

Financial Results Presentation

for the Fiscal Year Ended March 31, 2022
(April 1, 2021 to March 31, 2022)

Business performance rallied amid strong demand.
It will grow for FY2022 as well.
Medium-term goals set at record high levels in FY2025

May 11, 2022

Honda Tsushin Kogyo Co., Ltd.

Kinji Kashio, President and Representative Director

Value by Connecting **HTK**

1. Results for fiscal year ended March 31, 2022

- Net sales increased 24% year on year after recovery or growth in all the sectors.
- Operating profit improved significantly following the sales increase and streamlining, overcoming soaring material and distribution costs.
- Ordinary profit and profit achieved greater increases than in the previous fiscal year, due partly to subsidies and the weaker yen.
- Dividends will be 12 yen per share as planned.

3

Exchange rate (yen/dollar) During the period/ Period-end	FY2020 106 yen/111 yen	FY2021 112 yen/122 yen	YoY	Ratio to full-year forecast
Net sales	14,857	18,451	124%	103%
Operating profit	-74 (-0.5%)	875 (4.7%)	—	103%
Ordinary profit	147 (1.0%)	1,043 (5.7%)	706%	123%
Profit	75 (0.5%)	693 (3.8%)	914%	107%
Dividends	7 yen	12 yen		

Million yen (profit rate)

Full-year forecast (Revision announced on Jan. 31) 111 yen/110 yen
18,000
850 (4.7%)
850 (4.7%)
650 (3.6%)
12 yen

* Values from past financial results were corrected retrospectively due to the application of the Accounting Standard for Revenue Recognition.

Value by Connecting **HTK**

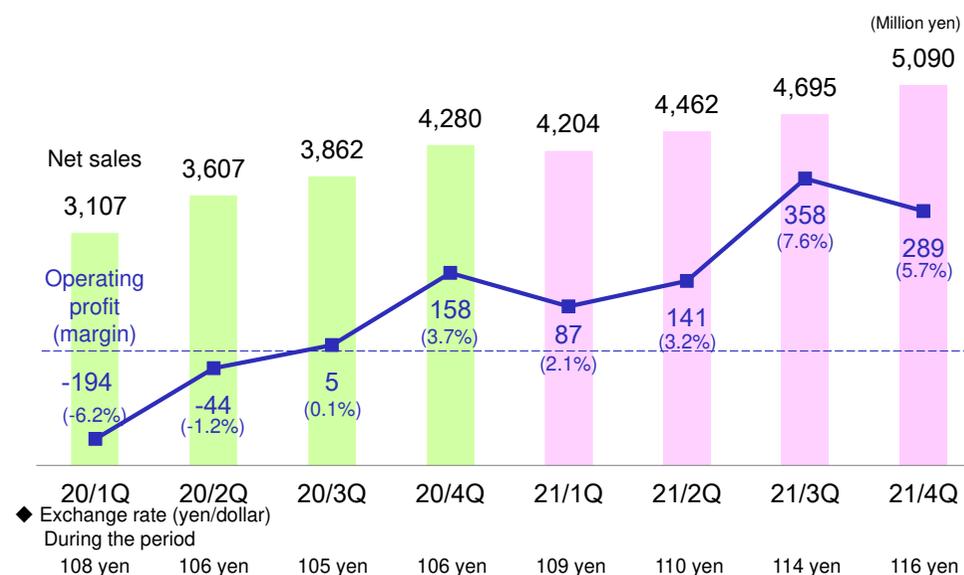
Results for fiscal year ended March 31, 2022

Value by Connecting **HTK**

2. Quarterly performance trends

The upward trend continued from 1Q of FY2020.

