

Results briefing materials

2Q FY10/23 results

(Nov 1, 2022 - Apr 30, 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

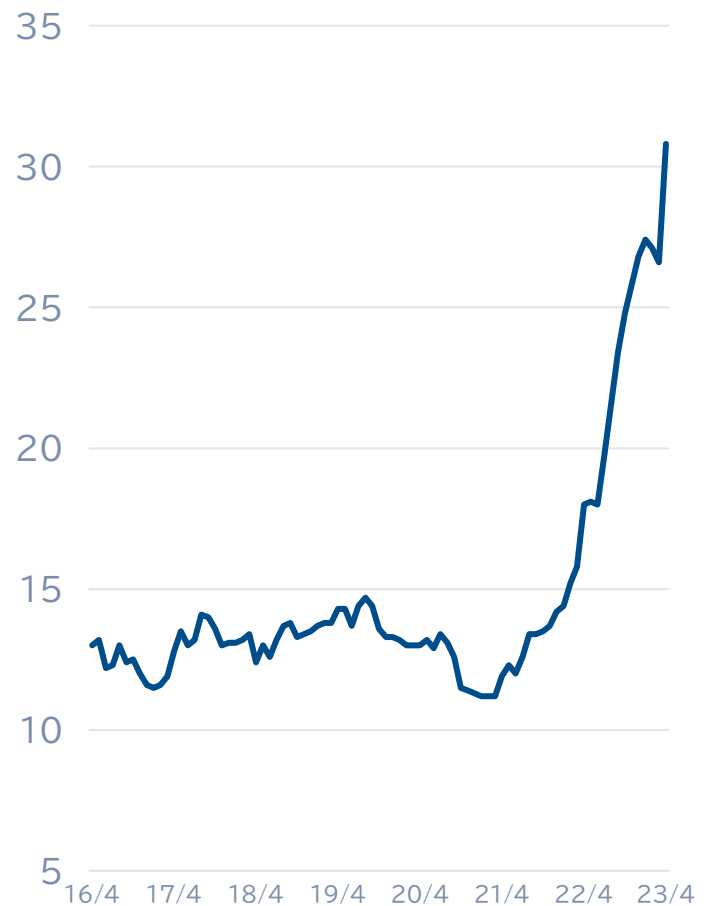
Naphtha price

(yen/KL)



Electricity rates

(yen/kWh)



JPY/US\$

(yen)



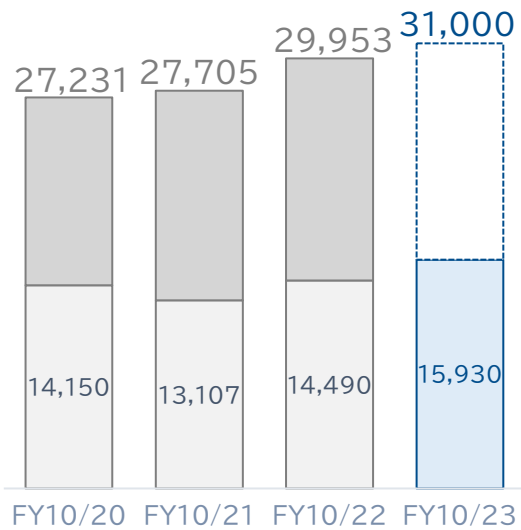
Results highlights –All-company–

Sales

¥ **15,930** mn

YoY **+9.9%**
(+¥1,439mn)

(Millions of Yen)

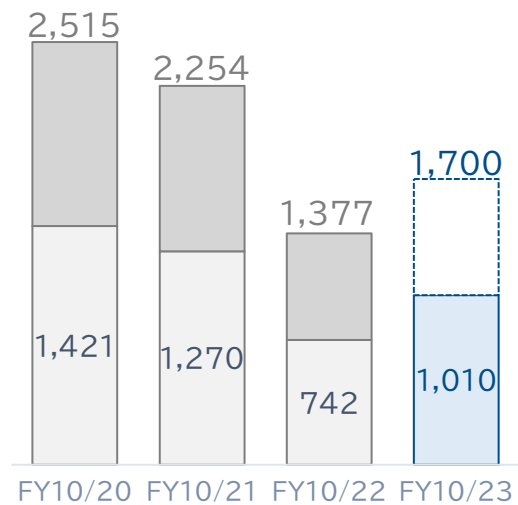


Operating Income

¥ **1,010** mn

YoY **+36.2%**
(+¥268mn)

(Millions of Yen)

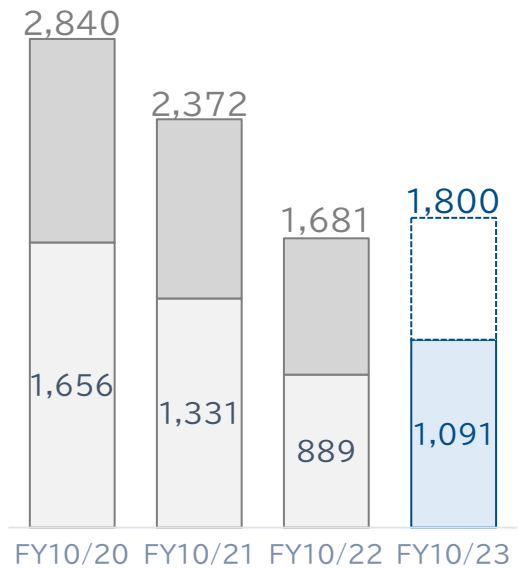


Ordinary Income

¥ **1,091** mn

YoY **+22.7%**
(+¥201mn)

(Millions of Yen)

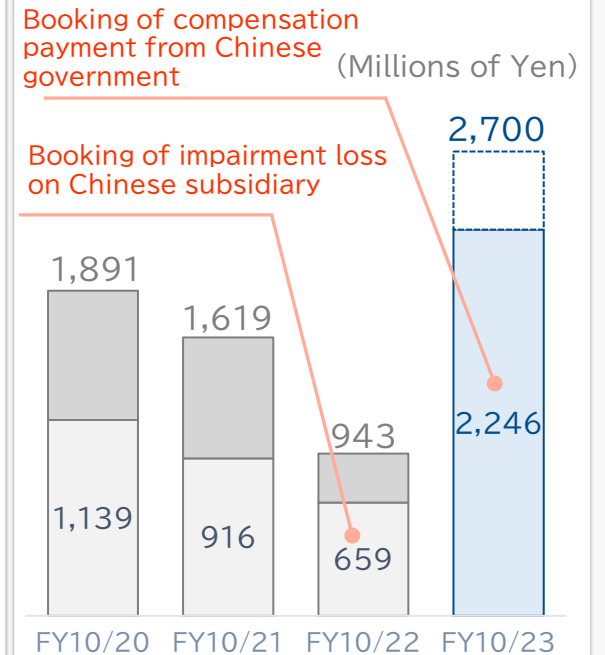


Quarterly net income attributable to owners of parent

¥ **2,246** mn

YoY **+240.5%**
(+¥1,586mn)

(Millions of Yen)

