

**FY10/21 results**  
**(Nov 1, 2020-Oct 31, 2021)**  
**Results briefing materials**



(TSE 1<sup>st</sup> section : 7 8 5 6)

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FY10/21 results and main points

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## 1. Performance

- In the Plastic-processed Products (PLS) segment, sales increased as weak sales of mainstay sheets, sandbags, and flexible container bags were offset by higher sales of adhesive tape products, yarn, and BarChip overseas. However, income declined, mainly as a result of sharp increase in marine transportation expenses.
- In the Engineering Products (ENG) segment, sales and income both increased thanks to brisk sales of film slitters driven by global increase in demand for displays. There was a rise in inquiries for environmental equipment.

## 2. Future strategies

- We established the Environmental Business Promotion Office in November 2021 to guide progress in the planning and technological development of environmental-related businesses, such as sheet recycling, and to conduct the collection of data for environmental information disclosures.

# Results summary

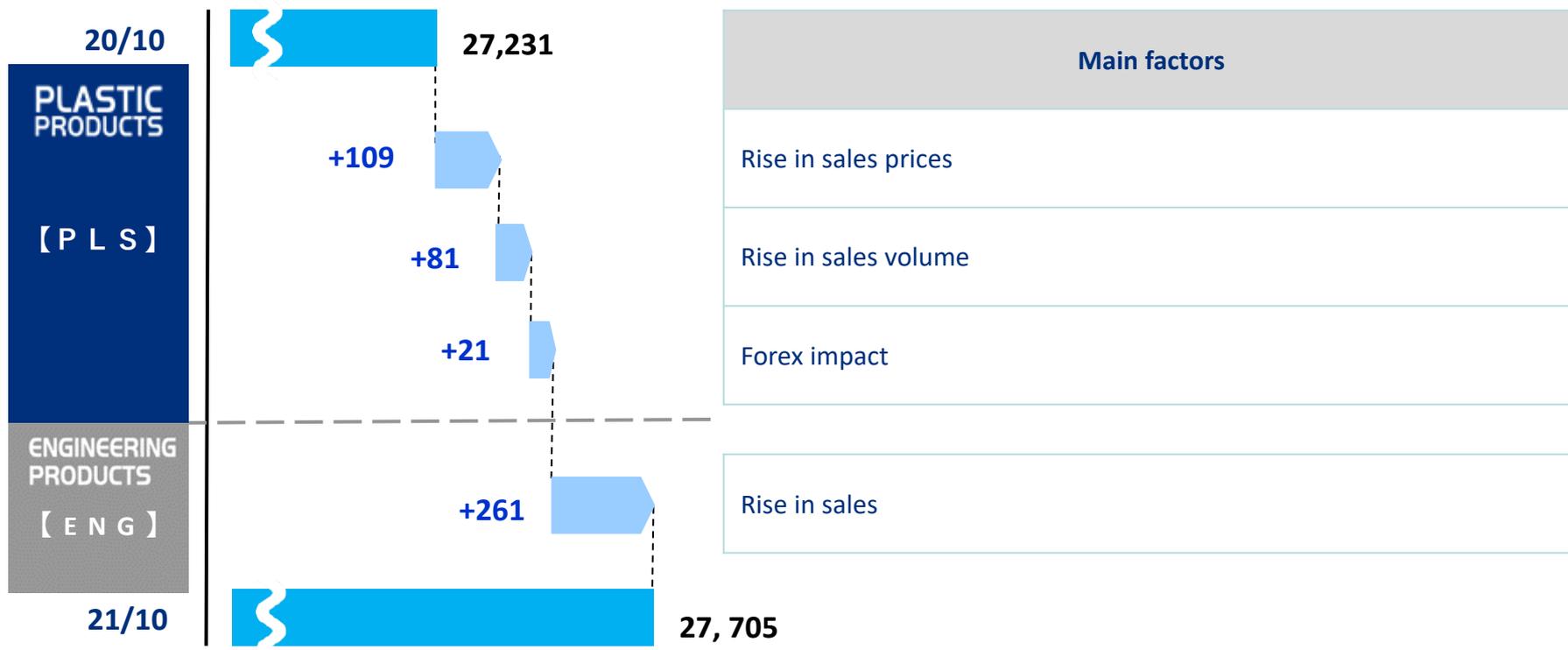
(Millions of Yen)

## ■ YoY change

	FY10/20	FY10/21	YoY		
			Change	(%)	
Sales	27,231	<b>27,705</b>	474	1.7	
Operating income	2,515	<b>2,254</b>	-260	-10.4	
Net income attributable to owners of parent	1,891	<b>1,619</b>	-271	-14.4	

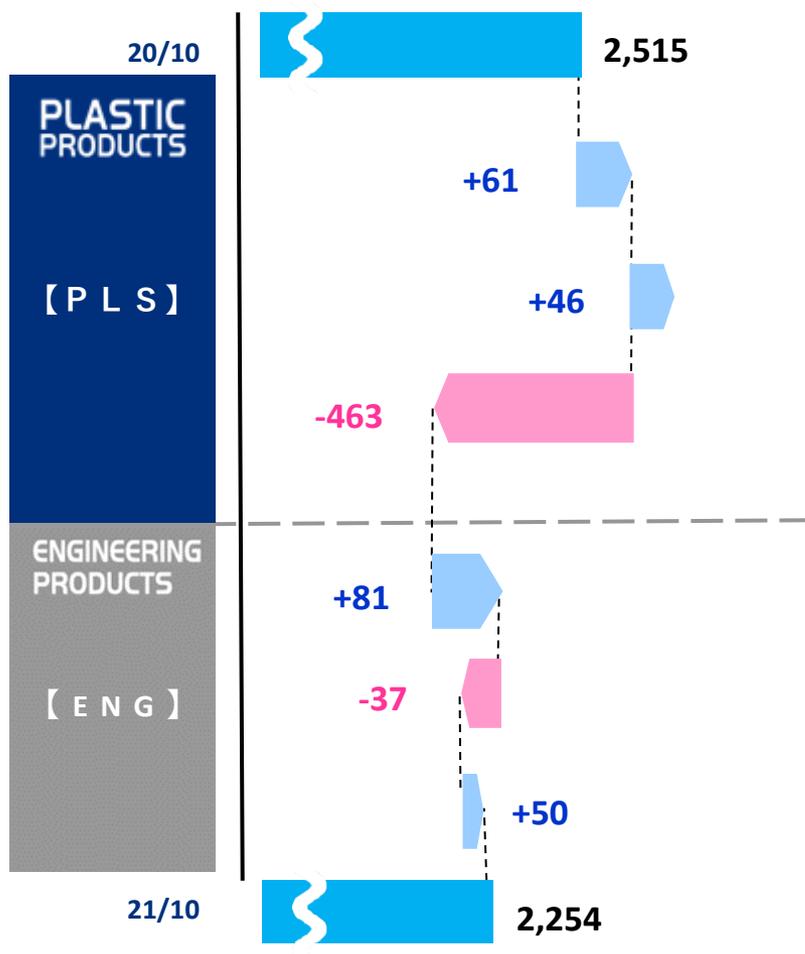
# Consolidated sales analysis

(Millions of Yen)



