

FY10/22 results
(Nov 1, 2021-Oct 31, 2022)
Results briefing materials



(TSE Prime : 7 8 5 6)

Think outside the box, create new values.

Results highlights 3

FY10/22 results and main points

Results summary	4
Consolidated sales analysis	5
Consolidated operating income analysis	6
Overview of segments and subsidiaries	7
Consolidated balance sheet	8
Consolidated cash flows	9
Consolidated inventory wholesale assets and sales receivables turnover	10
Consolidated results at a glance	11

FY10/23 consolidated earnings forecasts

Consolidated earnings forecasts	12
Consolidated sales of SDG-related products	13
Sales of SDG-related products	14-18
Topics	29-20
Supplementary materials	21-24

1. Performance

- In the Plastic-processed Products (PLS) segment, overall sales increased as brisk overseas sales of BarChip, Meltac, and laminate cloth and the impact of hike in product prices offset decline in sales of sheets and sandbags caused in part by a rise in retail inventory. However, income declined owing to a time lag in passing on sharply higher raw material prices and other costs into sales prices.
- In the Engineering (ENG) segment, sales fell because of postponements caused by difficulties procuring components, and despite solid sales of recycling-related equipment. Income also declined because of a sharp rise in component prices and higher costs for replacement procurement.

2. Future strategies

- Start local production of Meltac to take advantage of robust North American demand as a vegetable wrapping material. Aim to further grow sales by establishing flexible supply capabilities.
- Generate orders for biomass plastic granulators. Continue to focus on tapping into environmental-related demand.

Results summary

(Millions of Yen)

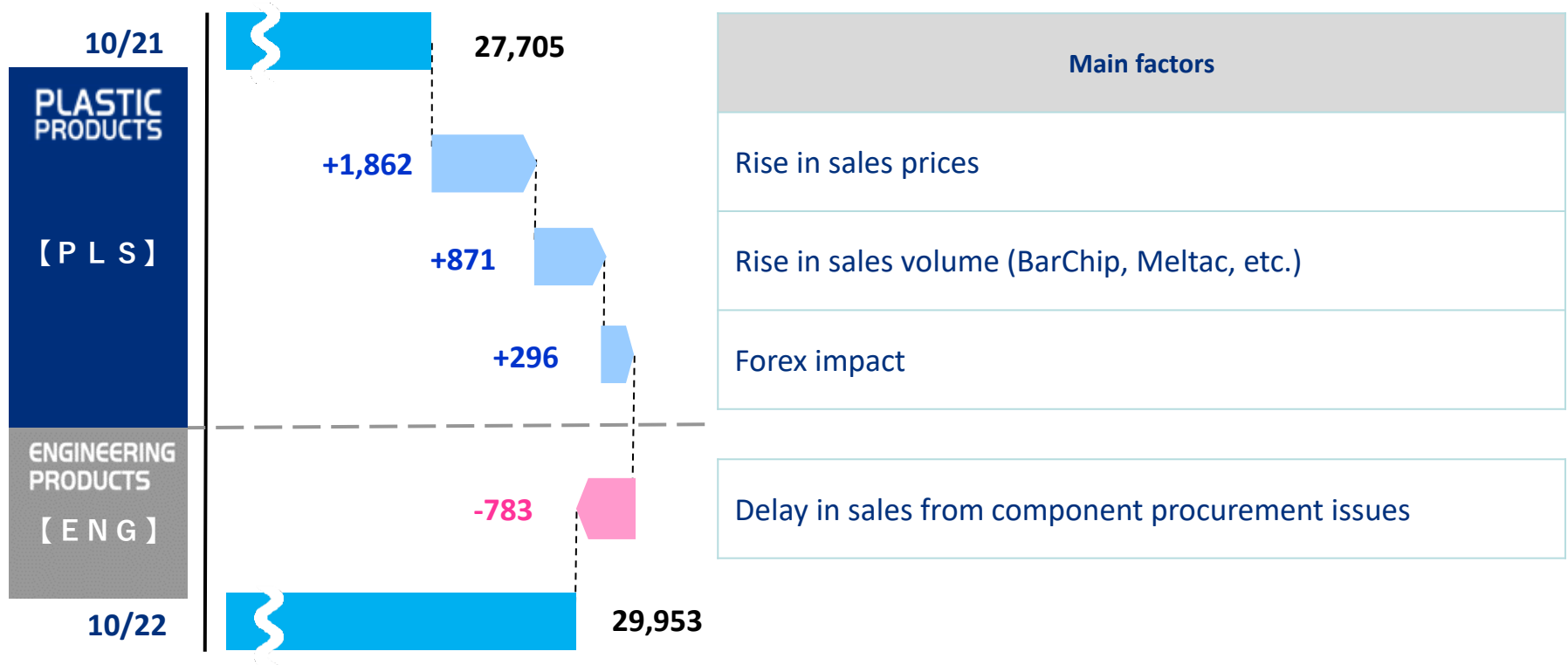
■ YoY change

	FY10/21	FY10/22	YoY		(Reference) FY10/22 ※	
			Change	(%)	Earnings forecasts	Forecast achievement rate (%)
Sales	27,705	29,953	2,247	8.1	29,700	100.8
Operating income	2,254	1,377	-877	-38.9	1,430	96.2
Net income attributable to owners of parent	1,619	943	-676	-41.8	920	102.5

