

# Financial Results for the Year Ended March 31, 2022

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# FY03/22 Results

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# Result Highlights

## Net sales

55,441 million yen  
(up 41.4% YoY)

## Gross profit

10,309 million yen  
(up 54.6 % YoY)

## Operating profit

4,256 million yen  
(up 114.8% YoY)

## FY03/22 Summary

- Continued to increase sales and profits amid a strong market environment, setting records for both the sales and profits.
- In semiconductor production equipment (SPE), demand (including 5G) continued to grow, with strong movement in capital investments.
- Robust sales in all products, and mainly in core aluminum products.
- Inventory revaluation impact (profit) was JPY610 million, resulting in a JPY566 million YoY increase in profit.
- Moved to the new Tokyo Stock Exchange “Prime Market” segment.
- Introduced interim dividends and shareholder incentives from FY03/22, as part of efforts to strengthen returns to shareholders.

# Summary of Consolidated Statements of Income (PL)

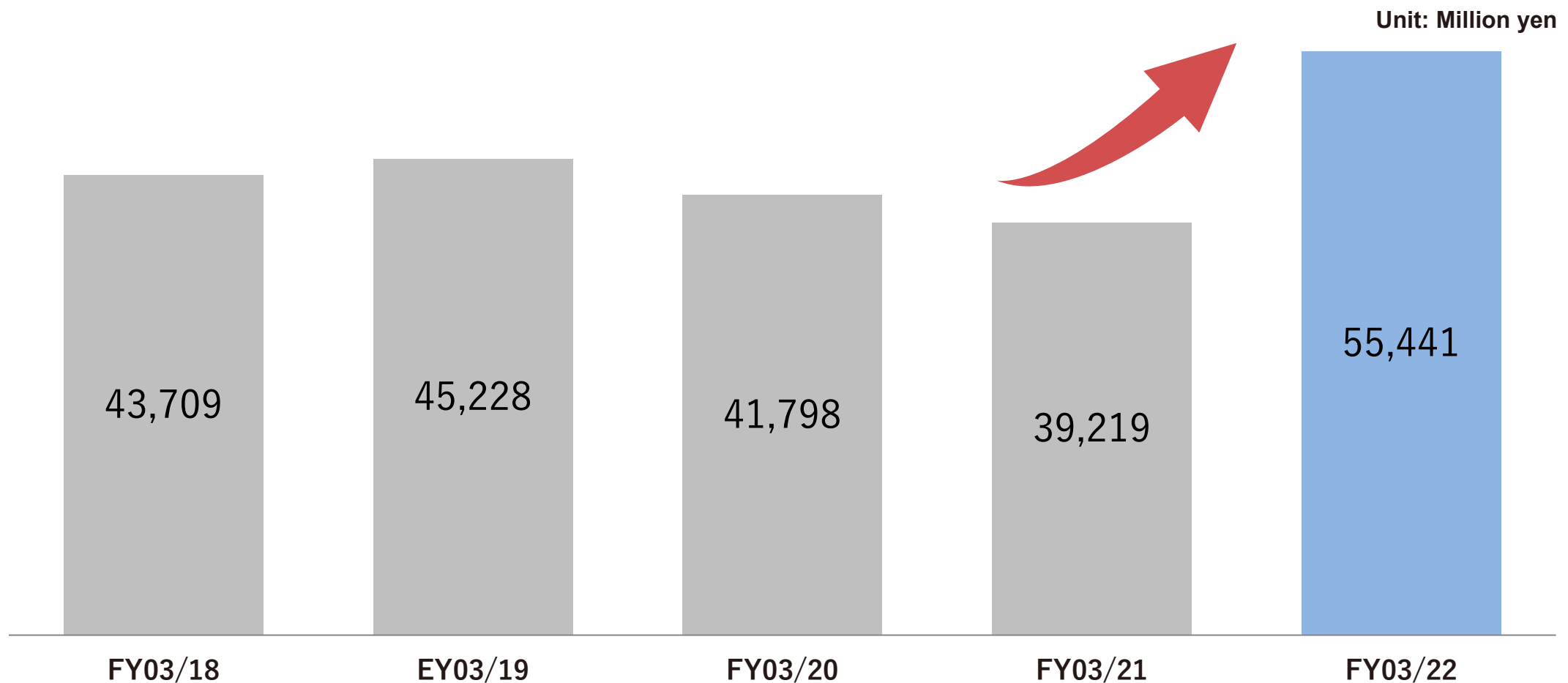
**Robust performance continued, especially in the semiconductor production equipment industry, with significant increases in both sales and profits year on year.**

(Million yen)	FY03/21	Ratio to sales	FY03/22	Ratio to sales	Rate of change
Net sales	39,219	-	55,441	-	+41.4%
Gross profit	6,670	17.0%	10,309	18.6%	+54.6%
Operating profit (before inventory revaluation impact)	1,938	4.9%	3,645	6.6%	+88.1%
Inventory revaluation impact	+43	0.1%	+610	1.1%	(+566)
Operating profit (after inventory revaluation impact)	1,981	5.1%	4,256	7.7%	+114.7%
Ordinary profit	2,083	5.3%	4,373	7.9%	+109.9%
Profit attributable to owners of parent	1,281	3.3%	2,964	5.3%	+131.2%

# Recent Business Performance: Sales Trends

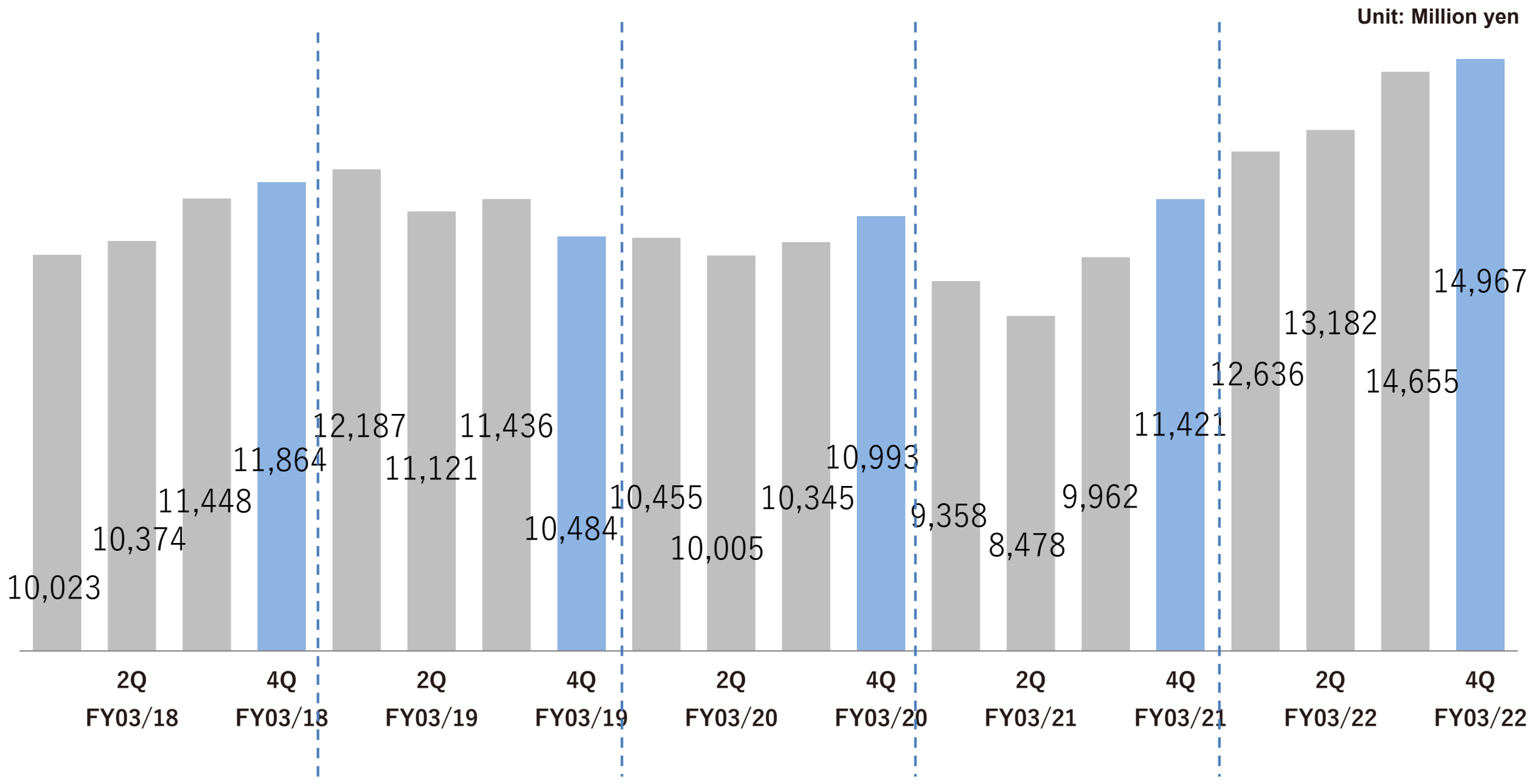
## Up by 41.4% YoY

◆ During FY03/21, we encountered an unavoidable slump due to the COVID-19 pandemic, but in FY03/22, we achieved record net sales thanks to favorable conditions in the semiconductor production equipment and machine tool industries.



