September 7, 2026

Company name: Hagihara Industries Inc
Representative: Kazushi Asano, President
(Securities code: 7856; Prime Market)
Inquiries: Manabu Fujita,
Executive Director & Executive Officer
Business Support Division
(Telephone: +81-86-440-0860)

Notice Concerning Execution of Capital and Business Alliance Agreement, Disposal of Treasury Shares through Third-Party Allotment, and Changes in Major Shareholders and the Largest Major Shareholder

Hagihara Industries Inc. (the "Company") hereby announces that, at its Board of Directors meeting held on September 7, 2026, it resolved to execute a capital and business alliance agreement (the "Capital and Business Alliance Agreement") with Development Bank of Japan Inc. (hereinafter referred to as the "Scheduled Allottee" or "DBJ") and to dispose of its treasury shares by way of third-party allotment to DBJ (the "Disposal of Treasury Shares"). The capital and business alliance with DBJ pursuant to the Capital and Business Alliance Agreement is hereinafter referred to as the "Capital and Business Alliance." In connection with the foregoing, changes in the Company's major shareholders and largest major shareholder are expected to occur. The Company hereby announces the details as follows.

I. Overview of the Capital and Business Alliance

1. Purpose and Reason of the Capital and Business Alliance

Guided by its management philosophy of "While valuing flat yarn technology, we will continue to innovate and be a company that contributes to society and people," the Company manufactures and sells synthetic resin products, including blue sheets, and industrial machinery, including slitters, in Japan and overseas, with flat yarn technology as its core technology. The Company is also promoting the expansion of its lineup of high-value-added products utilizing this technology and business growth in the environmental and recycling fields.

Under the medium-term management plan "LINK THE LEAP - Link with business partners, link with society, link with employees, and leap forward by linking with the future -" formulated in December 2025, the Company is expanding its business based on the following basic policies:

(1) Strengthening sales of high value-added products and developing overseas markets by strengthening product capabilities;
(2) Enhancing manufacturing capabilities to achieve (1) above;
(3) Expansion of environmental business centered on promotion of horizontal recycling of blue sheets and development and sale of recycling equipment; and
(4) Promoting employee growth to support the above strategies.

Under such circumstances, as DBJ deepened its understanding of the current status and challenges of the Company's business, the Company received a proposal from DBJ, from which it had previously received proposals for financial services, regarding the Capital and Business Alliance, aimed at strengthening its growth strategy and enhancing its effectiveness to increase corporate value over the medium to long term, as well as promoting the business strategies set forth in the Medium-Term Management Plan "LINK THE LEAP." The Company has concluded that DBJ is a financial institution with the following characteristics: (i)–(iii), and that receiving various forms of management support from DBJ will significantly contribute to the steady execution of the Company's medium-term management plan and, ultimately, to the enhancement of corporate value.

(i) It is a financial institution with an extremely stable foundation, wholly owned by the Government of Japan.

(ii) It is a policy-based financial institution that, in addition to providing long-term financing through equity investments and loans, offers consulting and advisory services in a wide range of fields, including M&A and alliances. Its investment policy is to support investee companies in a multifaceted manner, not only financially but also through its networks, expertise, human resources, and other resources, thereby contributing to the enhancement of their corporate value over the medium to long term. It also has a track record of supporting the management of listed companies under similar schemes in the past.

(iii) In addition to its initiatives involving sustainability-linked loans, transition finance, and its proprietary "DBJ Sustainability Assessment Certified Loans" program, which has been in operation since 2004, DBJ has more recently launched the "DBJ Future Value Co-Creation Program" (*1) and the "DBJ Future Value Co-Creation Investment" (*2), which applies the Program. By combining diagnostics of long-term management with ongoing dialogue over multiple years, DBJ is strengthening its hands-on support for companies' long-term value creation and broadly enhancing its integrated financial and non-financial engagement to support their sustainable growth.

