

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

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, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 8, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	186,001	17.4	6,725	54.4	6,417	48.0	4,912	70.8
Year ended March 31, 2022	158,427	23.9	4,356	25.6	4,335	21.9	2,876	24.3

	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, 2023	554.71	—	12.5	6.8	3.6
Year ended March 31, 2022	325.07	—	8.0	5.6	2.8

(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, 2023	106,577	43,531	38.8	4,672.91
As of March 31, 2022	82,482	39,369	45.2	4,208.13

(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, 2023	(13,020)	(1,327)	16,421	10,920
Year ended March 31, 2022	(4,905)	(171)	3,564	8,506

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, 2022	—	40.00	—	60.00	100.00	885	30.8	2.5
Year ended March 31, 2023	—	60.00	—	95.00	155.00	1,373	27.9	3.5
Year ending March 31, 2024 (Forecast)	—	60.00	—	85.00	145.00		33.2	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	213,000	14.5	6,300	(6.3)	6,000	(6.5)	3,900	(20.6)	437.02

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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, 2023	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 March 31, 2023	158,474 shares	As of March 31, 2022	167,113 shares
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Average number of shares during the period

Year ended March 31, 2023	8,856,783 shares	Year ended March 31, 2022	8,848,590 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	8,506	10,920
Notes receivable - trade	279	168
Accounts receivable - trade	26,149	32,377
Contract assets	141	189
Electronically recorded monetary claims - operating	9,471	15,537
Merchandise and finished goods	27,641	34,411
Work in process	603	1,191
Raw materials and supplies	861	1,813
Other	3,090	2,704
Allowance for doubtful accounts	(17)	(16)
Total current assets	76,729	99,297
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,492	2,885
Accumulated depreciation	(1,038)	(2,065)
Buildings and structures, net	454	819
Machinery, equipment and vehicles	48	89
Accumulated depreciation	(40)	(80)
Machinery, equipment and vehicles, net	7	9
Land	1,903	3,055
Leased assets	383	415
Accumulated depreciation	(214)	(290)
Leased assets, net	169	124
Construction in progress	1	1
Other	918	1,132
Accumulated depreciation	(741)	(845)
Other, net	176	286
Total property, plant and equipment	2,713	4,297
Intangible assets	243	222
Investments and other assets		
Investment securities	1,444	1,315
Long-term loans receivable	44	37
Retirement benefit asset	96	113
Deferred tax assets	584	647
Other	670	683
Allowance for doubtful accounts	(44)	(37)
Total investments and other assets	2,796	2,760
Total non-current assets	5,753	7,280
Total assets	82,482	106,577

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,376	17,408
Electronically recorded obligations - operating	3,126	3,823
Short-term borrowings	10,129	6,084
Current portion of long-term borrowings	1,025	4,152
Lease liabilities	98	98
Income taxes payable	992	1,476
Contract liabilities	1,106	1,659
Provision for product warranties	–	40
Provision for bonuses for directors (and other officers)	109	129
Provision for loss on orders received	–	27
Asset retirement obligations	–	3
Other	2,567	2,868
Total current liabilities	36,531	37,774
Non-current liabilities		
Bonds payable	–	10,000
Long-term borrowings	6,250	14,844
Lease liabilities	78	118
Deferred tax liabilities	79	172
Asset retirement obligations	119	117
Other	54	19
Total non-current liabilities	6,582	25,271
Total liabilities	43,113	63,046
Net assets		
Shareholders' equity		
Share capital	4,361	4,361
Capital surplus	4,872	4,874
Retained earnings	27,679	31,529
Treasury shares	(305)	(290)
Total shareholders' equity	36,607	40,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	325	305
Deferred gains or losses on hedges	(3)	–
Foreign currency translation adjustment	413	772
Remeasurements of defined benefit plans	(97)	(152)
Total accumulated other comprehensive income	638	924
Non-controlling interests	2,123	2,131
Total net assets	39,369	43,531
Total liabilities and net assets	82,482	106,577

