

**Hirata**

# Integrated Report 2024

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**The Global Production Engineering Company**

**Hirata Corporation**



Mission Statement

We courageously pursue technical innovation while contributing to the betterment of mankind, development of individuals, and enhancement of our Company’s capabilities.

Management Philosophy

Hirata  
Brings out the best in every person.

Brings out the best in every person is the idea that everyone has some kind of ability, and that there are jobs and places where they can play active roles. Also, even if the work cannot be done alone, the idea is that if we can work together as a group, we can produce great results.

Challenges technical innovation.

Every time a customer's new product is released into society, that product is giving rise to innovative technologies. We have been continuing to innovate to meet the demands of our customers. Continuing to face the challenges of innovative technologies that could not previously be created will contribute to the development of society, while we continue to grow as a world-leading technological group.

Respects humanity.

At the root of our Group's philosophy of respect for humanity is the desire to free people from mundane tasks. We believe that a world in which people are able to devote themselves to creative work for the very reason that only they are able to carry out that work can provide creative products and services to society.

Opens the door to a creative life.

We are a company that enriches the lives of individuals through their work for the Hirata Group. Through your work around the world, you will open up the door to your own creative life by broadening your personal perspective, improving your personal abilities, and gaining numerous opportunities.

Contributes to the society.

We consider a company to be a public entity of society. A company, we have as our goal to always strive to contribute to the development of a sustainable society, and our corporate activities contribute to the realization of a prosperous society.

Makes our customers successful.

Making our customers successful forms part of our philosophy of valuing everyone involved in our Group. Valuing all the people involved in our Group, as a company we will continue to grow together with them.

**Editorial Policy**  
Hirata Corporation has been publishing an integrated report intended for all stakeholders, including shareholders and investors, since 2022. Positioned as a communication tool, the purpose of the integrated report is to convey information on our initiatives for sustained corporate value enhancement to our stakeholders in a comprehensive manner based on integrated thinking, from both a financial perspective and a non-financial perspective, including ESG. The following guidelines were referenced during the creation of this report: Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry of Japan (METI), International Integrated Reporting Framework from the International Integrated Reporting Council (IIRC), IFRS Sustainability Disclosure Standards from the International Financial Reporting Standards Foundation (IFRS), and the GRI Standards from the Global Reporting Initiative (GRI).



**Target Period**  
Fiscal 2023 (from April 2023 to March 2024)  
However, some of the Company's activities prior to and after the target period are also included in the report.

**Scope**  
In principle, Hirata Corporation and its subsidiaries. When data pertains to Hirata Corporation alone, a note to that effect is provided.

**Publication Date**  
December 2024

**Forward-Looking Statements and Other Cautionary Notes**  
Statements regarding the future of the Company mentioned in this report are based on information that was currently available at the time of its compilation. Since there are a number of external factors that could affect our business performance, such as the global economy, exchange rate fluctuations, industry market conditions, and capital investment trends, readers are asked to please remain aware that the content described in these materials may differ. Its purpose being merely to convey information to our stakeholders, this report is not intended to solicit or recommend trading either in the Company's stock or of any other securities and financial instruments.

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**Information Disclosure System**  
We disclose information in a timely and appropriate manner to our stakeholders through the Company website and various reports.

Financial Information

Non-financial Information

Integrated Report

The integrated report is designed to convey information in an integrated manner from both a financial perspective and a non-financial perspective on our initiatives aimed at sustainable improvement in corporate value (published annually).

IR Information

We disclose information in a timely and appropriate manner to our shareholders/investors.

- Notices of Convocation
- Annual Securities Reports
- Consolidated Financial Results
- Financial Results Explanatory Materials
- Medium-Term Management Plan
- Other Reports and Materials

<https://www.hirata.co.jp/en/ir/>

Sustainability

The Company discloses more detailed information on sustainability in a timely and appropriate manner.

- Corporate Governance Reports

<https://www.hirata.co.jp/en/sustainability/>

Website

- Company Information Brochure (Digital Version)
- Product Information
- News
- Other Information

<https://www.hirata.co.jp/en/>





## President's Message

**We embody the spirit of *Jin-Gi-Kou-Ken* to realize sustainable improvement in corporate value by taking on challenges during any era.**

### Respect for Production Line Workers during the Manufacturing Process

Starting off in business engaged in the manufacture and sale of industrial vehicles, such as carts, in Kumamoto, a region that was partially destroyed through bombing during World War II, Hirata took its first step in production equipment manufacturing as a “factory that produces factories” to support post-war industrial recovery through the manufacture of belt conveyors, mechanical systems that enabled companies to mass-produce quality products during a period of transition, from an era of supply shortages to an era of mass production and mass consumption.

Based on the principle of always thinking about better products and proposing them to customers, we developed the world's first “free flow conveyor system” that allows the conveyor to be stopped in front of a worker and then started again after work for a particular item has been completed. This differs from a “machine-centered production line” where workers place screws in and assemble items as the belt conveyor continues to move. By developing this system, we eliminated the heavy burden on workers to work at the pace of the production line. The ability to stop the conveyor so that line workers can perform work on items increases production efficiency by reducing the number of defective products that pass through. Respecting production line workers during the manufacturing process in this way serves as the foundation of our production philosophy that we still adhere to today.

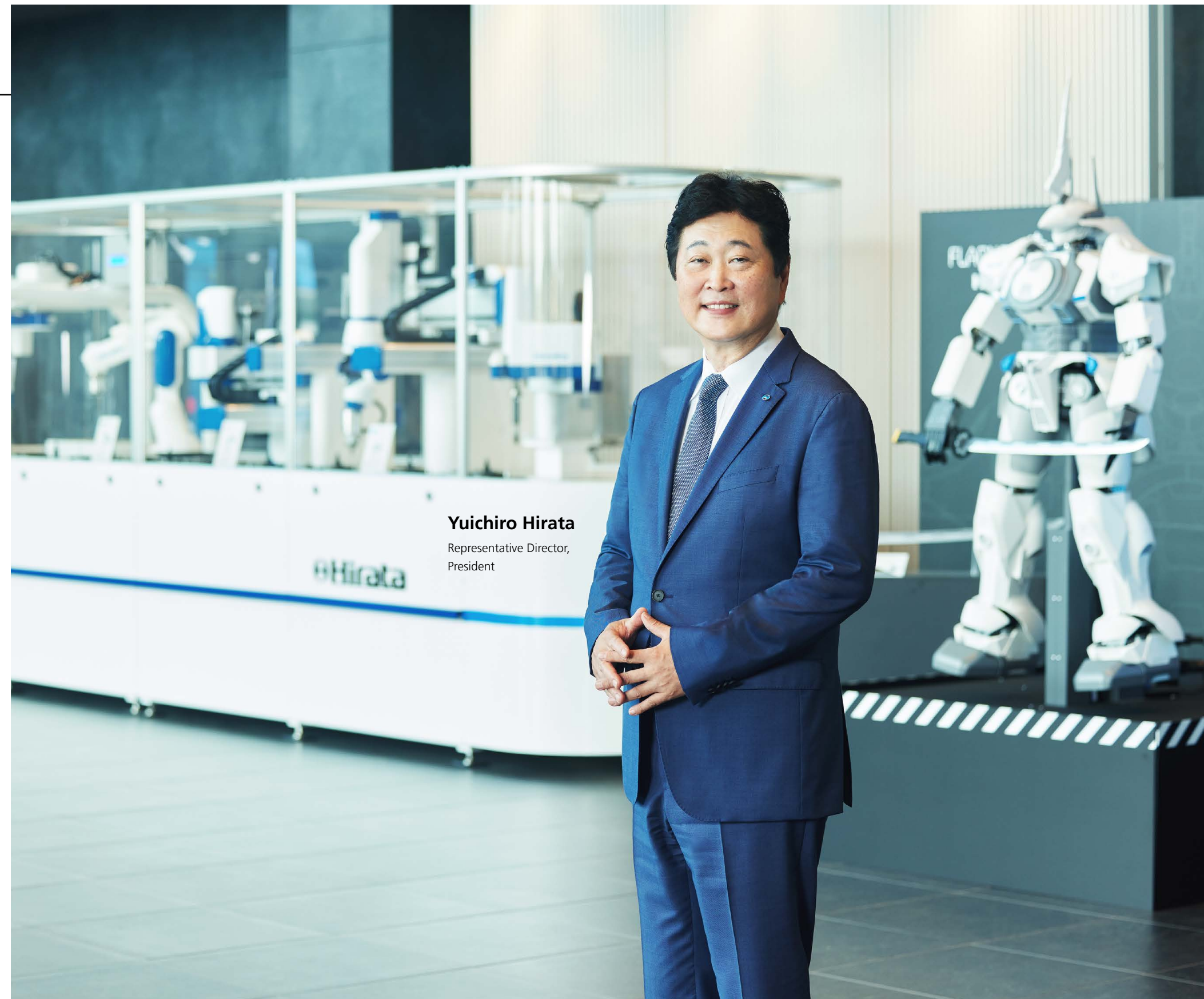
### The Importance of Not Being Afraid of Failure and Seeing Things through to the End

In 1980, Hirata Corporation established Hirata Corporation of America in the state of Indiana (USA) as its first overseas base. Around 2000, Hirata expanded its overseas bases to include locations in Europe, Southeast Asia, and China. At that time, Hirata Corporation mainly focused on developing assembly lines for cathode-ray tube (CRT) production lines and also supplied assembly line systems to overseas home electronics manufacturers. However, in anticipation of a shrinking market, the Company looked for its next business pillar and found the automotive industry to be a particularly important market.

In charge of the management of Hirata Corporation of America at the time, I was working hard in accordance with the “HCA 100 Million Plan”<sup>\*1</sup> based on the idea that if we could win orders from the world's largest automakers and gain their trust, the Automotive-related Business could become our next major business pillar. Since we did not have a track record doing business in North America, we were not taken seriously by local companies. Despite this, we made various efforts together with our local affiliates, gradually gaining recognition. After overcoming repeated failures, we entered the automobile and semiconductor industries in North America. Hirata Corporation is now viewed as a highly reputable company by enterprises around the world.

Taking on new challenges is always accompanied by failures. However, new businesses are always born from such “failures.” Hirata Corporation is a company that moves forward with the courage to keep thinking and the spirit to take on challenges.

<sup>\*1</sup> The name of a business plan aimed at achieving a net sales target of US\$100 million. “HCA” is the abbreviation for Hirata Corporation of America.



**Yuichiro Hirata**

Representative Director,  
President



Creating New Markets

The Company has survived for the past 73 years since its founding by continuing to take on new challenges and transforming its business. It is not easy to predict the future in the rapidly changing society of recent years. Examples of this are how the automotive market is shifting from internal combustion engine vehicles to electric vehicles (EVs) and the sudden appearance of something called a “smartphone,” which instantly became popular throughout the world.

Since our business model is based on build-to-order manufacturing and is always influenced by our customers’ business plans, our sales may be significantly affected by increases and decreases in customers’ production.

Based on this, I feel that we also need a business designed to create our own markets with our own products and create markets to increase sales in order to stabilize management.

This is like shifting from a “hunting-type business model,” in which orders are obtained after establishing targets, to an “agricultural-type business model” where fields are cultivated and products developed. the Eco Electric Series, a lineup of all-electric conveyor line products with the Hirata BLUE MOTOR, an electric motor developed in-house, built in all Eco Electric units, and the cancer treatment robot,<sup>\*2</sup> a product that led to our winning the METI Minister’s Award under the Award for Academic Startups 2024 Program, are examples of products that differ from our traditional approach of where each product is uniquely tailored to a customer’s specific requirements.

<sup>\*2</sup> Hirata Corporation provided support to SONIRE Therapeutics Inc., a startup engaging in the development of next-generation high-intensity-focused ultrasound (HIFU) therapy devices for intractable cancers. The Company was recognized for supporting the development of clinical trial devices through the utilization of its robot technology and production capabilities.

Medium-Term Management Plan Results and Issues

We are working to improve profitability by concentrating our management resources on the EV-related equipment and semiconductor-related equipment markets, which are positioned as growth markets in the Medium-Term Management Plan (FY2022–FY2024).

In fiscal 2023, the second year of the Medium-Term Management Plan, orders from EV-related component manufacturers were strong and silicon wafer transfer equipment sales were solid, which led to higher sales. As a result, net sales for the fiscal year under review amounted to ¥82,839 million (up 5.6% year-on-year), operating profit was ¥6,047 million (up 2.2% year-on-year), and ordinary profit was ¥6,259 million (up 7.9% year-on-year).

Since we have the production capacity and track record allowing us to provide support for both EV and internal combustion engine vehicle businesses, we are able to flexibly capture demand even if EV sales in North America slow down. In the EV battery field, which is a key area of focus, we have established a new specialized department in which our engineers become involved right from the point when customers start developing products, thereby establishing a system that can respond to requests more quickly. In addition, the expansion of the Shichijo Plant (located in Kikuchi City, Kumamoto Prefecture) expanded our production capacity to meet growing demand. As a result of these initiatives, we received large orders for EV battery charging/discharging equipment in January 2024 and have been receiving orders for large projects since the beginning of fiscal 2024. We will continue to improve our production systems and proficiency in key areas to strengthen our competitiveness.

In the Semiconductor-related Equipment Business, net sales in fiscal 2023 decreased 5.4% year-on-year due to the impact of inventory adjustments in the market. However, operating profit increased 29.2% year-on-year due to an increase in the sales ratio of silicon wafer transfer equipment, which comprise products with a relatively high profit margin, and the effect of pass-through costs. I believe that long-term demand for semiconductor-related equipment will continue to increase with the rapid growth of automotive semiconductors and generative AI. Additionally, we are establishing a production system that allows us to cooperate with our affiliates in China, Taiwan, and Southeast Asia to develop our Semiconductor-related Equipment Business working together as the Hirata Group. I think that strengthening collaboration with

Group companies, including those overseas, will improve our ability to respond to changes in the business environment and will enable us to provide even more comprehensive support to Japanese companies that are making capital investments at overseas plants.

On the other hand, I recognize that soaring energy prices and general price increases have made it difficult to improve profitability. With regard to the rise in procurement prices, we are passing on costs to customers through end prices and emphasizing co-existence and co-prosperity with our suppliers. At the same time, we are working to further increase

added value while passing it on to customers in an appropriate manner. The Company will also focus on reducing unnecessary costs by enhancing profitability management and risk management systems for each project and reducing work time and man-hours through the utilization of digital technologies and digital transformation (DX). By expanding the business fields in which digital technologies and DX are utilized, we aim to increase the value provided to customers and improve profitability.

Further Strengthening of ESG Management for Sustainable Growth

As “Strengthening of ESG management initiatives” is one of the basic policies of our Medium-Term Management Plan, we have made efforts to strengthen ESG management. This has led to Hirata Corporation receiving a Bronze rating from EcoVadis, an international organization that evaluates supply chain sustainability, and being selected for the first time as a constituent of the FTSE Blossom Japan Index, an ESG investment index. The Sustainability Promotion Committee, which started activities in earnest in 2023, has convened six times (during fiscal 2023 and the first half of fiscal 2024), raising awareness of sustainability initiatives among internal directors and executive officers. Outside directors also participate in Sustainability Promotion Committee meetings, resulting in very meaningful discussions.

Under the Sustainability Promotion Committee are working groups consisting of members from different departments that examined activity plans and targets from a medium- to long-term perspective. Additionally, each department is involved at the activity implementation stage with all executives and employees coming together to focus their efforts on activities.

As we are currently considering a Medium-Term Management Plan for fiscal 2025 and beyond, I want to see the Company formulate a new strategy for sustainable growth by bringing together the knowledge of the organization and employees that support our engineering capabilities to show the path that we should head down in the future.

To All Our Stakeholders

The slogan *Jin-Gi-Kou-Ken* serves as the Company’s vision. *Jin-Gi-Kou* (“people,” (employees) “technology,” and “happiness”) reflects our founding philosophy and values as symbolized by the free flow conveyor system that I mentioned earlier. The fourth word *Ken*, which means “contribute to society,” was later added to *Jin-Gi-Kou*. The Kumamoto Earthquake, which occurred in April 2016, prompted us to reconsider our contribution to society. We learned from the Kumamoto Earthquake that we can help others by contributing to society and that people will feel thankful, something that will deeply motivate us. That experience also led to the creation of our slogan.

In the future, I want the Hirata Group to contribute to the happiness of all people involved with the Company, including customers, employees, suppliers, and local communities. I would like to ask our shareholders, investors, and other stakeholders for their continued understanding and support.

Yuichiro Hirata  
Representative Director,  
President

J i n - G i - K o u - K e n

人技幸献

To make **everyone** involved in Hirata **content** and **contribute** to society by means of **technology**

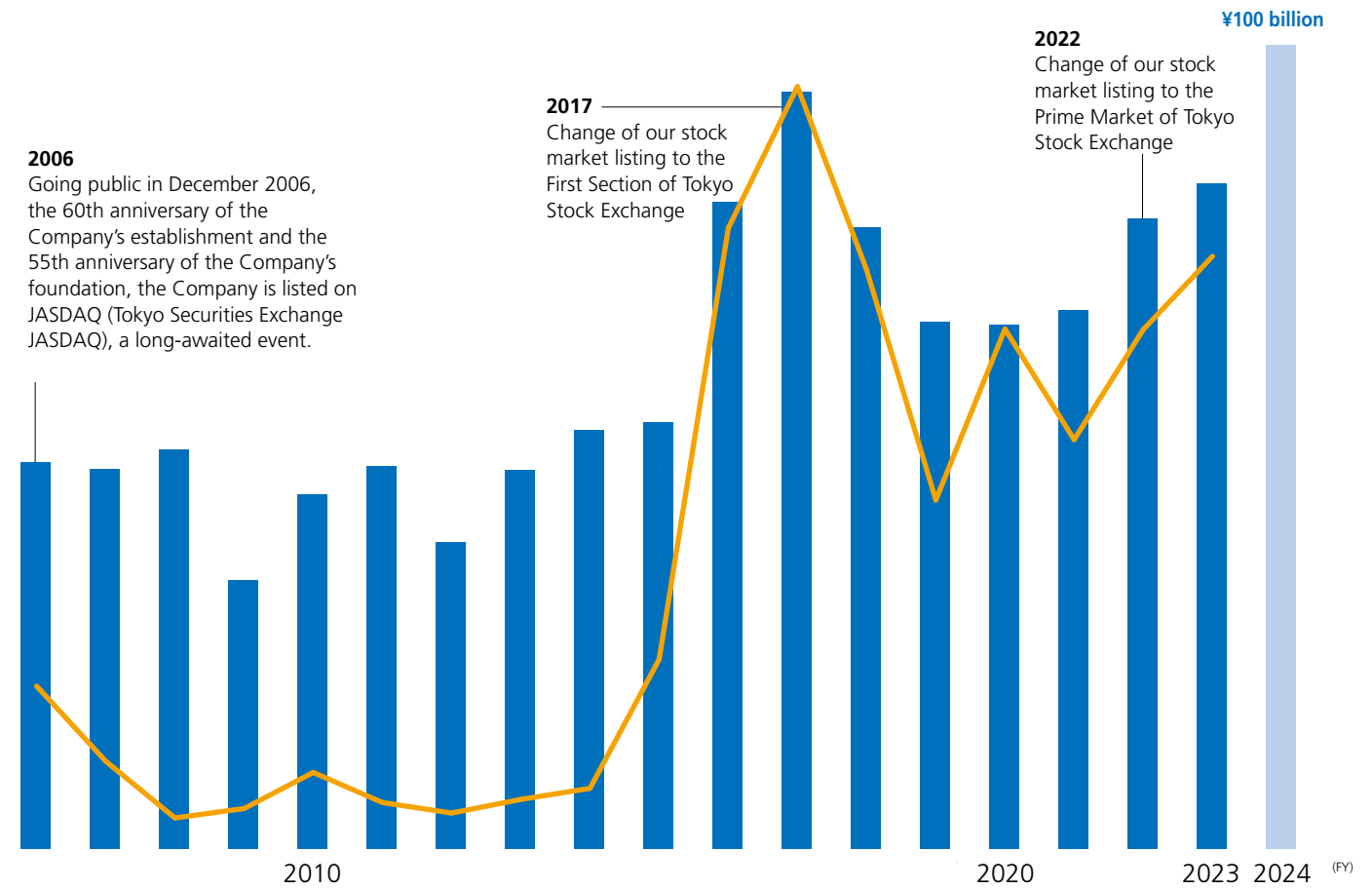
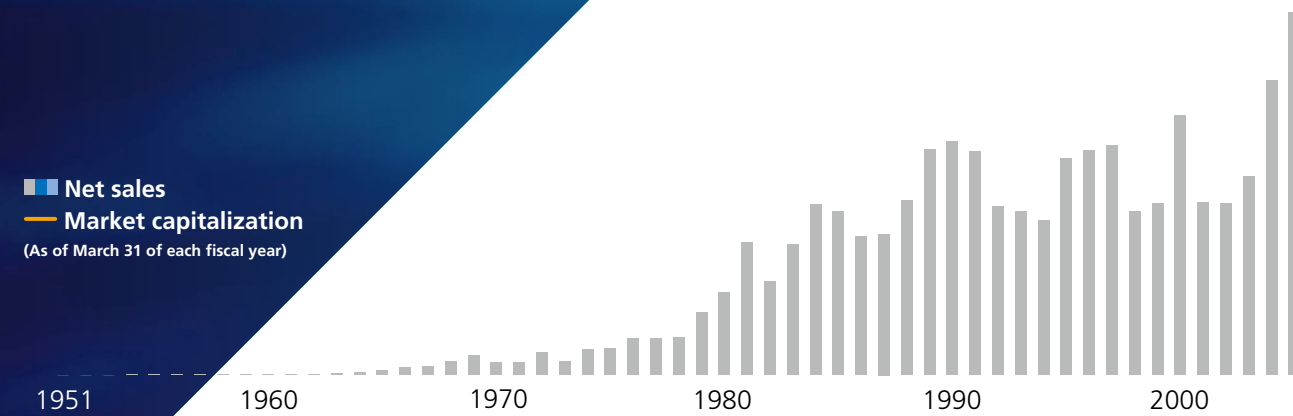




# Value Creation Milestones

Manufacturing continues to evolve on a daily basis around the world. Hirata's job is to support manufacturing in various industrial fields.

■ Net sales  
— Market capitalization  
(As of March 31 of each fiscal year)



Manufacture and sale of industrial vehicles

Expansion of orders for production facilities based on the concept "enhance people to double their capabilities"\*1

Promotion of robot development and automation of production facilities centered on conveyors

The Company introduces control technology and software technology to achieve a higher level of automation. Engages in the manufacture and sale of process equipment as well as assembly facilities

Production system integrator mainly involved in the automotive, semiconductor, and home electronics fields

Hirata's production system evolves in response to the changing times

1951

## Company Established as a Corporation

Hirata Sharyo Industrial Co., Ltd. was established in Kumamoto City, Kumamoto Prefecture, for the manufacture and sale of industrial vehicles. This increased orders for industrial vehicles, such as carts, and belt conveyors.



"MEP Chain" Conveyor  
A worker-focused free flow system where products stop moving in front of line workers so that they can be assembled, etc.

\*1 Hirata's coined phrase that expresses the idea of making the best use of people by having them do jobs with higher added value, instead of labor saving that reduces the number of people by automating equipment.

1974

## Hirata Corporation Is Born

As the Company's business expanded with the increased utilization of automatic assembly machines for the home electronics industry and other industries, three affiliated companies, Taihei Conveyors, which mainly handled portable conveyors, Hirata Sharyo Industrial, and Hirata Industrial Commerce, which handled conveyors used in the manufacture of home electronics-related products, merged to form Hirata Corporation.



Cathode-ray tube (CRT) production line



ACS concept model exhibited at a trade show in North America as an effort to expand the Automotive-related Business

1980

## Expansion of Overseas Bases

Began supplying assembly facilities not only to home electronics manufacturers in Japan but also to major overseas home electronics manufacturers, and established our first overseas base in the United States to further develop sales channels. Afterwards, we established affiliates in Europe, Southeast Asia, China, and other regions.



ACS concept engine assembly lines

1990

## Company Receives High Praise from Overseas Automakers with Its ACS\*3 Concept

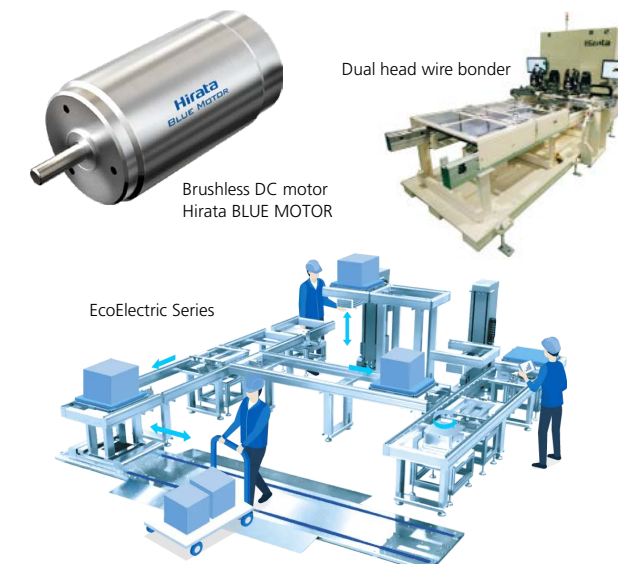
With the birth of the ACS concept, which responds to various demands by combining standards, the Company's reputation among foreign automakers began to grow in the mid-1990s. Evolution of automotive assembly facilities is accelerated.

\*3 Assembly Cell System

2000

## Expanding Business to Meet the Needs of the Times

Entered the flat panel display (FPD) market, anticipating a shrinking cathode-ray tube (CRT) TV market. We also entered the Semiconductor-related Equipment Business and dealt with major overseas manufacturers. The Company moves to the world stage as a production system integrator.



Brushless DC motor  
Hirata BLUE MOTOR

Dual head wire bonder

EcoElectric Series

The present

## Selecting and Focusing on Technologies for the Realization of a Sustainable Society

In response to the once-in-a-century change in the automotive industry and the changing needs for the realization of a sustainable society, we will respond with reliable quality and technology. Utilizing digital technology and DX, we propose smart factories that are highly convenient and contribute to the environment. We will strengthen the development of products for which demand is expected to increase in the future, such as key devices related to electric vehicles (EVs).



EDU (electric drive unit) assembly equipment



# At a Glance

Since our founding in 1951, Hirata has been manufacturing and marketing production systems for various industrial sectors, such as the automotive, semiconductor, and home electronics industries.

Hirata provides diverse production systems that help customers resolve their manufacturing issues while expanding into other areas such as environmentally friendly products and medical, chemistry, and physics devices.

Net sales

¥82.839 billion

Up 5.6% year-on-year

Operating profit

¥6.047 billion

Up 2.2% year-on-year

Total assets

¥130.787 billion

45%

33%

19%

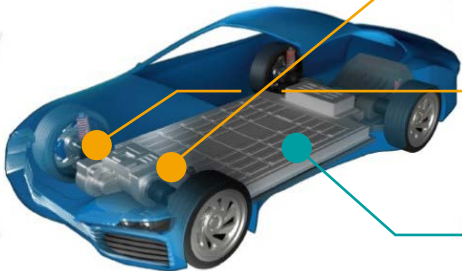
3%



## Automotive-related Business

We comprehensively handle equipment for electric vehicles (EVs), engines, transmissions and automotive component production. We provide optimized solutions by means of pre-verification utilizing digital technologies and comprehensive commissioning at our plants. Focusing on EV-related components, we continue to receive orders from North American automakers (big three), North American emerging EV manufacturers, and domestic electronic components manufacturers.

### Main/Expansion Fields of EV-related Business



Main field

### EDU assembly equipment

Manufacture of EV-drive parts assembly equipment called EDU (electric drive unit) combined with in-vehicle motors and gearboxes

Main field

### IGBT/Inverter assembly equipment

Manufacture of in-vehicle electronic components mounted on EVs and transmissions such as IGBT and inverters

Expansion field

### Battery-related assembly equipment (cell charging/discharging process)

Manufacture of conveying equipment for the charging/discharging process that is part of the battery cell manufacturing process

Net sales

¥36.984 billion

Operating profit

¥1.651 billion

Operating profit ratio

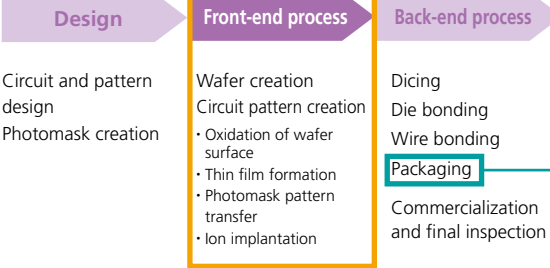
4.5%



## Semiconductor-related Equipment Business

Manufacture and sale of load ports that load silicon wafers into various processing equipment, wafer transfer robots that can handle atmospheric and vacuum environments, aligners and equipment front-end modules (EFEMs) that integrate them, and vacuum platforms. We continue to receive orders mainly for silicon wafer transfer equipment for domestic device manufacturers and handling devices that transport IC chips between inspection devices.

### Semiconductor Manufacturing Processes



Main field

### Wafer transport device

Manufacture of load ports that load silicon wafers into various processing equipment, wafer transfer robots that can handle atmospheric and vacuum environments and equipment front-end modules (EFEMs) that integrate them

Main field

### Transport device that transports IC chips between inspection devices

Manufacture of handling equipment that transports the finished IC chips to inspection devices and to other trays

Expansion field

### PLP\*

\* Panel Level Packaging  
Manufacture of EFEM, load ports, and wafer transfer robots for panel substrate transfer and transfer equipment for panel manufacturing used in the PLP process, etc.

Net sales

¥27.390 billion

Operating profit

¥4.450 billion

Operating profit ratio

16.2%



## Other Automatic Labor-saving Equipment Business

Manufactures and sells automatic labor-saving equipment in the fields of medical and scientific equipment, home electronics, industrial robots, logistics (transport systems), and flat panel displays (FPDs). We also support single-item sales of factory automation (FA) equipment.

We continue to receive orders for organic EL vapor equipment for domestic manufacturing equipment manufacturers, medical, chemistry, and physics devices, and assembly equipment for home electronics manufacturers in Asia.

Note: Businesses that are not included in the above three segments are included in "Others."

Main field

### Medical, chemistry, and physics devices

Manufacture of systems for sample tests (pathological tissue specimen devices and fully automatic continuous thinning devices)

Main field

### Assembly equipment for home electronics manufacturers

Manufacture of all equipment, including equipment used to assemble motors used in high-performance home electronics

Ongoing business field

### Deposition equipment for OLED

Contracted to manufacture vacuum vapor equipment for organic EL panels

Operating profit

¥0.119 billion

Operating profit ratio

0.7%

Expansion field

### Eco Electric Series

The Eco Electric Series is Hirata's all-electric transfer equipment that is non-pneumatic, which promotes sustainable manufacturing. The brushless DC motor developed in-house enables labor-saving and compactness of production systems.



# Value Creation Process

Mission Statement: We courageously pursue technical innovation while contributing to the betterment of humankind, development of individuals, and enhancement of our Company's capabilities.

