

**3Q FY10/22 results
(Nov 1, 2021-Jul 31, 2022)
Results briefing materials**



(TSE Prime : 7 8 5 6)

Results highlights	3	FY10/22 consolidated earnings forecasts	
3Q FY10/22 results and main points		Consolidated earnings forecasts	11
Results summary	4	Outlook for consolidated operating income	12
Consolidated sales analysis	5	Consolidated sales of SDG-related products	13
Consolidated operating income analysis	6	SDG-related products	14-17
Overview of segments and subsidiaries	7	Topics	18
Consolidated balance sheet	8	Supplementary materials	19-20
Consolidated inventory wholesale assets and sales receivables turnover	9		
Consolidated results at a glance	10		

1. Performance

- In the Plastic-processed Products (PLS) segment, overall sales increased as strong sales of BarChip, laminated cloths and Meltac to overseas markets outweighed the slump in sheets and sandbags as a result of reduced demand for disaster preparedness provisioning. Income declined owing to a time lag in passing along soaring material costs in the form of higher sales prices.
- In the Engineering (ENG) segment, sales of mainstay slitters fell due to difficulty in procuring parts. Income declined in part because of sharply higher material costs.




2. Future strategies

- (1) Following construction of a new factory in Paraguay, operations at the sheet manufacturing subsidiary in China were suspended and a decision was made to dissolve the business. Restructuring of domestic and overseas production systems has begun.
- (2) At the Indonesian subsidiary, FSSC22000 (Food Safety System Certification) compliant paper bags for food materials were newly launched, with the aim of expanding sales in Indonesia, a growth market.

Results summary

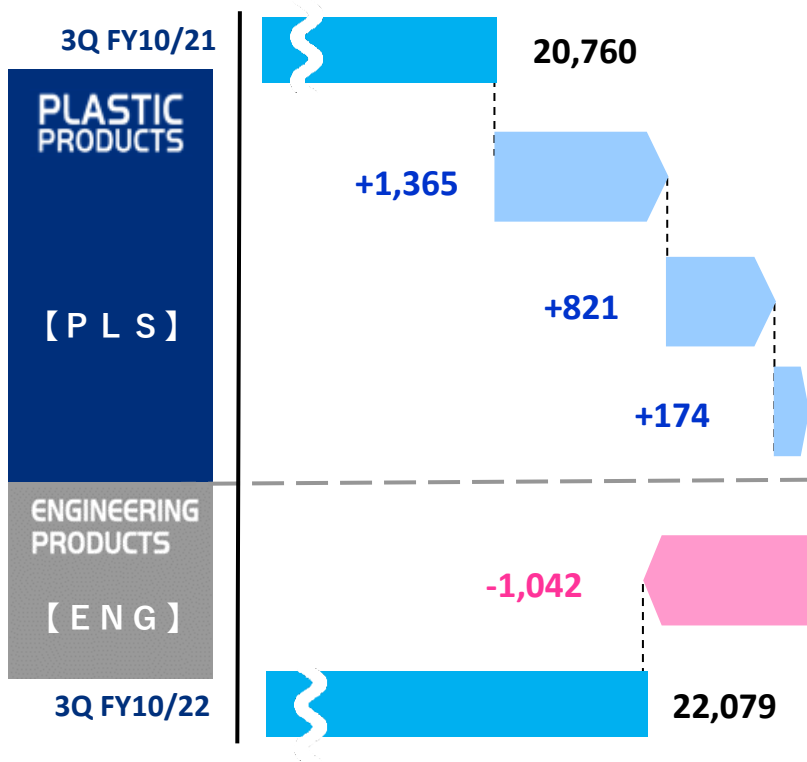
(Millions of Yen)

■ YoY change

	3Q FY10/21	3Q FY10/22	YoY		
			Change	(%)	
Sales	20,760	22,079	1,318	6.4%	
Operating income	1,983	1,019	-964	-48.6%	
Net income attributable to owners of parent	1,405	584	-821	-58.4%	

