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Financial Results Presentation Material for the Three Months Ended June 30, 2024

HAGIWARA ELECTRIC HOLDINGS CO., LTD.
(TSE Prime Market & NSE Premier Market: 7467)

August 26, 2024



Financial results summary for FY2025/3 Q1

Net sales reached a record high for four consecutive periods. Profit declined due to changes in sales composition and growth investments.

- Net sales **reached a record high at ¥62.1 billion, up 23.1% YoY.** Despite the impact of the automobile production adjustment, net sales of Electronic Devices Business grew significantly due to sales expansion to new customers and positive effects of the weak yen.
- Operating profit was **¥1.8 billion, down 25.6% YoY,** due to sluggish gross profit growth caused by a fallback from spot profits of Electronic Devices Business in the same period of the previous fiscal year and a decline in the sales composition of the Embedded Solutions Business, as well as the implementation of growth investments such as human resources investments.
- Ordinary profit **was ¥1.8 billion, down 26.0% YoY,** and Profit attributable to owners of parent was **¥1.2 billion, down 28.7% YoY.**

Earnings forecasts for FY2025/3

Earnings forecasts have not been changed from the figures announced on May 14.

- In the first quarter, although there is the impact of external factors such as adjustments in automobile production, earnings forecasts have not been changed from the figures announced on May 14, 2024, partly because of our performance is progressing at a figure close to our initial plan.

Financial results summary for FY2025/3 Q1

Earnings forecasts for FY2025/3

Financial results for FY2025/3 Q1

- Net sales reached a record high as a financial result for the first quarter.
- Profit declined due to sluggish gross profit growth caused by a changes in the sales composition, and implementation of growth investments such as human resources investments.

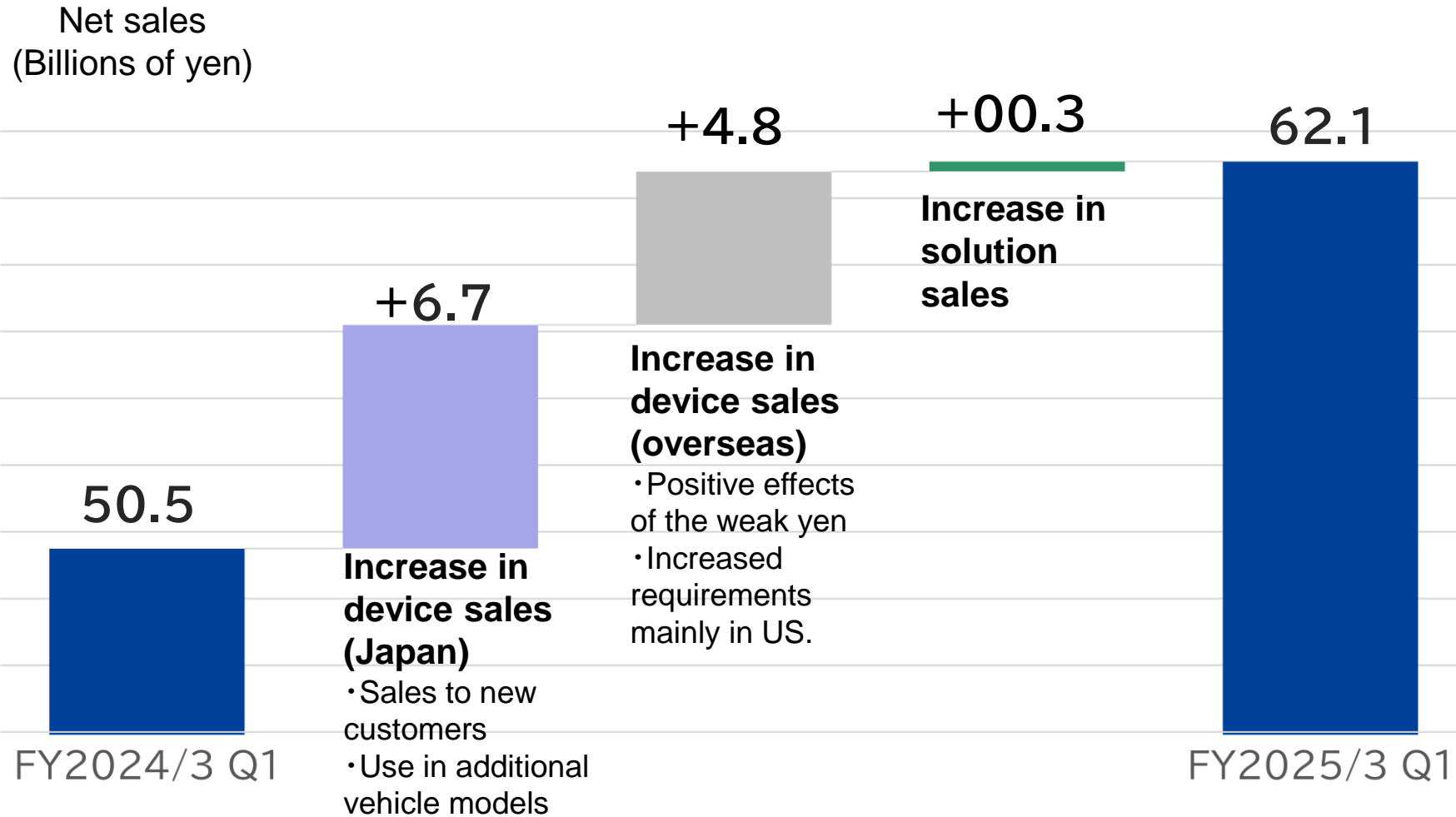
(Unit: Millions of yen)

