

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 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 to file Quarterly Securities Report: November 10, 2023
 Scheduled date to commence dividend payments: December 8, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	108,013	25.0	4,589	71.8	4,623	58.9	3,036	16.5
Six months ended September 30, 2022	86,412	20.7	2,671	52.2	2,909	68.9	2,606	127.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	326.01		325.85	
Six months ended September 30, 2022	294.37		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	115,328	49,511	41.1
As of March 31, 2023	106,577	43,531	38.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	60.00	-	95.00	155.00
Year ending March 31, 2024	-	95.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	90.00	185.00

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	227,500	22.3	8,350	24.2	8,200	27.8	5,300	7.9	549.93

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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: No
- 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, 2023	10,065,200 shares	As of March 31, 2023	9,018,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	155,471 shares	As of March 31, 2023	158,474 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, 2023	9,313,675 shares	Six months ended September 30, 2022	8,854,055 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	10,920	14,357
Notes and accounts receivable - trade, and contract assets	32,735	32,961
Electronically recorded monetary claims - operating	15,537	17,347
Securities	–	105
Merchandise and finished goods	34,411	36,634
Work in process	1,191	1,404
Raw materials and supplies	1,813	2,119
Other	2,704	2,841
Allowance for doubtful accounts	(16)	(7)
Total current assets	99,297	107,763
Non-current assets		
Property, plant and equipment	4,297	4,424
Intangible assets	222	216
Investments and other assets		
Other	2,797	2,964
Allowance for doubtful accounts	(37)	(41)
Total investments and other assets	2,760	2,923
Total non-current assets	7,280	7,564
Total assets	106,577	115,328
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,408	19,196
Electronically recorded obligations - operating	3,823	5,311
Short-term borrowings	6,084	6,930
Current portion of long-term borrowings	4,152	3,602
Income taxes payable	1,476	1,535
Provision for product warranties	40	40
Provision for loss on orders received	27	14
Other	4,759	5,067
Total current liabilities	37,774	41,698
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	14,844	13,593
Other	427	525
Total non-current liabilities	25,271	24,119
Total liabilities	63,046	65,817

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	4,361	6,006
Capital surplus	4,874	6,523
Retained earnings	31,529	33,724
Treasury shares	(290)	(284)
Total shareholders' equity	40,474	45,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	305	399
Deferred gains or losses on hedges	–	(1)
Foreign currency translation adjustment	772	1,163
Remeasurements of defined benefit plans	(152)	(140)
Total accumulated other comprehensive income	924	1,421
Share acquisition rights	–	0
Non-controlling interests	2,131	2,119
Total net assets	43,531	49,511
Total liabilities and net assets	106,577	115,328

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, 2022	Six months ended September 30, 2023
Net sales	86,412	108,013
Cost of sales	78,325	97,561
Gross profit	8,087	10,452
Selling, general and administrative expenses	5,416	5,863
Operating profit	2,671	4,589
Non-operating income		
Interest income	8	2
Dividend income	11	11
Foreign exchange gains	194	127
Other	92	41
Total non-operating income	306	183
Non-operating expenses		
Interest expenses	41	95
Interest expenses on bonds	–	21
Loss on sale of trade receivables	18	8
Other	8	23
Total non-operating expenses	68	148
Ordinary profit	2,909	4,623
Extraordinary income		
Gain on sale of investment securities	14	–
Gain on bargain purchase	670	–
Other	–	6
Total extraordinary income	685	6
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	3,595	4,629
Income taxes	967	1,570
Profit	2,627	3,058
Profit attributable to non-controlling interests	21	22
Profit attributable to owners of parent	2,606	3,036

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,627	3,058
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	93
Deferred gains or losses on hedges	2	(1)
Foreign currency translation adjustment	501	391
Remeasurements of defined benefit plans, net of tax	(3)	12
Total other comprehensive income	473	496
Comprehensive income	3,101	3,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,080	3,532
Comprehensive income attributable to non-controlling interests	21	22

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,595	4,629
Depreciation	136	165
Gain on bargain purchase	(670)	–
Increase (decrease) in allowance for doubtful accounts	(1)	(5)
Decrease (increase) in retirement benefit asset	(50)	(30)
Increase (decrease) in provision for loss on orders received	–	(12)
Interest and dividend income	(19)	(13)
Interest expenses	41	116
Loss (gain) on sale of investment securities	(14)	–
Decrease (increase) in trade receivables	2,179	(2,221)
Decrease (increase) in inventories	(10,883)	(2,741)
Increase (decrease) in trade payables	68	3,275
Other, net	511	312
Subtotal	(5,109)	3,473
Interest and dividends received	20	14
Interest paid	(41)	(117)
Income taxes paid	(1,049)	(1,500)
Net cash provided by (used in) operating activities	(6,180)	1,869
Cash flows from investing activities		
Purchase of investment securities	(1)	(2)
Proceeds from sale of investment securities	20	36
Purchase of property, plant and equipment	(45)	(165)
Purchase of intangible assets	(43)	(34)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,209)	–
Other, net	(1)	(40)
Net cash provided by (used in) investing activities	(1,280)	(206)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,298	845
Proceeds from long-term borrowings	4,060	1,150
Repayments of long-term borrowings	(950)	(2,951)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	3,279
Purchase of treasury shares	(0)	–
Dividends paid	(529)	(837)
Dividends paid to non-controlling interests	(34)	(34)
Proceeds from issuance of share acquisition rights	–	11
Other, net	(37)	(68)
Net cash provided by (used in) financing activities	8,807	1,395
Effect of exchange rate change on cash and cash equivalents	479	379
Net increase (decrease) in cash and cash equivalents	1,825	3,436
Cash and cash equivalents at beginning of period	8,506	10,920
Cash and cash equivalents at end of period	10,332	14,357