

For the Fiscal Year Ended March 31, 2021

Annual Select[®] 2021

Hakuto Co., Ltd.

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(Securities Code: 7433)

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Corporate Profile

Since our establishment in 1953, Hakuto has been engaged in various businesses on the global stage, providing advanced products and solutions under our dual business approach as an electronics trading company and chemical manufacturer.

In our electronics business, the Hakuto Group has earned high praise as an electronics trading company supporting global manufacturing with our procurement and technical capabilities. Even as electronic products undergo rapid evolution, we accurately ascertain customer needs, procuring and supplying high value-added products from all over the world to contribute to cutting-edge product development as a partner that connects customers and suppliers.

In the chemicals business, we endeavor to develop and manufacture high-quality industrial chemicals in the aim of combining improved productivity with environmental conservation in industries such as oil refining and petrochemical, paper and pulp, and automotive. We also strive to create new value by such means as utilizing microbial polysaccharides to promote the development and manufacture of cosmetic products.

The future to which we aspire through our business activities is the coexistence between humans, technology, and the natural environment. We believe that advanced technology will bring vitality and prosperity to people's lives and the planet, so we are pushing forward to achieve an affluent society.



I. Summary of Selected Financial Data (Consolidated)

	65 th term Fiscal year ended March 31, 2017	66 th term Fiscal year ended March 31, 2018	67 th term Fiscal year ended March 31, 2019	68 th term Fiscal year ended March 31, 2020	69 th term Fiscal year ended March 31, 2021
Net sales (Millions of yen)	127,599	138,744	140,123	153,182	165,413
Ordinary profit (Millions of yen)	1,989	3,772	3,580	2,139	3,603
Profit attributable to owners of parent (Millions of yen)	1,903	3,287	2,473	1,439	3,064
Comprehensive income (Millions of yen)	2,781	3,142	2,430	609	4,897
Net assets (Millions of yen)	52,748	53,583	54,635	54,011	58,018
Total assets (Millions of yen)	78,261	84,796	87,826	112,135	116,422
Book value per share (BPS) (Yen)	2,413.21	2,568.01	2,658.10	2,627.76	2,817.95
Earnings per share (EPS) (Yen)	87.22	156.22	118.63	70.04	148.91
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	67.4	63.2	62.2	48.2	49.8
Return on equity (ROE) (%)	3.7	6.2	4.6	2.7	5.5
Price earnings ratio (PER) (Times)	11.8	10.0	9.9	13.8	8.6
Net cash provided by (used in) operating activities (Millions of yen)	2,571	(450)	(1,198)	(16,288)	7,418
Net cash provided by (used in) investing activities (Millions of yen)	(1,209)	212	(152)	(16)	601
Net cash provided by (used in) financing activities (Millions of yen)	(1,947)	1,771	(699)	23,547	(5,280)
Cash and cash equivalents at end of period (Millions of yen)	7,748	9,245	7,608	14,736	17,867
Number of employees (Persons)	1,294	1,279	1,243	1,257	1,238

- Notes:
- Diluted earnings per share is not presented because there were no potential shares.
 - In the 65th, and 66th terms, shares of the Company held by the ESOP Trust have been treated as treasury shares when calculating BPS, so these are included in treasury shares excluded from the number of shares outstanding as of the end of the fiscal year.
 - In the 65th, 66th, and 67th terms, shares of the Company held by the ESOP Trust have been treated as treasury shares when calculating EPS, so these are excluded from the average number of outstanding shares during the fiscal year.
 - Net sales do not include consumption taxes.
 - In the past, the spot exchange rate on the settlement date was used to translate the revenue and expenses of overseas subsidiaries into Japanese yen. However, starting with the 67th term, the method has been changed to one in which amounts are translated into Japanese yen based on the average exchange rate for the relevant period. As such, the figures for the 66th term have been retroactively adjusted to reflect the change in accounting policies. The cumulative impact for the 65th term has been reflected in the amount of net assets at the beginning of the 66th term.
 - “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied starting at the beginning of the 67th term. Figures for the 66th term have been retroactively adjusted to reflect the change in presentation.