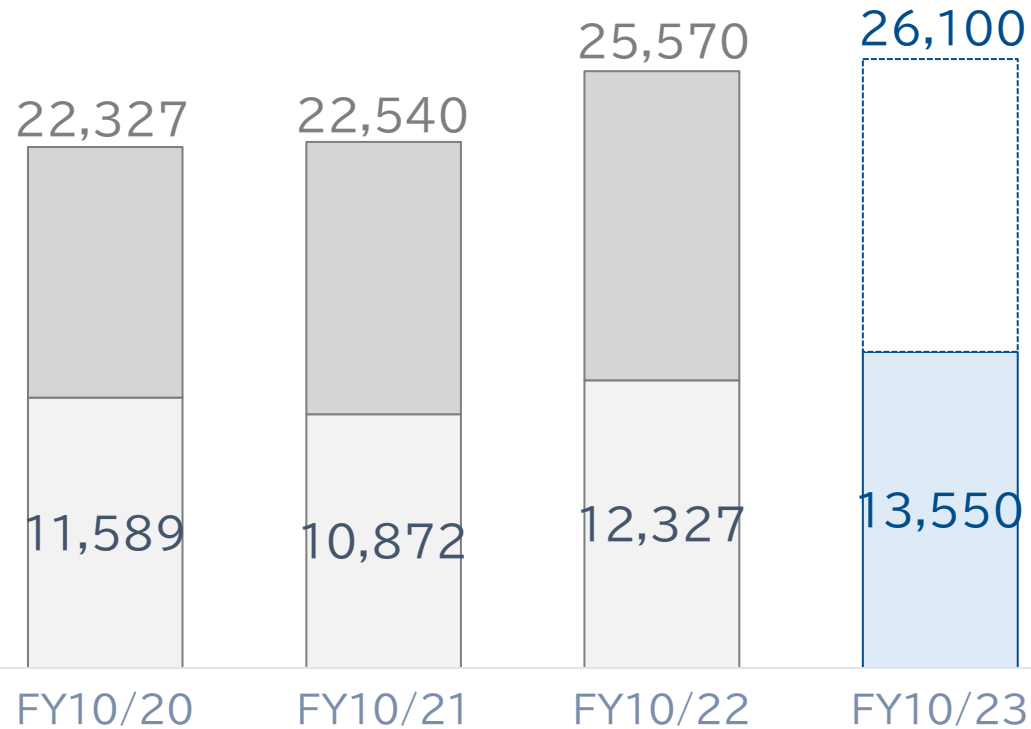


Results highlights -Plastic-processed Products (PLS) segment-

Sales

¥ **13,550**mn YoY **+9.9%**
(+¥1,223mn)

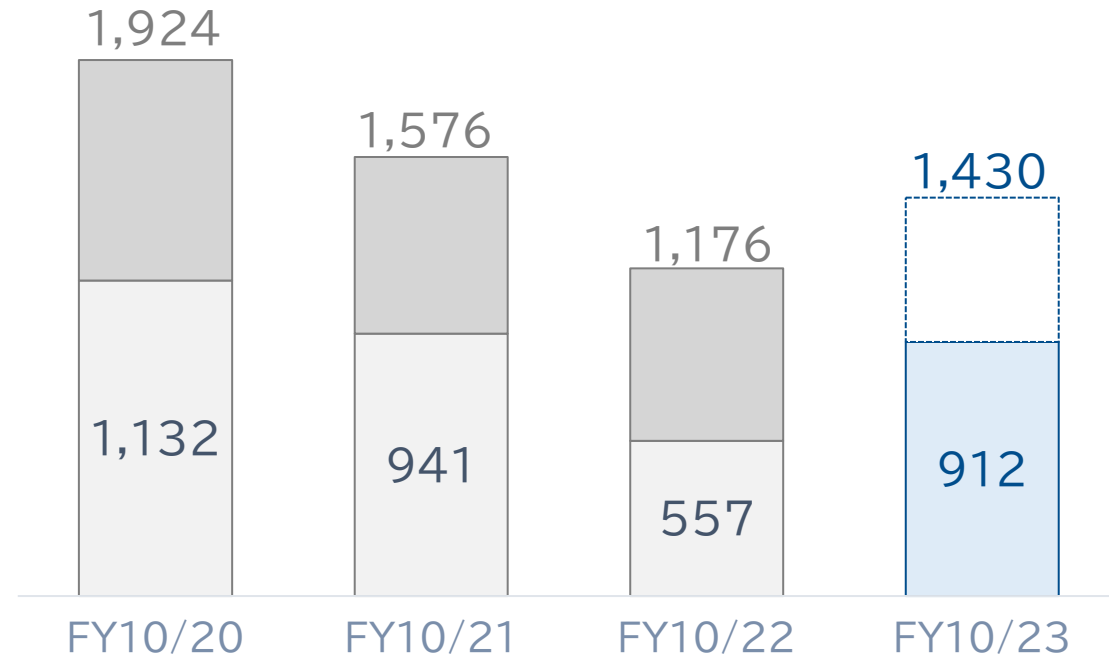
(Millions of Yen)



Operating Income

¥ **912**mn YoY **+63.7%**
(+¥355mn)

(Millions of Yen)



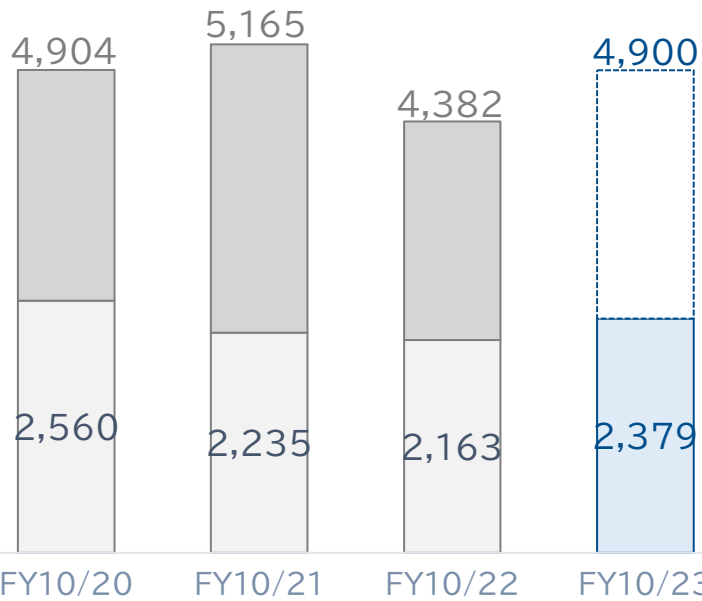
Results highlights –Engineering (ENG) segment–

Sales

¥**2,379**mn

YoY **+10.0%**
(+¥216mn)

(Millions of Yen)

