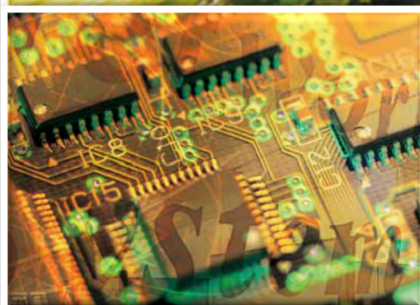


FACTBOOK

7467/TSE 1st Section, NSE 1st Section
HAGIWARA ELECTRIC CO., LTD.

For the six months of the fiscal year
ending on March 31, 2018



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Corporate Profile

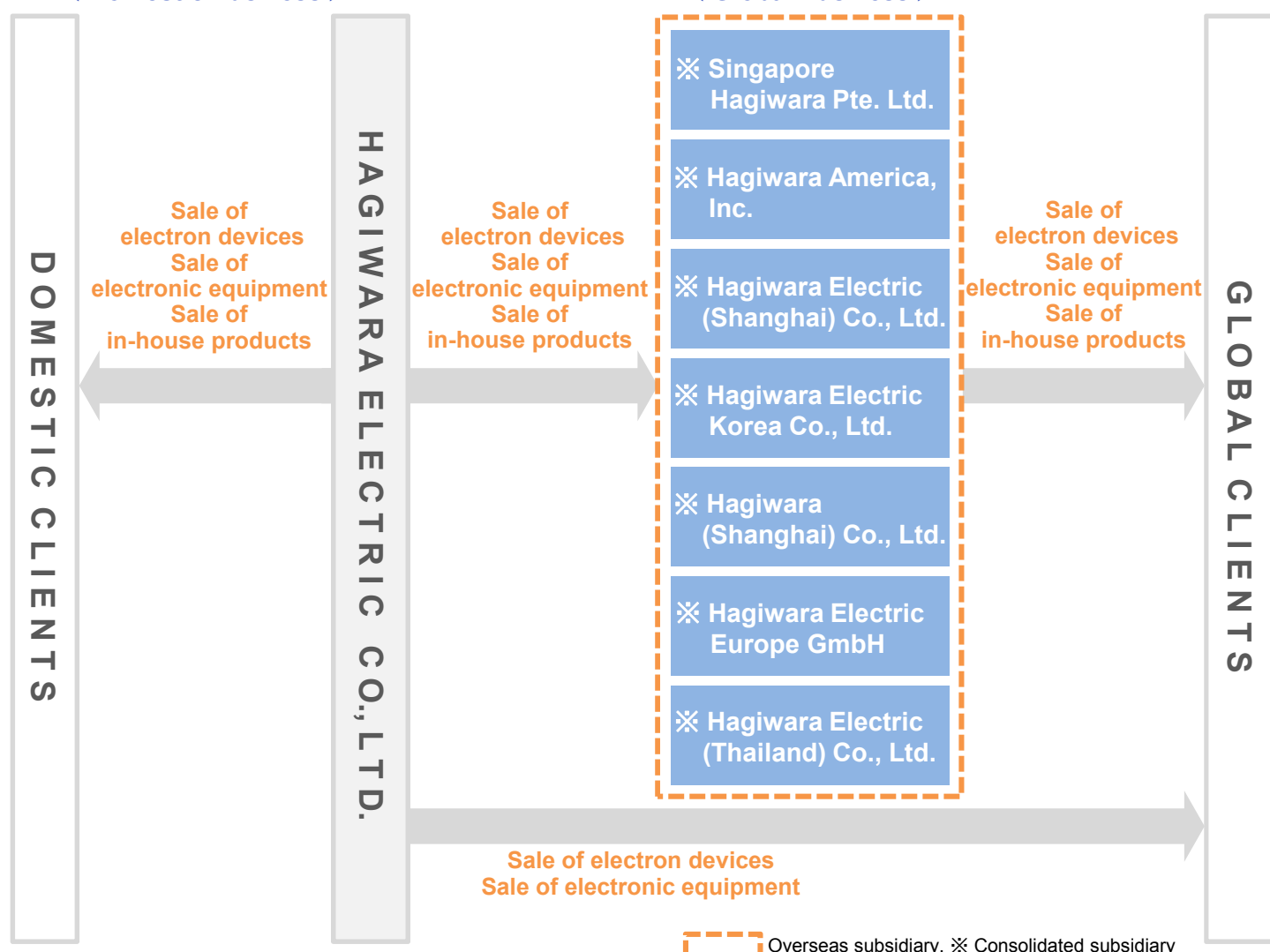
Corporate Outline (as of September 30, 2017)

Name of Company	HAGIWARA ELECTRIC CO., LTD.
Head Office	2-2-1 Higashisakura, Higashi-ku, Nagoya City, Aichi Pref. 461-8520 Japan
Representative	Mitsuo Iwai, President
Established	March 31, 1948
Capital	3,301,216,100 yen
Number of Employees	Consolidated: 517 *Excluding temporary employees
Major Business	1. Electron Device Business Unit Sale of integrated circuits, semiconductors and electron devices 2. IT Solution Business Unit Sale of electronic equipment and manufacture and sale of FA equipment
ISO	ISO14001 (ENVIRONMENTAL SYSTEM) Headquarters and North Office, Miyoshi Office, Development and Production Division ISO9001 (QUALITY SYSTEM) Development and Production Division