*Earnings forecasts revised on September 12, 2022

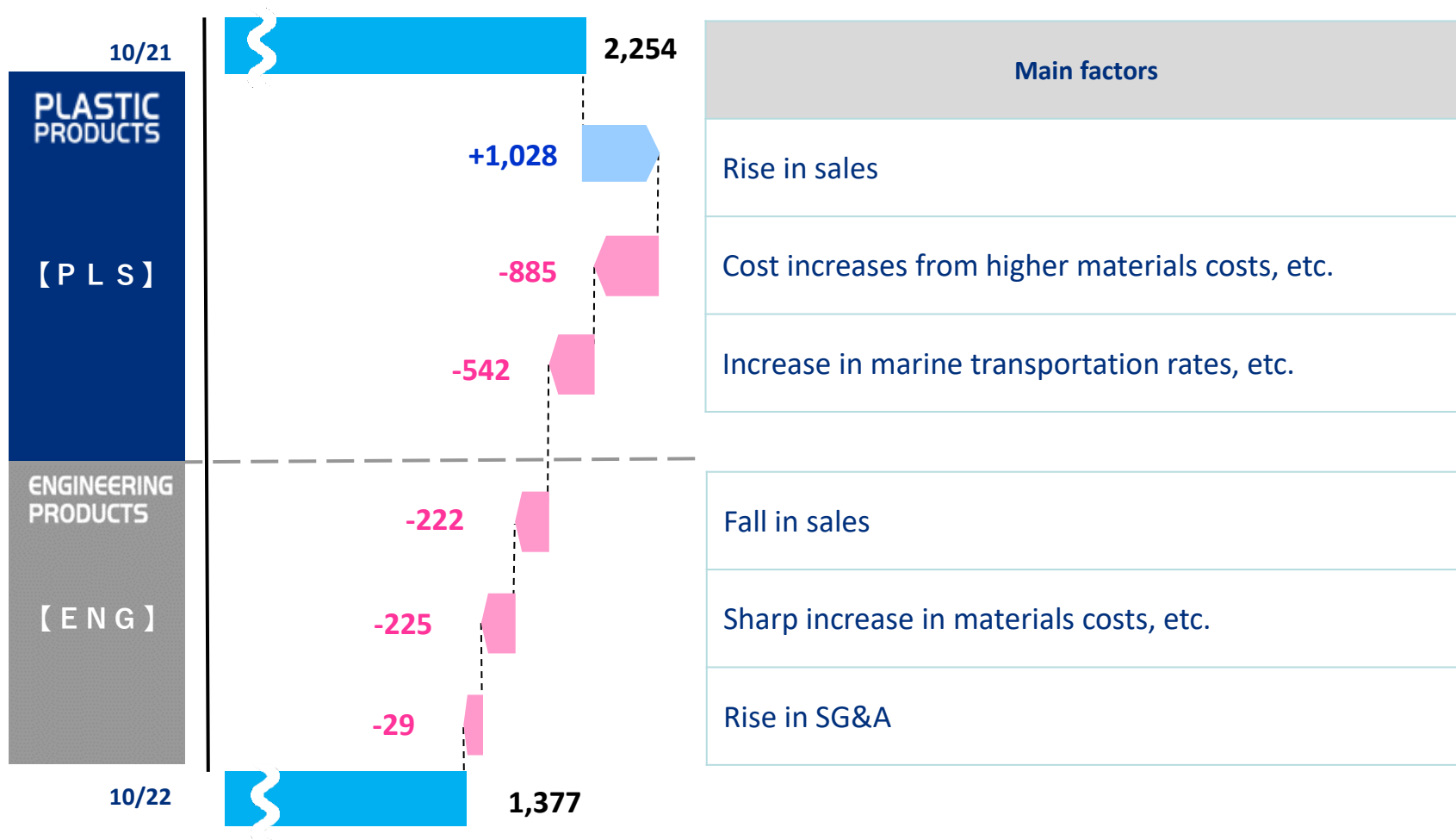
Consolidated sales analysis

(Millions of Yen)



Consolidated operating income analysis

(Millions of Yen)



Overview of segments and subsidiaries

(Millions of Yen)