II. Comments from the President



We will utilize changes in the environment as opportunities and endeavor to meet the expectations of shareholders by firming up the base for the next stage of growth.

Ryoji Abe
President

■ Summary of Fiscal Year Ended March 31, 2021

During the fiscal year under review, while demand grew for electronic components, primarily semiconductors, etc., supply and demand was constrained as the global semiconductor shortage grew more severe. In the electronic components business, 5G and vehicle-related components performed well. In the electronic and electric equipment business, vacuum devices and PCB manufacturing equipment performed well. As a result, Group revenue grew year on year. On the other hand, in the industrial chemicals business, merchandise and finished goods sales for the oil refining and petrochemical segment, as well as the paper and pulp segment, decreased, leading to lower year-on-year revenue.

As a result, consolidated net sales for the fiscal year under review amounted to ¥165,413 million, an 8.0% year-on-year increase. Regarding profit and loss, consolidated gross profit increased 6.8% to ¥18,661 million, and consolidated selling, general and administrative expenses decreased 1.3% to ¥14,855 million. As a result, consolidated operating profit increased 57.6% to ¥3,806 million; consolidated ordinary profit increased 68.4% to ¥3,603 million; and profit attributable to owners of parent increased 112.9% to ¥3,064 million.

■ Outlook and Initiatives for Fiscal Year Ending March 31, 2022

In the electronic components business, the Group will strengthen sales in the remote-related equipment segment while we expand in various other segments, including automotive, industrial equipment, and consumer use equipment.

In the electronic and electric equipment business, the Group will focus on obtaining orders for vacuum devices and exposure apparatus, etc.

In the industrial chemicals business, the Group will continue to strengthen sales of polymerization inhibitors in the overseas market and expand sales of cosmetic bases.

In consideration of the above, the Group forecasts consolidated results of operations for the fiscal year ending March 31, 2022 as follows: net sales to increase 1.0% year on year to ¥167,000 million, operating profit to increase 5.1% to ¥4,000 million, ordinary profit to increase 5.5% to ¥3,800 million, and profit attributable to owners of parent to decrease 2.1% to ¥3,000 million. The Group developed a medium-term management plan ending FY2024 that aims for an increase in medium- to long-term corporate value.

III. Business Overview

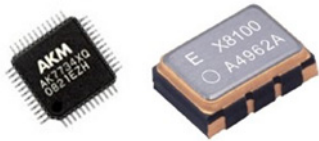
Electronics Business

Electronic Components Business

Electronic devices

Providing cutting-edge devices that are the basis for electronic products.

We support our customers' product development through field application engineering support and design-in activities.



Electronic components

Addressing customer needs with a rich lineup from connectors to electric components and materials.

In recent years, we have been developing our solar power generation system business.

We also have an overwhelming advantage over other trading companies in the rapidly growing optical-related segment.



Electronic and Electric Equipment Business

Electronic and electric equipment

Procuring cutting-edge equipment from all over the world.

Supporting manufacturing with engineering-based support.

Providing inspection equipment used in research and development and cutting-edge equipment used on manufacturing lines for semiconductors, touch panels, and other devices.

Our brand of exposure apparatus for PCBs has earned a high reputation in Japan and other countries.



Chemicals Business

Industrial Chemicals Business



Chemicals and cosmetics

Providing industrial chemicals that contribute to enhanced productivity in the oil refining and petrochemical, paper and pulp, and automotive industries.

We actively strive to develop next-generation products, including cosmetics.



IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	14,736	17,867
Notes and accounts receivable - trade	35,590	38,045
Electronically recorded monetary claims - operating	6,435	5,933
Merchandise and finished goods	35,786	31,274
Work in process	45	44
Raw materials and supplies	578	859
Other	4,025	6,659
Allowance for doubtful accounts	(52)	(46)
Total current assets	97,146	100,638
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,474	5,486
Accumulated depreciation	(4,516)	(4,594)
Buildings and structures, net	957	892
Machinery and equipment	5,070	5,080
Accumulated depreciation	(3,191)	(3,433)
Machinery and equipment, net	1,879	1,647
Land	3,069	3,069
Other	4,111	4,277
Accumulated depreciation	(3,114)	(3,475)
Other, net	996	801
Total property, plant and equipment	6,903	6,411
Intangible assets	333	291
Investments and other assets		
Investment securities	7,188	8,409
Deferred tax assets	206	222
Other	389	479
Allowance for doubtful accounts	(32)	(30)
Total investments and other assets	7,752	9,080
Total non-current assets	14,989	15,783
Total assets	112,135	116,422

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,641	16,535
Electronically recorded obligations - operating	2,878	2,544
Short-term borrowings	20,919	16,280
Lease obligations	231	269
Income taxes payable	458	1,194
Provision for bonuses	1,068	1,482
Provision for bonuses for directors (and other officers)	-	13
Provision for product warranties	6	5
Other	2,880	5,569
Total current liabilities	44,085	43,894
Non-current liabilities		
Long-term borrowings	12,320	12,765
Lease obligations	214	45
Deferred tax liabilities	1,085	1,364
Provision for retirement benefits for directors (and other officers)	12	15
Retirement benefit liability	390	302
Other	16	16
Total non-current liabilities	14,039	14,509
Total liabilities	58,124	58,403
Net assets		
Shareholders' equity		
Share capital	8,100	8,100
Capital surplus	7,289	7,267
Retained earnings	40,667	42,805
Treasury shares	(5,877)	(5,820)
Total shareholders' equity	50,179	52,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,502	4,396
Deferred gains or losses on hedges	(6)	42
Foreign currency translation adjustment	623	1,347
Remeasurements of defined benefit plans	(287)	(122)
Total accumulated other comprehensive income	3,831	5,665
Total net assets	54,011	58,018
Total liabilities and net assets	112,135	116,422

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	153,182	165,413
Cost of sales	135,716	146,751
Gross profit	17,465	18,661
Selling, general and administrative expenses		
Salaries and allowances	5,401	5,532
Provision for bonuses	1,005	1,346
Retirement benefit expenses	432	444
Other	8,211	7,531
Total selling, general and administrative expenses	15,050	14,855
Operating profit	2,414	3,806
Non-operating income		
Interest income	9	12
Dividend income	136	92
Share of profit of entities accounted for using equity method	4	–
Rental income from buildings	39	39
Other	101	99
Total non-operating income	291	244
Non-operating expenses		
Interest expenses	74	156
Loss on sale of trade receivables	79	36
Foreign exchange losses	365	226
Share of loss of entities accounted for using equity method	–	1
Other	46	26
Total non-operating expenses	565	447
Ordinary profit	2,139	3,603
Extraordinary income		
Gain on sale of non-current assets	8	0
Gain on sale of investment securities	108	803
Other	4	0
Total extraordinary income	121	803
Extraordinary losses		
Loss on sale and retirement of non-current assets	8	3
Loss on valuation of investment securities	106	3
Other	0	2
Total extraordinary losses	115	9
Profit before income taxes	2,146	4,398
Income taxes - current	953	1,540
Income taxes - deferred	(247)	(206)
Total income taxes	706	1,333
Profit	1,439	3,064
Profit attributable to owners of parent	1,439	3,064

