

# Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

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# March 2022 1st Quarter Final

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# Financial Highlights

Net sales

12,636

Millions of Yen

(Compared to the previous the first quarter + 35.0 %)

Gross Profit

2,372

Millions of Yen

(Compared to the previous the first quarter + 67.7 %)

Operating profit

989

Millions of Yen

(Compared to the previous the first quarter + 243.0 %)

## 1Q Summary

**In the semiconductor production equipment industry, demand continues to expand for 5G-related and data center applications, and capital investment remains strong.**

**In the machine tool industry, the order environment is improving, especially for exports.**

**Strong sales in all product categories, especially in mainstay aluminum.**

**The Company decided to introduce a shareholder special benefit plan as one of the measures to strengthen IR activities and enhance shareholder returns.**

# Summary of Consolidated Statements of Income (PL)

**Sustained growth mainly in the semiconductor manufacturing equipment industry, which is performing well, resulting in higher sales and profits compared to the same quarter of the previous year.**

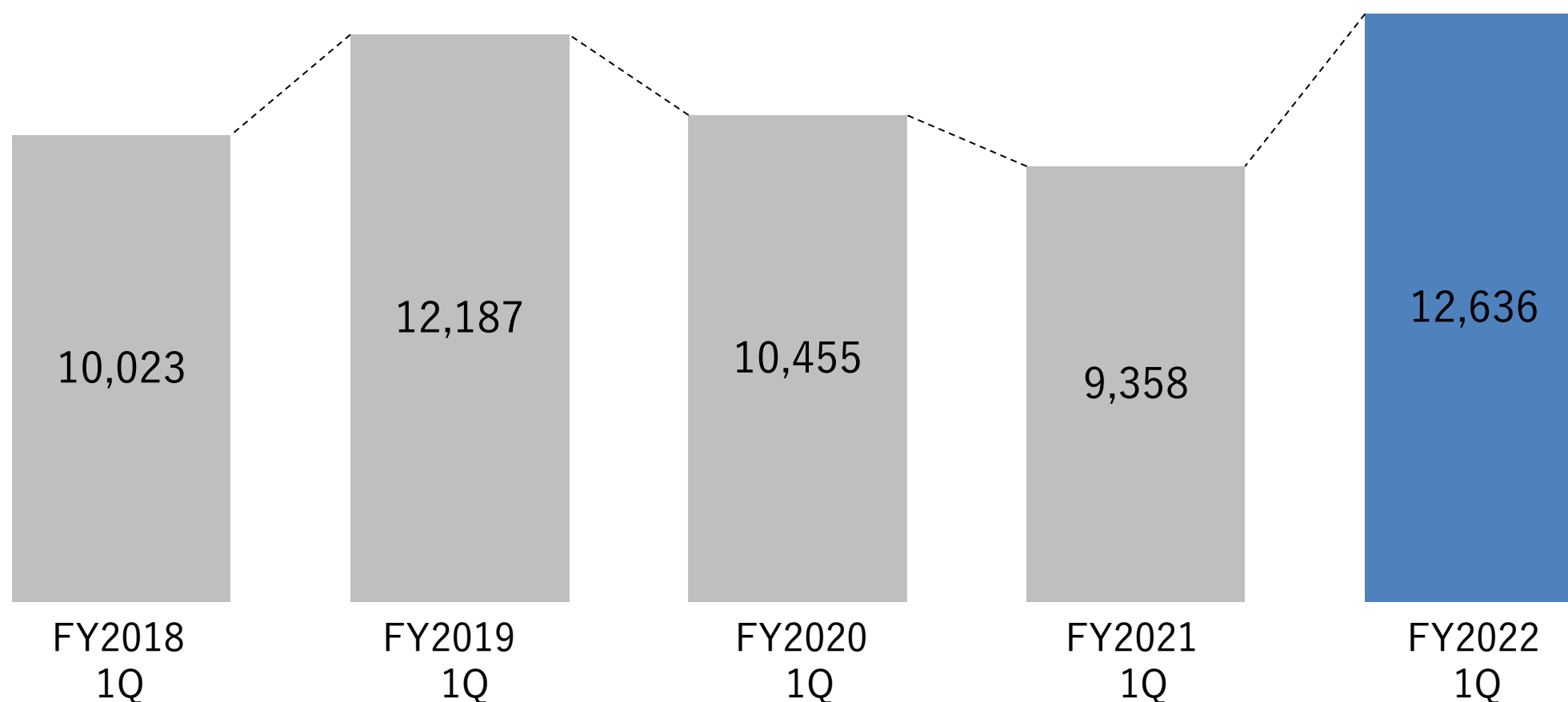
(Millions of yen)	FY2021/3 1Q	Net sales ratio	FY2022/3 1Q	Net sales ratio	Ratio of change
Net sales	9,358	-	12,636	-	+35.0%
Gross profit	1,414	15.1%	2,372	18.8%	+67.7%
Operating profit	288	3.1%	989	7.8%	+243.0%
Ordinary profit	309	3.3%	1,030	8.2%	+232.8%
Profit attributable to owners of profit	215	2.3%	717	5.7%	+233.0%

# Recent Business Performance (1) Sales Trend

## Increase of 35.0% from the same period of the previous year

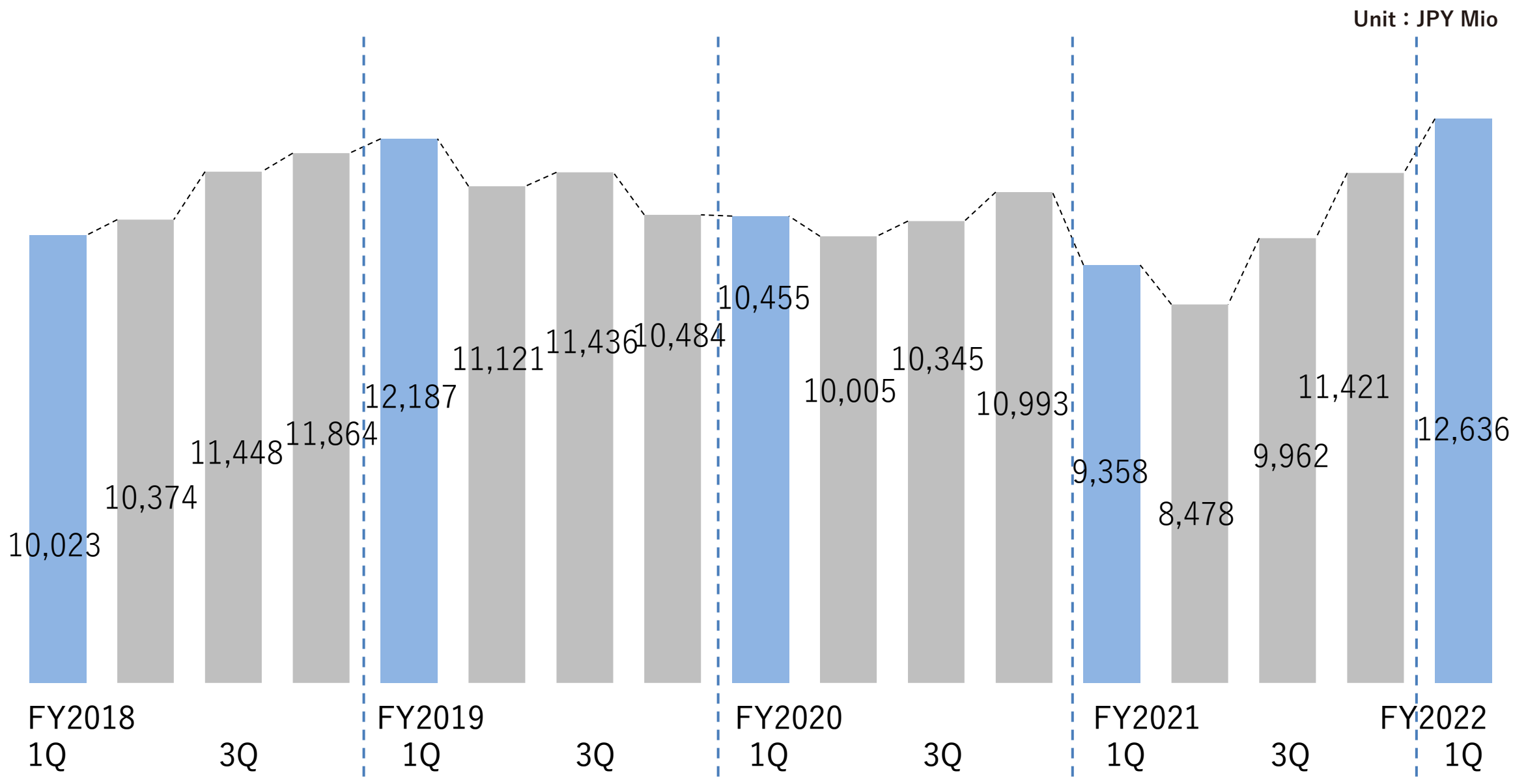
In the same quarter of the previous fiscal year, the impact of the new coronavirus infection led to a slump in sales, but in the first quarter of the fiscal year ending March 31, 2022, sales reached a record high on the back of growth in the semiconductor production equipment industry.