Consolidated sales analysis

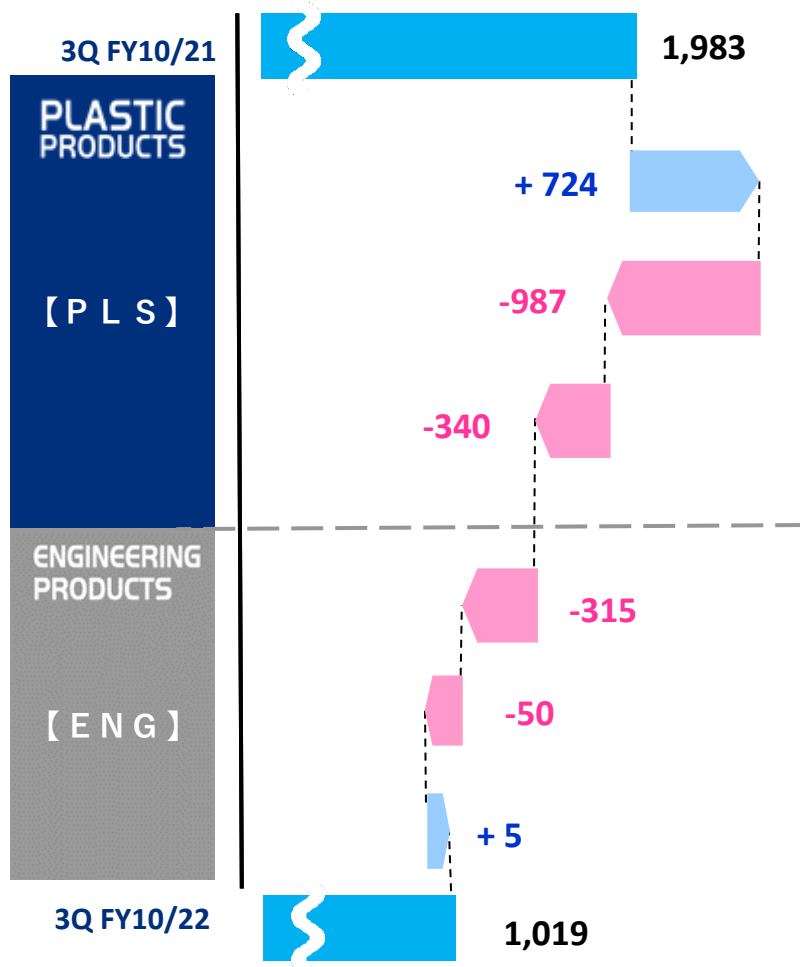
(Millions of Yen)



Main factors
Rise in sales prices
Rise in sales volume
Forex impact
Delivery delays due to difficulty in procuring parts

Consolidated operating income analysis

(Millions of Yen)



Main factors
Rise in sales
Cost increases from higher materials costs, etc.
Increase in marine transportation rates, etc.
Fall in sales
Sharp increase in materials costs, etc.
Reduction in SG&A

Overview of segments and subsidiaries

(Millions of Yen)