# Quarterly Sales Trends

After bottoming out in Q2 FY03/21, we recovered from the effects of the pandemic, showing continued growth since then.

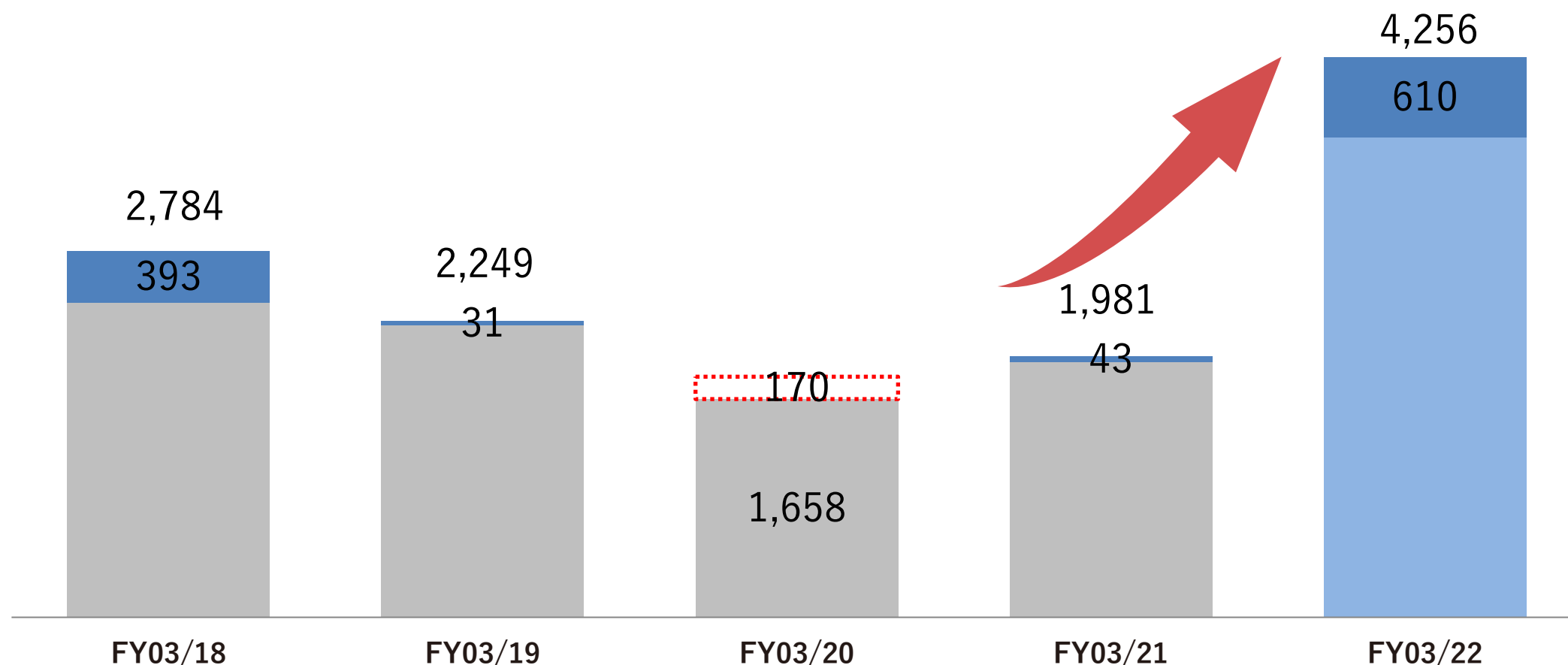


# Recent Business Performance: Operating Profit

## Up by 114.7% YoY

- ◆The main factors contributing to growth in operating profit were an increase in net sales and a reduction in our cost of sales ratio.
- ◆Also contributing was a 610 million-yen gain on revaluation of inventory.
- ◆Achieved record operating profit.

Unit: Million yen



Gain on revaluation of inventory



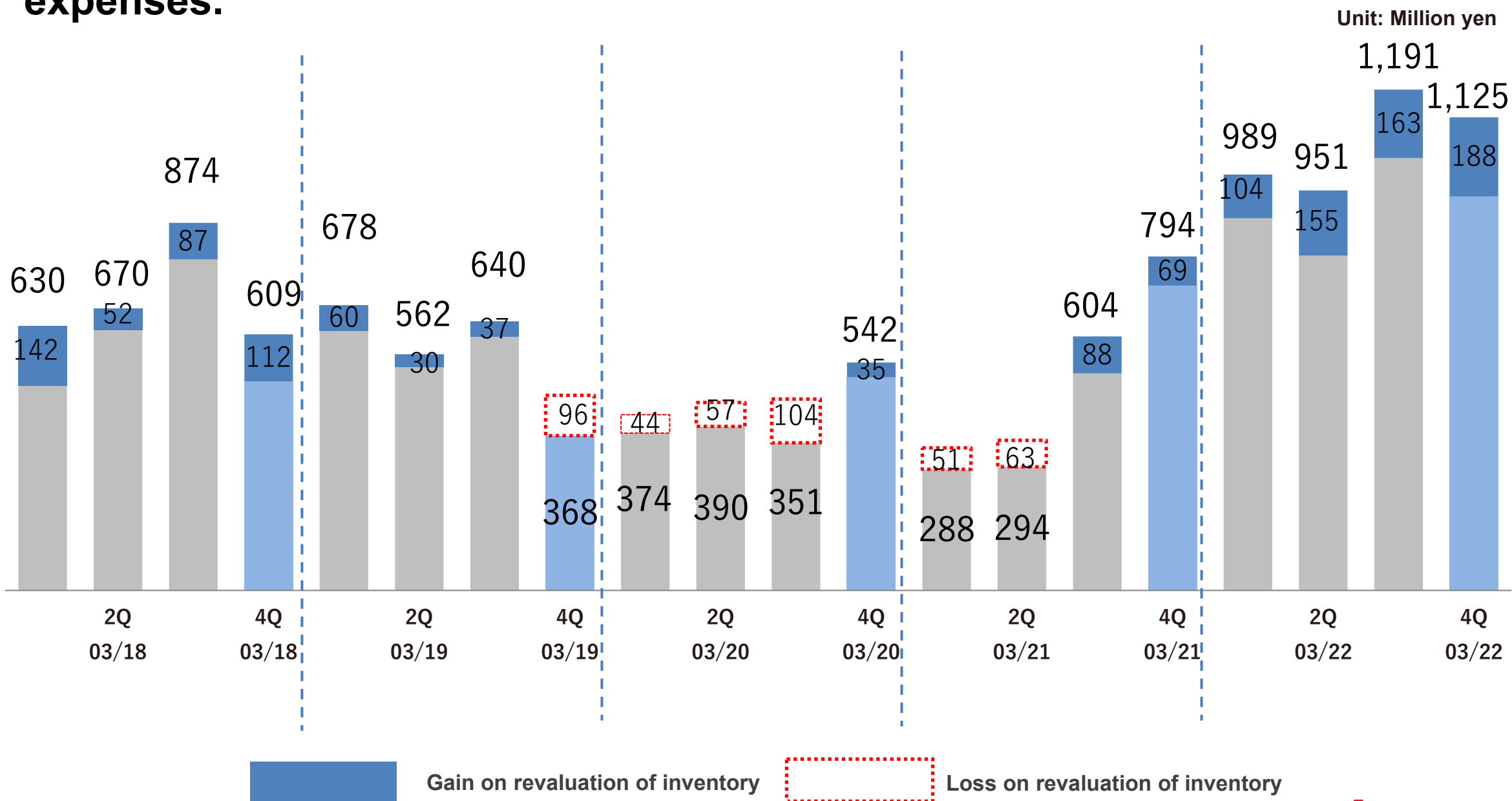
Loss on revaluation of inventory



# Quarterly Operating Profit Trends

Operating profit has risen since Q3 of FY03/21.

