

Results briefing materials

2Q FY10/24 results

(Nov 1, 2023 - Apr 30, 2024)

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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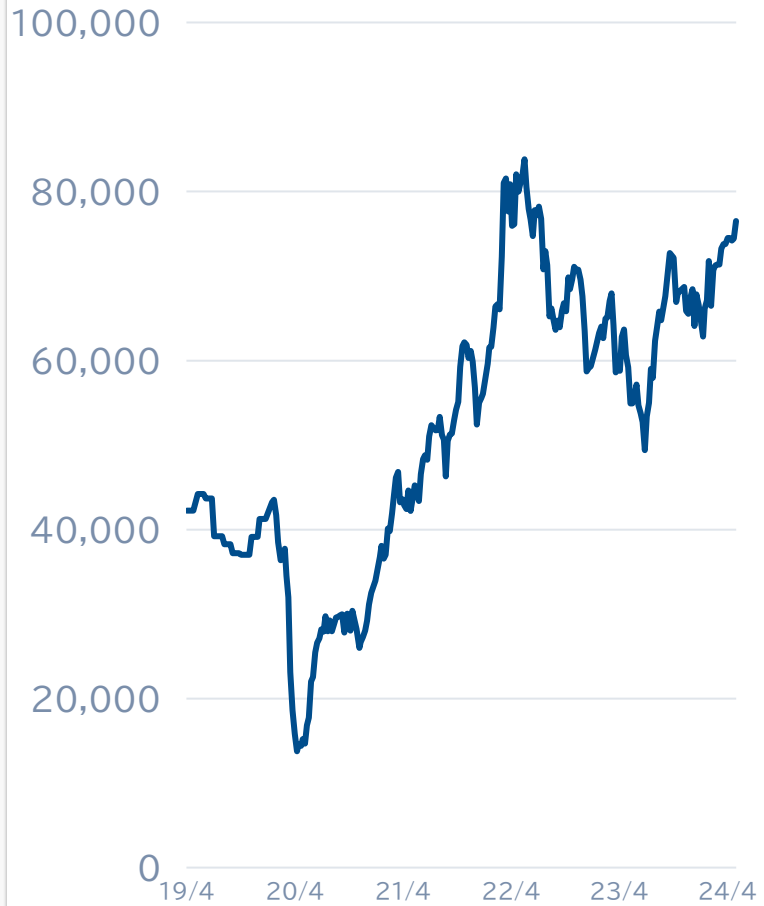
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(Reference) Business conditions indicators

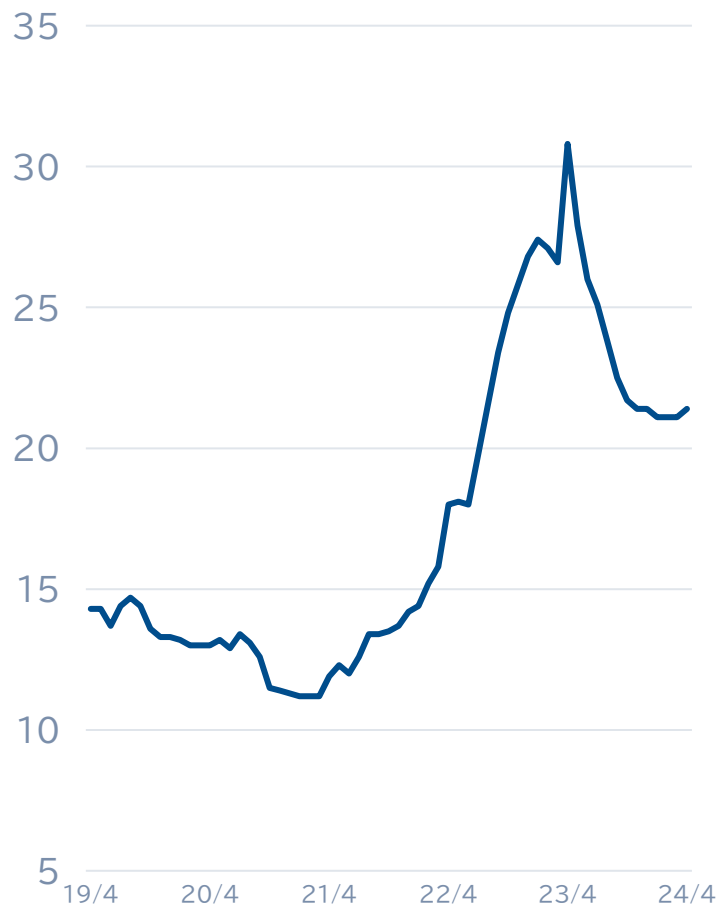
Naphtha price

(yen/KL)



Electricity rates

(yen/kWh)



JPY/US\$

(yen)



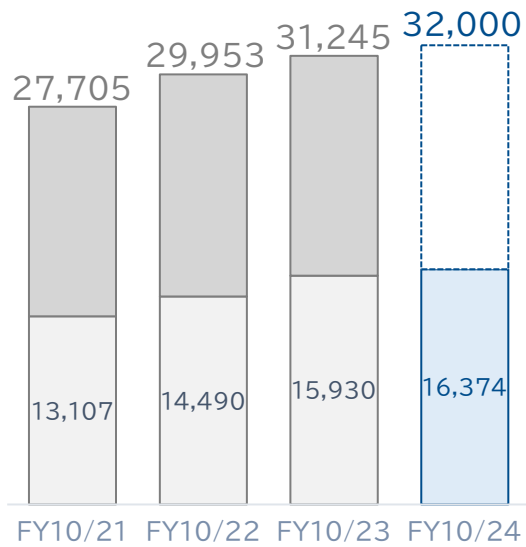
Results highlights –All Company–

Sales

¥ **16,374**mn

YoY **+2.8%**
(+¥443mn)

(Millions of Yen)

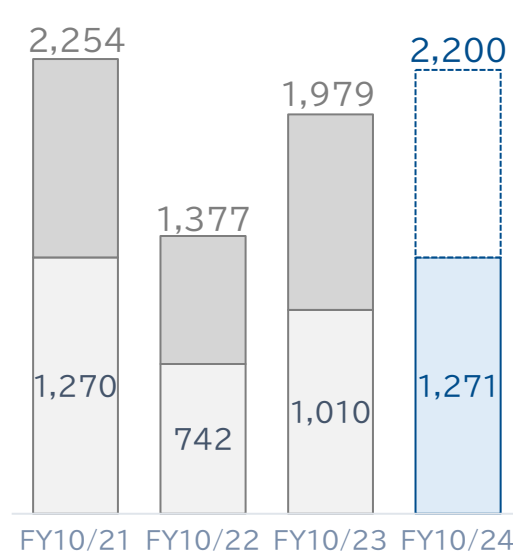


Operating Income

¥ **1,271**mn

YoY **+25.8%**
(+¥260mn)