Unit : JPY Mio



# Recent Business Results (2) Quarterly Sales Trends

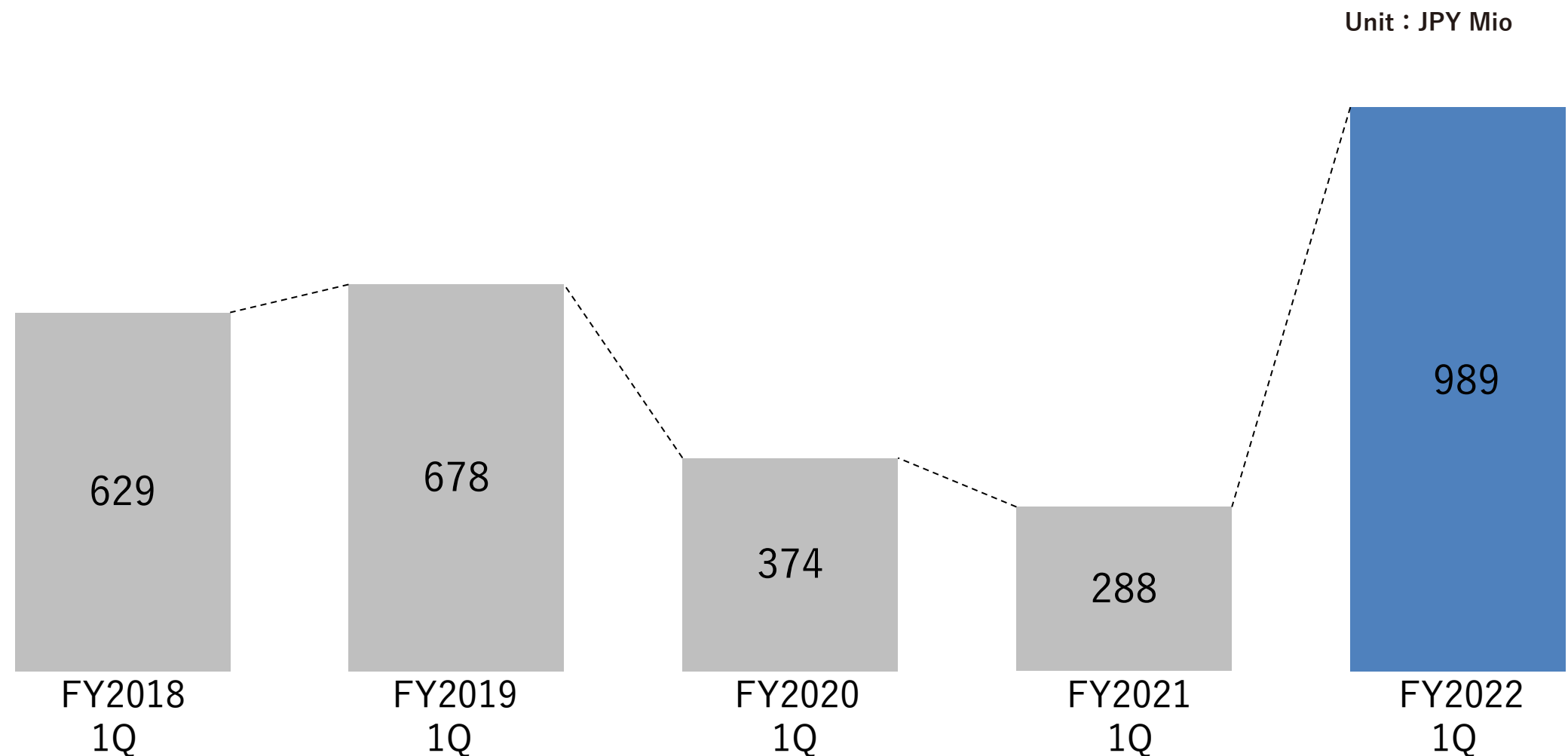
After bottoming out in the 2Q of FY2021, the impact of the coronavirus infection has been overcome, and the company will continue to perform well in the current fiscal year.



