

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Financial Results Presentation Material for the Year Ended March 31, 2024 And New Medium-Term Management Plan



HAGIWARA ELECTRIC HOLDINGS CO., LTD.

(TSE Prime Market & NSE Premier Market: 7467)

June 3, 2024

Financial results summary for FY2024/3

Earnings forecasts for FY2025/3

Review of the previous medium-term management plan “MNV2023”

Basic policies of the new medium-term management plan “MNV2026”

Numerical target plan and key strategy

Financial results summary for FY2024/3

Earnings forecasts for FY2025/3

Review of the previous medium-term management plan “MNV2023”

Basic policies of the new medium-term management plan “MNV2026”

Numerical target plan and key strategy

Financial results for FY2024/3

- Net sales, operating profit and ordinary profit reached record highs for three consecutive periods.
- Profit attributable to owners of parent declined due to the disappearance of a gain on bargain purchase of ¥670 million on M&A as an extraordinary income recording in the same period of the previous fiscal year.

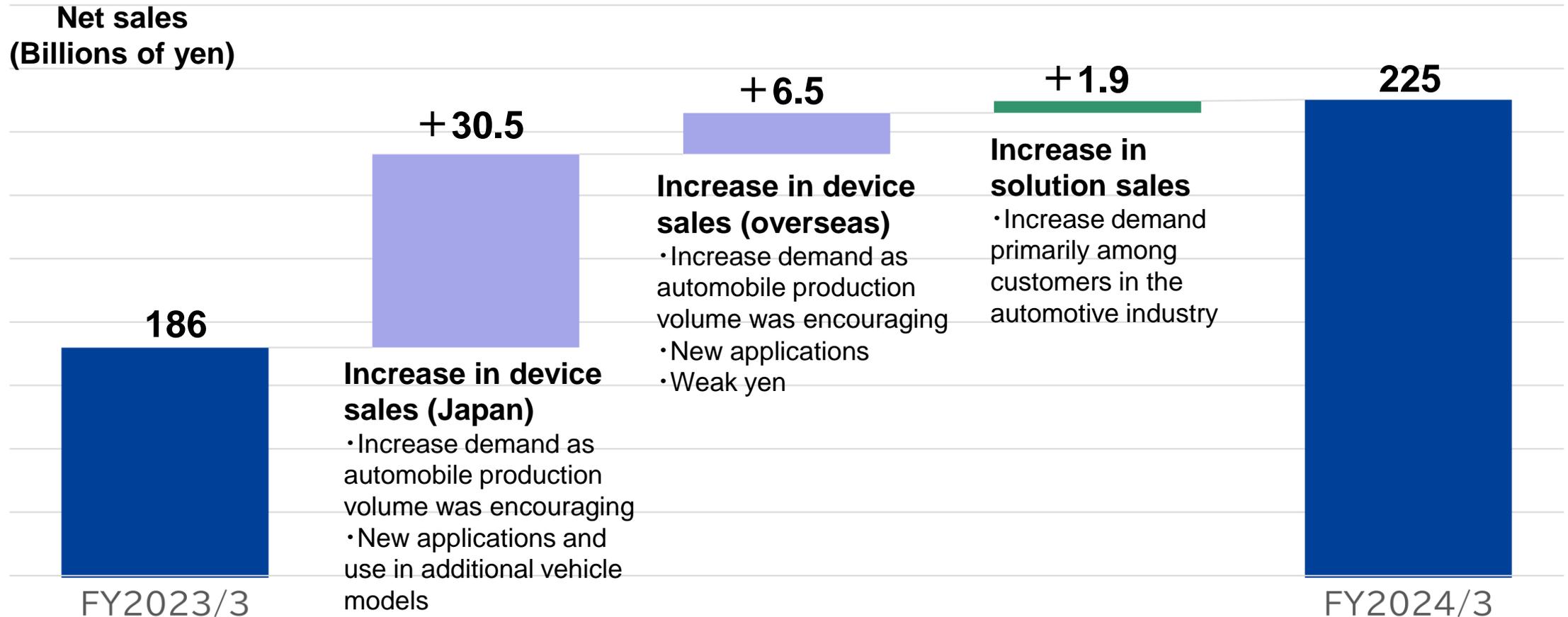
(Unit: Millions of yen)

	FY2023/3		FY2024/3		YoY	
	Amount	Ratio	Amount	Ratio		
Net sales	186,001	100%	225,150	100%	+39,149	+21.0%
Gross profit	18,214	9.8%	20,003	8.9%	+1,789	+9.8%
Selling, general and administrative expenses	11,489	6.2%	12,292	5.5%	+803	+7.0%
Operating profit	6,725	3.6%	7,711	3.4%	+986	+14.7%
Ordinary profit	6,417	3.5%	7,221	3.2%	+804	+12.5%
Profit attributable to owners of parent	4,912	2.6%	4,421	2.0%	(491)	(10.0)%
Earnings per share (Yen)	554.71	–	458.80	–	(95.91)	–
Annual dividends per share (Yen)	155	Dividend payout ratio 27.9%	185	Dividend payout ratio 40.3%	+30	–

*1 The number of issued shares increased YoY due to the exercise of rights to subscribe for new shares. The average number of shares during the period was 8,856,783 shares in FY2023/3 and 9,637,615 shares in FY2024/3.

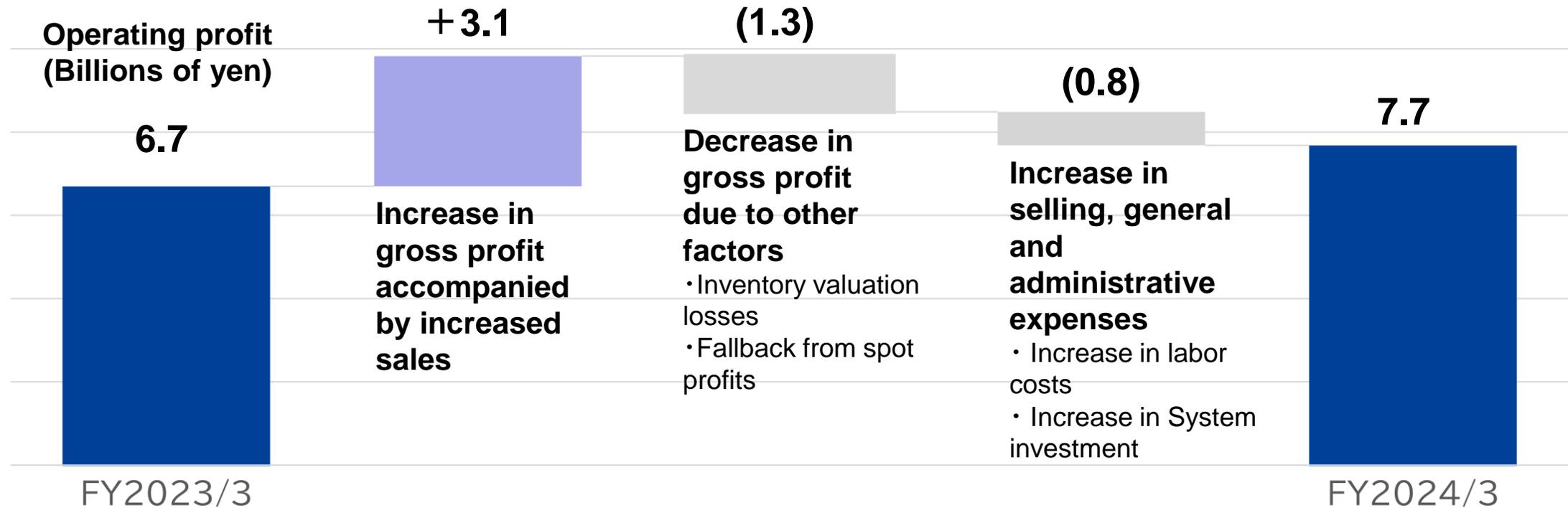
Positive factors for net sales

• Sales increased by 39.1 billion yen (up 21.0%) compared to the previous fiscal year, due to brisk production and robust demand for capital investment, primarily among customers in the automotive industry.



Changing factors for operating profit

- Operating profit increased by ¥0.9 billion, or 14.7% YoY.
- Although the gross margin declined due to the recognition of inventory valuation losses and a fallback from spot profits in the previous fiscal year, operating profit increased thanks to the boost in profits from increased sales and our reining in of increases in SG&A expenses.



