

Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024

Hakudo Co., Ltd. (7637)

February 9, 2024

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Q3 FY03/24 Results

Result Highlights

Net sales

42,930 million yen
(down 9.4% YoY)

Gross profit

6,921 million yen
(down 12.1% YoY)

Ordinary profit

2,201 million yen
(down 34.7% YoY)

Q3 FY03/24 Summary

Net sales

- Sales decreased by 9.4% YoY due to continued stagnation in the semiconductor production equipment (SPE) industry.
- Sales (JPY3,470million) in North America were added from the current consolidated fiscal year, and sales in the overseas segment increased by JPY3,337 million YoY.

Gross profit

- Gross profit decreased by 12.1% YoY due to lower sales and due to the impact of a decrease (JPY394 million) in inventory valuation gain.

Ordinary profit

- Ordinary profit decreased by 34.7% YoY despite the recognition of Non-operating profit such as dividend income and foreign exchange gains, due to increased freight, labor, and other costs.

Summary of Consolidated Statements of Income (PL)

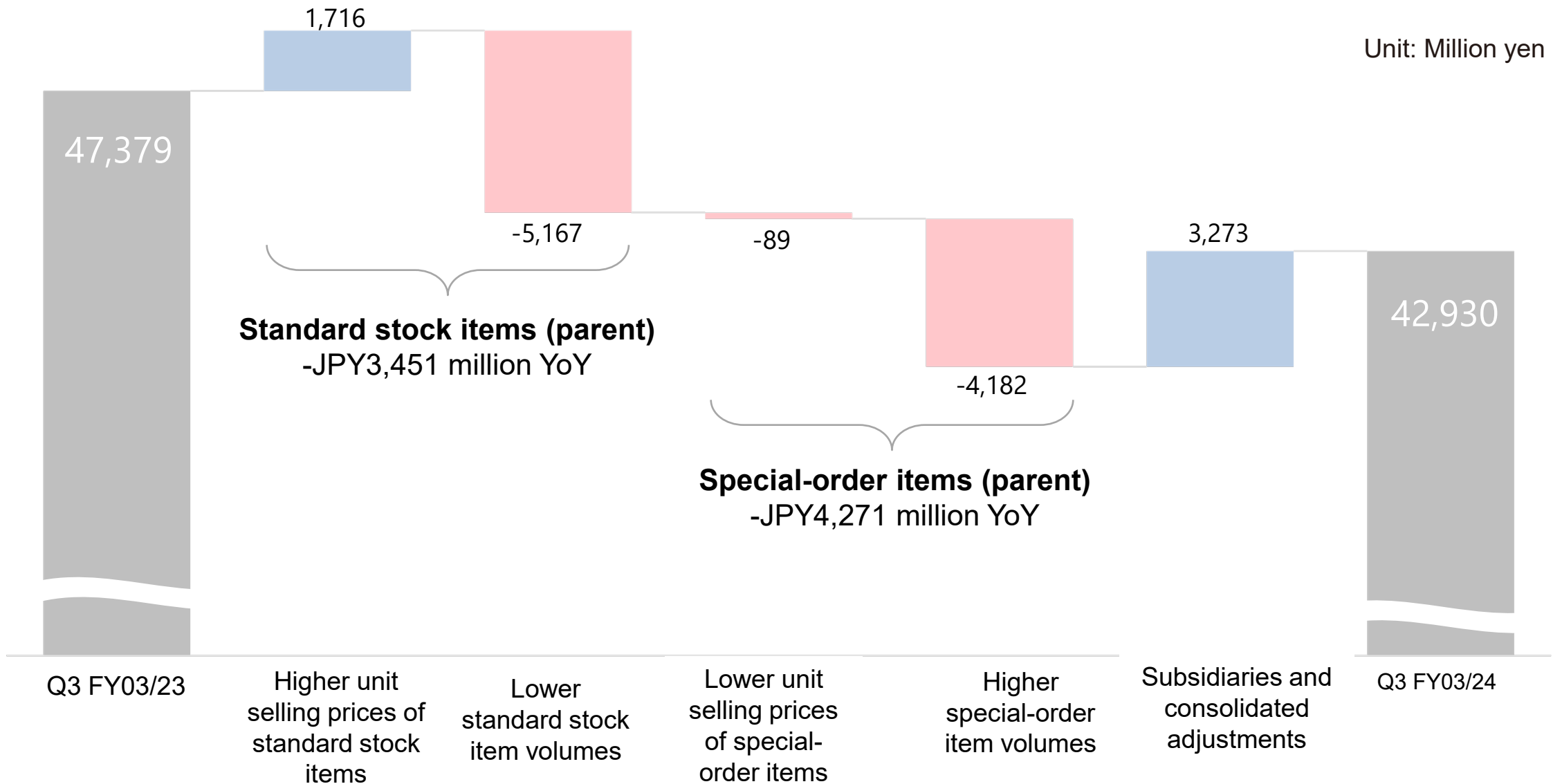
- Net sales decreased by JPY4,448 million YoY due to the impact of a decrease in sales volume caused by the continued stagnation in the semiconductor production equipment (SPE) industry.
- Ordinary profit decreased by JPY1,168 million YoY due to an increase in various G&A expenses and a decrease in the impact of inventory valuation.

Unit: Million yen

	Q3 FY03/23	Sales ratio	Q3 FY03/24	Sales ratio	YoY Change (rate)	YoY Change (amount)
Net sales	47,379	-	42,930	-	-9.4%	-4,448
Standard stock items	29,306	61.9%	25,806	60.1%	-11.9%	-3,500
Special-order items	18,072	38.1%	17,123	39.9%	-5.2%	-948
Gross profit	7,874	16.6%	6,921	16.1%	-12.1%	-952
Operating profit	3,166	6.7%	1,885	4.4%	-40.4%	-1,280
Ordinary profit	3,369	7.1%	2,201	5.1%	-34.7%	-1,168
Inventory revaluation impact	451	1.0%	57	0.1%	-87.3%	-394
Foreign exchange losses/gains	32	0.1%	68	0.2%	113.0%	36
Ordinary profit (Excluding inventories and foreign exchange impact)	2,885	6.1%	2,075	4.8%	-28.1%	-810
Profit attributable to owners of parent	2,289	4.8%	1,512	3.5%	-33.9%	-776

Factors Affecting Year-on-Year Change in Net Sales

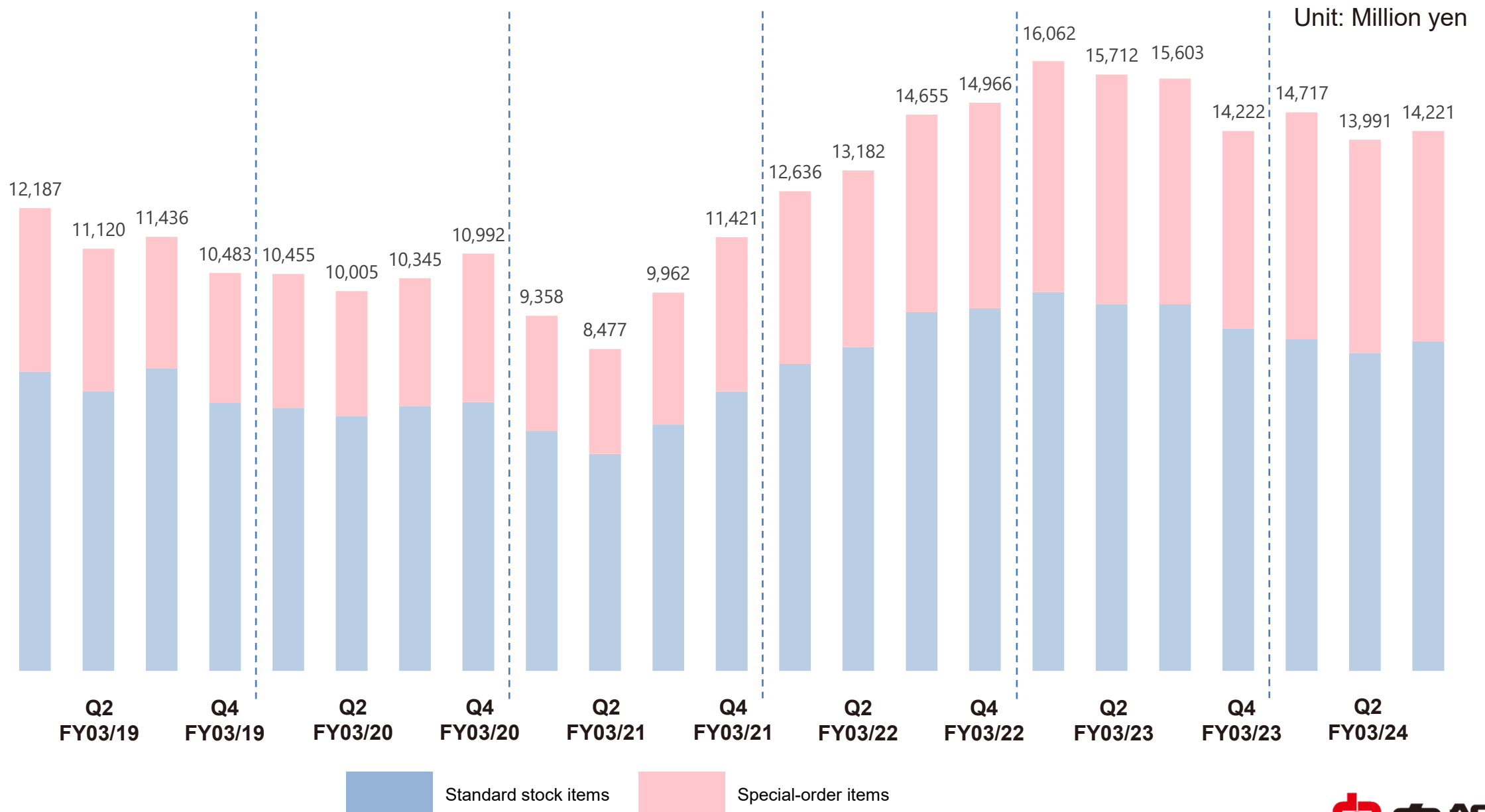
- Although unit sales prices of standard stock products increased, sales decreased by JPY4,448 million YoY due to the significant impact of lower sales volume.