The Company has decided to execute the Capital and Business Alliance Agreement with DBJ in order to receive support for strengthening its business and financial strategies based on its management philosophy and technological capabilities and effectively communicating them, as well as for the steady execution of the Medium-Term Management Plan "LINK THE LEAP," with the aim of enhancing corporate value over the medium to long term. The Capital and Business Alliance Agreement includes support based on the DBJ Future Value Co-Creation Program, whose theme is "Dialogue on Enhancing Long-Term Growth Strategies to Create New Value."

In addition, pursuant to the Capital and Business Alliance Agreement, the Company has decided to dispose of its treasury shares by way of third-party allotment, with DBJ as the Scheduled Allottee, with the proceeds thereof expected to be used in part to fund investments to increase production of the concrete reinforcing fiber "BarChip" and the "Meltac" packaging business, aimed at "strengthening sales of high-value-added products and developing overseas markets through enhanced product capabilities," which is one of the measures set forth in the Medium-Term Management Plan "LINK THE LEAP."

*1 The DBJ Future Value Co-Creation Program is a dialogue program through which DBJ engages deeply with companies' management strategies from the perspective of addressing social issues and achieving long-term growth, identifies key management themes for its clients over the long term through analysis from DBJ's unique perspective, and works with companies to create "future value" that integrates social value and economic value.

*2 "DBJ Future Value Co-Creation Investment" refers to an investment to which the DBJ Future Value Co-Creation Program is applied.

2. Details of the Capital and Business Alliance

(1) Details of the business alliance

Under the Capital and Business Alliance, DBJ will provide integrated support from both financial and non-financial perspectives for enhancing the Company's capital policy, financial strategy, business strategy and management, including support based on the "DBJ Future Value Co-Creation Program," with the aim of strengthening the Company's growth strategy for enhancing corporate value over the medium to long term and enhancing its execution capabilities.

Specifically, we expect to provide support in such areas as strengthening the management base and enhancing information disclosure with a medium- to long-term perspective; providing information and know-how to support business expansion in the fields of resource recycling and disaster preparedness; providing financing and M&A advisory services to enhance the added value of domestic businesses and expand overseas businesses; and providing advice on current management challenges.

(2) Details of the capital alliance

Through the Disposal of Treasury Shares, the Company will allot 486,600 common shares to DBJ. As a result, the percentage of voting rights held by the Scheduled Allottee in the Company after the Disposal of Treasury Shares is expected to be 3.32% (rounded to two decimal places). For details of the Disposal of Treasury Shares, please refer to "II. Overview of the Disposal of Treasury Shares" below.

3. Overview of the Counterparty to the Capital and Business Alliance

(As of June 26, 2026)

(1)	Name	Development Bank of Japan Inc.
(2)	Location	Otemachi Financial City South Tower, 1-9-6 Otemachi, Chiyoda-ku, Tokyo
(3)	Job title and name of representative	Hirofumi Maki, President
(4)	Description of business	Financial and insurance services
(5)	Share capital	¥1,000,424 million (wholly owned by the government)
(6)	Date of establishment	October 1, 2008
(7)	Number of shares issued	43,632,360 shares
(8)	Fiscal year-end	March 31
(9)	Number of employees	(Consolidated) 1,955
(10)	Major business partners	-
(11)	Principal banks	-
(12)	Major shareholders and shareholding ratios	Minister of Finance 100%
(13)	Relationship between the parties	
	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	The Company has loan transactions with the Scheduled Allottee.
	Status as a related party	Not applicable
(14)	Operating results and financial position for the most recent three years	

Fiscal year-end	March 31, 2024	March 31, 2025	March 31, 2026
Consolidated net assets	4,108,846	4,161,963	4,328,367
Consolidated total assets	21,698,605	21,549,329	21,372,723
Consolidated net assets per share (yen)	69,826.09	70,999.17	72,957.82
Consolidated ordinary income	410,882	392,086	501,728
Consolidated ordinary profit	147,844	113,380	202,495
Profit attributable to owners of parent	103,205	83,752	149,619
Consolidated earnings per share (yen)	2,229.02	1,736.13	2,817.34
Dividend per share (yen)	490	370	518

(Unit: million yen, except where otherwise noted.)