## Input

### Capital (as of March 31, 2024)

#### Financial capital

Consolidated net assets

**¥65.302** billion

#### Manufactured capital

Seven domestic business sites, three domestic affiliates, and nine overseas affiliates

**15** plants

**28** sales bases (global)

#### Human capital

Number of employees (excluding temporary employees)

**1,967** (Non-consolidated: 1,112; consolidated subsidiaries: 855)

#### Intellectual capital

Number of registered patents

**602**

Production facility construction know-how

#### Social capital

Strong relationships of trust with customers

#### Natural capital\*

Energy usage

**3,579** kl

Water usage

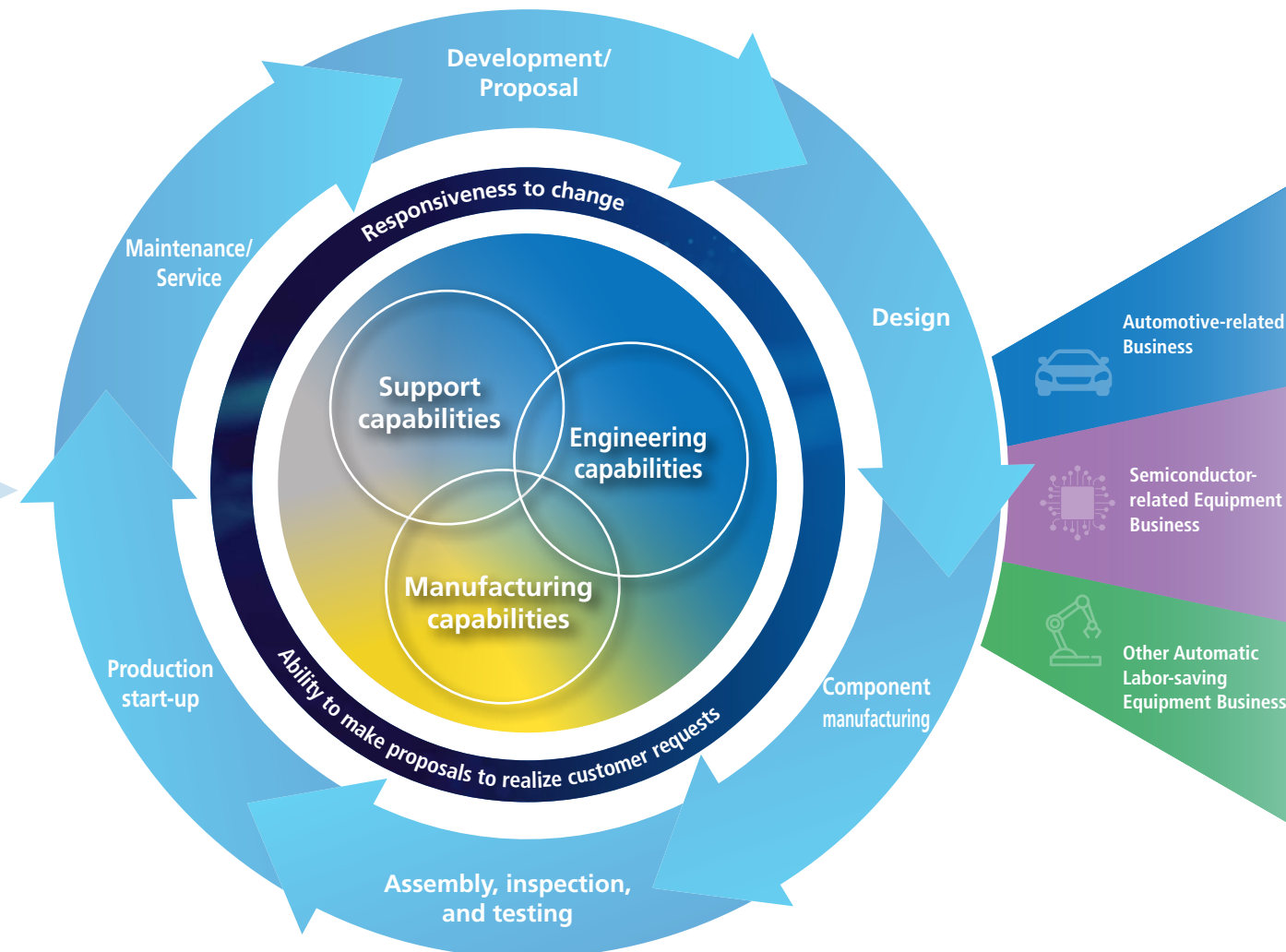
**31,864** m<sup>3</sup>

\* Hirata Corporation only (fiscal 2023 data)

## Business Model

### In-house System Integration

We support global manufacturing with our technology and know-how in every aspect of production systems



## Output

### Value for stakeholders

#### Customers

Improved safety, productivity, convenience, and comfort  
Reduced environmental impact

#### Employees

Self-realization through growth  
Safe and secure work environments

#### Suppliers

Stable trading  
Opportunities for business expansion into new areas

#### Shareholders/Investors

Stable shareholder returns

#### Local communities

Tax payments, co-prosperity with local communities

#### Global environment

Saving of energy and resources  
Reduction of GHG emissions

### Value for Hirata (FY2023 performance)

#### Economic value

Net sales

**¥82.839** billion

Operating profit

**¥6.047** billion

ROE

**7.0%**

#### Intellectual capital

Accumulation of technology and know-how

#### Social capital

Trustful relationships with customers and partner companies



### Our Vision

## Jin-Gi-Kou-Ken

To make **everyone** involved in Hirata **content** and **contribute** to society by means of **technology**





# Hirata's Competitive Advantage

## Engineering Capabilities, Manufacturing Capabilities, and Support Capabilities

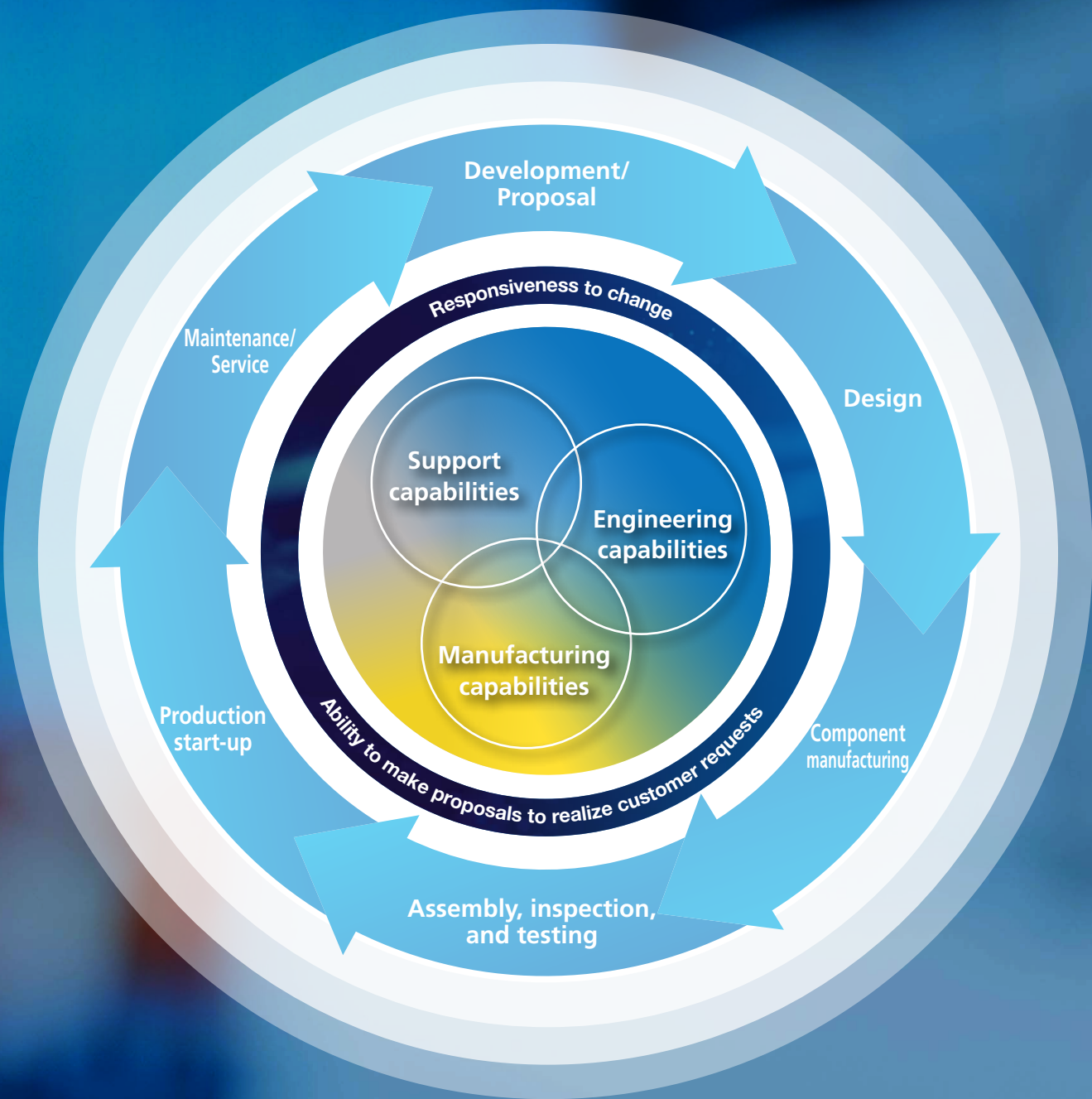
Hirata possesses engineering capabilities and manufacturing capabilities cultivated by responding to various customer requests. Our strengths are created by the synergies of these two capabilities. We conduct concurrent engineering that leads to new ideas and efficiency improvement by having employees responsible for engineering and manufacturing functions share information and collaborate at a high level.

Because we support manufacturing sites around the world, we utilize the technology and know-how we have accumulated over the years to work on operation support, maintenance, and product updates. In this way, we have grown and expanded our business by grasping and responding to the changing needs of the times around the world.



### Support capabilities

In supporting production sites, there are various practical issues, including labor practices, customs, and safety standards in each region. We face these issues in earnest and continue to provide optimal production systems and improve them every day based on experience and know-how. In addition, our global network, which includes nine overseas bases, provides reliable support for our customers.



### Engineering capabilities

From the development stage and conceptual stage, maintaining a customer-oriented mindset is indispensable. Our experienced engineers, who have cultivated their unique proposal and design skills for each job, give shape to and realize customer needs. The experiential knowledge of our engineers is accumulated in our organization. We can provide high-level solutions by actively incorporating the latest tools into this knowledge.



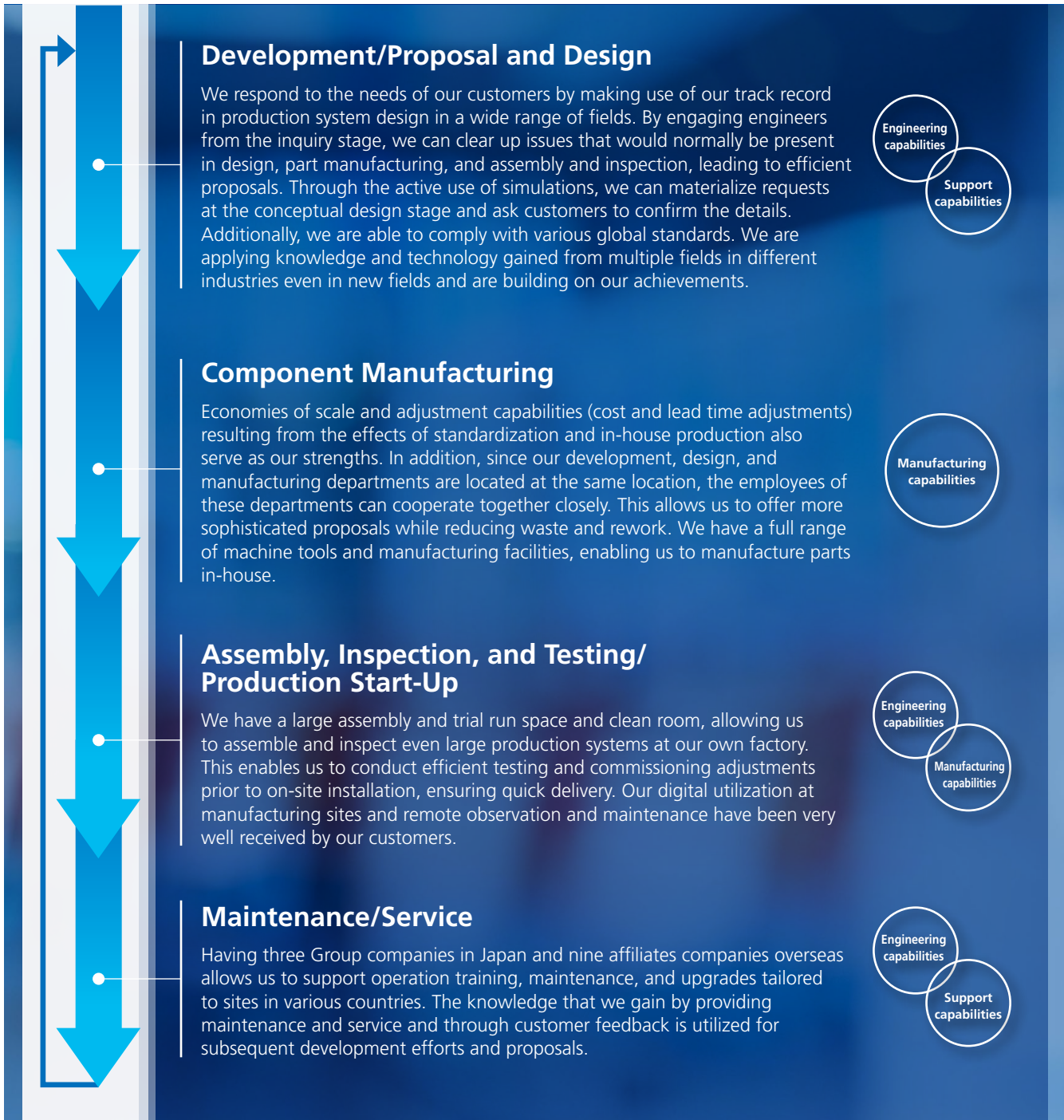
### Manufacturing capabilities

Our manufacturing capabilities can be said to be manufacturing capabilities that reinforce our engineering capabilities. The integrated production that achieves both quality and speed through a sense of unity, which can be described as manufacturing versed in production sites and design versed in manufacturing, produces the greatest effect and leads to our competitive advantage. We are also actively working to improve the efficiency of our own production processes and to increase added value.

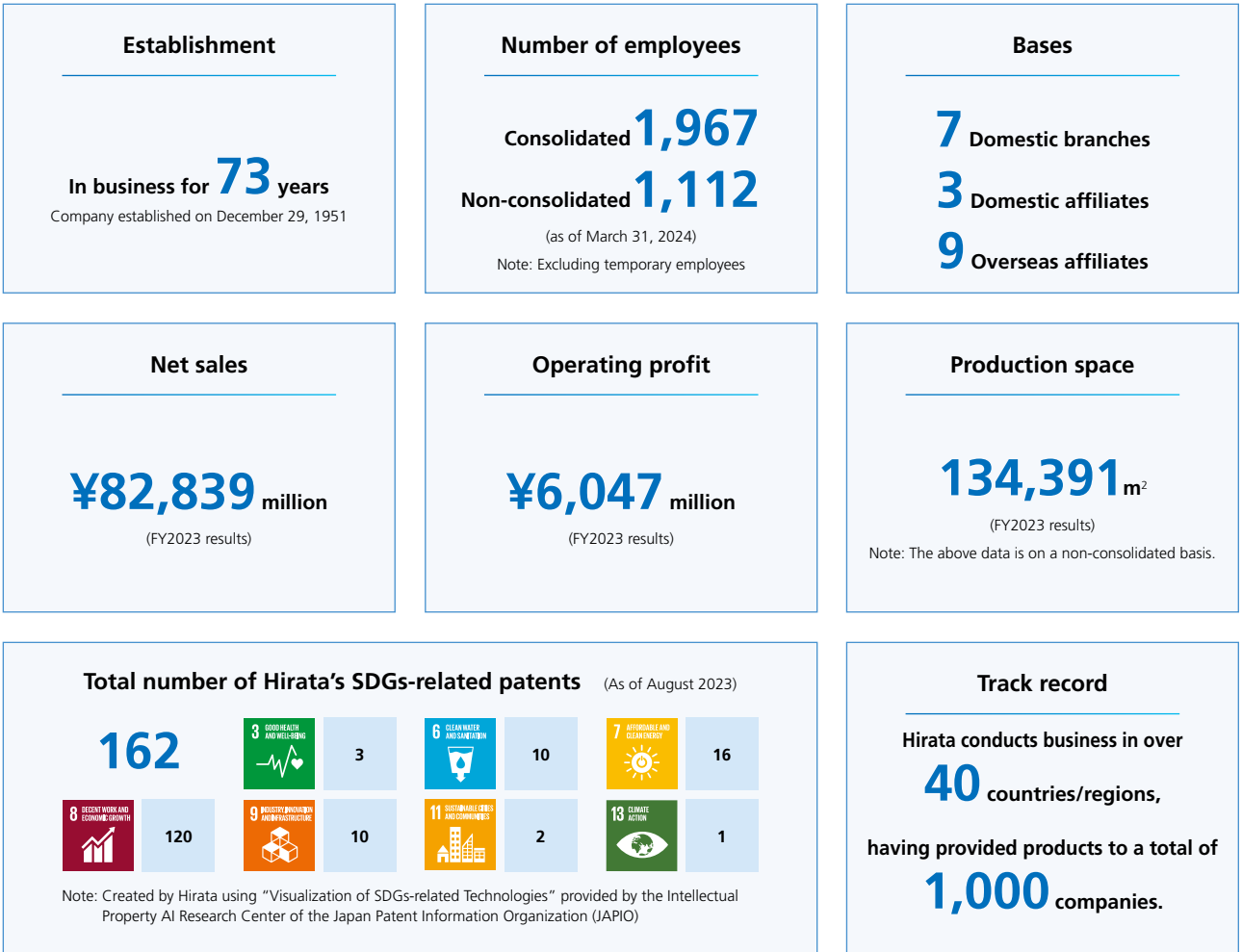


## Demonstrating Our Three Capabilities in the Value Chain

Hirata has an integrated production system that includes development and proposal and design, component manufacturing, assembly and verification, production start-up, and maintenance and service. In this system, we work closely with customers from conceptual design to verification and maintenance to realize production systems with low total cost and high production efficiency. By sincerely addressing the needs of our customers and pursuing technological innovation, we respond to the needs that change with the times.



## Hirata by Numbers



## Key Initiatives Endorsed by Hirata Corporation

- United Nations Global Compact
- Task Force on Climate-related Financial Disclosures (TCFD)



## External Evaluation of Sustainability

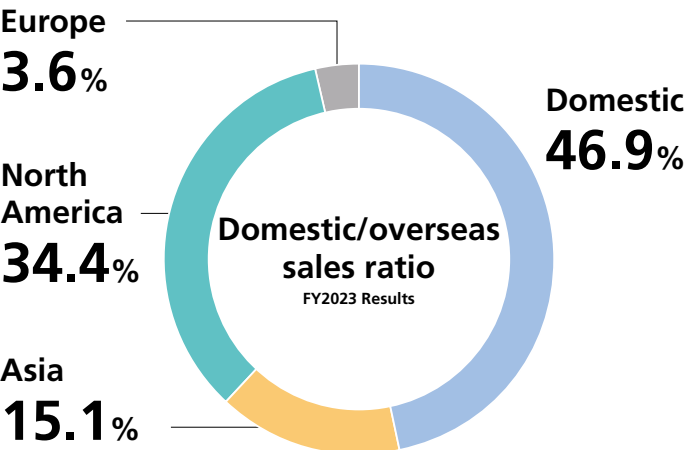
Hirata has been selected as a constituent of the FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index (FTSE Blossom SR), an ESG (Environment, Social and Governance) investment index, and the S&P/JPX Carbon Efficient Index, a global environmental equity index. These indicators are adopted by the Government Pension Investment Fund (GPIF).



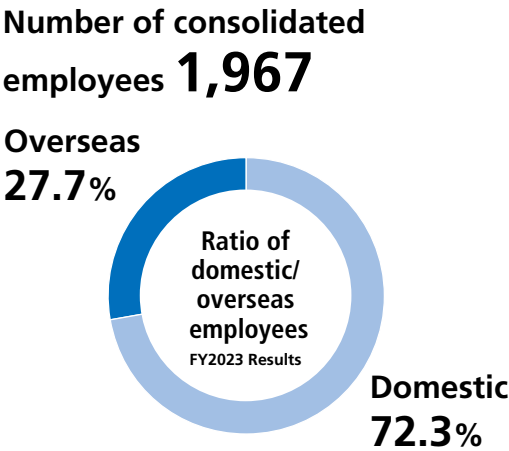


# Global Network

Hirata supports manufacturing around the world from Kumamoto, the Company's home region.



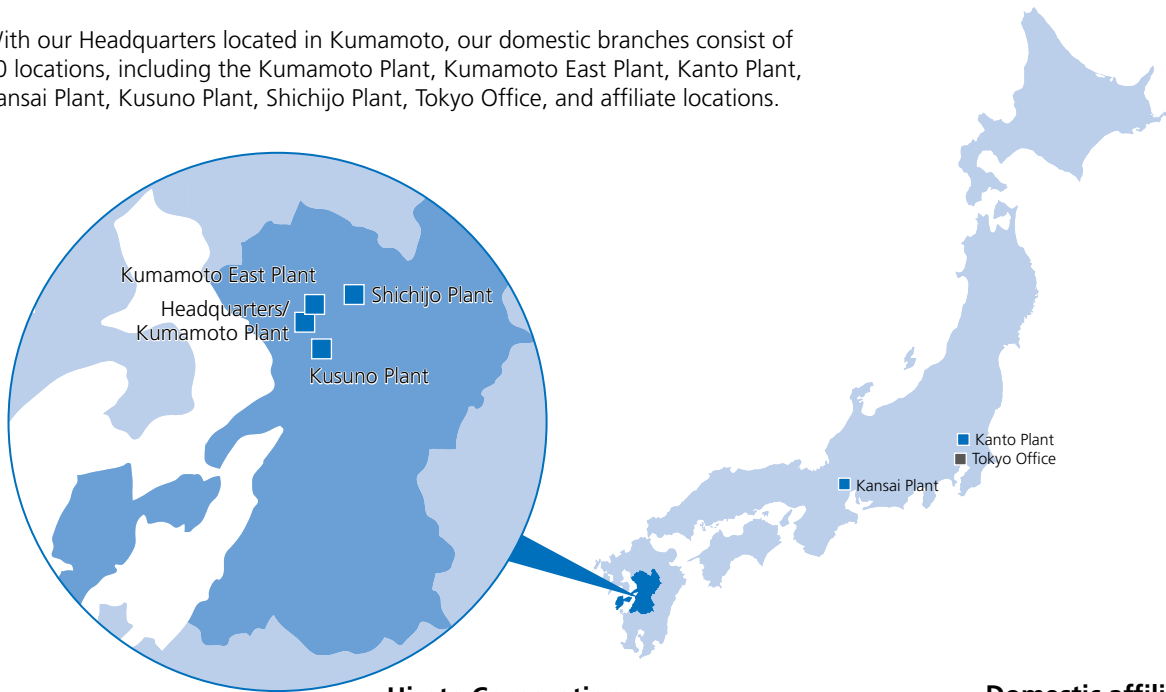
Note: Calculated according to where customers are based. "Domestic" includes a portion of sales where the final destination of products is overseas.



Note: Excluding temporary employees

## Domestic Branches

With our Headquarters located in Kumamoto, our domestic branches consist of 10 locations, including the Kumamoto Plant, Kumamoto East Plant, Kanto Plant, Kansai Plant, Kusuno Plant, Shichijo Plant, Tokyo Office, and affiliate locations.



### Hirata Corporation

- Headquarters/Kumamoto Plant  
Est. 1964
- Kusuno Plant  
Est. 1984
- Kanto Plant  
Est. 1968
- Tokyo Office  
Est. 2016

<https://www.hirata.co.jp/en/corporate/office>

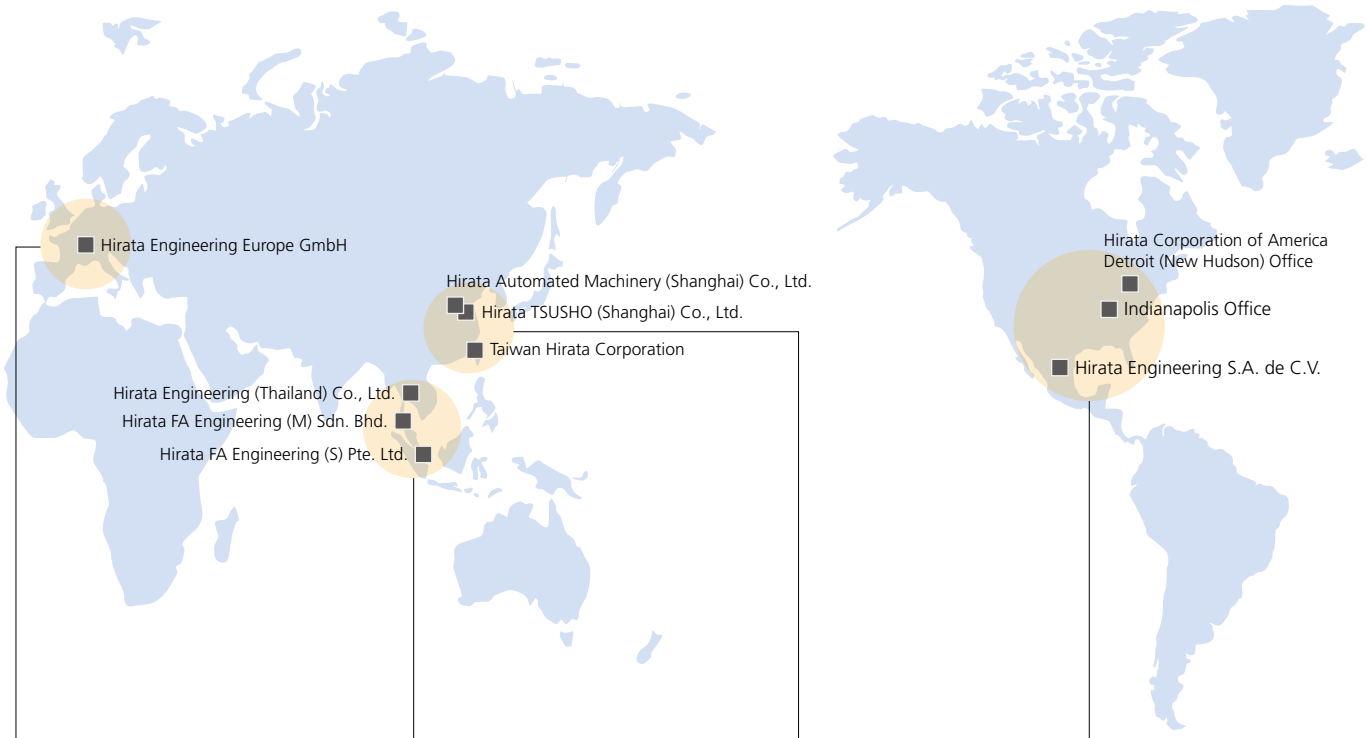
- Kumamoto East Plant  
Est. 1988
- Shichijo Plant  
Est. 2008
- Kansai Plant  
Est. 1981

### Domestic affiliates

- Taihei Technos Co., Ltd.  
Est. 1980  
<https://www.taiheitechnos.co.jp> (Japanese only)
- Hirata Field Engineering Co., Ltd.  
Est. 1999  
<https://www.hirata-fe.com/en/>
- Trinity Inc.  
Est. 1986  
<https://www.3inc.jp> (Japanese only)

## Overseas Affiliates

Hirata has nine overseas affiliates located in regions including North America, Europe, Southeast Asia, China, and Taiwan.



### Europe

- Hirata Engineering Europe GmbH (Germany)  
Est. 1993  
<https://www.hirata.de>

### Southeast Asia

- Hirata FA Engineering (S) Pte. Ltd. (Singapore)  
Est. 1991  
<https://www.hirata.com.sg>
- Hirata Engineering (Thailand) Co., Ltd. (Thailand)  
Est. 2004  
<https://www.smri.asia/en/hirata>
- Hirata FA Engineering (M) Sdn. Bhd. (Malaysia)  
Est. 2012

### China, Taiwan

- Hirata Automated Machinery (Shanghai) Co., Ltd. (China)  
Est. 2006  
<https://www.hirata-cn.com/en/>
- Hirata TSUSHO (Shanghai) Co., Ltd. (China)  
Est. 1999  
<http://www.hirata-hts.com>
- Taiwan Hirata Corporation (Taiwan)  
Est. 2006  
<https://www.hirata.com.tw/>

### North America

- Hirata Corporation of America (USA)  
Est. 1980
- Hirata Engineering S.A. de C.V. (Mexico)  
Est. 2000

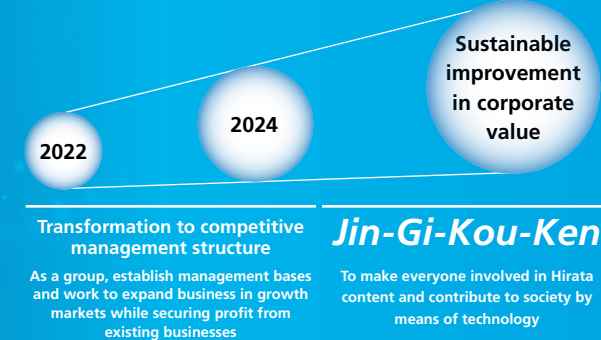


# Medium-Term Management Plan (FY2022–FY2024)

## Positioning of the Medium-Term Management Plan (FY2022–FY2024)

In formulating the current Medium-Term Management Plan, we reviewed our Mission Statement and Management Philosophy, which constitute our founding spirit, and arrived at the idea that the duty of the Company is "To make everyone involved in Hirata content and contribute to society by means of technology" (*Jin-Gi-Kou-Ken*).

Based on the concept of *Jin-Gi-Kou-Ken*, we have established four basic policies with the aim of transforming ourselves into a competitive powerhouse over the medium term by solidifying our management foundation as a group and expanding our businesses in growing markets while securing profits in existing businesses.



## Management Targets

	FY2022 Results	FY2023 Results	FY2024 Targets	FY2024 Forecast
Net sales	¥78.4 billion	¥82.8 billion	¥100 billion	¥100 billion
Operating profit	¥5.9 billion	¥6.0 billion	¥10 billion	¥7.5 billion
Operating profit ratio	7.5%	7.3%	10.0%	7.5%
ROE	7.5%	7.0%	11.0%	–

In fiscal 2023, we secured an the return on invested capital (ROIC) of 6.3%, exceeding the weighted average cost of capital (WACC) of 6.1%.

## Basic Policies and Main Measures

### Strengthen profitability

#### Basic Policy 1

#### Business Expansion in Growth Markets

Existing businesses are defined as businesses that respond to growth markets driven by social issues such as reduction of environmental impact and digitalization and as other businesses.

In particular, we will focus our resources on the two growth markets of electric vehicles (EVs) and semiconductors and pursue efficiency improvements in other businesses, such as FPDs and home electronics as continuing operations.

In addition, we will position the biological genetic resource business (mainly plant genetic resources) as a business that will present new challenges and will strive to build an internal structure with a view to commercialization.

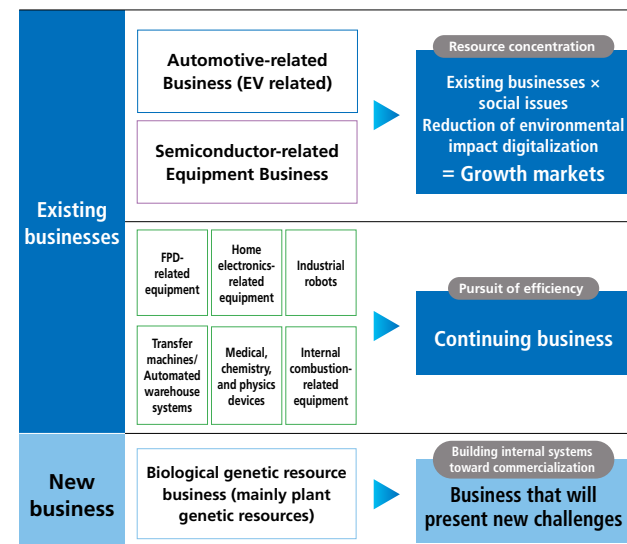
#### Basic Policy 2

#### Strengthening Competitiveness as a Global Company

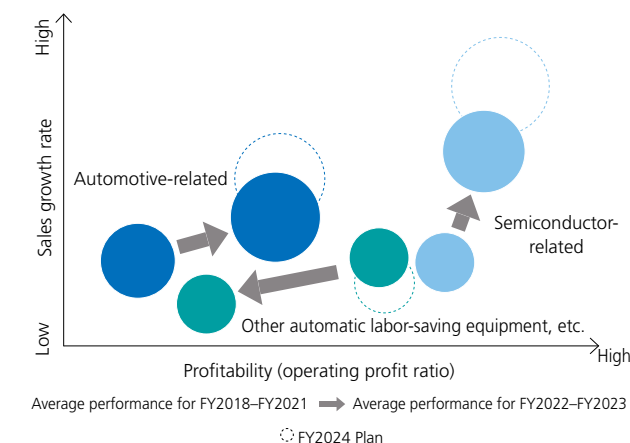
For our global response to expand profits in growth markets such as EVs and semiconductors, we will optimize business collaboration between each business unit and each affiliated company to create synergies in terms of orders, development, and production systems.

We will also work on front-loading activities as a business initiative to strengthen competitiveness. All departments will cooperate with each other, and at the initial stage of the project they will identify the risks related to the content of the inquiry and increase profits by planned responses. We will further strengthen this activity by utilizing digitalization.

### Positioning of Medium-Term Management Plan Period for Each Business



### Sales Growth/Profitability of Our Business Portfolio



Note: The circle near the tail end of the arrow represents the average performance of the business sector for the four fiscal years FY2018–FY2021, and the circle near the pointed end of the arrow represents the average performance of the business sector for FY2022–FY2023. The dotted circles indicate FY2024 targets. The size of the circle indicates the scale of sales. This business growth plan is based on the product categories of the new disclosure segments, which have changed since FY2022.

### Strengthening of our management foundation

#### Basic Policy 3

#### Strengthening of ESG Management Initiatives

To achieve both business growth and the resolution of social issues as well as to improve corporate value, we formulated the Sustainability Basic Policy, identified materiality, and organized the relationship between our philosophy system and corporate values. During the time frame of the current Medium-Term Management Plan, we will formulate a specific road map, such as setting targets for each materiality.

▶ Please refer to page 34 for details on sustainability management.

