Note: This document has been translated from 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.

May 14, 2025

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Name of representative:	Koji Tsunoda, President
	(Securities code: 7637;
	Prime Market of the Tokyo
	Stock Exchange)
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Notice Concerning Formulation of Medium-Term Management Plan

We are pleased to announce that we have formulated a Medium-Term Management Plan covering the period from FY2025 to FY2027.

 Positioning of the Medium-Term Management Plan We position this as the STEP phase in the HOP, STEP, JUMP process toward realizing our desired vision for FY2031, which marks the 100th anniversary of our founding. In this Medium-Term Management Plan, we outline our key strategic initiatives to achieve our vision.

. Rey Financial Fian indexes and onarchorder Return farget				
	FY2024result	FY2025targets	FY2026targets	FY2027targets
Net sales	66.4billion	75.8billion	89.4 billion	104.1 billion
	yen	yen	yen	yen
Ordinary profit	3.2 billion	3.5 billion	4.7 billion	6 billion
	yen	yen	yen	yen
ROIC	8.7%	9.0%	11.8%	14.0%
Operating CF	1.7 billion	3.7 billion	3.9 billion	4.8 billion
	yen	yen	yen	yen
Overseas sales	15.4%	15.6%	16.0%	18.0%
ratio				
Annual dividend per	89yen	94yen	127yen	164yen
share				

2. Key Financial Plan Indexes and Shareholder Return Target

The above targets are based on information available as of the date of publication of this document and are subject to a considerable number of uncertainties. Accordingly, actual results may differ from these targets due to changes in business conditions and other factors.

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(Stock Code: 7637)

Medium-Term Management Plan FV2025 to FV2027 Moving forward \*beyond expectations

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FY2022 to FY2024

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Medium-Term Management Plan FY2025 to FY2027 Moving forward "beyond expectations" STEP

Positioning of the Medium-Term Management Plan

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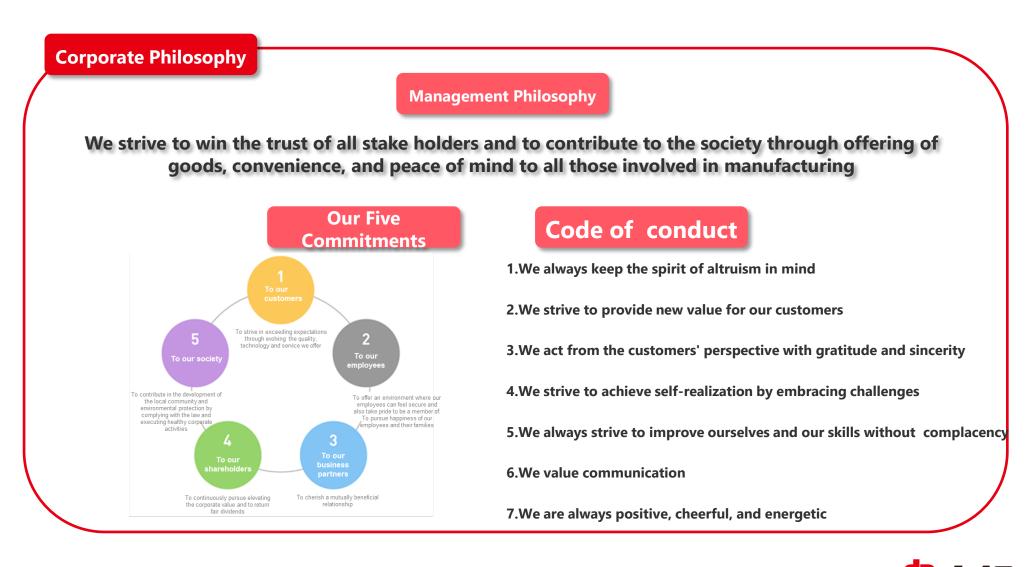
# **1** Preface to the new Medium-Term Management Plan







# 1. Our Corporate Philosophy



### 2. Review of Medium-Term Management Plan FY2022 to FY2024 "Main activities"

During the previous medium-term management plan period (FY2022-FY2024), we focused on improving the profitability of existing businesses and fostering new and overseas businesses, and implemented numerous initiatives such as improving the functionality of the Hakudo Net Service and expanding North America business through M&A transactions. We also carried out a wide range of initiatives with sustainability management in mind, including the installation of solar panels at our plants.

#### Main activity of Medium-Term Management Plan FY2022 to FY2024

Key business Strategies of Medium-Term Management Plan FY2022 to FY2024	Main activities · Achievement
Deepen core pillars	Expanded our product items including tools and subsidiary materials
Strengthen and expand the customer base and increase the profit margin	Added drawing function and material procurement assisting function
by enhancing the Hakudo Network Service Strengthen processing functions and supply capabilities ,including	• Transitioned to an open website platform to quote without the need to log in
development of our processing partners network	Installed laser and water-jet processing machines
Expand business fields	Acquired JIS Q 9100 (Aerospace)
Expand the growth fields & Strengthen sales and marketing activities	• Established our 100% subsidiary, Hakudo USA Inc. in California, U.S.A.
Expand our overseas business	Acquired 51% equity interest in "West Coast Aluminum & Stainless, LLC" in the U.S.
Strengthen business management foundation	Implemented EC software packages at our subsidiary in Thailand
	Renewed employee training program & Revised the HR evaluation system
Expand human resources, upgrade existing workforce skills ,& Improve employee engagement.	Set new dividend payout ratio & annual minimum dividend amount. Strengthened return to stockholders
Strengthen corporate governance	• Established "Business Administration Division" and strengthened governance structure.
Promote sustainability management	Installed solar panels at the Shiga Plant and the Fukushima Plant
	• Introduced EVs ( 60% of our company cars in Japan to be converted to EVs & HVs)
Enhance measures to address climate change	Installed the donation vending machines at our headquarter
Strengthen our commitment to social responsibility	Made some donations for the purpose of social contribution