Business Content

< Domestic Business >

< Global Business >



Corporate Profile

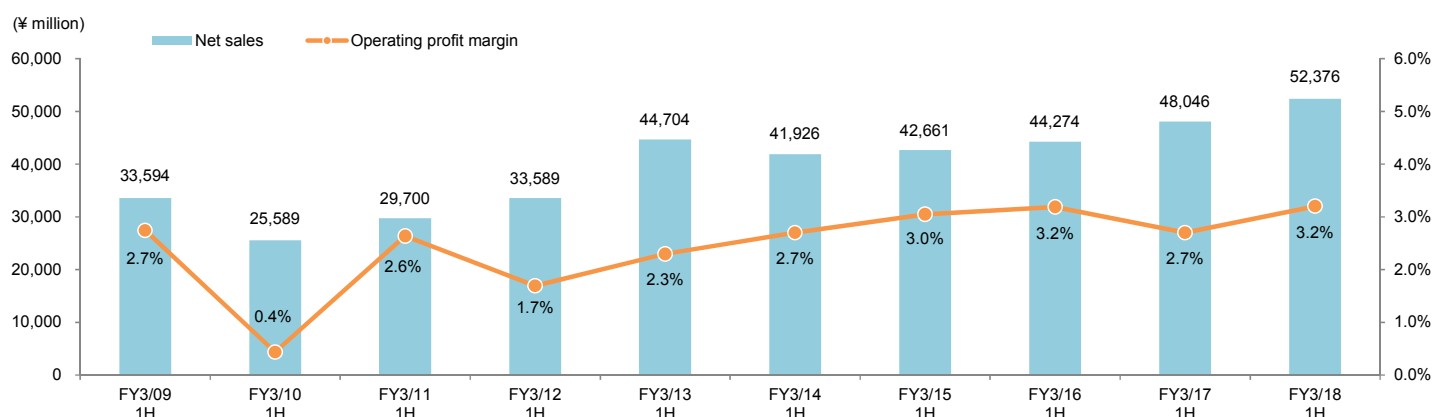
Corporate History Timeline

1948	Hagiwara Denki Kogyo was founded.		
1958	Hagiwara Denki Kogyo Co., Ltd. was founded.		
1966	The Tokyo Branch Office was established.		
1993	The Kyushu Office was established.		
1996	The Singapore local subsidiary was established.		
2006	The US local subsidiary was established. The China (Shanghai) local subsidiary was established.		
2012	The Germany local subsidiary was established. The Data Center was opened.		
2016	The Kansai Branch was established.		
1956	Partnership with NEC Corporation initiated and wholesale division selling electronic components established.		
1965	Company name changed to HAGIWARA ELECTRIC CO., LTD.		
1981	The Nisshin Office (production factory) was established.		
1995	Initial public offering of shares		
1998	The Miyoshi Office was established.		
2011	The Korea local subsidiary was established. The China (Free Trade Zone, Shanghai) local subsidiary was established. Technology Center was established.		
2014	Listed to the 1st Section of Tokyo Stock Exchange Listed to the 1st Section of Nagoya Stock Exchange The Thailand local subsidiary was established.		

Domestic and Global Offices



Trend of Business Performance



Business Introduction

Technology Center

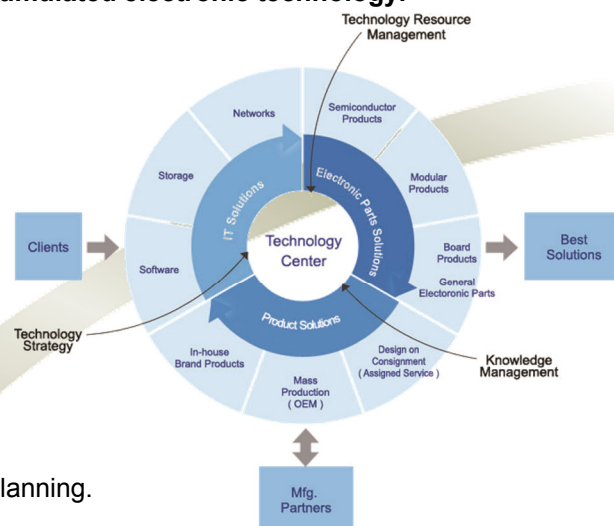
Leveraging the synergistic effects of technology and knowledge, the Technology Center creates new technology strategies and business plans

This is a group of technology professionals that support the technological aspects of HAGIWARA ELECTRIC's 3 businesses, meeting a broad spectrum of needs through accumulated electronic technology.

Electronic technology is the springboard for the advancement of a wide variety of fields in society. On the development front, demand is rising for creating original electron devices and systems using cutting edge technology.

HAGIWARA ELECTRIC's Technology Center meets this demand by bringing together a team of technology specialists who provide the technology and carry out independent R&D with long-term vision.

Through the combination of accumulated technology, information and experience, the Technology Center is involved in drafting technology strategies that look to the future and go beyond traditional business fields. The Center also focuses on development of component technologies and creation of business planning.



Electron Device Business Unit

Electron Device Business

Provides optimal device solutions for leading the era of globalization together with clients

This is a trading division that handles electron device sales and development services.

From a client's perspective, this division offers optimal device solutions for making products that can excel in the global marketplace.

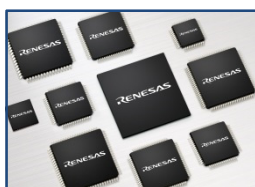
It provides assistance for manufacturers in every aspect of product development including design, prototypes, debugging and delivery.

The progress in information technology over recent years, especially in the Internet of Things (IoT), is changing fundamental aspects of our daily life. This change has not only made our development tasks more complex as we adopt more advanced and diverse functionality such as self-driving operations and Advanced Driver Assistance Systems (ADAS), it has also led to quicker product development cycles to meet clients' needs. As a consequence, it is necessary to take automotive performance and quality to the next level.

Electron devices and modules can provide prompt support for these changes. Further standardization in global markets and progress toward lower costs are required. The Electron Device Business Unit must take the client's perspective, leveraging the technological strengths developed at the Technology Center and the comprehensive strengths of electron device manufactures that can compete globally to forge ahead timely providing electron devices and modules that meet the needs of the changing markets.

Product types and services covered

Microcomputer chips, discrete devices, system LSIs, memory, general purpose linear, condensers, EMC, relays, connectors, LCD panels, touch panels, etc.



(a) Microcomputer Chips



(b) Connectors



(c) Transformer

Photos provided by:
 (a) Renesas Electronics Corporation
 (b) Japan Aviation Electronics Industry, Limited
 (c) TOKIN Corporation

Corporate Profile

IT Solution Business Unit

IT Solution Business

Provides solutions with the long-term perspective of raising client corporate value

This is a trading division that handles the sale of IT equipment, the construction of platform foundations, and the sale of instruments and embedded devices.

