

2Q FY10/22 results
(Nov 1, 2021-Apr 30, 2022)
Results briefing materials



(TSE Prime : 7 8 5 6)

Think outside the box, create new values.

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1. Performance

- In the Plastic-processed Products (PLS) segment, overall sales increased as brisk sales of BarChip and recoveries in flexible container bags, laminated cloth, and Meltac outweighed the impact of a slump in sheets and sandbags from decline in disaster preparedness provisioning. However, income declined owing to a time lag in passing on higher material costs into sales prices.
- In the Engineering (ENG) segment, sales fell because of a drop off in demand for paper slitters from the robust level through FY10/21. Income also declined, in part on the impact of sharply higher materials costs.

2. Future strategies




- Production capacity increases for BarChip

Following on from a production increase at the Indonesian subsidiary in April 2022, we have begun building a new factory in Paraguay to ensure stable supply and respond to brisk demand, particularly in South America. (see p19)

Results summary

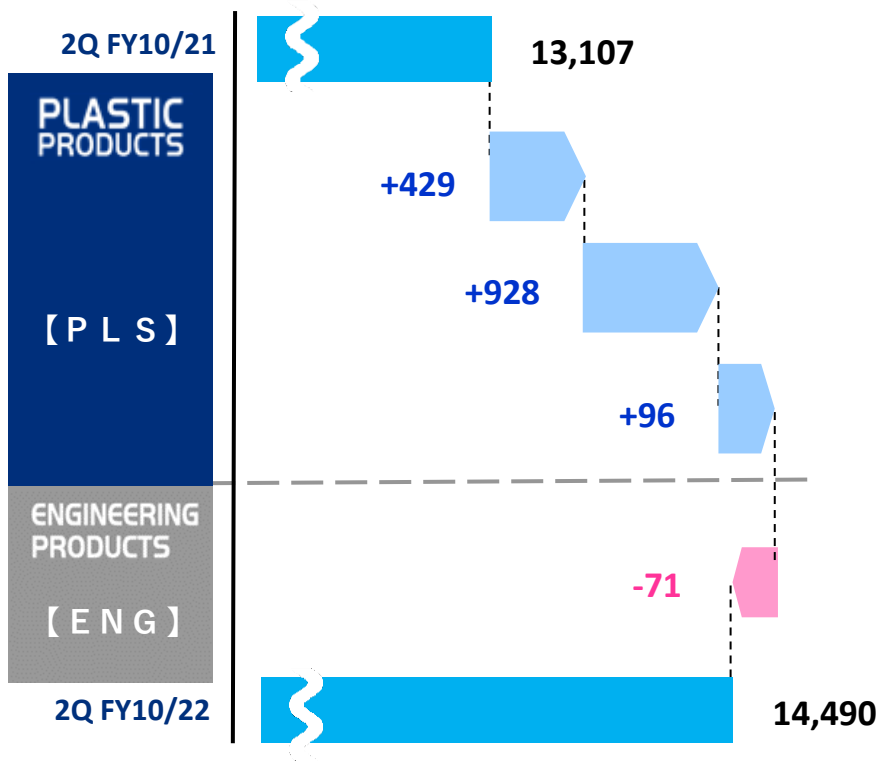
(Millions of Yen)

■ YoY change

	2Q FY10/21	2Q FY10/22	YoY		
			Change	(%)	
Sales	13,107	14,490	1,382	10.5%	
Operating income	1,270	742	-528	-41.6%	
Net income attributable to owners of parent	916	659	-256	-28.0%	