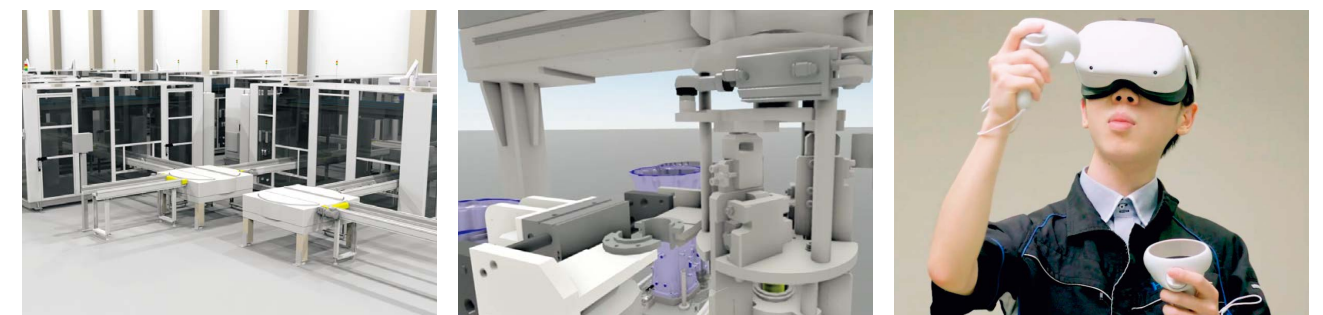
#### <Hirata Group's Materiality Themes>

- Response to climate change
- Building of a sustainable society
- Bringing out the best in every person
- Strengthening of our management foundation

#### Basic Policy 4

#### Realization of Management in Line with the New-Normal Era




We will expand the value provided to customers and society by promoting digitalization for business. This will include CADVR, which imports existing 3D design data as it is and allows users to hold remote meetings while confirming equipment in the VR space, the use of emulators that virtually verify the CAD data of development systems and industrial programs, and IoT, whereby we are aiming to digitize and convert to numerical and visual forms every manufacturing process so that plants can be operated continuously for 24 hours.

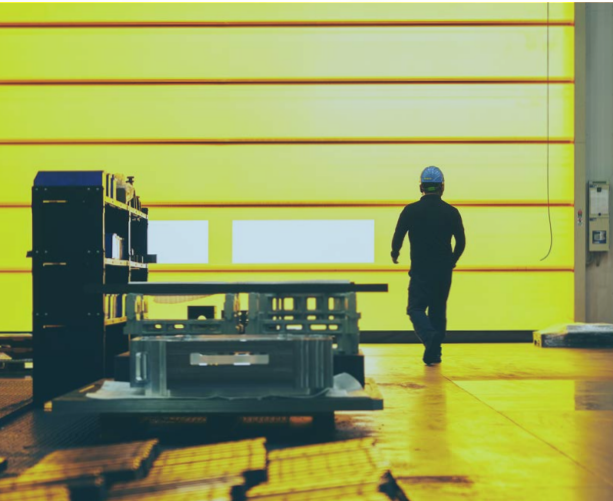


Results of the Basic Policies and Future Issues

		FY2022–FY2023 results (actual)	FY2024 results (outlook)	Future issues
Strengthen profitability	Basic Policy 1 Business expansion in growth markets	<ul style="list-style-type: none"><li>• Increase in large orders for both electric vehicles (EVs) and internal combustion engine vehicles</li><li>• Expanded production capacity at the Shichijo Plant and Kansai Plant</li><li>• Made progress in the development of key devices for batteries</li><li>• Entered the cancer treatment equipment business and formed a business partnership</li><li>• Completed the creation of a laboratory equipped with equipment, devices, and software to evaluate functionality in plant genetic resource research</li></ul>	<ul style="list-style-type: none"><li>• Acceleration of the transition to new fields/product development by establishing a new department specializing in batteries</li><li>• Participation in the automation and standardization of semiconductor back-end process (SATAS)</li><li>• Development of cancer treatment equipment for mass production</li><li>• Commercialization of plant genetic resource research (decide to commercialize plant genetic resource research in the form of the product development support service "Plant Pro")</li></ul>	<ul style="list-style-type: none"><li>• Securing production capacity allowing the Company to stably respond to a ¥100 billion net sales scale (streamlining and increasing design and manufacturing operations)</li><li>• Improving cash flow by increasing the efficiency of assets (fixed assets for business use and working capital)</li></ul>
	Basic Policy 2 Strengthening competitiveness as a global company	<ul style="list-style-type: none"><li>• Increase in orders from semiconductor-related businesses at affiliates in China</li></ul>	<ul style="list-style-type: none"><li>• Increase in orders from semiconductor-related businesses at affiliates (including our affiliate in Malaysia)</li><li>• Promotion of dialogues with affiliates aimed at business growth, risk management, and the sophistication and optimization of internal control systems for the entire Group</li></ul>	<ul style="list-style-type: none"><li>• Forming a consensus on regional strategies that are linked to the functions of Headquarters and the roles, responsibilities, and authority of each affiliate</li><li>• Restructuring of affiliates with sluggish performance due to lack of coordination with Headquarters and getting Headquarters involved to get performance back on track</li></ul>
Strengthening of our management foundation	Basic Policy 3 Strengthening of ESG management initiatives	<ul style="list-style-type: none"><li>• Established an ESG promotion system to discuss and report on materiality at Sustainability Promotion Committee meetings and oversee the Board of Directors</li><li>• Established the Hirata Group Code of Conduct based on international norms and rules</li><li>• Acquired Bronze rating from EcoVadis</li><li>• Decided on a CO<sub>2</sub> emissions calculation method and examined intermediate indicators in response to climate change</li><li>• Formulated Human Rights Policy Guidelines and performed assessments</li></ul>	<ul style="list-style-type: none"><li>• Creation of a definition defining the direction in which the Company is headed in terms of sustainability, formulation of an activity road map (KPI creation), and promotion of understanding about sustainability within the Company</li><li>• Awareness/reduction of the Company's CO<sub>2</sub> emissions</li><li>• Expansion of the Eco Electric Series lineup</li></ul>	<ul style="list-style-type: none"><li>• Spreading of sustainability activities to affiliates and evaluation of KPIs</li><li>• Establishing a system to grasp the Company's CO<sub>2</sub> emissions (including Scope 3) and creation of detailed emissions targets</li><li>• Decreasing environmental impact and expanding the amount of energy-saving products</li><li>• Examining human resource strategies in conjunction with management and business strategies</li></ul>
	Basic Policy 4 Realization of management in line with the new-normal era	<ul style="list-style-type: none"><li>• Made progress in considering the introduction of information systems (PLM, ERP) covering core business operations</li><li>• Expanded the number of fields in which we use emulators and improved their functions</li><li>• Made progress in the area of logistics analysis (simulator) utilization</li><li>• Introduced a test on the assembly maintenance-related AR operation manual</li></ul>	<ul style="list-style-type: none"><li>• Verification of core systems to begin full operation in fiscal 2026</li><li>• Introduction of a test on the AR operation manual at Hirata Field Engineering Co., Ltd.</li><li>• Study on software standardization is in progress</li></ul>	<ul style="list-style-type: none"><li>• PLM business operation review, 3D model development, recovery of progress delays in data migration, ERP coordination</li><li>• Examination of AI and RPA (design work, etc.) and expansion of AR introduction department</li><li>• Arrangement of points to be discussed for the enhancement of software technology (including organizational structure)</li></ul>

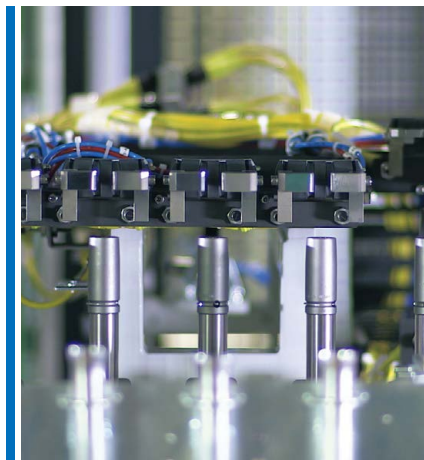
Business Segment Strategies

-  Automotive-related Business
-  Semiconductor-related Equipment Business
-  Other Automatic Labor-saving Equipment Business





# Business Segment Strategies



## Automotive-related Business

Including EV-related systems, the primary components of power transmissions and drive trains, electronic equipment such as computers to control them, sensors and other in-vehicle electronic components, and the air compressors used in air-conditioning, we provide support for a wide range of production systems. Completely handling a large number of devices and items of equipment at the Company, we run comprehensive in-house tests to ensure their correct operation before delivering them to our customers' factories. Hirata's standard designs and solutions improve ease of maintenance for the end user. In addition, we utilize digital twins to design and develop production lines more efficiently.

### Strengths

- (1) Integrated systems, from development to production and maintenance
- (2) Engineering capabilities that enable us to fulfill customer requirements
- (3) Vast plants where entire production lines can be verified
- (4) Trust and continuous transactions from customers
- (5) Broad product lineup
- (6) Ability to utilize our achievements in different fields such as home electronics, semiconductors, and displays in the Automotive-related Equipment Business

### Weaknesses

- (1) Profitability management and profitability in new development projects
- (2) Development capabilities for own key devices and standard equipment
- (3) Competitiveness in specific regional markets
- (4) Support for outsourcing management

### Opportunities

- (1) Expansion of market for products that address environmental issues
- (2) Local production for local consumption (strengthening of local procurement at each manufacturing company)
- (3) Advancement of digitalization for business
- (4) Cooperation with domestic companies to enter new fields and expand overseas

### Threats

- (1) Changes in market environment due to tightening of environmental regulations
- (2) Decrease in number of parts and in demand for production systems due to shift to EVs
- (3) Rise of equipment manufacturers in emerging countries
- (4) Exchange rate fluctuations
- (5) Rapid market changes due to geopolitical influences

## Business Environment

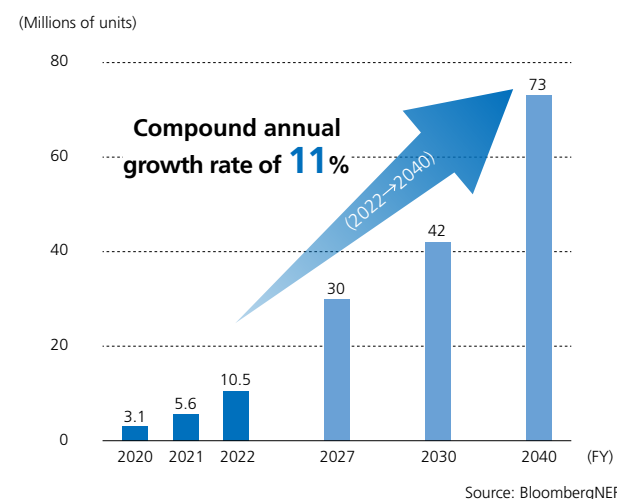
### Industry Outlook

Although EV sales are growing steadily in China and Asia, the spread of EVs is slowing in Europe and the United States. Additionally, the introduction of new plug-in hybrid vehicles (PHVs) is expected to accelerate as hybrid vehicles (HVs) and other types of vehicles are once again attracting attention. However, over the long term, EV sales are expected to continue to increase due to advances in next-generation battery technology, with sales expected to reach 42 million vehicles in fiscal 2030.

### Major Business Partners

We are doing business with General Motors and Ford Motor Company in North America, Stellantis N.V. in Europe, Toyota Motor Corporation, Honda Motor Co., Ltd., and DENSO Corporation in Japan, as well as start-up EV manufacturers and battery manufacturers.

### EV Global Sales Volume Forecast



## Fiscal 2023 Results

Orders and sales increased year-on-year due to a large number of EV- and internal combustion engine-related inquiries and the recording of sales from EV-related projects (mainly for EDUs (Electric Drive Units) and battery-related components) for which we had already received orders. Furthermore, operating profit increased year-on-year due to factors such as cost rate improvements due to an increase in passing on prices and an increase in large projects. However, operating profit ratio decreased year-on-year due to an increase in SG&A expenses.

	FY2023 Results	FY2024 Targets
Net sales (millions of yen)	36,984	40,000
Operating profit (millions of yen)	1,651	2,000
Operating profit ratio	4.5%	5%

## Topics

### Orders for EV Battery Charging/Discharging Equipment

Cumulative orders received from 2022 to the end of August 2024

Over **¥15 billion\***

- Started receiving full-scale orders for battery charging/discharging equipment from fiscal 2022
- We have acquired orders continuously because of factors including our ability to support large-scale projects and our track record of delivering EV battery charging/discharging equipment.

\* This figure also includes orders that are classified as large orders.

### Major Orders Received from FY2022 Onward

FY2022	Electric drive unit assembly facilities for EVs	Exceeding ¥10 billion
	Electric drive unit assembly facilities for EVs, etc.	Exceeding ¥7.5 billion
FY2023	Electric drive unit assembly facilities for EVs	Exceeding ¥8 billion
	EV battery charging/discharging equipment	Exceeding ¥4 billion
	Internal combustion engine assembly equipment	Approx. ¥13 billion
FY2024	EV battery charging/discharging equipment	Approx. ¥2.5 billion
	EV battery charging/discharging equipment	Approx. ¥5.6 billion
	Electric drive unit assembly facilities for EVs	Approx. ¥8.7 billion

## Business Strategies

In addition to assembly equipment for EDUs used in EVs, IGBT module assembly equipment, and inverter assembly equipment, we are focusing on standardizing all equipment and acquiring customers.

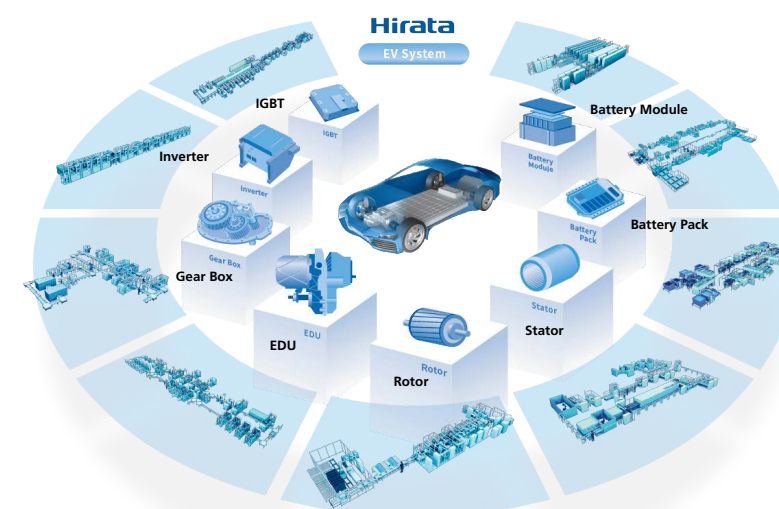
In addition to these existing businesses, we are working to acquire and expand orders for new processes. In the battery field, which is a key area of focus, in addition to standardizing all equipment used in the battery module manufacturing process and charge and discharge systems (within the cell manufacturing process), we are working on the development and trial production of mass production equipment for next-generation batteries such as all-solid-state batteries and new-type LIBs, as well as fuel cell production equipment, and accumulating know-how.

In regard to the development and improvement of key devices, we have completed four of the five tasks (Improvement of Automated Warehouses, Dual Head Wire Bonding Machines, AGV Improvements, and Plant Simulation (Software)) set forth in the Medium-Term Management Plan. As for the development of charging and discharging equipment, we changed our strategy from in-house production to external procurement through a partnership with a specialized manufacturer.

As orders grow, we are also addressing production-related issues such as factory space and human resource shortages and are working to develop and receive orders for mass production projects that will lead to continuation and expansion.

### Medium-Term Management Plan Basic Policy 1

### Business expansion in growth markets Efforts to strengthen profitability of the Automotive-related Business



An example of an EV-related component production system

### Development of Key Devices in the Battery Field

Plan	Result
Charge/discharge machines	<b>Strategy change</b> (switched from in-house production to external procurement)
Improvement of automated warehouses	<b>Development complete</b> (orders and inquiries on the rise due to the expansion of processes that we support)
Dual head wire bonding machines	
AGV improvements	
Plant simulation (software)	

Business Segment Strategies

Existing fields	Significant progress was made in standardizing entire facilities and developing customers: EDU assembly facilities for EVs, IGBT module assembly facilities, inverter assembly facilities, gear-box assembly facilities, rotor assembly facilities, and stator assembly facilities.
Prior investment/New fields	We have already started working on the standardization of all equipment used in the battery module manufacturing process and charge/discharge systems (within the cell manufacturing process), and the development and trial production of mass production equipment for next-generation batteries such as all-solid-state batteries and new-type LIBs, as well as fuel cell production equipment.
Development of key devices	Four of the five development themes set forth in the Medium-Term Management Plan have been completed (1) Chargers/Dischargers, (2) Improvement of Automated Warehouses, (3) Dual Head Wire Bonding Machines (hard wiring device with two heads), (4) AGV Improvements, and (5) Plant Simulation (Software). Charging and discharging machine manufacturing was switched from in-house production to external procurement.

Business Strategies by Region

North America

Establishing our North American affiliate in 1980, we recognize that our long-standing track record and reliability have been highly evaluated in the region. Although major automakers invested heavily in EVs, the spread of EVs has slowed down due to factors such as a shortage of charging facilities and battery drain/reduced charging efficiency caused by cold weather. In the short term, capital investment for internal combustion engine (ICE) and automatic transmission (AT) manufacturing is expected to increase in line with the introduction of PHVs and other new vehicle types. Hirata will strengthen its competitiveness in both the EV and ICE markets by strengthening relationships with customers and promoting standardization of equipment.

Europe

Demand for EVs in Europe has been expanding backed by measures implemented by governments to stimulate demand in various countries. However, the spread of EVs has been slowing due to factors such as pressure on profits of automakers and postponements in the establishment of battery manufacturers. Although low-cost alternative fuels are expected to be developed and new models equipped with ICE powered by those fuels are expected to be introduced to the market, large capital expenditures are not expected. As the market remains highly competitive, we will promote the creation of a system that can reliably conduct sales and maintenance without pursuing order scale.

China

Capital investment is expected to continue in the EV market, which is a market with solid demand due to China's national policies, such as "Made in China 2025" and "Strong Manufacturing Country 2030." However, due to sluggish consumption in China and trade friction with the United States and Europe, Chinese manufacturers are expanding EV sales in Asia. In addition, as the technical capabilities of local equipment manufacturers are improving, we will increase opportunities for acquiring orders, mainly from Japanese companies.

Southeast Asia

We recognize that the EV sales offensive launched by Chinese manufacturers has put local automakers in a difficult situation and that major capital investment by local automakers is not expected in the foreseeable future. However, since Japanese companies continue to make capital investments, we will increase opportunities to acquire orders, mainly from Japanese companies.

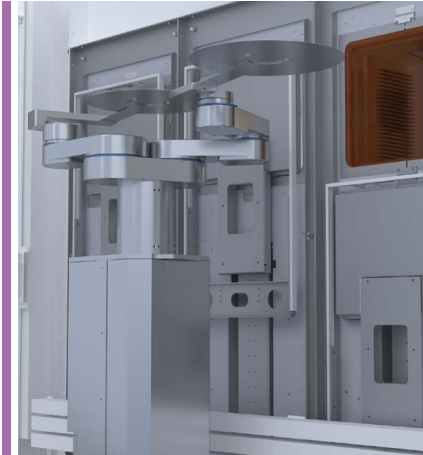
Topics

Expansion of Production Bases

Plant expansion work at the Shichijo Plant began in April 2023, with the new section becoming operational in February 2024. By consolidating the #2 Kumamoto Business Division (responsible for some automobile-related equipment), which was previously split between the Kumamoto East Plant and the Shichijo Plant, entirely at the Shichijo Plant, we have improved operational and production efficiency and expanded production capacity.

Floor area prior to expansion: Approx. 11,000 m<sup>2</sup>  
Floor area after expansion: Approx. 17,000 m<sup>2</sup> (approx. 55% more floor space\*)

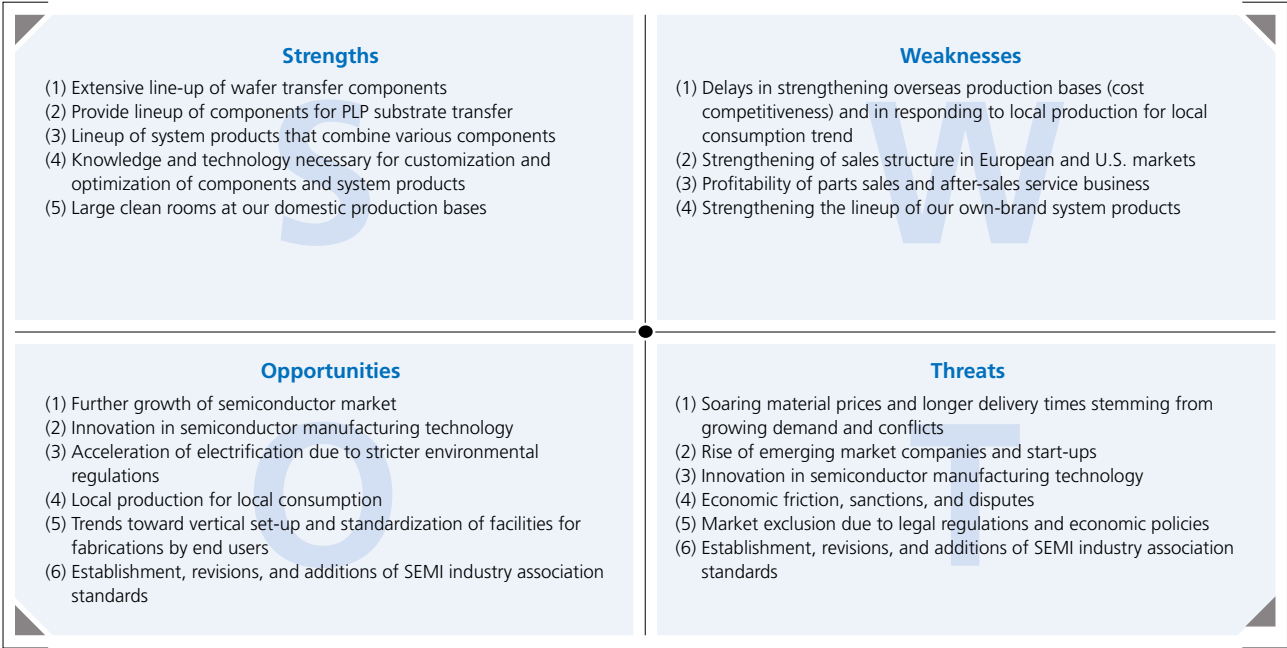
\* Production space was increased by approximately 40%.



Semiconductor-related Equipment Business

We develop, manufacture, and sell components such as openers for various storage containers used for wafer transfer components in semiconductor manufacturing processes, atmospheric and vacuum robots, and aligners. In addition, we are focusing on system products that apply these technologies. For semiconductor manufacturing equipment manufacturers, we provide EFEMs\* optimized for each equipment type in the form of OEM and ODM, and for semiconductor manufacturers (foundries), we offer EFEMs and sorters under our brand name. We are also responding to innovations in semiconductor manufacturing technology (miniaturization and 3D miniaturization). In addition to the development, manufacture, and sale of various components and system products (EFEMs) used for the transportation of PLPs, we offer N<sub>2</sub> EFEMs to transport wafers in N<sub>2</sub> (nitrogen) environments to curb the adverse effect that the atmosphere has on wafers.

\* Equipment front-end modules



Business Environment

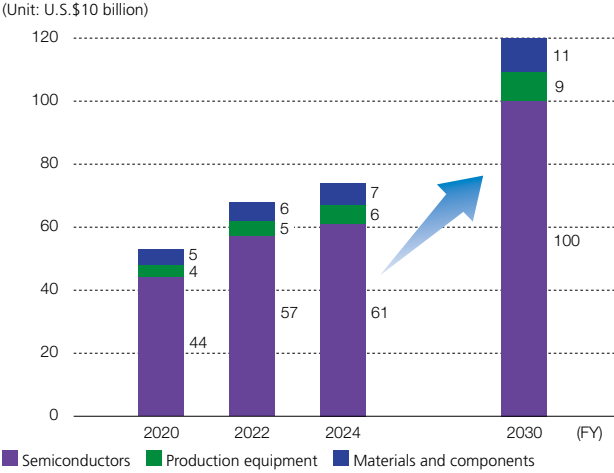
Industry Outlook

Demand for semiconductors, which can be said to be core products for supporting digitalization, is increasing year by year. Additionally, in a society that aims to achieve carbon neutrality by 2050, electrification is accelerating, and semiconductors, including semiconductors for automotive applications, are becoming increasingly important. While governments around the world are considering introducing and expanding policies to actively support investment in the semiconductor industry, semiconductor manufacturers in various countries, particularly in China, Taiwan, and South Korea, are planning to invest in equipment at record levels. As the size of the semiconductor market is expected to reach approximately US\$1 trillion in 2030, the semiconductor manufacturing equipment field is expected to grow accordingly.

Major Business Partners

Our major business partners include Tokyo Electron Limited, DISCO Inc., Advantest Corporation, ULVAC, Inc., and Ebara Corporation.

Forecast of Global Semiconductor-related Equipment Market Size



Source: Based on all kinds of data, including from the Japan Electronics and Information Technology Industries Association (JEITA) and Ministry of Economy, Trade and Industry (METI) (composition ratio of semiconductors, production equipment, and materials and components assumed to remain the same until 2030, based on the METI's Strategy for Semiconductors and the Digital Industry Summary June 2021.)



Business Segment Strategies

Fiscal 2023 Results

Although semiconductor-related orders and net sales decreased year-on-year due to the impact of inventory adjustments in the semiconductor market, operating profit increased year-on-year due to factors such as cost rate improvements due to an increase in passing on prices. Furthermore, the sales ratio for wafer-handling equipment, products with relatively high profit margins, increased, resulting in a higher operating ratio for the segment.

	FY2023 Results	FY2024 Targets
Net sales (millions of yen)	27,390	40,000
Operating profit (millions of yen)	4,450	6,000
Operating profit ratio	16.2%	15%

Business Strategies

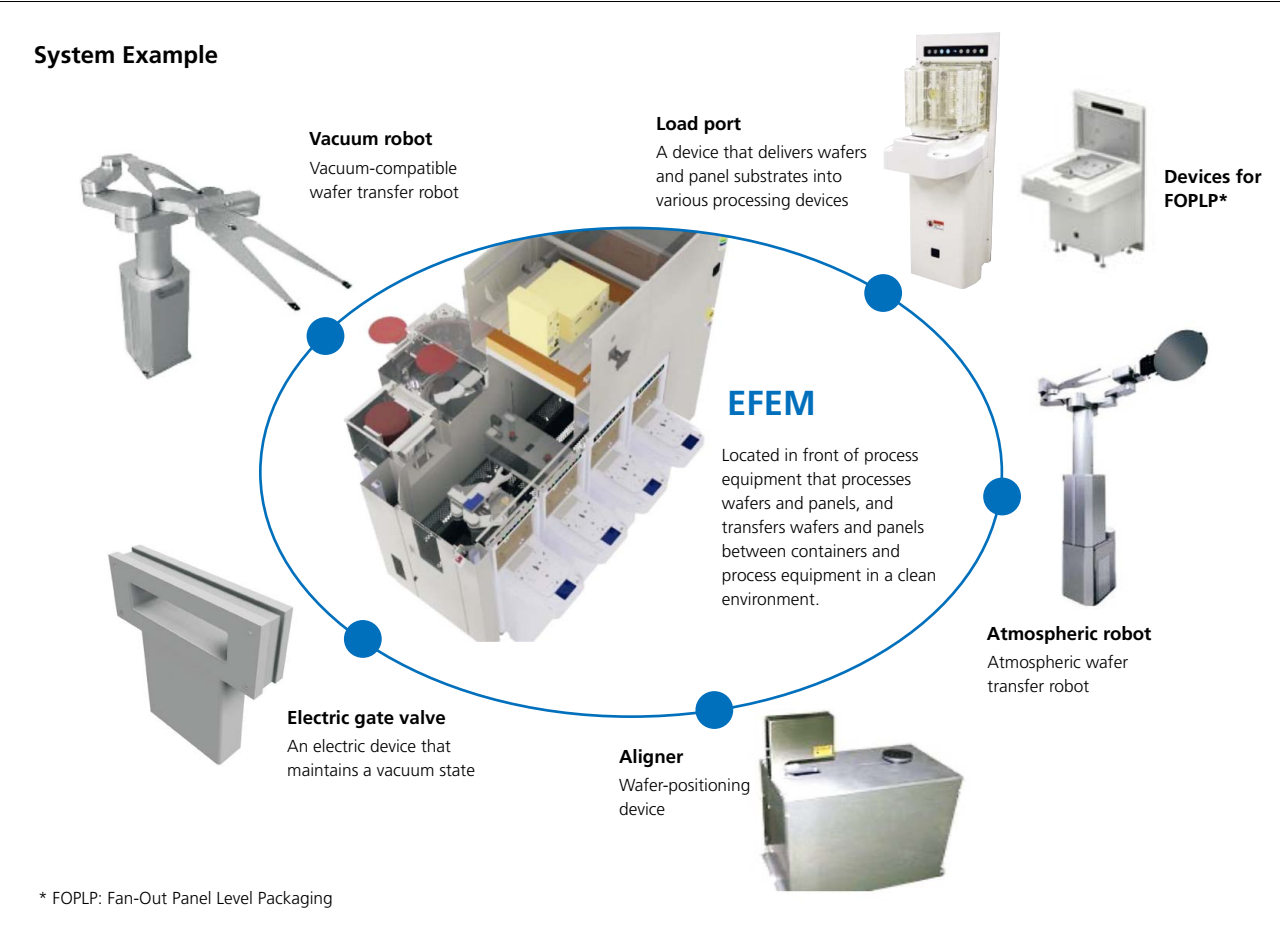
The Company is developing wafer transport devices supporting the further miniaturization of semiconductors. We recognize that shortening the lead time until delivery is also an issue, and we will work to improve production capacity and availability of parts and materials through cooperation with suppliers and promotion of digitalization.

We are also focusing on building a cooperative system with our overseas affiliates and are strengthening cooperation in other regions, such as Southeast Asia and North America, in addition to China and Taiwan.

In response to changes in the external environment, we plan to review and formulate strategies and functions at overseas bases.

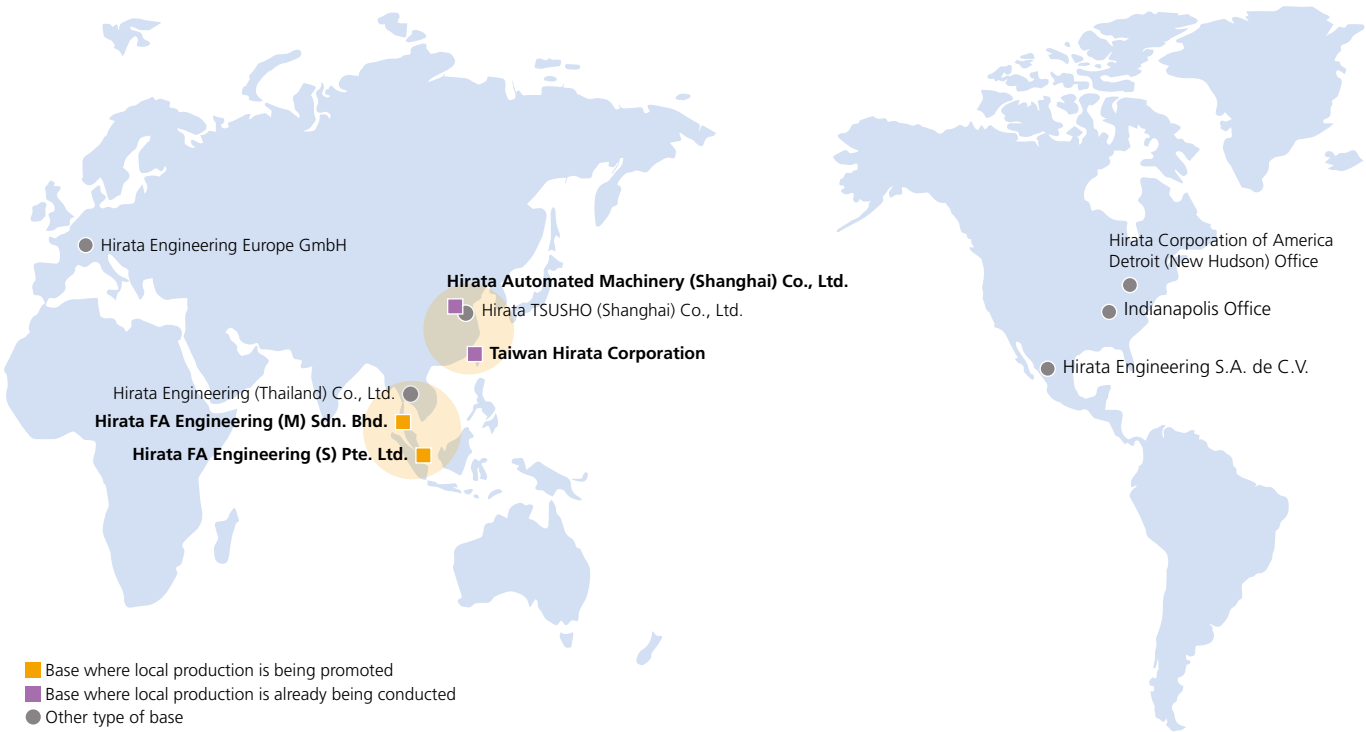
Medium-Term Management Plan Basic Policy 1

Business expansion in growth markets  
Efforts to strengthen profitability of Semiconductor-related Equipment Business and bolster efforts to adopt EFEM standardization



Promotion of Local Production

In addition to Taiwan, we have established a system that enables production and sales in China (Shanghai) and Southeast Asia (Malaysia and Singapore) and are promoting local procurement of components.



Production efficiency	Strengthen cooperation with suppliers to reduce the risk of delays in component delivery and improve productivity
Development of next-generation equipment	Development of wafer-transport devices supporting the further miniaturization of semiconductors

Business Strategies by Region

**North America**  
We have an ongoing business relationship with a specific semiconductor manufacturer in the United States and will continue to maintain a system that enables us to realize local sales and maintenance while cooperating with our manufacturing bases in Japan.

**Europe**  
While focusing on standard products due to the expansion of investments by local manufacturers in the semiconductor market, we will promote the creation of a system that enables us to realize local sales and maintenance.