# Recent Business Results (3) Operating Income Trends

## 243.0% Increase compared to the same period of the previous year

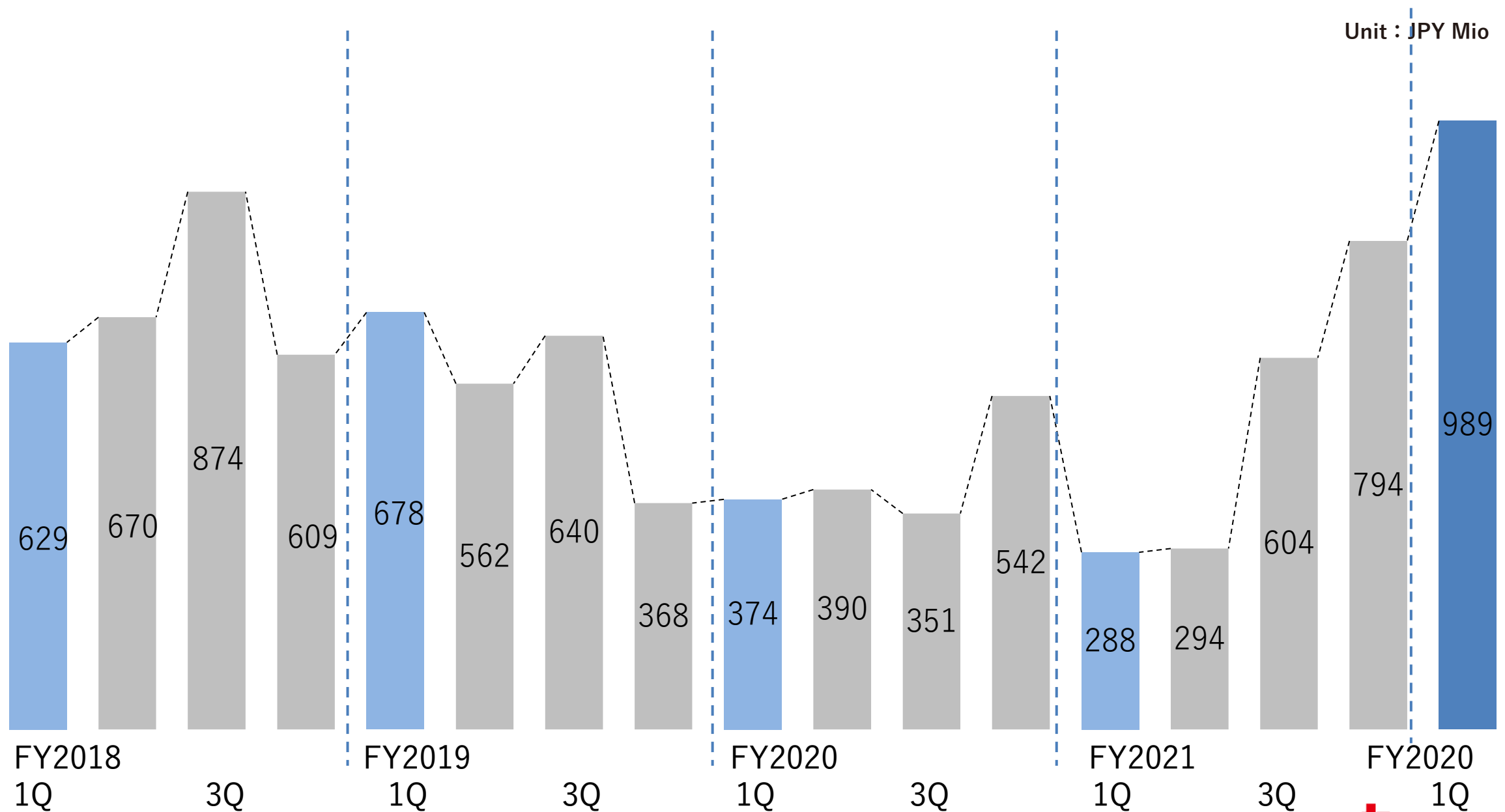
- ◆ The main reason for the increase in the selling price and the decrease in the selling price rate is the increase in the selling price.
- ◆ The increase in the inventory valuation of products in response to the raw material market situation





# Recent Business Results (4) Quarterly Trends in Operating Income

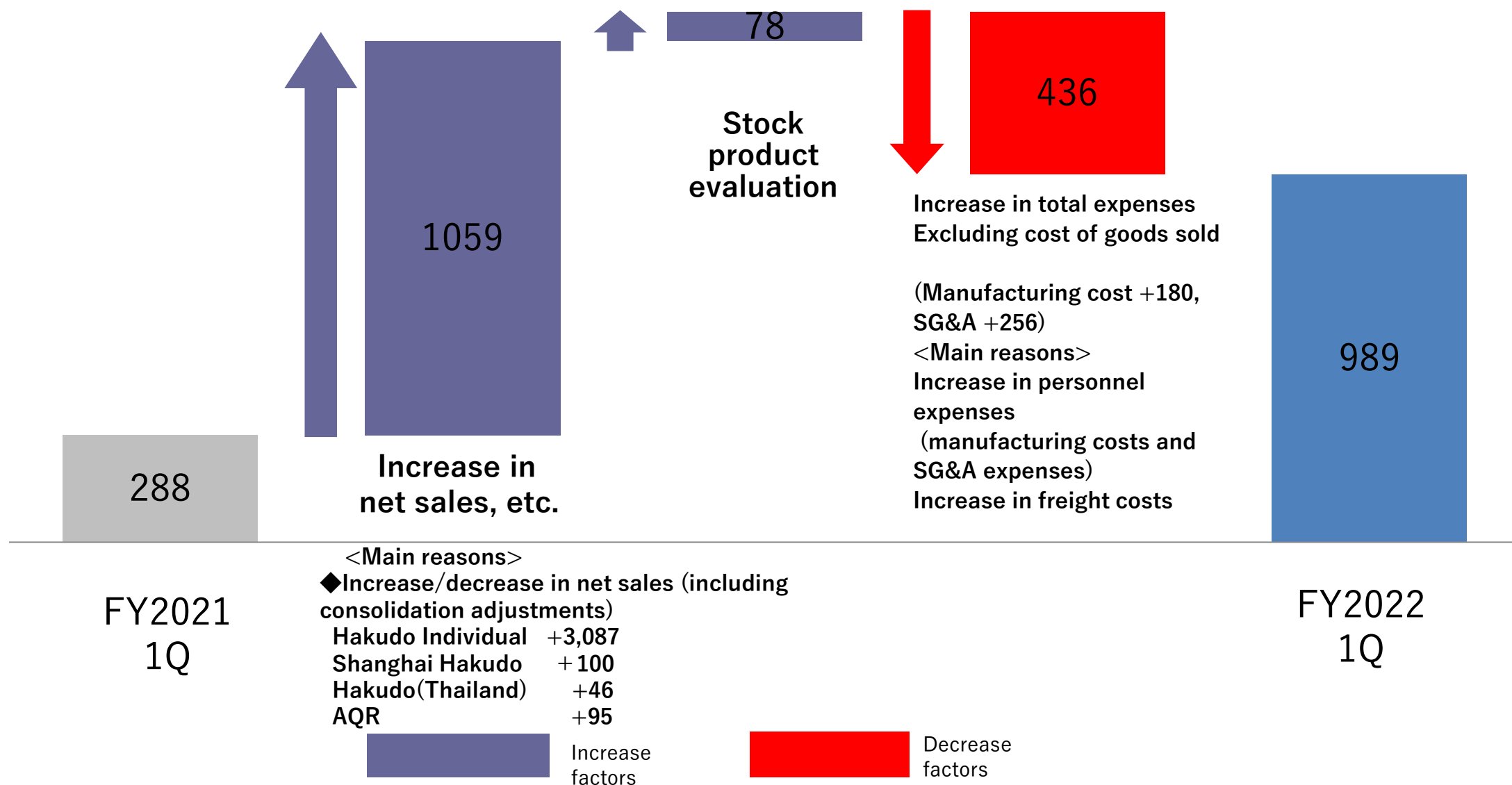
## Operating income to increase from 3Q FY2021



# Operating Income Variance Factors

Increase due to higher sales and impact of revaluation of inventory products

(Unit Millions yen)