# Consolidated operating income analysis

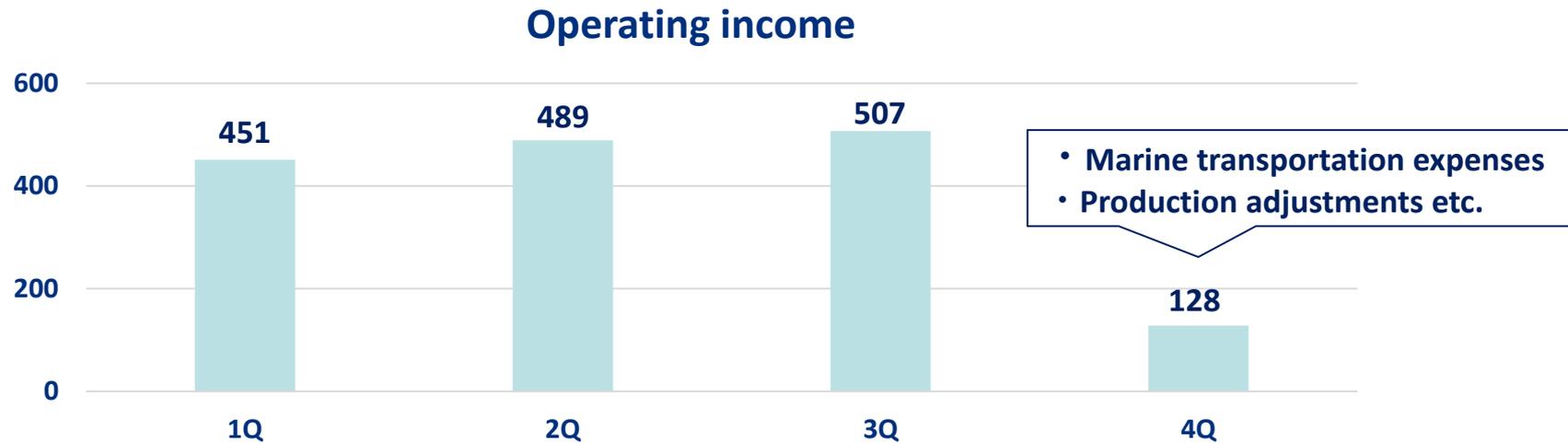
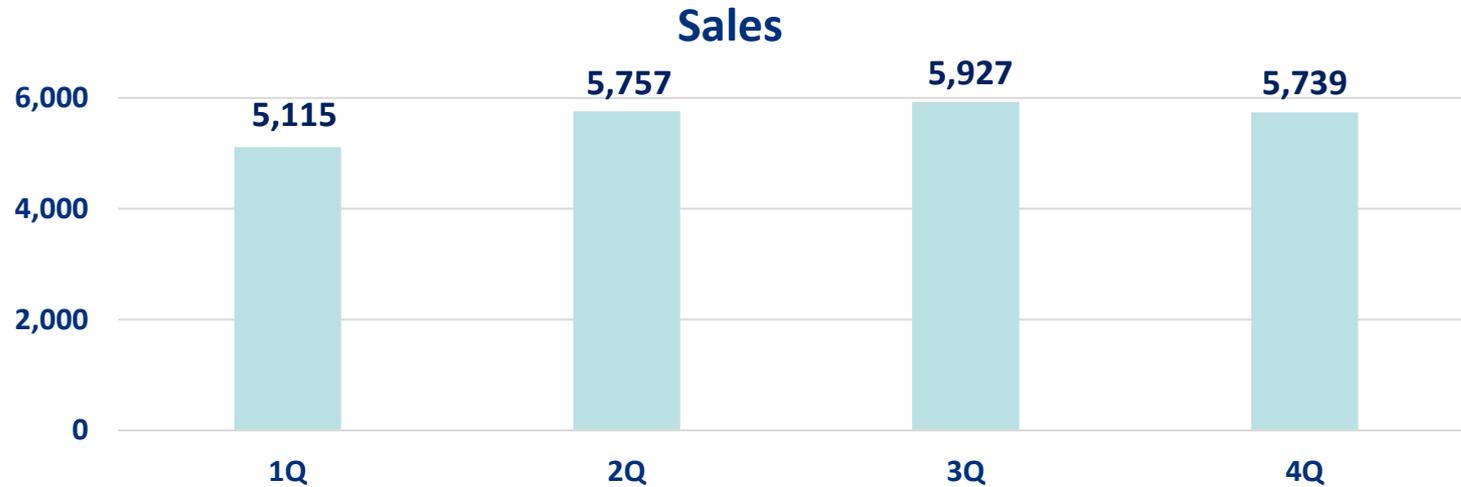
(Millions of Yen)



Main factors
Rise in sales
Rise in sales prices
Rise in SG&A
Rise in sales
Sales of machines with high technical development costs
Reduction in SG&A

# Results by segment (PLS)

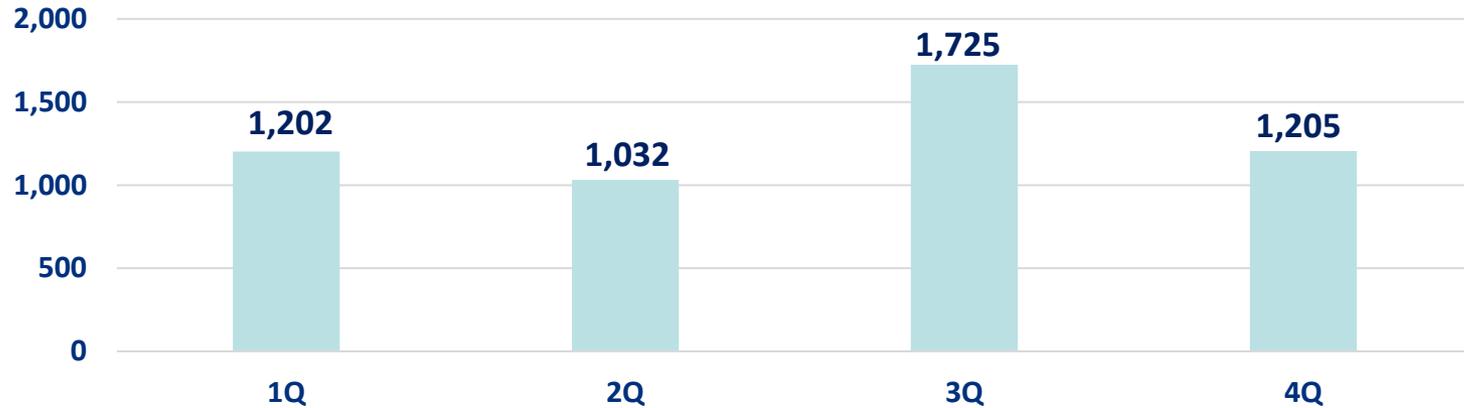
(Millions of Yen)



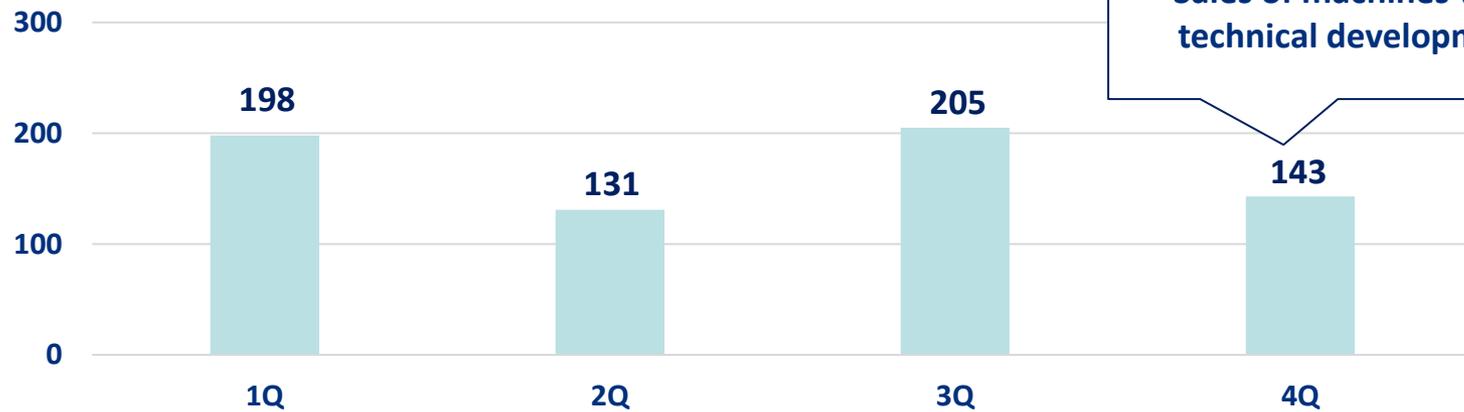
# Results by segment (ENG)