**China**  
The investment environment for semiconductors has been improving due to China's national policies, such as "Made in China 2025" and "Strong Manufacturing Country 2030." We will focus on providing technical education for employees so that we can expand the manufacturing of wafer-transfer equipment in China, which is ahead of other companies in Japan and Taiwan.

**Southeast Asia**  
In Singapore and Malaysia, as semiconductor fab investments have been announced one after another, we will promote sales of wafer-transfer equipment, recognizing that these regions are expected to grow in sales in the future.

## Business Segment Strategies



## Other Automatic Labor-saving Equipment Business

Having started out as a manufacturer of transport equipment that supplied carts, the Company commenced the manufacture of conveyors, which formed the catalyst for our current business, after its establishment in 1951 and then underwent a transformation into a robotics and production systems business.

Having pursued technological innovation with the desire to allow people to devote themselves to creative work that only people can do, and having not limited ourselves to the automotive and semiconductor industries, we provide automatic labor-saving equipment to customers in a variety of fields. In formulating the Medium-Term Management Plan (FY2022–FY2024), we reviewed our business segments and classified them into three businesses: automotive-related, semiconductor-related equipment, and other automatic labor-saving equipment. In the latter, we manufacture and sell production equipment for a variety of fields, such as medical and scientific equipment, home electronics, and flat panel displays (FPDs).

	FY2023 Results	FY2024 Targets
Net sales (millions of yen)	16,083	20,000
Operating profit (millions of yen)	119	2,000
Operating profit ratio	0.7%	10%

### Individual Segments

#### Medical/Chemistry and Physics Devices

We are developing and manufacturing robot systems and medical devices that contribute to the automation of laboratory testing.

We are promoting product development with the goal of fully automating pathological examinations. Engaging in the development of equipment for medical use, with regard to cancer treatment equipment, we are working together with our customers to develop medical devices that comply with laws and safety standards for the purpose of obtaining pharmaceutical approvals.



ATS (cell observation device)



EZ-PATH FLOAT (pathological tissue specimen preparation device)

#### ► Distribution (Transfer Systems)

For a variety of industrial fields, we develop, manufacture, and sell highly versatile and customized automatic warehouses, rack-less stockers, automatic guided vehicles (AGVs) that utilize fluid analysis, and other products tailor-made for the products and factory environments of our customers.

#### ► Industrial Robots

Industrial robots represent our core technology. We have standard robot controllers, with which multiple types of robots can be operated in the same environment. It is also possible to operate a robot from a host device such as a programmable logic controller (PLC) or PC without using a robot language, reducing the burden on system designers and shortening the time required to set up the equipment. Selling multiple types of robots articulated along orthogonal, horizontal, and vertical axes, we provide products that match the processes of a wide range of production systems.

#### ► Home Electronics

By effectively combining the technologies that are at the Company's disposal, such as transfer, robot, clean room, and precision assembly technologies, we provide global support for parts and final assembly of home electronics that are continuing to evolve. These include mobile devices such as smartphones and tablets, high-quality displays, and high-performance vacuum cleaners.

Putting functional safety at the forefront, we are working on the development and improvement of industrial and medical robots.

Targeting production systems in the electric vehicle (EV) and semiconductor fields, which are expected to see further growth, we will make more improvements in terms of safety, performance, functionality, and operability and strive to broaden the reach and improve the performance of our equipment.

#### ► FPDs

Due to the high image quality and high-speed response features of organic EL displays, demand for their use is increasing not only in mobile phones but also in devices with large screens, such as tablets and gaming displays. To improve productivity, there is a demand to shift the substrate size from G6 to G8, which is currently the

mainstream, and equipment development is progressing, but as the equipment has become larger, many technical issues have arisen. With our technological strength and production capacity for large FPD production systems that we have cultivated so far, the Group will work to acquire markets.

### Topics

#### AGVs (Automatic Guided Vehicles)

The Company is working on the development of AGVs, which are unmanned vehicles used to automatically transport goods inside factories. Utilizing our unique optimal transport logic verified by high-precision sensors and logistics analysis allows for simulations to be run to determine optimal AGV routes, the number of AGVs to be used, and the number of AGV automatic charging devices to be installed.



300 kg-type AGV (both resin and metal body types shown)  
- Capable of transporting up to a 400 kg load when a pallet is used



1 ton-type AGV (test unit)  
- Lift (100 mm), Rotating platform (±90°)  
- Capable of transporting up to a 1,400 kg load when a pallet is used

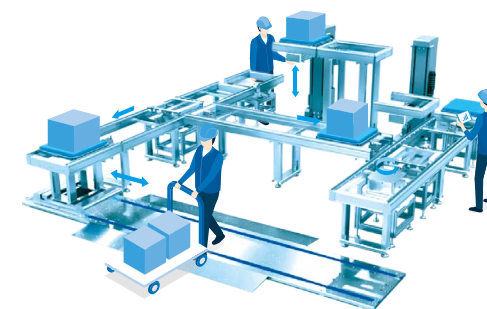
#### Eco Electric Series—Contributing to Sustainable Manufacturing

Use of the Eco Electric Series has led to many achievements in sectors including automotive components, semiconductors, and home electronics.



**Hirata's all-electric conveyance system that is people-friendly and eco-friendly.**

- **Hirata BLUE MOTOR**, a compact, high-efficiency brushless DC motor, is built in all Eco Electric Series units.
- Activates only through 24 VDC on/off operation. Does not require a drive panel or controller



► For more information, please visit the Eco Electric Series website.  
<https://hirata-ecoele.com/en>



##### Eco Electric DC Conveyor



Compact friction conveyor with a drive unit built in the frame

##### Eco Electric Stop



Solenoid-type stop for stopping pallets

##### Eco Electric Cylinder



Rod-type ball screw actuator

##### Hirata BLUE MOTOR



The Heart of the Eco Electric Series



## Financial/Capital Strategies

### Summary of Fiscal 2023 and Recognition of Environment

We received orders for production equipment from manufacturers of products in a wide range of fields, such as electric vehicles (EVs) and other automotive-related products, semiconductor-related equipment, and other automatic labor-saving equipment. Therefore, due to changes in the economic conditions in Japan and overseas, changes in economic trends, changes in the life cycles of customer products and other factors, fluctuations in capital investment may affect performance.

The Medium-Term Management Plan (FY2022–FY2024) has been positioned as a three-year period in which to expand business in growth markets while generating profit from existing businesses and solidifying our management base. We have adopted numerical targets of ¥100 billion in net sales, ¥10 billion in operating profit, a 10% operating profit ratio, and ROE of 11% for fiscal 2024. To improve

capital efficiency, we will work to secure return on invested capital (ROIC) that exceeds the weighted average cost of capital (WACC). In fiscal 2023, we achieved net sales of ¥82.839 billion, operating profit of ¥6.047 billion, an operating profit ratio of 7.3%, and ROE of 7.0%. ROIC was 6.3% compared to a WACC of 6.1% due to an increase in invested capital resulting from an increase in accounts receivable and an increase in fixed assets due to investments in plant and equipment, as well as the effect of profit suppression due to price hikes.

We will continue to focus on profitability indicators such as operating profit ratio, ROE, and ROIC and allocate resources to expand business in growth markets while solidifying our management base, leading to long-term growth.

### Basic Financial Policy

A major issue for the period of the current Medium-Term Management Plan is to strengthen profitability in growth markets such as EVs and semiconductors. We will strengthen process control and thoroughly manage the profitability of projects more thoroughly than ever before in response to an increase in production load, as well as develop a system to further strengthen our financial base.

Specifically, we will promote front-loading such as cooperation between departments at the inquiry and sales stages, resource management, 3D design, and preliminary verification utilizing an emulator. Through these measures, we will curb the occurrence of extraordinary expenses and improve the efficiency of assets such as accounts receivable and inventories.

In terms of the strengthening of our finances, we will

continue working to reduce interest-bearing debt, reduce interest costs, and hedge risks through forward exchange contracts and other measures, as we have been doing, while maintaining a disciplined D/E ratio level based on fluctuations in performance.

The cash conversion cycle (CCC) worsened year-on-year due to an increase in the number of days to turn trade receivables, an increase in the number of days to turn inventory due to longer delivery dates for parts, and a decrease in the number of days to turn trade payables due to changes in payment policies. In addition to setting and increasing advance payments for large projects and long-term projects, we will continue to negotiate with customers for the early collection of trade receivables, improve procurement lead times and reduce inventories.

### Progress of Medium-Term Management Plan Management Index Targets

(Unit: 100 million yen)

	Segment	FY2022 Results	FY2023 Results	FY2024 Targets	FY2024 Forecast
Net sales	Automotive-related Equipment	302	369	400	500
	Semiconductor-related Equipment	289	273	400	290
	Other Automatic Labor-saving Equipment	169	160	200	190
	Other	22	24		20
	Total	784	828	1,000	1,000

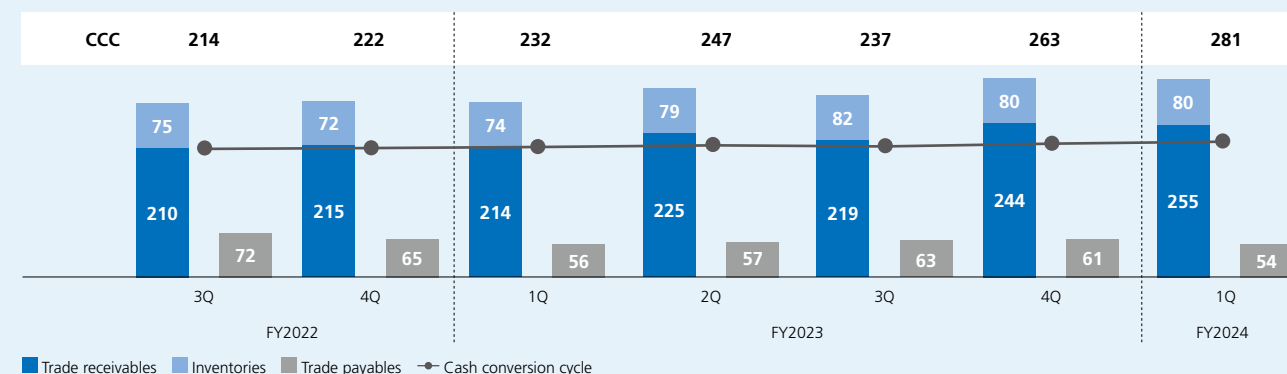
Operating profit (loss) (Operating profit loss ratio)	Automotive-related Equipment	15.5	5.1%	16.5	4.5%	20	5%	—*	—*
	Semiconductor-related Equipment	34.4	11.9%	44.5	16.2%	60	15%	—*	—*
	Other Automatic Labor-saving Equipment	9.3	5.5%	1.1	0.7%	20	10%	—*	—*
	Other	(0.1)	(0.7)%	(1.7)	(7.3)%			—*	—*
	Total	59.2	7.5%	60.4	7.3%	100	10%	75	7.5%

\* FY2024 forecast for operating profit/operating profit ratio has not been disclosed.

Cumulative capital investment (% increase (decrease))	Investment to strengthen production/development capacity	21.6 (36.0%)	50.0 (83.3%)	60	69.4 (115.6%)
	Investment in biological genetic resource R&D	0.8 (2.0%)	16.2 (40.5%)	40	16.2 (40.5%)
	IT system-related investment	4.6 (46.0%)	12.8 (128.0%)	10	16.0 (160%)
	Total	27.0% (24.5%)	79.0 (71.8%)	110	101.6 (92.3%)

### Cash Conversion Cycle

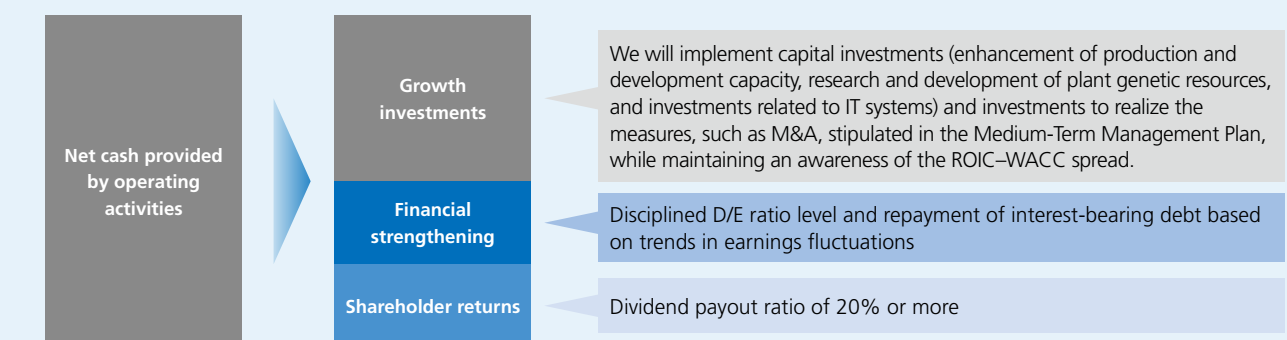
(Days)



### Financial Strategy in Current Medium-Term Management Plan (Cash Allocation Concept)

While effectively investing operating cash flows as growth capital for capital investment and M&A, targeting existing businesses and businesses in which future expansion is expected, we will also work to strengthen our finances by repaying interest-bearing debt.

### Distribution of Net Cash Provided by Operating Activities

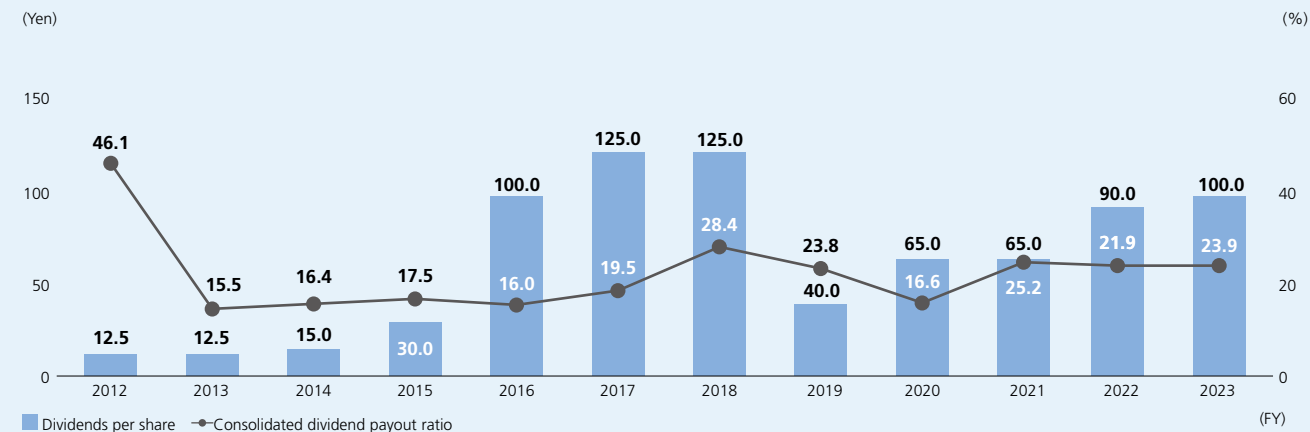


### Shareholder Return Policy

The Group considers the return of profits to shareholders to be one of the most important management issues. While working to strengthen our financial position, as a general guideline we are aiming to maintain a consolidated payout ratio of 20% or more, while taking into consideration consolidated performance and future business development and striving to achieve returns in a stable and continuous manner.

In fiscal 2023, the consolidated dividend payout ratio was 23.9%, and dividends per share came to ¥100. Going forward, we will discuss shareholder return policies while paying close attention to various changes, such as feedback from shareholders and investors with regard to shareholder returns and the business environment, without being bound by a conventional shareholder return policy.

### Changes in Dividends per Share and Consolidated Dividend Payout Ratio



## New Business Creation Initiatives

### Biological Genetic Resource Business (Mainly Plant Genetic Resources)

Since fiscal 2015, we have been focusing on the biological genetic resource business with the aim of moving from research and development to commercialization. We have positioned the biological genetic resource business in the Medium-Term Management Plan as a business that will present new challenges. Along with the completion of a state-of-the-art laboratory, we have developed a system that is indispensable for promoting the commercialization of the business, including strengthening both R&D and

business promotion, a system for cooperation with outside experts such as the ABS Market Creation Task Force, and the establishment of a Biosafety Committee. In fiscal 2023, we launched a new service that aims to help solve social issues faced by countries that donate genetic resources (hereinafter referred to as "donor countries") by fairly and equitably sharing the benefits obtained from providing resources while protecting the rights of donor countries.

#### Genetic Resources

Genetic resources are materials derived from plants, animals, and microorganisms or materials that have functional units of heredity with real or potential value\*. When using genetic resources derived from foreign countries for research purposes, ABS (access and benefit sharing) procedures are required to distribute profits generated from the use of genetic resources in a fair and equitable manner, and any acquisition or use that does not comply with the laws and regulations of the donor country can be a serious risk to the researcher and to Japanese science as a whole. However, since there are many problems related to ABS, it is a major barrier to research on the utilization of genetic resources.

\* Definition from the Convention on Biological Diversity

## Topics

### Plants Pro—Expanding the Future through the World's Untapped Plant Genetic Resources

In March 2024, we launched Plants Pro, a service that provides customers (companies, public institutions, etc.) with plant genetic resources without having to go through complicated procedures with donor countries (Argentina and Indonesia).

Plant Pro is a service that provides samples of plant genetic resources located in Argentina and Indonesia to customers who have entered contracts with Hirata Corporation. Customers can obtain these samples without having to go through complicated procedures with donor countries and can use them for basic research and product development necessary for their businesses.

▶ Please watch our video introducing the Plant Pro service on YouTube.  
<https://www.youtube.com/watch?v=YFsH56SE95M>



### Contract Analysis Service Using the New Multivariate Analysis Tool HIGOMARI™

We have developed our proprietary multivariate analysis tool HIGOMARI™ (patent pending) that can extract the characteristics of any data and match relevant data even if it is heterogeneous. It can be used as a way to summarize, classify, and forecast information in order to select promising candidates from the vast amount of information obtained through search, evaluation, and multiple analyses of various events.

The contract analysis service using this analysis tool will be launched in January 2025.



▶ Please watch our video introducing HIGOMARI™ on YouTube.  
<https://youtu.be/UuhSNJFHVml>



Hirata Corporation has joined the Keidanren Initiative for Biodiversity Conservation.



## Hirata's Sustainability

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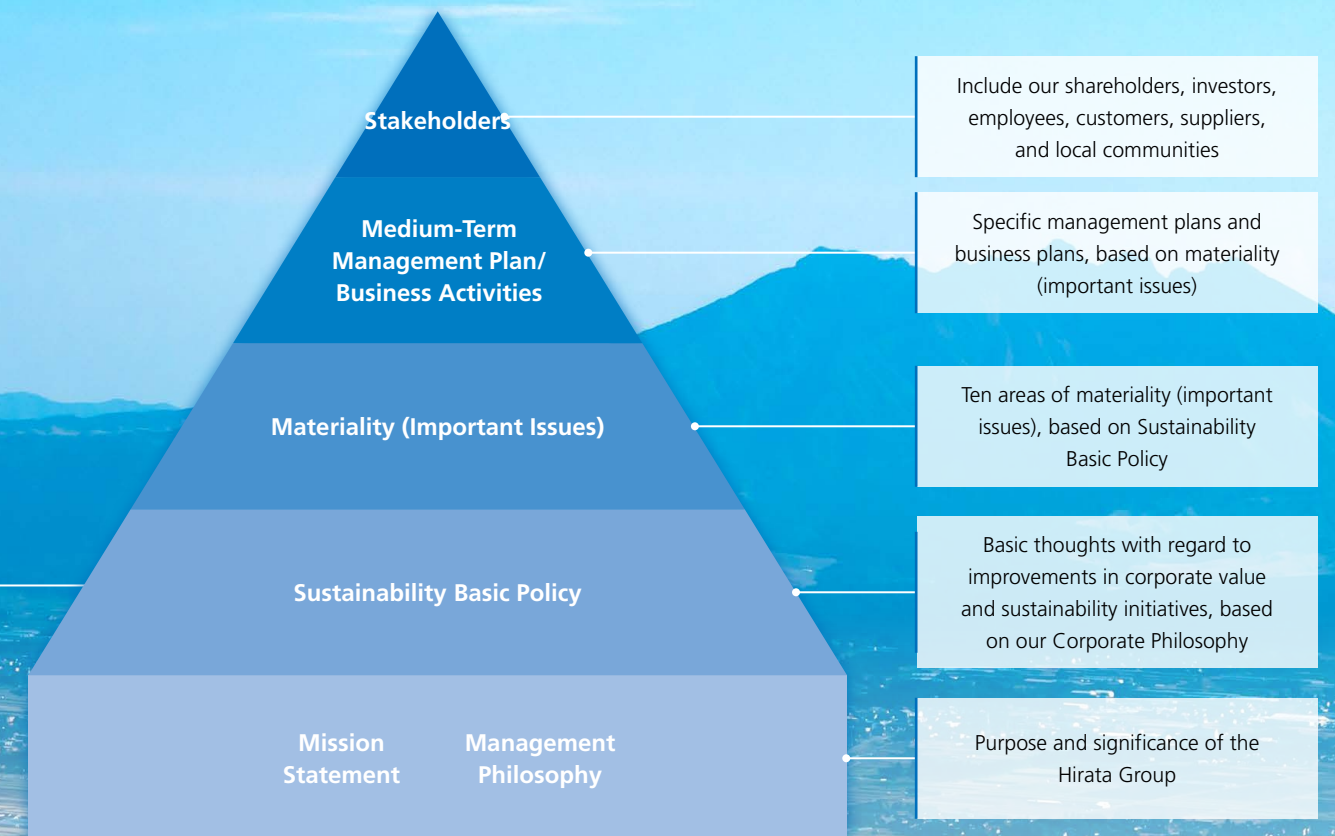


# Sustainability Management

## Sustainability Basic Policy

The Hirata Group aims to make everyone involved in the Company content and to contribute to the building of a sustainable society.

To that end, based on the founding spirit encapsulated in our Mission Statement—and through the spirit of respect for people and the provision of products and services that show our consideration for the global environment—we will ensure management transparency and soundness while working to achieve both business growth and the resolution of social issues.



## Basic Concept behind Sustainability

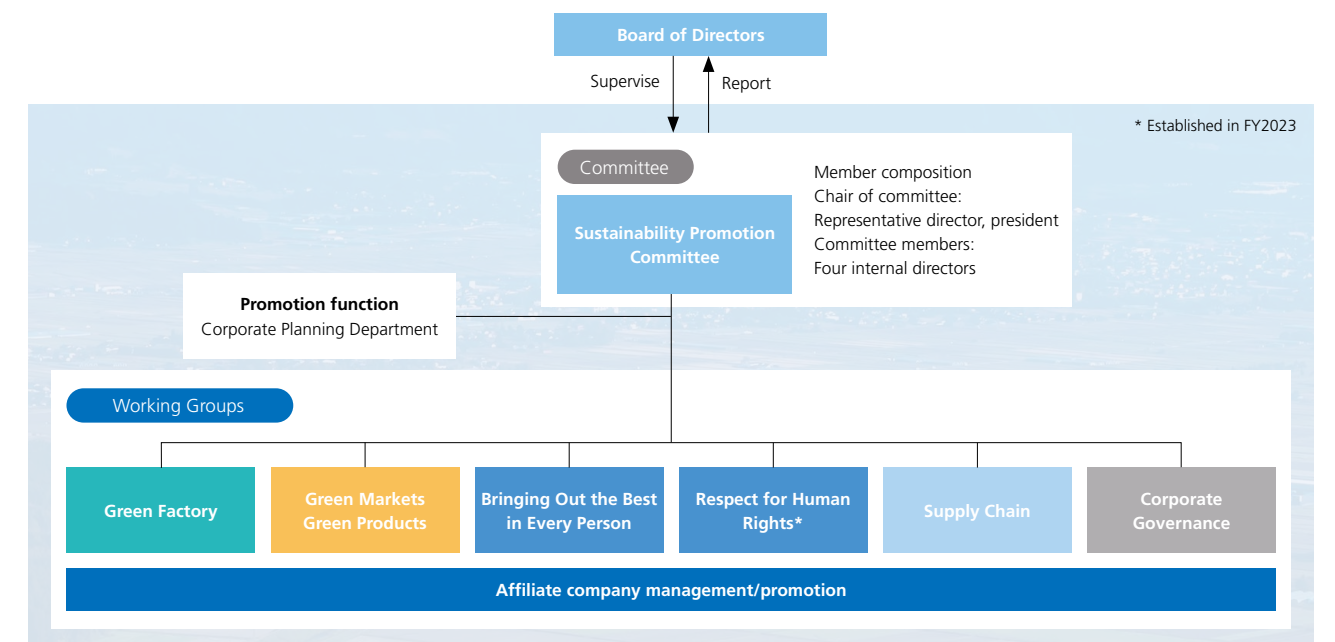
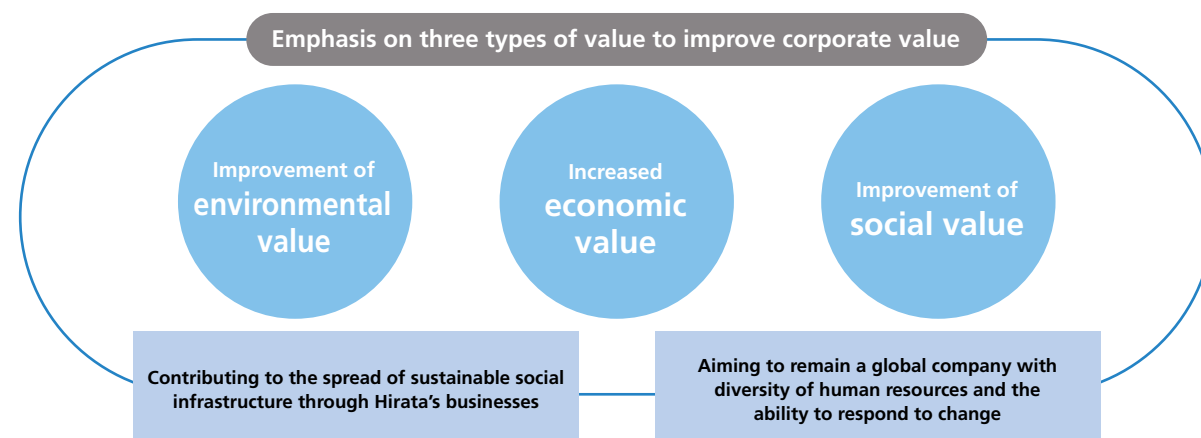
Our Sustainability Basic Policy was decided at a Board of Directors' meeting held in April 2022. The Sustainability Basic Policy clearly states in writing our policy to contribute to the realization of a sustainable society through corporate activities from the three perspectives of the

environment, society, and economy. The starting point of our sustainability is the perspective of continuing to grow our business while fulfilling our social responsibilities to all stakeholders.

## Sustainability Promotion System

We have established the Sustainability Promotion Committee to promote sustainability management. Chaired by the president, the Sustainability Promotion Committee incorporates the opinions of outside directors and external experts as observers, and working groups have been

established under the committee to promote sustainability activities. In principle, the committee meets at least twice a year, and under the supervision of the Board of Directors, the committee formulates sustainability targets and policies, discusses issues, and confirms the progress of activities.



Note: System structure current as of July 2024



## Our Sustainability Activity Vision

2050

Achievement of carbon neutrality across all businesses, including their supply chains.  
Lead global sustainability efforts and contribute to the well-being of everyone involved with Hirata and the creation of a sustainable society.

2030

Instill engagement in sustainability activities throughout the Group while balancing business growth with social issues.  
Meet stakeholders' expectations at a high level.

2024

Determine the direction of sustainability initiatives and formulate a road map for sustainability activities.  
Understanding of sustainability initiatives within the Company will be widespread.

### Sustainability-related Discussions and Initiatives from FY2023 to the First Half of FY2024

Board of Directors	June 2023	Decided upon the Hirata Group's vision and goals for sustainability promotion
	July 2023	Held discussion on declaring support for the United Nations Global Compact
	August 2023	Examined second Sustainability Promotion Committee meeting report
	December 2023	Established the Code of Conduct of the Hirata Group
	November 2023	Examined third Sustainability Promotion Committee meeting report
	February 2024	Examined fourth Sustainability Promotion Committee meeting report
	May 2024	Examined fifth Sustainability Promotion Committee meeting report
	August 2024	Examined sixth Sustainability Promotion Committee meeting report
Management Meeting	October 2023	Held discussion on Code of Conduct revisions
Sustainability Promotion Committee	April 2023	Established activity plans for each materiality and sustainability promotion regulations
	July 2023	Examined progress reports on the activities of each working group
	October 2023	Examined progress reports on the activities of each working group and decided upon the goals for 2030
	January 2024	Decided upon and partially revised goals of each working group; decided upon plan and budget for the next fiscal year
	April 2024	Examined progress reports on the activities of each working group, addressed the directionality of Group development, and shared EcoVadis' evaluation score of the Company
	July 2024	Examined progress reports on the activities of each working group, reaffirmed the positioning of sustainability at the Company, created plan for supporting Group development, and disclosed sustainability information

## Materiality

To achieve both sustainable business growth and the resolution of social issues, even amid an external environment that is dramatically changing, we identified materiality (important issues) in fiscal 2021.

Materiality is organized into four themes and 10 items. Going forward, the Sustainability Promotion Committee will take the lead in setting KPIs and targets and then implement initiatives.

Based on changes in the business environment and social trends, the Company will periodically review its materiality.

### Materiality Identification Process

In addition to discussions at management meetings and Board of Directors' meetings, we received opinions and evaluations from external experts when identifying the important issues. Along with incorporating these materiality

issues into the Medium-Term Management Plan, we will work to instill awareness of them throughout the Company by specifically reflecting our Sustainability Basic Policy and our sustainability activity vision in the form of activity plans.

STEP 1

#### Issue identification and management

Having referred to international guidelines on sustainability and survey results from ESG rating agencies, we have identified social issues that could conceivably have a significant impact on our management and business. Out of almost 100 such issues, we have also organized into groups those that are candidates for materiality in light of the Company's future direction, such as its business characteristics, management plans, and targets.

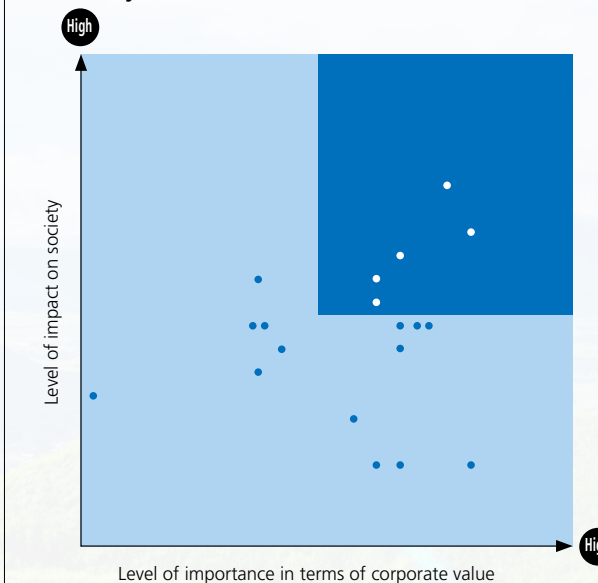
STEP 2

#### Level-of-importance assessments by senior management and external experts

From among the extracted and organized issues, we assessed levels of importance to narrow down the important items in terms of the medium- to long-term management of the Group.

For the assessments, we conducted a questionnaire of internal and external senior management as well as external experts. At that time, we asked them to assess the Company along two axes: level of importance in terms of corporate value (horizontal axis) and level of impact on society (vertical axis).

#### Materiality matrix



#### Identified materiality (important issues)

- (1) Reduction of environmental impact by the Company and in the supply chain
- (2) Contribution to carbon neutrality through products and services
- (3) Creation of new customer needs in accordance with social changes
- (4) Response to progress of digitalization
- (5) Securing and training human resources
- (6) Creating diverse, safe, and secure workplaces
- (7) Improvement of product safety and quality
- (8) Supply chain management
- (9) Enhancement of corporate governance
- (10) Risk management

STEP 3

#### Approval and inclusion in Medium-Term Management Plan

Following the assessments, the materiality proposal was deliberated at multiple management meetings and Board of Directors' meetings and finally approved at the Board of Directors' meeting held in February 2022. Having adopted "strengthening of ESG management initiatives" as a basic policy under the new Medium-Term Management Plan, which was announced in May 2022, we are setting targets and working on visualizing the initiatives throughout the duration of the plan.



Materiality

With regard to the identified materiality, each working group is currently formulating its 2030 goals and KPIs. The table below shows the goals and KPIs that have already been decided within the Company.