(Millions of Yen)

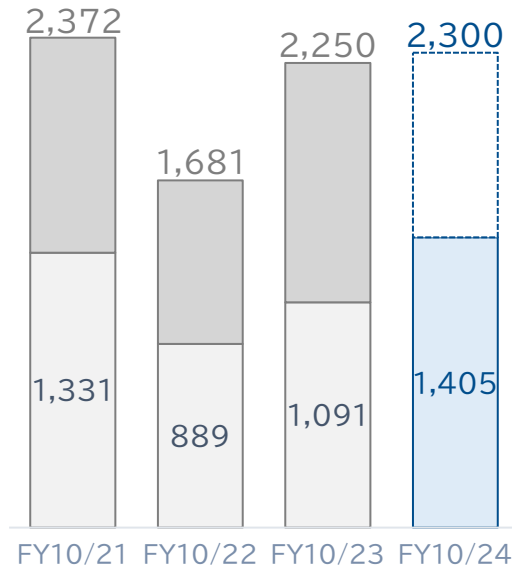


Ordinary Income

¥ **1,405**mn

YoY **+28.8%**
(+¥313mn)

(Millions of Yen)

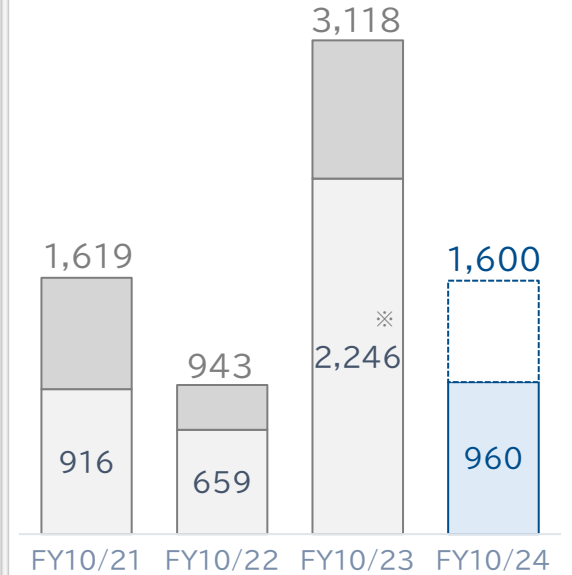


Quarterly net income attributable to owners of parent

¥ **960**mn

YoY **-57.3%**
(-¥1,286mn)

(Millions of Yen)



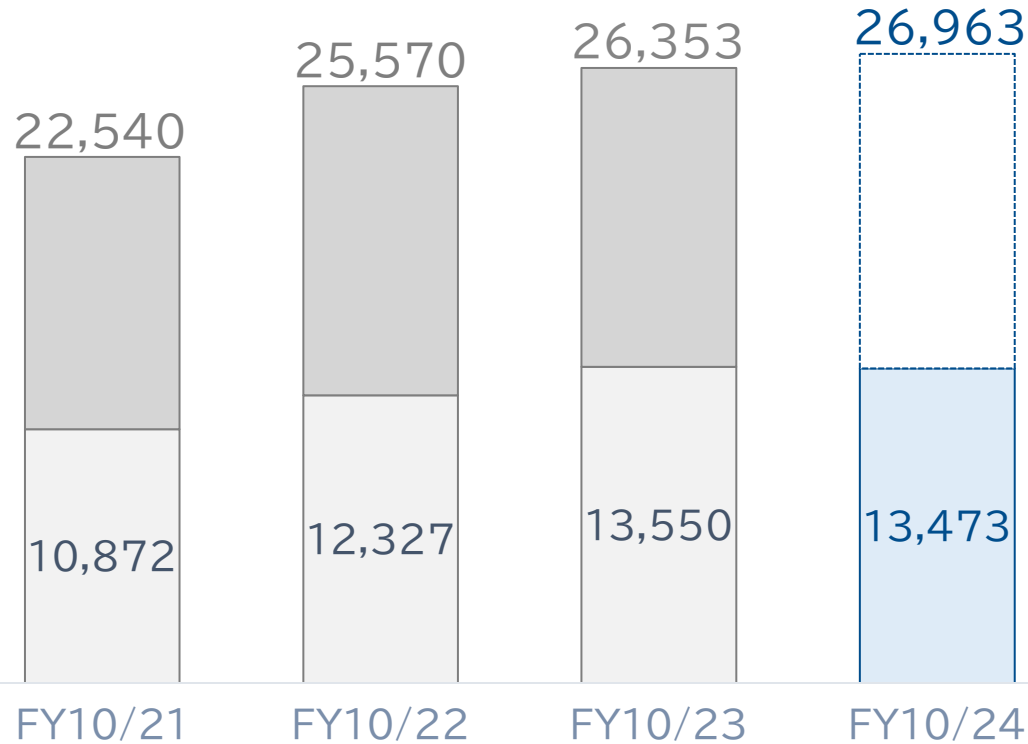
Results highlights –Plastic-processed Products (PLS) segment–

Sales

¥ **13,473** mn

YoY **-0.6%**
(- ¥77mn)

(Millions of Yen)