Consolidated sales analysis

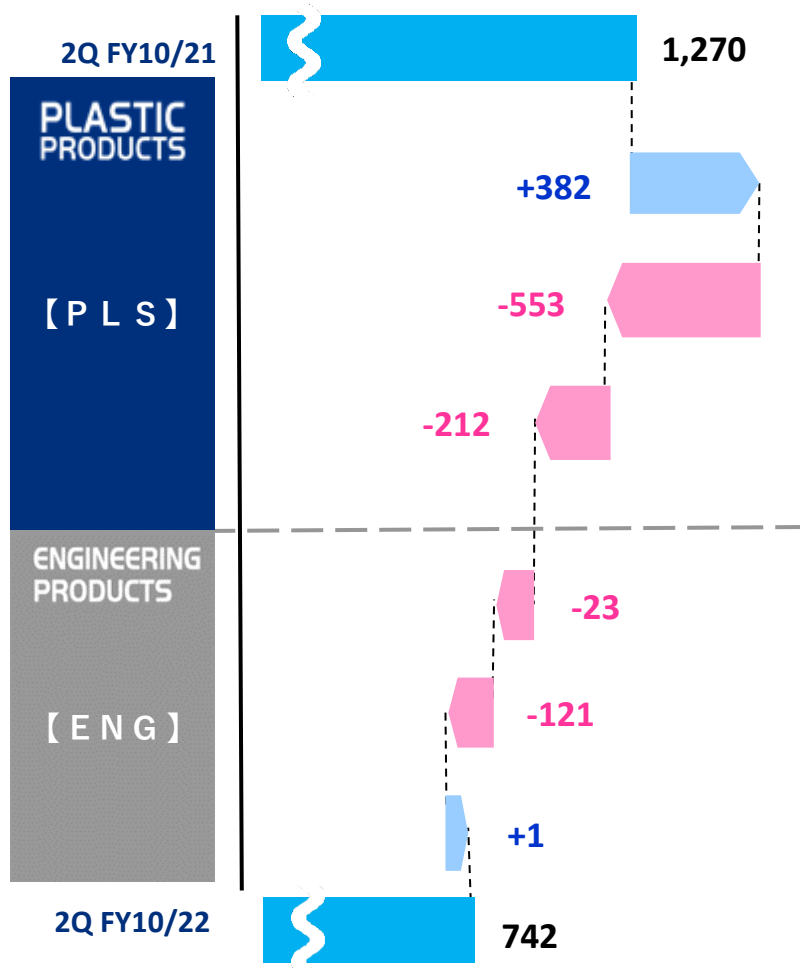
(Millions of Yen)



Main factors
Rise in sales prices
Rise in sales volume
Forex impact
Fall in sales

Consolidated operating income analysis

(Millions of Yen)



Main factors
Rise in sales
Cost increases from higher materials costs and utility rates, 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)