(Millions of Yen)

## Sales



## Operating income



- Sales of machines with high technical development costs

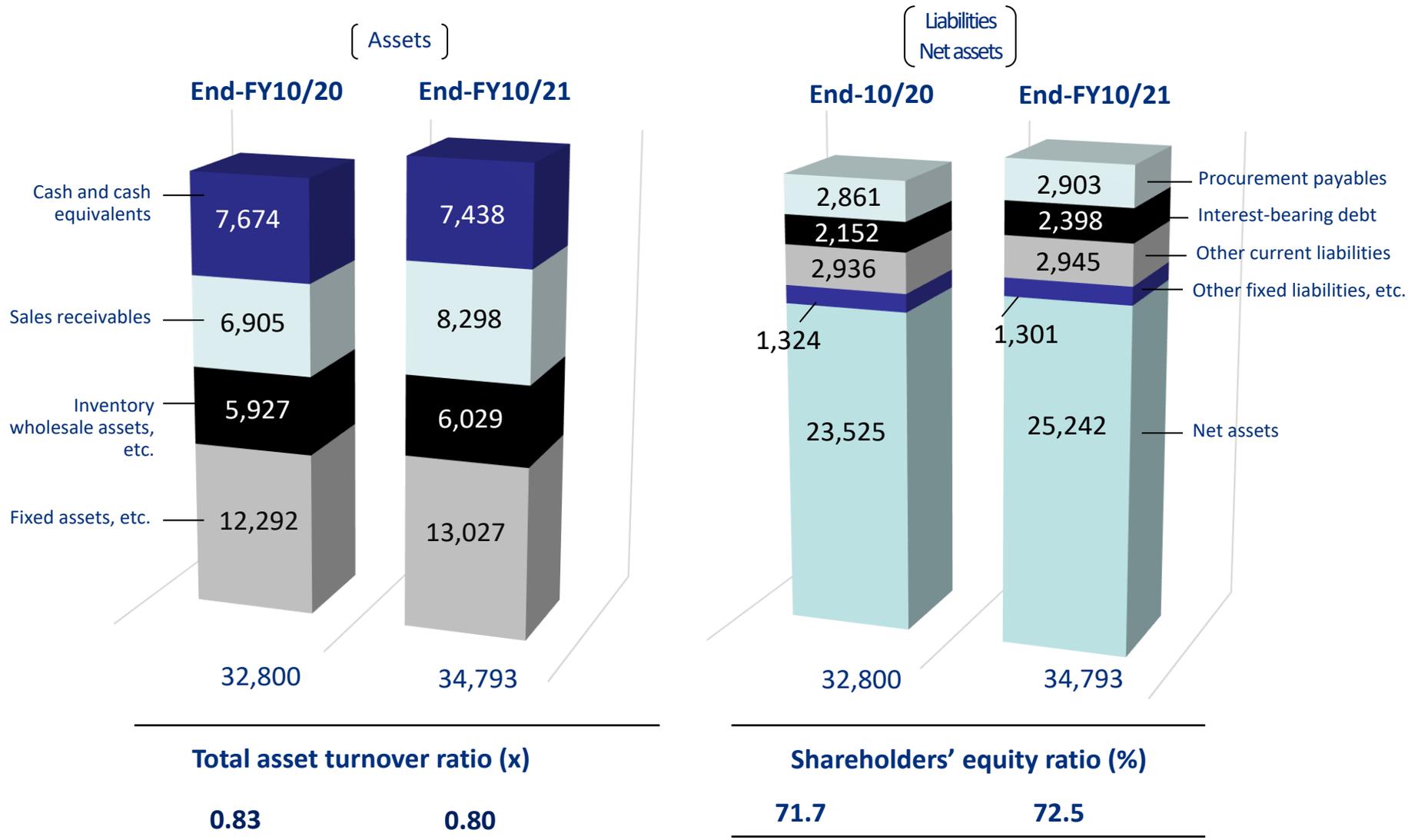
# Overview of segments and subsidiaries

(Millions of Yen)

		Sales		Operating income	
		20/10	21/10	20/10	21/10
Hagihara Industries	PLS segment	15,623	15,914	1,561	1,210
	ENG segment	4,887	5,113	586	675
Parent		20,511	21,027	2,148	1,886
Japan Fabweld		401	365	22	-2
P.T. Hagihara Westjava Industries		3,547	3,726	100	17
Qingdao Hagihara Industries		550	657	15	31
EPC Holdings		2,692	3,022	356	342
Toyo Heisei Polymer		4,119	4,138	113	129
Hagihara Machinery (Shanghai)		613	538	15	-0
Consolidated		27,231	27,705	2,515	2,254

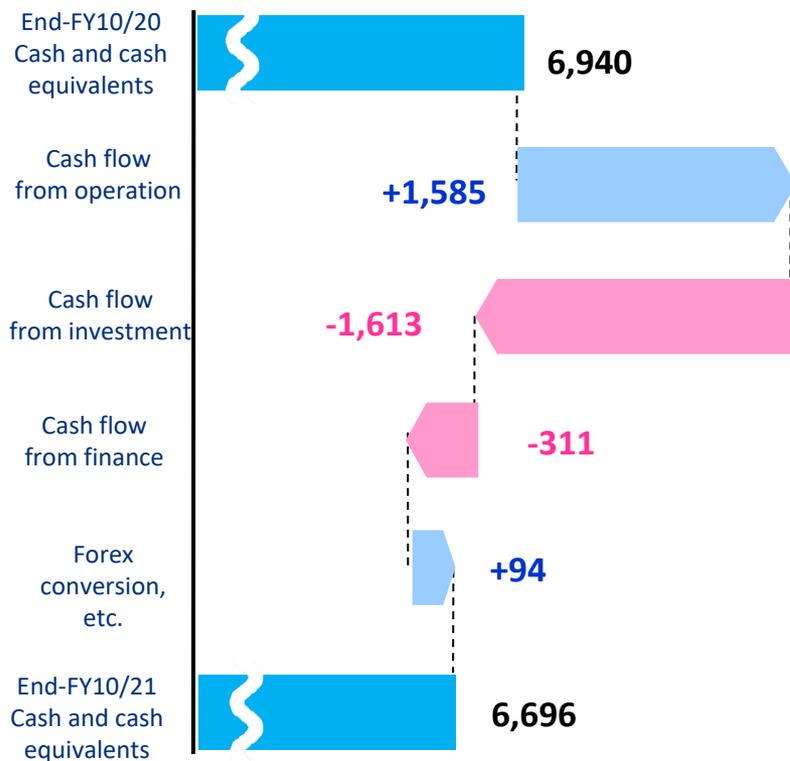
# Consolidated balance sheet

(Millions of Yen)



# Consolidated cash flows

(Millions of Yen)



## ● Cash flow from operation

Breakdown			
Net income before adjustment for taxes, etc.	+		2,379
Depreciation and amortization	+		1,288
Rise in sales receivables	-		1,333
Fall in inventory assets	+		212
Rise in procurement payables	+		93
Corporate taxes	-		778