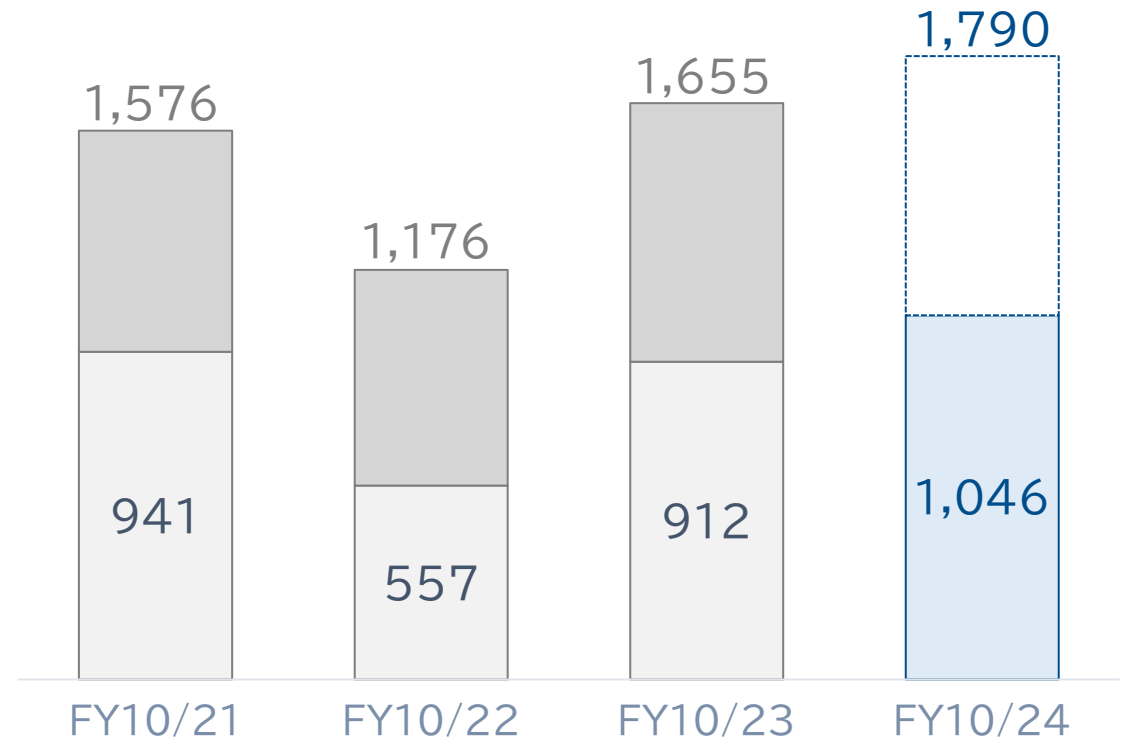


Operating Income

¥ **1,046** mn

YoY **+14.6%**
(+ ¥133mn)

(Millions of Yen)



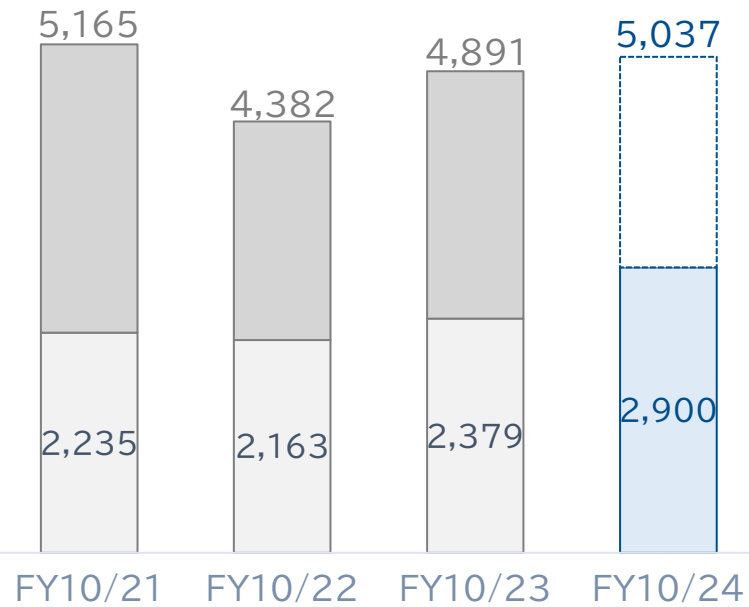
Results highlights –Engineering (ENG) segment–

Sales

¥**2,900**mn

YoY **+21.9%**
(+¥520mn)

(Millions of Yen)

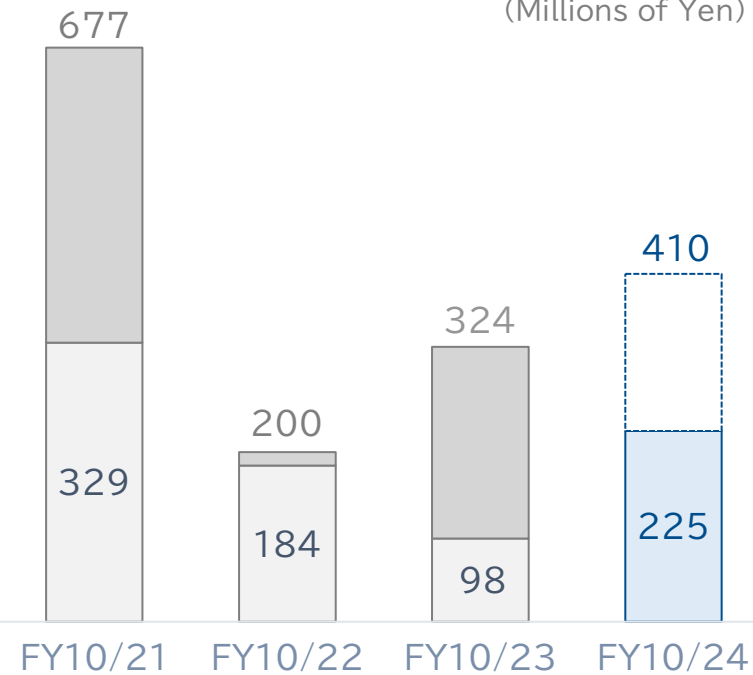


Operating Income

¥**225**mn

YoY **+130.0mn**
(+¥127mn)

(Millions of Yen)

