

Results briefing materials

3Q FY10/23 results

(Nov 1, 2022 - Jul 31, 2023)

ハミダセ、アミダセ。

Think outside the box, create new values.

Hagihara Industries Inc.

TSE Prime:7856

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(Reference) Business conditions indicators

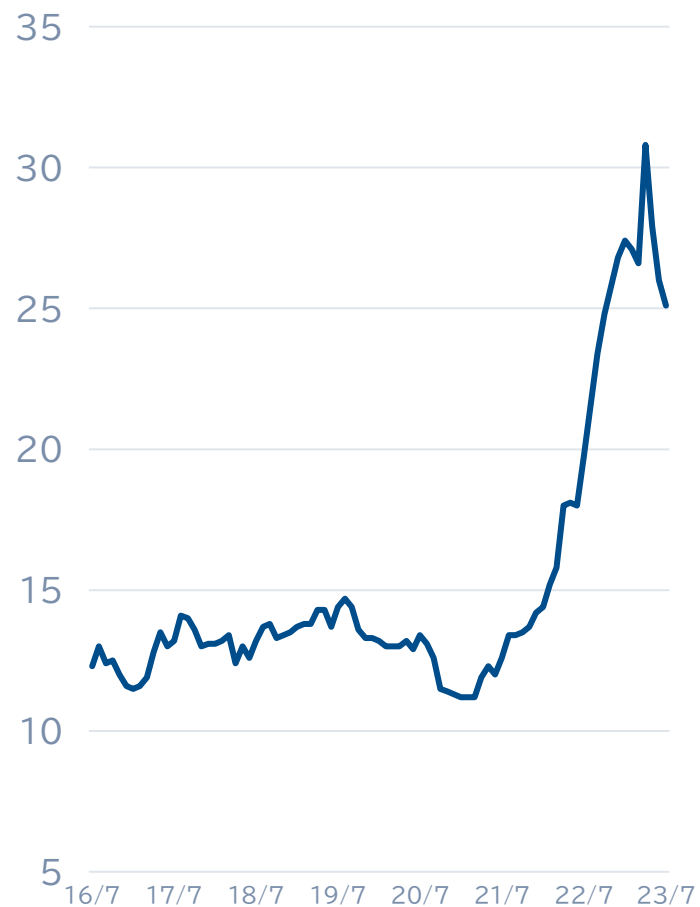
Naphtha price

(yen/KL)



Electricity rates

(yen/kWh)



JPY/US\$

(yen)

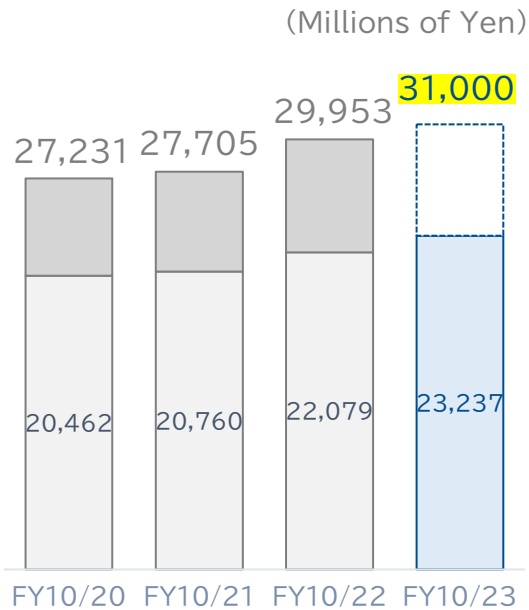


Results highlights –All Company–

Sales

¥**23,237**mn

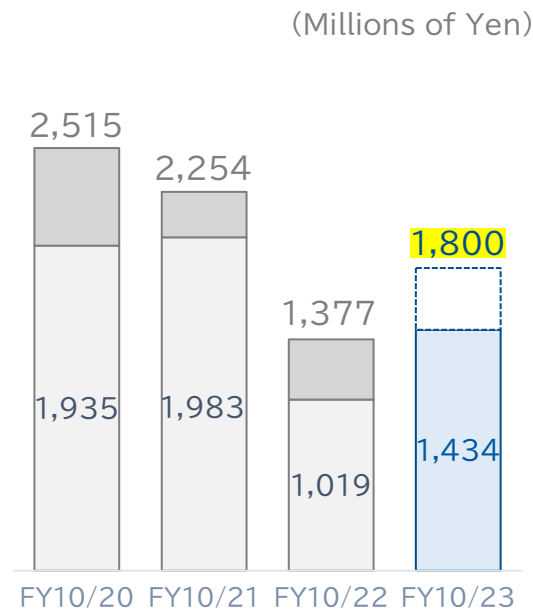
YoY **+5.2%**
(+¥1,157mn)



Operating Income

¥**1,434**mn

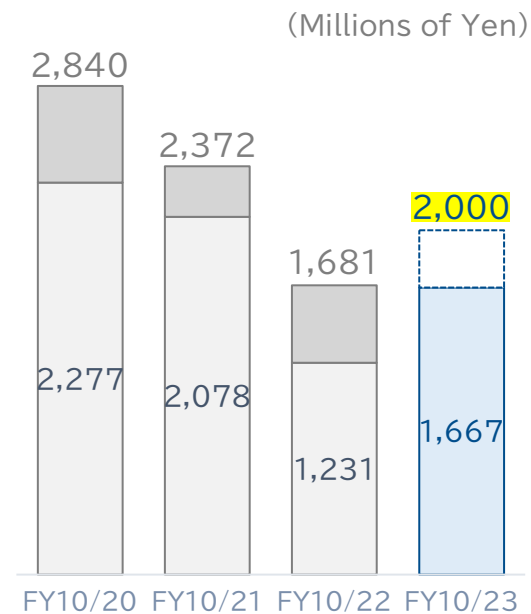
YoY **+40.7%**
(+¥414mn)



Ordinary Income

¥**1,667**mn

YoY **+35.4%**
(+¥436mn)



Quarterly net income attributable to owners of parent

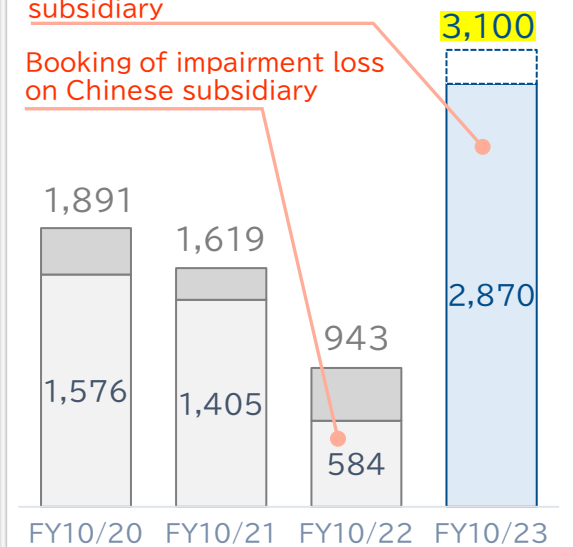
¥**2,870**mn

YoY **+391.5%**
(+¥2,286mn)

