

# FY11/2021 FINANCIAL REPORT

February 17, 2022

**ALTECH CO.,LTD.**

(Listed on TSE1 : 9972)

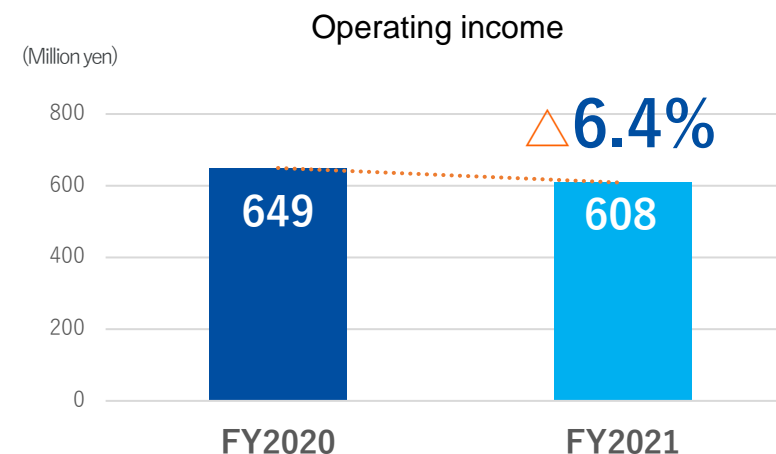
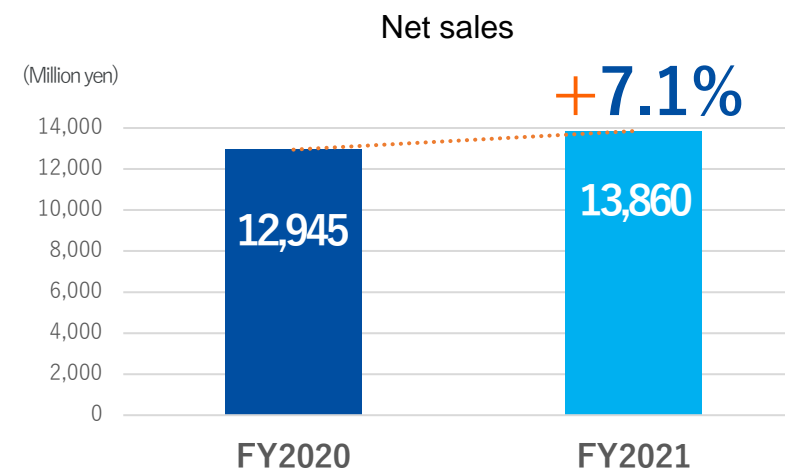
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# FY2021 FINANCIAL HIGHLIGHT

# FY2021 CONSOLIDATED RESULTS (Dec. 1, 2020 ~ Nov. 30, 2021)

<p>Net sales</p> <h1>13,860</h1>	<p>(Million yen)</p> <p>YoY (Increase/Decrease)</p> <p><b>+7.1%</b> (+915)</p>
<p>Operating income</p> <h1>608</h1>	<p>YoY (Increase/Decrease)</p> <p><b>△6.4%</b> (△41)</p>

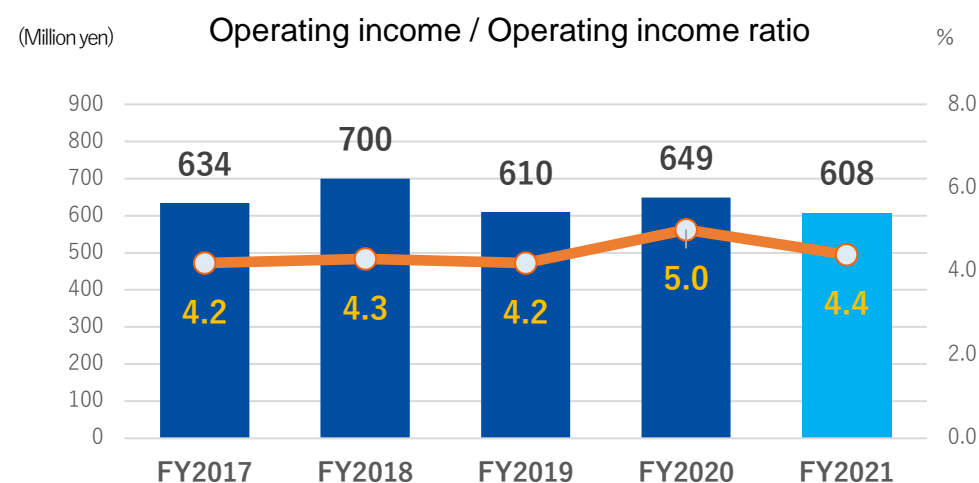
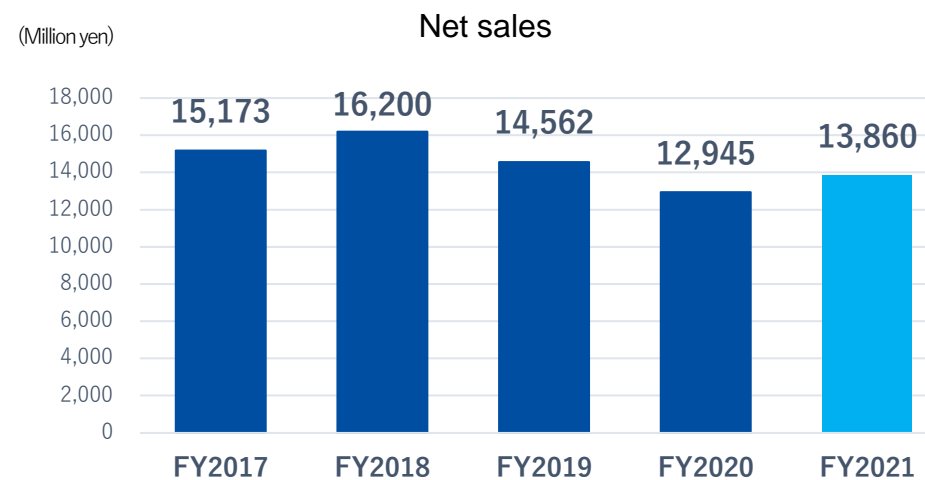


- During the Current fiscal year the Japanese economy remained in a severe situation, with weaknesses in corporate earnings and personal consumption due to restrained economic activities caused by the reissuance of the emergency declaration due to the spread of COVID-19 infection, despite signs of a recovery in capital investment and production.
- Overseas, although some countries such as the U.S. and China showed signs of recovery, the situation in Europe and ASEAN countries remained severe due to the reemergence of COVID-19 infection.

