

**2Q FY10/21 results
(Nov 1, 2020-Apr 30, 2021)
Results briefing materials**



(TSE 1st section : 7 8 5 6)

Think outside the box, create new values.

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1. Performance

- Sales and income fell year-on-year (YoY) in the Plastic-processed Products (PLS) segment as continued weak sales of products such as sheets, BarChip, and flexible container bags outweighed higher sales of packaging material Meltac Cloth in the overseas market, and of adhesive tape cloths and yarn for artificial grass.
- Sales also fell YoY in the Engineering Products (ENG) segment as a sharp order decline for mainstay slitters for lithium-ion battery separators offset increased sales of plastic-related equipment for recycling demand. However, income increased, in part on sales of high value-added products.




2. Future strategies

- Bring to market end products using new material Laysys. Expand applications particularly in fields for climate change adaptations. (See P18)

I -1 Results summary

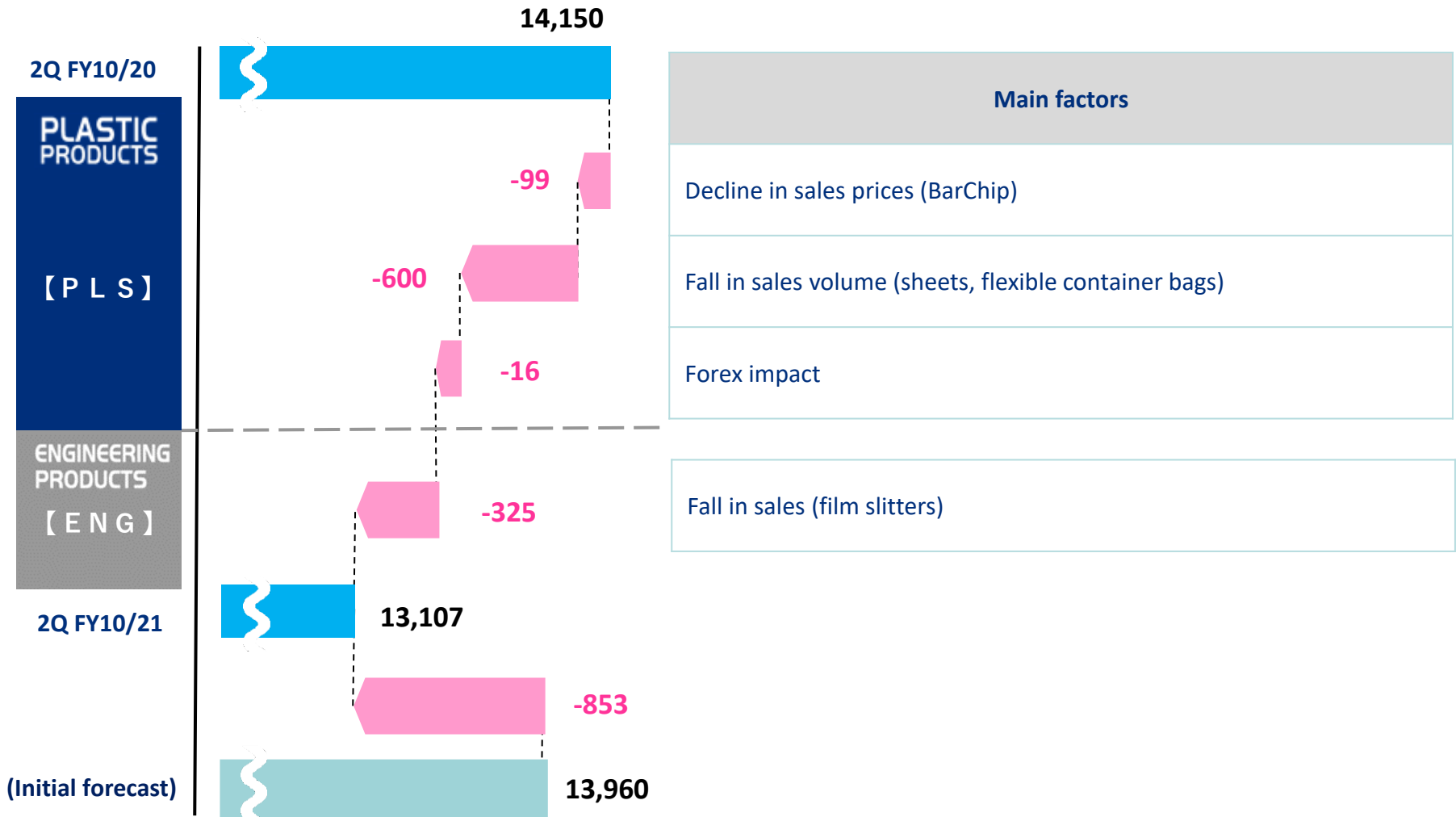
(Millions of Yen)