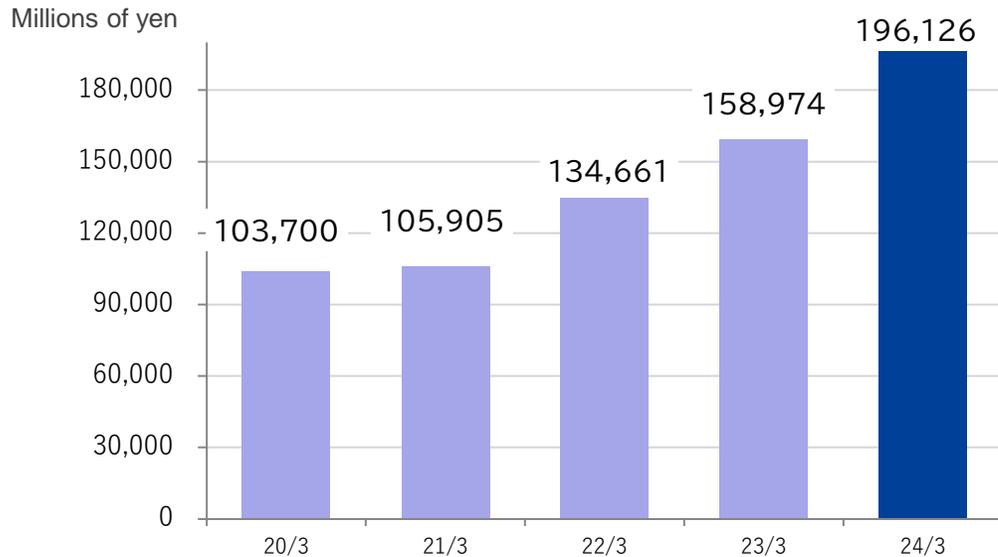
Electronic Devices Business: Financial results summary

- Net sales increased thanks to higher automobile production output and a greater number of vehicle models using the products the Company supplies.
- Although the gross margin declined due to the recognition of inventory valuation, segment profit increased thanks to the boost in profits from increased sales and our reining in of increases in SG&A expenses.

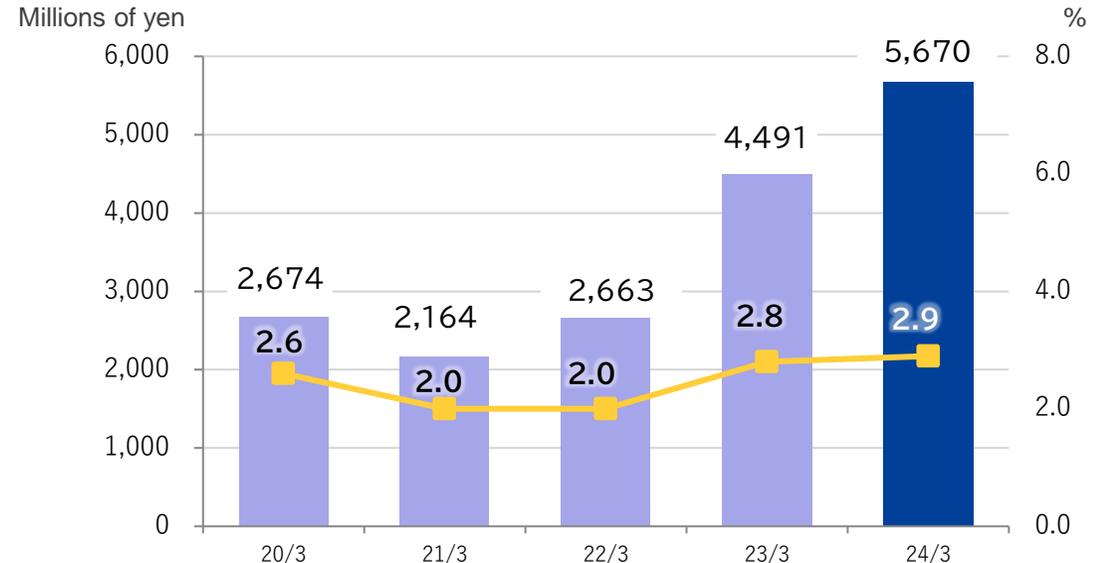
(Unit: Millions of yen)

	FY2023/3		FY2024/3		
	Amount	Ratio	Amount	Ratio	YoY
Net sales	158,974	100%	196,126	100%	+37,151 +23.4%
Segment profit	4,491	2.8%	5,670	2.9%	+1,179 +26.3%

Net sales



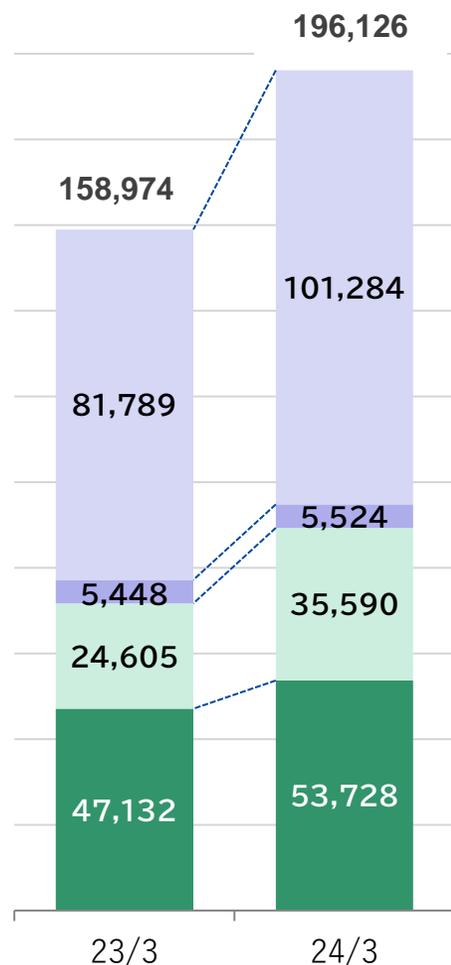
Segment profit and segment profit margin



Electronic Devices Business: Net sales by client (YoY)

• In addition to higher automobile production output, other factors driving sales include a greater number of vehicle models using the products the Company supplies related to onboard multimedia and advanced driver assistance systems, as well as new incorporation of its products.

(Unit: Millions of yen)



(Unit: Millions of yen)

	FY2023/3		FY2024/3			
	Amount	Ratio	Amount	Ratio	YoY	
DENSO CORPORATION	81,789	51.4%	101,284	51.6%	+19,494	+23.8%
TOKAI RIKA CO., LTD.	5,448	3.4%	5,524	2.8%	+76	+1.4%
Others	24,605	15.6%	35,590	18.1%	+10,985	+44.6%
Overseas clients ^{*1}	47,132	29.6%	53,728	27.4%	+6,596	+14.0%
Total	158,974	—	196,126	—	+37,151	+23.4%

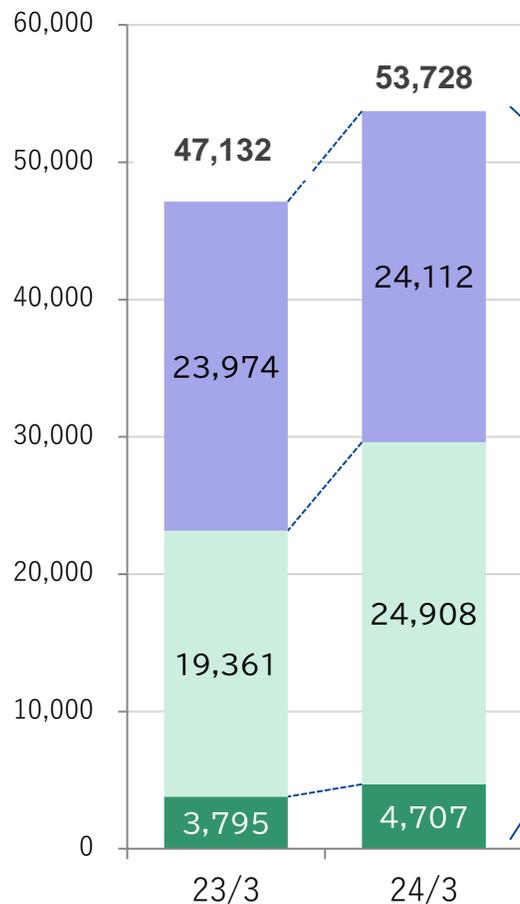
*1 Sales to the overseas offices of major customers, including DENSO CORPORATION, have been included in Overseas clients.