# FY2021 CHANGE OF CONSOLIDATED RESULTS

(Million yen)

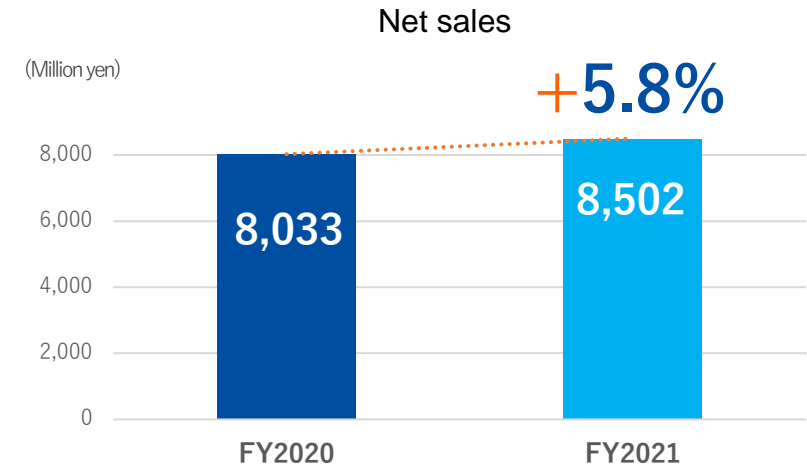
	FY2017	FY2018	FY2019	FY2020	FY2021	YoY
Net sales	15,173	16,200	14,562	12,945	13,860	+7.1%
Operating income	634	700	610	649	608	△ 6.4%
Operating income ratio	4.2 %	4.3 %	4.2 %	5.0 %	4.4 %	—
Ordinary Income	654	721	587	700	654	△ 6.6%
Ordinary income ratio	4.3 %	4.5 %	4.0 %	5.4 %	4.7 %	—
Net income	654	583	509	595	542	△ 9.0%
EPS	38.16 yen	34.02 yen	30.11 yen	37.56 yen	35.96 yen	—



# FY2021 RESULTS BY SEGMENT

# FY2021 SUMMARY OF TRADING BUSINESS RESULTS

<b>Net sales</b>	(Million yen)
<b>8,502</b>	YoY (Increase/Decrease) <b>+5.8%</b> (+469)
<b>Segment income</b>	YoY (Increase/Decrease) <b>△57.3%</b> (△316)
<b>235</b>	

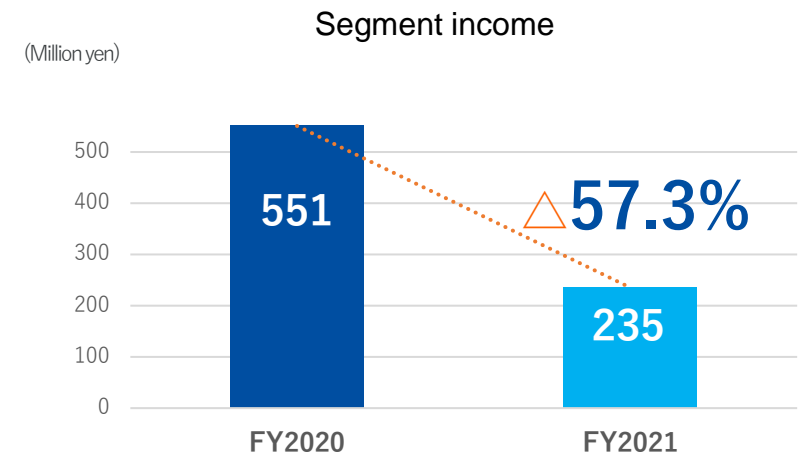


**【Net sales】**

Sales increased due to an increase in sales of logistics and logistics-related equipment to meet demand for capital investment to solve problems at distribution and manufacturing sites, where improvement of operational efficiency is a serious issue due to labor shortages caused by the declining birthrate and aging population, as well as the completion of acceptance inspection for large-scale machinery such as mineral water production systems.

**【Segment income】**

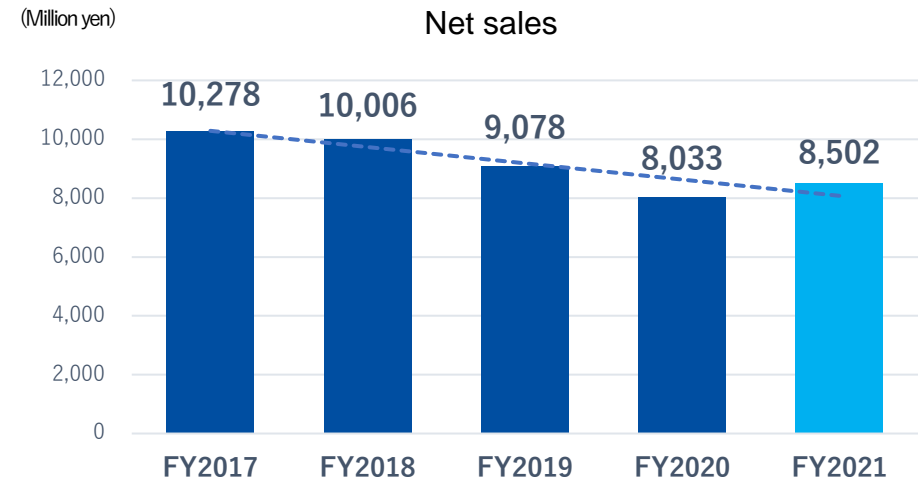
Profit decreased due to increased operating expenses such as delivery delays and logistics costs caused by the impact on the supplier chain in COVID-19 pandemic.