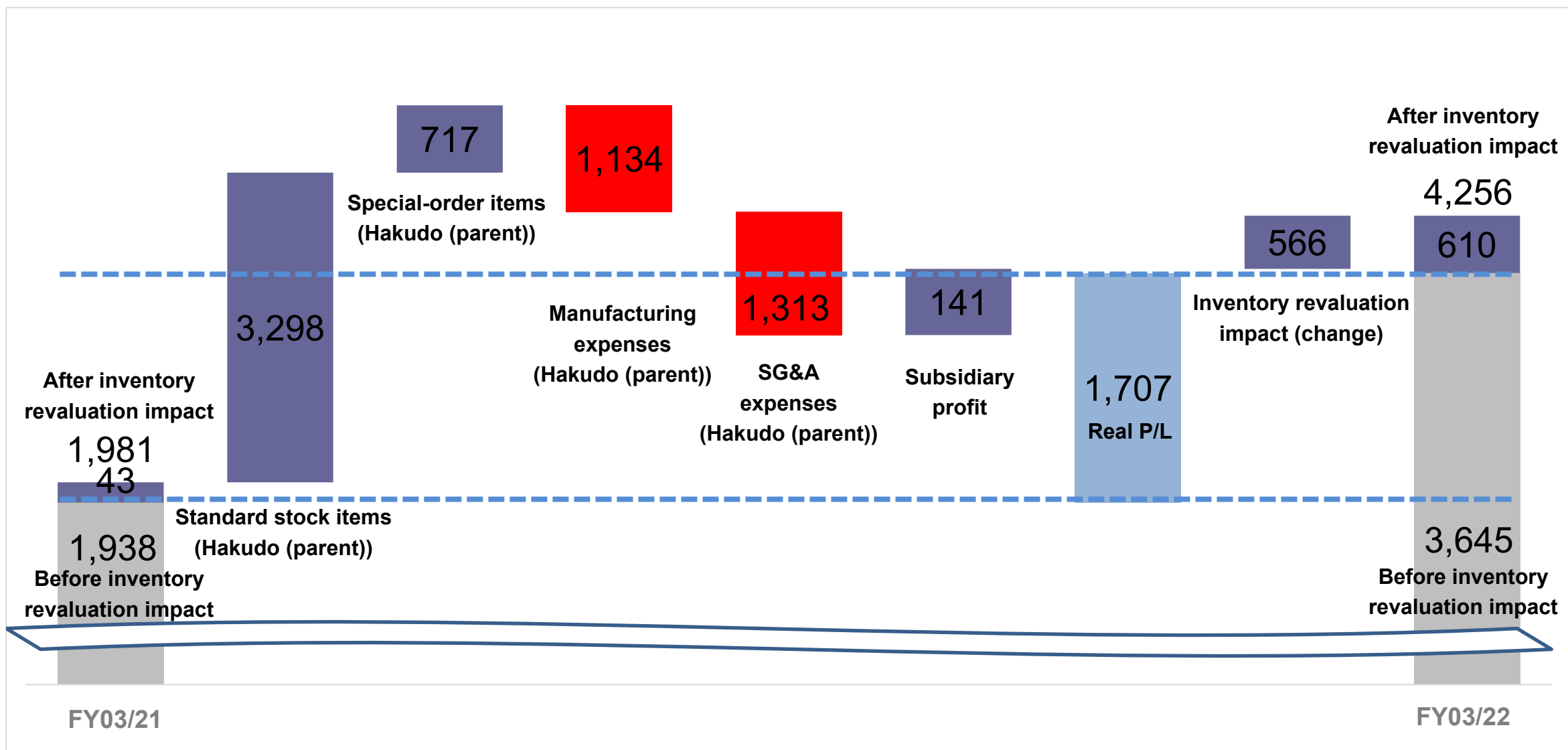
In Q4 of FY03/21, profit declined from Q3 due to temporary posting of SG&A expenses.



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

Operating profit increased significantly due to higher sales and upward impact from inventories that resulted from raw material market conditions and growth in manufacturer processing fees.

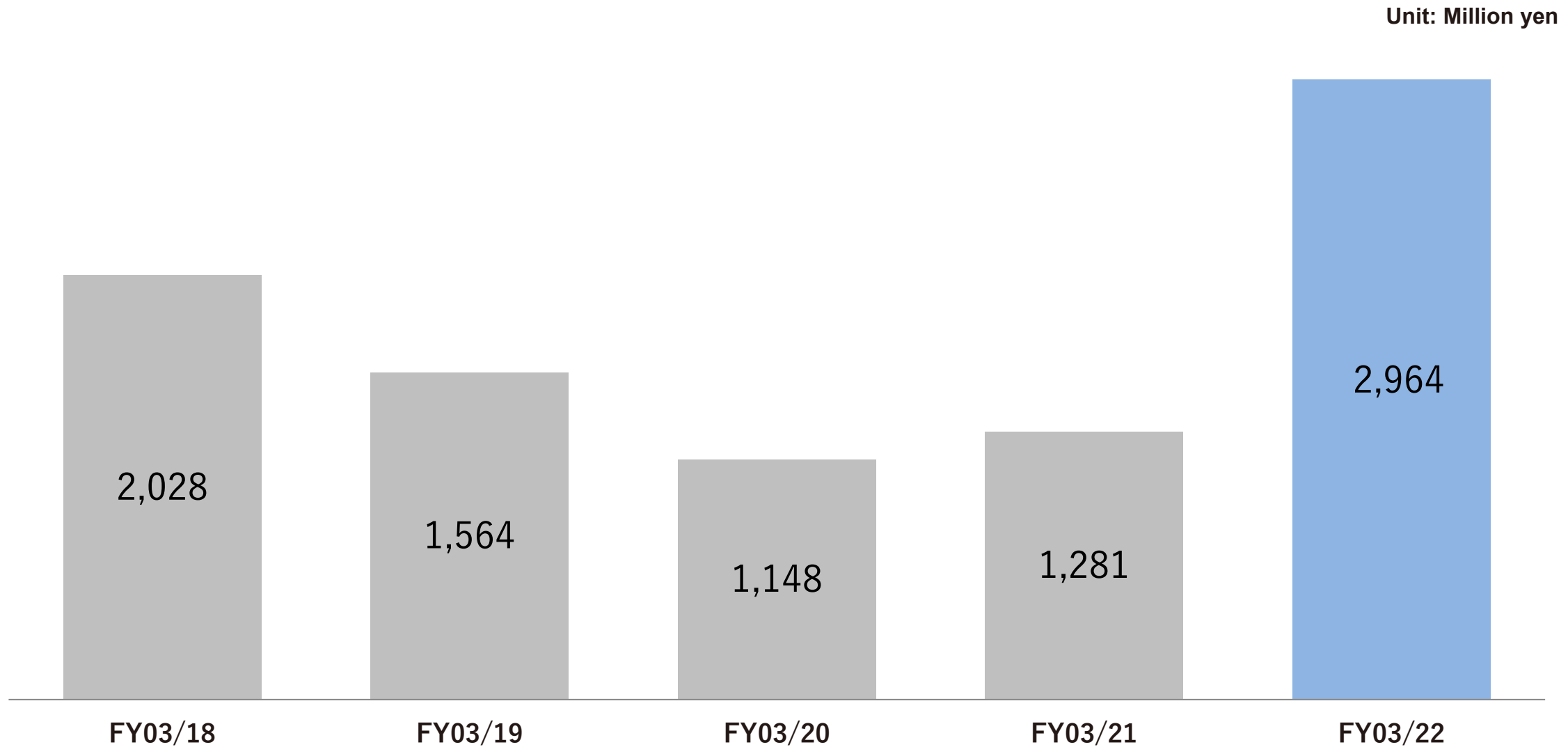
Unit: Million yen



Upward impact
  Downward impact

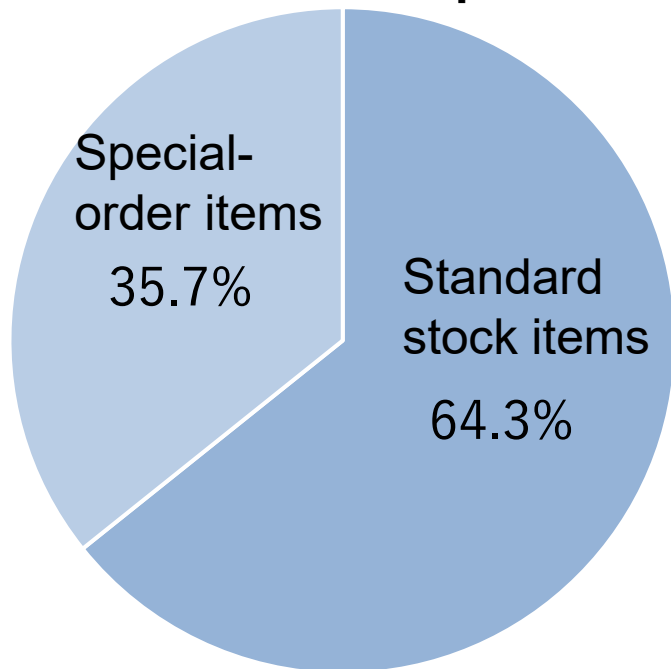
# Recent Business Performance: Profit Attributable to Owners of Parent