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,439	3,064
Other comprehensive income		
Valuation difference on available-for-sale securities	(526)	894
Deferred gains or losses on hedges	(4)	49
Foreign currency translation adjustment	(318)	724
Remeasurements of defined benefit plans, net of tax	19	165
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(830)	1,833
Comprehensive income	609	4,897
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	609	4,897
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,100	7,289	40,460	(5,876)	49,973
Changes during period					
Dividends of surplus			(1,233)		(1,233)
Profit attributable to owners of parent			1,439		1,439
Disposal of treasury shares				–	–
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	206	(0)	206
Balance at end of period	8,100	7,289	40,667	(5,877)	50,179

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	4,028	(1)	942	(307)	4,661	54,635
Changes during period						
Dividends of surplus						(1,233)
Profit attributable to owners of parent						1,439
Disposal of treasury shares						–
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(525)	(4)	(318)	19	(830)	(830)
Total changes during period	(525)	(4)	(318)	19	(830)	(624)
Balance at end of period	3,502	(6)	623	(287)	3,831	54,011

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,100	7,289	40,667	(5,877)	50,179
Changes during period					
Dividends of surplus			(925)		(925)
Profit attributable to owners of parent			3,064		3,064
Disposal of treasury shares		(22)		57	34
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	(22)	2,138	56	2,173
Balance at end of period	8,100	7,267	42,805	(5,820)	52,353

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,502	(6)	623	(287)	3,831	54,011
Changes during period						
Dividends of surplus						(925)
Profit attributable to owners of parent						3,064
Disposal of treasury shares						34
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	893	49	724	165	1,833	1,833
Total changes during period	893	49	724	165	1,833	4,006
Balance at end of period	4,396	42	1,347	(122)	5,665	58,018

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,146	4,398
Depreciation	825	803
Increase (decrease) in provision for bonuses	44	409
Interest and dividend income	(145)	(104)
Interest expenses	74	156
Share of loss (profit) of entities accounted for using equity method	(4)	1
Loss (gain) on sale of investment securities	(108)	(803)
Loss (gain) on valuation of investment securities	106	3
Loss (gain) on sale and retirement of non-current assets	0	3
Increase (decrease) in accrued consumption taxes	28	15
Decrease (increase) in trade receivables	(5,152)	(1,349)
Decrease (increase) in inventories	(11,136)	4,431
Increase (decrease) in trade payables	186	94
Other, net	(1,905)	239
Subtotal	(15,039)	8,299
Interest and dividends received	158	121
Interest paid	(73)	(159)
Income taxes refund	46	–
Income taxes paid	(1,380)	(841)
Net cash provided by (used in) operating activities	(16,288)	7,418

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(390)	(173)
Proceeds from sale of property, plant and equipment	8	0
Purchase of intangible assets	(152)	(87)
Purchase of investment securities	(42)	(10)
Proceeds from sale of investment securities	549	851
Other, net	10	22
Net cash provided by (used in) investing activities	(16)	601
Cash flows from financing activities		
Proceeds from short-term borrowings	171,500	193,200
Repayments of short-term borrowings	(160,700)	(198,700)
Repayments of lease obligations	(135)	(160)
Proceeds from long-term borrowings	15,500	5,000
Repayments of long-term borrowings	(1,383)	(3,694)
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(1,233)	(925)
Net cash provided by (used in) financing activities	23,547	(5,280)
Effect of exchange rate change on cash and cash equivalents	(114)	390
Net increase (decrease) in cash and cash equivalents	7,128	3,130
Cash and cash equivalents at beginning of period	7,608	14,736
Cash and cash equivalents at end of period	14,736	17,867

V. Summary of Operating Performance

(1) Summary of Operating Performance in the Fiscal Year Under Review

The global economy during the fiscal year under review faced extremely harsh circumstances as socioeconomic activity was restricted in countries across the globe due to the impact of the global COVID-19 pandemic. Economy in the U.S. and China, among others, has recovered since the second half of the fiscal year. However, in Europe, restrictions on economic activities have once again been put into place due to subsequent waves of mutant strains of the virus.