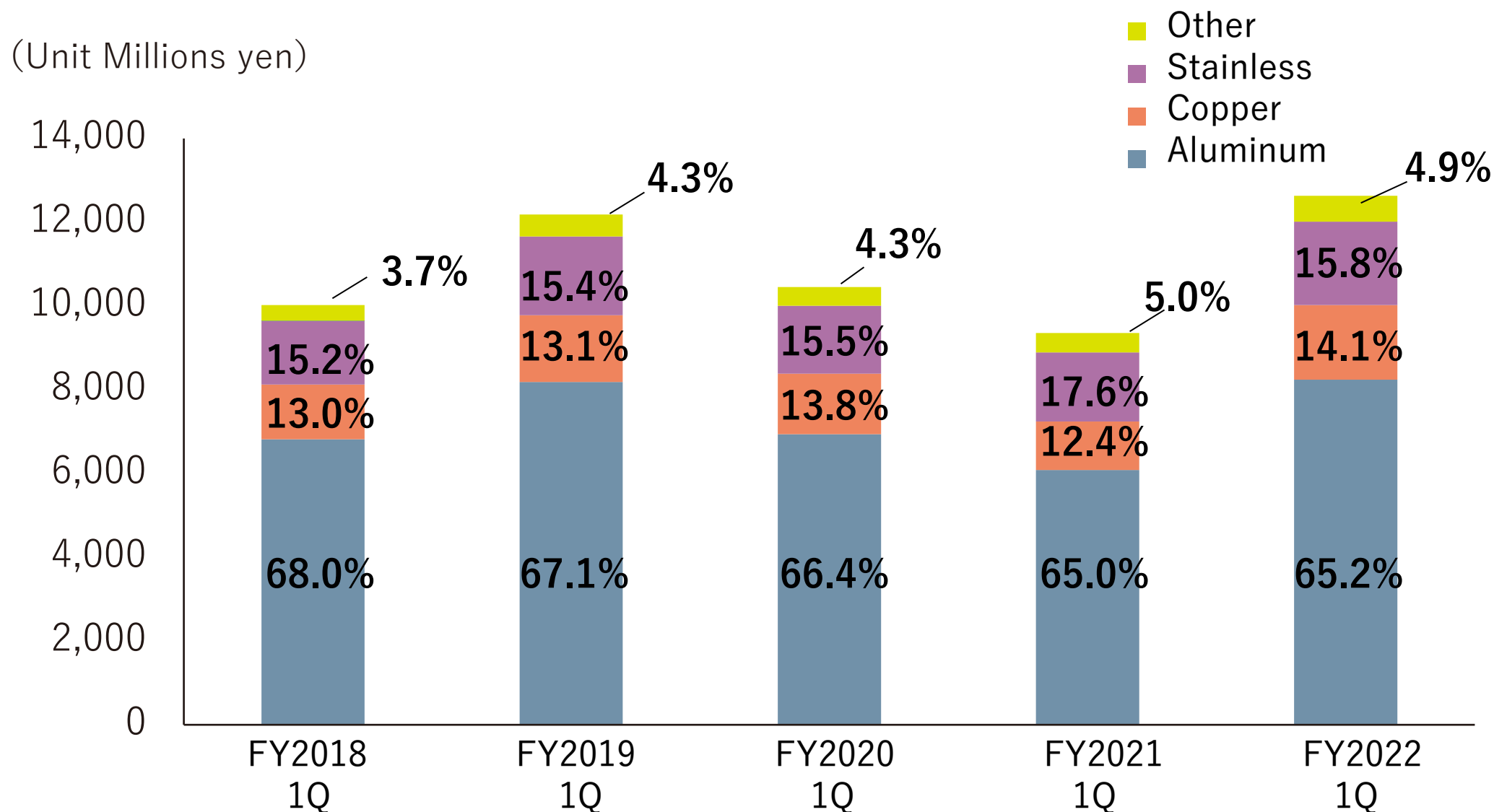
# Net Sales by Product Category

Sales of all products, especially mainstay aluminum, increased from the same quarter of the previous year

(Millions yen)	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	Same quarter of previous year Percentage change
Consolidated net sales	9,358	8,477	9,962	11,421	12,636	+35.0%
Aluminum	6,082	5,556	6,550	7,458	8,242	+35.5%
Copper alloy	1,161	1,114	1,328	1,496	1,780	+53.3%
Stainless steel	1,648	1,380	1,612	1,874	1,991	+20.8%
Others	466	427	472	593	621	+33.4%

# Composition of sales by product type

The ratio of mainstay aluminum products increased by 0.2 points year on year, and the ratio of copper products increased by 1.7 points.



# Balance Sheet (BS)

< Balance sheet (compared to the end of the previous fiscal year) >

Unit Millions yen

Assets	As of March 31, 2021	As of June 30, 2021	Increase/ Decrease	Total liabilities and net assets	As of March 31, 2021	As of June 30, 2021	Increase/ Decrease
<b>Current assets</b>	<b>24,851</b>	<b>28,033</b>	<b>3,182</b>	<b>Current liabilities</b>	<b>15,189</b>	<b>18,357</b>	<b>3,167</b>
Cash and deposits	5,924	6,656	732	Notes and account payable including electrically recorded obligations	13,132	15,995	2,863
Notes and account receivable including electronically recorded monetary	12,850	14,609	1,758	Accrued expenses	956	1,473	517
Raw materials and supplies others	5,960	6,627	666	Income taxes payable	469	337	△ 132
Other	115	139	23	Other	631	550	△ 80
<b>Non-current assets</b>	<b>8,264</b>	<b>8,352</b>	<b>88</b>	<b>Non-current liabilities</b>	<b>55</b>	<b>56</b>	<b>0</b>
Total property, plant and equipment	6,370	6,401	30	<b>Total liabilities</b>	<b>15,245</b>	<b>18,413</b>	<b>3,167</b>
Intangible assets	402	443	41	<b>Total net assets</b>	<b>17,869</b>	<b>17,972</b>	<b>102</b>
Investments and other assets	1,491	1,507	16	<b>Total liabilities and net assets</b>	<b>33,115</b>	<b>36,385</b>	<b>3,270</b>
<b>Total assets</b>	<b>33,115</b>	<b>36,385</b>	<b>3,270</b>				

## ■ Analysis of Factors Affecting Changes in Major Items

Current assets: 28,033 (up 3,182 from the end of the previous FY)

- Increase in cash and deposits
- Increase in notes and accounts receivable-trade due to higher sales
- Increase in notes and accounts receivable due to higher sales

Increase in tangible fixed assets: 30

Increase in intangible fixed assets: 41

Increase in investments and other assets: 16

Current liabilities 18,357 (up 3,167 from the end of the previous FY)