(Millions of Yen)

Booking of compensation payment from Chinese government, liquidation gain on Chinese subsidiary

Booking of impairment loss on Chinese subsidiary



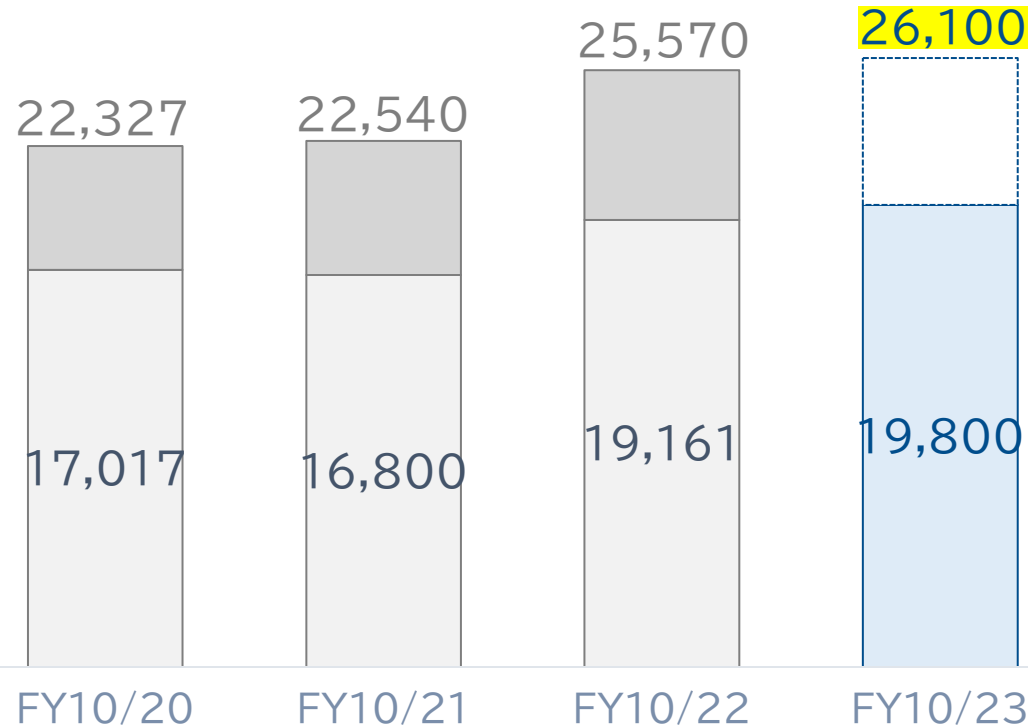
※Shaded area shows forecasts after September 11 revision

Results highlights -Plastic-processed Products (PLS) segment-

Sales

¥ **19,800** mn YoY **+3.3%**
(+¥639mn)

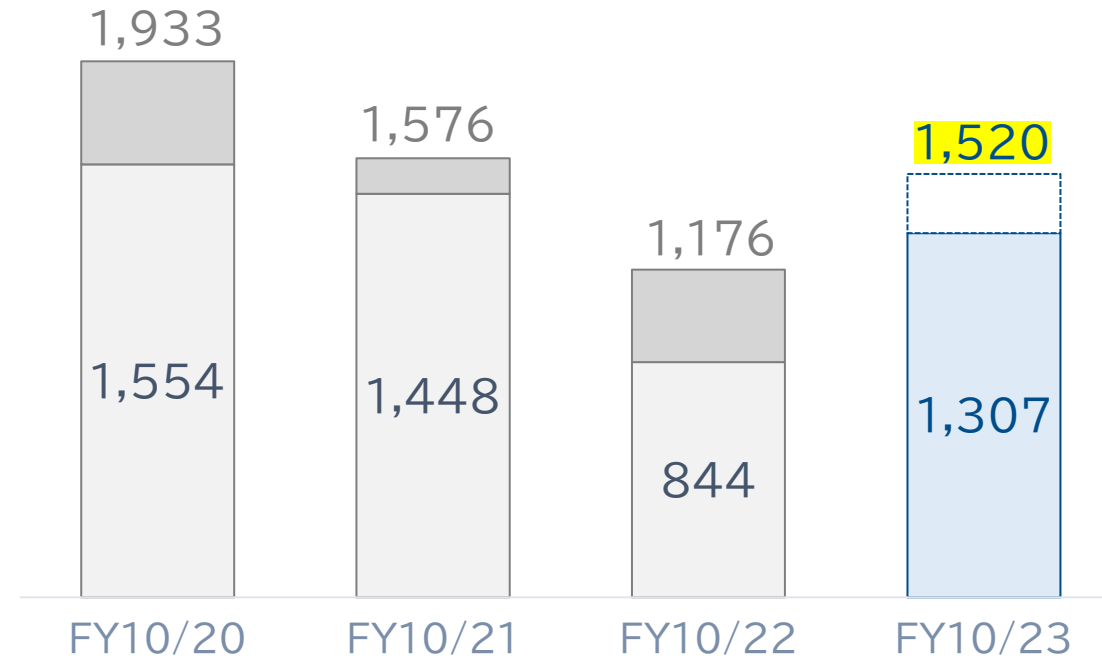
(Millions of Yen)



Operating Income

¥ **1,307** mn YoY **+54.8%**
(+¥462mn)

(Millions of Yen)



※ Shaded area shows forecasts after September 11 revision

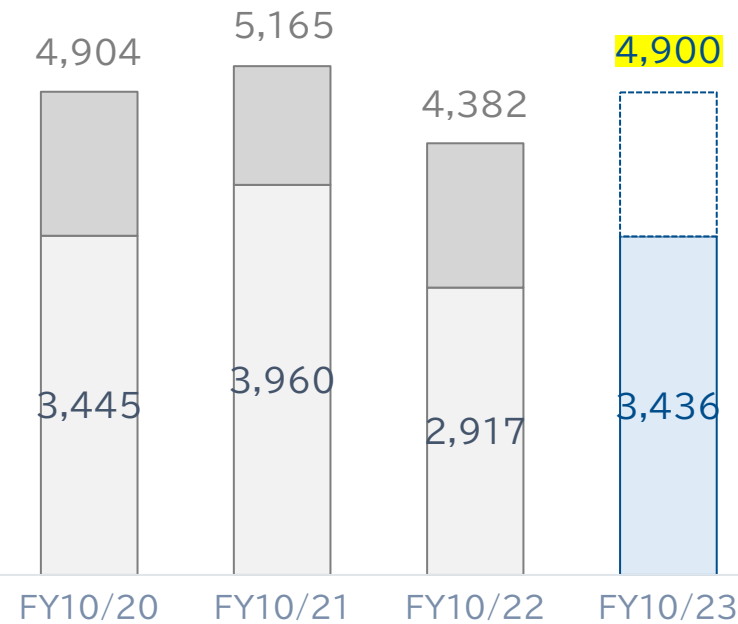
Results highlights –Engineering (ENG) segment–