The Japanese economy continues to see corporate profits struggling due to the impact of the COVID-19 pandemic. While there were signs of recovery in exports and manufacturing activities from the second half of the fiscal year, there is growing uncertainty about the economy moving forward due to the repeated waves of infection cases rising.

With regard to the electronics industry, the mainstay area of the business of the Group, demand grew for PCs, servers, and gaming consoles due to the expansion of telework and spending in the home. Demand also grew for electronic components, primarily semiconductors, etc., due to the commercialization of the high speed communications standard 5G. On the other hand, supply and demand have been strained by large power outages in the U.S. due to record cold waves and the impact of fires at a semiconductor manufacturer in Japan, and the global semiconductor shortage has grown more severe.

Under these circumstances, the Group prioritized maintaining employment of employees and securing the supply chain. We have taken efforts to secure liquidity of cash on-hand and improve profitability and capital efficiency.

In the electronic components business, sales of ICs for PCs and tablet devices and 5G-related optical components have grown. Sales of vehicle-mounted ICs were also up due to full-year contributions from new commercial distribution channels that were started in the second half of the last fiscal year, leading to higher year-on-year revenue.

In the electronic and electric equipment business, sales of compound semiconductor manufacturing equipment declined due to the impact of sales agency rights lapsing. However, sales of vacuum devices and PCB manufacturing equipment performed well due to increases in semiconductor-related capital expenditures, leading to higher year-on-year revenue.

In the industrial chemicals business, sales of cosmetic bases grew and chemicals for water treatment also performed well. However, due to the impact of the COVID-19 pandemic, merchandise and finished goods sales for the oil refining and petrochemical segment, as well as the paper and pulp segment, decreased, leading to lower year-on-year revenue.

As a result, consolidated net sales for the fiscal year under review amounted to ¥165,413 million, an 8.0% year-on-year increase.

Regarding profit and loss, consolidated gross profit increased 6.8% to ¥18,661 million, and consolidated selling, general and administrative expenses decreased 1.3% to ¥14,855 million. As a result, consolidated operating profit increased 57.6% to ¥3,806 million; consolidated ordinary profit increased 68.4% to ¥3,603 million; the Group booked ¥803 million in gain on sale of investment securities as extraordinary income; and profit attributable to owners of parent increased 112.9% to ¥3,064 million.

Furthermore, EPS amounted to ¥148.91, an increase of ¥78.87 from the previous fiscal year.

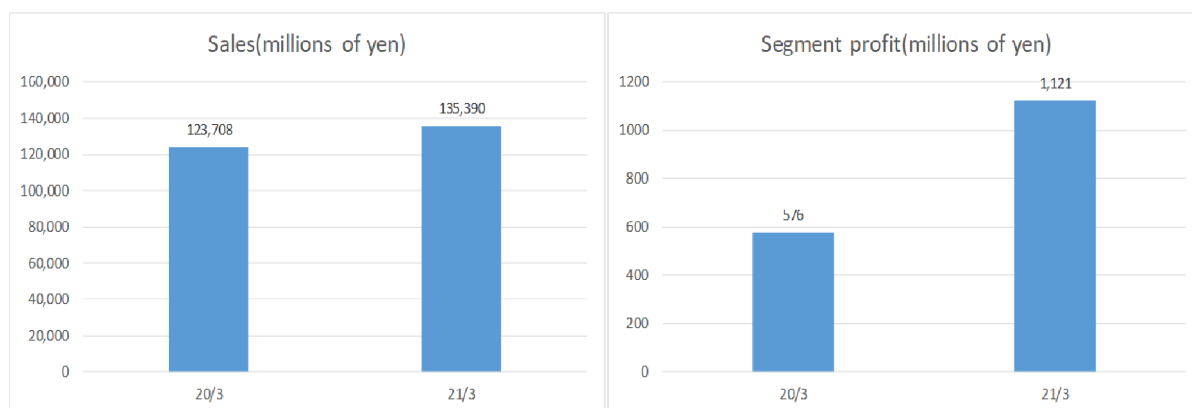
In terms of the indicators used to determine profitability and capital efficiency, for the fiscal year under review, the operating profit margin was 2.3% (1.6% in the previous fiscal year), return on assets (ROA) was 3.2% (2.1%), and return on equity (ROE) was 5.5% (2.7%).

