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# Financial Results Presentation Material for the Six Months Ended September 30, 2024

**HAGIWARA ELECTRIC HOLDINGS CO., LTD.**  
**(TSE Prime Market & NSE Premier Market: 7467)**  
**December 2, 2024**



## Financial results summary for FY2025/3 Q2

Net sales reached a record high. Profit declined due to changes in sales composition and increased expense.

- Net sales **reached a record high at ¥131.7 billion, up 22.0% YoY.**  
Despite the impact of the automobile production adjustment and the stagnation of the Chinese market, net sales increased due to the acquisition of a new transaction flow, positive effects of the weak yen and demand for production facilities investment.
- Operating profit was **¥3.7 billion, down 18.8% YoY,** due to sluggish gross profit growth caused by changes in sales composition and a fallback from spot profits in the same period of the previous fiscal year, as well as the implementation of growth investments such as human resources investments and system investments.
- Due to the posting of foreign exchange loss of ¥0.39 billion in non-operating expenses, etc., ordinary profit **was ¥3.2 billion, down 30.6% YoY,** and profit attributable to owners of parent was **¥2.0 billion, down 31.9% YoY.**

## Earnings forecasts for FY2025/3

Earnings forecasts were revised downward on November 8, considering changes in the external environment.

- Net sales forecast was revised downward by 5.2%, considering the impact of downgraded outlook for automobile production volume and the stagnation of the Chinese market. Forecast for each profit was also revised.
- Dividend forecast remains unchanged from the initial forecast.

## **Financial results summary for FY2025/3 Q2**

Earnings forecasts for FY2025/3

Progress in the medium-term management plan  
and efforts to enhance corporate value

## Financial results for FY2025/3 Q2

- While net sales reached record high, profits of each stage declined.
- Due to changes in the external environment, business performance was slightly weaker than initially expected.

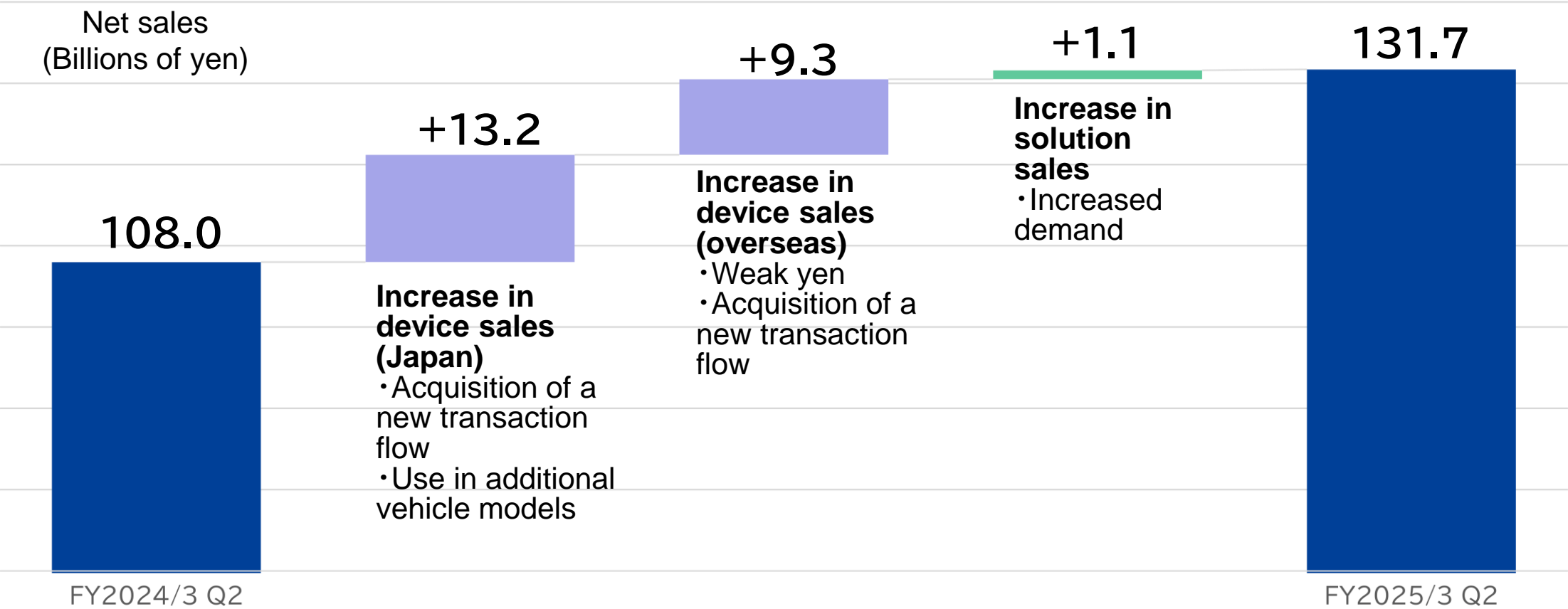
(Unit: Millions of yen)

|  | FY2024/3 Q2 |       | FY2025/3 Q2 |       |                |         |
|--|-------------|-------|-------------|-------|----------------|---------|
|  | Amount      | Ratio | Amount      | Ratio | YoY            |         |
| Net sales                                    | 108,013     | 100%  | 131,780     | 100%  | +23,766        | +22.0%  |
| Gross profit                                 | 10,452      | 9.7%  | 10,513      | 8.0%  | +60            | +0.6%   |
| Selling, general and administrative expenses | 5,863       | 5.4%  | 6,784       | 5.1%  | +921           | +15.7%  |
| Operating profit                             | 4,589       | 4.2%  | 3,728       | 2.8%  | (860)          | (18.8)% |
| Ordinary profit                              | 4,623       | 4.3%  | 3,209       | 2.4%  | (1,413)        | (30.6)% |
| Profit attributable to owners of parent      | 3,036       | 2.8%  | 2,066       | 1.6%  | (969)          | (31.9)% |
| Earnings per share (Yen) <sup>*1</sup>       | 326.01      | —     | 207.45      | —     | (118.56)       | —       |
| Rate of exchange (USD)                       | ¥134.8      |       | ¥152.2      |       | weak yen ¥17.4 |         |

\*1 The number of issued shares increased YoY due to the exercise of share acquisition rights. The average number of shares during the period was 9,313,675 shares in FY2024/3 Q2 and 9,963,409 shares in FY2025/3 Q2.