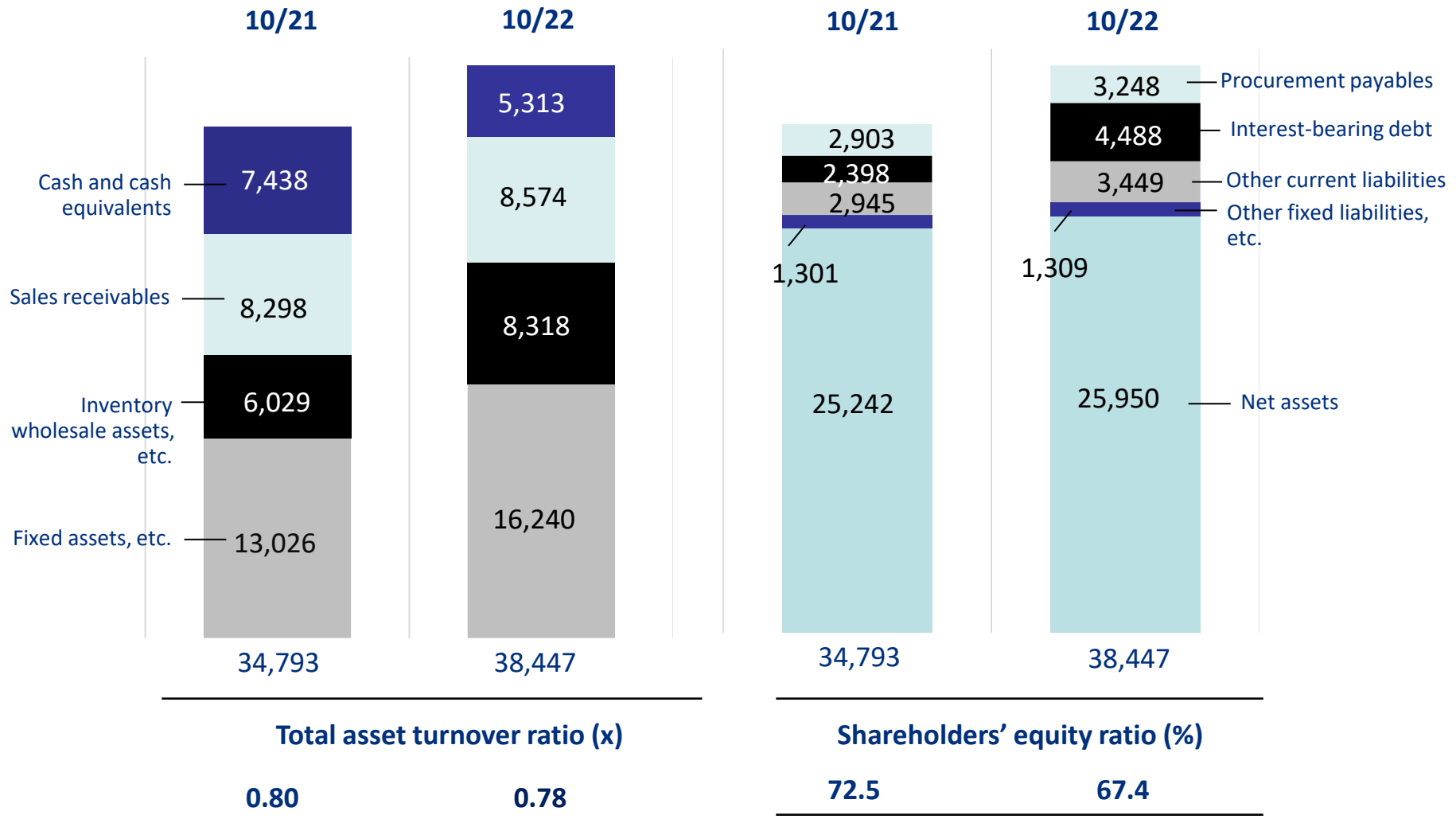
		Sales		Operating income	
		10/21	10/22	10/21	10/22
Hagihara Industries	PLS segment	15,914	14,618	1,210	437
	ENG segment	5,113	4,323	675	187
Parent		21,027	18,941	1,886	624
Japan Fabweld		365	375	-2	12
P.T. Hagihara Westjava Industries		3,726	5,294	17	282
Qingdao Hagihara Industries		657	655	31	-104
EPC Holdings		3,022	4,152	342	408
Toyo Heisei Polymer		4,138	4,306	129	86
Hagihara Machinery (Shanghai)		538	633	0	-32

Consolidated balance sheet

(Millions of Yen)

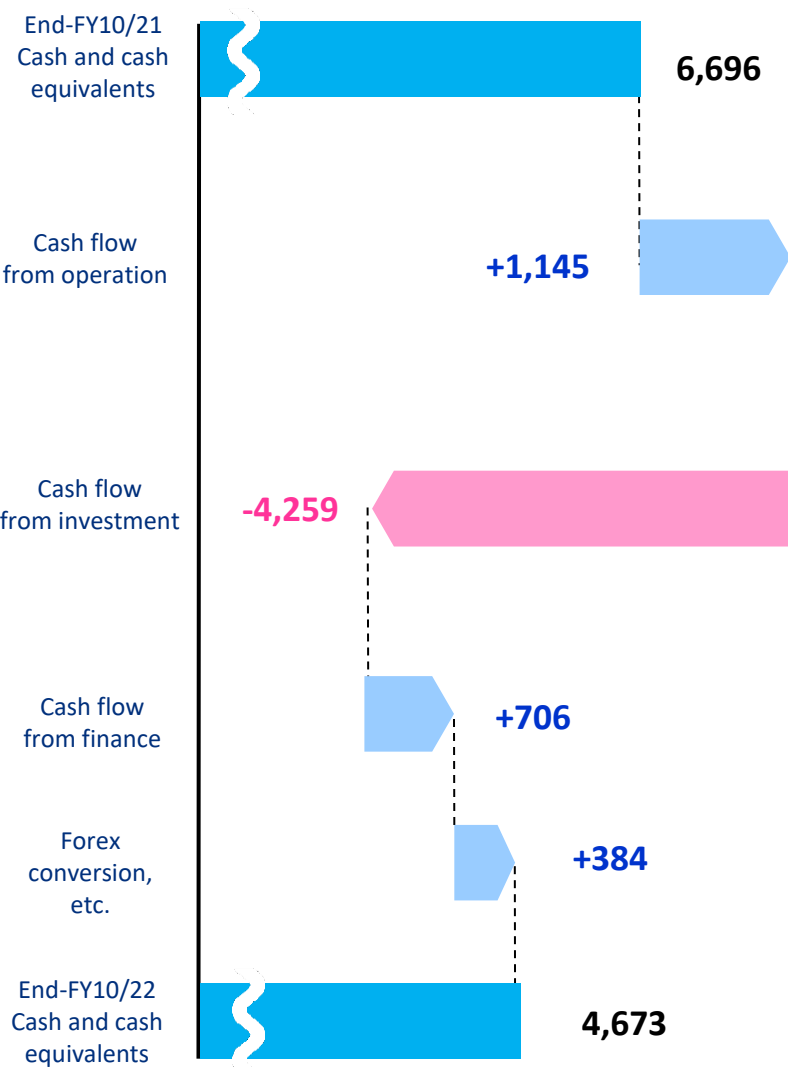
[Assets]