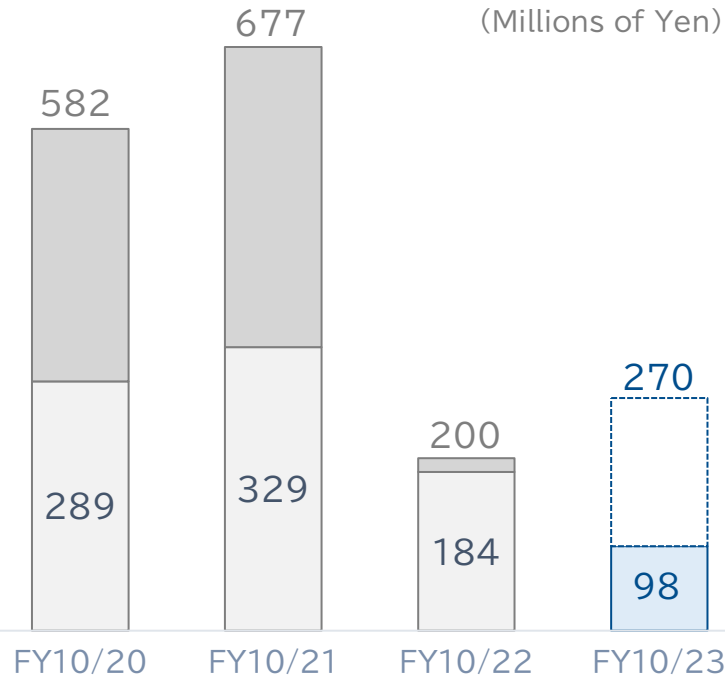


Operating Income

¥**98**mn

YoY **-46.9%**
(-¥86mn)

(Millions of Yen)

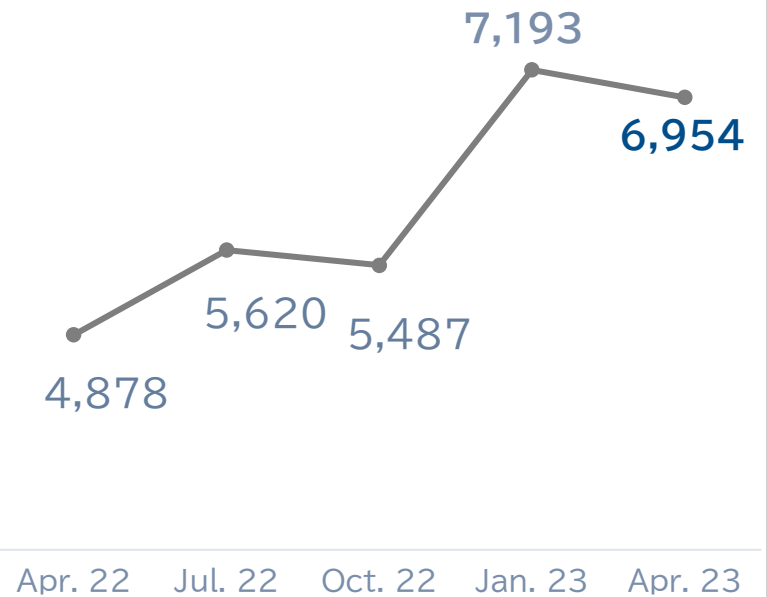


Order Backlog

¥**6,954**mn

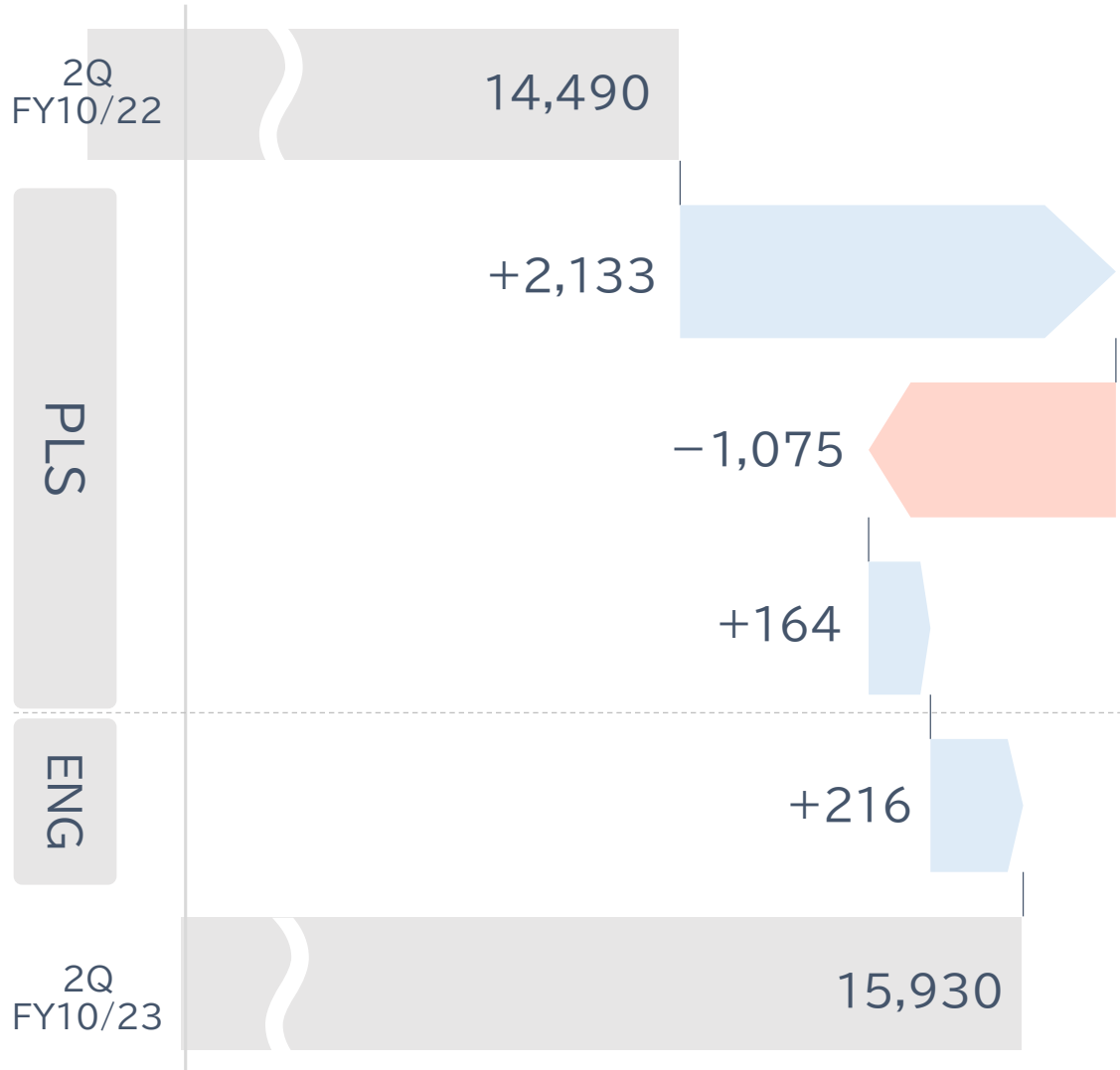
YoY **+42.6%**
(+¥2,076mn)

(Millions of Yen)



Consolidated sales analysis

(Millions of Yen)

