



Creativity and Ambition

A solution design company
that is creating the future through advanced electronics

**Financial Results Presentation Material
for the Year Ended March 31, 2023**

HAGIWARA ELECTRIC HOLDINGS CO., LTD.

(TSE Prime Market & NSE Premier Market: 7467)

June 2, 2023

Financial results summary for FY2023/3

Net sales, operating profit, ordinary profit, and profit reached record highs

- Net sales reached a record high at ¥186 billion, up 17.4% YoY.
Grew both in Japan and overseas due to encouraging production on the client side and weakening yen effects.
- On the profit side, gross profit increased due to increased sales, leading to the highest ever operating profit at ¥6.7 billion, up 54.4% YoY.

Earnings forecasts for FY2024/3

Aim at net sales of ¥213 billion, a record high

- Net sales are expected to grow in both the Electronic Devices Business and the Technology Solutions Business.
- On the profit side, operating profit is expected to be ¥6.3 billion, incorporating growth investment, decline due to foreign exchange fluctuations in the previous fiscal year and spot projects, which is a special factor, etc.

Progress in the medium-term management plan

The management targets for the final fiscal year were achieved one year earlier than scheduled

- The management targets for the final fiscal year (FY2024/3) were achieved in FY2023/3, and new management targets were announced.
(New management targets) Net sales ¥213 billion, operating profit ¥6.3 billion, ROE 8% or higher

Our characteristics (main businesses)

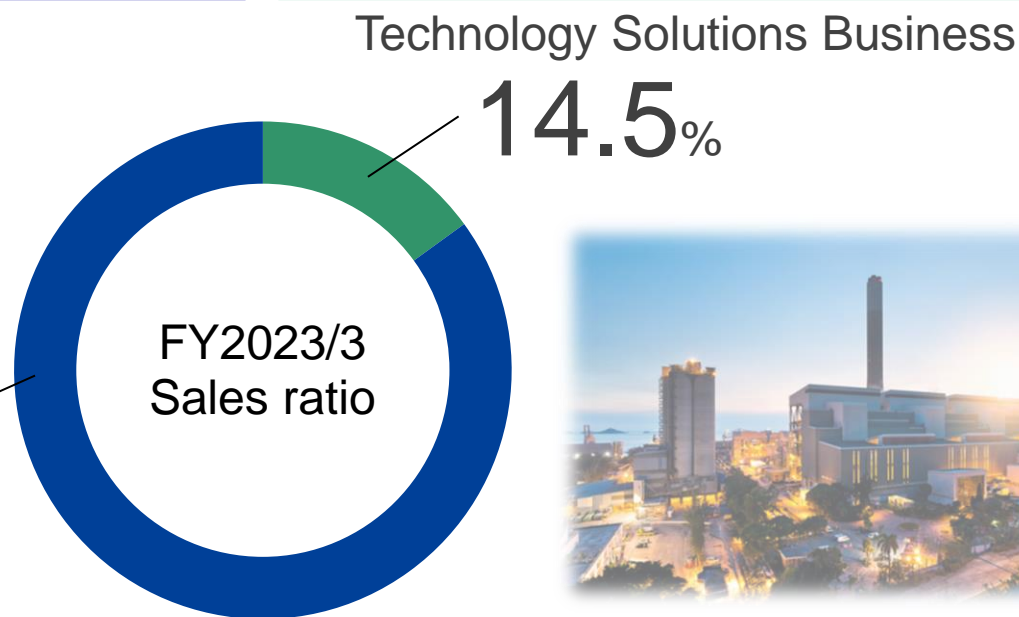
- We focus on semiconductor business for automobiles and digital solution business for customers mainly in the manufacturing industry.

Electronic Devices Business

- Sale of semiconductors and electronic components mainly for automobile-related companies
- Technological support including support for development of embedded software and hardware

Technology Solutions Business

- Sale of IT and measurement devices, and proposal of building IT platform infrastructures
- Design, development, manufacturing and sale of FA systems and industrial computers



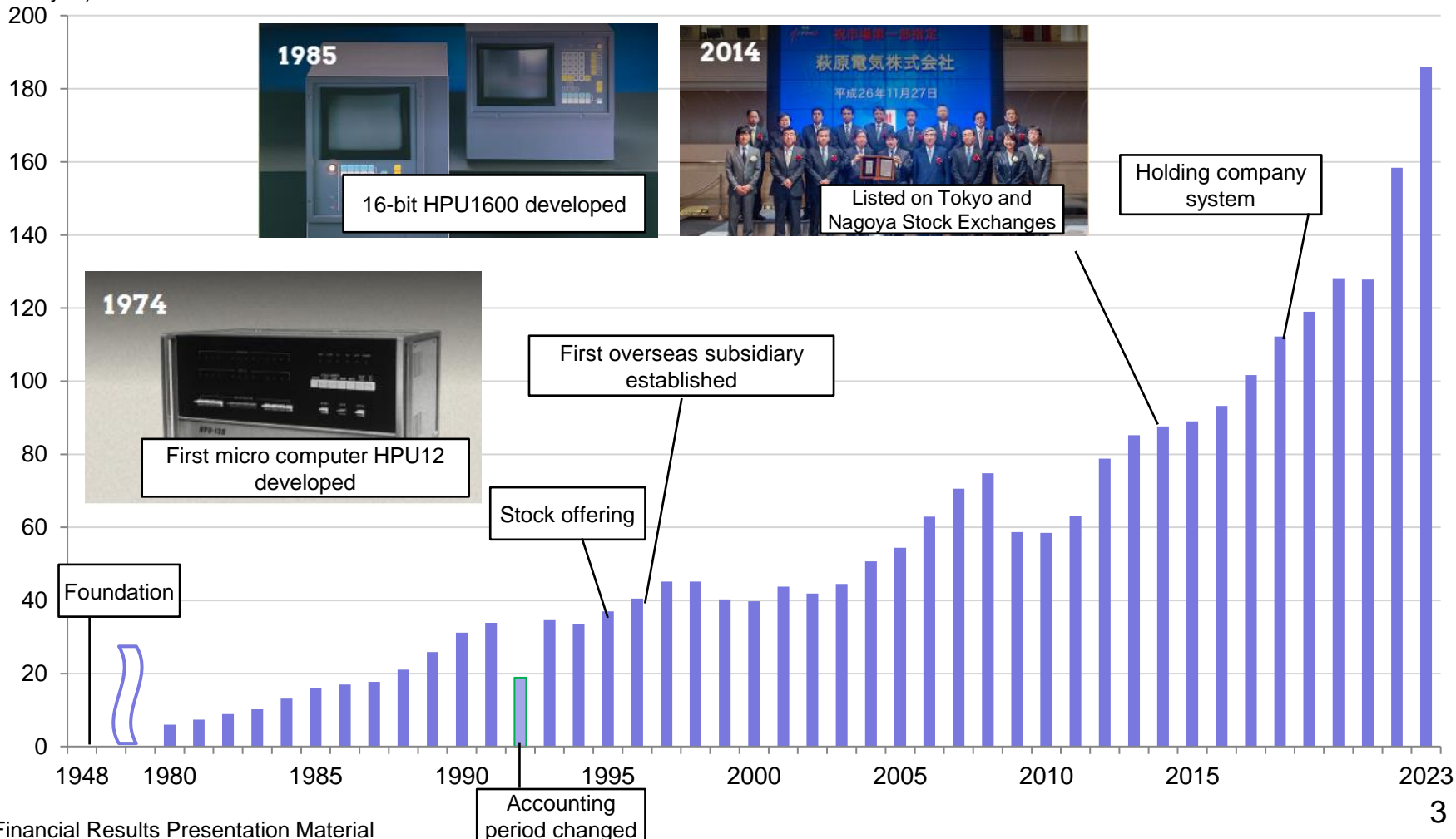
Our characteristics (sales trends)

