

Financial Results for the First Quarter Year Ended on March 31, 2025

Hakudo Co., Ltd. (7637)

August 19, 2024

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Q1 FY03/25 Results

Financial Highlights

Net sales

15,745 million yen
(up 7.0% YoY)

Gross profit

2,677 million yen
(up 21.1% YoY)

Ordinary profit

996 million yen
(up 44.9% YoY)

Q1 FY03/25 Summary

Net sales

- Sales increased by 7.0% YoY due to increase of sales to the semiconductor production equipment (SPE) industry.
- The overseas sales also increased by JPY475 million YoY because of the depreciation of the Japanese yen and the recovery of the demand in China.

Gross profit

- Gross profit increased by 21.1% YoY due to higher sales and the impact of an increase by JPY46 million in inventory valuation gain.

Ordinary profit

- Ordinary profit increased 44.9% YoY due to the impact of increased revenue, despite higher operating costs such as freight and labor costs, and lower non-operating income.

Summary of Consolidated Statements of Income (PL)

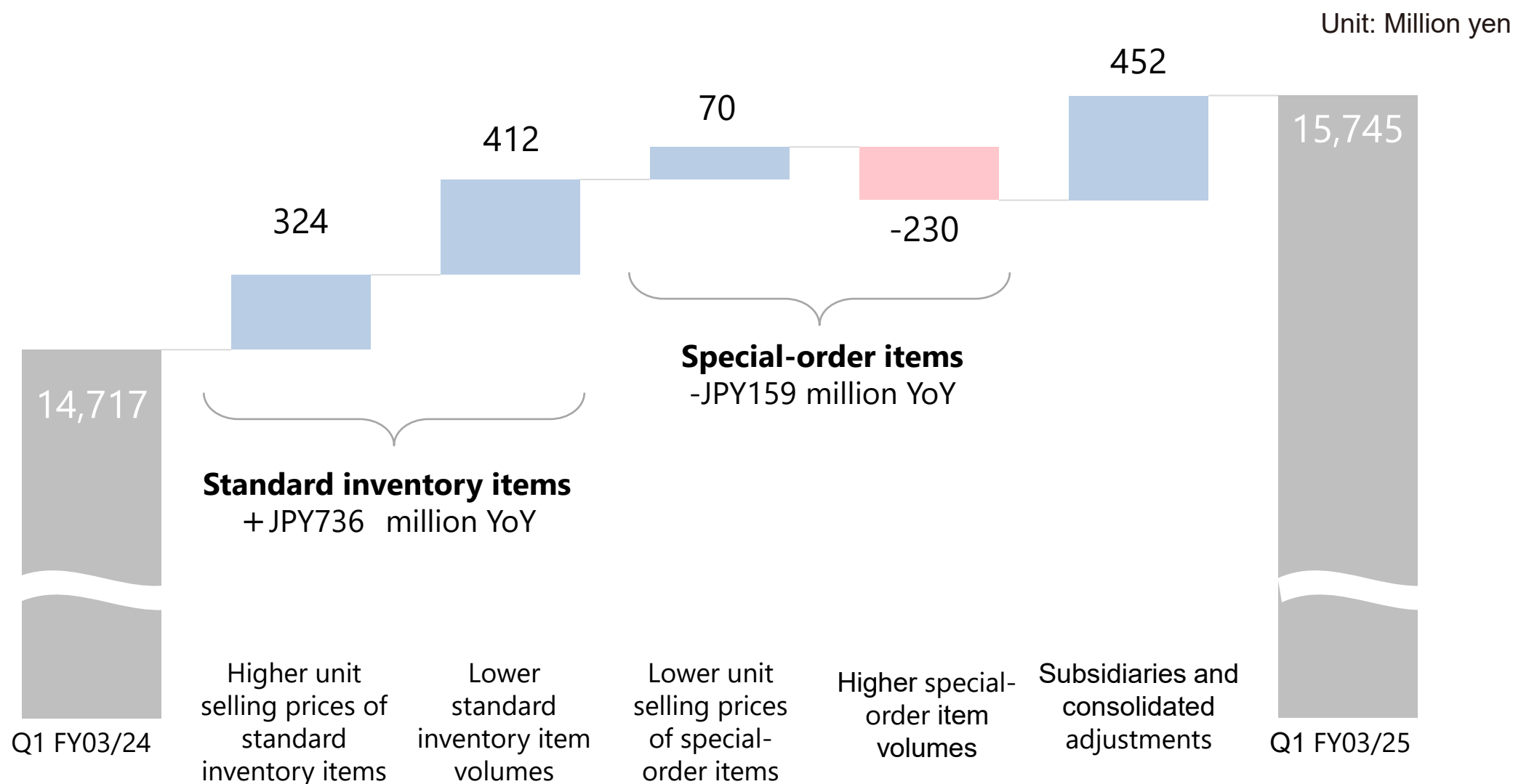
- Net sales increased by JPY1,028 million YoY due to the increase in selling prices caused by buoyant commodity market and the sales recovery in the semiconductor production equipment (SPE) industry and office equipment industry.
- Ordinary profit increased by JPY308 million YoY due to increase in sales and inventory valuation profit.

Unit: Million yen

	Q1 FY03/24	Sales ratio	Q1 FY03/25	Sales ratio	YoY Change (rate)	YoY Change (amount)
Net sales	14,717	-	15,745	-	7.0%	1,028
Standard stock items	8,747	59.4%	9,497	60.3%	8.6%	749
Special-order items	5,970	40.6%	6,248	39.7%	4.7%	278
Gross profit	2,211	15.0%	2,677	17.0%	21.1%	466
Operating profit	551	3.7%	868	5.5%	57.7%	317
Ordinary profit	687	4.7%	996	6.3%	44.9%	308
Inventory revaluation impact	-2	-	43	0.3%	-	46
Ordinary profit (Excluding inventories impact)	689	4.7%	952	6.0%	38.1%	262
Profit attributable to owners of parent	473	3.2%	688	4.4%	45.3%	214

