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Measures to realize management that is conscious of cost of capital and the Company's share price

HAGIWARA ELECTRIC HOLDINGS CO., LTD.
(TSE Prime Market & NSE Premier Market: 7467)
December 25, 2024



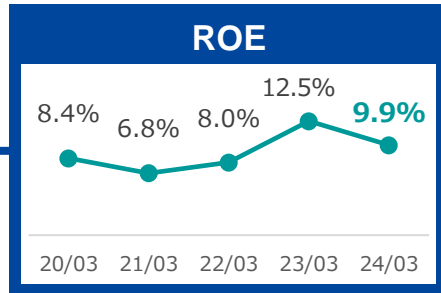
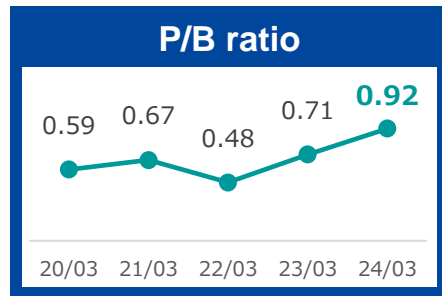
Current situation analysis and Recognition of Issues

- Although the Company's recent ROE is higher than its cost of shareholders' equity, its P/B ratio is below 1x.
- In addition to improving profitability, the Company needs to strengthen its efforts to improve its evaluation in the stock market.

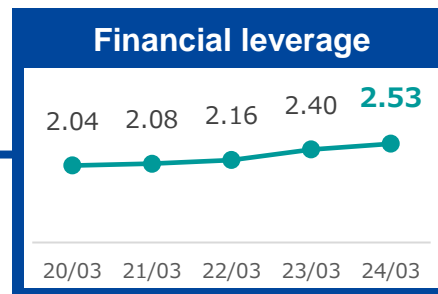
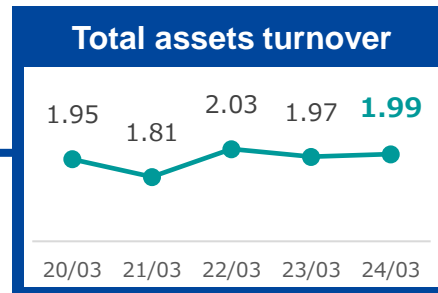
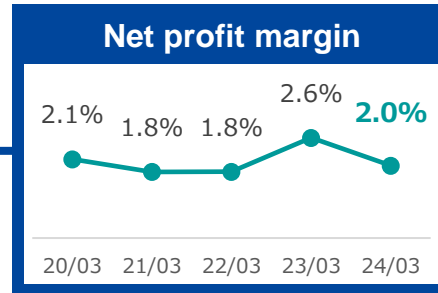
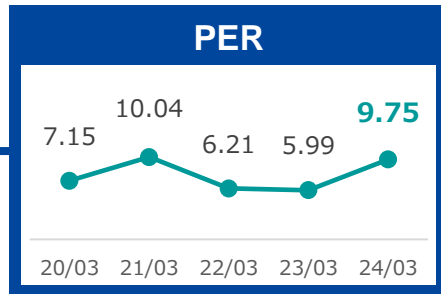
Current situation analysis

Recognition of Issues

✓ The P/B ratio is below 1x



✓ Foster growth expectations from the stock market are needed



- ① Business portfolio management with appropriate risk taking, system development, and strengthening of profitability.
- ② Reduction in cost of shareholders' equity through implementation of financial and non-financial measures.
- ③ Fostering growth expectations and improving stakeholder engagement through dialogue with the stock market and enhanced information disclosure.

To resolve these issues, we aim to achieve Corporate value enhancement through steady implementation of the Medium-Term Management Plan.

*1 This is the target figure for the final year of the Medium-Term Management Plan (24/4 - 27/3).

*2 Calculated by the Company based on CAPM. Figures are subject to change due to changes in the environment.

Target ROE

11.0% or higher *1

Cost of shareholders' equity

7.0~8.0% *2

Basic policies and targets for improvement

- We aim to improve the P/B ratio by strengthening profitability and improving capital efficiency by implementing key strategies in the Medium-Term Management Plan, and by focusing on the stakeholder engagement.