Increase in notes and accounts payable-trade

Increase in accounts payable-other and accrued expenses

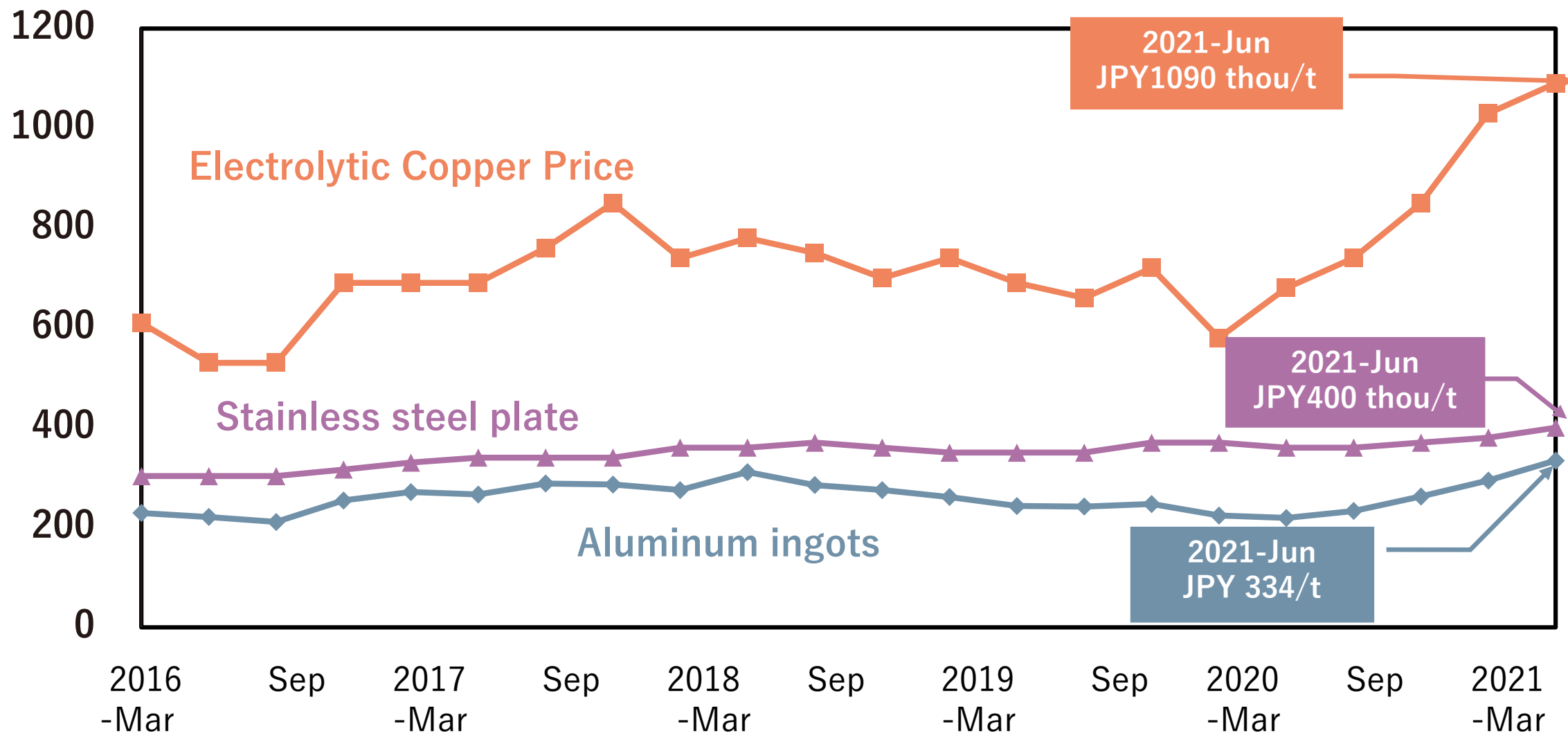
Net assets 17,972 (up 102 from the end of the previous FY)

# Business Environment (1)

(1) Raw material market conditions for aluminum, copper and stainless steel

## Aluminum, copper and stainless steel bullion prices continue to rise

(Unit : JPY Thou /t)



Stainless steel sheet: The Tekko Shimbun monthly central value  
Aluminum ingots: Nikkei monthly average

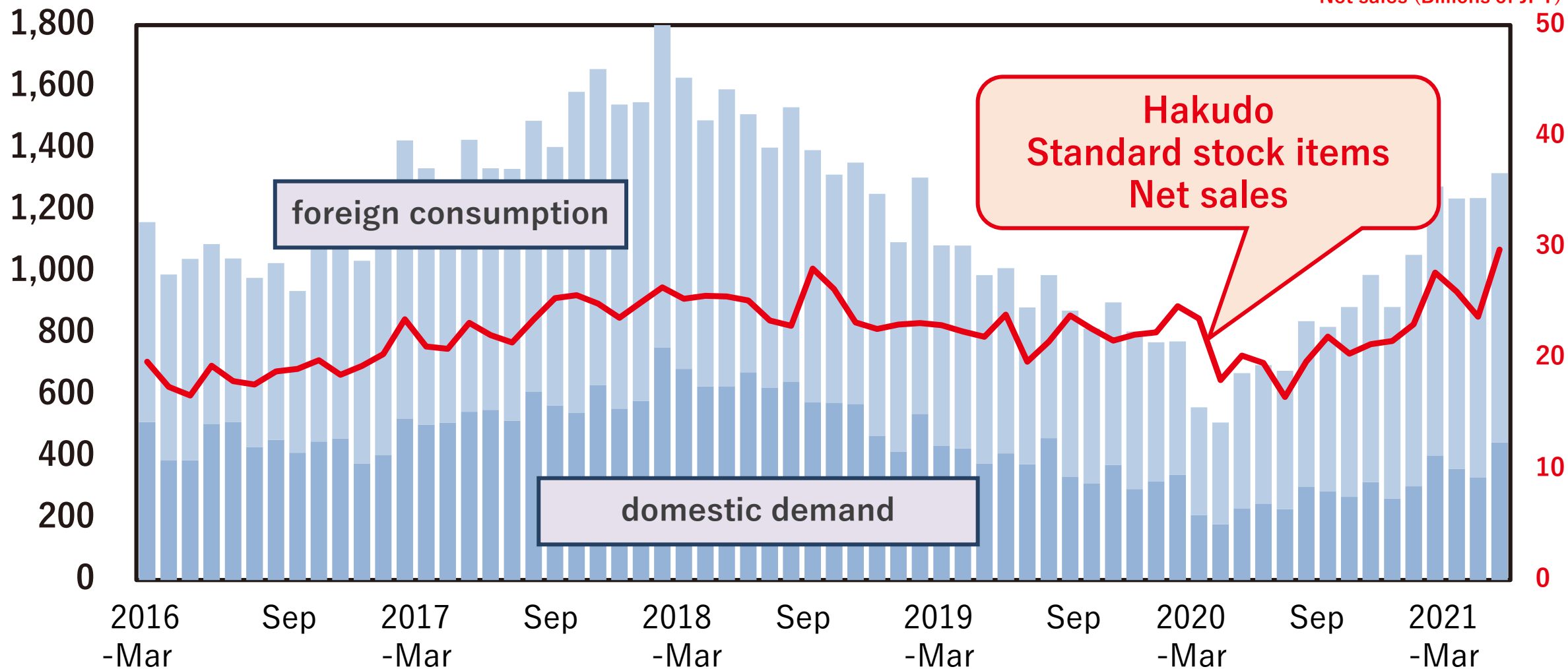
# Business Environment (2)

## Comparison of Machine Tool Orders and Standard Inventory Sales

### Orders for machine tools are recovering in both foreign and domestic demand.

Machine Tool Orders  
(Billions of JPY)

Hakudo  
Standard stock items  
Net sales (Billions of JPY)