■ YoY change

| | 2Q FY10/20 | 2Q FY10/21 | YoY | | |
|---|------------|---------------|--------|-------|---|
| | | | Change | (%) | |
| Sales | 14,150 | 13,107 | -1,042 | -7.4 |  |
| Operating income | 1,421 | 1,270 | -151 | -10.6 |  |
| Net income attributable to owners of parent | 1,139 | 916 | -223 | -19.6 |  |

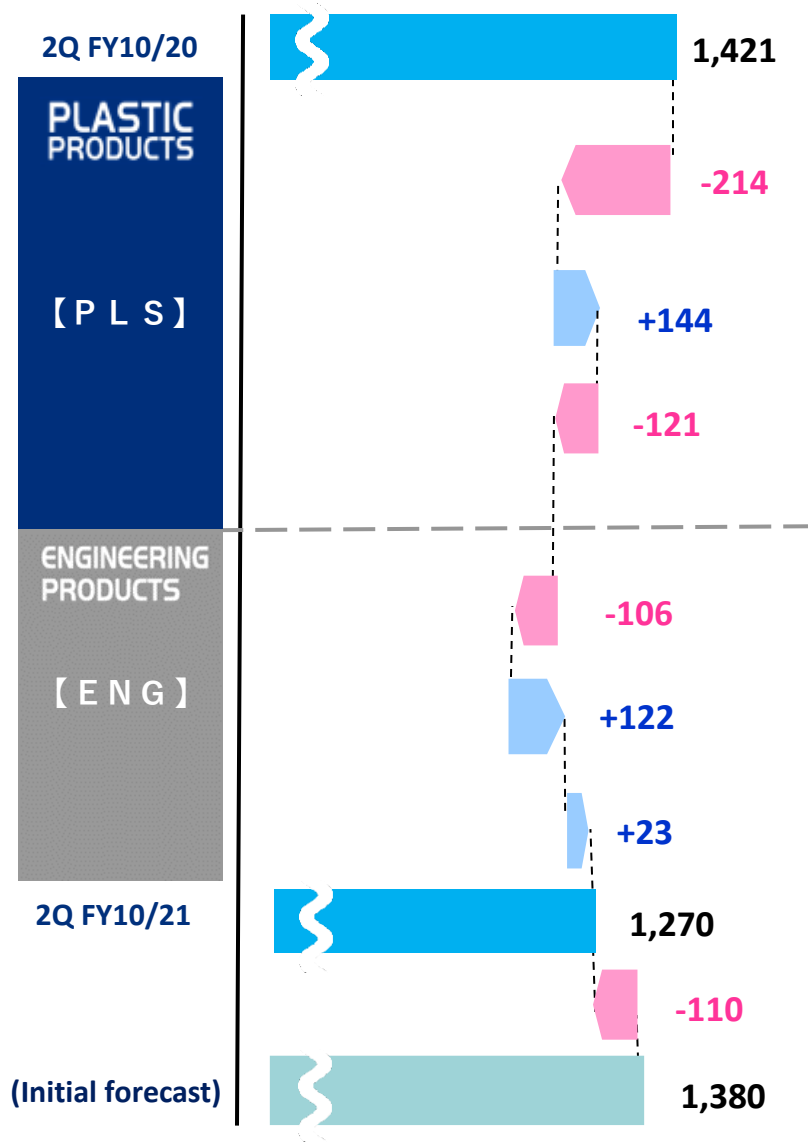
I -2 Consolidated sales analysis

(Millions of Yen)