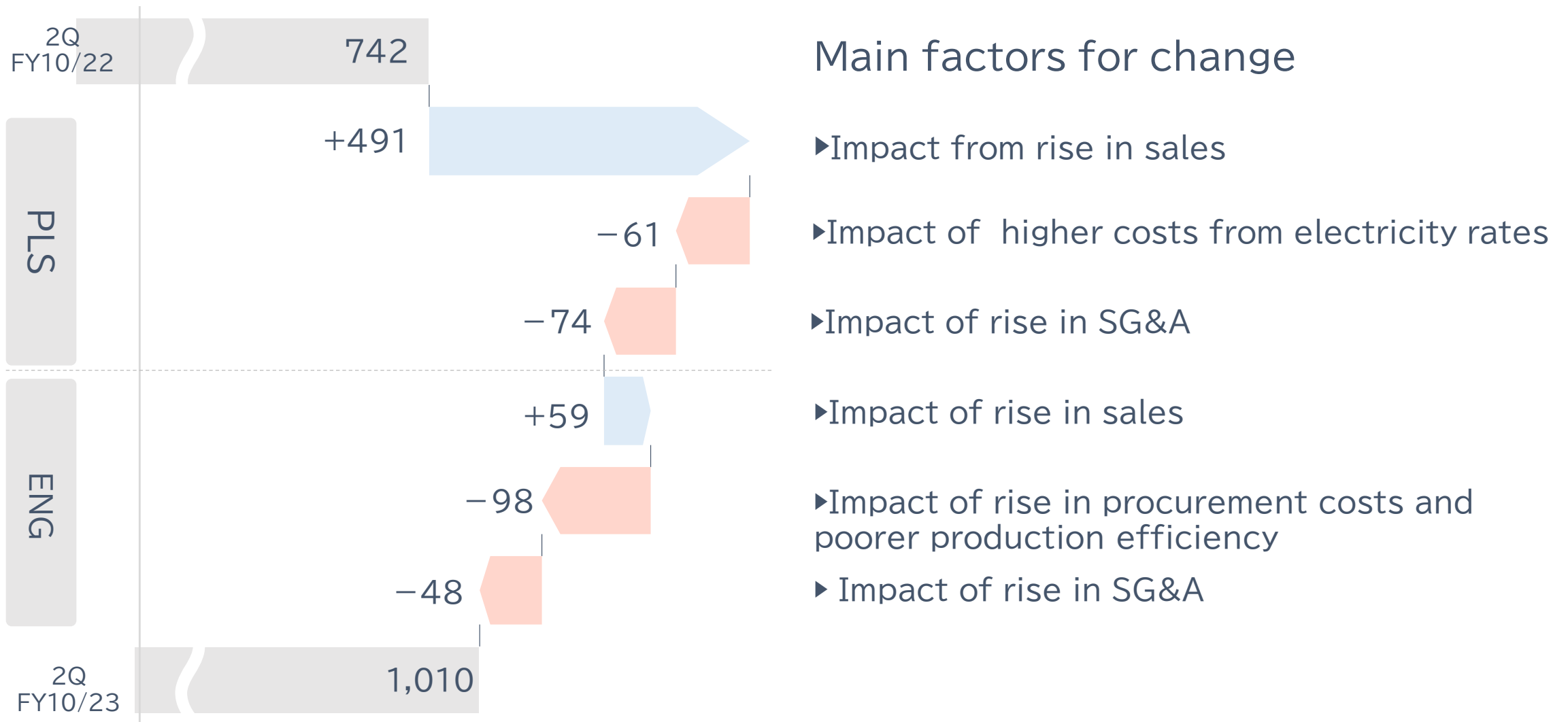


Main factors for change

- ▶ Sales prices raised: Sales unit prices increased to pass through higher raw materials and other input costs
- ▶ Decline in sales volume
- ▶ Forex impact: sales increase from yen depreciation
- ▶ Sales rise in the Engineering segment

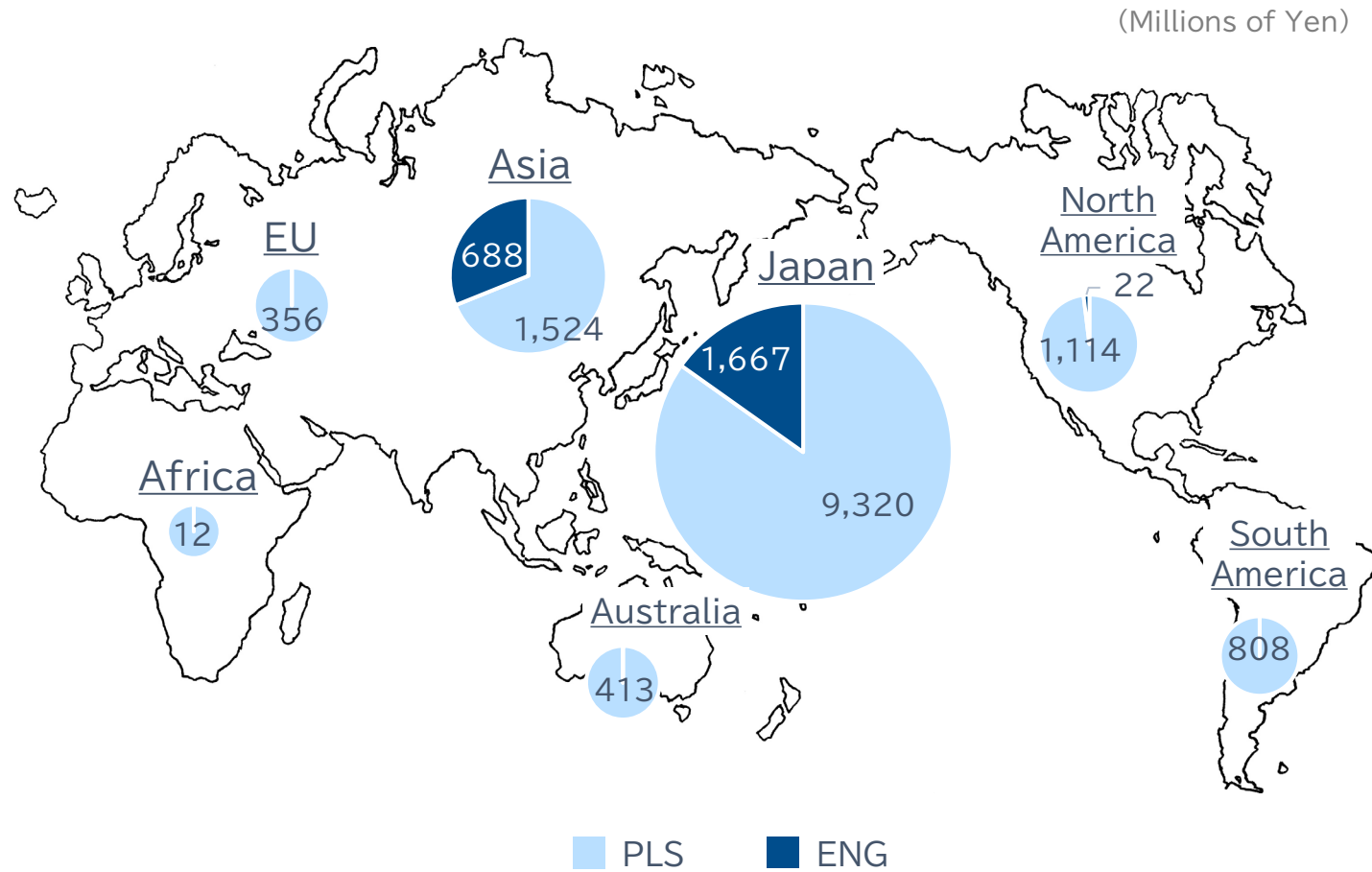
Consolidated operating income analysis

(Millions of Yen)