Sales

¥**3,436**mn

YoY **+17.8%**
(+¥518mn)

(Millions of Yen)

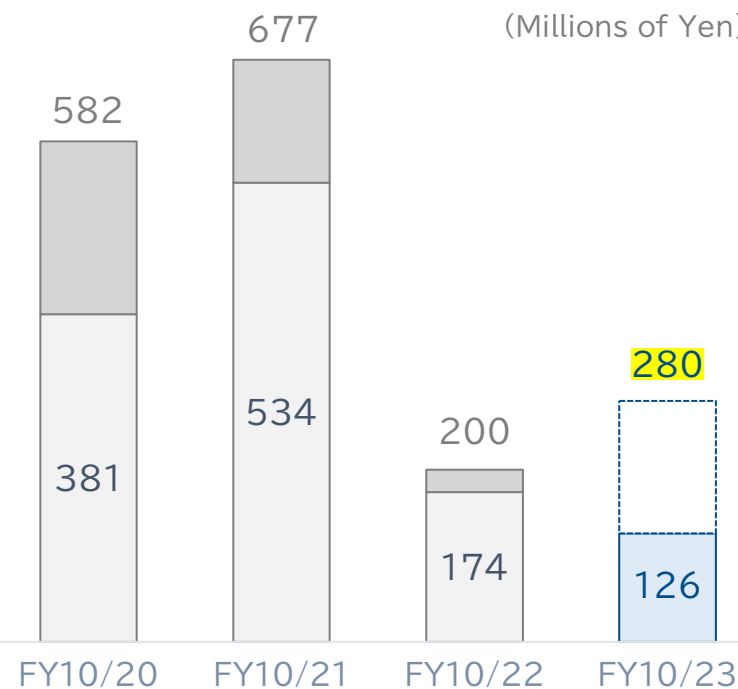


Operating Income

¥**126**mn

YoY **-27.5%**
(-¥48mn)

(Millions of Yen)

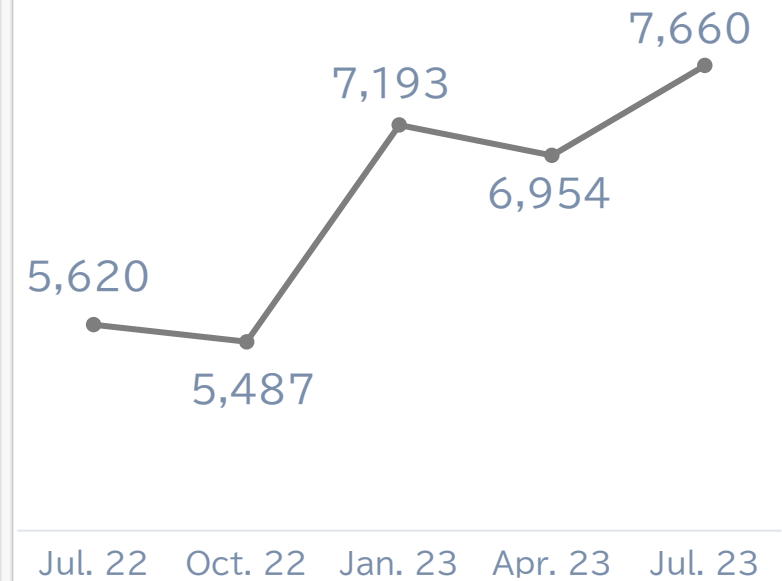


Order Backlog

¥**7,660**mn

YoY **+36.3%**
(+¥2,039mn)

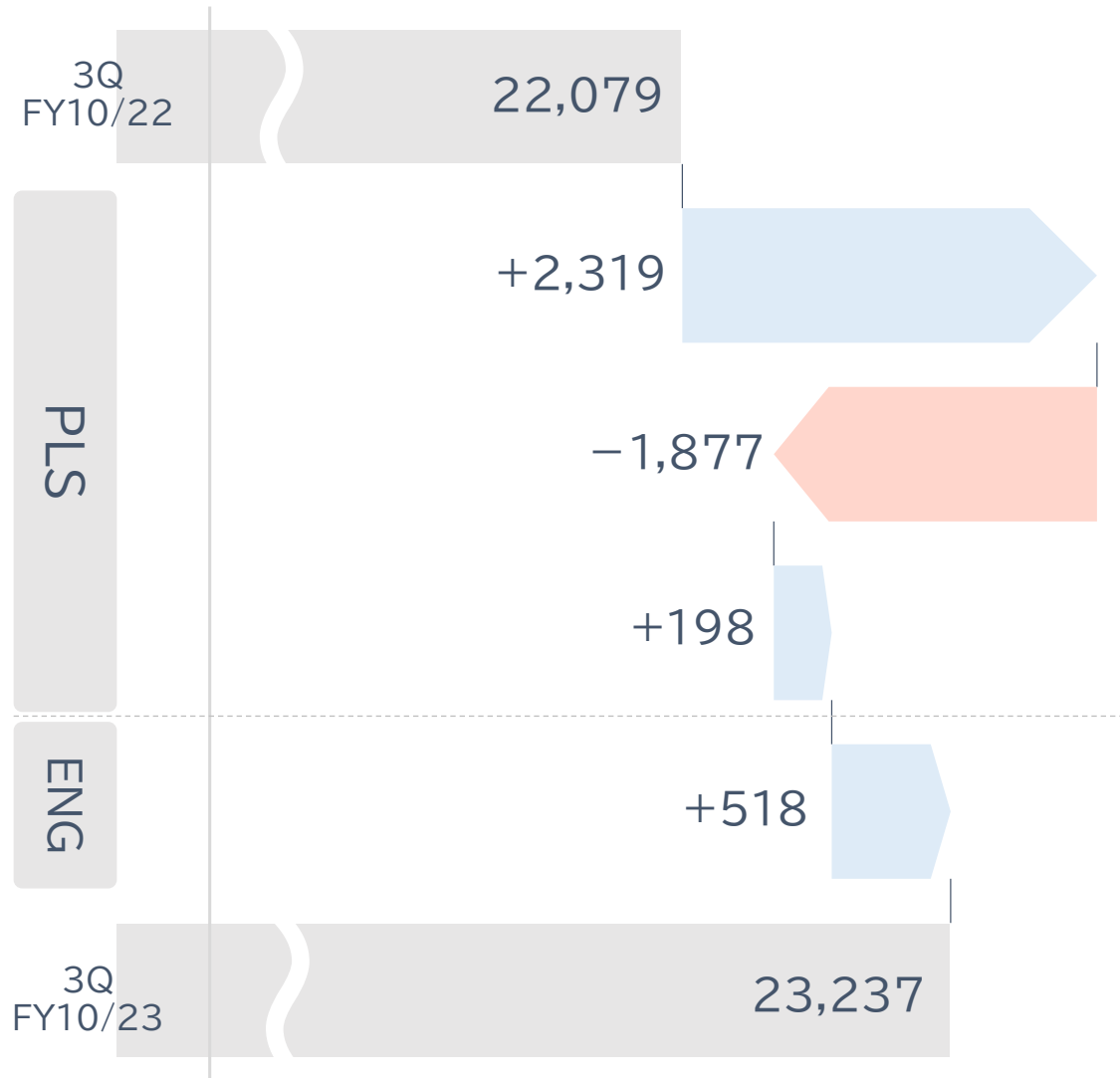
(Millions of Yen)