Electronic Devices Business: Net sales by region (YoY)

- Sales, mainly sales in Japan, exceeded the previous fiscal year in all areas.
- Although cumulative figures at Singapore and China bases were down year on year, they recorded double-digit growth for the fourth quarter.

(Unit: Millions of yen)

(Unit: Millions of yen)



*1	FY2023/3		FY2024/3			
	Amount	Ratio	Amount	Ratio	YoY	
Japan	111,842	70.4%	142,397	72.6%	+30,555	+27.3%
Asia	23,974	15.1%	24,112	12.3%	+138	+0.6%
United States	19,361	12.2%	24,908	12.7%	+5,546	+28.6%
Europe	3,795	2.4%	4,707	2.4%	+911	+24.0%
Overseas (total)	47,132	29.6%	53,728	27.4%	+6,596	+14.0%
Total	158,974	—	196,126	—	+37,151	+23.4%

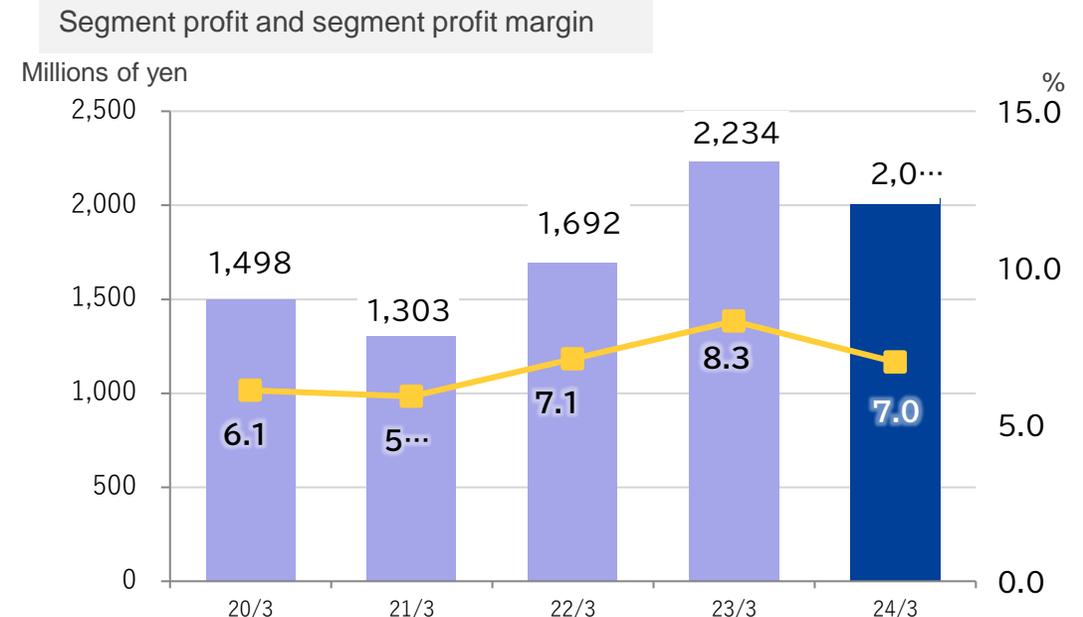
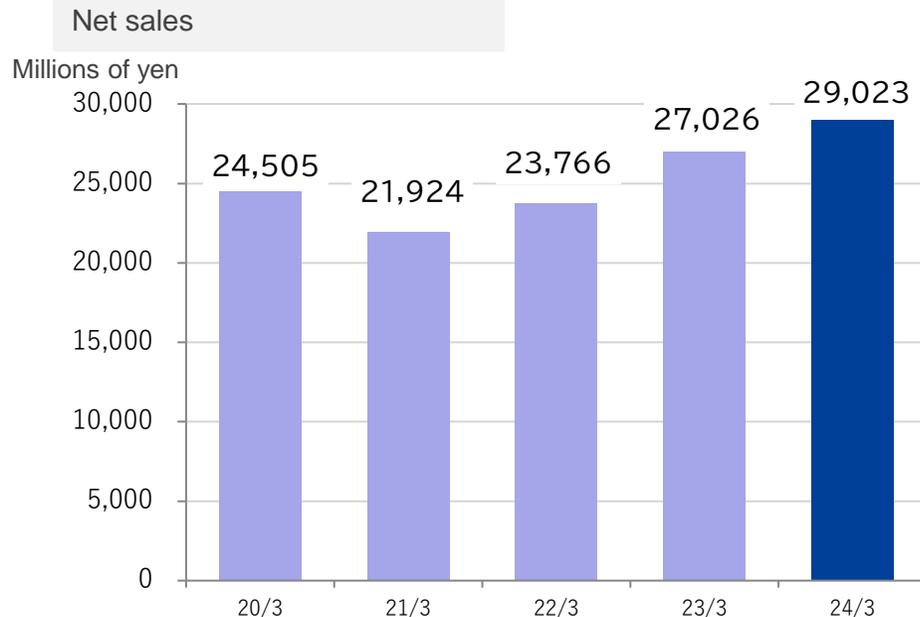
*1 Region names represent the Group's business locations (excluding intragroup transactions). Financial results included in FY2024/3 Q3 are figures from January 2023 to September 2023 as the fiscal year-end for the Group's bases in Singapore, China and the United States is December.

Technology Solutions Business: Financial results summary

- Although there were inventory adjustments at some customers due to factors such as the state of the Chinese market, sales remained strong as the Company capitalized on investment demand from customers in the automotive industry.
- Segment profits declined due to sluggish gross profit growth caused by changes in sales composition, as well as aggressive investment in development and marketing of next-generation units.

(Unit: Millions of yen)

	FY2023/3		FY2024/3			
	Amount	Ratio	Amount	Ratio	YoY	
Net sales	27,026	100%	29,023	100%	+1,997	+7.4%
Segment profit	2,234	8.3%	2,040	7.0%	(193)	(8.7)%

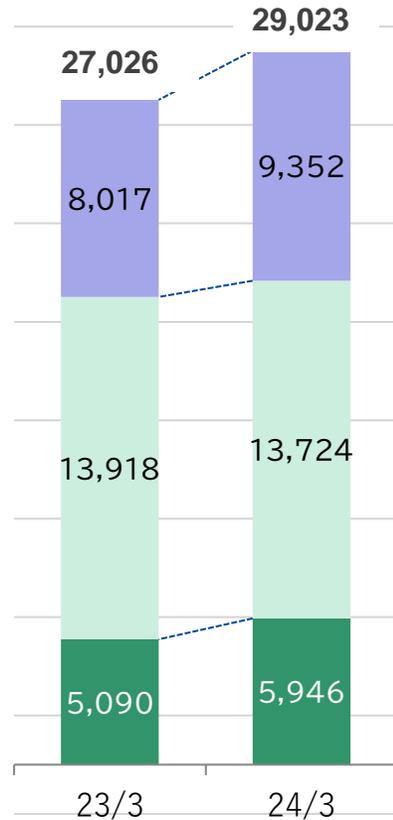


Technology Solutions Business: Net sales by business (YoY)

Although sales in the embedded solutions field were sluggish due to inventory adjustments made by some customers caused by the impact of factors such as Chinese market conditions, system investments aimed at automation and efficiency were strong.

(Unit: Millions of yen)

(Unit: Millions of yen)



	FY2023/3		FY2024/3		YoY	
	Amount	Ratio	Amount	Ratio		
System Solutions	8,017	29.7%	9,352	32.2%	+1,335	+16.7%
Embedded	13,918	51.5%	13,724	47.3%	(194)	(1.4)%
FA Solutions	5,090	18.8%	5,946	20.5%	+856	+16.8%
Total	27,026	—	29,023	—	+1,997	+7.4%

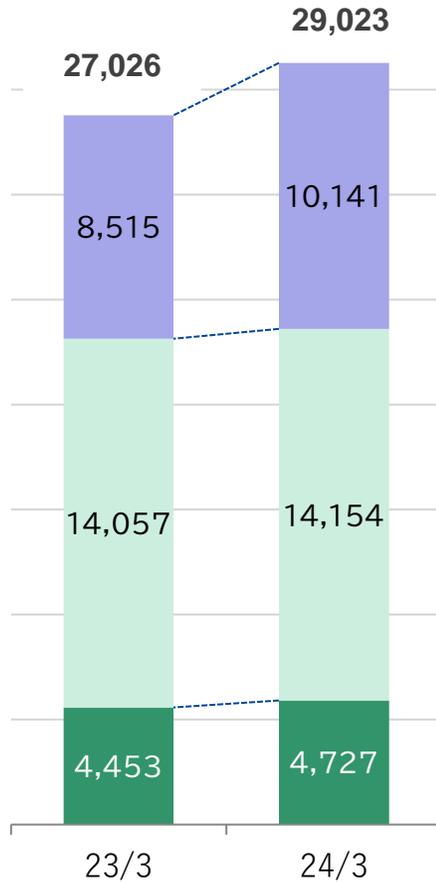
*1 The names of the previous IT, Embedded, and Measurement & FA were changed to the System Solutions, Embedded and the FA Solutions from FY2024/3. The details of each business are as follows.