(Note) The Company has confirmed, based on the securities report submitted by the Scheduled Allottee to the Director-General of the Kanto Local Finance Bureau on June 26, 2026, that the Scheduled Allottee has formulated the “Basic Policy on Internal Control” and established a system to completely sever all relationships with anti-social forces that threaten social order and safety, and that the Scheduled Allottee’s only shareholder is the Minister of Finance. Based on the foregoing, the Company has determined that neither the Scheduled Allottee nor its officers or major shareholders (major investors) have any relationship with anti-social forces, and has submitted a written confirmation to that effect to Tokyo Stock Exchange, Inc.

4. Schedule of the Capital and Business Alliance

(1)	Date of Board of Directors' resolution	September 7, 2026
(2)	Date of execution of the Capital and Business Alliance Agreement	September 7, 2026
(3)	Commencement date of the Capital and Business Alliance	September 30, 2026
(4)	Due date of payment for the third-party allotment	September 30, 2026

5. Future Outlook

Please refer to “II. Overview of the Disposal of Treasury Shares, 8. Future Outlook” below.

II. Overview of the Disposal of Treasury Shares

1. Details of the Disposal

(1)	Date of disposal	September 30, 2026
(2)	Number of shares to be disposed of	486,600 shares
(3)	Disposal price	1,863 yen per share
(4)	Amount of funds to be raised	906,535,800 yen
(5)	Method of offering or disposal (Scheduled Allottee)	All shares shall be allotted to Development Bank of Japan Inc. by way of a third-party allotment.
(6)	Others	Payment for the Disposal of Treasury Shares shall be subject to the condition that the securities registration statement under the Financial Instruments and Exchange Act has become effective.

2. Purpose and Reason for the Disposal

As described in “I. Overview of the Capital and Business Alliance, 1. Purpose and Reason of the Capital and Business Alliance” above, the purpose is to enhance the Company’s corporate value over the medium to long term by disposing of treasury shares by way of a third-party allotment in conjunction with the Capital and Business Alliance with DBJ, the Scheduled Allottee, thereby strengthening the Company’s medium- to long-term growth strategy and enhancing its effectiveness, as well as promoting the business strategies set forth in the medium-term management plan, “LINK THE LEAP.”

3. Amount of Funds to Be Raised, Use of Funds and Scheduled Timing of Expenditure

(1) Amount of funds to be raised

(i)	Total amount to be paid	906,535,800 yen
(ii)	Estimated amount of issuance costs	2,000,000 yen
(iii)	Estimated net proceeds	904,535,800 yen

(2) Specific uses of funds to be raised

Specific uses of funds		Amount (Millions of yen)	Scheduled timing of expenditure
(i)	Strengthening overseas production systems	1,000	November 2027 to October 2028

(Note) Until the funds are actually expended, they will be held in a bank account.

< Strengthening Medium- to Long-Term Growth Strategies and Making Growth Investments to Achieve Them >

As one of the initiatives under its medium-term management plan, "LINK THE LEAP," the Company has identified "Strengthening sales of high value-added products and developing overseas markets through the enhancement of product capabilities" as a key initiative, and will pursue growth based on three key pillars: enhancing the value added of its domestic business, expanding its overseas business, and expanding its business in the environmental and disaster prevention fields. As part of these efforts, in Japan, completion is now in sight following the establishment of the Kasaoka Plant in 2023 and the subsequent introduction of new equipment. On the other hand, overseas, the challenge is to increase production of "BarChip," a concrete reinforcing fiber that is seeing expanding use in road paving and other infrastructure applications, and "Meltac," a packaging material for which demand is strong in the United States. The Company expects to use the proceeds from this financing to fund investments to increase production of these products overseas. Although the specific details and schedule of the investments are still under consideration, the Company expects to make the investments by the fiscal year ending October 2028, the final year of the current medium-term management plan, in conjunction with efforts to strengthen its medium- to long-term growth strategies as part of this Capital and Business Alliance.

4. Rationale for the Use of Funds

The Company has determined that there is a reasonable basis for the use of the proceeds from the Disposal of Treasury Shares, as the use of such proceeds for the purposes described in "3. Amount, Use and Scheduled Date of Expenditure of Proceeds (2) Specific Use of Proceeds" above will contribute to enhancing corporate value over the medium to long term and maximizing shareholder value through the realization of "strengthening sales of high value-added products and developing overseas markets through the enhancement of product capabilities," one of the initiatives under the medium-term management plan "LINK THE LEAP."