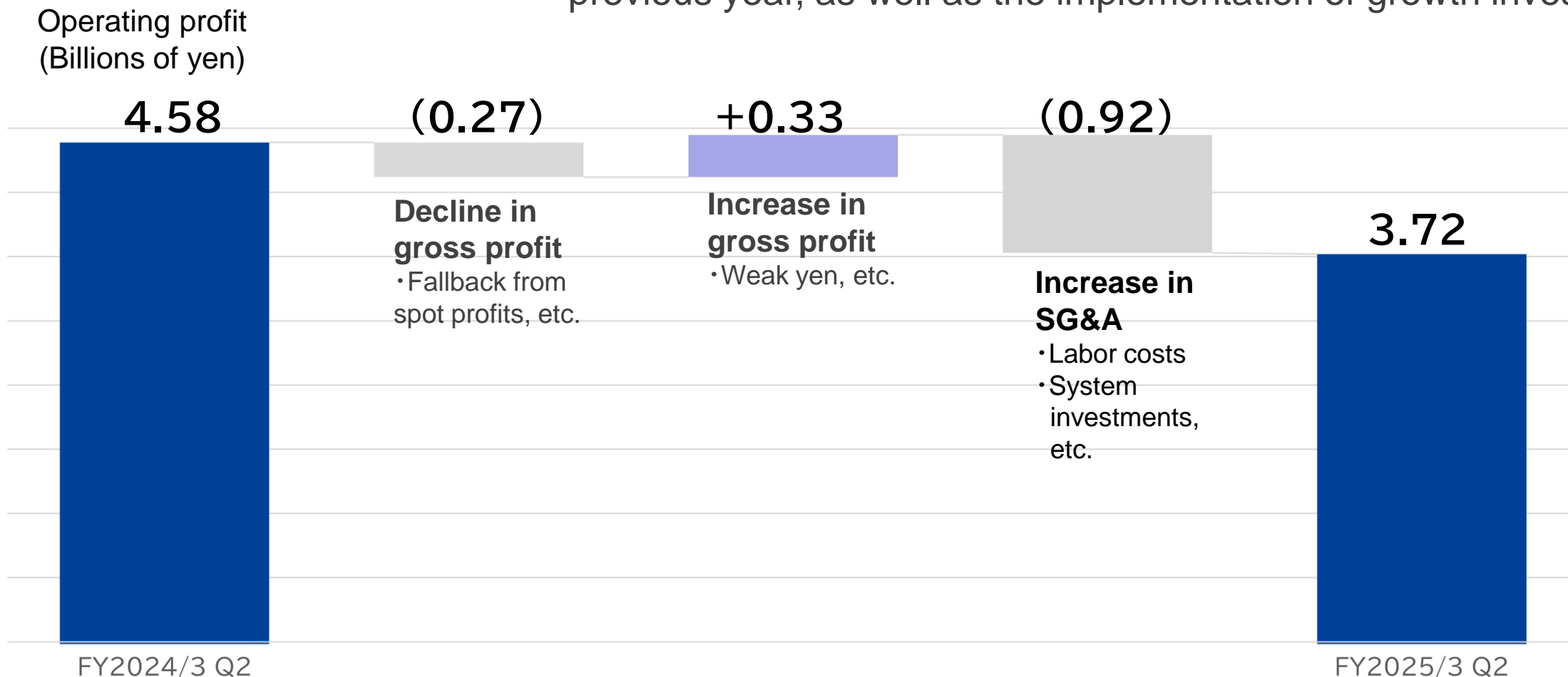
# Positive factors for net sales

- Net sales increased by ¥23.7 billion, or 22.0%, YoY.
- In Electronic Devices Business, sales increased due to the acquisition of a new transaction flow and the positive effect of the weak yen. In Technology Solutions Business, sales increased due to demand for capital investments.



## Changing factors for operating profit

- Operating profit declined by ¥0.86 billion, or 18.8%, YoY.
- This was due to a decline in the gross profit margin due to an increase in the sales composition ratio of Electronic Devices Business and a fallback from spot profits in the same period of the previous year, as well as the implementation of growth investment.

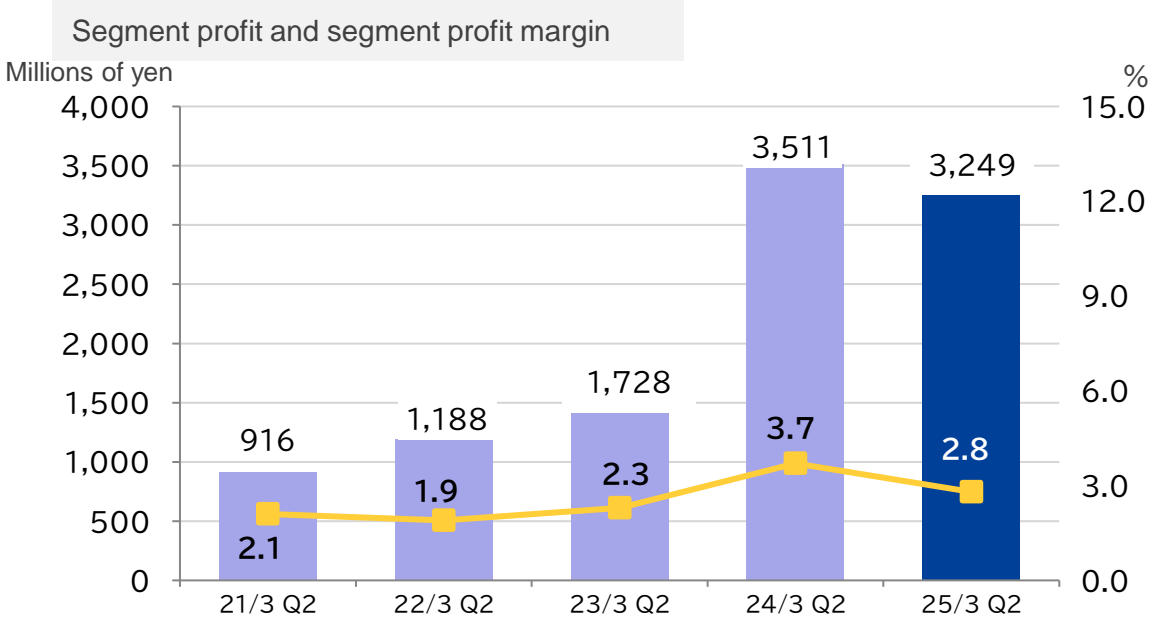
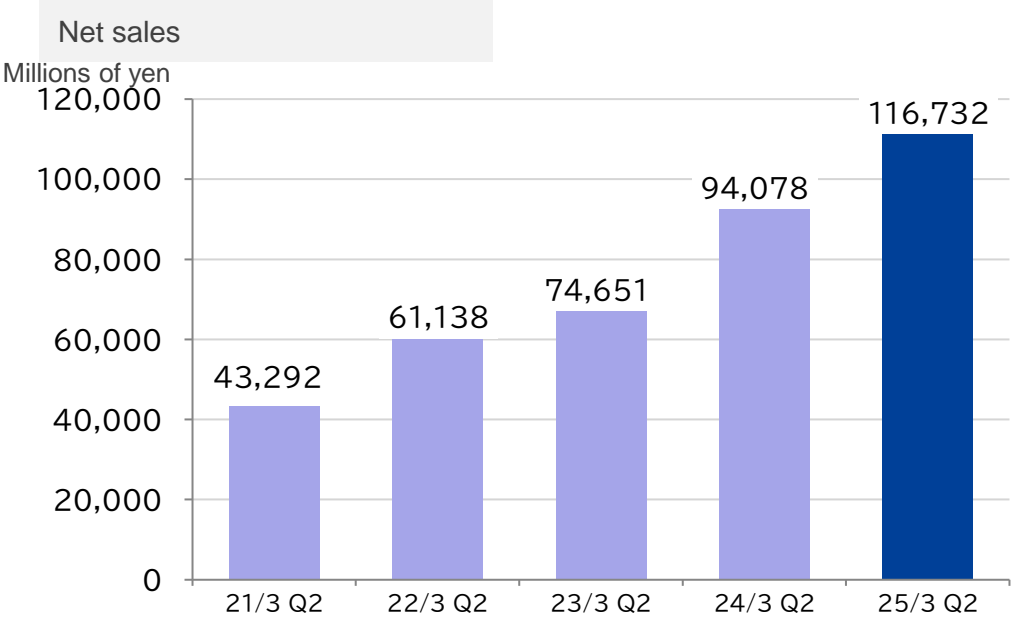