[Liabilities
Net assets]



Consolidated cash flows

(Millions of Yen)



● C/F from operation

Breakdown	Amount (Millions of Yen)
Net income before adjustments for taxes, etc.	1,333
Depreciation and amortization	1,371
Fall in sales receivables	25
Rise in inventory assets	-1,307
Decline in procurement payables	-0
Corporate taxes	-810

● C/F from investment

Breakdown	Amount (Millions of Yen)
Acquisition of tangible fixed assets (of which Kasaoka plant (provisional name) 2,515)	-4,711

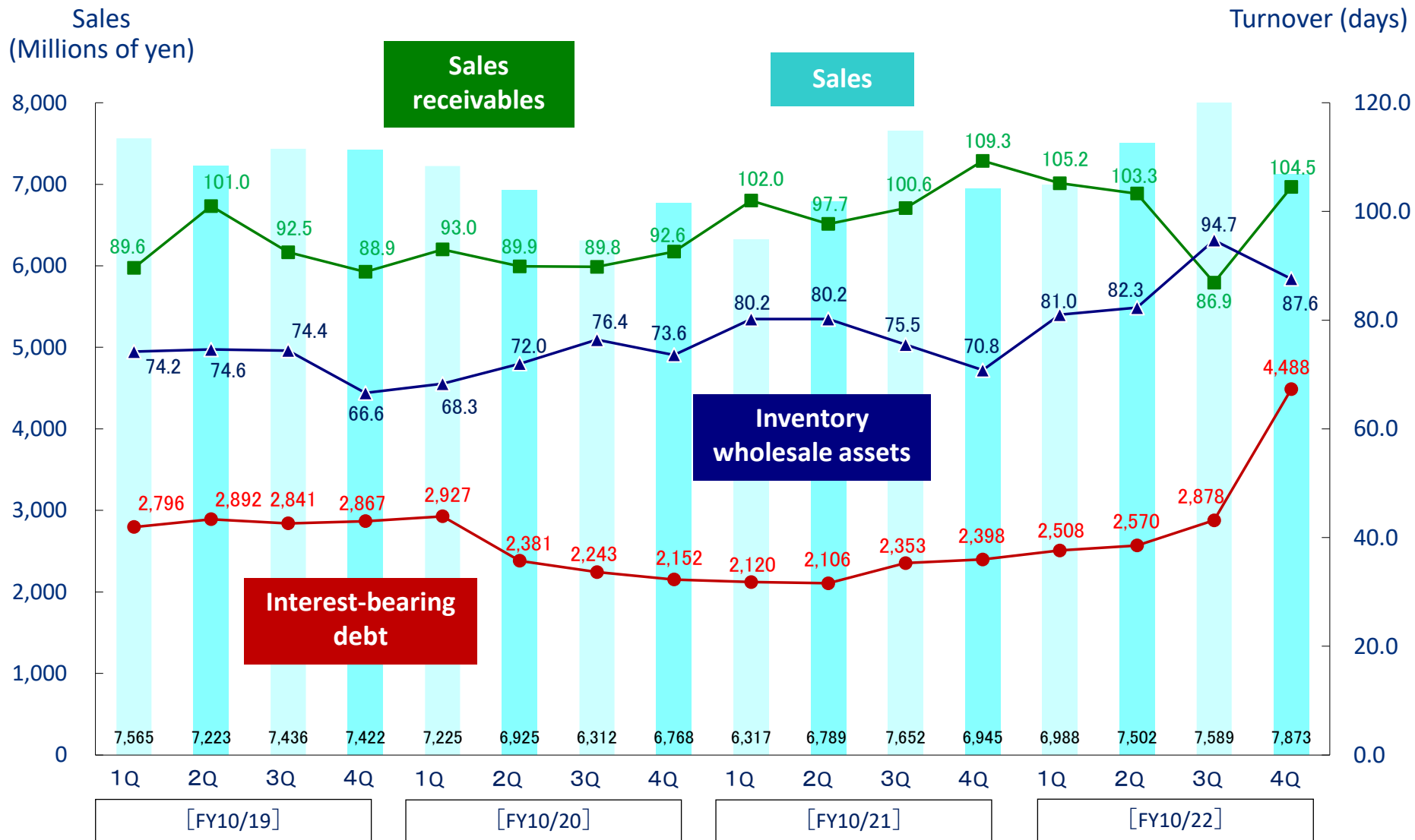
Free C/F	-3,113
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● C/F from finance