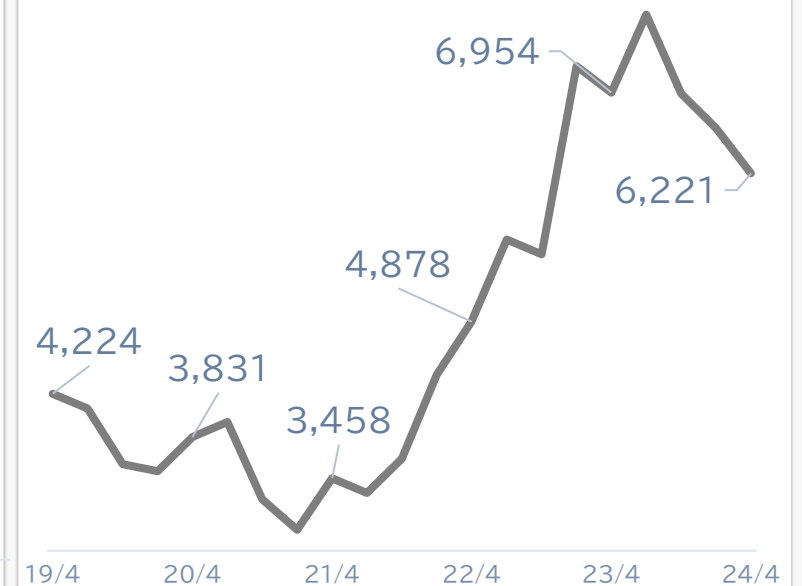


Order Backlog

¥**6,221**mn

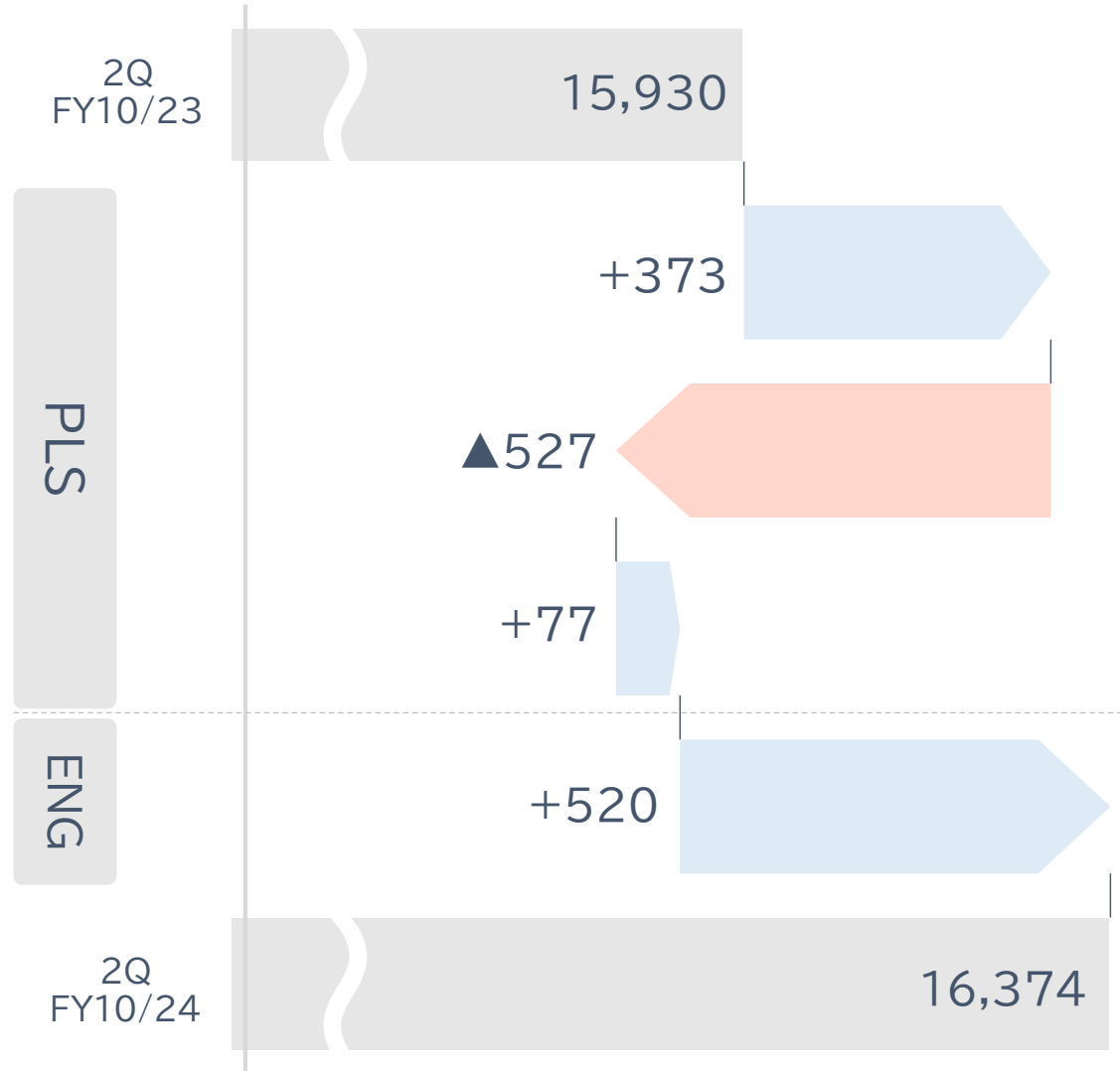
YoY **-10.5%**
(-¥733mn)

(Millions of Yen)



Consolidated sales analysis

(Millions of Yen)

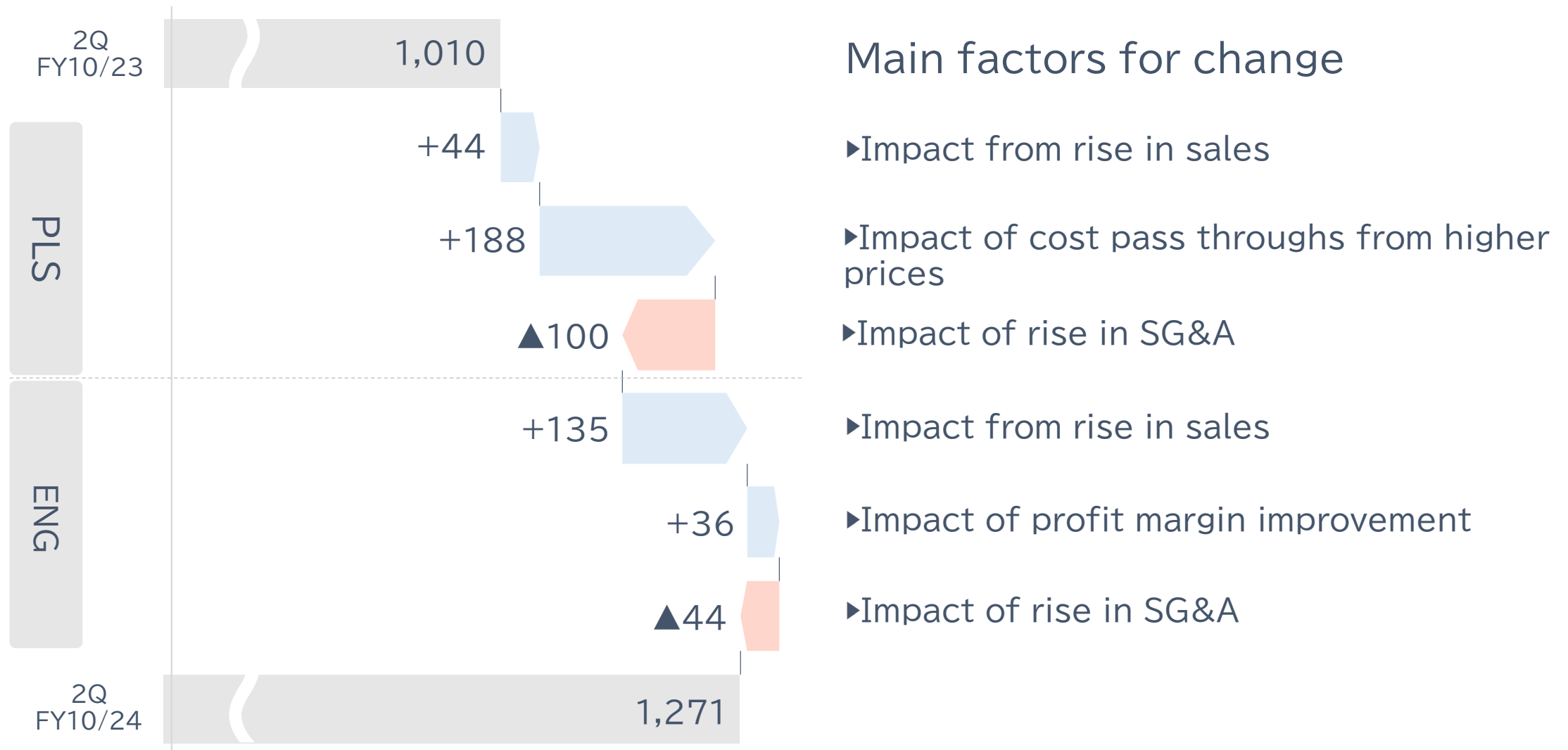


Main factors for change

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

Consolidated operating income analysis

(Millions of Yen)