# Electronic Devices Business: Financial results summary

- Although automobile production volume decreased, net sales grew due to the acquisition of a new transaction flow, use of adopted products in additional vehicle models and positive effects of the weak yen.
- Segment profit declined due to changes in product mix, a fallback from spot profit and increased expense, etc.

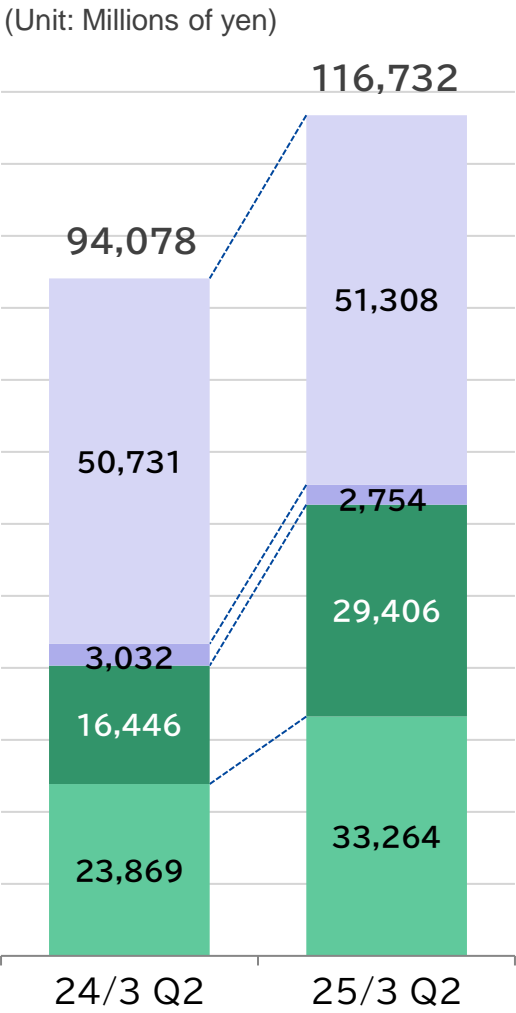
(Unit: Millions of yen)

|                | FY2024/3 Q2 |       | FY2025/3 Q2 |       |         |        |
|----------------|-------------|-------|-------------|-------|---------|--------|
|                | Amount      | Ratio | Amount      | Ratio | YoY     |        |
| Net sales      | 94,078      | 100%  | 116,732     | 100%  | +22,654 | +24.1% |
| Segment profit | 3,511       | 3.7%  | 3,249       | 2.8%  | (261)   | (7.5)% |



Electronic Devices Business:  
Net sales by client (YoY)

• In terms of Japan and overseas sales, the acquisition of a new transaction flow and increased demands from use of adopted products in additional vehicle models made up for the decline in automobile production volume. Overseas, there were positive effects of the weak yen.



(Unit: Millions of yen)

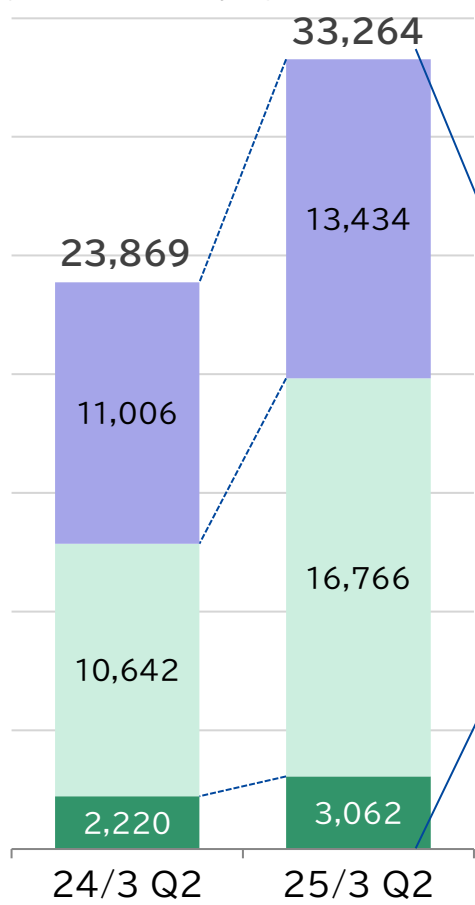
|                       | FY2024/3 Q2 |       | FY2025/3 Q2 |       |         |        |
|-----------------------|-------------|-------|-------------|-------|---------|--------|
|                       | Amount      | Ratio | Amount      | Ratio | YoY     |        |
| DENSO CORPORATION     | 50,731      | 53.9% | 51,308      | 44.0% | +577    | +1.1%  |
| TOKAI RIKKA CO., LTD. | 3,032       | 3.2%  | 2,754       | 2.4%  | (277)   | (9.2)% |
| Others                | 16,446      | 17.5% | 29,406      | 25.2% | +12,960 | +78.8% |
| *1 Overseas clients   | 23,869      | 25.4% | 33,264      | 28.5% | +9,394  | +39.4% |
| Total                 | 94,078      | —     | 116,732     | —     | +22,654 | +24.1% |

\*1 Sales to the overseas offices of major customers, including DENSO CORPORATION, have been included in Overseas clients.