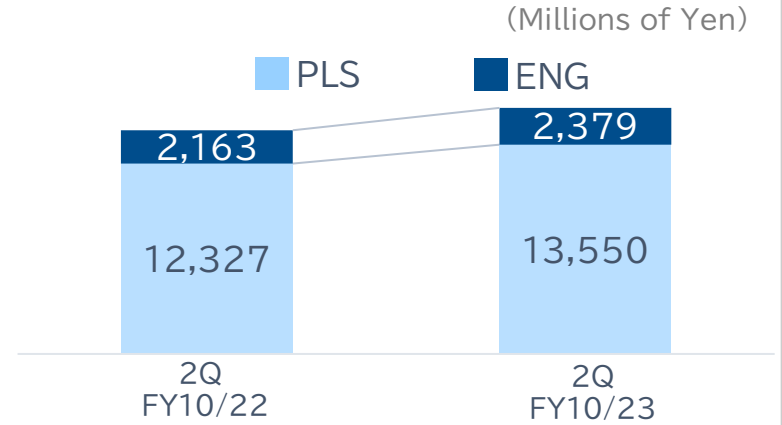


Sales by region/segment

Sales by region



Sales by segment



Overseas sales weighting = 31.0%

(By segment) PLS ENG (%)

Segment	PLS (%)	ENG (%)
Domestic	68.8	71.1
Overseas	31.2	29.9

Overview of segments and subsidiaries

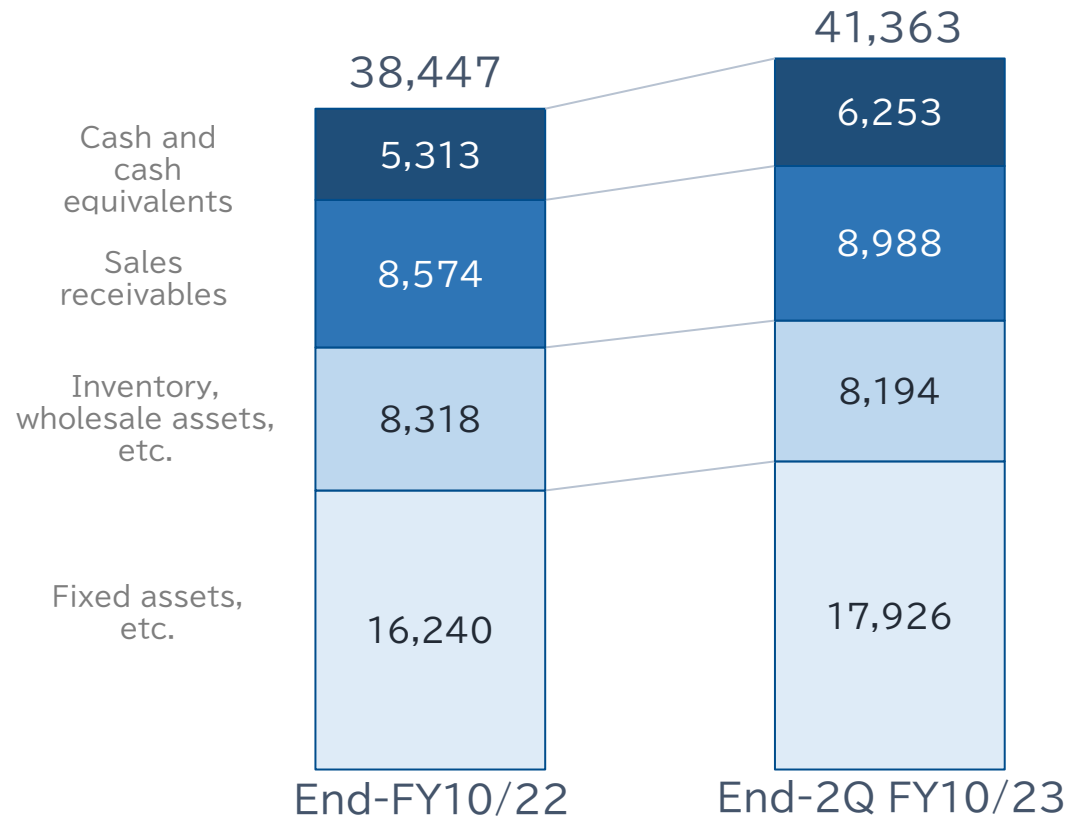
(Millions of Yen)

		2Q FY10/22		2Q FY10/23		YoY change	
		Sales	Operating income	Sales	Operating income	Sales	Operating income
PLS	Hagihara Industries	7,329	334	7,925	252	596	-82
	Japan Fabweld	190	6	212	14	22	8
	PT. HWI	2,451	82	2,330	48	-121	-34
	BarChip Asia	1,785	182	2,230	180	445	-2
	BarChip	687	151	1,082	506	395	355
	Toyo Heisei Polymer	2,058	12	2,162	61	104	49
PLS Total		12,327	557	13,550	912	1,223	355
ENG	Hagihara Industries	2,112	165	2,297	86	185	-79
	Hagihara Machinery (Shanghai)	306	0	353	19	47	19
	ENG Total	2,163	184	2,379	98	216	-86

Consolidated balance sheet

Assets

(Millions of Yen)



