

Financial Results for  
the Third Quarter Fiscal Year Ended on March 31, 2025  
(Q3 FY03/25 Results)

---

Hakudo Co., Ltd. (7637)

February 12, 2025

# Table of Contents

---

1.	Q3 FY03/25 Financial Results	P 2
2.	FY03/25 Financial Forecasts	P18
3.	Progress on Key Business Strategies	P22
4.	Initiatives for Sustainability Management	P28

# 1. Q3 FY03/25 Financial Results

---

# Result Highlights

## Net sales

50,153 million yen  
(up 16.8% YoY)

## Gross profit

7,811 million yen  
(up 12.9% YoY)

## Ordinary profit

2,335 million yen  
(up 6.1% YoY)

## Q3 FY03/25 summary

### Net sales

- Sales increased by 16.8% from the previous consolidated interim accounting period, mainly due to higher unit selling prices and increasing sales volume to the semiconductor production equipment industry, driven by AI-related products and increased demand from the Chinese market.
- In the overseas market, sales increased in all segments including China, Thailand, and North America. Sales increased by 1,085 million yen from the previous interim consolidated accounting period.

### Gross profit

- Gross profit increased by 12.9% YoY due to sales increase and the impact of higher inventory valuation gains.

### Ordinary profit

- Ordinary profit increased by 6.1% YoY due to decrease in non-operating incomes such as dividends and foreign exchange gains.

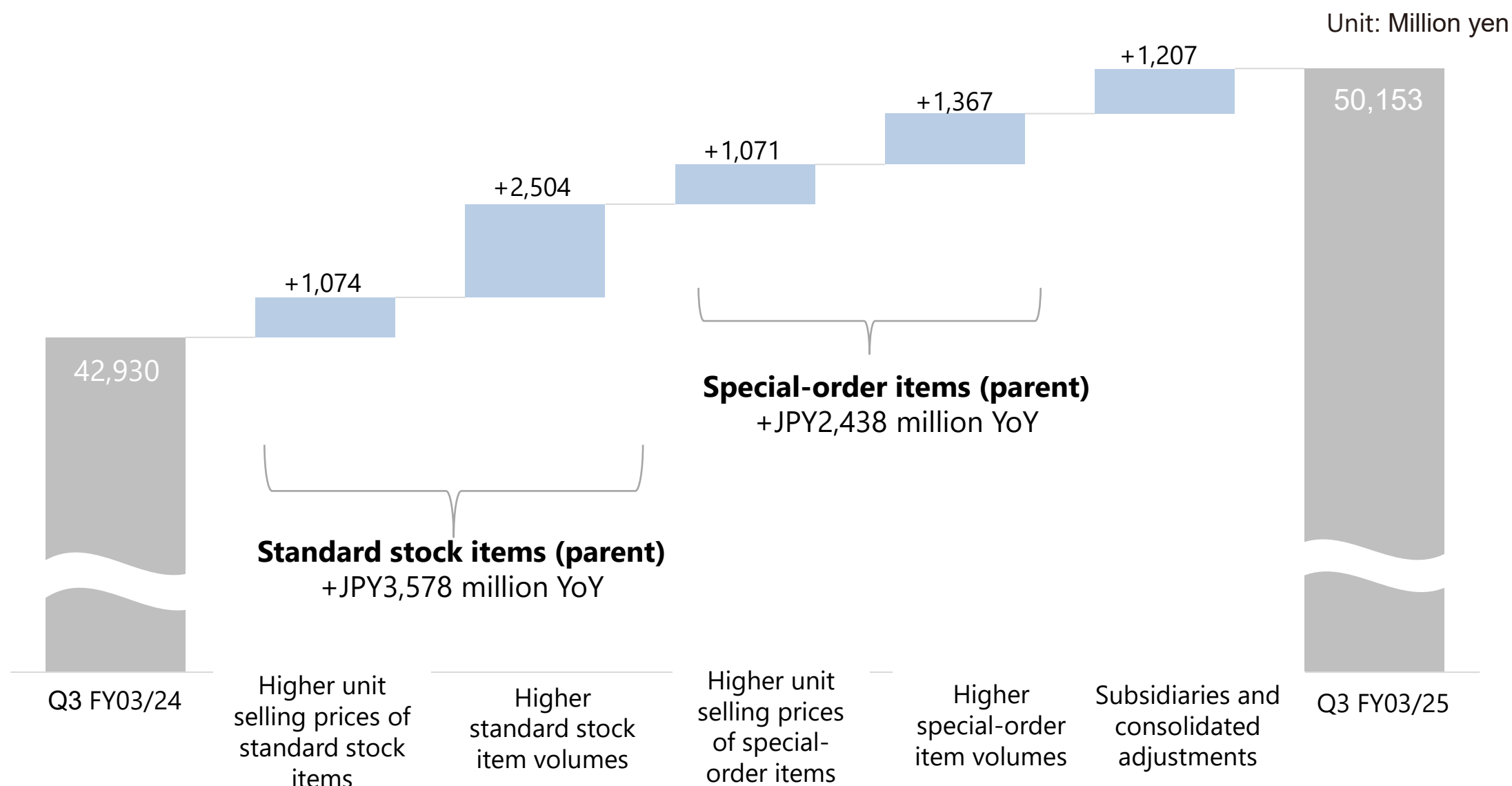
# Summary of Consolidated Statements of Income (PL)

- Net sales increased by JPY7,223 million YoY because sales volume of OA devices industry and the demand for China and generative AI increased.
- Ordinary profit increased by JPY134 million YoY due to increase in the sales and inventory valuation profit.

	Q3 FY03/24	Sales ratio	Q3 FY03/25	Sales ratio	YoY Change (rate)	YoY Change (amount)
Net sales	42,930	-	50,153	-	16.8%	+7,223
Standard stock items	25,806	60.1%	29,529	58.9%	14.4%	+3,722
Special-order items	17,123	39.9%	20,624	41.1%	20.4%	+3,500
Gross profit	6,921	16.1%	7,811	15.6%	12.9%	+890
Operating profit	1,885	4.4%	2,209	4.4%	17.2%	+323
Ordinary profit	2,201	5.1%	2,335	4.7%	6.1%	+134
Inventory revaluation impact	57	0.1%	318	0.6%	-	+261
Ordinary profit (Excluding inventories impact)	2,144	5.0%	2,016	4.0%	-5.9%	-127
Profit attributable to owners of parent	1,512	3.5%	1,556	3.1%	2.9%	+44

# Factors Affecting Year-on-Year Change in Net Sales

- In addition to increase in unit selling prices, the increase in sales volumes contributed to increased sales of both Standard stock items and Special-order items by JPY7,223 million YoY.

