

Results briefing materials

FY10/23 results

(Nov 1, 2022 - Oct 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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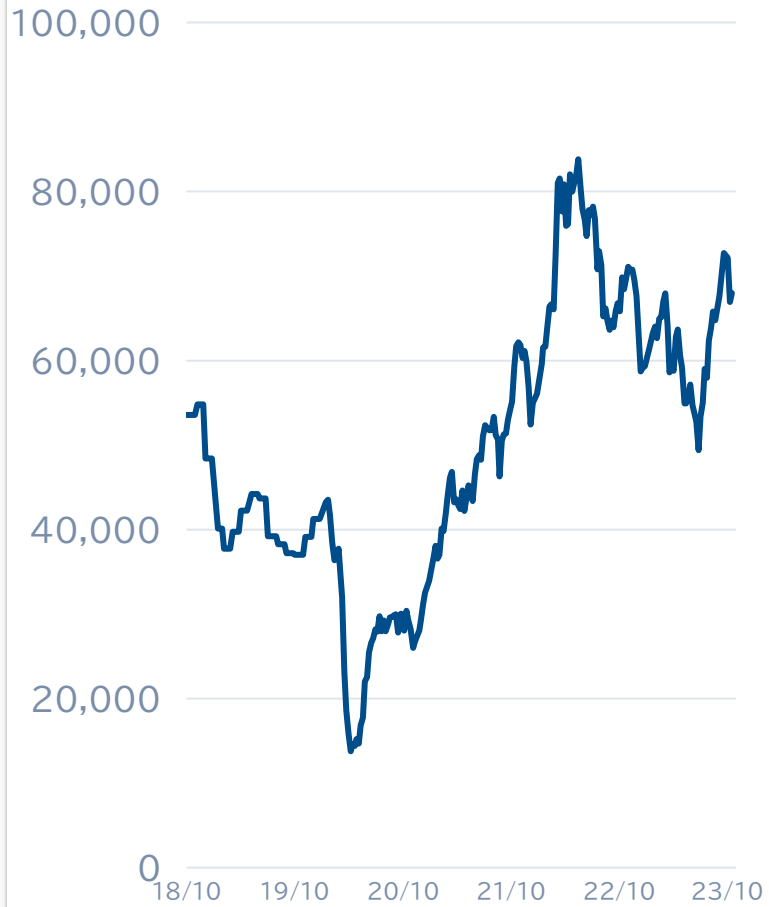
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(Reference) Business conditions indicators

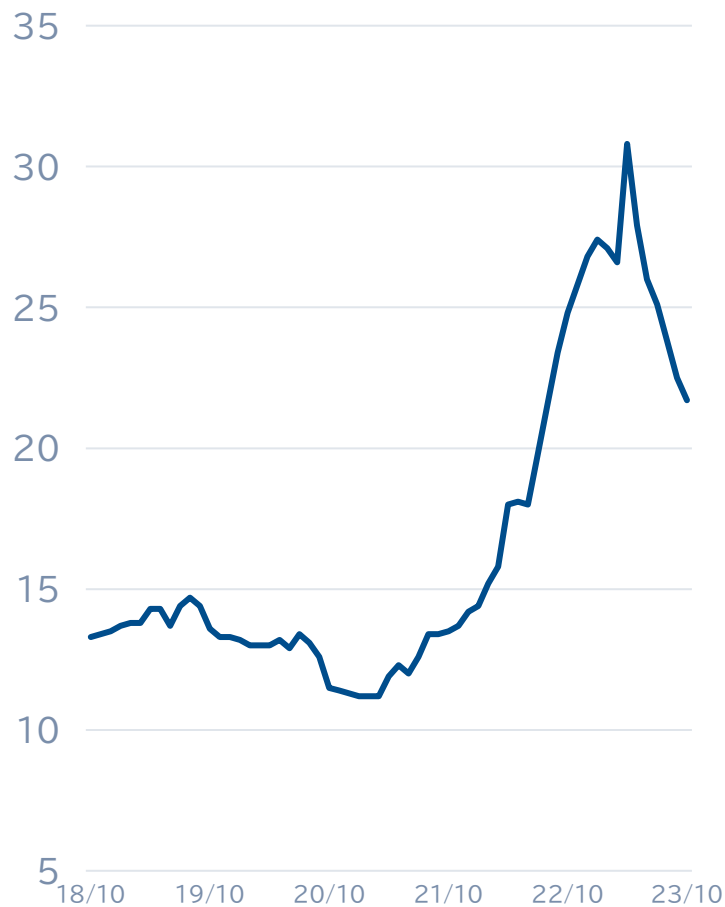
Naphtha price

(yen/KL)



Electricity rates

(yen/kWh)



JPY/US\$

(yen)



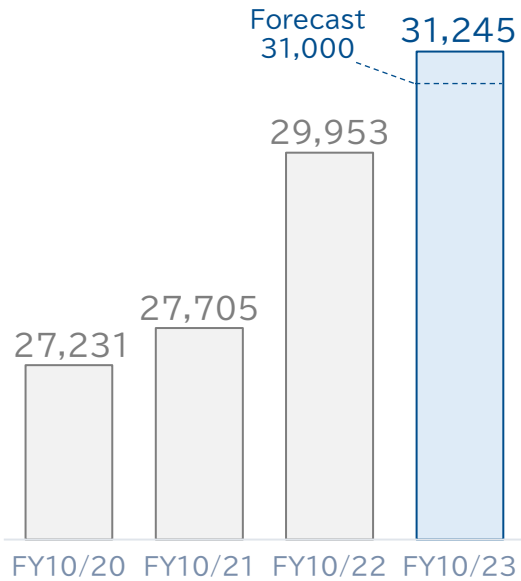
Results highlights –All Company–

Sales

¥**31,245**mn

YoY **+4.3%**
(+¥1,292mn)

(Millions of Yen)

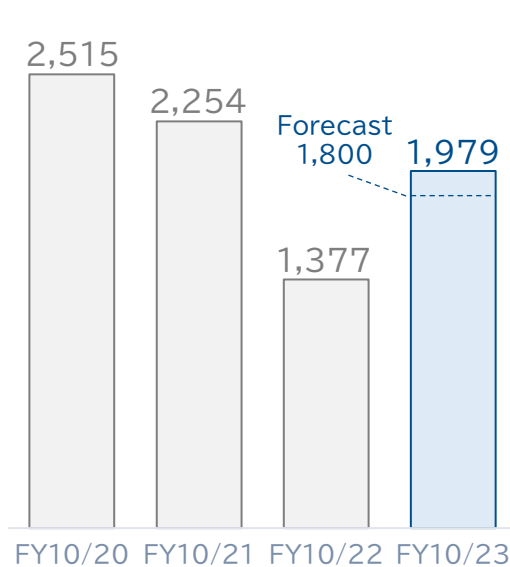


Operating Income

¥**1,979**mn

YoY **+43.7%**
(+¥602mn)

(Millions of Yen)