※Shaded area shows forecasts after September 11 revision

Consolidated sales analysis

(Millions of Yen)

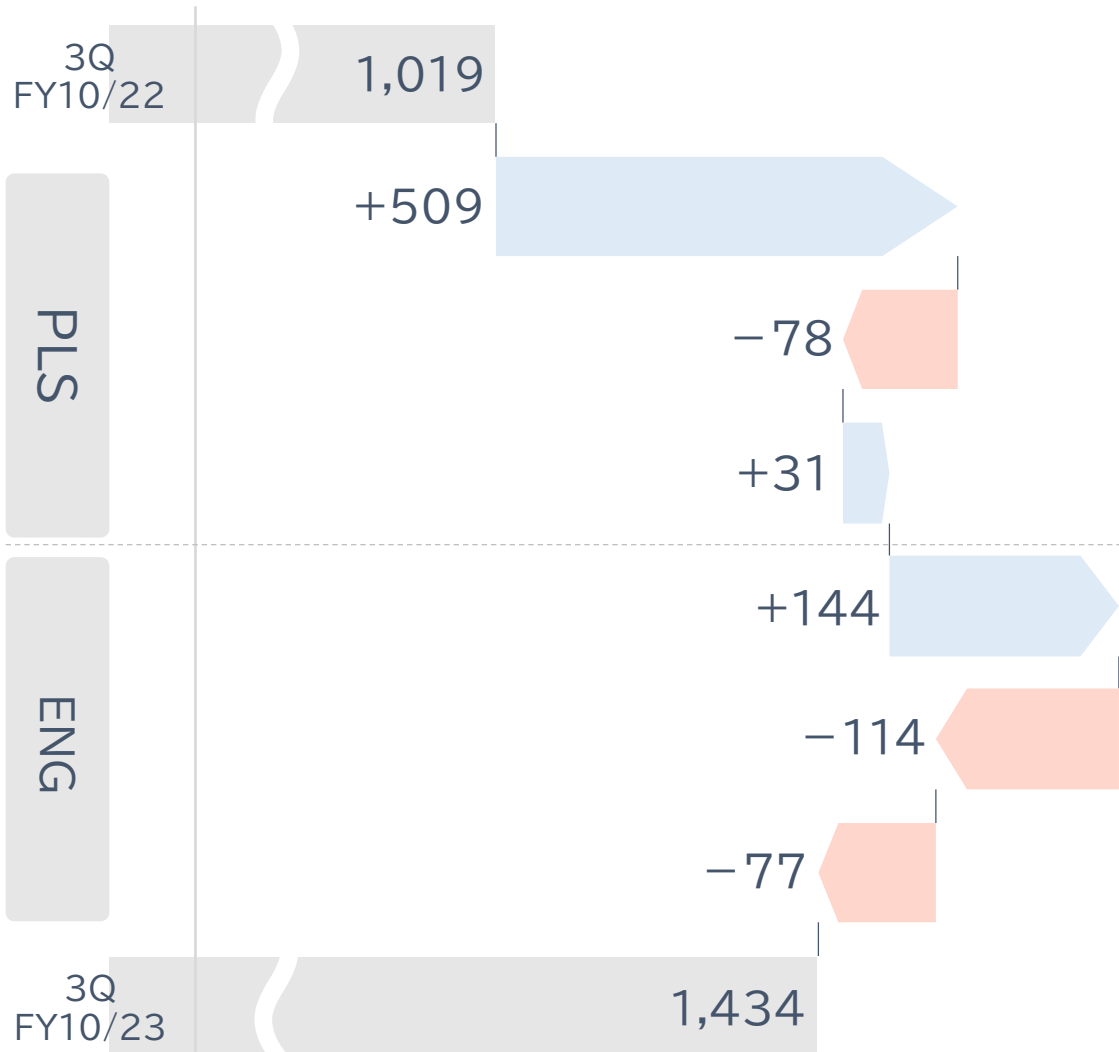


Main factors for change

- ▶Sales prices raised: Sales unit prices increased to pass through higher raw materials and other input costs
- ▶Decline in sales volume (FIBC:flexible container bag,sheets,yarn etc)
- ▶Forex impact: sales increase from yen depreciation
- ▶Sales rise in the Engineering segment (Film slitters)

Consolidated operating income analysis

(Millions of Yen)



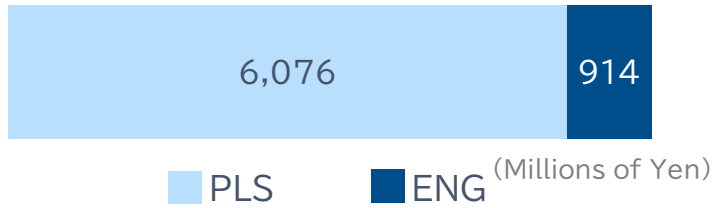
Main factors for change

- ▶ Impact from rise in sales
- ▶ Impact of cost increases from factors such as higher electricity rates
- ▶ Impact of decline in SG&A
- ▶ Impact from rise in sales
- ▶ Impact of rise in procurement costs and poorer production efficiency
- ▶ Impact of rise in SG&A