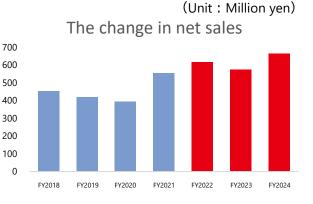
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2. Review of Medium-Term Management Plan FY2022 to FY2024 "Review of financial results"

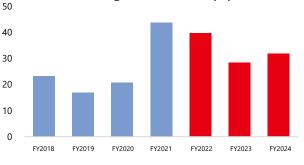
Both Net sales and ordinary profit increased YoY, but Net sales and ordinary profit in the midterm management plan for FY2024 did not reach our targets in the FY2024 Mid-Term Management Plan.

#### The change of Medium-Term Management Plan vs. FY2022 to FY2024

	2024 (FY03/25)				
	Target FY2022 to 2024	Result	Vs.FY2022 to FY2024		
Net sales	71.8 billion yen	66.4 billion yen			
Ordinary profit	<b>5.4</b> billion yen	<b>3.2</b> billion yen	riangle2.1 billion yen		
Overseas sales ratio 12.1 %		<b>15.4</b> %	+ <b>3.3</b> Pt		
ROIC	14.9 %	8.7 %	riangle6.2 Pt		
Cash flows from operating activities	<b>4.7</b> billion yen	<b>1.7</b> billion yen	riangle3 billion yen		
dividend payout ratio	40 %	<b>45</b> %	+5 Pt		
stock prices	-	<b>2,211</b> yen	-		
Market Capitalization	-	25 billion yen	-		
dividend	-	85 yen/share	-		



The change in ordinary profit



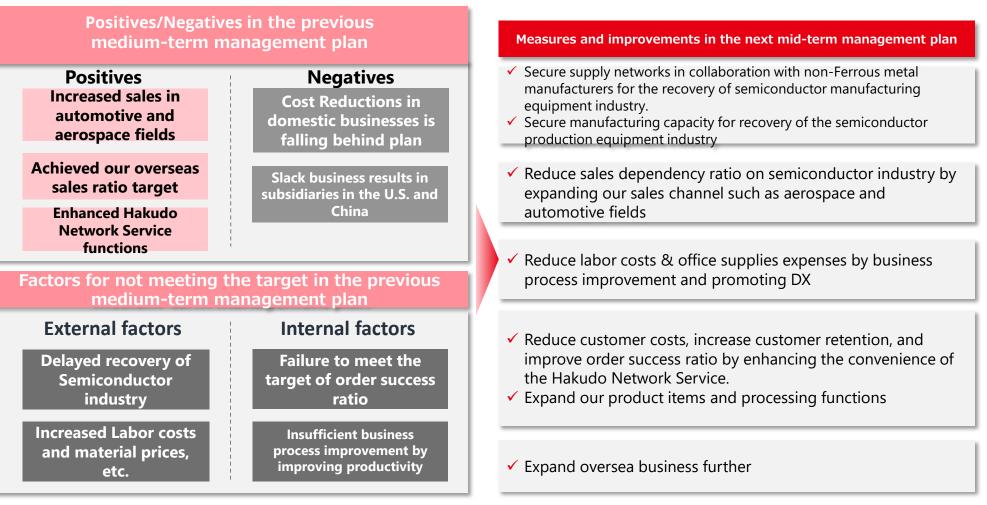
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**3.** Review of Medium-Term Management Plan FY2022 to FY2024

"Factors of Differences between Planned and Actual Profits and Issues for New Medium-Term Management Plan"

We analyze that the main reasons for not achieving our financial targets are over-dependence on the semiconductor production equipment industry and delayed industry's recovery. We conclude that we need to expand our business fields and strengthen the business base, which is not affected by external environment.