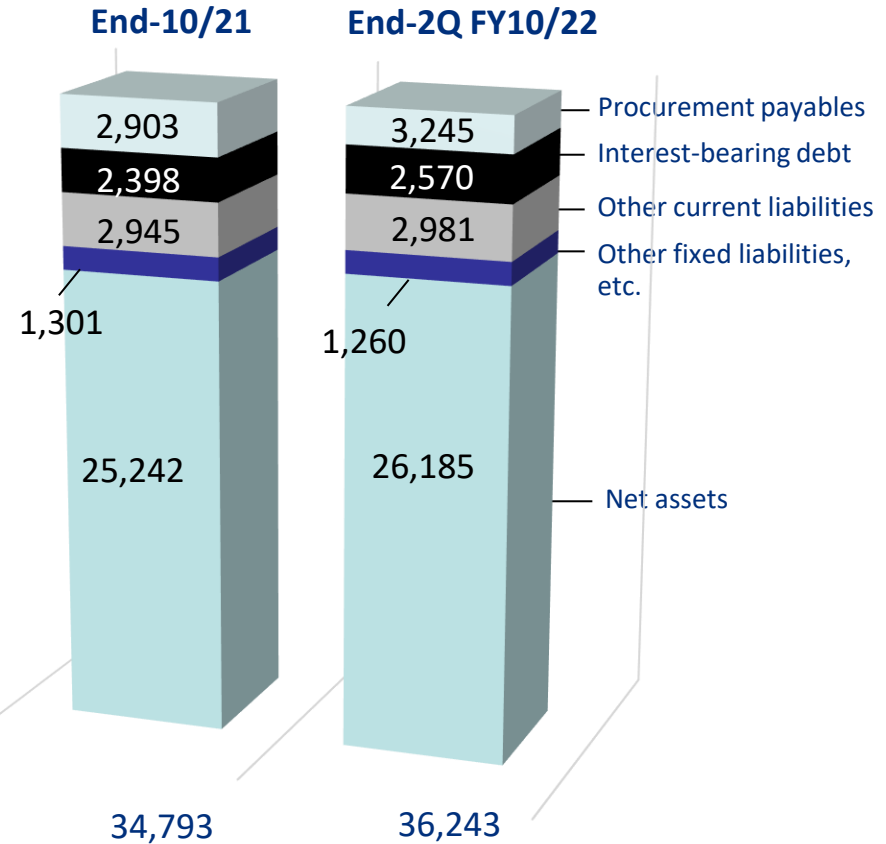
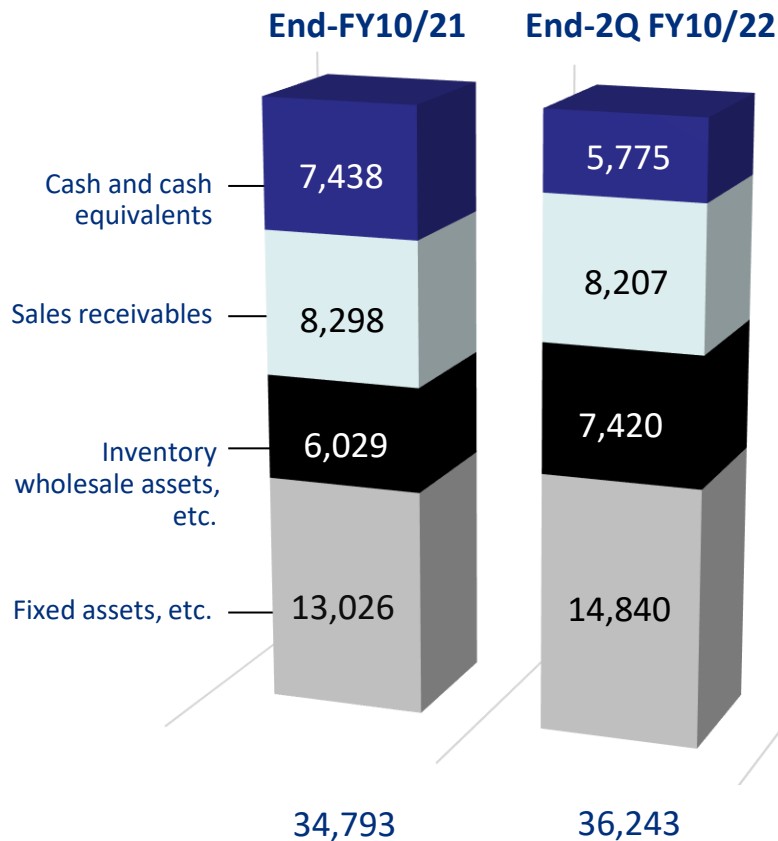
		Sales		Operating income	
		2Q FY10/21	2Q FY10/22	2Q FY10/21	2Q FY10/22
Hagihara Industries	PLS segment	7,798	7,329	776	334
	ENG segment	2,202	2,112	322	165
Parent		10,001	9,441	1,099	500
Japan Fabweld		175	190	-11	6
P.T. Hagihara Westjava Industries		1,664	2,451	8	82
Qingdao Hagihara Industries		311	276	16	-8
BarChip Asia (former EPC Holdings)		1,333	1,785	168	182
Toyo Heisei Polymer		2,034	2,058	58	12
Hagihara Machinery (Shanghai)		226	306	-1	-0
Consolidated		13,107	14,490	1,270	742

Consolidated balance sheet

(Millions of Yen)

(Assets)

(Liabilities
Net assets)



Total asset turnover ratio (x)