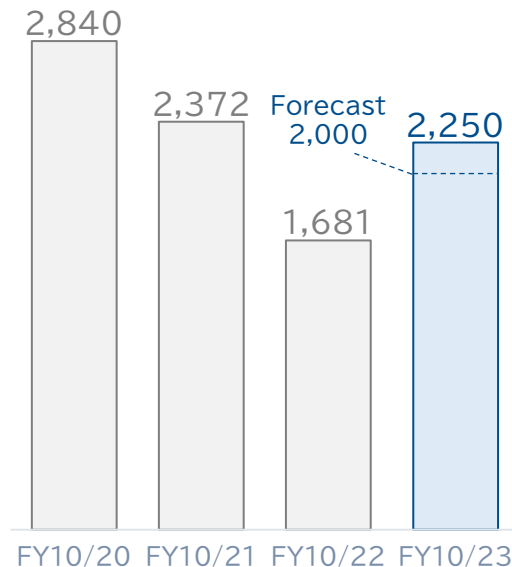


Ordinary Income

¥**2,250**mn

YoY **+33.8%**
(+¥569mn)

(Millions of Yen)

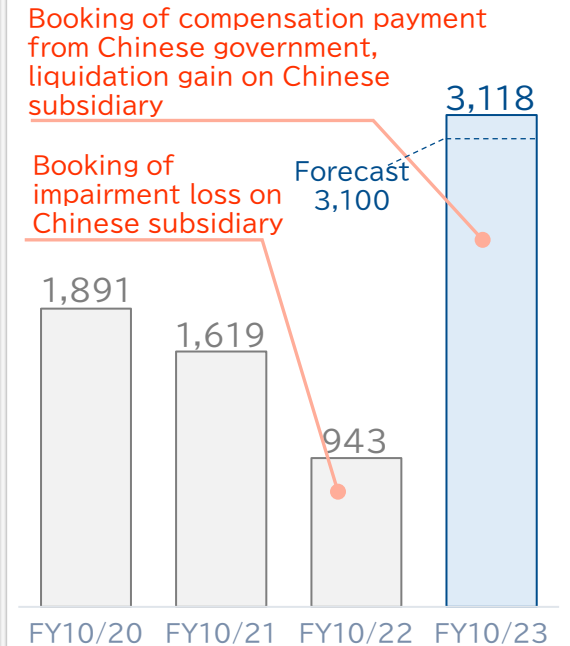


Net income attributable to owners of parent

¥**3,118**mn

YoY **+230.7%**
(+¥2,175mn)

(Millions of Yen)

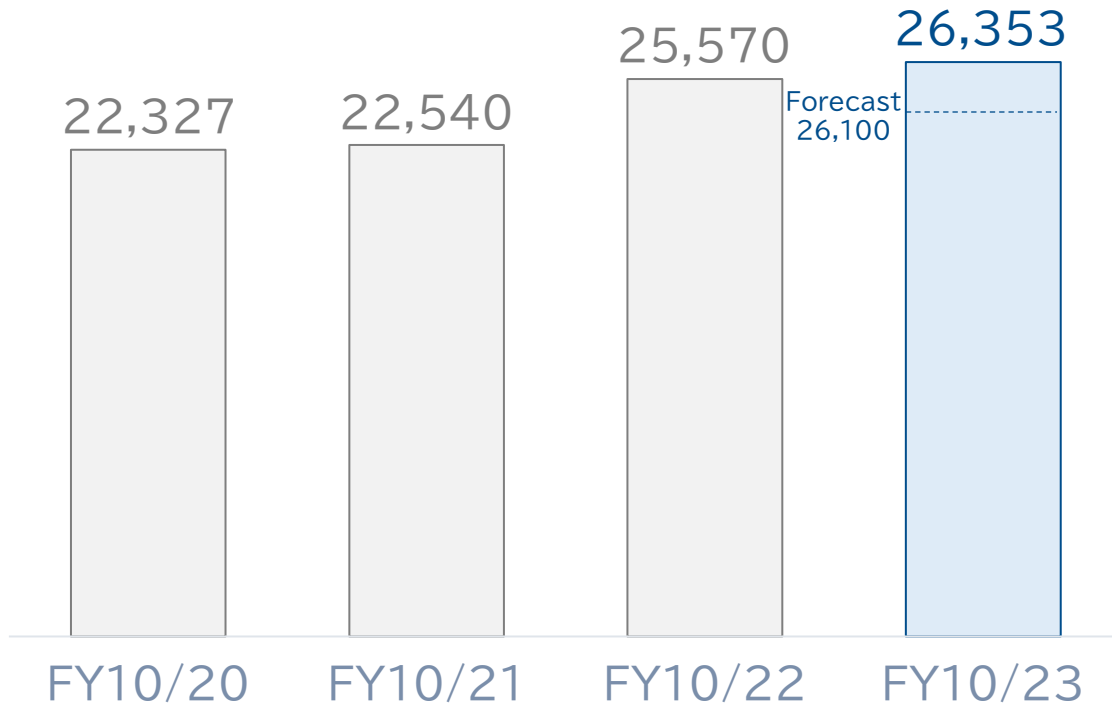


Results highlights -Plastic-processed Products (PLS) segment-

Sales

¥**26,353**mn YoY **+3.1%**
(+¥782mn)

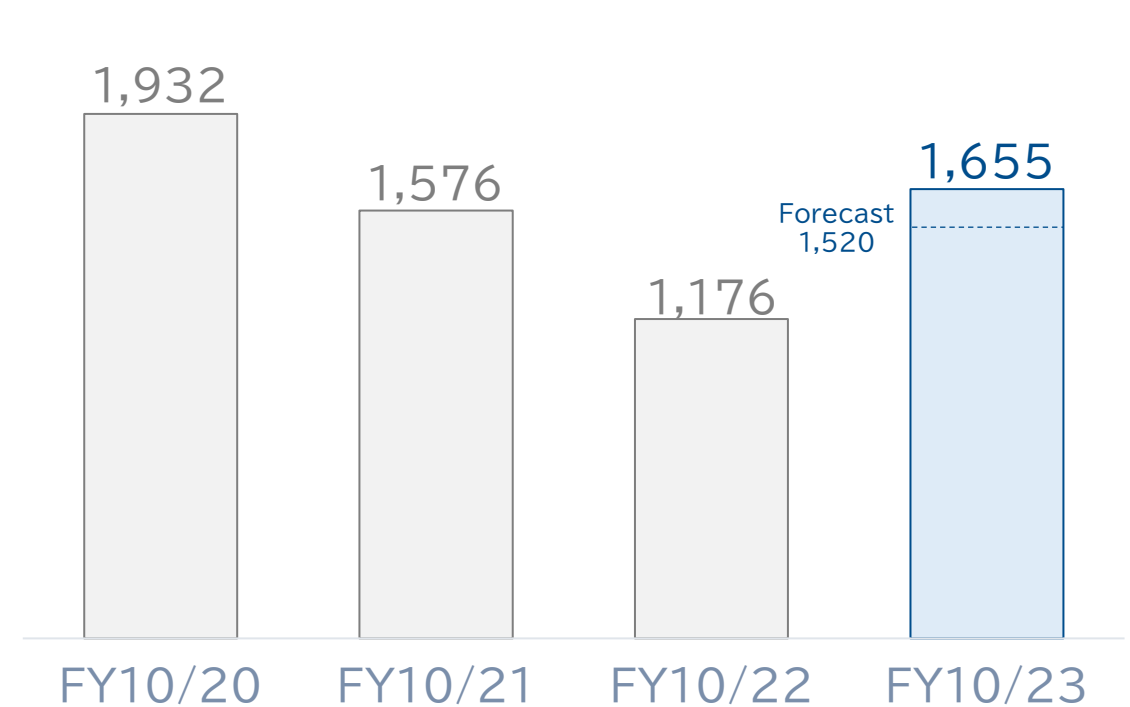
(Millions of Yen)