Expansion of business operations such as installation of public facility equipment and sale of electronic components

Large growth taking advantage of automotive electronization

We developed as a solution design company that is creating the future through advanced electronics

Net sales
(Billions of yen)



Financial results summary for FY2023/3

Earnings forecasts for FY2024/3

Progress in the Medium-Term Management Plan
and Efforts to Enhance Corporate Value

Financial results for FY2023/3

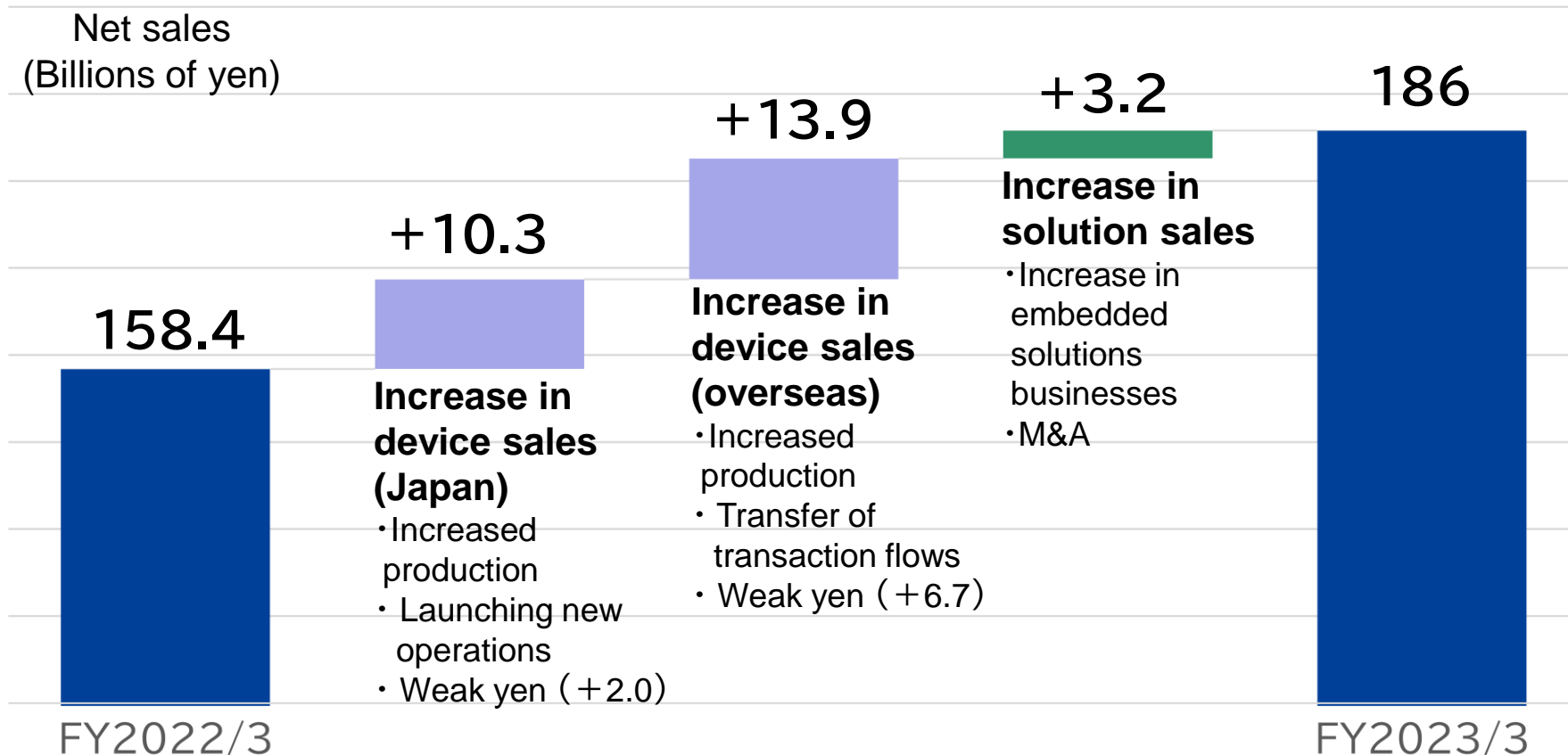
- Net sales, operating profit, ordinary profit, and profit all reached record highs.

