted earnings per share	(Yen)	150.38	166.28	196.32	214.93	205.62
Equity-to-Asset Ratio	(%)	67.1	67.5	69.7	70.4	77.1
Return on equity	(%)	9.7	9.8	10.4	10.3	8.9
Price earnings ratio	(Times)	4.7	6.5	5.5	6.9	8.6
Cash flows from operating activities	(Millions of yen)	2,122	12,590	(1,230)	20,765	26,931
Cash flows from investing activities	(Millions of yen)	(4,775)	(2,360)	(3,059)	(9,852)	(8,345)
Cash flows from financing activities	(Millions of yen)	(2,147)	(3,860)	(3,748)	(7,437)	(7,940)
Cash and cash equivalents at end of period	(Millions of yen)	62,649	69,522	62,479	66,017	76,662
Number of employees	(Persons)	9,406	9,570	8,808	9,028	6,839

Note: 1. Net sales do not include consumption taxes.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	57,418	72,287
Notes receivable - trade	1,302	1,644
Accounts receivable - trade	33,667	21,110
Securities	13,335	14,624
Merchandise and finished goods	9,691	9,214
Work in process	5,107	3,730
Raw materials and supplies	26,469	19,638
Trade accounts receivable	1,567	1,188
Other	3,346	2,503
Allowance for doubtful accounts	(27)	(15)
Total current assets	151,878	145,925
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,462	21,966
Accumulated depreciation and impairment	(14,499)	(15,021)
Buildings and structures, net	6,962	6,944
Machinery, equipment and vehicles	26,475	27,160
Accumulated depreciation and impairment	(21,215)	(22,787)
Machinery, equipment and vehicles, net	5,259	4,373
Land	3,035	3,031
Construction in progress	62	311
Other	31,318	30,885
Accumulated depreciation and impairment	(29,144)	(28,905)
Other, net	2,174	1,979
Total property, plant and equipment	17,495	16,641
Intangible assets	423	405
Investments and other assets		
Investment securities	5,643	7,057
Retirement benefit asset	60	35
Deferred tax assets	739	674
Other	4,039	4,554
Allowance for doubtful accounts	(287)	(286)
Total investments and other assets	10,195	12,035
Total non-current assets	28,114	29,082
Total assets	179,993	175,008

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable- trade	25,772	14,673
Short-term borrowings	2,189	1,050
Current portion of bonds with share acquisition rights	—	10,008
Income taxes payable	3,910	3,253
Provision for bonuses for directors (and other officers)	154	140
Other	5,893	5,916
Total current liabilities	37,919	35,042
Non-current liabilities		
Bonds with share acquisition rights	10,030	—
Deferred tax liabilities	1,268	2,167
Retirement benefit liability	3,170	2,307
Other	850	620
Total non-current liabilities	15,319	5,094
Total liabilities	53,239	40,137
Net assets		
Shareholders' equity		
Capital	13,660	13,660
Capital surplus	19,596	19,596
Retained earnings	100,808	106,744
Treasury shares	(10,695)	(11,584)
Total shareholder's equity	123,370	128,417
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	2,381	3,500
Foreign currency translation adjustment	666	2,272
Remeasurements of defined benefit plans	334	680
Total accumulated other comprehensive income	3,382	6,453
Total net assets	126,753	134,870
Total liabilities and net assets	179,993	175,008

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net sales	277,244	218,910
Cost of sales	251,487	196,164
Gross profit	25,757	22,745
Selling, general and administrative expenses	10,007	9,820
Operating profit	15,750	12,925
Non-operating income		
Interest income	368	808
Dividend income	136	142
Foreign exchange gains	2,490	4,214
Other	294	129
Total non-operating income	3,290	5,294
Non-operating expenses		
Interest expenses	34	41
Commission for syndicated loans	10	—
Other	10	16
Total non-operating expenses	56	58
Ordinary profit	18,984	18,160
Extraordinary income		
Gain on sale of non-current assets	142	14
Total extraordinary income	142	14
Extraordinary losses		
Loss on sale and retirement of non-current assets	31	33
Impairment losses	347	931
Loss on liquidation of subsidiaries	220	—
Other	1	0
Total extraordinary losses	600	965
Profit before income taxes	18,527	17,210
Income taxes - current	5,493	5,181
Income taxes - deferred	396	396
Total income taxes	5,889	5,578
Profit	12,637	11,632
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	12,637	11,632

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Profit	12,637	11,632
Other comprehensive income		
Valuation difference on available-for- sale securities	(114)	1,119
Foreign currency translation adjustment	2,000	1,605
Remeasurements of defined benefit plans, net of tax	(46)	345
Total other comprehensive income	1,840	3,070
Comprehensive income	14,477	14,702
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,477	14,702
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Shareholders' equity						Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity	Valuation difference on available-for- sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	13,660	19,596	94,320	(9,586)	117,990	2,495	(1,334)	381	1,542	119,533
Changes during period										
Dividends of surplus			(4,287)		(4,287)					(4,287)
Profit attributable to owners of parent			12,637		12,637					12,637
Purchase of treasury shares				(3,000)	(3,000)					(3,000)
Disposal of treasury shares		6		23	29					29
Cancellation of treasury shares		(6)	(1,861)	1,868	—					—
Net changes in items other than shareholders' equity						(114)	2,000	(46)	1,840	1,840
Total changes during period	—	—	6,488	(1,108)	5,379	(114)	2,000	(46)	1,840	7,219
Balance at end of period	13,660	19,596	100,808	(10,695)	123,370	2,381	666	334	3,382	126,753