This division provides solutions with a long-term perspective based on technologies developed by HAGIWARA ELECTRIC and the latest information from partner firms.

Centered around the sale of IT equipment, the construction of platform foundations, and the sale of instruments and embedded devices, HAGIWARA ELECTRIC's IT solution business provides meticulous solutions leveraging technology and knowledge developed over many years.

HAGIWARA ELECTRIC has built a positive track record in providing specialized instrument systems and solutions such as factory automation and IoT/M2M systems for automotive and other manufacturing fields. These solutions include cloud service proposals with the Data Center at their core.

The company has put in place a full support system to provide proposals for supporting client business from introductory consultations to design, construction, operations and maintenance.

Product types and services covered

Computer platform foundation construction, operation, monitoring and maintenance service, modular instrument system, electromagnetic compatibility (EMC)-related equipment, embedded products, construction of factory automation and IoT/M2M systems for automotive and other manufacturing fields



(a) Tablet PC



(b) Storage



(c) Measuring Equipment

Photos provided by:
(a) NEC Corporation
(b) EMC Japan K.K.
(c) National Instruments Japan Corporation

Development and Production Business

Development, production, and service are all handled domestically with the highest quality and long-term stable supply

This is a manufacturing division that is involved with development and production of electronic and IT products. The top priority is following the time scale for every industrial field. This division provides efficient, environmentally friendly and reliable electronic equipment and system solutions.

The company provides total support from planning and R&D to manufacturing and service in Japan. The main business is IT products for applications such as social infrastructure systems, industrial control systems, security systems, and custom controllers.

Product types and services covered

Development and production of industrial computers and related equipment, such as industrial and instrument control equipment and various IT-related equipment



Super-compact
CPU Modules
HPU A100 Series



Industrial Panel
Computers
HPU9000AP Series



Maintenance-free UPS Units
H3UPS
(Lithium Ion Capacitor)

Consolidated Balance Sheet

(¥ million)	FY3/14 1H End	FY3/15 1H End	FY3/16 1H End	FY3/17 1H End	FY3/18 1H End
Assets					
Total assets	40,681	45,193	46,994	47,511	53,981
Current assets	36,035	40,598	42,476	43,170	49,286
Cash and deposits	3,845	4,406	5,821	5,535	5,424
Notes and accounts receivable - trade	23,026	24,660	24,667	24,879	26,224
Electronically recorded monetary claims - operating	—	566	951	1,597	2,159
Securities	—	—	100	—	—
Merchandise and finished goods	8,185	9,973	9,897	10,047	13,861
Work in process	264	258	277	312	422
Raw materials and supplies	139	152	153	153	228
Other	576	584	610	646	968
Allowance for doubtful accounts	(1)	(3)	(3)	(1)	(3)
Non-current assets	4,645	4,594	4,518	4,340	4,695
Property, plant and equipment	2,752	2,717	2,687	2,629	2,608
Intangible assets	281	206	165	117	105
Investments and other assets	1,611	1,670	1,665	1,593	1,980
Other	1,627	1,691	1,686	1,614	1,981
Allowance for doubtful accounts	(16)	(21)	(21)	(21)	(0)

(¥ million)	FY3/14 1H End	FY3/15 1H End	FY3/16 1H End	FY3/17 1H End	FY3/18 1H End
Liabilities					
Total liabilities	21,733	23,009	23,120	23,168	27,420
Current liabilities	16,673	18,166	19,661	18,815	24,086
Notes and accounts payable - trade	10,228	12,100	11,636	9,834	11,286
Electronically recorded obligations - operating	—	—	—	1,804	2,413
Short-term loans payable	4,680	4,199	4,302	4,322	6,590
Current portion of long-term loans payable	419	419	2,095	1,080	1,756
Income taxes payable	459	440	477	439	488
Provision for loss on order received	—	—	—	—	56
Other	885	1,006	1,150	1,334	1,494
Non-current liabilities	5,059	4,842	3,458	4,353	3,333
Long-term loans payable	4,270	4,131	2,961	3,631	2,875
Provision for retirement benefits	319	—	—	—	—
Net defined benefit liability	—	237	30	249	156
Other	470	474	466	472	301
Net assets					
Total net assets	18,948	22,184	23,874	24,342	26,561
Shareholders' equity	18,725	21,820	23,238	24,227	26,044
Capital stock	2,439	3,301	3,301	3,301	3,301
Capital surplus	2,884	3,792	3,792	3,792	3,792
Retained earnings	13,611	14,738	16,156	17,487	19,305
Treasury shares	(209)	(12)	(12)	(354)	(354)
Accumulated other comprehensive income	222	363	636	115	516
Valuation difference on available-for-sale securities	121	221	202	180	396
Foreign currency translation adjustment	101	142	359	58	225
Remeasurements of defined benefit plans	—	0	73	(124)	(105)
Total liabilities and net assets	40,681	45,193	46,994	47,511	53,981

Consolidated Statement of Income/ Information by Segment

Consolidated Statement of Income

(¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Net sales	41,926	42,661	44,274	48,046	52,376
Cost of sales	37,782	38,398	39,794	43,620	47,326
Gross profit	4,143	4,262	4,480	4,426	5,050
Selling, general and administrative expenses	3,010	2,962	3,069	3,143	3,398
Operating profit	1,132	1,300	1,411	1,283	1,651
Non-operating income	36	39	31	45	72
Interest income	1	1	4	4	3
Dividend income	5	5	7	7	8
Foreign exchange gains	—	—	—	—	11
Insurance premiums refunded cancellation	—	—	—	—	30
Refunded import duty	—	—	—	15	—
Operations consignment fee	23	20	7	—	—
Other	5	11	11	18	18
Non-operating expenses	58	38	71	112	43
Interest expenses	27	24	23	21	18
Foreign exchange losses	14	—	33	58	—
Loss on sales of accounts receivable	15	11	10	—	23
Other	1	2	4	32	1
Ordinary profit	1,111	1,300	1,370	1,216	1,680
Extraordinary income	0	—	0	124	—
Gain on sales of non-current assets	—	—	—	120	—
Gain on sales of investment securities	0	—	0	—	—
Gain on reversal of asset retirement obligations	—	—	—	4	—
Extraordinary losses	0	1	0	9	1
Loss on disposal of non-current assets	0	1	0	0	1
Impairment loss	—	—	—	9	—
Profit before income taxes	1,111	1,299	1,370	1,331	1,678
Income taxes	485	508	494	457	535
Profit	625	790	875	874	1,142
Profit attributable to owners of parent	625	790	875	874	1,142