Factors Affecting Year-on-Year Change in Net Sales

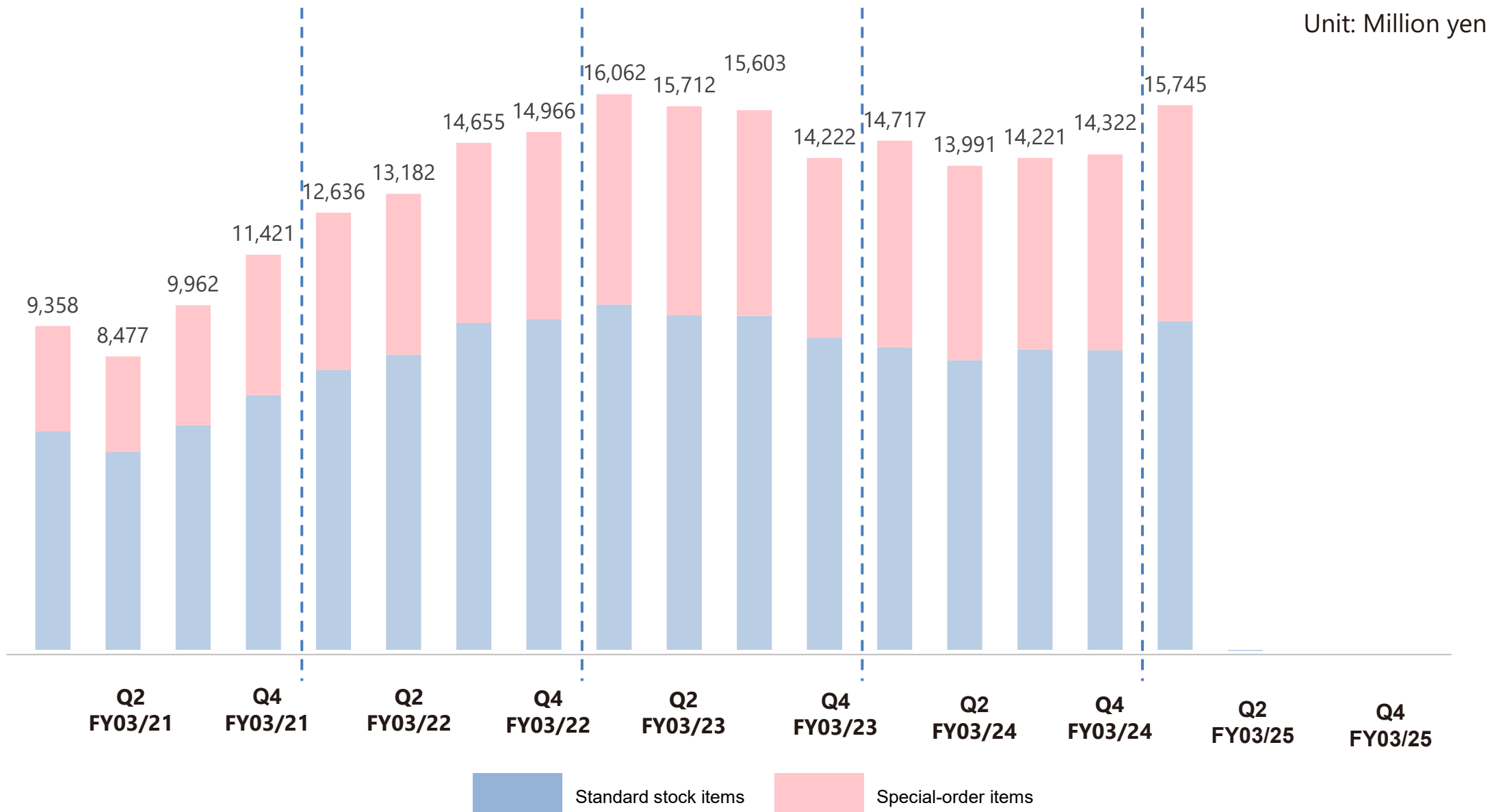
- In addition to increase in selling prices of standard inventory products caused by a rapid recovery of raw material markets, the significant increase in sales volumes contributed to increased sales of standard inventory products by JPY736 million YoY.



Standard inventory items (non-consolidated): sales volume +4.8% YoY, selling price +3.6% YoY

Quarterly Sales Trends

- Though the sales had remained sluggish due to the stagnation of the semiconductor production equipment(SPE) industry, Sales in Q1 FY03/25 increased by JPY1,423 million and there were some good signs of recovery QoQ(Q4).



Net Sales by Product Category

- Aluminum, Copper , Stainless steel and the other sales increased QoQ(Q1) due to increase in both the sales volume and unit selling prices caused by the price increase of raw materials.

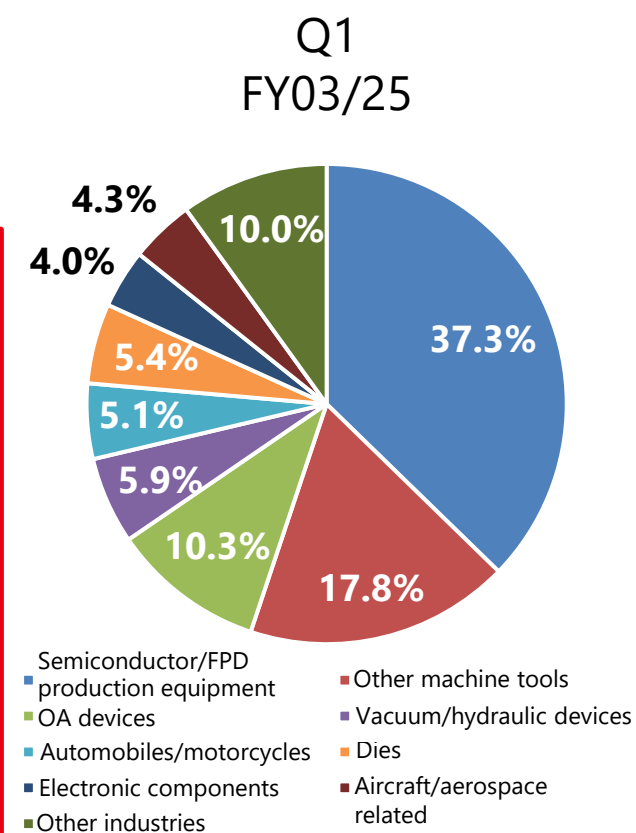
Unit: Million yen

	FY03/23				FY03/24				Q1 FY03/25	Vs. Q1 FY03/24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Consolidated net sales	16,062	15,712	15,603	14,222	14,717	13,991	14,221	14,322	15,745	7.0%
Aluminum	10,694	10,249	10,076	8,800	9,060	8,339	8,244	8,587	9,363	3.3%
Copper	2,106	2,010	2,134	2,248	2,138	2,024	2,126	2,141	2,442	14.2%
Stainless steel	2,565	2,607	2,632	2,414	2,830	2,971	3,074	2,947	3,061	8.1%
Others	696	844	761	759	687	655	774	645	878	27.8%

Composition Ratio of Net Sales by Industry (Japan)

- Both sales ratio and sales amount for Semiconductor/FPD production equipment industry increased QoQ (Q4).
- Though sales ratio decreased, sales amount increased due to increase in overall sales in automobile/motorcycles, mold and other machine tool industry.
- Both sales ratio and sales amount for Aircraft/Aerospace industry, which are positioned as a key strategic industry, continues to increase.

		FY03/24					FY03/25
		1Q	2Q	3Q	4Q	total	1Q
	Semiconductor/FPD production equipment	39.3%	38.5%	36.2%	36.4%	37.6%	37.3%
	Other machine tools	17.7%	17.7%	18.3%	18.0%	17.9%	17.8%
	OA devices	8.9%	9.0%	8.8%	11.6%	9.6%	10.3%
	Vacuum/hydraulic devices	7.1%	5.5%	5.7%	5.4%	5.9%	5.9%
	Automobiles/motorcycles	4.7%	5.9%	6.3%	5.1%	5.5%	5.1%
	Dies	4.8%	5.5%	5.6%	5.4%	5.3%	5.4%
	Electronic components	4.1%	4.3%	4.2%	4.3%	4.2%	4.0%
	Aircraft/aerospace related	4.4%	3.8%	4.6%	4.1%	4.3%	4.3%
	Other industries	9.0%	9.6%	10.3%	9.7%	9.6%	10.0%



Financial Performance by Segment

- Though the company posted an operating loss by JPY31 million in North America, ordinary profit recorded JPY32 million and increased JPY69 million YoY due to Non-operating incomes such as foreign exchange gains of Yen-denominated parent-subsidary loan.
- In China, though both domestic and foreign demand recovered, the company was unable to improve profit ratio resulting in an operating loss of JPY5 million.
- On the other hand, in the other segment (Thailand), ordinary income increased by JPY7 million YoY.