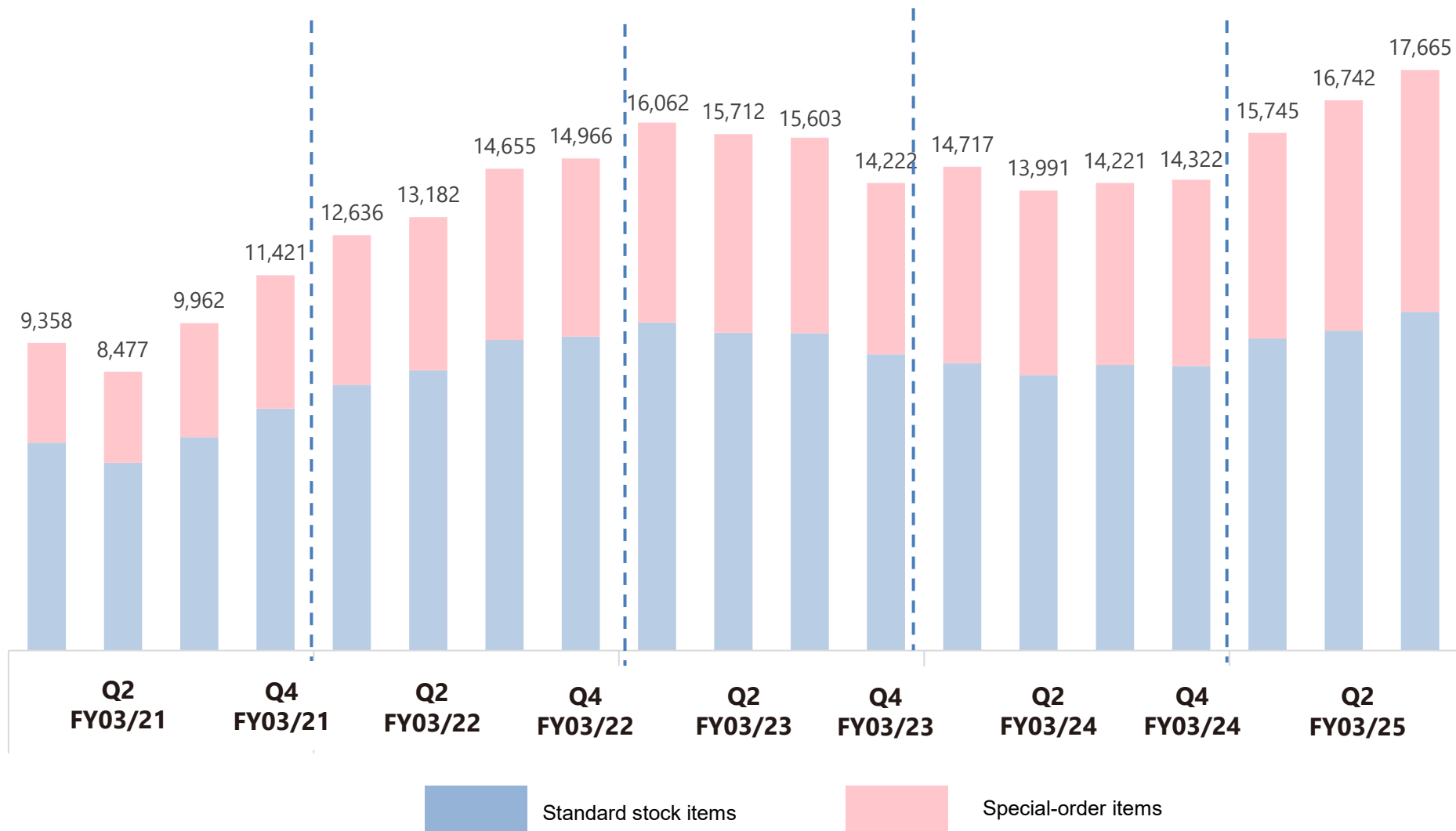


For Hakudo's individual standard stock items: sales volume +10.1% YoY, selling price +3.8% YoY

# Quarterly Sales Trends

- Though the sales had remained sluggish due to the stagnation of the semiconductor production equipment(SPE) industry since FY03/23 4Q, the sales showed continuous recovery in FY03/25 Q3. We achieved the highest sales number (JPY17,665 million) in FY03/25 Q3 for 2 consecutive quarters.

Unit: Million yen



# Net Sales by Product Category

- The sales of the entire product categories increased on a QoQ due to increase both the sales volume and unit selling prices caused by a partial recovery of semiconductor production equipment(SPE) industry.

Unit: Million yen

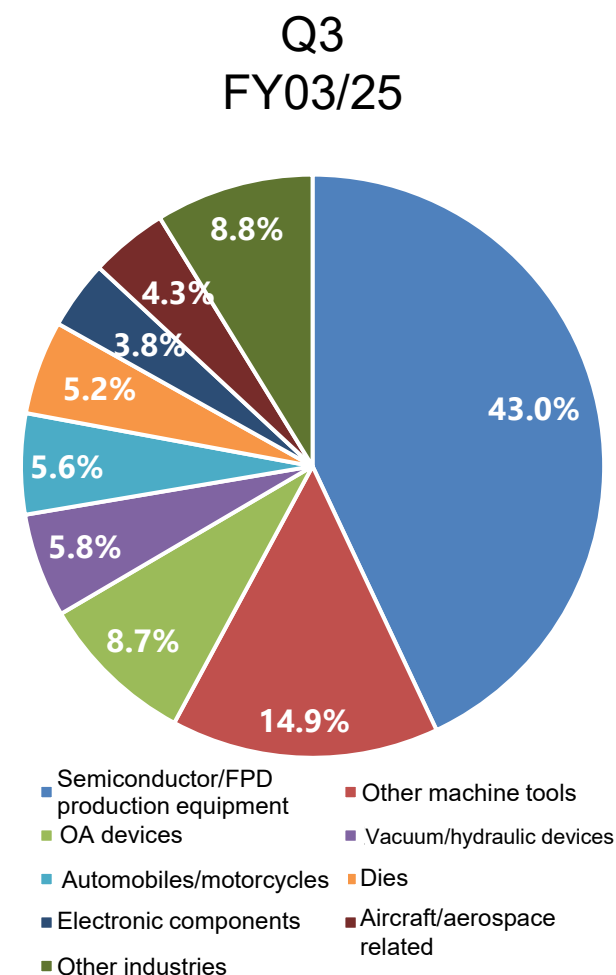
	FY03/24				FY03/25			Vs. Q3 FY03/24
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
<b>Consolidated net sales</b>	14,717	13,991	<b>14,221</b>	14,322	15,745	16,742	<b>17,665</b>	24.2%
<b>Aluminum</b>	9,060	8,339	<b>8,244</b>	8,587	9,363	10,449	<b>10,984</b>	33.2%
<b>Copper</b>	2,138	2,024	<b>2,126</b>	2,141	2,442	2,312	<b>2,425</b>	14.0%
<b>Stainless steel</b>	2,830	2,971	<b>3,074</b>	2,947	3,061	3,122	<b>3,347</b>	8.9%
<b>Others</b>	687	655	<b>774</b>	645	878	857	<b>908</b>	17.3%



# Composition Ratio of Net Sales by Industry (Japan)

- Sales ratio of Semiconductor/FPD production equipment industry increased significantly QoQ. Though sales ratio of other industries decreased, sales in all industries increased.

	FY03/24				FY03/25		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Semiconductor/FPD production equipment	39.3%	38.5%	36.2%	36.4%	37.3%	42.2%	43.0%
Other machine tools	17.7%	17.7%	18.3%	18.0%	17.8%	15.6%	14.9%
OA devices	8.9%	9.0%	8.8%	11.6%	10.3%	9.4%	8.7%
Vacuum/hydraulic devices	7.1%	5.5%	5.7%	5.4%	5.9%	5.5%	5.8%
Automobiles/motorcycles	4.7%	5.9%	6.3%	5.1%	5.1%	5.1%	5.6%
Dies	4.8%	5.5%	5.6%	5.4%	5.4%	5.3%	5.2%
Electronic components	4.1%	4.3%	4.2%	4.3%	4.0%	3.8%	3.8%
Aircraft/aerospace related	4.4%	3.8%	4.6%	4.1%	4.3%	4.3%	4.3%
Other industries	9.0%	9.6%	10.3%	9.7%	10.0%	8.7%	8.8%