(Unit: Millions of yen)

	FY2022/3		FY2023/3		YoY	
	Amount	Ratio	Amount	Ratio		
Net sales	158,427	100%	186,001	100%	+27,573	+17.4%
Gross profit	14,612	9.2%	18,214	9.8%	+3,601	+24.6%
Selling, general and administrative expenses	10,255	6.5%	11,489	6.2%	+1,233	+12.0%
Operating profit	4,356	2.8%	6,725	3.6%	+2,368	+54.4%
Ordinary profit	4,335	2.7%	6,417	3.5%	+2,081	+48.0%
Profit attributable to owners of parent	2,876	1.8%	4,912	2.6%	+2,036	+70.8%
Earnings per share (Yen)	325.07	—	554.71	—	+229.64	—

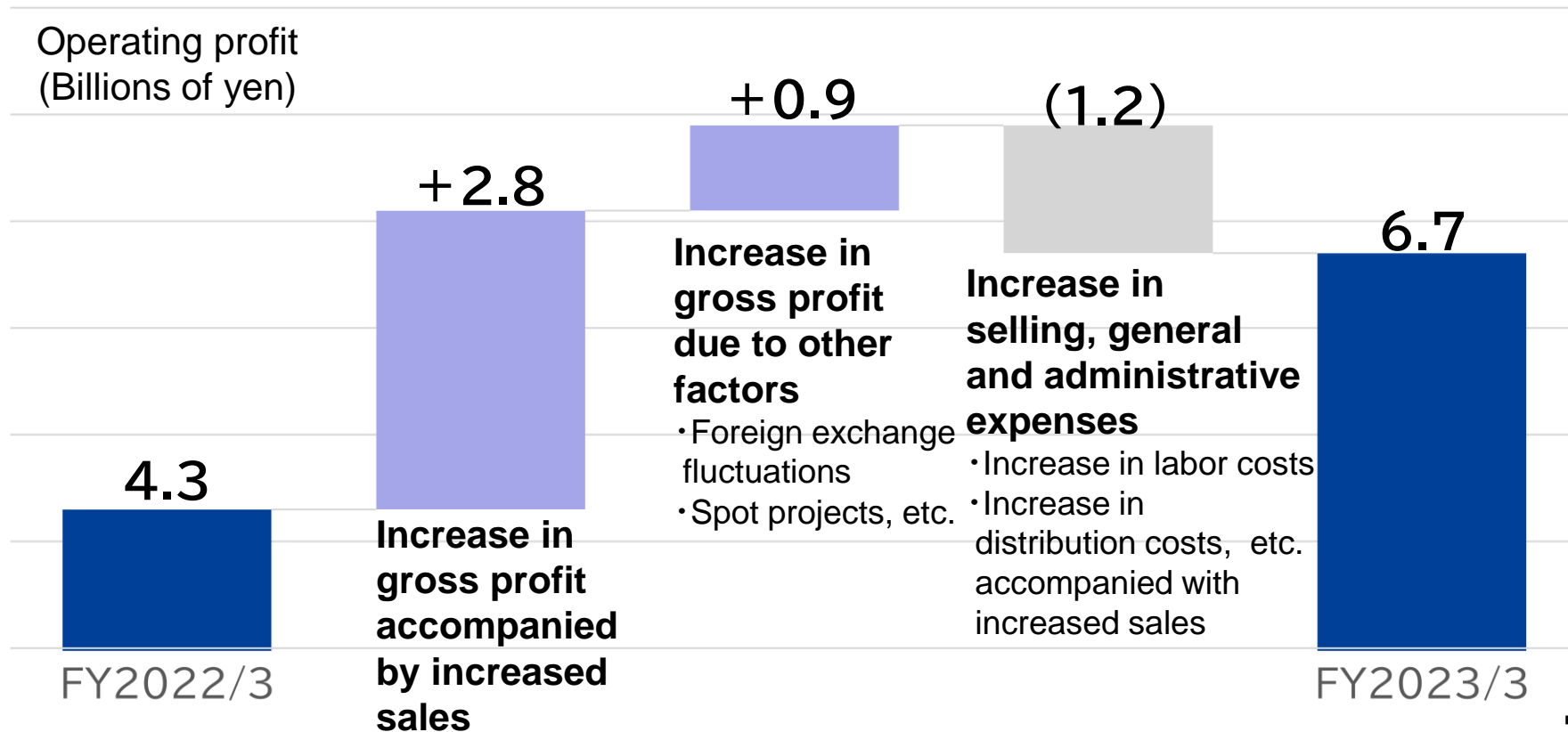
Positive factors for net sales

- Net sales increased by ¥27.5 billion, or 17.4% YoY.
- There were positive effects of the weak yen and business expansion through M&A in addition to increased orders due to encouraging production on the client side and launch of new operations.



Changing factors for operating profit

- Operating profit increased by ¥2.3 billion, or 54.4% YoY.
- Operating profit margin increased by 0.8 points through curbing the increase rate of selling, general and administrative expenses in addition to increased sales and increased gross profit due to foreign exchange fluctuations.



Electronic Devices Business: Financial results summary

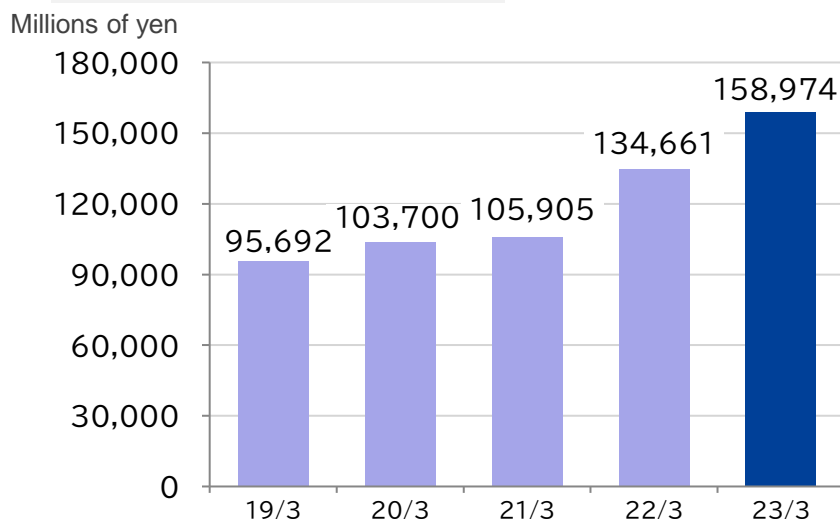


- There were positive effects of the weak yen on sales in addition to increase in the automobile production volume, launch of new adopted products and deployment of vehicles.
- Profit margin increased by 0.8 points partly due to a lower rate of selling, general and administrative expenses.