# Electronic Devices Business: Net sales by region (YoY)

- In each area, sales increased YoY.
- Overseas sales increased by 3.3 billion yen due to positive effects of the weak yen.

(Unit: Millions of yen)



|                  | FY2024/3 Q2 |       | FY2025/3 Q2 |       |         |        |
|------------------|-------------|-------|-------------|-------|---------|--------|
|                  | *1 Amount   | Ratio | Amount      | Ratio | YoY     |        |
| Japan            | 70,208      | 74.6% | 83,468      | 71.5% | +13,529 | +18.9% |
| Asia             | 11,006      | 11.7% | 13,434      | 11.5% | +2,428  | +22.1% |
| United States    | 10,642      | 11.3% | 16,766      | 14.4% | +6,124  | +57.5% |
| Europe           | 2,220       | 2.4%  | 3,062       | 2.6%  | +842    | +37.9% |
| Overseas (total) | 23,869      | 25.4% | 33,264      | 28.5% | +9,394  | +39.4% |
| Total            | 94,078      | —     | 116,732     | —     | +22,654 | +24.1% |

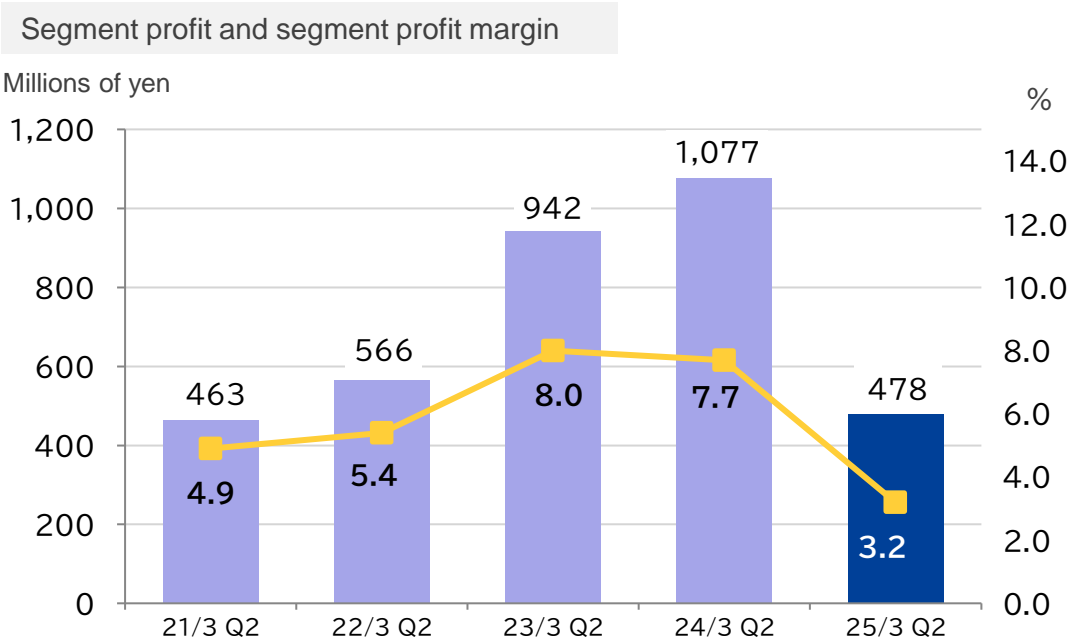
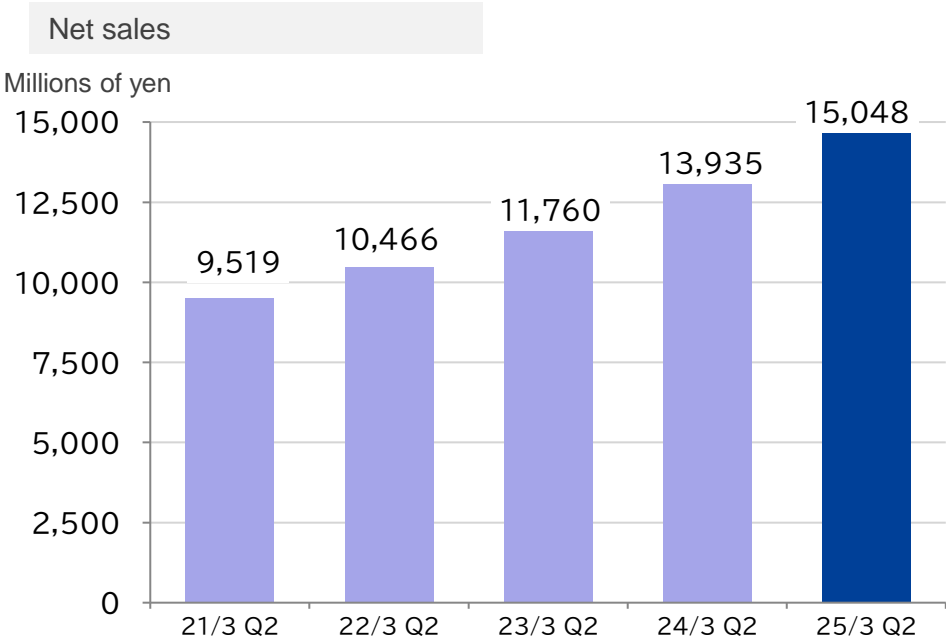
\*1 Region names represent the Group's business locations (excluding intragroup transactions).

\*2 Financial results included in FY2025/3 Q2 are figures from January 2024 to June 2024 as the fiscal year-end for the Group's bases in Singapore, China and the United States is December.