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	158,427	186,001
Cost of sales	143,814	167,786
Gross profit	14,612	18,214
Selling, general and administrative expenses	10,255	11,489
Operating profit	4,356	6,725
Non-operating income		
Interest income	15	10
Dividend income	19	21
Foreign exchange gains	38	–
Insurance claim income	1	24
Compensation income	10	41
Other	29	67
Total non-operating income	114	165
Non-operating expenses		
Interest expenses	36	147
Interest expenses on bonds	–	6
Bond issuance costs	–	76
Foreign exchange losses	–	156
Loss on sale of trade receivables	18	29
Loss on valuation of investment securities	1	33
Commission expenses	15	–
Provision of allowance for doubtful accounts	51	–
Other	12	22
Total non-operating expenses	135	473
Ordinary profit	4,335	6,417
Extraordinary income		
Gain on sale of non-current assets	0	–
Gain on sale of investment securities	77	32
Gain on bargain purchase	–	670
Total extraordinary income	78	703
Extraordinary losses		
Loss on disposal of non-current assets	9	8
Other	0	–
Total extraordinary losses	10	8
Profit before income taxes	4,403	7,111
Income taxes - current	1,562	2,206
Income taxes - deferred	(89)	(50)
Total income taxes	1,473	2,155
Profit	2,930	4,955
Profit attributable to non-controlling interests	54	42
Profit attributable to owners of parent	2,876	4,912

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,930	4,955
Other comprehensive income		
Valuation difference on available-for-sale securities	(89)	(20)
Deferred gains or losses on hedges	(3)	3
Foreign currency translation adjustment	309	358
Remeasurements of defined benefit plans, net of tax	10	(55)
Total other comprehensive income	227	286
Comprehensive income	3,158	5,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,104	5,199
Comprehensive income attributable to non-controlling interests	54	42

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,361	4,872	27,679	(305)	36,607
Cumulative effects of changes in accounting policies					–
Restated balance	4,361	4,872	27,679	(305)	36,607
Changes during period					
Dividends of surplus			(1,062)		(1,062)
Profit attributable to owners of parent			4,912		4,912
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		15	17
Net changes in items other than shareholders' equity					–
Total changes during period	–	1	3,850	15	3,867
Balance at end of period	4,361	4,874	31,529	(290)	40,474

	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	325	(3)	413	(97)	638	2,123	39,369
Cumulative effects of changes in accounting policies					–		–
Restated balance	325	(3)	413	(97)	638	2,123	39,369
Changes during period							
Dividends of surplus					–		(1,062)
Profit attributable to owners of parent					–		4,912
Purchase of treasury shares					–		(0)
Disposal of treasury shares					–		17
Net changes in items other than shareholders' equity	(20)	3	358	(55)	286	8	294
Total changes during period	(20)	3	358	(55)	286	8	4,162
Balance at end of period	305	–	772	(152)	924	2,131	43,531

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,403	7,111
Depreciation	282	294
Gain on bargain purchase	–	(670)
Loss (gain) on sale and retirement of non-current assets	8	8
Increase (decrease) in allowance for doubtful accounts	58	(7)
Increase (decrease) in provision for bonuses for directors (and other officers)	34	19
Decrease (increase) in retirement benefit asset	(71)	(97)
Increase (decrease) in provision for loss on orders received	–	25
Increase (decrease) in provision for product warranties	–	15
Interest and dividend income	(34)	(32)
Interest expenses	36	154
Bond issuance costs	–	76
Loss (gain) on valuation of investment securities	1	33
Loss (gain) on sale of investment securities	(77)	(32)
Decrease (increase) in trade receivables	4,219	(11,757)
Decrease (increase) in inventories	(12,067)	(7,856)
Increase (decrease) in trade payables	544	371
Other, net	(1,103)	1,309
Subtotal	(3,765)	(11,032)
Interest and dividends received	35	32
Interest paid	(41)	(144)
Income taxes paid	(1,134)	(1,876)
Net cash provided by (used in) operating activities	(4,905)	(13,020)
Cash flows from investing activities		
Purchase of investment securities	(114)	(3)
Proceeds from sale of investment securities	118	114
Purchase of property, plant and equipment	(87)	(129)
Proceeds from sale of property, plant and equipment	10	–
Purchase of intangible assets	(90)	(104)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,209)
Other, net	(8)	4
Net cash provided by (used in) investing activities	(171)	(1,327)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,780	(4,044)
Proceeds from long-term borrowings	2,400	13,060
Repayments of long-term borrowings	(2,700)	(1,338)
Proceeds from issuance of bonds	–	9,923
Purchase of treasury shares	(0)	(0)
Dividends paid	(796)	(1,061)
Dividends paid to non-controlling interests	(34)	(34)
Other, net	(84)	(83)
Net cash provided by (used in) financing activities	3,564	16,421
Effect of exchange rate change on cash and cash equivalents	304	340
Net increase (decrease) in cash and cash equivalents	(1,207)	2,413
Cash and cash equivalents at beginning of period	9,713	8,506
Cash and cash equivalents at end of period	8,506	10,920