Source: Japan Machine Tool Builders' Association, Machine Tool Orders Statistics

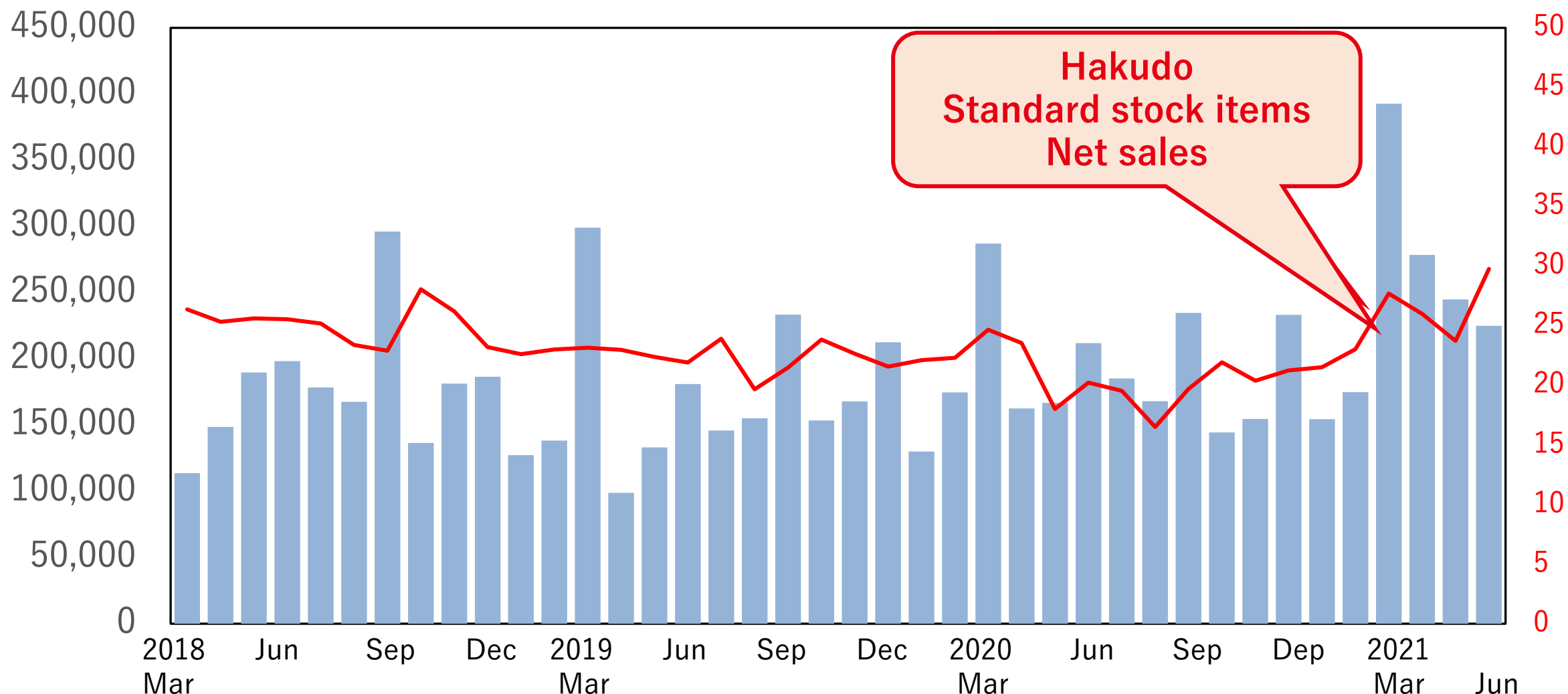
# Business Environment (3)

## Comparison of Semiconductor Production Equipment Sales and Standard Inventory Sales

### Continued growth in demand for 5G-related and data center applications is expected

Sales of manufacturing equipment made in Japan (JPY 100 billion)

Hakudo Standard stock items Net sales (JPY Billions)



Source: Japan Semiconductor Equipment Association Statistical Data



# Topics for the First Quarter of the Fiscal Year Ending March 31, 2022

# Revision of Financial Forecast for FY Ending March 31, 2022

## Upward revision of earnings forecast from initial forecast

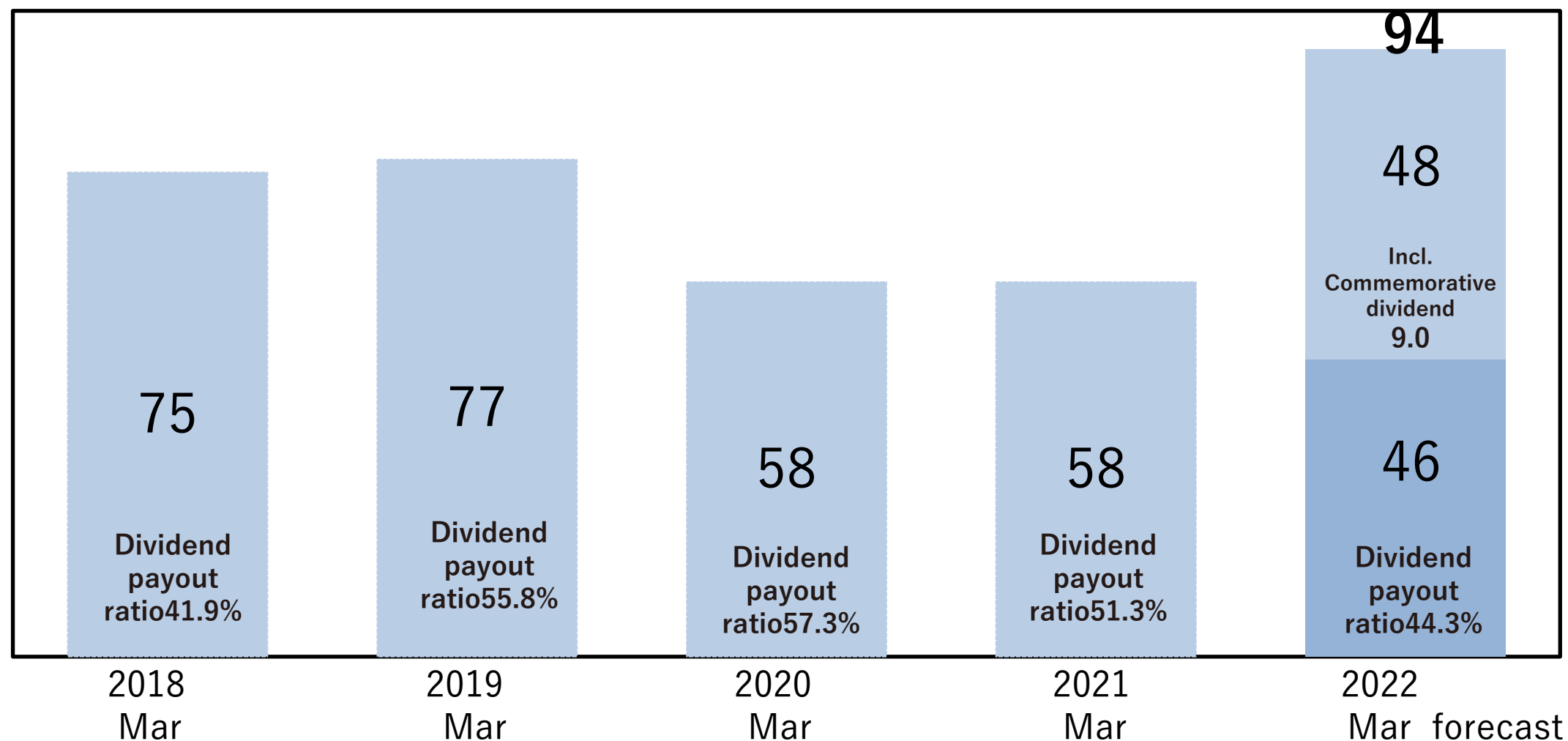
Second Quarter of Fiscal Year Ending March 31, 2022	Previous forecasts	Revised forecasts	Amount of change	Percentage change
Net sales (JPY Mio)	23,700	25,400	1,700	7.2%
Operating income (JPY Mio)	1,410	1,880	400	29.1%
Ordinary income (JPY Mio)	1,480	1,880	400	27.0%
Net income attributable to the parent company (JPY Mio)	1,020	1,300	280	27.5%

Fiscal Year Ending March 31, 2022	Previous forecasts	Revised forecasts	Amount of change	Percentage change
Net sales (JPY Mio)	48,000	52,000	4,000	8.3%
Operating income (JPY Mio)	2,920	3,420	500	17.1%
Ordinary income (JPY Mio)	3,000	3,500	500	16.7%
Net income attributable to the parent company (JPY Mio)	2,070	2,400	330	15.9%

# Dividend Forecast ~ Dividend per Share

Interim dividend to be paid from fiscal year ending March 31, 2022

Dividend forecast increased due to upward revision of business performance



※2022  : Interim dividend  : Dividend forecast

# New Shareholder Benefit Program Established

**Introduced the Hakudo Premium Benefit Club, a point-based shareholder benefit program, to further reward shareholders.**

What is the Premium Benefit Club?