Operating Income

¥**1,655**mn YoY **+40.6%**
(+¥478mn)

(Millions of Yen)



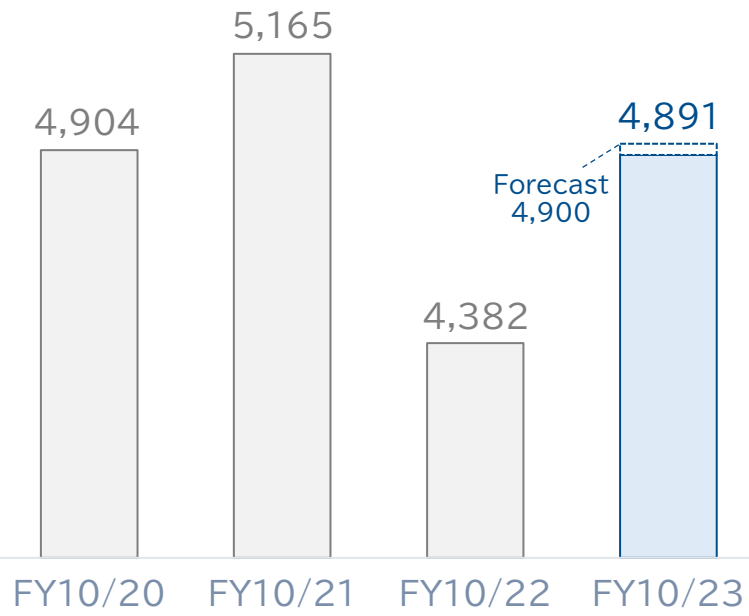
Results highlights –Engineering (ENG) segment–

Sales

¥**4,891**mn

YoY **+11.6%**
(+¥509mn)

(Millions of Yen)

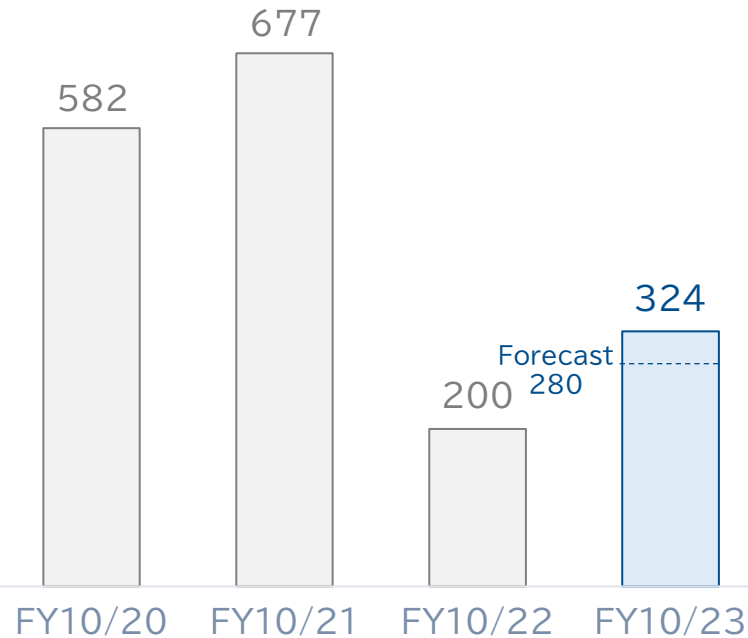


Operating Income

¥**324**mn

YoY **+61.8%**
(+¥123mn)

(Millions of Yen)