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2 Medium-Term Management Plan FY2025 to FY2027 Moving forward "beyond expectations" STEP



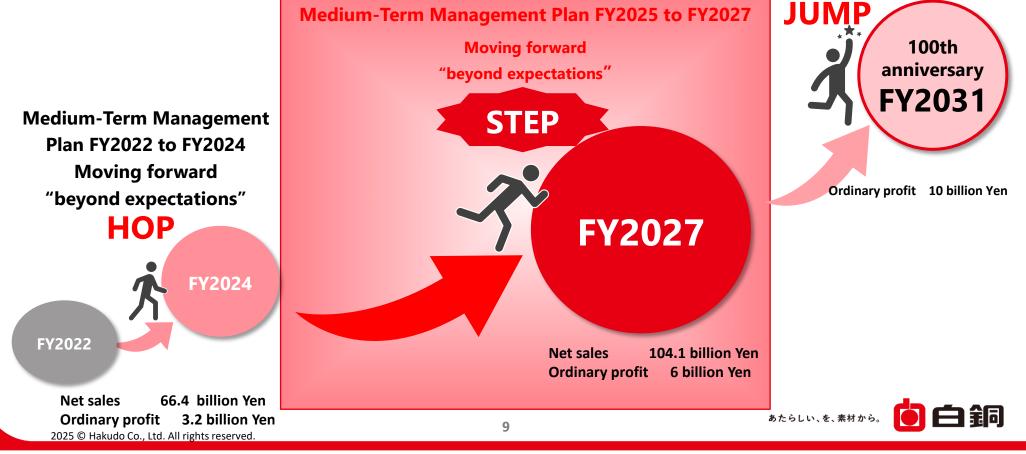
# Positioning of the Medium-Term Management Plan

We created the Medium-Term Management Plan by back-casting from a vision for FY2031, our 100th year anniversary. This Medium-Term Management plan is positioned as STEP in 3 phase (HOP,STEP and JUMP)

#### **Strategic Direction**

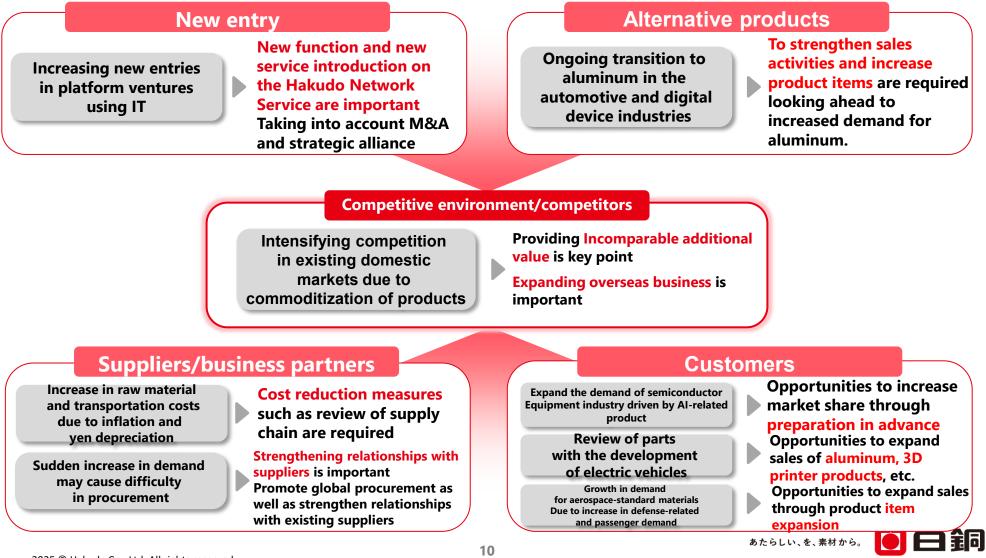
To improve our business performance by pursuing greater customer satisfaction and deliver greater returns to our stakeholders, and strive for continuous corporate growth based on this positive cycle

• To expand overseas business further and strengthen our global competitiveness by developing our E-commerce business



# 1. Expected external environment "Analysis of External environment~"

# We aim for further growth by adapting to accelerating change of external environment



# 2. Our Business Model~Segment of sales~

Hakudo is a trading company specializing in nonferrous metals, steel, and plastic materials. Aluminum accounts for the highest percentage of sales, and the semiconductor and FPD manufacturing equipment industry accounts for approximately 40% of sales.

#### **Standard stock items**

A wide range of industrial materials the company stock mainly aluminum, copper alloy, stainless steel, are cut and processed based on customer's needs for delivery in the shortest possible time, with next-day delivery.

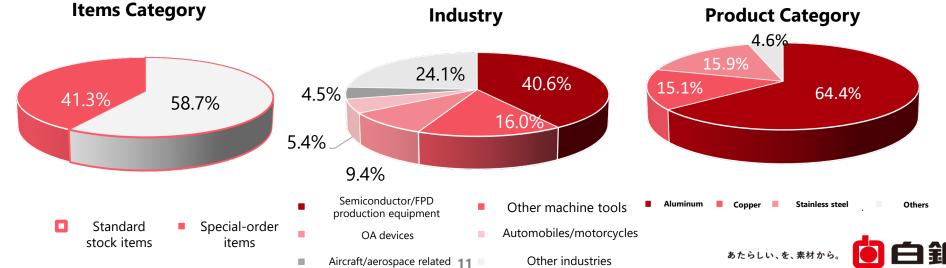


#### Sales Ratio by Segment (FY03/25 results)

#### **Special-order items**

This business ties up with material manufacturers and parts processing manufacturers to deliver custom-made materials and processed parts. Other companies' stock items such as subsidiary materials (screws, gloves) are also categorized as custom-made products.