Sales by region/segment

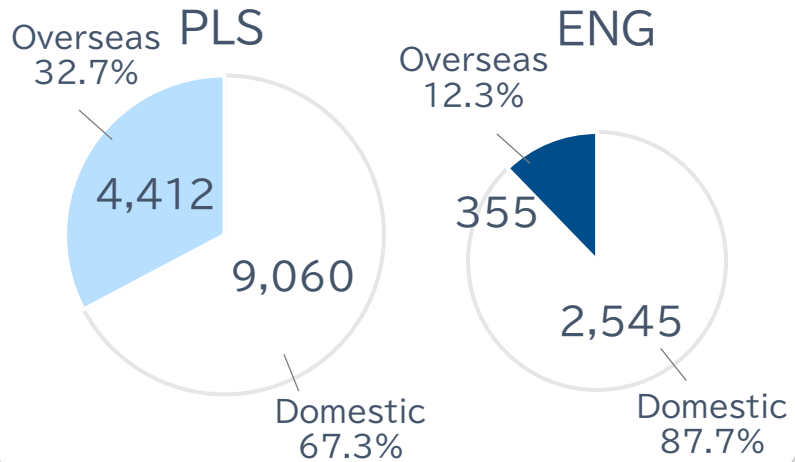
Overseas sales

All-company ¥4,767mn ³⁵⁵



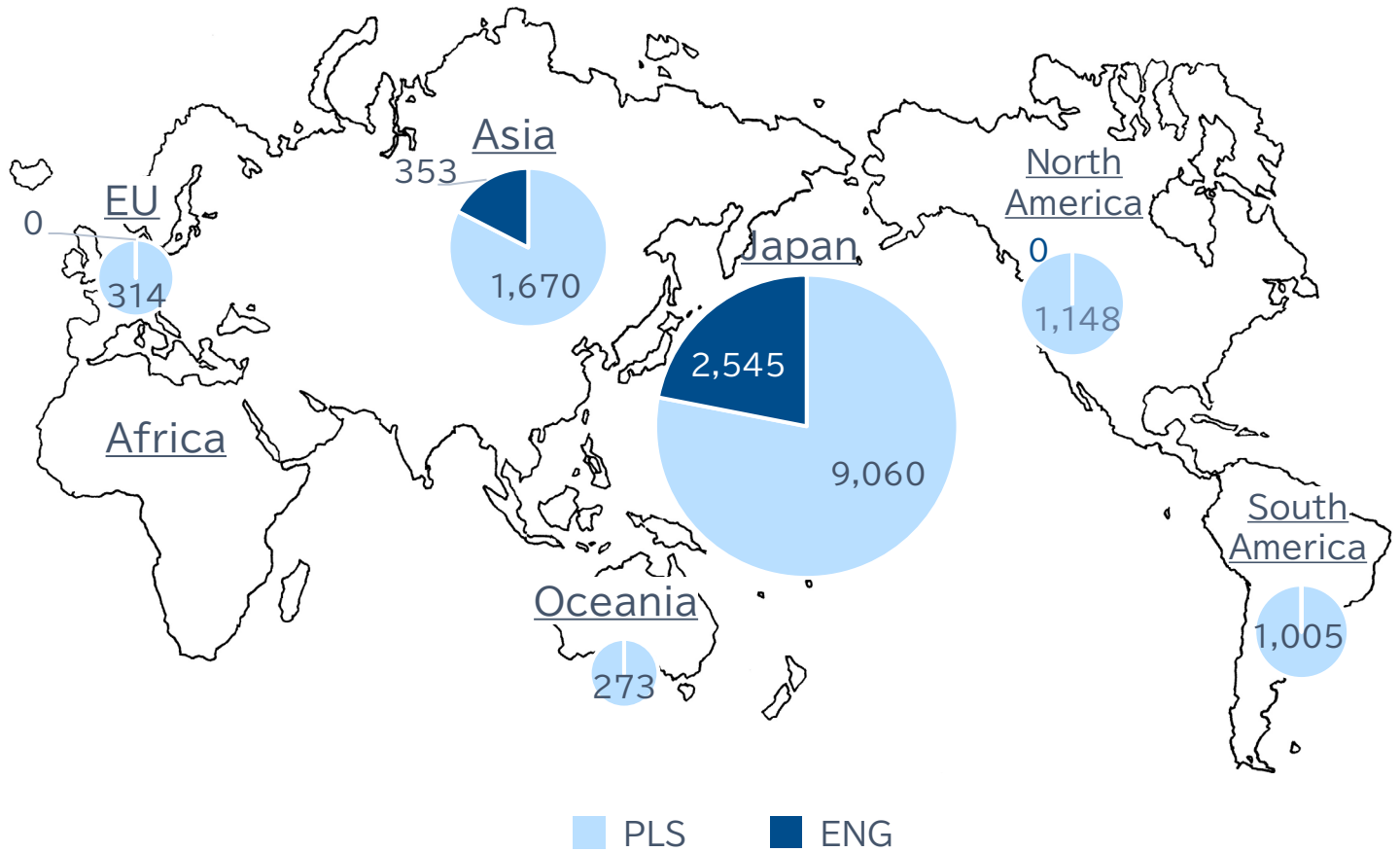
Overseas sales weighting

All-company 29.1% (Millions of Yen)



Sales by region

(Millions of Yen)



Overview of segments and subsidiaries

(Millions of Yen)

| | 2Q FY10/23 | | 2Q FY10/24 | | YoY change | |
|------------------------------|---------------|------------------|---------------|------------------|------------|------------------|
| | Sales | Operating income | Sales | Operating income | Sales | Operating income |
| Hagihara Industries | 7,925 | 252 | 7,624 | 288 | -301 | 36 |
| Hagihara Westjava Industries | 2,330 | 48 | 2,368 | 81 | 38 | 33 |
| BarChip Group(Overseas) | 2,230 | 180 | 2,350 | 180 | 120 | 0 |
| BarChip(Domestic) | 1,082 | 506 | 1,082 | 506 | 0 | 0 |
| Hagihara Industries Yguazu | - | -34 | 140 | -32 | 140 | 2 |
| Toyo Heisei Polymer | 2,162 | 61 | 2,101 | 75 | -61 | 14 |
| PLS Total | 13,550 | 912 | 13,473 | 1,046 | -77 | 134 |
| Hagihara Industries | 2,297 | 86 | 2,835 | 193 | 538 | 107 |
| Hagihara Machinery(Shanghai) | 353 | 19 | 381 | 16 | 28 | -3 |
| ENG Total | 2,379 | 98 | 2,900 | 225 | 521 | 127 |

※Hagihara Industries Inc. absorbed and merged Japan Fabweld Co.on April 1, 2024.