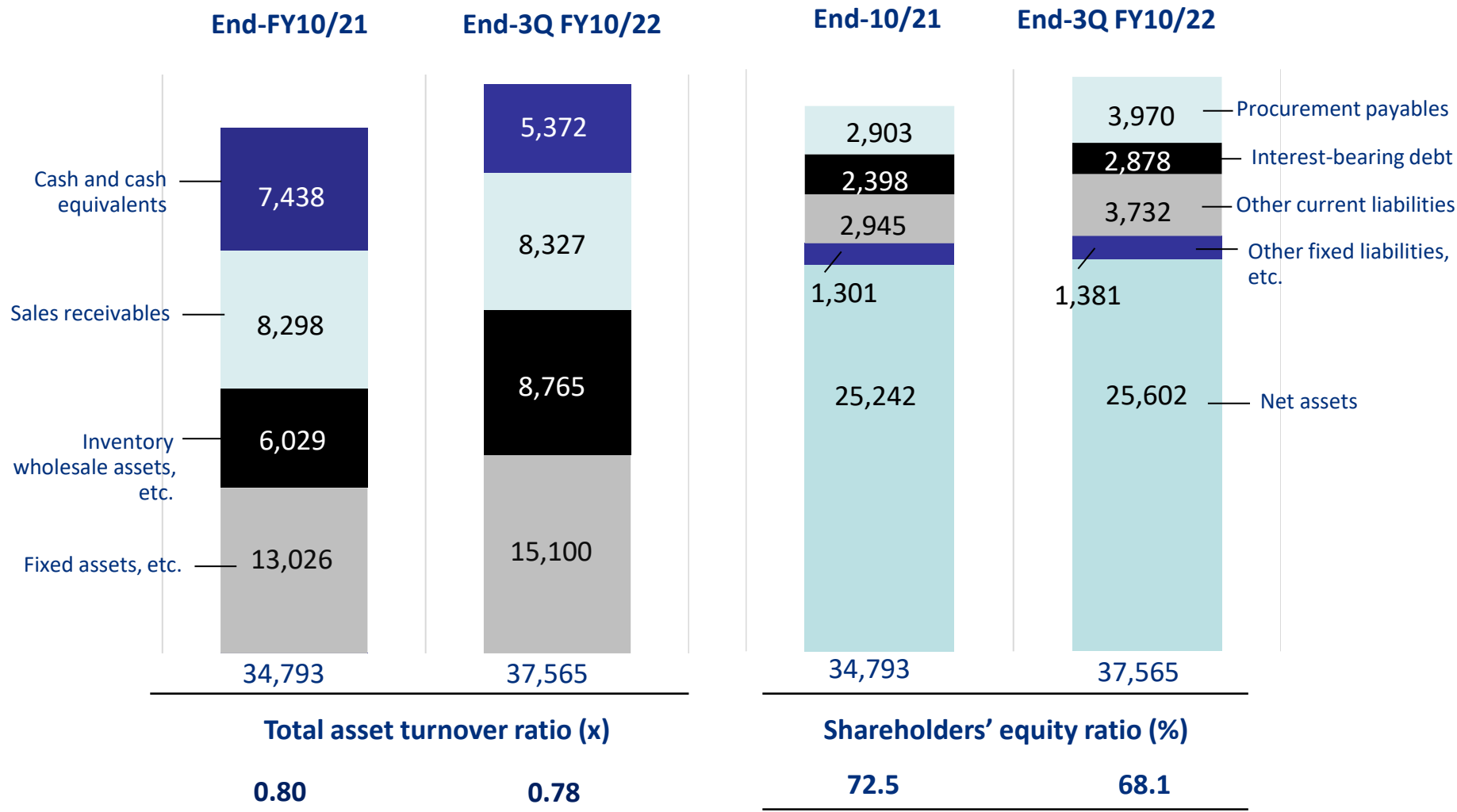
		Sales		Operating income	
		3Q FY10/21	3Q FY10/22	3Q FY10/21	3Q FY10/22
Hagihara Industries	PLS segment	11,814	10,999	1,117	462
	ENG segment	3,930	2,877	548	141
Parent		15,744	13,876	1,665	603
Japan Fabweld		273	288	-3	14
P.T. Hagihara Westjava Industries		2,605	3,777	-21	123
Qingdao Hagihara Industries		475	399	23	-17
BarChip Asia (former EPC Holdings)		2,275	2,937	280	309
Toyo Heisei Polymer		3,080	3,167	107	29
Hagihara Machinery (Shanghai)		330	406	-5	-25
Consolidated		20,760	22,079	1,983	1,019