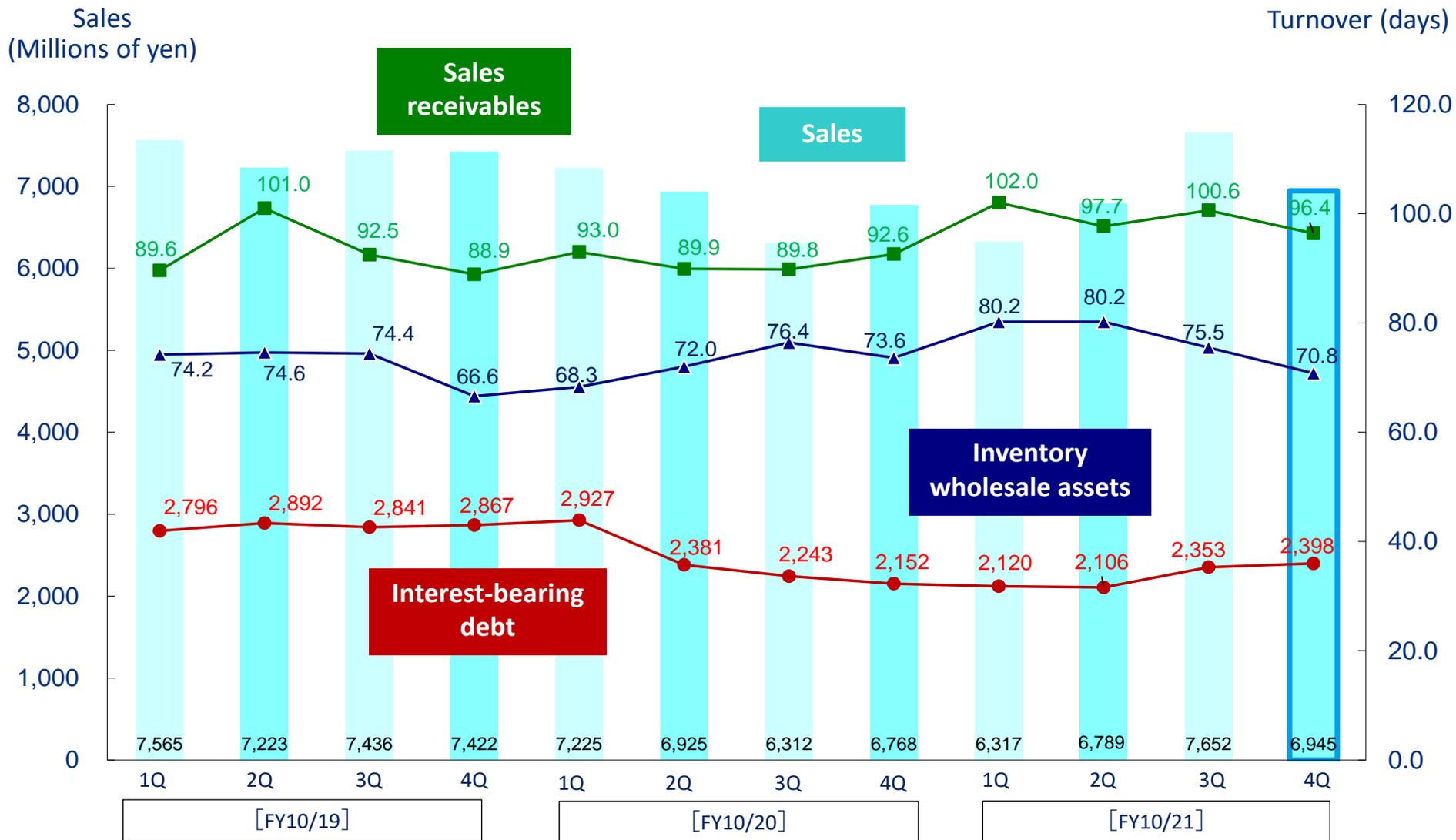
## ● Cash flow from investment

Breakdown			
Acquisition of tangible fixed assets	-		1,435
Free cash flow	-		27

## ● Cash flow from finance

Breakdown			
Rise in short-term borrowings	+		367
Fall in long-term borrowings	-		157
Dividends paid	-		523
Fall in cash and cash equivalents	-		244

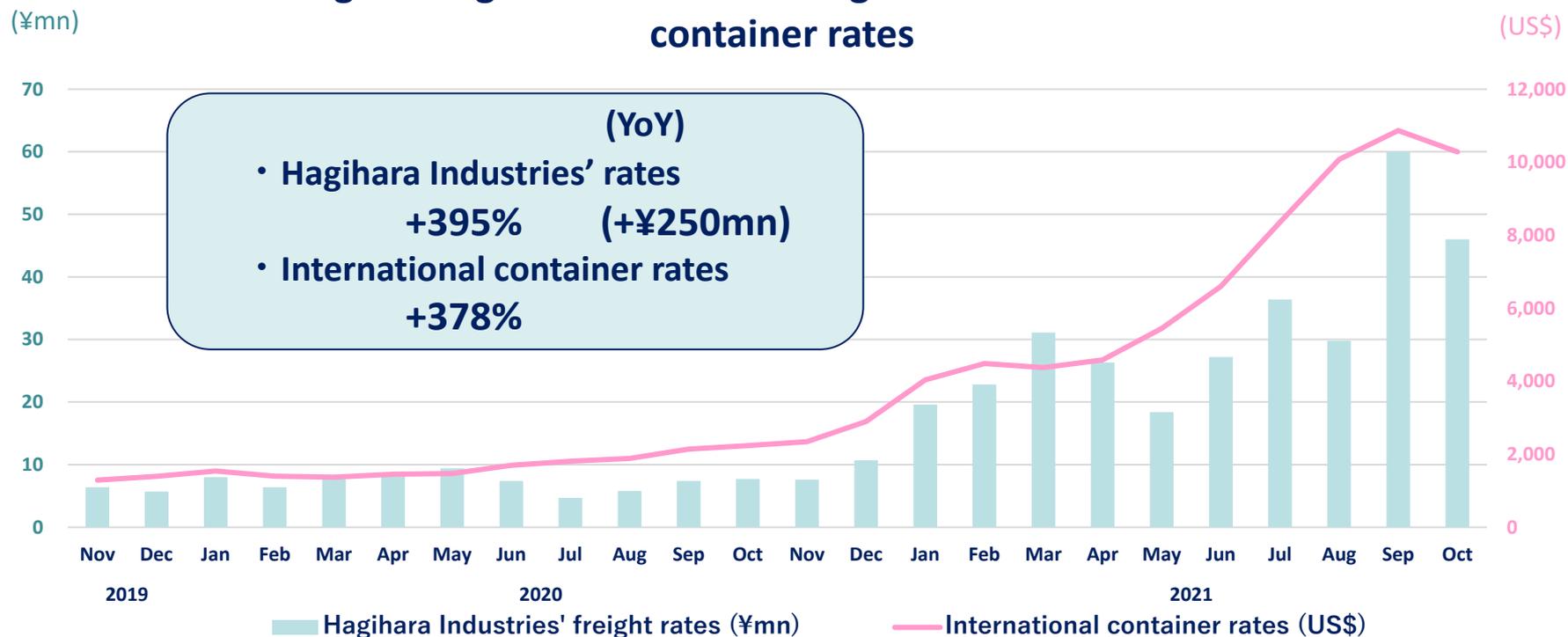
# Consolidated inventory wholesale assets and sales receivables turnover



# Consolidated results at a glance

	FY10/21		YoY		FY10/21		(Millions of Yen)
	Result	Vs. sales	Change		Result	Change	YoY
Sales	<b>27,705</b>	<b>100.0%</b>	<b>474</b>	Return on assets (ROA)	<b>4.8%</b>	<b>-1.0%</b>	
Gross income	<b>8,104</b>	<b>29.3%</b>	<b>151</b>	Return on equity (ROE)	<b>6.6%</b>	<b>-1.6%</b>	
Operating income	<b>2,254</b>	<b>8.1%</b>	<b>-260</b>	Total asset turnover ratio	<b>0.80x</b>	<b>-0.03x</b>	
Ordinary income	<b>2,372</b>	<b>8.6%</b>	<b>-468</b>	Shareholders' equity ratio	<b>72.5%</b>	<b>0.8%</b>	
Net income attributable to owners of parent	<b>1,619</b>	<b>5.8%</b>	<b>-272</b>	Free cash flow	<b>-28</b>	<b>-2,672</b>	
Shareholders' equity	<b>25,240</b>	—	<b>1,716</b>	Net income per share	<b>¥111.88</b>	<b>-¥18.87</b>	
Total assets	<b>34,793</b>	—	<b>1,992</b>	Net assets per share	<b>¥1,744.15</b>	<b>¥118.61</b>	
Capital investment	<b>1,435</b>	—	<b>135</b>	R&D expenses	<b>658</b>	<b>63</b>	
Depreciation and amortization	<b>1,288</b>	—	<b>77</b>	EBITDA (Operating income before depreciation and amortization)	<b>3,542</b>	<b>-183</b>	