4

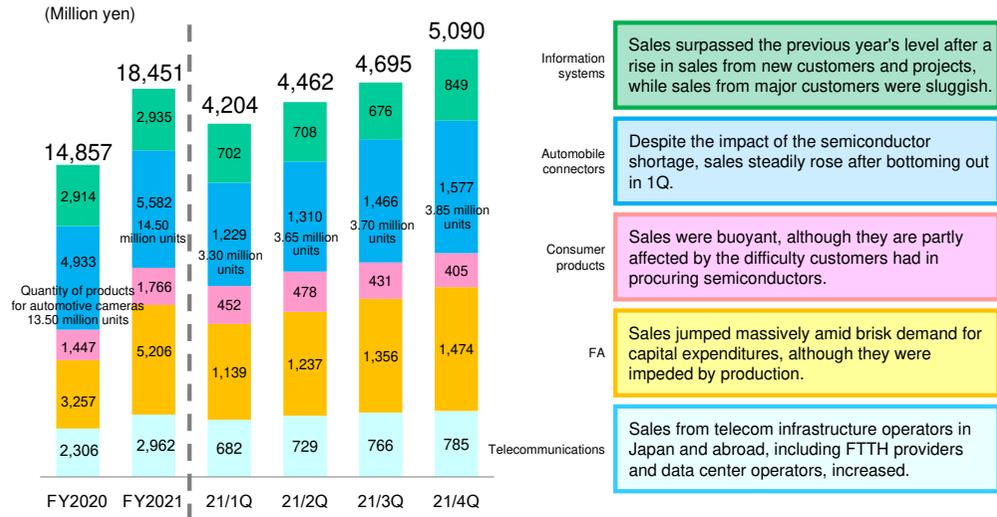


Value by Connecting **HTK**

3. Sales by sector

5

Sales grew in all the sectors, particularly in factory automation and in telecommunications.

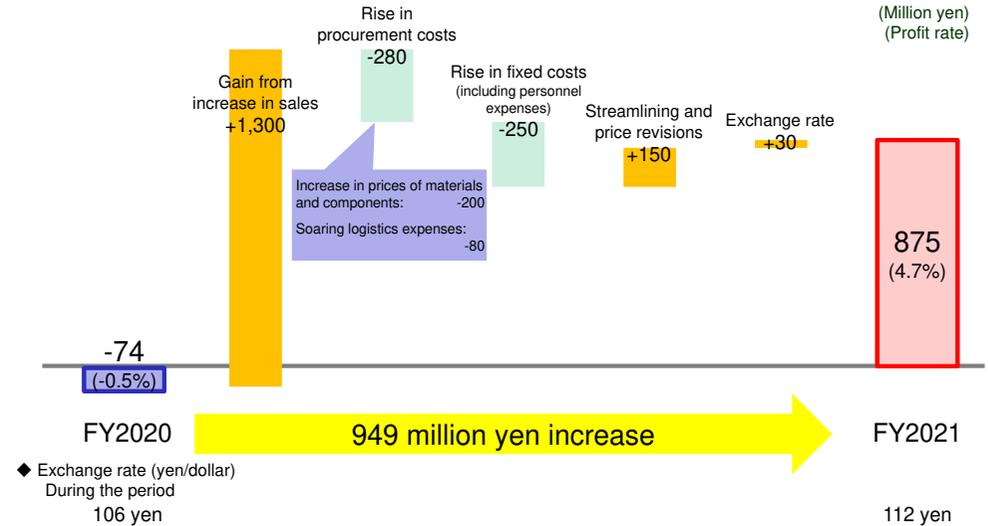


- Information systems:** Sales surpassed the previous year's level after a rise in sales from new customers and projects, while sales from major customers were sluggish.
- Automobile connectors:** Despite the impact of the semiconductor shortage, sales steadily rose after bottoming out in 1Q.
- Consumer products:** Sales were buoyant, although they are partly affected by the difficulty customers had in procuring semiconductors.
- FA:** Sales jumped massively amid brisk demand for capital expenditures, although they were impeded by production.
- Telecommunications:** Sales from telecom infrastructure operators in Japan and abroad, including FTTH providers and data center operators, increased.

4. Analysis of operating profit for FY2021 (Compared to FY2020)

6

Although soaring procurement costs and accelerated investments in personnel and other areas had an impact on profit, profitability was secured by increasing sales, streamlining and price revisions.



◆ Exchange rate (yen/dollar) During the period: 106 yen

Forecast for FY2022

7

1. Forecast for FY2022

8

- Net sales are forecast to surge given continuously brisk demand in all sectors and a large order backlog.
- Operating profit will rise at a higher rate of 7.0% as a result of streamlining and price revisions offsetting increased investments in development and human resources, soaring procurement prices and other cost hikes.
- Dividends are forecast at 17 yen per share (with a payout ratio of 39%) in consideration of performance trends and the financial position.