| | FY2024/3 Q1 | | FY2025/3 Q1 | | YoY | |
|--|-------------|-------|-------------|-------|---------|---------|
| | Amount | Ratio | Amount | Ratio | | |
| Net sales | 50,504 | 100% | 62,148 | 100% | +11,643 | +23.1% |
| Gross profit | 5,352 | 10.6% | 5,219 | 8.4% | (133) | (2.5)% |
| Selling, general and administrative expenses | 2,852 | 5.6% | 3,359 | 5.4% | +507 | +17.8% |
| Operating profit | 2,500 | 5.0% | 1,859 | 3.0% | (640) | (25.6)% |
| Ordinary profit | 2,529 | 5.0% | 1,872 | 3.0% | (656) | (26.0)% |
| Profit attributable to owners of parent | 1,706 | 3.4% | 1,215 | 2.0% | (490) | (28.7)% |
| Earnings per share (Yen) ^{*1} | 189.40 | — | 122.06 | — | (67.34) | — |

*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 9,010,159 shares in FY2024/3 Q1 and 9,962,495 shares in FY2025/3 Q1.

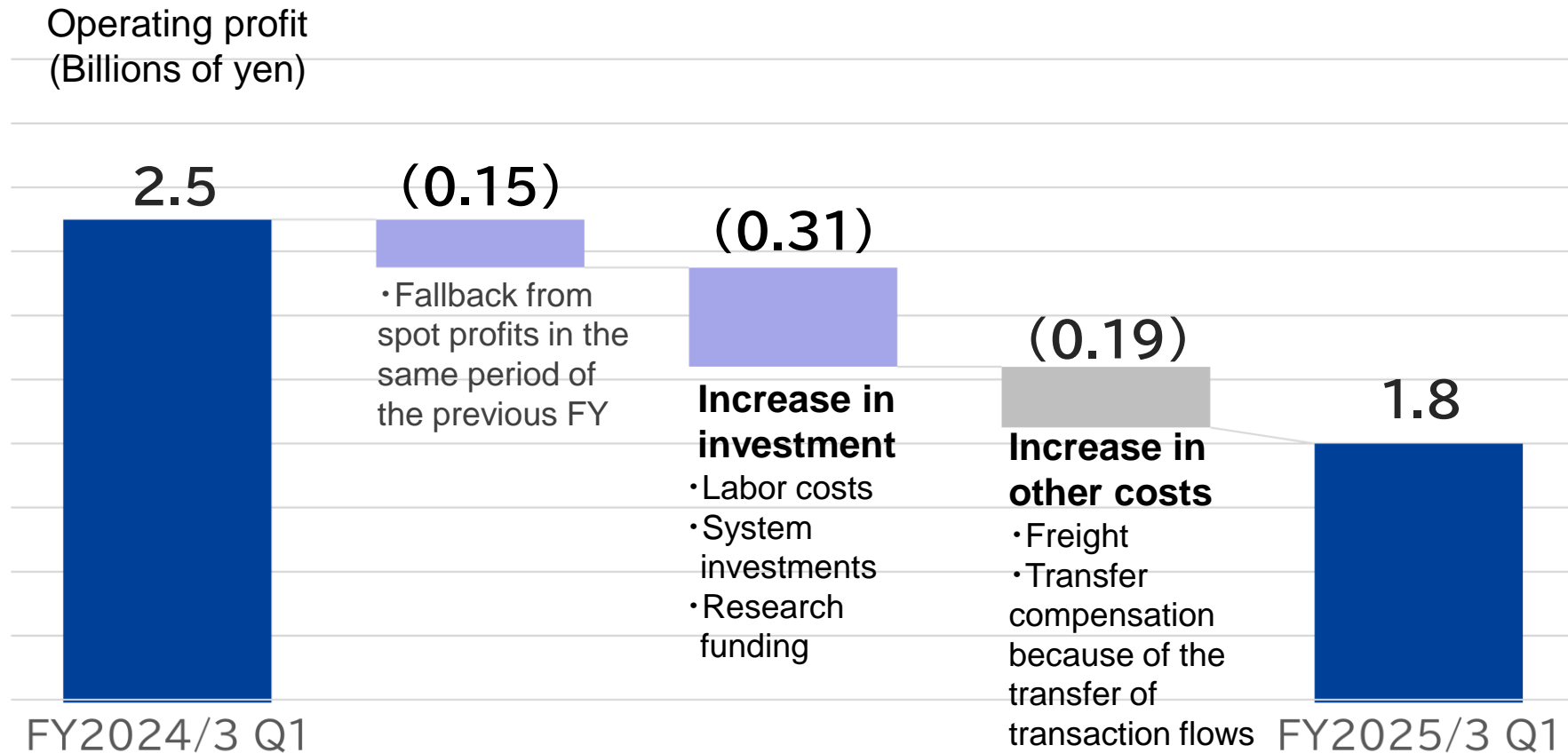
Positive factors for net sales

- Net sales increased by ¥11.6 billion, or 23.1%, YoY.
- Net sales in Electronic Devices Business grew significantly in Japan and overseas due to the expansion of sales to new customers and positive effects of the weak yen.



Changing factors for operating profit

- Operating profit declined by ¥0.64 billion, or 25.6%, YoY.
- Operating profit declined due to changes in the sales composition and a fallback from spot profits in the same period of the previous year, as well as the implementation of growth investments such as human resources investment.