Sales by region/segment

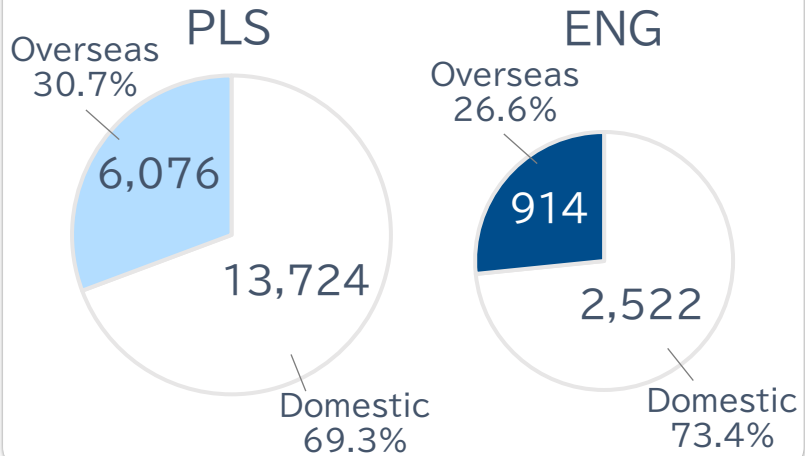
Overseas sales

All-company ¥6,990mn



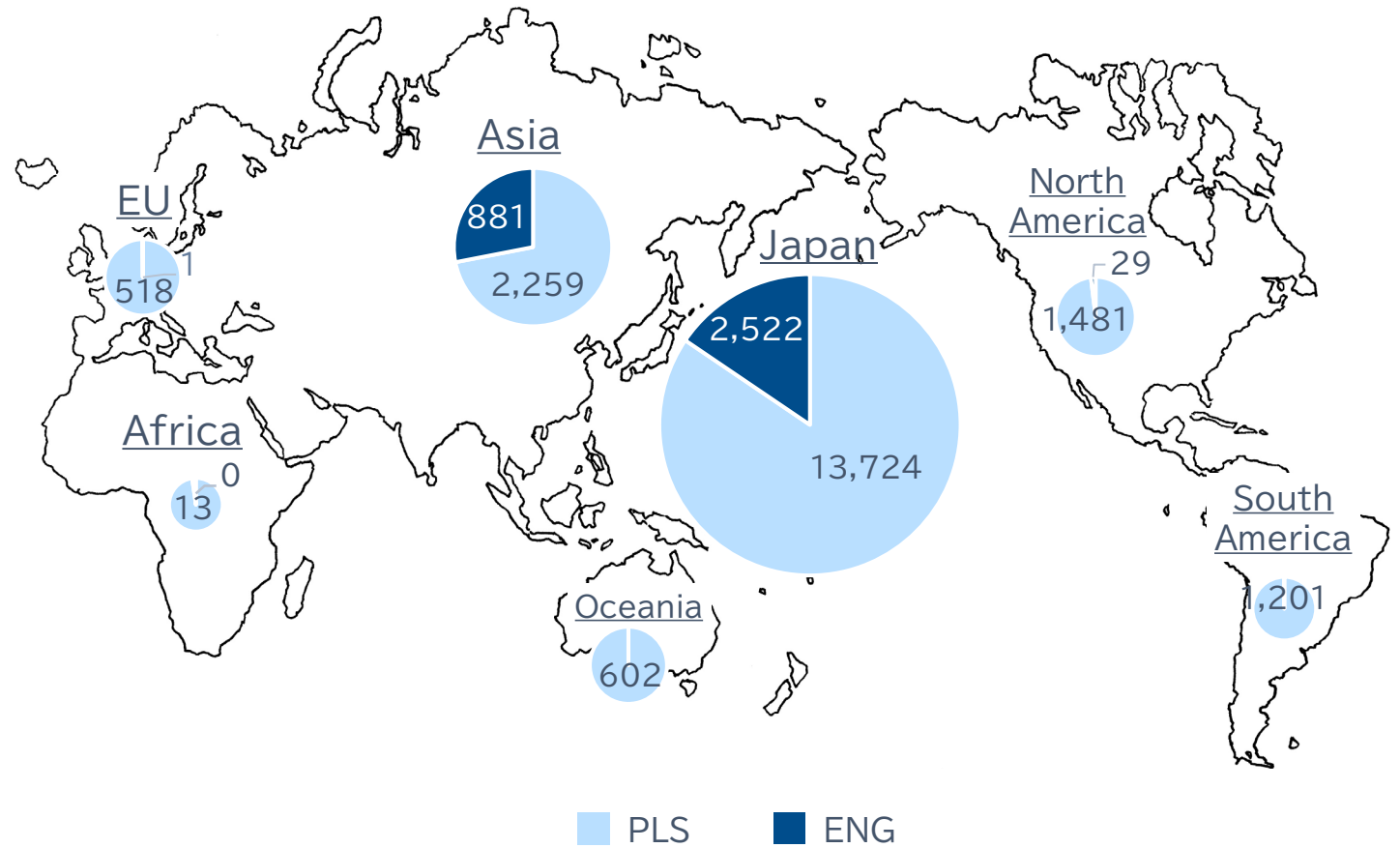
Overseas sales weighting

All-company 30.1% (Millions of Yen)



Sales by region

(Millions of Yen)



