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7637
Hakudo

Company Name
Hakudo Corporation

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Table of Contents

Executive summary	**4**
Business overview	4
Earnings trends	5
Strengths and weaknesses	5
Key financial data	**6**
Recent updates	**7**
Trends and outlook	**8**
Quarterly trends and results	**8**
Q1 FY03/27 results	9
Summary	9
Full-year company forecasts	11
Historical differences between initial company forecasts and results	13
Medium-term management plan	**14**
Medium-term management plan—Moving forward beyond expectations (FY03/26–FY03/28)	14
Key strategies	15
Promoting sustainability management	16
Capital policy	17
Company Vision	18
Review of the previous medium-term management plan—Moving forward beyond expectations (FY03/23–FY03/25)	18
Management targets and results	18
Business	**20**
Business model	**20**
Business overview	**20**
Flow of business	21
Purchasing	21
Inventory (processing of standard stock items)	22
Order receipt, sales	22
Product lines	26
Product shipping and delivery	32
Customers	**32**
Customer accounts	32
Customers by industry	33
Business overview by segment	34
Japan	34
North America	34
China	35

Others 35

Market and value chain 36

Production of non-ferrous metals 36

Key customer trends 37

Main competitors 38

Strengths and weaknesses 40

Strengths 40

Weaknesses 40

Historical performance and financial statements 42

Income statement 42

Balance sheet 43

Cash flow statement 45

Cash flows from operating activities 45

Cash flows from investing activities 45

Cash flows from financing activities 45

Historical performance 45

Full-year FY03/26 results 46

Summary 46

Cumulative Q3 FY03/26 results 47

Summary 47

1H FY03/26 results 49

Summary 49

Q1 FY03/26 results 50

Summary 50

News and topics 53

Changes in representative directors (president and others) 53

Revisions to full-year FY03/26 forecast 53

Other information 54

History 54

Corporate governance and top management 54

Corporate governance 54

Top management 55

Dividend policy 55

Major shareholders 56

Employees 56

Executive summary

Business overview

Hakudo Co., Ltd. (TSE Prime: 7637) is a specialist trading company that purchases non-ferrous materials such as aluminum, copper, and stainless steel, processes them to meet customer specifications, and sells the finished materials. The company's performance fluctuates based on market prices for its main materials—aluminum, copper, and stainless steel—as well as changes in demand from key customer industries, such as manufacturers of semiconductor production equipment.

Hakudo was founded in 1932 as a privately operated non-ferrous metals trading company. In 1968, it introduced a proprietary computer-based management system to centrally control customer demand, sales, and inventory information. Around this time, customers began requesting inventory adjustment functions, prompting the company to tailor material volumes to match individual customer needs. From the 1970s, Hakudo expanded its facilities to suburban areas to enhance plant capabilities and storage functions, while also broadening its product lineup. As of end-FY03/26, the company offered a total of 270,200 product sizes listed in its print and online catalogs. This included approximately 5,800 standard stock items—materials purchased and processed in-house into standard sizes and shapes—and about 264,000 items held in stock by other companies. To meet customer processing requirements, Hakudo operates several hundred metal cutting machines across five plants nationwide, enabling rapid delivery of customized orders.

Over the past decade through FY03/26, revenue ranged from a low of JPY34.6bn in FY03/17 to a high of JPY68.1bn in FY03/26. Operating profit fluctuated between JPY1.7bn (FY03/20) and JPY4.3bn (FY03/22), while OPM ranged from 4.0% (FY03/20) to 7.7% (FY03/22). In recent years, performance in FY03/20 was impacted by a decline in semiconductor demand due to US–China trade friction and falling non-ferrous metal prices. From 2H FY03/23 through FY03/24, the company was again significantly affected by a downturn in semiconductor market conditions and broader external factors.

Revenue is calculated based on market prices, with unit prices reflecting additional services such as processing, delivery, and customer payment terms, multiplied by order volume. In FY03/26, the breakdown of revenue by material was as follows: aluminum 61%, copper 15%, stainless steel 18%, and other materials 5%. On the profit side, the company primarily earns trading margins from the purchase and sale of goods, a fundamental revenue source for trading companies. Additional profit drivers include compensation for value-added services such as processing and delivery speed, as well as gains from price fluctuations between material procurement and sales.

In addition to phone, fax, and email, the company provides quotations and accepts orders 24/7 via its online platform, Hakudo Network Service. As of FY03/26, the company had approximately 31,000 registered customer accounts, with around 15,000 registered companies. According to the company, most major firms involved in semiconductor manufacturing equipment are already registered users. Hakudo receives approximately 20,000 inquiries and quotation requests per day, with roughly half resulting in orders (excluding special-order items). For domestic customers, the company offers short lead times as listed in its catalog, typically processing and shipping orders on the same day or the following day. Major customers include manufacturers of semiconductor production equipment—for which nonferrous materials are essential to production—such as Tokyo Electron Ltd. (TSE Prime: 8035), ULVAC, Inc. (TSE Prime: 6728), and their affiliates, as well as OA equipment makers like Canon Inc. (TSE Prime: 7751) and Ricoh Company, Ltd. (TSE Prime: 7752) and their affiliates, in addition to other industrial machinery manufacturers and their related companies.

The company uses a core system to set selling prices for each customer, based on accumulated data including material quality, market prices at the time of transaction, order volume, processing requirements, order history, payment terms, and customer creditworthiness. The most significant factor influencing selling prices is the prevailing market price of materials. Prices for standard inventory aluminum products closely follow aluminum market prices, while prices for standard copper products track the price of electrolytic copper. As a result, the company faces valuation loss risks during periods of market price declines. Cost of revenue comprises the purchase price of materials and additional costs associated with processing based on customer specifications. Major components of SG&A expenses include personnel costs for the sales and administrative departments and transportation costs. The company reports segment information by geographic region. In FY03/26, Japan accounted for 87% of revenue, North America for 7%, China for 3%, and other locations for 3%. Similarly, Japan accounted for 98% of segment profit, North America for -3%, China for 0%, and other locations for 5%.

Hakudo's business model is based on holding inventory and leveraging accumulated customer data to enable short delivery times. However, its inventory turnover remains relatively low. In FY03/26, inventory turnover was 3.9x (equivalent

to roughly 3.1 months of inventory), well below the wholesale industry average of approximately 16.0x, according to the Ministry of Economy, Trade and Industry. To improve profitability, the company adds value through a wide range of processing services tailored to customer needs. Hakudo differentiates itself by offering an extensive product lineup—around 270,000 items, including standard stock, procured, and special-order items—and by achieving short lead times while maintaining in-house processing capabilities. According to the company, few non-ferrous metal trading companies operate with a comparable business model. Among the few similar firms, UEX, Ltd. (TSE Standard: 9888) is comparable in terms of its standard stock item business, while Alconix Corporation (TSE Prime: 3036) has similarities in the area of special-order items.

As part of its efforts to address ESG/SDGs, the company has established an ESG/SDG management committee led by senior management. The company explains that by expanding the use of non-ferrous and environmentally friendly materials such as aluminum and cadmium-free brass, and by promoting their alternative use, it aims to help realize a low-carbon society and reduce industrial waste through recycling.

Earnings trends

In FY03/26, the company posted revenue of JPY68.1bn (+2.6% YoY), operating profit of JPY2.9bn (-3.7% YoY), recurring profit of JPY3.2bn (-0.8% YoY), and net income attributable to parent company shareholders of JPY2.1bn (-4.1% YoY). Revenue increased due to higher sales volumes to the semiconductor production equipment industry. The company expanded the number of products handled by Hakudo Network Service from 155,200 at end-March 2025 to 270,200 at end-March 2026, improving customer convenience. Recurring profit declined despite increased revenue and inventory gains, owing to higher SG&A expenses resulting from increased freight rates, strengthened advertising and promotional activities, and office expansion at the headquarters to improve the employee work environment.

The company raised its FY03/27 consolidated earnings forecasts at the time of its Q1 results announcement on August 7, 2026. Following the upward revision, the company forecasts revenue of JPY92.2bn (+35.4% YoY), operating profit of JPY5.1bn (+76.2% YoY), recurring profit of JPY5.2bn (+62.7% YoY), and net income of JPY3.6bn (+67.3% YoY). In the semiconductor production equipment industry, which significantly impacts the group's performance, the company expects semiconductor capital investment demand to continue expanding, supported by long-term growth in demand for advanced semiconductors and data center memory driven by generative AI. In the aerospace industry, it expects demand from government-related sectors, particularly defense-related applications, to remain firm. Meanwhile, in the machine tool industry, the company expects both domestic and overseas demand to recover, supported by aggressive investment in the semiconductor industry as well as automation and labor-saving investment. The company aims to improve profitability through revenue growth.

On May 14, 2025, Hakudo announced a new medium-term management plan covering FY03/26 to FY03/28. The new plan carries the subtitle "Advancing—exceeding expectations: Hop STEP Jump." While the company's long-term vision—to become a platform operator supporting the manufacturing industry and to achieve revenue of JPY100.0bn, recurring profit of JPY10.0bn, and an overseas revenue ratio of 20% by FY03/32—remains unchanged, this new medium-term plan is positioned as the STEP phase, the second stage in achieving those goals. The new plan sets the following management targets for its final year (FY03/28): revenue of JPY104.1bn (vs. JPY66.4bn in FY03/25), recurring profit of JPY6.0bn (vs. JPY3.2bn), ROIC of 14.0% (vs. 8.7%), operating cash flow of JPY4.8bn (vs. JPY1.8bn), overseas sales ratio of 18.0% (vs. 15.4%), and annual dividend of JPY164.00 per share (vs. JPY89.00).

Strengths and weaknesses

Strengths:
1) In addition to its inventory function (as a trading company), the company has a processing function, which helps lower customers' manufacturing costs.
2) The Hakudo Network Service is a highly convenient service that enables immediate order placement and delivery, using such data as market prices, processing costs, and customer information.
3) Accumulated customer data allows the company to manage inventories and control processing costs.

Weaknesses:
1) Impact from conditions in raw material markets is liable to grow because the company frequently serves specific customer groups.
2) A focus on small order quantities and rapid deliveries makes it difficult to achieve economies of scale in logistics and control logistics costs.
3) The company has limited ability to meet the needs of Japanese customers that are expanding overseas.

Key financial data

Income statement		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26	FY03/27
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Consolidated forecast
Revenue		**34,627**	**43,709**	**45,228**	**41,798**	**39,219**	**55,441**	**61,602**	**57,253**	**66,410**	**68,110**	**92,200**
YoY		6.7%	26.2%	3.5%	-7.6%	-6.2%	41.4%	11.1%	-7.1%	16.0%	2.6%	35.4%
Gross profit		**6,014**	**7,527**	**7,201**	**6,489**	**6,670**	**10,310**	**10,153**	**9,268**	**10,573**	**10,609**	
YoY		12.5%	25.1%	-4.3%	-9.9%	2.8%	54.6%	-1.5%	-8.7%	14.1%	0.3%	
Gross profit margin		17.4%	17.2%	15.9%	15.5%	17.0%	18.6%	16.5%	16.2%	15.9%	15.6%	
Operating profit		**1,986**	**2,785**	**2,250**	**1,659**	**1,982**	**4,256**	**3,777**	**2,523**	**2,983**	**2,872**	**5,060**
YoY		16.3%	40.3%	-19.2%	-26.3%	19.5%	114.7%	-11.2%	-33.2%	18.2%	-3.7%	76.2%
Operating profit margin		5.7%	6.4%	5.0%	4.0%	5.1%	7.7%	6.1%	4.4%	4.5%	4.2%	5.5%
Recurring profit		**2,043**	**2,846**	**2,334**	**1,697**	**2,083**	**4,374**	**3,989**	**2,848**	**3,215**	**3,190**	**5,190**
YoY		16.7%	39.3%	-18.0%	-27.3%	22.8%	109.9%	-8.8%	-28.6%	12.9%	-0.8%	62.7%
Recurring profit margin		5.9%	6.5%	5.2%	4.1%	5.3%	7.9%	6.5%	5.0%	4.8%	4.7%	5.6%
Net income		**1,405**	**2,028**	**1,565**	**1,149**	**1,282**	**2,964**	**2,738**	**1,917**	**2,237**	**2,146**	**3,590**
YoY		17.6%	44.3%	-22.8%	-26.6%	11.6%	131.2%	-7.6%	-30.0%	16.7%	-4.1%	67.3%
Net margin		4.1%	4.6%	3.5%	2.7%	3.3%	5.3%	4.4%	3.3%	3.4%	3.2%	3.9%
Per-share data (split-adjusted; JPY)												
No. of shares outstanding (000 shares)		11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	11,343	
EPS (JPY)		123.9	178.8	138.0	101.3	113.0	261.3	241.4	169.0	197.2	189.2	316.5
EPS (fully diluted; JPY)		-	-	-	-	-	-	-	-	-	-	
Dividend per share (JPY)		58.5	75.0	77.0	58.0	58.0	115.0	109.0	80.0	89.0	86.0	143.0
Book value per share (JPY)		1,305	1,434	1,493	1,506	1,576	1,748	1,870	1,982	2,095	2,245	
Balance sheet (JPYmn)												
	Cash and cash equivalents	4,820	5,902	6,088	4,969	5,924	8,675	6,038	5,701	5,474	7,670	
Total current assets		**21,758**	**26,740**	**25,343**	**23,695**	**24,851**	**33,616**	**33,830**	**32,128**	**35,029**	**36,925**	
Tangible fixed assets		5,977	6,487	6,835	6,608	6,370	6,098	6,250	6,653	6,405	6,518	
Investments and other assets		650	982	1,031	1,355	1,492	1,558	1,656	1,812	1,842	2,774	
Intangible assets		219	261	407	412	402	509	1,414	1,423	1,470	1,347	
Total assets		**28,604**	**34,191**	**33,616**	**32,071**	**33,115**	**41,781**	**43,150**	**42,016**	**44,745**	**47,564**	
	Short-term debt	-	-	357	-	-	-	351	-	-	-	
Total current liabilities		**13,772**	**17,900**	**16,630**	**14,946**	**15,190**	**21,903**	**21,768**	**19,420**	**20,920**	**21,960**	
	Long-term debt	-	-	-	-	-	-	-	-	-	-	
Total fixed liabilities		**31**	**30**	**58**	**44**	**56**	**48**	**152**	**114**	**70**	**139**	
Total liabilities		**13,804**	**17,930**	**16,688**	**14,990**	**15,246**	**21,952**	**21,920**	**19,535**	**20,990**	**22,099**	
	Shareholders' equity	14,801	16,261	16,928	17,081	17,870	19,829	21,229	22,481	23,755	25,465	
Total net assets		**14,801**	**16,261**	**16,928**	**17,081**	**17,870**	**19,829**	**21,229**	**22,481**	**23,755**	**25,465**	
Total interest-bearing debt		-	-	357	-	-	-	351	-	-	-	
Cash flow statement (JPYmn)												
Cash flows from operating activities		2,414	3,103	2,074	1,503	2,128	4,556	321	2,528	1,782	4,494	
Cash flows from investing activities		-1,301	-1,379	-1,028	-1,367	-553	-677	-1,553	-1,612	-893	-1,373	
Cash flows from financing activities		-511	-664	-850	-1,230	-657	-1,202	-1,417	-1,329	-1,128	-1,054	
Financial ratios												
ROA (RP-based)		7.6%	9.1%	6.9%	5.2%	6.4%	11.7%	9.4%	6.7%	7.4%	6.9%	
Return on equity (ROE)		9.8%	13.1%	9.4%	6.8%	7.3%	15.7%	13.3%	8.8%	9.7%	8.7%	
	Equity ratio	51.7%	47.6%	50.4%	53.3%	54.0%	47.5%	49.2%	53.5%	53.1%	53.5%	
	Total asset turnover	128.8%	139.2%	133.4%	127.3%	120.3%	148.0%	145.1%	134.5%	153.1%	147.6%	
	Net margin	4.1%	4.6%	3.5%	2.7%	3.3%	5.3%	4.4%	3.3%	3.4%	3.2%	

Source: Shared Research based on company data
Notes: Figures may differ from company materials due to differences in rounding methods.

Recent updates

Revisions to earnings and dividend forecasts

2026-08-07

Hakudo Corporation announced revisions to its 1H and full-year consolidated earnings forecasts for FY03/27 and its dividend forecast, previously announced on May 13, 2026, reflecting recent performance trends.

(Release available here)

Revision to 1H earnings forecast for FY03/27

- Revenue: (previous) JPY41.0bn → (revised) JPY44.6bn (+JPY3.6bn vs. prior forecast)
- Operating profit: JPY2.1bn → JPY2.7bn (+JPY620mn)
- Recurring profit: JPY2.3bn → JPY2.7bn (+JPY390mn)
- Net income attributable to owners of the parent: JPY1.6bn → JPY1.9bn (+JPY280mn)
- Earnings per share (EPS): JPY140.19 → JPY164.88

Revision to full-year earnings forecast for FY03/27

- Revenue: (previous) JPY84.0bn → (revised) JPY92.2bn (+JPY8.2bn vs. prior forecast)
- Operating profit: JPY4.3bn → JPY5.1bn (+JPY750mn)
- Recurring profit: JPY4.7bn → JPY5.2bn (+JPY490mn)
- Net income attributable to owners of the parent: JPY3.2bn → JPY3.6bn (+JPY380mn)
- Earnings per share (EPS): JPY283.03 → JPY316.53

Reason for the revision

Q1 results exceeded the company's initial expectations, prompting it to raise its earnings forecasts based on subsequent market trends. The outperformance was mainly attributable to two factors: (1) amid continued high levels of semiconductor-related capital investment, the company expanded its customer base by establishing a sales organization dedicated to the semiconductor industry, driving its market share gains in tandem with market growth; and (2) price revisions implemented in FY03/26 became fully reflected in results.

Revision to dividend forecast

Reflecting the upward revision to its full-year earnings forecast, the company raised its interim dividend forecast for FY03/27 from JPY64.00 to JPY75.00 per share and its year-end dividend forecast from JPY64.00 to JPY68.00 per share. As a result, the company now expects to pay an annual dividend of JPY143.00 per share, up JPY15.00 YoY and compared with the prior forecast of JPY128.00.

Trends and outlook

Quarterly trends and results

Earnings (cumulative)	FY03/25				FY03/26				FY03/27	FY03/27			
(JPYmn)	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	% of forecast	1H Est.	% of forecast	FY Est.
Revenue	15,746	32,488	50,154	66,410	17,059	32,700	49,681	68,110	21,934	49.2%	44,600	23.8%	92,200
YoY	7.0%	13.2%	16.8%	16.0%	8.3%	0.7%	-0.9%	2.6%	28.6%		36.4%		35.4%
Gross profit	2,678	5,195	7,812	10,573	2,374	4,760	7,519	10,609	3,599				
YoY	21.1%	13.9%	12.9%	14.1%	-11.3%	-8.4%	-3.8%	0.3%	51.6%				
Gross profit margin	17.0%	16.0%	15.6%	15.9%	13.9%	14.6%	15.1%	15.6%	16.4%				
SG&A expenses	1,809	3,624	5,603	7,590	1,989	3,755	5,567	7,737	2,220				
YoY	9.0%	8.5%	11.2%	12.5%	9.9%	3.6%	-0.6%	1.9%	11.7%				
SG&A ratio	11.5%	11.2%	11.2%	11.4%	11.7%	11.5%	11.2%	11.4%	10.1%				
Operating profit	869	1,571	2,209	2,983	385	1,006	1,952	2,872	1,379	51.1%	2,700	27.2%	5,060
YoY	57.7%	28.7%	17.2%	18.2%	-55.6%	-36.0%	-11.7%	-3.7%	257.7%		168.5%		76.2%
Operating profit margin	5.5%	4.8%	4.4%	4.5%	2.3%	3.1%	3.9%	4.2%	6.3%		6.1%		5.5%
Recurring profit	996	1,777	2,336	3,215	475	1,088	2,154	3,190	1,476	54.7%	2,700	28.4%	5,190
YoY	44.9%	25.2%	6.1%	12.9%	-52.3%	-38.8%	-7.8%	-0.8%	210.7%		148.2%		62.7%
Recurring profit margin	6.3%	5.5%	4.7%	4.8%	2.8%	3.3%	4.3%	4.7%	6.7%		6.1%		5.6%
Net income	688	1,223	1,556	2,237	290	683	1,437	2,146	1,017	54.4%	1,870	28.3%	3,590
YoY	45.3%	24.2%	2.9%	16.7%	-57.8%	-44.1%	-7.7%	-4.1%	250.1%		173.6%		67.3%
Net margin	4.4%	3.8%	3.1%	3.4%	1.7%	2.1%	2.9%	3.2%	4.6%		4.2%		3.9%
Quarterly performance	**FY03/25**				**FY03/26**				**FY03/27**				
(JPYmn)	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**				
Revenue	15,746	16,742	17,666	16,256	17,059	15,641	16,981	18,429	21,934				
YoY	7.0%	19.7%	24.2%	13.5%	8.3%	-6.6%	-3.9%	13.4%	28.6%				
Gross profit	2,678	2,517	2,617	2,761	2,374	2,387	2,758	3,091	3,599				
YoY	21.1%	7.1%	10.9%	17.7%	-11.3%	-5.2%	5.4%	11.9%	51.6%				
Gross profit margin	17.0%	15.0%	14.8%	17.0%	13.9%	15.3%	16.2%	16.8%	16.4%				
SG&A expenses	1,809	1,815	1,978	1,987	1,989	1,766	1,812	2,170	2,220				
YoY	9.0%	8.0%	16.7%	16.3%	9.9%	-2.7%	-8.4%	9.2%	11.7%				
SG&A ratio	11.5%	10.8%	11.2%	12.2%	11.7%	11.3%	10.7%	11.8%	10.1%				
Operating profit	869	702	639	774	385	620	946	920	1,379				
YoY	57.7%	4.9%	-4.0%	21.4%	-55.6%	-11.6%	48.1%	18.9%	257.7%				
Operating profit margin	5.5%	4.2%	3.6%	4.8%	2.3%	4.0%	5.6%	5.0%	6.3%				
Recurring profit	996	781	559	879	475	613	1,066	1,036	1,476				
YoY	44.9%	6.6%	-28.5%	36.0%	-52.3%	-21.6%	90.9%	17.9%	210.7%				
Recurring profit margin	6.3%	4.7%	3.2%	5.4%	2.8%	3.9%	6.3%	5.6%	6.7%				
Net income	688	535	333	681	290	393	753	709	1,017				
YoY	45.3%	4.7%	-36.9%	68.3%	-57.8%	-26.6%	126.4%	4.2%	250.1%				
Net margin	4.4%	3.2%	1.9%	4.2%	1.7%	2.5%	4.4%	3.8%	4.6%				

Source: Shared Research based on company data
Notes: Figures may differ from company materials due to differences in rounding methods.