For Hakudo's individual standard stock items: sales volume -17.2% YoY, selling price +7.2% YoY

Quarterly Sales Trends

- Despite the addition of sales in North America starting from the current consolidated fiscal year, recent sales have been on a downward trend, mainly due to declining sales to the semiconductor production equipment(SPE) industry.



Net Sales by Product Category

- Stainless steel sales increased on a QoQ basis due to the addition of sales in North America.
- Mainstay aluminum products declined by 18.2% YoY due to lower sales to the semiconductor manufacturing equipment industry. Overall sales declined by 8.9% on a QoQ basis.

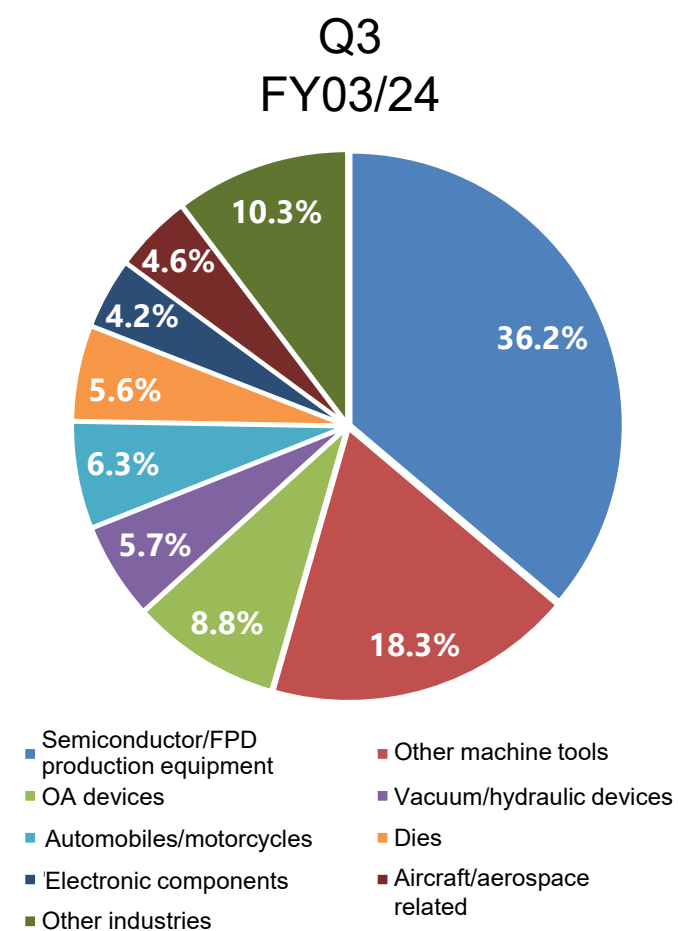
Unit: Million yen

	FY03/23				FY03/24			Vs. Q3 FY03/23
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Consolidated net sales	16,062	15,712	15,603	14,222	14,717	13,991	14,221	-8.9%
Aluminum	10,694	10,249	10,076	8,800	9,060	8,339	8,244	-18.2%
Copper	2,106	2,010	2,134	2,248	2,138	2,024	2,126	-0.4%
Stainless steel	2,565	2,607	2,632	2,414	2,830	2,971	3,074	16.8%
Others	696	844	761	759	687	655	774	1.7%

Composition Ratio of Net Sales by Industry (Japan)

- Sales ratio for Semiconductor/FPD production equipment industry declined significantly QoQ.
- Both sales amount and sales ratio increased in Automobile/motorcycles industry and Aircraft/aerospace industry, which are positioned as our mid-term strategic targets

	FY03/23				FY03/24		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Semiconductor/ FPD production equipment	47.2%	45.0%	43.0%	37.5%	39.3%	38.5%	36.2%
Other machine tools	15.0%	15.4%	15.5%	17.3%	17.7%	17.7%	18.3%
OA devices	8.6%	7.8%	8.6%	9.9%	8.9%	9.0%	8.8%
Vacuum/hydraulic devices	6.5%	6.9%	7.8%	7.4%	7.1%	5.5%	5.7%
Automobiles/ motorcycles	4.3%	4.9%	4.9%	4.9%	4.7%	5.9%	6.3%
Dies	4.1%	4.7%	5.2%	5.6%	4.8%	5.5%	5.6%
Electronic components	3.7%	4.1%	4.0%	4.3%	4.1%	4.3%	4.2%
Aircraft/aerospace related	3.1%	2.9%	3.1%	3.7%	4.4%	3.8%	4.6%
Other industries	7.6%	8.3%	7.8%	9.3%	9.0%	9.6%	10.3%



Financial Performance by Segment

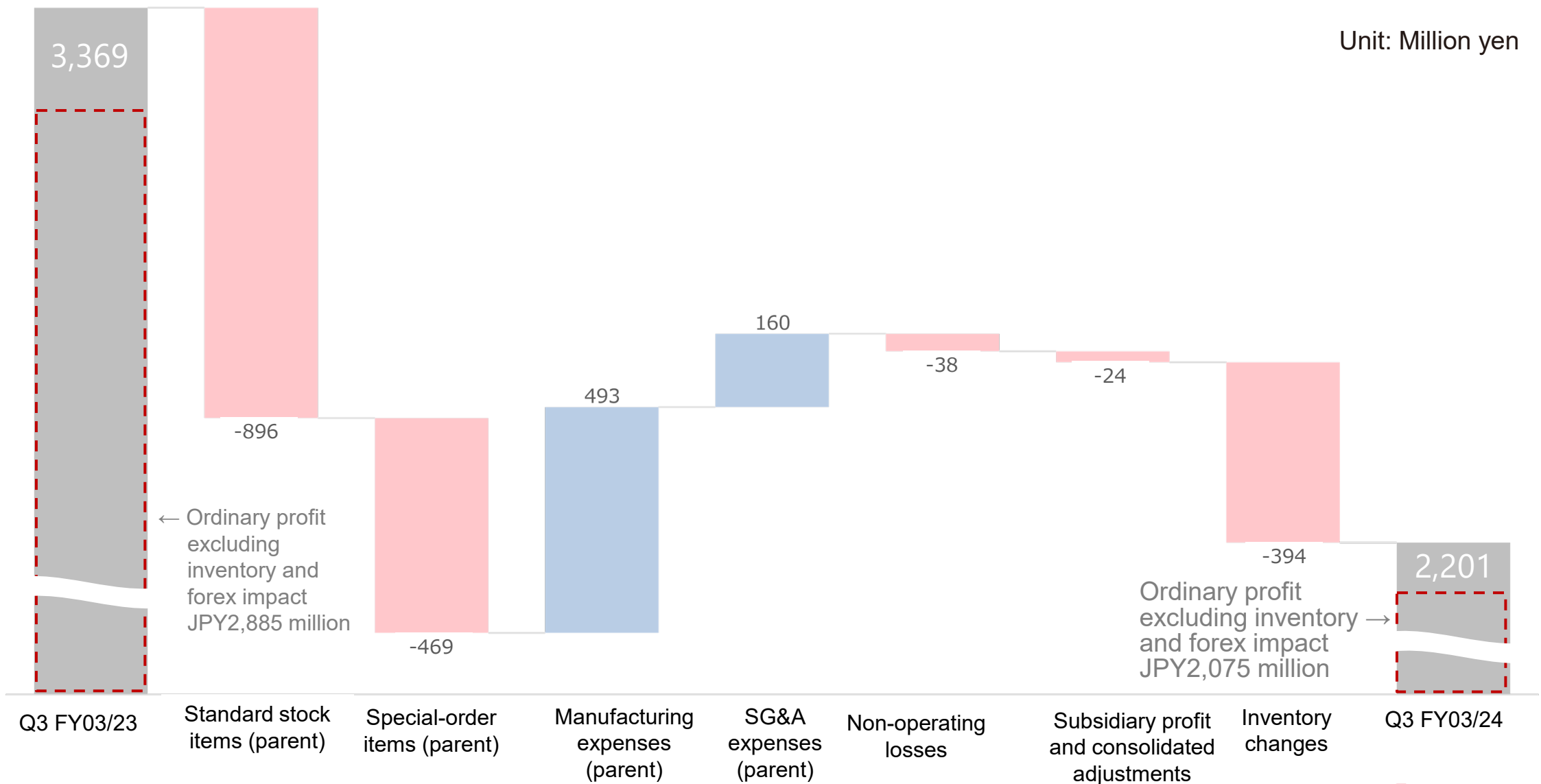
- Sales of West Coast Aluminum & Stainless, LLC acquired in March 2023 are recorded in North America segment, contributing to an increase in overseas sales.
- In the North America segment, operating loss was recorded due to PMI expenses and temporary weak performance, but it is expected to recover soon. Net income attributable to owners of parent company was JPY34 million, mainly due to foreign exchange gains on yen-denominated intercompany loans and gains on debt waiver by the ex-owner of West Coast Aluminum & Stainless, LLC
- In China, both domestic and foreign demand was weak, resulting in a recurring loss of JPY12 million.

