

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 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 to file Quarterly Securities Report: November 10, 2022
 Scheduled date to commence dividend payments: December 2, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	86,412	20.7	2,671	52.2	2,909	68.9	2,817	146.0
Six months ended September 30, 2021	71,604	35.6	1,754	27.1	1,723	25.4	1,145	30.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	318.27	–
Six months ended September 30, 2021	129.48	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	95,352	42,133	42.0
As of March 31, 2022	82,482	39,369	45.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	40.00	–	60.00	100.00
Year ending March 31, 2023	–	60.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	65.00	125.00

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	189,000	19.3	5,350	22.8	5,200	19.9	3,600	25.2	406.47

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	9,018,000 shares	As of March 31, 2022	9,018,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	158,474 shares	As of March 31, 2022	167,113 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	8,854,055 shares	Six months ended September 30, 2021	8,846,286 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	8,506	10,332
Notes and accounts receivable - trade, and contract assets	26,571	29,925
Electronically recorded monetary claims - operating	9,471	4,410
Merchandise and finished goods	27,641	38,135
Work in process	603	1,203
Raw materials and supplies	861	1,105
Other	3,090	2,772
Allowance for doubtful accounts	(17)	(18)
Total current assets	76,729	87,866
Non-current assets		
Property, plant and equipment	2,713	4,410
Intangible assets	243	220
Investments and other assets		
Other	2,840	2,896
Allowance for doubtful accounts	(44)	(41)
Total investments and other assets	2,796	2,855
Total non-current assets	5,753	7,486
Total assets	82,482	95,352
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,376	17,631
Electronically recorded obligations - operating	3,126	3,269
Short-term borrowings	10,129	16,427
Current portion of long-term borrowings	1,025	2,352
Provision for product warranties	–	24
Provision for loss on orders received	–	2
Income taxes payable	992	1,024
Other	3,882	4,094
Total current liabilities	36,531	44,827
Non-current liabilities		
Long-term borrowings	6,250	8,033
Other	332	359
Total non-current liabilities	6,582	8,392
Total liabilities	43,113	53,219

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	4,361	4,361
Capital surplus	4,872	4,874
Retained earnings	27,679	29,966
Treasury shares	(305)	(290)
Total shareholders' equity	36,607	38,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	325	298
Deferred gains or losses on hedges	(3)	(0)
Foreign currency translation adjustment	413	915
Remeasurements of defined benefit plans	(97)	(100)
Total accumulated other comprehensive income	638	1,112
Non-controlling interests	2,123	2,110
Total net assets	39,369	42,133
Total liabilities and net assets	82,482	95,352

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	71,604	86,412
Cost of sales	65,027	78,325
Gross profit	6,576	8,087
Selling, general and administrative expenses	4,822	5,416
Operating profit	1,754	2,671
Non-operating income		
Interest income	10	8
Dividend income	11	11
Foreign exchange gains	–	194
Other	25	92
Total non-operating income	46	306
Non-operating expenses		
Interest expenses	18	41
Foreign exchange losses	41	–
Loss on sale of trade receivables	4	18
Other	13	8
Total non-operating expenses	78	68
Ordinary profit	1,723	2,909
Extraordinary income		
Gain on sale of investment securities	77	14
Gain on bargain purchase	–	882
Total extraordinary income	77	897
Extraordinary losses		
Loss on disposal of non-current assets	5	0
Total extraordinary losses	5	0
Profit before income taxes	1,795	3,806
Income taxes	622	967
Profit	1,172	2,839
Profit attributable to non-controlling interests	27	21
Profit attributable to owners of parent	1,145	2,817

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,172	2,839
Other comprehensive income		
Valuation difference on available-for-sale securities	(43)	(27)
Deferred gains or losses on hedges	–	2
Foreign currency translation adjustment	143	501
Remeasurements of defined benefit plans, net of tax	7	(3)
Total other comprehensive income	107	473
Comprehensive income	1,280	3,313
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,252	3,291
Comprehensive income attributable to non-controlling interests	27	21

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,795	3,806
Depreciation	137	136
Gain on bargain purchase	–	(882)
Loss (gain) on sale and retirement of non-current assets	5	–
Increase (decrease) in allowance for doubtful accounts	56	(1)
Decrease (increase) in retirement benefit asset	(46)	(50)
Interest and dividend income	(21)	(19)
Interest expenses	18	41
Loss (gain) on sale of investment securities	(77)	(14)
Decrease (increase) in trade receivables	6,149	2,179
Decrease (increase) in inventories	(5,589)	(10,883)
Increase (decrease) in trade payables	(1,980)	68
Other, net	(1,000)	511
Subtotal	(554)	(5,109)
Interest and dividends received	22	20
Interest paid	(20)	(41)
Income taxes paid	(555)	(1,049)
Net cash provided by (used in) operating activities	(1,107)	(6,180)
Cash flows from investing activities		
Purchase of investment securities	(3)	(1)
Proceeds from sale of investment securities	118	20
Purchase of property, plant and equipment	(70)	(45)
Purchase of intangible assets	(21)	(43)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,209)
Other, net	5	(1)
Net cash provided by (used in) investing activities	28	(1,280)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,134	6,298
Proceeds from long-term borrowings	1,300	4,060
Repayments of long-term borrowings	(1,350)	(950)
Purchase of treasury shares	(0)	(0)
Dividends paid	(442)	(529)
Dividends paid to non-controlling interests	(34)	(34)
Other, net	(39)	(37)
Net cash provided by (used in) financing activities	567	8,807
Effect of exchange rate change on cash and cash equivalents	143	479
Net increase (decrease) in cash and cash equivalents	(368)	1,825
Cash and cash equivalents at beginning of period	9,713	8,506
Cash and cash equivalents at end of period	9,345	10,332