Unit: Million yen

	Q1 FY03/24				Q1 FY03/25			
	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	12,937	548	678	457	13,490	855	909	613
North America	1,154	-35	-37	-20	1,296	-31	32	31
China	296	-6	1	0	559	-5	3	2
Other	328	44	44	35	399	50	51	41

Factors Affecting Year-on-Year Change in Ordinary Profit

- Standard inventory items significantly increased due to increase in both the sales volume and unit selling prices.
- Despite higher costs per sales volume(KG) such as freight and electricity cost, Ordinary profit increased JPY308 million YoY due to the significant impact of increase the sales.

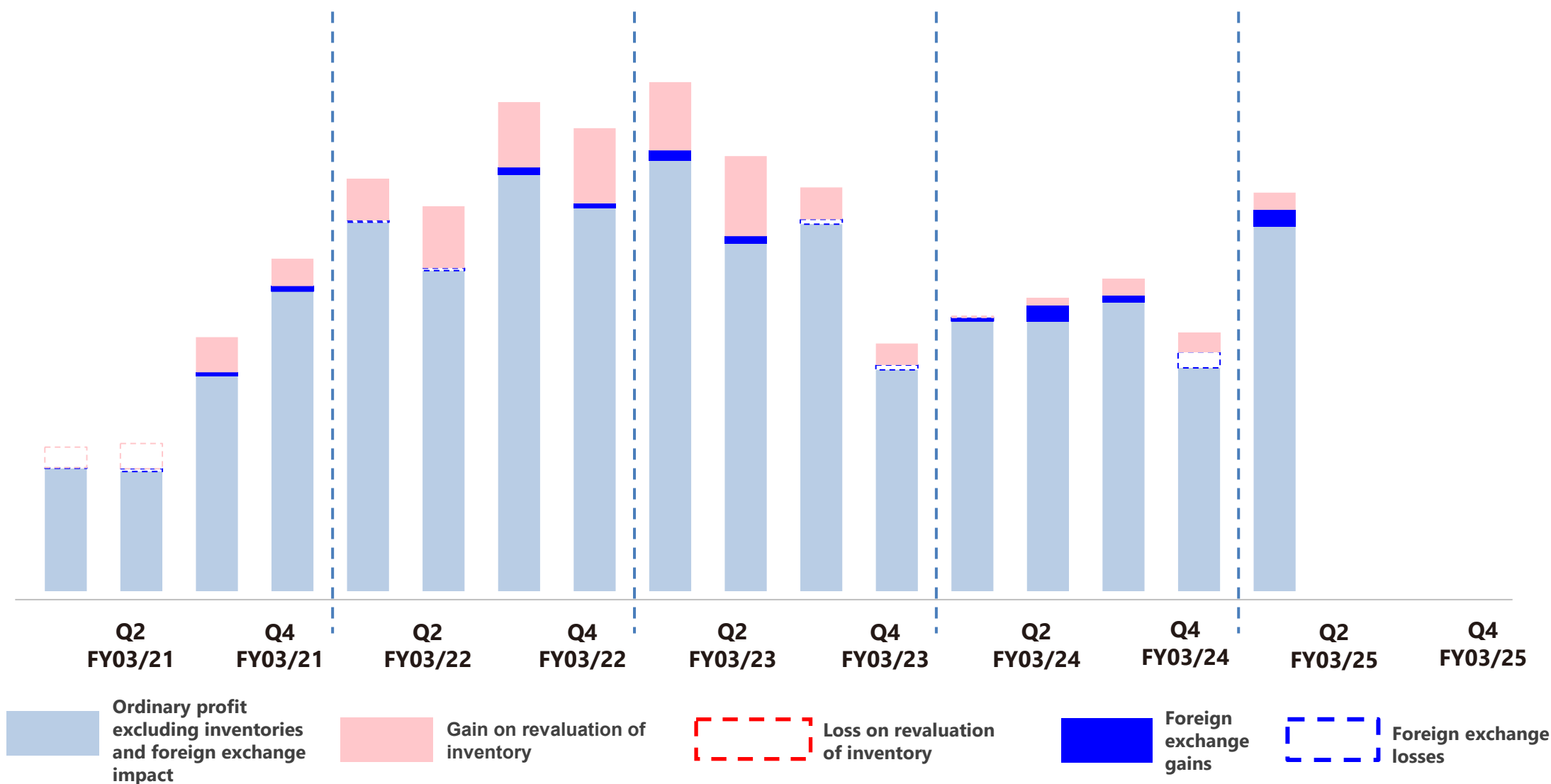
Unit: Million yen



Quarterly Ordinary Profit Trends

- Increased by JPY308 million vs. the Q1 of the previous fiscal year due to a rise in inventory valuation gain.
- Increased by JPY349 million from the previous quarter (Q4)

Unit: Million yen



Balance Sheet (BS)

- Inventories, accounts receivable, and accounts payable increased due to the recent sales increase.

Unit: Million yen

Assets	As of March 31, 2024	Composition ratio	As of June 30, 2024	Composition ratio	Change
Current assets	32,128	76.5%	34,408	77.5%	+2,280
Cash and deposits	5,700	13.6%	5,850	13.2%	+149
Notes and accounts receivable – trade (Including electronically recorded monetary claims – operating) Inventories	16,052	38.2%	17,496	39.4%	+1,444
Inventories	10,221	24.3%	10,872	24.5%	+650
Other current assets	153	0.4%	188	0.4%	+35
Non-current assets	9,887	23.5%	9,992	22.5%	+104
Property, plant and equipment	6,653	15.8%	6,691	15.1%	+37
Intangible assets	1,422	3.4%	1,461	3.3%	+38
Investments and other assets	1,811	4.3%	1,839	4.1%	+28
Total assets	42,015	100.0%	44,400	100.0%	+2,384
Liabilities and net assets	As of March 31, 2024	Composition ratio	As of June 30, 2024	Composition ratio	Change
Current liabilities	19,420	46.2%	21,488	48.4%	+2,067
Notes and accounts payable – trade (Including electronically recorded obligations – operating)	17,147	40.8%	19,043	42.9%	+1,895
Accrued expenses	788	1.9%	1,337	3.0%	+549
Income taxes payable	324	0.8%	340	0.8%	+15
Other current liabilities	1,160	2.8%	767	1.7%	-392
Non-current liabilities	114	0.3%	98	0.2%	-15
Total liabilities	19,534	46.5%	21,586	48.6%	+2,052
Net assets	22,481	53.5%	22,813	51.4%	+332
Total liabilities and net assets	42,015	100.0%	44,400	100.0%	+2,384

Current assets: Up JPY2,280 million

- Increase in inventories due to higher sales

Non-current assets: Up JPY104 million

- Property of machinery capital investment increased
- Increase in dollar-denominated goodwill amount from March 31, 2024 due to yen depreciation (up JPY42 million)