Technology Solutions Business:  
Financial results summary

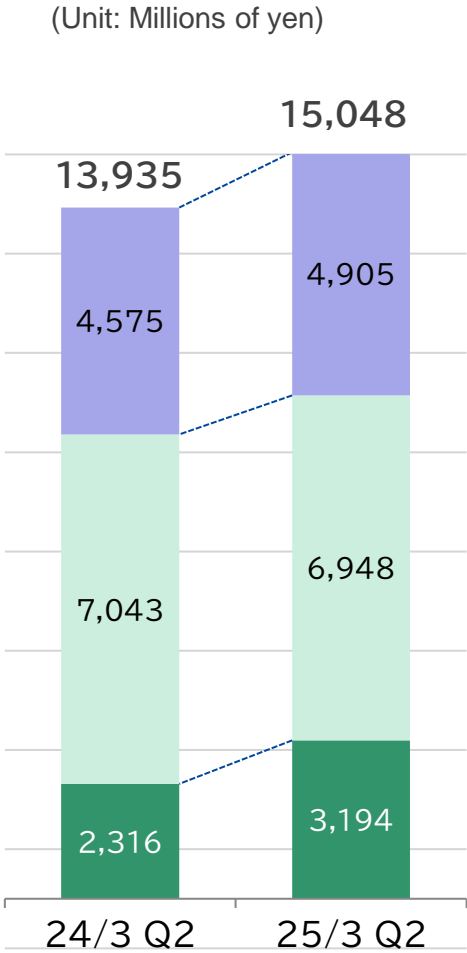
- Although sales of some customers were sluggish due to the impact of the stagnation of the Chinese market, sales increased due to demands for capital investment by automobile-related companies.
  - Segment profit decreased due to changes in sales composition and increased expenses due to growth investments.
- (Unit: Millions of yen)

|                | FY2024/3 Q2 |       | FY2025/3 Q2 |       |        |         |
|----------------|-------------|-------|-------------|-------|--------|---------|
|                | Amount      | Ratio | Amount      | Ratio | YoY    |         |
| Net sales      | 13,935      | 100%  | 15,048      | 100%  | +1,112 | +8.0%   |
| Segment profit | 1,077       | 7.7%  | 478         | 3.2%  | (598)  | (55.6)% |



Technology Solutions Business:  
Net sales by business (YoY)

• Although sales in the embedded solutions area were sluggish due to the stagnation of the Chinese market, total sales increased due to demands for capital investments by automobile-related companies.



(Unit: Millions of yen)

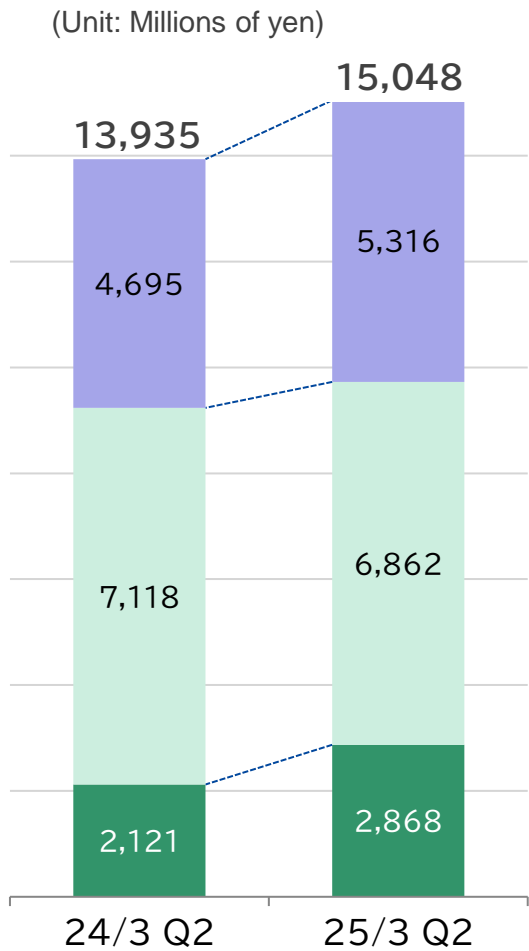
|                              | FY2024/3 Q2 |       | FY2025/3 Q2 |       |        |        |
|------------------------------|-------------|-------|-------------|-------|--------|--------|
|                              | Amount      | Ratio | Amount      | Ratio | YoY    |        |
| *1                           |             |       |             |       |        |        |
| IT Solutions / Data Platform | 4,575       | 32.8% | 4,905       | 32.6% | +329   | +7.2%  |
| Embedded Solutions           | 7,043       | 50.5% | 6,948       | 46.2% | (95)   | (1.4)% |
| FA Engineering               | 2,316       | 16.6% | 3,194       | 21.2% | +878   | +37.9% |
| Total                        | 13,935      | —     | 15,048      | —     | +1,112 | +8.0%  |

\*1 From FY2025/3, the names of the previous System Solutions, Embedded and FA Solutions were changed to IT Solutions, Embedded Solutions and FA Engineering, and Data platform was newly added to these businesses. Amount of Data platform sales are combined with IT solutions. The details of each business are as follows.

IT Solutions: Sale of IT devices, development of apps, development of IoT systems, security measures, etc.  
Data Platform: IoT data platform, services sales, etc.  
Embedded: Development and manufacturing of industrial computers, sale of industrial embedded computers for machinery, etc.  
FA Engineering: Sale of measurement devices, inspection equipment and FA devices, development, manufacturing and sale of various automated and labor-saving manufacturing equipment.

# Technology Solutions Business: Net sales by industry (YoY)

• Although sales in the embedded solutions area were sluggish due to the stagnation of the Chinese market, total sales increased due to demands for capital investments by automobile-related companies.



(Unit: Millions of yen)

|                           | FY2024/3 Q2 |       | FY2025/3 Q2 |       |        |        |
|---------------------------|-------------|-------|-------------|-------|--------|--------|
|                           | Amount      | Ratio | Amount      | Ratio | YoY    |        |
| Automotive                | 4,695       | 33.7% | 5,316       | 35.3% | +621   | +13.2% |
| FA & Industrial equipment | 7,118       | 51.1% | 6,862       | 45.6% | (256)  | (3.6)% |
| Others                    | 2,121       | 15.2% | 2,868       | 19.1% | +747   | +35.2% |
| Total                     | 13,935      | —     | 15,048      | —     | +1,112 | +8.0%  |

## Financial results for FY2025/3 Q2

- Foreign exchange losses ¥0.39 billion was posted in non-operating income.
- Interim dividend per share was ¥90, in line with the initial forecast.