I -3 Consolidated operating income analysis

(Millions of Yen)



| Main factors |
|--|
| Fall in sales |
| Decline in raw material prices |
| Rise in SG&A (increase in overseas shipping costs) |
| Fall in sales |
| Sales of high value-added slitters |
| Reduction in SG&A (lower travel and advertising costs) |

I -4 Overview of segments and subsidiaries

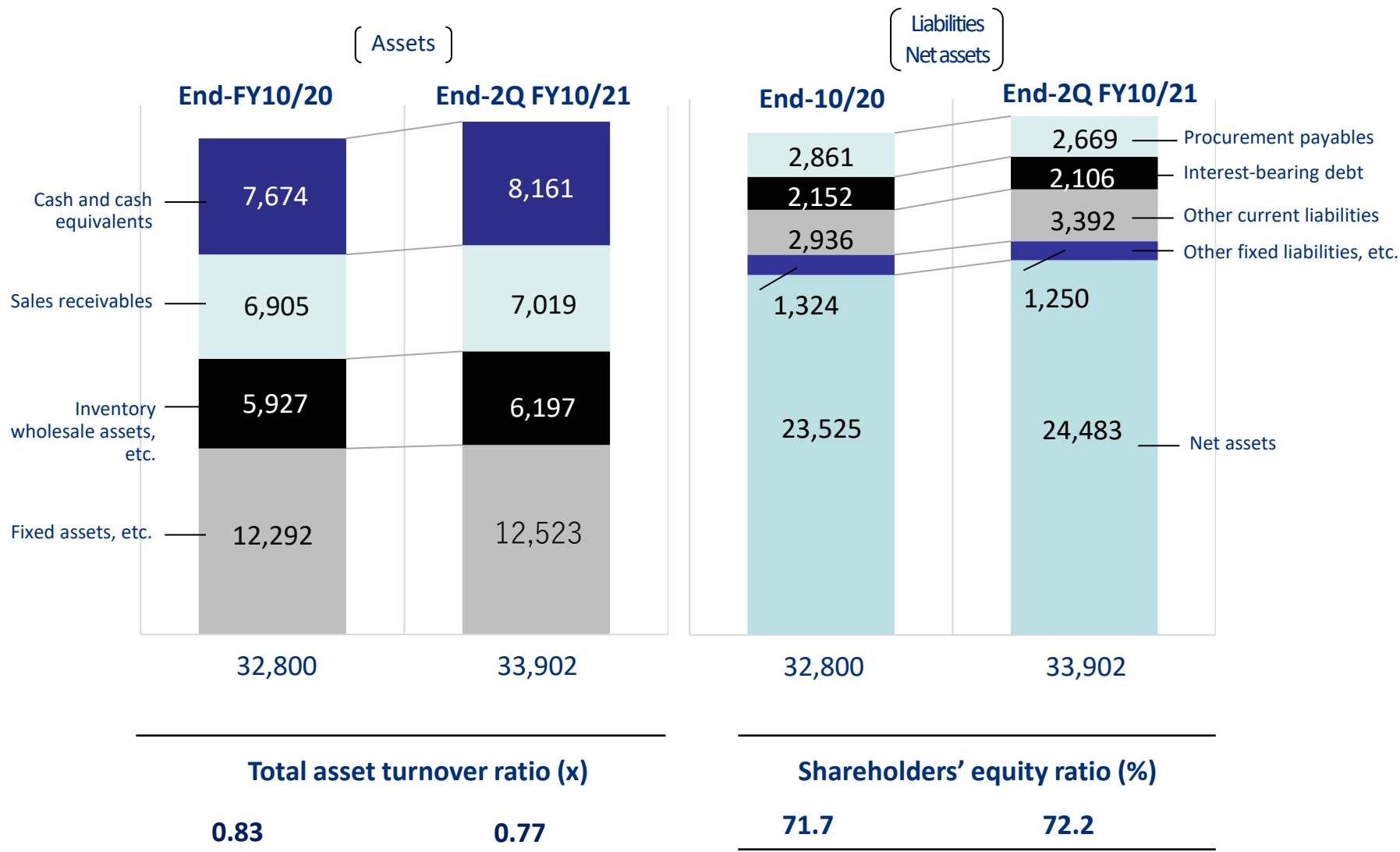
(Millions of Yen)