Consolidated balance sheet

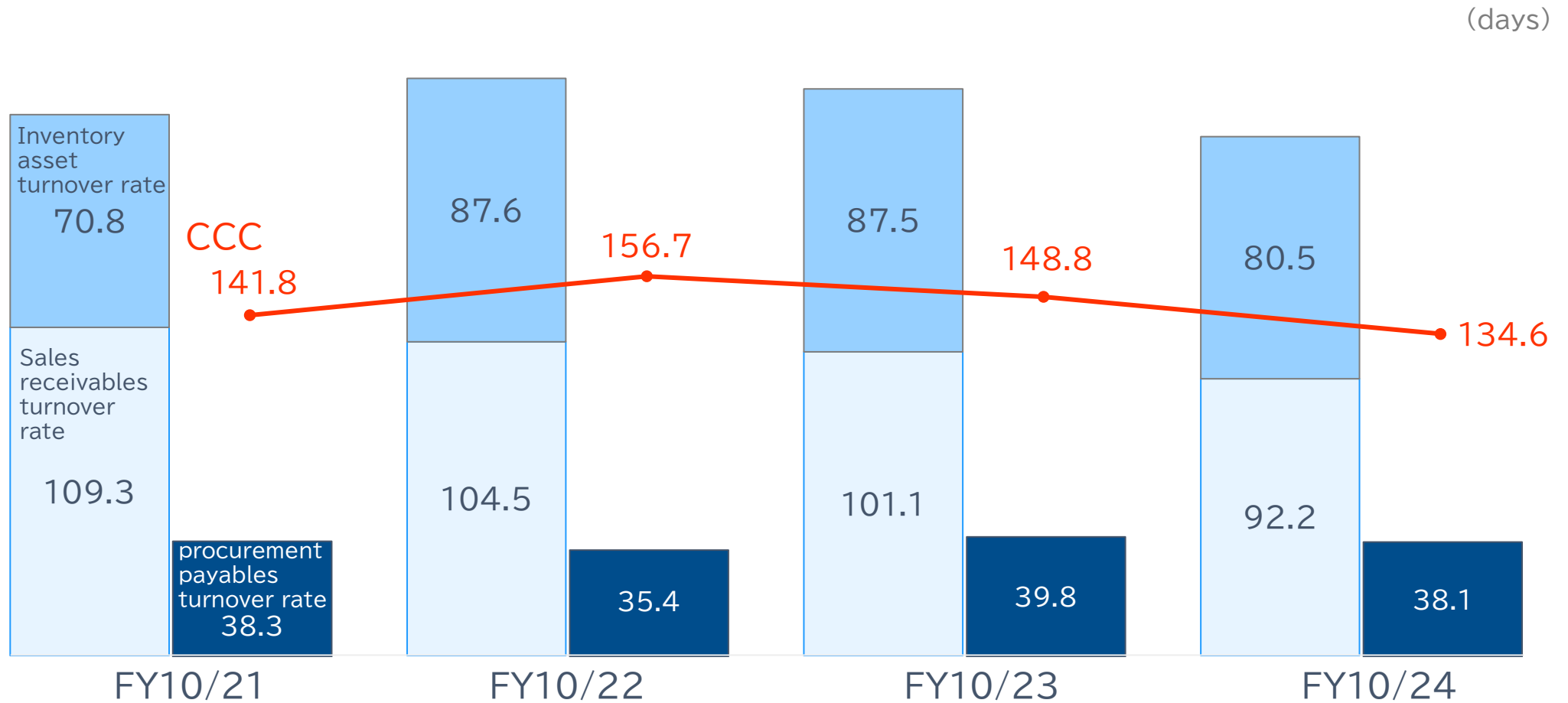
Assets

| | (Millions of Yen) | |
|-----------------------------------|-------------------|--------|
| | 42,432 | 42,628 |
| Cash and cash equivalents | 6,138 | 6,279 |
| Sales receivables | 8,653 | 8,269 |
| Inventory, wholesale assets, etc. | 8,682 | 7,946 |
| Fixed assets, etc. | 18,957 | 20,132 |
| | 23/10 | 24/4 |
| Total asset turnover ratio | 0.74x | 0.77x |

Liabilities·Net assets

| | (Millions of Yen) | |
|---------------------------------------|-------------------|--------|
| | 42,432 | 42,628 |
| Procurement payables | 3,408 | 3,422 |
| Interest-bearing debt | 6,689 | 6,134 |
| Other current liabilities | 3,446 | 3,470 |
| Other fixed liabilities, etc. | 985 | 958 |
| Net assets | 27,901 | 28,642 |
| | 23/10 | 24/4 |
| D/E ratio (Debt/Shareholders' Equity) | 0.5 | 0.5 |
| Shareholders' equity ratio | 65.6% | 67.0% |

CCC (cash conversion cycle)



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

Financial performance indicators

| | FY10/21 | FY10/22 | FY10/23 [※] | 2Q FY10/24 |
|--------|---------|---------|----------------------|---------------|
| ROE(%) | 6.6 | 3.7 | 11.6 | 6.8 |
| ROA(%) | 4.8 | 2.6 | 7.7 | 4.5 |