System: Sale of IT devices, development of apps, development of IoT systems, security measures, etc.
 Embedded: Development and manufacturing of industrial computers, sale of industrial embedded computers for machinery, etc.
 FA: 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)

• We capitalized on demand from automotive industry customers for system upgrades and investment in building production lines.

(Unit: Millions of yen)



(Unit: Millions of yen)

	FY2023/3		FY2024/3		
	Amount	Ratio	Amount	Ratio	YoY
Automotive	8,515	31.5%	10,141	34.9%	+1,626 +19.1%
FA & Industrial equipment	14,057	52.0%	14,154	48.8%	+97 +0.7%
Others	4,453	16.5%	4,727	16.3%	+273 +6.1%
Total	27,026	-	29,023	-	+1,997 +7.4%

Financial results summary for FY2024/3

Earnings forecasts for FY2025/3

Review of the previous medium-term management plan “MNV2023”

Basic policies of the new medium-term management plan “MNV2026”

Numerical target plan and key strategy

Earnings forecasts for FY2025/3

- We plan to increase Net sales and operating profit in both the Electronic Devices Business and the Technology Solutions Business.
- We plan to make strategic investments in the final year of our medium-term plan. We also factor rising interest rates and forex trends into our profit forecasts.

(Unit: Millions of yen)

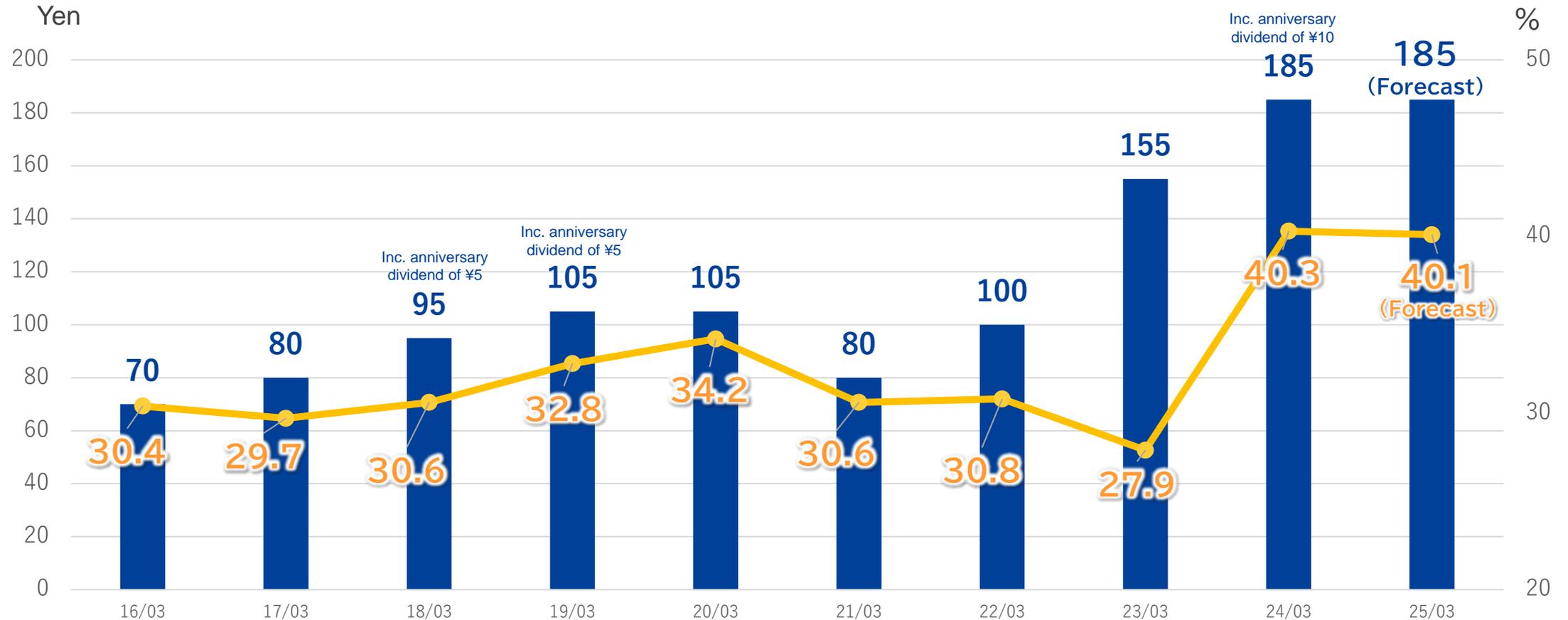
	FY2024/3		FY2025/3(Forecasts)		YoY	
	Amount	Ratio	Amount	Ratio		
Net sales	225,150	100%	269,000	100%	+43,849	+19.5%
Operating profit	7,711	3.4%	7,900	2.9%	+188	+2.4%
Ordinary profit	7,221	3.2%	7,100	2.6%	▲121	▲1.7%
Profit attributable to owners of parent	4,421	2.0%	4,600	1.7%	+178	+4.0%
Earnings per share (Yen)	458.80	—	461.73	—	+2.93	—

Return to shareholder

• We changed dividend payout ratio target as 30-40% from the FY2025/3, and plan to the annual dividend is ¥185 and dividend payout ratio is 40.1% for FY2025/3.

Trends in dividends and dividend ratio

■ Annual dividend ● Dividend payout ratio



Financial results summary for FY2024/3

Earnings forecasts for FY2025/3

Review of the previous medium-term management plan “MNV2023”

Basic policies of the new medium-term management plan “MNV2026”

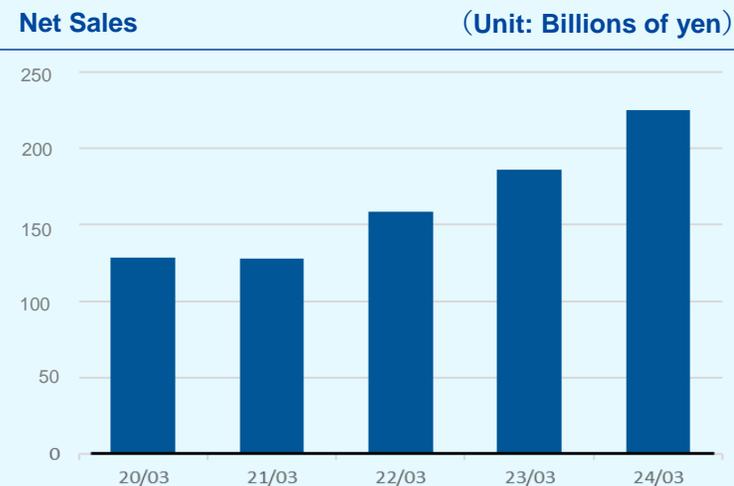
Numerical target plan and key strategy

Review of the previous medium-term management plan “MNV2023”

Given our achievement of plan ahead of schedule even amid changes in the business environment, we have improved our ability to execute action thanks to our implementation of strategic scenarios and our new configuration.

The targets for the final fiscal year (Revised※)	Net sales	Operating profit	ROE
	¥170 billion (¥227.5 billion)	¥5.0 billion (¥8.3 billion)	8.0% (10.0% or higher)
※Figures in parenthesis are revised targets announced in November 2023 (The management targets for the final fiscal year were achieved one year earlier than scheduled)			
Results (FY2024/3)	Net sales	Operating profit	ROE
	¥225.1 billion	¥7.7 billion	9.9%

- Since the plan was first formulated, we have achieved its initial target ahead of schedule, despite being affected by factors such as increased customer production volumes and the impact of the pandemic.
- We believe our basic business policy was appropriate to the circumstances at the time it was formulated, and we have improved our execution capabilities.



Financial results summary for FY2024/3

Earnings forecasts for FY2025/3

Review of the previous medium-term management plan “MNV2023”

Basic policies of the new medium-term management plan “MNV2026”

Numerical target plan and key strategy

Awareness of the Business Environment

As the scale of business expands, the external environment is changing dramatically. Qualitative improvements through management reforms are urgently needed in order to enhance our corporate value and evolve to a new stage of growth in response to environmental changes.