## Change in Hagihara Industries' freight rates and international container rates

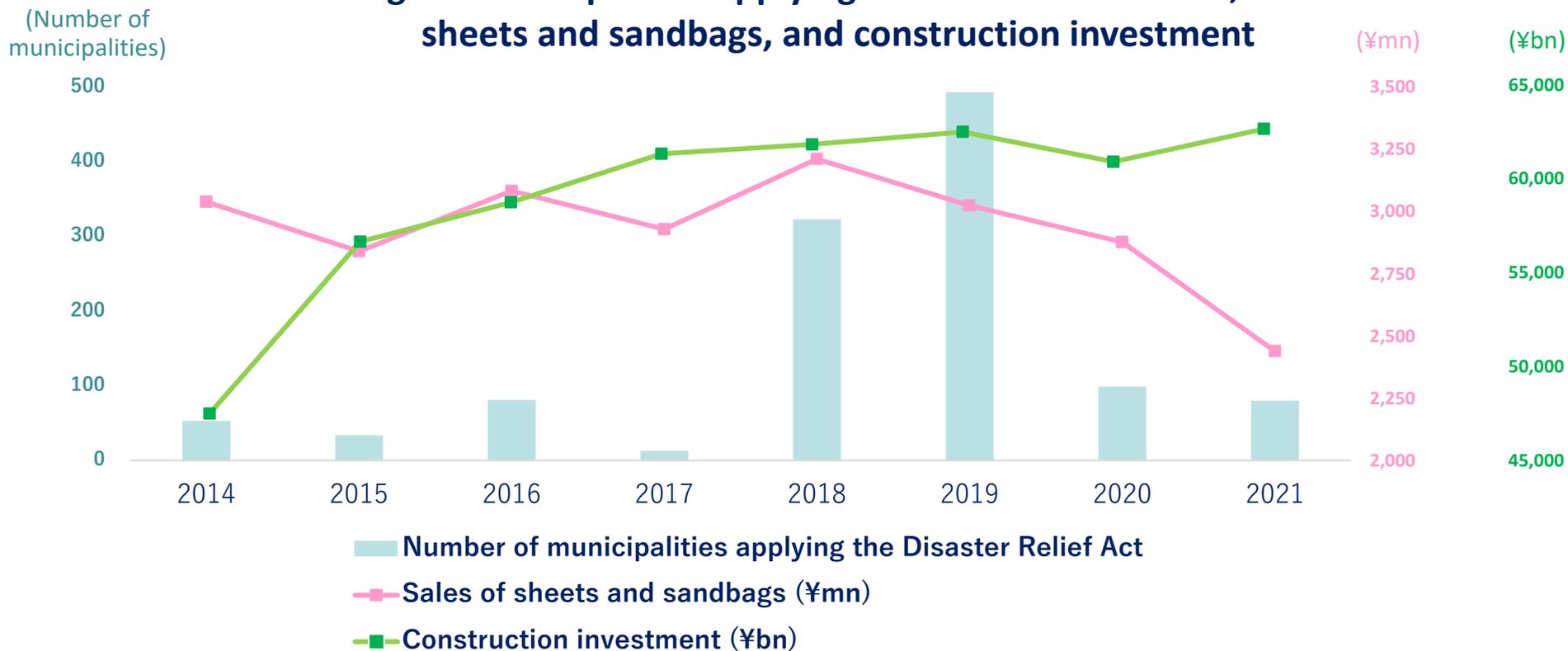


## Countermeasures

- Create production structure in main consumption areas

Sources: Company's own calculations for Hagihara Industries' rates, Freightos Baltic Index (FBI) for international container rates

## Change in municipalities applying the Disaster Relief Act, sales of sheets and sandbags, and construction investment



### Countermeasures

- Develop products not related to natural disasters
- Fine-tune marketing strategy to each application

Sources: Materials on application of the Disaster Relief Act from the Cabinet Office's disaster information website for the number of municipalities applying the Disaster Relief Act, company's own data for sales of sheets and sandbags, 19 October 2021 materials on the FY21 outlook for construction investment released by the Ministry of Land, Infrastructure, Transport and Tourism for construction investment.

## Countermeasure

- Establish a new brand, Tarpee

Tarpee  
ターピーレスキュー  
RESCUE

Disaster-related uses

Tarpee  
ターピーエコ  
ECO

Environment-related uses

Tarpee  
ターピーワーク  
WORK

Construction, civil engineering,  
and agriculture-related uses

Tarpee  
ターピークオリティ  
QUALITY

Highly-weather resistant range

Tarpee  
ターピーデザイン  
DESIGN

Leisure and outdoor uses

# Consolidated earnings forecasts

(Millions of Yen)

	FY10/21			FY10/22 (forecast)*			YoY
	2Q	4Q	Full year	2Q	4Q	Full year	
Sales	<b>13,107</b>	<b>14,598</b>	<b>27,705</b>	<b>14,750</b>	<b>15,400</b>	<b>30,150</b>	<b>+8.8%</b>
Operating income	<b>1,270</b> <b>(9.7%)</b>	<b>984</b> <b>(6.7%)</b>	<b>2,254</b> <b>(8.1%)</b>	<b>1,100</b> <b>(7.5%)</b>	<b>1,250</b> <b>(8.1%)</b>	<b>2,350</b> <b>(7.8%)</b>	<b>+4.2%</b>
Ordinary income	<b>1,331</b> <b>(10.2%)</b>	<b>1,040</b> <b>(7.1%)</b>	<b>2,372</b> <b>(8.6%)</b>	<b>1,110</b> <b>(7.5%)</b>	<b>1,430</b> <b>(9.3%)</b>	<b>2,540</b> <b>(8.4%)</b>	<b>+7.1%</b>
Net income attributable to owners of parent	<b>916</b> <b>(7.0%)</b>	<b>702</b> <b>(4.8%)</b>	<b>1,619</b> <b>(5.8%)</b>	<b>770</b> <b>(5.5%)</b>	<b>990</b> <b>(6.4%)</b>	<b>1,760</b> <b>(5.8%)</b>	<b>+8.7%</b>

\*Reflects only sales and income for the 11-month period Nov 21-Sep 22 owing to plans to move sales functions to subsidiary BarChip Inc.