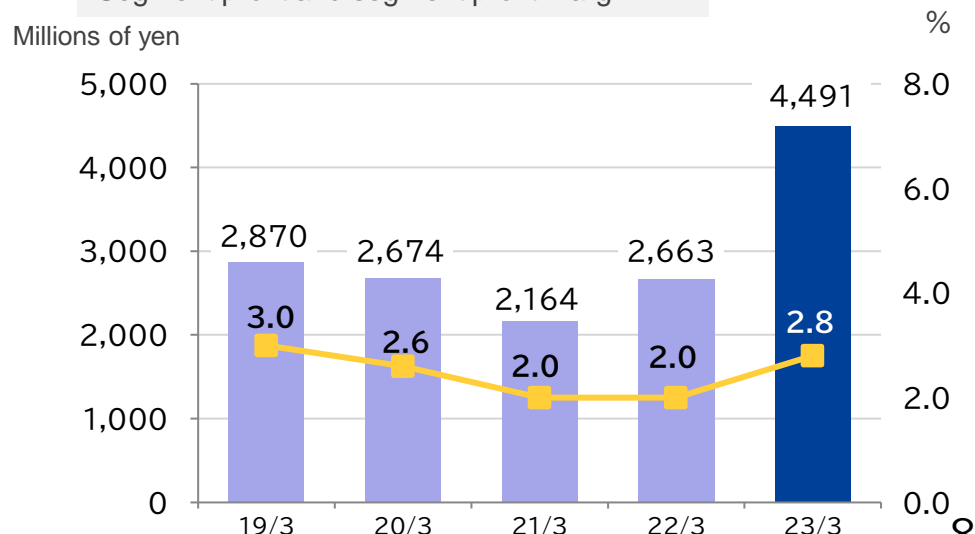
(Unit: Millions of yen)

	FY2022/3		FY2023/3			
	Amount	Ratio	Amount	Ratio	YoY	
Net sales	134,661	100%	158,974	100%	+24,313	+18.1%
Segment profit	2,663	2.0%	4,491	2.8%	+1,827	+68.6%

Net sales



Segment profit and segment profit margin

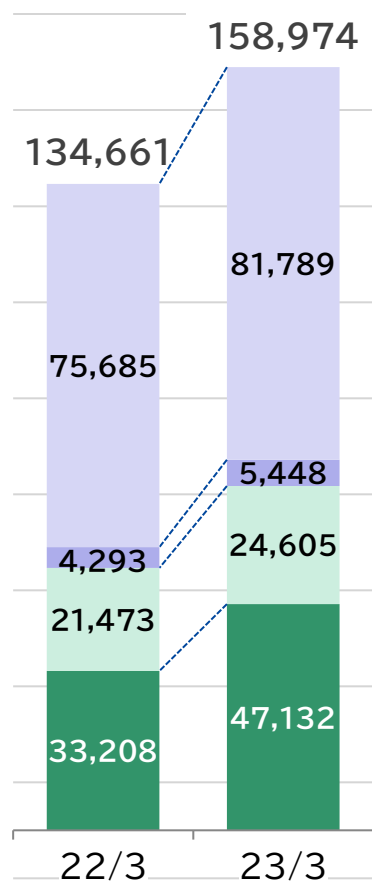


Electronic Devices Business: Net sales by client (YoY)



■ Most sales to major customers increased.

(Unit: Millions of yen)



(Unit: Millions of yen)

	FY2022/3		FY2023/3			
	Amount	Ratio	Amount	Ratio	YoY	
DENSO CORPORATION	75,685	56.2%	81,789	51.4%	+6,104	+8.1%
TOKAI RIKA CO., LTD.	4,293	3.2%	5,448	3.4%	+1,155	+26.9%
Others	21,473	15.9%	24,605	15.6%	+3,131	+14.6%
Overseas clients	33,208	24.7%	47,132	29.6%	+13,923	+41.9%
Total	134,661	—	158,974	—	+24,313	+18.1%

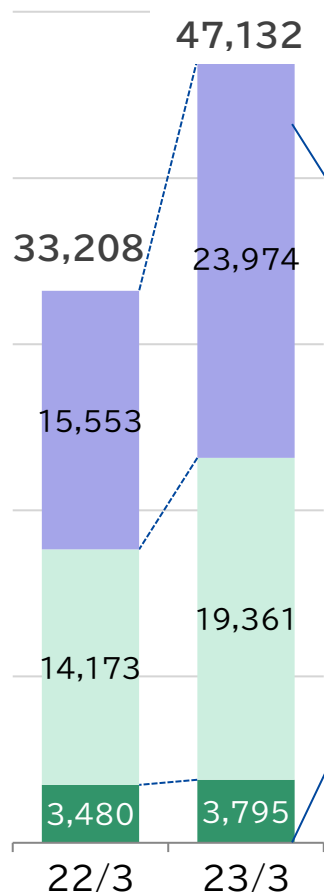
Electronic Devices Business: Net sales by region (YoY)



- Sales grew in all areas.
- Overseas, the transfer of transaction flows and the weak yen had large positive effects on sales, leading to significant growth of +41.9% YoY.