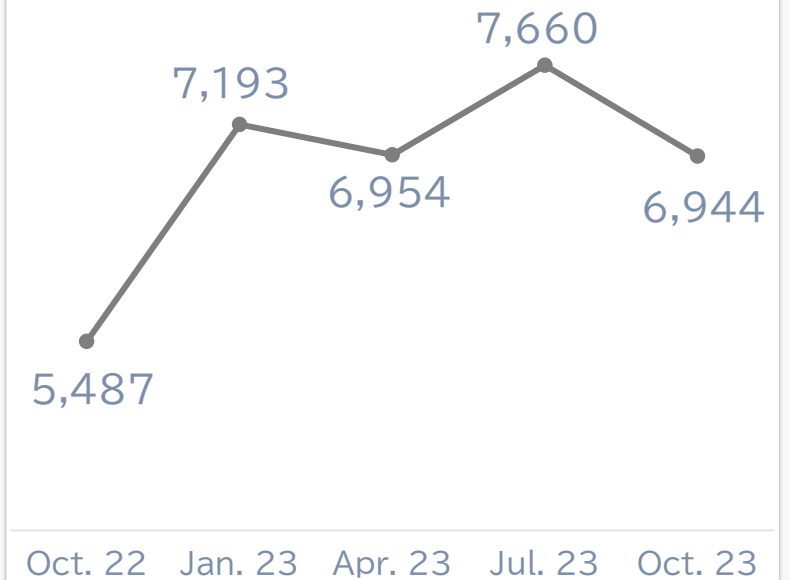


Order Backlog

¥**6,944**mn

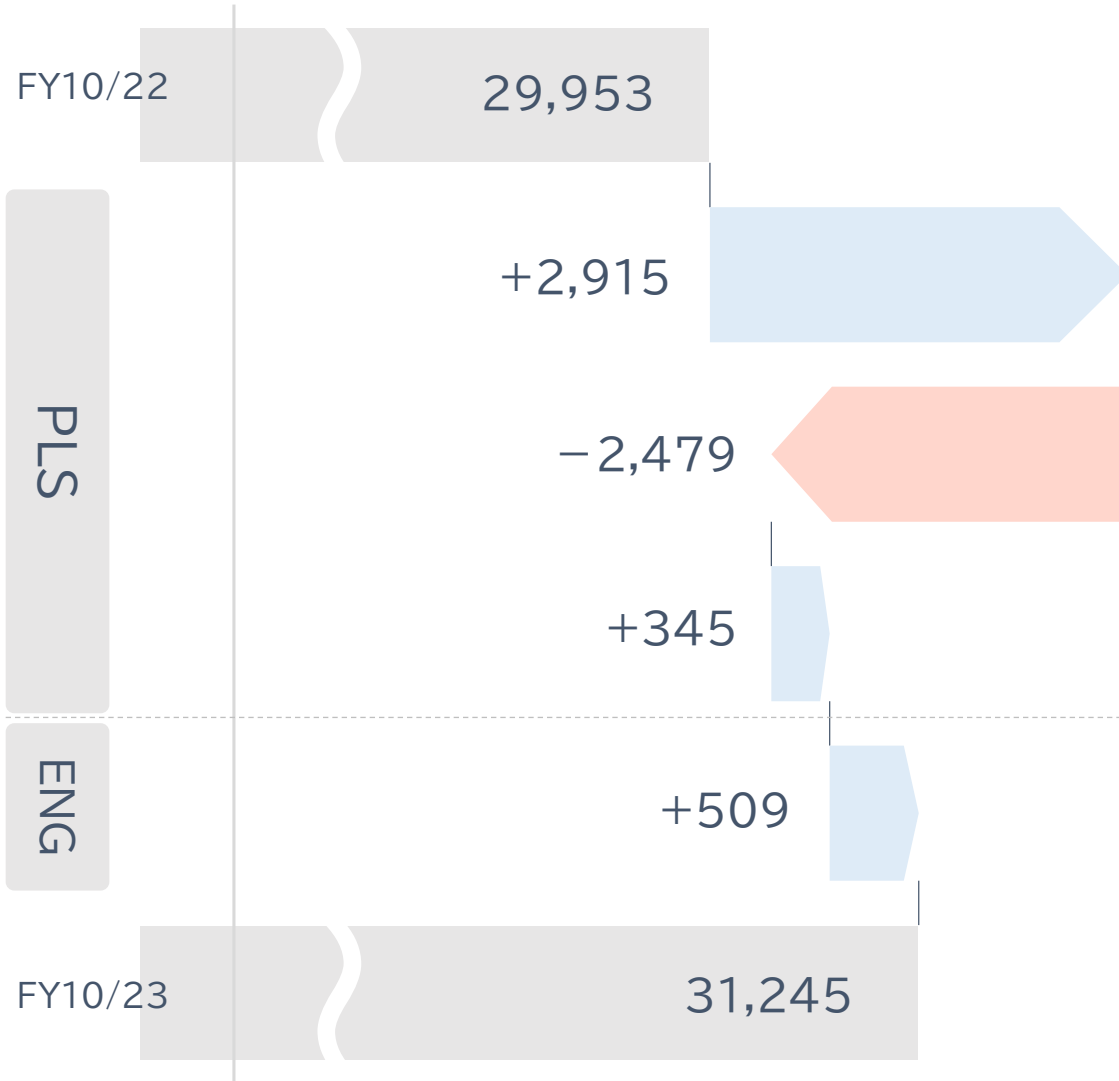
YoY **+26.5%**
(+¥1,457mn)

(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

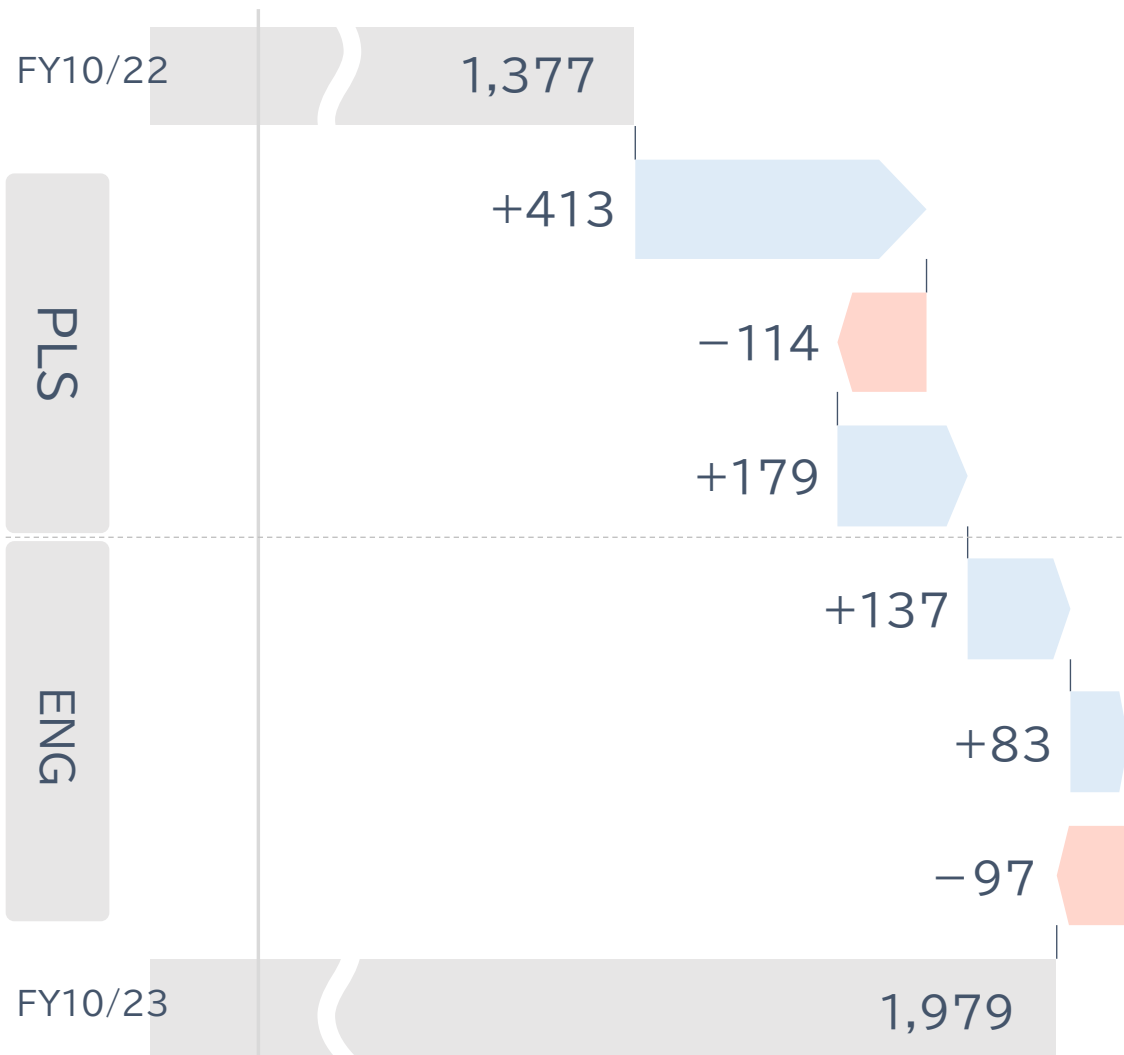
▶Decline in sales volume (FIBC:flexible container bag,sheets,yarn etc)

▶Forex impact: sales increase from yen depreciation

▶Sales rise in the Engineering segment (Film slitters)

Consolidated operating income analysis

(Millions of Yen)



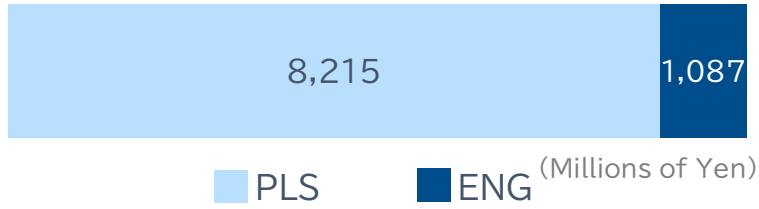
Main factors for change

- ▶ 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
- ▶ Improvement in profit margin on screen changers
- ▶ Impact of rise in SG&A