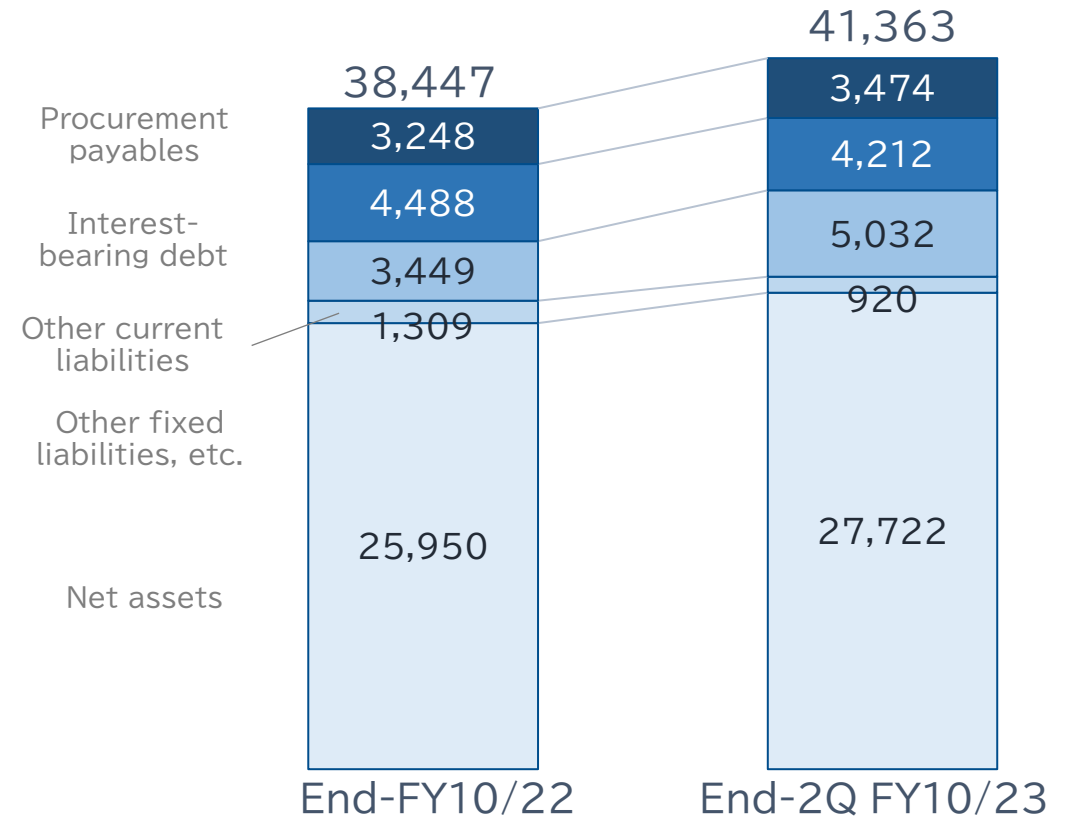
Total asset turnover ratio

0.78x

0.77x

Liabilities·Net assets

(Millions of Yen)



D/E ratio

0.2

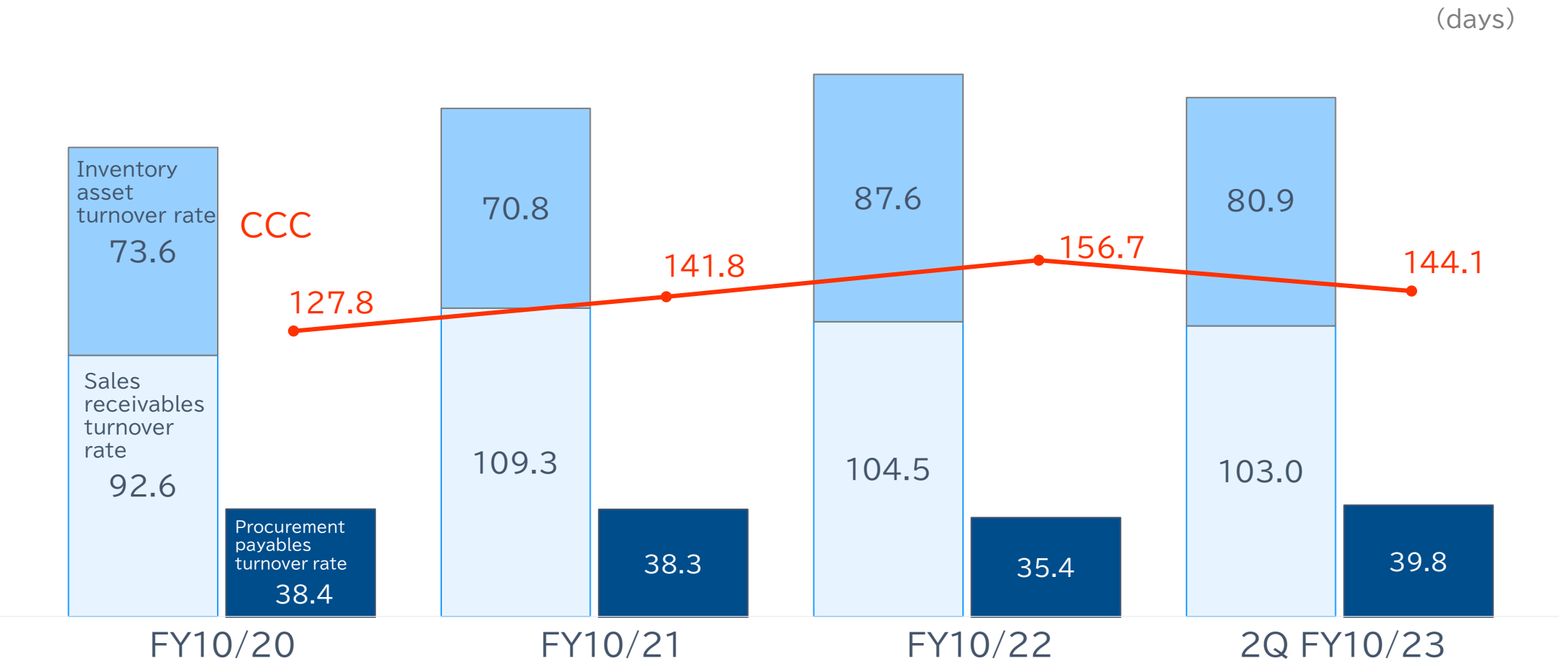
0.2

Shareholders' equity ratio

67.4%

66.9%

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	2Q FY10/23
ROE(%)	8.2	6.6	3.7	5.3 *
ROA(%)	5.8	4.8	2.6	3.7 *
Capex (Millions of Yen)	1,300	1,435	4,711	587
Depreciation and amortization costs (Millions of Yen)	1,210	1,288	1,371	660