Results by segment

By segment (cumulative)		FY03/25				FY03/26				FY03/27
(JPYmn)		Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1	Q1–Q2	Q1–Q3	Q1–Q4	Q1
Revenue		**15,746**	**32,488**	**50,154**	**66,410**	**17,059**	**32,700**	**49,681**	**68,110**	**21,934**
YoY		7.0%	13.2%	16.8%	16.0%	8.3%	0.7%	-0.9%	2.6%	28.6%
Japan		13,490	28,066	43,620	57,910	14,604	28,274	43,012	59,372	19,321
YoY		4.3%	11.8%	16.4%	16.1%	8.3%	0.7%	-1.4%	2.5%	32.3%
% of revenue		85.7%	86.4%	87.0%	87.2%	85.6%	86.5%	86.6%	87.2%	88.1%
North America		1,296	2,595	3,874	5,099	1,611	2,755	4,058	5,088	1,358
YoY		12.3%	11.8%	11.6%	11.2%	24.3%	6.2%	4.7%	-0.2%	-15.7%
% of revenue		8.2%	8.0%	7.7%	7.7%	9.4%	8.4%	8.2%	7.5%	6.2%
China		559	985	1,392	1,753	423	868	1,360	1,927	667
YoY		88.9%	60.4%	44.2%	28.8%	-24.3%	-11.9%	-2.3%	9.9%	57.7%
% of revenue		3.6%	3.0%	2.8%	2.6%	2.5%	2.7%	2.7%	2.8%	3.0%
Other		399	842	1,267	1,647	418	803	1,250	1,723	587
YoY		21.6%	27.8%	25.2%	17.2%	4.8%	-4.6%	-1.3%	4.6%	40.4%
% of revenue		2.5%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Operating profit		**869**	**1,571**	**2,209**	**2,983**	**385**	**1,006**	**1,952**	**2,872**	**1,379**
YoY		57.7%	28.7%	17.2%	18.2%	-55.6%	-36.0%	-11.7%	-3.7%	257.7%
Japan		855	1,574	2,247	3,129	388	1,010	1,889	2,812	1,213
YoY		56.0%	30.0%	17.2%	19.1%	-54.6%	-35.8%	-15.9%	-10.1%	212.6%
Operating profit margin		6.3%	5.6%	5.2%	5.4%	2.7%	3.6%	4.4%	4.7%	6.3%
% of operating profit		98.4%	100.2%	101.7%	104.9%	101.0%	100.4%	96.8%	97.9%	88.1%

	North America	-31	-93	-173	-285	-51	-73	-54	-97	51
	YoY	-	-	-	-	-	-	-	-	-
	Operating profit margin	-	-	-	-	-	-	-	-	7.6%
	% of operating profit	-	-	-	-	-	-	-	-	3.7%
	China	-5	-2	3	-13	0	-3	-6	0	54
	YoY	-	-	-	-	-	-	-	-	-
	Operating profit margin	-	-	-	-	-	-	-	-	8.1%
	% of operating profit	-	-	0.1%	-	-	-	-	-	3.9%
	Other	50	92	132	153	47	72	123	157	59
	YoY	13.6%	15.0%	20.0%	8.5%	-6.0%	-21.7%	-6.8%	2.6%	25.5%
	Operating profit margin	12.5%	10.9%	10.4%	9.3%	11.2%	9.0%	9.8%	9.1%	10.1%
	% of operating profit	5.8%	5.9%	6.0%	5.1%	12.2%	7.2%	6.3%	5.5%	4.3%
By segment (quarterly)			**FY03/25**				**FY03/26**			**FY03/27**
(JPYmn)		**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
Revenue		**15,746**	**16,742**	**17,666**	**16,256**	**17,059**	**15,641**	**16,981**	**18,429**	**21,934**
	YoY	7.0%	19.7%	24.2%	13.5%	8.3%	-6.6%	-3.9%	13.4%	28.6%
	Japan	13,490	14,576	15,554	14,290	14,604	13,670	14,738	16,359	19,321
	YoY	4.3%	19.7%	25.8%	15.1%	8.3%	-6.2%	-5.2%	14.5%	32.3%
	% of revenue	85.7%	87.1%	88.0%	87.9%	85.6%	87.4%	86.8%	88.8%	88.1%
	North America	1,296	1,299	1,279	1,225	1,611	1,144	1,303	1,030	1,358
	YoY	12.3%	11.3%	11.4%	9.7%	24.3%	-11.9%	1.8%	-15.9%	-15.7%
	% of revenue	8.2%	7.8%	7.2%	7.5%	9.4%	7.3%	7.7%	5.6%	6.2%
	China	559	426	407	361	423	445	493	567	667
	YoY	88.9%	33.9%	16.0%	-8.7%	-24.3%	4.3%	21.1%	57.0%	57.7%
	% of revenue	3.6%	2.5%	2.3%	2.2%	2.5%	2.8%	2.9%	3.1%	3.0%
	Other	399	443	425	380	418	385	448	473	587
	YoY	21.6%	34.0%	20.3%	-3.4%	4.8%	-13.1%	5.2%	24.4%	40.4%
	% of revenue	2.5%	2.6%	2.4%	2.3%	2.5%	2.5%	2.6%	2.6%	2.7%
Operating profit		**869**	**702**	**639**	**774**	**385**	**620**	**946**	**920**	**1,379**
	YoY	57.7%	4.9%	-4.0%	21.4%	-55.6%	-11.6%	48.1%	18.9%	257.7%
	Japan	855	719	673	882	388	622	879	923	1,213
	YoY	56.0%	8.4%	-4.7%	24.2%	-54.6%	-13.5%	30.6%	4.6%	212.6%
	Operating profit margin	6.3%	4.9%	4.3%	6.2%	2.7%	4.6%	6.0%	5.6%	6.3%
	% of operating profit	98.4%	102.4%	105.5%	113.8%	101.0%	100.0%	92.9%	100.3%	88.1%
	North America	-31	-62	-80	-112	-51	-22	19	-43	51
	YoY	-	-	-	-	-	-	-	-	-
	Operating profit margin	-	-	-	-	-	-	1.5%	-	3.8%
	% of operating profit	-	-	-	-	-	-	2.0%	-	3.7%
	China	-5	3	5	-16	0	-3	-3	6	54
	YoY	-	-	-	-	-	-	-	-	-
	Operating profit margin	-	-	-	-	-	-	-	1.1%	8.1%
	% of operating profit	-	0.4%	0.8%	-	-	-	-	0.7%	3.9%
	Other	50	42	40	21	47	25	51	34	59
	YoY	13.6%	16.7%	33.3%	-32.3%	-6.0%	-40.5%	27.5%	61.9%	25.5%
	Operating profit margin	12.5%	9.5%	9.4%	5.5%	11.2%	6.5%	11.4%	7.2%	10.1%
	% of operating profit	5.8%	6.0%	6.3%	2.7%	12.2%	4.0%	5.4%	3.7%	4.3%

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

Q1 FY03/27 results

Summary

- Revenue: JPY21.9bn (+28.6% YoY)
- Operating profit: JPY1.4bn (+257.7% YoY)
- Recurring profit: JPY1.5bn (+210.7% YoY)
- Net income attributable to owners of the parent: JPY1.0bn (+250.1% YoY)

Changes and response in market conditions

In the semiconductor production equipment industry, which significantly affects the group's performance, capital investment remained high, driven by surging investment in advanced logic semiconductor and memory capacity for data centers amid growth in the generative AI market. In the aerospace industry, commercial aircraft demand remained firm, while government demand, particularly for defense, was also strong. In the machine tool industry, both domestic and overseas demand was strong, particularly in the semiconductor, aerospace, and energy fields.

The company worked to improve order rates through efforts to enhance quality and service. It also worked to expand sales of aluminum and stainless steel sheets, capture new demand by installing fiber laser processing machines at the Shiga and Kanagawa plants, and develop new customers, particularly in the aerospace and automotive industries, which the company views as growth markets.

In its 24/7 online quoting and ordering platform, Hakudo Net Service, the company expanded its product lineup to 302,600 items as of end-June 2026. It also introduced new features such as Data-Based Quotes & Orders and Sketch-Based Quotes & Orders, enabling instant quotes and orders for water jet–processed and laser-processed products, thereby further improving user convenience.

On the manufacturing side, the company expanded production capacity in response to growing semiconductor-related demand and stepped-up sales efforts in growth areas such as aerospace.

Results overview

Revenue increased 28.6% YoY, mainly due to strong growth in sales of standard stock and special-order items as demand from the semiconductor production equipment industry recovered. Other factors included customer base expansion through stronger sales of aluminum and stainless steel sheets and the establishment of a dedicated semiconductor sales organization, higher overseas segment revenue from new market development and an expanded distributor network, and higher product prices reflecting rising raw material prices.

As of end-June 2026, market prices for key raw materials were JPY2,240,000/t for electrolytic copper (up JPY760,000/t from end-June 2025), JPY590,000/t for stainless steel sheets (Tekko Shimbun monthly median; up JPY20,000/t), and JPY683,000/t for aluminum ingots (Nikkei monthly average; up JPY235,000/t). The Q1 revenue mix by product category was 62.3% aluminum, 16.2% copper products, 16.8% stainless steel, and 4.7% other products.

Gross profit increased 51.6% YoY to JPY3.6bn, and GPM rose to 16.4% (+2.5pp YoY), due to a more favorable sales mix of highly profitable standard stock items, mainly for the semiconductor production equipment industry, and improved profitability on small-lot orders following price revisions in June 2025. Inventory gains from raw material price movements also increased to JPY352mn (3.3x YoY). Despite higher transportation costs due to higher sales volume, tighter cost control limited the increase in SG&A expenses to 11.7% YoY. As a result, operating profit increased 257.7% YoY and recurring profit rose 210.7% YoY. Inventory gains from raw material price movements were JPY352mn, versus JPY108mn in Q1 FY03/26.

Q1 progress against the 1H forecasts was 49.2% for revenue, 51.1% for operating profit, 54.7% for recurring profit, and 54.4% for net income.

Performance by segment

Hakudo's reporting segments are classified based on the regions where revenue is generated. The Japan segment mainly comprises the standalone results of the parent company and AQR Co., Ltd., while the China segment comprises the results of Shanghai Hakudo Precision Materials Co., Ltd. The North America segment, included since FY03/23, comprises the results of Hakudo USA Inc. and West Coast Aluminum & Stainless, LLC. The Others segment comprises the results of Hakudo (Thailand) Co., Ltd. The company continues to collaborate with Oristar Corporation in Vietnam, an investee company that contributes to profit through dividend income.

The performance of each segment is outlined below.

- Japan segment: Revenue was JPY19.3bn (+32.3% YoY), operating profit was JPY1.2bn (+212.6% YoY), and the operating profit margin was 6.3% (+3.6pp YoY).

Revenue increased 32.3% YoY. Demand from the semiconductor and FPD production equipment industry continued to grow since Q3 FY03/26, driven by demand related to generative AI and data centers. Aerospace-related demand also remained strong, particularly in the government sector.

By product category, aluminum accounted for 64.3% of revenue, copper 16.8%, stainless steel 14.3%, and others 4.6%. Shared Research estimates domestic revenue by major industry was JPY9.0bn from semiconductor and FPD production equipment (46.4% of revenue; +66% YoY), JPY2.9bn from machine tools (15.1%; +26% YoY), JPY1.4bn from OA equipment (7.2%; −3% YoY), JPY1.3bn from pneumatic and hydraulic equipment (6.7%; +39% YoY), and JPY0.9bn from automobiles and motorcycles (4.4%; +6% YoY).

Segment operating profit increased 212.6% YoY, and OPM rose to 6.3% (+3.6pp YoY), due to higher revenue, mainly from the semiconductor production equipment industry, and a more favorable sales mix of highly profitable standard stock items. Improved profitability on small-lot orders following price revisions and higher inventory gains from raw material price movements also contributed. Inventory gains from raw material price movements increased to JPY352mn (3.3x

YoY). The company also tightened cost control to offset higher transportation costs resulting from revenue growth, helping improve OPM.

- North America segment: Revenue was JPY1.4bn (-15.7% YoY), with operating profit of JPY51mn (vs. a loss of JPY51mn in the previous fiscal year).

Revenue declined 15.7% YoY, partly due to a review of the low-price sales strategy. By product category, aluminum accounted for 45.6% of revenue, stainless steel 52.3%, and others 2.1%.

The segment returned to operating profitability as revised pricing shifted more sales to appropriate price levels, improving profit margins.

- China segment: Revenue was JPY667mn (+57.7% YoY), with operating profit of JPY54mn (vs. less than JPY1mn in the previous fiscal year).

Revenue increased 57.7% YoY due to higher demand from the semiconductor production equipment industry. By product category, aluminum accounted for 65.1% of revenue, copper 4.0%, stainless steel 15.3%, and others 15.6%.

The segment returned to operating profitability due to higher revenue.

- Others segment: Revenue was JPY587mn (+40.4% YoY), operating profit was JPY59mn (+25.5% YoY), and the operating profit margin was 10.1% (-1.1pp YoY).

Revenue increased 40.4% YoY due to higher demand related to data centers and semiconductor production equipment. This segment primarily reflects the performance of Hakudo (Thailand) Co., Ltd. By product category, aluminum accounted for 31.1% of revenue, copper 45.7%, stainless steel 21.2%, and others 2.0%.

Segment operating profit increased 25.5% YoY due to higher revenue.

Full-year company forecasts

(JPYmn)	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Est.	2H Est.	FY Est.
Revenue	**32,488**	**33,922**	**66,410**	**32,700**	**35,410**	**68,110**	**44,600**	**47,600**	**92,200**
YoY	13.2%	18.8%	16.0%	0.7%	4.4%	2.6%	36.4%	34.4%	35.4%
Cost of revenue	27,293	28,544	55,837	27,939	29,561	57,500			
Gross profit	**5,195**	**5,378**	**10,573**	**4,760**	**5,849**	**10,609**			
YoY	13.9%	14.3%	14.1%	-8.4%	8.7%	0.3%			
Gross profit margin	16.0%	15.9%	15.9%	14.6%	16.5%	15.6%			
SG&A expenses	3,624	3,966	7,590	3,755	3,982	7,737			
YoY	8.5%	16.5%	12.5%	3.6%	0.4%	1.9%			
SG&A ratio	11.2%	11.7%	11.4%	11.5%	11.2%	11.4%			
Operating profit	**1,571**	**1,413**	**2,983**	**1,006**	**1,866**	**2,872**	**2,700**	**2,360**	**5,060**
YoY	28.7%	8.4%	18.2%	-36.0%	32.1%	-3.7%	168.5%	26.4%	76.2%
Operating profit margin	4.8%	4.2%	4.5%	3.1%	5.3%	4.2%	6.1%	5.0%	5.5%
Recurring profit	**1,777**	**1,438**	**3,215**	**1,088**	**2,102**	**3,190**	**2,700**	**2,490**	**5,190**
YoY	25.2%	0.7%	12.9%	-38.8%	46.2%	-0.8%	148.2%	18.4%	62.7%
Recurring profit margin	5.5%	4.2%	4.8%	3.3%	5.9%	4.7%	6.1%	5.2%	5.6%
Net income	**1,223**	**1,014**	**2,237**	**683**	**1,463**	**2,146**	**1,870**	**1,720**	**3,590**
YoY	24.2%	8.8%	16.7%	-44.1%	44.3%	-4.1%	173.6%	17.6%	67.3%
Net margin	3.8%	3.0%	3.4%	2.1%	4.1%	3.2%	4.2%	3.6%	3.9%

At its Q1 results announcement on August 7, 2026, the company raised its earnings forecasts announced on May 13, 2026. Details of the revisions are as follows. Q1 progress against the full-year forecasts was 23.8% for revenue, 27.2% for operating profit, 28.4% for recurring profit, and 28.3% for net income.

- Revenue: (previous) JPY84.0bn → (revised) JPY92.2bn (+JPY8.2bn vs. prior forecast)
- Operating profit: JPY4.3bn → JPY5.1bn (+JPY750mn)
- Recurring profit: JPY4.7bn → JPY5.2bn (+JPY490mn)
- Net income attributable to owners of the parent: JPY3.2bn → JPY3.6bn (+JPY380mn)
- Earnings per share (EPS): JPY283.03 → JPY316.53

- Reasons for the revision

Q1 results exceeded the company's initial expectations, prompting it to raise its earnings forecasts based on subsequent market trends.

The company expects revenue will reach a record high, exceeding its previous forecast. It has formed this expectation based on two primary reasons. First, semiconductor capital investment remains high, and the company has expanded its customer base by establishing a sales organization specializing in the semiconductor industry; the expanded customer base, together with market growth, has accelerated its market share gains. Second, the effects of price revisions implemented in FY03/26 have become more pronounced.

The company also expects profits will reach record highs. Its profit forecast takes into account the recent strength in raw material prices. However, it does not include the impact of raw material price movements on inventories in 2H.

- Demand outlook

In the semiconductor production equipment industry, which significantly affects the group's performance, the company had expected capital investment demand to continue growing from the start of the fiscal year. This outlook was based on expected long-term growth in advanced semiconductor and memory demand for data centers, driven by generative AI. However, Q1 demand exceeded expectations. In the aerospace industry, government demand remained strong, particularly for defense. In the machine tool industry, the company expects both overseas and domestic demand to recover, supported by strong semiconductor investment and investment in automation and labor-saving measures.

Key strategies

The company plans to continue the following key strategies in FY03/27, the second year of its medium-term management plan, with the aim of expanding revenue and profit.

- Enhancing and expanding the customer base and improving margins through the evolution of the Hakudo Network Service, and strengthening the functions of the Hakudo network.

The number of registered users currently stands at approximately 31,000. In addition to expanding the range of items handled (approximately 5,700 standard stock items plus around 270,200 third-party items available on order as of end-March 2026), the company plans to enhance its service functionality, including support for made-to-drawing items and features such as Metal 3D Printing Quotes & Orders and Data-Based Quotes & Orders.

- Expanding growth domains

The company is focusing on three key growth areas: semiconductors, automotive, and aerospace. In semiconductors, it will consolidate related clients under a dedicated unit and build a system for accumulating industry knowledge. In automotive, it aims to acquire new customers through its metal 3D printer services and drive cross-selling of other products. In the aerospace field, it plans to strengthen its import capabilities for aerospace-grade materials through collaboration with WCAS and overseas manufacturers.

- Expanding overseas business

In the US, Hakudo acquired WCAS, making it a wholly owned subsidiary. It also invested in Patriot Metals LLC, a company based in the Midwest. In parallel, the company plans to strengthen sales in South Korea, Taiwan, India, and the Philippines. As a sales tool, it is working to expand adoption of its e-commerce package, which has already been implemented at its subsidiary in Thailand and is being prepared for deployment at subsidiaries in China and the US, as well as at investee Oristar in Vietnam. The company is also considering adoption of the e-commerce package at distributors in Malaysia and Indonesia, with further expansion planned across South Korea, Taiwan, India, and the Philippines. The overseas sales ratio was 16.2% in FY03/26, up 0.8pp YoY.

Dividend policy

In February 2024, the company revised its dividend policy, raising the payout ratio threshold from at least 40% to at least 45% and introducing a minimum annual dividend of JPY80.00 per share. Based on this policy and the earnings forecast revision announced on August 7, 2026, the company plans to pay an annual dividend of JPY143.00 per share for FY03/27, representing a consolidated payout ratio of 45.1%.

Historical differences between initial company forecasts and results

Results vs. Initial Est.	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue (Initial Est.)	33,200	36,900	46,000	45,400	39,000	48,000	62,100	63,200	64,100	75,800
Revenue (Results)	34,627	43,709	45,228	41,798	39,219	55,441	61,602	57,253	66,410	68,110
Results vs. Initial Est.	**4.3%**	**18.5%**	**-1.7%**	**-7.9%**	**0.6%**	**15.5%**	**-0.8%**	**-9.4%**	**3.6%**	**-10.1%**
Operating profit (Initial Est.)	2,050	2,240	2,990	2,330	1,500	2,920	3,970	2,970	3,060	3,230
Operating profit (Results)	1,986	2,785	2,250	1,659	1,982	4,256	3,777	2,523	2,983	2,872
Results vs. Initial Est.	**-3.1%**	**24.3%**	**-24.8%**	**-28.8%**	**32.1%**	**45.8%**	**-4.9%**	**-15.0%**	**-2.5%**	**-11.1%**
Recurring profit (Initial Est.)	2,100	2,310	3,050	2,410	1,560	3,000	4,080	3,180	3,200	3,500
Recurring profit (Results)	2,043	2,846	2,334	1,697	2,083	4,374	3,989	2,848	3,215	3,190
Results vs. Initial Est.	**-2.7%**	**23.2%**	**-23.5%**	**-29.6%**	**33.6%**	**45.8%**	**-2.2%**	**-10.5%**	**0.5%**	**-8.9%**
Net income (Initial Est.)	1,410	1,570	2,070	1,630	1,070	2,070	2,860	2,150	2,140	2,350
Net income (Results)	1,405	2,028	1,565	1,149	1,282	2,964	2,738	1,917	2,237	2,146
Results vs. Initial Est.	**-0.3%**	**29.2%**	**-24.4%**	**-29.5%**	**19.8%**	**43.2%**	**-4.3%**	**-10.9%**	**4.5%**	**-8.7%**

Source: Shared Research based on company data

Substantial differences between forecasts and results were evident from FY03/18 to FY03/22.

In FY03/18, brisk sales to customers in the semiconductor production equipment industry (a key customer segment) led to higher-than-expected revenue. Profit outstripped company expectations, due to higher revenue and favorable raw materials prices. Performance declined in FY03/19, rebounding negatively from strong performance in semiconductors the year before. Semiconductor memory prices fell, the supply/demand gap loosened, and capex in the semiconductor industry entered an adjustment phase. The LCD manufacturing equipment industry also decelerated rapidly. In FY03/20, semiconductor demand was sluggish as a result of US–China trade friction, causing lackluster results in the semiconductor production equipment sector. These factors, plus a deterioration in raw materials prices, lowered company profits.