Current liabilities: Up JPY2,067 million

- Increase in notes and accounts payable-trade due to higher sales

Non-current liabilities: Down JPY15 million

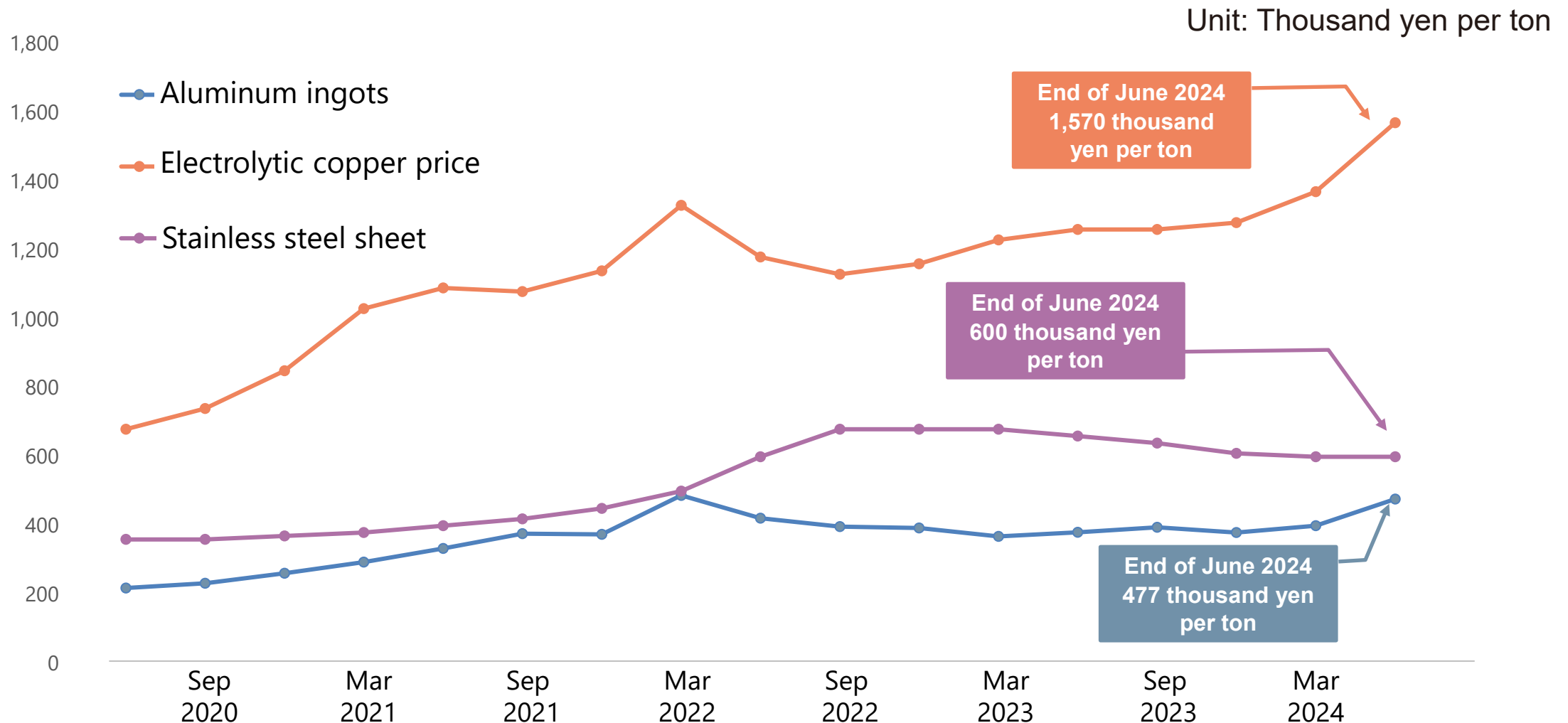
- Decrease in over one-year lease obligations

Net assets: Up JPY332 million

Business Environment (1)

Raw Material Market Trends for Aluminum, Copper and Stainless Steel

- Though aluminum ingots price continued to decline since March 2022, price has been on a downtrend trend recently due to the weak yen rising LME price.
- Electrolytic copper prices continue to rise due to the weak yen and demand expectations.



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

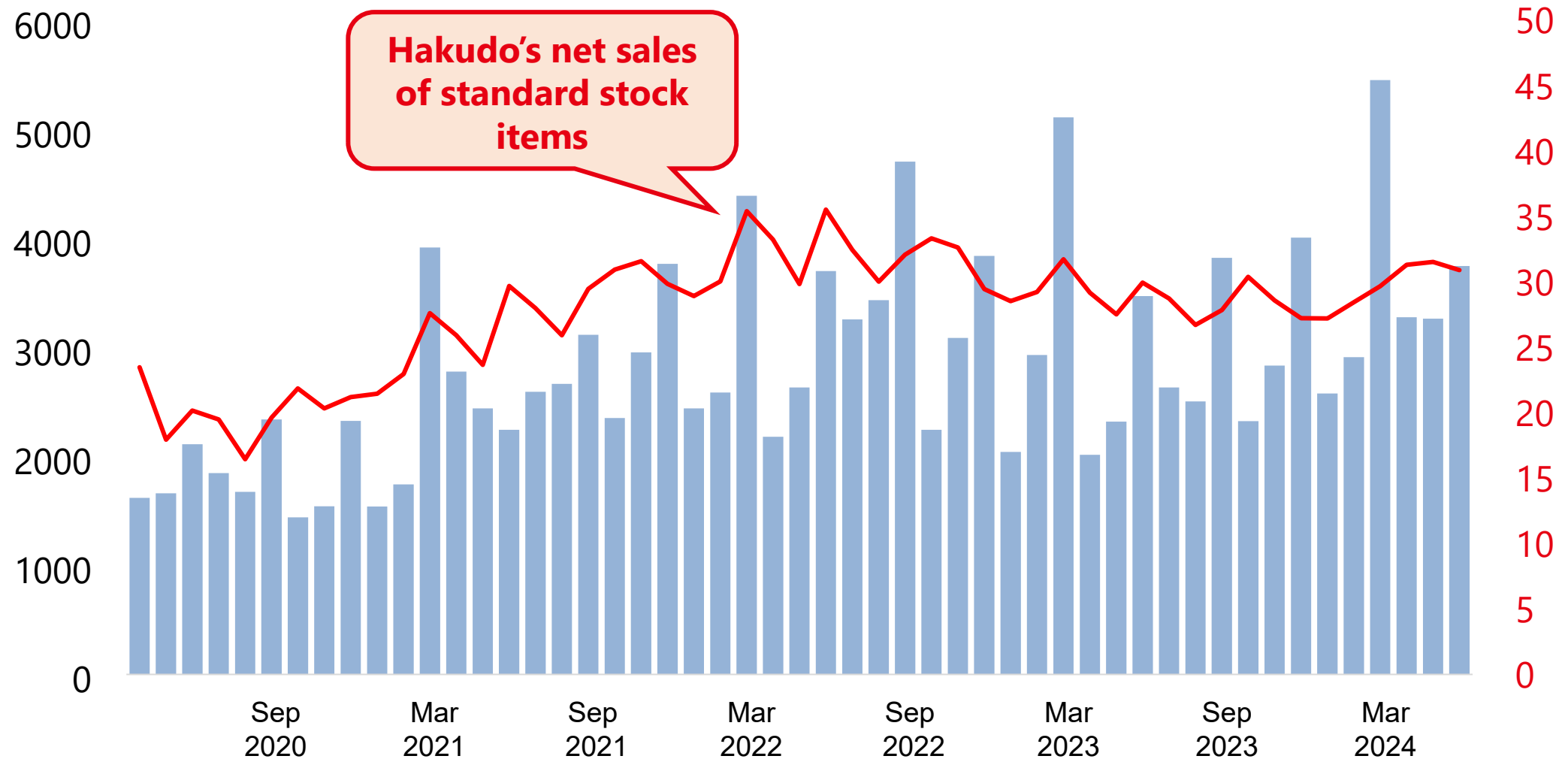
Business Environment (2)

Comparison of Semiconductor Production Equipment Sales and Standard Stock Items Sales

- Lower Inventory procurement and production volume adjustments by semiconductor manufacturers bottomed out due to a part of recovery caused by generative AI and expansion of demand in capital investment for semiconductor in China.
- However, future prospect is still unclear due to recent rising interest rates, the rapid fluctuation of exchange rate and stock markets and other geopolitical factors.