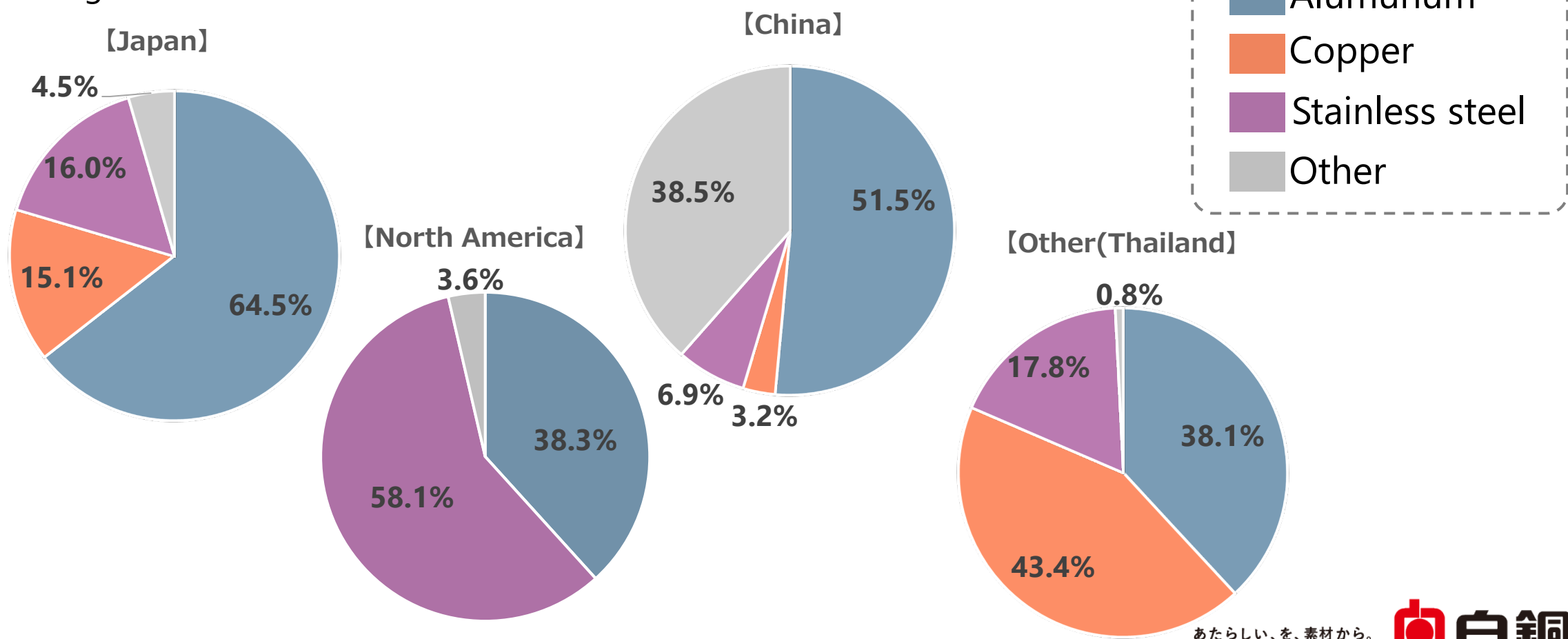
# Financial Performance by Segment

- We posted an operating loss by JPY162 million in North America segment and sales decreased by JPY197 million YoY due to a sluggish economy caused by a shortage of capital expenditure.
- In China segment, net sales and operating profit improved QoQ.
- Sales of other segment (Thailand) remained in great form and ordinary profit increased by JPY20 million YoY.

		Q3 FY03/24				Q3 FY03/25			
		Net sales	Operating profit/losses	Ordinary profit/losses	Profit(loss) attributable to owners of parent	Net sales	Operating profit/losses	Ordinary profit/losses	Profit (loss) attributable to owners of parent
	Japan	37,482	1,917	2,068	1,398	43,620	2,247	2,341	1,582
	North America	3,470	-108	34	34	3,874	-173	-162	-150
	China	965	-32	-12	-9	1,392	3	24	18
	Other	1,012	110	111	88	1,267	132	131	105

# Sales Ratio by Segment

- 【Japan】Aluminum products are a large proportion of sales and sales ratio of copper products and stainless steel products is the same due to the large sales to the semiconductor manufacturing equipment industry.
- 【North America】Stainless steel products are a large proportion of sales due to the housing and construction industry.
- 【China】Aluminum products are a high percentage of total sales due to the large sales to the semiconductor manufacturing equipment industry, while the percentage of other products, including specialty steel products for the mold and die and automobile industries, is larger than in Japan.
- 【Other (Thailand)】Copper products for the metal mold and automobile industries account for a large share of the total.



# Factors Affecting Year-on-Year Change in Ordinary Profit

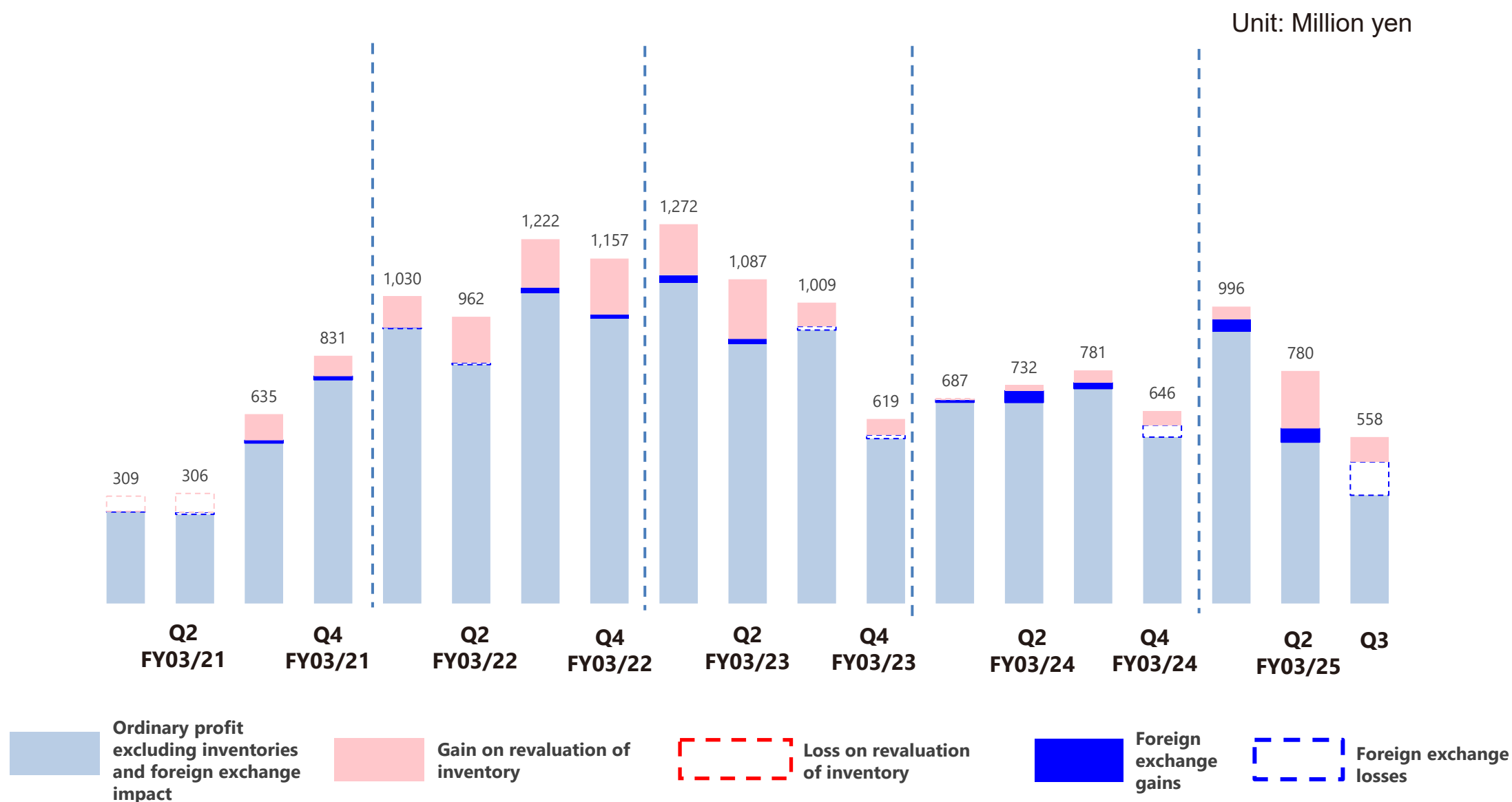
- Profits of both Standard stock items and Special-order items significantly increased due to the impact of an increase in sales volumes and unit selling prices.
- Though manufacturing expenses and SG&A expenses such as logistics & labor costs increased and foreign exchange loss was incurred, profits increased by JPY134 million YoY due to an increase in net sales and higher inventory valuation gains.

Unit: Million yen



# Quarterly Ordinary Profit Trends

- Ordinary profit decreased by JPY223million QoQ and decreased by JPY222million compared to Q2, due to an increase SG&A expenses such as labor & logistics costs and sales promotion expenses and incurred foreign exchange loss.



# Balance Sheet (BS)

- Notes and accounts receivable – trade, Inventories and Accounts payable-trade increased due to recent increase in net sales.
- Non-current assets decreased by JPY111 million due to a decrease in property, plant and equipment by depreciation.