In FY03/21, the company expected performance to be affected significantly by the COVID-19 pandemic. However, in 2H, demand for semiconductors began to pick up due to an increase in ICT applications, such as IoT, AI, and 5G. This situation caused the market for semiconductor production equipment to expand, and raw materials prices rose, pushing performance beyond initial expectations.

Two upward revisions were made during FY03/22. In August 2021, the revision was mainly due to a lower cost of sales ratio on the back of higher revenue, as well as the impact of raw materials prices. In December 2021, demand exceeded initial forecasts for the semiconductor production equipment industry, which is the company's main area of business. With the soaring prices of raw materials and increased demand for semiconductor production equipment, both sales and recurring profit reached record highs.

Full-year revenue hit a record high in FY03/23, mainly due to a rise in unit selling prices due to the impact of higher raw material costs. However, operating profit fell YoY owing to sluggish commissions associated with volume declines, a temporary increase in expenses due to the acquisitions of an overseas company, and a sharp decline in sales to customers in the semiconductor production equipment industry (a key customer segment) in Q4.

In FY03/24, the company's financial results fell below expectations due to a delayed recovery in demand for semiconductor-related equipment, which it had initially expected to begin in 2H.

In FY03/25, revenue and all profit categories were broadly in line with the company’s plan, supported by increased demand from key customers in the semiconductor production equipment industry, higher gross profit per unit, and a larger inventory gains from raw material price movements.

In FY03/26, revenue and all profit categories fell short of the company’s initial assumptions, as demand from the semiconductor production equipment industry, its key customer sector, was slower than the company had expected. Demand from the semiconductor production equipment industry recovered rapidly from 2H onward.

Medium-term management plan

Medium-term management plan—Moving forward beyond expectations (FY03/26–FY03/28)

On May 14, 2025, the company formulated and announced its medium-term management plan covering FY03/26 to FY03/28. Positioned as the STEP phase in the company's HOP–STEP–JUMP toward realizing its vision for FY03/32, the 100th anniversary of its founding, the plan also aims to address challenges identified during the execution of the previous medium-term plan.

Review of the first year (FY03/26)

In FY03/26, the first year of the new medium-term management plan, Hakudo posted revenue of JPY68.1bn, recurring profit of JPY3.2bn, and operating cash flow of JPY4.5bn, missing its revenue and recurring profit targets.

In the core semiconductor production equipment industry, sales volume declined as customers revised capex plans, partly due to delayed demand recovery outside generative AI-related applications. The company therefore lowered its earnings forecast in Q1. In Q3, however, Hakudo raised its forecast, as measures such as selling price hikes to reflect cost increases led to earnings improvement.

Although FY03/26 results fell short of the medium-term targets, the company said it would maintain its final-year targets and work to achieve them, taking market conditions and other factors into account.

Hakudo's main measures implemented in FY03/26 are outlined below.

- Evolution of core business: Strengthened Hakudo Network Service, increased the number of items handled, began operations at the Saitama No.2 Plant, and installed additional laser processing machines.
- Expansion of business domains: Expanded the semiconductor, automotive, and aerospace domains and overseas business, including investment in Patriot Metals in the US, an MOU with a partner company in India, and stronger sales networks in Southeast Asia.
- Strengthening of management foundation: Enhanced employee skills and motivation through human capital initiatives, improved operational efficiency and reformed business processes through digital transformation, strengthened governance and management frameworks, and revised the organizational structure.
- Promotion of sustainability management: Revision of the CO2 emissions reduction target for FY03/31, expansion of the ECO product lineup, and green procurement with suppliers

Medium-term management plan targets

The key financial and shareholder return targets in the medium-term management plan are as follows.

Numerical targets

		FY03/25	FY03/26	FY03/26	FY03/27	FY03/28
	(JPYbn)	Act.	Targets	Act.	Targets	Targets
Key financial indicators	Revenue	64.4	75.8	68.1	89.4	104.1
	YoY	12.4%	17.7%	5.8%	31.3%	16.4%
	Recurring profit	3.2	3.5	3.2	4.7	6.0
	YoY	14.3%	9.4%	-0.3%	47.3%	27.7%
	ROIC	8.7%	9.0%	7.6%	11.8%	14.0%
	Cash flows from operating activities	1.7	3.7	4.493	3.9	4.8
	Overseas revenue ratio	15.4%	15.6%	16.2%	16.0%	18.0%
Shareholder return target	Payout ratio	45%	45%	45%	45%	45%
	Dividend per share	89.JPY0	94.JPY0	86.JPY0	127.JPY0	164.JPY0

Source: Shared Research based on company data

Key strategies

The company aims to achieve sustainable growth by deepening its core business and expanding into new domains, with a focus on improving customer satisfaction. It also seeks to strengthen its management foundation through DX initiatives and organizational enhancement.

Deepening of core business

- Strengthen and expand the customer base and improve profit margins through the advancement of Hakudo Network Service
- Increase added value and expand sales through enhanced processing capabilities and an expanded product lineup
- Strengthen manufacturing capacity and improve efficiency through plant reforms and supply chain management initiatives

For Hakudo Network Service, the company aims to enhance convenience by expanding the range of available items, adding new features, improving existing functions, and realizing a one-stop service model. To increase the added value provided to customers, it plans to expand in-house processing facilities and strengthen alliances with external processing companies to boost supply capacity. The company also aims to drive sales growth by actively working to expand its product lineup. To strengthen manufacturing capacity and improve efficiency, Hakudo intends to optimize the supply chain from procurement to delivery at production sites, promote automation, and enhance productivity through the use of IoT. The company is pursuing its goal of becoming the industry's leading plant.

Expanding business domains

- Expand semiconductor, automotive, and aerospace domains
- Expand overseas business

In domains such as semiconductors, automotive, and aerospace—areas significantly influenced by external political factors—the company aims to drive growth by identifying market conditions at an early stage and strengthening collaboration with suppliers.

To achieve overseas revenue of JPY18.7bn by FY2027, the company has established an overseas sales division to accelerate information sharing and decision-making across global offices. It also seeks to enhance added value and improve profit margins through the expansion of e-commerce platforms and cutting operations.

Expanding business domains

Domain	Sales expansion initiatives
Semiconductor domain	-Early identification of market conditions, future trends, and demand outlook in the semiconductor sector -Deeper engagement with device manufacturers -Securing multiple procurement sources to ensure stable supply, factoring in country risk -Progress management by customer and sales volume
Automotive domain	-Monitoring trends in the EV market and the status of policy support -Researching demand for thin sheets, coil materials (slit materials), and laser cutting -Strengthening sales activities using 3D printers -Continuing PR activities through participation in trade shows and advertisements in industry publications
Aerospace domain	-Developing industry maps for public and private sector demand; ensuring swift response to economic changes -Expanding overseas procurement sources for non-aluminum materials such as titanium, Inconel, and Hastelloy -Strengthening sales of new products based on customer demand -Continuing PR activities through participation in trade shows and advertisements in industry publications

Source: Shared Research based on company data

Expanding overseas business

Strengthening existing markets and distributors	Expand sales of new products in collaboration with distributors
	Increase market share against competitors in key markets
Developing new markets	Establish sales bases in South Korea, Taiwan, and the Philippines
	Enter markets such as India, Bangladesh, and Mexico
Expanding the e-commerce business	Enhance functionality of the e-commerce platform
	Broaden the range of products available through subsidiaries and distributors
Promoting the North American business	Promote the North American business centered on Hakudo USA Inc. and WCAS

Source: Shared Research based on company data

Strengthening management foundation

- Upgrade employee skills and improve motivation through enhancement of human capital
- Improve operational efficiency and reform business processes through DX promotion
- Strengthen governance and management oversight
- Restructure organizational framework

As part of efforts to strengthen its management foundation and support business evolution, the company will focus on enhancing human capital, reinforcing governance, and promoting DX. To clarify organizational objectives and strengthen management oversight, the company will implement an organizational restructuring effective April 2025. The key points of the new structure are as follows:
(1) Establish an Overseas Sales Division to further expand overseas business and enhance management of overseas subsidiaries
(2) Establish a Safety and Health Department and a Manufacturing Management Department to reinforce safety, operations management, and quality control in manufacturing
(3) Reorganize the Sales Planning Office into the Marketing Strategy Division to clarify its role as the core marketing department, accelerate business development, and strengthen the organizational structure

Promoting sustainability management

Under its basic sustainability policy, the company aims to contribute continuously to society and enhance long-term corporate value by addressing the following material issues.

Seven material issues (materiality) and action policies

Material issues	Action Themes
1. Reducing environmental impact / Addressing climate change	Reduce the company's CO_2 emissions
	Improve manufacturing efficiency
	Promote paperless operations
2. Building a responsible supply chain	Strengthen environmentally friendly product offerings
	Promote green procurement
	Enhance relationships with suppliers
	Respect human rights
3. Contributing to society	Support the next generation
	Contribute to society
4. Investing in human resources	Improve employee satisfaction
	Promote diversity
	Create a healthy and worker-friendly environment
	Expand employee education and training programs
5. Corporate governance	Achieve zero compliance violations
	Monitor policy adherence
	Strengthen preparedness for business risks and natural disasters
6. Promoting internal ESG/SDGs initiatives through the ESG/SDGs Management Committee	Advance internal awareness and engagement initiatives
7. Creating new products and services linked to ESG/SDGs	Develop and commercialize new ESG/SDGs-related products and services

Source: Shared Research based on company data

Capital policy

The company aims to achieve sustainable growth and maximize shareholder value by appropriately allocating funds generated during the medium-term management plan period to business investment and shareholder returns.

Investment plan

Investment Plan	
Production capacity enhancement investments	Total: JPY2.2bn
	New plant facilities
	Automation equipment
	Processing machinery
System-related investments	Total: JPY0.7bn
	Hakudo Network Service
	Overseas e-commerce
M&A investments	Total: JPY2.0bn
Sustainability investments	Total: JPY0.3bn
	Installation of solar panels

Source: Shared Research based on company data

As a general rule, the company intends to pay dividends based on the higher of a full-year dividend payout ratio of at least 45%, or an annual minimum dividend of JPY80 per share.

Dividend policy

	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26	FY03/26	FY03/27	FY03/28
(Unit: JPY)	Act.	Act.	Act.	Act.	Plan	Act.	Plan	Plan
Interim dividend	48.0	58.0	35.0	49.0	-	28.0	-	-
Year-end dividend	67.0	51.0	45.0	40.0	-	58.0	-	-
Annual dividend	115.0	109.0	80.0	89.0	94.0	86.0	127.0	164.0

Source: Shared Research based on company data

Company Vision

Hakudo's vision is to be a platform operator working to support the manufacturing industry. To differentiate itself from competitors, "exceptional quality, speed and service at a satisfying price" is at the core of its business strategy. The company envisions itself supporting global manufacturers by expanding the business model it has developed in Japan to overseas markets.

The main regions it will target are Asia and North America. In addition to Hakudo's own and other companies' inventories, parts and molded items which it currently handles, it plans to handle subsidiary materials and tools, as well as commercialize processing with 3D printers. In FY03/32, 10 years on from initiating its plan, the company has set targets for revenue of JPY100.0bn, recurring profit of JPY10.0bn, and an overseas revenue ratio of 20%. The company considers this most recent medium-term management plan as a step towards actualizing its Vision.

Review of the previous medium-term management plan—Moving forward beyond expectations (FY03/23–FY03/25)

Hakudo released its previous medium-term management plan on May 26, 2022 (covering FY03/22 to FY03/25) with a subtitle, "Moving forward beyond expectations." This was the first time the company announced a comprehensive company-wide business strategy with specific targets.

Key initiatives and progress

During the previous medium-term management plan period, the company focused on improving the profitability of existing businesses while developing new businesses and expanding overseas operations. Key initiatives included enhancing the functionality of the Hakudo Network Service and entering the North American market through overseas M&A, including the establishment of a US subsidiary and acquisition of a stake in West Coast Aluminum & Stainless, LLC. The company also implemented a broad range of sustainability-focused measures, such as installing solar panels at its plants.

The following outlines the initiatives presented by the company to achieve the management targets—revenue and recurring profit growth—and key financial indicators set forth in the medium-term management plan, along with corresponding results.

Enhancing core businesses

- Strengthened Hakudo Network: Expanded product offerings, including tools and auxiliary materials; added drawing functionality and material usage assist features; made the website publicly accessible, enabling users to check prices without logging in
- Enhanced processing capabilities and supply capacity: Introduced laser processing and waterjet cutting machines

Expanding business domain

- Expanded business into growth fields: Obtained a company-wide certification for JIS Q9100
- Broadened overseas business and enter new markets: Established Hakudo USA Inc., a wholly-owned subsidiary of Hakudo, in California, US (December 2022); Hakudo USA acquired a 51% stake in West Coast Aluminum & Stainless, LLC (March 2023); introduced e-commerce services at Hakudo (Thailand) Co., Ltd.

Strengthening management foundation

- Enhanced human resources: Revamped employee training programs and revised the personnel evaluation system
- Strengthened governance: Established a target dividend payout ratio and annual minimum dividend amount; strengthened the shareholder return policy; integrated and restructured the Administration Division and Corporate Planning Division to form the new Business Administration Division

Promoting sustainability management

- Responded to climate change: Installed solar panels on slopes at the Shiga Plant and at the Fukushima Plant; introduced electric vehicles, converting approximately 60% of company-owned vehicles in Japan to EVs or hybrids
- Advanced social initiatives: Installed charity vending machines at company facilities; made donations to support social initiatives

Management targets and results

The management targets set for the final year of the medium-term management plan were revenue of JPY71.8bn (CAGR of 9.0% over the plan period) and recurring profit of JPY5.4bn (CAGR of 7.3%). Key financial targets included ROIC of 15%, operating cash flow of JPY4.7bn, and a dividend payout ratio of 40.0%. The company aimed to achieve these targets by deepening existing domestic businesses, developing new business areas, and expanding its overseas network.

Medium-term management plan targets

(JPYmn/%)		FY03/22	FY03/23		FY03/24		FY03/25	
		Act.	Forecast	Act.	Plan	Act.	Plan	Act.
Management target	Revenue	55,441	62,100	61,602	66,800	57,253	71,800	66,410
	YoY	41.4%	12.0%	11.1%	7.6%	-7.1%	7.5%	16.0%
	Recurring profit	4,374	4,080	3,989	4,500	2,847	5,400	3,214
	YoY	109.9%	-6.7%	-8.8%	10.3%	-28.6%	20.0%	12.9%
	Recurring profit margin	7.9%	6.6%	6.5%	6.7%	5.0%	7.5%	4.8%
Key financial plan indicator	ROIC	15.0%	-	-	-	-	15.0%	8.7%
	Operating cashflow	4,500	-	321	-	2,527	4,700	1,782
Shareholder return	Payout ratio	44.0%	-	45.2%	-	47.3%	40.0%	45.1%

Source: Shared Research based on company data

The company attributed its failure to meet the numerical targets to its reliance on the semiconductor production equipment industry and delays in the industry's recovery. In the newly announced medium-term management plan, the company highlights the need to diversify into other sectors and reinforce its business foundation to reduce vulnerability to external factors. It has identified the following points as key challenges.

- Secure supply network through collaboration with non-ferrous metal manufacturers to support recovery in the semiconductor production equipment industry
- Secure manufacturing capacity to support recovery in the semiconductor production equipment industry
- Expand sales channels in the aerospace and automotive sectors to reduce dependence on the semiconductor industry
- Reduce personnel and consumables costs through business process improvements and DX promotion
- Enhance the convenience of Hakudo Network Service to lower customer costs, strengthen customer retention, and improve order rates
- Expand product lineup and processing capabilities
- Further expand overseas business

Business

Business model

Overview

The company's business centers on vendor-managed inventory (VMI). The company buys non-ferrous materials (such as aluminum and copper) cuts them into standard sizes and shapes, and supplies them to customers in accordance with their specifications. The company carries approximately two months of inventory worth of standard stock items. One difference from other providers of VMI services lies in the company's extensive processing capabilities, allowing it to machine items to customer specifications. VMI arrangements typically work by suppliers and purchasers sharing inventory information. In Hakudo's case, purchaser's inventory information is based on customer order histories.

The company believes the factors that differentiate it from competitors include its material processing capabilities, superior product quality, and more attractive delivery times. The company's brand promise is "exceptional quality, speed and service at a satisfying price." The company places great importance on the quality of its materials and processing services, as well as on meeting the deadlines specified in its product catalogs. The company adds value with its inventory and processing functions.

Performance fluctuations in tandem with market prices for key materials and changing customer demand

Over the past decade through FY03/26, revenue ranged from a low of JPY34.6bn (FY03/17) to a high of JPY68.1bn (FY03/26). Operating profit fluctuated between JPY1.7bn (FY03/20) and JPY4.3bn (FY03/22). During this period, the company's operating profit margin (OPM) ranged from 4.0% (FY03/20) to 7.7% (FY03/22).

Performance fluctuates in line with changing market prices of the main materials the company handles, such as aluminum and copper, and volatility in demand from customers who purchase these materials, such as manufacturers of semiconductor production equipment. In recent years, the company's performance declined in FY03/20 due to a downturn in economic activity resulting from the COVID-19 pandemic. From FY03/22, the market environment improved quickly due to a rebound in non-ferrous metal prices and tight demand for semiconductor production equipment. From 2H FY03/23 through FY03/24, Hakudo continued to feel the effects of the semiconductor market entering an adjustment phase, but in FY03/25 demand recovered, centered on semiconductor-related customers. In FY03/26, semiconductor-related demand drove performance.

Business overview

Customers

The company's main customers are manufacturers of semiconductor production equipment, OA equipment, and other industrial machines. Semiconductor production equipment and related industries are major customers because semiconductor production equipment uses large quantities of aluminum materials, whose corrosion resistance, machining accuracy, and low gas generation suit them to this application. While demand for semiconductor production equipment is affected in the near term by semiconductor market conditions, Shared Research expects demand to increase over the medium to long term owing in part to global reviews of production locations. In FY03/26, aluminum accounted for over 60% of the company's revenue by material.

Among Hakudo's customers are manufacturers of semiconductor production equipment (that use aluminum components in their vacuum chambers), precision instruments such as OA equipment, and various industrial machines.

Hakudo reports having approximately 30,000 customer accounts, although Shared Research believes the actual number of active accounts is likely lower. The company has accumulated over 30,000 registered customers on its online platform, Hakudo Network Service. Including customers who place orders via phone or fax—many of whom, according to the company, tend to request special-order items—Shared Research estimates that Hakudo handles transactions with approximately 10,000 customers per day. With revenue of JPY68.1bn in FY03/26 and assuming 250 operating days per

year, the average order value is estimated at around JPY27,000. Unlike bulk steel trading firms, Hakudo primarily handles a high volume of small-lot orders. The company notes that high-volume customers may purchase around JPY2.0bn annually.

Adding value through processing and maintaining standard stock items

Rather than selling purchased materials as is, the company cuts them into specific sizes and shapes (standard stock items) before selling them. Once placed in inventory, these items are valued at market prices. Transaction prices are based on market prices at the time of sale, so the company can face valuation losses if market prices change while products are in inventory. Among its main materials, aluminum prices are updated every three months, while copper prices change daily. The company adjusts purchasing decisions based on market prices, inventory levels, and customer demand trends.

Method for determining unit transaction prices

To determine transaction prices, the company starts with the market price of the target material. To this, it adds a trading company margin, processing fees, the customer's portion of shipping costs, and a margin based on customer payment conditions. If multiple pieces of aluminum materials are ordered, the price is calculated as follows. The unit price is primarily based on the market price per unit weight of aluminum at the time of order, which was JPY635,000 per ton as of end-March 2026.

First, the unit price is determined, based on the market price per weight of aluminum (JPY400,000/ton as of end-March 2024). Next, a customer-specific transaction price is calculated by taking into account various fees (including inventory costs), processing fees for parts and materials, the customer's purchase/payment history, and credit information. The unit price is then multiplied by the number of items. For similar companies that do not offer processing services, the transaction price is simply the market price of the raw material plus a trading company commission.

Flow of business

Hakudo purchases non-ferrous materials from external suppliers and holds them in inventory (standard stock items). The company maintains around 5,800 standard stock items. Customers can also backorder items that the company does not keep in stock. Backorder items are those the company does not typically handle and whose volumes are too small to keep in inventory.

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Purchasing

The company buys non-ferrous materials from specific suppliers in Japan. The material Hakudo buys the most of is aluminum, which it purchases from large companies such as UACJ Corporation (TSE Prime: 5741) and Nippon Light Metal Holdings Co., Ltd. (TSE Prime: 5703). Hakudo purchases copper from a range of Japanese and overseas manufacturers, such as Mitsubishi Materials Corporation (TSE Prime: 5711) in Japan. To diversify supply risk, the company does not limit its suppliers to specific companies, except in the case of specialized parts.

According to the Japan Aluminum Association, high electricity prices mean that Japanese production of primary aluminum ingots has not been cost-competitive since the two oil shocks the country faced in the 1970s. As a result, the country is entirely dependent on imports for new aluminum ingots. Japanese production centers on secondary (recycled) aluminum ingots, which are imported from overseas and processed in Japan into plates, extrusions, and foils. Processed aluminum materials are then supplied to manufacturers of final products such as transport equipment and construction-related equipment.

"Copper alloy products (brass and bronze products)" refers to products made from copper or copper alloys containing zinc, tin, or nickel, which are then melted, cast, rolled, drawn, or forged into plates, tubes, bars, wires, or other shapes. According to the Japan Copper and Brass Association, demand for copper alloy products is forecast at 676,900 tons in FY2025 (+1.2% YoY).

Because it must maintain a certain amount of standard stock items in inventory, the company is unlikely to be at an advantage when negotiating with suppliers. The company explains that for this reason, it has established a stable supply system by continuing to purchase products from multiple sources.

Inventory (processing of standard stock items)

The company classifies procured metal materials as “standard stock items.” The company handles around 5,500 standard aluminum products, which are divided into shapes such as plates, bars, and tubes, and each has its own standard dimensions and thickness.

For aluminum products, the company purchases sheets, strips (coiled), rods, and tubes of aluminum alloy from manufacturers of these materials, and keeps them in inventory. Aluminum alloy plates in inventory (base material) tend to be around three sqm in size. Processing and inventory management take place at five locations in Japan (seven plants in Fukushima, Saitama, Kanagawa, Shiga, and Kyushu; outlined below).

Order receipt, sales

In general, the flow from order to shipment follows the steps below.

The company receives an estimate request or order via telephone, fax, e-mail, or online service. Order data is entered into the company’s “comprehensive information system (proprietary computer system)” at the East Japan Customer Center, West Japan Customer Center, or each of its sales offices. Data is then sent to individual plants as shipment order forms. Bar codes are printed onto shipment order forms to ensure traceability.