Information by Segment

Net Sales Breakdown by Business Segment

(¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Net sales	41,926	42,661	44,274	48,046	52,376
Electron Device Business Unit	35,732	35,753	36,501	40,490	43,910
IT Solution Business Unit	6,193	6,907	7,772	7,555	8,466
Segment profit	1,132	1,300	1,411	1,283	1,651
Electron Device Business Unit	1,502	1,578	1,562	1,628	2,008
IT Solution Business Unit	213	276	470	335	412
Reconciling items	(582)	(555)	(621)	(681)	(769)

Net Sales Breakdown by Major Client

(¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Net sales	41,926	42,661	44,274	48,046	52,376
DENSO CORPORATION	24,111	23,772	24,696	27,960	30,422
Toyota Motor Corporation	3,901	3,996	3,554	3,752	3,581
TOKAI RIKI CO., LTD.	2,763	2,792	2,774	2,452	2,603
Others	11,150	12,100	13,248	13,881	15,770

Note: Net sales to overseas subsidiaries of DENSO CORPORATION, etc. are included in "Others."

Consolidated Statement of Cash Flows

(¥ million)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Cash flows from operating activities					
Net cash provided by (used in) operating activities	(513)	(965)	394	604	(1,768)
Profit before income taxes	1,111	1,299	1,370	1,331	1,678
Depreciation	185	108	98	94	84
Impairment loss	—	—	—	9	—
Loss (gain) on sales and retirement of non-current assets	0	1	0	(120)	1
Increase (decrease) in allowance for doubtful accounts	6	7	(0)	3	(1)
Increase (decrease) in provision for directors' retirement benefits	(359)	—	—	—	—
Increase (decrease) in provision for retirement benefits	(25)	—	—	—	—
Increase (decrease) in net defined benefit liability	—	(58)	(31)	(36)	(28)
Increase (decrease) in provision for loss on order received	—	—	—	—	55
Interest and dividend income	(7)	(7)	(11)	(11)	(11)
Interest expenses	27	24	23	21	18
Surrender value of insurance	—	—	—	—	(30)
Gain on reversal of asset retirement obligations	—	—	—	(4)	—
Loss (gain) on sales of investment securities	(0)	—	(0)	—	—
Decrease (increase) in notes and accounts receivable - trade	(350)	(659)	575	28	1,545
Decrease (increase) in inventories	(407)	(1,488)	(496)	701	(3,010)
Increase (decrease) in notes and accounts payable - trade	(383)	688	(292)	(872)	(916)
Other, net	219	(162)	(327)	(15)	(567)
Subtotal	15	(246)	907	1,128	(1,181)
Interest and dividend income received	8	8	12	12	11
Interest expenses paid	(28)	(23)	(24)	(20)	(17)
Income taxes paid	(508)	(702)	(501)	(515)	(580)
Cash flows from investing activities					
Net cash provided by (used in) investing activities	21	(81)	(77)	506	(6)
Proceeds from withdrawal of time deposits	—	—	—	300	—
Purchase of investment securities	(3)	(3)	(26)	(36)	(21)
Proceeds from sales of investment securities	96	—	0	—	—
Proceeds from redemption of investment securities	—	—	—	100	—
Proceeds from sales of property, plant and equipment	—	—	—	234	—
Purchase of property, plant and equipment	(46)	(15)	(35)	(96)	(43)
Purchase of intangible assets	(19)	(63)	(13)	(13)	(24)
Proceeds from cancellation of insurance funds	—	—	—	—	86
Other, net	(4)	1	(2)	17	(2)
Cash flows from financing activities					
Net cash provided by (used in) financing activities	79	(210)	223	(940)	1,770
Net increase (decrease) in short-term loans payable	(340)	6	278	(196)	2,081
Proceeds from long-term loans payable	1,100	300	500	1,450	500
Repayments of long-term loans payable	(509)	(228)	(247)	(1,547)	(432)
Purchase of treasury shares	(0)	(0)	(0)	(341)	(0)
Cash dividends paid	(159)	(272)	(291)	(290)	(366)
Other, net	(10)	(16)	(15)	(15)	(12)
Effect of exchange rate change on cash and cash equivalents	139	(42)	16	(248)	(16)
Net increase (decrease) in cash and cash equivalents	(273)	(1,300)	557	(78)	(20)
Cash and cash equivalents at beginning of period	4,049	5,636	5,193	5,543	5,375
Cash and cash equivalents at end of period	3,775	4,336	5,751	5,465	5,354

Consolidated Profitability Indicators

(%)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Gross profit on Net sales	9.9	10.0	10.1	9.2	9.6
Operating profit margin	2.7	3.0	3.2	2.7	3.2
Ordinary profit margin	2.6	3.0	3.1	2.5	3.2
Net profit margin	1.5	1.9	2.0	1.8	2.2

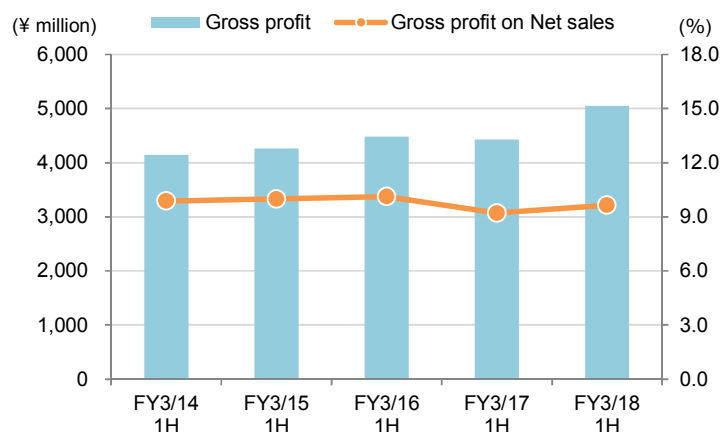
Gross profit on Net sales=Gross profit/Net sales