Unit: Million yen

Assets	As of March 31, 2024	Composition ratio	As of Dec 31, 2025	Composition ratio	Change
Current assets	32,128	76.5%	37,178	79.2%	+5,055
Cash and deposits	5,700	13.6%	5,844	12.4%	+143
Notes and accounts receivable – trade (Including electronically recorded monetary claims - operating) Inventories	16,052	38.2%	18,808	40.1%	+2,755
Inventories	10,221	24.3%	12,277	26.1%	+2,055
Other current assets	153	0.4%	252	0.5%	+99
Non-current assets	9,887	23.5%	9,776	20.8%	-111
Property, plant and equipment	6,653	15.8%	6,443	13.7%	-209
Intangible assets	1,422	3.4%	1,405	3.0%	+17
Investments and other assets	1,811	4.3%	1,927	4.1%	+116
Total assets	42,015	100.0%	46,959	100.0%	+4,944
Liabilities and net assets	As of March 31, 2024	Composition ratio	As of Dec 31, 2025	Composition ratio	Change
Current liabilities	19,420	46.2%	23,742	50.6%	+4,321
Notes and accounts payable – trade (Including electronically recorded obligations – operating)	17,147	40.8%	21,685	46.2%	+4,538
Accrued expenses	788	1.9%	1,011	2.2%	+223
Income taxes payable	324	0.8%	375	0.8%	+51
Other current liabilities	1,160	2.8%	669	1.4%	-491
Non-current liabilities	114	0.3%	68	0.1%	-45
Total liabilities	19,534	46.5%	23,810	50.7%	+4,276
Net assets	22,481	53.5%	23,148	49.3%	+667
Total liabilities and net assets	42,015	100.0%	46,959	100.0%	+4,944

## Current assets: Up JPY5,055 million

- Inventories and accounts receivable increased due to increase of net sales.

## Non-current assets: Down JPY111 million

- Decrease in property, plant and equipment by depreciation.
- Investment securities increased compared to the end of the previous fiscal year.(+JPY 133 million)

## Current liabilities: Up JPY4,321million

- Increase in accounts payable-trade due to higher sales
- Increase in accrued expense.(+JPY 223 million)

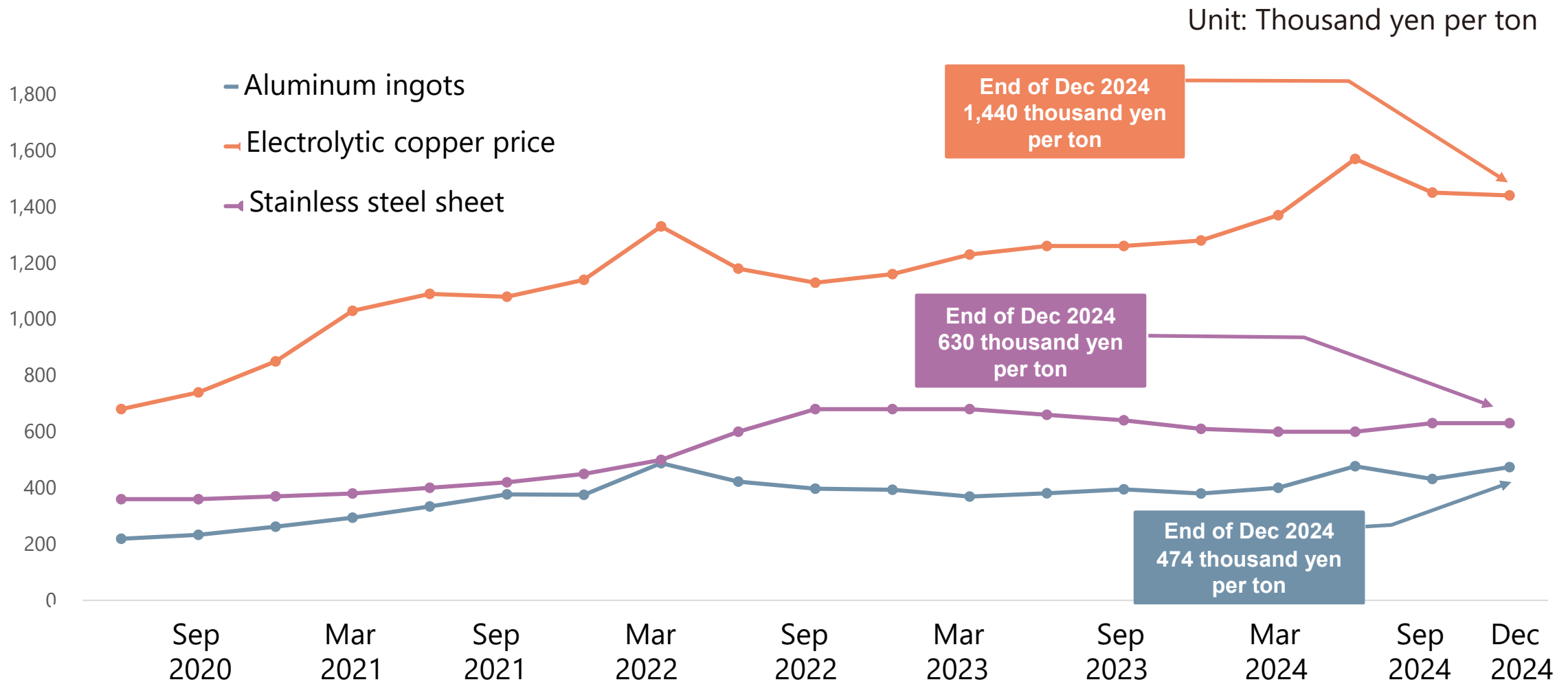
## Non-current liabilities: Down JPY45 million

## Net assets: Up JPY667 million

# Business Environment (1)

## Raw Material Market Trends for Aluminum, Copper and Stainless Steel

- Though Aluminum ingot prices declined at the end of September 2024, the price increased again at the end of December, closer to the level at the end of June.
- Electrolytic copper price substantially decreased compared to the end of June 2024.
- Stainless steel price has been flat.

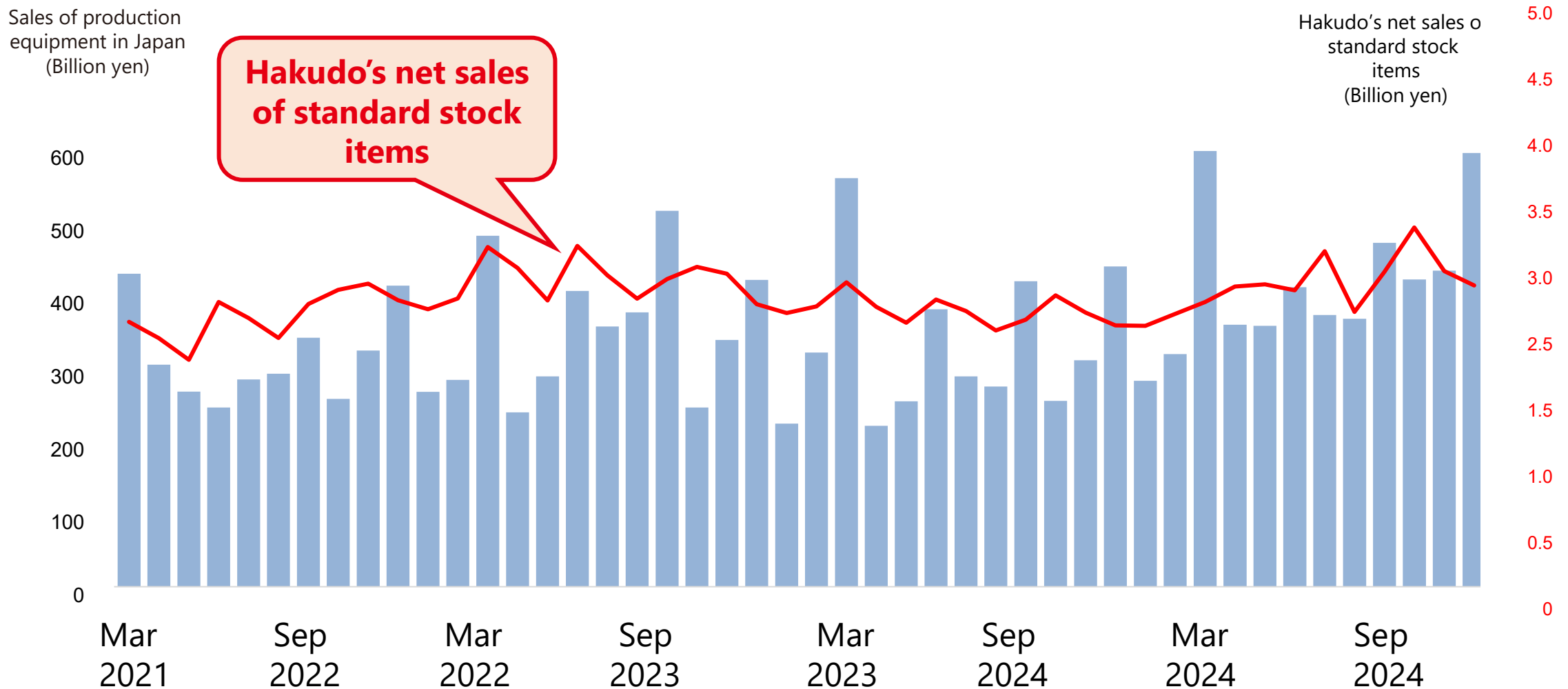


Electrolytic copper price: JX Nippon Mining & Metals    Stainless steel sheet: Japan Metal Daily median  
Aluminum ingots: Nikkei monthly average

# Business Environment (2)

## Comparison of Semiconductor Production Equipment Sales and Standard Stock Items Sales

- Though semiconductor production equipment sales partly recovered due to booming generative AI and expansion of demand in capital investment for semiconductor sector in China, it still did not fully recover due to a weak demand of memory chips.
- However, future prospect is still unclear due to high interest rate and volatile movement in foreign exchange rate.



