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First Half of Fiscal Year 2025 Financial Results Briefing Material

Nov. 2025

HOKURIKU ELECTRIC INDUSTRY CO., LTD

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- Summary of Financial Results
- Sales Amount by Product
- Sales Amount Breakdown by Market
- Changes in Operating income (YoY)
- Balance Sheet
- Cash Flows

Summary of Financial Results

- Net sales: JPY 20.63 Bn -0.79 Bn YoY
- Operating income: JPY 1.32 Bn +0.07 Bn YoY
- Ordinary income: JPY 1.37 Bn +0.43 Bn YoY
- Profit attributable to owners of parent: JPY 1.05 Bn +0.27 Bn YoY

（100 Millions of yen）

	FY2024 First Half	FY2025 First Half	YoY Change	
			Amount	%
Net sales	214.2	206.3	−7.9	−3.7
Operating income	12.5	13.2	+0.7	+5.7
Ratio of operating income to net sales	5.8%	6.4%	—	—
Ordinary income	9.4	13.7	+4.3	+45.8
Profit attributable to owners of parent	7.8	10.5	+2.7	+34.9
Exchange rate (End of term) 1US$＝JPY	142.73	148.88	—	—

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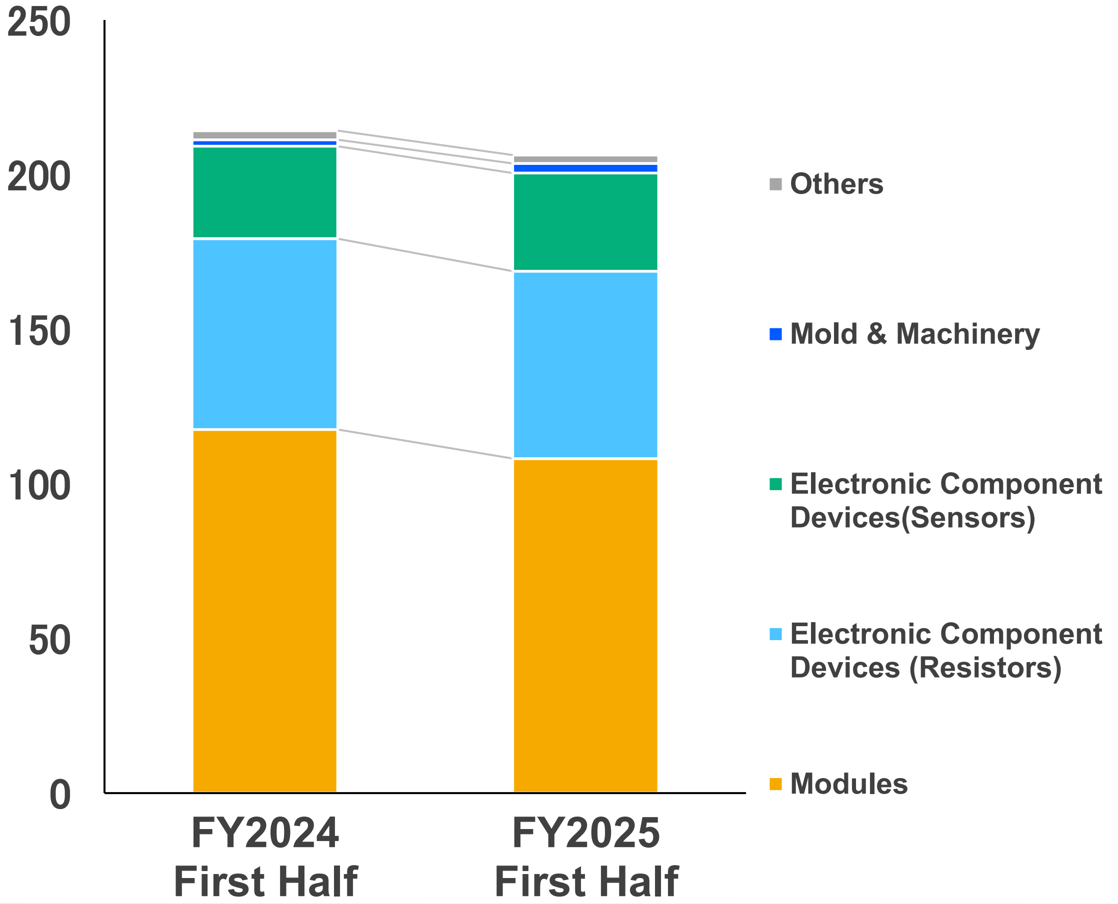
Sales Amount by Product

- ➢ **Modules:** Decline in demand for EV stalling and mobility display panels.
- ➢ **Electronic Component Devices:** Increase in resistors, piezoelectric products and sensors.