Changes in the external environment

When we formulated Make New Value 2023, we declared our intention to enhance our corporate value and considered measures to achieve that goal, but the environment surrounding our company has since changed substantially.

- The environment for automobile production and remote work due to the pandemic
- Changes in the transaction environment with business partners, and a more intense transaction environment in the device industry
- The advance of the softwareization of mobility, and growing need for digital transformation (DX) across all industries
- Exchange rates, investor expectations, and the discerning ability of stakeholders



Recognition of issues

Although we are ahead of schedule on numerical targets, we must improve our quality of management and further increase efficiency and profitability in order to achieve sustained growth.

- Evolution of business management
- Strengthening our execution of key measures to achieve plans
- Creation of a system to maximize group synergy, among others

MNV2026 Positioning and Concept

We position this plan as a preparation for evolution to the next stage of growth as well as transformation to a management style that focuses on corporate value enhancement.

FY2024~2026 the Medium-Term Management Plan MNV2026

An Engineering Solution Partner That Is Connecting Human, Society and Technology, Through Advanced Electronics

FY2027~ the Medium-Term Management Plan MNV Next

Implementing reforms of our business structure to achieve a new growth stage for the Hagiwara Electric Group

FY2021~2023 the Medium-Term Management Plan MNV2023

A Solution Design Company
That Is Creating the Future Through Advanced Electronics

Structural reform and establishment of a business foundation to prepare for a growth stage that encompasses changes in the external environment

- ◎ Building a foundation for growth that will allow us to jump to the next stage
- ◎ Growth through reform, execution, and efficiency

Declaration of corporate value enhancement under our new configuration

2018
Transition to a holding company system

A new start towards our 100th anniversary

Management Vision and Aspiration

The society we aim to achieve

Sustainable and prosperous society

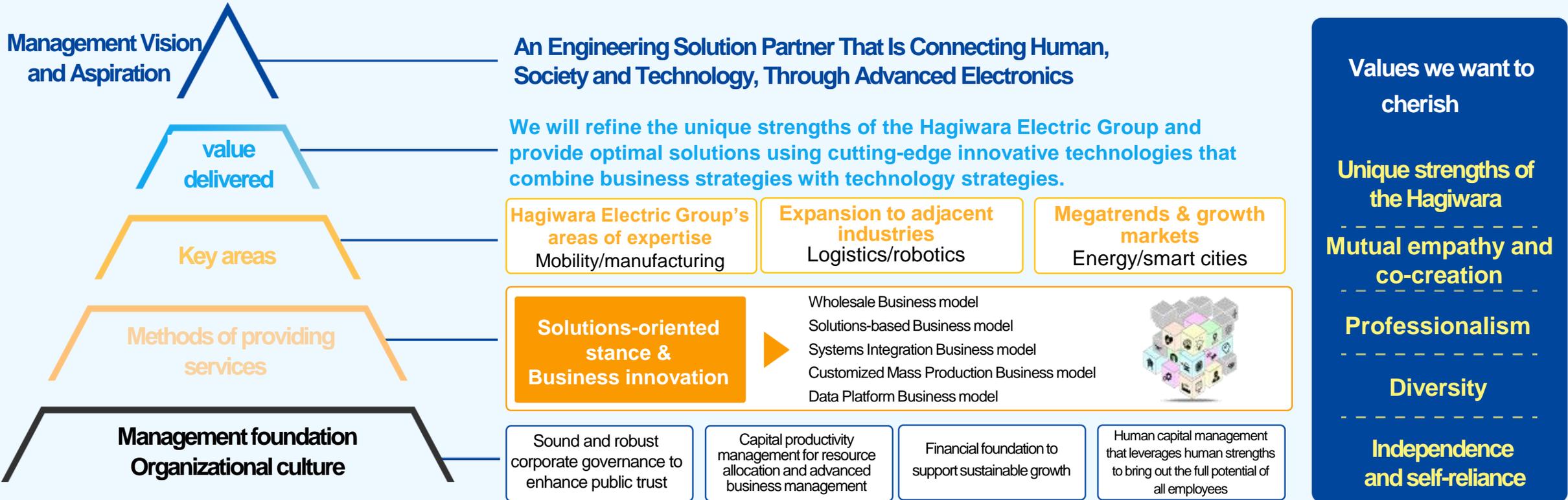
A sustainable society where future manufacturing with cutting-edge technology supports an affluent society and people enjoy happiness and a sense of fulfillment.

Philosophy

Creativity and Ambition

Creativity: All employees adapt to change and continue to create new value

Ambition: All employees continue to strive for further growth without feeling content with the present conditions



For the next stage of growth for our group, we will once again set "Corporate value enhancement - Improving earning power-" as the theme of our medium-term plan, in line with the issues identified in MNV2023.

Make New Value 2026

~Structural reform and establishment of a business foundation to prepare for a growth stage that encompasses changes in the external environment~

Priority policies

Corporate value enhancement -Improving earning power-

Three structural reform

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

Net sales

¥300 billion

Operating profit

¥1.1 billion

ROE

11% or higher

Dividend payout ratio

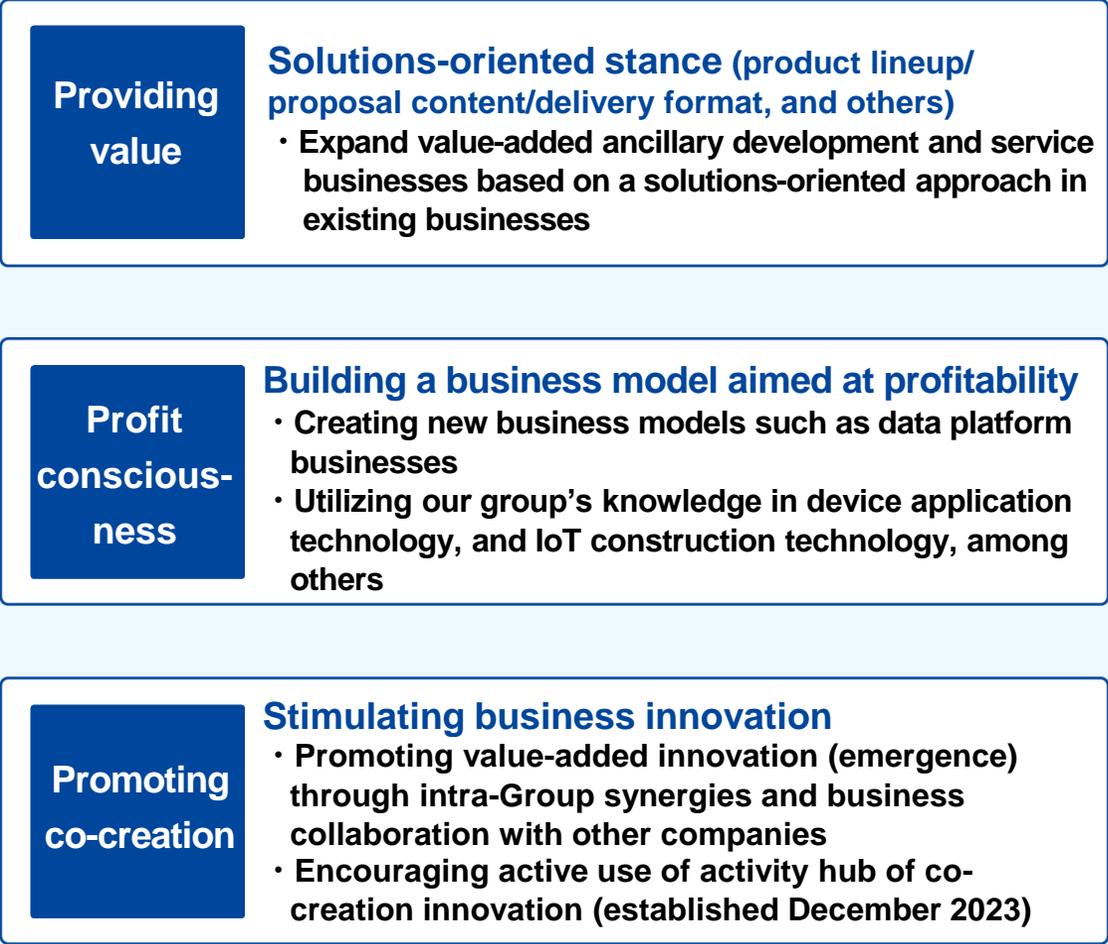
30~40%

Enhance proposal value through business model reform

Undertaking the challenge of reforming our business structure with a focus on added value and profitability.