**Profit attributable to owners of parent increased 131.2% YoY.**

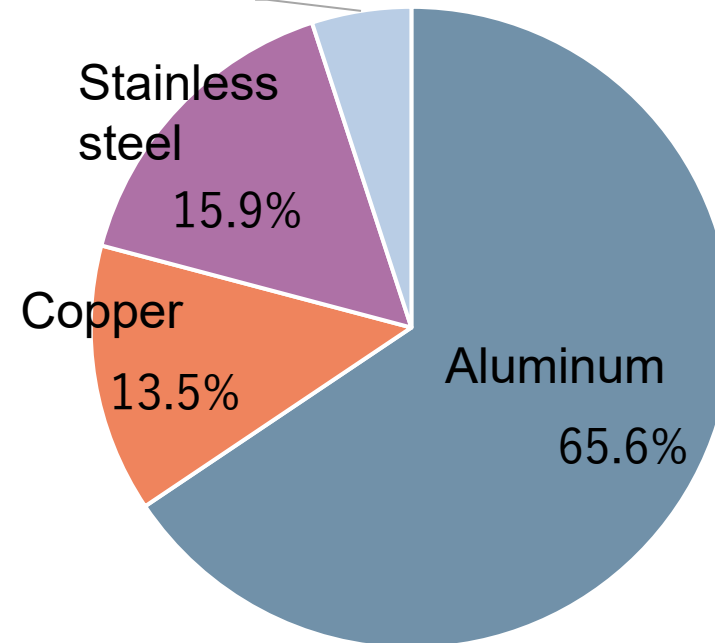


# Composition of Net Sales

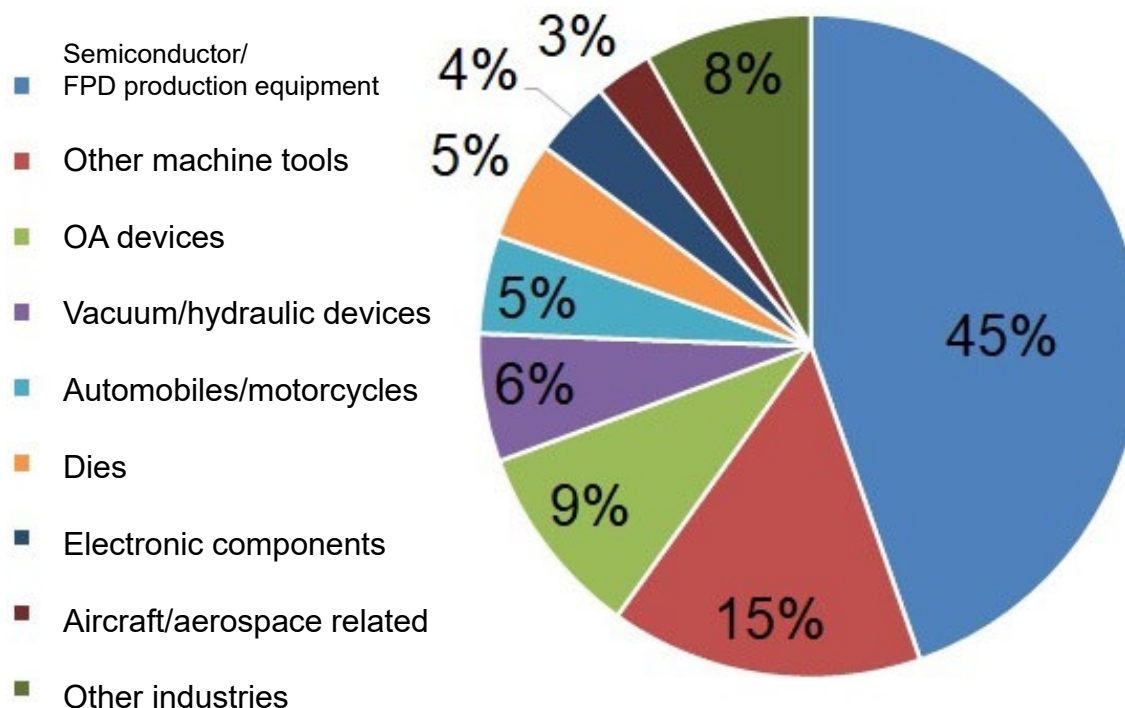
Standard stock items / special-order items



By product



By industry (Japan)

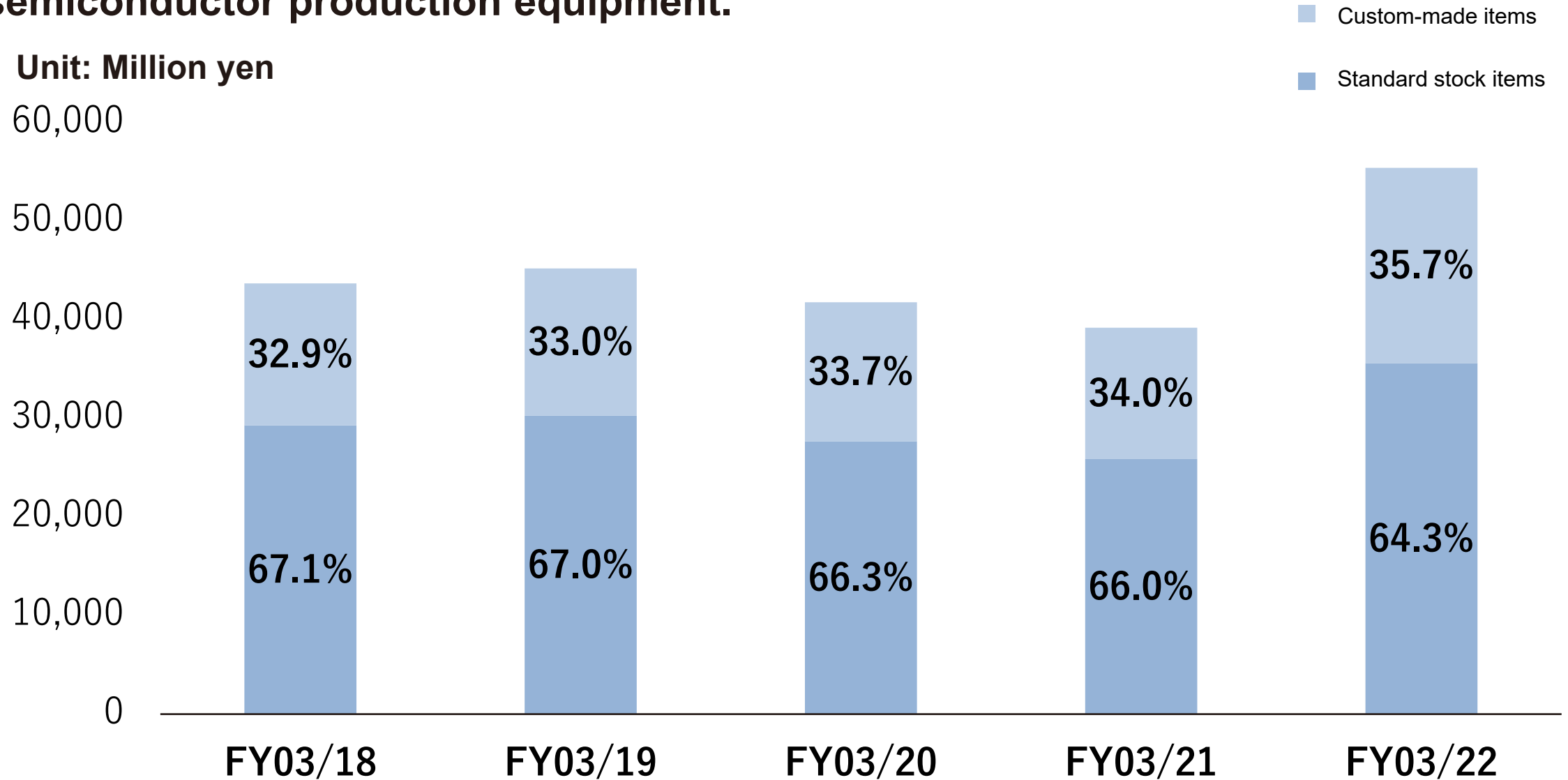


- Semiconductor/FPD production equipment
- Other machine tools
- OA devices
- Vacuum/hydraulic devices
- Automobiles/motorcycles
- Dies
- Electronic components
- Aircraft/aerospace related
- Other industries

# Composition of Net Sales for Standard Stock Items and Special-order Items

The percentage of sales generated through custom-made products rose year on year due primarily to an increase in demand for products related to semiconductor production equipment.