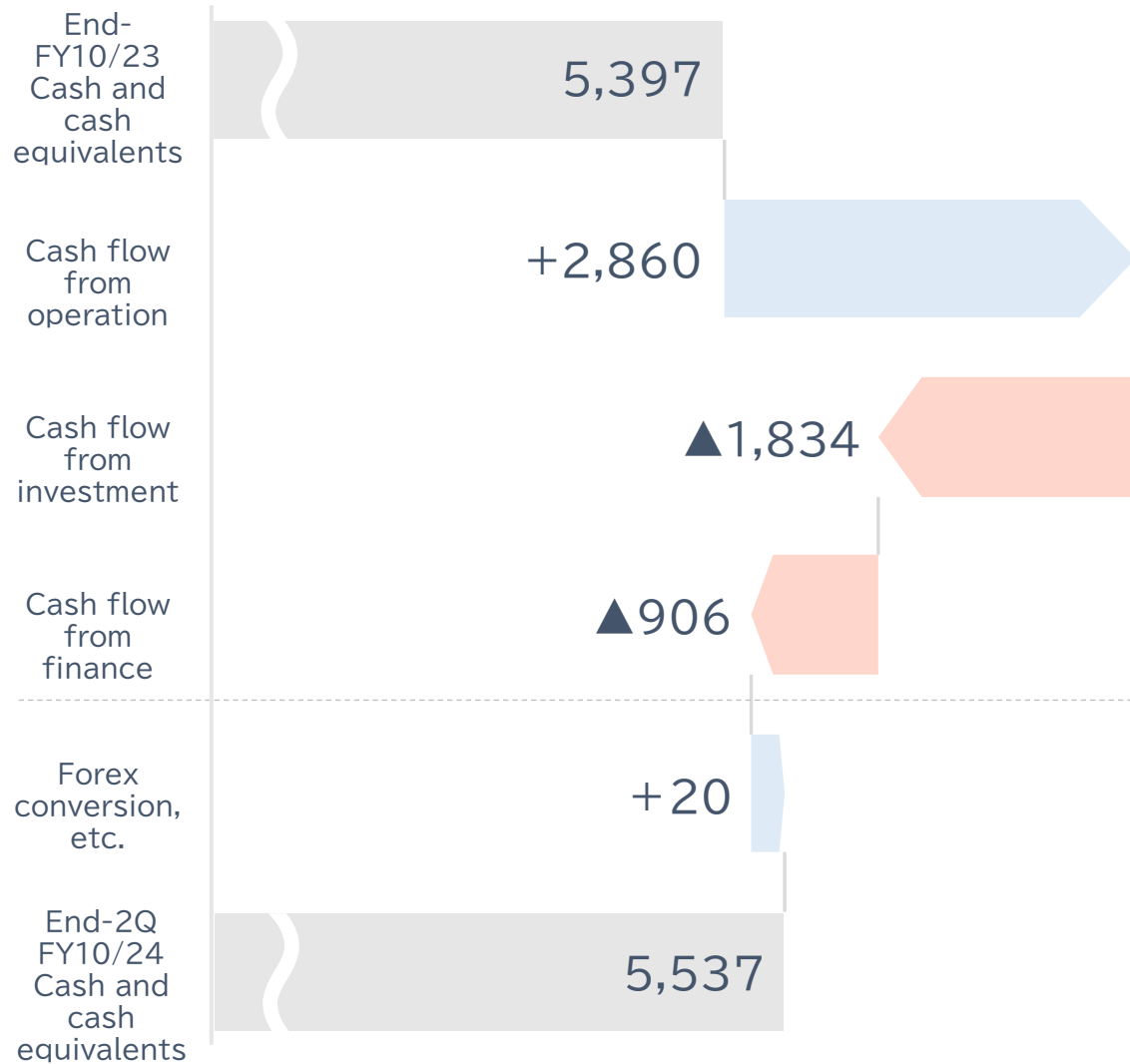
※Booking of compensation payment related to Chinese subsidiary as extraordinary profit

Main share price indicators

| | End-FY10/21 | End-FY10/22 | End-FY10/23 | End-2Q FY10/24 |
|---------------------------------------|-------------|-------------|-------------|-------------------|
| Share price (yen) | 1,500 | 1,021 | 1,605 | 1,557 |
| Dividend per share (yen) | 36 | 36 | 50 | 50 ※ |
| Dividend payout ratio (%) | 32.2 | 54.7 | 22.4 | 42.9 ※ |
| BPS(yen) *Net assets per share | 1,744.15 | 1,856.11 | 2,028.93 | 2,081.17 |
| PBR(%) *Price-book value ratio | 0.86 | 0.55 | 0.79 | 0.75 |
| Number of shareholders (people) | 18,908 | 31,252 | 33,074 | 28,204 |

※ Full-year forecast

Consolidated cash flows



●C/F from operation

(Millions of Yen)

| Breakdown | | |
|--|---|-------|
| Quarterly net income before adjustment for taxes, etc. | + | 1,403 |
| Depreciation and amortization | + | 825 |
| Fall in sales receivables | + | 387 |
| Fall in inventory assets | + | 294 |
| Rise in procurement payables | + | 145 |
| Corporate taxes | - | 392 |

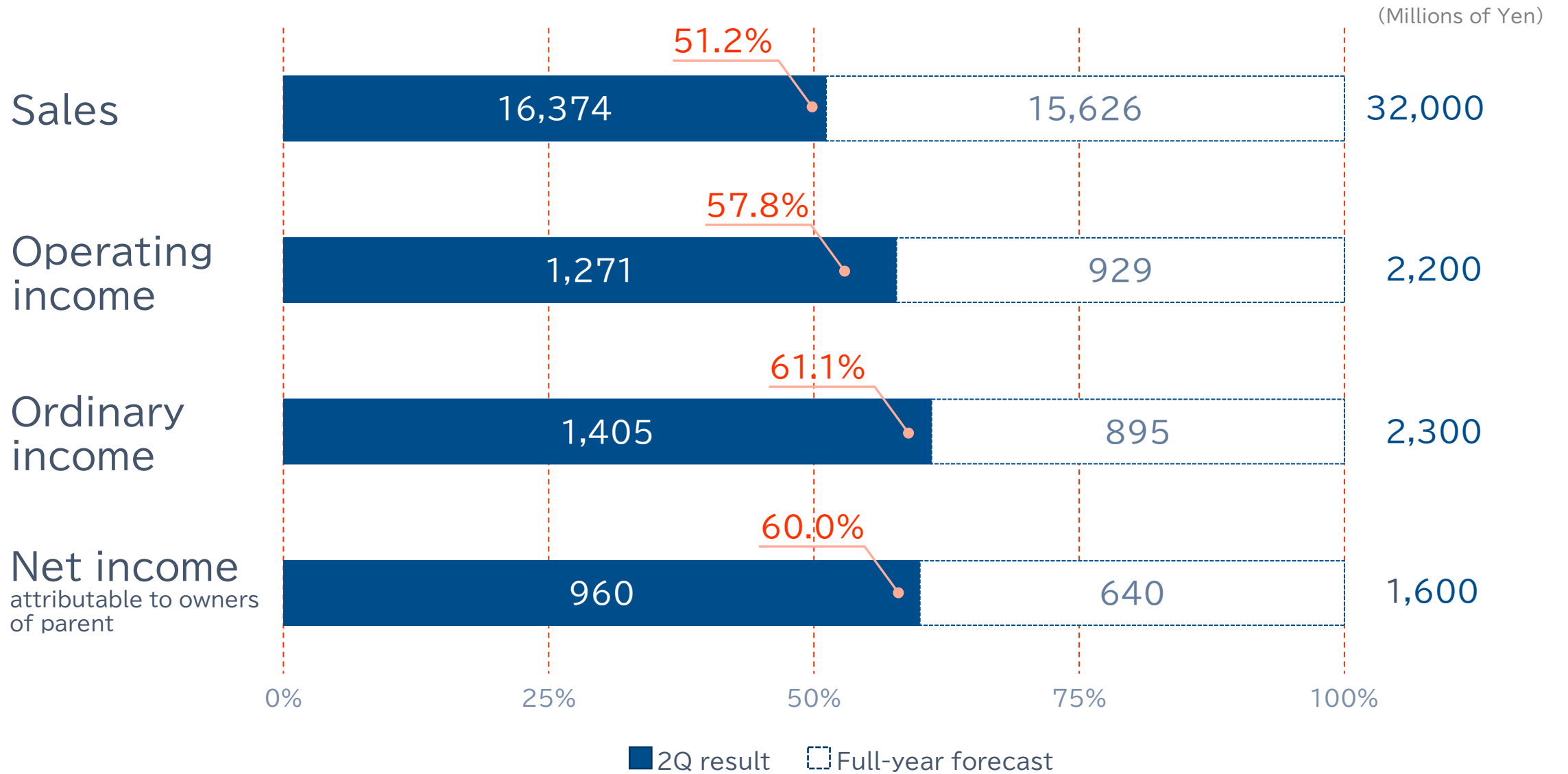
●C/F from investment

| | | | |
|-----------|--------------------------------------|---|-------|
| Breakdown | Acquisition of tangible fixed assets | - | 1,824 |
| Free C/F | | + | 1,026 |

