

(Translation)

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## News Release

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Representative: President and Representative Director  
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(Securities code: 7467; TSE Prime Market, NSE Premier Market)  
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### **Notice Concerning Formulation of Medium-Term Management Plan and Change to Shareholder Return Policy**

HAGIWARA ELECTRIC HOLDINGS CO., LTD. (the “Company”) has formulated the Hagiwara Electric Group’s new medium-term management plan “Make New Value 2026,” for the three-year period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027, under its Management Vision “An Engineering Solution Partner That Is Connecting Human, Society and Technology, Through Advanced Electronics”. An outline of the new plan is given below.

The Company has also changed its shareholder return policy, lifting the dividend payout ratio target from around 30% to 30-40%.

#### **1. Outline of the Medium-Term Management Plan**

The Company positions the medium-term management plan “Make New Value 2026,” as a period to carry out structural transformation and establish a business base in readiness for a new stage of growth for the Group. The Company aims to grow the business to achieve ROE of 11% or higher, net sales of ¥300.0 billion and operating profit of ¥11.0 billion in the fiscal year ending March 31, 2027 by implementing the following three initiatives: (1) Enhance proposal value through business model reform, (2) Reform Promote management with an awareness of capital productivity, and (3) Maximize employee power by leveraging human capital.

#### **Plan period**

From the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027

#### **Management policies**

##### **(1) Enhance proposal value through business model reform**

- Promote a solutions mindset to expand ancillary development and services with added value in existing businesses.
- Leverage the Company’s insights such as device application technology and IoT architectural technology to create new business models.
- Promote value-added innovation through group synergy and business collaborations with other companies.

##### **(2) Reform management with an awareness of capital productivity**

- Build a management aware of cost of shareholders’ equity and focused on return on invested capital.
- Build and implement a system that enables a strategic approach toward the business portfolio.

##### **(3) Maximize employee power by leveraging human capital**

- Realize human capital management that leverages the unique strengths of the Hagiwara Electric Group.
- Energize people and organizations by putting into operation the HR system renewed in fiscal year 2024.

**Quantitative targets** Fiscal year ending March 31, 2027

ROE	Net sales	Operating profit
11% or higher	¥300.0 billion	¥11.0 billion

The Company will provide a detailed explanation of the medium-term management plan at the financial results meeting for the fiscal year ended March 31, 2024 to be held on June 3, 2024, and then post the material for this presentation on the Company's website.

Hagiwara Electric Group's website <https://www.hagiwara.co.jp/english/ir/>

**2. Change to the Shareholder Return Policy (\* Changes are underlined.)**

The Company has changed its dividend payout ratio target as given below from the fiscal year ending March 31, 2025 for the purpose of strengthening the return of profit to shareholders.

**Before change**

The Company will implement distribution of profit commensurate with operating performance based on stable dividend payment, aiming at a consolidated dividend payout ratio of around 30% and also considering the ratio of dividends to consolidated net assets.

**After change**

The Company will implement distribution of profit commensurate with operating performance based on stable dividend payment, aiming at a consolidated dividend payout ratio of around 30-40% and also considering the ratio of dividends to consolidated net assets.