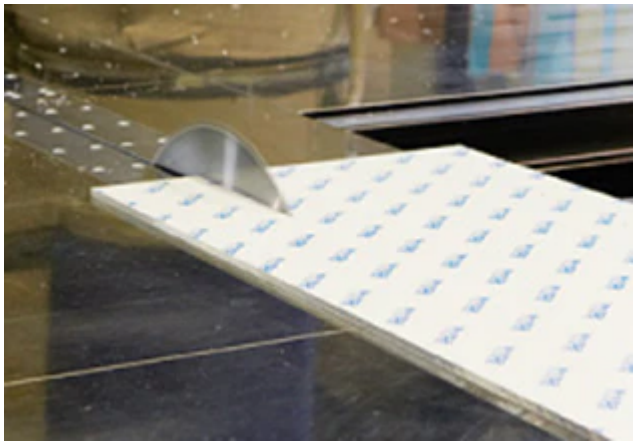
Printing a shipment order form (plant)



Source: Company website

Depending on the order, cutting is carried out at the plant designated to handle the shipment. Cutting is performed at five plants in Japan, which are equipped with a variety of cutting machines, including circular saws, band saws, shearing machines, and contour machines. Milling—used for machining complex shapes and drilling—is also conducted at the same five locations, which are equipped with both general-purpose and specialized milling machines. More than 500 machines are installed across these facilities. According to customer requirements, rotating blades (milling machines) are used to perform machining such as processing complex shapes and drilling holes. In addition to cutting and milling, available processing services include irregular-shape and machining processes, polishing, and chamfering.

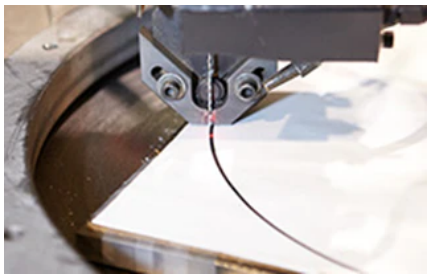
Machining processes (cutting, milling)





Source: Company website

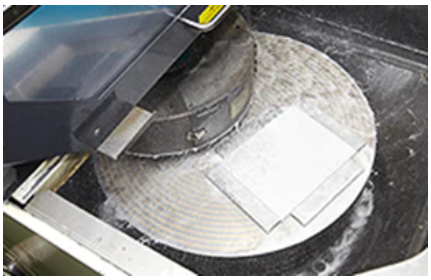
Contour machine processing



machining



rotary polishing



Source: Company website

After machining is complete, the product is inspected. Dimensions may be measured using 3D measuring instruments or manually, according to the customer's request. After inspection, the product is packaged for delivery. Packaging specifications vary depending on the variety, shape, and processing service. The company aims to provide the best packaging it can to maintain product quality. The company uses a barcode system to perform final checks on unloads and delivery addresses, and then delivers the goods quickly using its own trucks, route-based services, and in some cases, couriers.

Shipment and delivery





Source: Company website

Hakudo Network Service

The Hakudo Network Service is a proprietary online estimate and ordering service, handling about 80% of the company's estimates. Customers can login (or register as new users) via the Hakudo Network Service portal on the company's website. The system offers three types of entry mode as illustrated below: standard, simplified, and multiple detail. New customers and those unfamiliar with online ordering tend to choose the simplified mode, which is limited to standard products. The multiple detail entry mode allows customers to place orders involving detailed machining requests and attach Excel or CSV data, ordering up to 15 items at a time.

Hakudo Network Service screens for orders and estimates

Standard mode



Simplified mode



Multiple detail entry mode



Source: Company website

Sales structure

Hakudo divides Japan into eight regions and has a sales office for each: the Sendai Sales Office (located in Sendai, Miyagi Prefecture, and responsible for the Hokkaido and Tohoku regions), the Takasaki Sales Office (located in Takasaki, Gunma Prefecture, and responsible for the Joetsu and Northern Kanto regions), the Tokyo Sales Office (located within headquarters and responsible for the Tokyo metro area), the Atsugi Sales Office (Atsugi, Kanagawa Prefecture), the Nagoya Sales Office (located in Nagoya, Aichi Prefecture, and responsible for the Tokai and Hokuriku regions), the Osaka Sales Office (located in Osaka and responsible for Wakayama Prefecture and the Kyoto/Osaka/Kobe region), the Hiroshima Sales Office (located in Hiroshima and responsible for the Chugoku and Shikoku regions, except for Yamaguchi Prefecture), and the Kyushu Sales Office (located in Tosu, Saga Prefecture, and responsible for the Kyushu region, including Yamaguchi Prefecture). Located within headquarters is the Sales Department of Special Order Products, which serves large manufacturing customers nationwide. The Sales Department of Standard Stock Products maintains two

call centers, the East Japan Customer Center (Kawasaki) and the West Japan Customer Center (Osaka), as well as the Shizuoka Branch Office.

Sales offices in Japan

Office	Location	Area covered
Sendai Sales Office	Sendai, Miyagi Prefecture	Hokkaido and Tohoku
Tokyo Sales Office	Chiyoda-ku, Tokyo	Tokyo metro
Takasaki Sales Office	Takasaki, Gunma Prefecture	Joetsu and Northern Kanto
Atsugi Sales Office	Atsugi, Kanagawa Prefecture	Southern Kanto and Chubu
Nagoya Sales Office	Nagoya, Aichi Prefecture	Tokai and Hokuriku
Osaka Sales Office	Osaka	Wakayama Prefecture, Kyoto/Osaka/Kobe
Hiroshima Sales Office	Hiroshima	Chugoku and Shikoku (excl. Yamaguchi Prefecture)
Kyushu Sales Office	Tosu, Saga Prefecture	Kyushu (incl. Yamaguchi Prefecture)

Source: Shared Research based on company data

Plants in Japan

The company has six plants in Japan. In April 2023, the company established a new base (Iga Warehouse) in Iga, Mie Prefecture, where it began operation of water-jet cutting and machining equipment, and wire-cutting machines.

- Fukushima Plant (Koriyama, Fukushima Prefecture): Has grinding/polishing and machining equipment and conducts these processing for the company.
- Saitama Plant (Kazo, Saitama Prefecture): Mainly handles cut-to-length stock, extruded aluminum, copper pipe, and shaped copper and stainless steel (rectangular bars and small-diameter rods).
- Saitama No.2 Plant (Kumagaya, Saitama Prefecture): Specializes in bar-shaped products, including round bars, square bars, angles, and round tubes made from materials such as aluminum, copper, and stainless steel.
- Kanagawa Plant (Atsugi, Kanagawa Prefecture): This center has the largest product lineup in the Hakudo group, as well as the largest inventory and shipping volumes. This center functions as a core plant for the group, working to increase the quality of products the group handles and augment the group's technologies.
- Shiga Plant (Gamo-gun, Shiga Prefecture): This plant handles a diverse lineup of products. The plant maintains inventories of aluminum plates ranging in thickness from 1mm to 350mm and cuts/machines this stock to customer requirements. The facility has water-jet cutting and machining equipment.
- Saga Plant (Tosu, Saga Prefecture): At this location, the company focuses on maintaining close ties with local businesses, working alongside salespeople to reflect customer feedback in its product quality, technologies, and services.
- Fukuoka Plant (Chikugo, Fukuoka Prefecture): Overseen by the Kyushu sales office. Handles standard-size plates, aluminum extrusions, and stainless steel square bars.

Domestic plants

Factory	Location	Characteristics
Fukushima Plant	Koriyama, Fukushima Prefecture	Polishing and machining equipment
Saitama Plant	Kazo, Saitama Prefecture	Standard-size sheets, aluminum extrusions, copper tubes, copper alloy products, stainless steel
Saitama No.2 Plant	Kumagaya, Saitama Prefecture	Specializes in bar-shaped products
Kanagawa Plant	Atsugi, Kanagawa Prefecture	Group's largest product lineup and inventory/shipping volumes
Shiga Plant	Gamo-gun, Shiga Prefecture	Large stock of aluminum plates, water-jet cutting and machining equipment
Saga Plant	Tosu, Saga Prefecture	Close ties to the local businesses
Fukuoka Plant	Chikugo, Fukuoka Prefecture	Handles standard-size sheets, aluminum extrusions, stainless steel square bars, and other products

Source: Shared Research based on company data

Overseas locations

In China, the company has its own inventory and processing centers with sales offices in Guangzhou and Tianjin, as well as a consolidated subsidiary in Shanghai (Shanghai Hakudo Precision Materials Co., Ltd.). In Thailand, Hakudo has a

subsidiary, Hakudo (Thailand) Co., Ltd, as well as a local partner, Fujimaki Steel (Thailand) Co., Ltd. In other ASEAN countries, the company is collaborating with local partners in Vietnam (Oristar Corporation), Malaysia (PHH Special Steel SDN BHD), and Indonesia. It also has established a representative office in Vietnam. The table below indicates the company's overseas locations.

In FY03/23, the company established Hakudo USA Inc. with the aim of strengthening its business in the American market. Subsequently, this subsidiary invested in a local company, West Coast Aluminum & Stainless, LLC. The company began disclosing North America as a new regional segment starting in the same fiscal year. In FY03/26, Hakudo invested in Patriot Metals, LLC, which is based in the US Midwest, where manufacturing companies are concentrated, and processes and sells stainless steel and aluminum sheets.

Overseas locations

Country		
China	Subsidiary	Shanghai Hakudo Precision Materials Co., Ltd.
	Location	Tianjin Sales Office
	Location	Guangzhou Sales Office
Thailand	Subsidiary	Hakudo (Thailand) CO., LTD.
	Location	Bangkok, Thailand
	Local partner	Fujimaki Steel (Thailand) Co., Ltd.
Vietnam	Representative office	The Representative Office of Hakudo Co., Ltd. in Ho Chi Minh City
	Local partner	ORISTAR CORPORATION
Malaysia	Local partner	PHH SPECIAL STEEL SDN BHD
North America	Subsidiary	Hakudo USA Inc.
	Second-tier subsidiary	West Coast Alminium ＆ Stainless, LLC
	Investment (14%)	Patriot Metals, LLC
Indonesia	Local partner	PT.FUJIMAKI STEEL INDONESIA
	Local partner	PT PHH Special Steel

Source: Shared Research based on company data

Process for determining transaction prices

The company refers to market prices at the time of transaction to calculate transaction prices. A problem can arise due to a gap between the market price of the product at the time of sale and the price at which the original material was purchased. In particular, the company may face a loss if the market price of the material declines (the risk of holding items in inventory). When market prices are rising, transaction prices are based on the most recent market price, so marginal gains may occur. When market prices are falling the mechanism for determining transaction prices results in a net loss.

The company does not adjust purchases based on market trends, unless it is certain that transaction prices will rise or fall. However, the company minimizes marginal losses through efficient processing (minimizing the amount of scrap generated when processing standard products) and by offering selling prices that take credit information (based on customers' payment histories) into account. The company uses an integrated information system (which it calls the "proprietary computer system") to manage information centrally. The company uses this system to direct operations related to inventory, adjusting stock levels to meet assumed demand and minimize differential losses.

Product lines

As of end-FY03/26, the company catalog listed 270,200 product sizes, including standard stock items and backorder items (third-party products not included in standard stock). The main items are described below.

Standard stock items

These are items the company keeps in stock at its plants around Japan. In FY03/26, the company maintained approximately 5,800 standard stock items. Cover images of the product catalogs (standard stock items) on the company website are shown below. The English version was published in 2018; the Japanese version is from 2026.

Catalogs of standard stock items (English on the left, Japanese on the right)



Source: Company website

Hakudo explains that its standard stock items benefit customers in six ways. First, the lineup is extensive. The company specializes in non-ferrous metals such as aluminum and copper, as well as stainless steel, titanium, specialty steels and plastic materials, and provides processed industrial materials.

The second advantage is the ability to fill small-lot orders. The company machines materials based on a single plate, piece, or gram to the customer's desired size and shape, and delivers products throughout Japan. The company's policy is to cut and process small materials down to 5 x 5mm to the exact dimensions specified by the customer, and deliver the required quantity as soon as the next business day.

The third advantage is quick response. From customer centers located in eastern and western Japan, the company responds quickly to quotations, orders, and inquiries via fax, phone, e-mail, and online. In sales, the company has a policy of not keeping the customer waiting. Professional staffers at customer centers using leading-edge IT systems provide prompt quotes on both standard stock items and special-order items.

The fourth advantage is quick delivery. The company maintains inventory and processing centers ("plants") at five locations across Japan, and can deliver products as soon as the day after it receives an order. The company has a system in place to ship orders to customers from each center by the most appropriate means, depending on delivery distance and inventory status.

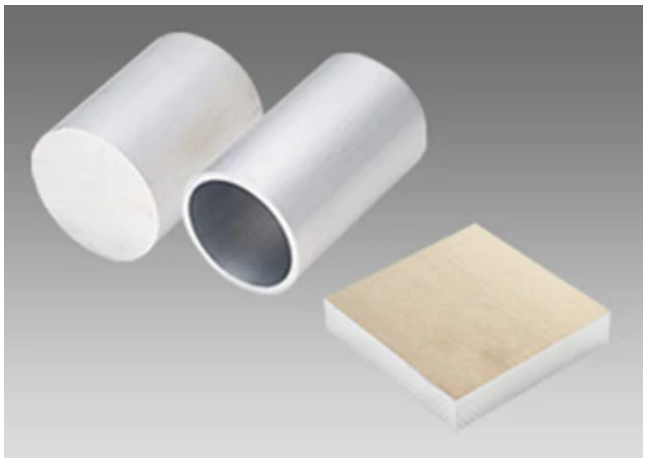
The fifth advantage is the wide variety of machining options. In addition to cutting products to customer-specified dimensions, the company offers milling and polishing services for all products in its inventory. The company provides 34 types of cutting and processing methods to offer products with the shape and accuracy desired by customers. The company is capable of cutting various shapes (squares, circles, and rings), milling and polishing to specified dimensions in increments of 0.1mm, and machining shaped parts using machining centers and water jet cutting machine.

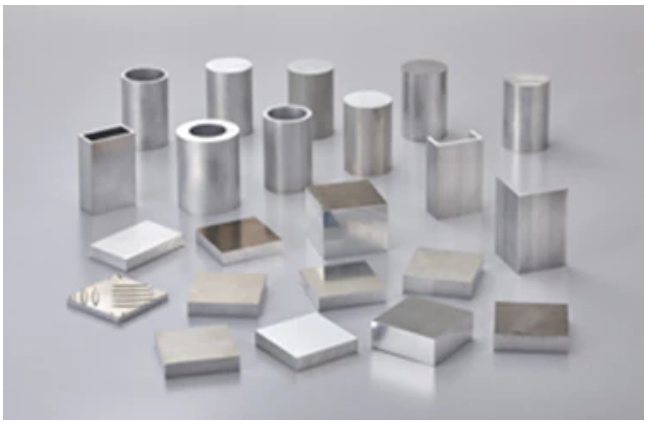
The sixth advantage is high-precision machining. For its milling and polishing processes, the company guarantees accuracy in terms of thickness, width, length, squareness, angularity, and flatness. The company has installed the latest equipment, including specially designed high-precision milling machines and machining centers, to meet the demands of its customers. The company is also researching and seeking to improve its machining processes and inspection methods to further increase machining accuracy.

Items handled (standard stock items)

Aluminum

Aluminum products (standard stock items on the left and backorder items on the right)





Source: Company website

Standard aluminum stock items are classified broadly by shape (plates, bars, and tubes), and then classified further in terms of size and material.

The example below is a catalog entry for a standard stock item. "A1050" is a standard 1000 grade aluminum (pure aluminum), 99.5% pure aluminum sheet (1,000mm by 2,000mm), commonly referred to as "meter sheet*." Catalog entries are listed by size.

Catalog listing of "A1050" aluminum plate item (English on the left, Japanese on the right)

Plate thickness 板厚 (mm)	Uncut material width × length 新材寸法 巾×長さ(mm)	Plate thickness tolerance 板厚公差 (mm)	Temper 調質	Manufacturing method 製造方法	Protective vinyl 保護ビニール
0.5※	1000×2000	±0.06	H24	Cold rolling 冷間圧延	None なし
1	〃	±0.08	〃	〃	〃
1.2	〃	±0.10	〃	〃	〃
1.5	〃	〃	〃	〃	〃
2	〃	〃	〃	〃	〃
3	〃	±0.13	〃	〃	〃
4	〃	±0.20	〃	〃	〃
5	〃	±0.23	〃	〃	〃

板厚(ミリ)	新材寸法 巾×長さ(ミリ)	板厚公差 JIS規格(ミリ)	質別	製造方法	1枚質量(kg)	保護ビニール	加工区分・在庫工場 神奈川	埼玉	福島	京都	佐賀	福岡
0.3	1000×2000	±0.05	H24	冷間圧延	1.64	なし	□		□		□	
0.4	〃	〃	〃	〃	2.18	〃	□		□		□	
0.5	〃	±0.06	〃	〃	2.72	〃	□		□		□	
0.6	〃	〃	〃	〃	3.27	〃	□		□		□	
0.8	〃	〃	〃	〃	4.36	〃	○		○		○	
1	〃	±0.08	〃	〃	5.44	〃	○		○		○	
1.2	〃	±0.10	〃	〃	6.53	〃	○		○		○	
1.5	〃	〃	〃	〃	8.16	〃	○		○		○	
2	〃	〃	〃	〃	10.88	〃	○		○		○	
3	〃	±0.13	〃	〃	16.32	〃	○		○		○	
4	〃	±0.20	〃	〃	21.76	〃	○		○		○	
5	〃	±0.23	〃	〃	27.20	〃	○		○		○	
6	〃	±0.28	〃	〃	32.64	〃	○		○			

Source: Company website

The Japanese version (but not the English version) indicates the weight per sheet (kg) and uses color to show which of the company's five plants produces and stocks the product.

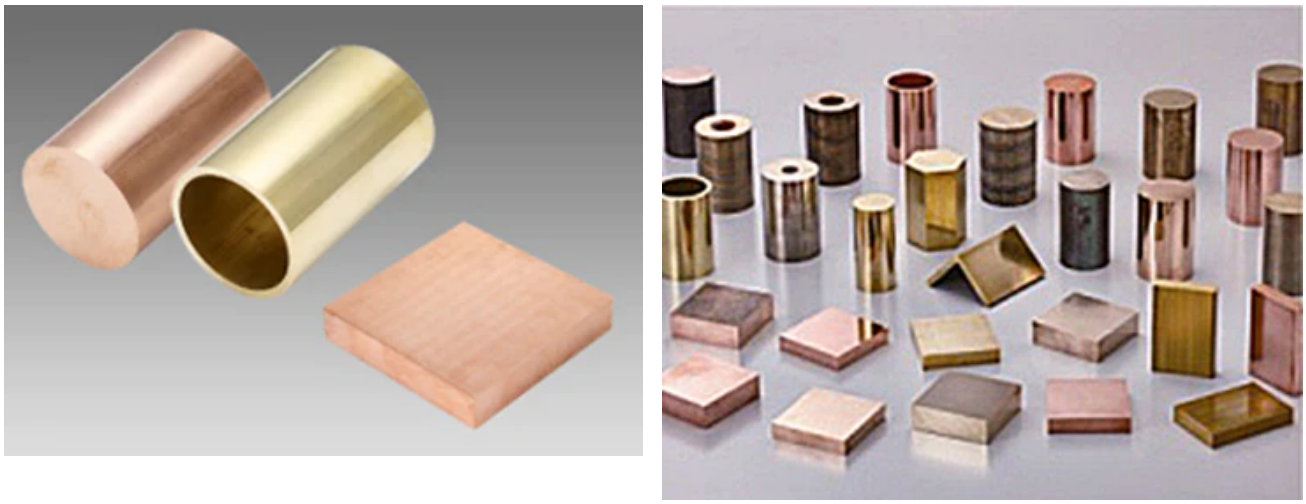
* “Meter sheet” refers to a type of cut-to-length stock measuring 1,000mm by 2,000mm.

The main types of steel plate and plate-metal materials used in precision plate metal and plate-metal processing are distributed in the market as cut-to-length stock of specific dimensions. Typical plate sheet sizes are 3 x 6 (914mm x 1,829mm), 3 x 8 (914mm x 2438mm), and 5 x 8 (1,524mm x 2,438mm). These standard sizes are generally not used for stainless steel, aluminum, copper, and brass plate. Instead, these materials are typically found in “meter sheet” dimensions (1,000mm x 2,000mm), which are not used for steel sheet.

The 4 x 8 size (1,219mm x 2,438mm) is generally used for steel, stainless steel, aluminum, copper, and brass plate. This size of material is used to make large plate metal products, for which 3 x 6 and 1 x 2 sizes would be too small. The 5 x 10 size (1,524mm x 3,048mm) is also used for steel plate but generally not for copper or brass plate.

Copper products

Copper products (standard stock items at left, backorder items at right)



Source: Company website

The company lineup also includes copper plates, bars, and tubes. Due to its high electrical and thermal conductivity, durability, and color, copper is used in a wide range of applications. Copper is frequently used in air conditioning (copper pipes) and electronic components (semiconductor lead frames). Standard stock items are categorized broadly into plates, bars, and tubes, and further classified according to size and material quality.

The following example is a product called “chrome copper round bar,” which is an alloy of copper and chrome with extremely high electrical conductivity and hardness. It has excellent wear resistance at high temperatures and good toughness due to its uniform microstructure. This product is mainly used for welding electrode materials, electrode materials, cooling parts for connector equipment, die-casting molds, and various machine parts (parts requiring thermal conductivity and electric conductivity).