Sales by region/segment

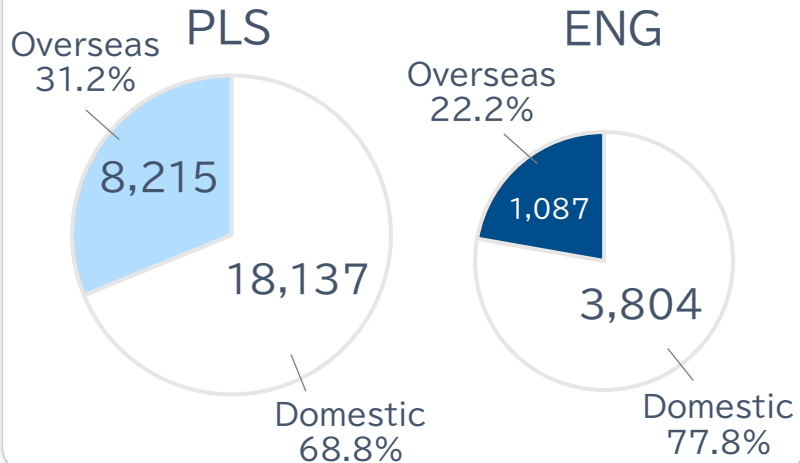
Overseas sales

All-company ¥9,302mn



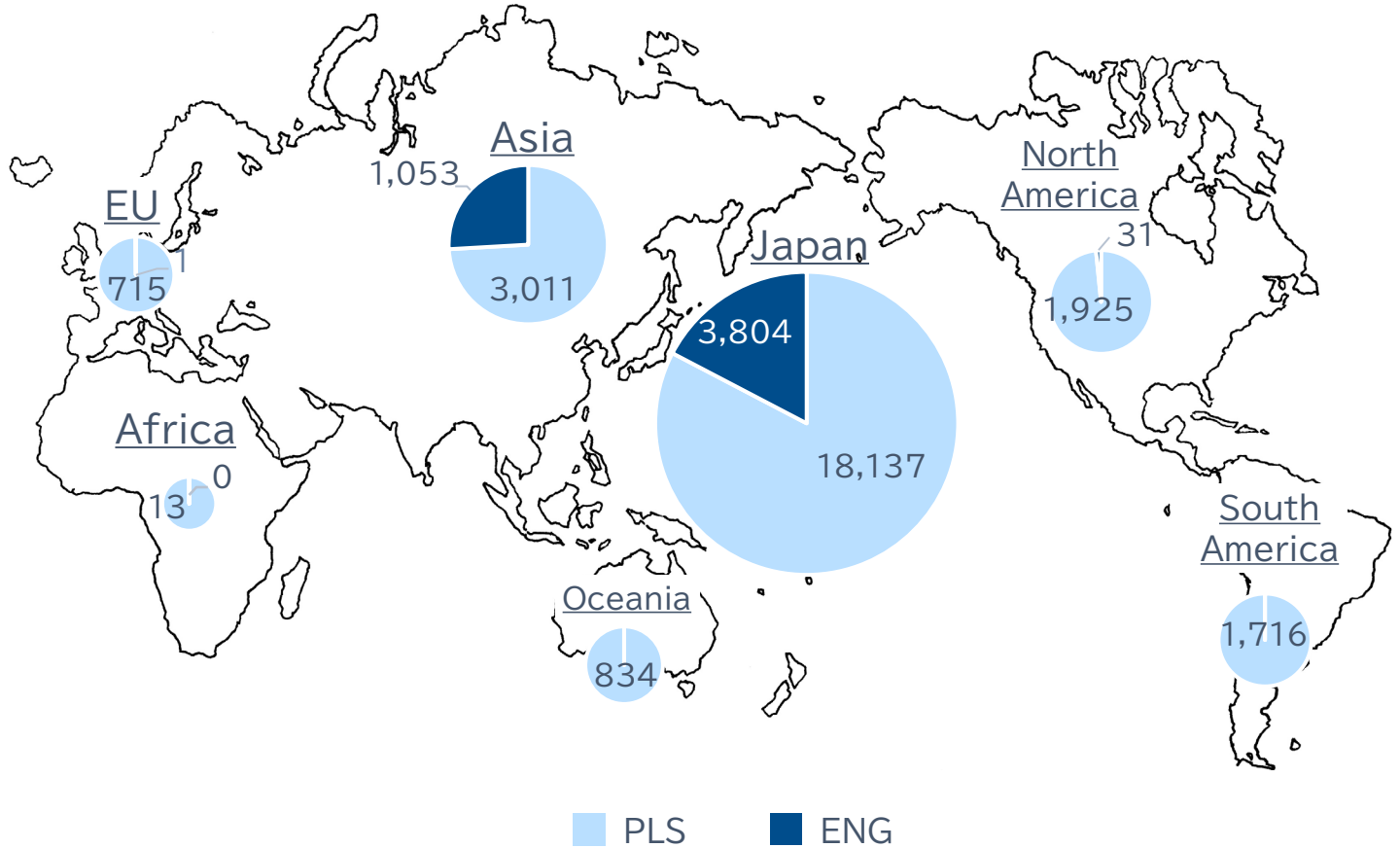
Overseas sales weighting

All-company 29.8% (Millions of Yen)



Sales by region

(Millions of Yen)