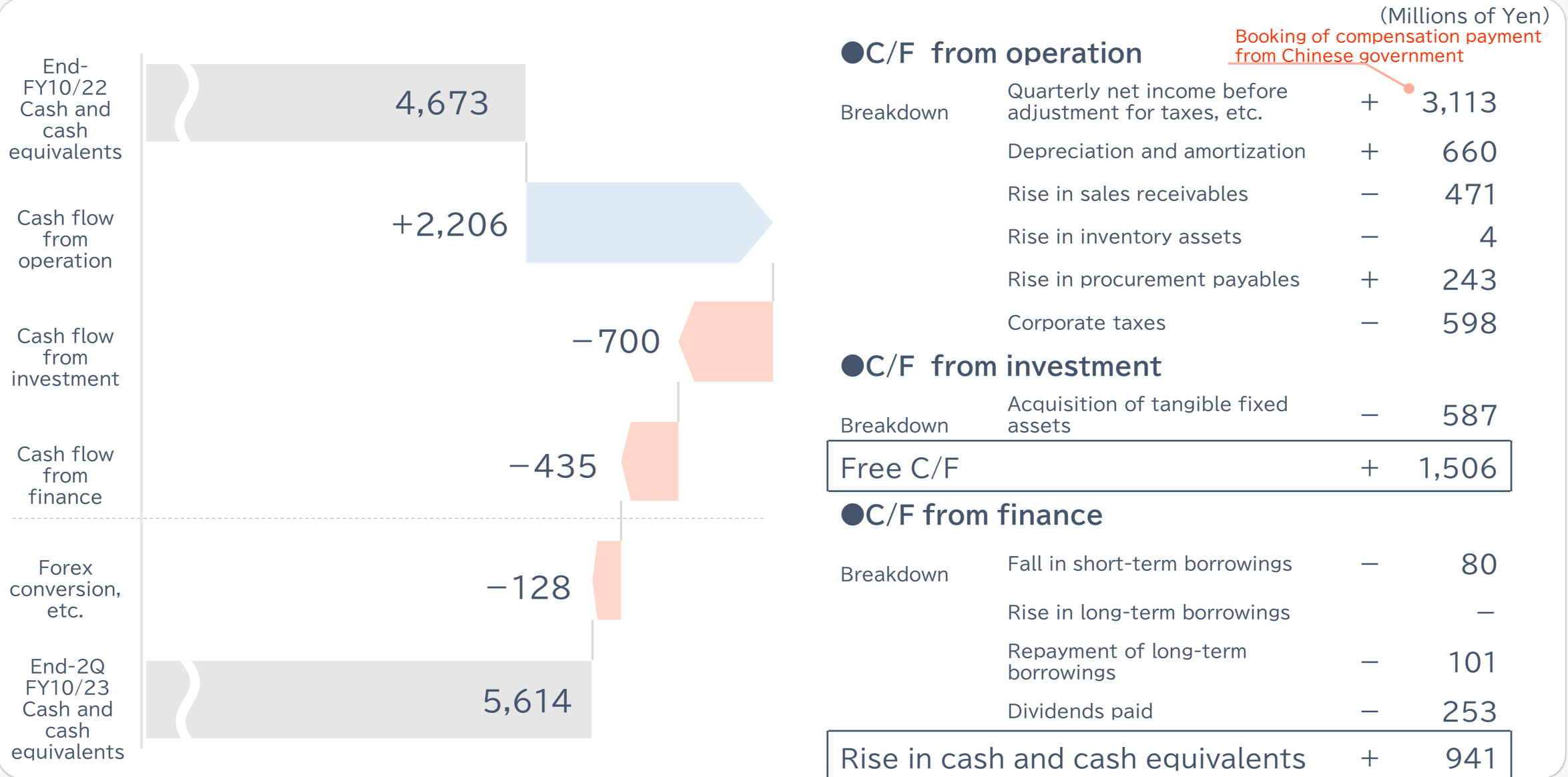
*Reference figures based on 4x net income excluding compensation from compulsory purchase of land booked in 1Q FY10/23.

Main share price indicators

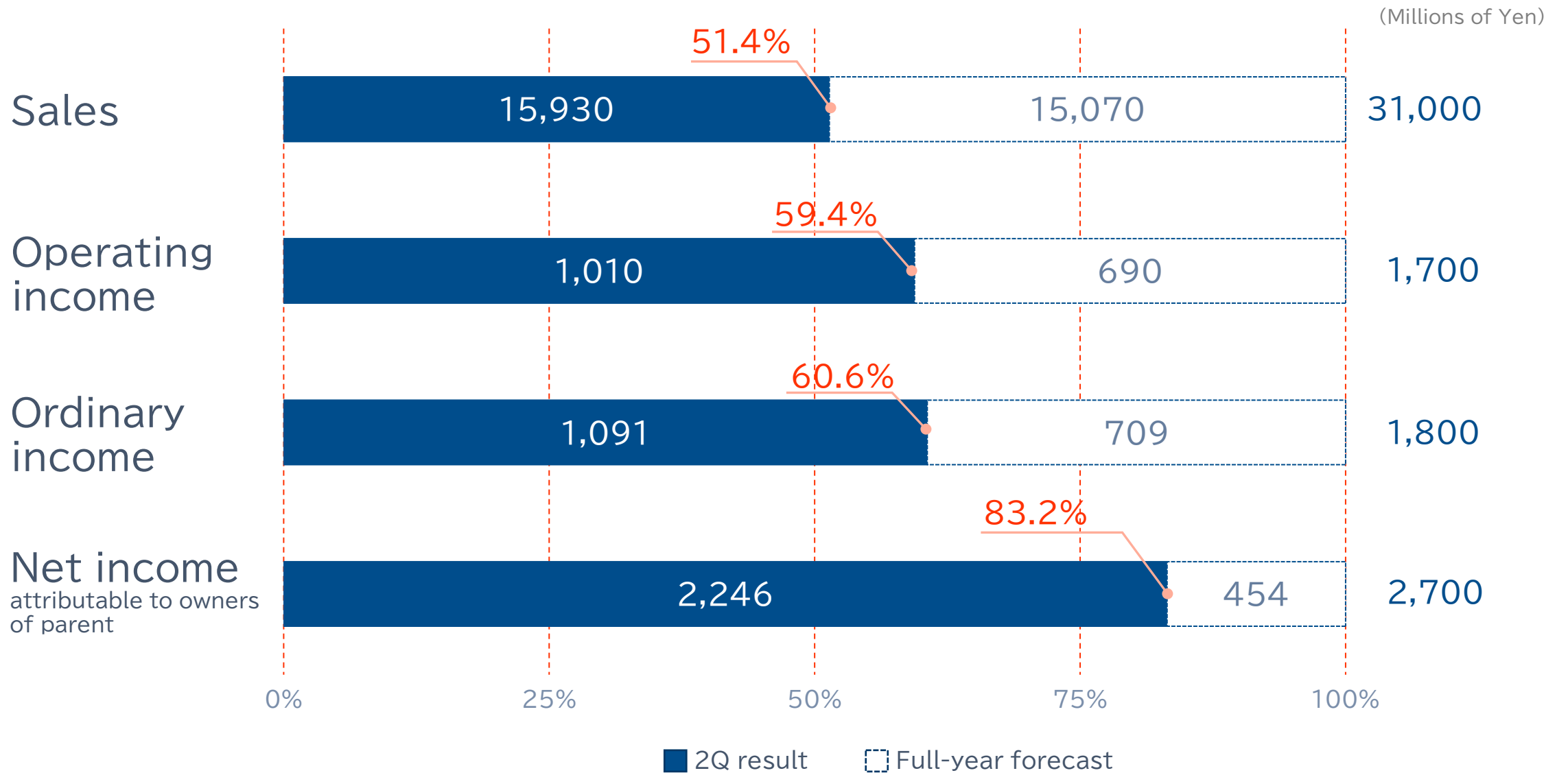
	End-FY10/20	End-FY10/21	End-FY10/22	End-2Q FY10/23
Share price (yen)	1,486	1,500	1,021	1,289
Dividend per share (yen)	36	36	36	50 *
Dividend payout ratio (%)	27.5	32.18	54.66	25.87
BPS(yen) *Net assets per share	1,625.54	1,744.15	1,856.11	1,974.78
PBR(%) *Price-book value ratio	0.91	0.86	0.55	0.65
Number of shareholders (people)	16,239	18,908	31,252	23,787

*Annual dividend forecast

Consolidated cash flows



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	2Q (result)	Full year forecast
Domestically produced sheets	1,957	2,238	1,371	2,026
Adhesive tape cloths	2,019	2,020	1,106	2,010
Climate change adaptations Total	3,977	4,259	2,477	4,037



Contributions to work-style reform



Light clear mesh

BarChip
(Millions of Yen)