Unit: Million yen

	Q3 FY03/23				Q3 FY03/24			
	Net sales	Operating profit/losses	Ordinary profit/losses	Profit attributable to owners of parent	Net sales	Operating profit/losses	Ordinary profit/losses	Profit (loss) attributable to owners of parent
Japan	45,268	3,071	3,254	2,198	37,482	1,917	2,068	1,398
North America	-	-	-	-	3,470	-108	34	34
China	1,214	7	26	19	965	-32	-12	-9
Other	896	88	88	71	1,012	110	111	88

Factors Affecting Year-on-Year Change in Ordinary Profit

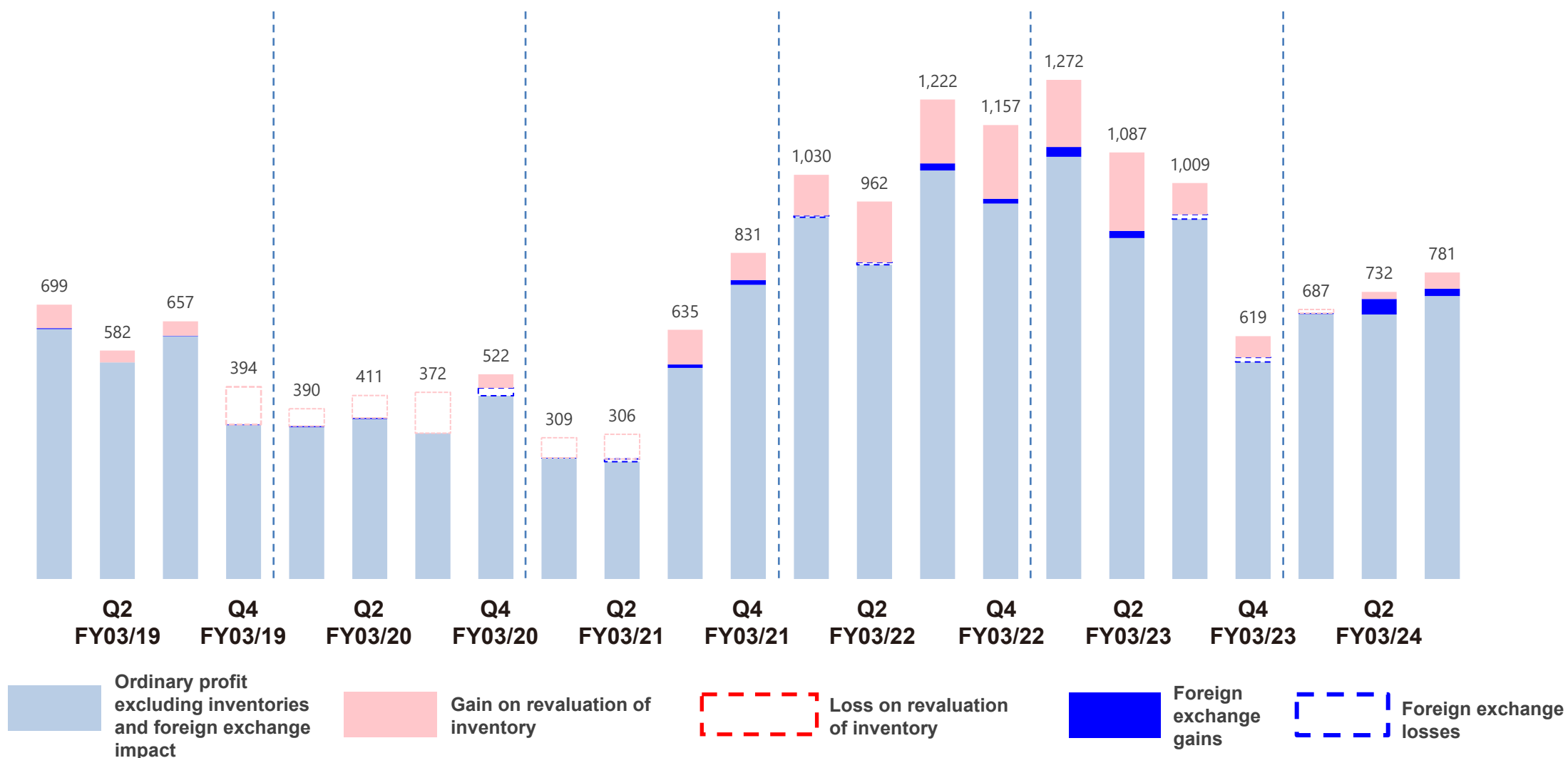
- Profits decreased due to the impact of a drop in sales volumes of both Standard stock items and Special-order items.
- Ordinary profit declined by JPY1,168 million YoY due to higher costs per sales volume(KG), such as freight and energy costs, and lower inventory evaluation impact.



Quarterly Ordinary Profit Trends

- Ordinary profit declined JPY228 million QoQ due to a decrease in sales volume caused by continued stagnance in the semiconductor production equipment (SPE) industry .
- Compared to the Q2 and Q3 of FY03/24, the profit increased by JPY49 million due to the profit from inventory evaluation effects and foreign exchange gains.

Unit: Million yen



Balance Sheet (BS)

- Inventories, accounts receivable, and accounts payable decreased significantly due to lower sales.
- Cash and deposits decreased by JPY783 million due to capital expenditures, income tax payments, and dividend payments.

Unit: Million yen

Assets	As of March 31, 2023	Composition ratio	As of Dec 31, 2023	Composition ratio	Change
Current assets	33,829	78.4%	30,377	75.7%	-3,452
Cash and deposits	6,038	14.0%	5,254	13.1%	-783
Notes and accounts receivable – trade (Including electronically recorded monetary claims - operating) Inventories	16,835	39.0%	15,598	38.9%	-1,236
Inventories	10,631	24.6%	9,316	23.2%	-1,315
Other current assets	324	0.8%	207	0.5%	-116
Non-current assets	9,319	21.6%	9,743	24.3%	+423
Property, plant and equipment	6,250	14.5%	6,516	16.2%	+266
Intangible assets	1,413	3.3%	1,480	3.7%	+66
Investments and other assets	1,655	3.8%	1,746	4.4%	+90
Total assets	43,149	100.0%	40,120	100.0%	-3,028
Liabilities and net assets	As of March 31, 2023	Composition ratio	As of Dec 31, 2023	Composition ratio	Change
Current liabilities	21,768	50.4%	18,030	44.9%	-3,738
Notes and accounts payable – trade (Including electronically recorded obligations – operating)	19,020	44.1%	15,884	39.6%	-3,135
Accrued expenses	860	2.0%	779	1.9%	-80
Income taxes payable	579	1.3%	99	0.2%	-479
Other current liabilities	1,308	3.0%	1,266	3.2%	-41
Non-current liabilities	151	0.4%	133	0.3%	-17
Total liabilities	21,920	50.8%	18,164	45.3%	-3,756
Net assets	21,229	49.2%	21,956	54.7%	+727
Total liabilities and net assets	43,149	100.0%	40,120	100.0%	-3,028

Current assets: Down JPY3,452 million

- Decrease in cash due to acquisition of equity interest in WCAS and dividend increase
- Decrease in inventories due to lower sales

Non-current assets: Up JPY423 million

- Increase in property, plant and equipment due to purchase of machinery and equipment.
- Increase in investments and other assets due to an increase of shares of Oristar Corporation, Vietnam related company, by share dividends.