Unit: Million yen



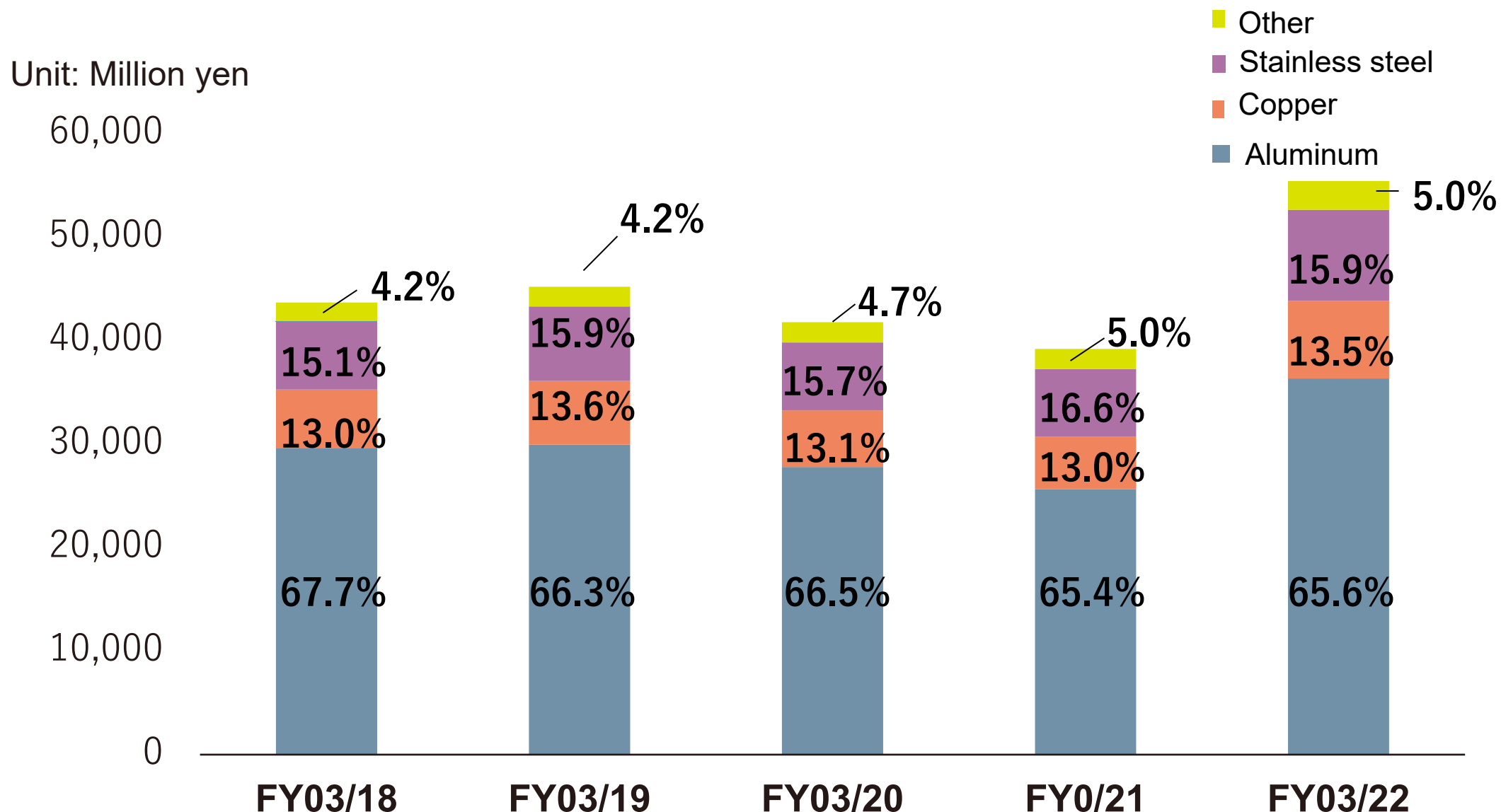
# Net Sales by Product Category

Net sales for all products, especially our mainstay aluminum products, increased YoY.

(Million yen)	Q4 FY03/21	FY03/21 (cumulative)	Q1 FY03/22	Q2 FY03/22	Q3 FY03/22	Q4 FY03/22	FY03/22 (cumulative)	Rate of YoY change
Consolidated net sales	11,421	39,219	12,636	13,182	14,655	14,967	55,441	+41.4%
Aluminum	7,458	25,648	8,242	8,654	9,563	9,905	36,365	+41.8%
Copper	1,496	5,101	1,780	1,766	2,033	1,919	7,499	+47.0%
Stainless steel	1,874	6,515	1,991	2,116	2,301	2,385	8,795	+35.0%
Others	590	1,954	621	645	756	756	2,781	+42.3%

# Composition of Net Sales by product

Sales of all products increased year on year, while the ratio of sales generated through copper products rose 0.5 points.



# Balance Sheet (BS)

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

Unit: Million yen

Cash and deposits	5,924	8,674	2,750
Notes and accounts receivable – trade(Including electronically recorded monetary claims - operating)	12,850	17,010	4,160
Inventories	5,960	7,802	1,842
Other current assets	115	127	12
<b>Non-current assets</b>	<b>8,264</b>	<b>8,164</b>	<b>(100)</b>
Property, plant and equipment	6,370	6,097	(273)
Intangible assets	402	509	107
Investments and other assets	1,491	1,557	66
<b>Total assets</b>	<b>33,115</b>	<b>41,780</b>	<b>8,665</b>
	<b>As of</b>	<b>As of</b>	<b>Change</b>
<b>Liabilities and net assets</b>	<b>March 31, 2021</b>	<b>March 31, 2022</b>	
<b>Current liabilities</b>	<b>15,189</b>	<b>21,903</b>	<b>6,714</b>
Notes and accounts payable – trade (Including electronically recorded obligations - operating)	13,132	18,652	5,520
Accrued expenses	956	1,023	67
Income taxes payable	469	1,145	676
Other current liabilities	631	1,081	450
<b>Non-current liabilities</b>	<b>55</b>	<b>48</b>	<b>(7)</b>
<b>Total liabilities</b>	<b>15,245</b>	<b>21,951</b>	<b>6,706</b>
<b>Net assets</b>	<b>17,869</b>	<b>19,829</b>	<b>1,960</b>
<b>Total liabilities and Net assets</b>	<b>33,115</b>	<b>41,780</b>	<b>8,665</b>

### YoY change:

Current assets: up 8,764 million yen

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

Non-current assets: down 100 million yen

- Decline in property, plant, and equipment (due to depreciation)
- Increase in intangible assets
- Increase in investments and other assets

Current liabilities: up 6,714 million yen

- Increase in notes and accounts payable – trade due to increased purchasing
- Increase in income taxes payable

Non-current liabilities: down 7 million yen

Net assets: up 1,960 million yen



# Cash flows

**Cash increased due to increased operating cash flows resulting from higher profits.**

Unit: Million yen

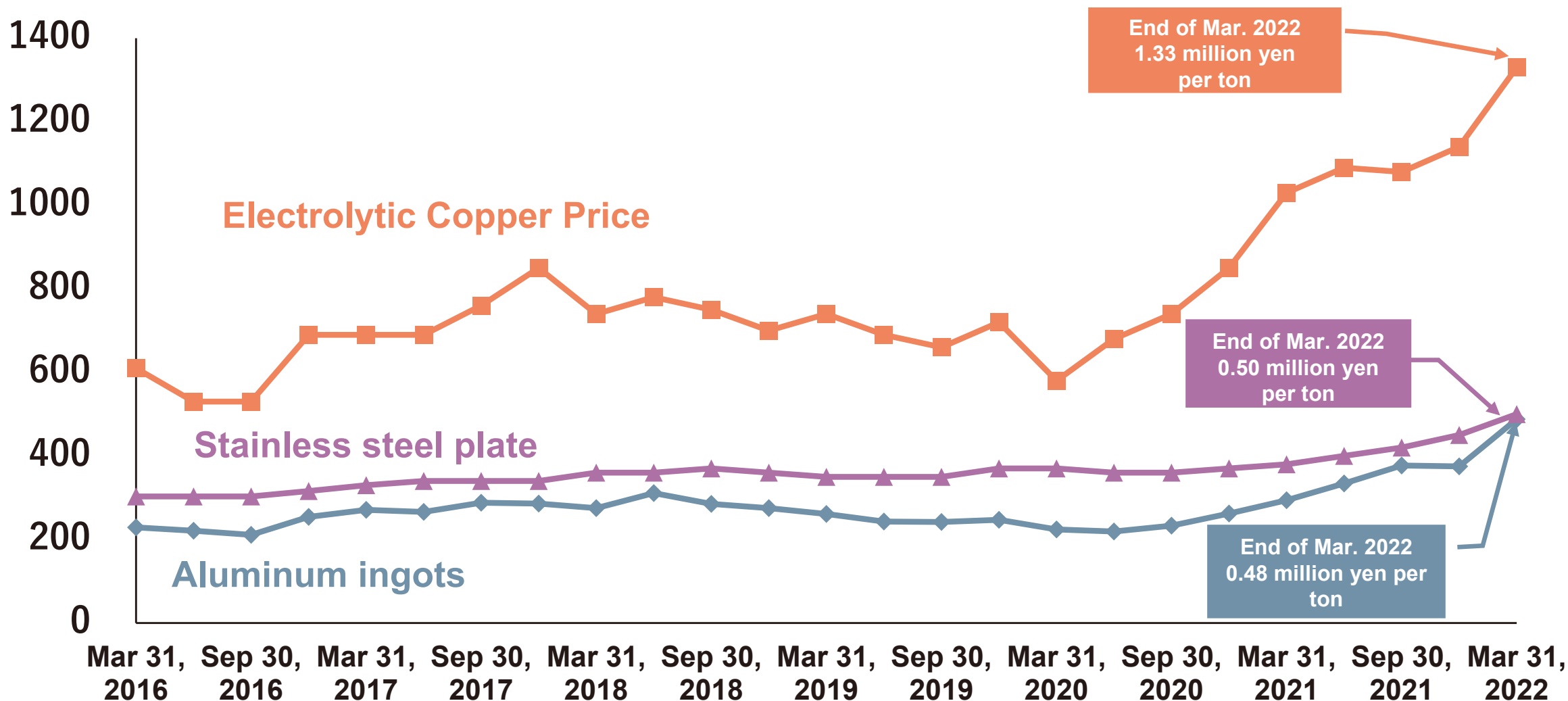
	FY03/21	FY03/22	Difference
<b>Cash flows from operating activities</b>	2,127	4,555	2,487
<b>Cash flows from investing activities</b>	(552)	(677)	(124)
<b>Cash flows from financing activities</b>	(657)	(1,201)	(544)
<b>Effect of exchange rate change on cash and cash equivalents</b>	38	73	35
<b>Cash and cash equivalents at end of period</b>	5,924	8,674	2,750