# FY2021 CHANGE OF TRADING BUSINESS RESULTS

(Million yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	YoY
Net sales	10,278	10,006	9,078	8,033	8,502	+5.8%
Segment income	792	717	590	551	235	△ 57.3%
Segment income ratio	7.7 %	7.2 %	6.5 %	6.9 %	2.8 %	—

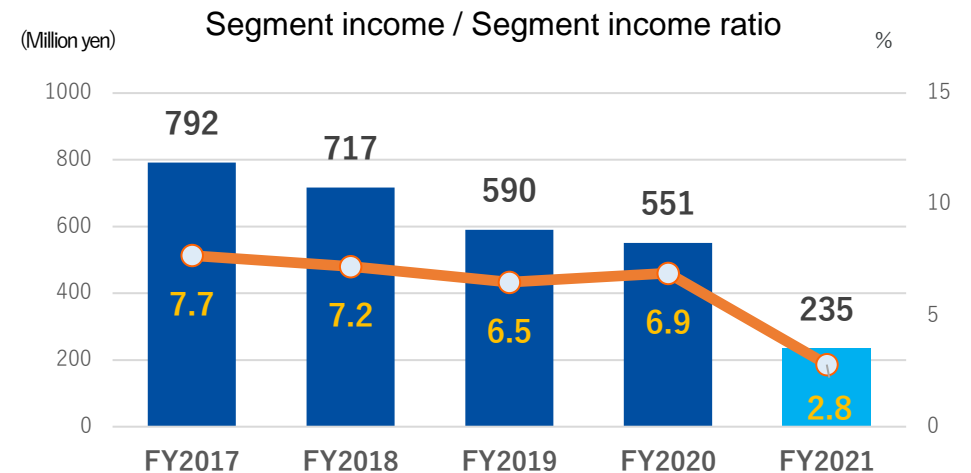


## 【Net sales】

In order to achieve the mid-term management plan, the company worked on expanding sales of existing commercial rights and finding new commercial rights, but due to the impact of the expansion of COVID-19 infection and other factors, sales trended downward.

## 【Segment income】

Under the circumstances of declining sales, we have been striving to secure profits through thorough cost control and other measures, but we have not been able to make up for the decline in sales, and profits remained on a downward trend.





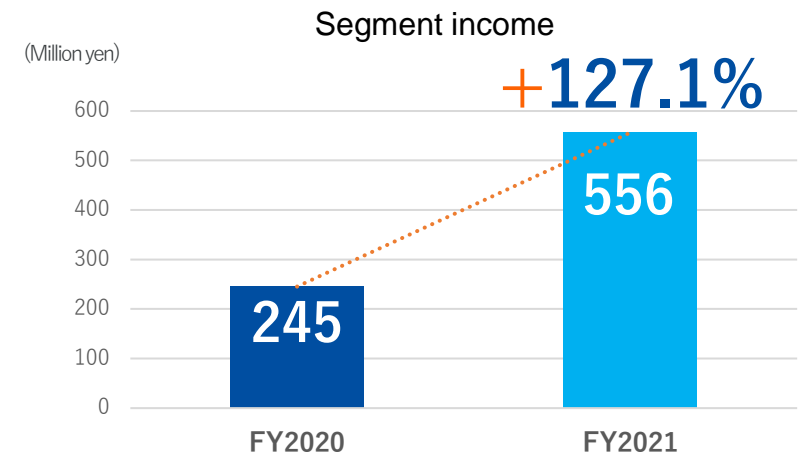
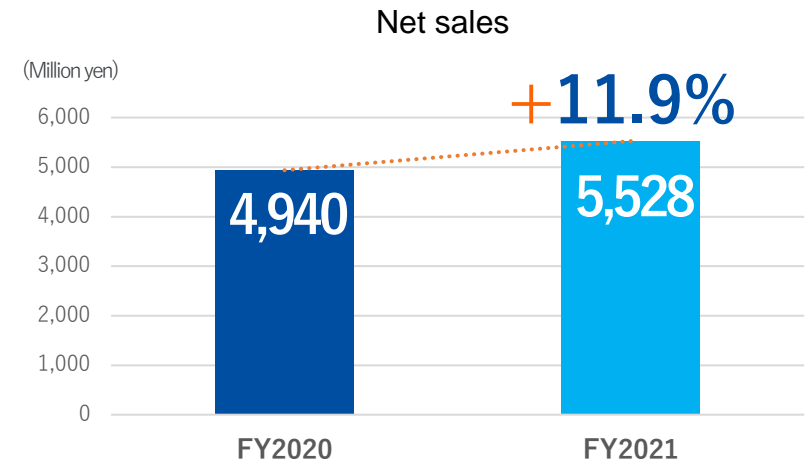
# FY2021 SUMMARY OF PREFORM BUSINESS RESULTS

Net sales (Million yen)

5,528 YoY (Increase/Decrease) +11.9% (+588)

Segment income

556 YoY (Increase/Decrease) +127.1% (+311)



【Net sales】

In addition to the stable operation throughout the year of four plants in China, which were temporarily shut down due to the spread of COVID-19 infection in the previous fiscal year, sales increased due to steady sales volume of beverage preforms.

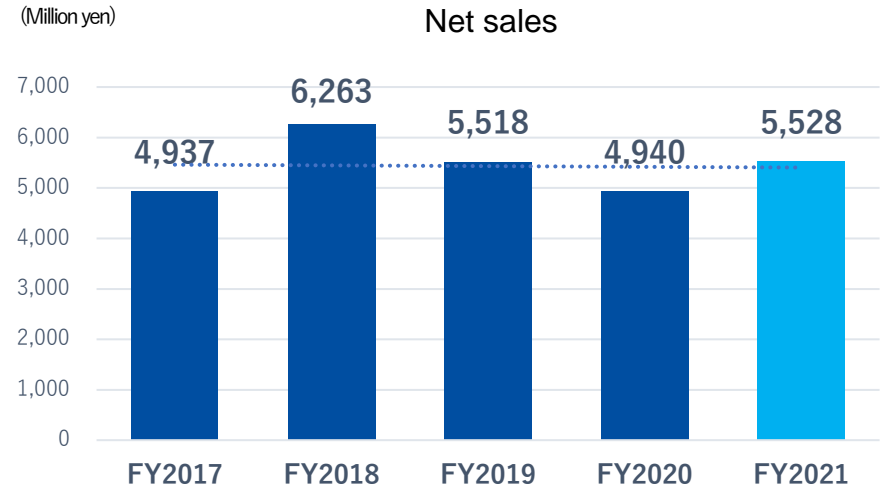
【Segment income】

Profit increased as a result of continuous efforts to improve production efficiency.