Catalog listing for “chrome copper round bar” (English at left, Japanese at right)

Diameter 直径 (mm)	Uncut material length 新材寸法 長さ(mm)	Diameter tolerance 直径公差 (mm)	Temper 調質	Manufacturing method 製造方法
6※	1000	±0.06	HT	Cold drawing 冷間引抜
8※	〃	〃	〃	〃
10	〃	〃	〃	〃
12	〃	±0.08	〃	〃
13	〃	〃	〃	〃
16	〃	〃	〃	〃
20	〃	〃	〃	〃
22	〃	〃	〃	〃
25	2000	±0.10	〃	〃
30	〃	〃	〃	〃
32	〃	〃	〃	〃
35	〃	〃	〃	〃
40	1000	±0.20	〃	Hot forged scalping 熱間鍛造面削
45	〃	〃	〃	〃
50	〃	〃	〃	〃
55	〃	〃	〃	〃
60	1000	±0.20	HT	Hot forged scalping 熱間鍛造面削
70	〃	〃	〃	〃
80	〃	〃	〃	〃
90	〃	〃	〃	〃
100	〃	〃	〃	〃

“※” refers to product sizes in which cutting to the desired dimensions is possible, but for which any remaining materials must also be purchased.
※は ご希望のサイズ寸法に加工致しますが、残材も購入いただくサイズです。

“T” for temper denotes an age hardening treatment.
調質のTは、時効硬化処理を表します。

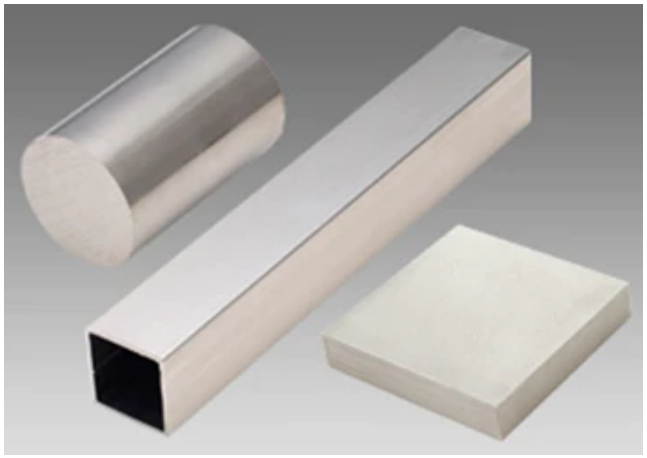
直径（ミリ）	新材寸法 長さ（ミリ）	直径公差 当社規格（ミリ）	質別	製造方法	長さ1メートル当り 質量（kg）	加工区分・在庫工場 神奈川	埼玉	福島	滋賀	佐賀	福岡
6	1000	±0.05	HT	冷間引抜	0.26	○					
8	〃	〃	〃	〃	0.45	○		○			
10	〃	〃	〃	〃	0.70	●					
12	〃	〃	〃	〃	1.01	●		●			
13	〃	〃	〃	〃	1.18	●					
16	〃	〃	〃	〃	1.79	●		●			
20	〃	±0.08	〃	〃	2.80	●		●			
22	〃	〃	〃	〃	3.38	●					
25	2000	〃	〃	〃	4.37	●		●			
30	〃	〃	〃	〃	6.29	●		●			
32	〃	〃	〃	〃	7.15	●					
35	〃	〃	〃	〃	8.56	●		●			
40	1000	±0.20	OT	鍛造面削	11.18	●		●			
45	〃	〃	〃	〃	14.14	●		●			
50	〃	〃	〃	〃	17.46	●		●			
55	〃	〃	〃	〃	21.13	●					
60	〃	〃	〃	〃	25.14	●		●			
70	〃	〃	〃	〃	34.22	●					
80	〃	〃	〃	〃	44.69	●		●			
90	〃	〃	〃	〃	56.56	●		●			
100	〃	〃	〃	〃	69.83	●		●			

Source: Company website

As with aluminum, the Japanese version of the catalog (but not the English version) indicates the weight per sheet (kg) and uses color to show which of the company’s five plants produces and stocks the product.

Stainless steel

Stainless steel products (standard stock items at left, backorder items at right)





Source: Company website

“Rust-resistant iron” is made by adding nickel, chrome, or other substances to iron. Due to its rust resistance, this material is often used in food machinery and kitchen equipment, as well as for decorative piping for railings and monuments. The material is finding growing use in machine parts, and the company believes demand will increase further as new applications for the material are developed.

The following example is a catalog entry for structural stainless steel extruded pipe. The material is called “304 seamless round pipe (TKA)” TKA refers to mechanical-structural stainless steel pipe. In machined items, this product is used as thick-walled pipe (such as pipe made from hollowing out round stock or sheet materials).

Catalog entry for seamless round stainless-steel pipe (English at left, Japanese at right)

■ Size of products in inventory 在庫品目サイズ

Outside diameter × Wall thickness 外径×肉厚 (mm)	Uncut material length 新材寸法 長さ (mm)	Outside diameter tolerance 外径公差 (mm)	Wall thickness tolerance 肉厚公差 (mm)	Manufacturing method 製造方法
46 ×10	2100	±0.80	−1.25 to +1.50	Hot extrusion 熱間押出
50.8×14.5	〃	〃	−1.81 to +2.18	〃
56 ×13.8	〃	〃	−1.73 to +2.07	〃
67 ×14.5	〃	±1.00	−1.81 to +2.18	〃
71 ×18	〃	〃	−2.25 to +2.70	〃
82 ×15	〃	〃	−1.88 to +2.25	〃
92 ×16.8	〃	±1.20	−2.10 to +2.52	〃
100 ×10	〃	〃	−1.25 to +1.50	〃
20	〃	〃	−2.50 to +3.00	〃
101 ×18	〃	〃	−2.25 to +2.70	〃
112 ×19	〃	〃	−2.38 to +2.85	〃
123 ×13	〃	〃	−1.63 to +1.95	〃
131 ×26	〃	〃	−3.25 to +3.90	〃
140 ×30	〃	±1.00	−3.75 to +4.50	〃
150 ×12.5	〃	±1.30	−1.56 to +1.88	〃
160 ×20	〃	〃	−2.50 to +3.00	〃
170 ×26	〃	±1.50	−3.25 to +3.90	〃

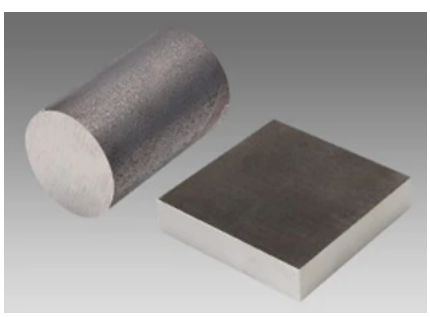
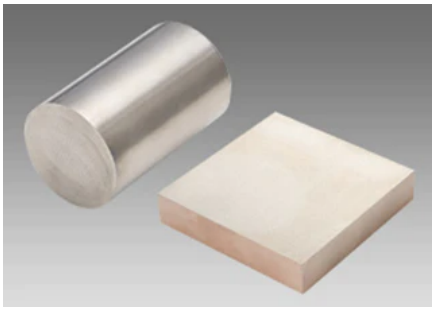
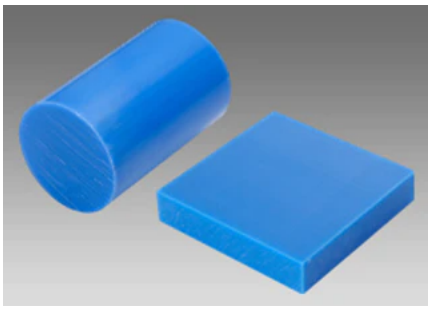
Outside diameter × Wall thickness 外径×肉厚 (mm)	Uncut material length 新材寸法 長さ (mm)	Outside diameter tolerance 外径公差 (mm)	Wall thickness tolerance 肉厚公差 (mm)	Manufacturing method 製造方法
190×20	2100	±1.50	−2.50 to +3.00	Hot extrusion 熱間押出
200×15	〃	〃	−1.88 to +2.25	〃

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If you are interested in JIS certified products, please contact us.
JIS適合商品にはJISの認証を取得した商品と、製造メーカーが規格の品質を保証した商品があります。
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外径×肉厚 (ミリ)	新材寸法 長さ (ミリ)	外径公差 JIS規格 (ミリ)	肉厚公差 JIS規格 (ミリ)	製造方法	長さ1メートル当り 質量 (kg)	加工区分・在庫工場 神奈川	埼玉	福島	滋賀	佐賀	福岡
46 × 10	2100	±0.80	−12.5%〜+15%	熱間押出	8.97	●					
50.8 × 14.5	〃	〃	〃	〃	13.11	●					
56 × 13.8	〃	〃	〃	〃	14.51	●					
67 × 14.5	〃	±1.00	〃	〃	18.97	●					
71 × 18	〃	〃	〃	〃	23.77	●					
82 × 15	〃	〃	〃	〃	25.04	●					
92 × 16.8	〃	±1.20	〃	〃	31.47	●					
100 × 10	〃	〃	〃	〃	22.42	●					
20	〃	〃	〃	〃	39.86	●					
101 × 18	〃	〃	〃	〃	37.22	●					
112 × 19	〃	〃	〃	〃	44.02	●					
123 × 13	〃	〃	〃	〃	35.63	●					
131 × 26	〃	〃	〃	〃	68.01	●					
140 × 30	〃	±1.30*	〃	〃	82.21	●					
150 × 12.5	〃	〃*	〃	〃	42.82	●					
160 × 20	〃	〃*	〃	〃	69.76	●					
170 × 26	〃	〃*	〃	〃	93.27	●					
190 × 20	〃	±1.50*	〃	〃	84.71	●					
200 × 15	〃	〃*	〃	〃	69.14	●					

Source: Company website

Other products (ordinary steel, specialty steel, titanium, plastic)

Source: Company website

Ordinary and specialty steels are made by adding carbon and other substances to iron to increase its hardness. The company offers a wide variety of products for different applications. Traditionally used for knives and tools, in recent years these materials have also been used for molds that require hardness (ultra-precision molds for IT-related products).

Titanium is lighter, stronger, and more corrosion-resistant than other metals. It has a wide range of applications, including in the aerospace industry.

The company handles a wide variety of plastic materials, from general-purpose plastics (PVC, acrylic) to engineering plastics. Engineering plastics, which have enhanced hardness and resistance to heat and chemicals, are used in a wide range of applications because they have the advantage of being lighter than metals.

In addition, the company handles thermal insulation and heat insulation materials and ceramics.

Backorder items and special-order items

Standard stock items are held in stock at company plants. Alongside these items, customers can place orders for backorder and special-order items, which Hakudo may then order from other companies. Hakudo's management costs on these items are lower, as it buys them from other suppliers rather than processing them in house. Also, they carry no inventory costs. For these reasons, Hakudo includes other companies' inventory in its own product catalogs.

The company handles 264,000 item sizes, which are available for order via the Hakudo Network Service. Hakudo also encourages other companies in the industry to sell their products via this online site as partner suppliers. The company has continued to increase the number of items it handles, and Shared Research understands that most of these are non-stock and special-order items, reflecting growing demand.

The company also handles special-order items, which are manufactured in collaboration with various material and parts manufacturers. In this category, the company offers aerospace-standard materials, custom mold bases, aluminum extrusion molds, custom-molded parts, castings, and forgings. The company also provides contract machining services.

The catalog also includes standard stock, backorder, and special-order items in various fields, in aerospace-standard, metal, and plastic materials.

Catalog of backorder and special-order items (Japanese only)



Source: Company website

Product shipping and delivery

The company has a regular truck delivery service that it uses for the domestic market. The company also uses other trucking or parcel delivery services when delivery timing does not coincide with its regularly scheduled routes. To develop its nationwide sales and logistics network, the company requires detailed knowledge of the locations of customers' plants and other facilities. Accordingly, the company commonly uses local transporters who are familiar with the local geography.

The company uses ship or air transport to send products overseas. According to the company, its arrangements can reduce overseas transport by as much as six days compared with other companies' export methods. (The company calculates this savings by cutting the time to provide a quotation from two–three days to one or on the same day, shortening packaging time from three–four days to one, and shipping on the same day rather than on the following day.)

Customers

Customer accounts

The company does not disclose exact figures for the number of customers or sales by customer. However, it reports having over 30,000 customer accounts, with cumulative registered users of Hakudo Network Service totaling around 25,000. The company handles roughly 20,000 daily quote requests—by phone, fax, email, and online—with the number of online inquiries increasing.

According to the company, about half of quotations lead to actual orders (the order rate). This factors in some degree of duplication with quotations. The transaction price is often cited as the reason for not placing an order. The company explains that it uses prevailing market prices as the starting point for setting transaction prices. It then works to convince the customer by presenting quotations in terms that match customer characteristics (necessary transportation method, payment method, and credit conditions).

Customers by industry

Aluminum is the material Hakudo handles most frequently, accounting for 59.8% of the total in FY03/24. The company's main customers are manufacturers of semiconductor production equipment and related companies. While the company's products often are shipped directly to component manufacturers, its end customers are the semiconductor production equipment makers who process and assemble these parts and materials. These include Tokyo Electron Ltd. (TSE Prime: 8035), ULVAC, Inc. (TSE Prime: 6728), and SCREEN Holdings Co., Ltd. (TSE Prime: 7735).

Demand for aluminum plate is high in the semiconductor production equipment industry. Aluminum alloy components are often used in semiconductor production equipment, such as vacuum chambers themselves, various parts in the chambers, and internal transport systems.
Aluminum is lightweight and offers corrosion resistance, machining accuracy, and low gas generation. Because of these characteristics, the company's aluminum materials are in demand from large Japanese manufacturers of semiconductor and LCD manufacturing equipment, as well as from overseas manufacturers of semiconductor production equipment.

Demand for semiconductor production equipment is expected to remain strong due to the shortage of semiconductors and the need to manage associated manufacturing risks. As a result, the company believes these manufacturers will be an important customer category for the foreseeable future. Meanwhile, greater semiconductor mounting density is driving the need for higher-precision products and more stringent delivery conditions. In response, the company is developing its own high-spec series of products with improved flatness and precision.

Manufacturers of OA equipment and other industrial machinery are another important customer segment. Large manufacturers of OA equipment, such as Canon Inc. (TSE Prime: 7751) and Ricoh Company, Ltd. (TSE Prime: 7752) are major customers. The standard stock items the company carries track trends in machine tool orders.

Business overview by segment

By segment	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
Revenue	**32,461**	**34,627**	**43,709**	**45,228**	**41,798**	**39,219**	**55,441**	**61,602**	**57,253**	**66,410**	**68,110**
YoY	8.5%	6.7%	26.2%	3.5%	-7.6%	-6.2%	41.4%	11.1%	-7.1%	16.0%	2.6%
Japan	31,103	33,227	41,983	43,339	40,069	37,345	52,839	58,804	49,901	57,910	59,372
YoY	8.5%	6.8%	26.4%	3.2%	-7.5%	-6.8%	41.5%	11.3%	-15.1%	16.1%	2.5%
% of total	95.8%	96.0%	96.1%	95.8%	95.9%	95.2%	95.3%	95.5%	87.2%	87.2%	87.2%
North America	-	-	-	-	-	-	-	-	4,586	5,099	5,088
YoY	-	-	-	-	-	-	-	-	-		
% of total	-	-	-	-	-	-	-	-	8.0%	7.7%	7.5%
China	1,168	1,130	1,349	1,306	1,132	1,364	1,719	1,582	1,361	1,753	1,927
YoY	-5.9%	-3.3%	19.4%	-3.2%	-13.3%	20.5%	26.1%	-8.0%	-14.0%	28.8%	9.9%
% of total	3.6%	3.3%	3.1%	2.9%	2.7%	3.5%	3.1%	2.6%	2.4%	2.6%	2.8%
Other	190	270	377	582	597	511	882	1,217	1,406	1,647	1,723
YoY	-	42.2%	39.6%	54.5%	2.5%	-14.4%	72.6%	37.9%	15.5%	17.2%	4.6%
% of total	0.6%	0.8%	0.9%	1.3%	1.4%	1.3%	1.6%	2.0%	2.5%	2.5%	2.5%
Segment profit	**1,706**	**1,985**	**2,784**	**2,249**	**1,658**	**1,981**	**4,256**	**3,777**	**2,523**	**2,983**	**2,872**
YoY	-16.3%	16.4%	40.3%	-19.2%	-26.3%	19.5%	114.8%	-11.3%	-33.2%	18.2%	-3.7%
Operating profit margin	5.3%	5.7%	6.4%	5.0%	4.0%	5.1%	7.7%	6.1%	4.4%	4.5%	4.2%
Japan	1,630	1,933	2,734	2,236	1,677	1,941	4,104	3,810	2,627	3,129	2,812
YoY	-15.2%	18.6%	41.4%	-18.2%	-25.0%	15.7%	111.4%	-7.2%	-31.0%	19.1%	-10.1%
Operating profit margin	5.2%	5.8%	6.5%	5.2%	4.2%	5.2%	7.8%	6.5%	5.3%	5.4%	4.7%
% of total	95.5%	97.4%	98.2%	99.4%	101.1%	98.0%	96.4%	100.9%	104.1%	104.9%	97.9%
North America	-	-	-	-	-	-	-	-126	-205	-285	-97
YoY	-	-	-	-	-	-	-	-	-	-	-
Operating profit margin	-	-	-	-	-	-	-	-	-	-	-
% of total	-	-	-	-	-	-	-	-	-	-	-
China	84	49	40	-22	-43	21	70	0	-39	-13	0
YoY	-31.1%	-41.7%	-18.4%	-	-	-	233.3%	-	-	-	-
Operating profit margin	7.2%	4.3%	3.0%	-	-	1.5%	4.1%	-	-	-	-
% of total	4.9%	2.5%	1.4%	-1.0%	-2.6%	1.1%	1.6%	0.0%	-	-	0.0%
Other	-8	2	9	35	25	19	81	93	141	153	157
YoY	-	-	350.0%	288.9%	-28.6%	-24.0%	326.3%	14.8%	51.6%	8.5%	2.6%
Operating profit margin	-	0.7%	2.4%	6.0%	4.2%	3.7%	9.2%	7.6%	10.0%	9.3%	9.1%
% of total	-0.5%	0.1%	0.3%	1.6%	1.5%	1.0%	1.9%	2.5%	5.6%	5.1%	5.5%

Source: Shared Research based on company data

The company reports segment information by geographic location. In FY03/23, Japan accounted for 95.5% of revenue. In addition, the company derives its revenue from China and other locations mainly from Japanese manufacturers doing business overseas; Shared Research believes that most of the company's customers are Japanese companies.

Japan

For the past 10 years, the Japan segment has consistently accounted for over 90% of the company's sales. The company does not disclose data by customer. However, it supplies non-ferrous metal products to industrial equipment manufacturers and peripheral manufacturers. Of these, the company's main customers are manufacturers of precision instruments (semiconductor production and OA equipment).

In FY03/21, demand for semiconductor manufacturing equipment increased amid a global semiconductor supply shortage. According to the company, sales to the semiconductor and LCD manufacturing equipment industry previously accounted for around 20% of the total, but by FY03/22, this weighting had increased to roughly 45%. That growth trend continued into FY03/23, but demand slowed in 2H due to the downturn in the semiconductor market. With demand remaining weak, revenue and profit declined in FY03/24. In FY03/25, demand for aluminum sheets recovered due to the high proportion of sales to the semiconductor manufacturing equipment industry, resulting in increased aluminum handling volume for Hakudo. In FY03/26, as semiconductor-related demand recovered, sales grew steadily from the sharp recovery in the previous fiscal year.

North America

The company established Hakudo USA, Inc. in FY03/23, marking the start of its business in the North American market. Hakudo USA subsequently acquired a 51% stake in West Coast Aluminum & Stainless, a local company, and made it into a subsidiary (second-tier subsidiary of Hakudo). The main business of West Coast Aluminum & Stainless is related to

residential construction, and stainless steel accounts for a higher proportion of sales compared to other regions. While the company began recording revenue from the North America segment in FY03/24, it posted a segment loss due in part to post-merger integration (PMI)—a process encompassing management, business, and cultural integration. In FY03/26, the segment loss narrowed, as West Coast Aluminum & Stainless became a wholly owned subsidiary and returned to profitability.

China

Sales in this segment are primarily to the semiconductor production equipment industry, resulting in a high proportion of aluminum, similar to the Japan segment. However, the share of other materials—such as special steels for the mold and automotive industries—tends to be higher than in the Japan segment. The main customers are Japanese companies operating locally. Orders are placed from production bases in China, with products shipped from Japan by sea or air. The company also handles some materials sourced locally. In FY03/26, profit improved alongside higher revenue.

Others

Sales in this segment are primarily to Thailand and other ASEAN countries. The share of copper alloy products for the mold and automotive industries tends to be high. As with the China segment, the main customers are Japanese companies operating locally.

Market and value chain

"Non-ferrous metal" is a catch-all term for metals other than iron. The reason for this classification is that iron is used in overwhelmingly greater quantities. There are many types of non-ferrous metals, each with different properties, but they can be broadly classified into three categories: base metals, precious metals, and rare metals. Non-ferrous metals are also added to steel to significantly change and improve its properties. Non-ferrous metals can be used on their own or as alloys with other non-ferrous metals.

Production of non-ferrous metals

Base metals are those that are produced in large quantities and for which large reserves exist. They are widely used in industrial materials and everyday items. Iron is also a base metal. Aluminum and copper are major non-ferrous base metals. Precious metals (such as gold, silver, and platinum) are used for jewelry, but they are also widely used as industrial materials. Rare metals (such as lithium, titanium, and nickel) are scarce, either because few reserves exist or because they are difficult to mine or extract.

The company primarily handles high-volume non-ferrous metals, with a focus on aluminum and copper. In FY03/26, aluminum accounted for 61% of handling volume, copper alloys for 15%, stainless steel for 18%, and other materials—including specialty steels—for 5%.

Aluminum

High demand for aluminum stems from its numerous physical characteristics. For one, aluminum's specific gravity is 2.7, which is about one-third that of iron (7.8) and copper (8.9). Aluminum's strength doubles when other elements are added to form an alloy, hence increasing its specific strength. Even alloys of aluminum have approximately the same specific gravity as aluminum, as only small amounts of other elements are added. When exposed to air, aluminum forms a strong and stable oxide film, providing excellent corrosion resistance. Corrosion resistance can be improved further by anodizing, which artificially creates an oxide film. High ductility makes aluminum suitable for plastic working. It has a low melting point (660°C), which can be reduced further by eutectic alloying. This characteristic and its good flowability make aluminum suitable for casting.

Aluminum has high electrical and thermal conductivity. For the same mass, aluminum has twice the electrical conductivity of copper and three times the thermal conductivity of iron. Aluminum reflects more than 90% of radiant energy and has high light and heat reflectance. As its color resembles white, aluminum need not be painted. Being non-toxic, it can be used for packaging daily necessities, food, and medicine. Aluminum is non-magnetic and has excellent vacuum characteristics (low gas release rate even in vacuum). For this reason, aluminum is widely used in semiconductor production and LCD manufacturing equipment, which require some production processes to be conducted in a vacuum state. Aluminum is also highly recyclable; only 3% as much energy is needed to re-melt and recycle used products as is used in electrolytic refining.