5. Rationale for the Terms and Conditions of the Disposal, etc.

(1) Basis for calculating the disposal price and specific details thereof

The disposal price is set at ¥1,863, the average closing price of the Company's shares on the Tokyo Stock Exchange during the one-month period preceding September 4, 2026, from August 5, 2026 to September 4, 2026, where September 4, 2026 is the business day immediately preceding September 7, 2026, the date of the resolution by the Board of Directors (the "Date of the Board of Directors' Resolution"). The amount has been rounded down to the nearest whole yen. The same shall apply hereinafter in this section.

The reason for using the simple average of the closing prices of the Company's shares on the Tokyo Stock Exchange during the one-month period from August 5, 2026 to September 4, 2026, which precedes the business day immediately preceding the Date of the Board of Directors' Resolution, in determining the disposal price is that we determined that using an average share price over a certain period, rather than using the share price at a specific point in time as the basis, would eliminate special factors such as temporary fluctuations in the share price and provide a more objective and reasonable basis for determining the disposal price.

The disposal price represents a discount of 0.80% (rounded to two decimal places; the same shall apply hereinafter in this section) to the closing price of ¥1,878 on the business day immediately preceding the Date of the Board of Directors' Resolution (September 4, 2026), a premium of 4.37% over the average closing price of ¥1,785 during the three-month period from June 5, 2026 to September 4, 2026, and a premium of 6.64% over the average closing price of ¥1,747 during the six-month period from March 5, 2026 to September 4, 2026.

The disposal price complies with the "Guidelines for Handling of Capital Increase by Allotment to Third Parties" established by the Japan Securities Dealers Association. In addition, the disposal price represents a premium over the average closing prices during both the three-month and six-month periods immediately preceding the business day immediately preceding the Date of the Board of Directors' Resolution. Although the disposal price represents a discount to the closing price on the business day immediately preceding the

Date of the Board of Directors' Resolution and to the highest closing price during the six-month period ending on that business day, the discount rate is less than 10%. Taking all of the above into consideration, the Company has determined that the disposal price is not a price particularly favorable to the Scheduled Allottee.

Furthermore, the Company has obtained an opinion from its three Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, that the Company's determination that the disposal price of the treasury shares is not a price particularly favorable to the Scheduled Allottee is reasonable, given that the method for determining the disposal price is based on the market price, an objective indicator of the value of the Company's shares, and complies with the “Guidelines for Handling of Capital Increase by Allotment to Third Parties” established by the Japan Securities Dealers Association, among other factors.

(2) Basis for determining that the number of shares to be disposed of and the extent of dilution are reasonable

The 486,600 common shares of the Company to be allotted in the Disposal of Treasury Shares (equivalent to 4,866 voting rights) represent 3.27% of the Company’s total number of shares issued as of April 30, 2026, which was 14,897,600 shares, and 3.44% of the Company’s total number of voting rights as of that date, which was 141,284 voting rights (both percentages are rounded to two decimal places), resulting in some dilution.

However, as described in “I. Overview of the Capital and Business Alliance, 2. Details of the Capital and Business Alliance” and “II. Overview of the Disposal of Treasury Shares, 3. (2) Specific uses of funds to be raised” above, the Disposal of Treasury Shares is expected to contribute to enhancing the Company’s corporate value and shareholder value going forward through the strengthening of the medium- to long-term growth strategy under the Capital and Business Alliance and the steady implementation of growth investments aimed at realizing “Strengthening sales of high-value-added products and developing overseas markets through enhanced product capabilities,” one of the initiatives under the medium-term management plan, “LINK THE LEAP.” Therefore, the Company has determined that the share dilution resulting from the Disposal of Treasury Shares is within a reasonable range.

6. Reasons for Selection of the Scheduled Allottee, etc.

(1) Overview of the Scheduled Allottee

As described in “I. Overview of the Capital and Business Alliance, 3. Overview of the Counterparty to the Capital and Business Alliance” above.