Breakdown	Amount (Millions of Yen)
Fall in short-term borrowings	-376
Rise in long-term borrowings	2,170
Acquisition of own shares	-564
Dividends paid	-523

Decline in cash and cash equivalents	-2,023
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Consolidated inventory wholesale assets and sales receivables turnover



Consolidated results at a glance

(Millions of Yen)

	FY10/22		YoY		FY10/22	YoY
	Result	Vs. sales	Change		Result	Change
Sales	29,953	100.0%	2,247	Return on assets (ROA)	2.6%	-2.2%
Gross income	7,799	26.0%	-304	Return on equity (ROE)	3.7%	-3.0%
Operating income	1,377	4.6%	-877	Total asset turnover ratio	0.78x	-0.02x
Ordinary income	1,681	5.6%	-690	Shareholders' equity ratio	67.4%	-5.1%
Net income attributable to owners of parent	943	3.1%	-676	Free cash flow	-3,113	-3,085
Shareholders' equity	25,932	—	692	Net income per share	¥65.86	-¥46.2
Total assets	38,447	—	3,653	Net assets per share	¥1,856.11	¥111.96
Capital investment	4,711	—	3,275	R&D expenses	643	-14
Depreciation and amortization	1,371	—	83	EBITDA (Operating income before depreciation and amortization)	2,748	-794

Consolidated earnings forecasts

(Millions of Yen)

	FY10/22			FY10/23 (forecast)			YoY
	2Q	4Q	Full year	2Q	4Q	Full year	
Sales	14,490	15,462	29,953	15,600	15,400	31,000	+3.5%
Operating income	742 (5.1%)	634 (4.1%)	1,377 (4.5%)	780 (5.0%)	920 (6.0%)	1,700 (5.5%)	+23.4%
Ordinary income	889 (6.1%)	792 (5.1%)	1,681 (5.6%)	800 (5.1%)	1,000 (6.5%)	1,800 (5.8%)	+7.0%
Net income attributable to owners of parent	659 (4.6%)	283 (1.8%)	943 (3.1%)	2,000* (12.8%)	700 (4.5%)	2,700 (8.7%)	+186.3%

Figures in parentheses denote income margins

*Plan to book compensation revenue received by Qingdao Hagihara Industries related to the compulsory purchase of land as an extraordinary gain. See p20 for more details.

Consolidated sales of SDG-related products

(Millions of Yen)

	FY10/20	FY10/21	FY10/22
	Full year	Full year	Full year
Climate change adaptations	3,867	3,977	4,259
Work-style reform	4,329	4,613	5,789
Recycling-oriented society	944	759	1,131
Solutions for industry and technology innovations	3,883	4,339	3,255
Total	13,025	13,689	14,435
Weighting	47.8%	49.4%	48.2%



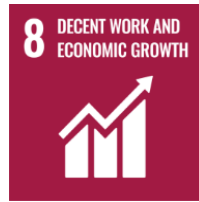
Contributions to climate change adaptations



◆ Domestically produced sheets

◆ Adhesive tapes
(using Hagihara's cloths)

	FY10/20	FY10/21	FY10/22
	Full year	Full year	Full year
Domestically produced sheets	1,986	1,957	2,238
Adhesive tape cloths	1,881	2,019	2,020
Climate change adaptations Total	3,867	3,977	4,259



Contributions to work-style reform



◆ Light clear mesh



Source: West Japan Railway Company

◆ BarChip

(solid bed track with resilient sleepers)

	FY10/20	FY10/21	FY10/22
	Full year	Full year	Full year
Flame retardant sheets and mesh sheets	899	933	963
BarChip	3,429	3,680	4,825
Work-style reform Total	4,329	4,613	5,789