Medium-term management plan “Make New Value 2026”

Key strategies and Key management indicators

Planning Period: from FY2025/3 to FY2027/3

Priority policies

Corporate value enhancement -Improving earning power-

Three structural reforms

Business structure

Enhance proposal value through business model reform



Capital productivity

Reform management with an awareness of capital productivity



Human capital

Maximize employee power by leveraging human capital

Six key strategies



Devices business strategy



Advanced business management



Solutions business strategy



Human resources strategy



Business innovation strategy



ESG promotion

© Growth through reform, execution and efficiency

Key management indicators

Target for FY2027/3

Net sales

¥300 billion

Target for FY2027/3

Operating profit

¥11 billion

Target for FY2027/3

ROE

11 % or higher

From FY2025/3

Dividend payout ratio

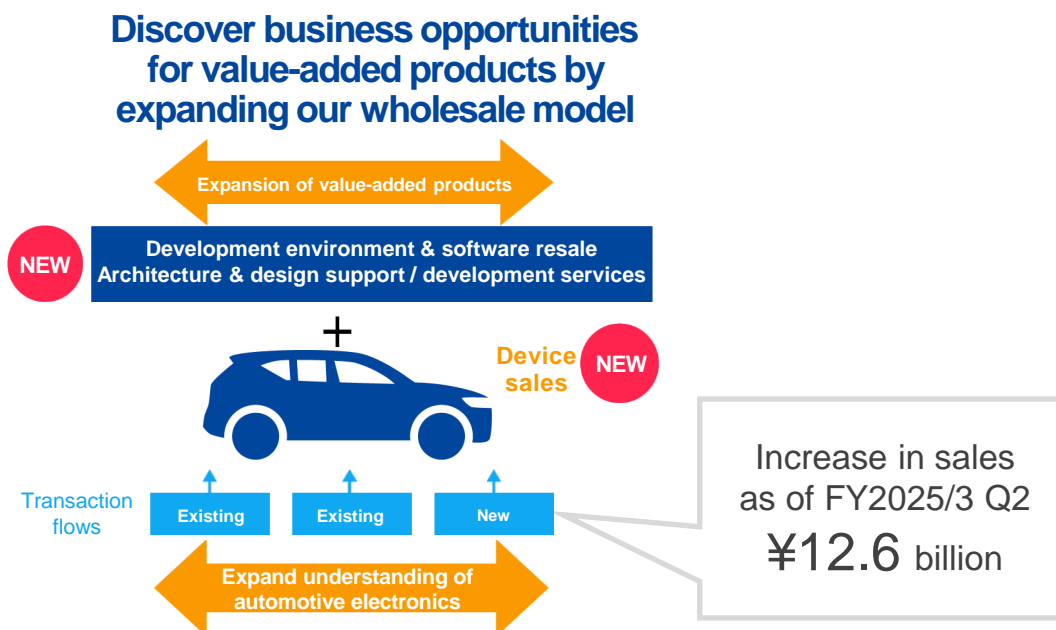
30-40 %

Status of Efforts: Strengthening of Profitability

• In the Electronic Devices Business, in addition to expanding business areas by developing customers, we will work to discover business opportunities for value-added products.

Expansion of business scale and proposed areas through acquisition of a new transaction flow

- The aim of acquiring a new transaction flow is to expand proposal areas by expanding understanding of electrical components, in addition to expanding the scale of core business.
- Investments in human resources and R&D to expand service areas also increased.



Expansion of business in India through expansion of technology and sales bases

- In October 2024, we opened two new bases to accelerate the deployment of in-vehicle system solutions for the Indian automotive market.
- In addition to Japanese companies, we are promoting business development for local companies in India.



Two new bases in Delhi and Pune was established to cover from the northern to southern areas of India.



Exhibited 『Electronica India 2024』for the first time.

Status of Efforts: Strengthening of Profitability

• In the Technology Solutions Business, we established the Data Platform business and work to reform the earnings structure through synergies across the entire Group.

Reform of the earnings structure by launching the Data Platform business

- In April 2024, we launched the Data Platform business to provide solutions that convert data into value. It aims to establish itself as a new pillar of Technology Solutions Business.
- It enabled us to expand our stock business, optimize our customers' entire business by integrating our three existing businesses with data utilization technology, and build new solutions that contribute to the creation of new businesses.