Strengthening our earning power by offering solutions to societal and customer issues and obtaining fair profits commensurate with the value we provide.

Enhance proposal value through business model reform



The Group's solutions-oriented profit structure (conception)



■ Solutions-based business model ■ Wholesale Business model

Profit from Solutions-based Business*

*Figures combining the existing Technology Solutions Business (segment) and the Solutions-based Business in the Electronic Devices Business (gross profit basis).

Reform management with an awareness of capital productivity

Along with business model reform, we are also starting to change our management style with a focus on capital productivity.

Reform management with an awareness of capital productivity

Cost of capital

Awareness and implementation of cost of capital

- Establishment of an internal management structure focused on return on invested capital based on a 7-8% cost of equity

Portfolio

Appropriate business portfolio management

- Monitoring profitability of key business areas with a focus on business models
- Establishment and launch of a system that enables a strategic approach to our business portfolio

Environment building

Accelerating the creation of an environment for advanced business management

- Sequential renewal of IT systems and formation of management that focuses on timely capital productivity

Monitoring progress on medium-term plan through internal management of KPIs

Appropriate management of medium- to long-term business portfolio composition

Reflected in corporate resource allocation and other such areas

Maximize employee power by leveraging human capital

Accelerating the cultivation of “creative and ambitious human resources” who will drive solutions-oriented business model reform, and strengthening the foundation for human resources development.



- Maximizing employee performance and synchronizing employee activities for target attainment with Management targets
- Individual goal management linked to company goals in a scalable manner



Fostering a sense of participation in management among all employees as we move towards the next stage of growth and aiming corporate operations with the idea that all employees work together to improve corporate value

[Practicing human capital management that leverages the human strengths unique to the Hagiwara Electric Group]

Human Capital Management Framework (formulated in April 2024)

- Implementing innovation activities with universal participation
- Spirit of “independence”
- “Promoting ambition and change” × “Work design reform”
- Further improving employee engagement

[Introducing ideas and systems for cultivating human resources and promoting the stimulation of people and organizations]

Human resources system overhaul (starting April 2024)

- Ambition, fairness, and open thought
- Providing diverse opportunities for growth to foster an innovative mindset and the gaining of experience
- Utilizing and cultivating the right people in the right positions to respond to changes in the business environment
- Greater emphasis on performance evaluation based on expected roles and goal achievement

Financial results summary for FY2024/3

Earnings forecasts for FY2025/3

Review of the previous medium-term management plan “MNV2023”

Basic policies of the new medium-term management plan “MNV2026”

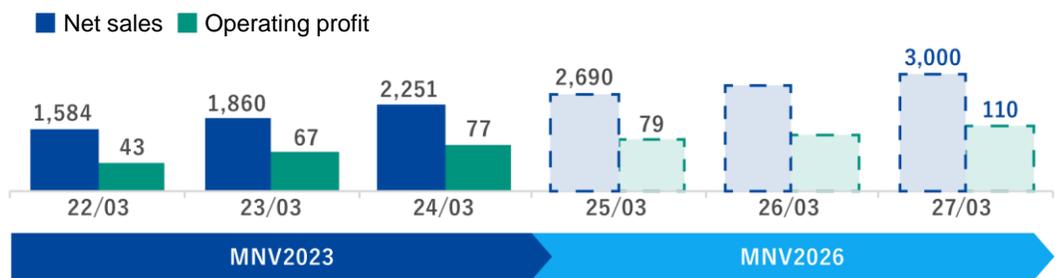
Numerical target plan and key strategy

Make New Value 2026

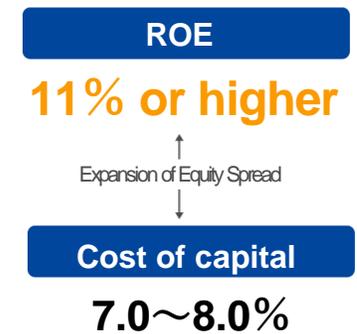
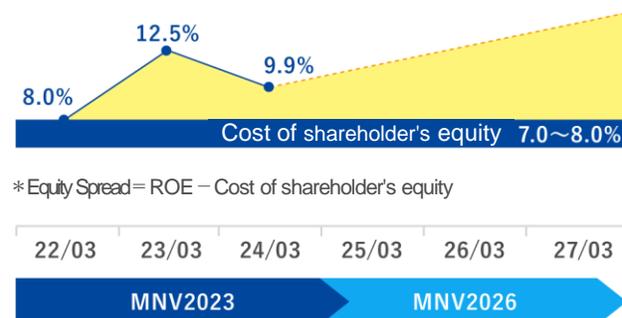
Aiming structural reform and establishment of a business foundation for a new stage of growth.

We aim for sales of **300 billion yen** and operating profit of **11 billion yen** by actively investing in business expansion and new revenue models

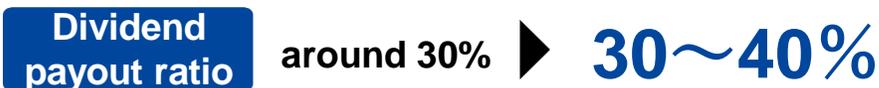
	FY2024/3(Results)		The last FY of MNV2026 (FY2027/3)
Net sales	¥225.1 billion	▶	¥300 billion
Operating profit	¥7.7 billion	▶	¥1.1 billion



We will accelerate expansion and growth investments with appropriate financial leverage to achieve ROE of **11% or higher**



We set a target of dividend payout ratio to 30-40%, and implement stable dividend payment, considering the ratio of dividends to consolidated net assets.



Business Policy

- Expand the scale of our core business through production materials (semiconductors and electronic components) and contract business
- Expand the scope of our proposals and services that address customer issues through a deep understanding of vehicles, devices, and systems and high-quality technical support
- Develop and expand the Solutions-based Business, build profitable business models by creating new value, and strengthen earning power

Company foundation

Contribute to customers and ensure profits through production materials and contract business

Standardization/efficiency and infrastructure development to strengthen profitability

(Generative AI, SFA/CRM, web, etc.)



Core businesses

Make electronics simple

Ascertain the essence of customer needs
Deepen understanding of cars, devices and systems
High-quality technical support
Provide comprehensive solutions