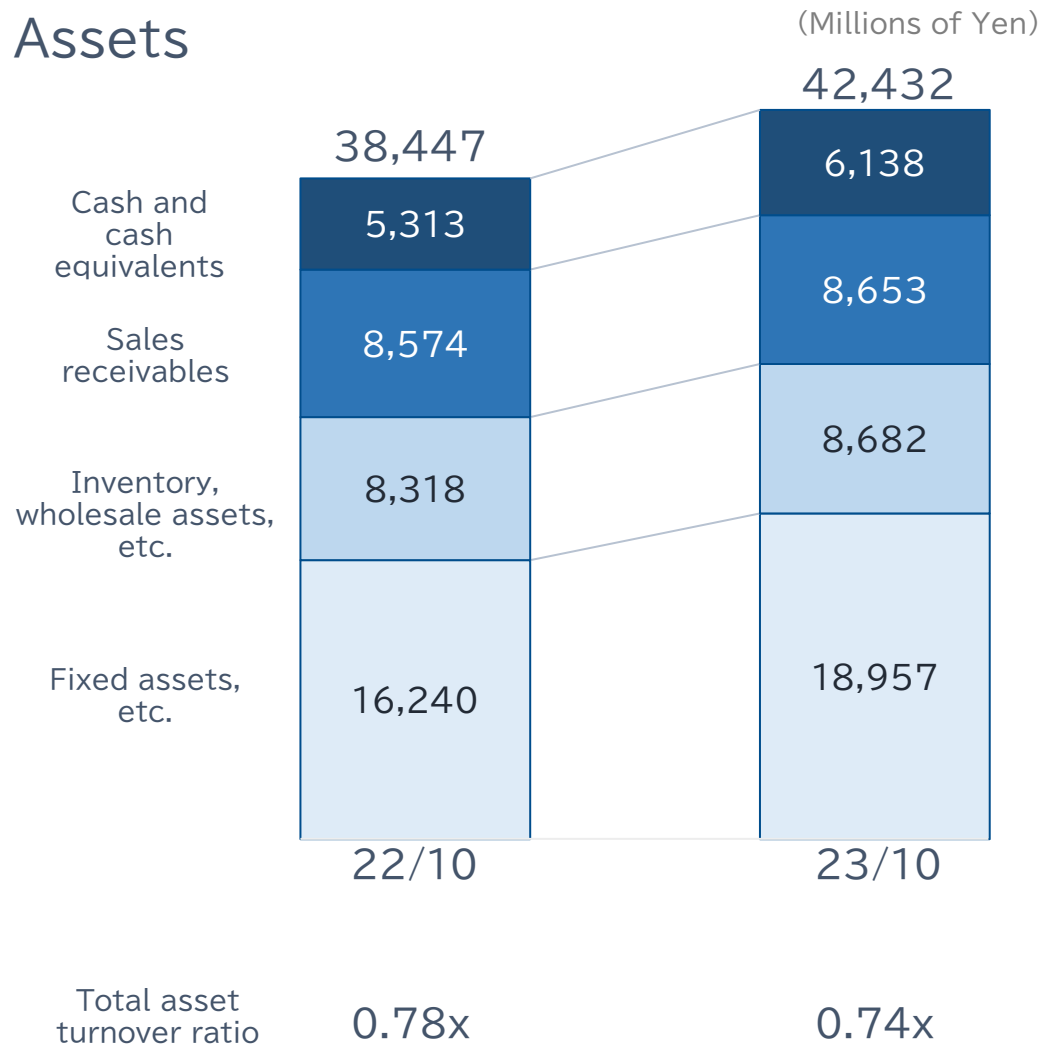
Overview of segments and subsidiaries

(Millions of Yen)

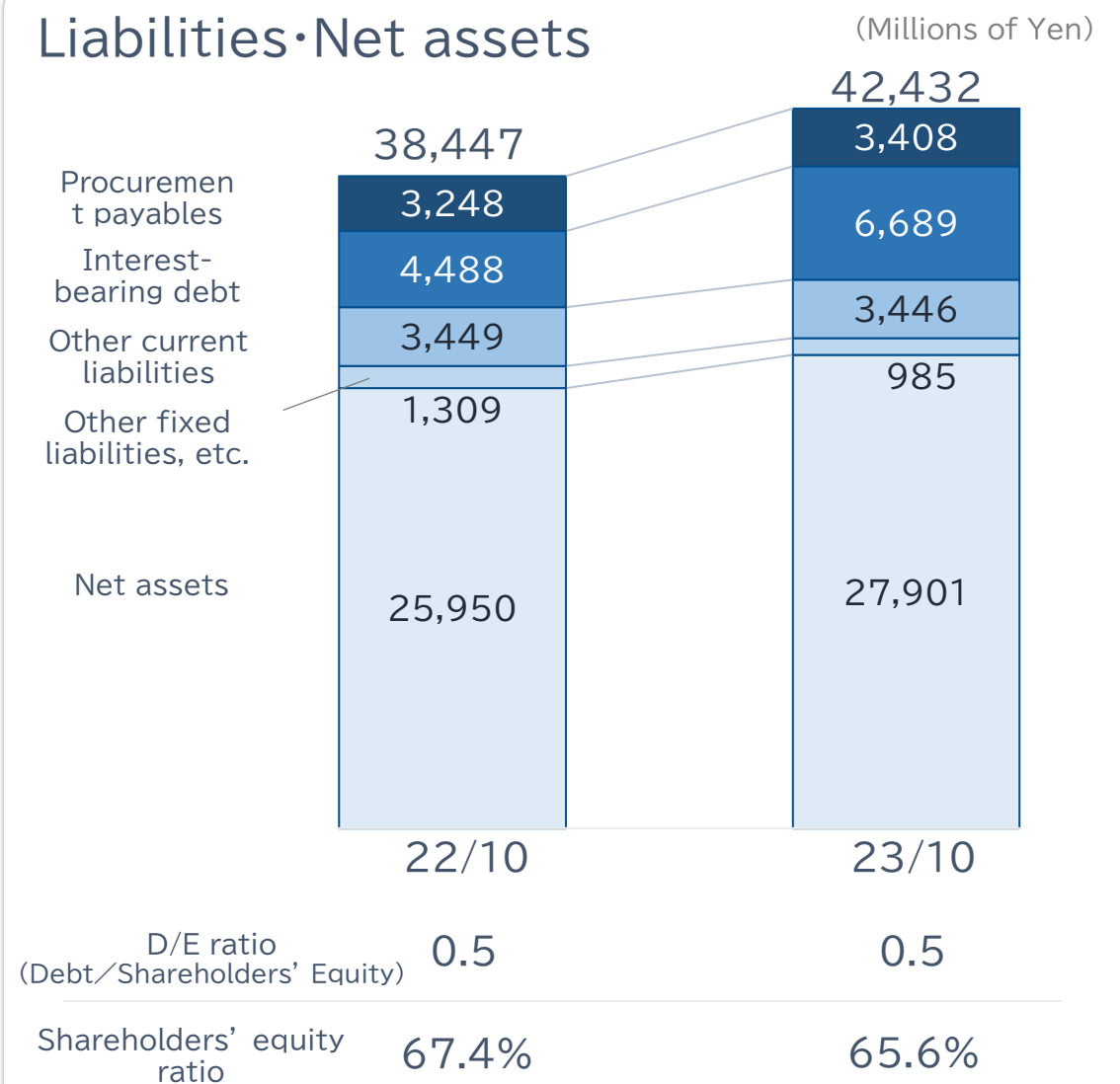
	FY10/22		FY10/23		YoY change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Hagihara Industries	14,618	437	15,188	534	570	96
Japan Fabweld	375	12	408	-72	32	-85
PT. HWI	5,294	282	4,591	73	-702	-208
BarChip Group	4,152	408	4,476	308	324	-99
BarChip	1,663	459	2,057	958	393	498
Toyo Heisei Polymer	4,306	86	4,226	103	-80	17
PLS Total	25,570	1,176	26,353	1,655	782	478
Hagihara Industries	4,323	187	4,807	272	484	85
Hagihara Machinery (Shanghai)	633	-32	668	43	34	76
ENG Total	4,382	200	4,891	324	509	123