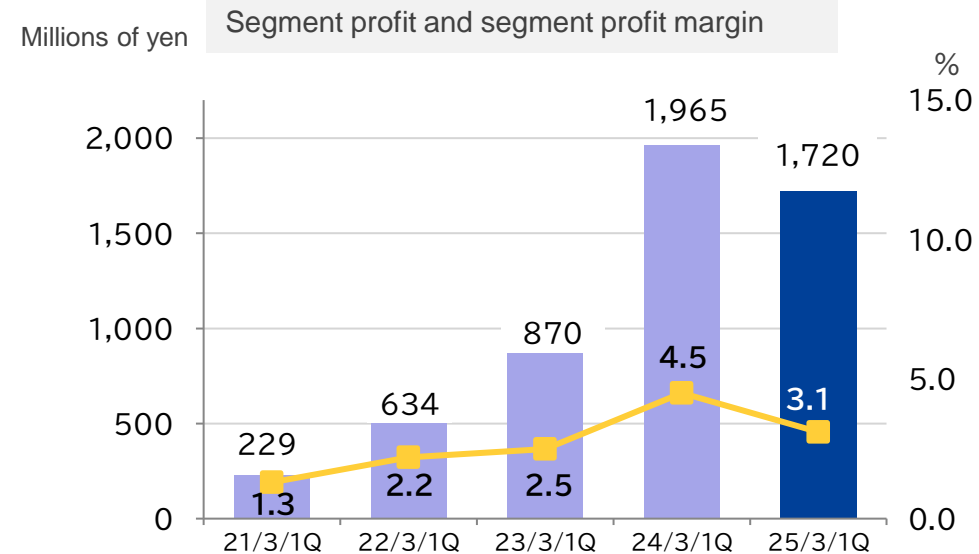
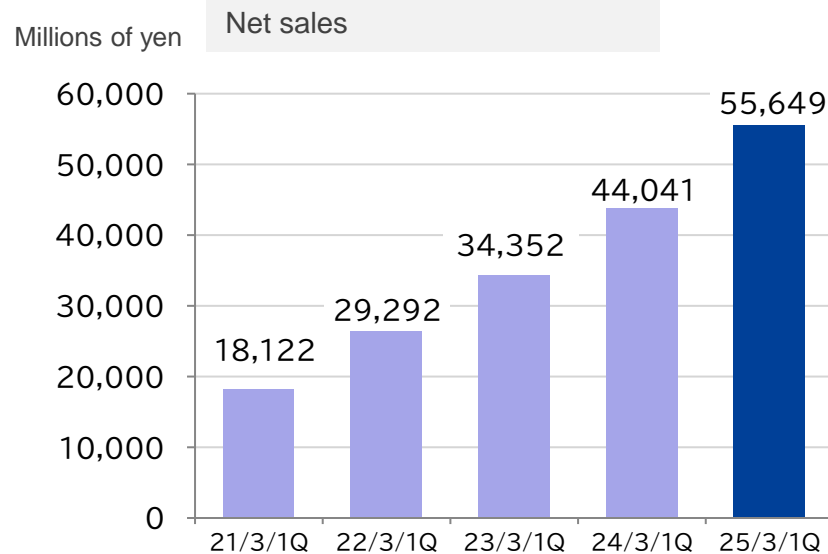


Electronic Devices Business: Financial results summary

- Despite the impact of the automobile production adjustment, net sales grew due to sales expansion to new customers and positive effects of the weak yen.
- Segment profit declined due to a fallback from spot profit in the same period of the previous fiscal year and an increase in the cost of growth investments, etc.

(Unit: Millions of yen)

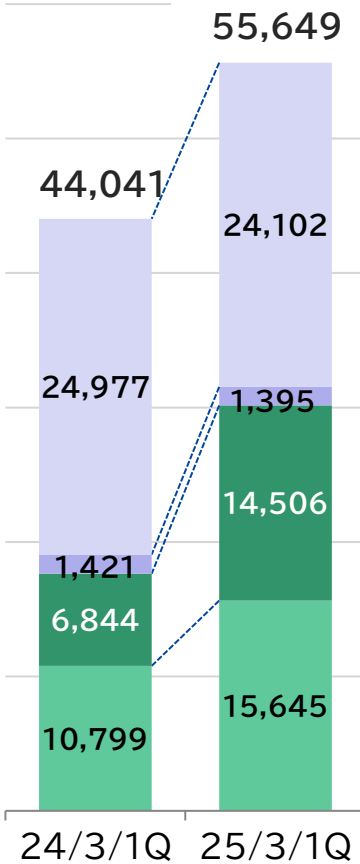
| | FY24/3 Q1 | | FY2025/3 Q1 | | |
|----------------|-----------|-------|-------------|-------|----------------|
| | Amount | Ratio | Amount | Ratio | YoY |
| Net sales | 44,041 | 100% | 55,649 | 100% | +11,607 +26.4% |
| Segment profit | 1,965 | 4.5% | 1,720 | 3.1% | (244) (12.4)% |



Electronic Devices Business: Net sales by client (YoY)

- In Japan, sales were boosted by expanding sales to new customers and adopted products for existing customers in additional vehicle models for existing customers.
- Overseas, sales were boosted by about ¥1.5 billion due to the impact of foreign exchange rates, and were strong mainly in United States.