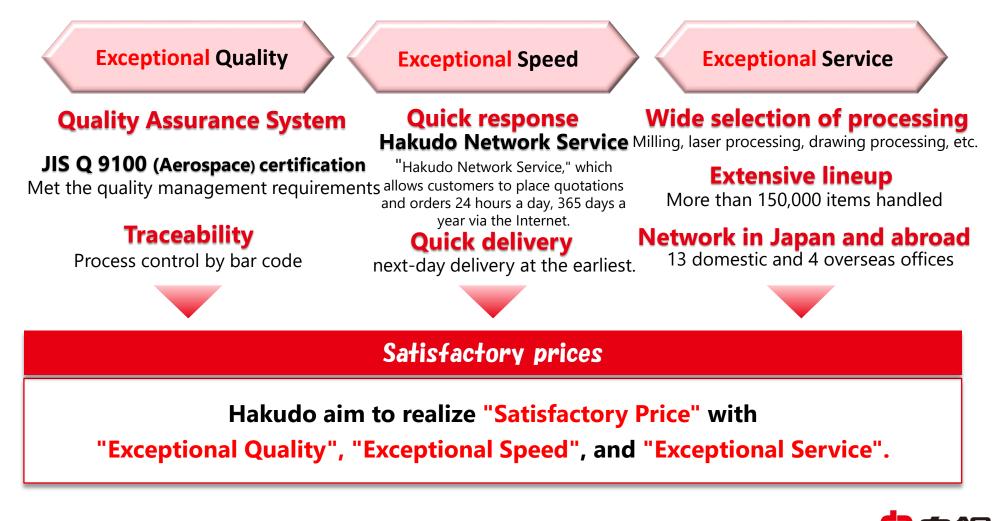




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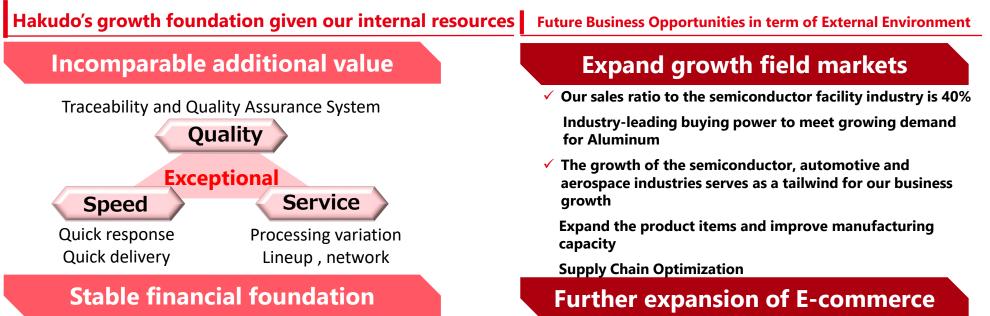
# 2. Our Business Model $\sim$ Three Exceptional $\sim$

We aim to realize "Satisfactory Price" with "Exceptional Quality", "Exceptional Speed", and "Exceptional Service"



#### 3. Our growth potentials given our internal resources and external environment

Additional value creation for our customers through "Exceptional " quality, speed, and service and environmental changes in the semiconductor market and the EC market will provide opportunities to improve our business performance.



 High profit margins above peer industry average by Implementation of our exceptional

business model

 Further investment for growth backed by stable financial base while debt-free capital policy will be maintained

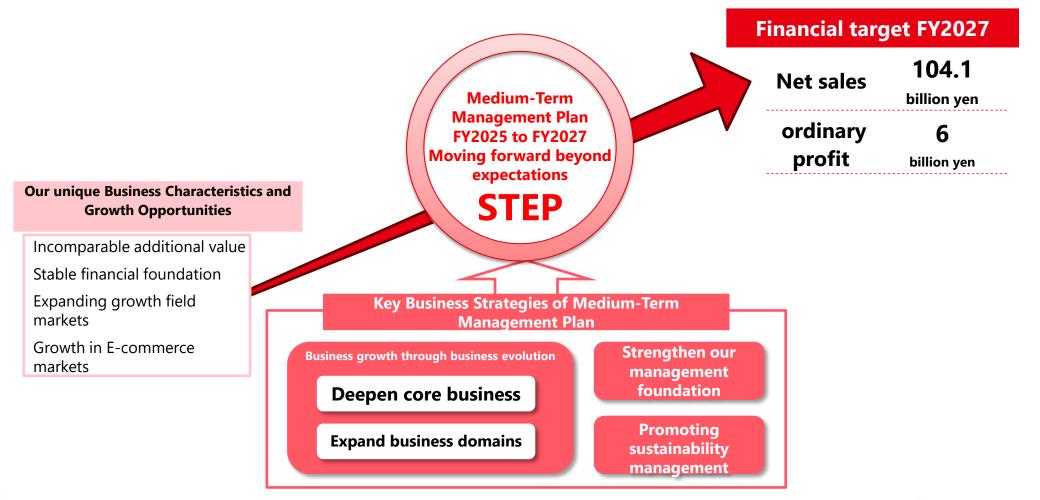
#### Customer demand for e-commerce services in our industry is also growing.

User friendly Hakudo Network Service is a further growth weapon of the company



# 4. Overview of Medium-Term Management Plan

We have set key strategic measures in this medium-term management plan in light of anticipated changes in the external environment and our strengths and growth opportunities. We aim to achieve net sales of 104.1 billion yen and ordinary profit of 6 billion yen in FY2027.