(2) Reason for Selection of the Scheduled Allottee

As described in “I. Overview of the Capital and Business Alliance, 1. Purpose and Reason for the Capital and Business Alliance” above.

(3) Holding policy of the Scheduled Allottee

The Company has received an oral explanation from the Scheduled Allottee to the effect that, in expectation of the Company’s medium- to long-term growth, the Scheduled Allottee intends to seek capital gains by enhancing the Company’s corporate value and maximizing the value of its shares (i.e., recovering its investment funds upon the sale of the shares), and therefore does not intend to transfer the shares to any third party for a short period following the allotment. However, in the future, the Scheduled Allottee intends to sell the Shares while taking into account the Company’s business performance, dividend situation, market trends, and other relevant factors.

The Company plans to obtain a letter of commitment from the Scheduled Allottee, under which the Scheduled Allottee agrees that, if it transfers all or part of the Company’s common shares issued in connection with this third-party allotment within two years from the due date of payment, the Scheduled Allottee will report the details of such transfer to the Company in writing, the Company will report the contents of such report to Tokyo Stock Exchange, Inc., and such information will be made available for public inspection.

(4) Details of the confirmation regarding the existence of assets required for payment by the Scheduled Allottee

The Company has received a report from the Scheduled Allottee stating that it already has the funds required for the payment. In addition, based on the consolidated balance sheet as of March 31, 2026 contained in the securities report submitted by the Scheduled Allottee to the Director-General of the Kanto Local Finance Bureau on June 26, 2026, the Company has confirmed that the Scheduled Allottee holds sufficient cash and deposits and other current assets to make the payment for the Disposal of Treasury Shares. Accordingly, the Company has determined that there will be no difficulty in making such payment.

7. Major Shareholders and Shareholding Ratios after the Disposal

Before disposal (as of April 30, 2026)		After the disposal	
Hagihara Co., Ltd.	10.12%	Hagihara Co., Ltd.	9.78%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7.42%	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.17%
Kuniaki Hagihara	3.79%	Kuniaki Hagihara	3.66%
Custody Bank of Japan, Ltd. (Trust Account)	3.67%	Custody Bank of Japan, Ltd. (Trust Account)	3.55%
Hagihara Industries Employee Shareholding Association	3.14%	Development Bank of Japan Inc.	3.32%
Daiwa Securities Co., Ltd.	2.23%	Hagihara Industries Employee Shareholding Association	3.03%
Fuichi Hagihara	1.41%	Daiwa Securities Co., Ltd.	2.16%
The Hiroshima Bank, Ltd. (Standing Proxy: Custody Bank of Japan, Ltd.)	1.41%	Fuichi Hagihara	1.36%
MUFG Bank, Ltd.	1.41%	The Hiroshima Bank, Ltd. (Standing Proxy: Custody Bank of Japan, Ltd.)	1.36%
The Shoko Chukin Bank, Ltd.	0.70%	MUFG Bank, Ltd.	1.36%

8. Future Outlook

Although the impact of the Disposal of Treasury Shares on the Company's business performance for the fiscal year ending October 2026 is expected to be limited, the Company believes that, through the support provided by DBJ under the Capital and Business Alliance and the financing obtained through the Disposal of Treasury Shares, it will be able to enhance its corporate value over the long term by strengthening the medium- to long-term growth strategy and enhancing its effectiveness, as well as promoting the business strategies set forth in the medium-term management plan, "LINK THE LEAP."

9. Matters Concerning Procedures under the Code of Corporate Conduct

As the third-party allotment (1) involves a dilution ratio of less than 25% and (2) does not involve a change of a controlling shareholder, the procedures set forth in Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. for the receipt of the opinion of an entity who has a specific degree of independence from the management and the confirmation of the intent of shareholders are not required.