(Unit: Millions of yen)

(Unit: Millions of yen)



	FY2022/3		FY2023/3		
	Amount	Ratio	Amount	Ratio	YoY
Japan	101,453	75.3%	111,842	70.4%	+10,389 +10.2%
Asia	15,553	11.6%	23,974	15.1%	+8,421 +54.1%
United States	14,173	10.5%	19,361	12.2%	+5,187 +36.6%
Europe	3,480	2.6%	3,795	2.4%	+314 +9.0%
Overseas (total)	33,208	24.7%	47,132	29.6%	+13,923 +41.9%
Total	134,661	—	158,974	—	+24,313 +18.1%

Note: Region names represent business locations (excluding intragroup transactions)

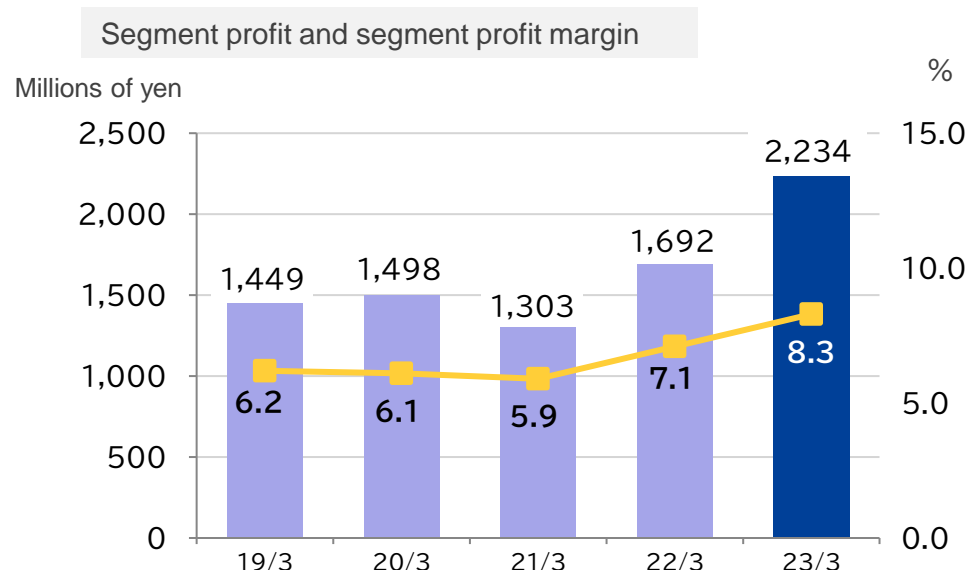
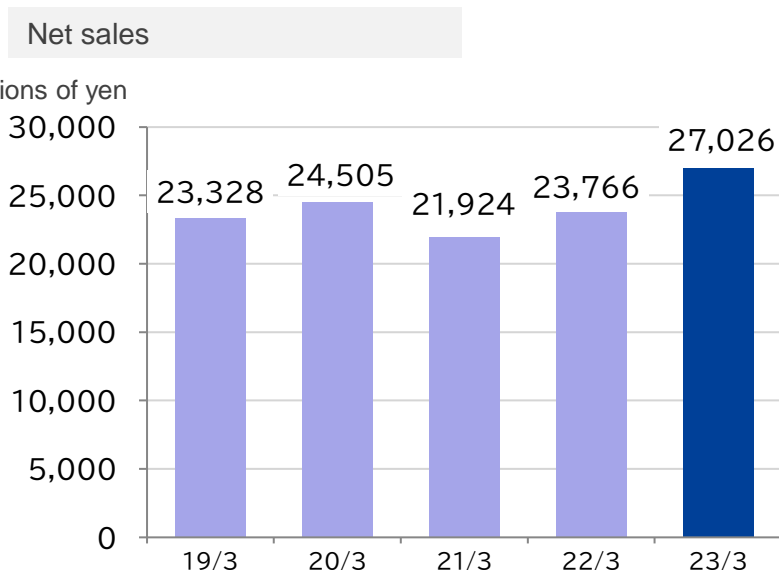
Technology Solutions Business: Financial results summary



- Sales increased due to encouraging embedded solutions businesses and addition of subsidiaries through M&A.
- Sales of embedded solutions, or a high profitability business, increased and contributed to increased segment profit margin by 1.2 points.

(Unit: Millions of yen)

	FY2022/3		FY2023/3			
	Amount	Ratio	Amount	Ratio	YoY	
Net sales	23,766	100%	27,026	100%	+3,260	+13.7%
Segment profit	1,692	7.1%	2,234	8.3%	+541	+32.0%

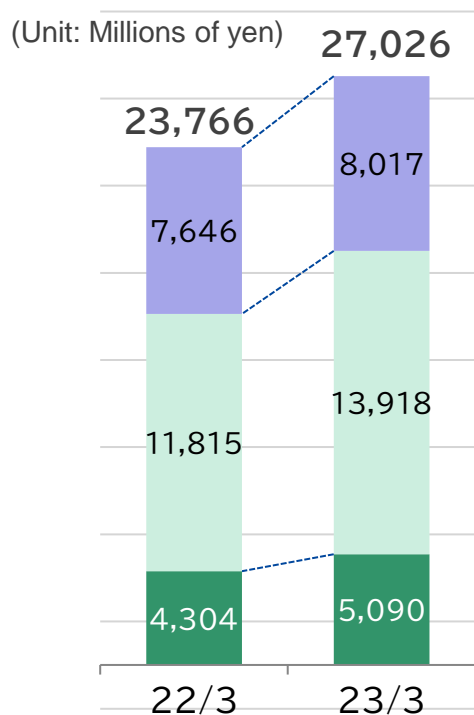


Technology Solutions Business: Net sales by business (YoY)



- Sales of the embedded field significantly increased mainly due to encouraging production on the client side engaging in the businesses related to carriers and semiconductor facilities.
- HAGIWARA ENGINEERING, which became a subsidiary, contributed to increase in sales of measurement and FA products.

(Unit: Millions of yen)



	FY2022/3		FY2023/3			
	Amount	Ratio	Amount	Ratio	YoY	
IT	7,646	32.2%	8,017	29.7%	+371	+4.9%
Embedded	11,815	49.7%	13,918	51.5%	+2,103	+17.8%
Measurement	4,304	18.1%	5,090	18.8%	+785	+18.2%
Total	23,766	-	27,026	-	+3,260	+13.7%

IT: 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.