Operating profit margin=Operating profit/Net sales

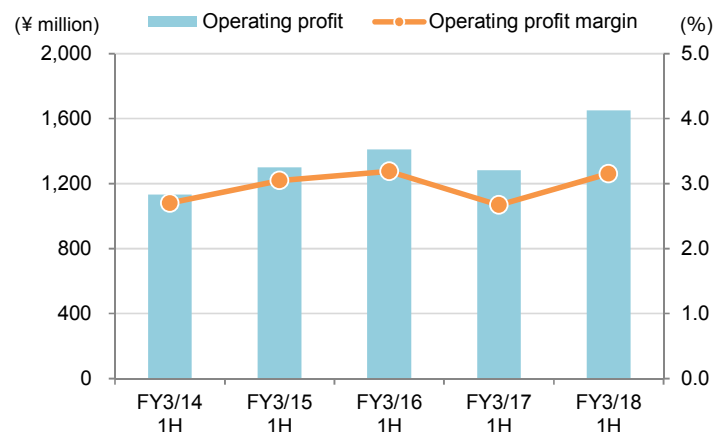
Ordinary profit margin=Ordinary profit/Net sales

Net profit margin=Profit attributable to owners of parent/Net sales

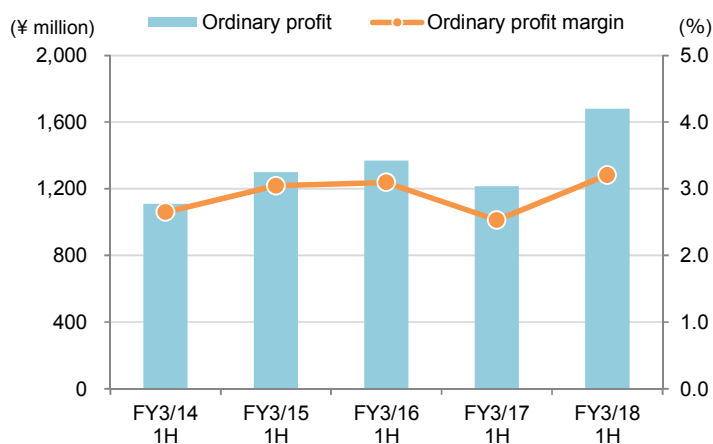
Gross profit on Net sales



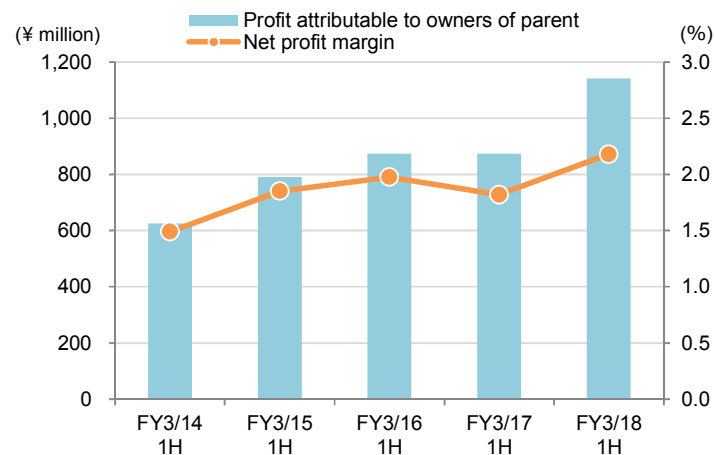
Operating profit margin



Ordinary profit margin



Net profit margin



Consolidated Profitability/Efficiency Indicators

		FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Interest coverage ratio	(times)	42.1	54.4	61.8	61.6	92.3
Number of employees at end of period	(persons)	447	457	470	496	517
Number of temporary employees at end of period	(persons)	38	35	39	42	42
Net sales per employee	(¥ thousand)	86,445	86,709	86,982	89,305	93,696
Ordinary profit per employee	(¥ thousand)	2,291	2,642	2,692	2,260	3,005
Net profit per employee	(¥ thousand)	1,289	1,606	1,719	1,625	2,043

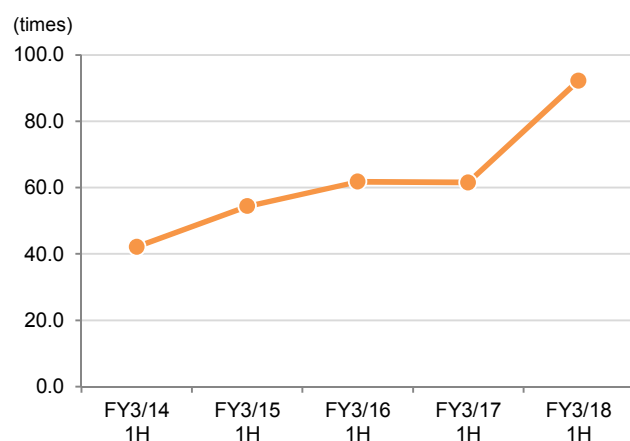
Interest coverage ratio=(Operating profit+Interest income+Dividend income)/Interest expenses

Net sales per employee=Net sales/(No. of employees at end of period+No. of temp. employees at end of period)

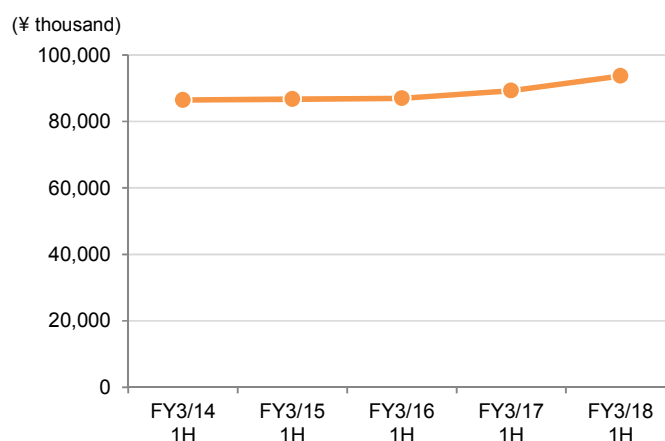
Ordinary profit per employee=Ordinary profit/(No. of employees at end of period+No. of temp. employees at end of period)