(Unit: Millions of yen)

|   | FY2024/3 Q2 |       | FY2025/3 Q2 |       |         |         |
|---|-------------|-------|-------------|-------|---------|---------|
|   | Amount      | Ratio | Amount      | Ratio | YoY     |         |
| Net sales                               | 108,013     | 100%  | 131,780     | 100%  | +23,766 | +22.0%  |
| Operating profit                        | 4,589       | 4.2%  | 3,728       | 2.8%  | (860)   | (18.8)% |
| Ordinary profit                         | 4,623       | 4.3%  | 3,209       | 2.4%  | (1,413) | (30.6)% |
| Profit attributable to owners of parent | 3,036       | 2.8%  | 2,066       | 1.6%  | (969)   | (31.9)% |
| Interim dividends per share (Yen)       | 95          | —     | 90          | —     | (5)     | —       |

## Consolidated balance sheets

- Assets increased mainly due to an increase in merchandise and finished goods and goodwill.
- Liabilities decreased mainly in long-term borrowings but increased in short-term borrowings.
- In net assets, retained earnings increased mainly.

(Unit: Millions of yen)

|                                   | As of March<br>31,2024 | As of<br>September<br>30,2024 | Change         |
|-----------------------------------|------------------------|-------------------------------|----------------|
| Current assets                    | 111,572                | 123,356                       | +11,783        |
| Merchandise and<br>finished goods | 41,446                 | 53,327                        | +11,880        |
| Non-current<br>assets             | 8,134                  | 11,385                        | +3,250         |
| Property, plant<br>and equipment  | 4,521                  | 4,618                         | +96            |
| Intangible assets                 | 276                    | 3,279                         | +3,003         |
| Investments and<br>other assets   | 3,336                  | 3,487                         | +150           |
| <b>Total assets</b>               | <b>119,706</b>         | <b>134,741</b>                | <b>+15,034</b> |

|   | As of March<br>31,2024 | As of<br>September<br>30,2024 | Change         |
|---|------------------------|-------------------------------|----------------|
| Current liabilities                         | 45,111                 | 59,803                        | +14,692        |
| Non-current<br>liabilities                  | 24,234                 | 22,969                        | (1,265)        |
| <b>Total liabilities</b>                    | <b>69,345</b>          | <b>82,772</b>                 | <b>+13,427</b> |
| Shareholder's<br>equity                     | 46,598                 | 47,778                        | +1,179         |
| Other                                       | 3,762                  | 4,189                         | +427           |
| <b>Total net assets</b>                     | <b>50,361</b>          | <b>51,968</b>                 | <b>+1,607</b>  |
| <b>Total liabilities and<br/>net assets</b> | <b>119,706</b>         | <b>134,741</b>                | <b>+15,034</b> |

## Consolidated statements of cash flows

- Cash and cash equivalents decreased ¥991 million YoY.
- Cash flows from operating activities reflected an increase in inventories and a decrease in profit.
- Cash flows from investing activities reflected an increase in purchases of shares in subsidiaries.
- Cash flows from financing activities reflected an increase in short-term borrowings.

(Unit: Millions of yen)

|   | Six months ended<br>September 30, 2023 | Six months ended<br>September 30, 2024 |
|---|--|--|
| Cash flows from operating activities                        | 1,869                                  | (8,761)                                |
| Cash flows from investing activities                        | (206)                                  | (3,408)                                |
| Cash flows from financing activities                        | 1,395                                  | 10,763                                 |
| Effect of exchange rate change on cash and cash equivalents | 379                                    | 415                                    |
| Net increase (decrease) in cash and cash equivalents        | 3,436                                  | (991)                                  |
| Cash and cash equivalents at beginning of period            | 10,920                                 | 14,522                                 |
| Cash and cash equivalents at end of period                  | 14,357                                 | 13,530                                 |

Financial results summary for FY2025/3 Q2

## **Earnings forecasts for FY2025/3**

Progress in the medium-term management plan  
and efforts to enhance corporate value

## Earnings forecasts for FY2025/3

• Net sales and each profit were revised down from initial forecasts due to factors such as a downgrade in the outlook for automobile production volume and changes in the external environment such as the Chinese market.

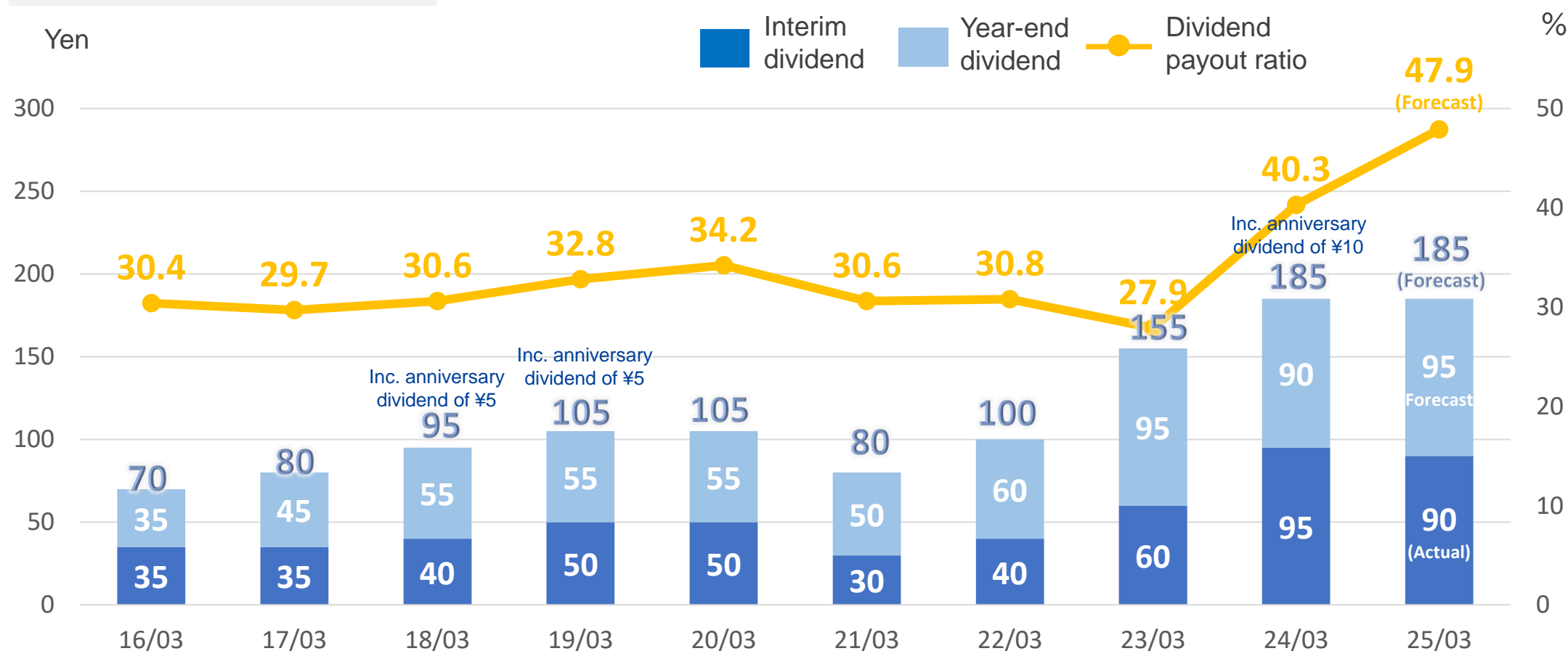
(Unit: Millions of yen)