Aluminum market prices are updated every three months.

Aluminum prices

	2018				2019				2020			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Aluminum ingots	219	246	227	216	208	190	188	193	224	169	184	209
	2021				2022				2023			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Aluminum ingots	294	334	377	375	415	343	319	325	307	381	395	380
	2024				2025				2026			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Aluminum ingots	400	477	432	474	492	448	497	518	635			

Source: Shared Research based on World Bank data

Copper

Copper is widely used in electrical and electronic products due to its excellent thermal conductivity, electrical conductivity, workability, and ductility. "Copper" products may include products made solely from copper or alloys

containing zinc (brass), tin and phosphorous (phosphor bronze), or nickel and zinc (nickel silver) before being melted, cast, rolled, drawn, or forged into plates, tubes, bars, wires, or other shapes.

Market prices for copper are updated daily.

Electrolytic copper prices

	2020				2021				2022			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Electrolytic copper price	580	659	750	848	1,030	1,090	1,080	1,140	1,264	1,270	1,159	1,185
	2023				2024				2025			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Electrolytic copper price	1,239	1,260	1,260	1,280	1,370	1,570	1,450	1,440	1,540	1,480	1,580	1,920
	2026				2027				2028			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Electrolytic copper price	2,040											

Source: Shared Research based on data from the Japanese Electric Wire & Cable Makers' Association

Stainless steel

Stainless steel is a rust-resistant alloy consisting mainly of iron (more than 50%) and containing more than 10.5% chromium. In addition to being corrosion resistant, stainless steel offers heat resistance, workability, strength, and other characteristics, as well as being easy to maintain. It is also 100% recyclable.

When added to iron, the chromium combines with oxygen to form a thin protective film (passive film) on the surface of the steel. This passive film helps prevent rust. Although this film is thin (3 millionths of a millimeter), it is tough. If the film is broken, it regenerates automatically in the presence of oxygen.

Stainless steel is used in a wide range of applications, from general home applications to the nuclear power and space development sectors. Stainless steel can also be selected to match various performance requirements, such as corrosion resistance, heat resistance, strength, and formability.

Stainless steel prices are determined by negotiation between buyer and seller whenever manufacturers revise their prices.

Stainless steel prices

	2020				2021				2022			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Stainless steel sheet	370	360	360	360	380	400	420	450	500	600	680	680
	2023				2024				2025			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Stainless steel sheet	680	660	640	610	600	600	630	630	600	570	560	560
	2026				2027				2028			
(JPY'000/MT)	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec	End-Mar	End-Jun	End-Sep	End-Dec
Stainless steel sheet	570											

Source: Shared Research based on data from the Japan Metal Daily

Key customer trends

The company's main customers are manufacturers of semiconductor production equipment, OA equipment, and other industrial equipment. A shortage of semiconductors and the uneven distribution of manufacturing locations have become a problem, and the global system of semiconductor production is being reconfigured as a result. Consequently, the company expects demand for semiconductor fabrication equipment to grow steadily for the foreseeable future. In relation to other equipment, orders for the company's standard stock items tend to track orders for machine tools. In the category of industrial machinery, demand for non-ferrous materials is growing in line with efforts to reduce environmental impact.

Demand for semiconductor production equipment

Japan-based equipment sales					Act.						Forecast			
(JPYbn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	CAGR
Semiconductor production equipment	1,308.9	1,564.2	2,043.6	2,247.9	2,073.0	2,383.5	3,443.0	3,927.5	3,697.6	4,768.1	4,911.1	5,500.4	5,610.4	
FPD production equipment	299.3	485.7	491.6	536.4	475.8	463.8	480.9	428.2	257.7	338.8	349.0	349.0	429.2	
Total	1,608.2	2,049.9	2,535.2	2,784.3	2,548.8	2,847.3	3,923.9	4,355.6	3,955.3	5,106.9	5,260.1	5,849.4	6,039.7	
YoY														
Semiconductor production equipment	1.3%	19.5%	30.6%	10.0%	-7.8%	15.0%	44.5%	14.1%	7.4%	29.0%	3.0%	12.0%	2.0%	
FPD production equipment	10.2%	62.3%	1.2%	9.1%	-11.3%	-2.5%	3.7%	-11.0%	-46.4%	31.5%	3.0%	0.0%	23.0%	
Total	2.8%	27.5%	23.7%	9.8%	-8.5%	11.7%	37.8%	11.0%	0.8%	29.1%	3.0%	11.2%	3.3%	5.8%

Source: Shared Research based on data from Semiconductor Equipment Association of Japan

Machine tool demand

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total order value	1,250,003	1,645,554	1,815,771	1,229,900	901,835	1,541,419	1,759,601	1,486,519	1,485,109	1,604,319
YoY	84.4%	131.6%	110.3%	67.7%	73.3%	170.9%	114.2%	84.5%	99.9%	108.0%
Domestic demand	530,545	629,369	750,343	493,188	324,455	510,324	603,231	476,821	441,538	440,862
YoY	90.5%	118.6%	119.2%	65.7%	65.8%	157.3%	118.2%	79.0%	92.6%	99.8%
Overseas demand	719,458	1,016,185	1,065,428	736,712	577,380	1,031,095	1,156,370	1,009,698	1,043,571	1,163,457
YoY	80.4%	141.2%	104.8%	69.1%	78.4%	178.6%	112.1%	87.3%	103.4%	111.5%

Source: Shared Research based on data from the Japan Machine Tool Builders' Association

Main competitors

Hakudo is a trading company specializing in non-ferrous metals (aluminum, copper, and stainless steel) and handling plastics and other metals. One competitor category is sales companies affiliated with materials manufacturers that maintain trading company functions. Examples include Nippon Steel Trading Corporation (TSE Prime: 9810), which is affiliated with Nippon Steel Corporation (TSE Prime: 5401), and JFE Shoji Corporation (unlisted), which is a group company affiliated with JFE Holdings, Inc. (TSE Prime: 5411). Steel is also handled by general trading companies, due to the large quantities involved.

Such relationships also exist between manufacturers of non-ferrous materials (which are handled in smaller quantities) and sales subsidiaries. Manufacturer-affiliated trading companies include SDAT Co., Ltd. (unlisted), a group company of Showa Denko KK (TSE Prime: 4004). Some trading companies are affiliated with general trading companies, such as Itochu Metals Corporation (unlisted), which is affiliated with Itochu Corporation (TSE Prime: 8001), and Marubeni Metals Corp. (unlisted), a group company of Marubeni Corporation (TSE Prime: 8002). Hakudo is different, being unaffiliated with any manufacturer or general trading company. Rather, Hakudo exists independently, having expanded from its origins as a privately owned firm.

Rather than dealing only with specific materials, Hakudo handles a variety (including aluminum, copper, stainless steel, and plastic). Hakudo also differs in the way it positions itself. Hakudo sees itself as a convenience store for non-ferrous metals. In addition to cutting materials to standard shapes and sizes, it handles other companies' products, offering a wide range of items that can be ordered 24 hours a day.

We have compared Hakudo with listed companies that conduct similar activities. Alconix Corporation (TSE Prime: 3036) and UEX, Ltd. (TSE Standard: 9888) are similar to Hakudo in that they also have a processing function.

Comparison of listed companies in the same industry

(JPYmn)	Hakudo (7637)			Alconix (3036)			MonotaRo (3064)			Onoken (7414)		
	FY03/24	FY03/25	FY03/26	FY03/24	FY03/25	FY03/26	FY12/23	FY12/24	FY12/25	FY03/24	FY03/25	FY03/26
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue	57,253	66,410	68,110	174,901	197,004	219,720	254,286	288,119	333,880	281,933	271,942	253,115
Gross profit	9,268	10,573	10,609	22,921	26,021	30,625	75,964	84,420	99,636	26,740	27,041	26,295
SG&A expenses	6,744	7,590	7,737	17,457	19,101	20,882	44,654	47,353	53,443	18,520	20,230	21,555
Operating profit	2,523	2,983	2,872	5,463	6,919	9,743	31,309	37,066	46,192	8,219	6,810	4,740
Recurring profit	2,848	3,215	3,190	5,447	7,528	8,947	31,538	37,320	46,057	8,342	6,902	4,711
Net income	1,917	2,237	2,146	1,598	4,805	5,598	21,813	26,291	32,350	5,761	4,885	-2,218
ROE	8.8%	9.7%	8.7%	2.5%	7.1%	7.5%	27.5%	27.7%	28.7%	6.3%	5.1%	-2.3%
ROA (RP-based)	6.7%	7.4%	6.9%	2.9%	4.0%	4.3%	26.3%	27.3%	27.2%	4.2%	3.4%	2.4%
Operating profit margin	4.4%	4.5%	4.2%	3.1%	3.5%	4.4%	12.3%	12.9%	13.8%	2.9%	2.5%	1.9%
Total assets	42,016	44,745	47,564	182,890	196,634	222,427	128,352	145,028	193,243	208,502	203,530	196,119
Net assets	22,481	23,755	25,465	66,350	70,312	79,942	86,982	104,267	122,933	95,550	98,273	93,803
Equity ratio	53.5%	53.1%	53.5%	35.9%	35.4%	35.6%	67.3%	71.5%	63.4%	45.4%	47.8%	47.3%
Cash flows from operating activities	2,528	1,782	4,494	15,215	7,003	2,424	29,932	28,662	33,726	15,942	5,756	10,403
Cash flows from investing activities	-1,612	-893	-1,373	-2,622	-4,705	-3,218	-8,401	-3,582	-17,093	-20,778	-15,125	-9,071
Cash flows from financing activities	-1,329	-1,128	-1,054	-19,281	-4,799	3,341	-11,705	-13,339		8,662	7,632	590
Cash and deposits	5,701	5,474	7,670	19,721	17,781	20,813	18,454	30,370	46,995	6,440	4,186	6,109
Interest-bearing debt	0	0	0	55,199	53,741	60,273	1,089	1,121	990	46,764	56,735	60,048

(JPYmn)	Shinsho Corporation (8075)			UEX (9888)			Misumi Group (9962)		
	FY03/24	FY03/25	FY03/26	FY03/24	FY03/25	FY03/26	FY03/24	FY03/25	FY03/26
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue	591,431	617,177	608,142	52,113	50,281	49,725	367,649	401,987	441,383
Gross profit	39,144	40,398	39,465	9,949	9,514	9,186	167,377	186,990	206,015
SG&A expenses	25,847	27,175	27,888	7,865	7,742	7,887	129,011	140,509	158,402
Operating profit	13,296	13,223	11,577	2,084	1,772	1,298	38,365	46,480	47,613
Recurring profit	12,814	11,763	11,022	2,260	1,714	1,259	41,265	49,901	48,498
Net income	9,111	8,563	8,286	1,296	928	667	28,152	36,549	40,457
ROE	11.5%	9.7%	8.7%	7.7%	5.3%	3.7%	8.6%	10.5%	11.1%
ROA (RP-based)	3.2%	3.0%	2.9%	4.4%	3.3%	2.4%	10.4%	12.0%	11.1%
Operating profit margin	2.2%	2.1%	1.9%	4.0%	3.5%	2.6%	10.4%	11.6%	10.8%
Total assets	396,408	386,870	383,623	51,976	51,933	52,143	413,517	419,574	464,969
Net assets	87,480	92,977	100,982	18,134	17,511	19,000	347,679	352,064	382,509
Equity ratio	21.7%	23.6%	25.8%	33.4%	33.7%	36.4%	83.3%	83.2%	81.7%
Cash flows from operating activities	9,090	6,989	8,447	1,019	-1,171	1,034	54,567	60,461	52,190
Cash flows from investing activities	-2,789	6,688	-1,579	-589	-509	1,245	-18,995	-32,452	-43,203
Cash flows from financing activities	-7,240	-5,013	-10,910	-46	2,011	485	-18,968	-31,759	-41,801
Cash and deposits	12,308	21,380	17,427	6,376	6,716	7,056	133,376	128,259	104,202
Interest-bearing debt	60,757	61,255	53,396	9,426	12,147	13,876	6,818	7,536	8,766

Source: Shared Research based on company data

Among the six companies, Hakudo and UEX have the smallest revenue. This reflects the fact that Onoken Co., Ltd. (TSE Prime: 7414) and Shinsho Corporation (TSE Prime: 8075) mainly handle steel and construction materials. Alconix handles a large volume of rare earth materials. Although specializing in stainless steel, UEX's business model is relatively close to Hakudo's. Another company that could be considered a competitor with a similar business model is Shinx Corporation (unlisted, FY03/25 revenue of JPY16.8bn, +16.7% YoY), which was established by former Hakudo employees and specializes in aluminum materials.

Misumi Group Inc. (TSE Prime: 9962) is comparable to Hakudo because it has established a trading company function to support manufacturing through its VONA (Variation & One-stop by New Alliance) strategy. This function is like Hakudo's backorder items business. Like the Misumi Group, MonotaRO Co., Ltd. (TSE Prime: 3064) has a business model of supplying materials to construction sites, and thus could be considered a competitor.

Hakudo's OPM is higher than all except Misumi Group and MonotaRO. Shared Research understands that Hakudo generates higher margins by offering a combination of products and services, adding value through quality and delivery times.

Hakudo is among the smallest in terms of assets; UEX is around the same size. UEX, however, specializes in stainless steel. Although Hakudo also handles stainless steel, it has diversified into other areas, focusing on aluminum and copper.

Strengths and weaknesses

Strengths

In addition to its inventory function (as a trading company), the company has a processing function, which helps lower customers' manufacturing costs.

Hakudo has a variety of processing capabilities that other specialized trading companies lack. Customers can take advantage of these capabilities to have Hakudo process materials for them, as well as to stock these materials. This arrangement can reduce manufacturing time and costs for customers. Customers typically place small orders (15kg to 20kg per order); maintaining their own processing equipment for batches of this size would be costly.

Hakudo does not limit itself to cutting materials, and has the ability to process materials to a high quality (e.g., milling and forming special shapes), including complexity, detail, and tolerance level accuracy (margin of error) to reduce customers' manufacturing costs. The company has a total of 30 types of metal processing equipment at its five processing plants with a network of business bases capable of providing processing services nationwide. These processing services are included as added value in the transaction price, which has enabled the company to maintain a high OPM compared with other metal trading companies like Alconix, UEX, and Shinsho Corporation.

The Hakudo Network Service is a highly convenient service that enables immediate order placement and delivery, using such data as market prices, processing costs, and customer information.

According to Hakudo, it is one of only two non-ferrous trading companies in Japan that have a 24-hour online system for ordering. (The other company is Shinx Corporation [unlisted], which was established by former Hakudo employees.) Hakudo handles a wide range of non-ferrous metals, such as aluminum and copper. Customers can get quotations and place orders for products regardless of office hours, which is convenient and reduces ordering costs.

The company's online service presents optimized price estimates instantly, using accumulated data such as inventory of standard stock items, products sourced from other companies, current material prices, processing costs, and each customer's order history and credit information. The number of registered users of the Hakudo Network Service exceeds 25,000 companies. For reference, there are approximately 49,000 business sites in Japan in the metal products and production equipment manufacturing industries, according to the 2021 Economic Census. Leveraging the convenience of its system, the company is also promoting the Hakudo Network Service as an e-commerce platform for non-ferrous metals by inviting peer companies to sell through the system.

Accumulated customer data allows the company to manage inventories and control processing costs.

For customers, a specialized trading company like Hakudo offers value not only by centralizing procurement channels but also by outsourcing inventory management and primary processing, helping to streamline various procurement-related costs. Hakudo's core system—referred to internally as the "proprietary computer system"—dates back to 1968, when the company first introduced computers. Since then, it has led the industry in building a proprietary database. Through ongoing upgrades over more than 50 years, the system has accumulated extensive sales-related data on approximately 30,000 customer accounts, primarily in Japan. This includes order histories, payment terms, and credit information.

The customer database is not only used to calculate transaction prices (price including delivery), but also for adjustment of purchases for the next order onward based on an estimate of customer trends, processing method of the purchased base material into the end material (inventory item or other), and inventory control optimization. The data can also be used to calculate the optimal pattern placement on the base material to minimize scrap (Hakudo's term: "pick and cut system"). Other metal trading companies mainly handling copper do not have these functions.

Weaknesses

The company is susceptible to volatility in raw material prices, as it handles non-ferrous materials for specific customer segments.

Hakudo handles various non-ferrous materials, centering on aluminum and copper. The company processes these materials into standard stock items that it sells based on market prices at the time transactions occur. Most customers are manufacturers of precision industrial and electrical equipment (such as semiconductor production and OA equipment),

which use a large amount of components made of these materials. If raw material prices decline while products are in inventory, the company can incur inventory valuation losses. This situation is amplified during recessions following demand expansion, when market prices and sales decline at the same time. In FY03/20, the company incurred a loss of JPY170mn due to such a difference in market value, equivalent to around 10% of recurring profit for the year (of JPY1.7bn). The company is particularly sensitive to fluctuations in market prices on aluminum and copper, which are in high demand among its customers.

A focus on small order quantities and rapid deliveries makes it difficult to achieve economies of scale in logistics and control logistics costs.

The company provides detailed delivery services to its customers, but orders are small compared with companies that handle steel products in bulk. (Shared Research estimates that orders average JPY26,000 in FY03/25). This situation can cause transportation expenditure to rise. Transportation expenses account for a larger proportion of SG&A spending (on average, just over 30% over the past three years) than personnel expenses, which are typically high at trading companies. Looking at similar companies over the same three-year period, the figure was 15.1% for UEX. (Alconix does not disclose transportation as a key expense category.)

The company seeks to differentiate itself by the convenience its “exceptional speed” provides, but this can lead to substantial delivery costs because orders are often small (averaging 15–20kg), and the company handles around 10,000 orders per day. The company has its own regular truck service, but the number of items and delivery conditions vary from customer to customer, so the company also uses courier services as well as overseas sea and air transport services. As a result, transportation expenses tend to be higher than other companies.

The company has limited ability to meet the needs of Japanese customers that are expanding overseas.

While Japanese manufacturers are shifting their production bases overseas, Hakudo is applying the business model it has developed in Japan (sales activities and processing plants) to its Japanese customers that are developing business overseas. In other words, Hakudo is attempting to extend its domestic business by exporting from Japan. This situation makes it difficult for Hakudo to showcase the strengths that differentiate the company from competitors in Japan through services that meet the demands of local customers. As existing customers shift more production overseas, they will begin to require the same level of sophistication there as they do in Japan. To satisfy this need, they are likely to expand relationships with local companies. Hakudo currently has overseas sales companies in the US, China, Thailand, and Vietnam, but its partners in those countries have less extensive processing capabilities than those in Japan. In deploying its business model overseas, the company faces different operating environments and business customs from Japan. To leverage the business it has built in Japan, the company will need to re-establish sales, processing, and cost management systems tailored to local markets.

Historical performance and financial statements

Income statement

Income statement		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue		**34,627**	**43,709**	**45,228**	**41,798**	**39,219**	**55,441**	**61,602**	**57,253**	**66,410**	**68,110**
YoY		6.7%	26.2%	3.5%	-7.6%	-6.2%	41.4%	11.1%	-7.1%	16.0%	2.6%
Cost of revenue		28,613	36,183	38,027	35,309	32,549	45,131	51,450	47,985	55,837	57,500
Gross profit		**6,014**	**7,527**	**7,201**	**6,489**	**6,670**	**10,310**	**10,153**	**9,268**	**10,573**	**10,609**
Gross profit margin		17.4%	17.2%	15.9%	15.5%	17.0%	18.6%	16.5%	16.2%	15.9%	15.6%
SG&A expenses		4,029	4,742	4,951	4,830	4,688	6,054	6,375	6,744	7,590	7,737
SG&A ratio		11.6%	10.8%	10.9%	11.6%	12.0%	10.9%	10.3%	11.8%	11.4%	11.4%
Operating profit		**1,986**	**2,785**	**2,250**	**1,659**	**1,982**	**4,256**	**3,777**	**2,523**	**2,983**	**2,872**
YoY		16.3%	40.3%	-19.2%	-26.3%	19.5%	114.7%	-11.2%	-33.2%	18.2%	-3.7%
Operating profit margin		5.7%	6.4%	5.0%	4.0%	5.1%	7.7%	6.1%	4.4%	4.5%	4.2%
Non-operating income		96	95	121	131	126	155	241	372	257	342
	Interest income	7	7	6	8	7	7	10	13	16	28
	Dividend received	10	6	7	10	8	30	102	109	45	140
	Real estate rent	72	71	79	85	86	91	102	104	105	105
	Other	7	11	29	28	15	6	8	47	42	54
Non-operating expenses		39	34	37	92	24	37	30	47	26	24
	Expenses of real estate rent	14	13	24	36	16	25	20	25	18	17
	Commission for purchase of treasury shares					-	-	-	-		
	Commission expenses	1	0	0	1	0	0	0	0		
	Foreign exchange losses	13	8		28				-		
	Loss on retirement of non-current assets	7	3	3	10	5	3	6	15	5	5
	Cancellation penalty								-		
	Litigation expenses		6						-		
	Valuation losses on golf membership			5	7				-		
	Other	4	4	5	11	3	8	4	2	2	2
Recurring profit		**2,043**	**2,846**	**2,334**	**1,697**	**2,083**	**4,374**	**3,989**	**2,848**	**3,215**	**3,190**
	YoY	16.7%	39.3%	-18.0%	-27.3%	22.8%	109.9%	-8.8%	-28.6%	12.9%	-0.8%
	Recurring profit margin	5.9%	6.5%	5.2%	4.1%	5.3%	7.9%	6.5%	5.0%	4.8%	4.7%
Extraordinary gains											
	Gain on sales of investment securities										
Extraordinary losses						197					
	Loss on valuation of investment securities										
	Impairment losses										
	Retirement benefit expenses					197					
	Other										
Income taxes		637	818	769	549	693	1,410	1,251	957	978	1,044
Implied tax rate		31.2%	28.7%	32.9%	32.3%	36.7%	32.2%	31.4%	33.6%	30.4%	32.7%
Net income attributable to non-controlling interests		-0	0	0	0	0	0	0	-26	0	0
Net income attributable to owners of the parent		**1,405**	**2,028**	**1,565**	**1,149**	**1,282**	**2,964**	**2,738**	**1,917**	**2,237**	**2,146**
YoY		17.6%	44.3%	-22.8%	-26.6%	11.6%	131.2%	-7.6%	-30.0%	16.7%	-4.1%
Net margin		4.1%	4.6%	3.5%	2.7%	3.3%	5.3%	4.4%	3.3%	3.4%	3.2%

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

In the past decade, revenue has trended upward almost consistently. Since then, revenue has declined in some years, but mainly due to external factors. In FY03/20 and FY03/21, revenue declined due to the global economic impact of the COVID-19 pandemic, and in 1H FY03/23 through FY03/24, demand from semiconductor production equipment manufacturers (core customers) declined amid a weak semiconductor market, but demand recovered in FY03/25, resulting in higher revenue.