Synergy by making BellaDati a subsidiary

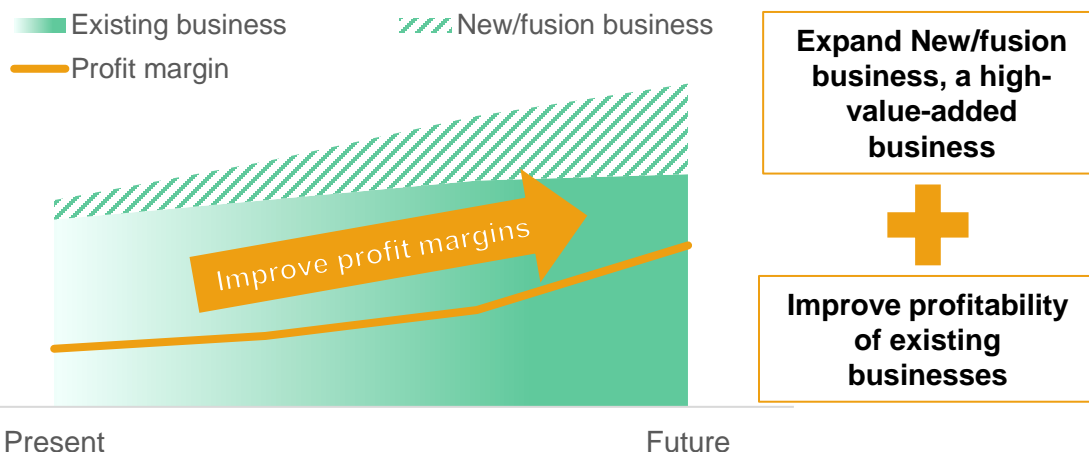
- In July 2024, we made BellaDati, which owns the “BellaDati” IoT data platform, a subsidiary, and made the data platform that is the core of the Data Platform business in-house.
- In addition to speeding up customer response through in-house manufacturing, we expect to realize synergy effects through the sharing of resources in the customer base and brand strength.



■ Overview

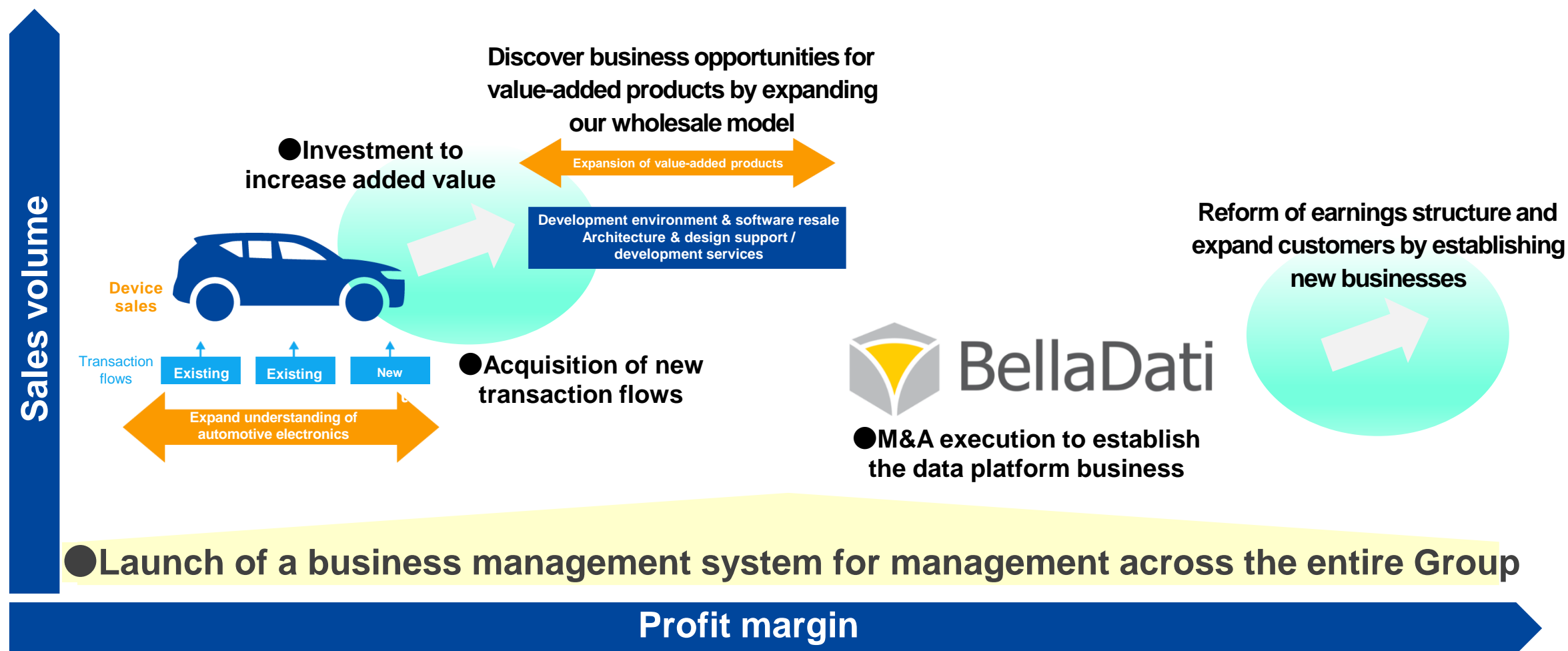
Name	BELLADATI PTE. LTD.
Location	SINGAPORE
Business description	Developing and providing BellaDati IoT Advanced Analytics Framework products
Affiliated company	BELLADATI s.r.o. (Czech Republic) Belladati G.K. (Japan)