Sales amount of
equipment in Japan
(Billion yen)

Hakudo's net sales of
standard stock
items
(Billion yen)

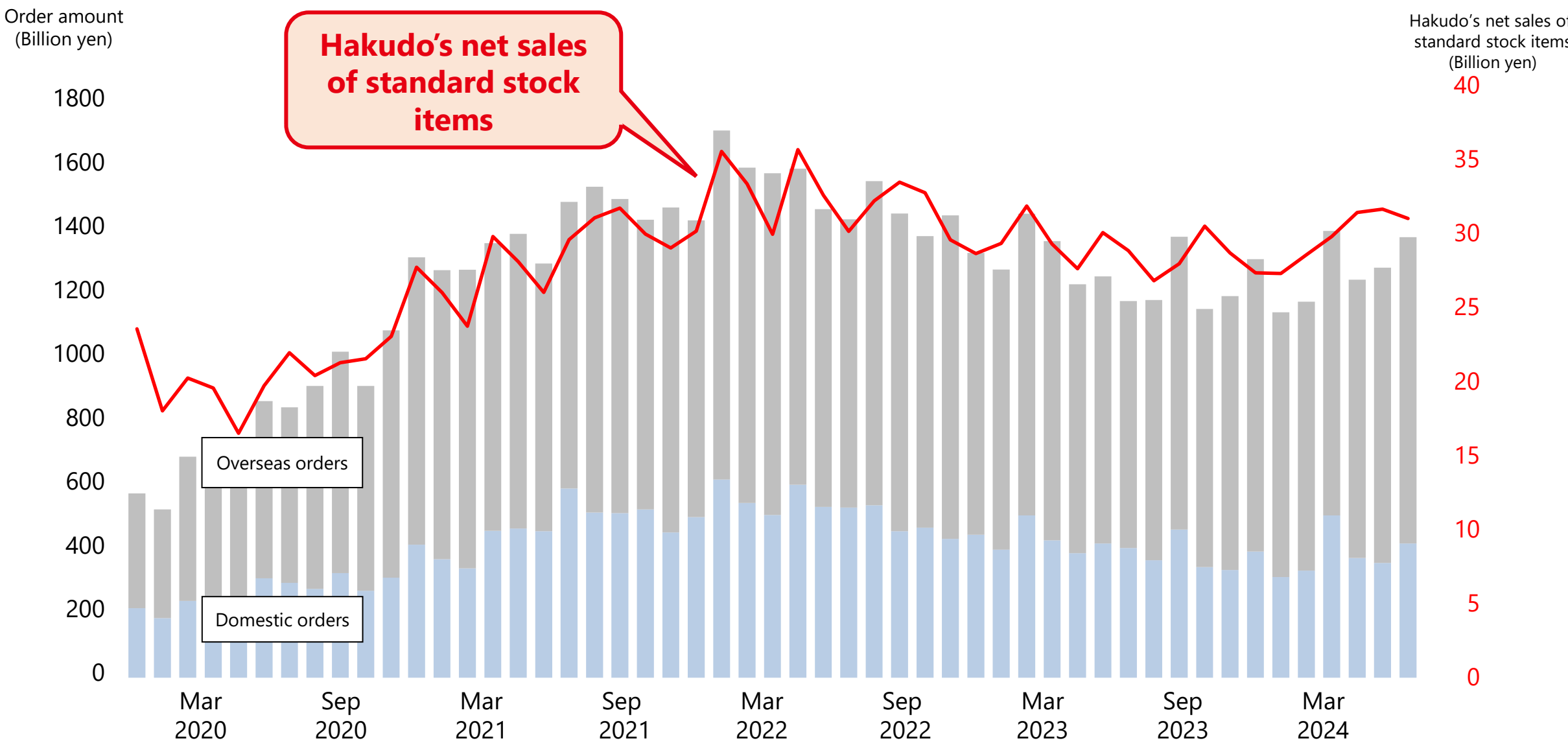


Source: Semiconductor Equipment Association of Japan - statistical data

Business Environment (3)

Comparison of Machine Tool Orders and Standard Stock Items Sales

- Though the volume of machine tool orders has been in decline since its peak in March 2022, there are some signs of recovery recently.
- Sales order decreased by 6.9% (domestic orders) and increased by 5.3% (overseas orders) YoY (April-June).