Net profit per employee=Profit attributable to owners of parent/(No. of employees at end of period+No. of temp. employees at end of period)

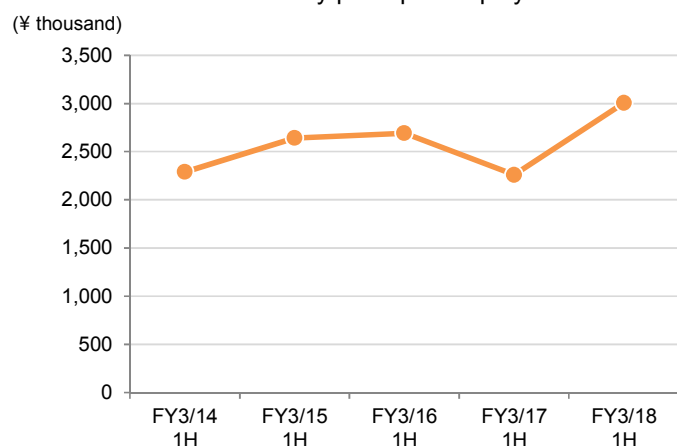
Interest coverage ratio



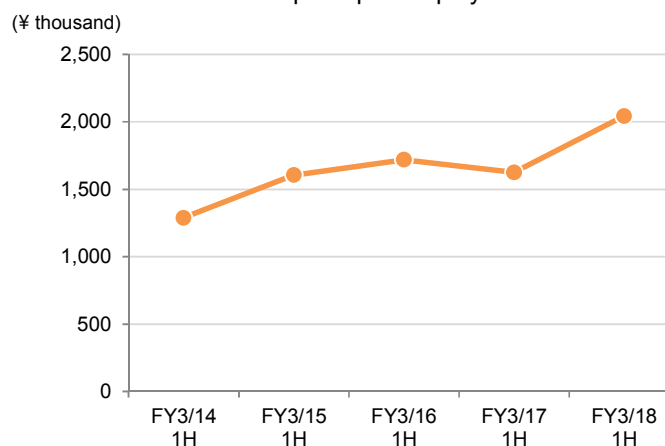
Net sales per employee



Ordinary profit per employee



Net profit per employee



Consolidated Efficiency/Stability Indicators

(%)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Equity ratio	46.6	49.1	50.8	51.2	49.2
Interest-bearing debt ratio	23.0	19.4	19.9	19.0	20.8
Acid-test ratio	161.2	163.1	159.9	170.1	140.4
Current ratio	216.1	223.5	216.0	229.4	204.6
Non-current ratio	24.5	20.7	18.9	17.8	17.7
Non-current assets to Non-current liability ratio	19.3	17.0	16.5	15.1	15.7

Equity ratio=Equity/Total assets

Interest-bearing debt ratio=Interest-bearing debt/Total assets

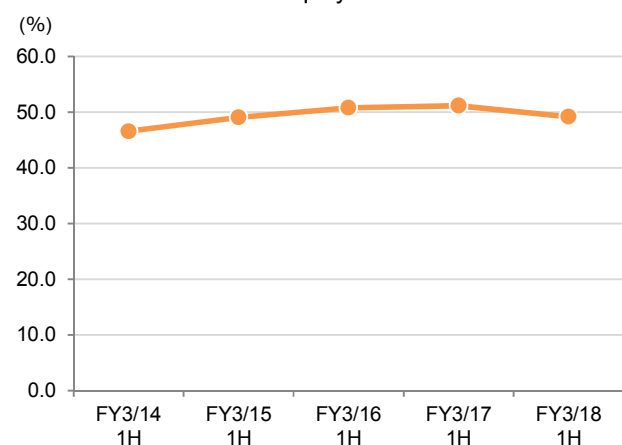
Acid-test ratio=Liquid assets/Current liabilities

Current ratio=Current assets/Current liabilities

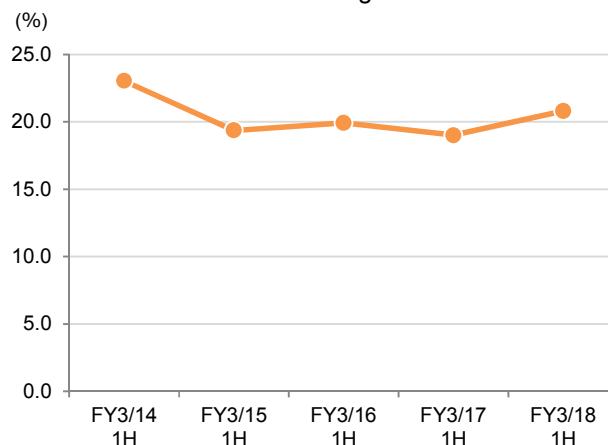
Non-current ratio=Non-current assets/Equity

Non-current assets to Non-current liability ratio=Non-current assets/(Equity+Non-current liabilities)