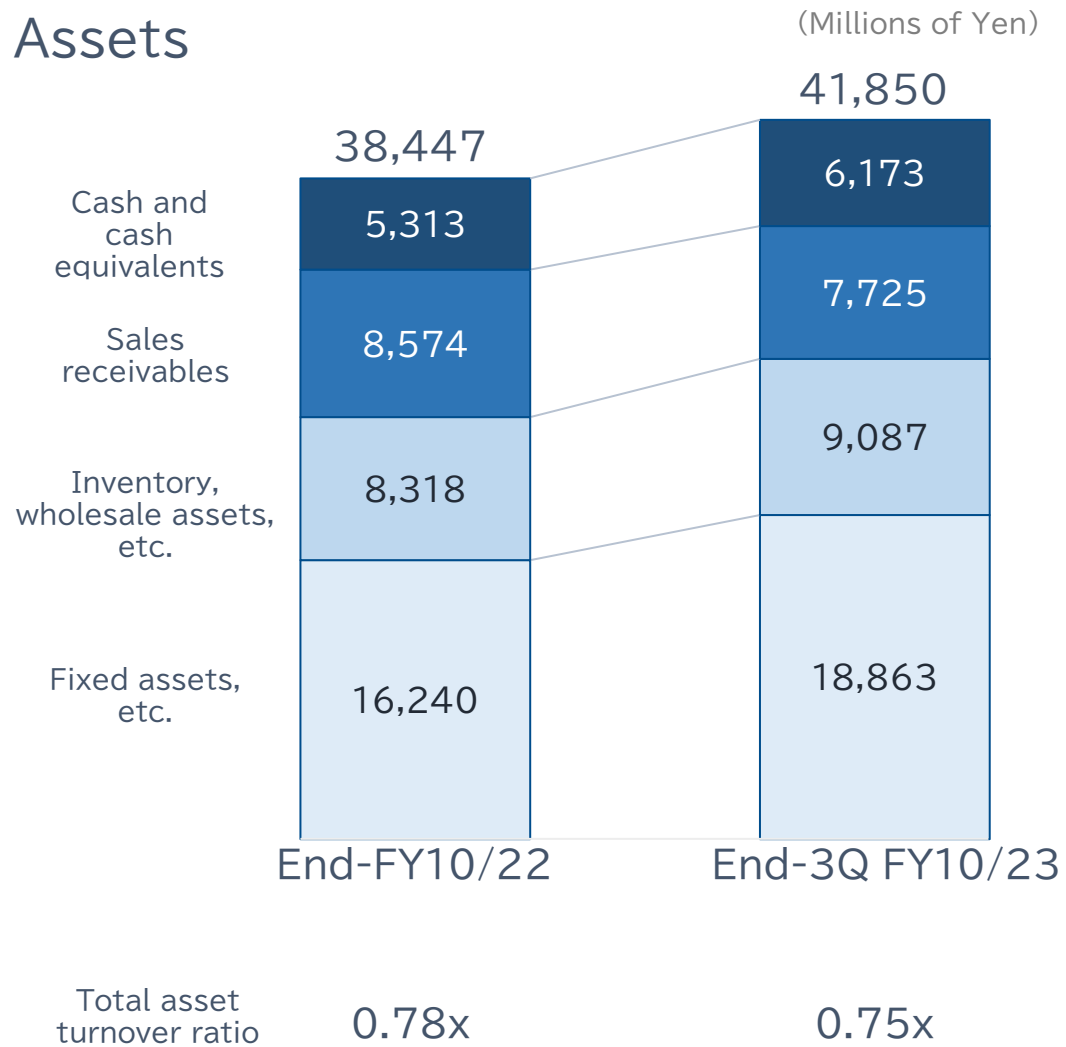
Overview of segments and subsidiaries

(Millions of Yen)

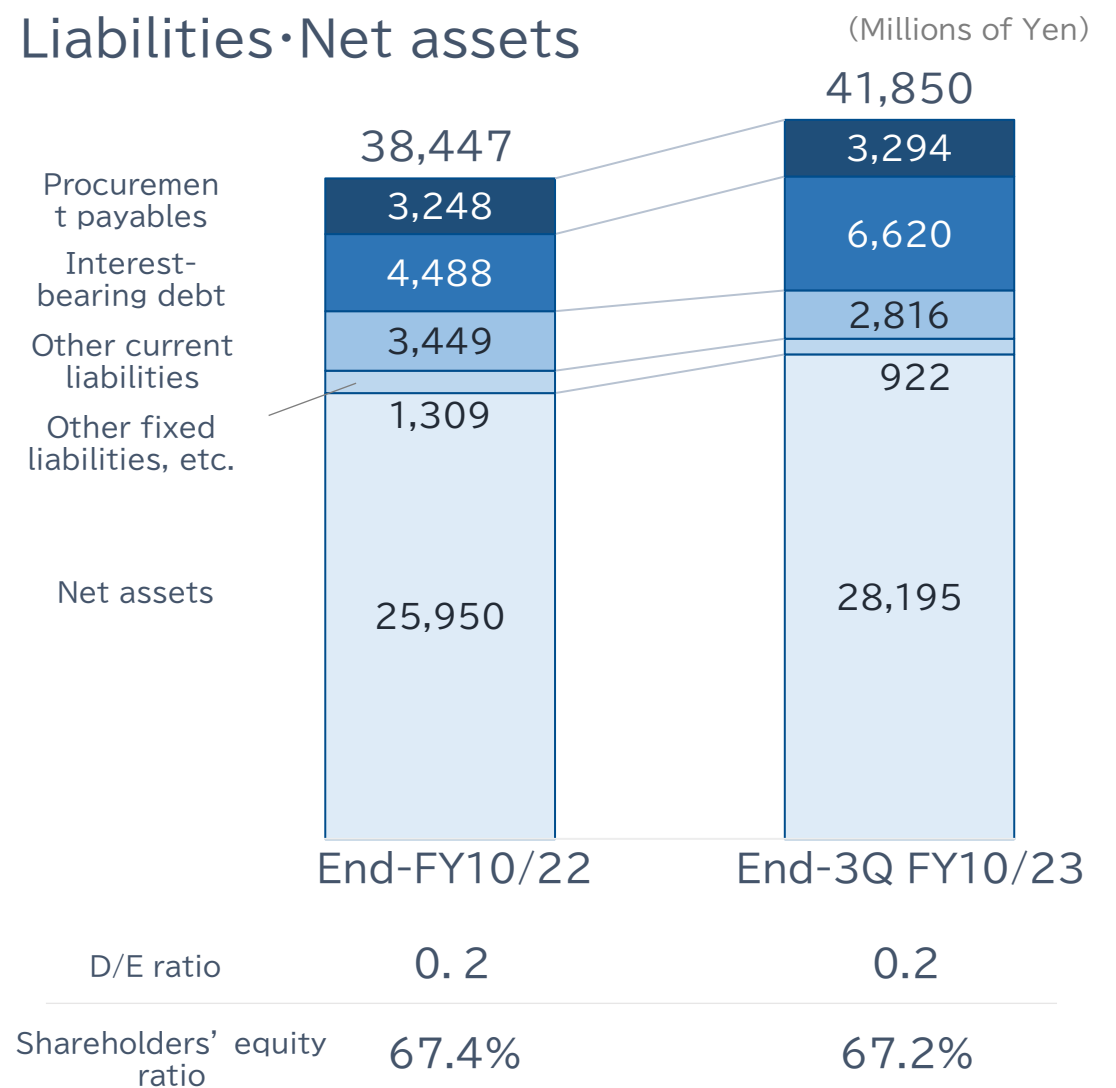
		3Q FY10/22		3Q FY10/23		YoY change	
		Sales	Operating income	Sales	Operating income	Sales	Operating income
P L S	Hagihara Industries	10,999	462	11,522	441	522	-20
	Japan Fabweld	288	14	316	-15	28	-30
	PT. HWI	3,777	123	3,381	60	-395	-62
	BarChip Group	2,937	309	3,290	232	353	-77
	BarChip	1,141	291	1,506	676	364	384
	Toyo Heisei Polymer	3,167	29	3,185	89	18	59
PLS Total		19,161	844	19,800	1,307	639	462
E N G	Hagihara Industries	2,877	141	3,341	92	464	-48
	Hagihara Machinery (Shanghai)	406	-25	519	31	112	56
ENG Total		2,917	174	3,436	126	518	-48