Contributions to a recycling-oriented society



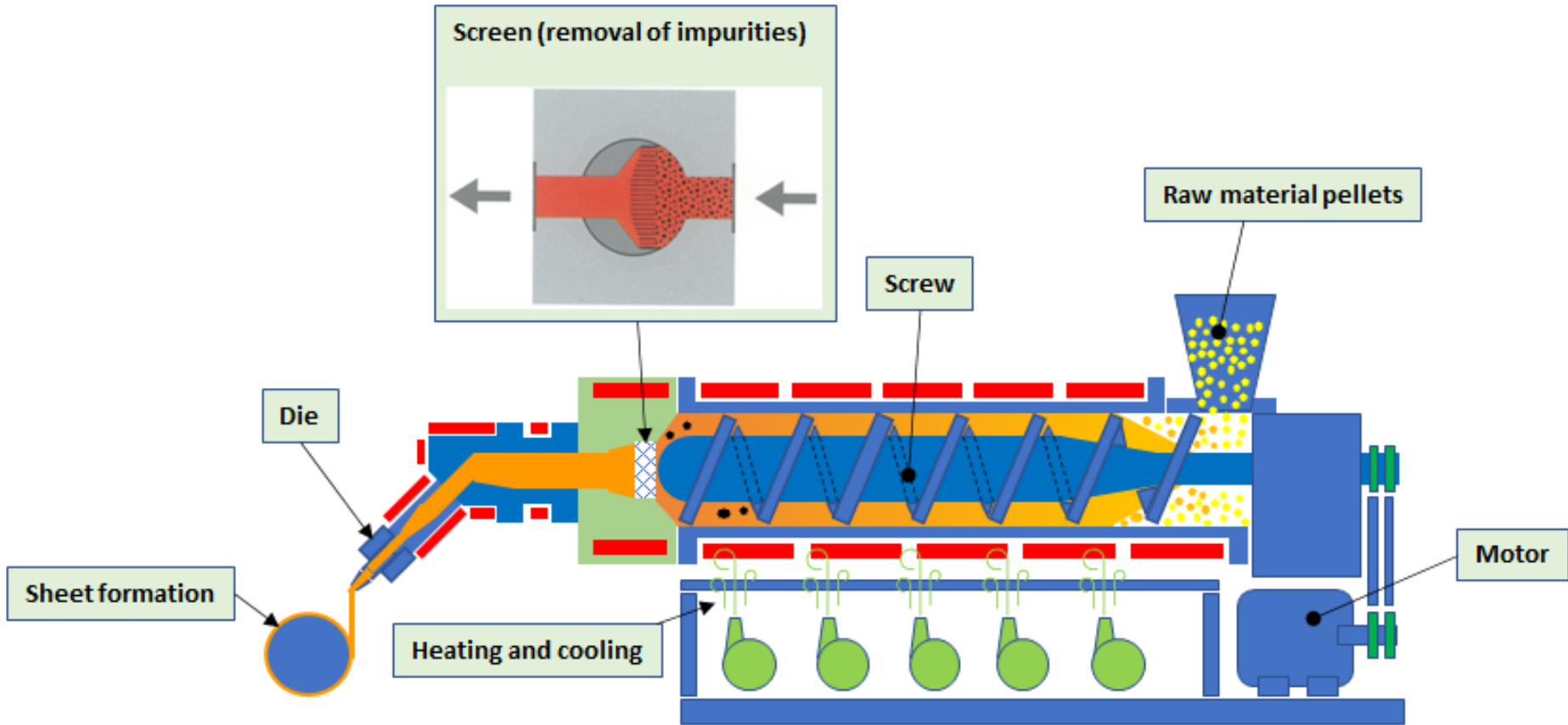
◆ Blue Sheet branded by eco-mark
(uses 60% recycled materials)



◆ Screen changer

	FY10/20	FY10/21	FY10/22
	Full year	Full year	Full year
Blue Sheet branded by eco-mark	76	47	76
Screen changers	622	594	930
Recycling machines	245	116	124
Recycling-oriented society Total	944	759	1,131

(Reference) Process of screen changer





Contributions to solutions for industry and technology innovations

(Millions of Yen)



◆ Film slitter for electronic component manufacture

	FY10/20	FY10/21	FY10/22
	Full year	Full year	Full year
Film slitters	2,964	3,413	2,862
Paper slitters	918	925	392
Solutions for industry and technology innovations Total	3,883	4,339	3,255



Contributions to a recycling-oriented society



Receipt of the Excellence Award in the [Eco Mark Award 2022]

- Hagihara Industry received the Excellence Award in the [Eco Mark Award 2022] (sponsored by the Japan Environment Association).
- The company was recognized for promoting horizontal recycling of blue sheet through its development and marketing of mono-material [Tarpee eco-friendly sheet], which uses more than 60% recycled materials and does not require segregation from other waste when disposed of.