| | | Sales | | Operating income | | Net assets | | Total assets | | Established | Headcount* |
|-----------------------------------|-------------|---------------|---------------|------------------|---------------|------------|---------------|--------------|---------------|-------------|------------|
| | | 2Q FY10/20 | 2Q FY10/21 | 2Q FY10/20 | 2Q FY10/21 | FY10/20 | 2Q FY10/21 | FY10/20 | 2Q FY10/21 | | |
| Hagihara Industries | PLS segment | 8,189 | 7,798 | 928 | 776 | — | — | — | — | — | — |
| | ENG segment | 2,541 | 2,202 | 298 | 322 | — | — | — | — | — | — |
| Parent | | 10,730 | 10,001 | 1,227 | 1,099 | 23,024 | 23,647 | 28,066 | 28,806 | Nov 1962 | 471 |
| Japan Fabweld | | 213 | 175 | 20 | -11 | 205 | 221 | 322 | 334 | Jul 1967 | 33 |
| P.T. Hagihara Westjava Industries | | 1,890 | 1,664 | 65 | 8 | 1,255 | 1,322 | 2,640 | 2,868 | Mar 1995 | 644 |
| Qingdao Hagihara Industries | | 264 | 311 | -0 | 16 | 767 | 835 | 804 | 872 | Dec 2002 | 79 |
| EPC Holdings | | 1,394 | 1,333 | 191 | 168 | 1,276 | 1,438 | 1,933 | 2,269 | Sep 2007 | 39 |
| Toyo Heisei Polymer | | 2,115 | 2,034 | 62 | 58 | 2,125 | 2,167 | 5,098 | 5,099 | Jul 1943 | 167 |
| Hagihara Machinery (Shanghai) | | 338 | 226 | 10 | -1 | 239 | 249 | 344 | 316 | Jan 2005 | 37 |
| Consolidated | | 14,150 | 13,107 | 1,421 | 1,270 | 23,525 | 24,483 | 32,800 | 33,902 | | |

*Headcounts as of end-FY10/20 at Hagihara Industries, end-Sep 20 at other group companies.

I -5 Consolidated balance sheet

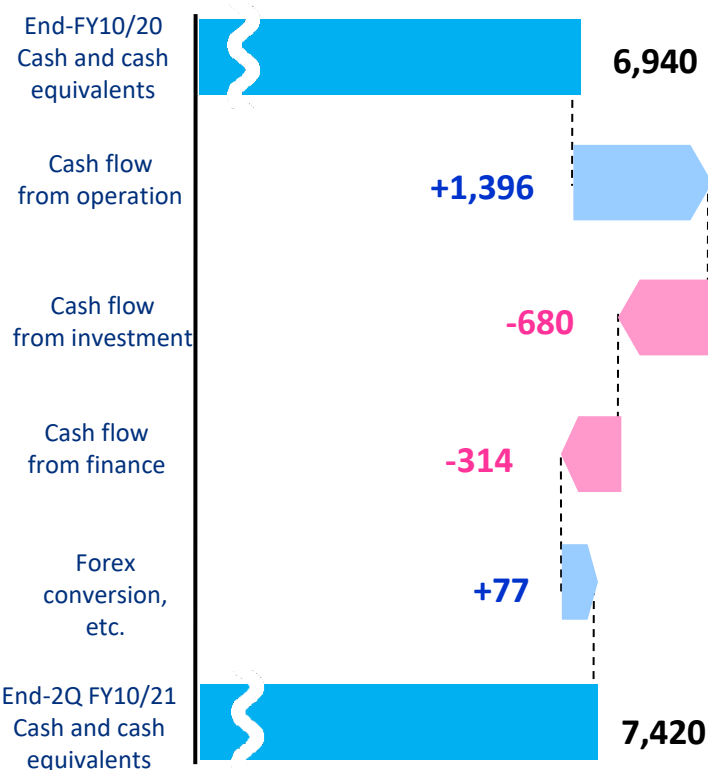
(Millions of Yen)