Note) Acquired all shares of BellaDati on July 16, 2024. The date of the business integration is September 30, 2024. Only the balance sheets are consolidated during this interim period.



Status of Efforts: Strengthening of Profitability

• In order to formulate, implement, and monitor strategies for each business, we will visualize data and speed up decision-making by implementing IT infrastructure.



Status of Efforts:
Reducing the cost of shareholder's equity

• We reduce business risks by implementing financial and non-financial measures.

Financial measures

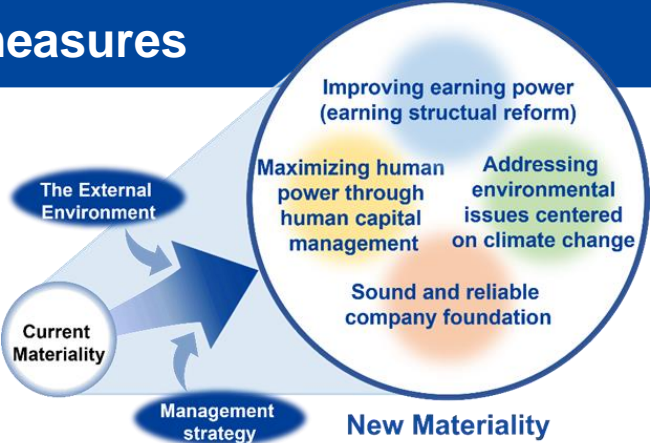
Capital policy disclosure and environment building

- Clarification of “reform management with an awareness of capital productivity” in the Medium-Term Management Plan
- Creation of an environment for advanced business management
Launch of a business management system for management across the entire Group
- Deliberations at the board meeting on responses to changes in the financial environment and financing policy
- Implementing initiatives to improve transaction terms and conditions, etc.

Non-financial measures

Promotion of sustainability management

- Set new materiality
“Improving earning power (profit structure reform)”
“Addressing environmental issues centered on climate change”
“Maximising human power through human capital management”
“Sound and reliable company foundation”
- Deepening the response to climate change
Expanding coverage for Scope 1 & 2 calculations across all Group locations
Refining calculation logic for Scope 3 and engagement activity within supply chain
- Formulation of Human Capital Management Framework, human resources system overhaul (operational from April 2024)
KGI: Human capital productivity
Sub KGI: Human capital investment/employee engagement



Strengthening governance

- Ensuring the diversity of the Board of Directors
Appointment of two female Directors
Comprising a majority of Independent Outside Directors
- Review of cross-shareholdings policy
Partial reduction of shareholdings
Determination on policy for withdrawal from the shareholding association
As at end of June 2024, withdrawn from one company and sold out of two companies

Status of Efforts:
Improving stakeholder engagement

• We aim to foster growth expectations and improve stakeholder engagement through dialogue with the stock market and enhanced information disclosure.