Consolidated balance sheet

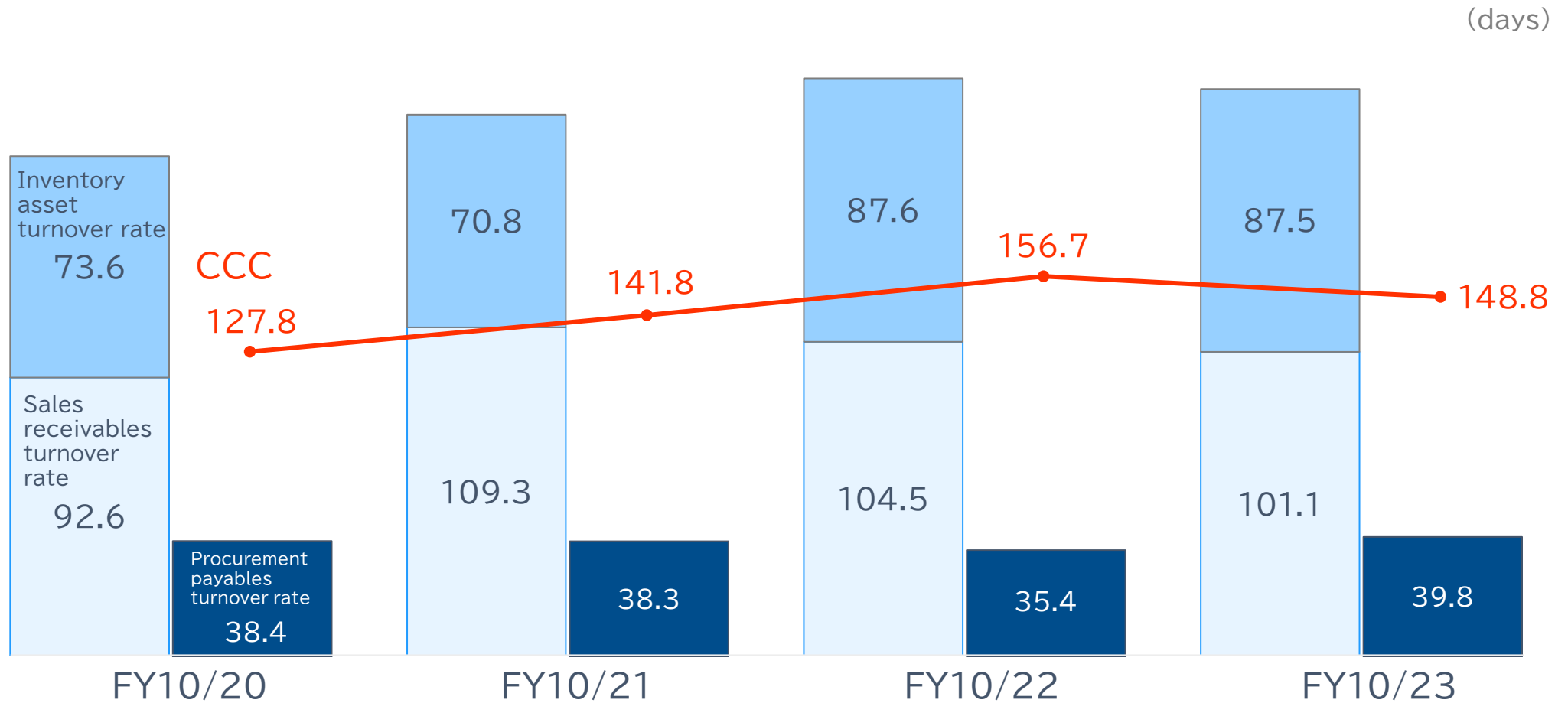
Assets



Liabilities·Net assets



CCC (cash conversion cycle)



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

Financial performance indicators

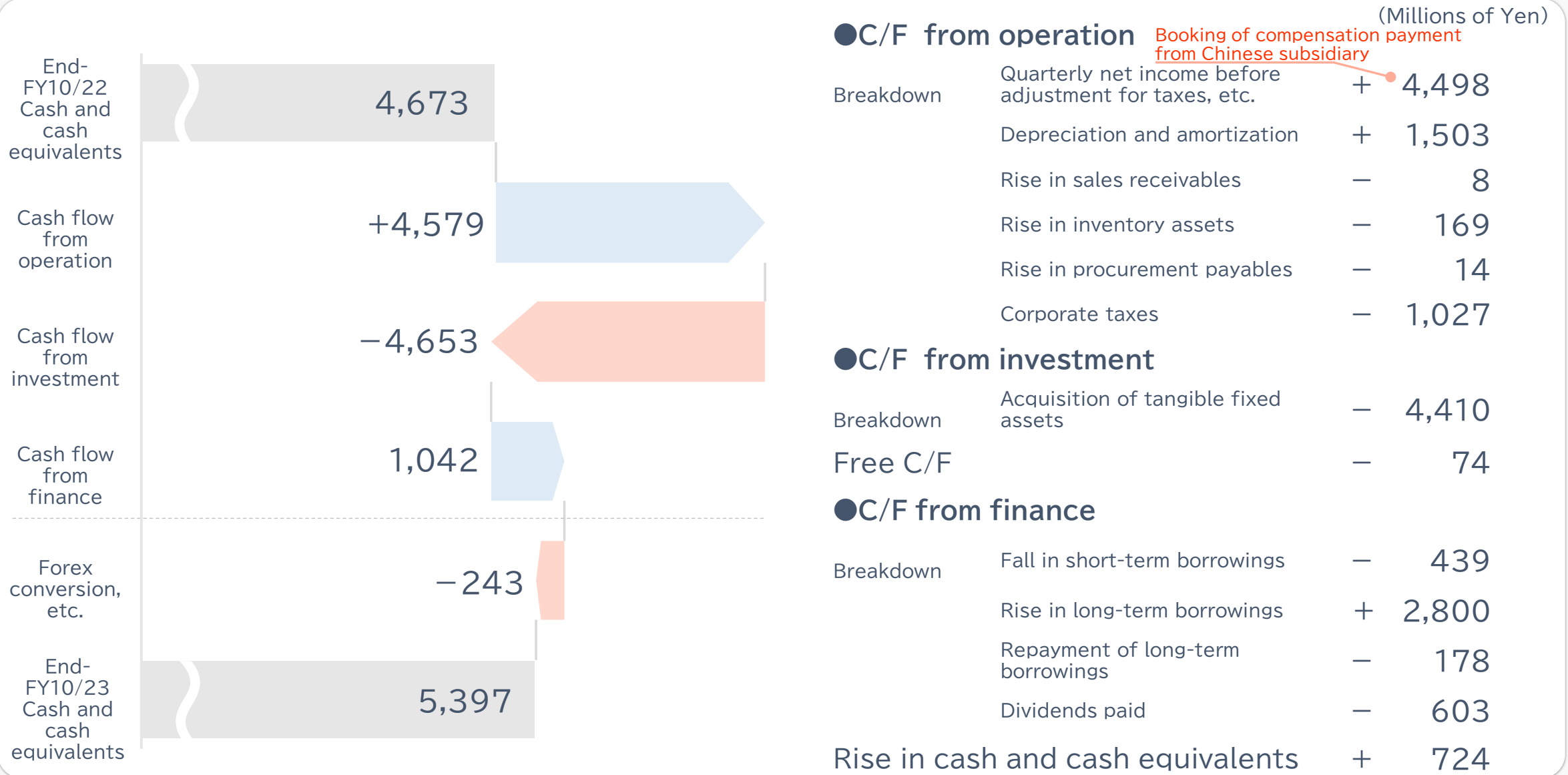
	FY10/20	FY10/21	FY10/22	FY10/23
ROE(%)	8.2	6.6	3.7	4.8 ※
ROA(%)	5.8	4.8	2.6	3.3 ※

※ Excludes compensation payment from compulsory purchase of land and subsidiary liquidation gain booked in 1Q and 3Q FY10/23.