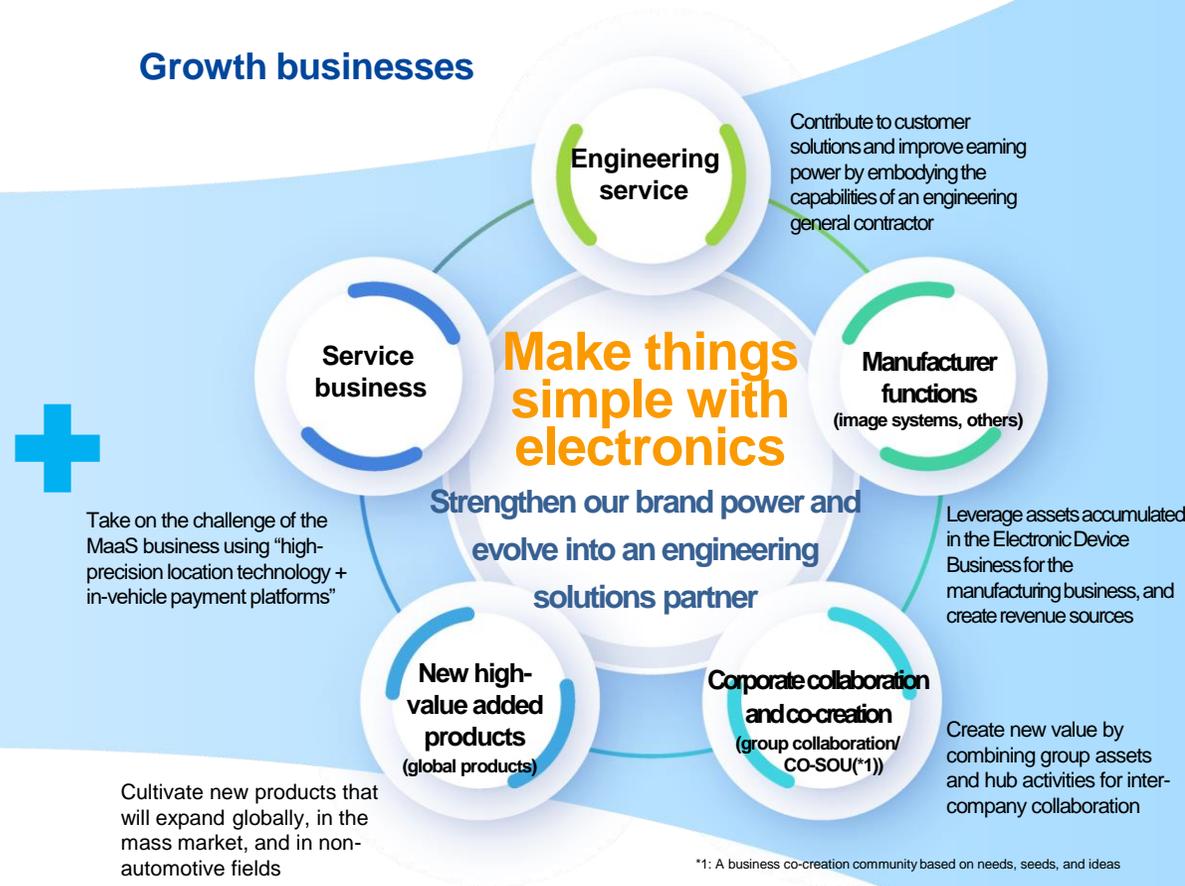
Semiconductor/ electronic components

Automotive domain

Global

Contracted development

Achieve continuous growth
Establish a stable foundation + expand business scale



Business Policy

- Promote highly profitable business by solving problems for society and our customers and creating value
- Launch a data platform business as our fourth pillar, establish a fusion business that leverages the strengths of our three existing businesses, and take on the challenge of further expanding into new markets and high value-added businesses

An engineering company that supports the creation of future worksite through utilizing data

Leverage our integration capabilities to deliver manufacturing DX

Contribute to customer value creation through new embedded solutions

Create new added value for companies through data utilization

Cultivate services and technologies that can be used in a manufacturing as well as a wide range of related industries, and refine business models



IT solutions

- Deepen account strategies (selectivity and concentration)
- Define added value to capture the market and pursue strategies by developing solutions
 - Kanto area and other industries (construction, distribution, among others)
 - Security/Data backup area

Data platform

- Provide new value based on data as a service
- Establish a fusion business that leverages the strengths of our three existing businesses
- Promote high-value-added business through recurring software license business

Embedded solutions

- Enter new markets by promoting collaboration with FA trading companies with which we can create synergy
- Develop new areas for product development and production, and expand manufacturer business by promoting value and expanding production capacity

FA engineering

- Expand in-house production, a high-value-added business
- Maximize mutual complementarity and synergistic effects through collaboration with HAGIWARA ENGINEERING
 - Reorganization of accounts/area strategies
 - Optimal allocation of technical departments

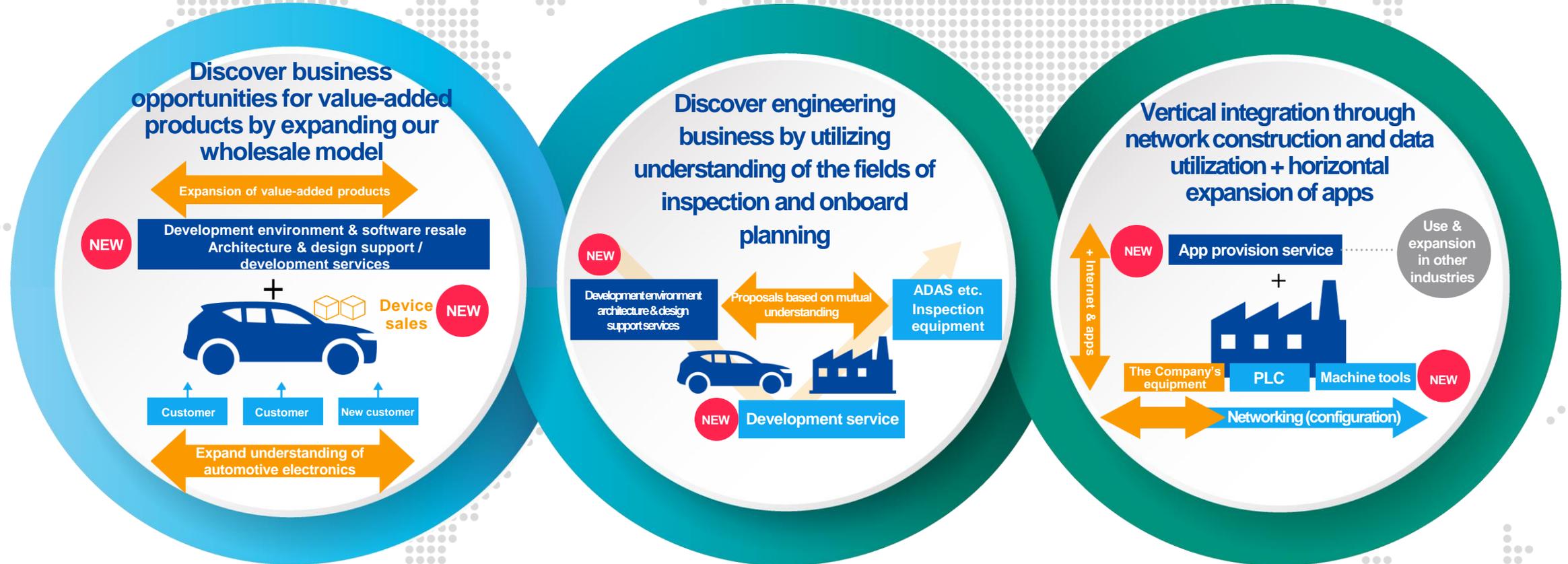
Business Innovation Strategies (new business/co-creation activities)

Business Policy

- Create, expand, and deploy businesses based on the Hagiwara Electric Group's unique deep understanding of the mobility field
- Promote value-added innovation (emergence) through intra-group synergies and business collaboration with other companies

A hub for the Hagiwara Electric Group with new value creation functions

Hagiwara Innovation center TOKYO



Business Management Sophistication Strategy

We will work to improve operational efficiency and optimize management resources through IT and DX, as well as accelerate our efforts to shift to a management style that focuses on capital productivity.