	FY10/21	FY10/22	FY10/23	
	Full year	Full year	2Q (result)	Full year forecast
Flame retardant sheets and mesh sheets	933	963	488	997
BarChip	3,680	4,825	2,649	5,063
Work-style reform Total	4,613	5,789	3,137	6,061

SDG-related products

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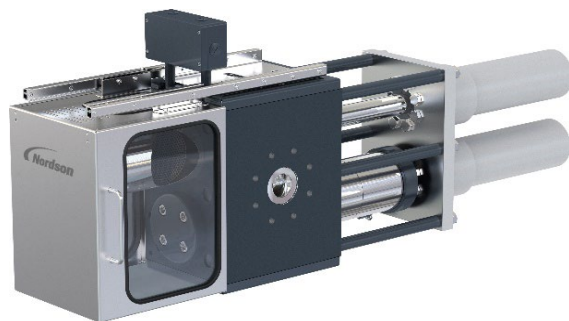
つくる責任
つかう責任



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	2Q (result)	Full year forecast
Blue Sheet branded by eco-mark	47	76	110	303
Screen changer	594	930	373	727
Recycling machines	116	124	147	272
Recycling-oriented society Total	759	1,131	631	1,303

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産業と技術革新の基盤をつくろう



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	2Q (result)	Full year forecast
Film slitters	3,413	2,862	1,553	3,278
Paper slitters	925	392	91	524
Solutions for industry and technology innovations Total	4,339	3,255	1,644	3,802

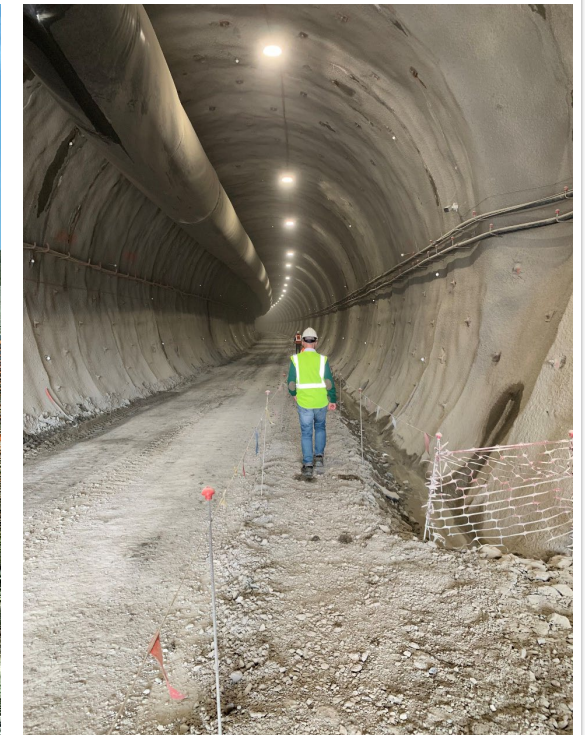


■ Release of 「HAGIHARA REPORT 2022」 (Japanese only)

We released the 「HAGIHARA REPORT 2022」 to give our various stakeholders a deeper understanding of our sustainability and ESG initiatives.

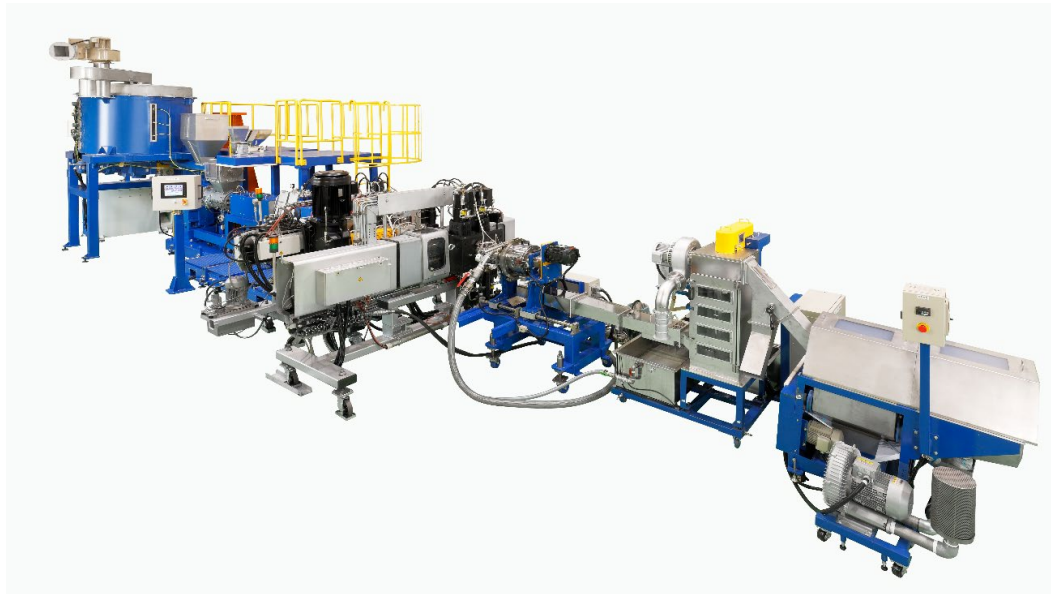
■ BarChip used on a Slovenian railway tunnel project

BarChip was adopted on a new railway tunnel project in Slovenia which links the coastal city of Koper with Divača, the nearest village to Škocjan Caves, an UNESCO's World Heritage Site.

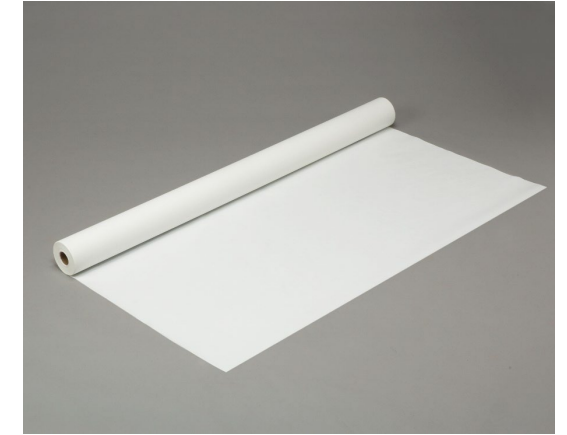


■ Installation of equipment for the horizontal recycling of Blue Sheet

We have developed equipment to produce 「Re VALUE+」 via the horizontal recycling of Blue Sheet. In recognition of its impact in reducing greenhouse gases via recycling, this facility was chosen by the Ministry of Economy, Trade and Industry as a “Business Furthering Resource Recycling In Waste Plastic” in the FY2021 supplementary budget. *



* The above title has been translated internally for the convenience of English-speaking investors.



■ 「Flame retardant cloth for coating applications」 selected by the Ministry of Land, Infrastructure, Transport and Tourism as a “Recommended Technology for FY2023”*

Our flame retardant cloth for coating applications is used as a chemically-resistant protective sheet when painting buildings and other structures and was recognized for its lighter weight than previous products and its workability as it obviates the need for protective film.

Its selection as a “Recommended Technology” is expected to increase usage as it will be an additional positive point in the evaluation of public works projects.

* The above title has been translated internally for the convenience of English-speaking investors.

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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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