Consolidated balance sheet

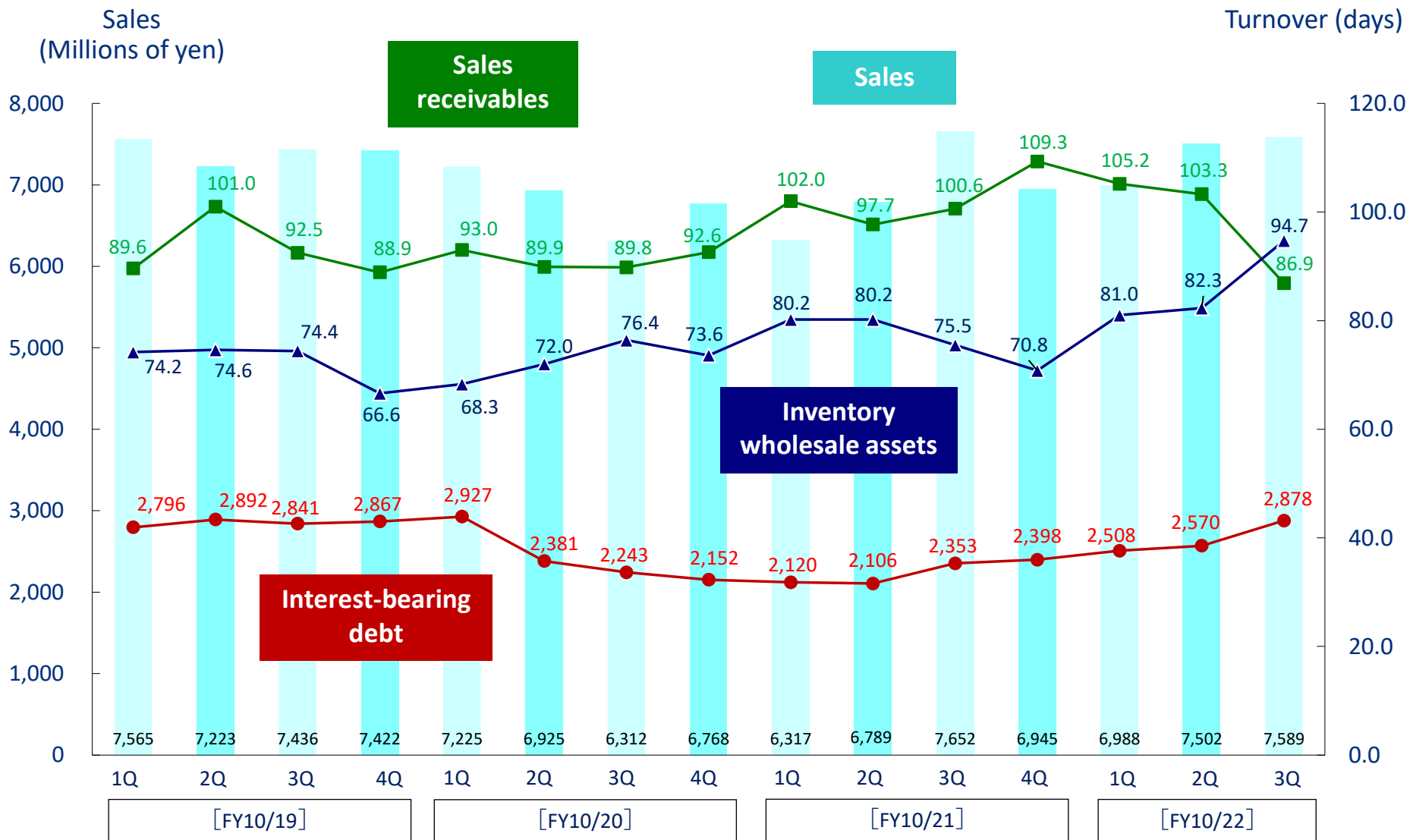
(Millions of Yen)

(Assets)

(Liabilities
Net assets)



Consolidated inventory wholesale assets and sales receivables turnover



Consolidated results at a glance

	3Q FY10/22		YoY		3Q FY10/22		(Millions of Yen)
	Result	Vs. sales	Change		Result	YoY	Change
Sales	22,079	100.0%	1,318	Return on assets (ROA)	2.1%	-3.5%	
Gross income	5,673	25.7%	-629	Return on equity (ROE)	3.0%	-4.8%	
Operating income	1,019	4.6%	-964	Total asset turnover ratio	0.78x	-0.02x	
Ordinary income	1,231	5.6%	-847	Shareholders' equity ratio	68.1%	-4.0%	
Net income attributable to owners of parent	584	2.6%	-821	Free cash flow	-1,494	-1,307	
Shareholders' equity	25,596	—	355	Net income per share	¥40.46	-¥56.67	
Total assets	37,565	—	2,772	Net assets per share	¥1,832.05	¥125.14	
Capital investment	2,480	—	1,556	R&D expenses	481	-9	
Depreciation and amortization	992	—	41	EBITDA (Operating income before depreciation and amortization)	2,012	-922	