Module products	Sales: JPY 10.82 Bn -0.94 Bn YoY
Electronic Component Devices products	Sales: JPY 9.23 Bn +0.07 Bn YoY

（100 Millions of yen）

	FY2024 First Half	%	FY2025 First Half	%	YoY Change Amount	%
Modules	117.6	54.9	108.2	52.4	-9.4	-8.0
Electronic Component Devices (Resistors)	61.7	28.8	60.6	29.4	-1.1	-1.8
Electronic Component Devices (Sensors)	29.9	14.0	31.7	15.4	+1.8	+6.1
Mold & Machinery	2.1	1.0	3.1	1.5	+1.0	+46.9
Others	2.9	1.4	2.7	1.3	-0.2	-7.0
Total	214.2	100.0	206.3	100.0	-7.9	-3.7



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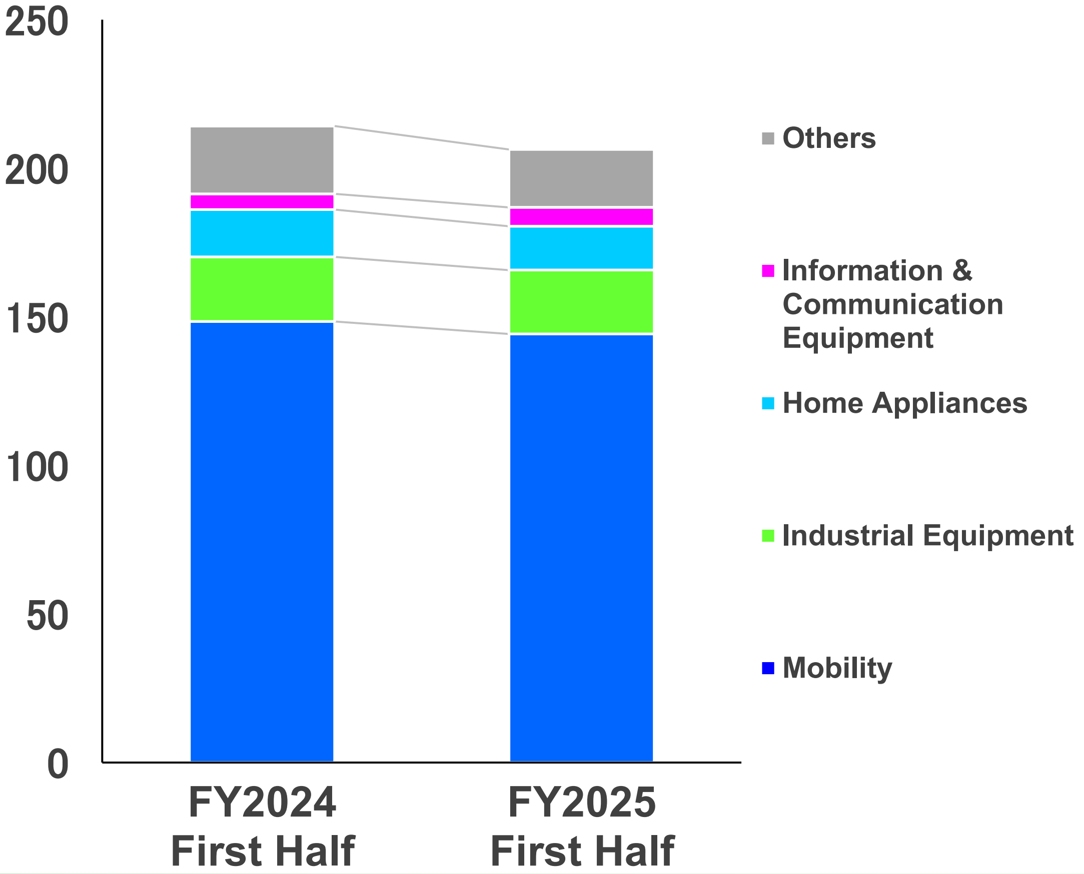
Sales Amount Breakdown by Market

- **Mobility market sales:** Increased due to in new markets and for new customers, but decreased in sales for EV and display panels.
- **Industrial Equipment, Home Appliances, Information and Communication Equipment, Others market sales:** Sales to industrial equipment and home appliances declined mainly due to the strong yen, while sales to information & communication equipment increased by demand for data centers.

(100 Millions of yen)

	FY2024 First Half	%	FY2025 First Half	%	YoY Change Amount	YoY Change %
Mobility	148.4	69.3	144.2	69.9	−4.2	−2.8
Industrial Equipment	21.7	10.2	21.5	10.4	−0.3	−1.2
Home Appliances	15.9	7.4	14.8	7.2	−1.1	−7.2
Information & Communication Equipment	5.3	2.5	6.3	3.1	+1.1	+19.9
Others	22.8	10.7	19.5	9.5	−3.3	−14.6
Total	214.2	100.0	206.3	100.0	−7.9	−3.7



Changes in Operating income (YoY)

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Balance Sheet

- Total assets decreased by JPY 0.82 Bn, mainly due to decrease in Cash and deposits.
- Total liabilities declined by JPY 0.87 Bn, mainly due to decrease in Borrowings.