Operating profit has hovered between 5% and 6%; the trading company business makes it difficult to leverage operating profit by increasing sales. For wholesalers engaged mainly in trading, OPM tends to average between 1% and 2%. However, Hakudo also offers a processing service that machines products to customer specifications. This arrangement allows the company to maintain higher profit margins by setting its own prices, based on customer requirements and characteristics in addition to market prices.

SG&A spending run to around 11% of revenue. Transportation expenses account for more than 30% of this amount, which is even higher than personnel expenses (typically the largest expense item for most trading companies). Shared Research understands that the increase in transportation expenses is connected to the way the company's sale structure emphasizes delivery.

SG&A expenses

SG&A expenses		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
SG&A expenses		4,029	4,742	4,951	4,830	4,688	6,054	6,375	6,744	7,590	7,737
	Freightage expenses	1,298	1,540	1,596	1,578	1,531	1,864	1,893	1,836	2,093	2,093
	Provision for employee bonuses	1	-0	3	-2	1	-4	-1	217	254	297
	Salaries and allowances	758	871	948	1,042	1,026	1,105	1,176	1,390	1,546	1,652
	Employee bonuses	141	226	212	125	103	332	365	238	294	224
	Provision for employee bonuses	188	231	170	151	209	334	285	217	254	297
	Provision for directors' bonuses	73	98	56	37	48	214	123	74	59	81
	Retirement benefit expenses	34	32	34	38	41	52	35	36	36	39
	Outsourcing costs	419	447	492	461	490	684	790	781	875	847
	Depreciation	68	97	105	131	144	156	177	238	271	309
	Provision for shareholder benefit reserve								68	66	64

Source: Shared Research based on company data

Balance sheet

Balance sheet(JPYmn)		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Assets											
	Cash and deposits	4,820	5,902	6,088	4,969	5,924	8,675	6,038	5,701	5,474	7,670
	Notes and accounts receivable	11,259	14,045	12,001	10,780	10,847	13,323	12,592	11,657	11,778	11,405
	Electronically recorded monetary claims - operating	398	950	1,330	1,753	2,004	3,688	4,243	4,396	5,056	5,071
	Inventories	4,953	5,450	5,866	6,077	5,961	7,803	10,632	10,222	12,522	12,532
	Deferred tax assets	245	278								
	Other	99	130	81	138	140	154	348	181	244	302
	Allowance for doubtful accounts	-16	-15	-23	-21	-25	-26	-24	-28	-45	-54
Total current assets		**21,758**	**26,740**	**25,343**	**23,695**	**24,851**	**33,616**	**33,830**	**32,128**	**35,029**	**36,925**
	Buildings and structures	1,420	1,918	1,866	1,832	1,717	1,637	1,529	1,421	1,300	1,583
	Machinery, equipment and vehicles	2,505	2,518	2,894	2,748	2,590	2,495	2,578	3,020	2,976	2,726
	Land	1,900	1,900	1,904	1,904	1,900	1,900	1,900	1,900	1,900	1,900
	Other	153	151	172	124	163	66	243	312	229	309
Total tangible fixed assets		**5,977**	**6,487**	**6,835**	**6,608**	**6,370**	**6,098**	**6,250**	**6,653**	**6,405**	**6,518**
Total intangible assets		**219**	**261**	**407**	**412**	**402**	**509**	**1,414**	**1,423**	**1,470**	**1,347**

	Investment securities	384	438	444	368	908	944	1,018	1,232	1,245	1,884
	Deferred tax assets	26	300	291	338	399	429	436	348	333	259
	Net defined benefit asset	69	65	59	53						
	Other	171	178	237	597	185	185	203	231	264	632
Investments and other assets		**650**	**982**	**1,031**	**1,355**	**1,492**	**1,558**	**1,656**	**1,812**	**1,842**	**2,774**
Total fixed assets		**6,846**	**7,451**	**8,273**	**8,376**	**8,264**	**8,165**	**9,320**	**9,888**	**9,717**	**10,639**
Total assets		**28,604**	**34,191**	**33,616**	**32,071**	**33,115**	**41,781**	**43,150**	**42,016**	**44,745**	**47,564**
Liabilities											
	Notes and accounts payable	9,113	10,108	7,508	6,774	5,797	7,844	7,482	7,159	7,708	8,718
	Electronically recorded obligations	2,907	5,662	6,921	6,736	7,335	10,809	11,539	9,988	10,891	10,270
	Short-term debt	-	-	357	-	-	-	351	-	-	-
	Accrued expenses	651	769	693	702	749	987	860	788	888	1,004
	Income taxes payable	486	541	372	210	469	1,146	580	324	548	657
	Deferred tax assets										
	Provision for directors' bonuses	73	98	57	37	48	214	123	74	59	81
	Provision for bonuses	312	373	306	274	372	605	485	384	423	517
	Other	231	350	461	212	419	299	349	635	337	649
Total current liabilities		**13,772**	**17,900**	**16,630**	**14,946**	**15,190**	**21,903**	**21,768**	**19,420**	**20,920**	**21,960**
	Long-term debt	-	-	-	-	-	-	-	-	-	-
	Deferred tax assets			1	0	0	0	-	-	-	
	Reserve for retirement benefits			27	13	15	11	10	12	14	13
	Long-term guarantee deposited	15	14	14	15	16	15	15	15	19	45
	Other	16	16	16	16	25	22	128	88	38	82
Total fixed liabilities		**31**	**30**	**58**	**44**	**56**	**48**	**152**	**114**	**70**	**139**
Total liabilities		**13,804**	**17,930**	**16,688**	**14,990**	**15,246**	**21,952**	**21,920**	**19,535**	**20,990**	**22,099**
Net assets											
	Capital stock	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	Capital surplus	621	621	621	621	621	621	621	621	621	409
	Retained earnings	13,000	14,364	15,079	15,354	15,978	17,740	19,060	20,001	21,171	22,546
	Treasury stock	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2
	Accumulated other comprehensive income	181	277	230	107	272	470	526	860	964	1,512
Total net assets		**14,801**	**16,261**	**16,928**	**17,081**	**17,870**	**19,829**	**21,229**	**22,481**	**23,755**	**25,465**
Working capital		7,099	9,387	10,359	10,083	11,010	13,281	15,743	14,719	16,592	15,219
Total interest-bearing debt		-	-	357	-	-	-	351	-	-	-
Net debt		-4,820	-5,902	-5,730	-4,969	-5,924	-8,675	-5,688	-5,701	-5,474	-7,670

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

Over the past decade, assets have expanded nearly in lockstep with revenue, with trade receivables and payables both growing. Assets increased due to capex around FY03/18. Performance declined in FY03/20 and FY03/21 and assets remained almost unchanged, but performance began to recover in FY03/22 and remained favorable in FY03/23, against which backdrop assets increased for two consecutive years. Although business with semiconductor production equipment manufacturers contracted amid the semiconductor market downturn in FY03/24, assets increased again in FY03/25 as demand recovered.

Cash and deposits have been stable, so working capital is essentially self-financed. The company has focused on remaining debt-free. Over the past 10 years, the company has had virtually no interest-bearing debt, except for FY03/19 and FY03/23, when it had borrowings of about JPY300mn. It continued to have no interest-bearing debt in FY03/24 and FY03/25.

Cash flow statement

Cash flow statement		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Cash flows from operating activities (1)		2,414	3,103	2,074	1,503	2,128	4,556	321	2,528	1,782	4,494
	Income before income taxes	2,043	2,846	2,334	1,697	1,887	4,374	3,989	2,848	3,215	3,190
	Depreciation	657	768	801	892	836	840	845	1,048	1,154	1,115
	Gains (losses) on sale of fixed assets	7	3	3	10	1	3	5	13	3	3
	Change in working capital	30	-53	-4	-363	-535	-393	-1,983	-577	-1,544	-
Cash flows from investing activities (2)		-1,301	-1,379	-1,028	-1,367	-553	-677	-1,553	-1,612	-893	-1,373
	Purchase of property, plant and equipment and intangible assets	-1,199	-1,362	-1,167	-925	-552	-664	-696	-1,338	-678	-788
	Proceeds from sales of property, plant and equipment and intangible assets	3	3	2	13	9	0	3	6	8	31
Free cash flow (1+2)		1,113	1,724	1,046	136	1,575	3,879	-1,231	916	889	3,120
Cash flows from financing activities		-511	-664	-850	-1,230	-657	-1,202	-1,417	-1,329	-1,128	-1,054
	Cash dividends paid	-510	-663	-850	-873	-657	-1,202	-1,417	-974	-1,065	-772
Change in cash and cash equivalents		565	1,082	186	-1,119	956	2,751	-2,636	-338	-227	2,196

Source: Shared Research based on company data
Notes: Figures may differ from company materials due to differences in rounding methods.

Cash flows from operating activities

Over the past 10 years, cash flow from operating activities has generally remained positive, largely in line with changes in revenue. The company handles nearly 20,000 daily inquiries and quotation requests, of which approximately half convert to actual orders. These orders are priced based on market rates, with added fees reflecting the value of the company's services. As a result, most transactions secure a profit margin equivalent to the company's added value. While pre-tax profit has fluctuated with revenue, the company has consistently remained profitable. In FY03/25, net cash inflow from operating activities declined due to increases in inventories and trade payables.

Cash flows from investing activities

Over the past 10 years, cash flow from investing activities has generally been negative. Hakudo differentiates itself from competitors by maintaining full inventories of standard products to enable immediate delivery, and by offering complex, high-precision machining capabilities in response to customer requests. To maintain and strengthen these advantages, the company operates five domestic facilities that serve dual roles as inventory warehouses and processing plants. In FY03/23, cash outflows increased due to investments in new-function metalworking machines, the establishment of a new company as a foothold for North American operations, and the consolidation of new subsidiaries. In FY03/25, outflows declined as acquisition of tangible fixed assets decreased.

Cash flows from financing activities

Cash flow from financing activities has consistently been negative over the past 10 years. These outflows have essentially tracked dividend payments. In FY03/25, although dividend payments increased, the overall outflow from financing activities declined, as repayments of long-term debt had run their course.

Historical performance

Full-year FY03/26 results

Summary

- Revenue: JPY68.1bn (+2.6% YoY)
- Operating profit: JPY2.9bn (-3.7% YoY)
- Recurring profit: JPY3.2bn (-0.8% YoY)
- Net income attributable to owners of the parent: JPY2.1bn (-4.1% YoY)

Changes and response in market conditions

In the semiconductor production equipment industry, which has a significant impact on the group's performance, a full-scale market recovery had taken time. However, since 2H, the market began to recover as demand for advanced semiconductors, particularly for generative AI, increased further and inventories normalized in non-generative AI fields, leading to more active semiconductor-related capital investment. In the aerospace industry, demand for commercial aircraft continued to recover steadily, while government demand, particularly for defense-related applications, also remained firm. In the machine tool industry, overseas demand recovered, supported by aggressive investment in the semiconductor industry, while domestic demand also picked up, backed by automation and labor-saving investment.

The company worked to improve order rates through efforts to enhance quality and service. It also worked to expand sales of aluminum and stainless steel sheets to install fiber laser processing machines at the Shiga Plant to capture new demand, and to develop new customers while reactivating dormant ones, particularly in the aerospace and automotive industries, which the company views as growth markets.

In its 24/7 online quoting and ordering platform, Hakudo Network Service, the company expanded its product lineup to 270,200 items by end-March 2026. It also introduced new features such as Data-Based Quotes & Orders and Sketch-Based Quotes & Orders, enabling instant quotes and orders for water jet–processed and laser-processed products, thereby further improving user convenience.

On the manufacturing side, the company established the Saitama No.2 Plant in January 2026 to strengthen its production system in response to expanding semiconductor-related demand and increased sales to growth areas such as the aerospace industry.

Results overview

Revenue increased 2.6% YoY, mainly due to higher product prices resulting from rising raw material market prices and demand recovery in the semiconductor production equipment industry in 2H.

As of end-March 2026, market prices for key raw materials were JPY2,040,000/t for electrolytic copper (up JPY500,000/t from end-March 2025) and JPY635,000/t for aluminum ingots (Nikkei monthly average; up JPY143,000/t). The price of stainless steel sheets (Tekko Shimbun monthly median) was JPY570,000/t (down JPY30,000/t).

Gross profit increased 0.3% YoY, while the gross profit margin declined to 15.6% (-0.3pp YoY). The margin decline reflected higher ingot prices for aluminum and other materials, higher costs related to the new Saitama No.2 Plant, and rising expenses. SG&A expenses increased 1.9% YoY, mainly on higher personnel costs. As a result, operating profit declined 3.7% YoY and recurring profit fell 0.8% YoY. Gains from inventory valuation impact amounted to JPY411mn (vs. gains of JPY378mn in the previous fiscal year).

Performance by segment

Hakudo's reporting segments are classified based on the regions where earnings are generated. The Japan segment mainly includes the standalone results of the parent company and AQR Co., Ltd.; the China segment consists of the results of Shanghai Hakudo Precision Materials Co., Ltd.; the North America segment (from FY03/23 onward) includes Hakudo USA Inc. and West Coast Aluminum & Stainless, LLC; and the Others segment consists of the results of Hakudo (Thailand) Co., Ltd. The company continues its collaboration with Oristar Corporation in Vietnam.

The performance of each segment is outlined below.

- Japan segment: Revenue was JPY59.4bn (+2.5% YoY), operating profit was JPY2.8bn (-10.1% YoY), and the operating profit margin was 4.7% (-0.7pp YoY).

Revenue increased 2.5% YoY. Sales to the semiconductor and FPD production equipment industry increased from Q2 FY03/26 onward, supported by generative AI- and data center-related demand. Aerospace-related demand also remained strong, particularly for government-related applications. By product type, aluminum accounted for 64.4% of revenue, followed by copper at 15.9%, stainless steel at 15.1%, and others at 4.6%.

Segment operating profit declined 10.1% YoY.

- North America segment: Revenue was JPY5.1bn (-0.2% YoY), with an operating loss of JPY97mn (vs. a loss of JPY285mn in the previous fiscal year).

Revenue declined 0.2% YoY. West Coast Aluminum & Stainless, LLC, which became a wholly owned subsidiary in June 2025, returned to profitability and contributed to narrowing the operating loss. By product category, aluminum accounted for 38.4% of revenue, stainless steel 57.9%, and others 3.7%.

The segment's operating loss narrowed to JPY97mn.

- China segment: Revenue was JPY1.9bn (+9.9% YoY), with an operating loss of less than JPY1mn (vs. a loss of JPY13mn in the previous fiscal year).

Revenue increased 9.9% YoY due to a recovery in demand in China. By product category, aluminum accounted for 58.0% of revenue, copper 4.4%, stainless steel 10.7%, and others 26.9%.

The segment returned to operating profitability.

- Others segment: Revenue was JPY1.7bn (+4.6% YoY), operating profit was JPY157mn (+2.6% YoY), and the operating profit margin was 9.1% (-0.2pp YoY).

Revenue increased 4.6% YoY due to increased investment related to data centers and AI, as well as the development of new core products. This segment primarily reflects the performance of Hakudo (Thailand) Co., Ltd. By product category, aluminum accounted for 30.0% of revenue, copper 43.6%, stainless steel 25.1%, and others 1.3%.

Segment operating profit increased 2.6% YoY due to higher revenue.

Cumulative Q3 FY03/26 results

Summary

- Revenue: JPY49.7bn (-0.9% YoY)
- Operating profit: JPY2.0bn (-11.7% YoY)
- Recurring profit: JPY2.2bn (-7.8% YoY)
- Net income attributable to owners of the parent: JPY1.4bn (-7.7% YoY)

Changes and response in market conditions

In the semiconductor manufacturing equipment industry, which has a significant impact on the group's performance, a full-fledged market recovery is taking longer than expected. While demand related to generative AI remained firm, recovery in demand for the Chinese market was limited. In addition, demand for smartphones and PCs continued to stagnate, and EV demand slowed, highlighting delays in recovery in areas other than generative AI. In the aerospace industry, demand for commercial aircraft continued to recover steadily, and government demand—particularly in defense—also remained strong. In contrast, in the machine tool industry, demand recovery was delayed as capital investment, especially for domestic demand, continued to be postponed amid an uncertain economic environment.

The Hakudo group focused on improving order rates by enhancing quality and services. It also worked to expand sales of aluminum and stainless steel sheets—whose product lineup was strengthened in the previous fiscal year—to install fiber laser processing machines at the Shiga Plant to capture new demand, and to develop new customers while reactivating dormant ones, particularly in the aerospace and automotive industries, which the company views as growth markets.

In its 24/7 online quoting and ordering platform, Hakudo Network Service, the company expanded its product lineup from 155,200 items at end-March 2025 to 212,100 items at end-December 2025. It also introduced new features such as Data-

Based Quotes & Orders and Draw & Quote & Order, enabling instant quotes and orders for water jet–processed and laser-processed products, thereby further improving user convenience.

Results overview

Revenue declined 0.9% YoY, due to lower sales volumes reflecting sluggish demand in the semiconductor production equipment industry. Sales to the semiconductor/FPD segment, which accounts for around 40% of total revenue and is the company's core business, were particularly affected.

As of end-December 2025, market prices for key raw materials were JPY1,920,000/t for electrolytic copper (up JPY480,000/t from end-December 2024) and JPY518,000/t for aluminum ingots (Nikkei monthly average; up JPY44,000/t). The price of stainless steel sheets (Tekko Shimbun monthly median) was JPY560,000/t (down JPY70,000/t).

Gross profit declined 3.8% YoY, and the gross profit margin fell to 15.1% (-0.5pp YoY), due to lower sales volumes of high-margin standard stock items for the semiconductor production equipment industry amid weak demand, as well as an increase in fixed manufacturing costs due to the construction of Saitama No. 2 Plant (Kumagaya, Saitama Prefecture). SG&A expenses declined 0.6% YoY, as higher personnel costs from base salary increases were offset by lower transportation expenses resulting from smaller shipment volumes and logistics optimization. As a result, operating profit fell 11.7% YoY and recurring profit declined 7.8% YoY. The company recorded an inventory valuation gain of JPY195mn (compared with a gain of JPY318mn in the same period of the previous year).

Performance by segment

Hakudo's reporting segments indicate where its earnings were generated. Its Japan segment includes results from the parent company and AQR Co., Ltd., while its China segment reflects the performance of Shanghai Hakudo Precision Materials Co., Ltd. Its North America segment (added in FY03/23) reflects the performance of Hakudo USA Inc. and West Coast Aluminum & Stainless, LLC. The Others segment includes earnings from Hakudo (Thailand) Co., Ltd. Hakudo continues to collaborate with Oristar Corporation in Vietnam.

The performance of each segment is outlined below.

- Japan segment: Revenue was JPY43.0bn (-1.4% YoY), operating profit was JPY1.9bn (-15.9% YoY), and the operating profit margin was 4.4% (-0.8pp YoY).

Revenue declined 1.4% YoY. In the parent company, which accounts for the majority of the segment, unit prices for both standard stock and special-order items increased, but overall sales volume declined. By product type, aluminum accounted for 64.3% of revenue, followed by copper at 15.5%, stainless steel at 15.3%, and others at 4.9%.

Segment operating profit declined 15.9% YoY, with the segment operating profit margin falling 0.8pp YoY. The decline was mainly due to a decrease in sales volumes of high-margin standard products amid weak demand from the semiconductor production equipment industry, as well as an increase in fixed manufacturing costs associated with the construction of new factories on a non-consolidated basis.

- North America segment: Revenue was JPY4.1bn (+4.7% YoY), with an operating loss of JPY54mn (vs. a loss of JPY173mn in the same period last year).

Revenue increased 4.7% YoY. In North America, demand for sheet products related to housing starts remained firm, driving revenue growth at the group's key subsidiary, West Coast Aluminum & Stainless, LLC. By product category, aluminum accounted for 36.7% of revenue, stainless steel 59.4%, and others 3.9%.

The segment's operating loss narrowed to JPY54mn (from JPY173mn in the same period of the previous year), as higher revenue offset fixed costs.

- China segment: Revenue was JPY1.4bn (-2.3% YoY), with an operating loss of JPY6mn (vs. an operating profit of JPY3mn in the same period last year).

Revenue declined 2.3% YoY, reflecting weaker demand in semiconductor-related fields due to the economic slowdown in China. By product category, aluminum accounted for 54.3% of revenue, copper 4.6%, stainless steel 11.0%, and others 30.1%.

The segment posted an operating loss of JPY6mn, compared with operating profit of JPY3mn in the same period of the previous year. In this region, the company operates its own factories, resulting in a relatively high fixed cost burden for its business scale, and profits tend to fluctuate significantly due to price competition with local materials. The company is working to improve operations by strengthening high-performance materials and expanding online sales.

- Others segment: Revenue was JPY1.3bn (-1.3% YoY), operating profit was JPY123mn (-6.8% YoY), and the operating profit margin was 9.8% (-0.6pp YoY).

Revenue declined 1.3% YoY. The Others segment primarily reflects the performance of Hakudo (Thailand) Co., Ltd. In this region, copper products for the mold and automotive industries account for a relatively large share, at around 40% of total sales. By product category, aluminum accounted for 30.9% of revenue, copper 42.0%, stainless steel 25.8%, and others 1.3%.

Segment operating profit declined 6.8% YoY, and the operating profit margin fell 0.6pp YoY, mainly due to lower revenue, particularly from sales to the automotive industry.

1H FY03/26 results

Summary

- Revenue: JPY32.7bn (+0.7% YoY)
- Operating profit: JPY1.0bn (-36.0% YoY)
- Recurring profit: JPY1.1bn (-38.8% YoY)
- Net income attributable to owners of the parent: JPY683mn (-44.1% YoY)

Changes and response in market conditions

In the semiconductor production equipment industry, which has a significant impact on the group's performance, a full-fledged market recovery is taking time. While demand related to generative AI remained strong, there were signs of a pause in demand for the Chinese market, continued weakness in demand for smartphones and PCs, and a slowdown in EV demand. As a result, capital investment plans were revised due to the delayed recovery in non-generative-AI-related demand. In the aerospace industry, demand for commercial aircraft continued to recover steadily, and government demand—particularly in defense—also remained strong. In contrast, in the machine tool industry, demand recovery was delayed as capital investment, especially in domestic demand, continued to be postponed due to an uncertain economic outlook.