|   | FY2024/3  | FY2025/3                         |                                  |                 |                     |                             |
|---|-----------|----------------------------------|----------------------------------|-----------------|---------------------|-----------------------------|
|   | Actual(A) | Initial forecast (B)<br>(May 15) | Revised forecast (C)<br>(Nov 10) | Change<br>(C-B) | YoY change<br>(C-A) | YoY change ratio<br>(C-A)/A |
| Net sales                               | 225,150   | 269,000                          | 255,000                          | (14,000)        | 29,849              | 13.3%                       |
| Operating profit                        | 7,711     | 7,900                            | 7,000                            | (900)           | (711)               | (9.2)%                      |
| Ordinary profit                         | 7,221     | 7,100                            | 6,200                            | (900)           | (1,021)             | (14.1)%                     |
| Profit attributable to owners of parent | 4,421     | 4,600                            | 3,850                            | (750)           | (571)               | (12.9)%                     |
| Earnings per share (Yen)                | 458.80    | 461.73                           | 386.38                           | (75.35)         | (72.42)             | —                           |
| Rate of exchange (USD)                  | ¥140.5    | ¥143.0                           | ¥143.0                           | 0.0             | Weak yen<br>¥2.5    | —                           |

## Return to shareholder

- The basic policy is to pay stable dividends aiming at a consolidated dividend payout ratio of around 30-40%.
- Although the earnings forecasts were revised downward, the dividend forecast remains unchanged from the initial forecast, and the annual dividend forecast is ¥185 (year-end dividend of ¥95).

Trends in dividends and dividend ratio



Financial results summary for FY2025/3 Q2

Earnings forecasts for FY2025/3

**Progress in the medium-term management plan  
and efforts to enhance corporate value**

## Key strategies of Medium-term management plan

- We aim to structural reform and establishment of a business foundation for a new stage of growth of Hagiwara Electric Group, with priority policies as “Improving earning power”.

### 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 indicator

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

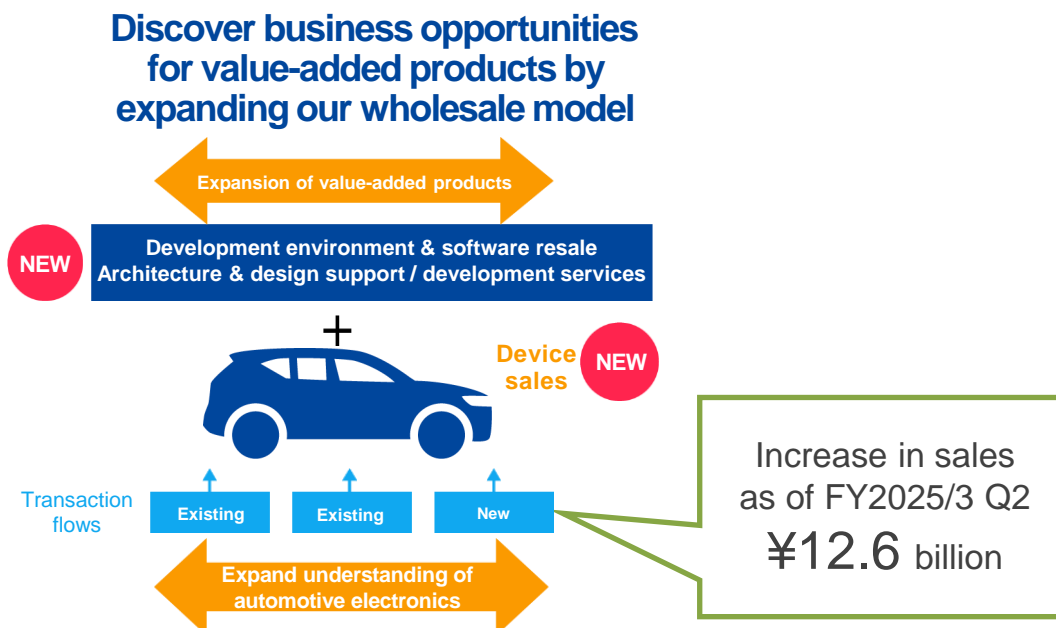
Dividend payout ratio

**30-40** %



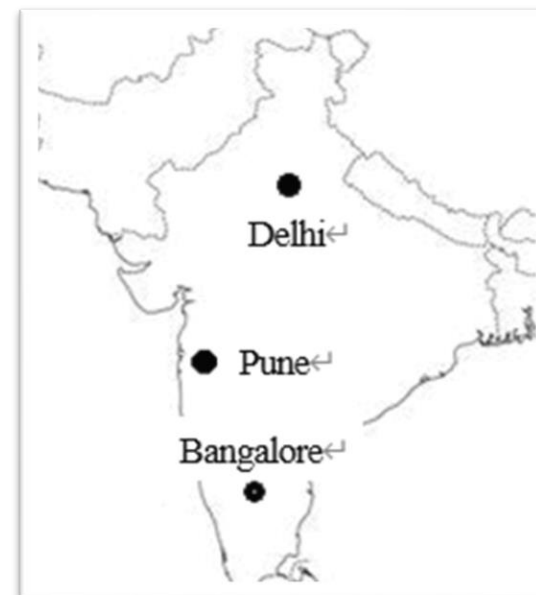
## Expansion of business scale and proposed areas through acquisition of a new transaction flow

- 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.