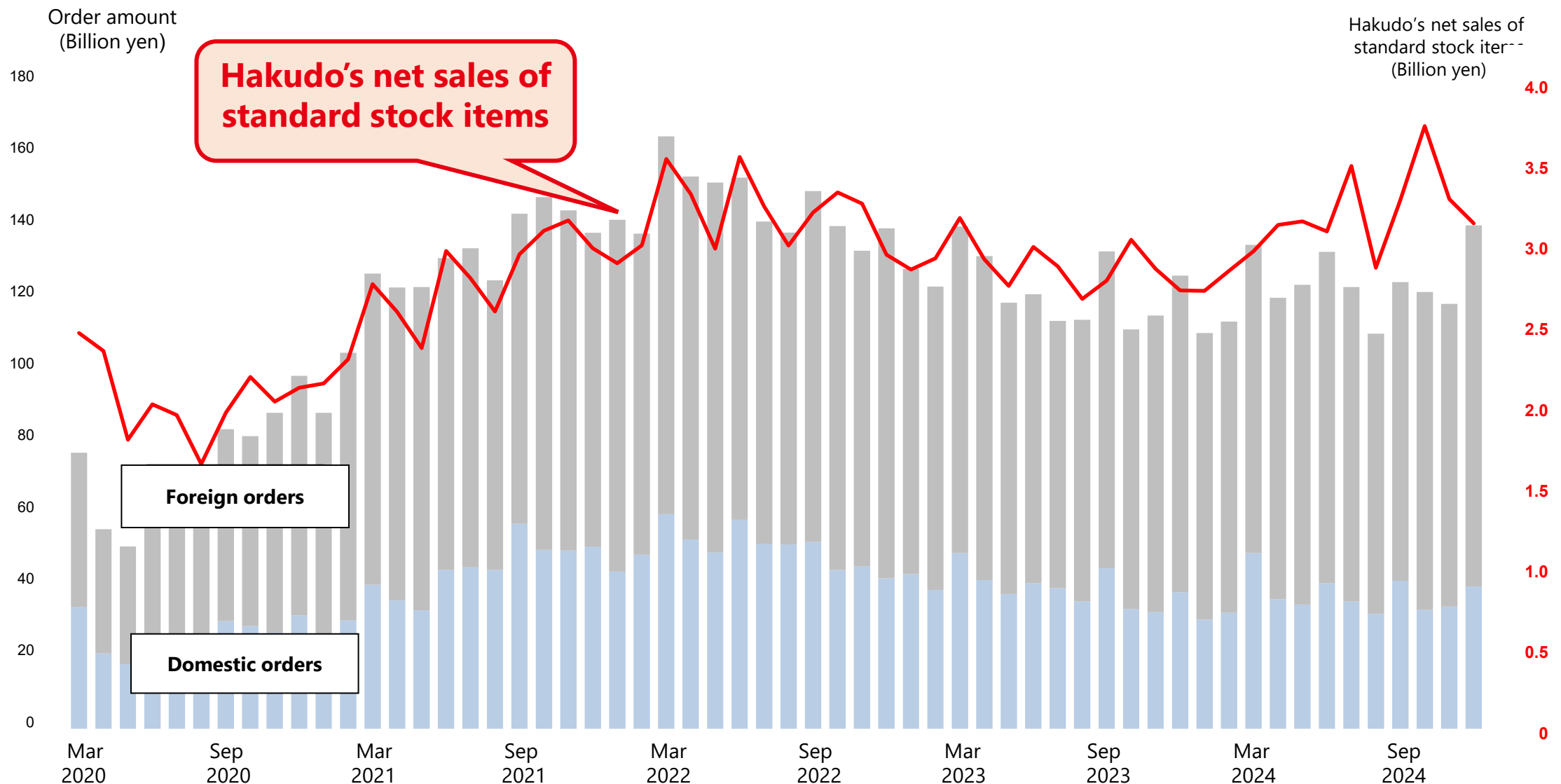
Source: Semiconductor Equipment Association of Japan - statistical data



# Business Environment (3)

## Comparison of Machine Tool Orders and Standard Stock Items Sales

- Demand in Machine tool industry recovered and foreign orders increased due to an increase in demand in Asia, mainly in China. There also appeared to be some movements for restarting capital investments in North America after the U.S. presidential election.
- Compared to the Q3 (October-December) in the previous fiscal year, domestic orders increased by 2.9% and foreign orders increased by 9.9%.

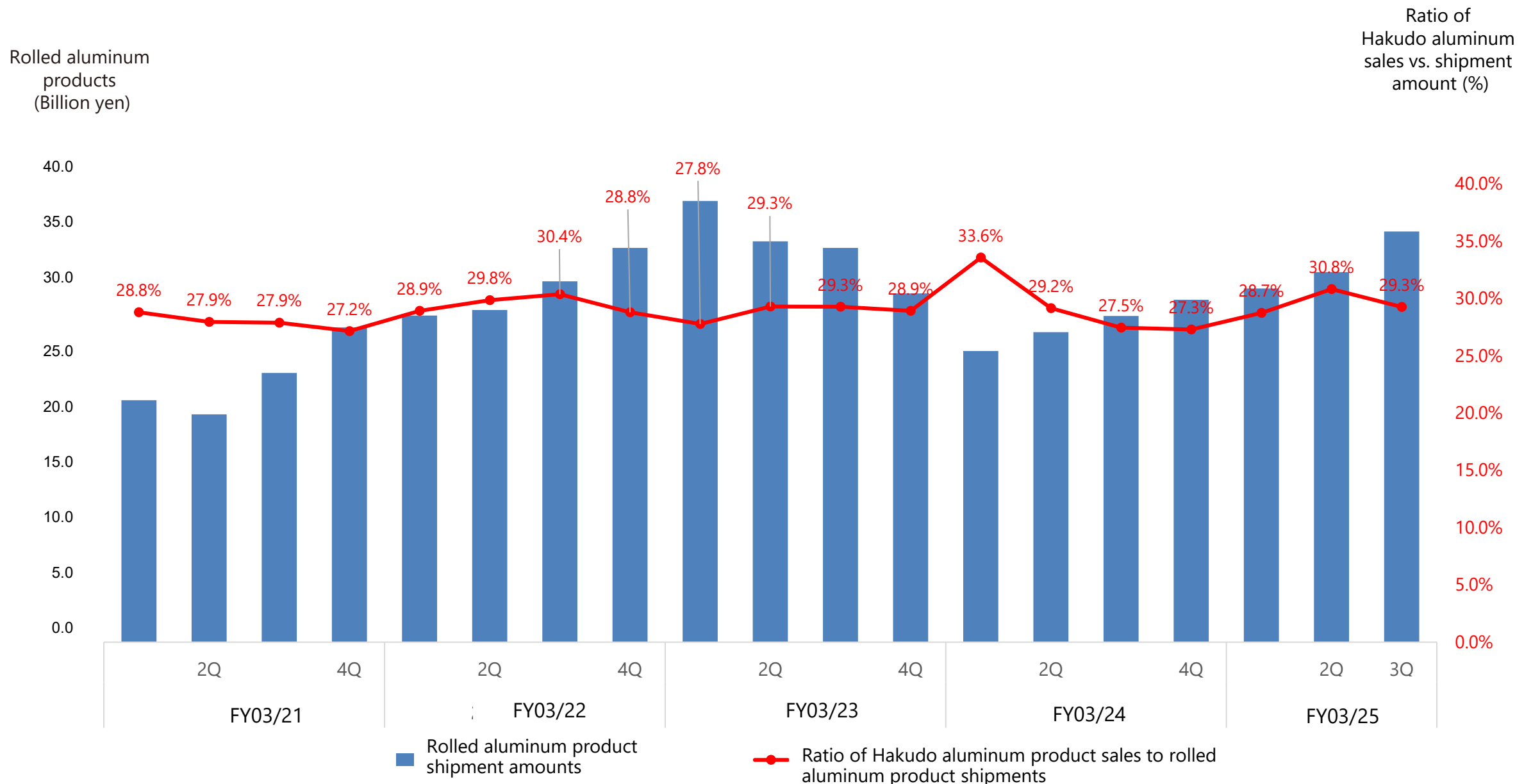


Source: Japan Machine Tool Builders' Association - machine tool orders statistics

# 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, and our industry market share has remained stable.



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

## 2. FY03/25 Financial Forecasts

---

# FY03/25 Financial Forecasts

- Current progress on profit levels has lagged behind the full year forecast due to a delayed recovery in the semiconductor production equipment (SPE) industry and incurred foreign exchange loss.
- On the other hand, net sales have progressed smoothly due to an increase in unit sales price against our initial forecast.