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Shareholders' equity						Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity	Valuation difference on available-for- sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	13,660	19,596	100,808	(10,695)	123,370	2,381	666	334	3,382	126,753
Changes during period										
Dividends of surplus			(3,798)		(3,798)					(3,798)
Profit attributable to owners of parent			11,632		11,632					11,632
Purchase of treasury shares				(2,817)	(2,817)					(2,817)
Disposal of treasury shares		9		20	29					29
Cancellation of treasury shares		(9)	(1,897)	1,907	—					—
Net changes in items other than shareholders' equity						1,119	1,605	345	3,070	3,070
Total changes during period	—	—	5,936	(889)	5,046	1,119	1,605	345	3,070	8,117
Balance at end of period	13,660	19,596	106,744	(11,584)	128,417	3,500	2,272	680	6,453	134,870

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	18,527	17,210
Depreciation	3,385	3,150
Impairment losses	347	931
Increase (decrease) in allowance for doubtful accounts	(57)	(73)
Increase (decrease) in retirement benefit liability	(442)	(436)
Interest and dividend income	(504)	(950)
Interest expenses	34	41
Loss (gain) on sale and retirement of non-current assets	(111)	19
Loss (gain) on valuation of investment securities	1	—
Decrease (increase) in trade receivables	(8,286)	12,963
Decrease (increase) in inventories	12,017	10,073
Decrease (increase) in operating accounts receivable	640	380
Decrease (increase) in other assets	(629)	1,095
Increase (decrease) in trade payables	663	(11,796)
Increase (decrease) in other liabilities	(685)	(38)
Other, net	700	(173)
Subtotal	25,600	32,394
Interest and dividends received	421	940
Interest paid	(24)	(49)
Income taxes paid	(5,232)	(6,354)
Net cash provided by (used in) operating activities	20,765	26,931
Cash flows from investing activities		
Payments into time deposits	(10,290)	(12,372)
Proceeds from withdrawal of time deposits	6,557	10,247
Payments into long-term deposits	(3,000)	(3,500)
Purchase of property, plant and equipment	(2,818)	(2,742)
Proceeds from sale of property, plant and equipment	427	97
Purchase of investment securities	(1,002)	—
Purchase of intangible assets	(134)	(179)
Other, net	408	103
Net cash provided by (used in) investing activities	(9,852)	(8,345)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	(1,187)
Purchase of treasury shares	(3,000)	(2,817)
Dividends paid	(4,287)	(3,798)
Other, net	(150)	(137)
Net cash provided by (used in) financing activities	(7,437)	(7,940)
Effect of exchange rate change on cash and cash equivalents	62	(1)
Net increase (decrease) in cash and cash equivalents	3,538	10,644
Cash and cash equivalents at beginning of period	62,479	66,017
Cash and cash equivalents at end of period	66,017	76,662

Company/Stock Information (as of March 31, 2024)

Company Overview

Company name	Hosiden Corporation
Established	September 14, 1950
Capital	13,660 million yen
Fiscal year	April 1 through March 31 of the following year
Number of employees	6,839 (Consolidated), 580 (Non-consolidated)
Head office	4-33, Kitakyuhoji 1-Chome, Yao City, Osaka, 581-0071

Stock Information

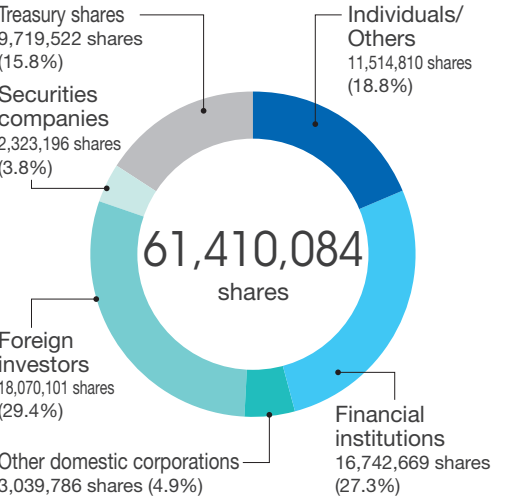
General meeting of shareholders	June every year
Number of shares per unit	100 shares
Total number of authorized shares	150,000,000 shares
Total number of issued shares	61,410,084 shares (Including 9,719,522 treasury shares)
Number of shareholders	11,420

Major Shareholders

Order	Shareholder name	Number of shares held	Shareholding ratio
		shares	%
1	The Master Trust Bank of Japan, Ltd. (Trust account)	5,602,000	10.8
2	Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. Account Re-trustee: Custody Bank of Japan, Ltd.	2,581,200	5.0
3	Nippon Life Insurance Company	2,358,555	4.6
4	State Street Bank and Trust Company 505103	1,647,947	3.2
5	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500,690	2.9
6	MSIP CLIENT SECURITIES	1,419,197	2.7
7	MUFG Bank, Ltd.	1,300,030	2.5
8	Yumi Furuhashi	1,204,541	2.3
9	Kenji Furuhashi	1,066,342	2.1
10	Hosiden Kyoeikai	1,048,400	2.0

Notes: 1. The top 10 major shareholders are listed.
2. The Company holds 9,719,522 treasury shares, which are not shown in the table above.
3. Shareholding ratio is calculated excluding 9,719,522 treasury shares.

Shareholder composition (shares)



Our Website

Various information related to the Group (products, technologies, sustainability, IR, and recruitment) is posted on the Company's website. Please refer to the website together with this report.

<https://www.hosiden.com/en/>