The Hakudo group worked to improve order rates through company-wide efforts to enhance quality and service. Specific measures included expanding sales of aluminum and stainless steel sheets—whose product lineup was strengthened in the previous fiscal year—installing fiber laser processing machines at the Shiga Plant to capture new demand, and developing new customers while reactivating dormant ones, particularly in the aerospace and automotive industries, which the company views as growth markets.

In its 24/7 online quoting and ordering platform, Hakudo Network Service, the company expanded its product lineup from 155,200 items at end-March 2025 to 165,700 items at end-September 2025. It also introduced new features such as Data-Based Quotes & Orders and Sketch-Based Quotes & Orders, enabling instant quotes and orders for water jet–processed and laser-processed products, thereby further improving user convenience.

Results overview

Revenue rose 0.7% YoY, driven by higher product prices reflecting raw material market conditions, increased overseas sales volumes, and growth in sales to the aerospace industry—particularly for government-related projects. Despite a challenging business environment, higher prices offset lower sales volumes. By end-market, the sales composition ratio for the semiconductor production equipment industry continued to decline. In 1H FY03/26, domestic revenue from the semiconductor and FPD production equipment sector fell 5.1% YoY, accounting for 37.5% of the total revenue, declining from 39.8% in the same period of the previous fiscal year (Shared Research estimates).

As of end-September 2025, market prices for key raw materials were JPY1,580,000/t for electrolytic copper (up JPY130,000/t from end-September 2024) and JPY467,000/t for aluminum ingots (up JPY35,000/t), based on monthly averages reported by the Nikkei. The market price for stainless steel sheets, according to the monthly median reported by Tekko Shimbun, was JPY560,000/t (down JPY70,000/t).

Gross profit declined 8.4% YoY, and the gross profit margin fell to 14.6% (-1.4pp from end-September 2024). The decline was due to a decrease in gross profit per unit, reflecting lower sales volumes of high-margin standard inventory items for the semiconductor production equipment industry amid sluggish demand. SG&A expenses rose 3.6% YoY to JPY3.8bn, driven by higher freight rates, increased sales promotion expenses, and the expansion of head office floor space. As a result, operating profit declined 36.0% YoY with an operating margin of 3.1% (-1.7pp), and recurring profit also fell 38.8% YoY with a recurring margin of 3.3% (-2.2pp). The company recorded an inventory valuation gain of JPY85mn in 1H, compared with a gain of JPY236mn in the same period last year.

Performance by segment

Hakudo's reporting segments indicate where its earnings were generated. Its Japan segment includes results from the parent company and AQR Co., Ltd., while its China segment reflects the performance of Shanghai Hakudo Precision Materials Co., Ltd. Its North America segment (added in FY03/23) reflects the performance of Hakudo USA Inc. and West Coast Aluminum & Stainless, LLC (WCAS). The Others segment includes earnings from Hakudo (Thailand) Co., Ltd. Hakudo continues to collaborate with Oristar Corporation in Vietnam.

The performance of each segment is outlined below.

- Japan segment: Revenue was JPY28.3bn (+0.7% YoY), operating profit was JPY1.0bn (-35.8% YoY), and the operating profit margin was 3.6% (down 2.0pp YoY).

Revenue rose 0.7% YoY. In the parent company, which accounts for the majority of the segment, revenue from standard stock items decreased by JPY781mn in Q1, with a JPY876mn gain from higher unit prices offset by a JPY1.7bn decline due to lower sales volume. Revenue from special-order items rose by JPY1.0bn, comprising a JPY721mn increase from higher unit prices and a JPY299mn gain from higher sales volume. By product type, aluminum accounted for 64.5% of revenue, followed by copper at 15.1%, stainless steel at 15.4%, and others at 5.0%.

Segment operating profit declined 35.8% YoY.

- North America segment: Revenue was JPY2.8bn (+6.2% YoY), with an operating loss of JPY73mn (vs. a loss of JPY93mn in the same period last year).

Revenue rose 6.2% YoY. At West Coast Aluminum & Stainless, LLC, sales volume and unit prices exceeded year-ago levels, resulting in higher revenue. By product category, aluminum accounted for 36.9% of revenue, stainless steel 59.3%, and others 3.8%.

The segment's operating loss narrowed to JPY73mn.

- China segment: Revenue was JPY868mn (-11.9% YoY), with an operating loss of JPY3mn (vs. a loss of JPY5mn in the same period last year).

Revenue declined 11.9% YoY, reflecting sluggish demand in the semiconductor and automotive sectors amid an economic slowdown in China. By product category, aluminum accounted for 54.6% of revenue, copper 4.8%, stainless steel 9.8%, and others 30.8%.

The segment's operating loss narrowed slightly.

- Others segment: Revenue was JPY803mn (-4.6% YoY), operating profit was JPY72mn (-21.7% YoY), and the operating profit margin was 9.0% (down 1.9pp YoY).

Revenue declined 4.6% YoY. This segment primarily reflects the performance of Hakudo (Thailand) Co., Ltd. Revenue declined, primarily due to reduced automobile production in Thailand. By product category, aluminum accounted for 31.3% of revenue, copper 40.3%, stainless steel 26.7%, and others 1.6%.

Segment operating profit declined 21.7% YoY, primarily due to the decrease in revenue.

Q1 FY03/26 results

Summary

- Revenue: JPY17.1bn (+8.3% YoY)
- Operating profit: JPY385mn (-55.6% YoY)
- Recurring profit: JPY475mn (-52.3% YoY)
- Net income attributable to owners of the parent: JPY290mn (-57.8% YoY)

Changes and response in market conditions

In the semiconductor production equipment industry, which has a significant impact on the Group's performance, demand related to generative AI remained strong. However, there were signs of a pause in capital investment for semiconductors in China. The company also expects that recovery in non-generative-AI-related demand—such as for smartphones, PCs, and EVs—will take time, citing sluggish demand for smartphones and PCs and a slowdown in EV demand. In the aerospace industry, demand for commercial aircraft continued to recover, while government demand—particularly for defense—remained strong. In contrast, in the machine tool industry, demand recovery was delayed as concerns over globally high interest rates and an economic slowdown continued to push back capital investment plans.

The Hakudo group worked to improve order rates through company-wide efforts to enhance quality and service. Specific measures included expanding sales of aluminum and stainless steel sheets—whose product lineup was strengthened in the previous fiscal year—installing fiber laser processing machines at the Shiga Plant to capture new demand, and developing new customers while reactivating dormant ones, particularly in the aerospace and automotive industries, which the company views as growth markets.

In its 24/7 online quoting and ordering platform, Hakudo Network Service, the company expanded its product lineup from 155,200 items at end-March 2025 to 157,000 items at end-June 2025. It also introduced new features such as Data-Based Quotes & Orders and Sketch-Based Quotes & Orders, enabling instant quotes and orders for water jet–processed and laser-processed products, thereby further improving user convenience.

Results overview

Revenue rose 8.3% YoY, driven by higher product prices reflecting raw material market conditions, increased overseas sales volumes, and growth in sales to the aerospace industry—particularly for government demand. Conversely, sales to the semiconductor production equipment industry fell sharply amid sluggish demand in the sector.

As of end-June 2025, market prices for key raw materials were JPY1,480,000/t for electrolytic copper (down JPY90,000/t from end-June 2024) and JPY448,000/t for aluminum ingots (down JPY29,000/t), based on monthly averages reported by the Nikkei. The market price for stainless steel sheets, according to the monthly median reported by Tekko Shimbun, was JPY570,000/t (down JPY30,000/t).

Gross profit declined 11.3% YoY, and the gross profit margin fell 3.1pp to 13.9%. The decline was due to lower sales volumes of high-margin standard inventory items for the semiconductor production equipment industry amid weak demand, a decrease in gross profit per unit, and higher land and building rent following new plant openings and floor space expansions. SG&A expenses rose 9.9% YoY, driven by higher freight rates and increased sales promotion expenses. As a result, operating profit declined 55.6% YoY, and recurring profit also declined significantly, down 52.3% YoY. The company recorded an inventory valuation gain of JPY107mn in Q1, compared with a gain of JPY43mn in the same period last year.

Performance by segment

Hakudo's reporting segments indicate where its earnings were generated. Its Japan segment includes results from the parent company and AQR Co., Ltd., while its China segment reflects the performance of Shanghai Hakudo Precision Materials Co., Ltd. Its North America segment (added in FY03/23) reflects the performance of Hakudo USA Inc. and West Coast Aluminum & Stainless, LLC. The Others segment includes earnings from Hakudo (Thailand) Co., Ltd. Hakudo continues to collaborate with Oristar Corporation in Vietnam.

The performance of each segment is outlined below.

- Japan segment: Revenue was JPY14.6bn (+8.3% YoY), operating profit was JPY388mn (-54.6% YoY), and the operating profit margin declined 3.6pp YoY to 2.7%.

Revenue rose 8.3% YoY. In the parent company, which accounts for the majority of the segment, revenue from standard stock items increased by JPY9mn in Q1, with a JPY478mn gain from higher unit prices offsetting a JPY468mn decline due to lower sales volume. Revenue from special-order items rose by JPY1.1bn, as a JPY434mn increase from higher unit

prices more than offset a JPY618mn drop from lower volume. Aluminum accounted for 64.8% of revenue, followed by copper at 14.9%, stainless steel at 15.3%, and others at 5.0%.

Segment operating profit declined 54.6% YoY, mainly due to a deterioration in the sales mix as revenue from high value-added standard stock items remained largely flat. Consolidated subsidiary AQR Co., Ltd. posted higher revenue YoY, driven by increased product prices.

- North America segment: Revenue was JPY1.6bn (+24.3% YoY), with an operating loss of JPY51mn (vs. a loss of JPY31mn in the same period last year).

Revenue rose 24.3% YoY. At West Coast Aluminum & Stainless, LLC, both sales volume and unit prices exceeded the levels of the same period last year, resulting in higher revenue. By product category, aluminum accounted for 39.0% of revenue, stainless steel 56.9%, and others 4.1%.

Despite higher revenue, the segment's operating loss widened to JPY51mn. This was due to the absence of one-off machinery-related gains recorded in the same period last year, the impact of exchange rate fluctuations on profit, and the booking of an allowance for doubtful accounts.

- China segment: Revenue was JPY423mn (-24.3% YoY) and operating profit was less than JPY1mn (vs. an operating loss of JPY5mn in the same period last year).

Revenue declined 24.3% YoY. At Shanghai Hakudo Precision Materials Co., Ltd., revenue fell, primarily due to weaker demand from the semiconductor production equipment industry. By product category, aluminum accounted for 53.3% of revenue, copper 3.8%, stainless steel 10.0%, and others 32.9%.

Operating profit was less than JPY1mn, improving from a loss in the same period last year. This was due to an improved sales mix driven by a higher proportion of standard stock items, lower procurement costs, and a decline in SG&A expenses, including personnel expenses.

- Others segment: Revenue was JPY418mn (+4.8% YoY), operating profit was JPY47mn (-6.0% YoY), and the operating profit margin declined 1.3pp YoY to 11.2%.

Revenue rose 8.3% YoY. This segment primarily reflects the performance of Hakudo (Thailand) Co., Ltd. Although the company was affected by sluggish domestic demand in Thailand—particularly in the automotive sector, its main customer base—revenue remained roughly in line with the same period last year. By product category, aluminum accounted for 31.9% of revenue, copper 37.3%, stainless steel 28.8%, and others 1.9%.

Operating profit declined 6.0% YoY. Although revenue from the automotive sector was sluggish, the impact on profitability was limited thanks to the company's low-cost operating structure, which does not involve in-house manufacturing.

News and topics

Changes in representative directors (president) and revisions to earnings forecast

2026-02-10

On February 10, 2026, Hakudo Co., Ltd. announced that, at a Board of Directors meeting held the same day, it resolved to change its representative director and to revise its consolidated earnings forecast for FY03/26, which had been disclosed on August 8, 2025, as outlined below.

Changes in representative directors (president and others)

Koji Tsunoda, who has led the company for many years as representative director and president, laid the foundation for the company as it stands today through his experience and leadership. The change in representative director is intended to establish a new, forward-looking management structure capable of responding more swiftly to future changes, incorporating new perspectives, and achieving sustainable growth and enhanced corporate value. Mr. Tsunoda will remain involved in management as chairman of the Board, where he will help strengthen the company's supervisory functions.

Details of the changes

Name	New title	Current title	Effective date
Tetsuya Yamada	Representative Director and President	Senior Managing Director	April 1, 2026
Koji Tsunoda	Chairman of the Board	Representative Director and President	April 1, 2026

Revisions to full-year FY03/26 forecast

Revised full-year FY03/26 forecast

- Revenue: JPY68.0bn (previous forecast: JPY67.2bn)
- Operating profit: JPY2.7bn (JPY2.5bn)
- Recurring profit: JPY3.0bn (JPY2.6bn)
- Net income attributable to owners of the parent: JPY2.0bn JPY1.7bn)
- EPS: JPY172.81 (JPY149.01)

Revisions to non-consolidated forecast

- Revenue: JPY58.6bn (previous forecast: JPY57.4bn)
- Recurring profit: JPY2.9bn (JPY2.4bn)
- Net income: JPY1.9bn JPY1.6bn)
- Net income per share: JPY164.87 (JPY143.72)

Reason for the revision

In Q3, the company implemented various measures, including the introduction of products and processing services and the addition of functions to its Hakudo Network Service. Together with appropriate price revisions to reflect higher costs, these initiatives began to yield improvements in profitability. From Q4 onward, the company expects demand to increase in its core semiconductor production equipment industry, particularly in memory applications for generative AI. It also projects that inventory valuation gains resulting from rising raw material prices, along with a weaker-than-assumed yen, will contribute to higher profit.

Interim dividend and revision of year-end dividend forecast

2025-11-12

Hakudo Corporation announced that at the Board of Directors meeting held on the same day, it resolved to pay an interim dividend with a record date of September 30, 2025, and to revise its year-end dividend forecast for FY03/26.

In line with its dividend policy, the company set the interim dividend for FY03/26, with a record date of September 30, 2025, at JPY28.00 per share, up from the previous forecast of JPY27.00. It also revised its year-end dividend forecast to JPY52.00 per share, down from JPY53.00. As a result, the full-year dividend forecast remains unchanged at JPY80.00 per share.

Other information

History

Year	Month	
1932	Feb.	Hakudo Shoten was founded as private business Kyobashi-ku (now Hachobori, Chuo-ku), Tokyo.
1949	Nov.	Hakudo Shoten was reorganized as a joint-stock company selling non-ferrous metals.
1967	May	Trade name changed from Hakudo Shoten to Hakudo Co., Ltd.
1968	Feb.	A computer system was installed.
1974	Oct.	Launch of the Kanagawa Process Center in Kanagawa Prefecture.
1978	Jun.	Start of next-day delivery service.
	Sep.	Commencement of “cut-to-order” service.
1983	Jun.	Opening of Osaka office in Osaka Prefecture.
1990	Mar.	Start of operations at the Shiga Process Center.
1991	Oct.	Establishment of the former Kousei Co., Ltd. to hold real estate for the metals business.
		Note: The former Kousei Co., Ltd. was merged into Hakudo in January 1992 in order to change the par value of its shares.
1992	Apr.	The former Hakudo Co., Ltd. (now Kosei Co., Ltd.) took over selling operations related to the metals business
		and changed its name from Dohkin Co., Ltd. to Hakudo Co., Ltd.
2000	Mar.	Registered shares over the counter with the Japan Securities Dealers Association.
2003	May	Establishment of Shanghai Hakudo Precision Materials Co., Ltd.
2004	Oct.	Listed on the Second Section of the Tokyo Stock Exchange.
2005	Sep.	Listed on the First Section of the Tokyo Stock Exchange.
2006	Feb.	Start of operations at the Koriyama Plant (now, Fukushima Process Center).
2008	May	Start of operations at the Kyushu Process Center.
2014	Oct.	Establishment of Hakudo (Thailand) Co., Ltd.
2017	Nov.	Start of operations at the Saitama Process Center.
2019	Feb.	Conversion of AQR Co., Ltd. (formerly Takase Aluminum Co., Ltd.) to a consolidated subsidiary.
2022	Dec	Establishment of Hakudo USA, Inc. in the US
2023	Mar	Conversion of West Coast Aluminum & Stainless, LLC into subsidiary by Hakudo USA
2024	Dec.	Start of operations at the Fukuoka Plant
2025	Jun.	Hakudo USA made a wholly owned subsidiary
2026	Jan.	Start of operations at Saitama No.2 Plant

Source: Shared Research based on company data

Corporate governance and top management

Corporate governance

Based on its corporate philosophy, the company aims to ensure management transparency, fairness, and disclosure in order to achieve management efficiency and sustainable growth.

The company’s Board of Directors is chaired by the president and consists of nine directors (including five outside independent directors). In principle, the Board of Directors meets regularly on a monthly basis, holding extraordinary meetings as necessary. The board decides on important management matters in accordance with laws and ordinances, the Articles of Incorporation, and the Board of Directors regulations. The board also supervises the execution of duties by directors.

The Nomination and Remuneration Advisory Committee is an advisory body to the Board of Directors and consists of outside independent directors. This ensures transparency and objectivity in the appointment and remuneration of directors.

The company has an Audit and Supervisory Committee, with outside independent directors making up the majority of members. The aims of this committee are to further strengthen the supervisory function of the Board of Directors over management and corporate governance, and to enhance the soundness and efficiency of management.

The Audit and Supervisory Committee has four members (three outside independent directors), including its chair. In principle, the committee meets regularly on a monthly basis, holding extraordinary meetings as necessary. Members of the Audit and Supervisory Committee liaise with the Internal Audit Department and the accounting auditor, supervising the decision-making process of the Board of Directors and the status of business execution.

The head of the Internal Audit Department periodically audits the business activities of each division, including subsidiaries, for effectiveness, accuracy, and compliance, and reports to the president and the Audit and Supervisory Committee.

Business execution centers on management meetings attended by full-time directors and division heads, and department head meetings attended by full-time directors, division heads, and departmental managers. The company has also established the Risk Management Committee and other committees.

Form of organization and capital structure	
Form of organization	Company with Audit & Supervisory Committee
Controlling shareholder and parent company	None
Directors and Audit & Supervisory Committee members	
Number of directors under Articles of Incorporation	14
Number of directors	9
Directors' terms under Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of outside directors	5
Number of independent outside directors	4
Number of members of Audit & Supervisory Committee	4
Number of outside members of Audit & Supervisory Committee	3
Number of independent outside members of Audit & Supervisory Committee	3
Other	
Providing convocation notice in English	Yes
Implementation of measures regarding director incentives	Performance-linked compensation
Disclosure of individual director's compensation	Some information disclosed
Policy on determining amount of compensation and calculation methodology	Yes
Corporate takeover defenses	None

Source: Shared Research based on company materials (as of June 30, 2025)

Top management

Tetsuya Yamada, Representative Director and President (born March 28, 1969)

Apr 1991	Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
Aug 1998	Joined the company
Jun 2013	Director in charge of the Administration Division
Apr 2016	Senior Managing Director in charge of the Standard Products Sales Division
Feb 2019	Director, Takase Aluminum Co., Ltd. (currently AQR Co., Ltd.) (current position)
Dec 2022	Director and CEO, Hakudo USA Inc. (current position)
Apr 2023	Senior Managing Director in charge of the Standard Products Sales Headquarters and General Manager of the Standard Products Sales Headquarters
Apr 2024	Senior Managing Director in charge of the Standard Products Sales Headquarters (current position)
Apr 2026	Representative Director and President (scheduled to assume office)

Source: Shared Research based on company data

Dividend policy

Hakudo's basic dividend policy calls for strengthening its financial condition and distribution of profit from business activities underpinned by earnings results. The company revised its dividend policy in February 2024 to strengthen shareholder returns. Under the revised policy, the company intends to pay dividends based on either a full-year payout ratio of 45% (previously 40%) or an annual dividend of JPY80 per share, whichever is higher. As a rule, the company will apply a minimum annual dividend of JPY80 per share.

(JPY)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Dividend per share	58.5	75.0	77.0	58.0	58.0	115.0	109.0	80.0	89.0	86.0
Payout ratio	47.2%	41.9%	55.8%	57.3%	51.3%	44.0%	45.2%	47.3%	45.1%	45.4%

Source: Shared Research based on company data

Major shareholders

Top shareholders	Shares held ('000 shares)	Shareholding ratio
K&P Asset Management LLC	1,371	12.0%
Kids Learning Network Company	1,140	10.0%
Soukou Co., Ltd.	1,132	9.9%
N&N Asset Management LLC	925	8.1%
Tomonori Yamada	676	5.9%
SY Management LLC	676	5.9%
EastGate Corporation	652	5.7%
The Master Trust Bank of Japan, Ltd. (trust account)	504	4.4%
Custody Bank of Japan, Ltd. (trust account)	198	1.7%
Mitsushige Yamada	190	1.6%
Total	7,464	65.20%

Source: Shared Research based on company data as of end-March 2026

Employees

		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Consolidated no. of employees		265	299	338	353	347	363	382	390	398	401
Japan	Sales	94	102	103	102	100	99	105	110	118	113
	Manufacturing	98	123	144	151	156	161	156	164	165	162
	Administration	25	30	45	48	48	55	55	51	50	57
North America	Sales	-	-	-	-	-	-	4	5	4	5
	Manufacturing	-	-	-	-	-	-	6	6	8	8
	Administration	-	-	-	-	-	-	3	5	3	4
China	Sales	16	15	13	16	14	13	14	13	13	13
	Manufacturing	18	19	17	18	17	17	17	16	16	16
	Administration	6	5	6	5	5	5	5	5	5	6
Other	Sales	5	1	5	7	6	7	10	9	9	11
	Manufacturing	0	0	0	0	0	0	0	0	0	0
	Administration	3	4	5	6	1	6	7	6	7	6
Parent (no. of employees)		217	255	280	287	294	305	306	316	324	322
Average age		43.1	40.3	41.9	41.6	41.4	41.8	41.9	41.9	41.8	1.5
Average years of service		17.8	16.6	15.9	15.7	15.8	16.0	16.0	16.1	16.1	15.7
Average annual salary (JPY'000)		8,179	8,385	7,481	7,146	6,789	8,365	8,993	7,857	7,918	7,776

Source: Shared Research based on company data

About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at https://sharedresearch.jp.

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