# FY2021 CHANGE OF PREFORM BUSINESS RESULTS

(Million yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	YoY
Net sales	4,937	6,263	5,518	4,940	5,528	+11.9%
Segment income	37	149	159	245	556	+127.1%
Segment income ratio	0.8 %	2.4 %	2.9 %	5.0 %	10.1%	—

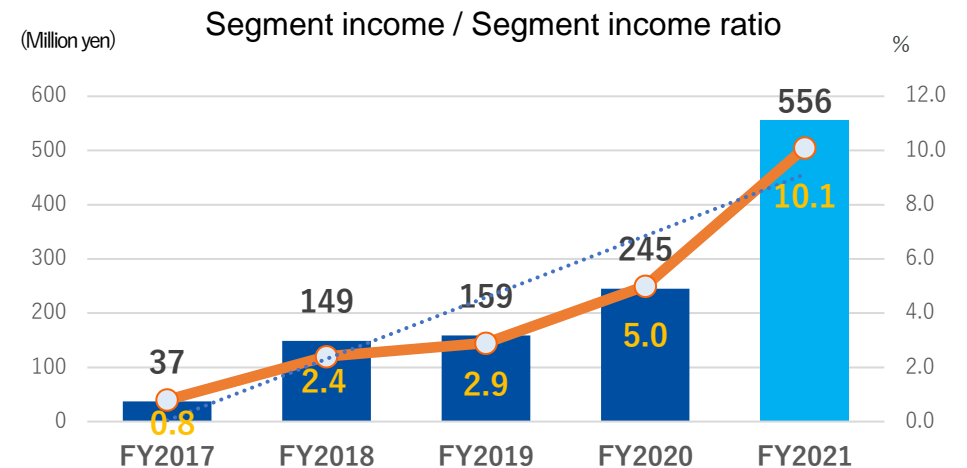


### 【Net sales】

Although there was an impact from the spread of COVID-19 infection, sales amount was roughly between 5 and 6 billion yen.

### 【Segment income】

Due to continuous efforts to improve production efficiency, etc., profits have been on an increasing trend.



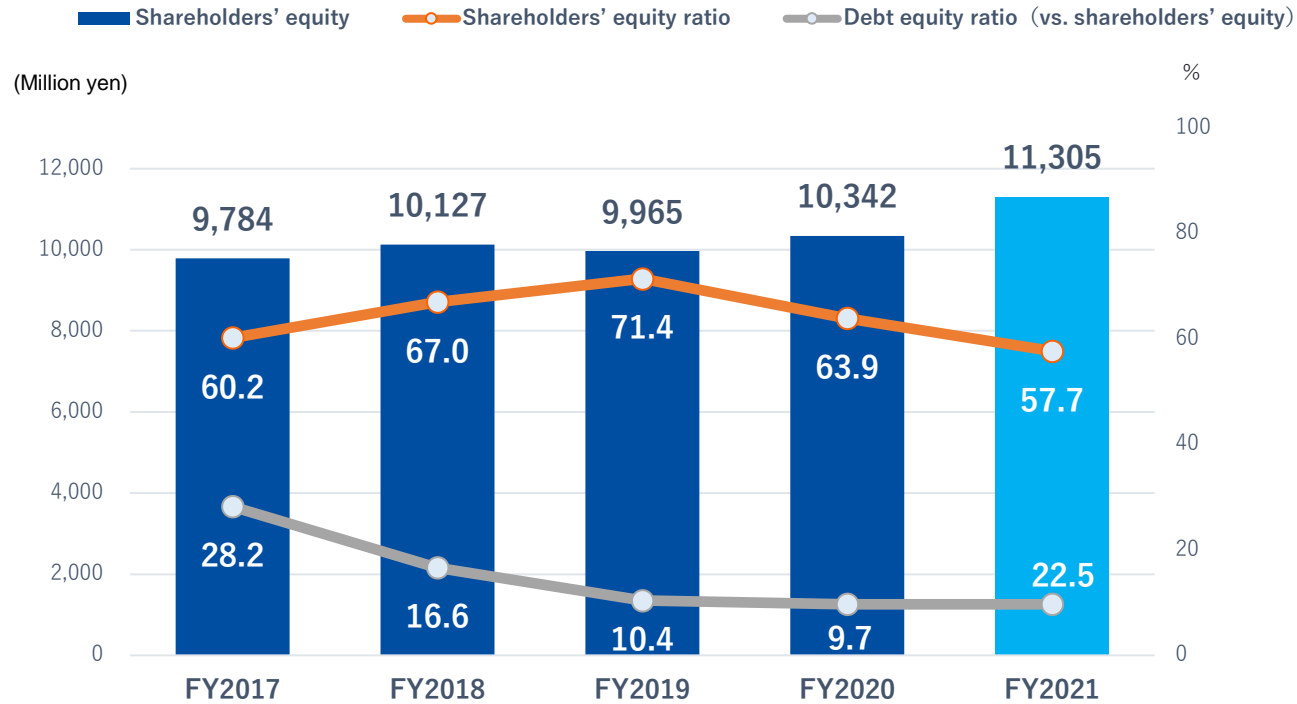
# FY2021 CONSOLIDATED FINANCIAL POSITION

# CONSOLIDATED FINANCIAL POSITION ( SUMMARY BALANCE SHEET )

(Million yen)

	FY2019		FY2020		FY2021		Amount of change	Main reasons for changes
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio		
Current Assets	8,527	61.1%	10,616	65.6%	12,309	62.8%	+1,692	Cash and deposits : +372 Merchandise and finished goods : +563
Property Plant and Equipment	3,377	24.2%	3,488	21.6%	5,123	26.2%	+1,634	Buildings and structures : +315 Construction in progress : +1,124
Intangible Assets, NET	414	3.0%	406	2.5%	478	2.4%	+71	—
Investments and Other Assets	1,646	11.8%	1,668	10.3%	1,677	8.6%	+9	—
Current Liabilities	3,123	22.4%	4,809	29.7%	6,821	34.8%	+2,012	Short-term loans payable : +1,143 Advance received : +821
Long-term Liabilities	682	4.9%	746	4.6%	1,176	6.0%	+430	Long-term loans payable : +455
NET Assets	10,161	72.8%	10,625	65.7%	11,590	59.2%	+965	Purchase of treasury stock : △199 Retained earnings : +495
TOTAL Assets	13,966		16,180		19,589		+3,408	