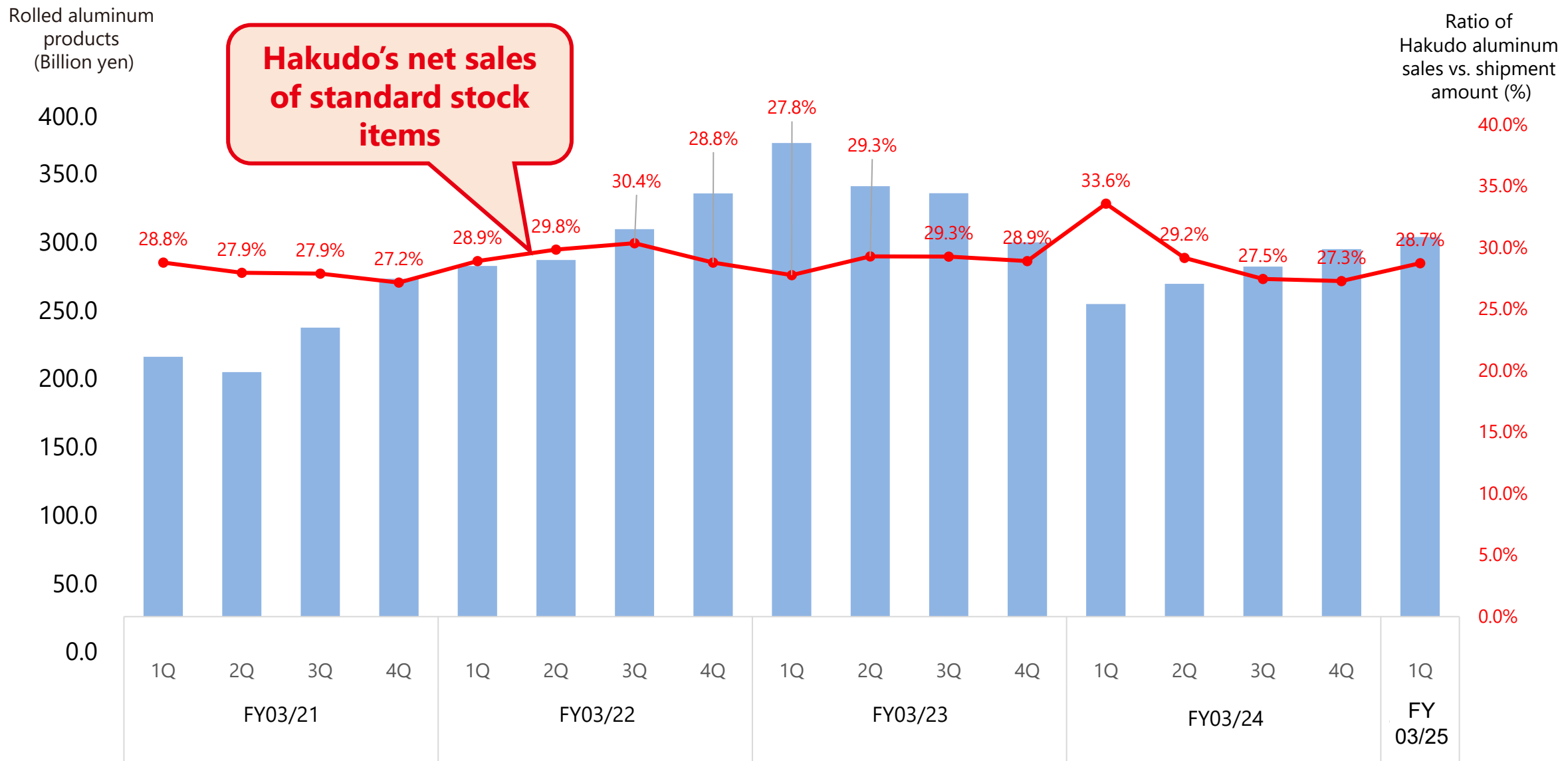


Source: Japan Machine Tool Builders' Association - machine tool orders statistics

Business Environment (4)

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

- Hakudo's aluminum product sales have continued to be around 30% of rolled aluminum product shipment value.



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

FY03/25

Financial Forecasts

Upward revision of Q2 FY03/25 Financial Forecasts

- As business performance and market conditions exceeded our expectations at the beginning of the fiscal year, we upgraded the Q2 FY03/25 Financial Forecasts mainly due to a part of recovery in the semiconductor production equipment industry of Q1 FY03/25 and increase in aluminum ingots price and depreciation of the yen.
- On the other hand, the company left its full-year forecasts unchanged, taking into account the recent rise in interest rates in Japan, sharp fluctuations in foreign exchange rates and stock markets, and the uncertain outlook for the raw materials market.

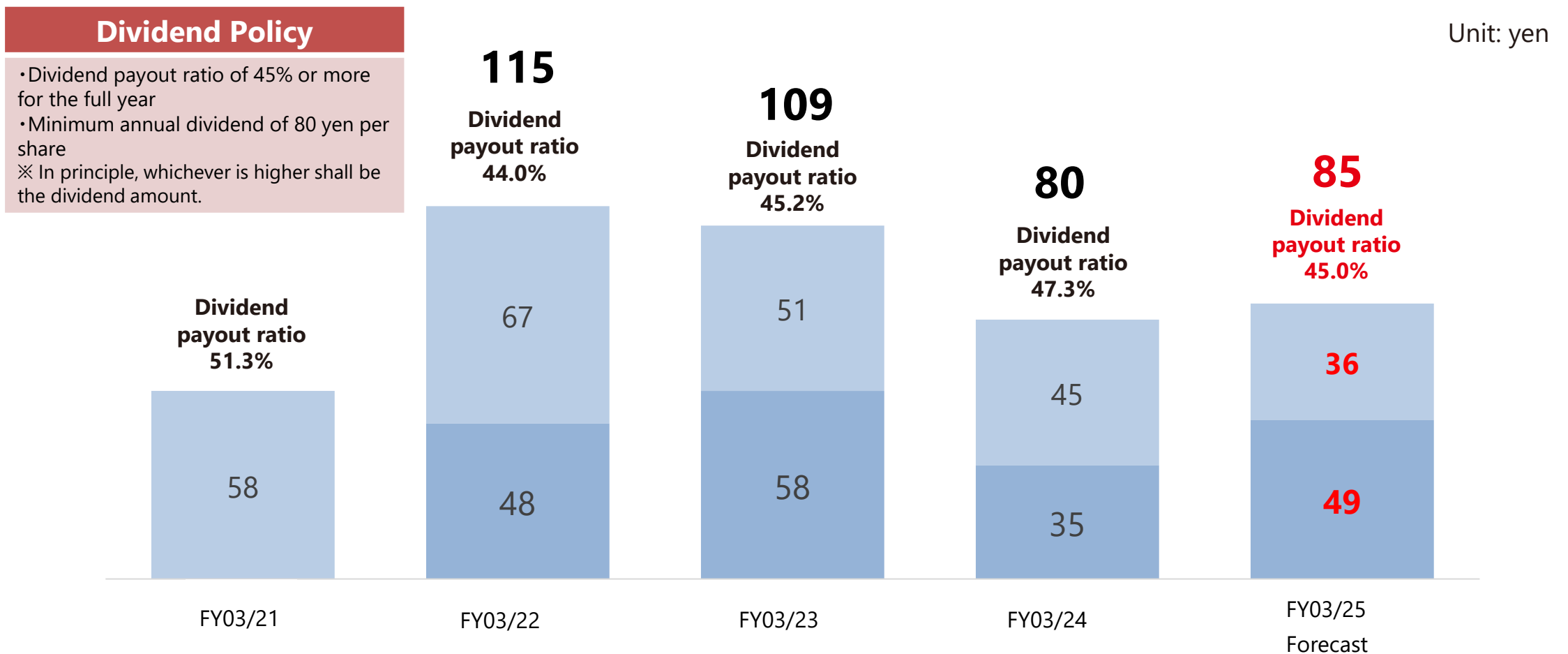
Unit: Million yen

	FY03/25 Q2 Previously announced forecasts	FY03/25 Q2 Revised forecasts	Rate of rise and fall	Change	FY03/25 full-year forecast
Net sales	30,800	31,800	3.2%	1,000	64,100
Operating profit	1,400	1,560	11.4%	160	3,060
Ordinary profit	1,500	1,780	18.7%	280	3,200
Profit attributable to owners of parent	1,000	1,220	22.0%	220	2,140

Shareholder Returns (Dividends)

- Based on the upward revision of Q2 FY03/25 Financial Forecasts, The middle of dividend revised by 49 yen per share (+9 yen from the beginning of the fiscal year 2025).
- the annual dividend for the FY03/25 is expected to be 85 yen per share

Dividend Forecast for FY03/25



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, 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 on Key Strategies in the Mid-term Management Plan

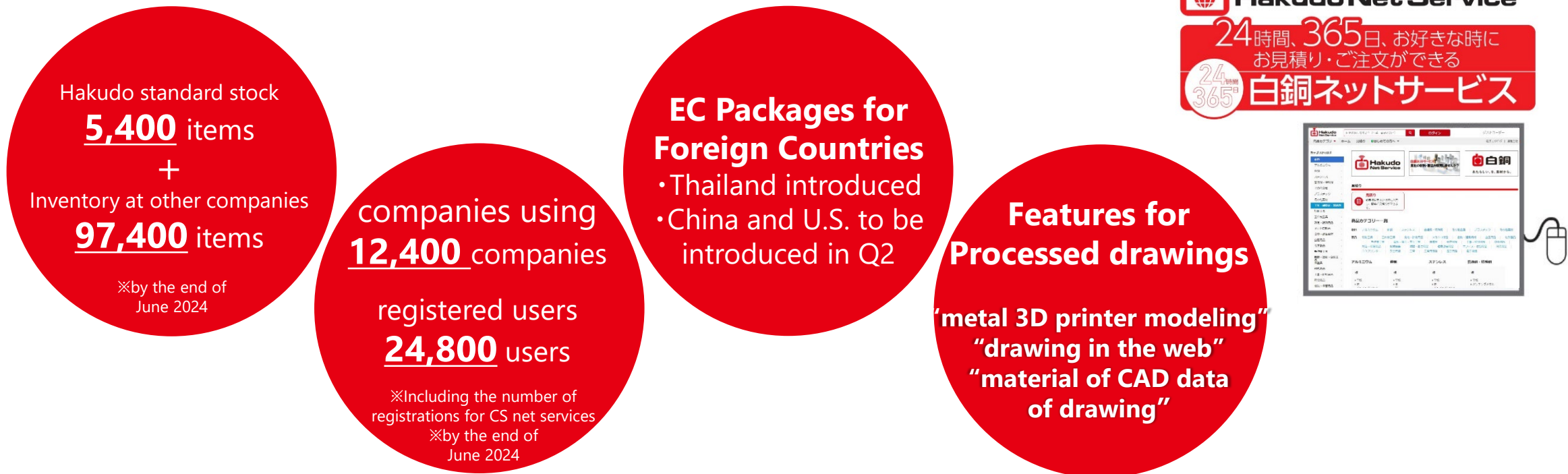
Planned Initiatives for FY03/25

- The main initiatives in line with our key strategic policies for FY03/25 are as shown below.