# Business Environment (1)

Raw Material Market Conditions for Aluminum, Copper and Stainless Steel

## Aluminum, copper, and stainless steel bullion prices remained high.

Unit: Thousand yen per ton

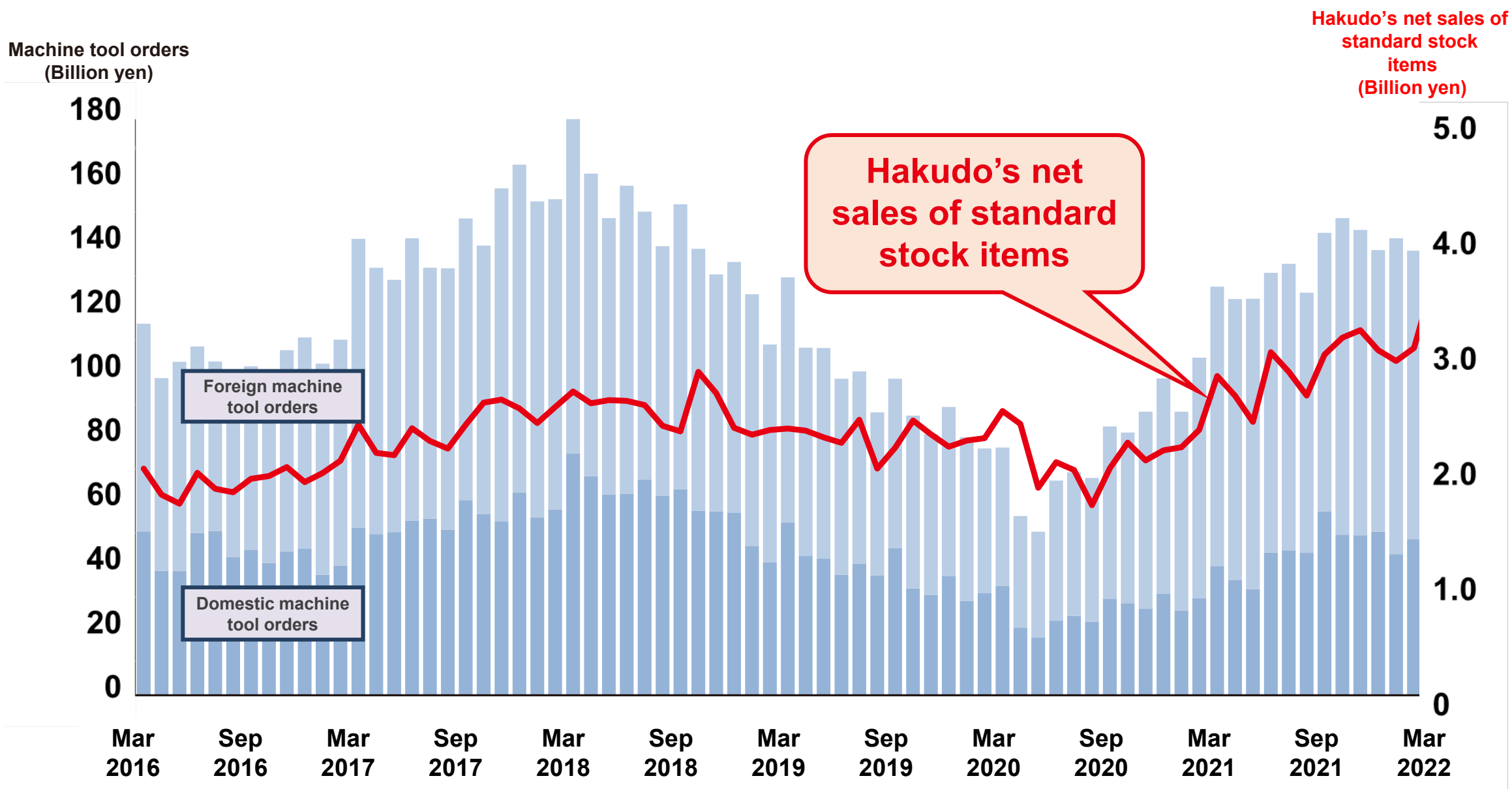


Stainless steel sheet: Japan Metal Daily median  
Aluminum ingots: Nikkei monthly average

# Business Environment (2)

Comparison of Machine Tool Orders and Standard Stock Net Sales

**We observed recovery mainly in foreign machine tool orders.**



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

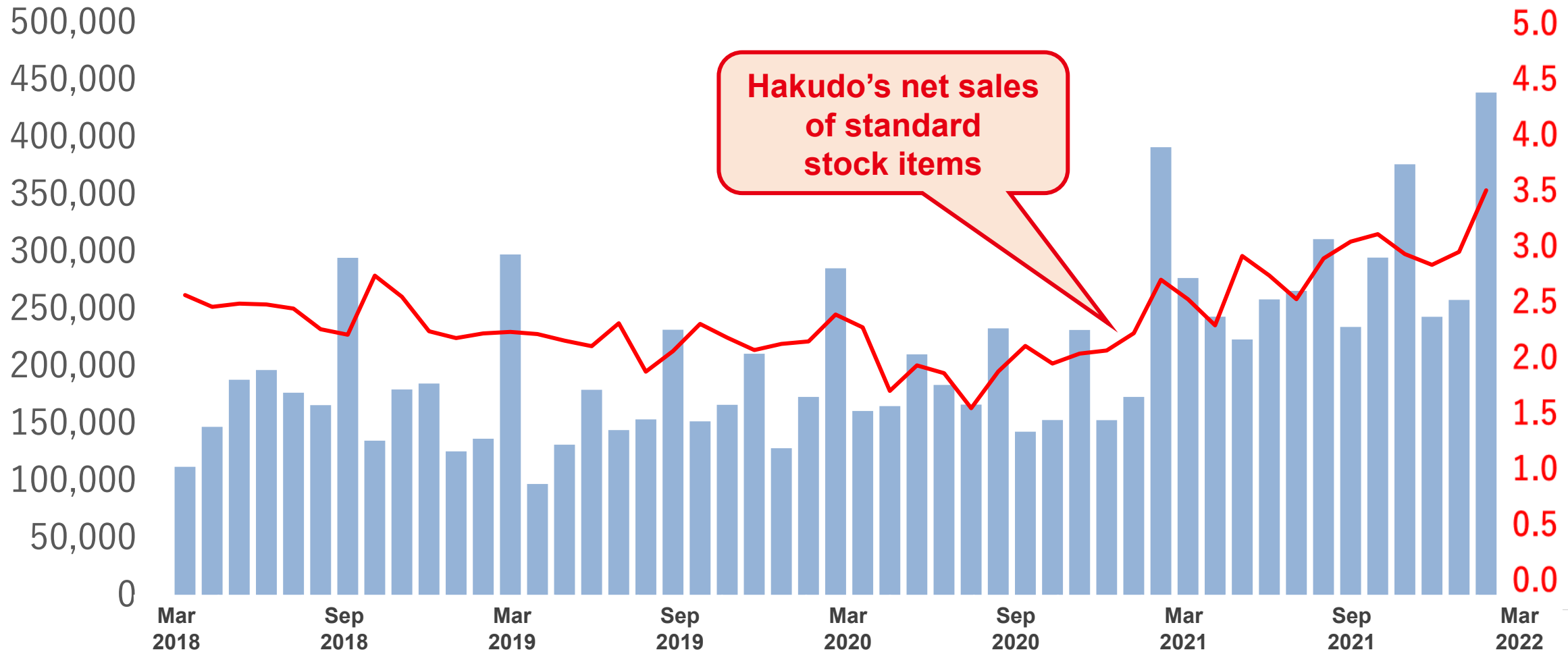
# Business Environment (3)