(Million yen)	FY03/25 Q3 result	FY03/25 full-year forecast	Progress rate
Net sales	50,153	64,100	78.2%
Operating profit	2,209	3,060	72.2%
Ordinary profit	2,335	3,200	73.0%
Profit attributable to owners of parent	1,556	2,140	72.7%

# Shareholder Returns(Dividends)

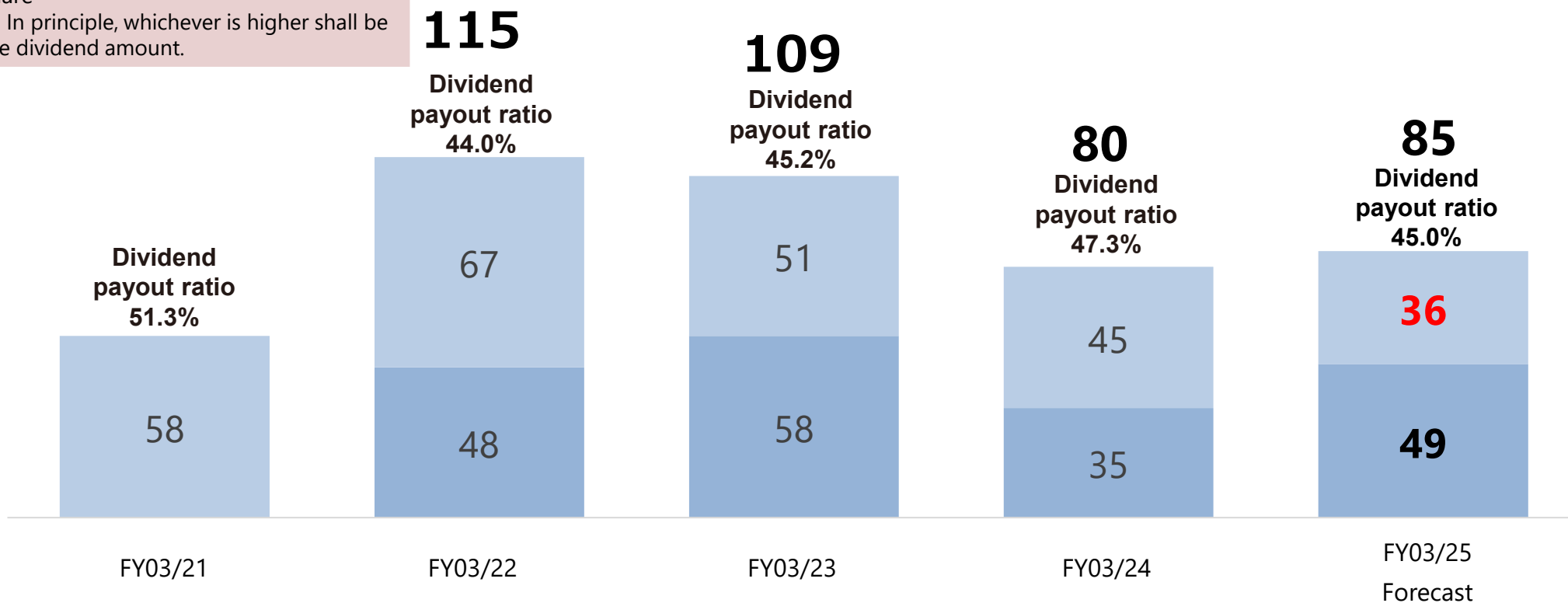
- Based on the upward revision of Q2 FY03/25 Financial Forecasts, the mid-term dividend was revised by 49 yen per share (+9 yen from the beginning of the fiscal year 2025 ).
- The annual dividend for the FY03/25 is expected to be 85 yen per share.

## Dividend Forecast for FY03/25

Unit: yen

### Dividend Policy

- Dividend payout ratio of 45% or more for the full year
- Minimum annual dividend of 80 yen per share
- ※ In principle, whichever is higher shall be the dividend amount.



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 5,000 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



# 3. Progress on Key Business Strategies

---

# Planned Initiatives for FY03/25

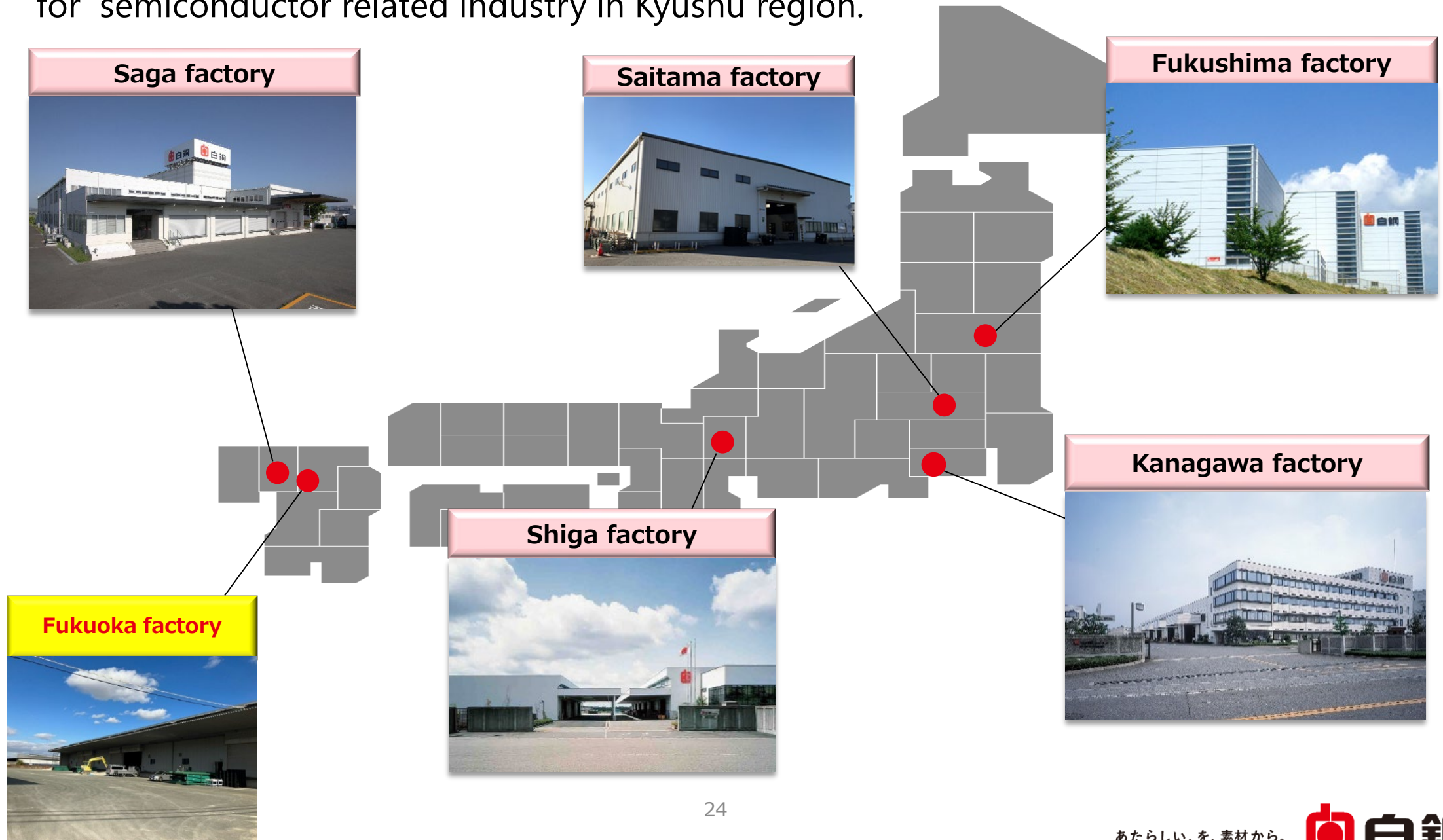
- The main initiatives in line with our key strategic policies for FY03/25 are as shown below.