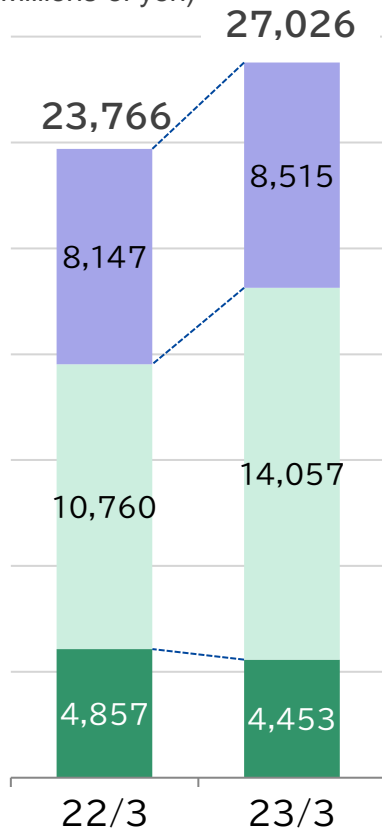
Measurement & FA: Sale of measurement devices, inspection equipment and FA devices, development, manufacturing and sale of various automated and labor-saving manufacturing equipment.

Technology Solutions Business: Net sales by industry (YoY)

- Sales of factory automation (FA) and industrial equipment were encouraging mainly in the fields related to carriers and semiconductor facilities.

(Unit: Millions of yen)

(Unit: Millions of yen)



	FY2022/3		FY2023/3			
	Amount	Ratio	Amount	Ratio	YoY	
Automotive	8,147	34.3%	8,515	31.5%	+367	+4.5%
FA & Industrial equipment	10,760	45.3%	14,057	52.0%	+3,296	+30.6%
Others	4,857	20.4%	4,453	16.5%	(403)	(8.3)%
Total	23,766	-	27,026	-	+3,260	+13.7%

Financial results for FY2023/3

- Net sales, operating profit, ordinary profit, and profit all reached record highs.
- Annual dividend per share increased by ¥55 YoY to ¥155. (Unit: Millions of yen)

	FY2022/3		FY2023/3		YoY	
	Amount	Ratio	Amount	Ratio		
Net sales	158,427	100%	186,001	100%	+27,573	+17.4%
Gross profit	14,612	9.2%	18,214	9.8%	+3,601	+24.6%
Selling, general and administrative expenses	10,255	6.5%	114,89	6.2%	+1,233	+12.0%
Operating profit	4,356	2.8%	6,725	3.6%	+2,368	+54.4%
Ordinary profit	4,335	2.7%	6,417	3.5%	+2,081	+48.0%
Profit attributable to owners of parent	2,876	1.8%	4,955	2.7%	+2,025	+69.1%
Annual dividends per share (Yen)	100	Dividend payout ratio 30.8%	155	Dividend payout ratio 27.9%	+55	—

Financial results summary for FY2023/3

Earnings forecasts for FY2024/3

Progress in the Medium-Term Management Plan
and Efforts to Enhance Corporate Value

Earnings forecasts for FY2024/3

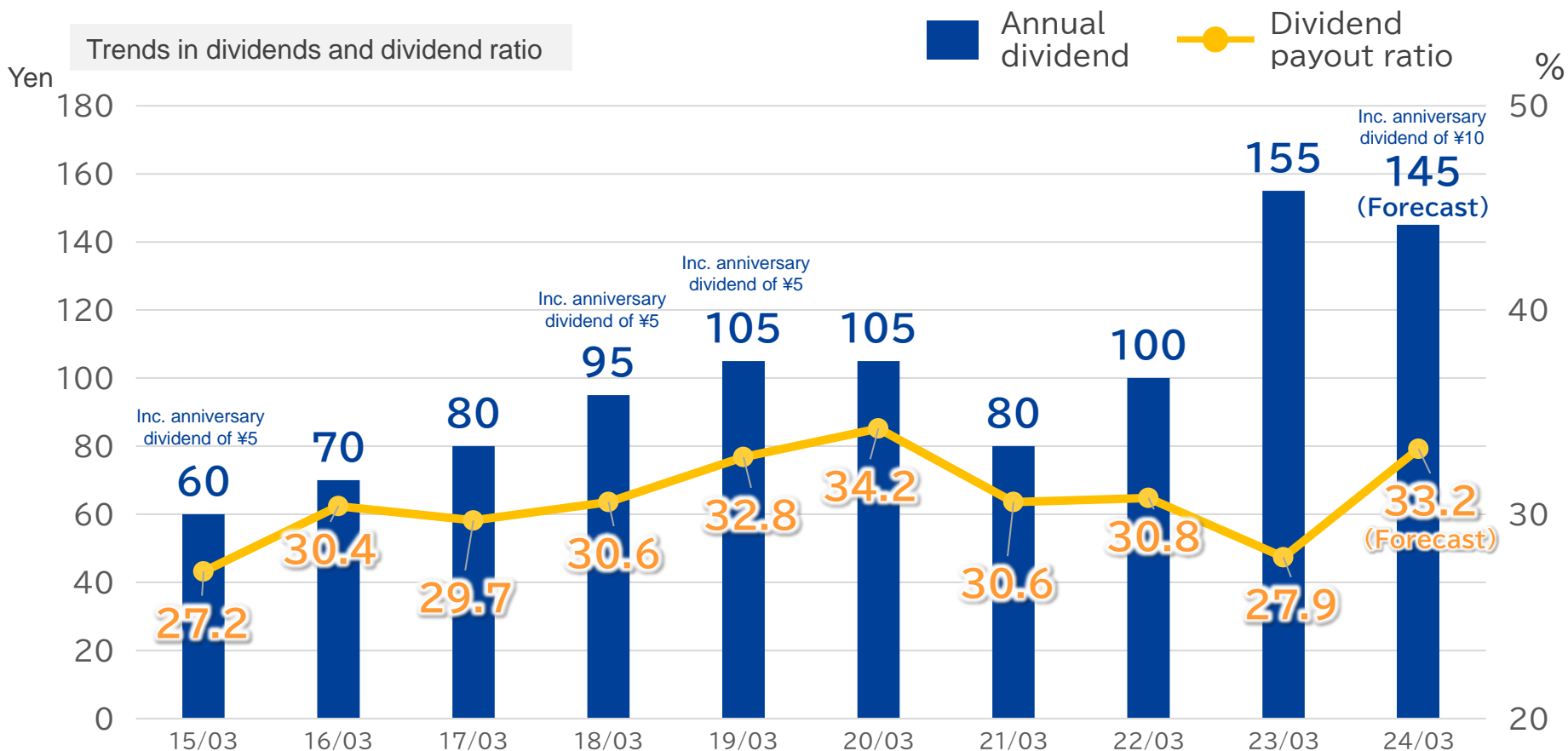
- Net sales are expected to grow by 14.5% to ¥213 billion due to growth in both the Electronic Devices Business and the Technology Solutions Business.
- Operating profit is expected to be ¥6.3 billion, down 6.3%, incorporating growth investment, profit decline due to foreign exchange fluctuations in the previous fiscal year and spot projects, etc.