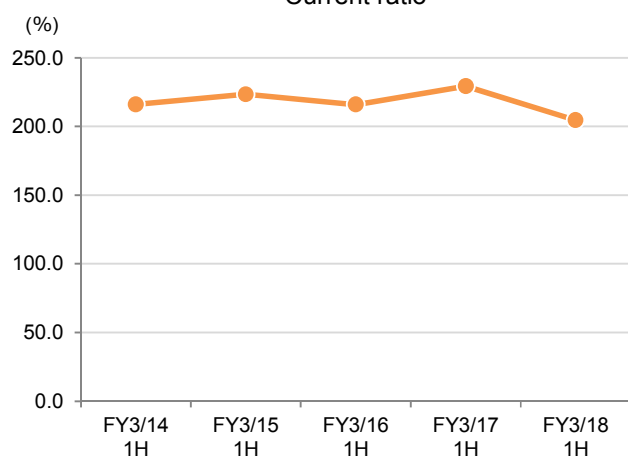
Equity ratio



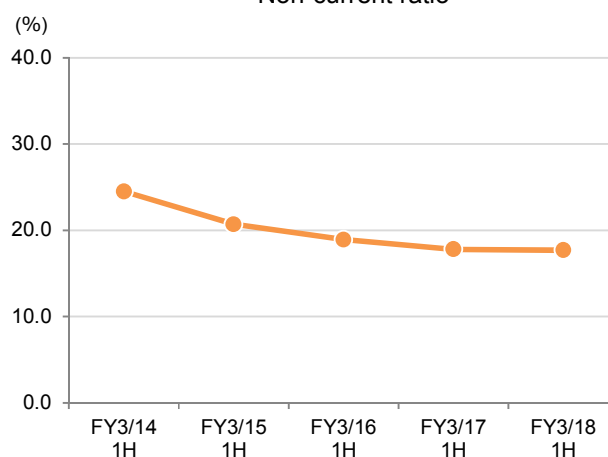
Interest-bearing debt ratio



Current ratio



Non-current ratio



Stock Information

Per Share Indicators

(¥)	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Share price at end of period	1,269	1,522	1,742	1,839	3,275
Closing stock price range for the last 12 months	762-1,600	1,226-1,690	1,406-2,110	1,667-2,337	1,843-3,275
Earnings per share (EPS)	93.42	95.17	105.40	106.43	140.66
Dividend per share (DPS)	22.00	25.00	35.00	35.00	40.00

Other Indicators

		FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H	FY3/18 1H
Total amount of dividends	(¥ million)	147	207	290	284	325
Dividend payout ratio	(%)	23.5	26.3	33.2	32.9	28.4
Price earnings ratio (PER)	(times)	6.79	8.00	8.26	8.64	11.64
Term-average number of shares outstanding	(thousand shares)	6,695	8,305	8,305	8,212	8,125
Number of shareholders	(persons)	2,646	3,746	3,171	3,359	2,840

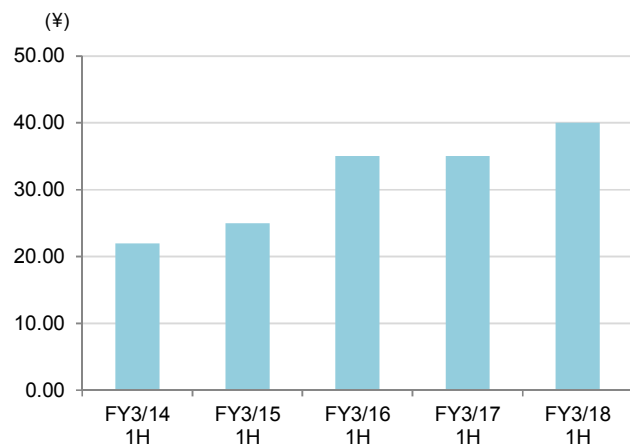
Note: The Company has conducted issuance of new shares through public offering, disposal of treasury shares through public offering, and issuance of new shares through third-party allotment during the second half of FY3/14.

The Company has conducted acquisition of treasury shares through market purchases during the first half of FY3/17.

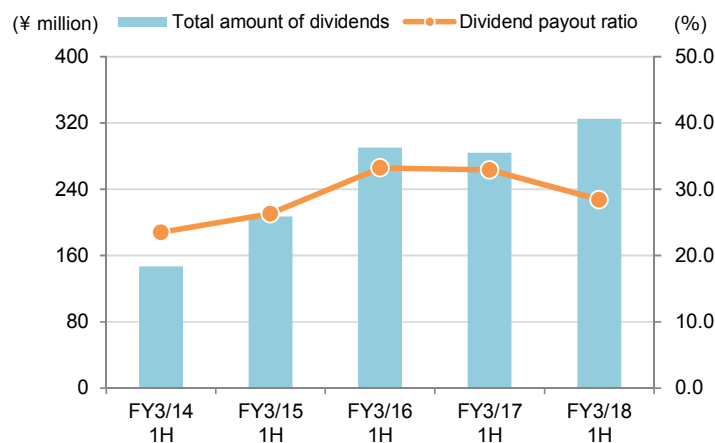
Dividend payout ratio=DPS/EPS

PER=Share price at end of period/EPS*2

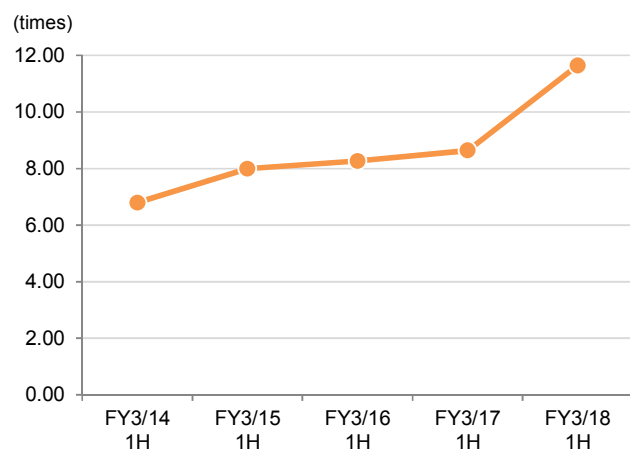
Dividend per share



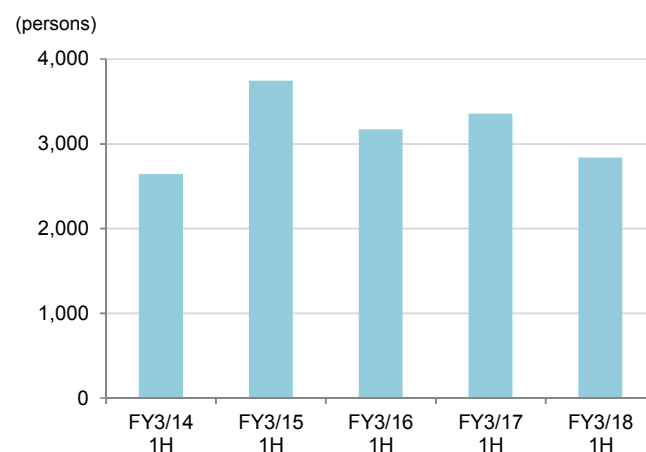
Total amount of dividends/Dividend payout ratio



