

**For the Fiscal Year Ended March 31, 2023**

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**Annual Select<sup>®</sup> 2023**

**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.



**Hakuto Co., Ltd.**



## I. Summary of Selected Financial Data (Consolidated)

	67 <sup>th</sup> term Fiscal year ended March 31, 2019	68 <sup>th</sup> term Fiscal year ended March 31, 2020	69 <sup>th</sup> term Fiscal year ended March 31, 2021	70 <sup>th</sup> term Fiscal year ended March 31, 2022	71 <sup>st</sup> term Fiscal year ended March 31, 2023
Net sales (Millions of yen)	140,123	153,182	165,413	191,495	233,624
Ordinary profit (Millions of yen)	3,580	2,139	3,603	7,411	12,048
Profit attributable to owners of parent (Millions of yen)	2,473	1,439	3,064	4,970	8,929
Comprehensive income (Millions of yen)	2,430	609	4,897	7,337	9,578
Net assets (Millions of yen)	54,635	54,011	58,018	61,668	63,863
Total assets (Millions of yen)	87,826	112,135	116,422	131,490	145,900
Book value per share (BPS) (Yen)	2,658.10	2,627.76	2,817.95	3,142.83	3,416.27
Earnings per share (EPS) (Yen)	118.63	70.04	148.91	248.48	470.52
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	62.2	48.2	49.8	46.9	43.8
Return on equity (ROE) (%)	4.6	2.7	5.5	8.3	14.2
Price earnings ratio (PER) (Times)	9.9	13.8	8.6	9.9	10.4
Net cash provided by (used in) operating activities (Millions of yen)	(1,198)	(16,288)	7,418	872	(3,382)
Net cash provided by (used in) investing activities (Millions of yen)	(152)	(16)	601	(527)	(300)
Net cash provided by (used in) financing activities (Millions of yen)	(699)	23,547	(5,280)	(379)	1,314
Cash and cash equivalents at end of period (Millions of yen)	7,608	14,736	17,867	18,620	16,751
Number of employees (Persons)	1,243	1,257	1,238	1,221	1,223

- Notes:
1. Diluted earnings per share is not presented because there were no potential shares.
  2. In the 70th, and 71st terms, shares of the Company held by Employee Stockholding Association linked Trust ESOP 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.
  3. In the 67th, 70th, and 71st terms, shares of the Company held by Employee Stockholding Association linked Trust ESOP have been treated as treasury shares when calculating EPS, so these are excluded from the average number of outstanding shares during the fiscal year.
  4. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the 70th term. The selected financial data for the 70th term onward represent figures after the application of the accounting standard, etc.

## 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, 2023

During the fiscal year under review, the electronics market was oversupplied, mainly for mobiles and consumer-use equipment products. Meanwhile, supply for vehicle-related items remained tight, making the polarized balance between supply and demand more visible. In the electronic components business of the Group, high demand for vehicle-related and industrial equipment continued, and sales grew significantly. The electronic and electric equipment business saw continued strong performance in products such as PCB manufacturing equipment and vacuum devices related to semiconductor capital expenditures. The industrial chemicals business showed steady performance in sales of cosmetic bases. These factors contributed to higher year-on-year revenue.

As a result, consolidated net sales for the fiscal year under review amounted to ¥233,624 million, a 22.0% year-on-year increase. Consolidated gross profit increased 35.1% to ¥32,379 million primarily because profits of transactions in foreign currencies improved due to the impact of foreign exchange. Consolidated selling, general and administrative expenses increased 18.0% to ¥19,668 million. As a result, consolidated operating profit increased 74.0% to ¥12,711 million; consolidated ordinary profit increased 62.6% to ¥12,048 million; and profit attributable to owners of parent increased 79.7% to ¥8,929 million.

### ■ Outlook and Initiatives for Fiscal Year Ending March 31, 2024

The Group will re-evaluate quantitative targets of the medium-term management plan “Change & Co-Create 2024,” announced in April 2021, perform and penetrate the company-wide strategy and business strategy toward 2024, the final year of the plan, and thereby strive to improve corporate value further.

In the electronic components business, the Group expects lower revenue due to changes in commercial distribution channels and lower profit due to the exclusion of an impact of foreign exchange rates. However, the Group will work on growth in vehicle and industrial equipment segments where a firm demand is expected to continue and reduce invested capital, pursuing operational efficiency further. In the electronic and electric equipment business, in order to address the capital expenditures related to semiconductor manufacturing, the Group will enhance merchandise development and sales channels for its brand products with a focus on PCB manufacturing equipment. In the industrial chemicals business, the Group expects a demand recovery on petroleum and paper and pulp plants. The Group will strive to reduce costs and improve profitability.