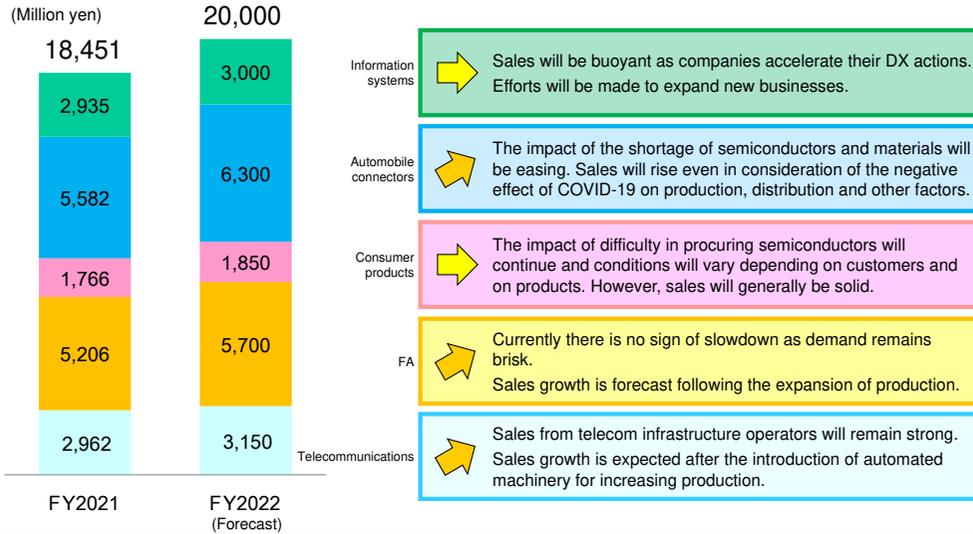
		Million yen (profit rate)	
Exchange rate (yen/dollar) During the period/Period-end	FY2021 112 yen/122 yen	FY2022 Full-year plan 116 yen/122 yen	YoY
Net sales	18,451	20,000	108%
Operating profit	875 (4.7%)	1,400 (7.0%)	160%
Ordinary profit	1,043 (5.7%)	1,400 (7.0%)	134%
Profit	693 (3.8%)	1,000 (5.0%)	144%
Dividends	12 yen	17 yen	+5 yen

2. Forecast by sector for FY2022

9

Sales are expected to surge in all sectors due to continuously brisk demand and a large order backlog.

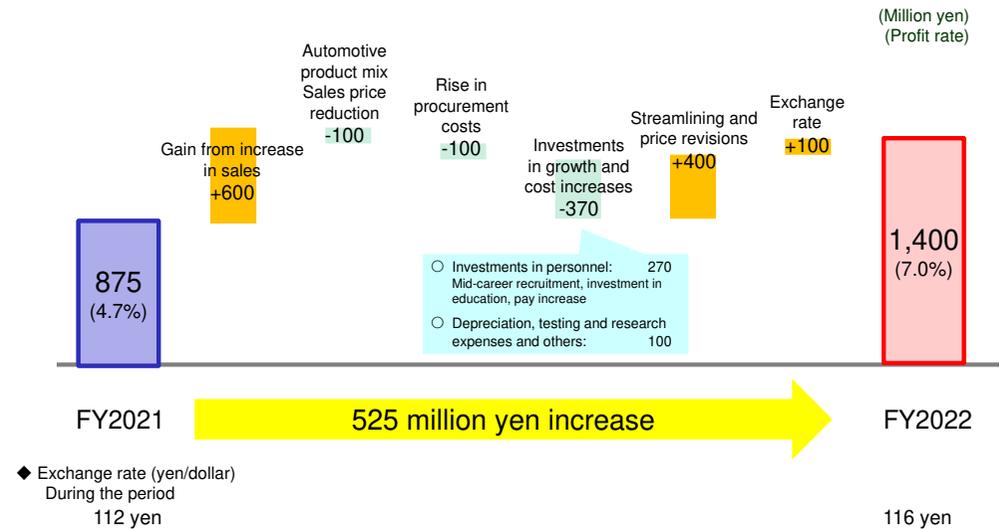
Risks have been taken into account to some extent.