Materiality (Important Issues)	Risks	Opportunities	Goals/KPIs* for 2030	Efforts Implemented
<b>Response to Climate Change</b> <span>▶ P.40</span> <div><div>7</div><div>11</div><div>12</div><div>13</div></div>				
(1) Reduction of environmental impact by the Company and in the supply chain	<ul style="list-style-type: none"><li>Decrease in business opportunities and increase in costs for handling cases where the Company is unable to comply with the environmental requirements of its business partners or industry code of conduct</li><li>Restrictions on business activities due to laws and regulations</li></ul>	<ul style="list-style-type: none"><li>Acquisition of trust by stakeholders by strengthening environmental initiatives and improvement of long-term corporate value</li><li>Reduction of GHG emissions at our plants and reduction of environmental impact on local communities</li></ul>	<ul style="list-style-type: none"><li>Achieve carbon neutrality (zero Scope 1 and 2 emissions)</li><li>Reduce the amount of water used by 1% or more in comparison with actual production</li></ul>	<ul style="list-style-type: none"><li>Established Environmental Policy and environmental management system (acquired ISO 14001 certification)</li><li>Examined Scope 1 and 2 emissions, installed solar panels, and examined renewable energy procurement methods such as PPA</li><li>Promoted the introduction of energy-saving equipment, reviewed water circulation equipment settings, and participated in beautification campaigns</li></ul>
(2) Contribution to carbon neutrality through products and services	<ul style="list-style-type: none"><li>Trade impact due to the provision of products that do not meet the environmental requirements of our business partners</li><li>Reduced competitiveness of our products</li></ul>	<ul style="list-style-type: none"><li>Acquire business opportunities through the provision of products and services with low environmental impact</li></ul>	<ul style="list-style-type: none"><li>Expand Eco Electric Series sales</li></ul>	<ul style="list-style-type: none"><li>Expanded the Eco Electric Series lineup</li><li>Expanded opportunities to make carbon-neutral-related proposals to customers</li></ul>
<b>Building of a Sustainable Society</b> <span>▶ P.45</span> <div><div>9</div><div>11</div><div>12</div><div>15</div></div>				
(3) Creation of new customer needs in accordance with social changes	<ul style="list-style-type: none"><li>Decrease of business opportunities due to delays in understanding needs and R&amp;D due to social changes</li></ul>	<ul style="list-style-type: none"><li>Improve competitive advantage by creating products and services that contribute to carbon neutrality</li><li>Expand business fields beyond existing products and services</li></ul>	<ul style="list-style-type: none"><li>Expand battery and fuel cell-related equipment sales</li><li>Expand semiconductor-related equipment sales</li></ul>	<ul style="list-style-type: none"><li>Developed and improved key devices in the battery field for electric vehicles (EVs) (dual head wire bonders, etc.)</li><li>Developed and improved products to meet customer needs</li><li>Carried out efforts in new fields such as medicine and plant genetic resource research</li></ul>
(4) Response to progress of digitalization	<ul style="list-style-type: none"><li>Decline in competitiveness and outflow of human resources due to a delay in responding to digitalization</li></ul>	<ul style="list-style-type: none"><li>Effective strategy formulation by understanding customer behavior and market trends through data analysis</li></ul>	<ul style="list-style-type: none"><li>Improve work efficiency by replacing core systems (30% workload reduction)</li><li>Reduce the number of working hours per employee per year by 3%</li></ul>	<ul style="list-style-type: none"><li>Enhanced the advancement of 3D design (implementation and training)</li><li>Use of CADVR and emulators</li><li>Automation of other business processes</li></ul>
<b>Bringing Out the Best in Every Person</b> <span>▶ P.46</span> <div><div>4</div><div>5</div></div>				
(5) Securing and training human resources	<ul style="list-style-type: none"><li>Lack of a group of engineers, which is necessary for establishing an order business when human resource development is insufficient</li><li>Productivity decline due to inferior recruitment of human resources amid the shrinking labor force in Japan</li></ul>	<ul style="list-style-type: none"><li>Increase in employee engagement</li><li>Acquisition of a competitive advantage in proposal-based business</li><li>Opportunity to demonstrate organizational strength through diverse human resources in a highly uncertain business environment</li></ul>	<ul style="list-style-type: none"><li>20% employee engagement rate</li><li>Make the percentage of female employees in managerial positions equal to the percentage of male employees in managerial positions</li><li>Increase the employment rate of persons with disabilities by at least 0.3% over the rate required by law</li></ul>	<ul style="list-style-type: none"><li>Engagement surveys</li><li>Enhanced career recruitment</li><li>Expansion of training (specialized themes such as harassment, anger management, mental health, communication, evaluator training, etc.)</li></ul>
(6) Creating diverse, safe, and secure workplaces	<ul style="list-style-type: none"><li>Impact on the physical and mental health of employees</li><li>Stagnation of business activities due to occupational accidents</li></ul>	<ul style="list-style-type: none"><li>Realization of diverse workstyles</li><li>Preservation of the physical and mental health of employees</li></ul>	<ul style="list-style-type: none"><li>Strengthen health and productivity management initiatives (acquire “White 500” certification)</li><li>Achieve occupational accident frequency rate of 0.4 or less</li><li>Establish a human rights due diligence PDCA cycle for the Hirata Group and its suppliers</li></ul>	<ul style="list-style-type: none"><li>Established health management centers</li><li>Expanded rules to make working hours more suitable, such as regular day shift work, time off, and interval time</li><li>Formulated Health and Safety Policy</li><li>Expanded barrier-free accessibility (at facilities, etc.)</li><li>Established a human rights promotion system</li><li>Conducted human rights due diligence at Hirata Corporation alone and formulated human rights due diligence implementation plans for affiliates and suppliers</li><li>Strengthened human rights education within the Company</li></ul>
<b>Strengthening of Our Management Foundation</b> <span>▶ P.50</span> <div><div>16</div></div>				
(7) Improvement of product safety and quality	<ul style="list-style-type: none"><li>Distrust in the safety and quality of products and services</li><li>Distrust of QCD/Poor quality</li></ul>	<ul style="list-style-type: none"><li>Establish and strengthen trust in QCD</li></ul>	<ul style="list-style-type: none"><li>Achieve response rate of 90% for customer satisfaction survey</li><li>Achieve a weighted average score of 4.5 points or more for the customer satisfaction survey</li><li>Continue to report zero serious accidents caused by products</li></ul>	<ul style="list-style-type: none"><li>Established Quality Policy and environmental management system (acquired ISO 9001 certification)</li><li>Promoted standardization</li></ul>
(8) Supply chain management	<ul style="list-style-type: none"><li>Stagnation of business activities and non-fulfillment of contracts due to delays in delivery</li><li>Decrease of business opportunities due to delays in environmental and social practices</li></ul>	<ul style="list-style-type: none"><li>Business continuity and strengthening of the production system</li><li>Creation of trustful relationships with business partners</li></ul>	<ul style="list-style-type: none"><li>Ensure that there are no suppliers with a CSR procurement self-assessment score of lower than 3.7 points (top 90% in transaction value)</li></ul>	<ul style="list-style-type: none"><li>Formulated Procurement Basic Policy</li><li>Formulated procurement guidelines</li><li>Held supplier meetings</li><li>Conducted CSR procurement self-assessments, audits, etc.</li></ul>
(9) Enhancement of corporate governance	<ul style="list-style-type: none"><li>Loss of opportunities due to lack of investor relations and shareholder relations</li><li>Deterioration of the business environment and stagnation of business due to lack of governance function</li></ul>	<ul style="list-style-type: none"><li>Acquisition of trust from stakeholders by responding to global standards</li><li>Increased momentum for strategic change through appropriate oversight and execution of responsibilities</li></ul>	<ul style="list-style-type: none"><li>Zero serious legal violations</li><li>Zero key compliance item violations</li></ul>	<ul style="list-style-type: none"><li>Declared support for TCFD recommendations</li><li>Signed United Nations Global Compact</li><li>Reviewed our Code of Conduct</li></ul>
(10) Risk management	<ul style="list-style-type: none"><li>Loss of social credibility due to violations of laws, regulations, and compliance</li></ul>	<ul style="list-style-type: none"><li>Improvement of management and corporate culture by acting with integrity and ethics in addition to compliance with laws and regulations</li><li>Establishment of a risk management system that aligns with management strategies</li></ul>		<ul style="list-style-type: none"><li>Enhanced risk management system</li></ul>

Note: As of fiscal 2024, the goals and KPIs above are for Hirata Corporation alone.

Comments from Working Group Leaders

Green Factory

The Green Factory working group is carrying out efforts to reduce the Group's GHG emissions and environmental impact on water, biodiversity, etc. In particular, CO<sub>2</sub> emission reduction targets are widely advocated in each country, and we also place importance on them as a company. Hirata Corporation has set a goal of achieving carbon neutrality, meaning zero Scope 1 and 2 emissions, by 2030, aiming for the Group to achieve the same goal by 2035. The Company has also set the goal of achieving carbon neutrality throughout the entire supply chain by 2050 and is examining energy conservation, energy creation, and renewable energy initiatives. In the future, as environmental regulations and technologies in each country are changing drastically, we will respond flexibly by closely monitoring the responses and technological changes in each country.



Jo Yoneda  
Executive Officer

Green Markets/Green Products

“Improvement of product safety and quality” is an important issue to address so that customers can use our products with peace of mind. Therefore, we are making continuous improvements in this area. In addition, the development of new markets through “Creation of new customer needs in accordance with social changes” is positioned as the basis for the Company's continuous growth, and we will aggressively pursue this as a business by introducing environmentally friendly products, aiming to realize a “Contribution to carbon neutrality through products and services.” At the same time, regarding “Response to progress of digitalization,” we will make full use of our newest digital technology to carry out each of our operations to improve operational efficiency, creating added-value products. We will enhance the competitiveness of our products based on these efforts.



Takenori Hirakawa  
Executive Officer

Bringing Out the Best in Every Person/ Respect for Human Rights

In fiscal 2023, through interviews with management and employees, we grasped the current situation, including issues associated with social conditions and changes in generations, and reaffirmed the goodness of the Company that “cares for people” through our activities. I think this idea will become more important as diversity increases in the future. In September 2023, we signed the United Nations Global Compact, and in January 2024, we reviewed the Code of Conduct of the Hirata Group and carried out other initiatives. We will continue to indicate the direction in which Hirata is headed in regard to how we treat our employees, both internally and externally, so that everyone in the Company can work together to embody the concept of “Bringing out the best in every person.” In addition, as an effort to respect human rights, we will establish a system for human rights-related activities in the first year of the Medium-Term Management Plan, and in the future, we will conduct human rights due diligence for the entire Hirata Group and our suppliers, working to respect human rights throughout the entire supply chain.



Miho Mori  
Executive Officer

Supply Chain

“Supply chain management” is an important initiative for the continuation and expansion of our business. To ensure stable procurement, we have formulated the Hirata CSR Procurement Guidelines and are promoting management systems for labor, health and safety, environmental conservation, management, and ethics. In selecting suppliers, we conduct fair and impartial transactions by comprehensively judging suppliers not only in terms of quality, prices, and delivery times but also taking the management conditions, technological capabilities, compliance, and CSR initiatives of suppliers into consideration. Additionally, by solving issues and growing together with our suppliers, we will strengthen mutual trust and promote coexistence and co-prosperity.



Toshiyuki Matsuzaki  
Executive Officer

Corporate Governance

In order to deepen the governance reforms we have been working on so far from form to substance, the Board of Directors will discuss improvement and support measures based on the status of compliance with the Corporate Governance Code and the results of the evaluation of the effectiveness of the Board of Directors, which will lead to the solid implementation of those reforms. In particular, we are examining important themes such as capital policy and financial strategy, investment in human capital and intellectual property, and Company-wide risk management so that they can be reflected in the next Medium-Term Management Plan (which is to begin in fiscal 2025). The fully revised Code of Conduct of the Hirata Group went into effect in January 2024 with guidelines and quality assurance measures being developed to make the code more effective.



Hideki Ninomiya  
Executive Officer

## Materiality Theme 1 Response to Climate Change

### Reduction of Environmental Impact by the Company and in the Supply Chain

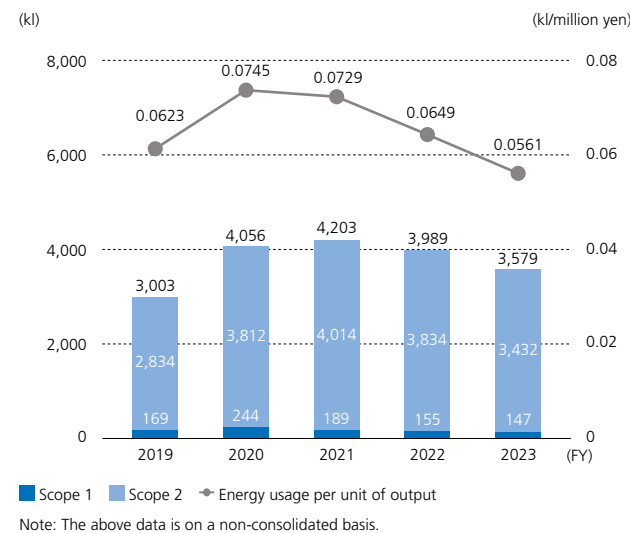
#### Changes in Energy Consumption/CO<sub>2</sub> Emissions

The Company is working to rationalize its energy use based on the Act on the Rational Use of Energy and Shifting to Non-fossil Energy (Energy Efficiency Act). In fiscal 2020, operations started in the new headquarters factory area in the Kumamoto Plant, so both energy consumption and energy consumption per unit of output increased significantly. For environmental targets, we set a target of reducing our energy usage per unit of output by 3% by fiscal 2023, with fiscal 2020 serving as the base year. Energy consumption in fiscal 2023 was reduced by 15.2% (excluding the impact of the conversion factor changes from fiscal 2023 onward) in comparison with actual production in fiscal 2020 due to the introduction of electric

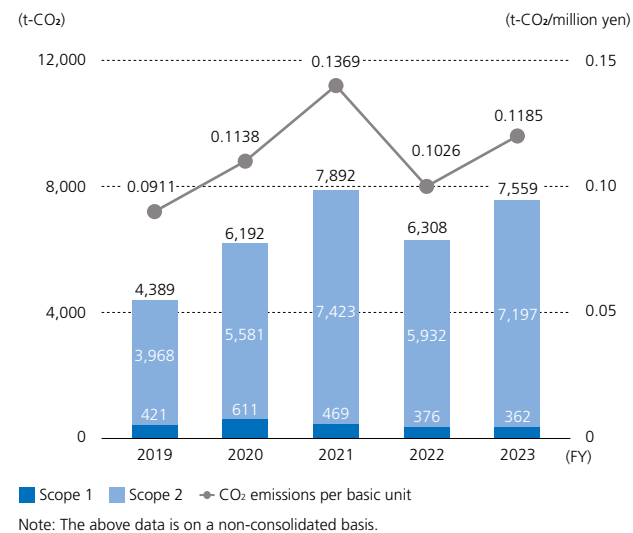
forklifts and high-efficiency air-conditioners, and increased production output.

In terms of environmental targets concerning CO<sub>2</sub> emissions, for which we also deem fiscal 2020 as the base year, we targeted a 3% reduction in CO<sub>2</sub> emissions per unit of production by fiscal 2023. As for fiscal 2023 results, despite the reduction in energy consumption, CO<sub>2</sub> emissions increased 4% in comparison with actual production due to an increase in the CO<sub>2</sub> emission coefficient (basic emission coefficient) of electric power companies. Additionally, the Sustainability Promotion Committee is discussing medium- and long-term initiatives, and is working on concrete measures.

#### Energy Usage



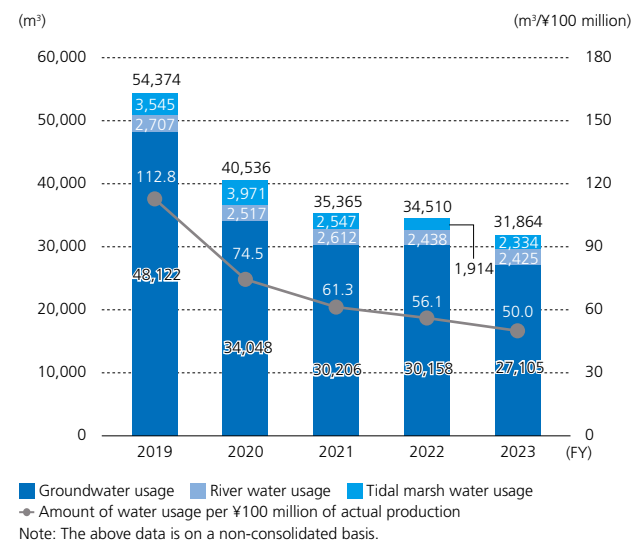
#### CO<sub>2</sub> Emissions



#### Efforts to Conserve Water Resources

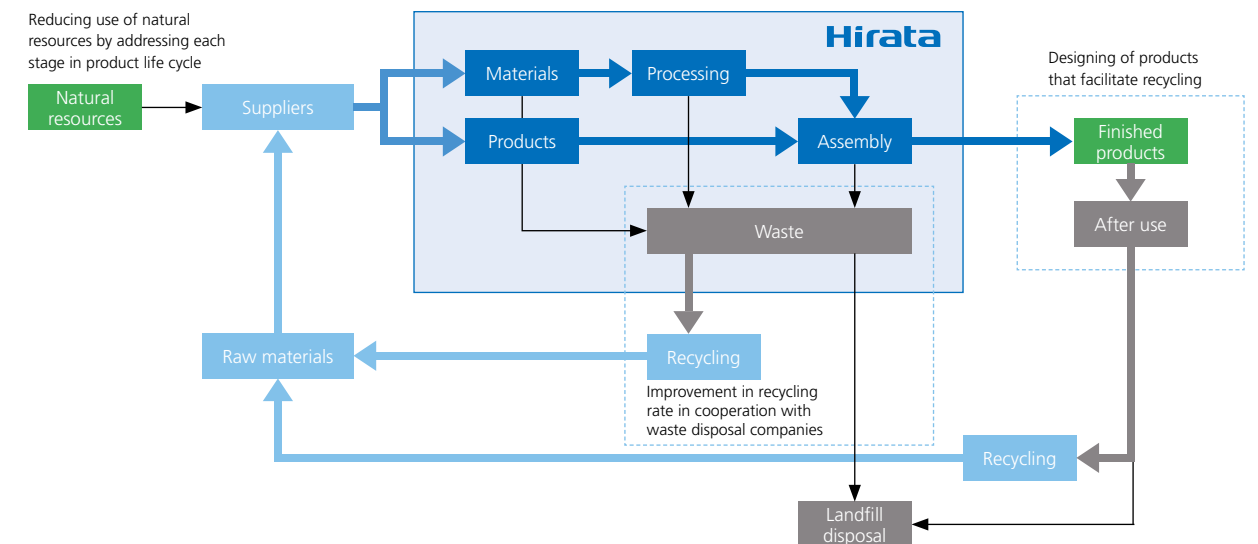
To conserve water resources, the Company is reducing water usage and monitoring factories' wastewater. As an initiative to reduce water usage, we reviewed cooling water circulation equipment settings in fiscal 2021 in order to reduce the amount of cooling water used at the Kumamoto Plant. After making changes, we were able to further reduce the amount of water used. With regard to plant wastewater, we conduct wastewater analysis at all factories annually to confirm that they meet legal and in-house control standards.

#### Water Usage



#### Approach to Resource Recycling

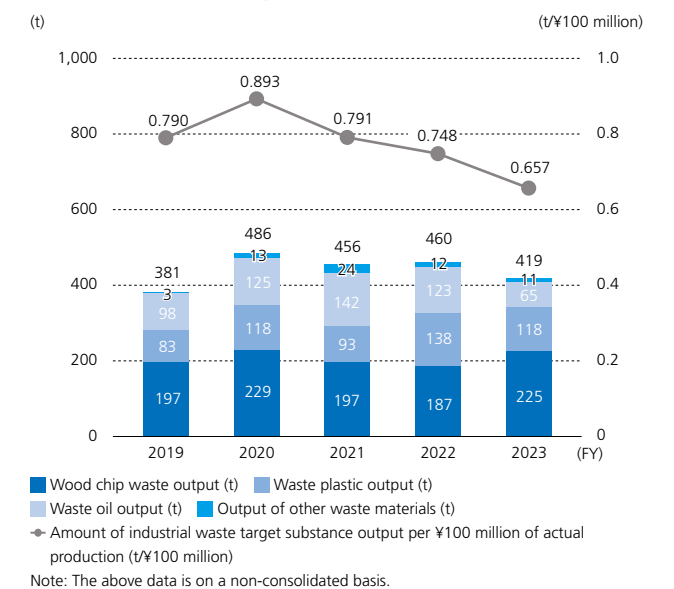
To help realize a sustainable society, we are working to create products that show we have given consideration to resource recycling at each stage of the product life cycle (the procurement of materials and parts, design, production, and disposal after use). Through eco-friendly design, we are promoting the reduction of raw materials used in product manufacturing and the provision of products that can be recycled at the time of disposal. We are also working to reduce packaging materials, reduce waste in production activities, and promote recycling for some equipment imported from overseas.



#### Efforts to Reduce Industrial Waste Output

The industrial waste generated by the Company mainly comprises wood chips, waste plastics, and waste oil. Used to package deliveries to the Company, wood chips and waste plastics are disposed of as waste after unpacking. For this reason, we are working to reduce the amount of waste generated by reviewing and simplifying the packaging methods for some equipment imported from overseas.

#### Industrial Waste Output



#### Managing Chemical Substances

To respond to chemical substance-related laws and regulations in Japan and overseas, including the European RoHS Directive\*<sup>1</sup> and REACH Regulations,\*<sup>2</sup> we will strengthen the management of the chemical substances contained in our products.

We ask our suppliers to submit information through chemSHERPA\*<sup>3</sup> and cooperate with our surveys on the chemical substances contained in our products. We will continue to work on managing the chemical substances contained in our products.

\*1 Regulations on hazardous substances in the European Union

\*2 Chemical substance management regulations in the European Union

\*3 Format for providing data on chemical substances contained in products in a supply chain



Disclosure Based on TCFD Recommendations

In 2022, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and released information on climate-related risks and opportunities based on the TCFD recommendations. Going forward, we will continue to enhance climate change-related information disclosure and strive to further increase our corporate value by resolving social issues and growing our business.



Governance

Based on our Sustainability Basic Policy, we have established the Sustainability Promotion Committee to promote sustainability management, including climate change. The committee is chaired by the president, with internal directors serving as committee members. Furthermore, in order to enhance opinions from an external perspective and lead to deeper discussions, outside directors are allowed to attend the meetings of the Sustainability Promotion Committee as observers. The Sustainability Promotion

Committee submits proposals and reports, and provides information on matters related to ESG management. The Committee will also be subject to regular oversight by the Board of Directors.

The Sustainability Promotion Committee discusses targets and plans to support the aims to enhance opportunities for more proactive discussions on climate change countermeasures in light of business activities.

Risk Management

The Sustainability Promotion Committee identifies, assesses, and manages risks related to climate change.

We added climate change and other sustainability-related items to the Hirata Risk Map on which the Company's risks are listed.

Strategies

Through scenario analyses, in fiscal 2021, we ascertained the changes in our and our customers' industries in 2030 and 2050—under the 1.5°C and 4°C scenarios, based on scientific information such as that from the International Energy Agency (IEA)—and analyzed climate change risks and opportunities.

Based on the results of the analyses, we worked to expand energy-saving products and reduce physical risks. Specifically, we will expand the product lineup of our Eco

Electric Series, make proactive arrangements to reduce procurement risks, switch to in-house energy (renewable energy), and carry out other initiatives.

In particular, for our Eco Electric Series (see page 44), we will implement initiatives that will lead to the realization of carbon neutrality worldwide, including within the Company, such as reducing CO<sub>2</sub> emissions at plants by approximately 75%.\*

\* Compared with our conventional products

Indicators and Targets

Curbing global warming by reducing CO<sub>2</sub> emissions is becoming an essential activity for realizing a sustainable society.

In order to curb global warming, we aim to achieve net zero CO<sub>2</sub> emissions (Scopes 1, 2, and 3) from our business activities by 2050 (carbon neutrality).

In order to achieve this target, we have made achieving net zero CO<sub>2</sub> emissions (Scopes 1 and 2) by the Company an intermediate target and are considering the formulation of reduction plans and reduction measures. We are also considering a plan to prioritize our supply chain CO<sub>2</sub> emissions (Scope 3) in the high-emission categories.

Scenario Analyses Results

Based on the aforementioned 1.5°C Scenario, the Company recognizes that, while business opportunities will increase due to increased demand for energy-saving products, the impact of physical risks will increase in the 4°C Scenario.

Based on the results of these analyses, we will sequentially verify initiatives for maximizing opportunities while addressing recognized risks, starting with those with the highest feasibility, and promote the reflection and integration of those initiatives into management strategies.

Opportunities		Details of Opportunities	Degree of Impact		Countermeasures
Main Category	Middle Category		1.5°C	4°C	
Development of energy-saving products	Products that save more energy	In accordance with energy-saving policies and rising temperatures, electrification and automation at customer factories will advance, and demand for products that raise productivity and improve energy-saving performance in factories and at facilities will increase.	Large	Small	• Expand local production for local consumption business models, such as local manufacturing and sale of parts and repair parts that have already started in some regions, and consolidation of production bases • Introduction of eco-friendly electrification products and design and development of products for which lightness and longevity have been taken into account, etc.
	Demand to save labor	In accordance with declining labor productivity due to rising temperatures, demand for labor-saving and efficiency improvement at production sites will increase.	Small	Small	• Development of products for automated warehouses, automated guided vehicles, etc.

Risks		Details of Risks	Degree of Impact		Countermeasures
Main Category	Middle Category		1.5°C	4°C	
Transition risks					
Carbon prices	Scope 1, 2	Increase in manufacturing costs due to introduction of carbon taxes in each country, emissions trading, and border carbon adjustment measures	Medium	Small	<ul style="list-style-type: none"><li>• Setting of carbon emission reduction targets such as carbon-neutral declarations</li><li>• Ascertaining of Scope structure for carbon emissions, building a monitoring system, etc.</li></ul>
Raw material costs	Scarce resources	Increased procurement costs due to restrictions placed on raw materials and purchases due to emission regulations	Small	Small	<ul style="list-style-type: none"><li>• Promoting the reuse and recycling of equipment and parts through remodeling and repair services, including renewal of aging robots, etc.</li></ul>
	Cost of plastic	Increased costs for materials containing plastic due to regulatory restrictions placed on their use and requirements that recycled plastic be used	Medium	Small	<ul style="list-style-type: none"><li>• In addition to reviewing excessive packaging in product packaging, reducing the amount of plastic used by switching to recycled paper and returnable boxes, etc.</li></ul>
Energy costs	Electricity costs	Electricity costs are increasing due to decarbonization of the Company's plants and offices as well as popularization of renewable energy.	Medium	Medium	<ul style="list-style-type: none"><li>• Promotion of energy saving by installation of LED lighting, etc.</li><li>• Examining installation of in-house power generation equipment (solar power generation equipment) and the utilization of leasing services</li><li>• Introduction of optimal operation by means of energy management systems, starting with buildings and plants where said systems are already installed or being considered and gradual expansion to locations where they have not yet been, etc.</li></ul>
	Air-conditioning costs	Due to rising temperatures, operating rate of air-conditioning in plants, etc., rises, thus air-conditioning costs increase	Small	Small	<ul style="list-style-type: none"><li>• Operational improvements, including ventilation reviews, measures against air leaks, and measures to shade external air-conditioning units</li><li>• Installation of energy-saving air-conditioning equipment, etc.</li></ul>
	Distribution costs	Distribution costs rise due to shift to electric vehicles (EVs) for large vehicles.	Medium	Medium	<ul style="list-style-type: none"><li>• With regard to the joint transportation being implemented in some businesses, we will consolidate production bases and expand initiatives (OEMs) transportation in some businesses to streamline interfactory transportation</li><li>• Examine expanding distribution by multidrop (milk run) shipments of goods to suppliers in the region, etc.</li></ul>
Physical risks					
Physical cost	Restoration/operating costs	Increasing costs from expenses for restoring equipment following the effects of abnormal weather, etc.	Small	Large	<ul style="list-style-type: none"><li>• Implementation of risk reduction through multiple purchasing</li><li>• Advance arrangements, appropriate inventory management, and thorough operation in line with business content so that a certain level of production activity can be carried out even if supply is interrupted, etc.</li></ul>

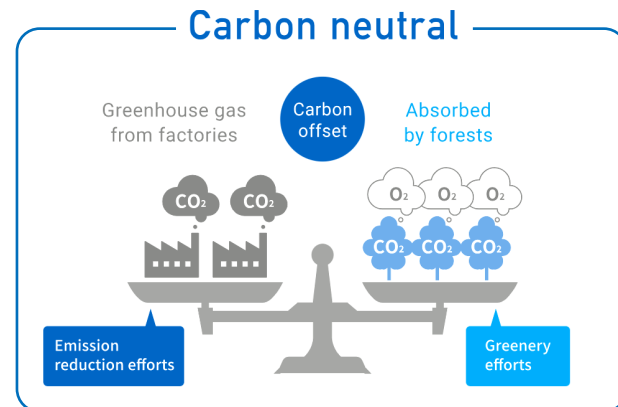
## Contribution to Carbon Neutrality through Products and Services

As the importance of environmental considerations increases, the development and provision of products and services that reduce CO<sub>2</sub> emissions and power consumption from factories is one of the most important issues. Since our customers and other stakeholders have many needs for eco-friendly products and services, we see the expansion of the carbon-neutral market as an opportunity to contribute to carbon neutrality and sustainable manufacturing through our products and services.



## Hirata Eco Electric Series

In the automotive field, moves to shift from internal combustion engine vehicles to electric vehicles (EVs) are rapidly progressing on a global scale. In terms of production, there is a shift from pneumatic systems, which emphasize power and emit a large amount of CO<sub>2</sub>, to electric systems, which are environmentally friendly and safe. Based on its track record in various industrial fields, Hirata provides non-pneumatic, safe production equipment by realizing all-electric trans-port, which is the basis of the production system, and contributes to the realization of factories that do not place a burden on the environment.



The Eco Electric Series is Hirata's all-electric transfer system that is **people-friendly** and **environmentally friendly**.

## 01 No pneumatics makes the system environmentally friendly

Compressors account for 25% of power consumption at factories. The Eco Electric Series reduces power consumption by approximately 75% compared with our conventional products because it does not require pneumatics, reducing CO<sub>2</sub> emissions.

## 02 Low thrust makes the system safe

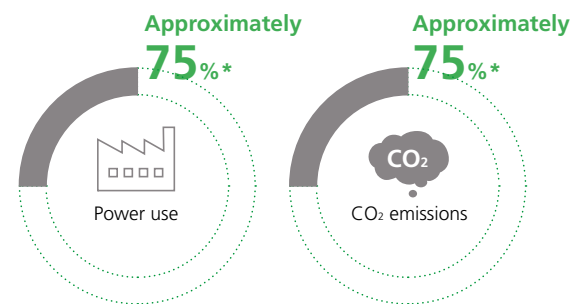
The Eco Electric Series does not require safety-related equipment such as safety fences and light curtains because of its low thrust, allowing people to work together. While maintaining the required speed, it achieves a high level of safety that can be stopped with the force of one hand in the event of an emergency, such as a collision.

## 03 Reliability and performance

It has been certified as a designated product by major automobile companies in Japan and overseas with more than approximately 34,000 units delivered.

Hirata BLUE MOTOR  
The Heart of the Eco Electric Series

Hirata BLUE MOTOR is a compact, high-efficiency brushless DC motor developed in-house for the Eco Electric Series. This compact yet powerful motor is installed in the Eco Electric Series and contributes greatly to energy-saving performance. It is compatible with various standards, such as UL certification, and can be used globally. End users have independently conducted testing comparing our Eco Electric Cylinder with pneumatic cylinders from other companies. Based on the results, they have validated a 75% reduction in energy use for the product.



\* Compared with our conventional products  
The reduction rate shown here is the representative value to describe the features of the Eco Electric Series as a whole.

## Further Expansion of the Eco Electric Series

In addition to the existing lineup, we are working to expand the Eco Electric Series for use in growth fields and make it applicable for use in key devices.

For more information, please visit the Eco Electric Series website.  
<https://hirata-ecoele.com/en>



## Materiality Theme 2 Building of a Sustainable Society

## Creation of New Customer Needs in Accordance with Social Changes

## Strengthen Efforts Aimed at Decarbonization and Carbon Neutrality in Each Country

- Acquire orders through optimal resource allocation and QCD improvement in response to the increase in demand for EVs and semiconductors
- Adopt new technologies for the mass production of next-generation batteries and expand business opportunities through mass production
- Develop products according to customer needs by becoming involved when the customers is at the R&D stage for a given product
- Perform market research activities from Companywide and medium- to long-term perspectives
- Cater to the energy-saving needs of our customers' factories by developing environmentally friendly products with a focus on the Eco Electric Series and expanding sales
- Carry out efforts to improve calculation accuracy and effectiveness with the aim of reducing CO<sub>2</sub> emissions (Scopes 1, 2, and 3)

## Respond to Progress of Digitalization

## Popularize Generative AI and Push Digitalization Further Forward

- Acquire orders through optimal resource allocation and QCD improvement in response to the increase in demand for EVs and semiconductors
- Improve operational efficiency by reforming our value chain through the use of digital technology and introducing new core systems
- Support the digitalization of our customers' production sites and exchange opinions with other companies to accelerate innovation and contribute to the smart manufacturing industry as a whole

## Topic

## Digital Twin Service

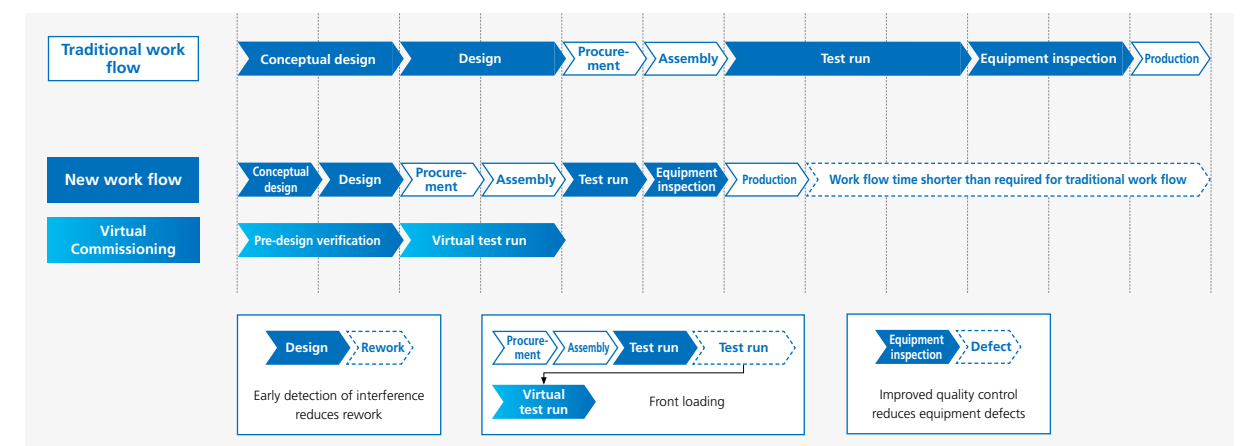
We support customers who are struggling with DX and digitalization in equipment development by providing support for setting up Emulate3D\* and providing software sales and support.