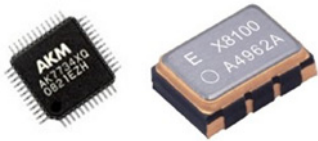
In consideration of the above, the Group forecasts consolidated results of operations for the fiscal year ending March 31, 2024, as follows: net sales to decrease 18.7% year on year to ¥190,000 million, operating profit to decrease 37.1% to ¥8,000 million, ordinary profit to decrease 36.9% to ¥7,600 million, and profit attributable to owners of parent to decrease 39.5% to ¥5,400 million.

### 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

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#### 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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	18,620	16,751
Notes and accounts receivable - trade, and contract assets	40,799	49,664
Electronically recorded monetary claims - operating	9,300	9,189
Merchandise and finished goods	40,233	46,924
Work in process	104	43
Raw materials and supplies	925	1,005
Other	4,709	5,890
Allowance for doubtful accounts	(22)	(5)
<b>Total current assets</b>	<b>114,670</b>	<b>129,463</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,484	5,432
Accumulated depreciation	(4,624)	(4,505)
Buildings and structures, net	860	927
Machinery and equipment	5,135	5,232
Accumulated depreciation	(3,664)	(3,884)
Machinery and equipment, net	1,470	1,347
Land	3,053	3,053
Other	4,803	5,020
Accumulated depreciation	(3,786)	(3,961)
Other, net	1,017	1,059
<b>Total property, plant and equipment</b>	<b>6,401</b>	<b>6,388</b>
Intangible assets	285	202
Investments and other assets		
Investment securities	9,632	9,288
Deferred tax assets	190	190
Other	337	394
Allowance for doubtful accounts	(28)	(28)
<b>Total investments and other assets</b>	<b>10,132</b>	<b>9,845</b>
<b>Total non-current assets</b>	<b>16,819</b>	<b>16,436</b>
<b>Total assets</b>	<b>131,490</b>	<b>145,900</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,583	22,919
Electronically recorded obligations - operating	2,932	3,650
Short-term borrowings	19,990	28,800
Lease liabilities	322	327
Income taxes payable	1,910	2,065
Provision for bonuses	2,190	3,143
Provision for bonuses for directors (and other officers)	70	70
Provision for product warranties	13	18
Other	6,407	6,779
Total current liabilities	55,419	67,773
Non-current liabilities		
Long-term borrowings	12,624	12,809
Lease liabilities	198	148
Deferred tax liabilities	1,286	950
Provision for retirement benefits for directors (and other officers)	18	16
Retirement benefit liability	249	313
Other	24	25
Total non-current liabilities	14,401	14,263
Total liabilities	69,821	82,036
Net assets		
Shareholders' equity		
Share capital	8,100	8,100
Capital surplus	7,347	5,679
Retained earnings	45,847	50,509
Treasury shares	(7,658)	(9,108)
Total shareholders' equity	53,636	55,181
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,234	5,038
Deferred gains or losses on hedges	66	63
Foreign currency translation adjustment	2,918	3,814
Remeasurements of defined benefit plans	(187)	(235)
Total accumulated other comprehensive income	8,032	8,681
Total net assets	61,668	63,863
Total liabilities and net assets	131,490	145,900

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

**(Consolidated Statements of Income)**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	191,495	233,624
Cost of sales	167,527	201,244
Gross profit	23,968	32,379
Selling, general and administrative expenses		
Salaries and allowances	5,880	6,789
Provision for bonuses	1,965	2,915
Retirement benefit expenses	435	424
Other	8,380	9,539
Total selling, general and administrative expenses	16,663	19,668
Operating profit	7,304	12,711
Non-operating income		
Interest income	19	16
Dividend income	102	213
Rental income from buildings	42	46
Foreign exchange gains	73	–
Share of profit of entities accounted for using equity method	–	17
Other	122	106
Total non-operating income	359	402
Non-operating expenses		
Interest expenses	150	215
Loss on sale of trade receivables	39	265
Foreign exchange losses	–	492
Share of loss of entities accounted for using equity method	22	–
Other	40	91
Total non-operating expenses	253	1,064
Ordinary profit	7,411	12,048
Extraordinary income		
Gain on sale of non-current assets	2	16
Gain on sale of investment securities	–	115
Total extraordinary income	2	131
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	33
Impairment losses	129	–
Loss on valuation of investment securities	21	–
Other	0	–
Total extraordinary losses	153	33
Profit before income taxes	7,260	12,146
Income taxes - current	2,662	3,458
Income taxes - deferred	(371)	(241)
Total income taxes	2,290	3,217
Profit	4,970	8,929
Profit attributable to owners of parent	4,970	8,929



## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,970	8,929
Other comprehensive income		
Valuation difference on available-for-sale securities	837	(196)
Deferred gains or losses on hedges	23	(2)
Foreign currency translation adjustment	1,570	896
Remeasurements of defined benefit plans, net of tax	(64)	(48)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	2,367	649
Comprehensive income	7,337	9,578
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,337	9,578
Comprehensive income attributable to non-controlling interests	—	—

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,100	7,267	42,805	(5,820)	52,353
Changes during period					
Dividends of surplus			(1,929)		(1,929)
Profit attributable to owners of parent			4,970		4,970
Disposal of treasury shares		80		242	322
Cancellation of treasury shares					
Purchase of treasury shares				(2,080)	(2,080)
Net changes in items other than shareholders' equity					
Total changes during period	–	80	3,041	(1,838)	1,283
Balance at end of period	8,100	7,347	45,847	(7,658)	53,636

	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	4,396	42	1,347	(122)	5,665	58,018
Changes during period						
Dividends of surplus						(1,929)
Profit attributable to owners of parent						4,970
Disposal of treasury shares						322
Cancellation of treasury shares						
Purchase of treasury shares						(2,080)
Net changes in items other than shareholders' equity	838	23	1,570	(64)	2,367	2,367
Total changes during period	838	23	1,570	(64)	2,367	3,650
Balance at end of period	5,234	66	2,918	(187)	8,032	61,668

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,100	7,347	45,847	(7,658)	53,636
Changes during period					
Dividends of surplus			(4,266)		(4,266)
Profit attributable to owners of parent			8,929		8,929
Disposal of treasury shares		10		172	183
Cancellation of treasury shares		(1,678)		1,678	–
Purchase of treasury shares				(3,300)	(3,300)
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,667)	4,662	(1,449)	1,545
Balance at end of period	8,100	5,679	50,509	(9,108)	55,181

	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	5,234	66	2,918	(187)	8,032	61,668
Changes during period						
Dividends of surplus						(4,266)
Profit attributable to owners of parent						8,929
Disposal of treasury shares						183
Cancellation of treasury shares						–
Purchase of treasury shares						(3,300)
Net changes in items other than shareholders' equity	(196)	(2)	896	(48)	649	649
Total changes during period	(196)	(2)	896	(48)	649	2,194
Balance at end of period	5,038	63	3,814	(235)	8,681	63,863

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,260	12,146
Depreciation	834	906
Increase (decrease) in provision for bonuses	695	949
Interest and dividend income	(121)	(230)
Interest expenses	150	215
Share of loss (profit) of entities accounted for using equity method	22	(17)
Loss (gain) on sale of investment securities	–	(115)
Loss (gain) on valuation of investment securities	21	–
Loss (gain) on sale and retirement of non-current assets	(0)	17
Impairment losses	129	–
Increase (decrease) in accrued consumption taxes	(22)	(17)
Decrease (increase) in trade receivables	(4,763)	(7,864)
Decrease (increase) in inventories	(8,498)	(6,243)
Increase (decrease) in trade payables	4,169	1,839
Other, net	2,792	(1,552)
Subtotal	2,670	34
Interest and dividends received	138	246
Interest paid	(151)	(218)
Income taxes refund	0	–
Income taxes paid	(1,785)	(3,445)
Net cash provided by (used in) operating activities	872	(3,382)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(422)	(459)
Proceeds from sale of property, plant and equipment	9	16
Purchase of intangible assets	(49)	(45)
Purchase of investment securities	(56)	(8)
Proceeds from sale of investment securities	0	204
Other, net	(8)	(8)
Net cash provided by (used in) investing activities	(527)	(300)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	174,100	289,100
Repayments of short-term borrowings	(171,200)	(281,700)
Repayments of lease liabilities	(224)	(277)
Proceeds from long-term borrowings	4,774	7,500
Repayments of long-term borrowings	(4,105)	(5,905)
Purchase of treasury shares	(2,080)	(3,300)
Proceeds from disposal of treasury shares	285	143
Dividends paid	(1,929)	(4,245)
Net cash provided by (used in) financing activities	(379)	1,314
Effect of exchange rate change on cash and cash equivalents	787	499
Net increase (decrease) in cash and cash equivalents	753	(1,868)
Cash and cash equivalents at beginning of period	17,867	18,620
Cash and cash equivalents at end of period	18,620	16,751

## V. Summary of Operating Performance

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

The global economy for the fiscal year under review saw the relaxing of movement restrictions imposed as COVID-19 countermeasures around the world and a move to restart socio-economic activities on a full-scale basis. However, unstable situations have persisted, including the prolonged Russian invasion of Ukraine and the resulting price hikes of food and energy, and the increased interest rates in each country to address inflation risks.