3. Analysis of operating profit for FY2022 (Compared to FY2021)

10

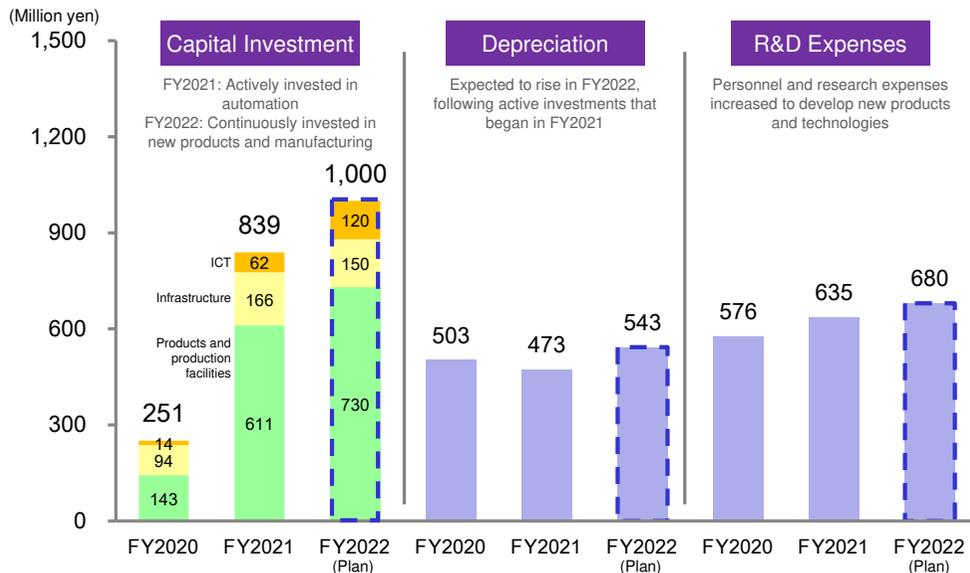
Sales expansion, streamlining and price revisions will offset the increase in costs due to investments in growth and rising procurement prices, enabling profit growth.



4. Results and plans for investments, etc.

11

Investments for growth will be continued.



Management plan

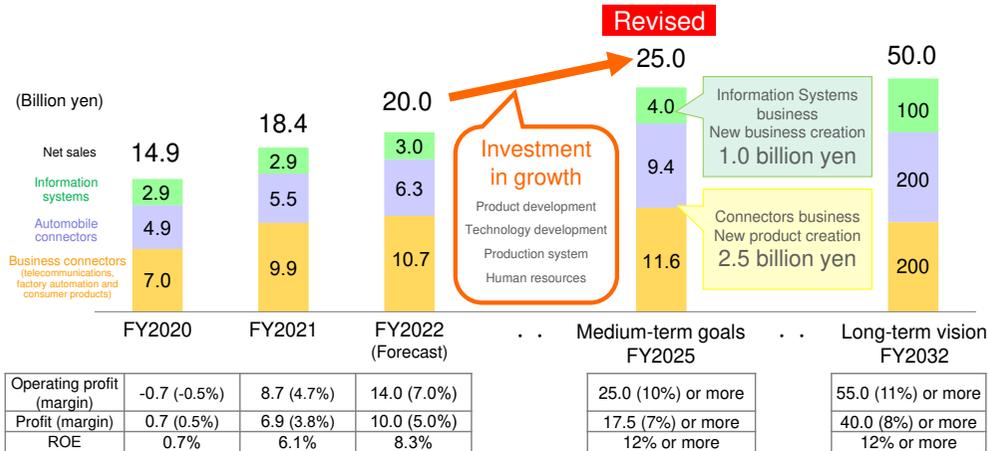
12

1. Management plan

Basic strategies

Create and launch new products swiftly in "connecting" markets that will expand with Society 5.0.