Consolidated balance sheet

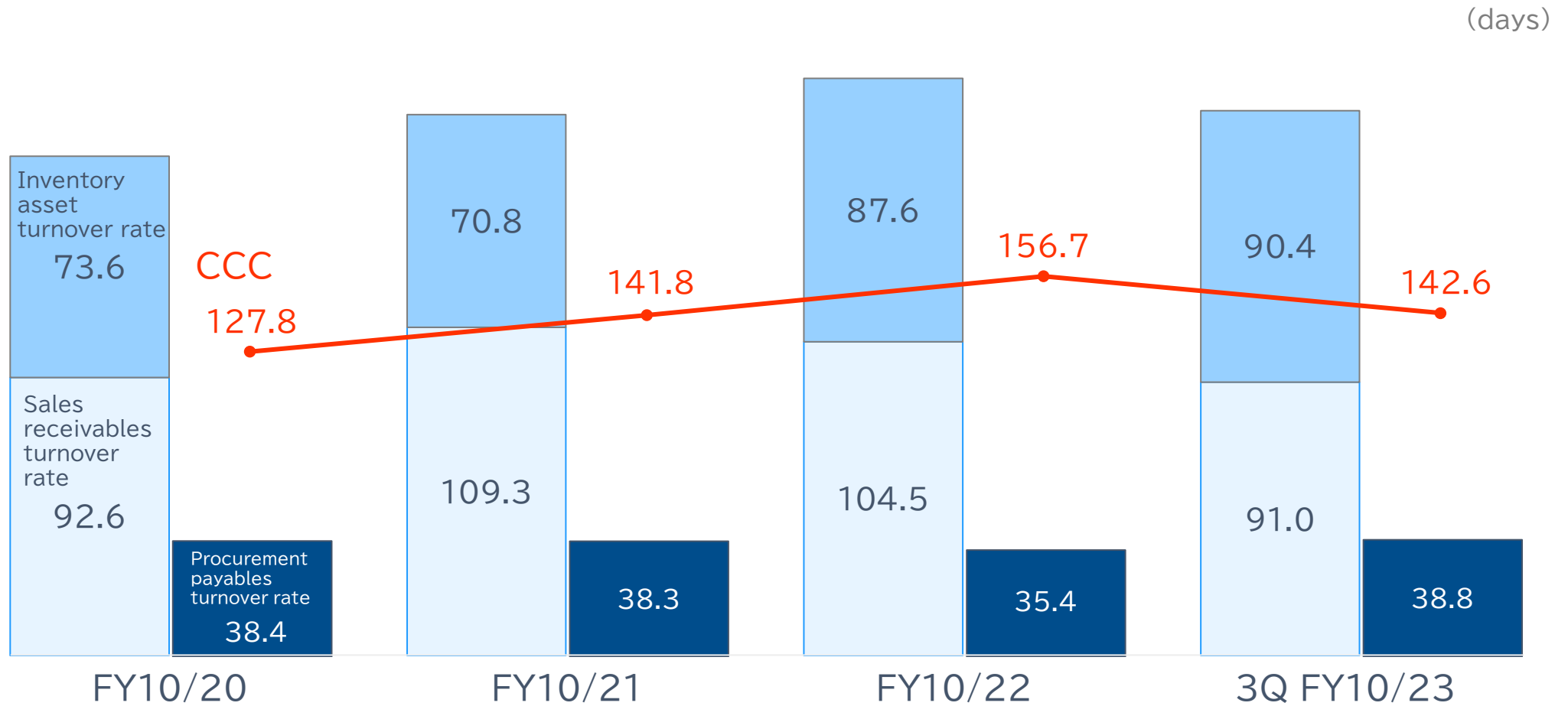
Assets



Liabilities·Net assets



CCC (cash conversion cycle)



*CCC = inventory asset turnover rate + sales receivables turnover rate – procurement payables turnover rate

Financial performance indicators

	FY10/20	FY10/21	FY10/22	3Q FY10/23
ROE(%)	8.2	6.6	3.7	5.2 ※
ROA(%)	5.8	4.8	2.6	3.6 ※

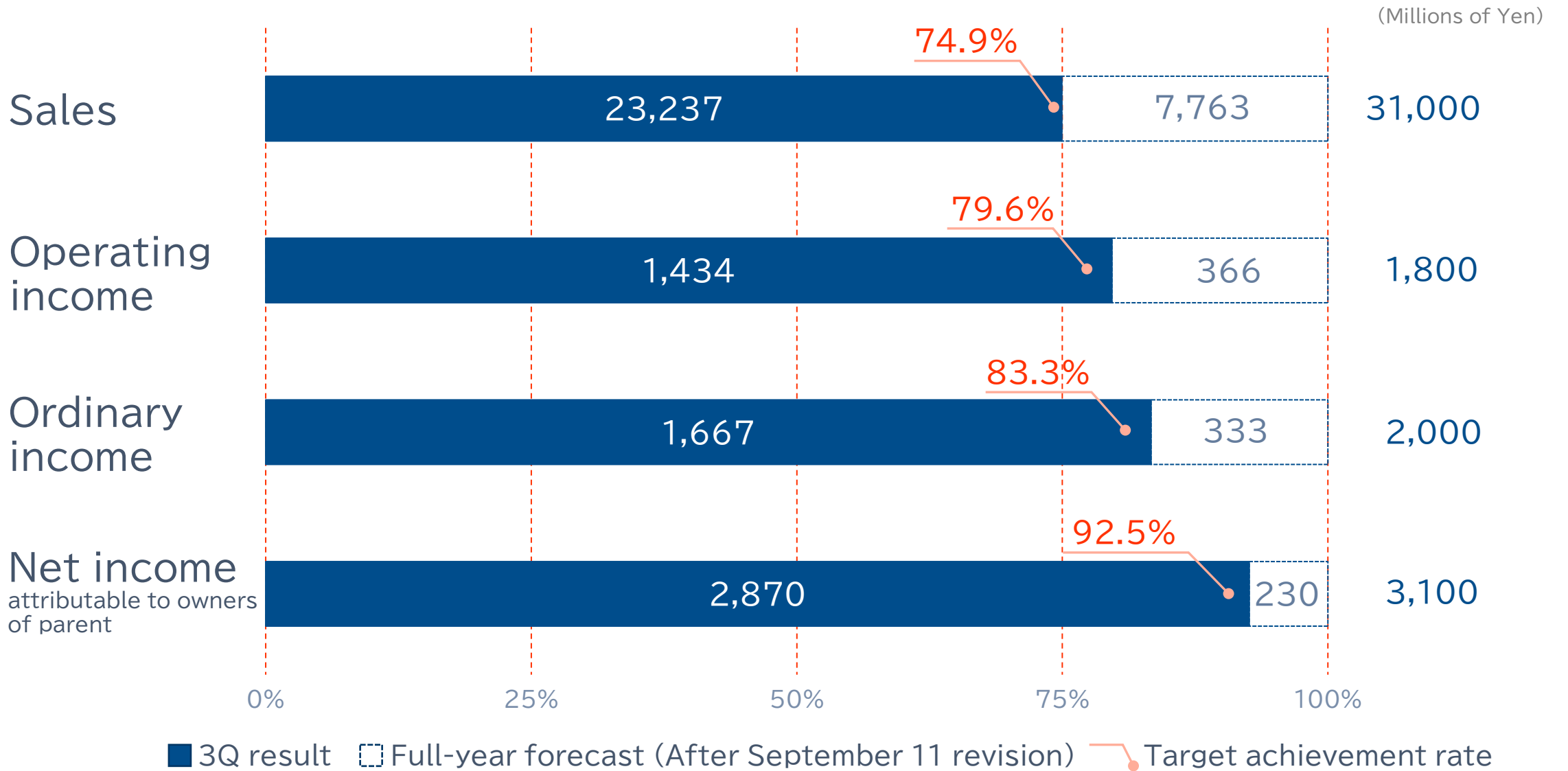
※Reference figures based on conversion to full-year net income excluding compensation payment from compulsory purchase of land and subsidiary liquidation gain booked in 1Q and 3Q FY10/23, respectively