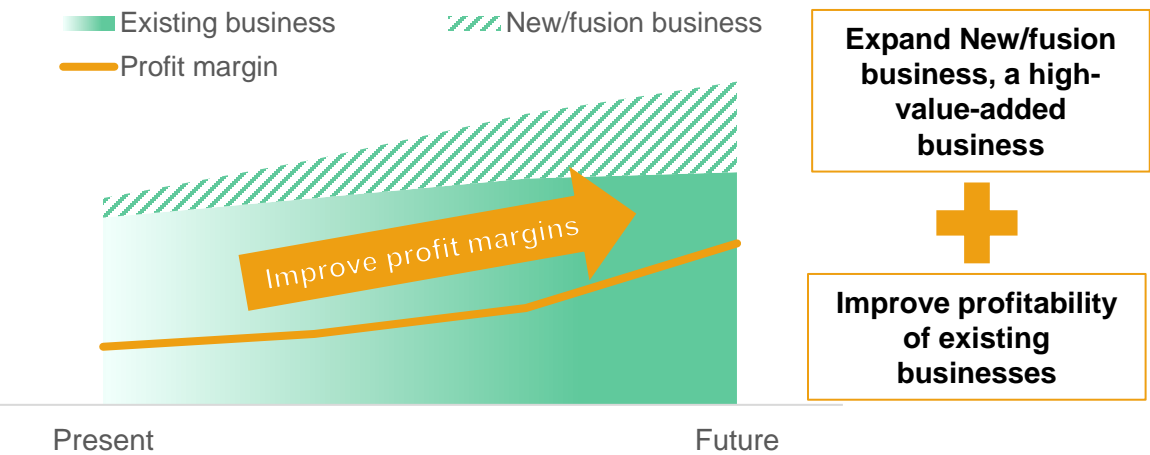
Two new bases in Delhi and Pune was established to cover from the northern to southern areas of India.



Exhibited 『Electronica India 2024』for the first time.

## Reform of the profit 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.



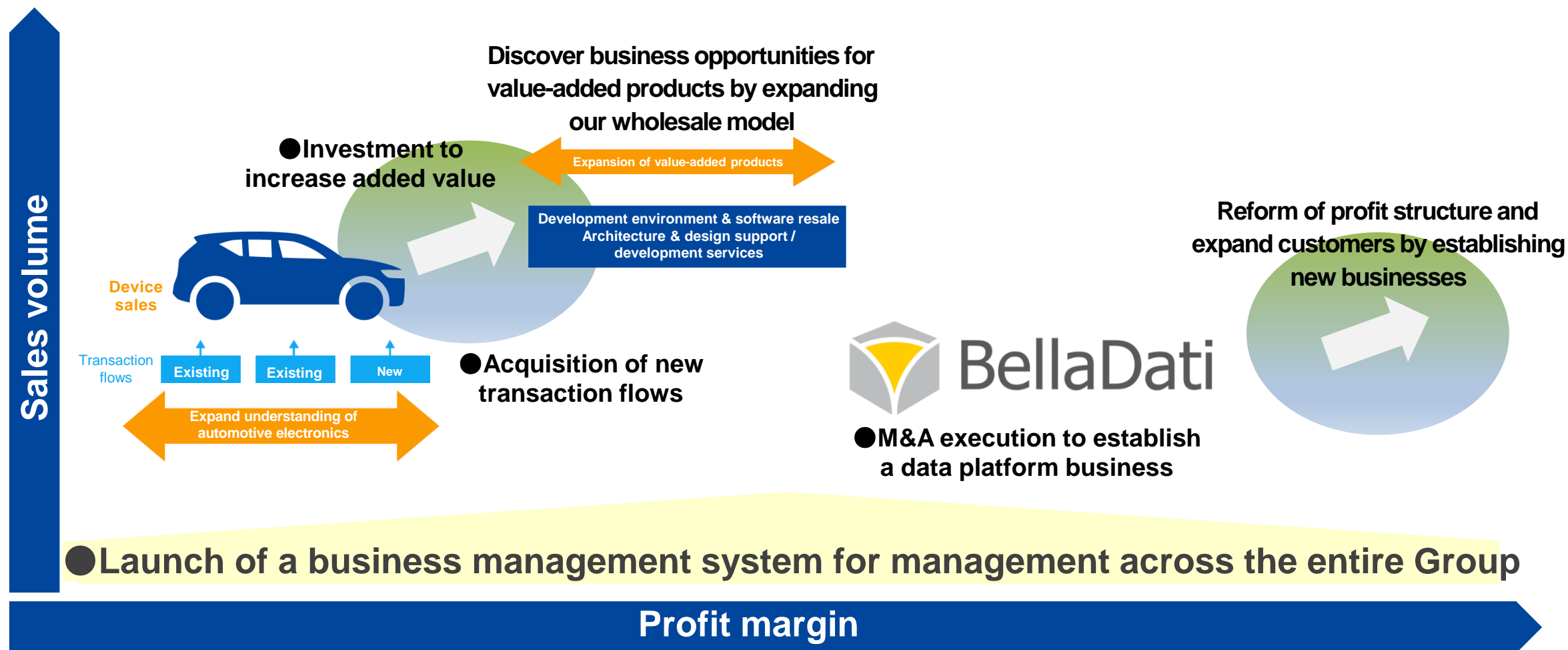
### Overview

|                      |  |
|----------------------|--|
| 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)<br>Belladati G.K. (Japan)                  |

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

## Corporate value enhancement : Strengthening of Profitability

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



## ■ Activities

### Financial measures

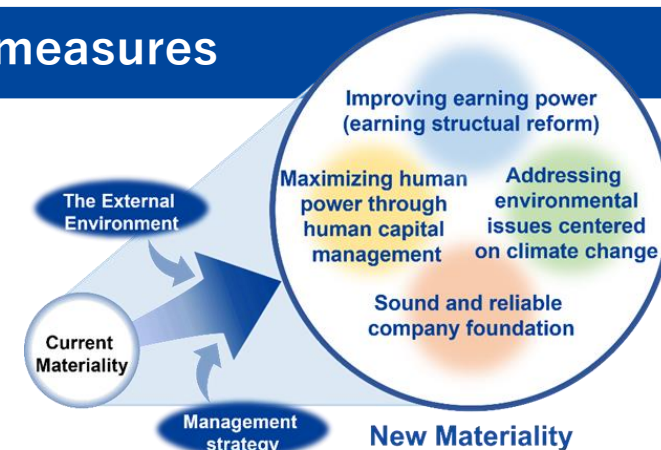
#### Capital policy disclosure and environment building

- 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

### ■ Activities

#### Pro-actively engage with investors and implement feedback internally

- **One-on-one meetings with institutional investors**

IR: 26

SR: 10

(up to end of November)

- **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.





**HAGIWARA ELECTRIC HOLDINGS CO., LTD.**

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Performance forecasts and future projections contained herein are based on information available at the time of preparation and contain potential risks and uncertainties. Actual performance may therefore differ significantly from future forecasts due to various factors such as changes in the business environment.

Hence, no investment decisions should be made solely on these materials. Furthermore, the Company assumes no responsibility whatsoever for any damages incurred as a result of the use of these materials.