I -6 Consolidated cash flows

● Cash flow from operation

(Millions of Yen)



| Breakdown | | | |
|--|---|--|-------|
| Net income before adjustment for taxes, etc. | + | | 1,331 |
| Depreciation and amortization | + | | 614 |
| Rise in sales receivables | - | | 46 |
| Rise in inventory assets | - | | 160 |
| Fall in procurement payables | - | | 324 |
| Corporate taxes | - | | 355 |

● Cash flow from investment

| Breakdown | | | |
|--------------------------------------|---|--|-----|
| Acquisition of tangible fixed assets | - | | 625 |
| Sale of tangible fixed assets | + | | 1 |

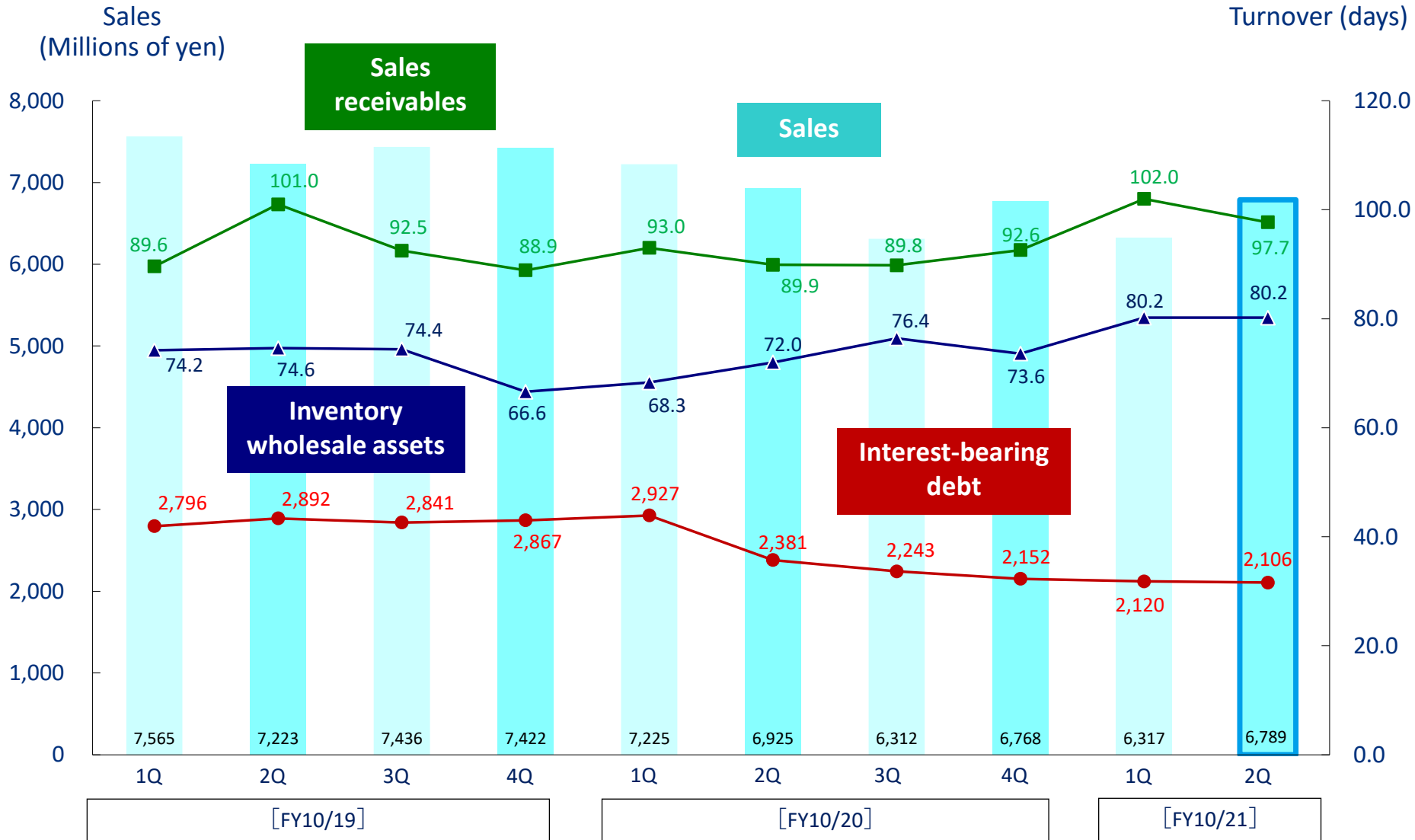
| | | |
|----------------|---|-----|
| Free cash flow | + | 716 |
|----------------|---|-----|