Comparison of Semiconductor Manufacturing Equipment Sales and Standard Stock Net Sales

**We project continued growth in demand associated with 5G-related and data center applications.**

Sales of production equipment made in Japan (Million yen)

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



Source: Semiconductor Equipment Association of Japan - statistical data

# FY03/23 Full-year Financial Forecasts

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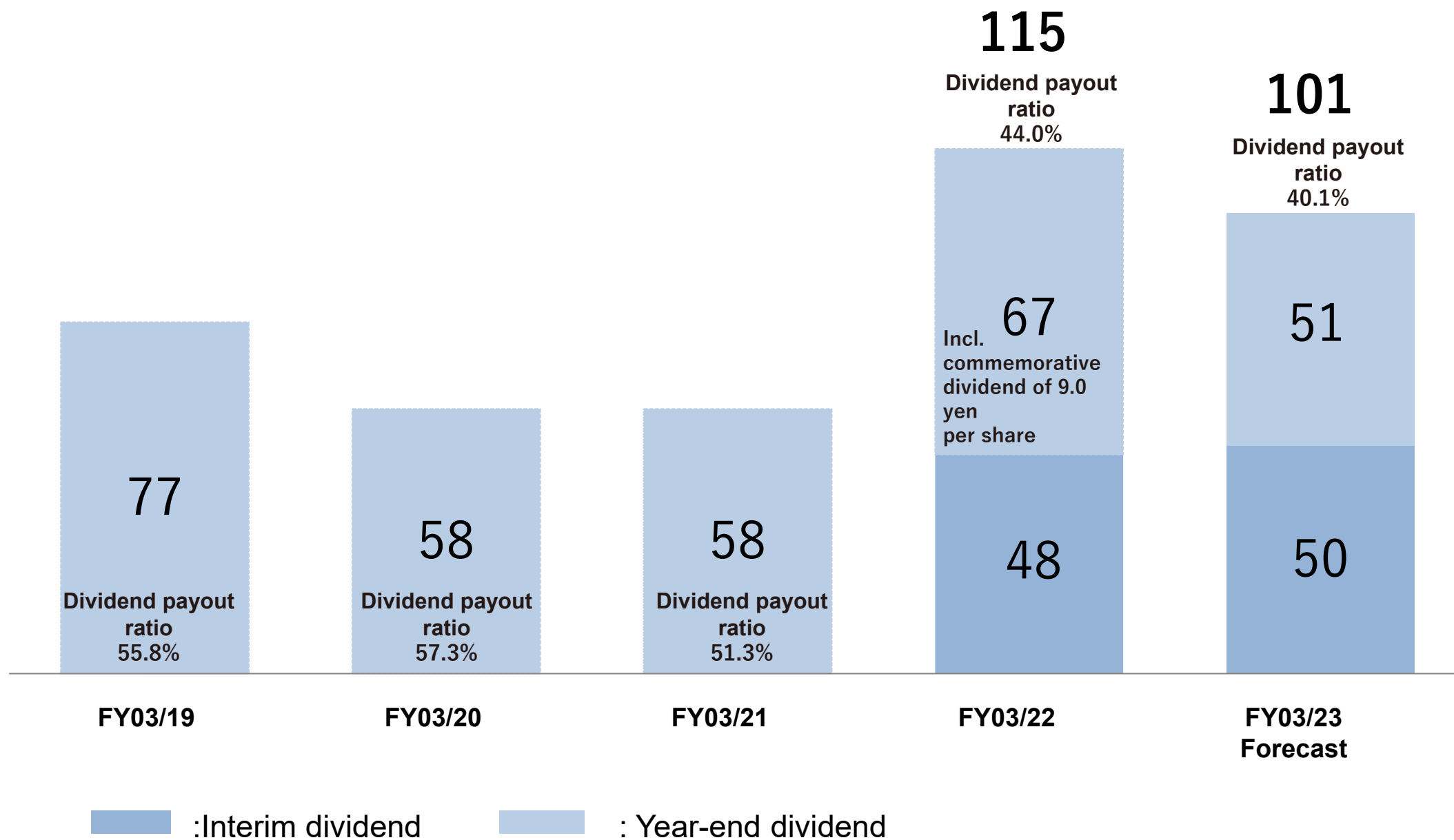
# FY03/23 Consolidated Full-year Financial Forecasts

**We expect increased operating profit (before inventory revaluation impact).**

(Million yen)	Q3 FY03/22	Ratio to sales	FY03/23 full-year forecast	Ratio to sales	Rate of change compared to FY03/22 (Difference)
Net sales	55,441	-	<b>62,100</b>	-	+12.0%
Operating profit (before inventory revaluation impact)	3,645	6.6%	<b>3,852</b>	6.2%	+5.7%
Inventory revaluation impact	+610	1.1%	<b>+118</b>	0.2%	(-492)
Operating profit (after inventory revaluation impact)	4,256	7.7%	<b>3,970</b>	6.4%	-6.7%
Ordinary profit	4,373	7.9%	<b>4,080</b>	6.6%	-6.7%
Profit attributable to owners of parent	2,964	5.3%	<b>2,860</b>	4.6%	-3.5%

**\*The Medium-term Management Plan (FY03/23 to FY03/25) is scheduled to be out on May 26, 2022.**

# Dividend Forecast - Dividend per Share



# Progress of Focused Strategies

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# Progress of Focused Strategies (1) -1

(1) Realization of exceptional quality, exceptional speed, exceptional service, and satisfactory prices

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

Capital investments:

Dramatically expanded facilities through FY03/18 to FY03/19; expanded automated processing and other facilities in FY03/22.

## Acquisition of non-current assets (consolidated)

Unit: Million yen

	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22
Property, plant and equipment	1,227	1,086	593	485	662
Intangible assets	83	213	111	105	226
Total acquisition cost	1,311	1,300	705	591	888

# Progress of Focused Strategies (1) -2

## (1) Realization of exceptional quality, exceptional speed, exceptional service, and satisfactory prices

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

- The number of item sizes has been greatly expanded, and approximately 32,700 item sizes are now available.
- We are dramatically increasing the handling of items not categorized as materials (e.g., tools and screws).
- We continue to aim for a 90% usage rate of the Hakudo Net Service for quotations.



About 5,400 items in our standard stock product inventory + about 27,300 items held in inventory by partner suppliers = total of about 32,700 items available for quotations and orders 24/7.



Users can check inventory statuses, delivery dates, order statuses, and invoice numbers (if using a courier service).

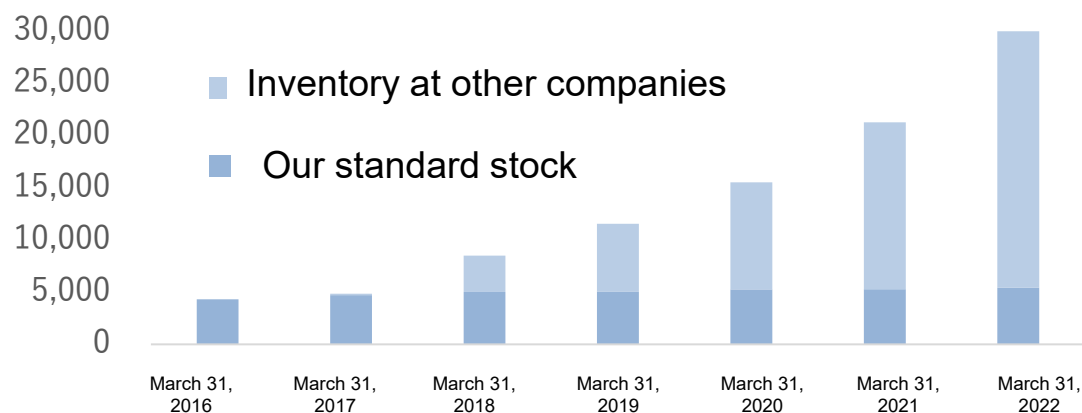


We can issue invoices, statements of delivery, and even Mill Test Certificates (inspection reports).