（Millions of yen）

	FY2024 (End of Mar.)	FY2025 First Half (End of Sept.)	YoY Change
Current assets	30,625	29,734	−891
Cash and deposits	11,931	11,024	−907
Trade receivables	8,650	9,003	+353
Inventories	8,108	8,490	+382
Non-current assets	12,569	12,645	+75
Total assets	43,195	42,380	−815
Current liabilities	11,279	11,750	+470
Trade payables	5,802	5,680	−121
Non-current liabilities	9,202	7,866	−1,336
Total liabilities	20,482	19,616	−865
Borrowings	8,736	7,840	−896
Total net assets	22,713	22,763	+49
Total liabilities and net assets	43,195	42,380	−815

- **Net assets increased by JPY 49 million**

・Profit attributable to owners of parent +1,051
・Dividends from surplus −713
・Acquisition and disposal of treasury stock −119
・Foreign currency translation adjustments due to depreciation of Asian currencies against the yen −417

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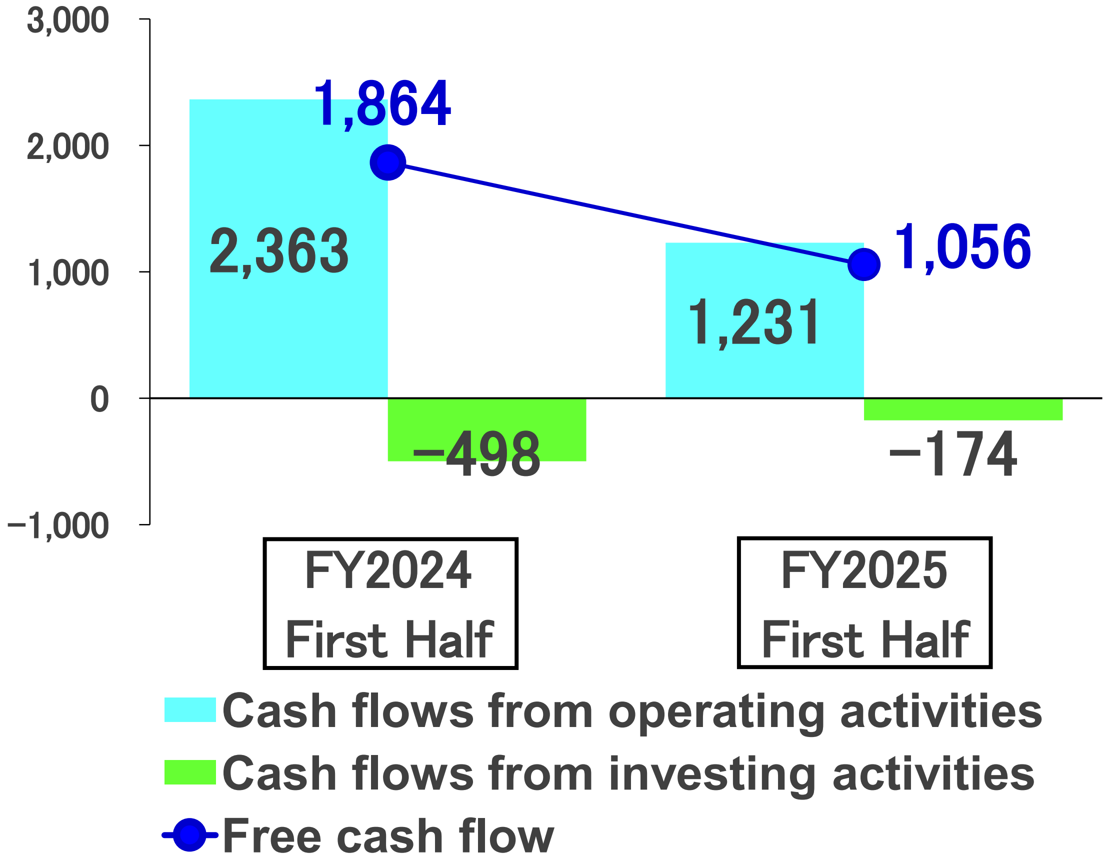
Cash Flows

- ➤ **Operating activities:** Increase in trade receivables and inventories.
- ➤ **Investing activities:** The purchase of Non-current assets, etc.
- ➤ **Financing activities:** Net decrease in borrowings, dividend payments.

(Millions of yen)

	FY2024 First Half	FY2025 First Half	YoY Change
Net cash provided by operating activities	2,363	1,231	−1,132
Net cash provided by investing activities	−498	−174	+324
Free cash flow	1,864	1,056	−808
Net cash provided by financing activities	−1,280	−1,763	−483
Cash and cash equivalents at end of period	8,922	8,269	−653

【Change in Free cash flow】



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2. FY2025　Financial Forecast

- Business Environment
- Financial Forecast
- Changes in Operating income (YoY)
- Capital expenditures/
  Depreciation/R&D expenses

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Business Environment

■ Assumptions at the beginning of FY2025

◇ Global Economy

- Uncertainty is expected to continue due to the implementation of tariff policies by the U.S.A. and ongoing geopolitical tensions.

◇ Electronics Market

- Although demand for components in the mobility sector is slowing due to the slowdown of electrified vehicles and other factors, demand is expected to grow over the medium to long term due to continued technological innovation accompanying the progress of electrification.
- Weakness in industrial equipment, consumer electronics, and other sectors due to the sluggish Chinese economy and other factors, but demand is expected to recover moderately in the second half of the fiscal year.

■ Current Forecast

◇ Global Economy

- The situation remains uncertain, with factors such as The U.S.A. tariff hikes and China's economic slowdown persisting.