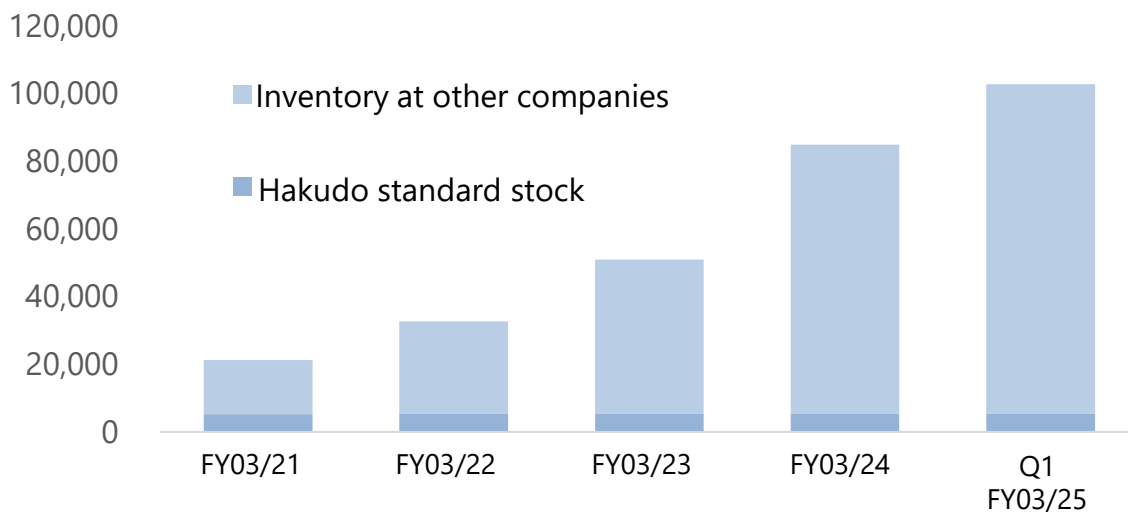
Key Strategic Policies Established in the Medium-Term Management Plan		Planned Initiatives for FY03/25 (Excerpt)
Advance business to achieve growth	① Strengthen and expand customer base, raise profit margins through Hakudo Network Service evolution	<ul style="list-style-type: none"> ✓ Increase the variety of items offered, with a goal of growing gross profit ✓ Boost the number of Hakudo Network Service (including CS Network Service) users ✓ Launch e-commerce services in our overseas subsidiaries
	② Strengthen processing functions and supply capabilities, including development of processing company network	<ul style="list-style-type: none"> ✓ Enhance our blueprint processing services and implement automatic quotation features ✓ Enhanced processing services through introduction of laser processing machines
	③ Increase procurement and supply capabilities through SCM restructuring	<ul style="list-style-type: none"> ✓ Introduce additional automated machinery to save manpower and standardize factory operations
	④ Expand growth fields and strengthen sales	<ul style="list-style-type: none"> ✓ Conduct customer feedback sessions and relay their needs to manufacturers ✓ Pursue industry-wide sales expansion by leveraging new processing equipment ✓ Started special sales activities focused on new dormant and existing customers
	⑤ Expand overseas business	<ul style="list-style-type: none"> ✓ Expand our US subsidiary's operations ✓ Explore potential investment opportunities in South Korea and Taiwan
Strengthen management foundation	⑥ Strengthen digital platforms to enhance corporate value	<ul style="list-style-type: none"> ✓ Optimize operational efficiency using Robotic Process Automation (RPA) and the Internet of Things (IoT)
	⑦ Enhance manpower, develop existing staff and increase engagement	<ul style="list-style-type: none"> ✓ Introduce new HR evaluation system (more performance based) ✓ Enrich our employee benefits program to enhance employee satisfaction
	⑧ Strengthen PDCA management to realize strategies	<ul style="list-style-type: none"> ✓ Compile and disclose an integrated report
	⑨ Strengthen governance	<ul style="list-style-type: none"> ✓ Extend the range of our JIS Q27001 certification coverage

Progress on Key Strategies in the Mid-term Management Plan (1)

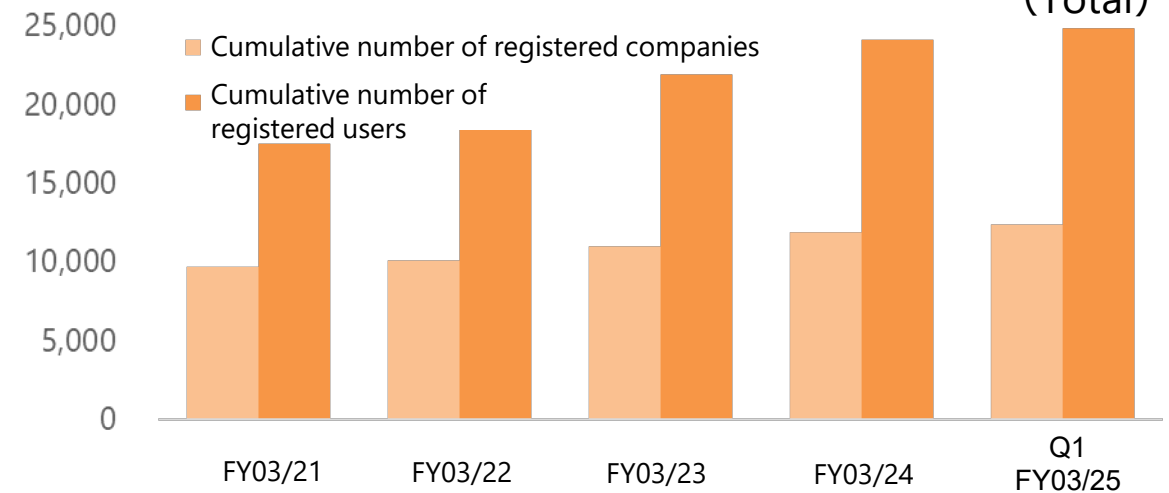
(1) Strengthen and expand customer base, raise profit margins through Hakudo Net Service (E-Commerce) evolution



【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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Progress on Key Strategies in the Mid-term Management Plan (2)

