

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2022
(Based on Japanese GAAP)**

May 13, 2022

Company name: HAGIWARA ELECTRIC HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7467 URL <https://www.hagiwara.co.jp/>
 Representative: President and Representative Director Moritaka Kimura
 Inquiries: Senior Vice President Yoshihiro Hirakawa TEL 052-931-3511
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: June 7, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	158,427	23.9	4,356	25.6	4,335	21.9	2,876	24.3
Year ended March 31, 2021	127,830	(0.3)	3,468	(16.9)	3,556	(13.1)	2,314	(14.8)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	325.07	—	8.0	5.6	2.8
Year ended March 31, 2021	261.82	—	6.8	5.0	2.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	82,482	39,369	45.2	4,208.13
As of March 31, 2021	73,342	37,052	47.7	3,951.86

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	(4,905)	(171)	3,564	8,506
Year ended March 31, 2021	887	(69)	1,165	9,713

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	30.00	—	50.00	80.00	707	30.6	2.1
Year ended March 31, 2022	—	40.00	—	60.00	100.00	885	30.8	2.5
Year ending March 31, 2023 (Forecast)	—	45.00	—	45.00	90.00		30.6	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	187,000	18.0	4,300	(1.3)	4,250	(2.0)	2,600	(9.6)	293.76

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	9,018,000 shares	As of March 31, 2021	9,018,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	167,113 shares	As of March 31, 2021	174,378 shares
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Average number of shares during the period

Year ended March 31, 2022	8,848,590 shares	Year ended March 31, 2021	8,841,412 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	9,713	8,506
Notes and accounts receivable - trade	38,478	—
Notes receivable - trade	—	279
Accounts receivable - trade	—	26,149
Contract assets	—	141
Electronically recorded monetary claims - operating	1,688	9,471
Merchandise and finished goods	16,389	27,641
Work in process	408	603
Raw materials and supplies	240	861
Other	836	3,090
Allowance for doubtful accounts	(2)	(17)
Total current assets	67,753	76,729
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,446	1,492
Accumulated depreciation	(993)	(1,038)
Buildings and structures, net	452	454
Machinery, equipment and vehicles	46	48
Accumulated depreciation	(36)	(40)
Machinery, equipment and vehicles, net	10	7
Land	1,917	1,903
Leased assets	321	383
Accumulated depreciation	(169)	(214)
Leased assets, net	151	169
Construction in progress	—	1
Other	902	918
Accumulated depreciation	(683)	(741)
Other, net	219	176
Total property, plant and equipment	2,750	2,713
Intangible assets	186	243
Investments and other assets		
Investment securities	1,504	1,444
Long-term loans receivable	—	44
Deferred tax assets	431	584
Retirement benefit asset	8	96
Other	705	670
Allowance for doubtful accounts	(0)	(44)
Total investments and other assets	2,651	2,796
Total non-current assets	5,588	5,753
Total assets	73,342	82,482

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,295	17,376
Electronically recorded obligations - operating	2,663	3,126
Short-term borrowings	5,348	10,129
Current portion of long-term borrowings	2,700	1,025
Lease liabilities	67	98
Income taxes payable	604	992
Contract liabilities	–	1,106
Provision for bonuses for directors (and other officers)	75	109
Other	2,340	2,567
Total current liabilities	31,095	36,531
Non-current liabilities		
Long-term borrowings	4,875	6,250
Lease liabilities	86	78
Deferred tax liabilities	79	79
Asset retirement obligations	99	119
Other	53	54
Total non-current liabilities	5,194	6,582
Total liabilities	36,289	43,113
Net assets		
Shareholders' equity		
Share capital	4,361	4,361
Capital surplus	4,868	4,872
Retained earnings	25,626	27,679
Treasury shares	(319)	(305)
Total shareholders' equity	34,537	36,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	414	325
Deferred gains or losses on hedges	–	(3)
Foreign currency translation adjustment	103	413
Remeasurements of defined benefit plans	(107)	(97)
Total accumulated other comprehensive income	410	638
Non-controlling interests	2,103	2,123
Total net assets	37,052	39,369
Total liabilities and net assets	73,342	82,482

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	127,830	158,427
Cost of sales	115,941	143,814
Gross profit	11,888	14,612
Selling, general and administrative expenses	8,420	10,255
Operating profit	3,468	4,356
Non-operating income		
Interest income	6	15
Dividend income	19	19
Foreign exchange gains	37	38
Income from fees for business	28	–
Gain on valuation of investment securities	53	–
Compensation income	24	10
Other	42	30
Total non-operating income	212	114
Non-operating expenses		
Interest expenses	34	36
Loss on sale of trade receivables	24	18
Commission expenses	53	15
Provision of allowance for doubtful accounts	–	51
Other	12	13
Total non-operating expenses	124	135
Ordinary profit	3,556	4,335
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	36	77
Total extraordinary income	37	78
Extraordinary losses		
Loss on disposal of non-current assets	0	9
Other	–	0
Total extraordinary losses	0	10
Profit before income taxes	3,593	4,403
Income taxes - current	1,268	1,562
Income taxes - deferred	(43)	(89)
Total income taxes	1,225	1,473
Profit	2,367	2,930
Profit attributable to non-controlling interests	53	54
Profit attributable to owners of parent	2,314	2,876