0.80

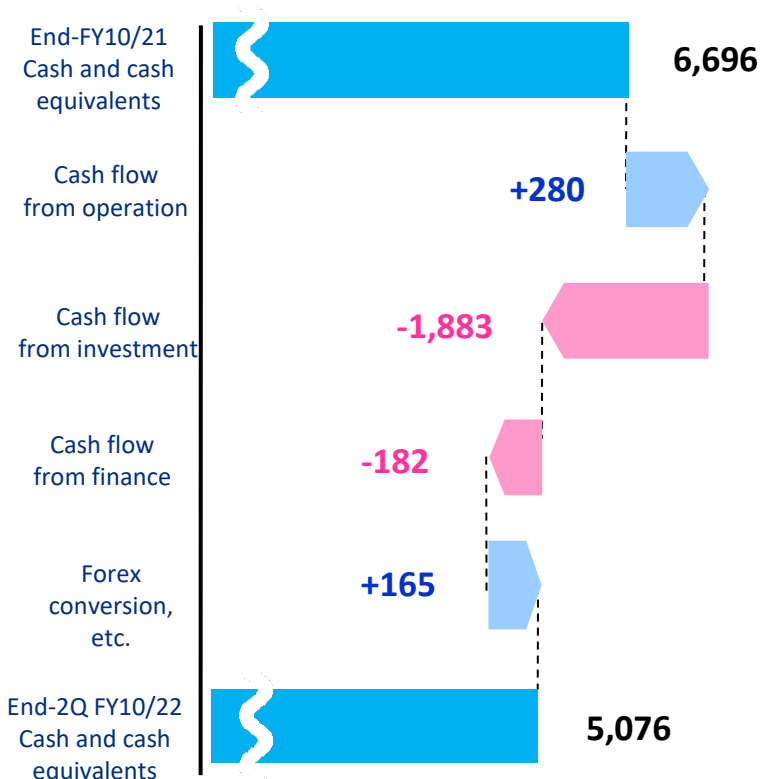
0.80

Shareholders' equity ratio (%)

72.5

72.2

Consolidated cash flows



● Cash flow from operation (Millions of Yen)

Breakdown			
Net income before adjustment for taxes, etc	+		889
Depreciation and amortization	+		639
Fall in sales receivables	+		207
Rise in inventory assets	-		916
Rise in procurement payables	+		125
Corporate taxes	-		337

● Cash flow from investment

Breakdown			
Acquisition of tangible fixed assets	-		1,887

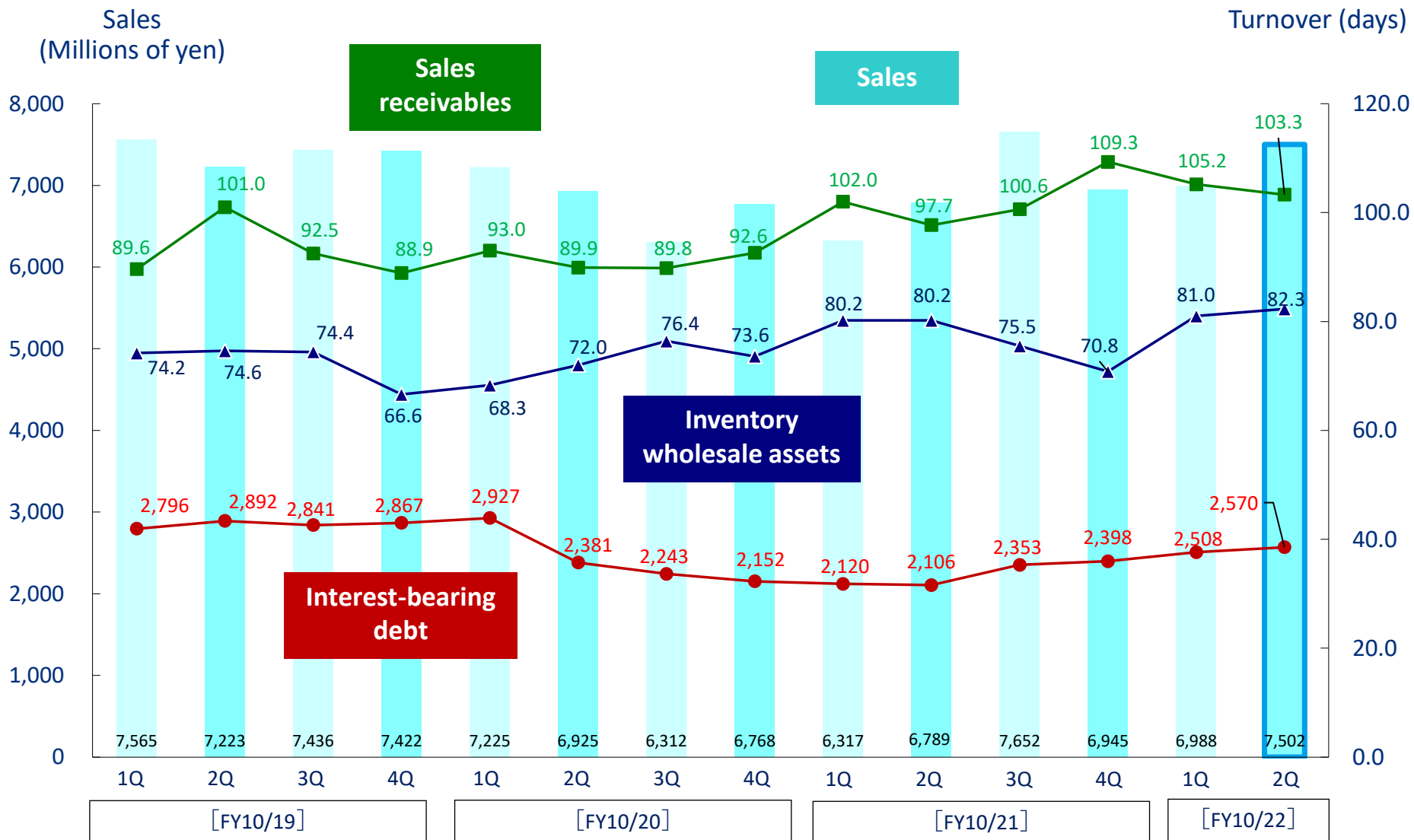
Free cash flow	-		1,602
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● Cash flow from finance