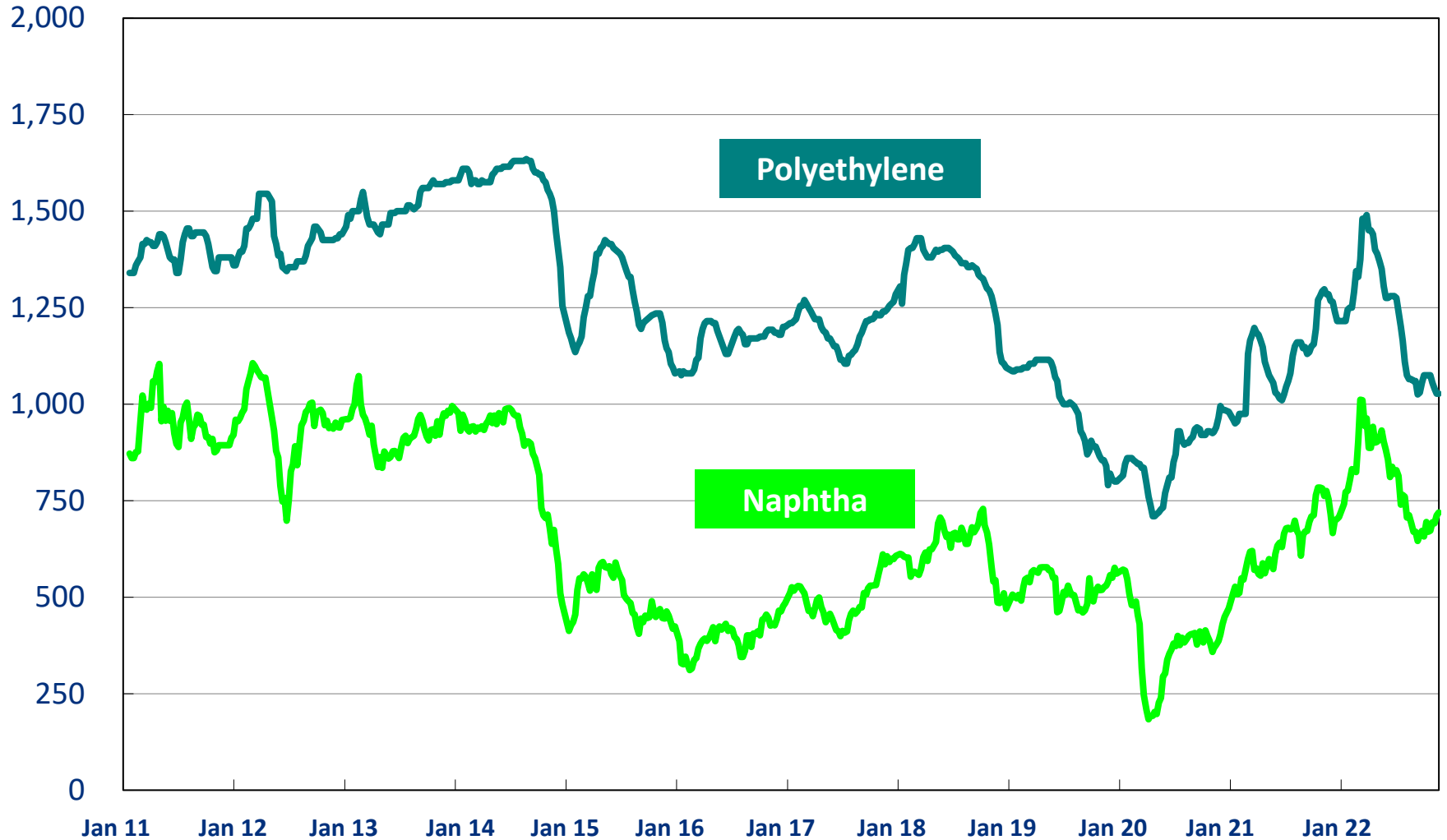


Dissolution of Chinese subsidiary in the Plastic-processed Products Business

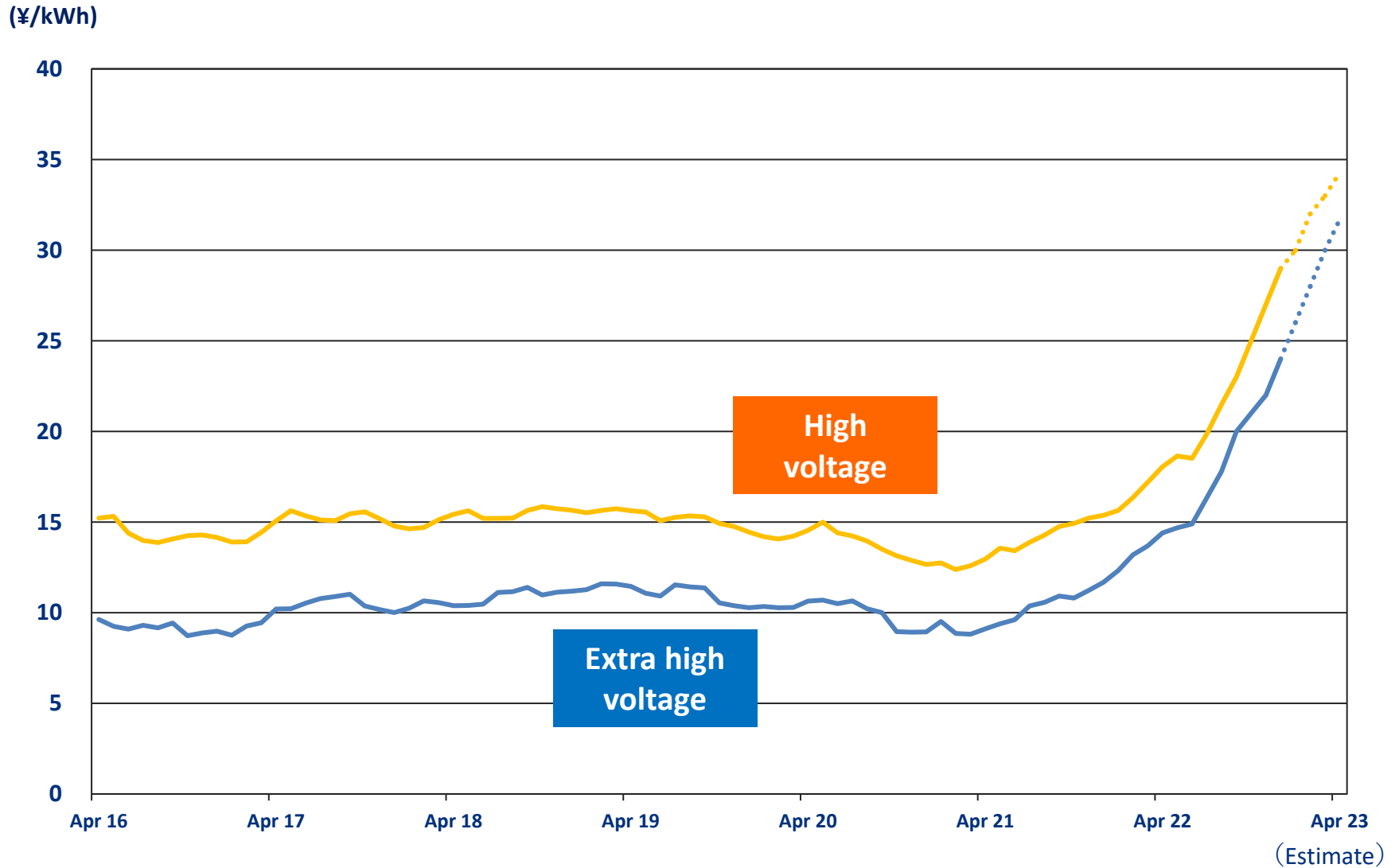
- In September 2022, Hagihara Industries dissolved its plastic-processed product manufacturing subsidiary Qingdao Hagihara Industries and withdrew from production in China.
- The suspension of operations and dissolution was caused by the compulsory purchase of land occupied by the subsidiary by a public utility.
- In relation to this, the subsidiary received a compensation payment of CNY102mn. After completing the necessary procedures in China, the company plans to return these funds as a liquidation dividend (the exact amount to be returned is subject to a number of changeable factors).