Main share price indicators

	End-FY10/20	End-FY10/21	End-FY10/22	End-FY10/23
Share price (yen)	1,486	1,500	1,021	1,605
Dividend per share (yen)	36	36	36	50
Dividend payout ratio (%)	27.5	32.2	54.7	22.4
BPS(yen) *Net assets per share	1,625.54	1,744.15	1,856.11	2,028.93
PBR(%) *Price-book value ratio	0.91	0.86	0.55	0.79
Number of shareholders (people)	16,239	18,908	31,252	33,074

Consolidated cash flows



Consolidated earnings forecasts –All Company–

(Millions of Yen)

	FY10/23			FY10/24(Forecast)			YoY comparison
	1H	2H	Full year	1H	2H	Full year	
Sales	15,930	15,314	31,245	15,950	16,050	32,000	+2.4%
Operating income	1,010 (6.3%)	968 (6.3%)	1,979 (6.3%)	1,120 (7.0%)	1,080 (6.7%)	2,200 (6.9%)	+11.2%
Ordinary income	1,091 (6.8%)	1,159 (7.6%)	2,250 (7.2%)	1,180 (7.4%)	1,120 (7.0%)	2,300 (7.2%)	+2.2%
Net income attributable to owners of parent	2,246 (14.1%)	871 (5.7%)	3,118 (10.0%)	830 (5.2%)	770 (4.8%)	1,600 (5.0%)	-48.7%

Figures in parentheses on bottom row are profit margins

SDG-related products



Contributions to climate change adaptations



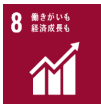
Domestically produced sheets/cloths



Adhesive tapes

(Millions of Yen)

	FY10/21 Full year	FY10/22 Full year	FY10/23 Full year
Domestically produced sheets	1,957	2,238	2,550
Adhesive tape cloths	2,019	2,020	2,343
Climate change adaptations Total	3,977	4,259	4,894



Contributions to work-style reform



Light clear mesh



Example of BarChip usage

(Millions of Yen)

	FY10/21 Full year	FY10/22 Full year	FY10/23 Full year
Flame retardant sheets and mesh sheets	933	963	963
Synthetic fiber for concrete reinforcement(BarChip)	3,680	4,825	5,289
Work-style reform Total	4,613	5,789	6,253

SDG-related products

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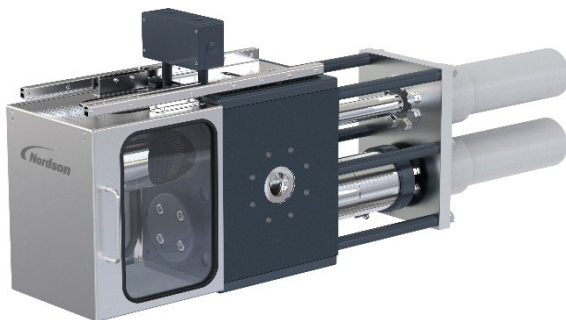
つくる責任
つかう責任



Contributions to a recycling-oriented society



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



Screen changer

(Millions of Yen)

	FY10/21 Full year	FY10/22 Full year	FY10/23 Full year
Blue Sheet branded by eco-mark	47	76	184
Screen changer	594	930	787
Recycling machines	116	124	234
Recycling-oriented society Total	759	1,131	1,205

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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 Full year	FY10/22 Full year	FY10/23 Full year
Film slitters	3,413	2,862	3,109
Paper slitters	925	392	519
Solutions for industry and technology innovations Total	4,339	3,255	3,628

Topics

■ Completed factory at Hagihara Industries Yguazu SRL

We completed construction of a BarChip factory in Paraguay, our first such facility in South America. A grand opening ceremony was held on September 19, 2023, and among the many attendees were the Japanese Ambassador to Paraguay and local government dignitaries. In addition to using the factory to supply products to the rapidly growing Brazilian market, we intend to further expand sales channels under the huge MERCOSUR economic integration agreement covering countries in the south of South America.



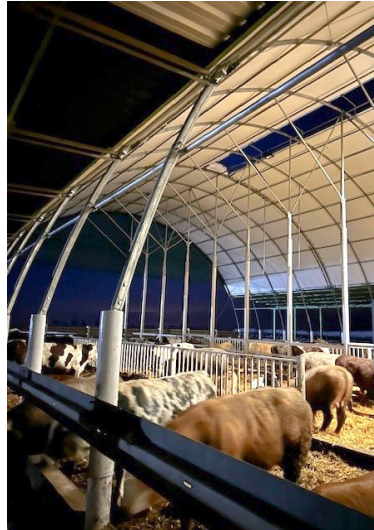
■ Launch of printed sheet business after installation of new type of printer

In October 2023, we launched a new printed sheet business following installation of a UV inkjet printer at the Kasaoka factory. This printer is capable of printing sheets up to 5 meters wide, enabling us to respond to customers' diversifying sheet printing needs.

■ First structure application case in Poland

Construction of 8 cowsheds (66m x 30m) has been completed with plans for a total of 26. The sheds replace concrete blocks with PVC and PVC sheets with our polyethylene sheets. The use of Hagihara Industries' technologies gives the sheds the following benefits:

- ① Solidity due to high welding strength
- ② Lower processing costs due to their 3.6m width
- ③ Ease of handling due to light weight



■ Joint development agreement with Toyo Ink Co., Ltd. and AIKAWA Iron Works Co., Ltd.

On November 27, 2023, we signed a joint development agreement with Toyo Ink Co., Ltd. and AIKAWA Iron Works, Co., Ltd. to realize higher quality plastic recycling technology. We aim to bring to market by 2025 a one-stop recycling system that incorporates cleaning, ink removal, and separation and reuse of different materials.

Progress versus the medium-term business plan -Investment-

(Hundred Million Yen)

	FY10/23 Full year	FY10/25 forecast	Details
Strategic investment	7	40	<ul style="list-style-type: none"> •Purchase of metallic foil slitter technology •Expansion in overseas production (Paraguay & US)
Kasaoka Factory	25	25	Construction completed May 2023
Investment in maintenance/upgrades	12	40	<ul style="list-style-type: none"> •Improve productivity •Create high added value
Total	44	105	

Progress versus the medium-term business plan -Financial strategy-

	FY10/23 Full year	FY10/25 forecast	Details
ROE(%)	4.8	8.0	Excludes compensation payment from compulsory purchase of land and subsidiary liquidation gain booked in FY10/23.
D/E ratio (Debt/Shareholders' Equity)	0.5	0.6	

Progress versus the medium-term business plan -Shareholder returns-

	FY10/23 Full year	FY10/25 forecast	Details
Dividend per share (yen)	50	50	Raised from ¥36 to ¥50 in FY10/23
Dividend payout ratio(%)	22.4	40.0	Excluding compensation payment from compulsory purchase of land and subsidiary liquidation gain → 52.0
Total return ratio (%)	39.7	70.0	As above → 92.2

【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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