●C/F from finance

| | | | |
|-----------|------------------------------------|---|-----|
| Breakdown | Repayment of short-term borrowings | - | 235 |
| | Repayment of long-term borrowings | - | 326 |
| | Dividends paid | - | 345 |
| | Rise in cash and cash equivalents | + | 139 |

Consolidated earnings forecasts



Sales by product type

(Millions of Yen)

| Product type | | Main product/ application | FY10/21 | FY10/22 | FY10/23 | FY10/24 | |
|--------------|---|--------------------------------|-----------|-----------|-----------|---------------------------------|-----------------------|
| | | | Full year | Full year | Full year | 2Q result (% of total sales) | Full year forecast |
| P L S | Industrial materials | Sheets, construction materials | 5,421 | 5,804 | 5,935 | 2,988 (22.2%) | 5,771 |
| | | Others | 5,360 | 6,109 | 5,521 | 2,847 (21.1%) | 6,073 |
| | Synthetic fiber for concrete reinforcement(BarChip) | | 3,680 | 4,825 | 5,289 | 2,822 (21.0%) | 5,924 |
| | Lifestyle materials | | 7,125 | 7,862 | 8,678 | 4,401 (32.7%) | 8,358 |
| | Others | | 951 | 967 | 927 | 412 (3.1%) | 833 |
| | Total | | | 22,540 | 25,570 | 26,353 | 13,473 (100.0%) |

Sales by product type

(Millions of Yen)

| Product type | Main product/ application | FY10/21 | FY10/22 | FY10/23 | FY10/24 | |
|--------------|--|-----------|-----------|-----------|---------------------------------|-----------------------|
| | | Full year | Full year | Full year | 2Q result (% of total sales) | Full year forecast |
| E N G | Paper slitters | 925 | 392 | 519 | 387 (13.4%) | 1,004 |
| | Film slitters | 3,413 | 2,862 | 3,109 | 1,420 (49.0%) | 2,692 |
| | Screen changers, recycling machines | 711 | 1,055 | 1,021 | 1,066 (36.8%) | 1,145 |
| | Others | 115 | 71 | 241 | 25 (0.9%) | 195 |
| Total | | 5,165 | 4,382 | 4,891 | 2,900 (100.0%) | 5,037 |

■MOU signed with the National University of Asuncion in Paraguay and the Paraguayan Road Association

We signed a memorandum of understanding regarding cooperation on technical assistance with the National University of Asuncion to improve Paraguay's education and research capabilities in the field of concrete engineering. Barchip Inc. will also work with the Paraguayan Road Association to initiate joint research on introducing advanced paving methods using Barchip in the country.



May 3 presentation of the MOU with the Faculty of Engineering of the National University of Asuncion. From left: Santiago PEÑA PALACIOS (President of the Republic of Paraguay), Prof. Dr. Ing. Rubén Alcides López Santacruz (Dean of the Faculty of Engineering at the National University of Asuncion), Kazushi Asano (President of Hagihara Industries, Inc.) and Fumio Kishida (Prime Minister of Japan).(Source: Prime Minister's Office website. https://japan.kantei.go.jp/101_kishida/actions/202405/03paraguay.html)

■Exhibit at the Techtexsil exhibition

In April 2024, we exhibited at Techtexsil, the apparel and textile processing industry's largest exhibition, held every two years in Frankfurt, Germany. In cooperation with local distributors, we are making great strides in growing sales by tapping into demand overseas, which differs from that in Japan.



Example of product application overseas: a grass warehouse in Poland (our laminated fabric is used for the tent walls)

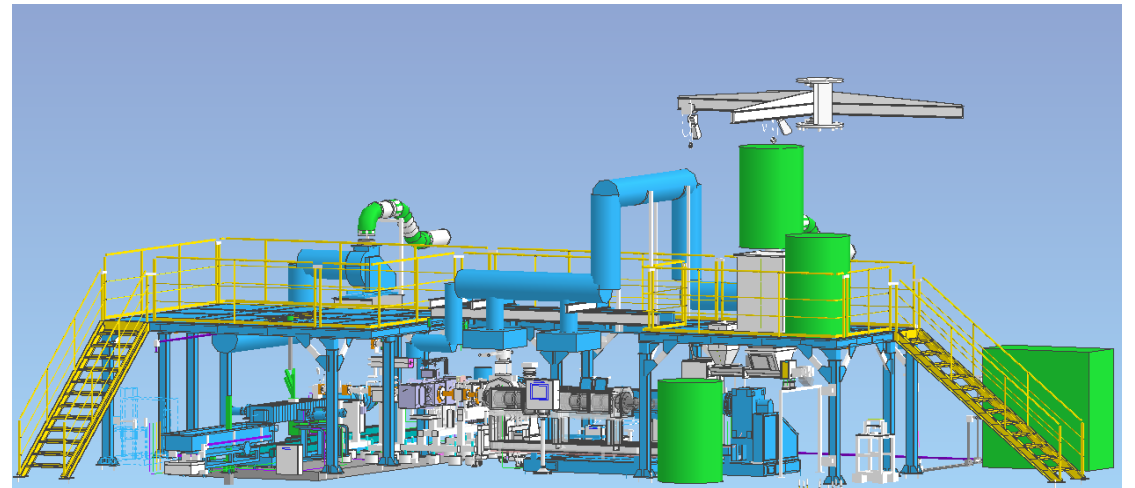
■ UV cloth used at Singapore festival

Our UV cloth was used for Vesak day, an annual Buddhist festival held in Singapore, to create a structure of approximately 10,000m².



■ Delivery of recycling demonstration facility to a major petrochemical manufacturer

With the depletion of resources and the problem of marine plastic waste becoming more serious, initiatives to effectively reuse waste plastics and other waste materials are gathering pace. Our product has been adopted by a major petrochemical manufacturer as a demonstration facility for its recycling process.



Computer image of the equipment

【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/>