◇ Electronics Market

- The mobility sector is seeing a slowdown in EVs, but overall demand for parts in the xEV market remains robust.
- In the industrial equipment and consumer electronics sectors, while AI-related demand is expanding, overall demand is expected to recover at a moderate pace.

Financial Forecast

- ➢ Steadily working to capture demand in new mobility and data center markets, with each product category generally progressing as planned.
- ➢ Although the market environment remains uncertain due to factors such as The U.S.A. tariff hikes and China's economic slowdown, the shift toward a weaker yen has led to upward revisions in full-year sales and profit forecasts.
- ➢ The assumed exchange rate changed from 140 yen to 147 yen to the dollar.

（100 Millions of yen）

	FY2024 Results	FY2025 Forecast (beginning of term)	FY2025 Forecast (this time)	YoY Change	
				Amount	%
Net sales	431.9	408.0	423.0	−8.9	−2.1
Operating income	26.0	20.0	21.0	−5.0	−19.3
Ratio of operating income to net sales	6.0%	4.9%	5.0%	—	—
Ordinary income	28.5	17.0	21.0	−7.5	−26.3
Profit attributable to owners of parent	21.9	12.0	16.0	−5.9	−27.1
Exchange rate (End of term) 1US$＝JPY	149.52	140.00	147.00	—	—

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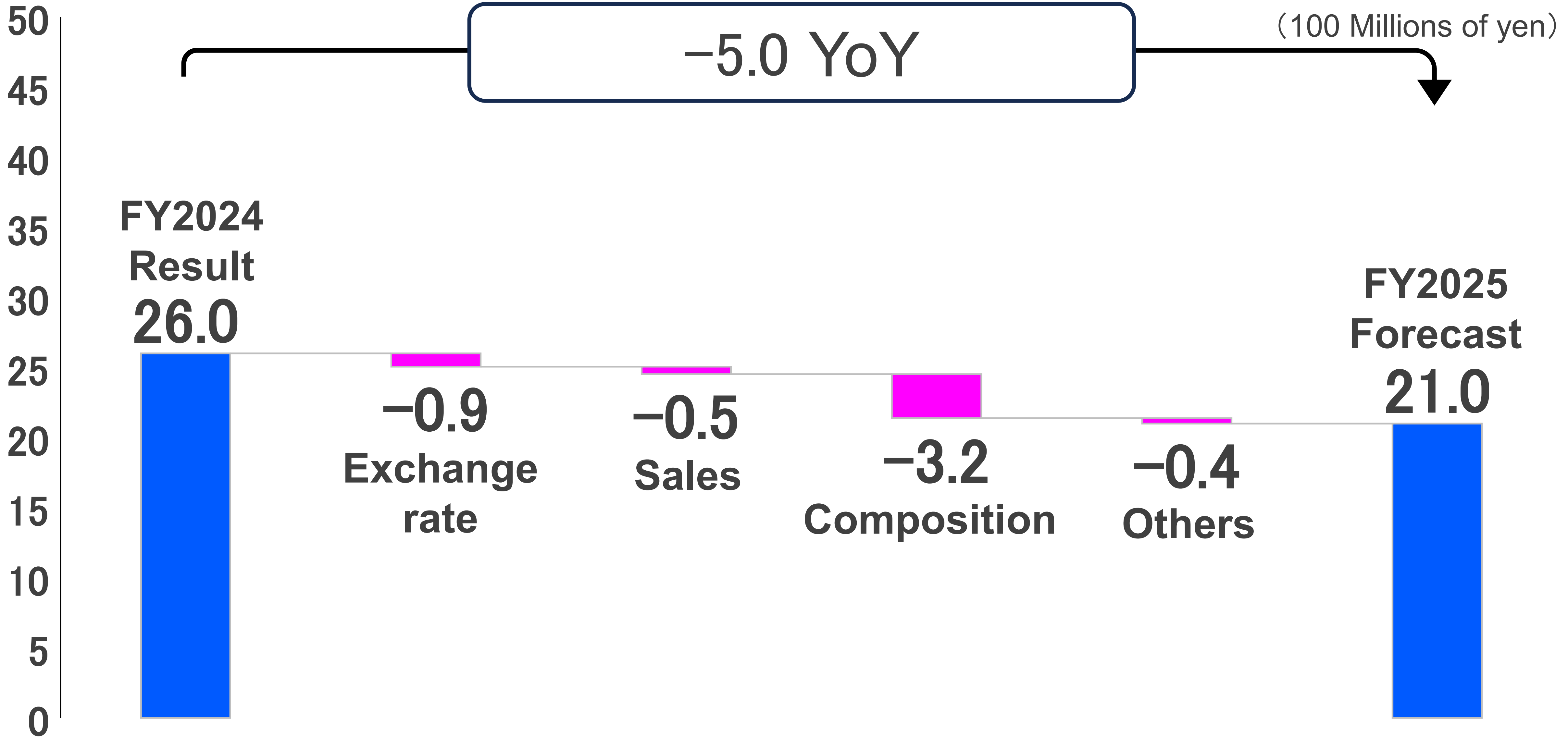
Changes in Operating income (YoY)