### 5. Key financial metrics · Target for shareholder returns

We aim for growth in net sales and ordinary profit as management key targets and also for higher ROIC and operating CF as key financial metrics, and for higher returns to shareholders

		FY2024 Results	FY2025 Targets	FY2026 Targets	FY2027 Targets
	Net sales	66.4 billion yen	75.8 billion yen	<b>89.4</b> billion yen	104.1 billion yen
Ordinary profit	<b>3.2</b> billion yen	<b>3.5</b> billion yen	<b>4.7</b> billion yen	<b>6.0</b> billion yen	
Key financial	ROIC	8.7 %	9.0 %	11.8 %	14.0 %
indexesCash flows from operating activitiesOverseas sales ratio	1.7 billion yen	<b>3.7</b> billion yen	<b>3.9</b> billion yen	<b>4.8</b> billion yen	
	15.4 %	<b>15.6</b> %	<b>16.0</b> %	<b>18.0</b> %	
Targeted level for returns to shareholders dividend	45 %	<b>45</b> %	<b>45</b> %	<b>45</b> %	
	<b>89</b> yen	<b>94</b> yen	<b>127</b> yen	<b>164</b> yen	
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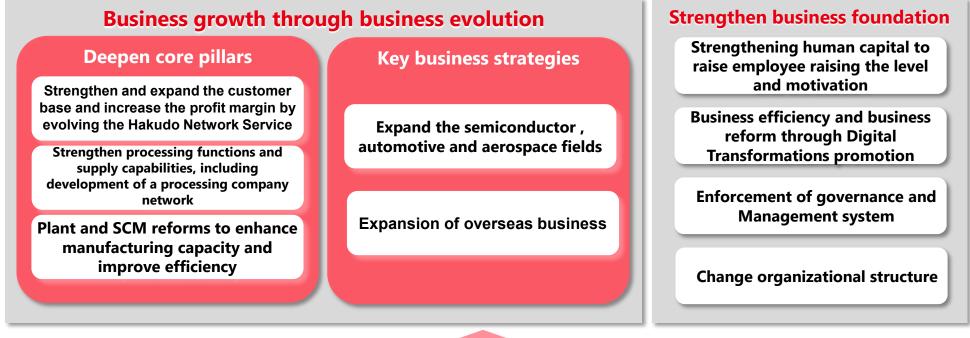
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# 3 Medium-Term management plan on Key Business Strategies



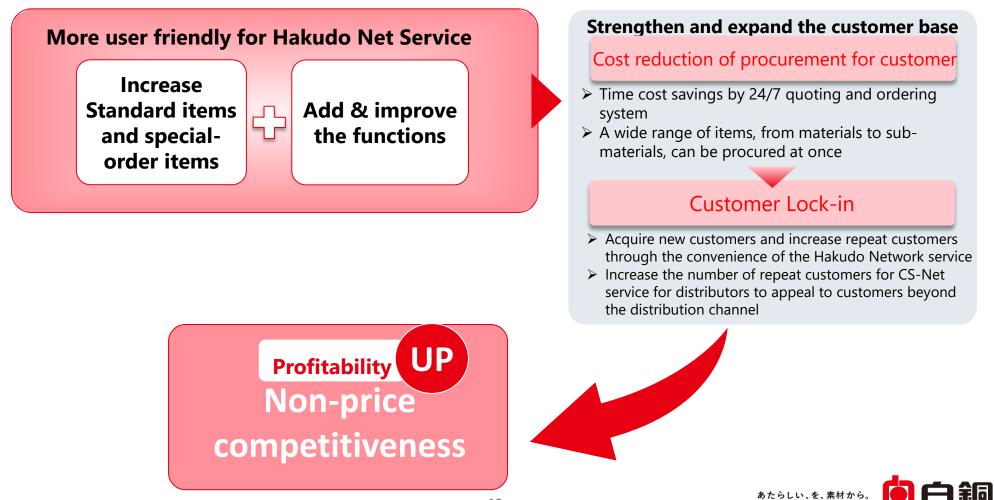
# 1. Key Business Strategies

The company aims to become a company with sustainable growth by strengthening the management base, mainly through Digital Transformations and organizational reinforcement and deepen core pillars expand the business field based on increase the customer satisfaction



Promoting sustainability management 2. Strengthen and expand the customer base and increase the profit margin by enhancing added value of the Hakudo Network Service

We aim to make Hakudo Network Service more user friendly by increasing the items, adding the new functions, improving current functions and realizing one-stop service



We will expand supply capacity by expanding in-house processing facilities and strengthening alliances with processing companies. Aggressively expanding product lineups is also aimed for increasing sales.

#### **Expand processing functions**

Enhance parts machining services and increase in-house machining facilities

Automation of quotation for machined products based on CAD data

Strengthen virtual supply capacity

Strengthen alliances with processing companies and expand cooperative plants

#### **Expand items**

- Increase the item of subsidiary materials
- Find more suppliers for materials such as titanium and Inconel other than aluminum

#### Improve service level

- Increase user friendliness of Hakudo Network Service to improved order success rate through careful customer follow-up activities
- Further deepen areas of expertise through organizational restructuring and personnel reinforcement
- Actively utilize new marketing media and strengthen external communications, including B-to-C.