Pro-actively engage with investors and implement feedback internally

- One-on-one meetings with institutional investors
IR: 34
SR: 10
(up to December 24)
- Engagement with retail investors
Participation in IR exhibitions
Implementing shareholder questionnaire in shareholder communication
Responding to inquiries via our website, etc.
- Feedback on engagement to executives at the board meeting
IR quarterly
SR annually



Enhancing information disclosure and improving impartiality in information provision

- Expanding scope of English-language disclosures
Financial results summary reporting
Timely disclosures
Financial results presentation material
- Disclosing financial results presentation material including Q&A on our own website and logmi
- Publishing reports through FISCO (Japanese) and Walden Research Japan (Japanese-English)

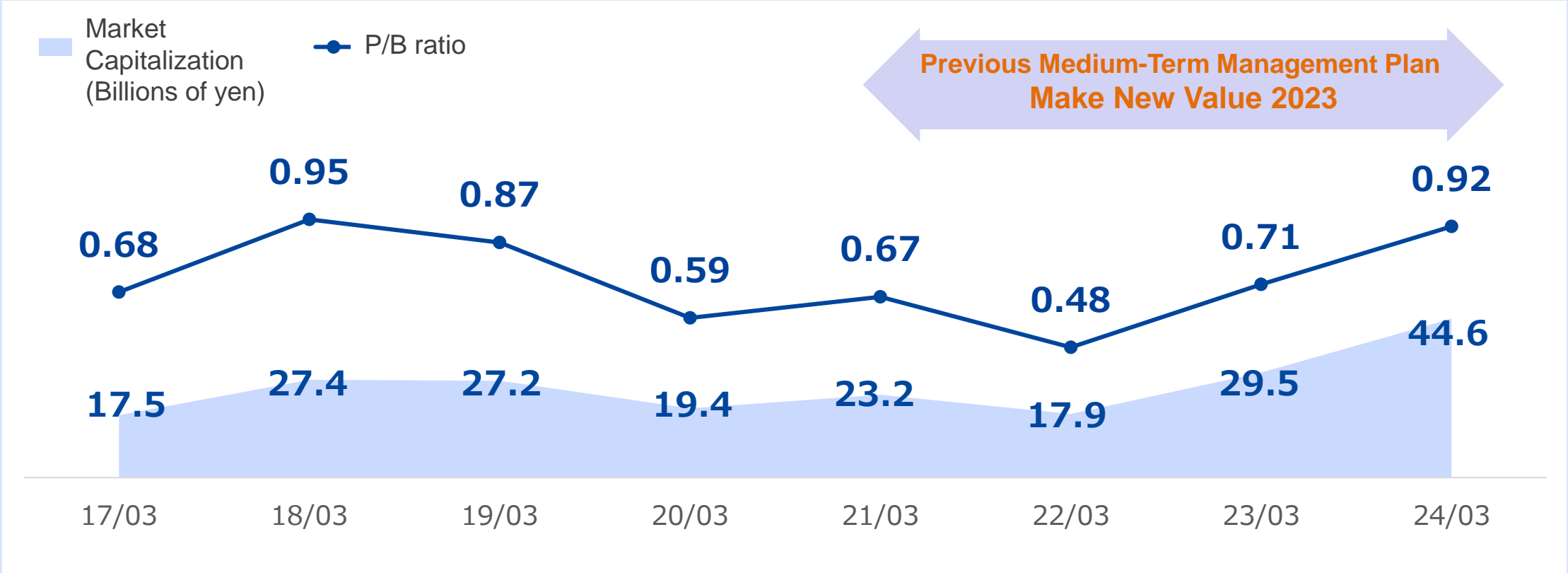


Aiming to improve the corporate brand through PR activities and CSR activities

- Enhancing information distribution through increasing PR press releases and utilizing platforms
- Publishing articles and advertisements in newspapers and specialist magazines, etc.
- Community contribution
One-day supporter of local sports team
Joint research and academic seminars with university research labs
Company visits for elementary, junior high school, and high school students.
etc.



Recent P/B ratio and Market Capitalization



* The P/B ratio is calculated based on the closing share price and BPS at the end of the period.



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