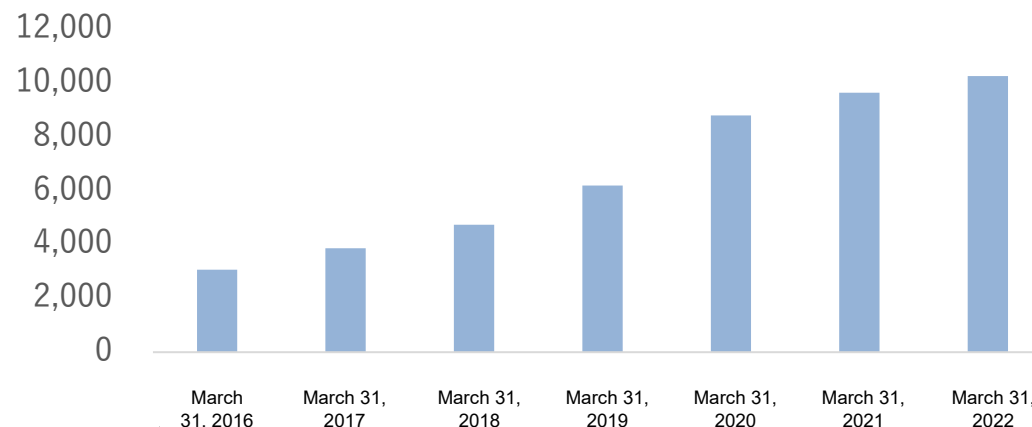


We have increased our handling of tools, subsidiary materials, and other items not categorized as materials, and about 13,000 items are now available.

Number of Items Available for Hakudo Net Service



Number of Companies Registered for Hakudo Net Service (Cumulative)



# Progress of Focused Strategies (2)

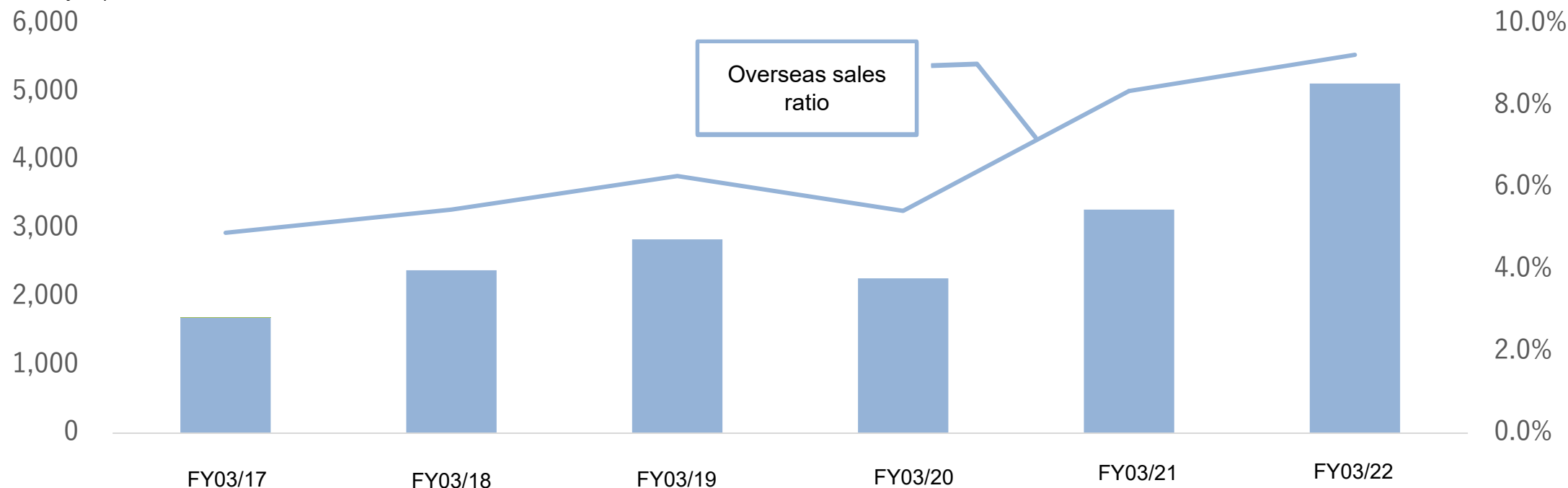
## (2) Expansion of overseas business

- ◆ Aim to increase net sales and profits of overseas subsidiaries, while raising the percentage of net sales comprised by overseas sales
- ◆ Currently constructing a system for collaboration with Oristar (a major non-ferrous metals trading company in Vietnam), in which we completed a minority investment in June 2020 (introduction of e-commerce, etc.)
- ◆ Establish a sales network for custom-made plates of nonferrous metals and stainless steel overseas
- ◆ Began strengthening ties with overseas distributors and considering entry into new countries (the US, South Korea, etc.); some negotiations currently underway
- ◆ Developing packaged software for sale through e-commerce as we aim to strengthen our overseas sales networks

Aim to raise the percentage of the Hakudo Group's net sales comprised by overseas business sales to more than 10%

### Overseas Net Sales and Sales Ratio

(Unit: Million yen)



\*Total amount of export net sales from Japan to companies other than overseas subsidiaries and net sales of overseas subsidiaries

# Progress of Focused Strategies (3)

## (3) Developing new businesses

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

- Strengthen sales of aluminum die-casting alloy "ADC12" molding services
- Capable of forming a wide range of metals, including aluminum, specialty steel, stainless steel, titanium, and nickel
- Total solution for 3D molding "3D+ONE"
- Strengthen inspection system by reinforcing inspection facilities
- Expand sales to the metal mold and automobile industries by aiming to generate synergy through 3D printers



Source: 3D Systems Corporation

### (3)-2 Aiming to become a convenience dealer of materials compliant with aerospace standards

- Currently expanding the product lineup for materials compliant with aerospace standards (more than 130 items at present)
- Installation of second waterjet cutting machine planned

**The industry's largest and most 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 through our Kanagawa Factory and Shiga Factory

**Support for imports from overseas**

By utilizing our extensive overseas network, we can quickly provide import-related support

# Progress of Focused Strategies (4)

## (4) Approaches to ESG/SDGs

### Basic Sustainability Policy
















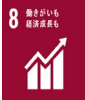





Based on the Management Philosophy put forward in its Corporate Philosophy, the Hakudo Group recognizes the importance of pursuing sustainable management that takes into account environmental, social, and governance (ESG) initiatives, sustainable development goals (SDG), and other initiatives. By engaging in business activities with an awareness of the following items, the Group enhances its corporate value while contributing to the realization of a sustainable society.

1. The Group deepens its understanding of sustainable management while taking into account ESG and SDGs, and works to contribute to the environment and society through its businesses.
2. The Group cares for the global environment and nature, and strives to prevent global warming and realize a recycling-oriented society.
3. The Group aims to promote the health of its employees, and supports initiatives such as training and employing diverse human resources, and promoting diverse work styles.
4. The Group strives to improve attributes such as health, efficiency, and transparency, and reduces various risks.
5. The Group endeavors to strengthen its relationships with the various stakeholders involved in its businesses.
6. The Group engages in initiatives that help to realize a society in which everyone can live with peace of mind.

# Progress of Focused Strategies (4)

## (4) Approaches to ESG/SDGs

We established an ESG/SDGs Management Committee with each subcommittee working on following material issues.

Material issues		Specific activities	Related SDGs
1.	<b>Reducing environmental impact and responding to climate change</b> Reduce environmental impact from business activities, and contribute to society through environment-friendly products	<ul style="list-style-type: none"> <li>● Reduce CO2 emissions</li> <li>● Conserve resources and minimize depletion</li> </ul>	     
2.	<b>Building responsible supply chains</b> Take responsibility for building sustainable supply chains	<ul style="list-style-type: none"> <li>● Strengthen environment-friendly products</li> <li>● Promote green procurement</li> <li>● Strengthen relationships with suppliers</li> <li>● Respect human rights</li> </ul>	  
3.	<b>Activities targeting society</b> Promote partnerships and strive to create new value and contribute to local society	<ul style="list-style-type: none"> <li>● Contribute to local society</li> <li>● Promote industry/academia collaborations</li> </ul>	  
4.	<b>Investing in human resources</b> Strive to be an organization where diverse individuals can work easily, and increase employee satisfaction	<ul style="list-style-type: none"> <li>● Increase employee satisfaction</li> <li>● Promote diversity</li> <li>● Build healthy, comfortable work environments</li> <li>● Enhance employee education</li> </ul>	    
5.	<b>Corporate governance</b> Ensure thorough compliance and risk management, and contribute to smooth business operations	<ul style="list-style-type: none"> <li>● Strengthen compliance</li> <li>● Strengthen information security</li> <li>● Ensure thorough risk/crisis management</li> </ul>	   

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# Thank you very much for your attention.

## ■Disclaimer

This document contains projections based on assumptions, outlooks, and plans regarding the future as of February 2022. Actual results may differ materially from those projected in forward-looking statements due to risks and uncertainties related to the global economy, competitive conditions, and other factors.

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