Current liabilities: Down JPY3,738 million

- Decrease in notes and accounts payable-trade due to lower sales

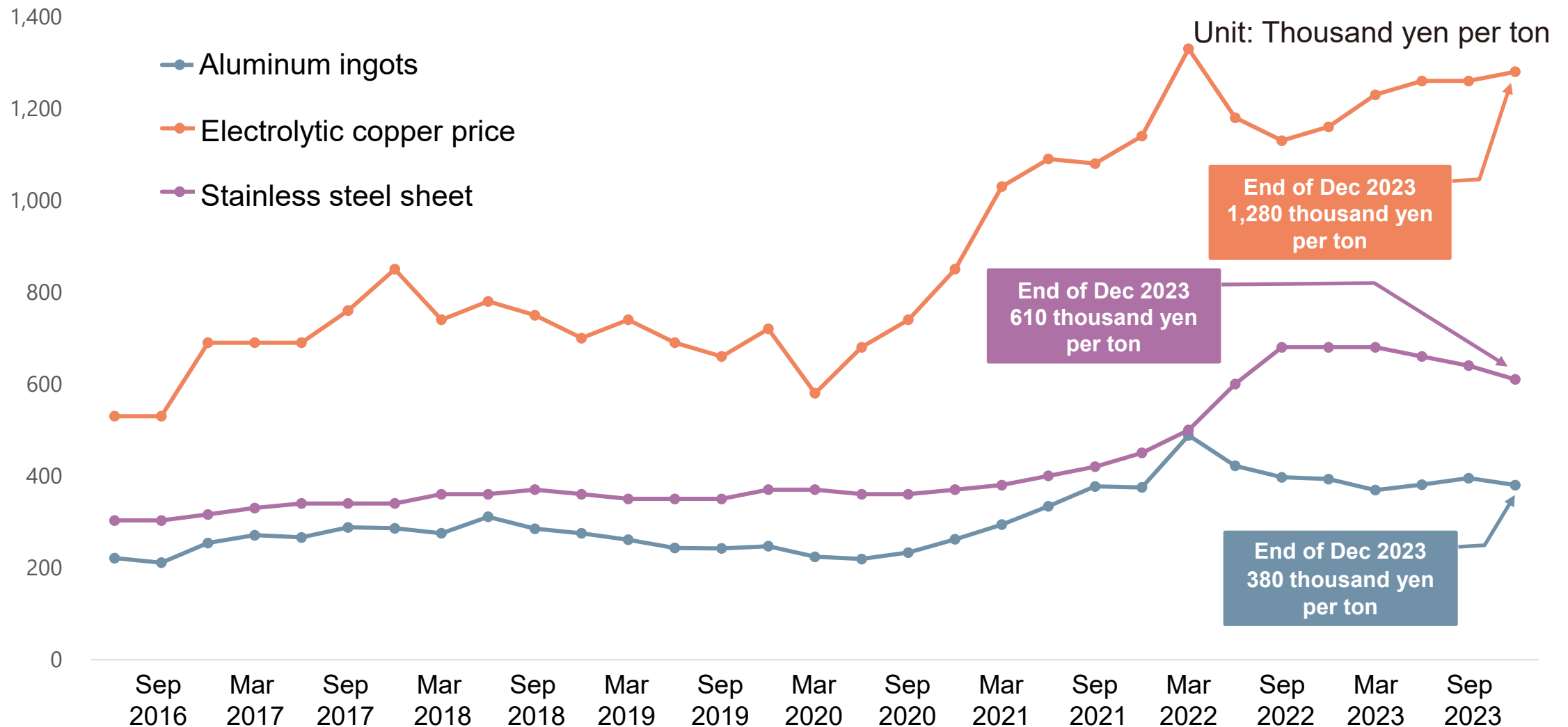
Non-current liabilities: Down JPY-17 million

Net assets: Up JPY727 million

Business Environment (1)

Raw Material Market Trends for Aluminum, Copper and Stainless Steel

- Aluminum ingot prices, which had continued to rise, have been on a downward trend since March 2022, but have recently been recovering.

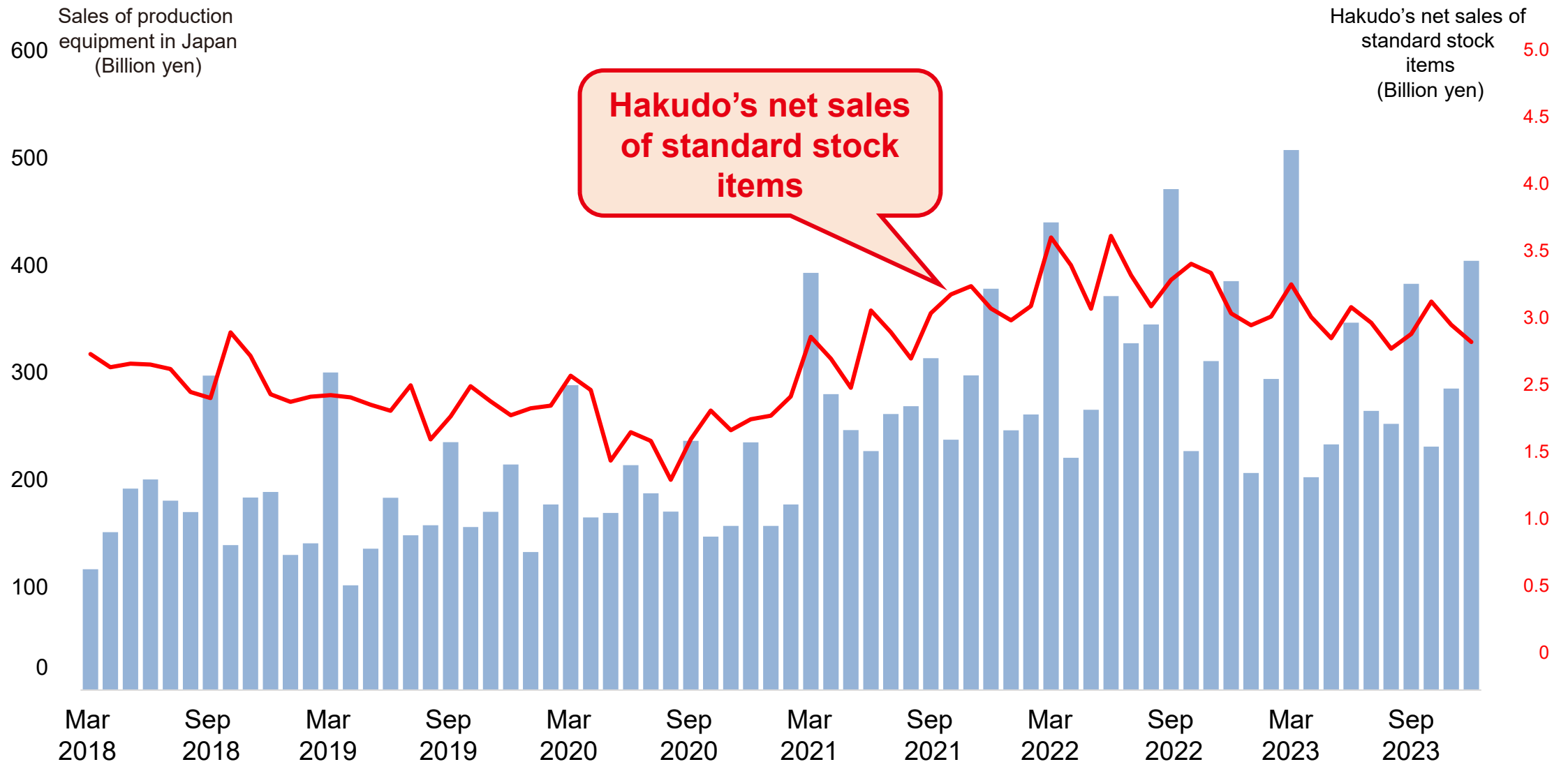


Electrolytic copper price: JX Nippon Mining & Metals Stainless steel sheet: Japan Metal Daily median
Aluminum ingots: Nikkei monthly average

Business Environment (2)

Comparison of Semiconductor Production Equipment Sales and Standard Stock Items Sales

- Despite the expectation of long-term demand growth due to advancements in IoT, digital transformation (DX), AI, and EV there have been widespread moves by semiconductor manufacturers to revise their capital investment plans due to inventory and production adjustments, and this move is expected to continue for a while.

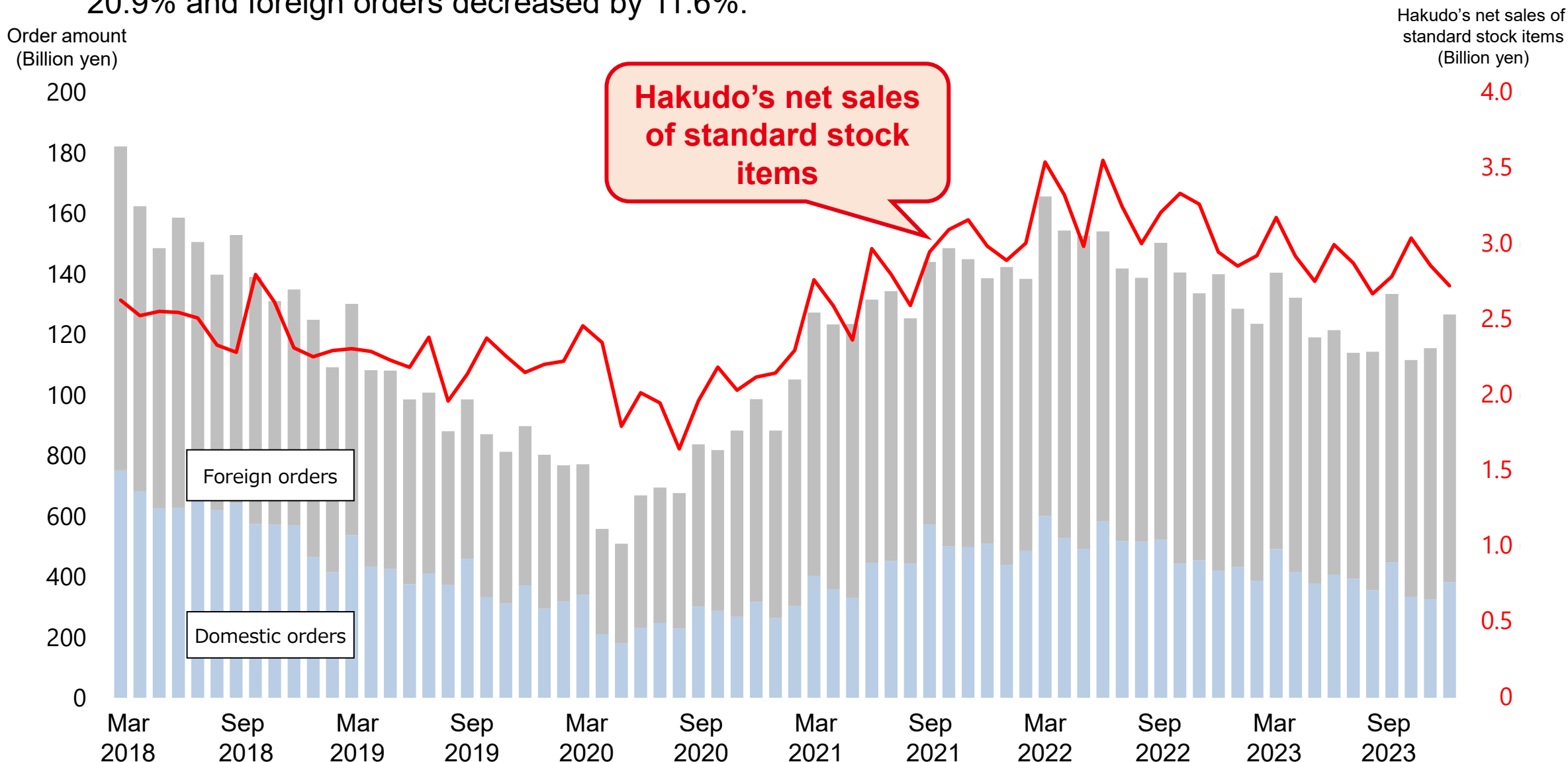


Source: Semiconductor Equipment Association of Japan - statistical data

Business Environment (3)

Comparison of Machine Tool Orders and Standard Stock Items Sales

- The volume of machine tool orders has been in decline since peaking in March 2022.
- Compared to the Q3 (October-December) in the previous fiscal year, domestic orders decreased by 20.9% and foreign orders decreased by 11.6%.