Capital expenditures/Depreciation/R&D expenses

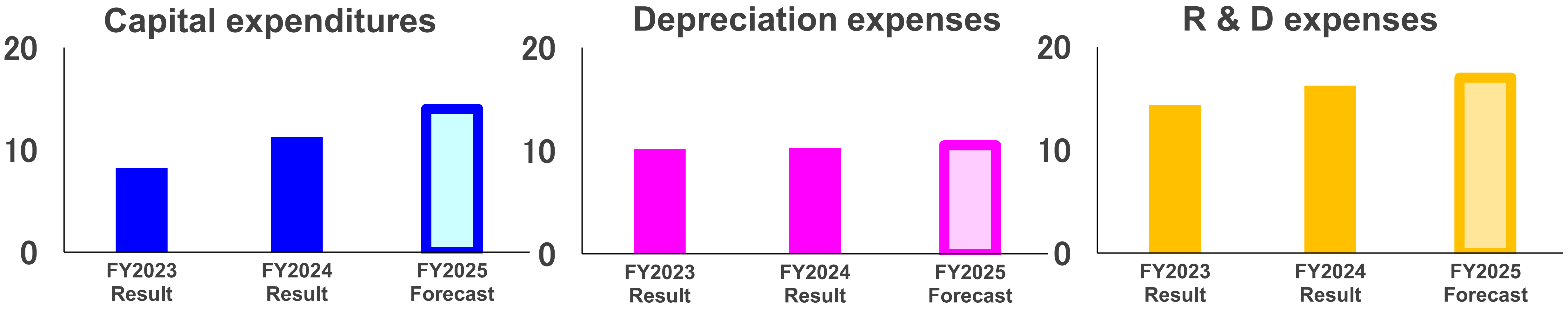
- ➤ The increase in capital expenditure was mainly due to the expansion of bases and production facilities in ASEAN.
  JPY +0.27 Bn YoY
- ➤ R&D will continue to focus on developing solution services/products for social problems and new sensors.

（100 Millions of yen）

	FY2023 Results	FY2024 Results	FY2025		YoY Change	
			First Half	Forecast	Amount	%
Capital expenditures	8.3	11.3	9.2	14.0	+2.7	+24.1
Depreciation expenses	10.2	10.3	5.2	10.5	+0.2	+2.5
R & D expenses	14.4	16.2	7.3	17.0	+0.8	+4.7

■ Main capital expenditures
- ・The expansion of bases and production facilities in ASEAN
- ・DX,IT-related investments
- ・Sustainability-related investments

■ Main R&D expenses
- ・Development of new sensors
- ・Development of solutions for social problems (Environmentally Friendly Products, IoT related products etc.)



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3. Initiatives to Enhance Corporate Value

- Status of Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)
- Shareholder returns

Status of Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

■ **Approach policy aiming for PBR of 1x or higher**

①ROE 10% or higher

- **Focus management resources on evolving core businesses and creating new products to expand profits.**
- **Enhance shareholder returns and improve capital efficiency through increased dividends and share buybacks.**

②PER 10% or higher

- **Promoting management and business strategies aimed at achieving sustainable growth and enhancing medium to long term corporate value.**
- **Further strengthen corporate governance, promote sustainability management, and enhance investor relations activities.**

	FY2022 Results	FY2023 Results	FY2024 Results	FY2025	
				First Half	Forecast (Note)
Net sales (Millions of yen)	45,459	40,811	43,185	20,633	42,300
Operating income (Millions of yen)	2,941	2,271	2,600	1,318	2,100
Ratio of operating income to net sales (%)	6.5	5.6	6.0	6.4	5.0
Profit attributable to owners of parent (Millions of yen)	647	2,538	2,194	1,051	1,600
Return on equity (ROE) (%)	3.9	13.6	10.3	—	7.0
Stock Price (Closing Price) (JPY) (Date)	1,362 (End of March 2023)	1,418 (End of March 2024)	1,477 (End of March 2025)	2,150 (End of September 2025)	—
Price earnings ratio (PER) (Times)	17.6	4.6	5.5	—	—
Price book-value ratio (PBR) (Times)	0.7	0.6	0.5	0.7	—

(Note) Based on the full-year earnings forecast announced on November 10, 2025

Status of Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

■ Capital Allocation

・A policy of balancing allocations between capital expenditures and shareholder returns.