Consolidated earnings forecasts

(Millions of Yen)

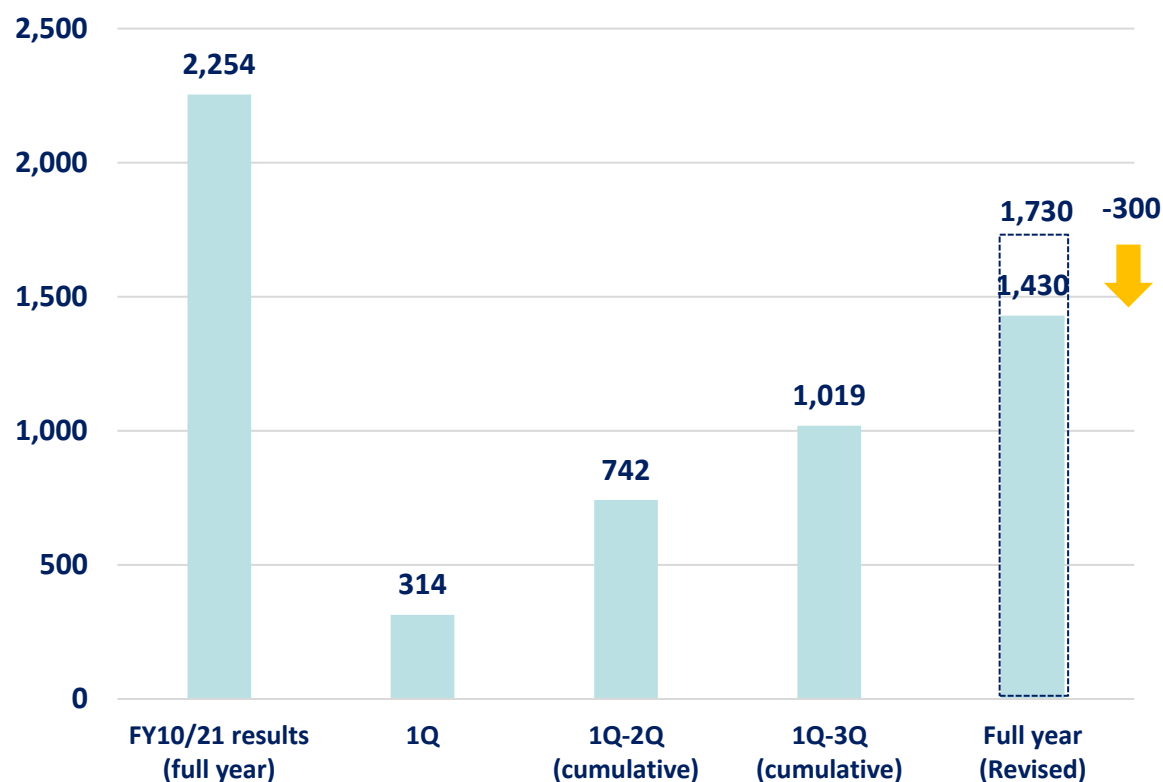
	FY10/21			FY10/22 (Forecast: revised figures)*			
	2Q	4Q	Full year	2Q (result)	2H		Full year
					3Q(result)	4Q(forecast)	
Sales	13,107	14,598	27,705	14,490	7,589	7,621	29,700
Operating income	1,270 (9.7%)	984 (6.7%)	2,254 (8.1%)	742 (5.1%)	276 (3.6%)	412 (5.4%)	1,430 (4.8%)
Ordinary income	1,331 (10.2%)	1,040 (7.1%)	2,372 (8.6%)	889 (6.1%)	342 (4.5%)	509 (6.7%)	1,740 (5.9%)
Net income attributable to owners of parent	916 (7.0%)	702 (4.8%)	1,619 (5.8%)	659 (4.5%)	-75 (-)	336 (4.4%)	920 (3.1%)