The following is a breakdown of business performance by reportable segment.

[Electronic Components Business]

In the electronic components business, sales of general electronic components, such as ICs for PCs and tablet devices, and connectors, grew with the expansion of telework and spending in the home. Sales of optical components related to 5G also performed well. Sales of vehicle-mounted ICs were also up due to full-year contributions from new commercial distribution channels that were started in the second half of the last fiscal year.

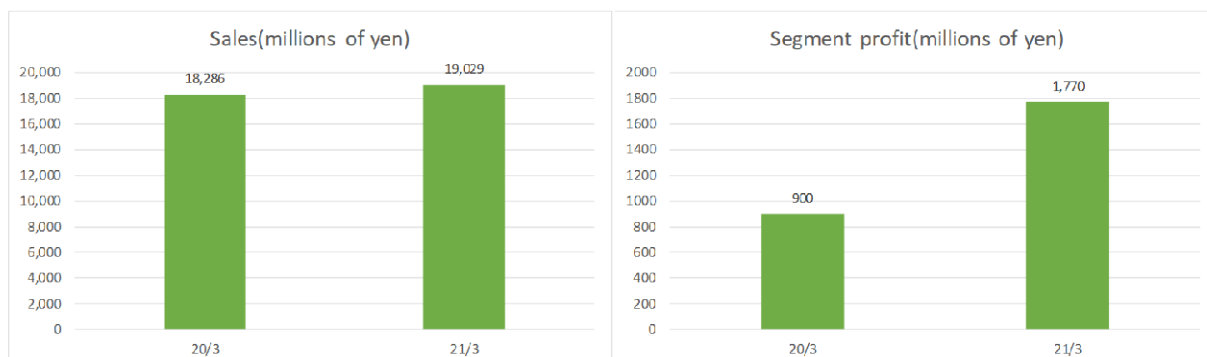
As a result, net sales in this segment for the fiscal year under review increased 9.4% year on year to ¥135,390 million, and segment profit increased 94.4% to ¥1,121 million due to improvements to profitability in overseas subsidiaries and decreased expenses, such as business trip expenses.



[Electronic and Electric Equipment Business]

In the electronic and electric equipment business, sales of compound semiconductor manufacturing equipment declined due to the impact of sales agency rights lapsing. However, sales of vacuum devices and PCB manufacturing equipment performed well due to increases in semiconductor-related capital expenditures. Sales of communications infrastructure optical products for 5G-related and sea floor cables, etc., also grew.

As a result, net sales in this segment for the fiscal year under review increased 4.1% year on year to ¥19,029 million, and segment profit increased 96.7% to ¥1,770 million due to improved profitability resulting from sales of the aforementioned products and others.



[Industrial Chemicals Business]

In the industrial chemicals business, sales of cosmetic bases grew and chemicals for water treatment also performed well. However, due to the impact of the COVID-19 pandemic, demand for fuel oil in the oil refining and petrochemical industries, as well as paper for printing and information in the paper and pulp industries, decreased, leading to lower merchandise and finished goods sales related to manufacturing in these areas.

As a result, net sales in this segment for the fiscal year under review decreased 1.8% year on year to ¥10,962 million, but segment profit increased 6.3% to ¥890 million due to higher sales for cosmetic bases, which have higher profit margins, and decreased expenses, such as business trip expenses.



[Other Business]

The other business segment consists mainly of general operation and logistics management operations of the Company on a consignment basis, as well as agency business for insurance companies. Net sales in this segment for the fiscal year under review increased 4.6% year on year to ¥753 million, but segment profit decreased 6.4% to ¥19 million.