(Unit: Millions of yen)



(Unit: Millions of yen)

| | FY2024/3 Q1 | | FY2025/3 Q1 | | | |
|--------------------------------|---------------|-------|---------------|-------|----------------|---------------|
| | Amount | Ratio | Amount | Ratio | YoY | |
| DENSO CORPORATION | 24,977 | 56.7% | 24,102 | 43.3% | (875) | (3.5)% |
| TOKAI RIKA CO., LTD. | 1,421 | 3.2% | 1,395 | 2.5% | (25) | (1.8)% |
| Others | 6,844 | 15.5% | 14,506 | 26.0% | +7,663 | +112.0% |
| Overseas clients ^{*1} | 10,799 | 24.5% | 15,645 | 28.1% | +4,845 | +44.9% |
| Total | 44,041 | – | 55,649 | – | +11,607 | +26.4% |

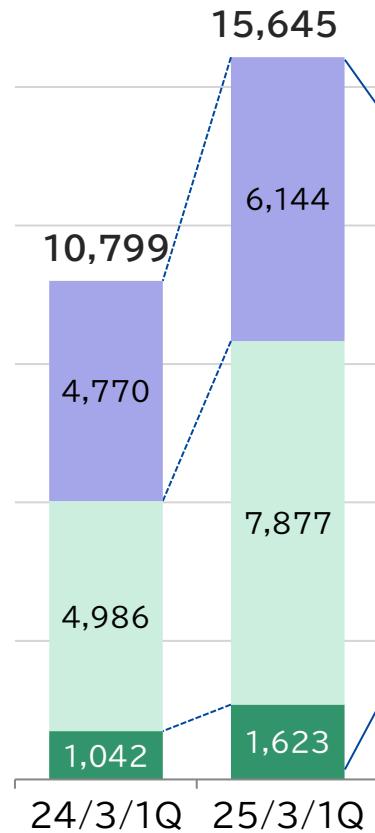
*1 Sales to the overseas offices of major customers, including DENSO CORPORATION, have been included in Overseas clients.

Electronic Devices Business: Net sales by region (YoY)

• Overseas, sales increased in all area due to about ¥1.5 billion impact of foreign exchange rates and increased requirements of major customers.

(Unit: Millions of yen)

(Unit: Millions of yen)



| | FY2024/3 Q1 | | FY2025/3 Q1 | | | |
|------------------|---------------|-------|---------------|-------|---------|--------|
| | Amount | Ratio | Amount | Ratio | YoY | |
| *1 Japan | 33,241 | 75.5% | 40,003 | 71.9% | +6,762 | +20.3% |
| *2 Asia | 4,770 | 10.8% | 6,144 | 11.0% | +1,374 | +28.8% |
| *2 United States | 4,986 | 11.3% | 7,877 | 14.2% | +2,890 | +58.0% |
| Europe | 1,042 | 2.4% | 1,623 | 2.9% | +580 | +55.7% |
| Overseas (total) | 10,799 | 24.5% | 15,645 | 28.1% | +4,845 | +44.9% |
| Total | 44,041 | – | 55,649 | – | +11,607 | +26.4% |

*1 Region names represent the Group's business locations (excluding intragroup transactions).