# CONSOLIDATED FINANCIAL POSITION ( SHAREHOLDERS' EQUITY )



(Million yen)

	FY2017 results	FY2018 results	FY2019 results	FY2020 results	FY2021 results
Shareholders' equity	9,784	10,127	9,965	10,342	11,305
Shareholders' equity ratio	60.2%	67.0%	71.4%	63.9%	57.7%
Debt equity ratio (vs. shareholders' equity)	28.2%	16.6%	10.4%	9.7%	22.5%

# FY2022 BUSINESS FORECASTS

# FY2022 CONSOLIDATED BUSINESS FORECASTS

**Net sales** (Million yen)

YoY (Increase/Decrease)

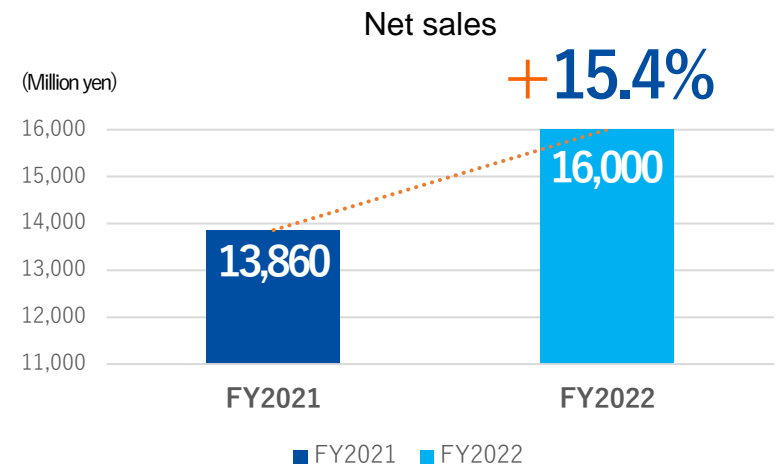
**16,000** **+15.4%** (+2,139)

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**Operating income**

YoY (Increase/Decrease)

**500** **△17.8%** (△154)



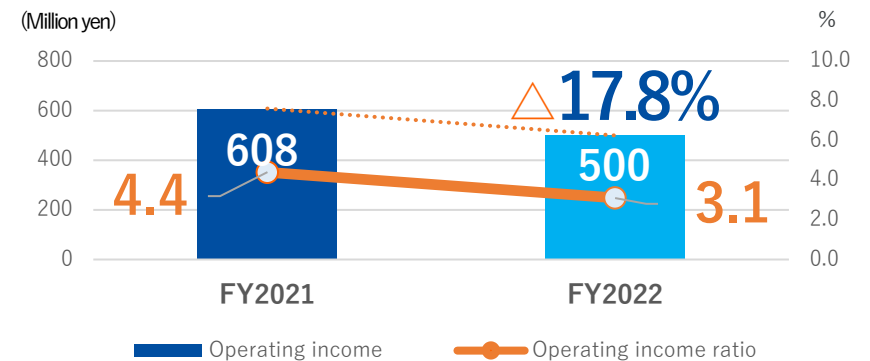
**【Net sales】**

The number of people infected with COVID-19 has been increasing rapidly, and there are concerns about the impact on social and economic activities, but we expect an increase in revenue in anticipation that the disease will end by summer and economic activities will begin to recover.

**【Operating income】**

Profit is expected to decrease due to marketing expenses and investment in human resources related to logistics service robots and automation systems, as well as upfront investment in new businesses such as the PET bottle recycling business, which is one of the priority measures in the mid-term management plan, and renewable energy business to achieve carbon neutrality.

**Operating income / Operating income ratio**



※ As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and other standards will be applied from the beginning of FY2022, the figures in the consolidated earnings forecast are after the application of these standards.

# FY2022 GROWTH STRATEGIES



In order to become a company that contributes to solving environmental and social issues, we will promote sustainable growth strategies that match the trends of related industries and markets, with sustainability initiatives as a priority.

Market is expected to expand

**Adding value to existing businesses Creation and optimization**

- Deepening of existing commercial rights
- Excavation of strategic commercial rights

**Priority measures**

- Secure stable earnings from existing commercial rights
- Expand commercial rights to peripheral equipment and improve proposal capabilities
- Provide products and services that contribute to solving social issues such as unmanned, contactless, etc.

Focusing on industry trends

**Cultivate new business**

- Effective use of internal resources
- Promote commercialization by leveraging external resources

**Priority measures**

- PET bottle recycling business initiatives
- Efforts to achieve carbon neutrality

Promoting SDGs management and

**Strengthening of Management Base**

- SDGs management initiatives and governance enhancement
- Optimization of indirect operations and marketing strategies
- Strengthen collaboration among sales divisions and establish a division-led, function-based management system

**Priority measures**

- Contribution to companies addressing environmental issues
- Strengthen DX initiatives to improve competitiveness
- Strengthen organizational structure to realize growth strategies

## PROMOTING SDGs MANAGEMENT AND STRENGTHENING OF MANAGEMENT BASE

Altech Group has established a basic **SDGs Policy** and **Materiality Identified** to address SDGs management and strengthen governance.

### BASIC POLICY OF SDGs

Altech Group is based on the vision of **“Contributing to society by providing superior products from around the world and supporting manufacturing”** with the trading business and preform business as two wheels of our operations, by resolving issues faced by companies that are committed to the SDGs, we will strengthen ties with stakeholders and contribute to the realization of a sustainable society and the preservation of a beautiful global environment.