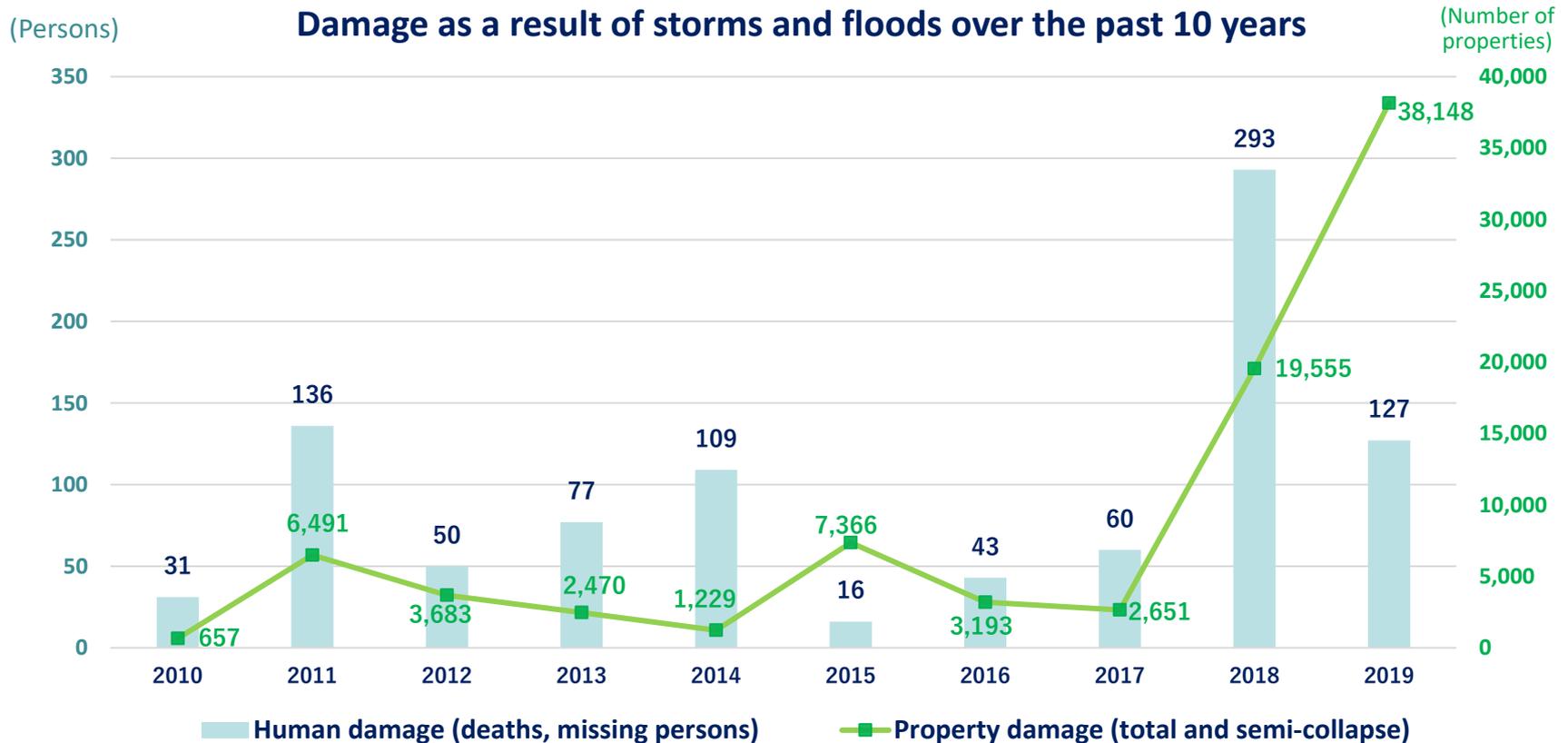
Figures in parentheses denote income margins

# Consolidated sales of SDG-related products

(Millions of Yen)

	FY10/19	FY10/20	FY10/21
	Full year	Full year	Full year
Climate change adaptations	<b>4,199</b>	<b>3,867</b>	<b>3,977</b>
Work-style reform	<b>4,287</b>	<b>4,329</b>	<b>4,613</b>
Recycling-oriented society	<b>1,183</b>	<b>944</b>	<b>759</b>
Solutions for industry and technology innovations	<b>4,506</b>	<b>3,883</b>	<b>4,339</b>
<b>Total</b>	<b>14,176</b>	<b>13,025</b>	<b>13,689</b>
<b>Weighting</b>	<b>47.8%</b>	<b>47.8%</b>	<b>49.4%</b>

## Contributions to climate change adaptations



Source: Fire and Disaster Management Agency's 2020 White Paper on Disasters



## Contributions to climate change adaptations



◆ **Domestically produced sheets**  
(weatherproof, high-performance sheets)



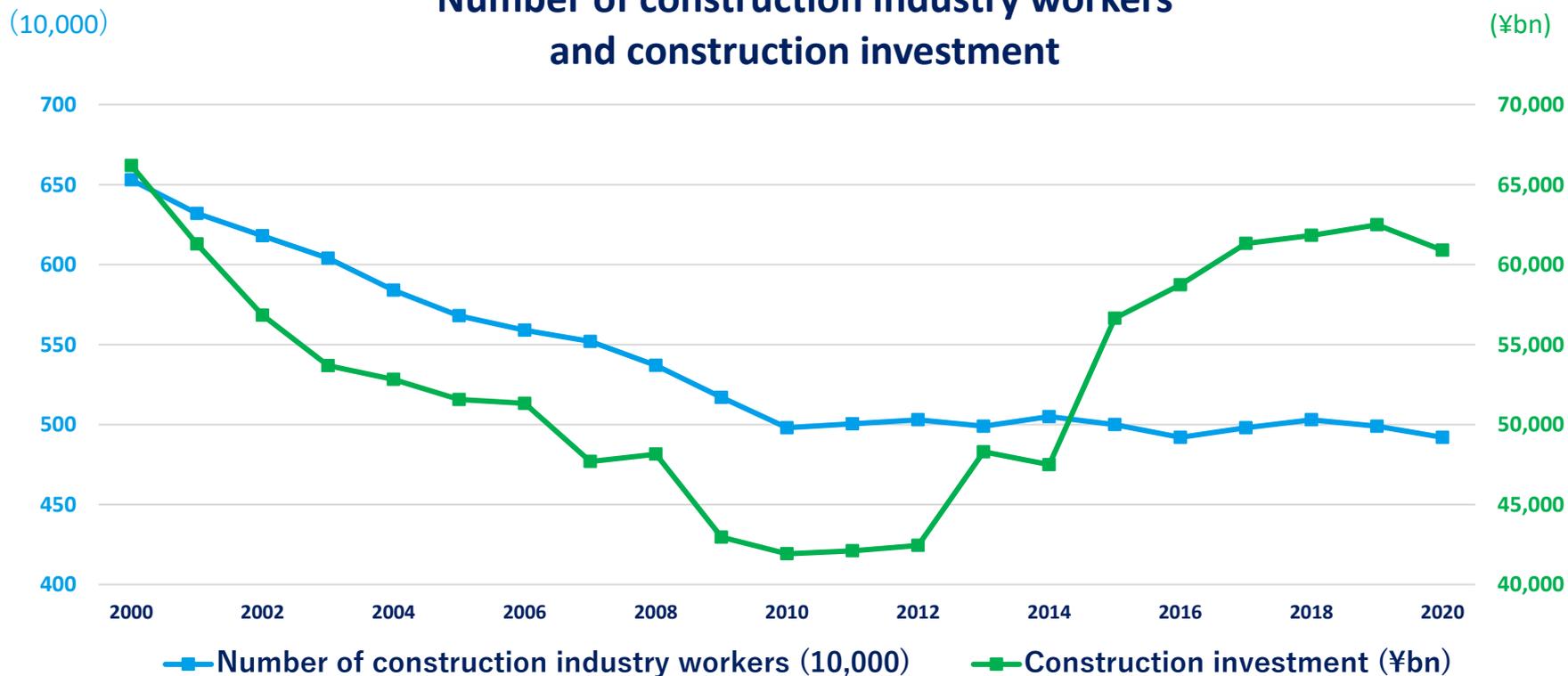
◆ **Adhesive tapes**  
(using Hagihara's cloths)

	FY10/19	FY10/20	FY10/21
	Full year	Full year	Full year
Domestically produced sheets	<b>2,340</b>	<b>1,986</b>	<b>1,957</b>
Adhesive tape cloths	<b>1,859</b>	<b>1,881</b>	<b>2,019</b>
Climate change adaptations Total	<b>4,199</b>	<b>3,867</b>	<b>3,977</b>

(Millions of Yen)