● Cash flow from finance

| Breakdown | | | |
|-------------------------------|---|--|-----|
| Rise in short-term borrowings | + | | 23 |
| Fall in long-term borrowings | - | | 89 |
| Dividends paid | - | | 247 |

| | | |
|-----------------------------------|---|-----|
| Rise in cash and cash equivalents | + | 479 |
|-----------------------------------|---|-----|

I -7 Consolidated inventory wholesale assets and sales receivables turnover



I -8 Consolidated results at a glance

| | 2Q FY10/21 | | YoY | | 2Q FY10/21 | |
|---|---------------|---------------|---------------|---|------------------|---------------|
| | Result | Vs. sales | Change | | Result | YoY |
| | | | | | | |
| Sales | 13,107 | 100.0% | -1,042 | Return on assets (ROA) | 5.5% | -1.5% |
| Gross income | 4,104 | 31.3% | -53 | Return on equity (ROE) | 7.6% | -2.4% |
| Operating income | 1,270 | 9.7% | -151 | Total asset turnover ratio | 0.77x | -0.09x |
| Ordinary income | 1,331 | 10.2% | -324 | Shareholders' equity ratio | 72.2% | 1.4% |
| Net income attributable to owners of parent | 916 | 7.0% | -223 | Free cash flow | 716 | -1,074 |
| Shareholders' equity | 24,481 | — | 1,304 | Net income per share | ¥63.33 | ¥15.43 |
| Total assets | 33,902 | — | 1,172 | Net assets per share | ¥1,691.83 | ¥90.16 |
| Capital investment | 625 | — | 90 | R&D expenses | 327 | 58 |
| Depreciation and amortization | 614 | — | 32 | EBITDA (Operating income before depreciation and amortization) | 1,884 | -119 |

(Millions of Yen)

I -9 Consolidated earnings forecasts

(Millions of Yen)

| | FY10/20 | | | FY10/21 | | | |
|--------------|---|--------------------------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|
| | 2Q | 4Q | Full year | 2Q (result) | 4Q (forecast) | Full year | |
| Consolidated | Sales | 14,150 | 13,080 | 27,231 | 13,107 | 14,893 | 28,000 |
| | Operating income | 1,421 (10.0%) | 1,093 (8.4%) | 2,515 (9.2%) | 1,270 (9.7%) | 1,370 (9.2%) | 2,640 (9.4%) |
| | Ordinary income | 1,656 (11.7%) | 1,183 (9.1%) | 2,840 (10.4%) | 1,331 (10.2%) | 1,409 (9.5%) | 2,740 (9.8%) |
| | Net income attributable to owners of parent | 1,139 (8.1%) | 752 (5.8%) | 1,891 (6.9%) | 916 (7.0%) | 934 (6.3%) | 1,850 (6.6%) |