We are committed to managing our business with due consideration for the **environment, society, and governance.**



# EFFORTS TO ACHIEVE CARBON NEUTRALITY IN 2050

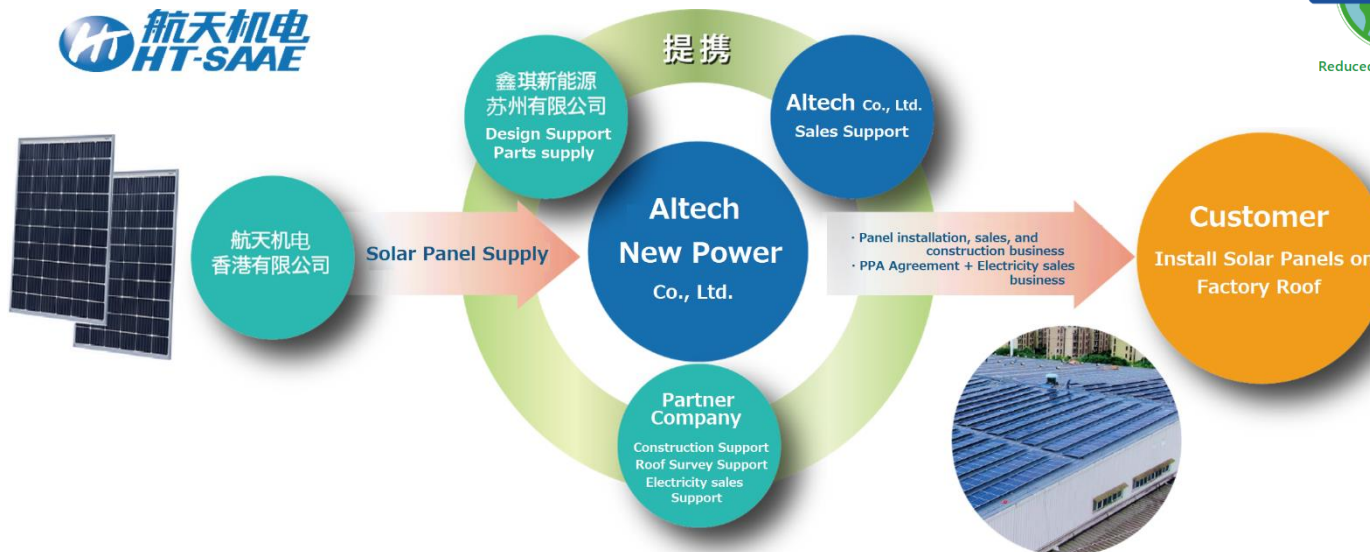
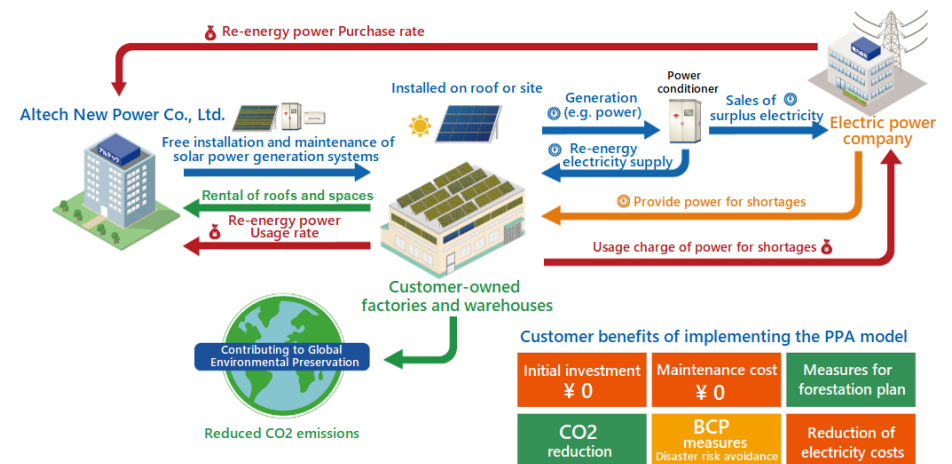
We aim to achieve with our customers carbon neutrality of the entire industry through the installation of solar power generation equipment and the sale of electricity and other services.

Established Altech New Power Co., Ltd. in August 2021.

With the acceleration of corporate measures to achieve carbon neutrality, we launched a solar power generation system sales, installation, and electricity sales service targeting our business partners and other companies.

We support aiming to achieve the goal of carbon neutrality for the entire industry we are associated.

## PPA Model



## EFFORTS TO ACHIEVE **CARBON NEUTRALITY** IN 2050

The Altech Group will **install solar facilities** on factory roofs **to reduce CO2 emissions.**

### **Installed 6-megawatt solar power generation system on the roof of Altech New Materials (Suzhou) Co., Ltd.**

In October 2021, 15,000 solar panels were installed on approximately 37,500 m<sup>2</sup> of the roof of the preform manufacturing plant of Altech New Materials (Suzhou) Co., Ltd. It compensates for about 21% of the plant's power consumption. The plant is operating with a CO2 reduction target of approximately 4,550 (t-CO2).



### **In 2022, solar power generation system will be installed on the roof of the plant of Altech New Materials Co., Ltd.**

A solar system will be installed on the roof of the factory of Altech New Materials Co., Ltd., a domestic group company of Altech. CO2 emissions reduction of approx. 230 (t-CO2) is planned.





# PET BOTTLE RECYCLING BUSINESS INITIATIVES

We promote to achieve the **bottle-to-bottle** recycling by 2030.

## Sales of high-quality food-grade recycled PET resin production equipment

As a trading business, expand sales of this recycled PET resin recycling equipment.

## Manufacture and sale of preforms made from recycled PET resin

With PET bottle recycling accelerating as a measure against marine environmental pollution, Altech New Materials Co., Ltd. has introduced food-grade recycled PET recycling equipment. We produce and supply preforms made from high-quality recycled PET resin.



Recycled PET flakes



Reclaimed pellets



PET resin recycling equipment manufactured by NGR



Preform production with recycled pellets

## STRENGTHEN SALES AND SERVICE SYSTEMS FOR TRANSFER ROBOTS AND AUTOMATED STORAGE UNITS

**Demand for smart logistics as a measure to save energy and manpower is rapidly increasing**

### Opening of Altech Robotics Center in 2021

The e-commerce market is growing rapidly due to the impact of COVID-19 infection and the diversification of consumer needs, and the demand for smart logistics is rapidly increasing due to the severe shortage of labor in distribution warehouses and other facilities.

### Started sales of custom-made autonomous transport robots

We provide automated material handling robots (AMR) that can perform a variety of tasks to meet the diverse on-site logistics challenges faced by our customers, with optimal specifications.