(2) Summary of Financial Position in the Fiscal Year Under Review

Balance sheet highlights

Current assets at the end of the fiscal year under review increased ¥3,492 million to ¥100,638 million, a year-on-year increase of 3.6%. This was primarily due to a ¥3,130 million increase in cash and deposits and a ¥2,454 million increase in notes and accounts receivable - trade corresponding to sales growth for electronic components due to the sudden increase in demand for semiconductors, despite a ¥4,511 million decrease in merchandise and finished goods.

Non-current assets increased ¥794 million to ¥15,783 million, a year-on-year increase of 5.3%. This was primarily due to a ¥1,220 million increase in investment securities resulting from higher share prices of holdings, despite a ¥491 million decrease in property, plant and equipment.

As a result of the above, total assets increased ¥4,286 million to ¥116,422 million, a year-on-year increase of 3.8%.

As for liabilities, current liabilities decreased ¥190 million to ¥43,894 million, a year-on-year decrease of 0.4%. This was primarily due to a ¥4,639 million decrease in short-term borrowings due to operating capital constriction, despite an ¥894 million increase in notes and accounts payable - trade, a ¥736 million increase in income taxes payable, and a ¥413 million increase in provision for bonuses.

Non-current liabilities increased ¥470 million to ¥14,509 million, a year-on-year increase of 3.3%. This was primarily due to a ¥445 million increase in long-term borrowings.

As a result of the above, total liabilities increased ¥279 million to ¥58,403 million, a year-on-year increase of 0.5%.

Net assets increased ¥4,006 million to ¥58,018 million, a year-on-year increase of 7.4%. This was primarily due to a ¥2,138 million increase in retained earnings, an ¥893 million increase in valuation difference on available-for-sale securities, and a ¥724 million increase in foreign currency translation adjustment.

(3) Summary of Cash Flows in the Fiscal Year Under Review

In regard to consolidated cash flows in the fiscal year under review, net cash provided by operating activities amounted to ¥7,418 million, net cash provided by investing activities amounted to ¥601 million, and net cash used in financing activities amounted to ¥5,280 million. Effect of exchange rate change on cash and cash equivalents increased ¥390 million. As a result, cash and cash equivalents at the end of the fiscal year under review increased ¥3,130 million year on year to ¥17,867 million.

The following is a breakdown of cash flows and the respective factors thereof in the fiscal year under review.

(Cash flows from operating activities)

Operating trade businesses related to electronics, the Group sees operating capital from accounts receivable and inventories, etc. fluctuate based on the movements of the market and business as cash flows from operating activities also fluctuate. In the fiscal year under review, net cash provided by operating activities amounted to ¥7,418 million as a result of ¥4,398 million in profit before income

taxes and ¥4,431 million decrease in inventories stemming from growing sales for electronic components due to the sudden increase in demand for semiconductors. In the previous fiscal year, there was a ¥16,288 million expenditure due primarily to an ¥11,136 million increase in inventories stemming from starting new commercial distribution channels for vehicle-mounted ICs.

(Cash flows from investing activities)

As investing activities, the Group has made investments mainly associated with new businesses and capital expenditures on updating manufacturing and research facilities in the industrial chemicals business. In the fiscal year under review, net cash provided by investing activities amounted to ¥601 million. The principal source of cash was ¥851 million in proceeds from sale of investment securities based on a policy of reducing cross-shareholdings, while uses of cash included a ¥173 million expenditure for the purchase of property, plant and equipment. In the previous fiscal year, there was a ¥16 million expenditure due primarily to a ¥390 million purchase of property, plant and equipment.