①Capital expenditures

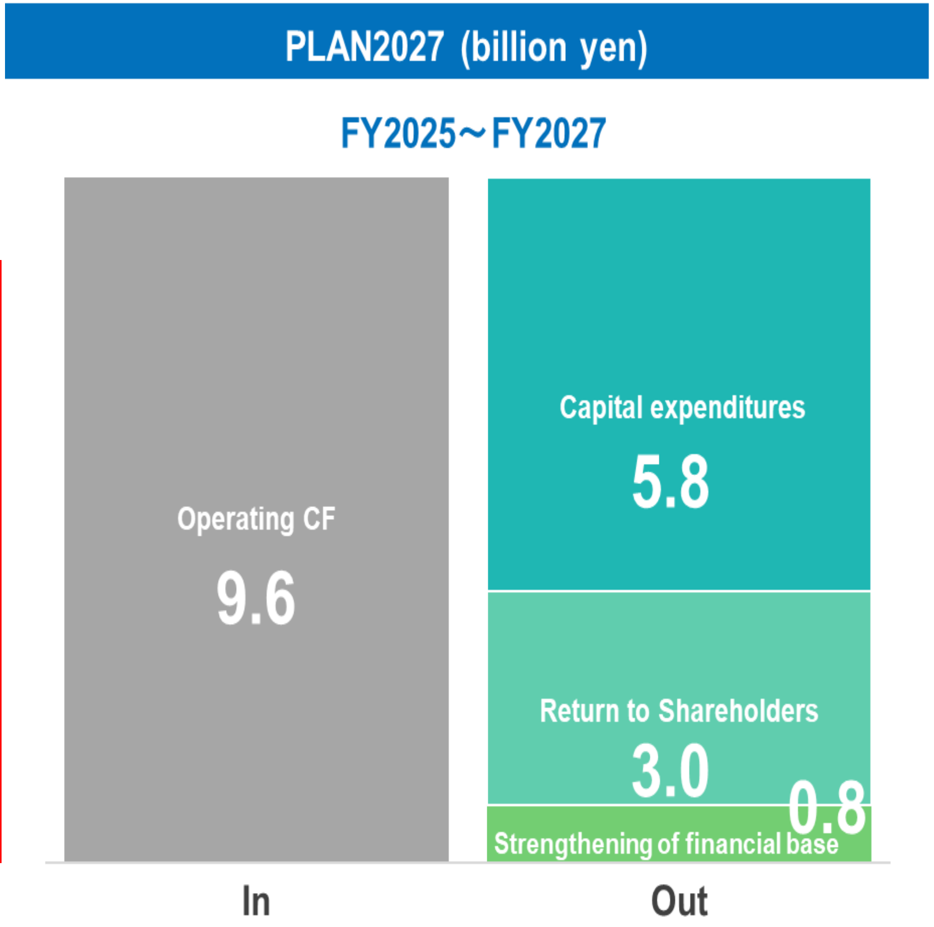
・Promoting proactive growth investment in new products and core businesses.

②Shareholder returns

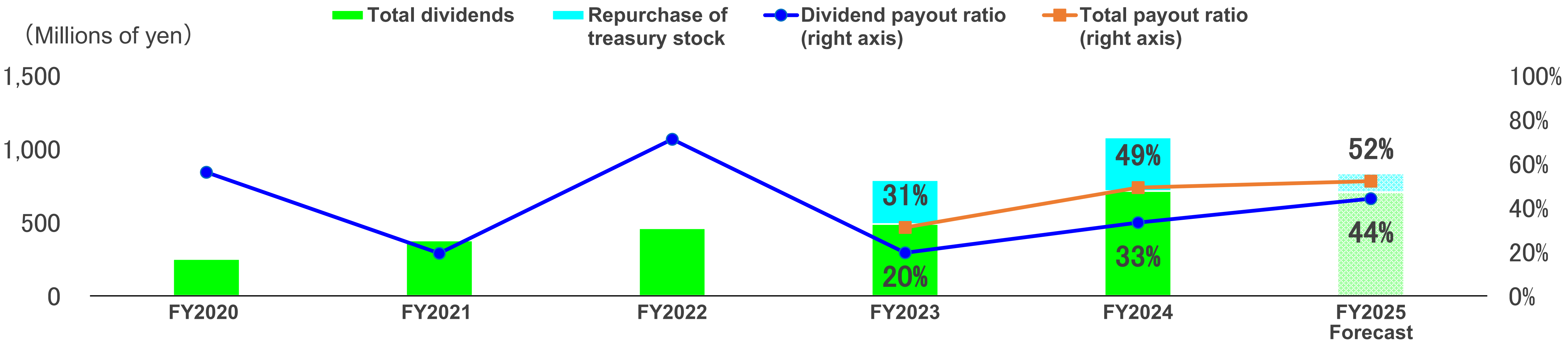
・Aiming for a dividend payout ratio of 35% and a dividend on equity (DOE) ratio of 3% or higher, we will implement flexible share buybacks and other measures to further improve shareholder returns.

	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecast (Note)
Net income per share (JPY)	77.36	307.33	270.78	203.85
Net assets per share (JPY)	2,043.56	2,463.43	2,863.49	2,971.23
Dividend per share (JPY)	55.00	60.00	90.00	90.00
Dividend payout ratio (%)	71.1	19.5	33.2	44.2
Dividend on equity (DOE) ratio (%)	2.8	2.7	3.4	3.1
Purchase of treasury stock (Millions of yen)	—	299	372	127

(Note) Based on the full-year earnings forecast announced on November 10, 2025



- **Basic Policy:** Further strengthen shareholder returns and improve capital efficiency.
- **Annual dividend:**
  - ・FY2025 Plans to dividend of 90 yen per share, the same amount as the previous fiscal year as planned at the beginning of the fiscal year.