Figures in parentheses denote income margins

I -10 Consolidated sales of SDG-related products

(Millions of Yen)

| | FY10/19 | FY10/20 | FY10/21 | |
|---|---------------|---------------|--------------|----------------------|
| | Full year | Full year | 2Q (result) | Full year (forecast) |
| Climate change adaptations | 4,199 | 3,867 | 2,028 | 4,056 |
| Work-style reform | 4,287 | 4,329 | 2,101 | 4,274 |
| Recycling-oriented society | 1,183 | 944 | 452 | 756 |
| Solutions for industry and technology innovations | 4,506 | 3,883 | 1,765 | 4,736 |
| Total | 14,176 | 13,025 | 6,347 | 13,824 |
| Weighting | 47.8% | 47.8% | 48.4% | 49.4% |

(Millions of Yen)



Contributions to climate change adaptations



◆ Domestically produced sheets

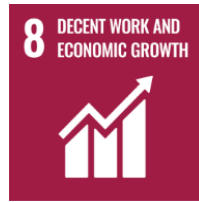


◆ Adhesive tapes
(using Hagihara's cloths)



◆ Laysys (see P18)
(Insect repellent sheet using Laysys)

| | FY10/19 | FY10/20 | FY10/21 | |
|----------------------------------|-----------|-----------|-------------|----------------------|
| | Full year | Full year | 2Q (result) | Full year (forecast) |
| Domestically produced sheets | 2,340 | 1,986 | 991 | 2,176 |
| Adhesive tape cloths | 1,859 | 1,881 | 998 | 1,820 |
| Laysys | — | 0 | 39 | 59 |
| Climate change adaptations Total | 4,199 | 3,867 | 2,028 | 4,056 |



Contributions to work-style reform



◆ Super-lightweight flame retardant fabrics

◆ BarChip (synthetic fiber concrete reinforcement system)

| | FY10/19 | FY10/20 | FY10/21 | |
|--|--------------|--------------|--------------|----------------------|
| | Full year | Full year | 2Q (result) | Full year (forecast) |
| Flame retardant sheets and mesh sheets | 976 | 899 | 433 | 925 |
| BarChip | 3,311 | 3,429 | 1,667 | 3,349 |
| Work-style reform Total | 4,287 | 4,329 | 2,101 | 4,274 |

(Millions of Yen)



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)

◆ **Equipment for producing pellets from recycled plastics**

| | FY10/19 | FY10/20 | FY10/21 | |
|---|--------------|------------|-------------|----------------------|
| | Full year | Full year | 2Q (result) | Full year (forecast) |
| Blue Sheet branded by eco-mark | 80 | 76 | 25 | 71 |
| Screen changers | 902 | 622 | 352 | 464 |
| Recycling machines | 200 | 245 | 74 | 220 |
| Recycling-oriented society Total | 1,183 | 944 | 452 | 756 |

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Contributions to solutions for industry and technology innovations



◆ Slitter for drinking water vessels (The Republic of Guinea)

| | FY10/19 | FY10/20 | FY10/21 | |
|---|--------------|--------------|--------------|----------------------|
| | Full year | Full year | 2Q (result) | Full year (forecast) |
| Film slitters | 3,771 | 2,964 | 1,144 | 3,328 |
| Paper slitters | 735 | 918 | 620 | 1,408 |
| Solutions for industry and technology innovations Total | 4,506 | 3,883 | 1,765 | 4,736 |