(Cash flows from financing activities)

In response to fluctuations of cash flows from operating activities due to changes in operating capital, financing is principally conducted through interest-bearing debt. In the fiscal year under review, net cash used in financing activities amounted to ¥5,280 million. The principal uses of cash included ¥5,500 million repayments of short-term borrowings (net), ¥3,694 million repayments of long-term borrowings, and ¥925 million in dividends paid, while the principal source of cash was ¥5,000 million provided by proceeds from long-term borrowings. In the previous fiscal year, net cash provided by financing activities totaled ¥23,547 million as a result of ¥10,800 million provided by proceeds from short-term borrowings (net) and ¥15,500 million provided by proceeds from long-term borrowings.

VI. Corporate Data

Basic Information (as of March 31, 2021)

Trade name:	Hakuto Co., Ltd.
Established:	November 1953
Listed market:	The First Section of the Tokyo Stock Exchange (Securities Code: 7433)
Listed:	March 2000
Business year:	From April 1 to March 31
Share capital:	8,100 million yen
Number of employees:	1,238 persons (Consolidated)
Head office:	1-13, Shinjuku 1-chome, Shinjuku-ku, Tokyo
Telephone:	+81-3-3225-8910
Consolidated subsidiaries:	Hakuto Enterprises Ltd. Hakuto Singapore Pte. Ltd. Hakuto Taiwan Ltd. Hakuto Enterprises (Shanghai) Ltd. Hakuto (Thailand) Ltd. Hakuto Engineering (Thailand) Ltd. Hakuto Trading (Shenzhen) Ltd. Hakuto America Inc. Hakuto Czech s.r.o. Hakuto A&L Co., Ltd. MOLDEC Co., Ltd. Hakuto Life Science Co., Ltd.

Directors (as of June 24, 2021)

President & Chief Executive Officer (Representative Director)	Ryoji Abe
Director & Chief Operating Officer	Yoshinae Takada
Director, V.P. & Executive Managing Officer	Akira Togo
Director, V.P. & Managing Officer	Nobuhito Shintoku
Director, V.P. & Managing Officer	Tamaki Miyashita
Director, V.P. & Managing Officer	Yugo Ishishita
Director	Ichiro Takayama
Director*	Keiji Kondo
Director*	Masahito Kamijo
Director*	Tomohiro Murata
Director* (Full-time Audit & Supervisory Committee Member)	Fumiaki Yamamoto
Director* (Audit & Supervisory Committee Member)	Hidenori Mizuno
Director* (Audit & Supervisory Committee Member)	Keiji Okanan

* External Director

Stock Status (as of March 31, 2021)

Total number of authorized shares:	54,000,000 shares
Total number of issued shares:	24,137,213 shares
Number of shareholders:	7,983

Major shareholders (Top 10)

Name	Number of shares held (Thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
Takayama International Education Foundation	4,226.2	20.53
Custody Bank of Japan, Ltd.	1,939.1	9.42
Ichiro Takayama	1,058.9	5.14
Ken Takayama	1,058.9	5.14
Ryutaro Takayama	1,058.9	5.14
The Master Trust Bank of Japan, Ltd.	1,017.8	4.94
Hakuto Employee Stock Ownership Plan	451.7	2.19
RE FUND 107-CLIENT AC (Standing proxy: Citibank, N.A., Tokyo Branch)	387.3	1.88
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank, N.A., Tokyo Branch)	270.6	1.31
SMBC Trust Bank Ltd.	241.0	1.17

Notes: 1. Of the above number of shares held, the number of shares in association with fiduciary activities is as follows:

Custody Bank of Japan, Ltd.	1,939.1 thousand shares
The Master Trust Bank of Japan, Ltd.	1,017.8 thousand shares
SMBC Trust Bank Ltd.	241.0 thousand shares

2. In addition to the above, the Company holds 3,548,402 shares as treasury shares. But since there is no voting right to the treasury shares, it is excluded from above list.

Treasury shares (number of shares held)	3,548,402 shares
Shareholding ratio	14.70%

* Annual Select is an English-language disclosure format developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.