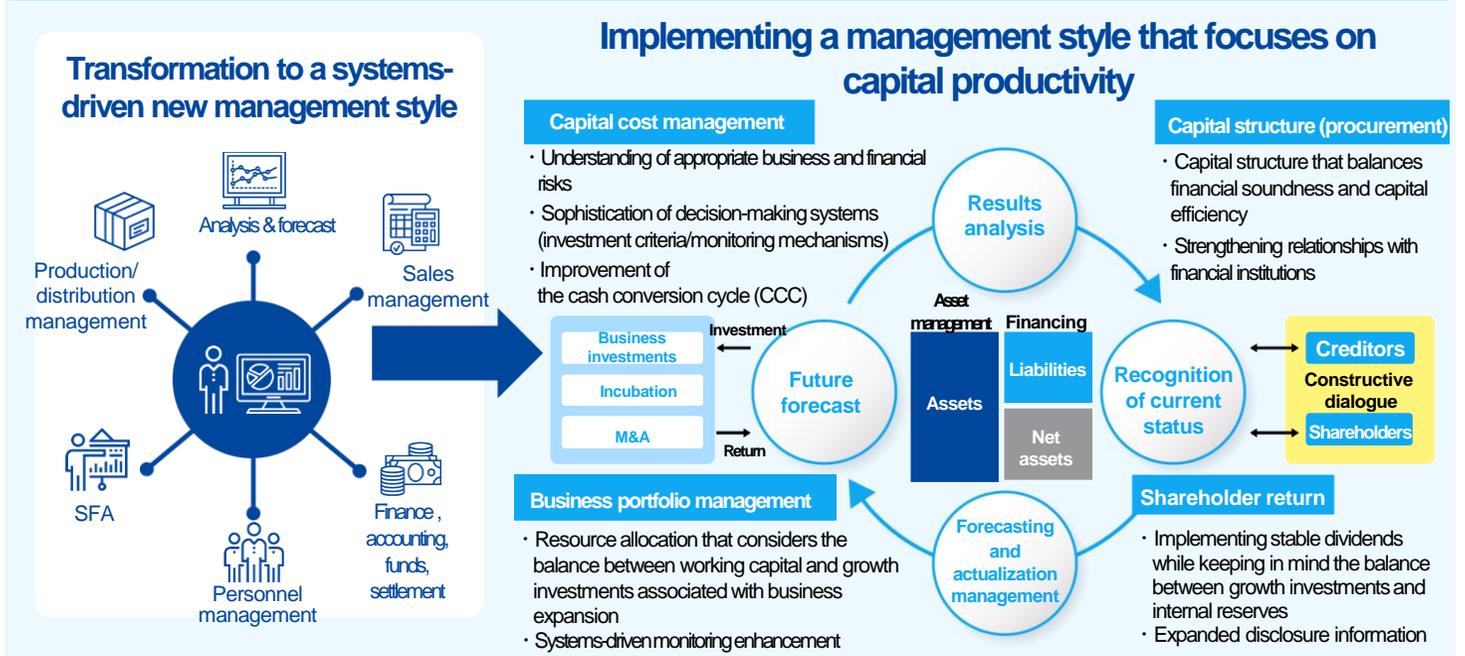
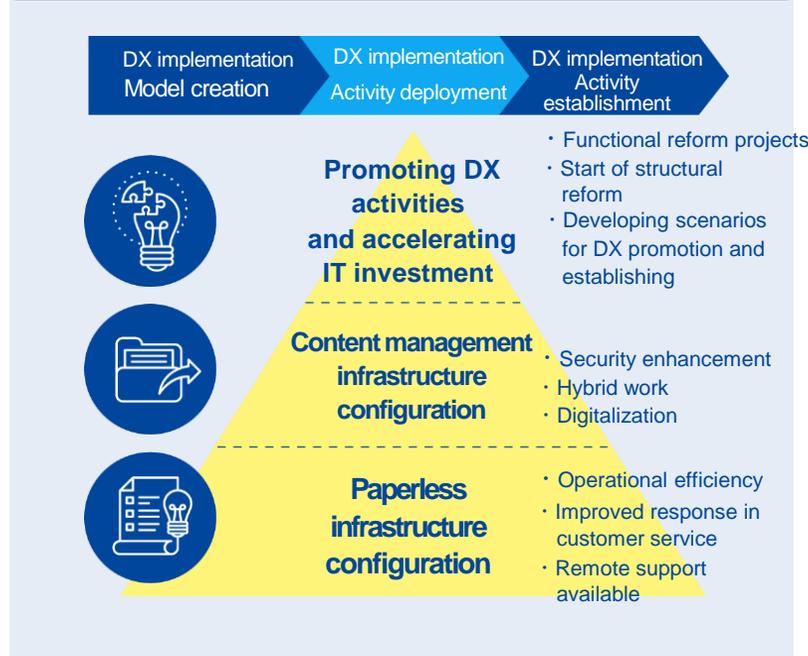
MNV2023

- Establishment of DX promotion activities
- Sophistication of system infrastructure
- Sophistication of operations
- Strengthening and speeding up of the group's management base

MNV2026

Transformation to management that focuses on capital productivity through sophistication of business management functions

- Assemble IT infrastructure to visualize data and speed up decision-making
- Assemble an investment decision scheme to speed up the decision-making process and accelerate growth
- Strengthen supply chain management through standardization and streamlining of logistics management, proper inventory management, and other measures

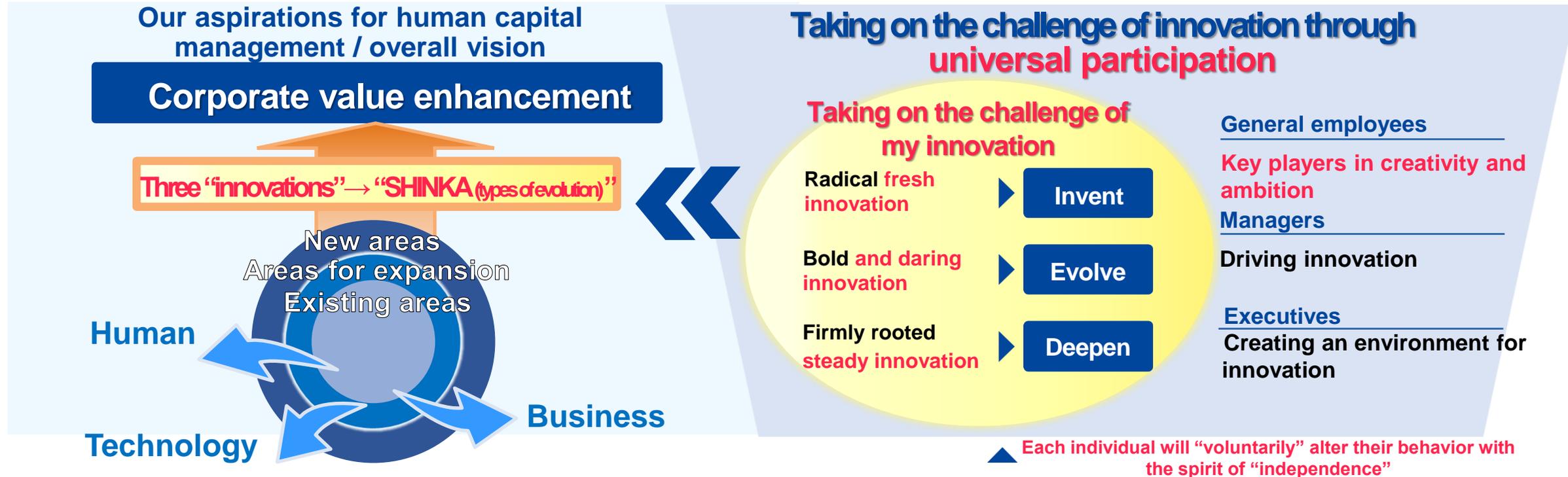


Human Resource Strategy

Implementation of human capital management to undertake challenges and maximize performance.

Employees
= assets

Using human capital management that leverages the “human” strengths unique to the Hagiwara Electric Group to maximize the abilities of all our employees



“Human” strengths unique to the Hagiwara Electric Group

Broad and deep knowledge
into mobility-related technologies and manufacturing

Ability to build trust
over deep and long-term relationships with customers and partners

Deep understanding
of the mobility industry and customer needs

Two spirits of “independence”

Independence
Connect and link oneself

Autonomy
Demonstrate high professional ethics

Human Resources strategy

Implementation of human capital management to undertake challenges and maximize performance.

HR strategy KGIs and Key strategic themes

Corporate value enhancement

innovation

HR strategy

Promoting challenges and reform



Work design reform

KGI

Human capital productivity

Sub KGI

Human capital investment/ employee engagement

Key strategic themes



Talent management

Promoting reform through a new personnel system (recruitment, placement, training, evaluation)

Diversity, Fairness & Inclusion(DFI)

Provide all employees with fair and equal opportunities suited to their needs, and freely exchange and combine diverse knowledge

Activity Based Working (ABW)

Promote autonomous working styles to suit the situation

Health Management

Without healthy employees, there is no innovation either

compliance

Ensure a strong sense of responsibility as a member of society

ESG Promotion

Continue and deepen our efforts by leveraging the results and activities of MNV2023.
 Accelerate the creation of an internal environment that supports human resource growth and innovation creation.
 Seek out ways to address and respond to new sustainability themes.

Deepening sustainability management

- Disclosure of sustainability information in annual securities reports
- Funding through ESG management support private placement bonds
- Certification as “Excellent Corporation for Health Management”
- Acquisition of DBJ health management rating

- Endorsement of TCFD recommendations
- Member of the TCFD Consortium
- Promoting human sources system reform
- Accelerating workplace reform

- Establishment of the Sustainability Committee
- Commencement of GHG emissions (Scope) calculation
- Health Management Declaration
- Promotion of remote work and free address policy

- Establishment of a dedicated sustainability department
- Publication of TCFD recommendations on the website
- Commencement of CDP replies

- Determination of materiality
- Publication of sustainability content on the website
- Training on SDGs adoption
- Review and re-declaration of the General Business Owner Action Plan

2021

2022

2023

Make New Value 2026

Challenge themes

- ☑ Scope 1 and 2 reduction targets (minimum 25% reduction vs. FY2020)
- ☑ Stimulation of SDGs activities through open innovation creation
- ☑ Human resource development through human capital management practices
- ☑ Promoting human rights due diligence
- ☑ Enhancement of ESG information disclosure
- ☑ Strengthening of corporate governance





HAGIWARA ELECTRIC HOLDINGS CO., LTD.

【Disclaimer concerning use of this document】

Every effort has been made to ensure accuracy in preparing these materials, but no guarantee is made regarding the accuracy or completeness of the information.

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 based solely on these materials. Furthermore, the Company assumes no responsibility whatsoever for any damages incurred as a result of the use of these materials.