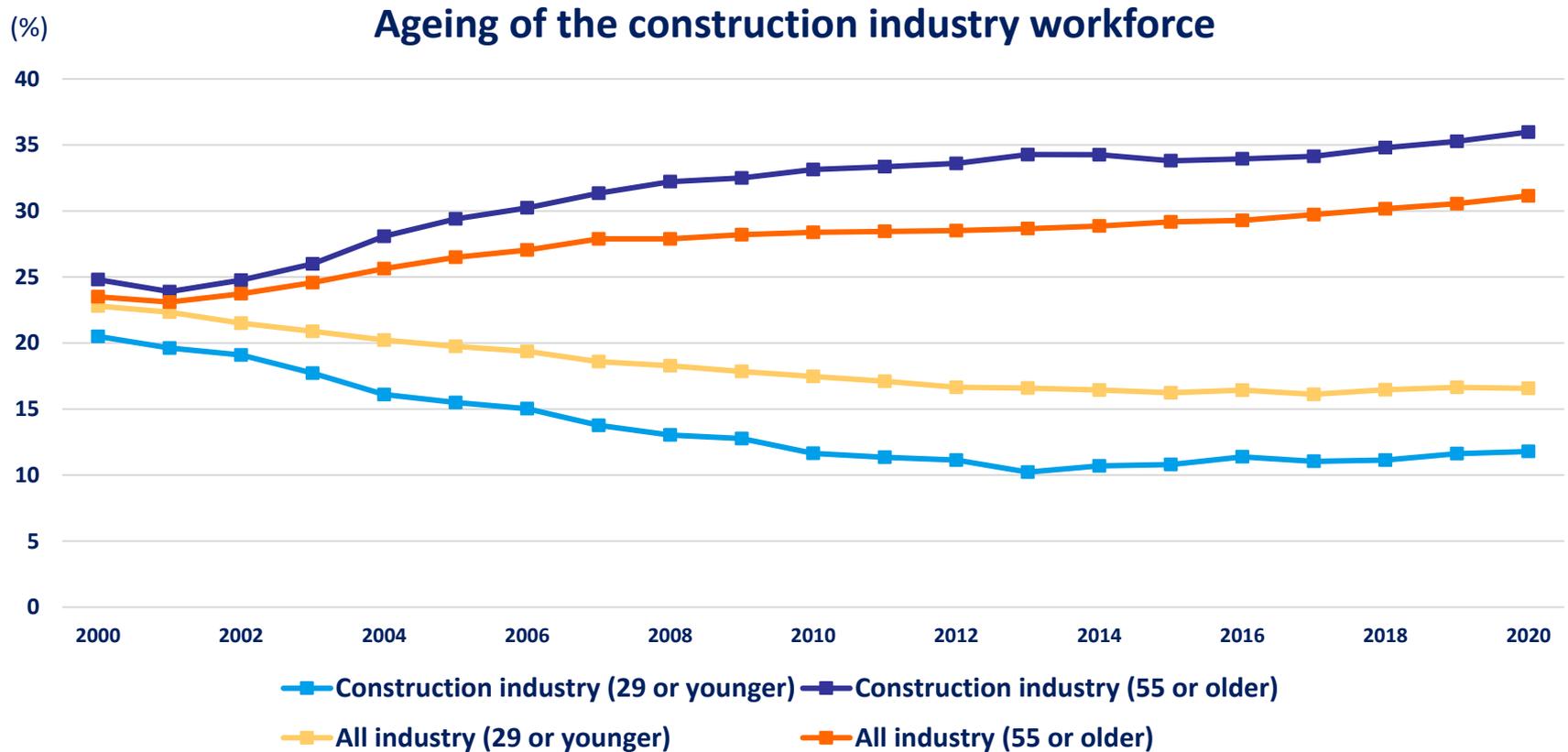
## Contributions to work-style reform

### Number of construction industry workers and construction investment

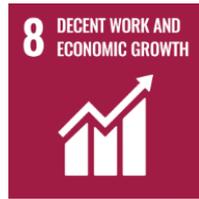


Source: Labor Force Survey from the Portal Site of Official Statistics of Japan for the number of construction industry workers, 19 October 2021 materials on the FY21 outlook for construction investment released by the Ministry of Land, Infrastructure, Transport and Tourism for construction investment.

## Contributions to work-style reform



Source: Labor Force Survey from the Portal Site of Official Statistics of Japan



## Contributions to work-style reform



### ◆ Super-lightweight flame retardant fabrics

(lightweight, flame retardant)



### ◆ BarChip (shortens construction times)

	FY10/19	FY10/20	FY10/21
	Full year	Full year	Full year
Flame retardant sheets and mesh sheets	976	899	933
BarChip	3,311	3,429	3,680
Work-style reform Total	4,287	4,329	4,613

(Millions of Yen)



## Contributions to a recycling-oriented society



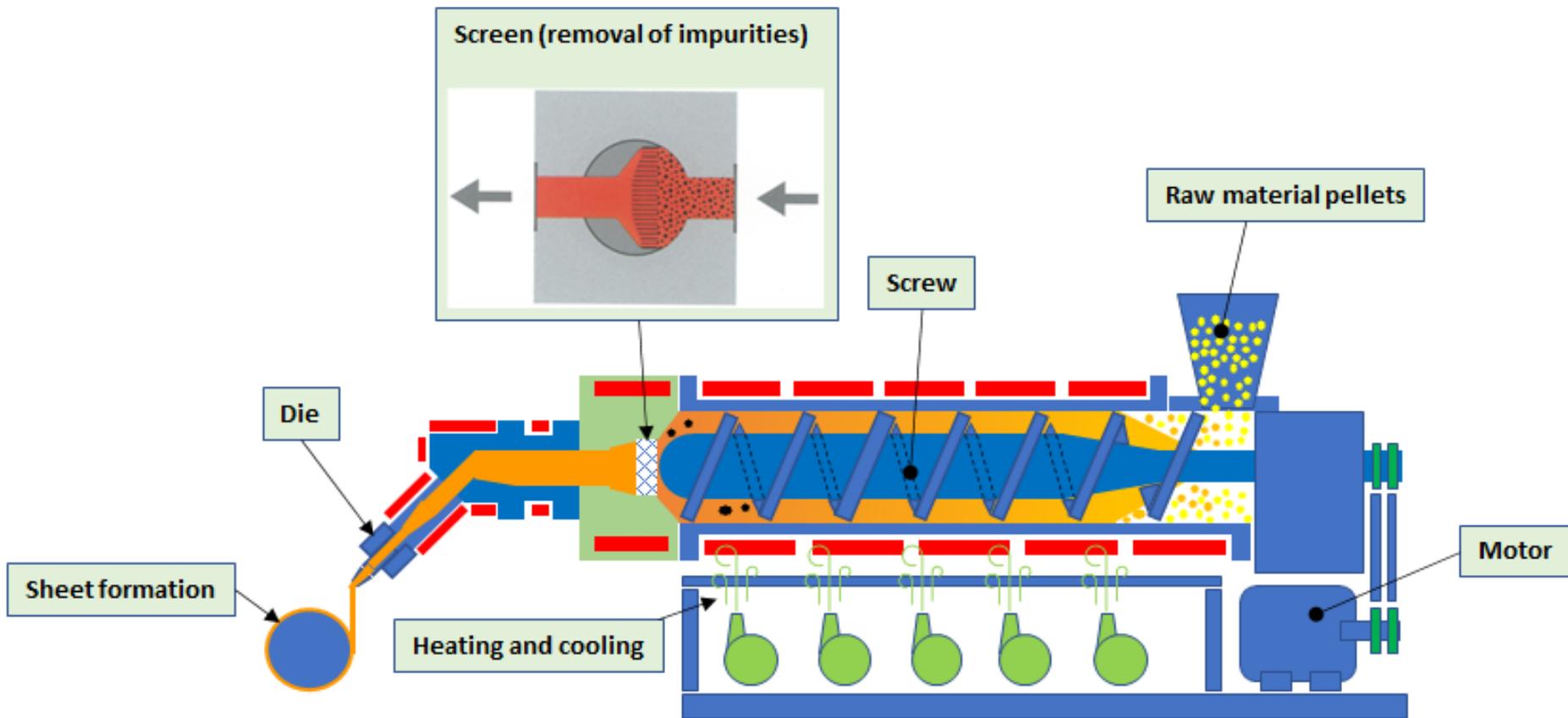
◆ Blue Sheet branded by eco-mark (uses 60% recycled materials)