\* 3D simulation software produced by Rockwell Automation for the logistics and manufacturing industries



## Improving the Value Chain

We utilize digital twins in each phase of the value chain to reduce loss costs, shorten lead times, and improve equipment quality.



For more information, please visit the website below.  
<https://www.hirata.co.jp/products/digitaltwin>  
(Japanese only)





## Materiality Theme 3 Bringing Out the Best in Every Person

### Our Company Vision

### Jin-Gi-Kou-Ken

To make **everyone** involved in Hirata **content** and **contribute** to society by means of **technology**

Improvements in corporate value/  
Corporate growth

Improvements in employee engagement

### Secure and Train Human Resources

#### Human Resource Development Policy

Under the slogan *Jin-Gi-Kou-Ken*, which was formulated as the Company's vision, we aim to develop human resources who continue to learn independently and come together to take on challenges.

Specifically, we provide rank-specific training and technical, specialized training tailored to each employee's experience and skills so that each employee can take on challenges by making the most of their expertise and individuality.

Going forward, we will aim to develop the human resources necessary for our growth from a long-term perspective. By means of training programs that support the careers of diverse human resources, work force diversity, promotion of appropriate evaluations, and other means, we will encourage not only human resources who possess high technical skills and expertise but also the continuous development of global human resources and management human resources. In addition, by enhancing our self-development support system, we will actively work to foster environments and the climate in which each and every employee can pursue their own dreams and goals, improve their personalities and abilities, and continue to challenge themselves to reach their potential.

#### Internal Environmental Development Policy

We aim to create an environment where employees with diverse careers and social backgrounds (gender, age, nationality, disability, lifestyle, etc.) can experience growth through their work, work with satisfaction and pride, and feel happy.

In addition, we will work to create a multifaceted environment by promoting job rotation to support employees' independent career development, building an evaluation and compensation system that enables employees to feel fulfilled and rewarded in their work, achieving work-life balance by reducing overtime work as part of efforts aimed at health management, and strengthening our health management center system.

### Indicators and Targets\*1

The Company has set the following indicators for its Human Resource Development Policy and Environmental Development Policy.

Indicator	Target (2030)	Result (2023)
<b>Employee engagement rate</b> (Percentage of employees who have a psychological "sense of involvement" and drive performance and innovation to move the organization forward)	20%	4%
<b>Percentage of women in managerial positions among female employees</b>	Equal to the percentage of men in managerial positions among male employees	5.7% (Reference: Percentage of men in managerial positions among male employees: 20.4%; Ratio of women in managerial positions: 6.1%)
<b>Employment rate of persons with disabilities*2</b>	At least 0.3% over the rate required by law	1.47%

\*1 Both indicators and targets are for Hirata Corporation only.

\*2 The most up-to-date employment rate of persons with disabilities is shown in the "Report on Employment Status of Persons with Disabilities" (current as of June 1, 2024).

### Improvements in Employee Engagement

The Company conducts an employee engagement survey every year to obtain objective data since it is necessary to grasp the current state of employee engagement and related issues in order to realize our Internal Environmental Development Policy. In fiscal 2023, we conducted a survey targeting approximately 1,100 employees, with 86% of

employees responding. Moving forward, we will aim to create a culture and environment in which each employee can experience growth through their work with a sense of satisfaction and pride by identifying and improving Companywide issues and issues in each organization.

### Diversity Equity & Inclusion (DE&I)

We are strengthening our efforts to promote DE&I with the aim of becoming a corporate group in which each individual who takes on challenges is recognized for their individuality, has respect for and is respected by other employees, can experience growth through their work, making their lives shine. We are setting targets for 2030 related to gender and employees with disabilities and

are implementing various measures to achieve them. In particular, we will strengthen the promotion of gender-related measures, such as conducting various training programs, creating opportunities for female employees to interact with each other, and encouraging male employees to participate in childcare.

### Human Resource-Related Data

	FY2023
Ratio of women to people hired	23.8%
Ratio of female employees to male employees	18.9%* * Calculated counting full-time employees only
Ratio of women serving as section heads	11.7%
Ratio of women in managerial positions	6.1%
Average length of service of male employees	17.3 years
Average length of service of female employees	16.5 years

	FY2023
Childcare leave acquisition rate (Companywide)	53.7%
Childcare leave acquisition rate (male employees)	48.6%
Childcare leave acquisition rate (female employees)	100%
Average overtime hours of employees per month	22.4 hours
Percentage of annual paid leave taken	55.2%

### Creating Diverse, Safe, and Secure Workplaces

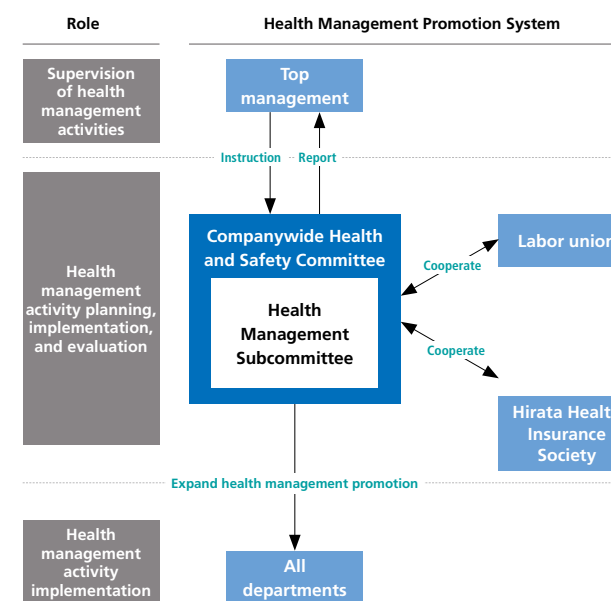
#### Health Management

Giving top priority to health and safety, the Company has implemented a raft of measures to ensure that its employees remain healthy and active and to improve their work-life balance. We established health management centers staffed by professionals with public health nursing qualifications and have consultation desks for mental and physical health, enabling us to provide a consultation

system in cooperation with contracted industrial physicians and clinical psychologists.

Management and the Health and Safety Committee regularly meet to report and consult in order to plan, implement plans, verify the effectiveness of plans, and promote initiatives in cooperation with the Hirata Health Insurance Society and the labor union.

<b>Health Declaration</b>	The physical and mental well-being of everyone working in the Hirata Group and their families serves as the foundation for people to experience growth through their work and enhancing corporate value by maximizing individual abilities in the workplace. As a company that adheres to "Brings out the best in every person" as stated in its Management Philosophy, the Hirata Group will create an environment where employees can work safely and with peace of mind and promote health management so that the lives of each person can shine as they are both mentally and physically healthy and happy.
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### Summary of Previous Measures

<b>FY2015</b>	<ul style="list-style-type: none"> <li>Ban on working on legal national holidays</li> <li>Ban on overtime work on Wednesdays, the designated day when all employees leave work on time</li> <li>Ban on overtime work after midnight</li> <li>Annual paid leave can be taken in one-hour units</li> </ul>
<b>FY2016</b>	<ul style="list-style-type: none"> <li>Salary and bonus payment days are also on days when employees leave work on time</li> <li>Overtime management changed from 30-minute unit increments to one-minute unit increments</li> <li>Expanded the scope of shortened working hours for childcare to employees with children up to the third grade of elementary school</li> </ul>
<b>FY2018</b>	<ul style="list-style-type: none"> <li>Introduction of interval system</li> </ul>
<b>FY2020</b>	<ul style="list-style-type: none"> <li>Established health management centers</li> </ul>
<b>FY2021</b>	<ul style="list-style-type: none"> <li>Reduced prescribed working hours from eight hours to 7.5 hours</li> <li>Began application of shift work on days when employees leave work on time</li> <li>Systematic implementation of telecommuting</li> </ul>
<b>FY2022</b>	<ul style="list-style-type: none"> <li>Number of annual paid leave days required to be taken increased to eight days</li> <li>Started operation of new sick and leave system "Unused annual leave and sick leave system" changed to "Uniform 40-day system"</li> <li>Converted menstrual leave into wellness leave, with a maximum of 12 days off per year</li> </ul>
<b>FY2023</b>	<ul style="list-style-type: none"> <li>Number of annual paid leave and sick leave days required to be taken increased from eight days to 10 days</li> <li>Ban on working on holidays (in principle)</li> <li>Expanded wellness leave and sick leave (for treatment of diseases designated as intractable diseases, cancer treatment, dialysis treatment, fertility treatment, etc.) ⇒ Work-life balance support</li> </ul>

## Health and Safety Policy

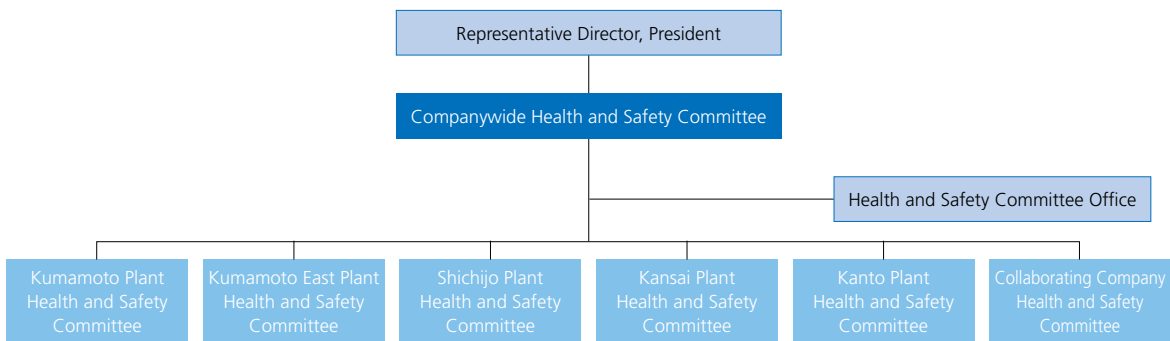
Based on its Sustainability Basic Policy, the Hirata Group engages in the following with the participation of all employees to ensure the health and safety of all people involved in the Group.

- We will give top priority to health and safety while striving to develop and improve our occupational health and safety management system.
- We will work to prevent accidents and disasters by conducting risk assessments, making improvements based on the results, and providing health and safety education.
- We will remain in compliance with occupational health-and-safety-related laws and regulations and the health and safety rules set by each Group company.
- Promoting the manufacture of safe and secure products, we will meet the expectations of our stakeholders.

## Health and Safety Promotion System

Based on its Health and Safety Policy, the Company has formed health and safety committees at all of its business sites, as is required by law. We have also formed a Companywide Health and Safety committee to investigate and deliberate on health and safety management on a Companywide basis while promoting health and safety.

In accordance with the size of its workforce, each plant's health and safety committee appoints generalist health and safety managers, specialist safety managers and health managers as well as industrial physicians and other relevant personnel.



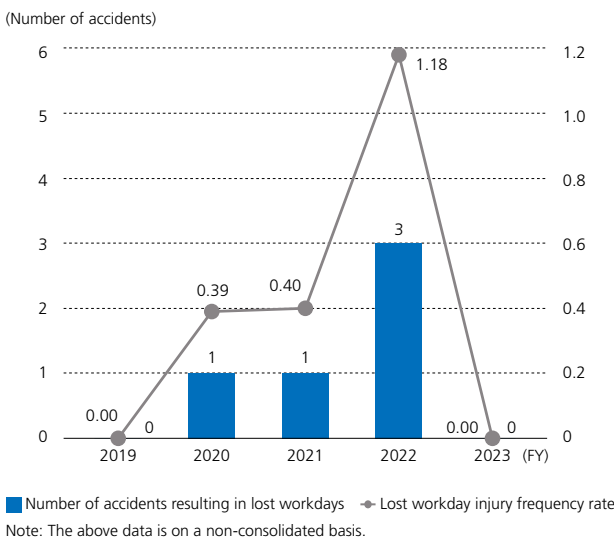
## Health and Safety Initiatives

Based on annual plans, the Companywide Health and Safety Committee's remit includes reporting on health and safety promotion measures, discussing measures to prevent the recurrence of accidents, drafting and setting rules governing health and safety, and reporting on laws and regulations. Carrying out and improving health and safety patrols and conducting *keiten yochi* (hazard prediction) activities (KYT) at each site, the health and safety committees at each factory work to ensure safety. Safety patrols of each factory are also conducted by directors every year, and strict checks are carried out from the perspective of management.

Although we achieved zero accidents resulting in lost workdays in fiscal 2023 thanks to the effective safety activities of each department, the number of accidents not resulting in lost workdays is increasing. Therefore, we are promoting the following initiatives to achieve zero accidents.

- Reformulate and sequentially implement occupational health and safety risk assessment procedures
- Reformulate chemical substance risk assessment procedures (risk assessment will be conducted in fiscal 2024)
- Conduct KYT trainer training (invite Japan Industrial Safety & Health Association representatives to provide group-based training)
- Retrain forklift operators (invite representatives from forklift dealers to provide group-based training)

### Occupational Accident Status



## Respect for Human Rights

Based on our Sustainability Basic Policy, we established a global Human Rights Policy in October 2022 to respect the basic human rights of all people involved in our business. Established by resolution of the Board of Directors, we apply said policy to all officers and employees, including those of our affiliates. With regard to our efforts to respect human rights based on our global Human Rights Policy, we have established our guidelines for respecting human rights, referring to the JEITA Guidelines for Responsible Corporate Behavior, etc., and we ask all our business partners, including our suppliers, to support and implement them.

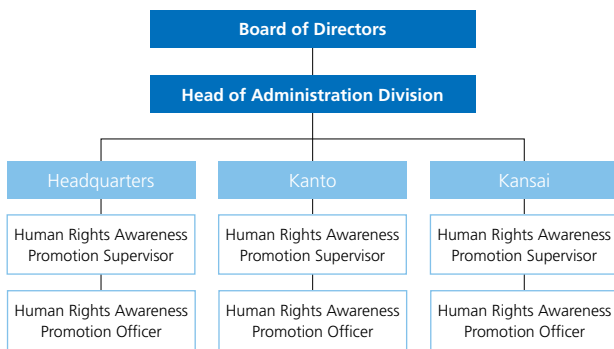
<b>Basic Approach to Human Rights</b>	Complying with the laws and regulations applicable to Japan and the countries and regions in which it conducts business, the Hirata Group supports and respects the Guiding Principles on Business and Human Rights of the United Nations and other international norms with regard to respect for human rights.	<b>Human Rights Policy (Items only)</b>	(1) Prohibiting Forced Labor (2) Prohibiting Child Labor (3) Decent Working Hours (4) Adequate Wages and Allowances (5) Prohibiting Inhumane Treatment (6) Prohibiting Discrimination (7) Freedom of Association and Right to Collective Bargaining (8) Occupational Health and Safety
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► For more information on our Human Rights Policy, please visit the website below.  
[https://www.hirata.co.jp/files/uploads/esg\\_20230302\\_02.pdf](https://www.hirata.co.jp/files/uploads/esg_20230302_02.pdf)

## System for Respecting Human Rights

As part of our efforts to build a system for respecting human rights, we assigned a human rights awareness promotion supervisor and a human rights awareness promotion officer at our three bases in Kumamoto (headquarters) (including the Tokyo office), Kanto, and Kansai in fiscal 2023. Each human rights awareness promotion supervisor and human rights awareness promotion officer is responsible for planning and implementing human rights education at each site, conducting and verifying assessments, implementing and verifying corrective measures against identified risks, and instilling human rights policies and guidelines to suppliers. Furthermore, the human rights awareness promotion supervisor and human rights awareness promotion officer at each site also serve as human rights contact points. In this way, we are creating a system in which all employees can easily consult with the Company on human rights issues.

### Human Rights Promotion System



## Human Rights Due Diligence

As for human rights due diligence efforts at Hirata Corporation alone, all employees were provided with training in order to better understand our Human Rights Policy and guidelines based on the results of an assessment conducted in fiscal 2023. The Company plans to continue this training.

We also plan to expand human rights due diligence initiatives to include domestic affiliates and suppliers from 2024 and start assessments. In regard to expanding human rights due diligence initiatives to include overseas affiliates, we plan to promote initiatives based on their implementation in Japan.

## Initiatives for the Next Fiscal Year and Beyond

- Implementation of human rights assessments overseas and corrective measures
- Continued consideration and implementation of human rights awareness education
- Other initiatives

Major guidelines referred to in conducting human rights due diligence, including for the establishment of our global human rights policy

- United Nations Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- United Nations Global Compact
- ILO International Labor Standards
- JEITA Responsible Business Conduct Guidelines
- Other guidelines



## Materiality Theme 4 Strengthening of Our Management Foundation

### Improvement of Product Safety and Quality

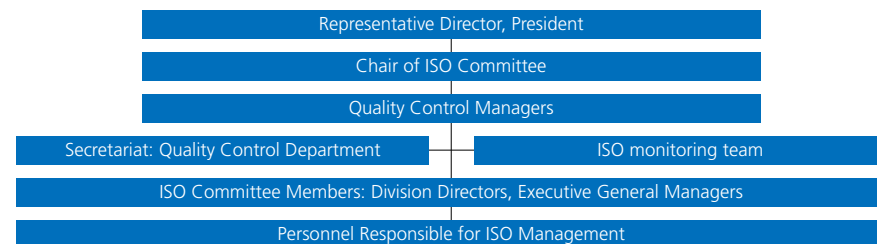
As the best partner for our customers, we will endeavor to deliver trustworthiness and satisfaction to the whole world, being sure to embody various requests for safety, quality, and productivity.

#### Quality Management

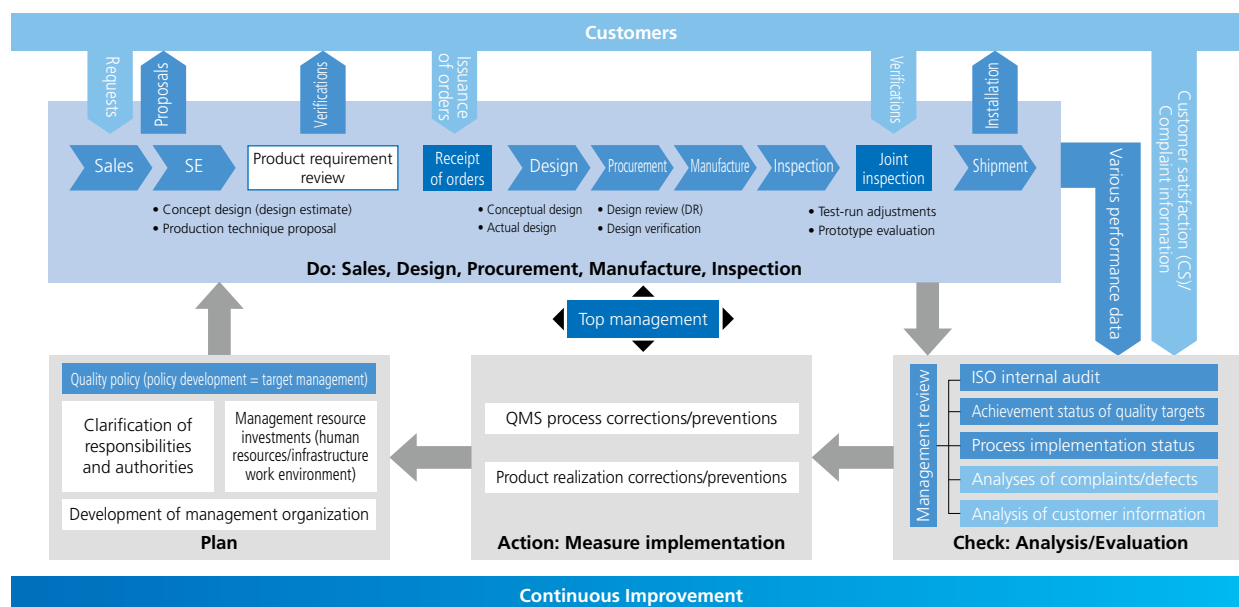
We have in place an ISO 9001-based quality control system that includes the promotion of measures to improve product safety.

Quality policy	We strive to improve quality, productivity, and customer satisfaction (CS) through continuous improvement of our quality management system (QMS).	
	(1) Provision of products and services that satisfy our customers	<ul style="list-style-type: none"> <li>Improving technology and providing safe and highly productive products</li> <li>Confirmation of contract details and sharing of information in documents</li> <li>Establishment of system for handling complaints and thorough prevention of any recurrence</li> <li>CS improvements</li> </ul>
	(2) High-quality manufacturing	<ul style="list-style-type: none"> <li>Reliability-ensuring designs based on theories and principles (reliability engineering)</li> <li>Reduction of quality risk through design reviews, verification, and validation</li> <li>Compliance with laws, regulations, and standards</li> <li>Reflection of product safety and Hirata Standard (Hirata internal standards) in products</li> <li>Product perfection improvements by inspection standard clarification</li> <li>Thorough supplier and design change management</li> <li>Improvements in management/enhancement activities and problem-solving capabilities using statistical management methods</li> </ul>
	(3) Establishment of standardization and commonality in high-mix, low-volume production	<ul style="list-style-type: none"> <li>Promotion of standardization</li> <li>Promotion of commonality of parts</li> <li>Promotion of unitization</li> <li>Proactive development and management of products (mass-produced products)</li> </ul>

#### Quality Management Promotion Framework



#### Quality Management System (QMS)



#### Specific QMS Efforts

##### Utilization of PDCA Quality Management System

Having obtained ISO 9001 certification, we promote standardization by establishing procedures for each process, from order acceptance, design and development, procurement, manufacturing, and assembly to shipping and packing to stabilize quality and prevent defects. In addition, we carry out activities with an awareness of a PDCA cycle, including monitoring of quality conditions such as complaints and continuous improvement based on the results of activities such as customer satisfaction (CS) surveys and management reviews.

##### Implementation of ISO Internal Audits and Quality Management System Audits of Our Suppliers

Evaluating effectiveness and suitability through annual ISO internal audits, the Company utilizes its QMS in its efforts to prevent quality defects, in addition to taking reliable corrective actions, by providing corrective guidance as appropriate. By conducting audits of the quality management systems of suppliers that we do business with and building a system that can guarantee the quality of each part incorporated into our products, we are working to provide safer and more reliable products.

#### Knowledge Acquisition That Leads to Improvements in Quality Awareness and Product Reliability

We deliver trustworthiness and satisfaction to our customers. With this in mind, we plan and implement a range of educational programs that lead to improved quality awareness and product reliability. Basic product safety education is conducted annually by qualified safety assessors (Company employees) by means of case

studies. In fiscal 2023, with the aim of strengthening risk assessment in product safety, a seminar was held featuring an external lecturer who spoke about how to estimate the PL (Performance Level) for the safety-related equipment section of a control system.

#### Educational Programs Implemented in FY2023 (Education Aimed at Improving Quality Awareness and Product Reliability)

Program name	Purpose/Content	Number of participants
Basic Education for Quality Management (Introduction to ISO 9001, ISO Auditor)	In addition to acquiring basic knowledge about ISO 9001, this program deepens understanding of ISO, such as the effects of unifying business processes and the importance of a PDCA cycle.	57
QC Methodology Education (Reason Analysis, 7 QC Tools)	For acquiring skills in analyzing collected data, analyzing factors, and identifying root causes of problems, leading to early resolution of problems and improvement of the effectiveness of recurrence-prevention measures	101
Inspector Training	In addition to acquiring the basic knowledge of inspection work, cultivating the mindset as an inspector will lead to the prevention of outflow of quality defects by improving the reliability of the inspection process.	41
Human Error Prevention Education	By incorporating the idea of preventing human errors, we will revitalize the creation of a mechanism that prevents mistakes from occurring.	78
Basic Product Safety Education (Machinery Safety, Electrical Safety, and Product Risk Assessment)	Raises the level of basic knowledge about product safety and raises safety awareness	470
Approach to PL Estimation for the Safety-related Section of a Control System (taught by external lecturer)	Students learn the concept of PL based on ISO 13849-1, how to estimate PL using SISTEMA (software), providing them with an opportunity to acquire the knowledge necessary for conducting future product risk assessments.	36

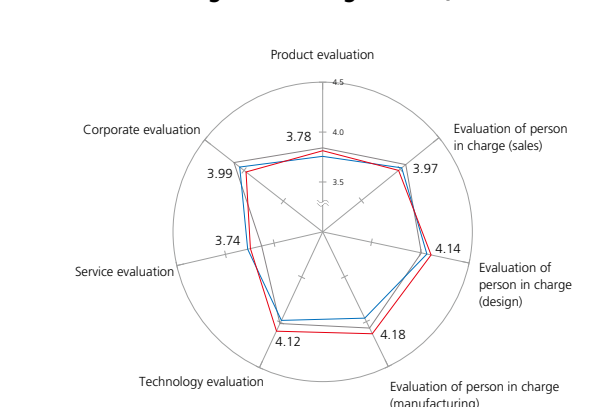
#### Building an Improvement System That Reflects Customer Feedback

The Company listens to opinions and suggestions through all departments that have opportunities to interact with customers.

In line with the goals of our Sustainability Activity Plan to be realized by 2030, we aim to achieve an average score of 4.5 or higher in customer satisfaction surveys and are taking measures based on the feedback and requests received from our customers.

Furthermore, in order to clarify the issues, we asked more customers to cooperate in the survey in fiscal 2023 and received 64 responses, with an average score of 3.74 points for all evaluation items.

#### Satisfaction Weighted Average Score (Five Points Max.)



■ FY2021 ■ FY2022 ■ FY2023

Supply Chain Management

We will share the Procurement Basic Policy with our suppliers in order to become a company that is trusted and selected by stakeholders, conduct responsible procurement activities, and work to make continuous improvement in accordance with the Hirata CSR Procurement Guidelines.

Under the lead of its director, the Procurement Division plays a central role in promoting sustainable procurement in cooperation with sustainability promotion activities.

Procurement Basic Policy

- (1) In compliance with laws and ethics
- (2) In a fair and just manner as an equal partner with our suppliers
- (3) That give due consideration to human rights concerns and the reduction of environmental impact in the selection of suppliers and procured items

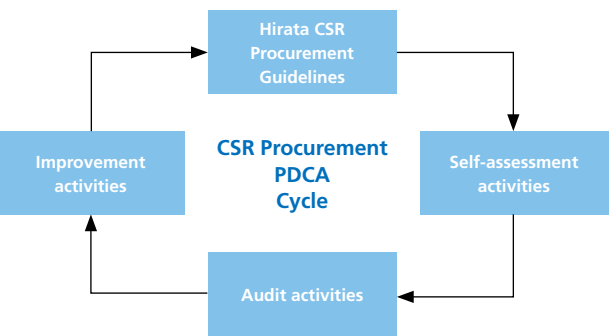
CSR Procurement Self-Assessment

In procuring products, and raw materials, we are promoting CSR (corporate social responsibility) throughout the supply chain and making improvements in accordance with conventional requirement items of quality, performance, price, and delivery time and items added from the perspective of the environment, working environment, human rights, etc.

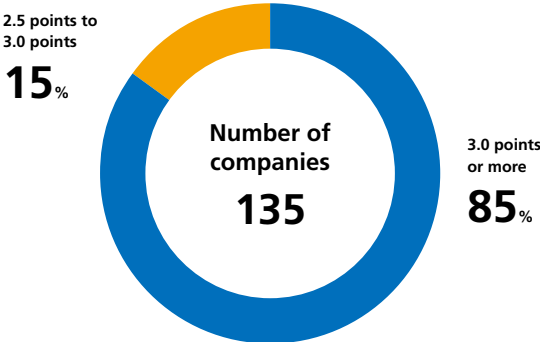
From fiscal 2021 to fiscal 2023, we conducted CSR procurement self-assessments at 135 companies that are positioned as important suppliers. During the same period, all of those suppliers agreed to comply and cooperate with the Hirata CSR Procurement Guidelines (100% of the 135 suppliers completed the self-assessments and provided written confirmation agreeing to comply and cooperate with the Hirata CSR Procurement Guidelines).

We have also conducted interviews and audits with some suppliers to confirm that there are no major problems at this time.

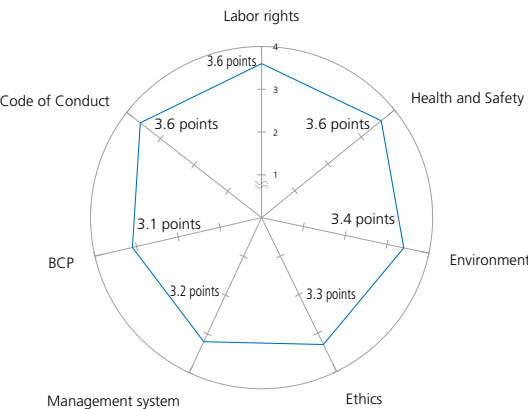
As for supplier audits, we conducted an audit at one company in fiscal 2022 and audits at 24 companies in fiscal 2023.



CSR Procurement Self-Assessment Score (Total Four Points Max.)



Aggregate Results by Category (Average)



Supplier Meetings

In June 2024, we held a supplier meeting to talk about the consolidated results for fiscal 2023, the forecast for fiscal 2024, trends and policies of business divisions, basic procurement policies, and priority measures.

Continuing from fiscal 2023, we spoke about two matters that we would like our suppliers to actively work on in the fields of society and the environment. We currently promote these two matters with the goal of having all Tier 1 suppliers, which account for the top 80% of the transaction value suppliers (for Hirata Corporation only), focus on these matters.

In fiscal 2024, we established the CSR Award, which is an award for outstanding CSR initiatives, and invited people from outside the Company to give lectures on climate change.

The Company will continue to engage in sustainable procurement activities while engaging in dialogue with suppliers about its business activities and sustainability.

Matters to be promoted in the social and environmental fields

1. Establishment of social and environmental policies
  - Labor and human rights policies
  - Health and safety policies
  - Environmental policies
  - Ethics policies
2. Understanding of the CO<sub>2</sub> emissions of suppliers

Establishment of Supplier Whistleblowing Contact Point (Supplier Helpline)

In response to the Revised Whistleblower Protection Act and in accordance with the strengthening of governance, the Company set up a supplier helpline in 2022 and posted the point of contact on its website. Based on the information provided, the helpline

secretariat (the Compliance Department) will conduct an internal investigation and take corrective and preventive measures. Strictly protecting the confidentiality of reports, whistleblowers will never be subjected to disadvantageous treatment for the reason of making a report.

Reporting method	We have set up a dedicated point of contact on our external website. <a href="https://www.hirata.co.jp/en/contact/">https://www.hirata.co.jp/en/contact/</a>
Those subject to reporting	Suppliers (of goods, software, utilities, equipment, etc., necessary for our production activities)
Post-report handling	We promptly conduct a factual investigation of the reported case, implement necessary measures, such as an order to cease and desist or recurrence prevention, if non-compliance is proven.
Number of reports	2 (the Company responded to both reports (100% response rate))

Responsible Procurement of Minerals

We are aware of international efforts to investigate and monitor the use of conflict minerals\*<sup>1</sup>, which have been implicated in human rights abuses and labor problems, and minerals that pose a risk of child labor and environmental destruction. We conduct surveys of suppliers to support these efforts. In line with the update of the RMI (Responsible Minerals Initiative) information, we regularly

conduct surveys of each supplier using CMRT\*<sup>2</sup> and EMRT\*<sup>2</sup> templates.

\*1 Conflict minerals: The term refers to minerals, among them tantalum, tungsten, tin, gold, and cobalt, produced in the Democratic Republic of the Congo and neighboring countries, which are regarded as a source of funding for armed groups that are committing serious human rights violations.

\*2 CMRT: Conflict Minerals Reporting Template  
EMRT: Extended Minerals Reporting Template



Corporate Governance

The Company aims to make everyone involved in Hirata content and to contribute to society through technology. To achieve this, we believe that it is essential to build and effectively operate a management system that enables transparent, fair, prompt, and resolute decision-making. We will thus work to strengthen corporate governance as one of our most important tasks.