Like other countries, the Japanese economy also saw a shift toward “coexistence with COVID-19.” It is expected to restart economic activities, including recovery of the inbound tourism demand, which includes easing restrictions on entry from overseas and conducting a national travel subsidy program again. However, factors such as geopolitics risks and higher costs of living, which are caused by problems such as political tension between the United States and China, might bring negative impacts on the real economy.

With regard to the electronics industry, the mainstay area of the business of the Group, the vehicle market and the industrial equipment markets are expected to continue to grow in the future. However, the industry remained uncertain, for example, the disrupted supply chains due to tight supply and demand of semiconductors and the inventory adjustment of customers due to recession risks. High-definition process products used for products such as smartphones and personal computers were in oversupply. At the same time, tight conditions were seen in general-purpose components such as analog products and microcontrollers, becoming the polarized balance between supply and demand more visible.

Under these circumstances, the Group’s electronic components business had a continued high demand, mainly for vehicle-related equipment and industrial equipment. Improved supply from suppliers, when compared to the previous fiscal year, contributed to significant growth of sales. These resulted in higher year-on-year revenue.

In the electronic and electric equipment business, the Group saw strong performance for PCB manufacturing equipment and vacuum devices related to capital expenditures in semiconductors, resulting in higher year-on-year revenue.

In the industrial chemicals business, although the Group faced a decrease in sales in the oil refining and petrochemical segment due to lower operating rates of our overseas customers’ plants, sales for cosmetic bases performed steadily, leading to higher year-on-year revenue.

As a result, consolidated net sales for the fiscal year under review amounted to ¥233,624 million, a 22.0% year-on-year increase.

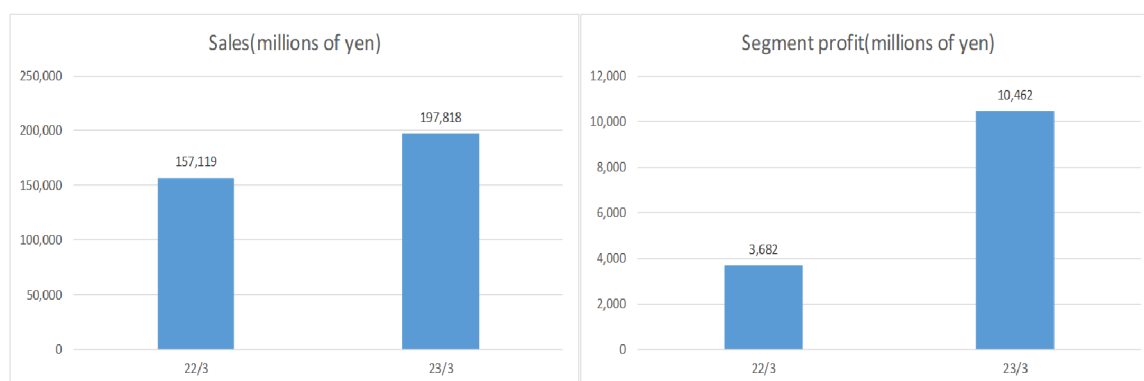
Regarding profit and loss, consolidated gross profit increased 35.1% to ¥32,379 million primarily because profits of transactions in foreign currencies improved due to the impact of foreign exchange. Consolidated selling, general and administrative expenses increased 18.0% to ¥19,668 million primarily because personnel expenses such as salaries and bonuses increased due to the expansion of business performance and the introduction of a new human resources system. As a result, consolidated operating profit increased 74.0% to ¥12,711 million; consolidated ordinary profit increased 62.6% to ¥12,048 million; and profit attributable to owners of parent increased 79.7% to ¥8,929 million.

Furthermore, EPS amounted to ¥470.52, an increase of ¥222.04 from the previous fiscal year.