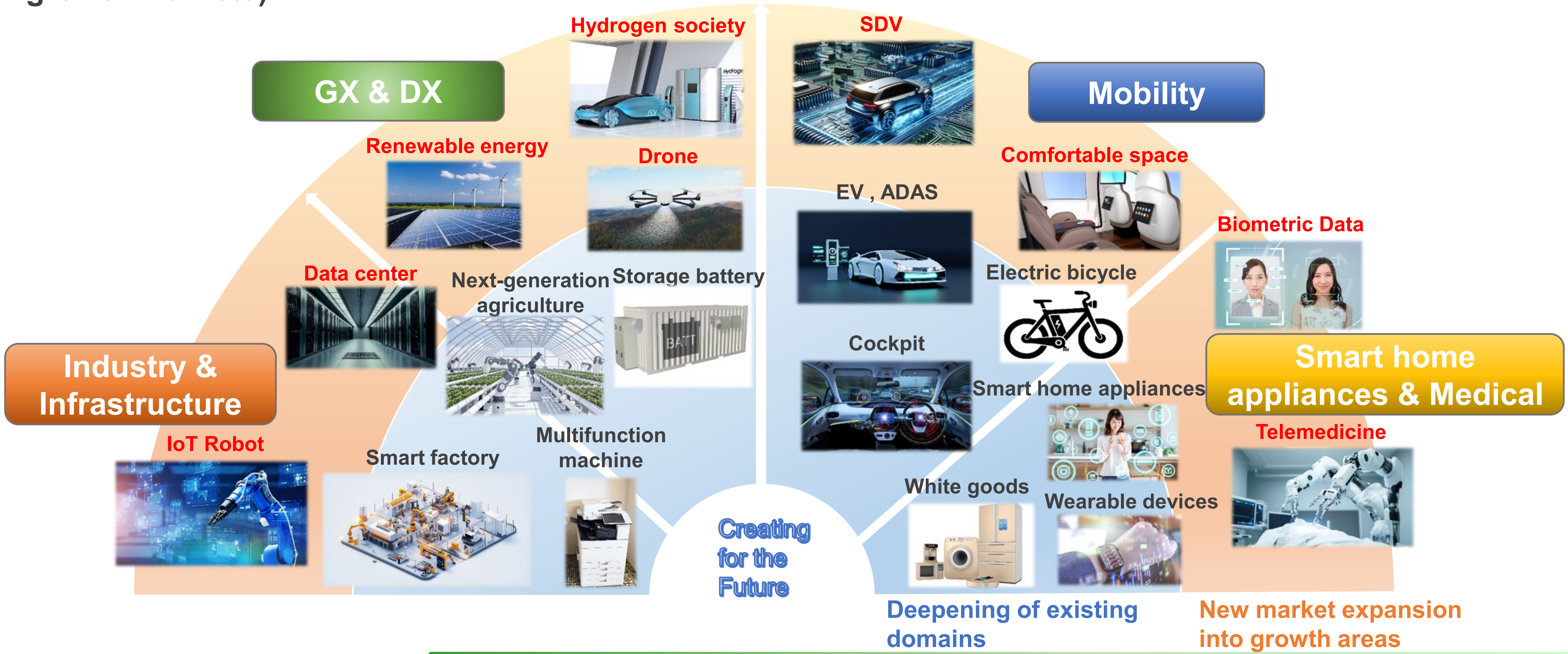
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Forecast
Annual dividend per share(JPY)	30	45	55	60	90	90
Net income per share(JPY)	53.47	232.89	77.36	307.33	270.78	203.85

4. Topics

- Expansion of business areas for growth markets
- Promotion of new products and new businesses
- Website Renewal
- Introduction of “Integrated Report 2025”

Expansion of business areas for growth markets

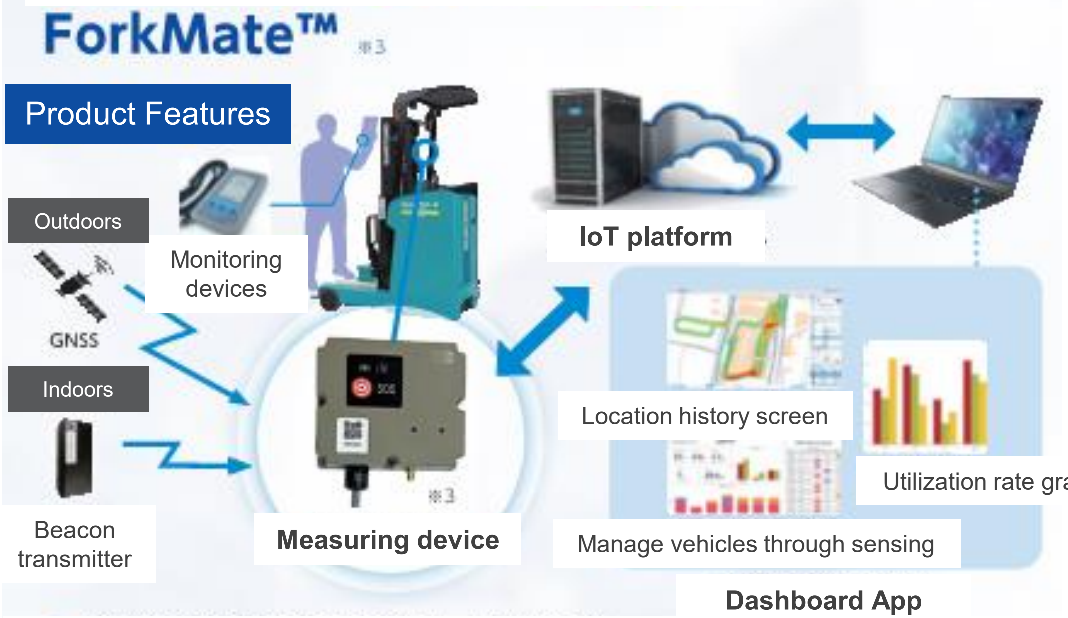
Aim to expand business domains by concentrating management resources on evolving core business and creating new products in the four domains and the next frontier (next-generation growth markets).