The Premium Benefit Club is a service in which shareholders are awarded "benefit points" based on the number of shares they hold and the period of time they have held the shares, and can use the points to exchange for products and services of their choice.

Number of shares owned	Points to be awarded	Time of presentation
Less than 300 shares	0 points	-
300~399 shares	3,000 points	November each year
400~499 shares	5,000 points	
500~599 shares	10,000 points	
600~999 shares	20,000 points	
1,000~1,999 shares	30,000 points	
2,000~2,999 shares	40,000 points	
More than 3000 shares	50,000 points	

## Status of compliance with the New Market Classification of the Tokyo Stock Exchange

- ❑ On July 9, 2021, we received the primary judgment results from the Tokyo Stock Exchange regarding compliance with the listing maintenance standards in the new market category, and confirmed that we are in compliance with the listing maintenance standards for the "Prime Market."
- ❑ In accordance with the schedule set by the Tokyo Stock Exchange, the Board of Directors will now proceed with the prescribed procedures, including the resolution on the selection of market segments in the new market classification.

# Focused Policy

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# Focused Policy (1) – 1

(1) Realization of Dantotsu quality, Dantotsu speed, Dantotsu service, and satisfactory price

**(1)-1 Aggressive introduction of labor-saving production equipment such as robots, and innovation of manufacturing sites by promoting IoT in manufacturing sites.**

【 Past investment performance and plans for the next fiscal year 】

**In FY Mar 2022, the company plans to invest JPY 873 mio in factory automation equipment and white copper net services.**

## Fixed Assets Acquisitions (Consolidate)

(Unit: JPY Mio)

	2018 Mar	2019 Mar	2020 Mar	2021 Mar	2022 Mar (forecast)
Fixed assets	1,227	1,086	593	485	611
Intangible fixed assets	83	213	111	105	262
Total amount of acquisition	1,311	1,300	705	591	873

**As a result of the capital investment, the production capacity of our plants has increased to 137% compared to the fiscal year ended March 31, 2018.**

【 Deferred delivery incidence rate (rate of cases delayed beyond the catalog delivery date) 】

Decreased by about 1/13 in FY3/2021 compared to FY3/2018

【 Manufacturing-related return incidence rate 】

Decreased to about 1/4 in FY2021/3 compared to FY2018/3

# Focused Policy (1) – 2

(1) Realization of Dantotsu quality, Dantotsu speed, Dantotsu service, and satisfactory price

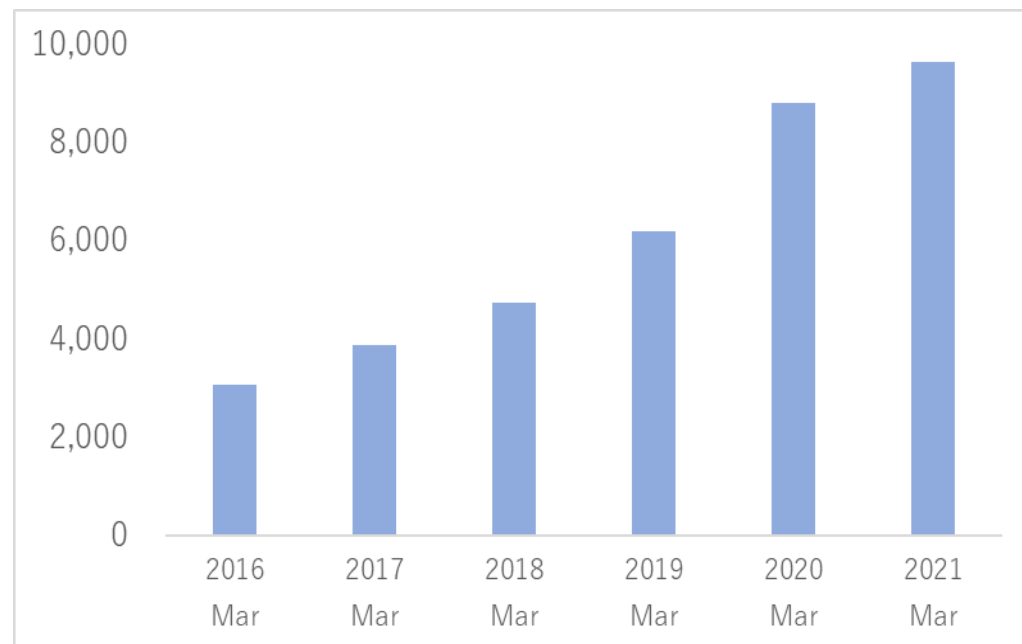
## (1)-2 "Further improvement of the convenience of the "Hakudo Net Service"

- The number of item sizes has been greatly expanded, and approximately 21,900 item sizes are now available.
- Increasingly handling tools, screws, and other non-material items
- Aiming for a 90% usage rate of the White Copper Net service for quotations

【 Number of items available for the Hakudo Net Service 】



【 Number of Companies Registered to Use the Hakudo Net Service (Cumulative) 】





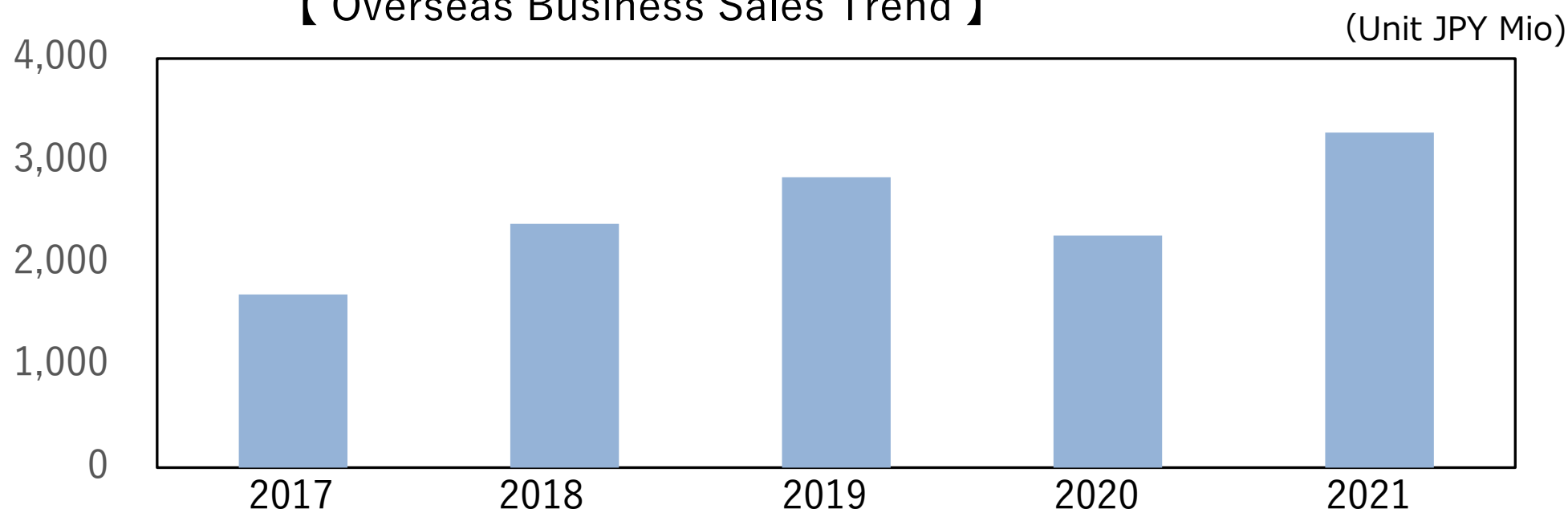
# Focused Policy (2)