### [Electronic Components Business]

In the electronic components business, although the demand for segments such as smartphones and personal computers tended to decrease because there was the rebound from significant demand increases from spending in the home and other factors in the past COVID-19 pandemic, ICs for vehicle-related uses continued to perform steadily, leading to the substantial growth in sales. Accelerated investments toward factory automation and a higher demand for multifunction equipment enabled the growth of sales in the industrial equipment segment and the OA equipment segment. In addition, the sales of general electronic components such as LCD panels also increased.

As a result, net sales in this segment for the fiscal year under review increased 25.9% year on year to ¥197,818 million, and segment profit increased 184.1% to ¥10,462 million because the increased profit from sales growth and the improved profits from export transactions in foreign currencies due to the impact of foreign exchange exceeded the increased personnel expenses such as salaries and bonuses significantly.



### [Electronic and Electric Equipment Business]

In the electronic and electric equipment business, the current capital expenditures related to semiconductor manufacturing are seeing a cautious stance partially. However, the sales grew because the Group could ship order backlog mainly for products such as PCB manufacturing equipment and vacuum devices as planned.

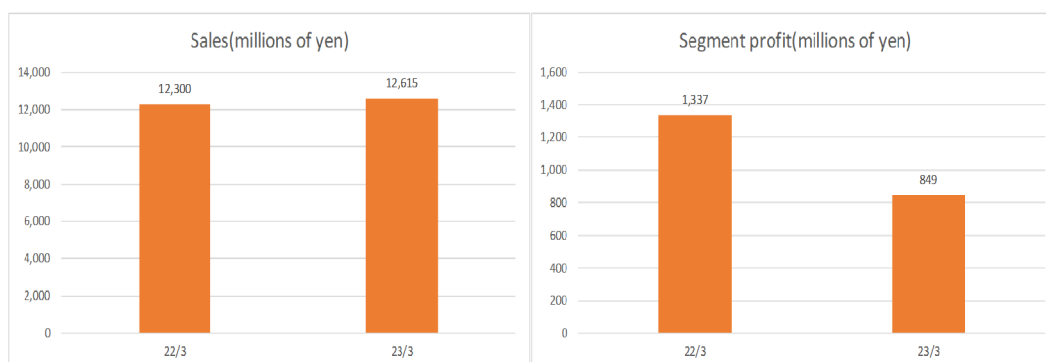
As a result, net sales in this segment for the fiscal year under review increased 5.1% year-on-year to ¥22,717 million. Still, segment profit decreased 20.9% to ¥1,665 million primarily because personnel expenses such as salaries and bonuses increased due to the expansion of business performance and the introduction of a new human resources system, and development costs for next-generation equipment were recorded.



### [Industrial Chemicals Business]

In the industrial chemicals business, although there had been trends of lowering operating rates of our overseas customers' plants in the oil refining and petrochemical segment, and soaring raw material prices and going paperless in the paper manufacturing industry, sales for the industrial chemicals for domestic customers' plants and the cosmetic bases performed steadily, resulting in higher year-on-year revenue.

As a result, net sales for the fiscal year under review amounted to ¥12,615 million, a 2.6% year-on-year increase. Still, segment profit decreased 36.5% to ¥849 million primarily because the global situation was unstable, raw material costs soared due to fluctuations in exchange rates, and personnel expenses such as salaries and bonuses increased due to the expansion of business performance and the introduction of a new human resources system.



### [Other Business]

The other business segment consists of general operation and logistics management operations of the Company on a consignment basis and solar power generation system business. Net sales in this segment for the fiscal year under review increased 6.0% year on year to ¥1,237 million, and segment profit decreased 4.2% to ¥205 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 ¥14,792 million to ¥129,463 million, a year-on-year increase of 12.9%. This was mainly attributed to a ¥8,865 million increase in notes and accounts receivable - trade, and contract assets as a result of increased sales of electronic components due to higher customer demand, and a ¥6,690 million increase in merchandise and finished goods contributed by an increase in inventory procurement.

Non-current assets decreased ¥382 million to ¥16,436 million, a year-on-year decrease of 2.3%. This was primarily due to a ¥344 million decrease in investment securities resulting from the decrease in share prices and sale of holdings.

As a result of the above, total assets at the end of the fiscal year under review increased ¥14,410 million to ¥145,900 million, a year-on-year increase of 11.0%.

As for liabilities, current liabilities increased ¥12,354 million to 67,773 million, a year-on-year increase of 22.3%. This was primarily due to a ¥1,336 million increase in notes and accounts payable - trade and a ¥8,810 million increase in short-term borrowings associated with the increase in operating capital (inventory procurement).