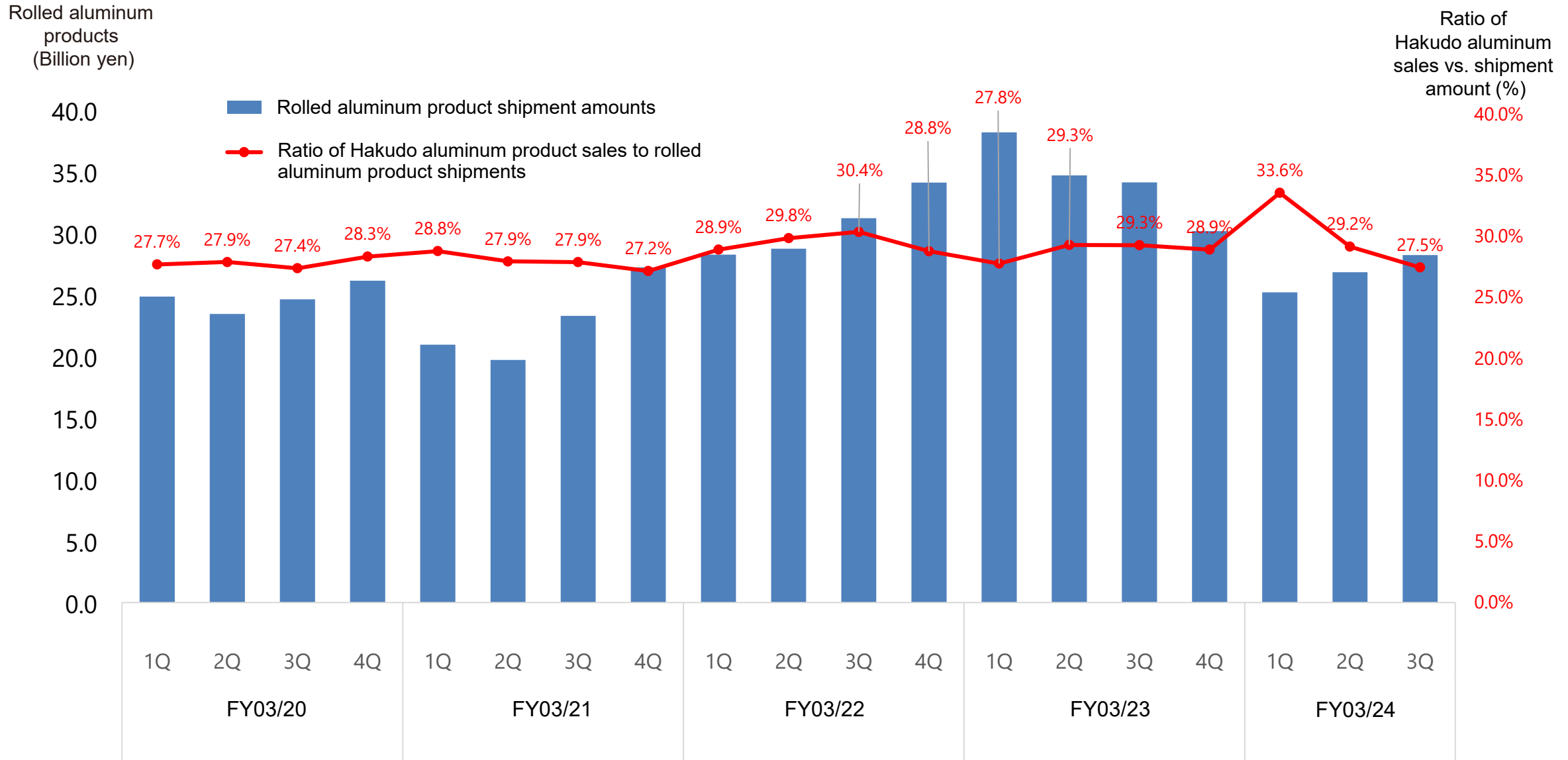


Source: Japan Machine Tool Builders' Association - machine tool orders statistics

Business Environment (4)

Ratio of Hakudo aluminum product sales to rolled aluminum product shipment value

- Hakudo's aluminum product sales are around 30% of rolled aluminum product shipment value, our industry share remained almost unchanged.



Note: Aluminum rolled products shipment value is the total of sheets (6.0 mm+), disks, tubes, and bars.

Source: Rolled Aluminum Statistics Monthly Report, Japan Aluminum Association

FY03/24

Full-year Financial Forecasts

Downward revision of Full-year Financial Forecasts

- Full-year FY03/2024 forecast was revised downward based on the judgment that the recovery in demand for semiconductors, which had been expected in the second half of FY03/2024 and beyond, has been slower than expected and that demand will remain stagnant during the current fiscal year.
- Sales are expected to decrease from JPY6,800 million(-10.8%) to JPY56,400million, and ordinary profit is expected to decrease from JPY560 million(-17.6%) to 2,620 million.

(Million yen)	FY03/23 Q3 forecast	FY03/24 Q3 result	Change	FY03/24 full-year Initial forecast	FY03/24 full-year Revised forecast	Change
Net sales	47,379	42,930	-4,448	63,200	56,400	-6,800
Operating profit	3,166	1,885	-1,280	2,970	2,320	-650
Ordinary profit	3,369	2,201	-1,168	3,180	2,620	-560
Inventory revaluation Impact	451	57	-394	-	62	+62
Ordinary profit (Excluding inventories impact)	2,917	2,144	-773	3,180	2,558	-622
Profit attributable to owners of parent	2,289	1,512	-776	2,150	1,760	-390

Note: Our full-year forecast for FY03/24 takes into account an inventory revaluation impact up to the end of Q1.
1USD=JPY135, 1CNY=JPY19.69, 1THB=JPY3.67 (As of May 2023)

Full-year Financial Forecasts and target of MTMP

- FY03/2024 is expected to not achieve the targets in the second year of the medium-term management plan, in part due to the downward revision of the financial forecast.
- FY03/2025 is expected to see increasing sales through various measures, cost reductions through operational improvements in 2H FY03/2024 and beyond, as well as a gradual recovery in semiconductor demand driven by IoT, DX, AI, EV, and other factors.
- However, in the final year of the medium-term management plan (FY03/2025), estimates of achievement are under scrutiny due to a slower-than-expected recovery in demand for semiconductors and increases in personnel and other costs.

(Million yen)	FY03/24 Q3 actual results	FY03/24 full-year initial forecast	FY03/24 full-year forecast Correction	FY03/24 target of MTMP	FY03/25 target of MTMP
Net sales	42,930	63,200	56,400	66,800	71,800
Operating profit	1,885	2,970	2,320	-	-
Ordinary profit	2,201	3,180	2,620	4,500	5,400
Inventory revaluation impact	57	-	62	-	-
Ordinary profit (Excluding inventories impact)	2,144	3,180	2,558	-	-
Profit attributable to owners of parent	1,512	2,150	1,760	-	-

Shareholder Returns (Changes of the Dividend Policy)

- The Company's basic dividend policy is to strengthen its financial position and distribute results backed by business performance. The new dividend policy will be applied starting from the current fiscal year end to strengthen shareholder return.