Main share price indicators

	End-FY10/20	End-FY10/21	End-FY10/22	End-3Q FY10/23
Share price (yen)	1,486	1,500	1,021	1,542 ※1
Dividend per share (yen)	36	36	36	50 ※2
Dividend payout ratio (%)	27.5	32.18	54.66	22.57
BPS(yen) *Net assets per share	1,625.54	1,744.15	1,856.11	2,007.47
PBR(%) *Price-book value ratio	0.91	0.86	0.55	0.77
Number of shareholders (people)	16,239	18,908	31,252	23,787 ※3

※1 September 8 closing price: ¥1,725円 ※2 Annual dividend forecast ※3 As of end-Apr 2023

Consolidated earnings forecasts



SDG-related products



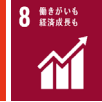
Contributions to climate change adaptations



Domestically produced sheets/cloths

Adhesive tapes
(Millions of Yen)

	FY10/21	FY10/22	FY10/23	
	Full year	Full year	3Q (result)	Full year forecast
Domestically produced sheets	1,957	2,238	1,952	2,026
Adhesive tape cloths	2,019	2,020	1,713	2,010
Climate change adaptations Total	3,977	4,259	3,665	4,037



Contributions to work-style reform



Light clear mesh

Example of BarChip usage
(Millions of Yen)

	FY10/21	FY10/22	FY10/23	
	Full year	Full year	3Q (result)	Full year forecast
Flame retardant sheets and mesh sheets	933	963	748	997
Synthetic fiber for concrete reinforcement (BarChip)	3,680	4,825	3,900	5,063
Work-style reform Total	4,613	5,789	4,649	6,061

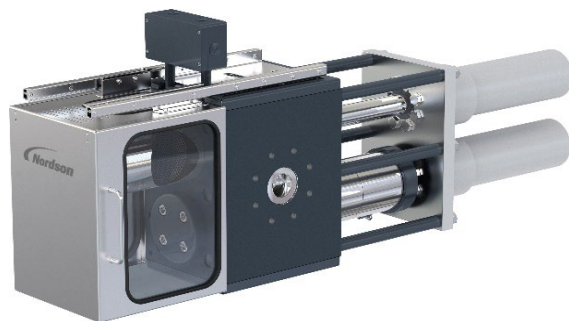
SDG-related products



Contributions to a recycling-oriented society



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



Screen changer

(Millions of Yen)

	FY10/21	FY10/22	FY10/23	
	Full year	Full year	3Q (result)	Full year forecast
Blue Sheet branded by eco-mark	47	76	144	303
Screen changer	594	930	484	727
Recycling machines	116	124	206	272
Recycling-oriented society Total	759	1,131	835	1,303



Contributions to solutions for industry and technology innovations



Film slitter for electronic component manufacture



Slit materials

(Millions of Yen)

	FY10/21	FY10/22	FY10/23	
	Full year	Full year	3Q (result)	Full year forecast
Film slitters	3,413	2,862	2,403	3,278
Paper slitters	925	392	121	524
Solutions for industry and technology innovations Total	4,339	3,255	2,525	3,802



■Exhibit using 「Re VALUE+」 Sheet

Hagihara Industries' Blue Sheet is being used in Osaka Aquarium KAIYUKAN's 「BLUE SEAT」 exhibit, which allows visitors to use their smartphones to look inside a fish tank. Our 「Re VALUE+」 product is manufactured using a horizontal recycling process in which used Blue Sheets are collected and made into new ones.

■Customizable large sheets

A made-to-order large-sized Blue Sheet processed by our domestic subsidiary Japan Fabweld was used as a ground covering at a water play event held at Yamabato Kindergarten (Oita Prefecture).

It is now possible to supply even larger customized sheets using the capabilities of the Kasaoka factory.



Topics

■ Distribution of original Blue Sheet bags

Original Blue Sheet bags are being distributed to patients who take a female health check in a collaboration with Kurashiki Medical Center. The bags are made from OD Green Sheet, which uses more than 60% recycled materials. A donation of ¥200 per patient is donated to the disaster prevention, mitigation, and recovery funds for the 2011 Great East Japan Earthquake.



Vegetable bags made from Meltac

■ Establishment of US subsidiary 「Hagihara Industries McAllen Corp.」

The subsidiary was established to produce Meltac, a material used to package fruits and vegetables. Our aim is to further expand sales of Meltac by switching production from Japan to the local production in the US, the largest global market. Production is scheduled to begin in November 2024.

【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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Contact:
Operational Support Division (Mr. Yoshida)
Hagihara Industries Inc.

MAIL: info@hagihara.co.jp
URL : <https://www.hagihara.co.jp/>