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4. Reform our factories and SCM to enhance manufacturing capacity and improve efficiency

# We aim to become "the best factory in the industry" by upgrading our supply chain from procurement to delivery, and by improving production efficiency through the promotion of automation and the use of IoT.

New implementation schedule

Hakudo's plants , Supply Chain Reform

Standard stock items	Implementation period	Purchase	Stock	Order	Process	Delivery
<u>Strengthen</u> procurement <u>functions</u>	Ongoing	<ul> <li>Optimize product placem</li> </ul>		elivery rates with some manu ervice's database of suppliers		
Plant transfer and new start-up	FY2025 new Saitama plant scheduled to start up	:		unching new plants (Fukuoka g efficiency by transferring ir		
development and installation	Fiscal year 2025 plans to introduce automated equipment to be continued after 2025	:		duction of cost-effective ling an automated wareho	process automation equipr puse for some products	nent under consideration
Reorganization and functional assignment of the manufacturing management division	Ongoing				and maintain SQDC	anagement functions plant's organizational infrastructure
<u>Continuous review of</u> <u>logistics delivery</u> network	Ongoing					Addressing the 2024 Issue, review of logistics network
<u>Reduction of</u> <u>electricity</u> consumption	March 2026 solar panels to be installed at Saga Plant	•		ed electricity by installing so wer, which accounts for abou	lar panels t 1/3 to 1/4 of total power cor	isumption
Expansion of manufacturing Management and strengthen front-line human resources	Ongoing		ic human resources sources for planning and m ensive and systematic educa			
Special-order items	Ongoing	• Expand the items deal v	with			
	1			I	あたらしい、を、雪	素材から。 🦲 🖨 第同

## 5. Expand the semiconductor , automotive and aerospace business fields

The Company aims to expand the business performance of semiconductor, automotive and aerospace industries in which political and external environmental factors give major impacts on us by capturing market trends in a timely manner and strengthening cooperation with suppliers



# Semiconductor field





#### aerospace fields

#### Sales expansion measures in each field

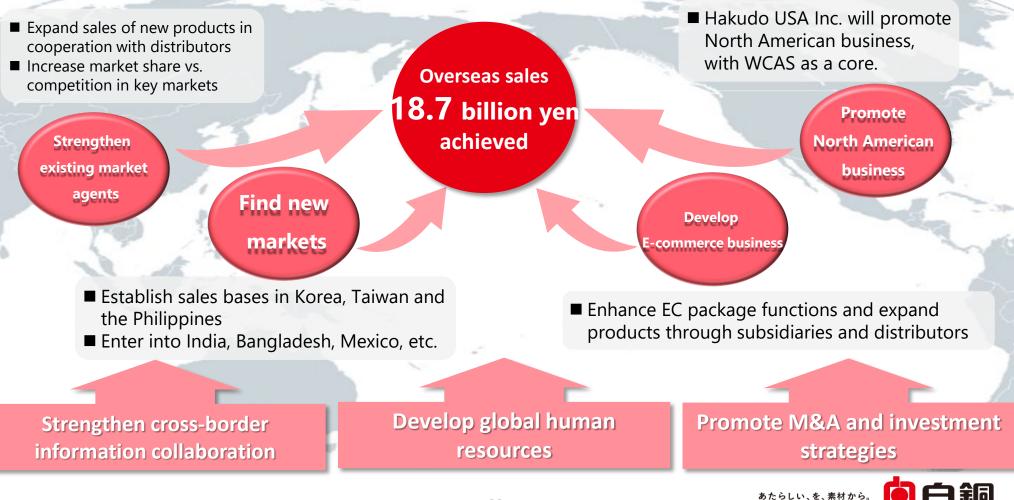
- Capturing semiconductor market conditions, future trends and demand outlook in a timely manner
- Further deepening relationships with device manufacturers
- Securing multiple suppliers for stable procurement based on country risk and other factors
- Making a progress monitoring by customer and sales performance
- Capturing EV market trends and supportive policy supports by governments
- Surveying market needs for thin sheet, coil material (slit material), and laser cutting
- Strengthening sales activities by utilizing 3D printers
- Implementing continuous PR activities including participation in industry exhibitions and advertisements in industry newspapers
- Creating industry maps for private and public sector demand, and promptly responding to changes in economic conditions
- Cultivating overseas suppliers for materials other than aluminum, such as titanium, Inconel, and Hastelloy
- Strengthening sales activities for new products based on customer needs
- Implementing continuous PR activities including participation in industry exhibitions and advertisements in industry newspapers



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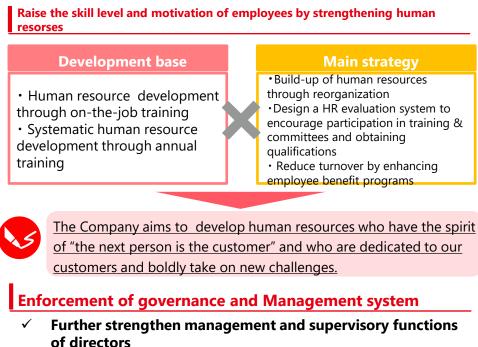
# 6. Expand overseas business

We established Overseas sales division to ensure that sales to overseas customers will reach 18.7 billion yen by FY2027, and to speed up information sharing and decision making. We also aim to increase added value and profit margins by developing E-commerce sites and cutting and processing business.