Dividend payout ratio (Full year)

<present>

More than **40%**



<New>

More than **45%**

Minimum annual dividend (newly applied)

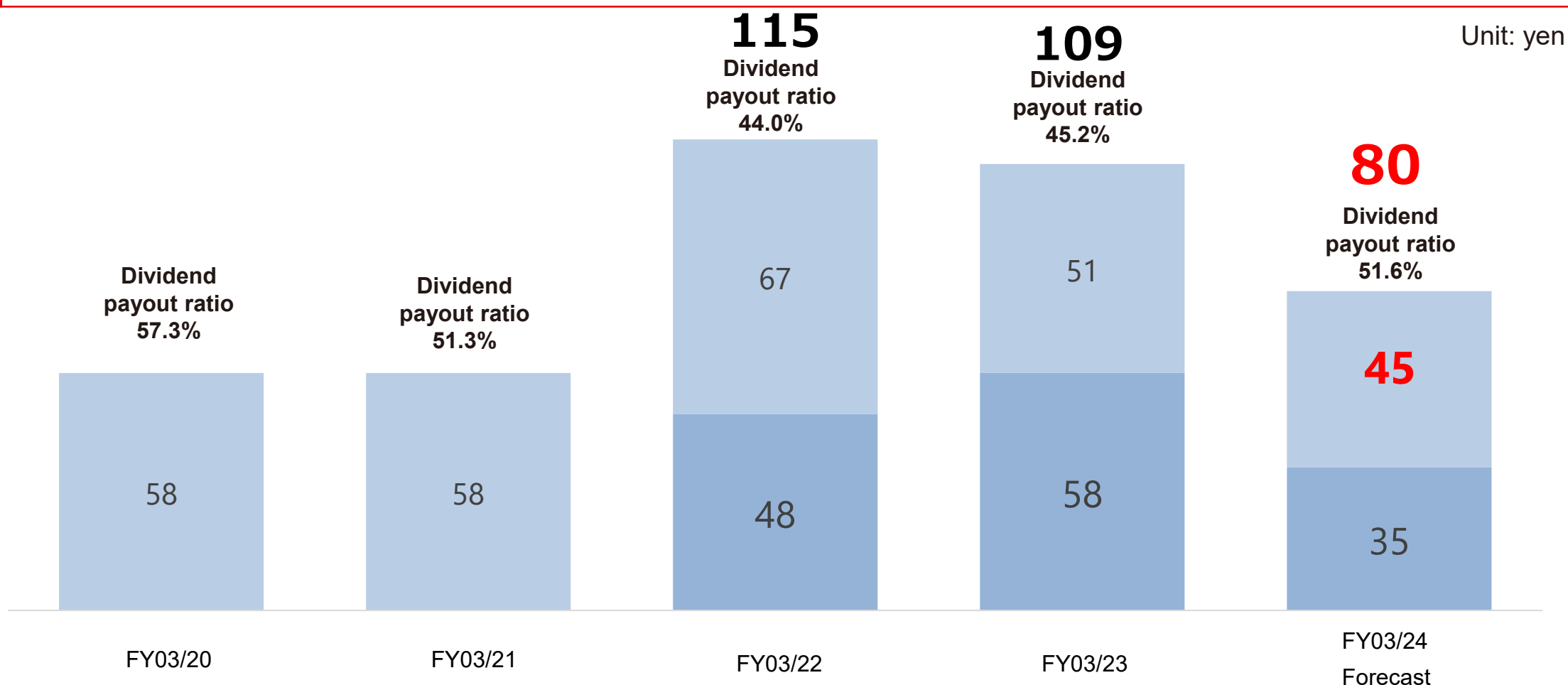
80 JPY

In principle,
the higher of the above two shall be the dividend amount.

Shareholder Returns (Dividends)

- The dividend amount was calculated in accordance with the revised dividend policy.
- As a result, applying the minimum annual dividend of 80 yen, the year-end dividend is expected to be 45 yen per share, an increase of 2 yen per share.
- The annual dividend is expected to be 80 yen per share, an increase of 3 yen per share over the initial forecast.

Dividend Forecast for FY03/24



The lower section indicates the interim dividend, while the upper section represents the year-end dividend.

*The dividend for FY03/22 includes a commemorative dividend of JPY9 per share.

Shareholder Returns (Shareholder Benefit Plan)

- On January 17, 2024, the base date will be changed from the end of September of each year to the end of March of each year.
- There will be no changes other than the base date in terms of the number of units held and points awarded.

Shareholder Benefit Plan

Shareholders holding three units (300 shares) or more listed or recorded in the Company's shareholder registry as of the end of March each year are eligible for the shareholder benefit. The points can be exchanged for more than 4,000 carefully selected products on the Hakudo Premium Benefits Club, a special website for shareholders only, or exchanged for "WILLs Coin" a common shareholder benefit coin that can be combined with benefit points from other Premium Benefits Club companies.

Shareholder Benefit Points Chart (1 point is approximately equal to 1 yen)

Number of shares held	Awarded points	
Less than 300 shares	0 points	—
300-399 shares	3,000 points	Every May
400-499 shares	5,000 points	
500-599 shares	10,000 points	
600-999 shares	20,000 points	
1,000-1,999 shares	30,000 points	
2,000-2,999 shares	40,000 points	
3,000 shares or more	50,000 points	

Example of selected items

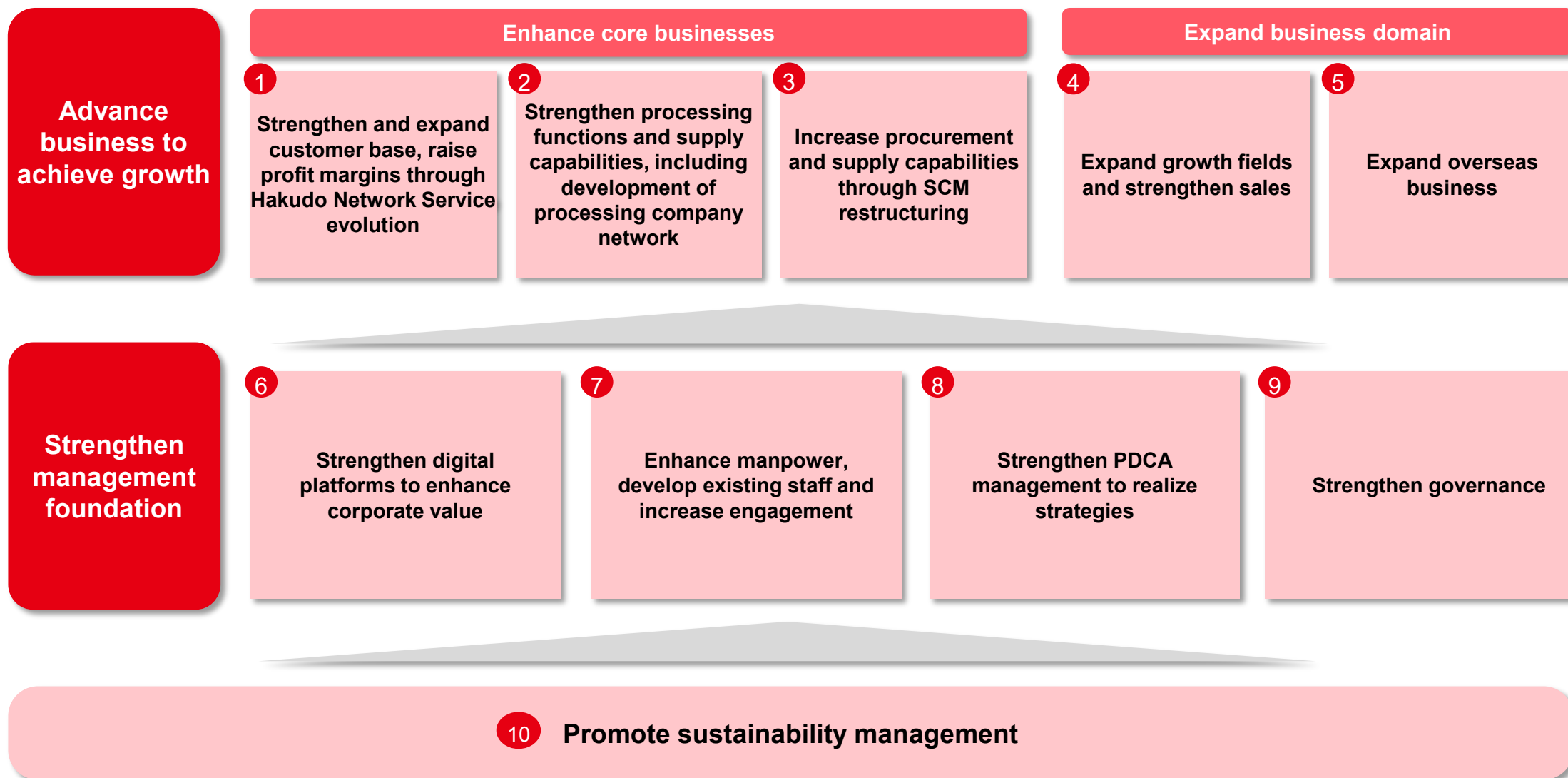


Progress Report for Achieving the Medium-Term Management Plan (FY03/23~ FY03/25)

Medium-term Management Plan Key Strategic Policies

- Targeting business evolution, a stronger management foundation and the promotion of sustainability management by FY03/25 based on exceptional strategies.