Breakdown			
Fall in short-term borrowings	-		92
Rise in long-term borrowings	+		230
Repayment of long-term borrowings	-		58
Dividends paid	-		261

Rise in cash and cash equivalents	-		1,619
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Consolidated inventory wholesale assets and sales receivables turnover



Consolidated results at a glance

	2Q FY10/22		YoY		2Q FY10/22		(Millions of Yen)
	Result	Vs. sales	Change		Result	YoY	Change
Sales	14,490	100.0%	1,382	Return on assets (ROA)	3.7%	-1.8%	
Gross income	3,788	26.1%	-316	Return on equity (ROE)	5.1%	-2.5%	
Operating income	742	5.1%	-528	Total asset turnover ratio	0.80x	0.03x	
Ordinary income	889	6.1%	-442	Shareholders' equity ratio	72.2%	0.0%	
Net income attributable to owners of parent	659	4.6%	-256	Free cash flow	-1,602	-2,318	
Shareholders' equity	26,179	—	1,697	Net income per share	¥45.59	-¥17.74	
Total assets	36,243	—	2,341	Net assets per share	¥1,809.44	¥117.61	
Capital investment	1,887	—	1,262	R&D expenses	309	-18	
Depreciation and amortization	639	—	25	EBITDA (Operating income before depreciation and amortization)	1,381	-503	

Consolidated earnings forecasts

(Millions of Yen)

		FY10/21			FY10/22		
		2Q	4Q	Full year	2Q (result)	4Q (forecast)	Full year
Consolidated	Sales	13,107	14,598	27,705	14,490	15,510	30,000
	Operating income	1,270 (9.7%)	984 (6.7%)	2,254 (8.1%)	742 (5.1%)	988 (6.4%)	1,730 (5.8%)
	Ordinary income	1,331 (10.2%)	1,040 (7.1%)	2,372 (8.6%)	889 (6.1%)	1,031 (6.6%)	1,920 (6.4%)
	Net income attributable to owners of parent	916 (7.0%)	702 (4.8%)	1,619 (5.8%)	659 (4.5%)	671 (4.3%)	1,330 (4.4%)

Figures in parentheses denote income margins

Outlook for consolidated operating income

(Millions of Yen)