Non-current liabilities decreased ¥138 million to ¥14,263 million, a year-on-year decrease of 1.0%. This was primarily due to a ¥335 million decrease in deferred tax liabilities.

As a result of the above, total liabilities at the end of the fiscal year under review increased ¥12,215 million to ¥82,036 million, a year-on-year increase of 17.5%.

Net assets increased ¥2,194 million to ¥63,863 million, a year-on-year increase of 3.6%. This was primarily due to a ¥1,667 million decrease in capital surplus due to the retirement of treasury shares and others, while retained earnings increased by ¥4,662 million, and foreign currency translation adjustment increased by ¥896 million.

## **(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 used in operating activities amounted to ¥3,382 million, net cash used in investing activities amounted to ¥300 million, and net cash provided by financing activities amounted to ¥1,314 million. The effect of an exchange rate change on cash and cash equivalents increased ¥499 million. As a result, cash and cash equivalents at the end of the fiscal year under review decreased ¥1,868 million year on year to ¥16,751 million.

### (Cash flows from operating activities)

Net cash used in operating activities amounted to ¥3,382 million. The principal sources of cash were ¥12,146 million in profit before income taxes and a ¥1,839 million increase in trade payables, while uses of cash included a ¥7,864 million increase in trade receivables and a ¥6,243 million increase in inventories. In the previous fiscal year, there were proceeds of ¥872 million due primarily to a ¥4,169 million increase in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥300 million due primarily to a ¥459 million expenditure for the purchase of property, plant and equipment. In the previous fiscal year, there was a ¥527 million expenditure due primarily to a ¥422 million purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥1,314 million. The principal source of cash was ¥7,400 million in proceeds from short-term borrowings (net), while uses of cash included ¥3,300 million for the purchase of treasury shares and ¥4,245 million in dividends paid. In the previous fiscal year, net cash used in financing activities totaled ¥379 million, primarily as a result of a ¥2,080 million expenditure for the purchase of treasury shares.

## VI. Corporate Data

### Basic Information (as of March 31, 2023)

Trade name:	Hakuto Co., Ltd.
Established:	November 1953
Listed market:	Prime Market 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:	1,223 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.

### Directors (as of June 27, 2023)

President & Chief Executive Officer (Representative Director)	Ryoji Abe
Director, V.P. & Executive Managing Officer	Akira Togo
Director, V.P. & Executive Managing Officer	Nobuhito Shintoku
Director, V.P. & Managing Officer	Tamaki Miyashita
Director, V.P. & Managing Officer	Yugo Ishishita
Director, V.P. & Managing Officer	Ken Ebihara
Director	Ichiro Takayama
Director*	Tomohiro Murata
Director*	Akira Minamikawa
Director*	Shigenori Oyama
Director* (Full-time Audit & Supervisory Committee Member)	Fumiaki Yamamoto
Director* (Audit & Supervisory Committee Member)	Keiji Okanan
Director* (Audit & Supervisory Committee Member)	Junko Kato

\* External Director

## Stock Status (as of March 31, 2023)

Total number of authorized shares:	54,000,000 shares
Total number of issued shares:	23,137,213 shares
Number of shareholders:	17,800

### Major shareholders (Top 10)

Name	Number of shares held (Thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
Takayama International Education Foundation	4,226.2	22.54
The Master Trust Bank of Japan, Ltd.	1,457.3	7.77
Ichiro Takayama	1,058.9	5.65
Ken Takayama	1,058.9	5.65
Ryutaro Takayama	1,058.8	5.65
Hakuto Employee Stock Ownership Plan	476.7	2.54
Custody Bank of Japan, Ltd.	419.2	2.24
SMBC Trust Bank Ltd.	241.0	1.29
Sumitomo Mitsui Banking Corporation	200.0	1.07
Seiko Epson Corporation	190.0	1.01

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

The Master Trust Bank of Japan, Ltd.	1,457.3 thousand shares
Custody Bank of Japan, Ltd.	419.2 thousand shares
SMBC Trust Bank Ltd.	241.0 thousand shares

2. In addition to the above, the Company holds 4,388,346 shares as treasury shares (excluding 55,000 shares of the Company held by Employee Stockholding Association linked Trust ESOP). However, since the treasury shares do not have voting rights, they are excluded from the above list.

Treasury shares (number of shares held)	4,388,346 shares
Shareholding ratio	18.97%

\* 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.