Management Issues and Key Strategic Policies



*For details, please refer to the Medium-term Management Plan presentation announced on May 26, 2022

Implementation Status of Key Strategic Policies (1)

(1) Strengthen and expand customer base, raise profit margins through Hakudo Network Service (E-Commerce) evolution

Hakudo standard stock
5,400 items
+
Inventory at other companies
78,700 items
※by the end of December 2023

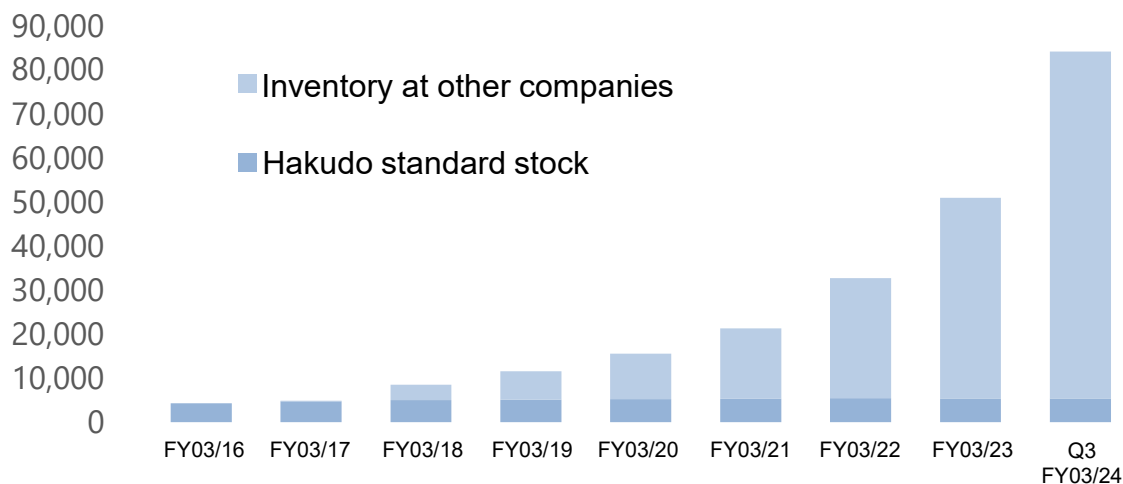
companies using
11,700 companies
registered users
23,500 users
※Including the number of registrations for CS net services
※by the end of December 2023

Open site from July 2023
Allows price quotes without login

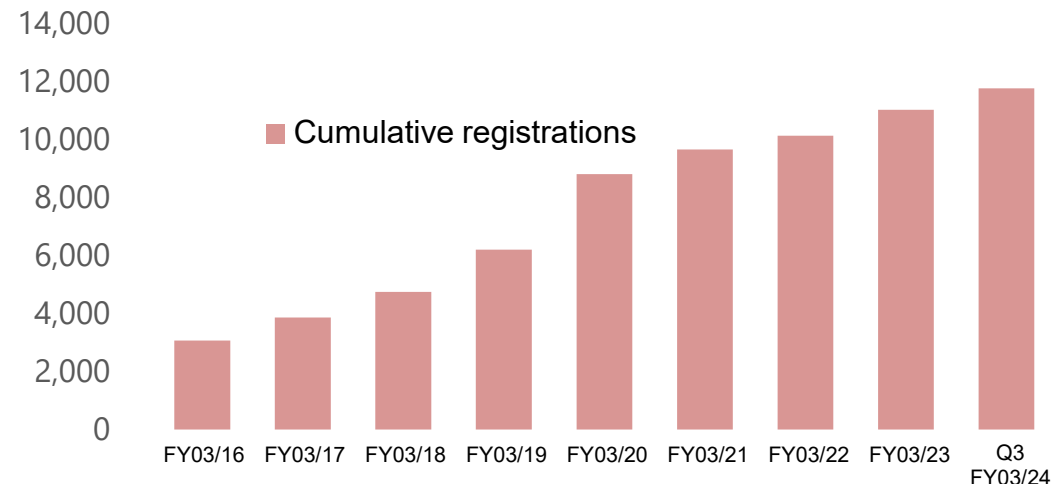
Convenient new features
"metal 3D printer modeling"
"drawing in the web"
"material of CAD data of drawing"



【Number of Items Available at Hakudo Net Service】



【Number of Companies Registered at Hakudo Net Service (Total)】



Note: Includes CS Network Service registrations

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Implementation Status of Key Strategic Policies (2)

(2) Expand growth fields, strengthen sales



Consolidate the industry through specialized departments

Establish a method for accumulating industry knowledge through consolidation of semiconductor related sales partners



Obtaining new customers

Utilize 3D printers to acquire new customers in automotive-related fields

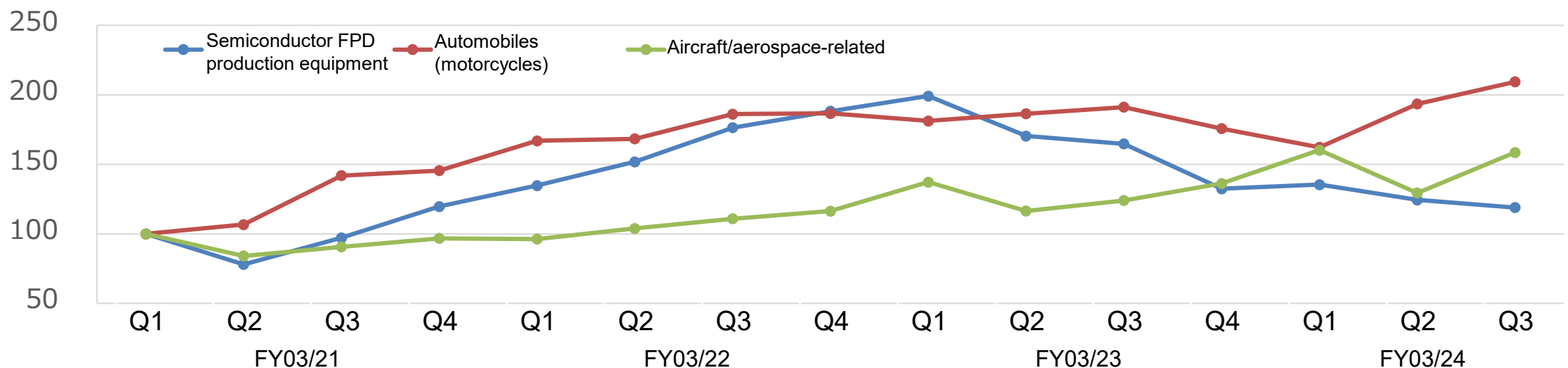


Established a new base

(Iga Warehouse) in Iga City

Consolidate processing equipment such as waterjet cutting machines, machining centers, and wire cutting machines

【Growth domain quarterly sales indicators】



Note: Sales index based on sales in Q1 FY03/21

Implementation Status of Key Strategic Policies (3)

(3) Overseas business expansion

- Hakudo USA Inc., a wholly owned subsidiary of the Company, acquired 51% equity interest in "West Coast Aluminum & Stainless, LLC" in U.S.A, making it a subsidiary in March 2023. The 100-day PMI phase was completed and the company now entered the business expansion phase.
- As of the end of Q3 FY03/24, Hakudo Group's overseas sales ratio is expected to achieve the 12% target for the third year of the MTMP(FY03/25) ahead of the original schedule.

Status of Activities

◆ Expansion of Sales Items

Expanding e-commerce business at overseas subsidiaries, mainly in Thailand.

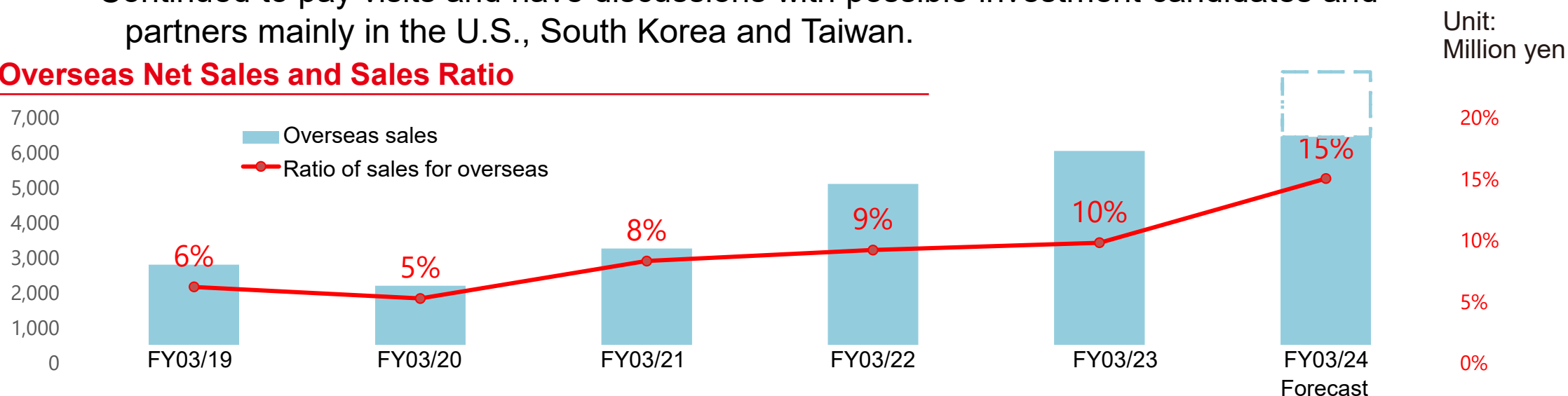
In Southeast Asia, we aim to expand sales via distributor partners, particularly in Vietnam.

Planning to expand import wholesale business and processing business of nonferrous metals at a U.S. subsidiary. Also started preparation for e-commerce business.

◆ Consideration of investment and partnerships

Continued to pay visits and have discussions with possible investment candidates and partners mainly in the U.S., South Korea and Taiwan.

Overseas Net Sales and Sales Ratio



Note: Overseas sales calculated as the sum of overseas subsidiary sales and head office export sales to non-subsidary companies overseas.

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Progress in Sustainability Management (1/3)



- The status of efforts to date for action items and targets pursued by subcommittees established under the ESG/SDGs Management Committee are as follows. This information is reported to the Board of Directors, which in return provides proposals and advice for the actions.
- Increasing sales due to expanding sales and lineup ECO products, which are environmentally friendly. A portion of the proceeds from the sale of ECO products is donated to society, improving employees' awareness of social contribution.