(Unit: Millions of yen)

	FY2023/3		FY2024/3		YoY	
	Amount	Ratio	Amount	Ratio		
Net sales	186,001	100%	213,000	100%	+26,998	+14.5%
Operating profit	6,725	3.6%	6,300	3.0%	(425)	(6.3)%
Ordinary profit	6,417	3.5%	6,000	2.8%	(417)	(6.5)%
Profit attributable to owners of parent	4,912	2.6%	3,900	1.8%	(1,012)	(20.6)%
Interim dividends per share (Yen)	554.71	—	437.02	—	(117.69)	—

Return to shareholder

- For FY2024/3, the annual dividend is planned to be ¥145, including a memorial dividend for the 10th year anniversary of listing on the Tokyo and Nagoya Stock Exchanges of ¥10, in the year-end dividend.
- Setting a basic policy of stable payment aiming at a dividend payout ratio of around 30%



Financial results summary for FY2023/3

Earnings forecasts for FY2024/3

Progress in the Medium-Term Management Plan and Efforts to Enhance Corporate Value

Key Strategies

- Maximize corporate value by creating value through innovation and bolstering the management base

Key measures	(1)-1 Electronic Devices Business	(1)-2 Technology Solutions Business
(1) Expand core businesses	[Expand key businesses] <ul style="list-style-type: none"> ● Expand onboard System-on-Chip (SoC) business ● Establish software engineering 	[Expand key businesses] <ul style="list-style-type: none"> ● Deliver value in the digital transformation (DX) and factory integration service market
	(1)-3 Expand global businesses	
(2) Create new and high value-added businesses	<ul style="list-style-type: none"> ● Activities to promote business innovation planning ● Bolster engineering businesses 	
(3) Bolster business base	<ul style="list-style-type: none"> ● Promote digital transformation (DX) through company-wide project activities <ul style="list-style-type: none"> ↳ Reform supply chain management ● Develop professional human resources ● Enhance employee engagement ● Seek to optimize the group operation 	
(4) Enhance corporate value	<ul style="list-style-type: none"> ● Promote SDGs/ESG management ● Strengthen capital policy and financial strategies ● Enhance stakeholder engagement 	

Progress of KPIs

- The management targets for the final fiscal year were achieved one year earlier than scheduled, and we set new management targets exceeding the initial targets.



(Unit: Millions of yen)

	FY2021/3	FY2022/3	FY2023/3	Initial target values for FY2024/3, the final fiscal year	Target values for FY2024/3, the final fiscal year
Net sales	127,830	158,427	186,001	170,000	213,000
FY2021/3 ratio	-	+23.9%	+45.5%	+33.0%	+66.6%
Operating profit	3,468	4,356	6,725	5,000	6,300
FY2021/3 ratio	-	+25.6%	+93.9%	+44.1%	+81.6%
ROE	6.8%	8.0%	12.5%	8.0%	8.0% or higher

Bolster engineering businesses

- Engaged in the M&A schemes targeted at the companies holding cutting-edge engineering technologies as part of the measures to bolster the engineering business toward implementing the key measures “Create new and high-value-added business”.