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



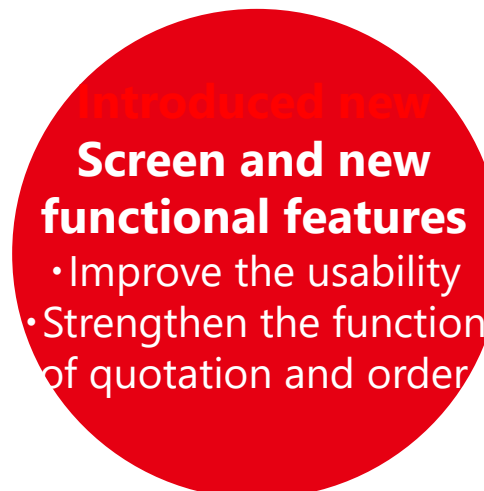
# New Factory Established in Fukuoka Prefecture in Kyushu Island

- We newly established Fukuoka factory which is the second factory in Kyushu island in December 2024.
- We aim to strengthen our manufacturing capacity in response to an expanding demand for semiconductor related industry in Kyushu region.

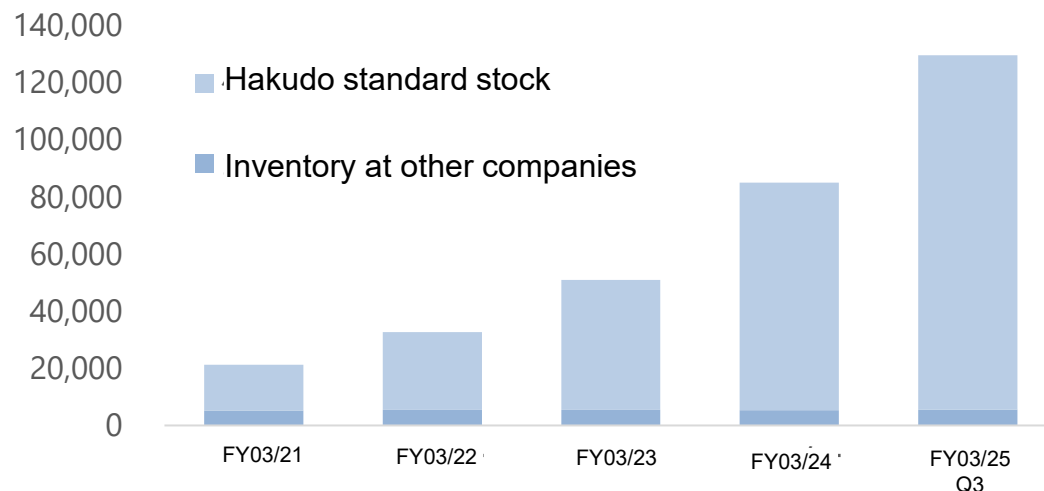


# Progress of Mid-Term Business Strategies (1)

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



【Number of Items Available at Hakudo Net Service】



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



Note: Includes CS Net Service registrations

# Progress of Mid-Term Business Strategies (2)

## (2) Expand growth fields, strengthen sales



**Semiconductor industry**

Q3 FY03/25  
sales ratio  
**43.0%**

### Consolidate the industry through specialized departments

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



**Automotive industry**

Q3 FY03/25  
sales ratio  
**5.6%**

### Obtaining new customers

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



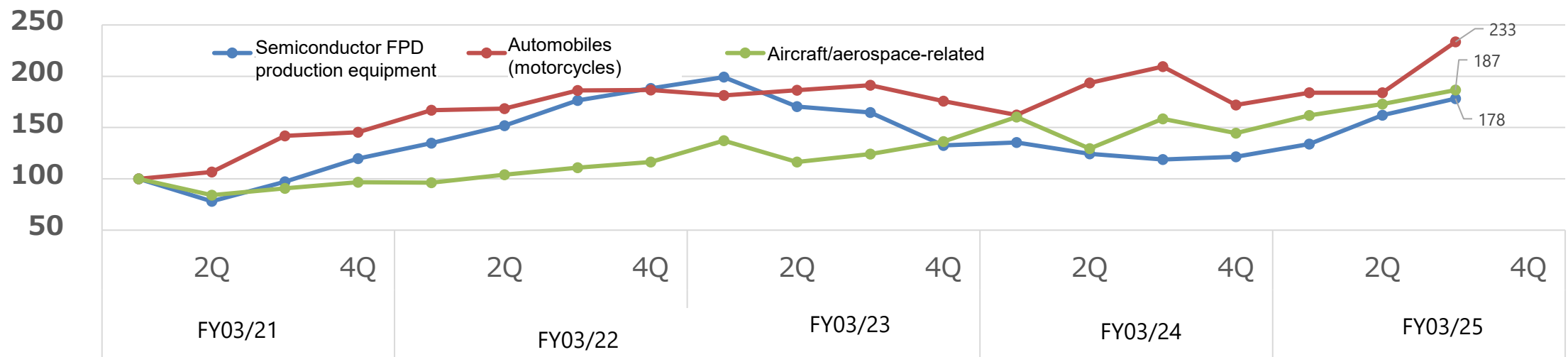
**Aircraft/aerospace industry**

Q3 FY03/25  
sales ratio  
**4.3%**

### Enhanced overseas procurement function

Collaboration with WCAS to strengthen import procurement capabilities for aerospace standard materials made by overseas manufacturers

## 【Growth domain quarterly sales indicators】

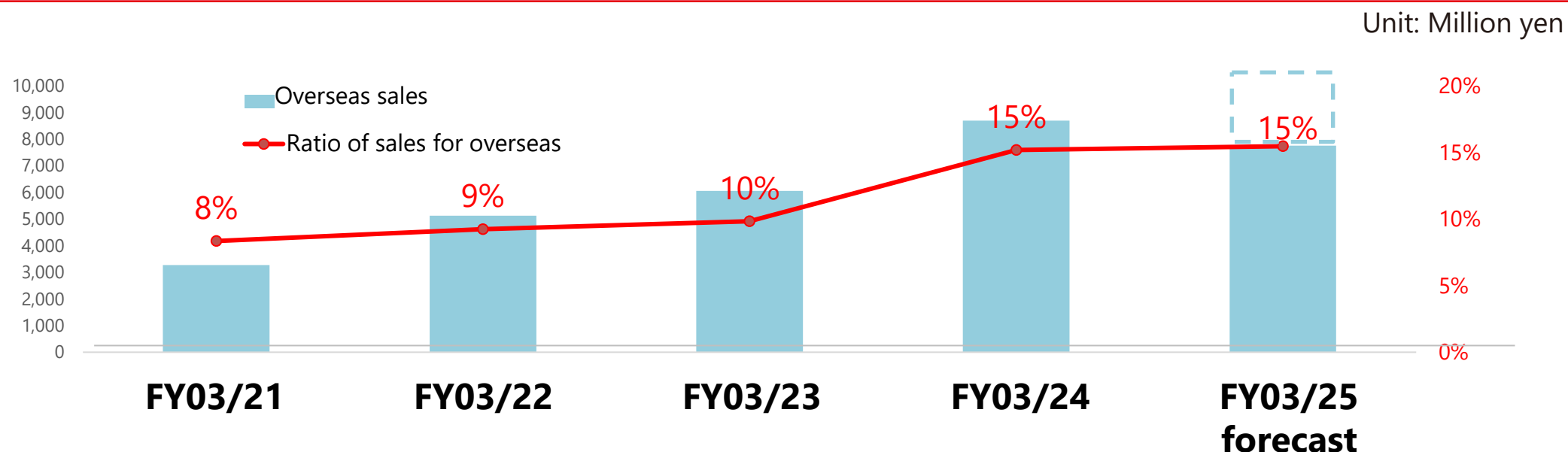


Note: Sales index based on sales in Q1 FY03/21

# Progress of Mid-Term Business Strategies (3)

## (3) Overseas business expansion

### 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.

### Status of Activities

#### ◆ Utilization of EC packages

Preparing for newly implementing EC packaged software in our subsidiaries in China & North America and our minor-invested local partner in Vietnam. The subsidiary in Thailand has already implemented it. Considering implementation to our partnered distributors in Malaysia and Indonesia. Planning to start E-commerce with our EC packaged software for South Korea, Taiwan, India and the Philippines.