Basic Stance

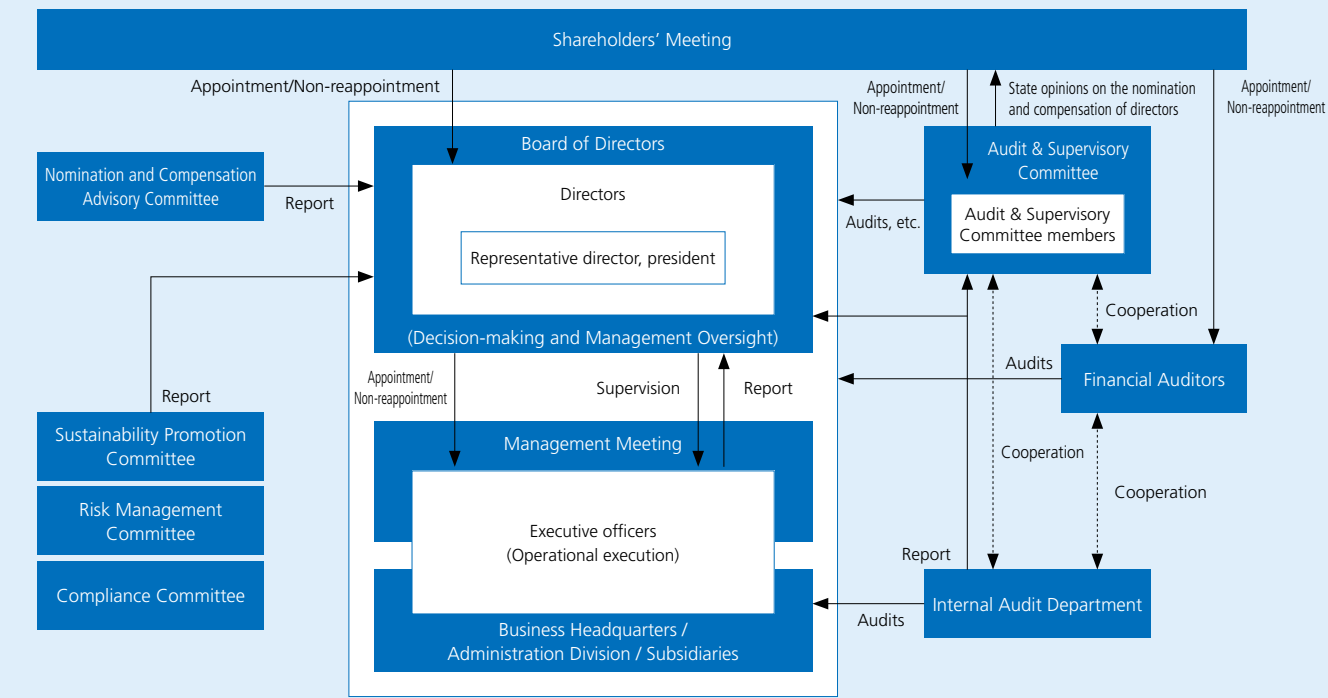
As a company that targets the global marketplace, Hirata Corporation has promoted sound and effective management activities with an emphasis on corporate governance to fulfill its social responsibilities. Hirata is thus working to enhance its compliance system, continuously strengthen its business competitiveness, and further improve its corporate value.

From the standpoint that a company is an entity that bears public responsibility, public interest, and social responsibilities, Hirata believes that the maintenance of good relationships with all stakeholders will lead to improved shareholder value over the long term.

Changes to Corporate Governance

2005	<ul style="list-style-type: none"><li>Introduction of executive officer system</li><li>Management Meeting established</li></ul>
2006	<ul style="list-style-type: none"><li>Stock listed on JASDAQ Securities Exchange</li></ul>
2014	<ul style="list-style-type: none"><li>Appointed one independent outside director</li><li>Abolition of executive retirement benefits system</li></ul>
2016	<ul style="list-style-type: none"><li>Appointed two independent outside director</li></ul>
2017	<ul style="list-style-type: none"><li>Stock market listing changed to First Section of Tokyo Stock Exchange</li><li>Establishment of independence standards for outside directors</li><li>Introduction of stock options</li><li>Began evaluations of Board of Directors' effectiveness</li></ul>
2018	<ul style="list-style-type: none"><li>Establishment of voluntary Nomination and Compensation Advisory Committee</li></ul>
2019	<ul style="list-style-type: none"><li>Shortened director term of office from two years to one year</li><li>Independent outside directors to account for at least one-third of those present at Board of Directors' meetings</li></ul>
2021	<ul style="list-style-type: none"><li>Policy decisions on executive compensation, etc.</li><li>Introduction of performance-linked compensation system</li></ul>
2022	<ul style="list-style-type: none"><li>Moved to Tokyo Stock Exchange, Prime Market</li><li>Appointed two female directors</li><li>Appointed one female Audit &amp; Board member</li><li>Skills matrix disclosure</li></ul>
2023	<ul style="list-style-type: none"><li>Transitioned to a Company with a company with audit and supervisory committee</li></ul>

Governance Framework



Note: Framework current as of June 2024

	Internal director	Outside director (Audit & Supervisory Committee member)	Independent outside director	Independent outside director (Audit & Supervisory Committee member)	Woman
Body	Board of Directors		Audit & Supervisory Committee		Nomination and Compensation Advisory Committee
Composition	Chairperson		Committee chair		Committee chair
	Ratio of women: 17% Ratio of independent outside directors: 50%		Ratio of women: 25%		Ratio of women: 33%

Note: In June 2023, we transitioned to a company with audit and supervisory committee organizational design.

Operational Status of Board of Directors, Audit & Supervisory Board/Audit & Supervisory Committee, Discretionary Committees Board (FY2023)

Body	Board of Directors	Audit & Supervisory Board/Audit & Supervisory Committee*2	Nomination and Compensation Advisory Committee
Record of Meetings Held in FY2023	13 times	Audit & Supervisory Board 5 times Audit & Supervisory Committee 14 times	12 times
	Average attendance rate: 99.3% (Directors and Audit & Supervisory Board members*1)	Average attendance rate: Audit & Supervisory Board: 100% Audit & Supervisory Committee: 98.2% Total: 98.7% (Audit & Supervisory Committee members*1)	Average attendance rate: 100% (All committee members)
	<b>Main Themes</b> <ul style="list-style-type: none"><li>Progress of the Medium-Term Management Plan</li><li>Capital policy</li><li>Status of business execution</li><li>Goals and status of activities related to sustainability promotion</li></ul>	<b>Main Themes</b> <ul style="list-style-type: none"><li>Status of the development and operation of internal systems in line with the transition to company with audit and supervisory committee</li><li>Status of ESG management and sustainability promotion</li><li>Status of initiatives designed for achieving Medium-Term Management Plan targets</li><li>Status of the development and operation of the Group Quality Management System</li><li>Status of initiatives to improve recommendations provided in previous fiscal years</li></ul>	<b>Main Themes</b> <ul style="list-style-type: none"><li>Nomination of and compensation for directors and executive officers, as well as determination of related policies</li><li>Development of succession plan</li><li>Other matters to be consulted on by the Board of Directors</li></ul>

\*1 As a result of the transition to a Company with a company with audit and supervisory committee organizational design in June 1, 2023, they became a director and Audit & Supervisory Committee member, shifting from their former position of Audit & Supervisory Board member.  
\*2 The results of meetings of the Audit & Supervisory Board (before the aforementioned transition) and the Audit & Supervisory Committee (after the transition) are shown.

Evaluations of Effectiveness of Board of Directors’ Meetings (Fiscal 2023)

To improve the effectiveness of its Board of Directors’ meetings, the Company has evaluations of their effectiveness conducted by a third-party organization. Based on the results of the evaluations, the issues are shared and countermeasures discussed at Board of Directors’ meetings.

Method of Evaluation	Anonymous questionnaires and individual interviews for all directors, including Audit & Supervisory Committee members, conducted by a third-party organization (individual interviews held every other year)
Main Evaluation Question Items	<ul style="list-style-type: none"><li>• The role, composition, operation, discussion, and monitoring of the Board of Directors</li><li>• Director performance</li><li>• Support system and training for directors</li><li>• Dialogue with shareholders (investors)</li><li>• Operational status of discretionary committees, etc.</li></ul>

FY2022 Evaluation Results (Issues)	FY2023 Initiatives	FY2023 Evaluation Results (Issues)	Future Initiatives
<ul style="list-style-type: none"><li>• Formulation and follow-up of management strategies for medium- to long-term improvement of corporate value and strengthening of monitoring functions</li><li>• Formulation of human resource strategies consistent with medium- to long-term strategies</li><li>• Strengthening of Board of Directors’ secretariat functions</li><li>• Establishment of an internal control system for the entire Group and sufficient supervision of its operation etc.</li></ul>	<ul style="list-style-type: none"><li>• Regular discussions on priority agenda items identified in the annual schedule</li><li>• Discussions on measures by the Sustainability Promotion Committee, etc.</li><li>• Continuous improvement, such as early provision of materials for the Board of Directors</li><li>• Commencement of discussions on the role of Group governance and formulation of basic internal policies</li></ul>	<ul style="list-style-type: none"><li>• Discussions on medium- to long-term strategies and the Medium-Term Management Plan</li><li>• Discussions on human capital and intellectual property</li><li>• Strengthening of Group governance</li><li>• Creation of ways to enhance discussions among directors</li><li>• Effective succession plan implementation etc.</li></ul>	<ul style="list-style-type: none"><li>• Enhancement of opportunities for and quality of discussions toward the formulation of the next Medium-Term Management Plan</li><li>• Review the approach to explaining agenda items to directors in advance of Board of Directors’ meetings</li><li>• Deepening of discussions during Nomination and Compensation Advisory Committee meetings and appropriate reporting to the Board of Directors</li></ul>

Appointment/Non-reappointment of Directors

Nomination and Compensation Advisory Committee

The Company established the Nomination and Compensation Advisory Committee as a voluntary advisory body to the Board of Directors. The purpose of this committee is to deliberate important matters, such as the nomination and compensation of directors and executive officers, and to thereby ensure the objectivity and transparency of these matters and to further strengthen the corporate governance system.

Committee Chair: Ryoko Ueda (Independent Outside Director)\*  
Members: Yuichiro Hirata (Representative Director, President),  
Satoru Ogawa (Independent Outside Director)

\* Appointed as chair of the Nomination and Compensation Advisory Committee in July 2024

Appointment/Non-reappointment of Directors

To ensure transparency and fairness in the nomination of both director candidates and executive officers, the Nomination and Compensation Advisory Committee, in which independent outside directors, one of whom serves as chair, form the majority, deliberates the criteria and policies for nominating the candidates as well as candidate nomination proposals. The results of those deliberations

are reported to the Board of Directors, which makes the decisions after receiving reports from the Nomination and Compensation Advisory Committee on the basis of the candidates’ knowledge, experience, ability, performance evaluations, and other factors.

In addition, with respect to the nomination of candidates for director who are not members of the Audit & Supervisory Committee, the right of the Audit & Supervisory Committee to state its opinion on the nomination shall be properly exercised, and with respect to the nomination of candidates for director who are members of the Audit & Supervisory Committee, the consent of the Audit & Supervisory Committee shall be obtained.

If a director or executive officer breaks the law or acts in a manner contrary to the Articles of Incorporation or internal regulations, or should it be recognized that there is a difficulty to perform duties properly due to physical or mental breakdown or a lack of ability, in such cases the Board of Directors will consider dismissal after having received a report from the Nomination and Compensation Advisory Committee.

Executive Training and Support System for Outside Directors

We are working to deepen our understanding of the Company through training for officers, providing and explaining support systems for outside officers, and visiting production sites. Additionally, the Company provides support for outside officers to fulfill their roles, such as holding preliminary briefings for outside officers prior to meetings of the Board of Directors and providing opportunities for interviews with key executive officers and employees.

Skills Matrix of the Company’s Directors

For the Board of Directors to fulfill its responsibilities of realizing sustainable growth and supervising business execution, the Company has defined the key skills and areas of experience required of its directors—corporate management, industry knowledge, technology and research and development, global perspective, risk management, finance and accounting, and ESG expertise—and aims to maintain a Board of Directors that is well balanced in terms of its composition.

Name	Corporate Management	Industry Knowledge	Technology and Research and Development	Global Perspective	Risk Management	Finance and Accounting	ESG Expertise
Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)							
Yuichiro Hirata	●	●	●	●			
Shojiro Hirata	●	●	●				
Shigeru Maeda	●	●	●				
Masaru Kozaki	●	●		●			
Hideki Ninomiya	●				●	●	●
Satoru Ogawa (Outside Director)	●			●	●		
Ryoko Ueda (Outside Director)					●	●	●
Kenjiro Tadakuma (Outside Director)		●	●				
Directors Who Are Audit & Supervisory Committee Members							
Naokuni Motoda (Outside Director)	●				●	●	
Ken Imamura (Outside Director)	●				●		
Yasuhiko Endo (Outside Director)	●				●	●	
Asako Okabe (Outside Director)	●					●	

Note: The above shows the knowledge, experience, and capabilities particularly expected of each individual and is not a complete list of all the expertise possessed by said individuals.

<p><b>Corporate Management</b></p> <p>In order to achieve the sustainable growth of the Hirata Group and increase its corporate value over the medium to long term, directors who have the ability to set a vision and make decisions to establish a strategy in order to determine the major direction of management strategies, taking into account the management issues faced and future business opportunities, are required. We need directors who can make strategic proposals and make decisions in light of changes in the business environment, such as politics, the economy, society, and technology, taking into account business trends and risks, and business conditions within the Group.</p> <p><b>Industry Knowledge</b></p> <p>Directors who have knowledge of our business, business models, and trends in the market environment and who can make proposals and make management decisions regarding business strategies and marketing are required.</p> <p><b>Technology and Research and Development</b></p> <p>With diverse knowledge in cutting-edge technologies, products, and services from a global perspective; we regard solutions to social and business issues as new innovations, business opportunities, and research themes as vital. Thus, it is necessary to have directors who can judge the appropriateness of the research from an objective perspective.</p> <p><b>Global Perspective</b></p> <p>In order to expand the support system for our global expansion and local production, we need directors who have a global perspective and a broad perspective to judge global business strategies and have a certain understanding of business practices and regional characteristics in multiple countries with abundant overseas business</p>	<p>experience. Since we are promoting One Hirata, an integrated Group management initiative, we need directors who can make decisions from a global perspective in an optimal overall manner.</p> <p><b>Risk Management</b></p> <p>Legal risks are always associated with our management and business activities, and it is essential not only to mitigate and eliminate them, but also to assess the severity of the risks and take risks. Also, in order to establish an optimal governance system, it is important for us to focus on a Companywide risk management system that takes into account management strategies, management issues, and future visions. Based on the above, it is necessary to have directors with specialized knowledge of legal affairs, internal control, and compliance.</p> <p><b>Finance and Accounting</b></p> <p>In addition to having knowledge of finance, accounting, and tax affairs, directors are required to have a full understanding of our business and to be able to grasp and make judgments on management figures in accordance with products and business characteristics. In terms of strategy, directors who can make proposals and make management decisions regarding capital procurement and dividend policies for growth investments and business strategies that contribute to the sustainable enhancement of our corporate value are necessary.</p> <p><b>ESG Expertise</b></p> <p>In order for us to realize ESG management that integrates sustainability into management, it is essential to establish a perspective that balances corporate growth and the resolution of social issues, as well as an optimal governance system. Based on this point, it is necessary to have directors who can make decisions from the perspective of medium- to long-term ESG management without sticking to short-term profits.</p>
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Executive Compensation

Executive Compensation Policy

The Company's decision-making policy with regard to executive compensation and associated matters is decided upon by the Board of Directors. The main basic policies are as follows:

- To achieve sustainable growth and increase corporate value over the medium to long term, directors' compensation shall involve a system that functions as an incentive and at an appropriate level based on position and responsibility.
- Specifically, in addition to their basic compensation, executive directors will receive executive bonuses and stock compensation as performance-linked compensation, the ratios of which shall be approximately 1:0.5:0.3 (if performance indicator targets are achieved).
- Outside directors who are primarily responsible for supervisory functions shall receive only basic compensation.

**Process for Determining Compensation**

Regarding individual remuneration for directors (excluding Audit & Supervisory Committee members), the Board of Directors delegates specific details to the Nomination and Compensation Advisory Committee.

In delegating such authority, we respect the Audit & Supervisory Committee's right to state opinions regarding remuneration and take measures to ensure that such authority is properly exercised.

The remuneration of individual directors who are Audit & Supervisory Committee members is determined through discussion among directors who are Audit & Supervisory Committee members.

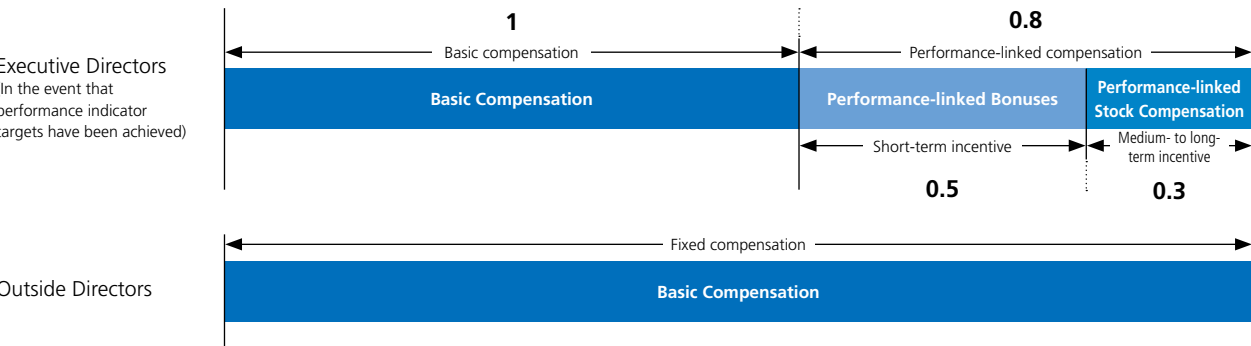
Details of Performance-linked Compensation

Intended to raise awareness of improving performance each fiscal year, the bonuses in performance-linked compensation shall be regarded as cash compensation that reflects performance indicators. Such bonuses are calculated in accordance with the level of achievement of the consolidated ROE targets for each fiscal year.

By sharing the profits and the risks of stock price fluctuations with shareholders, stock compensation is intended to raise awareness of contributing to improving medium- to long-term business performance and increasing corporate value. Stock compensation shall be paid via a stock delivery trust mechanism. For each fiscal year, points are awarded according to position and length of tenure of office as well as according to the level of achievement of the target values for evaluation indicators (consolidated ROE and consolidated operating profit ratio) in the settlement of accounts. At the time of retirement, stock equivalent to points shall be delivered.

The performance indicators and their target values for performance-linked compensation are reviewed based on recommendations from the Nomination and Compensation Advisory Committee depending on changes in the business environment and other factors.

Composition of Executive Compensation



Executive Compensation Breakdown (Fiscal 2023)

Director Classification	Total Amount of Compensation (Thousands of Yen)	Total Amount by Type of Compensation, etc. (Thousands of Yen)				Number of Basic Eligible Directors
		Basic Compensation	Performance-Linked Stock Compensation	Bonuses	Of the Items on the Left, Non-Monetary Compensation, etc.	
Directors (Excluding Audit & Supervisory Committee members and outside directors)	271,847	169,000	38,074	64,773	38,074	7
Directors (Audit & Supervisory Committee members) (Excluding outside directors)	–	–	–	–	–	–
Audit & Supervisory Committee members (Excluding outside Audit & Supervisory Board Members)	–	–	–	–	–	–
Outside directors	68,650	68,650	–	–	–	7

Group Governance

Group Structure

The Hirata Group consists of Hirata Corporation and 12 consolidated subsidiaries with the Group developing its businesses at bases in Japan, North America, Europe, Southeast Asia, China, and Taiwan.

**Status of Group Management at Headquarters**

Having established a Basic Policy for Establishing an Internal Control System, the Board of Directors is implementing Group controls. In addition, based on the Affiliated Company Management Regulations established by the Company, we are working to strengthen Group controls by monitoring qualitative management conditions, involving the Company in important decision-making, and ensuring that serious incidents, such as compliance violations, are reported to the Company.

As part of Group management control, the management status report meetings of each affiliated company are held regularly (quarterly for domestic affiliates and semiannually for overseas affiliates) to discuss management risks and opportunities, and to monitor business performance. Furthermore, we have established a meeting body that brings together executives from overseas affiliates to create opportunities for dialogue with each division at Headquarters. The activities and policies of Headquarters are communicated, and opinions are exchanged to promote the operation of the entire Group.

Group Audit System and Its Status

In audits, the Company's Audit & Supervisory Committee members and other committee members conduct audits of affiliates, and the Group Company Audit & Supervisory Committee Members Liaison Meeting is held on a regular basis to enhance the effectiveness of audits of affiliates by sharing the audit status of Group companies and risk-related matters.

The Internal Audit Department also regularly conducts audits of affiliated companies and reports to the Board of Directors and the Audit & Supervisory Committee in a timely manner.

**Status of Activities for Strengthening of Group Governance at Headquarters**

In fiscal 2023, with the aim of substantially strengthening group governance, we established the Basic Group Governance Policy and policies addressing the level of the Company's involvement with affiliates regarding governance. With regard to strengthening group governance, among a wide range of items to be considered, in fiscal 2024 we are focusing on the following themes.

Initiative theme	Description
(1) Formulate and disseminate basic policies for group governance	Formulate guidelines pertaining to the overall design of the Group and policies that serve as guidelines for strengthening various types of governance
(2) Determine the framework for the level of the Company's involvement with affiliates regarding governance	Clarify definitions of the level of control over each affiliated company by perspective and foster common understanding
(3) Restructure the positioning and roles of affiliates for business	Re-examine the mission and positioning of each affiliate in terms of business strategy based on past history to develop a vision
(4) Restructuring of the governance foundation	Re-examine the necessary management items and redevelop the monitoring system in accordance with the level of control of affiliates addressed in (2)
(5) Review and enhance the government functions of Group Headquarters	Formulate policies to strengthen the governance functions of Group Headquarters. For each function, carry out the detailed design and operation of management, support, etc.
(6) Formulate highly effective Group strategies through management strategies in the next period	Consider Group strategies while examining items indicated in (3) and incorporate them as points of focus into the next Medium-Term Management Plan

Cross-shareholdings

<p><b>(1) Approach to Cross-shareholdings</b></p> <p>In working to maintain medium- to long-term relationships and expand transactions with its business partners, the Company's basic policy is to hold only those stocks that contribute to the enhancement of its corporate value.</p>	<p><b>(2) Verification of Cross-shareholding Suitability</b></p> <p>In line with the basic policy, verification of aspects such as the benefits and risks associated with the holdings and whether to continue with them is undertaken at Board of Directors' meetings. The Company shall consider selling shareholdings that are judged to have low rationality.</p>	<p><b>(3) Criteria for Exercising Voting Rights Related to Cross-shareholdings</b></p> <p>With regard to the voting rights related to shareholdings, these will be exercised in an appropriate manner with the sustainable growth of the issuing company as an evaluation criterion and on the premise that they will contribute to the improvement of the Company's corporate value.</p>
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## Compliance

## Code of Conduct of the Hirata Group

We established the Code of Conduct of the Hirata Group in January 2024. Our prior code of conduct was established as part of our Compliance Charter, which focuses on compliance with laws and regulations. However, we have revised it so that each officer and employee can contribute to the realization of a sustainable society. The Code of Conduct of the Hirata Group sets forth the actions that all employees of the Company should take and is positioned as an important code that forms the foundation of the Company.

## Fundamental Principles

In implementing the Sustainability Basic Policy, we (Hirata Group officers and employees) have established the Code of Conduct of the Hirata Group to comply with international rules, and laws and regulations applicable to the relevant countries and regions, and act in good faith in accordance with high ethical standards.

▶ For more details on each of these items, please visit:  
<https://www.hirata.co.jp/en/sustainability/esg/compliance>



## Main Content of the Code of Conduct of the Hirata Group

1. Relationship with persons and employees  
Respect for human rights, etc.
2. Relationship with customers and suppliers  
Fair competition and transactions, etc.
3. Relationship with society  
Compliance with laws, regulations and social norms, etc.
4. Relationship with shareholders and investors  
Disclosure of management information, etc.
5. Management and protection of corporate assets and information  
Management of confidential information and personal information, etc.
6. Reporting of and measures against violations
7. Responsibility of management

## Compliance System

## Compliance Promotion Framework

The Company has established a Compliance Committee, chaired by the president, under the Board of Directors to formulate compliance measures, investigate and analyze cases of compliance violations, and formulate measures to prevent recurrence, in order to strengthen compliance. The Compliance Committee met six times in fiscal 2023. The committee also reports twice a year to the Board of Directors on matters such as the implementation status of each measure and the operational status of the internal whistleblowing system.

## Efforts to Improve Compliance Awareness

In conjunction with the establishment of the Code of Conduct of the Hirata Group, we conduct training to familiarize each and every employee with the code. The Company provides compliance training for employees when they join the Company, and theme-based training and job-rank-based training, which for example, covers the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, security export controls, and harassment prevention, is conducted as appropriate for Group employees.

In addition to training, we regularly distribute digital documents and other information on compliance via the Company intranet based on compliance violation cases in an effort to raise compliance awareness. Furthermore, we conduct annual compliance surveys to identify compliance-related risks, such as scandals and misconduct, and reflect the results in various measures and training.

## Whistleblowing System

The Company has established a whistleblowing system in order to quickly identify compliance violations and take appropriate measures. In addition to an internal hotline, we have established an external hotline for reporting to third-party outsourcing companies that enables anonymous reporting in local languages and a supplier hotline that can be used by suppliers. Each hotline has a system in place that complies with the Revised Whistleblower Protection Act, and regulations stipulate the duty of confidentiality of whistleblower information and the prohibition of disadvantageous treatment to whistleblowers.

Reports received are handled in accordance with said regulations and reported to the Board of Directors through the Compliance Committee secretariat.

	FY2021	FY2022	FY2023
Number of whistleblowing reports	8	12	16

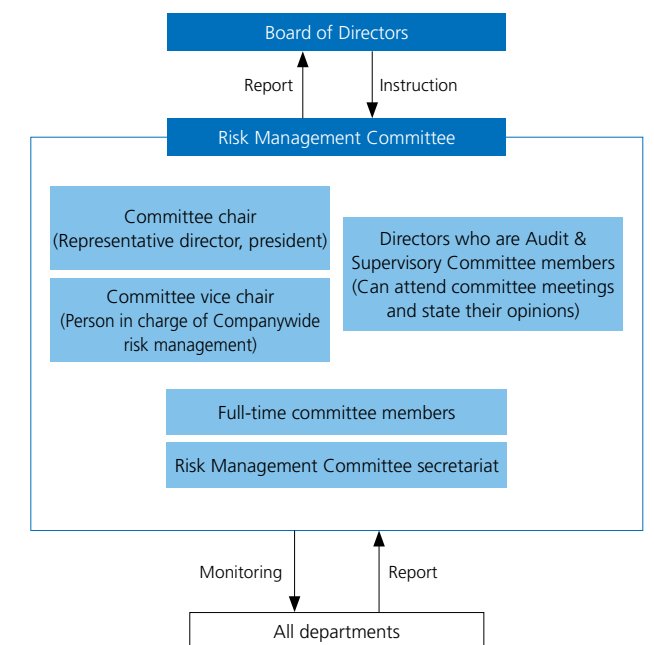
## Risk Management

## Risk Management System

The Company has established a Risk Management Committee under the Board of Directors, which conducts Companywide risk management in accordance with the Risk Management Rules, to deal with events that may affect the achievement of business goals or sustainability management.

In the Company's risk management system, the director of the Administration Division is responsible for Companywide risk management and conducts such management. In addition, the Risk Management Committee, chaired by the president, has been established as a deliberative body for risk management. The Risk Management Committee comprehensively grasps and evaluates risks that occur throughout the Group from the perspective of the entire organization and conducts activities to maximize corporate value, prevents risks from occurring, and minimizes losses after they occur. The committee met three times in fiscal 2023.

The department in charge of each risk item identifies risks, evaluates them, and implements countermeasures. The department in charge of risk management summarizes Companywide risks and monitors the implementation status and effectiveness of countermeasures, and the Internal Audit Department audits the effectiveness and response status.

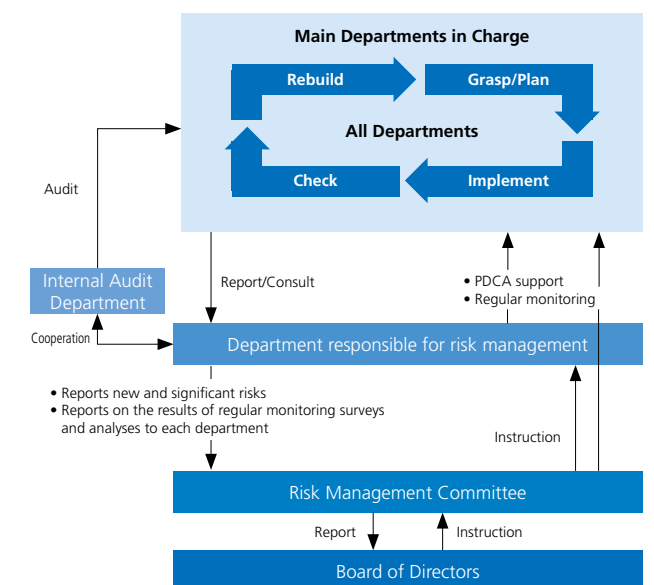


## Ascertaining of and Responding to Risks

The Company has created a Hirata Risk Map that broadly classifies 70 risk items into four categories: management process risks, which include governance; external factor risks such as market changes; indirect business process risks that cover human resources and IT systems; and direct business process risks related to business activities such as production. Based on the Hirata Risk Map, the Company has established the main department in charge of each risk item and put in place a mechanism whereby the information collected on assumed and incurred risks is aggregated by the department responsible for risk management.

From the aggregated risk information, the department responsible for risk management comprehensively evaluates the likelihood of the occurrence, magnitude of the impact, and priority of the risk. The Risk Management Committee then determines major risks and related measures, monitors the status of measures, and reports to the Board of Directors.

## Companywide Risk Management Flow



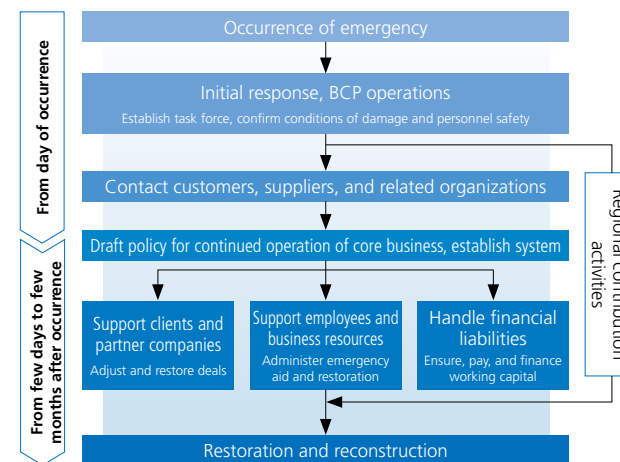


## Business Continuity Plan

We have formulated a Business Continuity Plan (BCP) to ensure business continuity or restore business operations in a short period of time in emergency situations. Through measures such as checking the safety of employees, confirming the damage status of buildings and information infrastructure at our business locations, investigating the damage status of suppliers, and ensuring the provision and review of procedures, as well as securing stockpiles at business sites, we aim not only to ensure the safety of employees but also to minimize the impact on our customers' businesses, thereby contributing to our stakeholders. Furthermore, we conduct regular drills to confirm and improve the effectiveness of our initial response.

In fiscal 2023, we expanded our BCP procedure manual and conducted on-site earthquake scenario drills. Furthermore, by conducting such drills, we are working to promote understanding of the BCP among employees and others while ensuring the effectiveness of procedures, etc., to improve effectiveness.

Flowchart for Implementing BCP



### BCP Policy

To as much as possible avoid circumstances that could endanger business continuity due to unexpected disasters or problems, we plan to continue business by extracting risks in advance and defending ourselves against and mitigating those risks and to restore business operations in a short period of time in emergency situations.

- Give top priority to the lives and safety of employees and their families
- Minimize any negative impact on our customers' businesses
- Assist our stakeholders

We review our BCP on a regular basis for continuous improvement.

## IT Security

### IT Security Management

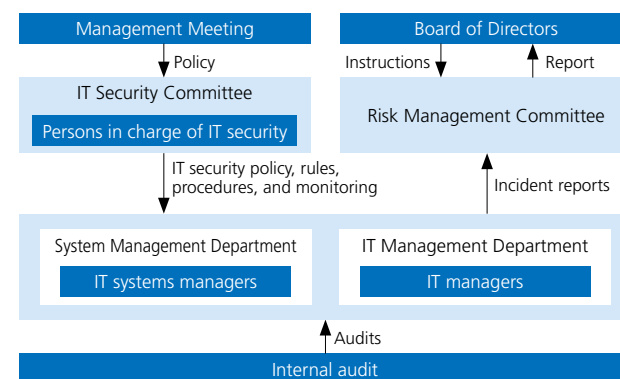
In recent years, with the widespread adoption of cloud services, IoT devices, and the innovative development of AI, significant changes have occurred in corporate management. Amid these changes, the risks of information leakage and business interruptions due to cyberattacks have increased, making information security measures even more important.

To protect information and information assets, including IT equipment, from threats such as leakage and damage as well as to conduct its business activities safely and securely, the Company established an IT Security Basic Policy and formulated IT security management regulations.

To act as a management system, we have established an IT Security Committee, which is chaired by the officer responsible for information systems, and review policies and regulations, conduct risk analysis, and monitor IT security measures, including those of affiliates and the supply chain, incorporating the latest trends in related guidelines and security measures in Japan and overseas in accordance with ISO 27001. In the event of a security incident, we form a response team in accordance with set procedures specified in the Information Security Incident Response Procedures so that we can respond swiftly.