*Earnings forecasts revised on September 12, 2022

Figures in parentheses denote income margins

Outlook for consolidated operating income

(Millions of Yen)



Factors behind revision of full-year forecast

PLS Segment (-90)	
Greater than expected increase in raw material costs	-40
Impact of weaker yen	-30
Decline in sales of sheets and other products	-10
Costs related to China subsidiary's withdrawal from business	-10
ENG Segment (-210)	
Cost increases related to parts procurement, etc.	-120
Sales delays due to parts procurement situation	-90

Consolidated sales of SDG-related products

(Millions of Yen)

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	3Q (result)	Initial goal
Climate change adaptations	3,867	3,977	3,333	4,185
Work-style reform	4,329	4,613	4,175	5,294
Recycling-oriented society	944	759	963	1,069
Solutions for industry and technology innovations	3,883	4,339	1,946	4,461
Total	13,025	13,689	10,418	15,010
Weighting	47.8%	49.4%	47.2%	49.8%



Contributions to climate change adaptations

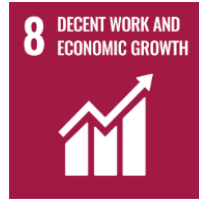


◆ Domestically produced sheets



◆ Adhesive tapes (using Hagihara's cloths)

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	3Q (result)	Initial goal
Domestically produced sheets	1,986	1,957	1,748	2,144
Adhesive tape cloths	1,881	2,019	1,585	2,040
Climate change adaptations Total	3,867	3,977	3,333	4,185



Contributions to work-style reform



◆ Light clear mesh



◆ BarChip (synthetic fiber concrete reinforcement system)

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	3Q (result)	Initial goal
Flame retardant sheets and mesh sheets	899	933	764	1,064
BarChip	3,429	3,680	3,411	4,230
Work-style reform Total	4,329	4,613	4,175	5,294



Contributions to a recycling-oriented society



◆ **Blue Sheet branded by eco-mark**
(uses 60% recycled materials)



◆ **Screen changer**

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	3Q (result)	Initial goal
Blue Sheet branded by eco-mark	76	47	53	69
Screen changers	622	594	829	977
Recycling machines	245	116	80	22
Recycling-oriented society Total	944	759	963	1,069



Contributions to solutions for industry and technology innovations



◆ Film slitter for electronic component manufacture

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	3Q (result)	Initial goal
Film slitters	2,964	3,413	1,801	3,454
Paper slitters	918	925	144	1,006
Solutions for industry and technology innovations Total	3,883	4,339	1,946	4,461