Prices of naphtha and polyethylene

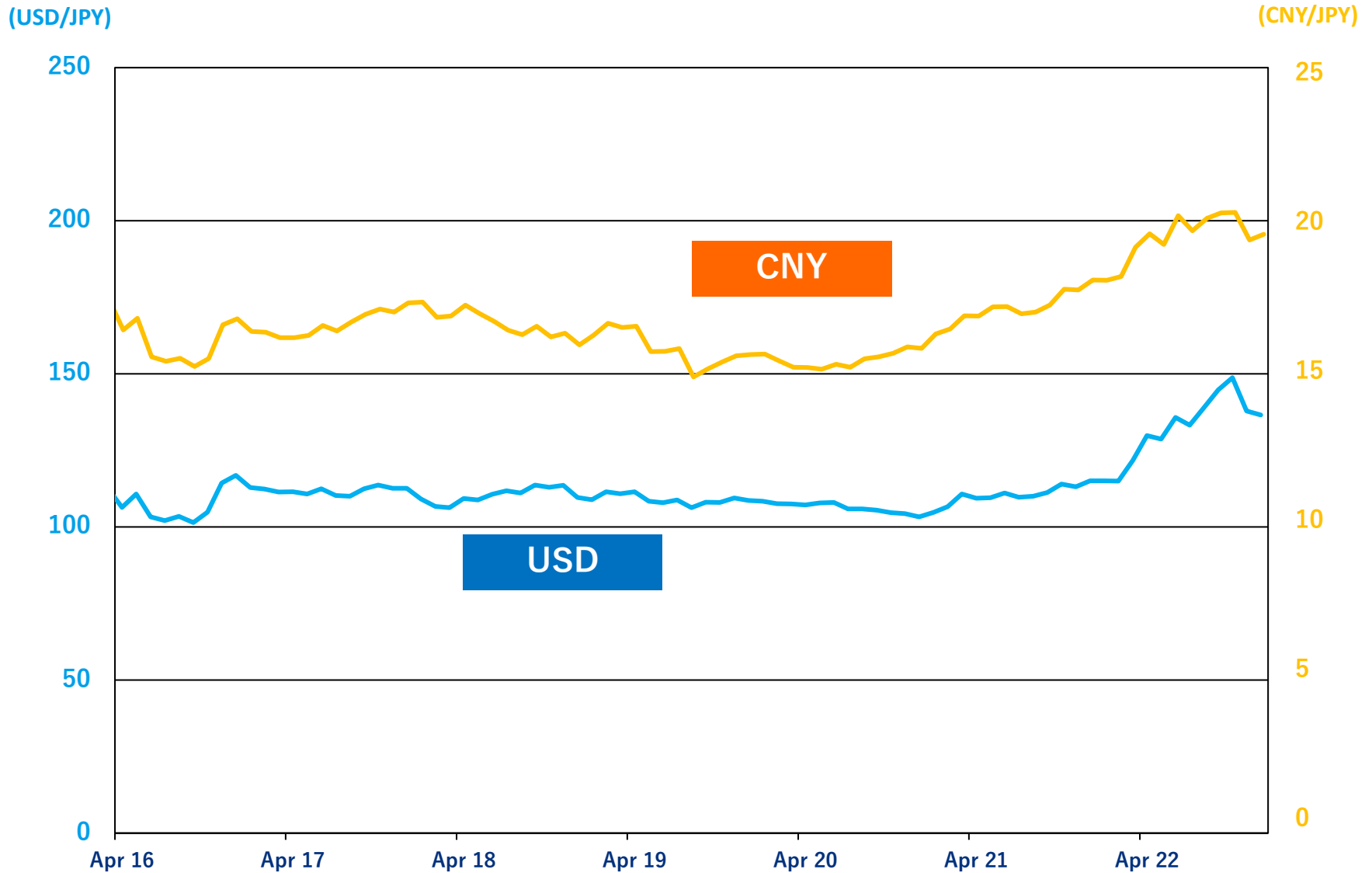
\$ / MT



Change in electricity rates



Change in forex rates



Main share price indicators

End-Oct 2022

Share price	¥1,021
Dividend per share	¥36
Dividend payout	54.66%
BPS (Net assets per share)	¥1,856.11
EPS (Net income per share)	¥65.86
PBR (Price-book value ratio)	0.55X
PER (Price-earnings ratio)	11.63X
Number of shareholders	31,252

【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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