◆ Screen changer

	FY10/19	FY10/20	FY10/21
	Full year	Full year	Full year
Blue Sheet branded by eco-mark	80	76	47
Screen changers	902	622	594
Recycling machines	200	245	116
Recycling-oriented society Total	1,183	944	759

(Millions of Yen)

# Process of screen changer





## Contributions to solutions for industry and technology innovations



### ◆ Specialist metal foil slitter

	FY10/19	FY10/20	FY10/21
	Full year	Full year	Full year
Film slitters	<b>3,771</b>	<b>2,964</b>	<b>3,413</b>
Paper slitters	<b>735</b>	<b>918</b>	<b>925</b>
Solutions for industry and technology innovations Total	<b>4,506</b>	<b>3,883</b>	<b>4,339</b>

(Millions of Yen)

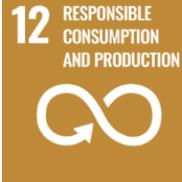


## Contributions to a recycling-oriented society

### BarChip obtains EPD

EPD (Environmental Product Declaration) is an international information disclosure mechanism based on the ISO 14025 standard. Information disclosed under EPD is verified an appropriate quantitative assessment of the environmental impact of a product through its entire lifecycle, from manufacture through transportation, usage, and disposal. It enables users to make their own decision on a product's environmental impact, thereby allowing them to select products that have a lower environmental load.





## Contributions to a recycling-oriented society

### 「Re VALUE +」

is an ongoing project to make new products from used items.

#### Regeneration of blue sheets

Blue sheets used by housebuilders are collected, cleaned, and turned into pellets that are used to manufacture regenerated blue sheets. When these sheets have been used once more by housebuilders then are again collected and recycled as part of the regeneration cycle.





## Contributions to solutions for industry and technology innovations

### Joint research with an SDG Hub university



Nagaoka University of Technology was appointed as a United Nations Academic Impact (UANI) SDG 9 Hub university from 2018 (contributing to solutions for industry and technology innovations). Begun in 2009, UANI has around 1,400 university and research institution members from more than 147 countries. Its activities include the promotion of links between higher education institutions around the world and links between these institutions and the United Nations.

Hagihara Industries is conducting joint research with Nagaoka University of Technology, an SDG Hub university, in the field of environmental technology.

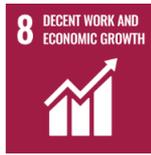


## Contributions to solving global environmental issues



Hagihara Industries has given signed up to Let's Support the Mori Sato Kawa Umi Together, a project begun by the Ministry of the Environment in 2014. We will endeavor to limit the impact of our activities on the Mori Sato Kawa Umi.

Overview: This project aims to unite all citizens to protect the diversity and reap the bounty of the Mori Sato Kawa Umi and to create a society in which everyone supports the richness of the Mori Sato Kawa Umi. (Mori Sato Kawa Umi : Forest, village, river, and sea)



## Contributions to decent work for all



Hagihara Industries was selected as a Health & Productivity Management Outstanding Organization for the second consecutive year in 2021.

We will continue to strive to create a company in which employees can demonstrate their abilities via a healthy working lifestyle and do our utmost to be a productive business.

System overview: The system recognizes companies that are particularly adept at pursuing health and productive management based on the measures to improve employees' health promoted by the Health Investment Working Group.



## Contributions to gender equality

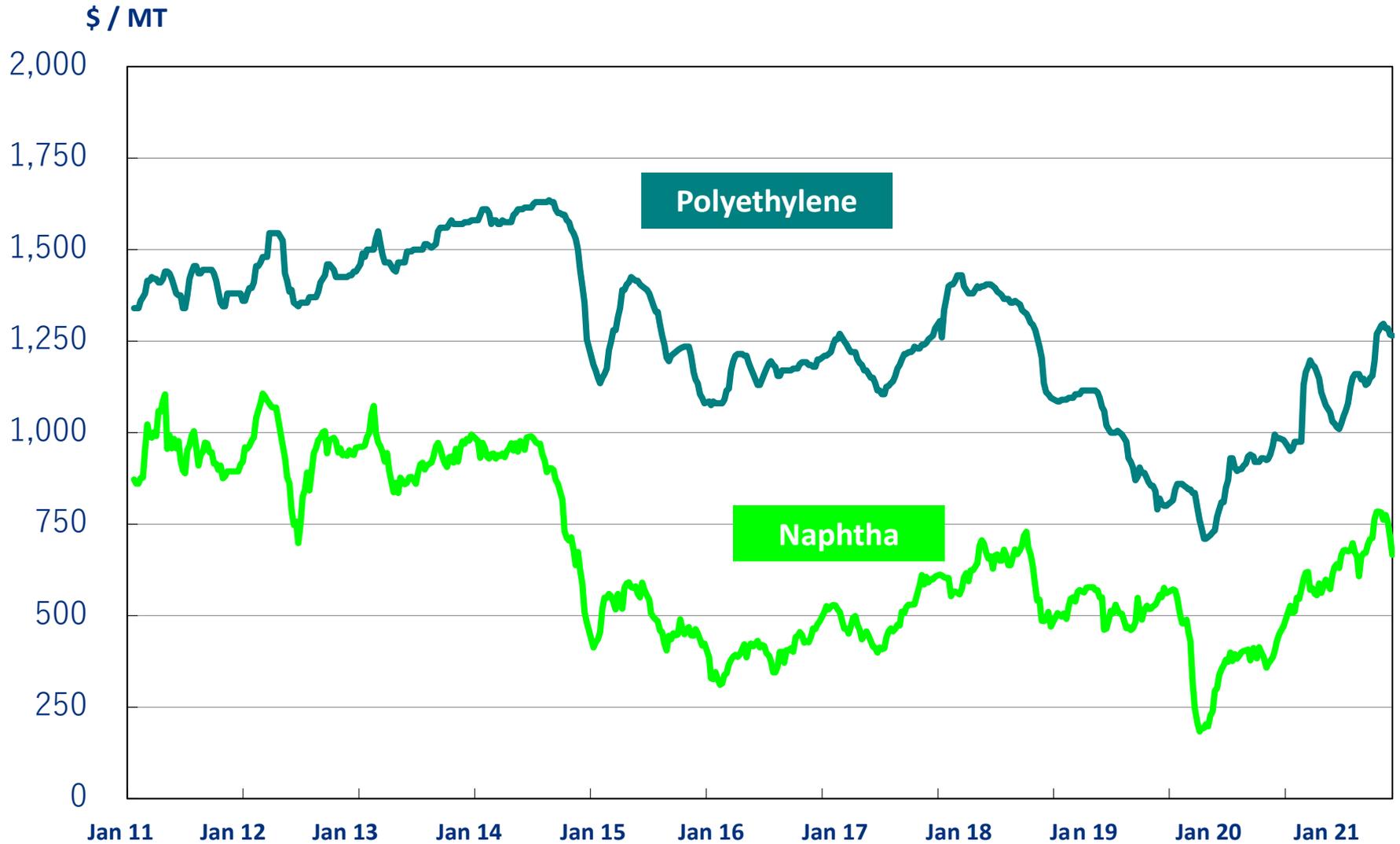


Hagihara Industries was recognized by the Kurashiki City Gender Equality Promotions Office.

We are striving to create amenable working environments for people regardless of gender by, for example, establishing a company-controlled day care center, introducing a system for paid leave by the hour, pursuing productive business practices, and hosting cross-generational childcare workshops.

System overview: The system recognizes business offices in the city which actively strive to create working environments in which diverse working styles are possible in line with each individual's personal circumstances.

# Prices of naphtha and polyethylene



# Main share price indicators

	End-Oct 2021
Share price	<b>¥1,500</b>
Dividend per share	<b>¥36</b>
Dividend payout	<b>32.18%</b>
BPS (Net assets per share)	<b>¥1,744.15</b>
EPS (Net income per share)	<b>¥111.88</b>
PBR (Price-book value ratio)	<b>0.86X</b>
PER (Price-earnings ratio)	<b>13.41X</b>
Number of shareholders	<b>18,908</b>

## 【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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