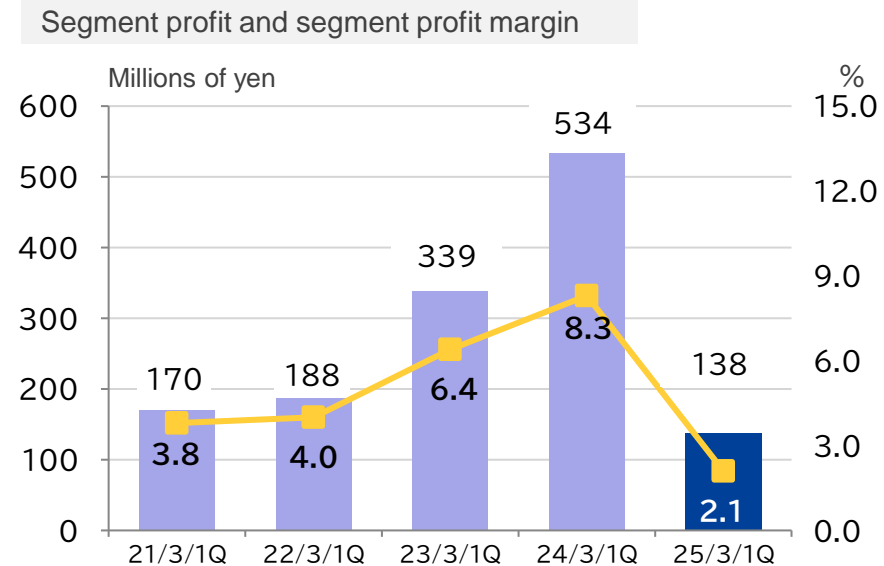
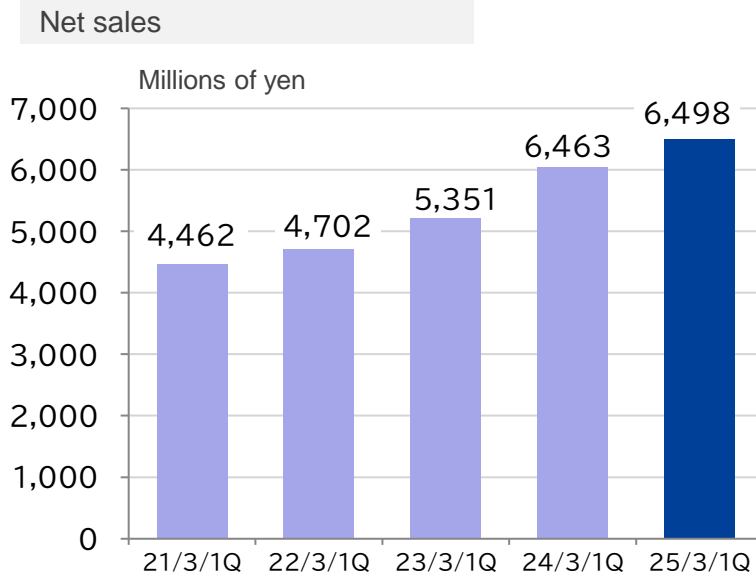
*2 Financial results included in FY2025/3 Q1 are figures from January 2024 to March 2024 as the fiscal year-end for the Group's bases in Singapore, China and the United States is December.

Technology Solutions Business: Financial results summary

- Despite sluggish growth in Embedded Solutions Business due to changes in market conditions, net sales remained at the same level as the same period of the previous year, by capturing demand for IT investment and manufacturing facilities expansion.
- Segment profit declined due to changes in the sales composition and aggressive growth investments.

(Unit: Millions of yen)

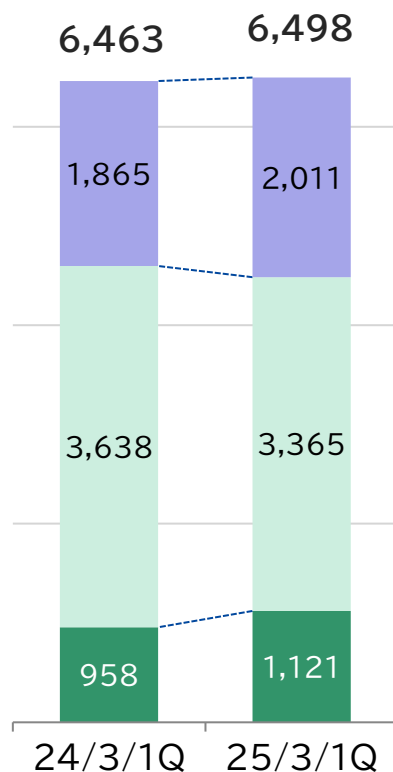
| | FY2024/3 Q1 | | FY2025/3 Q1 | | | |
|----------------|-------------|-------|--------------|-------|-------|---------|
| | Amount | Ratio | Amount | Ratio | YoY | |
| Net sales | 6,463 | 100% | 6,498 | 100% | +35 | +0.5% |
| Segment profit | 534 | 8.3% | 138 | 2.1% | (396) | (74.1)% |



Technology Solutions Business: Net sales by business (YoY)

• Although sales in the embedded solutions business were sluggish due to inventory adjustments by industrial equipment companies, sales remained at the same level as the same period of the previous year, reflecting demand for PC updating and expansion of R&D and manufacturing facilities.