(2H outlook)

Expect income increase, mainly in 4Q, and forecast rise of around ¥250mn compared to 1H

PLS segment (+260)	
3Q rise in materials costs	-50
4Q costs transfers into sales prices	+80
BarChip demand increase (mine restart, higher sales for floor reinforcement applications)	+230
ENG segment (-10)	
Sales booking from delayed projects	+20
Impact of Shanghai lockdown	-30

Consolidated sales of SDG-related products

(Millions of Yen)

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	2Q (result)	Full year (forecast)
Climate change adaptations	3,867	3,977	2,119	4,234
Work-style reform	4,329	4,613	2,549	5,794
Recycling-oriented society	944	759	589	943
Solutions for industry and technology innovations	3,883	4,339	1,558	3,902
Total	13,025	13,689	6,817	14,873
Weighting	47.8%	49.4%	47.1%	49.6%



Contributions to climate change adaptations

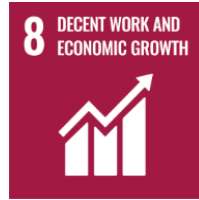


◆ Domestically produced sheets



◆ Adhesive tapes (using Hagihara's cloths)

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	2Q (result)	Full year (forecast)
Domestically produced sheets	1,986	1,957	1,106	2,144
Adhesive tape cloths	1,881	2,019	1,013	2,090
Climate change adaptations Total	3,867	3,977	2,119	4,234



Contributions to work-style reform



◆ Light clear mesh



◆ BarChip (synthetic fiber concrete reinforcement system)

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	2Q (result)	Full year (forecast)
Flame retardant sheets and mesh sheets	899	933	469	1,064
BarChip	3,429	3,680	2,080	4,730
Work-style reform Total	4,329	4,613	2,549	5,794



Contributions to a recycling-oriented society



"Eco Mark" is a mark attached to products that are recognized to be of help to environmental conservation, and is a registered trademark of Japan Environment Association.



◆ Blue Sheet branded by eco-mark
(uses 50% recycled materials)

◆ Screen changer

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	2Q (result)	Full year (forecast)
Blue Sheet branded by eco-mark	76	47	27	69
Screen changers	622	594	492	855
Recycling machines	245	116	69	19
Recycling-oriented society Total	944	759	589	943



Contributions to solutions for industry and technology innovations



◆ Film slitter for electronic component manufacture

	FY10/20	FY10/21	FY10/22	
	Full year	Full year	2Q (result)	Full year (forecast)
Film slitters	2,964	3,413	1,460	3,022
Paper slitters	918	925	97	880
Solutions for industry and technology innovations Total	3,883	4,339	1,558	3,902

Building of BarChip manufacturing plant in Paraguay



We aim to ensure supply capability for South America, where demand is growing for floor reinforcement applications as well as from mines, and to avoid risk of disruption in marine transportation.

【Production capacity】

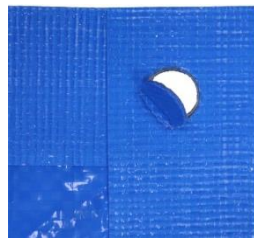
1,200t/yr. (including portion transferred from existing facility)

Will increase all-company capacity by around 20%

Plan to begin sales of “Tarpee eco-friendly sheet”