Material issues	Initiatives	FY03/25 Targets	FY03/25 KPIs *1	Q3 FY03/24 Efforts
1. Reducing environmental impact and responding to climate change	Reduce CO ₂ emissions	Commence concrete reduction measures to achieve (1) 42% reduction by FY03/30 compared to FY2020 (2) carbon neutrality by FY03/50.	<ul style="list-style-type: none"> CO₂ emissions 	<ul style="list-style-type: none"> Preparation for Installation of Solar Panels at Shiga Factory Purchase FIT Non-Fossil Certificates Support for disclosure of CDP (Carbon Disclosure Project)Introduction of electric vehicles in company fleet
	Improve manufacturing efficiency	Contribute to society by conserving and reducing the depletion of natural resources and curbing environmental pollution through more efficient deliveries, less industrial waste, and lower scrap rates.	<ul style="list-style-type: none"> Energy consumed Freight cost reduction rates Waste disposal costs Manufacturing department consumable costs 	<ul style="list-style-type: none"> Implemented activities to improve delivery efficiency by restructuring the distribution network Reduced standby power consumption of facilities Continued cutting oil recycling measures
	Promote paperless offices	Reduce costs by eliminating resource waste and promoting recycling, preserve forests and contribute to the protection of the natural environment.	<ul style="list-style-type: none"> Office printing costs 	<ul style="list-style-type: none"> Decreased printing expenses for meeting materials through digitization
2. Building responsible supply chains	Strengthen environment-friendly products	Contribute to society through the stable supply of products with low environmental impact (ECO products, etc.), and management that considers environmental impacts.	<ul style="list-style-type: none"> Environment-friendly product sales volumes 	<ul style="list-style-type: none"> Expand sales of ECO products and consider lineup expansion
	Promote green procurement	Contribute to society by ensuring that suppliers comply with the Hakudo Green Procurement Guidelines, and management that considers environmental impacts.	<ul style="list-style-type: none"> Number of MOUs exchanged with suppliers complying with the Green Procurement Guidelines Green procurement rates 	<ul style="list-style-type: none"> Conducted MOU exchanges with multiple business partners
	Strengthen relationships with suppliers	Contribute to society by cooperating with suppliers and implementing CO ₂ reduction measures, and promoting CO ₂ reductions throughout the supply chain.	<ul style="list-style-type: none"> Green aluminum suppliers discovered Recycled aluminum suppliers discovered 	<ul style="list-style-type: none"> Consider introducing products manufactured from materials with reduced CO₂ emissions Started sales of "ECO63S square bar" with low CO₂ emissions
	Respect human rights	Contribute to society by working with supply chain partners to promote human rights awareness in management.	<ul style="list-style-type: none"> Formulation of internal human rights policies 	<ul style="list-style-type: none"> Initiated human rights due diligence efforts Establishment of Hakudo Group Human Rights Policy Education for all employees

1. In-house KPIs for the three-year period from FY03/23 to FY03/25.



Progress in Sustainability Management (2/3)



Material issues	Initiatives	FY03/25 Targets	FY03/25 KPIs *1	Q3 FY03/24 Efforts
3. Activities targeting society	Contribute to future generations	Contribute to the development of next-generation technologies and the strengthening of human resources by supporting advancement of manufacturing culture and human resource development in Japan.	<ul style="list-style-type: none"> Number of industry-academia collaboration projects 	<ul style="list-style-type: none"> Visited university research exhibitions and explored opportunities for new collaborative initiatives
	Contribute to society	Contribute to a sustainable society, instilling a sense of pride in employees and earning the trust of society.	<ul style="list-style-type: none"> Amount of donations to local communities and organizations 	<ul style="list-style-type: none"> Expand installation of donated vending machines within the company Collecting in-house used books and donated them
4. Investing in human resources	Increase employee satisfaction	Increase employee satisfaction to enhance employee motivation to be productive and responsive to customers, enhance our impact on society (social contributions) and positively impact company performance.	<ul style="list-style-type: none"> Attrition rates Paid leave acquisition rates Percentage of male employees taking parental leave Number of significant near-miss incidents 	<ul style="list-style-type: none"> Explored strategies to prevent employee resignations due to child-rearing or caregiving responsibilities Enhancement of benefits and activities to promote employee awareness Provide support to promote use of sports clubs Preemptively prevented near-miss incidents through workplace inspections
	Promote diversity	Increase organizational productivity and competitiveness by hiring and utilizing diverse human resources.	<ul style="list-style-type: none"> Female employee ratios Female manager ratios Foreign nationality Manager ratio 	<ul style="list-style-type: none"> Considered implementing training and development programs for female managers and potential female managers Ensure fairness and transparency in compensation Consideration of an appropriate and fair system that encourages employees who have achieved results to challenge themselves further
	Enhance employee education	Provide knowledge and skills necessary for business operations, and opportunities to acquire knowledge and skills.	<ul style="list-style-type: none"> Education costs per employees Training participation rates 	<ul style="list-style-type: none"> Consideration of proposed revisions to personnel evaluations

1. In-house KPIs for the three-year period from FY03/23 to FY03/25.



Progress in Sustainability Management (3/3)



Material issues	Initiatives	FY03/25 Targets	FY03/25 KPIs *1	Q3 FY03/24 Efforts
5. Corporate governance	Zero violations	Conduct education aiming for zero tolerance.	<ul style="list-style-type: none"> ● Zero compliance violations 	<ul style="list-style-type: none"> ✓ Executed compliance training sessions ✓ Conducted comprehension checks in compliance.
	Confirm policy compliance status	Ensure compliance with each policy *Current policies and basic principles are as follows: <ul style="list-style-type: none"> • Privacy Policy • Basic Policy on Corporate Governance • Basic Policy on Sustainability • Basic Policy on Disclosure 	<ul style="list-style-type: none"> ● Confirmation of compliance with the aforementioned policies 	<ul style="list-style-type: none"> ✓ Conducted information security study meetings ✓ Implementation of information security education
	Enhance responses to business risks and disasters	Conduct thorough assessment of business risks and review BCP. Also, create a system ensuring employee safety and the smooth resumption of operations when disaster occurs, through implementation of drills and response measures.	<ul style="list-style-type: none"> ● Risk assessment points ● Number of disaster preparedness drills conducted 	<ul style="list-style-type: none"> ✓ Review of risk assessment points ✓ Carried out company-wide safety confirmation drills ✓ Conduct emergency drills
6. Internal dissemination activities of the ESG/SDGs Management Committee	Promote internal dissemination activities	Enhance the company-wide consciousness towards ESG/SDGs management by conducting educational activities and events related to ESG/SDGs.	<ul style="list-style-type: none"> ● Employee penetration of ESG/SDGs management (questionnaire survey) ● Cumulative number of episode contests 	<ul style="list-style-type: none"> ✓ Promoting communication among employees by introducing thank you cards ✓ Distributed and delivered ESG/SDGs-related posters, books, and videos ✓ Consideration of business plans involving the SDGs
7. Develop new products and services related to ESG/SDGs	Make products and services concrete	Develop new products and services	<ul style="list-style-type: none"> ● Number of new products and services introduced 	<ul style="list-style-type: none"> ✓ Considering to develop new CO₂ offset related products and services

1. In-house KPIs for the three-year period from FY03/23 to FY03/25.

Sustainability Management Initiatives



Hakudo is conducting a wide range of activities, including the creation of employment through its own farms, in addition to contributing to society through manufacturing.

Hakudo Farm



We operate Hakudo Farm as part of our effort to promote employment for people with disabilities.

As of January 2024, we have 12 employees at locations in Yokohama City, Kanagawa Prefecture and Misato City, Saitama Prefecture. We grow about 30 kinds of vegetables, mainly leafy greens.

Harvested vegetables are donated to a children's cafeteria as well as distributed to our employees.

Super Minimum Challenge



The Super Minimum Challenge is a project aimed at attaining record speeds using a 50cc engine. It is held annually in Bonneville, Utah.

The world speed record was set at the 2019 competition, where aluminum material provided by Hakudo was also used for the bikes.

More recently, parts fabricated using a 3D printer have also been used.

Koma Battle



The Japanese top ("koma") battle is a tournament-style competition in which manufacturers from all over Japan bring professionally made koma to compete against one another. High school student koma competitions are also held in each prefecture.

Hakudo supports the high school student Koma Battle in Kanagawa Prefecture by supplying materials and engaging in other activities to promote the development of Japanese manufacturing.

Shita-machi Bobsleigh



The Shita-machi Bobsleigh is a project in which small factories located in Ota Ward play a central role in creating world-class sleds, while also conveying to the world the manufacturing capability of Ota Ward, a city of industry located in Tokyo's shita-machi area.

The materials for the Shita-machi Bobsleigh are supplied by Hakudo at no cost. The bobsleigh that was made with these materials secured the 19th spot in the World Championships held in January 2023.

(Photo credit: International Bobsleigh & Skeleton Federation)

*Prepared based on information as of January 31, 2024.

Thank you very much for your attention.

■ Hakudo Official Social Media Accounts

We have created official accounts on LINE and Facebook to regularly disseminate product introductions, exhibition announcements and other useful information.

Please use the QR codes to follow Hakudo online!



■ Disclaimer

This document contains projections based on assumptions, outlooks, and plans regarding the future as of February 2024. Actual results may differ materially from those projected in forward-looking statements due to risks and uncertainties related to the global economy, competitive conditions, and other factors.

■ For more information, please contact:

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