### Efforts to Strengthen IT Security

To ensure the safety of the IT assets handled by the Company, we have implemented a raft of measures from both system and human resource perspectives. As an example of one such system, we have introduced an endpoint detection and response (EDR) service to quickly implement appropriate countermeasures against new threats, such as previously unknown computer viruses and targeted threat emails. We are working to improve IT security literacy by providing our employees with IT security education and targeted threat e-mail training. Additionally, we support our suppliers in conducting security training sessions and targeted attack e-mail drills to improve security throughout the supply chain.



## Toward the Further Evolution of Corporate Governance— A Roundtable Discussion with Members of the Audit & Supervisory Committee



We asked four of Hirata's outside directors, who also serve as Audit & Supervisory Committee members, about their feelings regarding initiatives and issues one year after the transition to a company with audit and supervisory committee organizational design.

**Motoda** In June 2023, Hirata Corporation transitioned from a company with audit and supervisory board organizational design to a company with audit and supervisory committee organizational design. The purpose of the transition, which was also explained during the Shareholders' Meeting, was to strengthen the supervisory function of the Board of Directors and further enhance corporate governance by appointing members of the Audit & Supervisory Committee, who are responsible for auditing the execution of duties by the directors.

**Imamura** To add from a legal perspective, the key point of transitioning to a company with audit and supervisory committee organizational design was to make it possible for Audit & Supervisory Committee members to exercise voting rights at Board of Directors' meetings. However, in the case of Hirata, active input has been provided by auditors even before this transition, and the directors and executive officers, including the president, have sincerely considered

our opinions and engaged in lively discussions. I have the impression that the organizational form has finally caught up with what was already taking place. Do any of you feel this way as well?

**Endo** I agree with what Mr. Imamura said. Since before the transition, we have actively exchanged opinions with the president, internal and external directors, executive officers, and auditing firms through monthly opinion exchange meetings and other means. We have been constantly promoting improvements in the development and operation of internal controls, etc., and have also focused on collaboration with the Internal Audit Department and disclosure of the details of our activities, and have designed a sophisticated governance system. We are gradually gaining commitment from the executive side to such efforts. In that sense, although there have certainly been no substantially large changes, I feel that the roles and responsibilities that we should fulfill have increased more than ever in the sense that we have the right to vote on the Board of Directors and the right to express opinions on the nomination and compensation of executive directors.

**Okabe** I agree. Having a long career as a certified public accountant, I recognize that my primary responsibility is to demonstrate expertise in finance and accounting as outlined in the skills matrix. However, I make it a point to actively engage and offer suggestions with the broad vision of "making Hirata a better company," moving beyond finance and accounting.



## Toward the Further Evolution of Corporate Governance—A Roundtable Discussion with Members of the Audit &amp; Supervisory Committee



From an external perspective, in order to make useful proposals on how to efficiently utilize Hirata Corporation's people, goods, and money to increase corporate value, it is first necessary to have a deep understanding of Hirata Corporation. Since 2022, I have been serving as either an Audit & Supervisory Board member or Audit & Supervisory Committee member. Since my length of tenure of office is relatively short among these members, I accompany staff during internal audits to deepen my understanding of the Company. Accompanying audit staff provides me with opportunities to speak directly with managers of business divisions and employees on the front lines, allowing me to learn about what they are thinking about, the issues being faced, and other actual conditions. Based on this kind of information that is acquired directly at work sites, I can clearly see what constitutes a bottleneck by taking a bird's-eye view of Hirata Corporation's business, and feel capable of making improvement proposals.

**Motoda** I think this is a great approach that you have taken. Generally speaking, it is rare for outside directors to accompany staff during internal audits. This high degree of collaboration is one of the unique features of the Company's governance. Mr. Imamura and I have been serving as either Audit & Supervisory Board members or Audit & Supervisory Committee members of the Company for about 10 years. We saw that Audit & Supervisory Board members were already actively raising various issues and providing opinions and recommendations at Board of Directors' meetings. The president and executive officers have directly considered the opinions and recommendations of the Audit & Supervisory Board members and have utilized them for management decision-making. In other words, such a governance system had been in place even before there were efforts in the world to strengthen corporate governance, such as making it mandatory to appoint outside directors.

Furthermore, even after the transition to a company with audit and supervisory committee organizational design, we aim to conduct audits on how the Company approaches risks by deepening cooperation with the Internal Audit Department to establish a comprehensive audit system. Since the Company has affiliates in North America, Europe, Southeast Asia, China, Taiwan and other parts of the

world, strengthening the Group governance system is an urgent issue. In fiscal 2023, the Company formulated the Basic Group Governance Policy as a premise to respond to this issue, and a future governance schedule and issues to be examined were sorted out. In addition, after the aforementioned transition, full-time Audit & Supervisory Committee members participate in Nomination and Compensation Advisory Committee meetings as observers. During meetings, they also observe discussions on a succession plan to confirm the fairness and objectivity of the review process. We strive to disclose these initiatives specifically in the Audit Status section of the Annual Securities Report.

**Imamura** I think that recognizing external disclosure of audit activities as an issue for some time allowed the Company to make steady progress in this area during fiscal 2023. In addition, I feel that strengthening the Group governance system is an issue that cannot be quickly resolved. Rather than indicating many issues, I think it is important to narrow down issues to those that need to be prioritized, engage in deeper discussions, and provide comprehensive support to the executive side to bolster governance.

**Okabe** I feel the same way. In the future, as Hirata Corporation further expands overseas and takes on the challenge of new businesses, various risks are expected to emerge. However, instead of stopping these efforts due to risks, I would like the Audit & Supervisory Committee to work with management to think about how to reduce risks and issue a signal to go forward, while successfully controlling risks and giving encouragement to management and the executive side.

**Endo** I agree. I feel that all of the people who have served as members of the Audit & Supervisory Board/Audit & Supervisory Committee, including myself, consider Hirata Corporation to be an attractive company and have a strong desire to make it even better, support it, and serve in a role that is useful for the Company. As Mr. Motoda mentioned earlier, the fact that Audit & Supervisory Board members have been actively engaged in activities for nearly 10 years may be a driving force.



**Imamura** As you said, I feel that Hirata Corporation is a company that I want to support. I have been serving as either an Audit & Supervisory Board member or Audit & Supervisory Committee member for many years, and I am always impressed by the high level of technological capabilities, the underlying passion for manufacturing, the spirit of taking on challenges from Kumamoto to the world, and above all, the goodness of people. Especially in the midst of a labor shortage, when I look at the attitude of employees who are dedicated to working hard, I naturally think "What can I do to help?"

We value our attitude to respond quickly and flexibly to customer requests by leveraging our "human qualities." On the other hand, we recognize the importance of careful risk management in the event of a change in plans in the design or manufacturing process.

In order to ensure that the workload on employees is not uneven, we are focusing on thorough labor management by appropriately allocating resources and managing loads. In order to achieve a balance between improving customer satisfaction and ensuring a healthy working environment for employees, we are thoroughly committed to concluding agreements at the appropriate time. We communicate these initiatives directly to employees in cooperation with the Board of Directors and through in-house newsletters and other means.

**Okabe** From a financial perspective, it is necessary to further strengthen financial risk management while valuing relationships with customers. Specifically, the Company aims to improve its profit margin by thoroughly managing cash flows and inventories appropriately and determining the optimal level of risk. Also, I believe that by creating an awareness of key indicators such as cost of capital and return on invested capital (ROIC) on the front lines, we will be able to realize management with an awareness of return on capital.

Furthermore, the Company is focusing on ensuring a healthy working environment for employees by taking appropriate measures to address labor management issues. As orders and sales continue to grow, I think that it is important to solidify the Company's management base and pursue sustainable growth by implementing these measures.

**Motoda** Improving the profit margin, as mentioned by Ms. Okabe, will be an important point to address in the next Medium-Term Management Plan. As you are aware, although orders and sales are currently on an upward trend, operating profit and operating profit ratio are expected to be lower than the indicators in the current Medium-Term Management Plan. The fact that the Company was able to secure production capacity to meet demand in growing markets through plant expansions is a major achievement of the current Medium-Term Management Plan. Therefore, I believe that shareholders and investors will demand that we focus on how to increase profit margins and implement our strategies going forward. As an outside director, I would like to engage more in discussions on management strategy than in the past.



**Endo** I agree with what Mr. Motoda said. As a member of the Audit & Supervisory Committee, in addition to risk management based on audits, I would like to participate more actively in management discussions and contribute to "proactive governance" that enhances the effectiveness of the Board of Directors. Also, I personally fear that, given the pressure to respond to the growing demand that we are currently facing, it will be difficult for the Company to fully consider its long-term goals and road maps for achieving them. Therefore, when formulating the next Medium-Term Management Plan, I would like to discuss how to increase Hirata Corporation's corporate value from a long-term perspective. Since the Company's Audit & Supervisory Committee has a well-balanced mix of members with different specialties and backgrounds, I am confident that, if each member of the Audit & Supervisory Committee makes the most of their knowledge, it will be possible to become an audit and supervisory committee that contributes to the enhancement of corporate value.

**Okabe** As outside directors, we are expected to participate in discussions with an awareness of the perspectives of all stakeholders, including shareholders and investors, employees, customers, suppliers, and local communities. Specifically, when the Board of Directors makes management-related decisions, I think that by constantly paying attention to whether the process leading to that decision is fair and the decision itself is one that stakeholders will accept, and creating lively discussions, we can create a sense of urgency among the Board of Directors in a positive way. With the expectation that Hirata Corporation will use its advanced technological strengths to embody the Management Philosophy expressed by *Jin-Gi-Kou-Ken* and contribute to manufacturing around the world, let's continue to make efforts to enhance the corporate value of Hirata Corporation.



List of Directors (as of June 26, 2024)

Note: Extracts from the reasons for selection are provided.  
Attendance is based on Board of Directors' and Audit & Supervisory Board/Audit & Supervisory Committee meeting attendance in fiscal 2023.



Directors

1 Yuichiro Hirata

Representative Director  
As representative director and president, has led the management of the Company and made a meaningful contribution to the development of its businesses.

Number of shares owned
291,600 shares
Number of Board of Directors' meetings attended
13/13

5 Hideki Ninomiya

Director  
Mr. Ninomiya has been mainly responsible for legal affairs, risk management, and corporate governance and has made a significant contribution to strengthening the Company's governance and management base. He is currently head of the Administration Division.

Number of shares owned
3,000 shares
Number of Board of Directors' meetings attended
10/10 (appointed in June 2023)

2 Shojiro Hirata

Director  
Mr. Hirata made a meaningful contribution to enhancing the Chinese business, developing the Company's device business, and enhancing its procurement function, through his management of a Chinese affiliate and the operation of the Business and Procurement divisions. He is currently leading the management of the Company from the administrative side.

Number of shares owned
163,400 shares
Number of Board of Directors' meetings attended
13/13

6 Satoru Ogawa

Outside Director  
Outside Independent Officer  
In addition to extensive experience in the formulation of information strategies and corporate management at other companies, possesses sophisticated insight into manufacturing and corporate management. Has served as an outside director of the Company since 2021.

Number of shares owned
100 shares
Number of Board of Directors' meetings attended
13/13
Status of important concurrent positions
Representative Director and President, Wako Industries Co., Ltd.

3 Shigeru Maeda

Director  
Having previously served as manager mainly of automobile sector departments as well as manager of the Business Promotion Division for the entire Company, and manager of Business Headquarters, Mr. Maeda is currently leading our management from the business side.

Number of shares owned
1,700 shares
Number of Board of Directors' meetings attended
12/13

7 Ryoko Ueda

Outside Director  
Outside Independent Officer  
Ms. Ueda possesses extensive experience and sophisticated insight as an expert on corporate governance and ESG. Has served as an outside director of the Company since 2022.

Number of shares owned
300 shares
Number of Board of Directors' meetings attended
13/13
Status of important concurrent positions
Senior Research Fellow, Japan Investor Relations and Investor Support, Inc. Member, Certified Public Accountants and Auditing Oversight Board Professor, SBI Graduate School Visiting Professor, Kyoto University Director (Outside), TOKAI Holdings Corporation Outside Director, Koei Chemical Co., Ltd.

4 Masaru Kozaki

Director  
In addition to having served in the capacity of representative of a local affiliate in Singapore for six years, Mr. Kozaki has made a meaningful contribution to the business development of the Group globally by, for example, being in charge of affiliate companies. He is currently in charge of Global Business.

Number of shares owned
500 shares
Number of Board of Directors' meetings attended
13/13

8 Kenjiro Tadakuma

Outside Director  
Outside Independent Officer  
As a researcher in robot technology, which is our business field, Mr. Tadakuma possesses a wealth of experience and an outstanding track record, and is currently engaged in advanced technology research at a university. Has served as an outside director of the Company since 2024.

Number of shares owned
-
Number of Board of Directors' meetings attended
(appointed in June 2024)
Status of important concurrent positions
Professor, Graduate School of Engineering Science, Osaka University

9 Naokuni Motoda

Outside Director, Full-time Audit & Supervisory Committee Member\*1  
Outside Independent Officer  
Possesses specialized knowledge and extensive experience as a director and executive officer of a financial institution as well as a representative director of a general corporation. He has served as a full-time Audit & Supervisory Board/Committee member since 2015.

Number of shares owned
500 shares
Number of Board of Directors' meetings attended
13/13
Number of Board of Directors' meetings attended
19/19

10 Ken Imamura

Outside Director, Full-time Audit & Supervisory Committee Member\*1  
Outside Independent Officer  
Possesses specialized knowledge and experience as a lawyer handling corporate legal affairs. Has served as an Outside Audit & Supervisory Board/Committee member for the Company since 2015.

Number of shares owned
-
Number of Board of Directors' meetings attended
13/13
Number of Board of Directors' meetings attended
18/19

Status of important concurrent positions  
Partner, Okuno & Partners

11 Yasuhiko Endo

Outside Director, Full-time Audit & Supervisory Committee Member\*1  
Outside Independent Officer  
Possesses specialized knowledge as a certified fraud examiner (CFE) and a wealth of experience and insight regarding stocks and management. Has served as an Outside Audit & Supervisory Board/Committee member for the Company since 2018.

Number of shares owned
500 shares
Number of Board of Directors' meetings attended
13/13
Number of Board of Directors' meetings attended
19/19

Status of important concurrent positions  
Outside Director and Audit and Supervisory Committee Member, Sac's Bar Holdings Inc.

12 Asako Okabe

Outside Director, Full-time Audit & Supervisory Committee Member\*1  
Outside Independent Officer  
As a certified public accountant (CPA) possessing specialized knowledge and extensive experience in corporate accounting, Ms. Okabe has served as an Outside Audit & Supervisory Board/Committee member for the Company since 2022.

Number of shares owned
-
Number of Board of Directors' meetings attended
13/13
Number of Board of Directors' meetings attended
19/19

Status of important concurrent positions  
Representative, Okabe Asako Certified Public Accountant Office  
Outside Director, Mr Max Holdings  
Audit & Supervisory Committee Member and Outside Director, Zenrin Co., Ltd.

Executive Officers

Yuichiro Hirata

President and Chief Executive Officer

Hideki Ninomiya

Executive Officer  
Head of Administration Division, In Charge of Accounting, Legal Affairs, and Intellectual Property

Hidetoshi Eto

Executive Officer  
Business Headquarters  
Executive General Manager, #1 Business Unit

Michinobu Shuto

Executive Officer  
Administration Division  
In Charge of Corporate Planning and Corporate Communications

Shojiro Hirata

Vice President and Executive Officer  
In Charge of Management

Takenori Hirakawa

Executive Officer  
Division Director, Business Headquarters

Yoshitaka Taniguchi

Executive Officer  
Business Headquarters  
Executive General Manager, #2 Business Unit

Jo Yoneda

Executive Officer  
Administration Division  
In Charge of General Affairs, Information Systems, and Secretarial Section

Shigeru Maeda

Vice President and Executive Officer  
In Charge of Business

Toshiyuki Matsuzaki

Executive Officer  
Division Director, Procurement Division

Seigo Murakami

Executive Officer  
Business Headquarters  
Executive General Manager and Management Section Manager, #3 Business Unit

Miho Mori

Executive Officer  
Administration Division  
In Charge of Human Resources, Compliance, and Risk Management

Masaru Kozaki

Managing Executive Officer  
Division Director, Global Business Headquarters

Shigeharu Nishimura

Executive Officer  
Division Director, Research and Development Headquarters

Kazuhiro Toda

Executive Officer  
Business Headquarters  
Executive General Manager, #4 Business Unit

\*1 As a result of the transition to a company with audit and supervisory committee organizational design on June 1, 2023, they became a director and Audit & Supervisory Committee member, shifting from their former position of Audit & Supervisory Board member.

\*2 Audit & Supervisory Board/Audit & Supervisory Committee meeting attendance is the total number of times members attended Audit & Supervisory Board meetings (before the aforementioned transition) and Audit & Supervisory Committee meetings (after the transition).

## Principal Financial/Non-financial Data

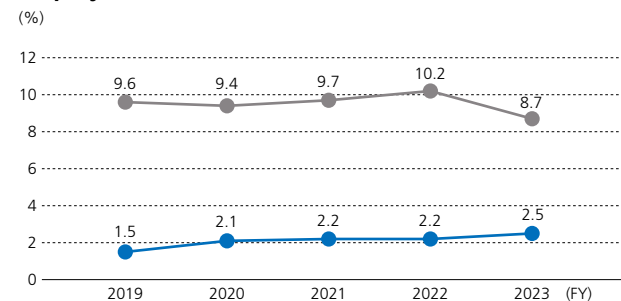
## Financial Data (Consolidated)

Item		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Net sales</b>	<b>(Thousands of yen)</b>	47,129,390	52,145,406	53,048,377	80,542,366	94,163,561	77,302,745	65,612,306	65,255,919	67,087,433	78,443,846	<b>82,839,457</b>
<b>Operating profit</b>	<b>(Thousands of yen)</b>	1,723,784	2,123,053	2,924,843	8,247,285	9,371,006	6,249,169	2,736,754	4,995,273	3,856,104	5,920,209	<b>6,047,910</b>
<b>Profit before adjustment for income taxes</b>	<b>(Thousands of yen)</b>	1,640,681	1,935,017	2,734,125	8,400,835	9,242,225	6,215,587	2,881,784	5,169,129	4,266,785	5,861,257	<b>6,762,644</b>
<b>Profit attributable to owners of parent</b>	<b>(Thousands of yen)</b>	840,891	946,787	1,713,342	5,891,441	6,666,227	4,637,978	1,744,770	4,075,964	2,682,267	4,269,969	<b>4,344,188</b>
<b>Net assets</b>	<b>(Thousands of yen)</b>	19,194,579	21,864,968	21,584,433	27,571,776	46,582,462	46,610,448	46,993,088	51,999,042	54,938,509	59,575,645	<b>65,302,388</b>
<b>Total assets</b>	<b>(Thousands of yen)</b>	58,352,066	61,798,755	59,681,671	88,246,646	95,330,813	90,573,727	85,409,651	92,794,895	99,485,900	114,522,788	<b>130,787,926</b>
<b>D/E ratio</b>	<b>(Times)</b>	1.17	0.91	0.81	0.95	0.46	0.41	0.31	0.36	0.44	0.50	<b>0.57</b>
<b>Cash flows from operating activities</b>	<b>(Thousands of yen)</b>	959,043	3,704,748	2,651,214	(5,862,118)	(1,932,931)	10,579,685	8,094,504	690,065	(3,444,072)	(5,687,502)	<b>(4,592,173)</b>
<b>Cash flows from investing activities</b>	<b>(Thousands of yen)</b>	(480,572)	(402,881)	(872,030)	(1,445,514)	(4,425,279)	(1,994,763)	(2,629,885)	(2,378,900)	(1,082,530)	(2,057,413)	<b>(2,233,081)</b>
<b>Cash flows from financing activities</b>	<b>(Thousands of yen)</b>	2,387,270	(2,816,534)	(3,549,306)	8,152,082	6,990,056	(6,002,410)	(5,719,431)	3,536,717	4,150,348	5,101,568	<b>5,866,978</b>
<b>R&amp;D expenses</b>	<b>(Thousands of yen)</b>	768,761	449,500	601,756	677,866	784,561	1,162,175	1,005,512	866,310	1,020,326	1,229,849	<b>1,385,428</b>
<b>Capital expenditures</b>	<b>(Thousands of yen)</b>	661,468	790,003	1,047,573	2,090,645	2,397,132	4,135,668	2,580,584	3,160,102	1,464,615	2,708,959	<b>5,200,948</b>
<b>Depreciation</b>	<b>(Thousands of yen)</b>	989,857	951,832	920,171	971,026	1,080,489	1,198,906	1,225,779	1,453,916	1,478,400	1,494,281	<b>1,813,969</b>
<b>Basic earnings per share</b>	<b>(Yen)</b>	80.86	91.19	171.13	624.39	640.73	440.89	168.15	392.70	258.42	411.23	<b>418.27</b>
<b>Dividends per share</b>	<b>(Yen)</b>	12.5	15.0	30.0	100.0	125.0	125.0	40.0	65.0	65.0	90.0	<b>100.0</b>
<b>Dividend payout ratio</b>	<b>(%)</b>	15.5	16.4	17.5	16.0	19.5	28.4	23.8	16.6	25.2	21.9	<b>23.9</b>
<b>Operating profit ratio</b>	<b>(%)</b>	3.7	4.1	5.5	10.2	10.0	8.1	4.2	7.7	5.7	7.5	<b>7.3</b>
<b>ROE</b>	<b>(%)</b>	4.5	4.7	8.0	24.3	18.2	10.1	3.8	8.3	5.1	7.5	<b>7.0</b>
<b>ROA</b>	<b>(%)</b>	1.5	1.6	2.8	8.0	7.3	5.0	2.0	4.6	2.8	4.0	<b>3.5</b>
<b>Equity-to-asset ratio</b>	<b>(%)</b>	32.5	34.9	35.6	30.9	48.3	50.9	54.4	55.5	54.8	51.7	<b>49.7</b>

Notes: 1. The Company applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan [ASBJ] Statement No. 28, issued on February 16, 2018) from the beginning of fiscal 2018, and the main management indicators, etc., related to fiscal 2017 are those after retroactive application of said accounting standard.  
2. The Company applied the Accounting Standard for Revenue Recognition from fiscal 2021.

## Non-Financial Data (Redundant, Non-Consolidated)

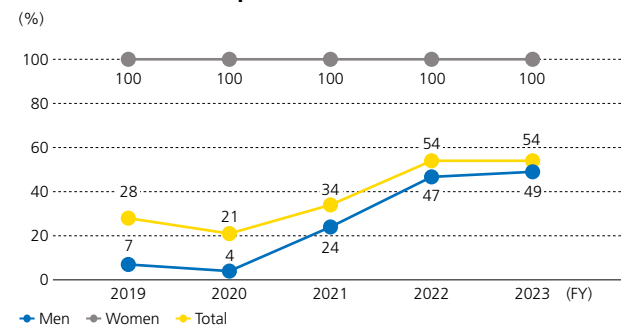
## Employee Turnover Rate



◆ Hirata Corporation ◆ National average\*

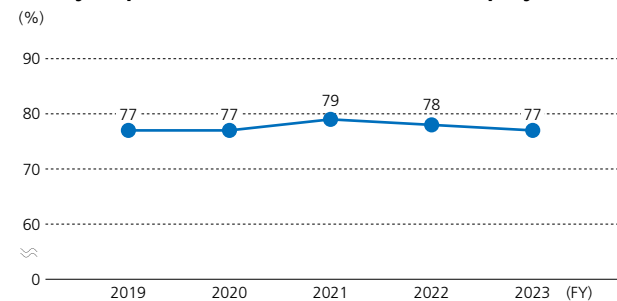
\* In reference to employee turnover rate (between January and December of each year) in the manufacturing industry, based on "Outline of Employment Trend Survey Results," Ministry of Health, Labour and Welfare

## Childcare Leave Acquisition Rate



◆ Men ◆ Women ◆ Total

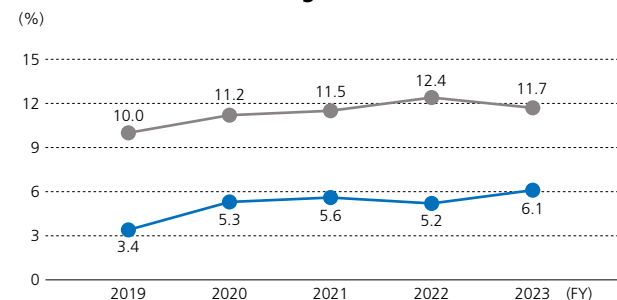
## Salary Gap between Male and Female Employees



◆ Salary gap between male and female employees

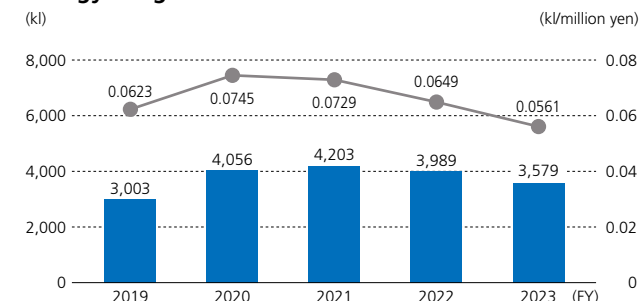
Notes: 1. Average salary ratio for women assuming the average salary (annual salary) for men is 100  
2. Full-time employee basis

## Ratio of Women in Managerial Positions



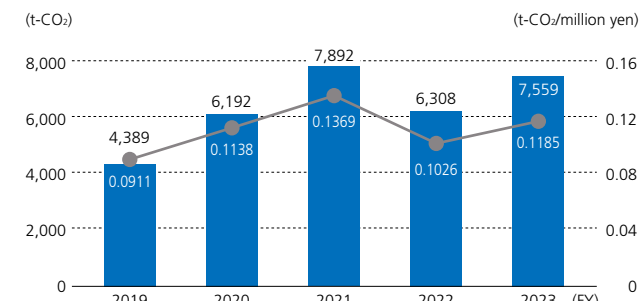
◆ Ratio of women in managerial positions  
◆ Ratio of women serving as section heads

## Energy Usage



■ Electricity usage ◆ Energy usage per unit of output

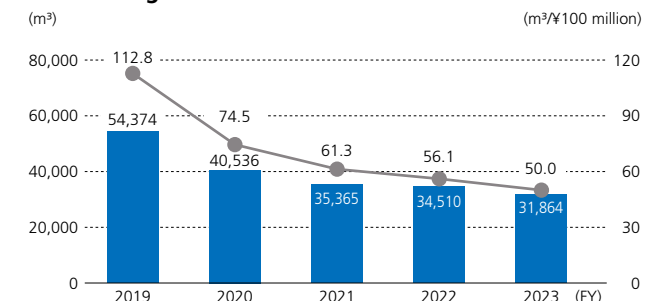
Note: Calculations are for Scope 1 and Scope 2 emissions.

CO<sub>2</sub> Emissions

■ CO<sub>2</sub> emissions ◆ CO<sub>2</sub> emissions per basic unit

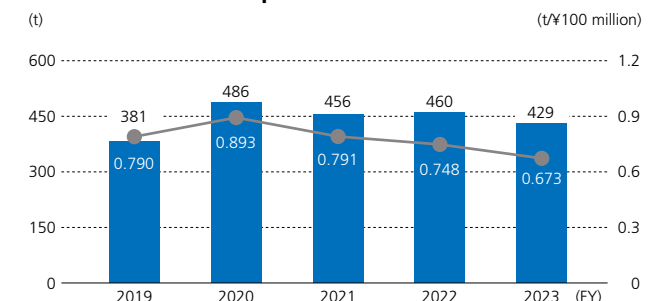
Note: Calculations are for Scope 1 and Scope 2 emissions.

## Water Usage



■ Water usage ◆ Amount of water usage per ¥100 million of actual production

## Industrial Waste Output



■ Industrial waste output ◆ Amount of industrial waste target substance output per ¥100 million of actual production



## Company Profile/Stock Status

### Company Profile (as of March 31, 2024)

<b>Company Name</b>	HIRATA Corporation
<b>Headquarters</b>	111 Hitotsugi, Ueki, Kita, Kumamoto, 861-0198 Japan
<b>Representative</b>	Yuichiro Hirata, Representative Director, President
<b>Date Established</b>	December 29, 1951
<b>Fields of Business</b>	Manufacture and sale of various manufacturing line systems, industrial robots, and logistic equipment
<b>Capital</b>	¥2,633 million
<b>Employees</b>	Consolidated:1,967; Non-Consolidated:1,112 (excluding temporary employees)
<b>Fiscal Year-End</b>	March 31
<b>Stock Exchange Listing</b>	Tokyo Stock Exchange, Prime Market

### Stock Status (as of March 31, 2024)

#### Stock Information

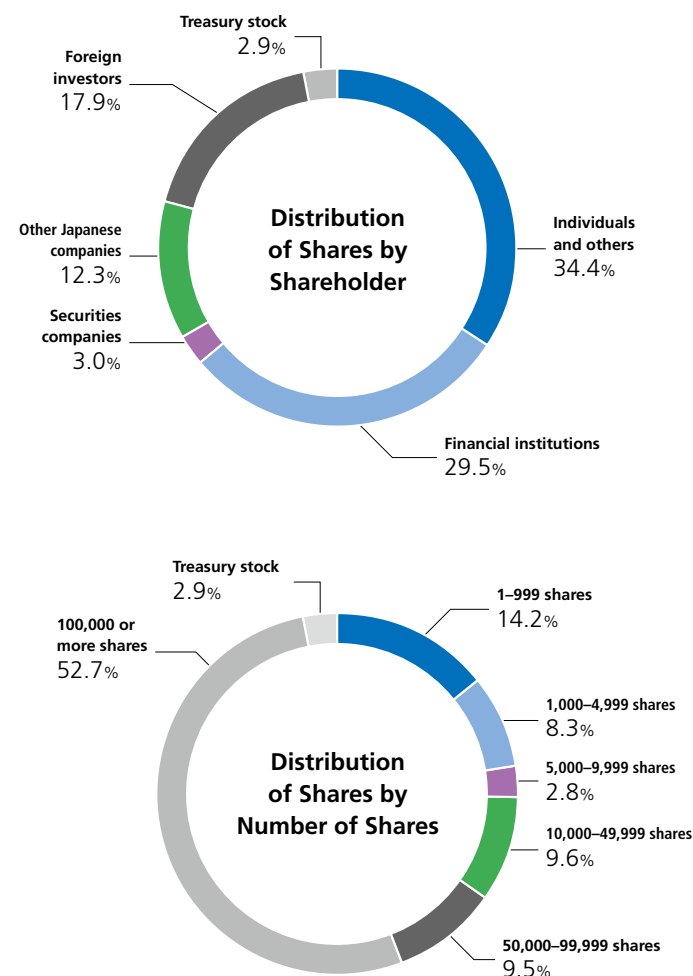
Authorized Number of Shares	37,000,000
Issued Number of Shares	10,756,090
Total Number of Shareholders	10,797

#### Major Shareholders

Name/Company Name	Number of Shares Held (Shares)	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	935,900	8.96
Custody Bank of Japan (Trust Account)	615,500	5.89
SMC Corporation	500,000	4.79
Higo Bank, Ltd.	456,000	4.36
State street Bank and trust company 505025 (Standing proxy: Mizuho Bank, Ltd.)	446,400	4.27
Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700096	400,000	3.83
Yuichiro Hirata	291,600	2.79
NIKKON Holdings Co., Ltd.	272,400	2.61
Hirata Corporation Employees Stockholdings	255,310	2.44
SANYO DENKI CO., LTD.	192,900	1.85

Note 1. In addition to the above, the Company holds 308,903 treasury shares.

Note 2. Treasury shares do not include 60,100 shares held by the trust for granting shares to officers.



### Policy for Dialogue with Shareholders and Investors

The Company discloses information appropriately in accordance with relevant laws and regulations. In order to gain the correct understanding and trust of shareholders and investors, even if the disclosure items do not fall under laws and regulations, we strive to disclose corporate information that is judged to have a material impact on investment decisions in a timely, accurate, and fair manner.

In April 2024, we formulated an IR activity policy from a medium- to long-term perspective after reporting to the Board of Directors. We are strengthening our efforts to enhance dialogue with capital markets.

#### Specific Examples of Initiatives

- Main products, distribution channels, major customers, competitive advantages, etc., for each business segment are described in the financial results briefing materials.
- Holding company briefing sessions for securities company sales representatives (strengthening appeal to individual investors)
- Financial results briefings, which used to be held semi-annually, will be held quarterly from fiscal 2024.

In addition, the content of communication with shareholders and investors is reflected in the enhancement of day-to-day IR activities and is reported quarterly to the Board of Directors, which is utilized in management activities aimed at further enhancing corporate value.

#### IR Activity Performance

Activity	Times Held in FY2021	Times Held in FY2022	Times Held in FY2023
Meetings for Analysts and Institutional Investors	133	166	211
Financial Results Briefings	2	2	2
Company Briefings for Individual Investors	0	1	3
Factory Tours	0	6	17

### Social Contribution Activities

We contribute to the realization of a sustainable society by engaging in social contribution activities such as disaster recovery support activities, environmental protection activities, and support activities for higher education.



Regional clean-up activity



Food drive to support children's cafeterias



A ceremony to commemorate the establishment of the Kumamoto Future Scholarship Association

# Hirata

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<https://www.hirata.co.jp/en/>