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	2,367	2,930
Other comprehensive income		
Valuation difference on available-for-sale securities	189	(89)
Deferred gains or losses on hedges	–	(3)
Foreign currency translation adjustment	(24)	309
Remeasurements of defined benefit plans, net of tax	176	10
Total other comprehensive income	341	227
Comprehensive income	2,708	3,158
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,655	3,104
Comprehensive income attributable to non-controlling interests	53	54

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,361	4,867	24,063	(332)	32,959
Cumulative effects of changes in accounting policies					—
Restated balance	4,361	4,867	24,063	(332)	32,959
Changes during period					
Dividends of surplus			(751)		(751)
Profit attributable to owners of parent			2,314		2,314
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		13	14
Net changes in items other than shareholders' equity					—
Total changes during period	—	1	1,563	13	1,578
Balance at end of period	4,361	4,868	25,626	(319)	34,537

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	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	225	128	(284)	69	2,085	35,114
Cumulative effects of changes in accounting policies				–		–
Restated balance	225	128	(284)	69	2,085	35,114
Changes during period						
Dividends of surplus						(751)
Profit attributable to owners of parent						2,314
Purchase of treasury shares						(0)
Disposal of treasury shares						14
Net changes in items other than shareholders' equity	189	(24)	176	341	18	359
Total changes during period	189	(24)	176	341	18	1,937
Balance at end of period	414	103	(107)	410	2,103	37,052

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,361	4,868	25,626	(319)	34,537
Cumulative effects of changes in accounting policies			(28)		(28)
Restated balance	4,361	4,868	25,598	(319)	34,509
Changes during period					
Dividends of surplus			(796)		(796)
Profit attributable to owners of parent			2,876		2,876
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		3		13	17
Net changes in items other than shareholders' equity					—
Total changes during period	—	3	2,080	13	2,097
Balance at end of period	4,361	4,872	27,679	(305)	36,607

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	414	–	103	(107)	410	2,103	37,052
Cumulative effects of changes in accounting policies					–		(28)
Restated balance	414	–	103	(107)	410	2,103	37,024
Changes during period							
Dividends of surplus							(796)
Profit attributable to owners of parent							2,876
Purchase of treasury shares							(0)
Disposal of treasury shares							17
Net changes in items other than shareholders' equity	(89)	(3)	309	10	227	19	247
Total changes during period	(89)	(3)	309	10	227	19	2,344
Balance at end of period	325	(3)	413	(97)	638	2,123	39,369

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,593	4,403
Depreciation	247	282
Loss (gain) on sale and retirement of non-current assets	(0)	8
Increase (decrease) in allowance for doubtful accounts	0	58
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	34
Increase (decrease) in retirement benefit liability	(25)	–
Decrease (increase) in retirement benefit asset	–	(71)
Interest and dividend income	(26)	(34)
Interest expenses	34	36
Loss (gain) on valuation of investment securities	(53)	1
Loss (gain) on sale of investment securities	(36)	(77)
Decrease (increase) in trade receivables	(5,849)	4,219
Decrease (increase) in inventories	424	(12,067)
Increase (decrease) in trade payables	3,967	544
Other, net	21	(1,103)
Subtotal	2,294	(3,765)
Interest and dividends received	27	35
Interest paid	(29)	(41)
Income taxes paid	(1,405)	(1,134)
Net cash provided by (used in) operating activities	887	(4,905)
Cash flows from investing activities		
Purchase of investment securities	(11)	(114)
Proceeds from sale of investment securities	119	118
Purchase of property, plant and equipment	(123)	(87)
Proceeds from sale of property, plant and equipment	10	10
Purchase of intangible assets	(54)	(90)
Other, net	(10)	(8)
Net cash provided by (used in) investing activities	(69)	(171)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	200	4,780
Proceeds from long-term borrowings	2,400	2,400
Repayments of long-term borrowings	(600)	(2,700)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	14	–
Dividends paid	(749)	(796)
Repayments to non-controlling shareholders	(34)	(34)
Other, net	(65)	(84)
Net cash provided by (used in) financing activities	1,165	3,564
Effect of exchange rate change on cash and cash equivalents	(23)	304
Net increase (decrease) in cash and cash equivalents	1,960	(1,207)
Cash and cash equivalents at beginning of period	7,753	9,713
Cash and cash equivalents at end of period	9,713	8,506