#### ◆ Business expansion

Planning to expand the U.S. business by cross-selling cut thick plates and cut round bars to its existing customers. Intending to expand the sales of aerospace-quality grade materials in South Korea, Taiwan, India and the Philippines

## 4. 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 CO<sub>2</sub> emissions reduction target by FY2030 was achieved ahead of schedule.
- Started to install solar panels in Fukushima Plant from Q3 FY03/25 and have been operating from January 2025.
- Planning to introduce “internal carbon pricing” program from April 2025 to raise company-wide awareness of CO<sub>2</sub> emissions and promote efforts to reduce emissions.

Material issues	Initiatives	FY03/27 Targets	FY03/27 KPIs	Q3 FY03/25 Efforts
<b>1. Reducing environmental impact and responding to climate change</b>	Reduce CO <sub>2</sub> emissions	Commence concrete reduction measures to achieve (1) 42% reduction by FY03/30 compared to FY2020 (2) Implementing specific reduction measures for carbon neutrality by FY03/50.	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions</li> <li>• The amount of CO<sub>2</sub> emissions reduction by our initiatives</li> </ul>	<ul style="list-style-type: none"> <li>✓ Started the installation of solar panels at Fukushima Plant</li> <li>✓ Introduced six electric vehicles</li> <li>✓ Achieve our target to reduce the amount of CO<sub>2</sub> emissions for fiscal year 2023 (reduced by 42% compared to fiscal year 2020)</li> </ul>
	Improve manufacturing efficiency	Continuing to 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"> <li>• Energy consumed</li> <li>• Freight cost reduction rates</li> <li>• Waste disposal costs</li> <li>• Manufacturing department consumable costs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Implemented activities to improve delivery efficiency by restructuring the distribution network</li> <li>✓ Reduced standby power consumption of facilities</li> <li>✓ Continued cutting oil recycling measures</li> <li>✓ Introduction of environmentally friendly packaging materials</li> </ul>
	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"> <li>• Office printing costs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reducing the use of paper and toner cartridges by digitizing meeting materials</li> </ul>
<b>2. Building responsible supply chains</b>	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"> <li>• Environment-friendly product sales volumes</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expand sales of ECO products and consider lineup expansion</li> </ul>
	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"> <li>• Number of MOUs exchanged with suppliers complying with the Green Procurement Guidelines</li> <li>• Green procurement rates</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conducted MOU exchanges with multiple business partners</li> </ul>
	Strengthen relationships with suppliers	Contribute to society by cooperating with suppliers and implementing CO <sub>2</sub> reduction measures, and promoting CO <sub>2</sub> reductions throughout the supply chain.	<ul style="list-style-type: none"> <li>• Green aluminum suppliers discovered</li> <li>• Recycled aluminum suppliers discovered</li> </ul>	<ul style="list-style-type: none"> <li>✓ Started sales of "ECO63S square bar" with low CO<sub>2</sub> emissions</li> <li>✓ Started to consider launching more products to restrain the amount of CO<sub>2</sub> emissions</li> </ul>
	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"> <li>• Formulation and implementation of our Group human rights policies</li> </ul>	<ul style="list-style-type: none"> <li>✓ Initiated human rights due diligence efforts</li> <li>✓ Internal penetration activities of Hakudo Group Human Rights Policy</li> <li>✓ Confirmation of human rights guidelines with client</li> <li>✓ Initiated a survey for suppliers</li> </ul>

# Progress in Sustainability Management (2/3)



Material issues	Initiatives	FY03/27 Targets	FY03/27 KPIs	Q3 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"> <li>Number of industry-academia collaboration projects</li> </ul>	<ul style="list-style-type: none"> <li>✓ Visited university research exhibitions and explored opportunities for new collaborative initiatives</li> <li>✓ Planned and made Factory Tours for student.</li> <li>✓ Support for providing metal materials to students participating in the Student Formula Robocon competition</li> </ul>
	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"> <li>Amount of donations to local communities and organizations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Making a donation continuously</li> <li>✓ Collecting in-house used books and donated them</li> </ul>
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"> <li>Attrition rates</li> <li>Average overtime working hours</li> <li>Paid leave acquisition rates</li> <li>Percentage of male employees taking parental leave</li> </ul>	<ul style="list-style-type: none"> <li>✓ Enhance a work environment for employees to take a paid leave more easily</li> <li>✓ Make an improvement plan based on the survey of employee benefits</li> <li>✓ Provide support to promote use of sports clubs</li> </ul>
	Promote diversity	Increase organizational productivity and competitiveness by hiring and utilizing diverse human resources.	<ul style="list-style-type: none"> <li>Female employee ratios</li> <li>Female manager ratios</li> <li>Foreign nationality Manager ratio</li> </ul>	<ul style="list-style-type: none"> <li>✓ Promote for employing more people with disabilities</li> <li>✓ Make a future plan for implementing training and development programs for female managers and potential female managers</li> <li>✓ Hire more permanent employee from overseas actively</li> </ul>
	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"> <li>The rate of people have heavy stress</li> <li>The number of cases of harassment</li> <li>Work-related accident frequency rate</li> </ul>	<ul style="list-style-type: none"> <li>✓ Promote health care continuously( obtain healthy Top-tier company "silver").</li> <li>✓ Analysis the factor of heavy stress based on the result of survey</li> <li>✓ Conduct the Counseling by professional.</li> <li>✓ Strengthen workplace patrols to prevent minor incident before it happens</li> </ul>
	Enhance employee education	Provide knowledge and skills necessary for business operations, and opportunities to acquire knowledge and skills.	<ul style="list-style-type: none"> <li>Education costs per employees</li> <li>Training participation rates</li> </ul>	<ul style="list-style-type: none"> <li>✓ Carry out the education based on the annual educational plan</li> <li>✓ Fulfilling new hire training</li> </ul>

# Progress in Sustainability Management (3/3)



Material issues	Initiatives	FY03/27 Targets	FY03/27 KPIs	Q3 FY03/25 Efforts
<b>5. Corporate governance</b>	Zero violations	Conduct education aiming for zero tolerance.	<ul style="list-style-type: none"> <li>Zero compliance violations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Executed compliance training sessions</li> <li>✓ Conducted comprehension checks in compliance.</li> </ul>
	Confirm policy compliance status	Ensure compliance with each policy *Current policies and basic principles are as follows: <ul style="list-style-type: none"> <li>• Privacy Policy</li> <li>• Basic Policy on Corporate Governance</li> <li>• Basic Policy on Sustainability</li> <li>• Basic Policy on Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation of compliance with the aforementioned policies</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conducted information security study meetings</li> <li>✓ Implementation of information security education</li> </ul>
	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"> <li>Risk assessment points</li> <li>Number of disaster preparedness drills conducted</li> </ul>	<ul style="list-style-type: none"> <li>✓ Review of risk assessment points</li> <li>✓ Carried out company-wide safety confirmation drills</li> <li>✓ Conduct emergency drills</li> </ul>
<b>6. Internal dissemination activities of the ESG/SDGs Management Committee</b>	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"> <li>Employee penetration of ESG/SDGs management (questionnaire survey)</li> <li>Cumulative number of episode contests</li> </ul>	<ul style="list-style-type: none"> <li>✓ Promoting communication among employees by introducing thank you cards</li> <li>✓ Distributed and delivered ESG/SDGs-related posters, books, and videos</li> <li>✓ The survey of activities of tree-planting and environmental volunteers</li> <li>✓ Join the clean-up initiative around the office</li> </ul>
<b>7. Develop new products and services related to ESG/SDGs</b>	Make products and services concrete	Develop new products and services	<ul style="list-style-type: none"> <li>Number of new products and services introduced</li> </ul>	<ul style="list-style-type: none"> <li>✓ Started Brokerage business of FIT Non-Fossil Certificates</li> <li>✓ Considering to develop new CO<sub>2</sub> offset related products and services</li> </ul>



# 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 2025, we have 11 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, 2025

---

# 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 2025. 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:

Hakudo Co., Ltd. Management Planning Section

E-mail address: [hkdkeiki@hakudo.co.jp](mailto:hkdkeiki@hakudo.co.jp)

Website: [www.hakudo.co.jp](http://www.hakudo.co.jp)