10. Operating Results and Equity Financing for the Most Recent Three Years

(1) Operating results for the most recent three years (consolidated)

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024	Fiscal year ended October 31, 2025
Consolidated net sales	31,245 million yen	33,118 million yen	31,936 million yen
Consolidated operating profit	1,979 million yen	2,097 million yen	1,467 million yen
Consolidated ordinary profit	2.25 billion yen	2.19 billion yen	1,816 million yen
Profit attributable to owners of parent	3,118 million yen	1,518 million yen	1,794 million yen
Consolidated earnings per share	223.09 yen	110.63 yen	128.49 yen
Dividend per share	50.00 yen	60.00 yen	65.00 yen
Consolidated net assets per share	2,045.00 yen	2,088.91 yen	2,197.41 yen

(2) Number of shares issued and number of potential shares as of April 30, 2026

	Number of shares	Percentage of shares issued
Number of shares issued	14,897,600 shares	100%
Number of potential shares at the current conversion price (exercise price)	- shares	-
Number of potential shares at the lower limit of the conversion price (exercise price)	- shares	-
Number of potential shares at the upper limit of the conversion price (exercise price)	- shares	-

(Note) Although there are 231,400 shares underlying unexercised share acquisition rights, they are not included in the number of potential shares because treasury shares are expected to be used to satisfy the exercise of the stock acquisition rights.

(3) Recent stock price trends

(i) Recent developments over the most recent three years

	Fiscal year ended October 31, 2023	Fiscal year ended October 31, 2024	Fiscal year ended October 31, 2025
Opening price	1,022 yen	1,622 yen	1,450 yen
Highest price	1,900 yen	1,669 yen	1,724 yen
Lowest price	986 yen	1,281 yen	1,360 yen
Closing price	1,605 yen	1,470 yen	1,611 yen

(ii) Developments over the most recent six months

	April	May	June	July	August	September
Opening price	1,754 yen	1,642 yen	1,652 yen	1,721 yen	1,775 yen	1,890 yen
Highest price	1,792 yen	1,723 yen	1,777 yen	1,870 yen	1,931 yen	1,908 yen
Lowest price	1,622 yen	1,635 yen	1,600 yen	1,711 yen	1,743 yen	1,872 yen
Closing price	1,641 yen	1,664 yen	1,731 yen	1,781 yen	1,885 yen	1,878 yen

(Note) Stock prices for September 2026 are shown as of September 4, 2026.

(iii) Share price on the business day immediately preceding the date of the issuance resolution

	September 4, 2026
Opening price	1,882 yen
Highest price	1,892 yen
Lowest price	1,874 yen
Closing price	1,878 yen

(4) Equity financing over the most recent three years

Not applicable

11. Terms of the Disposal

(1) Number of shares to be disposed	486,600 common shares
(2) Disposal price	1,863 yen per share
(3) Total disposal price	906,535,800 yen
(4) Disposal method	Disposal of Treasury Shares by way of a third-party allotment
(5) Scheduled Allottee	Development Bank of Japan Inc.
(6) Subscription period	September 30, 2026
(7) Disposal date	September 30, 2026
(8) Others	Each of the above items shall be subject to the condition that the securities registration statement under the Financial Instruments and Exchange Act becomes effective.

III. Changes in Major Shareholders and the Largest Major Shareholder

1. Background to the Change

This is because, as a result of the Disposal of Treasury Shares, the percentage of total voting rights held by the following shareholders will decrease.

2. Overview of the Shareholders Involved in the Change

(1)	Name	Hagihara Co., Ltd.
(2)	Location	884 Nishiachicho Nishihara, Kurashiki, Okayama
(3)	Job title and name of representative	Hideyasu Hagihara, President
(4)	Description of business	Sales of rugs, furniture and interior goods
(5)	Share capital	48 million yen

3. Number of Voting Rights Held by the Shareholder Before and After the Change (Number of Shares Held) and Percentage of Total Voting Rights

	Number of voting rights (Number of shares held)	Percentage of total voting rights*	Rank among major shareholders
Before the change (As of April 30, 2026)	14,354 units (1,435,400 shares)	10.16%	1st
After the change	14,354 units (1,435,400 shares)	9.80%	1st

(Note) Number of shares deducted from the total number of shares issued as shares without voting rights 708,599 shares

Total number of shares issued as of September 7, 2026 14,987,600 shares

4. Future Outlook

There is nothing to be stated.