ALTECH ROBOTICS CENTER

### Strengthen sales of automated storage systems that combine efficiency, security, and safety

We offer highly scalable automated storage systems, from automated warehouses ideal for small-scale online stores, to products ideal for material management in the manufacturing industry, for medium and large-scale inventory-based distribution centers, and for long and heavy items.



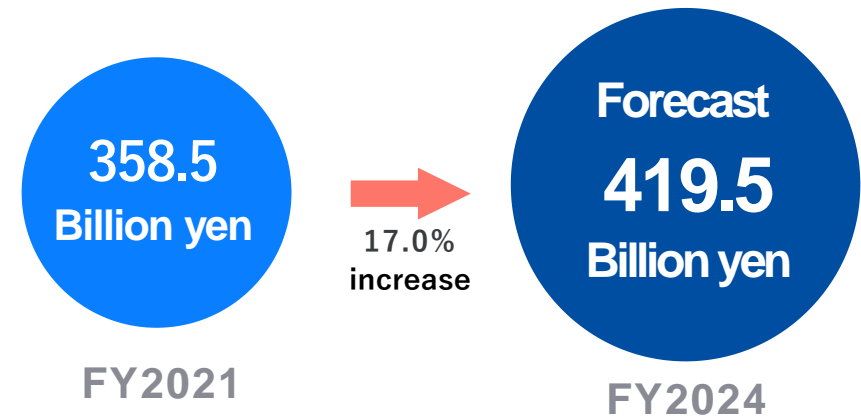
Automated Storage System

**[MARKET SIZE FORECAST]**

- **Forecasted size of the domestic market for solar power generation systems (PPA model) 255.3 billion yen (9.2 times the FY2021 level)**  
Installations in Japan are shifting to self-consumption type, which is driven by the PPA model.
- **Forecasted size of the domestic market for PET bottle 419.5 billion yen (17% increase by FY2024 due to increased use of recycled and bio-resins)**  
Major companies such as beverage and consumer goods manufacturers have pledged to increase the recycling rate of plastic packaging to at least 50% by 2030. This is expected to increase demand for food grade certified recycled materials.
- **Global market forecast for construction/logistics/transportation/rescue/infrastructure/agricultural robots exceeds 1 trillion yen**  
The market is expected to expand due to the growing need for automation, labor savings, and non-contact support against the backdrop of the COVID-19 epidemic.

**PET containers**

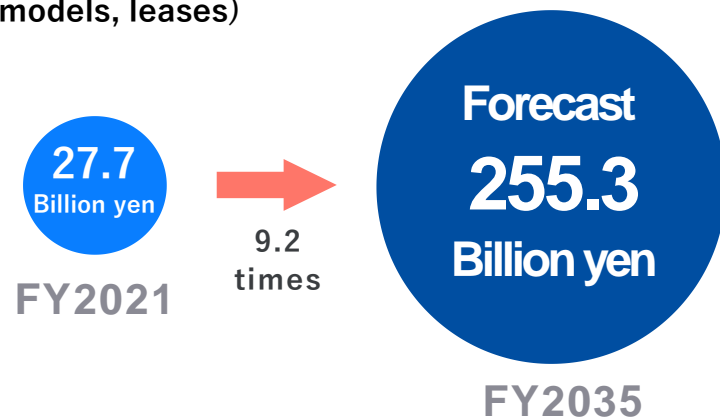
**Domestic market size forecast for PET bottles**



Reference : FUJI KEIZAI CO., LTD.  
Market research results for containers, packaging and materials

**Solar power**

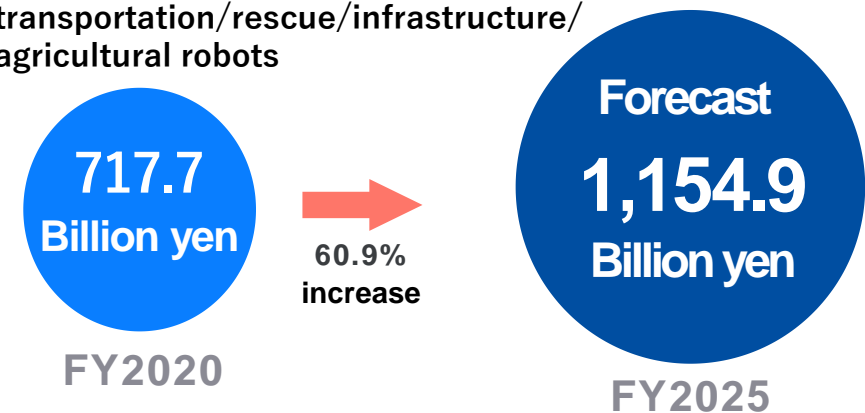
**Market size forecast for third-party ownership models (PPA models, leases)**



Reference : FUJI KEIZAI CO., LTD.  
Solar power generation systems and solar cells market survey results in Japan