“Tarpee” brand name imprint



Change from aluminum eyelet to joint hole

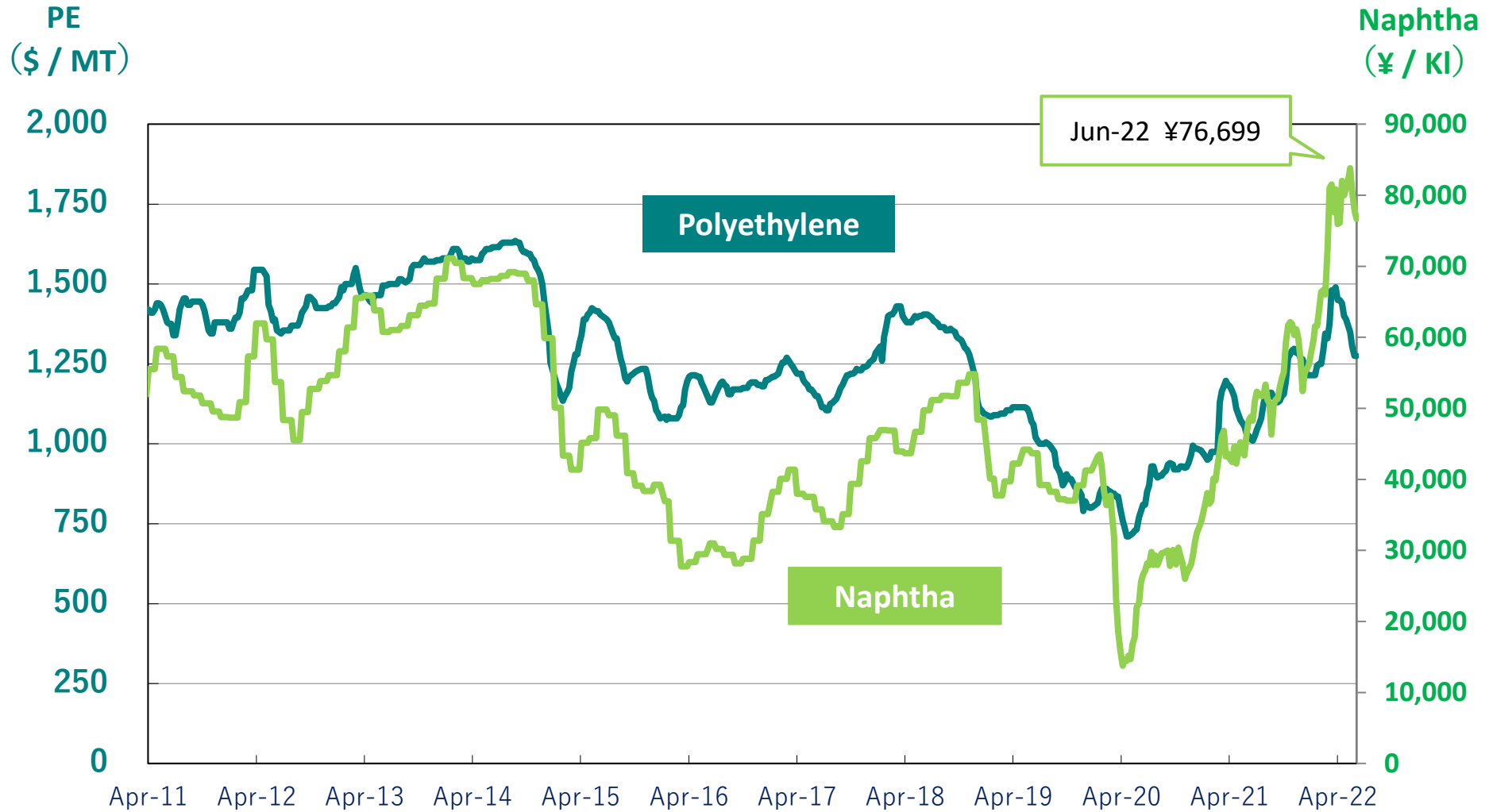
“Tarpee eco-friendly sheet” uses more than 60% recycled materials and has acquired Eco Mark certification.

We have also made it a single-material product that is easier to recycle by changing from the use of aluminum eyelets to joint holes.

We have increased service life from one to two years to meet requirements in the disaster preparedness sphere.

We have printed on the brand name “Tarpee” so users can immediately recognize this as a high-quality product from Hagihara Industries .

Prices of naphtha and polyethylene



Main share price indicators

	End-Apr 2022
Share price	¥1,027
Dividend per share (end-FY10/22 forecast)	¥36
Dividend payout ratio (end-FY10/22 forecast)	39.17%
B P S (Net assets per share)	¥1,809.05
E P S (Net income per share)	¥45.59
P B R (Price-book value ratio)	0.57X
P E R (Price-earnings ratio)	11.26X
Number of shareholders	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.

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