## (2) Expansion of overseas business

- Increase in sales and profits of overseas subsidiaries
- Establishment of a cooperative structure with Oristar, a major non-ferrous metals trading company in Vietnam, in which we completed our investment in June 2020
- Establish a sales network for custom-made plates of nonferrous metals and stainless steel overseas
- Strengthen ties with overseas distributors and consider new countries to enter (U.S., South Korea, etc.)
- Strengthening of overseas web

Aim for overseas business sales to account for more than 10% of the total sales of the Hakudo Group

【 Overseas Business Sales Trend 】



※ Total amount of export sales from Japan to non-overseas subsidiaries and sales of overseas subsidiaries

# Focused Policy (3) – 1

## (3) Developing new businesses

### (3)-1 Contract manufacturing of metal products using 3D printers

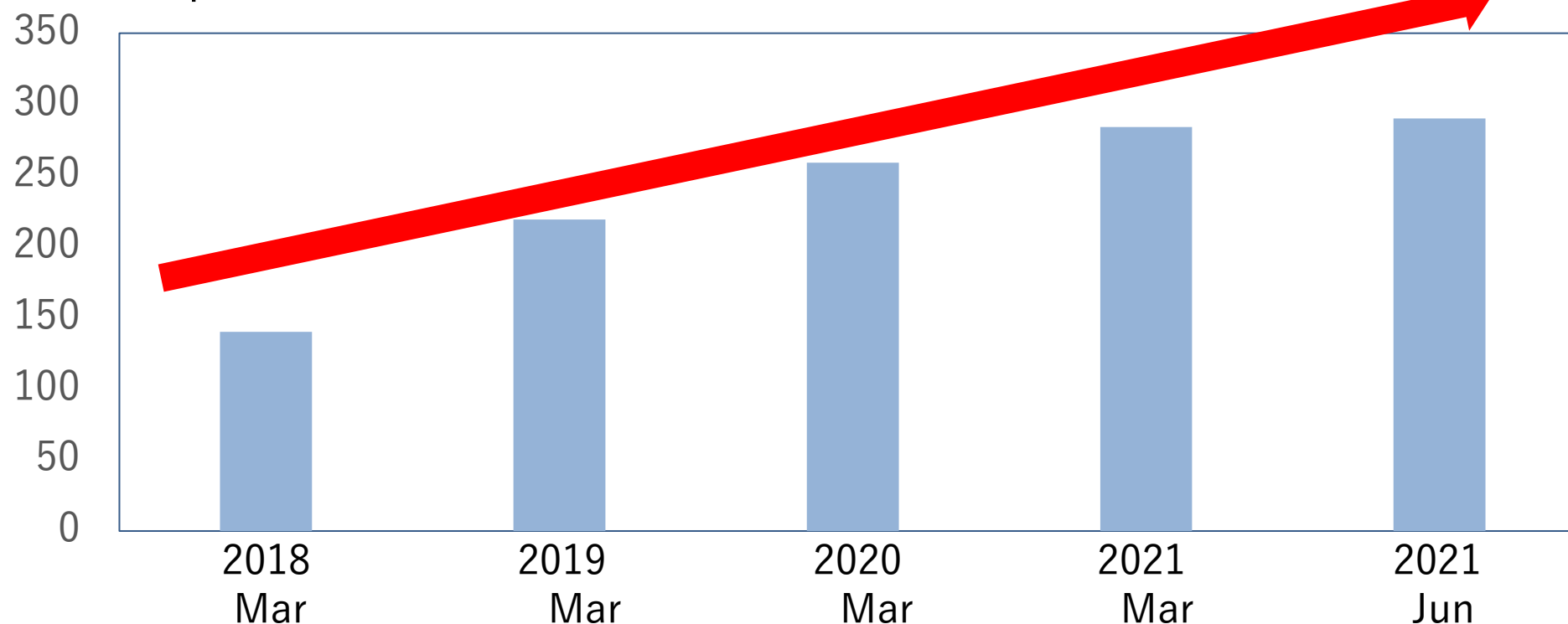
Strengthen sales of aluminum die-casting alloy "ADC12" molding services

- Total solution for 3D molding "3D+ONE"
- Strengthen inspection system by increasing inspection facilities
- Strengthen inspection system by reinforcing inspection facilities
- Expand sales to the metal mold and automobile industries by targeting the synergistic effect of 3D printers



Source : 3D Systems Corporation

#### 【 Number of 3D printer-related accounts (cumulative) 】



# Focused Policy (3) – 2

## (3) Developing new businesses

### (3)-2 Aiming to become a convenience dealer of aerospace standard materials

The industry's largest  
Extensive inventory lineup

A wide range of materials used for aircraft structural materials, various equipment and satellite parts are available in a wide range of sizes.

Ensure quality in  
accordance with standards

Acquired JIS Q 9100 (aerospace) certification Kanagawa Plant, Shiga Plant

Support for import from  
overseas

Using our extensive overseas network, we can respond quickly to imports.

Waterjet to be introduced in January 2020, with sales mainly to the aerospace industry



Cutting and processing of any material  
into any shape

# Focused Policy (4)

## (4) Approaches to ESG/SDGs

Establishment of ESG/SDGs Management Committee led by senior management "Aiming to realize "continuous contribution to society through business" and "enhancement of corporate value over the medium and long term Aiming to realize "continuous contribution to society through business" and "enhancement of medium- to long-term corporate value

Classification	Examples of materiality	Goals of SDGs 17
E	Efforts to realize a decarbonized society	    
	Reduction of scrap ratio	
	Reduction of industrial waste	
	Improving delivery efficiency	
	Reduction of power consumption	
	Eco-series reinforced	
S	Improve employee satisfaction	  
	Employee health promotion	
	Strengthen disaster countermeasures	
G	Compliance, Risk Management	
	Company-wide acquisition of JISQ9100	

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# Thank you very much for your attention.

■ Notes on this document

•This document contains projections based on assumptions, outlooks and plans regarding the future as of August 2021. Actual results may differ materially from those in the forward-looking statements due to risks and uncertainties related to the global economy, competitive conditions, and other factors.

•This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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