(Unit: Millions of yen)



(Unit: Millions of yen)

| | FY2024/3 Q1 | | FY2025/3 Q1 | | | |
|-----------------------------------|--------------|-------|--------------|-------|------------|--------------|
| | Amount | Ratio | Amount | Ratio | YoY | |
| *1 IT Solutions/ Data Platform | 1,865 | 28.9% | 2,011 | 31.0% | +145 | +7.8% |
| Embedded Solutions | 3,638 | 56.3% | 3,365 | 51.8% | (273) | (7.5)% |
| FA Engineering | 958 | 14.8% | 1,121 | 17.3% | +162 | +17.0% |
| Total | 6,463 | — | 6,498 | — | +35 | +0.5% |

*1 From FY2025/3, the names of the previous System Solutions, Embedded and FA Solutions were changed to IT Solutions, Embedded Solutions and FA Engineering, and Data platform was newly added to these businesses. Amount of Data platform sales are combined with IT solutions. The details of each business are as follows.

IT: Sale of IT devices, development of apps, development of IoT systems, security measures, etc.

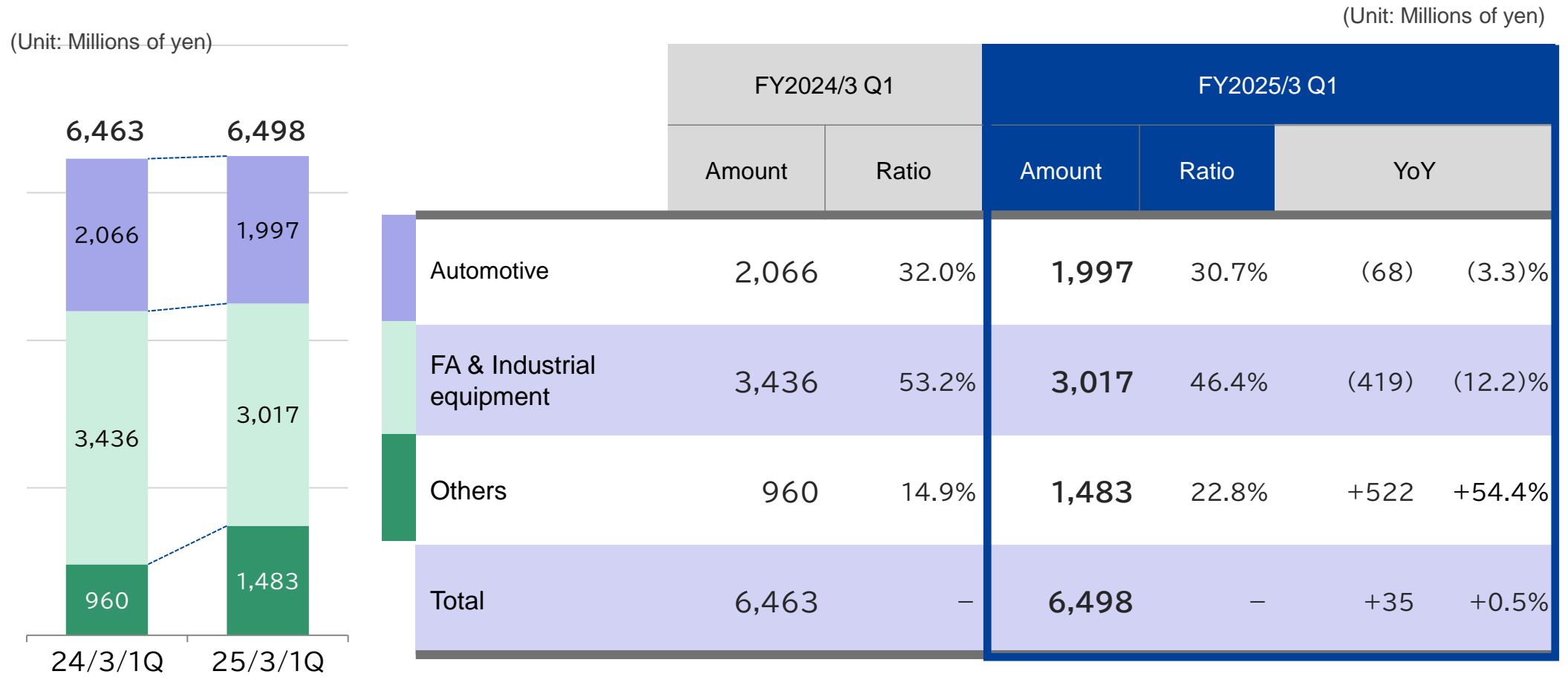
Data Platform: IoT data platform, services sales, etc.