PER



Number of shareholders



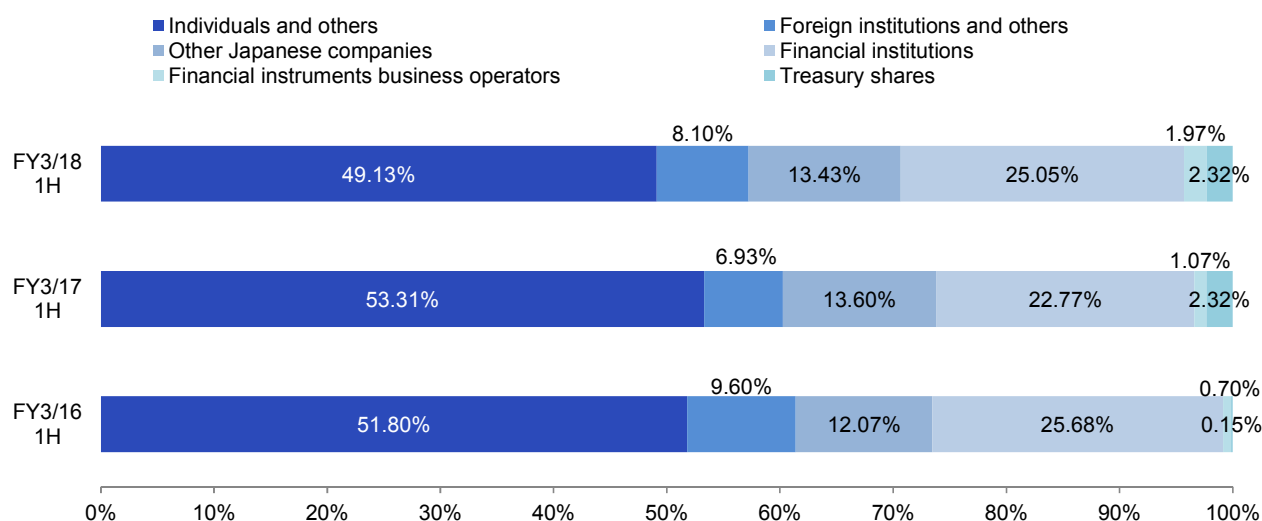
Status of Major Shareholders

as of September 30, 2017

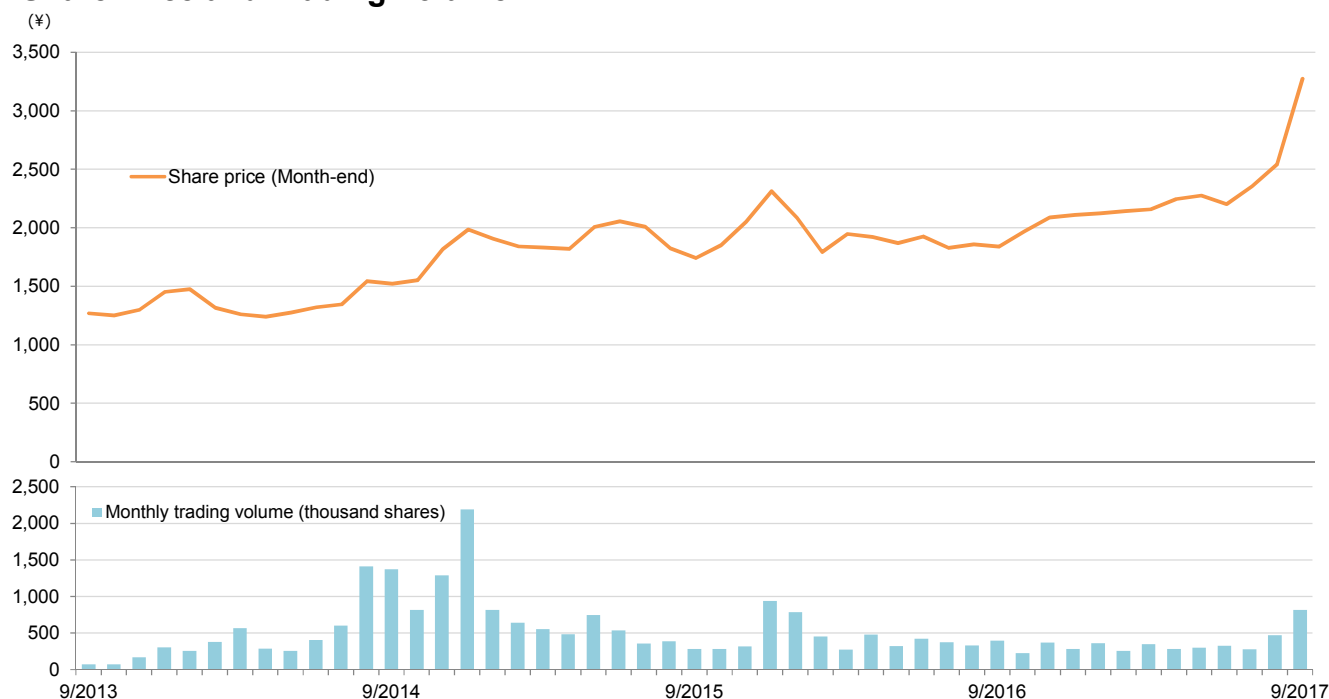
Top 10 Shareholders	Number of shares	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	545,200	6.55
STANY Co., Ltd.	495,250	5.95
Tomoaki Hagiwara	334,675	4.02
Employees' Stockholding	301,374	3.62
Yoshiaki Hagiwara	248,175	2.98
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	232,500	2.80
Nagoya Small and Medium Business Investment & Consultation Co., Ltd.	230,000	2.77
The Master Trust Bank of Japan, Ltd. (trust account)	222,700	2.68
Sumitomo Mitsui Trust Bank, Limited	178,000	2.14
Sachiko Hagiwara	170,575	2.05

Note: In addition to the above, the Company holds 192,686 shares (2.32%) of treasury shares.

Breakdown of Type of Shareholders



Share Price and Trading Volume





Contact

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