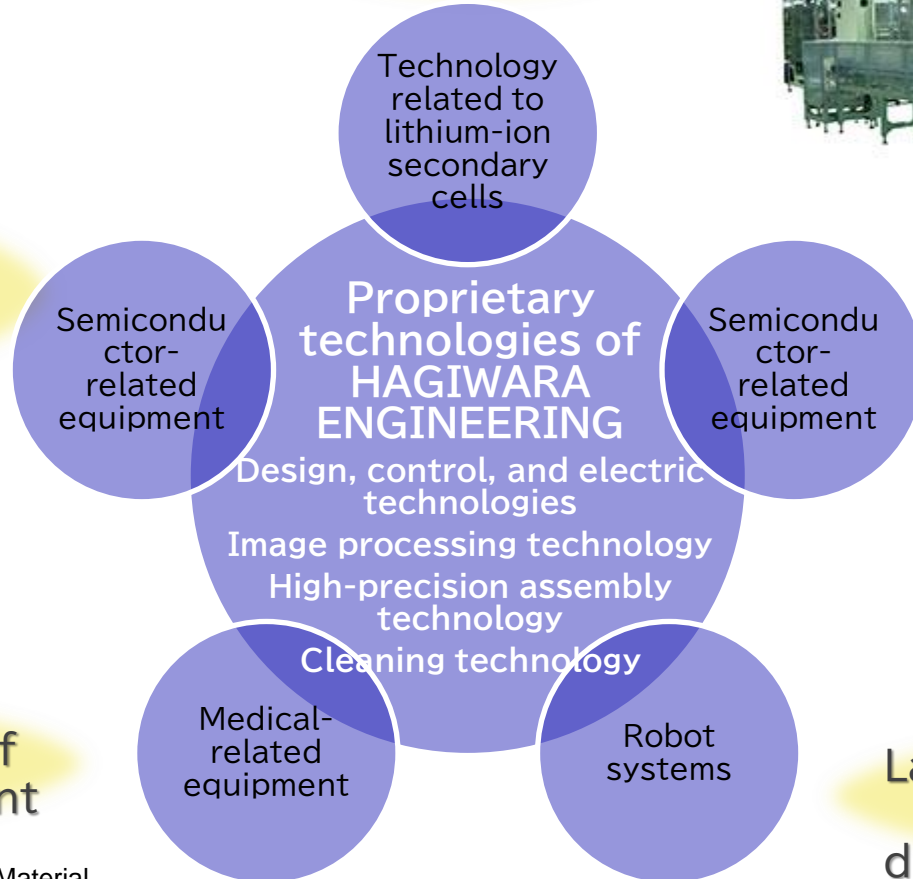


Expanding semiconductor demand that underpins sophisticated technologies



Sophistication of medical equipment

Widespread use of electronic vehicles



Actual process of onboard cells (Cell and module assembly)



Establishment of production facilities leveraging the development of new technologies



Labor saving and automation by deploying robots

Promote SDGs/ESG management

- We started disclosure based on TCFD recommendations in July 2022.
- We announced the support for TCFD recommendations and joined the consortium in April 2023.

(Group greenhouse gas emissions)

Category		Emissions volume [t-CO2]		
		FY2020	FY2021	
Scope 1	Direct emissions of greenhouse gases	258	259	
Scope 2	Indirect emissions accompanying use of air, heat, and steam	Market standards	1004	858
		Location standards	875	862
Total*		1262	1117	

(Major risks and opportunities related to climate changes)

	Category	Factor	Business impact	Time frame	Impact level
Main risks	Political measures, laws, and regulations	Orders and regulations regarding production and services for automobile-related customers	Our company has supply chains related to trading-company functions, and these include semiconductor manufacturing and other types of manufacturing If the introduction of carbon taxes and other changes to various laws and regulations have negative effects within these supply chains regarding the supply of materials, material prices, and so on, the purchasing costs of our company will increase due to a sharp rise in cost prices.	Medium-term	Large
			Decrease in sales and profit due to the phenomenon related to the quantity of gasoline vehicle-related parts and changes in the parts structure, as automobile-related customers shift to EVs in response to stricter policies for the automobile industry	Medium-term	Medium
		Strengthening of emission regulations	Pressure on profits due to higher logistics and transportation costs resulting from higher freight and transportation costs	Medium-term	Medium
	Technologies	Replacement of existing products with low-carbon technologies, failure to invest in new technologies, etc.	Increase in capital investment costs due to expansion of in-house power generation infrastructure such as solar power generation facilities	Medium-term	Medium
			Increase in investment costs for the development of environmentally friendly in-house products (industrial computers, inspection equipment, etc.)	Medium-term	Small
	Reputation	Changes in investor and customer behavior	Possibility of insufficient response to environmental information disclosure needs (stricter ESG assessment standards, expansion of areas requiring disclosure) resulting in withdrawal of investment in the company, decline in share price, impact on human resource acquisition, and risk of human resource outflow	Medium-term	Large
Acute physical risks	Intensification of abnormal weather	Increased severity and frequency of extreme weather events, such as typhoons and floods, increases in the risk of supply chain disruptions and prolonged infrastructure outages (which would reduce sales)	Long-term	Medium	
Chronic physical risks	Rise in average temperatures	Rising temperatures increasing the cost of energy used for air-conditioning in the company's offices, and the cost of renovation and rent increasing due to energy-saving renovations of buildings for coping with rising temperatures and relocations to properties with higher environmental performance	Long-term	Small	
		Rising temperatures increasing energy costs for our suppliers, which in turn will increase our purchasing costs due to rising costs	Long-term	Medium	
Main opportunities	Products and services	Popularization and expansion of electric vehicles	Increase in opportunities for proposals due to changes in the composition of components related to electric vehicles (motors, inverters, batteries, etc.), and increased business opportunities in software verification and development	Medium-term	Large
		Business changes accompanying shift to EV and energy-saving measures	Expanded business opportunities regarding battery monitoring and motor & inverter-related production equipment in the EV market as a result of policies to promote electric vehicles	Medium-term	Large
	Expanded opportunities in the IT solutions business (cutting-edge IT, DX promotion, cloud computing, etc.) and industrial equipment business (devices, infrastructure, IoT, control/analysis, etc.) for improving the efficiency, productivity and energy-saving performance of customers' manufacturing processes, as a result of growing awareness regarding environmental impact and resource conservation		Medium-term	Large	
	Markets	Changes to markets and trends	Increased opportunities to create innovations that contribute to solving social issues, such as carbon neutrality compliance, and participation in new businesses and wider domains	Medium to long-term	Medium
	Resilience	Promotion of energy-saving measures	Promotion of activities to reduce the company's internal environmental impact, increased use of environmentally friendly products such as fixtures, and improved environmental awareness among employees, resulting in an improved corporate reputation and a positive reputation regarding attracting assets	Short-term	Small

Our measures to reduce gas emissions



- Shift to company-owned eco-vehicles
- Promote shift to LED in facilities, etc.

We will work on reduction in supply chain emissions in collaboration with related companies

[Increased demand for funds based on the Group's growth strategies]

- **It is urgent to build a structure to respond to sophistication and higher functionality of automotive and support stability of global supply chains**
- **Actively invest in DX and human resources for sales growth and business restructuring**

- **Implement various fundraising schemes in order to maintain and strengthen healthy financial structure that allows active investment**

ESG management support
private placement bonds
(January 2023)
Raised amount: **¥10 billion**

Issuance of rights to subscribe
for new shares (April 2023)
Raised amount as of May 31:
¥589 million (execution rate 18.1%)

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Creativity and Ambition

**A solution design company
that is creating the future through advanced electronics**

We sincerely ask for your continued
support and encouragement

Earnings forecasts in this material are decided based on the information currently available.

Forecasts include various uncertain factors, and actual business results may differ significantly from these forecasted figures.