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)

• In addition to strong investment in electrification of automotive-related companies, investment demand from non-manufacturing customers was captured.



Financial results summary for FY2025/3 Q1

Earnings forecasts for FY2025/3

Earnings forecasts for FY2024/3

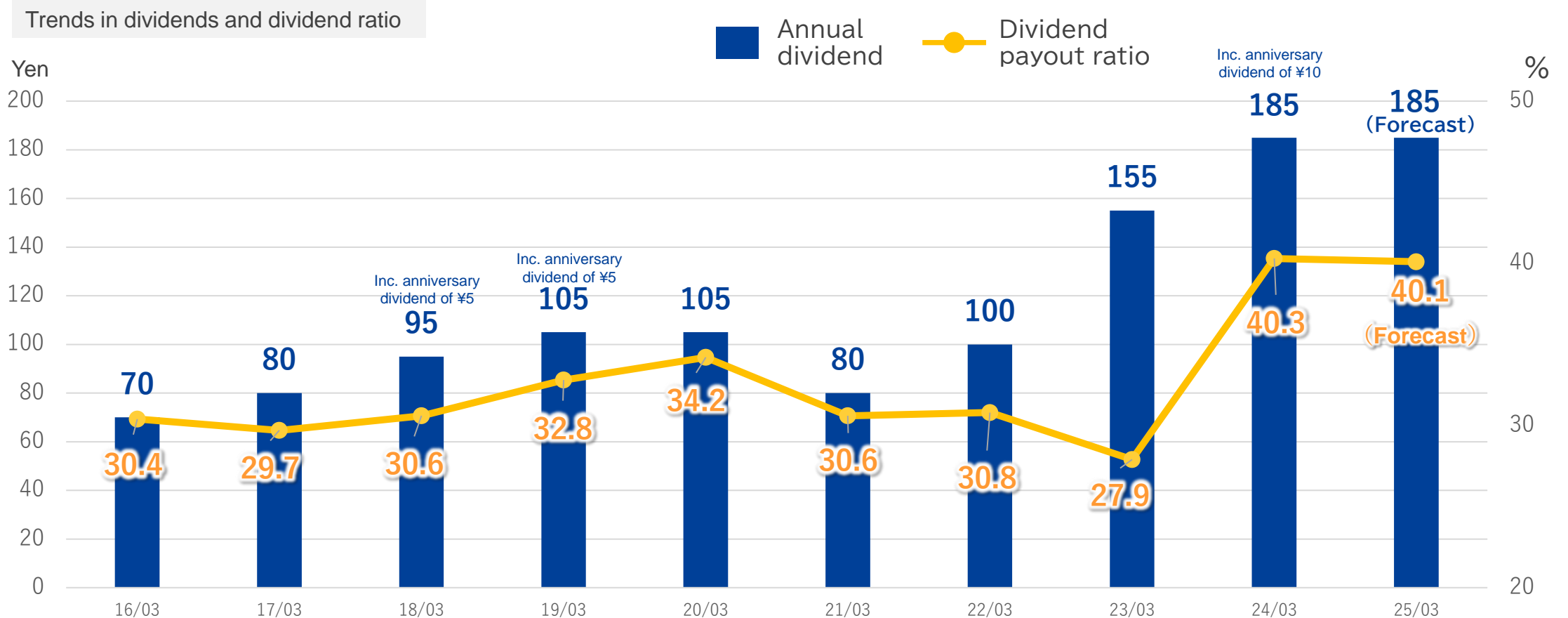
• In the first quarter, although there is the impact of external factors such as adjustments in automobile production, earnings forecasts have not been changed from the figures announced on May 14, 2024, partly because of our performance is progressing at a figure close to our initial plan.

(Unit: Millions of yen)

| | FY2024/3 | | FY2025/3 | | 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

- From FY2025/3, the target dividend payout ratio was raised from 30% to 30-40%.
- The dividend forecast has not been changed from the previous forecast, and the annual dividend for FY2025/3 is expected to be 185 yen with a payout ratio of 40.1%.





HAGIWARA ELECTRIC HOLDINGS CO., LTD.

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