- Medium-term goals: Record highs in net sales and in operating profit in FY2025
- FY2022: Step up investments for growth to accelerate the creation of new products and businesses



2-1. Business connectors

Launch a series of new products to meet expanding and diversifying needs.

Market expansion & diversification of needs

Increase investments in manufacturing facilities and in telecom infrastructure
 IoT for connecting all devices
 Market expansion forecast from 2020 to 2025: 1.8 times in robots, 1.5 times in semiconductor manufacturing systems and 1.4 times in optical communication and network equipment

Results	Actions	Medium-term goals
<ul style="list-style-type: none"> New product development <ul style="list-style-type: none"> Connectors for robots Enhance the lineup of mainstay products (e.g. support for higher electric current and free of screws) Participate in IOWN GF Digital utilization <ul style="list-style-type: none"> Revamp the product websites Organize online exhibitions 	<ul style="list-style-type: none"> Accelerate development of new products <ul style="list-style-type: none"> Introduce suited products to priority markets* Communication infrastructure, robots, industrial machinery and semiconductor manufacturing systems Enhance optical connection technologies Step up wide-area sales activities <ul style="list-style-type: none"> Cultivate North America and China markets Bolster digital marketing 	<ul style="list-style-type: none"> Create new products < 1.0 billion yen > Establish new technologies <ul style="list-style-type: none"> Develop optical products and large current products Cultivate new markets and customers < 1.5 billion yen >

Strategic Focus	Key Initiatives
Improve profitability	Invest in automation, improve the production process, revise prices and review distribution and packing
Launch new production bases	Launch new production bases

Year	Net Sales (Billion yen)
FY2021	9.9 billion yen
FY2022	10.7 billion yen
FY2025	11.6 billion yen

2-2. Automobile connectors

Expand business based on our strong track record in vehicle cameras and high-speed transmission technology.

Advance the shift to electronics with an eye towards CASE

Automobile connector market: Expected to grow 1.5 times from 2020 to 2025
 Automotive camera market: Expected to grow twice from 2020 to 2025

Results	Actions	Medium-term goals
<ul style="list-style-type: none"> For vehicle cameras <ul style="list-style-type: none"> Viewing: Deliver for new projects Sensing: Shift to automated production For connection with automotive equipment <ul style="list-style-type: none"> Develop models supporting high-speed Transmission (6 Gbps and 12 Gbps) Enhance the lineup of mainstay models 	<ul style="list-style-type: none"> Step up approaches to existing customers and sectors and cultivate new customers and sectors <ul style="list-style-type: none"> Cultivate new customers and domains for different car models Develop next-generation products and low-end products Enhance the lineup <ul style="list-style-type: none"> Propose applications other than automotive equipment 	<ul style="list-style-type: none"> Depart from dependency on a single business to speed up growth <ul style="list-style-type: none"> From 5.0 billion yen in 2021 to 7.0 billion yen in 2025 Create new products <1.5 billion yen> <ul style="list-style-type: none"> From 0.5 billion yen in 2021 to 2.4 billion yen in 2025

Strategic Focus	Key Initiatives
Transfer to Vietnam for stable production	Transfer to Vietnam for stable production
Increase investments in automation and streamlining and reap benefits	Increase investments in automation and streamlining and reap benefits
Launch next bases	Launch next bases

Year	Net Sales (Billion yen)
FY2021	5.5 billion yen
FY2022	6.3 billion yen
FY2025	9.4 billion yen

Topics: New products development

Accelerate development of new products and introduce them to markets

Product Topic	Key Features and Applications
Compact high-speed (6 Gbps and 12 Gbps) transmission LVDS connectors	<ul style="list-style-type: none"> An industry-leading level of transmission speed among automobile LVDS connectors Connection with automotive equipment, automotive LAN and others
Compact relay connectors for robots	<ul style="list-style-type: none"> The industry's smallest-sized connectors with high wiring workability Industrial robots, multi-joint robots and others
Enhance the lineup of compact high-speed transmission automobile connectors	<ul style="list-style-type: none"> Supporting transmission of various signals at a maximum of 3 Gbps Introduced to automotive equipment, supercomputers and others
0.8mm-pitch I/O connector models with increased current capacity	<ul style="list-style-type: none"> Current capacity of mainstay products increased Control devices, small-sized display monitors and other devices requiring power supply and control signals