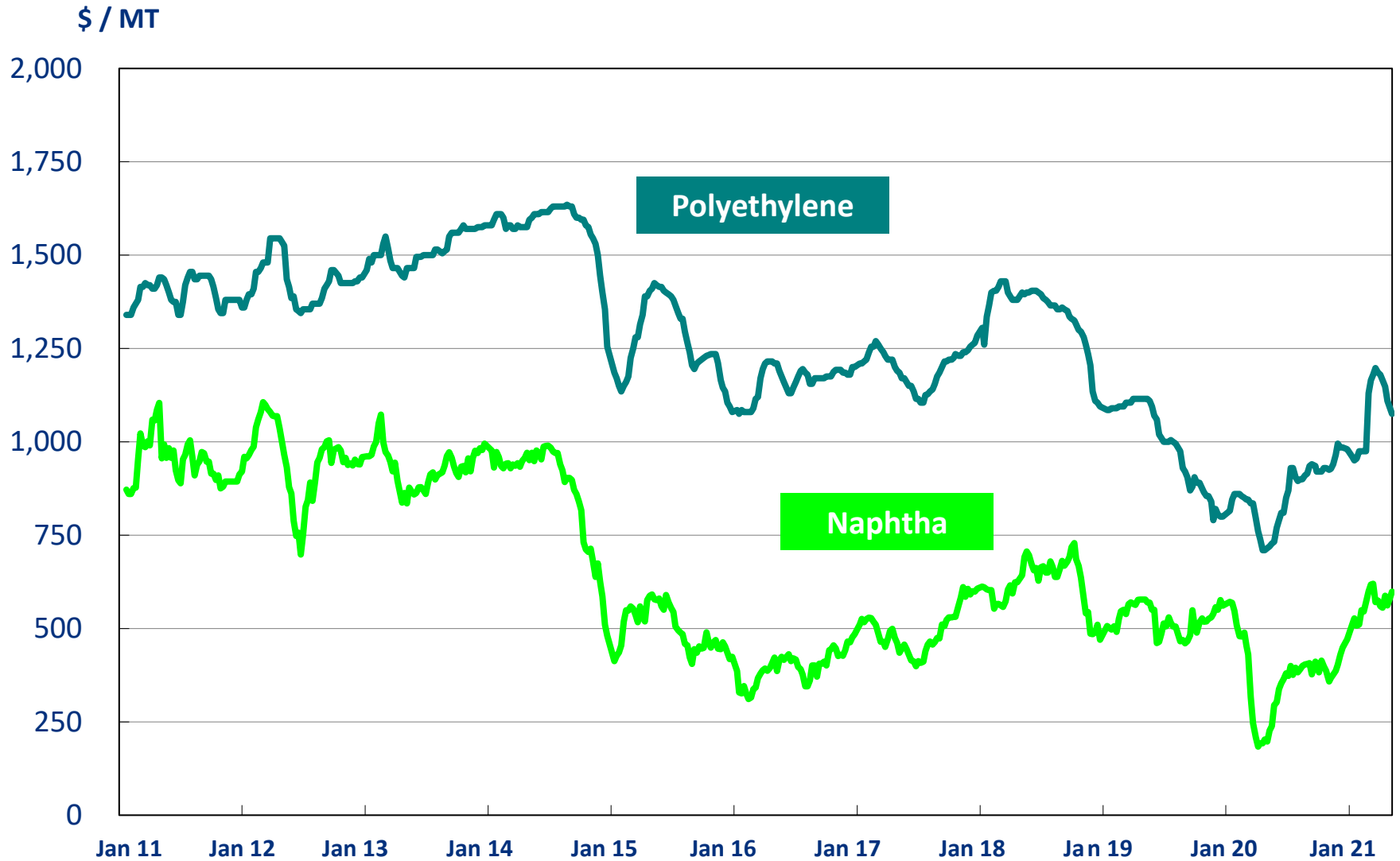
Contributions to climate change adaptations

Our Laysys technology, a method of impregnating film with pharmaceuticals and controlling their release, is used in the following product application.



- ◆ **Disinfectant hung on the inside of septic tanks manholes. The disinfecting action lasts 3-4 months, longer than traditional products, and the technology reduces the work required for replacement.**

II -1 Prices of naphtha and polyethylene



II -2 Main share price indicators

| | End-Apr 2021 |
|--|------------------|
| Share price | ¥1,418 |
| Dividend per share (end-FY10/21 forecast) | ¥36 |
| Dividend payout ratio (end-FY10/21 forecast) | 28.4% |
| B P S (Net assets per share) | ¥1,691.83 |
| E P S (Net income per share) | ¥63.33 |
| P B R (Price-book value ratio) | 0.84x |
| P E R (Price-earnings ratio) | 11.20x |
| Number of shareholders | 10,683 |

【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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