(2) Expand growth fields, strengthen sales



Q1 FY03/25
sales ratio
37.3%

Consolidate the industry through specialized departments

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



Q1 FY03/25
sales ratio
5.1%

Obtaining new customers

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

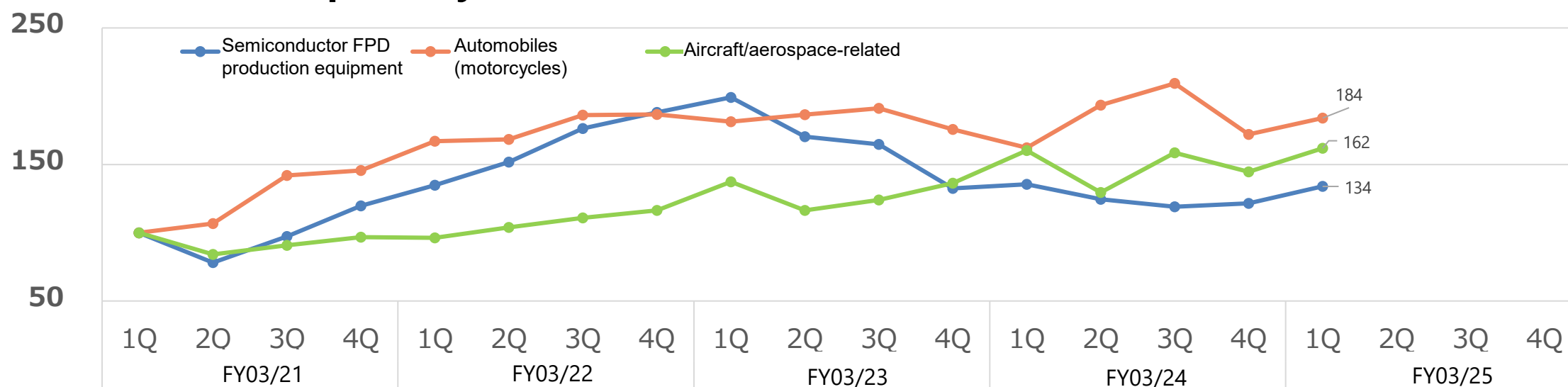


Q1 FY03/25
sales ratio
4.3%

Established a new base (Iga Warehouse) in Iga City

Strengthen our procurement capacity for Aerospace-standard materials imported from overseas manufacturers in cooperation with WCAS

【Growth domain quarterly sales indicators】



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

Progress on Key Strategies in the Mid-term Management Plan (3)

(3) Overseas business expansion

- Achieved the overseas sales ratio target of 12% for the Hakudo Group in the final year of the medium-term management plan (FY03/25) ahead of the schedule.

Status of Activities

◆ Expansion of Sales Items

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

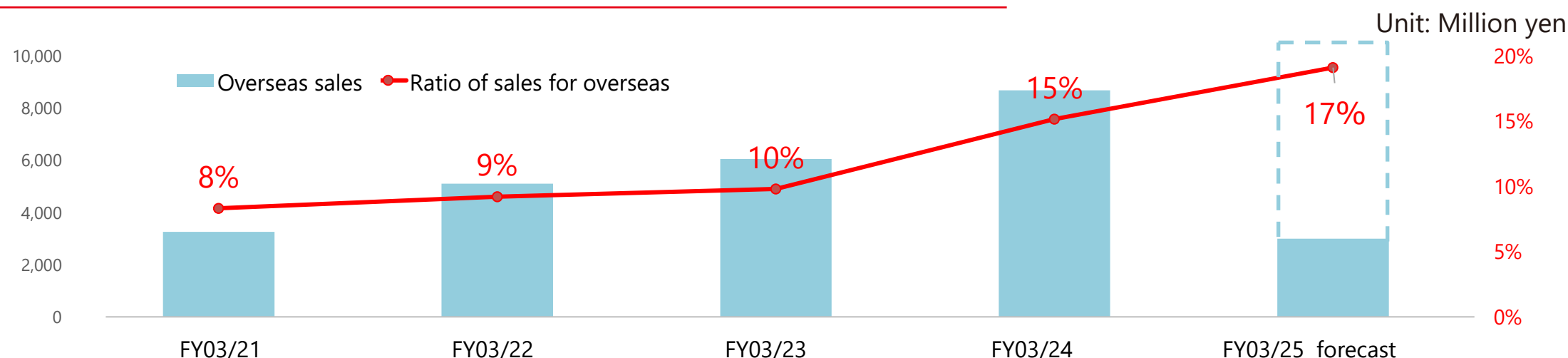
In Southeast Asia, we aim to expand sales via distributor partners, particularly in Vietnam.

Nonferrous metals import wholesale and processing business started at a U.S. subsidiary. E-commerce business is scheduled to start in Q2 FY03/25.

◆ 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. In addition, some pilot transactions have already started in 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-subsidiary companies overseas.

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Initiatives for Sustainability Management

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.
- Our CO₂ emissions reduction target by FY2030 was achieved ahead of schedule.
- Efforts to reduce CO₂ emissions include the installation of solar power panels at the Shiga Plant and the introduction of EVs. The Company has also decided to install solar power panels at its Fukushima Plant.

Material issues	Initiatives	FY03/27 Targets	FY03/27 KPIs *1	Q1 FY03/25 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 The amount of CO₂ emissions reduction by our initiatives 	<ul style="list-style-type: none"> ✓ Preparation for installation of solar panels at Fukushima Plant ✓ Introduced five electric vehicles ✓ Achieve our target to reduce the amount of CO₂ emissions for fiscal year 2023 (reduced by 42% compared to fiscal year 2020)
	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 ✓ Introduction of environmentally friendly packaging materials
	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"> ✓ Started sales of "ECO63S square bar" with low CO₂ emissions ✓ Started to consider launching more products to restrain the amount of 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 and implementation of our Group human rights policies 	<ul style="list-style-type: none"> ✓ Initiated human rights due diligence efforts ✓ Internal penetration activities of Hakudo Group Human Rights Policy ✓ Confirmation of human rights guidelines with client

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

Progress in Sustainability Management (2/3)



Material issues	Initiatives	FY03/27 Targets	FY03/27 KPIs *1	Q1 FY03/25 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 ✓ Planned and made Factory Tours for students ✓ Offer metal materials for free to the students who joined in the "Student Formula Robot Competition"
	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"> ✓ Making a donation continuously ✓ 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 Average overtime working hours Paid leave acquisition rates Percentage of male employees taking parental leave 	<ul style="list-style-type: none"> ✓ Enhance a work environment for employees to take a paid leave more easily ✓ Make an improvement plan based on the survey of employee benefits ✓ Provide support to promote use of sports clubs
	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"> ✓ Promote for employing more people with disabilities ✓ Make a future plan for implementing training and development programs for female managers and potential female managers ✓ Hire more permanent employee from overseas actively
	management of healthy good work environment	Promotion the health both mentally and physically of employees Improve adequacy living as a member of society	<ul style="list-style-type: none"> The rate of people have heavy stress The number of cases of harassment Work-related accident frequency rate 	<ul style="list-style-type: none"> ✓ Promote health care continuously(obtain healthy Top-tier company "silver"). ✓ Analysis the factor of heavy stress based on the result of survey ✓ Conduct the Counseling by professional. ✓ Strengthen workplace patrols to prevent minor incident before it happens
	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"> ✓ Carry out the education based on the annual educational plan ✓ Fulfilling new hire training

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

Progress in Sustainability Management (3/3)



Material issues	Initiatives	FY03/27 Targets	FY03/27 KPIs *1	Q1 FY03/25 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 ✓ The survey of activities of tree-planting and environmental volunteers
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 July 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 July 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 August 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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