Qindgao Hagihara Industries Co., Ltd. Business Withdrawal

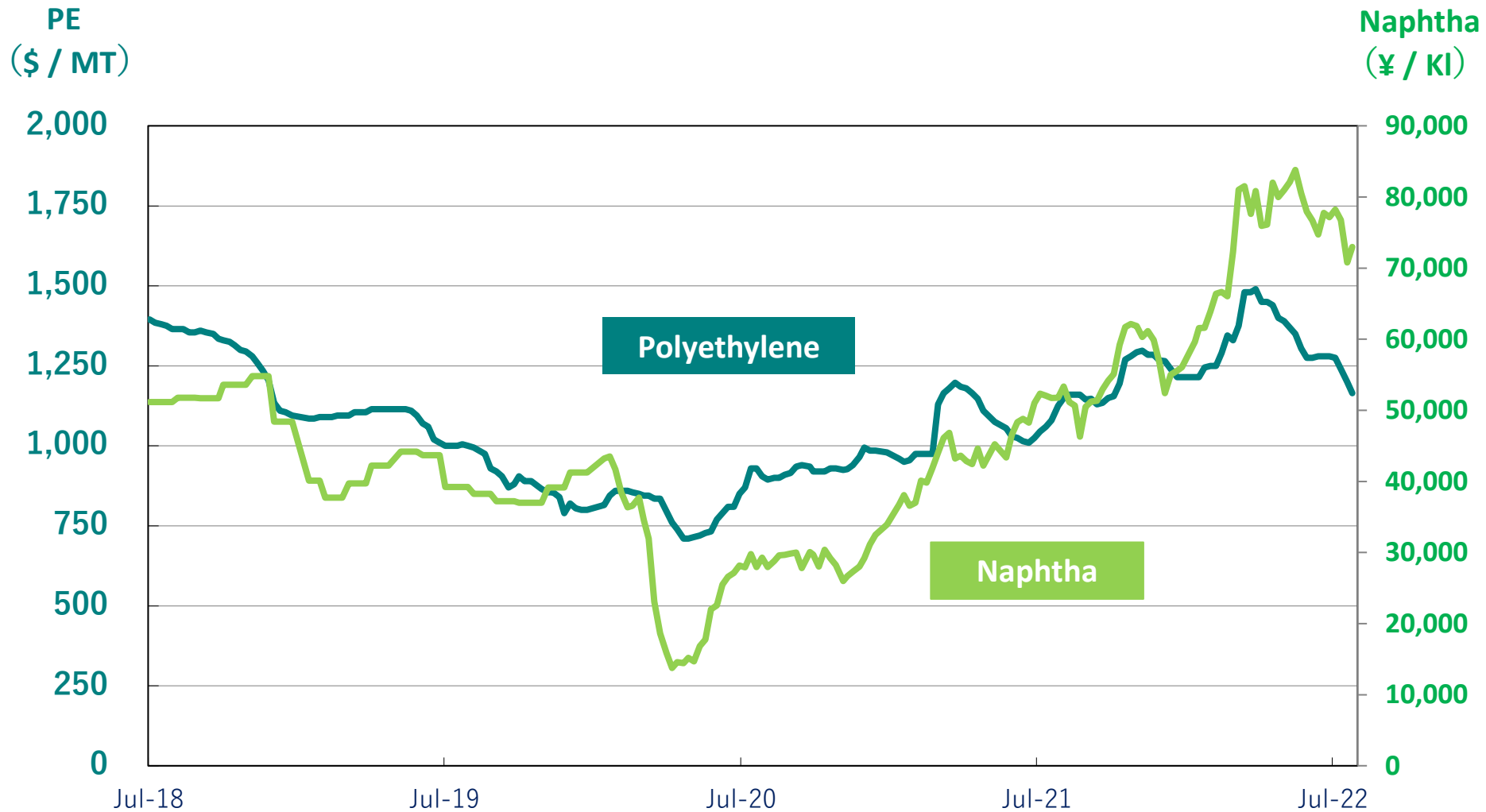
Circumstances

- Designated in June as a target for land expropriation associated with public works.
Shutdown at the end of July.
- Resolution to dissolve on September 12.
- Agreement already reached on what to do about local employees.

Impact on profit and loss

- In 3Q, a 338 million yen loss on business withdrawal was recorded.

Prices of naphtha and polyethylene



Main share price indicators

	End-Jul 2022
Share price	¥1,107
Dividend per share (end-FY10/22 forecast)	¥36
Dividend payout ratio (end-FY10/22 forecast)	56.49%
B P S (Net assets per share)	¥1,832.05
E P S (Net income per share)	¥40.47
P B R (Price-book value ratio)	0.60X
P E R (Price-earnings ratio)	20.52X
Number of shareholders (end-2Q FY10/22)	15,231

【Disclaimer】

The forward-looking statements on future earnings performance and other forecasts and strategies contained in these materials are based on information that was available to the company at the time of their creation and certain reasonable assumptions.

However, there is a risk that unforeseeable exceptional circumstances and/or unforeseeable results may cause actual performance to be materially different from that expressed or implied by these forward-looking statements.

The forward-looking statements on future earnings performance alone should not be relied upon as advice to investors.

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