# 7. Strengthen management foundation

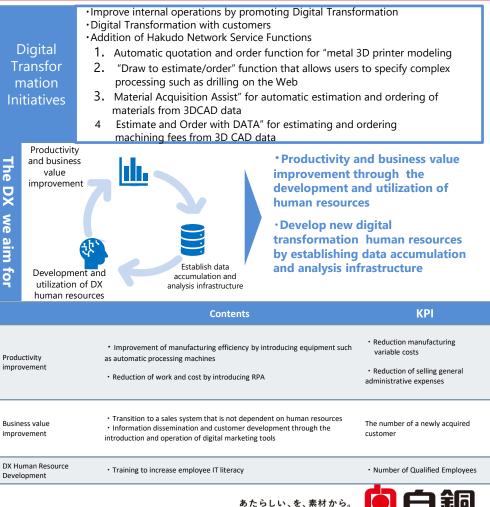
We will work on strengthening human capital, governance structure, DX promotion as a management foundation to support the evolution of our business.



- ✓ Establish system to fulfill the Corporate Governance Code
- ✓ Conduct human rights due diligence

Establish a foundation for stable corporate growth while enhancing stakeholder confidence by strengthening enforcement of governance and Management system

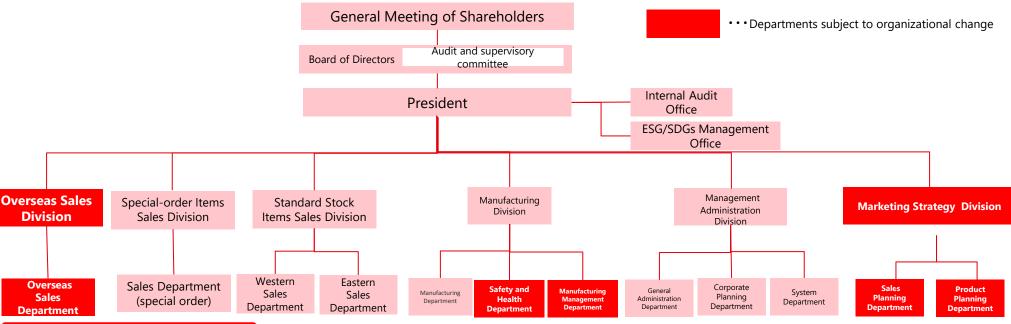
#### Business Efficiency and Business Reform through DX Promotion



# 7. Strengthen business foundation "Organizational structure changes"

Starting from April 2025, the organizational structure has been changed to clarify organizational goals and strengthen the management system.

New Organizational Structure



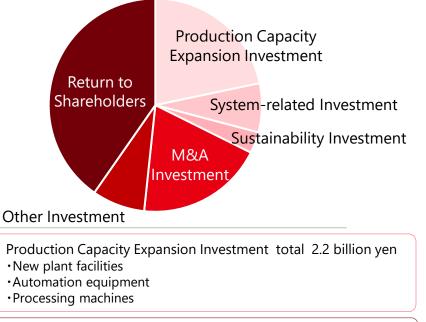
#### The point of new organization

- ① Established Overseas Sales Division to strengthen management of overseas subsidiaries and to further expand overseas business
- 2 Established Safety and Health Department and Manufacturing Management Department to further enhance safety, control and quality in the Manufacturing Division
- ③ Reorganized Sales Planning Office into Marketing Strategy Division to make it clearer that it is the department responsible for overall marketing activities and to speed up business promotion and strengthen the organizational structure.

# 8. Capital Management Policy

The company strives to continually increase corporate value and maximize shareholder value appropriately allocating funds acquired during the period of the mid-term management plan to business investments and shareholder returns

**Cash Allocation** 



System-related Investment total 0.7 billion yen

·Hakudo Network Service

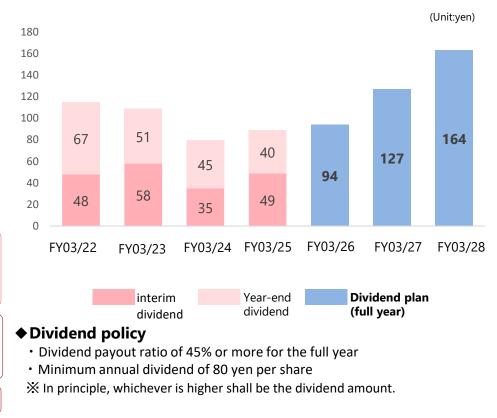
Investment Plan

•Overseas E-commerce

#### M&A Investment total 2 billion yen

Sustainability Investment total 0.3 billion yen • Solar panel installation

**Return to Shareholders Strategies** 



# 9. Promoting sustainability management "FY03/27KPI"

By undertaking the following material issues under the Basic Sustainability Policy, we will continue contributing to society and also strive to continually increase corporate value