Strategic Focus	Key Initiatives
Business talks for details started	Business talks for details started
Adding surface mount technology (SMT) models, etc.	Adding surface mount technology (SMT) models, etc.
Offer cutting-edge technologies and broad choices in answer to mounting needs for high speed transmission from automotive equipment	Offer cutting-edge technologies and broad choices in answer to mounting needs for high speed transmission from automotive equipment
Helping reduce sizes and spaces for devices	Helping reduce sizes and spaces for devices
Offer problem-solving products in response to growing and diversifying needs	Offer problem-solving products in response to growing and diversifying needs

2-3. Information systems

17

Expand business domains by developing our own DX businesses, utilizing new technologies.

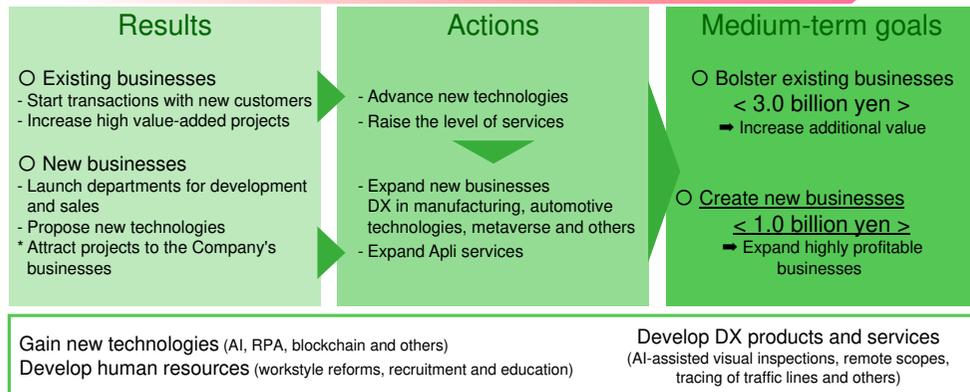
Digital implementation in society is speeding up.

IoT business market

Cloud services market

Expected to grow 1.5 times from 2020 to 2025

Expected to grow twice from 2020 to 2025



FY2021 2.9 billion yen → FY2022 3.0 billion yen → FY2025 4.0 billion yen

Value by Connecting **HTK**

3. Sustainability initiatives

18

Aim to realize a sustainable society and to increase corporate value.

Sustainability Committee

A committee launched under direct control of the President with outside directors serving as advisors
Developing policies on sustainability and supervising the status of execution of same

Environment

Reduction of greenhouse gas emissions

Targets 2030: 38% reduction from the 2013 level
2050: carbon neutrality

- Introduce and spread energy-saving equipment and activities
- Expand adoption of CO₂-free electric power
- Enhance disclosures



Waste reduction

- Increase utilization of recycled materials and review distribution and packing

Human resources

Strengthening the potential of human resources

- Hire more mid-career job seekers
- Increase investments in training and assistance in personal development

Promoting health and productivity management

- Certified under the 2022 Certified Health & Productivity Management Organizations Recognition Program (March 2022)



Creation of comfortable work environments

- Improve the human resources system and the workplace environment

Society

Build a sound and firm supply chain

Make sustained efforts for appropriate and orderly transactions to build win-win relationships with partners

Value by Connecting **HTK**

19

HTK

Inquiries concerning IR

Honda Tsushin Kogyo Co., Ltd.
Corporate Planning Group
MAIL: ir@htk-jp.com
URL: <https://www.htk-jp.com/>

HTK Search

Value by Connecting **HTK**

20

Reference: Consolidated orders in the connector business

Unit: %

	1Q	2Q	3Q	4Q	Annual
FY2021 Quarter-to-quarter change	+36	-14	-4	+1	+54
YoY	+140	+77	+27	+14	
1\$=	109 yen	110 yen	114 yen	116 yen	112 yen
FY2020 Quarter-to-quarter change	-10	+11	+34	+13	+12
YoY	-18	-8	+27	+50	
1\$=	108 yen	106 yen	105 yen	106 yen	106 yen

Calculated based on real exchange rates

Value by Connecting **HTK**