**Logistics and transport robots**

**Global market size forecast for construction/logistics/transportation/rescue/infrastructure/agricultural robots**

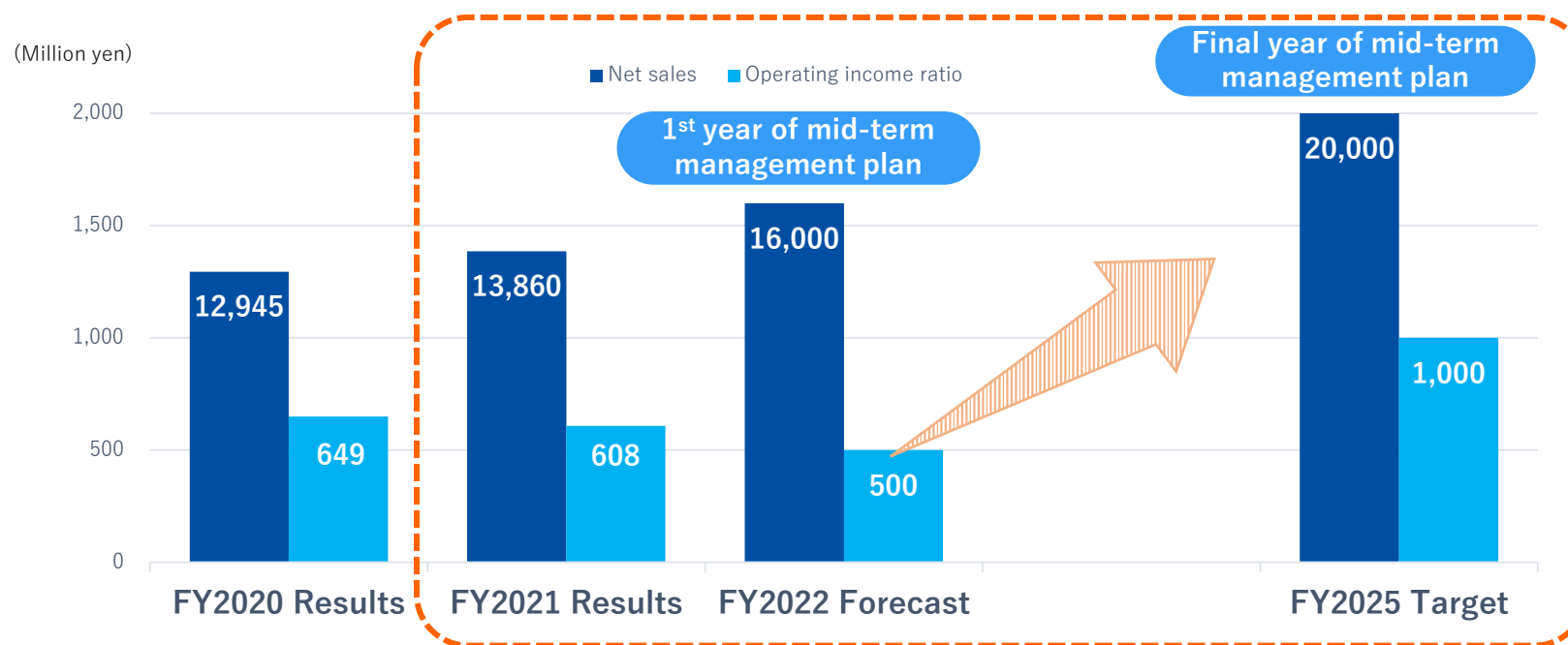


Reference : FUJI KEIZAI CO., LTD.  
Global market for business and service robots survey results  
(Note) FY2025 forecast (compared to 2020) global market for business and service robots 4,157.8 billion yen (76.9% increase)

# MANAGEMENT NUMERICAL TARGETS

Management numerical targets : Operating income margin of 5.0 % or more, ROE 8.0 % or more

Net Sales and Operating Income Forecast



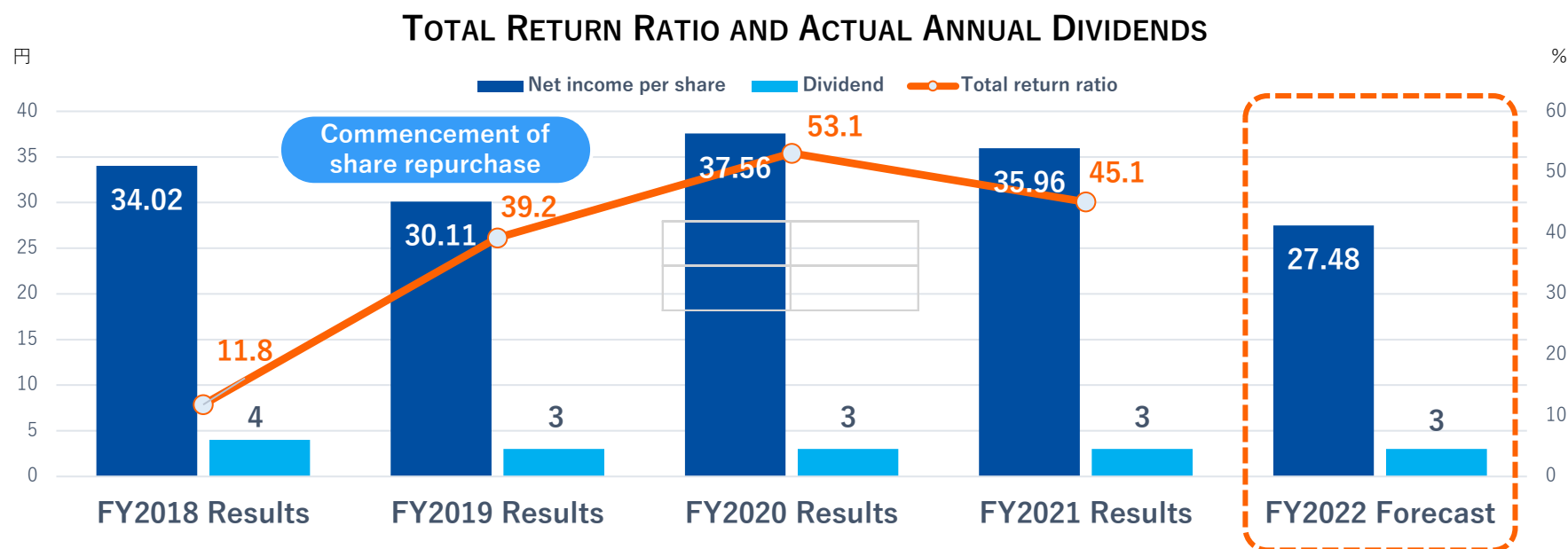
Operating income ratio and ROE transition forecast

	FY2020 Results	FY2021 Results	FY2022 Forecast		FY2025 Target
Operating income ratio	5.0%	4.4%	3.3%		5.0%以上
ROE	5.9%	5.0%	—		8.0%以上



# SHAREHOLDER RETURNS RESULTS

Our basic profit distribution policy is to place the highest priority on continuous and stable return of profits to shareholders, while enhancing retained earnings to stabilize the corporate foundation. We also considers the acquisition of treasury stock as an option to enhance shareholder returns and improve capital efficiency, and will consider implementing such an acquisition after taking into consideration the business environment and financial position of us.



## SHARE REPURCHASES RESULTS

	FY2019 Results	FY2020 Results	FY2021 Results
Total number of shares acquired	672,500 shares	1,113,800 shares	639,900 shares
Total acquisition cost of shares	149,968,000 yen	269,966,400 yen	199,962,400 yen



※CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The data and future projections disclosed in this material are based on our judgment and assumptions based on the information available as of the date of publication of this material and include potential risks and uncertainties. No assurances can be made that these goals or forecasts will be achieved or that future results will be achieved.

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