Promotion of new products and new businesses
Examples of contributions to a “safe and secure” society

HOKURIoT™ (HOKURIO)※1 Visualize operational status and achieve safety management.

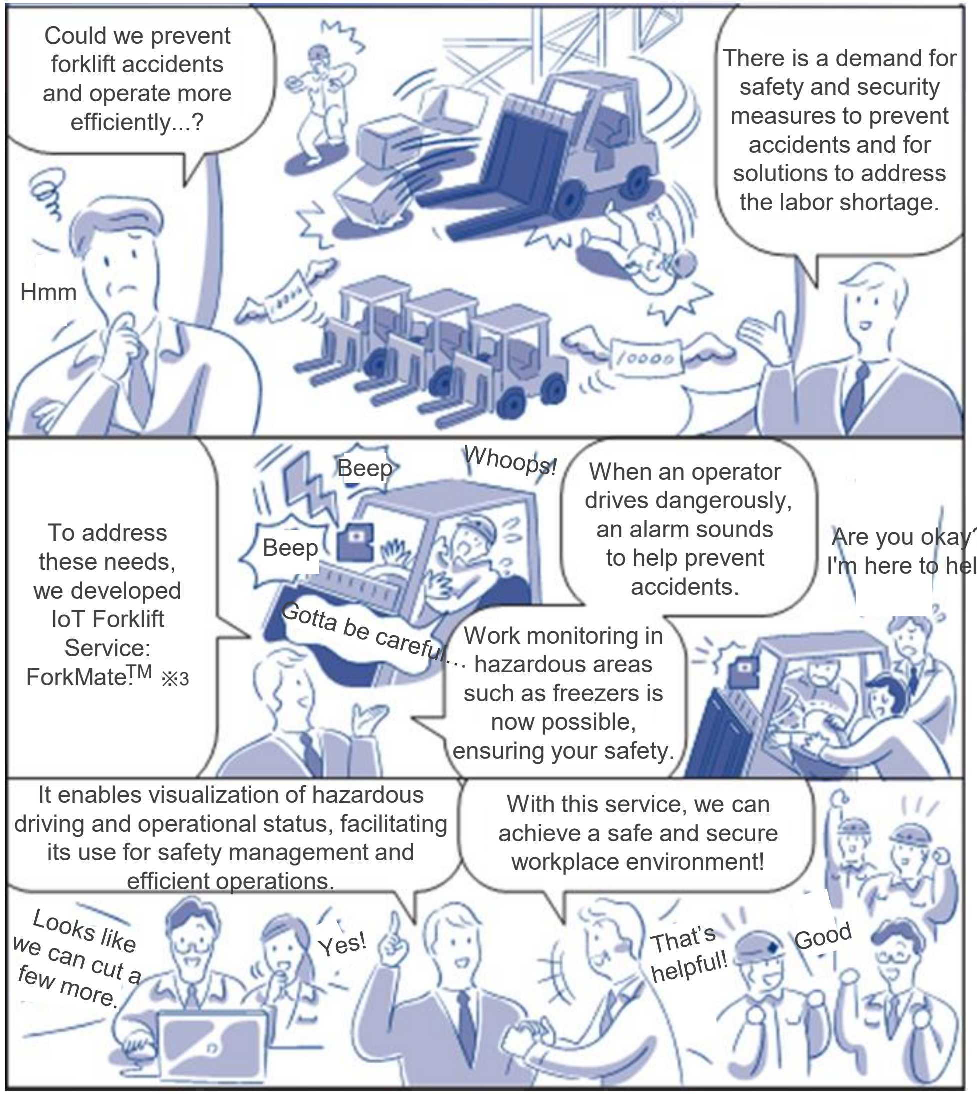
IoT Forklift Service※2



- **Rolling out services that can be easily retrofitted**
- **Detecting risky driving to contribute to accident reduction and safe driving guidance**
- **Measure operational status to support improved operational efficiency**
- **Total solution support by subscription**

※1 HOKURIoT™(HOKURIO) is a registered trademark (under review) representing our IoT solutions
※2 This service is jointly developed and provided with Mitsubishi HC Capital Inc.
※3 ForkMate™ is a registered trademark (under review) representing our IoT solution services for forklifts

Business Opportunities	・**Growing need for safety and security to prevent accidents** ・**Addressing labor shortages and improving operational efficiency**



Website Renewal (July–)

Please try to take a look at our Website.
We publish various information, including financial results and business details.

[IR Page is here]

Financial results and Medium-term Management Plan, etc.

[Our website is here.]

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Integrated Report Issued

The report focuses on initiatives aimed at realizing management strategies from a medium- to long-term perspective.

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Published on our website. Please take a look.
https://www.hdk.co.jp/ir/library/integrated/

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Therefore, please refrain from relying entirely on the business outlook and target figures in this material.
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