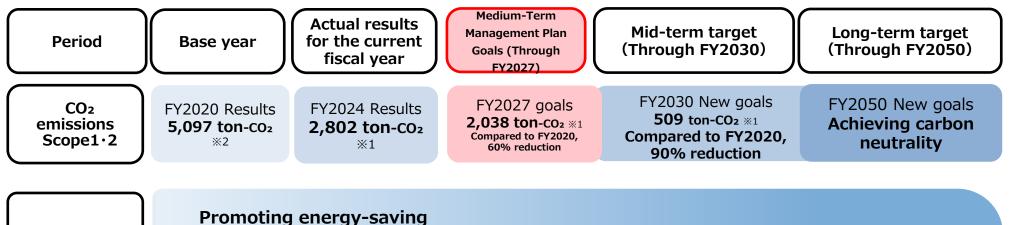
Material issues	Initiatives	FY03/27 KPIs
1. Reduce environmental	Reduction of in-house CO2 emissions	<ul> <li>60% reduction by FY2027 (compared to FY2020)</li> <li>90% reduction by FY2030 (compared to FY2020)</li> <li>Achieve carbon neutrality by FY2050</li> </ul>
impact and respond to climate change	Improve manufacturing efficiency	Continuing to contribute to society by conserving and reducing the depletion of natural resources and curbing environmental pollution through more efficient deliveries, less industrial waste, and lower scrap rates
	Promote paperless offices	Reduce costs by eliminating resource waste and promoting recycling, preserve forests and contribute to the protection of the natural environment.
	Strengthen environment-friendly products	Contribute to society through the stable supply of products with low environmental impact (ECO products, etc.), and management that considers environmental impacts.
	Promote green procurement	Contribute to society by ensuring that suppliers comply with the Hakudo Green Procurement Guidelines
2. Build responsible supply chains	Strengthen relationships with suppliers	Contribute to society by cooperating with suppliers and implementing CO <sub>2</sub> reduction measures, and promoting CO <sub>2</sub> reductions throughout the supply chain.
	Respect human rights	Contribute to society by working with supply chain partners to promote human rights awareness in management.
3. Activities targeting society	Contribute to future generations	Contribute to the development of next-generation technologies and the strengthening of human resources by supporting advancement of manufacturing culture and human resource development in Japan.
	Contribute to society	Contribute to a sustainable society, instilling a sense of pride in employees and earning the trust of society.
	Increase employee satisfaction	Increase employee satisfaction to enhance employee motivation to be productive and responsive to customers, enhance our impact on society (social contributions) and positively impact company performance
	Promote diversity	Increase organizational productivity and competitiveness by hiring and utilizing diverse human resources.
	Management of healthy good work environment	Promote the health both mentally and physically of employees, and improve adequacy living as a member of society
	Enhance employee education	Provide knowledge and skills necessary for business operations, and opportunities to acquire knowledge and skills.

# 9. Promoting sustainability management $\sim$ FY03/27 KPIs $\sim$

By undertaking the following material issues under the Basic Sustainability Policy, we will continue contributing to society and also strive to continually increase corporate value

Material issues	Initiatives	FY03/27 KPIs
	Zero violations	Conduct education aiming for zero tolerance
5. Corporate governance	Confirm policy compliance status	<ul> <li>Ensure compliance with each policy</li> <li>*Current policies and basic principles are as follows:</li> <li>Hakudo Group Human Right Policy</li> <li>Privacy Policy</li> <li>Basic Policy on Corporate Governance</li> <li>Basic Policy on Sustainability</li> <li>Basic Policy on Disclosure</li> <li>Internal Workplace Environment Improvement Policy</li> <li>Education and Human Resource Development Policy</li> </ul>
	Enhance responses to business risks and disasters	Conduct thorough assessment of business risks and review BCP. Also, create a system ensuring employee safety and the smooth resumption of operations when disaster occurs, through implementation of drills and response measures.
6. Internal         dissemination         activities of the         ESG/SDGs         Management         Committee		Enhance the company-wide consciousness towards ESG/SDGs management by conducting educational activities and events related to ESG/SDGs.
7. Develop new products and services related to ESG/SDGs	Make products and services concrete	Develop new products and services

# 9. Promoting sustainability management "TCFD Strategy Transition Plan "



- Reduction of standby power for factory equipment
- Conversion of plant building lighting to LED

Key implementation measures

#### Promote the use of renewable energy

- ·Installation of solar panels at plants
- ·Conversion of company vehicles to EVs or HVs
- ·Use of FIT non-fossil certificates or carbon credits

Foster internal awareness through the introduction of internal carbon pricing Further promotion of renewable energy use Active use of new technologies

%1. Figures for the six Hakudo group companies are shown.

\*2. Figures for the four Hakudo group companies (excluding HAKUDO USA Inc and West Coast Aluminum & Stainless, LLC) are shown.

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Hakudo Official Social Media Accounts We have created official accounts on LINE and Facebook to regularly disseminate product introductions, exhibition announcements and other useful information. Please use the QR codes to follow Hakudo online!

#### Disclaimer

This document contains projections based on assumptions, outlooks, and plans regarding the future as of May 2025. Actual results may differ materially from those projected in forward-looking statements due to risks and uncertainties related to the global economy, competitive conditions, and other factors.

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